



30 Monck Street
London SW1P 2AP
T: +44 (0)20 7340 0550
E:post@ciot.org.uk

Ref: TPOC/submissions/1047

17 January 2023

HM Revenue and Customs
By email only

Via email: statisticsenquiries@hmrc.gov.uk

Dear sir / madam

Consultation on changes to HMRC statistics publications

The Chartered Institute of Taxation (CIOT) is the leading professional body in the UK for advisers dealing with all aspects of taxation. We are a charity and our primary purpose is to promote education in taxation with a key aim of achieving a more efficient and less complex tax system for all. We draw on the experience of our 19,000 members, and extensive volunteer network, in providing our response.

We are pleased that HMRC have already confirmed to us that the proposed changes to statistics publications do not affect the actual collection of data by HMRC. This would have been of great concern, and so we are reassured that this is not the case.

On this basis, we only have comments on the proposals relating to statistics on inheritance tax (IHT), and non-domiciled taxpayers in the UK.

Inheritance tax statistics

HMRC propose making changes to the IHT statistics publication. We annotate each proposed change with our comments.

1. *Discontinue Table 12.1 (IHT: analysis of receipts)*

HMRC propose to discontinue publishing this table on the basis that detailed statistics on trends in annual IHT receipts is already met by HMRC's tax receipts and national insurance for the UK annual bulletin¹ and the ONS' public sector finance² releases.

The first document referenced just shows the total of IHT receipts in a year; the second does not appear to show any separately identifiable figures for IHT (as against other taxes). Thus, it seems to us that the figures showing how the amount of IHT raised from each of the various categories of charge (death, lifetime chargeable transfers, trust charges) will cease to be made available. These are useful statistics as they provide an immediate indication of the relative significance of the various components of the IHT regime. If indeed the breakdown does appear elsewhere in published statistics, this exercise demonstrates that it is not readily accessible.

In our opinion, to discontinue the publication of Table 12.1 would be a retrograde step, and contrary to commitments to transparency. We do not support it.

2. *Expand table 12.3a to add the average effective tax rate faced by taxpaying estates in each 'net estate' band.*

We agree that to add this information would enhance transparency and public understanding of the effective impact of IHT on a deceased's estate.

3. *Discontinue table 12.7. We judge that the public interest for detailed statistics on 10-year anniversary charges paid by trusts is already met by table 12.8, and that table 12.7 does not add value.*

Table 12.8 usefully sets out an analysis of the assets held within trusts at their 10-year anniversary, their numbers and totals. What it fails to show (which Table 12.7 usefully does) are the numbers of trusts falling within certain value bands. Again, by failing to publish this information, an understanding of the impact of IHT on different sizes of trusts will be lost. We accept that the data for individual years may look 'lumpy' since there is a relatively small number of trusts having their 10-year anniversary in any given year and the assets comprising them will inevitably differ; nevertheless, by looking at the figures over the years a fair level of understanding may be gained.

4. *Add an additional table to the publication that provides detailed statistics on the exit (proportionate) charges paid by trusts, in the same format as table 12.8. We judge it would be helpful to have this information in the public domain to inform the public debate around the use of trusts for tax planning.*

We agree that including this information on exit charges would improve understanding of how trusts operate generally, and when they pay IHT. We do not see how such information could be extrapolated in any meaningful way to indicate the use of trusts for tax planning.

5. *Discontinue tables 12.10b and 12.11. We judge that the public need for detailed statistics on the geographical breakdown of taxpaying estates by UK nation and region is already met by the statistics published in table 12.10a. We also propose that we continue to publish table 12.12 (geographical breakdown by UK Parliamentary constituency) due to public interest.*

¹ <https://www.gov.uk/government/statistics/hmrc-tax-and-nics-receipts-for-the-uk/hmrc-tax-receipts-and-national-insurance-contributions-for-the-uk-new-annual-bulletin#inheritance-tax>

²

<https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/bulletins/publicsectorfinances/june2022>

We find it difficult to believe that there is great public (as against Parliamentary) interest in the information disclosed by Table 12.12 (Geographical breakdown by UK Parliamentary constituency) when the figures for so many constituencies are ‘not available due to disclosure control’. Whilst a similar filter is applied to Table 12.11 (Tax liability by local administrative units) there are fewer exclusions, as each base area is larger. We think that greater transparency and public understanding would be achieved by continuing to publish Table 12.11 and no longer publishing Table 12.12. Furthermore, not only could Table 12.10b be dropped, but Table 12.10a also, if the aggregate totals of estates and amounts for each part of the UK were included within Table 12.11.

6. *In light of the above proposals, we would reorder the numbering of the tables in the publication.*

We do not think that reordering the numbering of the tables improves understanding. Certain numbers are already omitted from the sequence. When comparing statistics (particularly those archived) from an earlier year it would be difficult to have to compare differently numbered tables to unearth the same information.

