

Changes to HMRC Statistics Publications – Submission

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13th January 2023

Executive summary

- HMRC statistics are immensely valuable for policy analysis. A move towards slightly reducing their quantity but focusing on high quality statistics is sensible. Many of the proposals put forward in this consultation are ones we support. However, there are some areas where we feel the proposals would reduce the availability of useful information, in some cases with little time saving to HMRC.
- In our detailed comments we highlight areas where we disagree, as well as many areas where we agree and particularly wish to note our support. For these points we explain the reasoning behind our views.
- A wider point that goes beyond this consultation, is for HMRC (and other government departments) to think in the round about the different routes through which they make data available. HMRC publications are one route, but improving the accessibility of the underlying data (suitably anonymised and in a secure environment) is another way in which valuable information can be produced while limiting the cost to HMRC of its production.

About us

Arun Advani is Associate Professor of Economics at the University of Warwick. He is also a Research Fellow at the Institute for Fiscal Studies, Research Associate at the CAGE Research Centre and a Visiting Fellow at the LSE International Inequalities Institute. He studies issues of tax compliance and tax design, with a particular focus on those with high incomes or wealth; and also issues of education and skills development in the labour market.

David Burgherr is a Research Officer at the London School of Economics International Inequalities Institute, currently working on tax policy, non-doms and migration. Prior to joining LSE, completed an MSc in Economics from the University of Bern.

Helen Hughson is a Research Fellow at the London School of Economics, and Visiting Fellow at the LSE International Inequalities Institute. Her research currently focuses on tax policy, inequality and migration issues. She previously worked as an economist at the Reserve Bank of Australia. She has an MSc in Economics from University College London.

Andy Summers is an Associate Professor of Law at the London School of Economics and an Associate of the International Inequalities Institute at LSE. His teaching and research focus on tax law and policy, particularly the taxation of wealth. His work also investigates the measurement of inequality using tax data.

Our research

As a team we are frequent users of many of the underlying datasets used to produce these HMRC statistics. We access these from data within HMRC's secure Datalab facility. However, we are also externally users of many of the HMRC publications, in which context we make our remarks below.

Detailed responses

Expanding the coverage of publications

Corporation Tax receipts, liabilities and Bank Levy

We support a move towards providing the sectoral breakdowns based on Standard Industrial Classification (SIC) codes, which are the most widely used classification of industrial sectors in the UK. This alignment with the UK standard would make it easier to use statistical outputs in conjunction with existing data. While there are areas where SIC codes themselves could be improved, it is clearly beyond the scope for HMRC to consider.

Payrolled employments in the UK by region, industry and nationality

We agree that extending this publication would be useful as the topic is of significant public interest. If disclosure considerations prevent publication by individual nationality, consider aggregating countries into relevant economic/geographical groups where necessary or pooling data over multiple years.

Further disaggregation by number of years since arrival (i.e. 0-2, 2-5, 5+ years) would also be helpful. Additional geographical breakdown below NUTS1 would also be of interest, at least to NUTS2.

Moving to 6-monthly publication would be welcome but not if this creates additional disclosure problems i.e. it would be better to have more granular analysis at annual intervals than heavily aggregated analysis at 6-month intervals.

Consolidation and improvements to publications

Inheritance Tax statistics

1. We agree that it is better to consolidate all aggregate receipts statistics, including historic time series, into the main receipts publication. However, it would be helpful to publish somewhere *liabilities* statistics by year of death or other chargeable event. In general, we think that IHT analysis should be shown by year of death/chargeable event rather than by year of cash receipt since the latter is exposed to more arbitrary fluctuations that could affect interpretation.

It seems odd that non-cash receipts are only published by ONS. Even if ONS remains responsible for producing these, it would seem helpful to ideally reproduce, else at a minimum cross-reference, them in the HMRC IHT stats publication. Otherwise many users are unlikely to find them.

2. We strongly agree that publishing Effective Average Tax Rates (following OTS's initiative) would be a very valuable addition to the publication. The commentary should be clear about what is and is not included in the calculation: for example, failed PETs are included in the denominator, but other lifetime gifts (>7yrs from death) are not. It would be good to have as much granularity by estate size as possible within SDC constraints
3. We disagree with the removal of Table 12.7 (assets held in taxpaying discretionary trusts, by chargeable value). We agree that the breakdown by asset type in Table 12.8 is useful, but this does not replace the distributional information re total chargeable value in Table 12.7. It would be a shame to lose this information. Instead, we think that Table 12.7 should be retained and improved by showing a further disaggregation of the >£1m category. For years in which

there is complete reporting (i.e. apart from the most recent two years) it should be possible within SDC limits to provide additional categories. This would make Table 12.7 more useful and we think it would have enough public interest to justify its retention. It also should not require much additional resource to produce statistics by total chargeable value given that HMRC will already be processing the data for Table 12.8 anyway.

We think that HMRC should also publish information on the number of non-taxpaying discretionary trusts, and (where possible) info on the gross value prior to application of reliefs. This is important information to place the information in Tables 12.7 and 12.8 in context.

4. We agree with the addition of a new table showing exit charges. However, we think that this should contain information on both the distribution (by total chargeable value) and asset types of these trusts i.e. analogous to both Tables 12.7 and 12.8 for the 10-year charge. It would also be helpful if there was some way of indicating whether the relevant trust had already been subject previously to a 10-year charge, to understand the relation with the stats in (current) Tables 12.7 and 12.8.
5. We agree with the removal of Tables 12.10b and 12.11. These do not seem to add much value over the (retained) regional and constituency level stats for most users, and look like they require a lot of suppression for SDC. Breakdowns by smaller administrative areas could be FOled if they are needed by some users for specific areas, which would avoid needing to apply SDC to each area for the entire country.

