



Licence applications and new tax checks (**conditionality**)

Results of research conducted with local authorities across England and Wales – November 2021

What is conditionality?

The Government is introducing a new tax check linked to licence applications for certain licences in England and Wales from 4 April 2022.

The new rules apply to taxi and private hire vehicle (PHV) drivers and operators, and scrap metal businesses.

These new conditions are referred to as '**conditionality**' by HMRC.

Our research

untied surveyed local authorities across England and Wales in Summer 2021 to explore thoughts and preparations for the conditionality changes in the run up to their implementation in April 2022. We then followed up with the local authorities in November 2021 and March 2022.

This report details the findings of the third report, with some comparisons to the previous two phases.



Taxi drivers



Taxi/ PHV operators



Private hire vehicle
(PHV) drivers



Scrap metal
businesses

Summary



Awareness

All local authorities that responded to our survey were aware of conditionality.



Concerns

28% of local authorities were not confident that all operators in the area are aware of the upcoming checks (compared with 73% in November). 78% thought that taxi/PHV operators, as well as drivers, should be preparing ahead of the checks.



Preparation

When surveyed in November 2021, 22% of local authorities felt 'very prepared' (compared with 9% in April) – this number has now risen to 32% but 52% still remain only 'somewhat prepared'



Knowledge

40% of local authorities now feel very or somewhat uninformed about their obligations. 28% of local authorities feel very or somewhat uninformed about the implications of a failed tax check.

Local authorities are much more prepared for conditionality than they were four months ago, although over two thirds are still concerned over the disruption this will cause for those being licenced

**Kevin Sefton***CEO, untied*

“Whilst local authorities are much more prepared than they were in previous iterations of our research, some are clearly still not ready for the significant changes that are afoot. The responsibilities that have been handed to these bodies are considerable – particularly as they need to both make sure applicants understand their tax obligations and the implications of failed checks preventing the renewal of licences.

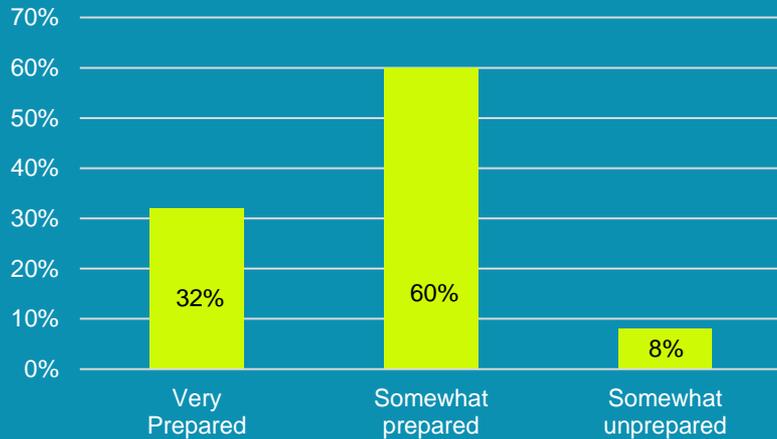
“The research shows how important the Institute of Licensing has been in communicating the changes with HMRC. We are also repeating our call for HMRC to provide APIs to allow software to streamline and integrate the checks into existing processes.”

**Gary Jacobs***CEO, Eazitax*

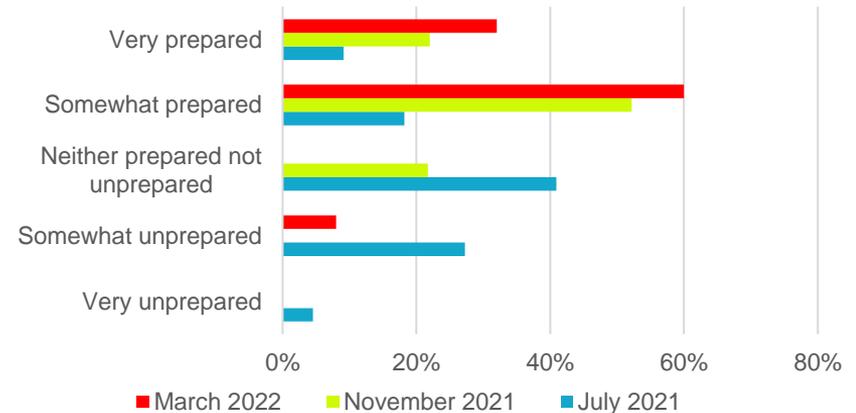
“We’ve been working with the Institute of Licensing and in the course of our question-and-answer sessions, we are substantially aware of the lack of support and information shared with licensing officers in the roll out of conditionality. This legislation will have a substantially negative effect on an industry already reeling from driver shortages. We have already reached out to leading bodies and representatives in passenger transport to lobby for HMRC to enact amnesty as they have done in the past for other trades to counteract the potentially devastating impact on an industry which is the lifeblood of the UK.”

Preparation

32% of local authorities now feel 'very prepared' for the upcoming changes – with 8% still feel unprepared



However, authorities have shown themselves to feel better prepared than in November and significantly better than in July 2021



Q: How prepared do you now feel your local authority is for the licensing changes coming in from April 2022?

