



HM Revenue  
& Customs

# Making Tax Digital - sanctions for late submission and late payment

## **Consultation document**

Publication date: 20 March 2017

Closing date for comments: 11 June 2017

<b>Subject of this consultation:</b>	This consultation sets out our proposals for new late submission penalties and provides an update on the plan to penalise late payment by penalty interest.
<b>Scope of this consultation:</b>	We're asking for comments on our proposals for new late submission penalty models. Further views on penalty interest are welcome.
<b>Who should read this:</b>	The government would like to hear views from anyone who is affected by or interested in these proposals, including individuals, businesses, agents and representative bodies.
<b>Duration:</b>	The consultation will run for 12 weeks from 20 March 2017 to 11 June 2017.
<b>Lead official:</b>	Caroline Eele, HMRC
<b>How to respond or enquire about this consultation:</b>	Please send email responses to <a href="mailto:MTDTA@hmrc.gsi.gov.uk">MTDTA@hmrc.gsi.gov.uk</a>  Please send written responses to:  HM Revenue and Customs Making Tax Digital Tax Administration Room 1C/06 100 Parliament Street London SW1A 2BQ
<b>Additional ways to be involved:</b>	If you're interested in discussing these proposals with us, please contact us using the details above.
<b>After the consultation:</b>	A summary of responses will be published as soon as possible after the consultation closes. Draft legislation will also be published.
<b>Getting to this stage:</b>	This is the second consultation on new sanctions for late submission and late payment. The first consultation <a href="#">Making Tax Digital: Tax administration</a> ran from 15 August 2016 to 7 November 2016. The Summary of Responses was published on 31 January 2017.
<b>Previous engagement:</b>	We published <a href="#">HMRC Penalties: a Discussion Document</a> on 2 February 2015, seeking views on how to change the way that penalties are applied as we transform our administration to deliver more digital services, based around our customers. <a href="#">HMRC Penalties: a Discussion Document – Summary of Responses</a> published on 17 September 2015 reflected the views of respondents and stakeholders.

# Contents

1	Introduction	4
2	Late submission penalties	5
3	Model A - Points-based penalty	9
4	Model B - Regular review of compliance	12
5	Model C – Suspension of penalties	16
6	Penalty interest	18
7	Initial assessment of impacts	21
8	Summary of consultation questions	22
9	The consultation process: how to respond	23

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

# 1. Introduction

## Background

1.1 In the 2016 consultation document “Making Tax Digital: Tax administration”, published on 15 August 2016, the government made proposals for sanctions for late submission and late payment.

## Summary of responses

1.2 The Summary of Responses to that consultation, issued on 31 January 2017 said that

- the government was committed to getting the late submission model right and recognised more work needs to be done;
- we would continue to explore penalty interest for late payment, taking into account concerns raised, particularly about the rate levels and the interaction with late payment interest; and
- there would be further consultation.

## What this consultation covers

1.3 This document sets out three possible models for late submission penalties and seeks views (Chapters 2 to 5). It also provides an update on penalty interest (Chapter 6): while no specific questions are being proposed on penalty interest, any further views are welcome.

1.4 The proposals for late submission penalties have been developed with the new Making Tax Digital for Business obligations in mind. However the consultation also explores the suitability of the sanctions for other regular submission obligations. The consultation proposes penalty interest as a sanction for late payment of Corporation Tax, Income Tax and VAT.

## 2. Late submission penalties

### Making Tax Digital

2.1 Making Tax Digital is a key part of the government's plans to make it easier for individuals and businesses to get their tax right and keep on top of their affairs - meaning the end of the annual tax return for millions.

2.2 HMRC wants to help businesses get their tax right first time and to prevent them from feeling punished for making honest mistakes. That means reducing the likelihood of errors, lowering the chance of unwelcome compliance checks and giving businesses greater certainty that they are getting things right. Making Tax Digital for Business is an important step in this direction.

2.3 By 2020 Income Tax, VAT and Corporation Tax will come within the scope of Making Tax Digital for Business. The introduction of digital record keeping and quarterly updates for the majority of businesses, self-employed people and landlords will reduce mistakes and will lay the foundations to go further, with digital nudges and prompts to help businesses steer clear of errors. It will also give businesses a clearer view of their tax position in-year. All of this will enable small businesses to meet their tax obligations at minimum cost and minimum disruption.

### Objectives for the late submission penalty

2.4 The new digital record keeping tools and digital prompts will help customers to meet their submission deadlines and reduce the likelihood of penalties. The government's aim is to introduce a penalty model that is in line with the five principles set out in "HMRC Penalties: a Discussion Document". Those principles are:

1. The penalty regime should be designed from the customer perspective, primarily to encourage compliance and prevent non-compliance. Penalties are not to be applied with the objective of raising revenues.
2. Penalties should be proportionate to the offence and may take into account past behaviour.
3. Penalties must be applied fairly, ensuring that compliant customers are (and are seen to be) in a better position than the non-compliant.
4. Penalties must provide a credible threat. If there is a penalty, we must have the operational capability and capacity to raise it accurately, and if we raise it, we must be able to collect it in a cost-efficient manner.
5. Customers should see a consistent and standardised approach. Variations will be those necessary to take into account customer behaviours and particular taxes.

2.5 Simply applying the current income tax self-assessment late filing model to Making Tax Digital for Business obligations would result in a penalty being charged

straightaway for each failure to meet an obligation. While such a model is simple, the government wants to ensure that a new penalty model does not mechanistically charge large numbers of penalties on those who are trying to comply with new obligations and so such an approach is inappropriate. We want a penalty model that is fair, effective in supporting good compliance, and simple to understand and operate.

