



HM Revenue & Customs

Freedom of Information Team
S1715
6 Floor
Central Mail Unit
Newcastle Upon Tyne
NE98 1ZZ

Ms Lin Ball

By email:

request-732316-5013d908@whatdotheyknow.com

Email foi.request@hmrc.gov.uk

Web www.gov.uk

Date: 14 March 2022
Our ref: FOI2022/07183

Dear Ms Ball

Freedom of Information Act 2000 (FOIA)

Thank you for your request, which was received on 17 February, for the following information:

“Are those who act as debt recovery solicitors exempt from paying tax because the Councils (billing authorities) are exempt from paying tax?”

The short answer is no. The longer answer is as stated in our previous reply: the position of tax for those individuals or corporate bodies to which councils pay public funds is dependent on the nature of the transaction for which the payment is made and to which tax regime is affected. Broadly speaking, Income Tax, Corporation Tax and VAT are likely to be payable, dependent on the circumstances of the parties involved and the purpose for which the payment is made.

The application of VAT and the consideration of income for Income Tax purposes is again dependent on the nature of the transactions, specific circumstances of the recipient, and purpose of payment. However, generally payments by local authorities would likely to be considered as income for either Income Tax and/or VAT and Corporation Tax. Further information can be found in our [VAT Government and Public Bodies](#) manual. You may also find the following links useful:

www.gov.uk/browse/tax/income-tax

www.gov.uk/browse/tax/vat

www.gov.uk/corporation-tax

www.gov.uk/green-taxes-and-reliefs/aggregates-levy

If you are not satisfied with our reply, you may request a review within 40 working days of receiving this letter by emailing foi.review@hmrc.gov.uk or by writing to our address at the top.

If you are not content with the outcome of an internal review you can [complain to the Information Commissioner's Office](#).

Yours sincerely,

HM Revenue and Customs

If you need extra support, for example if you have a disability, a mental health condition, or do not speak English/Welsh, go to www.gov.uk and search for 'get help from HMRC'.

Text Relay service prefix number – 18001 OFFICIAL