



HM Revenue
& Customs

Coverage:

United Kingdom

Theme:

The Economy

Released:

23 January 2018

Next Release:

December 2018.

Frequency of release:

Annual

Media contact:

HMRC Press Office
(Individuals)
03000 585020

(Business)

03000 585028

Out-of-hours: 07860 359544

Statistical contacts:

Karen Mason
Tel: 03000 586203
karen.mason@hmrc.gsi.gov.uk

Alexander Chislett
Tel: 03000 586361
alexander.chislett@hmrc.gsi.gov.uk

KAI Data, Policy & Coordination
HM Revenue and Customs
100 Parliament Street
London
SW1A 2BQ

Website:

<https://www.gov.uk/government/collections/tax-relief-statistics>

KAI – Knowledge, Analysis & Intelligence

KAI Data Policy and
Coordination

Estimated Costs of Tax Reliefs

Annual Estimates

Bulletin Index

INTRODUCTION	3
METHODOLOGY	3
Estimated costs of principal tax reliefs	3
Interpretation	4
Estimated cost of minor tax reliefs	4
Tax Reliefs: estimates of cost unavailable	4
OTHER RELEVANT STATISTICAL INFORMATION ON RELIEFS	5
Personal Tax Reliefs	5
Business Tax Reliefs	6
QUALITY ASSURANCE	7
OTHER USEFUL INFORMATION	7
NON-STATISTICAL INFORMATION ON IMPACTS OF TAX RELIEFS	7
Tax Information and Impact Notes	7
HMRC EXTERNAL RESEARCH REPORTS ON TAX RELIEFS	8
<i>Reports published before 2010 now in the UK Government Web Archive</i>	8
HMRC WORKING PAPERS ON TAX RELIEFS	10

Introduction

This bulletin provides background on our publications on tax reliefs. These tables fall outside the scope of National Statistics owing to a certain amount of forecasting in the estimates, and insufficient data.

The note also provides links to non-statistical information on impacts of tax reliefs published elsewhere.

For this publication, we are also launching a user consultation which will run until 28th February. Links to this survey are available on the landing page:

<https://www.gov.uk/government/statistics/main-tax-expenditures-and-structural-reliefs>

Also available via this link:

<https://goo.gl/forms/YtrzhOGmea8ay382>

Methodology

Estimated costs of principal tax reliefs

<https://www.gov.uk/government/statistics/main-tax-expenditures-and-structural-reliefs>

For some of the main tax reliefs, this table provides estimates of the revenue costs (£50 million or above) for the five years 2013-14 to 2017-18. These estimates are based on information available in November 2017. The figures for 2017-18 are in all cases forecasts from previous years' actual data. For many reliefs, estimates of the cost rely on information on tax returns that may not be available for 2016-17 (and in some cases 2015-16) at the time the estimates are produced. For these reliefs, the figures for 2016-17 (and in some cases 2015-16) are projections based on previous years' actual data. Figures which are forecasts or projections based on previous years' actual data are shown in italics. Figures for earlier years (not in italics) are based on actual outturn data for those years. The continuing inclusion of five years of data in subsequent annual updates of this publication will ensure that estimates based on actual data are reported for all years in due course, as forecasts or projections are replaced by those estimates.

Where figures are given in this release based on actual data for the first time, replacing previous forecasts or projections for the same year, notes are given explaining reasons for material revisions in estimates based on actual data compared to earlier forecasts or projections.

The inclusion of data in the report going back to 2013-14 means that for the majority of reliefs there will be at least three (consecutive) years of estimates based on actual data. This enables comparisons to be made of changes in estimated actual costs of reliefs over time. Where estimates based on actual data change materially from one year to the next, notes are provided explaining the main reasons for the changes.

In addition, where forecasts or projections show material changes from previous years, notes are given on the reasons for this.

The tax rates and allowances used in the estimates include the impact of decisions in the 2017 Autumn Budget.

The effect of some tax reliefs is to help or encourage particular types of individuals, activities or products for economic or social objectives. These reliefs are sometimes termed 'tax expenditures', and the table follows this terminology. Many other reliefs can reasonably be regarded (or partly regarded) as an integral part of the tax structure, and these are classified under the heading 'structural reliefs'. These reliefs have various purposes: for example a number of the larger allowances operate as thresholds to make the tax system progressive, while others exist to avoid disproportionate compliance burdens, or simply to recognise the expense incurred in obtaining income.

