

# Our approach to small businesses

There are 4.6 million small and medium-sized enterprises (SMEs) in the UK, with the overwhelming majority paying the right amount of tax at the right time. We recognise the crucial role small businesses play in creating growth, which is why we work hard to support them to get their tax right quickly and easily. We provide targeted help for those businesses that need it, while levelling the playing field so that everyone pays their fair share and no-one gets an unfair advantage by breaking the rules. This briefing explains what we are doing to ensure small businesses receive this support and comply with their tax obligations.

## Our approach

For small businesses, dealing with tax should be as simple and straightforward as possible. For some it is, but for many others it's not. We want to change that. We are committed to making it easier, quicker and simpler for small businesses to get their tax right, and want to remove the anxiety still felt by many of those who do get it right, or who genuinely try to do so.

Small businesses also need to feel that everyone pays their fair share and that no-one gets an unfair advantage by breaking the rules. So we want to level the playing field – between the vast majority who do get it right and pay the right tax, and the few who do not.

We want to support small businesses so they:

- find tax easier to understand, and become more confident about what they need to do, when and how
- it is simpler and quicker for them to do what they need to do (register, keep records, file, pay), with greater certainty and accuracy.

So whether a business uses an agent, or completes their own tax returns, HMRC's commitment is to provide appropriate and easy to use services and support.

## Improving services for small businesses

As outlined in the report *Making tax easier, quicker and simpler for small business* published on Budget Day, we are making a number of improvements between now and 2015 to make it as easy as possible for small businesses to manage their tax affairs and pay the tax that is due, as well as reducing customer and administrative burdens and costs.

This involves simplifying tax processes where we can, and guiding businesses step-by-step through more complex procedures, to reduce the possibility of things going wrong. For example, improvements to the online Self Assessment process mean we now ask questions better tailored to individual circumstances, and automatically calculate liabilities, saving our small business customers time and confusion.

Improvements in our contact centre performance mean it is now easier for businesses to get through to us on the phone. We still have a lot of work to do in this area, but by the end of 2011-12 we had made a 26 percentage points increase in the number of calls we handled last year (74 per cent, compared to 48 per cent in 2010-11).

We are also improving our handling of written enquiries: our Self Assessment post-on-hand levels are lower than they have been for many years and our performance against a target of dealing with enquiries within 15 working days is improving, meaning that fewer businesses need to chase us for a response.

In recognising that more and more people now prefer to do their business online, we are continually improving our online services and providing dedicated digital assistance for customers. A good example of our improved digital service was the launch of the My New Business website on Businesslink.gov in November 2011. This combines a comprehensive set of new, user-friendly content from across wider government with more than 200 bite-sized videos, e-learning tools and tutorials – not just about tax – which are aimed at supporting those who are just starting up in business, and has already been used by more than 500,000 customers in the first four months of being live.

We have also started to use Twitter, SMS reminders and an outbound email pilot to correspond with businesses, recognising that we need to contact them on the channels they prefer to use. Further online improvements went live in early April, when we launched a new Online Tax Registration Service which allows businesses to register for all their taxes in one place, and a Tax Dashboard where small businesses can manage contact details and view their tax liabilities and payments in one place.

### Providing more help for those who need it

We recognise that tax can be complicated and that some businesses need help to get their tax right, so we continue to provide them with better targeted and tailored educational services through a variety of channels tailored to their needs.

Apart from the new e-learning material on Businesslink.gov, we also offer online seminars (webinars) on a range of subjects, which have already been used by more than 1,000 customers, and we have launched a dedicated

YouTube channel so that those businesses can view the material at their convenience. We are also working with a number of intermediary organisations to help customers understand their tax obligations and encourage greater voluntary compliance. This year alone, we are aiming to educate well over half a million small businesses.

We will continue to provide time to pay arrangements for businesses facing temporary financial difficulties and we urge any business wanting to apply for time to pay to contact HMRC's Business Payment Support Service before their payment falls due, on 0845 302 1435. We have previously sent you a separate briefing on Time to Pay, which can be found on our website here: [www.hmrc.gov.uk/about/briefings/index.htm](http://www.hmrc.gov.uk/about/briefings/index.htm)

### Getting business records right

We know that poor record keeping is a prime cause of small business customers submitting inaccurate returns. It also leads to additional effort for small businesses and their agents to construct the accounts from partial information or estimates. This hampers a business from understanding its true trading performance, and can affect investment and financing decisions. So one of our priorities is supporting small businesses to keep good business records.

We are currently working closely with representative bodies to redesign our programme of Business Record Checks (BRC) to better tailor them to the needs of small business and link them to the host of other record-keeping support and guidance that we already make available, such as online toolkits and record keeping applications.

### A level playing field for all

We know that only a small minority of businesses evade their taxes, but their actions can often influence the perceptions and behaviour of others. We also know that dishonest businesses make it harder for honest businesses to compete in an already challenging business environment. So we aim to level the playing field for all businesses by tackling tax evasion and changing customer behaviours through a range of activities, which includes targeting specific areas of non-compliance with dedicated teams and running high-profile campaigns aimed at certain groups of customers.

### To find out more

For more information about our work please visit our website at [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

### Useful websites for small businesses

My New Business – <https://online.businesslink.gov.uk/hub/action/render?pageId=mynewbusiness&site=1000>  
<http://www.businesslink.gov.uk/bdotg/action/home>