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## **Calls for HMRC to allow IT contractors ‘Time To Pay’ in tax avoidance case**

- **Thousands owe average payments of £11,000 in £430m offshore loans case**

HMRC should allow contractors caught in its crackdown on ‘contractor loan’ tax avoidance schemes to negotiate payment terms under its ‘Time To Pay’ system, says NoPalaver, a leading provider of accounting services to contractors.

NoPalaver explains that HMRC announced in July that it was giving 16,000 users of a complex £430 million corporation tax avoidance scheme involving offshore loans six months to pay tax and interest charges it says are due, or risk further charges and penalties should the dispute go to court.

HMRC says that the tax owed will begin to accumulate interest at a rate of 3% 30 days after demand notices are received.

NoPalaver says that many middle-ranking IT contractors became involved in the scheme without being aware of how ‘aggressive’ it was. The average user of the scheme owes just £11,000 per year in tax and interest, showing that the pay of those involved is relatively modest.

NoPalaver says that HMRC’s ‘Time To Pay’ scheme, under which the tax authority allows those who owe tax to negotiate extended payment terms, is a tool HMRC should use for the mid-earning IT contractors who wish to repay the tax they owe from the ‘contractor loan’ scheme. The Time To Pay scheme saw widespread use during the credit crunch and recession as numerous businesses struggled to pay large lump sum tax bills.

Graham Jenner, Director at NoPalaver, says: “We hope that HMRC recognises that most of the people in this particular scheme are not wealthy jetsetters attempting to avoid hundreds of thousands of pounds in tax.”

“These are everyday people, many of whom were misled by scheme promoters, never really understood the implications of the scheme, and regret ever getting involved with it.”

“While we and other advisers like ourselves recommend contractors steer well clear of aggressive tax planning schemes, we do sympathise with those who had the wool pulled over their eyes by scheme promoters who told them that there was little or no risk involved.”

“This is an opportunity for HMRC to show some sympathy towards the huge number of these people who are fully prepared to pay back the tax they owe. The Time To Pay scheme is the perfect tool for the job, if HMRC is prepared to use it.”

**ENDS**

## **About NoPalaver**

The NoPalaver Group provides umbrella services to contractors and personal service companies. The NoPalaver Group includes:

- NoPalaver Accountants, which provides specialist accountancy support to contractors working through limited companies
- NoPalaver Umbrella, which helps contractors in all sectors run their personal service company
- NoPalaver CIS, which helps sub-contractors in the construction industry maintain self-employment status, and simplifies payroll issues for agencies and contractors. NoPalaver CIS looks after sub-contractors' invoicing, payment, and CIS tax issues.
- NoPalaver Contractors, which enables contractors in other industries to maintain self-employment status through a personalised weekly payment administration service

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