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
(Section A) Movements in HMRC Administration resulting from budget movements between HMRC and other Government departments, funding from the Reserve	71,759,000	-10,877,000	
(Section A) Increase in HMRC Administration resulting from additional funding received for EU exit	125,616,000		
(Section B) Increase in VOA Administration	1,000,000		
Total change in Resource DEL (Voted)	**198,375,000**	**-10,877,000**	**187,498,000**
(Section E) Reduction in Child Benefit		-117,801,000	
(Section F) Reduction in Tax Free Childcare		-2,822,000	
(Section G) Increase in PPIL	13,395,000		
(Section H) Reduction in Lifetime ISA		-67,410,000	
(Section I) Increase in HMRC Administration	21,000,000		
(Section J) Increase in VOA - Payments of rates to LAs on behalf of certain bodies	12,000,000		
(Section L) Increase in Utilised Provisions		-2,200,000	
Total change in Resource AME (Voted)	**46,395,000**	**-190,233,000**	**-143,838,000**
(Section M) Reduction in Personal Tax Credit		-3,570,230,000	
(Section N) Movements in Other Reliefs and Allowances	7,114,488,000		
Total change in Resource AME (Non-Voted)	**7,114,488,000**	**-3,570,230,000**	**3,544,258,000**
(Section A) Movements in HMRC Administration resulting from budget movements between HMRC and other Government departments and increase in income	1,035,000		
(Section A) Increase in HMRC Administration resulting from additional funding received for EU exit	57,000,000		
(Section B) decrease in VOA Administration		-1,000,000	
Total change in Capital DEL (Voted)	**58,035,000**	**-1,000,000**	**57,035,000**
Revisions to the Net Cash Requirement reflect changes to resources and capital as set out above. It also takes account of movements in working capital	3,644,954,000	-4,451,228,000	
Total change in Net Cash Requirement	**3,644,954,000**	**-4,451,228,000**	**-806,274,000**

Part I

	Voted	Non-Voted	Total
			£
Departmental Expenditure Limit			
Resource	**187,498,000**	-	187,498,000
Capital	**57,035,000**	-	57,035,000
Annually Managed Expenditure			
Resource	**-143,838,000**	3,544,258,000	3,400,420,000
Capital	**-**	-	-
Total Net Budget			
Resource	**43,660,000**	3,544,258,000	3,587,918,000
Capital	**57,035,000**	-	57,035,000
Non-Budget Expenditure	**-**		
Net cash requirement	**-806,274,000**		

Supplementary amounts required in the year ending 31 March 2020 for expenditure by HM Revenue and Customs on:

Departmental Expenditure Limit:

Expenditure arising from:

Administration in management, collection and payment of a range of taxes, tax credits, benefits, reliefs, refunds, duties, levies, Statutory Payments, allowances, loans, entitlements, regulatory and verification schemes.

Delivering policies held by other government departments, assistance to devolved administrations and public bodies.

Law enforcement, criminal investigation and provision of resources to independent investigatory bodies including the Adjudicator's Office. Payments for the HMRC National Museum and grants to the voluntary and community sector.

International Tax Cooperation Agreements, customs controls, overseas tax administration, Official Development Assistance and support of projects abroad.

Providing shared services, Revenue and Customs Digital Technology Services Limited, services provided to third parties and provision of trade information.

Administration of the National Insurance Funds for Great Britain and Northern Ireland.

Exiting the European Union.

Non-cash items falling in DEL.

Valuations, administration, setting and maintaining of assessments, advice, property services, payments of Local Authority Rates on behalf of accredited foreign countries and non-cash items incurred by the Valuation Office Agency.

Part I (Continued)

Income arising from:
Tax reliefs, entitlements, levies, regulatory and verification schemes.

Recovery of law costs, overpayments, insurance and compensation claims, staff costs, apprenticeships funding, valuation and other services, transaction fees and excess cash receipts.

Services provided to the Valuation Office Agency, Revenue and Customs Digital Technology Services Limited, other government departments, devolved administrations, other bodies and international parties and providing shared services.
Charges made for attendance of officers, international commitments, travel expenses, use of cars and rent.

Sales of assets, information, publications, statistical services, certificates and other services.

