Tailoring our support

Management of taxes | Professional standards



30 June 2021

Jim Harra considers the future for HMRC and the tax profession after Covid-19, how the way we all work is changing, and the importance of maintaining open and frequent communications with the agent community

Key Points

What is the issue?

For HMRC, our ‘new normal’ will not be exactly what it was before the pandemic. We have learned from our experiences during the pandemic, and this will shape how we work in the future.

What does it mean for me?

We understand that many of our customers – individuals and businesses alike –have been adversely aff ected by the Covid-19 pandemic, and that some of them face uncertain fi nancial circumstances in the months ahead.

What can I take away?

We are going to need your engagement and support more than ever. The need for robust, honest and constructi ve dialogue between HMRC and tax agents will be more vital than ever.

The past year has been truly historic and has left its mark on us all in very different ways. At the time of writing, it appears that the vaccination programme is making a huge difference and, while we are yet to see the full easing of lockdown restrictions, the UK is gradually returning to something like normality.

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HMRC has a vital role to play in helping the UK’s economy and its public finances to recover from the pandemic. Fortunately for us, we have the support and involvement of a wider tax community – tax agents and advisers make an invaluable contribution to tax administration, and their skills support us and their clients in achieving tax compliance and helping those who have got into trouble with their tax.

I feel it is important to take a look at HMRC’s recent major changes and how we intend to operate going forward, as well as considering how we will strengthen and

protect the way we work with agents.

How we work is changing

For over a year now, most people in HMRC have worked entirely at home, and like many other organisations we are now thinking about how we will support colleagues as they begin to return to the office. If there is one thing that we have learned during this pandemic it is that plans are always subject to change, and we must factor in the need to follow government guidance. While social distancing is still a requirement, the plans for colleagues to return to offices will be paced so we can meet these health guidelines.

Beyond that, our recent pay and contract reforms involved a key change to the way we work. For those colleagues who can perform their work from home, there will be the option to continue doing so for at least two days a week, and we are committed to making hybrid working a success and becoming an exemplar of a modern and flexible employer.

But almost everyone in HMRC will return to working in the office for some of their time, as we believe that is important to the cohesion, team working and learning that the Department needs. Our regional centre programme, transforming HMRC to working in fewer, purpose-built, modern premises, has continued at pace during the pandemic, with some new regional centres and specialist sites opening since March last year. As a result, over 20,000 colleagues will be returning to work in a different office from the one they left 15 months ago.

Our customer service

Like other customer service organisations, we had to adapt quickly last March to the unprecedented environment and make choices about our work. Our priorities since then have been clear:

- to protect livelihoods – for instance through our delivery of the government’s support packages like the Coronavirus Job Retention Scheme (CJRS) and Self Employment Income Support Scheme (SEISS);
- to deliver the UK’s smooth transition from the European Union; and
- to keep delivering the essential services that keep the tax system running.

Any one of these priorities on their own would be a challenge, and we are grateful for the help that the agent community and professional bodies have given us in delivering during this period and in providing real-time feedback that has been invaluable, for instance in our design of the support schemes.

Inevitably, the delivery of these priorities has impacted on service levels in some of our usual work, where we have also seen significant spikes in customer demand in areas like P87 claims for working from home expenses. Throughout the pandemic, we have done our best to deliver across all of our work, but I acknowledge that the response times in some of our services have fallen short of the high standards we want to deliver. We are working hard to rectify this, and a recent change which I hope will be welcomed by agents is that we have reinstated a priority service on the agent dedicated line, to answer complex enquiries that can’t be dealt with through our digital services.

Managing tax debts

We understand that many of our customers – individuals and businesses alike – have been adversely affected by the Covid-19 pandemic, and that some of them face uncertain financial circumstances in the months ahead. We also appreciate that many customers are worried as the financial support schemes start to wind down, and so we want to offer them practical support wherever we can.

As the UK emerges from the pandemic and economic activity resumes, we are restarting our debt collection work and will be contacting customers who have fallen behind with their tax during this difficult time. At all times, we will take an understanding and supportive approach to dealing with those who have tax debts or are concerned about their ability to pay their tax.