The split between structural reliefs and 'tax expenditures' is inevitably broad and the distinction is not always straightforward: many reliefs combine both structural and discretionary components. For example, capital allowances can provide relief for depreciation at a commercial rate as well as an element of accelerated relief. It is the latter element

that provides benefit to business which is 'tax expenditure'. The tables therefore classify reliefs into three categories as follows:

- Tax expenditures
- Structural reliefs
- Reliefs with tax expenditure and structural components

The reliefs are also categorised by the type of tax to which they apply, for example, Income Tax, Corporation Tax.

Interpretation

It is important to note that each relief is costed separately and in some cases, the combined cost of a number of reliefs may differ significantly from the sum of the figures for the individual reliefs.

The estimates do not allow for any behavioural changes as a result of the reliefs. In practice if a relief was withdrawn, taxpayers' behaviour would often alter so that the actual yield would be very different from, and often smaller than, that shown in the tables.

These figures should be regarded as broad estimates as the loss of revenue from a tax relief cannot be directly observed and so the estimates are often based on simplified assumptions. All costs, except where specifically referred to in the footnotes, are on an accruals basis, i.e. they represent the effects on the tax liabilities for each year, not receipts in each year.

Estimated cost of minor tax reliefs

<https://www.gov.uk/government/statistics/minor-tax-expenditures-and-structural-reliefs>

This table provides estimates of costs for the minor allowances and reliefs, defined as under £50 million.

Tax Reliefs: estimates of cost unavailable

<https://www.gov.uk/government/statistics/tax-allowances-and-reliefs-in-force-cost-not-known>

This table lists reliefs for which there is insufficient data available on which to base any reasonable estimate. In some cases, the costs of reliefs cannot be reliably estimated because there is insufficient available information and the cost of collecting the necessary data or the burden imposed on taxpayers would be disproportionate. This may be in the following circumstances:

- For many reliefs, HMRC does not require information on the use of the relief to be submitted on tax returns as this is not needed for establishing the liability to tax. This may be because the relief is an exemption rather than a deduction from income or profits. In such cases, HMRC uses suitable external information sources, if available, to estimate usage of the relief and thereby its cost. However, if no administrative or external data source exists, then in general HMRC avoids increasing taxpayers' administrative burdens by requiring information to be submitted solely for statistical purposes unless the benefit of this would be expected to outweigh the cost.
- In some other cases, although information is collected on the value of the relief claimed, this information is not sufficient to enable the cost to be estimated because of inherent modelling uncertainties. For example, HMRC can quantify the value of Share Loss Relief claimed from tax returns, but cannot reliably estimate its cost, because (i) alternative reliefs could sometimes be used instead against the same income, and (ii) the losses could sometimes be offset against gains if no longer relievable against income. As HMRC does not know whether particular taxpayers would be able to use an alternative relief, it is not possible to determine their tax liability in the absence of Share Loss Relief.

The tax reliefs for which no estimate of cost is available are analysed by area of the tax system for reference. The table also provides a categorisation indicating the reason why the cost information is not available, the categories being as follows:

- A. Information on the usage of this relief is not required in tax returns and cannot be reliably estimated from other data sources, and the cost of collection for statistical purposes is disproportionate.
- B. Information on the usage of this relief is reported to HMRC, but the relevant data is not held in a centralised form, and the cost of gathering for statistical purposes is disproportionate.
- C. Information on the usage of this relief is available, but the cost is not quantifiable as it is dependent on other unknown factors.
- D. Introduction of the relief is too recent for any data to be available.
- E. Exemption under the Freedom of Information Act, such as Data Protection.
- F. Other (reason stated in each case).

Other relevant statistical information on reliefs

In addition to the information on costs of reliefs in these tables, other statistical information on tax reliefs is included in other HMRC statistical publications. For ease of reference, the other information is summarised here with links to the relevant publications.

