

---

# HM Revenue and Customs

---

## Introduction

1. This Estimate covers expenditure of HM Revenue & 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 in 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 to meet 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; enforcement of the National Minimum Wage; recovery of Student Loan repayments, statutory payments and providing the business link portal.
3. Details of the expenditure contained in this Estimate can be found in the HM Revenue & Customs Departmental Report published later this year.
4. Symbols are explained in the Introduction to this booklet.

---

# HM Revenue and Customs

---

## Part I

	£
<b>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</b>	<b>4,075,046,000</b>
<b>Request for Resources 2: Growing a contribution to the good management of property where the public interest is involved</b>	<b>1,000</b>
<b>Request for Resources 3: Providing payments in lieu of tax relief to certain bodies</b>	<b>144,000,000</b>
<b>Request for Resources 4: Making payments of rates to Local Authorities on behalf of certain bodies</b>	<b>31,900,000</b>
<b>Request for Resources 5: Payments of Child Benefit and Child Trust Fund endowments †</b>	<b>11,240,000,000</b>
<b>Total net resource requirement</b>	<b>15,490,947,000</b>
<b>Net cash requirement †</b>	<b>15,434,277,000</b>

---

Amounts required in the year ending 31 March 2009 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; 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: Growing a contribution to the good management of property where the public interest is 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, including preparatory work for the transfer of function from The Rent Service in 2009.

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

transitional payments to charities, supplements on payroll giving, donations to charities and on personal and stakeholder pension schemes, life assurance premium relief, stamp duty relief and residual payments for mortgage interest relief, vocational training relief and private medical insurance; 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 and Child Trust Fund endowments**

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

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

† The spending on Health in Pregnancy Grant in RfR5 under subhead A3 is subject to the passage of the Health and Social Care Bill 2008, which has been laid before Parliament. The provision sought will not be used for the service, or for any other purpose, until the enabling legislation has been enacted.

	Net total	Allocated in Vote on Account	Balance to complete/ surrender
<b>RfR 1</b>	<b>4,075,046,000</b>	<b>1,914,940,000</b>	<b>2,160,106,000</b>
<b>RfR 2</b>	<b>1,000</b>	<b>-</b>	<b>1,000</b>
<b>RfR 3</b>	<b>144,000,000</b>	<b>38,700,000</b>	<b>105,300,000</b>
<b>RfR 4</b>	<b>31,900,000</b>	<b>32,627,000</b>	<b>-727,000</b>
<b>RfR 5</b>	<b>11,240,000,000</b>	<b>4,837,707,000</b>	<b>6,402,293,000</b>
<b>Total net resource requirement</b>	<b>15,490,947,000</b>	<b>6,823,974,000</b>	<b>8,666,973,000</b>
<b>Net cash requirement</b>	<b>15,434,277,000</b>	<b>6,805,111,000</b>	<b>8,629,166,000</b>

**Part II: Subhead detail**

£'000

2008-09 Provision						2007-08 Provision	2006-07 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
<b>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</b>									
4,275,289	140,847	100,435	4,516,571	441,525	4,075,046	252,175	3,818	4,367,263	4,530,871
<b>Spending in Departmental Expenditure Limits (DEL)</b>									
<i>Central Government spending</i>									
A	Administration								
4,275,289	137,347	435	4,413,071	438,026	3,975,045	252,175	3,818	4,164,762	4,252,587
<b>Spending in Annually Managed Expenditure (AME)</b>									
<i>Central Government spending</i>									
B	e-filing incentive payments								
-	-	100,000	100,000	-	100,000	-	-	200,000	278,284
<b>Non-Budget</b>									
C	Operational local clearance procedures								
-	3,500	-	3,500	3,499	1	-	-	2,501	-
<b>RfR 2: Growing a contribution to the good management of property where the public interest is involved</b>									
208,545	2	-	208,547	208,546	1	9,171	162	1	-
<b>Spending in Departmental Expenditure Limits (DEL)</b>									
<i>Central Government spending</i>									
A	Administration								
208,545	-	-	208,545	208,546	-1	9,171	162	-264	-
<b>Spending in Annually Managed Expenditure (AME)</b>									
<i>Central Government spending</i>									
B	Administration								
-	2	-	2	-	2	-	-	265	-
<b>RfR 3: Providing payments in lieu of tax relief to certain bodies</b>									
-	-	144,000	144,000	-	144,000	-	-	86,000	80,457
<b>Spending in Annually Managed Expenditure (AME)</b>									
<i>Central Government spending</i>									
A	Payments in lieu of tax relief								
-	-	144,000	144,000	-	144,000	-	-	86,000	80,457

