



HM Revenue
& Customs

Your Charter Annual Report Summary

January 2012 - April 2013



Our call centres –
getting in touch with us



Digital online services



Equality – helping our customers

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Foreword



The relationship that HMRC has with our customers is central to how we go about collecting the taxes that fund the UK's public services and in providing targeted financial support to families and individuals.

The rights that customers expect from us in *Your Charter* provide the foundations for how we continue improving customer service at HMRC. I am very pleased to share our annual report for January 2012 to March 2013 with you and to say that we are making real progress.

We recorded our best-ever call centre performance in the last six months of 2012-13, answering more than 90 per cent of customer calls. We also responded to 85 per cent of post within 15 working days throughout the entire year – another record performance.

We worked hard to prepare ourselves and our customers for big changes to the Pay As You Earn (PAYE) system by moving to Real Time Information for PAYE. It started very well, with more than a million payroll schemes submitted in the first month of the roll-out. It will impact every employer in the country, and remains one of our biggest challenges this year.

Future years will also be challenging and there is a lot more we need to do to meet our Charter ambitions. We will focus on giving our customers better digital services through a £200 million three-year digital investment programme, announced in the Spending Review in June by the Chancellor. We will also look for better ways to help our customers who need extra help through more targeted support, including face-to-face help where necessary. And we will work closely with the Department for Work and Pensions to help our customers prepare for the transition to the new Universal Credit.

The commitments we make in *Your Charter* – and the obligations we expect our customers to meet – is the common thread that binds all of this work together. Put simply, we need to support, listen to and respect our customers, acting on their feedback in improving what we do. In return, we need customers to be honest, also to treat us with respect and take care to get things right.

The improvements that we need to make will require us to invest further in our own skills and capacity, so we can meet – and hopefully exceed – the high expectations that customers quite rightly have of us both now and in the future.

Lin Homer

Chief Executive and HMRC Charter Champion

Foreword



When *Your Charter* was being established at HMRC, Ministers agreed to put in place independent oversight to check how the Department actually performs against the pledges it contains.

This led to the creation of the Charter Advisory Committee, whose role is to monitor all aspects of the use of *Your Charter* and to make sure that taxpayers can access their charter rights. In practical terms it means seeing that *Your Charter* is being applied fairly and consistently for all taxpayers and that HMRC staff are being given guidance and support in achieving the principles underpinning the Charter. And it also means promoting the use of the Charter among taxpayers and agents, who also have responsibilities under it.

The customer survey results at the end of this report give some indication of how successful HMRC has been in the period covered by this report. There have been some improvements in the survey results between March 2012 and 2013. It is, however, disappointing that agents, who have the most contact and interaction with HMRC, have consistently scored HMRC much lower than the other survey participants, namely individuals and small and medium-sized businesses.

We will be exploring this result with agent representatives and seeking to promote greater understanding of *Your Charter* among the agent community.

There is still considerable work to be done before we can be sure that *Your Charter* is at the core of how HMRC does business and how it delivers the high level of service standards and support that taxpayers can reasonably expect.

It is greatly encouraging to see the enormous enthusiasm that Chief Executive Lin Homer has shown for *Your Charter*: Lin is the HMRC Charter Champion and attends our committee meetings, playing a very active role in all our discussions. It is also encouraging that *Your Charter* features right at the very beginning of the HMRC Annual Report and Accounts 2012-13, showing the Department's commitment to supporting it.

The quarterly performance measures that HMRC now publishes are a further indication that it understands that it must be tireless in pursuing improvements to its services, and that it is prepared to use external measures to determine how well it is doing. *Your Charter* is like a 'good hygiene factor' to make sure that all taxpayers receive a good quality service when dealing with HMRC, with the priority firmly focused on maximum efficiency and effectiveness.

This year's report concentrates too much on the enormous range of activities which HMRC undertakes, which is understandable; but perhaps it is not sufficiently focused on how *Your Charter* rights and obligations are being honoured by HMRC. I will be working closely with HMRC and Charter colleagues over the coming year to focus on key areas that make for a better charter. I am hopeful that the *Your Charter* report in 2014 will be able to demonstrate considerable further progress.