Personal Tax Reliefs

Capital Gains Tax Entrepreneurs' Relief: numbers of claimants and amounts of gain, see Table 14.4:

<https://www.gov.uk/government/statistics/numbers-of-claimants-of-entrepreneurs-relief-and-amounts-of-gain-by-year>

Charitable donations and tax reliefs statistics including Gift Aid and Payroll giving, see commentary and Tables 10.1, 10.2, 10.3, 10.4 and 10.8:

<https://www.gov.uk/government/collections/charitable-donations-and-tax-reliefs-statistics>

Inheritance Tax exemptions and reliefs, number of cases and amount, see Table 12.2:

<https://www.gov.uk/government/statistics/inheritance-tax-statistics-table-122-exemptions-and-reliefs>

Regional employer NICs holiday for new businesses (now expired), fact sheet:

<https://www.gov.uk/government/collections/regional-employer-nics-holiday-for-new-businesses>

Employment Allowance, take-up statistics:

<https://www.gov.uk/government/collections/employment-allowance-take-up-statistics>

Income Tax personal allowances and reliefs, see Table TA.1:

<https://www.gov.uk/government/statistics/income-tax-personal-allowances-and-reliefs>

Mortgage interest relief (now abolished), cost of relief and number of beneficiaries:

http://webarchive.nationalarchives.gov.uk/*/http://www.hmrc.gov.uk/stats/mir/menu.htm

Profit Related Pay (now abolished): numbers of schemes and employees:

http://webarchive.nationalarchives.gov.uk/*/http://www.hmrc.gov.uk/stats/prp/menu.htm

Income Tax deductions and reliefs: contributions to occupational pensions, contributions to personal pensions, all other interest, charges and deductions, see Table 3.8:

<https://www.gov.uk/government/statistics/deductions-and-reliefs-2010-to-2011>

Employee share schemes (Company Share Option Plans, Save As You Earn share options schemes, Share Incentive Plans and Approved Profit Sharing Schemes (abolished), see commentary and Tables 6.1 to 6.8:

<https://www.gov.uk/government/collections/employee-share-schemes-statistics>

Individual Savings Accounts (ISA), amounts subscribed, market value of funds, number of individuals subscribing and with accounts, see commentary and Tables 9.1 to 9.12:

<https://www.gov.uk/government/collections/individual-savings-accounts-isa-statistics>

Personal Pensions: contribution and tax relief statistics, see Tables PEN1 to PEN6:

<https://www.gov.uk/government/collections/personal-pensions-statistics>

Tax Exempt Special Savings Accounts (now abolished), see:

<http://webarchive.nationalarchives.gov.uk/20120604091938/http://www.hmrc.gov.uk/stats/tessa/menu.htm>

Personal Equity Plans (now abolished), see:

<http://webarchive.nationalarchives.gov.uk/20120609144643/http://www.hmrc.gov.uk/stats/peps/menu.htm>

Venture Capital Schemes, statistics and information, see:

<https://www.gov.uk/government/collections/venture-capital-schemes>

Corporate Venturing Scheme (CVS), numbers of companies, see:

<https://www.gov.uk/government/collections/corporate-venturing-scheme-cvs-statistics>

Child Trust Fund statistics, see:

<https://www.gov.uk/government/collections/child-trust-fund-statistics>

Business Tax Reliefs

Corporation Tax: Capital Allowances, trading losses offset, Group Relief received, Marginal Small Companies Relief, Double Taxation relief (amounts claimed by sector group), see Table 11.2:

<https://www.gov.uk/government/statistics/corporation-tax-income-allowances-deductions-and-tax-liabilities-by-company-sector>

Corporation Tax: Capital Allowances, Marginal Small Companies Relief, Double Taxation relief (number of companies and amounts claimed), see Table 11.3:

<https://www.gov.uk/government/statistics/corporation-tax-number-of-companies-income-allowances-tax-liabilities-and-deductions>

Corporation Tax: Capital Allowances, deductions, reliefs set against tax (by sector) see Table 11.4:

<https://www.gov.uk/government/statistics/computation-of-corporation-tax-liability-by-industry>

<https://www.gov.uk/government/statistics/table-115-computation-of-corporation-tax-liability-by-industry-financial-year-ending-2013>

Corporation Tax: Capital Allowances by type (historical series of amounts), see Table 11.9:

<https://www.gov.uk/government/statistics/table-119-corporation-tax-capital-allowances-due-financial-years-ending-1974-to-2012>

Corporation Tax: Capital Allowances by type and by industry (amounts), see Table 11.10:

<https://www.gov.uk/government/statistics/corporation-tax-capital-allowances-due-2007-to-2012-by-industry>

Corporation Tax: rates of Capital Allowances (historical), see Table A.5:

<https://www.gov.uk/government/statistics/corporate-tax-rates-of-capital-allowance>

Petroleum Revenue Tax, cross field reliefs, Oil Allowance, Safeguard, see Tables T11.12 and T11.12A:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/532652/Table_11.12.pdf

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/447597/Table_11_12A_Additional_Analysis_of_Petroleum_Revenue_Tax_assessments_from_1975_H1_to_2014_H2.pdf

Creative Industries: Film Tax Relief, High-end Television Tax Relief, Animation Tax Relief, see commentary and Tables 1.1 to 1.6, 2.1 to 2.6, 3.1 to 3.6.

