

Tax investigations

Over 80% of all tax investigations undertaken by HMRC now follow potential leads generated by its £45million database system, Connect, according to recent reports. The new reliance on automated systems to identify targets means that clients could face an increased risk of investigation, simply for having their name thrown up by HMRC algorithms.

Connect, which was first launched in 2010, gathers data and information from multiple public and private sources, including banks, local councils and even social media, to help HMRC identify where tax avoidance may be an issue. The Revenue says that it now stores more information than the British library.

This could mean that HMRC's growing reliance on their Connect database may result in an increasing number of innocent taxpayers facing investigation.