



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

House of Commons
London
SW1A 0AA

18 May 2023

Dear James,

Finance Bill: Clause 16

Thank you for your question at the Finance Bill Public Bill Committee on 16th May regarding the HMRC resource that will be dedicated to compliance work to support the effective delivery and implementation of the changes to the Company Share Option Plan (CSOP).

You asked whether this resource was additional net resource or whether it involved redeployment of existing resources with HMRC. I can confirm that the existing compliance teams will be bolstered to support the effective implementation of this measure, ensuring that the tax relief is being used appropriately. This additional resource is expected to cost £570,000 and will be funded from an existing pot of money for Budget measures. This ensures that existing HMRC resource will not be redeployed from other areas.

In its annual report and accounts 2021 to 2022, HMRC estimates it collected and protected £30.8 billion in compliance yield in 2021-2022, an amount affected by the operational and economic impacts of COVID-19, including redeployments within HMRC. There has been a long-term reduction in the overall tax gap, falling from 7.5 per cent in 2005 to 2006 to 5.1 per cent in 2020 to 2021. Between 2017 to 2018 and 2020 to 2021 the overall percentage tax gap has remained low and stable.

A copy of this letter will be deposited in the Libraries of the House.

Yours sincerely,

A handwritten signature in blue ink that reads 'Victoria Atkins'.

VICTORIA ATKINS MP