
HM Revenue and Customs

Introduction

1. This Estimate covers expenditure of HM Revenue and Customs (HMRC). Our aim is to administer the tax and customs control systems fairly and efficiently and make it as easy as possible for individuals and businesses to understand and comply with their obligations and receive their tax credit and other entitlements. Our Departmental Strategic Objectives cover improvement to the extent to which individuals and businesses pay the tax due and receive the credits and payments to which they are entitled; improvement in customers' experience and improve the UK business environment; and reduce the risk of the illicit import and export of material which might harm the UK's physical and social well-being. We also have challenging efficiency targets.
2. We are responsible for collecting the bulk of tax revenue. We manage: Income, Corporation, Capital gains, Inheritance, Insurance Premium, Stamp, Land and Petroleum Revenue taxes; Value Added Tax (VAT); excise duties; customs duties and frontier protection; environmental taxes - climate change and aggregates levy and landfill tax; National Insurance Contributions; Tax Credits; Child Benefit and the Child Trust Fund; Health in Pregnancy Grant; enforcement of the National Minimum Wage; recovery of Student Loan repayments, statutory payments and providing the business link portal.
3. Further information may be found in the Departmental Annual Report and Resource Accounts to be published later this year.
4. Symbols are explained in the Introduction to this booklet.

HM Revenue and Customs

Part I

	£
Request for Resources 1: Administering the tax and customs control systems fairly and efficiently and making it as easy as possible for individuals and businesses to understand and comply with their obligations and receive their tax credit and other entitlements	3,978,435,000
Request for Resources 2: Undertaking rating and council tax valuation work in England and Wales and providing valuation and property management services to central government and other bodies where public funds are involved. †	1,000
Request for Resources 3: Providing payments in lieu of tax relief to certain bodies	155,300,000
Request for Resources 4: Making payments of rates to Local Authorities on behalf of certain bodies	32,900,000
Request for Resources 5: Payments of Child Benefit, Health in Pregnancy Grant and Child Trust Fund endowments †	12,285,000,000
Total net resource requirement	16,451,636,000
Net cash requirement	16,404,754,000

Amounts required in the year ending 31 March 2010 for expenditure by the HM Revenue and Customs on:

RfR 1: Administering the tax and customs control systems fairly and efficiently and making it as easy as possible for individuals and businesses to understand and comply with their obligations and receive their tax credit and other entitlements

administration and the associated non-cash items incurred in the management and collection of the direct and indirect taxes, duties and levies, new tax credits and National Insurance Contributions; Child Benefit and the Child Trust Fund, Shipbuilders' Relief, Money Laundering regulatory regime, the National Insurance Funds for Great Britain and Northern Ireland; OPG and government banking services; Airplane Tax; Health in Pregnancy Grant; Saving Gateway; National minimum wage; collection of student loans; the operation of customs controls including prohibitions and restrictions; the provision of trade information; the provision of Capital Grants for Excise Tax Stamps;

the provision of resources to independent investigatory bodies (including the HMIC, IPCC and the police authorities) to facilitate the independent inspection of professional standards within the Department, the investigation of allegations of mis-conduct or criminal activities by Departmental staff and fulfilment of reciprocal complaints investigation arrangements with police authorities; the provision of incentive payments for e-filing; payments in respect of the Customs National Museum; grants to the voluntary and community sector; providing the business link portal; air travel carbon-offsetting; services to support the Welfare Reform Agenda;

and for services provided to the department's information technology and wider markets' partners, other departments and public bodies including any assistance with investigations into terrorist incidents, and overseas tax administration and the activity in support of the UK Border Agency.

RfR 2: Undertaking rating and council tax valuation work in England and Wales and providing valuation and property management services to central government and other bodies where public funds are involved. †

administration and the associated non-cash items incurred in the provision of valuation and other services for government departments and other public bodies by the Valuation Office Agency.

RfR 3: Providing payments in lieu of tax relief to certain bodies

transitional payments to charities, personal pensions, life assurance premium relief and residual payments for mortgage interest relief; and associated non-cash items.

