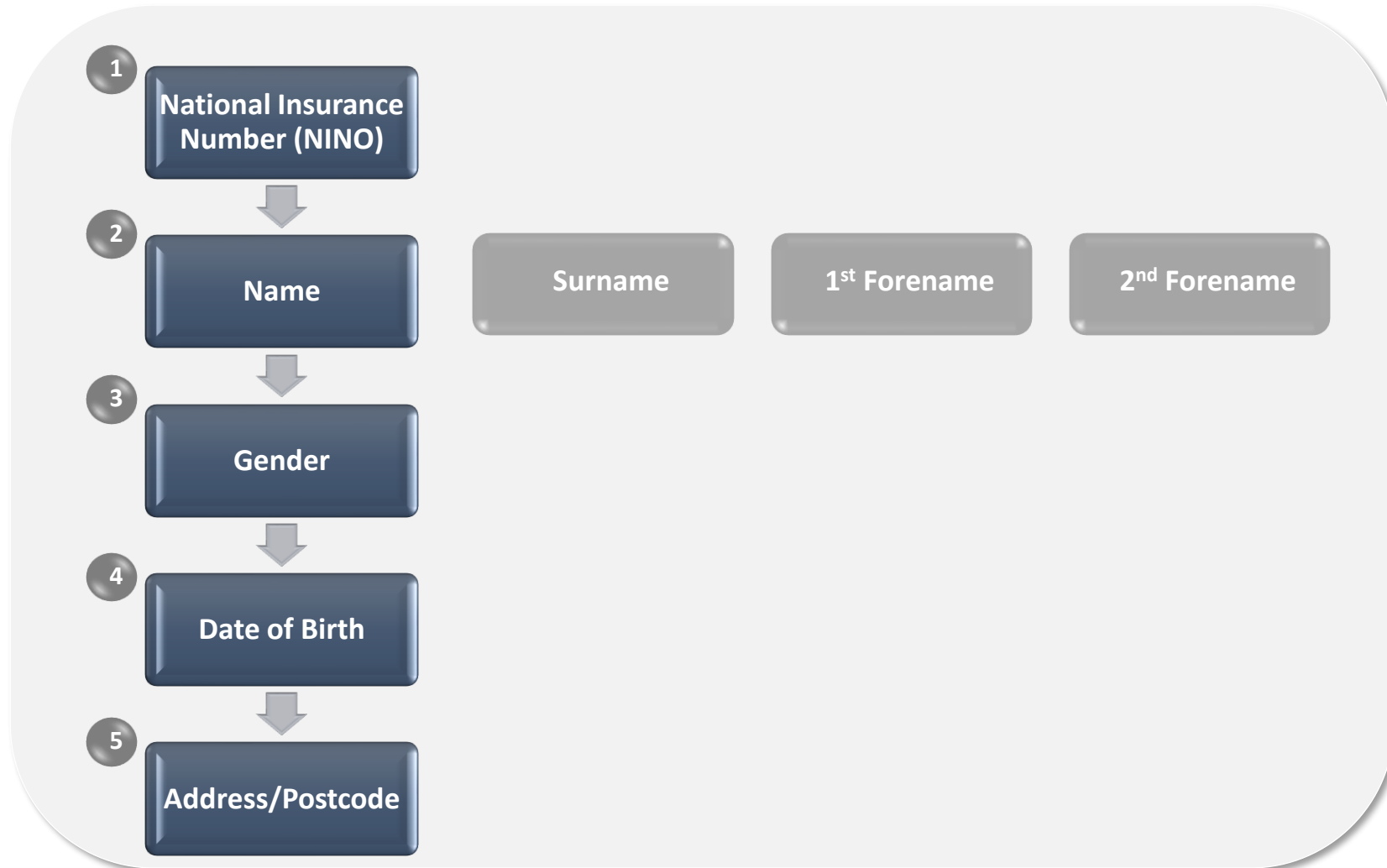# HMRC Data Quality:
# BCS
# Payroll Specialist Group
# 11 January 2024:

Presented by: Steve Shorrock

(HMRC Chief Data Office)

# Data Quality – Why is it important?

- HMRC receives employee payroll information from employers and matches it to the information held for individuals.

- The data items that contribute most to data quality errors are:

    - **National Insurance Numbers**

    - **Full names**

    - **Dates of Birth**

- Data quality is important since poor data generates avoidable work for HMRC, Employers and Pension Administrators alike.

