

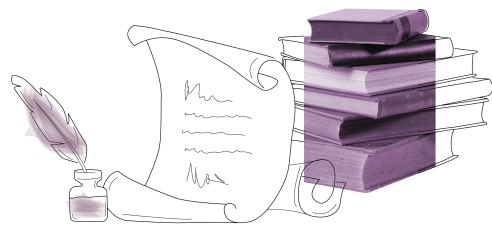
BUDGET GIVES HMRC POWER TO RAID YOUR BANK ACCOUNT

As always, the devil is in the detail and this Budget was no exception. Tucked away at the back of the Budget book there is a paragraph which sends a chill down your spine.... **“the Government will modernise and strengthen HMRC’s debt collection powers to recover financial assets from the bank accounts of debtors who owe over £1,000 of tax”**.

It is surprising that this massive ‘power grab’ has had little or no fanfare to introduce it, although professionals are, of course, voicing their alarm, we will have to wait and see what impact this might have.

SO, WHAT’S CHANGED?

Currently, if HMRC want to seize your property or cash, they have to proceed in a manner that ensures they are being fair and acting on the right basis – broadly, they have to take you to court, win and then get an order. Under the new powers it seems that a couple of warning letters and a phone call is sufficient and if they decide you owe them cash, they can just take it; there does not appear to be any checks or balances, we cannot see an appeal process built in. By way of comparison, the police still need warrants to seize property or cash from criminals under the Proceeds of Crime Act – so people with debts to HMRC will, on the face of it, have less rights than criminals!



We’re told “a minimum of £5,000 will be left across debtors’ accounts.” That seems a very low threshold – especially for a business or pensioner.

We believe that this measure isn’t going to be targeted at those with ongoing technical arguments over tax avoidance, your multinationals like Vodaphone or Starbucks, undoubtedly this will be a tool used for going after the easy targets, small business, the unrepresented and professionals. Even if HMRC wanted to use this power on a multinational, any sensible company will surely take its accounts offshore now. We will post updates as matters progress.