**Part II: Subhead detail**

£'000

2008-09 Provision						2007-08 Provision	2006-07 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
<b>RfR 4: Making payments of rates to Local Authorities on behalf of certain bodies</b>									
-	34,000	-	34,000	2,100	31,900	-	-	38,386	29,190
<b>Spending in Annually Managed Expenditure (AME)</b>									
<i>Central Government spending</i>									
A	Payments of Local Authority rates								
-	34,000	-	34,000	2,100	31,900	-	-	38,386	29,190
<b>RfR 5: Payments of Child Benefit and Child Trust Fund endowments</b>									
-	-	11,240,000	11,240,000	-	11,240,000	-	-	10,890,000	10,371,914
<b>Spending in Annually Managed Expenditure (AME)</b>									
<i>Central Government spending</i>									
A	Children's benefits								
-	-	10,980,000	10,980,000	-	10,980,000	-	-	10,630,000	10,122,807
B	Child Trust Fund Endowments								
-	-	260,000	260,000	-	260,000	-	-	260,000	249,107
<b>Total for Estimate:</b>									
<b>4,483,834</b>	<b>174,849</b>	<b>11,484,435</b>	<b>16,143,118</b>	<b>652,171</b>	<b>15,490,947</b>	<b>261,346</b>	<b>3,980</b>	<b>15,381,650</b>	<b>15,012,432</b>

## Part II: Resource to cash reconciliation

	£'000		
	2008-09 Provision	2007-08 Provision	2006-07 Outturn
<b>Net Resource Requirement</b>	<b>15,490,947</b>	<b>15,381,650</b>	<b>15,012,432</b>
<b>Voted capital items</b>			
Capital	261,346	292,210	307,577
Less Non-operating A-in-A	3,980	3,980	6,114
<b>Total net voted capital</b>	<b>257,366</b>	<b>288,230</b>	<b>301,463</b>
<b>Accruals to cash adjustment</b>			
Adjustments to remove non-cash items:			
Cost of Capital charges	-40,888	-26,379	-4,151
Depreciation	-179,002	-211,523	-200,629
New provisions and adjustments to previous provisions	-119,474	-167,002	-155,740
Profit/loss on sale of assets	-	-	2,607
Prior period adjustments	-	-	-
Other non-cash items	-520	-1,860	-1,925
Increase (+) / Decrease (-) in stock	600	1,138	7,648
Increase (+) / Decrease (-) in debtors	-3,400	5,364	7,706
Increase (-) / Decrease (+) in creditors	-5,500	237,965	98,569
Use of provisions	34,148	85,603	141,631
<b>Total accruals to cash adjustments</b>	<b>-314,036</b>	<b>-76,694</b>	<b>-104,284</b>
<b>Excess cash to be CFERd</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Cash Requirement</b>	<b>15,434,277</b>	<b>15,593,186</b>	<b>15,209,611</b>

### 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):

	<b>£'000</b>					
	<b>2008-09</b>		<b>2007-08</b>		<b>2006-07</b>	
	<b>Provision</b>		<b>Provision</b>		<b>Outturn</b>	
	<b>Income</b>	<i>Receipts</i>	<b>Income</b>	<i>Receipts</i>	<b>Income</b>	<i>Receipts</i>
Operating income not classified as A in A	-	-	-	-	5,296	-
Non-operating income not classified as A in A	-	-	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund	351,000	<i>305,000</i>	351,000	<i>305,000</i>	295,787	<i>264,369</i>
Excess cash receipts to be surrendered to the Consolidated Fund	-	-	-	-	-	-
<b>Total</b>	<b>351,000</b>	<b><i>305,000</i></b>	<b>351,000</b>	<b><i>305,000</i></b>	<b>301,083</b>	<b><i>264,369</i></b>

