HMRC Risk Assessment Report

Professional V2 Analysis

Tax Year:	2023-24	Industry:	PHV / Taxi / Uber
Turnover:	£26,057.00	Risk Score:	0/100
Expenses:	£11,722.00	Risk Band:	LOW
Result:	Profit: £14,335.00	Mileage:	0 miles

What Affected Your Score

No predefined risk indicators were triggered based on the figures provided and the current rule set.

Detailed Analysis

1. EXECUTIVE SUMMARY No predefined risk indicators were triggered based on the figures provided and the current rule set. • Tax Year: 2023–24 • Industry: PHV / Taxi / Uber • Turnover: £26,057.00 • Total Expenses: £11,722.00 • Profit: £14,335.00 • Profit Margin: 55.01% • Mileage Claimed: 0 miles • Risk Score: 0/100 • Risk Band: LOW • Triggered Indicators: None triggered

This assessment is informational only and reflects the data supplied and the defined indicator set.

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2. INDUSTRY CONTEXT (PHV / Taxi / Uber norms vs. provided figures) In the PHV / Taxi / Uber sector, margins and cost structures are typically influenced by fuel/charging, repairs, insurance, platform commissions, and high business mileage.

Comparison to sector norms provided: • Expected profit margin: 5%–25% • Reported profit margin: 55.01% (materially above the stated sector range) • Normal expense ratio: 60%–85% (expenses as a proportion of turnover) • Reported expense ratio: £11,722 / £26,057 ≈ 44.99% (materially below the stated sector range) • Mileage claimed: 0 miles • For this industry, trading activity commonly involves substantial driving. A 0 miles claim may be consistent with using the actual-cost method (rather than mileage basis) or may reflect the way records are maintained; however, it is atypical at face value for PHV work and can be a point HMRC may query in general cases (even if not triggered here).

While the above comparisons provide context, no predefined indicators were triggered under the current rules applied to the figures provided.

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3. RISK INDICATOR ANALYSIS Triggered indicators: None triggered

HMRC context (sector sensitivities, non-exhaustive): Even where no indicators trigger, HMRC commonly focuses on the PHV / Taxi / Uber sector due to known risk themes such as: • Cash income underreporting (where cash fares exist or mixed payment channels are used) • Vehicle expense inflation (repairs, fuel/charging, insurance, leasing, cleaning, congestion/ULEZ, phone/data) • High mileage claims without adequate records (if mileage basis is used)

Documentation tips (general, non-advisory): To support the figures as filed, businesses in this sector typically retain: • Platform statements (e.g., weekly/monthly summaries) and payout reports • Bank statements showing receipts and reconciliations to platform payouts • Receipts/invoices for vehicle and operating costs • A clear method for apportioning any mixed personal/business motoring costs • Records explaining why 0 miles were claimed (e.g., actual-cost approach, vehicle provided by someone else, or other operational reasons), if relevant to how costs are supported

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4. WHAT HMRC TYPICALLY EXAMINES (PHV / Taxi / Uber) For similar cases in this industry, HMRC enquiries and checks commonly review:

1. Completeness of turnover • Reconciliation of platform gross fares to bank receipts (including adjustments, refunds, tips, incentives, and commissions) • Treatment of cash receipts (where applicable) and evidence of recording processes

2. Expense credibility and categorisation • Whether vehicle-related costs are supported by invoices/receipts • Whether any personal element is separated where costs are mixed-use (vehicle, phone)

3. Vehicle and operating costs • Fuel/charging, repairs, tyres, servicing, insurance, vehicle finance/lease, licensing • Congestion/ULEZ charges and parking (business purpose support)

4. Method consistency • Consistent application of the chosen approach for motoring costs (and the supporting records) • Consistency of expense levels with activity levels (hours worked, trips, payouts)

5. Profitability outliers • A profit margin significantly above sector norms may lead to questions about whether all costs have been captured or whether turnover recognition is consistent—this is contextual and not, in this report, an indicator trigger.

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5. RECORD-KEEPING CHECKLIST (industry-specific) The following records are commonly expected for PHV / Taxi / Uber activity:

Income records • Platform driver statements (weekly/monthly) showing trips, fares, commissions, incentives, tips • Payout confirmations and bank statement matching/reconciliations • Records of any cash fares (if applicable), including a basic daily takings log

Vehicle and travel records • Invoices/receipts for fuel/charging, servicing, repairs, tyres, MOT/inspections • Insurance documents and payment schedules • Vehicle lease/finance agreements and payment evidence • Licensing costs (PHV licence, DBS, medicals where applicable), badge fees, vehicle inspections • Parking, tolls, congestion/ULEZ charges with business context

Mixed-use and apportionment support • Evidence supporting any business/private split for vehicle and phone usage (method notes, usage summaries) • If 0 miles are recorded/claimed: a note explaining the approach used and how vehicle costs were calculated and supported

Operational records • Phone bills/data plans used for the platform apps • Cleaning supplies, car washes, PPE (where relevant) with receipts • Any subcontractor or rental arrangements (agreements and payments)

Retention • Keep source records and summaries in an organised format that can be provided if requested (digital copies acceptable where readable and complete).

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6. WHAT COULD INCREASE HMRC ATTENTION IN FUTURE YEARS (educational) Even with a LOW risk band and 0/100 score under the current ruleset, HMRC attention can increase in this industry if patterns or record quality change, including:

• Sudden changes in margins or expense ratios • For example, large shifts from year to year without clear operational explanations (vehicle change, work pattern change, platform mix changes).

• Large fluctuations in turnover • Particularly where platform statements and bank receipts do not clearly reconcile.

• Consecutive losses or inconsistent results • Repeated losses or volatile profitability can prompt questions about commerciality and the completeness/accuracy of records (context-dependent).

• Incomplete or non-auditable records • Missing platform statements, weak cash logs (if relevant), or limited supporting receipts for major cost categories.

• Mileage/vehicle cost inconsistencies • In this sector, very high mileage claims without a logbook can draw scrutiny; equally, unusual mileage positions (e.g., 0 miles) alongside significant vehicle costs may lead to clarification requests depending on the overall fact pattern.

• Expense profiles inconsistent with activity • For instance, unusually low operating costs compared to work volume, or unusually high vehicle costs relative to turnover.

Risk Outcome (as provided): Risk Score 0/100 | Risk Band LOW This report is informational only and is based solely on the figures supplied and the stated indicator framework. It does not constitute tax advice.

What Could Increase HMRC Attention in Future Years

The following factors may increase scrutiny in future tax years (for educational purposes only):

- Sudden changes in expense ratios year-on-year
- Consecutive years of declared losses
- Incomplete or missing mileage records
- Large fluctuations in turnover without clear explanation
- Significant changes in profit margins
- Inconsistencies between declared figures and supporting documentation

Important Legal Notice

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