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

Large Corporate **OMB**

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HMRC have acknowledged the significant delays in processing times of claims for R&D tax credits and RDEC claims, and are taking steps to try to be back up to date (that is to say, being as close as possible to a 28 day turnaround time) on both R&D tax credits and RDEC claims by 30 September 2019.

The CIOT has been corresponding with HMRC recently (see August's Technical Newsdesk) regarding the current position of significant delays in processing times of claims for R&D tax credits and RDEC claims by HMRC. The problems that the significant delays being experienced are causing has been raised with us by a number of our members.

The current processing times are much longer than the service level which HMRC aspires to for payable R&D tax credits of 28 days. Although the 28 day turnaround applies only to R&D tax credits, and not also to RDEC claims, HMRC have now also said they recognise that they should be aiming to deal with all R&D claims within a reasonable timescale, unless they have concerns regarding the validity of the payments or claims.

HMRC say they are now taking action to reduce the delays in both R&D payable tax credits and RDEC claims, and are currently taking the following steps:

- additional staff are in the process of being moved onto the processing of R&D claims, covering both R&D tax credits and RDEC claims;
- HMRC will not be differentiating between R&D tax credits and RDEC claims for processing purposes and are aiming to get up to date on all claims;
- HMRC are in the process of moving claims processing to colleagues in customer services group who, with a wider pool of staff, will be able to cope better with seasonal fluctuations in demand; and

- as before, HMRC will continue to provide updates through the R&D Consultative Committee regarding their current position and expected turnaround times.

As a result of these steps, HMRC are aiming for an overall position of being up to date (that is to say, being as close as possible to a 28 day turnaround time) on both R&D tax credits and RDEC claims by 30 September 2019. We understand that it is not possible for HMRC to give a guarantee in respect of achieving this, as it will depend on a number of factors, including how soon HMRC can get people trained to undertake the work, any complications that emerge from the claims already submitted and also how much new work comes in. But we welcome HMRC’s assurance that being up to date by 30 September is their aim and ambition.

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.