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BETTER USE OF NEW AND IMPROVED THIRD-PARTY DATA TO MAKE IT EASIER TO PAY TAX RIGHT FIRST TIME

Response by Association of Taxation Technicians

1 Introduction

- 1.1 The Association of Taxation Technicians (ATT) is pleased to have the opportunity to respond to the HMRC consultation document *Better use of new and improved third-party data to make it easier to pay tax right first time* ('the Consultation') issued on 26 March 2025¹.
- 1.2 The primary charitable objective of the ATT is to promote education and the study of tax administration and practice. We place a strong emphasis on the practicalities of the tax system. Our work in this area draws heavily on the experience of our members who assist thousands of businesses and individuals to comply with their taxation obligations. This response is written with that background.
- 1.3 We have responded to this consultation from the perspective of taxpayers and agents. We support HMRC improving the process of pre-populating bank and building society interest (BBSI) as many more taxpayers find themselves in the position of needing to pay tax on savings interest.
- 1.4 As part of the changes we would like to see any third party data that HMRC uses to calculate a taxpayer's position made available to the taxpayer and their agent in a format that can be easily checked and corrected.

As a matter of principle, taxpayers (who are ultimately responsible for their tax affairs) need to be able to clearly see and understand the data that HMRC has used to calculate their tax liabilities.

Where HMRC has used estimates these should be clearly identified and easy to update.

We also believe that agents should be able to see and do everything online that their clients can in respect of managing their tax affairs, so provision for agents to view and update HMRC data is also essential.

- 1.5 While we appreciate that HMRC will not want to place undue burdens on financial institutions, we are concerned that the new schema proposals are not sufficient to enable HMRC to use data effectively, especially when it comes to making estimates for PAYE coding adjustments. We think it would be helpful for HMRC to ensure they know the period covered by interest payments reported, and to be notified when accounts are closed.

¹ <https://www.gov.uk/government/consultations/better-use-of-new-and-improved-third-party-data/better-use-of-new-and-improved-third-party-data-to-make-it-easier-to-pay-tax-right-first-time#the-consultation-process>

- 1.6 We have responded to questions 5, 8, 11, 12 and 18 below. For context, we have set out some of the problems that are experienced by taxpayers and their agents with the current process in section 2.

2 Issues with the current process of pre-populating BBSI data

- 2.1 We are pleased to see that HMRC want to “improve the customer experience” and ensure that the right data, of the right quality, is supplied at the right time. From the perspective of taxpayers and agents there are a number of issues with the current process of pre-populating financial account information:
- Taxpayers do not have easy access to details of the interest figures included in Simple Assessments, P800s and PAYE codes. These only include total interest figures for the year. If these do not match the taxpayer’s figures, it is necessary to ring or write to HMRC for an account by account breakdown to resolve any differences. This creates additional contact for HMRC and additional administration for the taxpayer.
 - When a taxpayer provides their own BBSI information to HMRC over the phone, we have seen examples of double-counting, with the taxpayer’s corrected figures added to those already provided by pre-population, rather than replacing them.
 - Some taxpayers opt to contact HMRC to supply their own data rather than wait for HMRC to issue a computation. But if further data is received from banks after this contact, this generates a fresh reconciliation which often ignores the figures supplied by the taxpayer. The taxpayer then has to contact HMRC again to correct their position. We had a case reported to us recently where an individual spent a total of five hours on the phone to HMRC before the correct interest was included in their computation.
 - When HMRC uses estimates, the inclusion of estimates and the basis of those estimates is not disclosed. We have seen Simple Assessments demanding tax payments on the basis of estimated figures which were not clearly disclosed to the taxpayer. This is unreasonable.
 - When a bank account is closed, HMRC does not receive a notification that the account has closed. We understand that HMRC have processes in place to remove the account from the taxpayer record after data has not been received for a number of years, but we have seen instances where HMRC have continued to include estimated interest figures for closed accounts in P800s and PAYE codes.
 - A similar problem can arise when financial institutions merge. If an account is renumbered as part of the process, we have seen examples where both the old account and the new account have been kept on the taxpayer record, and HMRC estimates of interest added in respect of the old account for some years, overstating the individual’s tax bill.
 - When an individual’s interest exceeds £10,000 it does not appear to trigger any prompts from HMRC to suggest they should register for Self-Assessment in line with HMRC’s guidance. We have seen a number of Simple Assessments issued showing interest well over this threshold.
- 2.2 While the responsibility for ensuring pre-populated information is correct rests with the taxpayer, they need the ability to make meaningful checks. This means that a clear breakdown of total interest, on an account by account basis, must be easily accessible without having to wait on the phone or write in. BBSI data should be available to taxpayers digitally via the Personal Tax Account/HMRC App and to their agents via either APIs feeding into third party software, or the Income Record Viewer. This would bring BBSI data in line with payroll data from RTI. Taxpayers and their agents also need to be able to submit amendments to pre-populated amounts online, simply and easily.
- 2.3 Where HMRC have included estimates in computations or PAYE codes, this should be clearly stated and the taxpayer given the opportunity to supply updated estimates that more accurately reflect their circumstances.

