Better use of new and improved third-party data: LITRG response

Personal tax

October 2026

23 September 2026

LITRG have responded to a technical consultation on draft legislation, draft notices and guidance in respect of a measure to improve the quality and consistency of third-party data HMRC receive on interest income.

LITRG support the principle of HMRC making smarter use of third-party data with the aim of improving the taxpayer experience and making it easier for taxpayers to get their tax right. In previous submissions to consultations on this topic, we have repeatedly highlighted the need for appropriate safeguards, transparency around data and robust processes for taxpayers to challenge any defects or errors in it.

The consultation covered secondary legislation being made under the regulation-making powers contained in Finance Act 2026 Sch 23.

LITRG note one significant and concerning omission: the draft legislation does not include provisions under the regulation-making powers contained in Finance Act 2026 Sch 23 para 4, concerning the provision of data to persons other than HMRC. We think that providing taxpayers with this data would play a key role in supporting them to get their tax right and understand their tax position. It would also provide a key safeguard by allowing taxpayers to see the information provided about them to HMRC, check its accuracy and provide a starting point if they need to challenge it.

We strongly recommend that the regulation-making powers set out in para 4 are used.

We also take the opportunity to highlight again that, because of the inevitability of errors in third-party data and the possibility of errors in HMRC data-matching, there need to be clear and accessible HMRC-supported mechanisms to enable taxpayers to challenge and correct third-party data.

The full response is on the LITRG website at www.litrg.org.uk/11270.

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