

Mr Jim Harra
First Permanent Secretary and Chief Executive
HM Revenue and Customs
100 Parliament Street
London
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19 November 2020

Dear Mr Harra

Self-Assessment waiving of penalties

Over the recent months, the IFA has been contacted by members in practice, expressing concerns about their workload as the self- assessment (SA) filing deadline approaches.

Our members have and continue to be very much on the front-line, fulfilling that important role of Trusted Business Adviser to their clients by providing them with much needed advice and direction at such a difficult time.

This year, the workload of tax agents and their clients has significantly increased since many of our members are assisting their clients with CJRS and SEISS claims, business advice related to the pandemic and most recently preparations for the UK exit from the EU.

While tax agents are encouraging clients to provide data as soon as possible to meet the 31 January 2021 deadline, tax agents are working long hours due to the additional work that is involved in supporting their clients in unprecedented circumstances , particularly in relation to COVID-19 financial support arrangements and EU exit preparations. Tax agents are also involved in book-keeping and financial statement preparations, advising on going concern matters, IR 35 changes impacting in April 2021 as well as significant changes in the treatment of VAT for the construction industry

Our members work in micro and small entities and therefore have limited capacity to absorb the additional workload that has arisen from the pandemic and the EU exit preparations. A number of our members have expressed concerns about the long hours that they have been working and this impact on their well-being and that of their families. Given that future lockdowns are likely, our members' workload is not likely to go down in the immediate future.

While HMRC has indicated the pandemic might constitute a reasonable excuse for late filing, we are also aware that reliance on a tax agent does not constitute a reasonable excuse. Therefore, situations may arise where the tax agent due to ill-health, staff absence or excessive workload and client delays of provision of information, may result in the self-assessment deadline being missed, resulting in penalties being raised by HMRC.



In summary, tax agents and accountants have been crucial to helping clients with their CJRS and SEISS claims helping to save businesses and jobs as well as conducting their business as usual activities including book-keeping, accounts preparation, business and tax advice.

While we are not seeking that our role should be recognised per se (although this would be nice gesture by HMRC), the IFA would like HMRC to consider waiving penalties for up to three months for delays in filing self-assessment returns due now until 30 June 2021. The waiver should be automatic in order to avoid the need for formal appeals that would put additional pressure on taxpayers, agents, HMRC and, in due course, the Tribunals.

We look forward to hearing from you and happy to discuss further.

Yours sincerely

John Edwards

Chief Executive Officer