

In recent months, there have been a few changes regarding MVLs, which we set out below as a helpful reminder to practitioners.

Statements of Solvency

Copies Only

S89 of the Insolvency Act 1986 sets out the requirements for a statutory declaration of solvency where it is proposed that a company is wound up on a solvent basis.

Previously, it was a requirement of s89 that the original statement had to be delivered to the registrar of companies. However, with changes introduced by the Economic Crime and Corporate Transparency Act 2023, the registrar now only requires a copy.

Companies House have issued a [new LIQ01 form](#), which provides that a copy should be sent.

Sending the original statement is likely to result in the statement being returned. Companies House have also said that the new form must be used or it will reject the declaration of solvency.

Although not a significant change, it is still worth noting given the time limits in s89(3) that require a copy of the statement to be sent to the registrar within 15 days and the possibility that the form might be rejected and returned if the new requirements are not addressed.

Remote Swearing

We still see a number of statutory declarations of insolvency being signed remotely over video conference.

We do have a practice direction that allows notices of intention to appoint administrators and notices of appointment of administrators to be sworn by video conference. However, at no time has that practice direction permitted declarations of solvency to be conducted remotely.

During the pandemic, Companies House accepted statements sworn remotely, and we understand that it still does, but be wary of doing this given that there is no clear authority on whether this is permitted. If the statutory declaration has not been completed correctly, does this bring the statement of solvency into question?

Clearance

HMRC has changed its [policy](#) on issuing tax clearance letters for MVLs, in that it will no longer provide them or respond to outstanding requests for clearance.

It has always been debatable how useful these were, given the various caveats, but practitioners have taken comfort from these in the past. However, delays in getting a clearance letter have led to delays in concluding the MVL – which is part of the reason for a change of approach from HMRC.

For practitioners, they will need to ensure that suitable due diligence checks are completed at the outset in relation to the company's tax position and consider whether any indemnities from the directors or shareholders need to be tightened.

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