2.6 The government has already confirmed that customers will be given a minimum period of 12 months from when they become subject to Making Tax Digital for Business to become familiar with the new obligations before the new late submission penalty comes into effect.

2.7 This consultation outlines three possible models for a new penalty for non-deliberate<sup>1</sup> failures to meet regular submission obligations. Our aim is for them to apply to individuals and businesses within and outside Making Tax Digital for Business. . The penalty charged under each model would be a fixed amount rather than tax related.

2.8 All the models are designed to operate for each tax regime separately. It is the government's ambition to eventually develop a penalty model that would take account of a customer's compliance with their regular submission obligations across tax regimes, but not to do so immediately.

2.9 The models are all designed to operate for taxes with regular filing obligations. As far as possible they are intended to work in essentially the same way, but we have indicated where we consider some of the models may need to include special rules to ensure they work well for monthly or annual filing.

2.10 The government does not want to penalise isolated failures, and the models address this in different ways. A summary of the models is below (details are in Chapters 3-5):

**Points:**

- This is a revision of the points-based model proposed in the last consultation, but it now applies per tax, rather than across all taxes. We noted that respondents to the 2016 consultation were divided on whether a single points total covering all of the customer's submission obligations was the right approach. A number of respondents felt that the proposal would be unworkable as in many businesses the responsibility for different taxes lies with different teams or agents.
- A customer would receive a point each time they failed to provide a submission on time. When the points reach a certain threshold a penalty would be charged. The points are reset after a period of good compliance.

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<sup>1</sup> For deliberate failures our proposed approach is set out at paragraphs 3.38 and 3.39 of the last consultation.

- Points are designed to ensure that isolated failures do not attract a penalty. But where the desired improvement in filing takes place, resetting points to zero rewards that improvement and encourages the establishment of a firm habit of providing submissions on time.

### **Regular review of compliance:**

- HMRC would carry out an automated regular review of the customer's compliance with submission obligations over a set period. There would be no penalty for the first failure during the set period<sup>2</sup>. If there are further defaults a penalty would be charged at the time of the review, based on the number of failures.
- This would enable the penalty to be based on the customer's history of compliance with their submission obligations. It allows for several failures to be subsumed into a single penalty meaning the penalty might be charged some time after an individual failure to which it relates.

### **Suspension**

- HMRC would not charge a penalty immediately on the first failure. Instead it would suspend the penalty on condition that the customer provides the outstanding submission within a specified time. Suspension could be applied on more than one occasion but it is not the government's intention to encourage customers to establish a pattern of repeatedly providing submissions late, so the number of occasions on which a penalty would be suspended would need to be limited.
- This gives the customer the opportunity to avoid having to pay a penalty by putting right what has already gone wrong. Respondents to the 2015 consultation "HMRC Penalties: a Discussion Document" supported making greater use of suspended penalties.

### **Safeguards**

2.11 All the models will only apply where a customer has failed to meet an obligation and does not have a reasonable excuse for doing so. There will be a right of appeal against all penalties and the recording of failures that do not, immediately, give rise to a penalty (e.g. failures that cause the issue of points or that are taken into consideration at the time of the review of compliance).

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<sup>2</sup> There would be different rules for annual obligations

## **Conclusion**

2.12 The following three chapters outline three quite different models, but our intention is to introduce just one.

**Question 2.1 Which of the three penalty models proposed (*A - Points-based, B - Regular review of compliance, or C – Suspension of penalties*) do you consider to be the best and why?**

**Question 2.2 What are your views on the relative importance of the competing demands of fairness, simplicity and effectiveness?**

**Question 2.3 To what extent does each of the three penalty models strike an appropriate balance between fairness, simplicity and effectiveness?**

# 3. Model A - Points-based penalty

## Introduction

3.1 We have looked again at the points-based model proposed in the last consultation, and outline here a revised version which would:

