

Changes to HMRC Statistics Publications: CenTax Response

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1 About CenTax

We are researchers at the Centre for the Analysis of Taxation (CenTax), a research centre co-hosted by LSE and University of Warwick. CenTax is dedicated to improving public understanding of tax policy and helping to design a better tax system, by generating evidence that is rigorous and relevant to policymakers and the public. Further information about CenTax is available via our website.

Our work focuses on tax policy design and the measurement of tax policy outcomes. We conduct cutting-edge research on the behavioural and economic impacts of tax policy changes and have contributed substantively to debates on tax policy in the UK over recent years. We use HMRC administrative data accessed through a secure research environment that allows us to compare academic research findings with official government costings, providing insight into how policy analyses are conducted.

We sent this in response to the government's consultation on Changes to HMRC Statistics Publications which can be found [here](#).

2 Background

In some respects, CenTax is not a typical user of HMRC statistics since we often have access (or potential to request access) to the underlying data sources used, so can conduct our own analysis – within the scope of approved HMRC Datalab projects – where relevant information is not available in published statistics. However, we also share many uses of HMRC statistics in common with other external users, especially in areas that are outside the scope of our approved HMRC Datalab projects. We also have a general interest in helping to improve public understanding of the tax system, which significantly relies on HMRC statistics. Finally, as members of the UK's academic community, we have a strong interest in ensuring that HMRC statistics provide a long-term record of UK taxes and the distribution of income/wealth for purposes of future historical analysis.

3 General

3.1 Coverage: responsiveness to public debates

We think that the topics covered by HMRC's statistics could be more responsive to the content of public debates about the tax system. We recognise that there is a need to balance long-term continuity of coverage (e.g. for historical research) with current relevance. Even so, there are several areas of public debate about the tax system that feature prominently and recurrently over time, but which are currently not covered at all – or are only covered very superficially – by HMRC statistics. To provide two examples within CenTax's area of focus:

- *Migration rates* – immigration/emigration rates by individuals at different income levels (particularly top earners) recurrently attract significant media interest and yet public debates are currently driven by very poor quality and unreliable evidence.¹ Statistics based on tax data would be extremely helpful for contextualising other evidence and improving public understanding. Whilst such analysis is possible via HMRC Datalab, for issues of recurrent public interest we think there is a strong case for HMRC more proactively adding to its range of statistics publications. The introduction of statistics on Non-Domiciled Taxpayers is a good example of this (from 2015), but we think that such examples could be more numerous.
- *Tax contribution of top earners* – HMRC already publishes a long-running series on the share of all Income Tax paid by different groups. Our impression is that these statistics are amongst the most frequently cited of all HMRC's statistics publications. However, in our view the available statistics are quite superficial and potentially misleading when used (as they often are, including by politicians) to draw inferences about the overall progressivity of the tax system. We think that HMRC should take account of the role which existing statistics play in public debates about the tax system when deciding how to develop these statistics to make them more informative.

These are just two examples. We expect that there are further examples in other areas that are similarly prominent and recurrent in public debates about the tax system: e.g. corporate taxes paid by multinationals. One way of understanding which topics to focus on is to look at the content of FOI requests, and this approach is mentioned in HMRC's consultation for

¹E.g. New World Wealth / Henley & Partners, which is based on a small and unrepresentative sample of self-reported locations on LinkedIn.

specific statistics publications. This approach can usefully reduce the duplication of work arising from answering multiple FOIs on the same topic. However, we would encourage HMRC to take a flexible approach to identifying topics of public interest, also drawing on (for example) insights from comms colleagues rather than relying exclusively on FOIs, which can be a rather selected sample.

We recommend that HMRC should review the topics covered in its statistics by comparing these with the topics that feature most prominently and recurrently in public debates about the tax system (particularly where these debates feature empirical claims that could be assessed using tax data), to ensure that HMRC is appropriately responsive to the needs of external users and contributing positively to public understanding of the tax system. We would caution against excessively pursuing comprehensiveness across heads of tax, since this will tend to miss important cross-cutting issues and may inappropriately direct disproportionate resource towards providing information on topics that are relatively marginal in public debates about the tax system.

