

ADMINISTRATIVE BURDENS ADVISORY BOARD

Tell ABAB report – 2015/16

*Working with HMRC to make a
noticeable difference*

February 2016

Introduction

Firstly, thank you to all who have given us feedback via the 'TELL ABAB' facility. We are extremely pleased that so many of you took the time to respond, with over 2,000 responses. This is a big increase from previous years, enhancing the robustness of our engagement with HMRC.

We have also been encouraged by the desire from within HMRC to hear your detailed feedback and to consider it in their plans. In some cases, initiatives are already in place to address your concerns and, in those instances, we have urged HMRC to raise awareness of the services so that more small businesses can benefit from them.

We have produced this report in conjunction with HMRC, following our engagement with them to explore the specifics of your feedback and offer our views on these. This report:

- [gives you a summary of the feedback received](#)
- [shows how we have challenged HMRC on the issues currently causing small businesses problems](#)
- [identifies relevant HMRC initiatives and gives our views on these](#)
- [explores HMRC of the future](#); and
- [identifies next steps](#).

Summary

The following demonstrates a breakdown of the type of business who submitted responses during 2015:

What size is your business?



The following visual shows the key words contained across all your feedback.



Our review of responses showed many common themes, consistent with [last year's feedback](#).

Personalisation – You want your tax affairs to be all in one place and for HMRC ‘departments’ to be much more joined-up. There is also a need to only receive what is relevant to you targeted to your specific business/circumstances.

Digital – Those of you who are online want to do more online and have suggested ways to make specific tasks easier.

Communication & Contacting HMRC – You want improvements to HMRC’s channels of communication. You are particularly dissatisfied with the telephone service provided. Response times are far too slow and when finally speaking to an advisor you often felt frustrated at the lack of understanding of your previous contacts or felt that your time was being wasted by being transferred around between departments.

HMRC Attitude and Approach to Small Businesses – You want HMRC to better understand the day to day pressures you face running your small business and to have more empathy when dealing with you.

Policy & Legislation – You want Government policies and legislation to be modernised and simplified, recognising the needs of small business so to encourage innovation and growth.

Processes & Systems – You want clearer guidance and greater consistency across specific services such as VAT, CIS.

Payments & Refunds – You want the mechanisms and policies for payments and refunds to work better for you and your business.

General Admin Burdens – You want to spend less time on tax administration and to have greater consistency across different taxes to reduce the burden in running your business.

Working with Agents – You want agents to be able to deal with HMRC on behalf of your business more easily.

In our [previous report](#) we highlighted some of the improvements HMRC was making to address your concerns about contacting the department. It is clear from your feedback that many of you are still finding it frustrating to communicate with HMRC.

Some of the improvements are mid to long term solutions and ABAB recognise that these initiatives will take time to bed in, however it is also clear that short-term fixes are necessary to solve the immediate problems you face. HMRC have acknowledged that their service levels are still often not good enough and are continuing to make changes to address this. We provide an update in this report and also explore some of the alternative ways you said you'd like to be able to contact HMRC.

Categories

As well as identifying overall themes from your feedback we were able to pinpoint specific categories where you had helpful suggestions for improvements. In the report we focus on the areas that you considered the most important:

1. [Communications & Contact with HMRC](#)
 - a) [Telephone Communication with HMRC](#)
 - b) [Digital Communication with HMRC](#)
2. [Facility online to print out tax calculation \(SA302\) and tax year overview](#)
3. [Completing CT600](#)
4. [Payments](#)
5. [Interaction with Agent Community](#)
6. [VAT process](#)



In this section we review the specific initiatives identified by HMRC that it believes are addressing some of your ideas and comments. We offer our opinion on these initiatives, and, where we feel there is more to be done, we will work

closely with HMRC to ensure this happens. We've included some direct quotes from your feedback to illustrate what you told us.

1. Communications & Contact with HMRC

Your feedback highlighted the continuing frustrations you are having with contacting HMRC over the telephone. You also indicated a desire for other, alternative channels through which to communicate with HMRC for advice or support and had some ideas about how the navigation and practical use of existing channels could improve.

The following looks at some of the initiatives HMRC have identified to address your comments.

a) Telephone Communication with HMRC

HMRC accept that service levels have not been good enough for many of you at busy periods during 2015/16, but they have taken major steps to improve including the recruitment of 3,000 new staff into customer service roles.

"Telephone answering remains unacceptably poor - time delays often mean terminating the call even before its answered. Letters are replied to late and in some cases not at all."

This year has seen their biggest-ever training programme as they build customer support teams that can move across a wide range of work according to demand. By the end of December 1,600 existing staff will be trained to cover a wider range of work. Hundreds of these people are already taking calls.

