HM Revenue & Customs

Jim Harra
Chief Executive and First Permanent Secretary

Room 2/75
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By email

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Dear Chair,

Following the Treasury Select Committee session on Wednesday 30 November 2022, attended by Angela MacDonald, Jonathan Athow and myself, I am writing to provide further information that we committed to send to the Committee

Petrol mileage rates (Q189)

Approved Mileage Allowance Payments (AMAPs) are 45p per mile for cars and vans for the first 10,000 miles, and 25p per mile for each subsequent mile. AMAP rates are set in legislation and the Government keeps them under review. I explain below how AMAPs are calculated.

AMAPs cover fuel costs and all the major expenses associated with running a car, such as insurance, Vehicle Excise Duty, servicing and repairs. Fuel makes up around a third of the AMAP rates and vehicle deprecation is the most significant proportion. As the AMAP rates use an average for administrative simplicity, they will necessarily be more appropriate for some users than others.

Employers are not obliged to use AMAPs. Instead, they can agree to reimburse a different amount that better reflects their employees' circumstances. Where payments exceed the AMAP rates, the excess is chargeable to tax and National Insurance Contributions.

Where employers reimburse at less than the AMAP rates, employees can claim Mileage Allowance Relief from HMRC on the difference between the rate they are reimbursed by the employer and the AMAP rates. They cannot claim more than the AMAP rates.

Gift Aid automation of administrative process (Q210)

The Government recognises the vitally important work the charity sector does in the UK, which is why the tax system currently provides tax relief to charities and their donors worth over £5 billion per year, including over £1.3 billion in Gift Aid alone.

Charities can make Gift Aid claims online or in paper form. Of the claims made since October 2022, 99% were made online with only 1% submitted in paper form.

HMRC is currently reviewing the ‘Claim Gift Aid online’ service. The review is looking at all aspects of the service, including whether it meets the needs of its users, the registration process and the claims process.

As part of our engagement with the charity sector, HMRC keeps under review all of the processes for claiming Gift Aid so that they meets the current and future needs of charities and Community Amateur Sports Clubs, as well as their donors. As part of this we are aware of the “Future of Gift Aid” proposals from the Charity Tax Group which would digitalise the process further, and we are considering those proposals.

As agreed with your committee staff, I will provide the remaining responses to Q141, Q192, Q205, Q232, Q234 and Q239 to the Committee by 21st December 2022.

Thank you for your patience.

Yours sincerely,

JHarra

JIM HARRA
CHIEF EXECUTIVE AND FIRST PERMANENT SECRETARY