

Charting HMRC's progress this financial year

This is a unique financial year for HM Revenue and Customs (HMRC), as the department continues to be at the heart of the government's COVID-19 response, moving rapidly to deliver financial support to millions of businesses and individuals affected by the pandemic and measures to control the virus.

The pandemic has reinforced the need for a flexible, resilient and responsive tax and customs system – and demonstrated HMRC's competence and capability to deliver it.

HMRC's other priorities at this time are to help businesses understand the new post-Brexit rules and support customers to pay tax on time and with ease, while protecting the tax and payments system from fraudulent attacks.

Supporting customers during the COVID-19 pandemic

Like other service organisations, it's been a tough year of urgent and unexpected challenges for HMRC. But despite the impact of the pandemic, the department has successfully delivered unprecedented financial support schemes and done all it can to offer the best possible service to its customers, through an almost entirely home-based operation.

The Chancellor extended the Coronavirus Job Retention Scheme and the Self-Employment Income Support Scheme throughout quarter 3 and announced that the schemes would continue to offer support until April, with HMRC continuing to manage tax compliance and tax debts in a way that is sensitive to the needs of customers.

As of midnight on 13 December 2020, HMRC had enabled 1.2 million employers to claim £46.4 billion for 9.9 million furloughed jobs through the Coronavirus Job Retention Scheme.

HMRC also provided £18.5 billion of support to the self-employed, with almost 7 million claims made across the three Self-Employment Income Support Scheme grants.

HMRC launched a new coronavirus helpline in the space of 5 days during March 2020, and up to 22 January 2021 had handled more than 1.28 million calls across this helpline and others linked to specific support schemes.

Overall, call waiting times across our phone helplines have been longer than HMRC would like and we apologise for the inconvenience this causes to customers at busy times.

From October to December 2020, HMRC received 7.6 million calls and, on average, they were answered in 11:47 minutes, a similar time to the first

quarter of the financial year. But it was significantly longer than during the second quarter, when the average answer time was 8:55 minutes.

This reflects the high level of customer demand during the national and regional lockdowns in November and December, as well as HMRC continuing its need to divert resources towards the government's financial support schemes.

While this is clearly not as good as HMRC would like, the department is proud that it has kept its core services running throughout this time of crisis, alongside its vital COVID-19 financial support role, while expanding alternative ways to provide customer support.

HMRC has increased COVID-19 webchats as an alternative to phone calls, holding more than 441,000 webchats with customers up to 22 January – and running nearly 600 webinars on COVID-19 support topics, with more than 290,000 attendees.

At the same time, HMRC's digital services are giving customers most of the support they need, 24 hours a day, without having to contact the helplines, and since the pandemic began, many more customers have successfully used the department's online services to get the information they need.

HMRC continues to record high customer satisfaction with its digital services – 85.7% in October to December of last year, almost 3 percentage points higher than the best quarterly result in 2019 to 2020.

HMRC has also made it easier for more Self Assessment customers to apply online to spread their tax bill over up to 12 months. Since October 2020, we've already seen 46,700 Time to Pay plans set up online with a total value of £147.7 million.

The department also said that Self Assessment customers who cannot file their tax return by the 31 January deadline will not receive a late filing penalty as long as they file online by 28 February.

It has been a difficult 9 months, with HMRC working at stretch and speed, serving customers as best as it can and continuing to chase non-compliance. It has moved staff to support the coronavirus helpline and support schemes and recruited about 1,500 new temporary staff into customer service and compliance roles.

HMRC is continuing to deliver on its purpose and is focused on helping customers understand what they need to do to claim their entitlements, get their tax right, and find guidance and support if they need it.

Tax receipts and compliance

The economic impact of the COVID-19 pandemic is also having an inevitable effect on tax receipts, compliance yield and customer debt, all of which will take time to recover.

A consequence of taxpayers being able to defer payments is that debt is

abnormally high. HMRC is currently holding £65 billion of debt, around £45 billion more than this time last year – and it estimates the debt balance at the end of March 2021 will be between £54 billion and £70 billion.

By the end of December, HMRC had collected £394 billion in tax, compared to £457 billion at the same point in 2019.

The total compliance yield from April 2020 to December 2020 was £16.8 billion. By the same period in 2019, compliance yield was £26 billion, although this was skewed by a small number of very large, one-off successful litigations during 2019 to 2020.

In these unprecedented circumstances, HMRC is rightly prioritising support for customers in urgent need, taking a sympathetic approach to those struggling to pay their tax or file their returns.

HMRC always steps in on behalf of honest taxpayers to tackle the minority who don't play by the rules and is continuing to use its criminal and civil powers where it believes someone is trying to cheat the system.

HMRC is also working hard in rejecting or blocking thousands of fraudulent claims against COVID-19 support schemes, starting post-payment compliance work, helping customers to correct any mistakes made in applications but also identifying and tackling instances of fraud and abuse. Six arrests have already been made for suspected fraud against these schemes, with additional criminal investigations underway.

Looking ahead

In the final quarter of this financial year, and beyond, HMRC's immediate priorities remain to help customers cope with the economic impact of COVID-19, support them to pay tax on time, and protect the tax and payments system from fraudulent attacks.

HMRC's other urgent priority is to help businesses navigate the new rules following the biggest border change for more than 40 years, after the UK reached a Free Trade Agreement with the EU which came into force on 1 January 2021.

The deal provides much needed clarity on changes that will affect hundreds of thousands of businesses if they trade within the EU and HMRC is continuing to work on publishing information and communicating to help customers understand what the deal means for them.

HMRC recognises the immense pressure that many people are facing at this time and is doing everything it can to help its customers and teams.

HMRC's message is clear: if you can pay your taxes, you should do so – but if you're struggling, it will listen and do its best to support you. Anyone concerned about paying their tax is urged to contact HMRC as early as possible to discuss ways to help.

You can see further information in [HMRC's quarterly performance update](#).