

## **Possible consequences of failing to follow the CIL payment procedure**

This note sets out the possible consequences of not following the CIL payment procedure.

### **Surcharge for failing to assume liability before commencement**

Failure to assume liability before the commencement of development may result in the CIL collecting authority (Bassetlaw District Council) imposing a surcharge of £50 per landowner subsequently discovered. This surcharge ensures that the costs of establishing the identities of landowners are borne by the liable parties.

### **Surcharge where apportionment is necessary**

Further, where CIL collecting authorities have to apportion liability between one or more owners of the land, they may also impose a surcharge of £500 per owner. This is to ensure the costs of this apportionment are borne by the owners in question. Both these surcharges are in addition to the loss of payment rights that result from failing to assume liability before the commencement of development.

### **What happens if a valid commencement notice is not submitted before development commences?**

Failure to submit a valid commencement notice before development commences may result in the CIL collecting authority imposing a surcharge of 20% of the CIL amount due, up to a maximum of £2,500.

### **Surcharge for failing to comply with an information notice**

Failure to comply with the any requirement of an information notice within 14 days of the notice being served, may result in a CIL collecting authority imposing a surcharge. This would be of 20% of the CIL amount due, up to a maximum of £2,500.

### **Late or non-payment**

#### **Late payment interest**

Failure to pay CIL on time will result in the imposition of late payment interest by the CIL collecting authority at 2.5 percentage points above the Bank of England base rate.

## **Late payment surcharge**

Continued failure to pay CIL may result in the CIL collecting authority imposing one or more late payment surcharge. Such surcharges will be imposed in the following manner:

- Five per cent of the outstanding amount where payment is still overdue after 30 days, subject to a £200 minimum
- Five per cent of the outstanding amount where payment is still overdue after six months, subject to a £200 minimum
- Five per cent of the outstanding amount where payment is still overdue after 12 months, subject to a £200 minimum.

## **The CIL stop notice**

Sometimes collecting authorities may believe that interest and late payment surcharges will be ineffective in securing payment of the overdue CIL. In such circumstances, collecting authorities may decide to serve a CIL stop notice on the development in question. A CIL stop notice prohibits development from continuing until payment is made. Continuing to develop in the presence of such a notice is a criminal offence, punishable by potentially unlimited fines.

Before serving a CIL stop notice however, a collecting authority will first issue a warning to the person liable to pay the amount, the land's owners, occupiers and all those who the collecting authority will be affected by the notice. It will also post a warning on the site itself. This warning will state that continued non-payment may result in a CIL stop notice being issued. It will also set out the amount overdue and the number of days after which a CIL stop notice may be served if payment continues not to be made. If payment is not made by the end of this period, a collecting authority may serve a stop notice which will prohibit development with immediate effect immediately until payment of the outstanding amount is made.

## **Distraint on goods (asset seizure)**

When you fail to pay CIL a collecting authority may seek a court's consent to seize and sell your assets to recover the money due. These assets may include any land you hold. The collecting authority must send you notice of its intention to do so beforehand.

## **Committal to prison**

If you continue to evade paying CIL, the collecting authority can ask a magistrates' court to commit you to prison for no more than three months. To do this, the collecting authority must be able to demonstrate to the court that it has been unable to recover the CIL amount due by seizing and selling your assets and land.