



**IFF Research**

# Large Business Panel Survey 2011: businesses' experience of HMRC

Summary of quantitative and qualitative findings  
October 2012

Prepared for



By IFF Research



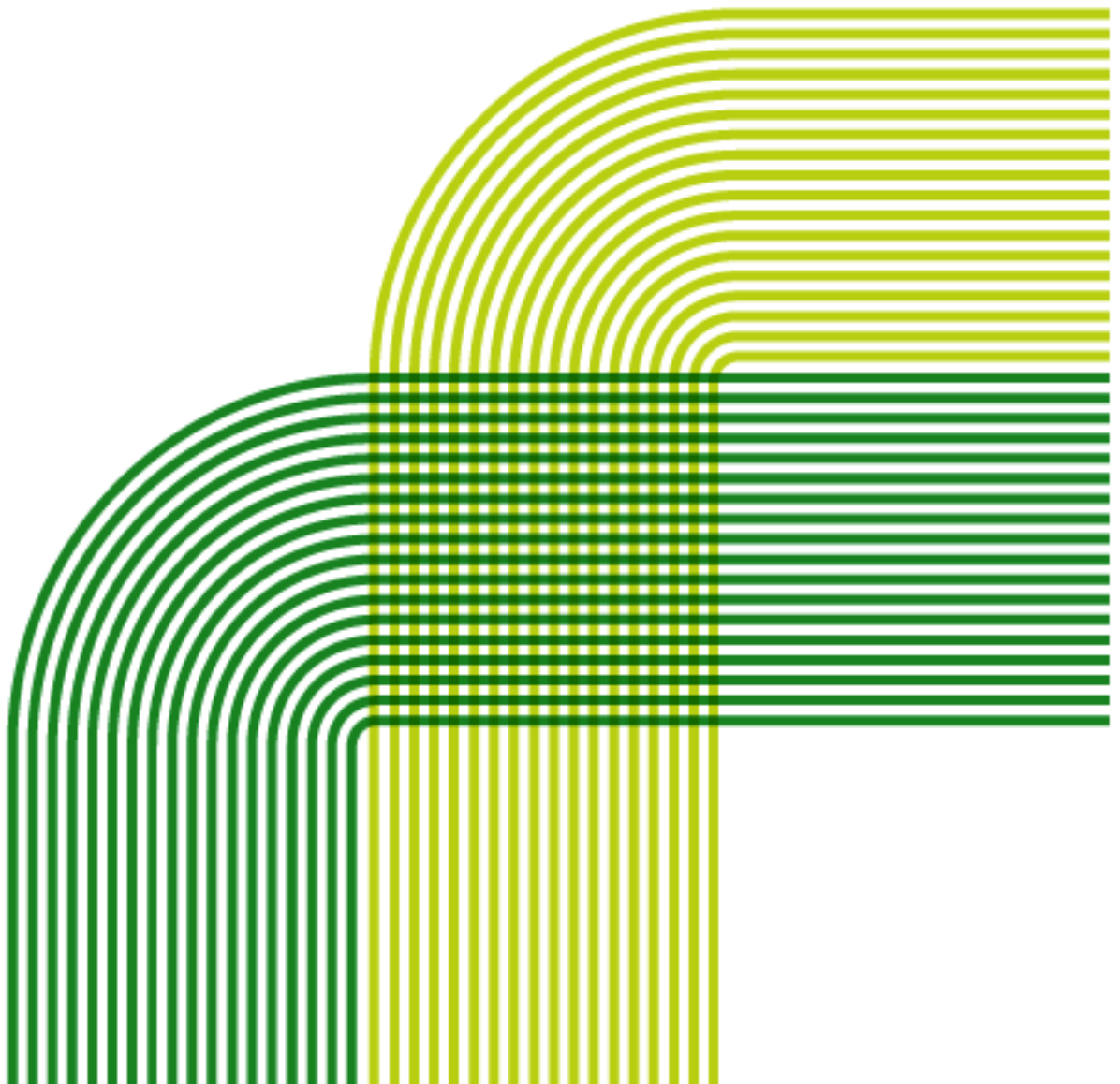
**IFF Research**

© Crown Copyright 2012 Published by Her Majesty's Revenue and Customs

Disclaimer: The views in this report are the authors' own and do not necessarily reflect those of HM Revenue & Customs

#### Contact details

Lorna Adams, Alistair Kuechel, Gill Stewart and Jolyon Fairburn-Beech  
IFF Research Ltd  
Chart House 16 Chart Street  
London N1 6DD  
Tel +44(0)20 7250 3035  
Fax +44(0)20 7490 2490  
[Lorna.Adams@IFFResearch.com](mailto:Lorna.Adams@IFFResearch.com)  
[Alistair.Kuechel@IFFResearch.com](mailto:Alistair.Kuechel@IFFResearch.com)



<b>Acknowledgements</b>		<b>5</b>
<b>1</b>	<b>Executive summary</b>	<b>6</b>
1.2	Key findings	6
1.3	HMRC Performance	6
1.4	Customer experience of HMRC staff	7
1.5	Customer experience of HMRC's culture	8
1.6	HMRC's influence on the business environment	8
1.7	Real Time Working	9
1.8	Approach to Risk	9
<b>2</b>	<b>Background and methodology</b>	<b>10</b>
2.1	Background	10
2.2	Methodology	10
2.3	Approach to analysis	10
<b>3</b>	<b>Overview of HMRC performance</b>	<b>12</b>
3.1	Key Findings	12
3.2	Introduction	12
3.3	Overall experience of service	13
3.4	Longitudinal analysis – an overview	14
3.5	Key drivers of customer experience	16
3.6	Large Business Service (LBS) customer experience	17
3.7	Local Compliance CRM customer experience	20
3.8	Local Compliance CC customer experience	22
3.9	Priorities for improvement	23
<b>4</b>	<b>Customer experience of HMRC staff</b>	<b>24</b>
4.1	Key Findings	24
4.2	Introduction	24
4.3	HMRC staff in general	25
4.4	Access to tax specialists	26
4.5	Service provided for business taxes and employment taxes – qualitative follow-up	26
4.6	The CRM relationship	27
4.7	Businesses' expectations of the CRM – qualitative follow-up	29
4.8	CRM commercial understanding – qualitative follow-up	29
4.9	Experiencing a change of CRM – qualitative follow-up	30
4.10	The CC relationship	31
4.11	The CC relationship – qualitative follow-up	32
4.12	The role and influence of intermediaries – qualitative follow-up	33
4.13	Designing and signing off tax strategies – qualitative follow-up	34
4.14	Awareness and communication of change	34



<b>5</b>	<b>Customer experience of HMRC's culture</b>	<b>37</b>
5.1	Key Findings	37
5.2	Introduction	37
5.3	Maintaining standards: Co-operation, Fairness and Consistency	37
5.4	Being joined-up	38
5.5	Understanding why some businesses do not perceive HMRC to be 'joined-up'	39
5.6	Being joined-up – qualitative follow-up	39
5.7	Being Transparent	41
5.8	Understanding why some businesses do not perceive HMRC to be transparent	42
5.9	Longitudinal analysis with regards to transparency	42
5.10	Addressing concerns, individual needs and providing certainty to businesses	42
5.11	Resolution of disputes	44
<b>6</b>	<b>HMRC's influence on the UK business environment</b>	<b>46</b>
6.1	Key findings	46
6.2	Introduction	46
6.3	Administrative burden of compliance	46
6.4	Impact of HMRC's administration on the competitiveness of the UK as a place to do business	49
6.5	Relocating the business	50
<b>7</b>	<b>Policy areas: Real Time working and approach to risk</b>	<b>52</b>
7.1	Key Findings	52
7.2	Introduction	52
7.3	Real Time working	52
7.4	Defining Real Time working – qualitative follow-up	56
7.5	Approaches to Risk	56
<b>8</b>	<b>Glossary</b>	<b>58</b>
<b>9</b>	<b>Technical appendix</b>	<b>60</b>
<b>10</b>	<b>Year on year survey tables</b>	<b>73</b>
<b>11</b>	<b>Longitudinal analysis</b>	<b>122</b>

## Acknowledgements

This research paper benefited from the input of a large number of people. In particular we would like to thank the respondents from every business who took the time to participate in the research. In addition, Gertrud Malmersjo and Julia Raybould of HM Revenue & Customs for their input, and the members of the project team at IFF: Lorna Adams, Rob Warren, Alistair Kuechel, Gill Stewart and Jolyon Fairburn-Beech.



# 1 Executive summary

- 1.1.1. HMRC places considerable importance on its relationships with its customers and undertakes regular surveys to gain more in-depth information about customers' experience of HMRC. In the case of large businesses, HMRC has conducted an annual survey since 2008.
- 1.1.2. HMRC's relationships with large businesses are managed by either the Large Business Service (LBS) or the Local Compliance Large and Complex (LC) group. The LBS is responsible for working with the UK's largest businesses which all have a Customer Relationship Manager (CRM). Local Compliance (LC) partners the Large Business Service (LBS) in dealing with the tax affairs of the remaining large businesses. The larger businesses in LC also have a CRM while the rest of the customers have had a Customer Coordinator (CC) since 2010.

## 1.2 Key findings

- 1.2.1. Most businesses rated overall customer experience of HMRC as good or very good (90% of LBS, 82% of LC CRM and 71% of LC CC customers). In addition, nine in ten customers felt that HMRC had met or exceeded expectations.
- 1.2.2. The Customer Relationship Manager (CRM) continued to be a highly valued contact with 95% of LBS customers and 89% of LC CRM customers rating their overall relationship with the CRM as good or very good.
- 1.2.3. Of the 132 customers who were assisted by their CC, 81% rated their relationship as good or very good.
- 1.2.4. A majority of businesses agreed that HMRC acted fairly, consistently and sought a cooperative relationship; agreement ranged from 61% to 92%. A relatively low proportion of customers agreed that HMRC was joined-up and transparent.
- 1.2.5. A relatively low proportion of businesses felt HMRC staff in general, that is not the CRM or CC, had a good understanding of their business.
- 1.2.6. It is worth noting that LC CC customers were much more likely than customers from other groups to interact with a wider range of HMRC staff.
- 1.2.7. LC CC customers were also less likely to agree than other customer groups that HMRC understood either their business in the context of disagreement resolution or their businesses' level of risk with regard to tax compliance.

## 1.3 HMRC Performance

- 1.3.1. A high proportion of customers across all groups rated their overall experience of HMRC highly in 2011; 90% of LBS, 82% of LC CRM and 71% of LC CC customers rated HMRC service as fairly good or very good.
- 1.3.2. About nine in ten customers across all three groups rated HMRC as meeting or exceeding expectations of customer service in the last twelve months.

- 1.3.3. Variability of individual customer experience differed by customer group. Longitudinal analysis showed that 87% of individual LBS customers who were surveyed in both 2010 and 2011 gave the same overall customer experience rating in both years. There was more fluctuation among businesses from other customer groups with 75% of LC CRM and 66% of LC CC customers rating HMRC service the same in both years.

#### **1.4 Customer experience of HMRC staff**

##### ***HMRC staff in general***

- 1.4.1. Businesses were asked to consider their experience with HMRC staff other than their CRM or CC. Findings showed that businesses generally had a positive experience of HMRC staff. For example, more than four in five businesses across all customer groups felt that HMRC staff communicated professionally.
- 1.4.2. Customers' experience of HMRC staff's responses to queries differed between LBS customers on the one hand and LC CRM and LC CC customers on the other. Businesses were asked if they agreed that HMRC provided responses within agreed timeframes, set appropriate timeframes and provided reliable responses. About four in five LBS customers agreed, whereas about two-thirds of both LC CRM and LC CC customers agreed.
- 1.4.3. A similar split was found with regards to customers' experiences that HMRC staff in general had the necessary level of technical expertise; 88% of LBS customers agreed, as against 62% of LC CRM and 60% of LC CC agreed.
- 1.4.4. Compared to other aspects of customer service, businesses were less likely to feel that HMRC staff in general had a good understanding of their business (66% LBS, 39% LC CRM, 37% LC CC).
- 1.4.5. The majority of LC CC customer experience was the result of interaction with HMRC staff in general, with 16% dealing directly with the CC.

##### ***CRM Relationship***

- 1.4.6. The CRM continued to be a highly valued contact of LBS and LC CRM customers and was rated highly on all measures; 95% of LBS customers and 89% of LC CRM customers felt their overall relationship with the CRM was very good or fairly good.
- 1.4.7. Customers generally found the CRM to have a good commercial understanding of their business with 81% of LBS and 73% of LC CRM rating their CRM as good or very good. This contrasted with these customers' experience of HMRC staff in general, in which 66% of LBS and 39% of LC CRM agreed that staff had a good understanding of their business.

##### ***CC Relationship***

- 1.4.8. One hundred and thirty-two LC CC customers (16%) sought assistance directly from their CC in 2011. This was a significant increase from 10% in 2010, but overall direct use of the CC remained low. Improvement was seen in the proportion of LC CC customers who were aware they had a CC – up to 78% in 2011 compared to 68% in 2010. The most commonly cited explanation for not contacting their CC was customers felt they had no need to do so.
- 1.4.9. Of the 132 customers who sought assistance from their CC, 81% rated their relationship as either very good or fairly good.



## 1.5 Customer experience of HMRC's culture

- 1.5.1. Strengths in HMRC's culture were seen to be around fairness, cooperation and consistency. A high proportion of businesses across all customer groups agreed that HMRC treated businesses fairly and consistently. Four in five LBS and LC CRM customers and three in five LC CC customers agreed that HMRC sought a cooperative relationship.
- 1.5.2. Fifty per cent of LBS, 34% of LC CRM and 29% of LC CC customers perceived HMRC to be a joined-up organisation, which indicated it to be an area of relative weakness. That said LBS customers' ratings significantly improved in 2011, up from 41% in 2010.
- 1.5.3. Another relatively weak area of HMRC culture was in regards to HMRC having a transparent decision-making process, only 52% of LBS, 47% of LC CRM and 44% of LC CC customers agreed with this statement. In this case, LC CC customers improved significantly from 38% in 2010.

### *Resolving disagreements*

- 1.5.4. All customer groups gave consistently high ratings that HMRC made it clear what their area of concerns were when resolving disagreements, whilst a slightly lower proportion (78% of LBS, 71% of LC CRM and 65% of LC CC) viewed HMRC as providing clarity on what businesses needed to do to address these concerns. Findings also showed that a consistently lower proportion of LC CC customers rated HMRC highly in these areas compared to the other customer groups.
- 1.5.5. According to customers who had experienced disagreements in the last twelve months, the timescales set for resolving disagreements were perceived to be appropriate by 74% of LBS, 67% of LC CRM and 60% of LC CC customers. In addition, just over half of all customers agreed that disputes were resolved within agreed timeframes.
- 1.5.6. Also, for those who had experienced disagreements with HMRC, a relatively low proportion of customers agreed that HMRC understood the commercial pressures faced by businesses (63% of LBS, 37% of LC CRM and 21% of LC CC) and that HMRC had improved the process of resolving disputes (44% of LBS, 28% of LC CRM and 22% LC CC).

## 1.6 HMRC's influence on the business environment

- 1.6.1. The survey measured views on the impact that HMRC's administration of the tax system had upon individual businesses' administrative burden and upon the competitiveness of the UK as a place to do business.
- 1.6.2. Sixty-five per cent of LBS, 55% of LC CRM and 37% of LC CC customers perceived that the burden of tax compliance had increased in 2011. These findings were an improvement from 2010, but demonstrated that a high proportion of customers continued to perceive an increase in administrative burden.
- 1.6.3. When considering HMRC's influence on the UK's competitiveness, about 50% of all customer groups perceived that HMRC had no effect. The other half of customers were broadly evenly split in the perception of HMRC as having a negative or a positive effect on the UK's competitiveness. That said, slightly more LBS customers felt HMRC had more of a positive than a negative effect. The most commonly cited reason by customers who perceived HMRC to have a negative effect was the complexity of the tax legislation, reported by 58% LBS, 66% LC CRM and 59% LC CC customers.





### **Relocation**

- 1.6.4. Sixteen per cent of LBS and LC CRM customers considered relocating their business from the UK to another country in 2011. For LBS customers this was a significant decrease from 26% in 2010. Only 6% of LC CC customers considered relocation in 2011.
- 1.6.5. Longitudinal analysis showed that of the LBS customers who considered relocating in 2011, four in five had also considered it in 2010 and for LC CRM customers, three in five had considered it.

### **1.7 Real Time Working**

- 1.7.1. Frequent use of working in Real Time differed by customer group; 32% of LBS, 13% of LC CRM and 4% of LC CC customers discussed tax issues frequently in Real Time with HMRC. Occasional working in Real Time was more common across all customer groups.
- 1.7.2. LC CC customers who chose never to work in Real Time with HMRC explained that they had no need to work in Real Time (62%) or they preferred to use external advisers (27%). It should be noted that LC CC customers held a wide range of views of what constituted Real Time working.
- 1.7.3. About seven out of ten customers from all groups agreed that working in Real Time achieved the following outcomes:
- Increased certainty about tax affairs;
  - Helped avoid disputes;
  - Helped agree issues more quickly; and
  - Helped avoid unnecessary contact with HMRC.
- 1.7.4. A lower proportion of customers across all groups agreed that Real Time working reduced businesses' costs.
- 1.7.5. A low proportion of customers across all groups agreed that HMRC had the capacity to engage in Real Time working (46% of LBS, 37% of LC CRM and 31% of LC CC customers).

### **1.8 Approach to Risk**

- 1.8.1. 2011 findings suggested that at least four in five LBS and LC CRM customers were aware of HMRC's risk rating process and understood the benefits of being low risk. In addition, almost 70% of these customers stated that the HMRC risk status of their business was considered when structuring their tax affairs and they were aware that HMRC had focused more recently on the high risk tax issues that affect businesses.
- 1.8.2. Fewer than 50% of LC CC customers perceived HMRC to have a good understanding of their business's level of risk with regard to tax compliance.<sup>1</sup> This contrasted with the high proportion of LBS and LC CRM customers who agreed with this statement, 87% and 72%, respectively.

<sup>1</sup> N.b. Only 31% of LC CC customers had contact with their CC, which may impact upon HMRC's understanding of LC CC customers' level of risk.

## 2 Background and methodology

### 2.1 Background

- 2.1.1. HMRC places considerable importance on its relationships with its customers and undertakes regular surveys to gain more in-depth information about customers' experience of HMRC. In the case of large businesses, HMRC has conducted an annual survey since 2008. In the case of other customers, for example SMEs and Agents, HMRC conducts the HMRC Customer Survey quarterly.
- 2.1.2. HMRC's relationships with large businesses are managed by either the Large Business Service (LBS) or the Local Compliance Large and Complex (LC) group. The LBS is responsible for working with the UK's largest businesses which all have a Customer Relationship Manager (CRM). Local Compliance (LC) partners the Large Business Service (LBS) in dealing with the tax affairs of the remaining large businesses. The larger businesses in LC also have a CRM while the rest of the customers have had a Customer Coordinator since 2010.
- 2.1.3. As mentioned, large businesses have been surveyed regularly since 2008, but in 2010 the approach changed and a panel study was launched. The panel approach allowed HMRC to survey the same businesses every year and gain a better insight into how individual businesses' experiences and expectations change over time. 2011 was the second year of the panel study and hence first year longitudinal analysis was been possible.
- 2.1.4. Further background on HMRC's large business customers and details about the analytical techniques are included in the glossary and technical appendix to this report.

### 2.2 Methodology

- 2.2.1. The research consisted of a 20 minute telephone survey with 1,665 Heads of Tax or Finance Directors from HMRC's large business customers<sup>2</sup> and 30 follow-up in-depth interviews with businesses. These were conducted face to face and explored in more depth some of the findings that had emerged from the survey and from previous research with businesses.
- 2.2.2. A more detailed discussion of the methodology is included within the technical appendix to this report.

### 2.3 Approach to analysis

- 2.3.1. This report summarises the findings from the latest wave of Large Business Panel Survey (LBPS) that took place towards the end of 2011 and in early 2012. The main aim of this research was to assess businesses' views of the services provided by HMRC. In order to achieve this, several analysis techniques were adopted and used throughout this report:
- **Year-on-year – 'trend' analysis:** This involved looking at how overall ratings of HMRC have changed over time, that is whether the proportion of businesses who agreed or disagreed with statements had increased or decreased over the last 12 months.

<sup>2</sup> Large business customers can be further divided between those that are covered by HMRC's Large Business Service (LBS – 352 achieved interviews), those that are covered by the Local Compliance Large and Complex that have a Customer Relationship Manager (LC CRM – 475 achieved interviews) and those that are also covered by Local Compliance but have a Customer Coordinator (LC CC – 839 achieved interviews). These customer groups are explained in more detail in the next chapter. Throughout this report all findings are presented by customer group.

- **Longitudinal analysis:** As discussed, the advantage of the panel approach meant HMRC can measure how the responses given by individual businesses that have taken part in 2010 and 2011 have changed over time. The use of the year-on-year and longitudinal analyses allowed HMRC to better understand where customers perceived HMRC's service to be improving and where there was room for improvement.
- **Key Driver Analysis:** Key Driver Analysis (KDA) is a statistical technique using multiple linear regression, the aim of which was to help HMRC understand the impact of different elements of HMRC service on customers' overall experience of dealing with HMRC. More details on the approach taken are included in the technical appendix of this report.
- **Sub-group analysis:** The final analysis technique employed in this study involved looking for patterns by sub-groups. This meant looking to see whether answers differ by type of business (e.g. number of employees, turnover and sector) and also by answers given for other questions on the survey.

2.3.2. Across each of these analysis techniques, only differences identified as significant<sup>3</sup> have been included in this report.

---

<sup>3</sup> This means results are statistically significant using a chi-squared test at the 95% confidence level. This means HMRC can be confident the differences are not down to chance.

## 3 Overview of HMRC performance

### 3.1 Key Findings

- 3.1.1. A high proportion of all businesses across all groups rated their overall experience of HMRC highly in 2011; 90% of LBS, 82% of LC CRM and 71% of LC CC customers rated HMRC service as fairly good or very good.
- 3.1.2. About nine in ten customers across all three groups rated HMRC as meeting or exceeding expectations of customer service in the last 12 months.
- 3.1.3. Longitudinal analysis showed that of the customers that were surveyed in both 2010 and 2011, 87% of LBS, 75% of LC CRM and 66% of LC CC customers gave the same overall customer experience rating in both years. Of those customers that did change their rating, a greater proportion increased their rating. Thus, over time the ratings of customer experience have improved across all customer groups.

### 3.2 Introduction

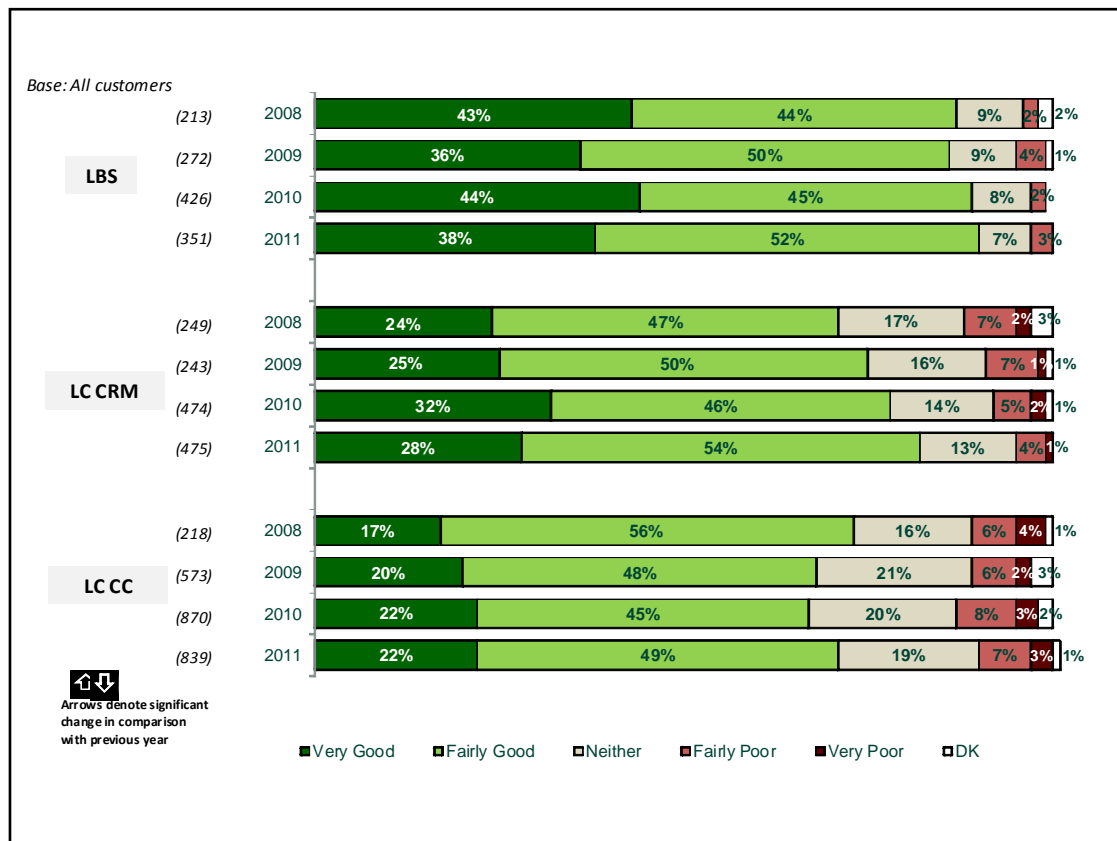
- 3.2.1. This chapter explores what lies behind Large Business Customers' overall experience of dealing with HMRC and provides an overview as to how HMRC performed across the service areas that matter most to these customers.



### 3.3 Overall experience of service

- 3.3.1. As Figure 3.1 shows, at an overall level, the ratings that customers gave for their relationship with HMRC were largely good and LBS customers rated their relationship with HMRC most highly (90% stated that their relationship was fairly good or very good).
- 3.3.2. Furthermore, when customers were asked whether they felt HMRC’s service had met their expectations over the last 12 months, around a third felt it had exceeded their expectations (34% of LBS customers, 37% of LC CRM customers and 27% of LC CC customers). Relatively few - 9% of LBS, 11% of LC CRM and 12% of LC CC customers - felt the service did not meet expectations
- 3.3.3. In the summer of 2010, a Customer Co-ordinator was introduced to all LC CC businesses – where customers had spoken directly to their CC within the last year they were significantly more likely than customers that had not spoken to their CC to state expectations had been exceeded.<sup>4</sup> It should be noted that only a relative small proportion of LC CC customers had contact with their CC in the last year however.<sup>5</sup>

**Figure 3.1: Overall experience of service**



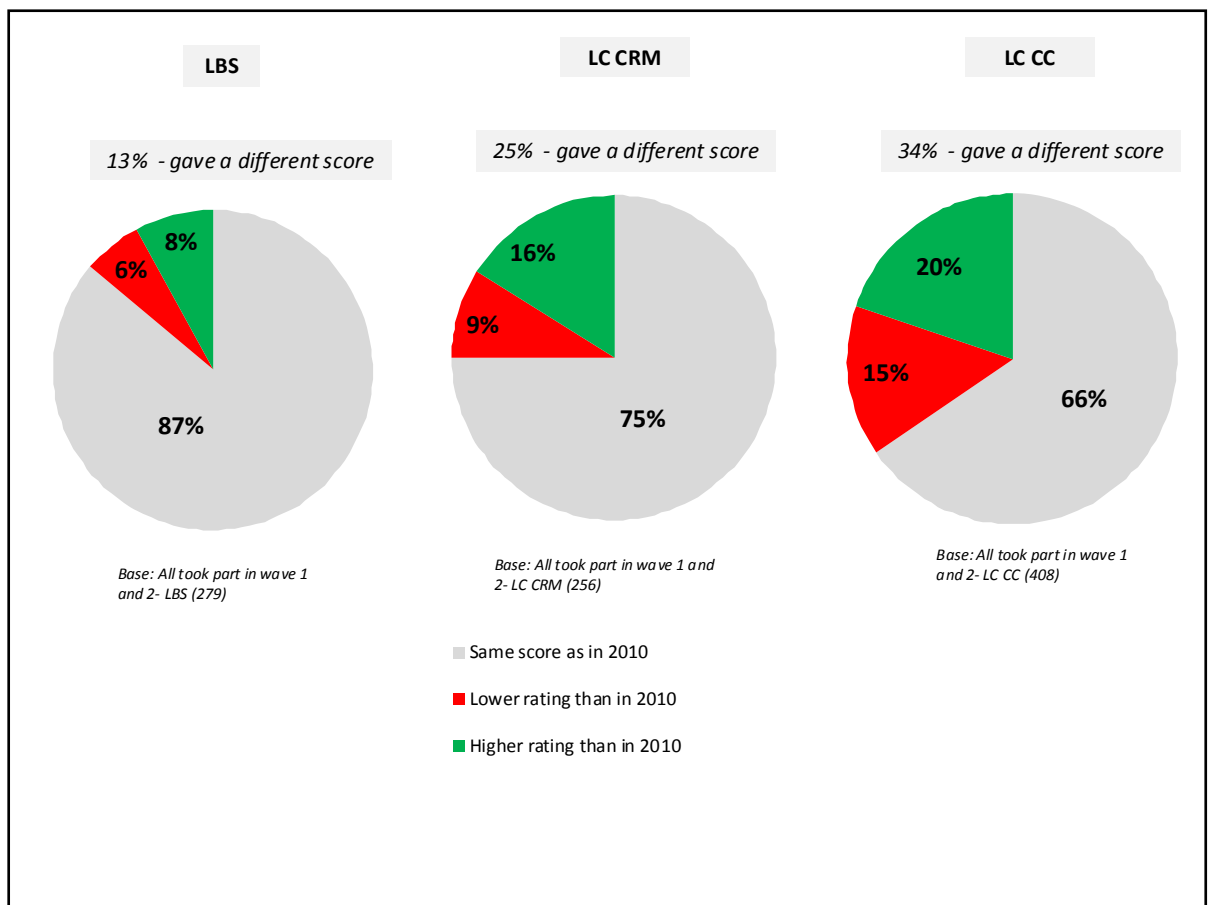
<sup>4</sup> 35% of LC CC customers who had spoken to their CC in the last year felt their expectations had been exceeded.