3.2 Coverage: depth/breadth vs frequency/timeliness

We think that HMRC's current statistics publications often excessively prioritise frequency and timeliness over depth and breadth. We recognise that there are some areas where timely and frequent publications are extremely valuable to users, for example statistics that are used as indicators of labour market participation or other measures of current economic performance. However, there are many other areas where there is not as pressing a need for timeliness and/or results do not change much from year to year, at least in the absence of major policy changes.

Given that HMRC is inevitably resource constrained, the current focus on providing at least annual updates for most statistics series comes at an implied cost in terms of the depth and breadth of those statistics. In some cases, we think it would be preferable to publish statistics at less than annual frequency in order to reallocate resource to providing more of a 'deep dive' on specific sub-areas. This approach is already adopted by other tax authorities internationally, for example in the US via the Inland Revenue Service's statistical 'bulletins'. For the purpose of historical research, it would still be helpful to provide statistics at annual frequency, but by reducing the frequency of publications this could allow more time for analysts to spend on extending the depth and breadth of analysis.

We recommend that HMRC should review the trade-off between frequency/timeliness of each statistics publication versus the depth/breadth of analysis, given resourcing constraints. HMRC should contemplate publishing at less than annual frequency where appropriate, provided that resourcing is reallocated to extending the analysis along other dimensions.

3.3 Accessibility and usability

We welcome the proposal to publish more data in a machine-readable format. We would also tentatively welcome a move towards an interactive online platform (similar to DWP's). However, we think that there are other improvements to usability and accessibility may represent a better use of resource, in terms of the cost and potential benefit to users:

- *Consolidating multiple spreadsheets* – it would significantly aid usability of HMRC's statistics publications if all of the statistics published within each release were consolidated into a single spreadsheet. Individual tables could still be separated by numbered tabs. The single spreadsheet should also contain all statistics referred to in the commentary, where this is published additionally.
- *Consolidating historic releases* – users often wish to construct time series or other comparisons using historic releases, and this is currently made significantly more difficult by redirection to the National Web Archives. At present, each user needs to conduct their own (often time-consuming) search of the National Web Archives for relevant historic publications, and many users will lack the required knowledge and expertise to do this. We recommend that HMRC should undertake a 'once and for all' consolidation of historic statistics publications available via the National Web Archives, and make these publications available to bulk download directly from the landing page for corresponding new releases.

3.4 User engagement

We welcome the current consultation by HMRC. However, we think that large-scale 'set piece' consultations may not be the best way to obtain informative and representative feedback from a comprehensive range of users. We anticipate that most users of HMRC statistics will be occasional users who refer to a specific statistics publication for a specific purpose. We suspect that such users are unlikely to consider themselves as stakeholders in a large-scale consultation or even be aware that the current consultation is taking place. Consequently, we would expect responses to mainly reflect

the views of institutional or other ‘power’ users of HMRC statistics (such as CenTax), but to miss representation from more occasional or niche users.

We recommend that HMRC should put in place mechanisms for actively soliciting feedback from users at the time when they are accessing statistics, rather than relying mainly or exclusively on set piece consultations in future. We think that such an approach would better capture the full range of users who may not respond to set piece consultations. Moreover, it is better to solicit feedback at the point when users are already engaging with the statistics, since comments will then be fresh in their mind. This does not mean that HMRC would need to respond immediately to any feedback that has been provided: gathered feedback from users could still be considered periodically as part of HMRC’s standard review process.