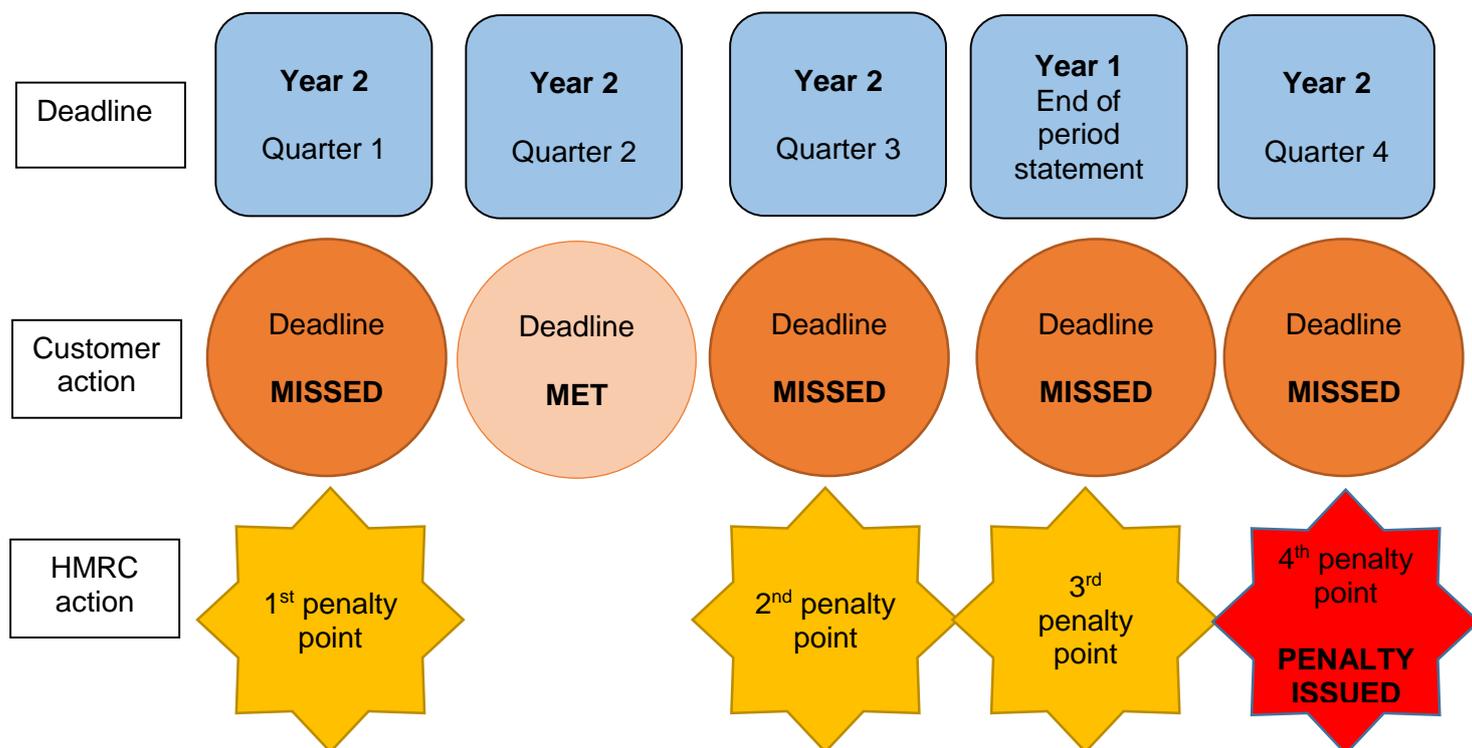
- be applied tax by tax, and
- award one point for every failure.

This contrasts with the model proposed in the 2016 consultation, which would have grouped together obligations across taxes all falling due within the same calendar month.

## Points

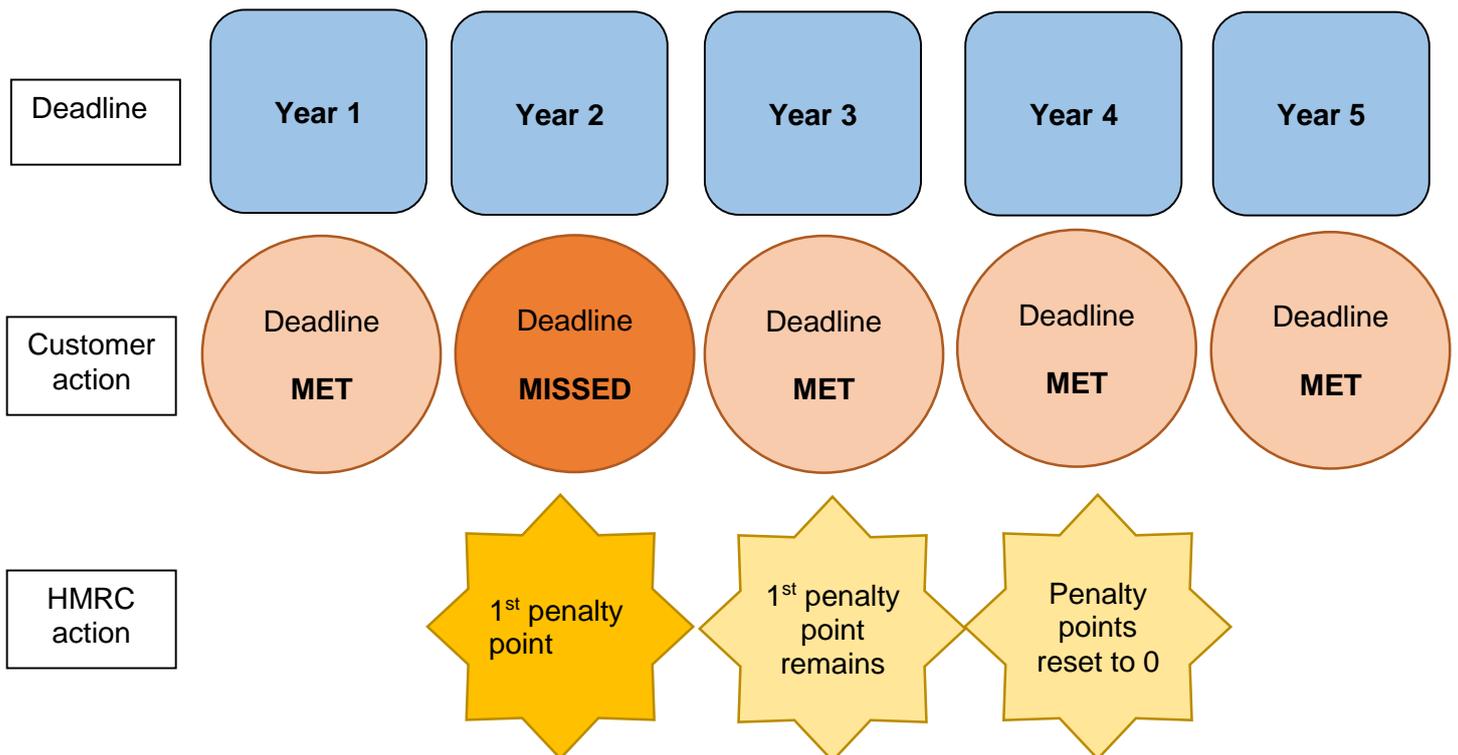
3.2 Under this model the customer would incur a point each time they failed to provide a submission on time. When the points reach a certain threshold they would become liable to a penalty. Fig 3.1 illustrates how this could work for a customer within Making Tax Digital for Business. In this illustration, the penalty is charged when the points total reaches four.

