

Factsheet: Provision of digital services by HMRC (Clause 14)

What is the provision of digital services by HMRC?

At Budget 2016, the Government made a commitment that, by 2022, local authority business rate systems will be linked to HMRC digital tax accounts so that businesses can manage their rates bills in one place alongside other taxes. The Bill enables HMRC to undertake the preparatory work on this commitment, ahead of planned implementation for 2022.

What is the policy hoping to achieve and where are we now?

The Government wants to modernise the administration of business rates to make them fit for the 21st century. Linking local authority business rate systems with HMRC digital accounts will make it easier, simpler and less burdensome for businesses to understand and pay their business rates.

The Government is at the early stages of designing the new digital service and this legislation does not commit us to a specific approach. The Bill provides HMRC with the ability to undertake the planning, consultation and testing that is needed to fully inform the design of the service. We will engage closely with local government and the business sector, in developing detailed proposals and seeking views.

Why is legislation needed?

HMRC is a statutory body, and the activities that HMRC can undertake are governed by legislation. HMRC may only use its resources for its own statutory functions, and these do not presently include functions in connection with business rates. HMRC therefore needs a new power to enable it to expend its resources on beginning to design and build a new digital service for business rates.

How do we see this working in practice?

The new digital service is intended to improve and modernise the administration of business rates in line with the digitisation of taxpayer access to their business tax accounts.

The Bill provides HMRC with the ability to undertake the planning, consultation and testing that is needed to inform the design of the digital service.

How can I find out more?

The Government's commitment to transform business rates administration was published at Budget 2016 and included in its summary of responses to the business rates review in March 2016, which can be found online here:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/510497/PU1925_Business_rates_review.pdf

Key questions & answers:

How does this measure fit with 100% business rates retention?

- Modernising business rates administration will support local government's retention of 100% business rates by helping to ensure that businesses can manage their bills effectively. The majority of businesses want to get their tax right; digital services allow them to do so at a time and place convenient to them. This will support the efficient operation of 100% rates retention.



How will HMRC take this work forward?

- We will engage closely with local government and the business sector in developing detailed proposals and seeking views. The Government is committed to modernising the payment and collection of business rates, but has made no decisions on the future design of business rates administration. Further legislation would be needed to implement any changes.

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