Ian Young

Institute of Chartered Accountants in England and Wales and Charter Advisory Committee Chair

Your Charter

Your rights

What you can expect from us:

- 1 Respect you
- 2 Help and support you to get things right
- 3 Treat you as honest
- 4 Treat you even-handedly
- 5 Be professional and act with integrity
- 6 Tackle people who deliberately break the rules and challenge those who bend the rules
- 7 Protect your information and respect your privacy
- 8 Accept that someone else can represent you
- 9 Do all we can to keep the cost of dealing with us as low as possible.

Your obligations

What we expect from you:

- 1 Be honest
- 2 Respect our staff
- 3 Take care to get things right.

Overview

Your Charter is the customer face of HMRC's [Vision](#). It sets out our role as a government department and the rights and obligations of our customers. This is the second report on how we have demonstrated Charter values and behaviours during the period from January 2012 to March 2013.

During this time we have focused on making significant improvements to customer service. Investing in 900 extra call centre staff, we have raised our call handling performance from 65.5 per cent of calls answered in the first six-months of 2012-13 to an average of more than 90 per cent of calls answered in the last six months of the year. We also reduced our post on hand for Pay As You Earn (PAYE) and Self Assessment (SA) to a 20-year low, dealing with 85 per cent of post within 15 days.

These are important improvements, because we recognise that in recent years our customer service has fallen short of our Charter aims and customers' expectations. The recent Public Accounts Committee (PAC) report on customer service highlighted areas where we need to do more – in particular, they felt that we needed to make greater strides forward in answering customer calls. We have now introduced a new target to answer 80 per cent of calls within five minutes. We will maintain our focus on improving customer service in 2013-14, including an improvement in the quality of how we interact with customers.

Linked to customers' Charter rights, the PAC highlighted in particular the cost of making contact with HMRC. The committee welcomed our decision to replace 0845 telephone numbers with 03 numbers, which will be cheaper for many of our customers. Our tax credits customers already benefit from this change and our other telephone lines will have moved over to 03 numbers by summer 2013.

To help and support all our customers and treat them even-handedly, we will continue to make sure our information and products are [accessible](#). Our dedicated Visually Impaired Media Unit can, on request, convert information into an appropriate format for customers, including email, audio and Braille. We are a leading member of the Business Disability Forum and our web-based products are highly rated by the Sitemorse accessibility testing website.

In 2012, research into deaf and hard of hearing customers' perceptions of HMRC resulted in us allowing sign language interpreters to make voice calls on behalf of deaf customers, as long as the customer is present. We also launched two pilot sign language videos on YouTube about starting in business, and ways in which deaf people can get help from us:

www.youtube.com/watch?v=O8b4qf3cjME

www.youtube.com/watch?v=Is69CRJed30

We value the opportunity to work closely with customers, which is a key element of the values and behaviours contained in *Your Charter*. One of the main activities we carry out is holding [consultative forums](#) with customers. Working in partnership with customers and customer representative groups has enabled us to make a number of targeted improvements. One example is our handling of tax and tax credits during key life events, such as birth, retirement or bereavement. It has also enabled us to develop and deliver process improvements that save our customers time and money (such as the online VAT registration and deregistration service, the gift aid small donations scheme, and the introduction of the faster payments scheme and time to pay arrangements). Appendices A and B set out other improvements we have made for individual customers and businesses.

Despite these improvements, we know we have more to do. Our work to improve online services for customers continues to be guided by customer feedback. Our [digital strategy](#) describes our goal of a transparent tax system that encourages and enables people to fulfil their tax obligations using IT systems that are straightforward and convenient for them. We are committed to a range of digital improvements for small and medium-sized businesses, individual taxpayers and their agents; and where our customers are unable to deal with us through digital channels we will also provide alternative channels, alongside support to all our customers as they move to this new way of dealing with us.

A key part of our digital strategy is to work with information in real time. Real Time Information (RTI) makes PAYE quicker, easier and more accurate as employers send us their payroll data as employees are paid, rather than at the end of the tax year. Before RTI went live in April 2013 we piloted our approach to learn from customer feedback both in terms of what went well (for example, reporting was easier than expected) and where we needed to make improvements (by improving the IT to make it easier to update employee details without creating duplicate records).