Fig 3.1



3.3 If a customer achieves a sustained period of good compliance before a penalty is triggered, the points total will be reset to zero. A sustained period means that a number of submissions are provided on time for a set period. Fig 3.2 illustrates how this could work for a customer with annual submission obligations (such as an individual submitting an Income Tax Self-Assessment). In this illustration two sequential submissions must be provided on time to reset the points total to zero.

Fig 3.2



3.4 Failures occurring after the total had been reset to zero would start to increase it again. A penalty would be charged if the points total rose to the threshold that triggers a penalty.

### Penalties

3.5 Once a penalty has been charged, the customer would receive further penalties if they failed to meet their subsequent submission obligations. The points total would remain unchanged but it could be reset to zero if there is a sustained period of good compliance.

3.6 The intention behind resetting the points total to zero is to reward improved compliance. The reason for requiring a period of sustained good compliance before resetting the points total to zero is to encourage the habit of providing submissions on time. Our expectation is that the good habit that develops as a result will continue long after the points total has returned to zero.

3.7 Respondents to the last consultation generally felt that 24 months, which we proposed as the necessary period of sustained good compliance for all customers, was too long. They thought that for some customers 24 months might appear unachievable and actually discourage development of the good habit we desire. We accept that, for customers with submission obligations that occur more frequently than once a year, a period of 24 months could cover a large number of obligations.

3.8 However, if we reduced the requirement for customers with annual obligations too they would only need to provide one submission on time. One submission received on time does not amount to the development of a good habit. Accordingly, we consider it appropriate to retain the requirement of 24 months of sustained good compliance (now expressed as two submissions) for customers making one submission a year.

3.9 We propose that the period of good compliance required to reset the points total to zero would be:

<b>Submission frequency</b>	<b>Good compliance period</b>
Annual	2 submissions
Quarterly/Making Tax Digital for Business	4 submissions
Monthly	6 submissions

**Question 3.1 Do you agree with these proposals for the duration of the required good compliance periods?**

**Question 3.2 Could any changes be made to the points-based penalty model to make it fairer, simpler or more effective?**

## 4. Model B -Regular review of compliance

### Introduction

4.1 Under this model HMRC would carry out an automated review that looked at the customer's compliance with their submission obligations after a set period of time and takes into consideration the number of failures when calculating the amount of any penalty that is charged at the time of the review. Because the review is periodic in nature it could also take account of the duration of failures. The review would be carried out tax by tax.

4.2 HMRC would notify the customer each time they were late, to ensure that any penalty chargeable at the time of the review did not come as a surprise and to prompt the customer to tell us straightaway if they had a reasonable excuse for missing an obligation.

### Frequency of the review

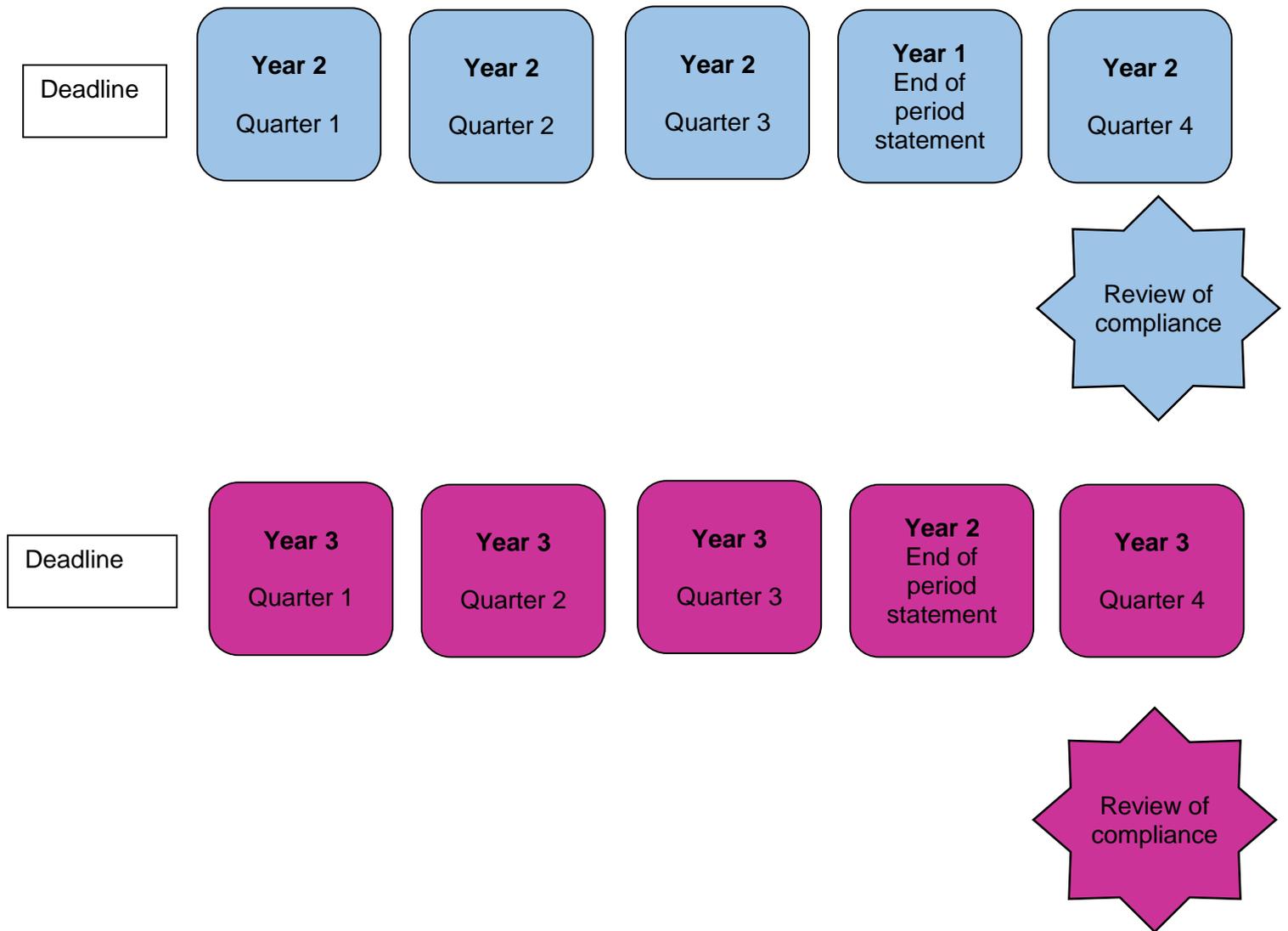
4.3 The government proposes that HMRC would carry out the review of compliance once a year.

