HM Revenue
& Customs

Pocket guide 2013

Facts and figures about what we do

Updated November 2013


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Ongoing

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Introduction

Welcome to the pocket guide for 2013. It contains a wealth of data and information about what we do, an overview of our work, all UK rates and allowances and much more.

You will see from our key performance figures that we delivered strongly against our three strategic objectives in 2012-13: producing additional revenue of £20.7 billion – almost £2 billion more than our target; bringing PAYE up to date and exceeding our call answering and post targets; and producing more than £245 million in efficiency savings.

We still have a lot of progress to make – with continued high expectations placed on us by our customers and Ministers to bring in more revenue and further improve customer service standards, while continuing to make reductions to our budget.

Whether you are one of our staff or someone with an interest in HMRC – this pocket guide is designed to provide accurate and timely information which I hope you will find useful.

Lin Homer
Chief Executive and Permanent Secretary

About HMRC

HMRC was established by Act of Parliament in 2005 following the merger of the Inland Revenue and Customs and Excise.

We are a non-ministerial Department with responsibility for the administration of the tax system through a number of HM Commissioners (the Chief Executive, Tax Assurance Commissioner, four Directors General, Chief Finance Officer). The Commissioners are subject to any directions of a general nature given to them by Treasury ministers.

We report to Parliament through our Treasury minister who oversees our spending.

The Treasury lead on strategic tax policy and policy development. HMRC leads on policy maintenance and implementation. This arrangement for policy making is known as the 'policy partnership'.

As the United Kingdom's tax authority we:

- safeguard the flow of money to the Exchequer through our collection, compliance and enforcement activities
- make sure that money is available to fund the UK's public services
- administer Statutory Payments such as statutory sick pay and statutory maternity pay
- help families and individuals with targeted financial support through payment of tax credits
- administer Child Benefit
- are a high volume business (almost every UK individual and business is a direct customer of HMRC)
- aim to administer the tax system in the most simple, customer focused and efficient way
- administer the Government Banking Service.

Key figures for 2012-13

£475.6 billion*

What we collected in tax.

£43 billion

What we paid out in benefits and credits.

2.5 million

The number of VAT-registered businesses that registered for online filing, which is a simpler and cheaper way of dealing with us.

64,476

The number of employees (full-time equivalents) as of 31 March 2013.

7,932,380

The record number of people who filed their Self Assessment returns online by the 31 January deadline – up 3.6 per cent on last year's figure.

£20.7 billion

The record amount of compliance yield we delivered – which is an increase of £6 billion more than our baseline 2010-11 performance.

** This figure is calculated on an accruals basis, that is, when the tax revenue was generated*

Strategic objectives

Currently we have six objectives:

1 **Maximise revenue to close the tax gap:** Our objective is to provide the money for public services by maximising revenue to close the tax gap and improving the extent to which individuals and businesses receive the credits and payments to which they are entitled.

2 **Improve customer experience:** Our objective is to improve the customer experience and the UK business environment by reducing the costs on customers and making our products and processes more simple and straightforward.

3 **Cost management and efficiency:** Our objective is to deliver an affordable and sustainable cost base providing value for money for the taxpayer.

4 **People and leadership:** Our objective is to improve our leadership capability and create a working environment that motivates our people to give of their best and take pride in working for HMRC in order to contribute to the transformation of our business.

5 **Professionalism and integrity:** Our objective is to improve our professionalism in dealing with customers and stakeholders, the security of our customers' information and our external impact.

6 **High quality IT delivery:** Our objective is to transform the performance of the Department through the exploitation of information and technology services.

We have developed a customer-centric business strategy for HMRC which is based on the data and understanding we now have of our customers. We have segmented our customers according to their needs and how they behave so we can design services and interventions that will maximise revenues, and minimise customer and HMRC costs.

Our aim is to influence behaviour as early as possible. For example, we will reduce opportunities for error, fraud and non-compliance wherever we can so we reduce cost and focus compliance interventions on the most serious cases.

Our structure

HMRC is led by Chief Executive and Permanent Secretary, Lin Homer, who is responsible for the organisation's performance and delivering the departmental strategy. Lin also holds responsibility for the Valuation Office Agency (VOA), an executive agency of HMRC.

HMRC has a number of Non-Executives. They consist of Lead Non-Executive Ian Barlow, John Whiting, Edwina Dunn, Janet Williams, Norman Pickavance, Volker Beckers, Leslie Ferrar, Philippa Hird and Paul Smith.

Edward Troup, the Tax Assurance Commissioner, is the senior tax professional in HMRC.

The Department is structured around four operational groups, each led by a Director General.

They are:

- Benefits and Credits
- Business Tax
- Enforcement and Compliance
- Personal Tax.

Our structure

Lin Homer

Chief Executive and Permanent Secretary

Executive Committee	**Edward Troup** Tax Assurance Commissioner and second Permanent Secretary	**Ruth Owen** Director General, Personal Tax	**Nick Lodge** Director General, Benefits and Credits	**Jim Harra** Director General, Business Tax	**Jennie Granger** Director General, Enforcement and Compliance	**Simon Bowles** Chief Finance Officer	**William Hague** Chief People Officer	**Anthony Inglese** General Counsel and Solicitor	**Mark Dearnley** Director General CIO and Digital	Non-Executives: Lead Non-Executive **Ian Barlow**
Directors	Knowledge Analysis and Intelligence **Jonathan Athow**	Strategy and Assurance **Kerrie Spendiff**	Operations **Paul Gerrard**	Business Customer & Strategy **Theresa Middleton**	Risk & Intelligence **Simon York**	Finance Planning & Performance **Justin Holliday**	Corporate Communications **Stephen Hardwick**	Solicitors - Litigation **Robert Humm**	Chief Information Officer **Mark Hall**	Non-Executive **Philippa Hird**
	HMRC Central Customer & Strategy **Lucy Makinson**	Operations **Marie-Claire Uhart**	Customers, Strategy and Policy **Tom Smith**	Customs **Bill Williamson**	Local Compliance **Richard Summersgill**	Financial Controller **Jon Fundrey**	HR Policy and Operations **Joe Dugdale**	Business Tax and HMRC Corporate Governance **David Bunting**	Delivery and Operations **Andrew Bull**	Non-Executive **John Whiting**
	Central Policy **Carol Bristow**	Change **Elaine Benn**	HR **Sheryl Wright**	Corporation Tax International, Stamps and Anti-Avoidance **Judith Knott**	Specialist Investigations **Andy Cole**	Estates and Support Services **Ed McKeegan**	Director **Dorothy Brown**	Personal Tax, Benefits & Credits and Corporate Services **Serena Hardy**	Finance **Aleta Bridge**	Non-Executive **Volker Beckers**
	Tax Professionalism and Assurance **Sue Walton**	Customer Product and Process **Mary Aiston**	Finance **Peter Schild**	Large Business Service **Melissa Tatton**	Criminal Investigation **Donald Toon**	Commercial **David Thomas**	Organisational Development **Doug Watkins**	Commissioners' Advisory Accountant **Matthew Blake**	Security & Information **Jonathan Lloyd White**	Non-Executive **Norman Pickavance**
		Finance **Chris Pleass**	Universal Credit **Mark Cope**	Change **Alicia O'Neill**	Debt Management & Banking **Graham Brammer**	Internal Audit **Ian Haldenby**	Finance **David McClory**	Head of Solicitors Business & Legal Support **Zoe Hope**	IT Strategy and Architecture **Steve Walters**	Non-Executive **Edwina Dunn**
		HR **Alison MacDonald**		Indirect Tax **Ian Stewart**	Change **Louise Boyle**	Finance **Stephen Senior**	Corporate Change **Ray Long**		CHOICE Programme and Account Management **Guy Reay**	Non-Executive **Leslie Ferrar**
		RTI Programme **Suzanne Newton**		Finance Performance & Risk **Teresa Knowles**	HR **Tracey Locke**	Change **Simon Smith**	Civil Service Recruiting **Mervyn Thomas**			Non-Executive **Janet Williams**
				HR **Theresa Hobson-Frohock**		Programme Director, Finance Change **Richard Jackson**				Non-Executive **Paul Smith**
				Business Tax Operations **Andrew Bryant**		HMRC Change Programme Assurance & Investment **Mike Shipp**	Executive Agency	Valuation Office Agency **Penny Ciniewicz**		

Overview of our work

Statement of Revenue and Other Income

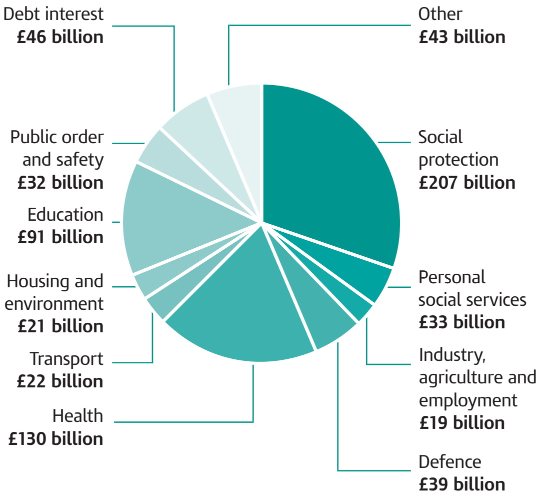
For the year ended 31 March	2013 £bn	2012 £bn
Taxes and Duties		
Income Tax[1]	150.9	151.8
Value Added Tax	101.0	99.6
Corporation Tax	39.2	40.1
Hydrocarbon Oils Duties	26.5	26.9
Alcohol Duties	10.2	10.1
Tobacco Duties	9.6	9.9
Stamp Taxes	9.5	8.7
Capital Gains Tax	3.9	4.4
Inheritance Tax	3.1	2.8
Insurance Premium Tax	3.0	3.0
Customs Duties	3.0	3.0
Air Passenger Duty	2.8	2.6
Petroleum Revenue Tax	1.8	2.0
Betting and Gaming Duties	1.8	1.6
Bank Levy	1.6	1.5
Landfill Tax	1.2	1.1
Climate Change Levy	0.6	0.7
Aggregates Levy	0.3	0.3
Capital Taxes - (UK Swiss Agreement)	0.3	-
Total Taxes and Duties	370.3	370.1
Other Revenue and Income		
National Insurance Contributions	101.7	101.6
Student Loan Recoveries	1.6	1.3
Taxation due from Isle of Man	0.5	0.4
Fines and Penalties	1.5	0.8
Total Other Revenue and Income	105.3	104.1
Total Revenue	**475.6**	**474.2**

Note: figures are on an accruals basis which takes account of receipts and repayments as well as tax owed from (receivables) and tax owing to (payables) Tax Payers.

1 Income Tax includes PAYE and Self Assessment.

Government spending

The chart below shows a breakdown of Government spending in 2012-13, which totals £683 billion. These figures are forecasts.



For more details see the Budget data sources document - www.gov.uk/government/uploads/system/uploads/attachment_data/file/221887/budget2013_executive_summary.pdf

Source: Office for Budget Responsibility, 2012-13 estimates. Allocations to functions are based on HMT analyses.

