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Planning

## **VAT Split Payments**

H M Revenue & Customs

F01: Prior information notice

Prior information only

Notice identifier: 2022/S 000-030506

Procurement identifier (OCID): ocds-h6vhtk-037d38

Published 28 October 2022, 12:42pm

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

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

H M Revenue & Customs

1st Floor East, Trinity Bridge House

Salford

M2 5BS

#### **Contact**

ian anderson

#### **Email**

[ian.anderson1@hmrc.gov.uk](mailto:ian.anderson1@hmrc.gov.uk)

#### **Telephone**

+44 3000587827

#### **Country**

United Kingdom

**Region code**

UK - United Kingdom

**Justification for not providing organisation identifier**

Not on any register

**Internet address(es)**

Main address

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

**I.3) Communication**

Additional information can be obtained from the above-mentioned address

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

Ministry or any other national or federal authority

**I.5) Main activity**

Other activity

Tax Authority

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## **Section II: Object**

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

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

VAT Split Payments

Reference number

SR977701801

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

- 66000000 - Financial and insurance services

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

Services

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

Following the issue of a Request for Information on 16/07/2021, His Majesty's Revenue & Customs ("HMRC") are considering running an Innovation Partnership with a single or multiple suppliers for the development of a proof of concept for the extraction of VAT from payments ("Split Payment") on real-time payment channels and the connected provision of maintenance and consultancy services to (i) maintain the proof of concept over a specified period of time and (ii) to educate the market and policy makers on how the proof of concept works (the "End Services").

This initiative proposes a first potential use for Split Payment in the UK tax sphere. A successful proof of concept could in turn underpin a positive investment appraisal case within HMRC. Our current focus is solely on testing the technical feasibility of Split Payment, but this is a necessary step if HMRC are to quantify the prospects for potential use in tax compliance. Such use may also help in future efforts towards tax modernisation including automated software links between businesses, payments intermediaries and HMRC, and could further smooth and ease taxpayers' experience of tax administration and help them get their VAT right.

Seeking to find a mechanism through which VAT is collected from all overseas supplies of goods and services is part of HMRC's commitment to uphold fairness in the tax system. This aligns with HMRC's strategic objective to 'maintain taxpayers' consent through fair treatment and protect society from harm'.

HMRC are considering launching a procurement procedure in January 2023. However, in

advance of any procurement, we would like to undertake further market engagement with interested suppliers, including those from the financial industry and FinTechs, to seek views, among other things, on the proposed procurement process and outline technological requirements for a proof of concept focused on Split Payment, specifically to address VAT non-compliance by non-UK sellers of goods and services.

If the proposed procurement is undertaken, we are interested in solutions that are used or are capable of being used in the payment ecosystem.

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

This contract is divided into lots: No

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

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

- 66110000 - Banking services
- 66170000 - Financial consultancy, financial transaction processing and clearing-house services
- 72222200 - Information systems or technology planning services
- 72222300 - Information technology services
- 72227000 - Software integration consultancy services
- 72230000 - Custom software development services
- 72240000 - Systems analysis and programming services
- 72260000 - Software-related services
- 73120000 - Experimental development services

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

NUTS codes

- UK - United Kingdom

Main site or place of performance

UK

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

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Customs ("HMRC") are considering running an Innovation Partnership with a single or multiple suppliers for the development of a proof of concept for the extraction of VAT from payments ("Split Payment") on real-time payment channels and the connected provision of maintenance and consultancy services to (i) maintain the proof of concept over a specified period of time and (ii) to educate the market and policy makers on how the proof of concept works (the "End Services").

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If the proposed procurement is undertaken, we are interested in solutions that are used or are capable of being used in the payment ecosystem.

#### PIN objectives

HMRC would appreciate the views of prospective suppliers on the proposed procurement process and outline technological requirements to aid its formulation of any future procurement scope and procedure.

Following evaluation of the PIN responses, if HMRC proceeds with the proposed procurement, we intend to use an innovation partnership. Through this procedure we will work with one or multiple suppliers to develop proofs of concept(s) to test Split Payment's technical feasibility in potentially tackling VAT non-compliance by overseas sellers. The final contract available at the end of the innovation partnership will be for the End Services.

## Innovation partnership / requirements

By using the innovation partnership procurement procedure HMRC can develop solution(s) collaboratively with the bidder(s) that achieve all requirements in the following three Phases:

Phase 1 - In the initial phase HMRC would like to test the feasibility of a split occurring when a payment is made by a UK resident to an overseas seller of goods and/ or services.

Phase 2 - In the second phase HMRC would like to check what additional information or instructions could trigger the split to occur in response to, for example, a list of compliant or non-compliant sellers, or a binary "split" or "don't split" instruction from HMRC.

Phase 3 - In the final phase HMRC would like to explore possible advanced capabilities that can adapt the splitting mechanism to the complexities of the current UK VAT regime. Among these are:

- a. the need to identify where it is intended that the purchased goods or services are to be delivered and/ or consumed;
- b. the possibility to apply a split only above or below a certain value threshold; and
- c. the feasibility for the splitting mechanism to calculate a composite VAT total across a mixed basket of goods and/ or services, each potentially with a different rate of VAT.

To be considered for progression to successive phases, HMRC would require suppliers to first successfully meet the requirements of the previous phase(s).

### **II.2.14) Additional information**

HMRC invite interested parties to register using the guidance below to contribute your views on this topic.

This requirement will be met by an eSourcing RfI using HMRC SAP Ariba. Please can you ensure you are registered with the HMRC SAP Ariba to gain access to the RfI 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) notifying non-receipt and 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 [e.procurement@hmrc.gov.uk](mailto:e.procurement@hmrc.gov.uk) with your account ID number. Once you have complied with the foregoing you will receive an e-mail confirming access to the RfI. Further information about HMRC's procurement tool SAP Ariba, a Suppliers Guide and general information about supplying to HMRC 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.

### **II.3) Estimated date of publication of contract notice**

9 January 2023

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## **Section IV. Procedure**

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

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

The procurement is covered by the Government Procurement Agreement: Yes