### Timing of the review

4.4 We propose that for customers who provide an annual submission (for example an annual VAT return or income tax self-assessment return) the review would be carried out within two months of the deadline for providing the submission.

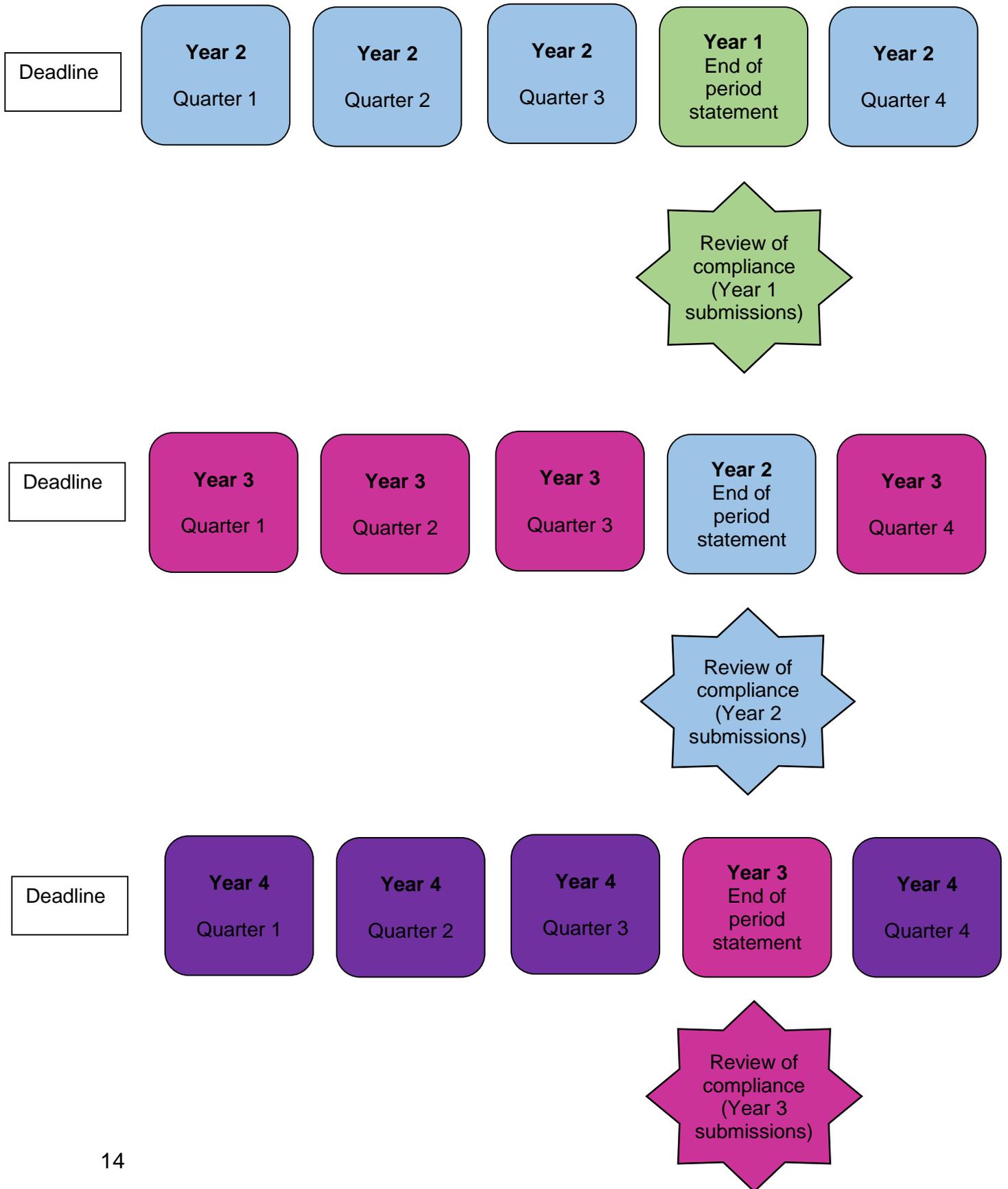
4.5 For direct tax customers within Making Tax Digital for Business a number of options are available. One is to treat the end of period statement for the previous period of account as one of the submissions obligations occurring during the period of account being reviewed. Figure 4.1 illustrates how this would work.

