



HM Revenue
& Customs

Employee Benefits and Expenses – Trivial Benefits exemption

Consultation document

Publication date: 18 June 2014

Closing date for comments: 9 September
2014

Subject of this consultation:	The introduction of an exemption for ‘trivial’ benefits in kind.
Scope of this consultation:	To seek views on defining a ‘trivial’ benefit in kind and how any statutory exemption should be structured.
Who should read this:	The Government is interested in hearing from everyone with views or an interest in this subject, including employers, professional/representative bodies, agents, payroll providers and employees.
Duration:	The consultation will run from 18 June 2014 to 9 September 2014
Lead official:	Mrs Yinka Oyesiku, HMRC
How to respond or enquire about this consultation:	Responses to the consultation can be e-mailed to: employmentincome.policy@hmrc.gsi.gov.uk Alternatively, written responses may be sent to: Employment Income Policy Team, Room 1E/08, 100 Parliament Street, London SW1A 2BQ
Additional ways to be involved:	Meetings with external representatives will be arranged. If you are interested in attending such a meeting to put forward your views please make contact using the details shown above. If you require the text of this consultation document in Braille or Welsh then please use the contact details above.
After the consultation:	The Government will publish details of the consultation representations and it’s response at Autumn Statement 2014. This will also include any decisions made by the Government regarding this policy change in light of the responses received.
Getting to this stage:	This consultation is one of four being run by HMRC and HMT in response to the interim and Final report of the Office of Tax Simplification reports into employee benefits and expenses <ul style="list-style-type: none"> • Interim report • Final report

Contents

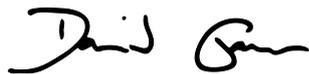
1	Introduction	5
2	Background	6
3	Detail	8
4	Summary of Consultation Questions	15
5	The Consultation Process	16

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Foreword

This consultation represents the next step in taking forward some of the recommendations made by the Office of Tax Simplification following the excellent work they carried out in the review of employee benefits and expenses. The Government believes that the legislation we will introduce as a result will deliver real simplifications that improve businesses' and individual's experience of the tax system.

It is important that we get the structure and detail of this legislation absolutely right, so each of the consultation documents provides the Government with the opportunity to learn from those who will be directly affected. We want to hear from you so that we can draw on your experience and suggestions for the practical implementation of our proposals. That will ensure better legislation is implemented which is one of this Government's key objectives



David Gauke

Exchequer Secretary to the Treasury

1. Introduction

- 1.1. At Budget 2014 the Chancellor announced a number of measures aimed at simplifying the administration of employee Benefits in Kind (BiKs) and expenses. This followed the Office of Tax Simplification (OTS) review of employee benefits and expenses¹.
- 1.2. The announcement included a core package of four measures for consultation with a view to introducing legislation in Finance Bill 2015.
- 1.3. The core package consists of the following changes:
 - Abolishing the threshold for the taxation of BiKs for employees who earn less than £8,500 a year ('lower paid' employments), with action to mitigate the effects on any vulnerable groups disadvantaged by the reforms;
 - Introducing a statutory exemption for trivial benefits;
 - Introducing a system of voluntary payrolling for BiKs; and
 - Replacing the expenses dispensation regime with an exemption for paid and reimbursed expenses.
- 1.4. A separate consultation document is being published on each of these changes and consultation on all four will run for 12 weeks from 18 June to 9 September 2014.
- 1.5. The Chancellor also announced a review of the rules on travel and subsistence. This will launch later this summer and aims, over the longer term, to develop a set of rules that are clear and straight forward to use for employers, and are flexible enough to cater for 21st century working patterns.
- 1.6. As also announced at Budget 2014 a call for evidence on remuneration practices in the 21st century will be published alongside these consultations, seeking evidence to inform future policy development.
- 1.7. This document covers the proposal to **introduce a statutory exemption for trivial Benefits in Kind** and seeks views on the detail of how that exemption should be structured. HMRC welcomes views from employers, employees, tax agents and professionals, and representative bodies.

