Technical Newsdesk: May 2025

Welcomes



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Not everything that can be counted counts, and not everything that counts can be counted. Whether you attribute this advice to Albert Einstein, William Bruce Cameron or even Billy Bragg, it makes you think about the usefulness of numbers and statistics.

This is currently on my mind as, with input from volunteers and colleagues, I led the CIOT's response to the recent HMRC consultation on the changes they propose to make to their statistics publications. There is a summary of our comments in this month's Technical Newsdesk.

A significant amount of statistical information is published across a variety of taxes and topics. They can be found at tinyurl.com/yrvf5x9f, although you have to dig a bit deeper to find some of them. For example, the VAT annual statistics are located within the collection 'VAT, excise duties and other minor industry specific duties and levies' under the sub-heading 'Business taxes statistics'. As a former VAT specialist, I wonder whether I should be a bit miffed that VAT appears described in this way!

Publication of statistical information is useful to stakeholders like us when we engage with HMRC and HM Treasury and comment on the likely impact of proposed tax changes, or the impact of existing measures. Other users, such as policymakers, academics and the media will also find them informative.

But, when faced with this wealth of information, it is useful to think about what else would be helpful to know, so that the tax system can be continually evaluated and improved. For example, HMRC attributes approximately 60% of the tax gap to small businesses; however, their definition of ‘small’ (below £10 million turnover and fewer than 20 employees) results in 95% of businesses in the UK being treated as small.

While we recognise that published figures need to have a certain confidence level (and so may need to be published on a trusted or ‘experimental’ basis), we suggested in our response that a more granular breakdown between turnover levels, industry sector, etc. could help businesses and their advisers to focus on the areas of greatest non-compliance.

In a recent meeting, HMRC shared with professional bodies some surprising information about simple assessment. The information is not in the public domain, so I am unable to share it here. But it is clear from what HMRC told us that more is needed (and indeed HMRC are planning) to increase awareness of the simple assessment regime, improve the customer journey, and hence timely payment of the associated liability.

Several years ago, when meeting with HMRC to discuss their tax agent strategy, we talked about the potential to share industry-specific information – either publicly or just with agents. This would enable businesses and their advisers to see the ‘norms’ for their industry, and therefore sense-check the correctness of their figures and declarations if they fell outside these parameters. Again, this is not without risks, as unscrupulous businesses or agents might then feel they know the boundaries within which they can operate. But again, this could be done on an experimental basis to start with, to see whether it improves compliance.

We will continue to encourage HMRC to publish more statistical information – at least that which counts.