

Treasury  
Customs and Excise Division

## Debt Management

Notice 930 MAN

What if I don't pay?



November 2012



**Isle of Man**  
Government

*Reilrys Ellan Vannin*

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## **Introduction**

This Notice is published in the interests of all taxpayers by the Customs and Excise Division.

Most debts are paid on time, but Customs and Excise has a responsibility to all taxpayers to ensure that all taxes and duties are paid on time. It also has a responsibility to ensure that businesses that fail to pay on time do not gain an unfair advantage over those that do.

This means that Customs and Excise has to take prompt action to recover debts, and that the minority of businesses that do not pay on time may incur surcharges.

The contents of this Notice relate specifically to VAT and to general betting duty, but they would have general application for the other duties and taxes administered by Customs and Excise.

### **1. If you think you will not be able to pay - act quickly**

You should take urgent action, and contact -

- your bank;
- your financial adviser; and
- Customs and Excise.

You should also visit the following website <http://www.hmrc.gov.uk/leaflets/> and read -

- Notice 731 (cash accounting);
- Notice 732 (annual accounting);
- Notice 700/18 (Relief from VAT on bad debts); and
- Notice 733 (flat-rate scheme)

as these may help you.

Customs and Excise may also be able to help businesses experiencing a short-term difficulty by agreeing a brief extended period to pay your debt.

Customs and Excise will try to be as helpful as possible and will carefully consider all practical options for settlement. However, if these do not produce a solution or it does not receive a response to its request for payment, it may, like any other creditor, take action to recover the money you owe.

### **2. Types of recovery action**

#### **(a) Distress Action**

Distress is a method of debt collection.

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If you fail to respond to a written demand for payment of any duty or tax payable to Customs and Excise a warrant to levy distress action may be authorised.

If a Distress Warrant is issued by a Senior Officer at Customs and Excise -

- your premises may be visited
- your stock, equipment, vehicles etc may be removed either immediately or after a short period, and later sold if the debt is not paid
- money received from the sale would be set against the debt and costs incurred
- any debt remaining could be the subject of further action.

(b) **Treasury Warrant**

Customs and Excise may obtain a Treasury Warrant. This Warrant has the same effect as a High Court judgment against you.

This may be used where you have failed to respond to a written demand for payment of a VAT debt.

If a Treasury Warrant is issued by the Collector of Customs and Excise it is then placed with an officer of the Court (a Coroner) for execution.

To enforce the debt -

- your premises may be visited
- your stock, equipment, vehicles, property and other assets may be placed under arrest by the Coroner immediately and later sold by Coroner's auction if the debt is not paid
- bank accounts may be frozen and the contents seized by the Coroner if the debt is not paid
- money received by these means would be set against your debt and costs incurred
- any debt remaining could be the subject of further action.

(c) **Court Action**

In common with other creditors Customs and Excise may petition the Court to **obtain an execution against the debt**. This execution would then be placed by the Court with an officer of the Court (a Coroner).

To enforce the debt -

- your premises may be visited

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- your stock, equipment, vehicles, property and other assets may be placed under arrest by the Coroner immediately and later sold by Coroner's auction if the debt is not paid
  - a legal charge may be placed on your property
  - earnings may be subject to a court order
  - bank accounts may be frozen and the contents seized by the Coroner if the debt is not paid
  - money received by these means would be set against your debt and costs incurred
  - any debt remaining could be the subject of further action.

(d) **Bankruptcy and Winding Up**

Application may be made to the Court for a **Bankruptcy Order**.

This action applies to sole proprietors, partners and those concerned with other unincorporated bodies.

Application may be made to the Court for a **winding up action**.

This action applies to incorporated companies and may also be applied to other bodies, e.g. unregistered companies.

**3. Security action**

If Customs and Excise considers a new or existing business represents a risk to the collection of VAT or general betting duty it may require a form of security from that business. Please see -

- Notice 700/52 (Notice of requirement to give security)
- Notice 451 MAN (Gambling duty)

**4. Help, advice and complaints**

If you need further help or advice, please contact the Advice Centre -

- telephone 648130
- fax 648117
- email [customs@gov.im](mailto:customs@gov.im)

If you wish to discuss a debt owed to Customs and Excise, or the possible payment solutions that may be available to you, please contact the Debt Management Unit -

- telephone 648160

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- fax 661725
  - email [customs@gov.im](mailto:customs@gov.im)

Whilst our officers will do their best to help you, you should remember that they will not be responsible for any advice provided, unless -

- all the factors relating to the query were described, and
- in the case of queries that cannot be answered by reference to a Notice or leaflet, both your request for advice and the reply are given in writing.

Help and advice about how to keep your tax affairs in order can also be obtained from members of the accountancy profession. However, there is no requirement in law to employ an accountant, and if you choose to do so responsibility for the accuracy of your tax affairs remains with you, the taxpayer.

If you have a complaint which officers cannot resolve you should contact the Deputy Collector in writing at -

Isle of Man Customs and Excise  
PO Box 6  
Custom House  
North Quay  
Douglas  
Isle of Man  
IM99 1AG

You have the right to have any decision or assessment made by an officer reviewed, and/or to lodge an appeal with the independent VAT and Duties Tribunal. Please contact this office for further advice.

Note, however, that decisions of the High Court and the issue of Treasury Warrants are not matters that may be taken to the VAT and Duties Tribunal.

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