

Tax help series

Problems paying your tax – what you need to know

We are responsible for making sure that money is available to fund the UK's public services. We need everyone to pay their tax in full and on time so that we can do this.

However, we know that sometimes people experience genuine financial difficulties that mean they cannot pay. In this factsheet we tell you:

- how to avoid payment problems
- what to do if you think you will have a problem paying
- what to do if you have received a payment demand
- what will happen when you contact us
- what will happen if you ignore our demands for payment
- where to get more help.

How to avoid payment problems

The best way to avoid having problems paying your tax is to plan ahead so that you know when your payments are going to be due and can manage your cash flow so that you have the money to pay your bill.

Cash flow is the movement of money in and out of your business. To pay your bills on time you must make sure that you have enough cash to do so.

A number of simple ways to improve your cash flow are:

- getting a loan from a bank
- negotiating better payment terms with suppliers and customers
- reducing stock levels on hand.

You can get more advice on cash flow at www.gov.uk/starting-up-a-business/develop-and-plan in the *starting up a business* section.

If you make payments under Self Assessment, you can set up a flexible budget payment plan to make payments in advance. You can find more details about this on our website. Go to www.hmrc.gov.uk/payinghmrc/selfassessment.htm

If you are VAT registered and pay VAT to us, there are several other ways of accounting for your tax. Some of these may save you money and time.

For more details go to www.hmrc.gov.uk/vat/start/schemes/basics.htm

You can also have us pay your tax bill by making deposits under the Certificate of Tax Deposit scheme. Under this scheme, you make deposits with us and use them to pay certain tax liabilities. We pay interest on these deposits for up to six years.

You can also withdraw the amounts you have deposited at any time. You can find more details of how the Tax Deposit scheme works at www.hmrc.gov.uk/payinghmrc/cert-tax-deposit.htm

What to do if you have received a payment demand

If you have received a payment demand or a letter warning of legal action you must pay as much as you can, as soon as you can, if the tax is already overdue. If you cannot pay in full, you should contact the office that wrote to you. The contact details will be on the demand or the letter. Don't ignore the demand. If you can't pay, contact us as we may still be able to help you.

If you need help

There are some organisations that can help you with debt problems. They are not connected with us at all. Some, including those listed below, provide free advice. Please note that this is not a full list of all the organisations that exist.

- Business Debtline
- Citizens Advice Bureau
- Consumer Credit Counselling Service (CCCS)
- Insolvency Service
- National Debtline
- TaxAid
- your local authority.

General help and advice

For more help and information about starting and running a business including useful tools, guides and videos, go to www.gov.uk/starting-up-a-business

Customers with particular needs

If you need extra help, please let us know. For example, if:

- English is not your first language
- you would like us to use a certain format to communicate with you, for example, Braille or Text Relay. If you use Text Relay by – textphone, dial **18001** + number – phone, dial **18002** + number
- you would like us to visit you at home because it is difficult for you to get to one of our offices.

What if you are unhappy with our service

If you are unhappy with our service, please contact the person or office you have been dealing with. They will try to put things right. If you are still unhappy, they will tell you how to complain.

If you want to know more about making a complaint go to

www.hmrc.gov.uk/complaints-appeals

Your rights and obligations

Your Charter explains what you can expect from us and what we expect from you. You can find more information at www.hmrc.gov.uk/charter

What to do if you cannot pay in full

If you are due to make a payment soon, and think that you might have difficulty paying, you should:

- pay as much of the bill as you can by the due date, and
- consider what you can do to raise the money to pay the rest of the bill.

You may want to speak to a bank or financial institution to see if they will support you. If you have done all you can to raise the money to pay your tax and still think you will have difficulty paying, you should contact us as soon as possible.

- we may be able to agree extra time for you to pay
- we may be able to agree a Direct Debit payment plan.

If you think you may have problems paying, please call the Business Payment Support Service helpline on **0845 302 1435**. This is open from 8am to 8pm, Monday to Friday and from 8am to 4pm at weekends and is available to individuals and businesses who have not yet received a payment demand.

What will happen when you contact us?

If you have received a demand and you contact us, we will want to know:

- why you can't pay
- what you have done to raise the money yourself
- how much you can pay immediately. We can take payment by debit or credit card
- how long will you need to pay the rest
- what you are doing so that you will be able to make future tax payments on time
- any anticipated repayments, for example VAT.

Depending upon how much you owe, how long you need to pay, and your history of payments, we will ask you questions to help us decide how much you should pay us and when. We will also need you to give us details of your income and outgoings and your assets.

Allowing you time to pay

We can only allow you time to pay your bill providing that:

- you can't pay in full
- by allowing extra time you will be able to pay what is owed
- you will make future payments on time.

When deciding whether to allow you extra time to pay, we will take into account your circumstances, your ability to pay and the likelihood of you being able to return to making payments on time. We will expect you to take all possible steps to improve your own financial situation. If we allow you time to pay we will ask you to set up a direct debit payment plan over the phone to make sure you don't miss any payments.

It is important that you make all the agreed payments on time. You must tell us if, for any reason, you are not able to do so. If you get behind with any other tax payments or late sending us any of your returns, we will cancel the payment arrangements and take legal action to recover what you owe. We may also charge you a penalty or a surcharge.

What will happen if you ignore our demands for payment?

If you ignore any of our demands for payment, we will take legal action to recover what you owe. You could:

- have personal or business possessions taken to be sold at auction
- have money taken directly from your wages
- have your debt referred to a private sector debt collection agency
- have a charge placed on your property
- face insolvency action - bankruptcy for an individual or winding up proceedings for a company.

(These can involve you having extra costs to pay and could affect your ability to get credit in the future.)

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