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Mathew Kelly
HM Revenue & Customs – ESS Policy Team
By email: ESSpolicy@hmrc.gov.uk

15 September 2026

Dear Mr Kelly,

Re: EMA response to the HMRC consultation on Electronic Sales Suppression – Introduction of Software Standards in EPOS/MPOS Systems

The EMA is the EU trade body representing electronic money issuers and alternative payment service providers. Our members include leading payments and e-commerce businesses worldwide, providing online payments, card-based products, electronic vouchers, and mobile payment instruments. Most members operate across the EU, most frequently on a cross-border basis. A list of current EMA members can be found on our website.

We support HMRC's objective of reducing electronic sales suppression (ESS) and protecting the integrity of the tax base, and welcome the opportunity to respond to this consultation. However, we believe the standards should be proportionate and avoid being overly prescriptive, particularly where this could create unnecessary implementation burdens or constrain innovation and competition.

I would be grateful for your consideration of our comments and proposals.

Yours sincerely,

Dr Thaer Sabri
Chief Executive Officer
Electronic Money Association

EMA responses

Question 1: Are you aware that EPOS/MPOS systems can be modified to alter the audit trail? In your experience, how?

N/A

Question 2: How has the threat posed by ESS changed since 2018 either in the UK or Internationally?

N/A

Question 3: Please provide your views on how ESS technology is marketed, promoted and sold?

N/A

Question 4: What effect has the recent proliferation of MPOS systems had on your business?

N/A

Question 5: Do you agree that the advances in technology seen in the EPOS/MPOS sector have made it easier to carry out ESS, if so, how?

We do not fully agree with this assessment. EPOS/MPOS providers generally have to comply with strict technical standards for processing payments. While new ESS methods continue to emerge, their payment-processing systems are designed to be resistant to compromise.

Question 6: What trends or innovations within the EPOS/MPOS sector do you think will have the largest impact over the next 5 years?

N/A

Question 7: Have you seen any impact following the introduction of the new legislation either in society in general, or specifically to your business? If so, what has that been?

N/A

Question 8: Do you agree with these benefits? Are there any other benefits that you feel would be created by the introduction of software standards?

We agree that reducing ESS and protecting the tax base are important objectives, and support the benefits HMRC has identified. Our observation is that the scope of any new standards should be clearly defined: obligations should attach to those who make, supply, or otherwise control the design of the EPOS/MPOS system itself, and should not inadvertently extend to payment service providers whose role is limited to processing the underlying payment transaction.

A similar principle already underpins the existing ESS legislation. Under Schedule 14 to the Finance Act 2022, an “electronic sales suppression tool” must be capable of suppressing a relevant electronic sales record, and suppression must be reasonable to assume as its main function or one of its main functions (paragraph 1(2)). Liability then attaches to making, supplying or promoting such a tool (paragraphs 2 to 4). A PSP's payment-processing function does not suppress or alter the merchant's sales record, nor is it undertaken for that purpose, so it is not caught by these provisions.

Question 9: What do you feel would be the impact on competitiveness in the sector following the introduction of software standards?
The impact on competitiveness will depend on how prescriptive the standards are. New market entrants often bring new technologies, including different approaches to logging and tracking merchant transactions. Introducing overly prescriptive standards across all EPOS/MPOS providers could therefore restrict innovation and have an adverse impact on competition.

Where an EPOS/MPOS provider operates a shared product platform across multiple markets, a UK-specific requirement that departs materially from that shared architecture increases the risk that the provider deprioritises UK feature development in favour of markets with lower compliance overhead, or that smaller providers without the resources for a bespoke UK build exit or avoid the UK market altogether.

Question 10: What burdens could this place on business?
We would ask HMRC to consider the burden at each stage of implementation in the context of other concurrent HMRC initiatives affecting the same providers, as set out in our response to Question 31, and to ensure new standards can generally be delivered through updates to existing systems rather than requiring hardware replacement.

Many PSPs, particularly smaller providers, operate a single payment-processing platform across multiple European markets. Prescriptive UK-specific requirements could therefore have a significant impact on their product roadmaps, requiring them to adapt existing systems and payment flows specifically for the UK market.