There will be times when, despite all our efforts, we and our customers may not get things right, or agree on every occasion. To help our customers put things right we have extended our campaign approach. This means that customers who have not paid the right amount of tax have a time-limited opportunity to put their tax affairs in order. To make sure that customers who choose to come forward and disclose their tax affairs to us are not disadvantaged, once the opportunity closes we take action to tackle people who deliberately break the rules and challenge those who bend them.

We have developed with our customers a new alternative dispute resolution service for small and medium-sized businesses and individual customers who are unable to resolve their tax affairs after a compliance check. Where we are able to reach agreement in this way, it means fewer disputes going to a tax tribunal – saving time, cost and uncertainty for customers and for HMRC.

We have also started to measure our Charter progress using questions in our customer survey (see Appendix C) to understand better our performance against the Charter and identify areas for improvement. Broadly, our small and medium-sized business customers are the most positive in how they view our overall performance, with tax agents being the least positive – despite seeing recent improvements in agent scores relating to six of the Charter commitments, and working hard with agents to build on this progress. The survey has also helped us identify that customers feel we have more to do on being even-handed and reducing their costs, and we will be looking for ways to improve these areas during 2013-14.

Although we recognise that we have some way to go in delivering our full Charter commitments, the survey indicated that one of our strongest performance areas is the positive way we treat, help and support our customers, which provides a sound basis on which to make improvements in the year ahead.

We regularly publish more detailed information on our research, performance and plans on our website at: www.hmrc.gov.uk/transparency/

Charter priorities for 2013-14

Achieving good standards of service when customers contact us will be crucial over the coming year, as we undergo a period of large-scale change to our technology. We aim to include more of our customers and their representatives in our plans to improve services, particularly in relation to the priority areas they have identified, which are closely associated to Charter commitments around being even-handed and reducing customer costs.

They are:

- ease of getting in touch (whether by phone, post or online)
- the service provided by customer-facing staff
- how understandable our communications are
- certainty about when a matter is concluded.

One example of an ongoing joint initiative to improve service delivery is looking at ways to improve customers' experiences when dealing with debt and making payments. Progress reports will be published on our website at: www.hmrc.gov.uk/agents/strategy/joint-initiative.htm

We are also testing new approaches in other areas of our business to make sure processes work smoothly for our customers. For example, we are committed to making sure that tax credits customers moving to Universal Credit find this transition as seamless as possible. Although we expect only small numbers of tax credits customers to be drawn into Universal Credit in the near future, we will test the way we close down and finalise tax credits awards, enabling a smooth transition for those affected and ensuring robust processes for the future.

We will continue to focus on how we can use our understanding of our customers to better meet their needs. The Connect system, HMRC's new award-winning data-matching computer system, is helping us to target support, education and enforcement action. We aim to continue improving the quality of our risk-based products and processes for our customers, using money reinvested from departmental efficiency savings.

The successful roll out of RTI is a priority for 2013-14. We want to support employers to meet their new obligations, taking a pragmatic approach while employers get into the routine of reporting PAYE in real time. This means we have extended the deadline that was announced for small employers, giving them until April 2014 to adapt to operating their PAYE systems in real time.

We are also helping those new to online filing by signposting them to skills training such as learnmyway.com and free or low-cost public computers so that they can get internet access. For a small number of employers, including care and support employers, there will still be an opportunity to send paper returns in line with our approach to digital assistance. We will continue to monitor the impact of RTI, carrying out independent research in the summer, and seeking feedback through key stakeholder groups and representative bodies. In addition, over the next three years, we will be making a range of improvements to our digital services using £200 million of extra investment announced at the 2013 Spending Review.

Appendix A

Individual customers: progress report

The vast majority of individual customers meet their tax obligations and are able to manage their tax affairs themselves. However, there are occasions when they need extra help from us, including when dealing with key events in their lives, such as retirement or bereavement.

