

Bankruptcy - what you must do

Contact us now

If you do not pay, or contact us within seven days about settling your debt, we will start the legal process immediately.

You should contact the officer named in the covering letter immediately.

We expect you to pay your unpaid tax debts now.

If you cannot pay immediately, you need to tell us. You may wish to seek advice on ways of raising the money to settle your tax debts. This could include releasing any equity in your property. If your home is rented, you will need legal advice on your rights as a tenant.

What we need from you

If you wish to discuss payment proposals with us you may be asked to

- complete an Income & Expenditure form to help us assess your current financial position, and
- disclose details of all your assets and liabilities.

This is to help us make an informed decision on your proposal.

If we accept your proposal, we expect you to keep us informed of any changes in your circumstances.

Once your tax affairs are up to date, you must ensure that you comply with all future obligations for filing returns and paying tax.

What happens next

If you do not respond to this letter we will send you a statutory demand for payment. You will have 21 days from when you receive the statutory demand to pay your debts - otherwise we will file a Bankruptcy Petition in the High Court in London.

The petition will tell you when the hearing will take place. At this point you will be responsible for paying costs. These may increase if the petition is not paid, in full, before the hearing. You should attend the hearing.

What bankruptcy means

Bankruptcy means that your assets are sold and the money is used to pay your creditors as much as possible.

If you are made bankrupt you will not be able to

- use your bank or building society account or credit card
- obtain credit for over £500
- trade in any business under any other name
- promote, form or manage a limited company
- be the trustee of a charity or pension fund.

How to pay

You can pay

- by debit card - see the payslip attached to the covering letter for details where this is an option
- by bank giro - at any branch of your bank, by cash or cheque
- by telephone banking (BACS and CHAPS) - ask us for details
- over the internet - at www.hmrc.gov.uk/howtopay/menu.htm

Getting advice

You can get independent advice from

- a licensed insolvency practitioner, who can discuss options such as a voluntary arrangement if your business is viable, but is suffering short term difficulties
- a solicitor, who can provide you with legal advice
- a Citizen's Advice Bureau (CAB) or a Law Centre, who may be able to offer you free advice. If you would prefer, they can contact us to discuss matters on your behalf. A letter of authority allowing us to discuss your case is required. Local CAB offices are in *The Phone Book* or visit www.adviceguide.org.uk
- a qualified tax adviser, who can help if you have not submitted tax returns.

These notes describe in general terms what is likely to happen. If you would like more details, please contact the HM Revenue & Customs office shown on the covering letter.

If you are a homeowner, your interest in the property may need to be sold to pay creditors.

Once the petition is filed, the Land Registry will record a caution against any property registered in your name. This will prevent you selling the property and remains until the bankruptcy action is completed.

The Bankruptcy Order

If proposals for settlement are not agreed, the Court Registrar, after listening to you and your creditors, will decide whether to make a Bankruptcy Order against you at the hearing. You will become bankrupt on the day, and at the time, the Order is given.

Shortly after a Bankruptcy Order is made you will be required to attend the office of the Official Receiver to detail all your assets and debts.

If you have sufficient assets, the Official Receiver will appoint a trustee to realise them and divide the proceeds amongst your creditors.

HM Revenue & Customs commitment

We aim to provide a high quality service with guidance that is simple, clear and accurate.

We will

- be professional and helpful
- act with integrity and fairness, and
- treat your affairs in strict confidence within the law.

We aim to handle your affairs promptly and accurately so that you receive or pay only the right amount due.

Putting things right

If you are not satisfied with our service, please let the person dealing with your affairs know what is wrong. We will work as quickly as possible to put things right and settle your complaint.

If you are still unhappy, ask for your complaint to be referred to the Complaints Manager.

Customers with particular needs

We offer a range of facilities for customers with particular needs, including

- wheelchair access to nearly all HMRC Enquiry Centres
- help with filling in forms
- for people with hearing difficulties
 - BT Typetalk
 - induction loops.

We can also arrange additional support, such as

- home visits, if you have limited mobility or caring responsibilities and cannot get to one of our Enquiry Centres
- services of an interpreter
- sign language interpretation
- leaflets in large print, Braille and audio.

For complete details please

- go online at www.hmrc.gov.uk/enq or
- contact us. You will find us in *The Phone Book* under HM Revenue & Customs.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any right of appeal.

Issued by

HM Revenue & Customs
Printed Guidance

April 2007 © Crown Copyright 2007
MMN 5009220