

HMRC responses to inaccurate claims

HMRC does not do ‘sweetheart deals’ with anyone

Fact: HMRC does not do ‘sweetheart deals’. HMRC makes sure every taxpayer, no matter what their size, pays everything they owe.

Explained

HMRC collects the right amount of tax due under UK law. We make sure every taxpayer, no matter what their size, pays everything they owe.

There are no special deals or reduced rates – everyone has to pay what they owe whether you’re a multinational or someone in Self Assessment.

Last year (2020 to 2021, HMRC’s efforts saw the biggest businesses pay an extra £13.2 billion. This is money that would have gone unpaid without our intervention. Since 2010, we have brought in £94 billion of additional tax from large businesses that would otherwise have not reached our schools, hospitals and other vital public services.

When HMRC and a taxpayer dispute how much tax is due, there are only 2 ways to resolve this:

- 1) the business agrees to pay the tax, interest and penalties owed
- 2) the matter is taken to a tribunal or court

When a business agrees to pay the tax due, there is a legal process to be followed and it is the same for the smallest businesses and for global enterprises. The vast majority of disputes, large and small, are settled this way.

HMRC will never accept a lower payment than we could win in court. We will only accept the full amount of tax, interest and penalties owed.

If multinational corporations do not agree to settle a dispute with HMRC, we will take this to a tribunal, and we win most cases.

The National Audit Office (NAO), the UK’s Independent public spending watchdog, has full access to HMRC’s papers and has previously scrutinised the way that we resolve tax disputes in large and complex enquiries. In 2012, the NAO appointed a retired High Court Judge to examine our largest settlements and concluded that HMRC had obtained good settlements in all cases.

HMRC ensures all taxpayers pay what they owe

Fact: HMRC ensures all taxpayers – from the smallest business to the biggest multinational – pays the tax due under UK law.

Explained

At any given time HMRC has around half of the UK's 2,000 largest businesses under investigation. This compares with around one in ten small businesses.

This is because the largest companies often pose the biggest tax risks. We closely monitor the compliance of large companies with individual tax inspectors dedicated to scrutinising a single company. This resource-intensive approach is the most cost-effective way of ensuring they pay the right amount of tax.

Last year (2020 to 2021), HMRC's efforts saw the biggest businesses pay an extra £13.2 billion. This is money that would have gone unpaid without our intervention.

The UK tax gap for large businesses is among the lowest in the world, with the latest figures showing this customer segment pays over 97.5% of theoretical liabilities.

Most large business tax disputes are down to different legal interpretations around complex transactions. New rules mean businesses must tell us when their tax arrangements may be subject to legal challenge further strengthening our ability to ensure big businesses pay the tax they legally should.

HMRC has successfully tackled coronavirus help scheme fraud and error

Fact: Robust measures were put in place to control error and fraud in the key coronavirus support schemes. The controls put in place delivered results.

Explained

Throughout this crisis, the government has acted to protect people's jobs and livelihoods while supporting businesses and public services across the UK. The Coronavirus Job Retention Scheme helped to pay the wages of people in 11.7 million jobs and 2.9 million self-employed workers have received a Self-Employment Income Support Scheme grant.

From the beginning it was clear the schemes would be targets for fraud and that customers would make mistakes. HMRC was clear on this from the outset, with Permanent Secretary Jim Harra warning MPs of this in 2020. HMRC's current estimate for the amount lost to fraud and error in the schemes during 2020 to 2021 is 8.7% in Coronavirus Job Retention Scheme, 2.5% in Self-Employment Income Support Scheme phases 1 to 3, and 8.5% in the Eat Out to Help Out scheme. This equates to £5.8 billion, against a spend of £81.2 billion, and is in line with the original planning assumptions that informed the design of the schemes.