- 2.4 HMRC need to make it clear in guidance to taxpayers who is ultimately responsible for ensuring that a computation is both complete and correct, even if HMRC have provided the figures. This understanding of responsibility is crucial if accountability and penalties for errors are to be attributed to the right person.
- 2.5 In addition to improving the process of receiving data from banks, HMRC also need funding to improve its own matching service. We understand that the current process operates as a separate micro-service, which has a limited daily capacity. This slows down the process of reconciliation and means that many people are submitting returns without the benefit of pre-populated data.

3 Section 2: Timely-reporting – standing reporting obligations and frequency

Question 5: The government's emerging position is that the frequency of reporting financial account information should be monthly, and that data should be required as close as practicably possible to the end of each month.

- 3.1 This question is primarily aimed at financial institutions, but we have some observations on timeliness of data from the perspective of taxpayers which we think may be relevant.
- 3.2 Assuming it is possible for financial institutions to do so, we would welcome BBSI data arriving sooner than three months after the end of the tax year. While there would be benefits for those completing their own tax return, the greater benefit would be for those outside the Self-Assessment system as it would help to bring law and guidance into alignment.
- 3.3 Currently, HMRC advise those with tax to pay on savings, but who would not otherwise need to be in Self-Assessment, to wait until HMRC have issued a tax calculation letter². At the same time, section 7 of TMA 1970 requires individuals to register for Self-Assessment if they have tax to pay by 5 October following the end of the tax year – unless they have been provided with a Simple Assessment for that year. It is difficult for taxpayers to comply with both the law and the guidance as the current Simple Assessment (and P800 tax computations) process typically runs from July to November following the end of the tax year. Since at the 5 October deadline a taxpayer does not know if a Simple Assessment is coming or not, they cannot be sure if registration is required. For 2023/24, there was so much bank data to process that HMRC did not finish issuing Simple Assessments and P800s until 31 March 2025. If HMRC were able to issue their tax computations earlier, this would help to address some of the confusion around when, or if, individuals with taxable interest need to register for Self-Assessment. Members tell us that there is a great deal of anxiety amongst taxpayers whose savings income is not enough to need be included in Self-Assessment. These people have to wait to hear from HMRC and then take action much later in the year if they do not.
- 3.4 The consultation proposes increasing the frequency of reporting to improve accuracy of forecasting and allow tax codes to reflect more up to date information. While this sounds reasonable in theory, some consideration needs to be given to the knock on consequences. We have heard that HMRC are not proposing to start issuing revised PAYE codes on a monthly basis, although this is not mentioned in the consultation. This is welcome, as any additional PAYE code issues will mean more work for employers in processing changes, and increased confusion and worry for employees and pensioners if their code (and thus take home pay) starts to change more regularly. In turn, this could also lead to an increase in HMRC contact from taxpayers seeking to understand and/or change their code. To avoid codes being changed too regularly for little benefit, it may be necessary to introduce a de minimis amount before a change is applied.