RfR 4: Making payments of rates to Local Authorities on behalf of certain bodies

rates paid by Her Majesty's Revenue and Customs in respect of non-domestic property occupied by accredited representatives of Commonwealth and foreign countries and certain international organisations and associated non-cash items.

RfR 5: Payments of Child Benefit, Health in Pregnancy Grant and Child Trust Fund endowments †

payments of Child Benefit, Health in Pregnancy Grant, Child Trust Fund and the associated non-cash items.

The **HM Revenue and Customs** will account for this Estimate.

† In the Vote on Account 2009-10 (HC1039) the RfR 2 title was "Growing a contribution to the good management of property where the public interest is involved" and the RfR 5 title "Payments of Child Benefit and Child Trust Fund endowments".

	Net total	Allocated in Vote on Account	Balance to complete
RfR 1	3,978,435,000	1,833,770,000	2,144,665,000
RfR 2	1,000	-	1,000
RfR 3	155,300,000	64,800,000	90,500,000
RfR 4	32,900,000	27,115,000	5,785,000
RfR 5	12,285,000,000	5,058,000,000	7,227,000,000
Total net resource requirement	16,451,636,000	6,983,685,000	9,467,951,000
Net cash requirement	16,404,754,000	6,945,424,000	9,459,330,000

Part II: Subhead detail

£'000

2009-10 Provision						2008-09 Provision	2007-08 Outturn		
Resources						Capital	Non-operating	Net Total Resources	Net Total Resources
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	A in A		
1	2	3	4	5	6	7	8	9	10
RfR 1: Administering the tax and customs control systems fairly and efficiently and making it as easy as possible for individuals and businesses to understand and comply with their obligations and receive their tax credit and other entitlements									
4,169,717	174,256	110,435	4,454,408	475,973	3,978,435	239,764	3,818	4,354,793	4,218,722
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A Administration									
4,169,717	170,755	435	4,340,907	472,474	3,868,433	239,764	3,818	4,144,792	4,075,975
Spending in Annually Managed Expenditure (AME)									
<i>Central Government spending</i>									
B e-filing incentive payments									
-	-	110,000	110,000	-	110,000	-	-	190,000	126,084
C Revaluation losses									
-	1	-	1	-	1	-	-	20,000	16,663
Non-Budget									
D Operational local clearance procedures									
-	3,500	-	3,500	3,499	1	-	-	1	-
RfR 2: Undertaking rating and council tax valuation work in England and Wales and providing valuation and property management services to central government and other bodies where public funds are involved.									
227,775	2	-	227,777	227,776	1	15,371	162	2,646	58
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A Administration									
227,775	-	-	227,775	227,776	-1	15,371	162	-	-44
Spending in Annually Managed Expenditure (AME)									
<i>Central Government spending</i>									
B Administration									
-	2	-	2	-	2	-	-	2,646	102
RfR 3: Providing payments in lieu of tax relief to certain bodies									
-	-	155,300	155,300	-	155,300	-	-	144,000	83,655
Spending in Annually Managed Expenditure (AME)									
<i>Central Government spending</i>									

Part II: Subhead detail

£'000

2009-10 Provision						2008-09 Provision	2007-08 Outturn			
Resources						Capital	Non- operating	Net Total	Net Total	
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	A in A	Resources	Resources	
1	2	3	4	5	6	7	8	9	10	
A	Payments in lieu of tax relief	-	-	155,300	155,300	-	-	144,000	83,655	
RfR 4: Making payments of rates to Local Authorities on behalf of certain bodies										
	-	35,000	-	35,000	2,100	32,900	-	31,900	29,700	
Spending in Annually Managed Expenditure (AME)										
<i>Central Government spending</i>										
A	Payments of Local Authority rates	-	35,000	-	35,000	2,100	32,900	31,900	29,700	
RfR 5: Payments of Child Benefit, Health in Pregnancy Grant and Child Trust Fund endowments										
	-	-	12,285,000	12,285,000	-	12,285,000	-	11,580,000	10,876,642	
Spending in Annually Managed Expenditure (AME)										
<i>Central Government spending</i>										
A	Children's benefits	-	-	11,770,000	11,770,000	-	-	11,265,000	10,627,736	
B	Child Trust Fund Endowments	-	-	370,000	370,000	-	-	270,000	248,906	
C	Health in Pregnancy Grant	-	-	145,000	145,000	-	-	45,000	-	
Total for Estimate:										
	4,397,492	209,258	12,550,735	17,157,485	705,849	16,451,636	255,135	3,980	16,113,339	15,208,777

