

## Explanatory Note

# Clause 47 and Schedule 8: Enforcement by Deduction from Accounts

## Summary

1. These amendments place a duty on HM Revenue & Customs (HMRC) to consider whether a debtor may be put at a particular disadvantage if this new power is exercised, in pursuit of a debt owed by that person, and to affirm in writing that this duty has been carried out. The criteria by which this disadvantage will be judged will be set out in guidance.

## Details of the Amendments

2. Amendment 11 introduces the requirement for HMRC to state, in each hold notice it issues when exercising the power to enforce by deduction from accounts, that it has considered its obligations under paragraph 4A (detailed below). This provides a written confirmation that HMRC has considered factors that may affect a debtor's ability to engage with their tax or tax credit affairs, before deciding whether to proceed with exercising this power.
3. Amendment 12 inserts a new subsection 4A. This requires HMRC to consider whether there are any matters which may cause a person to be at a particular disadvantage in dealing with their tax or tax credit affairs. HMRC must take these factors into account, in every instance, before deciding whether or not to exercise the powers under Clause 47 and Schedule 8. This subsection also requires the Commissioners to publish guidance, setting out the factors that will be used to inform this decision.

## Background note

4. Clause 47 and Schedule 8 introduce a new power to allow HMRC to recover debts due to it (including tax and tax credit debts) directly from the bank and building society accounts of debtors. This power can only be used to recover debts of £1,000 or more, and is subject to a number of statutory safeguards.
5. The Government has committed to ensuring that 'vulnerable' debtors are not affected by this power and that HMRC will provide appropriate support to those who require it. These amendments make clear that, before deciding to use this power, HMRC will consider whether or not the exercise of this power will put debtors at a particular disadvantage because of circumstances related to their vulnerability, and that the 'hold notice' will contain a statement confirming that this consideration has taken place.