

HMRC Announces “Cautious Approach” to Recovering UK Tax Debts

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We highlighted in our previous [blog](#), the pivotal role that HMRC could play in ensuring the survival of UK businesses when all COVID restrictions are lifted and the government's various temporary support measures come to an end.

The Business Secretary, Kwasi Kwarteng, has now assured business that HMRC will take a “cautious approach” to recovering tax debts that have accrued during the pandemic and will only use take steps to enforce payment as a last resort. In the week that the deadline for businesses to sign-up to the extended VAT deferral repayment scheme expired, this will be welcome news for many companies. Given the cash-flow challenges, and the levels of debt that has inevitably been built up, during the pandemic, it may take some time before viable businesses are in a stable enough position to make full repayments.

It is expected HMRC will publish more detail on their updated approach to enforcement soon. As soon as they do, we will share further details. Nonetheless, the underlying message remains clear: HMRC will still seek to recover taxes due and payable from businesses that can afford to pay them and although HMRC will now take a “cautious approach”, companies must engage with HMRC, (and should do so as soon as possible), to protect themselves against avoidable recovery proceedings being initiated.

Our previous [alert](#) explains in more detail how HMRC's ‘time to pay’ arrangements work. We expect ‘time to pay’ to continue to play a vital role as an available source of ongoing business support.

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