<sup>5</sup> 16% of all LC CC businesses surveyed were assisted by their CC and 15% of all LC CC businesses surveyed were introduced to their CC in 2011.

### 3.4 Longitudinal analysis – an overview

- 3.4.1. Where customers took part in the survey in wave 1 (2010) and wave 2 (2011), responses can be analysed to help HMRC understand which customers gave higher, lower or the same ratings as in 2010<sup>6</sup>. Throughout this report this analysis is referred to as longitudinal analysis.
- 3.4.2. This approach enables HMRC to explore how the views of individual businesses change over time as well as how the views of large businesses as a whole change. Figure 3.2 summarises the change in overall service rating of HMRC between the two waves of the study.

**Figure 3.2: Proportion of businesses that changed their overall service rating of HMRC between waves**



<sup>6</sup> Throughout this section where higher ratings are referred to, they represent occasions where a customer increased their rating of a particular measure in 2011 when compared to the same company's rating of the same measure in 2010; likewise lower ratings are where a customer gave a lower rating in 2011 than in 2010. For example, where a customer's overall perception of HMRC in 2010 was 'fairly poor' and then it changed to 'neither good nor poor' in 2011, this would be viewed as a higher rating. .

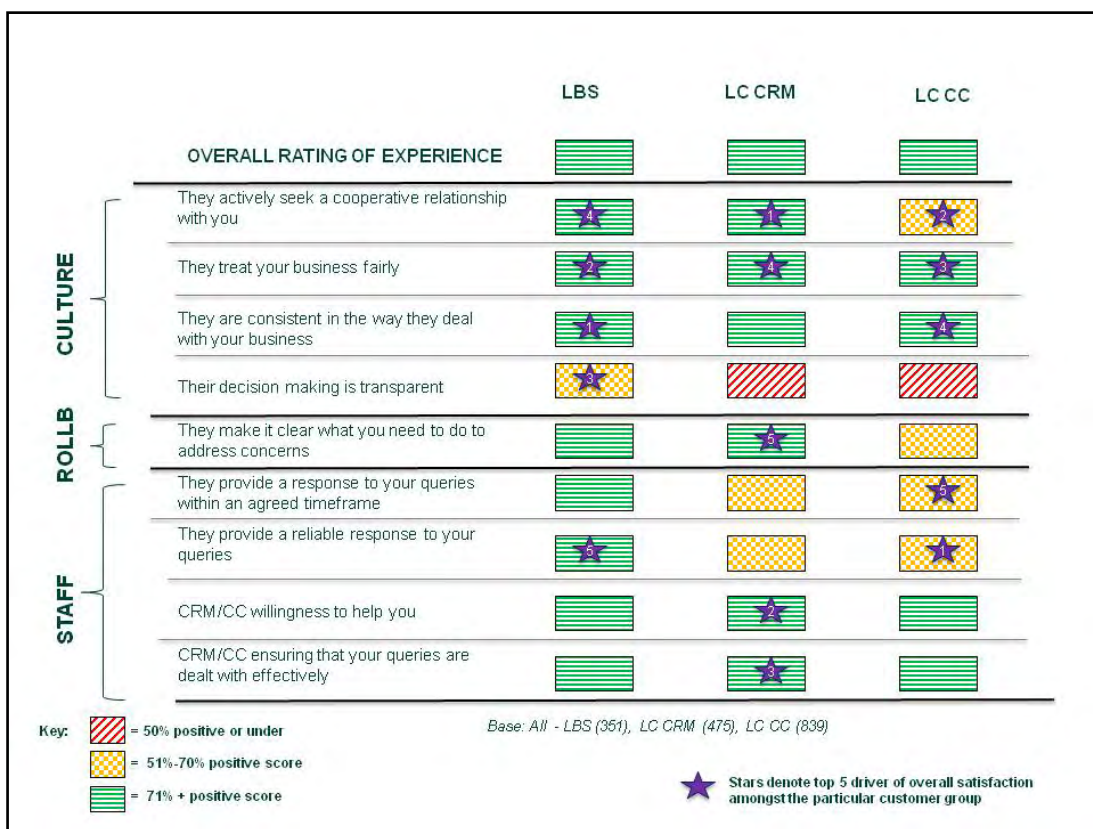
- 3.4.3. Among the LBS population the picture had remained broadly consistent over time with very little change evident from the longitudinal analysis.
- 3.4.4. Among LC CRM and LC CC customers there was a greater degree of change between years. More specifically, within the LC CC population the picture was more volatile. The longitudinal analysis showed 20% of LC CC customers gave a higher overall service rating in 2011. However, a similar proportion of this same sub-group (15%) gave a lower overall service rating.
- 3.4.5. Overall, longitudinal analysis demonstrated that over time ratings of customer experience have improved across all customer groups.



### 3.5 Key drivers of customer experience

- 3.5.1. Key Driver Analysis, a statistical technique, was used to help demonstrate what impact different factors of HMRC service had on customers' overall experience of dealing with HMRC. More details on the approach taken are included in the technical appendix of this report.
- 3.5.2. Figure 3.3 shows the rankings of the key drivers of overall service experience that had the greatest influence on customers' views<sup>7</sup>. The areas of service shown were the top five primary drivers for each of the three customer groups. For example, the most important key driver of overall service experience for LBS customers was that HMRC was consistent in the way they deal with businesses.
- 3.5.3. The figure uses a 'traffic light' colour system to show the ratings the key driver statements were given by customers. In each area, a green box indicates that over 70% of businesses agreed with the statement. The areas of performance are divided into three information areas – Culture, Review Of Links with Large Business<sup>8</sup> and Staff.

**Figure 3.3: Key drivers of customer experience**



Note: Unless specified, the staff ratings refer to staff in general and not just the CRM/CC

<sup>7</sup> Across each customer group, each of the individual factors identified as a Key Drivers individually accounted for over 22% of the variance in ratings for overall experience of dealing with HMRC.

<sup>8</sup> These are also referred by HMRC as ROLLB (Review of Links with Large Businesses) themes



- 3.5.4. The Key Driver Analysis (KDA) of customer experience highlighted a few interesting trends, namely:
- 2011 findings showed that LBS and LC CC customers' priorities had aligned. Consistency, fairness, a cooperative relationship and reliable responses to queries were all shared key drivers of these customer groups.
  - At first glance, relationship managers (i.e. CRMs) seem more important in driving customer experience for LC CRM customers than for other groups, but the importance of the CRM may be inherent in others drivers of customer experience, such as HMRC being seen to actively seek a cooperative relationship.
  - Actively seeking a cooperative relationship was a key driver for all three customer groups in both 2011 and in 2010. This has continued to be a key driver and area of strength for HMRC.
  - A key driver for all customer groups in 2011 was HMRC treating their business fairly. This factor appeared to be of greater importance to LC CRM and LC CC customers in 2011 than in 2010.

### 3.6 Large Business Service (LBS) customer experience

- 3.6.1. For each of the three customer groups, year-on-year analysis was used to look at the areas that received high and low levels of agreement from customers and 2011 findings were compared with previous results. The aim of this was to summarise the core strengths of HMRC alongside the areas where there was still room to make improvements. This is illustrated in Figures 3.4 to 3.6 for different customer groups. The analysis categorises the ratings into the following areas:
- **Ongoing strengths** – where performance was perceived to have been maintained at a high level since 2010 (i.e. over 70% were in agreement in both years);
  - **Improvements** – where there had been significant improvements over the last year;
  - **Decline** – where customers perceived a significant fall in service levels over the last year; and
  - **Ongoing weaknesses** - where performance had been comparatively weak (i.e. under 50% agreeing with each factor) and little progress had been made over the past year.

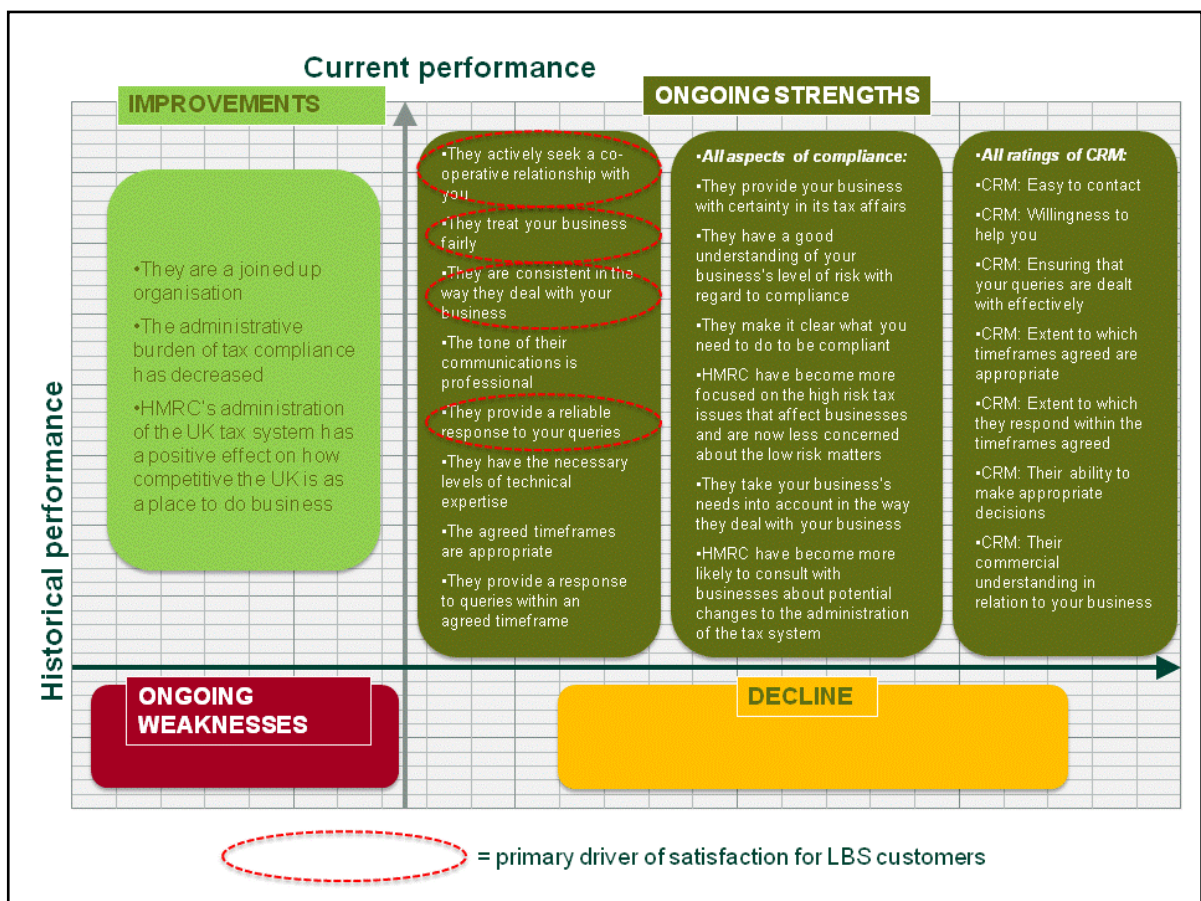


3.6.2. Where a factor was not identified as a strength or a weakness according to the definitions above and no significant improvement or decline was noted between 2010 and 2011 it is has not been shown in the figures.

3.6.3. It should also be noted that questions asked of specific sub groups have not been included in this analysis. The differing sample sizes and methodological difference between years mean the results are not purely comparable. This specifically applies to the following areas:

- Follow up questions introduced in 2011 with regards to being joined up and transparency;
- Questions surrounding experience of the CC;<sup>9</sup>
- Questions surrounding the resolution of disputes;
- Questions surrounding experience of real time working; and
- Questions surrounding experience of risk reviews.

**Figure 3.4: Service strengths and weaknesses for LBS customers**



<sup>9</sup> Although follow up questions relating to the CRM were filtered on all who had personal contact with their CRM, the proportions doing so were very high (95% LBS and 85% LC CRM). This analysis has therefore been included in the strengths/weaknesses figures.

- 3.6.4. In most of the service areas that were key drivers of overall service experience, LBS customers continued to experience a high level of service from HMRC as depicted in the 'ongoing strength' section of Figure 3.4. This finding corresponds to Figure 3.1, which showed that generally LBS customers continued to rate HMRC's services highly. Indeed, over 70% agreed in terms of all measures of compliance and CRM performance.
- 3.6.5. Other findings of interest from the analysis include the following:
- In 2011, three quarters were in agreement that HMRC provided certainty in tax affairs. 2010 LBPS findings showed HMRC was improving in terms of providing certainty, and 2011 data showed HMRC had consolidated in this area and it can now be termed a key strength.
  - There had been a significant improvement in 2011 in terms of the extent to which HMRC was perceived to be joined-up, (50% in agreement, up from 41% in 2010).<sup>10</sup>
  - Customers were more likely to agree that the burden of tax compliance had decreased in 2011 than they were in 2010 and were more likely to agree that the impact of HMRC's administration of the tax system on the UK as a place to do business was positive in 2011 than they were in 2010.
  - There were no specific areas where ratings declined between 2010 and 2011, nor were there any areas of particular weakness.
- 3.6.6. The longitudinal analysis that was carried out on changes in the ratings of individual businesses that responded in 2010 and 2011 made it possible to look at patterns of change across these businesses. Table 10.6 in the technical appendix shows this analysis in more detail, but key findings for LBS customers were as follows:
- Among individual LBS customers, most change represented an increase in ratings from 2010 to 2011.
  - One area where a considerable number of individual business ratings fluctuated was in relation to HMRC staff understanding their business. This suggests that individual businesses' own experiences could be either positive or negative in this area, demonstrating a potential lack of consistency across staff.
  - Among LBS customers, most ratings that related to their CRM have remained constant between 2010 and 2011. The base size was very small (17) but LBS customers that experienced a change of CRM were more likely than customers that had not experienced a change of CRM to give a lower rating in 2011 compared with their ratings in 2010. The qualitative follow-up indicated this was likely to be a short-term change in ratings as the CRM familiarised themselves with the business.
- 3.6.7. Of the LBS respondents who had experience of disputes with HMRC<sup>11</sup>, performance continued to be viewed as relatively weak in terms of the resolution of these compared to the other aspects of service explored.

<sup>10</sup> To ensure this was a 'real' difference responses were also compared by LBS customers that took part in both waves of the research and those that only took part in the second wave (the 2011 study).

<sup>11</sup> It should be noted that the dispute resolution questions were only asked of customers that experienced a dispute within the last 12 months (184 of those interviewed - 52% of LBS customers). Due to methodological differences between years this is not included in the strength/weakness analysis.

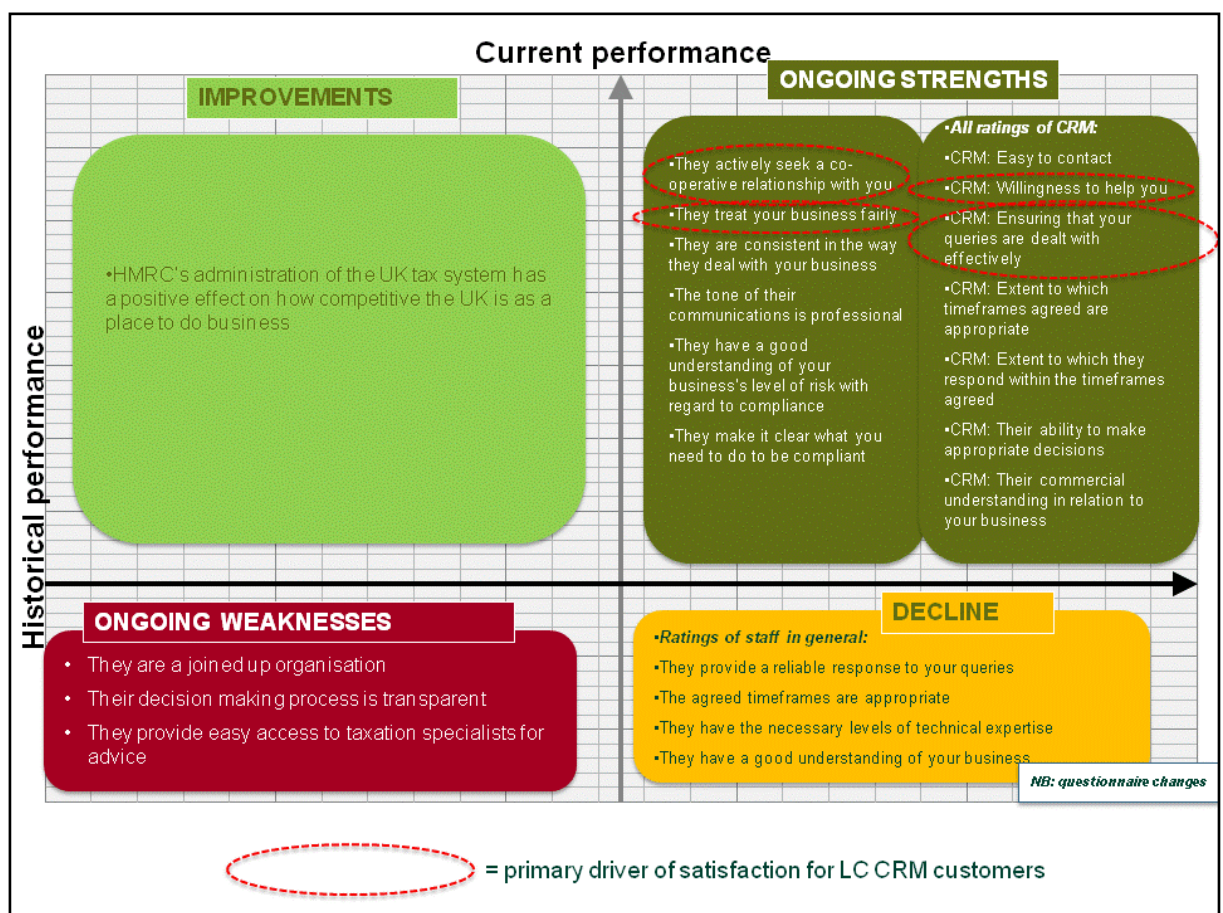
3.6.8. In addition, longitudinal analysis showed that resolution of disputes was an area where a considerable number of ratings had moved in both directions.

3.6.9. Among LBS customers where there were changes in perceptions of how disputes were handled, this influenced overall perceptions of HMRC. Dispute resolution was not highlighted as a key driver of overall customer experience because not all businesses experience disputes and therefore was not part of the overall key driver analysis. However, for those that did enter into disputes, this may have been a key area that influenced overall experience with HMRC.

**3.7 Local Compliance CRM customer experience**

3.7.1. The same year-on-year strength/weakness analysis was conducted for Local Compliance customers that have a Customer Relationship Manager (LC CRM) and is shown in Figure 3.5.

**Figure 3.5: Service strengths and weaknesses for LC CRM customers**



3.7.2. Key findings from the 2011 survey responses of LC CRM customers include:

- The areas that LC CRM customers had regarded as strengths over the last couple of years and continued to do so were similar to the ones identified by LBS customers and included all CRM factors. Furthermore, four of the five primary drivers of overall experience were regarded as strengths by LC CRM customers.
- As was the case with LBS customers, there was also a perception that HMRC's administration of the tax system had a more positive impact on the UK as a place to do business.
- In terms of customer ratings of HMRC staff in general, around 62-67% of customers provided positive ratings across these categories. In 2011 the wording of the questionnaire was changed to ensure that customers were excluding their views of their CRM from these questions. Since 2010 the ratings around HMRC staff in general have all declined, but this is likely to reflect changes to the questionnaire as discussed above. The 2012 survey will be used to more accurately track performance across these measures.

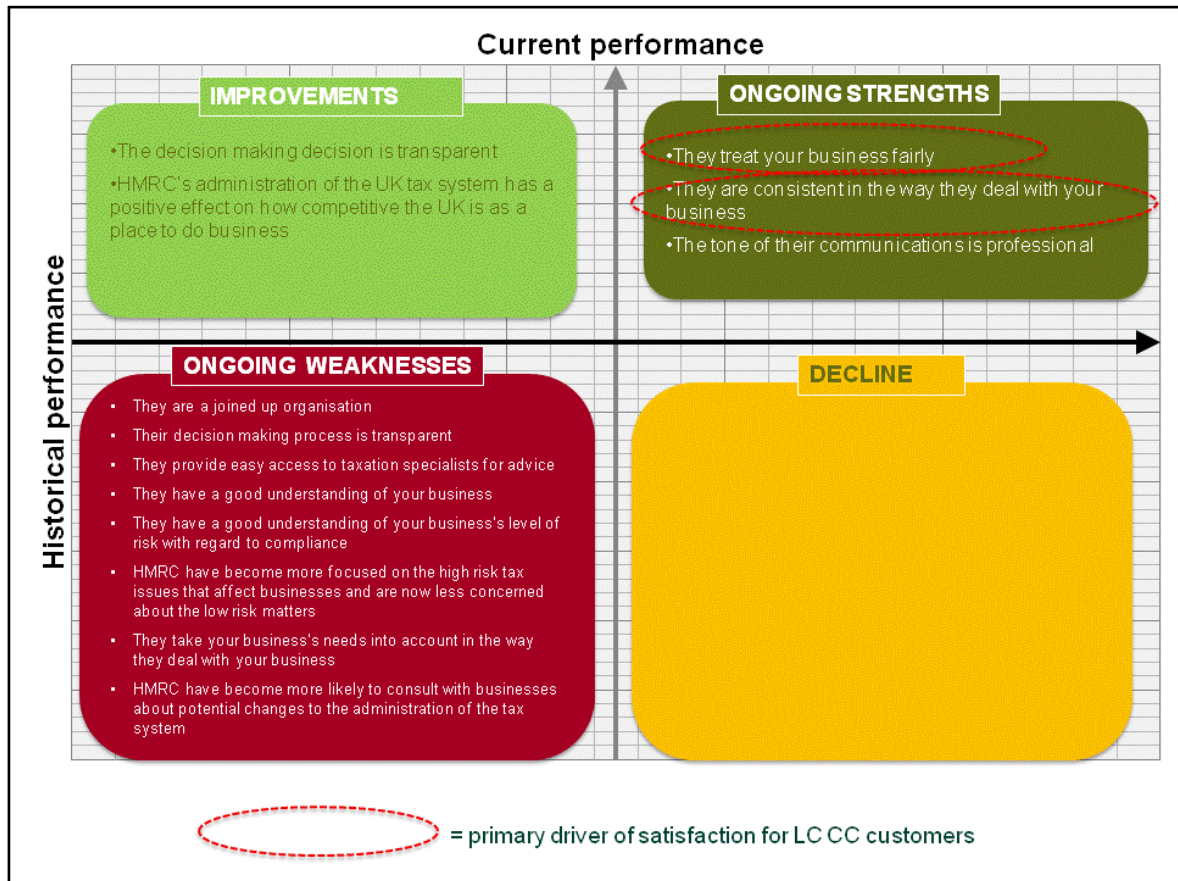
3.7.3. Key driver analysis in Figure 3.3 showed the key drivers for LC CRM had remained relatively consistent over time and experience continued to be focussed on the role of the CRM. This was consistent with longitudinal analysis which highlighted the importance of the CRM. Although there was relatively little change with regards to the CRM, where a CRM rating did differ it was highly correlated with a change in that business's overall perceptions of HMRC.



### 3.8 Local Compliance CC customer experience

3.8.1. This section outlines findings of interest regarding the Local Compliance customers that have a Customer Coordinator (LC CC). Figure 3.6 shows the year-on-year analysis as applied to LC CC's 2011 survey responses when compared to those from 2010.

**Figure 3.6: Service strengths and weaknesses for LC CC customers**



3.8.2. Key findings from the 2011 survey responses of LC CC customers included the following:

- Key strengths were perceived to be the extent to which HMRC treats the business fairly, consistency of dealings and the professional tone of communications. The latter two were drivers of overall experience of dealing with HMRC. Generally the picture in terms of strengths and weaknesses among LC CC customers was very similar to that seen in 2010.
- In 2011, the proportion who agreed HMRC was transparent was still relatively low (44%). However this represented a significant increase from 38% in 2010, which indicated that HMRC has improved in this area.
- As witnessed among the other customer groups – the impact HMRC's administration had on the UK as a place to do business was also seen to be more positive in 2011.
- Although there had been no significant declines in performance since 2010, there were eight areas of ongoing weakness among the LC CC customers. However, none of these perceived areas of weakness were shown to be key drivers of overall customer experience.

- 3.8.3. When considering LC CC customers in the longitudinal analysis, there were fewer areas where individual businesses' scores remained constant. Even on the measures where the ratings were most consistent, such as the professional tone of communications – 20% of those taking part in both waves gave a different rating in 2011. This indicated that LC CC customers had experienced a much more variable service than LBS and LC CRM customers.
- 3.8.4. Longitudinal analysis of LC CC customers also showed that where there was change with regards to the resolution of disputes, certainty and consistency, overall perceptions of HMRC were also likely to change.

### 3.9 Priorities for improvement

- 3.9.1. All customers were asked to identify on an unprompted basis, what they felt should be the key priorities for improvement in HMRC customer service. A wide range of reasons were given, the most common of which are shown in table 3.1.
- 3.9.2. About a quarter of customers in each customer group stated they did not feel there was any particular area which they would highlight as an area for improvement. When compared to 2010, the proportion giving this response has increased slightly<sup>12</sup>.
- 3.9.3. Of the remainder, the main themes emerging were relatively consistent across the three customer groups, and centred on customer service and quality of advice.
- 3.9.4. The speed of response and general complaints about red tape / bureaucracy were mentioned by about one in ten customers.
- 3.9.5. There was also some unprompted feedback around online functionality, particularly among LC CC customers. This included feedback on the functionality of the website but also included teething problems associated with the introduction of Extended Business Reporting (iXBRL).

**Table 3.1: Priorities for improvement - aggregated responses of unprompted feedback**

	LBS	LC CRM	LC CC
<i>Base: All customers</i>	(351)	(475)	(839)
	%	%	%
<b>NOTHING</b>	<b>25</b>	<b>25</b>	<b>23</b>
Customer service	29	33	36
Quality of advice	26	28	29
Speed of response	13	14	12
Reduce red tap/bureaucracy	11	10	10
Better online functionality	4	7	10

Note: Table will add to more than 100% - with the exception of 'nothing', respondents could give more than one answer

<sup>12</sup> In 2010 – 21% of LBS, 19% of LC CRM and 20% of LC CC stated there were no priorities for improvement.

## 4 Customer experience of HMRC staff

### 4.1 Key Findings

- 4.1.1. Large business customers' experiences of HMRC staff were positive in the main. More than four in five customers agreed that the tone and professionalism of communications was good. At least two thirds of customers felt that HMRC staff provided reliable responses, responded within agreed timeframes and demonstrated the necessary levels of expertise.
- 4.1.2. Opinions were more polarised between customer groups with regards to the extent to which customers felt HMRC staff had a good understanding of their business and the ease of access to tax specialists. For example, 66% of LBS, 39% of LC CRM and 37% of LC CC customers agreed that HMRC staff had a good understanding of their business.
- 4.1.3. The CRM continued to be a highly valued contact and was rated very highly on nearly all measures.
- 4.1.4. Of the 132 LC CC customers (16%) who were assisted by their CC, 81% rated their relationship as good. Improvement was seen in the proportion of LC CC customers who were aware they had a CC – up to 78% in 2011 compared to 68% in 2010. The most commonly cited explanation for not contacting their CC was that customers felt they had no need to do so.
- 4.1.5. Awareness of recently implemented tax changes and knowledge of the various communication materials and consultation documents around these changes was generally highest among LBS customers and lowest among LC CC customers.

### 4.2 Introduction

- 4.2.1. Central to the relationship that large business customers have with HMRC are the staff they deal with on a day-to-day basis. This chapter explores customer experiences of HMRC staff, summarising performance at a more general level and exploring experiences of the Customer Relationship Manager (CRM) and Customer Coordinator (CC) in detail.
- 4.2.2. The qualitative follow-up interviews also sought to explore wider customer experiences of dealing with HMRC. Key topics discussed included how the use of third parties and intermediaries might have an impact on perceptions of HMRC – these are explored towards the end of this chapter.





### 4.3 HMRC staff in general

- 4.3.1. All large business customers were asked about dealings with HMRC staff in general - excluding any contact they had with their CRM / CC in these assessments. The approach to this line of questioning was changed significantly in 2011<sup>13</sup> and as such comparisons with previous waves should be treated with caution. The 2011 feedback in these areas is summarised in table 4.1.

**Table 4.1: Experiences of dealing with HMRC staff (excluding the CRM/CC) in 2011**

	LBS	LC CRM	LC CC
<i>Base: All customers</i>	<i>(351)</i>	<i>(475)</i>	<i>(839)</i>
	<i>% agreeing</i>	<i>% agreeing</i>	<i>% agreeing</i>
The tone of their communications is professional	91	82	84
They provide a reliable response to your queries	81	64	64
The agreed timeframes are appropriate	83	67	67
They have the necessary levels of technical expertise	81	62	60
They provide a response to your queries within an agreed timeframe	80	64	65
They have a good understanding of your business	66	39	37

*Note: Each row of this table should be read separately as all customers were asked each measure. It will not sum to 100%*

- 4.3.2. Feedback on the tone of communications was very positive, over four in five customers across all three customer groups agreed that the tone of HMRC communications was professional.
- 4.3.3. Across the following measures - reliable response to queries, appropriateness of timeframes, providing a response within the agreed timeframe and having the necessary levels of expertise – the proportions that agreed were very similar within each customer group. Among LBS customers around four in five agreed with each of these measures and over three in five LC CRM and LC CC customers agreed.
- 4.3.4. Opinions were more polarised with regards to the extent to which customers felt HMRC staff had a good understanding of their business, whereas two-thirds of LBS customers agreed, less than two fifths of LC CRM and LC CC customers agreed.

