

MANAGING SERIOUS DEFAULTERS (“MSD”)

A new programme entitled “Managing Serious Defaulters” (MSD) has been launched by HMRC. The aim of the programme is to closely monitor the tax affairs of businesses and individuals who have deliberately evaded tax – this for a period of up to five years. The encouraging news is that more than 90% of British Citizens pay their taxes, the bad news is that the small minority who do not, affect the money that can be spent on public services and ultimately the tax that we all pay.

The new programme began on 1 April 2013, replacing and expanding on the Managing Deliberate Defaulters (MDD) scheme launched in 2011.

The original MDD scheme targeted people who were:

- Charged a penalty for a deliberate offence under specific legislation, or who have been identified as presenting a continuing high-risk to HMRC
- Prosecuted by the Director of Revenue & Customs Prosecutions or another prosecuting authority



The new MSD scheme will also include:

- People who have been charged a civil evasion penalty for dishonesty
- People who are required to give a security deposit for VAT, PAYE, NICs or Environmental Taxes
- People who become deliberately insolvent as a way of dodging their business taxation obligations.

As part of the MSD programme, HMRC will be making announced and unannounced visits, at the visits you can expect a pre-return check of books and records, observing business activities and cross-checking records etc. Clearly the unwelcome attention is targeted at those who do not comply and is aimed at managing the risk to treasury coffers.