HM Revenue and Customs

INTRODUCTION

1. This Estimate covers the expenditure and income of HM Revenue and Customs (HMRC).
2. HMRC is the UK's tax, payments and customs authority and we have a vital purpose: we collect the money that pays for the UK’s public services and give financial support to people. As part of this, we also provide valuation and property advice to the government and local authorities in England, Wales and Scotland, supporting fair property taxation and wider government economic aims.
3. Our vision is to be a trusted, modern tax and customs department. It’s our job to make it easy for customers to get tax right, and hard for anyone to bend or break the rules.

   HMRC has agreed 5 Strategic Objectives with Ministers:
   •Close the Tax Gap
   •Improve day-to-day performance and the overall customer experience
   •Reform and modernisation of Tax and Customs administration
   •Build a high-performing organisation, with a skilled and engaged workforce
   •Contribute to government economic aims, including through delivering the UK's Customs regime and transformation of Valuation Office

PART I: EXPENDITURE AND AMBIT

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	Voted	Non-Voted	Total
Departmental Expenditure Limit			
Resource	**6,495,738,000**	242,429,000	6,738,167,000
Capital	**872,633,000**	-	872,633,000
Annually Managed Expenditure			
Resource	**17,265,264,000**	11,827,478,000	29,092,742,000
Capital	**20,310,000**	-	20,310,000
Total Net Budget			
Resource	**23,761,002,000**	12,069,907,000	35,830,909,000
Capital	**892,943,000**	-	892,943,000
Non-Budget Expenditure	**-**		
Net Cash Requirement	**25,758,617,000**		

Amounts required in the year ending 31 March 2027 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.
Property valuations, administration, setting and maintaining of assessments, advice, and services to support local taxation and benefits. All activities including ensuring that systems are maintained and updated, and that property data is improved as necessary, to ensure integrity in the property lists for current use and preparing for any future revaluations, policy changes and possible reforms to council tax and non-domestic rate systems.
Providing shared services, services provided to third parties and provision of trade information.
Administration of the National Insurance Funds for Great Britain and Northern Ireland.
European Union transition and implementation of trade agreements.
Governmental response to the Covid-19 pandemic.
Payments to assist with Cost of Living.
Non-cash items falling in DEL.

Income arising from:

Tax reliefs, entitlements, levies, regulatory and verification schemes.
Recovery of costs associated with debt collection and other law costs, overpayments, insurance and compensation claims, staff costs, apprenticeships funding, valuation and other services, transaction fees and excess cash receipts, and other services.

PART I: EXPENDITURE AND AMBIT

Services provided to other government departments, devolved administrations, other bodies and international parties and providing shared services.
Property valuations, administration, setting and maintaining of assessments, advice, and services to support local taxation and benefits.
Charges made for attendance of officers, international commitments, travel expenses, use of cars and rent, and other services.
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.
Governmental response to the Covid-19 pandemic.
Recoveries of income from other government departments (including grants).
Non-cash items falling in DEL.

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.
Payments of business rates for diplomatic missions on behalf of accredited Commonwealth and foreign countries and certain international organisations, and non-cash items such as depreciation.
Governmental response to the Covid-19 pandemic.
Non-cash items falling in AME.

Income arising from:

Payments of business rates from diplomatic missions by accredited Commonwealth and foreign countries, and certain international organisations, refunds from local authorities.

HM Revenue and Customs will account for this Estimate.

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	Voted Total	Allocated in Vote on Account	Balance to complete or surrender
Departmental Expenditure Limit			
Resource	6,495,738,000	2,779,598,000	**3,716,140,000**
Capital	872,633,000	400,339,000	**472,294,000**
Annually Managed Expenditure			
Resource	17,265,264,000	7,701,803,000	**9,563,461,000**
Capital	20,310,000	9,140,000	**11,170,000**
Non-Budget Expenditure	-	-	**-**
Net Cash Requirement	25,758,617,000	10,835,477,000	**14,923,140,000**