² <https://www.gov.uk/apply-tax-free-interest-on-savings> - see guidance under 'If you're employed or get a pension' and 'If you're not employed, do not get a pension or do not complete Self Assessment'.

- 3.5 If reporting frequency increases, then it is important HMRC know what period any reported interest payments cover, to ensure that estimates are as accurate as possible.
- 3.6 We wonder if monthly reporting is strictly necessary, since MTD filings are on a quarterly basis and for those outside MTD, income tax is assessed on an annual basis. Pre-population is really of most value to those outside Self-Assessment (as a way of keeping them out of Self-Assessment) and for this group other deadlines for P60s and P11Ds also have a bearing on HMRC's ability to get computations out. Accordingly there seems to be little need for monthly reports. Quarterly reporting in line with MTD deadlines is perhaps a reasonable compromise for both groups.
- 3.7 Whatever is decided, it is important that the financial institutions can manage the amended deadlines to allow tax computations and PAYE codes collecting tax for previous years to be issued as far as possible on a 'once and done' basis after the end of the tax year. A member reported to us that each year, for several years now, an elderly client of hers with tax to pay on savings has received a series of amended PAYE codes over a period of months following the end of the tax year. Her code is amended each time that further information is received from banks. Our member attempted to circumvent this process one year by supplying HMRC with correct figures for the year early on and asking for the client to be able to pay her tax in one go. However HMRC ignored the information provided and continued to issue new codes, making no mention of tax already paid and confusing the client. The position was briefly alleviated in one year by registering the client for Self-Assessment but she has since been removed from this system. A large number of constantly shifting codes is a frustrating experience for taxpayers, and will increase contact HMRC to resolve queries.

4 Section 3: Collecting the right data – schemas and collection of tax references

Question 8: Our preferred option is to tailor the CRS schema. We would be grateful for your views on:

- Which key specifications need to be included? How would you tailor the CRS schema to meet domestic reporting requirements?

- 4.1 We have not commented on the technical details of the schemas but we support the principles of enhancing data security, quality and the ability of HMRC to process BBSI data effectively.
- 4.2 While we appreciate that there are cost considerations for financial institutions in adopting a schema which differs from CRS schemas, we think it would be helpful if the schema could allow financial institutions to report:
- **Account closures.** Currently financial institutions are asked to report when an account is new and has not previously been reported to HMRC, but there is no option to report an account closure in the year. Previous discussions with HMRC suggest that it had been intended to upgrade existing pre-population to ask about account closures, but funding was not received at the time to make the necessary amendments. We have seen examples where accounts have been closed but HMRC has continued to include estimated interest figures for those accounts in PAYE codes. If HMRC knew when accounts were closed, it could improve the accuracy of tax collection via PAYE coding notices.
 - **The frequency of interest payments/period covered by interest payment.** This is not currently needed as information is supplied annually for the tax year. If reports are made more frequently, then HMRC will need to know if a payment received relates to that month, or if it is an annual payment, or a lump sum payment relating to interest which has been rolled up over a number of years. Without this information, HMRC will not be able to extrapolate the data it has received to make reasonable

estimates. To add to the complications, a fixed term account may have a small amount of interest credited at the start, to cover the period from the deposit of funds to the commencement of the fixed term. There may then be a break of some years before the next interest payment. HMRC need systems that can cope with these complexities.