<sup>13</sup> A change was made to the ordering of questions to clarify that respondents should exclude all interaction with their CRM/CC in answering these questions.

#### 4.4 Access to tax specialists

- 4.4.1. 2011 findings indicated that there was less agreement between customer groups that HMRC provided easy access to tax specialists. Almost two-thirds of LBS customers, half of LC CRM customers and only a third of LC CC customers agreed that HMRC provided easy access to taxation specialists for advice. These findings were relatively consistent with those from 2010.
- 4.4.2. The 2011 survey sought to ascertain what specific tax specialists were considered within this appraisal of HMRC. As table 4.2 shows, the most commonly mentioned specialists were VAT, Corporation Tax and Employment Tax specialists.

**Table 4.2: Most common tax specialists considered when rating access to tax specialists**

	LBS	LC CRM	LC CC
<i>Base: All customers that answered with regards to tax specialists</i>	(332)	(440)	(722)
	%	%	%
VAT specialists	46	53	44
Corporation tax specialists	45	33	23
Employment tax specialists	35	25	26
International tax specialists	10	4	3
Income tax specialists	8	8	12
Intrastat / Customs and Excise	8	3	4
Indirect tax specialists	7	3	1

*Note: Table will add to more than 100% - respondents could give more than one answer*

#### 4.5 Service provided for business taxes and employment taxes – qualitative follow-up

- 4.5.1. The qualitative follow-up also touched upon how businesses perceived HMRC's respective services for business taxes and employment taxes. The findings showed that businesses tended to have had a better experience of dealings in relation to business taxes than for those relating to employment taxes.
- 4.5.2. Contact relating to business taxes was perceived to be more professional and consistent with staff demonstrating greater expertise. HMRC were also praised for having a 'bigger picture' approach with regards to business taxes. By contrast, contact which related to employment taxes was seen to be inconsistent and examples were given of contradictory correspondence.

*"Once you get in touch with someone about a corporate issue I think you always get the same person who sees it through to the end, whereas on the individual side you seem to get whoever answers the phone at the time" LC CC Customer*

*"I think the corporate tax team share information between themselves, but I don't think there is awful lot of cross over into the personal tax team" LBS Customer*

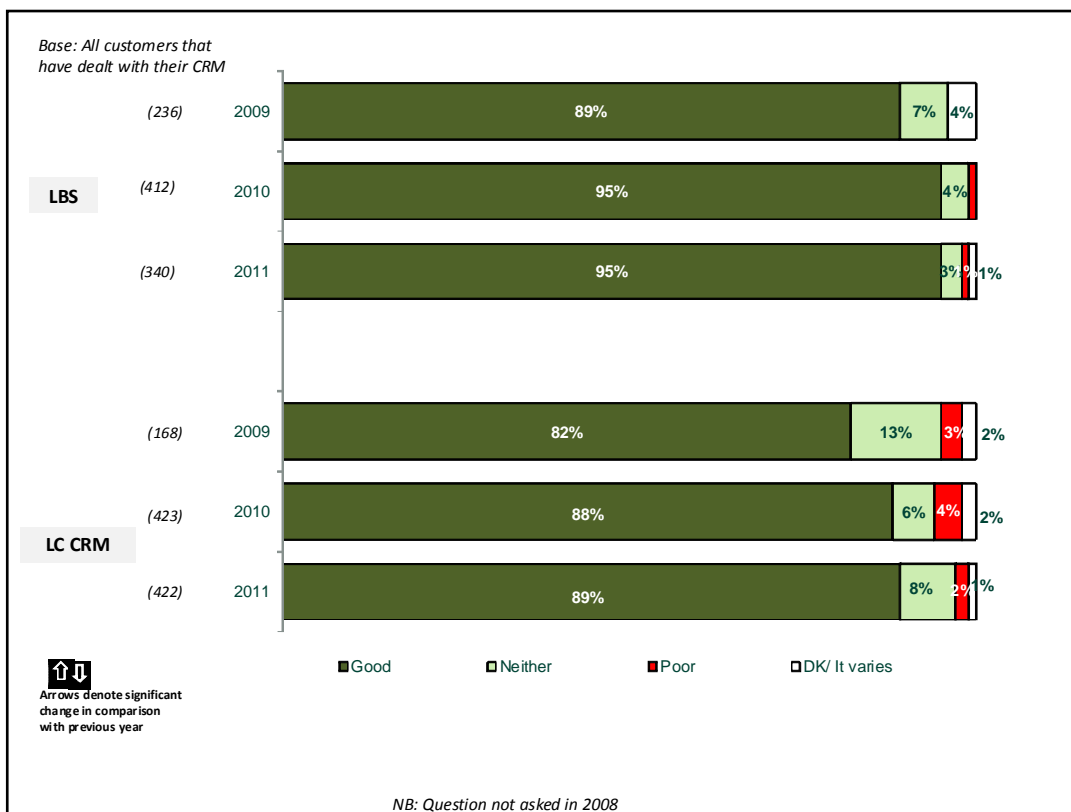
- 4.5.3. Qualitative follow-up also sought to uncover what role respondents felt their business had in the administration and reporting of employment taxes. In this respect, some businesses felt that they were treated as 'intermediaries' by HMRC with regards to the administration of reporting of employment taxes, but this was generally acceptable to them.

*"I guess that is our role – if you operate a payroll function then this is what you have to expect....it is a large burden but I don't know what the alternative could be" LC CC Customer*

**4.6 The CRM relationship**

- 4.6.1. The introduction of a Customer Relationship Manager<sup>14</sup> (CRM) for the Local Compliance customers was clearly well bedded-in with 86% of customers having dealt directly with their CRM in the last 12 months. Among LBS customers virtually all had some direct contact with their CRM in the last 12 months. The following section of this chapter is based on all that had had direct dealings with their CRM.
- 4.6.2. As Figure 4.1 shows, in 2011 95% of LBS customers and 89% of LC CRM customers felt their overall relationship with the CRM was very good or fairly good. Customer experiences of dealing with CRMs across both customer groups (LBS and LC CRM) continued to be very positive and the improvement highlighted in the 2010 report was perceived by customers to have been maintained in 2011.
- 4.6.3. This consistent picture was further illustrated by longitudinal analysis. Among customers who took part in both waves of the research there had been very little change.

**Figure 4.1: Customer rating of CRM**



<sup>14</sup> All LBS customers have a Customer Relationship Manager (CRM) and some of the largest businesses within LC have had a CRM for the last four years. The CRM role ranges from preparing the risk assessment, ensuring issues are resolved, responding to queries and keeping the business updated on how issues are progressing.

- 4.6.4. As table 4.3 shows, a good relationship with the CRM was underpinned by good experiences across all aspects of CRM performance. Over four in five LBS customers were in agreement with individual statements about CRM performance, which was similar to findings in 2010.
- 4.6.5. Customers' experience of the CRM in terms of commercial understanding and making appropriate decisions remained very good or fairly good - 81% of LBS customers agreed with both statements and over 73% of LC CRM customers agreed with both statements. Following on from an increase in 2010 the CRMs were perceived to have effectively maintained their performance in these areas throughout 2011.

**Table 4.3: Experiences of dealing with the CRM: 2009 - 2011**

	LBS '09	LBS '10	LBS '11	LC CRM '09	LC CRM '10	LC CRM '11
<i>Base: All customers</i>	(236)	(412)	(340)	(168)	(423)	(422)
	% agreeing	% agreeing	% agreeing	% agreeing	% agreeing	% agreeing
<b>OVERALL RATING</b>	89	95	<b>95</b>	82	88	<b>89</b>
Being easy to contact	91	97	<b>96</b>	96	92	<b>91</b>
Their willingness to help you	N/A <sup>15</sup>	95	<b>96</b>	N/A	91	<b>91</b>
Ensuring that your queries are dealt with effectively	N/A	92	<b>92</b>	N/A	85	<b>87</b>
The extent to which they respond within the timeframes agreed	N/A	89	<b>88</b>	N/A	84	<b>84</b>
The extent to which the timeframes they agree for response are appropriate	N/A	91	<b>87</b>	N/A	83	<b>82</b>
Their ability to make appropriate decisions	73	80	<b>81</b>	73	74	<b>77</b>
Their commercial understanding in relation to your business	72	79	<b>81</b>	69	67	<b>73</b>

*Note: Each row of this table should be read separately as all customers were asked each measure. It will not sum to 100%*

- 4.6.6. Longitudinal analysis between 2010 and 2011 data showed more movement in the proportions who agreed / disagreed that CRMs had a good commercial understanding<sup>16</sup> than for other aspects of CRM performance. This meant that although at an overall level the proportion in agreement that CRM commercial understanding was good had remained the same, at an individual level there was fluctuation among some business customers.

<sup>15</sup> N/A indicates that the question was not asked in that year or of that particular customer group

<sup>16</sup> Among LBS customers taking part in both waves: 12% improvement / 13% deterioration. Among LC CRM customers taking part in both waves: 17% improvement / 14% deterioration.

#### 4.7 Businesses' expectations of the CRM – qualitative follow-up

- 4.7.1. Qualitative follow-up discussions with CRM customers shed further light on the relationship they have with their CRM.
- 4.7.2. The key finding was that the CRM was meeting the needs of large business customers from the LBS and LC CRM populations. The focus was certainly felt to be 'in the right areas' and the CRM was perceived to be the 'ringmaster' of the relationship with HMRC. Businesses felt a high level of trust had been invested from both parties in the relationship and some could not imagine how the relationship would function without the CRM.

*"I hate to think without him how we would carry on having a meaningful relationship with HMRC." LBS Customer*

#### 4.8 CRM commercial understanding – qualitative follow-up

- 4.8.1. As the quantitative findings showed, the CRMs' commercial understanding was perceived to be an area of relative weakness. The qualitative follow-up discussions therefore sought to better understand what business meant by the term and provide insight into how HMRC could improve in this area.
- 4.8.2. The ways in which customers were looking for their CRM to demonstrate commercial understanding can be grouped into three main areas:
- acknowledging the business pressures faced by the business;
  - understanding the business's structures and ways of operating; and
  - providing more relevant/targeted information to the business.
- 4.8.3. In relation to business pressures, customers often perceived that the CRM did not fully understand the full range of demands made on the business. Customers were keen to stress that ultimately the businesses' bottom line was determined by the goods and services provided and not by the payment of tax. In this context the CRM and HMRC more generally were also perceived not to understand the costs to the business associated with short notice requests.

*"Do the HMRC staff see that what drives most of the stuff that goes on here is not tax related? – the projects we do and get involved in are not primarily driven by tax" LBS Customer*

- 4.8.4. Respondents also wished to point out they were not necessarily experts in tax which explained the relative high use of third party intermediaries. It was felt this was not always recognised by the CRM.
- 4.8.5. The second aspect of commercial understanding related to specific understanding of business structures. Customers did not always feel the CRM appreciated how auditing and record keeping within the business took place. This point was certainly linked to the issue of tax not being the overriding concern of the business. Examples were given whereby HMRC (and the CRM) had expected information on a transaction from a long time ago very quickly. Businesses explained they could face logistical difficulties and direct costs in obtaining this information in short timescales.

*"If they are looking at something you have done they want to see every bit of paper relating to it – but things will change throughout the course of the transaction. They expect that nothing changes and everything is well documented which is far from the case" LC CRM Customer*



4.8.6. CRMs commercial understanding of differences by the sector in which the business operates was also mentioned as an area for improvement. It was mentioned in two capacities:

- The CRM was perceived to not always recognise that the business is different to other businesses within the respective sector; and
- The CRM was perceived to not always recognise that the commercial pressures faced by the sector are considerably different to other sectors.

4.8.7. In this context it was felt on occasions the CRM did not necessarily understand why businesses took the actions they did – a specific example given was in relation to how profits might be recognised within a specific sector.

*“If we are doing a return for capital expenditure he needs to appreciate what this is and why we treat it a certain way for tax, he needs to understand why it qualifies for tax in our industry but may be not in another industry” **LBS Customer***

4.8.8. In terms of providing more targeted, filtered information, there was a feeling that if CRMs had built up a good knowledge of the way the business works, including the sector it operates in, this could potentially be used to draw businesses’ attention to changes in regulation and legislation that would have a direct impact on the business. It was also felt the CRM could provide summarised information of relevance, as opposed to generic material.

4.8.9. Examples were given of how businesses had noticed commercial understanding of CRMs growing over time; these included CRMs demonstrating an increased understanding of businesses’ internal pressures and deadlines and why the business ‘*does the things in the way that it does*’.

*“I don’t know how long he has been our CRM but he has got a good understanding of how the group works, where the issues are” **LC CRM Customer***

#### **4.9 Experiencing a change of CRM – qualitative follow-up**

4.9.1. Businesses acknowledged that CRMs may need to be replaced at some point. Therefore, despite the CRM being essential in the relationship a change of CRM was not necessarily a concern in itself.

4.9.2. Of most importance to businesses was how the change of a CRM was handled and overall HMRC appeared to have handled the changeover very well. A few businesses that had experienced a change of CRM were selected specifically for the follow-up interviews and for these businesses HMRC appeared to be meeting expectations, namely offering: advance notice of the change; a meeting involving both outgoing and incoming CRM; a period where both CRMs were involved; and detailed handover notes being produced.



- 4.9.3. As discussed earlier in this chapter, trust and understanding builds up over time and businesses that had experienced a change in CRM felt there was a short-term impact on the relationship. Likewise businesses about to experience a change anticipated this might be the case. Linked to commercial understanding, it was felt the key challenge faced by a new CRM was to understand the context of how the business operated and perhaps more importantly the commercial challenges faced by the business.

*“You basically start from scratch again so a significant number of the benefits of a CRM fall away for a period.”* **LBS Customer**

#### 4.10 The CC relationship

- 4.10.1. The remaining businesses within Local Compliance have a Customer Coordinator (CC). The CC acts as a first point of contact for businesses but does not have the same remit as a CRM. CCs were introduced in the summer of 2010 and the 2011 survey results showed that awareness and use of the CC had increased over time. However, use of the CC has had little impact on overall experiences of dealing with HMRC.
- 4.10.2. The proportion of customers who experienced direct contact with the CC had increased over time. In 2011, 31% of customers had been in contact with their CC, compared to only 25% in 2010. In comparison, the increase in take up of the CC by LC customers was at a much lower rate than take up of the CRM by LC customers when first introduced in 2008. Whilst only about a third of LC customers were in contact with their CRM in 2008, 70% were in contact with their CRM in 2009.
- 4.10.3. Almost eight in ten (78%) LC CC businesses were aware that they had a CC. This represented a significant increase from 2010 when about seven in ten<sup>17</sup> were aware they had a CC.
- 4.10.4. Among the LC CC businesses that had no contact with their CC, the main reason was that they felt they had no need to contact their CC within the last 12 months.
- 4.10.5. Longitudinal analysis of LC CC customers who took part in 2010 and 2011 helped show how awareness and use of the CC was changing over time. Almost a quarter (23%) of LC CC customers had been directly assisted by their CC at least once in the last two years but only 5% had actually been assisted in both years. Hence there were very few customers that had built up a sustained relationship with their CC. In comparison 95% of LBS and 90% LC CRM customers<sup>18</sup> had actually been assisted in both 2010 and 2011 by their CRM.
- 4.10.6. This analysis shows LC CC businesses were not necessarily returning to their CC for assistance, even if they had used the CC previously. However, this cannot necessarily be attributed to dissatisfaction with the service as further analysis shows that customers' overall experience of dealing with the CC was good.
- 4.10.7. At an overall level, 22% of customers claimed not to have heard of the CC programme. The longitudinal analysis confirmed this and showed 17% of customers that had taken part in both waves of the study had never heard of their CC.

<sup>17</sup> 68% of LC CC customers were aware they had a CC in the 2010 survey.

<sup>18</sup> Based on all LBS and LC CRM customers taking part in both waves of the study

- 4.10.8. Focussing more specifically on experiences of dealing with the CC, feedback was generally good. Over four in five felt the performance of the CC was very good or fairly good at an overall level and over three-quarters were in agreement with individual statements about the CC's performance. This is summarised in table 4.4.

**Table 4.4: Experience of dealing with the CC: 2010 - 2011**

	LC '10	LC '11
<i>Base: All customers</i>	<i>(86)*</i>	<i>(132)</i>
	<i>% agreeing</i>	<i>% agreeing</i>
<b>OVERALL CC RATING</b>	<b>87</b>	<b>81</b>
Their willingness to help you	90	<b>92</b>
Being easy to contact	90	<b>86</b>
Ensuring that your queries are dealt with effectively	86	<b>84</b>
The extent to which the timeframes they agree for response are appropriate	84	<b>78</b>
The extent to which they respond within the timeframes agreed	81	<b>76</b>

\*2010 base under 100 – treat with caution

Note: Each row of this table should be read separately as all customers were asked each measure. It will not sum to 100%

- 4.10.9. A comparison of LC CC customers that had used/were aware of their CC and those that had not showed no significant difference in their overall experience of HMRC. This may mean that the CC is too new a programme to analyse fully or that the CC is not a key driver in LC CC customer experience

#### 4.11 The CC relationship – qualitative follow-up

- 4.11.1. The qualitative follow-up with LC CC customers was consistent with the quantitative findings. It highlighted that one of the main reasons for not using the CC service was simply lack of awareness.
- 4.11.2. Where customers in the follow-up interviews were aware of the service, there was a general feeling that there was simply no need to contact the CC. More detailed questioning showed that businesses perceived their needs to be relatively simple and hence did not require the involvement of their CC. Some also cited the fact that they already knew who to contact within HMRC and therefore any 'signposting' service was unnecessary.

*"I have 20 years experience of dealing with HMRC and am well versed in the way the departments work" LC CC Customer*

- 4.11.3. Despite some businesses having stated that they had no real need to use their CC, the discussions provided evidence that on occasions the service would have been useful had businesses known about it.

*"I originally contacted the local Birmingham office; they then passed me to Southampton or Portsmouth and then finally to the large office in Liverpool. If we had known about the CC we could have gone straight to them saving me going around the departments; which slowed the process down" LC CC Customer*



4.11.4. The qualitative follow-up therefore showed there was potential demand for the service and arguably some of the customers that did not feel it was of use at the time of interview, could benefit from the service.

#### 4.12 The role and influence of intermediaries – qualitative follow-up

4.12.1. These discussions also sought to understand the role intermediaries and third parties played in the relationship customers had with staff at HMRC (both staff in general and the CRM/CC). Findings demonstrated third parties played a vital role in the eyes of large business customers.

4.12.2. Looking at CRM customers first, the types of issues discussed tended to determine how HMRC was approached. Businesses preferred to run any issue regarding tax planning or compliance past intermediaries before contacting the CRM or anyone else within HMRC.

4.12.3. A variety of reasons were given as to why businesses preferred to do this, including the independence of the adviser and the technical expertise / sector knowledge of the adviser. As noted earlier respondents were open in admitting they were not necessarily experts in complex tax issues. A strong feeling emerged that *'if in doubt'* it was always better to run concerns and plans past advisers first before disclosing information to HMRC because businesses felt *'there is no going back'* once information is disclosed.

*"I don't want to go to HMRC with an issue that isn't actually an issue." LC CRM Customer*

*"If it is something that I was unsure of or that was clearly technically complex I would want to talk that through with independent advisers first." LBS Customer*

4.12.4. On a purely commercial level some customers also noted that being a paid for service, third parties provided information and responses to queries in a speedy manner. They often defined this as within the space of a few days.

4.12.5. On more process driven issues, usually relating to clarification over processes and computations, including logistical issues such as reporting deadlines and billing formats, customers tended to contact their CRM without involving an intermediary first. Generally they felt that when there was *'no tax at stake'* it was more appropriate to talk to the CRM without any external involvement.

*"If it was about a process and nothing particularly technical and I wanted to get some certainty over a particular process then I would talk to the CRM." LBS Customer*

4.12.6. On occasions, some CRM customers mentioned that they would go directly to specialists within HMRC with no involvement from a third party or the CRM. This was usually for issues perceived to be very simple, often regarding VAT or PAYE enquiries. Customers noted that this was no reflection on the CRM; rather they could not see the point in troubling the CRM when they felt confident it could be handled directly

*"There is no point using the CRM as a post box." LC CRM Customer*



- 4.12.7. Most businesses stated that in the main, their advisers tended to discourage businesses contacting HMRC directly in the first instance. To some extent, businesses recognised that there was some 'self-interest' on the part of advisers, but generally businesses were in broad agreement that this system best suited the business needs - as highlighted in the examples discussed above.

*"I would think there have been occasions when I thought it would be appropriate to contact HMRC and they have persuaded me that maybe that isn't the right thing to do tactically."* **LC CRM Customer**

- 4.12.8. When probed around the perceptions third parties have of HMRC, customers felt they tended to match their own, although some felt intermediaries could be more negative. Customers felt intermediary perceptions of HMRC reinforced their own views with regards to relatively slow speeds of response from HMRC and holding less knowledge / context about the individual business.

*"Intermediaries obviously face similar issues with HMRC, the same sort of frustrations; on balance I would say there were negative about HMRC."* **LBS Customer**

#### **4.13 Designing and signing off tax strategies – qualitative follow-up**

- 4.13.1. The qualitative follow-up also looked to explore how the decision-making process in designing tax strategies within large businesses took place. The overarching point, and one that builds on previous studies among this audience, was that customers were keen to point out that tax planning does not drive commercial decision-making; rather customers were keen to stress it was a consideration once key strategic decisions had been made.

*"The commercial strategy is paramount for us – we wouldn't do anything in terms of our tax strategy that wasn't in line with the commercial strategy. Tax strategies should follow commercial planning"* **LBS Customer**

- 4.13.2. In terms of the process of planning, the respondents surveyed<sup>19</sup> were usually involved in the process, tasked with identifying possible plans through informal talks with others within the business. Often this included the Financial Director. Once provisional plans were drafted by the respondent, businesses tended to get third parties / intermediaries involved for further advice or guidance. If the planning related to Corporation Tax the plans were likely to need ratifying / signing off at board level, whereas feedback suggested planning around VAT was rarely the subject of a specific strategy.

#### **4.14 Awareness and communication of change**

- 4.14.1. This section looks at how well HMRC communicates change. To this effect three relatively recent changes were chosen at random to assess HMRC communications. This section of the report is not about evaluating each change individually and the results are not comparable between changes.

<sup>19</sup> Heads of Tax

### **Awareness of changes**

- 4.14.2. As table 4.5 shows, in general, the awareness of the changes was higher among LBS and LC CRM customer groups than among LC CC customers.

**Table 4.5: Awareness of changes**

	LBS	LC CRM	LC CC
<i>Base: All customers</i>	<i>(351)</i>	<i>(475)</i>	<i>(839)</i>
	<i>% aware</i>	<i>% aware</i>	<i>% aware</i>
iXBRL <sup>20</sup>	94	88	63
RTI <sup>21</sup>	77	68	46
DRR <sup>22</sup>	84	65	34

*Note: Each row of this table should be read separately as all customers were asked about each measure. It will not sum to 100*

- 4.14.3. Sub-group analysis showed that regardless of the change discussed customers that rated HMRC fairly good or very good in terms of overall performance were significantly more likely than other customers to be aware of a change.

### **Rating of HMRC communication**

- 4.14.4. Businesses were also asked whether they felt HMRC had become more likely, in general, to consult about potential changes to the tax system over the last year. Opinion varied among the different customer groups. Over two thirds of LBS customers agreed that HMRC had become more likely to consult on tax changes compared to about half of LC CRM customers and just over a third of LC CC customers.

### **Sources of information**

- 4.14.5. Customers aware of each of the changes, were asked whether they had seen any information or guidance about the change, and whether the information had come directly from HMRC or from another source such as accountants, tax advisors, or payroll bureaus.
- 4.14.6. Of those aware of the changes most had seen some kind of information or guidance relating to them, with LBS and LC CRM customers more likely to have seen information or guidance than LC CC customers.

### **Rating information and guidance on the tax changes**

- 4.14.7. All businesses that had received information or guidance on the changes, were asked to rate on a five point scale how easy or difficult the information was to understand, use and find in the first place. The overarching findings are summarised below and the full breakdown of results by customer group is included in the appendix to the report.

<sup>20</sup> iXBRL stands for introduction to Extended Business Reporting Language. For more information see Section 8.

<sup>21</sup> RTI stands for Real Time Information. For more information, see Section 8.

<sup>22</sup> DRR stands for Disguised Remuneration Rules. For more information, see Section 8.

4.14.8. When assessing information on changes customers were more likely to state it was easy to find and understand the information than it was to use the information contained on changes.

**Consultation documents on the tax changes**

4.14.9. If customers were aware of any of the changes, one of these changes was chosen at random and they were asked about it in more detail.<sup>23</sup> Table 4.6 shows the proportion that was aware of an HMRC consultation regarding each change discussed.

4.14.10. LBS customers were generally more aware of consultation than LC CRM and LC CC customers.

**Table 4.6: Awareness of official HMRC consultation regarding RTI, iXBRL and DRR**

	LBS	LC CRM	LC CC
	% aware	% aware	% aware
<i>Base: All customers aware of change and followed up</i>	107	156	225
<b>RTI</b>	<b>29</b>	<b>22</b>	<b>18</b>
<i>Base: All customers aware of change and followed up</i>	131	193	323
<b>iXBRL</b>	<b>30</b>	<b>27</b>	<b>17</b>
<i>Base: All customers aware of change and followed up</i>	107	108	125
<b>DRR</b>	<b>52</b>	<b>25</b>	<b>16</b>

*Note: Each row of this table should be read separately as all customers were asked each measure. It will not sum to 100*

4.14.11. Customers who had seen a consultation document were asked whether they had read the document fully, skim read it or not read it at all. Only a few businesses asserted the document had been read fully, with most saying the document had been skim read. Customers who had at least skim read the document were subsequently asked how well or poorly they felt that HMRC had consulted on the change - the full breakdown of results by customer group for change is included in the appendix to the report.

4.14.12. Businesses were also asked to rate on a five point scale how satisfied they were with the length of time for consultation, the response to the consultation and the information provided within the consultation. Across all three changes most customers felt the information contained within the consultation was very satisfied or fairly satisfied. Fewer customers were satisfied with the length of time allowed for the consultation and response to the consultation.

<sup>23</sup> In order to reduce respondent burden and keep questionnaire length to 20 minutes it was only feasible to follow up about one change in detail. These were selected at random, regardless of how many changes the customer was aware of. For this reason base sizes differ by change within customer group.

## 5 Customer experience of HMRC's culture

### 5.1 Key Findings

- 5.1.1. The majority of large business customers perceived HMRC to be cooperative, fair and consistent in its dealings with businesses in 2011. Key Driver Analysis has shown performance in these areas had a direct impact on overall experience with HMRC.
- 5.1.2. The extent to which customers saw HMRC as joined-up varied. Half of LBS customers agreed that HMRC was joined up, which was a significant improvement from 2010, where 41% had agreed. Only 34% of LC CRM and 29% of LC CC customers agreed that HMRC was joined-up.
- 5.1.3. Of those customers who disagreed that HMRC was joined-up, further questions revealed that customers' experiences of HMRC effectively sharing information about their business internally was the area with the lowest rating.
- 5.1.4. A relative weakness of HMRC culture was having a transparent decision-making process, with only 52% of LBS, 47% of LC CRM and 44% of LC CC customers agreeing with this statement.
- 5.1.5. The process of resolving disagreements continued to be an area of relative weakness for HMRC. For example, there had been a significant decline in how well LC CRM customers perceived an improvement in the process of resolving disagreements to work.

### 5.2 Introduction

- 5.2.1. While the previous chapter considered feedback on the staff in general and the CRM / CC, this chapter explores other customer experiences of dealing with HMRC, such as fairness, transparency, certainty and the resolution of disputes.