Fig 4.1



4.6 A second option would be to carry out the review after the due date for the end-of-period statement. Fig 4.2 illustrates how this would work.

Fig 4.2



4.7 A third option would be to review compliance with the obligation to provide regular updates and the obligation to provide an end of period statement separately.

4.8 VAT and other indirect taxes do not generally have the concept of an annual cycle, but normally customers with indirect tax submission obligations will also have direct tax obligations, so the review of compliance with a customer's indirect tax submission obligations could be timed to coincide with the review of compliance with their direct tax submission obligations.

#### **Question 4.1 What are your views on the timing of the review?**

#### **Question 4.2 Which of the three options mentioned in paragraphs 4.5 to 4.7 above for customers within Making Tax Digital for Business do you think is the most appropriate?**

#### **One-off oversights**

4.9 Generally the government does not want to penalise one-off oversights. For that reason we consider that, for customers with quarterly, or monthly submission obligations, there should be no liability to a penalty for the first failure that occurred during the period under review.

4.10 The same approach cannot be taken for customers with just one submission obligation in the year because it would mean they were never charged penalties for failing to provide their submissions. Instead, for these customers there could, perhaps, be no liability to a penalty if they are late for a short time, say 30 days, but a penalty would be charged if the submission continued to be outstanding for longer. However, the government does not intend to encourage customers to establish a pattern of repeatedly providing submissions late, so the number of times on which the customer was given the opportunity to avoid being charged a penalty by providing the submissions a short time after their due dates would need to be limited.

#### **Question 4.3 Do you agree this would be a proportionate response to occasional lateness that lasted just a short time?**

#### **Amount of penalty**

4.11 When a failure has occurred, the customer would be told whether and how much that failure would add to the final penalty total. Each failure that gives rise to a penalty would add the same amount to the total penalty charged.

#### **Question 4.4 Could any changes be made to the regular review of compliance model to make it fairer, simpler or more effective?**

## 5. Model C – Suspension of penalties

### Introduction

5.1 This model gives the customer the opportunity to avoid having to pay a penalty by providing a late submission.

5.2 When the first failure happens the customer would receive a notice advising them that:

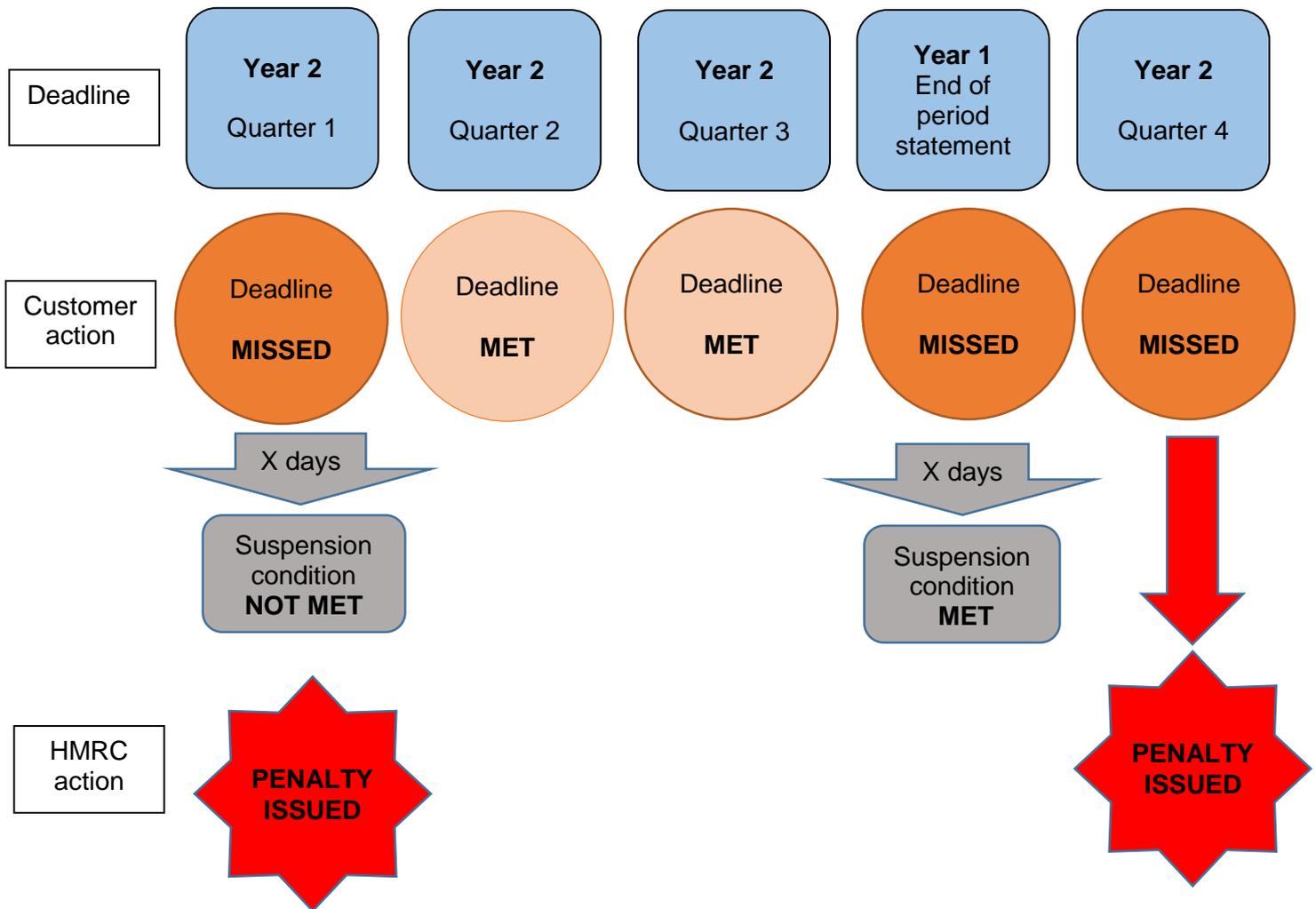
- they did not provide the submission on time and are liable to a penalty, but
- HMRC would not charge it on condition that they provide the outstanding submission within a specified time.