Direct effect of illustrative changes – direct taxes[1]

	£ million		
	2013-14	2014-15	2015-16
Income Tax			
Change basic rate by 1p[2]	3,700	4300	4,300
Change basic rate in Scotland by 1p[2]	325	365	370
Change higher rate by 1p	635	1,000	1,000
Change additional rate by 1p			
Increase (yield)	125	195	170
Decrease (cost)	140	220	195
Change personal allowance by £100	505	650	650
Change basic rate limit by 1 per cent	225	325	330
Working Tax Credit: Increase basic element by £100	350	360	350
Working Tax Credit: Decrease basic element by £100	330	370	380
Child Tax Credit: Increase family element by £100[3]	460	470	500
Child Tax Credit: Decrease family element by £100[3]	480	490	480
Corporation Tax: Increase main rate by 1 percentage point[4]	460	845	915
Capital Gains Tax: Increase lower Capital Gains Tax rate by 1 percentage point	0	5	5
Capital Gains Tax: Increase higher Capital Gains Tax rate by 1 percentage point	0	80	70
Inheritance Tax: Change rate by 1 percentage point	30	70	80
National Insurance Contributions			
Change Class 1 employee main rate by 1 percentage point	3,550	3,650	3,800
Change Class 1 employer rate by 1 percentage point[5]	4,200	4,350	4550
Change Class 2 rate by £1 per week	130	140	140
Change Class 4 main rate by 1 percentage point	230	230	240

1 *Estimates are measured from the relevant standard indexed base, i.e. they show the impacts of the various illustrative changes on top of what is already assumed in the indexed baseline (generally revalorisation plus any announced pre-commitments).*

2 *Excluding savings and dividends income.*

3 *Excluding family element, baby addition.*

4 *Estimates exclude North Sea oil and gas companies, but include the impact of a main rate change on marginal small company receipts.*

5 *Estimates include Class 1A and Class 1B National Insurance Contributions paid by employers.*

Published March 2013.

Direct effect of illustrative changes – indirect taxes[1]

		£ million		
		2013-14	2014-15	2015-16
One per cent change	**Indicative level of current duty on a typical item[2]**			
Beer and cider duties[3]	Pint of beer: 46p	25	25	25
Wine duties[4]	75cl bottle of table wine: £1.90	30	35	35
Spirits duties[5]	70cl bottle of spirits: £7.27	20	20	20
Tobacco duties[6]	Packet of 20 cigarettes: £4.39	25	15	15
Petrol	Litre of petrol: 57.95p	60	90	90
Diesel	Litre of diesel: 57.95p	90	160	170
Rebated oil	Litre of gas oil: 11.14p	5	5	5
Vehicle Excise Duty (VED) [7,8]	e.g. Petrol/diesel cars band G: £170	50	50	90
Air Passenger Duty (APD) [7]	e.g. Band A economy flight: £13	20	25	25
Landfill Tax	Tonne of waste: £2.50/£64	5	10	10
Climate Change Levy	100kWh of business electricity: 50.9p	5	5	5
Aggregates Levy	Tonne of aggregate: £2.00	5	5	5
VAT: change standard rate by 1 percentage point[9]		4,750	4,900	5,100
Insurance Premium Tax: Change standard rate by 1 percentage point[10]		470	470	480

		£ million		
		2013-14	2014-15	2015-16
Stamp Duty Land Tax				
Change 1 per cent rate by 1 percentage point[11]		590	620	670
Change 3 per cent rate by 1 percentage point[11]		600	650	730
Change 4 per cent rate by 1 percentage point[11]		580	620	690
Change rate on leases by 1 percentage point[11]		180	160	160
Increase £125,000 threshold by £5,000 (cost)[12]		35	40	40
Increase £250,000 threshold by £5,000 (cost)[11]		95	100	105
Increase £500,000 threshold by £10,000 (cost)[11]		20	25	25

1 *Estimates are measured from the relevant standard indexed base, i.e. they show the impacts of the various illustrative changes on top of what is already assumed in the indexed baseline (generally revalorisation plus any announced pre-commitments).*

2 *These figures are illustrative as at November 2012.*

3 *Beer and cider: revenue figures are based on duty increases on beer below 22% abv, still cider exceeding 1.2% but less than 8.5% abv and sparkling cider exceeding 1.2% up to 5.5% abv. A typical item of beer is assumed to be 4.2% abv.*

4 *Wine: revenue figures are based on duty increases for wine and made wine from 1.2% but not exceeding 22% abv. Also including sparkling cider from 5.5% to 8.5% abv. A typical item of wine is assumed to be still wine of 5.5% to 15% abv.*

5 *Spirits: revenue figures are based on duty increases on products of 22% abv and over. A typical item of spirits is assumed to be 38.8% abv. Also included are spirits based Ready To Drink spirits.*

6 *Duty on cigarettes has specific and ad valorem elements. The figures shown are for a one per cent change in specific duties for all tobacco products. For cigarettes, it represents the duty at the weighted average price.*

7 *Change applies to all VED and APD rates.*

8 *All VED rates are uprated in line with RPI, rounded to the nearest £5 - except motorbikes which are rounded to the nearest £1. Current announced rates are uprated by RPI and rounded appropiately when calculating the cost.*

9 *Change applies to the standard rate of VAT at 20%.*

10 *Change applies to the standard rate of IPT at 6%.*

11 *Estimates include both residential and commercial transactions.*

12 *Applies to residential transactions only.*

Published March 2013.

Estimated costs of the principal tax expenditure and structural reliefs

	£ million	
	2011-12	2012-13
Income Tax[1]		
Relief for registered pension schemes[2*]	21,500	21,600
Relief for Individual Savings Accounts[3]	1,700	1,750
Exemption of income of charities[4*]	1,550	1,550
Exemption of personal tax credits[5]	4,710	3,895
National Insurance Contributions		
Relief for employer contributions to registered pension schemes[6*]	8,900	9,200
Capital Gains Tax		
Exemption of gains arising on disposal of only or main residence[7*]	10,200	9,900
Value Added Tax – Zero-rating of:[8]		
Food	14,950	15,450
Construction of new dwellings (includes refunds to DIY builders)[*]	5,800	6,500
Domestic passenger transport	3,400	3,500
Books, newspapers and magazines	1,700	1,750
Children's clothing	1,750	1,800
Water and sewerage services	1,900	2,000
Drugs and supplies on prescription	2,900	3,000
Value Added Tax – Reduced rate for:[9]		
Domestic fuel and power	5,050	5,200
Structural Reliefs		
Income Tax: Personal Allowance	62,500	68,300
Corporation Tax: Life companies reduced rate of corporation tax on policy holders' fraction of profit[*]	360	370
Income Tax and Corporation Tax: Double taxation relief and foreign dividends exemption[*]	15,000	15,000
National Insurance Contributions: Rebates deducted at source by employers	7,280	6,290
Hydrocarbon oils duty: Tied oils scheme (Industrial Relief Scheme)[10]	1,400	1,400

** These figures are particularly tentative and subject to a wide margin of error.*

1 The costs of the personal income tax allowances do not cover individuals who are not on HMRC records because their income is below the tax threshold.

2 The cost of the tax relief is calculated as if occupational and personal pension schemes were unregistered and the relevant tax privileges lost both in respect of employer and employee contributions. Employer contributions are treated as otherwise forming part of employee remuneration, and taxed as such. The figure provided is the sum of relief on contributions paid plus the relief on investment income of funds net of tax paid on current pension payments.

3 Cash and stocks and shares ISA limits were increased to £5,640 and £11,280 respectively from 6 April 2012.

4 These figures comprise the total sum paid to charities and other qualifying bodies in respect of income tax deducted at source from eligible investment income and basic rate tax relief on donations under the Gift Aid scheme. Information is not available about income received by these bodies without deduction of tax, and no allowance is made for this. The figures also include an estimate of income tax relief, which is received by donors. In terms of the columns of Table 10.2, these figures correspond to tax repayments plus payroll giving plus gifts of shares and property plus higher rate relief. These figures will be subject to revision when it becomes possible to account for the effect of the introduction of the Additional Rate.

5 These figures represent only the negative tax element of the tax credit payments. Negative tax is that part of the tax credit that is less than or equal to the tax liability of the family. The equivalent figures for the public expenditure element of tax credit payments are £25,120 million in 2011-12 and £26,125 million in 2012-13.

6 This value of employer National Insurance Contribution relief is based on the assumption that as an unregistered pension scheme, employer contributions would be subject to employer NI charges as if the contributions were earnings. Excludes any consequential change for employee NI charges.

7 The estimated cost of this exemption from Capital Gains Tax does not represent the yield if this exemption were to be abolished, as consequential behavioural effects would substantially reduce yield.

8 Some of these tax expenditures and reliefs are mandatory or permitted under the European Commission 6th VAT Directive and some are derogations from the Directive. All the cost estimates relating to VAT are based on the actual standard rate of VAT that applied in the relevant periods.

9 The figures for all reduced-rate items are estimates of the cost of the difference between the standard rate of VAT and the reduced rate of five per cent.

10 Exempt oils used for purposes other than heating and in engines.

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European issues

The European Union (EU)

There are currently 28 EU member states: Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, the Slovak Republic, Slovenia, Spain, Sweden, and the UK.

Future enlargements will primarily concern the countries of south-eastern Europe. Turkey, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Iceland are all official candidate countries involved in ongoing accession negotiations. Albania, Bosnia and Herzegovina, and Kosovo are all potential candidate countries.

Institutional arrangements

In December 2007, the member states signed the Treaty of Lisbon. Officially known as the Treaty on the Functioning of the European Union this is an amending treaty providing the legal framework and tools necessary to meet future challenges and respond to citizens' demands. The Treaty was ratified by each of the member states and entered into force on 1 December 2009.

Prominent changes under the Lisbon Treaty include more power for the European Parliament; a move from unanimity to qualified majority voting (a modified form of majority voting with the number of votes for each member state related to population) in several policy areas and the creation of a long term President of the European Council (Herman Van Rompuy) and a High Representative for the Union for Foreign Affairs and Security Policy (Baroness Ashton).

Under present arrangements, each member state takes turns every six months at presiding over the Council of Ministers.

The current Presidency rota

	January to June	July to December
2013	Ireland	Lithuania
2014	Greece	Italy
2015	Latvia	Luxembourg
2016	Netherlands	Slovakia

The European Commission mainly has the right of initiative in proposing any new legislation, with the Council (governments of the 28 member states) and the directly elected European Parliament jointly responsible for approving most legislation.

The Council acts mostly by qualified majority voting. Tax and some other issues, including customs operational cooperation, require unanimity. After the Lisbon Treaty, the power of the European Parliament (EP) has increased as more policy areas fall under the ordinary legislative procedure or co-decision, where the EP has equal power with the Council in the legislative process. A single final text has to be agreed between the Council and Parliament before a proposal can become EU law. Under the less used special legislative procedure, the EP only has the right to be consulted or give consent.

EU laws override national laws (in UK by virtue of section 2 (1), European Communities Act 1972). Interpretation of EU law is ultimately for the Court of Justice for the European Union – whose decisions are final with no right of appeal.

Tax

In the EU, direct taxes (e.g. Income Tax and Corporation Tax) remain the responsibility of national governments although there is some EU legislation in this area. By contrast, to facilitate the functioning of the single market economy, there are European agreements governing the structure of the main indirect taxes – VAT and excise duties on alcohol, tobacco and oils – although there are still some significant differences in scope and coverage (for example, the UK has a number of zero VAT rates on items such as most food and children's clothing). National governments must, however, exercise their taxing powers consistently with EU law for both direct and indirect tax.

