

News release from Mace & Jones law firm

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Release Date: October 1 2010

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### **Law firm warns small firms taxman is taking harder line**

A leading law firm is warning small firms struggling with their balance sheets that HM Revenue and Customs (HMRC) is taking a more aggressive approach to debt collection.

Mace & Jones Insolvency Unit partner Dom Vincent said he already feared a wave of insolvencies as the recovery begins in 2011 2012 – as happened after the last recession in the 1990s.

However, Mr Vincent said pressure is piling onto businesses now in the form of the HMRC.

"The HMRC is now actively asserting its authority over tax defaulting firms," he said. "The taxman is refusing to agree debt repayment plans readily. The recent demise of construction Archial has been blamed on this and the football club Dundee is also said to be facing a new threat from the HMRC for alleged unpaid debts of £365,000. A club official told BBC Scotland on Sunday that HMRC is being 'completely inflexible' and is looking for the payment 'immediately' with 'no room for negotiation'. The fear is that this long expected tougher stance from HMRC could push a lot more firms into administration."

Mr Vincent said a number of vulnerable businesses have been slashing costs through redundancies, operational cuts, and grabbing the Government's offer of delaying payments for such taxes as PAYE, VAT, and Corporation Tax. But under the new Government Mr Vincent said 'the mood music' has changed and HMRC is flexing its muscle in an effort to collect the billions of pounds it is owed in delayed payments.

"Any firm facing problems needs to take insolvency advice as early as possible," he said. "Businesses exposed to "discretionary expenditure" are particularly at risk this autumn with depressed consumer spending. Many commercial property companies will also be forced to seek refinancing arrangements in the autumn, at a time when rents are not flowing in so well. So these companies, too, might swell a new wave of failures."

"But if you think there is a problem with your finance there probably is. If this is the case it is vital to take advice early. The longer you leave it the more options to save your business and restructure you close down - and everyone loses."

Mr Vincent said pressure will also ramp up on firms post recession.

"When the property market picks up, some lenders might decide to 'pull the rug' on ailing companies when they see the opportunity to get better prices for properties used as collateral," he warned. "That wave will also be swelled by companies that, without sufficient working capital, start to overtrade as the recovery begins. So this is the moment for companies to engage recovery advice, rather than become another statistic."

Companies seeking insolvency advice should contact: [dominic.vincent@maceandjones.co.uk](mailto:dominic.vincent@maceandjones.co.uk) or any member of the corporate team in Manchester: 0161 214 0500 Liverpool: 0151 236 8989 Knutsford: 01565 634234

Mace & Jones:

Mace & Jones is one of the largest law firms in the North West, with 36 Partners and 68 fee earners.

The firm has three offices - in Liverpool, Manchester and Knutsford and has a national as well as a regional reputation in commercial matters including employment, commercial property, construction, corporate work, commercial and property dispute resolution and insolvency. It also has one of the best private client teams in the region.

Corporate services include business acquisitions and disposals, venture capital deals, management buy-outs and buy-ins, joint ventures and commercial agreements.

The employment team, one of the largest and most experienced in the UK, provides in-depth understanding of UK and European employment law issues.

Commercial property advice covers all aspects of sales and purchases of freehold and leasehold land, as well as handling leases of office buildings and industrial premises, joint ventures, funding projects and development work. The department is particularly well known for its work in the urban regeneration field.

Construction includes advice on and the drafting of all forms of complex construction documents for large commercial construction and engineering projects throughout the UK.

Dispute Resolution includes all types of commercial contract dispute, issues relating to any aspect of commercial property and rights to and over land, injunction to protect a client's commercial interests and intellectual property matters.

Insolvency is also a specialism; advice is given on corporate rescue strategies and the firm regularly advises some of the leading firms of Insolvency Practitioners, Banks and Accountants.

Personal injury includes making a claim for compensation for those people who have been injured as a result of a road traffic collision, accident at work or in a public building where somebody else is at fault. It also includes making a claim to the Criminal Injuries Compensation authority for those victims of a violent crime.

#### BREAKDOWN OF WORK %

Real Estate = 27%

PI/Private Client/Family = 18%

Employment = 20%

Dispute Resolution/Insolvency = 20%

Company/Commercial = 15%

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