



IFF Research

Large Business Panel Survey 2013

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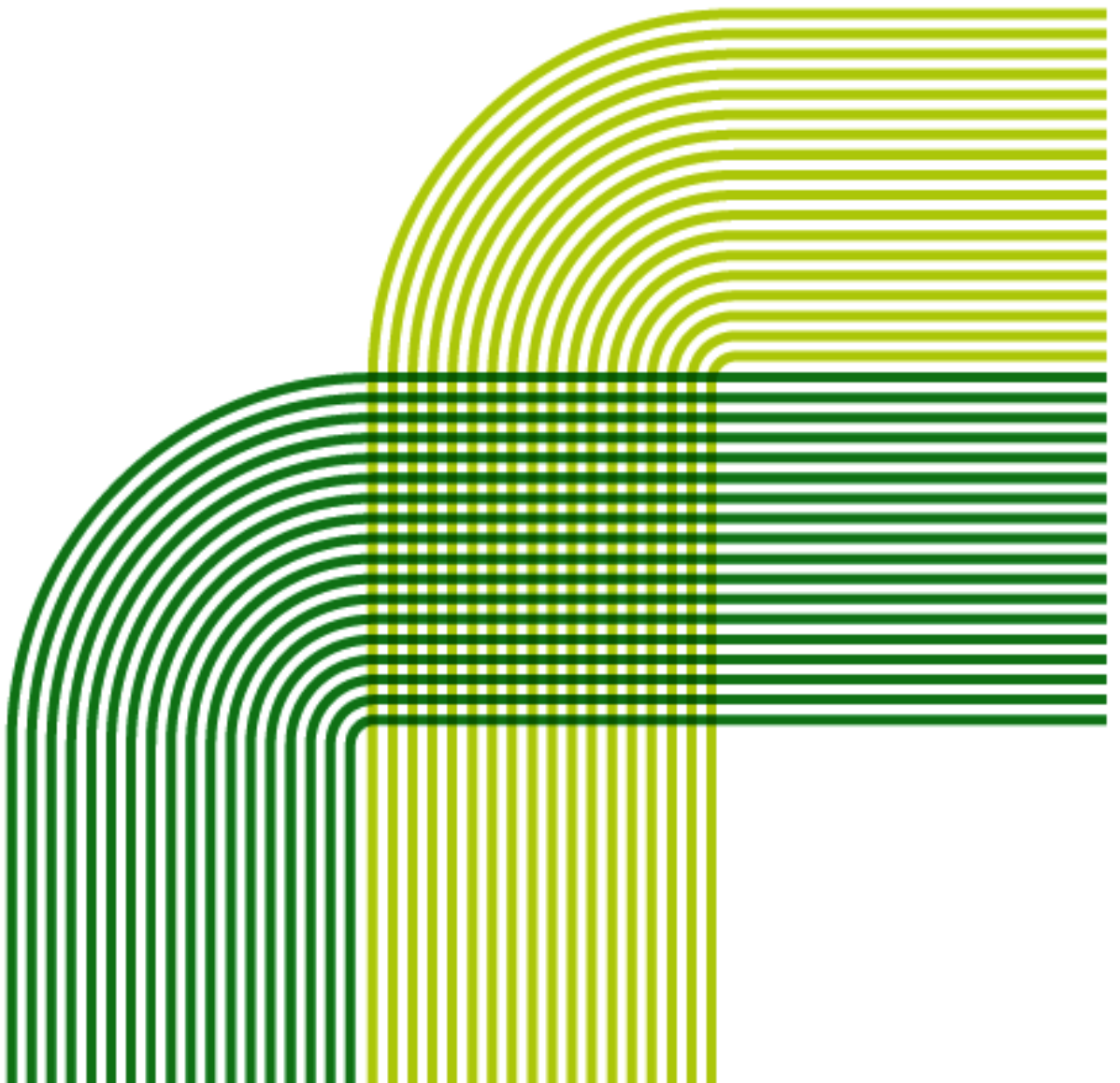
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IFF Research

Contact details

Lorna Adams, Alistair Kuechel,
Gill Stewart, Jolyon Fairburn-Beech and Marc Cranney
IFF Research Ltd
Chart House
16 Chart Street
London N1 6DD
Tel +44(0)20 7250 3035
www.iffresearch.com



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1 Executive summary

- 1.1 In order to gain in-depth information about large business customers' experiences of interacting with HMRC and their attitudes towards the tax environment, HMRC has conducted the Large Business Panel Survey (LBPS) since 2010. This report details the findings from the 2013 survey making comparisons with findings from previous waves where appropriate.
- 1.2 In 2013, 1,824 interviews were conducted with Heads of Tax or Finance Directors across the three groups of HMRC's large business customers:
- 394 interviews with Large Business Service customers (LBS);
 - 426 interviews with Local Compliance Large & Complex customers with a Customer Relationship Manager (LC CRM); and
 - 1,004 interviews Local Compliance Large & Complex customers with a Customer Coordinator (LC CC).

Overall experience of service

- 1.3 Over the life of the Panel Survey (2010-2013) the proportion of customers rating their overall experience of HMRC as 'good' has remained relatively steady. The proportion of LBS customers rating their overall experience as good (93%) continues to be higher than the proportion of LC CRM (76%) and LC CC (66%) customers giving this rating.
- 1.4 The same two aspects of customer service had the greatest influence on perceptions of overall experience for all three customer groups – the extent to which HMRC was seen to actively seek a co-operative relationship and the extent to which HMRC treats businesses fairly. Levels of agreement that HMRC treats customers fairly were high among all three groups¹ while agreement that HMRC seeks to pursue a co-operative relationship were high for LBS and LC CRM customers but considerably lower for LC CC customers². Improvements in this area for LC CC customers would likely be reflected in improvements of their ratings for overall experience of dealing with HMRC.
- 1.5 Key driver analysis suggests that other areas where improvement could most impact on customers' overall experience of dealing with HMRC are:
- Providing a response to queries within an agreed timeframe (for staff other than the CRM) – for LBS customers;
 - Ensuring HMRC is 'joined-up' in dealings with the business – for LC CRM and LC CC customers; and
 - Providing easy access to taxation specialists for LC CC customers.
- 1.6 Longitudinal analysis shows that there was a clear difference by customer group in terms of consistency of overall customer experience over the last three years; LBS customers were the most likely and LC CC customers the least likely to have had a consistent experience of dealing with HMRC across the last three years of the study

¹ LBS:87%; LC CRM: 81%; LC CC: 78%

² LBS: 93%; LC CRM: 79%; LC CC: 57%



HMRC staff and culture

- 1.7 While the proportion of LBS customers with good experiences of dealing with HMRC staff (other than their CRM) remained relatively consistent across all waves of the Panel Survey, among LC CRM and LC CC customers there was a fall in the proportion of customers giving positive ratings for several service attributes relating to staff between 2012 and 2013. Two of these represented significant drops among the LC CC customer group:
- HMRC has the necessary technical levels of expertise; and
 - HMRC has a good understanding of the business.
- 1.8 Two thirds of LBS customers agreed that HMRC provided easy access to tax specialists, while half of LC CRM customers and just under a third of LC CC customers agreed. Ratings for the quality of advice were generally lower among the LC CC group (particularly for advice from the Corporation Tax and Employment Tax specialists).
- 1.9 The themes of transparency and being joined-up have been explored across all waves of the Panel Survey. Among LBS customers, notable improvements in perceptions occurred between 2010 and 2011 – since then around half of LBS customers have agreed HMRC is ‘joined-up’ and transparent. Among LC CRM customers, perceptions of how ‘joined-up’ HMRC was in dealing with the business was shown to be a key driver of overall experience for the first time in 2013.
- 1.10 The importance of the Customer Relationship Manager (CRM) to LBS and LC CRM customers is clear from this research. Nearly all LBS customers (96%) and most LC CRM customers (85%) had dealt directly with their CRM in the last 12 months³. Experiences of dealing with CRMs across both customer groups continued to be very positive; 92% of LBS customers and 88% of LC CRM customers felt their overall relationship with their CRM was very good or fairly good. Close to four in five LBS customers and over three quarters of LC CRM customers gave good or very good for all of the CRM-specific service areas explored. The gap in LBS and LC CRM customer ratings that existed in 2010 has closed over time.
- 1.11 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. Although seven in ten LC CC customers were aware they had a CC, the level of awareness fell significantly between 2012 and 2013. However, the proportion of LC CC customers that had direct contact with their CC (30%) and proportion that had been assisted by their CC (19%) were at very similar levels to those seen in both 2011 and 2012. Longitudinal analysis showed that there was considerable fluctuation in which customers were using their CC from year to year with only a very small proportion using their CC in consecutive years of the Panel Survey.

Compliance, risk ratings and disagreements

- 1.12 Businesses were asked whether they agreed or disagreed with a number of statements relating to HMRC and tax compliance. These were:
- HMRC make it clear what you need to do to be compliant;
 - HMRC provide your business with certainty in its tax affairs;
 - HMRC take your businesses needs into account; and
 - HMRC have become more likely to consult with businesses about changes to the tax system.

³ 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.



- 1.13 Over seven in ten customers across all three customer groups were in agreement that HMRC made it clear what businesses needed to do in order to be compliant.
- 1.14 In terms of providing certainty, taking business needs into account and becoming more likely to consult about changes in the tax system, ratings given by LBS customers in 2013 were positive and consistent with previous years of the Panel Survey (over seven in ten agreed with all the statements listed above). Among LC CRM customers over half agreed with all the statements on compliance, with no significant differences since 2012 (with improvements seen between 2011 and 2012 being maintained). LC CC customers were less positive than the other customer groups and views have deteriorated between 2012 and 2013 with regards to providing certainty, taking business needs into account and being more likely to consult about changes. This brought LC CC ratings back in line with those seen in 2011.
- 1.15 Experiencing disagreements with HMRC over tax affairs is relatively common among large businesses (half of LBS customers, a third of LC CRM customers and quarter of LC CC customers had at least one disagreement in the previous 12 months). Compared to 2012, there was a significant decrease in the proportion of positive ratings given by LC CRM customers about the overall process of resolving disputes.
- 1.16 In the 12 months prior to the survey, seven in ten LBS customers and just under half of LC CRM customers had undergone a risk review with HMRC⁴. Of these customers, around 90% were in agreement that they knew the benefits of being low risk for the business and that the risk review process was fair. A similar proportion was also in agreement that the risk criteria were well targeted.

Real Time Working

- 1.17 Businesses were asked how often they discussed tax issues in real time with HMRC, with Real Time Working (RTW) defined as: *raising any issues or transactions as they arise in a financial year or accounting period before the return has become due, including clearances.*
- 1.18 There was a notable difference in incidence of RTW across the three customer groups. While the majority of LBS and LC CRM customers (around nine in ten, and eight in ten, respectively) said that they had discussed tax issues in Real Time at least once, just over half of LC CC customers had done so.
- 1.19 Where customers had not undertaken RTW the main reason cited was that they simply had no need to. Around a third of LC CRM and LC CC customers also stated that the reason for not working in Real Time was that they preferred to use their external advisors as a first point of contact.
- 1.20 The main two benefits which large businesses agreed RTW led to were increased certainty about tax affairs and that it helped avoid disputes with HMRC. That said, between 2012 and 2013 among the LC CRM population there was a notable decrease in the perceived benefits that RTW brings to the business.

HMRC's influence on the wider business environment

- 1.21 For LC CC customers there was a significant increase in the proportion of customers that perceived an increase in the administrative burden of compliance between 2012 and 2013– from 30% in 2012 to 41% in 2013. Across all three customer groups, the most commonly mentioned source of administrative burden was the introduction of Real Time Information (mentioned particularly by the LC CC group).

⁴ 2013: 71% LBS, 46% LC CRM / 2012: 72% LBS, 49% LC CRM.



- 1.22 The majority of large businesses continued to report being confident that they knew what HMRC would challenge as tax avoidance. This was relatively consistent across the three customer groups and across the four years of the Panel Survey.
- 1.23 Overall, LBS businesses were more likely than the other customer groups to state that their tax strategy was influenced by the fact that HMRC viewed all avoidance as high risk behaviour (68% of LBS customers compared with 59% of LC CRM customers and 53% of LC CC customers). Across all three customer groups over a fifth stated that knowing HMRC views all tax avoidance as high risk behaviour influenced their tax policy to a great extent.
- 1.24 The majority of large businesses had experienced some form of 'business life event' over the last 12 months (including growth, decline, cash flow issues, mergers or changes in tax strategy). When seeking advice/support around these events, it was most common for businesses to turn to accountants, agents and other external advisors, particularly in the case of LBS and LC CRM customers. While these were important to LC CC customers, banks also had a role to play among this customer group in providing support. Only a minority across all three customer groups sought advice and support from HMRC as most did not feel the need to; the life events were not considered sufficiently complex or tax-related to approach HMRC. In addition, the qualitative research found that businesses perceived HMRC as a regulator rather than a support body.



2 Background and methodology

Background

- 2.1 HMRC places considerable importance on its customer relationships, and undertakes regular surveys to gain in-depth information about customers' experience of HMRC. In the case of large businesses, HMRC has conducted the Large Business Panel Survey (LBPS) since 2010. Since 2011, HMRC has also conducted the Tax Opinion Panel Survey (TOPS) which interviews the same business population about their attitudes to changes in tax policy and administration.
- 2.2 The panel approach to surveying large businesses allows HMRC to survey the same businesses every year and gain a better insight into how individual businesses' experiences and expectations change over time.
- 2.3 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 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. Throughout the report large businesses are categorised into these three groups based on HMRC's relationship with them, namely:
 - Large Business Service customers (LBS);
 - Local Compliance Large & Complex customers with a Customer Relationship Manager (LC CRM); or
 - Local Compliance Large & Complex customers with a Customer Coordinator (LC CC).
- 2.4 Further background on HMRC's large business customers and details about the analytical techniques used are included in the glossary and technical appendix to this report.

Methodology

- 2.5 The mainstage questionnaire lasted an average of 20 minutes and fieldwork was conducted using CATI (Computer Assisted Telephone Interviewing) between 30th September and 16th December 2013.
- 2.6 In total 1,824 Heads of Tax or Finance Directors from HMRC's large business customers⁵ took part in the 2013 study. Thirty follow-up in-depth interviews were also conducted with businesses. These were conducted face-to-face and explored in more depth some of the findings that emerged from the survey as well as additional areas of interest for HMRC.
- 2.7 A more detailed discussion of the approach is included within the technical appendix to this report.

⁵ The interviews included businesses by HMRC's Large Business Service (LBS – 394 achieved interviews), those that are covered by the Local Compliance Large and Complex that have a Customer Relationship Manager (LC CRM – 426 achieved interviews) and those that are also covered by Local Compliance but have a Customer Coordinator (LC CC – 1,004 achieved interviews). Throughout this report all findings are presented by customer group.



Approach to analysis

- 2.8 This report summarises the findings from the latest wave of the LBPS that took place towards the end of 2013 (and early 2014).⁶ The main aim of this research was to assess (and track) businesses' views of the services provided by HMRC. In order to achieve this, several analysis techniques were adopted:
- Year-on-year – 'trend' analysis;
 - Longitudinal analysis⁷;
 - Key Driver Analysis; and
 - Sub-group analysis.
- 2.9 Further details on the approach to analysis can be found in the Technical Appendix.
- 2.10 Across each of these analysis techniques, only differences identified as significant⁸ have been included in this report.
- 2.11 For reasons of clarity, 'don't know' or 'prefer not to say' responses have not been included in some tables and figures. Consequently not all figures will necessarily sum to a total of 100%.
- 2.12 Figures may also not add to a total of 100% if the response was multi-coded. Where all responses have been included, figures may not sum to exactly 100% due to rounding.

Structure of the report

- 2.13 The remainder of the report is structured as follows:
- Section 3: Overall experience of service provided by HMRC;
 - Section 4: Customer experience: HMRC staff and culture;
 - Section 5: Customer experience: Compliance, risk ratings and disagreements;
 - Section 6: Real Time Working;
 - Section 7: HMRC's influence on the wider business environment; and
 - Glossary and technical appendices.

⁶ The qualitative follow up research took place between 13th January and 21st February 2014

⁷ To ensure robust base sizes for analysis the longitudinal analysis was limited to 3 waves of the Panel Survey rather than all four waves: Wave 2: 2011, Wave 2: 2012, Wave 4: 2013

⁸ This means results are statistically significant using a chi-squared test at the 95% confidence level.



3 Overall experience of service provided by HMRC

Key findings

- The majority of large business customers rated their experience of dealing with HMRC as fairly good or very good in 2013 (93% of LBS, 76% of LC CRM and 68% of LC CC customers felt this way).
- Among the LBS population, the proportion stating that their overall experience of HMRC has been good has remained consistently high between 2010 and 2013.
- Among LC CRM and LC CC customers, the proportion that stated their experience of dealing with HMRC was fairly good or very good has also remained stable - positive responses in 2013 were on a similar level to those seen during the 'benchmark' Panel Survey of 2010.
- Aspects of service which influenced customers' overall experience of dealing with HMRC were closely aligned across all three customer groups in 2013. The extent to which HMRC was seen to seek a co-operative relationship and the extent to which HMRC was felt to treat businesses fairly were the top two drivers of overall experience across all three customer groups.
- Among LC CRM customers, perceptions of how 'joined-up' HMRC was in dealings with the business was shown to be a key driver of overall experience for the first time in the Panel Survey. This is an area of customer service which HMRC has generally received lower ratings in.
- Furthermore, when customers gave unprompted feedback on priorities for improvement they often referred to communication between departments within HMRC. There was also a common desire to see communications improved by HMRC, among LC CRM and LC CC customers - particularly in terms of getting through to the 'right person'.

Introduction

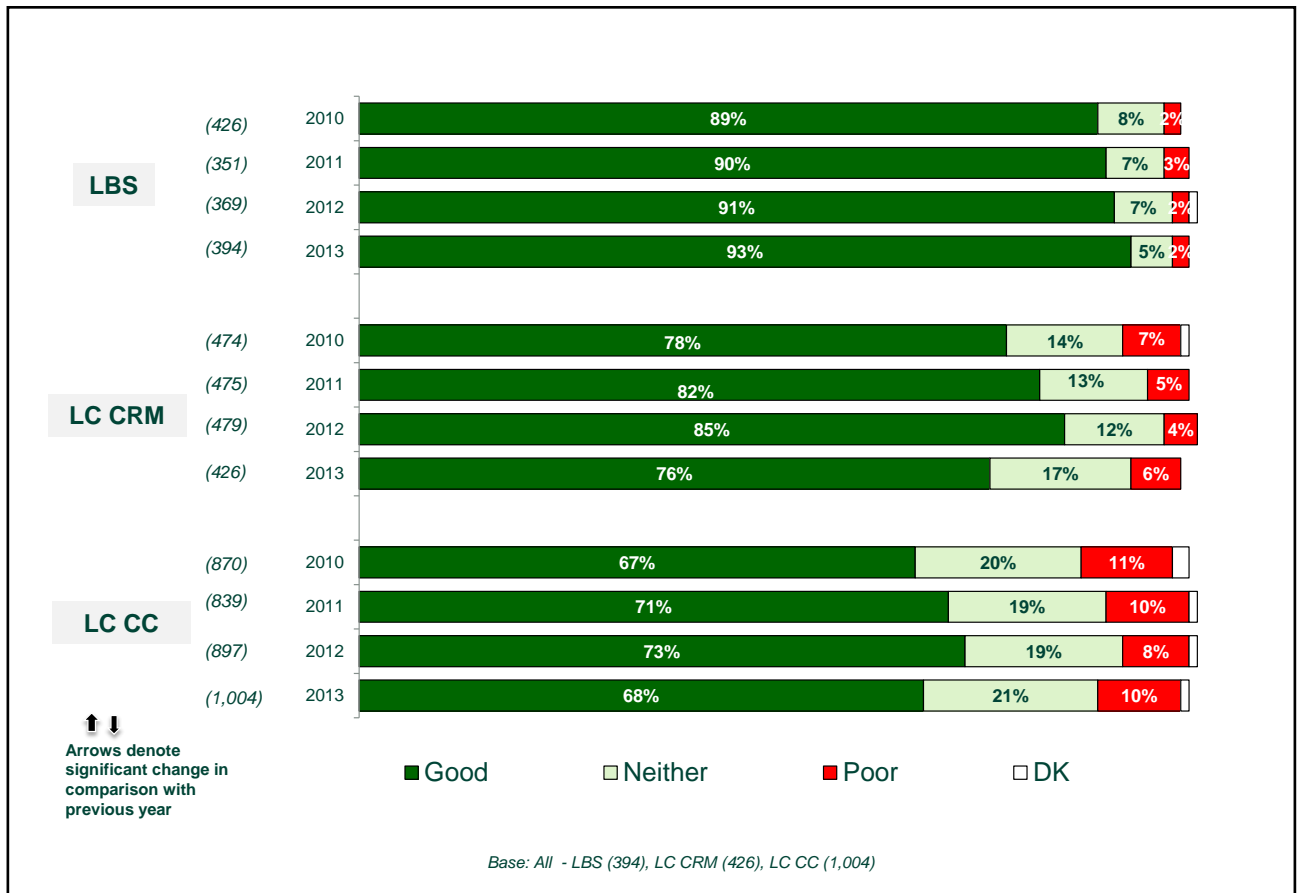
- 3.1 This chapter explores the overall experiences customers had of dealing with HMRC over the last 12 months, compares findings to previous years of the Large Business Panel Survey and explores how (and why) opinions have changed over time. It also summarises the areas of service which directly impact customers' overall experience before focussing on areas HMRC could improve on in the future.



Overall experience of service

3.2 Figure 3.1 shows that the majority of customers rated their experience of dealing with HMRC as fairly good or very good in 2013. Over 90% of LBS customers, 75% of LC CRM customers and almost 70% of LC CC customers felt this way. The proportion of businesses that stated their experience of dealing with HMRC was fairly good or very good has remained stable between 2010 and 2013

Figure 3.1: Overall experience of service 2010-2013



3.3 Overall experiences of dealing with HMRC did not differ significantly by other characteristics (e.g. business size, sector and turnover). Further, experiences did not differ by any 'life events'⁹ the business had experienced. As previous waves of the Panel Survey have shown, this provides strong evidence HMRC is not inadvertently treating one particular type of business differently.

⁹ I.e. whether the business experienced substantial growth/reduction, made investment or undertook any other structural change such as mergers etc. Further details on 'life events' are included in chapter 7.



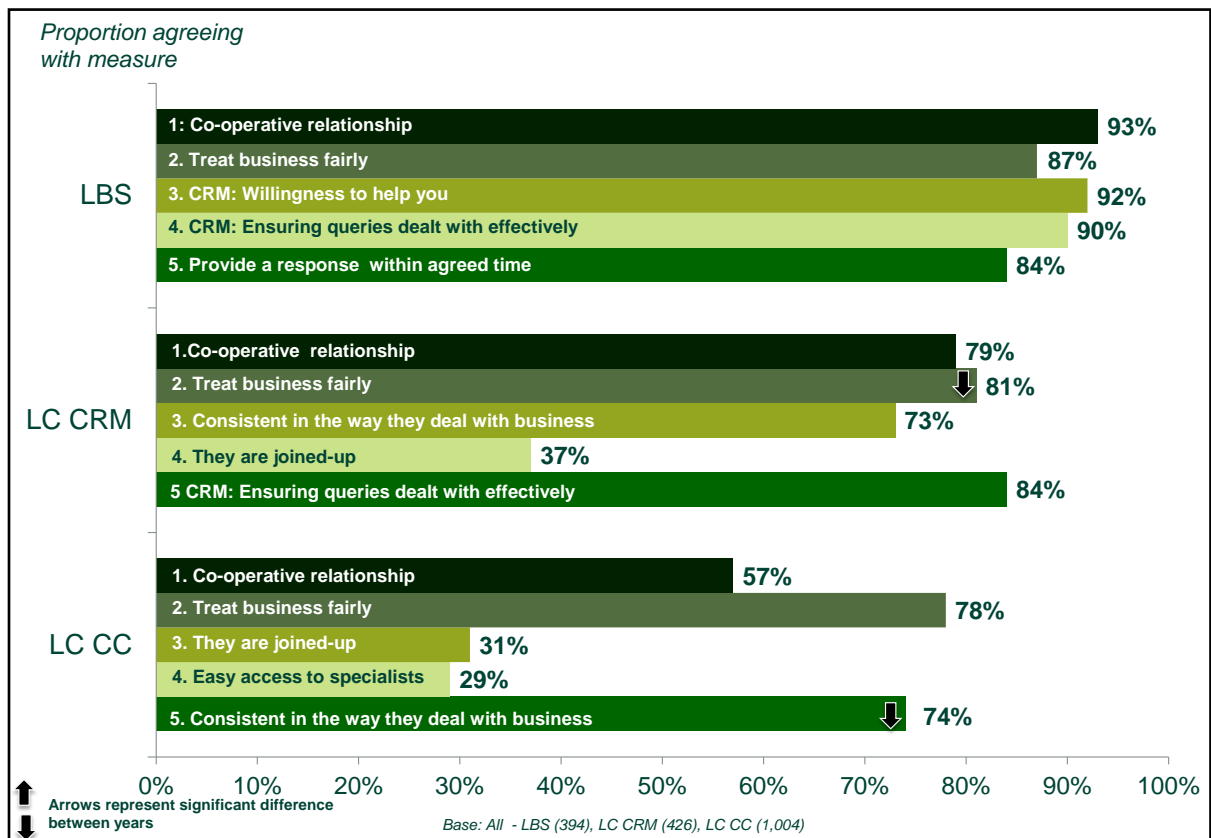
Key drivers of customer experience

3.4 Key Driver Analysis (KDA), a statistical technique, was used to help understand the relative 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.

3.5 Figure 3.2 shows the top five key drivers of customer experience for each customer group– i.e. the five areas that had the greatest influence on customers’ overall views of HMRC. It also shows the proportion of customers that agreed HMRC’s performance is fairly good or very good with regards to each of these five measures. This analysis suggests the areas where improvement could have most impact on customers’ overall experience of dealing with HMRC, namely:

- Providing a response within an agreed timeframe (this does not refer to the CRM – but other members of staff within HMRC) - for LBS customers
- Ensuring HMRC are ‘joined-up’ in dealings with the business – for LC CRM and LC CC customers;
- Seeking a co-operative relationship – for LC CC customers; and
- Providing easy access to taxation specialists – for LC CC customers.

Figure 3.2: Key drivers of customer experience



3.6 More specifically the key trends shown by the Key Driver Analysis are as follows:

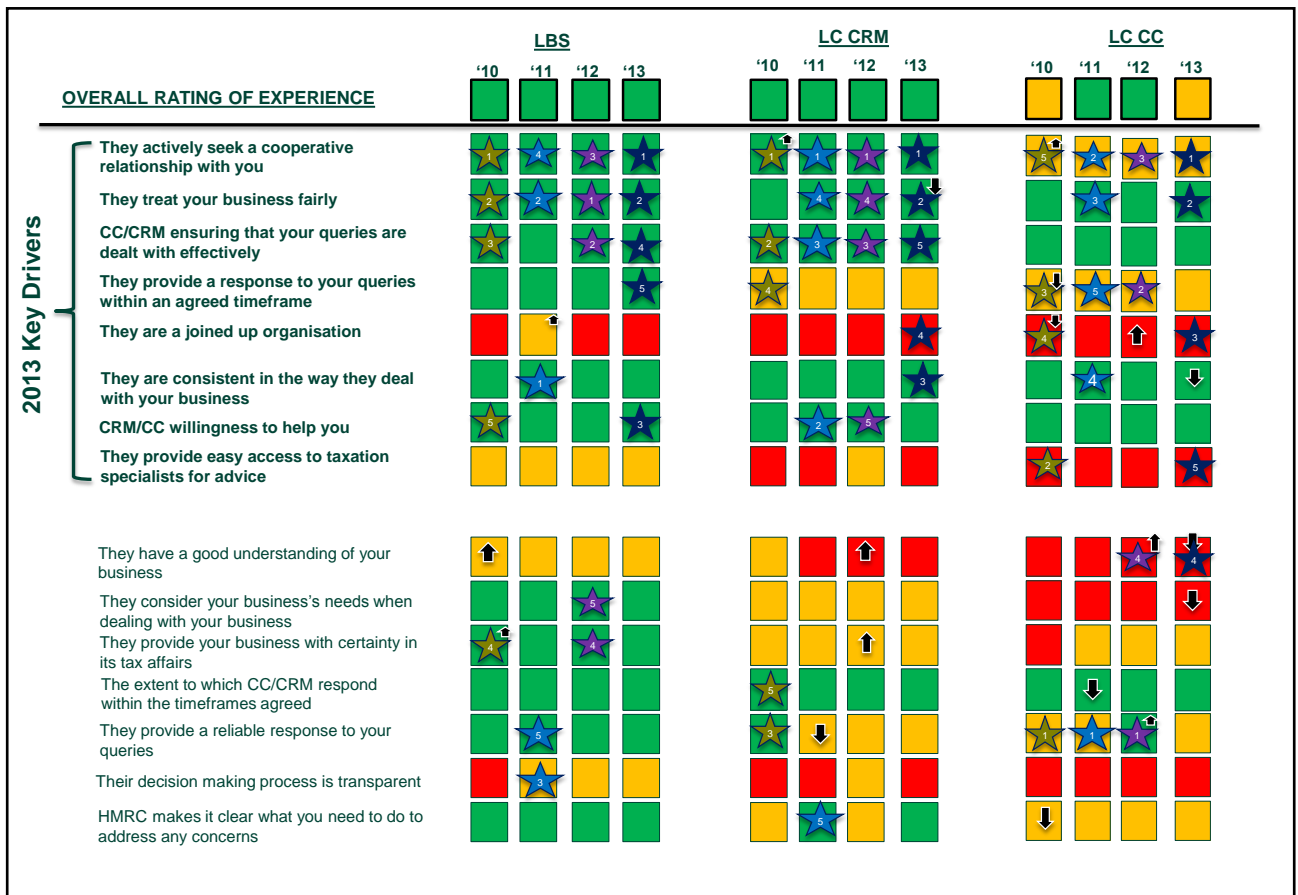
- The extent to which HMRC actively seeks a co-operative relationship and treats businesses fairly were the top two drivers of overall experience across all three customer groups;
- Among LBS customers, over three quarters agreed HMRC's performance was good or very good across all the key drivers of experience. Findings from previous waves of the survey have shown a similar pattern; this helps to explain why overall experience among this customer group has been maintained at such a high level;
- Among LC CRM customers perceptions over how 'joined-up' HMRC is in their dealings with the business was shown to be a key driver of overall experience for the first time in 2013. This an area of customer service for which HMRC has generally received lower ratings; and
- There were significant falls in the proportion agreeing that HMRC treats businesses fairly (LC CRM customers) and that HMRC is consistent in the way it deals with the business (LC CC customers). Although three quarters of customers were in agreement with each of these measures, the changes in these two ratings are likely to explain much of the decline in ratings of overall experience.



3.7 To provide further context, Figure 3.3 summarises time series analysis of measures that were identified as key drivers of overall experience across all waves of the Panel Survey since 2010. The stars indicate when a measure was identified as a Key Driver.

