The Christmas story continues

General Features



01 December 2019

Julie Cameron explores timeless issues – tax problems affecting vulnerable people – and the role that tax charities play today in changing lives

Key Points

What is the issue?

For the vulnerable in our society, tax can present significant problems and tax debt can add to their despair.

What does it mean to me?

Good advice on these issues can change lives. TaxAid and Tax Help for Older People provide that advice, where needed act for the client and put people back on their feet.

What can I take away?

The Bridge the Gap appeal seeks support from the tax profession, and needs to raise £300,000 over the next year to enable them to help another 21,000 people.

In the build up to Christmas, I usually find time amongst the manic present wrapping sessions and the social events to go to a carol service. Of course, the focus is on the story which lies at the heart of the celebrations. When I was back on the busy street after attending one such service, I came across a homeless man and his dog, and this started me thinking about the Christmas story in modern day life. After all, it's about a homeless couple with a baby, poverty, becoming a refugee some 2,000 years ago ... and tax. No tax – no journey to Bethlehem.

Scrolling forward to 21st century Britain, one can see recurrent themes. For the vulnerable in our society, tax is often still relevant and tax debt can add to their despair.

John: ignoring the stressful brown envelopes

Take John for instance, a young man plagued by mental health issues since childhood. John has never worked and, as he lives at home supported by his family, he has never claimed benefits. John's mother was becoming increasingly concerned that he had received a number of brown envelopes, which he was refusing to open. When she finally persuaded him, the envelopes revealed a tax debt of some £15,000

and a threat of bankruptcy action.

John’s mum approached the charity TaxAid. It established that some years previously John had registered a business partnership with a friend, which had come to nothing. This was how the tax debt had started – John was on the system and, as no returns were lodged, late filing penalties soon began to mount.

TaxAid approached HMRC and managed to get the returns and late penalties withdrawn and the debt cancelled. This had a significant positive impact on John’s health and an unnecessary bankruptcy was avoided.

Bess: victim of dementia

Of course, tax debt does not just affect the young and Bess is a case in point. Bess was a self-employed cleaner who worked until she was 80 and lived in a cottage tied to her work. Each year she submitted her tax return on time, but as the years went on, Bess became the victim of dementia and gradually lost the ability to focus on time-related matters, such that her 2016 return was not filed. This, of course, led to late filing penalties being issued by HMRC. Bess was also in arrears on a payment plan for a tax debt that had accumulated over a number of years.

Bess’s difficulties were compounded by the loss of her home, which was forfeited when the dementia forced her to retire. She was trying to find a place in a care home, when her friend contacted the charity Tax Help for Older People on her behalf.

Tax Help contacted HMRC to explain the situation and helped Bess to complete and file her 2016 tax return and submit a penalty appeal. The penalty appeal was successful, and no tax was due as a result of the submission of the tax return, but the arrears for earlier years stood.

Tax Help compiled an income and expenditure account, which showed that Bess could not afford to make payments to HMRC, although she had been scrimping to find £40 a month to pay against the debt. Her care home fees left her with even less disposable income and at that point she had no choice but to stop paying her monthly amount to HMRC.

Fortunately, HMRC then accepted the argument that she was in hardship and remitted the remaining balance on her statement of account. Now free of debt and

with a place to live, Bess is able to live out her days in security and peace.

Advice changes lives

TaxAid and Tax Help for Older People helped 21,000 people last year – people like John and Bess – who desperately needed tax advice but couldn't afford to pay for it. They provide advice, where needed act for the client and put people back on their feet.

Their Bridge the Gap appeal seeks support from the profession for this vital work. This year they need to raise £300,000 to enable them to help another 21,000 people. The actions of the charities, supported by donations received through the Bridge the Gap campaign, will help thousands of people who can't afford to pay for advice themselves to:

- have their tax affairs brought up to date and resolved fairly;
- pay only the right amount of tax, sometimes avoiding unfair life changing outcomes (such as bankruptcy based on estimated figures); and
- understand how to manage their tax affairs in the future.

Many of their clients, having had their immediate crisis resolved, go on to enjoy a marked improvement in their mental health, and in business and family life, so your support would be gratefully received.

How you can support

1. Make a personal donation

Join our many supporters in the tax profession and make a regular donation.

Just £8.50 a month will resolve the tax problem for a vulnerable person.

Donate now – and help to deliver this vital service.

2. Take part in a sponsored event

Organise a fund raising event in your team.

Tax teams have taken part in runs, walks and bake-ins, and held general knowledge quizzes and a variety of other events to raise money to support our vulnerable

clients. Or, take part in an event we have secured places on and seek sponsorship for TaxAid and Tax Help for Older People, for example.

The tax charities' Kilimanjaro challenge, 17 to 27 September 2020

We have a team of volunteers, staff and other supporters who will be doing a sponsored trek to the summit of Mount Kilimanjaro. Advance planning is essential and our partners, Action Challenge, have excellent experience of organising and running this trek. If you are interested in joining the team, then please contact Tina Riches at tina@richestax.co.uk.

The London Legal Walk, 8 June 2020

Join our team on this huge fund raising event – an evening's walk through the parks or along the river. It's a 10km walk and a great fund raiser!

For more events and to see what others are doing visit our website.