We designed the schemes to prevent as much fraud as possible before any

payments were made, while still quickly supporting those who needed it. We designed the schemes to protect public money by:

- as far as possible, only making grants for employees and businesses using data held on HMRC systems
- preventing ineligible claims from being made and blocking suspicious claims from payment
- using HMRC's extensive knowledge to make an informed assumption of the error and fraud risk
- investing in post-payment compliance to identify and recover overpayments

By building automated controls into the digital claim process, we prevented more than 100,000 ineligible or mistaken claims, and by carrying our pre-payment checks based on our risk and intelligence profiles, we blocked more than 29,000 claims and registrations in 2020 to 2021. This has effectively countered the threat from organised crime – just 0.3% of the Coronavirus Job Retention Scheme grants paid were estimated to be lost to organised criminals.

HMRC invested in improvements to our online services to make it easier for customers to get it right. Customers returned over £650 million in grants they no longer required and made repayments of more than £350 million to correct mistakes without HMRC intervention, largely through our online disclosure facility.

Work to recover fraud and error began almost as soon as the schemes launched. We recovered £500 million of overpayments in 2020 to 2021. The government then invested £100 million in a Taxpayer Protection Taskforce of 1,265 HMRC staff to combat fraud in the schemes. We expect the taskforce to recover £800 million to £1 billion between 2021 and 2023.

HMRC customer service has not been impacted by staff working from home

FACT: HMRC's staff members have been working effectively from home since the pandemic began in March 2020 and we are continuing to work hard to support our customers. In fact, in the first half of 2021 to 2022, our customer service has not only improved, but we have also reduced the average time taken to answer calls by more than 4 minutes.

Explained

Over the course of the pandemic, we made choices about the work we prioritised in order to protect our essential services and the livelihoods of our customer groups who need it the most. We prioritised the coronavirus support schemes, the UK's smooth transition from the European Union and the essential services that keep the tax system running.

Working from home has not been a factor – HMRC colleagues have been working

effectively wherever they are throughout the pandemic.

We are in a year of recovery and are making solid progress. We stabilised our overall phone service and are now working through the stocks of post that built up over the past year. We have been able to move more people back to our core tax activities now the coronavirus schemes have ended. Through the measures we are putting in place, and the hard work of our teams, we are on track to be delivering normal (pre-pandemic) performance on our core service lines by April this year (2022).

Making Tax Digital reduces errors and does not add costs or admin burden to businesses

Fact: Making Tax Digital will reduce customer errors and make it easier for businesses to get their tax right. Business will not need to provide information to HMRC more regularly than they do now, nor will they be asked to send any additional information.

Explained

Keeping paper records and submitting VAT returns manually results in more errors. A YouGov poll found 61% of businesses said they had lost receipts. Making Tax Digital will help businesses cut out mistakes by offering a more integrated approach to business administration and tax.

Mistakes mean people trying to do the right thing end up not paying the right tax and face a HMRC inquiry. Last year (2020 to 2021) people failing to take reasonable care cost the public purse £6.7 billion, and mistakes cost £3.7 billion. Making Tax Digital is key to making it easier for individuals and businesses to get their tax right.

An [independent evaluation of Making Tax Digital in March 2020](#) found businesses subscribed to Making Tax Digital for VAT with fully integrated accounting and tax software spent less time on tax.

As of December 2021, nearly 1.6 million taxpayers had joined Making Tax Digital for VAT with more than 11 million returns successfully submitted.

There is Making Tax Digital-compatible software available for no or low cost for most businesses. Costs will differ from business to business, influenced by their size, complexity, and their degree of digital capability, but most will be able to claim any costs for hardware and software against their tax.

Businesses can use existing spreadsheets or bridging software under Making Tax Digital. Businesses can use spreadsheets to maintain digital records and perform tax calculations as long as they combine with bridging software so their VAT return data can be sent to HMRC from the spreadsheet. However, using dedicated Making Tax Digital software will ensure users get the maximum benefits from Making Tax Digital.

Some users who have transitioned to Making Tax Digital have [shared their experiences](#) to help other businesses with the Making Tax Digital changes.

Alternatively, you can [find more tailored advice for each section of Making Tax Digital](#) and how it will help you.

FACT: Sometimes, HMRC contacts its customers via phone, text and email but we encourage customers to Stop, Challenge, and Protect to ensure that they do not fall victim to scams that impersonate government messages.

Explained

In order to reduce the number of people falling victim to scams such as these, we have issued advice that encourages our customers to Stop, Challenge, and Protect.

