

2<sup>nd</sup> March 2018

Georgina Treacy,  
HMRC  
Room G/72  
100 Parliament Street  
London  
SW1A 2BQ

Dear Georgina

**ACS Response: Tackling the Hidden Economy: Public Sector Licensing**

ACS (the Association of Convenience Stores) welcomes the opportunity to respond to HMRC's consultation on *Tackling the hidden economy: public sector licensing*. ACS represents 33,500 local shops across the UK including the Co-op, Spar UK, McColls and thousands of independent retailers. The licences being considered in the consultation document for conditionality are not directly applicable to convenience retailers. Therefore, our comments in this response relate to the wider principles of conditionality.

We support action by HMRC to tackle the hidden economy and the role that conditionality can play in this, however we want to ensure that the introduction of conditionality does not place excessive administrative burdens on convenience retailers. Convenience stores must engage with a large number of licensing regimes or registration schemes in order to trade within the law. These include: food business registrations, alcohol licensing, fireworks licensing, late night refreshment licensing and registrations with fire authorities for the sale of fuel by fuel retailers.

There are significant administrative burdens associated with applying for renewing and maintaining these licences or registration schemes. ACS' priority is to ensure that conditionality for public sector licences does not increase the burden on business. Fundamentally, we believe that more research has to be done to explore how effective conditionality is for increasing tax compliance. A business stipulating that it is tax registered as part of an application does not mean that they are necessarily declaring and paying tax on all of its revenue.

Where conditionality is used, there must be a simple way that businesses can show that they are tax registered, for example using their VAT registration number or details of their online tax accounts, which will become more prominent with the introduction of Making Tax Digital. Transferring documents to establish tax status can be costly and burdensome for businesses, especially if such systems are local authority led and therefore not consistent across the country. The responsibility should be placed on regulators to integrate the information provided and explore the tax status of the business.

The application of conditionality beyond public sector licences must be subject to wider consultation. We recommend that HMRC attempt to pilot the introduction of conditionality in sectors of high risk for tax compliance before expanding conditionality more widely in the public or private sector. For further information on this submission please contact [steve.dowling@acs.org.uk](mailto:steve.dowling@acs.org.uk).

Yours sincerely



James Lowman  
Chief Executive