



# **ADMINISTRATIVE BURDENS ADVISORY BOARD**

## **2019 ANNUAL REPORT**

***Better tax for Better Business***

April 2019

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# Foreword

As Chair of the Administrative Burdens Advisory Board (ABAB), I am committed to, and passionate about, making a noticeable difference for small business by supporting HMRC to help make tax easier, quicker and simpler.

My Board is made up of members with a wide range of relevant and up to date business knowledge and expertise. We are independent, representing a cross section of businesses and professions. We offer constructive challenge and support to HMRC by championing the views and concerns impacting small business customers. An example of this was our response to the Treasury Select Committee on Making Tax Digital for Business (MTDfB).



**Teresa Graham CBE**  
**ABAB Chair**

It is vital that ABAB listens to and understands the challenges facing small business and their representative bodies. We can then have constructive discussions with HMRC, using our independent status to offer considered advice and be a ‘critical friend’ to HMRC, helping them to successfully address issues. We provide feedback and critically assess HMRC performance and our aim is to influence constructively any key HMRC initiatives that impacts on small businesses.

### **ABAB 2018/19 priorities were:**

- Making Tax Digital and EU Exit
- Culture and Capability for listening (including Digitisation / Technology)
- Refreshing and building relationships
- Customer Experience and Lessons Learned including Tell ABAB report.

This report tells you of our progress on these and other major matters we have tackled in 2018-19.

We continue to be of the belief that innovative use of new technology will be at the heart of easing the administrative burden and look forward to continued work alongside technology experts to maximise benefits for small business.

If you would like to comment on any issues in the report, or offer suggestions of areas we should look at, please contact: [advisoryboard.adminburden@hmrc.gov.uk](mailto:advisoryboard.adminburden@hmrc.gov.uk).

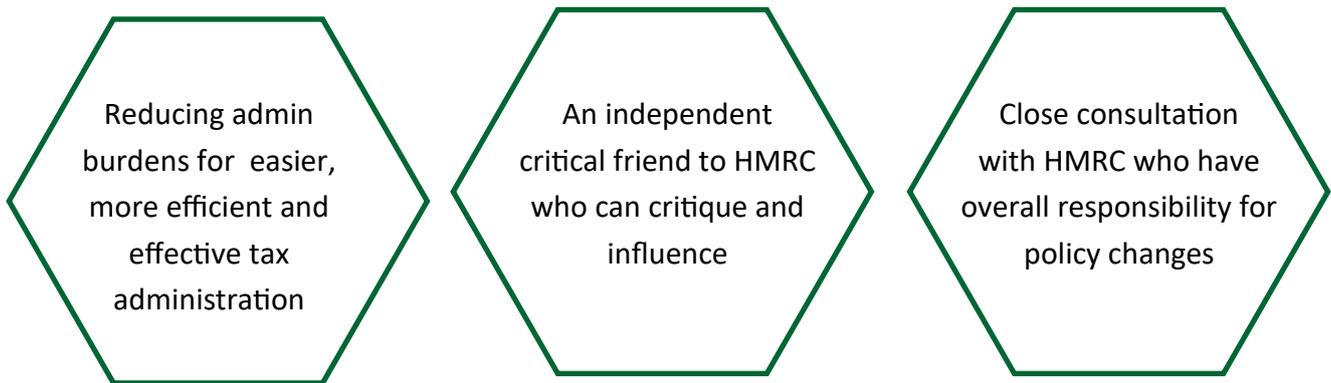
Teresa Graham CBE

# Customer experience and lessons learned

## Introduction

ABAB is a group of small and medium business operators and advisers who meet with HM Revenue & Customs (HMRC) and report annually, as an independent body, to the Financial Secretary to the Treasury (FST). Our primary goal is to 'make a noticeable difference' for small and medium sized businesses (SMEs), particularly in relation to the administrative burdens imposed by the tax system. Our approach is to operate as an independent 'critical friend' to HMRC, offering constructive challenge and support. We remain firmly committed to the goal of a simpler and easier tax system for small business, and given our business experience, we believe we are well placed to 'tell it like it is'.