We also make sure families receive the payments they are entitled to (such as tax credits), make it easy for them to get things right first time and tackle losses from error and fraud. We are changing the way that tax credits and Child Benefit payments are made to nearly ten million children in the UK, as well as to people in low-paid work. We work closely with Ministers, HM Treasury and colleagues across the Department to ensure our policy, business design and processes deliver the right outcome for the customer.

Supporting customers who need extra help

Registering a birth or a death – we have changed the way that we handle information from Tell Us Once to improve the service we offer. Tell Us Once is a cross-government initiative where members of the public provide information about a birth or a death to their registrar just once, instead of having to contact multiple departments. We have improved the flow of information from registrars to HMRC, which has made the process much more timely and reliable for customers.

Bereavement – we have published an online bereavement guide aimed at customers with a simple estate to administer. We have also introduced a new internal process when receiving agent authorisation forms for bereavement, which is quicker for our customers and their agents. By establishing a closer link with the Department for Work and Pensions (DWP), we can identify Self Assessment customers who have died and proactively contact their representative to help them quickly settle the tax affairs at an earlier stage.

Retirement – we have also worked with DWP colleagues to jointly review our communications to pensioners and those approaching retirement. We have amended guidance and communications to provide messages that are more effective for customers, including improved links to relevant web content.

Just Ask – We have developed a training package called ‘Just Ask’, aimed at encouraging our people who have regular customer contact to take full account of equality-related matters such as disability. We rolled out the training to 21,000 staff across customer-facing teams by November 2012.

Improvements to tax credits

Claims process simplification – the tax credits claim process has been changed so that contact centre staff no longer carry out an eligibility calculation for those customers who have already used the online calculator. This should cut customer call times by around four minutes on average.

Intermediary authorisation improvements – we have fully automated the form authorising an intermediary to act for a customer on our website. This means that registered intermediaries can submit their authority electronically instead of faxing or posting it. The new form takes approximately 45 minutes to process from start to finish, in comparison to two weeks previously. The intelligent form cannot be submitted if incomplete, making sure that authorisations do not fail and that the customer will have the service of an intermediary with immediate effect.

Fast track service in Northern Ireland – we worked with Northern Ireland intermediaries and the Northern Ireland Social Security Agency to rectify a problem that refugees were experiencing within that part of the UK. A ‘fast track’ service was already available between HMRC and DWP in the rest of the UK, but the Northern Ireland intermediaries were unaware of this. A fast track service was therefore developed and implemented. As a result of this work a vulnerable section of the community in Northern Ireland are better supported and are treated more even-handedly.

‘Next Payment Due’ calculator – the calculator for tax credits on our website gives customers instant information about when to expect their payments. This has reduced their need to make a telephone call to the helpline. To help publicise the calculator, there is also a new interactive voice response message on the helpline telling customers about this service.

Treatment of paid employment – we worked with colleagues in DWP to make sure that guidance on the treatment of paid employment for DWP and tax Credits was aligned. It came to light that some people were taken off DWP benefits because their guidance indicated those customers should be treated as self-employed, while under tax credits legislation, the customers were not seen as ‘working in expectation of payment’, and were not entitled to Working Tax credits. Those affected now remain in receipt of DWP benefits and no longer fall between the two departments’ definitions.

Child Benefit

International Child Benefit claims – following a review of the international Child Benefit claims process, we made the ‘initial enquiry’ form available on the Revenue Benefits website for intermediaries to use. A completed initial enquiry form received in the Child Benefit office at the same time as an international claim form is speeding up the time from claim to payment by as much as five weeks.

Looked After Children: Stopping Child Benefit payments – Child Benefit, in most circumstances, remains in payment for up to eight weeks after a child or children have been taken into care. Customers do not tend to inform us when this happens and we rely heavily on individual local authorities to tell us when they have looked after a child for eight weeks or more, allowing us to suspend any further payments. We have made it easier for local authorities to notify us by reducing the electronic form from six pages to one page, improving signposting to the form on the HMRC website and recently replacing the existing online ‘print and post’ form with an automated ‘complete and send’ version. The form is also used to help with tax credit claims.

