Public Accounts Committee inquiry into the COVID-19 Employment Support Schemes

Employment Tax | General Features | Personal tax

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The CIOT provided written evidence to the Public Accounts Committee's inquiry into the COVID-19 Employment Support Schemes.

On 14 October, the Public Accounts Committee (PAC) opened an inquiry into the COVID-19 Employment Support Schemes; namely the Coronavirus Job Retention scheme (CJRS), and the Self-Employment Income Support Scheme (SEISS) (see tinyurl.com/bd8d9y9y).

The call for evidence broadly addressed three topics:

> a) whether the schemes achieved their objectives to support incomes and the labour market and reached those previously excluded from the schemes;
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> b) how the government managed the delivery of the schemes through their later iterations, including attempts to improve the value for money of the schemes by making them more targeted while managing the risk of error and fraud; and
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> c) how HMRC have estimated the level of error and fraud and undertaken compliance work to detect error and fraud.

Our written evidence focused principally on the second question, though we did make some brief comments on the first and third questions.

We recognised that the CJRS and SEISS were introduced at short notice, in a time of crisis, and inevitably the government had to balance speed of delivery with the likelihood of fraud and error. We feel that HMT and HMRC should be commended for

the speed with which they rolled out these schemes, and continued to prioritise their delivery during the pandemic.

Notwithstanding this, both schemes were complex, particularly the CJRS because it required the claimant to determine both eligibility and the amount to be claimed. SEISS increased in complexity as attempts were made to better target support.

Given the complexity of the CJRS, the speed of its introduction, and frequent changes to its rules, we are not surprised at the level of errors. It was particularly hard for smaller employers to obtain reassurance from HMRC that they were claiming correctly, and we regret that the Treasury Directions given to HMRC provided no discretion for them to exercise their care and management powers, particularly for cases where employers were acting in good faith and in pursuance of the stated objectives of the CJRS.

We stated that more could have been done to limit the number of ineligible claims for SEISS, such as introducing more ‘red flags’ into the eligibility checker and the claims process itself. Agents were unable to make claims on behalf of their clients, and we believe this contributed to an increase in ineligible claims. HMRC should reflect on why it was not possible to promptly deliver agent functionality in this instance.

While welcoming the limited extensions to both schemes, we remain disappointed that the government did not do more to fill the gaps in support. Inevitably, the schemes had some hard edges and design flaws, but it appears that the government chose not to commit the necessary resources either to fill significant gaps, or to introduce more targeted support schemes which were safer from abuse. This resulted in some individuals receiving little or no support for up to 18 months.

Our full submission will be published on the technical submissions page of the CIOT website (www.tax.org.uk/submissions/1) once the PAC has itself published our evidence.

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