

Alienation of the taxpayer is no way to run a tax system...

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The FT [has reported this morning](#) that HM Revenue & Customs are refusing to extend the tax return submission deadline this year. As a result they suggest that surveys imply that maybe 2.5 million people will be penalised at least £100 each for failing to submit a return on time, which is a near threefold increase on the normal annual rate.

I think that this represents crass insensitivity on the part of HMRC.

I do, of course, think that tax compliance is essential. I wholly understand the need for tax data to be collected. But to ignore the fact that for some people the last 10 months have created the most enormous stresses, and that for many this continues to be the case, is indication of a tax authority more willing to alienate the goodwill which is the basis in which almost all tax is eventually paid than it is one that seeks to understand the human condition facing many people at present.

And it is not as if HMRC are actually that sensitive when it comes to penalties anyway. Many of the automatic penalty regimes now commonplace in the tax and company law systems have the potential to be deeply counter-productive by penalising minor errors and delays in ways that will always aggravate those seeking to comply and not always succeeding, who are well aware that HMRC are all too willing to ignore non-compliance, most especially by larger taxpayers.

The more informed are also aware that HMRC's own ability to make accurate declarations on issues such as the tax gap is decidedly limited. In that case anyone who spends any time researching the issue will realise that a great many of the claimed numbers are pretty much made up and would never pass scrutiny if put on a tax return.

There are a great many reasons why tax returns will be late this year, from stress, to the pressure of home schooling, to accountants having reduced capacity, and simple fear of the ability to pay. Some, like the last, will have to be faced. But all need to be addressed with sensitivity by a tax system that has to continue to encourage maximum taxpayer cooperation. HMRC should be extending the deadline to 31 March now and even then be permitting and encouraging the submission of reasonable delay excuses

in advance, in the process seeking to keep open the critical engagement that is essential in self assessment.

Alienation of the taxpayer is no way to run a tax system. HMRC should take note.