Import duties are set at EU level and the same rates apply for imports to any EU member state from non-EU countries. Member states collect import duty on behalf of the EU but retain 25 per cent of the duty to cover collection costs.

The UK has more than 100 double taxation treaties (including treaties with all EU member states) which cover direct taxes and are designed to prevent double taxation.

International issues

The UK plays a leading role in the work of the Organisation for Economic Co-operation and Development (OECD). The OECD sets standards for international taxation on such issues as transfer pricing and exchange of information. They also publish a model tax convention which forms the basis of all the UK's new tax treaties.

Unlike EU rules, the standards set by the OECD are not legally binding. However, they are generally honoured by members and incorporated into their legislation and treaties.

International statistical comparisons: Total tax revenue as percentage of GDP

	1975	1985	1995	2000	2007	2008	2009	2010	2011[1]
UK	34.9	37.0	34.0	36.4	35.8	35.8	34.2	34.9	35.5
USA	25.6	25.6	27.8	29.5	27.9	26.3	24.2	24.8	25.1
Japan	20.4	26.7	26.4	26.6	28.5	28.5	27.0	27.6	n.a.
Germany	34.3	36.1	37.2	37.5	36.1	36.5	37.3	36.1	37.1
France	35.5	42.8	42.9	44.4	43.7	43.5	42.5	42.9	44.2
Italy	25.4	33.6	39.9	42.0	43.2	43.0	43.0	42.9	42.9
Canada	32.0	32.5	35.6	35.6	33.1	32.3	32.1	31.0	31.0

Source: OECD Tax Database: Section A, Table A: Tax Revenue as a percentage of GDP
1 Provisional figures.

Customs

We are also responsible for tax and customs activities relating to the movement of goods across the UK border. We have approximately 150,000 business customers involved in importing and exporting and we collected £33.5 billion in 2012, compared to £29 billion in 2010. This revenue comes from customs and excise duties and import VAT from legitimate trade activities and facilitates international trade business, currently valued at about £524 billion. Approximately 34.9 million customs declarations are received each year. Customs procedures in the UK are highly automated. More than 99 per cent of declarations are received and processed electronically. Our systems select imports and exports for checks based on risk profiles while giving immediate clearance to more than 99 per cent of traffic. Our customs systems link directly to port and airport operators' systems to notify clearance electronically. The same system then collects the duties by direct debit from importers' and agents' bank accounts. Customs physical interventions at the border are now conducted by the UK Border Force. One of our guiding principles is to support the UK in maintaining its position in the global market as a good place to do business. Balanced against this is the need to combat fiscal, economic, physical, health and social risks connected to imports, exports and movements under Customs control.

An important element of our work is ensuring the safety and security of the routes and methods by which goods move into and out of the UK – supply chain security. We work closely with colleagues in the EU and in the World Customs Organisation (WCO) to develop and implement common trade facilitation and security standards and measures: we have been a member of the WCO since its inception in 1952 – it has 179 member countries covering more than 98 per cent of the world's international trade. We also work closely with non-EU countries to help them develop their capacity to manage customs and law enforcement activities effectively.

The EU is a customs union, and the law that covers customs matters – the Community Customs Code – is directly applicable in all member states including the UK. The code harmonises customs procedures and is being modernised to deliver more streamlined processes for legitimate trade. A supporting piece of legislation, the E-Customs Decision, laid down the framework for the provision and exchange of information electronically through a number of EU harmonised systems which made life easier for trade and customs authorities alike. Future changes are complex and will be delivered over several years under the umbrella of the EU's multi-annual strategic plan. Principal legal changes relating to legitimate trade are debated in the Customs Union Working Group before going to the European Council, while customs criminal cooperation issues are discussed in the Customs Cooperation Working Party.

The policies and processes governing customs activities are managed by the Customs Directorate, and are delivered through operational colleagues at ports and airports and inland.

Ensuring compliance

What are we doing to close the tax gap

We are committed to ensuring the tax system operates fairly and effectively. The vast majority of the UK's businesses and individuals are honest and pay their share towards funding public services. But a small minority seek deliberately to evade or to avoid paying what is due, while continuing to benefit from our public services.

HMRC defines the tax gap as "the difference between tax collected and the tax that should be collected (theoretical liability)". The theoretical tax liability is the tax that would be paid if everyone complied with both the letter of the law, and HMRC's interpretation of the intention of Parliament in setting the law (known as the spirit of the law). The tax gap is net of the revenue collected as a result of our compliance activity.

The total net tax gap for 2010-11 was £32 billion in cash terms. This is around 6.7 per cent of total tax liabilities, so in effect we are collecting more than 90 per cent of revenue due. This compares well internationally.

Our compliance effort has seen the amount collected rising from £7.4 billion in 2005-06 to £20.7 billion in 2012-13.

In order to further increase revenues and close the tax gap, the Government is allowing HMRC to reinvest £917 million of efficiency savings between 2011 and 2015 into our risk-based approach to compliance – making it easier and cheaper for customers to comply, so that we can switch compliance resources to focus on those in the 'potential rule breakers' and 'rule breakers' segments of our customer strategy, which can be found on page 8.

Evasion comes in many forms; from not declaring cash payments and working in the hidden economy to attempting to hide money that should have been taxed in offshore accounts. At the same time criminals are using cyber techniques and international networks to steal from the public purse.

Over the past two years HMRC has stepped up investment in new skills for our people so that they can identify evasion as quickly as possible and pass it on for further investigation. Since 2010 we have rolled out fraud awareness training to around 3,500 compliance officers to build on existing knowledge and skills. Further training will be given to more people over the next two years and we will continue to build the skills of those already trained as new risks emerge.

We have also increased the pace in using new data sources and technology to spot connections and detect hidden errors and evasion much earlier. Through our use of cutting-edge technology – known as Connect – we can now cross-match over a billion pieces of data to detect high-risk taxpayers to follow up. Connect has already generated around £2 billion in additional tax yield – a return of more than 40 times the initial investment – and is used in almost three-quarters of all risk profiles in HMRC.

Our approach to evasion is to identify and target risks, against which we then deploy an escalating range of interventions, depending on the severity of the evasion and willingness of taxpayers to stop and come clean. They include:

- using publicity to deter evasion, highlighting the consequences of being caught, publicising the results of campaigns and criminal convictions and encouraging evaders to come forward to get their affairs in order. We have received more than 8,000 disclosures from campaigns to date
- deploying taskforces (more than 40 since 2010) aimed at particular trades and professions in various regions to investigate where we have detected evasion risks
- specialist teams tackling affluent individuals who have hidden assets in the UK or offshore. New agreements with the Isle of Man, Guernsey and Jersey are expected to bring in £1 billion of additional revenue
- subjecting persistent evaders to ongoing monitoring and naming deliberate defaulters where more than £25,000 of additional tax would have been lost without HMRC's intervention. To date we have put around 3,000 evaders into this programme
- deploying specialist criminal investigators to fight criminal attacks, including alcohol, tobacco and Missing Trader Intra-Community (MTIC) frauds and protecting the UK from cyber attacks.

Anti-avoidance work

HMRC's Anti-Avoidance Strategy, developed in consultation with HM Treasury, was launched at the 2011 Budget ('Tackling Tax Avoidance') and updated at Budget 2013 ('Levelling the tax playing field'). This supports the Government's strategic approach to tackling avoidance, which places an emphasis on addressing the root of the problem.

We use the Anti-Avoidance Strategy as a basis for making strategic decisions on priorities through the cross-directorate Anti-Avoidance Board.

HMRC's Anti-Avoidance Strategy focuses on three core elements:

- preventing avoidance at the outset where possible
- detecting it early where it persists
- countering it effectively through challenge by HMRC.

Preventing avoidance

The best way to protect the Exchequer from avoidance, provide certainty for taxpayers and simplify the tax system is to eliminate avoidance opportunities at the outset, rather than tackling risks once they have materialised. Reducing opportunities for avoidance and deterring businesses and individuals from engaging in it are the most effective ways to maximise revenues to the Exchequer, while reducing costs for both taxpayers and HMRC.

- We minimise opportunities for avoidance through policy design and effective legislation.
- We engage with our customers to provide certainty on our approach and to influence avoidance behaviours.
- We use communications, including our online Spotlights publication, to warn of the risks of engaging in tax avoidance.

Detecting avoidance

Where avoidance persists, we collate intelligence and analyse it to maintain a dynamic picture of risk. This enables us to consider the most appropriate strategic response to enduring avoidance behaviours. We identify, analyse and respond promptly to avoidance risks.

The Disclosure of Tax Avoidance Schemes regime ('DOTAS') has enabled us to respond rapidly to avoidance threats and informed legislative measures that have protected billions of pounds of tax. For example, in December 2012, a scheme exploiting property and trading deductions was shut down within a week of disclosure to HMRC via the DOTAS regime.

The Disclosure of Tax Avoidance Schemes (DOTAS) Regime

DOTAS is a key tool underpinning the strategy and provides us with early information about certain schemes. The information is used to inform legislation to close down schemes, challenge operationally or both. For the direct tax regime, promoters (or sometimes users) are required to provide early information to us about schemes falling within certain descriptions. We issue a Scheme Reference Number (SRN) to the person who discloses the scheme. A promoter must pass the SRN on to a client who implements the scheme. The client must report the SRN to us, normally on a tax return.

Some key facts from this area of work

1. DOTAS was introduced in August 2004. This coincided with a separate disclosure scheme introduced for VAT.
2. DOTAS applied initially to Income Tax, Corporation Tax and Capital Gains Tax and was limited to high-risk schemes that concerned employment or certain financial products. It was extended to the whole of those taxes with effect from 1 August 2006.
3. Stamp Duty Land Tax was added to the regime with effect from 1 August 2005.
4. Inheritance Tax was added with effect from 6 April 2011 to capture certain schemes involving transfers of property into trust.
5. Finance Acts 2007-13 contained measures to further improve the effectiveness of the regime, including information powers to enable us to investigate non-compliant scheme promoters, increased penalties (up to £1 million) for failure to disclose a scheme, and a requirement for promoters to provide periodic lists of their clients. The 2013 improvements will allow HMRC to obtain more information on particular types of tax avoidance and the users of avoidance schemes.
6. The regime has informed anti-avoidance legislation since Finance Act 2007.
7. Disclosure statistics are published every six months on the our website. You can find them at www.hmrc.gov.uk/avoidance/avoidancedisclosure-statistics.htm

Countering avoidance

When tackling avoidance operationally, we tailor our approach to different groups of taxpayers.

- We prioritise our resource on the most significant risks.
- We challenge avoidance through project-managed enquiries that are cost-effective and consistent.
- We use litigation where that is the most appropriate solution, after considering alternative options.

We have a robust approach to litigation, as set out in our published Litigation and Settlement Strategy and we have had considerable success in recent years in defeating tax avoidance schemes in the courts and tribunals. We win over 80 per cent of avoidance cases.

General Anti-Abuse Rule

The General Anti-Abuse Rule (GAAR) was introduced in Finance Act 2013 and targets abusive tax avoidance schemes. The GAAR will act as a deterrent to those engaging in abusive avoidance schemes, and where avoidance persists, it will be a valuable additional tool for HMRC to tackle these schemes and secure payment of the right amount of tax.