1

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/275795/PU1616_OTs_employee_benefits_final_report.pdf

2. Background

Current rules

- 2.1. The 'benefits code', introduced in 1948, created an income tax charge on employer provided Benefits in Kind (BiKs). BiKs are anything given to or provided for an employee or 'office holder' by reason of their employment that is not pay. Unless exempt, BiKs are liable to income tax and most are also liable for Class 1A National Insurance contributions (NICs), while some are liable for Class 1 NICs. Class 1A NICs are paid by the employer only.
- 2.2. Employers are required to report details of BiKs and expenses they provide to individual employees annually to HMRC on either form P9D or P11D. The form that is used depends on whether the employee is earning at a rate of less than £8,500 per year or not, including their BiKs.
- 2.3. There is currently no minimum cost threshold for the taxation of BiKs but employers can apply to HMRC for agreement to exclude certain BiKs from being reported to HMRC on the grounds that they are 'trivial'.
- 2.4. There is no existing statutory definition of a trivial BiK, but HMRC takes into account the following factors:
 - the cost of providing the BiK to each employee;
 - the reasons for providing the BiK, whether it is provided as a reward for the employees services, or in connection with their general welfare; and
 - the resource cost (both for the employer and HMRC) of the administration of the BiK, relative to the amount of tax and NICs involved.
- 2.5. Current examples of BiKs that HMRC accepts as 'trivial' include a small gift (such as a bouquet of flowers) given to an employee to celebrate a personal event, such as the birth of a child, or small items such as a box of chocolates given to an employee for Christmas.

Office of Tax Simplification (OTS)

- 2.6. The Government launched the OTS on 20 July 2010 to provide independent advice on simplifying the UK tax system. During 2013 the OTS carried out a review of Employee Benefits and Expenses, and published their findings and recommendations in January 2014².
- 2.7. One of the recommendations of the report was the introduction of a statutory definition of a trivial BiK, supplemented by a set limit. This recommendation was informed by the evidence of many employers and their representatives who expressed concerns about the burden of making annual reports to HMRC after the end of the tax year in respect of quite small amounts of BiKs. Filing a P11D involves employers in costs in collating and completing the information required.

²https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/275795/PU1616_OTS_employee_benefits_final_report.pdf

- 2.8. There is also an estimated cost of £6.50 for HMRC in processing each P11D submitted and further costs in dealing with enquiries and in collecting the liability due from individuals and employers. Evidence shows that in 2011-12 some 500,000 P11Ds were completed by employers providing BiKs with a total cost of £100 or less. In many cases the cost to the Government of processing P11Ds for these low level amounts will exceed the tax and NICs collected.
- 2.9. In addition to the costs for employers and HMRC in reporting and processing trivial BiKs, the current rules (see paragraphs 2.3 to 2.5) lack certainty and transparency.
- 2.10. The Government intends to accept the OTS recommendation and will introduce a statutory exemption for BiKs that are 'trivial' in nature. This will mean that BiKs that fall within the exemption are not subject to tax or NICs and will not have to be reported to HMRC, with a consequent reduction in the number of P11Ds/P9Ds submitted. It will also provide employers and employees with clarity on the definition and tax treatment of a trivial BiK.
- 2.11. The purpose of this consultation is to seek views on defining a 'trivial' BiK and how a statutory exemption should be structured.

3. Detail

Defining a 'trivial' BiK

- 3.1. To introduce a new statutory exemption it will be necessary to set out in legislation a clear definition of a 'trivial' BiK. The OTS report recommended that such a definition should be 'principles based' rather than a list of trivial BiKs that were exempt, as such a list would need frequent updating and may not provide the flexibility required by employers.
- 3.2. The Government agrees with the OTS and proposes that the principles set out below should apply to the definition.
- It will not include cash or a replacement for cash such as a voucher or token. Although the Government recognises that an employer may feel that a small value voucher would be a suitable gift, it does not want to allow an employer to disguise a payment of earnings as trivial BiKs to benefit unfairly from the exemption.
 - Any 'trivial' BiK must not be provided on a continual or regular basis across a tax year but should, instead, be a one-off or irregular item.
 - There should be no pre-arranged entitlement to a trivial BiK: typical examples of a 'trivial' BiK might be the gift of a bottle of wine for a job well done, or a small gift, perhaps when an employee is ill or to mark a special celebration.
 - It must be possible for an employer to determine a trivial BiK, and whether any liability to tax and NICs arises, in 'real time'. This will be particularly important where the employer decides to adopt voluntary payrolling of BiKs, with the taxable value of non-trivial BiKs put through the payroll process.
 - It will not be possible for an employer to use any trivial BiK exemption in conjunction with salary sacrifice arrangements.
 - If a BiK is already covered by a statutory tax exemption then these arrangements will not be disturbed: the trivial BiKs exemption will not be necessary for these types of BiKs.

