Modernising the administration of the personal tax system: Tax Transparency for Individuals

Discussion document

Publication date: 14 November 2011

Closing date for comments: 24 February 2012

Subject of this consultation:	The Government wants to hear views on how increased transparency and accessibility to tax information can build greater awareness and understanding of how the system works.
Scope of this consultation:	This consultation seeks feedback and ideas for how the administration of the personal tax system could be improved to achieve better understanding and make it easier for customers to deal with.
Who should read this:	We would like to hear views from individual taxpayers, their representative groups, employers and their representatives and tax agents. We have aimed this document particularly at individual taxpayers and many of the questions have been worded to elicit a response from them.
Duration:	This is a 12 week consultation to 24 February 2012.
How to respond or enquire about this consultation:	HM Revenue and Customs, PAYE Consultation, Room 1E/09, 100 Parliament Street, London, SW1A 2BQ e-mail: PTAdministration.responses@hmrc.gsi.gov.uk *Please note that we cannot guarantee the security of emails you send to us or we send to you over the internet. Information sent by email over the internet is not secure and is at risk of being intercepted and read by people other than those it was intended for. Any information you send to us by email is at your own risk.* *If you have any doubt about the authenticity of an email you receive which claims to come from HMRC please do not follow any links within the email, disclose any personal details or respond to it. Forward it to us at:* phishing@hmrc.gsi.gov.uk
After the consultation:	A summary of responses will be published after the consultation.
Previous engagement:	This consultation document has been informed by research carried out by HMRC into other countries administrative processes and initial discussions with individual customers, Low Incomes Tax Reform Group, Policy Exchange and Hertfordshire County Council.

Contents

On request this document can be produced in Welsh and alternate formats including large print, audio and Braille formats

Foreword

The personal tax system administered by Her Majesty's Revenue and Customs (HMRC) underpins our society by collecting around £250 billion a year in income tax and National Insurance contributions (NICs). It is essential for the funding of public services but, for many, the tax system can be something of a mystery.

For most people, personal tax is deducted at source during the year and, in a minority of cases, an adjustment is made by HMRC at the end of the tax year when all relevant information is provided to it. It is a system that does not place much by way of demands of time on taxpayers, but it can also be remote and confusing. Public understanding of how much an individual pays in tax is lower than it might be.

We do not want to place greater demands on taxpayers' time. But we do want to take steps to make the tax system easier to use and understand. Just in the same way that the Government is making public spending more transparent, we want the tax system more transparent so that individuals can see exactly how much tax they pay.

A simpler and more transparent personal tax and welfare system helps work pay, supports fairness and encourages growth. The Government is already taking steps to improve the administration of the personal tax system. The computer system that holds Pay As You Earn (PAYE) records for some 39 million individual taxpayers was recently replaced, an improvement that is now delivering much better accuracy and efficiency. Further investment is being made in PAYE Real Time Information (RTI) – meaning HMRC will receive information from employers about their employees' earnings, tax and NICs at the point at which the employees are paid and not, as now, after the end of each year. RTI will mean that payments through the new working age benefits – Universal Credits – will be based on up to date knowledge about an individual's income; and employers will know during the year where they stand in terms of their payments.

In parallel with this paper's publication, we are publishing a paper which sets out the next steps for looking at ways to integrate the operation of Income Tax and NICs. The objectives of this work are to reduce burdens on employers, remove economic distortions and improve transparency, achieve fairer outcomes for individuals, and cut government's administrative costs.

All of this supports our ambition for a personal tax system that is transparent, easy to use and accessible to individuals, and one that can reduce burdens for both employers and HMRC.

We can build on these improvements. I believe a modern tax system should embrace technological change to allow you to easily see how much tax you've paid, what your overall rate of tax is and how it has been calculated. It should also be easier for individuals to provide information to HMRC, check accuracy and keep personal information up to date.

This vision would transform the customer experience of the personal tax system so that it is easier for UK taxpayers to engage with the tax system and so they can ensure it works properly for them. For example, it should be possible for a taxpayer to have their own personal online tax account containing up to date information on their income and the tax they have paid. And self-assessment forms could become easier to complete with much of the information pre-populated on the form.

There is an opportunity to move towards a tax system that is more transparent and easier to understand. This is why I want to want to hear from individual taxpayers on their views, as well as other groups, as to how we can achieve this vision.

David Gauke
Exchequer Secretary

1. Introduction

Personal Tax System for Individuals Today

The personal tax system consists of two main processes - Pay as You Earn (PAYE) and Income Tax Self Assessment (ITSA) - which together collect around £250 billion of income tax and National Insurance contributions (NICs) a year from individuals' employment, pensions and self employment income. The two processes are also used to collect tax on other sources of income, including from capital gains and investment income. This chapter summarises the way the personal tax system works.