<https://www.gov.uk/government/statistics/creative-industries-statistics-december-2015>

Value Added Tax (VAT), Registration limits (historical), see Table 3.1 in Fact Sheet:

https://www.uktradeinfo.com/Statistics/Statistical%20Factsheets/VAT_Factsheet_15.xls

Quality Assurance

We are committed to continuously improving the official statistics we publish. Our quality assurance processes have recently been reviewed (September 2017) and we have in place checks to minimise the risk of error and the use of a quality assurance review process. These measures will enhance the level of assurance and provide a clear audit trail.

Further to this, each section is scrutinised by analytical staff working on each of the areas. The publication is also peer reviewed by different team members and overseen by both a Deputy Director in KAI and the team's senior statistician.

Other useful information

Our publications are available on the GOV.UK site where you can also find publications by other Government bodies.

<https://www.gov.uk/>

Or if you wish to view all of HMRC taxes areas go to the main menu:

<https://www.gov.uk/government/organisations/hm-revenue-customs/about/statistics>

Non-statistical information on impacts of tax reliefs

The remainder of the information in this note is outside the scope of official statistics, and is set out here for ease of reference only. By providing links to a number of non-statistical publications relating to tax reliefs, this note brings together most of HMRC's analytical information on existing tax reliefs. Information on estimated impacts of new tax reliefs or changes to existing tax reliefs may be found in the Tax Information and Impact Notes (TIINs) published with the policy announcements, for example at Budget.

Tax Information and Impact Notes

<https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins#spring-budget-2017-8-march-2017>

<https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins#legislation-day-5-december-2016>

<https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins#autumn-statement-2016>

<https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins#budget-2016-16-march-2016>

<https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins#tiins-published-from-january-2016>

The National Archives website has details of TIINs published:

from June 2013 to December 2015

<http://webarchive.nationalarchives.gov.uk/20170612092047/https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>

before June 2013

<http://webarchive.nationalarchives.gov.uk/20130605075729/http://www.hmrc.gov.uk/thelibrary/tiins.htm>

HMRC external research reports on tax reliefs

HMRC publishes a series of external research and analysis reports on GOV.UK, which can be found here:

https://www.gov.uk/government/publications?keywords=&publication_filter_option=research-and-analysis&topics%5B%5D=all&departments%5B%5D=hm-revenue-customs&official_document_status=all&world_locations%5B%5D=all&from_date=&to_date

Within this series, reports relating to tax reliefs can be found here (in reverse order of publication date):

[Transferable tax allowance for married couples and civil partners](#) (21 July 2016)

[Feasibility study into evaluating the labour and childcare market impacts of Tax-Free Childcare and the Free Early Education Entitlement](#) (19 February 2016)

[The use and impact of Venture Capital Schemes](#) (2 February 2016)

[Net Pay Arrangements: Flat Rate Expenses and Mileage Allowance Relief](#) (9 September 2015)

[Cognitive testing of Tax-Free Childcare draft guidance and registration pages](#) (7 September 2015)

[Using and communicating Tax-Free Childcare](#) (7 September 2015)

[Awareness and impact of the Employment Allowance: research with small employers](#) (20 July 2015)

[Capital Gains Tax: Entrepreneurs' Relief and Business Asset Rollover Relief research](#) (15 July 2015)

[Charitable giving and Gift Aid behaviour amongst better-off individuals](#) (15 July 2015)

[Gift Aid: Understanding donor behaviour](#) (17 November 2014)

[Tax-Free Childcare: findings on parents' account provider preferences](#) (29 July 2014)

[Tax Free Childcare: design considerations for implementation of the new scheme](#) (18 March 2014)

[Seed Enterprise Investment Scheme: customer experience](#) (4 December 2013)

[Gift Aid: online services for charities and Community Amateur Sports Clubs](#) (7 October 2013)

[Employer National Insurance contributions holiday scheme: survey](#) (18 July 2011)

[Child Trust Fund study: wave 2 results](#) (22 June 2011)

[Tax credits: evaluation of research and development](#) (7 December 2010)