Question 11: What are the most/least concerning burdens for you or your business?
Depending on the final design choices adopted, some potential burdens that need to be highlighted are as follows:

- **SAF-T native storage**: a requirement to store data natively in the SAF-T format, rather than to produce a SAF-T-compliant export on demand;
- **Record timing:** a requirement to protect the transaction log from the point of creation rather than completion, which would capture every abandoned checkout, timed-out attempt and cancelled sale;
- **Real-time signing**: a requirement for real-time, on-device cryptographic signing, which would need to accommodate offline payments during connectivity outages; and
- **Receipt length/cost**: receipt requirements that increase the length and cost of a printed receipt, such as full validation data encoded in a QR code.

Question 12: How could any additional costs or business burdens be minimised?
We would encourage HMRC to define requirements in terms of testable outcomes — an accurate, tamper-evident record, a reliable export in a defined format, and timely access for compliance purposes — rather than prescribing the specific technical architecture used to achieve them. A phased

implementation period, and the ability to meet standards through updates to existing systems rather than hardware replacement, would also help reduce cost.

Question 13: Do you have knowledge or experience of working with standards in other jurisdictions, such as, but not limited to, Austria, Germany, or Norway?
N/A

Question 14: Would having a standardised format would benefit businesses in the UK?
A standardised format could benefit businesses by simplifying compliance and audit. We would note, however, that some EPOS/MPOS systems are designed and configured for the needs of a particular type of business: for example, hospitality or high street retailers. This differentiation enables competition among providers. Members have noted that a standardised data format could limit providers' ability to tailor products to different types of business.

Question 15: Would requiring a data standard for EPOS/MPOS systems, aligned with other countries, reduce complexity for manufacturers?
Alignment with international approaches can reduce complexity where it allows reuse of existing product architecture.

Question 16: What are the are the wider issues related to the introduction of the SAF-T standard for EPOS/MPOS systems?
We would ask HMRC to clarify whether SAF-T is intended as a native storage format or as an export format generated on demand. The latter is a substantially lower-burden approach and is consistent with HMRC's own stated preference for "a solution… delivered through updating existing systems rather than replacement, to minimise both the financial and environmental cost".

Question 17: What do you see as the key benefits in having an indelible encrypted record of sales contained on EPOS/MPOS devices?
We recognise that an indelible, encrypted record increases confidence in the integrity of the sales record, helps prevent missing sales data or incomplete till rolls, and can support businesses in accurately reporting their sales and meeting their tax obligations.

Question 18: What are the barriers to introducing encryption or other security features either on existing or new EPOS/MPOS systems?
One of the issues identified regarding encryption is that connectivity outages need to be taken into account, since a connection to a central server cannot be guaranteed at all times when a transaction is created. Offline transactions, which can represent a significant proportion of sales during such outages, cannot be signed in real time on-device until the device reconnects. The consultation notes that a transaction record can be generated and encrypted "at the start or end of a transaction". Generating and encrypting the record at the point of completion, with signing carried out once the device has reconnected to a central server, would avoid this issue, since the transaction outcome would already be known by the time signing takes place.

Question 19: What are the key benefits and risks to businesses of an EPOS/MPOS system which connects each individual transaction to the previous and the next?

We recognise the benefit of transaction chaining as outlined in the consultation. However, factors outside a provider's control, such as connectivity outages and how void or cancelled transactions are treated within the chain, need to be carefully considered.

Question 20: At which point do you think the transaction log should be protected, at creation (so all voids, cancelled sales or voided sales are included), or completion (so only finalised transactions are included)?

Protecting the log at the point of completion, rather than creation, would avoid the need to capture incomplete, failed and cancelled sales, which would otherwise substantially increase the volume and complexity of records.

Question 21: What barriers would you face to the introduction of a form of encrypted transaction chaining, based on a form of closed loop blockchain?

Generally, requirements that go beyond current practices/standards, such as protecting the transaction log from the point of creation rather than completion, could increase operational and cost burdens for EPOS/MPOS providers, and could require a longer implementation period for them to become compliant.

Question 22: Are there any reasons why a register of certified systems may not be feasible in the UK?

N/A

Question 23: Who do you feel should be responsible for registering an EPOS system?

