

Tax Liability Cover

Policy Wording



Qdos | **Business insurance.** *It's our thing.*

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In this document, you'll find all the information about this policy including what it covers, what's excluded, and your responsibilities as the 'Insured'.

Please refer to your Policy Schedule for the specifics of your policy, including policy limits, sums insured, period of insurance, and excess.

Good to know

This insurance policy has been arranged by Qdos Contractor and is underwritten by HCC International Insurance Co PLC.

Please check your documents carefully to ensure you understand the limitations of your cover and that this policy meets your requirements.

If you notice any error or need further clarification, please contact your Qdos Account Manager or our customer services team.

Need to make a claim?

If you need to make a claim, contact us via phone or email using the following details:

Telephone: 0116 478 3419

Email: claims@qdoscontractor.com

Please notify Qdos as soon as possible in the event of a claim, or circumstances which could give rise to a claim.

For full details, please see the Claims Conditions set out on Page 14.

Qdos Contractor is a trading name of Qdos Broker & Underwriting Services Limited, authorised and regulated by the Financial Conduct Authority.

HCC International Insurance Co PLC is registered in England and Wales No. 01575839 Registered office at 1 Aldgate, London, England EC3N 1RE. HCC International Insurance Co PLC is authorised and regulated by the Prudential Regulation Authority and is regulated by the Financial Conduct Authority. This can be checked on the Financial Services Register at www.fca.org.uk/register or by contacting them on 0800 111 6768.

Understanding your policy

Use the following definitions to fully understand your Policy Wording. Where a word or term in this Policy Wording appears in bold, it should be interpreted as follows:

Agent or Representative

The **Policyholder's** Accountant, bookkeeper or other appropriately qualified person responsible for the preparation and submission of the **Policyholder's** tax returns or accounts.

Computer Virus

A set of corrupting, harmful, or otherwise unauthorised instructions or code, whether these have been introduced maliciously or otherwise, and multiply themselves through a computer system or network of whatsoever nature.

Electronic Data

Facts, concepts and information stored to form useable data for communications, interpretations, or processing by electronic or electromechanical data processing or other electronically controlled hardware, software and other coded instructions for the processing and manipulation of data, or the direction and manipulation of such hardware.

Excess

The first amount of any claim specified in the Policy Schedule borne by the **Policyholder** in respect of each and every claim.

Insured Event

The **Policyholder's** receipt of a notification in writing by HMRC of an enquiry or dispute as covered by this Policy.

Insurer

HCC International Insurance Co PLC.

Limit of Indemnity

The amount specified in the Policy Schedule as the maximum amount payable by the **Insurer** in respect of any one claim.

Notification Period

The 30 day period commencing on the first day following the expiry of the **Period of Insurance** during which a claim can be notified, provided the notification is in respect of an **Insured Event** that occurred during the **Period of Insurance**.

Period of Insurance

As specified in the Policy Schedule.

Policyholder, you, your

The company, firm, partnership, association, individual or any other entity specified in the Policy Schedule. At the request of the **Policyholder**, the benefit of the policy may be extended to any director or partner in a personal capacity, provided that the director or partner receives income of no more than £15,000 per annum from sources outside the **Policyholder** including, but not limited to, taxable investment, employment, or rental income.

Professional Fees

Any fees, expenses and other disbursements reasonably incurred in respect of work undertaken on behalf of the **Policyholder** by **Qdos** in connection with any matter falling within the terms and conditions of this Policy and not exceeding the **Limit of Indemnity**.

Tax Avoidance Scheme

A mechanism that implements strategies involving artificial transactions and/or business structures that have little or no commercial effect other than producing a tax advantage, regardless of whether or not the scheme has been registered under the DOTAS rules. For the avoidance of doubt, this definition would not apply to a Limited Company found to be in breach of the PAYE and/or NIC Regulations or Part 2, Chapter 8 of Income Tax (Earnings and Pensions) Act 2003 (IR35).

Territorial Limits

Great Britain and Northern Ireland, excluding the Isle of Man and the Channel Islands.

Qdos

Qdos Broker & Underwriting Services Limited trading as Qdos Contractor, who administers and manages this insurance on behalf of the **Insurer**.