## Forecast Operating Cost Statement

	£'000		
	2008-09 Provision	2007-08 Provision	2006-07 Outturn
<b>Net Administration Costs</b>			
RfR 1	4,222,263	4,416,997	4,502,113
RfR 2	-1	-264	-5,296
RfR 3	-	-	-
RfR 4	-	-	-
RfR 5	-	-	-
<b>Total Net Administration costs</b>	<b>4,222,262</b>	<b>4,416,733</b>	<b>4,496,817</b>
<b>Net Programme Costs</b>			
RfR 1	-147,217	-49,734	28,758
RfR 2	2	265	-
RfR 3	144,000	86,000	80,457
RfR 4	31,900	38,386	29,190
RfR 5	11,240,000	10,890,000	10,371,914
<b>Total Net Programme costs</b>	<b>11,268,685</b>	<b>10,964,917</b>	<b>10,510,319</b>
<b>Total Net Operating Cost</b>	<b>15,490,947</b>	<b>15,381,650</b>	<b>15,007,136</b>
<i>of which:</i>			
Net Resource Requirement	15,490,947	15,381,650	15,012,432
Non-voted expenditure	-	-	-
Consolidated Fund Extra Receipts	-	-	-5,296
<b>Resource Budget</b>	<b>33,722,347</b>	<b>30,459,465</b>	<b>29,335,618</b>

## Notes to the Main Estimate

### Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000		
	2008-09 Provision	2007-08 Provision	2006-07 Outturn
<b>Net Resource Requirement (Estimates)</b>	<b>15,490,947</b>	<b>15,381,650</b>	<b>15,012,432</b>
<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	-	-	-5,296
Other adjustments	-	-	-
<b>Net Operating Cost (Accounts)</b>	<b>15,490,947</b>	<b>15,381,650</b>	<b>15,007,136</b>
<i>Adjustments to remove:</i>			
Gains / losses from sale of capital assets	-	-	2,607
Capital grants	-260,000	-260,000	-177,965
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	-	-	-218
Resource consumption of non departmental public bodies	-	-	-
Unallocated resource provision	43,662	24,874	-
Other adjustments	18,447,739	15,312,942	14,504,058
<b>Resource Budget (Budget)</b>	<b>33,722,347</b>	<b>30,459,465</b>	<b>29,335,618</b>
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	4,366,445	4,537,311	4,577,319
Annually Managed Expenditure (AME)	29,355,902	25,922,154	24,758,299

### Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2008-09 Provision	2007-08 Provision	2006-07 Outturn
<b>Net Voted Capital (Estimates)</b>	<b>257,366</b>	<b>288,230</b>	<b>301,463</b>
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	-	-	-
Capital spending by non-departmental public bodies	-	-	-
Capital grants	260,000	260,000	177,965
European Union income related to capital grants	-	-	-
Supported capital expenditure (revenue)	-	-	-
Capital spending by levy funded bodies	-	-	-
Unallocated capital provision	3,648	3,739	-
Other adjustments	-	-	79,985
<b>Capital Budget (Budget)</b>	<b>521,014</b>	<b>551,969</b>	<b>559,413</b>
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	261,014	291,969	303,006
Annually Managed Expenditure (AME)	260,000	260,000	256,407

## Notes to the Main Estimate (*continued*)

### Explanation of Accounting Officer responsibilities

In accordance with the Government Resources and Accounts Act 2000 the Treasury has made the following Accounting Officer appointments for the Requests for Resource within this Estimate.

<b>Request for Resources 1:</b>	Mike Eland, Director General, HM Revenue and Customs
<b>Request for Resources 2:</b>	Andrew Hudson, Chief Executive of the Valuation Office Agency
<b>Request for Resources 3:</b>	David Hartnett, Acting Chairman, HM Revenue and Customs
<b>Request for Resources 4:</b>	Andrew Hudson, Chief Executive of the Valuation Office Agency
<b>Request for Resources 5:</b>	Mike Eland, Director General, HM Revenue and Customs

David Hartnett (interim) as the Principal Accounting Officer of the HM Revenue and Customs has personal responsibility for the proper presentation of the department's resource accounts as prescribed in legislation, or by the Treasury, and their transmission to the Comptroller and Auditor General. The PAO as the permanent head, remains in general overall charge of the HM Revenue and Customs.

The responsibilities of an Accounting Officer are set out in Chapter 3 of Managing Public Money. In essence these responsibilities include a personal responsibility for the propriety and regularity of the public finances for which they are answerable; for keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all the available resources. In addition, the Accounting Officer must ensure that there is a sound system of internal control to support the achievement of the organisation's policies, aims and objectives and should regularly review the effectiveness of that system.

In accordance with Managing Public Money requirements the relationship between the Principal Accounting Officer and the Additional Accounting Officer(s) and with their Ministers, together with their respective responsibilities, is set out in writing.

