CIOT comments on tax debt plans

Briefings



24 April 2025

The Spring Statement announcement of additional resources for debt collection and compliance was welcomed by CIOT but the Institute is calling on the government to target its compliance efforts appropriately.

The government has said it will invest a total of £201 million in HMRC over the next five years to collect more unpaid tax debts, including recruiting an additional 600 debt management staff and boosting existing partnerships with private sector debt collection agencies, which is forecast to bring in an additional £2.8 billion in tax over the period.

Ellen Milner, CIOT Director of Public Policy, said: ‘Whilst we have no sympathy with those taxpayers who are refusing to pay what they owe and we support the government’s attempts to tackle them, there will also be people who are struggling to pay and those who are legitimately disputing HMRC’s figures.

‘Using debt collectors in those situations is unlikely to be appropriate or successful. Instead, HMRC will need to provide these people with the right support and help so

that their debt issues can be resolved in a timely and efficient fashion. In short, the solution to tackling the overall level of unpaid tax debt demands a holistic approach from HMRC. We would like to see this emerge over the coming months and years.’

The government has also announced increases to late payment penalties, to 3% (currently 2%) of the tax outstanding where tax is overdue by 15 days, plus a further 3% (currently 2%) where tax is overdue by 30 days, plus a charge of 10% per annum (currently 4%) where tax is overdue by 31 days or more.