- 4.3 [Question 11: Which identifiers are appropriate for these types of categories \(Partnerships, Trusts and Charities\) and do you have views on how they may be collected and supplied by third parties?](#)
- 4.4 We have made some suggestions below on potential identifiers.
- 4.5 **Partnerships** – we suggest that the appropriate reference will be the partnership UTR. Collection of individual NINOs could be challenging for large partnerships, especially for those with overseas partners not entitled to a UK NINO or where there are frequent changes to the partnership. Furthermore, it is unlikely that HMRC will be able to appropriately match interest from partnership accounts to individual partners, given that partners may not be entitled to equal shares of any interest arising. For LLPs, the Companies House number would be an appropriate reference.
- 4.6 **Trusts** – We think that the Trust Registration Service reference will be the most appropriate reference here, subject to exclusions for trusts which do not need to register and therefore do not have a reference number. Meaningful matching to individual taxpayers is unlikely to be possible as, depending on the nature of the trust, the interest could be assessable on one or more beneficiaries, the settlor, or taxable in the hands of the trustees.
- 4.7 **Estate accounts** – Although not mentioned in the consultation document, presumably appropriate references will be needed for accounts set up during the administration of an estate. Again, it may not be appropriate to attempt to match interest directly to individual taxpayers, and executors will not want to provide their NINOs as the interest will not be necessarily taxable on them. Only complex estates are registered with the Estate Registration Service and issued with a UTR, so this reference will be of limited use and there may not be a meaningful reference that can be provided. In this case, financial institutions may need a code to flag estate accounts separately.
- 4.8 **Charities** – Charities should be identified by the reference allocated to them by the Charity Commission. We note that in addition to charities there may also be accounts held by Unincorporated Associations such as Community Amateur Sports Clubs (CASC). CASCs are not regulated by the Charities Commission but are registered with HMRC and presumably a suitable reference is available for use here. In both cases, NINOs of the trustees or club members are unlikely to be appropriate because such individuals will not be personally taxable on the income.
- 4.9 [Question 12: What are your views on the proposed requirement to place obligations on suppliers to request NINOs from individual customers, CRNs from incorporated businesses and VRNs from businesses and traders making sales via card machines \(merchant acquirer data\)?](#)
- 4.10 Financial institutions do not currently have to provide an account holder's NINO as it is an optional field. We understand that there are concerns around using the NINO for pre-population, but at a meeting with HMRC in May 2025, it was highlighted that where a NINO is included in a report, it can dramatically increase the level of successful matching. Provided that there is significant benefit to HMRC in asking financial institutions to start gathering this data, then we think this is a reasonable request.
- 4.11 That said, not everyone is entitled to a NINO, and concerns were raised that requiring a NINO could lead to some banks refusing to engage with individuals who do not have one. We have seen in the past how the introduction of information sharing provisions such as FATCA have led some banks to stop offering services

to certain customers so this is a valid concern. A partial solution might involve changing who is eligible to have a NINO and/or when they are issued.

- 4.12 For children's accounts, it would be helpful if NINOs could be issued before the age of 16. (This may also help HMRC to better track repayment claims for minors via the R40 process.) Although there may be times where the interest is taxable on the parent, and the parent's NINO will be more appropriate in these cases.
- 4.13 It might also be helpful to allow UK residents who are not currently eligible for a NINO to apply for one. We wonder if such NINOs could be issued with a special letter code to identify it as one which does not entitle the user to benefits. For example, a NINO ending in the letter E instead of the usual A, B, C or D. (Again, as a wider benefit, this may help those individuals to engage with HMRC. Members report that it is very difficult to register individuals for Self-Assessment who do not have a NINO and are not entitled to have one.) Failing that, there needs to be a clear option in the schema for financial institutions to flag that the account holder is not entitled to a NINO and why.
- 4.14 There may also be instances such as with bare trusts where the nominee may be asked for their NINO as part of identifying the individual operating the account, but the account interest should not be matched to them. In these cases it needs to be clear whose NINO is requested for matching purposes.
- 4.15 In respect of business and traders earning income via card sales, we note that as card machines are now very affordable, even very small businesses with turnover in the low thousands, or even hundreds, are likely to have a card reader. A significant proportion of merchants will therefore not be VAT registered and we wonder if asking for a NINO would be more appropriate for a non-VAT registered sole trader, and the partnership UTR for an non-VAT registered partnership. A non-VAT registered company or LLP could use the Companies House reference number.
- 4.16 In a similar way to how concerns have been expressed about debanking of individuals without NINOs, we would not want to see the requirement for a VAT number to lead to small businesses being effectively blocked from accessing card readers. In a world where we are moving away from cash, even the very smallest 'side hustle' on a market stall needs a card reader if they are not to lose sales.
- 4.17 In addition, many non-business entities will have card readers now, such as small charitable organisations, community clubs and village halls, to facilitate easy collection of funds. NINOs or VAT numbers are unlikely to be appropriate references and consideration needs to be given to what, if any, references might be appropriate.