Q1: Do you agree that these principles should apply to the definition of a trivial benefit? Are there other principles that you think should apply?

- 3.3. The OTS report also proposed that the statutory definition of a trivial BiK should be supplemented by a set monetary limit. The Government recognises that including such a limit in the definition rather than relying on the principles alone will introduce further restrictions on what benefits meet the definition. It will also mean that any BiKs that meet the principles but exceed the monetary cost will be liable to tax and NICs and will need to be reported to HMRC in the normal way after the end of the tax year.
- 3.4. However, the Government believes that employers and employees will welcome the certainty and transparency that the inclusion of a monetary limit in the definition of a trivial BiK will provide and therefore intends to set such a limit. Where a benefit that meets the principles for being a trivial BiK is provided to a group of employees, the monetary limit will apply to the cost of the benefit provided to each employee.
- 3.5. The limit will need to be set at an appropriately low level to ensure that only genuinely trivial BiKs fall within the definition and respondents' views are sought on what that limit should be.

Q2: What do you think would be an appropriate monetary limit for the definition of a trivial BiK?

Annual exemption

3.6. A statutory exemption will enable trivial BiKs to be provided free of tax and NICs over a tax year. It will be a simplification for employers as they will not be required to submit forms P11D or P9D for trivial BiKs, leading to savings in costs and resources. HMRC will also benefit from a decrease in processing returns of low cost benefits, dealing with related enquiries and collecting the tax and NICs due. However, it is likely some low cost benefits will still need to be reported to HMRC because they are not within the definition of a trivial BiK based upon the principles above.

Exemption limit

3.7. The Government has considered whether the exemption should be unlimited, removing the need for employers to return details to HMRC of any trivial BiK that met the statutory definition. This would be a significant simplification and would be widely welcomed by both employers and employees. However the Government does not feel that an unlimited exemption is necessary or appropriate as trivial BiKs should, as set out in the definition, be provided irregularly. Low cost benefits that are provided frequently across a tax year should, as now, be liable to tax and NICs.

3.8. The Government therefore intends to introduce an over-riding annual exemption so once it has been exceeded all further trivial BiKs for that tax year are liable in full to tax and NICs and need to be returned to HMRC on forms P11D/P9D. An individual benefit that exceeds the upper limit for being treated as a trivial BiK will not count towards the annual exemption. An exemption limit has not yet been identified but as the exemption is intended to apply only to genuinely trivial BiKs provided on an irregular basis, a low limit will be appropriate.

3.9. A balance also needs to be struck between the annual exemption limit and the monetary limit of an individual trivial BiK included in the statutory definition. A low monetary limit for a trivial BiK combined with a larger annual exemption limit would mean that fewer benefits provided by an employer would fall within the definition of a trivial BiK but a number of qualifying trivial BiK could be provided without attracting tax or NICs. Alternatively, a higher cost trivial BiK limit could be set with a lower annual exemption limit. This would ensure that more benefits were within the definition of a trivial BiK, but the lower annual exemption limit would restrict the number of qualifying trivial BiKs each year.

3.10. The Government is attracted to a higher cost trivial BiK limit with a lower annual exemption limit, as it believes that this would more effectively deliver its intention that the statutory exemption should apply to one-off or irregular trivial BiKs.

Q3: Do you agree that a higher cost trivial BiK limit with a lower annual exemption limit would more effectively deliver the Government's intention to simplify the administration of employee BiKs?

Basis for the exemption

3.11. An upper limit for the annual exemption could be based on either:

- an **annual cost** - this would enable an employee to be provided with any number of trivial BiKs in a tax year free of tax and NICs provided the annual cost was not exceeded; or
- a **specific number** – enabling an employee to receive a certain number of trivial BiKs tax and NICs free in a tax year.

3.12. Although in many cases either approach would have a similar outcome, an exemption based on an annual cost would provide employers with more flexibility than an exemption based on a specific number of trivial BiKs. For example, if the definition of a trivial BiK included a monetary limit of £30 for each individual BiK, an annual exemption limit of £75 would enable an employee to receive either two x £30 trivial BiKs, seven x £10 trivial BiKs, or some other combination of trivial BiKs where the total cost was £75 or less.

