

# How can HMRC encourage more co-operative relationships with the wealthy and their agents?

HMRC Report 617

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## Executive Summary

### Background

HMRC is seeking to understand and address the levers and barriers to a more reciprocal approach with wealthy customers and their agents to drive up voluntary compliance and improve the health of the tax system.

HMRC have been developing a long term strategy for the wealthy customer group to address the challenges posed by this customer group – principally the significant risks that arise from the complexity of their affairs and the greater opportunities this creates for non-compliance. In addition, HMRC has found that the information that wealthy customers report on statutory returns does not give HMRC sufficient understanding of wealthy individuals' tax affairs or behaviours at the optimum time to support compliance.

HMRC also has evidence from other fiscal authorities that suggests that a more co-operative relationship between HMRC, agents and wealthy customers could increase transparency, provide certainty earlier and drive-up voluntary compliance.

It was in this context that HMRC commissioned IFF Research to conduct this research to understand more about the underlying needs, motivations and concerns of wealthy individuals and their agents in order to help HMRC understand how it could develop a more co-operative approach with these customers to drive-up voluntary compliance. A more co-operative approach can be defined as showing willingness to act or work together for a shared purpose; which, in this context, is to get the tax right with the minimum effort and maximum certainty possible.

### Research Objectives

The primary aim of this research was to help HMRC explore how they can leverage their relationships with the wealthy and their agents to foster greater trust and transparency, to reduce the tax gap and drive-up voluntary compliance.

Findings from the research will be used to help develop HMRC's long-term strategy for the wealthy customer group.

### Methodology

To address the aims of the research, qualitative research was conducted with two key audiences: wealthy individuals and agents of wealthy individuals.

A total of 37 qualitative interviews were conducted as part of this project (12 interviews were conducted with wealthy individuals and 25 were conducted with agents of wealthy individuals).<sup>1</sup> Fieldwork for this project was conducted between 14<sup>th</sup> February

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<sup>1</sup> For the purposes of this research, HMRC defined wealthy individuals as those with an income over £200,000 per annum and/or assets of over £2 million.

and 20<sup>th</sup> March 2020. Interviews were conducted face-to-face or by telephone and each interview lasted approximately 60 minutes.

To achieve a variety of perspectives on the subject, interviews were conducted with a range of wealthy individuals in terms of: their level of wealth, whether they had a Customer Compliance Manager (CCM), their use of agents, whether they were a business owner, whether they had any experience of working in tax or finance and their location. Similarly, interviews were conducted with a range of types of agents in terms of their size, the number and type of wealthy clients they had and their location.

The original plan for this project was to conduct a total of 32 interviews with agents of wealthy individuals, but HMRC made the decision to end fieldwork early due to the COVID-19 pandemic. The impacts of conducting fewer interviews than originally planned are negligible for this project.

## Key findings

Participants said they recognised HMRC are in a difficult position when it comes to how they deal with wealthy groups. They felt the increased politicisation of tax collection and HMRC being portrayed as being too close to some taxpayers has created the need for HMRC to be seen to be taking a tougher stance with wealthy individuals. However, they felt that this has resulted in them moving to a regime that stifles their ability to forge a co-operative relationship.

Whilst participants acknowledged that some wealthy individuals' tax affairs were based on a culture of secrecy and a lack of transparency; they felt this was not an accurate reflection of *all* wealthy individuals - who are **a heterogeneous group in terms of their attitudes with regards to tax**. Participants generally reported that they aspire to be as open and transparent with HMRC as possible. However, **many perceived HMRC to adopt a 'default position' whereby they assume all wealthy individuals are avoiding or evading tax – even though this is not the case**. Linked to this, responses suggested that many **wealthy individuals (including those who reported having limited interaction with HMRC) automatically perceive HMRC to be 'enforcers' looking to get 'every last penny of tax'**. This research suggests that these are key social norms and perceptions that create a 'downward spiral of mistrust', which limits transparency.

Some participants felt these social norms and perceptions could be altered by HMRC improving their understanding of wealthy individuals and their agents by building more co-operative relationships with them. Participants felt HMRC should focus on improving the relationship with those who want to be more transparent by being more prepared to communicate in a collaborative tone that acknowledges what they do contribute in taxes, and their previous history of compliance, to make them feel more valued as taxpayers. Linked to this, participants suggested that **thanking wealthy taxpayers for their contribution and educating them on where it is spent is key in terms of encouraging more to see tax as a social obligation**.

**Participants perceived the key elements of reciprocity and co-operation in the context of their relationship with HMRC were mutual trust and transparency, fairness, pragmatism, nuanced understanding, and effective bilateral**

**communication.** Although a few cited positive examples of these featuring in some of their interaction with HMRC, **the general perception was that HMRC could make some improvements in these areas** to make the relationship feel more reciprocal or co-operative.

**Participants expressed mixed views about whether their future relationship with HMRC could be more reciprocal or co-operative.** Some expressed concerns that this implied they (and their clients) were not currently fulfilling their tax obligations, even though they felt they were. A few also stated they would not trust HMRC to be able to provide certainty or act in 'good faith' if they were to supply additional information as part of a more reciprocal or co-operative relationship. In addition, a few did not feel a more reciprocal relationship was necessary, or indeed something that HMRC would be able to create as they felt this hinged on HMRC overcoming considerable barriers. These were perceived to include resourcing issues at HMRC and HMRC being prepared to change their fundamental culture – or what participants deemed to be their 'default position' which they deemed to be based on a mistrust of wealthy individuals.

**Some participants who were more positive about the concept of a more reciprocal or co-operative relationship felt this could benefit both sides** because it could help create more of an 'up front' dialogue, which could improve HMRC's understanding of wealthy individuals and therefore reduce uncertainty in the long run by providing opportunities for the earlier settlement of enquiries (or prevent some issues turning into enquiries in the first place).

Those who were receptive to a more co-operative relationship suggested this could be achieved by HMRC making better use of existing CCMs, introducing CCMs for agents, introducing a more tiered system to better meet the diverse needs of wealthy groups, improving digital channels and materials, introducing a broader and more nuanced clearing system and improving their communications. Ultimately, the aim of many of these suggested improvements was to allow **HMRC to develop a more nuanced and personalised understanding of wealthy individuals and their agents via increased and improved communication.**

Many felt any change in approach could easily be misunderstood or misconstrued by some wealthy individuals, the press and the wider public. As a result, many suggested that **a change in HMRC's approach to dealing with wealthy individuals and their agents does not necessarily need to be explicitly communicated.** Participants felt a change in view/attitude to the general relationship with HMRC was only likely to change over a period through lived experience.

# 1 Introduction

## 1.1 Background

HMRC is seeking to understand and address the levers and barriers to a more reciprocal approach with wealthy and their agents to drive up voluntary compliance and improve the health of the tax system.

HMRC have been developing a long term strategy for the wealthy customer group to address the challenges posed by this customer group – principally the significant risks that arise from the complexity of their affairs and the greater opportunities this creates for non-compliance. In addition, HMRC has found that the information that wealthy customers report on statutory returns does not give HMRC sufficient understanding of wealthy individuals' tax affairs or behaviours at the optimum time to support compliance.

HMRC also has evidence from other fiscal authorities that suggests that a more co-operative relationship between HMRC, agents and wealthy customers could increase transparency, provide certainty earlier and drive-up voluntary compliance.

It was in this context that HMRC commissioned IFF Research to conduct this research to understand more about the underlying needs, motivations and concerns of wealthy individuals and their agents in order to help HMRC understand how it could develop a co-operative approach with these customers to drive-up voluntary compliance. A more co-operative approach can be defined as showing willingness to act or work together for a shared purpose; which, in this context, is to get the tax right with the minimum effort and maximum certainty possible.

## 1.2 Research Objectives

The primary aim of this research was to help HMRC explore how they can leverage their relationships with the wealthy and their agents to foster greater trust, transparency and certainty in their management of the wealthy, in order to reduce the tax gap and drive-up voluntary compliance.

More specifically, the core objectives of this research were to:

- a. Understand prevailing social norms around secrecy/lack of transparency that exist in many wealthy groups.
- b. Explore how HMRC might influence those norms that might pull against their desire for enhanced visibility and openness.
- c. Explore what the key elements of a **reciprocal or co-operative approach** might look and feel like for the broader wealthy population.
- d. Explore key life events and decision-making process of the wealthy where early HMRC engagement would be beneficial.

Findings from the research will be used to help support HMRC's strategic ambition of developing a long-term strategy for the wealthy customer group, in order to drive up voluntary compliance and improve the health of the tax system.

### 1.3 Methodology and sampling

The following section summarises the methodological approach adopted for this research project. More details about the methodology is provided in Appendix A, and the recruitment screeners and discussion guides used with participants of the research are provided in Appendix B.

To address the aims of the research, qualitative research was conducted with two key audiences: wealthy individuals and agents of wealthy individuals. The sections below outline how the perspectives of these key audiences were collected.

#### Wealthy individuals<sup>2</sup>

A total of 12 qualitative interviews, lasting approximately 60 minutes each, were conducted with wealthy individuals between 14th February and 12th March 2020. Eleven of these interviews were conducted face-to-face and one was conducted by telephone at the request of the participant.

HMRC provided IFF with a sample of wealthy individuals (including their contact details) after conducting an opt-out exercise. IFF then recruited participants from the remaining sample.

To achieve a variety of perspectives on the subject, interviews were conducted with a range of wealthy individuals in terms of: their level of wealth, whether they had a Customer Compliance Manager (CCM), their use of agents, whether they were a business owner, whether they had any experience of working in tax or finance and their location.

#### Agents of wealthy individuals

A total of 25 qualitative interviews, lasting approximately 60 minutes each, were conducted with agents of wealthy individuals between 20th February and 20th March 2020. Eighteen of these interviews were conducted face-to-face and seven were conducted by telephone.

HMRC provided IFF with a sample of agents (including their contact details) and IFF subsequently conducted an opt-out exercise. IFF then recruited participants from the remaining sample.

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<sup>2</sup> For the purposes of this research, HMRC defined wealthy individuals as those with an income over £200,000 per annum and/or assets of over £2 million.

To be eligible to participate in this research, an agent needed to have at least one wealthy client as per HMRC's definition for this project (i.e. they needed to have a client with an income of at least £200,000 per annum and/or assets of over £2 million).

To achieve a variety of perspectives on the subject, interviews were conducted with a range of agents in terms of their size, the number and type of wealthy clients they had and their location.

The original plan for this project was to conduct a total of 32 interviews with agents of wealthy individuals, but HMRC made the decision to end fieldwork early due to the COVID-19 pandemic. The impacts of conducting fewer interviews than originally planned are negligible for this project. More details are provided in Appendix A.

## 1.4 About this report

The findings in this report have been split into five further chapters with each structured around key themes that address the project's core objectives:

- **Chapter 2** discusses how wealthy individuals think and talk about tax in general. This was explored during the research to try to understand some of the prevailing social norms that exist among wealthy groups and the extent to which these pull against HMRC's desire for enhanced visibility and openness.
- **Chapter 3** explores how wealthy individuals interact with their agents and how this impacts the decisions they make about their taxes.
- **Chapter 4** investigates participants' perceptions of their current relationship with HMRC.
- **Chapter 5** summarises views on a potential future relationship and how this should be communicated by HMRC.
- **Chapter 6** presents some case studies illustrating key findings discussed in previous chapters.
- **Chapter 7** presents conclusions.

## 1.5 Report interpretation

This report summarises views expressed by wealthy individuals and agents of wealthy individuals during the qualitative discussions conducted as part of this research.

Whilst the research aimed to get a wide range of perspectives, its qualitative nature means that findings are not statistically representative of the wider wealthy individual or agent population. The use of words such as 'most', 'many', 'some' and 'few' are illustrative of the findings collected for this study only and do not statistically represent the views of the general population.

The report often combines feedback from wealthy individuals and agents (i.e. it does not discuss their views separately) as their views were often similar. The report makes it explicitly clear where feedback pertains to either individuals or agents only but uses the term 'participants' where feedback from each audience is discussed together.

## 2 How do wealthy individuals generally think and talk about tax?

At the start of the qualitative discussions, participants were asked about how they (and their wealthy clients) viewed tax in general, as a way of exploring potential social norms that might influence their approach to dealing with HMRC. They were also asked whether they (and their wealthy clients) perceived the payment of tax to be a social and/or moral issue, as well as a legal obligation. Their responses to these questions are presented in this chapter.

### Chapter Summary

Wealthy individuals are a heterogeneous group and their general views on tax mirrored this. However, the most common view was that tax was a 'necessary evil' that needed to be paid.

Whilst some wealthy individuals perceive tax to be a social and/or moral obligation others do not. Feedback suggests that most wealthy individuals ultimately see their obligation to pay tax as a legal issue. No wealthy individuals suggested they had a moral obligation to pay above what is legally expected of them (especially given that they considered themselves to be making a substantial contribution in terms of the tax they pay already, in addition to them donating considerable sums to charity).

Despite this, participants suggested there has been a general increase in social pressure to pay taxes since the financial crisis in 2008. Participants reported that wealthy individuals are less likely to be involved in aggressive tax planning schemes since the crash due to a cumulation of this increased social pressure, reputational risk, and HMRC's success in closing down these aggressive tax avoidance schemes.

Many felt HMRC's approach to dealing with wealthy individuals and their agents was not conducive to making taxpayers see tax as a social issue due to the 'us versus them' dynamic that they felt dominated the relationship. They felt taxpayers are less likely to see tax as a social issue if they view their relationship with HMRC as adversarial and non-transparent.

Participants suggested that thanking wealthy taxpayers for their contribution and educating them on where it is spent is key in terms of encouraging more to see tax as a social obligation.

### 2.1 How do wealthy individuals think and talk about tax in general?

**Wealthy individuals are a heterogeneous group and their general views about tax mirrored this.** This is an important finding in the context of this project too because it has important implications for how participants perceived their current

relationship with HMRC (see Chapter 4) and what they wanted or expected as part of a more reciprocal or co-operative future relationship (see Chapter 5).

*“Our wealthy clients are not a homogenous group! People have different views and perceptions of money.”*

**Medium Agent, South East**

*“I would say it does not matter whether someone is wealthy or not wealthy; there is a spectrum on which people sit. At one end of the scale is “I don’t want to pay any tax regardless of whether I have made any or not” and at the other end of the scale is “I’m happy to pay the taxes I owe but I just don’t want to pay more than that” – and there is everything in between.”*

**Small Agent, South East**

**Participants expressed a wide range of views about tax in general due to their heterogeneous nature.** These ranged from a few who viewed tax as ‘nothing short of theft’ to those who said they were more than happy to contribute to society by paying taxes. Some wealthy individuals said they are happy to pay more taxes because they can afford to, but others suggested they resented that there is no reward for those who contribute more. However, the most common view was that tax was a ‘necessary evil’ that needed to be paid.

*“Some people hate it and some people do not mind, some people think what we pay is high and some people think what we pay is low, compared to some of our continental peers. I think it is fine. I think we live in a society where we should be paying tax.”*

**Wealthy Individual, <£20m**

*“Most see tax as a bit of a necessary evil. They want to pay the minimum legal amount and make savings where they can. Probably the best way to sum it up would be one client who said, ‘I don’t mind paying my tax, but I don’t want to leave a tip’.”*

**Small Agent, South West**

The extent to which wealthy individuals reported that they took an active interest in tax also varied considerably. Some reported being active in terms of their approach to keeping up to date with developments affecting tax, whereas others explained that they had very little interest in the topic. These individuals reported that they rarely talked about tax with their peers and that they took a passive approach to managing their tax affairs.

## 2.2 What prompts wealthy individuals to make key decisions that might impact on their tax affairs?

Feedback suggests that key decisions that impact on the tax affairs of wealthy individuals are primarily driven by 'life events'. Changes to wealthy individuals' personal circumstances or business circumstances often provide the trigger or impetus for decisions that could have tax implications. Examples of these 'life events' cited by participants included: births, marriages, divorces and deaths. Examples of business events cited, included: business re-structuring, re-location, and acquisition.

*“What I say to clients is any time you have a change in circumstance let us know. Births, deaths, marriages, divorce, all have an impact on either finances or your outlook on finances. Clients buying a business, selling a business, deciding finally to put money into pensions. They are the things that start the conversation.”*

**Small Agent, London**

Few participants suggested that tax was driving their decisions, instead they reported that changes to their tax affairs were a by-product or a consequence of their decisions.

*“You should never let the tax tail wag the commercial dog tax follows on from the clients' commercial decision.”*

**Agent (Sole Practitioner), London**

## 2.3 Do wealthy individuals see tax as a social and/or moral obligation?

Those that took part in the research were asked whether they (or their wealthy clients) considered the payment of tax to be a social and/or moral obligation. Responses to this question varied considerably. **Feedback suggested that some wealthy individuals perceive it to be a social issue and a moral obligation and others do not.**

*“Some have a strong moral compass, and some don't. I do not think it is appropriate to broad brush. However, clients feel there is a moral obligation to obey the law of the land they live in – everybody is very clear on that.”*

**Agent (Sole Practitioner), London**

Many participants suggested **most ultimately see their obligation to pay tax as a legal issue**. When wealthy individuals were asked about the concept of morality in relation to the payment of taxes, they mostly articulated this in terms of them having a moral responsibility to obey the rule of law. **No wealthy individuals suggested they had a moral obligation to pay above what is legally expected** of them (especially given that they considered themselves to be making a substantial contribution in terms of the tax they pay already, in addition to them donating considerable sums to charity).

Several individuals suggested the extent to which they perceive the payment of taxes to be a moral obligation or a social issue also hinges on perceptions of fairness. Many suggested that paying up to 50% tax is fair but they perceive 50% to be a “tipping point” in terms of fairness. Some suggested they would consider leaving the UK if they were to be taxed what they considered to be an unfair amount.

*“You always have a moral obligation to pay because you have to follow the laws of the land, but you can push people's moral obligation too far and push them to legally seek to pay less tax. If you believe the argument that the tax take is lower if you go too high, then that is logical. If you were taxed at 60%, you'd think what's the point?”*

**Wealthy Individual, £20m+**

However, **participants suggested there has been a general increase in social pressure to pay taxes since the financial crisis in 2008.** Participants reported that wealthy individuals are less likely to be involved in aggressive tax planning schemes since the crash due to a cumulation of this increased social pressure, reputational risk, and HMRC’s success in closing these aggressive tax avoidance schemes down since the crisis.

*“Some clients might resent paying their taxes, but they are not doing anything about not paying it anymore. It is social pressure. If I went to a dinner party today and said ‘I don't pay any tax’ it does not go down well – especially in this climate. Whereas people would say ‘oh, tell me more’ ten years ago.”*

**Small Agent, South West**

*“All the success HMRC have had with hammering tax avoidance has had an impact. People have realised it is not worth it. Now they are more likely to say, ‘just pay the tax due’. It is such a stress for them and such a hassle and HMRC have been so punitive that it's not been worth it.”*

**Micro Agent, London**

In addition, one wealthy individual felt there had been a generational shift in attitudes to tax since 2008, with younger generations more likely to see tax as a social issue.

*“There has definitely [been] a drift towards seeing tax as a social thing. There is more and more a recognition that tax needs to be paid to help society - that whole OECD thing. There definitely is a moment now, especially among younger people, where there is a more of a view in terms of trying to address growing inequality and tax is part of that.”*

**Wealthy Individual, £20m+, CCM**

## 2.4 How could HMRC encourage more taxpayers to see tax as a social obligation?

Participants suggested that **thanking wealthy taxpayers for their contribution and educating them on where it is spent is key in terms of encouraging more to see tax as a social obligation**. They felt taxpayers are less likely to see tax as a social issue if they view their relationship with HMRC as adversarial and non-transparent. Many felt HMRC's approach to dealing with wealthy individuals and their agents was not conducive to making taxpayers see tax as a social issue due to the 'us versus them' dynamic that they felt dominated the relationship (views on the current relationship are discussed in further depth in Chapter 4).

*"I don't think that HMRC engenders the view that paying tax is an obligation to society because they take a very aggressive stance and it's not a constructive relationship."*

**Agent (Sole Practitioner), London**

*"Most people in our position probably will do something that is philanthropic but if you can get them to have a better feel about taxes in terms of making it clear that it forms part of your participation in society - rather than the 'us and them' antagonistic dynamic that currently dominates the conversation you could make it into more of a social thing."*

**Wealthy Individual, £20m+, CCM**

**Most felt HMRC could be more transparent in terms of better communicating where tax is spent and why it is needed.** They suggested that this should focus on how their tax contributes to key things in society like the NHS, social care, education, and the environment.

*"They need to be clearer in terms of how much money is collected, where is money collected from and where it is spent. If the tax office is looking to change the behaviour of higher earners maybe they should start with educating them about the public purse."*

**Wealthy Individual, £20m+, CCM**

*"I'd say there needs to be better communication of where the money goes...a better connection between the tax I pay and the NHS, education, transportation etc. People don't want to pay tax but still want all the things tax pays for."*

**Wealthy Individual, <£20m**

Some **wealthy individuals also felt they would be more likely to see tax as a social issue if they felt appreciated (and not targeted)**. Especially as many perceived themselves to be making a large contribution in tax. (This was a theme that

came up numerous times in discussions and one that will be referenced throughout this report – see pages 31,49, and the case studies on pages [61](#) and [63](#) for further examples of this type of feedback).

*"If they look at the amount of tax they have had from my wife and I it is far from insubstantial and it is likely to be more going forward, we may as well have a decent relationship and move on from there. HMRC could write to people like me and say, 'here's how much you contributed, this puts you in the top % of contributors in terms of tax, here's what the money went on.' Tell people how much tax they have paid say 'thanks' and show them what the money has helped with."*

#### **Wealthy Individual, £20m+, CCM**

However, some wealthy individuals spontaneously mentioned that they felt **HMRC framing the payment of tax as a social issue would do little to change the attitudes of those wealthy individuals engaged in more extreme behaviours with regards to their tax affairs.** They suggested only a change in legislation would change these behaviours.

*"I don't know how you'd change the mindset of someone who has decided that minimising tax is their goal and tax is an unwanted burden - if you truly have that sort of outlook I'm not sure that's something that HMRC can change without a change in legislation."*

#### **Wealthy Individual, <£20m**

In addition, a few participants felt it would be very difficult to change the behaviours of some of those wealthy individuals in tax avoidance or evasion because this itself is a social norm for some wealthy individuals. They suggested that **HMRC needs real assistance from the government to change these perceptions.** A few felt this was undermined by how the public perceives HMRC to deal with large businesses, and how the UK can be perceived internationally.

