



IFF Research

Large Business Panel Survey 2012

Summary of quantitative and qualitative findings

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Prepared for



By IFF Research

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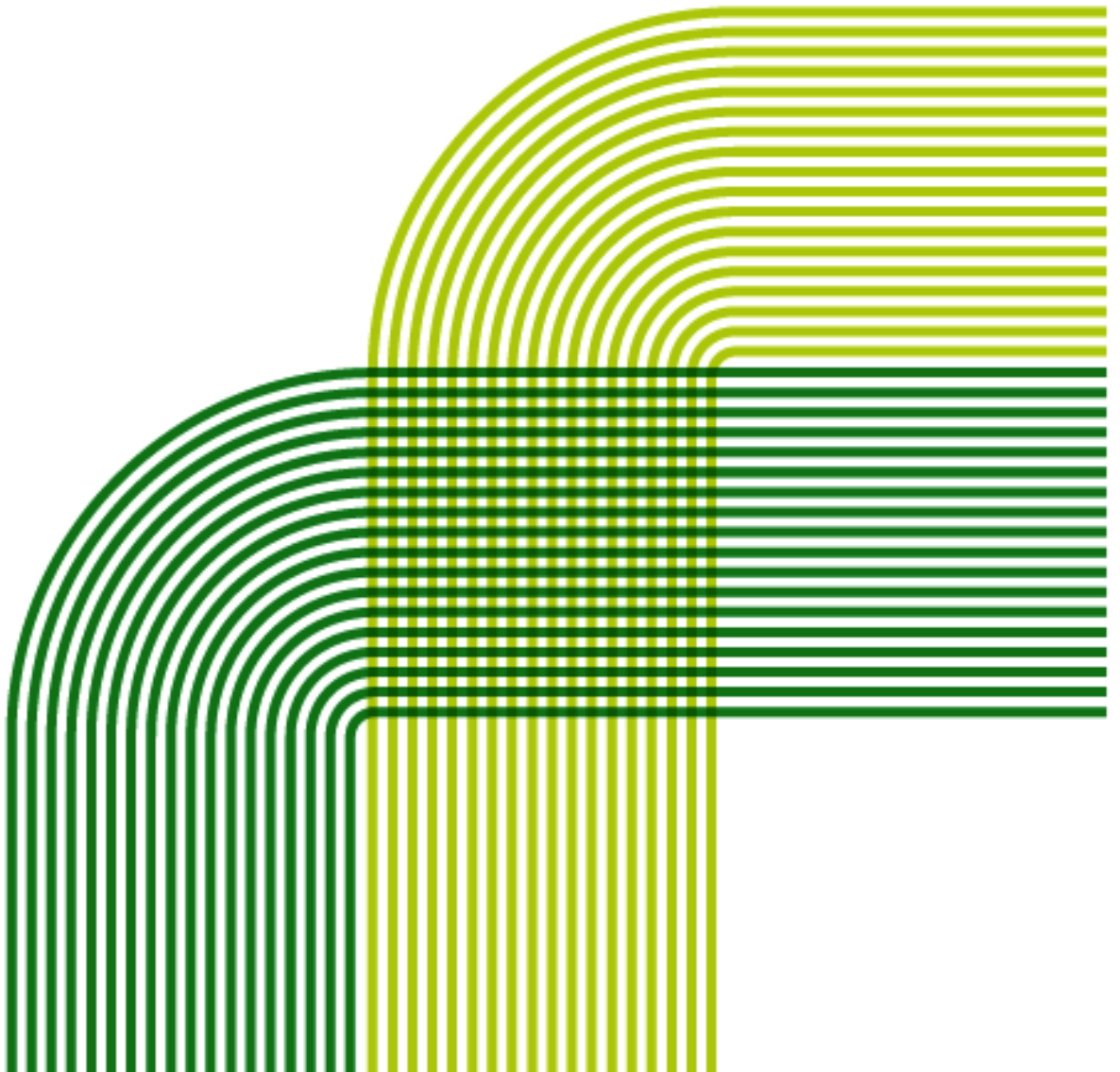
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1 Executive summary

Introduction

- 1.1 HMRC places considerable importance on its relationships with its customers and undertakes regular surveys to gain more in-depth information about customers' experience of HMRC. In the case of large businesses, HMRC has conducted an annual survey since 2008. Since 2010, HMRC has also conducted the Tax Opinion Panel Survey (TOPS) which interviews the same business population regarding their attitudes to changes in tax policy and administration. Together these two surveys comprise HMRC's primary vehicles for large business research.
- 1.2 In 2010 the approach to interviewing large businesses changed and a panel study was launched. The panel approach allows HMRC to survey the same businesses every year and gain a better insight into how individual business' experiences and expectations change over time. This report describes findings from the third year of the panel study and many of the same businesses had taken part in all three surveys (2010, 2011 and 2012).

Overall experience of dealing with HMRC

- 1.3 In 2012 the majority of customers rated their experience of dealing with HMRC as fairly good or very good. Close to nine in ten LBS and LC CRM customers felt this way (91% LBS, 85% LC CRM) and over seven in ten LC CC customers (73%). Among LBS customers, the overall experience has been very stable over the past five years.
- 1.4 The overall trend in LC CRM customer experience has been rising since the first large business customer survey took place in 2008. This results from substantial improvements across a number of service areas for LC CRM customers, particularly in terms of their experience of HMRC staff in the last year.
- 1.5 While the majority of LC CC customers rated their overall experience of dealing with HMRC as fairly good or very good, individual LC CC customers' experiences fluctuated more than other customer groups. For example, the same proportion of customers' stated that their experience improved over the last three years as stated it declined. This was not the case for LBS or LC CRM customers as more customers perceived an improvement rather than a decline in overall customer experience over the last three years.
- 1.6 LC CC customers' overall experiences of dealing with HMRC did not differ by the different business profiles of this customer group (e.g. business size, sector and turnover). This means that there is no evidence to suggest that HMRC inadvertently treated one particular type of LC CC business differently.

Where HMRC's strengths lie

- 1.7 The extent to which HMRC seeks **a cooperative relationship** with large businesses and **treats them fairly** has been shown to influence customer experience over the past three years of the LBPS.¹ The 2012 LBPS findings highlighted that these are core strengths of HMRC – across both measures most customers (over 80%) gave positive ratings. The only exception was in relation to LC CC customers where only 60% agreed that HMRC seeks a cooperative relationship.

¹ Seeking a cooperative relationship was a "primary driver" of satisfaction across all three customer groups in 2012. Treating businesses fairly was a "primary driver" of satisfaction among LBS and LC CRM customers in 2012.

- 1.8 A similarly high proportion felt HMRC **staff are professional in their communications** (over 80% of all customer groups gave positive ratings).
- 1.9 The **relationship developed by the CRMs** towards LBS and LC CRM customers is also a key strength of HMRC's. At an overall level this has been demonstrated by the year on year improvements seen in the overall experience of LC CRM customers whose feedback is now more closely aligned with LBS customers. Key Driver Analysis has also consistently shown that the CRM influences LC CRM customers' overall experience of dealing with HMRC. More specifically, the majority of LBS (over 80%) and LC CRM (over 75%) customers gave positive ratings for the main measures of CRM performance.

Where HMRC has made improvements throughout 2012

- 1.10 In addition, there were several other areas in which there were significant improvements in the perceived performance of HMRC among large business customers (particularly so among LC CRM customers).
- 1.11 **Perceptions of HMRC staff** (not including the CRM/CC) improved across a number of measures for LC CRM and LC CC customers since the 2011 wave of the survey. The most notable increases related to:
- Providing reliable responses;
 - Having the necessary levels of technical expertise; and
 - Understanding the business.
- 1.12 HMRC also made continued progress in the extent to which it was perceived to **be transparent in decision making**. Across all customer groups a significantly higher proportion agreed with this measure in 2012 than they did in 2009.
- 1.13 Perceptions of how HMRC communicates and develops a **working relationship around compliance issues** also showed significant improvements among LC CRM and LC CC customers. There were improvements in ratings for:
- Providing the business with certainty in its tax affairs (LC CRM);
 - Making it clear what businesses have to do to be compliant (LC CRM);
 - Having a good understanding of the business' level of risk (LC CC);
 - Taking the business' needs into account (LC CC); and
 - Becoming more likely to consult with businesses about potential changes (LC CC).
- 1.14 LC CRM (and to some extent LC CC) customers were also more positive about **the process of resolving disputes**. These customers were significantly more likely to agree that HMRC demonstrated a good understanding of the commercial pressures faced by their business and that the overall process for improving disputes had improved.

Areas to focus on in future

- 1.15 In 2012 all key measures of customer experience remained stable or improved – i.e. there were no significant falls in performance when compared with 2011. All businesses were asked what they felt HMRC’s priorities for improvement should be. The most commonly mentioned response was a **desire to see HMRC’s communications improved**; this was most frequently mentioned by LC CC customers.
- 1.16 With regards to **being a joined up organisation**, there were some improvements in customer perceptions between 2010 and 2012 – significantly so among the LC CC population. That said, under half of all customers agreed HMRC was joined up and longitudinal analysis showed there was a great deal of variability in opinions over time.
- 1.17 About half of LC CRM (54%) and a third of LC CC customers (32%) agreed that HMRC **provides easy access to taxation specialists**. Although among both customer groups this represented a significant increase compared with 2011, in the context of all survey findings the proportion of customers that gave positive ratings was at the lower end of the spectrum. Furthermore, this measure was shown to be a key driver of overall experience among the LC CC population, which indicates that improving perceptions here will have a positive impact on LC CC customers’ overall experience of dealing with HMRC.
- 1.18 This pattern was similar for LC CRM and LC CC customers with regards to **staff understanding the business**. While there were significant increases in the proportion who agreed with the statement, this was nevertheless half of LC CRM and LC CC customers (49% and 43%, respectively).

The role of the Customer Coordinator

- 1.19 Awareness and use of the CC reached a constant level in 2012 (i.e. after an initial increase between year 2010 and year 2011, awareness and use of the CC ‘levelled off’).
- 1.20 The overall LC CC customer experience was the same regardless of whether the CC had been contacted or not in the last year. However, there were two significant differences with regards to customers’ perceptions of the ‘culture’ of HMRC:
- Customers aware of their CC were significantly more likely to state that HMRC staff understood their business; and
 - Customers that had direct contact with their CC were significantly more likely to agree that HMRC provided access to taxation specialists for advice; this may suggest that the service can help ‘signpost’ customers to the most appropriate areas within HMRC. This finding is particularly interesting as access to specialists is a key driver of overall LC CC customer experience.

Real Time Working (RTW)²

- 1.21 While the majority of LBS and LC CRM customers were involved in a Real Time Working (RTW) relationship throughout 2012, only about half of LC CC customers were, a decline from 2011. Findings indicated that RTW had a positive influence on the overall experience of dealing with HMRC. Customers involved in RTW were also more likely to have had a better experience of accessing tax specialists than customers with little or no experience of RTW.

² For a full definition of Real Time Working, please refer to the glossary in chapter 8

- 1.22 Across many of the measures related to RTW and general compliance (such as providing certainty, making it clear what businesses need to do to be compliant and avoiding disagreements) a significantly higher proportion of LC CRM customers were in agreement in 2012 than in 2011.
- 1.23 While feedback on the benefits of RTW was generally positive, less than half of all customer groups agreed that HMRC *has the capacity for RTW*.

The wider business environment

- 1.24 Fewer large businesses felt that the administrative burden of tax compliance had increased in 2012 than did so in 2011.
- 1.25 The majority of businesses stated that they have not actively considered relocation from the UK as an option in the past 12 months. Although LBS and LC CRM customers (both 8%) were significantly more likely to have considered relocating than LC CC customers (3%), among both these customer groups the proportion that considered relocating represented a significant fall from 2011 (when 16% of LBS and LC CRM customers said they had considered relocating).

Disagreements experienced

- 1.26 Where businesses had experienced disagreements with HMRC during the 12 months prior to the survey, these largely related to a misunderstanding of the tax rules. For LC CRM and LC CC customers, there were improvements in perceptions of how HMRC handles disagreements.

Risk

- 1.27 In nearly all cases, customers stated that members of their Boards were made aware of the company's risk status. Furthermore, over a third of businesses with a CRM also ensured all senior staff and directors were made aware of the risk status.
- 1.28 Among LC CRM customers, those that had not dealt with their CRM were significantly less likely to be aware of their risk status than those who had had dealings with their CRM.

Understanding tax avoidance

- 1.29 Customers across all three groups showed high levels of confidence in HMRC's classification of tax avoidance (LBS: 88%, LC CRM: 90%, LC CC: 86%). These results are broadly in line with levels reported in the last two waves of this survey. Two fifths of LBS customers (40%) stated that they were 'very confident' in HMRC's classification, and were more likely to state this compared to LC CC customers among whom under a third chose this response (30%).
- 1.30 LC CC customers that undertook RTW were significantly more likely to be confident in HMRC's definition of tax avoidance than those that did not. In addition, LBS and LC CRM customers who considered HMRC to be joined up and transparent were significantly more likely to have confidence in the HMRC's definition of tax avoidance.

2 Background and methodology

Background

- 2.1 HMRC places considerable importance on its relationships with its customers and undertakes regular surveys to gain more in-depth information about customers' experience of HMRC. In the case of large businesses, HMRC has conducted an annual survey since 2008. Since 2010, HMRC has also conducted the Tax Opinion Panel Survey (TOPS) which interviews the same business population regarding their attitudes to changes in tax policy and administration. Together these two surveys comprise HMRC's primary vehicles for large business research.
- 2.2 HMRC's relationships with large businesses are managed by either the Large Business Service (LBS) or the Local Compliance Large and Complex (LC) group. The LBS is responsible for working with the UK's largest businesses which all have a Customer Relationship Manager (CRM). Local Compliance (LC) partners the Large Business Service (LBS) in dealing with the tax affairs of the remaining large businesses. The larger businesses in LC also have a CRM while the rest of the customers have had a Customer Coordinator since 2010. Throughout the report large businesses will be 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).
- 2.3 In 2010 the approach to interviewing large businesses changed and a panel study was launched. The panel approach allows HMRC to survey the same businesses every year and gain a better insight into how individual business' experiences and expectations change over time.
- 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 main stage questionnaire lasted an average of 20 minutes and fieldwork was conducted using CATI (Computer Assisted Telephone Interviewing) between 10th October and 14th December 2012.
- 2.6 In total 1,745 Heads of Tax or Finance Directors from HMRC's large business customers³ took part in the 2012 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 had emerged from the survey.
- 2.7 A more detailed discussion of the approach is included within the technical appendix to this report.

³ Large business customers can be further divided between those that are covered by HMRC's Large Business Service (LBS – 369 achieved interviews), those that are covered by the Local Compliance Large and Complex that have a Customer Relationship Manager. (LC CRM – 479 achieved interviews) and those that are also covered by Local Compliance but have a Customer Coordinator (LC CC – 897 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 Large Business Panel Survey (LBPS) that took place towards the end of 2012 (and early 2013).⁴ The main aim of this research was to assess (and track) business' views of the services provided by HMRC. In order to achieve this, several analysis techniques were adopted and used throughout this report:
- Year-on-year – 'trend' analysis;
 - Longitudinal analysis;
 - Key Driver Analysis; and
 - Sub-group analysis.
- 2.9 Further details on our approach to analysis can be found in the Technical Appendix.
- 2.10 Across each of these analysis techniques, only differences identified as significant⁵ 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.
- 2.12 Consequently not all figures will necessarily sum to a total of 100%. 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: Real Time Working (RTW);
 - Section 6: Customer experience: Compliance, risk ratings and disagreements;
 - Section 7: HMRC's influence on the wider business environment; and
 - Glossary and technical appendices

⁴ The qualitative follow up research took place between 8th January and 22nd February 2013

⁵ This means results are statistically significant using a chi-squared test at the 95% confidence level. Therefore, HMRC can be confident the differences highlighted are not down to chance.

3 Overall experience of the service provided by HMRC

Key findings

- Most large businesses rated their experience of dealing with HMRC as fairly good or very good in 2012 (91% of LBS, 85% of LC CRM and 73% of LC CC customers).
- The overall trend in customer experience year on year has been upwards among LBS and LC CRM customers; this was most evident among the LC CRM population.
- LC CC customers' overall rating of customer experience has fluctuated, but in recent years has steadily improved.
- Aspects of HMRC's service offer that were key drivers of customer experience for at least two large business groups were:
 - HMRC treating businesses fairly;
 - The CRM dealing with enquiries effectively; and
 - HMRC actively seeking a cooperative relationship.
- The two key drivers of LC CC customer experience that scored lowest were as follows:
 - HMRC having a good understanding of their business (43% agreed); and
 - HMRC providing easy access to tax specialist (32% agreed).
- Of those customers who wanted to see improvements in HMRC's service offer, the most commonly mentioned area for improvement was HMRC's communications.

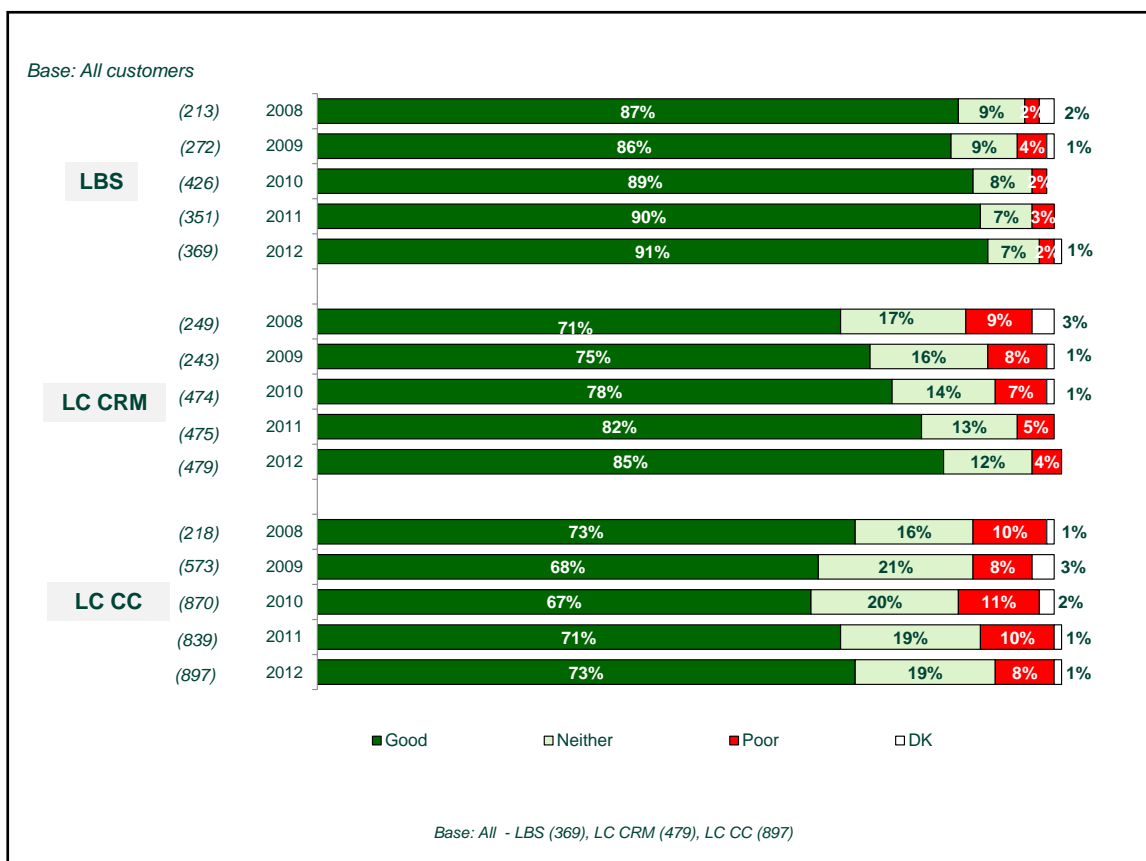
Introduction

- 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 2012. Close to nine in ten LBS and LC CRM customers felt this way and over seven in ten LC CC customers.
- 3.3 The figure also shows the overall trend year on year has been upwards among LBS and LC CRM customers since the first large business customer survey took place in 2008. This was most evident among the LC CRM population, where the proportion that stated their experience of dealing with HMRC was fairly good or very good has increased by three to four percentage points every year. While each yearly increase was not in itself significant, the difference between 2010 (the first year of the Panel survey) and the latest 2012 findings is significant.
- 3.4 The experience of LC CC customers has been more variable over the past five years – after a ‘dip’ in the proportion that agreed their overall experience was fairly good or very good in 2009 and 2010, there has been an upward trend back to the levels seen in 2008. The increase in the proportion of LC CC customers that stated their experience was fairly good or very good between 2010 and 2012 was statistically significant.
- 3.5 In comparison with other customer groups, each year a relatively high proportion of LC CC customers responded by stating that their overall experience of dealing with HMRC was neither good nor poor.

Figure 3.1: Overall experience of service – 2008-2012



- 3.6 LC CC customers' overall experiences of dealing with HMRC did not differ by the different business profiles of this customer group (e.g. business size, sector and turnover). This means that there is no evidence to suggest that HMRC inadvertently treated one particular type of LC CC business differently. This picture was reinforced by exploring the views of LC CC customers that took part in the three waves of the panel survey since 2010.
- 3.7 This general upward trend in customer experience was reinforced by the views of customers who had dealt with HMRC for over a year (they were asked whether they felt the overall experience of dealing with HMRC had got better, worse or stayed the same). Across all three customer groups, more customers considered their experiences of dealing with HMRC as better compared to 12 months ago than considered it worse, however the majority stated there had been no change.