PART II: SUBHEAD DETAIL

£'000

	2026-27 Plans										2025-26 Plans	
	Resources							Capital			Resources	Capital
	Administration			Programme			Total					
	Gross	Income	Net	Gross	Income	Net	Net	Gross	Income	Net	Net	Net
	1	2	3	4	5	6	7	8	9	10	11	12
Departmental Expenditure Limit (DEL)												
Voted expenditure												
A HMRC	1,213,636	-112,804	1,100,832	5,730,102	-335,196	5,394,906	6,495,738	913,633	-41,000	872,633	5,417,135	854,210
VO	-	-	-	-	-	-	-	-	-	-	*229,715*	*45,023*
Cost of Living	-	-	-	-	-	-	-	-	-	-	*1*	-
Total voted DEL	**1,213,636**	**-112,804**	**1,100,832**	**5,730,102**	**-335,196**	**5,394,906**	**6,495,738**	**913,633**	**-41,000**	**872,633**	**5,646,851**	**899,233**
Non-voted expenditure												
B National Insurance Fund	53,966	-	53,966	188,463	-	188,463	242,429	-	-	-	239,810	-
Total non-voted DEL	**53,966**	**-**	**53,966**	**188,463**	**-**	**188,463**	**242,429**	**-**	**-**	**-**	**239,810**	**-**
Total DEL	**1,267,602**	**-112,804**	**1,154,798**	**5,918,565**	**-335,196**	**5,583,369**	**6,738,167**	**913,633**	**-41,000**	**872,633**	**5,886,661**	**899,233**
Annually Managed Expenditure (AME)												
Voted expenditure												
C Child Benefit	-	-	-	14,728,729	-	14,728,729	14,728,729	10	-	10	14,402,477	10
D Tax Free Childcare	-	-	-	638,375	-	638,375	638,375	-	-	-	662,417	-
E Gift Aid Small Donations Scheme	-	-	-	40,000	-	40,000	40,000	-	-	-	40,000	-
F Stakeholder Pensions	-	-	-	182,121	-	182,121	182,121	-	-	-	176,166	-
G Lifetime ISA	-	-	-	766,928	-	766,928	766,928	-	-	-	681,274	-
H Help to Save	-	-	-	57,251	-	57,251	57,251	-	-	-	44,609	-
I HMRC	-	-	-	738,710	-	738,710	738,710	20,300	-	20,300	915,572	22,000
J Business Rates for Diplomatic Missions & Organisations	-	-	-	118,750	-5,600	113,150	113,150	-	-	-	96,970	-
COVID-19	-	-	-	-	-	-	-	-	-	-	*110*	-
Total voted AME	**-**	**-**	**-**	**17,270,864**	**-5,600**	**17,265,264**	**17,265,264**	**20,310**	**-**	**20,310**	**17,019,595**	**22,010**
Non-voted expenditure												
K Personal Tax Credit	-	-	-	1	-	1	1	-	-	-	1	-
L Corporation Tax Reliefs	-	-	-	11,822,864	-	11,822,864	11,822,864	-	-	-	12,456,846	-
M Guardian's Allowance	-	-	-	4,613	-	4,613	4,613	-	-	-	4,693	-

PART II: SUBHEAD DETAIL

£'000

	2026-27										2025-26	
	Plans										Plans	
	Resources							Capital			Resources	Capital
	Administration			Programme			Total					
	Gross	Income	Net	Gross	Income	Net	Net	Gross	Income	Net	Net	Net
	1	2	3	4	5	6	7	8	9	10	11	12
Total non-voted AME	-	-	-	11,827,478	-	11,827,478	11,827,478	-	-	-	12,461,540	-
Total AME	-	-	-	29,098,342	-5,600	29,092,742	29,092,742	20,310	-	20,310	29,481,135	22,010
Voted expenditure	1,213,636	-112,804	1,100,832	23,000,966	-340,796	22,660,170	23,761,002	933,943	-41,000	892,943	22,666,446	921,243
Non-voted expenditure	53,966	-	53,966	12,015,941	-	12,015,941	12,069,907	-	-	-	12,701,350	-
Total for Estimate	1,267,602	-112,804	1,154,798	35,016,907	-340,796	34,676,111	35,830,909	933,943	-41,000	892,943	35,367,796	921,243

