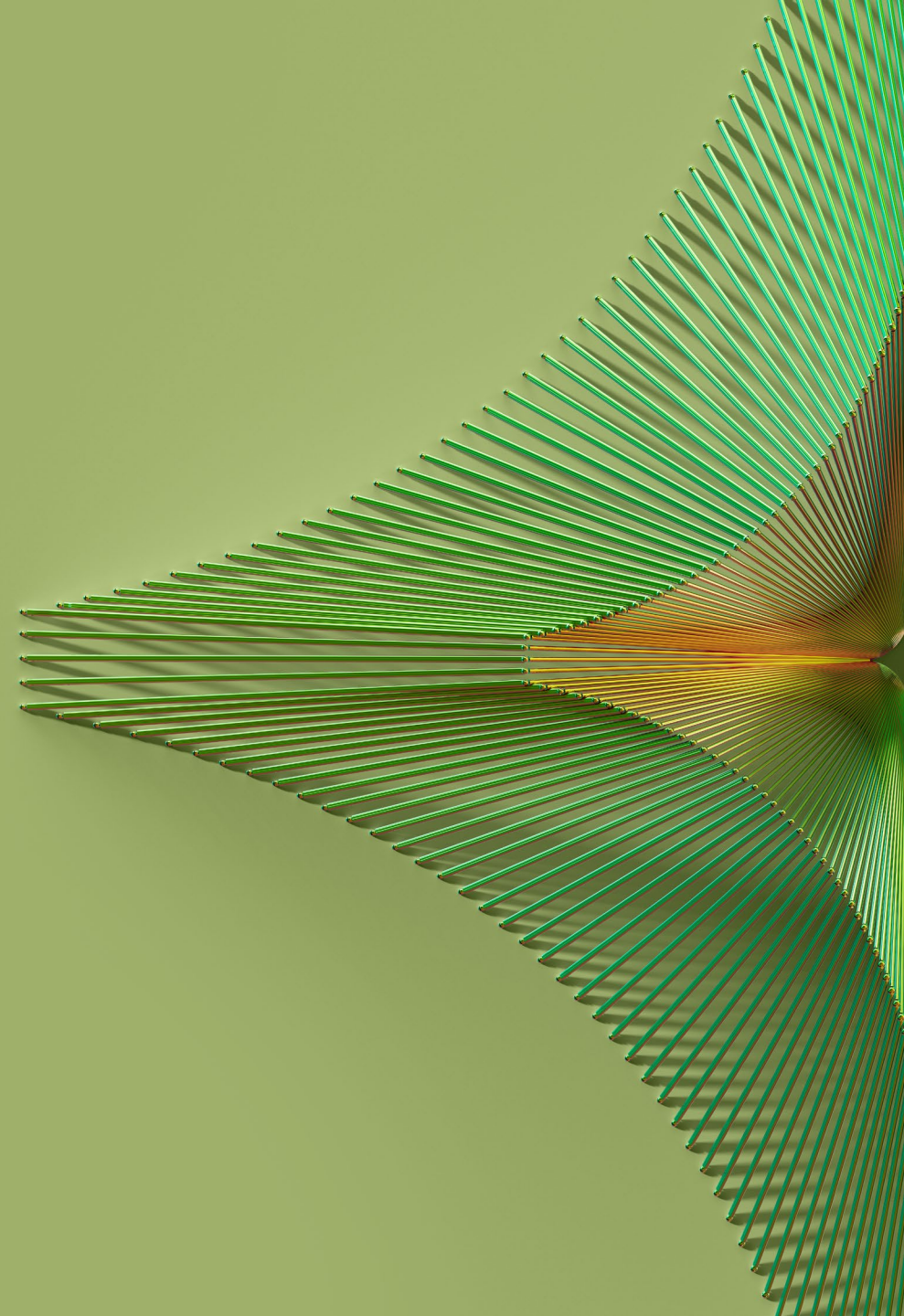


26 March 2026

Structured risk reviews

HaysMac⁺



Structured risk reviews

- During 2025 HMRC initiated a pilot programme of SRR across the charity and not-for-profit sectors
- A concerted effort to bring the different taxes, which has been used with 'larger corporate' entities, to gain a better understanding of how the sectors operate
- HMRC are making use of its 'Connect' interrogation software alongside other AI software to examine all tax and payroll returns and test them against public statements.
- Any errors identified can lead to an SRR, but the following are additional 'profile indicators':
 - Number of employees
 - Income sources
 - Whether any repayments have been claimed
 - Extent of any commercial activities
 - Nature of any overseas projects

The list is endless!

What is the scope of an SRR?

- HMRC will carry out a review across all taxes and duties which they believe are relevant to the organisation:
 - Corporation tax and charitable expenditure
 - Gift Aid
 - VAT
 - Employment taxes
- HMRC will undertake an internal review of the returns submitted and this will form the basis of the 'opening meeting'.. The focus will be on:
 - Structure of the organisation
 - What internal controls and protocols are in place and how they are used?
 - Who is responsible for tax reporting?
 - What professional advice/guidance is obtained?
 - What is the investment strategy?
 - Fraud prevention and safeguarding

How to prepare for the opening meeting

- Discuss with your tax adviser first
- Have you identified any matters you want to raise with HMRC ?
- Who should attend the meeting?
 - Person responsible for tax reporting
 - Head of Finance
 - Head of HR/People
 - Project director
- Have you had any recent interaction with HMRC?
 - RTI error
 - Error on a gift aid claim
 - VAT refund claim
 - Tax debts including time to pay arrangements
- Do you operate outside the UK?
 - Overseas grants
 - Permanent Establishment risk



What questions are HMRC asking with a corporate focus?

During a fact-finding meeting HMRC will typically ask the following:

- What are the income sources and fundraising activities?
- Details of any trading subsidiaries, overseas subsidiaries, project partners and connected parties
- Basis upon which any creative tax reliefs have been claimed
- How Gift Aid payments are recorded and reported to HMRC
- Controls around Gift aid declarations
- Income recognition for VAT purposes
- Details concerning how any partial method calculations are prepared
- What controls are in place to monitor overseas grants and expenditure
- Ultimately, how do you manage your tax reporting?

What questions are HMRC asking about people?

- What is the approach to paying directors and trustees?
- What expenses are reimbursed to volunteers?
- Do you have separate expense policies for employees, trustees and volunteers?
- Who reviews and authorises the expense claims for the senior management team?
- How often are expense policy documents reviewed?
- What consideration is given to the related party notes included in the Financial Statements
- Apprenticeship levy is this being managed correctly?
- What benefits in kind are provided?
- Do you submit Forms P11D?
- What arrangements are being put in place for payrolling of benefits in kind from April 2027?
- Do you make use of a PAYE settlement agreement?
- What arrangements are in place for employees who work overseas?
- Similarly, do any overseas employees come to the UK?
- Do you make use of any HMRC special arrangements, for example: Short-term business visitor agreements

Post meeting – What happens?

- HMRC will provide notes of the meeting
- Request additional information as part of their review
- Identify any areas where there is a potential tax loss
- Seek settlement of any additional taxes, together with interest and penalties
- Provide recommendations for the organisation to consider adopting

Any questions?

26 March 2026

Thank You

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