Around 30 million individuals are taxpayers within PAYE, of which around 4 million also file ITSA returns, usually those with higher incomes and more complex tax affairs. A further 5 million self employed individuals and partnerships pay tax and NICs through ITSA.

PAYE is a sophisticated withholding system. It operates through employers and pension payers and deducts tax from payments made throughout the year based on tax codes supplied by HMRC. The tax code shows how much of an individual's income is tax-free and it takes account of allowances to which the individual is entitled minus any deductions. The employer also collects NICs on an earnings period basis. The tax and NICs deducted is paid to HMRC monthly or, in some instances, for small employers, quarterly.

In many respects, PAYE has stood the test of time. For most people it is a straightforward process. Employers apply the tax code and other rules for each employee as notified by HMRC. These enable the employer to calculate the tax, NICs and Student Loan repayments due on each wage, salary or pension payment. For most people, this information is included on payslips and this is the only way through which individuals get regular information on the tax they have paid.

Employers calculate and make the deductions each pay day. In the following month employers pay these deductions over to HMRC. Currently, after the end of the year the employers make a return to HMRC providing details about the deductions they have made and HMRC reconcile this to the payments already received.[1] Employers also inform HMRC about employment changes as these occur.

[1] The introduction of Real Time Information will mean that employers will report the payments and deductions to HMRC more frequently – at the time of each payment.

PAYE continues to be a relatively inexpensive system for government to collect tax. It does, however, rely on employers collecting tax and National Insurance on behalf of government and the Tax/NICs Integration paper published alongside this document asks how the process for employers can be made easier. PAYE places little burden on individuals as payment of tax is withheld by employers. In contrast, many other countries require their total adult populations to submit annual tax returns.

PAYE means that eight out of nine employees in the UK do not have to complete a self assessment tax return. It also means that for most people who are taxed under PAYE, no further intervention to adjust their tax position is required.

Many individuals, through PAYE, are relieved of much of the burden of responsibility for their own tax affairs. While this is easier for many taxpayers, the result has been that some are not always fully aware of how to check their tax code or whether their data is up to date. And some customers may also not know how much tax and NICs they are paying or why.

Increased transparency would allow individuals to have easier access to information about how much tax they have paid, how it has been calculated, and what their overall rate of tax is. It would also make it easier to provide information to HMRC so that personal information is up to date.

The Government would like responses to this discussion paper to consider whether a more transparent and accessible personal tax system would help to raise awareness of tax and improve the customer experience. The document also asks how such transparency can be best achieved. The Government would particularly like to hear from individual taxpayers as to what they want to make the personal tax system more accessible and transparent.

2. Current Plans to Improve the Personal Tax System

HMRC is continuously looking to improve the administration of personal taxes. Its strategy is 'customer centric', meaning that it seeks to design processes around the needs and behaviours of its customers. This strategy forms the basis of HMRC's approach to personal taxes: improving the experience of the customer, reducing the cost of running processes and collecting the right amount of tax. To improve customer experience, accuracy and efficiency, the Government has invested £350 million in updating HMRC's computer system that underpins PAYE.

National Insurance and PAYE Service

In July 2009, HMRC introduced the National Insurance and PAYE Service (NPS), a national database containing records for around 40 million customers. NPS replaced 12 regional databases, enabling HMRC to both manage PAYE work more efficiently and more accurately. Although there were some initial difficulties, NPS has improved data accuracy in the system to over 98% and helped HMRC collect the right amount of tax at the right time from the right people. NPS has done this through:

- Improved resolution at the first point of contact – a single PAYE customer record contains all pay and tax data, enabling more enquiries to be resolved the first time a customer calls or writes;
- Improved accuracy - the availability of a single record and increased automation improves accuracy levels, so more customers pay the right amount of tax at the right time;
- Improved speed of response - increased automation for all PAYE processing, has sped up customer service; and
- Reduced taxpayer contact - comprehensive notes are held on taxpayer contact with all customer data in one place to reduce contact levels for both taxpayers and HMRC.

End of year reconciliation will continue to be an essential feature of PAYE for customers who have multiple income sources, gaps in employment or frequent changes of employment, or of benefits in kind in the year.[2] For these customers,

[2] PAYE is a collection mechanism – it collects tax on account of what is due each year, and then reconciles the position at the year end. For people with straightforward affairs it gets it right most of the time. For people who hold several jobs or pensions at the same time or for those or who change jobs in year, PAYE does not always keep up. This means every year some people will get a refund or have to pay a bit more to ensure they have paid the right tax.

while the NPS system has dramatically increased HMRC's ability to review their annual tax position quickly and efficiently, it is not always able to make corrections in year.

Real Time Information

The Government has made a further investment of £100 million to the PAYE system with the planned introduction of Real Time Information (RTI) and announced in its consultation document of December 2010 that it was proceeding with a phased introduction from April 2012.