*"I think when they see large businesses in the press, that doesn't help. These massive guys are getting away with it. They see no moral compass whatsoever."*

#### **Small Agent, South West**

*"It will be very difficult to change attitudes in the UK because [the] UK is much more class-oriented than the Netherlands where I am from. London is perceived as a tax haven. That does not help because it sends a message to say if they can get away with it, I can get away with it."*

#### **Wealthy Individual, <£20m**

### 3 How do wealthy individuals currently interact with agents and how does this impact their decision-making?

This chapter explores the relationships that wealthy individuals have with agents and what they expect of the agents they engage with. It also examines how the relationship between wealthy individuals and their agents impacts on decisions made about tax.

#### **Chapter Summary**

Wealthy individuals engage with agents and other financial professionals because they expect them to help legally minimise the tax they pay.

Numerous parties can work together ‘as a team’ to make key decisions that might have an impact on an individual’s tax affairs; but feedback suggested that agents and Independent Financial Advisors (IFAs) can often play a key role in driving the decision-making process by influencing the types of products being used – even if the client ultimately makes the decision. It was reported that IFAs often initiate or formulate an investment strategy and that agents then work with them, or independently, to manage or mitigate the tax consequences of this.

Many wealthy individuals heavily rely on agents and IFAs to manage their tax affairs. Those who were engaged with agents generally expected the agent to manage their relationship with HMRC and communicate with HMRC on their behalf. Many wealthy individuals do not want to engage with HMRC directly due to them not having the time or inclination to do so, not having the appropriate technical knowledge to ensure the correct tax treatment and due to them fearing HMRC in general.

On the other hand, some wealthy individuals reported having limited engagement with agents. These individuals suggested being open to approaching HMRC for advice or guidance instead of engaging with agents, if HMRC were willing to do this.

These findings show that agents act as a vital partner in terms of creating more reciprocal or co-operative relationships for some wealthy individuals. But they also suggest there is an opportunity for HMRC to establish a more reciprocal or co-operative relationship with wealthy individuals who do not use agents.

### 3.1 Which other parties do wealthy individuals engage with as part of the management of their tax affairs?

**Numerous parties can be involved in managing the financial affairs of wealthy individuals.** Exactly which parties are involved depends on several factors including their relationship with the client, the area in which the decision is being made, the amount of money or value of the asset attached to the decision.

Agents generally reported that they would look to take an ‘holistic approach’ about a decision and that they would work ‘as a team’ with any other parties that may be involved. It was reported that IFAs often initiate key decisions about a formulating an investment strategy and that agents then work with them, or independently, to manage or mitigate the tax consequences of this strategy.

*“Wealthy individuals often have a large network of people. You try to work with their IFA and their solicitor to take a holistic approach. Decisions are made by a combination of people involved.”*

**Large Agent, North West**

*“For example, if a wealthy client had investments and wanted to protect against Inheritance Tax. If the portfolio was held by the IFA, we would have a meeting with them and the solicitor to see if it would be worth cashing some of the investments in and gifting them into a trust. It would probably be the IFA who would recommend the investment strategy and I would then advise on the tax and the solicitor would draft up a will with the trust document in it.”*

**Small Agent, London**

Numerous parties can work together ‘as a team’ to make key decisions that might have an impact on an individuals’ tax affairs; but **feedback suggested that agents/IFAs can often play a key role in driving the decision-making process by influencing the types of products being used – even if the client ultimately makes the decision.** A few agents also mentioned that it is often IFAs or other firms that push individuals towards more extreme tax behaviours and what they termed ‘dodgy’ avoidance schemes.

*“Tax avoidance boutiques might approach somebody like me to ask to market to my clients and offer to split the fee with me. Most clients of these firms rely on their advice and nine times out of ten it is a sham. We will also have clients who are moving to a new house who have been marketed a stamp duty avoidance scheme asking, “is this any good?””*

**Small Agent, London**

### 3.2 What expectations do taxpayers have of agents and other finance professionals they engage with?

During the qualitative discussions, wealthy individuals that engaged with agents were asked why they tended to use agents, and agents were asked why their clients tended to engage with them. Ultimately, **wealthy individuals engage with agents because they expect them to help them pay the correct amount of tax, and in some cases, legally minimise the tax they pay.** Participants also said that wealthy individuals tend to engage with agents to ensure that their tax returns are accurate and paid on time, and to get accurate advice on specific issues that arise (such as those relating to inheritance tax planning, for example).

*“They want to preserve their wealth and pass it down to the next generation as much as they possibly can, which is normal. Any normal person would want that. They're no different to anyone else. Again, they're not averse to paying tax, they just want to do it efficiently.”*

#### **Small Agent, West Midlands**

*“The majority of it is done through an agent... I am straightforward. The conversation I have with them is more mainly, ‘have I declared everything correctly?’ They are there to make sure it’s all dealt with. I want to be able to go to bed at night put my head on my pillow and not worry about it.”*

#### **Wealthy Individual, <£20m**

*“HMRC need to understand what we are doing too. We are trying to make sure they are paying the right amount of tax. There might be some dodgy ones, but most agents are doing that and hopefully agents make HMRC’s job easier.”*

#### **Micro Agent, South East**

Feedback from participants suggested that **many wealthy individuals heavily rely on agents and IFAs to manage their tax affairs. Those who were engaged with agents generally expected the agent to manage their relationship with HMRC and communicate with HMRC on their behalf as part of this.** Discussions showed that many wealthy individuals do not want to communicate with HMRC directly. This was said to be due to several factors, including: them not having the time or inclination to engage with HMRC, them lacking the appropriate technical knowledge to ensure the correct tax treatment and due to them fearing HMRC in general. In addition, some agents said that they advise their clients against direct contact with HMRC.

*“I would never advise my client to talk direct to HMRC. The client is paying me a great deal of money to deal with their tax affairs – you don’t buy a dog and bark yourself. Secondly, HMRC is scary and they try to trip you up or get you to say something that they will use in evidence against you.”*

**Medium Agent, London**

*“I advise my clients not to talk to HMRC without me knowing or being a part of the conversation because they could say something to the HMRC with a different emphasis to how I feel they should, and they could present something incorrectly - which means they could get themselves stuck. So, there is one line of presentation to HMRC and that’s via me.”*

**Agent (Sole Practitioner), London**

These findings indicate that **agents are vital to many wealthy individuals**. In line with this, some wealthy individuals also stated that their agents play a vital role in the key decisions that they make that impact on their tax affairs.

*“I don’t know if my decisions are driven by agents, but I rely on them a lot for technical advice, what goes on my tax return is 100% down to them and I wouldn’t go against that.”*

**Wealthy Individual, <£20m**

*“They are the experts as far as I am concerned. I am quite good about electrical contracting but not good at looking after my own money ... with my own money I am a bit blasé really.”*

**Wealthy Individual, £20m+**

**Making agents central to the strategy of developing closer relationships with wealthy individuals could be key in terms of helping to establish a more reciprocal or co-operative relationship with some due to this** (this is discussed further in Chapter 5).

On the other hand, **some wealthy individuals reported having limited engagement with agents**. This was particularly true of those who had personal experience working in tax or finance (or friends or family with this experience). These individuals reported that they had (or had access to those) with the skills to manage their tax affairs. They felt they did not need to engage with agents due to this.

A few of those that did not engage with agents said this was the case because they just wanted to pay the correct amount of tax and had no interest in minimising their liabilities via the use of agents or advisers. They also reported having a general distrust of agents. **These individuals suggested being open to going to HMRC and using HMRC for advice or guidance instead of engaging with agents, if HMRC were willing to do this.**

*“I don’t have any agents or advisers. I don’t even have a financial adviser. I have had in the past, but I just don’t trust them to be honest. They are all just desperate to get their hands on your pension and all the fees they can get with that. I would probably prefer to get information from HMRC, but as I said, I’m not trying to hide anything.”*

**Wealthy Individual, <£20m**

In addition, one wealthy individual suggested that HMRC would be able to develop a more transparent relationship with wealthy individuals if they were able to communicate with them direct, without having to go through agents.

*“HMRC would get more honest answers from people if they were able to cut some agents out. I think some agents who lead people down these garden paths...you could save yourself this...you hear it all the time, and then it’s up to you if you want to follow it.”*

**Wealthy Individual, <£20m**

These findings indicate that **there is an opportunity for HMRC to establish a more reciprocal or co-operative relationship with wealthy individuals who do not use agents** (this is explored further in Chapter 5).

## 4 How do wealthy individuals and their agents view their current relationship with HMRC?

This chapter summarises how wealthy individuals and their agents view their current relationship with HMRC. It examines the extent to which participants felt they had a working relationship with HMRC, before exploring their perceptions of the nature of the relationship.

### Chapter Summary

The extent to which participants felt they had any sort of relationship with HMRC varied considerably. Some did not consider themselves to have any sort of relationship with HMRC - describing it as 'limited', 'lean', or, in some cases, 'non-existent'.

Agents generally reported that their relationship with HMRC varied considerably, depending on which team they were dealing with at HMRC. Those who engaged with the High Net Worth Unit (HNWU) were far more likely to be positive about their overall relationship with HMRC.

Feedback from many suggested they considered their current relationship with HMRC to be more adversarial than co-operative. Participants generally perceived that a lot of their interaction with HMRC was dominated by an 'us versus them' mentality. This was the case even among those who felt they had no relationship with HMRC due to them having limited interaction. This shows that the perception that HMRC is adversarial is not always grounded in lived experience. However, this remains a crucial perception because it influences how many wealthy individuals and their agents see the current relationship. As such, the perception that HMRC is an 'enforcer' is itself a social norm that presents a barrier to the development of a more reciprocal or co-operative relationship with some wealthy individuals.

Participants felt that the key elements of reciprocity and co-operation in the context of their relationship with HMRC were mutual trust and transparency, fairness, pragmatism, nuanced understanding, and effective bilateral communication.

Although a few cited positive examples of these featuring in some of their interaction with HMRC, the general perception was that HMRC could make some improvements in these areas to make the relationship feel more reciprocal or co-operative.

Most participants felt a more collaborative and co-operative relationship between themselves and HMRC would require increased human contact and closer, more personalised relationships.

## 4.1 What sort of relationships do wealthy individuals and their agents currently have with HMRC?

**Some wealthy individuals and their agents did not consider themselves to have any sort of relationship with HMRC - describing it as 'limited', 'lean', or, in some cases, 'non-existent'.** Participants suggested that many wealthy individuals that used agents had very limited direct interaction with HMRC because they preferred their agents to communicate with HMRC on their behalf. Some other wealthy individuals said they did not use agents because their tax affairs were straightforward. These individuals reported they had limited interaction with HMRC, and felt they had no real relationship with them due to this.

**Participants' perceptions of HMRC were often based on their experience of dealing with them via touchpoints including the HMRC helpline, the self-assessment portal, letters received from HMRC and HMRC enquiries.** Whilst some participants were content with this level of interaction and type of relationship with HMRC, others suggested they did not feel that they had much of a relationship because their interaction with HMRC was confined to these touchpoints. These participants felt that having a more substantive relationship with HMRC would require a greater degree of personalised communication.

*"There is not much of a relationship. We submit tax returns, occasionally we get an enquiry, we answer it and they go away again. There does not seem to be lot of contact other than that."*

**Small Agent, West Midlands**

*"I don't really have one [a relationship]. The online self-assessment tool is useful, though I think they could have some better guidance about some of it. That's my only interaction with HMRC and I was pleased with it; but I don't have a relationship with them beyond that."*

**Wealthy Individual, <£20m**

*"The relationship is almost non-existent... I only really deal with them through the Helpline. For me, having a working relationship would involve some sort of personalised contact. Not just having some 18-year-old on the end of the Helpline reading a script."*

**Agent (Sole Practitioner), London**

**Agents generally reported that their relationship with HMRC varied considerably depending on which team they were dealing with at HMRC.** Agents were far more positive about their experience of dealing with the High Net Worth Unit (HNWU) at HMRC than they were about their experience of dealing with the general tax unit. Those that had a greater level of engagement with the HNWU were more likely to perceive that they had a working relationship with HMRC because they were more

likely to be dealing with specific contacts with a higher-level of knowledge and experience. On the other hand, those that had no or limited interaction with the HNWI were more likely to consider themselves to not have a relationship with HMRC. Participants that dealt solely with the general tax unit tended to be less positive about their interaction with HMRC due to a lack of personalised contact. They also felt individuals in the general tax unit did not always have sufficient knowledge or experience to efficiently deal with their queries.

*"I think it's a far better relationship when we are dealing with the HNWI. If we weren't dealing with the HNWI we wouldn't have much of a relationship."*

#### **Large Agent, East Midlands**

*"The extent to which we have a relationship differs and the quality of the relationship varies. There is not a consistent approach at HMRC. Trying to get in touch with the general tax unit at HMRC is very difficult. Their customer service is quite shocking. If you are dealing with a person in the HNWI and you have got the name of someone at HMRC or a direct phone line, then that tends to be a little bit better."*

#### **Large Agent, North West**

Feedback suggested that some wealthy individuals that were not being dealt with by the HNWI expected a higher level of service and a closer relationship than they were getting via their interaction with the general tax unit. In addition, a few spontaneously mentioned that **HMRC's current classification of taxpayers into the HNWI or the general tax unit is too binary**. They felt it did not adequately reflect the complex and diverse needs of wealthy individuals.

*"HMRC have this idea that there are two classes in this country – the PAYE people with one job and what they call the 'Wealthy'. That is a complete misconception because it's much more complicated than that."*

#### **Wealthy Individual, <£20m**

*"HMRC need to make people feel valued if they are to have more of a relationship with them. As part of that, it is important that [they] develop a more targeted relationship. Don't have the same people in the call centre responding to high earners with very complicated tax returns and basic taxpayers. HMRC needs to adopt a better way of communicating with people according to different groups."*

#### **Wealthy Individual, <£20m**

This feedback indicates that a more graduated level of service could encourage more wealthy individuals (and their agents) to feel that they have a relationship with HMRC. A more nuanced classification of wealthy customers linked to different tiers or levels

of service could better reflect the varied needs and expectations of wealthy individuals and their agents.

## 4.2 Do wealthy individuals and their agents perceive the current relationship to feel co-operative or adversarial?

Those that participated in the research were asked how they would describe their relationship with HMRC overall (regardless of whether they considered themselves to have a working relationship with HMRC or not).

Participants expressed mixed views. **Some were content with their relationship with HMRC - describing it (or aspects of it) as 'good', 'fine', 'fair', 'professional', 'cordial' or 'as expected'.**

*"I think HMRC are fair. They are generally decent people trying to do a good job in difficult circumstances. Aspects of dealing with them are irritating but, overall, they are OK."*

**Agent (Sole Practitioner), London**

*"I'd say a lot of day-to-day processing needs to be improved, but the relationship we have with HMRC is fine. We do the work; file the documents and any responses we get are generally professional."*

**Small Agent, Scotland**

*"There isn't any antagonism or enthusiasm – they are straightforward and business-like. They are not necessarily un-cooperative, but they tend to think in very narrow straight lines."*

**Agent (Sole Practitioner), South East**

However, **feedback from many suggested they considered their current relationship with HMRC to be more adversarial than co-operative.** Participants generally reported their interaction with HMRC was dominated by an 'us versus them' mentality.

*"HMRC are seen as the enforcers. They are seen by our clients as the people who want to get more money out of them. The relationship is not seen as one of co-operation and openness – it is very much a them and us situation."*

**Small Agent, London**

*“HMRC don’t work with us. We submit information to them. They process it. Occasionally they will generate enquiries when they will say, ‘explain this and explain that’ – but they don’t really work with us.”*

**Medium Agent, London**

*“Would I say it was a co-operative relationship? Not at all. I do not think we get any real assistance from them – I certainly get the impression they just want to grab as much tax as humanly possible.”*

**Medium Agent, South East**

A few agents spontaneously questioned whether the relationship between HMRC and taxpayers can ever truly be based on mutual assistance given that they perceived that HMRC is responsible for maximising the amount of tax taken and, as discussed, wealthy individuals and their agents are generally looking to legally minimise their tax obligations. These participants suggested that it is inevitable that their relationship with HMRC will have an ‘us versus them’ dynamic.

*“HMRC is coming from the angle that they think the taxpayer is trying to avoid paying tax. We are coming from the angle that our taxpayer has declared everything correctly and has paid the right amount of tax.”*

**Micro Agent, South West**

*“In the end we both want to get to the right answer, but we are on two different sides and there may ultimately be a difference in what we and they think that right answer is.”*

**Large Agent, East Midlands**

However, feedback from a few participants suggested that they considered this ‘us versus them’ dynamic to be particularly prevalent in the way HMRC deals with wealthy individuals and their agents.

*“HMRC’s approach taken towards higher rate and large taxpayers is disgusting. The culture is one of suspicion, ‘these people must be up to something.’ The culture should be, ‘thank you so much. We are appreciative of your exceptional contribution’.”*

**Wealthy Individual, £20m+**

*“HMRC talk about customers but do they really regard wealthy taxpayers as anything else than targets.”*

**Wealthy Individual, £20m+**

*“There are some people in HMRC who sit there thinking ‘you are wealthy, and you are only paying this amount of tax, there must be more to be had’. There might be a perfectly legitimate reason why there is not more to be had. They are like a Jack Russell with a bone.”*

#### **Small Agent, London**

In addition, some participants also described HMRC’s approach to dealing with them as ‘unnecessarily antagonistic’, ‘aggressive’; and in a few cases, ‘bullying’ (see page 33 for another specific example of what a few participants deemed to be ‘bullying’ behaviour from HMRC). These participants often expressed this view in relation to the tone of HMRC’s communications with them. They felt HMRC generally adopted an ‘accusatory’ tone in their communications which they felt did not engender a feeling that the relationship was reciprocal or collaborative in nature.

*“At the moment, the tone can be very unhelpful because it is often accusatory. Their view is that ‘your client’s at fault’. It is almost immediate. That’s their starting point.”*

#### **Small Agent, South West**

*“HMRC generally adopts an aggressive tone in their communications. They might send a letter saying, ‘99% of people pay tax on time, but you have not paid yours’ or they send a letter saying, ‘we have information you have an offshore account’. Yes, you do have that information because we told you on the tax return. Their tone is bullying. They operate on a process of fear and it is entirely wrong.”*

#### **Medium Agent, South East**

Some participants said they recognised HMRC are in a difficult position when it comes to how they deal with wealthy groups. They felt the increased politicisation of tax collection and HMRC being portrayed as being too close to some taxpayers has created the need for HMRC to be seen to be taking a tougher stance with wealthy individuals. However, they felt that this has resulted in them moving to a regime that stifles their ability to forge a co-operative relationship. They felt that simultaneous cuts to HMRC resource have also undermined its ability to have a more co-operative and collaborative relationship with wealthy individuals and their agents.

### 4.3 What are the key elements of a reciprocal or co-operative relationship and to what extent are they perceived to be part of the current relationship?

Participants viewed the following as the key elements of reciprocity and co-operation in the context of their relationship with HMRC:

- Mutual trust and transparency
- Fairness
- Pragmatism
- A nuanced understanding of the individual and their circumstances
- Effective bilateral communication

This section of the report explores participants' views on each of these key elements and examines the extent to which they were perceived to be part of the current relationship.

#### Mutual trust and transparency

**Most participants reported that they (and their wealthy clients) were as transparent and open as possible with HMRC.** Whilst they acknowledged there was a culture of secrecy/lack of transparency among some wealthy groups, they did not identify this in their own behaviour and suggested it was more common among 'other' types of wealthy individuals – especially 'non-domiciles', the 'super rich' and 'large business'.

*“My clients are open and practical. The high net worth people at HMRC need to get their heads around that. Tax schemes are not part of the consideration for the wealthy clients that I see.”*

**Medium Agent, South East**

However, **many participants felt that HMRC do not trust wealthy individuals** (or their agents) because their 'default position' is to assume that *all* wealthy individuals are engaged in tax avoidance or evasion.

*“I guess HMRC have a bizarre image of me, but nothing I do is a secret. You can go and look it up online or on companies house. It's not like I can hide anything.”*

**Wealthy Individual, £20m+, CCM**

*“It needs to be more of a trusted partnership but feels like a battleground at the moment ... HMRC refuses to believe the integrity of our position so they keep chipping away at us.”*

**Medium Agent, South East**

Although they recognised it is a difficult task, several participants suggested that HMRC should endeavour to do more to identify, and focus their resources on, wealthy individuals that are engaged in illicit behaviours with regards to their tax affairs. These participants perceived HMRC to currently adopt an adversarial 'one-size fits all' approach to dealing with wealthy individuals based on suspicion.

*“The problem is that some people are clearly trying to avoid tax and HMRC need to get those people but in the process of trying to do that, they create a horrible relationship with people like me who are law abiding... there is a lurking police presence over my shoulder that will chew my arm off if I'm slightly out of line.”*

**Wealthy Individual, <£20m, CCM**

Many participants felt **HMRC's current indiscriminate or unnuanced approach to dealing with the wealthy and their agents means that some are reluctant to be completely transparent** with HMRC through fear of information being deliberately misused or misconstrued. Some also suggested that this is a key reason why many individuals engage agents to deal with HMRC on their behalf.

*“We are in a downward spiral of mistrust and disrespect which makes us less likely to co-operate and it means we are more cautious. For example, we will redact a document because, if we do not, we know HMRC will use some obscure bit of something to go off on a tangent. If they see a redacted document their assumption is, we are hiding something. HMRC is governed by statutory powers and you have a right to see this which I have given but no right to see some of the information not provided. They cannot accept that, so you have to watch every single word and nuance.”*

**Medium Agent, South East**

*“HMRC are there to get every last penny of tax. It will lead people to put the shutters up, inevitably. The last thing you want to do is say or do the wrong thing then land yourself in trouble completely accidentally. They have got to be there to take the tax but in no way is it a partnership. They are bound to get situations where people hide behind agents because it's too risky to have an open discussion with them.”*

**Wealthy Individual, £20m+**

*"I think, and I'm not alone in this, that HMRC is an enforcer. However well and correctly you are doing your returns, if they contact you it's a worry about what you have done wrong. Contacting them is quite a high hurdle because there's fear. This may be wildly inaccurate, but my perception is that they won't be helpful. Their approach is, 'these are the rules, you've got to abide by them'."*

#### **Wealthy Individual, £20m+**

Participants also reported that the following act as barriers to there being increased transparency between themselves and HMRC:

- *A lack of dialogue with HMRC.* Some felt HMRC's inability or reluctance to communicate with taxpayers or their agents acts as a barrier to the relationship being more transparent, and therefore more co-operative.

