



Some practical pointers

It is important to understand who you are dealing with and be sure it is the right person to deal with your particular problem.

People within DMB do not deal directly with your personal tax return, although they may contact you if your tax returns are outstanding. The issue and processing of tax returns is dealt with by "Service" offices. It is the Service office which works out how much tax you owe and processes your return.

In general if you cannot pay you must speak to someone from DMB. This can be at one of the Accounts Offices (call the Payment Helpline on 0845 366 1204), the local DMB Office or the Enforcement and Insolvency Service. **You should contact the office from whom you have received the most recent contact.**

You are likely to be contacted by phone. If so talk to them about the problem there and then or if you are left a message don't ignore it. Call them back – the problem is unlikely to go away and they certainly won't!

Most initial requests for payment are sent from the two "Accounts Offices" in Cumbernauld and Shipley.

"Time to pay" helpline number: 0845 366 1204

If matters need to be pursued locally e.g. for enforcement action where payment has not been made, this is dealt with by a "Debt Management Office". Cases involving bankruptcy are handled by the Enforcement and Insolvency Service (EIS) which is based in Worthing.

How Debt Management negotiates

If you enter discussions with the DMB, you must understand that HM Revenue and Customs will not always act the same as other creditors.

Issues of policy

Apart from collecting your tax, DMB has a wider duty to protect the tax system as a whole. So it will sometimes make a person bankrupt even where it is clear that he or she has no assets. This may be done to stop further arrears accumulating, to strengthen HM Revenue and Customs' position if the person involved starts up in business again, or by way of example to encourage other people to pay their tax on time. On the other hand, DMB may sometimes decide not to take enforcement action if this would close a business down and lead to many redundancies.

Negotiations can be very personal

DMB will pay regard to your personal circumstances, and the following points may help and should be mentioned:

- if you are elderly
- if you are in poor health or have family problems
- if you are unemployed or dependent upon tax credits and/or welfare benefits
- if you have always paid your tax on time before.

On the other hand, it will not help if:

- you are, or have been, rude or aggressive to any HMRC staff
- you have paid other creditors in preference to HMRC
- you have had unpaid tax debts before.

Other factors that may be taken into account

DMB will also be influenced by the following factors.

The size of your tax debt. It may be easier to reach an agreement if the amount unpaid is relatively small.

If you are about to leave the country. DMB will not allow discussions to drag on if there is a risk that you are about to leave the UK. But remember that HMRC has agreements with overseas tax authorities to assist it in collecting UK tax debts if you move abroad, so leaving without paying your debt will not make the problem disappear.

If the tax bill has arisen unexpectedly. Particular sympathy should be shown if you owe tax because of a mistake by HM Revenue and Customs. For example, if DMB is trying to collect a refund which you could not have known was given to you in error. In some circumstances they may waive the debt altogether under a practice known as Extra Statutory Concession A19 - see www.hmrc.gov.uk/esc/esc.htm for details.

On the other hand, DMB can sometimes appear hard on self-employed people unable to pay their tax on time. They will often say that you have no excuse, because you should have set aside the money to pay the tax when the income was earned. Self-employed people often complain that DMB officials have little understanding of what it is like to run a business, and how difficult it can be to set money aside, or the problems that arise if a customer goes bust or disappears.

The earlier you make contact to discuss the situation the easier it should be to reach an agreement acceptable to both sides. If you do not, you risk enforcement action by HMRC. It is important to be aware of which kind of office you are dealing with (see section "Some practical pointers" on page 12), as this may indicate what enforcement action is imminent.