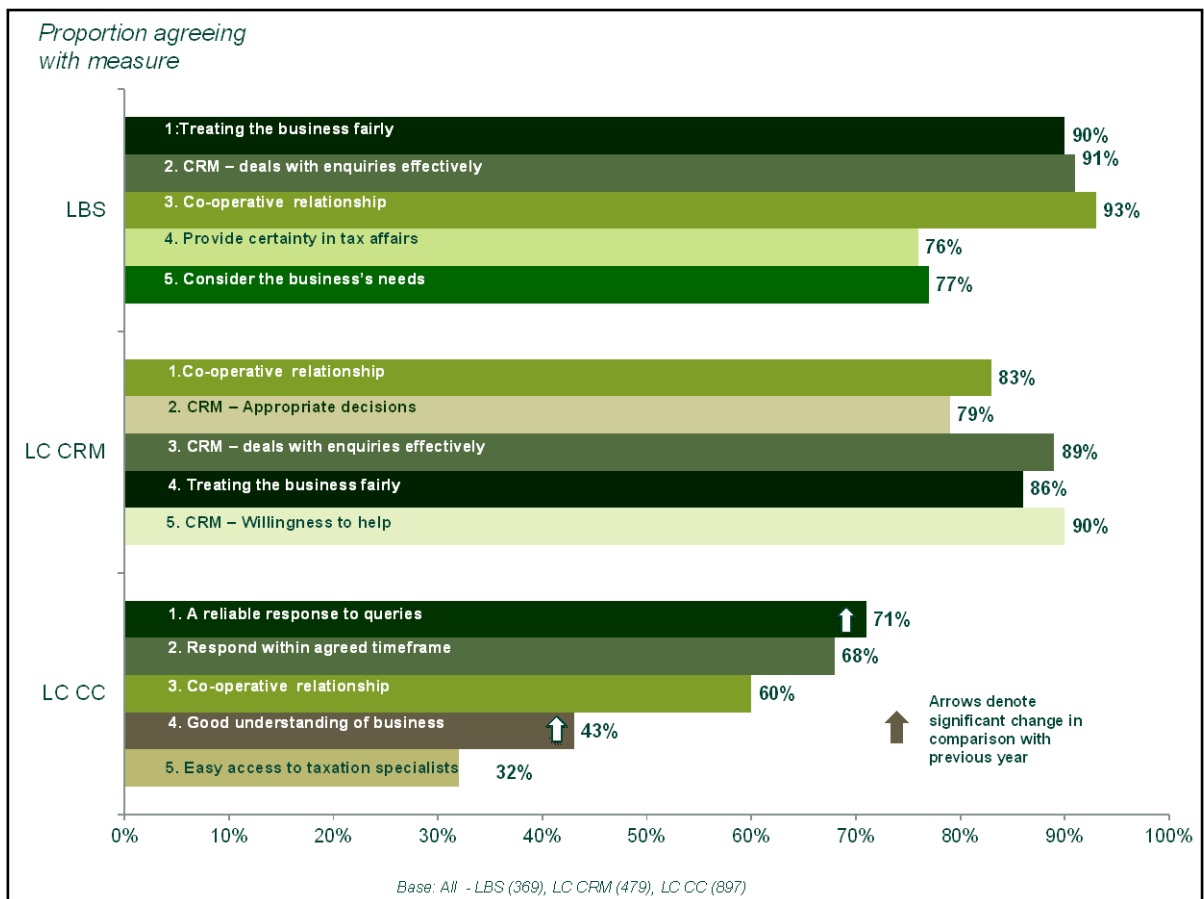
Key drivers of customer experience

- 3.8 Key Driver Analysis (KDA), a statistical technique, was used to help demonstrate what impact different elements of HMRC service had on customers' overall experience of dealing with HMRC, good or bad. More details on the approach taken are included in the technical appendix of this report.

3.9 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 HMRC⁸. 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 would have a direct impact on customers’ overall experience of dealing with HMRC, namely:

- Provide certainty in tax affairs (LBS);
- Consider business’ needs (LBS);
- Ensure the CRM makes appropriate decisions (LC CRM);
- Seek a cooperative relationship (LC CRM);
- Provide easy access to taxation specialists (LC CC); and
- Have a good understanding of the business (LC CC).

Figure 3.2: Key drivers of customer experience



⁸ The top 5 drivers of experience accounted for 50% of the variance in the LBS data, 38% of variance in the LC CRM data and 42% of the variance in the LC CC data

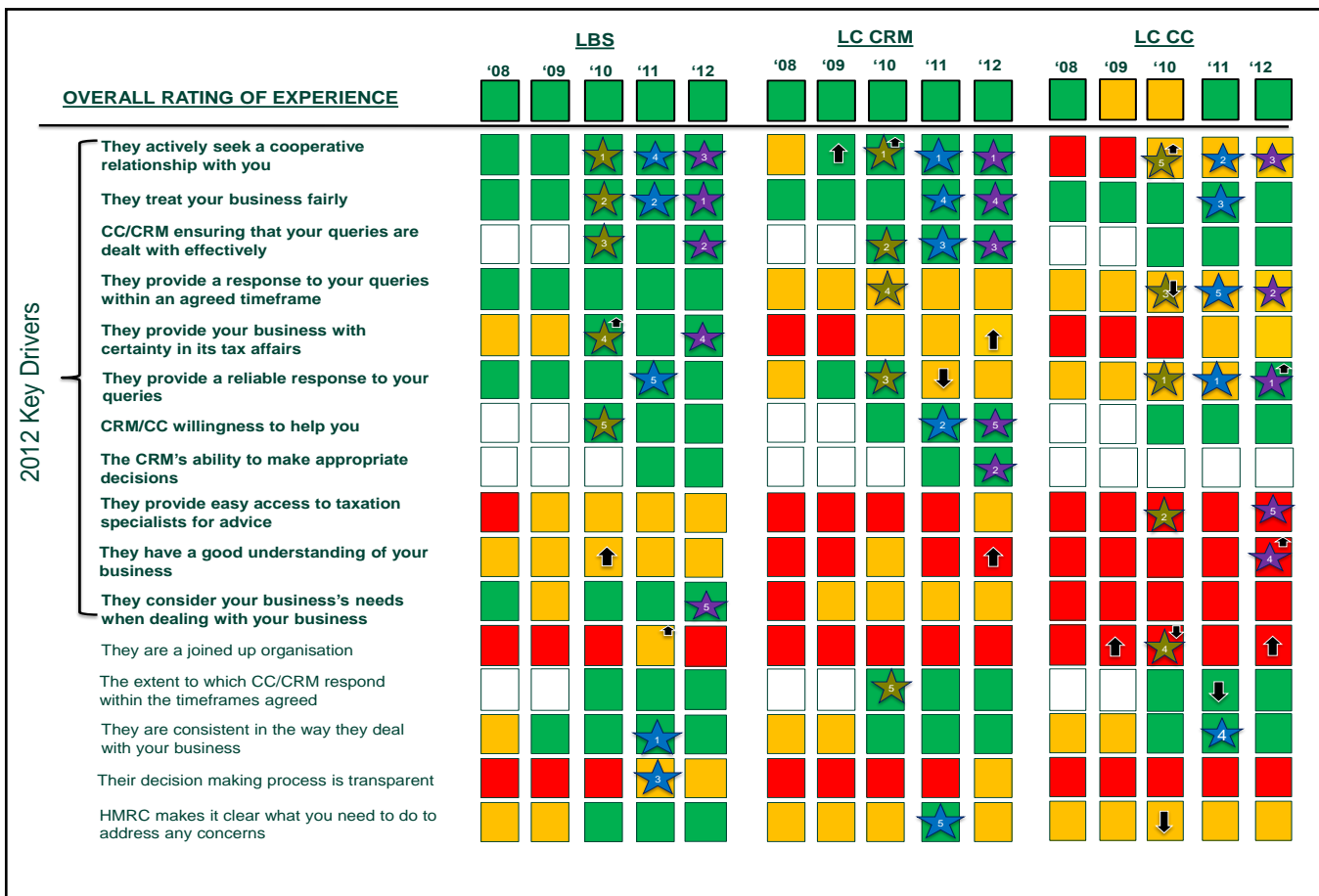
3.10 The key trends from the Key Driver Analysis can be summarised as follows:

- Among LBS and LC CRM customers over three quarters agreed that HMRC’s performance was fairly good or very good across all the key drivers of experience.
- Among LC CC customers 60% or more agreed that HMRC’s performance was fairly good or very good with regards to the top three drivers of experience.
- The extent to which HMRC is cooperative was a key driver for all three customer groups.
- The extent to which HMRC treats businesses fairly was a key driver for LBS and LC CC customers.

3.11 To provide further context, Figure 3.3 summarises time series analysis of measures that were identified as key drivers of overall experience over the past five years. The stars indicate where a measure was identified as a Key Driver.

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

Figure 3.3: Key drivers of customer experience – time series analysis (2008-2012)



3.13 The key trends over time from the Key Driver Analysis can be summarised as follows:

LBS customers

- The measure of 'treating your business fairly' appears as the first or second key driver for LBS customers in all three years, highlighting that this aspect of service is consistently important to this customer group; and
- Areas which are Key Drivers for LC CRM and LC CC customers, but not LBS customers are often areas which LBS customers already consistently rate HMRC as performing very well (e.g. 'responding within agreed timeframes'). In these cases, it is not to say that these measures are not Key Drivers of LBS customer experience, but rather it may be that this service is consistently of a high quality and therefore perceived by them to be business as usual.

LC CRM customers

- The measure of 'actively seeking a cooperative relationship' has been the top key driver for three years in a row for LC CRM customers⁹;
- The service provided by the CRM has continued to be of primary importance to LC CRM customers; the CRM service measures accounted for three of five Key Drivers; and
- In the past three years, 'being joined up' has not been highlighted as a key driver of experience for either LBS or LC CRM customers.

LC CC customers

- Among LC CC customers the most important driver of satisfaction has continued to be providing reliable responses to queries. HMRC has improved significantly in this area since 2011 (from 64% in 2011 to 71% in 2012); and
- In the past three years, 'being joined up' has only once been highlighted as a key driver of experience (in 2010) for LC CC customers.

Customer experience over time

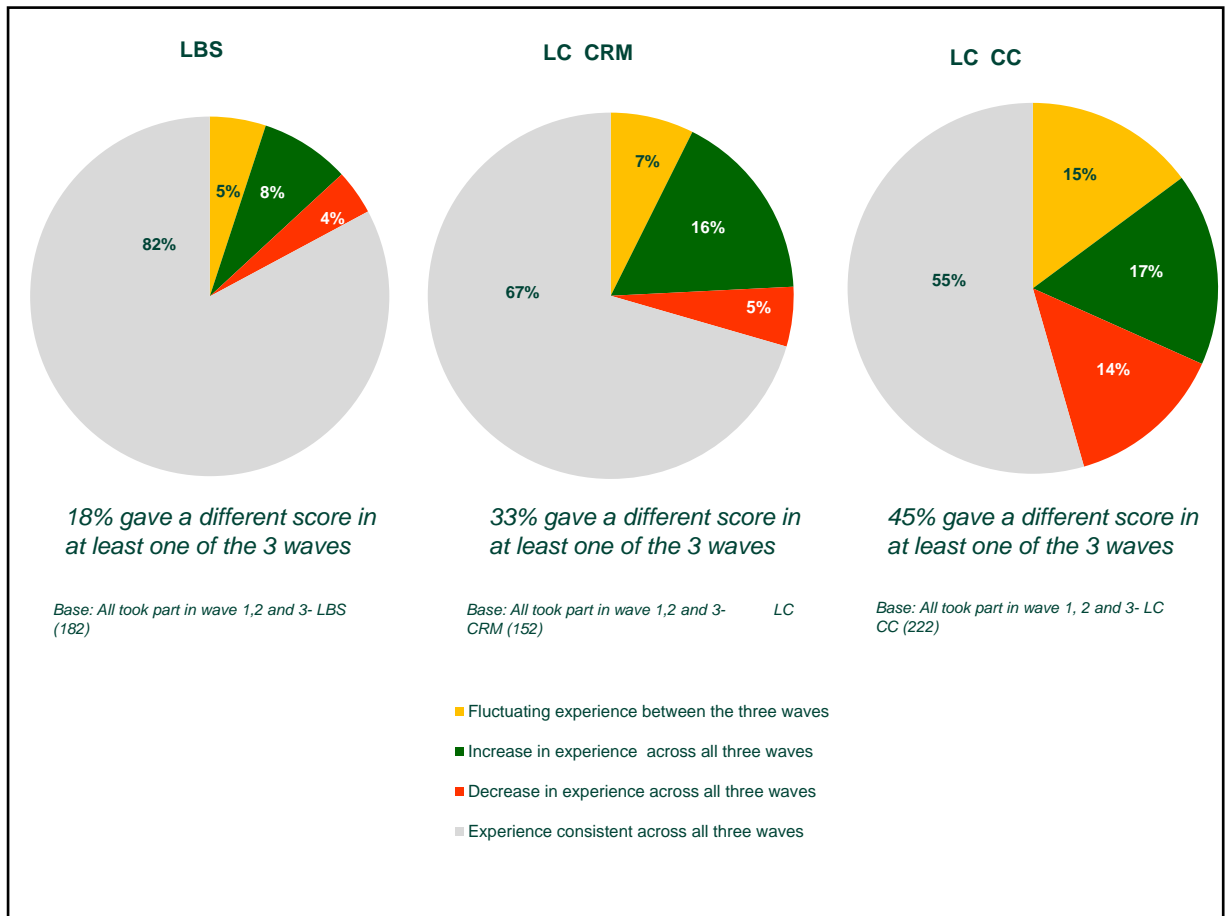
3.14 Where customers took part in the survey across all three years¹⁰ responses were analysed to help HMRC understand how customers' experiences changed over time. This analysis forms the cornerstone of all the longitudinal analysis in this report.

⁹ Furthermore – LC CRM customers that have not dealt with their CRM were significantly less likely to agree HMRC seeks a cooperative relationship (62% cf. 86% that dealt with their CRM). This highlights the importance of the CRM for these customers.

¹⁰ Wave 1: 2010, Wave 2: 2011, Wave 3: 2012

3.15 Figure 3.4 summarises the change in overall customer experience across the three waves of the study.

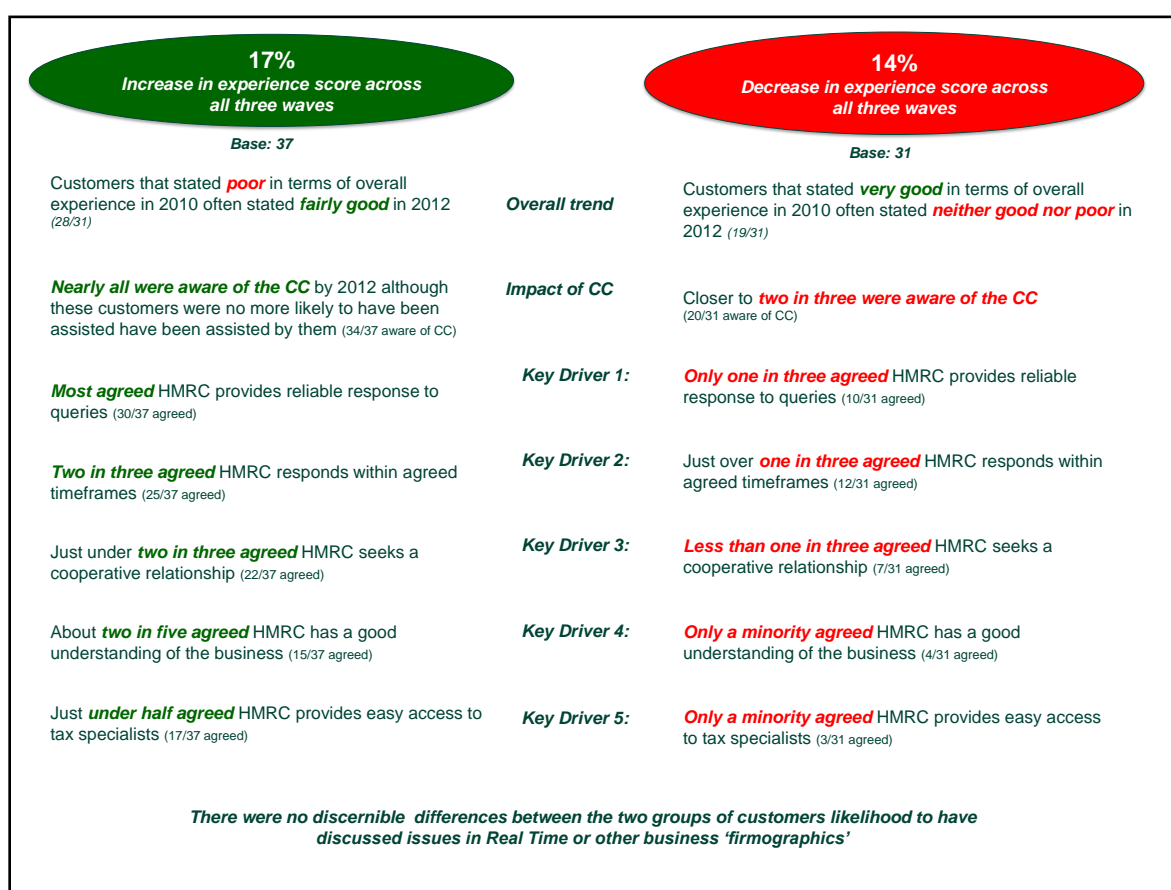
Figure 3.4 Overall customer experience change over time 2010-12 (longitudinal)



3.16 Figure 3.4 shows 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. Across all customer groups, more customers' experience improved than declined.

3.17 To better understand LC CC customers' experiences, where customers had different experiences across the three waves, further analysis was conducted to explore whether there were any commonalities in terms of their answers to other questions. The findings are shown in Figure 3.5. It should be noted that the base sizes for this analysis were relatively small¹¹ and thus the findings should be interpreted with a degree of caution¹². That said, the picture that emerged is consistent with the Key Driver Analysis described earlier in this chapter.

Figure 3.4: Characteristics of LC CC customers whose experience fluctuated over 2010-2012¹³



3.18 In summary this analysis has shown that:

- There appeared to be no major differences in the overall experience of LC CC customers when considering their business characteristics (e.g. size, turnover and sector). For example, larger LC CC customers by turnover were no more likely to change their opinion of HMRC than smaller LC CC customers.

¹¹ Both base sizes are under 50 and this analysis does not highlight statistically significant differences. Their inclusion has been intended to complement the statistical analysis by providing a more qualitative insight into how customer experience has changed over time.

¹² No percentages have been shown in this analysis – and the absolute number of businesses that agreed with each measure has been included for clarity.

¹³ "Firmographics" relates to the nature of the business in terms of size, turnover, organisational structure and sector.

- LC CC customers who felt their overall experience of dealing with HMRC had got better each year since 2010 were more likely than those who felt their experience worsened every year to have the following characteristics and/or attitudes:
 - Awareness that they had a Customer Coordinator; and
 - Agree HMRC provided easy access to tax specialists.

3.19 These findings suggest that simply knowing the business has a named CC assigned to them (regardless of whether they were contacted) helped improve perceptions of the 'culture' of HMRC. This finding is consistent across the entire LC CC customer group¹⁴ and is discussed further in chapter 4.

¹⁴ Analysis in chapter 4 has shown LC CC customers aware of their CC were more likely to feel HMRC has a good understanding of their business, and those that had direct contact with their CC were more likely to state that HMRC offers easy access to tax specialists than those that did not have direct contact with their CC.

Areas for improvement

3.20 Customers were given the opportunity to state on an unprompted basis what they think 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 3.1¹⁵.

Table 3.1: Priorities for improvement

	LBS	LC CRM	LC CC
<i>Base: All customers</i>	(369)	(479)	(897)
	%	%	%
NOTHING	21	20	23
Improve communications	21	26	43
<i>Improve ease of getting through to person you want / easier to contact</i>	4	6	17
<i>Improve response times (correspondence, phone queries etc.)</i>	7	6	7
<i>Provide more / clearer / relevant information</i>	2	2	5
Improve processes/procedures	18	22	15
<i>Improve communication at HMRC between departments / be more joined up</i>	7	10	7
<i>Reduce bureaucracy and admin burden, simplify processes</i>	5	6	3
<i>Offer faster / more efficient service</i>	2	2	2
Improve staffing	17	13	14
<i>Improve training and knowledge level of staff</i>	6	6	6
<i>Increase number of staff / stop reducing staff numbers</i>	8	4	3
<i>Improve consistency of advice</i>	2	1	3
Improve attitude towards business	20	14	8
<i>Improve commercial understanding / understand how our business operates</i>	14	8	4
<i>Strive for fair, even-handed, flexible, consistent approach / generous deadline</i>	4	2	3
<i>Target high risk businesses / stop targeting low risk businesses</i>	1	1	1
Improve CRM / CC	5	4	2
<i>Improve CRM backup or ability of CRM to do their job; authority to make decisions</i>	4	1	0
<i>Offer more frequent / closer contact with CRM / CC</i>	1	1	>1
<i>Tell us about CC / didn't realise we had one / don't know who they are, what they do</i>	0	0	1
Other	11	9	6

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.

¹⁵ The table also shows the top 3 detailed responses that were given within each of the overarching aggregate themes.

