



How is HMRC building a picture of our lives in 'Big Brother Britain'?



Vast amounts of personal data, much of which was never intended for tax purposes, is being accessed by HMRC to help give a clearer picture of our personal lives in the fight against tax evasion.

Last week it was reported the HMRC intended to send out 40,000 letters to people believed to be evading tax on property investments such as landlords. These letters stated "HMRC has data relating to landlords and is comparing this with what individuals have or have not told us. HMRC is aware that you are. . ."

Likely to cause panic and alarm in their recipients; these letter will also be sparking questions of where HMRC has gained its information. HMRC can access immense amounts of data in their investigations but is it becoming an invasion of our privacy?

Richard Dyson recently reported for The Telegraph and outlined some of the most common ways HMRC gains its data.

Information in the public domain

Just like everyone else, HMRC has access to information freely available in the public domain. This includes the Land Registry, Companies House, electoral rolls, registers of births and deaths and local authority information dealing with a range of matters, for example planning applications. This sort of information involved millions of people and can give a rough estimation of an individual's whereabouts, age and possible wealth.

Statutory returns from banks and other firms

As a matter of course banks and other investment companies have to report to HMRC with details about ISAs and pensions savings, even if they just use your national insurance number as an identifier. This vast amount of information can be quickly accessed to give a clearer picture of an individual's assets and earnings.

Bulk returns from selected industries, institutions or other countries

HMRC have in the past gone to organisations to ask for information en masse, such as trade bodies; and requested lists of all their members (as it did with plumbers and medical consultants). Or as they have recently done in connection with landlords for example, approached businesses such as lettings agents and asked for lists of the recipients of collected rent. The list of similar potential sources of information is almost unlimited.

Taxpayers' own returns and other targeted searches

This is where HMRC begin their data comparisons. Data gained from the above sources is fed into powerful computer programmes which are able to give a picture of an individual's circumstances which is then ready to be compared against the information submitted by taxpayers.

This is likely to be the method used to construct the recent list of property investors and landlords due to receive letters in the near future.

Once an individual is suspected HMRC then go even further gathering more information. As it says in its staff manual: "We are building a database of compliance information on specific individuals for use now and in the future."

Much data was never intentionally collected with a view to being used in tax investigations. It was never intended to help build a picture of an individual's life and worth, but this is now becoming increasingly normal.

The Latest UK Personal Debt Statistics

- The average total debt per household (including mortgages) was £54,828 in June.
- £162 million was the daily amount of interest paid on personal debt in June
- 6,519 debt problems were dealt with by the CAB each working day over the year to March
- 1,261 people were made redundant every day between March and May
- The number of people unemployed for over 12 months fell by 455 per day
- Every 20 min 15 seconds a property is repossessed
- Every 4minutes 51seconds someone is declared insolvent or bankrupt in the UK
- £1.520 billion was the daily value of all purchase made using plastic cards in May

Stats from The Money Charity

DRO process and Bankruptcy threshold to be reviewed by the government

Five years after Debt Relief Orders (DROs) were introduced in England and Wales the Government has announced they are to be reviewed.

Business Minister Jo Swinson along with the Insolvency Service will seek to evaluate the current DRO process, how it can be improved and the limits set for assets, liabilities and income in the existing process. The current limit on assets is set at £300, liabilities at £15,000 or less and a surplus income limit per month of £50 or less.

Swinson said of the review: "In the five years since Debt Relief Orders were introduced, over 140,000 people have received debt relief. "Now, it is time to review the effect Debt Relief Orders had had on people's lives, that of their families, as well as those they owed money to, and to assess whether any changes could be made to improve how they work."

Here are just a few reasons we should be your first choice for debt and cash flow problems

- Service – not only a great service, but an unrivalled one. Qualified and experienced staff with a 'can do' approach to getting the job done. A single point of contact for both introducer and client
- Cost Effective – higher targeted performance, free meetings and fewer costs
- Reciprocal Work – we believe in supporting those who support us and we do not compete
- Full range of financial, insolvency and restructuring solutions available
- Big enough to cope with the large jobs but small enough to care for everyone
- Experienced and qualified board of directors who care passionately about what we do and how we do it
- Focus Business Club – regular corporate events, newsletters, updates and blogs

7,008 DROs were issued in the second quarter of 2014 bringing the total to 26,750 in the 12 month period.

The review will also consider the current creditor petitioning limit in bankruptcy, currently set at £750, which has remained unchanged for 28 years.

Swinson commented: "Set in 1986 at £750, a person or business with an unpaid debt above this amount is able to petition the court for an individual's bankruptcy. I'm asking whether £750 is still an appropriate figure to be able to trigger this strongest of debt recovery tools."

New Focus Insolvency Video



We have uploaded a short new animated video to our website and YouTube channel.

You can watch it [here](#). We appreciate every view and welcome your feedback.

Focus announce Helvellyn Charity Trek September 2014 for Derian House

Focus Insolvency Group are planning a charity trek in the Lake District in aid of a local charity very dear to our hearts; [Derian House Children's Hospice](#).

On September 20th nine members of our team are heading off to scale Helvellyn; the highest point in the eastern fells of the Lake District at 3,117 feet above sea level and the third highest peak in not only the Lakes; but in England.

We gratefully welcome donations of any amount to help the team raise much needed funds for Derian House. Please visit our Just Giving page which can be viewed [here](#), alternatively please contact [Andy Platt](#) if you would like to donate in a different way.

Contact Focus Insolvency Group

If any of your clients have been affected by the stories in our newsletter or need advice on any other matters, please feel free to contact us on 01257 257030 or email a.fisher@focusinsolvencygroup.co.uk

"We pride ourselves on being the experts of choice for anyone struggling in business or with debt."

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