
STATUTORY INSTRUMENTS

2020 No. 983

**BANKRUPTCY
DEBT
EDUCATION
INCOME TAX
INSOLVENCY
SOCIAL SECURITY**

**The Insolvency Act 1986 (HMRC Debts:
Priority on Insolvency) Regulations 2020**

Made - - - - *11th September 2020*
Laid before the House of
Commons - - - - *14th September 2020*
Coming into force - - *1st December 2020*

The Treasury make the following Regulations in exercise of the power conferred by section 99(3) of the Finance Act 2020⁽¹⁾.

Citation and commencement

1. These Regulations may be cited as the Insolvency Act 1986 (HMRC Debts: Priority on Insolvency) Regulations 2020 and come into force on 1st December 2020.

Specified deductions

- 2.—(1) The deductions set out in paragraph (2) are specified for the purposes of—
- (a) paragraph 15D(3)(c) of Schedule 6 to the Insolvency Act 1986⁽²⁾,
 - (b) paragraph 8A(3)(c) of Schedule 3 to the Bankruptcy (Scotland) Act 2016 (asp 21)⁽³⁾,

⁽¹⁾ 2020 c. 14.

⁽²⁾ 1986 c. 45; paragraph 15D of Schedule 6 was inserted by section 98(2) of the Finance Act 2020.

⁽³⁾ 2016 asp 21; paragraph 8A of Schedule 3 was inserted by section 98(4) of the Finance Act 2020.

- (c) and paragraph 22(3)(c) of Schedule 4 to the Insolvency (Northern Ireland) Order 1989⁽⁴⁾.
- (2) The deductions are—
- (a) deductions under section 61 (deductions on account of tax from contract payments) of the Finance Act 2004⁽⁵⁾,
 - (b) deductions under paragraph 6(1)(b) (deduction of earnings-related contributions) of Schedule 4 to the Social Security (Contributions) Regulations 2001⁽⁶⁾,
 - (c) deductions under regulation 21 (deduction and repayment of tax by reference to employee's code) of the Income Tax (Pay As You Earn) Regulations 2003⁽⁷⁾, and
 - (d) deductions under regulation 50 (deductions of repayments) of the Education (Student Loans) (Repayment) Regulations 2009⁽⁸⁾.

*Michael Tomlinson
Rebecca Harris*

Two of the Commissioners for Her Majesty's
Treasury

11th September 2020

⁽⁴⁾ S.I. 1989/2405 (N.I. 19); paragraph 22 of Schedule 4 was inserted by section 98(6) of the Finance Act 2020.

⁽⁵⁾ 2004 c. 12.

⁽⁶⁾ S.I. 2001/1004; paragraph 6(1) was amended by S.I. 2004/770.

⁽⁷⁾ S.I. 2003/2682.

⁽⁸⁾ S.I. 2009/470; regulation 50 was amended by S.I. 2012/836, 2017/831 and 2018/599.

EXPLANATORY NOTE

(This note is not part of the Regulations)

The Finance Act 2020 amends the Insolvency Act 1986, the Bankruptcy (Scotland) Act 2016 and the Insolvency (Northern Ireland) Order 1989 to make provision for certain debts owed to Her Majesty's Revenue and Customs to be included in a category of preferential debt (or, in Scotland, preferred debt) for insolvency purposes. The amounts are those in respect of value added tax or a relevant deduction. A deduction is a relevant deduction if certain conditions are met. One of those conditions is that the deduction is of a kind specified in regulations. These Regulations specify the deductions listed in regulation 2 for those purposes.

A Tax Information and Impact Note covering this instrument was published on 11 March 2020 alongside the draft legislation and is available on the website at <https://www.gov.uk/government/publications/introduction-of-changes-to-protect-your-tax-in-insolvency/introduction-of-changes-to-protect-your-tax-in-insolvency>. It remains an accurate summary of the impacts that apply to this instrument.