

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**EXECUTIVE MANAGEMENT TEAM'S  
REPORT TO**

**Licensing and Public Protection Committee**  
**15 February 2022**

**Report Title:** Tax Conditionality Checks for Taxi Drivers, Operators and Scrap Metal Dealers

**Submitted by:** Head of Environmental Health & Licensing Administration Team Manager

**Portfolios:** Finance, Town Centres and Growth

**Ward(s) affected:** All

**Purpose of the Report**

To inform Members of the upcoming introduction of Tax Conditionality Provisions that will impact upon all new and renewal application for Taxi Drivers, Private Hire operators and Scrap Metal Dealers

**Recommendation**

1. The Members note the content of the report

**Reasons**

Provisions within the Finance Act 2021 around Tax Checks on applicants and licence holders will come into force from 4<sup>th</sup> April 2022.

1. **Background**

- 1.1 In 2016 and 2017 respectively HMRC consulted widely upon the principle of conditionality and how it may work in practice. The idea behind this was to move people out of what is referred to as the 'hidden economy' and level the playing field and compliance amongst business and regulated activities.
- 1.2 The most recent estimates on gaps in tax recovery due to the hidden economy was £2.6 billion in 2018-2019. It is considered that conditionality is a proportionate and cost-effective way to move people out of the hidden economy.
- 1.3 The principle of tax conditionality was included in the Finance Bill 2021 that received Royal Assent on 10<sup>th</sup> June 2021 and the relevant provisions coming into force on 4<sup>th</sup> April 2022.
- 1.4 On 10<sup>th</sup> January 2022 HMRC produced guidance for both applicants and local authorities on how to complete a tax check and confirming tax responsibilities. Links are included in the background documents section below.

2. **Issues**

- 2.1 HMRC have created a digital system to allow check to be made in real time with a simplified process for accessing information for both applicants and regulators. The check will confirm that the applicant is registered for tax.

- 2.2 For first time applicants will not have to complete a check and the local authority will be under an obligation to signpost the applicant to the relevant HMRC guidance and systems to ensure that they are aware of their tax responsibilities. They will have to confirm to the local authority that they are aware of their responsibilities. First time applicants are defined as those who have never held that type of licence previously or have had a gap of 12 months or more since holding that type of licence with the same or any other authority.
- 2.3 Renewal applicants will need a tax check reference number, similar to that of a DVLA or Immigration check, which they get by submitting their details into the online service. They will then pass that reference onto the local authority to confirm the status of the applicant. Renewal applicants are defined as those renewing existing licences, those who recently held the same type of licence with the same or different authority, and anyone who holds the same type of licence currently but with another authority.
- 2.4 The tax check codes issued to applicants last for 120 days and can be used for multiple applications with different authorities across that time period. To obtain the check the applicant will need to have a Government Gateway user ID and the system to obtain check codes is scheduled to go live on 7<sup>th</sup> March 2022.
- 2.5 If a first time applicant fails to confirm that they are aware of their responsibilities then the local authority cannot progress their application, either to grant or refuse.
- 2.6 If a renewal applicant fails to provide a tax check, or the check results in an unsatisfactory result then the local authority cannot progress the application, either to grant or refuse.
- 2.7 The tax check does not form part of the fit and proper test, it is a condition of application that they must meet to enable a decision to be taken upon whether the grant or refuse.

### 3. **Proposal**

- 3.1 That Members note the contents of the report

### 4. **Reasons for Proposed Solution**

- 4.1 Provisions within the Finance Act 2021 around Tax Checks on applicants and licence holders will come into force from 4<sup>th</sup> April 2022 and the Council have a statutory duty to carry out tax checks on the relevant applicants.

### 5. **Options Considered**

- 5.1 N/A

### 6. **Legal and Statutory Implications**

- 6.1 These provisions come into force on 4<sup>th</sup> April 2022. They confirm a statutory duty upon applicants to register for tax and for local authorities to check that registration. Failure for applicants to do so would result in a licence application not being determined. For renewal applicants this means that they risk their current licence expiring if they do not provide the Council with the check code in advance of the expiry date.

### 7. **Equality Impact Assessment**

- 7.1 N/A

### 8. **Financial and Resource Implications**

8.1 It is thought that the resource implications will be met by existing capacity within the Licensing Team. There is a small amount of preparatory work to be undertaken in advance of 4<sup>th</sup> April 2022 to ensure application processes record the required information and the necessary checks are undertaken.

9. **Major Risks**

9.1 Failure to conduct the checks may lead to applicants and licence holders staying within the hidden economy adding to the loss of tax being recovered by HMRC

10. **UN Sustainable Development Goals (UNSDG)**

10.1



11. **Key Decision Information**

11.1 N/A

12. **Earlier Cabinet/Committee Resolutions**

12.1 N/A

13. **List of Appendices**

13.1 N/A

14. **Background Papers**

- 14.1 **Complete a tax check for a taxi, private hire or scrap metal licence -** <https://www.gov.uk/guidance/complete-a-tax-check-for-a-taxi-private-hire-or-scrap-metal-licence>
- 14.2 **Confirm your tax responsibilities when applying for a taxi, private hire or scrap metal licence -** <https://www.gov.uk/guidance/confirm-your-tax-responsibilities-when-applying-for-a-taxi-private-hire-or-scrap-metal-licence>
- 14.3 **Confirm an applicant's tax responsibilities for taxi, private hire or scrap metal licence applications -** <https://www.gov.uk/guidance/confirm-an-applicants-tax-responsibilities-for-taxi-private-hire-or-scrap-metal-licence-applications>
- 14.4 **Confirm a tax check for taxi, private hire or scrap metal licence applications -** <https://www.gov.uk/guidance/confirm-a-tax-check-for-taxi-private-hire-or-scrap-metal-licence-applications>