



Chester
01244 340129

Liverpool
0151 236 4331

Llandudno
01492 871474

Warrington
01925 245004

Contrary to popular perception, the majority of people facing unwelcome demands under the Finance Act are not rock stars, celebrities, or others easily able to absorb a huge and unexpected financial blow.

Many of the 40,000 individuals due to receive 'accelerated payment notices' from HM Revenue and Customs (HMRC) over the next 20 months, often to pay backdated amounts, will be well-paid professionals who took advantage of what they were advised were legitimate investment schemes. Many will not be in a position to pay the disputed amounts.

Normally taxpayers can negotiate terms with HMRC for large demands but this will not be so easy this time. This new government legislation is hoping to claw back about £7bn from more than 1,200 avoidance schemes, some of which were entered into up to a decade ago.

Previously, if HMRC ordered an individual to pay tax, the individual could appeal the decision through a tribunal and would not have to pay until HMRC won through the courts. However, under the payment notice regime, an individual can still appeal a decision through a tribunal but must pay the tax upfront and will only be refunded, with interest, if they win.

HMRC has made it clear that only in limited circumstances will it consider payment by instalments. The general requirement will be for the money to be paid within 90 days and this short three month window may mean an almost immediate liquidation of assets is required.

This lack of flexibility will also mean that some people may have to consider insolvency proceedings.

Please note that should your clients require any confidential advice regarding this or any other insolvency matter they are welcome to contact one of our Partners. An initial consultation is provided free of charge and without obligation. Also, if you or any of your colleagues require any clarification regarding insolvency law or procedure, please do not hesitate to contact us.