What's covered

Cover will only be provided for the sections of cover marked as 'Insured' on the Policy Schedule. Subject to the Limit of Indemnity, this policy will cover:

Section 1.

HM Revenue & Customs (HMRC) Enquiries and Disputes

Professional Fees, less any policy **Excess** that may apply, should the **Policyholder** become involved in:

- a) An enquiry by HMRC into the **Policyholder's** corporation tax or income tax self-assessment return following the issue of formal notification by HMRC.
- b) An enquiry by Fraud Investigation Service (FIS) under Code of Practice 8 provided that at the culmination of such enquiry it is proved that the **Policyholder** was not found guilty of any fraud, fraudulent intent or serious irregularities. The **Policyholder** shall be responsible for payment of **Professional Fees** from the outset of the enquiry, and shall be reimbursed by the **Insurer** if, on conclusion of the enquiry, they are found not guilty of any fraud, fraudulent intent or serious irregularities.
- c) An enquiry by HMRC into the **Policyholder** under the Managed Service Company legislation (Chapter 9, Part 2 of the Income Tax (Earnings and Pensions) Act 2003, Social Security Contributions (Managed Service Companies) Regulations 2007).

Section 2.

HMRC Pay As You Earn (PAYE) Control Visits

Professional Fees, less any policy **Excess** that may apply, should the **Policyholder** become involved in a compliance check or routine inspection undertaken by HMRC into the operation of PAYE.

Section 3.

HMRC PAYE Disputes

Professional Fees, less any policy **Excess** that may apply, should the **Policyholder** become involved in any challenge in writing by HMRC of the accuracy or completeness of returns submitted in accordance with the PAYE regulations following a compliance check or routine inspection undertaken by HMRC into the operation of PAYE.

Section 4.

Chapter 5, Part 5 of the Income Tax (Trading & Other Income) Act 2005 Enquiries

Professional Fees, less any policy **Excess** that may apply, should the **Policyholder** become involved in an enquiry by HMRC brought under Chapter 5, Part 5 of the Income Tax (Trading and Other Income) Act 2005.

Section 5.

Value Added Tax (VAT) Disputes

Professional Fees, less any policy **Excess** that may apply, should the **Policyholder** become involved in:

- a) A dispute following a compliance check or routine inspection undertaken by HMRC of the **Policyholder's** VAT record-keeping;
- b) An enquiry held under Section 60 or 61 of the VAT Act 1994 or any matters handled by the National Investigations Service of HMRC providing that at the culmination of such investigation it is proved that the **Policyholder** was not found guilty of dishonesty, fraud or fraudulent intent.

Section 6.

IR35 Enquiries

Professional Fees, less any policy **Excess** that may apply, should the **Policyholder** become involved in an enquiry conducted into the employment status of the **Policyholder** under the PAYE and/or NIC Regulations or Part 2, Chapter 8 of Income Tax (Earnings and Pensions) Act 2003 (IR35).

Section 7.

Chapter 5, Part 5 of the Income Tax (Trading & Other Income) Act 2005 Taxes, Interest and Penalties

Any taxes, interest and any additional payments necessarily arising from a settlement, which are both related to the tax to be paid and capable of mitigation, which are imposed upon the **Policyholder** by HMRC in connection with an enquiry by HMRC brought under Chapter 5, Part 5 of the Income Tax (Trading and Other Income) Act 2005.

Section 8.

IR35 Enquiry Taxes and Interest

Any taxes and interest, which may be imposed upon the **Policyholder** by HMRC in connection with an employment status enquiry as covered in Section 6. IR35 Enquiries.

Section 9.

IR35 Enquiry Penalties

Any additional payments necessarily arising from a settlement, which are both related to the tax to be paid and capable of mitigation and which are imposed upon the **Policyholder** by HMRC in connection with an employment status enquiry as covered in Section 6. IR35 Enquiries.

