

Open Cases

What Are They?

Open Cases have been officially described by a Senior HMRC Official as follows:-

"At the year end HMRC's computer system checks whether the tax an employee has paid in the year is consistent with the year end pay and tax information received from employers. The computer identifies discrepancies or fails to match information to a taxpayer's record in approximately 30% of cases, which are known as open cases, and must be checked manually. Open cases are a normal part of the PAYE process and the Department has an annual programme of work to ensure that all of these cases are reviewed and cleared. The Department's management information does not distinguish between cases where forms P14 have not yet been posted to the employees' record and an open case requiring a manual review as a result of inconsistency."

It is worth noting the fact that these Open Cases are therefore caused by either a failure to post a Form P14 to an Individual's computer record or that there was an inconsistency of some sort.

The first question that came to the mind of our Research Team was - "Why would HMRC have difficulty in posting Forms P14 to an Individual's Computer Records?" This is particularly pertinent when one considers that the years which they were considering were years in which HMRC had, with considerable fanfare, laid down the edict that Forms P14 which did not meet the published Data Quality Standard, would not be accepted. This of course meant that the Employer would be subject to legislative penalty.

Imagine our Research Team's amazement when they found out that two weeks before the end of the Tax Year 2005/2006, there were 13.7 million Individual Citizens for whom HMRC had not reviewed their liability.

That means that 13.7 million Individuals either had not had their Form P14 posted to their PAYE Computer Record, or there was "an inconsistency". Either way, that is a whole lot of people who haven't been properly reviewed.

Why would there be problems in posting Forms P14 to the records? Well if one assumes that the figure of 13.7 million was a picture of the situation early in the year, that would be a reasonable explanation. This was NOT the case. The figure of 13.7 million relates to a count of these cases taken two weeks before the end of the Tax year 2006/2007. That would mean that some 50 weeks after 5th April 2006 HMRC still hadn't got things right.

Still they did manage to produce vast quantities of "What to Do" messages, but regrettably they were unable to do anything to sort out their own systems.