

Four Foundations

The transformed tax system of 2020 has four foundations.

Tax Simplified

- Tax payers should not have to give HMRC information that it already has, or should be able to get from elsewhere - for instance, from employers, banks, building societies and other government departments.
- Taxpayers will see the information that HMRC holds through their digital tax accounts, and be able to check at any time that their details are complete and correct. HMRC will use this information to tailor the service it provides, according to each taxpayer's individual circumstances. In 2016, HMRC will consult on how information from more third parties might reduce the reporting burden on taxpayers.

Tax in One Place

- At the moment, most taxpayers cannot see a single picture of their liabilities and entitlements in one place. HMRC is changing that.
- By 2020, taxpayers will be able to see their complete financial picture in their digital account, just like they do in their online banking. And they will be able to set an over-payment of one tax against the under-payment of another: it will feel like paying a single tax.

Making Tax Digital for Businesses

- Businesses should not have to wait until the end of the tax year or even longer before knowing how much tax they should pay.
- HMRC will collect and process information affecting tax in as close to real time as possible, to stop tax due or repayments owed from building-up. From April 2018, businesses, including everyone who is self-employed and those letting out property, will update HMRC at least quarterly where it is their main source of income (or a secondary source of income above £10,000 and their main income is from employment or a pension)

Making Tax Digital for Individual Taxpayers

- Individual taxpayers will interact with HMRC digitally, and at any time to suit them.
- By April 2016, every individual and small business will have access to a digital tax account. The digital accounts will present individual taxpayers with a personalised picture of their tax affairs, along with prompts, advice and support through webchat and secure messaging.

Timeline