- 3.21 Around a fifth of all customers stated that there was no one particular issue they would like to see addressed; this proportion was similar to the proportion that had stated nothing in previous waves of the study.
- 3.22 The fully open ended nature of this question means that the feedback collected each year is very detailed. That said, some themes were consistent across the years of the study, namely feedback on customer service (including response times) and a desire to see red tape / bureaucracy reduced.
- 3.23 Of the customers who wanted to see improvements in 2012, the most commonly mentioned was a desire to see communications improved by HMRC, with 21% of LBS, 26% of LC CRM and 43% of LC CC customers citing this as an area for improvement. A wide variety of specific feedback was summarised by this theme, although it often related to getting to the 'right person' within HMRC (particularly LC CC customers). For LC CC customers who mentioned communication issues this may relate to the extent to which they easily accessed tax specialists, which the Key Driver Analysis highlighted as central to their overall experience.
- 3.24 Analysis of the LC CC population that took part in all waves of the study between 2010 and 2012 also showed that where overall experience fluctuated between 2010 and 2012, these customers were more likely to mention the need to improve communications.¹⁶
- 3.25 Many businesses also mentioned that they felt processes and procedures within HMRC could be improved; they often referred to communication between departments within HMRC and findings detailed later in this report¹⁷ have highlighted that many businesses felt HMRC can improve in terms of the way it shares information about businesses internally.
- 3.26 LBS customers were more likely to mention that they felt attitudes towards businesses could be improved. In the main this feedback was related to HMRC staff's commercial understanding of the business, particularly in terms of improving the time allowed to make submissions. It should be noted that this feedback was aimed at staff in general within HMRC rather than their specific CRM – indeed 83% of LBS customers were in agreement that their CRM had a fairly good or very good commercial understanding of the business.¹⁸

¹⁶ 64% of LC CC customers that experienced a fluctuating level of overall service between 2010 and 2012 spontaneously mentioned communications as a priority for improvement.

¹⁷ This is discussed in more detail in chapter 4 – (from paragraph 4.19)

¹⁸ This is shown in more detail in chapter 4 – Table 4.2

4 Customer experience: HMRC Staff and Culture

Key findings

- A large proportion of customers agreed HMRC sought a cooperative relationship and treated businesses fairly. This is important given both of these measures drive customers' overall experience.
- HMRC was seen to be more transparent in its decision making than it had been at any other point in the last four years.
- The longer term trend also showed HMRC to be improving in the extent to which it is perceived as a 'joined up' organisation, although customer feedback was still quite variable on this measure.
- The majority of large business customers agreed staff performance was fairly good or very good across a number of measures including communication, timescales and technical expertise. The one area where feedback was relatively mixed related to staff understanding of the business. LC CRM customers' ratings of HMRC staff performance improved across five of the six measures.
- The approach provided by CRMs to LBS and LC CRM customers was felt to be fairly good or very good by the majority of these customers (94% and 90%, respectively).
- Awareness and use of the CC reached a constant level in 2012 (i.e. after an initial increase between year 2010 and year 2011, awareness and use of the CC 'levelled off').
- There were indications that the CC initiative improved perceptions of HMRC more generally among LC CC customers, with those who were aware of or had contacted their CC more likely to state:
 - HMRC staff understood their business; and
 - HMRC provided easy access to tax specialists (a Key Driver of customer experience).

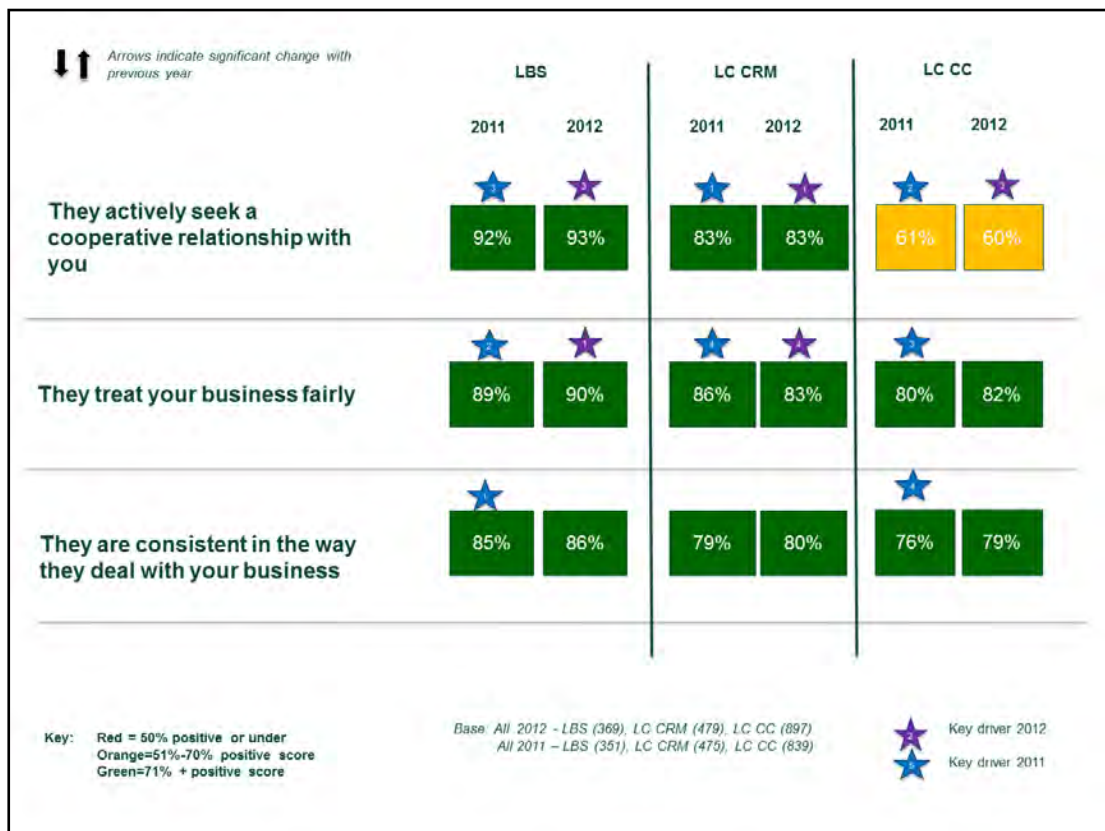
Introduction

- 4.1 This chapter explores the experiences large businesses had of dealing with HMRC over the last 12 months, 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).

Trends over time in customer experience

- 4.2 The extent to which HMRC sought a cooperative relationship with large businesses and treated them fairly has been shown to influence customer experience over the past three years of study.¹⁹ The 2012 findings highlighted that HMRC was well regarded across both these measures and standards were maintained since the 2011 study.
- 4.3 Across these measures over four in five customers gave positive ratings. The only exception was among LC CC customers where closer to three in five agreed that HMRC sought a cooperative relationship with their business. 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, three quarters²⁰ agreed HMRC sought a co-operative relationship with them.
- 4.4 Although not proven to strongly influence overall experience through the Key Driver Analysis, HMRC was shown to be well regarded in terms of its consistency in dealing with businesses. Around nine in ten LBS customers were in agreement that HMRC was consistent in its approach.
- 4.5 These findings are summarised in Figure 4.1 below.

Figure 4.1: Overall experiences of dealing with HMRC in 2012



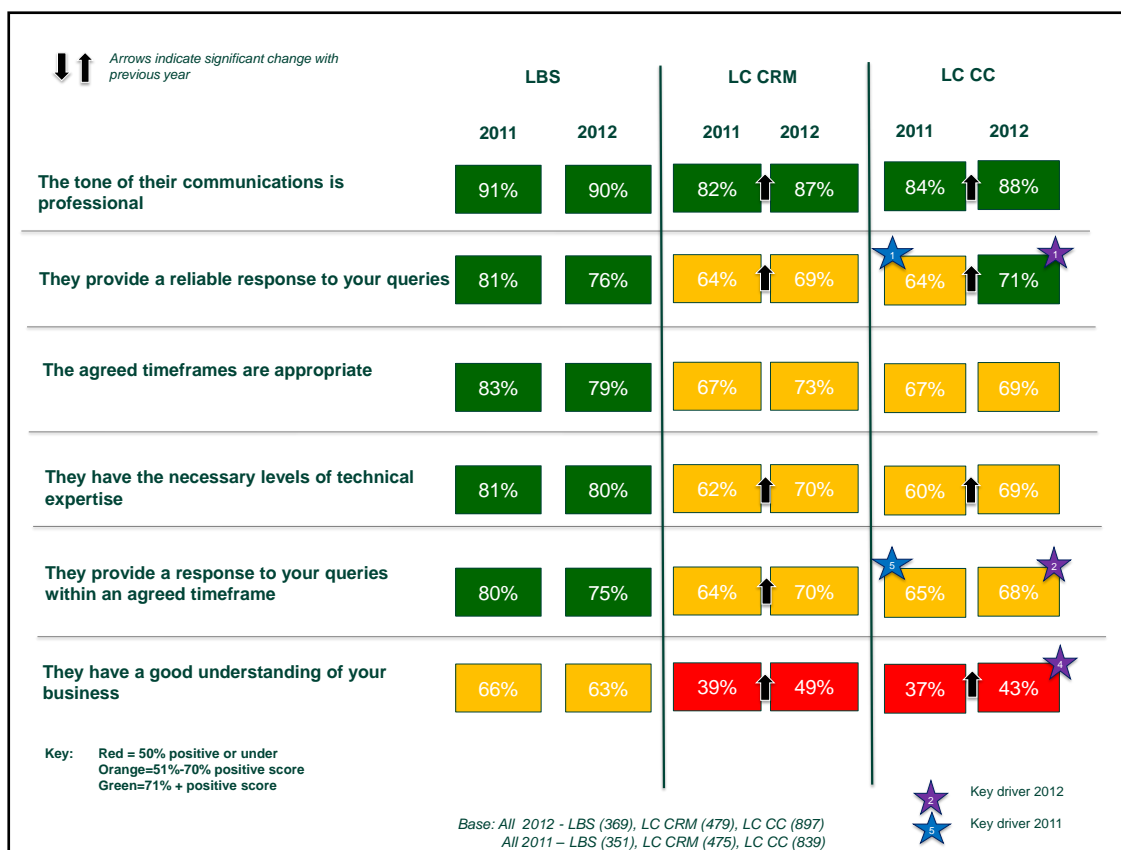
¹⁹ Seeking a cooperative relationship was a “key driver” of experience across all three customer groups in 2012, 2011 and 2010. Treating businesses fairly was a “key driver” of experience among LBS and LC CRM customers in 2012 and a key driver for all customers in 2010.

²⁰ 76% of LC CC customers that had dealt with their CC agree HMRC was cooperative compared with 60% of all LC CC customers.

Experiences of dealing with HMRC staff

4.6 All large businesses were asked about dealings with HMRC staff in general, explicitly excluding their CRM/CC from their assessments. The feedback from customers is summarised in Figure 4.2 below, which also highlights significant changes since 2011. Notably, there was no decline in any ratings across any customer groups²¹.

Figure 4.2: Experiences of dealing with HMRC staff (excluding the CRM/CC) in 2012



4.7 Nearly all customers were in agreement that staff communicated in a professional manner; close to nine in ten customers across all customer groups agreed the tone of communications was professional. Among LC CRM and LC CC customers this represented a significant increase in the proportion of customers that agreed when compared with 2011.

4.8 Furthermore, perceptions of HMRC staff were significantly more positive in 2012 than they were in 2011 across a range of other measures among the LC CRM and LC CC customer groups. The most notable improvements in perceptions related to levels of technical expertise of HMRC staff and the extent to which staff were perceived to have understood customers' businesses.

²¹ None of the small decreases in Figure 4.1, e.g. the 5% decline in LBS customers considering HMRC provides a reliable response to their queries, were statically significant.

- 4.9 For LC CC customers, two of their top five drivers of customer experience improved in 2012. LC CC customers who were aware that they had been assigned a Customer Coordinator (CC) were more likely to agree HMRC staff in general understood their business than those that were not aware they had been assigned a CC.²²
- 4.10 More generally, the experience of LC CRM and LC CC customers is similar across all aspects of other HMRC staff service (i.e. not that of their CRMs or CCs). By contrast, a greater proportion of LBS customers rate HMRC staff service higher than these other two groups.

Accessing tax specialists

- 4.11 Large business customers were relatively divided in their opinions on HMRC providing easy access to tax specialists. While seven in ten (70%) LBS customers agreed that HMRC provided easy access to tax specialist, just over half of LC CRM customers (54%) and a third of LC CC customers (32%) agreed. Among the LC CRM customers this represented an improvement from the 2011 survey when less than half agreed they could easily access to specialists.
- 4.12 Businesses that had dealt with their CC in the last 12 months were more likely to agree that HMRC provided easy access to specialists (41% cf. 29% that had no contact)²³. This finding provides evidence that the CCs may have helped 'signpost' LC CC customers to the relevant tax specialists in 2012.

²² 45% aware that they had been assigned a CC agreed staff understood their business compared with 36% not aware they had been assigned a CC. This difference is just on the cusp of being statistically significant.

²³ This finding is just on the cusp of being statistically significant.

- 4.13 As table 4.1 shows, 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 equally likely to be seeking specialists in all three areas, LC CRM and LC CC customers were more likely to be looking to speak to VAT specialists than specialists in other areas.

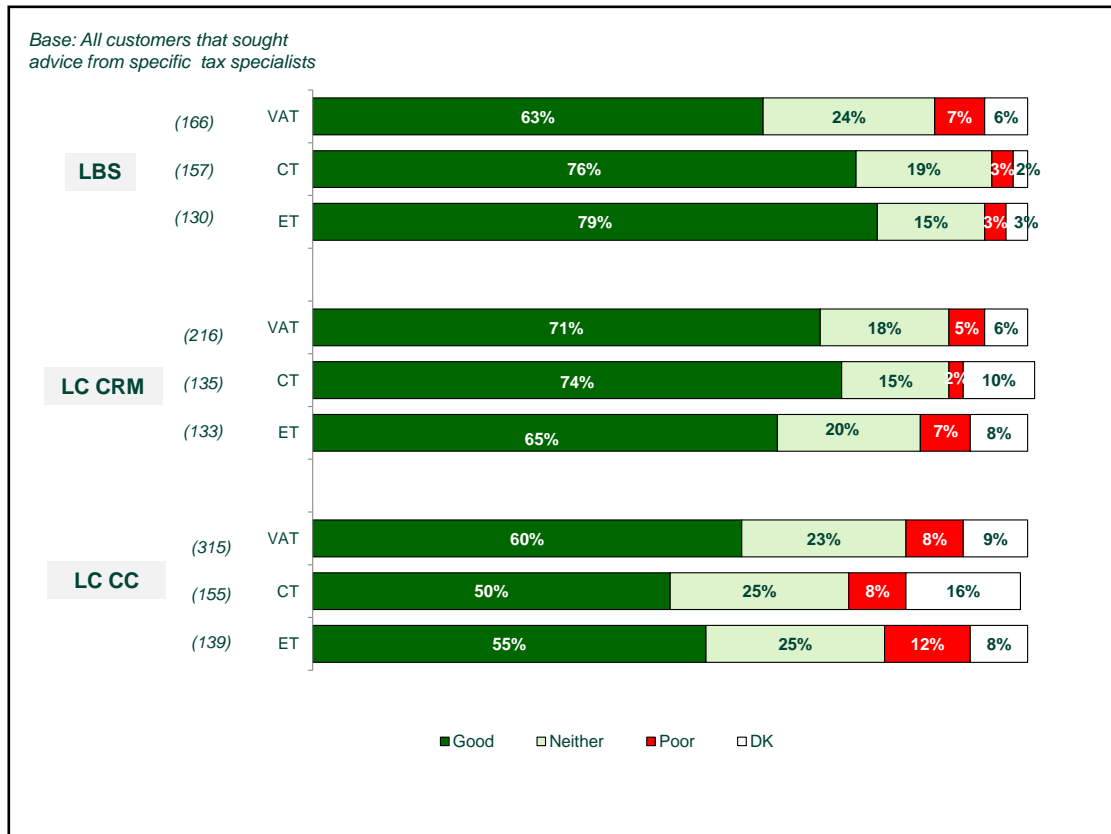
Table 4.1: The tax specialists that businesses sought to contact

	LBS	LC CRM	LC CC
<i>Base: All customers considering access to tax specialists</i>	(309)	(350)	(561)
	%	%	%
Indirect Tax Specialists	61	65	60
<i>VAT specialists</i>	47	51	44
<i>Indirect tax specialists</i>	6	1	1
<i>Insurance Premium Tax (IPT) specialists</i>	2	<1	<1
<i>IntraStat / Customs and Excise specialists</i>	5	5	5
<i>Stamp Duty</i>	1	<1	<1
<i>Landfill Tax</i>	1	0	0
<i>Climate change levy / CCL</i>	1	0	0
Employment Tax Specialists	50	51	38
<i>Employment tax specialists</i>	37	32	20
<i>Construction Industry Scheme (CIS)</i>	1	5	1
<i>Income tax (incl. payroll & PAYE, NI, RTI)</i>	7	9	10
Corporation Tax Specialists	63	48	32
<i>Corporation tax specialists</i>	45	32	22
<i>International tax specialists</i>	7	4	2
<i>Transfer pricing specialist</i>	5	3	1
<i>Research & Development</i>	2	1	1
<i>Capital Gains</i>	2	<1	0
<i>Capital Allowance</i>	1	1	0
<i>Landfill Tax</i>	1	0	0
Cross-Cutting Tax specialists	1	1	1

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

4.14 The 2012 survey also sought to ascertain how good (or poor) the quality of advice provided by specialists was. The following figure (4.3) summarises how well VAT, Corporation Tax and Employment Tax specialists were rated by all three customer groups.

Figure 4.3: Quality of advice given by specific tax specialists



4.15 HMRC's strengths in tax specialist advice appear to be in the following areas:

- CT and ET advice to LBS customers;
- CT and VAT advice to LC CRM customers; and
- VAT advice to LC CC customers.

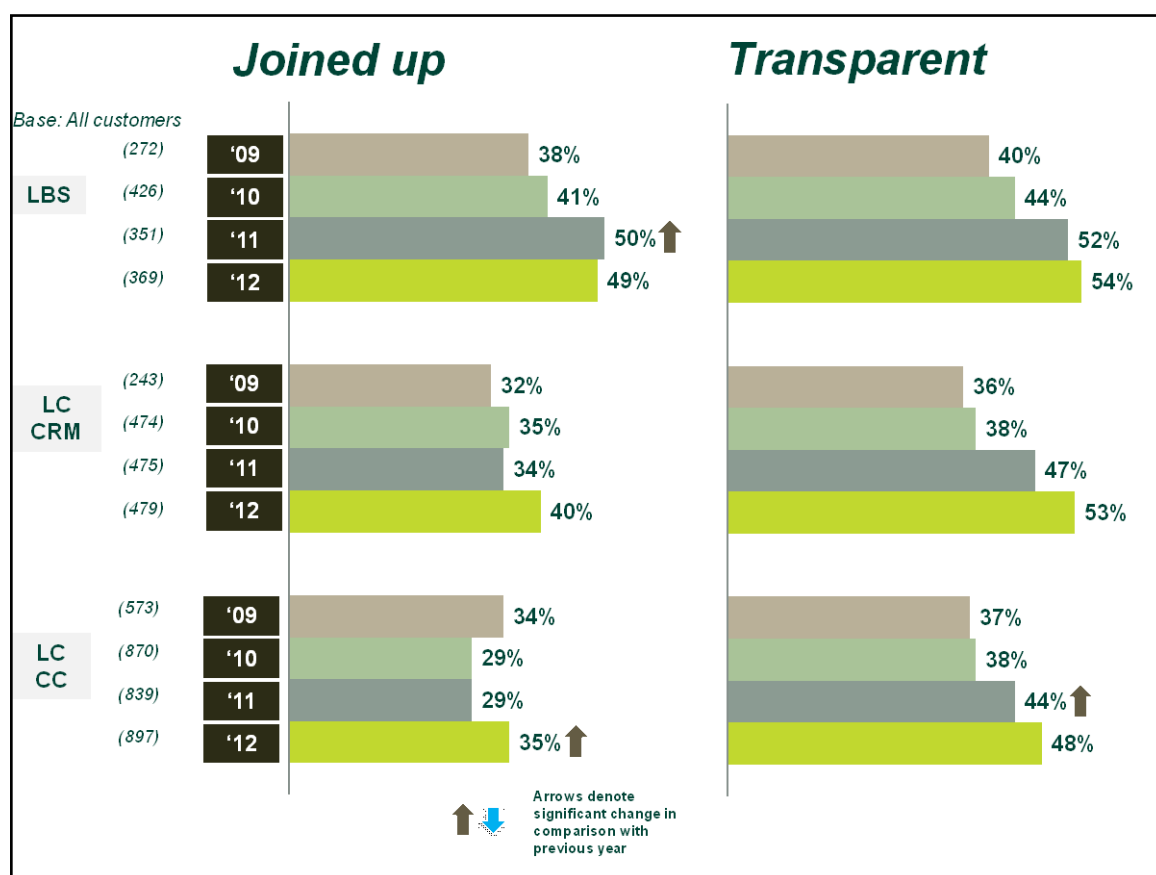
4.16 Areas for HMRC to improve its tax specialist advice appear to include:

- ET advice to LC CC customers;
- VAT advice to LBS; and
- CT advice to LC CC customers.

Being 'joined up' and transparency of decision making

4.17 As Figure 4.4 shows there has been a general upward trend in the extent to which HMRC was perceived to be joined up and transparent²⁴. The improvement in being joined up for LC CC customers is a more recent phenomenon (in the past LC CC feedback on being joined up has fluctuated more than other customer groups).

Figure 4.4: Proportion that agreed HMRC is a joined up organisation / HMRC's decision making is transparent



4.18 There was a relationship between perceptions of whether HMRC is joined up and transparent and opinions on whether the risk review process is fair – i.e. businesses that agreed HMRC was joined up/transparent were more likely to agree the risk review process was fair and vice versa²⁵. This does not prove causation, but helps increase understanding about how customers define transparency and being joined up.

