Guidance on Insolvency

Introduction

1. STEP members are expected to abide by the STEP Codes of Conduct (STEP Code of Professional Conduct, Professional Conduct in Relation to Taxation and STEP Code for Will Preparation in England & Wales), which set out the key ethical and professional standards a member should uphold. These professional standards provide a clear understanding of what to expect from a STEP member.

2. Our Codes require members to act with integrity and in a manner which inspires the confidence, respect and trust of clients and the wider community.

3. This guidance covers bankruptcy orders, declarations of insolvency made against members and entering into a voluntary arrangement with creditors.

4. To ensure that all STEP members and applicants are dealt with fairly and consistently we have developed this guidance.

5. STEP recognises that approaches to insolvency differ amongst jurisdictions.

Insolvency: STEP’s view

6. STEP members are often involved in advising on the tax affairs of individuals. STEP members must be able to perform the work without risk or expense to the client and demonstrate a duty of care.

7. STEP considers being or having been insolvent a risk because an individual’s competence to handle the affairs of their client could be called into question.

8. Fellow professionals and external stakeholders must have confidence in the STEP brand a core purpose of which is to provide assurance that our members are responsible professionals and that our membership application and disciplinary processes handle individuals in an appropriate and consistent manner.

9. STEP will not knowingly admit an applicant with an undischarged bankruptcy.

Membership Guidelines

10. Membership Committee will consider each application or reinstatements to membership on its own merit and has the discretion to reach its own conclusion.

11. The Committee will take into account the following factors when deciding whether to admit an applicant to STEP;
    a. Type of insolvency
b. Amount of money owed  
c. Any mitigating or aggravating circumstances  
d. Information about the current circumstances  
e. A minimum of two character references  
f. Any other information it requires in order to be satisfied that the individual is suitable or not for STEP membership  
g. In the case of reinstatements, any other conduct known to STEP  

12. Should an applicant subsequently admitted to membership fail to declare an order the member will be subject to consideration under the STEP Disciplinary Rules.

13. Applicants will have the right to appeal.

Disciplinary Panel guidance

14. STEP members have an obligation to notify STEP within 30 days should they have a bankruptcy order made against them or should they enter into a voluntary arrangement with their creditors which will lead to consideration under Rules 2.1 (e), 2.1 (f) and 2.4 of the Disciplinary Rules.

15. A failure to notify STEP will also lead to consideration under Rule 2.1 of the Disciplinary Rules.

16. As with applications for membership, each case will be considered on its own merits, taking into account the following factors;
   a. Type of insolvency  
   b. Amount of money owed  
   c. Any mitigating or aggravating circumstances  
   d. Information about the current circumstances  
   e. Any other information it requires  
   f. Any other past relevant conduct known to STEP  

17. In relation to bankruptcy, STEP members will normally be suspended for the period of the order.