



**Department for
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& Industrial Strategy**

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Dear Colin and Jonathan,

I was very grateful for your letter dated 10 May. You raise a number of key issues for the economy as it recovers from the pandemic. The extensive programme of support the Government put in place and continued throughout the pandemic has been pivotal in supporting business to avoid insolvency and to protect investment and jobs. The early signs of a strong economic bounce back under the Government's road map is already demonstrating its worth. I do recognise however, that the path back to full trading will be difficult for many companies, particularly those with accrued debt and low cash reserves. I was very grateful and very much support your plans to spread a message to UK business to take early advice on the range of tools that are available in seeking rescue of companies where that is needed. Where this comes from professional bodies such as yourselves and to its members, that message can penetrate widely and quickly.

You raise a number of specific points about the temporary insolvency measures that are due to expire at the end of June, particularly the restrictions on company winding up. Government has now announced a further extension of three months to the end of September 2021 and I can assure you that careful consideration was given to the likely consequences and impacts on business. This was necessary to help companies avoid insolvency, particularly those returning to trading where they will be affected by accrued debts and low cash reserves. On the specific issue of accrued commercial rent debts, you will be aware that my colleague the Communities Secretary has now published its initial response to its Call for Evidence which announces the Government will extend the moratorium on commercial evictions until the end of March 2022 and that it will also legislate to introduce a for rent arbitration. The Government's announcement covering both measures can be view here: [Eviction protection extended for businesses most in need - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/eviction-protection-extended-for-businesses-most-in-need)

Your letter places great importance in the strategy HMRC will employ in relation to rescue procedures, particularly where it is a major creditor, and also its enforcement strategy in relation to accrued debts owed to Government including from the number of loans and support schemes given during the pandemic. You ask that HMRC takes a commercial view in order to drive rescue and publicise its strategy to encourage companies and insolvency practitioners to bring forward rescue procedures such as CVAs and restructuring plans.

I am very much in agreement with you that all stakeholders should support company rescue. I know that HMRC support this position also and they have recently published guidance for Insolvency Practitioners on the positive stance they will take in relation to voluntary procedures, the information they need to make decisions and

the positive way it will engage. I know that HMRC are also building its resources to be able to respond to an increased number of rescue proposals in the near future. That guidance can be found here: [VAS help sheet \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

I am also aware that HMRC will take a cautious approach to enforcement of debt owed to Government that will have accrued during this period. It is right that where Government has stepped up, through the general taxpayer, to support the economy during this national emergency, that business should do all it can to pay its fair share of taxes and repay back loans where it can. HMRC enforcement during this critical period however, will be largely driven by a lack of engagement by companies with it, rather than just their inability to pay and that using insolvency to enforce payment will remain a last resort. A flexible approach will be taken with those companies who engage with HMRC, with a view to bringing their debt into a managed arrangement. I understand that HMRC will soon be updating their approach to enforcement that is [set out on gov.uk](https://gov.uk).

I can assure you, that my department is working very closely across Government, including with HMRC and other stakeholders on the matters you raise. I recognise however, that a return to the normal insolvency processes with the right controls, coupled with a cross Government approach to its continued support and enforcement, will be vital to a return to a healthy and functioning economy.

I hope that you will find this response helpful.

Yours ever,

A handwritten signature in black ink, appearing to read 'Kwasi Kwarteng', is positioned above the printed name.

RT HON KWASI KWARTENG MP

Secretary of State for Business, Energy & Industrial Strategy