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Tender

## **VAT Split Payments**

H M Revenue & Customs

F02: Contract notice

Notice identifier: 2023/S 000-011289

Procurement identifier (OCID): ocds-h6vhtk-03c230

Published 20 April 2023, 8:07am

### **Section I: Contracting authority**

#### **I.1) Name and addresses**

H M Revenue & Customs

Trinity Bridge House

Salford

M5 2BH

#### **Contact**

James Power

#### **Email**

[james.power1@hmrc.gov.uk](mailto:james.power1@hmrc.gov.uk)

#### **Country**

United Kingdom

#### **Region code**

UK - United Kingdom

**Justification for not providing organisation identifier**

Not on any register

**Internet address(es)**

Main address

[www.gov.uk](http://www.gov.uk)

**I.3) Communication**

Access to the procurement documents is restricted. Further information can be obtained at

[www.hmrc.gov.uk](http://www.hmrc.gov.uk)

Additional information can be obtained from the above-mentioned address

Tenders or requests to participate must be submitted electronically via

<http://hmrc.supplier-eu.riba.com/ad/register/SSOActions?type=full>

**I.4) Type of the contracting authority**

Other type

Non Ministerial Dept

**I.5) Main activity**

Other activity

Direct and Indirect Taxes

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## **Section II: Object**

### **II.1) Scope of the procurement**

#### **II.1.1) Title**

VAT Split Payments

#### **II.1.2) Main CPV code**

- 66110000 - Banking services

#### **II.1.3) Type of contract**

Services

#### **II.1.4) Short description**

His Majesty's Revenue and Customs (HMRC) invites interested persons (Tenderers) to tender for a contract to develop a Proof of Concept (PoC) to illustrate how extraction of VAT from payments (split payment) on real-time payment channels could work.

The concept of the PoC is the idea that a payment might be split into elements which are then routed to different destinations. In a VAT context that is the notion that when qualifying goods or services are bought, the VAT within the

purchaser's payment could be routed to HMRC and the seller only receives the net amount.

Initial focus is on exploring the feasibility of splitting payments in a specific area of VAT for goods and services bought by UK consumers from non-compliant overseas sellers. This will test a range of capabilities including the technology's ability to know when VAT is chargeable or not. Also, whether an intervention can be made without the consent of the seller or buyer, something that, as far as we are aware, known examples of split payment elsewhere are unable to do.

Such a mechanism would be driven by either payments system messages (e.g. the location of a seller or a buyer) or new data sources (e.g. product codes, e-invoices or equivalent). Currently, as far as we are aware, there are no marketed solutions available, and we are not aware of others asking the market to develop such solutions.

HMRC's current emphasis is only to discover whether technology is capable of real-time payment interventions to tackle overseas VAT non-compliance. This will inform policy development and dialogue.

The PoC will be carried out in 3 Phases (Phase 1 - Basic Capability Development, Phase 2 - Targeted Capability Development, Phase 3 - Advanced Capability Development), Phases 1 and 2 of the PoC must be completed no later than 31 May 2024, and all Phases of the PoC must be completed and invoiced before 31 January 2025. However, HMRC would prefer completion of all three (3) Phases by 31 July 2024 if possible. Within these deadlines the timings of the Phases are for the Tenderers to determine as part of their proposal.

HMRC intends to award up to a maximum of three (3) contracts in relation to this PoC to develop solutions for both card (Card payments should be taken to mean payments through debit and credit cards, as well as linked uses of digital wallets (whereby a wallet acts as a processing portal through which a payment from a linked card is made) and non-card payments (Non-Card payments should be taken to mean both Bacs and Faster Payments, and include linked uses of digital wallets (whereby a wallet is pre-loaded with funds transferred to it). A Tenderer's ability to cover both of these forms of payment is a mandatory requirement for participation in the PoC.

The overall funding available for all contracts awarded under this PoC is £4,000,000 (Vat Excl), the cap for any individual contract will be £1,666.666 (Vat Excl).

