



Public Accounts Committee

Jim Harra
Permanent Secretary
HM Revenue and Customs
Room 2/75
100 Parliament Street
London SW1A 2BQ

24 May 2024

Making Tax Digital Accounting Officer Assessment

Dear Permanent Secretary,

Thank you for the [Accounting Office Assessment: Making Tax Digital](#).

I have two main concerns with the assessment as presented.

First, the AO assessment appears to provide a return on investment for the MTD programme as a whole for the period 2016-17 to 2023-24. As such it includes costs already incurred and benefits already secured from the VAT element of the programme, as well as those that relate to the roll-out of MTD for Self Assessment taxpayers. My Committee would find it more helpful if your assessment focused specifically on the value for money of the Self Assessment element of MTD as well as the overall programme.

Second, the AO assessment has insufficient information on the costs to customers. My Committee's November 2023 report [Progress with Making Tax Digital \(parliament.uk\)](#) concluded that HMRC had not been open enough about the substantial costs that MTD will impose on many taxpayers. We recommended that HMRC fully reassess the costs for customers, taking account for inflation and any significant design changes, and use this to prepare a robust updated business case for Making Tax Digital. The AO assessment briefly refers to customer costs saying that they have now been included in the programme's economic case but says nothing about the scale of these costs or how they have been calculated.

I would be grateful for an updated version of the AO assessment to report the return on investment for the main elements of the programme (i.e. Income Tax Self Assessment separately from VAT), making clear costs yet to be incurred and benefits yet to be secured, and explaining whether you consider this represents value for money. In doing so can you also set out clearly the scale of the costs of MTD to taxpayers and how they have been calculated.

I would also be grateful if you would confirm whether this is the first AO assessment of the MTD programme, or whether it updates an earlier assessment. If it is the former, then this assessment is substantially overdue as the AO assessment guidance stipulates that programmes should be assessed



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at an early point, then again as appropriate in more detail at suitable strategic points as the policy or proposal is developed, for instance if it departs from the four standards or the agreed plan – including any contingency – in terms of costs, benefits, timescales, or level of risk. Please write to me either explaining the reasons for any delay in preparing the assessment or explaining when the previous assessment was completed and where it was published as it is not listed in [HMRC Accounting Officer Assessments - GOV.UK \(www.gov.uk\)](#).

Yours sincerely

Dame Meg Hillier MP
Chair of the Committee of Public Accounts