**We all want to forget about tax until the New Year**

We are all thinking about Christmas now as the lights have gone on in the High Street and you cannot find anywhere to park in town on a Saturday. Shortly after the festive season ends along comes the tax one. Surprisingly not so many people look forward to that season, especially accountants who have the most stressful month of the year chasing clients for missing information to be able to file tax returns.

The key tax date is the 31st January when tax returns have to be filed and any tax due has to be paid, including arrears from the year before.

The single most common reason for a business to come to us for insolvency advice is tax. HM Revenue and Customs are very good at following their procedure to collect in tax arrears which steadily increases the pressure until they threaten to start winding a business up. It is often at this stage that a business will call us in for advice about what to do.

There are two real key points to watch out for if you have tax arrears. One is if they threaten to send in a bailiff to take goods (once they have done that they effectively own those assets unless all the tax is repaid) and the second threat is where they say they will transfer your file to their Worthing offices on the south coast of England. That is where your file goes when HM Revenue and Customs are going to make you bankrupt or put your company into liquidation.

I would urge anyone with tax arrears not to ignore HM Revenue and Customs. They have a range of powers and are not put off by the costs of taking recovery action for unpaid tax.

If you deal with them pro-actively, most of the time they are helpful and supportive if this is your first time in trouble. They will usually do a deal to spread any arrears over at least six months (although they do tend to want to tell you off in the process and it can feel like being told off at school.)

If you cannot spread the tax due over six months and have no other way of borrowing the money then that is a problem. It is not going to go away and the pressure will only get worse.

The businesses that are pro-active when it gets to this stage and seek early advice are the ones that have the best chance of restructuring their debt. A good way of spreading tax debts over a longer period of time is to use a Company or Individual Voluntary Arrangement. This is a legal way of stopping HM Revenue and Customs’ recovery action whilst you try to agree a deal with them and all of your other creditors.

If viable, these schemes have a very high chance of being accepted by creditors including HM Revenue and Customs. For example if there are no other free assets available, debts can be spread over three to five years interest free. I would however say a word of warning that although these arrangements are usually accepted at the start they sometimes fail because the business has a problem in those three to five years and cannot keep up the repayments.

I often get asked if there is a busier time of year for helping businesses that have cash flow or financial problems. We typically find that January is the most active time of year for us and the sooner someone seeks advice from us the more options they will have.

If you are experiencing financial difficulties and would like some early advice before matters get out of your control do contact me for a free initial meeting.