



HMRC accelerates to £1bn of collections

HM Revenue & Customs' (HMRC's) accelerated payments programme has now collected £1bn from users of tax avoidance schemes.

Last year HMRC gained the power to demand upfront tax payment from users of tax avoidance schemes subject to the Disclosure of Tax Avoidance Schemes (DOTAS) rules or the General Anti-Abuse Rule, or where a similar scheme had already been defeated in the courts. In 2015, the power was extended to schemes involving National Insurance Contributions.

In August 2014 HMRC started sending out 'Accelerated Payment Notices' and to date it has issued over 25,000. By the end of next year, HMRC anticipates it will have issued around 64,000 notices. Anyone receiving such a notice has 90 days to pay up or make representations to HMRC if they consider the notice is incorrect. So far those choosing to pay up have put £1bn into the HMRC coffers. By March 2020 HMRC is projecting that it will have collected £5.5bn of brought forward payments.

HMRC would have to repay some of that money if the courts decide in favour of any litigating scheme users. However, as HMRC regularly reminds taxpayers, the taxman wins 80% of avoidance cases and many people choose to settle before embarking on the expensive path of litigation.

As if to prove the point, HMRC recently won a High Court Judicial Review case in which two users of a film-based avoidance scheme argued that accelerated payments process was unlawful.

The lesson from HMRC's £1bn revenue raising is that users of aggressive tax avoidance schemes are no longer able to delay tax payment until it is proven in court that their schemes fail the rules – often a protracted process. Nevertheless, there remain many relatively uncontentious ways to reduce your tax bills. Please get in touch to discuss your options.

The value of tax reliefs depends on your individual circumstances. Tax laws can change. The Financial Conduct Authority does not regulate tax advice.