This initiative has significantly increased notifications and in 2012-13 prevented £9.24 million of tax credits and £2.93 million of Child Benefit overpayments.

Charter priorities for 2013-14 for individual customers

Our priority for our **individual customers** is to continue to improve the service they receive through improved call handling, improved digital services and through reduced error. Our digital strategy aims to ensure that over the next three years the 39 million individual taxpayers in PAYE will be able to alert us to certain changes which affect their tax online. Individuals (with a tax liability at year-end) will also be able to view their personal tax statements online, giving them greater understanding of their tax affairs.

Universal Credit – we are committed to ensuring that tax credits customers who change to Universal Credit have the most positive experience of this transition possible. Universal Credit began in April 2013 with a small-scale pilot based in north-west England. The pilot area will be expanded over time to cover additional locations, but we anticipate that only a small number of tax credits customers will be drawn into Universal Credit in the near future. We will test the way we will close down and finalise the tax credits awards of those customers who have changed to Universal Credit. It is important to get this right to ensure the processes work smoothly before the number of affected customers increases.

In particular, we will make sure that we understand and minimise the impacts these processes have on our customers, and we will look to provide clear guidance about what they need to do to close down their tax credits awards and about how any outstanding overpayments will be managed.

For our **Child Benefit** customers, our priority is to exploit the use of digital channels to improve customer service.

Appendix B

Business customers: progress report

We have worked with business customers and their representatives and acted on their feedback to improve our products and processes. As part of this approach of working in partnership, the [Administrative Burdens Advisory Board](#) has continued to provide independent scrutiny of our progress against our customer cost reduction target.

Supporting customers, making compliance easier and reducing customer costs

Customer cost reduction – at the Autumn Statement in 2012, the Government announced a new target to reduce the annual cost to business of tax administration by £250 million by the end of the Spending Review period in 2015. The new target strengthens our commitment to delivering reductions in costs to business, and makes clearer the tax administration contribution to the Government's wider agenda to reduce burdens on business.

VAT – from October 2012 we introduced an improved online channel for those customers wishing to register, de-register or vary their registration for VAT. For the majority of customers this means that they receive their VAT registration four to six days quicker than previously. The online process includes a number of i-Forms allowing additional information to be included where appropriate. The aim is to only request information that is necessary, saving customers time and the need to contact us.

Charities – a number of measures to assist charities have been developed. The Gift Aid Small Donations Scheme reduces the paperwork required to claim Gift Aid-style top-ups on small cash donations. From April 2013, charities have been able to make repayment claims online. From the same date, the procedures for claiming gift aid on sales of donated goods were simplified, reducing the administrative burdens on eligible charities.

Business records checks – working with customer and agent representatives, we have redesigned our process for carrying out business records checks to focus more on those customers at risk of keeping inadequate records, while respecting those likely to get it right. Customers at risk will be offered self-help educational support or, if appropriate, a visit to help them improve their business records. Only those customers with inadequate records or those whose records do not improve may have to pay a penalty.

Encouraging honesty, while tackling those who break the rules

The [Large Business Strategy](#) is aimed at around 10,400 businesses with an annual turnover greater than £30 million and/or at least 250 employees. Our approach is tailored to individual businesses and is built on our detailed understanding of customer behaviours and the varying complexity of their affairs. We engage with them directly to build in-depth knowledge of their business model, business and tax issues, appetite for risk in tax planning, and internal governance.

A professional and even-handed approach encourages firms to adopt a low-risk approach to tax planning and to have an open and transparent working relationship with us. This is the most cost-effective way to ensure correct revenue flows and improve the customer experience for these firms. Our customer relationship managers are compliance experts who lead teams of highly-skilled tax professionals to prioritise our resources to more complex and high-risk customers. *Your Charter* is integral to the way that we work with our large business customers.

Charter priorities and improvements for 2013-14 for our business customers

We have focused on our Charter commitments to find ways of helping and supporting business customers and reducing their costs of dealing with us. This approach also supports other Charter goals, such as ensuring respect and even-handed treatment, and protecting privacy.

