

MINUTES**HMRC Tax Transparency Sector Board Special Session**

**Venue: 100 Parliament Street, London
Room G14 (1HGR)**

Date / Time: Monday 30th August 2013 - 14:00 to 16:00pm

Attendees:	Apologies:
<p>HMRC Jonathan Athow - HMRC - Knowledge, Analysis and Intelligence (KAI) Chair Cindy Bell – HMRC - Central Policy John Roche – HMRC - Central Policy Simon Woodside – HMRC Business Customer and Strategy John Fegan - HMRC - Security and Information Daniele Bega – HMRC - KAI Data Policy & Co-ordination Ian Parfitt – HMRC - KAI Data Policy & Co-ordination</p> <p>Executive agencies Colin Yeend - Valuation Office Agency (VOA)</p> <p>External representatives Chris Taggart – OpenCorporates (OC) Rory Meakin - Taxpayers Alliance (TPA) Dominique Lazanski – Open Data User Group/Taxpayers Alliance (TPA) Judith Jones – Information Commissioners Office (ICO) Keith Dugmore - Demographics User Group (DUG) Melanie Hosker - Equifax</p>	<p>Andrew Sheffield Bill Elmore Mike Hawkins Chris Franklin Dyfed Alsop Adrian Ball Ed Parkes Paul Maltby Fiona Armstrong James Templeton Peter Fanning Johanna Edwards Paul Boyle Jonathan Shaw</p>

- 1. Welcome and introductions (Jonathan Athow - HMRC - Knowledge, Analysis and Intelligence)**
 - Jonathan Athow (Chair) welcomed everyone to the HMRC Tax Transparency Sector Board.
 - At the previous meeting (15.07.13) HMRC was only able to provide members of the Tax Transparency Sector Board with a brief overview of the public consultation '*Sharing and publishing data for public benefit*', as this had not been published.
 - The document has now been released. Closing date for comments is 24 September 2013.
 - The Chair explained that this would a special session for the board, with the aim to:
 - Offer clarifications on the consultation;
 - Hold discussions on the document; and
 - Gather ideas/suggestions on what more HMRC could do on sharing and publishing data for public benefit.

- 2. Presentation on the consultation: *Sharing and publishing data for public benefit* (Cindy Bell/Simon Woodside – HMRC)**
 - HMRC is seeking views on opportunities to deliver public benefit, whilst safeguarding taxpayer confidentiality. The consultation is currently considering two options:
 - a) more flexibility in releasing aggregated and anonymised data;
 - b) releasing of elements of the VAT register
 - The first part of the consultation is proposing to remove legal constraints on sharing:
 - General and aggregate information, subject to disclosure control policies to prevent identification of individuals;
 - Anonymised individual level information, with strong safeguards, to prevent individual data release and disclosure.

- The second part of the consultation considers two options to publish information on VAT registration (excluding financial information). This release would cover a population of some 1.9 million traders (800,000 incorporated). This excludes 2.9m non-registered businesses.
- Under the first option, the core proposal involves making an extract of three VAT registration variables (trading name, VAT Registration Numbers and Standard Industrial Classification codes) available as open data to the general public.
- Variants to the core proposal would allow businesses to opt out of disclosure and / or opt in to additional disclosures.
- The second option would entail releasing the full set of VAT information under these circumstances:
 - for approved purposes only (e.g., credit scoring);
 - to approved qualifying parties only; and
 - subject to rigorous controls.
- The disclosure of information to qualifying parties could result in an improvement of credit scoring, stimulating economic growth.
- Both arrangements would be governed by safeguards/controls to protect taxpayers' confidentiality.

3. Key themes and progress update (John Roche/Cindy Bell/Simon Woodside HMRC)

- The Government's response to the consultation will be published in the Autumn Statement 2013. Any measures taken forward would be subject to full Parliamentary scrutiny and draft legislation would be published for consultation
- HMRC has directly engaged in discussions with a number of stakeholders, including the Information Commissioners Office (ICO), the Chartered Institute of Taxation (CIOT), Association of Taxation Technicians (ATT), British Bankers' Association (BBA).
- Emerging themes from these discussions include:
 - The need for an agreed definition of what constitutes 'public benefit'
 - How data sharing fits with the Human Rights Act and emerging EU legislation
 - The enforcement of criminal sanctions for breaches of HMRC's legislation
 - Whether there should be a distinction between data sharing for direct and indirect taxes, given that indirect taxes are inherently more 'public'
 - The need for the consultation to identify the downsides and risks of data sharing, as well as the benefits

4. Discussions

Data sharing

- The Demographics User Group (DUG) stated that HMRC's approach to data sharing was in line with Other Government Departments and consistent with the recommendations from the Administrative Data Taskforce. DUG highlighted that currently there is a lot of interest on small areas statistics, in line with information released in the Census and by DWP. A change in the legislation would facilitate the disclosure of HMRC's information in this format.
- The ICO also expressed their support for the consultation; however, it was highlighted that there are going to be challenges in defining public benefit and in predicting/mitigating the risks of disclosure when releasing aggregated or anonymised data.
- OpenCorporates welcomed the initiative and recommended involving privacy groups in the discussions.
- HMRC has already scheduled meetings with Privacy International and the Identity Assurance Privacy and Consumer Advisory Group from Government Digital Services.

