



14 January 2021

Mr Jim Harra
First Permanent Secretary and Chief Executive
HMRC
100 Parliament Street
London
SW1A 2BQ

Dear Jim

COVID-19 AND SELF ASSESSMENT PENALTIES

Thank you for your letter of 18 December 2020 to ICAEW's Tax Faculty, in response to our request of 10 November 2020 that HMRC consider an automatic one-month waiver of late filing penalties for self-assessment tax returns due on 31 January 2021.

Your reassurances on reasonable excuse are welcome and we understand that your colleagues are working on ways to simplify the process of making appeals against these penalty notices, particularly for agents.

You undertook to keep the matter of an automatic waiver of penalties under review. Since the start of the year, we have been contacted by many more members expressing concern about the latest COVID-19 restrictions and the impact on them personally and on their firms. Since you wrote, the closure of schools, more staff absence due to sickness and self-isolation, clients requiring assistance with CJRS claims for newly furloughed employees and continuing postal delays have significantly increased the resource constraints on those who at this time of year would be working hard to complete the filing of tax returns by the 31 January deadline.

Another concern highlighted by members is that HMRC's helplines continue to operate with restricted opening hours, and that agents' priority access has still to be restored. We appreciate the staffing pressures HMRC is under, but members are finding it much harder to contact HMRC to resolve tax return related queries and we are hearing reports of members waiting for over half an hour to get through to HMRC. The self assessment deadline falls on a Sunday and it would be helpful if HMRC could restore weekend opening, at least for the last two weekends of January.

We have supported HMRC's decision to leave the filing deadline unchanged and members will continue to make every effort to file as many returns as possible by the deadline for the reasons set out previously. However, to relieve the mounting pressure on tax agents and their clients, we believe that HMRC should announce an automatic waiver of late filing penalties as soon as possible. In our earlier letter, we requested a one-month waiver although, in view of the deteriorating situation, our preferred option would now be two-month waiver.

While we understand that filing rates have been holding up, that is likely to reflect the work done by agents in the final quarter of 2020 rather than current pressures.

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Given the change in circumstances with which we are all now faced, please will you reconsider HMRC's position on an automatic waiver of penalties and the capacity to extend the helpline opening hours?

Yours sincerely

A handwritten signature in black ink that reads "Michael". The signature is written in a cursive style with a prominent dot over the 'i'.

Michael D M Izza
Chief Executive