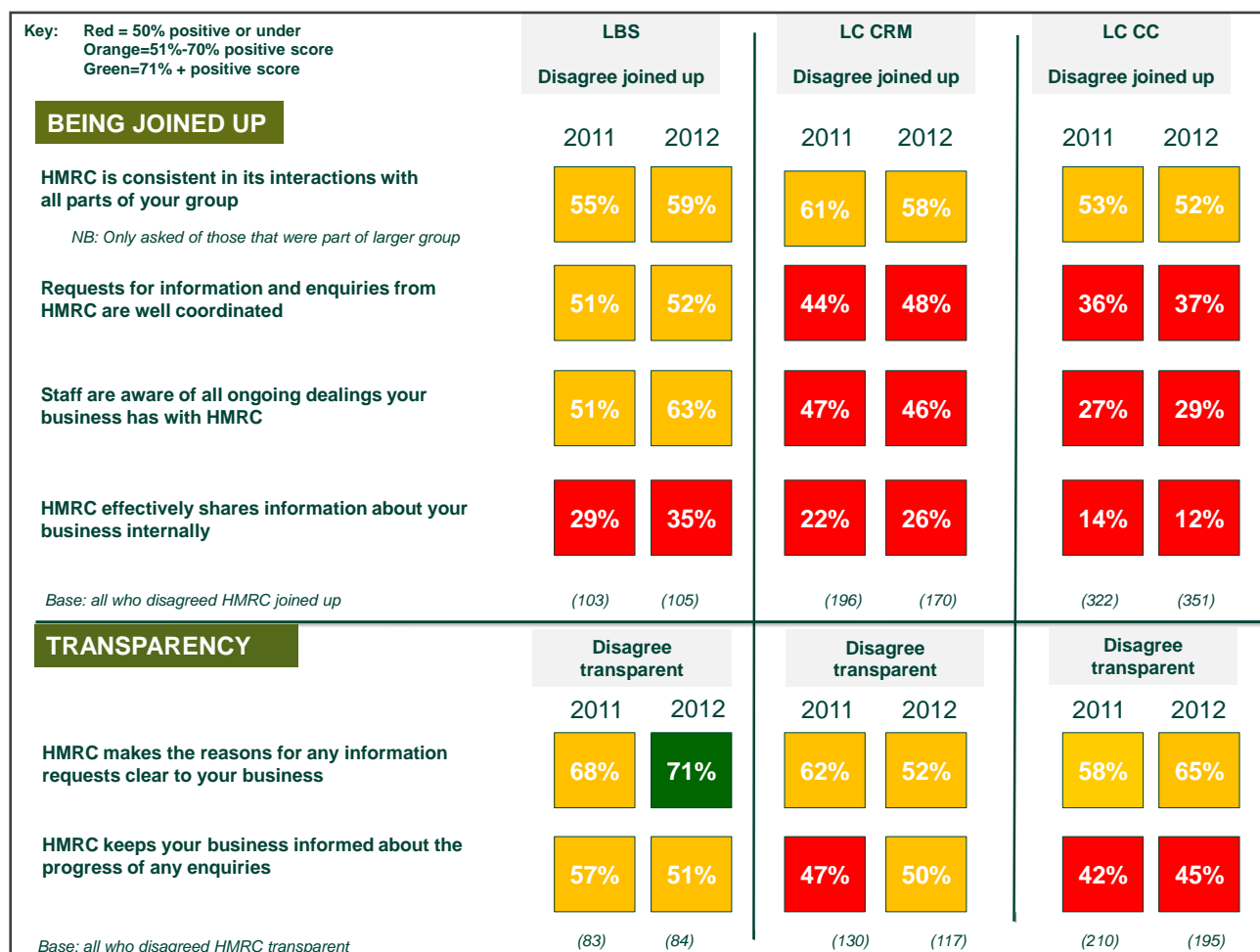
²⁴ In terms of being transparent - the change between 2009 and 2012 is statistically significant across all customer groups.

²⁵ 96% of those that considered HMRC joined up and 96% of those who agreed the department is transparent felt the risk review process was fair. Conversely amongst those who considered HMRC not to be joined up or transparent the proportions considering the risk review process to be fair was significantly lower, (78%) and (70%) respectively.

Understanding why some businesses do not perceive HMRC to be joined up and transparent

4.19 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 the customers who disagreed that HMRC was joined-up / transparent. The results are shown in figure 4.5, which also compares findings with the 2011 wave of the survey.

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



4.20 The 2012 findings were highly consistent with 2011 as there was no statistically significant improvement or decline in performance across any of the categories. In summary they show:

- The lowest scoring aspect of being joined up was the same across all customers that disagreed HMRC was joined up– ‘HMRC effectively shares information about your business internally’;
- In contrast to the other business groups, a much lower proportion of LC CC customers (that disagreed HMRC was joined up) agreed that staff were aware of on-going dealings that their businesses had with HMRC and that requests for information and enquiries from HMRC were well coordinated;

- More than half of business customers surveyed that were part of a larger group and who disagreed HMRC was joined up, felt that HMRC was consistent in its interactions with all parts of their business; and
- The majority of LBS and LC CC business customers (that disagreed HMRC was transparent) agreed that HMRC made the reasons for any information requests clear to their business.

4.21 During the qualitative depth interviews, businesses that had changed their opinions over the past three years²⁶ were asked to give examples of how they felt HMRC had become more or less joined up and transparent over time.

4.22 Much of what was perceived to be joined up behaviour was driven by the CRM for LBS and LC CRM businesses, in that they felt the CRM kept other departments involved with all of the business' affairs (i.e. effectively shared information internally), and coordinated other departments to ensure that agreed timings were kept to.

When we go to meetings the CRM will often bring several specialists along so everyone can hear everyone's views at the same time. So the huge VAT payment that came in wasn't a problem because everyone knew about it across the board, they'd all been kept informed.

LC CRM Business

4.23 Indeed, when CRM businesses were exposed to areas of HMRC outside the CRM's remit, including other departments and specialists, businesses felt that HMRC appeared to be much less joined up.

HMRC are generally more joined up these days with more communication between the CRM and the business. Beyond that, for example, dealing with Head Office specialists it can feel less joined up and you can't always contact people, don't know always know what is going on.

LC CRM Business

4.24 For LC CC businesses, the connections between individual departments underpinned what they felt was a joined up service.

Intrastat and VAT coordinate well but CT and PAYE appear to be separate.

LC CC Business

HMRC improved service levels in last 18 months and for VAT/PAYE queries they now have a direct point of contact with specialists which has helped resolve any queries.

LC CC Business

4.25 When asked in the depth interviews to give examples of a lack of joined up behaviour, those businesses that had felt HMRC was less joined up mentioned examples of receiving different letters from different departments within HMRC about the same issue but with different instructions or questions – suggesting that HMRC was not effectively sharing information about the business internally.

²⁶ I.e. businesses that had taken part in the 2010, 2011 and 2012 wave of the survey and gave a different score on the extent to which HMRC is joined up/transparent in at least one of the waves. More details of how this was defined is included in the technical appendix.

- 4.26 Others mentioned a lack of consistency in the approach and interpretations of the law by HMRC staff.

One of the things we have seen is there may be different approaches or interpretations of law from an individual inspector to that of policy especially where a change in practice may be relatively new. That can be frustrating for everyone because you are waiting for policy at the centre to form a view.

LBS Business

- 4.27 High staff turnover and frequent movement of staff between departments were also cited as examples of HMRC not being very joined up, as it meant that knowledge of the business moved on with them.

Due to staff changes, HMRC had not processed the year end returns that we submitted on time. Nearly a year later we had 10 enquiries raised by HMRC as a protective measure because no one had picked up the returns we submitted, this is completely unacceptable.

LC CRM Business

- 4.28 LC CC customers' overall experiences of dealing with HMRC did not differ by the different business profiles of this customer group (e.g. business size, sector and turnover). This means that there is no evidence to suggest that HMRC inadvertently treated one particular type of LC CC business differently.

The CRM system has ensured a much more equitable and transparent regime.

LBS Business

- 4.29 Conversely, the main reasons mentioned for deterioration in perceptions of transparency were related to process issues. These often centred on a lack of updates from HMRC about how enquiries or issues were progressing, including whether returns or information had been received at all, or what was likely to happen next.

The businesses underpaid VAT by £750,000 – we did a voluntary disclosure but had to chase HMRC to have it acknowledged. There was no response from HMRC, no dialogue on whether they thought the number was correct, no acknowledgment that the payment was received.

LC CC Business

- 4.30 Others also felt a lack of transparency was shown when HMRC took action or raised enquiries without asking for the business' input first.

I have a Transfer pricing issue at the moment. Our Transfer Pricing specialist in the team has taken it straight to our local TP Panel who have approved a formal enquiry. He raised this enquiry without consulting us first which I feel is not what I would expect from a transparent relationship. If we had had an informal conversation first, I do feel that we would have had no need for an enquiry.

LC CRM Business

Being joined up and transparency: Trends over time

- 4.31 Between a quarter and a third²⁷ of all customers who took part in the study between 2010 and 2012 perceived HMRC's performance in these areas to have improved in each consecutive year.
- 4.32 However, 'masked' behind the overall net increases, this analysis also showed some customers felt HMRC's performance varied with regards to transparency and the extent to which it is joined up. Between a fifth and a quarter of all customers felt that HMRC's performance was variable across these measures (i.e. customers changed their opinions of HMRC between 2010 and 2012).
- 4.33 That said, only a minority (around one in six of across all customer groups) perceived performance to have persistently declined each year across the two performance measures.

Experience of dealing with the CRM

- 4.34 Nearly all LBS customers (95%) and most LC CRM customers (89%) had dealt directly with their Customer Relationship Managers (CRM) in the last 12 months²⁸. Customers within Local Compliance (LC) have now had a CRM for five years and the historical trend shows contact has remained relatively static since 2010²⁹. The following section of this chapter is based on all LBS and LC CRM customers that had direct dealings with their CRM.
- 4.35 Customer experiences of dealing with CRMs across both customer groups (LBS and LC CRM) continued to be very positive; ninety-four per cent of LBS customers and 90% of LC CRM customers felt their overall relationship with the CRM was very good or fairly good.

²⁷ A full break down of these figures by customer group is provided in table 12.1 within the technical appendix

²⁸ 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.

²⁹ LC CRM contact with the CRM has remained between 86% and 89% since 2010 (in 2008 it was 29% and in 2009 it was 69%).

- 4.36 Table 4.2 shows what 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.
- 4.37 Over four in five LBS customers were in agreement with the statements outlined below – and among LC CRM customers the historical trend showed year on year improvements in performance of commercial understanding and ability to make appropriate decisions. Indeed, there was a net change of 10 percentage points³⁰ in the proportion that agreed the CRM had commercial understanding of the business between 2010 and 2012.
- 4.38 Among LC CRM customers, the proportion that agreed HMRC had a fairly good or very good understanding of the business' level of risk showed a relationship with the businesses use of the CRM. Those that had dealt with their CRM in the past year were significantly more likely than those that had not³¹ to have trust in HMRC's understanding of their business' level of risk.

Table 4.2: Experiences of dealing with the CRM: 2010-2012

	LBS '10	LBS '11	LBS '12	LC CRM '10	LC CRM '11	LC CRM '12
<i>Base: All customers</i>	<i>(412)</i>	<i>(340)</i>	<i>(356)</i>	<i>(423)</i>	<i>(422)</i>	<i>(433)</i>
	<i>% agreeing</i>	<i>% agreeing</i>	<i>% agreeing</i>	<i>% agreeing</i>	<i>% agreeing</i>	<i>% agreeing</i>
OVERALL RATING	95	95	94	88	89	90
Being easy to contact	97	96	96	92	91	92
Their willingness to help you	95	96	93	91	91	90
Ensuring that your queries are dealt with effectively	92	92	91	85	87	87
The extent to which they respond within the timeframes agreed	89	88	90	84	84	85
The extent to which the timeframes they agree for response are appropriate	91	87	88	83	82	84
Their ability to make appropriate decisions	80	81	81	74	77	79
Their commercial understanding in relation to your business	79	81	83	67	73	77

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

Dealing with the CRM over time

- 4.39 The consistent picture described above was further illustrated by customers who took part in all waves of the research. Among these customers there was very little change. Across most of the individual CRM performance measures described in table 4.2, between three quarters and four fifths of customers taking part in the three studies since 2010 gave the same (in the main, positive) feedback.

³⁰ This was statistically significant.

³¹ 79% that had dealt with the CRM and 55% that had not dealt with CRM (NB: Base size of customers that did not deal with CRM – 55-treat with a degree of caution). Businesses perceptions of risk are explored in more detail in Chapter 7.

Experience of dealing with the CC

4.40 The remaining businesses within Local Compliance have a Customer Coordinator (CC). The CC acts as a first point of contact for businesses but does not have the same remit as a CRM. CCs were introduced in the summer of 2010 and the most recent set of findings from 2012 indicates that the awareness and use of the CC initiative initially increased and has now levelled off³². This is illustrated by table 4.3 which shows three-quarters of LC CC customers were aware they had a CC, a similar proportion to 2011. Indeed, the proportion that had direct contact with their CC (30%) and proportion that had been assisted by their CC (18%) were also at similar levels to that seen in 2011.

Table 4.3: Awareness and use of the CC (2010-12)

	2010	2011	2012
<i>Base: All customers</i>	(870)	(839)	(897)
	%	%	%
Aware of the CC	68	78	76
Had any contact with the CC	25	31	30
Been assisted by the CC	10	16	18

Note: Each row of this table should be read separately as a summary row. It will not sum to 100%

4.41 LC CC customers that participated in RTW were more likely to have been assisted by their CC than those that did not participate in RTW³³. Although it is not possible to prove causation this analysis implies that LC CC customers who directly contacted their CC had a closer working relationship with HMRC.

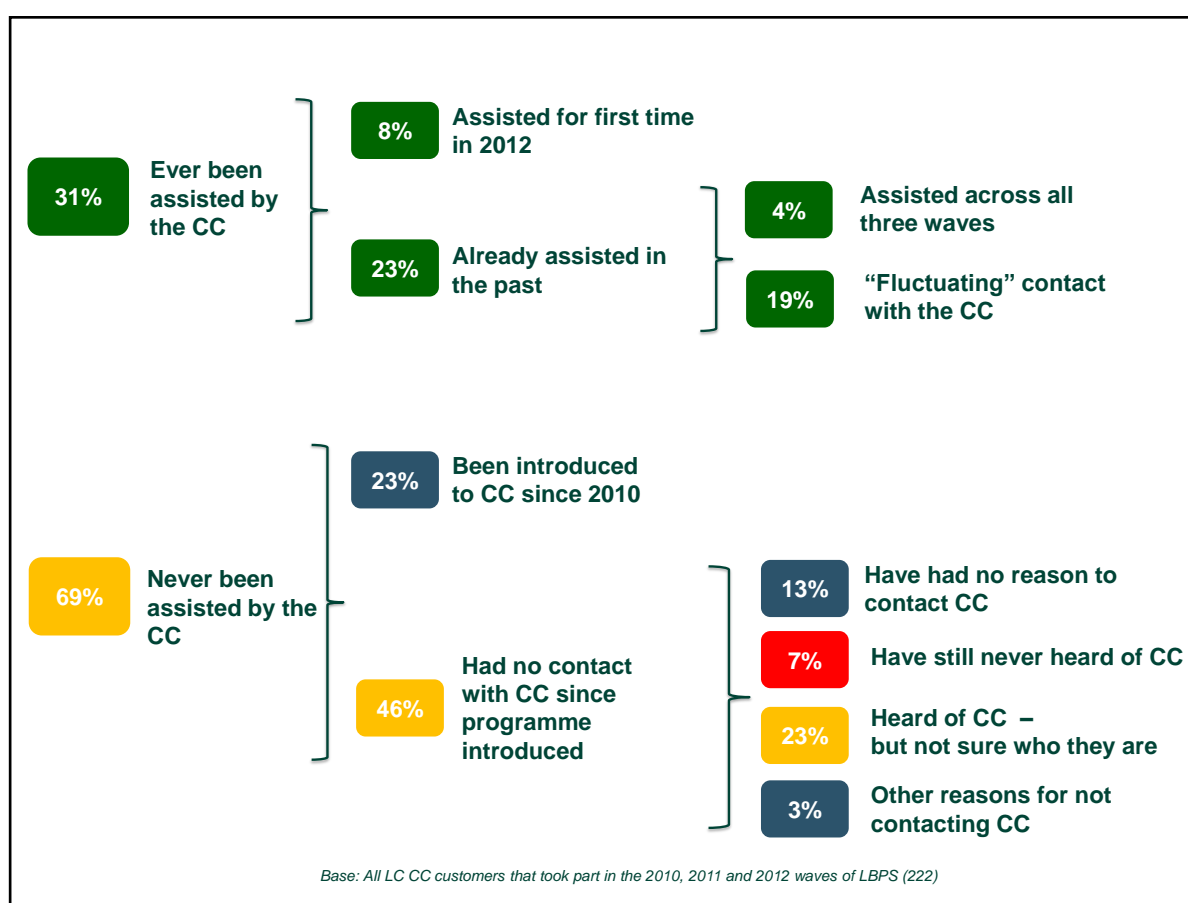
³² This mirrored the take up 'curve' seen among by LC customers who were appointed a CRM in 2007 – findings have shown within two years contact with the CRM had 'levelled off' by 2010.

³³ 23% of LC CC customers using RTW were assisted by their CC cf. 12% that did not use RTW. This finding is just on the cusp of being statistically significant.

CC awareness and use over time: 2010-12

- 4.42 Among the LC CC businesses that had no contact with their CC, the main reason cited was that they felt they had no need to contact their CC within the last 12 months. This was also the most commonly cited reason given in the previous (2011) survey.
- 4.43 Focussing specifically on the LC CC customers that took part in all three waves of the study, figure 4.6 summarises their experiences of contacting the CC.³⁴ Over half (54%) of the customers taking part in the past three waves of the study had some contact with their CC between 2010 and 2012. The majority of these customers (31% of all taking part in the three waves) were directly assisted by their CC rather than simply being introduced to their CC.

Figure 4.6: LC CC customers' experience of contacting their CC over 2010 to 2012



- 4.44 More detailed analysis showed that there was a relatively high degree of 'churn' in terms of contact with the CC – only a minority of customers (4%) were assisted by their CC in every year between 2010 and 2012. This showed that even though use of the CC has 'levelled off'; very few customers had continual contact with their CC.

³⁴ All percentages shown in this figure are based on the LC CC customers that took part in 2010, 2011 and 2012 waves of the study.

- 4.45 Among the 46% that had no contact with their CC, the most common reason cited was not being sure who the CC was. Only 7% of customers stated that they had still never heard of the CC, meaning 93% of all LC CC customers that took part in the study during 2010-2012 were aware of the CC initiative.³⁵
- 4.46 Overall the responses of LC CC customers that took part in all three waves of the study have showed that 30% of these customer face a barrier to contacting their CC because either:
- they haven't heard of a CC (7%); or
 - they don't know who their CC is (23%).

Experience of dealing with the CC

- 4.47 Feedback about the experiences of dealing with the CC was positive. Over four in five customers who dealt with their CC rated their overall relationship as very or fairly good. Similar proportions of all LC CC customers were also in agreement that their CC was:
- Willing to help (94%);
 - Effective at dealing with queries (87%);
 - Easy to contact (84%);
 - Good at ensuring appropriate timeframes were agreed (84%); and
 - Good at responding within the timeframes agreed (83%).
- 4.48 There were no differences in terms of overall experience of dealing with HMRC by whether LC CC customers had contacted their CC. However, as previously noted in this chapter there were two differences³⁶ with regards to customers' perceptions of the 'culture' of HMRC, with those who had contact with their CC more likely to state:
- HMRC staff understood their business; and
 - HMRC provided easy access to tax specialists.

³⁵ It is possible there is an inadvertent research bias evident here – by taking part in the study over three consecutive years these customers may have been informed indirectly about the CC programme.

³⁶ Both of which are just on the cusp of being statistically significant.

5 Real Time Working (RTW)

Key findings

- While the majority of LBS and LC CRM customers participated in RTW throughout 2012 just over half (51%) of LC CC customers participated in RTW.
- Customers who had a RTW relationship were more likely to rate overall experience of HMRC as fairly good or very good.
- Customers involved in RTW were also more likely to have had a better experience accessing tax specialists than customers with little or no experience of RTW.
- LC CRM customers were more likely to agree that RTW ensured issues were resolved more quickly than they were in the past.
- LC CC customers who participated in RTW were significantly more likely to be confident of HMRC's definition of tax avoidance.
- The majority of customers were in agreement RTW increased certainty for the business; this suggests that HMRC's continued push for RTW may help reduce disagreements in the future.

Introduction

- 5.1 Over recent years, HMRC has increasingly tried to address issues and conduct transactions in Real Time where possible and this panel survey has offered HMRC an opportunity to track and monitor the extent to which businesses work in Real Time. For the purposes of this survey, Real Time Working (RTW) was defined to businesses as:

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

- 5.2 The vast majority of large businesses with CRM support had participated in RTW (91% LBS, 77% LC CRM) in 2012. By contrast about half of LC CC customers were involved in RTW (51%) in 2012.

Frequency of RTW

- 5.3 Table 5.1 shows how the frequency of RTW compared to findings from the 2011 wave of the study³⁷. The use of RTW remained relatively consistent over time across customers that had a CRM. Among LC CC customers there was a significant decrease in the proportion of customers that had participated in RTW in the past year.