5 Section 5: Extending reporting to new third-party data sets: dividends and other income from investments

Question 18: What data do you (individuals and their agents) currently use to calculate tax liability on dividends and other investment income? Would it be easier if this data were pre-populated in Self-Assessment or shown in a PAYE tax coding notice?

- 5.1 For investments managed by financial institutions, taxpayers and agents typically get data on investment income and gains from annual investment packs issued following the end of the tax year. Such 'tax packs' usually include a tax certificate which includes details of income, gains and losses, ready for inclusion on the tax return. Some investment managers also provide quarterly summaries, and online access to 'live' data on investment performance and returns but this is not generally used for returns.
- 5.2 Annual tax packs are usually issued until in May, due to the need to consider 30 day matching for CGT. Depending on the provider, packs can be issued into August and September. Occasionally there can be a very

significant delay in a firm issuing packs where there has been changes to IT infrastructure following either upgrade, merger or acquisition.

- 5.3 In general, tax packs are taken at face value and accepted 'as is'. On occasion, a taxpayer may need manual adjustments to the CGT figures if they have shareholdings in the same company in more than one portfolio to ensure matching is carried out correctly, but this is rare. CGT figures may be estimated where a broker takes on an investment which was previously held personally by a client and where no base cost records are available. Other challenges include foreign investment portfolios, where income and disposals are often summarised by calendar year rather than the UK tax year.
- 5.4 Where shareholdings are not held in a portfolio, clients will usually supply details of dividends received after the year end based on paperwork or digital records issued by the company. Where the client's shareholdings are known, and the companies are listed, some agents may subscribe to specialist online services or use data feeds in Self-Assessment tax return software that can provide details of dividends and any corporate actions that may need to be reported.
- 5.5 For unlisted companies, in many cases the agent will be preparing both the company accounts and corporation tax return as well as the shareholders' own personal returns. In these cases, the agent will likely have been involved the remuneration planning, be well aware of the dividend payments, and may well have assisted the directors in drafting the relevant dividend paperwork. If the agent does not act for the company, it is the responsibility of the shareholder to provide accurate details of their dividend income.
- 5.6 From the perspective of agents, pre-population directly into tax software via an API could be welcome provided that the data supplied is accurate, and is supplied in sufficient detail that it can be cross checked to client paperwork or third party records. If the client has a number of portfolios, and the data is supplied as total figures and not on a portfolio by portfolio basis, it will be hard for the agent to check the figures and identify where mismatches have occurred.
- 5.7 From the perspective of the unrepresented, the issues are similar to those of BBSI data. Sufficient detail needs to be supplied so that the individual can meaningfully check and challenge figures, there needs to be a simple method to correct differences and it needs to be made clear to the taxpayer that the information is not necessarily complete, and that they may have other sources of dividend income or gains that will not have been included and may well still need to be reported.

6 Contact details

- 6.1 We would be pleased to join in any discussion relating to this consultation. Should you wish to discuss any aspect of this response, please contact us at atttechnical@att.org.uk.

The Association of Taxation Technicians

7 Note

- 7.1 The Association is a charity and the leading professional body for those providing UK tax compliance services. Our primary charitable objective is to promote education and the study of tax administration and practice. One of our key aims is to provide an appropriate qualification for individuals who undertake tax compliance

work. Drawing on our members' practical experience and knowledge, we contribute to consultations on the development of the UK tax system and seek to ensure that, for the general public, it is workable and as fair as possible.

Our members are qualified by examination and practical experience. They commit to the highest standards of professional conduct and ensure that their tax knowledge is constantly kept up to date. Members may be found in private practice, commerce and industry, government and academia.

The Association has more than 10,000 members and Fellows together with over 7,000 students. Members and Fellows use the practising title of 'Taxation Technician' or 'Taxation Technician (Fellow)' and the designatory letters 'ATT' and 'ATT (Fellow)' respectively.