Business record checks

Management of taxes **OMB**

04 December 2015

HMRC to wind down BRC programme

The CIOT has welcomed HMRC's decision to wind down their Business Record Check (BRC) programme from 20 October 2015.

HMRC have acknowledged that this initiative has not proved cost-effective in improving record-keeping by small businesses, and we hope this signifies a more realistic approach from HMRC. Despite efforts by HMRC to identify businesses at 'high risk' of having inadequate records, most of those they called on were found to be keeping records to an acceptable standard. The evidence is that records are being kept to an appropriate standard by most small businesses in the UK.

HMRC's view is that BRC has positively encouraged businesses to keep better records. As a result, most taxpayers with inadequate records and who received follow-up visits have improved to an acceptable standard.

HMRC say the BRC initiative has helped them understand better the risks and pressures that businesses face with record-keeping. Using what they have learned from BRC, they say that they are working to design a 'better approach to embed best practice into their routine compliance checks'. This means that HMRC will offer advice and guidance when a compliance check uncovers issues with a business's record-keeping.

They will also continue to support businesses through their online learning packages and the investment they are making into digital tax accounts.

We agree that an educative approach is a more sensible way forward in helping businesses keep adequate records so that they can produce accurate tax returns. It remains crucial for businesses of all sizes to keep records up to date and in good order. This is likely to become even more important as HMRC bring in digital tax

accounts, which may require businesses to submit data more often.

HMRC have advised that, for those taxpayers still in the BRC system:

- if taxpayers have received an initial letter from HMRC, they will still go through the phone questionnaire and will be advised whether a visit is to be arranged;
- if taxpayers have been advised that a visit is required and has still to be arranged, it will be booked soon; and
- if a visit has been booked or taxpayers are awaiting a follow-up visit these will continue.