CIOT and ICAEW conference report: looking back at 20 years of HMRC

General Features



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George Crozier and Jamie Presland report on CIOT and ICAEW's conference marking two decades since the creation of HMRC.

Ministers and senior officials past and present joined academics, tax advisers and others on 11 March for a one day conference organised by CIOT and ICAEW to reflect on the creation of HM Revenue and Customs 20 years ago, its development since and what the future might hold for the UK's tax authority.

The morning's keynote speaker was Lord (Gus) O'Donnell who was Treasury permanent secretary when the merger happened and had led the review which recommended it. He put the merger in the context of its time – part of the agenda of a Labour government keen on radical thinking about both economic policy (for example, operational independence for the Bank of England) and government efficiency (influenced by the review of Sir Peter Gershon, who was also involved in the O'Donnell review). As well as efficiency savings, his review was a response to

ministers feeling the government was ‘underpowered’ on tax policy.

Reflecting on the similarities between 2005 and 2025, Lord O’Donnell said that ‘a majority helps’ if you are trying to drive through reforms. The merger had taken place in an environment where there was both a large government majority and cross-party support for it. However, even in this situation, he warned, any machinery of government change creates issues which risk focusing attention away from operational priorities. As Cabinet Secretary, he was ‘always nervous’ of such changes for this reason. Despite this, he thought the merger had been ‘a great success’.

The afternoon’s keynote speaker was Exchequer Secretary and HMRC Board chair James Murray, who took the opportunity to launch a package of measures in support of the government’s objectives of improving customer service, closing the tax gap and modernising HMRC. These included trialling a system where taxpayers can use their voice as their password, and a new escalation route for agents with slow moving income tax queries.

The minister said he was determined that HMRC ‘puts as few demands on the time of individual taxpayers and businesses as possible, whilst ensuring that everyone pays the tax that is due’. He told advisers and other stakeholders that it is only through ‘the joint efforts of everyone who works in tax and customs’ that HMRC’s objectives will be achieved.

The closing remarks were given by CIOT chief executive Helen Whiteman. In a spirit of ‘partnership and collaboration’, she welcomed HMRC’s incoming chief executive John-Paul (JP) Marks, who was among those present, to his new role and wished Jim Harra well as he takes ‘his well-deserved retirement’.

Panel 1: Reflection on the last 20 years - merger and what came next

The first panel discussion was chaired by CIOT president Charlotte Barbour and focused on HMRC’s creation and the immediate aftermath.

Nick (now Lord) Macpherson succeeded Gus O’Donnell as permanent secretary at the Treasury shortly after the merger, but at the time it happened he was running

the Budget and Public Finance Directorate at the Treasury. He told the conference: ‘You wouldn’t create Customs and Excise and the Inland Revenue if you were starting from scratch.’ ‘It became clear quite quickly that there were quite substantial benefits [to merger],’ he said.

Penelope Tuck is professor of accounting, public finance and policy at the University of Birmingham. Between 2016 and 2020, along with John Snape and Dominic de Cogan, she carried out a substantial research project (supported by a grant from CIOT) into the merger which created HMRC, carrying out interviews with many of those involved. She told the conference that her interviews had not identified one single overriding motivation for merger – a drive for efficiency was one factor, the chancellor’s desire to enhance control of tax policy was another. The context was also important, she said, with Inland Revenue and Customs & Excise both having taken flak over mis-steps – the Mapeley controversy and some high profile court defeats respectively.

The panel touched on points made by Lord O’Donnell in his keynote speech on the difficulties of bringing two teams together, including the different working styles employed by enforcement teams at Customs and Excise and the Inland Revenue.

At the time of the merger, Heather Self was director of group taxation at Scottish Power. She told the conference that she was in a business consultative group during the merger and she and other members of the group had told officials that the merger would ‘be a lot harder than you think and take a lot longer’. ‘We were right,’ she observed.

The final panellist was David Gauke, who served as tax minister from 2010 to 2017 and as shadow minister before that. In his remarks, he explored the changing priorities HMRC has dealt with during its two decades. ‘There was more focus on tax credits [back then],’ he recalled. He said that overall he feels the tax system is ‘pretty good’ and ‘much improved on what it was’. He added that ‘the most useful thing’ he did in his time as minister was by accident – pushing forward real-time information, which became invaluable during the pandemic by enabling the furlough scheme.

