

# The Tax Administration Framework Review - new ways to tackle non-compliance

A public consultation issued by HM Revenue & Customs (HMRC)

Comments from ACCA to HMRC

TECH-CDR-2187

22 January 2025

## About ACCA:

We are ACCA (the Association of Chartered Certified Accountants) , a globally recognised professional accountancy body providing qualifications and advancing standards in accountancy worldwide.

Founded in 1904 to widen access to the accountancy profession, we've long championed inclusion and today proudly support a diverse community of over **252,500 members** and **526,000 future members** in 180 countries.

Our forward-looking qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgment to create, protect, and report the sustainable value delivered by organisations and economies.

Guided by our purpose and values, our vision is to develop the accountancy profession the world needs. Partnering with policymakers, standard setters, the donor community, educators, and other accountancy bodies, we're strengthening and building a profession that drives a sustainable future for all.

Find out more at: [www.accaglobal.com](http://www.accaglobal.com)

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## GENERAL COMMENTS

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ACCA welcomes the opportunity to respond to HMRC's *Tax Administration Framework Review - new ways to tackle non-compliance*. It follows our earlier comments on the *Tax Administration Framework Review - enquiry and assessment powers, penalties, safeguards*.<sup>1</sup> In that document, ACCA highlighted the benefits of greater harmonisation, including across tax relief claims and enquiry periods. We continue to emphasise how an effective tax system is built on its simplicity, certainty, and stability. Regarding this consultation, the focus is on improving the approach to correcting taxpayer inaccuracies. HMRC seeks feedback on enhanced information requirements, new self-correction and partial enquiry powers, along with alignment of Revenue Correction Notices.

As trusted advisors to business, our members are well-placed to comment on the proposals' efficacy. With HMRC's service standards a longstanding area of frustration, our members agree with the proposals as drafted—especially if they reduce delays, align disparate processes, and enhance dialogue between HMRC, professional agents and taxpayers themselves. However, support is contingent upon addressing the following elements:

- 1. Long-term investment key to Implementation:** The proposed powers highlight the need for long-term investment in HMRC. There is currently little confidence in HMRC service levels—to the point where 89% of ACCA accountants say they hinder their ability to support clients.<sup>2</sup> According to the Association of Revenue and Customs, investment totalling £910m is needed to ensure the department's adequately resourced.<sup>3</sup> As it stands, UK businesses are losing an estimated £1.1bn in time costs.<sup>4</sup>
- 2. Powers and procedures built with taxpayers in mind:** If taxpayers select an agent to act on their behalf, then the agent should the receive the same information. Therefore, ACCA highlights an opportunity to improve dialogue between HMRC and authorised agents. It can also bring about greater alignment with the relevant HMRC Charter standard.
- 3. Further work on cost impacts:** ACCA believes costs impact interactions, including with fee protection and professional indemnity insurance, require further investigation. We would be happy to help HMRC on this area of work.

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<sup>1</sup> Refer ACCA's response to 'HMRC calls for evidence on the Tax Administration Framework Review' (May 2024), available [here](#).

<sup>2</sup> ACCA response to HM Treasury, 'Autumn Budget 2024 and Spending Review,' available [here](#).

<sup>3</sup> The Association of Revenue and Customs, 'Funding the Nation: Optimising HMRC' (2023), available [here](#).

<sup>4</sup> Ibid.

4. **Established safeguards:** ACCA believes eventual decisions (on any of the options) should rest on clearly understanding their application and scope. ACCA looks forward to work on actions (either individually or in combination) that address the risk of potential implementation creep. Equally important is analysis on when such actions might apply.

ACCA welcomes HMRC's efforts to simplify an unwieldy part of the UK's tax framework. To that end, ACCA looks forward to providing input to the consultation's next phase. From a strategic perspective, we commend the compliance work underway to protect the Exchequer, HMRC, and taxpayers. In the same way, ACCA recognises efforts to incorporate the HMRC Charter standards.<sup>5</sup> These standards, of course, are the foundation stones to cultivating public trust in the tax system.