Stop:

- take a moment to think before parting with your money or information
- if a phone call, text, or email is unexpected, don't give out private information or reply, and don't download attachments or click on links before [checking on GOV.UK that the contact is genuine](#)
- do not trust caller ID on phones – numbers can be spoofed

Challenge:

Protect:

Criminals use phone calls texts and emails to try and dupe citizens, often mimicking government messages to make them appear authentic. Typical scams include:

- phone calls threatening arrest if people don't immediately pay fictitious tax owed
- phone calls claiming that the victim's national insurance number has been used fraudulently
- emails or texts offering suspicious tax rebates or bogus coronavirus grants or support

HMRC will never contact you to ask you to urgently transfer money or give personal information, nor will we ever ring you out of the blue threatened your arrest. Only criminals do that and instances of phone calls, texts, or emails like that should set alarm bells ringing.

This is why our key message is to ask customers to take their time, remain vigilant, and to use our Stop, Challenge, and Protect advice.

Inspection Report Published: An inspection of ePassport gates

I welcome the publication of this report, which explores the efficiency and effectiveness of the Home Office ePassport gate operation. This inspection examined the identification of vulnerable passengers at the gates, resourcing, training, the use of data in the operation of the gates, and the impact of the extension of use to B5JSSK nationals.

Border Force has upgraded the gates' operating platform to enable it to connect to Border Crossing, its new watchlist system. A National Audit Office report in December 2020 highlighted issues with the rollout of Border Crossing and noted the risk of disruption at the border should it be unavailable. There have been several outages of the system in the seven months since this report was sent to the Home Secretary and I hope that the root causes have been identified and resolved.

The pressure to process increasing numbers of passengers more quickly means Border Force must balance the risk to the immigration control while delivering its duty to identify and safeguard vulnerable passengers. Training for Border Force staff on how to perform their roles at the gates is limited. Implementation of the recommendations from Border Force's own review of the role designed to identify vulnerable passengers at the gates (roving officers), and the other roles carried out at the gates, was delayed and the opportunity was missed to introduce the recommendations during the period of lower passenger volumes due to the COVID-19 pandemic.

I made 15 recommendations in this report. I am pleased that the Home Office has accepted or partially accepted 14 of them. I am encouraged to hear that work is already under way to tackle the issues raised and that several recommendations have already been implemented.

The COVID-19 pandemic required Border Force to manage the health measures at the border, which were often introduced at short notice. Border Force has a difficult job to ensure the wellbeing of its staff while maintaining the integrity of the immigration control. I am pleased to note that changes to border systems to automate some health measure border checks at the ePassport gates have been implemented since this inspection was completed.

In common with the EUSS report, I am particularly disappointed that, whilst this report was sent to the Home Secretary in June of last year, it has not been published until today. My predecessor highlighted how this delay challenged his independence and I am similarly concerned, and it is a matter that stakeholders raise with me frequently. In her Windrush Lessons Learned Review, at Recommendation 10, Wendy Williams recommends that the government should review the remit and role of the ICIBI, to include consideration of giving the ICIBI more powers with regard to publishing reports. I look forward to this review.

Inspection Report Published: A short inspection of Border Force queue management at Birmingham Airport based upon onsite observations

News story

The report makes 3 recommendations which focus on adequate and effective Border Force staff coverage across key functions.



Publishing the report, David Neal said:

I chose Birmingham Airport as a smaller airport to inspect and, although flights were running at reduced capacity due to COVID-19, it had a sufficient number of international flight arrivals at the time of the inspection.

Queues at passport control at UK airports have been the subject of media focus this year and I wanted to observe queue management and measurement processes.

Whilst inspectors observed no issue with queue lengths or breaches of the service performance standard, and the flow of passengers through Birmingham Airport was generally good, there was an absence of a clear and consistent approach to queue measurement, which is integral to effective queue monitoring and workforce planning.