### 5.3 Maintaining standards: Co-operation, Fairness and Consistency

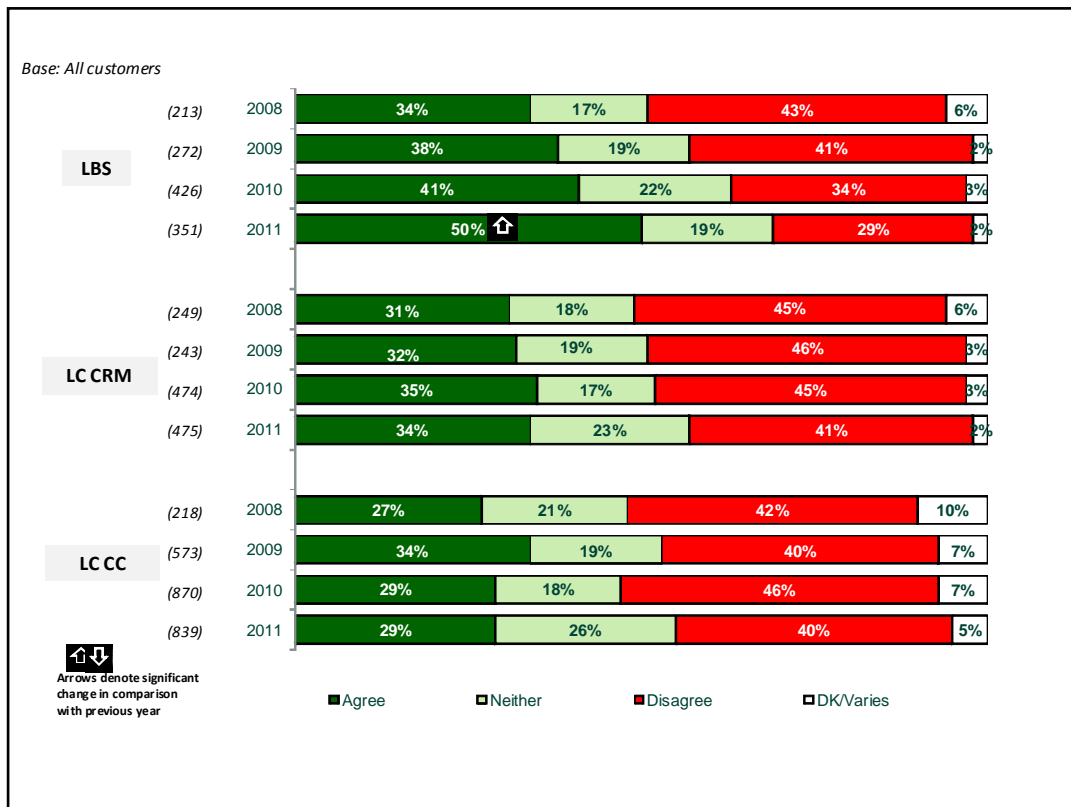
- 5.3.1. The extent to which HMRC was perceived to seek a co-operative relationship and treat businesses fairly and consistently lied at the heart of overall customer experience across the three customer groups.<sup>24</sup> Customer feedback across these areas was very positive:
- Co-operative – Four in five LBS / LC CRM customers agreed; three in five LC CC customers agreed;
  - Fairness – Over four in five across all customers groups agreed; and
  - Consistency – Over three quarters of all customers were in agreement.

<sup>24</sup> All three of these factors were 'primary drivers' for LBS and LC CC customers, and perceived co-operation and fairness were 'primary drivers' for LC CRM customers,

### 5.4 Being joined-up

- 5.4.1. Compared to other aspects of HMRC culture, a lower proportion of customers agreed that HMRC was joined up. However, perceptions of how joined-up HMRC are, was not shown to be a Key Driver of overall experience.
- 5.4.2. Figure 5.1 shows that LBS customers perceived HMRC to be more joined up than other customer groups, 50% agreed in 2011. This represented a significant improvement from 2010 among LBS customers.

**Figure 5.1: Proportion who agreed HMRC was a joined-up organisation**



- 5.4.3. While 2011 findings showed that ratings in the area of HMRC being joined up have remained constant (LC CC and LC CRM) or significantly improved (LBS), longitudinal analysis gave a more complex picture, indicating that individual businesses tended to rate HMRC differently in 2011 compared to 2010.

## 5.5 Understanding why some businesses do not perceive HMRC to be 'joined-up'

5.5.1. In order to better understand how HMRC could be more joined-up to large business customers, further follow-up questions were asked in the 2011 survey to only the customers who disagreed that HMRC was joined-up. These are summarised in table 5.1 and key points include:

- Less than three in ten business customers surveyed felt that HMRC effectively shared information about their business internally;
- In contrast to the other business groups, a much lower proportion of LC CC customers agreed that staff were aware of ongoing dealings that their businesses had with HMRC and that requests for information and enquiries from HMRC were well coordinated; and
- More than half of business customers surveyed that were part of a larger group felt that HMRC was consistent in its interactions with all parts of their business.

**Table 5.1: Proportion who disagreed with statements relating to being joined-up**

	LBS	LC CRM	LC CC
<i>Base: All who disagreed HMRC was joined-up</i>	(103)	(196)	(332)
	% agreeing	% agreeing	% agreeing
HMRC is consistent in its interactions with all parts of your group <sup>25</sup>	55	61	53
Staff are aware of all ongoing dealings your business has with HMRC	51	47	27
Requests for information and enquiries from HMRC are well coordinated	51	44	36
HMRC effectively shares information about your business internally	29	22	14

*Note: Each row of this table should be read separately as all customers were asked each measure. It will not sum to 100%*

## 5.6 Being joined-up – qualitative follow-up

5.6.1. The qualitative follow-up interviews explored perceptions of HMRC being 'joined-up' in more detail to understand what customers really meant by the term 'joined-up'. It emerged that customers were taking a lot of different factors into account in their definition of being joined-up but that generally these issues were not seen to be 'too big a deal' and to some extent were expected when dealing with a large public sector body.

<sup>25</sup> This question was only asked of customers that were part of a larger group and disagreed HMRC was joined-up (85 LBS, 150 LC CRM, 210 LC CC).

5.6.2. Factors mentioned as contributing to a perception that HMRC was not joined-up included:

- A lack of institutional record keeping;
- Receipt of communication from HMRC that the CRM was not aware of<sup>26</sup>;
- A lack of information about the progress of queries; and
- A sense of an organisation split into tax silos.

5.6.3. General 'record keeping' was a key area in which some customers thought HMRC could do more to demonstrate that they are joined-up. Suggestions for improvement included 'playing back' contact notes from previous correspondence and providing inspectors with full notes of previous interactions. Some LBS customers had noticed improvement in these areas.

*"I think it's better now. You can always tell that there are notes that have gone on the file"* **LBS Customer**

5.6.4. Negative feedback on being 'joined-up' often related to the CRM being unaware of communications from other departments within HMRC. Examples were given where the CRM had not been copied in on correspondence and where 'incorrect' payments had been issued. Of particular irritation to customers was where payment notices were issued while ongoing discussions were still taking place about a particular issue.

5.6.5. However, again, some LBS customers mentioned improvements in this area with the CRM noticeably working as part of a team and being aware of all issues being discussed with the business.

*"This was an IP<sup>27</sup> issue, on the call was our CRM, the specialist, a financial accountant ,and there was also the lady who'd been leading the litigation cases for the HMRC, so all those people relevant to the issue on the call showed that they were being joined-up"* **LBS Customer**

*"We do get emails sent from other areas within HMRC; so when we speak to the CRM team to ask them what this is about they say 'ah that shouldn't have been sent' so there does seem a slight disconnect"* **LBS Customer**

5.6.6. When discussing the extent to which HMRC was 'joined-up' other aspects mentioned included keeping the business informed throughout the life of a transaction / query. There was a perception that queries are sometimes 'left hanging' and businesses were not always issued with 'closure notification'.

*"They open a query – you provide the answers but you don't get someone saying 'thank you, it's closed' so it just hangs there and you don't know whether it is open, dead, resolved or still going through the process"* **LC CC Customer**

5.6.7. Finally, some customers felt that there was a general lack of sharing information between departments within HMRC, with customers perceiving 'tax silos'. Anecdotes were given about how departments related to business tax did not necessarily share information with those related to employment taxes.

<sup>26</sup> Relevant to CRM customers only.

<sup>27</sup> IP: Intellectual Property rights

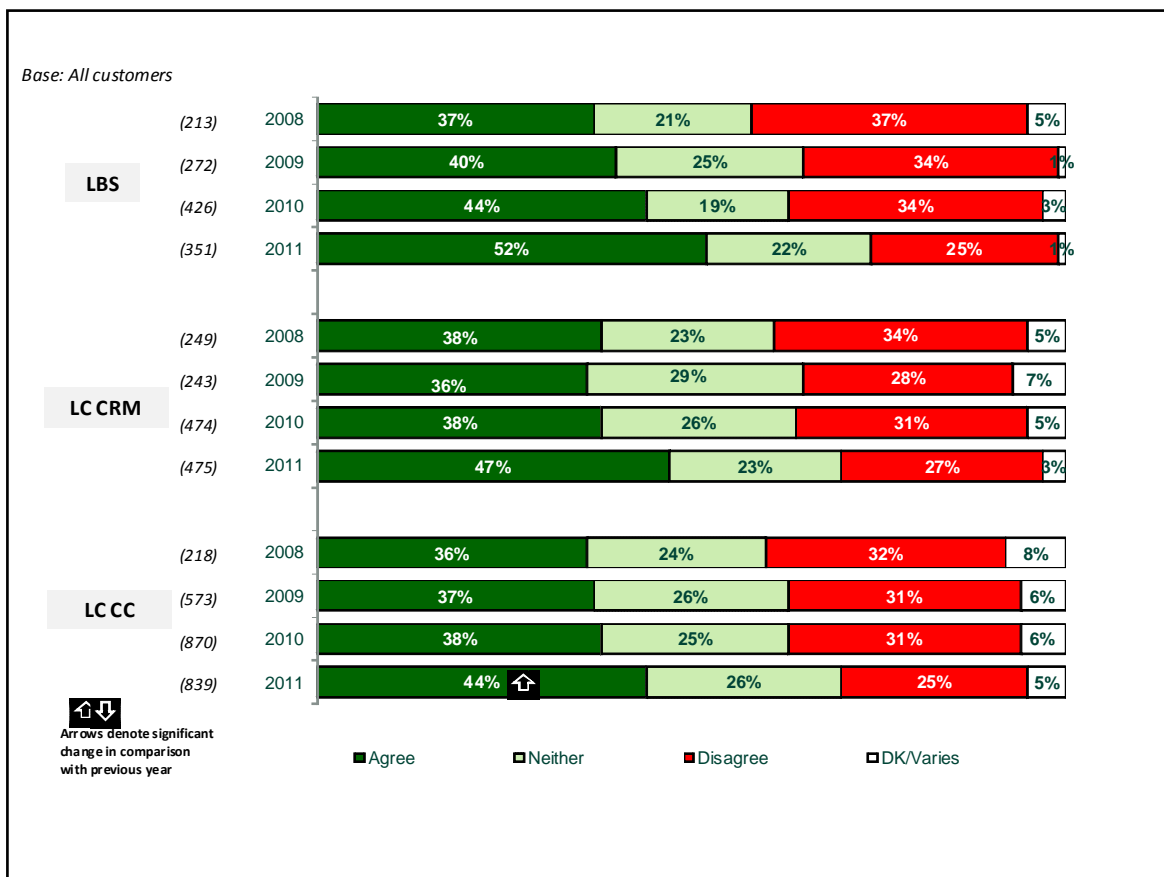


*"I think the corporate tax team share information between themselves but I don't think there is a lot of cross over into the VAT side or personal tax side of things"* **LBS Customer**

**5.7 Being Transparent**

- 5.7.1. Compared to other aspects of HMRC's culture, the proportion of all customers who agreed that HMRC's decisions-making process was transparent was also relatively low.
- 5.7.2. That said, the underlying trend showed that there had been an improvement over time as shown in Figure 5.2. This was particularly true of LC CC customers where there was a statistically significant increase in the proportion who agreed that HMRC was transparent.<sup>28</sup>

**Figure 5.2: Proportion who agreed that HMRC's decision-making process was transparent**



<sup>28</sup> From 38% in 2010 to 44% in 2011.

## 5.8 Understanding why some businesses do not perceive HMRC to be transparent

5.8.1. In order to better understand how HMRC could be more transparent to large business customers, further follow-up questions were asked in the 2011 survey of the customers that disagreed that HMRC was transparent. These are summarised in table 5.2 and key points include:

- Despite not feeling HMRC was transparent, nearly two thirds of all business customers agreed that HMRC made the reasons for any information requests clear to their business. This finding suggested that the rationale behind requests for information may not be what businesses are concerned about when considering transparency.
- Less than half of LC CRM and LC CC customers agreed that HMRC keeps their business informed about the progress of any enquiries. This finding may help to explain why some businesses did not perceive HMRC to be transparent.

**Table 5.2: Proportion who agreed with statements relating to being transparent**

	LBS	LC CRM	LC CC
<i>Base: All who agreed HMRC's decision-making was transparent</i>	(83)	(130)	(210)
	% agreeing	% agreeing	% agreeing
HMRC makes the reasons for any information requests clear to your business	68	62	58
HMRC keeps your business informed about the progress of any enquiries	57	47	42

*Note: Each row of this table should be read separately as all customers were asked each measure. It will not sum to 100%*

## 5.9 Longitudinal analysis with regards to transparency

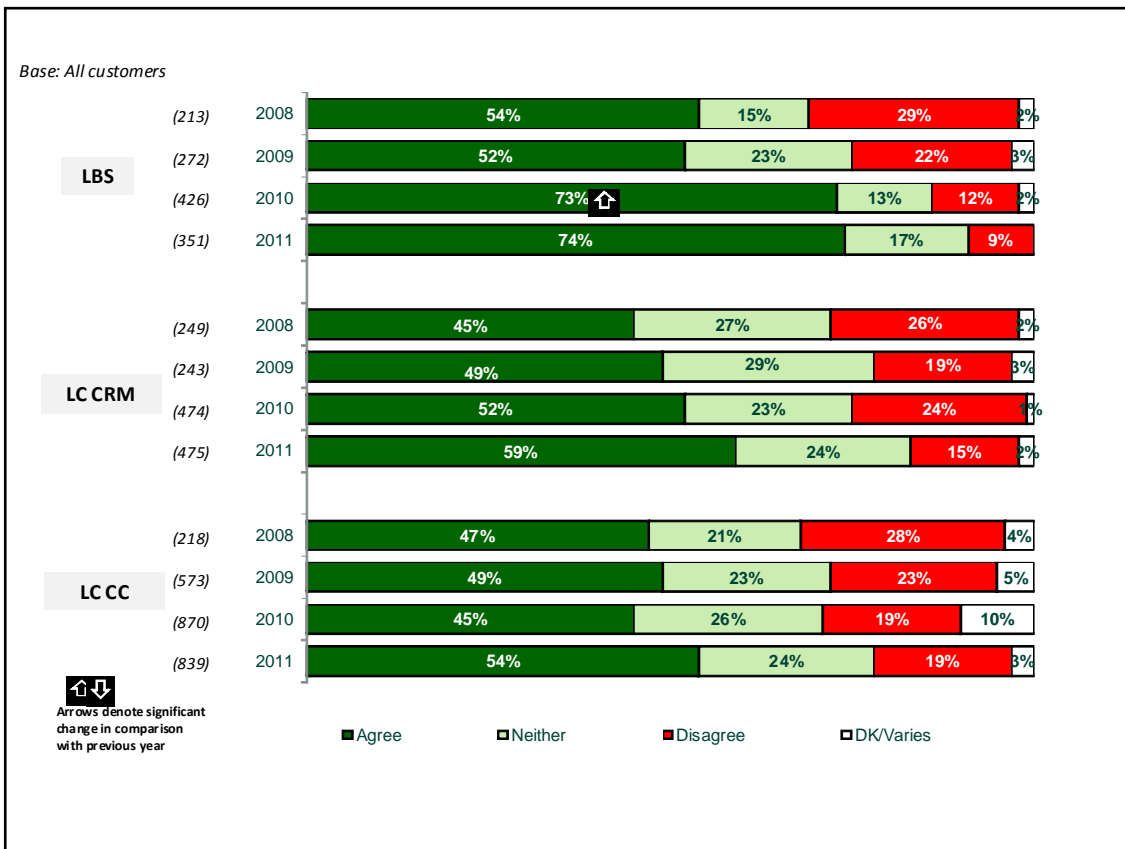
- 5.9.1. The longitudinal analysis provided a more complex picture. This analysis tracked the same business customers over time and showed that some customers perceived HMRC's performance in transparency to decline. For example, around a fifth of LC CRM and LC CC customers perceived that HMRC's transparency declined in 2011 compared to 2010.
- 5.9.2. This decline was not evident in the year-on-year analysis because over a quarter of different individual customers perceived HMRC to be improving with regards to this measure. The consequence was that this may have resulted in a significant overall improvement which simultaneously masked customers that perceived a decline – this was specifically the case with regards to the LC CC customers and perceptions that HMRC was transparent in its decision-making.

## 5.10 Addressing concerns, individual needs and providing certainty to businesses

- 5.10.1. Customers were more likely to agree that HMRC made it clear what their areas of concern were, than to agree that HMRC made it clear what the business should do to address these concerns. Year-on-year analysis showed these perceptions have not changed in 2011 when compared to 2010.
- 5.10.2. However, longitudinal analysis across these measures showed a relatively large amount of fluctuation among the LC CRM and LC CC customer populations. Up to a fifth of individual LC CRM and LC CC businesses were more likely to agree in 2011 than they were in 2010 that HMRC made it clear what their areas of concern were and how the business should address these concerns; while a similar proportion were less likely to agree with these factors in 2011 than they were in 2010.

- 5.10.3. In terms of the extent to which HMRC had taken individuals' needs into account, customer views varied considerably by customer group.<sup>29</sup> These proportions were also in line with findings from previous waves of LBPS.
- 5.10.4. Over half of customers across all groups were in agreement that HMRC provided businesses with certainty in their tax affairs as shown in Figure 5.3. This year-on-year analysis showed that across the LC CRM and LC CC customer groups a higher proportion agreed that HMRC provided certainty in 2011 than it did in 2010. Among the LBS population HMRC was perceived to have maintained a high performance in this area.

**Figure 5.3: Proportion who agreed that HMRC provides businesses with certainty in its tax affairs**



<sup>29</sup> 77% LBS, 58% LC CRM and 43% LC CC customers agreed with this statement.

## 5.11 Resolution of disagreements

- 5.11.1. The final quantitative theme examined in this chapter is the resolution of disagreements. The analysis presented here was based on all customers that experienced a disagreement within the last 12 months.
- 5.11.2. Where disagreements had been experienced, the extent to which customers perceived HMRC to understand commercial pressures, to resolve disagreements in agreed and appropriate timeframes and the extent to which HMRC had improved the overall process of resolution were explored (table 5.3)<sup>30</sup>.

**Table 5.3: Proportion who agreed with statements relating to disagreement resolution**

	LBS '10	LBS '11	LC CRM '10	LC CRM '11	LC CC '10	LC CC '11
<i>Base: All which had experienced disagreements with HMRC in past 12 months</i>	(376)	(184)	(398)	(163)	(670)	(197)
	% agreeing	% agreeing	% agreeing	% agreeing	% agreeing	% agreeing
The timescales within which HMRC agrees to resolve disagreements are appropriate	70	<b>74</b>	66	<b>67</b>	63	<b>60</b>
HMRC resolves disagreements within the timeframes agreed	60	<b>58</b>	63	<b>55</b>	58	<b>56</b>
HMRC demonstrates an understanding of the commercial pressures your business faces	55	<b>63</b>	44	<b>37</b>	37	↓ <b>21</b>
HMRC has improved the process of resolving disagreements	47	<b>44</b>	42	<b>28</b> ↓	29	<b>22</b>

Note: Each row of this table should be read separately as all customers were asked each measure. It will not sum to 100%

- 5.11.3. The majority of customers who had a disagreement (74% LBS, 67% LC CRM, 60% LC CC) agreed that the timeframes within which HMRC agreed to resolve disagreements were appropriate and over half agreed that disagreements were resolved within this timescale. These findings were similar to 2010.
- 5.11.4. In terms of commercial understanding there were marked differences by customer group. While three in five LBS customers agreed HMRC demonstrated commercial understanding in resolving disagreements, only one in five LC CC customers agreed. Among LC CC customers this represented a significant drop from 2010 when closer to two in five agreed.
- 5.11.5. Opinions were divided across all customer groups in terms of the extent to which HMRC had improved the process of resolving disagreements.<sup>31</sup> Among the LC CRM customers 28% agreed; this represented a significant drop in the proportion that agreed in 2010.<sup>32</sup>

<sup>30</sup> Comparisons with 2010 should be treated with a degree of caution – a specific question on whether disputes had been experienced was introduced in 2011 (results in 2010 were derived).

<sup>31</sup> 44% LBS, 28% LC CRM and 22% LC CC agree with this statement.

<sup>32</sup> 42% of LC CRM agreed in 2010.

- 5.11.6. Finally, looking at the longitudinal analysis, disagreement resolution also stood out as an area where ratings across the two years had been subject to a high degree of fluctuation across the three customer groups. Furthermore, regression analysis highlighted that where individual businesses did change their opinion of HMRC with regard to disagreement resolution, this was highly correlated with their overall experience of dealing with HMRC.
- 5.11.7. That said, it should be noted that longitudinal analysis can only be conducted among customers that experienced a disagreement in both 2010 and 2011 so base sizes were relatively small and should be treated with a degree of caution for the LC CRM and LC CC populations. It is also likely that the exact nature and type of disagreement will be a key factor in determining how respondents rated the way it was handled so a greater degree of volatility compared to other measures was perhaps to be expected.



## 6 HMRC's influence on the UK business environment

### 6.1 Key findings

- 6.1.1. Large business customers felt the administrative burden of compliance had decreased and the impact that HMRC's administration has on UK competitiveness had improved over the last year. Indeed the three-year trend showed 2010 standing out as a year when feedback was more negative.
- 6.1.2. About half of customers held a neutral stance on HMRC's administration of the tax system having an impact on the UK as a place to do business. The other half of customers were almost evenly split in whether they perceived HMRC to have a positive or a negative effect on the UK's competitiveness.
- 6.1.3. Of those customers that felt HMRC had a negative effect on the UK's competitiveness, three in five customers cited the complexity of the tax legislation as the reason.
- 6.1.4. The proportion of businesses who considered relocating some or all parts of the business had fallen significantly among LBS customers from 26% in 2010 to 16% in 2011. About four in five LBS customers who did consider relocating in 2011 had also considered it in 2010.

### 6.2 Introduction

- 6.2.1. This chapter examines the influence large business customers perceived HMRC to have in making the UK a competitive place to do business.

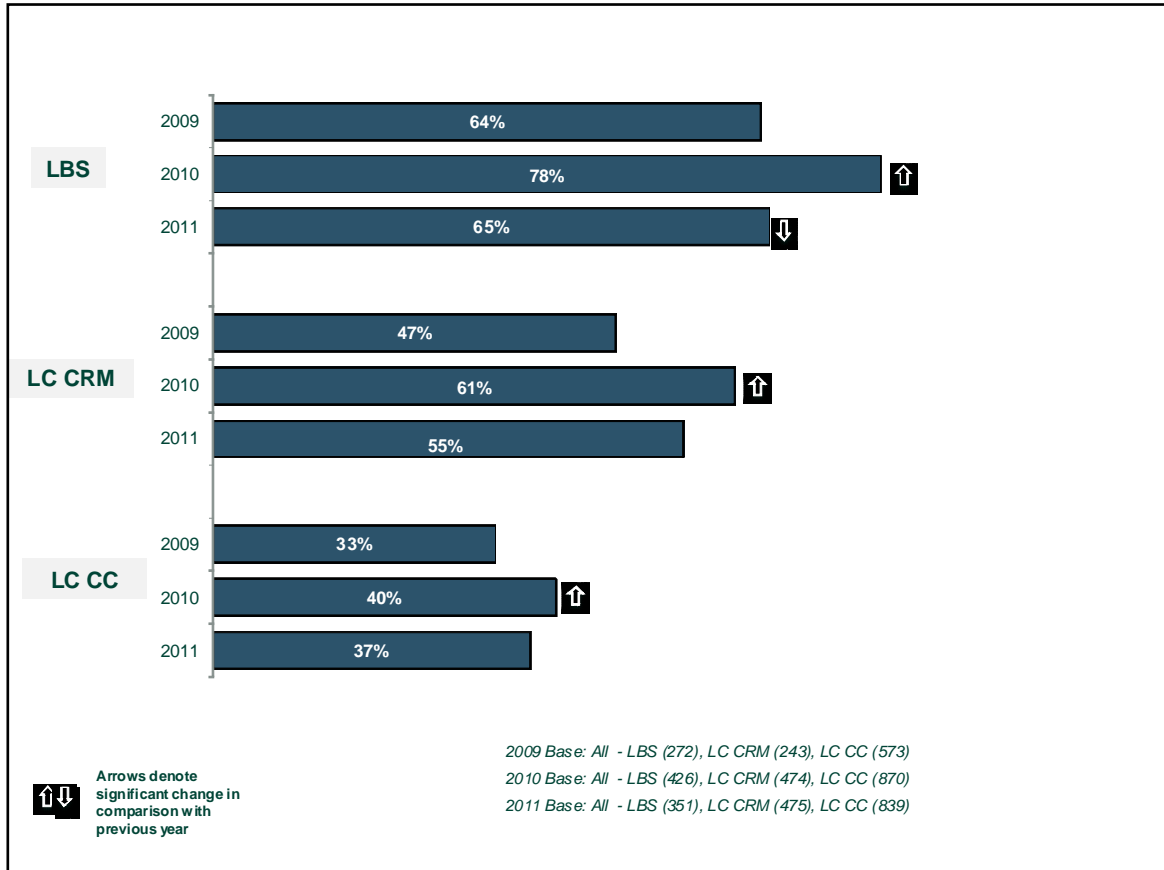
### 6.3 Administrative burden of compliance

- 6.3.1. HMRC continues to be committed to reducing the administrative burden of tax compliance and has specific measures in place to monitor the burden on businesses, a strategic objective for the department.
- 6.3.2. Across the three customer groups the administrative burden was perceived to have reduced in 2011 compared to 2010 – significantly so among the LBS customers. Looking at the longer term trend this suggested 2010 was a 'peak' for the large business customers. The proportions of customers that agreed in 2011 that administrative burden of compliance had increased was similar to that seen in 2009.



6.3.3. These findings are shown in Figure 6.1, which also highlights that LBS customers continued to be the most likely to perceive an increase in the administrative burden of compliance and LC CC customers were the least likely to do so.

**Figure 6.1: Proportion who stated that the administrative burden of compliance had increased**



- 6.3.4. In 2011, customers who had said that the administrative burden had increased over the last 12 months were asked why they felt this was the case. As table 6.1 shows, the findings indicated that the perceived increase in the burden of compliance was largely down to other regulatory issues - around three in ten LBS customers and one in four LC CRM / LC CC customers mentioned this.
- 6.3.5. That said, the introduction of Extended Business Reporting Language (iXBRL) was also mentioned by all customer groups as a key reason for the increase in the burden - although it was mentioned less often by LC CC customers.
- 6.3.6. Among CRM customers the introduction of the SAO legislation was also commonly mentioned – around three in ten LBS and LC CRM customers stated this had an impact on the perceived administrative burden.

**Table 6.1: Reasons why the administrative burden was perceived to have increased over the past 12 months**

	LBS	LC CRM	LC CC
<i>Base: All customers perceiving an increase in the administrative burden of compliance</i>	(227)	(259)	(313)
	% agreeing	% agreeing	% agreeing
Senior Accounting Officer legislation (SAO)	36	29	2
Other regulatory issues	30	24	23
Extended Business Reporting Language (iXBRL)	29	27	14
Debt cap legislation	11	8	1
Online filing	8	8	13
General increase in the complexity of compliance	7	8	13
Corporation (CT) rate change	7	4	4
Volume of HMRC enquiries increasing	6	10	7
VAT rate change	4	6	12
Payroll issues	3	5	7
Internal issues – company growth	-	5	8

*Note: Table will add to more than 100% - respondents could give more than one answer*

- 6.3.7. The longitudinal picture showed that among customers that took part in both waves of the study around a fifth<sup>33</sup> felt the administrative burden was less or the same as it was in 2010. By contrast, fewer customers felt the administrative burden had increased since 2010.<sup>34</sup> This further highlighted that 2010 findings can be viewed as a short term 'peak' rather than the beginning of an upward trend in the perceived burden of compliance.

<sup>33</sup> 20% LBS, 18% LC CRM and 20% LC CC

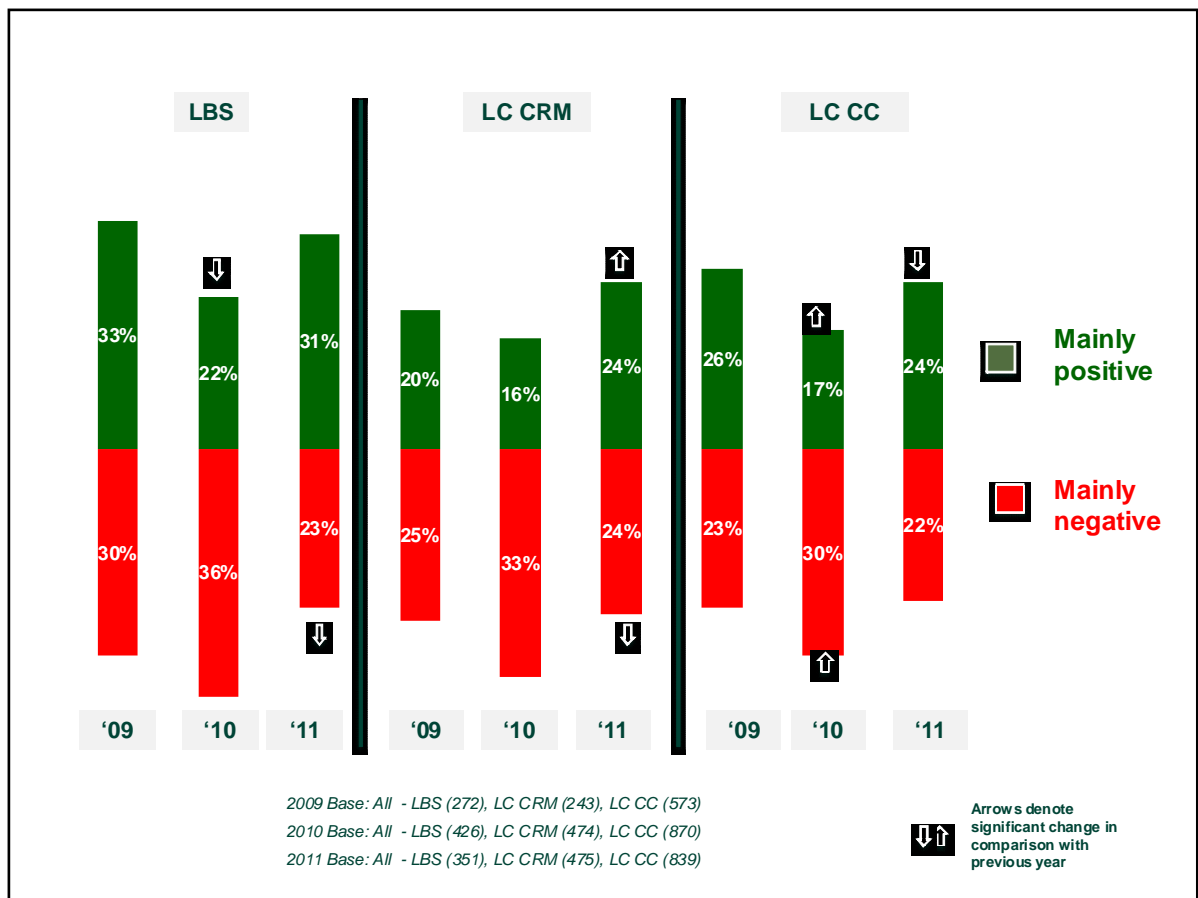
<sup>34</sup> 9% LBS, 12% LC CRM and 15% LC CC



**6.4 Impact of HMRC’s administration on the competitiveness of the UK as a place to do business**

- 6.4.1. Customers were also asked about whether HMRC’s administration of the tax system had a positive or negative effect on the UK as a place to do business. As Figure 6.2 shows there had been significant improvements in perceptions of HMRC across all three customer groups. These also represented a return to the levels seen in 2009.
- 6.4.2. That said, overall opinion continued to be mixed and it should be noted that relatively high proportions of all customers<sup>35</sup> adopted a neutral stance, stating that HMRC had no impact on the competitiveness of the UK as a place to do business.

