Customer focus: Small businesses

Small businesses represent more than 95% of businesses in UK, so they are vital for our economy. They can take many forms, from partnerships to small limited companies or self-employed people, with overlap between personal and business taxes. The small business tax gap is mainly due to errors, evasion and hidden economy activity.

How we work with this customer group

We support small businesses and their tax agents with digital services that allow them to deal with their tax affairs online, at times to suit them, so they can focus on running their business. We also provide educational material and guidance. Where small businesses aren’t compliant, we deploy a range of interventions depending on the size and complexity of the tax loss. We also work to make sure that they meet wider legal obligations, such as the National Minimum Wage.

Small businesses: turnover below £10 million and fewer than 20 employees*

£110bn
Estimated receipts from Corporation Tax, VAT and others**

£5.4bn
Yield generated from our compliance activities

£13.7bn
Tax gap estimate for 2016-17

£525m
Estimated spend on compliance activities

15m
Employments by businesses which are dealt with as small

£95bn
PAYE and NICs from individuals or wealthy customers***

74% of small businesses rated their overall experience of dealing with HMRC in the last year positively*

* HMRC Individuals, Small Businesses and Agents Customer Survey 2017
** This group also includes micro businesses, with turnover below £2 million and fewer than 10 employees
*** Includes an estimated £28 billion of receipts from tax regimes that cut across small and medium-sized business.

Estimated PAYE and NICs receipts collected from small businesses but paid by individual and wealthy customers.