

HMRC Tax Transparency Sector Board
Venue: 100 Parliament Street, London
Room 2/39 Chancellors Room

Date / Time: Monday 3rd February 2014 – 14:00 to 16:00

Attendees:	Apologies:
<p>HMRC Jonathan Athow - HMRC - Knowledge, Analysis and Intelligence (KAI) Chair Daniele Bega – HMRC - KAI Data Policy & Co-ordination Cindy Bell – HMRC - Central Policy Bill Elmore – HMRC - KAI Data Policy & Co-ordination John Fegan - HMRC - Security and Information Mike Hawkins – HMRC - KAI Data Policy & Co-ordination Ian Parfitt – HMRC - KAI Data Policy & Co-ordination Bruce Stewart – HMRC – Customs Directorate James Templeton – HMRC Business Customer and Strategy Howard Turner – HMRC – KAI Personal Taxes Simon Woodside – HMRC Business Customer and Strategy</p> <p>Executive agencies Colin Yeend - Valuation Office Agency (VOA)</p> <p>Other Government Departments Krisztina Katona - Cabinet Office (CO) Peter Lawrence - Cabinet Office (CO)</p> <p>External representatives Paul Boyle - Economic & Social Research Council (ESRC) Keith Dugmore - Demographics User Group (DUG) Peter Fanning - Chartered Institute of Taxation (CIOT) Stephen Herring - Institute of Directors (IOD) Judith Jones – Information Commissioner’s Office (ICO) Dominique Lazanski – Open Data User Group (ODUG) Rory Meakin - Taxpayers Alliance (TPA) Mark Nicholson – Equifax(EQ) Chris Taggart – CountCulture (CC)</p>	<p>Adrian Ball (VOA) John Ingle (HMRC – Trade Stats) Paul Maltby (Cabinet Office) Jonathan Shaw (IFS) Andrew Sheffield (Experian)</p>

1. Welcome and introductions (Chair - HMRC Knowledge, Analysis and Intelligence)

- Jonathan Athow (Chair) welcomed everyone to the HMRC Tax Transparency Sector Board.

2. Action Points/minutes from the previous meeting (Chair)

- HMRC and VOA held individual discussions with Cabinet Office to complete the two action points from the previous meeting :

AP11: HMRC to have discussions on data requirements on CHIEF with Cabinet Office

AP12: Cabinet Office and VOA to discuss options on the release of VOA data

3. Data Sharing Bill (Cabinet Office)

- Cabinet Office (CO) provided an update on the Data Sharing Bill.
- The development of the legislation is going ahead but the timetable for implementation has been altered to allow more detailed discussion with external groups.
- CO clarified that the bill would not entail amendments to the Data Protection Act and would consist of three strands:
 - De-identified data sharing for research and statistics via Trusted Third Parties, including an alternative to the Census
 - Sharing information to tackle fraud, debt and error that creates inefficiencies
 - Sharing of identifiable data to deliver tailored public services and facilitate data matching
- CO's plan was to have a draft bill ready that could be introduced in to Parliament from September 2014. To meet this deadline, CO would finalise the draft legislation by the end of March\early April, in order to submit these strands to Pre Legislative Scrutiny later in April 2014.
- CO stated they would engage in open policy making initiatives and discuss directly with various stakeholders, including bringing together Government Departments and privacy groups to inform the final form of the bill.

Discussion

- The Economic and Social Research Council (ESRC) welcomed the work that Cabinet Office was undertaking in this area and enquired whether developments in current EU Data Protection legislation would be taken into account in the draft bill.
- CO explained that the bill would tie in with EU timings and that they were also working with the Law Commission, currently undertaking a review of the legal regime governing data sharing in England and Wales.
- HMRC asked CO for steer on whether they should be looking for alternative legislative vehicles to implement data sharing proposals where this would enable faster implementation than the CO bill. CO were content for HMRC to do this alongside continuing to work closely with them on the three strands of the CO data sharing bill.
- The Chartered Institute of Taxation (CIOT) advised CO to publish draft clauses before ministerial endorsement, in order to maximise public engagement.
- CO confirmed that draft clauses would be released to the general public shortly, hopefully in the next ten days.