Part II: Resource to cash reconciliation

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
Net Resource Requirement	16,451,636	16,113,339	15,208,777
Voted capital items			
Capital	255,135	305,744	257,560
Less Non-operating A-in-A	3,980	3,980	725
Total net voted capital	251,155	301,764	256,835
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	-36,903	-40,888	-8,125
Depreciation	-195,203	-201,646	-193,943
New provisions and adjustments to previous provisions	-99,559	-248,724	-156,115
Profit/loss on sale of assets	-	-	-4,672
Prior period adjustments	-	-	-
Other non-cash items	-520	-520	-15,986
Increase (+) / Decrease (-) in stock	-	600	-3,018
Increase (+) / Decrease (-) in debtors	-	-3,400	10,145
Increase (-) / Decrease (+) in creditors	-	226,495	22,560
Use of provisions	34,148	146,065	117,067
Total accruals to cash adjustments	-298,037	-122,018	-232,087
Excess cash to be CFERd	-	-	-
Net Cash Requirement	16,404,754	16,293,085	15,233,525

Part III: Extra receipts payable to the Consolidated Fund

In addition to appropriations in aid the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics):

	£'000					
	2009-10 Provision		2008-09 Provision		2007-08 Outturn	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income not classified as A in A	-	-	-	-	10,802	<i>10,802</i>
Non-operating income not classified as A in A	-	-	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund	400,000	<i>350,000</i>	419,000	<i>319,000</i>	362,749	<i>323,918</i>
Excess cash receipts to be surrendered to the Consolidated Fund	-	-	-	-	-	-
Total	400,000	<i>350,000</i>	419,000	<i>319,000</i>	373,551	<i>334,720</i>

Forecast Operating Cost Statement

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
Net Administration Costs			
RfR 1	4,116,691	4,392,050	4,306,484
RfR 2	-1	-	-9,321
RfR 3	-	-	-
RfR 4	-	-	-
RfR 5	-	-	-
Non-voted	-	-	-2,419
Total Net Administration costs	4,116,690	4,392,050	4,294,744
Net Programme Costs			
RfR 1	-138,256	-37,257	-87,762
RfR 2	2	2,646	996
RfR 3	155,300	144,000	83,655
RfR 4	32,900	31,900	29,700
RfR 5	12,285,000	11,580,000	10,876,642
Non-voted	-	-	-
Total Net Programme costs	12,334,946	11,721,289	10,903,231
Total Net Operating Cost	16,451,636	16,113,339	15,197,975
<i>of which:</i>			
Net Resource Requirement	16,451,636	16,113,339	15,208,777
Non-voted expenditure	-	-	-
Consolidated Fund Extra Receipts	-	-	-10,802
Reduction in planned spend unable to be included in Estimate	-	-	-
Resource Budget	37,357,213	34,771,410	30,751,631

Notes to the Main Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
Net Resource Requirement (Estimates)	16,451,636	16,113,339	15,208,777
<i>Adjustments to remove:</i>			
Provision voted for earlier years	-	-	-
<i>Adjustments to additionally include:</i>			
Non-voted expenditure in the OCS	-	-	-
Consolidated Fund Extra Receipts in the OCS	-	-	-10,802
Reductions in planned spend unable to be included in Estimate	-	-	-
Other adjustments	-	-	-
Net Operating Cost (Accounts)	16,451,636	16,113,339	15,197,975
<i>Adjustments to remove:</i>			
Gains / losses from sale of capital assets	-	-	-4,672
Capital grants	-370,000	-185,750	-167,745
European Union income related to capital grants	-	-	-
Voted expenditure outside the budget	-1	-1	-
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	-	-	-
Resource consumption of non departmental public bodies	-	-	-
Unallocated resource provision	42,585	-	-
Other adjustments	21,232,993	18,843,822	15,726,073
Resource Budget (Budget)	37,357,213	34,771,410	30,751,631
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	4,258,156	4,492,531	4,360,773
Annually Managed Expenditure (AME)	33,099,057	30,278,879	26,390,858

