

News Release

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PUTTING SMALL BUSINESS AT THE HEART OF HM REVENUE AND CUSTOMS

Details of a new small business unit that will transform tax administration for small businesses, were announced today by David Varney, Chairman of Inland Revenue and Customs and Excise.

The new unit will sit at the heart of HM Revenue and Customs (HMRC), and will champion the needs of small businesses. It will be charged with improving customer experience and compliance as well as reducing costs – for both businesses and HMRC – by eliminating unnecessary contact. It will ensure that the development and delivery of the tax system takes full account of the needs of small business and that necessary contact is handled effectively, efficiently and comprehensively. Theresa Middleton, a senior official with Revenue and Customs experience, has been appointed to lead the unit.

A high-level advisory group with senior private sector representation will guide the work of the small business unit and ensure that the department harnesses the business community's ideas for improved compliance at lower costs. William Sargent, Chairman of the Small Business Council and Martin Wyn Griffith, Chief Executive of the Small Business Service, have agreed to join the group, which will be chaired by Dave Hartnett of the Board of Inland Revenue.

Announcing details of the new unit David Varney said:

“The Chancellor has challenged us to produce very significant improvements in the way the tax system is administered for businesses, particularly small businesses. I know from my own business experience that such a transformation can only be achieved through a strong emphasis on customer focus. That means we need to build on existing knowledge to achieve a much deeper understanding of our business customers: listening to them and responding to their needs, rather than assuming that we know best.”

The longer-term goal for HMRC is to enable its support and compliance staff to take a “whole view” of each customer, tailoring the services provided and minimising the burden of compliance by providing:

- joined-up systems so that business needs to provide information only once, when possible through a single form;
- integrated audits covering direct and indirect taxes;

- a single account through which all payments and repayments may be made;
- streamlined and effective support and access to information in a way that better suits small business customers, including more effective use of information technologies and the internet.

This longer-term vision will require enabling legislation as well as the development of new information and IT systems and will take a number of years to build. As a first step the departments will now begin consulting on the scope for a single tax return that would bring together all small business taxes.

HMRC will be working closely with the small business team in HM Treasury to ensure that policy development is fully informed by its experience of providing services to small business customers and that gained from its compliance activities.

NOTES FOR EDITORS

1. Further details of proposals to integrate and streamline services to small business will be published alongside Budget 2005, with a progress report in the autumn. A review of tax administration for medium-sized businesses will also start soon. The review will focus on future channels of communication between those businesses and HM Revenue and Customs.

2. The Commissioners for Revenue and Customs Bill which will provide the authority to integrate Inland Revenue and HM Customs & Excise and create HMRC was introduced to Parliament on 25 November. The Chancellor announced his decision to create HMRC in Budget 2004, following the recommendations of the Gus O'Donnell's review of tax administration, "Financing Britain's Future", available at www.hm-treasury.gov.uk.

3. Theresa Middleton has worked in senior roles in both Customs and Inland Revenue, as well as at the Cabinet Office. She will be moving from her current role in Customs' Strategy Unit. In the Revenue she has worked in policy (in particular on corporation tax) and operations (running a local tax office) as well as time in communications and finance (where she led the Inland Revenue's Spending Review 2002 bid and ran its budget).

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