3.13. Where the exemption was limited by a specified number of trivial BiKs in a tax year, only that number of trivial BiKs could be provided tax and NICs free, irrespective of their individual cost. As an example, if a trivial BiK was defined as £30 or less and the exemption allowed five tax and NICs free trivial BiKs in a tax year, then only five exempt trivial BiKs would be allowed whether they had an individual cost of £1 or £30.

Record keeping

3.14. Both the options for an annual exemption, either an annual cost or a numerical limit, would impose some record keeping requirements on employers. This would be higher for an annual cost exemption as an employer would be required to keep records of the cost of each trivial BiK provided, together with an aggregated total so they know when the exemption limit is exceeded. Tax and NICs would then be due on any further trivial BiKs. In contrast, although a numerical exemption would also require an employer to keep a record of how many trivial BiKs had been provided, there would be no requirement to aggregate individual costs: the exemption limit would be exceeded once the relevant number of trivial BiKs had been received.

‘All or nothing’ rule

3.15. An annual cost exemption would require additional rules to clarify the appropriate tax treatment when an employee was provided with a trivial BiK that breached the exemption limit. Although the records that an employer would be required to keep would provide sufficient information to enable them to correctly calculate the tax and NICs due on the part of a trivial BiK that exceeded the exemption limit, this would add complexity to the operation of the exemption. It could also lead to an increase in the number of very low value forms P11D or P9D that employers would need to submit to HMRC for processing, as HMRC would no longer be able to informally agree that no return was required. Employees and employers would need to pay the small amounts of tax and NICs due, although the employee would have no Class 1A NICs liability.

3.16. To avoid these difficulties arising, the Government intends to introduce an ‘all or nothing’ rule. This rule will mean that a trivial BiK with a cost covered by the annual exemption will not have any liability to tax or NICs, but a trivial BiK with a cost that breaches the exemption limit will be subject to tax and NICs in full. As an example, if the exemption was set at £75, and the definition of trivial benefit had a monetary limit of £30, a first trivial BiK of £30 would be fully exempt from

tax and NICs as would a second trivial BiK of £30, but a third of £30 would be liable to tax and NICs on the total amount.

3.17. This will mean that in some cases an employee might not get the full benefit of their trivial BiK annual exemption for the tax year, as any trivial BiK that brings them over the annual exemption limit is liable to tax & NICs in full. This could lead to a difference in tax treatment, dependent on the cost of the trivial BiK. For example, if the annual exemption is set at £75 then an employee who receives three trivial BiKs at £25 each would be exempt on all trivial BiKs, but an employee who receives two trivial BiKs at £25 each and one trivial BiK at £26 would only be exempt on two trivial BiKs. However, the Government believes that the simplification and transparency offered by the 'all or nothing' rule will be welcomed by employers and employees.

Workforce exemption

3.18. An option for applying the annual cost exemption would be to set the limit at an employer level by reference to the work force as a whole, enabling trivial BiKs to be provided tax and NICs free to any employees as long as the overall employer limit was not exceeded. This would be simple for employers to understand and apply as there would only be one limit for a tax year. However, to provide an exemption that had any meaning for different employers, there would be a need to link the annual cost to the size of the workforce.

Due to the significant complexity in both legislating and operating such an exemption the Government does not intend to further consider this approach.

Employee level exemption

3.19. At an employee level, the options for applying the annual cost exemption are to either set a single exemption to cover all employments in a tax year or to have a separate exemption at each employment in a tax year.

A single annual exemption per employee for a tax year

3.20. This would allow only one exemption for the tax year regardless of the number of employments an employee holds, either consecutively or concurrently. Where an employee moved from one employment to another during the tax year it would be necessary for a former employer, or HMRC, to inform a new employer whether there was any 'unused' trivial BiKs exemption available for the tax year. This would add significant complexity, would be difficult for employers to administer and could compromise employee confidentiality. It would make a significant change to the structure of NICs that would need to be addressed.

3.21. Complications would also arise if an employee had multiple concurrent employments as rules, and a suitable process, would be needed to set out which employer took priority in using the trivial BiKs exemption. It would raise issues around employers sharing information with each other and would be dependent on employers co-operating in a timely manner. Consideration would need to be given as to whether an employee should be able to elect for the exemption, in whole or in part, to be allocated to particular employer(s). It is also likely that HMRC would need to review an individuals overall liability at the end of the tax year to ensure the correct level of exemption had been given.

