

---

# 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 objectives cover improvement in the extent to which individuals and businesses pay the amount of tax due and receive the credits and payments to which they are entitled, improvement in customer experience; and strengthening frontier protection in a way that balances the need to maintain the UK as a competitive location in which to do business. 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 which transferred from DTI this year,.
3. Details of the expenditure contained in this Estimate can be found in the HM Revenue & Customs Spring Departmental Report 2007 (Cm 7107).
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>4,255,423,000</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>86,000,000</b>
<b>Request for Resources 4: Making payments of rates to Local Authorities on behalf of certain bodies</b>	<b>38,385,000</b>
<b>Request for Resources 5: Payments of Child Benefit and Child Trust Fund endowments</b>	<b>10,750,462,000</b>
<b>Total net resource requirement</b>	<b>15,130,271,000</b>
<b>Net cash requirement</b>	<b>15,122,469,000</b>

Amounts required in the year ending 31 March 2008 for expenditure by 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, Shipbuilders' Relief, new tax credits, National Insurance Contributions, Child Benefit and the Child Trust Fund, Money Laundering regulatory regime, the National Insurance Funds for Great Britain and Northern Ireland; OPG and government banking services; 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

**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.

**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, contributions in lieu of rates in respect of properties occupied by the Crown in Gibraltar and other similar payments; and associated non-cash items.

**RfR 5: Payments of Child Benefit and Child Trust Fund endowments**

payments of Child Benefit, Child Trust Funds and the associated non-cash items.

HM Revenue and Customs will account for this Estimate.

	Net total	Allocated in Vote on Account	Balance to complete
<b>RfR 1</b>	<b>4,255,423,000</b>	<b>1,962,072,000</b>	<b>2,293,351,000</b>
<b>RfR 2</b>	<b>1,000</b>	<b>-</b>	<b>1,000</b>
<b>RfR 3</b>	<b>86,000,000</b>	<b>35,100,000</b>	<b>50,900,000</b>
<b>RfR 4</b>	<b>38,385,000</b>	<b>31,340,000</b>	<b>7,045,000</b>
<b>RfR 5</b>	<b>10,750,462,000</b>	<b>4,676,158,000</b>	<b>6,074,304,000</b>
<b>Total net resource requirement</b>	<b>15,130,271,000</b>	<b>6,704,670,000</b>	<b>8,425,601,000</b>
<b>Net cash requirement</b>	<b>15,122,469,000</b>	<b>6,728,537,000</b>	<b>8,393,932,000</b>

**Part II: Subhead detail**

£'000

2007-08 Provision						2006-07 Provision	2005-06 Outturn		
Resources						Capital	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>									
4,352,119	126,374	200,435	4,678,928	423,505	4,255,423	258,780	3,818	4,564,095	4,315,648
<b>Spending in Departmental Expenditure Limits (DEL)</b>									
<i>Central Government spending</i>									
A	Administration								
4,352,119	122,874	435	4,475,428	420,006	4,055,422	258,780	3,818	4,269,094	4,090,484
<b>Spending in Annually Managed Expenditure (AME)</b>									
<i>Central Government spending</i>									
B	e-filing incentive payments								
-	-	200,000	200,000	-	200,000	-	-	295,000	225,164
<b>Non-Budget</b>									
C	Operational local clearance procedures								
-	3,500	-	3,500	3,499	1	-	-	1	-
<b>RfR 2: Growing a contribution to the good management of property where the public interest is involved</b>									
214,975	265	-	215,240	215,239	1	9,171	162	1	1
<b>Spending in Departmental Expenditure Limits (DEL)</b>									
<i>Central Government spending</i>									
A	Administration								
214,975	-	-	214,975	215,239	-264	9,171	162	-808	1
<b>Spending in Annually Managed Expenditure (AME)</b>									
<i>Central Government spending</i>									
B	Administration								
-	265	-	265	-	265	-	-	809	-
<b>RfR 3: Providing payments in lieu of tax relief to certain bodies</b>									
-	-	86,000	86,000	-	86,000	-	-	82,000	79,322
<b>Spending in Annually Managed Expenditure (AME)</b>									
<i>Central Government spending</i>									
A	Payments in lieu of tax relief								
-	-	86,000	86,000	-	86,000	-	-	82,000	79,322

