Perhaps not surprising, given the recent change of pace with Covid-19 and in the face of both the Chancellor and Bank of England announcing measures to support the UK economy, the proposals to re-instate Crown preference have been delayed until 1 December 2020 BUT extended to Northern Ireland.

Our previous blog discussed the issues that restoring Crown preference would create for lenders and restructuring and whilst a delay means lenders can breathe a temporary sigh of relief, many will have already made changes to their lending policies expecting Crown preference to be restored from 1 April.

A delay to the proposal gives further time for opponents to lobby the Government, but also creates uncertainty for lenders in knowing how to provision against the risk. For the time being, it will be a case of watch this space and hope that further lobbying by industry bodies will see the Government at least introduce provisions to mitigate the impact of the proposal (although there is no suggestion in today's policy paper that there will be) or drop it all together.

One changes that will affect lenders is the increase in the prescribed part that will increase from £600,000 to £800,000 with effect from 1 April unless a floating charge created
after 1 April 2020 ranks equally or in priority to it.

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