3.8 The figure also uses a ‘traffic light’ colour system to show the ratings the statements were given by customers. A green box indicates that over 70% of businesses agreed with the statement, amber boxes indicate that 51% to 70% agreed and red boxes indicate that 50% or under agreed. Those boxes with an arrow demonstrate a significant improvement or decline compared to the previous year.

Figure 3.3: Key Drivers of customer experience – time series analysis (2010-13)



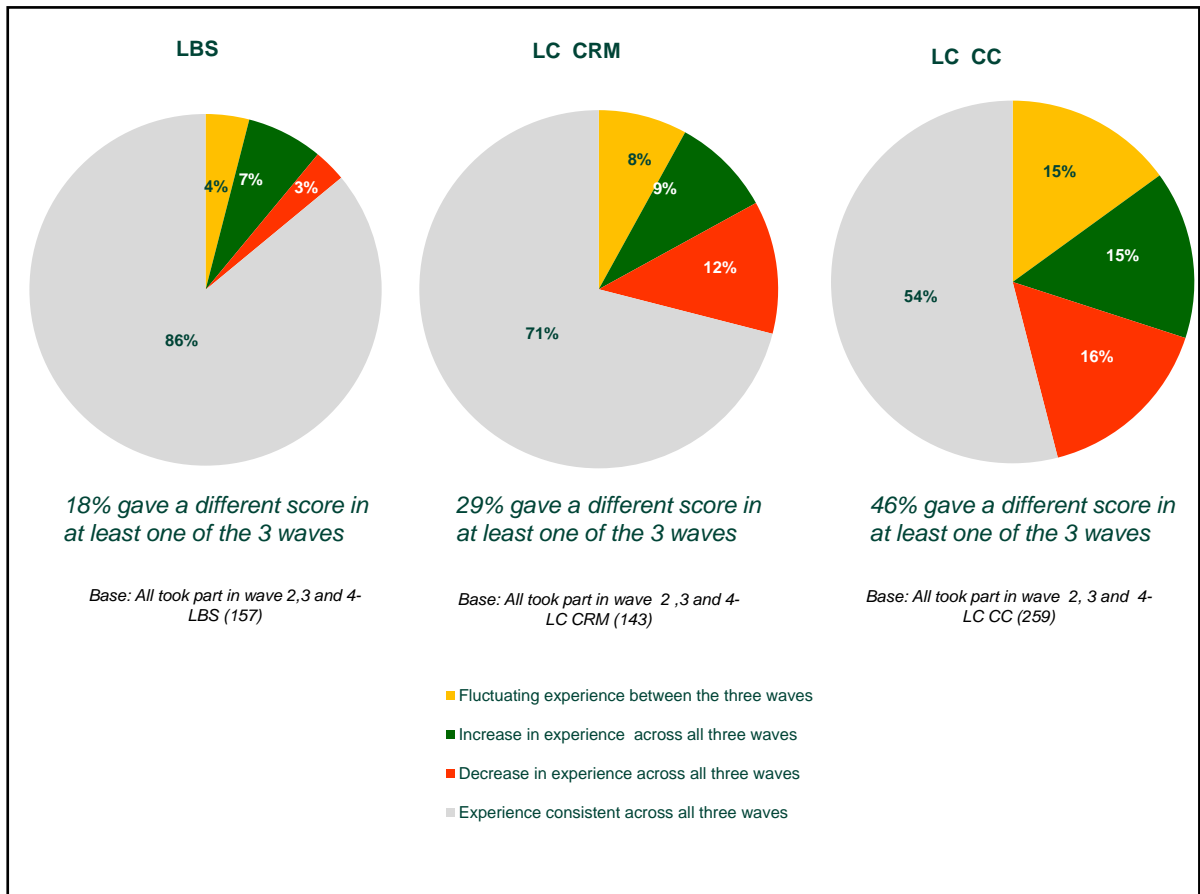
3.9 In 2013 the top two drivers of overall experience were the same across all three customer groups for the first time, these being the extent to which HMRC seeks a co-operative relationship and treats businesses fairly.



Customer experience over time

- 3.10 Where customers took part in the Panel Survey across all of the last three years¹⁰ responses were analysed to help HMRC understand how individual customers' experiences changed over time.
- 3.11 Figure 3.4 summarises the change in overall customer experience across the three waves of the study.

Figure 3.4: Overall customer experience change over time (2011-2013)



- 3.12 There was a clear difference by customer group in terms of consistency of overall customer experience, with LBS customers the most likely and LC CC customers the least likely to have had a consistent experience of dealing with HMRC across the last three years of the study.
- 3.13 Among LBS customers more customers' experience improved than declined over the three years (reflecting the trend of overall experience improving year on year). However among LC CRM and LC CC customers the picture was more complex; slightly more customers' experience declined rather than improved and similar proportions had fluctuating views of their overall experience across the years.

¹⁰ To ensure robust base sizes for analysis the longitudinal analysis was limited to 3 waves of the Panel Survey rather than all four waves: Wave 2: 2011, Wave 3: 2012, Wave 4: 2013



Areas for improvement

3.14 Customers were given the opportunity to state on an unprompted basis what they thought should be HMRC's main areas for improvement. A very wide range of suggestions were given – and these have been aggregated into overarching themes in Table 3.1¹¹.

Table 3.1: Priorities for improvement

	LBS	LC CRM	LC CC
	%	%	%
NOTHING	19	18	24
Improve communications	21	31	39
<i>Improve ease of getting through to person you want / easier to contact</i>	6	13	18
<i>Improve response times (correspondence, phone queries etc.)</i>	8	8	9
<i>Provide more / clearer / relevant information</i>	1	1	3
Improve processes/procedures	19	24	18
<i>Improve communication at HMRC between departments / be more joined up</i>	7	8	8
<i>Reduce bureaucracy and admin burden, simplify processes</i>	3	5	4
<i>Offer faster / more efficient service</i>	1	1	1
Improve staffing	19	16	15
<i>Improve training and knowledge level of staff</i>	8	7	7
<i>Increase number of staff / stop reducing staff numbers</i>	7	4	4
<i>Improve consistency of advice</i>	3	3	3
Improve attitude towards business	19	17	9
<i>Improve commercial understanding / understand how our business operates</i>	15	10	4
<i>Strive for fair, even-handed, flexible, consistent approach / generous deadline</i>	4	5	3
<i>Target high risk businesses / stop targeting low risk businesses</i>	2	1	<1
Improve CRM / CC	7	8	3
<i>Offer more frequent / closer contact with CRM / CC</i>	3	3	1
<i>Improve CRM backup or ability of CRM to do their job; authority to make decisions</i>	3	<1	<1
<i>Tell us about CC / didn't realise we had one / don't know who they are, what they do</i>	0	1	2
Other	5	4	3
<i>Base: All customers</i>	(394)	(426)	(1,004)

Note: As this was a fully open ended question a wide variety of answers were given. For practical purposes only the top three detailed responses within each overarching aggregate code have been shown. The table will add to more than 100% - with the exception of 'nothing', respondents could give more than one answer. The summary codes may also 'over add' for the same reason.

¹¹ The table also shows the top 3 detailed responses that were given within each of the overarching aggregate themes.



- 3.15 Around a fifth of all customers stated that there was no one particular issue they would like to see addressed, with similar proportions giving this same response at previous waves of the survey.
- 3.16 Of the customers who suggested areas for improvements in 2013, the most common was a desire to see communications improved by HMRC. This feedback often related to getting to the 'right person' within HMRC (particularly LC CC customers of which close to a fifth spontaneously mentioned this as priority for improvement).
- 3.17 Businesses also commonly mentioned that they felt processes and procedures within HMRC could be improved; they often referred to communication between departments within HMRC. During explorations of what underpins HMRC being 'joined-up', the extent to which HMRC effectively shares information about their business internally has consistently come through as a potential area for improvement across all customer groups.



4 Customer experience: HMRC staff and culture

Key findings

- The proportion of LBS customers with good experiences of dealing with HMRC staff (other than their CRM) remained relatively consistent across all waves of the Panel Survey.
- Among LC CC customers there was a significant drop in the proportion of customers giving positive ratings for two aspects of dealing with HMRC staff between 2012 and 2013:
 - HMRC having the necessary technical levels of expertise; and
 - HMRC having a good understanding of the business.
- The importance of the Customer Relationship Manager to LBS and LC CRM customers is clear and customer experiences of dealing with CRMs across both customer groups continued to be very positive.
- Although seven in ten LC CC customers were aware they had a CC, the level of awareness of the CC fell significantly between 2012 and 2013. However, the proportion of LC CC customers that had direct contact or had been assisted by their CC were at very similar levels to those seen in both 2011 and 2012.
 - There was considerable fluctuation in which customers were using their CC from year to year with only a very small proportion using their CC in consecutive years of the Panel Survey.
 - Though findings had not altered significantly since the previous wave of the survey, it is important to note that businesses' agreement that HMRC is joined up remains particularly low across all customer groups.

Introduction

- 4.1 This chapter explores the experiences large businesses had of dealing with HMRC over the 12 months prior to being surveyed, in terms of their perceptions of both the organisation and staff in general. It also explores customer experiences of contacting their specific relationship managers. LBS and LC CRM customers have a Customer Relationship Manager (CRM), while LC CC customers have a Customer Coordinator (CC).



Understanding the key influencers of customer experience

- 4.2 The 2013 findings have highlighted that HMRC was generally well regarded with regards to the extent to which HMRC sought a co-operative relationship with large businesses and treated them fairly (over four in five LBS and LC CRM customers gave positive ratings). However there was a significant drop among LC CRM customers in their perceptions of whether HMRC treated their business fairly. While 86% of LC CRM customers agreed HMRC treated their business fairly in 2012, 81% agreed with the statement in 2013.
- 4.3 Among LC CC customers closer to three in five agreed that HMRC sought a co-operative relationship with their business, a trend that has remained relatively consistent since the inception of the survey. Findings indicated that the Customer Coordinator had a positive impact on these perceptions; among LC CC customers that had dealt with their Customer Coordinator in the last 12 months, seven in ten¹² agreed HMRC sought a co-operative relationship with them. Previous waves of the survey had also consistently implied a similar link between interactions with the Customer Coordinator and overall perceptions of HMRC seeking a co-operative relationship with the business. However, the fact that only a minority (around one in five) of LC CC customers had dealt with their Customer Coordinator means that this contact with the CC has a limited impact on the overall perceptions of HMRC among this group.
- 4.4 HMRC was shown to be well regarded in terms of its consistency in dealing with businesses. Close to 90% of LBS customers were in agreement that HMRC is consistent in the way it deals with the business and around 75% of LC CRM and LC CC customers agreed with this statement. For the latter two customer groups, experience of how consistent HMRC is in dealing with their business was a key influencer of overall satisfaction.
- 4.5 However, while these ratings were high, among the LC CRM customers the 2013 rating represented a seven point percentage drop compared to 2012 in the proportion that agreed HMRC is consistent in the way they deal with their business. While not a statistically significant drop, in the context of the falling perception among LC CRM customers that HMRC treats their business fairly (and the slight drop in overall perceptions of service¹³) these are areas HMRC should look to monitor closely in future studies among the large business population.

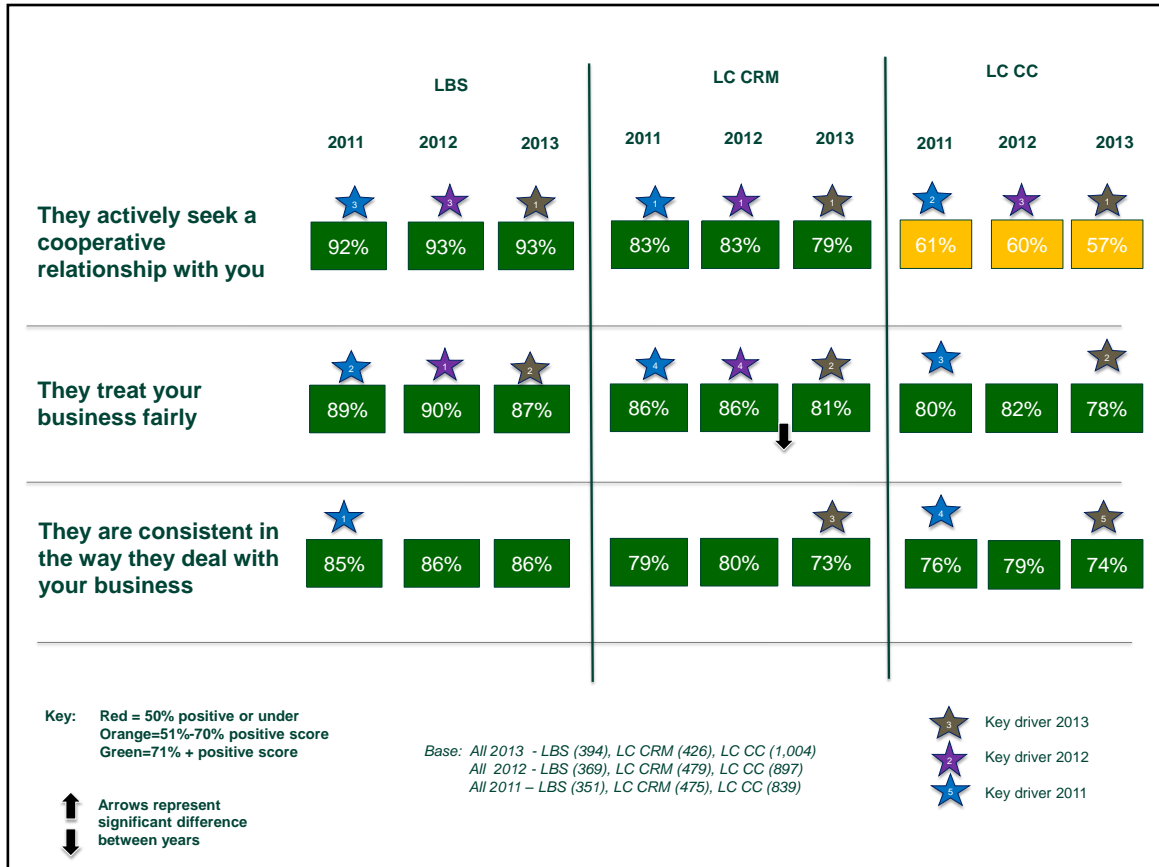
¹² 69% of LC CC customers that had dealt with their CC agree HMRC was cooperative compared with 54% LC CC customers that had not dealt with their CC.

¹³ In 2013 76% of LC CRM rated their overall experience of dealing with HMRC as good – compared with 85% in 2012. See Figure 3.1 in chapter 3 for more details.



4.6 These findings are summarised in Figure 4.1 below.

Figure 4.1: Overall experience of dealing with HMRC: key drivers of customer satisfaction in 2013



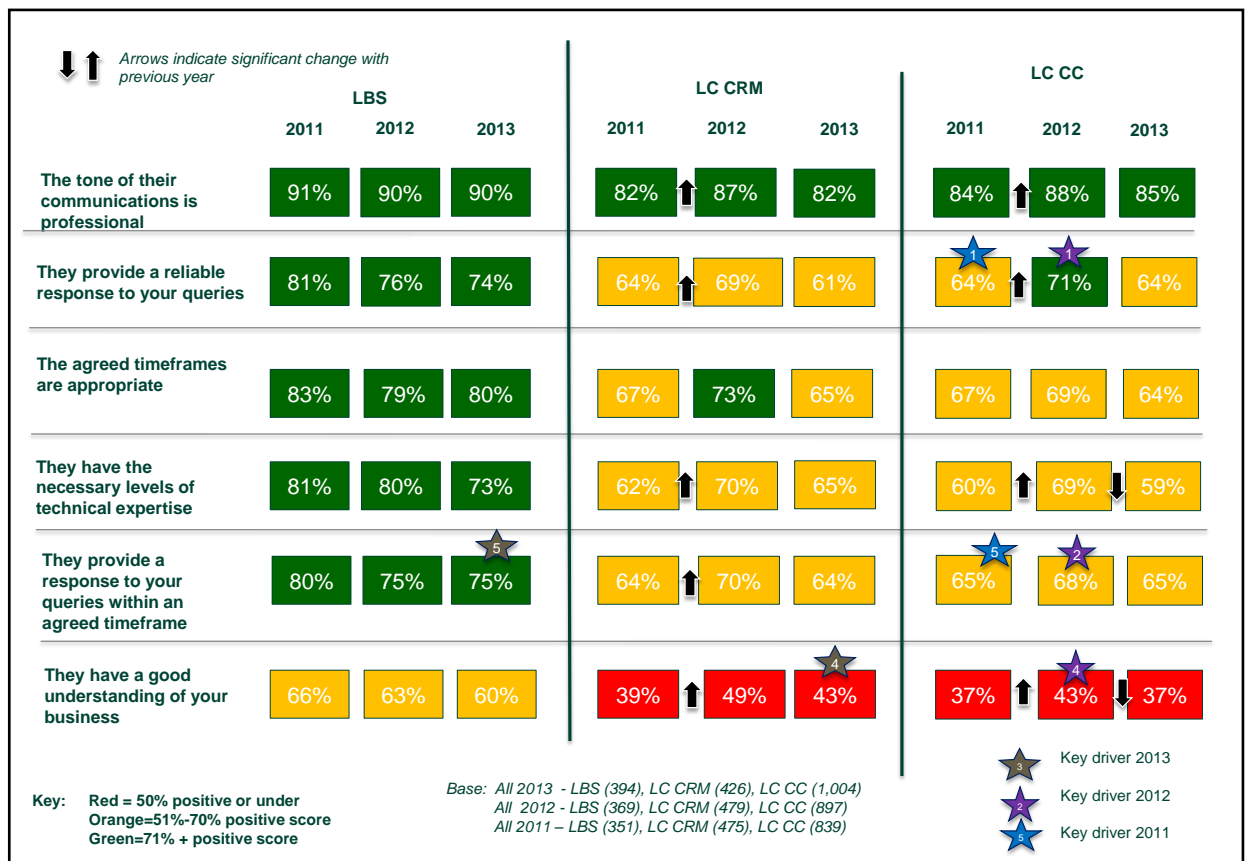
Experiences of dealing with HMRC staff

4.8 All large businesses were asked about dealings with HMRC staff in general, explicitly excluding their experiences of their CRM/CC from their assessments. The feedback from customers is summarised in Figure 4.2 below, which also highlights significant changes since 2011.

4.9 As shown by figure 4.2 in 2013:

- Nearly all customers (over eight in ten) were in agreement that the tone of HMRC’s communications was professional;
- LBS customers were more likely to have had positive experiences of HMRC staff with over three in five in agreement with all the service attributes explored in the research; and
- HMRC was rated less highly with regards to its understanding of the business across all three customer groups.

Figure 4.2: Experiences of dealing with HMRC staff (excluding the CRM/CC): key drivers of customer satisfaction in 2013



4.10 The proportion of businesses with good experiences of dealing with HMRC staff remained relatively consistent across all waves of the Panel Survey. There were only two significant drops between 2012 and 2013, both among the LC CC group:

- HMRC have the necessary technical levels of expertise; and
- HMRC have a good understanding of the business.



- 4.11 However the 2013 ratings given by LC CRM and LC CC customers were broadly in line with those given in 2011. In this context, it appears that while the 2012 survey highlighted improvements in the service experienced by large businesses, the drops seen in 2013 represented a return to 2011 levels. As noted in chapter 3, this mirrors the overall trend in overall customer experience among these groups.
- 4.12 The fact that the initial 'benchmark' of the 2010 results was set at a relatively high level should not be overlooked – with the exception of HMRC having a good understanding of businesses; at least six in ten businesses (across all customer groups) were in agreement with each of the service attributes every year of the study since 2010.
- 4.13 The qualitative research gathered more detail on HMRC customer service and culture.
- 4.14 In general, respondents reported that working with HMRC was far easier than it was 10 years ago because HMRC is far more collaborative than it was, and (where they could make a direct comparison) more collaborative than tax authorities elsewhere in the world.
- 4.15 For LBS and LC CRM customers, the Customer Relationship Manager is considered absolutely key to the relationship the business has with HMRC. Particularly valuable is the knowledge the CRM builds up about the business and the way they appear to understand the business' viewpoint, and the pressures it faces.

They react reasonably quickly, are pragmatic and are business-like, and see the reasons behind the questions I ask and why I want certainty.

LC CRM

- 4.16 Indeed this service was flagged as something these businesses would not want to do without.

It is that relationship that you can't do without, the ability to get real time views and opinions, the ability to take a straightforward and pragmatic approach, and think outside the box.

LC CRM

- 4.17 An example given of 'thinking outside the box' was that the CRM understands when certain rules do not apply, for example around debt cap calculations:

Legally speaking we should do some rather difficult and convoluted [debt cap] calculations for every single company in our group, the answer to which is - there is no impact ... the debt cap will never apply to us, and our CRM gave us clearance that we don't have to do the calculations - you're cleared. You don't get that unless the individual CRM concerned understands your needs. The result of that is the auditors go tick, one problem gone away."

- 4.18 However some felt that service outside of the CRM is far less expert and is under resourced.

If you move outside the CRM, experience is starting to clearly show that the Revenue is understaffed, undertrained and very tram-lined - they don't have any knowledge which is not on their standard brief.

LC CRM



- 4.7 Generally LBS and LC CRM customers perceived it is the CRM that drives HMRC's understanding of their business, and that outside the CRM (or, when a new CRM is introduced), this level of understanding drops.

We have no sense that the organisation as a whole has a general understanding of who we are and what our issues are.

LC CRM

- 4.8 Thinking about other areas of HMRC, there were some negative comments about automated phone lines with long menus and a related difficulty in getting through to the right person.
- 4.9 Some LC CC customers mentioned that the Tax dashboard was an aspect of HMRC's support / service which they could not do without:

The tax dashboard on the HMRC website – now we have it, we couldn't do without it. There wouldn't be anywhere to look to make sure our records were right and to make sure a payment has been received. Very occasionally we might send a payment with the wrong reference number, so it's just to make sure that whatever we think we have sent, has arrived.

LC CC

- 4.10 The qualitative research also explored businesses' views on the culture of HMRC, in terms of whether HMRC treated businesses in an "even-handed" manner, and if not, under what circumstances.
- 4.11 "Even-handedness" was a difficult concept for businesses to define, but it was generally seen to mean 'appropriate treatment' rather than 'identical treatment'.
- 4.12 Customers acknowledged that it was completely appropriate for HMRC to treat businesses differently based on the complexity of their tax affairs and their risk status, which would largely be driven by the business' size and sector.
- 4.13 This insight mirrors the quantitative finding that the majority of customers perceive HMRC to be more focussed on high risk than low risk matters.
- 4.14 Customers perceived that the very largest businesses, or those in more complex sectors, would be likely to receive more 'interest' from HMRC in terms of potential enquiries, but also more support in the form of a CRM. Some felt as a result that smaller, less complex businesses may 'miss out' on this level of support from HMRC.

Size is just one factor that might contribute to a business not being treated the same as another business. The businesses that HMRC might take more of an interest in because they are higher risk, or have a particularly high turnover, or work in e.g. the Oil and Gas sector, are unlikely to be larger, so it's not about size per se."

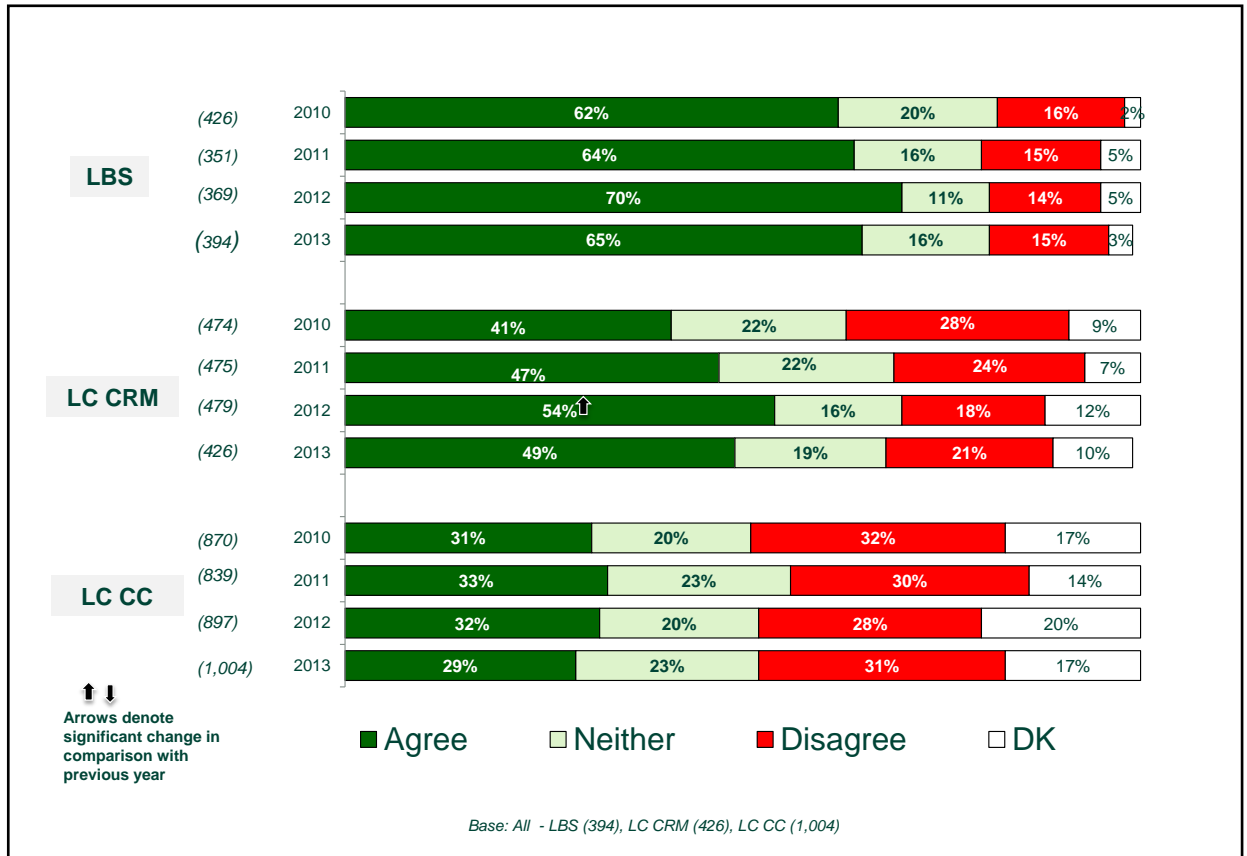
LBS



Accessing tax specialists

4.19 Figure 4.3 shows 65% of LBS customers agreed that HMRC provided easy access to tax specialists, while 49% of LC CRM customers and 29% of LC CC customers agreed. This level of agreement remained relatively stable between 2012 and 2013.

Figure 4.3: Proportion that agreed “HMRC provides easy access to taxation specialists for advice” 2010-2013



- 4.20 Businesses that had dealt with their CC in the last 12 months were more likely to agree that HMRC provided easy access to specialists (39% cf. 26% that had no contact). This suggests that the CCs may have helped 'signpost' LC CC customers to the relevant tax specialists in 2013.
- 4.21 Across all three customer groups the most commonly mentioned specialists that businesses sought to contact were VAT specialists, Corporation Tax specialists and Employment Tax specialists. While LBS customers were similarly likely to be seeking specialists in all three areas (particularly Corporation Tax specialists), LC CRM and LC CC customers were more likely to be looking to speak to VAT specialists than specialists in other areas.
- 4.22 Among LBS customers there was a notable increase compared with 2012 in the proportion of customers that sought to access VAT specialists and Intrastat/Customs & Excise specialists.
- 4.23 Analysis has also been conducted by any 'life events'¹⁴ the business may have undergone in the last 2-3 years. Businesses approached the same types of tax specialist regardless of the life events their business had undergone. Indeed, as is discussed in more detail in chapter 7, where business experienced 'life events' only a minority (less than 5%) sought any support from HMRC at all.

The survey also sought to ascertain how good (or poor) the quality of advice provided by specialists was.

- 4.24 HMRC's strengths in tax specialists' advice appear to be in the following areas:
- **All advice to LBS customers.** Over 70% of LBS customers felt the quality of advice provided by each of the three main types of specialist was good. Indeed, the proportion rating VAT specialists positively increased when compared with 2012 – an area the 2012 report recommended HMRC aimed to improve; and
 - **VAT advice to LC CRM and LC CC customers.** This is particularly important given it was shown to be the main type of specialist advice sought by these customers.

¹⁴ I.e. whether the business experienced substantial growth/reduction, made investment or undertook any other structural change such as mergers etc. Further details on 'life events' are included in chapter 7.



4.25 Areas for HMRC to improve its tax specialist advice appear to include:

- **CT advice for LC CRM customers.** While just over 60% of LC CRM customers rated the advice they received as good, in comparison with 2012 this represented a decrease in positive ratings (74% of LC CRM customers rated the CT advice as good in 2012); and
- **CT advice to LC CC customers.** Only around half of LC CC customers that accessed specialist CT experts rated the quality of advice as good.

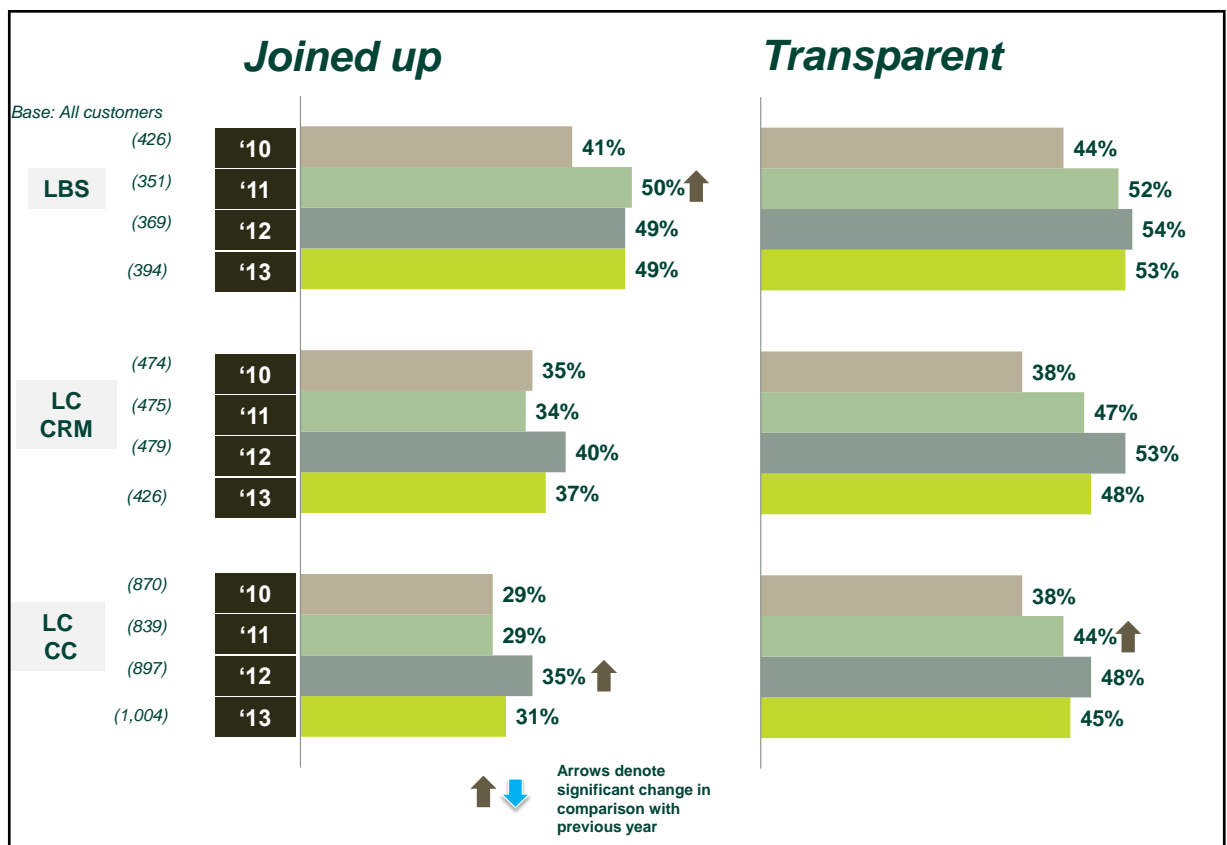
Being 'joined up' and transparency of decision making

4.26 Since the first wave of the Panel Survey, businesses were asked how much do you agree or disagree that:

- HMRC are a joined up organisation; and
- HMRC's decision making process is transparent.

