

17 January 2018

Report of	Assistant Director (Environment)	Author	Jon Ruder ☎ 282840
Title	Consultation – Tackling the Hidden Economy:Public Sector Licensing		
Wards affected	Not applicable		

This report sets out the proposed response to the consultation by HM Revenue & Customs (HMRC) on Tackling the Hidden Economy : public sector licensing

1. Executive Summary

- 1.1 The Council's views are sought on HMRC's proposals, set out in the consultation document Tackling the Hidden Economy: public sector licensing, to introduce 'conditionality' measures to certain licence applications. The proposals would make compliance with certain tax obligations a condition of holding some licences and introduce checks on applicants' tax-registered status as part of licensing processes. The proposals are part of the compliance schedule of HMRC designed to tackle the hidden economy in sectors which it considers are vulnerable to such activity including taxi and private hire and scrap metal licensing which are licensed by the Council.

2. Recommended Decision

- 2.1 To approve a formal response to the consultation document, a draft response is set out at Appendix 2.

3. Reason for Recommended Decision

- 3.1 The Council administers licences in some of the areas mentioned in the document and it is therefore important that it should makes its views known in relation to changes that may affect how such licences are determined.

4. Alternative Options

- 4.1 Not to comment on the consultation, this is not recommended in view of the position set out in 3.1 above.

5. Background Information

- 5.1 The hidden economy refers to individuals and businesses with sources of taxable economic activity that are entirely hidden from HMRC. HMRC is committed to narrowing the hidden economy tax gap which it cites is depriving the government of funding for public services, distorting fair competition and being linked to wider rule breaking and criminality including money laundering and immigration offences.

- 5.2 As part of a variety of proposed measures the introduction of conditionality would, it is hoped, divert people away from non-compliance before it occurs, integrating tax registration into existing approvals such as the grant of a hackney carriage/private hire licence.
- 5.3 The consultation document does not set out clear proposals on how the check on people's tax registration will operate, the final proposals being informed by the outcome of the consultation. The impact of the changes for the Council will depend largely on the level of complexity of the process and this point is made in the proposed response. Applicants could be signposted in relation to the tax requirements on the Council's website.
- 5.4 The consultation document and suggested response are set out at Appendices 1 and 2.

6. Financial Implications

- 6.1 There are likely to be costs implications of any changes brought about as a result of the consultation. It is not possible to quantify them until the exact proposals are known.

7. Equality, Diversity and Human Rights Implications

- 7.1 The response has been prepared in accordance with and taken account of, all relevant legislation.

8. Standard References

- 8.1 There are no particular references to the Strategic Plan, consultation or publicity considerations; community safety, health and safety or risk management implications.