<b>RfR 4: Making payments of rates to Local Authorities on behalf of certain bodies</b>										
	-	42,683	-	42,683	4,298	38,385	-	-	36,871	29,265
<b>Spending in Annually Managed Expenditure (AME)</b>										
<i>Central Government spending</i>										
A	Payments of Local Authority rates									
	-	42,683	-	42,683	4,298	38,385	-	-	36,871	29,265
<b>RfR 5: Payments of Child Benefit and Child Trust Fund endowments</b>										
	-	-9,574	10,760,036	10,750,462	-	10,750,462	-	-	10,402,000	9,983,671
<b>Spending in Annually Managed Expenditure (AME)</b>										
<i>Central Government spending</i>										
A	Children's benefits									
	-	-9,574	10,520,036	10,510,462	-	10,510,462	-	-	10,162,000	9,748,874
B	Child Trust Fund Endowments									
	-	-	240,000	240,000	-	240,000	-	-	240,000	234,797
<b>Total for Estimate:</b>										
	4,567,094	159,748	11,046,471	15,773,313	643,042	15,130,271	267,951	3,980	15,084,967	14,407,907

**Part II: Resource to cash reconciliation**

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
<b>Net Resource Requirement</b>	<b>15,130,271</b>	<b>15,084,967</b>	<b>14,407,907</b>
<b>Voted capital items</b>			
Capital	267,951	342,311	378,347
Less Non-operating A-in-A	3,980	3,980	1,000
<b>Total net voted capital</b>	<b>263,971</b>	<b>338,331</b>	<b>377,347</b>
<b>Accruals to cash adjustment</b>			
Adjustments to remove non-cash items:			
Cost of Capital charges	-34,305	-6,500	-1,833
Depreciation	-183,516	-202,998	-159,290
New provisions and adjustments to previous provisions	-119,791	-159,661	-90,338
Profit/loss on sale of assets	-	2,068	-17,415
Prior period adjustments	-	-	-
Other non-cash items	-520	-10,872	-1,925
Increase (+) / Decrease (-) in stock	-500	-500	41
Increase (+) / Decrease (-) in debtors	34,530	-13,728	-4,501
Increase (-) / Decrease (+) in creditors	-1,819	194,123	-175,622
Use of provisions	34,148	143,177	249,950
<b>Total accruals to cash adjustments</b>	<b>-271,773</b>	<b>-54,891</b>	<b>-200,933</b>
<b>Excess cash to be CFERd</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Cash Requirement</b>	<b>15,122,469</b>	<b>15,368,407</b>	<b>14,584,321</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>2007-08</b>		<b>2006-07</b>		<b>2005-06</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	-	-	-	-	3,885	3,885
Non-operating income not classified as A in A	-	-	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund	230,000	<i>230,000</i>	230,000	<i>230,000</i>	193,272	<i>212,100</i>
Excess cash receipts to be surrendered to the Consolidated Fund	-	-	-	-	-	-
<b>Total</b>	<b>230,000</b>	<b><i>230,000</i></b>	<b>230,000</b>	<b><i>230,000</i></b>	<b>197,157</b>	<b><i>215,985</i></b>