*"The relationship is not in the least bit transparent... not at all. You can't get through to the person who wrote a letter. It may or may not be even a real person we haven't come to a conclusion on that. Then things will be referred to a technical team whom we aren't allowed to talk to."*

#### **Medium Agent, South East**

- *Poor co-ordination at HMRC.* Participants perceived that poor co-ordination at HMRC presents a major barrier to enhanced transparency. Many cited their poor experience of the HMRC Helpline as an example of this. These participants reported inefficiencies in HMRC's processes of dealing with queries via the Helpline and they perceived that poor internal communication sometimes prevented queries from being dealt with effectively.

*"When you call HMRC you never get the same person. You ask that person to read the notes taken during the previous calls and you realise the notes are not clear enough. You may have to re-explain everything."*

#### **Wealthy Individual, <£20m**

Participants also felt they had experienced poor co-ordination when dealing with other parts of HMRC (see the case studies on page 60, 61 and 63 for some specific examples of this). Several gave examples of cases where they thought more effective communication between teams and departments within HMRC could have resulted in greater transparency, leading to an issue being dealt with more effectively and in a more co-operative manner. A few specifically mentioned this in relation to some of their experiences of dealing with the debt management team at HMRC. They felt their lack of communication with teams leading enquiries created a lack of transparency. A few gave examples of debt management turning up at their clients houses even though they were still under enquiry.

*“Things like field officers being sent out for debt collection when it’s not a debt yet because it’s still under enquiry. How stressful is that? Beyond belief. We are talking potential nervous breakdown, marriage break ups, because of the consequences of field officers coming to people’s houses. Quite often if someone’s under enquiry the chain of command is all blurred and HMRC should keep us in the loop more.”*

**Micro Agent, South East**

- *Unclear communication.* Numerous participants felt that many of HMRC’s current communications are confusing and unclear, preventing transparency (see the case study on page [61](#) for a specific example of this). This was mentioned in relation to a range of different communications including: the HMRC Helpline, letters from HMRC sent direct to participants and guidance available on the GOV.UK website.

*“As far as I can see communicating with HMRC is a dead loss basically. If they cannot communicate effectively with us, there cannot be a co-operative relationship. If we call the Helpline, we usually find these people are not particularly coached in clear, straight and forthright communication; they can talk in their own language and lingo but that is HMRC speak.”*

**Agent (Sole Practitioner), South East**

*“Their letters are truly awful. For example, I had a letter addressed to me as an agent, the first page and a half of the letter was a standard letter that did not have anything to do with the issue at hand. I rang them up and said, ‘that’s not what we’re talking about’. They said, ‘no, no, that’s a standard letter. If you look down the bottom of the second page, there is a little sentence which says what I wanted to say’.”*

**Small Agent, South East**

*“They’ve published a lot of guidance on the GOV.UK, but it’s my view that it needs more thought through because it’s not always clear.”*

**Wealthy Individual, <£20m**

A few agents also said they would feel that their relationship with HMRC would feel more co-operative if HMRC did not try to communicate with their clients directly, without their knowledge. They reported that HMRC have increasingly tried to communicate directly with their clients and felt this did not make the relationship feel co-operative.

*“They are cutting out agents and going around us, insisting on client meetings, and writing directly to clients, not giving us information and not copying us in. We can’t decide whether that is deliberate or neglectful, but it is happening.”*

**Medium Agent, South East**

As discussed in Chapter 3, many wealthy individuals engaged with agents to deal with HMRC on their behalf. This suggested that HMRC contacting taxpayers direct is not always an appropriate method to ensuring effective communication that makes the relationship feel reciprocal or co-operative.

## Fairness

The concept of fairness was not explicitly explored during the qualitative discussions conducted as part of this research, however, it was mentioned spontaneously by some participants when they were discussing what they perceived as the key elements of a more reciprocal or co-operative approach.

**Individuals’ views on fairness often centred on what they perceived to be HMRC’s indiscriminate approach to dealing with them.** As discussed, many perceived HMRC’s ‘default position’ to be that wealthy individuals are all engaged in illicit activities with regards to tax. They perceived this indiscriminate or unnuanced approach to dealing with them to be unfair.

As part of this, **many expressed the view that it is unfair that HMRC does not consider an individual’s history of compliance and the amount of tax they have contributed when issues do arise.** They suggested this should be considered and reflected in the way in which HMRC communicates with them (see the case studies on page 61 and page 63 for more specific examples of this). Some also felt it was unfair that more wealthy individuals had to use a generic helpline and that they do not receive a more ‘premium’ service from HMRC (see the case study on page [61](#) as an example).

*“They ought to do more to recognise that they are taking hard earned money from people. Therefore, they should be as kind and as respectful as they possibly can, they should be appreciative and they should not be treating people – particularly people who pay a lot of tax like me – as criminals or potential criminals because we think they should be paying even more tax. That is not fair, and I think there is a fundamental change needed in terms of their culture in that respect.”*

**Wealthy Individual, £20m+**

When agents talked about fairness, this tended to centre on their perceptions of procedural fairness. They felt that the following aspects of HMRC’s administration of the tax system can sometimes be unfair:

- *Response times.* Many felt it is unfair that they are made to respond in tight timeframes when HMRC takes so long to reply. Several said that this makes them feel the current relationship is ‘one-sided’ and not collaborative. A few also mentioned this specifically in relation to HMRC refunding overpayments made by their clients.

*“When we get a letter from HMRC they give us a date by which they want us to reply, and it is usually fairly tight - four weeks or something. But, when you reply to them and you phone to chase them up because you haven't heard anything quite often you get the story, ‘we're a few months behind opening the mail in this department and you won't get a reply for months ahead.’ It is very much a one-way street.”*

**Micro agent, South East**

*“A big issue for me is HMRC do not set the same weight to tax overpaid as underpaid. They will chase underpaid tax like bloodhounds, but they will not help you in any shape or form with a refund. It's all chase-chase-chase, but there should be a bit of give as well.”*

**Micro agent, South East**

- *Enquiry management.* Many felt HMRC have too many longstanding enquiries which create uncertainty. A few also reported that they perceived HMRC to act in an unfair manner during some enquiries. A few agents specifically mentioned this in relation to HMRC asking their clients to pay interest incurred during the enquiry process. They felt the interest incurred was often due to HMRC's inefficiencies, not the actions of their client and they deemed this to be unfair as a result.

*“They have got taxpayers with enquiries going on for 10 – 12 years and they are being asked to pay interest. So, you have got a £50K liability and another 10 years interest on it is another £10 – 15K! HMRC will say, ‘We've been owed that money for 7 years’ – yes, but it's taken you over 12 years to sort it out! That's not the fault of the client.”*

**Micro Agent, South East**

- *Administration of penalties.* Several agents felt HMRC's administration of penalties is far too ‘blunt’. A few also gave examples of HMRC unfairly increasing penalties to exert pressure on their clients. They felt these cases provided examples of HMRC's approach being more adversarial than co-operative and that they illustrated HMRC's inability or reluctance to trust wealthy individuals and their agents.

*“HMRC said send documentary evidence of the school they went to 50 years ago or we’ll schedule a 36 notice. Issue your notice all you want but that piece of paper does not exist – we worked hard to get them to listen but then they said we were not co-operating, so they put the penalty charge up. The taxpayer then has nowhere to go other than court and they do not want that. It is bullying activity and that is objectionable.”*

**Medium Agent, South East**

## Pragmatism

**Participants generally perceived pragmatism to be a crucial element of a reciprocal or co-operative relationship** and they were far more likely to be positive about their interaction with HMRC when they felt that HMRC had dealt with them pragmatically. A few agents gave specific examples of this type of positive collaborative interaction with HMRC.

*“We had a vulnerable client, she had suffered depression, her daughter was mentally and physically disabled and she was her main carer. She got this income from a trust overseas and assumed it was taxed there and that she did not need to worry about it. We submitted ten years’ worth of tax returns and HMRC rang us up and said ‘we don’t need any more than four years because we are going to treat this as “careless” and we are not going to issue a penalty because it was understandable from her reasons and her circumstances’. So, you can still get the human face pressing the right button, but it is rare, very rare.”*

**Small Agent, London**

*“Had a query recently on a tax return where a client had accidentally entered a property as non-residential and HMRC phoned him and asked if it should be residential and if he could send an amended return. Usually he would have received an official letter asking for him to reconsider the return, but not identifying the specific mistake. HMRC was very good in terms of how they dealt with it. They said, ‘I’m not going to raise an official enquiry on this, I think it’s a genuine mistake. Are you happy that it is residential property, and can you send an amended return?’ That was fantastic. They were being quite open and honest and wanted to get rid of it there and then.”*

**Micro Agent, South East**

However, feedback suggests that most perceived this to be the exception rather than the norm. **Participants generally felt that HMRC could adopt a more pragmatic approach more often.** Many participants acknowledged that HMRC have deliberately changed their approach to dealing with them as they were previously portrayed as

being too close to some taxpayers and criticised for making deals with them. However, they generally felt that the pendulum has swung too far the other way. They suggested that this change in approach means HMRC are now aggressive by default and are less inclined to deal with issues in a practical or pragmatic way.

*“Five or six years ago you could ring up and say, ‘I have this situation and I have done this. What do you reckon?’ You would find a co-operative way and then you could write your disclosure. They are so terrified of that now, so they are adopting this aggressive default where every single client is evil and the wealthier you are, the more likely they will assume you are involved in tax avoidance behaviour.”*

#### **Medium Agent, South East**

Several specifically mentioned this in relation to **HMRC’s current settlement legislation and litigation strategy**. They perceived this to be key in creating the adversarial tone of the current relationship and suggested that it **is a major barrier to HMRC developing a more reciprocal or co-operative relationship with the wealthy and their agents**.

*“HMRC’s default position is that people are in the wrong and that is it. What I personally struggle with is they go; ‘we are right so see you in court’. Well can’t we have a chat about this? You can’t talk to somebody and find a practical solution.”*

#### **Micro Agent, South East**

Although they acknowledged this was a contentious issue, those that expressed this view felt that **a change in HMRC’s current settlement legislation and litigation strategy could be an efficient way of quickly reducing the tax gap whilst simultaneously making the relationship with wealthy individuals and their agents feel more reciprocal or co-operative**. They suggested HMRC’s current settlement legislation (i.e. HMRC not being prepared to settle if they feel they have at least a 50% chance of winning) does not represent ‘good value’ for the taxpayer because it has resulted in a backlog of unsettled cases that HMRC don’t have the resource to process.

*“My key recommendation would be for HMRC to get out of its litigation strategy. It’s a nightmare for HMRC, a nightmare for the client and I don’t think it represents value for money for the taxpayer.”*

#### **Medium Agent, London**

*“I have been told they have over 35,000 unsettled cases. Years ago, some would have been settled... but they do not do that anymore. There is a big part of me that is saying a bird in the hand is as good as two in the bush. Settle with people. Move on. It makes sense to settle for lots of reasons - the cost of me doing it for the client and the cost of them doing it for the Crown. If I am willing to fight and they are willing to defend somewhere in the middle it is going to cost a lot of money and nobody is going to win in the end. They might win a few quid, but it'll cost them a lot. We might win and it'll cost them even more. So, there is a bit of me that says be sensible occasionally and be a bit more pragmatic.”*

### **Micro Agent, South East**

One wealthy individual also suggested that if HMRC want to encourage more wealthy individuals to perceive tax as a social obligation, HMRC also need to consider whether its current approach benefits society. They suggested that it would be far more beneficial to society if they were prepared to settle issues because it would increase the amount of tax taken, whilst freeing-up individuals like themselves to focus on generating wealth (the case study on page [60](#) shows a specific example where this individual felt HMRC could have dealt with an issue relating to their non-domicile status more pragmatically to the benefit of both parties).

*“I am saying people should pay taxes and it helps one feel they are participating in society, the reverse of that is, from HMRC's view - do not make it hard to pay taxes. Also, from societies' point of view is it better for me to spend all my time talking to HMRC or getting out there and starting another business that is going to employ people? It is better to get it done and move on.”*

### **Wealthy Individual, £20m+, CCM**

Many also suggested HMRC could be more pragmatic when handling some enquiries. Several specifically mentioned this in terms of how HMRC handle domicile issues. They felt HMRC were being too dogmatic in relation to their questioning on these types of issues and that they were not always being candid or transparent about the reasoning behind their lines of questioning. A few suggested that HMRC were deliberately asking irrelevant questions of wealthy individuals to exert pressure on them during these enquiries.

*“The domicile team is an absolute pain in the neck. Their whole purpose is to ask irrelevant questions to make the client go bonkers and give up. With one client they are looking into his personal background and family history going back to the early 1900s! HMRC are very good in some respects but in this regard, they are being disingenuous and not being an ‘honest broker’.”*

### **Medium Agent, London**

*“They asked a load of weird questions, like ‘where did you want to be at this point in time?’ How am I supposed to answer that? It was bizarre. At the time they were asking about I was living on a plane for probably two weeks out of the month. Who knew what was happening right? We went from having a start-up to having hundreds of stores in tens of countries, so it was chaotic. They asked me why I was not taking a job, but why would I take a job? Their questioning suggested they just didn't understand the issues we were facing and our circumstances.”*

**Wealthy Individual, £20m+, CCM**

### A nuanced understanding of the individual and their circumstances

Participants felt HMRC were more likely to adopt a reciprocal and co-operative approach to dealing with them if they were able to develop a more nuanced understanding of them and their individual circumstances.

They reported this was more likely in the cases where they had been able to establish good working relationships with specific individuals or teams at HMRC. As discussed, this was often cited specifically in relation to some participants' interactions with the HNWI. Participants tended to be more positive about their interaction with the HNWI because it gave them access to specific contacts with more technical knowledge and experience. Dealing consistently with these specific contacts enabled them to build rapport and allow HMRC to build a better understanding of their clients' individual circumstances, which participants perceived to be a key facet of co-operation.

*“You find the relationships are particularly good when you have been dealing with one person regularly over a prolonged period because you get used to working with each other and build that understanding. Now they have built that trust where we can communicate quickly via email. Now I can say things like, ‘before you contact this client, can you just email me quickly because I might be able to squeeze a bit more information out of him for you’”.*

**Micro Agent, London**

In addition, some reported that specific contacts were more able to develop a more nuanced understanding of the individual and their circumstances given their higher levels of knowledge and tax experience. They reported that this allowed HMRC to be more trusting and that the interaction felt more reciprocal or co-operative due to this.

*“The HNWU is good – I like that department. It is a really good idea because it means I can talk to HMRC. It is so much better because you are dealing with a person who is confident of what he knows will feel comfortable that I am not trying to pull the wool over his eyes. We can cut to the chase a lot better. Somebody who is a bit uncertain of what the laws are is always looking at me like ‘am I trying to pull the wool over his eyes’.”*

### **Medium Agent, London**

However, feedback from participants suggested they felt this type of nuanced understanding was often limited to their dealings with the HNWU and not present in their interaction with other parts of HMRC. Many felt HMRC’s overall approach to dealing with them to be too unnuanced or indiscriminate.

As discussed, many perceived that HMRC’s adoption of a tougher stance has reduced its ability to develop a more nuanced understanding of its wealthy customers because it has resulted in HMRC being reluctant to communicate with them through fear of being criticised for being too close to these groups.

Participants felt this new approach combined with a decline in personal relationships following cuts to resource due to budgetary constraints have limited HMRC’s ability to develop a better, more complex understanding of wealthy individuals and their agents – particularly those not being dealt with by the HNWU.

*“They’ve been reducing staff and relying more and more on technology – so of course they’re going to have less of a relationship and reduced understanding.”*

### **Micro Agent, London**

Several also reported that the general quality of HMRC staff (particularly those outside of the HNWU) had declined in recent years. They felt this also restricted HMRC’s ability to build the type nuanced understanding of its customers needed to build more reciprocal or collaborative relationships.

Again, this was often mentioned specifically in relation to the quality of staff manning the general HMRC Helpline. Feedback from several participants suggested they did not feel confident that those manning the general HMRC Helpline had sufficient knowledge and/or experience to deal with their queries. They felt that any HMRC staff with a good level of knowledge about tax affairs had been pooled into the HNWU to the detriment of the general tax unit.

*“The HNWI is fine, but I find dealing with HMRC more generally to be challenging. HMRC has been deskilled over the years. You used to be able to have a sensible conversation with a tax officer because technically they knew the job. Now you are basically talking to someone in a call centre, quite often reading from a script. The conversation is often dispersed with ‘can you just hold on a minute as I need to get somebody else’. It’s frustrating, particularly when it’s often something very simple that needs to be done.”*

**Small Agent, South West**

## Effective bilateral communication

Feedback from participants showed that they considered effective bilateral communication to be a key aspect of a reciprocal or co-operative relationship with HMRC. They were far more likely to be positive about their experience of dealing with HMRC where effective dialogue with HMRC resulted in an issue being dealt with efficiently. A few agents gave specific examples of this type of positive collaborative interaction with HMRC.

One agent specifically mentioned this in relation to their positive experience of dealing with the Enterprise Investment Scheme (EIS) team at HMRC. They felt their past interaction with that team had been effective because they had access to a direct contact who would be willing to discuss potential issues ahead of time. The agent reported that this dialogue helped each party improve their understanding of one another, whilst giving some degree of certainty to them and their client.

*“We could pick up the phone to them and explain a situation and background. The inspector would say ‘I’m comfortable with that’ or ‘that would work or that doesn’t work’. Or he would tell me ‘go for advanced assurance because I am really going to have to put my thinking cap on’. It meant (1) he learned more about what people were doing in reality (the problems on a practical level), (2) we learned something about this attitude in 5 minutes and (3) it saved everyone a whole lot of time. It also might mean the money could be deployed a lot quicker.”*

**Medium Agent, South East**

However, **feedback from participants generally indicated that they felt this type of approach could be practised more often by HMRC.** This was especially the case for those who tended to communicate with HMRC via their general Helpline (for reasons discussed).

**Feedback from numerous participants suggested that HMRC communicating more effectively with wealthy taxpayers and their agents also relied on HMRC improving their internal systems and communications.** Feedback from several participants suggested they felt that different teams within HMRC could communicate

more efficiently to allow communications with taxpayers and their agents to be more co-ordinated or joined up.

*“A relationship with a body like HMRC should be professional, cordial, and we should be able to put the phone down after a conversation with somebody and know that what we’ve just discussed will be actioned. That generally does not happen, particularly when they can offset payments against this or set a refund going...the next thing you know is the client gets a final demand notice because they haven’t actioned what you talked about.”*

**Medium Agent, South East**

Again, this was mentioned numerous times in relation to participants’ experiences of using the general HMRC Helpline. Some reported that the Helpline was not nuanced enough to deal with more complex queries and that this often resulted in them receiving “generic” communications from HMRC which did not accurately reflect the specific issue at hand.

*“We had an issue through solicitors representing someone who had died. They discovered he had some money in a Swiss bank account. I calculated what was owing etc and went through the HMRC menu options leaving the appropriate information and history. Then we received a standard, generic letter saying, ‘you haven’t given us key information x, y and z’. Then we had to write back saying do not be ridiculous the man is dead. We will never know those details.”*

**Medium Agent, South East**

The above quote provides an example of inefficient communications generating further queries and additional contact that a participant deemed to be unnecessary. The case studies on pages 60, 61, 62 and 63 also give examples where participants’ feedback suggested that better co-ordination of issues internally at HMRC could have made communication more efficient and negated the need for further contact. They felt this would also have made the relationship feel more co-operative.

#### 4.4 How do wealthy individuals and their agents feel about HMRC’s current digital interaction with them?

**Participants suggested HMRC’s increased reliance on digital channels has hindered the development of a co-operative relationship.** They felt increased use of digital channels and a decline in human relationships has hampered HMRC’s ability to develop a nuanced understanding of wealthy individuals and their personal circumstances, which they perceived to be key to building more effective relationships.

*“With doing it all online, there is no personal touch at all between HMRC and the public which can lead to a big disconnect and overall, I don’t think it’s helping.”*

**Micro Agent, London**

In line with this, **most participants felt a more collaborative and co-operative relationship between themselves and HMRC would require increased human contact and closer, more personalised relationships** with individuals and teams at HMRC.

*“I want someone to think. Not to just sit with a book and tick the box. The computer says no. Who wants that? I want to speak to a human being.”*

**Micro Agent, London**

*“If you want to be collaborative you need to have a more personal relationship. If HMRC are not prepared to meet with people and talk to them and educate them you aren’t going to have a strong relationship.”*

**Wealthy Individual, £20m+, CCM**

Participants did not tend to spontaneously mention digital interaction when they were asked what HMRC could do to foster a more co-operative relationship with them and they did not tend to explicitly associate digital channels with increased reciprocity. However, feedback from some participants (particularly those whose interaction with HMRC was limited to their experience of dealing with them via touchpoints like the self-assessment portal) suggested that improvements to digital channels could result in them having a better overall experience of dealing with HMRC – see page 50 for more information on this.

## 5 How could HMRC make the future relationship more reciprocal or co-operative?

This chapter examines whether there is an appetite for a more reciprocal or co-operative relationship among wealthy individuals and their agents; before summarising their views on how this could be achieved and how it should be communicated going forward.

### Chapter Summary

Participants expressed mixed views on whether they would like to have a more reciprocal or co-operative relationship with HMRC going forward.

Some were positive about the idea of this type of relationship because they felt it could be of benefit to both them and HMRC; but others were sceptical about the concept. Those who were sceptical felt they were already doing everything they should be doing to make the relationship co-operative and they struggled to think what they could offer HMRC in return for a more reciprocal or co-operative relationship. A few did not feel a more reciprocal relationship was necessary or even that it was something that could be realistically achieved as it hinged on HMRC overcoming considerable barriers, including resourcing issues and them changing their fundamental culture and 'default position'.

