Direct recovery of debts

Management of taxes

01 August 2016

HMRC update on test and learn phase of DRD

In June, representatives of the CIOT, ATT and LITRG attended the first meeting of the direct recovery of debts (DRD) sub-group set up by the compliance reform forum (CRF).

HMRC reported that it had adopted a ‘test and learn’ approach to the introduction of DRD, starting initially with self-assessment and VAT-related debts. Corporation tax debts were recently brought into scope.

By reference to the limited experience so far, the DRD process was reported to be working well. HMRC reported that the early identification of vulnerable customers also appeared to be working well – a point on which CIOT, ATT and LITRG representatives had played a significant role during the passage of Finance (No.2) Act 2015 in achieving a government amendment to the original provisions.

The sub-group’s next meeting is likely to be in October 2016, by which time debts relating to PAYE and NICs are likely to be within the test and learn phase.