

20th March 2020

## **Negotiating your Tax Liabilities**

### **Negotiating time to pay**

HMRC has stated that it is able to help taxpayers getting into difficulty because their business has been affected by the Coronavirus.

Wincham will keep its clients up to date and are following developments.

If you are struggling to pay tax liabilities on time it is advisable to contact HMRC sooner rather than later. Please bear in mind HMRC will only talk about tax that is currently due rather than agree a wholesale moratorium and so therefore the best time to contact them is around the due date as highlighted on your pay slip.

Make sure you have filed all the necessary forms and that you know the exact liability.

HMRC will ask you a series of questions about your business and will expect details of your current trading position and liabilities, so up to date accounts and cash flow forecasts would be useful to have prepared in readiness for their line of questioning and be prepared to offer a settlement arrangement based on the ability to pay on a monthly basis, usually for around 12 months which is within the discretion of the local tax inspector. Any time longer will have to be referred to higher levels as will any debts above £100,000. Occasionally a short suspension of repayment periods may be agreed.

Any late payment penalties will not be charged under any agreed formal; however, the charging of interest is probably going to be upheld although there are moves to change this.

Do not be surprised at the level of questioning as they may include questions about what measures you are taking personally to rectify the situation.

Remember not to over commit and if circumstances and assumptions change then go back to HMRC and re negotiate.

For future tax liabilities, anything you negotiate for the present tax payment has to be upheld and their stance is that future tax liabilities have to be paid on time and in full, this may change if the situation worsens.

In terms of priority they take the view that tax collected on behalf of the Exchequer (PAYE and VAT) take priority over income and corporation taxes, we do not know if this will change as chances are there may be future losses to offset any internally generated and taxable profits.



The overall issue here is that if you are in genuine difficulty then speak to them as soon as possible and around the date of payment, remember they will be probably inundated with similar calls.

Wincham Accountants will be happy to assist with your requirements in identifying tax liabilities and the necessary information you require before you make that call