

## COVID-19

### SUPPORT NEGOTIATING WITH HMRC (TIME TO PAY) / **BRIEFING NOTE**

*You may find useful the following reminders about what usually needs to be considered when negotiating time to pay with HMRC.*

#### Make sure returns are up to date

HMRC is more amenable to agreeing time to pay if returns are up to date and the correct liability has been established.

#### Cash flow forecasts and budgets

Before phoning HMRC it is advisable to have financial forecasts and a statement of assets and liabilities available. HMRC will expect the taxpayer to make the best offer they can and will not usually make suggestions about the amount it will accept as a regular payment.

#### HMRC staff authority to agree time to pay

HMRC will usually expect to set up a regular monthly payment plan with collection by direct debit. Most HMRC debt management contact centre staff have authority to agree time to pay over a period of up to 12 months. Longer periods can be arranged but usually need to be escalated to more senior HMRC staff. The Tax Faculty understands that debts of more than £100,000 may have to be referred internally within HMRC. Short suspensions of collection to allow the taxpayer to take a specific action which would enable them to pay are sometimes possible.

#### Expect robust questioning

We don't know to what extent HMRC staff will be more sympathetic to requests for time to pay in the current environment but in normal circumstances negotiating time to pay can involve what feels like personal and intrusive questioning. It is important to make HMRC aware of all information which might be relevant to the payment difficulties, as calmly and professionally as is possible in what may well be extremely difficult circumstances.

#### Future tax liabilities

A standard term of HMRC time to pay agreements is that future tax liabilities are paid in full as they fall due. Where this is not possible it is necessary to contact HMRC again to renegotiate the arrangement to include the new debt. HMRC is often reluctant to agree repeated requests for time to pay but may be more amenable in the current situation.

#### Which debts to prioritise

HMRC is usually more willing to consider agreeing time to pay for profits-based taxes such as income tax and corporation tax than for taxes such as VAT and employees' PAYE and national insurance contributions, which businesses are effectively collecting on behalf of the exchequer. The usual advice is to prioritise paying VAT and employer liabilities as HMRC pursues these more actively. We don't yet know whether this will change in the current situation; there has been some speculation that the Government may be minded to focus assistance on VAT and employer liabilities but no announcement has been made.

### Late payment penalties

An advantage of a formal time to pay arrangement is that late payment penalties will not be charged if the arrangement is in place at the trigger date for the penalties. We don't yet know whether HMRC will be more willing to waive late payment penalties in the current situation, but the helpline page suggests that the cancellation of penalties will at least be explored.

### Interest

In normal circumstances HMRC does not waive interest unless the delay in making payment is somehow directly attributable to HMRC. We don't yet know whether HMRC will be more willing to waive interest in the current situation, but the helpline page suggests that the cancelling of interest will at least be explored.

### Alternative ways to contact HMRC

As well as the COVID-19 helpline HMRC has regular payment helplines. Large businesses with a customer compliance manager should contact that individual. If the debt is a result of a compliance check any anticipated difficulty with making payment should be discussed with the compliance officer, ideally before reaching final settlement (**0800 0159 559**).