

COMMISSIONERS FOR REVENUE AND CUSTOMS ACT 2005

EXPLANATORY NOTES

INTRODUCTION

1. These explanatory notes relate to the Commissioners for Revenue and Customs Act which received Royal Assent on 7 April 2005. They have been prepared by HM Treasury in order to assist the reader in understanding the Act. They do not form part of the Act and have not been endorsed by Parliament.
2. The notes need to be read in conjunction with the Act. They are not, and are not meant to be, a comprehensive description of the Act. So where a section or part of a section does not seem to require any explanation or comment, none is given.

Background

3. In July 2003 the Chancellor of the Exchequer announced a major review of the organisations dealing with tax policy and administration:¹ HM Customs and Excise, the Inland Revenue, and HM Treasury. Gus O'Donnell, Permanent Secretary to the Treasury, was responsible for leading the review. He published his report² alongside the March 2004 Budget, and the Chancellor announced that he accepted its recommendations. This Act implements the main recommendation – to create a new department integrating the Inland Revenue and HM Customs and Excise. The new department is called “Her Majesty’s Revenue and Customs” (HMRC)³.
4. The Customs and Excise Prosecutions Office was created in April 2003 and operated under the terms of a Memorandum of Understanding agreed between the Attorney General, Treasury Ministers and the Commissioners of Customs and Excise. Following specific recommendations made in the Hon. Mr Justice Butterfield's Review⁴, and accepted by Ministers in December 2003. The Act puts the prosecutions office on a statutory footing, and provides for it to undertake all the new department’s prosecutions in England and Wales (i.e. including those formerly carried out by the Inland Revenue). The new prosecutions office is called “the Revenue and Customs Prosecutions Office (RCPO)⁵. The new Memorandum of Understanding between the Attorney General, Treasury Ministers, the Commissioners for HMRC and the Director of RCPO is available on www.rcpo.gov.uk.

¹ Treasury Press Notice, 2 July 2003, available at www.hm-treasury.gov.uk

² *Financing Britain's Future. Review of the Revenue Departments* by Gus O'Donnell, March 2004

³ Treasury Press Notice, 13 May 2004, available at www.hm-treasury.gov.uk

⁴ *The Review of Criminal Prosecutions Conducted by HM Customs and Excise* (15 July 2003)

⁵ Attorney General's written statement 12 October 2004 Column WS9.