Due to the complexity in legislating and operating an exemption across multiple employments the Government does not intend to further consider this approach

An annual exemption per employee at each employment

- 3.22. This would provide an employee with a trivial BiKs exemption, based on either the annual cost or number of trivial BiKs received, at each employment they held during the tax year. If an employee had more than one employment (either consecutively or concurrently) that provided trivial BiKs, then the employee would have a separate trivial BiKs exemption at each. Connected employments (i.e. one employer controlled directly or indirectly by another) would be treated as a single employment and eligible for only one annual exemption. This approach would be aligned with the existing structure for NICs in terms of determining and assessing NICs liability.
- 3.23. This approach would be simple for an employer to operate as there would be no requirement to consider whether an employee was in receipt of trivial BiKs from another employment and there would be no need for rules to be put in place to enable information to be shared between employers. Employees would also have clarity on the tax treatment of trivial BiKs from each employer
- 3.24. This would mean that an employee with more than one employer in a tax year that provided trivial BiKs would benefit more than an employee who only received trivial BiKs from one employment. However the intended modest level of the exemption will prevent any significant difference in tax treatment and the Government believes that wider benefits of this approach in terms of simplification, certainty and transparency would mitigate any disparity.

The Government considers that an annual exemption at each employment would be the most appropriate basis for applying a trivial BiKs exemption as it delivers the intended simplification while minimising any additional administrative burden and ensuring transparency.

- 3.25. The Government therefore intends that the statutory exemption will be available at each employment that provides trivial BiKs (within the statutory definition) held by an employee in a tax year. Employees with more than one employment will benefit from more than one exemption. However, no decision has been made on whether the statutory exemption should be based on the annual cost or number of trivial BiKs provided in a tax year. Respondents' views on the following options are sought.

Option 1: An annual cost exemption per employee at each employment

- 3.26. This would enable individual employees to receive any number of tax and NICs free trivial BiKs in a tax year up to an annual cost limit. Individuals with more than one employment in the year that provided trivial BiKs would benefit from the full exemption at each employment provided the employments were not connected.
- 3.27. Each employer would be required to retain records of trivial BiKs provided to individual employees and to aggregate the total taxable cost across the year to identify when the annual cost exemption limit was reached.
- 3.28. Details of trivial BiKs received below the annual exemption limit and any unused exemption in the year would not need to be provided to other employers or to HMRC.

Example

The table below gives an example of how an annual cost exemption might work in practice. The example uses a limit for the definition of a trivial BiK of £30 and an annual exemption limit of £75. Both these limits are for illustrative purposes only.

Benefit in Kind (BiK)	Total taxable cost of the BiK	Trivial benefit annual exemption	Amount subject to tax & Class 1A NIC's
Benefit A	£40		£40 (not trivial)
Benefit B	£20		£0
Benefit C	£20		£0
Benefit D	£25		£0
Benefit E	£20	£75	£20
Benefit F	£10		£10
Total cost	£135		£70

Q4: Do you think that having an annual cost exemption for each employment for each tax year would mean less administration and fewer reporting requirements for an employer?

Q5: What level do you think an annual cost exemption for each employment should be set at to cover genuinely 'trivial' benefits?

Option 2: An annual numerical exemption per employee at each employment

3.29. This would enable individual employees to receive a specified number of trivial BiKs tax and NICs free in a tax year. Individuals with more than one employment in the year that provided trivial BiKs would be able to benefit from the full exemption at each employment.

3.30. Each employer would be required to retain records of the number of trivial BiKs provided to individual employees to identify when the exemption limit was reached but there would be no need to aggregate the taxable cost of the trivial BiKs across the tax year. The lower administrative burden is likely to make this option easier for employers to operate, and would provide greater transparency and certainty for employees on the tax treatment of trivial BiKs provided by each employer.

3.31. Details of trivial BiKs provided below the exemption and any unused exemption in the year would not need to be provided to other employers or to HMRC.

Example

The table below gives an example of this exemption might work in practice. It uses a limit for the definition of a trivial benefit of £30 and a maximum of two exemptions available to an employee in a year. The limits used are for illustrative purposes only.

Benefit in Kind (BiK)	Total taxable cost of the BiK	Trivial benefit exemption available	Amount subject to tax & Class 1A NIC's
Benefit A	£40		£40 (not trivial)
Benefit B	£20	Exemption 1	£0
Benefit C	£20	Exemption 2	£0
Benefit D	£25		£25 (third trivial BiK)
Benefit E	£20		£20
Benefit F	£10		£10
Total cost	£135		£95

Q6: How many trivial BiKs exemptions do you think should be allowed per employee in a tax year?

