

News Brief for Members Only

Subject: United Kingdom Sharing of VAT Registration and Exporter Data

UK Revenue & Customs Brief

HMRC sharing of non-financial VAT registration data and exporter data

Purpose of the Brief

HMRC data sharing measures are being taken forward in the Small Business, Enterprise and Employment Bill which was announced in the Queen's Speech on 4 June 2014 and published on 25 June 2014. The Government is seeking a power permitting HMRC to release non-financial VAT registration data for specific purposes (principally credit scoring) to a small number of qualifying parties (for example, credit reference agencies), and is seeking a power to make regulations (after consultation) to permit the release of exporter data as open data.

Who needs to read this?

VAT registered businesses and exporting businesses which may benefit from having their data shared, for example through an improved trade credit rating or through access to export data
Potential users of the data which is expected to be released.

Sharing of non-financial VAT registration data

VAT registration data is drawn from the data collected or created when traders register for VAT or update a registration. This data includes the VAT registration number (VRN), business and/or proprietor names, contact and status details (a full list is available at Annex C in the Government's consultation at the link below). The data is identifying data only: no financial or payment data of any kind is included.

The proposed legislation would give HMRC the power to release non-financial VAT registration data on a strictly controlled basis for these economically beneficial purposes: credit scoring, anti-fraud checking, and compliance with other financial regulation. Potential users include credit providers, credit reference agencies and other business information providers.

In July 2013, the Government consulted on proposals to share VAT registration data. HMRC also undertook a research project to assess the potential benefits from the use of VAT registration data. Both documents are available at the link below.

The research indicates that the use of VAT registration data for credit scoring by credit reference agencies would increase availability of trade credit to VAT registered businesses by up to £1.8 billion, with an estimated uptake of trade credit of between £0.7 billion - £1.4 billion. Smaller businesses, recently incorporated businesses and unincorporated businesses (e.g. sole traders) would be the main beneficiaries.

Data sharing will be subject to rigorous safeguards. Users will be selected on transparent criteria based on their ability to use the data for the permitted purposes and to comply with stringent requirements. There will be sanctions for data misuse, including a criminal sanction for unlawful disclosure of information relating to identifiable businesses. In addition, the agreements for release will contain rigorous rules and penalties for any breach, covering transfer, handling and use, storage and destruction of the data. Guidance will be published detailing the criteria for data sharing.

VAT registered businesses and their owners will be protected against intrusions on privacy, fraud and other impacts (eg, increased direct mail) by ensuring that the data can only be used for the permitted purposes and cannot be passed on to other users. No financial or payment data will be included in any release.

HMRC will not sell VAT registration data. It may recover costs associated with data sharing in line with Government guidance.

In parallel, HMRC will continue to explore options for the public release of a limited subset of VAT registration data as open data. HMRC will work with stakeholders to identify data which might be appropriate for a partial open data release. Release of a data field will not be considered where it would impinge on personal privacy or increase fraud risk.

Further background on the proposals and the documents referred to above can be found [here](#).

Sharing of exporter data

Information about exporters and the products they export is collected by HMRC from a customs declaration which has to be submitted to HMRC when goods are exported to non-EU countries.

The data being proposed for release as open data is the name and address of the exporter, description and commodity code of the goods and the month and year of export. No financial, duty or tax information is to be released.

Making a limited amount of export data available has the potential for it to be used in ways that could generate real public benefits without compromising the core principle of taxpayer confidentiality. There is increasing interest from both the public and private sectors in release of exporter data as a key information source to generate benefits. It would make exporters more visible in the global market place and significantly increase the ability for foreign buyers to search for and buy British products and help public and private sector efforts to provide better targeted and appropriate services to exporting businesses, especially SMEs.

This information is already largely in the public domain having being placed there by businesses themselves, for example in business directories and advertising on the internet and elsewhere, and on commercial stationery and invoices. However, the data is not always readily accessible or systematically available as a full set and may not always be managed and kept up to date. Release by HMRC of exporter data would provide a comprehensive source of accurate and up to date information.

HMRC has made similar information on importers available for over 25 years and we are not aware of any issues. Restricting proposals on publication of exporter data to a core set of similar, potentially less contentious but still valuable information would provide a credible minimum data release that could realise a range of benefits without compromising privacy or commercial confidentiality interests.

HMRC will be undertaking a full 12 week consultation on the proposal to release a specific export data set. This will be done in parallel with the passage of enabling legislation through Parliament and importantly before any regulation necessary to implement the measure is introduced. The consultation can be found [here](#).



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Next steps

The measures are being taken forward in the Small Business, Enterprise and Employment Bill.

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(Source: Courtesy of ACCIS)