**Figure 6.2: Perceived impact of HMRC’s administration of the tax system on the UK as a place to do business**



<sup>35</sup> 42% LBS, 48% LC CRM and 46% LC CC customers.

- 6.4.3. All customers that felt HMRC had a negative impact on the UK as a place to do business were asked why this was the case (table 6.2) on an unprompted basis.
- 6.4.4. The findings highlighted that when probed the majority of customers, about six in ten, considered complexity of tax legislation as the overriding issue. Also mentioned were tax rates across a number of taxes.
- 6.4.5. Some customers cited shortcomings of HMRC with regard to the impact on competitiveness. These most commonly related to 'being joined-up' – i.e. there were perceptions that HMRC was inconsistent and co-ordinated poorly with regards to administration of the tax system.

**Table 6.2: Why HMRC's administration of the tax system has a negative impact on the UK as a place to do business.**

	LBS	LC CRM	LC CC
<i>Base: All customers stating that HMRC's administration has a negative impact on the UK as a place to do business</i>	(79)*	(112)	(182)
	<i>% agreeing</i>	<i>% agreeing</i>	<i>% agreeing</i>
Complexity of tax legislation in general	58	66	59
Inconsistency/ poor co-ordination at HMRC	20	11	12
Regulatory changes	19	11	11
High taxes	11	12	15
Complexity of anti avoidance legislation	8	4	1
Increased the businesses costs	5	11	11
Corporation (CT) rate change	4	6	4
HMRC enquiries increasing	4	4	4
VAT rate change	3	5	7

\* Base size under 100 – treat with caution

Note: Table will add to more than 100% - respondents could give more than one answer

## 6.5 Relocating the business

- 6.5.1. Customers were also asked whether they had considered relocating some or all parts of their business outside the UK in the last 12 months. LBS and LC CRM customers, the larger businesses, were more likely to state that they had considered relocating (16% for each group) than LC CC customers. Only 6% of LC CC customers stated this was the case.
- 6.5.2. Among LBS customers this represented a significant fall in the proportion that considered relocating compared to 2010<sup>36</sup> from 26% in 2010 to 16% in 2011. The proportions that had considered relocating some or all parts of the business remained relatively consistent across the LC CRM and LC CC customer populations.

<sup>36</sup> This difference is statistically significant and findings are based on all businesses taking part in the study each year.

- 6.5.3. Customers were also asked about the main reasons for considering a move and the findings were relatively similar across all three customer groups - although base sizes should be treated with caution as all were under 100.<sup>37</sup> A wide range of reasons were given – the main reasons in order of relevance were as follows:
- more favourable tax considerations elsewhere (mentioned by 14 LBS customers , 23 LC CRM customers, 11 LC CC customers);
  - wider commercial reasons (mentioned by 13 LBS customers , 20 LC CRM customers, 17 LC CC customers); and
  - specific mention of Corporation Tax rates (mentioned by 3 LBS customers , 10 LC CRM customers, 7 LC CC customers)
- 6.5.4. It is useful to explore this data longitudinally, looking at individual businesses' change in perceptions over time, to understand whether some businesses considered moving in both years; or whether it tended to be different businesses each year. In conducting this analysis, bases become very small.<sup>38</sup>
- 6.5.5. In the main, it was the same businesses that considered relocating some or all parts of the business across both waves of the study (particularly the LBS customers). Of the LBS customers taking part in both studies, around four in five that considered moving in 2011 had also considered moving in 2010. Among LC CRM customers the proportion was closer to three in five, and among LC CC customers around half that considered moving in 2011 had also considered this option in 2010.

---

<sup>37</sup> LBS: 57 businesses, LC CRM: 76 businesses, LC CC: 52 businesses

<sup>38</sup> Base sizes become small when longitudinal analysis is undertaken because there are relatively few businesses that considered moving in 2010 and took part in the study again in 2011. Base sizes are under 45 for each customer group and this analysis should be treated with caution



## 7 Policy areas: Real Time working and approach to risk

### 7.1 Key Findings

- 7.1.1. Use of Real Time working remained at broadly constant levels among the LBS and LC CRM customer groups; nearly all LBS customers worked in Real Time (although not always frequently). Use was much lower among LC CC customers and qualitative follow-up suggested there LC CC customers held a wide range of views as to what constituted Real Time working.
- 7.1.2. Among all businesses who worked in Real Time, this way of working was perceived to provide more certainty, help avoid disputes and agree issues more quickly.
- 7.1.3. 2011 findings suggested that at least four in five LBS and LC CRM customers were aware of HMRC's risk rating process and understood the benefits of being low risk. In addition, almost 70% of these customers stated that the HMRC risk status of their business was considered when structuring their tax affairs.
- 7.1.4. Fewer than half of LC CC customers perceived HMRC to have a good understanding of their business's level of risk with regards to tax compliance. Longitudinal analysis also showed that this perception changed over time; about half of LC CC customers' ratings with regards to this statement fluctuated in 2011 when compared to 2010.
- 7.1.5. In contrast, 87% of LBS and 72% of LC CRM customers agreed that HMRC had a good understanding of their business's level of risk with regards to tax compliance.
- 7.1.6. Seven in ten LBS and LC CRM customers that had received a risk review in the last 12 months felt it was fair and comprehensive.

### 7.2 Introduction

- 7.2.1. This chapter looks at customer feedback on two specific policy areas which are of importance to HMRC, Real Time working and HMRC's approach to risk management.

### 7.3 Real Time working

- 7.3.1. Over recent years, HMRC has increasingly considered addressing issues and conducting transactions in Real Time where possible. For the purposes of this study, Real Time working was defined as:

*“Raising any issue or transaction as they arise in a financial year or accounting period before the return has become due including clearances”*

- 7.3.2. The majority of large businesses with CRM support were working in Real Time, particularly those looked after by the CRM (94% LBS, 80% LC CRM). By contrast LC CC customers were less likely to be working in Real Time. Qualitative follow-up also suggested that LC CC customers had a wide range of definitions of 'Real Time working' and therefore the true proportion of LC CC customers working in Real Time was likely to be lower. This is discussed in more detail in the next section.

- 7.3.3. Table 7.1 shows how the frequency of working in Real Time compared to findings from the Tax Opinion Panel survey<sup>39</sup> (TOPS) conducted in the spring of 2010<sup>40</sup>. Broadly, use of Real Time working had remained relatively consistent between the two studies among LBS and LC CRM customers. LBS customers were more likely to use Real Time working on a frequent basis than other customer groups.

**Table 7.1: Frequency of working in Real Time**

	LBS TOPS 2010	LBS 2011	LC CRM TOPS 2010	LC CRM 2011	LC CC 2011
<i>Base: All</i>	(366)	(351)	(395)	(475)	(839)
	%	%	%	%	%
Frequently	39	<b>32</b>	19	<b>13</b>	<b>4</b>
Occasionally	46	<b>58</b>	50	<b>59</b>	<b>46</b>
Once	4	<b>4</b>	9	<b>9</b>	<b>9</b>
Never	10	<b>6</b>	21	<b>19</b>	<b>39</b>
Don't know	1	*	1	<b>1</b>	<b>2</b>

*Note: Table sums to 100%*

- 7.3.4. Longitudinal analysis can also be conducted among the LBS and LC CRM customers that took part in both TOPS and the second wave of this, the Large Business Panel survey. Across both customer groups change was very similar, around half were using Real Time working to the same extent as they did earlier in 2011 – with the remainder equally split between those who used it more and those who used it less than they did earlier in 2011.
- 7.3.5. To help HMRC understand why businesses, particularly LC CC customers, had never discussed issues in Real Time they were asked why they had not done so on an unprompted basis. Two main reasons were cited by LC CC customers: the majority stated they had no need (62%) to use Real Time working; close to three in ten (27%) said they preferred to use their external advisers. Among the minority of LBS and LC CRM customers not using Real Time working, the reasons given were similar.

<sup>39</sup> The Tax Opinion Panel Survey (TOPS) is a sister survey to the LBPS. Carried out by HMRC, TOPS aims to establish businesses' awareness and opinion of current tax policy and upcoming changes to legislation, as well as their current and potential behaviour in relation to legislation.

<sup>40</sup> Owing to questionnaire changes regarding the definition of Real Time working comparisons have been made with the Tax Opinion Panel Survey (April – July 2011) rather than wave 1 of LBPS. No Real Time questions have ever been asked previously of the LC CC customer group.

- 7.3.6. Customers that had only a limited experience of Real Time working, that is had only used it once or occasionally, were asked what (if anything) could make the business discuss more issues in Real Time. Responses were very similar across all customer groups. Around three in ten customers from each customer group stated that they would do so simply if they had a need for Real Time working.<sup>41</sup> Between 25% and 38% of customers also stated that nothing would encourage them to discuss issues in Real Time more frequently.<sup>42</sup>
- 7.3.7. Sub group analysis was conducted to help explore whether customers that have worked in Real Time had differing views of HMRC across all the measures discussed in this report. There were few areas where significant differences stood out. The exceptions were among LC CRM customers where those who worked frequently in Real Time were more likely (than those not working frequently in real time) to agree *strongly* that:
- HMRC treats businesses fairly;
  - HMRC is consistent in its approach; and
  - Their CRM is willing to help them.
- 7.3.8. Furthermore, LC CRM customers who never worked in Real Time were less likely to agree HMRC was transparent and offered easy access to tax specialists.
- 7.3.9. To provide further insight into how Real Time working was used by customers, all customers that had worked in Real Time within the last 12 months were asked which taxes they had discussed in Real Time most frequently. As table 7.2 shows, the three main taxes discussed in Real Time were PAYE, VAT and Corporation Tax.

**Table 7.2: The three taxes that were most commonly discussed in Real Time**

	LBS	LC CRM	LC CC
<i>Base: All customers working in Real Time</i>	<i>(327)</i>	<i>(384)</i>	<i>(498)</i>
	%	%	%
Corporation Tax	62	48	14
VAT	60	47	55
PAYE	27	33	46

*Note: Table will add to more than 100% - respondents could give more than one answer*

<sup>41</sup> 34% LBS, 31% LC CRM, 28% LC CC customers.

<sup>42</sup> 38% LBS, 29% LC CRM, 25% LC CC customers.

- 7.3.10. Differences by customer group were marked, with LBS and LC CRM customers most likely to have used Real Time working to discuss VAT and Corporation Tax, but less likely to have discussed PAYE issues. By contrast among the LC CC population, Corporation Tax was discussed by relatively few customers in Real Time whereas just under half discussed PAYE in Real Time. It was likely that the reason behind this marked difference was that certain taxes were more relevant to certain customer groups – i.e. the differences were not necessarily due to Real Time working but to do with the types of queries different customer groups were likely to raise.
- 7.3.11. Table 7.3 shows the impact Real Time working was perceived to have on businesses using it. The key advantages were perceived to be increased certainty and it being a useful tool in helping to avoid disagreements.
- 7.3.12. Most LBS and LC CRM customers were also in agreement that issues were agreed more quickly when Real Time working was adopted - although fewer LC CC customers were in agreement. In terms of the extent to which Real Time working reduced business costs the pattern was the same, the majority of LBS and LC CRM customers agreed.

**Table 7.3: Proportion who agreed with statements relating to Real Time working<sup>43</sup>**

	LBS	LC CRM	LC CC
<i>Base: All customers working in Real Time</i>	<i>(327)</i>	<i>(384)</i>	<i>(498)</i>
	<i>% agreeing</i>	<i>% agreeing</i>	<i>% agreeing</i>
Increases certainty about tax affairs	93	88	76
Helps avoid disputes	88	89	82
Issues are agreed more quickly	85	80	67
Helps avoid unnecessary contact with HMRC	69	74	67
Reduces business's costs	66	62	48

*Note: Each row of this table should be read separately as all customers were asked each measure. It will not sum to 100%*

- 7.3.13. There were no significant differences in views on the benefits of Real Time working by customers who had worked frequently in Real Time or occasionally.
- 7.3.14. Finally, customers were asked the extent to which they agreed or disagreed that HMRC had the necessary expertise and capacity<sup>44</sup> to work in Real Time. Three-quarters of LBS customers and two-thirds of LC CRM customers were in agreement HMRC had the expertise, although LC CC customers were less likely to be convinced.<sup>45</sup> Businesses were more sceptical in terms of whether HMRC had the necessary capacity to work in Real Time – less than half of LBS customers and about a third of LC customers agreed with the statement.

<sup>43</sup> Due to questionnaire changes (change of Real Time working definition and new statements added) no direct comparisons are made with 2010.

<sup>44</sup> i.e. resourcing and staff

<sup>45</sup> 77% LBS, 67% LC CRM and 56% LC CC customers.

#### 7.4 Defining Real Time working – qualitative follow-up

- 7.4.1. The follow-up qualitative work looked to explore customers' understanding of what they classed as Real Time working. Definitions varied greatly between the LC CC customer population and those with a CRM.
- 7.4.2. LC CC customers held a very wide range of views of what constituted Real Time working. Some LC CC customers considered online filing and the move to iXBRL to be Real Time working. Some felt that Real Time working was synonymous with the Real Time Information changes for PAYE that will soon be introduced. Others felt simply filing returns within a deadline was considered to be Real Time working.
- 7.4.3. Among CRM customers, understanding of Real Time working was higher with it generally being accepted to mean *'reporting any significant transactions in advance'*.

#### 7.5 Approaches to Risk

- 7.5.1. Customer feedback on the approach to risk was sought from two perspectives. Firstly, HMRC looked at general compliance. In the second instance, HMRC considered the risk review process and the extent to which CRM customers felt it was fair and comprehensive.

##### **General compliance**

- 7.5.2. Looking at the more general perceptions of HMRC first, there continued to be stark differences by customer group, higher proportions of LBS customers agreed with the following statements compared with other customer groups. Over four in five LBS customers agreed that:
- HMRC have a good understanding of your business's level of risk with regard to tax compliance;
  - HMRC make it clear what you need to do to be compliant; and
  - HMRC have become more focused on the high risk tax issues that affect businesses and are now less concerned about the low risk matters.
- 7.5.3. Among LC CRM customers the majority still agreed with the statements but to a lesser extent (69%-72% across the three statements). This showed that following two years of significant improvements in feedback across these areas HMRC was perceived to have consolidated and maintained its performance for these customers.
- 7.5.4. In terms of LC CC customers, less than half of all customers agreed HMRC had a good understanding of their business's level of risk and that HMRC were more focussed on the high risk issues.
- 7.5.5. Although there was no year-on-year change in LC CC customer opinion in this area, longitudinal analysis showed that this overall picture hid considerable change over time of individual LC CC businesses' perceptions. Over a quarter were more likely to agree in relation to HMRC's understanding of the business risk while a fifth were less likely to agree on the same issue; this showed individual LC CC customers' experiences appeared to vary over time.





**Risk-based approach to working**

- 7.5.6. The risk-based approach to working was a measure introduced in late 2007 with all CRM businesses going through a specific risk assessment process, the results of which have been shared with the customer. Awareness of the businesses' risk status was high across both CRM customer groups (93% LBS and 83% LC CRM).
- 7.5.7. Focussing on the last 12 months specifically, three-quarters of LBS customers and under half of LC CRM customers had undergone a risk review with HMRC. These customers were asked the extent to which they agreed with several statements about the risk review process and this is shown in table 7.4.

**Table 7.4: Proportion who agreed with statements relating to Risk based approach to working**

	LBS	LC CRM
<i>Base: All who had a risk-review</i>	(266)	(214)
	<i>% agreeing</i>	<i>% agreeing</i>
The risk review process is fair	88	81
I know what the benefits of being low risk are for my business	86	94
The risk rating criteria are comprehensive enough	81	73
My business takes into account the HMRC risk status when structuring its tax affairs	70	68

*Note: Each row of this table should be read separately as all customers were asked each measure. It will not sum to 100%*

## 8 Glossary

Term	Definition
<b>Customer Relationship Manager (CRM)</b>	All LBS customers have a Customer Relationship Manager (CRM) and some of the largest businesses within Local Compliance Large and Complex (LC) have had a CRM for the last four years. The CRM role ranges from preparing the risk assessment, ensuring issues are resolved, responding to queries and keeping the business updated on how issues are progressing.
<b>Customer Coordinator (CC)</b>	The remaining businesses within Local Compliance have what is known as a Customer Coordinator (CC). The CC acts as a first point of contact for businesses but does not have the same remit as a CRM. CCs were introduced in the summer of 2010 and the 2011 survey results show that awareness and use of the CC is increasing over time.
<b>DRR</b>	Disguised Remuneration Rules: This legislation was introduced in the Finance Bill 2011 to tackle third party arrangements which seek to avoid or defer the payment of income tax or National Insurance contributions due on employment income or avoid restrictions on pensions tax relief.
<b>iXBRL</b>	Extended Business Reporting Language: This is a new, electronic format for business information, which HMRC expects to provide benefits in the preparation, analysis and communication of business and financial data.
<b>Key Driver Analysis</b>	Key Driver Analysis (KDA) is a statistical technique using multiple linear regression – the aim of which is to help understand what impact different elements of HMRC service (i.e. factors) have on overall experience of dealing with HMRC.
<b>Large Business</b>	The definition of large businesses is principally based on the EU definition of large businesses which is either more than 250 employees or more than €50M turnover and €43M assets.
<b>LBS</b>	Large Business Service: The division within HMRC looking after the affairs of the largest businesses in the UK.
<b>LC CRM / LC CC</b>	Local Compliance Large and Complex (LC): The division within HMRC looking after the remaining large businesses. Some businesses have a Customer Relationship Manager (CRM) and others have a Customer Coordinator (CC).
<b>Longitudinal analysis</b>	The advantage of the panel approach means HMRC can measure how individual businesses that have taken part in 2010 and 2011 responses have changed over time. This is referred to as 'longitudinal' analysis.
<b>Real Time working</b>	Over recent years HMRC has been looking at addressing issues and conducting transactions in Real Time where possible. The definition used in the survey for real time is: <i>'raising any issue or transaction as they arise in a financial year or accounting period before the return has become due and includes clearances'</i>
<b>ROLLB</b>	Review of Links with Large Businesses
<b>RTI</b>	Real Time Information: Introduced in April 2013. Using RTI, employers and pension providers will tell HMRC about PAYE payments at the time they are made as part of their payroll process. It is being rolled out in stages.



Term	Definition
<b>Tax Opinion Panel Survey</b>	The Tax Opinion Panel Survey (TOPS) is a sister survey to the LBPS. Carried out by HMRC, TOPS aims to establish businesses' awareness and opinion of current tax policy and upcoming changes to legislation, as well as their current and potential behaviour in relation to legislation.
<b>Year-on-year analysis</b>	This involves looking at how ratings of HMRC have changed over time – i.e. whether the proportion of businesses agreeing or disagreeing with statements has increased or decreased over the last 12 months.



## 9 Technical appendix

### 9.1 Background and aims

- 9.1.1. HMRC has carried out research with large businesses since 2008, using a telephone survey and qualitative follow-up interviews, to annually assess businesses' views of the services provided by HMRC. The survey has measured changes in customer service and has, since 2008, also provided performance indicators for one of the Departmental customer experience scores that HMRC used for the CSR 07 and CSR 10 period<sup>46</sup>.
- 9.1.2. In 2010 the methodological approach to the survey changed; from a cross-sectional to a longitudinal panel survey design. This means that instead of drawing a new sample each year, HMRC chose to survey the same businesses each year. This approach enables the department to gain more in-depth knowledge of businesses as it can measure changes in individual businesses over time.
- 9.1.3. In addition to the Large Business Panel Survey about customer experience, since 2011 HMRC has been conducting a survey with the same large business customers around their views on tax policies. This provides one vehicle for all research with large businesses. The survey about tax policies is co-funded with ESRC.
- 9.1.4. In June 2010, IFF Research Ltd was appointed as the independent research contractor to undertake the Large Business Panel Survey (LBPS). The following sections of this chapter set out the detail of the methodology used.

### 9.2 About HMRC's large business customers

- 9.2.1. HMRC's relationships with large businesses are managed by either the Large Business Service (LBS) or the Local Compliance Large and Complex (LC) group.
- 9.2.2. The LBS is responsible for working with the UK's largest businesses on a range of taxes, duties and regimes. Around 770 businesses are serviced by the LBS, and all have a dedicated Customer Relationship Manager (CRM). The CRM manages the relationship between the business and HMRC across all taxes and duties. These customers are referred to as LBS customers throughout this report.
- 9.2.3. Local Compliance (LC) partners the Large Business Service (LBS) in dealing with the tax affairs of the remaining large businesses. Starting in 2007, the largest LC customers were appointed a CRM (with the same responsibilities and remit as the CRMs that work with LBS customers). In total around 1,200 businesses within LC have a CRM. These customers are referred to as LC CRM customers throughout this report.
- 9.2.4. The remaining businesses within LC L&C were offered a Customer Co-ordinator in the summer of 2010. The Customer Co-ordinator acts as a first point of contact for businesses but does not have the same remit as a CRM. In total, around 8,000 businesses within LC now have access to a Customer Coordinator (CC). These customers are referred to as LC CC customers throughout this report.

<sup>46</sup> For more information about the DSO2 score, see section 10.13 in the Appendix

### 9.3 Overview of the research method

- 9.3.1. The 2011 LBPS survey encompassed 1,665 quantitative telephone interviews and 30 follow-up qualitative interviews, mainly with Heads of Tax or Finance Directors from HMRC's large business customers. This report draws on the findings of interviews with these businesses.

### 9.4 Quantitative research

- 9.4.1. The following numbers within each customer group were interviewed as part of the quantitative study between 12<sup>th</sup> September and 20<sup>th</sup> December 2011:

**Table 9.1: Number of interviews achieved by customer group**

TOTAL	LBS	LC CRM	LC CC
<i>N</i>	<i>n</i>	<i>n</i>	<i>n</i>
<b>1,665</b>	351	475	839

**Table 9.2: Approximate population by customer group**

TOTAL	LBS	LC CRM	LC CC
<i>N</i>	<i>n</i>	<i>n</i>	<i>n</i>
<b>9,170</b>	770	1,100	7,300

*Please note that numbers change slightly each year. The same population figures from 2010 are used here for consistency.*

### 9.5 Sampling

- 9.5.1. In 2010 when the panel approach was introduced, the strategy used was that of a simple random sample stratified by the three customer groups. Given the relatively small size of the LBS and LC CRM population, a near census of these two customer groups was selected. Among LC CC customers, a simple random sample of 2,000 businesses was selected by HMRC with the aim of interviewing as many as possible of these customers.
- 9.5.2. In the second year of the panel, the same sample was used to allow for longitudinal analysis. Given the census approach for the LBS and LC CRM populations, a review of the population was undertaken to include and exclude any businesses that were no longer part of these customer groups due to merger, liquidation, change in customer group etc. In addition, businesses that had declined to be re-contacted following the first wave of the LBPS conducted a year previously, or declined to be re-contacted following the first wave of the sister survey to the LBPS, i.e. the Tax Opinion Panel Survey (TOPS), six months previously were also excluded. Other businesses excluded were a small sample ring fenced for piloting and development work. In the case of LC CC a top up exercise was undertaken to ensure a similar proportion of businesses could be interviewed in 2011 as in 2010. This customer group also had a higher proportion of businesses declining to take part or becoming ineligible, hence the need for top ups. Given the limited background knowledge of these businesses, a like for like replacement was not attempted.

- 9.5.3. While LBPS and TOPS used the same population of LBS and LC CRM customers, among LC CC customers, a separate random sample of businesses specific to the LBPS (i.e. excluded from the previous TOPS survey) was selected by HMRC. The LC CC population is the only strata sufficiently large to allow for separate sampling.
- 9.5.4. Where contact details were lacking on the database, telephone numbers and addresses were found where possible via online look-up services, and also via manual desk research. All businesses that had viable addresses were sent a letter introducing the research and a glossy newsletter summarising the findings from the first wave of the LBPS and providing a link to the published full report from wave1.
- 9.5.5. The number of records available for the research is shown in table 9.3. The table shows the starting number of records provided by HMRC, and the number unavailable for use due to respondent refusal to re-contact, deemed ineligibility, and lack of contact details, determined over the previous waves of LBPS and TOPS.

**Table 9.3: Sample selection for main-stage fieldwork**

	Records provided by HMRC in 2010	Extra records supplied by HMRC in 2011	Records used for pilot / development work	Records unavailable following LBPS wave 1 (refusals / ineligible)	Records unavailable following TOPS wave 1 (refusals / ineligible)	Records classified as ineligible by HMRC for second wave	Issued for main stage fieldwork
	<i>n</i>	<i>N</i>	<i>N</i>	<i>n</i>	<i>n</i>	<i>n</i>	<i>N</i>
<b>LBS</b> <i>(full population)</i>	<b>758</b>	<b>23</b>	<b>40</b>	<b>59</b>	<b>83</b>	<b>16</b>	<b>583</b>
<b>LC CRM</b> <i>(full population)</i>	<b>1118</b>	<b>284</b>	<b>80</b>	<b>119</b>	<b>127</b>	<b>115</b>	<b>961</b>
<b>LC CC</b> <i>(a random sample of full population)</i>	<b>2200</b>	<b>640</b>	<b>200</b>	<b>219</b>	<b>n/a</b>	<b>272</b>	<b>2149</b>
<b>TOTAL</b>	<b>4076</b>	<b>947</b>	<b>320</b>	<b>397</b>	<b>272</b>	<b>272</b>	<b>3824</b>

## 9.6 Questionnaire development and screening

- 9.6.1. The construction of the LBPS 2011 questionnaire involved an extensive period of development which included discussions with HMRC, cognitive interviews with Heads of Tax (or equivalent) of large businesses and a pilot telephone survey.
- 9.6.2. Cognitive interviewing involved nine face to face interviews and subsequently 20 pilot interviews were carried out across the three customer groups.
- 9.6.3. All pilot interviewing took place from IFF's CATI (Computer Assisted Telephone Interviewing) centre between Tuesday 16th August and Thursday 18th August 2011. A warm up letter was sent at the beginning of August to introduce respondents to the survey.
- 9.6.4. Following this development work the final main stage questionnaire lasted an average of 20 minutes and fieldwork was conducted using CATI.
- 9.6.5. The screening section at the start of the script was used to identify the correct respondent at each business - the person at the business with overall responsibility for dealing with HMRC, usually a Finance Director, Tax Director, Head of Tax or a Senior Accountant. The table below outlines the job titles of respondents taking part in LBPS wave 2 by customer group.

**Table 9.4: Respondent job titles**

	LBS	LC CRM	LC CC
<b>Base: All respondents</b>	<b>351</b>	<b>475</b>	<b>839</b>
	%	%	%
Head of tax/Tax manager	57	27	3
Tax director	12	4	*
Financial manager/controller	9	23	32
Financial Director/ CFO	7	22	28
Senior/Group Accountant	5	14	18
MD/Other board Director	5	3	6
Company secretary	1	3	4
Other	6	4	10

- 9.6.6. The eligibility of the business to take part in the research was also checked during the screening stage, i.e. that the business managed its own tax affairs.

## 9.7 Response rates

9.7.1. Sub-group response rates were calculated for each of the three customer groups as well as the overall response rate for the whole sample. Businesses which chose to opt out of the research were classified as refusals for the purpose of calculating response rates. Each respondent was allocated to one of the following categories:

- I – complete interview
- P – partial interview (classified as those respondents reaching at least the beginning of section D, deemed a half-way point, before breaking off the interview)
- R – refusal (including those who opted out before the research, those who refused when contacted during the main-stage fieldwork, and those who broke off the interview before reaching the beginning of section D)
- NC – non-contact (those with whom contact was never made during the fieldwork period)
- U – unknown eligibility (including businesses that had moved and could not be traced during fieldwork)
- O – other non-response (including where correct respondent was unavailable throughout fieldwork)
- NE – not eligible

9.7.2. The response rate was calculated using the following formula<sup>47</sup>:

$$\text{Response rate} = \frac{I + P}{(I + P) + (R + NC + O) + e(U)}$$

Where 'e' is the estimated proportion of cases of unknown eligibility that are eligible, calculated as below:

$$E = \frac{(I + P) + (R + NC + O)}{(I + P) + (R + NC + O) + NE}$$

9.7.3. Table 9.5 shows the 2011 LBPS response rate<sup>48</sup> achieved for each customer group, as compared to that achieved for the first wave of the LBPS in 2010.

