

The Rt Hon Jeremy Hunt MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

1 March 2023

Dear Chancellor,

Open letter on HMRC service levels ahead of the Spring Budget 2023

We collectively represent hundreds of thousands of professional accountants who provide essential support for businesses across the UK, from small and microbusinesses to multinationals.

The Budget on 15th March presents a daunting challenge of delivering economic growth, controlling inflation, transforming to a net zero economy, and fixing the public finances. However, the success of these objectives relies on having in place a functional, fair and efficient tax service.

In your Autumn Statement you rightly said that “a strong economy depends on strong public services”. This is nowhere more evident than in the services provided by HM Revenue and Customs, but despite its critical role in funding the public sector, customer service levels delivered by HMRC have fallen to an unacceptably low level. This has significant ramifications for taxpayers, business owners and their agents who are trying to comply with their tax obligations but need to be able to interact with the tax authority in a timely and efficient way.

The Public Accounts Committee claimed earlier this year that £42 billion in taxes have not been collected – more than double the amount pre-pandemic and the equivalent of paying the annual wages of three quarters of staff in the NHS. While there are many factors causing this, it would appear that a major underlying problem is insufficient resourcing and underinvestment in HMRC’s systems.

As the Committee noted, HMRC customer service staff numbers have been cut by 24 per cent in the past five years and there have been instances recorded where HMRC have “simply closed its telephone line when it could not cope with demand”. At a time of economic hardship, this not only affects the amount we can spend on public services, but it also severely restricts economic growth.

We increasingly hear from our members about the severe delays, business disruption and frustration that has become a regular occurrence when dealing with HMRC. Businesses claiming repayments and reliefs are frequently waiting upwards of six months, straining cashflow. Time spent waiting on phone lines and sending chasing letters creates additional compliance costs that our members typically bear rather than pass on to their frustrated clients, but it is also an added cost for HMRC and ultimately, taxpayers.

As professional membership bodies, we recognise the role we too must play in raising the standards of the profession. More than £9 billion of the tax gap is comprised of taxpayer

error or failure to take reasonable care, and a third of tax agents do not belong to professional bodies. Responsible businesses should always ensure that their accountants and tax agents are members of a professional body which has strong codes of ethics and practice.

The Budget presents you with an opportunity to properly invest in HMRC, with a focus on improving customer service and effectiveness, so it can help both improve public sector finances and boost productivity in the UK as a whole. We urge you to consider this as a top priority in your forthcoming statement.

Yours sincerely,



Sarah Beale, Chief Executive Officer
Association of Accounting Technicians



Helen Whiteman, Chief Executive
Chartered Institute of Taxation



Abdul Goffar, Director
Association of Chartered Certified
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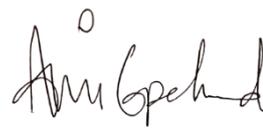
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