New ATT President speaks out against HMRC staff cuts

Briefings

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Image



New ATT President David Bradshaw has issued a plea to the government not to cut HMRC staff levels until HMRC has improved its customer service to frustrated taxpayers and their tax advisers.

David was speaking as he took up his new post at the Association's AGM on 14 July. Alongside him in the ATT presidential team for 2022-23 are Simon Groom as Deputy President and Senga Prior as Vice President.

Changes to the tax system

Focusing on imminent changes in the tax system, David said: 'You will all know from experience that HMRC have faced their own challenges during Covid, and we receive a lot of feedback from members raising concerns. This leads me to worry whether HMRC are sufficiently resourced to deliver these two major projects [Making Tax Digital and basis period changes] and support taxpayers and their agents through the transition to digital record keeping and quarterly reporting on top of their existing workloads.

'Given the significant changes that are coming, the demands on HMRC for support and guidance will only increase over the next couple of years, and it is hard to see how any significant changes to the tax system can happen effectively unless HMRC have appropriate resourcing. It is deeply concerning therefore, to hear talk of potential cuts to staff numbers. Given HMRC's current performance issues, we should not have cuts made to HMRC staffing until performance is first restored and then maintained at high levels. I do not see this as special pleading. The public and the Exchequer both benefit from effective and efficient tax administration.'

David's comments came after an HMRC dashboard went 'live' recently for tax advisers to check current processing times and service levels for post and online requests. The dashboard backed up the existing concerns of tax professionals, showing significant delays in many areas, including R40s, VAT group registrations and paper self-assessment registrations. This came at the same time as concerns about planned civil service job cuts, although the government has not yet said where the cuts will be made.

Making Tax Digital for Income Tax

Specifically on Making Tax Digital for Income Tax, David said: 'The government could take a more pragmatic approach to the challenges of Making Tax Digital (MTD) and basis period reform and consider a more phased approach. A good starting point could be to revisit the level at which businesses are brought into the complexities of MTD for Income Tax – the astonishingly low annual turnover threshold of just

£10,000.

‘Think about that for a moment. If that is the only or main source of income for someone who is self-employed, their gross income even before any expenses is likely to be way below the national living wage. Wouldn’t it at least make more sense to require more financially secure businesses to be the guinea pigs for MTD and then extend its ambit once the system was running smoothly?

‘I am pleased to see the start of a series of regular meetings [between professional bodies such as ATT and HMRC] specifically focused on the issues faced by smaller practices, who will feel acutely the additional workload these measures will create as they seek to support their clients through these changes.’

HMRC’s online systems

Turning to access to HMRC’s online systems, David added: ‘Pressures on HMRC’s own resources could also be significantly reduced if the concept of HMRC’s single digital account was exploited to its full potential. Previous rounds of spending cuts have seen development halted so the existing Personal and Business Tax Accounts lack essential DIY functions. That means that taxpayers must contact HMRC unnecessarily – absorbing HMRC’s scarce resources. The promise that agents would be able to see and do what their clients can see and do was renewed in 2020 but we have seen little evidence of it.’