

# HMRC's accelerated payment of tax powers come into effect

05 SEPTEMBER 2014

**CATEGORY:**  
ARTICLE

In the 2013 Budget, the Government announced its intention to enable HMRC to issue notices to taxpayers to inform them that they should settle their outstanding tax liability in the event that a previously decided Tax Tribunal case has direct relevance to their dispute.

In the Autumn Statement 2013, the Government announced that accelerated upfront payments would apply to those taxpayers who did not settle their tax liabilities in response to these notices. At the same time, the government also announced that there would be further consultation in relation to how accelerated payments could be applied more widely to taxpayers who have used avoidance schemes. The consultation, which was carried out from 24 January to 24 February 2014, proposed the extension of accelerated payments to schemes falling within the Disclosure of Tax Avoidance Schemes (DOTAS) rules, or counteracted by HMRC under the General Anti-Abuse Rule (GAAR).

The new legislation under the Finance Act 2014 took effect from 17th July 2014 when Finance Bill 2014 received Royal Assent. The primary aim of the legislation is to remove the cash flow advantage for self-assessment taxpayers of holding onto the disputed tax during an avoidance dispute. It is applicable to all cases where there is an open enquiry or open appeal on, or after, the day of Royal Assent.

Legislation in the Finance Act 2014 allows HMRC to issue a 'Notice to Pay' to any taxpayer for whom there is an open enquiry, or matter under appeal, and who has claimed a tax advantage by the use of arrangements that either fall to be disclosed under DOTAS or, following an opinion of the GAAR Advisory Panel, have been deemed not to be reasonable in the circumstances.

The notice requires the taxpayer to pay the tax in dispute within 90 days, or a further 30 days where the taxpayer requests that HMRC should reconsider the amount of the payment notice. Penalties will apply for late payment.

HMRC estimates that accelerated payment notices will be issued to approximately 33,000 individual taxpayers and around 10,000 corporations.

The government has recently published a list of the DOTAS scheme numbers that they are planning to target with the first Accelerated Payment Notices, and the list will be updated in October 2014. For further information please follow [this link](#).

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