

HMRC introduces Enterprise Tax Management Platform for Agile Tax Administration

Standard SAP helps cut the cost of Stamp Duty IT on the new, simplified infrastructure

The Situation

HM Revenue & Customs (HMRC), the UK tax agency, is simplifying and standardising its complex IT estate. As part of a department-wide IT transformation to deliver the HMRC contract savings of £110m a year, Capgemini delivered over 60 projects, from server removals to a major system merger and re-platforming project. One of the projects was to implement a new SAP Enterprise Tax Management Platform (ETMP) for all customer-facing tax systems, and migrate Stamp Duty Land Tax (SDLT) onto it.

The Solution

The IT transformation programme provided the cost reduction business case to replace legacy SAP systems with a strategic ETMP. The first phase was to migrate finance and accounting systems which had been outside the standard SAP ERP application. The next phase was to establish a shared infrastructure for SAP applications, and move the consolidated ERP solution onto it. With the ETMP infrastructure for all SAP applications in place, the old, heavily customised SDLT application was replaced with a standard SAP Tax Revenue Management-based application, and moved onto it.

The Result

Stamp Duty is the first tax regime on HMRC's customer-facing strategic tax platform, which is a key milestone for HMRC's rationalised IT landscape. The new SDLT technology reduces IT running costs by over £2 million a year, and it is now easier to ensure individuals and businesses who buy and sell more than one property are paying the right amount of tax. The complex transition went precisely to plan, ensuring the safe running of a system that helped support property transactions worth £279 billion in 2010/11, and which contributed £6 billion of tax to the UK economy.

Each year SAP recognises well-planned and successful projects that deliver significant benefits, and this year their Gold UK Quality Award went to HMRC for the SDLT project. The judges were particularly impressed with how effectively HMRC and Capgemini worked together.

Overview

Customer: HMRC

Industry: Public Sector

Location: United Kingdom

Client Challenges / Business Need:

- HMRC is simplifying and standardising its complex IT estate.
- Implement a new SAP ETMP for all customer-facing tax systems, and migrate Stamp Duty Land Tax onto it.

Results:

- SDLT technology reduces IT running costs by over £2 million a year; it is now easier to ensure individuals and businesses who buy and sell more than one property are paying the right amount of tax.
- Helped support property transactions worth £279 billion in 2010/11, which contributed £6 billion of tax to the UK economy

How HMRC and Capgemini Work Together

The Stamp Duty Land Tax project was delivered as part of HMRC's IT transformation, and its objectives, success criteria and critical dependencies were governed by the joint HMRC and Capgemini IT Transformation Programme Board.

The primary objective of the SDLT project was to reduce IT running costs and to make the system easier to run and maintain. This was achieved by replacing the old SAP application and platform, which had a limited support life, with a standard SAP implementation, to take advantage of lower risk and lower total cost of ownership. The project's success was ensured by having a team with the right people from the business and IT, with the right skills. Capgemini's HMRC SAP Centre of Excellence was responsible for implementing the ETMP platform and SDLT application, providing technical and functional expertise from project delivery to operation and maintenance. The Stamp Taxes team in HMRC managed alignment to the tight audit rules of the standard SAP solution, and organisational change. Commercial and project assurance was provided by HMRC's IT function.

HMRC's Senior Responsible Officer for the project highlighted tremendous joint working across all stakeholders engaged in the business case, solution design and acceptance criteria. Capgemini ran gap analysis workshops with SDLT business experts to review the old application, future process model and prototypes. Requirements from the workshops were applied to the standard SAP model, and questions were answered and documented, often by the following day, to address concerns and demonstrate how the standard solution would meet requirements and keep costs to a minimum.

One priority was to ensure minimum disruption to the administration of SDLT, up to and through the transition. Where an SDLT return is due, it needs to be filed with HMRC before a property transaction can be registered, so a serious problem with the running of SDLT could have had a negative effect on the UK housing market. That factor led to the development team adopting a 'failsafe' approach at a number of points. SDLT business and IT project experts worked together and tightly managed the project to meet requirements. The business provided key input into test strategies, plans, risk analysis and test coverage to focus testing on the right areas. Many hundreds of tasks were handled, from a legislative change to introduce a revised SDLT return, to agreeing internal processes and job roles for administering the new IT. Dress rehearsals ensured the implementation was delivered to plan, migrating 266,000 records and archiving over 9 million more.

Early gap analysis and design highlighted user training needs. HMRC developed training material based on user stories for key users and solicitors to test at the same time as they tested the new SDLT products and processes. During go-live, 20 key users were on hand to deliver desk training to the 105 users of the new SDLT service, and to answer questions as they arose, ensuring the move to the new application went smoothly and business as usual was achieved within a matter of days.

HMRC recognises the successful SDLT project as an exemplar for how business areas can work with IT to support an enterprise strategy, and moving SDLT to ETMP is a precursor to other HMRC business areas migrating to SAP.

For more information on this project, please contact:

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About Capgemini

A global leader in consulting, technology services and digital transformation, Capgemini is at the forefront of innovation to address the entire breadth of clients' opportunities in the evolving world of cloud, digital and platforms. Building on its strong 50-year heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. Capgemini is driven by the conviction that the business value of technology comes from and through people. It is a multicultural company of 200,000 team members in over 40 countries. The Group reported 2017 global revenues of EUR 12.8 billion.

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About HMRC

HM Revenue & Customs (HMRC), the UK tax authority, is responsible for making sure that the money is available to fund the UK's public services and for helping families and individuals with targeted financial support.

For more information, please visit:

www.hmrc.gov.uk