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<sup>5</sup> See the 'The HMRC Charter,' last updated 30 July 2024, available [here](#).

**1. What are your views on introducing additional information requirements to other claims for tax reliefs and allowances?**

ACCA agrees with the rationale for introducing added requirements (especially if leading to the benefits stated in the consultation document). However, as we have consistently highlighted, HMRC's service standards must rise exponentially.

**2. Are there cases where this approach would be particularly helpful for customers?**

ACCA believes the approach would help in areas where there is significant risk or where significant claims are involved. Examples include certain types of capital or R&D claims. This could reduce cost and undue delays, as taxpayers and agents could extract this while claims are being prepared (rather than providing information later). In these cases, ACCA believes information should be transmitted digitally and in a standard format. With proper safeguards on the request of further information the cost burden could be minimised.

**3. How could any additional administrative costs be kept to a minimum?**

Besides balancing the costs and benefits, HMRC should utilise the capabilities of professionally regulated agents.<sup>6</sup> A simple change is limiting certain areas of tax to regulated agents. This would reduce the overall level of fraud and error in tax submissions. Other examples include restricting claims and altering key information (such as tax codes) to regulated agents or areas such as altering information such as tax codes.

**4. What are your views on aligning the conditions for when HMRC can make corrections, so that they are the same across relevant regimes?**

ACCA favours (where possible) consistency across tax relief claims and enquiry periods.<sup>7</sup> Besides added simplicity, the upsides include fostering dialogue between HMRC, agents and taxpayers. Nevertheless, our members do have concerns.

**5. What are your views on aligning the ways that revenue correction notices can be rejected, so that they are the same across relevant regimes?**

This is a practical measure, and one ACCA sees value in.

**6. What are your views on introducing a mandatory requirement for taxpayers to provide evidence to support a rejection of a revenue correction notice?**

Earlier up-front information can reduce the potential for confusion and lead to faster resolution. On the basis HMRC has its own obligations, we recognise the potential benefits.

**7. Do you think this requirement should extend to HMRC explaining why a correction was made and what evidence is required?**

Speaking to our members about RCNs, 'vague' and 'generic' are characterisations we hear often. That also applies to notices that do not explain what the correction is for. The byproduct is creating

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<sup>6</sup> ACCA response to 'HMRC calls for evidence on the Tax Administration Framework Review' (May 2024).

<sup>7</sup> Ibid.

uncertainty for both the taxpayer and agent. For that reason, ACCA endorses the requirement applying to HMRC.

**8. What other ways could the revenue correction process be improved?**

Where it provides benefit to the exchequer, taxpayers and agents, ACCA supports the proposal to include increased up-front information. We also support HMRC's intent to improve direct dialogue with stakeholders.

**9. What are your views on introducing a partial enquiry power to allow an enquiry into a specific issue?**

A full enquiry is a costly and time-consuming process for all parties. From speaking to members, ACCA has heard that it is common for R&D enquiries to take over two years. The disruption can bring about significant financial strain for SMEs (particularly those in innovative fields). Therefore, ACCA sees potential in a new partial enquiry power, alongside joint obligations, and embedded time frames. We see the potential to ease faster resolution of issues.

For the consultation's next phase, ACCA notes that HMRC will explore implementation options. Yet even at this early stage, the practicalities of adoption loom large. In ACCA's Budget 2024 representation, we included results from a survey where we asked members about service standards at HMRC. In that survey, 89% of respondents cited delays at HMRC (among other issues) as negatively affecting productivity.<sup>8</sup> As a result, ACCA would like increases to HMRC's workload backed by extra investment.

We also have questions around scope, namely what specific areas will it address? Our members also note difficulties that could arise in developing a consistent approach. Those include integrating multifaceted areas, such as R&D, alongside funding that bolsters HMRC's capabilities.

**10. In which circumstances do you think such a power might be deployed, and what would you see as appropriate taxpayer safeguards?**

As highlighted in response to Question 7, key influences include the practicality of implementation in addition to HMRC resourcing. If limited to a specific issue, does the door remain open for a full enquiry? Taxpayer safeguards (such as appeals process and response time frames) should be enshrined in law.

