

The National Audit Office and HM Revenue & Customs

Presented by David Allen

Why am I here today?

- To give a brief overview of some of our work with HMRC
- To specifically talk about the latest Corporation Tax study
- To discuss the potential for drawing on large business views

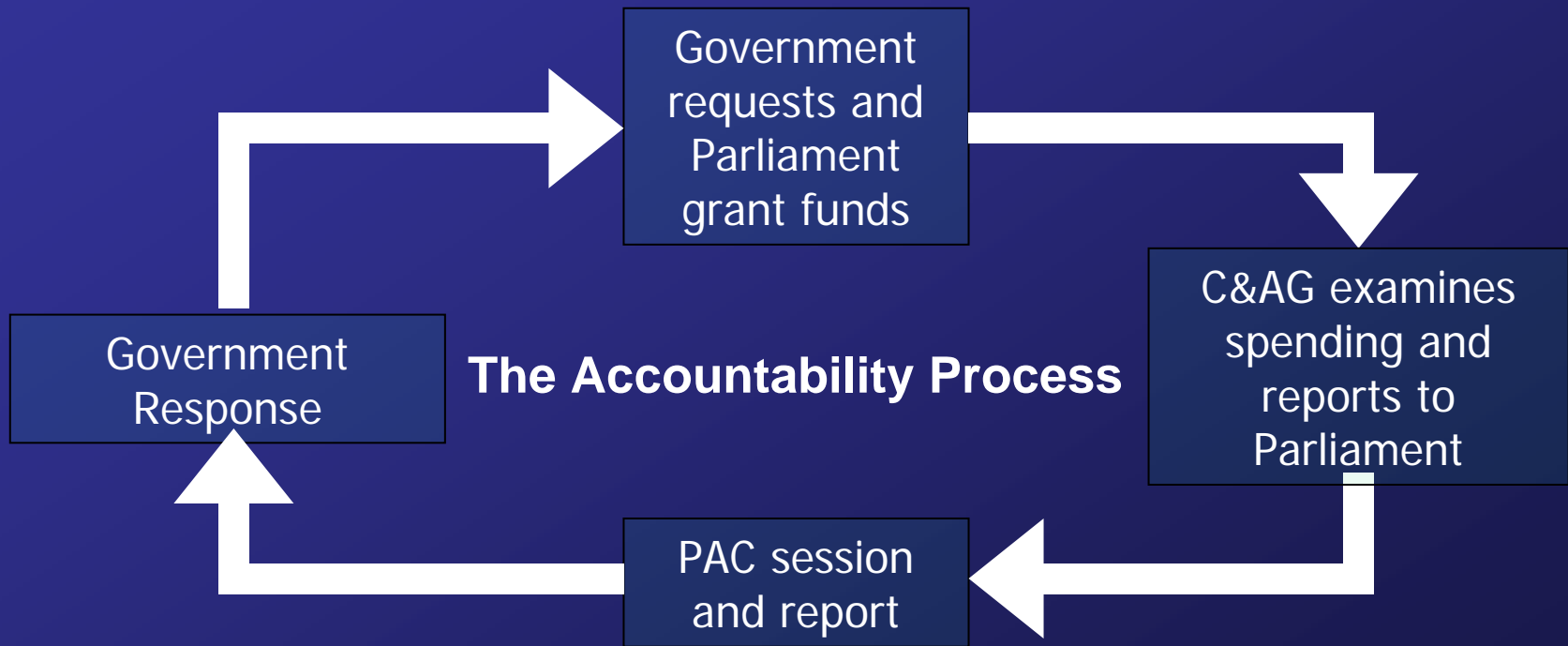
What is the National Audit Office?

- The role of the NAO is:
 - To provide independent information, assurance and advice to Parliament on the use of public resources
 - To help promote better financial management and value for money

What is the National Audit Office?

- Value for Money audit looks at:
 - How well Government policy is delivered
 - In particular:
 - Economy
 - Efficiency
 - Effectiveness
 - 60 reports are published a year

What is the National Audit Office?



Recent NAO work with HMRC

- ASPIRE-re-competition of the outsourced IT services (Jul 06)
the procurement and subsequent transition to a new contract and supplier
- VAT on e-commerce (May 06)
growth in e-commerce for VAT
- Corporation Tax: HMRC area offices (Jan 06)
management of CT for those businesses dealt with by local Areas

Current NAO work with HMRC

- Helping newly registered businesses meet their tax obligations
- Filing VAT and Corporation Tax returns
- Accuracy of processing for Income Tax and National Insurance
- HMRC's management of large business Corporation Tax

Corporation Tax Study:

What is our study about?

*Reviewing the Department's approach to
the management of large business
Corporation Tax*

Corporation Tax Study:

Why do a study?

- Large businesses are prime contributors to the overall CT collected
- It is an appropriate follow up to the first CT study
- The LBS are at a transition point - opportunity to assist with the change process:
 - New operating model
 - Varney Review
- There are increasing challenges for HMRC as large businesses continue to globalise their operations
- Topical issue

Corporation Tax Study:

What is our approach?

- What are the key risks affecting the HMRC's business in terms of:
 - Tax gap
 - Large business (the customer)
 - HMRC itself
- What factors are contributing to these risks?
- Are there opportunities for improvement?
- How do HMRC measure their performance?

Corporation Tax Study: Our proposed timings?

- Fieldwork Dec to Mar
- Draft audit findings April
- Publish report July

Corporation Tax Study:

How will we capture large business views?

- External Focus Group
- An Advisory Panel including:
 - A representative from the Confederation of British Industry
 - A representative from the Institute of Directors
- A mentor for the study team, with experience of large business
- Use of consultants
- Drawing on HMRC customer surveys
- Administration Burdens - KPMG

Potential role of Large Corporates Forum?

- Input into the study
- Relationship with Large Business Advisory Board
- Other studies

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