

# HMRC Risk Assessment Report

Professional V2 Analysis

Tax Year:	2023-24	Industry:	PHV / Taxi / Uber
Turnover:	£60,000.00	Risk Score:	6/100
Expenses:	£15,000.00	Risk Band:	LOW
Result:	Profit: £45,000.00	Mileage:	0 miles

## What Affected Your Score

### *Multiple Rounded Figures (Low weight, +6 points)*

- Several figures (3) are round numbers ending in 000 or 500.
- HMRC Context: Multiple rounded figures may suggest estimates rather than actual records.
- Documentation: Use actual figures from receipts and bank statements, not estimates.

## Contextual Notes

- High profit margin (75.0%): High profit margins may be normal depending on trade type. HMRC typically considers sector norms rather than margin alone.
- Transparency note: Less than 50% of expenses are categorised. This is not treated as an HMRC risk indicator unless misclassification or inconsistency is detected.

## Detailed Analysis

### ***1. EXECUTIVE SUMMARY 1 risk indicator(s) were identified. Review the detailed analysis below.***

HMRC Risk Score: 6/100 Risk Band: LOW

This assessment is based on the information provided for 2023–24 for a PHV / Taxi / Uber trade. It is informational only and not tax advice. The overall risk band is LOW because only one predefined indicator was triggered; however, the results sit outside typical sector norms and may merit careful record support in case of enquiry.

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### ***2. INDUSTRY CONTEXT (PHV / Taxi / Uber) Your figures (2023–24): • Turnover: £60,000 • Total expenses: £15,000 • Profit: £45,000 • Profit margin: 75.0% • Mileage claimed: 0 miles***

Sector reference points (provided): • Expected profit margin: 5%–25% • Normal expense ratio: 60%–85% • Known HMRC sensitivities: cash income underreporting, vehicle expense inflation, high mileage claims without records

Comparison to norms: • Your profit margin (75.0%) is materially above the expected 5%–25% range for PHV / Taxi / Uber. • Your implied expense ratio (25%) is materially below the normal 60%–85% range for the sector. • Mileage claimed of 0 miles is unusual for PHV/Taxi/Uber activity and may prompt questions about how vehicle running costs were incurred and evidenced (even though “0 miles” is not listed here as a triggered indicator). • Contextual note applied: High profit margins may be normal depending on trade type; HMRC typically considers sector norms rather than margin alone.

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### ***3. RISK INDICATOR ANALYSIS ### Triggered Indicator: Multiple Rounded Figures Indicator detail: Several figures (3) are round numbers ending in 000 or 500.***

Why HMRC may care (context): In PHV / Taxi / Uber, HMRC often compares declared figures to third-party data (platform statements, bank deposits, finance records) and looks for signs that amounts were estimated rather than taken from primary records. Multiple rounded figures can be interpreted as potentially “constructed” totals, particularly where cash takings are possible or where expense capture is incomplete.

What this indicator can mean (neutral, non-conclusive): • The figures may still be accurate (e.g., totals genuinely round after aggregation). • Alternatively, it can suggest reliance on estimates, which may attract follow-up questions during a compliance check.

Documentation tips (non-advisory): To support rounded totals if queried, records typically expected in this industry include: • Platform income summaries (e.g., weekly/monthly statements) and reconciliation to bank receipts. • Daily/weekly takings logs (including any cash receipts, if applicable). • Receipts/invoices for vehicle costs and other business expenses, with payment evidence. • Year-end reconciliation showing how totals were derived from source data rather than rounded estimates.

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### ***4. WHAT HMRC TYPICALLY EXAMINES (PHV / Taxi / Uber) For similar cases in this sector, HMRC commonly focuses on the following areas (informational only):***

1. Income completeness • Reconciliation of Uber/PHV platform statements to bank credits. • Treatment of incentives, promotions, tips, refunds, and adjustments. • Cash receipts processes (where relevant) and supporting logs.
2. Vehicle and travel costs • Evidence for fuel, servicing, repairs, insurance, licensing, parking/tolls, car washes, and vehicle finance/lease costs. • Business vs. private usage methodology and supporting records. • Consistency between operational activity and any mileage/usage evidence (noting your reported 0 miles).
3. Expense reasonableness vs sector norms • Overall expense ratio compared with typical PHV/Taxi/Uber profiles. • Identification of any unusual omissions (e.g., fuel/servicing) that would normally be present.
4. Record quality and bookkeeping approach • Whether expenses are supported by invoices/receipts and bank/card statements. • Whether figures appear estimated (including patterns of rounded numbers).

Transparency note applied: Less than 50% of expenses are categorised. This is not treated here as an HMRC risk indicator unless misclassification or inconsistency is detected, but it can affect how quickly queries are resolved if records are requested.

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### ***5. RECORD-KEEPING CHECKLIST (Industry-specific) The following checklist reflects record types typically relevant to PHV / Taxi / Uber trades:***

Income records • Platform statements (weekly/monthly/annual). • Bank statements showing settlements received. • Logs for any cash income (date, amount, job/shift notes).

Vehicle and operating cost records • Fuel receipts and card statements. • Servicing/repairs invoices. • Insurance documents and receipts. • Vehicle licence/PHV badge/DBS costs (where applicable) and receipts. • Congestion/ULEZ/tolls/parking evidence (apps, statements, receipts).

Work pattern and usage evidence • Trip summaries, shift logs, and related platform reports. • Any contemporaneous mileage/usage records if maintained (noting 0 miles claimed/recorded in the provided data).

Accounting trail and reconciliations • Expense listings with links to receipts/invoices. • Simple reconciliation showing how turnover and expense totals were derived from source records. • Notes explaining any unusual features (e.g., exceptionally low expenses or exceptional year factors).

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***6. WHAT COULD INCREASE HMRC ATTENTION IN FUTURE YEARS (Educational) The following factors commonly increase compliance interest in PHV / Taxi / Uber cases (this is informational only, not tax advice):***

- Sudden changes in turnover, expenses, or profit margin year-on-year without clear supporting records.
- Large fluctuations in expenses (e.g., fuel/repairs) that do not align with activity levels shown in platform summaries.
- Consecutive losses or very low profits in a sector where baseline profitability is expected (or the reverse—persistently exceptional margins compared to sector norms—without documentation explaining why).
- Incomplete or inconsistent records, including reliance on estimates (which can be suggested by repeated rounded figures).
- Mismatch indicators between declared income and third-party data sources (platform statements, bankings, finance agreements).
- Expense patterns inconsistent with PHV operation (e.g., minimal vehicle costs) without clear evidence explaining the position.

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Important: This report is informational only and not tax advice. It uses the provided Risk Score: 6/100 and Risk Band: LOW, and it reflects only the single triggered indicator listed above; all other comments are contextual for the PHV / Taxi / Uber sector.

## **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**

This tool provides an automated risk indicator based on user-entered figures and public statistical patterns. It does not provide tax advice and does not submit or amend tax returns. Users should consult a qualified tax professional for specific advice regarding their tax affairs.

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