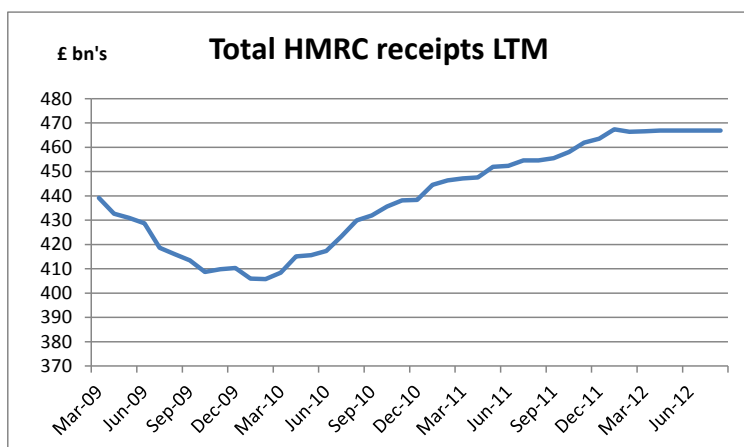
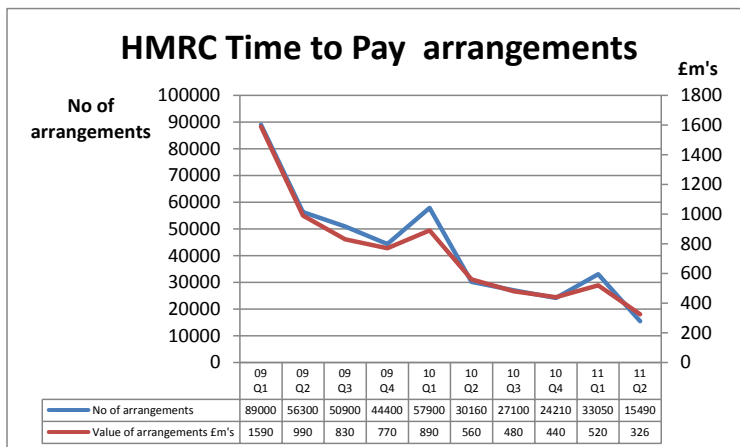


HMRC Time to Pay arrangements – where are we now?

A paper prepared by Steve Smith Nov 2012

Well we used to know when HMRC published statistics! In Q1 of 2009 89,000 arrangements were agreed involving £1,590 million, an average of £18,000 per arrangement. That's a lot of small deals. The last published data was for Q2 of 2011 when the number of arrangements was 82% lower at 15,490 with the value of arrangements down by 79%. The start point was high but the trend of arrangements from early 2009 was steeply downward and probably continued down in H2 of 2011.

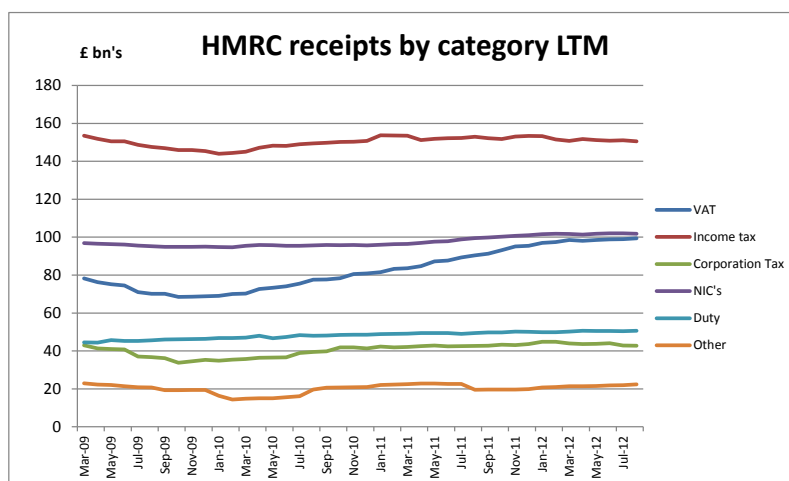


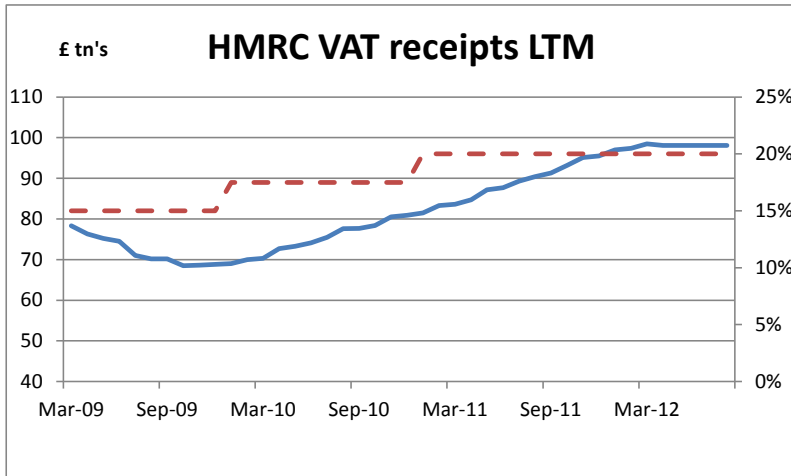
We can also see that total HMRC receipts have improved in the last 2 years based on statistics from HM Treasury. Rolling 12 month total receipts went down in 2009 but have steadily risen since then. Some of the increase will be due to tax/VAT rates but the receipts will also have benefitted from collecting in past time to pay deals and agreeing a reducing number of new arrangements.

The upward trend during 2011 has levelled off in 2012.

Looking at the breakdown of receipts over the same period there are noticeable dips in 2009 in several categories particularly VAT but also income tax, NIC's and corporation tax.

Whilst there is no clear trend, the collections where time-to-pay deals may affect them do show a reduced level in 2009.





The trend on VAT receipts is clearly impacted by the reduction in VAT rate to 15% from December 2008 to January 2010 and the subsequent increase from 17.5% to 20% in January 2011.

However the dip in 2009 looks as though it is deeper than the effect of rate changes and is probably the result of TTP deals.

When the time to pay deals reduced after 2009 the impression was that HMRC were tightening up on recovery procedures. However, the trend in HMRC petitions and subsequent winding up orders does not support this. The table on the left taken from HMRC's website shows a declining trend in England and in total with 27% fewer winding up orders in 2010-11 than 2008-09. Interestingly the figures for Scotland and Wales show an increase.

Year	Petitions filed	
2008-09	England & Wales	3,913
	Scotland	308
	N Ireland	156
	Total	4,377
2009-10	England & Wales	3,607
	Scotland	417
	N Ireland	145
	Total	4,169
2010-11	England & Wales	3,367
	Scotland	609
	N Ireland	183
	Total	4,159

Year	Winding up orders	
2008-09	England & Wales	2,972
	Scotland	219
	N Ireland	69
	Total	3,260
2009-10	England & Wales	2,166
	Scotland	285
	N Ireland	75
	Total	2,526
2010-11	England & Wales	1,901
	Scotland	384
	N Ireland	107
	Total	2,392

So what do we think is happening in practice?

Most of the turnaround projects we are involved with have HMRC arrears or need an agreement with HMRC as part of the turnaround plan. Our experience is that well supported requests for time to pay arrangements can still get HMRC acceptance but it is certainly harder to get deals agreed than it was in 2009. Back then there was a telephone line to call and get instant TTP deals!

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