

Press release: 7-year ban for director of disability ramp company

Lyndon Porretta, 47, from Newport was a carpenter, who held management positions in a number of joinery installation companies.

In 2000, Lyndon Porretta set up Kruz Developments Ltd (Kruz) after he spotted a gap in the market caused by increasing demand for disability access. The company provided installation services to clients such as rehabilitation centres, banks and retailers across South Wales.

However, work declined during the recession and in late 2015, after inspecting company records, HMRC discovered that Kruz Developments had deliberately filed 14 VAT returns between December 2011 and September 2015 which understated the amount of tax due by a total of £521,814.

This led to a demand for VAT and penalties of £743,464, which Kruz was unable to pay in full. The company later entered into voluntary liquidation in 2016.

The Insolvency Service conducted an investigation following the company's liquidation and confirmed that between at least 7 February 2012 and 6 November 2015 Lyndon Porretta caused Kruz to provide inaccurate VAT information to HMRC.

On 20 August 2018, the Secretary of State accepted a disqualification undertaking from Lyndon Porretta after he did not dispute the findings of the investigation. His ban is effective from 10 September 2018 and lasts for seven years.

Wendy Jones, the Insolvency Service's deputy head of Insolvent Investigations, said:

Mr Porretta gave false information to HMRC about the VAT owed by the company thus obtaining a significant financial advantage compared to other companies filing correct returns.

Unlike normal trade creditors, HMRC relies on the taxpayer to disclose the correct amount that is owed to them, so a failure to file accurate returns puts them at a disadvantage to other creditors.

Deliberately understating sales in order to reduce the VAT to be paid to HMRC is dishonest. This can also result in understated company profits leading to underpayments of Corporation Tax. Both give a company an unfair advantage over competitors. Taking action

against Mr Porretta is a warning to all directors to seriously consider and ensure they perform their duties and obligations.

Lyndon Porretta is of Newport, Gwent and his date of birth is October 1970.

Company Kruz Developments Ltd (Company Reg no.04005898).

In giving his disqualification undertaking, Lyndon Porretta did not dispute that:

Between at least 7 February 2012 and 6 November 2015 he caused Kruz to provide inaccurate information to HM Revenue and Customs (HMRC) in respect of Value Added Tax ("VAT") due as a result of which HMRC are owed £637,197 at liquidation, in that :

- Kruz registered for VAT from 24 March 2000
- Kruz submitted VAT returns totalling £86,361 to HMRC for the periods 12/11 to 09/15. Payments were made totalling £86,361 against these returns
- Following an inspection of Kruz's records in 2015, on 7 December 2015, HMRC identified a failure to disclose the full amount of sales between 12/11 and 09/15 resulting in under-declarations of VAT due on returns totalling £521,814. Interest of £38,320 and civil penalties of £183,330 were additionally due in respect of these periods.

A disqualification order has the effect that without specific permission of a court, a person with a disqualification cannot:

- act as a director of a company
- take part, directly or indirectly, in the promotion, formation or management of a company or limited liability partnership
- be a receiver of a company's property

Disqualification undertakings are the administrative equivalent of a disqualification order but do not involve court proceedings.

Persons subject to a disqualification order are bound by a [range of other restrictions](#).

The Insolvency Service administers the insolvency regime, investigating all compulsory liquidations and individual insolvencies (bankruptcies) through the Official Receiver to establish why they became insolvent. It may also use powers under the Companies Act 1985 to conduct confidential fact-finding investigations into the activities of live limited companies in the UK. In addition, the agency authorises and regulates the insolvency profession, deals with disqualification of directors in corporate failures, assesses and pays statutory entitlement to redundancy payments when an employer cannot or will not pay employees, provides banking and investment services for bankruptcy and liquidation estate funds and advises ministers and other government departments on insolvency law and practice.

Further information about the work of the Insolvency Service, and how to

complain about financial misconduct, is [available](#).

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