4.27 As Figure 4.5 shows, perceptions of how joined-up and how transparent HMRC is in its decision making have generally improved over time across all three customer groups, but still remains low compared to other measures of HMRC service.

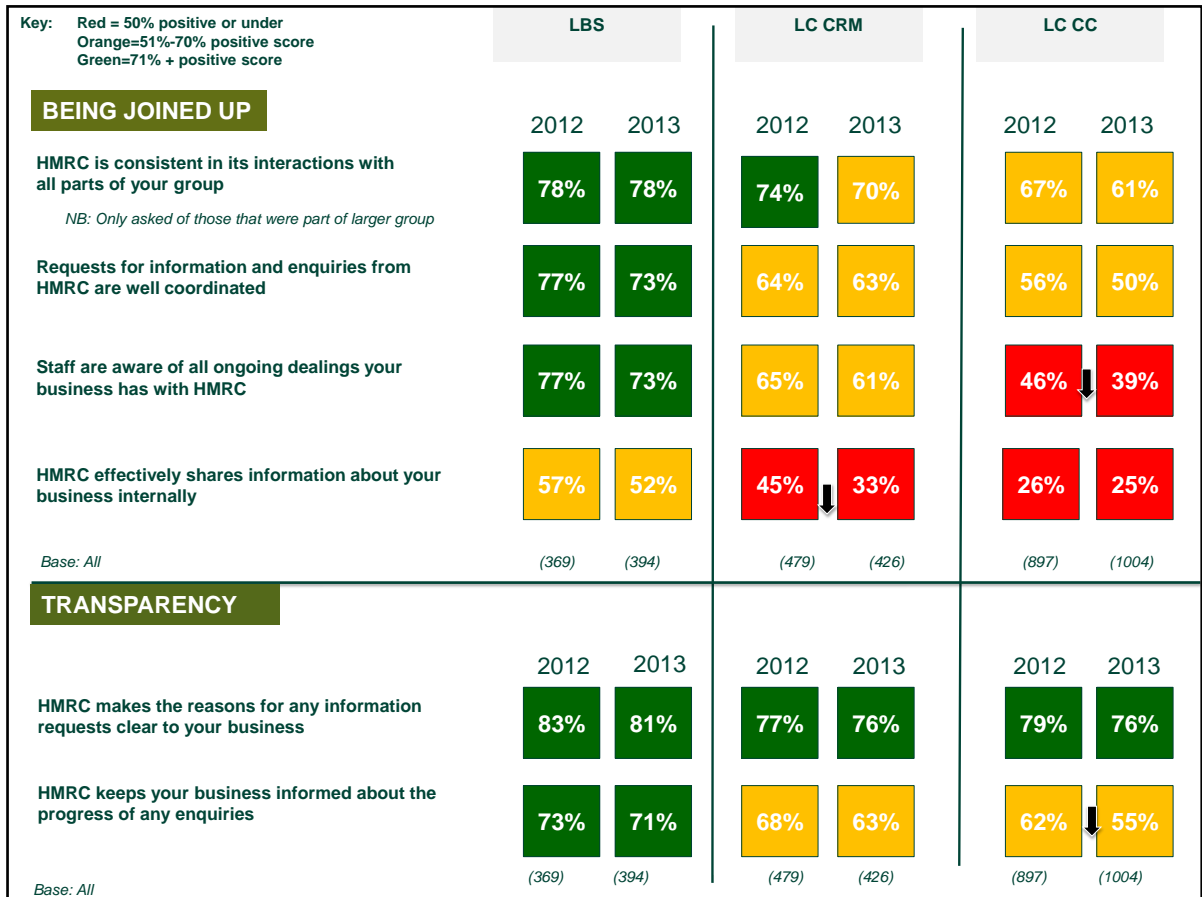
Figure 4.4: Proportion that agreed HMRC is 'joined-up' / HMRC's decision making is transparent (2010-2013)



What underpins being ‘joined-up’ and transparency?

4.28 In order to better understand how HMRC could be more joined-up and transparent with large business customers, further follow-up questions were asked of all customers. These questions were designed to understand which specific aspects of HMRC’s service were feeding into businesses’ opinion that HMRC was, or was not, joined up and transparent. The results are shown in Figure 4.6, which also compares findings with the 2012 wave of the survey.

Figure 4.5: Further exploration of being ‘joined-up’ and transparent



4.29 In summary these findings show:

- The majority (over 70%) of LBS customers agree with the statements listed above – the exception being the extent to which HMRC effectively shares information about their business internally – where closer to half agreed;



- Indeed, this was the lowest scoring aspect of being joined-up across all three customer groups, particularly for LC CC business where only a quarter were in agreement that HMRC effectively shares information about their business internally. Further, there was a significant drop in the proportion of LC CRM customers that agreed with this statement between 2012 and 2013;
 - Over three quarters of all customers were in agreement that HMRC makes the reasons for any information requests clear to the business; and
 - In comparison with 2012, significantly lower proportions of LC CC customers were in agreement that staff were aware of all ongoing dealings the business had with HMRC and that HMRC keeps the business informed about the progress of enquiries.
- 4.30 Extra analysis on these follow up questions showed that those business that had *disagreed* that HMRC was joined up or transparent overall, were also less likely to agree with the new follow-up statements than those who had *agreed* HMRC was joined and transparent. This was the case across all customer groups.
- 4.31 This suggests that the elements of service discussed in the relevant follow-up questions (e.g. well-coordinated requests for information, staff that are aware of all ongoing dealings the business has with HMRC) are associated with being joined up, and being transparent.

Being 'joined-up' and transparency: trends over time

- 4.32 Between 23% and 28% of all customers who took part in the study between 2011 and 2013 perceived HMRC's performance in terms of being joined up and transparent to have improved in each consecutive year.
- 4.33 However, similar proportions also felt HMRC's performance had got worse every year between 2011 and 2013 (e.g. in the case of being joined up over a fifth of all customer groups gave less positive feedback in each consecutive year).
- 4.34 Further, a considerable proportion of each customer group gave feedback which indicated HMRC performance was variable from one year to the next¹⁵.
- 4.35 To explore this further, the qualitative research involved speaking to businesses that were less inclined to agree over the time of the panel that HMRC was joined up or transparent.
- 4.36 Instead of one consistent theme emerging, customers reported minor issues and annoyances on the subject of HMRC being joined up, though none that had caused any major problems to the running of their business.
- 4.37 For LBS and LC CRM customers, these minor issues generally arose when their CRM contact was 'bypassed' in some way, either by other departments acting without reference to the CRM, or when specialists were involved that sat outside of the CRM's remit.

Other departments were incorrectly chasing debt from the company without going through the CRM. The CRM didn't know why the debt was being chased. Eventually it turned out the company did not owe money, but the CRM spent a while trying to find out where the misunderstanding had happened.

LC CRM

¹⁵ I.e. their feedback "fluctuated" between 2011 and 2013 – in some cases this might mean it got comparatively better and worse again and in others that it got comparatively worse and better again.



- 4.38 Some customers mentioned a lack of being joined up in terms of disparities in the culture between departments at HMRC, such that a business will be treated differently depending on who they are speaking to. For example, one customer gave the example that interactions with Customs felt more rigid and inflexible than their more collaborative interactions with CT specialists.
- 4.39 Some commented that individual staff members (outside of the CRM) now appeared less flexible and less empowered to act than was the case previously, meaning businesses felt less certain about the outcome of a conversation, because it was often necessary to get someone else involved.

It absolutely feels that this has got worse. Previously if I spoke to the Payments department, they could pick up the phone and affect something straight away but now it seems that people are less empowered to act. They seem to be more restricted and have to keep passing you on to another person – an inspector or your CRM. The processes seem less flexible.

LBS

- 4.40 A small number of LC CC customers mentioned their considerable use of the website, which was positive, although they felt it made HMRC appear more 'joined up' than it was in reality. They felt that even though a business can access information on all taxes and all departments from the website, those departments are not in communication with each other and are unaware of the different dealings the business has with HMRC.

The face of HMRC being the website, you would think "everything is joined up because it is all on one website". The website is pretty seamless, but that's just an online experience.

LC CC

- 4.41 In terms of transparency, LBS and LC CRM customers cited that this often came down to them understanding HMRC processes, such that the business knew at each stage of a process what was going on and what the next steps would be.
- 4.42 In general, many businesses felt they had a good understanding of HMRC processes (often linked to their assurance that their business is 'standard' and uncomplicated in terms of the various HMRC processes required).
- 4.43 A small number of customers reported being less aware of HMRC processes, generally citing a lack of communication. Examples given included being given no resolution on a 'trivial' tax matter that had been longstanding and 'radio silence' from HMRC following a change in a business's CRM.

Experience of dealing with the CRM

- 4.44 Nearly all LBS customers (96%) and a large proportion of LC CRM customers (85%) had dealt directly with their Customer Relationship Managers (CRM) in the last 12 months¹⁶.
- 4.45 Customer experiences of dealing with CRMs across both customer groups (LBS and LC CRM) continued to be very positive; 92% of LBS customers and 88% of LC CRM customers felt their overall relationship with the CRM was very good or fairly good. Since the inception of the panel survey there has been very little fluctuation in overall ratings of the CRM.¹⁷

¹⁶ Definitions in Chapter 8 Glossary [page] – not sure if this footnote is necessary?

¹⁷ LBS: Overall ratings of the CRM have been between 92% and 95% since 2010. LC CRM: Overall ratings of the CRM have been between 88% and 90% since 2010.



- 4.46 Table 4.2 shows ratings for individual aspects of interaction that underpinned the positive experiences of having dealt with the CRM by each of the two customer groups. It also places the findings in the wider context of historical results.
- 4.47 Close to four in five LBS customers and over three quarters of LC CRM customers rated their CRM as good or very good across most of the statements outlined below. The gap in LBS and LC CRM ratings that existed in 2010 has closed over time.
- 4.48 Previously the historical trend among LC CRM customers showed a year on year improvement in performance of commercial understanding. The 2013 results showed customer perceptions had not improved further, but stayed at a relatively high level.
- 4.49 In 2013 a new question was added exploring the extent to which businesses rated their CRM's ability to help resolve uncertainty around complex or significant tax issues. In comparison with the feedback on other statements, responses to this statement were more muted – seven in ten from both customer groups rated the CRM's ability to do this as good.
- 4.50 LC CRM customers that had experienced a disagreement in the last 12 months were significantly less likely to rate their CRM positively in terms of their ability to resolve uncertainty around complex/significant tax issues.¹⁸ This was the only area of difference in ratings of CRM performance between LC CRM customers who had recently had disagreements with HMRC and those who had not. The next chapter explores the resolution of disagreements in more detail.

Table 4.2: Experiences of dealing with the CRM: 2010-2013

	LBS '10	LBS '11	LBS '12	LBS '13	LC CRM '10	LC CRM '11	LC CRM '12	LC CRM '13
	% stating good	% stating good	% stating good	% stating good	% stating good	% stating good	% stating good	% stating good
OVERALL RATING	95	95	94	92	88	89	90	88
Being easy to contact	97	96	96	95	92	91	92	91
Their willingness to help you	95	96	93	92	91	91	90	90
Ensuring that your queries are dealt with effectively	92	92	91	90	85	87	87	84
The extent to which they respond within the timeframes agreed	89	88	90	84	84	84	85	83
The extent to which the timeframes they agree for response are appropriate	91	87	88	85	83	82	84	80
Their commercial understanding in relation to your business	79	81	83	78	67	73	77	75
Their ability to help resolve uncertainty around complex or significant tax issues	<i>N/A – question not asked on previous waves</i>			70	<i>N/A – question not asked on previous waves</i>			70
<i>Base: All customers who deal with the CRM</i>	<i>(412)</i>	<i>(340)</i>	<i>(356)</i>	<i>(385)</i>	<i>(423)</i>	<i>(422)</i>	<i>(433)</i>	<i>(370)</i>

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

¹⁸ Only 58% of LC CRM customers that had a disagreement in the last 12 months rated their CRM as good on this measure.



Experience of dealing with the CC

- 4.51 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, just before the Panel Survey began.
- 4.52 As table 4.3 shows, 68% of LC CC customers were aware they had a CC. The level of awareness of the CC fell significantly between 2012 and 2013. The historical trend was an increase on both measures between 2010 and 2011 but then a flattening out after that.
- 4.53 It is possible that since the initial HMRC ‘push’ to communicate the initiative customers have moved on from their position/role within the business and awareness is starting to wane. Indeed from the 18 LC CC customers who had worked for less than a year in their company at the time of the survey and had not used their CC, 67% were unaware they had a CC. Although this base size is very small and should be treated with caution it does represent a higher proportion than those who had worked in the company for *more* than a year and not used their CC (41% of this group said that they had not heard of their CC).
- 4.54 Further, the main reason cited in 2013 for not contacting the CC among all LC CC customers was not having heard of the initiative (29%). By contrast in 2012 the main reason cited was a lack of need to contact their CC rather than not knowing they had a CC available to them.
- 4.55 However, the proportion that had direct contact with their CC (30%) and proportion that had been assisted by their CC (19%) were at very similar levels to those seen in both 2011 and 2012. In effect this means that although awareness of the CC had fallen over 2013, of the customers who were aware of their CC, a similar proportion had made use of their services.

Table 4.3: Awareness and use of the CC (2010-13)

	2010	2011	2012	2013
	%	%	%	%
Aware of the CC	68	↑	78	↓
Had any contact with the CC	25	31	30	30
Been assisted by the CC	10	16	18	19
<i>Base: All CC customers</i>	<i>(870)</i>	<i>(839)</i>	<i>(897)</i>	<i>(1,004)</i>

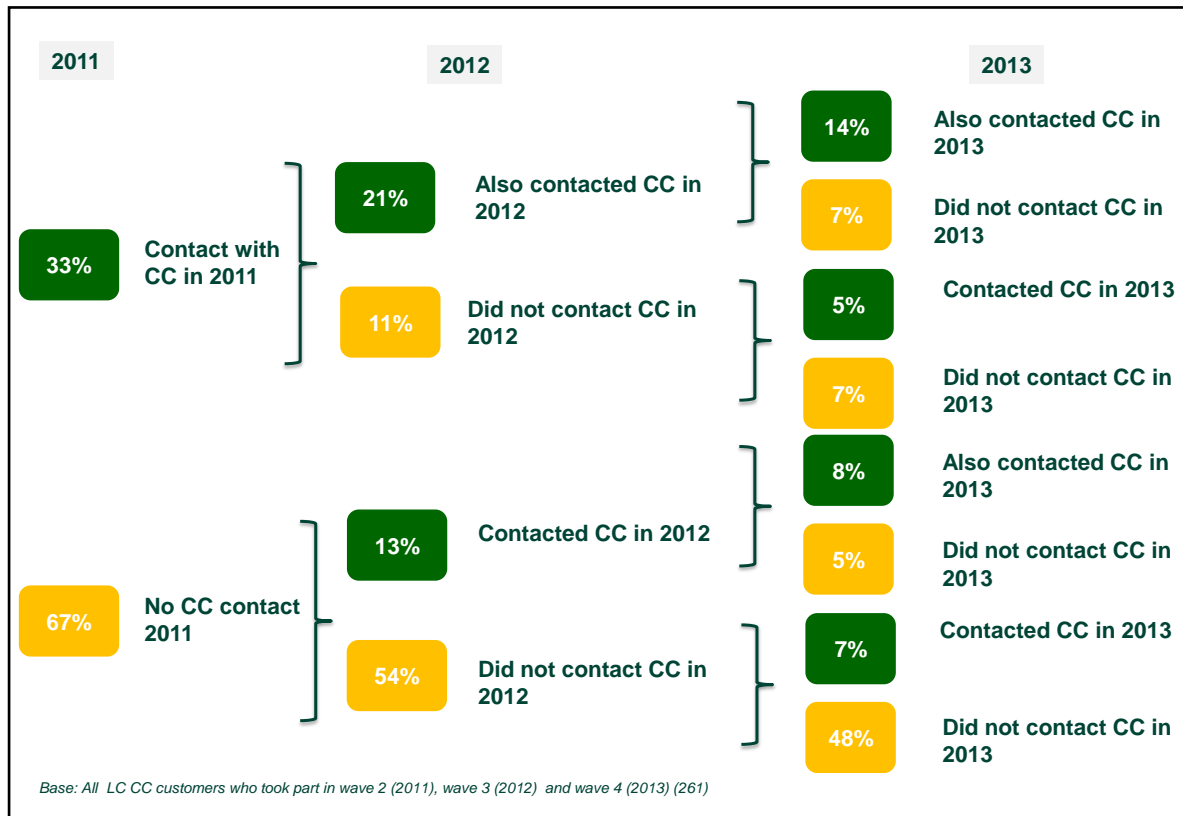
*Note: Each row of this table should be read separately as a summary row. It will not sum to 100%
Arrows indicate significant differences between years*



CC awareness and use over time: 2011-13

4.56 Focussing specifically on the LC CC customers that took part in the last three waves of the study, figure 4.6 summarises the degree to which customers consistently contacted their CC between 2011 and 2013.

Figure 4.6: LC CC customers' experience of contacting their CC between 2011 and 2013



4.57 This analysis shows that of LC CC customers taking part in every wave of the Panel Survey between 2011 and 2013:

- Businesses were relatively evenly divided between those that had contacted their CC in at least one year during this time period (52%) and those that had never contacted their CC (48%);
- Only a minority, 14%, contacted their CC every year. This is in line with the trend identified in the 2012 data – i.e. that very few customers had continual contact with their CC.
- There was a relatively high degree of “churn” – i.e. customers contact their CC some years but not others. For example:
 - 5% contacted their CC in 2011 and 2013 but not in 2012
 - 8% contacted their CC in 2012 and 2013 but not in 2011
- Some customers (7%) made contact with their CC for the first time in 2013.



- 4.58 The qualitative research highlighted that there was confusion amongst some LC CC customers about who their CC is due to high staff turnover within the role, and what the exact remit of the CC is.
- 4.59 One customer interviewed for the qualitative research had been very proactive about contacting their CC (after attending a course on Corporation Tax that encouraged them to make more use of this service). The customer reported they now call the CC on a regular basis and find the sign-posting service particularly useful.

He was a really useful individual who was able to point us in the right direction and any queries we had, he was able to focus them down the right channels and once we had those right channels, then we seemed to get the right answers. That was the problem historically, because you couldn't find the right person.

LC CC

- 4.60 In general, use of the CC is limited, though greater communication of the CC remit and regular updates about staff changes may encourage LC CC customers to make more use of the service.

Overall experience of dealing with the CC

- 4.61 Feedback on dealing with the CC was generally positive. Seventy two percent of customers who dealt with their CC rated their overall relationship as very or fairly good. This has fallen from 87% in 2010. However, this is largely down to a higher proportion of customers giving a neutral rating rather than customers rating the service provided by their CC as poor.¹⁹
- 4.62 With regards to aspects of service provided by the CC the majority of customers rated their CC as good in terms of being:
- Willing to help (88%);
 - Good at responding within the timeframes agreed (84%);
 - Good at ensuring appropriate timeframes were agreed (83%);
 - Effective at dealing with queries (80%); and
 - Easy to contact (78%).
- 4.63 However, customer agreement was lower with regards to the CC's ability to help resolve uncertainty around complex or significant tax issues – only 62% rated their CC as good in this measure. As seen earlier, ratings given for CRMs were also lower for this service aspect compared with the others explored.
- 4.64 Whether customers had dealt with their CC or not had no overall bearing on their overall experience of dealing with HMRC²⁰.

¹⁹ In 2013 only 2% of customers that dealt with their CC rated their overall relationship as poor.

²⁰ Although 75% of those who had used their CC rated their experience as good compared to 66% of customers that had not used their CC, this difference was not statistically significant.



4.65 However, customers who had contact with their CC were more likely to state:

- HMRC sought a co-operative relationship²¹; and
- HMRC provided easy access to tax specialists.²²

4.66 The influence the CC might have on perceptions of a co-operative relationship are particularly important to note given that this was shown to be the main driver of overall experience among LC CC customers.

²¹ 69% that dealt with CC cf. 54% that did not deal with the CC

²² 39% that dealt with CC cf. 26% that did not deal with the CC



5 Customer experience: compliance, risk ratings and disagreements

Key findings

- Over 70% of customers across all three customer groups were in agreement that HMRC made it clear what businesses needed to do in order to be compliant.
- Businesses were also asked to what extent they agreed HMRC provided businesses with certainty in their tax affairs, and took businesses' needs into account in the way they deal with the business. On these measures, LC CC customers were less positive than the other customer groups, and within the LC CC group the proportion agreeing with these measures declined between 2012 and 2013.
- There were significant decreases in the proportion of positive ratings given by LC CRM customers about the overall process of resolving disputes.
- In nearly all cases, LBS and LC CRM customers stated that Members of their Boards were made aware of the company's risk status. Other internal stakeholders such as the finance department and other senior management within the business were commonly mentioned.
- Relatively few businesses mentioned external stakeholders - although it is worth noting the third most common answer was external advisors/accountants.
- Only a minority of customers conveyed their company's risk status to employees and there were no mentions of conveying this to the general public.

Introduction

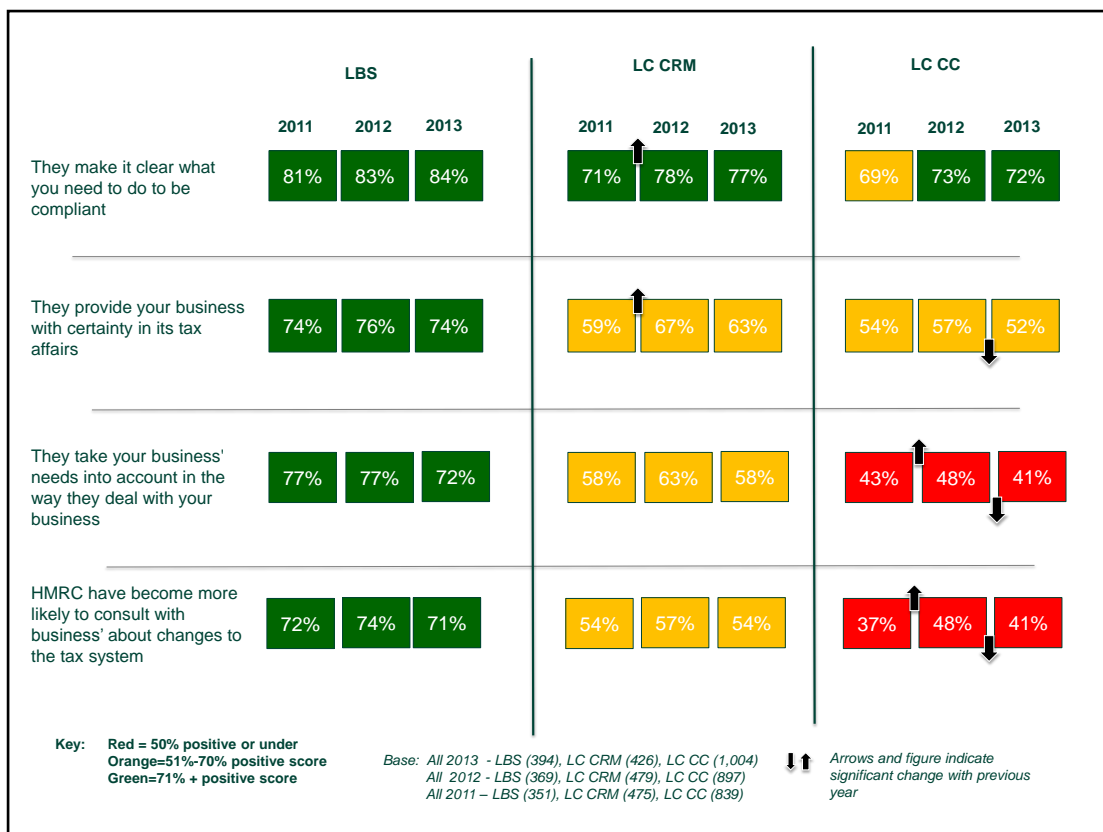
- 5.1 This chapter explores performance against measures of customer experience related to tax compliance and the extent to which disputes and disagreements within the past 12 months were resolved by HMRC. It also explores HMRC's approach to managing and communicating large businesses' risk status.



Experience of HMRC with regards to tax compliance

- 5.2 As figure 5.1 shows, over 70% of the three customer groups were in agreement that HMRC made it clear what businesses needed to do in order to be compliant. Indeed, among LBS customers over 70% agreed with all the statements about compliance and the comparability of scores across the past three waves of the study highlighting the consistency of experience.
- 5.3 Among LC CRM customers over half agreed with all the statements on compliance.
- 5.4 LC CC customers were less positive than the other customer groups (with views having deteriorated between 2012 and 2013) with regards to:
- HMRC providing the business certainty in its tax affairs;
 - HMRC taking business needs into account in the way they deal with the business; and
 - HMRC becoming more likely to consult with businesses about changes to the tax system.
- 5.5 Placed in the historical context of the Panel Survey, the proportion of LC CC customers that agreed with the statements around compliance in 2013 are on par with the proportions that agreed in 2011. Perceptions of HMRC have always been relatively weaker (with less than 50% agreeing) among LC CC customers with regards to HMRC taking into account business needs and HMRC's likelihood to consult about the tax system.

Figure 5.1: Proportion that agreed with statements on tax compliance (2011-2013)



Disagreements with HMRC

- 5.6 When asked to think about the way in which disagreements between HMRC and large business customers were resolved, these customers were broadly in agreement that HMRC made it clear what its areas of concern were²³ and what businesses needed to do to address these concerns.²⁴ The proportion agreeing across all customers groups was very similar over all waves of the Panel Survey which suggests HMRC has been consistent in how it treats customers over the life of the survey.
- 5.7 Focussing on specific experiences – as table 5.1 shows – LBS customers were the most likely to have experienced disagreements with HMRC (half had done so in the 12 months preceding the 2013 wave of the Panel Survey). By contrast, a third of LC CRM customers and a quarter of LC CC customers had experienced disagreements with HMRC in the 12 months before taking part in the research.

Table 5.1: Experience of disagreements with HMRC

	LBS 2012	LBS 2013	LC CRM 2012	LC CRM 2013	LC CC 2012	LC CC 2013
	%	%	%	%	%	%
Experienced disagreements	89	91	80	80	67	75
- In last 12 months	50	52	37	34	21	26
- Over 12 months ago	40	40	43	46	46	49
Never had a disagreement	8	8	15	16	26	22
Don't know	3	1	5	3	7	3
<i>Base: All</i>	<i>(369)</i>	<i>(394)</i>	<i>(479)</i>	<i>(426)</i>	<i>(897)</i>	<i>(1,004)</i>

Note: The second two rows of the table disaggregate the experienced disagreements row meaning the table will sum to over 100%

²³ 85% LBS, 78% LC CRM, 67% LC CC





²⁴ 73% LBS, 72% LC CRM, 64% LC CC



Disagreement resolution

- 5.8 The survey sought to probe further on disagreements with questions about how well HMRC was perceived to understand commercial pressures, to resolve disagreements in agreed and appropriate timeframes and had improved the overall process of resolution. The findings are summarised in table 5.2. To ensure comparability with previous years the results are based on all customers that experienced a disagreement within the last 12 months.
- 5.9 The majority of customers that had experienced a disagreement with HMRC within the last 12 months agreed the timeframes for resolution set out by HMRC were appropriate, and that HMRC kept to the proposed timeframes. However, among LC CRM customers there were notable drops in the proportion agreeing with each of these statements compared with 2012.
- 5.10 Among LC CRM customers, there were also large decreases in levels of agreement that:
- HMRC demonstrated a commercial understanding of the pressures faced by the business²⁵; and
 - The process of resolving disputes was improving.

Table 5.2: Proportion who agreed with statements relating to disagreement resolution

	LBS '11	LBS '12	LBS '13	LC CRM '11	LC CRM '12	LC CRM '13	LC CC '11	LC CC'12	LC CC'13
	% agreeing	% agreeing	% agreeing	% agreeing	% agreeing	% agreeing	% agreeing	% agreeing	% agreeing
The timeframes agreed are appropriate	74	70	76	67	72	63	60	63	60
HMRC keeps to the proposed timeframes	58	59	65	55	67	59	56	59	59
HMRC demonstrates an understanding of the commercial pressures your business faces	63	59	55	37 	51 	39	21 	30	26
The process of resolving disputes has improved	44	39	33	28 	40	26	22	30	26
Base: All which had experienced disagreements with HMRC in past 12 months	(184)	(184)	(204)	(163)	(177)	(145)	(197)	(192)	(261)

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

²⁵ Although notable drops these were not statistically significant.



- 5.11 Customers who had experienced a disagreement over a year ago at the time of taking part in the 2013 survey were also asked about their experiences of disagreements with HMRC.
- 5.12 It should be noted, research into disagreement resolution (across all types of customers/sectors) often shows that people are more negative towards recent events which tend to be more ‘top of mind’ when compared with events in the past.
- 5.13 The qualitative research provided insight into the kinds of disagreements that customers had experienced, and their views on the resolution and review processes.
- 5.14 Within the qualitative research, customers mentioned a wide range of disagreements with HMRC, from relatively minor issues to historical accounts of aggressive tax planning:

Transfer pricing issues;

Application of Senior Accounting Officer legislation;

Capital Allowances equipment;

VAT review;

Disagreements over terminology; and

Historic cases of HMRC investigating the business’s tax planning.

- 5.15 In terms of disagreement resolution, several positive examples were given that HMRC was professional throughout the resolution, willing to compromise and kept the business informed.

We were able to get it done quite quickly, it was dealt with very professionally and whilst I disagreed with the legislation which caused the difference of opinion, I thought the way in which they handled it was straightforward. It was very clear where they were coming from, so we were able to get down to the meat of the issue quite quickly rather than trying to guess what they wanted, and we didn’t feel they were trying to get something out of us - that we weren’t sure why they were asking for particular bits of information.

LC CRM

- 5.16 Some customers nonetheless mentioned that they felt disagreement resolution could be improved by the involvement of more senior staff at an earlier stage, particularly for complex or longstanding issues.

You’ve got a partner from PWC against someone [from HMRC] who may only have three years’ experience and not necessarily in that particular area, you’re not going to get very far ... it felt like [HMRC staff member] had been thrown in the deep end without enough support and that wasn’t fair to them and it probably wasn’t fair to us. When there’s the senior person in the Revenue then you can have a substantive discussion on points of principle and you make a lot of progress.