4. Update on the VAT register release (HMRC – Business Customer and Strategy)

- The Business Customer and Strategy (BC&S) team in HMRC gave an overview of progress in considering proposals for release of the VAT register.
- A summary of responses to HMRC's consultation on this (and also on the associated consultation on release of aggregated and anonymised data) were published in December.
- The Autumn Statement stated that a decision on the release of the VAT register would be announced in 2014.
- HMRC had commissioned a research project to investigate the impact of the release of VAT register on trade credit. The research had yet to be published, but initial findings indicated that trade credit availability would be expected to improve, particularly for sole traders and newly formed businesses.
- HMRC were reviewing the options for releasing VAT information:
 - On the controlled release of VAT registration data to qualifying parties HMRC explained that they were considering the scope of the proposal. For example, it had been suggested in consultation that sharing data with Local Authorities could help improve targeting of support to local businesses.
 - The release of the VAT register as open data required further consideration to more clearly understand the benefits of release of different data fields, and the issues which might preclude release, such as privacy concerns and risks of fraud.

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- HMRC invited members of the Tax Transparency Sector Board to help with consideration of the issues affecting which VAT register fields might be released as open data. If members would like to assist with this, they should contact the board's Secretariat.

Discussion

- CountCulture (CC) enquired whether the controlled release of VAT registration data would help businesses receive a better credit rating score or would benefit credit providers by their having better data.
- HMRC replied that the release could potentially benefit access to credit for VAT registered entities due to the increased amount of information available to inform credit scores.
- CC also asked whether the release of the VAT register could be undertaken using an opt-in/opt-out mechanism.
- HMRC explained that opt-in/opt-out was unlikely for practical reasons as the cost of implementation would probably be prohibitive for the Department.

5. HMRC update on CHIEF consultation (Customs Handling of Import and Export Freight - HMRC Customs Directorate)

- HMRC Customs Directorate (CD) clarified that CHIEF was a processing system, recording information on imports and exports and should not be defined as a database.
- CD explained that information collected by CHIEF was potentially sensitive, with different views between data owners and data users on how it should be used.
- There had been a lot of interest in trade information recently and HMRC had released what was possible within the current legislative framework on the trade information portal www.uktradeinfo.com. Various bodies also requested more granular, identifiable information. In response to this, HMRC:
 - Made available anonymised information on imports and exports to the research community via the Datalab, with appropriate safeguards;
 - Released importers' details (names, addresses and commodity imported) on HMRC's website. This was possible under the Finance Act 1988.
- HMRC explained that the biggest gap in the information released was around exports. It was therefore worth considering release of exporter information on a similar basis to that contained in the Importers Details register as this could provide wider benefits by bringing customers and suppliers together which could help stimulate UK exports and contribute to growth.
- HMRC explained that there was a need to balance the benefits of taxpayers' confidentiality with those of transparency. The main concern was that the data did not only include businesses but also individual private importers/exporters.
- CD announced they planned to undertake a consultation on what further import and export information HMRC could make available, considering the:
 - Scope to extend wording of Finance Act 1988 to increase the amount of information that can be released on importers;
 - Possibility of introducing legislation to share information on exporters;
 - Scope for making anonymised information, currently only released in the Datalab for research that benefits HMRC's functions, more widely available.
- HMRC highlighted that there were also National Interest/Security issues to be taken into account. There was also a need to consider the impact of EU Customs legislation in this area.
- HMRC stated that they would be making an announcement on public consultation at the Joint Customs Consultative Committee on 17th February to warm up the International Trade arena, with a view to start work on the consultation by the end of March 2014.

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- Members of the board to let HMRC know whether they think HMRC should include in the consultation the option of open release of the full Customs declaration data set including customers' information and detailed, identifiable data.

Discussion

- CountCulture (CC) emphasised the societal benefit of linking information on importers to suppliers, to determine the supply chain. This was an issue currently being looked at by the World Bank, in relation to developing countries.
- CC also highlighted that some countries provided a service to businesses via exporters' registers and suggested that the consultation looked into an opt-in clause to create a similar initiative in the UK.
- HMRC highlighted that visibility may not be suitable to every business and that some considerations needed to be made on the level of information that could be made available.
- The Institute of Directors (IOD) pointed out that releasing information on exporters could disclose information to overseas competitors that could undermine the UK's economy.
- HMRC re-iterated the need to determine the balance between what information would be useful and what should be protected.

