

# Outgoing President reports back on HMRC and MTD

## Briefings



23 August 2023

David began by reflecting on the year past, including political developments, ATT events and the Association's progress. He noted the expansion of the ATT's technical team and celebrated the award for Outstanding Contribution to Taxation by a Not-for-profit Organisation at May's Tolley's Taxation Awards. He then returned to two priority issues from his inaugural speech.

ATT and other professional bodies helped to bring about a more realistic timetable for Making Tax Digital, and concerns about HMRC service levels are being listened to, but big problems remain with both, outgoing ATT President David Bradshaw told the Association's members in his valedictory speech in July.

## HMRC

Those of you who heard my speech a year ago will remember the concerns I raised over whether HMRC are sufficiently resourced to deliver for taxpayers. At ATT, we

have repeatedly stressed that HMRC must be appropriately resourced and strongly oppose staff cuts, especially while service levels remain at an unacceptable level.

HMRC have a tough job to do, and we do our best to help, but the challenges that taxpayers and our members continue to experience with service levels are unacceptable and need to be addressed.

Our members tell us regularly about the challenges they have experienced and the impact these have had on their clients and their own businesses. They have pressed us to act on their behalf, because an effective and efficient tax system builds trust and discourages non-compliance. When the system is struggling, it can do neither.

We have been encouraged that our concerns are being listened to at the highest levels of HMRC. Some may say we are being 'critical', but I would prefer to say that we are being 'constructive', because we are proud of the relationship we have with HMRC and we want to see them succeed. An effective and efficient tax system is in **all** our interests – as is a 'simple' tax system. That is why I was dismayed by the decision to close the Office of Tax Simplification and we will be doing everything we can to keep the simplification agenda alive.

The Association supports digitisation, but the worry here is that simply closing helplines will hit those who can't, or won't, use computers. Those taxpayers who need help from HMRC to file their tax returns will now be forced to delay, leading to stress and inconvenience for themselves, as well as extra pressure on HMRC nearer the January tax return deadline.

## **MTD**

I also spoke last year about the progress of Making Tax Digital. Well, the good news is that in December the Financial Secretary announced a more sensible, realistic timetable for MTD for income tax. Our input, alongside that of other professional bodies was, I believe, a significant influence in that decision. However, MTD still has big problems. Just last month, a report by the National Audit Office found that the project is now expected to cost around five times its original 2016 budget – and that budget excluded upfront costs of £1.5 billion to VAT and Self-Assessment customers from its business cases.

So, the cost to taxpayers is a lot more than HMRC said it would be, and the benefits to the Exchequer are a lot less. This is not a surprise. We have repeatedly questioned whether the business case for MTD stacks up and called out the many mistakes the system is seeing. Errors are precisely what MTD is seeking to minimise, not introduce, and this underlines the need for thorough testing before any additional MTD requirements are introduced.

The irony is that our current interface with HMRC as agents and taxpayers is anything but digital. Many routine tasks still cannot be achieved without either waiting on a call for what always seems to be 40 minutes listening to that awful hold music or resorting to good old fashioned pen and paper and the Royal Mail.

*David concluded his speech with thanks to all those who helped his year run smoothly, including Jane Ashton and Sue Fraser, events and press teams and ATT Council members. He promised to support his successor Simon Groom, in his new role as Past President and continue to work to ensure that the UK tax system is workable and as fair as possible.*

***This speech has been abridged for space reasons.***