LBS



- 5.17 Other customers felt the process could be overly long, which was associated with an increased cost to the business

The investigation was lengthy and because of that we wound some of our contracts down, made losses in Europe which couldn't be offset again. It took us ages to get to a decision because it was just this one person at HMRC stuck on this.

LC CC

- 5.18 Joined-up thinking was mentioned in the qualitative research as something that could improve dispute resolution, for example ensuring the CRM (if relevant) is always involved, and that different departments know about any current disputes being resolved.

The debt department did not know the business had a CRM, and did not know where the debt had originated or why it was being called in. Therefore they approached the business without investigating why the debt was owed, and they by-passed the CRM who only found out about it when the respondent raised it.

LC CRM



Disagreement resolution: trends over time

- 5.19 The analysis of customers taking part in the panel study between 2011 and 2013 showed there was a high degree of 'change' in opinions across all three customer groups with regards to the different measures of how disagreements are resolved. Similar proportions of customers perceived a worse experience of service in each wave as those that experienced better service.
- 5.20 Between 25% and 40% of LBS and LC CRM customers that experienced disagreements in 2011, 2012 and 2013 gave incrementally lower levels of agreement at each wave when asked to what extent they agreed or disagreed with the statement '*the process of resolving disagreements has improved*'. Nonetheless, it is important to note (as before) that the reduction in agreement here does not suggest a perception that the process of resolving disputes has *worsened*, just that it has not actually improved.
- 5.21 While bases sizes for this longitudinal analysis are relatively small²⁶ taken in the context of overall customer experiences appearing to be lower with regards to whether the process has improved in 2013 this is potentially an area to monitor closely in future studies.
- 5.22 It is also worth noting that 30% of LBS customers had disagreements in 2011, 2012 and 2013 and only a quarter of LBS customers had no disagreements with HMRC over this time period.
- 5.23 By contrast, just 12% of LC CRM and 4% of LC CC customers had disagreements in 2011, 2012 and 2013.

²⁶ The base sizes for this longitudinal analysis are relatively small and should be treated with caution (LBS 71 / LC CRM 49).



Risk-based approach to working

- 5.24 The risk based approach to working with customers was a measure introduced in late 2007. All CRM businesses go through a specific risk assessment process, the results of which are shared with the customer.
- 5.25 In the last 12 months, 71% of LBS customers and 46% of LC CRM customers had undergone a risk review with HMRC²⁷; a similar proportion to previous waves of the Panel Survey. These customers were asked the extent to which they agreed with several statements about the risk review process as shown in table 5.3.
- 5.26 Across the different customer groups, between 80-90% of customers were in agreement that they knew what the benefits of being low risk were for the business and that the risk review process was fair – both represented similar proportions to previous waves of the Panel Survey. A similar proportion were also in agreement that the risk criteria are well targeted (a new question only asked in 2013).

Table 5.3: Proportion who agreed with statements relating to Risk based approach to working

	LBS '11	LBS '12	LBS '13	LC CRM '11	LC CRM '12	LC CRM '13
	% agreeing	% agreeing	% agreeing	% agreeing	% agreeing	% agreeing
I know what the benefits of being low risk are for my business	86	91	88	94	91	92
The risk review process is fair	88	89	83	81	79	85
The risk criteria are well targeted	<i>N/A – question not asked on previous waves</i>		78	<i>N/A – question not asked on previous waves</i>		78
My business takes into account the HMRC risk status when structuring its tax affairs	70	73	65	68	69	55
<i>Base: All who had a risk-review</i>	<i>(266)</i>	<i>(267)</i>	<i>(267)</i>	<i>(214)</i>	<i>(233)</i>	<i>(233)</i>

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

- 5.27 In nearly all cases, customers stated that Members of their Boards were made aware of the company's risk status²⁸.
- 5.28 Customers were also asked on an unprompted basis, if anybody else is made aware of the businesses risk status. Other internal stakeholders such as the finance department and other senior management within the business were commonly mentioned (particularly by LC CRM customers in terms of the finance department). Relatively few businesses mentioned external stakeholders although it is worth noting the third most common answer was external advisors/accountants – again these were more likely to be mentioned by LC CRM customers.
- 5.29 Only a minority of customers conveyed the risk status to employees and there were no mentions of the general public in response to this question.

²⁷ 2013: 71% LBS, 46% LC CRM / 2012: 72% LBS, 49% LC CRM.

²⁸ 2013: 95% LBS, 92% LC CRM 2012: 95% LBS, 91% LC CRM



5.30 The majority of CRM customers also agreed that:

- HMRC has become more focussed in the high risk tax issues that affect businesses and is less concerned with low risk matters²⁹; and
- HMRC has a good understanding of your business' level of risk with regard to tax compliance.³⁰

5.31 This proportion has remained relatively consistent over the course of the Panel Survey.

²⁹ 2013: 85% LC CRM 67% / 2012: 84% LBS, 70% LC CRM

³⁰ 2013: 85% LC CRM 74% / 2012: 88% LBS, 76% LC CRM



6 Real Time Working

Key findings

- There was a notable difference in incidence of Real Time Working (RTW) across the three customer groups. While the majority of LBS and LC CRM customers said that they had discussed tax issues in Real Time at least once, only just over half of LC CC customers had done so.
- Where customers had not undertaken RTW the main reason cited was simply that they had no need to. Around a third of LC CRM and LC CC customers also stated that the reason for not working in Real Time was that they preferred to use their external advisors as a first point of contact.
- Businesses were asked whether they agreed or disagreed that RTW led to a number of particular outcomes; the statements with the highest levels of agreement were that RTW led to increased certainty about the business's tax affairs and that RTW helped avoid disputes with HMRC businesses.
- There was a notable decrease between 2012 and 2013 among the LC CRM and LC CC population in the perceived benefits that RTW brings to the business. In 2013 LC CRM were significantly less likely to agree with four of the five potential benefits of RTW discussed in the Panel Survey and LC CC customers were less likely to agree with two of them:
 - leads to issues being resolved more quickly (LC CRM and LC CC);
 - helps avoid unnecessary contact with HMRC (LC CRM);
 - Reduced business costs (LC CRM); and
 - Helps avoid unnecessary contact with HMRC (LC CRM and LC CC);

Introduction

- 6.1 Real Time Working (RTW) is a strategic objective for HMRC and the Large Business Panel survey has been used as a tool to monitor whether businesses are beginning to treat working in Real Time as the norm for engagement with the department. For the purposes of the survey, RTW was defined as:

“Raising any issue or transaction as it arises in a financial year or accounting period before the return has become due, including clearances”



Frequency of Real Time Working

- 6.2 There was a notable difference in the incidence of RTW across the three customer groups. The majority of LBS customers said that they had discussed direct tax issues in real time at least once (94%) and a third of this group said they did so on a frequent basis (35%). Among LC CRM customers, 79% had engaged in real time working with 16% doing so frequently.
- 6.3 LC CC customers were less engaged with RTW, with only half having worked in real time (55%) and only 5% doing so frequently. There were no significant differences between 2012 and 2013.



Benefits of Real Time Working

- 6.4 Where customers had not discussed issues in real time, they were asked why this was the case. The large majority of businesses said that their reason for not working in real time was simply that they had no need to do so³¹.
- 6.5 Around a third of LC CRM (31%) and LC CC (30%) customers also stated that the reason for not working in Real Time is that they prefer to use their external advisors as a first point of contact. In contrast only one of the 23 LBS business' who did not undertake RTW cited this reason.
- 6.6 Where customers undertake RTW they were asked whether they agreed it led to certain benefits to the business. Table 6.2 summarises these findings.

Table 6.2 Perceived benefits of Real Time Working (2011-2013)

	LBS	LBS	LBS	LC CRM	LC CRM	LC CRM	LC CC	LC CC	LC CC
	2011	2012	2013	2011	2012	2013	2011	2012	2013
	%	%	%	%	%	%	%	%	%
Increases certainty about tax affairs	93	91	89	88	88	↓ 82	76	74	73
Helps avoid disputes	88	89	88	89	90	87	82	80	76
Issues are agreed more quickly	85	83	84	80	86	↓ 79	67	74	↓ 67
Helps avoid unnecessary contact with HMRC	69	71	76	74	80	↓ 73	67	74	↓ 67
Reduced businesses costs	66	68	68	62	62	↓ 54	48	47	47
<i>Base: all who reported that they had worked in real time at least once during the course of each year</i>	(327)	(337)	(370)	(384)	(367)	(336)	(498)	(451)	(552)

- 6.7 Businesses were asked whether they agreed or disagreed that RTW led to a number of different outcomes - businesses gave the highest levels of agreement that RTW led to an increased certainty about the business's tax affairs and that RTW helped avoid disputes with HMRC. Indeed, 80% of LBS customers and LC CRM customers and almost 70% of LC CC customers also agreed that RTW led to issues being resolved quicker.
- 6.8 A lower proportion of businesses said that RTW reduced their costs across all three customer groups.
- 6.9 There was a notable decrease between 2012 and 2013 among the LC CRM population in the proportion perceiving that RTW brings benefits to the business. In 2013 LC CRM customers were significantly less likely to agree to four of the five statements above when compared to the 2012 research.

³¹ LBS 87%, LC CRM 60%, LC CC 62%



- 6.10 There was also a significant decrease in the proportion of LC CC customers that perceived RTW was beneficial for resolving issues more quickly and avoiding unnecessary contact – in both these cases the proportion agreeing fell from three-quarters in 2012 to two-thirds in 2013.
- 6.11 All large business customers were asked whether they felt HMRC had the necessary expertise for RTW. Again there were varying response patterns by customer group: 78% of LBS customers agreed that HMRC has the necessary expertise, falling to 68% amongst LC CRM customers and 55% of LC CC customers.
- 6.12 However when asked whether they perceived the department to have the necessary capacity, less than half of all customers agreed.³²
- 6.13 Sub group analysis of these two questions among LC CC customers highlighted specific differences:
- LC CC customers who worked in Real Time were more likely to agree HMRC had the necessary expertise and capacity to do so;³³ and
 - Among LC CC customers that perceived HMRC to be a joined up organisation, 70% perceived them to have the necessary expertise for RTW and 50% the necessary capacity for RTW.³⁴

³² LBS 49% LC CRM 40% LC CC 31%

³³ Expertise; 64% among those that undertook RTW, 44% among those that did not undertake RTW – Capacity: 34% among those that undertook RTW, 27% among those that did not undertake RTW.

³⁴ Compared with 44% and 19% respectively among those perceiving HMRC not to be joined up.



7 HMRC's influence on the wider business environment

Key findings

- For LC CC customers, there was a significant increase in those saying the administrative burden had increased between 2012 and 2013.
 - Across all three customer groups, the most commonly mentioned source of administrative burden was the introduction of Real Time Information (mentioned particularly by the LC CC group).
- The majority of large businesses reported they were confident that they knew what HMRC would challenge as tax avoidance; this proportion has remained stable across the four years of the Panel Survey.
- During the interview, businesses were told that HMRC views all tax avoidance as high risk behaviour, and asked whether they were aware of this. Of those businesses aware this was the case, the majority reported that this knowledge did influence their tax planning strategy to some extent.
 - Across all three customer groups over 20% stated that knowing HMRC views all tax avoidance as high risk behaviour influenced their tax policy to a great extent.
- The majority of businesses had experienced some form of 'business life event' over the last 12 months (including growth, decline, cash flow issues, mergers or changes in tax strategy). When seeking advice/support around these events, it was most common for businesses to turn to accountants, agents and other external advisors.
- Only a minority across all three customer groups sought advice and support from HMRC. Of the small proportion of businesses that used HMRC for advice, most agreed that HMRC were professional in the way they provided this support and advice.

Introduction

- 7.1 The following chapter examines the influence HMRC is perceived to have on the business environment. It also explores perceptions of burden imposed on businesses through interaction with the department. The final part of the chapter looks at life events experienced by businesses and whether HMRC plays a role in any of these, as well as examining how HMRC communicates information on changes.



Perceptions of HMRC's influence on tax environment

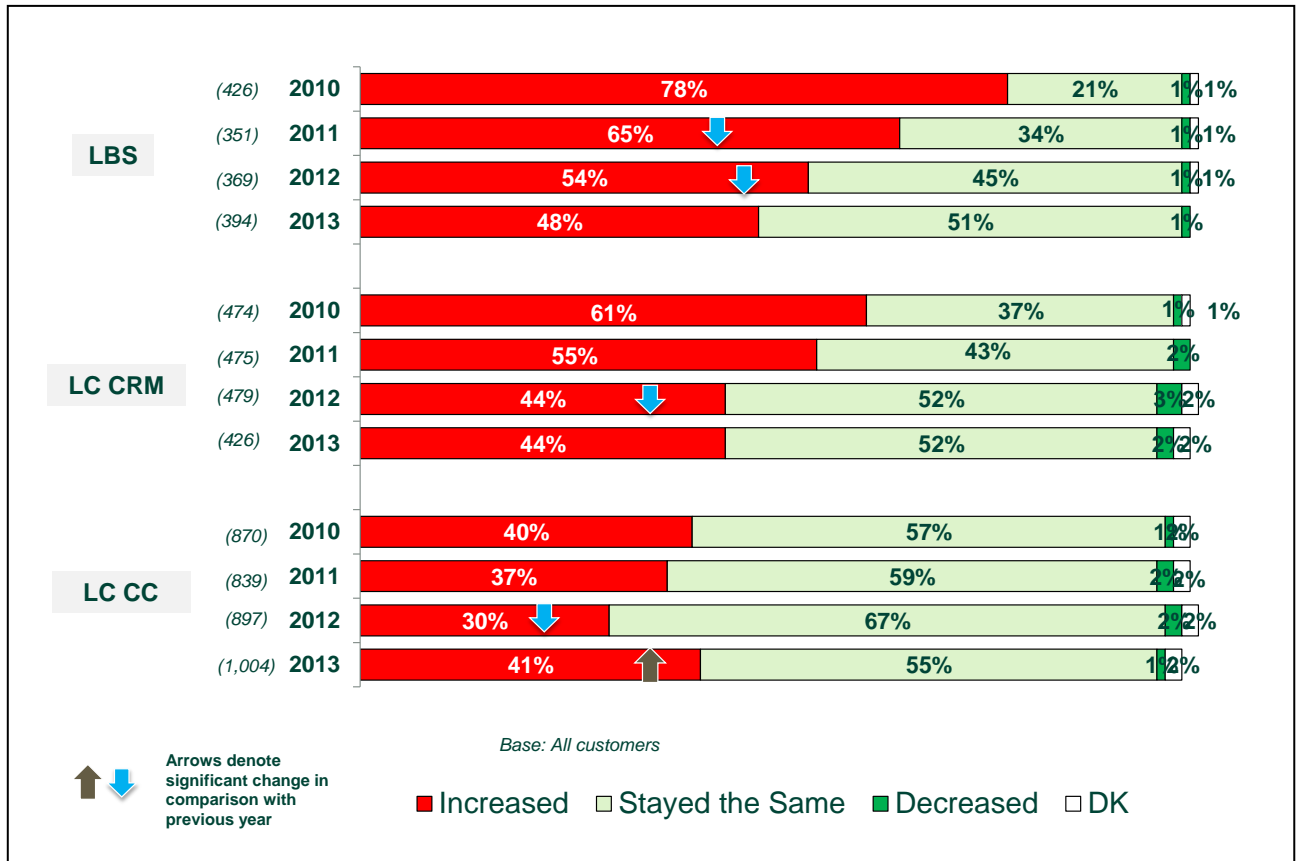
- 7.2 Customers were asked whether their organisation had actively considered relocating the business or parts of the business to another country from the UK. Only a small number of businesses stated that they had actively considered a move abroad, although LBS customers (9%) were more likely to state they had than LC CRM and LC CC customers (6% and 3% respectively). There was no significant change in the incidence of this response since the 2012 wave of the study.
- 7.3 A follow up question asking for the main reason behind this decision was presented to those who had considered moving. Because few customers (9% LBS, 6% LC CRM, 3% LC CC) had considered moving, findings should be treated with caution, however a wide range of reasons were given. The top five responses were:
- Lower wage costs;
 - Commercial interests;
 - Corporation Tax rates;
 - More attractive business environment elsewhere; and
 - More favourable tax conditions elsewhere.



Administrative burden of tax compliance

7.4 HMRC has continually looked to reduce unnecessary administrative burden on its customers, particularly those incurred through tax compliance. The survey has monitored the levels of perceived burden in order to help the department meet this aim. Customers were asked whether they had perceived a change in administrative burden over the last 12 months as a result of their contact with HMRC. Results are displayed in figure 7.1.

Figure 7.1: Perceived change in administrative burden of tax compliance in the twelve months preceding the survey



7.5 Under half of customers in all the customer groups felt the administrative burden of compliance had increased in the preceding 12 months.

7.6 For the LC CC group there was a significant increase in the proportion of customers perceiving an increase in the administrative burden of compliance from 30% in 2012 to 41% in 2013.

7.7 For the first time since the inception of the survey, LBS customers were no more likely to have perceived an increase in administrative burden of compliance than their LC CRM and LC CC counterparts. Over the four years of the Panel Survey the proportion of LBS customers that perceived an increase in the burden of tax compliance fell from 78% in 2010 to 48% in 2013.

7.8 Customers that had perceived there to be an increase in the administrative burden of compliance in the last 12 months were asked why they felt this to be the case.



- 7.9 Across all three customer groups, it was more common for burdens relating to operative issues to be mentioned than burdens relating to legislation. The 'operative' category includes burden relating to Real Time Information (RTI), which was the most commonly cited burden by all customer groups.
- 7.10 The proportion of customers citing Real Time Information as a cause of increased administrative burden increased since the 2012 study (as might be expected given RTI was rolled out from April 2013). Whereas in 2012 the level of mentions of Real Time Information was similar among all three customer groups, in 2013 there was a marked difference between the three groups. This suggests that the introduction of RTI, though imposing more of an administrative burden on all customers since last year, has affected the LC CC group to a greater extent.
- 7.11 Within the qualitative research, LC CC customers were asked further about the impact of RTI, in order to establish what sort of issues and burdens this customer group were facing, and whether these were likely to be long term or short lived.
- 7.12 In terms of impacts on the business, businesses mentioned costs incurred when updating payroll systems and software to take account of the new reporting requirements, as well as staff time to become accustomed or trained to the new systems.
- 7.13 Some customers reported that initial issues with the software meant the first reports produced were incorrect. This resulted in staff time being needed to rectify problems and in some cases communicate the issues to HMRC.
- 7.14 However, business' reported that these issues were 'teething problems' and that the impact on the business would reduce over time as the initial costs are processed and 'glitches' in the software are resolved.
- 7.15 In terms of the advice and support sought by LC CC businesses during this time, some had contacted external advisors or their IT or payroll support, though several said they had not felt the need to do this.
- 7.16 Small numbers mentioned going directly to HMRC for advice, though some of these mentioned minor frustrations here in terms of automated helplines - one mentioned a lack of clarity from HMRC about a system error and felt it should have been made more explicit on the HMRC website.
- 7.17 Crucially, these appeared to be minor and short-lived annoyances, with the businesses' ongoing relationship with HMRC remaining unaffected.
- 7.18 While the impact of RTI had an adverse impact on customers' perceptions of the administrative burden there were notable falls in the proportion of customers that mentioned:
- The introduction of the SAO legislation; and
 - Extended Business Reporting Language.
- 7.19 In regards to increased enquiries from HMRC being perceived as a primary source of administrative burden, incidences of this being spontaneously mentioned among the LBS and LC CRM customer groups³⁵ remained in line with the 2012 study. However a significant decrease (from 15% in 2012 to 8% in 2013) was seen across the LC CC population.

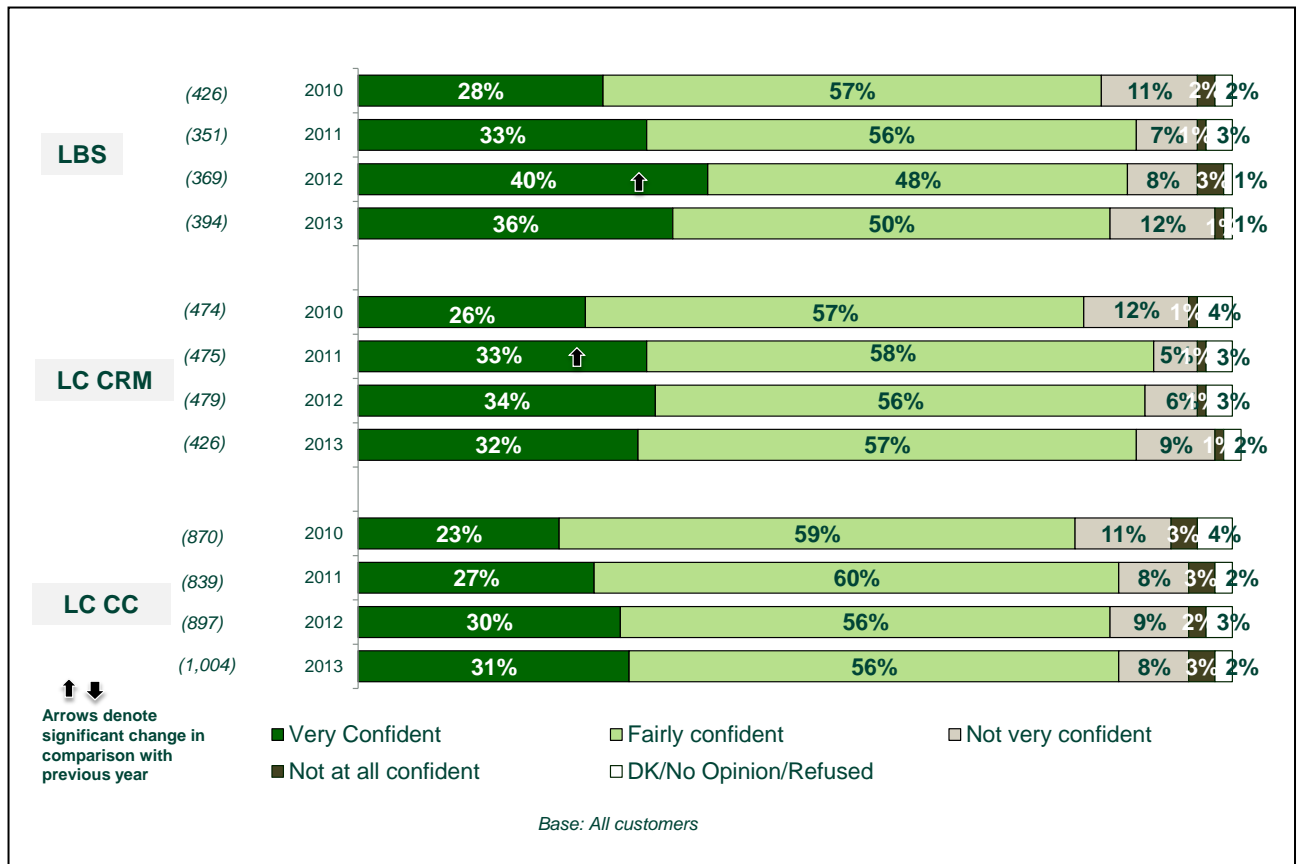
³⁵ 15% and 10% respectively



Wider influences on the business

- 7.20 Across a number of its research studies, HMRC looks to monitor the effect of external coverage of tax planning strategies on large businesses' perception of HMRC. Coverage of these strategies continued to have a presence in the media in 2013, and as such customers were asked how confident they were in their knowledge of what HMRC would define and subsequently challenge as 'tax avoidance'.
- 7.21 Large businesses continued to show high levels of confidence that they know what HMRC's classification of tax avoidance is – the proportion who claimed they were confident about HMRC's classification was relatively consistent across the three customer groups and across the four years of the Panel Survey (as shown in figure 7.2).

Figure 7.2: Whether confident in what HMRC would classify as 'tax avoidance'



7.22 Around a third of customers in all customer groups were 'very confident' that they knew what HMRC's definition of 'tax avoidance' was while around one in ten were not confident in this.

7.23 In 2013, customers were asked whether they were aware that HMRC considers all tax avoidance amongst large businesses as 'high risk behaviour'. The majority of businesses (across all three customer groups) were aware this was the case.³⁶

³⁶ 89% LBS, 91% LC CRM and 86% LC CC

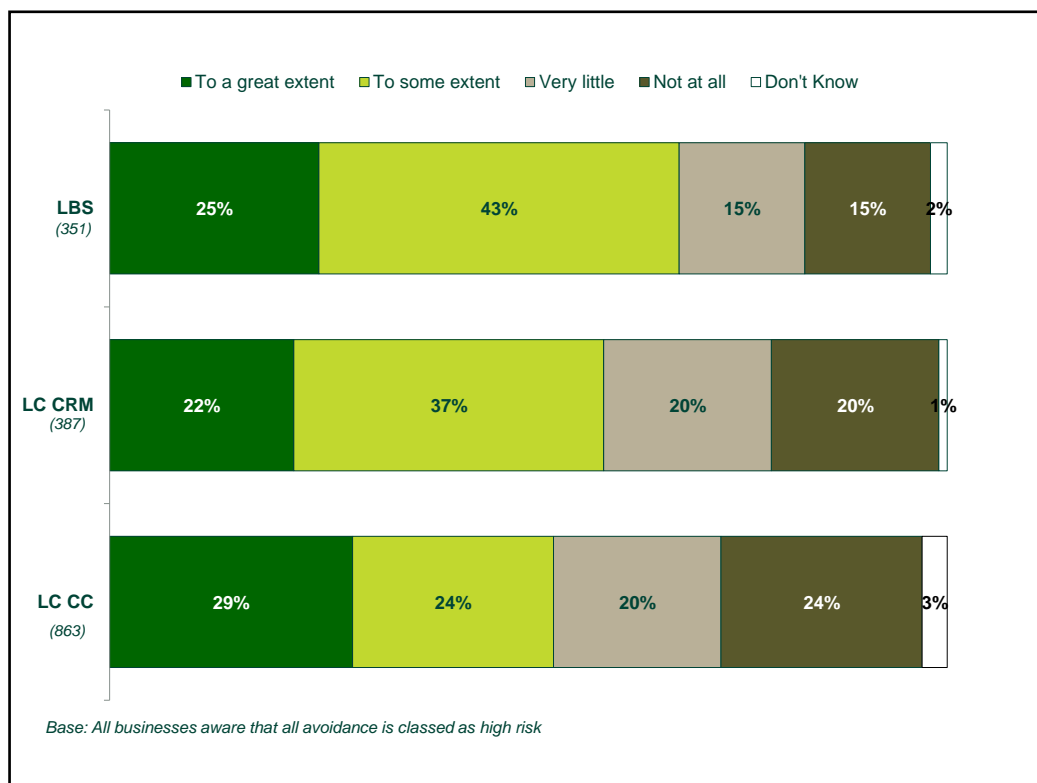


7.24 Following on from this, businesses were asked to what extent the knowledge that HMRC views all avoidance as high risk behaviour has an influence on their tax planning strategies. Figure 7.3 highlights the response pattern for the three customer groups.

7.25 Overall, LBS businesses were more likely to state that the knowledge of HMRC’s views on avoidance as high risk behaviour had at least some influence on their tax planning – 68% of LBS customers compared with 59% of LC CRM customers and 53% of LC CC customers.

7.26 That said, across all three customer groups over 20% stated that knowing HMRC views all tax avoidance as high risk behaviour influenced their tax policy to a great extent, with no discernable differences by the types of business (i.e. by size/sector).

Figure 7.3: Extent to which businesses tax strategy is influenced by the fact HMRC views all tax avoidance as high risk behaviour



Role of HMRC in providing business support

Understanding 'life events'

7.27 New to the research objectives for 2013 was the aim to understand the variety of 'life events' businesses have experienced in the last 2-3 years and to examine the role which HMRC might play in providing support and advice around these. Figure 7.4 shows the proportion of customers experiencing each of the 'life events' discussed³⁷.

Figure 7.4: 'Life events' experienced by large businesses in last 2-3 years

	LBS	LC CRM	LC CC
EXPERIENCED ANY LIFE EVENT	85%	79%	73%
BUSINESS GREW	71%	60%	53%
Made significant capital investment in the UK	47%	35%	30%
Experienced a substantial growth in the UK in terms of profits, turnover or employees	29%	31%	30%
Experienced a substantial growth overseas in terms of profits, turnover or employees	30%	23%	17%
Brought additional tax functions to the UK	17%	13%	10%
ACQUIRED OR MERGED WITH OTHER BUSINESS'	37%	36%	21%
BUSINESS DECREASED IN SIZE <i>Experienced a substantial reduction in UK / overseas in terms of profit, turnover or employees</i>	22%	23%	22%
EXPERIENCED CASH FLOW PROBLEMS	10%	12%	18%
SIGNIFICANTLY CHANGED TAX STRATEGY	4%	2%	1%
NO LIFE EVENTS EXPERIENCED	15%	21%	27%

Base: All businesses - LBS (394), LC CRM (426), LC CC (1,004)

7.28 The majority of large businesses had experienced a 'life event' in the last 2-3 years. Most commonly this related to business growth – around 70% of LBS businesses, 60% of LC CRM and around 50% of LC CC businesses had experienced some form of growth activity.

7.29 Only a minority of large businesses stated that they had significantly changed their tax strategy.

³⁷ The figures in the diagram will not add up to 100% as businesses could choose as many of the life event categories as applied to them. It should be noted also that a business could choose both 'business grew' and 'business decreased in size', as both would be possible over a 2-3 year period.



