



HM Revenue
& Customs

HMRC Digital Strategy – legislative changes to enable Paperless Self Assessment

Response Document

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Contents

1	Introduction	3
2	Responses	4
3	Next steps	7
4	List of stakeholders consulted	9

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1. Introduction

1. On 27 November 2013, HM Revenue & Customs (HMRC) published a consultation document inviting comments from interested parties on *“HMRC Digital Strategy – legislative changes to enable Paperless Self Assessment”*.
2. The consultation invited interested parties to respond to these proposals by 27 December 2013. HMRC wishes to thank all respondents for their contributions and for taking the time to respond.
3. The consultation contained proposals to upgrade the current HMRC Self Assessment Online service to provide a more complete end-to-end digital experience for customers and enable customers to opt to receive appropriate communications from HMRC electronically rather than via traditional print and post channels.
4. 16 people responded: 9 representative bodies, 5 businesses and 2 individuals. HMRC has also been holding meetings and undertaking user testing of the design of Paperless Self Assessment with a range of customers and this supplements the written consultation.
5. All respondents agreed positively to the idea of Paperless Self Assessment and agreed on the type of communications to be made available to customers electronically. Many respondents expressed concern that it was essential for the service to be offered through choice and not mandation and no-one should be marginalised or excluded from using the service should they wish to do so. Comments were received on the design of the service including the need to make it as secure as possible.
6. This document summarises the comments received, and sets out HMRC's response and next steps.

2. Responses

7. All respondents supported the idea of Paperless Self Assessment and HMRC's efforts to improve the end-to-end digital experience for all customers.
8. Many respondents suggested there must be a voluntary opt-in for electronic communications and no mandation to use the new service. Many respondents expressed caution in this area, considering no-one should be marginalised or excluded from using HMRC digital services – all services should be easily accessible to and by all. Some respondents sought assurance this would be the case and it was suggested HMRC publish an accessibility statement setting out what digital services can be expected and when, and what alternatives are available.
9. A number of respondents were concerned 'digital by default' should not surreptitiously become mandation: the paper channel should be the default option for Self Assessment and should continue to be made available alongside the improved digital channel. It was suggested there should be a parallel non-digital strategy.
10. Most Respondents agreed it was a good idea to have a staged approach to offering Self Assessment products electronically and it was suggested users of the improved service must have absolute trust in the system for it to work. Suitable safeguards should be built into the service to deal with the particular issues arising from electronic communications.
11. Some respondents expressed concern around the lack of consultation on the proposals and sought further details of how Paperless Self Assessment would work. A number of respondents suggested further consultation be undertaken, especially if HMRC intend to use social media accounts for anything other than generic messages only.

Question 1: HMRC intends to make available electronically the Self Assessment products listed to those who have opted in to Self Assessment Online. Views are sought on the suitability of those products being made available online.

12. Most respondents agreed with the suitability of the Self Assessment products to be made available electronically and welcomed the proposal to introduce each type of communication in stages.
13. A number of respondents suggested HMRC initially start delivering routine reminders electronically and delay the introduction of delivering statutory notices and those with timing implications until the upgraded service was shown to be working well.

14. Several respondents suggested there should be an option for choosing paper or electronic delivery of a communication rather than a blanket opt in or opt out of digital delivery.
15. Some respondents suggested additional HMRC products be made available electronically including Form R40, P800, P2 and all related correspondence. Other suggestions included the ability to withdraw a penalty notice or make an appeal online.
16. The majority of respondents considered the message notification process was key to the proposed new service working effectively. It was suggested the notifications should contain sufficient information to enable the recipient to understand the importance and any timing implications of the products made available to them or their agent or representative online. Concern was also expressed around the need to ensure the notifications are received by the intended recipient and not blocked by spam filters for example.
17. Respondents agreed that technical capacity was a main driver for enabling electronic delivery of HMRC communications to the customer. It was suggested consideration should also be given to operational and security issues and many respondents suggested having a 'paper back up facility' in case something goes wrong such as in the case of a major IT failure.

Question 2: Many customers registered to use the Self Assessment Online service do not personally access the system, but allow their appointed agent to file on their behalf. HMRC welcomes suggestions on how customer consent can be best achieved in circumstances such as these.

18. There was widespread support for separate and independent opt-in processes for agents and customers. HMRC should clearly set out what paperless self assessment means and what the opt-in process involves.
19. Several respondents expressed concern about the need to obtain additional customer consent for agents to enrol their clients into paperless self assessment where HMRC already holds valid authority to act notifications, for example on a 64-8 form. It was suggested that any new process for capturing customer consent would create additional work for agents and so any opt-in process should be as quick and efficient as possible.
20. One respondent did not consider it appropriate for an agent to provide consent on behalf of their client to opt-in to paperless self assessment.
21. It was suggested all self assessment customers should be able to opt-in to Paperless Self Assessment and not just registered users of the HMRC Self Assessment Online service.

