HM Treasury: Consultation on a new Statutory Debt Repayment Plan

General Features

22 August 2022

LITRG has responded to HM Treasury's consultation on draft regulations to introduce a new Statutory Debt Repayment Plan.

The proposed Statutory Debt Repayment Plan (SDRP) scheme is designed to be a new statutory debt solution available to individuals in England and Wales with problem debt (of all kinds). Whilst not commenting on the suitability and design of the scheme in the context of the wider debt advice landscape, LITRG have responded to HM Treasury's consultation with comments and concerns relevant to tax debt, highlighting these key points:

- Government must bear in mind that a person's level of tax debt can, in some cases, be incorrect, particularly if there are outstanding tax returns where HMRC have raised determinations and/or penalties that could be appealed. Debt advice providers will therefore need to be equipped with sufficient knowledge to identify and deal with or refer cases where the quantum of tax debt may be disputed.
- Clarity is required as to how the proposed SDRP regulations would interact with HMRC's own internal debt management processes, particularly in the context of existing 'time to pay' arrangements. Government departments will need to work closely so that implementation of the proposed SDRP scheme is joined up and any incompatible internal practices are ironed out.
- We have suggested that safeguards ought to be built into any joint debtor arrangements so that individuals are adequately protected and not put into a SDRP that does not suit them.
- We raised concerns that the proposed payment breaks set out in the draft regulations may not provide adequate flexibility for individuals suffering unforeseen financial difficulties.

HM Treasury’s consultation document can be found here: www.tinyurl.com/3wkmktb8

LITRG’s submission can be found here: www.litrg.org.uk/ref2668

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