

## **Impact assessments in tax information and impact notes**

The impact assessment is found towards the end of the tax information and impact note (TIIN) and sets out in summary form the impacts relevant to each tax measure.

### **Exchequer impact**

This section shows the impact of the measure on the forecast tax yield. Where the number is positive, it indicates that the measure is expected to increase overall tax yields by that amount in line with the forecast. Where the number is negative, it indicates the measure is expected to decrease overall tax yields. Exchequer impact is shown in millions of pounds and, as most measures have a continuing impact, the table will always show the impacts for five future tax years.

Where exchequer impacts are significant, they are agreed with the Office for Budget Responsibility (OBR) and are shown in Table 2.1/2.2 of the Budget report. Where the exchequer impact is negligible, the impact is less than £3 million in any one year.

### **Economic impact**

If the economic impact shown is a significant macroeconomic impact it is certified by the OBR. This will apply where, for example, a measure affects inflation or growth.

This section also shows the behavioural effects from the measure, as set out in the costings note published on Budget day.

### **Individuals and households impact**

This section shows the impact of the measure on individuals and households, and also the family and child poverty impact. This includes consideration of the Family Test and whether the measure has any potential impacts on family formation, family relationships, commitment and stability. Where a measure imposes a significant additional cost to individual taxpayers to either take advantage of a tax relief or to perform their duties to HMRC, this is shown.

A quantitative impact will be shown where:

- each individual's one-off cost to comply is greater than two hours (cost equivalent £30);
- each individual's annual cost to comply is greater than one hour (cost equivalent £15);
- the total affected population had one-off and annual costs exceeding £7.5 million per year.

### **Equalities impact**

This section shows the impact on the protected groups, set out in Equality Act 2010 and equivalent Northern Ireland legislation in section 75 of Northern Ireland Act 1998. If relevant, any Welsh language impact is also shown here.

Section 149 of Equality Act 2010 imposes a duty on public sector bodies to have due regard for the three equality goals, which are to:

- eliminate discrimination;
- advance equality of opportunity; and
- foster good relations between persons who share relevant protected characteristics with other people.

The relevant protected characteristics for the purposes of section 149 of Equality Act 2010 are:

- age;
- disability;
- gender reassignment;
- pregnancy and maternity;
- marriage and civil partnership;
- race (including nationality);
- religion or belief;
- sex; and
- sexual orientation.

Northern Ireland legislation in section 75 of Northern Ireland Act 1998 sets out an equality duty to have due regard to promote equality between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation, and also between men and women, and those with dependants. Additionally, in carrying out our functions in relation to Northern Ireland we are required to have regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group.

HMRC agreed a Northern Ireland Equality Scheme in 2018. It applies to all policy driven changes, i.e. service delivery, but does not apply to fiscal policy development.

### **Business and civil society organisations**

This section shows the impact on business and civil society organisations. If not otherwise set out in the TIIN, this section will show the overall positive or negative impact on these organisations. Where the costs are significant a compliance cost table is shown setting out the costs. Most measures do not have a significant cost.

For tax measures, on-going costs and savings are calculated using the “Standard Cost Model” in conjunction with HMRC expertise and available tax data. It will also show the additional costs to businesses of implementing the measure, including potential off costs which could include updating new software, training staff, and familiarisation (for example, reading related legislation or learning about new procedures and processes), and any potential ongoing costs such as recording more information, providing HMRC with more data, and doing more calculations.

Consideration of the impact on business will take account of the following:

- the number of affected businesses;
- sectoral and particular market impacts; and
- annual and one-off compliance costs, where there is a compliance cost or saving greater than £100,000 annual or a £5 million one off cost.

Three different levels will be shown:

- no impact;
- negligible impact, where the impact is below the £100,000 annual cost or saving and £5million one off cost; or
- significant impact, where the impact is over at least one of the thresholds and a cost table is shown.

This section also deals separately with the small and micro business impact (businesses with up to 49 full time equivalent employees) where the impact is disproportionate from the average. It shows the extent to which they are included in the measure, consultation and any steps taken to reduce the impact on this sector.

### **Operational impact**

This section shows the cost to HMRC or other government department in implementing the measure, and where relevant indicates how the measure will be implemented.

### **Other impacts**

This section deals with the other impacts which apply across the measure. Impacts are shown where relevant to a tax measure. Impacts which are sometimes shown in this box for tax measures include:

- wider environmental impact and carbon assessment;
- justice impact;
- competition assessment; and
- health impact.