Technical Newsdesk: December 2023

Welcomes



22 November 2023

In my introduction to October's Technical Newsdesk, I wrote about HMRC's estimate of the average additional annual cost of compliance for companies affected by the changes to research and development relief for SMEs. I compared it to the cost of a jar of sliced beetroot (57 pence). I provided a link to the Tax Information and Impact Note (TIIN) (tinyurl.com/yc47bsjr).

Fast-forward a month and we are preparing notes for the appearance of the CIOT's Director of Public Policy Ellen Milner before the House of Lords Finance Bill Sub-Committee, where she will give evidence to their inquiry into the draft Finance Bill 2023-24. Reminding ourselves of the source of the 57 pence, we looked again at the TIIN, to see that the published figure is £0.57 million. Our first response was mild panic – how did we get to the figure of 57 pence, when the TIIN states £0.57 million? Did we somehow calculate this from the number of businesses affected? The answer was clearly 'no', as that would need a million businesses to be in scope. So what happened?

It seems the answer is to be found in the national archives, and the snapshot of pages retained, in this case at tinyurl.com/yfv9d6pc. There are 13 ‘instances’ of that page in the archive, each of which – the latest being dated 23 September – reports the average annual cost at 57 pence. After our collective sigh of relief, we then started to ask ourselves other questions, such as ‘What, then, is the average annual cost of compliance?’ (The TIIN estimates that 20,000 businesses will incur continuing costs, so presumably even if the overall cost is £0.57 million that means it’s still just £28.50 per business?) Other questions included ‘How could such an error have been allowed to slip through?’ (a failure to take reasonable care, perhaps?) and ‘What other things in HMRC publications change without being signposted?’

On that final question, many GOV.UK pages allow you to see when they were last updated by clicking the link ‘see all updates’. This takes you to a summary of the various changes at the bottom of the page. But those web pages which are a snapshot in time often do not have this functionality.

My attention was recently drawn to HMRC’s news story in which it announced the temporary closure of the self-assessment helpline on 8 June. The story can be found on GOV.UK (‘HMRC to trial seasonal Self Assessment helpline’ at tinyurl.com/4hh6detu). However, this version seems to differ from the original one, in which it is stated that ‘only 1% of HMRC customers are digitally excluded’ (‘HMRC to trial seasonal Self Assessment helpline’ at tinyurl.com/4ersyvza). That statement appears to have since been removed, although there is nothing to indicate that the page has been changed, and the published date remains as 8 June.

Making unannounced changes can be problematic. In the case of the TIIN, there is likely to be some embarrassment that 57 pence was included in the first place, and was changed ‘under the radar’ so to speak. But more widely, when HMRC publish news and updates, they are captured and shared by the media on the day. Most media outlets will not monitor the original announcement for any changes, and so those who rely on non-HMRC sources could be misled. We will be discussing these things with HMRC so we can understand why such changes are made and whether better signposting is needed.