Welcome to the August Technical Newsdesk

Welcomes

30 July 2020

Those who know me will also know that I have (at least) a couple of weaknesses: a proper cappuccino and motorbikes. In ‘normal’ times (that is, pre-COVID), if I was working at home for a few days in a row, I would get up early and ride to my local Costa to be there when it opened, so that I could have a change of working environment for a couple of hours, whilst getting a buzz both from the bike and the caffeine in my frothy coffee. Having worked from home for over four and a half months straight, now that my local Costa has re-opened for dining in, I will be on the bike and back there for my cappuccinos and a change of scenery.

Whilst I am acutely aware of the importance of staying alert and respecting social distancing, for many of us there is a strong desire to do some of the things we took for granted pre-COVID. So I was surprised to find out that under the Chancellor’s ‘Eat Out to Help Out’ scheme, if I do my ride to Costa between Mondays and Wednesdays this month, and have a working breakfast there, I will get 50% off my bill. Of course, the hospitality sector (along with many others) has taken a massive hit over the past few months, but without straying too much into politics, you do wonder how well targeted the scheme is. I know I would be getting on my bike to Costa anyway, irrespective of the discount scheme (and this from a Yorkshireman). Also, how much spare capacity will eateries have if they are required to reduce the number of customers they can serve?

It would seem that Jim Harra, HMRC’s Chief Executive and First Permanent Secretary, also has doubts over whether the scheme represents value for money, having written to the Chancellor asking for written instructions to proceed with the scheme. The exchange of correspondence is interesting and can be found at https://tinyurl.com/ybbnsxta. A similar exchange of correspondence has also taken place in relation to the Job Retention Bonus and the correspondence can be found at https://tinyurl.com/y9wby6lw. Whilst I do not have the best memory in the world, I

do not recall seeing an exchange like this before.

It is also noteworthy that these are two further schemes that HMRC has been tasked with delivering. The Job Retention Bonus will not be payable until early 2021, and will hopefully just be an extension of the systems used for the Job Retention Scheme. However, the Eat Out to Help Out scheme is brand new and goes live on 3 August, and the registration process launched on 13 July. HMRC are also part way through delivering the flagship Self-Employment Income Support Scheme and Job Retention Scheme, whilst themselves having to adapt to the challenges faced by all organisations such as homeworking, social distancing, staff absences, etc. How will HMRC cope?

Part of the answer to this question can be found by looking at HMRC's performance measures, which we track on the CIOT website (see bit.ly/30cukfS). Unsurprisingly, some aspects of HMRC's performance are falling short of target.

This leads me onto my final point – what is the consequence of HMRC failing to meet the standards set for them? If a taxpayer fails to meet their obligations, there can be serious consequences. But what if HMRC fail to meet their obligations? At least outwardly, the consequences seem to be negligible. This will form an important part of our response to the consultation on HMRC's charter, which we will report on in more detail next month.