We will continue to tackle all forms of avoidance using all the tools available to us, whether or not the GAAR applies.

Crown Prosecution Service

All HMRC criminal cases in England and Wales are prosecuted by the Central Fraud Division (CFD) of the Crown Prosecution Service (CPS).

The CPS is overseen by the Attorney General and entirely independent of HMRC, but its lawyers work closely with our investigators to make sure that the best possible case is built at the earliest opportunity. The CPS is responsible for all decisions to charge any individual with a criminal offence.

CPS lawyers within the Proceeds of Crime Unit advise on the conduct of financial investigations, and are responsible for the restraint and confiscation of criminal assets in the cases prosecuted by the CPS. The CFD has an international casework function that includes the handling of extradition and the obtaining of evidence and assistance from overseas authorities through letters of request.

HMRC and CPS are jointly committed to prosecuting increasing numbers of 'volume crime'[1] in line with our Spending Review 2010 settlement. In January 2012 we signed a volume crime strategy agreement with the CPS to manage this increased caseload, which focuses on effective cooperation, quality, efficiency, speed of outcome and the effective use of the full range of tools available to investigators and prosecutors. Our relationship with the CPS is set out in a memorandum of understanding, underpinned by a detailed service level agreement.

Broadly similar arrangements are in place in Scotland and Northern Ireland via the Crown Office and Procurator Fiscal Service and the Public Prosecution Service Northern Ireland.

Further information about the CPS is available online at www.cps.gov.uk.

1 *The "volume crime" project focuses on tackling tax evasion (which includes the hidden economy and is estimated at around £8 billion), by working with the Crown Prosecution Service to increase the number of prosecutions we make. This has a deterrent effect on those who are 'potential rule-breakers' and reinforces the behaviour of the compliant majority. Volume crime includes a wide range of casework, from some of the most complex tax frauds, through to more straightforward cases such as VAT securities.*

Economic snapshot 2013

	UK	USA	Japan
GDP. Purchasing power parity. Current international dollar 2012	$36,941[1]	$49,922[1]	$36,266
Real GDP growth. Change in 2012	0.17%	2.21%	-2%
Unemployment. Percent of total labour force in 2012	8.02%	8.07%[1]	4.35%
General government structural balance. Percentage of potential GDP in 2012	-5.41%	-6.37%	-9.26%[1]
Inflation. Average consumer price, percent change in 2012	2.84%	2.08%[1]	-0.04%

1 IMF staff estimate.

Source: IMF World Economic Outlook Databases.

UK fiscal forecast overview

	Forecast (per cent)					
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Public sector net borrowing	5.6	6.8	5.9	5	3.4	2.2
Cyclically-adjusted net borrowing	3.6	4.3	3.3	2.7	1.3	0.6
Surplus on current budget	-6	-5.2	-4.3	-3.5	-1.9	-0.9
Fiscal mandate and supplementary target						
Cyclically-adjusted surplus on current budget	-4	-2.8	-1.7	-1.2	0.1	0.8
Public sector net debt[1]	75.9	79.2	82.6	85.1	85.6	84.8
Changes since December forecast						
Public sector net borrowing	0.4	0.6	0.7	0.9	0.7	0.6
Cyclically-adjusted net borrowing	0.6	0.6	0.4	0.6	0.5	0.3
Surplus on current budget	-0.3	-0.6	-0.6	-0.7	-0.5	-0.4
Cyclically-adjusted surplus on current budget	-0.5	-0.6	-0.4	-0.4	-0.3	-0.2
Public sector net debt[1]	1.2	2.3	3.7	5.1	6.4	7.5
Underlying public sector net borrowing (PSNB)						
PSNB excluding Royal Mail and Asset Purchase Facility transfers	7.8	7.5	6.5	5.5	3.7	2.3

1 Debt at end March; GDP centred on end March.

Source: OBR March 2013 Economic and Fiscal Outlook (Table 1.2: Fiscal forecast overview).

UK rates and allowances

Income Tax

Income Tax allowances for 2011-12 to 2012-13

Income Tax allowances	2011-12	2012-13
Personal allowance[1]	£7,475	£8,105
Personal allowance for people aged 65-74[1,2]	£9,940	£10,500
Personal allowance for people aged 75 and over[1,2]	£10,090	£10,660
Income limit for age-related allowances	£24,000	£25,400
Married couple's allowance for people born before 6 April 1935[2,3]	£7,295	£7,705
Minimum amount of married couple's allowance	£2,800	£2,960
Blind person's allowance	£1,980	£2,100

Income Tax allowances for 2013-14

Income Tax allowances	2013-14
Personal allowance[1]	£9,440
Personal allowance for those born after 5 April 1938 but before 6 April 1948[1,2]	£10,500
Personal allowance for those born before 6 April 1938[1,2]	£10,660
Income limit for higher personal allowances	£26,100
Married couple's allowance for people born before 6 April 1935[2,3]	£7,915
Minimum amount of married couple's allowance	£3,040
Blind person's allowance	£2,160

1 *The Personal Allowance reduces where the income is above £100,000 - by £1 for every £2 of income above the £100,000 limit. This reduction applies irrespective of age or date of birth.*

2 *These allowances reduce where the income is above the income limit by £1 for every £2 of income above the limit. This applies until the level of the personal allowance for those aged under 65, or from 2013-14, for those born after 5 April 1948, is reached. For married couples allowance this applies until it reaches the minimum amount.*

3 *Tax relief for the married couple's allowance is given at the rate of 10 per cent.*

Bands of taxable income (£ per year)	2011-12	2012-13	2013-14
Basic rate	£1 - £35,000	£1 - £34,370	£1 - £32,010
Higher rate	£35,001 - £150,000	£34,371 - £150,000	£32,011 - £150,000
Additional rate	Over £150,000	Over £150,000	Over £150,000
Starting rate for savings limit	£1 - £2,560	£1 - £2,710	£1 - £2,790

Income Tax rates

Income tax rates	2011-12	2012-13	2013-14
Basic rate	20%	20%	20%
Higher rate	40%	40%	40%
Additional rate	50%	50%	45%

Note: From 2008-09, the starting rate for savings is a 10 per cent rate of tax for savings income only. It is only available to the extent that the individual's taxable income (for example, after the deduction of their personal allowances) from other sources (including, income from employment, profits from self-employment, pensions property and taxable benefits) does not exceed the starting rate limit.

National Insurance Contributions

£ per week	2011-12	2012-13	2013-14
Lower Earnings Limit, primary Class 1	£102	£107	£109
Upper Earnings Limit, primary Class 1	£817	£817	£797
Upper Accrual Point	£770	£770	£770
Primary Threshold	£139	£146	£149
Secondary Threshold	£136	£144	£148
Employees' primary Class 1 rate between Primary Threshold and Upper Earnings Limit	12%	12%	12%
Employees' primary Class 1 rate above upper earnings limit	2%	2%	2%
Employees' contracted-out rebate	1.6%	1.4%	1.4%
Married women's reduced rate between Primary Threshold and Upper Earnings Limit	5.85%	5.85%	5.85%
Married women's rate above Upper Earnings Limit	2%	2%	2%
Employers' secondary Class 1 rate above Secondary Threshold	13.8%	13.8%	13.8%
Employers' contracted-out rebate, salary-related schemes	3.7%	3.4%	3.4%
Employers' contracted-out rebate, money-purchase schemes	1.4%	N/A	N/A
Class 2 rate	£2.50	£2.65	£2.70
Class 2 Small Earnings Exception per year	£5,315	£5,595	£5,725
Special Class 2 rate for share fishermen	£3.15	£3.30	£3.35
Special Class 2 rate for volunteer development workers	£5.10	£5.35	£5.45
Class 3 rate	£12.60	£13.25	£13.55
Class 4 Lower Profits Limit per year	£7,225	£7,605	£7,755
Class 4 Upper Profits Limit	£42,475	£42,475	£41,450
Class 4 rate between Lower Profits Limit and Upper Profits Limit	9%	9%	9%
Class 4 rate above Upper Profits Limit	2%	2%	2%

VAT

Value Added Tax (VAT) is charged on most goods and services supplied by VAT-registered businesses in the UK. It is also charged on goods and some services that are brought into the UK from other European Union (EU) countries or those imported from countries outside the EU.

The standard rate of VAT is currently 20 per cent (from 4 January 2011). The previous standard rate was 17.5 per cent, with a temporary reduction to 15 per cent between 1 December 2008 and 31 December 2009. There is also a five per cent reduced rate and a zero rate, which are applied to selected goods and services.

Items taxable at the reduced rate include domestic fuel and power, installation of specified energy-saving materials for dwellings, women's sanitary products, contraceptive products, children's car seats, smoking cessation products, and certain residential conversion and renovation work. A business can normally claim back any VAT they incur when making reduced-rated supplies.

Zero-rated supplies include most food, water and sewerage services, books and some other printed material, construction of new homes, passenger transport, some supplies of drugs and medicines, some goods and services for disabled people, some supplies to charities, and young children's clothing and footwear. A business can normally claim back any VAT they incur when making zero-rated supplies.

Some goods and services – generally supplies that are in the public interest or are too complex to tax – are exempt from VAT. These supplies include education, health and welfare, finance, insurance, land, public postal services, betting and gaming, burial and cremation, works of art, and certain cultural services. A business cannot normally reclaim VAT on purchases that relate to the making of exempt supplies.

From 1 April 2013 businesses need to register for VAT if their taxable supplies have exceeded £79,000 in the previous 12 months. If they are already registered, and their taxable supplies in the next 12 months will fall below £77,000 they can deregister.

From 1 December 2012, non-UK based businesses will be required to register for UK VAT when they make any supply of goods or services in the UK, regardless of the value

Virtually all VAT-registered businesses are required to submit their VAT returns online and pay any VAT due electronically.

Corporation Tax

Rates for financial years starting on 1 April	**2011**	**2012**	**2013**
Main rate of Corporation Tax[1]	26%[1]	24%[1]	23%[1]
Small profits rate	20%[1]	20%[1]	20%
Small profits rate can be claimed by qualifying companies with profits at a rate not exceeding	£300,000	£300,000	£300,000
Marginal relief lower limit	£300,000	£300,000	£300,000
Marginal relief upper limit	£1,500,000	£1,500,000	£1,500,000
Standard fraction	3/200	1/100	3/400
Special rate for unit trusts and open-ended investment companies	20%	20%	20%

1 *Ring fence companies. For companies with ring fence profits (income and gains from oil extraction activities or oil rights in the UK and UK Continental Shelf) these rates differ. The Small Profits Rate of tax on those profits is 19 per cent and the ring fence fraction is 11/400 for financial years starting 1 April 2011, 2012 and 2013. The main rate is 30 per cent for financial years starting on 1 April 2011, 2012 and 2013.*

The main rate of Corporation Tax applies when profits (including ring fence profits) are at a rate exceeding £1.5 million or where there is no claim to another rate, or where another rate does not apply.

Capital Gains Tax

Annual exempt amount	2011-12	2012-13	2013-14
Individuals	£10,600	£10,600	£10,900
Most trustees	£5,300	£5,300	£5,450

Once a person's capital gains and losses for the tax year have been calculated and added together, only the net gains in excess of the annual exempt amount (a tax free amount of gains) due for the year are chargeable to Capital Gains Tax (CGT). Companies are not generally chargeable to CGT but pay Corporation Tax on their chargeable gains.