General exclusions

It is hereby agreed and understood that this policy will not cover any claim:

1. for any fees, expenses and other disbursements incurred in respect of work undertaken on behalf of the **Policyholder** by any firm, professional, **Agent or Representative** other than **Qdos**, unless **Qdos** or the **Insurer** has explicitly consented in writing
2. where any circumstances are known at the inception of this Policy or the time a **Policyholder** was declared for inclusion under this Policy about which the **Policyholder** knew or ought reasonably to have known was likely to give rise to a claim under this policy.
3. in the event of misrepresentation or misdescription of any material fact submitted by the **Policyholder** in their proposal for this insurance.
4. which is in any respect fraudulent or if any fraudulent means or devices are used by the **Policyholder** or anyone acting on the **Policyholder's** behalf to obtain any benefit under this Policy.
5. which is in any respect dishonest or if any dishonest means or devices are used by the **Policyholder** or anyone acting on the **Policyholder's** behalf to obtain any benefit under this Policy.
6. where an **Insured Event** occurs outside the **Period of Insurance** or **Notification Period** unless the **Policyholder** held an equivalent Tax Enquiry Insurance policy with **Qdos** at the time of the **Insured Event** and there has been no break in cover thereafter.
7. relating to the defence of any criminal prosecution.
8. arising from an enquiry into a **Policyholder's** tax return or an amendment to a **Policyholder's** tax return or any other statutory return that was not submitted within the statutory time limits. In order for the statutory return to be regarded as having been submitted within the statutory time limits, HMRC must have agreed this to be the case and the filing date must not allow HMRC the right to extend their enquiry window beyond the normal time limits.
9. arising from an enquiry into a **Policyholder's** tax affairs, if in the absence of a tax return HMRC has not been notified of chargeability to tax, within the statutory time limits.
10. relating to any enquiry following the correction of a self-assessment return where the error requiring rectification was due to a deliberate act by the **Policyholder** or any **Agent or Representative** of the **Policyholder**, or where the **Policyholder** refuses HMRC's reasonable request for rectification of the self-assessment return.
11. in respect of the preparation or rectification of self-assessment tax returns, accounts, P11Ds, P35s, VAT returns or any other statutory returns or for any **Professional Fees** incurred for the routine presentation of the **Policyholder's** affairs, including the reconciliation of annual accounts with VAT returns.
12. in respect of any dispute arising under the National Minimum Wage Act 1998 or the Tax Credits Act 2002.

13. brought or commenced outside the **Territorial Limits**.
14. notified outside of the **Period of Insurance** or the **Notification Period**.
15. in respect of fees of Counsel, unless appointed by the **Insurer** or **Qdos**, to determine prospects of success.
16. in respect of any taxes, interest, penalties and fines or any other duties, which may be imposed upon the **Policyholder** other than as covered in 'Sections of Cover' 7, 8 and 9.
17. in respect of any taxes, interest, penalties and fines or any other duties where the **Policyholder** is deemed by HMRC to be a Managed Service Company, as defined by Chapter 9, Part 2 of The Income Tax (Earnings and Pensions) Act 2003.
18. under 'This Policy Will Cover' Section 7, 8 and 9 where **Qdos** has not managed the dispute or enquiry from inception.
19. in respect of penalties as covered in 'Sections of Cover' 7 and 9 where an additional payment either constitutes a penalty payable in circumstances where Public Policy would prevent the application of Insurance or where the **Policyholder** has deliberately sought to evade tax or where fraud is established.
20. in respect of any taxes, interest or penalties, which are recoverable through Corporation Tax deductions arising in any year.
21. where the **Policyholder** has adopted a **Tax Avoidance Scheme**.
22. directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority;
23. in respect of any direct or indirect consequence of terrorism as defined by the Terrorism Act 2000 and any amending or substituting legislation;
24. in respect of any consequence, howsoever caused, including but not limited to **Computer Virus** in **Electronic Data** being lost, destroyed, distorted, altered, or otherwise corrupted.
25. directly or indirectly and regardless of any other cause contributing concurrently or in any sequence, originating from, caused by, arising out of, contributed to by, resulting from, or otherwise in connection with:
 - I. irradiation or contamination by nuclear material; or
 - II. the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter; or
 - III. any device or weapon employing atomic or nuclear fission and / or fusion or other like reaction or radioactive force or matter.

General conditions

1. Due Observance

The **Insurer** will only make payment under this Policy if the **Policyholder** has complied with the terms and conditions of this Policy.

