



HM Revenue
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Dear Ms Hillier,

HMRC Corporation Tax Statistics

Sir Jonathan Thompson has asked me to write to you. I am very sorry to inform you that HMRC has identified an error in the published Corporation Tax receipt statistics. We have also taken on planned revisions. We have corrected the estimates for the period April 2011 to July 2019 in our statistical publication today: <https://www.gov.uk/government/statistics/corporation-tax-statistics-2019>.

This is a statistical reporting error. It does not affect the amount of tax paid by companies and received by HMRC, or the figures reported in HMRC's accounts.

Corporation Tax statistics need to take account of Corporation Tax Credits, which are reliefs designed to encourage various activities. They work by either reducing a company's liability to Corporation Tax, or by making a payment to the company. To produce gross Corporation Tax receipts, the value of these credits is added to the payments received. Quality assurance checks have identified some double counting of credit values when using internal financial data in the statistical production process.

The scale of the revisions varies between years. The revised Corporation Tax receipts figures published today are £650m lower in 2011/12, £2.3bn lower in 2017/18, and £4bn lower in 2018/19. It remains the case that onshore Corporation Tax receipts (including the Bank Surcharge) have risen significantly in recent years – with growth of 50% between 2011/12 and 2018/19.

The revisions affect the ONS's estimate of Public Sector Net Borrowing (PSNB), which draws on the gross Corporation Tax receipts statistics. There is no impact on Public Sector Net Debt (PSND) for outturn years. The ONS figures released today take on our revised receipts series, together with other data and methodology changes. The

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changes are explained in the ONS publication:
<https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/bulletins/publicsectorfinances/august2019>

The revisions will also impact on the Office for Budget Responsibility's next set of forecasts.

This is a serious error, and we are taking action to prevent any recurrence. We have commissioned an independent review of the analytical and quality assurance process used to generate HMRC's published statistics. This review will be led by Ed Humpherson, Director General for Regulation and head of the Office for Statistics Regulation.

We would be happy to pick this up in HMRC's next scheduled parliamentary engagement with the Committee of Public Accounts on 21 October.

Yours sincerely



JIM HARRA
SECOND PERMANENT SECRETARY AND DEPUTY CHIEF EXECUTIVE