## Forecast Operating Cost Statement

£'000

	2007-08 Provision	2006-07 Provision	2005-06 Outturn
<b>Net Administration Costs</b>			
RfR 1	4,304,310	4,521,424	4,250,096
RfR 2	-264	-808	-3,884
RfR 3	-	-	-
RfR 4	-	-	-
RfR 5	-	-	-
<b>Total Net Administration costs</b>	<b>4,304,046</b>	<b>4,520,616</b>	<b>4,246,212</b>
<b>Net Programme Costs</b>			
RfR 1	-48,887	42,671	65,552
RfR 2	265	809	-
RfR 3	86,000	82,000	79,322
RfR 4	38,385	36,871	29,265
RfR 5	10,750,462	10,402,000	9,983,671
<b>Total Net Programme costs</b>	<b>10,826,225</b>	<b>10,564,351</b>	<b>10,157,810</b>
<b>Total Net Operating Cost</b>	<b>15,130,271</b>	<b>15,084,967</b>	<b>14,404,022</b>
<i>of which:</i>			
Net Resource Requirement	15,130,271	15,084,967	14,407,907
Non-voted expenditure	-	-	-
Consolidated Fund Extra Receipts	-	-	-3,885
<b>Resource Budget</b>	<b>30,152,286</b>	<b>29,360,976</b>	<b>27,604,011</b>

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

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

	<b>£'000</b>		
	<b>2007-08</b>	<b>2006-07</b>	<b>2005-06</b>
	<b>Provision</b>	<b>Provision</b>	<b>Outturn</b>
<b>Net Resource Requirement (Estimates)</b>	<b>15,130,271</b>	<b>15,084,967</b>	<b>14,407,907</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	-	-	-3,885
Other adjustments	-	-	-
<b>Net Operating Cost (Accounts)</b>	<b>15,130,271</b>	<b>15,084,967</b>	<b>14,404,022</b>
<i>Adjustments to remove:</i>			
Gains / losses from sale of capital assets	-	2,068	-17,415
Capital grants	-240,000	-240,000	-234,797
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	60,074	-	-
Other adjustments	15,201,942	14,513,942	13,452,201
<b>Resource Budget (Budget)</b>	<b>30,152,286</b>	<b>29,360,976</b>	<b>27,604,011</b>
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	4,463,171	4,618,293	4,392,771
Annually Managed Expenditure (AME)	25,689,115	24,742,683	23,211,240

### Reconciliation of capital expenditure between Estimates and Budgets

	<b>£'000</b>		
	<b>2007-08</b>	<b>2006-07</b>	<b>2005-06</b>
	<b>Provision</b>	<b>Provision</b>	<b>Outturn</b>
<b>Net Voted Capital (Estimates)</b>	<b>263,971</b>	<b>338,331</b>	<b>377,347</b>
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	-	-	-
Capital spending by non-departmental public bodies	-	-	-
Capital grants	240,000	240,000	234,797
European Union income related to capital grants	-	-	-
Supported capital expenditure (revenue)	-	-	-
Capital spending by levy funded bodies	-	-	-
Unallocated capital provision	3,739	-	-
Other adjustments	-	-	-
<b>Capital Budget (Budget)</b>	<b>507,710</b>	<b>578,331</b>	<b>612,144</b>
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	267,710	338,331	377,347
Annually Managed Expenditure (AME)	240,000	240,000	234,797

## 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 Resources within this Estimate.

<b>Request for Resources 1:</b>	Mike Eland, Deputy Chairman of 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, Director General 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, Deputy Chairman of HM Revenue and Customs