2. Cancellation

Qdos shall not be bound to accept renewal of any insurance and may at any time cancel any insurance document by giving 14 days notice in writing where there is a valid reason for doing so. A cancellation letter will be sent to **You** at **Your** last known address. Valid reasons may include but are not limited to:

- a) Where we reasonably suspect fraud
- b) Non-payment of premium
- c) Threatening and abusive behaviour
- d) Non-compliance with policy terms and conditions
- e) You have not taken reasonable care to provide complete and accurate answers to the questions we ask.

Where investigations provide evidence of fraud or a serious non-disclosure, **Qdos** may cancel the policy immediately and backdate the cancellation to the date of the fraud or the date when **You** provided us with incomplete or inaccurate information, which may result in **Your** policy being cancelled from the date **You** originally took it out.

If **Qdos** cancel the policy and/or any additional covers **You** will receive a refund of any premiums **You** have paid for the cancelled cover, less a proportionate deduction for the time we have provided cover, unless the reason for cancellation is fraud and/or we are entitled to keep the premium under the Insurance Act 2015.

3. Disputes

If there is a dispute between the **Policyholder** and **Qdos** or the **Insurer**, all parties shall agree to the appointment of a suitably qualified arbitrator to decide the matter in accordance with the Arbitration Act 1996. If there is no agreement on an arbitrator, an appropriately qualified person shall be appointed by the President of the Chartered Institute of Arbitrators.

The arbitrator shall have the power to apportion costs. The **Policyholder's** costs in preparation for and representation at meetings with the arbitrator shall not be recoverable under this Policy.

4. Insolvency of the Policyholder

If the **Policyholder** becomes insolvent during the course of any claim or legal proceedings to which the **Insurer** has consented the **Insurer** shall reserve the right to withdraw consent. The **Policyholder** shall be deemed to be insolvent upon the appointment of an office holder within the meaning given by Section 233(1) or 372(1) of the Insolvency Act 1986.

5. Minimising Claims or Legal Proceedings

The **Insurer** may restrict the amount claimed if the **Policyholder** has not:

- (a) Taken all reasonable steps to minimise the cost and effect of any enquiry or dispute involving HMRC.
- (b) Observed the requirement of taxpayers to maintain records as required under the self-assessment regulations and, in the case of a corporate **Policyholder**, maintain records and books of account in accordance with the Companies Act and for VAT, maintain records in accordance with Schedule 11 of the VAT Act 1994 and the Value Added Tax Regulations 1995.

- (c) Given **Qdos** full co-operation and information including a full and truthful account of their affairs and all relevant documentary or other evidence.

6. Offers of Settlement

Where the **Policyholder** rejects an offer of settlement, which the **Insurer** or **Qdos** deems to be reasonable, the **Insurer** reserves the right to remove or restrict any further payment of **Professional Fees**.

7. Capital Gains Valuations

Where a valuation is required as a result of an enquiry involving Capital Gains, the **Insurer** reserves the right to limit fees relating to a qualified valuation specialist to no more than £250 where the tax return in question was submitted without a proper valuation being carried out by a suitably qualified person.

8. Prepared or Submitted

Where a **Policyholder's** most recently submitted tax return has significant mis-statements or omissions, any claim as a result of an enquiry into that return may be restricted by **Insurers** to an amount that would have been payable had there been no significant mis-statements or omissions, the **Policyholder** will then be liable for the difference in **Professional Fees**.

9. Governing Law

Unless some other law is agreed in writing, this policy is governed by English law. If there is a dispute, it will only be dealt with in the courts of England or of the country within the United Kingdom in which **Your** main residence is situated.

Claims conditions

1. Prospects of Success

Professional Fees will only be covered under this Policy provided that there are reasonable grounds for representation of the **Policyholder** and provided that **Qdos** is satisfied that there are reasonable prospects of achieving a satisfactory outcome in the enquiry or dispute and that it is reasonable to incur **Professional Fees**.

Reasonable prospects of achieving a satisfactory outcome exist if:

- a) On the balance of probabilities, there is a 51% or greater chance of successfully pursuing or defending a claim; and
- b) The benefits likely to be obtained by proceeding with the claim justify the likely costs.