Since 23 June 2010, individuals who are liable to income tax at a rate higher than the basic rate pay 28 per cent on all gains. Individuals who are not liable to Income Tax at higher rates pay CGT at 18 per cent on chargeable gains equal to the unused part of their basic rate band, and at 28 per cent on gains over that amount.

For trustees and the personal representatives of deceased persons, the rate is 28 per cent.

Entrepreneurs' relief

Individuals may claim entrepreneurs' relief, under which qualifying chargeable gains are taxed at 10 per cent, on gains on disposals of unincorporated trading businesses, shares in trading companies in which the individual has a minimum five per cent stake and shares acquired through the exercise of an Enterprise Management Incentives scheme option.

Qualifying gains for each individual are subject to a lifetime limit, which is currently £10 million.

Trustees can qualify for entrepreneurs' relief if there is a "qualifying beneficiary". Any relief given to the trustees reduces the qualifying beneficiary's lifetime limit on relief.

Rates for trusts

	2011-12	2012-13	2013-14
Trust Rate	50%	50%	45%
Dividend Trust Rate	42.5%	42.5%	37.5%

Tax rates on the first £1,000 of accumulation/discretionary trust income

Type of income	Tax rate - 2013-14 tax year
Dividend-type income (such as income from stocks and shares)	10% (the 'dividend ordinary rate')
All other income (rent, business income, savings)	20% (the 'basic rate')

Tax rates on accumulation/discretionary trust income (more than £1,000)

Type of income	Tax rate - 2013-14 tax year
Dividend-type income (such as income from stocks and shares)	37.5% (the 'dividend trust rate')
All other income (rent, business income, savings)	45% (the 'trust rate')

Inheritance Tax

	2011-12	2012-13	2013-14
Nil-rate band	£325,000	£325,000	£325,000

Inheritance Tax on death

Inheritance Tax (IHT) at 40 per cent is due on the net value of a person's estate transferred at death, and on any gifts made in the previous seven years, above the nil-rate band after deducting any exemptions and reliefs. The main exemptions and reliefs are:

- exemption for transfers to a spouse or civil partner
- exemption for gifts to charity
- exemption for individual gifts of up to £250 or up to £3,000 in total each year
- reliefs for some agricultural, business, woodland and heritage property.

Any unused nil rate band can be transferred and used against a surviving spouse or civil partner's estate when they die.

From 6 April 2012, estates leaving ten per cent to charity may pay a reduced Inheritance Tax rate of 36 per cent.

Trusts

Since 2006, Inheritance Tax at 20 per cent is due when property in excess of the nil rate band is settled in most kinds of trust. Further tax at a rate of up to six per cent is due at each ten-year anniversary, and proportional charges arise when assets are transferred out of the trust or it comes to an end.

Stamp Duty

Stamp Duty Land Tax

Freehold transfers and assignments of leases

Rate	Purchase price	
	Residential	Non-residential
Zero	£1 - £125,000	£1 - £150,000
1%	£125,001 - £250,000	£150,001 - £250,000
3%	£250,001 - £500,000	£250,001 - £500,000
4%	£500,001 - £1,000,000	Over £500,000
5%	£1,000,001 - £2,000,000	NA
7%	Over £2,000,000	

Where a transaction includes both residential and non-residential property, the non-residential rates and thresholds apply. The appropriate rate is applied to the whole amount of the purchase price, not just to the amount by which it exceeds the threshold.

Grants of new leases

Stamp Duty Land Tax on the premium is the same as for freehold transfers (except that, for non-residential leases, tax is charged at one per cent where the premium is £0-£150,000 if the annual rent exceeds £1,000).

Stamp Duty Land Tax is also charged on the Net Present Value (NPV) of the rent payable under the lease. For leases of residential property the charge is one per cent of the amount by which the NPV exceeds £125,000. For leases of non-residential property the charge is one per cent of the amount by which the NPV exceeds £150,000.

Higher rate charge

A separate 15 per cent higher rate Stamp Duty Land Tax charge applies to acquisitions of interests in residential property for more than £2 million by certain purchasers who are not individuals. The higher rate applies to these interests even if they are acquired with other residential or non-residential property.

Stamp Duty and Stamp Duty Reserve Tax

The rate of Stamp Duty and Stamp Duty Reserve Tax on the transfer of shares and securities is 0.5 per cent for 2012-13. Where the transfer is affected by means of a stock transfer form, no stamp duty will be payable unless the consideration exceeds £1,000 (for example, duty of £5).

Annual Tax on Enveloped Dwellings

Annual Tax on Enveloped Dwellings (ATED) is a tax payable by companies on high value residential property. It started on 1 April 2013 and will be payable each year.

Most residential properties are owned directly by individuals. But in some cases a residential property may be owned by a company (or other collective investment vehicle). In these circumstances the property is said to be 'enveloped' because the ownership sits within a corporate 'wrapper' or 'envelope'.

An ATED tax return will need to be completed if all of the following apply to a property:

- it is a residential property
- it is situated in the UK
- it was valued at more than £2 million on 1 April 2012, or at acquisition if later
- it is owned, completely or partly, by a company, a partnership where one of the partners is a company or a ‘collective investment vehicle’ – for example, a unit trust or an open ended investment company.

There are reliefs that could reduce the tax completely but they can only be claimed if a return is completed and submitted.

The amount of ATED is worked out using a banding system based on the value of the residential property.

Rate bands

Property Value	Annual Tax 2013-14
£2,000,001 to £5,000,000	£15,000
£5,000,001 to £10,000,000	£35,000
£10,000,001 to £20,000,000	£70,000
£20,000,001 and over	£140,000

If the residential property is only owned for part of a year, or there is a change in its use so that it moves into or out of ATED, then ATED applies on a proportionate basis.

For the first year of ATED only, which is the full 12-month period beginning 1 April 2013, there is a transitional arrangement; the return will be due by 1 October 2013 and payment will be due by 31 October 2013.

For the ATED period beginning 1 April 2014 and for all future years, the return and the payment will be due by 30 April. For example, for the ATED period 1 April 2014 to 31 March 2015, both the return and payment are due by 30 April 2014.

Insurance Premium Tax

Insurance Premium Tax (IPT) is a tax on insurance premiums received by insurers under insurance contracts covering taxable UK risks. Some insurance is exempt from IPT, including reinsurance and long term insurance (for example, pensions, life and permanent health insurance). There are currently two rates of IPT: standard rate of six per cent and higher rate of 20 per cent. The higher rate applies to all travel insurance and certain insurance sold with motor vehicles and domestic appliances. If you are receiving, or form the intention to receive, taxable insurance premiums as an insurer, you are required to register and account for IPT.

Customs duties

These are collected on behalf of the EU and are known as Traditional Own Resources. However, every member state is allowed to retain 25 per cent of the revenue collected to cover administration costs. In the UK, the retained funds are held by the Treasury. Customs duties are only collected when goods enter or leave the EU – goods circulate freely within the EU itself. When completing the necessary documentation, importers and exporters have to allocate their goods to one of approximately 16,000 commodity codes and this in turn dictates the rate of duty that is to be applied. The Integrated Tariff of the United Kingdom, commonly known as the Tariff, is a comprehensive guide to the commodity codes, duty rates and procedures which are common to all EU member states. The Customs Duty Liability Team in the Customs Directorate maintains the Tariff and provides expert advice to traders and colleagues.

Tax credits, Working Tax Credit, Child Tax Credit and Child Benefit

£ per year (unless stated)	2013-14
Working Tax Credit	
Basic element	£1,920
Couple and lone-parent element	£1,970
30 hour element	£790
Disabled worker element	£2,855
Severe disability element	£1,220
Childcare element of the Working Tax Credit	
Maximum eligible costs for one child (per week)	£175
Maximum eligible costs for two or more children (per week)	£300
Percentage of eligible childcare costs covered	70%
Child Tax Credit	
Family element	£545
Child element	£2,720
Disabled child element	£3,015
Severely disabled child element	£1,220
Tax credits income thresholds and withdrawal rates	
First income threshold	£6,420
First withdrawal rate (per cent)	41%
First threshold for those entitled to Child Tax Credit	£15,910
Income rise disregard	£5,000
Income fall disregard	£2,500
Child Benefit/Guardian Allowance (£ per week)	
Eldest/only child	£20.30
Other children	£13.40
Guardian's allowance	£15.90

Enterprise Investment Scheme, Seed Enterprise Investment Scheme and Venture Capital Trusts

Known collectively as Venture Capital Schemes, The Enterprise Investment Scheme (EIS), Seed Enterprise Investment Scheme (SEIS) and Venture Capital Trust scheme (VCT) all aim to encourage equity investment in smaller unquoted trading companies.

The EIS aims to attract investment from individuals and the VCT scheme encourages indirect investment by individuals through the medium of corporate vehicles similar to investment trusts. The SEIS, introduced in 2012, further supports investment in small, early stage companies, and complements the EIS and VCT scheme.

This year the Government has announced two small changes to the SEIS with effect to shares issued on or after 6 April 2013:

- An amendment to the independence condition that must be met by a company hoping to qualify under SEIS. Any on-the-shelf period will be ignored when determining whether a company is or has been under the control of any other company. 'On-the-shelf period' means a period during which the company has not issued any shares other than subscriber shares and has not yet begun or prepared to begin trading.
- An extension to 2013-14 for capital gains tax (CGT) relief for re-investing gains in SEIS shares, providing the gains are re-invested in 2013-14 or the following year. The extension of the relief is for half the qualifying re-invested amount.

For further information on the operation of the schemes please refer to the Venture Capital Schemes Manual – www.hmrc.gov.uk/manuals/vcmmanual/index.htm

Pensions

The pensions' tax rules provide a single universal regime for tax-privileged pension savings. There is no limit on the amount an individual can save in registered pension schemes, but there are limits on the amount of tax reliefs they can benefit from both annually and in total. There are therefore two main controls that limit the amount of tax-relieved savings that an individual can make: the annual allowance and the lifetime allowance.

The annual allowance for 2013-14 onwards is £50,000. However, individuals are able to carry forward any unused annual allowance from the three previous years. From 2014-15 the annual allowance will be reduced to £40,000.

The standard lifetime allowance is £1.5 million for 2013-14 onwards. From 2014-15 the lifetime allowance will be reduced to £1.25 million. Two forms of transitional protection – fixed protection 2014 and individual protection 2014 – will be available for those individuals who think they may be affected by the reduction in the lifetime allowance.

Individuals not wanting to buy an annuity when they take their pension benefits can take an income from their pension fund while keeping control of the investments (called drawdown). To ensure that investments are not exhausted prematurely there is a cap on amounts drawdown pensioners can take as an income from their pension fund. The cap was increased from 100 per cent to 120 per cent of an equivalent annuity for drawdown pension years beginning after 25 March 2013 in this year's Budget. The drawdown rules for those over 75 have been the same as for younger pensioners since April 2011.

Individuals with drawdown pension funds whose other pension income is at least £20,000 a year can access the whole of their drawdown funds as taxable income without any annual limit applying.

Savings

Individual Savings Accounts (ISAs)

ISAs were introduced on 6 April 1999 and are the main Government (non-pension) savings incentive for adults. Over 23 million people (around 50 per cent of adults) have an ISA and the value of monies invested in ISAs is over £385 billion.

