

HMRC Review of Powers  
Payments, Repayments and Debt  
Room 1/72  
100 Parliament Street  
LONDON  
SW1A 2BQ

3 March 2008

Our ref: CT12/TAX/TC

Dear Sirs

**Payments, Repayments and Debt  
Responses to Consultation and Proposals**

PricewaterhouseCoopers (PwC) is grateful for the opportunity to comment on the new Consultation Document issued on 10 January 2008. We remain fully committed to being involved in all the consultations that may be issued as part of Modernising Powers process.

The general aim of removing the inconsistency in enforcement powers is sensible and the legislation seems appropriate but we do have some particular comments:

1. It is not entirely clear how the new section 3 gives a saving for tax credits so they are not used to reduce a tax debt. Similarly, we could not immediately identify the provision that gives effect to the charitable assignment mentioned at paragraph 2.17 of the document?
2. The acceptance of payment by credit cards is well set out and there are comments about sending warning signals. There must be an acceptance that providing a system that enables tax to be paid by way of credit card will have an impact on consumer debt; that credit card issuers will have to make write-offs; and that in the long run the general public at large will bear some of the cost. All of this makes it very important that HMRC acts very

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carefully in promoting this payment route; we realise that the Powers team have this issue very much in mind. We do have one concern with the legislation namely that the new Section 4 ought to make it clear that the fee charged to the taxpayer cannot exceed (and could be less than) the fee charged to HMRC.

3. On collecting debts through PAYE, the concept is reasonable; the concern remains the extent to which HMRC will warn people in advance what is going on and make it clear that they do not have to accept this treatment. The proposal does nonetheless seem sensible in general terms.
4. We note that there is no stated aim to facilitate the service of structured payment, as happens for example in the case of utility bills spread monthly over a year by way of an annual payment plan. Would such a system not allow taxpayers to better manage tax finances?
5. Set off is a sensible idea but we are concerned about payment dates and repayment dates losing identity. It is not entirely clear how debit or credit interest will be calculated and taken into account. Our concern in all of this is to ensure that the taxpayer does not lose out.
6. We also believe that the behaviour that has given rise to the tax debt should not be overlooked and there needs to be adequate recognition of that behaviour. When there is a debt arising from a tax fraud we would support the use of HMRC's more aggressive debt collection powers. But where are taxpayers who have, say, a debt issue arising because of a business failing, losses, cash flow difficulties from trade or economic effect, we would expect those taxpayers to be positively supported or assisted with time to pay options or similar options etc. This sort of issue needs to be reflected in HMRC's guidance and statements.
7. We are also concerned about the possibility of attachment orders to jointly held assets. Is HMRC entirely sure of its legal ground here?

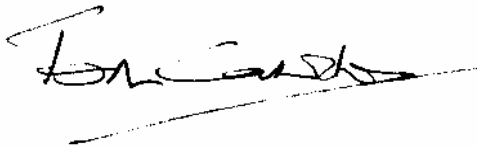
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8. Finally, one essential element of these proposals is that HMRC must provide adequate training and support to its staff engaged in this work. How will HMRC staff be trained to cope with the new demands of this work?

Yours faithfully



John Whiting and Tom Cawdron  
Partners