If the condition was not met the penalty would be charged.

5.3 If the customer is late a second time they could again be notified of their failure and given the opportunity to escape being charged a penalty in return for providing the outstanding submission within a specified time.

5.4 However, the government does not want to encourage customers to establish a pattern of repeatedly providing submissions late, so the number of occasions on which a penalty would be suspended would need to be limited. Fig 5.1 illustrates how this model could work for a customer within Making Tax Digital for Business with direct tax submission obligations. For the purposes of illustration the number of times on which a penalty is suspended is two.

Fig 5.1



### Rewarding improved compliance

5.5 Where a customer has been charged penalties for late submissions but achieves a period of sustained good compliance with their submission obligations, it may be counterproductive if, the next time they are late, HMRC immediately charges a penalty rather than suspending it. We therefore consider that, after a period of sustained good compliance, penalties again should be suspended for initial failures before suspension is no longer available.

**Question 5.1 Do you agree that improved compliance should be recognised? Is there a better alternative way to recognise it?**

**Question 5.2 Could any changes be made to the suspension model to make it fairer, simpler or more effective?**

## 6. Penalty interest

### Introduction

6.1 This chapter provides an update on the government's proposals for a new sanction for late payment for Corporation Tax, Income Tax and VAT: penalty interest.

6.2 Making Tax Digital for Business makes no changes to the timing of mandatory tax payments but the government aims to modernise and simplify the sanctions applied for late payment. We treat payment obligations as distinct and separate from obligations to submit information because we need a system that would encourage customers to pay on time and that would work in proportion to the amount of tax outstanding and the period of time the tax is late.

6.3 Sanctions will only be effective if they encourage customers to pay on time. They are not intended as a means of raising revenue, but instead as a way to help customers understand and meet their payment obligations.

### Objectives for new late payment sanctions

6.4 Our objectives for late payment sanctions are intended to support the five principles in paragraph 2.4 by:

- providing a fair and proportionate response to late payment of tax; and
- giving adequate opportunity for those who have accidentally underpaid or overlooked a liability to correct this before sanctions apply.

6.5 Chapter 4 of the 2016 consultation set out two proposals to change late payment sanctions: penalty interest or revising and aligning existing late payment penalty regimes. Most respondents preferred the use of penalty interest to a late payment penalty. It was generally considered fairer than a fixed rate penalty as it was seen to be proportionate to the period of lateness and the amount of tax outstanding. We also think penalty interest is a better fit with the penalty principles since it will have a lesser impact on customers who move quickly to comply with their payment obligations and should be easily understood by customers.

### Penalty interest model

6.6 As announced in the [Summary of Responses](#) to the 2016 consultation, published on 31 January 2017, we are working on replacing default surcharge and all late payment penalties currently in operation for Income Tax, Corporation Tax and VAT with penalty interest. In due course we would extend penalty interest to all taxes and duties. It would apply to customers who do not pay their tax by the due date and have not entered into, and adhered to, time to pay (TTP) arrangements.

## **Date from which penalty interest would be calculated**

6.7 In the 2016 consultation we proposed that the penalty interest would be charged if tax is outstanding 14 days after the payment due date and where the customer has not entered into, and adhered to, TTP arrangements. We considered 14 days as enough time for customers to either pay in full or enter into TTP arrangements without incurring penalty interest.

6.8 However many respondents to the consultation did not agree that 14 days was sufficient time to pay in full or enter into TTP arrangements. Their view was that personal factors such as illness, travel and holidays or situations such as postal delays and/or administrative delays would make it unworkable and create difficulties.

6.9 We will give further consideration to the date on which penalty interest starts to be calculated, but must balance the views of respondents to the 2016 consultation with the need to ensure the obligation to pay on time is adequately supported: we do not want to effectively change the due date for payment and we also need to ensure a consistent approach across different taxes.

## **The rate of interest**

6.10 The rate of penalty interest needs to be set at a rate sufficient to encourage full payment as quickly as possible, and which is higher than that charged for commercial bank loans. A debt owed to HMRC should not be a lower priority than amounts owed to other creditors.

6.11 In the last consultation a penalty rate of interest of 10% was used as an illustration. Even though this rate was not a firm proposal, respondents suggested that this illustrative rate of 10% was too high.

6.12 In the case of commercial debts where a business is late paying for goods or a service 'statutory interest' can be charged, which is 8% plus the Bank of England base rate for business to business transactions. This rate was the one suggested by many of the consultation respondents. This is a strong contender since it is an existing and well understood rate and we will do further work on the impacts.

## **Interaction with late payment interest**

6.13 HMRC charges late payment interest (currently at 2.75% for main taxes and duties) when tax is not paid to HMRC on time: this is designed to provide commercial restitution for not having use of the money and to ensure that customers who fail to meet their payment obligations are not in a better position than compliant customers. Late payment interest is not a sanction for late payment. HMRC pays repayment interest on overpayment of tax.

6.14 We are proposing that penalty interest will be charged in addition to late payment interest as a sanction for the late payment of tax and to encourage full payment as

quickly as possible. Penalty interest will be calculated only on the amount of tax due i.e. excluding any late payment interest accrued. We propose that this will ultimately replace default surcharge and all late payment penalties currently in operation.