The Asset Recovery Incentivisation Scheme and other receipts. Recovery of administration costs of the National Insurance Funds, collection of National Insurance contributions.

Income arising from contributions to programmes conducted on behalf of government.

Non-cash items falling in DEL.

Valuations, administration, setting and maintaining of assessments, advice, property services, payments of Local Authority Rates on behalf of accredited foreign countries and non-cash items incurred by the Valuation Office Agency.

Annually Managed Expenditure:

Expenditure arising from:
Tax credits, benefits, reliefs, refunds, duties, levies, allowances and entitlements.

Remittance of irrecoverable debts, losses on asset revaluation and exchange rate movements. Incentive payments for filing, transitional payments to charities, provisions movements and payments that add capacity to debt recovery.
Non-cash items falling in AME.

Payments of Rates on behalf of accredited Commonwealth and foreign countries and certain international organisations and non-cash items.

Income arising from:
Payments of Rates by accredited 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

	Net Resources						Net Capital		
	Present		Changes		Revised		Present	Changes	Revised
	Admin	Prog	Admin	Prog	Admin	Prog			
	1	2	3	4	5	6	7	8	9
Spending in Departmental Expenditure Limits (DEL)									
Voted Expenditure	917,473	2,982,183	68,273	119,225	985,746	3,101,408	306,660	57,035	363,695
Of which:									
A HMRC Administration	903,473	2,801,994	68,273	118,225	971,746	2,920,219	298,660	58,035	356,695
B VOA Administration	-	164,189	-	1,000	-	165,189	8,000	-1,000	7,000
Total Spending in DEL			**68,273**	**119,225**				**57,035**	
Spending in Annually Managed Expenditure (AME)									
Voted Expenditure	-	12,515,559	-	-143,838	-	12,371,721	10	-	10
Of which:									
E Child Benefit	-	11,699,567	-	-117,801	-	11,581,766	10	-	10
F Tax Free Childcare	-	286,053	-	-2,822	-	283,231	-	-	-
G Providing payments in lieu of tax relief to certain bodies	-	101,069	-	13,395	-	114,464	-	-	-
H Lifetime ISA	-	345,420	-	-67,410	-	278,010	-	-	-
I HMRC Administration	-	30,000	-	21,000	-	51,000	-	-	-
J VOA - Payments of rates to LAs on behalf of certain bodies	-	81,460	-	12,000	-	93,460	-	-	-
L Utilised Provisions	-	-30,010	-	-2,200	-	-32,210	-	-	-
Non Voted Expenditure	-	30,184,764	-	3,544,258	-	33,729,022	-	-	-
Of which:									
M Personal Tax Credit	-	25,068,230	-	-3,570,230	-	21,498,000	-	-	-
N Other Reliefs and Allowances	-	5,116,534	-	7,114,488	-	12,231,022	-	-	-
Total Spending in AME			**-**	**3,400,420**				**-**	

Part II: Changes Proposed

£'000

	Net Resources						Net Capital		
	Present		Changes		Revised		Present	Changes	Revised
	Admin	Prog	Admin	Prog	Admin	Prog			
	1	2	3	4	5	6	7	8	9
Total for Estimate									
			68,273	**3,519,645**				**57,035**	
Of which:									
Voted Expenditure									
			68,273	-24,613				57,035	
Non Voted Expenditure									
			-	3,544,258				-	

£'000

	Present Plans	Changes	Revised Plans
Net Cash Requirement	**16,337,989**	**-806,274**	**15,531,715**

