



Voting on voluntary arrangements

HMRC has not always exercised its right as a creditor to vote on some Voluntary Arrangement proposals. This has sometimes resulted in creditors with lower value involvement influencing the outcome of these proposals. This has led to some proposals being rejected - which results in HMRC not receiving the best return that could be achieved. This has frustrated IPs who are trying to restructure businesses, sometimes causing businesses to fail when there was an opportunity to rescue them.

In the current financial landscape, where it is beneficial to try and support business restructuring to help them recover from the effects of the past two years, and HMRC's increased creditor status after the introduction of secondary preference in some taxes, HMRC will be more proactive in the use of our voting rights and will vote on proposals.

This should secure the best return for HMRC as a creditor - provided the best possible proposal is submitted. It will secure a return for the exchequer now, and secure future revenue if the proposal is agreed and the business is able to trade out of current difficulties and return to a more stable on-going trading position.

This approach also aligns with the BEIS minister's commitment to the R3 chairman that HMRC will take a more commercial approach to restructuring proposals.

Please note when HMRC uses its voting right, it should not be automatically assumed that HMRC will always vote positively. It is important for all parties involved, the business, HMRC, and the IP, that the best possible proposal is submitted. We often see 'exploratory' proposals rejected, sometimes resulting in improved offers, and on other occasions resulting in the restructuring not being progressed. We will vote against any proposals, as is our right as a creditor, that we consider could/should be better. To avoid delays, additional work, and the risk of business failure, please ensure the best offer is proposed at the first approach.

HMRC Dropbox

We apologise for the loss of some correspondence that's been sent to HMRC using DropBox. After investigating why, we now know that HMRC data security policy, in line with GDPR requirements, states that although DropBox has considerable storage capacity, data must not be stored in DropBox. HMRC uses DropBox only for data transfer and there are several timescales which must be adhered to.

DropBox request links are set to automatically expire after a set time. Some R3 Members indicated that they tended to build up correspondence items during the day, submitting them to HMRC at the end of each day. These may be the types of items that are being lost due to HMRC's security requirements.

Please avoid sending correspondence via DropBox at the close of business each day. Instead, hold them overnight and submit them first thing next day to ensure HMRC teams have the most, during the working day, to extract these correspondence items before the close of business.

Members' Voluntary Liquidations - clearances

We are looking at the current position and we will update you as soon as we can. We are aiming to issue a monthly update of the latest position on MVL clearances alongside raising cases etc.