Manufacturer-level registration is most likely to produce an effective system, provided the registration process is clear and straightforward. Registration at business level would not be practical, given that businesses often change POS provider and often operate a combination of systems across different sites. Placing the registration requirement on suppliers instead raises similar issues: some retailers offer a wide range of POS products from different manufacturers, so it is unclear which supplier would be responsible for registering each one, and it is equally unclear how this would work for MPOS products downloaded directly via an app store rather than sold through a retailer at all.

Question 24: Who do you think is best placed to determine and issue such certification? What are your views on a system of manufacturer self-certification?

We consider that manufacturer self-certification can offer clear advantages in terms of speed, efficiency and proportionality, while reducing the administrative demands associated with certification.

Question 25: What are the potential benefits and risks and challenges of introducing mandatory data on receipts or other reports to enable checks on the validity of transaction records?

We recognise the benefit of enabling checks on the validity of transaction records, particularly in support of HMRC investigations. However, we would encourage HMRC to consider whether the relevant validation data could instead be made available via an online link, rather than being encoded on a printed receipt. Embedding full validation data in a QR code may increase receipt length and associated printing costs, while also leading to greater paper consumption and environmental impact.

Question 26: What are your views on mandating the issuance of receipts for all transactions and how would this change if a minimum limit was applied, for example only requiring receipts for transactions above £35?

In our view, any requirement should take the form of an obligation to offer a receipt, rather than to issue one in every case, since a business cannot control whether a customer chooses to accept it. Digital and paper receipts should be treated equally, with any requirement capable of being satisfied in either format. As set out in our response to Question 25, requiring a printed receipt in every case may increase printing costs and paper consumption, with a corresponding environmental impact. Where validation information is required to support HMRC compliance checks, we would encourage HMRC to allow this to be provided digitally, including through an online link, rather than requiring the full validation data to be encoded on a printed receipt.

Question 27: What are your thoughts on mandating that appropriate businesses record all sales using an EPOS/ECR system?

N/A

Question 28: What are your views on HMRC conducting light-touch compliance checks? These checks would be to check the integrity of EPOS/MPOS records, and help businesses to identify areas of concern?

We support HMRC's aim of achieving broader compliance coverage through lower-intensity checks. We would encourage HMRC to consider whether an online-link-based validation approach, as outlined in our response to Question 25, could achieve the same objective as a QR code while avoiding an increase in receipt length and related costs.

Question 29: What do you think of placing an obligation on EPOS/MPOS manufacturers/suppliers to protect the integrity of their systems?

We support placing this obligation on manufacturers and suppliers that design, manufacture, supply or otherwise exercise control over the EPOS/MPOS system.

Question 30: Do you think that an associated penalty for failing to protect the integrity of the system would encourage early voluntary compliance?

We believe any penalty should be proportionate and recognise good-faith disclosure, cooperation and timely remediation.

Question 31: Are there any specific factors that would facilitate or hinder the introduction and use of software standards in the UK?

Standards that are outcome-based, and that can be met by updating existing systems rather than requiring their replacement, would facilitate adoption, alongside early, collaborative engagement with industry before requirements are finalised. The main hindering factor is the cumulative impact of multiple HMRC initiatives on providers operating different business models. For example, EPOS/MPOS providers that are also acquirers are affected by enhanced acquirer reporting under new powers in the Finance Act 2026[1] and HMRC's parallel work on POS-to-accounting software integration[2] at the same time as these proposed standards.

We would recommend HMRC assess this cumulative impact and provide for a phased implementation period when finalising the scope, penalties and timeline for these measures.

Question 32: What do you feel would be essential in the approach the government takes when introducing software standards that would reduce the impact on EPOS users, developers, and manufacturers?

We would ask HMRC to prioritise a clearly drawn perimeter of entities subject to the obligation; outcome-based standards that can be met by updating existing systems rather than requiring their replacement, consistent with HMRC's own stated preference; a phased implementation period that takes account of the cumulative impact of other HMRC initiatives affecting the same providers; a grace period recognising good-faith compliance efforts during initial rollout; and ongoing engagement with stakeholders at every stage of the process.

[1] https://www.gov.uk/government/consultations/draft-legislation-better-use-of-new-and-improved-third-party-data

[2] https://www.gov.uk/government/calls-for-evidence/business-systems-integration