



HM Revenue  
& Customs

# Making tax easier: The end of the tax return



# Contents

3. Foreword
4. Building on our ambition
5. The benefits of digital tax accounts
8. What next?

# Foreword



## Tax returns will become a thing of the past.

As part of the Government's vision to modernise the tax system, tax returns will be replaced by digital tax accounts for millions of individuals and businesses. They will bring together each taxpayer's details in one place, just like an online bank account, so they can register for new services, update their information, and understand quickly and easily what they need to pay – without ever having to complete a tax return again.

By early 2016 five million small businesses and ten million individuals will have access to their own digital tax account, and by the end of the next Parliament every individual and small business in the UK will have one. The digital accounts will be simple, secure, personalised to the taxpayer – and accessible through the digital device of their choice. As time goes on, they will offer more and more services.

This will be one of the biggest-ever changes to the way that people manage and pay their taxes. HMRC will make smarter use of the data it holds, linking it up in ways that weren't previously possible, so that HMRC does more of the work that taxpayers currently have to do for themselves.

In future, people will only need check their tax information online to know how much they owe. Millions of people will no longer

have to complete a tax return at all – while those with more complex tax affairs will be able to use their account to declare income and pay tax in year.

It will also be a major help for small businesses, which will be able to link their accounting software to their personalised tax account and have the option to pay as they go. This will give them more certainty about what they need to pay and when, so they can manage their cash flow better. They will also have access to a wider range of government support via a new Single Business Service.

This is a big leap in modernising our tax system, putting good customer service at its heart, and making it as easy as possible for individuals and businesses to pay the right tax at the right time.

It signals the end of the tax return.

A handwritten signature in black ink, which appears to read "David Gauke". The signature is fluid and cursive, written in a professional style.

**David Gauke MP**  
Financial Secretary to the Treasury

# Building on our ambition

The government is firmly committed to reducing burdens for taxpayers – and a modern, user-friendly tax system is vital to achieving this.

By early 2016, all of the UK's five million small businesses and the first ten million individuals will have access to their own digital tax account.



Today, taxpayers use a range of digital services to manage their tax affairs, and more than 85 per cent of Self Assessment tax returns are already done online. But it's not always a joined-up process and many people have to provide information that HMRC already holds.

That's something that the government is determined to change. It has already delivered digital accounts for small businesses, with more than a million currently using them, as well as a simpler online service for individuals. Feedback from these groups is helping to shape a bold vision for the future of the tax system.

Now, HMRC is exploiting new digital technologies to create even better services that are truly built around its customers' needs.

By early 2016, all of the UK's five million small businesses and the first ten million individuals will have access to their own digital tax account. Over time, these will fundamentally transform the way in which taxpayers interact with the tax system.

Everyone can expect a very different experience from the one they receive today – it will be simple, personalised and secure, offering an increasing range of integrated services. The accounts will bring together in one place all the information that taxpayers need to understand their tax position – just like an online bank account. They will be able to register, file, pay and update their

information, at any time of the year, using the digital device of their choice.

The idea is to streamline how tax works, automatically targeting help and support to customers when they need it, based on the data in their tax account. This will allow more people to solve their queries easily online, rather than by phone, letter or paper forms.

By the end of the next Parliament, every individual and small business will be able to see and manage their tax affairs through their digital tax account, removing the need for annual tax returns.

The government is firmly committed to reducing burdens for taxpayers – and a modern, user-friendly tax system is vital to achieving this.



# The benefits of digital tax accounts

## Taxpayers will be able to:

Taxpayers will get a real-time view of their tax affairs and see how their tax is calculated.

### View and manage their information online in one secure place

Taxpayers will get a real-time view of their tax affairs and see how their tax is calculated. They'll also be able to check how much tax they owe or need to be repaid and see their options for paying securely.

Digital accounts will give small businesses greater certainty and control over their tax position. Those which pay more than one tax (such as corporation tax, VAT and Pay-As-You-Earn (PAYE)) will be able to take a single view of their total liabilities across all taxes.

### Pay the tax they owe without having to give HMRC information it already holds

HMRC will automatically use the information it holds, along with new data from third parties, to populate the digital accounts. Those who pay their tax through PAYE will have their income tax, National Insurance contributions and pension position shown in their digital tax accounts, including any interest from banks and building societies. Taxpayers will then simply be able to log-in to check and confirm that their details are complete and correct.

For businesses, HMRC and Companies House will be streamlining the process to register a new company and sign up for a range of taxes by May 2017. This will remove the need for companies to provide the same information more than once.

### Link their business accounting software to their digital tax account

By 2020, businesses will be able to manage their taxes together as part of their day-to-day running, rather than something to be done separately. Their accounting software will be able to feed data straight into their digital tax account, so most businesses will simply log-in to check their details with no need to send an annual return.

### Deal with their tax affairs quickly and easily

The digital tax account will show PAYE taxpayers how much tax they will pay via their employer. Even those with complex tax affairs will be able to tell HMRC about additional income online and have it reflected in their digital tax account.

Individuals and small businesses will have the option to 'pay as you go' to help manage their cash flow, so they won't be faced with a one-off bill many months down the line. Instead of making a number of payments across different taxes, they will be able to make just one. It will feel like paying a single tax.

# The benefits of digital tax accounts

With a digital tax account, individuals and small businesses will be in complete control of their tax affairs and have confidence that they have met their obligations.