## Our Goals



## Master Customer Journey

ABAB have pressed this year for more engagement with HMRC senior leaders who continue to develop their range of Master Customer Journeys (MCJ) and would welcome greater involvement in the selection of future MCJs that impact small business. MCJ is HMRC's new approach at looking at how their customers experience dealing with HMRC via a particular life or business event. This involves talking to customers, listening to their perspective, mapping these experiences and interactions with HMRC and Other Government Departments (OGDs)

ABAB were particularly impressed with the 'I am a small business struggling to pay my tax liabilities' journey which was presented at ABAB's June Board meeting. Seeing and discussing with the HMRC Team how small businesses experience and interactions were mapped into the 'as is' journey map through to the 'to be' journey, highlighting all the pain points, contact points and customers emotion at each stage, allowing us to provide our insight and knowledge of the reality for small businesses.



We know the majority of small businesses want to pay their taxes, so we were delighted that this was HMRC's starting position and the journey showed they understand 'what it's like for small businesses'. Board Members described the work as 'so refreshing' and demonstrated that HMRC "actually get it".

ABAB will continue to support this work but challenge HMRC to ensure ABAB are consulted by the policy and design leads as they convert this insight into tangible changes that make a difference for small businesses.

Link to Research published on GOV.UK, Feb 2018  
<https://www.gov.uk/government/publications/master-customer-journey-research>

# Customer experience and lessons learned

## Tell ABAB Survey and Report

Our 'Tell ABAB' online facility allows us to engage directly with small businesses. It helps understand the issues faced during interactions and engagement in administering tax. The surveys allow small businesses to have their say on matters important to them.

Our most recent 'Tell ABAB' survey took place October 2018 and attracted a record number of respondents – 3,436 in comparison to almost 2,000 from the previous survey. The survey focused on:



1. Awareness of and engagement with Making Tax Digital (MTD) for business - in October 2018 too many businesses were not prepared for the move to MTD, and felt that they needed further information and support around its introduction. ABAB recognise the subsequent HMRC MTD awareness monitoring survey results as a positive example of progress; and a reflection of the focused effort to ensure mandated businesses are ready for April 2019. ABAB will continue to work with HMRC to support SMEs looking for assistance in selecting MTDfB-compliant software.
2. Small business experience of communicating with HMRC - HMRC have agreed to work closely with ABAB to understand the findings and identify steps to improve the position.
3. Increased legislative burden around tax compliance – HMRC will work closely with ABAB to identify opportunities to reverse the trend.

Link to the Tell ABAB report:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/786325/Tell\\_ABAB\\_report\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/786325/Tell_ABAB_report_2018.pdf)

## Payrolling Benefits in Kind

ABAB was surprised and disappointed that progress in this area has not advanced as far as we thought and that the administrative burden has not reduced as we expected. It was also frustrating that despite previous assurance this work slipped as a priority issue for HMRC. However, we acknowledge and are pleased by the recent commitment from HMRC's Income Tax Policy Team (ITPT) to allocate resources and set up a project team to develop solutions to ABAB's key concerns regarding Payrolling Benefits in Kind. We recognise the current parliamentary landscape and constraints on HMRC resources make this a challenging environment to introduce reform but this reform offers real administrative savings for HMRC as well as customers. HMRC current commitment to allocate resources and work with ABAB is good news but highlights there is still a role for ABAB to monitor this and we have scheduled ITPT to attend ABAB's Quarterly Board meeting to provide a progress report.

## HMRC Digital Forms

ABAB have been concerned for some time by an apparent lack of strategic direction regarding HMRC's Digital forms. Tax agents and SME's continued to raise concerns regarding both the functionality and where customer experience can be improved and administrative burden reduced. ABAB therefore welcomed HMRC's Digital lead assurance that HMRC have already started a migration of products to a new technology that can better adapt for user needs. Board members are optimistic that HMRC's strategic review of forms, which will include a programme of work to ensure their existing Digital Form estate meets accessibility standards by September 2020. This will significantly reduce current concerns regarding functionality and usability. ABAB supports this challenging deadline and have offered to assist HMRC in future user testing, as well as continuing to monitor progress.

# Customer experience and lessons learned

## GOV.UK

ABAB challenged HMRC to take appropriate and immediate action following the results of the third 'Tell ABAB' survey in November 2016 which focused on the GOV.UK website.



