

Working with insolvency practitioners

HM Revenue & Customs (HMRC) Voluntary Arrangements Service (VAS) contributes to the support of businesses in temporary financial difficulties.

Conditions for supporting a proposal

We consider voluntary arrangements on an individual basis, and will vote to support proposals where:

- debtors are honest in their financial disclosure
- an optimised and achievable offer is made to creditors
- provision is made for payment of all future debts on time
- they treat all creditors within the same class equally
- there are no exceptional reasons for rejection.

However, we will not support debtors (individual or corporate) who do not allay our concerns about their proposals.

We aim to respond to all voluntary arrangement proposals received in good time.

Working with you

We depend on you to deliver the most appropriate solution and confirm to creditors:

- the debtor's true position with regard to assets and liabilities
- that the open market value of assets is not materially different from the proposal
- that values being placed upon liabilities are not materially different from the proposal
- that the proposal has a real prospect of working.

Where these points are not clear we may seek explanations from you. We will also:

- compare our knowledge of the financial position with that stated in the proposal
- look critically at projected income and expenditure
- require that provision is made for payment of all future post voluntary arrangement statutory liabilities as they fall due.

We may discuss with you as the nominee or with the debtor such issues as:

- historical information already disclosed in the proposal
- financial information that may have been excluded
- any other confidential information that influences our decision.

Modifying a voluntary arrangement

If the debtor's proposal is inadequate we will propose modifications.

We may also request technical amendments to the proposal that will not affect the debtor's obligations.

Helping us to respond more quickly

Send proposals direct to:

HM Revenue & Customs
Voluntary Arrangements Service
Durrington Bridge House
Barrington Road
Worthing
WEST SUSSEX
BN12 4SE

Tell us:

- National Insurance number(s)
- PAYE/tax reference(s)
- VAT Registration Number.

Make sure proposals:

- satisfy the substance and spirit of our acceptance criteria
- are supported by detailed and reliable financial information
- are clear and unambiguous as to terms, roles and obligations.

Discussions with creditors

We reserve the right to discuss the content of a proposal and supporting documentation:

- with any listed creditor, or
- any creditor confirmed by the nominee.

For more information

Phone

0190 370 1424

Email

vas@hmrc.gsi.gov.uk

DX address

DX 90957 Worthing 3

Voting against the commercial offer

We will not support a commercial offer unless there is full and honest financial disclosure. As a minimum we expect to see:

- a detailed business cash flow forecast and a projection for at least the first 12 months of the proposed arrangement
- reliable or professional valuations
- a statement of business assets and liabilities (including all taxes)
- that all previously overdue tax returns have been submitted
- full reasons for past non-payment of tax and clear explanation of changes made to enable payment of post approval Crown liabilities as well as VA contributions.

If the debtor is an individual we will also need a statement of:

- personal assets and liabilities
- current personal and household income and expenditure.

If we do not have the above information it is likely that we will decide to vote against the proposal. If the information is later received we cannot guarantee to revisit the original decision.

Rejecting a voluntary arrangement

We are also likely to reject a voluntary arrangement where there is evidence of:

- evasion of statutory liabilities or past association with contrived insolvency
- payment of other creditors whilst withholding sums due to the Crown.
- any proposal that requires sale of HMRC debt or does not provide cash dividends
- failure to meet any obligations under a prior voluntary arrangement
- exclusion of creditors who are entitled to receive the same treatment as all others within their class
- a purchaser assuming responsibility for payment of some of the debtor's debts in consideration for the purchase of the debtor's assets
- any proposal by any member of any organisation that requires debts owed to its members, to be paid in full, whether inside or outside of the arrangement or before or after the completion of the arrangement when all other unsecured creditors will become bound to accept a compromise of their debt. Here 'members' includes any prescribed associate(s) or other creditor(s) specified by the organisation.

We will explain our reasons for rejecting a voluntary arrangement if such a request is addressed to us.

HM Revenue & Customs commitment

We aim to provide a high quality service with guidance that is simple, clear and accurate.

We will:

- be professional and helpful
- act with integrity and fairness, and
- treat your affairs in strict confidence within the law.

We aim to handle your affairs promptly and accurately so that you receive or pay only the right amount due.

Your rights and obligations

Your Charter explains what you can expect from us and what we expect from you. For more information go to www.hmrc.gov.uk/charter

If you have a complaint

For information about our complaints procedures go to www.hmrc.gov.uk and under *Quick links* select *Complaints & appeals*.

We have a range of services for people with disabilities, including guidance in Braille, audio and large print. Most of our forms are also available in large print. Please contact us on any of our phone Helplines if you need these services.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any rights of appeal.

Customer Information Team
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