



**Report of the Licensing and  
Food & Safety Manager  
General Licensing Committee  
10 December 2021**

**Tax Conditionality affecting the Hackney Carriage and Private Hire  
Trade**

**Purpose of the report**

1. To inform Members of the new legislation in relation to tax checks that will affect drivers of hackney carriage and private hire vehicles and also private hire operators.

**Background**

2. HMRC has conducted two public consultations on using conditionality to tackle the hidden economy. The first consultation on the principles of conditionality took place in 2016.
3. The second consultation on how conditionality could work in practice was published after the Autumn Budget 2017 and proposed that access to some public sector licences could be conditional on proving tax registration. It sought evidence on the extent to which the Government's proposals would address risks posed by the hidden economy, whilst minimising administrative or other burdens for customers and licensing bodies.
4. The Budget of 2020 announced that the Government would legislate in the Finance Bill 2020-21 to make the renewal of licences to drive taxis, drive and operate private hire vehicles (PHVs) (for example minicabs) conditional on applicants completing checks that confirm they are appropriately registered for tax.
5. Conditionality will apply to applications made by individuals, companies and partnerships, including LLPs (limited liability partnerships) for licences to drive taxis or PHVs and operate a PHV business.
6. In practical terms, the rules are changing for applicants for
  - Hackney Carriage and Private Hire driver licences;  
and
  - Private hire vehicle operator licences.

7. From 4 April 2022, Licensing Authorities in England and Wales must carry out checks on applications from individuals, companies and any type of partnership to make sure they are aware of their tax responsibilities or have completed a tax check.

#### **First time applications**

8. The Licensing Authority will be required to signpost first-time applicants to HMRC guidance about their potential tax obligations and obtain confirmation that the applicant is aware of the guidance before considering the application by way of declaration. Where the application is not a first-time application (a renewed application) the authority must, before considering the application, obtain confirmation from HMRC that the applicant has completed a tax check.
9. An applicant will carry out a tax check by providing information to enable HMRC to satisfy itself that the applicant has complied with an obligation to notify their chargeability to tax, where such an obligation applies. The check will be completed when HMRC is satisfied the applicant has provided all information requested.

#### **Renewal Applications**

10. The applicant will need to complete a tax check and provide the tax check code to the Licensing Authority on their application if they are:
  - renewing a licence; or
  - applying for the same type of licence they previously held, that ceased to be valid less than a year ago; or
  - applying for the same type of licence they already hold with another licensing authority.
11. The Authority will then need to confirm the tax check has taken place by carrying out an online check. Members are to be made aware that the Authority will have no access to any other personal detail held by HMRC relating to the applicant as part of this process.
12. Where a HMRC systems failure prevents the Licensing Authority from meeting its requirement to obtain confirmation of the completion of a tax check, that requirement will cease to apply. HMRC will also have discretion to waive the requirement where an HMRC failure prevented the applicant completing their tax check.

13. If individuals do not complete a tax check the Licensing Authority will be unable to consider their application to renew their licence and their current licence will expire. HMRC has stated that the tax check to be undertaken by drivers and operators will be simple to complete and will be a similar process used to obtain a share code required by the Licensing Authority to check DVLA driving licences.
14. Further guidance on what Licensing Authorities must do when reviewing applications received on and after 4 April 2022 will be published in January 2022.

### **Impact on Drivers, Operators and Licensing Authorities**

15. To date, we are aware that Drivers and Operators will be required to answer a series of questions to obtain the tax check code:
- a) Date of Birth;
  - b) Type of Licence applied for;
  - c) How long they have been licensed;
  - d) How long the last licence was issued for;
  - e) Have they completed a tax return; and
  - f) Did this return include income from this licence?
16. The Tax code issued by HMRC will remain valid for 120 days in order for the applicant to use for their next application. This service will not be live to obtain the tax code until at least late January 2022 to co-incide with the implementation date of 4<sup>th</sup> April 2022.
17. HMRC will be issuing communications to be sent to the hackney carriage and private hire trade via toolkits, social media and factsheets in due course. These will be placed on the Local Authority website when available.
18. Licensing Authorities will be required to log onto the Government Gateway to validate each tax code supplied for each driver and operator renewing their licences.
19. The Licensing Authority will be required to insert details relating to the driver or operator including the tax code, date of birth, type of licence applied for and whether the applicant is an individual or company/partnership.

**This report is therefore presented for Information of the Licensing Committee.**

**Background Papers:** None  
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