<sup>47</sup> Thomas, M., 2002 Standard Outcome Codes and Methods of Calculating Response Rates in Business Surveys at the Office for National Statistics, GSR Conference 2002, UK; and Beerten, R., Lynn, P., Laiho, J. & Martin, J. 2001 'Recommended Standard Final Outcome Categories and Standard Definitions of Response Rates for Social Surveys', ISER Working Papers no 2001-23

<sup>48</sup> The response rate gives the number of interviews achieved as a proportion of the number of records available for use at the beginning of the relevant wave of the project, also taking into account the number of refusals, unobtainable numbers, and various other non-response categories that were recorded throughout fieldwork.



**Table 9.5: Response rates achieved**

	2011 Completed interviews (LBPS w2)	2011 Response rate (LBPS w2)	2010 completed interviews (LBPS w1)	2010 Response rate (LBPS w1)
LBS	351	58.9%	426	60.3%
LC CRM	475	44.6%	474	46.7%
LC CC	839	39.9%	870	44.3%
ALL	1,665	44.3%	1,770	48.0%

9.7.4. Table 9.6, below also show the numbers across each customer group that took part in LBPS wave 1. These form the base sizes for all longitudinal analysis – the approach to which is discussed in more detail later in this chapter.

**Table 9.6: Longitudinal response at wave 2**

TOTAL	LBS	LC CRM	LC CC
943	279	256	408
% of interviews achieved at wave 1			
53%	65%	54%	47%

## 9.8 Non-response analysis

- 9.8.1. Checks were run on the profile of complete interviews to detect non-response bias. Non-response bias can occur in surveys if the answers of respondents differ from the potential answers of those who did not participate. The danger of this is that overall results may not be fully representative of the overall customer group.
- 9.8.2. The scope for non-response analysis was limited to variables on the original sample database, which were sector, region and HMRC administrative data. Generally, this analysis showed only very minimal differences between the original sample and the profile of achieved interviews within each customer group, typically between 0 - 4% within each customer group. In a small handful of instances the difference was 9 - 10%.
- 9.8.3. Checks were also conducted on those responding to both 2010 and 2011 waves of LBPS to see whether respondents who took part in both waves were more positive:
- Although overall satisfaction scores were generally a bit higher in 2011 for LC CRM and LC CC customers that took part in LBPS wave 1 **and** wave 2 compared to those that **only** took part in wave 2 –the differences were not significant;
  - Across LC CRM and LC CC customers there was no significant difference in 2010 satisfaction score by those that went to on to take part in LBPS wave 2 and those that did not; however
  - Among LBS customers there was some suggestion that the more satisfied customers in 2010 took part in wave 2.

## 9.9 Data linking

- 9.9.1. At the end of the survey, respondents were asked whether they would be willing to have their survey answers linked to administrative data held on their business by HMRC, on the condition that HMRC would still not be able to identify any business that has taken part in the survey, regardless of whether data linking occurred or not. The majority of customers (nearly 9 in 10 across all customer groups) agreed to this.

## 9.10 Data analysis

- 9.10.1. As with the first wave of the LBPS, the data were analysed separately for the three customer groups - due to the different structure and size of the businesses in the three groups as well as the different service provided to each, there would be limited value in analysing the data from all businesses as a whole.
- 9.10.2. In the absence of any notable non-response bias, no weighting to adjust for non-response was deemed necessary. Furthermore, as approximately 80 percent of large businesses belong to the LC CC customer group, any attempt to apply weights to bring any overall results back in line with the overall population proportions would simply have become a reflection of the responses of LC CC customers rather than a true reflection of the opinions of all three customer groups. Hence no weighting to adjust for differential selection probabilities was applied to the final database.
- 9.10.3. When comparing results across years or between sub-groups it is essential to establish whether these differences are significant or not, that is, whether we can be certain that a change in a particular score or percentage from one year to the next is sufficiently large to be considered a genuine movement and not due to chance. In order to do this, significance testing was carried out on survey findings using a chi squared calculation.
- 9.10.4. The calculation investigated whether distributions of categorical variables genuinely differ from one another, by comparing the frequencies of categorical responses between two (or more) independent groups. For the purposes of this report, if a difference in distribution between findings is referred to as 'significant' then this indicates a confidence level of 95% or above (i.e. a 95% certainty that the difference in distribution is not due to chance but indicates a genuine change).
- 9.10.5. The core survey content has remained broadly the same across all HMRC large business customer experience surveys to enable comparisons, particularly in the case of the questions that form the customer experience score. So where possible, comparisons with previous surveys (2008, 2009 and 2010) have been made in this report. However, a degree of caution is needed when looking at direct comparisons for the following reasons:
- Questionnaire content changes - some changes were made to the questionnaire in 2011 with a few new questions added and others removed which has affected comparability. In addition, the wording of a few questions changed following survey development work.
  - Context effects – although most questions remained the same, in some cases the position of the questions within the questionnaire changed. This could lead to a context effect where the respondent's answer to a question is influenced by the context set by previous questions. For example, in 2011 the section on staff came after the section about CRMs to avoid businesses including CRMs in their rating of staff. This seems to have led to some changes in staff ratings.
  - Response order effects – the order in which the questions are asked can affect the responses given. Where possible, this effect has been mitigated in the questionnaire by randomly rotating sets of opinion questions.



- Category effects – a change in the number of categories used to rate a statement can affect the ratings respondents give, as a respondents' rating may vary depending on the number of categories they can choose from. For example the question about the competitiveness of the UK has changed from a five point rating scale in 2009 to a three point scale in 2010.
  - Derived analysis – in 2010 the question whether businesses had experienced dispute was generated from derived analysis, while in 2011 the question was asked directly. However, any such comparisons are clearly marked and caveats made clear.
- 9.10.6. In some instances, the base sizes of certain subgroups are small and findings for these groups should be treated as indicative only. Instances of low base sizes are highlighted in the report.

### 9.11 Key Driver Analysis

- 9.11.1. Key Driver Analysis (KDA) is a statistical technique using multiple linear regression – the aim of which is to help understand what elements of HMRC service (i.e. factors) have on overall experience of dealing with HMRC.
- 9.11.2. Key Driver Analysis is important as it provides HMRC with insight into which factors are most important for their large business customers. This in turn helps HMRC prioritise areas for improvement with the ultimate aim of further improving the relationship it has with large businesses.
- 9.11.3. The Key Driver Analysis was achieved using correlation and regression techniques to understand key influences on responses to the following question:

**Overall, thinking about all your dealings with HMRC over the last 12 months, how would you rate your experience of dealing with them?**

- Very good
- Fairly good
- Neither good nor poor
- Fairly poor
- Very poor
- Don't know

- 9.11.4. An extensive number of measures (i.e. questions) were fed into the Multiple Regression Analysis, which then produced an output detailing the extent to which each measure had a bearing on overall experience. The questions that were fed into the model covered the following areas:
- Experience of dealing with HMRC on a day to day basis;
  - Experience of the CRM/ CC;
  - Experience of dealing with HMRC staff in general;
  - Experience of dispute resolution; and
  - HMRC's approach to compliance.



- 9.11.5. The relative strength of each aspect in predicting overall experience gave an indication of the relative importance of each aspect to respondents. Three different analysis models were created, one for each customer group and the results of this key driver analysis can be seen in Chapter 3 of the report. Each model summarised the top 5 key drivers of overall experience of dealing with HMRC.
- 9.11.6. The variance in the data explained by each of the three models was as follows:
- 43% LBS – i.e. the top 5 drivers in the model represent over two-fifths of all data;
  - 48% LC CRM – i.e. the top 5 drivers in the model represent half of all data;
  - 49% LC CC – i.e. the top 5 drivers in the model represent half of all data.
- 9.11.7. The 2012 KDA analysis mirrored the approach taken in the 2010 and 2009 survey data analysis<sup>49</sup> – although it should be noted given the questionnaire had changed in 2011 and the measures feeding into the Multiple Regression Analysis were slightly different, which in turn means the key drivers themselves are likely to be different.

## 9.12 Longitudinal analysis

- 9.12.1. Where customers took part in the survey in wave 1 (2010) and this, wave 2 (2011), responses were analysed to help HMRC understand the longitudinal picture. Two analysis techniques were employed with regards to the longitudinal data:
- Analysis which showed which customers gave higher ratings in 2010, which gave lower ratings in 2011 and which gave a similar rating on every question; and
  - Further multiple linear regression was also conducted to help HMRC understand how these areas of 'change' impacted on overall experience of dealing with HMRC. The aim was to identify which areas of 'change' across each customer group (i.e. where scores have moved up or down over the two waves of the study) had the biggest impact on overall experience.
- 9.12.2. Key findings from these two techniques are included in the main body of the report, while relevant tables and figures are included in chapter 12.

---

<sup>49</sup> No key driver analysis was undertaken in 2008.

### 9.13 Measuring the customer experience of large businesses

#### **Background**

- 9.13.1. As part of the Spending Review period (SR 10), HMRC set out its six strategic objectives along with a series of indicators to measure performance attached to each objective. These indicators were used to assess and measure the department's progress in meeting its key objectives.
- 9.13.2. Since the previous spending review, HMRC has used a specific strategy to measure customer experience to be able to assess progress against the second strategic objective - to improve customers' experiences of HMRC and contribute to improving the UK business environment.
- 9.13.3. This section explains how the customer experience score for large businesses<sup>50</sup> has been obtained since the CSR 07 period and what changes have been introduced since the start of the SR10 period. The experience score is obtained from HMRC's annual large business surveys<sup>51</sup>.

#### **Nine dimensions of customer service**

- 9.13.4. Large businesses are surveyed by telephone each year to capture their experiences of, and attitudes to HMRC. The customer experience score is drawn from nine measures of customer experience included in the survey. These measures are designed to reflect a broad range of service delivery issues that are relevant to all customers. Business customers are asked to rate each statement on a five-point scale (i.e. strongly agree, agree, neither agree nor disagree, disagree and strongly disagree). The statements included in the customer experience score for large businesses are:
- HMRC has a good understanding of your business;
  - HMRC make it clear what business needs to be compliant;
  - HMRC have become more focused on the high risk tax issues that affect businesses and are now less concerned about the low risk matters;
  - HMRC makes it clear what you need to do to address any concerns
  - HMRC actively seek a cooperative relationship;
  - HMRC are a joined-up organisation;
  - HMRC provide business with certainty;
  - HMRC are consistent in the way they deal with business; and
  - HMRC treat your business fairly.

<sup>50</sup> For information on how the customer experience for individuals, SMEs and tax agents is measured, please see 2012, *Measuring customer experience: Customers find HMRC straightforward to deal with* [online], HMRC Working Paper No. 14. Available at: <http://www.hmrc.gov.uk/research/cust-exp-2010.pdf>

<sup>51</sup> Reports from the three other surveys used to measure SO2 are: BMRB Social, 2009, *Evaluation of the Review of Links with Large Business: Report of survey findings*, [online], HMRC Research Report no. 87. Available at: <http://www.hmrc.gov.uk/research/lb-quant-report.pdf>, Sally Malam TNS-BMRB, 2010, *Large Business Customer Survey*, [online], HMRC Research Report no. 102. Available at: <http://www.hmrc.gov.uk/research/lbcs-full-report.pdf>, and Lorna Adams and Rob Warren IFF Research, 2011, *Large Business Panel Survey: businesses' experiences of HMRC*, [online], HMRC Research Report no. 142. Available at: <http://www.hmrc.gov.uk/research/lbps-report142.pdf>.



- 9.13.5. The customer experience score is derived from the proportion of positive answers (strongly agree/tend to agree) to these nine statements.

***Customer groups within large businesses***

- 9.13.6. As previously mentioned, large business customers are divided into three groups based upon the size of business – LBS, LC CRM and LC CC. The customer experience score for large businesses is designed to reflect this organisation. This means that the positive scores for the nine statements given by LBS customers is assigned a different weight to businesses in Local Compliance.
- 9.13.7. In the first year of SR10, a change in the weighting was introduced; instead of using weights based on the proportion of Corporation Tax (CT) paid by each customer group, global turnover was used. Global turnover is more representative of all businesses while CT is only a partial measure of businesses' tax contributions and a large proportion of CT comes from a relatively small proportion of businesses. Using global turnover also gives a clearer separation between the three customer groups and is more evenly spread across all businesses. The global turnover used in weighting is derived from self reported data from the Tax Opinion Panel Survey, a sister survey of LBPS which covers all large businesses. The new weighting for each customer group using global turnover is therefore: LBS - 55%, LC CRM - 30% and LC CC 15%<sup>52</sup>.

***Estimating the relevance of each statement***

- 9.13.8. In previous calculation of the score a Principal Component Analysis was performed to be able to allocate a weight to each statement based on how much that particular statement explains each customer's overall ratings. To enable consistency, the same weights for each statement had been used since 2008. This has led to changes over time not being properly reflected. In recognition of the fact that the relative importance of statements may change over time and the necessity to keep it constant to ensure scores are comparable over time, this component to the calculation of the score has now been removed.

***Comparing the results with previous years***

- 9.13.9. To be able to compare the 2011 score with previous years score, all previous years' scores have been re-calculated using the new weighting strategy to enable comparisons.

---

<sup>52</sup> Using CT as a weight gave 75:25 ratio in favour of LBS over businesses in Local Compliance.

### **The customer experience score for large businesses**

9.13.10. Using the methods described above, the following customer experience scores were achieved over the last four years<sup>53</sup>.

**Table 9.7: Customer experience score for large businesses in SR10 and SR07**

2008	2009	2010	2011
64.9%	65.1%	70.7%	71.8%

#### **9.14 Qualitative research - method**

9.14.1. Qualitative follow-up interviews have been undertaken since 2009 with large business customers following the quantitative stage. This provides insight into what might be driving the quantitative results.

9.14.2. The main topics covered in the qualitative research were:

- Service provision (including relationship with CRM and CC, commercial understanding, information sharing)
- Role of intermediaries and advisors (including the reasons for intermediary use and the impact of intermediaries on the customer relationship with HMRC)
- Real Time working (including understanding of Real Time working, perception of HMRC's capacity to work in Real Time, reasons for not working in Real Time)
- Decision making (including the factors that determine business tax strategy and the individuals or teams involved in decision making).

9.14.3. Thirty face-to-face qualitative interviews lasting approximately 60 minutes were conducted with Heads of Tax and Financial Directors across the three customer groups.

9.14.4. A semi-structured topic guide was used to carry out the interviews, to ensure key topics were explored in sufficient detail while also allowing the flexibility to explore issues raised spontaneously by the respondent. All interviews were recorded using a digital voice recorder, and subsequently transcribed.

#### **9.15 Qualitative research – Sampling and recruitment**

9.15.1. The sample for the qualitative stage was recruited from those who participated in the survey and gave their consent to being re-contacted for a more in-depth piece of research. From this pool of willing respondents, potential participants were targeted for the qualitative stage based on answers given in the quantitative stage, in order to reflect a range of opinions on key issues. The following table shows how the achieved spread of interviews broke down by customer group. Although 10 interviews were achieved within each customer group, the cells are not mutually exclusive therefore the numbers in each column will sum to more than 10.

<sup>53</sup> For scores using the previous approach, see: <http://www.hmrc.gov.uk/research/lbps-report142.pdf> , page 53

**Table 9.8: Qualitative stage – achieved sample structure**

	All	LBS	LC CRM	LC CC
<i>Total</i>	30	10	10	10
Experienced a change of CRM	3	2	N/A	5
Use external advisers/intermediaries	5	9	6	20
Experience of Real Time working	10	7	9	26
Part of a larger group	6	5	5	16

9.15.2. The respondents were recruited by telephone by experienced recruiters who were fully briefed to assess eligibility of the participants. The interviews were carried out face to face by senior qualitative interviewers with extensive experience of finance-related interviewing at this level. –Fieldwork was undertaken during mid February to mid March 2011.

### 9.16 Qualitative research analysis

9.16.1. Whereas quantitative research allows us to report percentages of customers that do x and y, qualitative research allows us to explore in more detail the reasons why customers may act and feel the way they do. It should be noted that it is not appropriate to attribute numbers to those who give answers in qualitative work; rather their responses are looked at in the context of wider themes.

9.16.2. The quotes in this report are all directly from the qualitative interviews and have been transcribed verbatim (although all have been anonymised).





## 10 Year on year survey tables

10.1.1. These tables are organised by theme and the order in which findings are discussed in this report.

- ‘\*\*’ represents an answer less than half a percent but greater than zero
- NA shows the question was not asked of a particular customer group in certain years
- Where no comparisons are made with 2008/2009/2010 these questions were new to the survey in 2011

### 10.1 General views of HMRC

**Table 1.1– A1: Rating of experience of dealing with HMRC in last year**

	LBS				LC CRM				LC CC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%	%	%	%	%
Very good	43	36	44	38	24	25	32	28	17	20	22	22
Fairly good	44	50	45	52	47	50	46	54	56	48	45	49
Neither	9	9	8	7	17	16	14	13	16	21	20	19
Fairly poor	2	4	2	3	7	7	5	4	6	6	8	7
Very poor	*	0	0	0	2	1	2	1	4	2	3	3
Don't know	2	1	0	*	3	1	1	*	1	3	2	1
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>351</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>218</b>	<b>573</b>	<b>870</b>	<b>839</b>

**Table 1.2 – A2: Rating of experience of dealing with HMRC compared with a year ago**  
(All businesses interviewed for the first time in 2011)

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Much worse	3	2	3
Slightly worse	3	11	9
No change	61	60	73
Slightly better	26	18	10
Much better	8	8	3
Don't know	0	0	*
Did not deal with HMRC a year ago	0	1	1
<b>Base</b>	<b>66</b>	<b>205</b>	<b>387</b>

**Table 1.3– H6a: Thinking about HMRC’s customer service as a whole and thinking about your overall experience over the last 12 months, was dealing with HMRC....?**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Much better than expected	8	9	6
A bit better than expected	26	28	21
As expected	57	52	61
A bit worse than expected	7	8	7
Much worse than expected	2	2	5
Don't know	-	1	*
<b>Base</b>	<b>351</b>	<b>475</b>	<b>839</b>

*NB: New Question for 2011 Survey*

**Table 1.4 – A3a: Agreement that “They treat your business fairly”**

	LBS				LC CRM				LC CC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	18	24	31	34	20	21	23	24	17	16	18	18
Tend to agree	66	62	56	55	62	60	59	62	56	58	61	62
Neither agree nor disagree	9	10	8	6	10	13	12	8	18	17	13	13
Tend to disagree	6	3	3	3	5	5	4	3	7	6	5	4
Disagree strongly	1	1	1	1	2	1	2	1	1	2	1	2
Don't know	0	*	0	*	2	*	1	*	*	1	2	*
Depends	0	0	*	*	0	0	*	*	0	0	*	*
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>351</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>218</b>	<b>573</b>	<b>870</b>	<b>839</b>



Table 1.5 – A3b: Agreement that “They are consistent in the way they deal with your business”

	LBS				LC CRM				LC CC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	9	17	26	26	15	14	20	21	13	13	18	20
Tend to agree	61	61	57	59	53	49	56	58	56	56	54	56
Neither agree nor disagree	13	7	8	7	13	16	8	10	19	12	13	12
Tend to disagree	13	13	6	6	14	17	11	9	8	13	9	8
Disagree strongly	1	1	2	2	5	3	4	1	3	4	3	3
Don't know	2	-	1	*	*	*	1	1	1	2	2	*
Depends	*	*	1	1	-	-	1	*	-	-	1	*
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>351</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>218</b>	<b>573</b>	<b>870</b>	<b>839</b>

Table 1.6 – A3c: Agreement that “They are a joined-up organisation”

	LBS				LC CRM				LC CC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	3	5	5	5	4	5	4	4	6	5	6	4
Tend to agree	31	33	37	45	27	27	31	30	21	29	23	25
Neither agree nor disagree	17	19	22	19	18	19	17	23	21	19	18	26
Tend to disagree	32	32	24	25	36	30	28	31	28	26	29	28
Disagree strongly	11	9	10	5	9	16	17	10	14	14	17	11
Don't know	4	1	1	1	6	4	2	2	10	5	7	5
Depends	0	0	*	*	0	0	0	0	0	1	*	*
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>351</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>218</b>	<b>573</b>	<b>870</b>	<b>839</b>

Table 1.7 – A3d: Agreement that “Their decision making process is transparent”

	LBS				LC CRM				LC CC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	5	4	4	7	3	7	6	7	9	5	6	5
Tend to agree	32	36	40	46	35	29	32	40	27	32	32	39
Neither agree nor disagree	21	25	19	22	23	29	26	23	24	26	25	26
Tend to disagree	30	28	25	22	28	22	23	23	24	22	23	19
Disagree strongly	7	6	9	3	6	6	8	4	8	9	8	6
Don't know	5	1	1	1	4	6	5	3	8	6	6	5
Depends	0	*	*	0	*	1	1	1	0	*	*	0
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>351</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>218</b>	<b>573</b>	<b>870</b>	<b>839</b>

Table 1.8 – A3e: Agreement that “They actively seek a cooperative relationship with you”

	LBS				LC CRM				LC CC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	40	38	47	47	13	23	31	30	11	9	13	14
Tend to agree	45	49	44	45	43	51	50	53	37	37	44	48
Neither agree nor disagree	8	6	5	5	18	16	9	10	24	27	19	19
Tend to disagree	5	5	2	3	18	7	5	6	20	20	16	14
Disagree strongly	1	1	1	*	6	2	3	1	6	5	4	4
Don't know	0	*	0	0	2	*	*	0	3	2	3	1
Depends	0	0	1	*	0	0	*	*	0	*	1	*
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>351</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>218</b>	<b>573</b>	<b>870</b>	<b>839</b>

Table 1.9 – A3f: Agreement that “They provide easy access to taxation specialists for advice”

	LBS				LC CRM				LC CC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	9	13	16	18	7	8	7	11	6	9	6	6
Tend to agree	38	43	45	46	31	33	34	36	31	28	26	27
Neither agree nor disagree	20	21	20	16	22	24	22	22	21	23	20	23
Tend to disagree	25	14	13	12	24	19	18	17	24	20	22	21
Disagree strongly	5	6	3	3	9	8	9	7	11	10	10	9
Don't know	2	1	2	5	6	7	8	7	8	10	17	14
Depends	*	1	0	0	*	1	1	*	0	1	*	*
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>351</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>218</b>	<b>573</b>	<b>870</b>	<b>839</b>

**Table 1.9.1 – A3a Types of taxation specialists considered (All whose admin had increased)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Employment Tax Specialists	35	25	26
Corporation Tax Specialists	45	33	23
VAT specialists	46	53	44
Insurance Premium Tax (IPT) specialists	1	*	*
Indirect tax specialists	7	3	1
International tax specialists	10	4	3
Intra Stat/Customs and Excise specialists	8	3	4
Construction Industry Scheme (CIS)	1	3	2
Income tax (inc. Payroll & PAYE)	8	8	12
Transfer pricing	4	1	*
Stamp Duty	2	1	*
Research and Development	1	1	*
Shares	1	1	1
It varies	5	8	6
Don't Know	5	8	12
<b>Base</b>	<b>332</b>	<b>440</b>	<b>722</b>



Table 1.10 – B6a: Agreement that “They have the necessary levels of technical expertise”

	LBS				LC CRM				LC CC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	20	18	22	24	14	13	14	17	11	14	16	15
Tend to agree	56	57	54	56	51	48	55	45	51	46	45	45
Neither agree nor disagree	13	11	11	9	14	16	11	17	13	14	17	18
Tend to disagree	9	9	8	6	13	18	11	11	17	17	13	13
Disagree strongly	0	1	1	1	5	2	4	4	6	6	3	3
Don't know	*	1	1	2	1	1	1	4	2	2	3	4
Depends	2	1	3	1	1	2	3	2	1	1	3	1
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>351</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>218</b>	<b>573</b>	<b>870</b>	<b>839</b>

Table 1.11 – B6b: Agreement that “They have a good understanding of your business”

	LBS				LC CRM				LC CC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	9	13	11	8	4	7	8	7	6	7	6	5
Tend to agree	56	49	58	58	27	37	47	33	29	26	30	31
Neither agree nor disagree	16	19	16	18	33	28	21	28	26	28	26	29
Tend to disagree	15	13	11	10	25	22	15	21	28	26	26	22
Disagree strongly	2	3	2	2	10	4	5	5	9	8	6	7
Don't know	1	1	*	3	1	1	2	4	2	5	5	5
Depends	1	1	1	1	1	*	2	2	1	1	1	1
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>351</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>218</b>	<b>573</b>	<b>870</b>	<b>839</b>

Table 1.12 – B6c: Agreement that “They provide a response to your queries within an agreed timeframe”

	LBS				LC CRM				LC CC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	15	22	26	26	14	19	21	19	16	17	17	17
Tend to agree	60	57	50	54	51	50	48	45	52	52	46	48
Neither agree nor disagree	8	7	9	10	14	15	8	16	13	10	12	14
Tend to disagree	15	11	11	7	14	10	14	10	11	13	15	11
Disagree strongly	1	1	2	2	6	2	5	3	6	5	6	6
Don't know	0	1	1	1	1	2	1	6	2	3	4	4
Depends	1	*	1	1	0	1	2	1	0	*	1	*
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>351</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>218</b>	<b>573</b>	<b>870</b>	<b>839</b>

Table 1.13 – B6d: Agreement that “The agreed timeframes are appropriate”

	LBS		LC CRM		LC CC	
	2010	2011	2010	2011	2010	2011
	%	%	%	%	%	%
Strongly agree	26	21	20	16	15	15
Tend to agree	55	62	55	51	54	53
Neither agree nor disagree	8	8	7	16	13	15
Tend to disagree	8	5	10	8	9	9
Disagree strongly	2	1	4	3	4	3
Don't know	1	3	2	6	5	5
Depends	*	0	1	1	1	*
<b>Base</b>	<b>426</b>	<b>351</b>	<b>474</b>	<b>475</b>	<b>870</b>	<b>839</b>



Table 1.14 –B6e: Agreement that “They provide a reliable response to your queries”

	LBS				LC CRM				LC CC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	18	17	22	23	12	17	19	17	11	15	14	13
Tend to agree	64	63	59	58	57	55	53	47	54	52	51	51
Neither agree nor disagree	9	12	11	12	13	13	13	15	17	14	14	16
Tend to disagree	6	5	5	4	13	11	7	12	12	14	12	11
Disagree strongly	1	1	1	1	4	1	4	3	5	4	4	5
Don't know	1	1	1	1	*	1	1	4	1	1	3	4
Depends	1	1	1	1	*	*	2	3	1	0	1	1
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>351</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>218</b>	<b>573</b>	<b>870</b>	<b>839</b>

Table 1.15 –B6f: Agreement that “The tone of their communications are professional”

	LBS			LC CRM			LC CC		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
	%	%	%	%	%	%	%	%	%
Strongly agree	43	51	48	29	41	34	29	32	31
Tend to agree	47	43	44	59	50	48	58	56	54
Neither agree nor disagree	6	2	5	10	4	9	7	5	8
Tend to disagree	2	3	1	2	3	5	4	4	4
Disagree strongly	0	*	1	0	*	*	2	1	2
Don't know	*	0	1	0	0	3	1	1	2
Depends	1	1	1	0	1	1	*	1	1
<b>Base</b>	<b>272</b>	<b>426</b>	<b>351</b>	<b>242</b>	<b>474</b>	<b>475</b>	<b>567</b>	<b>870</b>	<b>839</b>

Table 1.16 - E5a: Agreement that “HMRC makes it clear what you need to do to address any concerns”

	LBS				LC CRM				LC CC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	15	10	15	17	13	13	13	12	14	12	14	14
Tend to agree	54	57	55	61	54	48	53	59	54	50	46	52
Neither agree nor disagree	14	17	15	14	15	25	13	16	17	17	10	16
Tend to disagree	9	13	6	5	12	9	9	7	8	13	12	10
Disagree strongly	3	2	2	1	1	2	3	3	3	2	3	2
Don't know	4	3	1	3	4	4	1	3	5	7	1	6
Depends	NA	NA	*	0	NA	NA	*	*	NA	NA	*	*
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>351</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>218</b>	<b>573</b>	<b>870</b>	<b>839</b>

Table 1.17 - E5b: Agreement that “HMRC makes it clear to you what their areas of concern are”

	LBS				LC CRM				LC CC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	23	14	25	26	16	20	17	19	16	16	15	16
Tend to agree	58	63	61	60	52	51	62	61	55	51	49	55
Neither agree nor disagree	9	11	4	7	16	16	6	10	11	17	10	13
Tend to disagree	7	7	4	4	10	8	8	6	7	9	10	7
Disagree strongly	1	3	1	1	2	1	2	1	4	2	2	2
Don't know	2	3	0	2	6	4	1	3	8	8	2	7
Depends	NA	NA	*	0	NA	NA	*	*	NA	NA	0	*
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>351</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>218</b>	<b>573</b>	<b>870</b>	<b>839</b>

Table 1.18 – A3f: Agreement that “They provide easy access to taxation specialists for advice”

	LBS				LC CRM				LC CC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	9	13	16	18	7	8	7	11	6	9	6	6
Tend to agree	38	43	45	46	31	33	34	36	31	28	26	27
Neither agree nor disagree	20	21	20	16	22	24	22	22	21	23	20	23
Tend to disagree	25	14	13	12	24	19	18	17	24	20	22	21
Disagree strongly	5	6	3	3	9	8	9	7	11	10	10	9
Don't know	2	1	2	5	6	7	8	7	8	10	17	14
Depends	*	1	0	0	*	1	1	*	0	1	*	*
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>351</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>218</b>	<b>573</b>	<b>870</b>	<b>839</b>

