

Carlisle City Council

Report to Regulatory Panel

Report details

Meeting Date:	9 th February 2022
Portfolio:	Finance, Governance & Resources
Key Decision:	No
Policy and Budget Framework	No
Public / Private	Public
Title:	Tax Conditionality
Report of:	Corporate Director of Governance & Regulatory Services
Report Number:	GD.03/22

Purpose / Summary:

The Government is putting into place new tax requirements for applications for certain licences from 4th April 2022. The report is to inform Members of the changes to the application process for Taxi Drivers, Private Hire Operators and Drivers and Scrap Metal Dealer licences.

Recommendations:

- (a) Note the contents of the report
- (b) Request that the Licensing Manager update the Hackney Carriage and Private Hire Policy and the Scrap Metal Dealers Policy to incorporate Tax Conditionality measures into the application procedure.

Tracking

Executive:	N/A
Scrutiny:	N/A
Council:	N/A

1. Background

- 1.1. The government is putting in place new tax requirements for applications to Hackney Carriage Driver, Private Hire Driver, Private Hire Operator and Scrap Metal Dealers (Collector and Site Licences). The requirement will apply to all renewal applications received from 4th April 2022.
- 1.2. New applicants will not need to complete a tax check. However, licensing authorities are required to request new applicants read the HMRC guidance on what the applicant needs to do in order to be properly registered for tax in the future. The applicant must confirm that this has been done.
- 1.3. Applicants applying for a renewal licence will be required to complete a tax check through their Government Gateway account. They will need to answer several questions regarding how they pay any tax that may be due on income earned from their licensed trade.
- 1.4. Those who are unable to complete a check online, or who need additional support will be able to complete a check by contacting HMRC's helpline or utilising HMRC's extra support service.
- 1.5. After completing the check (online or by telephone) they will receive a code which must be provided to the licensing authority on application who will check the validity of the code on Gov.uk.
- 1.6. Without a tax check the Licensing Authority cannot accept the renewal application and the current licence will expire.

2. Proposals

- 2.1 Changes will be made to the Council's Hackney Carriage and Private Hire Policy 2022-2027 and the Scrap Metal Dealers Policy to incorporate the new Tax Conditionality requirements.
- 2.2 Application forms will be amended, and applicants will be provided with the HMRC Tax Check Factsheet (Appendix 1).
- 2.3 Information will also be provided on the Council's website and a social media campaign will also be initiated in order to inform licence holders of their responsibilities.

3. Risks

- 3.1 There is a risk that if the licensing authority fail to implement a process for Tax Conditionality that we fail in our legal duty to check that applicants have completed a tax check at renewal or for new applicants to declare that they are aware of the content of the HMRC guidance relating to their tax registration obligations.

3.2 Applications will be not be accepted if a tax check is not undertaken by the applicant. This could result in the expiry of their licence and the risk of unlicensed activity. The Licensing Authority will be required to use enforcement powers should this occur. Timely information and an awareness campaign should ensure that applicants are aware of the requirements to undertake a tax check and the consequences of not doing so.

4. Consultation

4.1 None

5. Conclusion and reasons for recommendations

5.1 The requirements for Licencing Authorities to ensure that applicants have undertaken a tax check is a legal requirement and process and procedures need to be put in place in order to fulfil this duty.

It is recommended that Members

- (a) Note the contents of the report
- (b) Request that the Licensing Manager update the Hackney Carriage and Private Hire Policy and the Scrap Metal Dealers Policy to incorporate Tax Conditionality measures into the application procedure.

Contact details:

Contact Officer: Nicola Edwards

Ext: 7025

Appendices attached to report:

1. HMRC Tax Check Factsheet

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- None

Corporate Implications:

Legal - This is new legislation, there is no current tax law in this area. Legislation will be introduced in the Finance Bill 2021 with the intention of tackling the hidden economy.

Implications contained in the risks section above.

Finance - There are no financial implications from this report

Equality - None

Information Governance- Ensure any revision to policies comply with Data Protection Legislation, particularly in relation to advising individuals of how their

information will be processed by the Council and, ensuring the lawful basis for processing is appropriately stated.



HM Revenue
& Customs

Tax Check Factsheet

What's changing

From 4 April 2022, there will be a small addition to the checks licensing bodies already have in place. You'll need to complete a tax check with HM Revenue and Customs (HMRC) when you renew your licence to:

- drive taxis or private hire vehicles
- operate private hire vehicle businesses
- deal in scrap metal.

The changes will only apply in England and Wales.

How changes may affect you

What you need to do will depend on whether you're applying for a licence for the first time or whether you're making a subsequent application, such as renewing a licence.

Getting a new licence: If you are applying for a licence for the first time, you will not need to complete the tax check. However, licensing bodies will ask you to read HMRC guidance on what you need to do to be properly registered for tax in the future and you'll need to confirm you have done this.

Renewing a licence: From 4 April 2022, if you renew or apply for a subsequent licence under a different licensing body, you'll have to do a tax check. You'll be able to do this online through a digital service.

About the tax check

You will be able to complete this tax check on GOV.UK, through your Government Gateway account. You will only need to answer a few questions to tell HMRC how you pay any tax that may be due on income you earn from your licensed trade. If you do not already have a Government Gateway account, you can sign up on GOV.UK.

The tax check should only take a few minutes. There'll be guidance on GOV.UK and anyone who needs extra support will be able to complete the tax check by phone through HMRC's customer helpline.

When you've completed the tax check, you'll get a code. You must give this code to your licensing body. The licensing body cannot proceed with your licence application or renewal until the tax check is completed and they've received the code.

Your licensing body will only receive confirmation from HMRC that you've completed the tax check, they will not have access to information about your tax affairs.

What you need to do

If you've not registered to pay tax on earnings from your licensed trade, please go to GOV.UK to check if you need to register as soon as possible.

- If you're an employee, find information on PAYE at:
www.gov.uk/income-tax/how-you-pay-income-tax
- If you're self-employed, find information on registering for Self Assessment at:
www.gov.uk/register-for-self-assessment
- If you operate through a company, find information on Corporation Tax at:
www.gov.uk/corporation-tax

If you should have been registered to pay tax and have not been, HMRC will work with you promptly and professionally to get you back on the right track. It's your responsibility to get your tax right, but HMRC are here to help.

You can get help from HMRC if you need extra support, for example if you need information in a different format or need help filling in forms. Visit GOV.UK and search 'Get help from HMRC if you need extra support'.

For further guidance on the tax check, please visit:

www.gov.uk/guidance/changes-for-taxi-private-hire-or-scrap-metal-licence-applications-from-april-2022