PART II: RESOURCE TO CASH RECONCILIATION

			£'000
	2026-27 Plans	**2025-26 Plans**	**2024-25 Outturn**
Net Resource Requirement	**35,830,909**	**35,367,796**	**33,608,277**
Net Capital Requirement	**892,943**	**921,243**	**728,073**
Accruals to cash adjustments	**1,104,672**	**460,978**	**-803,353**
Of which:			
Adjustment for ALBs:			
Remove voted resource and capital	-	-	-
Add cash grant-in-aid	-	-	-
Adjustments to remove non-cash items:			
Depreciation	-726,710	-860,112	-706,446
New provisions and adjustments to previous provisions	-50,000	-85,460	-108,983
Departmental Unallocated Provision	-	-	-
Supported capital expenditure (revenue)	-	-	-
Prior Period Adjustments	-	-	-
Other non-cash items	-10,000	-10,000	4,977
Adjustments to reflect movements in working balances:			
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	7,477	-6,135	-
Increase (-) / Decrease (+) in creditors	1,843,905	1,392,685	-
Use of provisions	40,000	30,000	7,099
Removal of non-voted budget items	**-12,069,907**	**-12,701,350**	**-13,071,902**
Of which:			
Consolidated Fund Standing Services	-	-	-
Other adjustments	-12,069,907	-12,701,350	-13,071,902
Net Cash Requirement	**25,758,617**	**24,048,667**	**20,461,095**

PART III: NOTE A - STATEMENT OF COMPREHENSIVE NET EXPENDITURE & RECONCILIATION TABLE

£'000

	2026-27 Plans	2025-26 Plans	2024-25 Outturn
Gross Administration Costs	1,267,602	1,226,761	1,119,274
Less:			
Administration DEL Income	-112,804	-119,586	-126,313
Net Administration Costs	**1,154,798**	**1,107,175**	**992,961**
Gross Programme Costs	35,056,907	34,605,015	32,972,706
Less:			
Programme DEL Income	-335,196	-309,014	-353,124
Programme AME Income	-5,600	-5,380	-4,957
Non-budget income	-1,000	-1,000	-872
Net Programme Costs	**34,715,111**	**34,289,621**	**32,613,753**
Total Net Operating Costs	**35,869,909**	**35,396,796**	**33,606,714**
Of which:			
Resource DEL	6,738,167	5,886,661	5,130,386
Capital DEL	-	-	-
Resource AME	29,132,742	29,511,135	28,477,200
Capital AME	-	-	-
Non-budget	-1,000	-1,000	-872
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	1,000	1,000	872
Other adjustments	-40,000	-30,000	691
Total Resource Budget	**35,830,909**	**35,367,796**	**33,608,277**
Of which:			
Resource DEL	6,738,167	5,886,661	5,138,176
Resource AME	29,092,742	29,481,135	28,470,101
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)	**35,830,909**	**35,367,796**	**33,608,277**

PART III: NOTE B - ANALYSIS OF DEPARTMENTAL INCOME

			£'000
	2026-27 Plans	**2025-26 Plans**	**2024-25 Outturn**
Voted Resource DEL			
Administration			
A: HMRC			
Sales of Goods and Services	-112,804	-119,586	-118,042
Other Income	-	-	-8,271
Total Sales of Goods and Services	**-112,804**	**-119,586**	**-118,042**
Total Other Income	**-**	**-**	**-8,271**
Total Administration	**-112,804**	**-119,586**	**-126,313**
Programme			
A: HMRC			
Sales of Goods and Services	-335,196	-246,363	-289,591
Other Income	-	-	-2,283
VO			
Sales of Goods and Services	*-*	*-62,651*	*-61,147*
Other Income	*-*	*-*	*-103*
Total Sales of Goods and Services	**-335,196**	**-309,014**	**-350,738**
Total Other Income	**-**	**-**	**-2,386**
Total Programme	**-335,196**	**-309,014**	**-353,124**
Total Voted Resource DEL	**-448,000**	**-428,600**	**-479,437**
Voted Resource AME			
Programme			
J: Business Rates for Diplomatic Missions & Organisations			
Sales of Goods and Services	-5,600	-5,380	-4,957
Total Sales of Goods and Services	**-5,600**	**-5,380**	**-4,957**
Total Programme	**-5,600**	**-5,380**	**-4,957**
Total Voted Resource AME	**-5,600**	**-5,380**	**-4,957**
Total Voted Resource Income	**-453,600**	**-433,980**	**-484,394**
Voted Capital DEL			
Programme			
A: HMRC			
Sales of Assets	-41,000	-29,750	-21,960
VO			
Sales of Assets	*-*	*-250*	*-913*
Total Sales of Assets	**-41,000**	**-30,000**	**-22,873**
Total Programme	**-41,000**	**-30,000**	**-22,873**
Total Voted Capital DEL	**-41,000**	**-30,000**	**-22,873**
Total Voted Capital Income	**-41,000**	**-30,000**	**-22,873**