Knowledge

When surveyed in November, local authorities said they felt very uninformed or somewhat uninformed about...

35% ...the changes in general and their obligations as a local authority

41% ...their responsibility to confirm that applicants understand their tax obligations

45% ...the implications of a failed check preventing the renewal of a licence

Q: How informed do you feel in respect of the following?

Now the following numbers report feeling somewhat or very uninformed about...

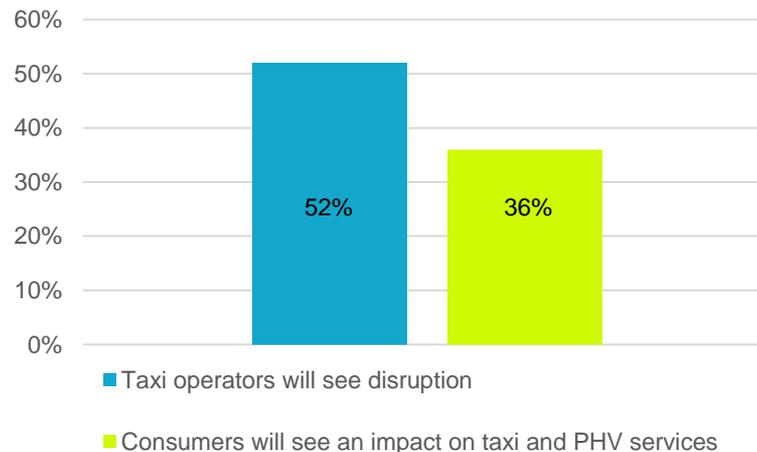
24% ...the changes in general and their obligations as a local authority

20% ...their responsibility to confirm that applicants understand their tax obligations

28% ...the implications of a failed check preventing the renewal of a licence

Will there be disruption when the conditionality tax checks are introduced?

52% believe that taxi operators will see disruption when conditionality checks are introduced. A further 36% say that consumers will also see an impact on taxi and PHV services



Local authorities are expecting to get information about conditionality from official sources



34%

Institute of Licensing



26%

HMRC



23%

Gov.uk



11%

Local Government

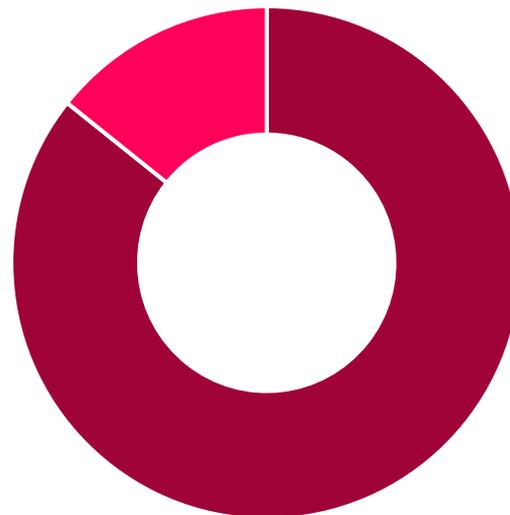
Q: Where do you get information about conditionality?

“We have been informing drivers and operators about the forthcoming tax changes, but I still think this will come as a surprise when we are unable to renew licences for some of them. I also think that we will see a number of drivers not re-licencing. Overall, there is a lack of information provided – particularly from HMRC re the portal for checking tax codes, which is disappointing, particularly as this goes live in a matter of days.”

A quote from a local authority

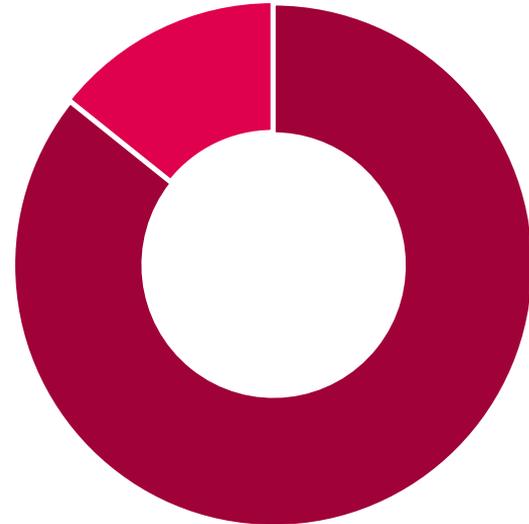
Importantly, local authorities believe that operators should be preparing ahead of the checks

78% believed that operators, as well as drivers, should be preparing in advance of these checks



But worryingly...

28% of Local Authorities stated they were not confident that all operators in their area were aware of these changes being introduced (with just days to go).



untied's available support



Implementation planning

Sign up for untied's conditionality updates



Business outreach programme

Supporting documentation available to help explain processes and requirements



Tax check support

Tax check support via untied's connection to HMRC

Get ready for conditionality checks

We're working with taxi and private hire vehicle operators to minimise their risk from these checks.

Although drivers are ultimately responsible for their taxes, that does not mean there is not a significant risk to your business.

Get a tax health check carried out by our team today by emailing conditionality@untied.io or visiting our website untied.io/conditionality

untied

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