Question 3: Comments are sought on whether the draft legislation works as intended and facilitates HMRC's electronic interaction with its customers. In particular HMRC welcomes views on the definition of 'secure mailbox', the deemed delivery provisions and conditions and the provision and withdrawal of consent.

22. The majority of respondents considered the secure delivery of information to the secure mailbox to be key to paperless self assessment working effectively. It was noted it was essential for HMRC to have up to date contact information for all users who opt-in to the new service or the delivery conditions set out in regulation 7 would not be met.
23. One respondent suggested the definition of the secure mailbox accessible by an individual should include both the customer and any agent (including 'recognised agents').
24. A number of respondents suggested information should be deemed to have been delivered where the notification message is despatched by email and/or SMS in case email delivery fails.
25. Several respondents considered the provisions for the withdrawal of consent were potentially too restrictive if the customer finds they are no longer able to use the Self Assessment Online service due to location or accessibility issues, for example. Consideration should be given to providing alternative ways for the customer to opt-out of paperless self assessment having previously opted-in. Such opt-out process should be easily accessible and not onerous.

Question 4: HMRC welcomes comments on the assessment of the impacts of these proposals in the Tax Impact and Information Assessment including but not limited to the equalities impacts, impacts on individuals and burden reductions.

26. Several respondents stated if HMRC required new authorisations for agents to act on behalf of customers in respect of Paperless Self Assessment then there would be inevitable additional costs for those customers using agents.
27. A number of respondents could not see any reduction in the compliance burdens for customers and (where applicable) their agents. It was, however, noted there would be efficiency savings for users of paperless self assessment in terms of more convenience and quicker, better delivery of service.
28. Many respondents stated it was necessary for HMRC to factor in the deterrence, identification and countering of cyber-crime in delivering the Paperless Self Assessment service. It was suggested customers would need to be more educated about self assessment, more vigilant and security conscious.

3. Next steps

29. HMRC is committed to the delivery of customer-focused digital services which are so straightforward and convenient that all who can use them will choose to do so whilst those who cannot are not excluded.
30. HMRC recognises there will always be customers who will need support to use digital services. HMRC's Assisted Digital Strategy will detail how we will help, support and encourage those who could and should be using digital services. This will include providing dedicated assistance for those who really cannot get online, so no-one is left behind.
31. There was general consensus the specific types of communications HMRC intends to make available through Paperless Self Assessment are suitable for electronic delivery and that a staged approach to introducing each type of communication should be adopted. HMRC intends to offer each type of communication electronically when it can best be delivered.
32. HMRC agrees that security is paramount in designing the Paperless Self Assessment service and acknowledges ordinary email can be insecure if not properly managed. As an alternative to email for high volume transactions, HMRC will expand the use of its secure messaging service. This will enable customers who opt-in to Paperless Self Assessment to receive secure email notifications whenever HMRC delivers a specific communication to their secure, personal online portal from where the actual communication can be viewed.
33. Several respondents suggested additional HMRC products be made available online such as the Form R40 (Claim for repayment of tax deducted from savings and investments), P2 (PAYE Coding Notice) and P800 (PAYE Tax Calculation). HMRC is currently looking into the feasibility of this.
34. HMRC's existing Self Assessment Online service will be used to capture customer consent to opt-in to Paperless Self Assessment. For this reason, only registered users of that service will be able to opt-in to receive electronic communications.
35. The opt-in process should be as quick and efficient as possible. HMRC is working closely with potential users of the new service to ensure the user interface and how it looks and feels to the customer is incorporated into the design of the final product. Paperless Self Assessment will be a customer-focused digital service. Customers will be presented with the terms and conditions for using the new service as part of the opt in process.
36. A number of respondents suggested amendments to the proposed legislative changes. Acting on these comments HMRC has added Section 9ZA of the Taxes Management Act to regulation 4 of the draft Statutory Instrument.
37. Many respondents stated it was necessary for HMRC to factor in the deterrence, identification and countering of cyber-crime in delivering the

Paperless Self Assessment service. It was suggested customers would need to be more educated about self assessment, more vigilant and security conscious. HMRC agrees with these comments - the security of the new system is of paramount importance and the new service will be as technically robust, safe and secure for users as possible.

38. HMRC will now proceed with the making and laying of the legislation necessary to enable Paperless Self Assessment to be offered to customers.

4. List of stakeholders consulted

Association of Accounting Technicians (AAT)

Association of Chartered Certified Accountants (ACCA)

Association of Tax Technicians (ATT)

Baker Tilly

Chartered Institute of Taxation (CIOT)

Ernst & Young

Institute of Chartered Accountants of England and Wales (ICAEW)

Institute of Chartered Accountants of Scotland (ICAS)

Low Incomes Tax Reform Group (LITRG)

Price Waterhouse Coopers

Royal Mail

Royal National Institute of Blind People (RNIB)

Tax Aid

Taxation.Plus.com

There were two individual responses.