RTI will collect information about tax and other deductions automatically each time employers run their payroll. This information will be submitted automatically to HMRC at the same time the employees are paid and will increase HMRC's ability to issue accurate tax codes.

RTI will bring benefits to both individuals and employers. As information will be sent to HMRC when employers pay their employees, it will help to get more people's tax right in-year in more cases. Information on those joining and leaving employment will be sent to HMRC quicker meaning that HMRC can check employees are paying the correct amount at time of payment rather than waiting until the end of the year.

Employer returns will be integrated into payroll software, resulting in reduced burdens on business as there will be no end of year peak of work and as the risk of transcription errors will be eliminated.

RTI will further improve the operation of PAYE. In year information about earnings and tax will support the delivery of the new Universal Credit. It will enable payments to be based on near-real time information about a customer's income, thus reducing fraud and error in the system.

Integrating the operation of income tax and National Insurance contributions

At Budget 2011, the Government announced its intention to look at ways to integrate the operation of Income Tax and NICs. This is a challenging reform, and has been looked at, but not pursued, several times by previous governments. However, this Government strongly believes it is worth looking at again. The Government wants to identify proposals that will:

- Reduce burdens on employers. Employers are required to understand and comply with two different systems and two different sets of rules. Integration has the potential to make compliance simpler and cheaper;

- Remove distortions in the economy and improve transparency. As the Office for Tax Simplification noted, maintaining two systems leads to a number of anomalies that provide incentives to distort behaviour. More generally, many individuals may find it hard to understand how much they will pay under the two systems. A more integrated system may be more transparent, helping individuals make better decisions regarding their employment;

- Deliver fairer outcomes. The current systems deliver different outcomes depending on the nature of a person's employment. In short, employees with similar circumstances and income may pay different amounts and receive different benefit entitlements. Greater integration may be able to improve the fairness of outcomes by making it more likely that individuals with similar circumstances pay similar amounts and gain similar contributory benefit entitlements; and

- Cut administrative costs for government. HMRC spends around £1 billion on PAYE administration each year. Any changes to the current system will entail up-front costs. But if closer integration can reduce complexity (for employers and for government), it may be able to reduce the likelihood of error and HMRC's overall costs of collection in the longer term.

Since Budget 2011 HMRC and HM Treasury have run a call for evidence. The results of this have confirmed the appetite for reform, but also the need to progress with sufficient care, working alongside stakeholders to identify options that will meet these objectives. In parallel with the launch of this discussion document, the Government is publishing a paper which sets out the next steps. It summarises the results of the call for evidence, establishes some objectives and principles for reform and an indicative timetable for consultation and implementation. The paper, *Integrating the operation of income tax and National Insurance contributions: next steps* can be found at http://www.hm-treasury.gov.uk/tax_income_nics.htm.

3. Vision for the Future

By 2014, with the improvements HMRC will have made through NPS and RTI, personal tax customers will experience an even higher degree of accuracy from the PAYE system. HMRC will have cleared their backlog of PAYE cases and will be working with a maximum of three PAYE years: finalising the previous year; deducting the right tax in the current year; and getting codes right in preparation for the next.

However, PAYE will still be a largely opaque system which attempts to get tax right in-year with little taxpayer involvement. It is the Government's ambition to increase the visibility of how much tax individual customers pays, or should pay. The Government believes that this will make it easier for taxpayers to:

- understand what they need to do to comply with their obligations;
- understand what they should do if they think their tax is not right;
- understand what HMRC's role is in the tax calculation;
- encourage individuals to take greater responsibility for their own tax affairs; and
- be more aware of why tax is paid, how it supports society and public services.

The long-term ambition for a more transparent personal tax system is to improve the customer experience so that awareness and accountability will increase amongst individual taxpayers through the use of online and mobile technology.

Evidence from other countries' personal tax systems shows that allowing customers to view and transact with their own individual tax account can lead to greater awareness and understanding of tax. Pre-filling of tax returns with information already held or reported to the tax authority has led to customers being given assurance about the accuracy of their tax details. Greatly improved educational messages could give individuals an improved understanding of what tax is and how it's calculated, why they pay and what they need to do to make sure it's right for them.

This document is asking for evidence and ideas that will deliver greater transparency to deliver this ambition.

Questions for consultation

1. **Do you want to know more about the tax you pay, and what do you want to know?**

2. **Where do you currently look for information on how much tax you have paid?**

3. **If you had better access to tax information do you think that you would have more confidence in:**
   a. **HMRC; and**
   b. **the accuracy of your own tax?**

4. **Do you know what to do now if you are unsure your tax is right?**

5. **Do you know what your responsibilities are regarding tax?**

6. **Do you want to know why tax is paid and more information on how it is spent?**

Increasing tax transparency – next steps

The Government is already taking steps to improve transparency in the personal tax system.

Budget 2011 announced that HMRC will introduce a personal tax calculator for individuals to work out how much tax and NICs they may expect to pay as a first step towards improved personal tax transparency. It will also show an individual's average tax rate and will be ready for people to use by April 2012. The calculator will also be available as a phone app.

