



HM Revenue
& Customs

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The Rt Hon. the Lord Forsyth of Drumlean
Chair, House of Lords Economic Affairs Finance Bill
Sub-Committee
House of Lords
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Dear Lord Forsyth,

Thank you for your further letter of 1 November seeking additional information in relation to disguised remuneration schemes and Making Tax Digital.

The Sub-Committee have asked whether any current or former HMRC contractors have used disguised remuneration schemes. HMRC has never participated in disguised remuneration schemes when paying its employees or contractors, and carries out diligently the checks required by both specific central government guidance and the law. As the tax authority HMRC also carries out compliance activity in relation to all government departments to ensure compliance with tax legislation.

As requested, I attach further information about disguised remuneration settlements to date.

We are also working to provide the additional information requested on the impact assessment for Making Tax Digital as soon as possible. I expect to be in a position to share this later this week.

Yours sincerely,

Ruth Stanier
Director General, Customer Strategy and Tax Design

HMRC settlements since announcement of disguised remuneration policy in Budget 2016 (numbers as at November 2018)		
Number	Around 5,000	
Settlement amount	Over £0.5bn	
Further settlements information and breakdown*		
	Employers	Individuals
Proportion of settlements	25%	75%
Proportion of settlement yield	90%	10%
Average settlement yield	£525k	£23k
Settlement breakdown	<ul style="list-style-type: none"> - 1/3 settled for less than £100k - 1/3 settled for between £100k and £300k - 1/3 settled for £300k or more 	<ul style="list-style-type: none"> - Over 80% settled for less than £30k - Remainder settled for £30k or more
<p>*The further information provided is based on analysis from the latest snapshot of recorded yield data. These estimates are subject to change as HMRC settle more cases and as more data becomes available. The breakdown provided adheres to the requirement to maintain taxpayer confidentiality.</p>		