Our message to customers is simple: if you can pay your taxes then you should do so – but if you’re struggling, we want to work with you to agree a plan based on your financial position.

We think it’s vital that we continue our debt collection work for a number of reasons. It is not just about bringing in money to fund UK public services like schools and the NHS; it is also about creating a fair and level playing field for all businesses. We will continue to do everything we can to help businesses with temporary cash-flow problems to survive into better times.

As agents and accountants will know, when a customer has a tax debt we always try to contact them by phone, post or text message so we can talk about their situation and agree a way forward.

We urge customers to respond to these communications as soon as possible because, unless we can discuss their situation, we cannot tell if they need support or are simply refusing to pay.

In all cases, we want to work with customers to find a way for them to pay off their tax debt as quickly as possible, and in an affordable way for them. Everyone is different, so the support we offer varies from customer to customer – we tailor our support to their individual needs. For instance, we can discuss affordable payment options, such as a 'Time to Pay' payment plan where customers pay what they owe in affordable instalments. We typically have more than half a million arrangements in place at any one time, and more than nine out of ten of them complete successfully.

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From September 2021, in cases where customers are unwilling to discuss a payment plan, or where a customer ignores our attempts to contact them, we may start the process of collecting the debt using our enforcement powers, including taking control of goods, summary warrants and court action including insolvency proceedings. We only use them as a last resort and we take great care to use them fairly and carefully, but we have a responsibility to take action when a business's finances have little chance of recovering, not least to protect their competitors and viable businesses in their supply chains. It is in no one's interests to simply allow unsustainable debt to build up unchecked.

We really appreciate the influential and difficult role that agents and accountants play in supporting those whose businesses are struggling and at risk, and we are grateful for the valuable feedback these groups give us to help develop our services. Thank you, and please keep it coming.

Working with agents

Having explained a little about where we are and where we're heading in these aspects of our work, it's important to take a closer look at how we intend to support

agents and maintain a close working relationship in the months to come.

Building on the last year, we are working to maintain and continuously improve open and frequent communications with the agent community.

We're providing regular sources of tailored information in the form of blog posts, agent talking points and webinars, and email updates on specific topics like EU transition and Covid-19 support schemes. Appreciating the need to keep agents informed as things change rapidly post-pandemic, we have increased the frequency of our regular 'Agent Update' on GOV.UK to monthly from bi-monthly, starting in May of this year. And we're providing various toolkits designed to help tax agents ensure that their clients get their tax returns right from the start to the benefit of all parties.

We're also making it easier to engage with us on various topics which matter to the agent community, whether these are general or specialist.

We have a range of platforms for such exchanges, in addition to the Agent Online Forum, which is a dedicated space to raise system issues or ask for clarification. The forums are a fantastic source of expertise, blending scheduled and bespoke calls to address topical issues, and we're grateful to all those who help to make them so useful.

Following our call for evidence on raising standards in the tax advice market last year, we committed to collaborating with professional bodies to understand their approach to supervision, support and raising standards, and we know that they have an invaluable role to play. We regard professional bodies as key to raising standards and we are proud to work in partnership with them, sharing best practice and ideas for potential future interventions.

HMRC is keen to support the majority of diligent and skilled agents, and we believe one way to do this is by tackling poor and unacceptable agent behaviour. We are currently undertaking an internal review of our available options to ensure that we reinforce and uphold our Standard for Agents as part of the wider work on raising standards in tax advice. This will help us to identify the actions we can undertake to deal with breaches of the Standard appropriately, consistently and effectively. We look forward to sharing the outcome of this review with the wider agent community, alongside the results from our recent consultation on introducing a requirement for all tax advisers to hold professional indemnity insurance.

Raising standards across the tax advice market has benefits for everyone – customers get better quality tax advice, good agents receive more work from clients, and HMRC can reduce time spent dealing with those who tarnish the reputation and credibility of the sector.

Our shared future

At the start of this piece, I referred to the lessons which we have learned in the last year and looked ahead to what is next. The economic shock of the pandemic is sadly going to echo long after we have recovered our physical freedoms.

We are going to need your engagement and support more than ever. The need for robust, honest and constructive dialogue between HMRC and tax agents will be more vital than ever.