



COVID-19 SUPPORT FOR BUSINESS RISHI GAVE THE POWERS TO THE TAXMAN TO GIVE AND NOW THE TAXMAN HAS BEEN GIVEN POWERS TO TAKETH AWAY

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As the Coronavirus pandemic took hold in the UK and the government-imposed lockdown the response from the Chancellor and the Treasury was quickly put into place, with a swathe of measures designed to assist businesses crippled by an abrupt disruption to their day-to-day activities.

Legislation and systems were quickly implemented to assist the delivery of the various aid packages available. With such a restricted time frame it was not possible to apply efficient checking systems to validate the claims being made.

The main two aid packages were the Coronavirus Job Retention Scheme (CJRS) and the Self-Employed Income Support Scheme (SEISS).

HMRC have not been slow to realise that the temptation of free handouts would be seen by some as an opportunity to get their hands on some free cash, perhaps even when they were not entitled to the handouts.

It comes as no surprise that HMRC now say that they will be cracking down on incorrect and fraudulent claims. This is no empty threat from HMRC where the majority of their stripped back workforce are now engaged in anti tax-avoidance activities. Information Technology is a major tool in the Taxman's avoidance tracking arsenal, it has a "super-sleuth" IT programme to easily identify discrepancies, comparing nationwide data in the blink of an eye. It is also not beyond the Taxman to check through social media postings and the like to catch out boastful miscreants.

Previous legislation gave claimants of CJRS and SEISS 30 days to rectify errors and notify HMRC. This has now been extended 90 days to identify and report errors to HMRC

Now that we are slowly returning to some form of normality, this is an opportunity for all claimants of CJRS and SEISS to check the claims they have made. The fact that you received money from these schemes is no guarantee that HMRC agree that the claims were made correctly. There was no time for checking procedures to be put in place as this would have seriously hampered the delivery process.

Whilst the implementation of the CJRS and SEISS schemes was rushed through, they did come with strict eligibility rules. HMRC will now be testing claims for validity.

There is no question that the taxman's anti tax-avoidance systems are sophisticated; the implementation arising from the results can be a pretty blunt instrument with cases of innocent error being swept up with serious tax avoiders; and all facing the same penalty procedures.

Penalty notices are generated automatically and rarely differentiate between size and nature of discrepancies discovered. The notices can be intimidating, and the penalty and recovery demands are supported by wide-ranging powers now afforded to HMRC.

There are ways in which you can ensure that you are compliant and are ready to deal with any enquiries made by HMRC.

I recommend that claimants of CJRS and SEISS and any other Covid-19 grant schemes take time to review the claims made. If you have any uncertainties and/or doubts you should double check the rules published by Gov.UK. If you need assistance, we can provide a checking service to review your claims made.

There can be no guarantee that a claim is beyond challenge by the taxman, but you can ensure that you have the correct evidence to justify the claims made.

If there are any discrepancies and/or errors discovered, you should have time to rectify the position with HMRC without incurring further penalty.

If HMRC do challenge any claims made we can help in dealing with the handling of any enquiry. Sending appeals where appropriate, checking the information you have supplied to HMRC and checking the calculations made and dealing with all HMRC communications .

Paul Southward, Director of Tax at Keens Shay Keens Limited has a 'lifetime's' (it feels like that anyway!) experience in dealing with HMRC enquiries and has helped many businesses and people negotiate agreement with HMRC and secure peace of mind that matters have been settled correctly.

HMRC PUBLISHED GUIDANCE

The taxman has issued new guidance on SEISS and CJRS claims and on dealing with notifications and penalties for non-compliance.

Updated Guidance on CJRS Claims: -

<https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

Updated Guidance on SEISS Claims: -

<https://www.gov.uk/guidance/claim-a-grant-through-the-self-employment-income-support-scheme>

Guidance on CJRS under or over claims: -

<https://www.gov.uk/guidance/if-youve-claimed-too-much-or-not-enough-from-the-coronavirus-job-retention-scheme>

Updated guidance on telling HMRC about SEISS errors: -

<https://www.gov.uk/guidance/tell-hmrc-and-pay-the-self-employment-income-support-scheme-grant-back>

Guidance on SEISS Penalties: -

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/904452/CC-FS47.pdf

Guidance on CJRS Penalties: -

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/904535/CC-FS48.pdf

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