

# HM Revenue and Customs

## Introduction

This Supplementary Estimate is required for the following purposes:

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Changes in budgets, non-budget voted provision and cash	Increases	Reductions	Total
(Section A) Movements in the HMRC administration fund resulting from budgets movements between HMRC and other Government departments, drawdown of DUP and investments allocated to HMRC as announced in the Autumn statement	46,800,000	-31,818,000	
Draw down of the Departmental Unallocated Provisions		-37,038,000	
<b>Total change in Resource DEL (Voted)</b>	<b>46,800,000</b>	<b>-68,856,000</b>	<b>-22,056,000</b>
(Section E) Social Benefits and Grants - Reduction in our Child Benefit forecast expenditure.		-280,000,000	
(Section F) Providing payments in lieu of tax relief to certain bodies- Decrease in forecast expenditure on Charities transitional relief and Life Assurance premium relief		-3,219,000	
(Section I) VOA - Increase in the payments of rates to LAs on behalf of certain bodies (due to changes in qualifying properties).	1,500,000		
(Section K) Utilised Provisions		-5,500,000	
<b>Total change in Resource AME (Voted)</b>	<b>1,500,000</b>	<b>-288,719,000</b>	<b>-287,219,000</b>
(Section L) Reduction in Personal Tax Credits resulting from our commitment in the Autumn Statement to increase recovery of our Tax Credit Debt.		-5,000,000	
(Section M) increase in other reliefs and allowances to cover expected increases in Small Companies Research & Development and Film tax reliefs .	208,173,000		
<b>Total change in Resource AME (Non-Voted)</b>	<b>208,173,000</b>	<b>-5,000,000</b>	<b>203,173,000</b>

(Section A) Movements in the HMRC Capital administration fund resulting from budgets movements between HMRC and other Government departments, drawdown of DUP and investments allocated to HMRC as announced in the Autumn statement	55,346,000		
Draw down of the Departmental Unallocated Provisions		-1,443,000	
<b>Total change in Capital DEL (Voted)</b>	<b>55,346,000</b>	<b>-1,443,000</b>	<b>53,903,000</b>
(Section E) Increase in our forecast expenditure for the utilisation of the Child Trust Fund .	500,000		
<b>Total change in Capital AME (Voted)</b>	<b>500,000</b>	<b>0</b>	<b>500,000</b>
Net Cash Requirement comprises of a combination of budget changes and movements in working balances	28,972,000		
<b>Total change in Net Cash Requirement</b>	<b>28,972,000</b>	<b>0</b>	<b>28,972,000</b>

**Part I**

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	Voted	Non-Voted	Total
<b>Departmental Expenditure Limit</b>			
Resource	-22,056,000	-	-22,056,000
Capital	53,903,000	-	53,903,000
<b>Annually Managed Expenditure</b>			
Resource	-287,219,000	203,173,000	-84,046,000
Capital	500,000	-	500,000
<b>Total Net Budget</b>			
Resource	-309,275,000	203,173,000	-106,102,000
Capital	54,403,000	-	54,403,000
<b>Non-Budget Expenditure</b>	-		
<b>Net cash requirement</b>	<b>28,972,000</b>		

Supplementary amounts required in the year ending 31 March 2013 for expenditure by HM Revenue and Customs on:

**Departmental Expenditure Limit:**Expenditure arising from:

Administration and the associated non-cash items incurred in the management and collection of the direct and indirect taxes, duties and levies, tax credits and National Insurance Contributions; Child Benefit and the Child Trust Fund, Shipbuilders' Relief, Money Laundering regulatory regime, Spirit Drinks Verification Schemes, the National Insurance Funds for Great Britain and Northern Ireland; OPG (Government Banking Service); Health in Pregnancy Grant; National minimum wage; collection of student loans; the operation of customs controls including prohibitions and restrictions; the provision of trade information;

The provision of resources to independent investigatory bodies (including the HMIC, IPCC and the police authorities) to facilitate the independent inspection of professional standards within the Department, the investigation of allegations of mis-conduct or criminal activities by Departmental staff and fulfilment of reciprocal complaints investigation arrangements with police authorities; payments in respect of the HM Revenue & Customs National Museum; support including providing grants to the voluntary and community sector; providing the Contracts Finder portal; air travel carbon-offsetting; services to support the Welfare Reform Agenda; services to lenders as part of the Mortgage Income Verification scheme; contributions under the Next Generation HR Programme; expenditure arising from structural organisational change;

Services provided to the department's information technology and wider markets' partners, other departments and public bodies including any assistance with investigations into terrorist incidents, and overseas tax administration and the activity in support of Border Force; administration and the associated non-cash items incurred by the Valuation Office Agency in the provision of rating and council tax valuation work in England and Wales, housing benefits work in England and providing valuation and property management services to central government and other bodies where public funds are involved. Expenditure in providing Shared Services and the introduction of Universal Credits and Scottish Devolution.