Panel 2: Tax administration - a look ahead to the future

The afternoon panel debate focused on the future of HMRC and followed on directly from Exchequer Secretary James Murray's keynote speech, with the minister joining the other three panellists and chair – Iain Wright of ICAEW – for the discussion.

Tax simplification was high on the agenda, with the chair asking whether tax policy would continue to see 'little adjustments' or was there the possibility of a 'big bang'? The minister emphasised the value of stability. He added that simplification often focuses on tax policy, but administration is 'just as important'. 'There is much greater consensus there,' he said.

Amanda Tickel is global leader for tax and legal policy at Deloitte. She stressed the need for 'concerted action' on simplification. 'We can't get away from the fact that we have a far more complicated tax system than we had even a few years ago,' she added.

Dame Meg Hillier, chair of the House of Commons Treasury Committee, agreed, calling simplification 'the holy grail' but also stressing the need for long-term plans and continuity. 'Governments come and go, and we have got to have some agreement across parties to succeed,' she opined.

CIOT vice president Paul Aplin said 'collaboration is everything' when it comes to the success of the tax system, observing that the Office of Tax Simplification had been 'very good at convening conversations'. He worried 'that that voice outside the room isn't heard so well now'.

Ms Tickel agreed, saying: 'Getting the right people in the room quickly can really work.' Dame Meg observed the OTS had lacked 'teeth'. The minister said there were 'no plans' to bring back a separate body but he stressed his keenness to 'get people in' and praised the contribution of the Administrative Burdens Advisory Board, among others, in pushing simplification.

Dame Meg bemoaned tax policies which are announced via press release first, with the policy then 'backfilled'. She said this happens as prime ministers and chancellors often have to 'save up' policies to announce at events, but 'they are often the worst policies'.
The minister said he and HMRC were talking not only to other tax authorities, but to organisations such as banks: 'They are happy for us to copy their ideas. It's a win-win because they want the tax system to work for them.'

Breakout sessions

Between the two panel sessions, conference attendees separated into four breakout sessions led by expert facilitators to consider different aspects of HMRC's work.

The best attended was a discussion on how different approaches to digitalisation could transform tax administration. HMRC's Chief Digital and Information Officer Daljit Rehal said that HMRC is looking to use AI within its closed environment to improve productivity, with 17 GenAI cases in development. He illustrated this by prompting a large language model to write a program to authenticate a customer using HMRC specifications. His fellow speaker Lindsay Scott, a CIOT technical officer, emphasised collaboration between HMRC and the profession and the need for agent access to be built in.

Richard Wild (CIOT) and Lindsey Wicks (ICAEW) led a discussion of the two institutes' recent report on HMRC's ongoing customer service challenges. It was suggested HMRC could put more trust in agents, enabling agent self-serve for common requests to reduce pressure on customer services. As well as dealing promptly with enquiries, it was felt that secure digital communication with HMRC and post tracking would remove the need for many calls to HMRC. HMRC's new app was praised as a big improvement on its predecessor, though proving identity to register remains difficult for many.

A discussion on making tax administration simpler and easier was led by Dame Teresa Graham from the Administrative Burden Advisory Board. HMRC was criticised by participants for not 'co-creating' early on in relation to MTD for income tax, presenting stakeholders with pre-conceived ideas rather than offering a chance to help build from scratch. There was support for a cross-government single ID for all taxpayers and for greater public education on the availability of HMRC's app and digital tools. Enabling greater use of email and a method of checking progress online of queries would also help taxpayers and agents, said contributors.

Former HMRC permanent secretary and Treasury director general Sir Edward Troup led a session on how the two departments can deliver effective tax policy making. The benefits of collaborative working between the two departments and the professional institutes were a focus, with examples offered of times where this has happened and where it has not. As at the simplification session, it was suggested that early consultation, where a problem or objective has been identified but a

particular solution not yet settled on, could help to avoid bad policy outcomes.

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