These ISA savings benefit from around £2.1 billion in tax relief each year.

There are two types of ISA:

- cash
- stocks and shares

An investor can subscribe to two separate ISAs in any one tax year: one cash ISA and one stocks and shares ISA. Each has different limits.

From the 2013-14 tax year the ISA annual subscription limit is £11,520, of which up to £5,760 can be saved in cash. These limits are increased each year in line with the Consumer Prices Index (CPI).

Junior ISA

The Junior ISA was introduced on 1 November 2011 and offers parents a tax-advantaged way to save for those children not eligible for a Child Trust Fund. The Government does not usually make any payments into Junior ISA accounts.

The main features of Junior ISAs are:

- investment returns (income or gains) are tax-advantaged
- both cash and stocks and shares Junior ISAs are available. Children are able to hold up to one cash and one stocks and shares Junior ISA at a time (two accounts in total)
- there is an overarching contribution limit of £3,720 for the 2013-14 tax year which will be indexed by CPI each year
- accounts are owned by the child and funds are locked in until the child turns 18
- Junior ISA accounts become adult ISAs when the child reaches 18.

Taxing income from savings – the starting rate for savings

As with other sources of income, the general rule is that taxable savings income is liable to tax at the main rates of income tax. However, there is also a ten per cent starting rate for savings available for savings income in particular circumstances.

The ordering rules for income tax provide that an individual's income from non-savings sources is taxed first, followed by savings income, and finally dividend income.

If an individual's taxable non-savings income exceeds the starting rate for savings limit (£2,790 for 2013-14) then the starting rate for savings will not be available for their savings income. The individual's savings income will be taxable at the 20 per cent basic rate (or the higher or additional rate depending on the individual's total taxable income). However, if an individual's taxable non-savings income is less than the starting rate for savings limit, then some or all of their savings income will be taxable at the starting rate for savings up to the limit.

Dividend income

The general rule is that all income above personal allowances is taxable at the main rates of tax – the basic rate, the higher rate and from 2010-11, the additional rate. There are alternative rates for dividend income that would otherwise be taxable at the main rates of income tax. The rates applicable to dividends are:

- ten per cent for dividend income that would otherwise be taxable at the basic rate
- 32.5 per cent for dividend income that would otherwise be taxable at the higher rate
- 42.5 per cent for dividend income that would otherwise be taxable at the additional rate.

However, these headline rates of tax are reduced by a non-payable tax credit equal to one ninth of the amount of the dividend to give effective tax rates of:

- nil for dividend income that would otherwise be taxable at the basic rate
- 25 per cent for dividend income that would otherwise be taxable at the higher rate
- 36.1 per cent for dividend income that would otherwise be taxable at the additional rate.

The tax credit applies to all individuals investing in UK companies and in receipt of dividends. It also applies to most investors receiving dividends from non-UK resident companies, apart from investors with a ten per cent or greater shareholding in certain companies or investors in receipt of dividends from certain offshore funds.

Note: Where an offshore fund is a company then its dividends will normally qualify for a tax credit, but where the offshore fund is mainly invested in interest bearing assets, then any dividend will not qualify for a tax credit, and will be taxed as interest so that the tax rates applying will be BR 20 per cent, HR 40 per cent and AR 50 per cent.

Child Trust Fund

The Child Trust Fund (CTF) is a long-term tax advantaged savings account for children born between 1 September 2002 and 2 January 2011. The Government reduced and then stopped all government payments to CTF accounts as part of its strategy to tackle the UK's budget deficit.

Children, parents, family and friends can contribute to a CTF account up to an annual limit of £3,720. The limit increases on an annual basis by reference to the Consumer Prices Index.

The money in the CTF account can only be accessed by the child once they reach 18 years of age.

Mileage payments

Approved mileage rates

The approved mileage allowance payments set the maximum rate which may be reimbursed to an employee for business use of a privately-owned vehicle without being subject to tax.

From 2011-2012	**First 10,000 business miles in the tax year**	**Each mile over 10,000 miles in the tax year**
Cars and vans	45p	25p
Motorcycles	24p	24p
Bicycles	20p	20p
From 2002-03 to 2010-11		
Cars and vans	40p	25p
Motorcycles	24p	24p
Bicycles	20p	20p

For cars and vans, relief from National Insurance Contributions continues to be based on 45p per mile, regardless of the business mileage undertaken in a tax year.

Additional passenger rate

To encourage car sharing by employees, employers are able to pay five pence per mile, free from tax and National Insurance Contributions, for each passenger who is also travelling on business.

Fuel benefit charges

The fuel benefit charge applies if an individual with a company car is provided with fuel for private use by their employer. If the value of the fuel for private use is repaid in full, the charge does not apply.

To calculate the benefit charge on free fuel the car benefit percentage figure is multiplied against a set figure for the year.

- For years 2003-04 to 2007-08 the set figure was £14,400.
- From 2008-09 the set figure increased to £16,900.
- From 2010-11 the set figure increased to £18,000.
- From 2011-12 the set figure increased to £18,800.
- From 2012-13 the set figure increased to £20,200.
- From 2013-14 the set figure increased to £21,100.

Example for 2013-14: If car benefit percentage is 23 per cent, the fuel benefit would be £21,100 times 23 per cent, which equals £4,853.

Company car tax

CO_2 emissions qualifying for the lower car benefit percentage of 15 per cent	
2007-08	0 grams to 144 grams per kilometre of CO_2
2008-09	121 grams to 139 grams per kilometre of CO_2
2009-10	121 grams to 139 grams per kilometre of CO_2
2010-11	121 grams to 135 grams per kilometre of CO_2
2011-12	121 grams to 129 grams per kilometre of CO_2
2012-13	Not applicable
2013-14	Not applicable
CO_2 emissions qualifying for the lower car benefit percentage of 10 per cent	
2007-08	Not applicable
2008-09	0 grams to 120 grams per kilometre of CO_2
2009-10	0 grams to 120 grams per kilometre of CO_2
2010-11	76 grams to 120 grams per kilometre of CO_2
2011-12	76 grams to 120 grams per kilometre of CO_2
2012-13	76 grams to 99 grams per kilometre of CO_2
2013-14	76 grams to 94 grams per kilometre of CO_2
CO_2 emissions at and above the relevant threshold in 2013-14	
11%	95 grams to 99 grams per kilometre of CO_2
12%	100 grams to 104 grams per kilometre of CO_2
13%	105 grams to 109 grams per kilometre of CO_2
14%	110 grams to 114 grams per kilometre of CO_2
15%	115 grams to 119 grams per kilometre of CO_2

The appropriate percentage is increased by one percentage point for each five grams per kilometre of CO_2 to a maximum of 35 per cent.

Diesel cars are subject to a three per cent supplement to a maximum of 35 per cent.

Between 6 April 2010 and 5 April 2015 there will be:

- a five per cent band for ultra-low emission cars (CO_2 emissions of 75g per km or less)
- a zero per cent band for zero emission cars.

Example

	Emissions	Car benefit charge
2011-12	140g/km	18 per cent of list price
2012-13	140g/km	19 per cent of list price
2013-14	140g/km	20 per cent of list price

Alcohol duties

	Rate £ per litre of pure alcohol
Spirits	28.22
Spirits-based: ready to drink	28.22
Wine and made-wine: exceeding 22% abv	28.22
	Rate £ per hectolitre % of alcohol in the beer
Beer - General Beer Duty	19.12
Beer - high strength: exceeding 7.5% abv - in addition to the General Beer Duty	5.09
Beer - lower strength: exceeding 1.2% - not exceeding 2.8% abv	9.17
	Rate £ per hectolitre of product
Still cider and perry: exceeding 1.2% - not exceeding 7.5% abv	39.66
Still cider and perry: exceeding 7.5% - less than 8.5% abv	59.52
Sparkling cider and perry: exceeding 1.2% - not exceeding 5.5% abv	39.66
Sparkling cider and perry: exceeding 5.5% - less than 8.5% abv	258.23
Wine and made-wine: exceeding 1.2% - not exceeding 4% abv	82.18
Wine and made-wine: exceeding 4% - not exceeding 5.5% abv	113.01
Still wine and made-wine: exceeding 5.5% - not exceeding 15% abv	266.72
Wine and made-wine: exceeding 15% - not exceeding 22% abv	355.59
Sparkling wine and made-wine: exceeding 5.5% - less than 8.5% abv	258.23
Sparkling wine and made-wine: 8.5% and above - not exceeding 15% abv	341.63

Note: As of 25 March 2013.
ABV (alcohol by volume).

Tax on typical items of beer and wine (as of March 2013)

Drink (on/off trade)	Average price per item (£)	Average alcohol content (%ABV)[2]	Duty per item (pence)[3]	Total VAT per item (pence)	Total tax per item (pence)
Beer[1] on (pint)	3.03	4.2	45	50.5	95.6
Beer[1] off (pint)	1.22	4.2	45	20.3	66.3
Wine on (750ml)	16.01	12.5	200	267	467
Wine off (750ml)	5.19	12.5	200	86.5	286.5

1 *Beer refers to all beers; bitter, stout and lager.*
2 *Rounded to one decimal point.*
3 *Post-Budget 2013.*

Note: ABV (alcohol by volume).

Tobacco duties

Product	Duty	Typical item (figures in pence)				
		Desc	Price	Duty	VAT	Total
Cigarettes	An amount equal to 16.5% of the retail price plus £176.22 per thousand cigarettes	Packet of 20	696	449	139	**588**
Cigars	£219.82 per Kilogram	Packet of 5	458	138	92	**230**
Hand-rolling tobacco	£172.74 per Kilogram	25g	754	431	151	**582**
Other smoking and chewing tobacco	£96.64 per Kilogram	25g	551	241	110	**351**

Note: Duty rates were increased by two per cent (in real terms) at the Budget on 20 March 2013.

Oils duties

	23 March 2011
Light oils	**Effective duty rate (pence per litre)**
Unleaded petrol	57.95
Light oil (other than unleaded petrol or aviation gasoline)	67.67
Aviation gasoline (AVGAS)	37.70
Light oil delivered to an approved person for use as furnace fuel	10.70
Heavy oils	**Effective duty rate (pence per litre)**
Heavy oil (diesel)	57.95
Marked gas oil	11.14
Fuel oil	10.70
Heavy oil other than fuel oil, gas oil or kerosene used as fuel	10.70
Kerosene to be used as fuel in an engine, other than in a road vehicle or for heating	11.14
Biofuels	**Effective duty rate (pence per litre)**
Bio-ethanol	57.95
Biodiesel	57.95
Biodiesel for non-road use	11.14
Biodiesel blended with gas oil not for road fuel use	11.14
Road fuel gases	**Effective duty rate (£ per kg)**
Liquefied Petroleum Gas (LPG)	0.3161
Road fuel natural gas including biogas	0.2470

Air Passenger Duty

Air Passenger Duty (APD) is an excise duty which is payable by aircraft operators. The amount of APD payable by the operators is based on the number of passengers on board their aircraft when they take off from UK airports.

The amount due depends on the final destination and the class of travel of the passenger.

