Processing of R&D tax credit claims and RDEC claims – current delays

Large Corporate **OMB**

01 August 2019

CIOT has written to HMRC regarding the current delays in HMRC processing claims for R&D tax credits and RDEC claims. HMRC say they are addressing the problem and we will continue to monitor the position, hoping to see improvements soon.

The CIOT wrote to HMRC to express our concern at the current position regarding processing times of claims for R&D tax credits and RDEC claims by HMRC. The problems that the significant delays currently being experienced are causing has been raised with us by a number of our members. The most recently published processing times at the time of writing (Monday 8 July) are:

- R&D tax credits – processing claims submitted on 4 April 2019 (thus taking 95 days); and
- RDEC claims – processing claims submitted on 20 December 2018 (thus taking 200 days).

Clearly, these processing times are much longer than the service level which HMRC aspire to for payable tax credits of 28 days.
We asked HMRC to explain the reasons for the delays and what is being done to address the problem, suggesting that it would be useful for them to manage expectations by providing some reassurance that what appears to be a clear lack of sufficient resource within the R&D team is being addressed. We said that it would also be helpful for taxpayers and advisers to know when it is expected that the situation will improve and that processing times will begin to come down.

HMRC have responded, acknowledging the delays currently being experienced, saying that this is due to a combination of recent staff losses and extremely high volumes of claims being submitted to HMRC.

HMRC say they are taking action to reduce the delays in both R&D payable tax credits and RDEC claims. HMRC have redeployed staff from other work areas and recruited new staff to speed up processing and payments.

In our letter we said that, understandably, the delays in processing claims are causing a significant amount of unnecessary contact between taxpayers, advisers and HMRC. We suggested that it would be helpful if HMRC could publish the expected turnaround times more widely than the current email circulation to members of the R&D Consultative Committee (RDCC) so that calls simply to chase the progress of claims can be minimised. HMRC have responded saying that they will continue to keep agents updated on the latest position through the weekly update email to RDCC members, as well as updated ‘auto response’ messages to emails sent in to the R&D mailbox to inform customers and manage expectations.

HMRC note that by bringing in wider resources to the R&D team, it may appear that some claims are being processed ahead of others. This is due to training requirements and HMRC will strive to deliver a fair and balanced service dealing wherever possible with claims in date order.

We will continue to monitor the position and hope to see an improvement in processing times as a result of the action HMRC are taking in the near future. To assist us with this, we would like to hear from members regarding their experiences of dealing with R&D claims and, in particular, processing times. Please email technical@ciot.org.uk.