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This draft guidance was never formally issued due to the Covid-19 pandemic.

As a consequence, Just continued to urge its suppliers to charge VAT in line with the legal advice and not charge customers the additional 20% in VAT. All suppliers committed to this charging policy and during the pandemic Just continued to lobby the HCEOA and the MoJ for change. While lobbying Just worked with the debt advice sector and Ministers to bring the matter to a close and in February 2020 made an application to the Royal Courts of Justice to ask the Court to clarify who should pay the VAT. Following a case management conference on the 20th of May the HCEOA released new guidelines to its members changing VAT charging policies for the first time since 2014. Their advice to members was that these changes should take effect from the 1st of August 2021.

Regrettably, the position where the Creditor is not registered for VAT remains unclear. Whilst a large portion of Creditors are VAT registered there is a relatively large proportion that are not. Individual Creditors for example or Creditors who seek to enforce an employment tribunal award for example would not be registered for VAT. As a result of this, and as part of our application the Royal Courts of Justice has widened the scope of the case to enable clarity in relation to the position facing those Creditors and Court users who are not VAT registered to be clarified in October 2021. The Court will also be asked to

These proceedings, we hope, will deliver a full resolution to an issue that has been left unanswered since 2014.

In the meantime, however we will celebrate that today thousands of customers who owe money will be charged 20% less and those that are owed money, the creditors will receive more of each penny collected to pay towards the principal amount.

As an integrator of enforcement services, it is important that we ensure creditors are protected from errors in the delivery of service and that customers pay what they owe but within the restrictions of the law, are treated fairly and are not subject to enforcement at any cost.

Jonathan Branchett is Head of Enforcement Partnerships and Performance at Just.

Just is a majority owned subsidiary of The Arum Group which has been providing debt and credit advisory services internationally for over twenty years.

Our executive team consists of some of the most experienced people in supply chain management, technology, debt resolution and compliance. Many of them were part of the UK's first debt market integration project that was formed in 2015 as a joint venture between the private sector and UK Government.

Our network of debt recovery, litigation and enforcement suppliers cover every square inch of the country. We use data, analytics, and insights to enhance our understanding of the customers who owe money and then implement fair and effective treatment strategies based on their individual circumstances before placing debt.