HMRC is continuously looking to improve its processes and guidance to make the tax system easier for its customers and to improve their experience. This autumn, notices of tax coding for PAYE (P2s) will be available for Self Assessment customers and their Agents to view online.

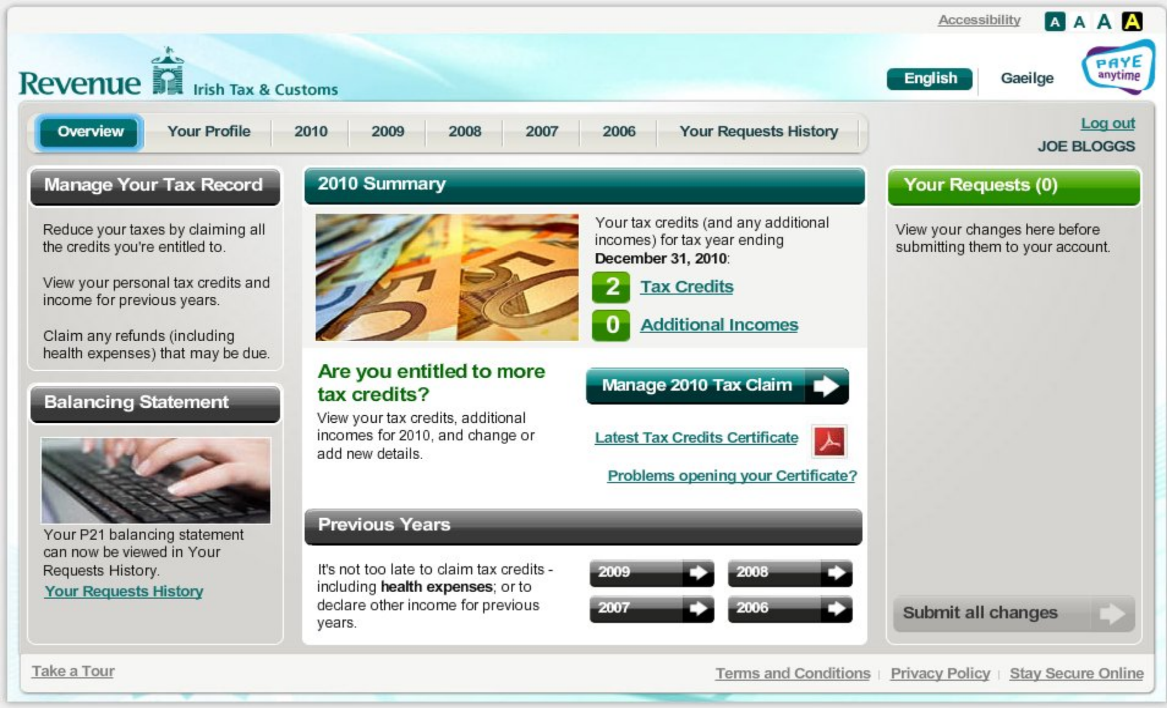
The Government's vision will build on the experience of other tax authorities that have made their tax systems more accessible. In many cases, other countries are already well advanced in developing a more transparent personal tax environment for their customers and the Government would like to hear views on whether these are useful examples to build on in developing a more accessible tax system in the UK. This Chapter explores the possibilities of some of these examples of best practice. Specifically, it looks at the following products:

- Online accounts;
- Pre-filled tax returns;
- Pre-filled tax statement; and
- Education/improving the customer experience.

Online accounts for individual PAYE taxpayers

Other countries, such as Ireland, allow individuals to access their tax details online.