[Research and development: businesses' decision making processes](#) (12 November 2010)

Reports published before 2010 now in the UK Government Web Archive

Research Report 91 - Gift Aid donor research: Exploring options for reforming higher-rate relief.
[Gift Aid Donor Research Report \(PDF 452K\)](#)

Research Report 59 - Evaluation of Tax-Advantaged All-Employee Share Schemes - Save As You Earn (SAYE) and Share Incentive Plan (SIP)

[Report 59 - Executive Summary \(PDF 36K\)](#)

[Report 59 - Main report \(PDF 484K\)](#)

[Report 59 - Technical report \(PDF 1.8MB\)](#)

Research Report 57 - Pensions Taxation Reform: a baseline study of individuals

[Main report 57 \(PDF 429K\)](#)

Research Report 56 - Pensions Taxation Reform: a baseline study of employers and the Financial Services Industry

[Main report 56 \(PDF 650K\)](#)

[Technical report to Report 56 \(PDF 866K\)](#)

Evaluation of Enhanced Capital Allowance (ECA) for energy saving technologies

[Full report \(PDF 769K\)](#)

Key barriers to the Adoption of Gift Aid

[Full report \(PDF 448K\)](#)

Research Report 44 - Study of the impact of the Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCTs) on company performance

[Full report \(PDF 771K\)](#)

[Executive summary \(PDF 170K\)](#)

Research Report 41 - Enterprise Management Incentives (EMI) Evaluation Survey: Use of EMI and its perceived impact

[Executive Summary \(PDF 223K\)](#)

[Full Report \(PDF 2.2MB\)](#)

[Appendices \(PDF 1.0MB\)](#)

Research Report 38 - Saving in ISAs

[Saving in ISAs Final Report \(PDF 1.7MB\)](#)

[HMRC working Paper: Individuals' attitudes to ISAs:the effect of ISAs on Peoples' savings behaviour \(PDF 215K\)](#)

Research Report 33: Tax-advantaged employee share schemes: analysis of productivity effect

[Overview \(PDF 176K\)](#)

[Report 1: productivity measured using turnover \(PDF 757K\)](#)

[Report 2: productivity measured using gross value added \(PDF 327K\)](#)

[Appendices to Report 1 \(PDF 613K\)](#)

Research report 29 - Charitable Donations by Wealthy People

[Full report \(including executive summary\) \(PDF 630K\)](#)

Research report 23 - monitoring of the reform of the income tax and National Insurance rules for Employer-Supported Childcare: A study of provision and experiences of employers

[Full report, executive summary and appendices](#)

Research report 19 - Feasibility Study for potential econometric assessment of the impact of R&D tax credit on R&D expenditure

[A non technical summary \(PDF 194K\)](#)

[Literature review \(PDF 270K\)](#)

[Matching R&D credit data \(PDF 239K\)](#)

Research report 18 - a baseline survey at the inception of the Child Trust Fund

[Saving for children: a baseline survey at the inception of the Child Trust Fund \(PDF 452K\)](#)

[Saving for children: a baseline survey at the inception of the Child Trust Fund technical appendices \(PDF 111K\)](#)

[Saving for children: a baseline survey at the inception of the Child Trust Fund questionnaires \(PDF 155K\)](#)

Research report 12: Research and Development Tax Credits survey

[Research and Development Tax Credits final report \(PDF 382K\)](#)

[Research and Development Tax Credits executive summary \(PDF 13K\)](#)

Research report 11: qualitative research into Enterprise Management Incentives

[Full report \(PDF 2.9M\)](#)

Research report 9: individuals' donations to charities and their use of tax relief

[Main report \(PDF 1.1M\)](#)

Research report 2: research into the Enterprise Investment Scheme and Venture Capital Trusts

[Summary \(PDF 23K\)](#)

[Full report \(PDF 650K\)](#)

HMRC working papers on tax reliefs

HMRC publishes a series of internally produced working papers which may be found here:

<https://www.gov.uk/government/collections/hm-revenue-and-customs-research-working-papers>

Within this series, working papers relating to tax reliefs, including published reports of internally conducted evaluations, are as follows:

[Evaluation of Research and Development Tax Credit](#)

18 March 2015

[Evaluating the Impact of the Rural Fuel Duty Relief](#)

18 October 2013

[Evaluating the Impact of Stamp Duty Land Tax First Time Buyer's Relief](#)

28 November 2011