In 2013-14, we plan to build on the initiatives launched in 2012-13. In particular, the Department's digital strategy will have far-reaching effects over the coming years. Our digital strategy describes how we will significantly expand the online services we offer over the next three years, helped by the extra investment announced by Ministers at the 2013 Spending Review.

Small and medium-sized businesses, individual taxpayers and their agents will benefit from a range of improvements:

- the UK's 4.6 million small and medium-sized businesses will be able to access everything they need online from a personalised homepage with secure digital messaging, saving them time and money
- the 39 million individual taxpayers in PAYE will be able to alert us to certain changes which affect their tax. Individuals (with a tax liability at year-end) will also be able to view personal tax statements online, giving them greater understanding of their tax affairs
- the ten million taxpayers in Self Assessment will be able to conduct all their tax transactions online
- agents will be able to undertake more transactions online with minimal involvement from us, reducing costs for both agents and the Department.

Appendix C

Charter and customer survey questions

Charter measures from the HMRC customer survey

Right	Survey question	Customer group	Mar 12 positive response	Mar 13 positive response	Margin of error	Significant change	Base size
Respect you	How well or poorly did staff treat you?	Individuals	83%	83%	±1	NO	4098
		SME	85%	84%	±2	NO	1817
		Agents	81%	83%	±2	NO	1849
		Overall	83	83	±2		
Help & support you to get things right	Ease of getting all the information needed	Individuals	77%	78%	±1	NO	5299
		SME	79%	81%	±2	NO	2789
		Agents	63%	67%	±2	YES	2154
		Overall	73	75	±2		
Treat you as honest	HMRC treats individuals as honest	Individuals	63%	62%	±2	NO	2506
		SME	64%	65%	±2	NO	3569
		Agents	41%	46%	±2	YES	2264
		Overall	56	57	±2		
Treat you even-handedly	Rate HMRC in terms of how much you trust them to be fair	Individuals	83%	83%	±1	NO	4098
		SME	66%	67%	±2	NO	3569
		Agents	55%	58%	±2	NO	2264
		Overall	59	60	±2		
Be professional and act with integrity	HMRC can be relied upon to act with honesty and integrity	Individuals	75%	73%	±3	NO	1251
		SME	79%	76%	±2	NO	1766
		Agents	71%	68%	±3	NO	1164
		Overall	75	72	±3		
Tackle people who deliberately break the rules and challenge those who bend the rules	HMRC can be relied upon to carry out its duties properly and professionally	Individuals	72%	73%	±2	NO	2506
		SME	74%	75%	±2	NO	3569
		Agents	51%	56%	±2	YES	2264
		Overall	66	68	±2		

Right	Survey question	Customer group	Mar 12 positive response	Mar 13 positive response	Margin of error	Significant change	Base size
Protect your information and respect your privacy	HMRC protects my information	Individuals	68%	69%	±3	NO	1251
		SME	67%	67%	±3	NO	1766
		Agents	67%	73%	±3	YES	1164
		Overall	68	70	±3		
Do all we can to keep the cost of dealing with us as low as possible	HMRC can be relied upon to look after customer's interests	Individuals	62%	62%	±2	NO	2506
		SME	60%	60%	±2	NO	3569
		Agents	34%	39%	±2	YES	2264
		Overall	52	53	±2		
Accept that someone else can represent you	How easy or difficult was it to get us to recognise their authorisation	Agents	77%	79%	±2	YES	2347

Notes:

All scores are based on rolling annual data from the HMRC customer survey. Scores represent positive responses such as strongly agree/agree to each survey question.

For each right in the Charter the closest question from the HMRC customer survey has been identified.

The survey was not designed specifically to measure the rights in the Charter and therefore some questions have closer matches to the rights than others.

Overall measures for each right are calculated using a simple average of the three customer groups.

The following rights are only asked of customers who have had recent dealings with HMRC: respect you, help and support you to get things right, and accept that someone else can represent you.

The remaining rights are asked of a representative sample of each customer group.

For further information about the survey see www.hmrc.gov.uk/research/cust-exp-2010.pdf



[gov.uk/hmrc](https://www.gov.uk/hmrc)



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