**EXPLANATORY MEMORANDUM TO**

# THE DIGITAL COMMUNICATIONS AND CONTACT DETAILS REGULATIONS 2026

**2026 No. 804**

## 1. Introduction

1.1 This Explanatory Memorandum has been prepared by His Majesty's Revenue and Customs (HMRC) and is laid before the House of Commons by Command of His Majesty.

## 2. Declaration

2.1 Dan Tomlinson MP, Exchequer Secretary to the Treasury confirms that this Explanatory Memorandum meets the required standard.

2.2 Reshma Prajapat, Deputy Director for Tax Administration Reform and Modernisation at HMRC confirms that this Explanatory Memorandum meets the required standard.

## 3. Contact

3.1 Paul Connolly at HMRC can be contacted by email at the following address with any queries regarding the instrument: paul.connolly1@hmrc.gov.uk.

## Part One: Explanation, and context, of the Instrument

## 4. Overview of the Instrument

***What does the legislation do?***

4.1 This instrument supports the modernisation of HMRC's communication with customers by enabling outbound communications to be delivered 'digitally by default'. This means customers who engage digitally with HMRC will receive digital communications unless they actively opt out of digital communication. The change will be introduced gradually as systems are ready.

4.2 To support digital communication with our customers, HMRC will require digital contact details, such as email addresses and mobile phone numbers, from customers using digital services.

4.3 The collection of digital contact details will not affect customers who choose paper-based communication such as the digitally excluded population. They will continue to receive paper correspondence and will not be required to provide digital contact details.

***Where does the legislation extend to, and apply?***

4.4 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is the United Kingdom.

4.5 The territorial application of this instrument (that is, where the instrument produces a practical effect) is the United Kingdom.

## 5. Policy Context

***What is being done and why?***

5.1 This instrument follows on from powers amended by Finance Act 2026 and forms part of HMRC's wider programme to modernise outbound communication by shifting to a digital-first approach. This policy allows HMRC to make digital communication the default for those who already interact with HMRC online.

5.2 The instrument enables HMRC to implement this change by establishing a clear legal framework for delivering correspondence digitally. It also requires users of HMRC's digital services to provide and update their digital contact details and confirms the provision of evidence of delivery.

5.3 Individual services will transition on a phased basis as systems become ready. This approach balances improved speed, efficiency and customer experience with safeguards for accessibility and choice, ensuring that a broad range of customers, including individuals and businesses who manage their tax affairs digitally, benefit from faster, clearer communications, while maintaining inclusive provisions for those who rely on non-digital channels.

***What was the previous policy, how is this different?***

5.4 Previously, paper communication was the default for customers, unless they actively opted into digital communications. Furthermore, it remained optional for the customer to provide their digital contact details. Now HMRC will be able to specify services so that customers who engage digitally with HMRC for those services will automatically receive digital communications unless they actively opt out and into paper. This will make digital communication the new default for those who already interact with HMRC online.

## 6. Legislative and Legal Context

***How has the law changed?***

6.1 The legislative framework governing HMRC's use of digital communications has historically been set out in section 132 of the Finance Act 1999, section 135 of the Finance Act 2002, and the Income and Corporation Taxes (Electronic Communications) Regulations 2003 ("the 2003 Regulations"). Under this legal position, HMRC could only issue communications electronically where a customer had positively consented, meaning paper correspondence remained the default and digital communication operated on an opt-in basis. This approach required customers to choose to receive digital communications, with no general power for HMRC to mandate customers who did opt-in to provide their digital contact details.

6.2 The Finance Act 2026 amends sections 132 of the Finance Act 1999 and also introduces regulation-making powers allowing the collection of digital contact details. The new statutory framework enables HMRC to move to a 'digital by default' model. Customers who use specified digital services will now automatically receive communications digitally, via their digital tax account and supported by notifications, unless they actively opt out, and HMRC will be able to require the provision of digital contact details as a condition of using those services.

6.3 In more detail, the present instrument allows the Commissioners for HMRC to designate certain matters by direction as 'default digital matters'. In relation to such matters HMRC may send digital communications by default. The instrument makes provision about opting out of digital communications and about evidencing such

communications. It also makes provision requiring users of digital services provided by HMRC to provide, and update, digital contact details specified by direction, and provision regarding the consequences of failure to do so. This instrument is the first time that the power under the Finance Act 2026 to require digital contact details has been exercised.