## 10.2 Relationship with CRM / CC

Table 2.1 - B1/B1a: Have you ever dealt personally with the HMRC Customer Co-ordinator responsible for your business? (All with Customer Coordinator)

	LBS		LC CRM		LC CC	
	2010	2011	2010	2011	2010	2011
	%	%	%	%	%	%
Yes ( assisting in some way)	NA	NA	NA	NA	10	16
Yes (being introduced)	NA	NA	NA	NA	15	15
No	NA	NA	NA	NA	73	68
Don't know	NA	NA	NA	NA	2	1
<b>Base</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>870</b>	<b>837</b>



**Table 2.2 – B1b: Why have you not been in contact with your CC? (All not dealt with Customer Coordinator)**

	LBS		LC CRM		LC CC	
	2010	2011	2010	2011	2010	2011
	%	%	%	%	%	%
I have had no reason to contact my CC	NA	NA	NA	NA	40	47
I have never heard of a CC	NA	NA	NA	NA	44	32
I have heard of a CC but do not know who my CC is	NA	NA	NA	NA	8	14
A colleague deals with the CC instead	NA	NA	NA	NA	4	4
I have not had time to contact my CC yet	NA	NA	NA	NA	3	2
I have not wanted to contact my CC	NA	NA	NA	NA	-	2
I prefer to seek other advice	NA	NA	NA	NA	-	2
Other	NA	NA	NA	NA	5	1
Don't know	NA	NA	NA	NA	*	2
<b>Base</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>637</b>	<b>579</b>

**Table 2.3 - B2: Whether deal personally with CRM (All with CRM)**

	LBS				LC CRM				LC CC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%	%	%	%	%
Yes	86	87	97	95	29	69	89	86	NA	NA	NA	NA
No	7	13	3	5	10	30	10	14	NA	NA	NA	NA
Don't have a CRM	6	0	NA	NA	54	1	NA	NA	NA	NA	NA	NA
Don't know	2	0	0	*	7	0	1	*	NA	NA	NA	NA
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>351</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>



Table 2.4 - B3: Whether usually contact CRM/ CC or other staff (All who work with CRM/ CC)

	LBS				LC CRM				LC CC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%	%	%	%	%
Usually through CRM/ CC	26	53	48	50	43	57	58	56	NA	NA	30	28
Usually through other staff	33	17	10	10	14	14	9	12	NA	NA	34	34
Fairly even split	50	30	42	40	36	28	33	32	NA	NA	34	37
Don't know	1	0	*	0	7	1	*	*	NA	NA	2	1
<b>Base</b>	<b>183</b>	<b>236</b>	<b>412</b>	<b>340</b>	<b>72</b>	<b>168</b>	<b>423</b>	<b>422</b>	<b>NA</b>	<b>NA</b>	<b>86</b>	<b>132</b>

Table 2.5 - B3a: How often have you had contact with CC/CRM (All who work with CRM/ CC)

	LBS		LC CRM		LC CC	
	2011		2011		2011	
	%		%		%	
On a weekly basis	7		4		0	
On a monthly basis	41		21		8	
On a quarterly basis	37		41		26	
Less than once a quarter	14		34		65	
Don't Know	1		0		2	
<b>Base</b>	<b>340</b>		<b>422</b>		<b>132</b>	

Table 2.6 - B4a: Rating on "Being easy to contact CC/ CRM" (All who work with CRM/ CC)

	LBS				LC CRM				LC CC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%	%	%	%	%
Very good	61	58	66	65	42	48	54	55	NA	NA	44	50
Fairly good	31	33	31	31	43	43	38	36	NA	NA	45	36
Neither good nor poor	4	4	2	2	7	2	3	5	NA	NA	7	7
Fairly poor	1	1	*	1	0	4	3	3	NA	NA	0	4
Very poor	0	0	*	0	1	1	1	1	NA	NA	2	2
Don't know	4	4	*	1	7	2	1	1	NA	NA	1	2
<b>Base</b>	<b>183</b>	<b>236</b>	<b>412</b>	<b>340</b>	<b>72</b>	<b>168</b>	<b>423</b>	<b>422</b>	<b>NA</b>	<b>NA</b>	<b>86</b>	<b>132</b>



**Table 2.7 - B4b: Thinking specifically about the CC/CRM responsible for your business, how would you rate them on their willingness to help you? (All who work with CRM/ CC)**

	LBS		LC CRM		LC CC	
	2010	2011	2010	2011	2010	2011
	%	%	%	%	%	%
Very good	68	64	56	55	51	59
Fairly good	26	32	35	37	38	33
Neither good nor poor	4	3	6	4	7	5
Fairly poor	*	1	1	2	1	1
Very poor	*	0	1	*	1	2
Don't know	1	*	1	2	1	1
<b>Base</b>	<b>412</b>	<b>340</b>	<b>423</b>	<b>422</b>	<b>86</b>	<b>132</b>

**Table 2.8 - B4c: Thinking specifically about the CC/CRM responsible for your business, how would you rate them on ensuring that your queries are dealt with effectively? (All who work with CRM/ CC)**

	LBS		LC CRM		LC CC	
	2010	2011	2010	2011	2010	2011
	%	%	%	%	%	%
Very good	53	49	44	43	36	42
Fairly good	38	43	41	44	50	42
Neither good nor poor	6	3	8	10	9	8
Fairly poor	1	3	4	2	1	3
Very poor	*	1	*	*	2	3
Don't know	1	1	3	1	1	2
<b>Base</b>	<b>412</b>	<b>340</b>	<b>423</b>	<b>422</b>	<b>86</b>	<b>132</b>

**Table 2.9 - B4d: Thinking specifically about the CC/CRM responsible for your business, how would you rate them on the extent to which they respond within the timeframes agreed? (All who work with CRM/ CC)**

	LBS		LC CRM		LC CC	
	2010	2011	2010	2011	2010	2011
	%	%	%	%	%	%
Very good	53	54	46	43	43	45
Fairly good	36	34	39	42	38	30
Neither good nor poor	6	6	6	8	7	13
Fairly poor	3	4	4	3	6	4
Very poor	1	1	2	2	2	2
Don't know	1	1	4	3	3	6
<b>Base</b>	<b>412</b>	<b>340</b>	<b>423</b>	<b>422</b>	<b>86</b>	<b>132</b>

**Table 2.10 - B4e: Thinking specifically about the CC/CRM responsible for your business, how would you rate them on the extent to which the timeframes they agree for response are appropriate? (All who work with CRM/ CC)**

	LBS		LC CRM		LC CC	
	2010	2011	2010	2011	2010	2011
	%	%	%	%	%	%
Very good	43	38	39	37	31	39
Fairly good	47	49	44	45	52	39
Neither good nor poor	5	5	8	10	10	8
Fairly poor	2	3	4	3	1	2
Very poor	*	1	1	1	1	3
Don't know	2	3	3	4	3	9
<b>Base</b>	<b>412</b>	<b>340</b>	<b>423</b>	<b>422</b>	<b>86</b>	<b>132</b>

Table 2.11 - B4g: Rating on “Their ability to make appropriate decisions” (All who work with CRM)

	LBS				LC CRM			
	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%
Very good	30	29	35	35	29	30	30	30
Fairly good	44	44	45	46	42	43	44	46
Neither good nor poor	13	14	11	13	11	14	13	13
Fairly poor	5	5	5	5	3	7	6	7
Very poor	1	2	1	1	1	1	2	1
Don't know	8	6	2	1	14	5	5	3
<b>Base</b>	<b>183</b>	<b>236</b>	<b>412</b>	<b>340</b>	<b>72</b>	<b>168</b>	<b>423</b>	<b>422</b>

Table 2.12 - B4h: Rating on “Their commercial understanding, in relation to your business and more generally” (All who work with CRM)

	LBS			LC CRM		
	2009	2010	2011	2009	2010	2011
	%	%	%	%	%	%
Very good	24	28	29	18	19	23
Fairly good	48	51	52	51	48	50
Neither good nor poor	14	14	13	15	20	15
Fairly poor	6	5	4	8	6	7
Very poor	1	*	1	4	3	2
Don't know	7	1	1	4	4	3
<b>Base</b>	<b>236</b>	<b>412</b>	<b>340</b>	<b>168</b>	<b>423</b>	<b>422</b>



Table 2.13 - B5: Rating of overall relationship with CRM/ CC (All who work with CRM/CC)

	LBS			LC CRM			LC CC		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
	%	%	%	%	%	%	%	%	%
Very good	56	64	66	56	50	48	NA	34	39
Fairly good	33	31	29	33	39	41	NA	53	42
Neither good nor poor	7	4	3	7	6	8	NA	5	13
Fairly poor	*	1	1	*	3	2	NA	1	1
Very poor	0	0	0	0	*	*	NA	3	3
Don't know	4	*	1	4	2	1	NA	3	2
<b>Base</b>	<b>236</b>	<b>412</b>	<b>340</b>	<b>236</b>	<b>423</b>	<b>422</b>	<b>NA</b>	<b>86</b>	<b>132</b>

### 10.3 HMRC and the business relationship

Table 3.1 - E3a: Agreement that "They take your business's needs into account in the way they deal with your business"

	LBS				LC CRM				LC CC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	15	13	16	16	7	9	11	11	7	5	7	5
Tend to agree	60	54	56	61	40	47	45	48	37	35	32	38
Neither agree nor disagree	12	17	16	13	26	21	23	24	25	28	27	29
Tend to disagree	9	11	10	8	17	16	14	13	20	20	20	19
Disagree strongly	4	2	1	1	5	4	4	4	7	6	5	5
Don't know	1	2	1	1	5	3	2	1	3	5	9	3
Depends	0	*	1	1	0	*	0	*	0	1	*	*
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>351</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>218</b>	<b>573</b>	<b>870</b>	<b>839</b>

**Table 3.2 - E3b: Agreement that “They have a good understanding of your business's level of risk with regard to tax compliance”**

	LBS				LC CRM				LC CC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	18	19	29	28	6	14	19	20	4	8	7	7
Tend to agree	56	58	54	59	38	43	54	53	37	35	35	38
Neither agree nor disagree	15	10	9	6	27	21	12	15	24	27	26	30
Tend to disagree	8	8	6	5	18	14	9	8	18	16	13	14
Disagree strongly	3	3	1	1	5	5	4	1	8	6	3	3
Don't know	1	2	1	1	6	3	2	3	9	8	16	9
Depends	0	0	NA	*	1	*	NA	1	*	*	NA	-
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>351</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>218</b>	<b>573</b>	<b>870</b>	<b>839</b>

**Table 3.3 - E3c: Agreement that “They provide your business with certainty in its tax affairs”**

	LBS				LC CRM				LC CC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	8	6	13	16	8	8	9	12	6	9	6	9
Tend to agree	46	48	60	58	37	41	43	47	41	40	39	45
Neither agree nor disagree	15	23	15	17	27	29	23	24	21	23	26	24
Tend to disagree	21	17	8	7	20	15	18	12	22	18	14	15
Disagree strongly	8	5	3	2	6	4	6	3	6	5	5	4
Don't know	*	1	*	1	2	2	1	2	4	6	9	3
Depends	0	0	*	0	0	0	0	*	0	0	*	0
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>351</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>218</b>	<b>573</b>	<b>870</b>	<b>839</b>

Table 3.4 - E3d: Agreement that “They make it clear what you need to do to be compliant”

	LBS				LC CRM				LC CC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	20	17	20	23	14	17	16	17	17	18	15	16
Tend to agree	58	62	63	58	55	52	51	55	53	50	50	53
Neither agree nor disagree	8	14	10	12	12	15	17	16	11	12	16	14
Tend to disagree	10	5	5	5	14	14	14	10	14	14	14	13
Disagree strongly	2	2	1	2	3	2	2	1	5	4	4	3
Don't know	2	-	*	1	2	*	1	1	1	2	3	2
Depends	*	-	-	0	-	-	-	1	-	-	*	*
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>351</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>218</b>	<b>573</b>	<b>870</b>	<b>839</b>

Table 3.5 - E4b: Agreement that “HMRC have become more focused on the high risk tax issues that affect businesses and are now less concerned about low risk matters”

	LBS				LC CRM				LC CC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	31	25	33	42	15	16	17	22	11	9	9	9
Tend to agree	51	52	47	41	39	45	50	47	34	34	33	40
Neither agree nor disagree	9	15	10	8	23	21	13	15	26	34	25	27
Tend to disagree	5	4	7	6	8	10	9	9	12	9	13	10
Disagree strongly	*	*	1	*	3	2	4	2	3	2	3	2
Don't know	4	4	2	2	11	6	5	5	14	12	18	12
Depends	NA	NA	*	*	NA	NA	*	0	NA	NA	0	0
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>351</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>218</b>	<b>573</b>	<b>870</b>	<b>839</b>

**Table 3.6 - E4c: Agreement that “HMRC have become more likely to consult with businesses in advance about potential changes to tax administration”**

	LBS				LC CRM				LC CC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	13	11	16	25	10	14	9	13	9	10	4	7
Tend to agree	46	40	45	47	39	41	39	41	26	31	29	30
Neither agree nor disagree	22	28	23	19	22	26	24	26	28	25	24	29
Tend to disagree	10	15	9	5	17	12	14	12	19	19	22	20
Disagree strongly	6	4	2	2	6	5	5	3	8	7	7	6
Don't know	3	1	5	2	7	2	8	5	10	9	14	8
Depends	NA	NA	0	0	NA	NA	0	*	NA	NA	*	0
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>351</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>218</b>	<b>573</b>	<b>870</b>	<b>839</b>

#### 10.4 Disagreements with HMRC

**Table 4.1 –E5A: Have you had any disagreement with HMRC in the last 12 months?**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Yes	52	34	23
No	47	65	76
Don't know	1	1	*
<b>Base</b>	<b>351</b>	<b>475</b>	<b>839</b>



**Table 4.2 – E5b\_1: Agreement that “HMRC demonstrates commercial understanding in resolving disagreements” (All with disagreements)**

	LBS		LC CRM		LC CC	
	2010	2011	2010	2011	2010	2011
	%	%	%	%	%	%
Strongly agree	11	14	9	4	5	4
Tend to agree	45	49	34	33	32	17
Neither agree nor disagree	19	15	23	18	21	20
Tend to disagree	19	16	22	28	26	36
Disagree strongly	5	7	10	13	11	20
Don't know	2	0	2	3	6	3
It varies	1	0	0	1	0	0
<b>Base</b>	<b>376</b>	<b>184</b>	<b>398</b>	<b>163</b>	<b>670</b>	<b>197</b>

**Table 4.3 - E5b\_2: Agreement that “HMRC resolves disagreements within timeframes agreed” (All with disagreements)**

	LBS		LC CRM		LC CC	
	2010	2011	2010	2011	2010	2011
	%	%	%	%	%	%
Strongly agree	11	14	10	15	11	16
Tend to agree	48	44	53	40	47	40
Neither agree nor disagree	16	15	13	14	18	15
Tend to disagree	16	16	16	20	11	14
Disagree strongly	4	8	6	7	6	10
Don't know	2	3	2	3	6	6
It varies	1	-	1	-	*	-
<b>Base</b>	<b>376</b>	<b>184</b>	<b>398</b>	<b>163</b>	<b>670</b>	<b>197</b>

**Table 4.4 - E5b\_3: Agreement that “The timeframes within which HMRC agrees to resolve disagreements are appropriate” (All with disagreements)**

	LBS		LC CRM		LC CC	
	2010	2011	2010	2011	2010	2011
	%	%	%	%	%	%
Strongly agree	14	16	11	12	13	12
Tend to agree	56	58	55	56	50	48
Neither agree nor disagree	15	11	13	10	16	13
Tend to disagree	11	10	14	15	12	15
Disagree strongly	2	2	4	3	4	7
Don't know	2	3	2	4	5	5
It varies	*	1	1	1	*	1
<b>Base</b>	<b>376</b>	<b>184</b>	<b>398</b>	<b>163</b>	<b>670</b>	<b>197</b>

**Table 4.5 - E5b\_4: How much you agree or disagree that HMRC has improved the process of resolving disagreements? (All with disagreements)**

	LBS		LC CRM		LC CC	
	2010	2011	2010	2011	2010	2011
	%	%	%	%	%	%
Strongly agree	11	14	9	6	6	5
Tend to agree	35	30	32	23	23	17
Neither agree nor disagree	33	31	33	34	39	37
Tend to disagree	11	18	12	21	15	15
Disagree strongly	4	4	6	10	5	16
Don't know	5	2	7	6	13	11
It varies	1	0	*	0	0	0
<b>Base</b>	<b>376</b>	<b>184</b>	<b>398</b>	<b>163</b>	<b>670</b>	<b>197</b>

## 10.5 Information sharing and being joined up

**Table 5.1- A3b\_1: To what extent do you agree or disagree that HMRC is consistent in its interaction with all parts of your group (All who disagree HMRC are joined-up)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Strongly Agree	9	13	4
Tend to Agree	46	49	49
Neither Agree nor Disagree	18	15	21
Tend to Disagree	22	14	13
Strongly Disagree	1	4	3
Don't know	2	2	6
It Varies	-	1	1
Not Applicable	1	3	4
<b>Base</b>	<b>85</b>	<b>150</b>	<b>210</b>

**Table 5.2 A3b\_2: To what extent are you aware of all ongoing dealings your business has with HMRC (All who disagree HMRC are joined-up)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Strongly Agree	4	8	2
Tend to Agree	48	39	25
Neither Agree nor Disagree	16	12	14
Tend to Disagree	28	29	34
Strongly Disagree	3	10	14
Don't know	1	3	9
It Varies	1	-	1
Not Applicable	-	1	*
<b>Base</b>	<b>103</b>	<b>196</b>	<b>332</b>



**Table 5.3 A3b\_3: To what extent do you agree or disagree that HMRC shares information about your business internally (All who disagree HMRC are joined-up)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Strongly Agree	1	2	1
Tend to Agree	28	20	14
Neither Agree nor Disagree	33	26	25
Tend to Disagree	17	32	33
Strongly Disagree	4	6	11
Don't know	17	14	16
It Varies	-	1	-
Not Applicable	-	1	1
<b>Base</b>	<b>103</b>	<b>196</b>	<b>332</b>

**Table 5.4– A3b\_4: To what extent do you agree or disagree that any requests for information and enquiries from HMRC are well coordinated (All who disagree HMRC are joined-up)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Strongly Agree	7	3	3
Tend to Agree	45	42	33
Neither Agree nor Disagree	19	24	23
Tend to Disagree	21	27	25
Strongly Disagree	6	3	11
Don't know	2	1	3
It Varies	-	-	*
Not Applicable	-	1	2
<b>Base</b>	<b>103</b>	<b>196</b>	<b>332</b>



**Table 5.5– A3c\_1: To what extent do you agree or disagree that HMRC makes the reasons for any information requests clear to your business (All who disagree HMRC are transparent)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Strongly Agree	8	10	8
Tend to Agree	60	52	50
Neither Agree nor Disagree	13	12	18
Tend to Disagree	13	18	16
Strongly Disagree	6	7	7
Don't know	-	-	1
It Varies	1	1	-
Not Applicable	-	-	*
<b>Base</b>	<b>87</b>	<b>130</b>	<b>210</b>

**Table 5.6– A3c\_2: To what extent do you agree or disagree that HMRC keeps your business informed about the progress of any enquiries (All who disagree HMRC are transparent)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Strongly Agree	8	10	8
Tend to Agree	60	52	50
Neither Agree nor Disagree	13	12	18
Tend to Disagree	13	18	16
Strongly Disagree	6	7	7
Don't know	-	-	1
It Varies	1	1	-
Not Applicable	-	-	*
<b>Base</b>	<b>87</b>	<b>130</b>	<b>210</b>

## 10.6 Administrative Burden

**Table 6.1 - E1: Over the past 12 months has the administrative burden of tax compliance increased or decreased, or stayed at the same level?**

	LBS			LC CRM			LC CC		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
	%	%	%	%	%	%	%	%	%
Increased	64	78	65	47	61	55	33	40	37
Stayed the same	33	21	34	49	37	43	62	57	59
Decreased	2	1	1	1	1	2	2	1	2
Don't know	1	1	1	2	1	*	4	2	2
<b>Base</b>	<b>273</b>	<b>426</b>	<b>351</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>573</b>	<b>870</b>	<b>839</b>

**Table 6.2 – E1a Why the administrative tax burden of tax compliance has increased over the past 12 months (All whose admin had increased)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
VAT rate change	4	6	12
Corporation Tax (CT) rate change	7	4	4
Real Time Information	4	4	1
Senior Accounting Legislation (SAO)	36	29	2
Regulatory Changes	30	24	23
Online Filing	8	8	13
Extended Business Reporting Language (iXBRL)	229	27	14
Volume of HMRC enquiries has increased	6	10	7
General increased complexity of tax compliance	7	8	13
Debt Cap Legislation	11	8	1
Payroll Issues	3	5	7
Internal Issues	*	5	8
EU Legislation	1	2	3
Lack of help/communication	*	2	5
Harsher penalty regime/deadlines	2	2	4
Other	15	10	14
Don't Know	*	*	1
<b>Base</b>	<b>227</b>	<b>259</b>	<b>313</b>

## 10.7 Tax avoidance

Table 7.1 - F1: How confident are you that you know what HMRC would view as tax avoidance?

	LBS			LC CRM			LC CC		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
	%	%	%	%	%	%	%	%	%
Very confident	37	28	33	44	26	33	36	23	27
Fairly confident	46	57	56	44	57	58	50	59	60
Not very confident	10	11	7	9	12	5	7	11	8
Not confident at all	4	2	1	2	1	1	3	3	3
Don't know/ no opinion	2	1	3	2	2	2	4	3	2
Refused	1	1	1	0	1	*	0	1	*
<b>Base</b>	<b>273</b>	<b>426</b>	<b>351</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>573</b>	<b>870</b>	<b>839</b>

Table 7.2 - H1: To what extent does HMRC's administration of the Tax System affect how competitive the is as a place to do business?

	LBS			LC CRM			LC CC		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
	%	%	%	%	%	%	%	%	%
Mainly positive effect	33	22	31	20	16	24	26	17	24
No effect	30	35	42	38	43	48	56	44	46
Mainly negative effect	30	36	23	25	33	24	19	36	22
Don't know – don't operate in other countries	2	7	4	5	8	4	4	10	8
Don't know	6	*	-	11	-	-	10	-	-
<b>Base</b>	<b>273</b>	<b>426</b>	<b>351</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>573</b>	<b>870</b>	<b>839</b>

Table 7.3 –

H2 2009: In the last 12 months has your organisation considered relocating the business, or parts of the business, to another country for TAX purposes?

H2 2010/2011: In the last 12 months has your organisation considered relocating the business, or parts of the business, (2011: from the UK) to another country?

	LBS			LC CRM			LC CC		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
	%	%	%	%	%	%	%	%	%
Yes	18	26	16	14	19	16	5	8	6
No	79	71	79	82	79	83	93	91	92
Don't know	2	2	3	2	1	1	1	6	1
Refused	1	2	1	2	*	*	*	0	-
<b>Base</b>	<b>273</b>	<b>426</b>	<b>351</b>	<b>243</b>	<b>474</b>	<b>475</b>	<b>573</b>	<b>870</b>	<b>839</b>

**Table 7.4 - H3: Which factors caused your organisation to consider moving? (All considered re locating some or all parts of the business)**

	LBS		LC CRM		LC CC	
	2010	2011	2010	2011	2010	2011
	%	%	%	%	%	%
Commercial Reasons	NA	23	NA	26	NA	33
Business tax issues	34	5	42	13	27	13
General business environment	28	5	23	8	26	8
More favourable tax conditions in other countries	21	25	18	30	23	21
Cost of tax compliance	22	7	22	3	11	4
Other regulatory issues	15	9	19	1	5	-
Internal issues within the business	9	7	11	4	16	8
Tax on company employees	9	9	14	5	11	-
Better tax service abroad	5	0	4	1	4	6
Skills base	1	0	-	-	4	2
Other	11	10	4	8	10	5
Don't know	1	0	1	1	1	-
Refused	*	-	-	-	-	-
<b>Base</b>	<b>110</b>	<b>57</b>	<b>91</b>	<b>76</b>	<b>73</b>	<b>52</b>

NB Commercial Reasons was not a code in 2010

## 10.8 Real Time Working

**Table 8.1 - C1: How often, if ever, have you discussed direct tax issues in Real Time with HMRC?**

	LBS		LC CRM		LC CC	
	2010	2011	2010	2011	2010	2011
	%	%	%	%	%	%
Once	4	4	6	9	NA	9
Occasionally	48	58	56	59	NA	46
Frequently	36	32	20	13	NA	4
Never	11	6	16	19	NA	39
Don't know	*	*	1	1	NA	2
<b>Base</b>	<b>426</b>	<b>351</b>	<b>474</b>	<b>475</b>	<b>NA</b>	<b>839</b>



**Table 8.2 – C1a: Why has your business never discussed tax issues in real time? (All never discussed issues in real time)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
We've had no need	82	56	62
We prefer to use our (external) advisors	14	31	27
We have sufficient skills to deal with it in-house	-	5	3
Unaware of the facility / who to contact	-	2	3
Other	9	5	4
Don't Know	5	3	2
<b>Base</b>	<b>22*</b>	<b>88</b>	<b>327</b>

\* Base size below 50 – treat with caution

**Table 8.3 – Cba: What (if anything) would make your business discuss more tax issues in real time more frequently (All used real time working infrequently)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Nothing	38	29	25
If the need arose	34	31	28
If they gave a definitive answer to our query	10	6	3
If they gave a ruling / advice quicker	4	4	2
Changes in our business structure / processes	3	2	2
If they gave good quality advice	2	8	8
If we felt they were impartial, i.e. They wouldn't use it against us	2	2	4
If we had a closer relationship with HMRC / our CRM	2	4	*
If we had a specific contact we could call	1	2	8
If/when regulations / legislation changes	1	4	3
Easier access to advisers (answer the phone quicker etc.)	*	5	14
Changes in tax rates	*	*	1
Facility to deal with it via email / online	*	2	2
Other	3	1	1
Don't know	4	7	9
<b>Base</b>	<b>216</b>	<b>321</b>	<b>461</b>



**Table 8.4 - C2a: Thinking about tax issues that you have raised with HMRC in Real Time, Agreement that issues are agreed more quickly? (All worked in Real Time)**

	LBS		LC CRM		LC CC	
	2010	2011	2010	2011	2010	2011
	%	%	%	%	%	%
Strongly agree	37	40	23	31	NA	19
Tend to agree	47	46	49	49	NA	49
Neither agree nor disagree	10	9	14	14	NA	18
Tend to disagree	3	4	9	2	NA	9
Disagree strongly	2	1	3	2	NA	3
Don't know	1	1	2	1	NA	2
<b>Base</b>	<b>377</b>	<b>327</b>	<b>390</b>	<b>384</b>	<b>NA</b>	<b>498</b>

**Table 8.5 - C2b: Thinking about tax issues that you have raised with HMRC in Real Time, Agreement that it increases business's certainty about their tax affairs? (All worked in Real Time)**

	LBS		LC CRM		LC CC	
	2010	2011	2010	2011	2010	2011
	%	%	%	%	%	%
Strongly agree	50	54	29	43	NA	26
Tend to agree	39	39	50	45	NA	50
Neither agree nor disagree	8	3	11	7	NA	12
Tend to disagree	2	3	7	4	NA	6
Disagree strongly	2	1	2	1	NA	3
Don't know	-	-	2	-	NA	2
<b>Base</b>	<b>377</b>	<b>327</b>	<b>390</b>	<b>384</b>	<b>NA</b>	<b>498</b>

**Table 8.6 - C2c: Thinking about tax issues that you have raised with HMRC in Real Time, Agreement that it helps avoid disputes (All worked in Real Time)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Strongly agree	49	45	27
Tend to agree	39	44	55
Neither agree nor disagree	6	5	8
Tend to disagree	5	4	5
Disagree strongly	*	1	3
Don't know	1	1	2
<b>Base</b>	<b>327</b>	<b>384</b>	<b>498</b>

**Table 8.7 - C2d: Thinking about tax issues that you have raised with HMRC in Real Time, Agreement that it helps avoid unnecessary contact with HMRC (All worked in Real Time)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Strongly agree	24	27	17
Tend to agree	45	47	50
Neither agree nor disagree	17	16	18
Tend to disagree	12	7	9
Disagree strongly	2	2	3
Don't know	1	1	3
<b>Base</b>	<b>327</b>	<b>384</b>	<b>498</b>



**Table 8.8 - C2e Thinking about tax issues that you have raised with HMRC in Real Time-Agreement that it reduces business's costs? (All worked in Real Time)**

	LBS		LC CRM		LC CC	
	2010	2011	2010	2011	2010	2011
	%	%	%	%	%	%
Strongly agree	22	22	13	18	NA	11
Tend to agree	41	44	40	44	NA	37
Neither agree nor disagree	23	21	26	26	NA	29
Tend to disagree	10	10	14	9	NA	16
Disagree strongly	4	2	5	3	NA	5
Don't know	1	1	3	1	NA	2
<b>Base</b>	<b>377</b>	<b>327</b>	<b>390</b>	<b>384</b>	<b>NA</b>	<b>498</b>

**Table 8.9 – C2aa: Thinking about HMRC's ability to engage in Real Time, Agreement that HMRC has the necessary expertise**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Strongly agree	19	15	12
Tend to agree	58	53	45
Neither agree nor disagree	12	16	19
Tend to disagree	8	8	10
Disagree strongly	1	2	3
Don't know	2	7	11
<b>Base</b>	<b>351</b>	<b>475</b>	<b>839</b>

**Table 8.10 – C2ab: Thinking about HMRC's ability to engage in Real Time, Agreement that HMRC has the necessary capacity**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Strongly agree	9	6	5
Tend to agree	37	32	26
Neither agree nor disagree	22	23	24
Tend to disagree	23	24	22
Disagree strongly	7	6	8
Don't know	3	10	15
<b>Base</b>	<b>351</b>	<b>475</b>	<b>839</b>



## 10.9 Risk

Table 9.1 –G1A – Have you undergone a risk review in the last 12 months?