Part II: Revised subhead detail including additional provision

£'000

Revised Plans

	Resources						Capital		
	Administration			Programme					
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	1	2	3	4	5	6	7	8	9
Spending in Departmental Expenditure Limits (DEL)									
Voted expenditure	1,057,056	-71,310	985,746	3,210,798	-109,390	3,101,408	461,695	-98,000	363,695
Of which:									
A HMRC Administration	1,043,056	-71,310	971,746	2,980,909	-60,690	2,920,219	454,695	-98,000	356,695
B VOA Administration	-	-	-	213,889	-48,700	165,189	7,000	-	7,000
C Utilised Provisions	14,000	-	14,000	16,000	-	16,000	-	-	-
Non-voted expenditure	51,474	-	51,474	231,826	-	231,826	-	-	-
Of which:									
D National Insurance Fund	51,474	-	51,474	231,826	-	231,826	-	-	-
Total Spending in DEL	**1,108,530**	**-71,310**	**1,037,220**	**3,442,624**	**-109,390**	**3,333,234**	**461,695**	**-98,000**	**363,695**
Spending in Annually Managed Expenditure (AME)									
Voted expenditure	-	-	-	12,376,678	-4,957	12,371,721	10	-	10
Of which:									
E Child Benefit	-	-	-	11,581,766	-	11,581,766	10	-	10
F Tax Free Childcare	-	-	-	283,231	-	283,231	-	-	-
G Providing payments in lieu of tax relief to certain bodies	-	-	-	114,464	-	114,464	-	-	-
H Lifetime ISA	-	-	-	278,010	-	278,010	-	-	-
I HMRC Administration	-	-	-	51,000	-	51,000	-	-	-
J VOA - Payments of rates to LAs on behalf of certain bodies	-	-	-	98,417	-4,957	93,460	-	-	-
K VOA Administration	-	-	-	2,000	-	2,000	-	-	-
L Utilised Provisions	-	-	-	-32,210	-	-32,210	-	-	-

Part II: Revised subhead detail including additional provision

£'000

Revised Plans

	Resources						Capital		
	Administration			Programme					
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	1	2	3	4	5	6	7	8	9
Non-voted expenditure									
	-	-	-	33,729,022	-	33,729,022	-	-	-
Of which:									
M Personal Tax Credit									
	-	-	-	21,498,000	-	21,498,000	-	-	-
N Other Reliefs and Allowances									
	-	-	-	12,231,022	-	12,231,022	-	-	-
Total Spending in AME									
	-	**-**	**-**	**46,105,700**	**-4,957**	**46,100,743**	**10**	**-**	**10**
Total for Estimate									
	1,108,530	**-71,310**	**1,037,220**	**49,548,324**	**-114,347**	**49,433,977**	**461,705**	**-98,000**	**363,705**
Of which:									
Voted Expenditure									
	1,057,056	-71,310	985,746	15,587,476	-114,347	15,473,129	461,705	-98,000	363,705
Non Voted Expenditure									
	51,474	-	51,474	33,960,848	-	33,960,848	-	-	-

Part II: Resource to cash reconciliation

£'000

	Present Plans	Changes	Revised Plans
Net Resource Requirement	**46,883,279**	**3,587,918**	**50,471,197**
Net Capital Requirement	**306,670**	**57,035**	**363,705**
Accruals to cash adjustments	**-383,896**	**-906,969**	**-1,290,865**
Of which:			
Adjustment for ALBs:			
Remove voted resource and capital	-	-	-
Add cash grant-in-aid	-	-	-
Adjustments to remove non-cash items:			
Depreciation	-379,428	-	-379,428
New provisions and adjustments to previous provisions	-32,000	-21,000	-53,000
Departmental Unallocated Provision	-	-	-
Supported capital expenditure (revenue)	-	-	-
Prior Period Adjustments	-	-	-
Other non-cash items	-2,478	-	-2,478
Adjustments to reflect movements in working balances:			
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	-	128,014	128,014
Increase (-) / Decrease (+) in creditors	-	-1,016,183	-1,016,183
Use of provisions	30,010	2,200	32,210
Removal of non-voted budget items	**-30,468,064**	**-3,544,258**	**-34,012,322**
Of which:			
Consolidated Fund Standing Services	-	-	-
Other adjustments	-30,468,064	-3,544,258	-34,012,322
Net Cash Requirement	**16,337,989**	**-806,274**	**15,531,715**

