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

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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

1. National Insurance Number (NINO)
2. Name
   - Surname
   - 1st Forename
   - 2nd Forename
3. Gender
4. Date of Birth
5. Address/Postcode
Data Quality – Quirky Facts

From PAYE employer returns received in 2023/24:

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

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