#### **II.1.5) Estimated total value**

Value excluding VAT: £4,000,000

#### **II.1.6) Information about lots**

This contract is divided into lots: No

### **II.2) Description**

#### **II.2.2) Additional CPV code(s)**

- 48110000 - Point of sale (POS) software package
- 48170000 - Compliance software package
- 48441000 - Financial analysis software package
- 48442000 - Financial systems software package
- 66151000 - Financial market operational services
- 66170000 - Financial consultancy, financial transaction processing and clearing-house services
- 72200000 - Software programming and consultancy services

### **II.2.3) Place of performance**

NUTS codes

- UK - United Kingdom

### **II.2.4) Description of the procurement**

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The concept of the PoC is the idea that a payment might be split into elements which are then routed to different destinations. In a VAT context that is the notion that when qualifying goods or services are bought, the VAT within the

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#### **II.2.5) Award criteria**

Price is not the only award criterion and all criteria are stated only in the procurement documents

#### **II.2.7) Duration of the contract, framework agreement or dynamic purchasing system**

Duration in months

19

This contract is subject to renewal

No

#### **II.2.10) Information about variants**

Variants will be accepted: No

#### **II.2.11) Information about options**

Options: No

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## **Section III. Legal, economic, financial and technical information**

### **III.1) Conditions for participation**

#### **III.1.1) Suitability to pursue the professional activity, including requirements relating to enrolment on professional or trade registers**

List and brief description of conditions

A Tenderer's ability to cover both Card and Non-Card forms of payment is a mandatory requirement for participation in the PoC.

### **III.2) Conditions related to the contract**

#### **III.2.3) Information about staff responsible for the performance of the contract**

Obligation to indicate the names and professional qualifications of the staff assigned to performing the contract

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## **Section IV. Procedure**

### **IV.1) Description**

#### **IV.1.1) Type of procedure**

Open procedure

#### **IV.1.8) Information about the Government Procurement Agreement (GPA)**

The procurement is covered by the Government Procurement Agreement: No

### **IV.2) Administrative information**

#### **IV.2.2) Time limit for receipt of tenders or requests to participate**

Date

22 May 2023

Local time

2:00pm

#### **IV.2.4) Languages in which tenders or requests to participate may be submitted**

English

#### **IV.2.6) Minimum time frame during which the tenderer must maintain the tender**

Duration in months: 6 (from the date stated for receipt of tender)

#### **IV.2.7) Conditions for opening of tenders**

Date

22 May 2023

Local time

3:00pm

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## **Section VI. Complementary information**

### **VI.1) Information about recurrence**



This is a recurrent procurement: No

### **VI.3) Additional information**

This requirement will be met by an eSourcing RfP using HMRC SAP Ariba. Please ensure you are registered with the HMRC SAP Ariba to gain access to the RfP documentation which will contain full details.

If you are not already registered, the registration link is: <http://hmrc.supplier-eu.ariba.com/ad/register/SSOActions?type=full>

As part of the registration process you will receive a system generated email asking you to activate your SAP Ariba supplier account by verifying your email address.

Once you have completed the activation process you will receive a further email by return confirming the 'registration process is now complete' and providing you with 'your organisation's account ID' number. If an email response from HMRC is not received within one working day of your request, please re-contact [sapariba.hmrcsupport@hmrc.gsi.gov.uk](mailto:sapariba.hmrcsupport@hmrc.gsi.gov.uk) (after first checking your spam in-box) confirming when your registration request was first made.

Once you have obtained 'your organization's account ID' number, please email [james.power1@hmrc.gov.uk](mailto:james.power1@hmrc.gov.uk) and copy in [lan.anderson1@hmrc.gov.uk](mailto:lan.anderson1@hmrc.gov.uk) and [e.procurement@hmrc.gov.uk](mailto:e.procurement@hmrc.gov.uk) with your account ID number, you will then receive an e-mail confirming access. Further information about HMRC's procurement tool SAP Ariba, Suppliers Guide and general information is available on the HMRC website: [www.hmrc.gov.uk/about/supplying.htm](http://www.hmrc.gov.uk/about/supplying.htm) If you have already registered on SAP Ariba then you may also need to re-register on HMRC's SAP Ariba in order to be added to the event.

### **VI.4) Procedures for review**

#### **VI.4.1) Review body**

HMRC

Salford

Country

United Kingdom