Where's the consistency?

Phil Allingan bemoans the inconsistency of HMRC's Debt Management Department

I have been negotiating Time to Pay plans with HMRC for over 16 years. During that time I have negotiated over 2,000 payment plans and one of the most frustrating things with HMRC is how one person can be really helpful and the next person, sometimes sat at the next desk in the same office, can be totally unhelpful.

You can speak to five different people about the exact same thing and get five different answers. HMRC debt management staff must all be given the same parameters to work within, so why is it that they are all different in their response to requests for help?

Here's a recent example.

I received a call late one Friday in March from a potential client that had been referred to me by an insolvency practitioner. They had gone to the insolvency practitioner because HMRC had told them they would not agree to a payment plan and they were going to start the winding-up process. The insolvency practitioner suggested they speak to me as one final last attempt to get something agreed.

The business was a charity which offered a number of services. These included providing over 100 houses for homeless people, especially women and their children. They ran five food banks and also helped people with mental health issues. Most of their funding came from local and central government grants. These grants had recently been cut, which meant they had to make some redundancies and due to the cost of this they got behind with their PAYE payments to HMRC. That was a couple of years ago, but about 12 months ago they got back on track, started paying their current liabilities in full and on time, and also started paying £10,000 per month off the arrears. The arrears went down from £360,000 to £240,000 in 12 months and they asked HMRC if they could formalise the payment plan at £10,000 per month for the next 24 months. HMRC refused and said they were going to issue winding-up proceedings.

It was at this point that I got involved – I said to the client: "I can sort this out, no problem." After all, I thought to myself, "they are paying all current liabilities in full and on time and have been for 12 months. The debt is coming down every month and has been for 12 months. For other clients in far worse situations I am getting well over two-year payment plans. This one will be a doddle." How wrong I was!

I spoke to the caseworker at HMRC's Enforcement & Insolvency office and explained what the charity did, and that if they wound up the charity and closed it down not only would HMRC get nothing but more than 100 families would become homeless. On top of that, five foodbanks would close overnight and lots of people with mental health issues would be left without any help. His response was: "Yes I know that." I then asked to speak with his Manager and explained the whole scenario again. He

said: “Yes, I know exactly what they do and we are going to go ahead with the winding-up process.”
Luckily, I had the mobile phone number and direct email address for the most senior person at HMRC’s Cardiff office of the Enforcement & Insolvency section. I spoke to her and she said she was not aware of this case and to leave it with her.
To cut a long story short, she eventually agreed the payment plan over 24 months.

Why so long?
Why did it take all this time and effort to get what was a fairly straightforward payment plan agreed? I regularly get three- or four-year payment plans agreed for clients that aren’t paying current liabilities and the debt isn’t going down. Whenever I mention this to people at HMRC they always say “we can’t discuss other taxpayers”.
This was a ludicrous situation, even without the added issue of this taxpayer being a charity and the ramifications of them being closed down. I would fully understand if they weren’t paying current liabilities and the debt was increasing but they were paying current liabilities and an additional £10,000 per month off the arrears.
Come on HMRC, let’s have some consistency. Your staff are obviously allowed to agree lengthy payment plans because they do on a daily basis, but why do some staff choose not to when they can?
My suggestion to HMRC would be this:
When someone is asking for a payment plan ask these three questions:

- Are all returns up-to-date?
- Has the most recent PAYE been paid?
- Is the debt decreasing?

If the answer is yes to all three questions then they should agree a payment plan of 36 months (if that long is required).
If the answer to question 2 or 3 is no, then some more discussion needs to be had.
When most companies get wound up or liquidated HMRC not only get absolutely nothing but the government pay all the redundancy payments to employees via the Redundancy Payment Service. And, no doubt, some employees who can’t immediately get another job will be claim benefits. It must be the best outcome for HMRC, the taxpayer, the business and its employees for the company to stay alive and pay back what they owe.
If a company isn’t up-to-date with returns and the debt is increasing, then I agree HMRC should go down the winding-up route.
Please, HMRC, can we have some consistency?

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