6. Charity data and HMRC (HMRC KAI Personal Taxes)

- HMRC KAI Personal Taxes (PT) provided a presentation on the data that HMRC held and released on charities and charitable giving.
- The Department gave an overview of the information published on the costs of tax relief, including statistics on tax repayments and types of reliefs for charities and individuals.
- HMRC explained that there were some limitations to the data that HMRC held and the information it was allowed to release on individual charities. For example, releasing details on individual charities was unlikely to be possible, as under current legislation HMRC would probably need consent from these organisations.
- On the donor side, PT clarified that not all higher rate relief claimers were included in Self Assessment and donations on which Higher Rate taxpayers claimed relief were not linked to individual charities; only the total amount of all Gift Aid donations was recorded by the taxpayer.
- HMRC announced that from 2013/14 a new electronic system had been introduced where all individual donations would in principle be linked to a charity reference number.
- In the last few years, HMRC has undertaken a number of initiatives to engage with practitioners and the general public, including a public consultation on National Statistics and meetings with representatives from the Charity Tax Forum.

Discussion

- The Demographics Users Group highlighted that it would be useful to produce statistics on charitable giving using output area classification to understand where donations came from.
- The Chartered Institute of Taxation (CIOT) pointed out that the data that charities held on payments from donors related to individual taxpayers and there would be a need to ask an individual for their agreement to release any information that identified them.
- CIOT also explained that there might be some reconciliation issues with the information provided by charities, as some of them used different accounting classifications.
- Finally, CIOT warned HMRC that any reform of in the law would be very sensitive and might bear unintended consequences.

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- HMRC to have discussions with colleagues responsible for charities policy to gather more information on recent developments.

7. National Information Infrastructure Next Steps (NII) (Cabinet Office)

- Cabinet Office explained that the first step of the NII resulted in the development of an inventory of data held by Government, which was currently published on data.gov.uk.
- The next step of the NII would require Government Departments to:
 - Automatically review the list of published/unpublished datasets to ensure that it was comprehensive ;

- Design internal processes to identify new datasets to be included in the inventory and the NII;
- Ensure that departments engaged with users about the potential uses of their data;
- Publish datasets in the NII if there were no significant barriers to release and discuss how any barriers might be overcome;
- CO also explained that there was a need to quality assure the information released, using, for example, the open data certification system devised by the Open Data Institute (ODI).

Discussion

- The Demographics User Group (DUG) complimented the initiative from Cabinet Office, currently releasing a comprehensive list of 14,000 datasets. DUG also pointed out that an open release of geographical reference datasets, such as Postcode Address File (PAF), the National Address Gazetteer and Ordnance Survey Data would be welcome.
- CountCulture (CC) highlighted that record identifiers that Government used in mapping information could potentially be very useful.
- CIOT advised that the debate on data sharing might shift in the near future. CIOT explained that, as society became more transparent and Government published all the information it held by default, the Departments could be challenged on what they should legally collect.
- HMRC iterated that the information that the Department collected related to the minimum amount needed to administer the tax system.

8. AOB

- The Demographics User Group (DUG) enquired about the implications of the Valuation Office Agency (VOA) ceasing to release a report on land prices.
- VOA clarified that the Property Market Report (PMR), which contained commentary on many market sectors including land, was ceased in 2011, primarily because other departments thought their demand was insufficient to justify ongoing production of the report. The information in the PMR was never designed or intended to provide representative land prices or be used for policy making.
- The decision to review the publication coincided with the building of the VOA's professional analytical capability. The review of the PMR indicated that while record level data for each valuation was of high quality, the information was based on discrete locations which altogether provided very few data points across the UK (fewer than 30). It included indices that were simple averages across years and there were clear limitations in data that were produced without any reference to the standards set out in the Code of Practice for Official Statistics. There were concerns that the report may be misleading as a result.
- The Information Commissioner's Office (ICO) informed the Tax Transparency Sector Board that they were currently reviewing the anonymisation code of practice released last year and were looking for case studies from practitioners.
- The Chair thanked the participants for their contributions.

Next meeting: **Monday 2nd June 2014 - 14:00 to 16:00**
(Room 2/39 Chancellors Room - 100 Parliament Street London SW1A 2BQ)