



**HM Revenue
& Customs**

**Jim Harra
Chief Executive and First Permanent
Secretary**

Dame Meg Hillier MP
Chair of the Public Accounts Committee
House of Commons
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7 June 2023

Dear Dame Meg,

Following the hearing on Child Trust Funds on 18 May 2023, I am writing to provide further information to the Committee.

I would like to correct evidence and provide further detail to my response to Peter Grant MP's questions (Q9 and Q10 in the transcript) concerning whether the provision of false information is an offence in its own right. In the hearing, I stated I was not sure that there was specifically an offence of providing false information, such as incorrect addresses, without any associated purposes of cheating the revenue or fraud. In the context of the collection and management of VAT, it is a criminal offence for someone to provide false information to HMRC, such as an incorrect address, either knowingly or recklessly (by virtue of section 72(3) of the VAT Act 1994 or section 167(1) of the Customs and Excise Management Act 1979). These offences can be punished with a fine or a custodial sentence (or both). There is also a further offence under section 167(3) of the Customs and Excise Management Act in respect of the provision of false information to HMRC, which does not need proof that the false information was provided knowingly or recklessly. This strict liability offence is punishable only with a fine.

Under HMRC's criminal investigation policy it is HMRC's preference to address non-compliance through more cost-effective civil powers wherever possible and to reserve criminal investigation for cases where HMRC needs to send a strong deterrent message or where the conduct involved is such that only a criminal sanction is appropriate. Thus, where there has been no dishonesty, opening a criminal investigation into a strict liability offence under section 167(3) of CEMA would seldom be considered to be the best option.

The total value of VAT debt owed by the 11,000 companies registered to the incorrect address in Cardiff is £5.4m. Officer Assessments raised against these businesses relate to the period before online marketplace liability was introduced in 2021.

There are 57 addresses with more than 1,000 businesses registered for VAT. The majority of these addresses are either used by known tax agents or are serviced offices which are frequently used by overseas businesses and multiple UK-based businesses. Our investigations to date do not indicate that any of these addresses share similarities with the circumstances surrounding the address of Ben Lake MP's constituent.

Information is available in large print, audio and Braille formats.
Text Relay service number – 18001



Regarding what assessment HMRC has made of the impact of communication campaigns and initiatives to raise awareness of Child Trust Funds, HMRC experienced peaks in enquiries via the government search engine in the weeks immediately after 12 August 2020 and 4 November 2020. These coincided with the communications campaign surrounding the first accounts maturing in September 2020 which featured posts on HMRC social media sites such as Twitter and Facebook - with higher than average engagement rates in August.

In September 2021, our Child Trust Funds press notice secured good regional syndication and some coverage on national news sites following briefing to personal finance journalists. It also prompted a feature on the Martin Lewis Show. A spike in press coverage and customer searches was also experienced in the weeks following a Child Trust Funds press notice and briefing on 5 October 2022. In the period 5 to 12 October 2022, 82 press articles covered key messages, including signposting to the Find MY CTF search service, leading to an 8-fold increase in queries via the service (up from 500 a day to 4000).

All coverage reported positively about Child Trust Funds and how teenagers could be missing out on money.

Other peaks in activity on social media sites appear to be associated with frequent HMRC tweets, for example peaks occurred in May and June 2022 following Facebook posts in March, April and May.

Finally, regarding how much HMRC typically spends on evaluation, our monitoring and evaluation costs for policies and programmes are embedded in the overall delivery costs and are not separately identified. HMRC spent £5.9m on external research in 2022-23, of which approximately a third was on evaluation. We are in the process of finalising our research budget for 2023-24.

We published [HMRC's Evaluation Framework](#) and [Evaluation List](#) in November 2021, outlining HMRC's aims for systematic evaluation, including the activities identified to achieve this and how it fits with wider government best practice guidance. The Framework sets out HMRC's criteria for making decisions about undertaking evaluation to achieve best value for money.

Yours sincerely,



Jim Harra
CHIEF EXECUTIVE AND FIRST PERMANENT SECRETARY