## Use simple, clear and personalised support

The new accounts will offer access to help and support for individuals and small businesses, increasingly tailored to their specific needs and circumstances – such as when someone approaches retirement, or when a business deals with VAT for the first time or takes on a new employee.

HMRC will automatically target the right support to help taxpayers understand their overall tax position. Information and guidance will be personalised and user-friendly, tailored by age, sector, size and location. These will build on the successful online services HMRC already operates through Twitter, YouTube, webinars and webchats.

## Give authorised agents access to their digital tax account

Taxpayers will be able to let agents manage their digital account on their behalf if they wish. Agents will have new and different opportunities to support the small business community, and those who authorise an agent to deal with their tax affairs will see the same picture of their tax affairs online as their agent does.

## Access a wider range of government services

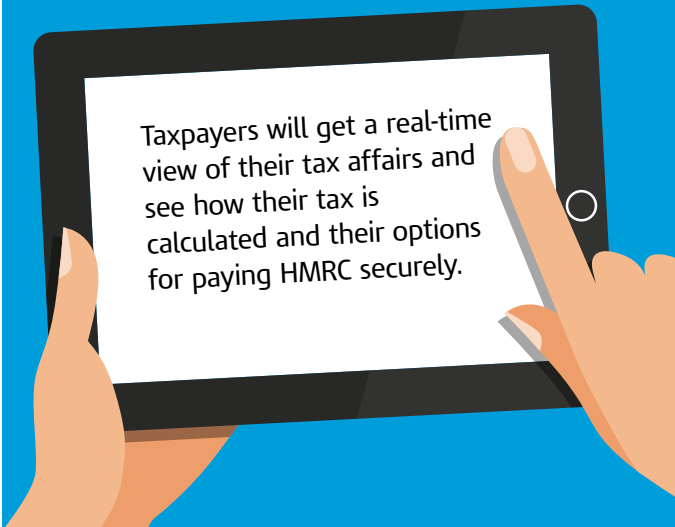
Over time, digital accounts will offer access to a range of other government services. To begin with, individuals will be able to see how their National Insurance contributions affect their state pension, while small businesses will be able to access increasingly tailored support from across government to help their business grow, via a Single Business Service.

With a digital tax account, individuals and small businesses will be in complete control of their tax affairs and have confidence that they have met their obligations. They won't need to provide information that HMRC already holds, and they'll be able to see and understand their tax liability. For those who deal with several taxes, it will be just like dealing with one – taking the cost, time and stress out of the process.

For many, the transition to digital accounts will be simple. But for those who have difficulty in going online or who need extra help, HMRC will continue to provide extra help and support.

Of course, taxpayers will still be responsible for ensuring their tax bills are right and telling HMRC about information that is not reported by other means. But digital tax accounts will make this much easier, quicker and simpler.

### View and manage information securely in one place



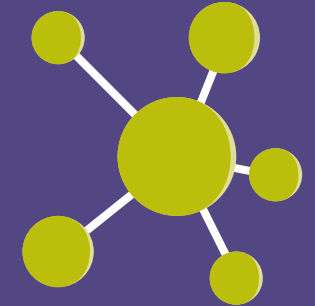
### Pay the tax they owe without having to give HMRC information it already holds



Information about pensions, employment or savings income will be brought together automatically to calculate tax. People will no longer have to submit the same information more than once.

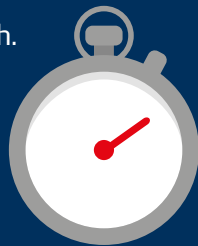
### Small businesses will be able to link their accounting software to their digital account

By 2020, businesses will be able to manage all their taxes together and accounting software will be able to feed data straight into their digital tax account.



### Deal with tax affairs quickly and easily or give their agent access

Digital tax accounts will show changes to PAYE codes, and will provide individuals and small businesses with the option to 'pay as you go' to help manage cashflow. Even those with complex tax affairs will be able to tell HMRC about additional income online. Taxpayers can let an agent manage their digital tax account on their behalf if they wish.



### Use simple, clear and personalised support

**tailored support**

HMRC will automatically target the right support to help taxpayers understand their overall tax position. Information will be personalised and will build on the successful online services HMRC already operates through Twitter, YouTube, webinars and webchats.

### Access a wider range of government services



Taxpayers will be able to access a range of other services through their digital tax account, such as seeing how their National Insurance contributions affect their state pension.

# What next?

This is a bold vision for a new, modern tax system, which will make it far easier for all taxpayers.

This is just the start of the journey. HMRC will deliver these new services over the course of the next Parliament.

## By early 2016

five million small businesses and the first ten million individuals will have access to a secure, personalised digital tax account.

## By 2020

more than 50 million individuals and small businesses will have a secure, personalised digital tax account – removing the need for millions to complete a tax return and simplifying the tax system for millions more.

Later this year, the government will publish a roadmap and consult on how it will deliver the changes needed – some of which will require changes to legislation and investment in new systems. Separate consultations will cover a new payment process to support digital tax accounts and reform of National Insurance contributions for the self-employed.

This is a bold vision for a new, modern tax system, which will make it far easier for all taxpayers – whether they are individuals or businesses – to manage their tax affairs and pay the right tax at the right time.

## Contact us

The government welcomes your views, so if you have any comments about these proposals please contact [makingtaxeasier@hmrc.gsi.gov.uk](mailto:makingtaxeasier@hmrc.gsi.gov.uk)





# HM Revenue & Customs

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