Although the inspection scope did not include customs activity, inspectors identified that Border Force staff had been re-deployed from the customs channel to passport

control to avoid queue build-ups. I am pleased that Border Force is reviewing existing staffing levels to ensure sufficient coverage in both customs and immigration areas according to identified risks. Nevertheless, I am concerned, and I think the public should be concerned, if checks in the customs channels are routinely sacrificed for targets in queues. I will continue to monitor this area to ensure that resources are deployed in an effective and efficient manner.

I made three recommendations which focused on adequate and effective Border Force staff coverage across key functions, including the roving officer role, and a consistent approach to queue measurement.

I am pleased that the Home Office accepted two of these recommendations in full, and partially accepted one. I am encouraged that Border Force has already started work to standardise queue measurement methodology and that national queue standards and procedures are undergoing a fuller review.

David Neal Independent Chief Inspector of Borders and Immigration

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Deputy Head of Estates awarded the British Empire Medal

News story

The Deputy Head of Estates at RFCA for Wales has been awarded the British Empire medal (BEM) on the New Year's Honours list.



BEM awarded to RFCA employee. Copyright: RFCA for Wales.

Mrs Catherine Spiller, of Newport, has been given the honour for services to the Reserves and Cadets Forces and the community in Monmouth.

Mrs Spiller, 53, joined RFCA for Wales on leaving school nearly 40 years ago.

She said,

RFCA has come a long way since I joined when I was 16 as the office junior. I am so glad that it was later decided that girls could wear trousers instead of skirt and blouse and the silver tray was no longer required to carry the tea!

Over nearly 4 decades, she has risen to her present position and has stepped in numerous times to deliver change over the past 15 years when there was no department head.

Mrs Spiller says she enjoys her work and has lost none of her enthusiasm over the years.

During the first lockdown, she worked to improve the Army Reserve and Cadet Training Centre accommodation for use by the servicemen and women who were aiding during the pandemic – all from her dining room table.

However, she was keen to play down her role, saying:

It was a bit of a strange time as it was for everybody across the country. I just had to get on with it really.

Despite her exemplary work, Mrs Spiller was shocked to hear she was receiving the BEM, saying,

I was surprised to be honest, but I'm delighted. It's such an honour and I am very proud to receive it.

Chief Executive of RFCA for Wales, Colonel Dominic Morgan OBE said,

Huge congratulations to Cath on her award. It's a richly deserved recognition of her many years of service to the Reserves and Cadet Forces in Wales. Well done from everyone at RFCA for Wales!

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[Environment Agency Completes Emergency Flood Works in Cockermouth](#)

Press release

Emergency flood works in Cockermouth are now complete



- Works have involved strengthening a 50m section of river side retaining wall.
- The Environment Agency are now planning for a permanent repair.

Emergency works on a river side retaining wall in Cockermouth have been completed, strengthening the existing flood defences during winter.

Following the wet weather on the 28th October 2021 and subsequent high-water levels on the River Cocker, approximately 50m of river side retaining wall fell into the river, leaving the foundations of the existing flood defence walls exposed. This did not increase flood risk to the community but left the defence susceptible to damage in future wet weather events.

Emergency works were carried out by Environment Agency contractors and involved the use of a crane to place stone bags in the river in front of the flood wall. This helps to prevent erosion and undermining of the wall during future high flows, ahead of any permanent works in future. A temporary flood

defence has also been installed in the old police station yard.

Environment Agency's Matt Crump, Operations Manager for Cumbria said:

"Wet weather on the 28th October last year gave us significant rainfall in a short period of time and our thoughts remain with those who may be still affected.

"After the flood water subsided, we inspected all of our assets and flood defences and quickly put plans in place to repair any damages. I am delighted to see that the initial works in Cockermouth have now been completed. This was a significant repair which has allowed us to strengthen the town's flood defences while we explore more permanent solutions."

"With winter upon us, I would also like to take the opportunity to highlight how vital it is that everyone knows how flooding can affect them and how to keep loved ones, property and possession safe. Go to the [Gov.uk](https://www.gov.uk) website or search 'know my flood risk' to sign up for Environment Agency flood warnings, receive information on the risk in your area and what to do in a flood."

To keep up to date with Environment Agency's work in the North West follow us on our Twitter account [@EnvAgencyNW](https://twitter.com/EnvAgencyNW)

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