There are four destination bands, and inclusion in each band is based on geographical distance of the capital city of a country/ territory from London. For a list of countries/ territories and the bands into which they fall see Appendix 1 of Notice 550 – Air passenger duty which is available on our website. Please search for 'Air passenger duty'.

From 1 April 2013 there will be three rates of APD; reduced, standard and higher for each destination band, depending on the class of travel. Note the different structure for direct long haul flights from Northern Ireland.

Rate	Band	Miles travelled	Rates from	
			1 April 2013	1 April 2012
Reduced	A	0 - 2,000	£13	£13
	B	2,001 - 4,000	£67	£65
	C	4,001 - 6,000	£83	£81
	D	over 6,000	£94	£92
Standard	A	0 - 2,000	£26	£23
	B	2,001 - 4,000	£134	£130
	C	4,001 - 6,000	£166	£162
	D	over 6,000	£188	£184
Higher	A	0 - 2,000	£52	n/a
	B	2,001 - 4,000	£268	n/a
	C	4,001 - 6,000	£332	n/a
	D	over 6,000	£376	n/a

The reduced rates apply where the passengers are carried in the lowest class of travel on any flight unless the seat pitch exceeds 1.016 metres (40 inches), in which case, whether there is one or more than one class of travel the standard rates apply.

The standard rates apply where passengers are carried in any class of travel other than the lowest or where the seat pitch exceeds 1.016 metres (40 inches), unless the conditions for the higher rate are met.

The higher rate applies if passengers are carried on aircraft with an authorised take off weight of 20 tonnes or more and equipped to carry fewer than 19 passengers.

Northern Ireland rates
The power to set APD rates on direct long haul flights from Northern Ireland was devolved to the Northern Ireland Assembly (NIA). With effect from 1 January 2013, the NIA have set these rates at zero. Details of these rates and the flights that they apply to are contained in paragraph 2.1.2 of Notice 550.

Gambling duties

There are seven excise duties which apply to the following forms of gambling:

- Bingo Duty is charged on the playing of bingo in the UK. The duty is paid by those who hold a bingo premises licence.
- Gaming Duty is charged on any premises in the UK where casino gaming takes place. It is paid by the casino operator.
- General Betting Duty applies to bets made with a bookmaker in the UK. It is paid by bookmakers who operate betting shops, online betting or telephone betting.
- Lottery Duty is charged on the purchase price of a UK lottery ticket; with Camelot holding a monopoly licence for the National Lottery.
- Machine Games Duty is charged on playing dutiable machine games in the UK.
- Pool Betting Duty applies to bets made by way of pool betting, e.g. the football pools. The duty is paid by those who hold a pool betting permit.
- Remote Gaming Duty is charged on online gaming providers.

Lottery Duty for ticket or chance	12% of value of consideration
General Betting Duty	15% of net stakes receipts (NSR) 3% of NSR for financial spread bets 10% of NSR for other spread bets
Pool Betting Duty	15% of net pool betting receipts
Bingo	20% of bingo promoters' profits

Gaming Duty

First £2,242,500 of gross gaming yield	15%
Next £1,546,000 of gross gaming yield	20%
Next £2,707,500 of gross gaming yield	30%
Next £5,714,500 of gross gaming yield	40%
The remainder	50%

The changes to the parts of gross gaming yield have effect in relation to accounting periods beginning on or after 1 April 2013.

Remote Gaming Duty	15% of remote gaming profits

Machine Games Duty

	2013-14
Percentage of the net takings from dutiable machine games with a maximum cost to play not more than 10p and a maximum cash prize not more than £8	5%
Percentage of net takings from all other dutiable machine games	20%

Environmental Taxes

Aggregates Levy

Aggregates Levy is a UK-wide environmental tax on the commercial exploitation of rock, sand and gravel and on UK marine-dredged aggregate. Taxable aggregate is chargeable at £2 per tonne.

Climate Change Levy

Climate Change Levy (CCL) is a UK-wide environmental tax. There are two rates of CCL – the main rates of CCL and, from 1 April 2013, the Carbon Price Support (CPS) rates of CCL.

The main rates of CCL is a tax on the taxable supply specified energy products (e.g. electricity, gas and coal) for use as fuels (that is for lighting, heating and power) by business consumers including consumers. It does not apply to energy products supplied for use by domestic consumers or to charities for non-business use. Its purpose is to promote energy efficiency leading to a reduction in carbon emissions.

From 1 April 2013, businesses using fossil fuels to generate electricity are required to pay CPS rates of CCL on those fuels. The CPS rates are designed to encourage additional investment in low-carbon power generation by providing greater support and certainty to the carbon price.

These rates are:

Climate Change Levy

Charged on supplies of energy products used by business and the public sector

Commodity	Rate from 1 April 2012	Rate from 1 April 2013	Rate from 1 April 2014
Electricity (£ per kilowatt hour)	0.00509	0.00524	0.00541
Natural gas (£ per kilowatt hour) (different rate applies in Northern Ireland until 31 October 2013)	0.00177	0.00182	0.00188
Natural gas (Northern Ireland) (£ per kilowatt hour). This rate applies from 1-4-11 to 31-10-13	0.00062	0.00064 until 31 October 2013 then main natural gas rate applies	Main natural gas rate applies
Liquefied petroleum gas (£ per kilogram)	0.01137	0.01172	0.01210
Solid fossil fuels (e.g. coal and coke) (£ per kilogram)	0.01387	0.01429	0.01476

Carbon Price Support

Charged on supplies of energy products used to generate electricity in Great Britain from 1 April 2013

Commodity	Rate from 1 April 2013	Rate from 1 April 2014	Rate from 1 April 2015
Gas (£ per kilowatt hour)	0.00091	0.00175	0.00334
Liquefied petroleum gas (£ per kilogram)	0.01460	0.02822	0.05307
Coal and other solid fossil fuels (£ per gross gigajoule)	0.44264	0.85489	1.62534
Fuel oil; other heavy oil; rebated light oil (£ per litre)	0.01568	0.03011	0.05730
Gas oil; rebated bioblend (£ per litre)	0.01365	0.02642	0.04990

Landfill Tax

Landfill Tax is a UK-wide environmental tax on waste disposed of at authorised landfill sites throughout the UK. A lower rate of £2.50 per tonne applies to some less polluting waste such as rock and sub-soil, while all other taxable waste is chargable at the standard rate of £72 per tonne in 2013-14 and will increase to £80 per tonne in 2014-15.

Key statistics and information

Total number of individual UK income taxpayers

Nos – 000s	2010-11[1]	2011-12[2]	2012-13[2]	2013-14[2]
All taxpayers	31,300	30,400	30,000	29,300
Over 65	4,910	5,080	5,100	5,480
Under 65	26,400	25,300	24,900	23,800
Males	17,400	17,100	17,000	16,900
Females	13,800	13,300	13,000	12,400
Liable at starting rate	276	243	235	217
Liable at savers rate	623	619	617	603
Liable at basic rate	27,100	25,600	25,100	23,900
Liable at higher rate	3,020	3,610	3,830	4,320
Liable at additional rate	236	255	269	287

1 *This is the latest Survey of Personal Incomes survey year.*

2 *Projected estimates based upon the 2010-11 Survey of Personal Incomes using economic assumptions consistent with the Office of Budget Responsibility's (OBR) March 2013 Economic and fiscal outlook.*

Source: www.hmrc.gov.uk/statistics/tax-statistics/table2-1.xls

Estimated number of individual UK taxpayers

Nos – 000s	2010-11	2011-12	2012-13	2013-14
Income Tax[1,2]	31,300	30,400	30,000	29,300
Capital Gains Tax[3]	*	*	*	*
IHT payers (lifetime)[3]	5	3	*	*
IHT payers (death)[3]	17	20	*	*
VAT[3]	1,912	1,906	*	*

** figures not available*

1 *2010-11 is the latest Survey of Personal Incomes survey year, Source: www.hmrc.gov.uk/statistics/tax-statistics/table2-1.xls*

2 *Projected estimates based upon the 2010-11 Survey of Personal Incomes using economic assumptions consistent with the Office of Budget Responsibility's (OBR) March 2013 economic and fiscal outlook.*

3 *Source: www.hmrc.gov.uk/stats/tax_receipts/table1-4.pdf*

Income tax liabilities of the top one per cent, ten per cent and 50 per cent of income taxpayers by total income before tax

	Shares of total income tax liabilities (%)		
	Top 1%	Top 10%	Top 50%
2010-11[1]	25.0	53.5	88.7
2011-12[2]	27.5	56.1	89.4
2012-13[2]	26.9	56.2	89.4
2013-14[2]	29.8	58.9	90.3

1 *This is the latest Survey of Personal Incomes survey year.*

2 *Projected estimates based upon the 2010-11 Survey of Personal Incomes using economic assumptions consistent with the Office of Budget Responsibility's (OBR) March 2013 Economic and fiscal outlook.*

Source: www.hmrc.gov.uk/statistics/tax-statistics/table2-4.xls

Projected income tax liabilities of starting, basic, and higher rate taxpayers in 2013-14[1]

Group of taxpayers	Numbers (000s)	Tax revenue (£m)	Tax revenue as % of total
Starting rate	217	39	0
Savers rate	603	699	0.4
Basic rate	23,900	55,100	33.2
Higher rate	4,320	61,100	36.8
Additional rate	287	49,300	29.7
Total	**29,300**	**166,000**	**100**

1 *Projected estimates based upon the 2010-11 Survey of Personal Incomes using economic assumptions consistent with the Office of Budget Responsibility's (OBR) March 2013 Economic and fiscal outlook.*

Source: www.hmrc.gov.uk/statistics/tax-statistics/table2-5.xls

Cost of collection

	2010-11	2011-12	2012-13
	(pence per £ collected)		
Income Tax	[1]0.96	[2]0.97	[3]1.00
Corporation Tax	0.72	0.76	0.76
Petroleum Revenue Tax	0.06	0.06	0.04
Capital Gains Tax	1.28	1.17	1.22
Inheritance Tax	0.97	1.34	0.88
Stamp Taxes	0.17	0.15	0.10
National Insurance Contributions (NICs)	0.31	0.28	0.27
VAT	0.70	0.60	0.63
Insurance Premium Tax	0.03	0.06	0.04
Hydrocarbon Oils	0.11	0.11	0.11
Alcohol	0.43	0.38	0.41
Tobacco	0.72	0.70	0.70
Gambling taxes	0.43	0.45	0.34
Environmental Taxes	0.23	0.31	0.19
Air Passenger Duty	0.07	0.04	0.03
Customs duties[4]	0.41	0.27	0.31
Overall Cost (pence per £ collected)	**0.87**	**0.83**	**0.61**
Tax credits (pence per £ paid)	1.76	1.55	1.43
Child Benefit and Child Trust Fund	[5]0.71	[6]n/a	n/a
Child Benefit (pence per £ paid)		0.58	0.57

1 *Includes the combined ratios for Income Tax PAYE and Income Tax SA - separately the ratios are IT PAYE 0.62 and IT SA 3.03*

2 *Includes the combined ratios for Income Tax PAYE and Income Tax SA - separately the ratios are IT PAYE 0.74 and IT SA 2.51*

3 *Includes the combined ratios for Income Tax PAYE and Income Tax SA - separately the ratios are IT PAYE 0.72 and IT SA 2.77.*

