

Jim Harra  
First Permanent Secretary and Chief Executive  
HM Revenue & Customs  
100 Parliament Street  
LONDON  
SW1A 2BQ

15 December 2020

Dear Mr Harra,

***Concern over tax compliance and filing deadlines***

I am writing to you on behalf of our 90,000 members in the UK to bring to light concerns relating to the approaching self-assessment filing deadline. Members have highlighted that difficulties with remote working, increased time dealing with other compliance issues and reduced client capacity due to furlough and job losses has resulted in an increased number of clients likely to miss the filing deadline. For this reason, ACCA is calling for a delay on the application of late filing penalties, within an extended period up to the start of the next financial year on 6 April 2020.

Feedback suggested that businesses are struggling to juggle urgent business continuity and compliance challenges, including Brexit readiness preparation, staffing pressures, childcare and carer responsibilities and difficulties accessing the information due to working remotely under lockdown measures. Additionally, many highlighted that the filing deadline coincides with the end of the Coronavirus Business Interruption Loan Scheme at which time many businesses will face heightened concerns over their financial outlook.

To better understand the scale of the problem, ACCA undertook a wider survey of our practitioner network to examine the scale of compliance difficulties and the underlying causes. Representing almost 14,000 clients, the results found that around 22.2% of clients were expected to miss the filing deadline. Extrapolated across the 11.7m self-employed individuals required to file in 2020 this could mean around 2.5m entrepreneurs facing penalties in the new year.

When asked about the factors causing delays, members said around 44% of clients were facing difficulties working remotely and overwhelmingly, 52% did not have the necessary resource to complete assessments due to dealing with other business issues.

Further, we believe the compounding issues are having a direct impact on client and accountant wellbeing, with members citing increased stress, exacerbated physical and mental health troubles as a direct contributor to delays, with many accountants working extremely unsociable hours as standard. ACCA's own SME Tracker Research throughout 2020 found that 74% of

clients report feeling more stressed or anxious than usual and around a quarter are having trouble sleeping and facing worsened mental health conditions.

By waiving penalties for the extension period, HMRC can increase compliance while reducing the risk of a delayed wave of non-compliance caused by simply introducing a later deadline. ACCA believes that HMRC commitments to honour 'reasonable excuse' claims cannot provide the requisite assurances to self-employed employed individuals. A commitment to provide flexibility across the board would give those most at risk the necessary flexibility to submit accurate assessments.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Glenn Collins', with a long horizontal flourish underneath.

Glenn Collins

Head of Policy & Technical Advisory  
ACCA UK