



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Max Hill QC
Chairman
The Criminal Bar Association
18 Red Lion Court
London
EC4A 3EB

26 January 2012

Dear Mr Hill

Thank you for your letter of 10 January about issues surrounding the late payment of fees by the Legal Services Commission (LSC).

I understand from your letter that there have been delays in the payment of fees by the LSC and I am sympathetic to the problems faced by many of your members as a result. However, whilst I am happy to meet to discuss these issues, your main concern appears to be the late payment of fees which may be best addressed by Jonathan Djanogly MP, as the Minister responsible for legal services. I have copied this letter to him.

I can also offer some comments from a tax perspective, which I hope you will find helpful. Where barristers find it temporarily difficult to pay their tax on time HM Revenue & Customs (HMRC) will look sympathetically at whether they can give time to pay. HMRC's Business Payment Support Service (BPSS) has helped a large number of businesses to manage their tax payments. Time to pay is available to viable businesses that are in genuine but temporary financial difficulty. Further details are on HMRC website at:

<http://www.hmrc.gov.uk/payinghmrc/problems/bpps.htm>.



The BPSS aims to come to an arrangement with qualifying businesses to give them time to pay over a short period to enable them to resolve their difficulties and get to a position where they can make their tax payments in full and on time. HMRC will offer further practical help by not imposing additional surcharges on the tax within a time to pay arrangement. However, HMRC still have to charge interest on late payments, and businesses may face penalties if they do not pay their PAYE liabilities on time and in full. More information about these penalties, and how they can be avoided, can be found at <http://www.hmrc.gov.uk/paye/problems-inspections/late-payments.htm>.

HMRC are sympathetic to wider concerns, such as the need to protect jobs, but they do have to operate within a statutory framework which, when collecting a tax debt, requires them to consider what will generate the best net return for the Exchequer in respect of the debt. In deciding whether to give a business time to pay a tax debt, HMRC also need to be mindful of the wider impact of their decisions on competitors, the overall integrity of the tax system and the need to be fair to taxpayers generally.

I am sorry I cannot provide a more favourable response, but thank you for taking the trouble to write to me with your concerns.

I am copying this letter to Jonathan Djanogly MP, Parliamentary Under Secretary of State for the Ministry of Justice.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Gauke'.

David Gauke MP