Ireland



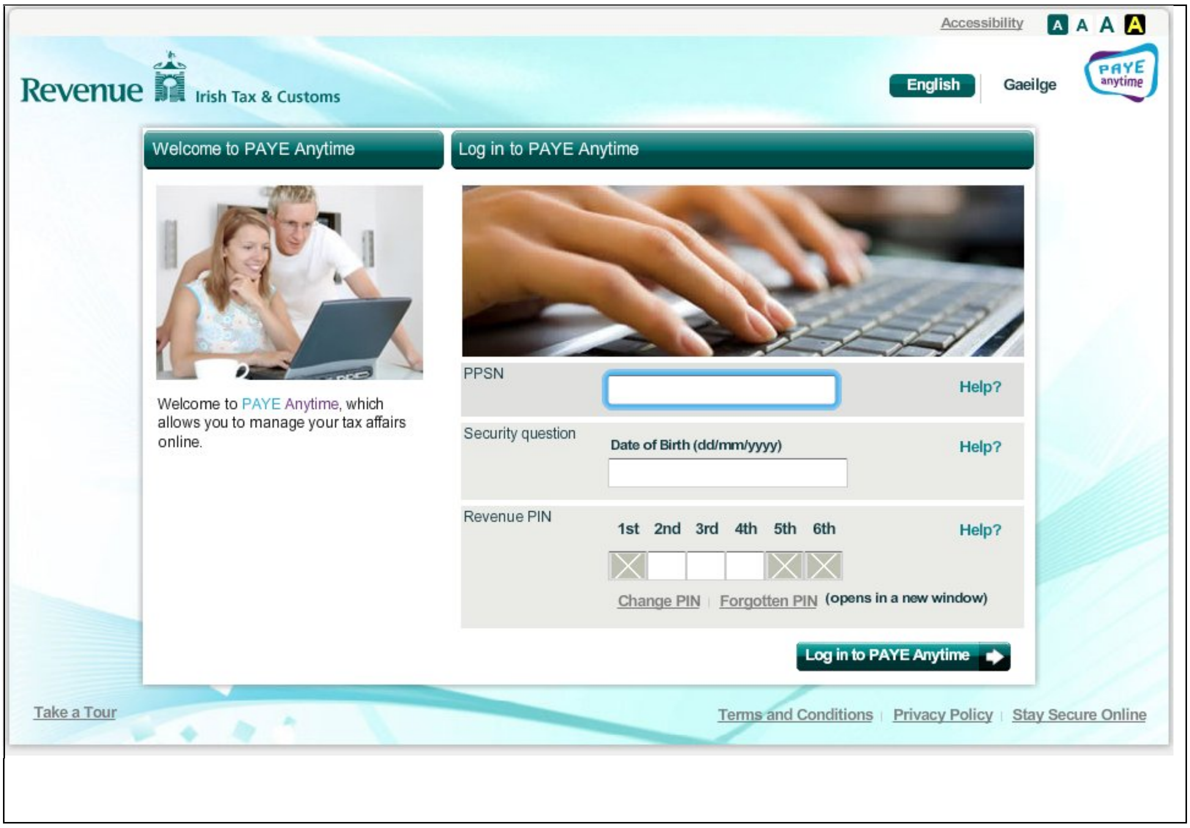
Irish online accounts

Michael is employed as a retail manager and registers with the Irish Revenue for an online account (called PAYE Anytime), through which he can manage his own personal tax affairs. Once registered, he receives a PIN (personal identity number) within five days which allows him to enter his account.

Michael can then go online and view his own tax records. He can claim a range of credits (the Irish equivalent of UK tax allowances), which are set out clearly for him to select those which he may be entitled to.

Through the online account, Michael can review his tax from previous years and is able to apply for refunds of tax and declare additional income. It also allows him, under the Irish tax rules, to re-allocate credits between himself and his wife.

When Michael transacts online, it is instantly acknowledged and a permanent record is in a Requests History screen. This lets him do business with the Revenue with no need to contact by phone, correspondence or in person.



In the UK, individuals who pay their tax via PAYE have no access to their tax records online. This contrasts with those individuals who have to file a Self Assessment (SA) return who are able to check their tax position through their SA online account.

The Government would like to receive views on whether UK taxpayers feel such access would be effective in increasing their tax understanding.

Questions for consultation

7. If you could access online accounts as described in the Irish example, how do you think this would improve your awareness and understanding of tax?

8. How often would you use an online account?

Pre-filled Tax Returns

Many countries require all taxpayers to file annual tax returns. Pre-filling of information in returns is widely used by tax authorities in other countries to reduce the burden on individuals. The tax authorities do not require individuals to fill in information about income that the authority is able to obtain directly from the source, for example, details of salary and tax deducted by employers or details of investment income from a bank. In the UK, around twenty two per cent of taxpaying adults are required to file SA returns – generally those with income from self employment, higher incomes or more complex tax affairs – and declare all of their taxable sources of income.

Denmark Transparency Journey

Denmark started pre-filling paper tax returns in 1987 to help customers get their tax right and have evolved their system gradually. The Danish government's vision was that the personal tax process should be simpler and that taxpayers should have a better understanding of tax matters, for example, being able to calculate the amount of tax they paid.

From 1999, Denmark started pre-filling tax information online and from 2003, the Danish government stated that all government information should be transparent. They switched from people having to send in annual tax returns to tax statements for the majority based on pre-filled data.

Now 90% of their four million taxpayers receive pre-filled annual tax statements. The annual statement sets out clearly where the information on which the tax calculated originated. The Danish governments of the day supported this transparency journey by stressing that it is better for citizens that employers and organisations report information direct to the tax authority rather than via individuals.

The Danish Government decided in 2004 that all third parties who reported information to the tax authority would not also have to report to their customers as they were able to view their details through their statement on their online account. The third parties that report information include banks, pension providers and letting agencies and they provide the tax authority with information on an individual's sources of income.