Those who were receptive to a more co-operative relationship suggested this could be achieved by HMRC making better use of existing CCMs, introducing CCMs for agents, introducing a more tiered system to better meet the diverse needs of wealthy groups, improving digital channels and materials, introducing a broader / more nuanced clearing system and improving their communications.

Ultimately, the aim of many of these suggested improvements was to allow HMRC to develop a more nuanced and personalised understanding of wealthy individuals and their agents via increased and improved communication.

Many suggested that any change in approach could easily be misunderstood or misconstrued by some wealthy individuals, the press and the wider public. As a result, many said that a change in HMRC's approach to dealing with wealthy individuals and their agents does not necessarily need to be explicitly communicated.

Participants felt a change in view/attitude to the general relationship with HMRC was only likely to change over a period through lived experience.

## 5.1 To what extent is there an appetite among wealthy individuals and their agents for a more reciprocal or co-operative relationship?

Participants expressed mixed views on whether they would like to have a more reciprocal or co-operative relationship with HMRC going forward.

**Some were positive about the idea of this type of relationship because they felt it could be of benefit to both them and HMRC.** These participants suggested that a more co-operative relationship could increase the amount of ‘up front’ dialogue between wealthy individuals and their agents, and HMRC, which could result in the earlier settlement of enquiries (or prevent some issues turning into enquiries in the first place). They felt this could help reduce uncertainty in the long run because it would help HMRC improve their understanding of wealthy individuals and their agents. They also felt that a more reciprocal or co-operative relationship could make contact more efficient and reduce unnecessary contact to allow for better management and utilisation of HMRC resource.

*“I think the benefit would be that HMRC could settle enquiries earlier and move on. That would be beneficial all round because it would allow us to throw away files that we should have archived 10 years ago.”*

**Medium Agent, London**

*“The benefits are not about paying less tax or anything like that. It is more about certainty and about having a good relationship with HMRC where you can communicate with them about potential issues, which will potentially reduce the need for future enquiries.”*

**Micro Agent, London**

Ultimately, they felt a more reciprocal or collaborative relationship could allow HMRC to be more comfortable with taxpayers and agents demonstrating ‘better’ behaviours. They felt that this could make it easier for them to have more targeted, nuanced, and personalised relationships with taxpayers and focus their efforts on those demonstrating more extreme behaviours with regards to their tax affairs.

However, **some participants were sceptical about the concept of a future relationship built on increased reciprocity and co-operation.** They expressed concerns that this implied they (and their clients) were not currently fulfilling their obligations, even though they felt they were.

*“I don’t think I would change the agent / client side at all. The idea of a reciprocity presupposes that taxpayers aren’t open and transparent and that is a false assumption.”*

**Medium Agent, South East**

Others raised concerns about this potential change in approach having a negative impact on HMRC's resource (which many perceived to be stretched already). These participants felt the additional time/effort needed to build this type of relationship potentially outweighed the benefits of having it.

*"I don't have any hard feelings with HMRC - they are just doing their job aren't they? If everyone in my earnings bracket had a relationship with HMRC I think they would have to hire more people. It's fine as it is. I don't need pleasantries. I'd absolutely expect things not to be personalised with individualised salutations or whatever and actually I would think that would probably be a waste of resource."*

**Wealthy individual, <£20m**

A few also stated they would not trust HMRC to be able provide certainty or act in 'good faith' if they were to provide additional information. This view was based on their experience of the current relationship and their view that HMRC are unwilling and/or unable to provide certainty.

*"If we notify them of a transaction and they don't like it then they could decide to come down on the client like a ton of bricks."*

**Wealthy Individual, <£20m**

*"I don't think I can have a more co-operative relationship. Other than following the rules and paying tax on time, what can I do? I could approach HMRC to discuss issues that might impact my tax affairs, but they don't give certainty. So, if we were to do this, what would it achieve?"*

**Wealthy Individual, <£20m**

## 5.2 How might HMRC incentivise wealthy individuals and their agents towards a more reciprocal or co-operative relationship?

During the qualitative discussions, participants were asked how HMRC could incentivise them towards a more reciprocal or co-operative relationship.

Many struggled with this question as they thought they were already being open and transparent with HMRC. However, several stated that what they (and their clients) would most value from the relationship with HMRC is their ability to provide certainty.

*"I think it is just certainty, isn't it? I don't think my clients want 'rewards' - they just want a bit of certainty that something has been agreed, so they can put it to bed and move on."*

**Small Agent, South West**

*“Certainty would be the key thing. Previously accounts would be filed with HMRC and the inspector would come back and agree the figures. Since self-assessment came in that does not happen - they are done, submitted and you wait to hear back. A response or confirmation that everything is correct and there are no questions would help, though I realise this may not be practical.”*

**Small Agent, Scotland**

Participants generally felt that HMRC would be able to provide a greater degree of certainty more quickly and efficiently if they were willing and able to communicate with taxpayers about potential issues upfront. In addition, many felt this type of interaction was most likely to occur when there was personal contact with HMRC.

### 5.3 What would wealthy individuals and their agents be prepared to offer HMRC in return for a more reciprocal or co-operative relationship?

**Participants generally struggled to provide a response when asked what they could offer HMRC in return for greater collaboration because they felt that they were already being as open, honest, and transparent with HMRC as possible.**

*“I don't know what you could offer. The client will pay their tax in the timeframes that they have. All HMRC can expect from the client is for them to adhere to legislation, which is probably what most of them are doing now anyway.”*

**Medium Agent, South East**

*“The problem with greater reciprocity is that the clients would say they are being open and honest anyway, so I'm not sure how that would work.”*

**Small Agent, South West**

As discussed, participants generally felt their relationship with HMRC did not feel as reciprocal or co-operative because they perceived HMRC to adopt an unnuanced approach to dealing with them based on a lack of trust and a lack of understanding. **Many suggested that the incentive for paying tax correctly and on time should be that they are not treated in the same manner as those that are engaged in more extreme behaviours regarding their tax affairs.** They suggested that the prospect of not being subject to as many enquiries and getting a greater degree of certainty could be enough to incentivise some wealthy individuals and their agents to work with HMRC to make the relationship more reciprocal or co-operative.

*“I honestly don’t believe we could be more transparent with HMRC and our clients give large amounts of tax already but, for them, it’s all about getting certainty and peace of mind.”*

**Large Agent, South East**

*“My agents and I provide the information that is appropriate and correct. I do not want benefits. They have had an enormous amount of money from me and, when you get a lot of money from someone you are grateful not rude. This would contribute to my general peace of mind and that would be enough.”*

**Wealthy Individual, £20m+**

These findings indicate **participants generally considered their relationship with HMRC to be based on negative reciprocity** (i.e. they felt that they were currently doing what they should be but not receiving the level of service or type of relationship that they felt this warranted). **Most suggested it was not their responsibility to change the relationship due to this.** They suggested the onus to do this lies with HMRC. This feedback also indicates that **HMRC would need to be clear about what they would expect back from wealthy individuals and their agents as a quid pro quo if they were to instigate the move to a more reciprocal or co-operative relationship.**

#### 5.4 What are the perceived barriers to a more reciprocal or co-operative relationship?

**Some participants struggled to conceptualise what a more reciprocal or co-operative relationship would look like because they perceived it to be the antithesis of their experience or perception of dealing with HMRC to date.**

*“It is difficult to imagine is the problem. I am used to a pretty one-sided relationship ... HMRC refers to taxpayers as customers and the term customers implies a two-way relationship and it is really one way.”*

**Medium Agent, South East**

In addition, participants suggested the following represent significant barriers to HMRC being able to foster a more reciprocal or co-operative relationship to dealing with wealthy individuals and their agents.

- **Resourcing issues.** Many participants felt HMRC need to increase their resource and its quality to be able to foster an effective collaborative relationship.

*“I don’t think there could be this type of collaborative relationship...HMRC deal with millions of taxpayers and have been under severe budgetary constraints, so it is not possible.”*

**Agent (Sole Practitioner), South East**

*“There is no relationship and unlikely to be one. HMRC cannot respond to requests for information as it is because they are already understaffed.”*

**Medium Agent, South East**

- *HMRC’s default approach which is perceived to be based on a lack of understanding of the wealthy.* Participants felt that a more co-operative relationship would only work if HMRC could improve its understanding of wealthy individuals – to allow their approach to be more nuanced and not based on what they perceived to be a ‘default’ of mistrust.

*“The whole tone of the relationship would need to change. There needs to be a fundamental culture change in terms of respectfulness, acknowledgement, and gratitude.”*

**Wealthy Individual, <£20m, CCM**

- *HMRC’s current settlement and litigation strategy.* Several felt HMRC’s current litigation strategy helps foster the current ‘us versus them’ dynamic and suggested this is ineffective in terms of reducing the tax gap. They felt HMRC needs to be more pragmatic in this area to foster a more co-operative relationship.

*“They need people that understand, have the autonomy to settle and can deal with things expediently and move on rather than having a pile of ongoing cases, which they can’t get through. There are not enough inspectors and the ones they have are not good enough anymore and they are working under immense pressure. They say they are going to build a more collaborative relationship and cut out evasion and this and that - with who?”*

**Micro Agent, London**

- *HMRC communication.* More specifically, this was mentioned in relation to HMRC being more prepared and able to have a two-way dialogue with taxpayers, improvements to touchpoints (like the self-assessment portal and the HMRC Helpline), improvements to internal communication and the tone of external communications.

A few spontaneously expressed the opinion that it would be very difficult for HMRC to establish a more reciprocal or co-operative relationship with wealthy individuals and their agents because of these factors combined.

## 5.5 How could HMRC make the future relationship more reciprocal or co-operative?

Participants cited the following as potential ways in which HMRC could build a more reciprocal or co-operative relationship with wealthy individuals and their agents:

- Make better use of existing CCMs
- Introduce CCMs or dedicated account managers for agents
- Introduce a more tiered system or graduated level of service
- Improve digital channels and materials
- Introduce a broader and more nuanced pre-clearing system
- Improve existing communications

This section of the report explores participants' views on each of these in further detail and examines how they felt they could improve the relationship going forward.

### How could better utilisation of existing CCMs improve relationships?

Feedback from some wealthy individuals suggested that **some CCMs were being under-utilised**.<sup>3</sup> As part of this research, two interviews were conducted with wealthy individuals that had CCMs. One wealthy individual was not aware that they had a CCM and the other reported they had no meaningful interaction with their CCM – despite them having tried to establish a co-operative relationship with their CCM.

*“I remember getting a letter from them introducing themselves as my contact at HMRC. I wrote them back saying ‘great, next time you are in London let’s meet to discuss what that means and so we know each other’ and they said ‘no’. Then it got sent to someone else. I don’t know who it is now and where they are based. I wouldn’t know who they are or their name or anything.”*

**Wealthy Individual, £20m+, CCM**

This individual suggested this failed interaction with their CCM reflected HMRC’s inability and/or reluctance to build a collaborative relationship with wealthy individuals. They felt a more supportive CCM could have taken ownership of the issue described in the case study on page [60](#) to the benefit of both parties.

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<sup>3</sup> Caution – views on the current relationship between wealthy individuals and their CCMs are only based on the feedback from the two wealthy individuals with CCMs that participated in the research. However, it should also be noted that only a small proportion of wealthy individuals have a CCM (there were 26 wealthy individuals with a CCM in the original sample provided by HMRC).

*“If I had a relationship with the CCM I could have just rang them about the issue I was talking about earlier to say, ‘look, we have this issue that has been going on for four years and it's just silly and it doesn't make sense for either side to be arguing over, how do we sort it out?’.”*

#### **Wealthy Individual, £20m+, CCM**

A few other wealthy individuals also spontaneously mentioned that having a singular point of contact at HMRC (like a CCM) to discuss potential issues with would help to make the relationship feel more co-operative because it would allow HMRC to develop a greater understanding of them, which would allow HMRC to tailor their approach accordingly.

### **5.6 How could introducing CCMs for agents improve relationships?**

As with wealthy individuals, many agents were frustrated by HMRC's current approach to dealing with them because they generally deemed it to be too broad and indiscriminate. Some felt **that the introduction of CCMs or dedicated account managers for agents could provide a vehicle through which HMRC could become more trusting of ‘better’ agents because it could enhance their understanding of individual firms.** They felt they could then adjust their approach to make it more targeted/personalised due to this. Some also felt a CCM/dedicated account manager would be more inclined to take ‘ownership’ of specific queries – which they perceived to be a current issue (particularly when raising a query via the general HMRC Helpline).

*“We would like it to be an open relationship both ways, based on mutual trust. Having a dedicated personal point of contact who we could meet in person/call to discuss any issues we might have would help with this.”*

#### **Small Agent, West Midlands**

*“I personally think HMRC should have account managers for agents. Depending on the size of the firm I think HMRC should be appointing somebody who goes in and meets the accounting principals like myself and finds out what individual clients or groups of clients are having as issues.”*

#### **Small Agent, London**

*“A team at HMRC would get to know that client and their affairs and what they are doing, and it would mean that maybe in future they won't have to ask questions because they would have a better understanding of that client. It would mean they could ask more targeted, more intelligent questions than they do now.”*

#### **Large Agent, North West**

Some spontaneously mentioned that CCMs or dedicated account managers for agents could be used to classify agents according to their behaviour (in a similar way that CCMs conduct Business Risk Reviews of Large Businesses and assign them a risk-rating). They felt those demonstrating ‘better’ behaviour could be rewarded with a higher level of service or fewer enquiries, which would free-up HMRC resource to focus on those agents demonstrating ‘worse’ behaviours.

*“What HMRC should be doing is classifying agents in some way. They could say Joe Bloggs’ Accountancy Firm falls into this X risk profile rating for HMRC and actually if they tell us we don’t think you should issue a penalty because of certain reasonable circumstances then they should be believed. Whereas, firms A, B, C over here – they are dodgy as hell – forget about it.”*

**Small Agent, London**

In addition, some agents suggested that having a CCM/dedicated account manager could help them to get issues resolved in a timelier fashion. Having a single point of contact would negate the need to try to find the most appropriate person to speak to via the general Helpline and having an individual to take ownership of a query could result in it being dealt with quicker.

*“Speed is the key. Getting a resolution quickly, not months and months away. We would probably contact HMRC for an opinion or help more often if we thought that they were going to be more co-operative and that we would not be on hold for a long time. If there was a point of contact that you could call it could help because you could explain things to them and not have to just wait for a potential enquiry.”*

**Small Agent, South West**

## 5.7 How could a more graduated level of service improve relationships?

As discussed, participants generally felt that HMRC’s current system of classifying taxpayers was too “binary”. They suggested this does not best meet the diverse needs of those with more complex tax affairs and higher expectations about the level of service they deserve based on how much they contribute in taxes. Responses from some participants suggested **a tiered system could better meet these diverse needs whilst making some wealthy individuals feel more valued.**

*“I have paid millions in tax over the years and I shouldn’t be treated like a “normal” person. I don’t see why there can’t be a tiered system. The chances are that higher earners will have more complex queries and will be expecting a higher level of service. It happens in most walks of life but not with HMRC.”*

**Wealthy Individual, <£20m**

This view was most articulated specifically in relation to the general HMRC Helpline. Many felt it would be more appropriate to give wealthy individuals and their agents access to a 'higher-tier' or more specialised helpline(s) manned by those with more in-depth and specialist knowledge (i.e. something that is more akin to participants' experience of using the HNWI).

*“For me it would be good to have a more targeted relationship. As an example, you don't have the same people in the call centre responding to high earners with very complicated tax returns as well as someone who is a basic taxpayer. HMRC needs to adopt a way of communicating with people according to different groups. It's a way of making people feel valuable.”*

**Wealthy Individual, <£20m**

Some also mentioned that it would be useful if HMRC reinstated some technical helplines with a more targeted focus. Those specifically mentioned included the EIS and Construction Industry Scheme (CIS) helplines.

*“The general Helpline is frustrating. It takes an hour for staff to pick up for them not to know the answer or guide you to something you already know which doesn't answer the question anyway. If there were Helplines focused on more complex questions, then that would be helpful.”*

**Wealthy Individual, £20m+**

*“HMRC need to re-instate some of the technical helplines they had in operation not long ago – like those for EIS or SCIS. I would pick up the phone and say I want to do this, this and this – my client wants to open a restaurant or he wants to do x, y or z for a tech company – what does it mean? The guy would give me pointers on the phone, and we would get things done very quickly. Due to resources it has now become impossible to get any contact like that which means getting clients to make investments under EIS and SCIS has become much more painful and laborious. Having those support lines removed is frustrating.”*

**Medium Agent, London**

## 5.8 How could improvements to digital channels and resources improve relationships?

As discussed in Chapter 4, participants did not tend to explicitly associate digital channels with increased reciprocity or co-operation. However, some participants suggested that changes to the following digital channels could help improve their overall experience of dealing with HMRC (particularly if HMRC are unable to build personal relationships via CCMs with every wealthy individual or agent):

- *An improved and more nuanced self-assessment portal.* Some felt the portal was too simplistic and not suited to those with more complex affairs. One felt a more nuanced site could negate their need to use the general HMRC helpline and a few also suggested it could reduce some individuals' use of agents. Some reported that it would be useful to be able to provide context or rationale alongside the return (see the case study on page [61](#) as a specific example of this) as a way of making it able to cater to those with more complex affairs.

*“It would be useful if you could attach contextual information to tax returns. Also, with domicile tests you can have this delayed situation. I have to get a UTR but I can't send that form because they will issue a tax return for the 5th April 2019 or they will write back and say there is no NI number... but he doesn't have one. You spend £1,000 to £1,500 in a typical case setting the client up with HMRC. This could be a simple automated process where I send a form you send me a number and we are good to go.”*

#### **Large Agent, South West**

- *Automation of some processes.* This was specifically mentioned in relation to domicile tests (as the above quote illustrates).
- *Interactive online guidance.* A few participants mentioned that it would be good if the HMRC website contained interactive guidance or a chatbot function to reduce the need to use the general HMRC helpline. They felt this would be especially useful if resourcing issues mean it is difficult for HMRC to foster more personalised relationships.

*“HMRC should look at other organisations to build a better website. I know I am not going to get a personal contact so a slicker website with a good chat function would be useful. The website ought to be more user-friendly and it ought to be possible for even those with more complex affairs to manage them online. It does not necessarily allow for this now. I think that pushes some to use agents.”*

#### **Wealthy Individual, £20m+, CCM**

### **5.9 How could a broader/more nuanced pre-clearing system improve their relationships?**

Some felt that having some sort of pre-clearance system (or at least the ability to discuss issues upfront) could deliver more certainty in the short-term whilst reducing chances of issues coming up at a later stage. **Participants felt this could save HMRC a lot of time and resource in the long-term by reducing the likelihood of them needing to raise enquiries later.**

*“I think a broader clearance process in some circumstances would be helpful. By clearance I mean that you can go to the Revenue and say, here is a transaction which we are proposing, here is our analysis of the tax implications, do you agree?”*

**Small Agent, South West**

*“Talking through the tax treatment of a transaction, especially a complex one, before we have to submit the return would be useful. The clients would like that. More certainty is key. It would make us more willing to go to them in advance and speak about these things if we had that relationship with someone or a department where we could raise this. We could ask HMRC if they are happy with the tax treatment and that would give HMRC the opportunity to say yes or no so it can be smoothed out beforehand. This would be beneficial because it would save time on both sides.”*

**Small Agent, London**

HMRC being willing and able to discuss their views on complex transactions before they go ahead could be a very useful tool in helping them to better manage their internal resource. It could be particularly useful if HMRC are unable to change settlement legislation/their current approach because it could help limit further growth in the number of unresolved cases.

Feedback from many participants suggested that they were less likely to feel their relationship with HMRC was reciprocal or co-operative if they had longstanding unresolved issues or queries. One agent specifically mentioned this in relation to HMRC sending some of their wealthy clients a letter to encourage them to make a voluntary payment. They felt this example shows how important it is for HMRC to try to deal with issues up front or as early as possible.

*“An example, there’s a couple of tax schemes my clients were previously involved in. HMRC forgot to raise an enquiry and they word it in a letter like: ‘You might want to make a voluntary payment?’ I just start laughing. They didn’t raise an enquiry in time. They have lost. It’s gone”*

**Small Agent, London**

The case studies on pages 59, 60, 61, 62 and 63 show specific examples of where earlier effective communication/engagement from HMRC may have created more certainty upfront, whilst making the relationship feel more reciprocal or co-operative.

## 5.10 How could HMRC improve their communications to make the relationship feel more co-operative?

As discussed in Chapter 4, the tone of HMRC communication is vital in terms of influencing views on the nature of HMRC's relationships with wealthy individuals and their agents. Participants suggested HMRC could improve the tone of its communication by:

- *Making the language used in HMRC communications feel more appreciative and less accusatory.* Saying 'please' when asking for something and 'thank you' when someone does something for you/contributes to something is a key social norm pertinent to wealthy individuals' perceptions of their current relationship with HMRC. Participants suggested that using this type of language is much more likely to make them perceive the relationship to be collaborative and co-operative than the 'us versus them' mentality that many felt dominated the conversation.

*"They could change the language they use. If people are paying a lot of tax don't say things like 'you must do this by this or you will face a penalty' that is just a way to start an argument. You may as well start with saying 'thanks for paying this tax, can we work on sorting this out over the next year?' You may as well have that collaborative language if you want to actually be collaborative."*

**Wealthy Individual, £20m+, CCM**

- *Making sure HMRC communications are clear, consistent, and easy to understand.* This was mentioned in relation to the language used (i.e. not using jargon) and the message HMRC want to convey, but also in terms of clearly setting out the action that they expect the recipient to take (see the case study on page [61](#) for a specific example of this type of feedback). In addition, a few said it would be useful if HMRC were able to explain *why* they were asking for a specific action to take place or for further information. They felt this would make the tone of the relationship feel more transparent, and some suggested they would be more inclined to give further information due to this.

*"Try putting yourself in a taxpayer's shoes. Most have no technical knowledge or how the tax system works. Speak to people in everyday language rather than quoting from the revenue manual."*

**Agent (Sole Practitioner), South East**

*"Just explain what you want us to do and do it properly; by saying something like, 'we know you haven't sent your tax return and it's due' rather than spurious things they send that imply you haven't done something."*

**Small agent, South East**

*“If we understand where HMRC are coming from and what they are looking to do we can explain that to a client in language they can understand - the reason they are asking this question is XYZ. Also, the tone of their correspondence can sometimes frighten clients.”*

#### **Large Agent, North West**

- *Making HMRC communications more tailored to the recipient and their specific circumstances.* As discussed throughout, several individuals felt it was particularly important for HMRC to consider histories of compliance and acknowledge / appreciate how much they do contribute if issues do arise (see the case studies on page 61 and 63 for specific examples of this).

