

# All that glistens

## General Features



01 September 2018

*Julie Cameron* explores how mental health issues can contribute to tax problems, which can become so severe they are potentially life changing

Every child knows that a gold medal is the top Olympic award and a gold star marks the highest classroom achievement. But shining does not have to be golden – for the charity TaxAid, silver is up there with the brightest. TaxAid’s sterling service has passed its silver jubilee, marking 25 years since it first started helping vulnerable people on low incomes get on top of their tax affairs. In the beginning TaxAid was the only charity dedicated to providing this specialist service, but in 2004 it was joined by the sister charity Tax Help For Older People, which directs itself to helping the more elderly on low incomes. Now the two charities are unceasingly busy

providing hope and practical solutions to those who are mired in our complex tax system, with insufficient funds to pay for help from professionals like you and me.

It's easy to see how individual people slide into tax debt. Some of the challenges faced by the charities' clients make it seem impossible to succeed in scraping a living, let alone paying tax. Michael is a good example. He was working full time as a tree surgeon whilst studying for a professional qualification and trying to deal with memory problems following a head injury suffered whilst at work. Put this pressure against a backdrop of childhood abuse, mental health issues, anxiety and depression and you have a scene set for the breakdown. This caused Michael to reduce his work commitments in 2010 and start relying on his savings and help from his dad, growing his own food to help him get by. Because of his mental health issues, Michael was unable to deal with his tax affairs and compliance deadlines passed him by. This situation persisted for some years, but gradually Michael started to feel better. Even so, it was not until summer 2017 that he felt strong enough to face his tax affairs. He spent several months getting his figures together and managed to file his outstanding tax returns.

However, Michael was still far from well. When he contacted TaxAid just before Christmas 2017, he was struggling to cope with living in his house and had opted for a simpler life living in a caravan in the field where he worked splitting firewood. At this stage, he still owed HMRC over £56,000 in earlier years' determinations and penalties for late compliance. As a property owner, Michael was in real danger of being made bankrupt by HMRC, which could result in him losing his home.

Given the size of the debt and the threat of enforcement action, TaxAid acted quickly and helped Michael appeal against the penalties and submit a claim for Special Relief in the hope of overturning the enormous HMRC estimates for the years when he had fallen behind.

HMRC accepted TaxAid's submissions and in March 2018 issued a refund of over £8,000. For Michael, this was quite simply a life-changing outcome.

Mental health is very much in the news these days and Michael's situation is typical of TaxAid's clients. People who approach Tax Help are often in debt because of new pensions they receive on retirement and coding difficulties arising out of them. This is especially the case for those who take on part-time work to support their retirement lifestyle. Typically, such people have never had to deal with tax, as it has always been deducted under PAYE. Jack, for example, retired a few years ago on

three small pensions and a part-time employment. Not being in self-assessment, he received a P800 after the end of the tax year which showed a large underpayment. This was very worrying for Jack – not only could he not understand why, but he couldn't see how he would find the funds to pay it. In desperation, Jack came to Tax Help whose adviser saw that an incorrect code had been operated. HMRC agreed to investigate why, found it was employer error and wrote off Jack's underpayment.

Michael and Jack were lucky in that they had heard about the charities and received valuable help from them. But there are many more people who are in difficulties with their tax and whom TaxAid and Tax Help would like to assist. Their Bridge the Gap Campaign has raised more than £250,000 from members of the profession since it started three years ago – but they need to raise £250,000 each year to provide this vital service.

Image

**Donate now – and help deliver this essential service**  
**We need:**



**Will you become one of the 1,000 (or one of the 100) and join our many supporters in the tax profession?**

**Donate at [www.bridge-the-gap.org.uk/donate.aspx](http://www.bridge-the-gap.org.uk/donate.aspx) Or donate by standing order using the form at [http://www.bridge-the-gap.org.uk/Content/Standing\\_Order\\_16.pdf](http://www.bridge-the-gap.org.uk/Content/Standing_Order_16.pdf)**

**Advice changes lives**



Help provide advice for vulnerable people

Regular giving will provide a safety net for the poorest, most vulnerable people.

Donate at [www.bridge-the-gap.org.uk](http://www.bridge-the-gap.org.uk)

or email: [grace@taxvol.org.uk](mailto:grace@taxvol.org.uk)