Provided that **Qdos** has managed the dispute from inception, and having regard for prospects of success as above, cover will be provided up to and including **Professional Fees** incurred in respect of preparation and representation of the **Policyholder** at a First-tier tribunal hearing, Upper Tribunal hearing and an appeal following a First-tier or Upper Tribunal decision. Where there is statutory right of appeal to a Tax Tribunal, cover will be provided for an application for a Judicial Review.

If **Qdos** is not satisfied that there are prospects of achieving a satisfactory outcome in the enquiry or dispute **Professional fees** will not be incurred. If the **Policyholder** proceeds with defence at their own cost, and is unsuccessful, the **fees** incurred in doing so will not be covered. If the **Policyholder** proceeds with defence at their own cost and is successful, then the **Insurer** may indemnify the **Policyholder** for the costs incurred, provided the fees are reasonable and proportional, and subject to the terms and conditions of this Policy.

Professional Fees will cease if facts become known which mean that a particular claim would not have been accepted under the terms and conditions of this Policy. If the **Policyholder** makes a fraudulent or false claim, this Policy shall become void, any premiums shall be forfeited and any indemnity paid shall be recoverable by the **Insurer**.

2. Duty to Notify

The **Policyholder** must advise **Qdos** of any **Insured Event** as soon as possible and always during the **Period of Insurance** or **Notification Period**.

3. Fraudulent claims

You must not act in a fraudulent way. If **You** or anyone acting for **You**:

- fails to reveal or hides a fact likely to influence whether we accept **Your** proposal, **Your** renewal, or any adjustment to **Your** policy;
- fails to reveal or hides a fact likely to influence the cover we provide;
- makes a statement to us or anyone acting on our behalf, knowing the statement to be false;
- sends us or anyone acting on our behalf a document, knowing the document to be forged or false;
- makes a claim under the policy, knowing the claim to be false or fraudulent in any way; or
- makes a claim for any loss or damage **You** caused deliberately or with **Your** knowledge.

If **Your** claim is in any way dishonest or exaggerated, we will not pay any benefit under this policy or return any premium to **You** and we may cancel **Your** policy immediately and backdate the cancellation to the date of the fraudulent claim. We may also take legal action against **You** and inform the appropriate authorities.

4. Initial Acceptance

In the event of a likely claim:

- a) The **Policyholder** will complete a claim form and return it to **Qdos** together with any relevant information.
- b) **Professional Fees** may be incurred up to £250 prior to receiving a completed claim form.
- c) When the full claim form is received **Qdos** will advise whether there are reasonable prospects of success and a claim has been accepted.

5. Information and Particulars

Qdos will be entitled to obtain from the **Policyholder** or their **Agent or Representative** any information or particulars, whether privileged or not, relating to a claim. On request the **Policyholder** will give their **Agent of Representative** any instructions necessary to secure the required access.

6. Recovery of Costs

Where it is possible for the **Policyholder** to recover costs from the relevant authority following the successful defence of a claim, the **Policyholder** must take all steps necessary to recover such costs and must in turn return any indemnity paid to the **Insurer** or **Qdos**.

7. Settlement by Insurer

Where **Professional Fees** are likely to exceed the duties that are being claimed against the **Policyholder**, the **Insurer** may pay the **Policyholder** a sum equivalent to the duties in lieu of **Professional Fees** or further **Professional Fees**.

8. Value Added Tax

The **Insurer** will not be liable to pay any VAT charged for **Professional Fees**, where such VAT can be paid and recovered from HMRC by the **Policyholder**.

Making a claim

Claims should be made by contacting Qdos on 0116 478 3419, as soon as possible, or by writing to the following address:

**Claims Department
Qdos Contractor
The Grange
Grange Avenue
Rearsby
Leicester
LE7 4FY**

Email: Claims@qdoscontractor.com

All notices and communications from the **Insurer** or **Qdos** to the **Policyholder** shall be deemed to have been sent if posted to the **Policyholder** at the address stated in the Policy Schedule.