The following is an update on some of the initiatives we highlighted in our previous report:

The **Once & Done project** has been developed to deliver process changes that allow Call Handlers to deal with more the first time around, reducing the need for you to write to HMRC, for HMRC to write to you, and for HMRC to 'hand off' questions between its own staff. To date HMRC have made changes to in excess of 350 processes that are impacting on approximately 3½ million calls per year. These have primarily been in the Taxes, Tax Credits, NI and Employers helplines and HMRC are currently reviewing other process changes that will be introduced to other helplines (VAT,

"Getting through to speak to a real human being at HMRC on the employer helpline is close to impossible. The recorded message keeps telling the caller to go to the web site instead but we wouldn't be ringing if the answer was on the web site."

Stamps, CIS and On Line Services helplines). An example of this work is that by giving NI helplines advisors access to the SA platform they have been able to close SA records as well as a self-employed record for NI purposes in one call rather than requiring you to phone two different help lines.

Phone First allows the HMRC staff member to phone you for clarification or additional information regarding the correspondence subject. This means that HMRC can ensure that it gets the answer it needs and you get an answer quicker and they know what has been done.

ABAB's view

ABAB welcome the initiatives that HMRC has put in place to address issues with its telephone service and hope the longer-term solutions will offer you a better service. We have seen first-hand, and been impressed with, how the 'Once and Done' philosophy is bringing benefits to you and HMRC by making improvements to internal processes and we encourage HMRC to embed this across all taxes.

Given Government's requirements to cut costs and manpower, HMRC's vision and strategy has to be geared around digital services. This has the advantage of being able to provide 24 hour service in a way that face-to-face communications never could and to ensure that a consistent level of advice is provided across the country. We recognise as well that many of you now find using digital communication the most efficient way of dealing with your affairs. However, we urge HMRC to recognise that provision of an efficient telephone service must remain a priority for the department both now and in the future, especially for those of you for whom digital interaction will be challenging.

b) Digital Communication with HMRC

In addition to traditional channels, HMRC are constantly looking at how best to meet your needs through harnessing new technologies. They are introducing online services that give you new ways to deal with them at a time most convenient to you.

Their new digital tax accounts bring everything that businesses and individuals need in one place, online. Our last report told you about Your Tax Account (YTA) which is a new digital service providing small businesses with a personalised

digital account showing liabilities, payments and key dates across Self-Assessment, Corporation Tax, VAT and PAYE for Employers. It brings together access to all key online services, guidance and information providing a joined-up experience for you, giving you the ability to perform a number of transactions with HMRC in a single place. About 3.5 million people have used the new service, YTA, with overall satisfaction levels routinely measuring more than 75%, in the first half of 2015/16.

The way this is being designed and delivered allows HMRC to obtain feedback from users to drive future improvements to the service. If you are already registered for HMRC on line services and aren't using YTA, you will be moved into the service by March 2016.

If you are not yet registered you can 'Register for HMRC Online Services' [here](#).

The below sets out some of the technologies HMRC has been considering to allow for digital communication;

i. Webchat

HMRC is currently trialling the use of web chat with those who have Self-Assessment or Online Services Helpdesk queries. The facility is simple and easy to use provides an alternative to ringing HMRC.

"It would help enormously to have a web chat or e-mail facility to deal with queries. The current telephone system takes far too long and has no traceability..."

ii. Virtual Assistant

Alongside Webchat, HMRC is also trialling a 'virtual assistant' for the Online Services Helpdesk. The virtual assistant – available 24 hours - aims to help you find the right guidance and support for your query. If it is unable to answer your query you will be referred to a HMRC adviser through Webchat.

iii. Secure Messaging

HMRC is developing secure digital messaging, with an aim to replace paper communications to you with digital messaging via your digital tax account. This will include using email to provide prompts and alerts. The sensitive nature of the details they hold and request means that being able to use email for all

"... An e-mail help facility (as provided by most other organisations) would be a step forward in providing easily accessible advice to employers..."

communications is limited and given that e mail is one of the most common means used by cyber criminals for phishing scams, HMRC's preference is to invest in the more secure digital messaging service.

iv. Social media communications

HMRC continue to use social media to share useful and timely information with you, and engage with those that need their help. In particular, HMRC are making greater use of social media to provide direct customer service, to supplement online guidance and telephone support.

