

Covid fraud: so what do we know?

Amit Puri asked some searching question of HMRC about Covid-19 fraud – and was less than impressed with the responses he got.

Few will disagree that the various Covid-19 financial support schemes, put in place by the UK government, helped millions of people and businesses survive the pandemic. The schemes were part of the collective national effort to protect jobs and livelihoods. HMRC were brought in to play a pivotal role to combat extensive fraud within the schemes, through the creation of a new HMRC unit, the Taxpayer Protection Taskforce (“TPT”).

I first reported on the government’s £100m investment into the TPT in March 2021, with claims that HMRC would be recruiting around 1,200 new staff for the unit whose specific aim was to deter and identify fraudulent activity among these new support initiatives.

Sadly though, recent media reports would suggest that the unit is being viewed as ineffective and has so far failed to recover the billions lost through both error and fraud during the pandemic. Of course, given the short time period that the government and HMRC had to set everything up, it would be remiss to expect them to get everything right.

In a bid to find out more, I wrote to HMRC to find out the latest facts and figures. We asked HMRC how many staff now work in the TPT unit and how long they expected it to continue operating for. HMRC responded saying: “HMRC established the Taxpayer Protection Taskforce, which is estimated to recover approximately £800m to £1bn in addition to the £536m already recovered in 2020/21. The Taskforce consists of c.1200 staff and will be in place until the end of 22/23.”

Interestingly, the unit is not part of HMRC’s most aggressive arm, the Fraud Investigations Service, sitting instead within their ‘Customer Experience, Professionalism and EU/UK Transition (CEPET) team’. We believe it’s doubtful HMRC recruited 1,200 new staff, so it’s most likely this number is largely made up of existing staff moving from other parts of HMRC, with perhaps some coming from beyond this government department. It’s positive, though, to see the staffing number is in-line with the figure announced by the government last year.

Enquiries and investigations

We asked about the number of enquiries and investigations opened by the unit, including the different types, how many had been concluded and what the results were. HMRC responded stating that this information was currently withheld owing to their intention to publish this in their upcoming annual report.

They did however confirm that their activities included one-to-one bespoke enquiries and written campaigns prompting disclosures where necessary. The former was reserved for more complex risks identified and where ‘deliberate’ behaviour was anticipated; and the latter was used where the risks identified were considered to be simpler and so they wrote out in bulk.

CJRS/furlough claims

Regarding CJRS/furlough claims, we asked HMRC the following:

- To date, what is the total amount of money that has been secured through voluntary disclosures concerning CJRS/furlough claims (made by employers), and the number of such cases?
- To date, what is the total amount of money secured through HMRC which prompted actions such as enquiries and investigations concerning CJRS/furlough claims (made by employers)? Again, we asked for the number of such cases.

Unfortunately, HMRC only provided a generic response which did not offer further insights into the above questions.

Eat Out to Help Out

We attempted also to find out more about the Eat Out to Help Out (EOHO) scheme, submitting the below questions:

- What is the total amount of money secured to date through voluntary disclosures concerning Eat Out to Help Out claims made by employers, plus the number of such cases?
- What is the total amount of money secured to date through HMRC prompted actions (enquiries and investigations), concerning EOHO claims made by employers, plus the number of such cases?
- How many CJRS/furloughs and Eat Out to Help Out cases have and are being conducted under HMRC's TPT unit?

Sadly, here also HMRC were only able to provide a generic response, stating: "We can confirm that we hold the information to answer your remaining points relating to the current value of the claims recovered as a result of voluntary disclosures and our prompted actions on both Coronavirus Job Retention Scheme (CJRS) and Each Out to Help Out (EOHO). This information, however, would not be released if requested as we intend to publish it later this year in our upcoming annual report."

Conclusion

This update does little, unfortunately, to quell the negative sentiments we have seen in many recent articles regarding HMRC's supposed inability to effectively tackle abusers and the need for them to do more to collect the huge sums of public money that remain at risk.

Like the rest of the UK, all we can do for now is await their anticipated annual report to gain further intelligence before drawing further conclusions.

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