Statistics on non-domiciled taxpayers in the UK

1. We disagree with shortening the time series to the past 8 years. This could be done in the html page if desired, but we would prefer this change were not made in the data spreadsheet. Doing so would create little saving for HMRC, and creates additional burden for the user who wants these statistics, who has to find and pull together data from multiple pages.

If this shortening must be done, it is essential that links to archived editions of the publication (containing earlier years) are clearly linked from the main non-dom statistics page, and that careful work is done to ensure these links never break. In general, it would be helpful to have clear permanent links to every previous edition of the tables and commentary so that these are preserved for users in one place. But for the spreadsheet it would be most helpful to keep all the data available, as this does not create substantial cost.

5. We agree with removing Table 12, but again it is important that the old editions containing this information are clearly linked from the main non-dom stats page. This should include checking that the relevant editions are actually available via National Archives and working from the correct link (and if not, arranging for this to be fixed) as often National Archive links get broken and the older editions become hard to find in practice.
6. We disagree with removing the split between Income Tax and CGT for regional stats altogether. On one hand, we understand the problem that for many regions the CGT amount is disclosive. But for e.g. London, having this split is helpful. Consequently, we suggest changing the existing two columns as follows. The first column could show the combined “Income Tax and CGT” amount, and then the second column could show “...of which CGT” where this is not disclosive. This avoids losing the CGT info altogether for regions where it is disclosive, but retains the split where this is still possible.

10. We agree with simplifying the commentary on the remittance basis charge now that this is a less important feature of the regime. However, we think that there should be a corresponding extension/improvement of the analysis of deemed doms. The current analysis in Section 4 essentially just says that SA109 claims for deemed dom status are not a good measure of those affected by deemed dom reforms, so any trends should be interpreted with caution. But it is possible to construct a better measure of deemed dom treatment, as Advani, Burgherr & Summers (2022) have done.¹ This involves measuring all those who (a) have claimed non-dom status in the past (b) are still tax resident in the UK in the relevant year and (c) meet the criteria for deemed dom status. For (c), this can be estimated using historic residence count (for Condition B) or ‘connection status’ as previously reported on SA109 (for Condition A). Of course, HMRC may wish to refine this method but we think it is preferable to a simple count of those actually claiming deemed dom status, which – for the reasons given in the commentary already – is largely arbitrary.

Statistics on trusts

1. As previously, we disagree with shortening the time series to the past 8 years. This could be done in the html page if desired, but we would prefer this change were not made in the data spreadsheet. Doing so would create little saving for HMRC, and creates additional burden for the user who wants these statistics, who has to find and pull together data from multiple pages.

If this shortening must be done, it is essential that links to archived editions of the publication (containing earlier years) are clearly linked from the main Trusts statistics page, and that careful work is done to ensure these links never break. In general, it would be helpful to have clear permanent links to every previous edition of the tables and commentary so that these are preserved for users in one place. But for the spreadsheet it would be most helpful to keep all the data available, as this does not create substantial cost.

2. We strongly agree with the proposal to include information from the Trust Registration Service within the Trusts statistics. Aside from the uses by academics like ourselves, we think that these statistics would have significant public interest. Also, the burden on taxpayers/advisors created by TRS has been controversial so we think it is very important that HMRC demonstrates that the data is actually being used (for statistical as well as compliance purposes) and can generate useful insights. The analyses that we would most like to see are:

- For non-taxable trusts: new aggregate statistics on the number, value and characteristics (as far as available) of these trusts and the parties to the trust. For example, analysis of country of residence of trustees/settlors/beneficiaries. Also, some analysis of the link that renders the trust reportable (even though not taxable) in the UK.
- For taxable trusts: analysis linking the parties to the trust with their individual/corporate tax returns. We understand that for taxable trusts there is compulsory reporting of NINO/UTR so it should be possible to link the TRS data with other data that HMRC holds. Any exploratory analysis of this kind would be very interesting e.g. distribution of beneficiaries of taxable trusts, by income-level of the individual beneficiary.

We agree with combining tables 2 and 4, and separately tables 5 and 7. This is again on the basis that historic information would remain available via the National Archives and would be clearly linked from the main Trusts statistics page. This should include checking that the relevant editions are actually available via National Archives and working from the correct link (and if not, arranging for this to be fixed) as often National Archive links get broken and the older editions become hard to find in practice.

¹ Advani, A., Burgherr, D. and Summers, A. (2022) "[Taxation and migration by the super-rich](#)" CAGE Working Paper 630

Charity Tax Relief statistics

1. We agree with the removal of Table 3 but only if this does not result in the loss of any information overall i.e. that it is possible to ‘back out’ all of the elements of Table 3 from Tables 1 and 2.
2. We agree with the removal of Table 5, provided that links to archived editions of the publication (containing earlier years) are clearly linked from the main Charity statistics page. In general, it would be helpful to have clear permanent links to every previous edition of the tables and commentary so that these are preserved for users in one place.
3. We disagree with the removal of the median column in Tables 5-7 because this cannot be constructed from just the total and number of individuals, and alongside the mean (which we agree can be reconstructed) this provides useful additional information about the underlying distribution.
4. We are ambivalent about the introduction of new information about reporting donations to be counted against the previous year. This may be useful for some purposes but we cannot think of a use ourselves so we neither strongly support nor object to this being added.
5. We agree with the removal of Table 6a (main income source) as the indicator for main income source that HMRC uses appears to us to be somewhat arbitrary.

We disagree with the removal of Tables 6b and 6f (age and gender). We think that these provide useful additional distributional information about who makes charitable donations that is of public interest.