Statistics on non-domiciled taxpayers in the UK

1. *Shorten the time series of all tables and charts to cover the last eight years.*

While we have no objection to HMRC’s shortening the timescale for data, and restricting it to the past eight years for other areas, it is important to retain an overall summary (figure 1 and table 1) of total non-domiciled numbers since 2008. This is necessary to compare the current position to when the domicile rules were overhauled in 2008, and particularly following the 2017 changes. This is very useful for seeing how effective the changes over the years have been, as well as giving an overall long-term trend.

2 – 10. *Rationalisation of other tables.*

We note that certain data is currently suppressed (referred to in the tables as ‘disclosive’). We understand this to mean that its publication may lead to the identification of a specific individual, but if this is not the case, we would be keen to understand the reasons for suppression.

Assuming all the numbers / figures / tables being presented are complete and accurate, and able to show the total of all taxes paid (ie income tax, CGT and NIC), we would have no objection in principle to the suppression of certain data from detailed statistics. However, that data should of course be included in the calculations of total taxes paid. It is also important to be able to compare like with like, so that trends can be monitored, and the impact of changes properly assessed.

Statistics on trusts

1. *Shorten the time series of all tables and charts to cover the last 8 years.*

Whilst the 18 year span of some of the tables might seem excessive, we suggest that it may be more appropriate for trusts (where IHT charges may occur on a 10-yearly basis and so the combined impact of IHT, income tax and CGT is relevant to understand the impact of taxation on trusts generally, and their contribution to the exchequer) for the period covered to be reduced to 11 years, rather than the proposed 8 years which seems is purely a self-assessment construct.

2. *Investigate the possibility of enhanced content drawn from the Trust Registration Service (TRS) - We would be grateful for feedback from users on which information from the TRS³ is most required. Provide income band statistics only for the latest year, rather than a time series. Data for previous years would be available in the*

³ <https://www.gov.uk/hmrc-internal-manuals/trust-registration-service-manual/trsm32000>

National Archives. Doing this would enable us to then combine tables 2 and 4 to include both the number of trusts and the amount of income in each income band for the latest year. We would also separately combine tables 5 and 7 for similar reasons. This would be consistent with current practice in the publication commentary.

Figure 1 is useful in providing the statistics for registrations each year on the TRS. We think it would not be helpful in understanding the impact of the TRS generally if that were to be reduced to a mere snapshot of the current year. HMRC already hold that information and (as demonstrated by its publication) the ability to collate it. By contrast, it would require substantial efforts by members of the public to achieve an equivalent outcome. We suggest that each series be maintained for a minimum of 8 years, but preferably 11 years (as set out above). We therefore cannot support the combination of tables 2 and 4, and 5 and 7. In any event it is difficult to envisage what the proposed revisions would look like, without having sight of the proposed outcome.

Regarding additional information, publication of the total numbers of registrations on the TRS in the three categories currently disclosed, as at the end of each tax year (all registrations less de-registrations), would provide a useful indication of the impact of the TRS on the use of trusts in the UK.

3. Simplify the commentary by dropping tables from sections 2 to 5, but not the associated charts. Users can still refer to the relevant tables in the published downloadable data spreadsheet.

Having the combination of charts (which convey the broad picture so well) and tables of detailed information in the one place aids accessibility and ease of understanding. It would, in our view, be a retrograde step to drop the current commendable practice, notwithstanding the commitment to continue the separate publication of the data spreadsheets.

4. Making the above changes would lead to a renumbering of the remaining tables.

As stated above in relation to the sixth IHT proposal, we do not think that reordering the numbering of the tables improves understanding. When comparing statistics (particularly those archived) from an earlier year it would be difficult to have to compare differently numbered tables to unearth the same information.

We would be grateful if you could acknowledge safe receipt of this submission, and ensure that the Chartered Institute of Taxation is included in the List of Respondents when any outcome of the consultation is published.

If you have any queries regarding our comments, please contact us at technical@ciot.org.uk.

Yours faithfully

By email

John Cullinane

Director of Public Policy

The Chartered Institute of Taxation

The CIOT is an educational charity, promoting education and study of the administration and practice of taxation. One of our key aims is to work for a better, more efficient, tax system for all affected by it – taxpayers, their advisers and the authorities. Our comments and recommendations on tax issues are made solely in order to achieve this aim; we are a non-party-political organisation.

Our stated objectives for the tax system include:

- A legislative process that translates policy intentions into statute accurately and effectively, without unintended consequences.
- Greater simplicity and clarity, so people can understand how much tax they should be paying and why.
- Greater certainty, so businesses and individuals can plan ahead with confidence.
- A fair balance between the powers of tax collectors and the rights of taxpayers (both represented and unrepresented).
- Responsive and competent tax administration, with a minimum of bureaucracy.

The CIOT's work covers all aspects of taxation, including direct and indirect taxes and duties. Through our Low Incomes Tax Reform Group (LITRG), the CIOT has a particular focus on improving the tax system, including tax credits and benefits, for the unrepresented taxpayer.

The CIOT draws on our members' experience in private practice, commerce and industry, government and academia to improve tax administration and propose and explain how tax policy objectives can most effectively be achieved. We also link to, and draw on, similar leading professional tax bodies in other countries.

Our members have the practising title of 'Chartered Tax Adviser' and the designatory letters 'CTA', to represent the leading tax qualification.