

HM Revenue and Customs

Introduction

This Supplementary Estimate is required for the following purposes:

	£		
Changes in budgets, non-budget voted provision and cash	Increases	Reductions	Total
i. Transfer in Resource DEL from non-voted to voted to reflect improving costing data on National Insurance Fund.	52,000,000		
ii. Net Budget Cover Transfers		-12,147,000	
iii. Budget Exchange help HMRC manage pressures currently forecast in 2012-13.		-38,166,000	
Total change in Resource DEL (Voted)	52,000,000	-50,313,000	1,687,000
i. Transfer in Resource DEL from non-voted to voted to reflect improving costing data on National Insurance Fund.		-52,000,000	
Total change in Resource DEL (Non-Voted)		-52,000,000	-52,000,000
i. Utilisation of the Child Trust Fund provision		-98,000,000	
ii. Increase of payments in lieu of tax	8,800,000		
iii. VOA Increase in payments of rates on behalf of local authorities.	3,600,000		
iv. VOA Increase in provisions	2,000,000		
Total change in Resource AME (Voted)	14,400,000	-98,000,000	-83,600,000
i. Increase in personal Tax Credits mainly due to increase in provision for doubtful debts	588,803,000		
ii. Increase in reliefs and allowances, Sm Co R&D and Film tax relief	150,944,000		
Total change in Resource AME (Non-Voted)	739,747,000		739,747,000
i. Budget Cover Transfer	540,000		
ii. Non- draw down of DUP		-2,868,000	
iii. Due to the timing of investment programmes our capital spend will be lower than anticipated.		-17,132,000	
iv. Budget Exchange help HMRC manage pressures currently forecast in 2012-13.		-5,736,000	
Total change in Capital DEL (Voted)	540,000	-25,736,000	-25,196,000
i. Utilisation of the Child Trust Fund provision	98,000,000		
Total change in Capital AME (Voted)	98,000,000		98,000,000
Total change in Net cash requirement			97,950,000

Part I

	Voted	Non-Voted	Total
Departmental Expenditure Limit			
Resource	1,687,000	-52,000,000	-50,313,000
Capital	-25,196,000	-	-25,196,000
Annually Managed Expenditure			
Resource	-83,600,000	739,747,000	656,147,000
Capital	98,000,000	-	98,000,000
Total Net Budget			
Resource	-81,913,000	687,747,000	605,834,000
Capital	72,804,000	-	72,804,000
Non-Budget Expenditure	-		
Net cash requirement	97,950,000		

Supplementary amounts required in the year ending 31 March 2012 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 and government banking services; Health in Pregnancy Grant; Saving Gateway; 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 Customs National Museum; 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 the UK Border Agency; 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 arising from Shared Services.

Part I

Income arising from:

the recovery of law costs; recovery of the costs of administering the National Insurance Funds and collection of National Insurance contributions; subsidies for New Deal jobseekers employed; 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; subscription fees relating to Contracts Finder portal; 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 Government Banking Service. Income from Shared Services.

Annually Managed Expenditure:

Expenditure arising from:

provisions movements; losses on revaluation of assets; write off of bad debts; incentive payments for e-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	
	1	2	3	4	5	6				
Spending in Departmental Expenditure Limits (DEL)										
Voted expenditure	860,134	2,557,077	66,792	-65,105	926,926	2,491,972	286,800	-25,196	261,604	
<i>Of which:</i>										
A HMRC Administration	783,692	2,530,077	104,983	-65,105	888,675	2,464,972	277,973	-22,328	255,645	
<i>Departmental Unallocated Provision</i>	38,191	-	-38,191	-	-	-	2,868	-2,868	-	
Non-voted expenditure	139,839	259,627	-92,000	40,000	47,839	299,627	-	-	-	
<i>Of which:</i>										
D National Insurance Fund	139,839	259,627	-92,000	40,000	47,839	299,627	-	-	-	
Total Spending in DEL			-25,208	-25,105				-25,196		
Spending in Annually Managed Expenditure (AME)										
Voted expenditure	-	12,375,067	-	-83,600	-	12,291,467	-	98,000	98,000	
<i>Of which:</i>										
E Social Benefits and Grants	-	12,255,000	-	-98,000	-	12,157,000	-	98,000	98,000	
F Providing payments in lieu of tax relief to certain bodies	-	103,485	-	8,800	-	112,285	-	-	-	
I VOA - payments of rates to LAs on behalf of certain bodies	-	44,600	-	3,600	-	48,200	-	-	-	
J VOA Administration	-	1	-	2,000	-	2,001	-	-	-	
Non-voted expenditure	-	30,500,671	-	739,747	-	31,240,418	-	-	-	
<i>Of which:</i>										
L New Tax Credits	-	30,045,197	-	588,803	-	30,634,000	-	-	-	
M Other reliefs and allowances	-	455,474	-	150,944	-	606,418	-	-	-	
Total Spending in AME			-	656,147				98,000		
Total for Estimate			-25,208	631,042				72,804		
<i>Of which:</i>										
Voted expenditure			66,792	-148,705				72,804		
Non-voted expenditure			-92,000	779,747				-		