*“HMRC needs to react more quickly and they need to balance, tailor, and define their communications according to the taxpayer – I think that should be at the core of a good and collaborative relationship.”*

#### **Wealthy Individual, <£20m, CCM**

- *Sending them to the appropriate audience/ensuring that agents are kept abreast of any correspondence.* As discussed, agents do not want HMRC to circumvent them and try to deal with their clients direct because they have largely been tasked with dealing with HMRC on behalf of their clients.

*“I really don't want HMRC touching my clients. People employ accountants because they haven't got time or don't understand tax. HMRC think everyone knows everything about tax and they don't. They ring them up and frighten them and it ruins my relationship with them. Talk to me!”*

#### **Micro Agent, South East**

### **5.11 How could HMRC influence the behaviour of those that do not want to be co-operative?**

Those that participated in this research reported that they (and their clients) aspire to be as transparent with HMRC as possible. However, they acknowledged that there are wealthy individuals that do not aspire to have this type of relationship with HMRC.

As discussed, a few wealthy individuals felt that HMRC would not be able to change the attitudes of those engaged in more extreme behaviours regarding their tax affairs without legislative change. However, the following were also spontaneously mentioned as ways that HMRC could attempt to change more extreme behaviours:

- *Regulating agents.* A few agents said HMRC should regulate agents as a way of allowing them to tailor the relationship by being able to trust ‘better’ agents. They also suggested that HMRC try to focus their efforts on building more collaborative relationships with regulated agents in the first instance.

*“We are regulated tax advisors because we are chartered but the HMRC does not give any credit to that. HMRC need to regulate the profession and that brings me back to the point about respect and mutual trust.”*

#### **Large Agent, North West**

- *Doing more to punish offending agents.* A few agents gave examples of other agents being prosecuted only to dissolve and then re-form again. They said stopping this is key to stopping illicit behaviours.

*“I think HMRC just needs to put the firms that are dodgy out of business. There was one accountant who was struck off by the Institute of Chartered Accountants in England and Wales, was jailed for tax fraud by his clients and HMRC has apparently set him up as an agent again. HMRC investigate all of his clients, put him in jail for tax fraud and allow him to deal with them again!”*

#### **Small Agent, London**

- *Simplifying legislation.* Although they acknowledged this to be outside of HMRC’s remit, several said simplifying laws is key to changing more extreme behaviours.

*“My beef with HMRC is the ludicrously complicated system. I think they should have a system based on what’s legal and what isn’t legal.”*

#### **Wealthy Individual, £20m+**

## **5.12 How should HMRC communicate a potential change in approach?**

At the end of the qualitative discussions, participants were asked about how HMRC should go about communicating any potential change in approach to dealing with wealthy taxpayers to wealthy individuals, their agents, and the public.

Participants expressed a wide range of views about this subject. Many suggested that any change in approach could easily be misunderstood or misconstrued by some wealthy individuals, the press and the wider public. Some responses indicated that HMRC’s current ‘aggressive’ approach is in part a consequence of public perceptions based on this misunderstanding in the aftermath of the financial crash in 2008.

*“HMRC would get loads of negative press if they informed the public that they were being more co-operative with wealthy individuals.”*

**Medium Agent, South West**

*“Do they need to inform the general public? HMRC can’t afford to have the manpower to provide this type of relationship to the 40 million taxpayers in the country so it would not make sense to communicate it to the public.”*

**Small Agent, South West**

In addition, some participants said they (and their clients) would not want a more reciprocal or co-operative relationship with HMRC (as discussed earlier in this Chapter).

As a result, some said that a change in HMRC’s approach to dealing with wealthy individuals and their agents does not necessarily need to be explicitly stated. Instead, they suggested it should just become more evident in their communications and their general actions by making some of the changes discussed in the previous Chapter.

*“That’s an interesting question because it suggests they already know they are not being co-operative. We do not need messages – just act in that way. HMRC are always telling us things that are not backed up by actions. They say they listen to businesses, but nobody believes them.”*

**Agent (Sole Practitioner), London**

Some suggested that this is the only way that HMRC will be able to change many wealthy taxpayers’ perceptions of them. As discussed, many perceived HMRC to be enforcers and participants reported that this is unlikely to change just because HMRC sends a letter signalling they are changing their approach. In fact, a few suggested this is just as likely to result in further mistrust due to views on the current relationship/past experiences of dealing with HMRC. They felt HMRC would have to work quite hard to reassure a lot of taxpayers that a change in approach would benefit both parties and that it was not a way of HMRC getting more information to use against them. Participants felt a change in view/attitude to the general relationship with HMRC was only likely to change over a period through lived experience.

*“You would start off with the expectation that any official communication from HMRC is bad news rather than good news, so they have to be very careful. They have to find a way into people’s hearts, if you like, and make sure that they trust them. Most people would go in from a non-trusting position and think they were just after more tax.”*

**Wealthy Individual, <£20m**

*“Not to put too fine a point on it, but a letter won’t reassure people. HMRC are a body that everybody in this country does not want to have any dealings with... they are the tax man, and lots of people will always view them as that.”*

**Micro Agent, London**

Others suggested it should be primarily reported to agents. Some suggested that it is imperative to get agents onboard with any change in approach first and that this would be needed for their clients to follow. Some suggested HMRC could look to communicate this via trade press/forums. Several also felt any changes should be tested via a soft launch/pilot exercise due to a potential change in approach being deemed controversial or being misconstrued.

One wealthy individual also suggested that HMRC should use its existing network of CCMs to pilot a change in approach.

*“Pick on the ones with CCMs, go through the CCMs to educate them about the public purse. Tell them how much tax they have paid and say thanks. Show them what % that puts them in and what the money has helped with. Educate them on the public purse in general. You can do all these things to create an environment where they are more open and willing to pay taxes. Say thanks for participating and do the nudges that I was talking about. Things like this % of high taxpayers in your area managed to get their return filed on time and they paid X amount of tax. Please try to submit yours by whatever date. Thank you very much. That can’t cost much, and you could do it digitally.”*

**Wealthy Individual, <£20m**

## 6 Case studies

This Chapter of the report presents some case studies from the qualitative discussions that illustrate some of the key points raised in the report.