The Danish authorities believe that pre-filling tax returns with information already held by the tax authority gives its taxpayers greater assurance about the accuracy of their return and saves them time as they only have to provide information that the authority is not able to receive directly from the payer of the income. The Danish also think that pre-filling tax returns has helped improve tax compliance by its citizens through greater engagement and that it provides a clear route to challenge data that the citizen believes to be inaccurate. This has helped greatly in improving the quality of the data used to calculate Danish tax liabilities.

Questions for consultation

9. If you complete an SA return, do you think you would benefit from your information being pre-filled in your SA return?

10. What do you consider the benefits and risks of pre-filling to be?

11. What do you think the most important areas are to pre-fill that would reduce the potential for mistakes and save time?

Pre-filled Tax Statements

The majority of UK taxpayers, for whom PAYE collects the right amount of tax, are not required to self assess and do not receive an annual statement of their tax position separate to their annual certificate of pay and tax (P60) from their employer. Following the Danish example, the ninety per cent of their taxpayers who are no longer required to self assess now receive an annual statement showing their tax calculation for the year. The statement is fully pre-filled with information held by the tax authority and sets out clearly where the information on which the tax calculated has originated and what the individual should do if they don't agree with the figures.

Denmark

Caroline is employed as an office worker and is one of 90% of Danish adult citizens who now has an annual pre-filled statement from the tax authority. Caroline can view her statement online and her statement sets out her tax details for the year.

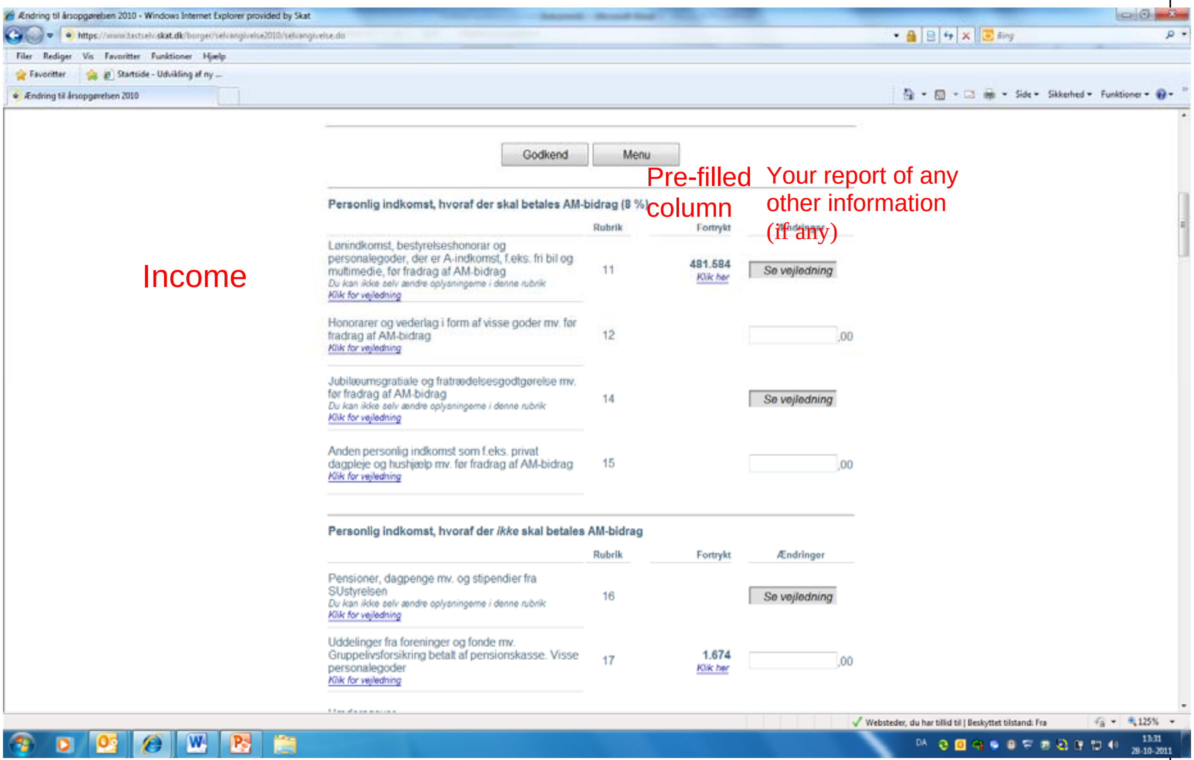
As her information is pre-filled, Caroline does not need to do anything to agree the statement. She no longer needs to complete and file a tax return.

Caroline is notified by the Danish tax authority every year by email, that her individual assessment is ready to view online. She is one of the 80% of Danes who log in online to look at their assessment.