- The detection and resolution of data quality issues costs time and money and means we aren't realising its true value.

# HMRC's Matching Rules for Payroll Data

Improving the operation of PAYE

OFFICIAL

# Data Quality – Quirky Facts

From PAYE employer returns received in 2023/24:

| National Insurance Number | Name | Date of Birth |
|---|---|---|

**National Insurance Number**

- Over 2,000 returns with the National Insurance Number AB123456
- Over 1,000 returns with the National Insurance Number AA111111

**Name**

- 507 returns showing 'A N Other'
- 128 as either Mr, Mrs or Ms Dummy
- 572 whose surname was ranging from 'X' to 'XXXXXX'
- 824 with surnames of either 'unknown' 'not known' or 'known'

**Date of Birth**

- 6,946 Individuals aged under 1 year old but in employment or with a pension
- 2,820 Individuals aged over 100 and in employment or with a pension

# Data Quality - Common Issues and Solutions

| Data Item | What matters? | How to get it right? |
|---|---|---|
| **National Insurance Number** | Correct and properly formatted NINO of the individual in question<br><br>* NINO is not mandatory | • Leave blank if you do not have the NINO<br>• Do not use default NINO<br>• Always use NINO for the individual in question<br>• Validate this with official documentation e.g. HMRC or DWP documentation |
| **Name** | <u>Full</u> and <u>official</u> forename(s) and surname(s) | • Enter forename(s) and surname in separate fields<br>• Check correct **order of names**<br>• Enter **double-barrelled** names into one field<br>• Always **validate** spelling with an official document e.g. driver's licence, passport, etc.<br>• No **initials** |
| **Date of Birth** | Correct and properly formatted DOB | • Enter the full Date of Birth i.e. day, month, year 13/12/1964<br>• Do not make one up<br>• Do not enter default a Date of Birth |

# Data Quality – Problems caused by inaccurate data

- **Employers/Pension Providers:**
    - Increased contact from employees/pensioners
    - Increased contact from HMRC
    - Higher volumes of Tax Code update rejections

- **Employees/Pensioners:**
    - Contact with HMRC/Employers/Pensioner Provider
    - Taxed incorrectly during the year
    - Overpayment or underpayment of tax
    - Impact on entitlement to Universal Credits

- **HMRC:**
    - Duplicate records for employees/pensioners
    - Increase in volume of work to sort out issues

# Temporary Reference Numbers (TRNs): 2022/23 Tax Year

- **A TRN is created when HMRC is unable to match individual submissions to a NINO.**

- **Total number of TRNs matched to RTI submissions = 700K (i.e. HMRC has not been able to match the individual to a NINO)**

- **Total number of Employers and Pension Providers that have sent a submission that has linked to a TRN = 190K**

  - Number of TRN's under 16 = 61K (Genuine TRN)*
  - Number of TRN's Over 16 = 639K (Non-Genuine TRN)**

- **\* Note There are some exceptions to this:**

  - **Individuals arriving in UK for first time.
  - \* Individuals DOB is sent in incorrectly. Pay date etc
  - Default DOB

# New Starters – Employment or Pension

2021/22 & 2022/23 Tax Years New starter Information:

| | Tax year 2021/22 | Percent | Tax year 2022/23 | Percent |
|---|---|---|---|---|
| Total New Starters | 17,650,869 | 100% | 16,942,725 | 100% |
| Total Statement A | 4,326,539 | 24.5% | 4,205,256 | 24.8% |
| Total Statement B | 7,987,974 | 45.3% | 7,535,792 | 44.5% |
| Total Statement C | 3,901,456 | 22.1% | 3,844,454 | 22.7% |
| Total Pension | 1,434,900 | 8.1% | 1,357,243 | 8.0% |

# New Starter further Information

- **Areas HMRC are looking Into: 23/24 Tax Year APR - Oct**
- **New Starter with Statement C and 0T Tax Code = 895,602**
    - Leads to Individual contacting payroll or HMRC
    - HMRC create secondary employment
    - Potential impact on Universal Credit
- **New Starter received with Nil Pay = 516,949**
    - Leads to Individual contacting HMRC
    - Potential delay in Universal Credit claim
- **New starters with incorrect Tax code for Statement A and C = 560,291**
    - **Various**

# What's Next

- HMRC continue to review these processes internally:

- Model Office being set up to identify Root Cause and then Education:

- Look out for our communications:
  - First batch sent out July 2023 and results from this have been very encouraging.