CIOT President's page: Meeting with HMRC

Welcomes



23 August 2023

I hope you had a great summer and a break to recharge yourself for the rest of the year. I took the time to reflect on some key issues for the tax profession, including two in particular which were discussed at a meeting I attended in July.

I joined my colleagues Susan Ball, CIOT Immediate Past President, Helen Whiteman, our CEO, and Ellen Milner, our Director of Public Policy, for a meeting with HMRC's Permanent Secretaries Jim Harra and Angela MacDonald. We focused on two issues in particular: service levels and professional standards.

HMRC service levels are still the biggest concern for members. We shared examples of members' experiences earlier in the year and again in July, which commonly featured the seasonal SA Helpline closure. In the meeting, HMRC recommitted to work with us on what they are doing to address the highlighted issues and we will be speaking to them later this month to see the actions taken.

Jim Harra set out some of the challenges that HMRC are facing. The 2021 Spending Review is in its penultimate year, resulting in a really stretched financial position for HMRC, as its funding does not get adjusted for inflation. He reiterated their approach to tackling this financial challenge by maximising resources on customer service, particularly for those who need to speak to an adviser, but reducing contact demand where there are other ways of meeting customer needs. We mentioned the unexpected challenges such as High Volume Repayment Agents (HVRAs) and HMRC's focus on looking at ways to drive up productivity using existing resource.

I stressed that CIOT is keen to maintain a constructive relationship with HMRC and help where possible to make the tax system work for all of us. But I made clear the extent of members' concerns in this area and the impact that poor levels of customer service are having on us and our clients.

HMRC were clear that they do not expect to get additional resources, which will place all the more importance on delivering digital services that are fit for purpose and have agent functionality. I took away that we are likely to see more test and learn initiatives and deployment of HMRC resources in the coming months, as they try to juggle demand with their overstretched resources. The most recent of these is the facility for agents to flag post that is over 12 months old.

The meeting led to genuine commitments from HMRC to work with us and try some different approaches to engagement and problem solving. HMRC wish to work with us on sharing earlier sight of key announcements and testing of ideas. We are working on putting this into effect. I'll pick up these points with HMRC when we meet again in the autumn.

Too late for our July meeting but informing us moving forward, were the results of our recent survey of members on service levels. These confirm previous feedback, providing useful evidence of the wider economic impacts of poor service levels and the take up and use of digital services. Our thanks to all who responded, and we will wrap your feedback into our ongoing conversations with HMRC.

The other topic at the meeting was professional standards and HMRC's standard for agents. We know these have the attention of HMRC and ministers as part of the wider debate on regulation of tax services. We explained that any diversion from PCRT (Professional Conduct in Relation to Taxation) by HMRC's agent standards causes uncertainty and compliance concerns.

HMRC expressed a commitment to PCRT and a desire not to disrupt the whole tax services industry but explained that they also have to respond to emerging risks such as HVRAs, which they do not think can wait for any fundamental reform. Therefore, we can expect to see more measures tackling specific issues in the coming years, and we have a role in helping HMRC target these in a way which supports our industry.

HMRC recognised the important role of the professional bodies in upholding standards but was also clear that they don’t see the problem as just sitting with the unaffiliated. We welcomed their commitment to collaboration.

So, overall, this is a constructive conversation on some difficult themes with no easy solutions. But it is positive that we are in a position to be engaging on these critical issues at all levels of HMRC. As I opened when we met with HMRC, I believe we have a key role to play as a critical friend and look forward to taking the conversation forward.