

# Performance update: the halfway point

This has been a unique year for HM Revenue and Customs (HMRC), one where it has been at the heart of the government response to COVID-19, moving rapidly to become part of the UK's national resilience and pandemic response.

It has supported millions of businesses and individuals affected by COVID-19 and the measures taken to control the virus.

## **Support schemes**

Between April and September 2020, 1.2 million businesses applied for Coronavirus Job Retention Scheme (CJRS) payments to protect 9.6 million jobs, and 2.7 million self-employed individuals received £13.4 billion in grant payments.

Coronavirus Job Retention Scheme and the first and second Self-Employment Income Support Schemes (SEISS) closed last month, but as UK governments put in place new restrictions, financial support for affected businesses continues across the UK.

HMRC is committed to supporting businesses that have experienced a downturn in trade because of the pandemic through the extended Coronavirus Job Retention Scheme and the Self-Employment Income Support Scheme Grant Extension (SEISSGE), as well as through managing tax compliance and tax debts in a way that is sensitive to the needs of those businesses.

During the second quarter of the 2020 to 2021 financial year, the department continued to deliver new systems at pace. The Eat Out to Help Out scheme helped 84,700 individual restaurant premises claim £522 million to reimburse them for discounts given to people eating in their establishments between Mondays and Wednesdays in August.

## **HMRC's performance**

The department aims to maintain a consistently high level of customer service but it has been clear that since the start of the pandemic this wouldn't always be possible. Delivering at pace the level of support required on COVID-19 has inevitably meant resources that would normally be deployed on delivering tax services have been focused on these support schemes instead.

The second quarter's performance results show that, while many customers are using HMRC's online services to get the information they need, HMRC still received 7.3 million calls from customers to its helplines. On average, calls were answered in 8:55 minutes.

This is longer than the average of 6:39 minutes in 2019 to 2020; however, it is an improvement on the first quarter's average call response time. With the pandemic continuing and vital new services continuing to be delivered by HMRC, the department continues to ask customers to be patient and use the

online support wherever possible.

HMRC's digital services give customers most of the support they need, without having to contact the helplines. Customer satisfaction for digital services was 86.6% in the second quarter of 2020 to 2021, almost 4 percentage points higher than the best quarterly result in 2019 to 2020.

In the second quarter of 2020 to 2021, HMRC continued to deliver its business as usual work, including opening its new Regional Centre in Edinburgh and delivering the annual tax credits renewals programme – making sure millions of tax credits customers received their payments on time and without delay. This included the extra money announced by the UK government in light of the COVID-19 pandemic, meaning Working Tax Credit customers will receive up to £20 extra each week during this financial year.

HMRC is also seeing a sustained impact on compliance yield and debt levels from the pandemic. HMRC has published its up-to-date debt balance today and it shows an increase in the debt balance to £69.5 billion at September 2020.

The majority of the increased debt balance, £37.8 billion, is made up of VAT and Self Assessment payments on account that taxpayers were given the option of deferring. As a result of COVID-19, many customers' ability to pay their tax liabilities on time has reduced. The government therefore announced specific schemes for deferring payment of these debts, and HMRC also continues to offer significant support to customers who need more bespoke debt support through its tried and tested Time to Pay service.

There has been an increase in the number of customers setting up Time to Pay arrangements to help spread the cost of their tax liabilities. This can help viable businesses to manage their tax debts and weather the COVID-19-related economic downturn.

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

Self Assessment customers who need to spread payment of their tax bill in monthly instalments can 'self-serve' Time to Pay online, without needing to speak to HMRC's Debt Management Service, and in October the threshold for this service was increased from £10,000 to £30,000.

HMRC's priority is to do everything it can to support customers through this difficult time. But an inevitable consequence of economic downturn and taxpayers deferring payments is that tax receipts in 2020 to 2021 will be down on last year.

The department's compliance work has continued, including investigations into Coronavirus Job Retention Scheme, Self-Employment Income Support Scheme and Eat Out to Help Out error and fraud. Even before factoring in the impact of COVID-19, the forecast of compliance yield for 2020 to 2021 was lower than the year before, due in part to the number of very large cases the department

investigated in 2019 to 2020, which naturally fluctuate from year to year.

The impact of COVID-19 on customers, and on the department's deployment of its resources, will reduce tax compliance yield further.

## **A changing society**

HMRC's job is to collect the money that pays for the UK's public services and pay out the right financial support. In order to keep doing its job, the department needs to move in step with a changing society. [HMRC's Annual Report and Accounts](#) for 2019 to 2020 reveals that £636.7 billion was collected in tax revenue last year from around 45 million individual taxpayers and 5 million businesses. That's £100 billion more than just 5 years ago.

What is evident in the months ahead, is the need for HMRC to continue:

- supporting businesses and individuals through COVID-19 and beyond
- supporting businesses through the end of the EU exit transition period and helping them prepare for the biggest border change for more than 40 years
- encouraging customers to complete their Self Assessment tax return ahead of the 31 January 2021 deadline
- collecting tax debts from those who can afford to pay
- continuing to tackle serious fraud and criminal attacks on the tax system, while increasing wider compliance activity to make sure customers pay the right tax and receive the right payments

It is a careful balance between bringing in revenue for the UK's public services, maintaining a fair and level playing field for all and prioritising customer support to protect viable businesses.

You can see further information in our [quarterly performance data](#).

HMRC has today published [its updated Charter](#), which sets out its commitment to the highest standard of customer service.