CIOT President's page: HMRC needs adequate resourcing

Welcomes



24 February 2023

The demands on HMRC must be as great now as they have ever been.

I have written previously about change. I am not sure that I have yet got used to HMRC being *His* Majesty's Revenue and Customs. But back in April 2005, it took time to get used to the merger of the Inland Revenue and *Her* Majesty's Customs and Excise! Whether you remember those times or not, it is sometimes worth casting our

minds back to understand how far we have come. In 2005, the combined headcount of the two departments was 91,000. Now, it's 63,000. We've seen the closure of lots of local offices in that time, the automation of a lot of processes and the PAYE system changed to real time information.

The demands on HMRC must be as great now as they have ever been. Brexit added significantly to the workload. HMRC spent just under £1 billion on Brexit-related activity in 2021/22 and had around 5,900 people working on this area, presumably mostly on the additional customs controls. HMRC did a great job on the Covid economic support schemes but, by their own admission, they had to divert a lot of people from other areas to work on these, leading to backlogs building up elsewhere. The war in Ukraine has also required some reallocation of staff.

Our understanding is that they move experienced people from their current roles into these 'emergency' positions and try to backfill their original roles. That, of course, takes time, requiring new people to be trained up and contributing to the problems we see with customer service. These issues come on top of policy measures that lengthen and complicate the tax code, bringing greater numbers into the scope of tax, as well as ongoing major projects such as the digitalisation of the tax system. HMRC are doing their level best to deliver the day job, whilst simultaneously managing significant change in order to bring them into the 21st century. But they only have the budget for so many staff and the prospect of an increase to their headcount seems disappointingly remote. This seems short sighted. At a time when the public finances are so tight, why deliberately limit the ability of the government to collect more revenue?

I met with Jim Harra in January to discuss HMRC service levels and also their future strategy (see page 41 and tinyurl.com/ciot-harra for details of the meeting). The wider CIOT team have also had discussions covering areas such as HMRC's three-year roadmap of key priorities and post handling. We will keep raising these concerns but the key decision makers are ministers, who must allocate HMRC the resources they need to cope with the demands being placed upon them. Let's hope that the Budget sees some positive news on this front.

One thing we can expect from the Budget is further changes to tax legislation. These changes can be exciting but also frustrating. Almost always, they seem to increase rather than reduce complexity. We will have to wait to see if closing the OTS really does result in simplification being embedded in Treasury and HMRC. We all have our

part to play and, on behalf of members, the CIOT will continue to point out any problems with the drafting or implementation of new legislation. Do contact the technical team if you have points you think need to be picked up.

On a more positive note, I can’t miss the opportunity to congratulate our students. It will be fantastic to see many of you at the Admissions ceremony in March. I must congratulate the 570 students who sat ADIT exams in 58 different countries, giving us prize winners stretching from the UK to Dubai to India. Among the achievers was a student in Ukraine, Vladyslav Kupriienko, who passed his third ADIT exam to complete the qualification, an amazing achievement all things considered. We only announced the Diploma in Tax Technology in November 2022, and I am delighted to announce that we have a candidate who has successfully completed the DITT qualification. Huge congratulations to Tristan Noyes. Hear more about his experience in the next issue.

Many of our members have been helping to support efforts elsewhere, such as assisting those from Ukraine. Recently, Tatyana Bernatovych, Managing Partner of RSM Ukraine, was in our London office (in my day job I am a tax partner at RSM UK) and told us that they were overwhelmed by the support received from the accounting and tax community. Many of us will also have provided help to those impacted by the devastating earthquake in Turkey and Syria.

Lastly, International Women’s Day on 8 March with the theme **#EmbraceEquity** recognises that each person has different circumstances, and allocates the exact resources and opportunities needed to reach an equal outcome. Embracing that, regardless of gender, has to be the right thing to do.