



# Finance Act 2020

## 2020 CHAPTER 14

### PART 4

#### MISCELLANEOUS AND FINAL

##### *Insolvency*

#### **98 HMRC debts: priority on insolvency**

- (1) In section 386 of the Insolvency Act 1986 (preferential debts)—
- (a) in subsection (1) after “other deposits” insert “ ; certain HMRC debts ”;
  - (b) in subsection (1B) for “or 15BB” substitute “ , 15BB or 15D ”.
- (2) In Schedule 6 to that Act (preferential debts) after paragraph 15C insert—

#### **“Category 9: Certain HMRC debts**

- 15D (1) Any amount owed at the relevant date by the debtor to the Commissioners in respect of—
- (a) value added tax, or
  - (b) a relevant deduction.
- (2) In sub-paragraph (1), the reference to “any amount” is subject to any regulations under section 99(1) of the Finance Act 2020.
- (3) For the purposes of sub-paragraph (1)(b) a deduction is “relevant” if—
- (a) the debtor is required, by virtue of an enactment, to make the deduction from a payment made to another person and to pay an amount to the Commissioners on account of the deduction,
  - (b) the payment to the Commissioners is credited against any liabilities of the other person, and
  - (c) the deduction is of a kind specified in regulations under section 99(3) of the Finance Act 2020.

---

*Status: Point in time view as at 22/07/2020.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2020, Section 98. (See end of Document for details)*

---

- (4) In this paragraph “the Commissioners” means the Commissioners for Her Majesty's Revenue and Customs.”
- (3) In section 129(2) of the Bankruptcy (Scotland) Act 2016 (asp 21) (priority in distribution: meaning of certain expressions) in the definition of “secondary preferred debt” for “paragraph 7 or 8” substitute “ any of paragraphs 7 to 8A ”.
- (4) In Part 1 of Schedule 3 to that Act (list of preferred debts) after paragraph 8 insert—

**“Certain HMRC debts**

- 8A (1) Any amount owed at the relevant date by the debtor to the Commissioners in respect of—
- (a) value added tax, or
  - (b) a relevant deduction.
- (2) In sub-paragraph (1), the reference to “any amount” is subject to any regulations under section 99(1) of the Finance Act 2020.
- (3) For the purposes of sub-paragraph (1)(b) a deduction is “relevant” if—
- (a) the debtor is required, by virtue of an enactment, to make the deduction from a payment made to another person and to pay an amount to the Commissioners on account of the deduction,
  - (b) the payment to the Commissioners is credited against any liabilities of the other person, and
  - (c) the deduction is of a kind specified in regulations under section 99(3) of the Finance Act 2020.
- (4) In this paragraph “the Commissioners” means the Commissioners for Her Majesty's Revenue and Customs.”
- (5) In Article 346 of the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)) (preferential debts)—
- (a) in paragraph (1) after “other deposits” insert “ ; certain HMRC debts ”;
  - (b) in paragraph (1B) for “or 20” substitute “ , 20 or 22 ”.
- (6) In Schedule 4 to that Order (preferential debts) after paragraph 21 insert—

**Category 9: Certain HMRC debts**

- “22 (1) Any amount owed at the relevant date by the debtor to the Commissioners in respect of—
- (a) value added tax, or
  - (b) a relevant deduction.
- (2) In sub-paragraph (1), the reference to “any amount” is subject to any regulations under section 99(1) of the Finance Act 2020.
- (3) For the purposes of sub-paragraph (1)(b) a deduction is “relevant” if—
- (a) the debtor is required, by virtue of an enactment, to make the deduction from a payment made to another person and to pay an amount to the Commissioners on account of the deduction,

---

*Status: Point in time view as at 22/07/2020.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2020, Section 98. (See end of Document for details)*

---

- (b) the payment to the Commissioners is credited against any liabilities of the other person, and
  - (c) the deduction is of a kind specified in regulations under section 99(3) of the Finance Act 2020.
- (4) In this paragraph “the Commissioners” means the Commissioners for Her Majesty's Revenue and Customs.”
- (7) The amendments made by this section do not apply in relation to any case where the relevant date is before 1 December 2020.

**Status:**

Point in time view as at 22/07/2020.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2020, Section 98.