***Why was this approach taken to change the law?***

6.4 While primary legislation establishes the overarching statutory powers, a statutory instrument is required to operationalise the changes by enabling individual services to be brought into scope as they are ready. This ensures continuity for existing services (which will remain governed by the 2003 Regulations until formally designated) while allowing HMRC to align its digital services with the department's longer term policy intention in accordance with the legislative intent behind the Finance Act 2026 provisions. It provides a clear and flexible legal basis to modernise communications, ensure consistency across services, and support the transition to a more efficient and accessible digital system.

## 7. Consultation

***Summary of consultation outcome and methodology***

7.1 A public consultation on simplifying and modernising HMRC's Income Tax Services in 2023[1] highlighted support for moving to a digital by default process.

7.2 The move to digital-first communication will be introduced gradually as specific HMRC services become ready. This phased approach ensures that systems and processes are in place to support digital communication effectively and that appropriate safeguards are maintained.

7.3 Where appropriate, further engagement with affected customers will take place ahead of implementation to ensure that changes are delivered in a way that meets customer needs and supports a smooth transition.

## 8. Applicable Guidance

8.1 HMRC will work with customers and representative bodies to provide guidance on the use of digital communications, including how customers will receive and access correspondence through HMRC's digital services. Guidance will be made available in advance of implementation and updated as services transition to a 'digital by default' model.

# Part Two: Impact and the Better Regulation Framework

## 9. Impact Assessment

9.1 A Tax Information and Impact Note covering this instrument was published on 26 November 2025 and is available on the gov.uk website[2]. It remains an accurate summary of the impacts that apply to this instrument.

[1] Consultation: https://www.gov.uk/government/consultations/simplifying-and-modernising-hmrcs-income-tax-services-through-the-tax-administration-framework

[2] Tax Information and Impact Note: https://www.gov.uk/government/publications/modernising-hmrcs-outbound-digital-communications/modernising-digital-outbound-communications

***Impact on businesses, charities and voluntary bodies***

9.2 There is no, or no significant, impact on businesses, charities or voluntary bodies in terms of additional administrative burdens or disruption, as the measure primarily affects how HMRC delivers communications. Businesses and other organisations engaging with HMRC may be affected in the same way as individual customers (for example, in how they receive and access correspondence), but any impacts are expected to be negligible.

9.3 Any changes to HMRC's digital services relating to this policy will consider where requirements for businesses are distinct from individual customers and make provisions for these accordingly. Businesses, charities and voluntary bodies receiving communications through digital channels and accessing correspondence online, may experience one-off familiarisation costs associated with transitioning to digital channels.

9.4 This measure will impact individuals who have not proactively consented to receive outbound digital correspondence but have interacted with HMRC digitally. It requires users of HMRC's digital services to provide an email address in order to continue receiving communications digitally; those who do not will revert to paper. Digitally excluded customers are unaffected and can continue using paper services, which will be maintained to the same standard. The change is expected to improve the customer experience by making tax interactions faster and simpler for those using digital services.

9.5 Older people and those with certain disabilities may be disproportionately affected, as they are more likely to rely on paper communications. Safeguards, including a clear opt-out and continued non-digital support, will ensure these groups can maintain access to paper services. The measure primarily targets existing digital users, who are digitally capable. HMRC will design services with accessibility in mind, informed by equalities analysis and user co-design, and will continue to monitor impacts and engage stakeholders to ensure protections are applied consistently.

9.6 The legislation does impact small or micro businesses.

9.7 To minimise the impact on small and micro businesses, the instrument allows an opt-out of receiving electronic communications. Those who choose to do so will continue to receive paper communications.

9.8 The impact on the public sector is positive, as enabling digital outbound communication will result in reduced administrative costs for HMRC.

## 10. Monitoring and review

***What is the approach to monitoring and reviewing this legislation?***

10.1 The approach to monitoring this legislation will be through reviews as part of HMRC's broader digital transformation programme to ensure it meets its objectives of improving customer experience and operational efficiency.

10.2 The instrument does not include a statutory review clause.

## Part Three: Statements and Matters of Particular Interest to Parliament

## 11. Matters of special interest to Parliament

11.1 None.

## 12. European Convention on Human Rights

12.1 As the instrument is subject to negative procedure and does not amend primary legislation, no statement is required.

## 13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").