For example:

- the @HMRCcustomers Twitter account, launched in 2014 as a pilot in the run up to SA deadline in 2015, is now a permanent customer service channel with around 7,500 followers and has so far helped over 38,000 customers
- the HMRC Facebook page, set up in 2015, sends out targeted customer help and advice, and also answers customer queries directly
- the @HMRCBusiness Twitter account, which so far has around 7,000 followers, is dedicated to providing help and information about tax to people setting up or growing their business, as well as responding to your queries

v. Webinars

It was encouraging to hear how many of you had used and valued HMRC's webinar services which have helped over 69500 customers so far in 2015/16.

For example during the run up to the SA deadline in 2015 HMRC held an all-day webinar session focused exclusively on helping you to get your questions answered very quickly and without calling the helpline. In total they answered 11,000 questions from over 7,000 customers, with 80% saying that they'd recommend the service to others.

HMRC also support other government departments with specific webinar campaigns. To meet your needs they do occasionally run weekend and out-of-hours

"Please please please can you record your help webinars so businesses like mine can watch them when we are not working... You must have a pool of helpful information on tape and a good knowledge of often asked questions why not create a library of video or podcast type material"

sessions and you can also access [recorded webinars on gov.uk](https://www.gov.uk/recording-webinars) for all of their webinar topics. Gov.uk hosts a collections page which acts as a library for all HMRC products. It can be accessed via a search function simply by typing 'webinars' into the gov.uk search.

HMRC's webinar topics are determined by a variety of customer data, including the type of queries you are calling HMRC about and key areas of tax risk. You can also leave feedback at the end of each webinar suggesting future topics they would like to see or you can suggest topics via the ABAB website.

vi. Online Forms

HMRC are aware that you have experienced various problems with HMRC online forms. Their first wave of work on forms last year was designed to:

- move forms into a more accessible internet format, resolving complaints about PDFs by ensuring that forms can work on more devices.
- incorporate elements of 'intelligence' into forms e.g. rules to prevent submission of forms where key fields have not been completed, again designed to reduce the need for follow-up contact by you and HMRC.

"The new "online" forms are a joke because you have to print them out and post them - there's nothing "online" about them."

But we know that despite this work, forms still cause issues for agents and others. HMRC have a second wave of work underway to develop a modern, digital forms service. By March 2016:

- All forms will be submitable digitally, rather than printing and posting.
- Will be adaptable to any mobile device you use
- it will be possible to save part-completed forms and return to these
- improved guidance at the start of forms will set out what information is required
- a tool has been developed for you to track progress of your forms, reducing the need to contact HMRC.
- You will be able to send attachments with your iforms digitally.

"Forms which only let you go to the next page when you have filled in the first page! How do you know what information they want and in what form?"

ABAB's view

We are encouraged by the developments HMRC are making within the digital area and that these are being designed around your needs. This continues to develop at pace and as more and more services are added to your digital accounts this will give you greater visibility and control over your tax affairs and further access to personalised support.

The improvements to HMRC's on-line forms are welcomed. The new functionality is good news and we urge HMRC to take the opportunity to reduce and simplify the associated processes wherever possible.

HMRC's plans for future support tools align with your feedback and desire to be able to engage through different channels. We would encourage HMRC to do more to raise awareness of these support services so that more businesses can take advantage. We will continue to engage with HMRC on all these positive developments.

2. Facility online to print out tax calculation (SA302) and tax year overview

HMRC have seen a high volume of requests from customers wishing to obtain their tax calculations (also known as SA302s), for evidence of their declared income, in the past year due to recent changes and an increase in mortgage applications. To meet this demand, HMRC

introduced the capability for those of you who use HMRC's online services to self-serve their tax calculation and tax year overview. This supports those of you who are self-employed by providing you with the evidence of your declared income e.g. for mortgage or loan purposes.

Further information can be found [here](#).

ABAB's view

This is an example where HMRC are utilising their digital ambition and capability to improve the experience for you whilst also relieving pressure on their telephone service.

"With the new mortgage EU checks in place. It would be helpful to order SA302 Forms online. The gov website shows instructions on how to do this, but the function isn't actually available."

3. Completing CT600

There was a general theme in your feedback around the difficulties in using HMRC's free software to file a company tax return form (CT600). You told us this stemmed from a lack of detailed and understandable guidance and the flexibility in the use of the software. HMRC have acknowledged that the transition to GOV.UK caused some difficulties in locating the right guidance.

"... even using completely accurate books I find it a real struggle to fill out the CT600 tax return 3rd year running... The biggest issue is for me having to keep on going back to a previous calculation to correct and correct again.. I cannot see the wood for the trees..."

HMRC are phasing out the current CT return filing software and are replacing it with a new online filling service accessible from 'Your Tax Account'. The filling service, Company Accounts and Tax Online (CATO), will be compatible with more modern devices and software packages and will have validation, help text and error messages to assist the company. It is being developed with user assistance to ensure that the messages are more informative and that guidance is simplified.