Table 5.1: Frequency of participating in RTW (2011-12)

	LBS 2011	LBS 2012	LC CRM 2011	LC CRM 2012	LC CC 2011	LC CC 2012
<i>Base: All</i>	(351)	(369)	(475)	(479)	(839)	(897)
	%	%	%	%	%	%
Frequently	32	36	13	12	4	5
Occasionally	58	52	59	56	46	38
Once	4	3	9	9	9	8
Never	6	8	19	22	39	48
Don't know	*	1	1	1	2	1

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

RTW link to customer experience

- 5.4 There was some indication that customer experience differed depending on customers' pattern of participation in RTW. The most notable difference was related to overall experience; nearly all LBS customers who engaged frequently in RTW agreed their overall relationship with HMRC was fairly good or very good (97% cf. 89% that only occasionally participated in RTW). This suggests RTW had an impact on the overall experience of dealing with HMRC among LBS customers.
- 5.5 Supporting this, depth interviews carried out with businesses highlighted that some LBS and LC CRM businesses felt their relationship with HMRC had become more collaborative as a result of RTW.

Previously I'd have got an outside opinion from advisers, done the restructure then presented it to HMRC when it was done and await their questions. Now I will sit down with the CRM and talk through the proposals and debate the implications. That's not a conversation I would have had a few years ago.

LC CRM Business

- 5.6 The other notable differences were in regards to how easy businesses perceived it to be to access tax specialists at HMRC.³⁸
- LBS customers who frequently participated in RTW were more likely to agree HMRC offered easy access to tax specialists (80% cf. 72% occasionally involved in RTW); and
 - LC CRM and LC CC customers that participated in RTW (at least once) were also more likely to agree HMRC offered easy access to tax specialists than customers not undertaking RTW at all.³⁹

³⁷ A degree of caution is needed in making direct comparisons – the question wording was amended in 2012 to “How often if ever have you discussed tax issues in Real Time?” – In 2011 the wording was “How often have you used Real Time Working?”

³⁸ It should be noted the differences highlighted below were just on the cusp of being statistically significant

³⁹ LC CRM: 57% that used RTW at least once agreed cf. 42% that never used RTW. LC CC: 36% that used RTW at least once agreed cf. 27% that never used RTW.

- 5.7 When LC CC customers referred RTW during the qualitative discussions, they were often talking about ad hoc contact with named specialists or in some cases via the general helpline when the need arose to seek clarification on an issue. They did not tend to use their CC for RTW.

We have named contacts at departments for example VAT and PAYE so we tend to just pick up the phone to them, which works for us.

LC CC Business

Benefits of RTW

- 5.8 Customers involved in RTW (at least once a year) were asked about the extent to which they agreed this way of working brought benefits to their business. Responses have been summarised in table 5.2.
- 5.9 Most businesses involved in RTW (over four fifths of LBS and LC CRM customers and around three quarters of LC CC customers) were in agreement that RTW led to certainty, helped avoid disputes and ensured issues were agreed more quickly. LC CRM customers engaged in RTW were significantly more likely to agree that issues are resolved more quickly in 2012 than they were in 2011 (86% cf. 80% in 2011).
- 5.10 The extent to which large businesses perceived RTW to reduce their costs varied; 68% of LBS, 62% of LC CRM and 47% of LC CC customers agreed with this statement. This pattern was similar to that seen in 2011.

Table 5.2: Perceived benefits of RTW (2011-12)

	LBS 2011	LBS 2012	LC CRM 2011	LC CRM 2012	LC CC 2011	LC CC 2012
<i>Base: All customers participating in RTW</i>	(327)	(337)	(384)	(367)	(498)	(451)
	% agreeing	% agreeing	% agreeing	% agreeing	% agreeing	% agreeing
Increases certainty about tax affairs	93	91	88	88	76	74
Helps avoid disputes	88	89	89	90	82	80
Issues are agreed more quickly	85	83	80	↑ 86	67	74
Helps avoid unnecessary contact with HMRC	69	71	74	80	67	74
Reduces businesses costs	66	68	62	62	48	47

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.

- 5.11 During the in-depth discussions, businesses highlighted similar benefits to RTW:

- **Certainty** – Some businesses noted during the depth interviews that attaining certainty on ad hoc issues was one of the main reasons the business chose to engage in collaborative, RTW with HMRC. They cited that making HMRC aware of transactions in advance meant they could feel confident that there would be no negative repercussions, such as enquiries from HMRC at a later date, ultimately saving the business the time and money required to respond.

It is definitely useful from our end; filing a tax return with a relatively clear picture in advance rather than having enquiries raised so it definitely cuts out work on both sides.

LBS Business

- **Fewer enquiries from HMRC** – Businesses described RTW to mean that HMRC was aware of all transactions going forwards and the reasons for them, so they did not feel the need to raise enquiries that they might have otherwise.

In the past enquiry notices were levied much more frequently and they tended to be down to the fact that there was no communication. Now it is good honest and open.

LBS Business

- **A lower risk rating** – Several cited that they felt that RTW would lead to a lower risk rating.
- **Faster decisions** – As a result of more frequent contact with HMRC.

Decisions are made far more quickly because the business and HMRC are in close contact, and the CRM plays a large part in keeping to timetable and making sure the right specialist is in the room. An advance pricing agreement took three to four months, when it can take 12-18.

LBS Business

- 5.12 While the majority of customers agreed (79% LBS, 68% LC CRM, 58% LC CC) that HMRC had the necessary expertise for RTW, opinion was divided with regards to HMRC's capacity (46% LBS, 45% LC CRM, 32% LC CC).
- 5.13 However there was an increase in the proportion of LC CRM customers that agreed that HMRC had the capacity for RTW in 2012 compared with 2011. As highlighted in Table 5.2, in 2012 LC CRM customers were also more likely than in 2011 to feel that issues were agreed more quickly when they were involved in RTW and this may have increased confidence that HMRC has the capacity to work in this manner.
- 5.14 The depth interviews indicated that businesses were indeed happy with the RTW relationship they had with HMRC, to the extent that some felt able to approach HMRC where they would previously have approached agents in order to ask advice on transactions going forward.

Reasons for not participating in RTW

- 5.15 In light of these potential benefits to businesses, it was particularly important to explore why some customers had not participated in RTW. Among the minority of LBS businesses not engaging in RTW the main reason cited was that the business had no need to work in this way⁴⁰. These businesses also appeared to have a less 'hands on' relationship with HMRC – around one in three of these LBS customers stated they had no contact with their CRM⁴¹.
- 5.16 Among LC CRM and LC CC businesses, the reasons for not participating in RTW were similar; around three in five⁴² stated they had no need for RTW, and three in ten⁴³ stated they preferred to use external advisors rather than use RTW. That said, only a minority of LC CRM customers did not participate in RTW.
- 5.17 LC CC customers involved in RTW were significantly more likely to be confident in HMRC's definition of tax avoidance than those that were not involved in RTW.

⁴⁰ Mentioned by 22 out of the 30 LBS businesses that had not used RTW.

⁴¹ 9 of the 30 LBS businesses that had not used RTW had no direct contact with their CRM.

⁴² 56% LC CRM and 59% LC CC.

⁴³ 29% for both LC CRM and LC CC customers.

6 Customer experience: compliance, risk ratings and disagreements

Key findings

- Where businesses had experienced disagreements with HMRC during the 12 months prior to the survey, these largely related to a misunderstanding of the tax rules.
- For LC CRM and LC CC customers, there were improvements in perceptions of how HMRC handled disagreements.
- There were improvements in two out of the four tax compliance statements for both LC CRM and LC CC customers; as a result, performance in these areas is approaching that of LBS customers.
- In nearly all cases, LBS and LC CRM customers stated that Members of their Boards were made aware of the company's risk status. Furthermore, over a third of businesses also ensured all senior staff and directors were made aware of the risk status.

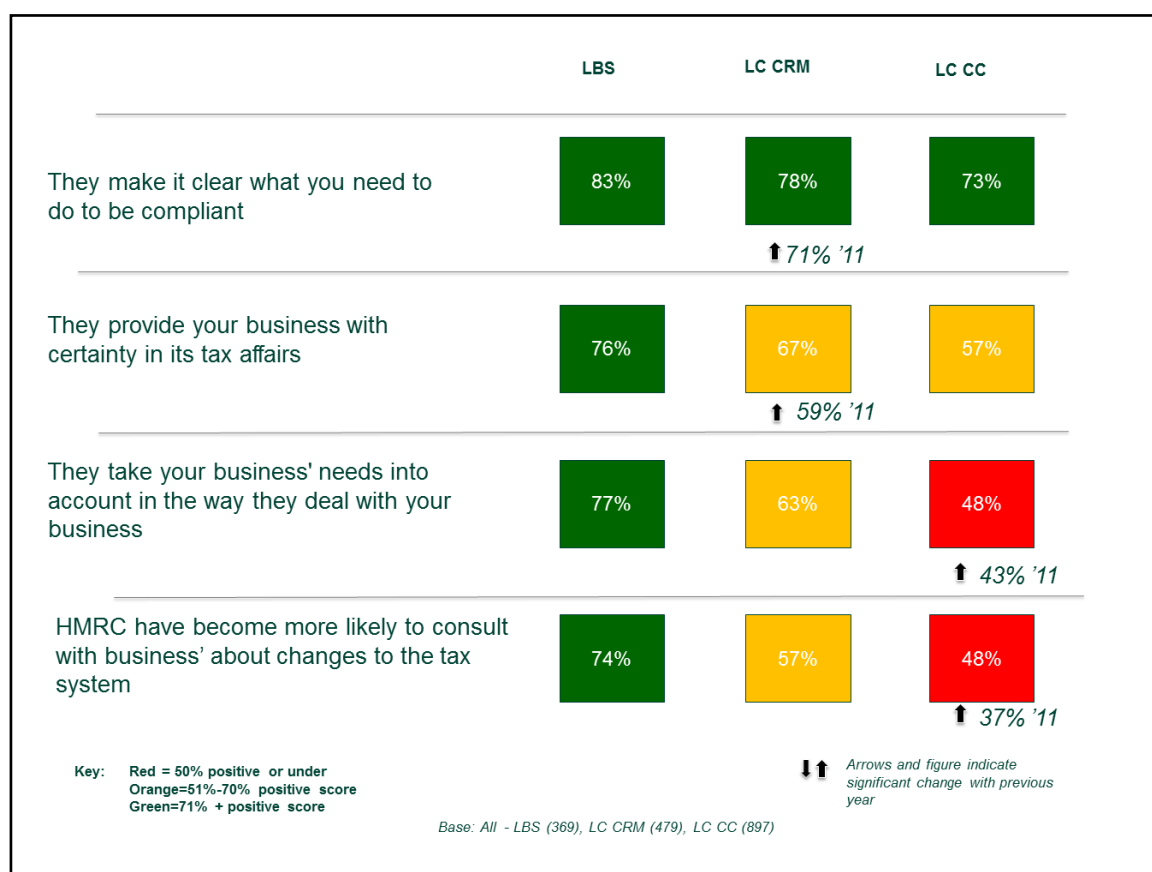
Introduction

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

Experience of HMRC with regards to tax compliance

- 6.2 As figure 6.1 shows, the majority 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, with a significant increase amongst LC CRM customers in 2012 compared with 2011.
- 6.3 Across the four positive statements on tax compliance, at least three quarters of LBS customers agreed and findings were similar to the scores given by customers in 2011. This shows HMRC's service offer appears to be of a consistent and high quality.
- 6.4 For LC CRM and LC CC customers, there were improvements across a number of compliance categories, demonstrating that HMRC continued to improve service offering in these areas.
- 6.5 Improvements among LC CC customers were particularly encouraging; especially given that staff having a good understanding of the business was shown to be a Key Driver of overall LC CC customer experience.

Figure 6.1: Proportion who agreed with statements about tax compliance



Disagreements with HMRC

- 6.6 When asked to think about the way in which disagreements between HMRC and its large business customers were resolved, these customers were broadly in agreement that HMRC made it clear what its areas of concern were⁴⁴ and what businesses needed to do to address concerns.⁴⁵
- 6.7 Focussing on specific experiences – as table 6.1 shows – LBS and LC CRM customers were more likely to have experienced disagreements with HMRC than LC CC customers. Indeed, half of all LBS customers stated they had had a disagreement with HMRC in the last 12 months.

Table 6.1: Experience of disagreements with HMRC

	LBS 2012	LC CRM 2012	LC CC 2012
<i>Base: All</i>	(369)	(479)	(897)
	%	%	%
Experienced disagreements	89	80	67
- In last 12 months	50	37	21
- Over 12 months ago	40	43	46
Never had a disagreement	8	15	26
Don't know	3	5	7

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

Types of disagreements

- 6.8 In the majority of cases, across all customer groups, the disagreements experienced in the last 12 months related to a disagreement/misunderstanding over interpretation of the tax rules⁴⁶. The most notable difference between customer groups on the nature of complaints was in relation to issues over claims which had not been responded to or paid back by HMRC within an agreed timeframe. Whilst 12% of LC CC customers mentioned this, only 3% or less of LC CRM and LBS customers did.

⁴⁴ 85% LBS, 78% LC CRM, 72% LC CC

⁴⁵ 79% LBS, 70% LC CRM, 67% LC CC

⁴⁶ 76% LBS, 73% LC CRM, 63% LC CC

Disagreement resolution

- 6.9 Questions on disagreements experienced by customers were followed up 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 6.2.⁴⁷
- 6.10 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 HMRC kept to the proposed timeframes. For LC CRM customers, this represented a significant increase when compared to 2011.
- 6.11 Whilst experiences of disagreement resolution had not changed for LBS and LC CC customers, they had improved significantly across many aspects for LC CRM customers. The 2012 findings suggest that the experience of LBS and LC CRM customers is becoming more similar in many areas, including disagreement resolution.
- 6.12 It should also be noted that LC CC customers that experienced disagreements within the last 12 months were also more likely to agree that HMRC demonstrated a good commercial understanding of their business.

Table 6.2: Proportion who agreed with statements relating to disagreement resolution

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

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

⁴⁷ In the 2012 survey all customers that had experienced disagreements at any point in time were asked these follow up questions. The analysis in this chapter focuses only on customers that had experienced a disagreement within the last 12 months to ensure comparability with 2011 data.

- 6.13 Among LBS customers there were differences in agreement with these measures by when they last experienced a disagreement. LBS customers thinking back to experiences over a year ago were more likely to be in agreement with the measures outlined above than those who had experienced a disagreement within the last 12 months. For example 76% of those experiencing a dispute over a year ago were in agreement that HMRC understood commercial pressures compared with 59% in the last 12 months.
- 6.14 While this might suggest a decline in service, it was not borne out by looking at the feedback on a year on year basis⁴⁸.

Disagreement resolution: trends over time

- 6.15 The analysis of customers taking part in the panel study between 2010 and 2012 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. In the main these changes were represented by customers perceiving a better experience of service in each wave.
- 6.16 That said, among the LC CC customer group in particular, there were also relatively high proportions of customers who gave incrementally worse feedback each wave (around a fifth for each measure). This highlights the difficulties in ensuring sustained customer experience among the LC CC customer group.

Risk-based approach to working

- 6.17 The risk-based approach to working 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.
- 6.18 In the last 12 months, just under three-quarters of LBS customers and half of LC CRM customers had undergone a risk review with HMRC⁴⁹. This was very similar to the proportion of CRM customers that had experienced risk reviews in previous waves of the study. These customers were asked the extent to which they agreed with several statements about the risk review process as shown in table 6.3.

Table 6.3: Proportion who agreed with statements relating to Risk based approach to working

	LBS '11	LBS '12	LC CRM '11	LC CRM '12
<i>Base: All who had a risk-review</i>	(266)	(267)	(214)	(233)
	% agreeing	% agreeing	% agreeing	% agreeing
I know what the benefits of being low risk are for my business	86	91	94	91
The risk review process is fair	88	89	81	79
The risk rating criteria are comprehensive enough	81	83	73	71
My business takes into account the HMRC risk status when structuring its tax affairs	70	73	68	69

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

⁴⁸ As the survey only allowed analysis by whether disagreements occurred in the last year versus over a year ago, some degree of caution is also needed as it was not possible to disaggregate exactly when their experiences happened. Another consideration is that experiences that occurred over 12 months ago may not be remembered as well, which could influence this comparison

⁴⁹ 72% LBS, 49% LC CRM.

- 6.19 There was a relationship between perceptions of whether HMRC is joined up and transparent and opinions on whether the risk review process is fair – i.e. businesses that agreed HMRC was joined up/transparent were more likely to agree the risk review process was fair and vice versa⁵⁰.
- 6.20 In nearly all cases, customers stated that Members of their Boards were made aware of the company's risk status⁵¹. Furthermore, over a third⁵² of businesses also ensured all senior staff and directors were made aware of the risk status.
- 6.21 There were no significant differences when these findings were compared with the 2011 customer feedback on the risk review process.
- 6.22 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 matters⁵³.

⁵⁰ 96% of those that considered HMRC joined up and 96% of those who agreed the department is transparent felt the risk review process was fair. Conversely amongst those who considered HMRC not to be joined up or transparent the proportions considering the risk review process to be fair was significantly lower, (78%) and (70%) respectively.

⁵¹ 95% LBS, 91% LC CRM

⁵² 37% of both LBS and LC CRM businesses

⁵³ 84% LBS, 70% LC CRM

7 HMRC's influence on the wider business environment

Key Findings

- Fewer large businesses that felt that the administrative burden of tax compliance had increased in 2012 than did so in 2011.
- Where customers felt the administrative burden had increased, this was most often explained by the introduction of Real Time Information (RTI) reporting.
- The majority of businesses stated that they had not actively considered relocating from the UK in the past 12 months.
- Depth interviews about HMRC's reaction to the recent media coverage produced a mixed response, regardless of the type of large business customer:
 - Some businesses felt that HMRC acted correctly by not getting involved in the public debate;
 - Some felt that HMRC should have more explicitly defended the legality of the actions of the named businesses; and
 - Others felt that HMRC should have done more to prevent the businesses 'taking advantage' of the law the way they did

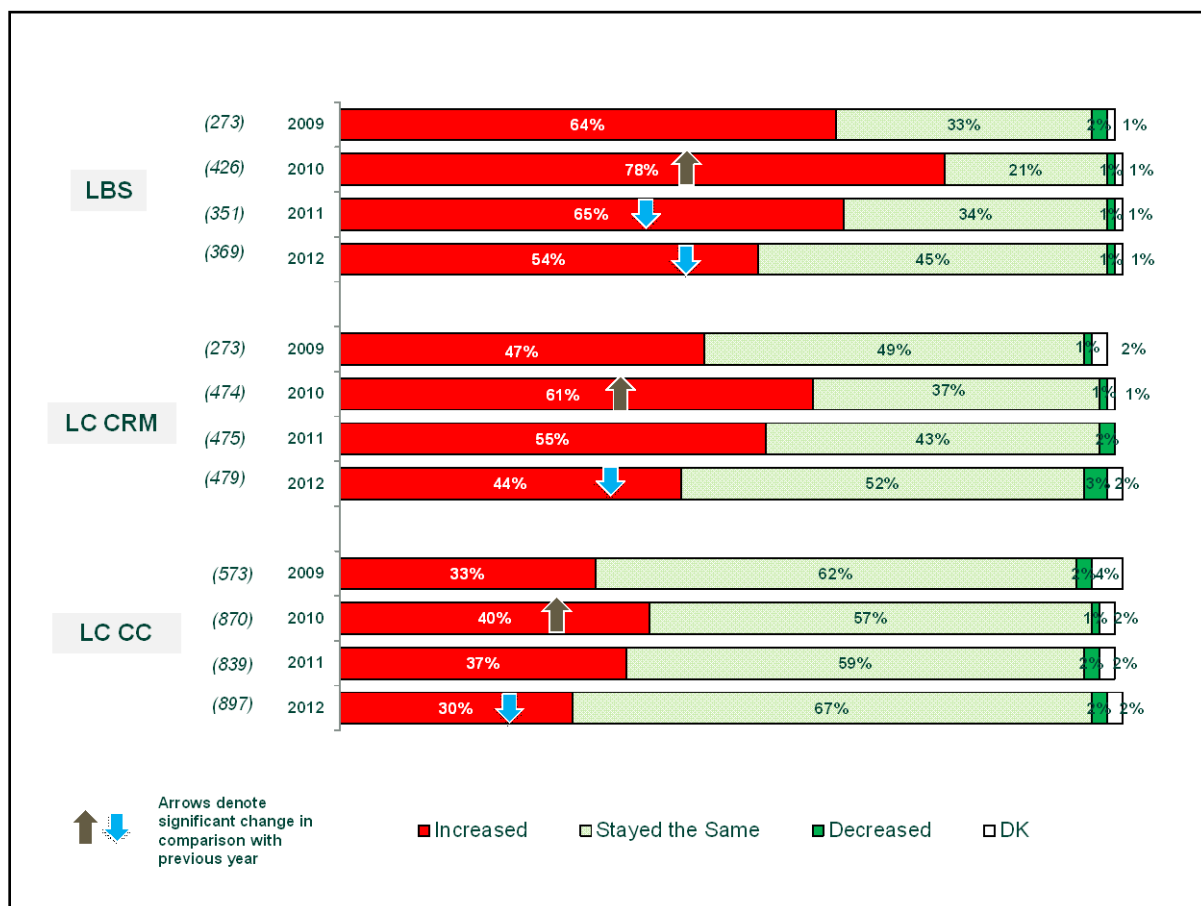
Introduction

- 7.1 This chapter explores the perceived influence of HMRC on the wider business environment. Specifically it examines the perceptions of the level of influence HMRC has on the tax environment, the perceived administrative burden that resulted from interactions with the department and the responses of businesses to external influences on their tax strategy in particular, recent media coverage and public opinion on large business tax affairs.