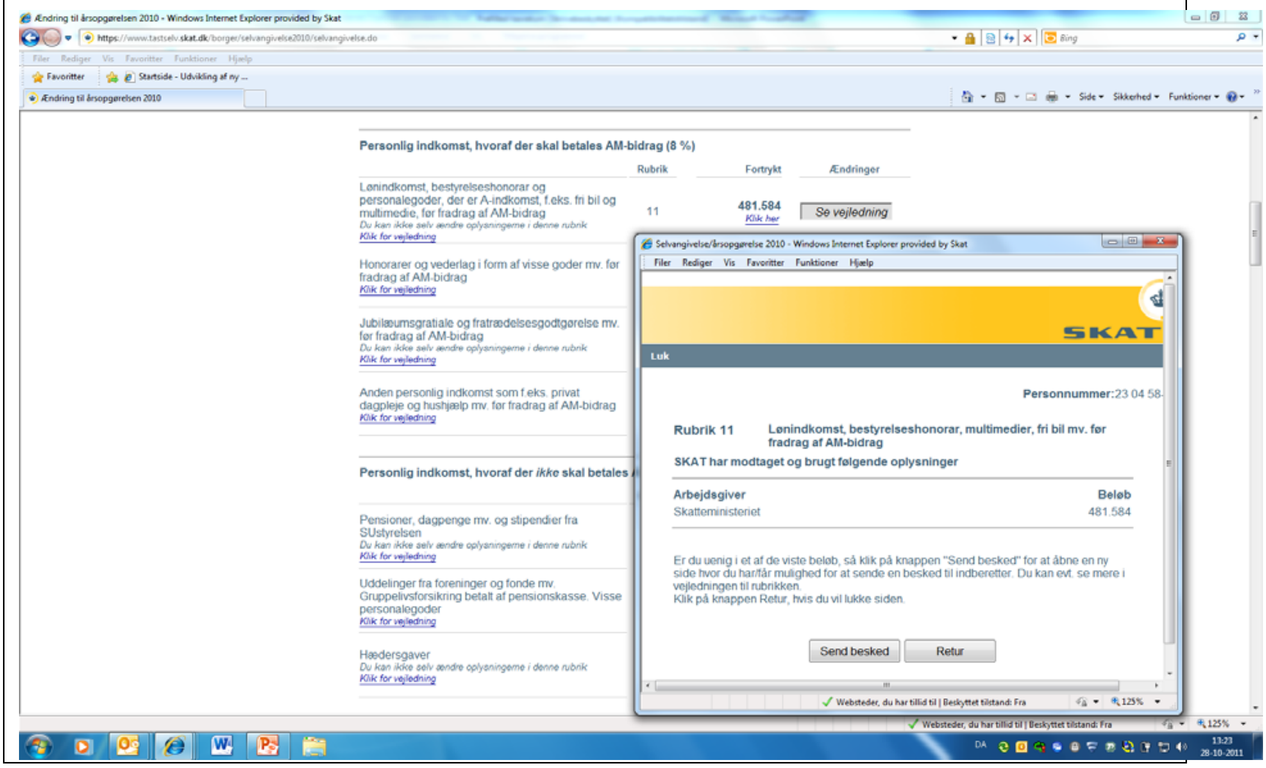
Her tax statement sets out clearly where the information on which the tax calculated has originated. Since 2004, Caroline's information has been reported directly to the tax authority by all relevant third parties, including her employer and bank.

Caroline cannot alter her tax statement. If she wants to dispute a figure supplied by her employer, she must contact the employer who provided the information, not the tax authority. She also has the facility to report an amount where no information has been reported from any third party.

Caroline uses a tax calculator on the Danish Revenue website to help her calculate how much tax she can expect to pay if, for example, she gets a pay rise. She can also use a personal tax calculator on her online account, which is pre-filled.



This is how the page looks as you open it – before you start changing anything on the statement



If you want to see who has reported an earned income or a deductable expense, you click on the link below the reported amount, and you will find a pop-up with the relevant information.

If Tax Statements were to be introduced in the UK, it would also provide the opportunity to include tax information for individuals. This might show people how much tax they have paid, including their overall contribution from Income Tax and National Insurance. It may also include the rates of tax they have paid and how this contributes to Government spending.

Questions for consultation

12. Would you like to have an annual tax statement that sets out your income and tax liability for the year?

13. Would you want to view your annual tax statement if it included your overall personal tax contribution, your average tax rate and other general tax information?

14. What else could an annual tax statement show that would be of use and/or of interest to you?

Education/Improving Customer Experience

The Government recognises that increased awareness through better education and support must be provided to improve the customer experience and ensure customers are engaged with their tax affairs.

The Government would like to hear views on whether raising awareness of how tax is collected and spent, and why people pay tax, would improve transparency. The personal tax calculator already announced is a first step towards this.

HMRC already delivers the Tax Matters educational website for teachers and young people. This is also used by HMRC staff who engage in volunteering activities in their local schools. The site helps to build an early, positive relationship with future taxpayers by encouraging financial responsibility and tax awareness.