Paul Gray 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 Annex 4.1 of Government Accounting. 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 Government Accounting requirement 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		
	2007-08 Provision	2006-07 Provision	2005-06 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>47,809</b>	<b>58,408</b>	<b>96,491</b>
<i>of which:</i>			
Sale of goods and services	29,050	39,649	96,491
Regulatory licences, fines, penalties and taxes	18,759	18,759	-
<b>Programme</b>	<b>375,696</b>	<b>377,497</b>	<b>380,657</b>
<i>of which:</i>			
Sale of goods and services	375,561	377,362	380,657
Regulatory licences, fines, penalties and taxes	135	135	-
<b>Total RfR 1</b>	<b>423,505†</b>	<b>435,905</b>	<b>477,148</b>
<p>† 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; 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 Fund; and marine fuel relief, 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.</p>			
<b>RfR 2: Growing a contribution to the good management of property where the public interest is involved</b>			
<b>Administration</b>	<b>215,239</b>	<b>223,100</b>	<b>232,841</b>
<i>of which:</i>			
Sale of goods and services	215,239	223,100	236,726
CFERs	-	-	-3,885
<b>Total RfR 2</b>	<b>215,239†</b>	<b>223,100</b>	<b>232,841</b>
<p>† 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; other administration cost receipts.</p>			
<b>RfR 4: Making payments of rates to Local Authorities on behalf of certain bodies</b>			
<b>Programme</b>	<b>4,298</b>	<b>4,203</b>	<b>4,157</b>
<i>of which:</i>			
Sale of goods and services	4,298	4,203	4,157
<b>Total RfR 4</b>	<b>4,298†</b>	<b>4,203</b>	<b>4,157</b>
<p>† 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 and Ministry of Defence property in Gibraltar.</p>			
<b>Total Operating A in A</b>	<b>643,042</b>	<b>663,208</b>	<b>714,146</b>

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

£'000

	2007-08 Provision	2006-07 Provision	2005-06 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>Programme</b>	3,818	3,818	707
<i>of which:</i>			
Sale of assets	3,818	3,818	707
<b>Total RfR 1</b>	<b>3,818†</b>	<b>3,818</b>	<b>707</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>	-	-	140
<i>of which:</i>			
Sale of assets	-	-	140
<b>Programme</b>	162	162	153
<i>of which:</i>			
Sale of assets	162	162	153
<b>Total RfR 2</b>	<b>162†</b>	<b>162</b>	<b>293</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>1,000</b>

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

### Analysis of Consolidated Fund extra receipts

	<b>£'000</b>					
	<b>2007-08</b>		<b>2006-07</b>		<b>2005-06</b>	
	<b>Provision</b>		<b>Provision</b>		<b>Outturn</b>	
	<b>Income</b>	<b>Receipts</b>	<b>Income</b>	<b>Receipts</b>	<b>Income</b>	<b>Receipts</b>
Fines and penalties ●	205,200	205,200	205,200	205,200	175,172	194,000
Proceeds, less duty, on sales of seized assets ●	6,400	6,400	6,400	6,400	3,300	3,300
Other miscellaneous receipts ●	18,400	18,400	18,400	18,400	18,685	18,685
<b>Total</b>	<b>230,000</b>	<b>230,000</b>	<b>230,000</b>	<b>230,000</b>	<b>197,157</b>	<b>215,985</b>

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

### Departmental Expenditure Limits and Administration budgets

	<b>£'000</b>		
	<b>Voted</b>	<b>Non-voted</b>	<b>Total</b>
Resource DEL	4,055,158	408,013	4,463,171
<i>of which: †</i>			
Administration budget	4,304,046	60,074	4,364,120
Near-cash in RDEL	3,707,748	442,161	4,149,909
Capital DEL ††	263,971	3,739	267,710
Less Depreciation †††	-183,251	-	-183,251
<b>Total DEL</b>	<b>4,135,878</b>	<b>411,752</b>	<b>4,547,630</b>

† 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 2007-08 of £15,130,271,000 is 0.3 per cent higher than the final net provision for 2006-07 of £15,084,967,000 and 0.3 per cent higher than the forecast outturn for 2006-07 of £15,081,504,000.

### Cash which may be retained to offset expenditure

	<b>£'000</b>		
	<b>2007-08 Provision</b>	<b>2006-07 Provision</b>	<b>2005-06 Outturn</b>
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.	647,022	667,188	715,146

---

**Notes to the Main Estimate (*continued*)****Expenditure resting on the sole authority of the Appropriation Act**

The following subheads contain provision sought under the sole authority of Part I of the Estimate and of the confirming Appropriation Act:

---

<b>RfR/Section</b>	<b>Service</b>	<b>£'000</b>
A2	The provision of Capital Grants for Tax Stamps	353

---