Reconciliation of capital expenditure between Estimates and Budgets

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
Net Voted Capital (Estimates)	251,155	301,764	256,835
<i>Adjustments to remove:</i>			
Provision voted for earlier years	-	-	-
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	-	-	-
Capital spending by non-departmental public bodies	-	-	-
Capital grants	370,000	185,750	167,745
European Union income related to capital grants	-	-	-
Supported capital expenditure (revenue)	-	-	-
Capital spending by levy funded bodies	-	-	-
Unallocated capital provision	3,559	-	-
Reductions in planned spend unable to be included in Estimate	-	-	-
Other adjustments	-	111,917	44,139
Capital Budget (Budget)	624,714	599,431	468,719
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	254,714	301,764	256,834
Annually Managed Expenditure (AME)	370,000	297,667	211,885

Notes to the Main Estimate (*continued*)

Explanation of Accounting Officer responsibilities

The Accounting Officer prepares resource accounts for each financial year.

The following Accounting Officer appointments have been made for the Request for Resources within this Estimate:

Request for Resources 1:	Mike Eland, Director General, HM Revenue and Customs
Request for Resources 2:	David Park, Acting Chief Executive of the Valuation Office Agency
Request for Resources 3:	David Hartnett, Permanent Secretary for Tax, HM Revenue and Customs
Request for Resources 4:	David Park, Acting Chief Executive of the Valuation Office Agency
Request for Resources 5:	Mike Eland, Director General, HM Revenue and Customs

Lesley Strathie, has personal responsibility for the proper presentation of the resource accounts and their transmission to the Comptroller and Auditor General. Lesley Strathie is also responsible for the use of public money and stewardship of assets.

In discharging these responsibilities particular regard is given to:

- Observing any accounting and disclosure requirements (including any Accounts Direction) and applying suitable accounting policies on a consistent basis;
- making judgements and estimates on a reasonable basis;
- stating whether applicable accounting standards, as set out in the *Financial Reporting Manual* (FRoM), or an organisation's version of it, have been followed, and explain any material departures in the accounts; and
- preparing the accounts on a going concern basis.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and safeguarding assets, are set out in chapter 3 of *Managing Public Money* issued by the Treasury.

Notes to the Main Estimate (*continued*)

Analysis of operating appropriations in aid (A in A)

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
RfR 1: Administering the tax and customs control systems fairly and efficiently and making it as easy as possible for individuals and businesses to understand and comply with their obligations and receive their tax credit and other entitlements			
Administration	53,026	146,512	127,771
<i>of which:</i>			
Sale of goods and services	34,267	127,753	127,771
Regulatory licences, fines, penalties and taxes	18,759	18,759	-
Programme	422,947	427,947	379,097
<i>of which:</i>			
Sale of goods and services	422,812	427,812	379,097
Regulatory licences, fines, penalties and taxes	135	135	-
Total RfR 1	475,973†	574,459	506,868
† Amount that may be applied as operating appropriations in aid in addition to the net total arising from: the recovery of law costs; recovery of the costs of administering the National Insurance Funds and collection of National Insurance contributions; subsidies for New Deal jobseekers employed; receipts for services provided to the Valuation Office Agency, government departments and other bodies including student loan, Welfare Reform Agenda and National Minimum Wage receipts; recovery of costs in respect of the Aggregates levy and of seconded and loan staff; charges for the special attendance of officers; and for international commitments; receipts from the sale of publications; from the sale of statistical services and certificates; and from estate management services, including rent receipts from other government departments and private tenants; receipts from the use of certain official cars; receipts from certain tax penalties; EC travelling expenses and receipts from the EC; receipts in respect of Shipbuilders' Relief and local clearance procedures under Single European Authorisations; receipts from insurance and compensation claims; receipts from the Asset Recovery Incentivisation scheme; and marine fuel relief, transaction fees from credit card payments; fees received for the money laundering regulatory regime; recoveries of overpayments in prior years; excess cash receipts; subscription fees relating to Business link; and other miscellaneous administration and programme cost receipts.			
RfR 2: Undertaking rating and council tax valuation work in England and Wales and providing valuation and property management services to central government and other bodies where public funds are involved.			
Administration	227,776	210,766	201,348
<i>of which:</i>			
Sale of goods and services	227,776	210,766	201,348
Total RfR 2	227,776†	210,766	201,348
† Amount that may be applied as operating appropriations in aid in addition to the net total arising from: the recovery of costs of valuation and other services; receipts from the use of certain official cars; receipts from the sale of information and publications; recovery of law costs; rent receipts from other government departments and private tenants; receipts in connection with preparation for the transfer of function from The Rent Service; other administration cost receipts.			
RfR 4: Making payments of rates to Local Authorities on behalf of certain bodies			
Programme	2,100	2,100	1,887
<i>of which:</i>			
Sale of goods and services	2,100	2,100	1,887
Total RfR 4	2,100†	2,100	1,887
† Amount that may be applied as operating appropriations in aid in addition to the net total arising from: payment of rates by accredited Commonwealth and foreign countries and certain international organisations; refunds from local authorities.			
Total Operating A in A	705,849	787,325	710,103