4 *Customs duties was previously reported as International Trade.*

5 *Includes the combined ratios for Child Benefit and Child Trust Fund - separately the ratios are Child Benefit 0.68 and Child Trust Fund 2.04.*

6 *Child Trust Fund payments ceased in 2010-11. Child Benefit reported as a separate item from 2011-12.*

Online service figures

Self Assessment returns

Total number	as at 5 April 2013
Individuals registered in their own right	4,885,036
Individuals represented by an Agent	7,263,845
Self Assessment Agents registered	62,304

Self Assessment returns – online

Received for the tax year	2009-10 (received in 2010-11)	2010-11 (received in 2011-12)	2011-12 (received in 2012-13)
Individual	6,843,233	7,599,606	7,884,455
Partnership	358,723	372,284	374,096
Trust	117,296	118,349	120,619
With an attachment	915,752[1]	981,018	1,103,438
Amended returns	192,180	241,404	266,139
Total	**7,127,072**	**7,848,835**	**8,113,031**
Returns received after year end	286,559	258,158	-
Amendments received after year end	126,581	142,855	-

1 *Attachments returns are now included in the individual/partnership and trust figures.*

Self Assessment payments – online

Received during the year	2010-11	2011-12	2012-13
SA payments	1,153,283	1,328,624	1,438,356
Value of payments	£2,591,439,854	£2,656,437,432	£2,864,478,930

PAYE for employers – online

Total number of packages for the PAYE year	2010-11	2011-12	2012-13
Total no. of end of year submissions received over the internet from both employers and agents	1,684,111	1,533,658	1,563,494
Total no. of expenses and benefits packages received over the internet from both employers and agents	219,263	294,045	332,821
Total no. of in-year packages received over the internet from both employers and agents	5,893,380	6,860,030	7,096,537

PAYE payments – online

Received during the year	2010-11	2011-12	2012-13
PAYE payments	429,662	575,863	685,937
Value of payments	£679,603,729	£879,121,372	£993,170,436

VAT Online

Total number	as at 5 April 2013
VAT individuals enrolled in their own right	380,964
VAT organisations enrolled in their own right	1,544,597
Individuals/organisations represented by an Agent	562,440
VAT Agents enrolled	21,945

	2010-11	2011-12	2012-13
VAT returns submitted online	5,218,099	6,301,208	7,523,185
VAT registration applications submitted online	166,128	183,157	113,821

Other online services

Total number filed during the year	2010-11	2011-12	2012-13
CT 600 Corporation Tax returns	736,118	1,599,065	1,838,126
Stamp Duty Submissions	909,205	984,250	998,735
Construction Industry Scheme (CIS300) returns	1,184,945	1,360,048	1,480,190
Pension Scheme Return	36,756	39,889	40,097
Alcohol Tobacco Warehousing Declarations W1, W5, W5D, W6 and W6D forms	66,984	73,569	79,564
European Community Sales List Declarations	298,630	370,839	434,132
EU VAT Refunds	57,270	97,291	134,909
Total number of visits to HMRC website	98,487,637	-	131,039,408

National Minimum Wage

The National Minimum Wage (NMW) applies to nearly all workers, and sets hourly rates below which pay must not be allowed to fall. The vast majority of employers comply with the NMW. For those who don't we enforce the NMW legislation on behalf of the Department for Business, Innovation and Skills. We are clear that non-payment of the NMW is not an option. The rates are set by the Government, and are based on the recommendations of the independent Low Pay Commission. More information on the NMW can be obtained via the Pay and Work Rights Helpline on 0800 9172368.

The rates from 1 October 2013 are:

- main rate for workers aged 21 and over: £6.31 per hour
- rate for workers aged 18-20 inclusive: £5.03 per hour
- workers under age 18 but above compulsory school leaving age: £3.72 per hour
- the apprentice rate, for apprentices under 19, or 19 or over and in the first year of their apprenticeship will be £2.68
- the daily rate for the Accommodation Offset will be £4.91.

Complaints

The complaints we receive from customers relate to mistakes, delays, poor or misleading advice or guidance, and staff behaviour. Matters that can be heard by the Tax Chamber and the Social Entitlement Chamber[1] such as a disputed assessment or liability decision are excluded.

	2011-12	2012-13
Personal Tax	41,047	35,799
Enforcement and Compliance	9,719	9,145
Business Tax	831	568
Benefits and Credits	23,234	22,444
Valuation Office Agency	2,335	1,938
Total	**77,166**	**69,894**

We paid redress of £1.13 million (including Valuation Office Agency) in ex-gratia and extra-statutory redress payments in 2012-13 compared with £1.22 million in ex-gratia and ex-statutory redress payments in 2011-12, compared to £1.47 million in 2010-11.

Adjudicator complaints received about HMRC

We welcome customer complaints as a source of feedback and are working to use this information to improve HMRC products and processes.

	2011-12*	2012-13
Number of cases taken on for investigation	1, 598	2,597
Number of completed investigations	1,121	1,365
Complaints not upheld (% of total)	473 (42.19%)	516 (37.8%)
Complaints wholly or partially upheld (% of total)	592 (52.80%)	819 (60%)
Complaints withdrawn (% of total)	24 (2.1%)	27 (2%)
Complaints reconsidered by HMRC[2] (% total)	32 (2.85%)	3 (0.21%)

* *2011-12 Adjudicator complaints received about HMRC have been updated to show VOA complaints as in previous pocket briefings/guides.*

1 *The Tax Chamber and Social Entitlement Chamber are parts of the first tier of the tribunal system. The Tax Chamber hears appeals about VAT or tax matters. The Social Entitlement Chamber hears appeals about Tax credits and Child Benefit.*

2 *These are cases where HMRC has reconsidered a case as a result of a policy change or new evidence that was not available when the complaint was first considered.*

Tax credit illustrative examples

Working Tax Credit for those without children

Annual income (£)	Single person (aged 25 or over working 30 hours or more per week)	Couples (Working adult aged 25 or over working 30 hours or more per week)
9,780[1]	£1,340	£3,310
10,000	£1,250	£3,220
12,000	£430	£2,400
14,000	-	£1,580
16,000	-	£760
18,000	-	-

1 *Someone aged 25 or over, working 30 hours a week on NMW would earn about £9,780 in 2013-14. This is based on six months working at the current NMW of £6.19 per hour from 1 April 2013 to 30 September 2013, and six months working at the up-rated NMW of £6.31 per hour from 1 October 2013 to 5 April 2014.*

Working Tax Credit for those without children, where the worker has a disability

Annual income (£)	Single person (working adult aged 16 or over)		Couples (working adult aged 25 or over)	
	Working 16 to 29 hours per week	Working 30 or more hours per week	Working 16 to 29 hours per week	Working 30 or more hours per week
5,215[1]	£4,780	£5,575	£6,755	£7,545
9,780[2]	£3,405	£4,195	£5,375	£6,165
10,000	£3,315	£4,105	£5,285	£6,075
12,000	£2,495	£3,285	£4,465	£5,255
14,000	£1,675	£2,465	£3,645	£4,435
16,000	£855	£1,645	£2,825	£3,615
18,000	£35	£825	£2,005	£2,795
20,000	–	£5	£1,185	£1,975
22,000	–	–	£365	£1,155
24,000	–	–	–	£335
26,000	–	–	–	–

1 *Someone aged 25 or over, working 16 hours a week on National Minimum Wage would earn about £5,215 in 2013-14.*

2 *Someone aged 25 or over, working 30 hours a week on National Minimum Wage would earn about £9,780 in 2013-14.*

Working Tax Credit and Child Tax Credit for families with or without childcare costs[1]

General note: To qualify for help with childcare costs, the claimant and their partner (if they have one) must work at least 16 hours a week. They will also need to use an approved childcare provider. They can receive help towards childcare costs of up to 70 per cent of £175 a week for one child or 70 per cent of £300 a week for two or more children.

Annual income (£)	One child			Two children			Three children		
	No childcare	£90 a week childcare costs	Maximum childcare (£175) a week	No childcare	£150 a week childcare costs	Maximum childcare (£300) a week	No childcare	£150 a week childcare costs	Maximum childcare (£300) a week
0[2]	£3,270	£3,270	£3,270	£5,995	£5,995	£5,995	£8,715	£8,715	£8,715
5,215[3]	£3,270	£3,270	£3,270	£5,995	£5,995	£5,995	£8,715	£8,715	£8,715
9,780[4]	£6,580	£9,855	£12,950	£9,300	£14,760	£20,220	£12,025	£17,485	£22,945
10,000[4]	£6,490	£9,765	£12,860	£9,210	£14,670	£20,130	£11,935	£17,395	£22,855
15,000	£4,440	£7,715	£10,810	£7,160	£12,620	£18,080	£9,885	£15,345	£20,805
20,000	£2,390	£5,665	£8,760	£5,110	£ 10,570	£16,030	£7,835	£13,295	£18,755
25,000	£340	£3,615	£6,710	£3,060	£8,520	£13,980	£5,785	£11,245	£16,705
30,000	–	£1,565	£4,660	£1,010	£6,470	£11,930	£3,735	£9,195	£14,655
40,000	–	–	£560	–	£2,370	£7,830	–	£5,095	£10,555
50,000	–	–	–	–	–	£3,730	–	£995	£6,455
60,000	–	–	–	–	–	–	–	–	£2,355

1 *All figures are given for adults with partners.*

2 *This reflects the entitlement of individuals who are not working.*

3 *Those with incomes of £5,215 a year are assumed to work part-time (working between 16 and 30 hours a week). In order to be eligible for Working Tax Credit, adults who are responsible for children and who are in partnerships normally need to work at least 24 hours a week between them, with one partner working at least 16. Therefore if only one partner is working and they work 16 hours a week, they will not be eligible for Working Tax Credit.*

4 *In families with an income of £9,780 a year or more, one adult is assumed to be working full-time (30 or more hours a week) or both adults working part-time, with combined hours of 30 or more.*

Useful contact details

Online services	Helpline
VAT enquiries www.hmrc.gov.uk/vat/index.htm	0300 200 3700
Income Tax www.hmrc.gov.uk/incometax/index.htm	0300 200 3300
National Insurance www.hmrc.gov.uk/ni/index.htm	0300 200 3500
Self Assessment www.hmrc.gov.uk/sa/index.htm	0300 200 3310
Tax credits www.hmrc.gov.uk/taxcredits/index.htm	0345 300 3900
Tax evasion www.hmrc.gov.uk/reportingfraud/	0800 788887
Child Benefit www.hmrc.gov.uk/childbenefit/index.htm	0300 200 3100
Capital Gains Tax www.hmrc.gov.uk/cgt/intro/	0300 200 3300
Employer www.hmrc.gov.uk/employers/index.shtml	0300 200 3200
Newly self-employed www.hmrc.gov.uk/working/intro/selfemployed.htm	0300 200 3504
Tariff Classification Service www.gov.uk/trade-tariff	01702 366077

Online services helpdesks

Tax www.hmrc.gov.uk/online/index.htm	0300 200 3600
VAT www.hmrc.gov.uk/online/index.htm	0300 200 3701

Other useful services

Crown Prosecution Service www.cps.gov.uk	020 3357 0000
Adjudicators Office www.adjudicatorsoffice.gov.uk	0300 057 1111
Valuation Office Agency www.voa.gov.uk	0300 050 1501




More information at

www.hmrc.gov.uk

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