### Services and information

<b>Benefits</b> Includes tax credits, eligibility and appeals	<b>Disabled people</b> Includes carers, your rights, benefits and the Equality Act	<b>Housing and local services</b> Owning or renting and council services
<b>Births, deaths, marriages and care</b> Parenting, civil partnerships, divorce and Lasting Power of Attorney	<b>Driving and transport</b> Includes vehicle tax, MOT and driving licences	<b>Money and tax</b> Includes debt and Self Assessment
<b>Business and self-employed</b> Tools and guidance for businesses	<b>Education and learning</b> Includes student loans and admissions	<b>Passports, travel and living abroad</b> Includes renewing passports and travel advice by country
<b>Citizenship and living in the UK</b> Voting, community participation, life in the UK, international projects	<b>Employing people</b> Includes pay, contracts and hiring	<b>Visas and immigration</b> Visas, asylum and sponsorship
<b>Crime, justice and the law</b> Legal processes, courts and the police	<b>Environment and countryside</b> Includes flooding, recycling and wildlife	<b>Working, jobs and pensions</b> Includes holidays and finding a job

We have remained sceptical that Government Digital Service's (GDS) internal review would deliver the changes our survey highlighted. We were also disappointed by the time lag in GDS engaging directly with ABAB. We have monitored the impact of the changes introduced via our Customer Experience Working Group and are encouraged that improvements have been made to the three areas small businesses highlighted:

- 'Searchability' by using keywords etc. that are more aligned with how small businesses actually search for information;
- 'Navigation' by developing a Step by Step approach including breadcrumb trails allowing users to move in/out of relevant sections of an area of interest;
- 'Content' by using tools that rank relevant results. HMRC's content transformation team have removed 1,071 items of out of date guidance, updated 597 pages, including 92% of VAT notices and are targeting the least helpful content.

We are pleased that the 2018/19 survey showed that respondents experience of GOV.UK website has improved and it is now being used as their main source for gathering information. ABAB will use next year's Tell ABAB survey to check that small businesses continue to feel it is a better user experience.

ABAB support the feedback that HMRC guidance should be tailored to a particular audience which aligns with the Office of Tax Simplification (OTS) report Guidance for Taxpayers: a vision for the future, suggesting differing levels of guidance should be explored.

Link to the OTS report:

<https://www.gov.uk/government/publications/guidance-for-taxpayers>

HMRC and GDS responded positively and are taking appropriate actions to improve their guidance offering. One concept being delivered is a Tax Terminology Analysis Tool that will help HMRC staff determine the complexity of the guidance being written and align this with the intended customer's capability level. Through our Customer Experience Working Group (CEWG) we will work with HMRC and GDS to help assess and test the methodology behind the tool, identify how customer capability has been assessed and support them to embed this across the department and GOV.UK.

# Customer experience and lessons learned

## Behavioural Insight and Research

HMRC's Behaviour, Insight and Research team demonstrated how behavioural insights can reduce administrative burdens. Their presentation at ABAB's Board meeting centred on reducing 'cognitive load' by preventing information overload and delivering only the most relevant information as close as possible to the exact moment it is required.

HMRC's first example showed how behavioural insights have been applied to strip down the information given to call operators to improve their ability to serve their customers quickly. The second example focused on how research insight can be used to generate communications that are tailored and personalised, and the idea that when businesses are ready to act it can be more effective to 'tell them' what they need to do, than 'sell them' the benefits of acting. Finally HMRC showed how digital platforms are being used to deliver real-time compliance advice as customers provide HMRC with information.

Targeted, intelligent prompts can drive down errors and help businesses get things right first time.

The presentation ended on possible opportunities to highlight reliefs and incentives that could change HMRC's relationship with businesses for the better.

ABAB have accepted an invitation to visit HMRC's Customer Lab and observe a live research session as part of an ABAB Board meeting.



## Communications Working Group

ABAB set up a working group to collaborate with HMRC in developing timely and relevant communication of ABAB products. Through the working group a communications plan has been created to provide opportunities to highlight the role of ABAB within HMRC which will include a number of roadshows and seminars. In February, Teresa Graham held a very successful seminar on understanding small business for HMRC policy professionals.



