18 July 2019

Dear Ms Hillier

Publication of our Annual Report and Accounts

Further to my letter dated the 12 July, I am writing to let you know that HMRC has today published its Annual Report and Accounts for 2018-19. This includes the Tax Assurance Commissioner’s Report which details how we resolved tax disputes over the last year, and how we dealt with the largest and most sensitive cases. The Charter Committee has also published its Annual Report, which looks at the expectations of our customers and HMRC, and how we use that to strengthen our commitment to customer service.

Our Annual Report and Accounts sets out our latest performance results, illustrating what an important year it’s been, both in terms of what we’ve achieved, but also the way we’ve adapted to deliver on urgent new priorities and focus on the complex task of preparing for EU Exit.

During 2018-19, we secured a record £627 billion in revenue – a 3.6% increase on last year – to fund the UK’s public services and other government priorities. We also generated £34.1 billion by tackling avoidance, evasion and non-compliance – exceeding our £30 billion target. This is money that can now be used to fund hospitals, schools and other services that we all rely on.

Clearly, our focus on preparing for EU Exit has been a key priority. We currently have 5,400 full-time equivalent employees working across EU Exit - building the customs, VAT and excise systems the UK will need and preparing our customers for leaving the EU, with or without a deal. This has meant that we have had to pause some of our projects and improvements to our digital services. But this does not change our ambition to become the world’s most digitally advanced tax authority. This year we have helped more customers than ever to pay their taxes quickly and easily online. 19 million people now use Personal Tax Accounts, with a record 93.5% of people filing their Self Assessment return online. We also took a major step forward in launching Making Tax Digital for business in April, with 500,000 businesses now using our service for digital record keeping and filing VAT returns online.

We are reporting a slight dip below targets in our customer service by phone and post during 2018-19, and we are continuing to review our customer service performance by retraining...
staff to work on some of our busiest and most complex tax areas, such as VAT, and shifting resource to cope with peaks in demand. As an example: we only receive 2% of our weekly call demand on a Sunday, so we have recently taken the decision to close our phone lines on this day and redistribute this resource across the busier times between Monday and Saturday, when the vast majority of people want to speak to us. We will continue to provide our online webchat facility seven days a week.

We believe that the reports published today show our commitment to playing our part in building a modern, healthy and well-functioning tax system that works for everyone. We are focusing our resources on areas of highest risk, continuing to reshape our organisation around customer needs and circumstances, and using the powers we have to respond to avoidance, evasion and attacks on the tax system - with safeguards in place to build trust, ensure fairness and protect customers.

As these promising annual results are published, I want to tell you that today I've announced my plans to leave HMRC in the Autumn to take up a new role as the Chief Executive of the Financial Reporting Council.

It's been a tremendous privilege to lead HMRC for more than three years. In that time, we have delivered year-on-year increases in the collection of revenues due for public services; prepared for Brexit and the challenges it will bring; appointed a diverse and gender balanced executive committee that better reflects the population we serve; and oversaw a recovery in customer service levels making dealing with their tax affairs easier for everyone.

Finally, I'd like to thank you for the challenging, but fair way in which you held me and my department to account.

Yours sincerely

SIR JONATHAN THOMPSON
CHIEF EXECUTIVE AND PERMANENT SECRETARY