

# Funding the Future

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Concerns over HMRC's IT ability should be growing rapidly. Recently it [was revealed](#) that some taxpayers are being asked to submit paper tax returns this year because HMRC's IT systems cannot be programmed to correctly calculate the tax that they owe.

Today there are [reports](#) that brewers cannot submit their monthly duty returns for March online because the system cannot handle the change in rates during the month. Paper returns will be required instead.

Why does this matter? It does because come Brexit the volume of declarations for tariffs will rise exponentially and we are already aware that HMRC is unsure that it will have the capacity to handle the expected volumes. It is supposedly updating its systems. Current evidence is it will fail. And if that happens then UK trade will grind to a halt under a mountain of paperwork on 30 March 2019.

That is not a pretty prospect. It is also a likely reality right now. I wouldn't suggest panic though. I just think that the outcome is that the UK will be asking for a very long transitional period from the EU during which existing trade relationships can stay in force whilst we try to make our computers work. People may have voted Brexit but the computers will be saying no, and the computers may well get the final word, delivering a situation where nothing changes and we pay in full but have no say in the EU. You could not make it up, but it may be unavoidable.