## Office of Tax Simplification (OTS)

ABAB welcomes Bill Dodwell's appointment as the Tax Director of OTS and will carry on supporting OTS and HMRC in delivering initiatives to reduce complexity to small businesses in the tax system while remaining alert to any additional administrative burden.

ABAB's Customer Experience Working Group met with HM Treasury representatives regarding the VAT registration threshold - Call for evidence. Our comments explored whether the design of the threshold could help small businesses reach their full potential, stressing that any benefits to incentivise small business growth are not outweighed by any added complications to VAT administration. The ambition should be to make life easier for Small Medium Enterprises (SMEs). The summary of responses:

<https://www.gov.uk/government/consultations/vat-registration-threshold-call-for-evidence>

# Making Tax Digital for small businesses and EU Exit

## Making Tax Digital for Business (MTDfB)

ABAB and our Customer Experience Working Group (CEWG) continue to hold regular discussions with HMRC on MTDfB and have helped businesses and agents prepare for the mandation of VAT from April 2019. We recognise and fully support HMRC's ambition for a modern, enhanced digital tax system. We welcome the productive engagement this year and MTDfB's willingness to adapt their approach, recognising the reality for small businesses. By building this constructive relationship, we agree and recognise that lessons learnt could be formalised and disseminated across HMRC.

ABAB will continue supporting HMRC's ambition for a modern, enhanced digital tax system, which we see as the way to deliver a variety of short to medium term improvements whilst providing personalised support and customer convenience within current budgetary constraints.



Making tax digital



Through the CEWG we have worked with HMRC in developing a simplified version of the Terms of Collaboration (ToC) for software developers, as well as advising on the published list of recognised providers detailing different MTDfB compatible software on GOV.UK [<https://www.gov.uk/guidance/find-software-thats-compatible-with-making-tax-digital-for-vat>]

This has included being involved in a number of practical demonstrations from Software Providers. We know when small businesses are offered a range of products, the choice can add complexity,

but we believe we have struck a balance and this list of providers is sufficiently tailored to provide the appropriate information to enable them to make informed decisions. ABAB will continue to challenge and support HMRC to ensure that small businesses are in the best possible position to fully comply.

## EU Exit

ABAB generally, and our EU Exit Working Group in particular, continue to hold regular discussions with HMRC discussing the implications of the UK leaving the European Union from the perspective of a small business.



Uncertainty is the worst possible scenario for businesses, and we have worked with HMRC to understand the needs of small business and their limited capacity. We recognise this unique and politically sensitive environment and have helped HMRC develop small business customer journeys and relevant communications for small businesses.

The Partnership Pack is an extremely good piece of communication, especially the flowcharts.

Link to the Partnership Pack:

<https://www.gov.uk/government/publications/partnership-pack-preparing-for-a-no-deal-eu-exit/communication-resources>

We have and will continue to repeat our insights on small businesses which include:

- they do not want choice, they want to be told what to do and when to do it;
- they will not react to change until they have certainty about what they need to do.

# What's planned for 2019/20?

## What's planned for 2019/20?

ABAB will continue to prioritise and address the key administrative issues impacting small businesses. Our key priorities for 2019/2020 will include:

- EU Exit/Brexit
- Making Tax Digital for Business
- Tell ABAB survey
- Customer Experience (including Customer Journeys/ Behaviours, Research and Insight)
- Culture and Capability for listening (including Digitisation / Technology)
- HMRC contact performance

## Office of Tax Simplification

We will remain engaged with the Office of Tax Simplification (OTS) review on Future Technologies [on] the taxpayer, technology and the State, innovation and communication, consumer choices, cashless society and digital exclusion, to understand the impact and effects of these for Small Medium Enterprises (SME's). We will also look at how existing tools can be utilised e.g. the Personal Tax Account and Impacts on vulnerable groups.

## Board members



**Malcolm Bacchus**



**Rebecca Benneyworth  
MBE**



**Paul Aplin OBE**



**Violetta Parylo**



**Teresa Graham CBE  
Chair of ABAB**



**Paul Morton**



**John Whiting CBE**



**Karen Thomson**



**Bill Dodwell**



**Grainne Warner**



**Roger Southam**



**Graham Rogers**