Administrative burden of tax compliance

7.2 Reducing the administrative burden of tax compliance continues to be an important strategic objective of the department. Customers were asked to gauge whether they had perceived a change in administrative burden over the last 12 months as a result of contact with HMRC (Figure 7.1)⁵⁴.

Figure 7.1 Proportion who stated that the administrative burden of compliance had increased



7.3 These findings showed that significantly fewer customer (across all three customer groups) felt that the administrative burden had increased over the past 12 months. This mirrored the trend in last year's results.

⁵⁴ In 2012 half the customers were given a more detailed introduction to this question on administrative burden "We are going to ask you some questions about the administrative burden of tax compliance. By this we mean the cost to businesses of disclosing information to HMRC or to third parties in order to comply with their tax administration obligations" There were no significant differences in terms of the answer patterns by whether customers heard the more detailed introduction.

- 7.4 That said, LBS customers were still the more likely of the three groups to have perceived an increase in administrative burden, with just over half (54%) considering this to be the case in 2012. LC CC customers were the least likely to perceive an increase in the administrative burden; three in ten (30%) of these customers perceived an increase.
- 7.5 Customers who felt the administrative burden of tax compliance had increased over the last 12 months were asked why they perceived this to be the case (table 7.1).

Table 7.1 Reasons why administrative burden was perceived to have increased over the past 12 months (spontaneous)

	LBS	LC CRM	LC CC
<i>Base: All customers perceiving an increase in the administrative burden of compliance</i>	(198)	(209)	(272)
	<i>% agreeing</i>	<i>% agreeing</i>	<i>% agreeing</i>
Burden relating to legislation	52	42	29
General regulatory changes	26	16	15
Senior Accounting Officer Legislation (SAO)	22	16	1
Corporation Tax (CT) rate change	5	5	7
Debt Cap legislation	5	5	0
VAT rate change	3	2	6
Controlled Foreign Corporation (CFC) regulations	2	3	0
Burden relating to operations	58	58	64
Real Time Information (RTI)	22	26	22
Extended Business Reporting Language (XBRL)	17	17	15
Volume of HMRC enquiries increasing	10	13	15
Online filing	7	6	9
General increase in the complexity of compliance	7	4	6
PAYE/NI changes	4	2	4
Deadlines tighter / deadline date changes	2	<1	2
Internal issues- company growth	1	5	3
More admin/forms	1	1	5
Burden relating to external impacts	1	7	6

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

- 7.6 Over half of LBS customers who felt the admin burden had increased, named an impact on the administrative burden of tax compliance that was linked to changes in tax legislation, a much higher proportion when compared to LC CRM and LC CC customers. By contrast, almost two-thirds of LC CC customers who felt admin burden had increased named an operations related impact as the source.
- 7.7 The introduction of Real Time Information was the most often spontaneously cited reason for an increase in administrative burden amongst LC CRM (26%) and LC CC customers (22%) and the second most cited reason amongst LBS customers (22%).

- 7.8 Amongst LBS customers, the most often spontaneously cited cause of an increase in admin burden was 'general regulatory changes' (26%). In addition, over one-fifth named the SAO legislation as having an impact on the administrative burden. Extended Business Reporting Language (XBRL) was also mentioned by all customer groups.
- 7.9 Compared to the 2011 study, there was a greater proportion of customers mentioning that an increased volume of enquiries from HMRC had caused an increase in administration for businesses. However, mention of burden relating to the introduction of relatively recent tax policies (SAO legislation, XBRL and Debt Cap legislation) declined across all customer groups when compared to 2011.

HMRC's influence on the tax environment

- 7.10 The research measured large business' perception of the impact that HMRC's administration of the tax system had on the UK as a place to do business. Customers were asked whether in the last 12 months, the organisation had actively considered relocating the business or parts of the business from the UK to another country.
- 7.11 The majority of businesses stated that they had not actively considered relocation from the UK in the past 12 months⁵⁵. LBS and LC CRM customers (both 8%) were significantly more likely to have considered relocating than LC CC customers (3%).
- 7.12 The proportion of LBS and LC CRM businesses who considered relocating represented a significant fall from 2011 when 16% of customers across both groups said they had considered it. Among these customers this proportion fell consistently over the past three waves of the research.
- 7.13 The small proportion of customers who stated that they had contemplated moving, were asked what was the main reason for this consideration. This question was asked of fewer than 100 customers because so few were considering relocating. Thus, findings should be treated with a degree of caution. The most common reasons stated were:
- Corporation Tax rates;
 - More attractive business environment;
 - Regulatory Issues;
 - Lower costs (wages etc.); and
 - More favourable tax conditions in other countries.
- 7.14 Depth interviewing with some of the businesses that stated in the 2011 quantitative survey that they had considered relocating showed that some businesses had never seriously considered a move; rather it had been theoretically mooted.

It was never a serious option – we are a massive business here in the UK.

LBS Business

⁵⁵ 88% LBS, 91% CRM, 96% LC CC

- 7.15 During the depth interviews businesses described other situations in which the considered move was not going ahead. For example, all such decisions were taken by the Head Office overseas and the respondent did not know why the option was no longer on the table. Another respondent mentioned that the business felt a move may be looked on unkindly by HMRC in the current climate of multinational tax avoidance (though again, this respondent did note that relocation had never been a very serious consideration).

Relocation: Trends over time

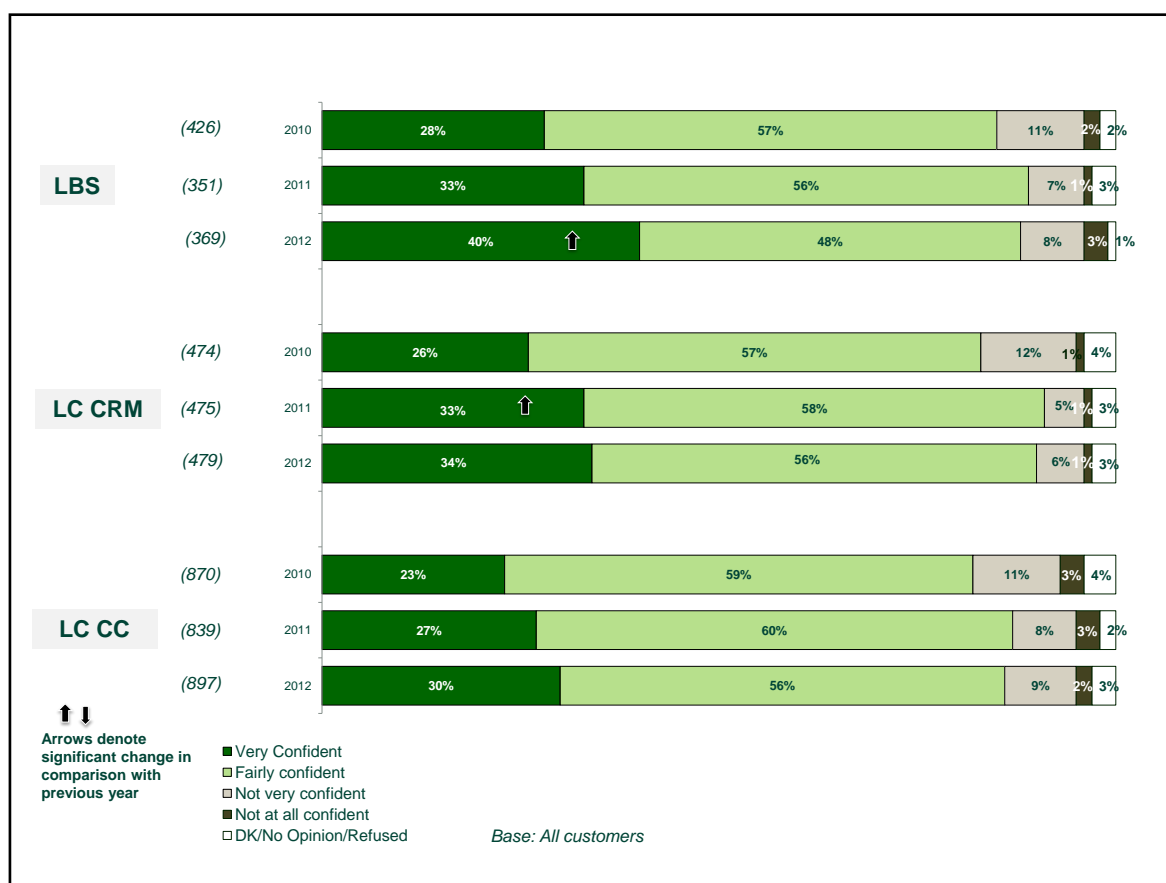
- 7.16 Analysis of how likely businesses were to relocate showed that the majority of businesses that considered relocating in 2010 later went on to explain they decided not to relocate the business. Indeed, of all businesses that considered relocating in 2010 and took part in later waves – only 20% were still considering it in 2012 (13%).⁵⁶
- 7.17 This trend further highlights how at an overall level significantly fewer businesses were considering relocating in 2012 than had been in previous years

⁵⁶ In total 110 businesses that stated they were considering relocating in 2010 took part in the 2011 and 2012 waves of the study. Of these – 22 businesses were still considering relocating in 2012. Non-response rate analysis has also been conducted to ensure the base of customers taking part in all three waves is representative (i.e. it is not being skewed because some businesses relocated after wave 1 and are no longer contactable). Figure 11.2 in the appendix of additional findings provides more details of this analysis.

Wider influences on the business

- 7.18 Coverage of the tax planning strategies of large businesses held increased presence in the media leading up to and during the 2012 fieldwork. In this context customers were asked how confident they were in their knowledge of what HMRC would challenge as 'tax avoidance'. Figure 7.2 shows the distribution of responses.
- 7.19 Customers across all three groups showed high levels of confidence in HMRC's classification of tax avoidance, at levels broadly in line with the last two waves of this survey.
- 7.20 Two fifths of LBS customers (40%) stated that they were 'very confident' in HMRC's classification, and were more likely to state this compared to LC CC customers among whom under a third chose this response (30%).
- 7.21 LC CC customers that participated in RTW were significantly more likely to be confident in HMRC's definition of tax avoidance than those that did not. In addition, LBS and LC CRM customers who considered HMRC to be joined up and transparent were significantly more likely to have confidence in HMRC's definition of tax avoidance.

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



- 7.22 During the depth interviews, the issue of what constituted tax avoidance (and what HMRC would consider to be tax avoidance), and how widespread it was, was discussed.
- 7.23 Many businesses felt that ‘tax avoidance’ as HMRC (and they themselves) understood it was legal, and that most businesses acted to legally reduce their tax bill, albeit to varying degrees.

Opinion of the media coverage

- 7.24 For some years there has been growing public awareness of the tax affairs of large businesses, and several high profile media campaigns have led to considerable criticism, not only of the businesses involved, but also HMRC’s dealings with them. During the depth interviews, businesses were asked about the recent media coverage and its impact, if any, on the business. Some businesses felt the press coverage was ‘vitriolic’ and designed to sell papers rather than educate or inform the public about the complexities of the tax system.
- 7.25 A commonly asserted point by businesses interviewed in-depth was that businesses recently named by the media were simply following the complex tax laws to their own advantage, and should not have been singled out or criticised for it. Some businesses stressed it was their obligation to be as tax efficient as possible both for the benefit of their shareholders and for the business’ overall competitiveness (both contributing ultimately to the health of the UK economy).

All multinationals will mitigate tax where they can and always have done - if you're not, your competitors will be.

LC CRM Business

Impact of media coverage on businesses

- 7.26 During the depth discussions, businesses often stated that the recent media coverage had not resulted in any concrete changes being made within their business. That said, some businesses gave examples of direct changes made, these included:

- A business which decided against renewing a transfer pricing agreement

The media reports do have an impact on what we are doing. For example I have a Transfer Pricing Agreement in place, which is coming to its end. I would normally look to renew it as a matter of course as it provides a degree of certainty for three to five years but I am hesitant to renew it.

LC CRM Business

- A business which decided against a deferred bonus scheme

The recent story about a deferred bonus scheme – which they have now dropped because of adverse publicity. This sort of scheme was discussed in our company because of an individual member of staff’s changed circumstances, but we decided that it was not the right thing for our company to do.

LC CRM Business

- 7.27 Some businesses also cited an internal shift in attitude – and some mentioned coverage had reduced likelihood of the business taking up agents' more aggressive tax planning suggestions. Indeed, one Head of Tax spoken to in the research felt that their personal wariness of agents' suggestions was now being more respected within their business.

Recent press coverage has just given me more grist to my mill that what we favour in our approach is right. I get fewer challenges now when I reject a scheme.

LBS Business

- 7.28 That said, another Head of Tax felt an increased scrutiny of their role following the media coverage for the opposite reason.

I have had no actual pressure from higher up or from the US to do anything differently [with regards to tax planning], but I do feel under scrutiny as to whether I am doing my job well enough.

LC CRM Business

HMRC's reaction

- 7.29 Businesses were asked in the depth interviews about HMRC's reaction to the recent media coverage. Views were mixed, regardless of the type of large business customer.

- 7.30 Some businesses felt that HMRC acted correctly by not getting involved in the public debate, and that it was HMRC's role as public servants to administrate the law, not to campaign for its change or to comment on the affairs of specific businesses.

HMRC reacted as they should - MPs can say what they want but HMRC are public servants and their job is to follow legislation, not get involved in the public debate.

LC CC Business

7.31

- 7.32 That said, some felt that HMRC should have more explicitly defended the legality of the actions of the named businesses, because they were working within the law laid down by parliament and using the schemes put in place to make the UK more attractive to overseas businesses.

Someone from HMRC should come up to say that the message that has been given to businesses over the last 18 months is that HMRC is going to be proactive in attracting investment and encouraging multinationals to be based in the UK.

LC CRM Business

It is a poor reflection on the Revenue that they did not come out and say these companies were working within the UK law. They left the big multinationals and the advisors to take the flak.

LBS Business

- 7.33 Finally, others felt that HMRC should have done more to prevent the businesses 'taking advantage' of the law the way they did – either by tightening the law or by chasing more aggressively those who were not acting within the spirit of the law.

It is difficult to control tax avoiders but I'm surprised they have not done more. Maybe they can't offer the kind of pay packets and benefits to retain the kind of highly skilled tax experts who could counter the big outside tax advisors.

LC CC Business

They should have been applying the transfer pricing agreements correctly from day one. HMRC should now be saying they are investigating and that they have the matter in hand.

LC CRM Business

8 Glossary

Term	Definition
Customer Relationship Manager (CRM)	All LBS customers have a Customer Relationship Manager (CRM) and some of the largest businesses within Local Compliance Large and Complex (LC) have had a CRM for the last five years. The CRM role ranges from preparing the risk assessment, ensuring issues are resolved, responding to queries and keeping the business updated on how issues are progressing.
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 2012 survey results showed that take up had begun to 'level off' throughout the last 12 months.
XBRL	Extended Business Reporting Language: This is a new, electronic format for business information, which HMRC expects to provide benefits in the preparation, analysis and communication of business and financial data.
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 2010, 2011 and 2011 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 is being rolled out in stages.

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

9 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 business' views of the services provided by HMRC. The survey has measured changes in customer service and has, since 2008, also provided performance indicators for one of the Departmental customer experience scores that HMRC used for the CSR 07 and CSR 10 period⁵⁷.
- 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, since 2011 HMRC has been conducting a survey with the same large business customers around their views on tax policies (Tax Opinions Panel Survey). This provides one vehicle for all research with large businesses. The survey about tax policies is 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 latest wave of the study (2012).

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 770 businesses are serviced by the LBS, and all have a dedicated Customer Relationship Manager (CRM). The CRM manages the relationship between the business and HMRC across all taxes and duties. These customers are referred to as LBS customers throughout this report.
- 9.7 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 1,200 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 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.

⁵⁷ For more information about the score, see section 10.48 in this chapter.

Overview of the research method

- 9.9 The 2012 LBPS survey encompassed 1,745 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 10th October and 14th December 2012:

Table 9.1 Number of interviews achieved by customer group

TOTAL	LBS	LC CRM	LC CC
<i>N</i>	<i>n</i>	<i>n</i>	<i>n</i>
1,745	369	479	897

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>
9,170	770	1,100	7,300

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, 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 2012 as in 2011 and 2010. This customer group also had a higher proportion of businesses declining to take part or becoming ineligible, hence the need for top ups. Given the limited background knowledge of these businesses, a like for like replacement was not attempted.

- 9.15 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 two previous TOPS surveys) was selected by HMRC. The LC CC population is the only strata sufficiently large to allow for separate sampling.
- 9.16 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.
- 9.17 The number of records available for the research is shown in table 9.3. The table shows the starting number of records provided by HMRC, and the number unavailable for use due to respondent refusal to re-contact, deemed ineligibility, and lack of contact details, determined over the previous waves of LBPS and TOPS.

Table 9.3 Sample selection for main-stage fieldwork

	Records provided by HMRC in 2010	Extra records / supplied by HMRC in 2011	Extra records / supplied by HMRC in 2012	Records used for pilot / development work	Records unavailable due to refusals / ineligible / no useable number throughout TOPS and LBPS	Extra / alternative numbers from previously unavailable records, sourced by IFF	Records for which still unable to source contact details	Records classified as ineligible by HMRC for third wave	Issued for main stage fieldwork – LBPS wave 3 2012
	N	N	N	N	N	N	N	N	N
LBS <i>(full population)</i>	758	23	25	40	148	64	3	16	663
LC CRM <i>(full population)</i>	1118	284	38	80	262	45	11	115	1017
LC CC <i>(a random sample of full population)</i>	2200	640	299	200	256	60	311	272	2160
TOTAL	4076	947	362	320	666	169	325	403	3840

Questionnaire development and screening

- 9.18 The construction of the LBPS 2012 questionnaire involved a period of development which included discussions with HMRC and a pilot telephone survey.
- 9.19 All pilot interviewing took place from IFF's CATI (Computer Assisted Telephone Interviewing) centre for three working days between Thursday 30th August and Tuesday 4th September 2012 (no interviewing took place on Monday 3rd September). A warm up letter was sent at the beginning of September to introduce respondents to the survey.
- 9.20 Following this development work the final main stage questionnaire lasted an average of 20 minutes and fieldwork was conducted using CATI.

- 9.21 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.
- 9.22 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

- 9.23 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

- 9.24 The response rate was calculated using the following formula⁵⁸:

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

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

$$9.26 \quad E = \frac{(I + P) + (R + NC + O)}{(I + P) + (R + NC + O) + NE}$$

- 9.27 Table 9.4 shows the 2012 LBPS response rate⁵⁹ achieved for each customer group, as compared to that achieved for the preceding two waves of the LBPS in 2010 and 2011.

⁵⁸ 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

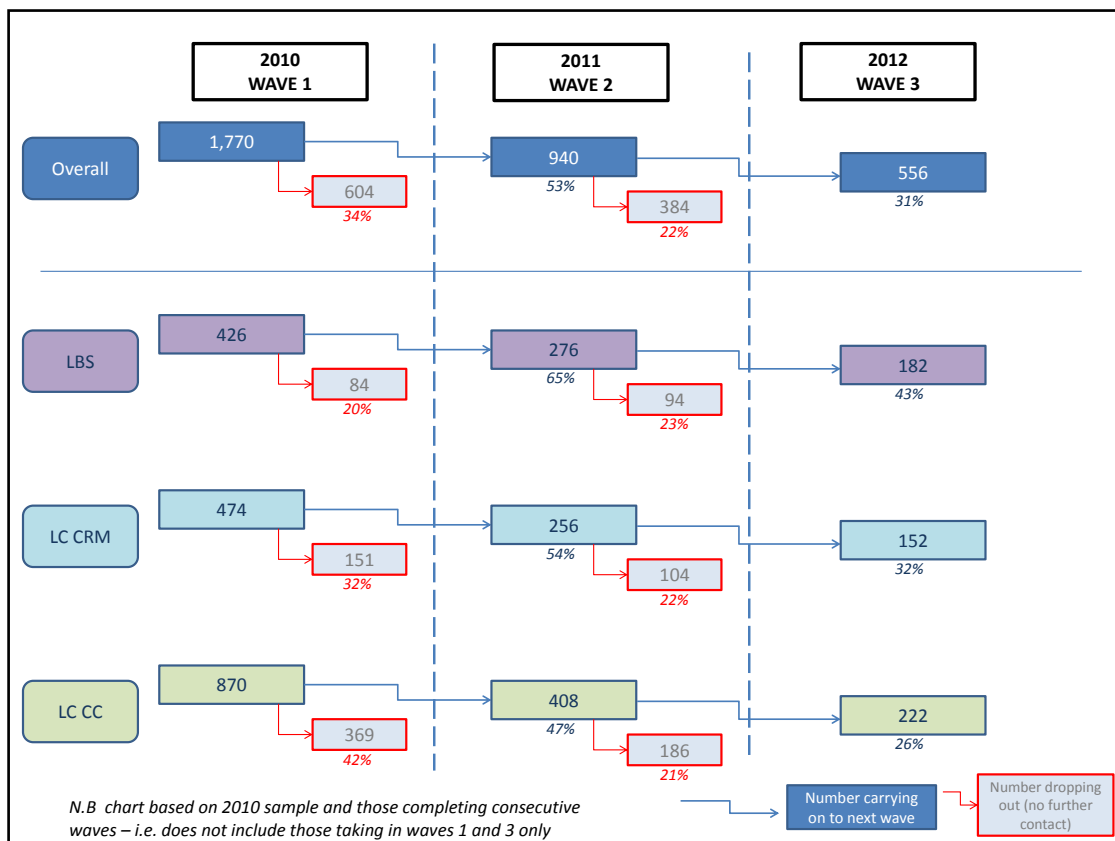
Table 9.4 Response rates achieved

	2012 Completed interviews	2012 Response Rates	2011 Completed interviews (LBPS w2)	2011 Response rate (LBPS w2)	2010 Completed interviews (LBPS w1)	2010 Response rate (LBPS w1)
LBS	369	55.89%	351	58.90%	426	60.30%
LC CRM	479	47.63%	475	44.60%	474	46.70%
LC CC	897	42.21%	839	39.90%	870	44.30%
ALL	1,745	46.06%	1,665	44.30%	1,770	48.00%

Attrition rates and longitudinal response

9.28 Figure 9.1 shows the attrition rates of large business customers taking part in studies between 2010 and 2012. The analysis is based on all customers that took in the first wave of fieldwork in 2010.

