

Compliance Reform Forum: update from October 2021 meeting

Management of taxes

30 November 2021

The Compliance Reform Forum is a joint forum in which HMRC consult and communicate with representative organisations, including CIOT, ATT and LITRG, about changes to their compliance checking activities, with a particular focus on the views of tax agents and their clients. At the last meeting in October 2021, the following items were on the agenda.

COVID-19 support scheme compliance activity

This covered HMRC's approach, current and emerging risks and a forward look – with particular regard to the Coronavirus Job Retention Scheme, Self-Employment Income Support Scheme and Eat Out to Help Out scheme. Having designed some upfront defences against fraud and error into the schemes, including some pre-payment checking, HMRC are now focusing on post-payment compliance work.

They explained that their compliance approach to the schemes is to make a proportionate response to the risks and behaviours they see. Where people have made an honest mistake, they want to help them to put things right, for example by using 'nudge' letters. They are finding that the response rate to these is good. For cases of suspected fraud and error, they will target on a one-to-one basis and several thousand enquiries have been opened so far. Criminal investigations are being reserved for the most egregious fraud cases and there have been several arrests. There was also an update on their Taxpayer Protection Taskforce, which had been announced in the March 2021 Budget to help tackle COVID scheme fraud. 1,265 staff have been committed for two years to recover money paid out to incorrect and fraudulent claims.

Attacks against the system

HMRC provided an update on their income tax self-assessment suspect repayment fraud (SURF) letters. These are letters HMRC send to taxpayers to verify income tax self-assessment repayment claims. When a taxpayer submits a self-assessment tax return resulting in a repayment of tax being owed to them, HMRC undertake routine checks to ensure that the claim is genuine and to identify potential compliance risk.

Where their risk indicators suggest that the person or claim may not be legitimate, they will contact them to confirm their identity. This will include the requirement for the person to provide documentary evidence to prove who they are, and to answer some questions with regards to the repayment request they have submitted. If the person does not reply to the letter, HMRC will remove them from the self-assessment system online and not make the repayment. However, some genuine claimants have also received the letters. Stakeholders suggested that more transparency in respect of this work would be of assistance to advisers, particularly in respect of timeframes for genuine repayments, as there are currently long delays and taxpayers are blaming their agents for these. HMRC recognise that the current service standard is unacceptable for those genuine taxpayers caught up in this and are working to remove the backlog and reduce the average age of repayments.

You can find more information about the SURF letters on the CIOT website at tinyurl.com/zc6j79dp and tinyurl.com/5chkjxsu.

Progress on HMRC's customer experience work

In July 2019, the Financial Secretary's Written Ministerial Statement set out a package of commitments with the objective of building and maintaining greater confidence and trust in the tax system, including actions to improve taxpayer experience with a specific focus on extra support for those taxpayers that need it most. Since then, HMRC have been working with the Compliance Reform Forum and other stakeholders on various interventions designed to improve customer experiences.

Work done to date includes improvements to over 1,000 of HMRC's most used letters and factsheets, the creation of a series of YouTube videos on compliance, embedding their compliance 'extra support' team into HMRC's Customer Compliance Group (which has received around 2,800 referrals), launching a new compliance check opening letter 'introductory pack' and introducing a compliance check exit survey to gather feedback from taxpayers at the end of a compliance check.