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

	2026-27 Plans		**2025-26 Plans**		**2024-25 Outturn**	
	Income	***Receipts***	**Income**	***Receipts***	**Income**	***Receipts***
Income in budgets surrendered to the Consolidated Fund (resource)	-	-	-	-	-	-
Income in budgets surrendered to the Consolidated Fund (capital)	-	-	-	-	-	-
Non-budget amounts collectable on behalf of the Consolidated Fund (in the SoCNE)	-1,000	*-1,000*	-1,000	*-1,000*	-872	*-872*
Total	**-1,000**	***-1,000***	**-1,000**	***-1,000***	**-872**	***-872***

DETAILED DESCRIPTION OF CFER SOURCES

£'000

	2026-27 Plans		**2025-26 Provisions**		**2024-25 Outturn**	
	Income	***Receipts***	**Income**	***Receipts***	**Income**	***Receipts***
Non-Budget						
Bank Interest and Compensation	-1,000	*-1,000*	-1,000	-1,000	-872	*-872*
Total	**-1,000**	***-1,000***	**-1,000**	***-1,000***	**-872**	***-872***

PART III: NOTE D - EXPLANATION OF ACCOUNTING OFFICER RESPONSIBILITIES

The Accounting Officer prepares resource accounts for each financial year. See Section 2, Part III - Other statements and notes for further details of Accounting Officer responsibilities.

Accounting Officer:	John-Paul Marks

PART III: NOTE J - STAFF BENEFITS

Recognition – Simply Thanks
For the financial year 2025–2026, budget holders have delegated authority to present recognition 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 £25 vouchers. The vouchers are funded from the Department's pre existing budget for bonuses.

Employee Discounts and Salary Sacrifice Schemes
HMRC's employee benefits provider, Reward Gateway Edenred (RGER), operates the HMRC Rewards portal. Through this portal, colleagues can access a wide range of employee discounts and make use of various salary sacrifice schemes.
HMRC operates an Employee Discount Scheme through HMRC Rewards, which provides colleagues with access to discounted retail vouchers and the ability to purchase certain goods and services at a reduced rate. The cost of any items purchased is met by the employee.

Cycle to Work (CtW)
The Cycle to Work (CtW) scheme is part of the Government's Green Transport Plan to promote healthier journeys to work and reduce environmental pollution. The scheme allows staff to vary their contract of employment to sacrifice part of their salary and, in return, receive the loan of a bicycle and cycling equipment. Staff may use the bicycle and equipment in their spare time as well as for commuting.
The scheme is administered on behalf of HMRC by Cycle Solutions and Halfords.

Payroll Giving
Payroll Giving is also offered as a salary sacrifice option through HMRC Rewards, allowing colleagues to make regular charitable donations directly from their gross pay, reducing the cost of giving.

Childcare Vouchers (Salary Sacrifice)
Childcare (Salary Sacrifice) schemes are closed to new joiners; however, HMRC continues to operate a scheme for existing employees who opted in prior to its closure. This allows staff to vary their contract of employment to sacrifice part of their salary in exchange for childcare vouchers.

Dental Insurance
As part of the RGER contract, colleagues can also access dental insurance through Unum Dental's corporate scheme, which is paid for via direct debit.

Long Service Awards
HMRC uses long service recognition to acknowledge jobholders who complete a total of 30, 40, 50 and 60 years of service within the Civil Service. Colleagues in all grades, including the Senior Civil Service, who reach these milestones will receive the following:

30 years: a recognition payment of £100
40 years: a choice between a recognition payment of £150 or three days' Special Recognition Leave
50 and 60 years: a choice between a recognition payment of £200 or five days' Special Recognition Leave

PART III: NOTE K - CONTINGENT LIABILITIES

Nature of liability	£'000
Legal Claims - exists for costs that may be awarded should various legal cases be determined against the department. The contingent liability covers all such cases where the outcome is unknown or cannot be estimated reliably.	150,500
Guaranteed Costs- possible liability where appointed liquidators have been guaranteed payment of their costs with a view to recovery of outstanding tax liabilities.	400
Dilapidations - Costs that may be incurred for IFRS16 dilapidation liabilities for private landlord leases.	71,100
Other- the department has a number of further contingent liabilities.	70,000