\* The services provided in administering work on devolved taxes and duties

Income arising from:

The recovery of law costs; recovery of the costs of administering the National Insurance Funds and collection of National Insurance contributions; receipts for services provided to the Valuation Office Agency, government departments and other bodies including student loan, Welfare Reform Agenda and National Minimum Wage receipts; recovery of costs in respect of the Aggregates levy and of seconded and loan staff; charges for the special attendance of officers; and for international commitments; receipts from the sale of information and publications; from the sale of statistical services and certificates; and from estate management services, including rent receipts from other government departments and private tenants; receipts from the use of certain official cars; receipts from certain tax penalties; EC travelling expenses and receipts from the EC; receipts in respect of Shipbuilders' Relief; receipts from insurance and compensation claims; receipts from the Asset Recovery Incentivisation scheme; and marine fuel relief, transaction fees from credit card payments; fees received for the money laundering regulatory regime; recoveries of overpayments in prior years excess cash receipts; fees received for the Mortgage Income Verification scheme; fees in connection with Spirit Drinks Verification Schemes; recovery of income from the sale of assets; the recovery of costs of valuation and other services; other miscellaneous administration and programme cost receipts. The recovery of costs of OPG (Government Banking Service) and work associated with the introduction of Universal Credits and Scottish Devolution. Income from providing Shared Services.

\* The services provided in administering work on devolved taxes and duties

**Annually Managed Expenditure:**

Expenditure arising from:

Provisions movements; losses on revaluation of assets; write off of bad debts; incentive payments for filing; transitional payments to charities, for personal pensions relief, life assurance premium relief and residual payments for mortgage interest relief; rates paid by Her Majesty's Revenue and Customs in respect of non-domestic property occupied by accredited representatives of Commonwealth and foreign countries and certain international organisations; payments of Child Benefit, Child Trust Fund endowments, Health in Pregnancy Grant, tax credits and other reliefs; and associated non-cash items.

Income arising from:

Payment of rates by accredited representatives of Commonwealth and foreign countries and certain international organisations; refunds from local authorities.

**HM Revenue and Customs** will account for this Estimate.

## Part II: Changes Proposed

£ '000

Present		Net Resources Changes		Revised		Present	Net Capital Changes	Revised
Admin	Prog	Admin	Prog	Admin	Prog	7	8	9
1	2	3	4	5	6			
<b>Spending in Departmental Expenditure Limits (DEL)</b>								
<b>Voted Expenditure</b>								
879,613	2,500,426	9,762	-31,818	889,375	2,468,608	150,036	53,903	203,939
<i>Of which:</i>								
A HMRC Administration								
810,204	2,478,426	46,800	-31,818	857,004	2,446,608	140,731	55,346	196,077
Departmental Unallocated Provision								
37,038	-	-37,038	-	-	-	1,443	-1,443	-
<b>Total Spending in DEL</b>								
		9,762	-31,818			53,903		
<b>Spending in Annually Managed Expenditure (AME)</b>								
<b>Voted Expenditure</b>								
-	12,679,316	-	-287,219	-	12,392,097	5,000	500	5,500
<i>Of which:</i>								
E Social Benefits and Grants								
-	12,580,000	-	-280,000	-	12,300,000	5,000	500	5,500
F Providing payments in lieu of tax relief to certain bodies								
-	67,019	-	-3,219	-	63,800	-	-	-
I VOA - Payments of rates to LAs on behalf of certain bodies								
-	54,608	-	1,500	-	56,108	-	-	-
K Utilised Provisions								
-	-52,371	-	-5,500	-	-57,871	-	-	-



