HMRC Time to Pay proposal letter (template)

From LTD Turnaround (ltdturnaround.co.uk). Free to use and adapt. This is general information, not tax, legal or insolvency advice. If your company's arrears are part of wider financial difficulty, speak to a Licensed Insolvency Practitioner before you commit to a payment plan.

HOW HMRC ACTUALLY AGREES TIME TO PAY

Most Time to Pay arrangements are agreed on the phone, not by post. Use this letter to prepare your case before you call, and as a written record of the proposal you make. HMRC's payment-problem lines for companies (Monday to Friday, 8am to 6pm, verified 27 July 2026 at gov.uk):

- Corporation Tax: 0300 200 3840
- VAT: 0300 200 3831
- Employers' PAYE: 0300 200 3819

Source: https://www.gov.uk/government/organisations/hm-revenue-customs/contact/business-payment-support-service
Some plans can be set up online if you meet HMRC's current conditions; check https://www.gov.uk/difficulties-paying-hmrc/pay-in-instalments

WHAT HMRC WILL ASK (verified 27 July 2026, gov.uk)

- whether you can pay in full, and if not, how much you can repay each month
- whether you owe any other taxes
- the company's income and spending
- any savings or investments, and whether they can reduce the debt

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[Company name]
[Registered office address]
Company number: [number]
[Tax reference: UTR / VAT number / PAYE reference]

[Date]

HM Revenue and Customs
[Address from your latest HMRC correspondence]

Dear Sir or Madam,

Re: [Company name], [tax reference] . Proposal for a Time to Pay arrangement

I am a director of [Company name]. The company currently owes [amount] in [Corporation Tax / VAT / PAYE], due on [date(s)]. We are writing to propose a Time to Pay arrangement, and to record the proposal we [have made / intend to make] by telephone.

Why the arrears arose
[Two or three factual sentences. For example: the loss of a major customer in [month], a bad debt of [amount], or a seasonal fall in trade. State what happened and when. Do not speculate or over-promise.]

What has changed
[One or two sentences on why the position is now recoverable. For example: costs reduced by [amount] per month from [date]; a new contract starting [date].]

Our proposal
Based on the attached income and expenditure summary, the company can afford to pay [amount] per month. We propose to clear the arrears over [number] months, with the first payment on [date], by Direct Debit. All returns are up to date [or: the outstanding return for [period] will be filed by [date]], and we will keep current liabilities paid as they fall due.

We can provide management accounts, bank statements and cash-flow forecasts on request. Please contact me on [phone] or [email].

Yours faithfully,

[Name]
Director, [Company name]

Enclosed: income and expenditure summary [and cash-flow forecast]

BEFORE YOU SEND OR CALL

1. Only offer what the company can genuinely afford every month. A plan that fails is worse than a slower plan that holds.
2. Do not overstate income to get a plan agreed, and do not hide other tax debts; HMRC will ask about them.
3. If the company cannot afford any realistic offer, that is a sign of insolvency, not a negotiating problem. Speak to a Licensed Insolvency Practitioner.

Related free tools: https://ltdturnaround.co.uk/tools/time-to-pay-affordability-calculator/
Guide: https://ltdturnaround.co.uk/time-to-pay-arrangement/