

RUNNING IN REVERSE

How Her Majesty's Revenue and Customs, HMRC, reversed the tax system to support British citizens in need during the COVID-19 pandemic.



HMRC has long relied on analytics to derive key insights from data for better decision making and improved customer compliance. A global leader in the use of analytics in government, HMRC collects more than £630 billion (\$US780 billion) each year, serving almost 45 million people. When COVID-19 struck the United Kingdom, HMRC was pressed into service to deliver economic recovery resources to British citizens who were furloughed or self-employed.

HMRC has a wide portfolio spanning customs and tax, working with 45 million individuals and five million businesses in the UK.

When the COVID-19 pandemic meant stringent lockdown measures were put in place across the UK at the end of March 2020, millions of businesses were suddenly unable to operate. The UK Government announced a job retention scheme to ensure employers could retain and continue to pay staff, despite the effects of the lockdown. Under the Job Retention Scheme, the Government committed to cover 80 per cent of a furloughed employee's salary, up to £2,500 per month.

The scheme meant the majority of employees could be kept in a state of employment so that when the relevant business was able to open up again, its staff could be reengaged seamlessly to get the economy going again.

The immediate challenge for HMRC was to implement a system for delivering the Job Retention Scheme. Rather than contacting employers to draw in the tax that they deduct at source - 'Pay as you Earn', HMRC has effectively reversed that process to implement the Job Retention Scheme Initiative. So instead of using the Pay as you Earn network of employers to take tax in, HMRC is using it to pay money out.

Key Challenges

HMRC recognised that the project would require a huge collaborative effort and understanding of policy, processes and resourcing demands. Partners in the IT community including SAS worked together with HMRC to make the project happen. The IT required to deliver the entire system for managing the Job Retention Scheme was put in place within three to four weeks of the Chancellor's announcement, including a private beta stage for testing.

It was essential that the system was easy to use and that employers could get the money they were due to pay their employees on time. It was also essential that the system was robust enough to withstand inevitable attacks from 'bad actors': organised crime and other high value fraud attempts.

Data and analytics played an important role in helping HMRC defend the UK's resources and make sure that funds were allocated to the people who were eligible. Ensuring data quality was a significant challenge.

“Getting this through did require a huge collaborative effort... We had about three to four weeks to get up and running”

Tim East, CIO, Customer Compliance, HMRC





“We’ve got around 400 people in HMRC who are at the forefront of a data science, data engineering profession. We couldn’t have done this job without them”

Tim East, CIO,
Customer Compliance, HMRC

HMRC adopted similar approaches and data sets to its risking work on the schemes and used the SAS Viya and SAS Detection and Investigation services that had been procured to improve user experience and enable HMRC to handle increasing volumes of digital transactions in managing risk.

A change in approach

The team at HMRC had to change the way it approached the project and had to work quickly. Staff building the Job Retention Scheme system were working from home, as were many employers who run payrolls and who would be using the system. The customer compliance team was more flexible than normal about data schemas, for example. A broad range of different file formats were submitted which brought its own challenges in terms of ingestion problems, compatibility problems and understanding quickly whether the files contained all the information required.

Working from home actually increased the HMRC team’s productivity and collaboration became much more structured. The whole team held regular, daily calls focusing on incidents and problems. The concentration of effort meant the service was quickly working optimally.

Delivering HMRC’s Objectives

There is always that small fringe, whether organised crime or others, that will take advantage. While the Job Retention Scheme has been a compliance challenge, HMRC has used its expertise and partners to deliver help to those who need it quickly and accurately. It has also learnt that as an organisation, it can move very quickly when required.

Despite all the challenges of the pandemic, promoting good compliance, preventing non-compliance and responding to non-compliance remains an enduring set of principles for HMRC’s customer compliance team.

Transcribed from an interview with Tim East, CIO, Customer Compliance, HMRC and Steve Bennett, Director Public Sector Practice, SAS from SAS Global Forum June 2020

“The most positive thing that we learned is to make sure that it is a fully collaborative effort”

Tim East, CIO, Customer
Compliance, HMRC



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