HMRC is also improving its online content and guidance to raise awareness and so customers can comply with their responsibilities. The consultation would like to hear views as to what other initiatives can be undertaken to improve the customer experience.

Questions for consultation

15. What educational material would you like to see to help taxpayers understand and comply with their tax responsibilities?

16. What areas of the personal tax system cause you most confusion or difficulty?

17. Do you have any other ideas for how the Government can achieve greater engagement of UK citizens in tax?

Public Engagement

The Government is keen to hear from all groups as to how they think the personal tax system could be made more transparent. It would particularly like to hear responses to this discussion document from individual taxpayers. This includes a concerted effort to encourage individuals who do not normally read government consultations so that their views are taken into account.

We will be highlighting the theme of this document in a number of ways to get views from the widest range of individual taxpayers. HMRC plans to supplement responses to this document with independent research to take the views of its customers on making the personal tax system more transparent. The results will help to build an evidence base. The Government would also welcome views as to how we can reach more individuals who may not normally take part in public consultations to survey their opinions.

Question for consultation

18. How do you think we can engage individual taxpayers to tell us how they think the personal tax system should be modernised?

4. Summary of Consultation Questions

Vision (page 11)

1. Do you want to know more about the tax you pay, and what do you want to know?
2. Where do you currently look for information on how much tax you have paid?
3. If you had better access to tax information do you think that you would have more confidence in:
   a. HMRC; and
   b. the accuracy of your own tax?
4. Do you know what to do now if you are unsure your tax is right?
5. Do you know what your responsibilities are regarding tax?
6. Do you want to know why tax is paid and more information on how it is spent?

Online Accounts (page 14)

7. If you could access online accounts as described in the Irish example, how do you think this would improve your awareness and understanding of tax?
8. How often do you envisage you would use an online account?

Pre-filled Tax Returns (page 15)

9. If you complete an SA return, do you think you would benefit from your information being pre-filled in your SA return?
10. What do you consider the benefits and risks of pre-filling to be?
11. What do you think the most important areas are to pre-fill that would reduce the potential for mistakes and save time?

Tax Statements (page 18)

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Education/ Improving Customer Experience (page 19)

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Public Engagement (page 19/20)

18. How do you think we can engage individual taxpayers to tell us how the personal tax system should be modernised?

5. The Consultation Process

The responses from this discussion document will be used in policy development for a possible later stage 1 consultation.

How to respond

A summary of the questions in this consultation is included at chapter 4.

Responses should be sent by 24 February 2012, by e-mail to: PTAdministration.responses@hmrc.gsi.gov.uk or by post to:

Personal Tax Modernisation Responses
Room 1E/09
100 Parliament Street
London
SW2A 2BQ

Paper copies of this document or copies in Welsh and alternative formats (large print, audio and Braille) may be obtained free of charge from the above address. This document can also be accessed from the HMRC Internet site at http://www.hmrc.gov.uk/consultations/index.htm. All responses will be acknowledged, but it will not be possible to give substantive replies to individual representations.

When responding please say if you are a business, individual or representative body. In the case of representative bodies please provide information on the number and nature of people you represent.

Confidentiality

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes. These are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004.

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals with, amongst other things, obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentially can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on HM Revenue and Customs (HMRC).

HMRC will process your personal data in accordance with the DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

The Consultation Code of Practice

This consultation is being conducted in accordance with the Code of Practice on Consultation. A copy of the Code of Practice criteria and a contact for any comments on the consultation process can be found in Annex A.

Annex A: The Code of Practice on Consultation

About the consultation process

This consultation is being conducted in accordance with the Code of Practice on Consultation.

The consultation criteria

1. When to consult - Formal consultation should take place at a stage when there is scope to influence the policy outcome.

2. Duration of consultation exercises - Consultations should normally last for at least 12 weeks with consideration given to longer timescales where feasible and sensible.

3. Clarity of scope and impact - Consultation documents should be clear about the consultation process, what is being proposed, the scope to influence and the expected costs and benefits of the proposals.

4. Accessibility of consultation exercise - Consultation exercises should be designed to be accessible to, and clearly targeted at, those people the exercise is intended to reach.

5. The burden of consultation - Keeping the burden of consultation to a minimum is essential if consultations are to be effective and if consultees' buy-in to the process is to be obtained.

6. Responsiveness of consultation exercises - Consultation responses should be analysed carefully and clear feedback should be provided to participants following the consultation.

7. Capacity to consult - Officials running consultations should seek guidance in how to run an effective consultation exercise and share what they have learned from the experience.

If you feel that this consultation does not satisfy these criteria, or if you have any complaints or comments about the process, please contact:

Richard Bowyer, Consultation Coordinator, Better Regulation and Policy Team, H M Revenue & Customs, Room 3E13, 100 Parliament Street, London, SWA 2BQ

020 7147 0062 or e-mail hmrc-consultation.co-ordinator@hmrc.gsi.gov.uk