



The Return of the Crown - 1 December 2020

In a normal year I suspect this would be bigger news, however the return of Crown Preference (certain taxes including VAT, PAYE and NIC) is slipping through under the radar.

Put simply VAT liabilities will rank ahead of Floating Charge holders and other unsecured liabilities making it harder for trade creditors to get any return on insolvencies.

Given a significant amount of VAT debt has been deferred as a result of Covid19 support measures the impact in 2021 will be even greater.

Restructuring tools such as CVAs will be significantly impacted, the return given to suppliers will be lower and therefore the appetite to support will be impacted. This will push more cases into Liquidation territory and could lead to a rise in redundancy if a rescue can not be achieved.

Floating Charge holder returns will also be impacted and Banks will be keen to ascertain confirmation of Crown compliance. This will be factored into lending decisions going forward so tax compliance will be more important than ever.

**If this impacts you or
your clients please get in
touch.**

Rachel Fowler Advisory
101F&G Main Street
Moira
BT67 0LH

rachel@rachelfowleradvisory.com