ABAB's view

In our previous report we expressed our reservations on the move to GOV.UK and the need to strike the right balance between simplification of guidance and having sufficient level of detail to ensure businesses understand the requirements. Your feedback told us this is still an issue in some areas so we will explore HMRC's plans to improve guidance.

4. Payments

Your feedback told us that you want a more consistent approach to payment methods and the frequency of filing and payments across the taxes, which currently can make navigating the tax system confusing.

We know that you want quick and easy ways to pay the tax you owe, and to have certainty that your payments are on time. HMRC recognise that some of their processes do not flow, and that the journey from filing to payment can

sometimes feel disjointed, both in terms of timing and the online journey. You also wanted to see a single statement for all your tax affairs in one place.

HMRC have already introduced a number of improvements to help facilitate payment, including their Online Payments Service which went live in 2015 and enabled over 2.5m credit/debit card transactions during April-November 2015 across Self-Assessment, PAYE, Corporation Tax and VAT. They are also increasing the opportunity for you to use online payment methods and direct debit as much as possible.

“...I would like you to electronically acknowledge receipt of payments made to you and with that acknowledgement, confirm how they have been allocated...”

For those of you who make online card payments, you can already print or download confirmation that your payment has arrived. You can also choose to receive confirmation by email from the third party merchant acquirer which processes the payment.

Your Tax Account already provides a countdown of the number of days left to file and pay. If your account is overdue you will see warning messages and details of any penalties they might be accruing.

“It would be far easier and simpler to have one account per business and the payments calculated by the on line calculator could be paid by clicking onto the pay now icon without using separate systems”

In the future...

- As part of the Making Tax Digital approach (introduced later in this report), HMRC are currently [consulting](#) on a range of options for the timing and methods of filing and payment, including options for regular payments across the taxes to help you manage your cashflow.
- By 2020, HMRC will provide you with a Single Financial Account, where they can see a statement for all their tax affairs in one place. This will make it simpler for you to see your overall balance and manage your payments and liabilities quickly and efficiently.
- You can already view PAYE statements online. HMRC are working to provide a clearer statement view and account history for each tax that applies to your business.

ABAB's view

The development of HMRC's digital accounts should, in the future, enable HMRC to provide you with certainty around payment dates, amounts and confirmation of the payments you make. Improvements have already been made and more are in the pipe-line. We will continue to monitor how this is being implemented and whether more needs to be done, based on your feedback. We urge HMRC to raise awareness of the existing improvements so that more businesses can benefit from them.

Ultimately HMRC's future digital services should allow you access to an historical and current view of all your payment liabilities

5. Interaction with Agent Community

Your feedback included requests for agents to have an Agents dedicated helpline for all taxes and for HMRC to signpost/identify clients within written communications with agents. HMRC have told us they will use your feedback to support identification of future solutions to address these areas.

"For Agents - it would be very helpful to be able to see the balances on the PAYE and VAT accounts, as this would save a telephone call to HMRC..."

We do however need to be mindful of the potential risks this poses to both HMRC and you with the possibility of communications being intercepted in transit. The HMRC move to a more digital approach to communications and the development of Agent Online Self-Serve (AOSS) will enable a more targeted, personalised and secure approach to communications.

AOSS is a digital account being designed by HMRC to improve online services for agents. Approximately 1500 agents have registered to trial the AOSS private beta service on PAYE liabilities and payments. Once live, the service will:

- make it easier and quicker to register with HMRC as an agent
- let agents confirm and update their client list
- let agents access services and view their clients' records in one place
- help agents keep their clients' tax affairs up to date
- let agents carry out the same online tasks as their clients

- reduce the need to contact HMRC
- reduce costs for both agents and HMRC

In September 2015 HMRC introduced a new way to engage with the agent community. The monthly 'Working Together' meetings are now held digitally so that agents can highlight and discuss tax matters affecting them (and their clients) and receive updates from HMRC. This is currently available for a selected group of agents with the intention to extend this group during the remainder of 2015/16.

“There should be dedicated agent lines for each of main taxes and all lines should be answered within 3 to 5 rings maximum...”

A separate weekly meeting is also held around a range of topics where agents can hear from and ask questions of the subject matter experts. If you are an agent and would like to get involved in these weekly meetings please email the [“Agent Engagement” mailbox](#)

ABAB’s view

The delivery of AOSS is a positive step in the delivery of modern digital services and we will maintain engagement with HMRC as this develops. As this service helps agents to manage their interactions with HMRC and their clients, it should result in cost savings to both agents and the small business community as a whole.