Figure 6.1 Case Study A

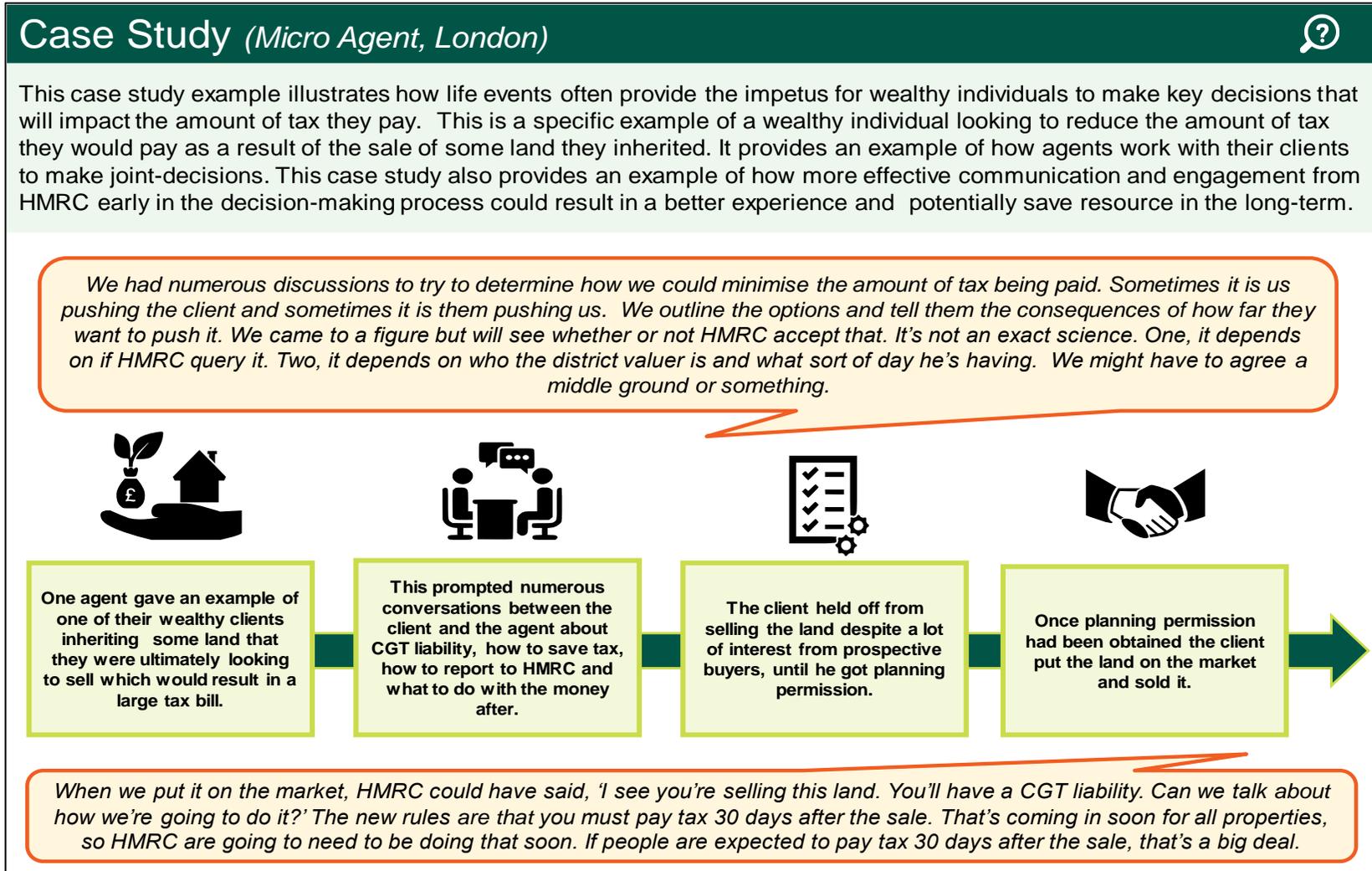


Figure 6.2 Case Study B

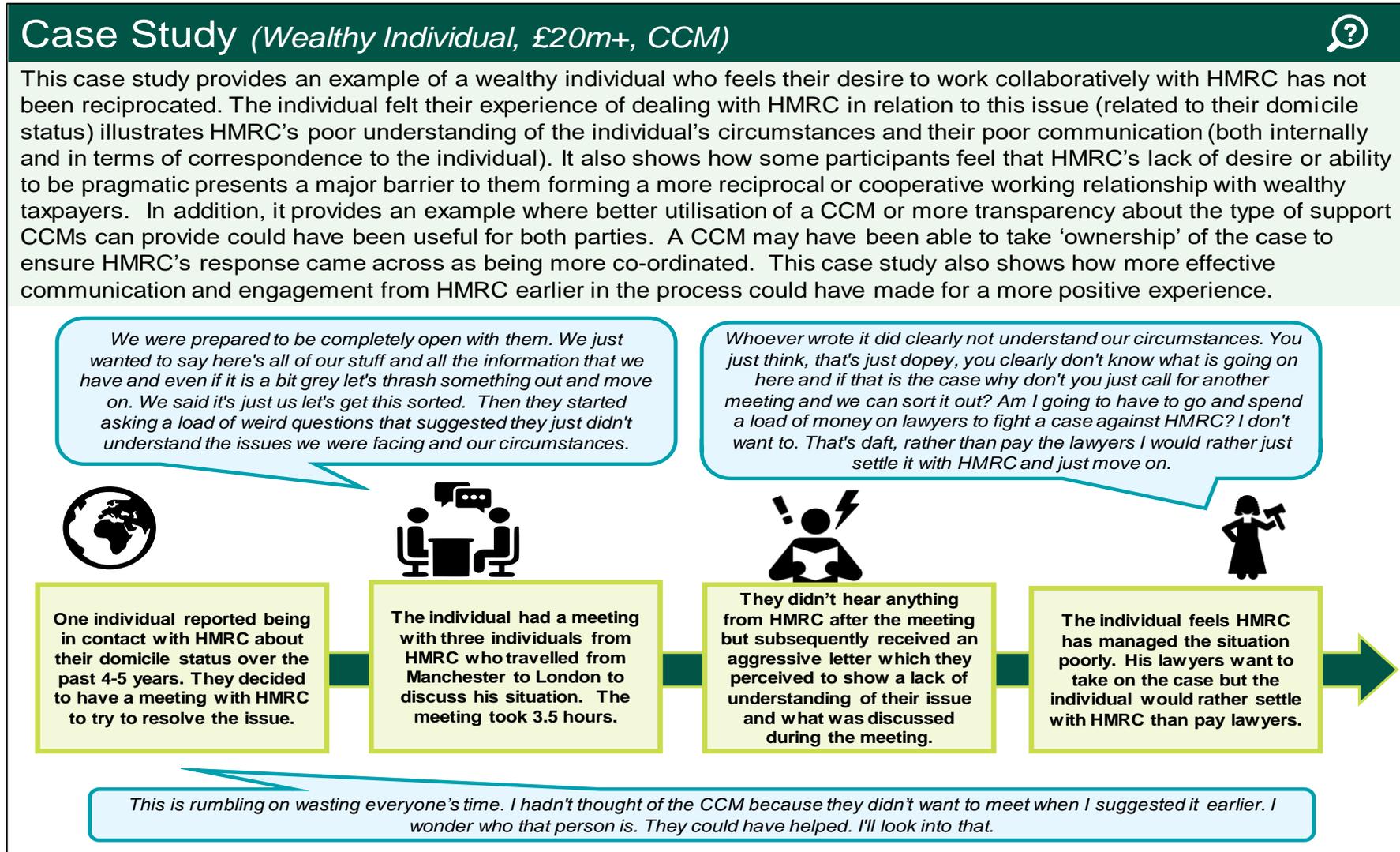


Figure 6.3 Case Study C

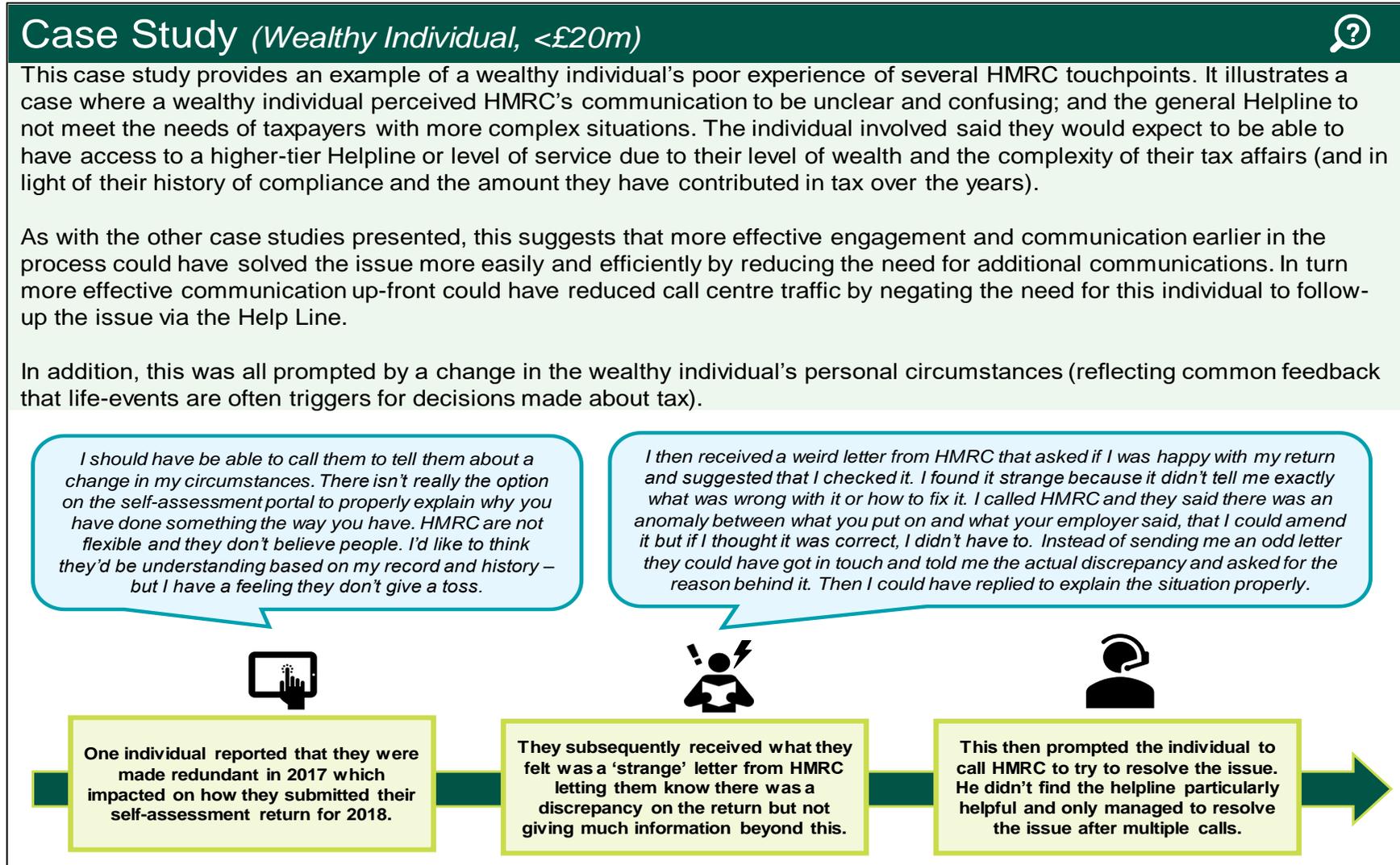


Figure 6.4 Case Study D

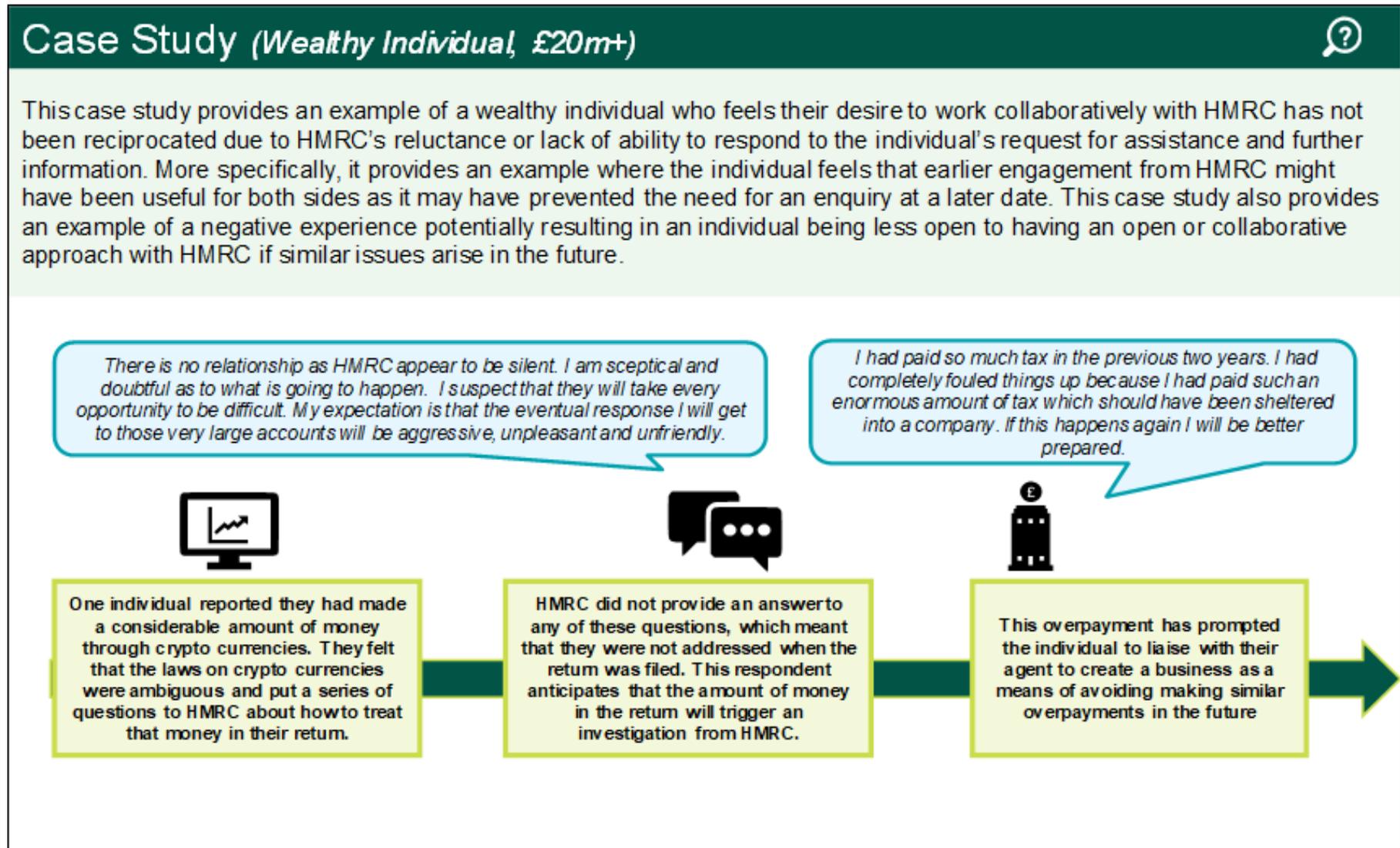


Figure 6.5 Case Study E

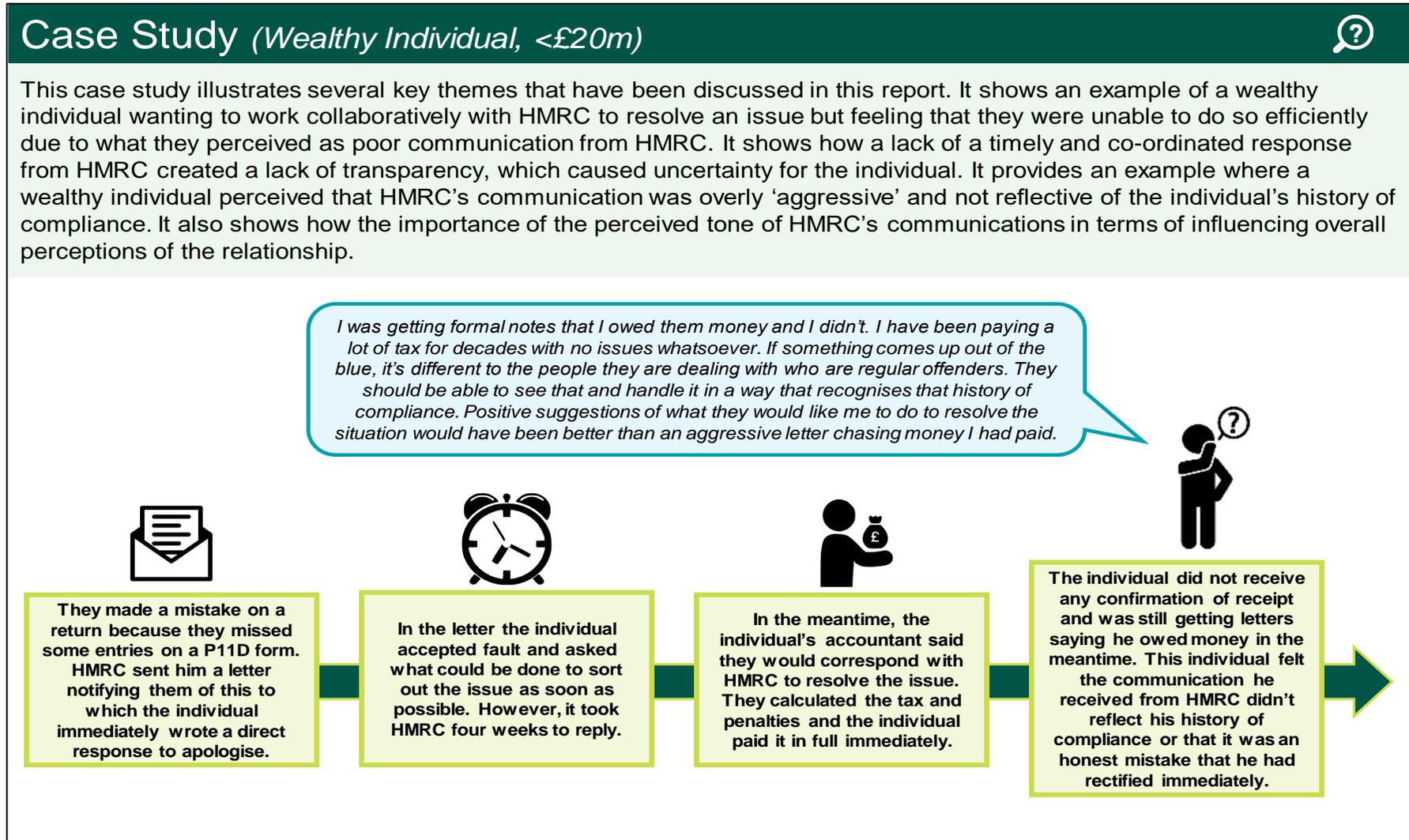
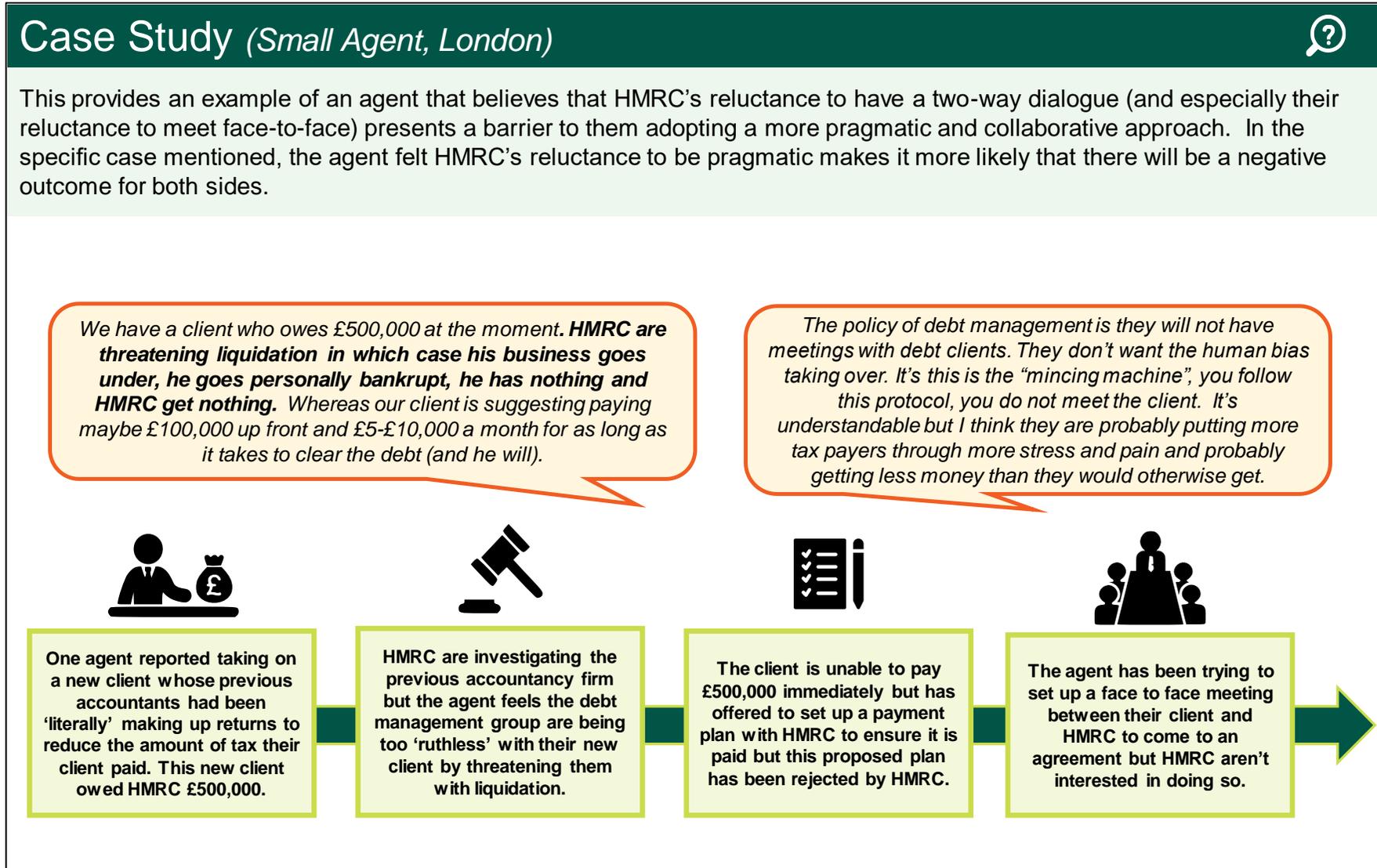


Figure 6.6 Case Study F



## 7 Conclusions

This section of the report presents some conclusions based on the key findings from this research and highlights some things to consider that could help support HMRC's strategic ambition of developing a reciprocal or co-operative approach with wealthy individuals and their agents.

**This research highlights the considerable journey that HMRC have in front of them to make wealthy individuals and their agents perceive their working relationship as reciprocal or co-operative.** Feedback from many participants suggested that they currently consider their relationship with HMRC to be more adversarial than co-operative. The fact that this was even the case among some of those that reported having a limited relationship and limited interaction with HMRC shows that this perception is deep-seated. As discussed, some automatically perceive HMRC to be 'enforcers' and this is a social norm/belief that presents a barrier to the development of a more reciprocal or co-operative relationship with some wealthy individuals. In addition, many suggested that HMRC face several considerable barriers to engendering this type of relationship. These included HMRC changing what participants perceived to be their "default position" and fostering more personalised relationships (which they felt would primarily be achieved via increased human contact), at a time when they perceived HMRC to be having resourcing issues.

**Despite this, the research does show that many wealthy individuals would be open to a more reciprocal or co-operative relationship.** Although participants did consider much of their interaction with HMRC to be adversarial, many suggested they would be open to having a more co-operative/collaborative relationship with HMRC. Many participants reported that they are/try to be open and transparent with HMRC. Their feedback suggested that this is being eroded due to inefficiencies in HMRC's processes and systems, rather than them being averse to that type of relationship. In this sense HMRC are pushing on an open-door with many individuals. In addition, many of the ways participants cited as ways HMRC could improve the relationship did not rely on HMRC making changes to legislation or trying to change fundamental beliefs held by participants.

**This report clearly illustrates that perceptions of trust and fairness are crucial to establishing better relationships with wealthy individuals and their agents.** However, many felt their current unnuanced approach is unfair because it assumes that all wealthy individuals are the same and that they are all engaged in illicit activity. Having a more personalised relationship with taxpayers that understands their history of compliance and the contribution they make is far more likely to make them perceive the relationship as reciprocal or co-operative.

**HMRC's ambition to create a more graduated and tailored model for their most complex customers is supported by the findings in this research.** This report clearly signals that some participants perceived HMRC's current system to be too "binary" and that this does not best meet the needs of wealthy groups. Wealthy individuals are a very diverse group and HMRC's current approach does not appear to reflect this. Many wealthy individuals felt HMRC should recognise the considerable amount of tax they pay and reflect the type of service they provide to them according to this and the fact that they are more likely to have more complex affairs that are not always being adequately dealt with by the general tax unit.

**The research also clearly signals that establishing good relationships with agents of the wealthy is key to establishing more constructive relationships with many wealthy individuals.** Agents are a key partner for HMRC and provide a crucial network through which

HMRC can look to build better relationships and influence wealthy taxpayers' behaviours. Circumventing agents is likely to drive a wedge between all parties and do little to make the relationship feel reciprocal or co-operative. On the other hand, there is some evidence that there is an opportunity to 'fill a gap' where some wealthy individuals are reluctant to engage with agents. Some suggested this could aid transparency and trust between some wealthy individuals and HMRC.

**HMRC needs to carefully consider if and how it communicates any potential change in approach.** Many suggested HMRC need not explicitly communicate or announce that it is looking to establish more reciprocal or co-operative relationships as this is likely to be misunderstood or misconstrued by many. In addition to this, it is worth noting that HMRC should carefully consider what they expect from wealthy individuals and their agents as part of a more reciprocal or co-operative relationship. Many participants struggled with what they could offer HMRC in return for this type of relationship as they felt they were already being open and transparent. However, this should also be caveated with the fact that participants also reported that wealthy individuals generally all look to legally minimise the amount of tax they pay. It is therefore worth considering what 'open and transparent' or 'co-operation' means to wealthy individuals and their agents; and what HMRC expect it to mean in the context of any future relationship as they are subjective concepts.

**Feedback collected as part of this research does not strongly indicate that a move to a more reciprocal or co-operative relationship would necessarily result in an increase in voluntary compliance among participants engaged in more extreme tax behaviours.** As is often the case with research projects that look to explore non-compliance, non-response bias means that this research may have tapped into the views of those wealthy individuals engaging in less extreme behaviours about their tax affairs. As such, none of the wealthy individuals explicitly stated that they would voluntarily increase the amount of tax they pay over the legal limit if HMRC were to be more reciprocal or co-operative. This was the case because they all said they were already paying what they were required to by law and since they already felt this was a considerable amount of money. In addition, a few suggested that HMRC cannot truly influence the behaviours of those committed to engaging in tax avoidance and/or evasion without changes to legislation.

**However, the research does suggest that a more reciprocal or co-operative relationship could allow HMRC to increase the amount of tax it takes whilst providing greater certainty for taxpayers demonstrating 'better' behaviours.** Building more nuanced and trusting relationships with taxpayers that want to establish a more constructive relationship and have a history of compliance could increase the amount of tax HMRC take – especially if it allows them to get to a position where they can discuss issues and provide certainty up front to limit the number of cases potentially developing into enquiries at a later date.

## Appendix A – Detailed methodology and challenges

To address the aims of the research, qualitative research was conducted with two key audiences: wealthy individuals and agents of wealthy individuals. The sections below outline how the perspectives of these key audiences were collected.

### Wealthy individuals<sup>4</sup>

A total of 12 qualitative interviews, lasting approximately 60 minutes each, were conducted with wealthy individuals between 14th February and 12th March 2020. Eleven of these interviews were conducted face-to-face and one was conducted by telephone at the request of the participant, who had originally agreed to participate in a face-to-face interview but requested that IFF conduct by telephone instead in light of the disruption caused by the Coronavirus outbreak and subsequent lockdown.

HMRC provided IFF with a sample of wealthy individuals (including their contact details) after conducting an opt-out exercise. IFF then recruited participants from the remaining sample.

To achieve a variety of perspectives on the subject, interviews were conducted with a range of wealthy individuals in terms of: their level of wealth, whether they had a Customer Compliance Manager (CCM), their use of agents, whether they were a business owner, whether they had any experience of working in tax or finance and their location. The below table shows the final profile of the wealthy individuals who participated in the research.

In agreement with HMRC, no hard quotas were set for this project i.e. no participant that agreed to participate in an interview was screened-out from taking part based on any of the characteristics outlined above. Instead, the research aimed to get as good a spread of these characteristics as possible. This approach was adopted due to the sensitivities of the subject matter and the amount of sample provided, which meant IFF needed to be prepared to conduct interviews with any wealthy individuals who were willing to participate.

IFF tried to conduct as many interviews with wealthy individuals that had CCMs as possible. However, it should be noted that the starting sample provided by HMRC only contained 26 records where the individual had a CCM.

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<sup>4</sup> For the purposes of this research, HMRC defined wealthy individuals as those with an income over £200,000 per annum and/or assets of over £2 million.

Wealthy individuals	No. of interviews
<b>Level of wealth</b>	
<£20m	8
£20m+	4
<b>Whether has a Customer Compliance Manager (CCM)</b>	
Yes	2
No	10
<b>Use of agents</b>	
Uses agent(s)	6
Does not use agent(s)	6
<b>Whether a business owner</b>	
Yes	7
No	5
<b>Whether works / worked in tax or finance</b>	
Yes	3
No	9
<b>Location</b>	
London	7
South East	2
East of England	1
North West	1
South West	1

### Agents of wealthy individuals

A total of 25 qualitative interviews, lasting approximately 60 minutes each, were conducted with agents of wealthy individuals between 20th February and 20th March 2020. Eighteen of these interviews were conducted face-to-face and seven were conducted by telephone.

HMRC provided IFF with a sample of agents (including their contact details) and IFF subsequently conducted an opt-out exercise. IFF then recruited participants from the remaining sample.

To be eligible to participate in this research, an agent needed to have at least one wealthy client as per HMRC's definition for this project (i.e. they needed to have a client with an income of at least £200,000 per annum and/or assets of over £2 million).

To achieve a variety of perspectives on the subject, interviews were conducted with a range of agents in terms of their size, the number and type of wealthy clients they had and their location. The below table shows the final profile of the agents who participated in the research.

Agents of wealthy individuals	No. of interviews
<b>Size (no. of employees)</b>	
Sole practitioner	6
Micro (<10 employees)	6
Small (10-49 employees)	7
Medium (50-249 employees)	3
Large (250+ employees)	3
<b>Location</b>	
London	11
South East	7
South West	3
Midlands	2
North West	1
Scotland	1

As with wealthy individuals, agents that were eligible to take part were not screened-out of the research based on the above characteristics. It should also be noted that in the context of this research, the term ‘agents’ is an umbrella term that could refer to different types of participants/organisations.

## Challenges faced

This project initially aimed to achieve 12 interviews with wealthy individuals and 32 interviews with agents that have wealthy individuals as clients. However, the number of interviews actually achieved with agents was 25. This was because the fieldwork period coincided with the initial disruption caused by the Coronavirus outbreak. Interviews initially scheduled with agents that were due to take place face-to-face had to be re-arranged as businesses were pre-occupied with contingency planning and putting arrangements in place to work from home. IFF managed to re-schedule some of these appointments and arranged for them to take place via the telephone, however, HMRC subsequently decided to cancel outstanding interviews due to concerns about contacting businesses and conducting interviews during that period.

The impacts of conducting fewer interviews than initially planned are negligible for this project. This is because this is qualitative research that was designed to explore key themes and perceptions among this audience. This project was always designed to be qualitative in nature and it was never designed to be statistically robust or representative of the whole wealthy individual population or the agent population.

However, it does mean that the findings are based on fewer case studies and specific feedback than would have been the case if 32 interviews were achieved. It also means that we can give less anecdotal feedback on how views many differ between different types of agents or sub-groups of wealthy individuals.

Some of the difficulties faced during interviewing reflect the complex/sensitive nature of the subject matter not the number of interviews achieved.

As noted throughout this report, much of the feedback given by wealthy individuals and their agents are based on their perceptions and not always lived experience. However, it should be noted that these perceptions are crucial in terms of influencing views on the current relationship with HMRC and how this could be made more co-operative going forward.

## Appendix B – Research Materials

### Screener for wealthy individuals

ASK ALL

S1 Good morning/afternoon. Please could I speak to [NAME]?

Transferred	1	CONTINUE
Hard appointment	2	MAKE APPOINTMENT
Soft Appointment	3	
Engaged	4	CALL BACK
Refusal	5	CLOSE
Refusal – company policy	6	
Refusal – Taken part in recent survey	7	
Nobody at site able to answer questions	8	
Not available in deadline	9	
Fax Line	10	
No reply/Answer phone	11	
Residential Number	12	
Dead line	13	
Company closed	14	
Request reassurance email		COLLECT EMAIL ADDRESS THEN CONTINUE OR MAKE APPOINTMENT  (SEE APPENDIX FOR EMAIL TEXT)

S2 Good morning/afternoon. My name is NAME and I'm calling from IFF Research, an independent market research company, on behalf of HMRC.

You should have recently received a letter from HMRC inviting you to take part in some independent research. You were randomly selected by HMRC as someone who might be able to help improve their understanding of the relationship and interaction that wealthy individuals have with them. HMRC are doing this research because they want to improve the way they work with wealthy taxpayers in the future.

ADD IF NECESSARY: We could email you a copy of this letter now if you'd like.

We were hoping to arrange a face-to-face appointment to discuss these topics at a time and place convenient to you. The discussion will be with one of IFF Research's senior researchers and will last 60 minutes.

As a thank you for your time, IFF Research will make a £100 donation to a charity. This will be done for each individual that takes part so that at the end of the study a lump sum can be donated to one of a shortlist of charities.

Participation in the research is completely confidential and will not have any impact on any of your current or future dealings with HMRC.

IFF Research will not disclose to HMRC who has taken part in the research. Your responses will be completely anonymous and used for research purposes only. Your personal details will be stored securely separately to your interview responses and destroyed within 3 months of taking part.

Our research adheres to GDPR legislation and the interview will be conducted in accordance with the Market Research Society Code of Conduct. If you were to take part you would have the right to have a copy of your data, change your data or withdraw from the research at any point.

Based on this information, would you be willing to take part in an interview?

ADD IF NECESSARY: This research will be used to help improve the service that HMRC provides to wealthy individuals. Your participation in the research would be really appreciated.

Yes	1	CONTINUE
No	2	THANK AND CLOSE
Request reassurance email	3	COLLECT EMAIL ADDRESS THEN CONTINUE OR MAKE AN APPOINTMENT (SEE APPENDIX FOR EMAIL TEXT)

S3 This call may be recorded for quality and training purposes only.

**REASSURANCES TO USE IF NECESSARY**  
This initial call will take around 5 minutes. The face-to-face interview will take up to 60 minutes to complete, depending on your answers.

Please note that all data will be reported in aggregate form. Any answers you do give will not be reported to HMRC in any way that would allow you or your agents to be identified. Participation in the research will not impact on any of your current or future dealings with HMRC.

If respondent wishes to confirm validity of survey or get more information about aims and objectives, they can call:

**MRS: Market Research Society on 0800 975 9596**

**IFF: Marc Cranney ([marc.cranney@iffresearch.com](mailto:marc.cranney@iffresearch.com)) or Luke Catterson ([luke.catterson@iffresearch.com](mailto:luke.catterson@iffresearch.com)) or via 020 7250 3035.**

**HMRC: Victoria Swensson ([victoria.swensson@hmrc.gov.uk](mailto:victoria.swensson@hmrc.gov.uk)) - 03000 559262.**

A1 Thank you. Before we arrange an interview, could you please tell me which of the following best describes the extent to which your dealings with HMRC are dealt with by an agent (e.g. a tax agent, lawyer or wealth manager)?

READ OUT. SINGLE CODE

My agent is responsible for the vast majority of my dealings with HMRC	1	CONTINUE
My agent deals with some of my dealings with HMRC, but I deal with most	2	CONTINUE
I take care of my own dealings with HMRC but use my agent for occasional advice	3	CONTINUE
I do not use an agent	4	CONTINUE

ASK ALL

A2 Just to check the mix of people that we're speaking to, do you currently work in a tax or financial planning profession, or have you done so in the past?

Currently/previously worked in tax/financial planning profession	1	CONTINUE
Hasn't worked in these professions	2	CONTINUE

A3 Are you a business owner?

Yes	1	CONTINUE
No	2	CONTINUE

A4 That's excellent. Thank you. We will be conducting interviews between 17<sup>th</sup> February and 27<sup>th</sup> March. When would be a good time and place for an interview?

RECRUITER: PLEASE CHECK AVAILABILITY OF INTERVIEWER BEFORE PROCEEDING

<b>Date</b>	
<b>Time</b> (record in 24 hour)	
<b>Location</b> (please record full address and postcode of where the interview is to take place)	
<b>Other instructions</b> (e.g. directions to the venue, or to a specific room, or who they should ask for on arrival)	

ASK ALL

A5 Thanks. Just in case our interviewer is unable to make that date, are there any other dates that would be convenient?

WRITE IN OTHER SUITABLE DATES. FINE TO WRITE IN MORE GENERAL AVAILABILITY (E.G. THURSDAY MORNINGS)

NO OTHER CONVENIENT TIME	1	CONTINUE
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ASK ALL

A6 Thinking about the interview – can I just check whether there are any facilities or measures we need to provide to ensure you can participate fully in the discussion?

