

# VAT: delays with HMRC error corrections processing

## Indirect Tax

31 March 2020

**HMRC's VAT Error Correction team, which deals with processing VAT errors that do not fulfil the threshold tests to adjust the VAT account in the VAT return, is currently experiencing severe delays. This has arisen mainly due to an office move and IT systems issues. A recovery plan is in place and additional staff have been recruited, though it may be several months before the service returns to its target standards.**

Taxpayers are required to notify errors to HMRC where the error exceeds the voluntary disclosure threshold tests set out in VAT notice 700/45 at paras 4.2 (Method 1) and 4.3 (Method 2) (<https://tinyurl.com/y377rf82>).

Taxpayers can also notify errors to HMRC where the value does not exceed the threshold tests but where the taxpayer considers that the error was due to careless or deliberate behaviour, so that the error may be agreed with HMRC as being 'unprompted', which can secure a lower penalty rate.

HMRC have informed the CIOT that until its service levels for the error correction team have recovered, taxpayers that have an urgent need to process their errors where any delay will cause financial hardship can label their submission as 'URGENT', and caseworkers and countersigning officers will prioritise these cases. Please note that taxpayers should provide additional evidence about their financial hardship position when sending in details about why the error occurred, otherwise the urgent status may not be accepted.

HMRC are currently unable to process error correction notifications to amend VAT returns that have been digitally submitted to HMRC under Making Tax Digital. This functionality is being worked on by HMRC and is still a work in progress.