

15th March 2022 - Trade Update - Tax Conditionality Checks

What's changing

The government is putting in place new tax requirements for applications to certain licences. From 4 April 2022, there will be a small addition to the checks licensing bodies already have in place. Most people are registered to pay tax and this is about ensuring everyone pays the tax they should, creating a level playing field for the compliant majority. The check should take a few minutes every few years and is simply to confirm that someone is appropriately registered for tax.

You'll need to complete a tax check with HM Revenue and Customs (HMRC) when you renew your licence to:

- Drive hackney carriage (taxi) or private hire vehicles
- Operate a private hire business

About the tax check

You will be able to complete this tax check on GOV.UK, through a Government Gateway account. You will only need to answer a few questions to tell HMRC how you pay any tax that may be due on income you earn from your licensed trade. If you do not already have a Government Gateway account, you can sign up on GOV.UK.

The tax check should only take a few minutes. There will be guidance on GOV.UK and anyone who needs extra support will be able to complete the tax check by phone through HMRC's customer helpline.

When you've completed the tax check, you'll get a code. You must give this code to your licensing body. The licensing body cannot proceed with your licence application until the tax check is completed and they've received the code.

Your licensing body will only receive confirmation from HMRC that you've completed the tax check, they will not have access to information about your tax affairs.

Further guidance on the tax check is available on GOV.UK

<https://www.gov.uk/guidance/changes-for-taxi-private-hire-or-scrap-metal-licence-applications-from-april-2022>

What you need to do

You may have to pay tax through Pay as You Earn (PAYE), Self-Assessment and/or Corporation Tax, depending on your circumstances. If you've not registered to pay tax on earnings from your licensed trade, please go to GOV.UK to check if you need to register as soon as possible. If you should have been registered to pay tax and have not been, HMRC will work with you promptly and professionally to get you back on the right track. It's your responsibility to get your tax right, but HMRC are there to help.

- if you're an employee, find information on Pay As You Earn (PAYE): www.gov.uk/income-tax/how-you-pay-income-tax
- if you're self-employed, find information on registering for Self Assessment: www.gov.uk/register-for-self-assessment
- if you operate through a company, find information on Corporation Tax: www.gov.uk/corporation-tax