## Part II: Revised subhead detail including additional provision

£'000

Revised Plans								
Resources						Capital		
Administration		Net	Programme			Gross	Income	Net
Gross	Income	3	Gross	Income	Net	7	8	9
1	2	3	4	5	6	7	8	9
<b>Spending in Departmental Expenditure Limits (DEL)</b>								
<b>Voted expenditure</b>								
992,675	-103,300	889,375	2,738,555	-269,947	2,468,608	205,139	-1,200	203,939
<i>Of which:</i>								
A HMRC Administration								
960,304	-103,300	857,004	2,510,951	-64,343	2,446,608	197,277	-1,200	196,077
B VOA Administration								
-	-	-	207,604	-205,604	2,000	7,862	-	7,862
C Utilised Provisions								
32,371	-	32,371	20,000	-	20,000	-	-	-
<b>Non-voted expenditure</b>								
73,566	-	73,566	259,383	-	259,383	-	-	-
<i>Of which:</i>								
D National Insurance Fund								
73,566	-	73,566	259,383	-	259,383	-	-	-
<b>Total Spending in DEL</b>								
<b>1,066,241</b>	<b>-103,300</b>	<b>962,941</b>	<b>2,997,938</b>	<b>-269,947</b>	<b>2,727,991</b>	<b>205,139</b>	<b>-1,200</b>	<b>203,939</b>
<b>Spending in Annually Managed Expenditure (AME)</b>								
<b>Voted expenditure</b>								
-	-	-	12,395,241	-3,144	12,392,097	5,500	-	5,500
<i>Of which:</i>								
E Social Benefits and Grants								
-	-	-	12,300,000	-	12,300,000	5,500	-	5,500
F Providing payments in lieu of tax relief to certain bodies								
-	-	-	63,800	-	63,800	-	-	-
G Filing Incentive Payments								
-	-	-	58	-	58	-	-	-
H HMRC Administration								
-	-	-	30,001	-	30,001	-	-	-
I VOA - Payments of rates to LAs on behalf of certain bodies								
-	-	-	59,252	-3,144	56,108	-	-	-

J VOA Administration	-	-	-	1	-	1	-	-	-
K Utilised Provisions	-	-	-	-57,871	-	-57,871	-	-	-
<b>Non-voted expenditure</b>	-	-	-	31,116,008	-	31,116,008	-	-	-
<i>Of which:</i>									
L Personal Tax Credit	-	-	-	30,360,000	-	30,360,000	-	-	-
M Other Reliefs and Allowances	-	-	-	756,008	-	756,008	-	-	-
<b>Total Spending in AME</b>	-	-	-	43,511,249	-3,144	43,508,105	5,500	-	5,500
<b>Total for Estimate</b>	1,066,241	-103,300	962,941	46,509,187	-273,091	46,236,096	210,639	-1,200	209,439
<i>Of which:</i>									
<b>Voted Expenditure</b>	992,675	-103,300	889,375	15,133,796	-273,091	14,860,705	210,639	-1,200	209,439
<b>Non Voted Expenditure</b>	73,566	-	73,566	31,375,391	-	31,375,391	-	-	-

**Part II: Resource to cash reconciliation**

£'000

	Present Plans	Changes	Revised Plans
<b>Net Resource Requirement</b>	<b>47,305,139</b>	<b>-106,102</b>	<b>47,199,037</b>
<b>Net Capital Requirement</b>	<b>155,036</b>	<b>54,403</b>	<b>209,439</b>
<b>Accruals to cash adjustments</b>	<b>-240,412</b>	<b>283,844</b>	<b>43,432</b>
<i>Of which:</i>			
<i>Adjustments to remove non-cash items:</i>			
Depreciation	-227,002	-75	-227,077
New provisions and adjustments to previous provisions	-30,000	-	-30,000
Departmental Unallocated Provision	-38,481	38,481	-
Supported capital expenditure (revenue)	-	-	-
Prior Period Adjustments	-	-	-
Other non-cash items	-2,300	-	-2,300
<i>Adjustment for NDPBs:</i>			
Remove voted resource and capital	-	-	-
Add cash grant-in-aid	-	-	-
<i>Adjustments to reflect movements in working balances:</i>			
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	-	129,735	129,735
Increase (-) / Decrease (+) in creditors	-	115,203	115,203
Use of provisions	57,371	500	57,871
<b>Removal of non-voted budget items</b>	<b>-31,245,784</b>	<b>-203,173</b>	<b>-31,448,957</b>
<i>Of which:</i>			
Consolidated Fund Standing Services	-	-	-
Other adjustments	-31,245,784	-203,173	-31,448,957
<b>Net Cash Requirement</b>	<b>15,973,979</b>	<b>28,972</b>	<b>16,002,951</b>

## Part III: Note A - Statement of Comprehensive Net Expenditure & Reconciliation Table

£'000

	Revised Plans
Gross Administration Costs	1,033,870
<i>Less:</i>	
Administration DEL Income	-103,300
<b>Net Administration Costs</b>	<b>930,570</b>
Gross Programme Costs	46,547,058
<i>Less:</i>	
Programme DEL Income	-269,947
Programme AME Income	-3,144
Non-budget income	-200
<b>Net Programme Costs</b>	<b>46,273,767</b>
<b>Total Net Operating Costs</b>	<b>47,204,337</b>
<i>Of which:</i>	
Resource DEL	3,638,561
Capital DEL	-
Resource AME	43,565,976
Capital AME	-
Non-budget	-200
<i>Adjustments to include:</i>	
Departmental Unallocated Provision (resource)	-
Consolidated Fund Extra Receipts in the budget but not in the SoCNE	-
<i>Adjustments to remove:</i>	
Capital in the SoCNE	-
Non-Budget Consolidated Fund Extra Receipts in the SoCNE	200
Other adjustments	-5,500
<b>Total Resource Budget</b>	<b>47,199,037</b>
<i>Of which:</i>	
Resource DEL	3,690,932
Resource AME	43,508,105
<i>Adjustments to include:</i>	
Prior period adjustments	-
<i>Adjustments to remove:</i>	
Consolidated Fund Extra Receipts in the resource budget	-
Other adjustments	-
<b>Total Resource (Estimate)</b>	<b>47,199,037</b>