## Notes to the Main Estimate (*continued*)

### Analysis of operating appropriations in aid (A in A)

	£'000		
	2008-09 Provision	2007-08 Provision	2006-07 Outturn
<b>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</b>			
<b>Administration</b>	<b>53,026</b>	<b>134,209</b>	<b>67,587</b>
<i>of which:</i>			
Sale of goods and services	34,267	42,430	67,587
Regulatory licences, fines, penalties and taxes	18,759	91,779	-
<b>Programme</b>	<b>388,499</b>	<b>385,841</b>	<b>382,948</b>
<i>of which:</i>			
Sale of goods and services	388,364	385,706	382,948
Regulatory licences, fines, penalties and taxes	135	135	-
<b>Total RfR 1</b>	<b>441,525†</b>	<b>520,050</b>	<b>450,535</b>
† 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 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.			
<b>RfR 2: Growing a contribution to the good management of property where the public interest is involved</b>			
<b>Administration</b>	<b>208,546</b>	<b>215,239</b>	<b>201,928</b>
<i>of which:</i>			
Sale of goods and services	208,546	215,239	201,928
<b>Total RfR 2</b>	<b>208,546†</b>	<b>215,239</b>	<b>201,928</b>
† 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.			
<b>RfR 4: Making payments of rates to Local Authorities on behalf of certain bodies</b>			
<b>Programme</b>	<b>2,100</b>	<b>2,239</b>	<b>1,937</b>
<i>of which:</i>			
Sale of goods and services	2,100	2,239	1,937
<b>Total RfR 4</b>	<b>2,100†</b>	<b>2,239</b>	<b>1,937</b>
† 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.			
<b>Total Operating A in A</b>	<b>652,171</b>	<b>737,528</b>	<b>654,400</b>

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

	£'000		
	2008-09 Provision	2007-08 Provision	2006-07 Outturn
<b>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</b>			
<b>Administration</b>	-	-	2,466
<i>of which:</i>			
Sale of assets	-	-	2,466
<b>Programme</b>	3,818	3,818	3,645
<i>of which:</i>			
Sale of assets	3,818	3,818	3,645
<b>Total RfR 1</b>	<b>3,818†</b>	<b>3,818</b>	<b>6,111</b>
<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>			
<b>RfR 2: Growing a contribution to the good management of property where the public interest is involved</b>			
<b>Administration</b>	-	-	1
<i>of which:</i>			
Sale of assets	-	-	1
<b>Programme</b>	162	162	2
<i>of which:</i>			
Sale of assets	162	162	2
<b>Total RfR 2</b>	<b>162†</b>	<b>162</b>	<b>3</b>
<i>† Amount that may be applied as non-operating appropriations in aid, arising from: the recovery of income from the sale of assets.</i>			
<b>Total Non-Operating A in A</b>	<b>3,980</b>	<b>3,980</b>	<b>6,114</b>

## Notes to the Main Estimate (*continued*)

### Analysis of Consolidated Fund extra receipts

	£'000					
	2008-09		2007-08		2006-07	
	Provision		Provision		Outturn	
	Income	Receipts	Income	Receipts	Income	Receipts
Fines and penalties ●	325,200	279,200	325,200	279,200	276,283	239,569
Proceeds, less duty, on sale of seized goods ●	6,400	6,400	6,400	6,400	6,400	6,400
Other miscellaneous receipts●	19,400	19,400	19,400	19,400	18,400	18,400
<b>Total</b>	<b>351,000</b>	<b>305,000</b>	<b>351,000</b>	<b>305,000</b>	<b>301,083</b>	<b>264,369</b>

## Notes to the Main Estimate (*continued*)

### Departmental Expenditure Limits and Administration budgets

	£'000		
	Voted	Non-voted	Total
Resource DEL	3,975,044	391,401	4,366,445
<i>of which:</i> <sup>†</sup>			
Administration budget	4,222,262	43,662	4,265,924
Near-cash in RDEL	3,635,162	425,549	4,060,711
Capital DEL <sup>††</sup>	257,366	3,648	261,014
Less Depreciation <sup>†††</sup>	-179,000	-	-179,000
Total DEL	4,053,410	395,049	4,448,459

<sup>†</sup> 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.

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

<sup>†††</sup> 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 2008-09 of £15,490,947,000 is 0.7 per cent higher than the final net provision for 2007-08 of £15,381,650,000 and 1.7 per cent higher than the forecast outturn for 2007-08 of £15,237,973,000.

### Cash which may be retained to offset expenditure

	£'000		
	2008-09 Provision	2007-08 Provision	2006-07 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.	656,151	741,508	660,514