

HMRC say thousands will face tax raid on accounts



The UK Tax authority has estimated that 17,000 people a year could be subject to raids on their accounts for unpaid tax under new rules.

Plans were outlined for new powers to recover tax debts from those that owe more than £1,000 in Chancellor George Osborne's budget.

The tax authority said that those who were likely to be targeted owed £5,800 on average and that in half of cases debtors had more than £20,000 in their accounts.

HMRC would be allowed to seize money from bank accounts, building society accounts and ISAs to repay owed tax or overpayment of tax credits.

The rules include HMRC only being able to target those with long term debts who have had at least four demands for payment. They must ensure that at least £5,000 remains across all accounts including savings accounts after unpaid tax has been recovered and freeze the amount owed in accounts for 14 days to allow the debtor time to pay before money is seized.

Previously the ACCA accountancy body had described the plans as "seriously draconian" but have now said they are "less fearsome than first thought".

Chas Roy-Chowdhury, head of taxation at the ACCA said "On paper, the safeguards look relatively robust, and the reality is it is unlikely that anyone will be left penniless. The fact that there will be plenty of opportunity for those owing taxes to respond to HMRC and appeal before any funds are taken,

"There remain some concerns over how efficient HMRC can be in maintaining those safeguards, as well as whether this initiative is in fact a toothless one that will make no difference at all to collecting taxes owed. However, it is important now to have constructive engagement with HMRC to ensure the proposals are reasonable and proportionate."

The plans are currently at the consultation stage but if approved by parliament will come into effect in 2015-16.

1 in 20 Brits say they couldn't live without borrowing



New research by OnePoll on behalf of thinkmoney.co.uk suggests that as many as 1 in 20 people in the UK could not live without borrowing money.

The poll found that 4.3% of adults, the equivalent to 2.1 million across the UK said they could not get by without some form of credit.

The poll questioned a group of 2,000 UK adults over the age of 18 and found that 64% of UK consumers borrow.

When questioned about their attitude to borrowing only one in ten said they were "relaxed" about it and saw it as a normal part of modern life. One in five or 20% admitted they felt the need to borrow but did not like to do so.

A larger amount of respondents at 23% said they did everything they could to avoid borrowing and more than one in twenty (7.4%) said they were "scared" of being in debt.

Women were more likely than men to express their fear of debt with one in 10 women saying they were scared of borrowing compared to one in twenty men. This was also reflected in the amount of men that said they were relaxed about borrowing with double the amount of men responding in this way than women.

There is also a great divide represented among the age groups with fewer than half (43%) of over 55s saying they borrow money compared with 81% of 25 to 34 year olds.

Ian Williams, spokesman for thinkmoney, said: "Rather than something to be scared of, if used responsibly, credit can be very useful. It can help people build up a good credit record and take important steps in their lives, like buying a home.

"However, to learn that one in 20 people can't cope without borrowing money is very worrying. An over reliance on credit can lead to serious financial difficulties and problem debt."

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