£'000

	Present Plans	Changes	Revised Plans
Net cash requirement	15,832,968	97,950	15,930,918

Part II: Revised subhead detail including additional provision**£'000**

		Revised Plans							
		Resources				Capital			
	Administration Income	Net	Gross	Programme Income	Net	Gross	Income	Net	
Gross	2	3	4	5	6	7	8	9	
1									
Spending in Departmental Expenditure Limits (DEL)									
Voted expenditure									
	1,032,026	-105,100	926,926	2,762,401	-270,429	2,491,972	262,404	-800	261,604
<i>Of which:</i>									
A	HMRC Administration								
	993,775	-105,100	888,675	2,525,331	-60,359	2,464,972	256,445	-800	255,645
B	VOA Administration								
	-	-	-	217,070	-210,070	7,000	5,959	-	5,959
C	Utilised Provisions								
	38,251	-	38,251	20,000	-	20,000	-	-	-
	<i>Departmental Unallocated Provision</i>								
	-	-	-	-	-	-	-	-	-
Non-voted expenditure									
	47,839	-	47,839	299,627	-	299,627	-	-	-
<i>Of which:</i>									
D	National Insurance Fund								
	47,839	-	47,839	299,627	-	299,627	-	-	-
	<i>Other expenditure</i>								
	-	-	-	-	-	-	-	-	-
Total Spending in DEL									
	1,079,865	-105,100	974,765	3,062,028	-270,429	2,791,599	262,404	-800	261,604
Spending in Annually Managed Expenditure (AME)									
Voted expenditure									
	-	-	-	12,294,267	-2,800	12,291,467	98,000	-	98,000
<i>Of which:</i>									
E	Social Benefits and Grants								
	-	-	-	12,157,000	-	12,157,000	98,000	-	98,000
F	Providing payments in lieu of tax relief to certain bodies								
	-	-	-	112,285	-	112,285	-	-	-
G	e-filing incentive payments								
	-	-	-	231	-	231	-	-	-
H	HMRC Administration								
	-	-	-	30,001	-	30,001	-	-	-
I	VOA - payments of rates to LAs on behalf of certain bodies								
	-	-	-	51,000	-2,800	48,200	-	-	-
J	VOA Administration								
	-	-	-	2,001	-	2,001	-	-	-
K	Utilised Provisions								
	-	-	-	-58,251	-	-58,251	-	-	-
Non-voted expenditure									
	-	-	-	31,240,418	-	31,240,418	-	-	-
<i>Of which:</i>									
L	New Tax Credits								
	-	-	-	30,634,000	-	30,634,000	-	-	-

Part II: Revised subhead detail including additional provision**£'000**

		Revised Plans								
		Resources						Capital		
		Administration	Resources		Programme			Gross	Income	Net
		Income	Net	Gross	Income	Net	Gross	Income	Net	
		2	3	4	5	6	7	8	9	
		1	2	3	4	5	6	7	8	9
M	Other reliefs and allowances	-	-	-	606,418	-	606,418	-	-	-
Total Spending in AME		-	-	-	43,534,685	-2,800	43,531,885	98,000	-	98,000
Total for Estimate		1,079,865	-105,100	974,765	46,596,713	-273,229	46,323,484	360,404	-800	359,604
<i>Of which:</i>										
Voted expenditure		1,032,026	-105,100	926,926	15,056,668	-273,229	14,783,439	360,404	-800	359,604
Non-voted expenditure		47,839	-	47,839	31,540,045	-	31,540,045	-	-	-