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

	£'000
	2019-20 Plans
Gross Administration Costs	1,094,530
Less:	
Administration DEL Income	-71,310
Net Administration Costs	**1,023,220**
Gross Programme Costs	49,562,334
Less:	
Programme DEL Income	-109,390
Programme AME Income	-4,957
Non-budget income	-200
Net Programme Costs	**49,447,787**
Total Net Operating Costs	**50,471,007**
Of which:	
Resource DEL	4,338,254
Capital DEL	-
Resource AME	46,132,953
Capital AME	-
Non-budget	-200
Adjustments to include:	
Departmental Unallocated Provision (resource)	-
Consolidated Fund Extra Receipts in the budget but not in the SoCNE	-
Adjustments to remove:	
Capital in the SoCNE	-
Grants to devolved administrations	-
Non-Budget Consolidated Fund Extra Receipts in the SoCNE	200
Other adjustments	-10
Total Resource Budget	**50,471,197**
Of which:	
Resource DEL	4,370,454
Resource AME	46,100,743
Adjustments to include:	
Grants to devolved administrations	-
Prior period adjustments	-
Adjustments to remove:	
Consolidated Fund Extra Receipts in the resource budget	-
Other adjustments	-
Total Resource (Estimate)	**50,471,197**

Part III: Note B - Analysis of Departmental Income

	£'000
	Revised Plans
Voted Resource DEL	**-180,700**
Of which:	
Administration	
Sales of Goods and Services	-71,310
Of which:	
A: HMRC Administration	-71,310
Total Administration	-71,310
Programme	
Sales of Goods and Services	-109,390
Of which:	
A: HMRC Administration	-60,690
B: VOA Administration	-48,700
Total Programme	-109,390
Voted Resource AME	**-4,957**
Of which:	
Programme	
Sales of Goods and Services	-4,957
Of which:	
J: VOA - Payments of rates to LAs on behalf of certain bodies	-4,957
Total Programme	-4,957
Total Voted Resource Income	**-185,657**
Voted Capital DEL	**-98,000**
Of which:	
Programme	
Sales of Assets	-98,000
Of which:	
A: HMRC Administration	-98,000
Total Programme	-98,000
Total Voted Capital Income	**-98,000**

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 Plans		**Changes**		**Revised Plans**	
	Income	***Receipts***	**Income**	***Receipts***	**Income**	***Receipts***
Non-budget amounts collectable on behalf of the Consolidated Fund (in the SoCNE)	-200	*-200*	-	-	-200	*-200*
Total	**-200**	***-200***	**-**	***-***	**-200**	***-200***

Detailed description of CFER sources

£'000

	Present Plans		**Changes**		**Revised Plans**	
	Income	***Receipts***	**Income**	***Receipts***	**Income**	***Receipts***
Non-Budget						
Bank Interest and Compensation	-200	*-200*	-	-	-200	*-200*
Total	**-200**	***-200***	**-**	***-***	**-200**	***-200***

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:

Accounting Officer:	Jim Harra
Executive Agency Accounting Officers:	
Melissa Tatton	for sections B, J and K (Chief Executive of the Valuation Office Agency)

Jim Harra 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) together with their respective responsibilities, is set out in writing. Similarly, the relationship between the Principal Accounting Officer and the ALB Accounting Officer(s) is set out in writing.

Part III: Note F - Accounting Policy changes

We are considering revising our accounting policy regarding Corporation Tax Reliefs (CTR) to reflect the changes in Knowledge, Analysis and Intelligence (KAI) advised estimates of CTR outturn for prior years, as these updated values become available.

This incremental approach contrasts with existing policy [2018-19: Note 1.4.2] whereby we only reflect changes in KAI advised estimates upon ‘stability’, this determined to be 5 years after initial recognition.

This policy change is not attributed to a change in Accounting Standards but would be based on our assessment of the KAI advised estimate values in relation to the requirements of IAS 8.

Part III: Note J - Staff Benefits

For the financial year 2019-20, budget holders have delegated authority to present reward vouchers to staff (grades from AA to Grade 6), under the terms of the Department's Reward and Recognition Scheme ("Simply Thanks"). The vouchers are for a range of well-known retail outlets and offer managers a quick way to show their appreciation for the good work and positive behaviours of staff and colleagues by awarding them £20 vouchers. The vouchers are funded from the Department's pre-existing budget for bonuses.

Part III: Note K - Contingent Liabilities

Nature of liability	£'000
Legal claims – Costs that may be awarded should various legal cases in which HMRC is involved be determined against the department.	85,200
Guaranteed costs – possible liability where appointed liquidators have been guaranteed payment of their costs with a view to recovery of outstanding tax liabilities, 91 cases.	800
Other – the department has a further number of contingent liabilities	88,700