

HMRC Tax Conditionality Consultation Questions and response

Officers' proposed responses are in *italics*.

Question 1: Should the government require first time applicants to complete a tax check when applying for specific licences where it is appropriate do to so? If so, which licences, permits, approvals or registrations in the sectors discussed in this consultation should it apply this to?

Yes. It would be beneficial to require first time applicants to carry out a tax check if that person is already registered with HMRC. This should apply to all authorisations covered by conditionality.

Question 2: Would licensing bodies who process taxi and scrap metal licences currently in scope of tax conditionality adopt this process if it was offered? If so, would it reduce your administrative overhead and by how much?

Yes. It would not reduce the administrative overhead as the authority would still be required to carry out a tax check on that person.

Question 3: Do you have any comments about, or evidence of, the suitability of expanding the use of tax conditionality to waste regulatory regimes?

It may be appropriate to expand the use of conditionality to waste regulatory regimes.

Question 4: Are there any features of the waste regulatory regimes or processes used by the bodies administering them, which are incompatible with tax conditionality, or the policy model outlined in chapter 2?

No comment.

Question 5: Where appropriate renewal mechanisms don't exist, should regulators direct those registering to information about their tax obligations?

This would mirror existing tax conditionality requirements so if tax conditionality was expanded to this sector it would make it a consistent approach.

Question 6: Do you have any comments about, or evidence of, the suitability of expanding the use of tax conditionality to animal welfare licensing? If so, which activities should conditionality apply to?

No. It should apply to all activities.

Question 7: Are there any features of the animal welfare licensing or processes used by licensing providers in administering them, which are incompatible with tax conditionality, or the policy model outlined in chapter 2?

No.

Question 8: Do you have any comments about, or evidence of, the suitability, positive or negative of expanding the use of tax conditionality to vehicles in the taxi and private hire sector in the UK?

Yes. It would be a positive step to expand the use of conditionality to the licensing of taxi and private hire vehicles. Currently only part of the sector, drivers and operators, must comply with these requirements which means that the vehicle proprietor may still sit within the hidden economy. Expanding the use of conditionality to this part of the sector will benefit Government, wider society and bring about an equal footing across all aspects of the regime.

Question 9: Are there any features of the licensing regimes which apply to vehicle proprietors used in the taxi sector or processes used by independent licensing authorities/bodies in administering them, which are incompatible with tax conditionality, or the policy model outlined in chapter 2?

No.

Question 10: Do you have any comments about the proportionality of extending tax conditionality to licences for vehicles in the taxi and private hire sector in addition to the existing licences already in scope of tax conditionality?

It would be beneficial to do so based on the reasons provided previously.

Question 11: Should the government seek to apply tax conditionality to pedicabs in London if a licensing scheme is introduced to regulate the activity?

The Pedicabs (London) Act 2024 received Royal Assent on 25th April 2024. Assuming that Transport for London create the necessary regulations to bring about a licensing scheme then this sector should have tax conditionality applied.

Question 12: Do you have any comments or evidence on levels of hidden economy activity within those who drive pedicabs or operate pedicab businesses in London?

No.

Question 13: Do you have any comments on the suitability of safeguards outlined in chapter 2 and are there any further safeguards needed in addition to those outlined in chapter 2 for the licences outlined in chapter 3?

The safeguards currently in place remain suitable and should be used for all existing and future uses of tax conditionality.

Question 14: Do you have any comments about, or evidence of, any impacts (positive or negative) of applying tax conditionality to the regulatory regimes set out in this consultation?

It would be beneficial to the Government and wider society to expand the application of tax conditionality to as many sectors that may fall within the hidden economy, knowingly or not.

Question 15: Are there any licence holders who may need additional support to engage with the tax check and what support do they need?

There have only been a limited number of applicants that have struggled with obtaining a tax check. Typically, they have not been technology literate and struggle to use online resources generally however the phone line option has resolved this issue. Or they have been illiterate and unable to understand a code given to them. In this instance they have used the phone

line service in the presence of a Council employee. A service that may be useful is that is an applicant contacts HMRC for a code via telephone then there is a facility for HMRC to send the code direct to the regulatory authority.

Question 16: What other sectors should the government seek to apply tax conditionality?

As many sectors as possible where the authorisation or registration permits or supports the person to make money. Possible examples are Food Business Registration, Special Treatment Registrations (tattooing, acupuncture, etc), hairdressing, car washes, nail bars, any regime brought in by the recent Health Act, premises licences under the Licensing Act 2003, street trading permits and consents.

Question 17: Should the government seek to apply tax conditionality requirements to new licensing schemes or existing licensing schemes from the outset?

Yes.

Question 18: Should regulators be required to consider if tax compliance should form part of any new, or changes to existing standards and or administrative processes for business operations?

Yes but it would be beneficial for it to have a statutory footing to promote a consistent approach nationally.

Question 19: Should HMRC be more easily able to share information (e.g. to confirm whether a person is appropriately register for and paying tax) with regulators to help ensure they are an appropriate person to be undertaking the regulated or licenced activity?

Yes.