Part II: Resource to cash reconciliation

£'000

	Present Plans	Changes	Revised Plans
Net Resource Requirement	46,692,415	605,834	47,298,249
Net Capital Requirement	286,800	72,804	359,604
Accruals to cash adjustments	-246,110	107,059	-139,051
<i>Of which:</i>	-	-	-
<i>Adjustments to remove non-cash items:</i>	-	-	-
Depreciation	-231,002	-	-231,002
New provisions and adjustments to previous provisions	-30,000	-32,000	-62,000
Departmental Unallocated Provision	-41,059	41,059	-
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	-	-	-
Increase (-) / Decrease (+) in creditors	-	-	-
Use of provisions	58,251	98,000	156,251
Removal of non-voted budget items	-30,900,137	-687,747	-31,587,884
<i>Of which:</i>	-	-	-
Consolidated Fund Standing Services	-	-	-
Other adjustments	-30,900,137	-687,747	-31,587,884
Net Cash Requirement	15,832,968	97,950	15,930,918

Part III: Note A - Forecast Operating Cost Statement & Reconciliation Table

	£'000
	Revised Plans
Gross Administration Costs	1,041,614
<i>Less:</i>	
Administration DEL Income	-105,100
Net Administration Costs	936,514
Gross Programme Costs	46,732,964
<i>Less:</i>	
Programme DEL Income	-270,429
Programme AME Income	-2,800
Non-budget income	-
Net Programme Costs	46,459,735
Total Net Operating Costs	47,396,249
<i>Of which:</i>	
Resource DEL	3,708,113
Capital DEL	-
Resource AME	43,688,136
Capital AME	-
Non-budget	-
<i>Adjustments to include:</i>	
Departmental Unallocated Provision (resource)	-
Consolidated Fund Extra Receipts in the budget but not in the OCS	-
<i>Adjustments to remove:</i>	
Capital in the OCS	-
Non-Budget Consolidated Fund Extra Receipts in the OCS	200
Other adjustments	-98,200
Total Resource Budget	47,298,249
<i>Of which:</i>	
Resource DEL	3,766,364
Resource AME	43,531,885
<i>Adjustments to remove:</i>	
Consolidated Fund Extra Receipts in the resource budget	-
Other adjustments	-
Total Resource (Estimate)	47,298,249

Part III: Note B - Analysis of Departmental Income

	£'000
	Revised Plans
Voted Resource DEL	-375,529
<i>Of which:</i>	
Administration	
Sale of goods and services	-105,100
<i>Of which:</i>	
Section A: HMRC Administration	-105,100
Total Administration	<u>-105,100</u>
Programme	
Sale of goods and services	-270,429
<i>Of which:</i>	
Section A: HMRC Administration	-60,359
Section B: VOA Administration	-210,070
Total Programme	<u>-270,429</u>
Voted Resource AME	-2,800
<i>Of which:</i>	
Programme	
Sale of goods and services	-2,800
<i>Of which:</i>	
Section I: VOA - payments of rates to LAs on behalf of certain bodies	-2,800
Total Voted Resource Income	<u>-378,329</u>
Voted Capital DEL	-800
<i>Of which:</i>	
Programme	
Sale of assets	-800
<i>Of which:</i>	
Section A: HMRC Administration	-800
Total Voted Capital Income	<u>-800</u>

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

In addition to appropriations in aid the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics):

	£'000					
	Present Plans		Changes		Revised Plans	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>	Income	<i>Receipts</i>
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 OCS)	-200	<i>-200</i>	-	-	-200	<i>-200</i>
Total	-200	<i>-200</i>	-	-	-200	<i>-200</i>

Detailed description of CFER sources

	£'000					
	Present Plans		Changes		Revised Plans	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Non-Budget						
Bank interest and compensation	-200	<i>-200</i>	-	-	-200	<i>-200</i>
Total	-200	<i>-200</i>	-	-	-200	<i>-200</i>

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:

Principal Accounting Officer Lin Homer

Additional Accounting Officers Penny Ciniewicz, Chief Executive of the Valuation Agency
(lines C, J and K)

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 (FReM), 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.