All notices and communications from the **Policyholder** to the **Insurer** or **Qdos** shall be deemed to have been sent if posted to **Qdos** at the below address:

**Qdos Contractor
The Grange
Grange Avenue
Rearsby
Leicester
LE7 4FY**

Complaints

In the event that you are dissatisfied with any aspect of this Policy or the service provided by Qdos, please write to:

Email
feedback@qdoscontractor.com
Telephone
0116 269 0999

Post
The Nominated Complaints Handler
Qdos Contractor
The Grange
Grange Avenue
Rearsby
Leicester
LE7 4FY

If it is not possible to reach an agreement, you have the right to make an appeal to the Financial Ombudsman Service. This also applies if you are insured in a business capacity and have an annual turnover of less than €2 million and fewer than ten staff. You may contact the Financial Ombudsman Service at:

Post
The Financial Ombudsman Service
Exchange Tower
Harbour Exchange Square
London
E14 9SR

Telephone
0845 080 1800
Email
complaint.info@financial-ombudsman.org.uk
Website
www.financial-ombudsman.org.uk

The above complaints procedure is in addition to your statutory rights as a consumer. For further information about your statutory rights contact your local authority Trading Standards Service or Citizens Advice Bureau.

Compensation Scheme

HCC International Insurance Co PLC is covered by the Financial Services Compensation Scheme (FSCS). If they are unable to meet their obligations, **you** may be entitled to compensation from the scheme, depending on the type of insurance and the circumstances of the claim. Further information is available from the FSCS at www.fscs.org.uk or by contacting them

**10th Floor
Beaufort House
15 St Botolph Street
London EC3A 7QU**

or by telephone on **0800 678 1100**.

Data Protection Notice

Tokio Marine HCC respects your right to privacy. In our Privacy Notice (available at <https://www.tmhcc.com/en/legal/privacy-policy>) we explain who we are, how we collect, share and use personal information about you, and how you can exercise your privacy rights. If you have any questions or concerns about our use of your personal information, then please contact DPO@tmhcc.com.

We may collect your personal information such as name, email address, postal address, telephone number, gender and date of birth. We need the personal information to enter into and perform a contract with you. We retain personal information we collect from you where we have an ongoing legitimate business need to do so (please note that reference to “you” or “your” herein encompasses non-exhaustively “you, your company, employees and/or customers”).

We may disclose your personal information to:

- a) our **group companies**;
- b) **third party services providers and partners** who provide data processing services to us or who otherwise process personal information for purposes that are described in our Privacy Notice or notified to you when we collect your personal information;
- c) any **competent law enforcement body, regulatory, government agency, court or other third party** where we believe disclosure is necessary (i) as a matter of applicable law or regulation, (ii) to exercise, establish or defend our legal rights, or (iii) to protect your interests or those of any other person;
- d) a **potential buyer** (and its agents and advisers) in connection with any proposed purchase, merger or acquisition of any part of our business, provided that we inform the buyer it must use your personal information only for the purposes disclosed in our Privacy Policy; or
- e) any **other person with your consent** to the disclosure.

Your personal information may be transferred to, and processed in, countries other than the country in which you are resident. These countries may have data protection laws that are different to the laws of your country. We transfer data within the Tokio Marine group of companies by virtue of our Intra Group Data Transfer Agreement, which includes the EU Standard Contractual Clauses.

We use appropriate technical and organisational measures to protect the personal information that we collect and process about you. The measures we use are designed to provide a level of security appropriate to the risk of processing your personal information.

You are entitled to know what data is held on you and to make what is referred to as a Data Subject Access Request (**‘DSAR’**). You are also entitled to request that your data be **corrected** in order that we hold accurate records. In certain circumstances, you have other data protection rights such as that of **requesting deletion, objecting to processing, restricting processing** and in some cases **requesting portability**. Further information on your rights is included in our Privacy Policy.

You can **opt-out of marketing communications** we send you at any time. You can exercise this right by clicking on the “unsubscribe” or “opt-out” link in the marketing e-mails we send you. Similarly, if we have collected and processed your personal information with your consent, then you can **withdraw your consent** at any time. Withdrawing your consent will not affect the lawfulness of any processing we conducted prior to your withdrawal, nor will it affect processing of your personal information conducted in reliance on lawful processing grounds other than consent. You have the **right to complain to a data protection authority** about our collection and use of your personal information.

Qdos

www.qdoscontractor.com