Increasing business presence in the UK

7.30 All businesses that had increased their business turnover, investment or business functions in the UK were also asked what the main reasons for doing so were on an unprompted basis. A wide variety of answers were cited generally relating to:

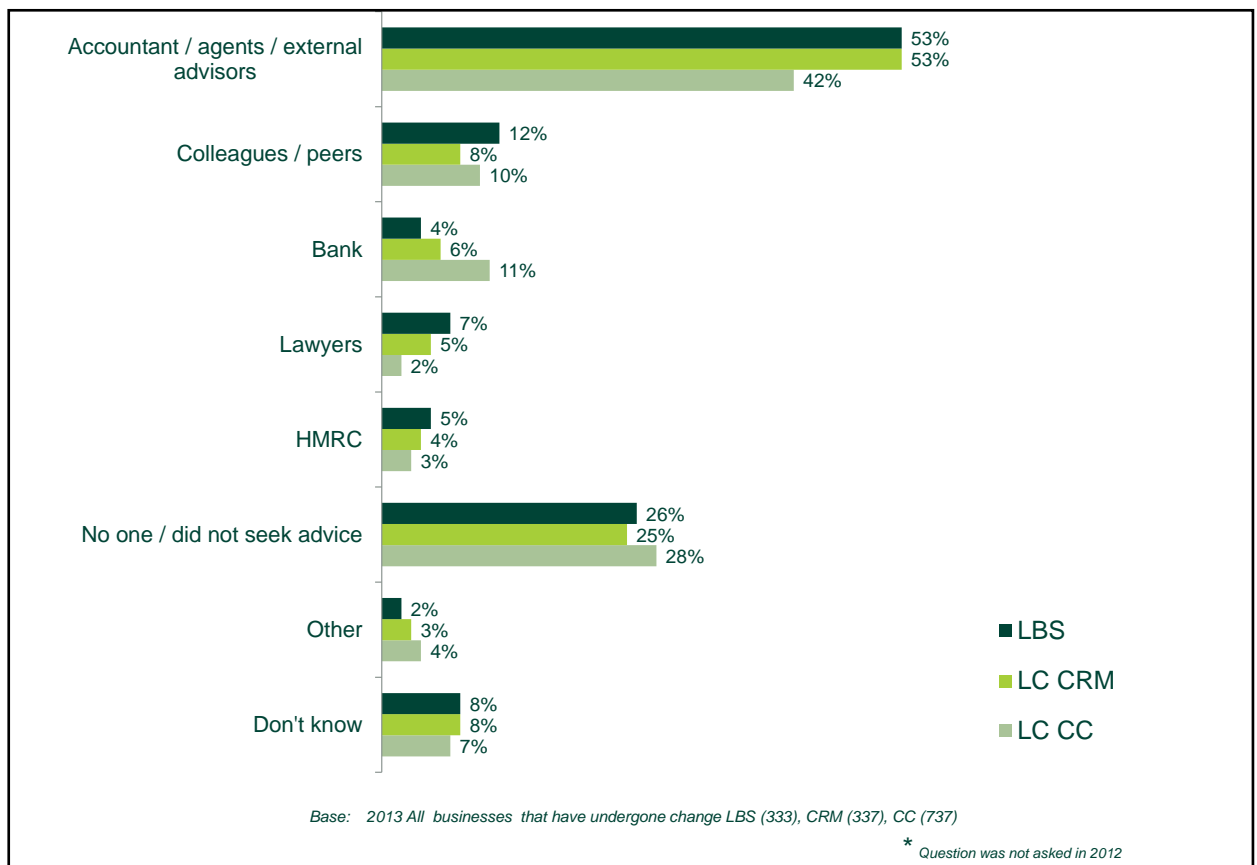
- The fact that most customers/clients are UK based; and
- Desire to increase turnover/market share.

7.31 Only a minority of large businesses spontaneously mentioned factors relating to the tax environment in the UK being favourable and how easy it was to do business in the UK.

The role of HMRC in providing support

7.32 All businesses that had experienced a 'life event' were asked who (if anyone) the business sought support from during this time. As figure 7.5 shows, around three quarters of all business customers sought advice/support when undertaking these events.

Figure 7.5: Advice/support sought when undertaking 'life events'



7.33 Most commonly this advice/support was sought from accountants, agents and other external advisors, particularly in the case of LBS and LC CRM customers. While these were important to LC CC customers, banks also had a role to play among this customer group in providing support.



7.34 Only a minority across all three customer groups sought advice and support from HMRC. In the majority of cases the advice sought from HMRC related to business growth³⁸.

7.35 Of the small proportion of businesses that used HMRC for advice, most agreed that HMRC were professional in the way they provided this support and advice³⁹.

How businesses receive information about changes to the tax system.

7.36 Finally, all businesses were asked what their usual methods for receiving information about changes that HMRC makes to the administration of tax system were.

7.37 As table 7.1 highlights, external accountants and advisors played a pivotal role in the dissemination of this information across all three customer groups. That said, the HMRC website was also perceived to be an important channel of communication with around three in ten customers mentioning this.

7.38 Whereas LBS and LC CRM customers were also reliant on their CRM for communicating changes to the administration of the tax system, LC CC customers were heavily reliant on mailings directly from HMRC.

Table 7.1: Top 10 ways in which large businesses receive information about changes that HMRC makes to administration of the tax system

	LBS	LC CRM	LC CC
	%	%	%
Advisors/Auditors	58	68	46
HMRC website	35	27	29
Accountants	29	24	24
Trade press	26	20	14
CRM/CC	21	11	1
HMRC Direct Mail	16	22	41
HMRC Employer bulletin	8	5	9
Other HMRC avenues	8	2	3
Professional body (bulletins, seminars etc.)	7	4	3
HMRC face to face presentations/seminars	4	2	1
<i>Base: All customers that had increased UK presence</i>	<i>(394)</i>	<i>(426)</i>	<i>(1,004)</i>

Note: Table columns will not sum to 100% - respondents could give more than one answer

³⁸ Of the 51 large business customers that sought support from HMRC – 31 cases were in relation to business growth.

³⁹ LBS: 14 of 15 agreed / LC CRM: 11 of 14 agreed / LC CC: 15 of 22 agreed



Conclusion

- 7.39 This annual survey continues to track the experiences of HMRC's largest business customers.
- 7.40 The last four waves of research have provided information on many aspects of the customer experience, including HMRC staff and culture, the extent to which businesses use Real Time Working and its perceived impact, customer experience in terms of compliance with legislation, risk, and disagreements with HMRC, and HMRC's influence on the wider business environment.
- 7.41 The research has highlighted HMRC's areas of strength, which have remained relatively consistent over the years of the survey: treating businesses fairly, treating business consistently, and seeking a co-operative relationship with business.
- 7.42 The research has also shown the areas where HMRC needs to focus in the future, for example businesses show relatively low levels of agreement that HMRC is a joined up organisation.
- 7.43 HMRC will continue to use the findings to track HMRC performance and customer experience year on year.



8 Glossary

Term	Definition
Customer Relationship Manager (CRM)	All LBS and LC CRM customers have a Customer Relationship Manager (CRM). Their role ranges from preparing the risk assessment, ensuring issues are resolved, responding to queries and keeping the business updated on how issues are progressing.
Customer Coordinator (CC)	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 while awareness and use increased throughout 2011, the 2013 survey results showed that awareness of the initiative was starting to wane.
XBRL	Extended Business Reporting Language: This is an electronic format for business information provided to HMRC, which should provide benefits in the preparation, analysis and communication of business and financial data.
Key Driver Analysis	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.
Large Business	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.
LBS	Large Business Service: The division within HMRC looking after the affairs of the largest businesses in the UK.
LC CRM / LC CC	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).
Longitudinal analysis	The advantage of the panel approach means HMRC can measure how individual businesses that have taken part in the 2011, 2012 and 2013 studies responses have changed over time. This is referred to as 'longitudinal' analysis.
Real Time Working (RTW)	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>
Real Time Information (RTI)	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 has been rolled out in stages since its implementation.

9 Appendix A: Technical report

Background and aims

- 9.1 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 since 2008, has also provided performance indicators for one of the Departmental customer experience scores that HMRC used for the CSR 07 and CSR 10 period⁴⁰.
- 9.2 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 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.
- 9.3 In addition to the Large Business Panel Survey about customer experience, between 2011 and 2013 HMRC conducted a survey with the same large business customers around their views on tax policies (Tax Opinions Panel Survey). This provided one vehicle for all research with large businesses. The survey about tax policies was co-funded with ESRC.
- 9.4 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 in the fourth wave of the study (2013).

About HMRC's large business customers

- 9.5 HMRC's relationships with large businesses are managed by either the Large Business Service (LBS) or the Local Compliance Large and Complex (LC) group.
- 9.6 The LBS is responsible for working with the UK's largest businesses on a range of taxes, duties and regimes. Around 800 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.
- 9.7 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 1,300 businesses within LC have a CRM. These customers are referred to as LC CRM customers throughout this report.
- 9.8 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.

⁴⁰ For more information about the DSO2 score, see section in this chapter: *Measuring the customer experience of large businesses* (paragraph 9.50 onwards).



Overview of the research method

- 9.9 The 2013 LBPS survey encompassed 1,824 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.

Quantitative Research

- 9.10 The following numbers within each customer group were interviewed as part of the quantitative study between 30th September and 13th December 2013:

Table 9.1: Interviews achieved by customer group

TOTAL	LBS	LC CRM	LC CC
<i>N</i>	<i>n</i>	<i>n</i>	<i>n</i>
1,824	394	426	1,004

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>
10,100	800	1,300	8,000

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

Sampling

- 9.11 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.
- 9.12 Since the first year of the panel survey, the same sample has been used to allow for longitudinal analysis over time. Given the census approach for the LBS and LC CRM populations, a review of the population was undertaken before each subsequent wave to include new businesses and exclude any businesses that were no longer part of these customer groups due to merger, liquidation, change in customer group etc.
- 9.13 In addition, businesses that had declined to be re-contacted following the first or second waves of the LBPS conducted previously, or declined to be re-contacted following the first or second wave of the sister survey to the LBPS, i.e. the Tax Opinion Panel Survey (TOPS), were also excluded from follow up. Other businesses excluded were a small sample ring fenced for piloting and development work.
- 9.14 In the case of LC CC customers, a top up exercise was undertaken to ensure a similar proportion of businesses could be interviewed in 2013 as in the three years prior. 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.

9.15 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 three previous TOPS surveys) was selected by HMRC. The LC CC population is the only strata sufficiently large to allow for separate sampling.

9.16 This means results are representative of each of the three customer populations but not of the combined large business population.

9.17 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.

9.18 The number of records available for the research is shown in table 9.3 along with the associated confidence intervals.

Table 9.3: Sample selection for main-stage fieldwork

Wave 4	Population (n)	Sample selected (n) Pilot	No. of interviews achieved (n) Pilot	Sample selected (n) Main stage*	No. of interviews achieved (n) Main stage	Confidence intervals (at 50%) Main stage
LBS	800	26	4	707	394	+/- 3.5%
LC CRM	1,300	56	13	960	426	+/- 2.9%
LC CC	8,000	153	13	2297	1,004	+/- 2.9%
TOTAL	10,000	235	30	3964	1,824	+/- 2.3%

Questionnaire development and screening

9.19 The construction of the LBPS 2013 questionnaire involved a period of development which included discussions with HMRC and a pilot telephone survey.

9.20 All pilot interviewing took place from IFF's CATI (Computer Assisted Telephone Interviewing) centre for three working days between Thursday 29th August and Monday 2nd September 2013 (A warm up letter was sent before interviewing to introduce respondents to the survey)

9.21 Following this development work the final main stage questionnaire lasted an average of 23 minutes and fieldwork was conducted using CATI.

9.22 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.

9.23 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.



Response rates

9.24 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

9.25 The response rate was calculated using the following formula⁴¹ :

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

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

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

9.26 Table 9.4 shows the 2013 LBPS response rate⁴² achieved for each customer group, as compared to that achieved for the preceding three waves of the LBPS in 2010, 2011 and 2012.

⁴¹ 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

⁴² 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 9.4: Response rates achieved

	2013 Completed Interviews	2013 Response Rates	2012 Completed Interviews	2012 Response Rates	2011 Completed Interviews	2011 Response Rates	2010 Completed Interviews	2010 Response Rates
LBS	394	56.01%	369	55.89%	351	58.90%	426	60.30%
LC								
CRM	426	44.85%	479	47.63%	475	44.60%	474	46.70%
LC CC	1,004	45.13%	897	42.21%	839	39.90%	870	44.30%
ALL	1,824	47.07%	1,745	46.06%	1,665	44.30%	1,770	48.00%

9.27 Table 9.5, below also show the numbers across each customer group that took part in LBPS at various stages over the four year period. As the base sizes of customers taking part in all four waves was too low for robust analysis, it was decided to keep with the three-wave analysis format and study changes between waves 2, 3 and 4.

Table 9.5: Longitudinal analysis base sizes

	TOTAL	LBS	LC CRM	LC CC
Took part in waves 1,2,3 and 4	378	136	86	156
Took part in waves 2,3 and 4	559	157	143	259
Took part in waves 1 and 4	492	169	110	213

Non-response analysis

9.28 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.

9.29 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 - 5% within each customer group. In a small handful of instances the difference was 6 - 10%.

9.30 Checks were also conducted on those responding to more than one wave of LBPS to see whether respondents who took part in multiple waves were more positive. This analysis showed there were no significant differences in terms of response.

9.31 This gives us further confidence that the results are representative of the three customer populations.

Data linking

9.32 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 not be able to identify any business that has taken part in the survey, regardless of whether data linking occurred or not. In total 88% of all business customers taking part in 2013 agreed for their answers to be data linked.



Data analysis

- 9.33 As with preceding waves 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.
- 9.34 In the absence of any notable non-response bias, weighting to adjust for non-response was not 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.
- 9.35 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.
- 9.36 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). In some parts of the report differences which are not statistically significant using this test (but add to the overall 'story') have been included. In these instances it has been made clear in the footnotes that the difference was not statistically significant.
- 9.37 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 2010, 2011 and 2012) have been made in this report. However, a degree of caution is needed when looking at direct comparisons for the following reasons:
- 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 led to some changes in staff ratings between 2010 and 2011.
 - 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 was changed from a five point rating scale in 2009 to a three point scale in 2010.



However there was relatively little change between the questionnaires used in the 2012 and 2013 surveys.

- 9.38 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.

Key Driver Analysis

- 9.39 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.
- 9.40 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.
- 9.41 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

- 9.42 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.

- 9.43 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.

9.44 The variance in the data explained by each of the three models was as follows:

- 47% LBS – i.e. the top 5 drivers in the model represent over half all data;
- 54% LC CRM – i.e. the top 5 drivers in the model represent just under two-fifths of all data;
- 51% LC CC – i.e. the top 5 drivers in the model represent just over two-fifths of all data.

9.45 The 2013 KDA analysis mirrored the approach taken in previous three surveys⁴³ – 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 when compared to 2010 and 2009 data.

Longitudinal Analysis

9.46 Where customers took part in this survey and also in wave 2 (2011) and wave 3 (2012), responses were analysed to help HMRC understand the longitudinal picture.

9.47 Longitudinal analysis variables were derived to take into account three waves of data. Four categories were derived taking into account all three waves of the survey.

9.48 Table 9.6 shows how the categories were defined. In instances where scores remained static between waves 2 and 3 and changed in wave 4 respondents were assigned to either the 'improved' or 'decline' categories. Where scores have gone both 'up' and 'down' over the three years respondents were defined as 'fluctuated'.

Table 9.6: Longitudinal analysis base sizes

Change in score W2-W3	Change in score W3-W4	Longitudinal analysis category
Improved	Improved	Improved
Same	Improved	Improved
Improved	Same	Improved
Declined	Declined	Declined
Same	Declined	Declined
Declined	Same	Declined
Same	Same	Same
Declined	Improved	Fluctuated
Improved	Declined	Fluctuated

9.49 Table 9.6 shows how the categories were defined. In instances where scores remained static between waves 2 and 3 and changed in wave 4 respondents were assigned to either the 'improved' or 'decline' categories. Where scores have gone both 'up' and 'down' over the three years respondents were defined as 'fluctuated'.

⁴³ No key driver analysis was undertaken in 2008.



Measuring the customer experience of large businesses

Background

- 9.50 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.
- 9.51 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.
- 9.52 This section explains how the customer experience score for large businesses⁴⁴ 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 surveys⁴⁵.

Nine dimensions of customer service

- 9.53 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 co-operative relationship;
 - HMRC are a joined-up organisation;
 - HMRC provide business with certainty;

⁴⁴ 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>

⁴⁵ Reports from the 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>, 2011, *Large Business Panel Survey: business' experiences of HMRC*, [online], HMRC Research Report no. 142. Available at: <http://www.hmrc.gov.uk/research/lbps-report142.pdf>, HMRC Research Report no. 183, *Large Business Panel Survey 2011: business' experience of HMRC*, available at: <http://www.hmrc.gov.uk/research/lbps-report183.pdf>



- HMRC are consistent in the way they deal with business; and
- HMRC treat your business fairly.

9.54 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

9.55 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.

9.56 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 business' 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%⁴⁶.

Estimating the relevance of each statement

9.57 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

9.58 To be able to compare the 2012 score with previous years score, all previous years' scores have been re-calculated using the new weighting strategy to enable comparisons.

The customer experience score for large businesses

9.59 Using the methods described above, the following customer experience scores were achieved over the last six years⁴⁷. The customer experience score for large business in 2013 was 71.9%. This is a 2.9 percentage point decrease on the 2012 score, however this is not statistically significant.

⁴⁶ Using CT as a weight gave 75:25 ratio in favour of LBS over businesses in Local Compliance.

⁴⁷ For scores using the previous approach, see: <http://www.hmrc.gov.uk/research/lbps-report142.pdf> , page 53



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

2008	2009	2010	2011	2012	2013
64.9%	65.1%	70.7%	71.8%	74.8%	71.9%

Qualitative research - method

9.60 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.

9.61 The main topics covered in the qualitative research were:

- Extent to which business perceives HMRC is 'joined up' and 'transparent'
- Approach to tax compliance and tax planning
- Effect of the tax environment of the UK on business decision making as well as effects of recent tax policy changes (inc. Corporation Tax)
- Experience of dealing with customs- including businesses views on their relationship with the Customs arm of HMRC and their engagement with border agencies and the Trusted Trader programme
- Disagreements and the statutory review process – including nature and scale of any disagreements and the experience of the review process

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

9.62 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.

Qualitative research – Sampling and recruitment

9.63 The sample for the qualitative stage was recruited from those who participated in the 2013 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.

9.64 The qualitative sample followed a similar structure to 2012, reflecting the fact that longitudinal answers over time could be used to stratify the sample. 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.



Table 9.8: Qualitative stage – achieved sample structure

SAMPLE TYPE	DESCRIPTION	TOTAL	LBS	LC CRM	LC CC
A	Those who have had contact with their CC for the last 2 years	4	-	-	4
B	LC CC businesses that have increased in size between waves 3 and 4	4	-	-	4
C	Businesses that underwent life events but did not seek support from HMRC (HC3DUM=1 AND H3e=NOT 1)	6	2	2	2
D	Businesses that have expanded internationally in last 2 years (H3c_2)	6	2	2	2
E1	Businesses where 'joined up' score has gone down over time	8	3	3	2
E2	Businesses where 'transparency' score has gone down over time				
F	Businesses that have had a disagreement (NEW5a=1-2) ADDITIONAL SCREENING ON:	9 *	3	3	3
	• BUSINESSES WHO HAVE USED THE STATUTORY REVIEW PROCESS (Fa)				
	• HAVE HEARD OF IT BUT HAVEN'T USED (Fb)				
	• HAVE NOT HEARD OF IT (Fc)				
G	Businesses who AGREE businesses of their <u>own</u> size are treated in an even handed manner, but DISAGREE that <u>all</u> businesses are treated in an even handed manner regardless of size.	6	3	3	-
H	Businesses that said at TOPS wave 3 that the CT rate change was not very or not at all effective in maintaining the UK's competitive position in the global economy (J7_C=3-4)	4	2	2	-
I	Respondent with overall responsibility of dealing with Customs (S10x=1) AND who are exporters / importers outside the EU within sectors: Agriculture and Food, Alcohol and Tobacco, Automotive, Chemicals, Healthcare and Pharmaceuticals, General Retail, Manufacturing, Telecommunications & Information Technology, Transport	6 *	2	2	2
* Due to the need for extra screening criteria here, we would aim to get the totals as specified and spread evenly across the customer groups, but we would be flexible here in order to get as many as possible within the broad category.					

9.65 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 from 21 January to 6 March 2014.

Qualitative research analysis

9.66 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.

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



10 Appendix B: Survey data

10.1 These tables are arranged by question number for ease of reference.

- ‘*’ 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 2010/2011/2012 these questions were new to the survey in 2013
- Grey boxes indicate show where the raw data from historic surveys is not available

Table 1.1– A1: Rating of experience of dealing with HMRC in last year												
	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%		%	%	%		%	%	%	
Very good	44	38	46	43	32	28	31	27	22	22	21	20
Fairly good	45	52	45	50	46	54	53	49	45	49	52	48
Neither	8	7	5	5	14	13	11	17	20	19	18	21
Fairly poor	2	3	2	1	5	4	3	5	8	7	7	8
Very poor	-	-	*	1	2	1	1	1	3	3	1	2
Don't know	0	*	1	-	1	*	*	*	2	1	1	1
GOOD	89	90	91	93	78	82	85	76	67	71	73	68
POOR	2	3	2	2	7	5	4	6	11	10	8	10
Base	426	351	369	394	474	475	479	426	870	839	897	1,004

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	2012	2013	2011	2012	2013	2011	2012	2013
	%	%	%	%	%	%	%	%	%
Much worse	3	2	1	2	1	3	3	2	3
Slightly worse	3	10	18	11	8	11	9	7	9
No change	61	65	62	60	62	66	73	70	71
Slightly better	26	14	13	18	20	13	10	13	10
Much better	8	3	2	8	4	2	3	3	2
Don't know	-	-	1	-	1	-	*	1	*
Did not deal with HMRC a year ago	-	6	4	1	3	4	1	5	5
BETTER	33	17	15	26	25	15	14	15	12
WORSE	6	12	19	13	10	14	12	9	12
Base	66	369	394	205	479	426	387	897	1,004

Table 1.3 – A3_1: Agreement that “They treat your business fairly”

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	31	34	37	34	23	24	27	23	18	18	18	18
Tend to agree	56	55	53	53	59	62	59	58	61	62	64	61
Neither agree nor disagree	8	6	6	8	12	8	9	15	13	13	12	15
Tend to disagree	3	3	4	4	4	3	4	2	5	4	4	4
Disagree strongly	1	1	-	*	2	1	*	1	1	2	1	2
Don't know	-	*	*	*	1	*	*	*	2	*	1	1
Depends	*	*	*	1	*	*	*	*	*	*	*	*
AGREE	87	89	90	87	81	86	86	81	79	80	82	78
DISAGREE	5	4	4	4	6	5	4	4	6	6	5	6
Base	426	351	369	394	474	475	479	426	870	839	897	1,004



Table 1.4 – A3_2: Agreement that “They are consistent in the way they deal with your business”												
	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	26	26	31	29	20	21	24	21	18	20	21	15
Tend to agree	57	59	56	57	56	58	56	52	54	56	58	59
Neither agree nor disagree	8	7	7	6	8	10	10	13	13	12	11	15
Tend to disagree	6	6	6	7	11	9	8	10	9	8	8	7
Disagree strongly	2	2	1	1	4	1	1	2	3	3	2	3
Don't know	1	*	-	*	1	1	1	1	2	*	1	*
Depends	1	1	-	-	1	*	*	*	1	*	*	*
AGREE	83	85	86	86	76	79	80	73	71	76	79	74
DISAGREE	8	8	7	8	14	10	9	12	13	11	9	10
Base	426	351	369	394	474	475	479	426	870	839	897	1,004

Table 1.5 – A3_3: Agreement that “They are a joined-up organisation”												
	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	5	5	7	7	4	4	6	5	6	4	5	4
Tend to agree	37	45	43	42	31	30	34	33	23	25	30	27
Neither agree nor disagree	22	19	21	21	17	23	22	20	18	26	20	22
Tend to disagree	24	25	24	24	28	31	27	31	29	28	29	31
Disagree strongly	10	5	5	6	17	10	8	11	17	11	10	13
Don't know	1	1	1	1	2	2	2	1	7	5	6	4
Depends	*	*	-	-	-	-	*	*	*	*	0	*
AGREE	41	50	49	49	35	34	40	37	29	29	35	31
DISAGREE	35	29	28	30	46	41	35	42	46	40	39	44
Base	426	351	369	394	474	475	479	426	870	839	897	1,004



Table 1.6 – A3_4: Agreement that “Their decision making process is transparent”												
	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	4	7	8	8	6	7	8	6	6	5	7	7
Tend to agree	40	46	46	45	32	40	44	42	32	39	41	38
Neither agree nor disagree	19	22	21	18	26	23	20	24	25	26	24	30
Tend to disagree	25	22	20	22	23	23	23	23	23	19	18	16
Disagree strongly	9	3	3	5	8	4	2	3	8	6	4	5
Don't know	1	1	1	1	5	3	3	2	6	5	6	4
Depends	*	-	-	1	1	1	*	-	*	-	*	*
AGREE	45	52	54	53	38	47	53	48	38	44	48	45
DISAGREE	34	25	23	27	31	27	24	26	31	25	22	21
Base	426	351	369	394	474	475	479	426	870	839	897	1,004

Table 1.7 – A3_5: Agreement that “They actively seek a cooperative relationship with you”												
	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	47	47	48	46	31	30	35	26	13	14	13	11
Tend to agree	44	45	45	46	50	53	48	53	44	48	47	46
Neither agree nor disagree	5	5	3	4	9	10	9	13	19	19	19	20
Tend to disagree	2	3	4	3	5	6	6	6	16	14	15	16
Disagree strongly	1	*	*	1	3	1	1	2	4	4	3	6
Don't know	-	-	*	-	*	-	*	-	3	1	2	1
Depends	1	*	*	*	*	*	*	-	1	*	1	1
AGREE	91	92	93	93	82	83	83	79	57	61	60	57
DISAGREE	3	3	4	3	9	8	7	8	21	18	19	22
Base	426	351	369	394	474	475	479	426	870	839	897	1,004



Table 1.8 – A3_6: Agreement that “They provide easy access to taxation specialists for advice”

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	16	18	21	17	7	11	13	11	6	6	7	5
Tend to agree	45	46	49	49	34	36	41	38	26	27	25	24
Neither agree nor disagree	20	16	11	16	22	22	16	19	20	23	20	23
Tend to disagree	13	12	11	14	18	17	15	16	22	21	21	20
Disagree strongly	3	3	3	1	9	7	3	5	10	9	8	11
Don't know	2	5	4	3	8	7	12	10	17	14	20	17
Depends	-	-	*	1	1	*	-	*	*	*	*	*
AGREE	62	64	70	65	41	47	54	49	31	33	32	29
DISAGREE	16	15	14	15	28	24	18	21	32	30	28	31
Base	426	351	369	394	474	475	479	426	870	839	897	1,004

Table 1.8.1 – A3a Types of taxation specialists considered (All whose admin had increased)

	LBS			LC CRM			LC CC		
	'11	'12	'13	'11	'12	'13	'11	'12	'13
	%	%	%	%	%	%	%	%	%
Employment Tax Specialists	35	37	39	25	32	33	26	20	23
Corporation Tax Specialists	45	45	52	33	32	33	23	22	20
VAT specialists	46	47	55	53	51	51	44	44	42
Insurance Premium Tax (IPT) specialists	1	2	1	*	*	1	*	*	*
Indirect tax specialists	7	6	4	3	1	2	1	1	2
International tax specialists	10	7	8	4	4	5	3	2	4
Intra Stat/Customs and Excise specialists	8	5	11	3	5	5	4	5	5
Construction Industry Scheme (CIS)	1	1	*	3	5	3	2	1	1
Income tax (inc. Payroll & PAYE)	8	7	6	8	9	10	12	10	10
Transfer pricing	4	5	5	1	3	2	*	1	*
Stamp Duty	2	1	2	1	*	*	*	*	-
Research and Development	1	2	2	1	1	1	*	1	1
Shares	1	-	NA	1	-	NA	1	-	NA
Capital gains	NA	NA	1	NA	NA	-	NA	NA	*
Capital Allowance	NA	NA	-	NA	NA	2	NA	NA	*
Withholding Tax	NA	NA	*	NA	NA	*	NA	NA	*
Landfill Tax	NA	NA	1	NA	NA	*	NA	NA	-
Climate change levy / CCL	NA	NA	*	NA	NA	-	NA	NA	-
Controlled Foreign Corporation	NA	NA	1	NA	NA	-	NA	NA	-
Car / Benefits Tax	NA	NA	-	NA	NA	-	NA	NA	*
All Tax	NA	NA	1	NA	NA	*	NA	NA	1
Tonnage Tax	NA	NA	*	NA	NA	*	NA	NA	1
Other	11	11	11	11	13	11	5	8	7
Don't Know	5	6	5	8	8	8	12	14	13
Base	332	352	380	440	420	383	722	715	826

NB Shares was not a code in 2013

NB Capital gains, Capital Allowance, Withholding Tax, Landfill Tax, Climate change levy / CCL, Controlled Foreign Corporation, Car / Benefits Tax, All Tax and Tonnage Tax were not codes prior to 2013.