We recognise that HMRC may still need to hold set piece consultations in order to consult on specific proposals for changes to existing statistics (as in the present consultation). However, we think that set piece consultations cannot be the only mode via which users are invited to provide their own feedback. Concretely, for example, HMRC could provide a link on the landing page for each statistics publication, inviting users to provide feedback. This would represent a lower barrier for most users – and indicate a more active willingness to receive feedback – compared with only providing a mailbox address for correspondence. The survey could also request optional information about the user such as their institution (if any) and the purpose for using the statistics.

4 HMRC’s proposals on specific statistics

Below we comment on HMRC’s proposals relating to specific statistics publications. We have only commented on publications where we have direct expertise or interest, so where we have not commented this should be interpreted as neither supporting nor objecting to the proposals.

4.1 Annual Savings Statistics

We support the proposals.

4.2 Capital Gains Tax Statistics

We strongly support the development of annual statistics on carried interest. However, from tax year 2026-27 onwards, carried interest will become taxable as trading income. Consequently, in the long-term it would be odd to locate the analysis within CGT statistics. There is also a high degree of public interest in carried interest which is very likely to persist in

future years. We think that this justifies a more detailed publication than can be accommodated within existing CGT statistics. For these two reasons, we recommend that HMRC should introduce a standalone statistics publication on carried interest. CenTax's report 'Ten Key Facts about Carried Interest' provides an example of the kinds of statistical breakdown that HMRC could produce as part of this publication.

4.3 Charity Tax Relief Statistics

- We agree that it is important to provide statistics capturing all donors and we support the proposal for addressing this. We agree that providing historic revisions on a comparable basis adequately addresses transitional concerns.
- We recommend if possible adding some simple statistics on the distribution of donation size at different levels of total income, rather than only providing information about totals/means.
- We would be keen to learn more about the data source used to produce GAYE statistics and potentially request these data via HMRC Datalab within our 'Missing Incomes' project.

4.4 RTI Statistics

- We welcome the proposal to include 'a public/private ownership split of measures', assuming that this refers to public/private sector employers. We would be keen to learn more about the data source used to produce this breakdown and potentially request these data via HMRC Datalab as it would be a very useful input to the Business-to-Worker Register that we are developing.
- We support the switch in geographical classification, although consideration should be given to historic comparability if there are significant differences in the underlying geographies across classifications.
- We think that reducing the frequency of breakdowns is a reasonable trade-off for improved granularity. However, it would be helpful to have more detail on what HMRC is proposing in relation to removal of some existing breakdowns, in order to comment on this.

4.5 Inheritance Tax Liabilities Statistics

We think that IHT statistics are a prime example of our general comment above that it is important for HMRC to consider the trade-off between frequency/timeliness and depth/breadth of its statistics. Many IHT statistics

are volatile from year-to-year and it is only possible to discern meaningful trends over relatively long periods. In these circumstances there is limited benefit in having every statistic published annually. We think there would be a strong case for rotating specific areas of focus each year allowing for more detailed analysis but with less frequent updates. On this model there would still be an IHT statistics publication each year, but it would rotate which statistics were covered, and for the relevant area of focus would provide yearly statistics and annual averages since the last time this area was covered. We welcome further discussion of how this model could work and what additional statistics could usefully be produced.

4.6 Measuring tax gaps publication

We would welcome a discussion of how HMRC can integrate its recent analysis of 'undisclosed foreign income' within future MTG publications, and more broadly how it can provide further statistics on disclosed and undisclosed foreign income and gains since this is a topic of major public interest.

4.7 Tax relief statistics

- We support the move to a single annual publication.
- We encourage HMRC to provide greater clarity over its definition of 'non-structural' reliefs. We note that some policies that we would classify as non-structural (for example the remittance basis) have previously not been included in HMRC's list of uncosted reliefs. We would expect to see the relief provided under the new FIG regime costed as a non-structural relief given that the government has been clear that it is intended to serve an economic objective.

4.8 Private pension statistics

We support the proposal to expand Table 6. We additionally think it would be useful if statistics for 'personal or private sector occupational' could be split into two separate categories.