6.15 We intend to consult later in 2017 on proposals to align late payment interest across taxes (chapter 5 of the 2016 consultation). Our current assumption is that late payment interest will still be payable from the day after the due date for the tax and will continue to run until the tax is paid in full. Penalty interest will be charged in addition to this if the tax is still outstanding at a certain point after the due date (we initially proposed 14 days but this is under consideration) and the customer has not entered into, and adhered to, time to pay arrangements.

6.16 Respondents to the 2016 consultation suggested that the interaction between penalty interest and late payment interest needs careful consideration.

### **Next steps**

6.17 HMRC will consult later in 2017 on draft legislation for penalty interest, which will be developed in the light of the concerns expressed about the date from which it would be charged, the rate and in the context of the parallel work being done on late payment interest so we can look at the overall picture from the point of view of both the customer and the Exchequer impacts.

6.18 HMRC is not asking any specific questions about penalty interest at this stage, but any further views on the proposals are welcome.

## 7. Initial assessment of impacts

7.1 This chapter provides an initial assessment of the impacts of the changes proposed in this document. A comprehensive impact assessment for these proposed changes will be published alongside draft legislation once the policy design has been finalised.

7.2 In the 2016 consultation we asked for views on any likely cost or savings and whether any of the proposals would have a significant or disproportionate impact on groups with legally protected characteristics are recognised in the Equalities Act 2010.

7.3 Some respondents suggested they would need time to familiarise themselves with the proposed new penalty models. Respondents also suggested that there might be additional costs if late submission points carry a right of appeal. We did not receive any comments on the question about protected characteristics since many felt they did not have enough information to provide a detailed response.

7.4 We welcome any comments providing further evidence about the level of impact of the proposed changes, and providing suggestions for how the government can mitigate that impact.

### **Impact of late submission penalties proposals (Chapter 3 -5)**

7.5 Preliminary analysis has been carried out across the three models and we are now consulting on how these options for late submission penalties could work.

7.6 Under all of the models one-off failure will not immediately attract a penalty.

### **Impact of late payment sanction proposals (Chapter 6)**

7.7 Penalty interest will only apply where customers have failed to meet a payment obligation, or have failed to enter into, and adhere to, time to pay arrangements.

## 8. Summary of Consultation Questions

Question 2.1 Which of the three penalty models proposed (A - Points-based, B - Regular review of compliance, or C – Suspension of penalties) do you consider to be the best and why?

Question 2.2 What are your views on the relative importance of the competing demands of fairness, simplicity and effectiveness?

Question 2.3 To what extent does each of the three penalty models strike an appropriate balance between fairness, simplicity and effectiveness?

Question 3.1 Do you agree with these proposals for the duration of the required good compliance periods?

Question 3.2 Could any changes be made to the points-based penalty model to make it fairer, simpler or more effective?

Question 4.1 What are your views on the timing of the review?

Question 4.2 Which of the three options mentioned in paragraphs 4.5 to 4.7 above for customers within Making Tax Digital for Business do you think is the most appropriate?

Question 4.3 Do you agree this would be a proportionate response to occasional lateness that lasted just a short time?

Question 4.4 Could any changes be made to the regular review of compliance model to make it fairer, simpler or more effective?

Question 5.1 Do you agree that improved compliance should be recognised? Is there a better alternative for recognising it?

Question 5.2 Could any changes be made to the suspension model to make it fairer, simpler or more effective?

## 9. The Consultation Process: how to respond

This consultation is being conducted in line with the Tax Consultation Framework. There are 5 stages to tax policy development:

- Stage 1 Setting out objectives and identifying options.
- Stage 2 Determining the best option and developing a framework for implementation including detailed policy design.
- Stage 3 Drafting legislation to effect the proposed change.
- Stage 4 Implementing and monitoring the change.
- Stage 5 Reviewing and evaluating the change.

This consultation is taking place during stage 2 of the process.

The purpose of the consultation is to seek views on the detailed policy design and a framework for implementation of a specific proposal, rather than to seek views on alternative proposals.

### How to respond

We would like to hear from organisations or individuals on the points raised by this document.

A summary of the questions in this consultation is included at chapter 8.

Responses should be sent by 11 June 2017, by e-mail to [MTDTA@hmrc.gsi.gov.uk](mailto:MTDTA@hmrc.gsi.gov.uk)

or by post to:

HM Revenue and Customs  
Making Tax Digital Tax Administration  
Room 1C/06  
100 Parliament Street  
London  
SW1A 2BQ

Telephone enquiries should be made to Caroline Eele on 03000 537070 (from a text phone prefix this number with 18001).

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 [HMRC's GOV.UK pages](#). 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 confidentiality 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.

## Consultation Principles

This consultation is being run in accordance with the Government's Consultation Principles.

The Consultation Principles are available on the Cabinet Office website: <http://www.cabinetoffice.gov.uk/resource-library/consultation-principles-guidance>

If you are interested in attending a meeting at this stage to discuss this work, please send an email to [MTDTA@hmrc.gsi.gov.uk](mailto:MTDTA@hmrc.gsi.gov.uk)

If you have any comments or complaints about the consultation process please contact:

John Pay, Consultation Coordinator, Budget Team, HM Revenue & Customs, 100 Parliament Street, London, SW1A 2BQ.

Email: [hmrc-consultation.co-ordinator@hmrc.gsi.gov.uk](mailto:hmrc-consultation.co-ordinator@hmrc.gsi.gov.uk)

**Please do not send responses to the consultation to this address.**