Table 1.8.2 - A3a-1. How would you rate the quality of the advice you received from the tax specialist?
(All businesses using tax specialists for advice)

	LBS		LC CRM		LC CC	
	2012	2013	2012	2013	2012	2013
	%	%	%	%	%	%
Very good	28	21	18	21	21	20
Fairly good	45	48	46	42	36	32
Neither good nor poor	16	16	19	21	23	23
Fairly poor	4	7	5	6	8	11
Very poor	2	1	2	2	3	5
Don't know	4	7	9	9	9	8
Refused	1	1	1	-	1	1
GOOD	73	69	64	63	57	52
POOR	6	8	7	8	11	16
Base	331	360	386	352	615	719

Table 1.9 - A3b_1: To what extent do you agree or disagree that HMRC is consistent in its interaction with all parts of your group (2011 = All who disagree HMRC are joined-up, 2012 = All, 2013 =)

	LBS			LC CRM			LC CC		
	'11	'12	'13	'11	'12	'13	'11	'12	'13
	%	%	%	%	%	%	%	%	%
Strongly Agree	9	19	24	13	16	16	4	15	13
Tend to Agree	46	59	54	49	58	54	49	52	48
Neither Agree nor Disagree	18	9	10	15	12	12	21	17	20
Tend to Disagree	22	9	8	14	7	12	13	6	9
Strongly Disagree	1	1	-	4	1	1	3	1	2
Don't know	2	1	3	2	3	3	6	6	5
It Varies	-	-	-	1	-	*	1	*	*
Not Applicable	1	1	1	3	3	1	4	3	3
AGREE	55	78	78	61	74	70	53	67	61
DISAGREE	24	10	8	18	8	12	16	7	11
Base	85	297	311	150	352	294	210	589	644

Table 1.10 A3b_2: To what extent are you aware of all on-going dealings your business has with HMRC (2011 = All who disagree HMRC are joined-up, 2012 = All, 2013 = All)

	LBS			LC CRM			LC CC		
	'11	'12	'13	'11	'12	'13	'11	'12	'13
	%	%	%	%	%	%	%	%	%
Strongly Agree	4	21	20	8	13	15	2	8	8
Tend to Agree	48	57	53	39	52	45	25	37	30
Neither Agree nor Disagree	16	9	10	12	12	15	14	18	25
Tend to Disagree	28	9	12	29	13	15	34	19	20
Strongly Disagree	3	2	2	10	3	4	14	6	8
Don't know	1	1	3	3	5	4	9	9	8
It Varies	1	1	1	-	1	1	1	1	*
Not Applicable	-	-	-	1	*	*	*	2	1
AGREE	51	77	73	47	65	61	27	46	39
DISAGREE	31	11	14	38	16	20	48	25	27
Base	103	369	394	196	479	426	332	897	1,004

Table 1.11 A3b_3: To what extent do you agree or disagree that HMRC shares information about your business internally (2011 = All who disagree HMRC are joined-up, 2012 = All, 2013 = All)

	LBS			LC CRM			LC CC		
	'11	'12	'13	'11	'12	'13	'11	'12	'13
	%	%	%	%	%	%	%	%	%
Strongly Agree	1	9	8	2	7	6	1	4	3
Tend to Agree	28	47	44	20	38	27	14	22	22
Neither Agree nor Disagree	33	20	21	26	23	27	25	28	31
Tend to Disagree	17	11	13	32	13	18	33	16	18
Strongly Disagree	4	2	2	6	3	4	11	5	6
Don't know	17	11	12	14	15	18	16	23	19
It Varies	-	*	*	1	*	-	-	*	*
Not Applicable	-	1	-	1	*	*	1	2	1
AGREE	29	57	52	22	45	33	14	26	25
DISAGREE	21	12	15	37	16	22	44	21	24
Base	103	369	394	196	479	426	332	897	1,004

Table 1.12 – A3b_4: To what extent do you agree or disagree that any requests for information and enquiries from HMRC are well coordinated (2011 = All who disagree HMRC are joined-up, 2012 = All, 2013 = All)

	LBS			LC CRM			LC CC		
	'11	'12	'13	'11	'12	'13	'11	'12	'13
	%	%	%	%	%	%	%	%	%
Strongly Agree	7	14	14	3	12	11	3	9	7
Tend to Agree	45	63	59	42	52	53	33	47	42
Neither Agree nor Disagree	19	12	14	24	18	19	23	18	22
Tend to Disagree	21	8	10	27	13	12	25	16	17
Strongly Disagree	6	1	1	3	2	3	11	5	6
Don't know	2	1	1	1	2	1	3	3	3
It Varies	-	1	*	-	-	-	*	1	*
Not Applicable	-	-	1	1	1	1	2	2	2
AGREE	51	77	73	44	64	63	36	56	50
DISAGREE	27	9	11	30	15	15	36	20	23
Base	103	369	394	196	479	426	332	897	1,004

Table 1.12 – A3b_4: To what extent do you agree or disagree that HMRC is professional in its dealing with your business (2013 = All, not asked previously)

	LBS	LC CRM	LC CC
	'13	'13	'13
	%	%	%
Strongly Agree	44	31	25
Tend to Agree	50	55	58
Neither Agree nor Disagree	4	10	10
Tend to Disagree	2	2	4
Strongly Disagree	*	1	2
Don't know	-	*	*
It Varies	*	-	*
Not Applicable	-	-	*
AGREE	94	86	83
DISAGREE	2	3	6
Base	394	426	1,004

Table 1.13 – A3c_1: To what extent do you agree or disagree that HMRC makes the reasons for any information requests clear to your business (2011 = All who disagree HMRC are joined-up, 2012 = All)

	LBS			LC CRM			LC CC		
	'11	'12	'13	'11	'12	'13	'11	'12	'13
	%	%	%	%	%	%	%	%	%
Strongly Agree	8	23	27	10	21	21	8	19	19
Tend to Agree	60	60	55	52	56	54	50	60	56
Neither Agree nor Disagree	13	9	9	12	11	14	18	9	11
Tend to Disagree	13	7	7	18	9	8	16	7	8
Strongly Disagree	6	1	2	7	2	1	7	1	2
Don't know	-	-	-	-	1	1	1	2	1
It Varies	1	-	-	1	*	*	-	-	*
Not Applicable	-	1	1	-	*	1	*	1	1
AGREE	68	83	81	62	77	76	58	79	76
DISAGREE	18	8	9	25	11	9	22	9	10
Base	87	369	394	130	479	426	210	897	1,004

Table 1.14 – A3c_2: To what extent do you agree or disagree that HMRC keeps your business informed about the progress of any enquiries (2011 = All who disagree HMRC are joined-up, 2012 = All)

	LBS			LC CRM			LC CC		
	'11	'12	'13	'11	'12	'13	'11	'12	'13
	%	%	%	%	%	%	%	%	%
Strongly Agree	11	18	16	10	16	15	4	12	11
Tend to Agree	46	54	55	37	52	48	38	50	44
Neither Agree nor Disagree	16	14	12	19	14	15	18	13	19
Tend to Disagree	20	8	10	28	11	14	26	11	13
Strongly Disagree	6	1	1	5	2	4	9	4	5
Don't know	1	1	2	1	1	2	2	4	3
It Varies	-	1	*	-	-	-	-	-	-
Not Applicable	-	3	4	1	3	3	3	6	4
AGREE	57	73	71	47	68	63	42	62	55
DISAGREE	25	9	11	32	13	18	35	15	18
Base	87	369	394	130	479	426	210	897	1,004

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			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Yes (assisting in some way)	NA	NA	NA	NA	NA	NA	NA	NA	10	16	18	19
Yes (being introduced)	NA	NA	NA	NA	NA	NA	NA	NA	15	15	12	11
No	NA	NA	NA	NA	NA	NA	NA	NA	73	68	69	68
Don't know	NA	NA	NA	NA	NA	NA	NA	NA	2	1	0	2
Base	NA	NA	NA	NA	NA	NA	NA	NA	870	837	894	1,004

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			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
I have had no reason to contact my CC	NA	NA	NA	NA	NA	NA	NA	NA	40	47	43	39
I have never heard of a CC	NA	NA	NA	NA	NA	NA	NA	NA	44	32	35	41
I have heard of a CC but do not know who my CC is	NA	NA	NA	NA	NA	NA	NA	NA	8	14	15	14
A colleague deals with the CC instead	NA	NA	NA	NA	NA	NA	NA	NA	4	4	-	4
I have not had time to contact my CC yet	NA	NA	NA	NA	NA	NA	NA	NA	3	2	2	1
I have not wanted to contact my CC	NA	NA	NA	NA	NA	NA	NA	NA	-	2	-	1
I prefer to seek other advice	NA	NA	NA	NA	NA	NA	NA	NA	-	2	-	2
Other	NA	NA	NA	NA	NA	NA	NA	NA	5	1	4	2
Don't know	NA	NA	NA	NA	NA	NA	NA	NA	*	2	-	1
Base	NA	NA	NA	NA	NA	NA	NA	NA	637	579	614	702

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

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Yes	97	95	95	96	89	86	89	85	NA	NA	NA	NA
No	3	5	5	4	10	14	11	14	NA	NA	NA	NA
Don't know	-	*	*	*	1	*	*	-	NA	NA	NA	NA
Base	426	351	369	394	474	475	479	426	NA	NA	NA	NA

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

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Usually through CRM/ CC	48	50	55	58	58	56	58	58	30	28	35	31
Usually through other staff	10	10	8	7	9	12	11	9	34	34	31	39
Fairly even split	42	40	38	34	33	32	31	33	34	37	31	28
Don't know	*	-	-	-	*	*	*	1	2	1	3	3
Base	412	340	356	385	423	422	433	370	86	132	158	190

Table 2.5 - B4-1: Rating on "Being easy to contact CC/ CRM" (All who work with CRM/ CC)

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Very good	66	65	65	63	54	55	61	55	44	50	44	39
Fairly good	31	31	31	31	38	36	30	36	45	36	40	38
Neither good nor poor	2	2	3	3	3	5	5	5	7	7	9	10
Fairly poor	*	1	1	1	3	3	2	2	-	4	4	9
Very poor	*	-	-	*	1	1	-	1	2	2	2	2
Don't know	*	1	*	1	1	1	2	1	1	2	1	2
GOOD	97	96	96	95	92	91	92	91	90	86	84	78
POOR	1	1	1	2	4	4	2	3	2	5	6	11
Base	412	340	356	385	423	422	433	370	86	132	158	190



Table 2.6 - B4-2: 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			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Very good	68	64	64	60	56	55	57	59	51	59	57	52
Fairly good	26	32	28	32	35	37	33	31	38	33	37	37
Neither good nor poor	4	3	5	4	6	4	6	7	7	5	5	5
Fairly poor	*	1	1	1	1	2	1	2	1	1	1	4
Very poor	*	-	-	1	1	*	1	*	1	2	-	1
Don't know	1	*	2	2	1	2	2	1	1	1	1	2
GOOD	95	91	93	92	96	91	90	90	93	90	94	88
POOR	1	2	1	2	1	3	2	2	1	2	1	5
Base	412	340	356	385	423	422	433	370	86	132	158	190

Table 2.7 - B4-3: 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			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Very good	53	49	49	45	44	43	45	44	36	42	43	36
Fairly good	38	43	42	45	41	44	41	41	50	42	44	44
Neither good nor poor	6	3	6	5	8	10	8	10	9	8	8	13
Fairly poor	1	3	1	2	4	2	2	4	1	3	3	4
Very poor	*	1	-	1	*	*	*	-	2	3	1	1
Don't know	1	1	1	2	3	1	3	2	1	2	2	2
GOOD	92	92	91	90	85	87	87	84	86	84	87	80
POOR	2	4	1	3	4	2	3	4	3	6	4	5
Base	412	340	356	385	423	422	433	370	86	132	158	190

Table 2.9 - B4-4: 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			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Very good	53	54	53	48	46	43	46	49	43	45	45	40
Fairly good	36	34	37	36	39	42	39	34	38	30	38	44
Neither good nor poor	6	6	5	8	6	8	9	9	7	13	13	9
Fairly poor	3	4	3	4	4	3	3	5	6	4	2	3
Very poor	1	1	1	*	2	2	1	*	2	2	1	1
Don't know	1	1	1	3	4	3	3	3	3	6	2	4
GOOD	89	88	90	84	84	84	85	83	81	76	83	84
POOR	4	5	4	4	5	5	3	6	8	5	3	4
Base	412	340	356	385	423	422	433	390	86	132	158	190

Table 2.10 - B4-5: 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			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Very good	43	38	44	36	39	37	39	36	31	39	37	34
Fairly good	47	49	44	49	44	45	45	44	52	39	46	49
Neither good nor poor	5	5	7	7	8	10	11	12	10	8	9	11
Fairly poor	2	3	3	4	4	3	2	4	1	2	3	2
Very poor	*	1	1	*	1	1	*	1	1	3	2	1
Don't know	2	3	2	4	3	4	3	3	3	9	3	4
GOOD	91	87	88	85	83	82	84	80	84	78	84	83
POOR	2	4	3	4	5	4	2	5	2	5	4	3
Base	412	340	356	385	423	422	433	370	86	132	158	190

Table 2.11 - B4-6: Rating on "Their ability to help resolve uncertainty around complex or significant tax issues" (2013 = All who work with CRM / CC, not previously asked)

	LBS	LC CRM	LC CC
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	2013	2013	2013
	%	%	%
Very good	25	25	22
Fairly good	45	45	39
Neither good nor poor	16	16	22
Fairly poor	7	7	5
Very poor	1	1	3
Don't know	6	7	9
GOOD	70	70	62
POOR	8	8	8
Base	385	370	190

Table 2.12 - B4-8: Rating on “Their commercial understanding, in relation to your business and more generally” (All who work with CRM)

	LBS				LC CRM			
	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%
Very good	28	29	33	24	19	23	25	22
Fairly good	51	52	50	54	48	50	52	54
Neither good nor poor	14	13	11	12	20	15	13	15
Fairly poor	5	4	4	6	6	7	4	6
Very poor	*	1	1	1	3	2	1	1
Don't know	1	1	1	3	4	3	5	3
GOOD	79	81	83	78	67	73	77	75
POOR	5	4	5	7	9	10	5	7
Base	412	340	356	385	423	422	433	370



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

	LBS				LC CRM				LC CC			
	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
	%	%	%	%	%	%	%	%	%	%	%	%
Very good	64	66	63	57	50	48	52	50	34	39	38	32
Fairly good	31	29	30	35	39	41	38	37	53	42	44	40
Neither good nor poor	4	3	5	5	6	8	8	9	5	13	15	25
Fairly poor	1	1	*	*	3	2	1	1	1	1	1	1
Very poor	-	-	1	1	*	*	1	1	3	3	1	1
Don't know	*	1	1	2	2	1	1	2	3	2	1	2
GOOD	95	95	94	92	88	89	90	88	87	81	82	72
POOR	1	1	1	1	4	2	2	2	5	4	2	2
Base	412	340	356	385	423	422	433	370	86	132	158	190

Table 2.14 – B6-1: Agreement that “They have the necessary levels of technical expertise”

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	22	24	20	17	14	17	20	14	16	15	16	12
Tend to agree	54	56	60	55	55	45	49	51	45	45	53	47
Neither agree nor disagree	11	9	11	13	11	17	11	16	17	18	15	19
Tend to disagree	8	6	5	8	11	11	12	8	13	13	8	12
Disagree strongly	1	1	1	1	4	4	2	3	3	3	2	4
Don't know	1	2	2	2	1	4	5	6	3	4	5	4
Depends	3	1	1	3	3	2	1	3	3	1	1	1
AGREE	76	81	80	73	70	62	70	65	61	60	69	59
DISAGREE	10	8	6	9	15	15	14	11	16	16	10	16
Base	426	351	369	394	474	475	479	426	870	839	897	1,004



Table 2.15 – B6-2: Agreement that “They have a good understanding of your business”

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	11	8	11	9	8	7	8	6	6	5	6	4
Tend to agree	58	58	52	51	47	33	42	37	30	31	37	32
Neither agree nor disagree	16	18	20	20	21	28	22	27	26	29	25	29
Tend to disagree	11	10	10	13	15	21	17	19	26	22	20	22
Disagree strongly	2	2	2	3	5	5	5	4	6	7	6	7
Don't know	*	3	2	2	2	4	6	7	5	5	6	5
Depends	1	1	2	2	2	2	1	1	1	1	*	*
AGREE	69	66	63	60	55	39	49	43	37	37	43	37
DISAGREE	13	12	13	16	20	26	22	23	32	29	26	29
Base	426	351	369	394	474	475	479	426	870	839	897	1,004

Table 2.16 – B6-3: Agreement that “They provide a response to your queries within an agreed timeframe”

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	26	26	25	23	21	19	19	18	17	17	18	16
Tend to agree	50	54	50	52	48	45	51	46	46	48	50	49
Neither agree nor disagree	9	10	10	11	8	16	14	14	12	14	11	15
Tend to disagree	11	7	10	8	14	10	9	11	15	11	11	10
Disagree strongly	2	2	1	2	5	3	3	3	6	6	4	6
Don't know	1	1	2	3	1	6	5	7	4	4	5	4
Depends	1	1	1	2	2	1	0	1	1	*	*	*
AGREE	76	80	75	75	69	64	70	64	63	65	68	65
DISAGREE	13	9	11	10	19	13	11	14	21	17	15	16
Base	426	351	369	394	474	475	479	426	870	839	897	1,004

Table 2.17 – B6d: Agreement that “The agreed timeframes are appropriate”

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	26	21	23	24	20	16	18	16	15	15	15	14
Tend to agree	55	62	56	56	55	51	55	49	54	53	54	49
Neither agree nor disagree	8	8	11	11	7	16	15	16	13	15	13	18
Tend to disagree	8	5	7	5	10	8	5	9	9	9	8	9
Disagree strongly	2	1	1	1	4	3	2	2	4	3	3	5
Don't know	1	3	3	3	2	6	5	8	5	5	7	5
Depends	*	-	*	1	1	1	-	*	1	*	*	*
AGREE		83	79	80		67	73	65		67	69	64
DISAGREE		6	7	6		11	7	12		12	11	14
Base	426	351	369	394	474	475	479	426	870	839	897	1,004

Table 2.18 –B6-5: Agreement that “They provide a reliable response to your queries”

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	22	23	24	22	19	17	15	14	14	13	14	12
Tend to agree	59	58	52	52	53	47	54	47	51	51	57	51
Neither agree nor disagree	11	12	13	13	13	15	15	18	14	16	13	15
Tend to disagree	5	4	5	7	7	12	10	11	12	11	8	13
Disagree strongly	1	1	1	1	4	3	2	4	4	5	3	5
Don't know	1	1	2	3	1	4	4	5	3	4	5	3
Depends	1	1	2	2	2	3	*	1	1	1	*	*
AGREE	81	81	76	74	72	64	69	61	65	64	71	64
DISAGREE	6	5	6	8	11	15	12	15	16	15	11	18
Base	426	351	369	426	474	475	479	426	870	839	897	1,004

Table 2.19 –B-6: Agreement that “The tone of their communications are professional”

	LBS				LC CRM				LC CC			
	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	51	48	41	44	41	34	33	29	32	31	32	28
Tend to agree	43	44	49	46	50	48	54	53	56	54	56	57
Neither agree nor disagree	2	5	5	5	4	9	6	8	5	8	5	8
Tend to disagree	3	1	1	3	3	5	2	4	4	4	3	3
Disagree strongly	*	1	*	*	*	*	1	1	1	2	1	1
Don't know	-	1	1	2	-	3	4	4	1	2	3	1
Depends	1	1	1	1	1	1	*	1	1	1	*	*
AGREE	94	91	90	90	91	82	87	82	88	84	88	85
DISAGREE	3	2	2	3	3	5	3	5	5	5	4	5
Base	426	351	369	394	474	475	479	426	870	839	897	1,004

Table 3.1 - C1: How often, if ever, have you discussed direct tax issues in Real Time with HMRC?

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Once	4	4	3	6	6	9	9	10	NA	9	8	12
Occasionally	48	58	52	54	56	59	56	53	NA	46	38	37
Frequently	36	32	36	35	20	13	12	16	NA	4	5	5
Never	11	6	8	6	16	19	22	21	NA	39	48	44
Don't know	*	*	1	*	1	1	1	*	NA	2	1	1
Base	426	351	369	-	474	475	479	426	NA	839	897	1,004



Table 3.2 – 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	2012	2013	2011	2012	2013	2011	2012	2013
	%	%	%	%	%	%	%	%	%
We've had no need	82	73	87	56	56	60	62	59	62
We prefer to use our (external) advisors	14	17	4	31	29	31	27	29	30
We have sufficient skills to deal with it in-house	-	7	9	5	7	7	3	6	4
Unaware of the facility / who to contact	-	3	4	2	2	1	3	4	4
Other	9	NA	NA	5	NA	NA	4	NA	NA
Don't Know	5	7	4	3	11	9	2	6	5
Base	22*	30*	23*	88	103	88	327	431	437

* Base size below 50 – treat with caution

Table 3.3 - C2-1: Thinking about tax issues that you have raised with HMRC in Real Time, Agreement that issues are agreed more quickly? (All who worked in Real Time)												
	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	37	40	39	40	23	31	30	26	NA	19	20	16
Tend to agree	47	46	44	44	49	49	56	53	NA	49	55	50
Neither agree nor disagree	10	9	11	9	14	14	8	11	NA	18	15	18
Tend to disagree	3	4	4	4	9	2	3	7	NA	9	7	11
Disagree strongly	2	1	1	2	3	2	1	2	NA	3	2	4
Don't know	1	1	1	*	2	1	2	1	NA	2	2	1
AGREE	84	85	83	84	72	80	86	79	NA	67	74	67
DISAGREE	5	5	5	6	12	4	4	9	NA	12	9	15
Base	377	327	337	370	390	384	367	336	NA	498	451	552



Table 3.4 - C2-2: 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			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	50	54	53	55	29	43	43	38	NA	26	25	24
Tend to agree	39	39	37	34	50	45	45	44	NA	50	49	49
Neither agree nor disagree	8	3	6	6	11	7	8	11	NA	12	13	16
Tend to disagree	2	3	2	4	7	4	3	4	NA	6	9	9
Disagree strongly	2	1	1	1	2	1	1	2	NA	3	1	1
Don't know	-	-	*	-	2	-	1	*	NA	2	3	1
AGREE	89	93	91	89	79	88	88	82	NA	76	74	73
DISAGREE	3	4	3	5	9	5	4	6	NA	10	11	10
Base	377	327	337	370	390	384	367	336	NA	498	451	552

Table 3.5 - C2-3: 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		
	'11	'12	'13	'11	'12	'13	'11	'12	'13
	%	%	%	%	%	%	%	%	%
Strongly agree	49	46	52	45	43	39	27	27	28
Tend to agree	39	43	36	44	48	48	55	53	48
Neither agree nor disagree	6	7	6	5	7	8	8	10	13
Tend to disagree	5	2	4	4	1	3	5	6	8
Disagree strongly	*	1	1	1	1	1	3	1	2
Don't know	1	1	1	1	1	1	2	2	1
AGREE	88	89	88	89	90	87	82	80	76
DISAGREE	6	3	5	5	2	4	8	8	10
Base	327	337	370	384	367	336	498	451	552

Table 3.6 - C2-4: 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		
	'11	'12	'13	'11	'12	'13	'11	'12	'13
	%	%	%	%	%	%	%	%	%
Strongly agree	24	29	34	27	28	22	17	19	19
Tend to agree	45	42	41	47	52	51	50	55	48
Neither agree nor disagree	17	17	15	16	11	18	18	15	20
Tend to disagree	12	9	7	7	5	7	9	7	8
Disagree strongly	2	1	1	2	1	1	3	1	4
Don't know	1	2	1	1	2	1	3	3	2
AGREE	69	71	76	74	80	73	67	74	67
DISAGREE	13	10	8	9	6	8	13	8	12
Base	327	337	370	384	367	336	498	451	552

Table 3.7 - C2-5 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			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	22	22	24	26	13	18	18	16	NA	11	12	11
Tend to agree	41	44	44	43	40	44	44	38	NA	37	35	37
Neither agree nor disagree	23	21	20	19	26	26	25	31	NA	29	29	32
Tend to disagree	10	10	9	10	14	9	11	11	NA	16	16	15
Disagree strongly	4	2	2	2	5	3	2	3	NA	5	4	5
Don't know	1	1	2	*	3	1	1	1	NA	2	3	1
AGREE	63	66	68	68	53	62	62	54	NA	48	47	47
DISAGREE	14	12	11	12	18	12	13	14	NA	21	20	20
Base	377	327	337	370	390	384	367	336	NA	498	451	552

Table 3.8 – C2a-1: Thinking about HMRC's ability to engage in Real Time, Agreement that HMRC has the necessary expertise

	LBS			LC CRM			LC CC		
	'11	'12	'13	'11	'12	'13	'11	'12	'13
	%	%	%	%	%	%	%	%	%
Strongly agree	19	21	16	15	15	15	12	12	10
Tend to agree	58	57	62	53	53	54	45	46	45
Neither agree nor disagree	12	13	12	16	15	16	19	18	23
Tend to disagree	8	5	7	8	10	9	10	8	8
Disagree strongly	1	*	2	2	1	2	3	2	3
Don't know	2	2	1	7	5	5	11	14	11
AGREE	77	79	78	67	68	68	56	58	55
DISAGREE	9	6	8	10	11	11	14	10	11
Base	351	369	394	475	479	426	839	897	1,004

Table 3.9 – C2a-2: Thinking about HMRC's ability to engage in Real Time, Agreement that HMRC has the necessary capacity

	LBS			LC CRM			LC CC		
	'11	'12	'13	'11	'12	'13	'11	'12	'13
	%	%	%	%	%	%	%	%	%
Strongly agree	9	7	5	6	6	8	5	6	5
Tend to agree	37	39	44	32	38	32	26	26	26
Neither agree nor disagree	22	21	17	23	20	23	24	23	28
Tend to disagree	23	24	24	24	22	23	22	20	19
Disagree strongly	7	5	7	6	4	7	8	7	9
Don't know	3	4	3	10	9	7	15	18	13
AGREE	46	46	49	37	45	40	31	32	31
DISAGREE	30	29	31	29	26	30	30	27	28
Base	351	369	394	475	479	426	839	897	1,004

Table 4.1 - 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			
	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
	%	%	%	%	%	%	%	%	%	%	%	%
Increased	78	65	54	48	61	55	44	44	40	37	30	41
Stayed the same	21	34	45	51	37	43	52	52	57	59	67	55
Decreased	1	1	1	1	1	2	3	2	1	2	2	1
Don't know	1	1	1	*	1	*	2	2	2	2	2	2
Base	426	351	369	394	474	475	479	426	870	839	897	1,004

Table 4.2 – 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		
	'11	'12	'13	'11	'12	'13	'11	'12	'13
	%	%	%	%	%	%	%	%	%
VAT rate change	4	3	3	6	2	4	12	6	2
Corporation Tax (CT) rate change	7	5	3	4	5	6	4	7	3
Real Time Information	4	22	30	4	26	44	1	22	59
Senior Accounting Legislation (SAO)	36	22	10	29	16	8	2	1	2
Regulatory Changes	30	26	25	24	16	16	23	15	9
Online Filing	8	7	1	8	6	4	13	9	4
Extended Business Reporting Language (iXBRL)	29	17	7	27	17	5	14	15	5
Volume of HMRC enquiries has increased	6	10	15	10	13	10	7	15	8
General increased complexity of tax compliance	7	-	NA	8	-	NA	13	-	NA
Debt Cap Legislation	11	5	3	8	5	1	1	-	*
PAYE or NI changes (Previously Payroll Issues)	3	4	4	5	2	4	7	4	5
Internal Issues	*	-	NA	5	-	NA	8	-	NA
EU Legislation	1	-	NA	2	-	NA	3	-	NA
Lack of help/communication	*	-	NA	2	-	NA	5	-	NA
Business growth has increased compliance costs	NA	NA	1	NA	NA	2	NA	NA	2
Business changes / restructuring have increased compliance costs	NA	NA	2	NA	NA	3	NA	NA	2
CFC / Controlled Foreign Corporation regulations	NA	NA	5	NA	NA	2	NA	NA	-
More admin / forms (non spec.)	NA	NA	1	NA	NA	2	NA	NA	3
Time consuming tax issues / disputes / queries	NA	NA	3	NA	NA	2	NA	NA	2
Audits / inspections / investigations / Employer Compliance Reviews	NA	NA	1	NA	NA	1	NA	NA	2
Auto enrolment / pensions	NA	NA	1	NA	NA	2	NA	NA	2
Harsher penalty regime/deadlines	2	2	-	2	*	1	4	2	1
Other	15	10	15	10	12	14	14	10	8
Don't Know	*	1	-	*	1	1	1	2	*
Base	227	198	188	259	209	189	313	272	412



NB Internal issues, EU legislation and Lack of help / communication were not codes in 2013.

NB The following were not codes prior to 2013:

- Business growth has increased compliance costs
- Business changes / restructuring have increased compliance costs
- CFC / Controlled Foreign Corporation regulations
- More admin / forms (non spec.)
- Time consuming tax issues / disputes / queries
- Audits / inspections / investigations / Employer Compliance Reviews
- Auto enrolment / pensions
- Harsher penalty regime/deadlines

Table 4.3 - E3-1: Agreement that “They take your business’s needs into account in the way they deal with your business”

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	16	16	19	18	11	11	10	13	7	5	7	6
Tend to agree	56	61	57	54	45	48	53	45	32	38	42	35
Neither agree nor disagree	16	13	14	18	23	24	22	28	27	29	26	33
Tend to disagree	10	8	7	8	14	13	12	10	20	19	15	17
Disagree strongly	1	1	1	1	4	4	1	2	5	5	4	5
Don't know	1	1	1	1	2	1	2	2	9	3	7	4
Depends	1	1	-	*	-	*	-	*	*	*	*	-
AGREE	72	77	77	72	56	58	63	58	39	43	48	41
DISAGREE	10	9	8	9	19	17	13	12	26	25	19	22
Base	426	351	369	394	474	475	479	426	870	839	897	1,004



Table 4.4 - E3-3: Agreement that “They have a good understanding of your business’s level of risk with regard to tax compliance”

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	29	28	33	34	19	20	24	20	7	7	7	6
Tend to agree	54	59	55	52	54	53	52	54	35	38	43	39
Neither agree nor disagree	9	6	8	8	12	15	13	16	26	30	24	32
Tend to disagree	6	5	3	6	9	8	6	7	13	14	13	11
Disagree strongly	1	1	1	1	4	1	1	1	3	3	2	3
Don't know	1	1	-	1	2	3	4	3	16	9	11	9
Depends	NA	*	-	-	NA	1	-	*	NA	-	*	-
AGREE	83	87	88	85	73	72	76	74	42	45	50	81
DISAGREE	7	6	4	7	13	10	8	8	16	17	15	3
Base	426	351	369	394	474	475	479	426	870	839	897	1,004

Table 4.5 - E3-4: Agreement that “They provide your business with certainty in its tax affairs”

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	13	16	18	18	9	12	11	12	6	9	8	6
Tend to agree	60	58	58	56	43	47	56	51	39	45	50	46
Neither agree nor disagree	15	17	16	16	23	24	18	23	26	24	21	28
Tend to disagree	8	7	6	9	18	12	9	10	14	15	12	12
Disagree strongly	3	2	1	1	6	3	2	2	5	4	3	3
Don't know	*	1	1	1	1	2	3	2	9	3	7	4
Depends	*	-	*	-	-	*	*	-	*	-	-	*
AGREE	73	74	76	74	52	59	67	63	45	54	57	52
DISAGREE	11	9	7	9	23	15	11	12	20	19	14	15
Base	426	351	369	394	474	475	479	426	870	839	897	1,004



Table 4.6 - E3d: Agreement that “They make it clear what you need to do to be compliant”

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	20	23	24	23	16	17	16	18	15	16	17	17
Tend to agree	63	58	59	61	51	55	62	58	50	53	56	55
Neither agree nor disagree	10	12	12	10	17	16	13	14	16	14	11	13
Tend to disagree	5	5	4	6	14	10	6	8	14	13	10	9
Disagree strongly	1	2	*	*	2	1	1	1	4	3	2	4
Don't know	*	1	1	-	1	1		*	3	2	3	2
Depends	-	-	-	*	-	1		*	*	*	*	*
AGREE	83	81	83	84	66	71		77	64	69	73	72
DISAGREE	7	7	4	6	16	11		9	17	16	12	12
Base	426	351	369	394	474	475	479	426	870	839	897	1,004

Table 4.7 - E4-2: 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			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	33	42	44	41	17	22	25	22	9	9	9	10
Tend to agree	47	41	40	44	50	47	44	46	33	40	39	38
Neither agree nor disagree	10	8	10	8	13	15	14	19	25	27	24	30
Tend to disagree	7	6	3	5	9	9	9	8	13	10	10	10
Disagree strongly	1	*	1	1	4	2	2	1	3	2	1	2
Don't know	2	2	2	1	5	5	5	4	18	12	16	10
Depends	*	*	-	-	*	-	-	*	-	-	*	*
AGREE	80	84	84	85	67	69	70	24	41	49	49	48
DISAGREE	7	6	4	5	14	11	11	67	15	13	11	12
Base	426	351	369	394	474	475	479	426	870	839	897	1,004



Table 4.8- 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			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	16	25	27	26	9	13	14	15	4	7	8	7
Tend to agree	45	47	47	44	39	41	43	39	29	30	40	33
Neither agree nor disagree	23	19	18	18	24	26	23	25	24	29	22	28
Tend to disagree	9	5	5	8	14	12	12	14	22	20	16	18
Disagree strongly	2	2	1	2	5	3	2	3	7	6	4	5
Don't know	5	2	2	2	8	5	6	4	14	8	10	8
Depends	-	-	-	NA	-	*	-	NA	*	-	-	NA
AGREE	61	72	74	71	49	54	57	54	33	37	48	41
DISAGREE	11	7	6	10	19	14	13	17	29	26	20	24
Base	426	351	369	394	474	475	479	426	870	839	897	1,004

Table 4.9 - E5-1: Agreement that “HMRC makes it clear what you need to do to address any concerns”

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	15	17	16	17	13	12	14	15	14	14	13	14
Tend to agree	55	61	63	57	53	59	57	56	46	52	54	51
Neither agree nor disagree	15	14	11	15	13	16	15	14	10	16	13	16
Tend to disagree	6	5	3	7	9	7	6	8	12	10	7	8
Disagree strongly	2	1	1	1	3	3	1	*	3	2	1	2
Don't know	1	3	1	*	1	3	1	1	1	6	3	1
Depends	*	-	1	*	*	*	*	*	*	*	*	-
AGREE	70	78	79	73	66	71	70	72	60	65	67	64
DISAGREE	8	5	4	8	12	10	7	8	15	12	8	10
Base	426	351	369	394	474	475	479	426	870	839	897	1,004



Table 4.10 - E5-2: Agreement that “HMRC makes it clear to you what their areas of concern are”

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	25	26	27	26	17	19	22	19	15	16	16	14
Tend to agree	61	60	58	59	62	61	56	59	49	55	56	53
Neither agree nor disagree	4	7	7	6	6	10	10	9	10	13	12	17
Tend to disagree	4	4	2	4	8	6	5	6	10	7	5	6
Disagree strongly	1	1	1	1	2	1	1	1	2	2	1	1
Don't know	-	2	1	1	1	3	1	1	2	7	3	1
AGREE	87	87	85	85	79	80	78	78	64	71	72	67
DISAGREE	5	4	3	5	9	7	6	7	12	9	6	7
Base	426	351	369	394	474	475	479	426	870	839	897	1,004

Table 4.11 –NEWE5A:When, if ever, did your business last have a disagreement with HMRC?

