

**EMBARGOED UNTIL 00:01 on 16<sup>th</sup> March 2011**

**Press Release**

**All Party Parliamentary Group on Taxation**

**16<sup>th</sup> March 2011**

**Cross Party Parliamentary Group on Taxation makes the case for fundamental reform of HMRC**

The All Party Parliamentary Group on Taxation announced publication today of a report on PAYE improvement that calls for a fundamental reform of the way that HMRC treats and uses data. The report concludes that without significant improvements to HMRC's overall information management and data quality use the benefits of "real time" PAYE reform (RTI) and the new Universal Credit currently being progressed by the coalition Government would not be realised.

The report reviews developments since the last report by the APPG on Taxation (published in March 2010); examines the causes behind the current problems being experienced with the operation of the PAYE system; and makes some recommendations intended to help resolve existing PAYE and HMRC operational issues. Concepts addressed include: improving the IT infrastructure and data quality use within HMRC, and the adoption by HMRC of more efficient commercial sector practices.

Published at a key stage in the political calendar, following the publication by HMRC of the PAYE phase two consultation (in December 2010); and the announcement of new proposals to progress the Universal Credit (supported by RTI), the report found that the current PAYE system needed to modernise and change to cope with the demands of 21st Century working patterns. It concludes that by improving data quality HMRC could significantly enhance the level of service it offered to its customers; reduce error and make efficiency savings. Key recommendations included:

- Implement secure online two-way communication between citizens and organisations, and HMRC;
- Increase the use of automated matching for open cases;
- Extend the use of the current secure online login system to enable citizens to view and keep their own personal details up to date;
- Review and update the end-to-end data and information management requirements as part of the move to RTI, identifying who needs to hold what data for what purposes; and
- Continue the changes that will enable citizens to view all of their dealings with HMRC in one place or document.

Commenting on the report's findings, Ian Liddell-Grainger MP (APPG Tax Chairman) stated: "It is evident that the taxation system in the UK is not fit for purpose. However, I commend the coalition

Government for progressing the much needed reform of the PAYE and welfare systems and I hope that our report makes a positive contribution to this debate”.

He added,

“Making the right changes could enable PAYE to once again become a very successful and efficient way to collect tax. However HMRC needs to fundamentally overhaul the way it treats and uses data. It should adopt processes already widely deployed in the commercial sector, including automated data matching, the use of existing third-party services and empowering the citizen to enable them to keep their own personal details up to date”.

Report author, Adam Marks concluded, “Without improvements to HMRC’s overall information management and data quality the benefits of RTI will be largely wasted since their full potential will never be realised and the problems around open cases and rising citizen and organisation complaints will continue”.

#### **Notes to Editors**

- **The goal of the APPG Taxation is to look at and understand tax policy and taxation at all levels; to understand VAT and PAYE in the UK; to contact and talk to accountants and Revenue officials; to look at European tax affairs and international taxation.**
- **The APPG Taxation is made up of Members of Parliament and Peers interested in taxation issues. The purpose of this website is to share some of our current work and invite further participation. If you are a Member, peer or outside stakeholder, please contact the group to get involved. Please find attached to this press release a copy of the APPG on Taxation report.**
- **For more information please speak to the report’s author on 0207 219 149/07752355754**
- **For a comment from the Chairman of the APPG on Taxation please call 07779990659**