Figure 9.1: Attrition rates 2010-2012



⁵⁹ 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.

- 9.29 Overall, 53% of those taking part in wave 1 (2010) also took part in wave 2 (2011) and 31% of the 2010 starting sample completed all three waves. The proportion of people carrying on to further waves was at its highest among LBS customers (65% Wave 1 to 2, 43% All 3 Waves) and lowest among LC CC customers (47% Wave 1 to 2, 26% All 3 Waves). The attrition rate among LC CC customers is unsurprising considering their typically lower levels of engagement with HMRC. This justifies the approach taken to top up the LC CC sample at each wave.
- 9.30 Running the same analysis on the 2011 (wave 2) starting sample leads to a similar picture - with LBS customers showing lower attrition rates - 62% of LBS customers taking part in 2011 wave 2 also took part in wave 3 – 2012, compared to 56% among LC CRM and 51% among LC CC customers.
- 9.31 Table 9.5 shows analysis of customers who have participated in more than one wave, and therefore on which longitudinal analysis of response can be performed – the approach to which is discussed in more detail later in this chapter.

Table 9.5 Longitudinal response in 2012 (wave 3)

	TOTAL	LBS	LC CRM	LC CC
Took part in all three waves	556	182	152	222
Took part in waves 2 and 3 only	354	36	116	202
Took part in waves 1 and 2 only	384	94	104	186
Took part in waves 1 and 3 only	225	65	67	93

Non-response analysis

- 9.32 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.
- 9.33 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%.
- 9.34 Checks were also conducted on those responding to both all three waves of LBPS to see whether respondents who took part in both waves were more positive. This analysis showed there were no significant differences in terms of response.

Data linking

- 9.35 At the end of the survey, respondents were asked whether they would be willing to have their survey answers linked to administrative data held on their business by HMRC, on the condition that HMRC would still not be able to identify any business that had taken part in the survey, regardless of whether data linking occurred or not. In total 85% of all business customers taking part in 2012 agreed for their answers to be data linked.

Data analysis

- 9.36 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.
- 9.37 In the absence of any notable non-response bias, no weighting to adjust for non-response was deemed necessary. Furthermore, as approximately 80 per cent 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.
- 9.38 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.
- 9.39 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 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.
- 9.40 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 and 2011) 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.

- 9.41 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

- 9.42 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.
- 9.43 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.
- 9.44 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

- 9.45 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.
- 9.46 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.

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

- 50% LBS – i.e. the top 5 drivers in the model represent over half all data;
- 38% LC CRM – i.e. the top 5 drivers in the model represent just under two-fifths of all data;
- 42% LC CC – i.e. the top 5 drivers in the model represent just over two-fifths of all data.

9.48 The 2012 KDA analysis mirrored the approach taken in previous three surveys⁶⁰ – 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

9.49 Where customers took part in this survey and also in wave 1 (2010) and wave 2 (2011), responses were analysed to help HMRC understand the longitudinal picture.

9.50 Longitudinal analysis variables were derived slightly differently from the previous wave to take into account the three waves of data. In 2011 longitudinal analysis was focused on whether experience had improved, got worse or stayed the same. In 2012, four categories were derived taking into account all three waves of the survey.

9.51 Table 9.6 shows how the categories were defined. In instances where scores remained static between waves 1 and 2 and changed in wave 3 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 approach in 2012:

Change in score W1-W2	Change in score W2-W3	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

9.52 Key findings from these two techniques are included in the main body of the report, while relevant tables and figures are include in chapter 12.

⁶⁰ No key driver analysis was undertaken in 2008.

Measuring the customer experience of large businesses

Background

- 9.53 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.
- 9.54 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.
- 9.55 This section explains how the customer experience score for large businesses⁶¹ 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 surveys⁶².

Nine dimensions of customer service

- 9.56 Large businesses are surveyed by telephone each year to capture their experiences of, and attitudes to HMRC. The customer experience score is drawn from nine measures of customer experience included in the survey. These measures are designed to reflect a broad range of service delivery issues that are relevant to all customers. Business customers are asked to rate each statement on a five-point scale (i.e. strongly agree, agree, neither agree nor disagree, disagree and strongly disagree). The statements included in the customer experience score for large businesses are:

- HMRC has a good understanding of your business;
- HMRC make it clear what business needs to be compliant;
- HMRC have become more focused on the high risk tax issues that affect businesses and are now less concerned about the low risk matters;
- HMRC makes it clear what you need to do to address any concerns
- HMRC actively seek a cooperative relationship;
- HMRC are a joined-up organisation;
- HMRC provide business with certainty;
- HMRC are consistent in the way they deal with business; and
- HMRC treat your business fairly.

⁶¹ 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>

⁶² 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/lbcs-report142.pdf>, HMRC Research Report no. 183, *Large Business Panel Survey 2011: business' experience of HMRC*, available at: <http://www.hmrc.gov.uk/research/lbcs-report183.pdf>

9.57 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

9.58 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.

9.59 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%⁶³.

Estimating the relevance of each statement

9.60 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

9.61 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

9.62 Using the methods described above, the following customer experience scores were achieved over the last five years⁶⁴. The customer experience score for large business in 2012 increased to 74.8%, a statistically significant rise from 2011.

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

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

Qualitative research

9.63 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.

⁶³ Using CT as a weight gave 75:25 ratio in favour of LBS over businesses in Local Compliance.

⁶⁴ For scores using the previous approach, see: <http://www.hmrc.gov.uk/research/lbps-report142.pdf>, page 53

9.64 The main topics covered in the qualitative research were:

- RTW (including reasons for any movement towards RTW, reasons for not participating in RTW, impact of RTW on the business);
- Being joined up and transparent (including suggestions to make HMRC more joined up/transparent, extent to which HMRC treat businesses fairly);
- Tax structures and influences (including the extent to which recent media coverage of large business tax strategies has impacted the business and reaction to public perception of tax avoidance);
- XBRL and clearances (including administrative burden of introduction of XBRL and HMRC's handling of non-statutory business clearances); and
- Real Time Information (including migration to RTI, administrative burden of introduction and other impacts on the business)

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

9.66 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.

Sampling and recruitment

9.67 The sample for the qualitative stage was recruited from those who participated in the 2012 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.

9.68 The qualitative sample took on a more complex structure in 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 9.7 Qualitative stage – achieved sample structure

		LBS	LC CRM	LC CC	Total
A1	Business that now used CRM/CC (in wave 3) but previously did not use CRM/CC (in wave 2)	0	3	3	6
A2	Business that now do not use CRM/CC (in wave 3) but previously did use CRM/CC (in wave 2)	0	3	3	6
B	Businesses that have worked in RTW for over 12 months (i.e. At LBPS Wave 2 and 3)	8	3	6	17
C	Businesses that have frequent contact with HMRC and state that HMRC is influential in their planning strategies (defined from TOPS Wave 2).	7	4	0	11
D	Businesses from non-financial/banking sectors.	8	10	8	26
E	Businesses that have changed their opinion of HMRC being transparent/joined up between LBPS Wave 2 and 3.	5	6	7	18
F	Businesses that have changed their decisions on relocating between LBPS Wave 2 and 3.	3	3	4	10
G	Businesses controlled by larger foreign group.	7	3	3	13

9.69 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 15 January to 4 March 2013.

Qualitative research analysis

9.70 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.

9.71 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: Data tables

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 2008/2009/2010/2011 these questions were new to the survey in 2012
- 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				
	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Very good	43	36	44	38	46	24	25	32	28	31	17	20	22	22	21
Fairly good	44	50	45	52	45	47	50	46	54	53	56	48	45	49	52
Neither	9	9	8	7	5	17	16	14	13	11	16	21	20	19	18
Fairly poor	2	4	2	3	2	7	7	5	4	3	6	6	8	7	7
Very poor	*	0	0	0	*	2	1	2	1	1	4	2	3	3	1
Don't know	2	1	0	*	1	3	1	1	*	*	1	3	2	1	1
GOOD			89	90	91			78	82	85			67	71	73
POOR			2	3	2			7	5	4			11	10	8
Base	213	272	426	351	369	249	243	474	475	479	218	573	870	839	897

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	2011	2012	2011	2012
	%	%	%	%	%	%
Much worse	3	2	2	1	3	2
Slightly worse	3	10	11	8	9	7
No change	61	65	60	62	73	70
Slightly better	26	14	18	20	10	13
Much better	8	3	8	4	3	3
Don't know	0	0	0	1	*	1
Did not deal with HMRC a year ago	0	6	1	3	1	5
BETTER	33	17	26	25	14	15
WORSE	6	12	13	10	12	9
Base	66	369	205	479	387	897

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

	LBS					LC CRM					LC CC				
	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	18	24	31	34	37	20	21	23	24	27	17	16	18	18	18
Tend to agree	66	62	56	55	53	62	60	59	62	59	56	58	61	62	64
Neither agree nor disagree	9	10	8	6	6	10	13	12	8	9	18	17	13	13	12
Tend to disagree	6	3	3	3	4	5	5	4	3	4	7	6	5	4	4
Disagree strongly	1	1	1	1	0	2	1	2	1	*	1	2	1	2	1
Don't know	0	*	0	*	*	2	*	1	*	*	*	1	2	*	1
Depends	0	0	*	*	*	0	0	*	*	*	0	0	*	*	*
AGREE			87	89	90			81	86	86			79	80	82
DISAGREE			5	4	4			6	5	4			6	6	5
Base	213	272	426	351	369	249	243	474	475	479	218	573	870	839	897

Table 1.4 – A3_2: Agreement that “They are consistent in the way they deal with your business”

	LBS					LC CRM					LC CC				
	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	9	17	26	26	31	15	14	20	21	24	13	13	18	20	21
Tend to agree	61	61	57	59	56	53	49	56	58	56	56	56	54	56	58
Neither agree nor disagree	13	7	8	7	7	13	16	8	10	10	19	12	13	12	11
Tend to disagree	13	13	6	6	6	14	17	11	9	8	8	13	9	8	8
Disagree strongly	1	1	2	2	1	5	3	4	1	1	3	4	3	3	2
Don't know	2	-	1	*	0	*	*	1	1	1	1	2	2	*	1
Depends	*	*	1	1	0	-	-	1	*	*	-	-	1	*	*
AGREE			83	85	86			76	79	80			71	76	79
DISAGREE			8	8	7			14	10	9			13	11	9
Base	213	272	426	351	369	249	243	474	475	479	218	573	870	839	897

Table 1.5 – A3_3: Agreement that “They are a joined-up organisation”

	LBS					LC CRM					LC CC				
	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	3	5	5	5	7	4	5	4	4	6	6	5	6	4	5
Tend to agree	31	33	37	45	43	27	27	31	30	34	21	29	23	25	30
Neither agree nor disagree	17	19	22	19	21	18	19	17	23	22	21	19	18	26	20
Tend to disagree	32	32	24	25	24	36	30	28	31	27	28	26	29	28	29
Disagree strongly	11	9	10	5	5	9	16	17	10	8	14	14	17	11	10
Don't know	4	1	1	1	1	6	4	2	2	2	10	5	7	5	6
Depends	0	0	*	*	0	0	0	0	0	*	0	1	*	*	0
AGREE			41	50	49			35	34	40			29	29	35
DISAGREE			35	29	28			46	41	35			46	40	39
Base	213	272	426	351	369	249	243	474	475	479	218	573	870	839	897

Table 1.6 – A3_4: Agreement that “Their decision making process is transparent”

	LBS					LC CRM					LC CC				
	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	5	4	4	7	8	3	7	6	7	8	9	5	6	5	7
Tend to agree	32	36	40	46	46	35	29	32	40	44	27	32	32	39	41
Neither agree nor disagree	21	25	19	22	21	23	29	26	23	20	24	26	25	26	24
Tend to disagree	30	28	25	22	20	28	22	23	23	23	24	22	23	19	18
Disagree strongly	7	6	9	3	3	6	6	8	4	2	8	9	8	6	4
Don't know	5	1	1	1	1	4	6	5	3	3	8	6	6	5	6
Depends	0	*	*	0	0	*	1	1	1	*	0	*	*	0	*
AGREE			45	52	54			38	47	53			38	44	48
DISAGREE			34	25	23			31	27	24			31	25	22
Base	213	272	426	351	369	249	243	474	475	479	218	573	870	839	897

Table 1.7 – A3_5: Agreement that “They actively seek a cooperative relationship with you”

	LBS					LC CRM					LC CC				
	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	40	38	47	47	48	13	23	31	30	35	11	9	13	14	13
Tend to agree	45	49	44	45	45	43	51	50	53	48	37	37	44	48	47
Neither agree nor disagree	8	6	5	5	3	18	16	9	10	9	24	27	19	19	19
Tend to disagree	5	5	2	3	4	18	7	5	6	6	20	20	16	14	15
Disagree strongly	1	1	1	*	*	6	2	3	1	1	6	5	4	4	3
Don't know	0	*	0	0	*	2	*	*	0	*	3	2	3	1	2
Depends	0	0	1	*	*	0	0	*	*	*	0	*	1	*	1
AGREE			91	92	93			82	83	83			57	61	60
DISAGREE			3	3	4			9	8	7			21	18	19
Base	213	272	426	351	369	249	243	474	475	479	218	573	870	839	897

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

	LBS					LC CRM					LC CC				
	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	9	13	16	18	21	7	8	7	11	13	6	9	6	6	7
Tend to agree	38	43	45	46	49	31	33	34	36	41	31	28	26	27	25
Neither agree nor disagree	20	21	20	16	11	22	24	22	22	16	21	23	20	23	20
Tend to disagree	25	14	13	12	11	24	19	18	17	15	24	20	22	21	21
Disagree strongly	5	6	3	3	3	9	8	9	7	3	11	10	10	9	8
Don't know	2	1	2	5	4	6	7	8	7	12	8	10	17	14	20
Depends	*	1	0	0	*	*	1	1	*	0	0	1	*	*	*
AGREE			62	64	70			41	47	54			31	33	32
DISAGREE			16	15	14			28	24	18			32	30	28
Base	213	272	426	351	369	249	243	474	475	479	218	573	870	839	897

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

	LBS		LC CRM		LC CC	
	2011	2012	2011	2012	2011	2012
	%	%	%	%	%	%
Employment Tax Specialists	35	37	25	32	26	20
Corporation Tax Specialists	45	45	33	32	23	22
VAT specialists	46	47	53	51	44	44
Insurance Premium Tax (IPT) specialists	1	2	*	*	*	*
Indirect tax specialists	7	6	3	1	1	1
International tax specialists	10	7	4	4	3	2
Intra Stat/Customs and Excise specialists	8	5	3	5	4	5
Construction Industry Scheme (CIS)	1	1	3	5	2	1
Income tax (inc. Payroll & PAYE)	8	7	8	9	12	10
Transfer pricing	4	5	1	3	*	1
Stamp Duty	2	1	1	*	*	*
Research and Development	1	2	1	1	*	1
Shares	1	0	1	0	1	0
Other	11	11	11	13	5	8
Don't Know	5	6	8	8	12	14
Base	332	352	440	420	722	715

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		2012		2012	
	%		%		%	
Very good	28		18		21	
Fairly good	45		46		36	
Neither good nor poor	16		19		23	
Fairly poor	4		5		8	
Very poor	2		2		3	
Don't know	4		9		9	
Refused	1		1		1	
GOOD	73		64		57	
POOR	6		7		11	
Base	331		386		615	

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)

	LBS		LC CRM		LC CC	
	2011	2012	2011	2012	2011	2012
	%	%	%	%	%	%
Strongly Agree	9	19	13	16	4	15
Tend to Agree	46	59	49	58	49	52
Neither Agree nor Disagree	18	9	15	12	21	17
Tend to Disagree	22	9	14	7	13	6
Strongly Disagree	1	1	4	1	3	1
Don't know	2	1	2	3	6	6
It Varies	-	0	1	0	1	*
Not Applicable	1	1	3	3	4	3
AGREE	55	78	61	74	53	67
DISAGREE	24	10	18	8	16	7
Base	85	297	150	352	210	589

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)

	LBS		LC CRM		LC CC	
	2011	2012	2011	2012	2011	2012
	%	%	%	%	%	%
Strongly Agree	4	21	8	13	2	8
Tend to Agree	48	57	39	52	25	37
Neither Agree nor	16	9	12	12	14	18

Disagree						
Tend to Disagree	28	9	29	13	34	19
Strongly Disagree	3	2	10	3	14	6
Don't know	1	1	3	5	9	9
It Varies	1	1	-	1	1	1
Not Applicable	-	0	1	*	*	2
AGREE	51	77	47	65	27	46
DISAGREE	31	11	38	16	48	25
Base	103	369	196	479	332	897

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)

	LBS		LC CRM		LC CC	
	2011	2012	2011	2012	2011	2012
	%	%	%	%	%	%
Strongly Agree	1	9	2	7	1	4
Tend to Agree	28	47	20	38	14	22
Neither Agree nor Disagree	33	20	26	23	25	28
Tend to Disagree	17	11	32	13	33	16
Strongly Disagree	4	2	6	3	11	5
Don't know	17	11	14	15	16	23
It Varies	-	*	1	*	-	*
Not Applicable	-	1	1	*	1	2
AGREE	29	57	22	45	14	26
DISAGREE	21	12	37	16	44	21
Base	103	369	196	479	332	897

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)

	LBS		LC CRM		LC CC	
	2011	2012	2011	2012	2011	2012
	%	%	%	%	%	%
Strongly Agree	7	14	3	12	3	9
Tend to Agree	45	63	42	52	33	47
Neither Agree nor Disagree	19	12	24	18	23	18
Tend to Disagree	21	8	27	13	25	16
Strongly Disagree	6	1	3	2	11	5
Don't know	2	1	1	2	3	3
It Varies	-	1	-	0	*	1
Not Applicable	-	0	1	1	2	2
AGREE	51	77	44	64	36	56
DISAGREE	27	9	30	15	36	20
Base	103	369	196	479	332	897

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	
	2011	2012	2011	2012	2011	2012
	%	%	%	%	%	%
Strongly Agree	8	23	10	21	8	19
Tend to Agree	60	60	52	56	50	60
Neither Agree nor Disagree	13	9	12	11	18	9
Tend to Disagree	13	7	18	9	16	7
Strongly Disagree	6	1	7	2	7	1
Don't know	-	0	-	1	1	2
It Varies	1	0	1	*	-	0
Not Applicable	-	1	-	*	*	1
AGREE	68	83	62	77	58	79
DISAGREE	18	8	25	11	22	9
Base	87	369	130	479	210	897

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	
	2011	2012	2011	2012	2011	2012
	%	%	%	%	%	%
Strongly Agree	11	18	10	16	4	12
Tend to Agree	46	54	37	52	38	50
Neither Agree nor Disagree	16	14	19	14	18	13
Tend to Disagree	20	8	28	11	26	11
Strongly Disagree	6	1	5	2	9	4
Don't know	1	1	1	1	2	4
It Varies	-	1	-	0	-	0
Not Applicable	-	3	1	3	3	6
AGREE	57	73	47	68	42	62
DISAGREE	25	9	32	13	35	15
Base	87	369	130	479	210	897

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

	LBS			LC CRM			LC CC		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
	%	%	%	%	%	%	%	%	%
Yes (assisting in some way)	NA	NA	NA	NA	NA	NA	10	16	18
Yes (being introduced)	NA	NA	NA	NA	NA	NA	15	15	12
No	NA	NA	NA	NA	NA	NA	73	68	69
Don't know	NA	NA	NA	NA	NA	NA	2	1	0
Base	NA	NA	NA	NA	NA	NA	870	837	894

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

	LBS			LC CRM			LC CC		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
	%	%	%	%	%	%	%	%	%
I have had no reason to contact my CC	NA	NA	NA	NA	NA	NA	40	47	43
I have never heard of a CC	NA	NA	NA	NA	NA	NA	44	32	35
I have heard of a CC but do not know who my CC is	NA	NA	NA	NA	NA	NA	8	14	15
A colleague deals with the CC instead	NA	NA	NA	NA	NA	NA	4	4	-
I have not had time to contact my CC yet	NA	NA	NA	NA	NA	NA	3	2	2
I have not wanted to contact my CC	NA	NA	NA	NA	NA	NA	-	2	-
I prefer to seek other advice	NA	NA	NA	NA	NA	NA	-	2	-
Other	NA	NA	NA	NA	NA	NA	5	1	4
Don't know	NA	NA	NA	NA	NA	NA	*	2	-
Base	NA	NA	NA	NA	NA	NA	637	579	614