	LBS	LC CRM	LC CC
	'13	'13	'13
	%	%	%
Within the last 12 months	52	34	26
Longer than 12 months ago	40	46	49
Never had a disagreement	8	16	22
Don't know	1	3	3
Refuse	-	-	*
Base	394	426	1,004



Table 4.12 – E5b_1: Agreement that “HMRC understands the commercial pressures your business faces” (All with disagreements)

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	11	14	12	11	9	4	8	8	5	4	5	4
Tend to agree	45	49	55	47	34	33	44	41	32	17	32	30
Neither agree nor disagree	19	15	14	16	23	18	19	18	21	20	20	24
Tend to disagree	19	16	15	20	22	28	19	23	26	36	25	27
Disagree strongly	5	7	3	4	10	13	5	6	11	20	10	10
Don't know	2	-	1	3	2	3	4	4	6	3	7	5
It varies	1	-	*	NA	-	1	-	NA	-	-	*	NA
AGREE	55	63	66	58	44	37	53	49	37	21	37	34
DISAGREE	23	23	18	24	32	41	25	30	36	56	35	37
Base	376	184	330	360	398	163	381	342	670	197	601	752

Table 4.13 - E5b_2: Agreement that “HMRC resolves disagreements within timeframes agreed” (All with disagreements)

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	11	14	15	14	10	15	14	12	11	16	16	13
Tend to agree	48	44	51	54	53	40	53	51	47	40	50	52
Neither agree nor disagree	16	15	14	13	13	14	14	15	18	15	12	14
Tend to disagree	16	16	13	11	16	20	9	15	11	14	11	11
Disagree strongly	4	8	4	4	6	7	3	3	6	10	5	5
Don't know	2	3	2	5	2	3	6	4	6	6	6	5
It varies	1	-	1	1	1	-	*	*	*	-	-	-
AGREE	60	58	66	68	63	55	68	63	58	56	66	65
DISAGREE	20	24	17	14	22	28	12	17	18	23	16	16
Base	376	184	330	360	398	163	381	342	670	197	601	752

Table 4.14 - E5b_3: Agreement that “The timeframes within which HMRC agrees to resolve disagreements are appropriate” (All with disagreements)

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	14	16	15	15	11	12	15	13	13	12	13	12
Tend to agree	56	58	58	59	55	56	57	52	50	48	55	53
Neither agree nor disagree	15	11	12	10	13	10	13	14	16	13	14	17
Tend to disagree	11	10	10	8	14	15	7	11	12	15	8	10
Disagree strongly	2	2	2	3	4	3	2	3	4	7	3	5
Don't know	2	3	4	5	2	4	6	6	5	5	6	4
It varies	*	1	*	-	1	1	0	1	*	1	*	*
AGREE	70	74	73	74	66	67	72	65	63	60	68	65
DISAGREE	13	11	11	11	19	18	9	14	16	22	12	14
Base	376	184	330	360	398	163	381	342	670	197	601	752

Table 4.15 - 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			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	11	14	17	10	9	6	8	8	6	5	5	4
Tend to agree	35	30	32	26	32	23	34	23	23	17	26	24
Neither agree nor disagree	33	31	27	31	33	34	30	41	39	37	33	42
Tend to disagree	11	18	15	15	12	21	10	15	15	15	10	9
Disagree strongly	4	4	4	5	6	10	4	3	5	16	5	6
Don't know	5	2	6	14	7	6	14	11	13	11	20	15
It varies	1	-	*	*	*	-	1	-	-	-	-	-
AGREE	47	44	48	36	42	28	42	30	29	22	31	28
DISAGREE	15	23	18	19	18	31	13	18	20	30	16	15
Base	376	184	330	360	398	163	381	342	670	197	601	752

Table 5.1 - F1: How confident are you that you know what HMRC would view as tax avoidance?

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Very confident	28	33	40	36	26	33	34	32	23	27	30	31
Fairly confident	57	56	48	50	57	58	56	57	59	60	56	56
Not very confident	11	7	8	12	12	5	6	9	11	8	9	8
Not confident at all	2	1	3	1	1	1	1	1	3	3	2	3
Don't know/ no opinion	1	3	1	1	2	2	2	1	3	2	3	2
Refused	1	1	*	*	1	*	*	*	1	*	*	-
CONFIDENT	85	90	88	86	83	91	90	88	83	87	86	87
NOT CONFIDENT	13	7	11	12	14	7	7	10	14	11	11	10
Base	426	351	369	394	474	475	479	426	870	839	897	1,004

Table –F5 – HMRC views all tax avoidance as high risk behaviour. Are you aware this is the case?

	LBS		LC CRM		LC CC	
	'13		'13		'13	
	%		%		%	
Yes	89		91		86	
No	9		8		13	
Don't know	2		1		1	
Base	394		426		1,004	

Table –F6 – To what extent would you say your business' tax strategy is influenced by the fact that HMRC views all tax avoidance as high risk behaviour? Would you say it is influenced...? (All aware that avoidance is high risk)

	LBS		LC CRM		LC CC	
	'13		'13		'13	
	%		%		%	
To a great extent	25		22		29	
To some extent	43		37		24	
Very little	15		20		20	
Not at all	15		20		24	
Don't know	2		1		3	
GREATER EXTENT	58		59		53	
LESSER EXTENT	40		40		44	

Base	351	387	863
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Table 6.1 –G1A – Have you undergone a risk review in the last 12 months?

	LBS			LC CRM			LC CC		
	'11	'12	'13	'11	'12	'13	'11	'12	'13
	%	%	%	%	%	%	%	%	%
Yes	76	72	71	45	49	46	NA	NA	NA
No	21	25	28	50	47	48	NA	NA	NA
Don't know	3	2	1	5	4	5	NA	NA	NA
Base	351	369	394	475	479	426	NA	NA	NA

Table 6.2 - G1: Are you aware of your business's risk status? (All those who are new contacts)

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Yes	94	92	92	88	87	83	83	87	NA	37	NA	41
No	5	7	7	12	13	16	15	11	NA	58	NA	54
Don't know	*	*	*	-	*	1	2	2	NA	4	NA	5
Base	426	331	358	57	474	455	457	53	NA	430	NA	264

Table 6.3 - G2a: Thinking about HMRC risk assessment, Agreement that the risk review process is fair? (2013 = All LBS and LC CRM who had risk review. Previously =All aware of risk status)

	LBS			LC CRM			LC CC		
	'11	'12	'13	'11	'12	'13	'11	'12	'13
	%	%	%	%	%	%	%	%	%
Strongly agree	34	34	29	27	31	31	NA	NA	NA
Tend to agree	53	54	54	54	48	55	NA	NA	NA
Neither agree nor disagree	7	6	10	10	10	8	NA	NA	NA
Tend to disagree	3	4	6	6	7	5	NA	NA	NA
Disagree strongly	2	1	*	2	*	1	NA	NA	NA
Don't know	1	1	*	1	3	1	NA	NA	NA
AGREE	88	89	83	81	79	85	NA	NA	NA
DISAGREE	5	5	7	8	8	6	NA	NA	NA
Base	266	267	280	214	233	198	NA	NA	NA



Table 6.4 - G2-2: Thinking about HMRC risk assessment, Agreement that know what the benefits of being low risk are for your business? (2013 = All LBS and LC CRM who had risk review. Previously = All aware of risk status)

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	62	53	57	49	60	56	56	60	NA	NA	NA	NA
Tend to agree	26	33	34	38	36	39	35	32	NA	NA	NA	NA
Neither agree nor disagree	4	4	2	4	1	2	2	6	NA	NA	NA	NA
Tend to disagree	5	7	4	6	2	2	5	3	NA	NA	NA	NA
Disagree strongly	1	2	1	2	1	1	1	-	NA	NA	NA	NA
Don't know	1	*	1	1	-	*	1	-	NA	NA	NA	NA
AGREE	88	86	91	88	96	94	91	92	NA	NA	NA	NA
DISAGREE	7	9	6	8	3	3	6	3	NA	NA	NA	NA
Base	402	266	267	280	411	214	233	198	NA	NA	NA	NA

Table 6.5 - G2-4: Thinking about HMRC risk assessment, please say how much you agree or disagree that the risk rating criteria are well targeted? (2013 = All LBS and LC CRM who had risk review. Previously = All aware of risk status. Previously the question was "Please say how much you agree or disagree that the risk rating criteria are comprehensive enough?")

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	24	23	27	18	19	24	21	21	NA	NA	NA	NA
Tend to agree	51	59	57	60	48	49	50	57	NA	NA	NA	NA
Neither agree nor disagree	9	8	7	10	14	11	12	10	NA	NA	NA	NA
Tend to disagree	10	9	7	10	11	8	11	6	NA	NA	NA	NA
Disagree strongly	1	1	1	2	5	3	2	2	NA	NA	NA	NA
Don't know	5	1	2	1	3	6	4	5	NA	NA	NA	NA
AGREE	75	81	83	78	66	73	71	78	NA	NA	NA	NA
DISAGREE	11	10	8	12	16	11	13	8	NA	NA	NA	NA
Base	402	266	267	280	411	214	233	198	NA	NA	NA	NA

Table 6.6 - G2-5: 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? (2013 = All LBS and LC CRM who had risk review. Previously = All aware of risk status)

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	33	33	33	24	26	25	32	30	NA	NA	NA	NA
Tend to agree	33	37	40	41	40	43	37	36	NA	NA	NA	NA
Neither agree nor disagree	14	15	10	14	11	14	9	12	NA	NA	NA	NA
Tend to disagree	13	9	12	15	15	14	15	16	NA	NA	NA	NA
Disagree strongly	5	5	2	5	8	4	3	4	NA	NA	NA	NA
Don't know	2	1	2	1	1	1	3	2	NA	NA	NA	NA
AGREE	66	70	73	65	66	68	69	66	NA	NA	NA	NA
DISAGREE	18	14	14	20	22	17	19	20	NA	NA	NA	NA
Base	402	266	267	280	411	214	233	198	NA	NA	NA	NA

G3: Are members of the Board within your business made aware of your business's risk status? (All LBS and LC CRM who had risk review)

	LBS		LC CRM		LC CC	
	2013		2013		2013	
	%		%		%	
Yes	95		92		NA	
No	4		7		NA	
We don't have a board	-		1		NA	
Don't know	1		1		NA	
Base	280		198		NA	

G4: Who else, if anyone, is made aware of your business's risk status? (All LBS and LC CRM who had risk review)			
	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
The finance department	38	45	NA
Our advisors / accountants	16	28	NA
Shareholders	4	4	NA
The general public	1	-	NA
Employees	9	6	NA
Competitors	*	-	NA
Chief Executive	1	3	NA
Auditors / Audit Committee	10	7	NA
Legal	3	1	NA
Human Resources	1	2	NA
Head office / parent company	10	6	NA
Advisors / agents (non spec.)	-	1	NA
Managing Director	1	2	NA
Other Senior Management	21	20	NA
Board members	5	6	NA
Risk committee	1	-	NA
OTHER	6	6	NA
No one else	17	11	NA
Don't know	1	1	NA
Base	280	198	NA

Qx1-1: Awareness of the compulsory online filing of company tax returns			
	LBS	LC CRM	LC CC
	'13	'13	'13
	%	%	%
Yes	98	98	94
No	2	2	5
Don't know	-	*	*
Base	394	426	1,004



Qx1-2: Awareness of the Bank Levy			
	LBS	LC CRM	LC CC
	'13	'13	'13
	%	%	%
Yes	100	75	63
No	-	25	37
Don't know	-	-	-
Base	394	426	1,004

QX2-1:How well or poorly HMRC communicated online filing? (All aware of online filing)			
	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Very Well	22	17	23
Fairly Well	55	56	49
Neither well nor poorly	14	15	15
Fairly poorly	4	4	7
Very poorly	1	1	1
Don't know	4	7	5
GOOD	77	73	72
POOR	5	6	8
Base	385	416	948

QX2-2: How well or poorly HMRC communicated the Bank Levy? (All aware of the Bank Levy)

	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Very Well	26	22	13
Fairly Well	49	33	40
Neither well nor poorly	16	-	30
Fairly poorly	5	11	5
Very poorly	2	-	-
Don't know	2	33	13
GOOD	74	56	53
POOR	7	11	5
Base	43*	9*	40*

*Base size below 50 – treat with caution

QX3-1: Whether saw any info / guidance on online filing (All aware of online filing)

	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Yes – through HMRC directly	52	37	39
Yes – through another source	42	56	51
Yes – but do not recall where from	8	6	3
No	9	11	13
Don't Know	5	3	3
YES	86	86	84
NO	9	11	13
Base	385	416	948



QX3-2: Whether saw any info / guidance on the Bank Levy (All aware of the Bank Levy)

	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Yes – through HMRC directly	47	56	30
Yes – through another source	44	22	35
Yes – but do not recall where from	12	-	3
No	7	44	30
Don't Know	2	-	8
YES	91	56	63
NO	7	44	30
Base	43*	9*	40*

*Base size below 50 – treat with caution

QX4-1: Online filing: Ease of understanding (All who saw communications about online filing)

	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Very Easy	17	16	16
Fairly Easy	58	54	54
Neither easy nor difficult	11	18	14
Fairly difficult	6	4	5
Very difficult	1	-	2
Don't know	8	9	9
EASY	74	70	70
DIFFICULT	7	4	7
Base	331	359	797



QX4-2: Online filing: Ease of use (All who saw communications about online filing)

	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Very Easy	15	13	12
Fairly Easy	50	50	47
Neither easy nor difficult	15	15	19
Fairly difficult	8	7	4
Very difficult	3	1	2
Don't know	9	15	16
EASY	64	63	59
DIFFICULT	11	8	5
Base	331	359	797

QX4-3: Online filing: Ease of finding it in the first place (All who saw communications about online filing)

	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Very Easy	19	14	16
Fairly Easy	58	55	51
Neither easy nor difficult	11	16	17
Fairly difficult	3	3	5
Very difficult	1	-	1
Don't know	4	7	4
EASY	76	69	67
DIFFICULT	4	3	6
Base	331	359	797



QX5-1: Bank Levy: Ease of understanding (All who saw communications about the Bank Levy)

	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Very Easy	3	40	12
Fairly Easy	51	40	52
Neither easy nor difficult	15	-	12
Fairly difficult	21	20	8
Very difficult	-	-	-
Don't know	10	-	16
EASY	54	80	64
DIFFICULT	21	20	8
Base	39*	5*	25*

**Base size below 50 – treat with caution*

QX5-2: Bank Levy: Ease of use (All who saw communications about the Bank Levy)

	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Very Easy	5	40	4
Fairly Easy	44	40	40
Neither easy nor difficult	23	20	24
Fairly difficult	13	-	4
Very difficult	-	-	4
Don't know	15	-	24
EASY	49	80	44
DIFFICULT	13	-	8
Base	39*	5*	25*

**Base size below 50 – treat with caution*



QX5-3: Bank Levy: Ease of finding it in the first place (All who saw communications about the Bank Levy)

	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Very Easy	21	60	16
Fairly Easy	54	40	44
Neither easy nor difficult	13	-	16
Fairly difficult	3	-	4
Very difficult	-	-	-
Don't know	-	-	12
Not applicable	10	-	8
EASY	74	100	60
DIFFICULT	3	-	4
Base	39*	5*	25*

*Base size below 50 – treat with caution

QX7 – OF: Whether saw a consultation document (Online Filing) (All aware of online filing consultation)

	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Yes	42	22	23
No	47	67	69
Don't know	11	11	8
Base	342	407	909

QX7A – OF: Whether read online consultation document (Online Filing) (All aware of online filing consultation)

	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Read fully	29	20	27
Skim read / glanced at document	65	69	66
Not read consultation document	6	11	7
Base	143	90	153



QX8 – OF: How well HMRC consulted (Online Filing) (All aware of online filing consultation)

	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Very well	11	19	194
Fairly well	49	51	15
Neither well nor poorly	30	24	54
Fairly poorly	7	4	23
Very poorly	1	-	6
Don't know	2	3	1
GOOD	60	70	72
POOR	8	4	4
Base	135	80	194

QX9-1-OF: Satisfaction with the length of time allowed for consultation (Online Filing) (All aware of online filing consultation)

	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Very Satisfied	10	14	12
Fairly Satisfied	44	49	47
Neither Satisfied nor Dissatisfied	36	30	32
Fairly Dissatisfied	5	3	2
Very Dissatisfied	-	-	1
Don't know	4	5	6
SATISFIED	54	63	60
DISSATISFIED	5	3	3
Base	135	80	194

**QX9-2-OF: Satisfaction with the information provided in consultation documents (Online Filing)
(All aware of online filing consultation)**

	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Very Satisfied	8	11	11
Fairly Satisfied	59	60	60
Neither Satisfied nor Dissatisfied	27	23	24
Fairly Dissatisfied	2	-	4
Very Dissatisfied	-	-	-
Don't know	4	6	2
SATISFIED	67	71	71
DISSATISFIED	2	-	4
Base	135	80	194

QX9-3-OF: Satisfaction with the response to the consultation (Online Filing) (All aware of online filing consultation)

	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Very Satisfied	5	9	9
Fairly Satisfied	43	50	45
Neither Satisfied nor Dissatisfied	37	31	38
Fairly Dissatisfied	7	4	3
Very Dissatisfied	1	-	-
Don't know	6	6	5
SATISFIED	48	59	42
DISSATISFIED	9	4	55
Base	135	80	194

QX7 – BL: Whether saw a consultation document (Bank Levy) (All aware of Bank Levy consultation)

	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Yes	79	44	53
No	19	33	33
Don't know	2	22	15
Base	43*	9*	40*

* Base size below 50 – treat with caution

QX7A – BL: Whether read online consultation document (Online Filing) (All aware of Bank Levy)

	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Read fully	62	50	14
Skim read / glanced at document	38	25	67
Not read consultation document	-	25	19
Base	34*	4*	21*

* Base size below 50 – treat with caution

QX8 – BL: How well HMRC consulted (Bank Levy) (All aware of Bank Levy consultation)

	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Very well	12	-	24
Fairly well	44	100	29
Neither well nor poorly	26	-	41
Fairly poorly	6	-	6
Very poorly	6	-	-
Don't know	6	-	-
GOOD	56	100	53
POOR	12	-	6
Base	34*	4*	17*

* Base size below 50 – treat with caution





QX9-1-BL: Satisfaction with the length of time allowed for consultation (Bank Levy) (All aware of bank Levy consultation)

	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Very Satisfied	12	33	12
Fairly Satisfied	35	33	35
Neither Satisfied nor Dissatisfied	41	33	41
Fairly Dissatisfied	9	-	6
Very Dissatisfied	-	-	-
Don't know	3	-	6
SATISFIED	47	67	47
DISSATISFIED	9	-	47
Base	34*	4*	17*

* Base size below 50 – treat with caution

QX9-2-BL: Satisfaction with the information provided in consultation documents (Bank Levy) (All aware of bank Levy consultation)

	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Very Satisfied	15	33	12
Fairly Satisfied	41	67	47
Neither Satisfied nor Dissatisfied	29	-	35
Fairly Dissatisfied	9	-	6
Very Dissatisfied	-	-	-
Don't know	6	-	-
SATISFIED	56	100	59
DISSATISFIED	9	-	6
Base	34*	4*	21*

* Base size below 50 – treat with caution



QX9-3-BL: Satisfaction with the response to the consultation (Bank Levy) (All aware of bank Levy consultation)

	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Very Satisfied	6	-	-
Fairly Satisfied	38	67	24
Neither Satisfied nor Dissatisfied	29	33	59
Fairly Dissatisfied	15	-	6
Very Dissatisfied	3	-	-
Don't know	9	-	12
SATISFIED	44	67	24
DISSATISFIED	18	-	6
Base	34*	4*	17*

* Base size below 50 – treat with caution

Table 8.1 –

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 2010/2011/2012/2013: In the last 12 months has your organisation (2012/2013: actively) considered relocating the business, or parts of the business, (2011/2012/2013: from the UK) to another country?

	LBS				LC CRM				LC CC			
	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
	%	%	%	%	%	%	%	%	%	%	%	%
Yes	26	16	8	9	19	16	8	6	8	6	3	3
No	71	79	88	89	79	83	91	93	91	92	96	96
Don't know	2	3	3	2	1	1	1	1	6	1	1	1
Refused	2	1	1	*	*	*	*	-	0	-	*	-
Base	426	351	369	394	474	475	479	426	870	839	897	1,004



Table 8.2 - H3a: Which factors caused your organisation to consider moving? (All considered re locating some or all parts of the business)

	LBS				LC CRM				LC CC			
	'10	'11	'12	'13	'10	'11	'12	'13	'10	'11	'12	'13
	%	%	%	%	%	%	%	%	%	%	%	%
Lower costs (wages etc.)	NA	NA	NA	22	NA	NA	NA	29	NA	NA	NA	13
Commercial Reasons	NA	23	-	19	NA	26	-	13	NA	33	-	-
Business tax issues	34	5	-	NA	42	13	-	NA	27	13	-	NA
Corporation Tax (CT) rates	NA	NA	NA	16	NA	NA	NA	8	NA	NA	NA	3
General business environment	28	5	-	8	23	8	-	8	26	8	-	9
More favourable tax conditions in other countries	21	25	3	5	18	30	19	13	23	21	33	9
Complexity of tax legislation in general	NA	NA	NA	5	NA	NA	NA	-	NA	NA	NA	9
Moving to where our customers are	NA	NA	NA	5	NA	NA	NA	-	NA	NA	NA	6
VAT rates	NA	NA	NA	3	NA	NA	NA	-	NA	NA	NA	3
Sector specific rules and regulations	NA	NA	NA	-	NA	NA	NA	-	NA	NA	NA	3
Cost of tax compliance	22	7	-	3	22	3	-	-	11	4	-	6
Other regulatory issues	15	9	10	5	19	1	11	4	5	-	-	-
Internal issues within the business	9	7	3	-	11	4	3	13	16	8	8	9
Tax on company employees	9	9	7	-	14	5	-	-	11	-	-	3
Better tax service abroad	5	-	3	3	4	1	5	-	4	6	-	6
Skills base	1	-	-	NA	-	-	-	NA	4	2	-	NA
Other	11	10	10	5	4	8	11	8	10	5	4	16
Don't know	1	-	-	-	1	1	-	4	1	-	4	3
Refused	*	-	-	-	-	-	3	-	-	-	-	-
Base	110	57	29*	37*	91	76	37*	24*	73	52	24*	32*

* Base size below 50 – treat with caution

NB Commercial Reasons was not a code in 2010

NB Skills base was not a code in 2013

NB Business tax issues was not a code in 2013

NB Lower costs (wages etc.), Corporation Tax (CT) rates, Complexity of tax legislation in general, Moving to where our customers are, VAT rates and Sector specific rules and regulations were not codes prior to 2013.



H3C: Which of the following have happened to your business in the last 2-3 years?			
	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Experienced a substantial growth in the UK in terms of profits, turnover or employees	29	31	30
Experienced a substantial growth OVERSEAS in terms of profits, turnover or employees	30	23	17
Experienced a substantial reduction IN THE UK OR OVERSEAS in terms of profits, turnover or employees	22	23	22
Experienced cash flow problems	10	12	18
Made a significant capital investment in the UK	47	35	30
Brought additional business functions into the UK	17	13	10
Acquired or merged with another business	37	36	21
Significantly changed your tax strategy	4	2	1
None of these	15	21	27
Base	394	426	1,004

This question was not previously asked.

H3C-SUM: Which of the following have happened to your business in the last 2-3 years?			
	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
BUSINESS GREW	71	60	53
BUSINESS DECREASED	22	23	22
CASH FLOW PROBLEMS	10	12	18
ACQUIRED/MERGED	37	36	21
CHANGED TAX STRATEGY	4	2	1
NO EVENT	15	21	27
Base	394	426	1,004



H3C: What are the main reasons for choosing to increase the business' presence in the UK in the last 2 years? (All businesses that have increased UK presence)			
	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Majority of customers/clients are based in the UK	10	9	12
Growth (unspec.)	5	11	8
Opportunity to grow the business	6	8	9
Business has grown organically	9	6	8
Maximise profits / turnover	4	8	8
Increase market share (Mergers & Acquisitions)	8	11	4
Company restructuring / Head office decision	3	5	5
Improving what we currently have	4	4	4
Continued investment in the UK	10	2	2
Favourable tax environment in the UK	6	3	2
Easier to do business in the UK	4	2	4
Expansion	2	4	4
It's where our employees are based	4	4	2
UK based company / Parts of the company is located in the UK	2	5	2
New contracts / customers	1	3	3
Growth of UK economy	2	2	1
Diversification	2	1	2
Commercial reasons	4	2	1
Opportunities (unspec.)	-	2	2
New products	*	1	2
Haven't increased the business presence	1	1	1
Proximity to Europe	*	1	1
To be more competitive	*	1	1
Other	10	6	7
Don't know	11	10	13
Refused	*	-	-
Base	394	426	1,004

This question was not previously asked.



H3E:When business experienced change, from where was advice sought? (All businesses that have undergone change)

	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Accountant / agents / external advisors	53	53	42
No one / did not seek advice	26	25	28
Colleagues / Peers	12	8	10
Bank	4	6	11
Parent company / Head Office - any mention of internal sources	5	4	8
Lawyers	7	5	2
HMRC	5	4	3
Shareholders / Investors	1	2	1
Friends / Family	*	1	1
Online resources	-	*	-
Other	2	3	4
Don't know	8	8	7
Base	333	337	737

This question was not previously asked.

H3E:Agree/Disagree that HMRC were professional in the way they provided your business with support or advice at this time (All businesses that have undergone change)

	LBS	LC CRM	LC CC
	2013	2013	2013
	%	%	%
Strongly agree	67	57	32
Tend to agree	27	21	36
Neither agree nor disagree	7	21	23
Tend to disagree	-	-	5
Strongly disagree	-	-	5
Base	15*	14*	22*

* Base size below 50 – treat with caution



Table 8.3 – H6b. Methods for receiving information about changes that HMRC makes to administration of tax system

	LBS		LC CRM		LC CC	
	2012	2013	2012	2013	2012	2013
	%	%	%		%	%
HMRC website	34	35	27	27	28	29
CRM/CC	17	21	8	11	1	1
HMRC Employer bulletin	2	8	3	5	6	9
HMRC Direct Mail	15	16	22	22	36	41
HMRC face to face presentations/seminars	3	4	1	2	1	1
Other HMRC avenues	4	8	4	2	2	3
Accountants	21	29	23	24	20	24
Advisors/Auditors	60	58	60	68	42	46
Bookkeeper	*	*	*	0	-	*
Contact from other software providers	1	1	-	2	1	1
Payroll bureau / payroll providers	*	1	1	3	2	3
Trade press	11	26	15	20	10	14
Email (non spec.)	3	1	2	2	4	2
Email (HMRC)	1	1	2	2	3	2
Tax, accountancy publications and websites	3	1	1	2	1	1
Press / news media / journals (non-trade)	1	1	3	2	2	3
Internet - other	3	4	2	2	2	2
Professional body (bulletins, seminars etc.)	4	7	3	4	1	3
trade bodies (non-spec.)	3	1	*	-	*	-
CCH updates	1	2	*	-	*	*
Mail / post other	*	-	1	-	1	*
Seminars / press releases etc. from Big Four, LexisNexis etc.	2	2	1	1	*	1
Courses / seminars / conferences non spec.	1	2	1	3	1	2
Colleagues / in house	NA	1	NA	2	NA	1
Lawyers / Legal firms	NA	2	NA	1	NA	1
Other	6	3	4	3	2	1
Don't Know	1	1	2	1	2	1
Base	369	394	479	426	897	1,004



11 Appendix C: Further analysis

Longitudinal 'dashboard' analysis

- 11.1 The advantage of the panel approach meant HMRC can measure how the responses given by individual businesses that have taken part in previous studies changed over time. The use of the year-on-year and longitudinal analyses allows HMRC to better understand where customers perceive HMRC's service to be improving and where there is room for improvement.
- 11.2 Where customers took part in the survey in the three waves of the study between 2011, 2012 and 2013⁴⁸ responses were analysed to help HMRC understand what proportion of customers gave:
- incrementally better feedback wave of the study;
 - incrementally worse feedback each wave of the study;
 - mixed feedback (i.e. sometimes better sometimes worse) across the three waves; and
 - the same feedback across the three waves of the study.
- 11.3 The following 'dashboard' table (11.1) shows the measures that can be compared across waves by customer group. For each measure, the table shows the proportion of customers giving a higher (+), lower (-) or the same rating across the three waves of the study. It also shows where feedback varied/fluctuated across the three waves of the study
- 11.4 Cells highlighted in green indicate 20% or more customers taking part across the three waves gave incrementally higher ratings and cells in red indicate where 20% or more gave incrementally lower ratings across each wave of the survey.
- 11.5 Cells highlighted in amber indicate where the 20% or more experienced a variable service from HMRC (i.e. their opinions changed over the course of the three waves).