Criminal sanctions

- OpenCorporates enquired whether criminal sanctions would be enforced in respect of both aggregated and anonymised information. HMRC explained that the criminal sanction would only apply where an individual had a legal obligation not disclose identifying information. This would typically apply where individuals signed a contract or agreement with HMRC, which would be likely to apply in the case of access to anonymised individual level data only.

Distinction between aggregated and anonymised data

- OpenCorporates stated that the distinction between aggregated and anonymised information was not clear cut. The reputational risk to HMRC would be mitigated if there was a public record of every piece of research undertaken and impact on policy changes.

VAT Register

- On the disclosure of VAT registration information, OpenCorporates enquired whether small businesses would be able to access the full VAT database, highlighting that public benefit would be limited if the information was only disclosed to Credit Rating Agencies.
- There was some concern that, by disclosing full information to Credit Rating Agencies only, HMRC would pass information to a limited number of powerful stakeholders who would be selling information for profit, without the consent of individuals. Similarly, the current existing credit lending model would be re-enforced, limiting innovation.
- HMRC clarified that the consultation is seeking views on various models for releasing information from the VAT register. The approach to fully disclose the register only to approved qualifying parties is only one model. This was proposed because there are only a limited number of organisations who would be able to validate HMRC information appropriately and with the capability to share financial data in a controlled fashion.

Consent for the VAT Register

- The Taxpayers' Alliance enquired whether consent should be sought from businesses to disclose their information. This would particularly relevant under the scenario of limited parties using the data.
- HMRC explained that different options are being included in the consultation document, including a model where businesses would have the choice of opting-in/out of the initiative.
- OpenCorporates stated that other European countries publish VAT registers and in the UK a lot of this information is already available to the general public, for example on bills and receipts.
- DUG suggested that the information on the VAT register should be available without restrictions, similar to Companies House data. They also pointed out that other more personal information is currently being released by public organisations, such as the Land Registry.
- Open Corporates underlined that the public consultation should also consider an economic model that includes the option of a full disclosure of the VAT register as open data.
- The Open Data User Group also advocated an open release of data, under specific conditions to maintain privacy. They also asked HMRC whether any business case had been received for these types of releases. HMRC explained that no business case had been received to date.

Privacy Impact assessment

- The ICO warned that opt-in/outs can be very onerous. They also stated that some of the information from the VAT Register is personal and if HMRC was going to open up the VAT Register (even if carried out to a number of selected parties), they would need a solid business case and privacy impact assessment.

Better information

- The Taxpayers' Alliance pointed out that markets improve with better information. Although a selected group of organisations having access to HMRC data might be perceived unfair, it would still be an improvement from the current situation. The view of OpenCorporates was that selected release risks undermining a free a market.

Public benefit

- The Chair asked members how they thought public benefit should be defined.
- OpenCorporates stated that public benefit is difficult to measure. There should be a benefit for the public and not just for the data users. From an open data point of view, this is evident, as the whole society benefits from releases. They also made the example of

academic research being an open science, carried out for the public interest and with results being made available to the citizens. However, they re-iterated that, for controlled releases, the public benefit cannot be fully tested and there is a need for this to be clearly articulated before releasing information to approved qualifying parties.

- DUG suggested that HMRC should seek a steer from the UK Stats Authority, as there might be precedents of discussions to define public benefits when the Statistics and Registration Service Act was drafted.
- DUG pointed out that a distinction needs to be drawn between disclosures in limited secure labs and open data wider disclosures, as the number of users varies. HMRC currently only has a limited number of academics accessing its information, whilst National Statistics datasets are used by many more organisations. Public benefit would be greater for open data disclosures.

Data Protection Act and HMRC's legislation

- OpenCorporates observed that the Data Protection Act treated incorporated business differently from individuals and that HMRC's legislation does not make that distinction. The consultation should address this discrepancy.

5. Conclusion

The Chair thanked the participants for their contributions.

Next meeting: **Friday 4th October 2013 - 10:30 to 12:30**
(Room 2/39 Chancellors Room - 100 Parliament Street London SW1A 2BQ)