6. VAT process

Whilst your feedback demonstrated you feel, in general that the VAT process works well, there is a desire for simplifying the registration threshold and being able to correct genuine errors in returns.

There seems to be a general awareness issue on these and HMRC would like to draw your attention to the following that will hopefully support you in these areas.

- There are several [help and support tools](#) available to help you with VAT
- There is [guidance](#) on how to correct past VAT returns where the value of errors is £10,000 or less

“The RTI and CIS schemes and VAT work quite well but there could be improvements. Please make it possible to amend online submissions for all three, at least within the time limits for original submissions. People make mistakes...”

HMRC believe that the current registration threshold achieves a reasonable balance between the competing interests, taking into account the need to keep burdens on the smallest businesses to a minimum.

Nevertheless they accept that registration is a big step for any business and especially for those that incur relatively low VAT on their costs compared to the VAT they must charge to their customers.

Once registration becomes necessary, however, there are a number of special schemes available to help you manage your entry into the VAT system, reduce your administration costs and improve your cash flow. These schemes include Cash Accounting, Annual Accounting and the Flat Rate Scheme. You may find these useful.

You can find information about these schemes on their [website](#).

There were also specific comments about integrating VAT returns with Intrastats and EC Sales Lists. HMRC have reported that due to the difference in both the data required and the purposes they are used for, the creation of a single form either on paper or online would be onerous to complete. However there is a proposal that this VAT related service is reviewed as part of 'Making Tax Digital' which we review further below.

"VAT could be simplified by integrating VAT returns, EC Sales Lists, Intrastats and C79 returns ..."

ABAB's view

It's good to hear some of you have had a positive experience when engaging with the VAT process. The fact that many of you find it confusing and don't appear to be aware of the simplification schemes and support available, suggests to us that HMRC need to do more to promote them. We will be engaging with HMRC soon about simplification of their messages in the transition to digital and will take this opportunity to embed your feedback into this process.

Finally we would like to draw your attention to the recent Autumn Statement announcement on 'Making Tax Digital' (MTD) where the government committed to invest £1.3bn to transform HMRC's digital services.

On 14 December 2015 the government published the Making Tax Digital roadmap which sets out that, by 2020, most businesses, to include companies, partnerships and individual taxpayers who are self-employed and those letting out property, will be required to keep track of their tax affairs digitally and update HMRC at least quarterly. HMRC will be introducing any reforms gradually and will be consulting on the detail of the proposals throughout 2016.

You can find this roadmap, a discussion paper on simpler payments and a series of illustrative case studies about MTD on gov.uk

<https://www.gov.uk/government/publications/making-tax-digital>

ABAB's view

ABAB is supportive of the move to digital services, seeing this as the way to deliver improvements in many of the areas you've told us you find difficult, in particular more personalised support, greater certainty and convenience, and more streamlined, efficient communications. However this will not, in ABAB's view, be achieved at a lower cost to business unless HMRC and HM Treasury grasp the opportunity to create a radically simpler and easier tax system by, in parallel, simplifying the associated policies and processes.

We recognise benefits for some businesses of being able to 'pay as you go', helping them to manage their cash flow.

We do however have serious concerns about the intention to mandate the use of digital accounts. We want to understand more about the support available to business customers who may struggle with this transition to digital working, whether that's because they do not have the skills, confidence or access.

We are also apprehensive about the admin burden impact of businesses needing to provide HMRC with information on a quarterly basis. It is difficult for us to see how more frequent reporting can reduce burden.

ABAB will work closely with HMRC in the coming months, so that we can bring the voice of the small business to the table and influence decision making. We would also encourage you to give your views on MTD, whether through the Tell ABAB facility or direct to [HMRC](#).

Final Word – Next Steps

Thank you again to those of you who provided your feedback. Whilst ABAB recognises the frustration you can feel and the difficult experiences some of you have had we were encouraged that some of you told us that elements of your dealings with HMRC have improved. HMRC have also shown greater appetite to engage with us on the feedback you have provided.

ABAB will shortly be preparing our latest annual report to the Financial Secretary to the Treasury where we will review HMRC's performance and progress against our 15/16 priorities. We will use your feedback to inform our priorities for 16/17.

We will continue to work with and challenge HMRC to ensure that poor experiences become fewer and fewer and that tax truly does become easier, quicker and simpler.

Please continue to provide us with your ideas, [via Tell ABAB](#), on how HMRC can improve the administration of tax for you.

We'd like to know if you have found this report useful or not. Please let us know what you think via this [short survey](#) which should take about 5 minutes to complete.