

ODUG Benefits Case for releasing an Open VAT Register

Description & Request Overview

HMRC hold the dataset known as the VAT Register which contains information on businesses such as; VAT number, Business status (i.e. Sole proprietor, partnership, corporate, etc), Name and business address, Contact information – telephone, email, website, Business activities, Other business associations in the past 2 years, New registration or ceasing registration, Turnover, Date of Establishment, Applicants Name & Address.

Releasing some or all of this data will enable banks to make better lending decisions to increase the availability of trade credit.

Data Release Rationale

BIPA (Business Information Providers Association) have estimated that the VAT register could benefit UK PLC to the tune of around £50 billion. This is based upon an increase in credit requests and associated credit approvals powered by the positive data from the VAT Register.

The VAT Register will be positioned as an additional source of information to those provided by Companies House and member of BIPA. It will also be used by organisations such as the members of BIPA to add value to existing data products and services, further increasing the positive economic benefits for their customers.

This enhanced data could be returned to HMRC to improve the efficiency of tax collections to provide greater revenue and / or cost savings.

Businesses (including SMEs and lenders) will be able to comply more easily with anti-money laundering (AML) requirements. This creates positive business efficiencies and cost savings.

Commercial fraud may be reduced through the enhanced identification services enabled by the VAT Register. This has obvious economic & social benefits. In 2011, CIFAS members reported 250,000 instances of commercial fraud (a 9% year on year increase).

While the data should be released openly, some elements could be offered as an enhanced, paid for product by HMRC (similar to the Companies House model).

There are European Countries that already have a full business register including both incorporated and unincorporated businesses e.g. France and some that in addition use the VAT number as the basis of business identification e.g. Belgium.

Benefit Description

BIPA (Business Information Providers Association) have estimated that the VAT register could benefit UK PLC to the tune of around £50 billion through improved access to funding for small businesses.

This is based upon an increase in credit requests and associated credit approvals powered by the positive data from the VAT Register.

The VAT Register will be positioned as an additional source of information to those provided by Companies House and members of BIPA.

It will also be used by organisations such as the members of BIPA to add value to existing data products and services, further increasing the positive economic benefits for their customers.

This enhanced data could be returned to HMRC to improve the efficiency of tax collections to provide greater revenue and / or cost savings.

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Benefits Analysis

Release of the VAT register as Open Data will:

Enable the release of business credit leading to growth of the UK Economy by up to £50 billion (BIPA estimate).

Improve access to business funding for 750,000 businesses.

Reduce the instances of commercial fraud (250,000 cases in 2011).

Enable the creation of new services such as 'trusted business' apps with the VAT Register acting as the unique data identifier.

Create internal government efficiencies through better data sharing and tax gathering.

Barriers and Requirements for Release

It is assumed that the VAT Register data contains no information of a personal or sensitive nature.

Any sensitive data would need to be removed before release based upon advice from the ICO.

HMRC would need to make the data available on a regular basis (weekly or more regular is recommended).

HMRC would need to make the data available as a download or API.

While one of the main aims of the request is to reduce commercial fraud, risks posed by the data (in terms of enabling fraud) will need to be examined by Government with partners such as BIPA.

An 'Opt Out' scheme for Unincorporated business owners (similar to Edited Electoral Roll system) could prevent any negative perception of the data.

Consideration should be given to how the data will be used (e.g. marketing, credit or other).

Recommendation

The business case for releasing the VAT Register is clear. Today, small business credit scores are approximately 40% lower than is expected due to a lack of positive data available to credit reference agencies (and in turn, lenders). This makes access to trade credit lower than it should feasibly be.

By providing the VAT number and additional details; business information providers will be able to create linked, up to date data assets to improve the chances of successful, well managed small businesses having access to the kinds of funding required to help them grow.

Without access to the VAT Register, business lending will remain sluggish and the chances of success for many small enterprises will be endangered.

The Open Data User Group therefore call on HMRC to release the VAT Register as an Open Database under the Open Government License.