## Part III: Note B - Analysis of Departmental Income

£'000

Revised  
Plans

<b>Voted Resource DEL</b>	<b>-373,247</b>
<i>Of which:</i>	
Administration	
Sales of Goods and Services	-103,300
<i>Of which:</i>	
Section A: HMRC Administration	-103,300
Total Administration	<u>-103,300</u>
Programme	
Sales of Goods and Services	-269,947
<i>Of which:</i>	
Section A: HMRC Administration	-64,343
Section B: VOA Administration	-205,604
Total Programme	<u>-269,947</u>
<b>Voted Resource AME</b>	<b>-3,144</b>
<i>Of which:</i>	
Programme	
Sales of Goods and Services	-3,144
<i>Of which:</i>	
Section I: VOA - Payments of rates to LAs on behalf of certain bodies	-3,144
Total Programme	<u>-3,144</u>
<b>Total Voted Resource Income</b>	<b><u>-376,391</u></b>
<b>Voted Capital DEL</b>	<b>-1,200</b>
<i>Of which:</i>	
Programme	
Sales of Assets	-1,200
<i>Of which:</i>	
Section A: HMRC Administration	-1,200
Total Programme	<u>-1,200</u>
<b>Total Voted Capital Income</b>	<b><u>-1,200</u></b>

### Part III: Note C - Analysis of Consolidated Fund Extra Receipts

In addition to income retained by the Department the following income is payable to the Consolidated Fund:

£'000

	Present		Changes		Revised	
	Income	Receipts	Income	Receipts	Income	Receipts
Income in budgets surrendered to the Consolidated Fund (resource)	-	-	-	-	-	-
Income in budgets surrendered to the Consolidated Fund (capital)	-	-	-	-	-	-
Non-budget amounts collectable on behalf of the Consolidated Fund (in the SoCNE)	-200	-200	-	-	-200	-200
<b>Total</b>	<b>-200</b>	<b>-200</b>	<b>-</b>	<b>-</b>	<b>-200</b>	<b>-200</b>

#### Detailed description of CFER sources

£'000

	Present		Changes		Revised	
	Income	Receipts	Income	Receipts	Income	Receipts
<b>Departmental Expenditure Limit</b>						
<b>Annually Managed Expenditure</b>						
<b>Non-Budget</b>						
Bank Interest and Compensation	-200	-200			-200	-200
<b>Total</b>	<b>-200</b>	<b>-200</b>	<b>-</b>	<b>-</b>	<b>-200</b>	<b>-200</b>

## Part III: Note D - Explanation of Accounting Officer responsibilities

The Accounting Officer prepares resource accounts for each financial year.

The following individuals are responsible for the expenditure within this Estimate:

<b>Accounting Officer:</b>	Lin Homer
<b>Additional Accounting Officers:</b>	Penny Ciniewicz, Chief Executive of the Valuation Office Agency for Sections B, I, J

Lin Homer has personal responsibility for the proper presentation of the department's resource accounts and their transmission to the Comptroller & Auditor General, and is also responsible for the use of public money and stewardship of assets.

In discharging these responsibilities, particular regard is given to:

- observing any accounting and disclosure requirements (including any Accounts Direction) and applying suitable accounting policies on a consistent basis;
- making judgements and estimates on a reasonable basis;
- stating whether applicable accounting standards, as set out in the Financial Reporting Manual (FRoM), or an organisation's version of it, have been followed, and explain any material departures in the accounts; and
- preparing the accounts on a going concern basis.

The responsibilities of an Accounting Officer, including responsibility for regularity and propriety of the public finances for which an Accounting Officer is answerable, for keeping proper records and safeguarding assets, are also set out in Chapter 3 of Managing Public Money.

In accordance with Managing Public Money requirements, the relationship between the Principal Accounting Officer and Additional Accounting Officer(s), and with their Ministers, together with their respective responsibilities, is set out in writing. Similarly, the relationship between the Principal/Additional Accounting Officer and the NDPB Accounting Officer(s) is set out in writing.

