
EXPLANATORY NOTE

(This note is not part of the Regulations)

Schedule 8 to the Finance (No.2) Act 2015 (c.33) makes provision for the collection of sums due and payable by a person to HMRC by making a deduction from accounts that the person holds with deposit-takers (“direct recovery of debts”). These Regulations provide that a deposit-taker is prevented from charging a fee in respect of administrative costs incurred by it in complying with any obligation that it is required to carry out under that Schedule other than in certain specified circumstances.

Regulation 3 provides that a deposit-taker may charge an account holder a fee in respect of administrative costs only where, it has agreed with the account holder, (or account holders), that a fee can be charged, the direct recovery of debts process has concluded, the deposit-taker has not previously imposed a fee in respect of those costs, and the fee charged does not exceed the amount specified in regulation 4.

Regulation 4 provides that the fee charged by the deposit-taker cannot exceed the amount of the administrative costs reasonably incurred by it in carrying out an obligation which it is required to fulfil in relation to the use of the direct recovery of debts procedure in that instance, and, in any event, cannot be more than £55.

A Tax Information and Impact Note covering this instrument was published on 8th July 2015 and is available on the HMRC website at <https://www.gov.uk/government/publications/direct-recovery-of-hm-revenue-and-customs-debts-from-debtors-bank-and-building-society-accounts>. It remains an accurate summary of the impacts that apply to this instrument.