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Yes	76	45	NA
No	21	50	NA
Don't know	3	5	NA
<b>Base</b>	<b>351</b>	<b>475</b>	<b>NA</b>

Table 9.2 - G1: Are you aware of your business's risk status? (Only New Contacts)

	LBS		LC CRM		LC CC	
	2010	2011	2010	2011	2010	2011
	%	%	%	%	%	%
Yes	94	92	87	83	NA	37
No	5	7	13	16	NA	58
Don't know	*	*	*	1	NA	4
<b>Base</b>	<b>426</b>	<b>331</b>	<b>474</b>	<b>455</b>	<b>NA</b>	<b>430</b>

Table 9.3 - G2a: Thinking about HMRC risk assessment, Agreement that the risk review process is fair? (All aware of risk status)

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Strongly agree	34	27	NA
Tend to agree	53	54	NA
Neither agree nor disagree	7	10	NA
Tend to disagree	3	6	NA
Disagree strongly	2	2	NA
Don't know	1	1	NA
<b>Base</b>	<b>266</b>	<b>214</b>	<b>NA</b>



**Table 9.4 - G2b: Thinking about HMRC risk assessment, Agreement that know what the benefits of being low risk are for your business? (All aware of risk status)**

	LBS		LC CRM		LC CC	
	2010	2011	2010	2011	2010	2011
	%	%	%	%	%	%
Strongly agree	62	53	60	56	NA	NA
Tend to agree	26	33	36	39	NA	NA
Neither agree nor disagree	4	4	1	2	NA	NA
Tend to disagree	5	7	2	2	NA	NA
Disagree strongly	1	2	1	1	NA	NA
Don't know	1	*	-	*	NA	NA
<b>Base</b>	<b>402</b>	<b>266</b>	<b>411</b>	<b>214</b>	<b>NA</b>	<b>NA</b>

**Table 9.5 - G2c: Thinking about HMRC risk assessment, please say how much you agree or disagree that the risk rating criteria are comprehensive enough? (All aware of risk status)**

	LBS		LC CRM		LC CC	
	2010	2011	2010	2011	2010	2011
	%	%	%	%	%	%
Strongly agree	24	23	19	24	NA	NA
Tend to agree	51	59	48	49	NA	NA
Neither agree nor disagree	9	8	14	11	NA	NA
Tend to disagree	10	9	11	8	NA	NA
Disagree strongly	1	1	5	3	NA	NA
Don't know	5	1	3	6	NA	NA
<b>Base</b>	<b>402</b>	<b>266</b>	<b>411</b>	<b>214</b>	<b>NA</b>	<b>NA</b>

**Table 9.6 - G2d: Thinking about HMRC risk assessment, please say how much you agree or disagree that your business takes into account the HMRC risk status when structuring its tax affairs? (All aware of risk status)**

	LBS		LC CRM		LC CC	
	2010	2011	2010	2011	2010	2011
	%	%	%	%	%	%
Strongly agree	33	33	26	25	NA	NA
Tend to agree	33	37	40	43	NA	NA
Neither agree nor disagree	14	15	11	14	NA	NA
Tend to disagree	13	9	15	14	NA	NA
Disagree strongly	5	5	8	4	NA	NA
Don't know	2	1	1	1	NA	NA
<b>Base</b>	<b>402</b>	<b>266</b>	<b>411</b>	<b>214</b>	<b>NA</b>	<b>NA</b>

#### 10.10 Changes to HMRC: Real Time Information, iXBRL and Disguised Remuneration Rules

**Table 10.1– X1a: Are you aware of....Real Time Information?**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Yes	77	68	46
No	23	31	53
Don't know	*	1	1
<b>Base</b>	<b>351</b>	<b>475</b>	<b>839</b>

**Table 10.2 – X1b: Are you aware of....Extended Business Reporting Language (iXBRL)?**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Yes	94	88	63
No	6	12	37
Don't know	-	-	*
<b>Base</b>	<b>351</b>	<b>475</b>	<b>839</b>



Table 10.3 – X1c: Are you aware of....Disguised Remuneration Rules?

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Yes	84	65	34
No	15	34	65
Don't know	*	1	1
<b>Base</b>	<b>351</b>	<b>475</b>	<b>839</b>

Table 10.4– X2a: How well or poorly do you think HMRC communicated what was happening in relation to: Real Time Information? (All aware of RTI)

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Well	9	8	7
Fairly Well	49	44	37
Neither well nor poorly	22	25	24
Fairly poorly	13	16	24
Very poorly	4	5	5
Don't know	3	2	3
<b>Base</b>	<b>271</b>	<b>322</b>	<b>389</b>

Table 10.5– X2b: How well or poorly do you think HMRC communicated what was happening in relation to: Extended Business Reporting Language? (All aware of iXBRL)

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Well	16	12	9
Fairly Well	44	44	32
Neither well nor poorly	19	22	22
Fairly poorly	16	16	24
Very poorly	5	6	10
Don't know	1	1	4
<b>Base</b>	<b>329</b>	<b>419</b>	<b>528</b>



**Table 10.6– X2c: How well or poorly do you think HMRC communicated what was happening in relation to: Disguised Remuneration Rules? (All aware of DRR)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Well	4	5	4
Fairly Well	34	36	30
Neither well nor poorly	29	27	29
Fairly poorly	23	20	27
Very poorly	6	8	4
Don't know	4	5	5
<b>Base</b>	<b>296</b>	<b>309</b>	<b>289</b>

**Table 10.7– X3a: Did you see any guidance in relation to Real Time Information from HMRC, either directly or through your accountant, tax advisor or payroll bureau? (All aware of RTI)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Yes – through HMRC directly	42	37	24
Yes – through another source	42	48	48
Yes – but do not recall where from	3	2	3
No	12	11	22
Don't Know	1	1	3
<b>Base</b>	<b>271</b>	<b>322</b>	<b>389</b>

**Table 10.8– X3b: Did you see any guidance in relation to Extended Business Reporting Language (iXBRL) from HMRC, either directly or through your accountant, tax advisor or payroll bureau? (All aware of iXBRL)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Yes – through HMRC directly	46	31	18
Yes – through another source	46	58	67
Yes – but do not recall where from	1	2	1
No	5	6	12
Don't Know	2	2	1
<b>Base</b>	<b>329</b>	<b>419</b>	<b>528</b>

**Table 10.9– X3c: Did you see any guidance in relation to Disguised Remuneration Rules from HMRC, either directly or through your accountant, tax advisor or payroll bureau? (All aware of DRR)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Yes – through HMRC directly	18	17	12
Yes – through another source	67	68	64
Yes – but do not recall where from	2	1	1
No	10	13	20
Don't Know	3	1	2
<b>Base</b>	<b>296</b>	<b>309</b>	<b>289</b>

**Table 10.10– X4a: How easy or difficult was the information and guidance about Real Time Information to ...understand? (All who saw communications on RTI)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Easy	7	9	10
Fairly Easy	56	56	55
Neither easy nor difficult	20	20	22
Fairly difficult	7	5	8
Very difficult	1	1	*
Don't know	8	10	5
<b>Base</b>	<b>236</b>	<b>282</b>	<b>291</b>

**Table 10.11– X4b: How easy or difficult was the information and guidance about Real Time Information to ...use? (All who saw communications on RTI)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Easy	6	5	6
Fairly Easy	46	42	44
Neither easy nor difficult	19	21	19
Fairly difficult	6	5	7
Very difficult	2	1	1
Don't know	23	27	20
<b>Base</b>	<b>236</b>	<b>282</b>	<b>291</b>

**Table 10.12– X4c: How easy or difficult was the information and guidance about Real Time Information to ...find in the first place? (All who saw communications on RTI)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Easy	14	14	11
Fairly Easy	47	50	45
Neither easy nor difficult	14	15	11
Fairly difficult	12	7	11
Very difficult	1	1	1
Don't know	9	8	13
Not Applicable	3	5	8
<b>Base</b>	<b>236</b>	<b>282</b>	<b>291</b>

**Table 10.13– X5a: How easy or difficult was the information and guidance about Extended Business Reporting Language (iXBRL) to ...understand? (All who saw communications on iXBRL)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Easy	9	7	5
Fairly Easy	50	48	39
Neither easy nor difficult	14	14	20
Fairly difficult	17	15	17
Very difficult	5	3	5
Don't know	5	11	11
Not Applicable	1	2	4
<b>Base</b>	<b>305</b>	<b>383</b>	<b>457</b>



**Table 10.14– X5b: How easy or difficult was the information and guidance about Extended Business Reporting Language (iXBRL) to ...use? (All who saw communications on iXBRL)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Easy	3	7	4
Fairly Easy	39	33	26
Neither easy nor difficult	17	17	20
Fairly difficult	18	16	14
Very difficult	11	7	8
Don't know	12	20	27
<b>Base</b>	<b>305</b>	<b>383</b>	<b>457</b>

**Table 10.15– X4c: How easy or difficult was the information and guidance about Extended Business Reporting Language (iXBRL) to ...find in the first place? (All who saw communications on iXBRL)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Easy	13	14	12
Fairly Easy	51	51	42
Neither easy nor difficult	16	12	12
Fairly difficult	10	10	13
Very difficult	4	1	4
Don't know	5	7	10
Not Applicable	1	4	7
<b>Base</b>	<b>305</b>	<b>383</b>	<b>457</b>

**Table 10.16– X4a: How easy or difficult was the information and guidance about Disguised Remuneration Rules to ...understand? (All who saw communications on DRR)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Easy	2	1	7
Fairly Easy	23	40	41
Neither easy nor difficult	17	17	20
Fairly difficult	33	24	14
Very difficult	15	6	6
Don't know	9	10	10
Not Applicable	2	4	2
<b>Base</b>	<b>257</b>	<b>266</b>	<b>224</b>

**Table 10.17– X5b: How easy or difficult was the information and guidance about Disguised Remuneration Rules to ...use? (All who saw communications on DRR)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Easy	*	3	6
Fairly Easy	25	34	39
Neither easy nor difficult	20	18	23
Fairly difficult	27	20	9
Very difficult	11	5	4
Don't know	17	19	17
Not Applicable	*	2	3
<b>Base</b>	<b>257</b>	<b>266</b>	<b>224</b>

**Table 10.18– X4c: How easy or difficult was the information and guidance about Disguised Remuneration Rules to ...find in the first place? (All who saw communications on DRR)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Easy	7	9	7
Fairly Easy	48	50	44
Neither easy nor difficult	16	20	23
Fairly difficult	14	10	15
Very difficult	2	2	4
Don't know	13	10	7
<b>Base</b>	<b>257</b>	<b>266</b>	<b>224</b>

**Table 10.19 – X7 (RTI) – Did you see a consultation document by HMRC about Real Time Information before it happened? (All aware of RTI)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Yes	29	22	18
No	59	68	76
Don't know	12	10	6
<b>Base</b>	<b>107</b>	<b>156</b>	<b>225</b>

**Table 10.20 – X7 (iXBRL) – Did you see a consultation document by HMRC about Extended Business Reporting Language (iXBRL) before it happened? (All aware of iXBRL)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Yes	30	28	17
No	53	62	77
Don't know	17	10	6
<b>Base</b>	<b>131</b>	<b>193</b>	<b>323</b>

**Table 10.21 – X7 (DRR) – Did you see a consultation document by HMRC about Disguised Remuneration Rules before it happened? (All aware of DRR)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Yes	52	25	16
No	41	69	78
Don't know	7	7	6
<b>Base</b>	<b>107</b>	<b>108</b>	<b>125</b>

**Table 10.22 – X7a (RTI) – Did you read the consultation document by HMRC about Real Time Information before it happened? (All aware of RTI)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Yes- read it in full	9	26	15
Yes – skim read/ glanced at it	84	60	78
No	7	14	7
<b>Base</b>	<b>31</b>	<b>35</b>	<b>41</b>

**Table 10.23– X7a (iXBRL) – Did you read the consultation document by HMRC about Extended Business Reporting Language (iXBRL) before it happened? (All aware of iXBRL)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Yes- read it in full	23	21	15
Yes – skim read/ glanced at it	64	62	80
No	13	17	6
<b>Base</b>	<b>39</b>	<b>53</b>	<b>55</b>

**Table 10.24 – X7a (DRR) – Did you read the consultation document by HMRC about Disguised Remuneration Rules before it happened? (All aware of DRR)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Yes- read it in full	16	7	10
Yes – skim read/ glanced at it	64	70	60
No	20	22	30
<b>Base</b>	<b>56</b>	<b>27</b>	<b>20</b>

**Table 10.25– X8(RTI): How well or poorly do you think HMRC consulted about: Real Time Information (All aware of RTI)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Well	14	7	16
Fairly Well	52	53	50
Neither well nor poorly	14	17	16
Fairly poorly	21	17	13
Very poorly	0	0	3
Don't know	0	7	3
<b>Base</b>	<b>29</b>	<b>30</b>	<b>38</b>

**Table 10.26– X8 (iXBRL): How well or poorly do you think HMRC consulted about: Extended Business Reporting Language (iXBRL) (All aware of iXBRL)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Well	6	16	6
Fairly Well	35	41	37
Neither well nor poorly	18	21	27
Fairly poorly	29	14	21
Very poorly	12	9	0
Don't know	0	0	10
<b>Base</b>	<b>34</b>	<b>44</b>	<b>52</b>



**Table 10.27– X8(DRR): How well or poorly think HMRC consulted about: Disguised Remuneration Rules (All aware of DRR)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Well	7	0	0
Fairly Well	47	52	36
Neither well nor poorly	13	14	36
Fairly poorly	24	24	14
Very poorly	4	10	0
Don't know	4	0	14
<b>Base</b>	<b>45</b>	<b>21</b>	<b>14</b>

**Table 10.28– X9a(RTI): Real Time Information: Satisfaction with the length of time allowed for the consultation (All aware of RTI)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Satisfied	7	7	18
Fairly Satisfied	59	50	42
Neither Satisfied nor Dissatisfied	17	37	32
Fairly Dissatisfied	10	3	8
Very Dissatisfied	0	0	0
Don't know	7	3	0
<b>Base</b>	<b>45</b>	<b>30</b>	<b>38</b>

**Table 10.29– X9b(RTI): Real Time Information: Satisfaction with the information provided in the consultation documents (All aware of RTI)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Satisfied	7	7	21
Fairly Satisfied	79	53	58
Neither Satisfied nor Dissatisfied	7	27	18
Fairly Dissatisfied	7	7	0
Very Dissatisfied	0	0	3
Don't know	0	7	0
<b>Base</b>	<b>29</b>	<b>30</b>	<b>38</b>



**Table 10.30– X9c(RTI): Real Time Information: Satisfaction with the response to the consultation (All aware of RTI)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Satisfied	7	10	13
Fairly Satisfied	55	43	47
Neither Satisfied nor Dissatisfied	17	33	18
Fairly Dissatisfied	17	3	11
Very Dissatisfied	0	3	0
Don't know	3	7	11
<b>Base</b>	<b>29</b>	<b>30</b>	<b>38</b>

**Table 10.31– X9a(iXBRL): Extended Business Reporting Language (iXBRL): Satisfaction with the length of time allowed for the consultation (All aware of iXBRL)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Satisfied	6	11	2
Fairly Satisfied	41	41	37
Neither Satisfied nor Dissatisfied	32	36	44
Fairly Dissatisfied	12	7	4
Very Dissatisfied	9	5	2
Don't know	0	0	12
<b>Base</b>	<b>34</b>	<b>44</b>	<b>52</b>

**Table 10.32– X9b (iXBRL): Extended Business Reporting Language (iXBRL): Satisfaction with the information provided in the consultation documents (All aware of iXBRL)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Satisfied	9	7	0
Fairly Satisfied	50	55	52
Neither Satisfied nor Dissatisfied	24	23	33
Fairly Dissatisfied	12	7	4
Very Dissatisfied	0	5	0
Don't know	6	5	12
<b>Base</b>	<b>34</b>	<b>44</b>	<b>52</b>



**Table 10.33– X9c (iXBRL): Extended Business Reporting Language (iXBRL): : Satisfaction with the response to the consultation**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Satisfied	12	14	6
Fairly Satisfied	35	41	29
Neither Satisfied nor Dissatisfied	27	32	35
Fairly Dissatisfied	18	9	6
Very Dissatisfied	6	5	2
Don't know	3	0	23
<b>Base</b>	<b>34</b>	<b>44</b>	<b>52</b>

**Table 10.34– X9a(DRR): Disguised Remuneration Rules : Satisfaction with the length of time allowed for the consultation (All aware of DRR)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Satisfied	6	11	2
Fairly Satisfied	41	41	37
Neither Satisfied nor Dissatisfied	32	36	44
Fairly Dissatisfied	12	7	4
Very Dissatisfied	9	5	2
Don't know	0	0	12
<b>Base</b>	<b>45</b>	<b>21</b>	<b>14</b>

**Table 10.35– X9b (DRR): Disguised Remuneration Rules: Satisfaction with the information provided in the consultation documents (All aware of DRR)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Satisfied	4	5	7
Fairly Satisfied	51	52	36
Neither Satisfied nor Dissatisfied	22	29	29
Fairly Dissatisfied	20	5	14
Very Dissatisfied	0	5	0
Don't know	6	5	14
<b>Base</b>	<b>45</b>	<b>21</b>	<b>14</b>





**Table 10.36– X9c (DRR):Disguised Remuneration Rules : Satisfaction with the response to the consultation (All aware of DRR)**

	LBS	LC CRM	LC CC
	2011	2011	2011
	%	%	%
Very Satisfied	2	0	0
Fairly Satisfied	42	38	29
Neither Satisfied nor Dissatisfied	31	29	21
Fairly Dissatisfied	13	14	14
Very Dissatisfied	4	10	0
Don't know	7	10	36
<b>Base</b>	<b>45</b>	<b>21</b>	<b>14</b>

## 11 Longitudinal analysis

### 11.1 Longitudinal analysis – changed between 2010 and 2011

11.1.1. Where customers took part in the survey in wave 1 (2010) and this, wave 2 (2011), responses were analysed to help HMRC understand which customers gave higher ratings in 2011, which gave lower ratings in 2011 and which gave a similar rating.

11.1.2. The following 'dashboard' table shows the measures that can be compared across waves by customer group. For each measure the proportion of customers giving a higher (+), lower (-) or the same rating in 2011 compared with 2010 is shown.

11.1.3. Cells highlighted in green indicate over 20% of customers taking part in both waves have a higher rating in 2011 and cells highlighted in red indicate areas where over 20% gave a lower rating in 2011.

**Table 11.1: Longitudinal analysis across all consistent measures (2010-11)**

	Base: All taking part in both waves	LBS			Base: All taking part in both waves	LC CRM			Base: All taking part in both waves	LC CC		
		+	same	-		+	same	-		+	same	-
<b>Overall</b>												
A1_SUM. Overall, thinking about ALL of your dealings with HMRC , how would you rate your experience of dealing with them?	279	8	87	6	256	16	75	9	408	20	66	15
<b>Culture</b>												
A3_SUM_1. Agree or Disagree that They treat your business fairly	279	8	84	8	256	15	78	7	408	12	77	12
A3_SUM_3. Agree or Disagree that They are a joined-up organisation	279	27	56	18	256	25	54	22	408	28	52	21
A3_SUM_5. Agree or Disagree that They actively seek a cooperative relationship with you	279	7	88	5	256	15	75	10	408	27	54	19
A3_SUM_2. Agree or Disagree that They are consistent in the way they deal with your business	279	12	77	12	256	18	73	9	408	19	66	15
A3_SUM_4. Agree or Disagree that Their decision making process is transparent	279	27	58	14	256	28	52	20	408	28	52	19
A3_SUM_6. Agree or Disagree that They provide easy access to taxation specialists for advice	279	21	70	18	256	27	53	20	408	28	50	22

<b>CRM /CC</b>													
B4_SUM_2. Rating of CC/CRM... Their willingness to help you	269	6	90	3	230	4	91	5	20	Base too small for analysis			
B4_SUM_3. Rating of CC/CRM... Ensuring that your queries are dealt with effectively	269	5	89	6	230	11	82	7	20				
B4_SUM_4. Rating of CC/CRM... The extent to which they respond within the timeframes agreed	269	6	87	7	230	9	80	10	20				
B4_SUM_1. Rating of CC/CRM... Being easy to contact	269	2	94	3	230	4	91	5	20				
B4_SUM_5. Rating of CC/CRM... The extent to which the timeframes they agree for response are appropriate	269	5	84	10	230	10	81	10	20				
B4_SUM_7. Rating of CC/CRM... Their ability to make appropriate decisions	269	11	78	11	230	14	72	14	20				
B4_SUM_8. Rating of CC/CRM... Their commercial understanding, in relation to your business	269	12	76	13	230	17	68	14	20				
B5_SUM. Rating of CC/CRM: Overall	269	3	93	3	230	7	86	7	20				
<b>Staff in general</b>													
B6_SUM_3. Rating of all other HMRC staff - agree/ disagree that They provide a response to your queries within an agreed timeframe	279	18	69	13	256	22	58	21	408	23	55	22	
B6_SUM_5. Rating of all other HMRC staff - agree/ disagree that They provide a reliable response to your queries	279	10	77	13	256	18	59	22	408	22	59	19	
B6_SUM_6. Rating of all other HMRC staff - agree/ disagree that The tone of their communications is professional	279	5	86	9	256	6	77	17	408	9	79	11	
B6_SUM_1. Rating of all other HMRC staff - agree/ disagree that They have the necessary levels of technical expertise	279	17	73	10	256	18	63	19	408	25	53	22	
B6_SUM_2. Rating of all other HMRC staff - agree/ disagree that They have a good understanding of your business	279	19	61	21	256	20	43	36	408	25	50	24	
B6_SUM_4. Rating of all other HMRC staff - agree/ disagree that The agreed timeframes are appropriate	279	12	76	12	256	16	65	19	408	20	59	21	



<b>Real Time working</b>													
C2_SUM_1. Agree or Disagree that.. Issues are agreed more quickly?	236	13	79	9	179	21	68	11	N/A	Not asked wave 1 LC CC			
C2_SUM_2. Agree or Disagree that.. It increases business's certainty about their tax affairs?	236	9	86	5	179	18	77	5	N/A				
C2_SUM_5. Agree or Disagree that.. It reduces business's costs?	236	25	56	19	179	26	60	14	N/A				
<b>Burden</b>													
E1. Over the past 12 months has the administrative burden of tax compliance increased, decreased, or stayed at the same level?	272	9	71	20	249	12	70	18	382	15	65	20	
<b>ROLLB</b>													
E3_SUM_1. Agree or Disagree that.. They consider your business's needs when dealing with your business	279	18	69	13	256	25	57	18	408	31	45	24	
E3_SUM_3. Agree or Disagree that.. They have a good understanding of your business's level of risk with regard to tax compliance	279	13	79	8	256	17	70	14	408	27	52	22	
E3_SUM_4. Agree or Disagree that.. They provide your business with certainty in its tax affairs	279	15	71	14	256	27	57	16	408	32	49	19	
E3_SUM_5. Agree or Disagree that.. They make it clear what you need to do to be compliant	279	12	75	13	256	22	65	13	408	21	63	16	
E4_SUM_2. Agree or Disagree that.. HMRC have become more focused on the high risk tax issues that affect businesses and are now less concerned about the low risk matters	279	15	75	10	256	19	70	11	408	30	54	15	
E4_SUM_3. Agree or Disagree that.. HMRC have become more likely to consult with businesses about potential changes of administering the tax system	279	27	62	12	256	28	51	22	408	30	49	21	
E5_SUM_1. Agree or Disagree that.. HMRC makes it clear what you need to do to address any concerns	279	21	66	13	256	23	61	16	408	27	54	19	
E5_SUM_2. Agree or Disagree that.. HMRC makes it clear to you what their areas of concern are	279	12	77	11	256	12	77	11	408	26	59	15	
E5b_SUM_1. Agree or Disagree that.. HMRC demonstrates an understanding of the commercial pressures your business faces	149	35	48	17	95	34	43	23	95	19	50	32	
E5b_SUM_2. Agree or Disagree that.. HMRC keeps to agreed timeframes	149	33	51	16	95	27	47	25	95	34	46	20	



E5b_SUM_3. Agree or Disagree that.. The timeframes agreed are appropriate	149	30	58	11	95	32	52	17	95	31	52	18
E5b_SUM_4. Agree or Disagree that.. The process of resolving disagreements has improved	149	31	48	21	95	20	53	26	95	26	50	24
<b>Avoidance</b>												
F1_SUM. Confidence in knowledge of what HMRC would challenge as tax 'avoidance'	279	10	82	8	256	15	80	5	408	15	77	9
<b>Risk</b>												
G2_SUM_2. Agree or Disagree that.. I know what the benefits of being low risk are for my business	212	8	83	9	98	5	89	6	N/A	Not asked wave 1 LC CC		
G2_SUM_3. Agree or Disagree that.. The risk rating criteria are comprehensive enough	212	21	69	10	98	21	70	9	N/A			
G2_SUM_4. Agree or Disagree that.. My business takes into account the HMRC risk status when structuring its tax affairs	212	20	62	18	98	24	62	14	N/A			



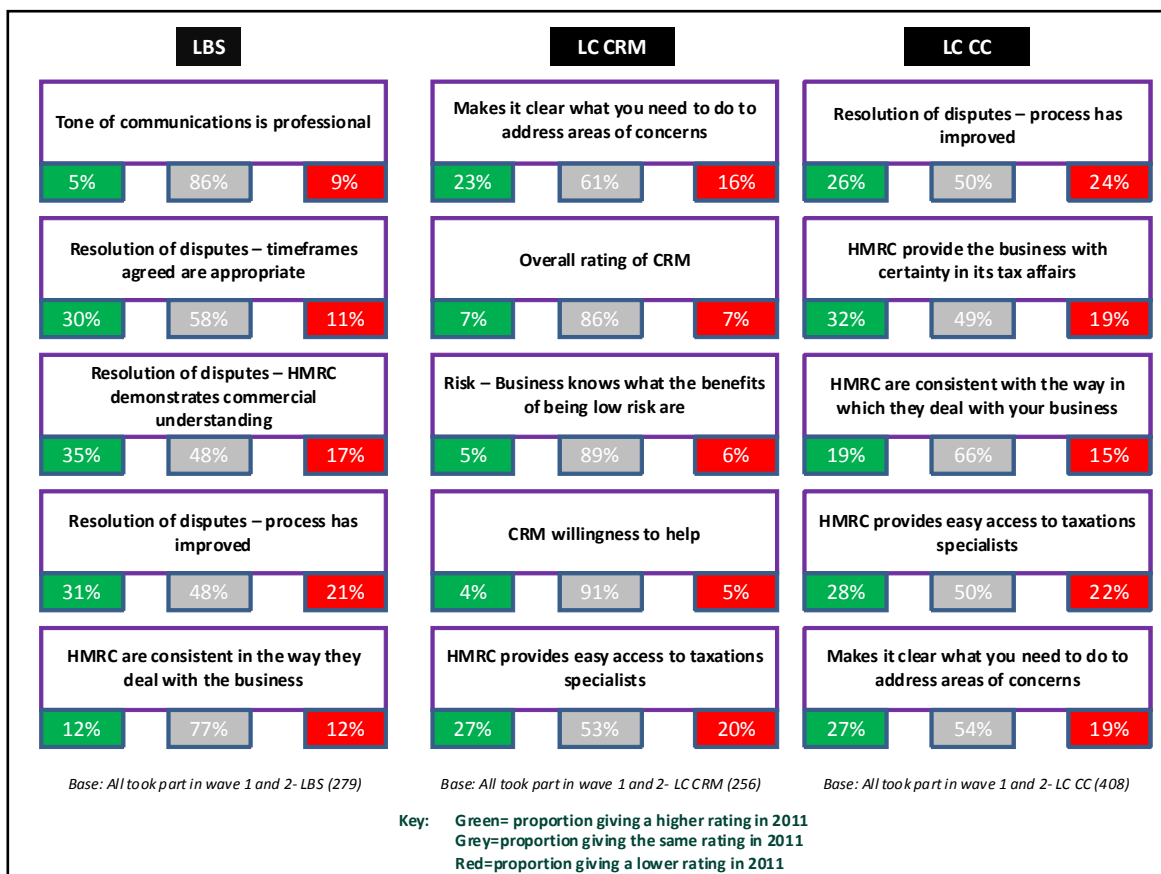
### 11.2 Longitudinal analysis – drivers of overall experience

11.2.1. To help HMRC understand how the areas of ‘change’ identified above impacted on overall satisfaction, multiple linear regression was also conducted. The aim was to identify which areas of ‘change’ across each customer group (i.e. where scores have moved up or down over the two waves of the study) has the biggest impact on overall satisfaction.

11.2.2. Figure 11.1 shows this analysis visually by highlighting the areas of change across each customer group<sup>54</sup> that had the biggest impact on overall experience of dealing with HMRC<sup>55</sup>.

11.2.3. That is to say, where change was observed across these measures this was likely to translate into a change in overall experience of dealing HMRC. If the change showed the proportion of customers giving a higher rating had increased, overall customer perceptions were likely to improve; conversely if the change showed the proportion of customers giving a lower rating had increased, then overall customer perceptions were likely to worsen.

**Figure 11.1: Areas where change in scores over time was likely to impact on overall experience**



<sup>54</sup> i.e. where scores have moved up or down over the two waves of the study

<sup>55</sup> The top 5 influencers of changes in overall satisfaction are charted