



HM Revenue
& Customs

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Chief Executive and First Permanent
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Rt Hon Mel Stride MP
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2nd August 2021

Dear Mr Stride,

2021-22 HMRC Main Estimate

I am writing in response to your letter dated 9th July regarding questions from your Committee in relation to HMRC's Main Supply Estimate for 2021-22. I have addressed each in turn, with questions restated in italics and bulleted.

Covid-19

- *The Department has included £765 million in Resource DEL in the 2021-22 Main Estimate to provide a one-off grant payment of £500 for households who are receiving working tax credit, after the temporary increase to working tax credit ended on 5 April 2021. The Government announced that these payments would be made by 23 April 2021. Have all these payments now been received by households? How many households received this one-off payment?*

One-off payments have been made to 1.4m households totalling expenditure of £714.3m. Circa 2,000 payments have been rejected and we have contacted customers for updated bank details before reissuing these payments.

There will be an additional phase of payments in September 2021 to pay circa 23,000 customers post finalisation of their tax credits award, where finalisation reveals they met the eligible criteria for the one-off payment at 2 March 2021.

- *Can the Department also outline why this £765 million for the one-off grant payment has been included in Resource DEL rather than Resource AME, where previous Covid-19 support has been recognised?*

As per Consolidated Budgeting Guidance, AME spend is characterised by its demand-led nature and volatility. This grant payment was for a predetermined amount and defined population, therefore did not meet the criteria for AME.

- *£10.882 billion has been allocated for the Coronavirus Job Retention Scheme in the 2021-22 Main Estimate for the scheme's extension to 30 September 2021. As previously announced, businesses will be required to contribute 10% to the scheme in July, rising to 20% in August and September. Can the Department provide estimates of the total contribution expected to be paid by businesses to the scheme in each of July, August and September 2021?*

The amounts within the Main Estimate are based on economic forecasts, which are produced by the Office for Budget Responsibility. They set out a forecast for the monthly cost of the Coronavirus Job Retention Scheme in the [March Economic and Fiscal Outlook](#). They do not explicitly publish a projection of the contributions that businesses will pay for their furloughed employees in July, August and September.

- *The latest figures from HMRC1 show that 2.4 million people still relied on the Coronavirus Job Retention Scheme for their income at the end of May 2021, down from 3.5 million at the end of April 2021. In addition, estimates from the Office for National Statistics' weekly survey2 suggest that the numbers on furlough continued to fall in June, leaving between 1.3 million and 1.9 million people on the scheme. Does the Department have a projection for the number of jobs being supported by the furlough scheme by the end of July, August and September?*

The amounts within the Main Estimate are based on economic forecasts, which are produced by the Office for Budget Responsibility. They set out a forecast for the monthly cost of the Coronavirus Job Retention Scheme in the [March Economic and Fiscal Outlook](#). They do not explicitly publish a projection of the number of employments on furlough in any given month.

- *£8.275 billion has been allocated for the Self-Employment Income Support Scheme for the scheme's extension to 30 September 2021. The latest figures from HMRC3 show that £5.5 billion of claims were made for the scheme's fourth grant. On average, how long after the claims were submitted were the payments made?*

HMRC publishes statistics on SEISS claims. The data used in the [July 1st release](#) covers claims for the fourth grant in the Self-Employment Income Support Scheme up to 6 June 2021. The claims window closed on 1 June 2021. HMRC aims to pay out on SEISS claims within 6 working days of receipt of the claim.

- *In August 2020, the Department admitted that a small number of overpayments were made but were not recouped. What steps is the Department taking to identify and recover any overpayments in the scheme's fourth grant? Has the Department identified any overpayments in its fourth grant?*

The causes of overpayments within earlier SEISS schemes have been identified and resolved, with controls strengthened to limit the opportunity for official error. As of 16

July 2021 there have been no recorded overpayments for the fourth grant as a result of official error, and we regularly review controls put in place to ensure they remain effective. A proportion of applicants will have over-claimed the fourth grant, which we will address via post-payment compliance activity.

- *In the 2021 Budget, the Chancellor announced £35 million to extend the Statutory Sick Pay (SSP) Rebate Scheme, which allows employers with 250 employees or less to reclaim up to 2 weeks of SSP costs per employee, adding that the Government would set out steps for closing this scheme in due course. How much has been allocated for this scheme in the 2021-22 Main Estimate, and when this is scheme expected to end?*

The Statutory Sick Pay Rebate Scheme is a temporary COVID-19 measure intended to support employers while levels of sickness absence are high. As with other business support schemes, the government will set out steps for closing this scheme in due course. We expect that this information will be announced over the coming months.

HMRC has not allocated any funding in the Main Estimate for SSPR, as all costs incurred in relation to the scheme are the responsibility of the Department for Work and Pensions.

Post-EU transition requirements

- *The Department has allocated funding in its Main Estimate for 2021-22 for post-EU transition requirements. How much Resource DEL and Capital DEL has the Department allocated for these activities?*

The Department has allocated £835m RDEL and £222m CDEL funding for post EU transition requirements.

- *The allocation includes funding for the Trader Support Service to support implementation of the Northern Ireland Protocol. How much has the Department spent on this service, and how many businesses have signed up for the service?*

The total spend on the Trader Support Service through to June 2021 is £125m (including VAT). As at 12th July 2021, there are over 39,900 businesses registered on TSS, with approximately 14,700 of those (37%) having signed up since 1st January 2021.

Other

- *The Department has allocated £180 million of Resource DEL to modernise and digitise tax reporting for business, delivering £1.6 billion in additional tax revenues between now and 2025-26 by reducing non-compliance. As noted in the Main Estimate Memorandum, the total cost of this project is £402 million. How much additional tax revenue is this project expected to raise in 2021-22?*

Making Tax Digital (MTD) forms a crucial building block in the Government's 10-year strategy to make the tax system more resilient and effective. Since April 2019, VAT-

registered businesses with taxable turnover over the VAT registration threshold have been required to operate MTD for VAT. This mandate delivers a reduction in the tax gap caused by error and failure to take reasonable care, leading to forecast additional tax revenue of £235m in 2021/22.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'J Harra', written in a cursive style.

JIM HARRA
CHIEF EXECUTIVE AND FIRST PERMANENT SECRETARY