*ADD IF NECESSARY:* For example, to do with how you communicate with other people, how the researcher communicates with you, or to do with getting to, or into, the location where the discussion takes place:

Yes	1	RECORD DETAILS OF NEEDS AND CONTINUE
No	2	CONTINUE

ASK ALL

A7 Thank you very much. To confirm, one of IFF Research’s senior researchers will visit you at [LOCATION] on [DATE] at [TIME].

IF EMAIL ADDRESS NOT PROVIDED YET: Could you please tell me your email address so that I can send these details over to you?

IF HAVE EMAIL ADDRESS: We’ll send over details of the interview by email. Can I check that [EMAIL ADDRESS] is the correct email address to send this to?

*ADD IF NECESSARY:* We only use your email address to send over details of your appointment. It will not be used for any other purposes or shared with any third parties.

WRITE IN IF NEW EMAIL PROVIDED		
REFUSED	1	CONTINUE

ASK ALL

A8 Could you please provide us with your contact number? This is just in case we need to call you about the face-to-face interview e.g. to confirm the appointment / if we need to rearrange/if we have difficulties finding your location.

CONTACT NUMBER	
----------------	--

ASK ALL

A9 Just to confirm, we'll be keeping your anonymised responses to the interview for analysis purposes and if you'd like a copy of your data, to change your data or for your data to be deleted then please go to <http://www.iffresearch.com/gdpr/> for more information.

**You can withdraw from the research at any point. If you would like to withdraw from the research, if you would like to rearrange your appointment or have any other questions about the research you can get in touch with Marc Cranney ([marc.cranney@iffresearch.com](mailto:marc.cranney@iffresearch.com)) or Luke Catterson ([luke.catterson@iffresearch.com](mailto:luke.catterson@iffresearch.com)) or via 020 7250 3035.**

***IF NEEDED:* You also have a right to lodge a complaint with the Information Commissioners Office (ICO) and you can do so by calling their helpline on 0303 123 1113.**

## Topic guide for wealthy individuals

### Background for interviewer

#### **Background**

We've been commissioned by HM Revenue & Customs (HMRC) to conduct research to help better address the levers and barriers to a more co-operative approach with wealthy customers (incomes of over £200,000 and/or assets of over £2 million) and their tax agents in order to drive up voluntary compliance and improve the health of the tax system.

A long-term strategy for the wealthy customer group has been developed by HMRC to address the challenges posed by this customer group. It has been found that the information wealthy customers report on statutory returns doesn't give HMRC sufficient understanding of the optimum time to support assurance of their tax position. However, there is some evidence that a more co-operative relationship between HMRC, agents and customers could increase transparency, provide earlier certainty and drive up voluntary compliance.

HMRC wish to commission this qualitative study to provide information regarding the underlying needs, motivations and concerns of wealthy clients and their agents in relation to a more cooperative approach.

## A Introduction (2 minutes)

<ul style="list-style-type: none"> <li>● <b>Interviewer and IFF introduction and background:</b> Thank you for agreeing to take part in this interview. I'm [name] from IFF Research. We're a completely independent research organisation. We've been commissioned by HMRC to conduct this research because they want to understand more about your relationship and interactions with your agent and HMRC. The research will explore your views on how HMRC currently works with you and your agent to understand what HMRC could do to foster a more cooperative approach in the future.</li> <li>● <b>MRS Code of Conduct:</b> IFF Research operates under the strict guidelines of the Market Research Society's Code of Conduct. We will not pass any of your details on to any other companies. Our research complies with EU GDPR legislation.</li> <li>● <b>Confidentiality:</b> Your participation in this research is strictly anonymous HMRC will not know which individuals IFF have spoken to. All the information we collect will be kept in the strictest confidence and used for research purposes only. Taking part in this research will not affect your current or future arrangements with HMRC in any way.</li> <li>● <b>Reporting findings:</b> Our report will use anonymised quotes but won't mention anything that could identify you, and it will report your views alongside those of other wealthy individuals and tax agents.</li> <li>● <b>This interview:</b> The interview will take around 60 minutes to complete. I'd be very grateful if you could answer all of my questions today, but participation is of course completely voluntary, so if there is something you don't wish to answer, it's fine just to say so.</li> <li>● <b>Data use:</b> Under General Data Protection Regulations (GDPR) you have the right to have a copy of your data, change your data or withdraw from the research at any point.</li> </ul> <p><b>Based on this information, are you happy to continue?</b></p> <table border="1"> <tr> <td>Yes</td> <td>1</td> </tr> <tr> <td>No</td> <td>2</td> </tr> </table> <ul style="list-style-type: none"> <li>● <b>Permission to record:</b> Finally, are you happy for me to record the interview. This is just to save me having to write down today everything you say. The recording will be stored on an encrypted area of our server at IFF and only the IFF researchers will have access to it. It will be destroyed at the end of the research.</li> </ul> <table border="1"> <tr> <td>Yes</td> <td>1</td> </tr> <tr> <td>No</td> <td>2</td> </tr> </table>	Yes	1	No	2	Yes	1	No	2	<p><b>PROCESS NOTES:</b></p> <p><i>The purpose of this section is to thank the participant for agreeing to participate in the research and introduce them to its aims and objectives.</i></p>
Yes	1								
No	2								
Yes	1								
No	2								

## B Background (3 minutes)

<p><b>I'd like to start the interview by getting to know a bit more about you.</b></p> <p><b>B1 Please could you give me a very brief overview of your current situation?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"> <li>● Where currently based</li> <li>● Current income streams (e.g. salary, income from property, business or investment income)</li> <li>● Background to sources of income/wealth</li> </ul> <p><b>B2 What impacts do you feel that your level and source of wealth has on managing your tax affairs and why?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"> <li>● What challenges do you face when it comes to tax?</li> <li>● How do you manage these challenges?</li> </ul>	<p><b>PROCESS NOTES:</b>  <i>This section is part warm up, part context.</i></p> <p><i>For the purposes of this research we are defining a wealthy individual as someone with an income over £200,000 and/or assets of £2 million or more.</i></p> <p><i>Please keep this section brief – it is designed to give some brief contextual information to the agent.</i></p>
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## C Culture/social norms (10 mins)

<p><b>Thanks for that. I'd now like to move on to talk in more detail about how you think and talk about tax in general.</b></p> <p><b>C1 How would you describe the culture of how you think and talk about your finances, and tax in particular?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"> <li>● How much do you tend to talk about tax? Why?</li> <li>● What do you tend to discuss? Who do you discuss tax with?</li> <li>● How do your friends/family/colleagues talk about tax?</li> <li>● What sort of language do you use when you talk about tax?</li> <li>● Are there any things that are 'off-limits' for discussion?</li> <li>● Do you follow any social codes when it comes to tax? If so, which codes and why?</li> </ul> <p><b>C2 How, if at all, has the way you think and talk about tax changed in the past few years? Why do you think that's been the case?</b></p>	<p><b>PROCESS NOTES:</b>  <i>This section is to the explore social norms of wealthy individuals when it comes to tax.</i></p> <p><i>We want to know how they tend to think and talk about tax.</i></p> <p><b><i>This is a key section for the research.</i></b></p>
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<p><b>C3 Would you say that you actively seek out information and advice about tax or that you have a more passive approach to this? Why?</b></p> <p><b>C4 Where would you say that you tend to get information and advice about tax? What channels of information tend to impact your views on the subject?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"> <li>● Friends/family/colleagues?</li> <li>● Tax agents/advisors?</li> <li>● Lawyers?</li> <li>● General political climate?</li> <li>● Coverage in the media?</li> <li>● Anywhere else?</li> </ul> <p><b>C5 How do you think this culture of how you talk and think about tax impacts on how you tend to handle your tax affairs? And how does this influence your interaction with your agents?</b></p> <p><b>C6 Do you think people have a moral obligation to pay taxes? Why do you say that? What factors have influenced your view on this?</b></p> <p><b>C7 Do you think that wealthy individuals feel there is a social obligation to pay taxes? Why/why not? What do you think would need to happen to make more wealthy individuals think of tax as a social obligation?</b></p>	
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## D Current relationship with agents/advisors and decision-making around life events (20 mins)

<p><b>Thanks for that. I'd now like to explore your current relationship with agents/advisors in more detail.</b></p> <p><b>D1 Please could you tell me about the agents/advisors that you currently use and your decision-making process in terms of selecting them?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"> <li>● How many agents/advisors do you currently use to help you manage your tax affairs?</li> <li>● How did you go about selecting the agents/advisors that you currently use? What did that decision-making process look like? Did you select your agents/advisors based on a referral, their reputation or something else?</li> </ul>	<p><i>PROCESS NOTES:</i></p> <p><i>The first part of this section is designed to explore individuals' relationships with agents/advisors they use to help them manage their tax affairs.</i></p>
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<ul style="list-style-type: none"><li>● What were you looking for in an agent/advisor? Why was this important?</li><li>● How long have you used your current agents/advisors? What triggered you to engage with them in the first instance?</li></ul> <p><i>ASK IF USE MULTIPLE AGENTS/ADVISORS AND HAS NOT COME UP IN CONVERSATION ALREADY:</i></p> <ul style="list-style-type: none"><li>● Please could you tell me a bit more about why you use multiple agents/advisors to help you manage your tax affairs?</li><li>● What events/issues, if any, triggered you to engage with multiple different agents/advisors? Why did this prompt you to engage with different agents/advisors?</li></ul> <p><b>D2 Please could you talk me through how you currently interact with your agents/advisors in relation to your tax affairs?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"><li>● How frequently do you tend to communicate with your agents/advisors about your tax affairs? Who tends to initiate this contact?</li><li>● Do you tend to get in touch with them on an ad hoc basis or do you so regularly?</li><li>● What types of life-events or issues might trigger communication between you and your agents/advisors?</li><li>● What, if any, future-planning about your tax affairs do you conduct with your agents/advisors? What would tend to prompt you to do this?</li></ul> <p><b>D3 Who else tends to be involved in the decisions you make with your advisers in relation to your tax affairs and how?</b></p> <p><i>PROMPT FOR ROLE PLAYED BY THE FOLLOWING:</i></p> <ul style="list-style-type: none"><li>● Banks?</li><li>● Financial advisers?</li><li>● Solicitors?</li><li>● Trust specialists?</li><li>● Any other parties?</li></ul> <p><b>D4 How does each of these interact with your agents/advisors when it comes to decisions about your tax affairs?</b></p>	
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<p><b>D5 To what extent would you say decisions you make about your tax affairs are driven by your interaction with agents/advisers? Why do you say that?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"><li>● Are there any types of decisions that are more/less likely to be driven by your agents/advisers? Why is that the case?</li></ul> <p><b>Thanks for that. I'd now like to talk more about your decision-making process when it comes to your tax affairs.</b></p> <p><b>D6 Could you describe the last 'journey' you made in terms of making a decision that impacted on your tax affairs?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"><li>● What event or change caused you to start this decision-making journey?</li><li>● Who initiated the decision-making process?</li><li>● What were you (or your agent) looking to achieve by making this decision about your tax affairs?</li><li>● Who was involved in the decision-making process? What triggered each 'party' to get involved in the process?</li><li>● How did the different people involved communicate as part of the decision-making process? What sorts of factors did they discuss/weigh-up? Who was driving the decision-making process?</li><li>● How did this impact, if at all, on the decision that you ultimately made?</li><li>● Were there any touchpoints with HMRC as part of this journey? If so, what did this involve/what was discussed? How, if at all, could this interaction have been improved?</li></ul>	<p><i>This part of this section is designed to explore what a customer 'journey' tends to look like for wealthy individuals when they engage with their agent and/or HMRC. To do this we want as much detail as possible about the last decision-making process they last made on an issue which impacted on their tax affairs.</i></p> <p><i>If a participant questions what we mean by a 'journey'. Explain that for the purposes of the research we are defining this as: "the end-to-end steps (including the thinking/advice) that precedes a transaction through to execution."</i></p>
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## E Existing Relationship with HMRC (17 mins)

<p><b>I'd now like to move on to talk about your current interactions with HMRC regarding your tax affairs.</b></p> <p><b>E1 How would you describe your current relationship with HMRC with regards to your tax affairs and why?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"> <li>● To what extent do you interact with HMRC? What does your interaction with HMRC involve?</li> <li>● Do you ever interact with HMRC directly or do you tend to do so via agents? Why is this the case? Are you more likely to interact with HMRC directly on certain types of issues or in particular circumstances? If so, when and why?</li> <li>● Do you use different types of agents to interact with HMRC depending on the type of interaction required? If so, why?</li> </ul> <p><b>E2 How would you describe HMRC's approach to working with you and your agents/advisors?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"> <li>● Are there any aspects of their current approach that are particularly positive? Which areas could be improved?</li> <li>● To what extent do you feel that you are currently working in partnership with HMRC? Why/why not?</li> </ul> <p><b>E3 How could HMRC change its approach to working with you and your agents/advisors to make it more constructive? PROBE: How else?</b></p> <p><i>PROBES FOR EACH SUGGESTION:</i></p> <ul style="list-style-type: none"> <li>● What difference would this make and why?</li> <li>● How important is it to you that HMRC has a constructive relationship with you? Why do say this?</li> <li>● Are there any points in the journey described earlier that would have benefitted from HMRC adopting a different approach to make it more constructive? How would this have helped?</li> </ul> <p><b>E4 What could HMRC do to make its relationship with wealthy individuals and their agents/advisors work more effectively? What practical steps would help HMRC do this?</b></p> <ul style="list-style-type: none"> <li>● How could HMRC encourage wealthy individuals to work in partnership with them to encourage and assure their tax position?</li> </ul>	<p><i>PROCESS NOTES:</i></p> <p><i>This section is to explore wealthy individuals' agents' current relationship with HMRC, before exploring views on how this could be improved.</i></p> <p><i>The most important section of Section E is E4 onwards – particularly the questions around agents views on what a more supportive relationship would look like (E6-E9).</i></p> <p><i>Please try to link any feedback given at E2 and E3 back to specific points mentioned around the 'typical' journey the respondent described at D6.</i></p>
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- How would this work in conjunction with your current use of agents/advisors to help you manage your tax affairs?

**As discussed at the start of the interview, HMRC are interested in fostering a more cooperative approach with wealthy individuals and their agents in the future. I'd like to explore this concept a bit more now.**

**E5 To what extent do you feel that HMRC's current approach to dealing with wealthy individuals and their agents is cooperative? Why do you say that?**

- What would need to change to make it more cooperative?

ALLOW FOR SPONTANEOUS RESPONSE THEN PROBE ON:

- Tone of relationship/communication. How and why?
- Type/frequency of interaction. How and why?
- Processes and tools in place. How and why?

**E6 To what extent would having a more cooperative approach with HMRC be of benefit to you? Why do you say that?**

- How would you be prepared to adapt your approach to dealing with HMRC if they were to have a more cooperative approach with you and your agents?

**E7 If HMRC were to adopt a more cooperative approach with wealthy individuals and their agents, how should they go about 'getting the message out' about this?**

*PROBES:*

- What are the key messages to say to agents? Through which channels should these be communicated?
- What are the key messages to individuals? Through which channels should these be communicated?
- What should be said to the public? Through which channels should these be communicated?

**E8 And what, if anything, would encourage you and your agents/advisors to adopt a more open / collaborative approach to dealing with HMRC?**

*PROBES:*

- What benefits/rewards would you expect to gain from adopting a more open/transparent relationship with HMRC? Why?

## F Further HMRC Influence (5 minutes)

<p><b>Thanks for that. Moving on now to explore what HMRC could do to influence some of the cultural issues we discussed earlier in the interview.</b></p> <p><b>F1 Do you feel like any of the social norms/aspects of culture we discussed earlier are unhealthy or unhelpful?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"><li>● Why do you say that?</li><li>● What, if anything, might change this culture?</li><li>● How could HMRC play a role in this?</li><li>● How could HMRC do this in a way that would foster a more cooperative relationship with wealthy individuals and their agents?</li></ul> <p><b>F2 Thinking about the latest decision-making journeys we discussed, are there points in the journey that an HMRC interaction might be helpful in achieving clarity and correctness in your tax affairs?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"><li>● Why do you say that?</li><li>● What would this look like?</li><li>● How do you think this would help?</li></ul>	<p><b>PROCESS NOTES:</b> <i>This section is explore what HMRC could do, if anything, to influence some of the social norms you will have discussed earlier in the discussion.</i></p>
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## G Summary and wrap-up (2 mins)

G1 **Is there anything else that you think would be useful for HMRC to know when planning how best to create more supportive relationships with wealthy individuals and their agents?**

G2 **Would you be happy for us to pass a transcript of this interview to HMRC, on an anonymised basis, so with any identifiers removed?**

<b>Yes</b>	
<b>No</b>	

**On behalf of HMRC and IFF Research, thanks very much for taking the time to take part in this important research.**

**Just to confirm, we'll be keeping your anonymised responses to the interview for analysis purposes and if you'd like a copy of your data, to change your data or for your data to be deleted then please get in contact with Luke Catterson or Marc Cranney at IFF on 020 7250 3035.**

*IF NECESSARY:*

**You also have a right to lodge a complaint with the Information Commissioners Office (ICO) and you can do so by calling their helpline on 0303 123 1113.**

*PROCESS NOTES: The purpose of this section is to thank the respondent and close the interview.*

I declare that this survey has been carried out under IFF instructions and within the rules of the MRS Code of Conduct.

Interviewer signature:

Finish time:

## Screener for agents

ASK ALL

- S1 Good morning/afternoon. My name is NAME and I'm calling from IFF Research. We're conducting some important research on behalf of HMRC to explore how they currently work with your business regarding the tax affairs of your wealthy clients. Please could I speak to someone who can help with this?

Transferred	1	CONTINUE
Hard appointment	2	MAKE APPOINTMENT
Soft Appointment	3	
Engaged	4	CALL BACK
Refusal	5	CLOSE
Refusal – company policy	6	
Refusal – Taken part in recent survey	7	
Nobody at site able to answer questions	8	
Not available in deadline	9	
Fax Line	10	
No reply/Answer phone	11	
Residential Number	12	
Dead line	13	
Company closed	14	
Request reassurance email		COLLECT EMAIL ADDRESS THEN CONTINUE OR MAKE APPOINTMENT  (SEE APPENDIX FOR EMAIL TEXT)

ASK ALL

S2 Good morning/afternoon. My name is NAME and I'm calling from IFF Research, an independent market research company, on behalf of HMRC.

We'd like to invite you to participate in an in some important research that we are conducting for HMRC. The research will explore your views on how HMRC currently works with you regarding the tax affairs of your wealthy clients, to help HMRC understand how they might be able to foster a more cooperative approach in the future.

Your business was randomly selected by HMRC as one that might be able to help HMRC understand more about this. Your business should have received a letter from Alan Blaney, Deputy Director for Wealthy Customers at HMRC, letting you know about the research.

ADD IF NECESSARY: We could email you a copy of this letter now if you'd like.

The research would involve one of our senior interviewers conducting a face-to-face interview with you. We could visit you at your office, or anywhere convenient, at a time to suit you. We'd expect the interview to last around 60 minutes, depending on how much you have to say.

Participation in the research is completely confidential and will not have any impact on any current or future dealings with HMRC.

IFF Research will not disclose to HMRC which individuals and businesses have taken part in the research. Your responses will be completely anonymous and used for research purposes only. Your personal details will be stored securely separately to your interview responses and destroyed within 3 months of taking part.

Our research adheres to GDPR legislation and the interview will be conducted in accordance with the Market Research Society Code of Conduct. If you were to take part you would have the right to have a copy of your data, change your data or withdraw from the research at any point.

Based on this information, would you be willing to take part in an interview?

ADD IF NECESSARY: This research will be used to help improve the service that HMRC provides to their wealthy customers and their agents. Your participation in the research would be really appreciated.

Yes	1	CONTINUE
No	2	THANK AND CLOSE
Request reassurance email	3	COLLECT EMAIL ADDRESS THEN CONTINUE OR MAKE AN APPOINTMENT  (SEE APPENDIX FOR EMAIL TEXT)

ASK ALL

S3 This call may be recorded for quality and training purposes only.

**REASSURANCES TO USE IF NECESSARY**

This initial call will take around 5 minutes. The face-to-face interview will take up to 60 minutes to complete, depending on your answers.

Please note that all data will be reported in aggregate form. Any answers you do give will not be reported to HMRC in any way that would allow you or your business to be identified. Participation in the research will not impact on any of your current or future dealings with HMRC.

If respondent wishes to confirm validity of survey or get more information about aims and objectives, they can call:

**MRS: Market Research Society on 0800 975 9596**

**IFF: Marc Cranney ([marc.cranney@iffresearch.com](mailto:marc.cranney@iffresearch.com)) or Luke Catterson ([luke.catterson@iffresearch.com](mailto:luke.catterson@iffresearch.com)) or via 020 7250 3035.**

**HMRC: Victoria Swensson ([victoria.swensson@hmrc.gov.uk](mailto:victoria.swensson@hmrc.gov.uk)) - 03000 559262.**

ASK ALL

A1 Before we arrange the interview, can I just check, do you personally work with wealthy clients?

By this we mean clients with income of over £200,000 per annum or assets worth over £2m.

Yes	1	CONTINUE
No	2	CONTINUE TO A2

IF NO INVOLVEMENT WITH WEALTHY INDIVIDUALS (A1=2)

A2 Thank you. For this study we are interested in speaking to agents who personally focus on working with wealthy clients. Is there anybody else in your organisation you could refer us to who does this?

Yes	1	TAKE NAME, TELEPHONE NUMBER AND EMAIL ADDRESS, THEN THANK AND CLOSE.  NAME: _____ TEL: _____ EMAIL: _____
No	2	THANK AND CLOSE

ASK ALL

A3 How many people work for your business?

Sole practitioners	1	CHECK AND CONTINUE
1-9	2	CHECK AND CONTINUE
10-49	3	CHECK AND CONTINUE
50-249	4	CHECK AND CONTINUE
250+	5	CHECK AND CONTINUE

ASK ALL

A4 And approximately how many wealthy clients does your business represent?

By this we mean clients with income of over £200,000 per annum or assets worth over £2m.

RECORD RESPONSE (ESTIMATES ARE FINE)	
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ASK ALL

A5 That's excellent. Thank you. We will be conducting interviews between 17<sup>th</sup> February and 27<sup>th</sup> March. When would be a good time and place for an interview?