Analysis of non-operating appropriations in aid (A in A)

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
RfR 1: Administering the tax and customs control systems fairly and efficiently and making it as easy as possible for individuals and businesses to understand and comply with their obligations and receive their tax credit and other entitlements			
Programme	3,818	3,818	725
<i>of which:</i>			
Sale of assets	3,818	3,818	725
Total RfR 1	3,818†	3,818	725
<i>† Amount that may be applied as non-operating appropriations in aid, arising from: the recovery of income from the sale of fixed assets and from the sale of land and buildings.</i>			
RfR 2: Undertaking rating and council tax valuation work in England and Wales and providing valuation and property management services to central government and other bodies where public funds are involved.			
Programme	162	162	-
<i>of which:</i>			
Sale of assets	162	162	-
Total RfR 2	162†	162	-
<i>† Amount that may be applied as non-operating appropriations in aid, arising from: the recovery of income from the sale of assets.</i>			
Total Non-Operating A in A	3,980	3,980	725

Notes to the Main Estimate (*continued*)

Analysis of Consolidated Fund extra receipts

£'000

	2009-10		2008-09		2007-08	
	Provision Income	Receipts	Provision Income	Receipts	Outturn Income	Receipts
Fines and penalties •	352,000	309,000	369,000	282,000	332,757	293,926
Proceeds, less duty, on sale of seized goods •	5,000	5,000	5,000	5,000	4,021	4,021
Other miscellaneous receipts •	43,000	36,000	45,000	32,000	36,773	36,773
Total	400,000	350,000	419,000	319,000	373,551	334,720

Notes to the Main Estimate (*continued*)

Departmental Expenditure Limits and Administration budgets

	£'000		
	Voted	Non-voted	Total
Resource DEL	3,868,432	389,724	4,258,156
<i>of which: †</i>			
Administration budget	4,116,690	42,585	4,159,275
Near-cash in RDEL	3,536,250	423,872	3,960,122
Capital DEL ††	251,155	3,559	254,714
Less Depreciation †††	-195,200	-	-195,200
Total DEL	3,924,387	393,283	4,317,670

† The total of the 'Administration Budget' and 'Near-cash in Resource DEL' figures may well be greater than total resource DEL, due to the definitions overlapping.

†† Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.

††† Depreciation, which forms part of resource DEL, is excluded from total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

Comparison of provision sought with final provision and forecast outturn for the previous year

The total net resource sought for 2009-10 of £16,451,636,000 is 2.1 per cent higher than the final net provision for 2008-09 of £16,113,339,000 and 2.4 per cent higher than the forecast outturn for 2008-09 of £16,072,449,000.

Cash which may be retained to offset expenditure

	£'000		
	2009-10 Provision	2008-09 Provision	2007-08 Outturn
Cash which may be retained by the department to offset expenditure in the year due to its relationship with income (operating and non-operating) that has been, or will be, appropriated in aid.	709,829	791,305	710,828