**11. What limitations do you think should be attached to the use of this power and why?**

ACCA believes final decisions should rest on clearly understanding the power's application and scope. Greater investment in guidance essential and guidance issued must reflect current case law. Improving adherence to established timelines is also critical — members continue to highlight

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<sup>8</sup> ACCA response to HM Treasury, 'Autumn Budget 2024 and Spending Review.'

cases where HMRC lost information or alternatively, where changes in staffing resulted in a different approach to resolution.

**12. What are your views on how this power could be used? Where do you think this power could be applied most and least effectively?**

The proposed power does address the theoretical gap and offers a beneficial alternative to conducting a full inquiry. However, we have concerns about the potential lack of safeguards, which could increase unwarranted investigations. Those include information requests without justification, or where information was provided but not reviewed.

Additionally, a significant rise in the workload could affect taxpayers, agents and HMRC staff. We would be concerned if this were perceived as a cost-effective solution—if at the expense of necessary investment in staffing.

**13. What are your views on the merits and challenges of requiring taxpayers to respond to the new notice and correct their own return?**

While ACCA broadly supports the proposal, we reiterate concerns with HMRC resourcing and putting the right foundations in place.

**14. What are your views on reasonable timeframes for a taxpayer to respond to a taxpayer correction notice and, subsequently, for HMRC to confirm its position?**

The timing must consider upcoming quarterly tax reporting and submission deadlines. There are a broad range of benefits associated with a prompt turnaround, including for the Exchequer, HMRC, taxpayers, and agents. We propose the timeline is contingent on the communication method. Indeed, ACCA is aware of instances where HMRC correspondence is received after the commencement of existing notice periods. ACCA's position is that time frames should remain consistent—for taxpayers, agents, and HMRC.

**15. In addition to the above, what else might HMRC need to take into consideration when designing obligations?**

It is important that specific obligations fit within the wider regulatory framework. For instance, ACCA has concerns with introducing MTD for Income Tax Self-Assessment in 2026.<sup>9</sup> We believe the quarterly reporting requirement will have knock-on cost implications for small businesses—particularly for those in seasonal industries. Our members would like to see more guidance on the self-assessment power, including its parameters and connection to a partial enquiry. Establishing clarity of scope is key to avoiding mission creep.

**16. What are your views on any potential impacts, costs or burdens of introducing this approach?**

ACCA believes decisions must stem from knowledge of the associated costs and benefits. We view those associated with training, infrastructure, technology, and implementation as likely to be

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<sup>9</sup> See ACCA response to HM Treasury, 'Autumn Budget 2024 and Spending Review.'

considerable. Detailed cost benefit analysis can also support additional investment (including whether offering appropriate ROI).

### **Questions 17 & 18**

**17. What do you think would be an appropriate consequence for non-compliance with a notice, and what factors should HMRC take into consideration?**

**18. What incentives could HMRC provide to encourage the taxpayer to comply with a notice in the specified timeframe?**

ACCA would welcome a reasonable excuse mechanism based on existing models. Additionally, requirements for non-compliance must be integrated into the revised penalty regime. This is essential to consistency and avoiding the establishment of a disparate regime. Regarding HMRC incentives to encourage taxpayer compliance, clearly communicated time limits will provide certainty.

**19. What are your views on the potential benefits and risks to this approach: for taxpayers, agents and HMRC?**

ACCA broadly supports HMRC's proposals covering incentives and sanctions. However, we reiterate the importance of building the necessary framework. For ACCA, implementation rests on long-term investment in HMRC. The same applies to the underlying powers, procedures, and cost benefits of those. In a similar vein, ACCA sees an opportunity to elevate the role of agents when dealing on a taxpayer's behalf.

ACCA members would like to see more guidance on the self-assessment power, including its parameters and connection to a partial enquiry. We would also like detail on potential safeguards, such as their application to different scenarios.

**20. What do you believe would be appropriate and proportionate taxpayer safeguards?**

ACCA believes that taxpayer safeguards, such as appeals processes and response time frames, should be enshrined in law.