**RECRUITER: PLEASE CHECK AVAILABILITY OF INTERVIEWER BEFORE PROCEEDING**

<b>Date</b>	
<b>Time</b>  (record in 24 hour)	
<b>Location</b>  (please record full address and postcode of where the interview is to take place)	
<b>Other instructions</b>  (e.g. directions to the venue, or to a specific room, or who they should ask for on arrival)	

ASK ALL

- A6 Thanks. Just in case our interviewer is unable to make that date, are there any other dates that would be convenient?

WRITE IN OTHER SUITABLE DATES. FINE TO WRITE IN MORE GENERAL AVAILABILITY (E.G. THURSDAY MORNINGS)		
NO OTHER CONVENIENT TIME	1	CONTINUE

ASK ALL

- A7 Thank you very much. To confirm, one of IFF Research's senior researchers will visit you at [LOCATION] on [DATE] at [TIME].

IF EMAIL ADDRESS NOT PROVIDED YET: Could you please tell me your email address so that I can send these details over to you?

IF HAVE EMAIL ADDRESS: We'll send over details of the interview by email. Can I check that [EMAIL ADDRESS] is the correct email address to send this to?

ADD IF NECESSARY: We only use your email address to send over details of your appointment. It will not be used for any other purposes or shared with any third parties.

WRITE IN IF NEW EMAIL PROVIDED		
REFUSED	1	CONTINUE

ASK ALL

- A8 Could you please provide us with your contact number? This is just in case we need to call you about the face-to-face interview e.g. to confirm the appointment / if we need to rearrange/if we have difficulties finding your location.

CONTACT NUMBER	
----------------	--

ASK ALL

A9 Just to confirm, we'll be keeping your anonymised responses to the interview for analysis purposes and if you'd like a copy of your data, to change your data or for your data to be deleted then please go to <http://www.iffresearch.com/gdpr/> for more information.

**You can withdraw from the research at any point. If you would like to withdraw from the research, if you would like to rearrange your appointment or have any other questions about the research you can get in touch with Marc Cranney ([marc.cranney@iffresearch.com](mailto:marc.cranney@iffresearch.com)) or Luke Catterson ([luke.catterson@iffresearch.com](mailto:luke.catterson@iffresearch.com)) or via 020 7250 3035.**

***IF NEEDED:* You also have a right to lodge a complaint with the Information Commissioners Office (ICO) and you can do so by calling their helpline on 0303 123 1113.**

## Topic guide for agents

### Background for interviewer

#### **Background**

We've been commissioned by HM Revenue & Customs (HMRC) to conduct research to help better address the levers and barriers to a more co-operative approach with wealthy customers (incomes of over £200,000 and/or assets of over £2 million) and their tax agents in order to drive up voluntary compliance and improve the health of the tax system.

A long-term strategy for the wealthy customer group has been developed by HMRC to address the challenges posed by this customer group. It has been found that the information wealthy customers report on statutory returns doesn't give HMRC sufficient understanding of the risks they pose at the optimum time to assure their tax position. However, there is some evidence that a more co-operative relationship between HMRC, agents and customers could increase transparency, provide earlier certainty and drive up voluntary compliance.

HMRC wish to commission this qualitative study to provide information regarding the underlying needs, motivations and concerns of agents and their wealthy clients in relation to a more cooperative approach and to better understand the current and potential role of agents in assuring tax compliance. The two key research questions for this project are how HMRC can get a better understanding of: (a) the way things work between customers and agents including the role agents play in decision making and influencing customer tax behaviour; and (b) how HMRC might incentivise a more co-operative open approach with agents and leverage their role in order to assure their tax position.

*Throughout the interview please try to ensure that the respondent is answering from the standpoint of their business, as opposed to expressing a personal point of view.*

## A Introduction (2 minutes)

<ul style="list-style-type: none"> <li>● <b>Interviewer and IFF introduction and background:</b> Thank you for agreeing to take part in this interview. I'm [name] from IFF Research. We're a completely independent research organisation. We've been commissioned by HMRC to conduct this research because they want to understand more about your relationship and interactions with your clients and HMRC when managing or advising on the tax affairs of wealthy individuals. The research will explore your views on how HMRC currently works with you and your clients, to understand what HMRC could do to foster a more cooperative approach in the future.</li> <li>● <b>MRS Code of Conduct:</b> IFF Research operates under the strict guidelines of the Market Research Society's Code of Conduct. We will not pass any of your details on to any other companies. Our research complies with EU GDPR legislation.</li> <li>● <b>Confidentiality:</b> Your participation in this research is strictly anonymous. HMRC will not know which individuals or businesses IFF have spoken to. All the information we collect will be kept in the strictest confidence and used for research purposes only. Taking part in this research will not affect your current or future arrangements with HMRC in any way.</li> <li>● <b>Reporting findings:</b> Our report will use anonymised quotes but won't mention anything that could identify you, and it will report your views alongside those of other tax agents and wealthy individuals.</li> <li>● <b>This interview:</b> The interview will take around 60 minutes to complete. I'd be very grateful if you could answer all of my questions today, but participation is of course completely voluntary, so if there is something you don't wish to answer, it's fine just to say so.</li> <li>● <b>Data use:</b> Under General Data Protection Regulations (GDPR) you have the right to have a copy of your data, change your data or withdraw from the research at any point.</li> </ul> <p><b>Based on this information, are you happy to continue?</b></p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tr> <td style="width: 50%; padding: 5px;">Yes</td> <td style="width: 50%; padding: 5px; text-align: center;">1</td> </tr> <tr> <td style="padding: 5px;">No</td> <td style="padding: 5px; text-align: center;">2</td> </tr> </table> <ul style="list-style-type: none"> <li>● <b>Permission to record:</b> Finally, are you happy for me to record the interview. This is just to save me having to write down today everything you say. The recording will be stored on an encrypted area of our server at IFF and only the IFF researchers will have access to it. It will be destroyed at the end of the research.</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">Yes</td> <td style="width: 50%; padding: 5px; text-align: center;">1</td> </tr> <tr> <td style="padding: 5px;">No</td> <td style="padding: 5px; text-align: center;">2</td> </tr> </table>	Yes	1	No	2	Yes	1	No	2	<p><b>PROCESS NOTES:</b></p> <p><i>The purpose of this section is to thank the participant for agreeing to participate in the research and introduce them to its aims and objectives.</i></p>
Yes	1								
No	2								
Yes	1								
No	2								

## B Background (3 minutes)

<p><b>I'd like to start the interview by getting to know a bit more about your company and your relationship with wealthy individuals.</b></p> <p><b>B1 Please could you give me a very brief overview of your business to start with?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"> <li>● Main activities</li> <li>● Number of clients</li> <li>● Type of client base</li> <li>● Areas of specialism</li> </ul> <p><b>B2 Approximately how many clients does your business represent?</b></p> <p><b>B3 What proportion of your client base are 'wealthy individuals'?</b></p> <p><i>(Please note for the purposes of this research we are defining wealthy individuals as those with incomes over £200,000 and/or assets over £2m.)</i></p> <p><b>B4 How do you tend to market your business to prospective clients? Do you tend to conduct any specific types of marketing to acquire 'wealthy individuals'?</b></p> <p><b>B5 How do you tend to acquire your clients that are 'wealthy individuals'?</b></p> <p><b>B6 How, if at all, have your dealings with wealthy individuals changed in the last few years?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"> <li>● Has the number of wealthy individuals you advise increased or decreased? Why do you think that's the case?</li> <li>● How, if at all, has the type of advice you give to wealthy individuals changed? Why do you think that's the case?</li> </ul>	<p><b>PROCESS NOTES:</b>  <i>This section is part warm up, part context.</i></p> <p><i>For the purposes of this research we are defining a wealthy individual as someone with an income over £200,000 and/or assets of £2 million or more.</i></p> <p><i>Please keep this section brief – it is designed to give some brief contextual information to the agent.</i></p>
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## C Culture/social norms (15 mins)

<p><b>Thanks for that. I'd now like to move on to talk in more detail about how your wealthy clients think and talk about tax in general.</b></p> <p><b>C1 How would you describe the culture of your wealthy clients when it comes to their finances and tax in particular?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"> <li>● How much do your wealthy clients talk to you about this?</li> <li>● How frequently is this discussed? What usually triggers these types of discussions?</li> <li>● What things do they tend to discuss?</li> <li>● What sort of language is used when they talk about tax?</li> <li>● Are there any things that are 'off-limits' for discussion?</li> </ul> <p><b>C2 To what extent would you say that the following factors impact on your wealthy clients' general views on tax and the decisions they make when it comes to their tax affairs?</b></p> <p><i>FACTORS TO PROBE ON:</i></p> <ul style="list-style-type: none"> <li>● Gender? If so, how and why?</li> <li>● Age? If so, how and why?</li> <li>● Type of wealth (e.g. inherited wealth or wealth earned)? If so, how and why?</li> <li>● Vocation/type of industry that the individual is involved with? If so, how and why?</li> </ul> <p><b>C3 To what extent do you think that your wealthy clients feel that individuals have a social responsibility to pay taxes? Why/why not?</b></p> <p><b>C4 To what extent would you say that your wealthy clients feel that they have a moral obligation to pay taxes? Why/why not?</b></p> <p><b>C5 How does this type of culture affect how tax affairs are spoken about and handled?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"> <li>● Why do you think the case?</li> <li>● To what extent do your wealthy clients have the same/similar views when it comes to tax in general?</li> </ul>	<p><b>PROCESS NOTES:</b>  <i>This section is to the explore social norms of wealthy individuals when it comes to tax.</i></p> <p><i>We want to know how they tend to think and talk about tax.</i></p> <p><b><i>This is a key section for the research.</i></b></p> <p><b><i>IF THE PARTICIPANT SAYS EVERYONE IS DIFFERENT PLEASE TRY TO ASK THEM ABOUT HOW THEIR CLIENTS WITH THE MOST COMPLEX TAX AFFAIRS THINK AND TALK ABOUT MONEY (E.G. THOSE WITH INTERNATIONAL TAX AFFAIRS OR LEGAL INTERPRETATION ISSUES).</i></b></p>
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<p>C6 <b>How, if at all, do you think this culture around tax has changed in recent years? Why do you think that's the case?</b></p>	
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**D Decision-making and life events (10 mins)**

<p><b>Thanks for that. I'd now like to talk about your wealthy clients and their decision-making with regards to tax.</b></p> <p>D1 <b>Could you briefly describe the types of wealthy clients that you tend to advise?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"> <li>● Who are they?</li> <li>● Where does their income come from?</li> <li>● What are their goals?</li> <li>● What are their concerns?</li> <li>● What types of factors do they tend to consider/weigh-up when it comes to making decisions about their tax affairs?</li> </ul> <p>D2 <b>Please could you talk me through how you tend to communicate with you wealthy clients about their tax affairs?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"> <li>● Do you tend to communicate with your wealthy clients on a regular or ad hoc basis?</li> <li>● Do they tend to get in touch with you to raise a query about their tax affairs or would you tend to initiate communications on those issues?</li> <li>● What types of events/situations might trigger your wealthy clients to get in touch with you to discuss any decisions that might impact on their tax affairs?</li> </ul>	<p><i>PROCESS NOTES:</i> This section is designed to explore what the customer journey tends to look like for wealthy individuals when they engage with their agent and/or HMRC.</p> <p><i>It would be good to explore what this interaction looks like, and what factors are driving and influencing this interaction.</i></p> <p><i>IF THE PARTICIPANT IS STRUGGLING TO TALK ABOUT A TYPICAL JOURNEY TRY ASKING THEM ABOUT THEIR MOST COMPLEX CUSTOMERS AND A SCENARIO FOR THAT TYPE OF PERSON</i></p>
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<ul style="list-style-type: none"> <li>● What types of events/situations would trigger you to get in touch with your wealthy clients to discuss any decisions that might impact on their tax affairs?</li> <li>● How does the communication that you have with your wealthy clients differ between when it occurs as part of annual decision-making and when it is prompted by a specific life event? How and why?</li> <li>● Do you tend to hold events or other promotional activities such as seminars with your wealthy clients to discuss tax issues? If so, what do these tend to be on? When, how and where do these take place?</li> </ul> <p><b>D3 Which other parties tend to be in communication with your wealthy clients when it comes to decisions about their tax affairs?</b></p> <p><i>PROMPT TO EXPLORE KNOWLEDGE OF INTERACTION WITH:</i></p> <ul style="list-style-type: none"> <li>● Other specialist advisers?</li> <li>● Banks?</li> <li>● Financial advisers?</li> <li>● Solicitors?</li> <li>● Trust specialists?</li> <li>● Any other parties?</li> </ul> <p>PROBE ON THE FOLLOWING FOR EACH DIFFERENT PARTY INVOLVED:</p> <ul style="list-style-type: none"> <li>● To what extent do you tend to communicate with these other parties when it comes to the tax affairs of your wealthy clients? Why/why not?</li> <li>● What types of events or scenarios would prompt you to be in communication with any of these other parties?</li> <li>● How would you tend to communicate with these other parties? What sorts of issues would you tend to discuss?</li> </ul>	<p><i>if a participant questions what we mean by a 'journey'. Explain that for the purposes of the research we are defining this as: "the end-to-end steps (including the thinking/advice) that precedes a transaction through to execution.</i></p> <p><i>IF THE PARTICIPANT IS STRUGGLING TO TALK ABOUT A TYPICAL JOURNEY TRY ASKING THEM ABOUT THEIR MOST COMPLEX CUSTOMERS AND A SCENARIO FOR THAT TYPE OF PERSON</i></p>
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<p>● Who tends to be driving the decisions that are made by your wealthy clients with regards to their tax affairs?</p> <p><b>D4 Now could you describe a ‘typical journey’ around the decision-making process when it comes to a wealthy client’s tax affairs?</b></p> <p><b>Examples</b></p> <ol style="list-style-type: none"><li><b>1. Advising a client through tax events involving disposal of assets and calculating resultant Capital Gains Tax position.</b></li><li><b>2. Supporting a client through Inheritance tax planning</b></li><li><b>3. Advising on tax residence or domicile “tests”, considerations and consequences</b></li><li><b>4. Dealing with complex employment tax issues such as remuneration from Directorships, termination payments, pensions relief etc.</b></li></ol>	
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## E Existing Relationship with HMRC/Reciprocity (20 mins)

<p><b>I'd now like to move on to talk about your current interactions with HMRC regarding the tax affairs of your wealthy clients.</b></p> <p><b>E1 How would you describe your current relationship with HMRC with regards to the tax affairs of your wealthy clients and why?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"> <li>To what extent do you interact with HMRC on behalf of your wealthy clients? What does your interaction with HMRC on behalf of your wealthy clients involve?</li> <li>Do any of your wealthy clients interact with HMRC directly? Why is this the case? Are they more likely to interact directly on certain types of issues or particular circumstances? If so, when and why?</li> </ul> <p><b>E2 How would you describe HMRC's approach to working with you in relation to these types of clients?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"> <li>Are there any aspects of the current approach that are particularly positive? Which areas could be improved?</li> <li>To what extent do you feel that you are currently working in partnership with HMRC to encourage and assure your clients' tax position? Why?</li> <li>How important is it that HMRC has a constructive relationship with you and your wealthy clients? Why do you say this?</li> </ul> <p><b>E3 How could HMRC change its approach to make it more constructive or co-operative? PROBE: How else?</b></p> <p><i>PROBES FOR EACH SUGGESTION:</i></p> <ul style="list-style-type: none"> <li>What difference would this make and why?</li> </ul> <p><b>PROBES TO PROMPT FURTHER DISCUSSION/GIVE THE RESPONDENT SOME IDEAS</b></p> <ul style="list-style-type: none"> <li>Regular reviews with HMRC?</li> <li>HMRC dealing with individuals with a history of compliance differently?</li> <li>More accessible digital services/interface?</li> <li>Enhanced "guided compliance" by targeting guidance more proactively?</li> <li>Managing clients on a portfolio level with agent firms/branches?</li> <li>HMRC having a more graduated approach to working with clients?</li> </ul>	<p><i>PROCESS NOTES:</i></p> <p><i>This section is to explore wealthy individuals'/agents' current relationship with HMRC, before exploring views on how this could be improved.</i></p> <p><i>The most important section of Section E is E4 onwards – particularly the questions around agents views on what a reciprocal relationship would look like (E6-E9).</i></p> <p><i>Earlier questions in this section are required for background/context only as we have covered these in more depth in previous research.</i></p>
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<p>E4 <b>What could HMRC do to make the HMRC/agent relationship or interactions with them work more effectively? What practical steps would help HMRC do this?</b></p> <ul style="list-style-type: none"><li>● How could HMRC encourage agents to work in partnership with them to encourage and assure tax among wealthy individuals?</li></ul> <p>E5 <b>As discussed at the start of the interview, HMRC are interested in fostering a more cooperative approach, where they provide earlier tax assurance where customers work with them in an open and transparent way.</b></p> <p><b>What are your initial views on this in terms of how it might impact on how you deal with HMRC on behalf of your wealthy clients?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"><li>● How would you explain this concept to your wealthy clients?</li></ul> <p>E6 <b>What would this approach look like if applied to your relationship with the HMRC?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"><li>● To what extent do you feel the current relationship is cooperative and why?</li><li>● What would need to change to make it more cooperative?</li></ul> <p>ALLOW FOR SPONTANEOUS RESPONSE THEN PROBE ON:</p> <ul style="list-style-type: none"><li>● Tone of relationship/communication. How and why?</li><li>● Type/frequency of interaction. How and why?</li><li>● Processes and tools in place. How and why?</li><li>● Mutual openness and transparency?</li></ul> <p>E7 <b>How, if at all, would it be beneficial to your business and your wealthy clients if HMRC were to adopt a more cooperative approach with you? Why do you think that would be the case?</b></p> <p>E8 <b>What would be the drawbacks of HMRC adopting a more cooperative approach with you and your wealthy clients? Why do you think that would be the case?</b></p> <p>E9 <b>What types of defined benefits/rewards would wealthy individuals and their agents expect to gain from entering into a more cooperative relationship with HMRC?</b></p>	
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<p>E10 <b>What would wealthy individuals and their agents offer HMRC in return for this type of relationship?</b></p> <p>E11 <b>To what extent would you describe HMRC's current relationship with you and your wealthy clients as transparent? Why do you say that?</b></p> <p>E12 <b>To what extent would you describe your current approach to dealing with HMRC on behalf of your wealthy clients as transparent? Why do you say that?</b></p> <p>E13 <b>What, if anything, would incentivise you to be more open and transparent with HMRC in relation to the tax affairs of your wealthy clients? Why would that encourage you to be more open?</b></p> <p>E14 <b>If HMRC were to adopt a more cooperative relationship with wealthy individuals and their agents, how should they go about 'getting the message out' about this?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"><li>● What are the key messages to say to agents? Through which channels should these be communicated?</li><li>● What are the key messages to individuals? Through which channels should these be communicated?</li><li>● What should be said to the public? Through which channels should these be communicated?</li></ul>	
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## F Further HMRC Influence (5 minutes)

<p><b>Thanks for that. Moving on now to explore what HMRC could do to influence some of the cultural issues we discussed earlier in the interview.</b></p> <p><b>F1 Do you feel like any of the social norms/aspects of culture we discussed earlier are unhealthy or unhelpful?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"><li>● Why do you say that?</li><li>● What, if anything, might change this culture?</li><li>● How could HMRC play a role in this?</li><li>● How could HMRC do this in a way that would foster a more reciprocal relationship with wealthy individuals and their agents?</li></ul> <p><b>F2 Thinking about the typical decision-making journeys we discussed, are there points in the journey that an HMRC interaction might be helpful in achieving clarity and certainty in an individual's tax affairs?</b></p> <p><i>PROBES:</i></p> <ul style="list-style-type: none"><li>● Why do you say that?</li><li>● What would this look like?</li><li>● How do you think this would help?</li></ul>	<p><i>PROCESS NOTES:</i> This section is explore what HMRC could do, if anything, to influence some of the social norms you will have discussed earlier in the discussion.</p>
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## G Summary and wrap-up (3 mins)

G1 **Is there anything else that you think would be useful for HMRC to know when planning how best to create more cooperative relationships with wealthy individuals such as your clients?**

G2 **Would you be happy for us to pass a transcript of this interview to HMRC, on an anonymised basis, so with any identifiers removed?**

<b>Yes</b>	
<b>No</b>	

**On behalf of HMRC and IFF Research, thanks very much for taking the time to take part in this important research.**

**Just to confirm, we'll be keeping your anonymised responses to the interview for analysis purposes and if you'd like a copy of your data, to change your data or for your data to be deleted then please get in contact with Luke Catterson or Marc Cranney at IFF on 020 7250 3035.**

*IF NECESSARY:*

**You also have a right to lodge a complaint with the Information Commissioners Office (ICO) and you can do so by calling their helpline on 0303 123 1113.**

*PROCESS NOTES: The purpose of this section is to thank the respondent and close the interview.*

I declare that this survey has been carried out under IFF instructions and within the rules of the MRS Code of Conduct.

Interviewer signature:

Finish time:

“IFF Research illuminates the world for organisations businesses and individuals helping them to make better-informed decisions.”

Our Values:

1. Being human first:

Whether employer or employee, client or collaborator, we are all humans first and foremost. Recognising this essential humanity is central to how we conduct our business, and how we lead our lives. We respect and accommodate each individual's way of thinking, working and communicating, mindful of the fact that each has their own story and means of telling it.

2. Impartiality and independence:

IFF is a research-led organisation which believes in letting the evidence do the talking. We don't undertake projects with a preconception of what “the answer” is, and we don't hide from the truths that research reveals. We are independent, in the research we conduct, of political flavour or dogma. We are open-minded, imaginative and intellectually rigorous.

3. Making a difference:

At IFF, we want to make a difference to the clients we work with, and we work with clients who share our ambition for positive change. We expect all IFF staff to take personal responsibility for everything they do at work, which should always be the best they can deliver.

OFFICIAL



5th Floor  
St. Magnus House  
3 Lower Thames Street  
London  
EC3R 6HD  
Tel: +44(0)20 7250 3035  
Website: [iffresearch.com](http://iffresearch.com)

Contact details: Rob Warren and marc Cranney  
[Rob.Warren@iffresearch.com](mailto:Rob.Warren@iffresearch.com)  
[Marc.Cranney@iffresearch.com](mailto:Marc.Cranney@iffresearch.com)