⁴⁸ To ensure robust base sizes for analysis the longitudinal analysis was limited to 3 waves of the Panel Survey rather than all 4 waves: Wave 2: 2011, Wave 2: 2012, Wave 4: 2013



Table 11.1: Longitudinal dashboard 2011- 2013

	LBS					LC CRM					LC CC							
Base: All took part in 2011, 2012 and 2013	KDA	+	Same	varies	-	KDA	+	Same	varies	-	KDA	+	Same	varies	-			
Overall																		
A1_SUM. Overall, thinking about ALL of your dealings with HMRC , how would you rate your experience of dealing with them?	157	7%	86%	4%	3%	141	9%	72%	9%	11%	261	15%	54%	15%	16%			
HMRC culture																		
A3_SUM_1. Agree or Disagree that They treat your business fairly	157	2	7%	79%	4%	10%	141	2	8%	74%	7%	11%	261	2	14%	65%	8%	13%
A3_SUM_2. Agree or Disagree that They are consistent in the way they deal with your business	157		12%	75%	8%	5%	141	3	14%	57%	14%	15%	261	5	16%	59%	10%	15%
A3_SUM_3. Agree or Disagree that They are a joined up organisation	157		23%	40%	14%	23%	141	4	26%	32%	21%	21%	261	3	28%	28%	19%	26%
A3_SUM_4. Agree or Disagree that Their decision making process is transparent	157		23%	36%	24%	17%	141		23%	35%	24%	18%	261		26%	26%	32%	16%
A3_SUM_5. Agree or Disagree that They actively seek a co-operative relationship with you	157	1	6%	86%	6%	3%	141	1	8%	70%	11%	12%	261	1	17%	42%	18%	23%
A3_SUM_6. Agree or Disagree that They provide easy access to taxation specialists for advice	157		18%	50%	18%	14%	141		25%	35%	19%	21%	261	4	21%	26%	27%	26%



	LBS						LC CRM						LC CC					
HMRC CRM																		
B4_SUM_1. Rating of CC/CRM... Being easy to contact	150		4%	87%	3%	5%	124		6%	81%	5%	7%	<i>Base sizes too low for robust analysis amongst LC CC population</i>					
B4_SUM_2. Rating of CC/CRM... Their willingness to help you	150	3	2%	93%	0%	5%	124		5%	91%	0%	4%						
B4_SUM_3. Rating of CC/CRM... Ensuring that your queries are dealt with effectively	150	4	5%	79%	5%	10%	124	5	9%	78%	3%	10%						
B4_SUM_4. Rating of CC/CRM... The extent to which they respond within the timeframes agreed	150		8%	73%	8%	11%	124		9%	73%	6%	12%						
B4_SUM_5. Rating of CC/CRM... The extent to which the timeframes they agree for response are appropriate	150		7%	75%	5%	13%	124		13%	72%	5%	10%						
B4_SUM_8. Rating of CC/CRM... Their commercial understanding, in relation to your business	150		13%	61%	7%	19%	124		15%	60%	14%	11%						
B5_SUM. Rating of CC/CRM: Overall	150		1%	87%	4%	8%	124		6%	80%	5%	10%						



	LBS					LC CRM					LC CC							
Base: All took part in 2011, 2012 and 2013	KDA	+	Same	varies	-		KDA	+	Same	varies	-		KDA	+	Same	varies	-	
HMRC Staff																		
B6_SUM_1. Rating of all other HMRC staff - agree/ disagree that They have the necessary levels of technical expertise	157		13%	61%	11%	15%	141	22%	43%	17%	18%	261	20%	42%	20%	18%		
B6_SUM_2. Rating of all other HMRC staff - agree/ disagree that They have a good understanding of your business	157		18%	46%	14%	22%	141	21%	37%	26%	17%	261	21%	26%	30%	23%		
B6_SUM_3. Rating of all other HMRC staff - agree/ disagree that They provide a response to your queries within an agreed timeframe	157	5	10%	56%	13%	20%	141	17%	45%	19%	18%	261	17%	43%	15%	26%		
B6_SUM_4. Rating of all other HMRC staff - agree/ disagree that The agreed timeframes are appropriate	157		13%	64%	8%	15%	141	15%	49%	17%	19%	261	18%	42%	16%	23%		
B6_SUM_5. Rating of all other HMRC staff - agree/ disagree that They provide a reliable response to your queries	157		14%	62%	8%	17%	141	21%	41%	18%	19%	261	16%	44%	20%	20%		
B6_SUM_6. Rating of all other HMRC staff - agree/ disagree that The tone of their communications is professional	157		9%	80%	6%	4%	141	15%	65%	8%	13%	261	12%	72%	8%	8%		



	LBS						LC CRM						LC CC					
Real time working																		
C2_SUM_1. Agree or Disagree that.. Issues are agreed more quickly?	146		10%	73%	5%	12%	92		9%	63%	17%	11%	<i>Base sizes too low for robust analysis amongst LC CC population</i>					
C2_SUM_2. Agree or Disagree that.. It increases business's certainty about their tax affairs?	146		6%	82%	4%	8%	92		5%	77%	7%	11%						
C2_SUM_5. Agree or Disagree that.. It reduces business's costs?	146		16%	52%	13%	18%	92		17%	40%	21%	22%						
Burden																		
E1. Over the past 12 months has the administrative burden of tax compliance increased, decreased, or stayed at the same level?			13%	15%	39%	32%			21%	15%	35%	29%			22%	20%	39%	19%



	LBS					LC CRM					LC CC							
Base: All took part in 2011, 2012 and 2013	KDA	+	Same	varies	-		KDA	+	Same	varies	-		KDA	+	Same	varies	-	
Compliance and resolution																		
E3_SUM_1. Agree or Disagree that.. They consider your business's needs when dealing with your business	157	17%	51%	13%	18%	141	20%	43%	16%	21%	261	21%	28%	29%	23%			
E3_SUM_3. Agree or Disagree that.. They have a good understanding of your business's level of risk with regard to tax compliance	157	6%	80%	6%	8%	141	12%	62%	11%	14%	261	26%	27%	24%	23%			
E3_SUM_4. Agree or Disagree that.. They provide your business with certainty in its tax affairs	157	16%	61%	9%	15%	141	18%	51%	17%	13%	261	21%	35%	26%	18%			
E3_SUM_5. Agree or Disagree that.. They make it clear what you need to do to be compliant	157	14%	61%	14%	11%	141	18%	55%	16%	11%	261	20%	52%	14%	13%			
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	157	10%	73%	8%	9%	141	18%	52%	13%	16%	261	26%	35%	21%	18%			
E4_SUM_3. Agree or Disagree that.. HMRC have become more likely to consult with businesses about potential changes of administering the tax system	157	21%	56%	10%	13%	141	25%	37%	20%	18%	261	28%	25%	26%	21%			
E5_SUM_1. Agree or Disagree that.. HMRC makes it clear what you need to do to address any concerns	157	11%	57%	13%	18%	141	14%	50%	20%	16%	261	21%	45%	15%	18%			



	LBS						LC CRM						LC CC					
E5_SUM_2. Agree or Disagree that.. HMRC makes it clear to you what their areas of concern are																		
E5b_SUM_1. Agree or Disagree that.. HMRC demonstrates an understanding of the commercial pressures your business faces	71		9%	43%	25%	22%	49		29%	20%	39%	12%	<i>Base sizes too low for robust analysis amongst LC CC population</i>					
E5b_SUM_2. Agree or Disagree that.. HMRC keeps to agreed timeframes	71		25%	42%	16%	17%	49		18%	45%	18%	18%						
E5b_SUM_3. Agree or Disagree that.. The timeframes agreed are appropriate	71		14%	53%	9%	24%	49		16%	41%	24%	18%						
E5b_SUM_4. Agree or Disagree that.. The process of resolving disagreements has improved	71		14%	26%	18%	41%	49		24%	27%	24%	24%						



	LBS					LC CRM					LC CC							
Base: All took part in 2011, 2012 and 2013	KDA	+	Same	varies	-		KDA	+	Same	varies	-		KDA	+	Same	varies	-	
Avoidance																		
F1_SUM. Confidence in knowledge of what HMRC would challenge as tax 'avoidance'	157		6%	78%	9%	8%	141		3%	79%	4%	13%	261		8%	78%	8%	7%
Risk																		
G2_SUM_2. Agree or Disagree that.. I know what the benefits of being low risk are for my business	73		12%	68%	5%	14%	<i>Base sizes too low for robust analysis amongst LC CRM population</i>					<i>Not asked of CC group</i>						
G2_SUM_4. Agree or Disagree that.. My business takes into account the HMRC risk status when structuring its tax affairs	73		7%	78%	8%	7%												
G2_SUM_6. Agree or Disagree that.. The risk review process is fair	73		7%	78%	8%	7%												



Longitudinal analysis: LC CC customers and RTW

11.6 The Panel Survey has consistently shown that LC CC customers were less likely to engage in RTW than other customer groups. Figure 4.6 (chapter 4) explored the longer term trend among this customer group focussing on the LC CC customers that took part in the three waves of the panel study between 2011 and 2013. It shows:

- The majority of these LC CC customers (87%) reported working in real time at least once since 2011;
- However only 27% consistently worked in Real Time every year; and
- Some LC CC customers have been inconsistent in their approach -11% used RTW in 2011 and 2013 but not in 2012; and
- In 2012 a relatively high proportion of LC CC customers (18%) tried RTW for the first time – the proportion trying RTW for the first time dropped to 6% in 2013.

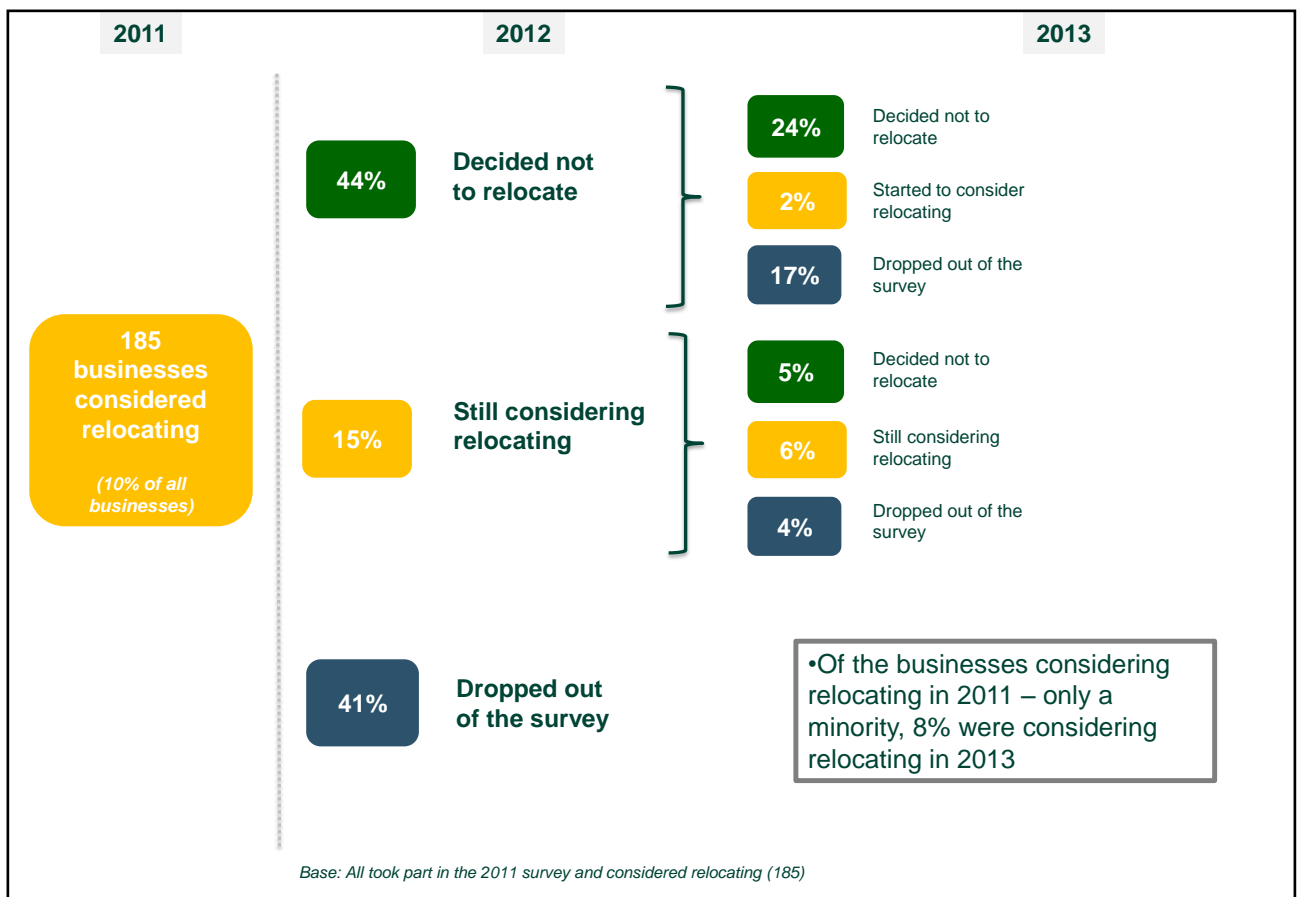


Longitudinal analysis: Relocation

11.7 Figure 11.2 further illustrates how very few businesses considered relocating in consecutive waves of the study. This shows that of all businesses that considered relocating in 2011, only a minority (8%) were considering relocating in 2012.

11.8 Given the relatively small bases of customers that considered relocating in 2011 this analysis has been based on all customers. Although relatively large numbers ‘dropped out’ of the survey between waves this is unlikely to mean they did relocate – rather they were unable or refused to take part in later waves of the study.

Figure 11.1: Longitudinal analysis: Relocation (2011-2013)



Longitudinal analysis: Disagreements

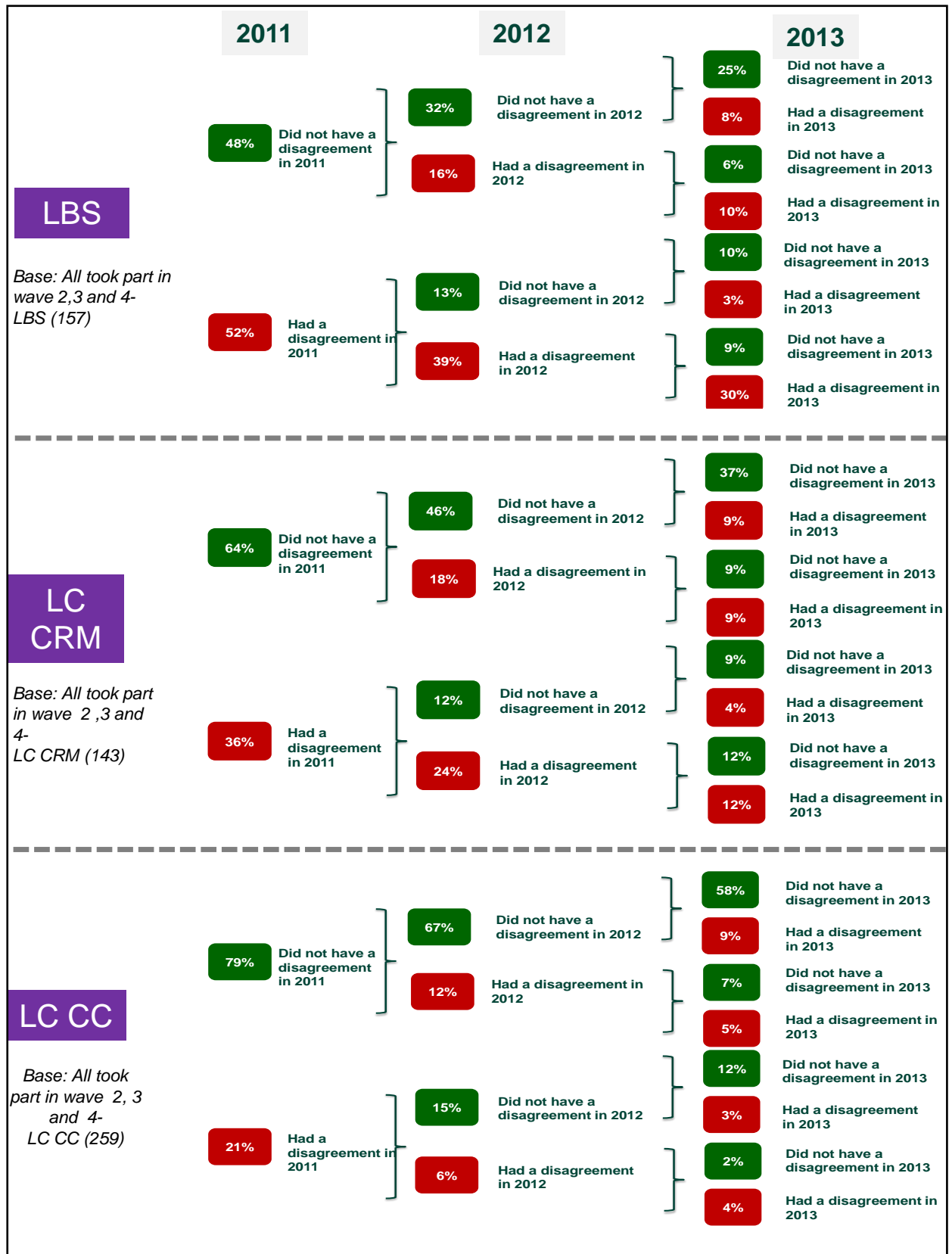
11.9 Figure 11.3 (overleaf) explores the proportion of customers that had disagreements over the last three years of the Panel Survey. It further highlights that disagreements between business' and HMRC were more common among LBS businesses.

11.10 In summary it shows:

- 30% of LBS customers had disagreements throughout the years 2011, 2012 and 2013.
- That said it should be noted that 25% of LBS customers did not have any disagreements with HMRC over this time period.
- Only 12% of LC CRM and 4% of LC CC customers had disagreements in 2011, 2012 and 2013.



Figure 11.2: Longitudinal analysis: Disagreements (2011-2013)



12 Appendix D: extra detail annexed from main report

Key Driver Analysis: further trends

12.1 Further key trends over time from the Key Driver Analysis can be summarised as follows:

LBS customers

- The drivers of overall experience have remained relatively consistent over the past four years for LBS customers;
- Perceptions of how effective their CRM is at dealing with enquiries have consistently played a role in LBS customers' overall experience of dealing with HMRC; and
- Across nearly all the measures identified as drivers of overall experience, over 70% of LBS customers were in agreement – which in turn helps explain why such a high proportion of LBS customers' overall experience is good.

LC CRM customers

- Actively seeking a co-operative relationship has been the key driver since the inception of the Panel Survey for LC CRM customers;
- As was the case for LBS customers, the service provided by the CRM has continued to be of huge importance to LC CRM customers; particularly in terms how effective the CRM is at dealing with enquiries; and
- Being 'joined up' was highlighted as a key driver of experience for the first time in 2013. This is the only measure of HMRC service where a relatively lower proportion of customers (i.e. less than 50%) agreed with the statement.

LC CC customers

- Historically there has been less consistency in which measures are proven to drive overall experience among LC CC customers. Analysis of the 2013 data suggested that their experiences have become more aligned with LBS and LC CRM customers; and
- Between 2010 and 2012 the most important driver of experience for LC CC customers was providing reliable responses to queries. In 2013 this dropped out of the top five drivers of experience. As discussed above, the extent to which HMRC actively seeks a co-operative relationship and treats businesses fairly were of greater importance in 2013.



Easy access to tax specialists

12.2 Businesses were asked to rate to what extent they agreed or disagreed that HMRC provided easy access to taxation specialists for advice, and businesses were then asked what types of tax specialist they had approached in the last 12 months.

12.3 These results are discussed in more detail in chapter 4, though a detailed table showing which specialists were approached is given below.

Table 12.1 The tax specialists that businesses sought to contact

	LBS 2012	LBS 2013	LC CRM 2012	LC CRM 2013	LC CC 2012	LC CC 2013
	%	%	%	%	%	%
Indirect Tax Specialists	53	62	54	54	47	46
VAT specialists	47	55	51	51	44	42
Indirect tax specialists	6	4	*	2	*	2
Insurance Premium Tax (IPT) specialists	2	*	*	*	*	*
IntraStat / Customs and Excise specialists	5	11	5	5	5	5
Stamp Duty	*	2	*	*	*	0
Landfill Tax	*	*	0	*	0	0
Climate change levy / CCL	*	*	0	0	0	0
Employment Tax Specialists	44	45	43	43	30	34
Employment tax specialists	37	39	32	33	20	23
Construction Industry Scheme (CIS)	*	*	5	3	*	*
Income tax (incl. payroll & PAYE, NI, RTI)	7	6	9	10	10	10
Corporation Tax Specialists	55	62	40	42	25	24
Corporation tax specialists	45	52	32	33	22	20
International tax specialists	7	8	4	5	2	4
Transfer pricing specialist	5	5	3	2	*	*
Research & Development	2	2	*	*	*	*
Capital Gains	2	*	*	0	0	*
Capital Allowance	*	0	*	2	0	*
Cross-Cutting Tax specialists	*	*	*	*	*	*
Base: All customers considering access to tax specialists	(352)	(380)	(420)	(383)	(561)	(715)

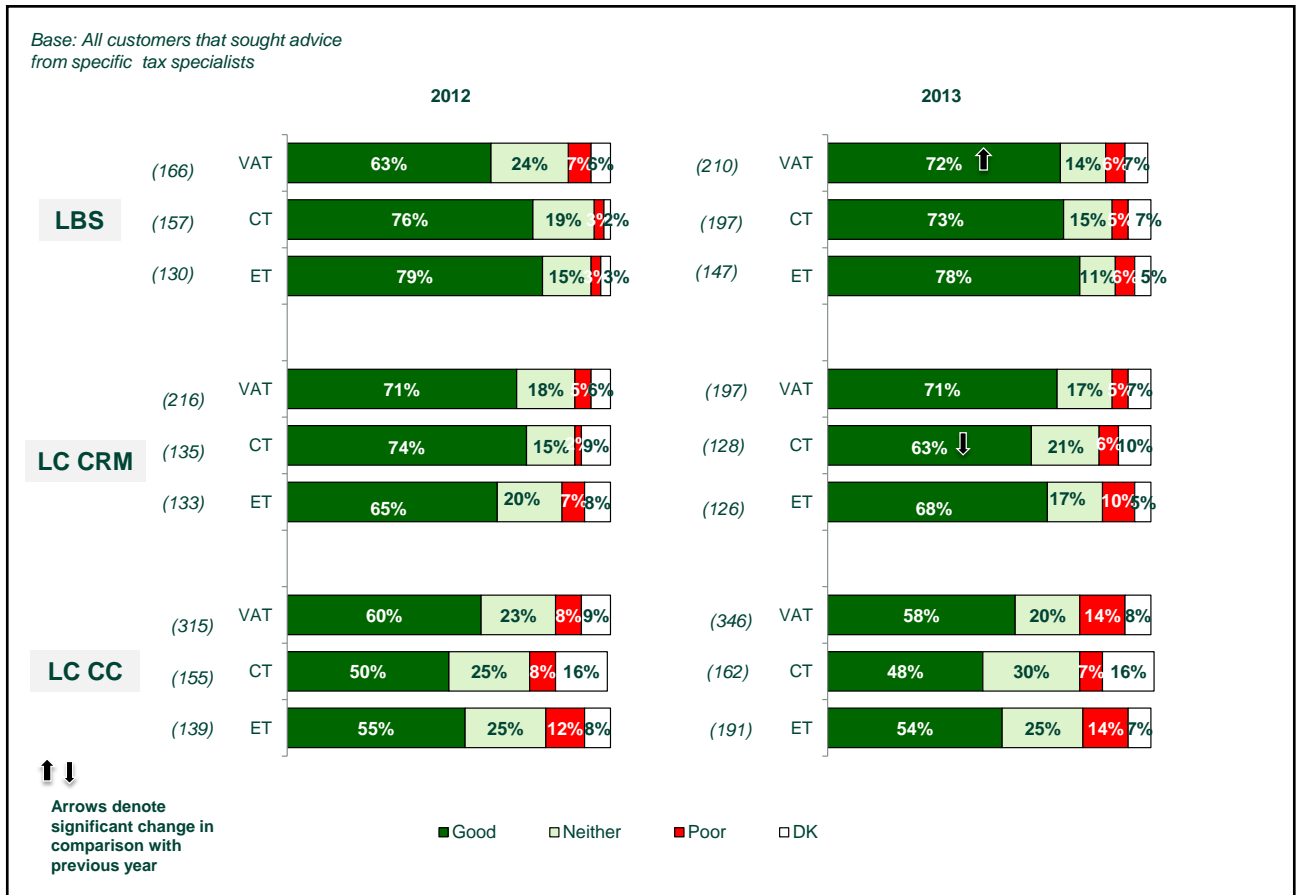
Note: Table will add to more than 100% - respondents could give more than one answer.

Arrows indicate significant differences between years

* Asterisks denote percentages of more than zero but less than 2%

12.4 The following figure (12.1) summarises how well VAT, Corporation Tax and Employment Tax specialists were rated by all three customer groups in both 2012 and 2013.

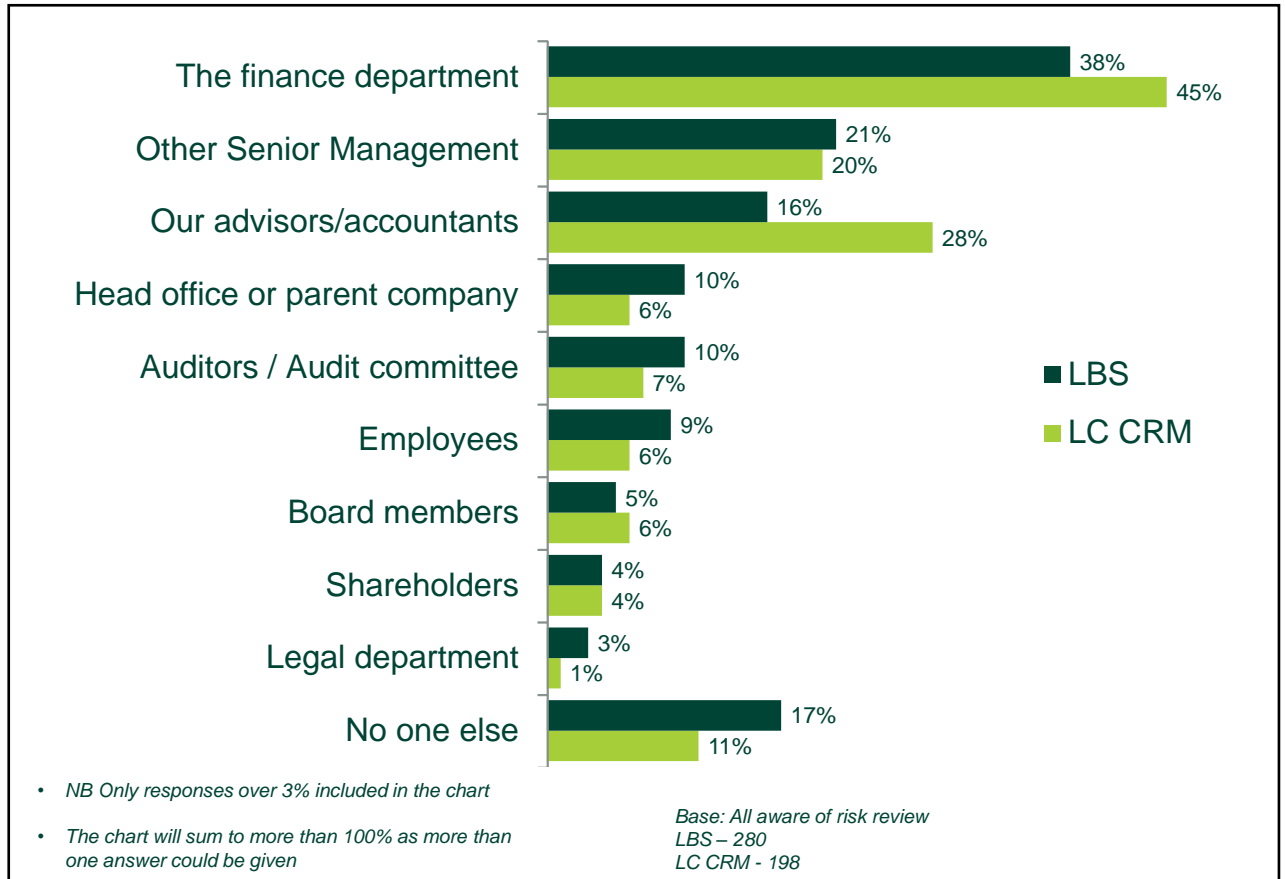
Figure 12.1 Quality of advice given by specific tax specialists



Awareness of business's risk status

12.5 As described in chapter 5 (and shown below in figure 12.2), businesses were asked to whom within the company the business's risk status was communicated. Only a minority of customers conveyed the risk status to employees and there were no mentions of the general public in response to this question.

Figure 12.2 Those made aware of the business's risk status



Administrative burden of tax compliance

12.6 Customers were asked whether the burden of tax compliance had increased, decreased or stayed the same over the past 12 months. Those customers that reported it had increased were asked why this was, and the responses are shown in table 12.2 below, and discussed in more detail in chapter 6.

Table 12.2 Reasons why administrative burden was perceived to have increased over the past 12 months (spontaneous)

	LBS '12	LBS '13	LC CRM '12	LC CRM '13	LC CC '12	LC CC '13
	% agreeing	% agreeing	% agreeing	% agreeing	% agreeing	% agreeing
Burden relating to operations	58	57	58	61	64	79
Real Time Information (RTI)	22	30	26	44	22	59
Volume of HMRC enquiries increasing	10	15	13	10	15	8
General increase in the complexity of compliance	7	14	4	12	6	10
Extended Business Reporting Language (XBRL)	17	7	17	5	15	5
PAYE/NI changes	4	4	2	4	4	5
Online filing	7	1	6	4	9	4
Auto enrolment	0	1	0	2	0	2
Burden relating to legislation/rate changes	52	40	42	37	29	24
General regulatory changes	26	25	16	16	15	9
Senior Accounting Officer Legislation (SAO)	22	10	16	8	1	2
Corporation Tax (CT) rate change	5	3	5	6	7	3
Debt Cap legislation	5	3	5	1	0	<1
VAT rate change	3	3	2	4	6	2
Controlled Foreign Corporation (CFC) regulations	2	5	3	2	0	0
Burden relating to external impacts	1	0	7	1	1	6
<i>Base: All customers perceiving an increase in the administrative burden of compliance</i>	(198)	(188)	(209)	(189)	(272)	(412)

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



Reasons why businesses' presence has increased in the UK

12.7 All businesses that had increased their business turnover, investment or business functions in the UK were also asked what the main reasons for doing so were on an unprompted basis. The results of which are shown in table 12.3 below, and discussed further in chapter 7.

Table 12.3 Top 10 reasons for increasing UK presence – unprompted answers

	LBS	LC CRM	LC CC
	%	%	%
Majority of customers/clients are based in the UK	10	9	12
Part of continued investment in the UK	10	2	2
Business has grown organically	9	6	8
Opportunity to grow the business	6	8	9
Favourable tax environment in the UK	6	3	2
To increase market share	8	11	4
General growth (no further details specified)	5	11	8
Company restructuring / Head Office decision	3	5	5
To maximise profits/turnover	4	8	8
Easier to do business in the UK	4	2	4
<i>Base: All customers that had increased UK presence</i>	<i>(247)</i>	<i>(227)</i>	<i>(484)</i>

Note: Table columns will not sum to 100% - although respondents could give more than one answer only the top 10 answers have been included in the table



Frequency of participating in Real Time Working

12.8 Chapter 7 explores the extent to which business customers work in real time. Table 12.4 below shows the incidence and frequency of real time working in 2013 amongst the three customer groups in comparison to the 2011 and 2012 waves of the research.

Table 12.4 Frequency of participating in Real Time Working 2011-2013

	LBS	LBS	LBS	LC CRM	LC CRM	LC CRM	LC CC	LC CC	LC CC
	2011	2012	2013	2011	2012	2013	2011	2012	2013
	%	%	%	%	%	%	%	%	%
Frequently	32	36	35	13	12	16	4	5	5
Occasionally	58	52	54	59	56	53	46	↓ 38	37
Once	4	3	6	9	9	10	9	8	12
Never	6	8	6	19	22	21	↑ 39	48	44
Don't Know	*	1	*	1	1	*	2	1	1
Base (all respondents)	(351)	(369)	(394)	(475)	(479)	(426)	(839)	(897)	(1,004)

Note: Table sums to 100%. Arrows indicate significant change between years

* Asterisk denotes a percentage less than 0.5%, though greater than zero

