

Fewer SME's Given Leeway to Delay Tax Payments

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More businesses are being refused requests to stagger their tax payments under [HM Revenue & Customs](#)' (HMRC) **Time to Pay** scheme, despite a Government pledge to extend it, figures have revealed.

Figures obtained by finance provider [Syscap](#) from HMRC found that it had almost halved the value of delayed tax payments it allowed firms to postpone under the scheme in the third quarter of this year on the same period in 2009 – decreasing from £830 million to £460 million.

Syscap also revealed that the percentage of applications HMRC rejected rose from 2.6 per cent in 2009 to 5.2 per cent in the first nine months of 2010. [The Daily Telegraph](#) calculated that this rate increased to 7.4 per cent in the three months to October 2010.

The [Time to Pay scheme](#) was launched in November 2008, to allow viable businesses to defer payments of VAT, corporation tax, PAYE or income tax to help them manage their cash flow in the downturn. The scheme was later extended to 2015.

Syscap chief executive, Philip White, said that the figures are “clear confirmation” that HMRC is making it harder for firms to defer tax payments and is gradually winding the scheme down.

“If businesses are worried that they may not have the cash to pay their tax bill they can no longer rely on HMRC being flexible and they need to make alternative arrangements.”

Small-business owner and founder of marketing firm [Elan](#), Karen Fiddes, said she felt that HMRC has made the scheme less accessible after realising it could no longer afford to support businesses.

“There is more uncertainty for a lot of businesses about whether HMRC will let them continue paying in stages or not, and this makes it difficult to plan their cash flow. Many of my small-business contacts and I have experienced problems with this.”

HMRC spokesman Jan Marzewski said that Syscap had not taken into account repeat applications for the scheme, many of which came from unviable businesses.

“The only time we are turning businesses down is when they are coming to us for repeat arrangements and it is clear that they have done nothing else to obtain finance, or when they are on the verge of insolvency and so Time to Pay is not appropriate.”

He added that there had been no change to the eligibility criteria for businesses to defer tax payments, and that there are no plans to change the policy or close the scheme.