Q7: What do you see as the advantages/disadvantages of Option 1 in comparison to Option 2?

Q8: Do you think that an annual cost exemption or an exemption based on the number of trivial BiKs provided would best deliver the Government's intention to simplify the administration of employee benefits?

Q 9: Are there any other aspects that you think the Government should take into consideration in finalising its policy on the introduction of a trivial BiKs exemption?

Anti-abuse rules

3.32. The Government considers that the risk of abuse of the exemption is likely to be low provided there are appropriate qualifying criteria and the tax and NICs advantages are relatively modest. However, to ensure that a balance is struck between preventing misuse while avoiding unnecessary statutory complexity it will consider at a later date whether specific anti-abuse rules will be required.

4. Summary of Consultation Questions

In providing your answers to the following questions it would be helpful if you could explain your reasoning and provide any supporting evidence.

Q1: Do you agree that the principles set out at paragraph 3.2 should apply to the definition of a trivial benefit? Are there other principles that you think should apply?

Q2: What do you think would be an appropriate monetary limit for the definition of a trivial BiK?

Q3: As set out at paragraph 3.9, do you agree that a higher cost trivial BiK limit with a lower annual exemption limit would more effectively deliver the Government's intention to simplify the administration of employee BiKs?

Q4: Do you think that having an annual cost exemption for each employment for each tax year as set out in Option 1 would mean less administration and fewer reporting requirements for an employer?

Q5: Under Option 1, what level do you think an annual cost exemption for each employment should be set at to cover genuinely 'trivial' benefits?

Q6: Under Option 2, how many trivial BiKs exemptions do you think should be allowed per employee in a tax year?

Q7: What do you see as the advantages/disadvantages of Option 1 in comparison to Option 2?

Q8: Do you think that an annual cost exemption (Option 1) or an exemption based on the number of trivial BiKs provided (Option 2) would best deliver the Government's intention to simplify the administration of employee benefits?

Q9: Are there any other aspects that you think the Government should take into consideration in finalising its policy on the introduction of a trivial BiKs exemption?

5. The Consultation Process

This consultation is being conducted in line with the Tax Consultation Framework.

There are 5 stages to tax policy development:

- Stage 1 Setting out objectives and identifying options.
- Stage 2 Determining the best option and developing a framework for implementation including detailed policy design.
- Stage 3 Drafting legislation to effect the proposed change.
- Stage 4 Implementing and monitoring the change.
- Stage 5 Reviewing and evaluating the change.

This consultation is taking place during stage 2 of the process. The purpose of the consultation is to seek views on the detailed policy design and a framework for implementation of a specific proposal, rather than to seek views on alternative proposals.

How to respond

A summary of the questions in this consultation is included at chapter 4.

If you have any queries or would like to respond to any of the issues raised in this consultation document please send your responses by 9 September 2014, by e-mail if possible to employmentincome.policy@hmrc.gsi.gov.uk

or by post to:

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The consultation will run for 12 weeks from 18 June 2014

Paper copies of this document or copies in Welsh and alternative formats (large print, audio and Braille) may be obtained free of charge from the above address. This document can also be accessed from [HMRC Inside Government](#). All responses will be acknowledged, but it will not be possible to give substantive replies to individual representations.

When responding please say if you are a business, individual or representative body. In the case of representative bodies please provide information on the number and nature of people you represent.

Confidentiality

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes. These are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004.

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals with, amongst other things, obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on HM Revenue and Customs (HMRC).

HMRC will process your personal data in accordance with the DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

Consultation Principles

This consultation is being run in accordance with the Government's Consultation Principles. Meetings with external representatives will be arranged, if you are interested in attending such a meeting to put forward your views please make contact using the details shown above.

The Consultation Principles are available on the Cabinet Office website: <http://www.cabinetoffice.gov.uk/resource-library/consultation-principles-guidance>

If you have any comments or complaints about the consultation process please contact:

Oliver Toop, Consultation Coordinator, Budget Team, HM Revenue & Customs, 100 Parliament Street, London, SW1A 2BQ.

Email: hmrc-consultation.co-ordinator@hmrc.gsi.gov.uk

Please do not send responses to the consultation to this address.