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

	LBS					LC CRM					LC CC				
	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Yes	86	87	97	95	95	29	69	89	86	89	NA	NA	NA	NA	NA
No	7	13	3	5	5	10	30	10	14	11	NA	NA	NA	NA	NA
Don't have CRM	6	0	NA	NA	NA	54	1	NA	NA	NA	NA	NA	NA	NA	NA
Don't know	2	0	0	*	*	7	0	1	*	*	NA	NA	NA	NA	NA
Base	213	272	426	351	369	249	243	474	475	479	NA	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				
	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Usually through CRM/ CC	26	53	48	50	55	43	57	58	56	58	NA	NA	30	28	35
Usually through other staff	33	17	10	10	8	14	14	9	12	11	NA	NA	34	34	31
Fairly even split	50	30	42	40	38	36	28	33	32	31	NA	NA	34	37	31
Don't know	1	0	*	0	0	7	1	*	*	*	NA	NA	2	1	3
Base	183	236	412	340	356	72	168	423	422	433	NA	NA	86	132	158

Table 2.5 - B4a: Rating on “Being easy to contact CC/ CRM” (All who work with CRM/ CC)															
	LBS					LC CRM					LC CC				
	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Very good	61	58	66	65	65	42	48	54	55	61	NA	NA	44	50	44
Fairly good	31	33	31	31	31	43	43	38	36	30	NA	NA	45	36	40
Neither good nor poor	4	4	2	2	3	7	2	3	5	5	NA	NA	7	7	9
Fairly poor	1	1	*	1	1	0	4	3	3	2	NA	NA	0	4	4
Very poor	0	0	*	0	0	1	1	1	1	0	NA	NA	2	2	2
Don't know	4	4	*	1	*	7	2	1	1	2	NA	NA	1	2	1
GOOD			97	96	96			92	91	92			90	86	84
POOR			1	1	1			4	4	2			2	5	6
Base	183	236	412	340	356	72	168	423	422	433	NA	NA	86	132	158

Table 2.6 - B4b: Thinking specifically about the CC/CRM responsible for your business, how would you rate them on their willingness to help you? (All who work with CRM/ CC)									
	LBS			LC CRM			LC CC		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
	%	%	%	%	%	%	%	%	%
Very good	68	64	64	56	55	57	51	59	57
Fairly good	26	32	28	35	37	33	38	33	37
Neither good nor poor	4	3	5	6	4	6	7	5	5
Fairly poor	*	1	1	1	2	1	1	1	1
Very poor	*	0	0	1	*	1	1	2	0
Don't know	1	*	2	1	2	2	1	1	1
GOOD	95	91	93	96	91	90	93	90	94
POOR	1	2	1	1	3	2	1	2	1
Base	412	340	356	423	422	433	86	132	158

Table 2.7 - B4c: Thinking specifically about the CC/CRM responsible for your business, how would you rate them on ensuring that your queries are dealt with effectively? (All who work with CRM/ CC)

	LBS			LC CRM			LC CC		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
	%	%	%	%	%	%	%	%	%
Very good	53	49	49	44	43	45	36	42	43
Fairly good	38	43	42	41	44	41	50	42	44
Neither good nor poor	6	3	6	8	10	8	9	8	8
Fairly poor	1	3	1	4	2	2	1	3	3
Very poor	*	1	0	*	*	*	2	3	1
Don't know	1	1	1	3	1	3	1	2	2
GOOD	92	92	91	85	87	87	86	84	87
POOR	2	4	1	4	2	3	3	6	4
Base	412	340	356	423	422	433	86	132	158

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

	LBS			LC CRM			LC CC		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
	%	%	%	%	%	%	%	%	%
Very good	53	54	53	46	43	46	43	45	45
Fairly good	36	34	37	39	42	39	38	30	38
Neither good nor poor	6	6	5	6	8	9	7	13	13
Fairly poor	3	4	3	4	3	3	6	4	2
Very poor	1	1	1	2	2	1	2	2	1
Don't know	1	1	1	4	3	3	3	6	2
GOOD	89	88	90	84	84	85	81	76	83
POOR	4	5	4	5	5	3	8	5	3
Base	412	340	356	423	422	433	86	132	158

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

	LBS			LC CRM			LC CC		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
	%	%	%	%	%	%	%	%	%
Very good	43	38	44	39	37	39	31	39	37
Fairly good	47	49	44	44	45	45	52	39	46
Neither good nor poor	5	5	7	8	10	11	10	8	9
Fairly poor	2	3	3	4	3	2	1	2	3
Very poor	*	1	1	1	1	*	1	3	2
Don't know	2	3	2	3	4	3	3	9	3
GOOD	91	87	88	83	82	84	84	78	84
POOR	2	4	3	5	4	2	2	5	4
Base	412	340	356	423	422	433	86	132	158

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

	LBS					LC CRM				
	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
	%	%	%	%	%	%	%	%	%	%
Very good	30	29	35	35	36	29	30	30	30	35
Fairly good	44	44	45	46	44	42	43	44	46	44
Neither good nor poor	13	14	11	13	11	11	14	13	13	12
Fairly poor	5	5	5	5	5	3	7	6	7	3
Very poor	1	2	1	1	1	1	1	2	1	1
Don't know	8	6	2	1	3	14	5	5	3	5
GOOD			80	81	81			74	77	79
POOR			6	5	5			7	8	4
Base	183	236	412	340	356	72	168	423	422	433

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

	LBS				LC CRM			
	2009	2010	2011	2012	2009	2010	2011	2012
	%	%	%	%	%	%	%	%
Very good	24	28	29	33	18	19	23	25
Fairly good	48	51	52	50	51	48	50	52
Neither good nor poor	14	14	13	11	15	20	15	13
Fairly poor	6	5	4	4	8	6	7	4
Very poor	1	*	1	1	4	3	2	1
Don't know	7	1	1	1	4	4	3	5
GOOD		79	81	83		67	73	77
POOR		5	4	5		9	10	5
Base	236	412	340	356	168	423	422	433

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

	LBS				LC CRM				LC CC			
	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
	%	%	%	%	%	%	%	%	%	%	%	%
Very good	56	64	66	63	56	50	48	52	NA	34	39	38
Fairly good	33	31	29	30	33	39	41	38	NA	53	42	44
Neither good nor poor	7	4	3	5	7	6	8	8	NA	5	13	15
Fairly poor	*	1	1	*	*	3	2	1	NA	1	1	1
Very poor	0	0	0	1	0	*	*	1	NA	3	3	1
Don't know	4	*	1	1	4	2	1	1	NA	3	2	1
GOOD		95	95	94		88	89	90		87	81	82
POOR		1	1	1		4	2	2		5	4	2
Base	236	412	340	356	236	423	422	433	NA	86	132	158

Table 2.14 – B6a: Agreement that “They have the necessary levels of technical expertise”

	LBS					LC CRM					LC CC				
	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	20	18	22	24	20	14	13	14	17	20	11	14	16	15	16
Tend to agree	56	57	54	56	60	51	48	55	45	49	51	46	45	45	53
Neither agree nor disagree	13	11	11	9	11	14	16	11	17	11	13	14	17	18	15
Tend to disagree	9	9	8	6	5	13	18	11	11	12	17	17	13	13	8
Disagree strongly	0	1	1	1	1	5	2	4	4	2	6	6	3	3	2
Don't know	*	1	1	2	2	1	1	1	4	5	2	2	3	4	5
Depends	2	1	3	1	1	1	2	3	2	1	1	1	3	1	1
AGREE			76	81	80			70	62	70			61	60	69
DISAGREE			10	8	6			15	15	14			16	16	10
Base	213	272	426	351	369	249	243	474	475	479	218	573	870	839	897

Table 2.15 – B6b: Agreement that “They have a good understanding of your business”

	LBS					LC CRM					LC CC				
	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	9	13	11	8	11	4	7	8	7	8	6	7	6	5	6
Tend to agree	56	49	58	58	52	27	37	47	33	42	29	26	30	31	37
Neither agree nor disagree	16	19	16	18	20	33	28	21	28	22	26	28	26	29	25
Tend to disagree	15	13	11	10	10	25	22	15	21	17	28	26	26	22	20
Disagree strongly	2	3	2	2	2	10	4	5	5	5	9	8	6	7	6
Don't know	1	1	*	3	2	1	1	2	4	6	2	5	5	5	6
Depends	1	1	1	1	2	1	*	2	2	1	1	1	1	1	*
AGREE			69	66	63			55	39	49			37	37	43
DISAGREE			13	12	13			20	26	22			32	29	26
Base	213	272	426	351	369	249	243	474	475	479	218	573	870	839	897

Table 2.16 – B6c: Agreement that “They provide a response to your queries within an agreed timeframe”

	LBS					LC CRM					LC CC				
	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	15	22	26	26	25	14	19	21	19	19	16	17	17	17	18
Tend to agree	60	57	50	54	50	51	50	48	45	51	52	52	46	48	50
Neither agree nor disagree	8	7	9	10	10	14	15	8	16	14	13	10	12	14	11
Tend to disagree	15	11	11	7	10	14	10	14	10	9	11	13	15	11	11
Disagree strongly	1	1	2	2	1	6	2	5	3	3	6	5	6	6	4
Don't know	0	1	1	1	2	1	2	1	6	5	2	3	4	4	5
Depends	1	*	1	1	1	0	1	2	1	0	0	*	1	*	*
AGREE			76	80	75			69	64	70			63	65	68
DISAGREE			13	9	11			19	13	11			21	17	15
Base	213	272	426	351	369	249	243	474	475	479	218	573	870	839	897

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

	LBS			LC CRM			LC CC		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
	%	%	%	%	%	%	%	%	%
Strongly agree	26	21	23	20	16	18	15	15	15
Tend to agree	55	62	56	55	51	55	54	53	54
Neither agree nor disagree	8	8	11	7	16	15	13	15	13
Tend to disagree	8	5	7	10	8	5	9	9	8
Disagree strongly	2	1	1	4	3	2	4	3	3
Don't know	1	3	3	2	6	5	5	5	7
Depends	*	0	*	1	1	0	1	*	*
AGREE		83	79		67	73		67	69
DISAGREE		6	7		11	7		12	11
Base	426	351	369	474	475	479	870	839	897

Table 2.18 –B6e: Agreement that “They provide a reliable response to your queries”

	LBS					LC CRM					LC CC				
	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	18	17	22	23	24	12	17	19	17	15	11	15	14	13	14
Tend to agree	64	63	59	58	52	57	55	53	47	54	54	52	51	51	57
Neither agree nor disagree	9	12	11	12	13	13	13	13	15	15	17	14	14	16	13
Tend to disagree	6	5	5	4	5	13	11	7	12	10	12	14	12	11	8
Disagree strongly	1	1	1	1	1	4	1	4	3	2	5	4	4	5	3
Don't know	1	1	1	1	2	*	1	1	4	4	1	1	3	4	5
Depends	1	1	1	1	2	*	*	2	3	*	1	0	1	1	*
AGREE			81	81	76			72	64	69			65	64	71
DISAGREE			6	5	6			11	15	12			16	15	11
Base	213	272	426	351	369	249	243	474	475	479	218	573	870	839	897

Table 2.19 –B6f: Agreement that “The tone of their communications are professional”

	LBS				LC CRM				LC CC			
	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	43	51	48	41	29	41	34	33	29	32	31	32
Tend to agree	47	43	44	49	59	50	48	54	58	56	54	56
Neither agree nor disagree	6	2	5	5	10	4	9	6	7	5	8	5
Tend to disagree	2	3	1	1	2	3	5	2	4	4	4	3
Disagree strongly	0	*	1	*	0	*	*	1	2	1	2	1
Don't know	*	0	1	1	0	0	3	4	1	1	2	3
Depends	1	1	1	1	0	1	1	*	*	1	1	*
AGREE		94	91	90		91	82	87		88	84	88
DISAGREE		3	2	2		3	5	3		5	5	4
Base	272	426	351	369	242	474	475	479	567	870	839	897

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

	LBS			LC CRM			LC CC		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
	%	%	%	%	%	%	%	%	%
Once	4	4	3	6	9	9	NA	9	8
Occasionally	48	58	52	56	59	56	NA	46	38
Frequently	36	32	36	20	13	12	NA	4	5
Never	11	6	8	16	19	22	NA	39	48
Don't know	*	*	1	1	1	1	NA	2	1
Base	426	351	369	474	475	479	NA	839	897

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

* Base size below 50 – treat with caution

Table 3.3 - C2a: Thinking about tax issues that you have raised with HMRC in Real Time, Agreement that issues are agreed more quickly? (All worked in Real Time)

	LBS			LC CRM			LC CC		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
	%	%	%	%	%	%	%	%	%
Strongly agree	37	40	39	23	31	30	NA	19	20
Tend to agree	47	46	44	49	49	56	NA	49	55
Neither agree nor disagree	10	9	11	14	14	8	NA	18	15
Tend to disagree	3	4	4	9	2	3	NA	9	7
Disagree strongly	2	1	1	3	2	1	NA	3	2
Don't know	1	1	1	2	1	2	NA	2	2
AGREE	84	85	83	72	80	86	NA	67	74
DISAGREE	5	5	5	12	4	4	NA	12	9
Base	377	327	337	390	384	367	NA	498	451

Table 3.4 - C2b: Thinking about tax issues that you have raised with HMRC in Real Time, Agreement that it increases business's certainty about their tax affairs? (All worked in Real Time)

	LBS			LC CRM			LC CC		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
	%	%	%	%	%	%	%	%	%
Strongly agree	50	54	53	29	43	43	NA	26	25
Tend to agree	39	39	37	50	45	45	NA	50	49
Neither agree nor disagree	8	3	6	11	7	8	NA	12	13
Tend to disagree	2	3	2	7	4	3	NA	6	9
Disagree strongly	2	1	1	2	1	1	NA	3	1
Don't know	-	-	*	2	-	1	NA	2	3
AGREE	89	93	91	79	88	88	NA	76	74
DISAGREE	3	4	3	9	5	4	NA	10	11
Base	377	327	337	390	384	367	NA	498	451

Table 3.5 - C2c: Thinking about tax issues that you have raised with HMRC in Real Time, Agreement that it helps avoid disputes (All worked in Real Time)

	LBS		LC CRM		LC CC	
	2011	2012	2011	2012	2011	2012
	%	%	%	%	%	%
Strongly agree	49	46	45	43	27	27
Tend to agree	39	43	44	48	55	53
Neither agree nor disagree	6	7	5	7	8	10
Tend to disagree	5	2	4	1	5	6
Disagree strongly	*	1	1	1	3	1
Don't know	1	1	1	1	2	2
AGREE	88	89	89	90	82	80
DISAGREE	6	3	5	2	8	8
Base	327	337	384	367	498	451

Table 3.6 - C2d: Thinking about tax issues that you have raised with HMRC in Real Time, Agreement that it helps avoid unnecessary contact with HMRC (All worked in Real Time)

	LBS		LC CRM		LC CC	
	2011	2012	2011	2012	2011	2012
	%	%	%	%	%	%
Strongly agree	24	29	27	28	17	19
Tend to agree	45	42	47	52	50	55
Neither agree nor disagree	17	17	16	11	18	15
Tend to disagree	12	9	7	5	9	7
Disagree strongly	2	1	2	1	3	1
Don't know	1	2	1	2	3	3
AGREE	69	71	74	80	67	74
DISAGREE	13	10	9	6	13	8
Base	327	337	384	367	498	451

Table 3.7 - C2e Thinking about tax issues that you have raised with HMRC in Real Time- Agreement that it reduces business's costs? (All worked in Real Time)

	LBS			LC CRM			LC CC		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
	%	%	%	%	%	%	%	%	%
Strongly agree	22	22	24	13	18	18	NA	11	12
Tend to agree	41	44	44	40	44	44	NA	37	35
Neither agree nor disagree	23	21	20	26	26	25	NA	29	29
Tend to disagree	10	10	9	14	9	11	NA	16	16
Disagree strongly	4	2	2	5	3	2	NA	5	4
Don't know	1	1	2	3	1	1	NA	2	3
AGREE	63	66	68	53	62	62	NA	48	47
DISAGREE	14	12	11	18	12	13	NA	21	20
Base	377	327	337	390	384	367	NA	498	451

Table 3.8 – C2aa: Thinking about HMRC's ability to engage in Real Time, Agreement that HMRC has the necessary expertise

	LBS		LC CRM		LC CC	
	2011	2012	2011	2012	2011	2012
	%	%	%	%	%	%
Strongly agree	19	21	15	15	12	12
Tend to agree	58	57	53	53	45	46
Neither agree nor disagree	12	13	16	15	19	18
Tend to disagree	8	5	8	10	10	8
Disagree strongly	1	*	2	1	3	2
Don't know	2	2	7	5	11	14
AGREE	77	79	67	68	56	58
DISAGREE	9	6	10	11	14	10
Base	351	369	475	479	839	897

Table 3.9 – C2ab: Thinking about HMRC's ability to engage in Real Time, Agreement that HMRC has the necessary capacity

	LBS		LC CRM		LC CC	
	2011	2012	2011	2012	2011	2012
	%	%	%	%	%	%
Strongly agree	9	7	6	6	5	6
Tend to agree	37	39	32	38	26	26
Neither agree nor disagree	22	21	23	20	24	23
Tend to disagree	23	24	24	22	22	20
Disagree strongly	7	5	6	4	8	7
Don't know	3	4	10	9	15	18
AGREE	46	46	37	45	31	32
DISAGREE	30	29	29	26	30	27
Base	351	369	475	479	839	897

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			
	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
	%	%	%	%	%	%	%	%	%	%	%	%
Increased	64	78	65	54	47	61	55	44	33	40	37	30
Stayed the same	33	21	34	45	49	37	43	52	62	57	59	67
Decreased	2	1	1	1	1	1	2	3	2	1	2	2
Don't know	1	1	1	1	2	1	*	2	4	2	2	2
Base	273	426	351	369	243	474	475	479	573	870	839	897

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	
	2011	2012	2011	2012	2011	2012
	%	%	%	%	%	%
VAT rate change	4	3	6	2	12	6
Corporation Tax (CT) rate change	7	5	4	5	4	7
Real Time Information	4	22	4	26	1	22
Senior Accounting Legislation (SAO)	36	22	29	16	2	1
Regulatory Changes	30	26	24	16	23	15
Online Filing	8	7	8	6	13	9
Extended Business Reporting Language (iXBRL)	29	17	27	17	14	15
Volume of HMRC enquiries has increased	6	10	10	13	7	15
General increased complexity of tax compliance	7	-	8	-	13	-
Debt Cap Legislation	11	5	8	5	1	-
Payroll Issues	3	4	5	2	7	4
Internal Issues	*	-	5	-	8	-
EU Legislation	1	-	2	-	3	-
Lack of help/communication	*	-	2	-	5	-
Harsher penalty regime/deadlines	2	2	2	*	4	2
Other	15	10	10	12	14	10
Don't Know	*	1	*	1	1	2
Base	227	198	259	209	313	272

Table 4.3 - E3a: Agreement that “They take your business’s needs into account in the way they deal with your business”

	LBS					LC CRM					LC CC				
	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	15	13	16	16	19	7	9	11	11	10	7	5	7	5	7
Tend to agree	60	54	56	61	57	40	47	45	48	53	37	35	32	38	42
Neither agree nor disagree	12	17	16	13	14	26	21	23	24	22	25	28	27	29	26
Tend to disagree	9	11	10	8	7	17	16	14	13	12	20	20	20	19	15
Disagree strongly	4	2	1	1	1	5	4	4	4	1	7	6	5	5	4
Don't know	1	2	1	1	1	5	3	2	1	2	3	5	9	3	7
Depends	0	*	1	1	0	0	*	0	*	0	0	1	*	*	*
AGREE			72	77	77			56	58	63			39	43	48
DISAGREE			10	9	8			19	17	13			26	25	19
Base	213	272	426	351	369	249	243	474	475	479	218	573	870	839	897

Table 4.4 - E3b: Agreement that “They have a good understanding of your business's level of risk with regard to tax compliance”

	LBS					LC CRM					LC CC				
	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	18	19	29	28	33	6	14	19	20	24	4	8	7	7	7
Tend to agree	56	58	54	59	55	38	43	54	53	52	37	35	35	38	43
Neither agree nor disagree	15	10	9	6	8	27	21	12	15	13	24	27	26	30	24
Tend to disagree	8	8	6	5	3	18	14	9	8	6	18	16	13	14	13
Disagree strongly	3	3	1	1	1	5	5	4	1	1	8	6	3	3	2
Don't know	1	2	1	1	0	6	3	2	3	4	9	8	16	9	11
Depends	0	0	NA	*	0	1	*	NA	1	0	*	*	NA	-	*
AGREE			83	87	88			73	72	76			42	45	50
DISAGREE			7	6	4			13	10	8			16	17	15
Base	213	272	426	351	369	249	243	474	475	479	218	573	870	839	897

Table 4.5 - E3c: Agreement that “They provide your business with certainty in its tax affairs”

	LBS					LC CRM					LC CC				
	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	8	6	13	16	18	8	8	9	12	11	6	9	6	9	8
Tend to agree	46	48	60	58	58	37	41	43	47	56	41	40	39	45	50
Neither agree nor disagree	15	23	15	17	16	27	29	23	24	18	21	23	26	24	21
Tend to disagree	21	17	8	7	6	20	15	18	12	9	22	18	14	15	12
Disagree strongly	8	5	3	2	1	6	4	6	3	2	6	5	5	4	3
Don't know	*	1	*	1	1	2	2	1	2	3	4	6	9	3	7
Depends	0	0	*	0	*	0	0	0	*	*	0	0	*	0	0
AGREE			73	74	76			52	59	67			45	54	57
DISAGREE			11	9	7			23	15	11			20	19	14
Base	213	272	426	351	369	249	243	474	475	479	218	573	870	839	897

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

	LBS					LC CRM					LC CC				
	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	20	17	20	23	24	14	17	16	17	16	17	18	15	16	17
Tend to agree	58	62	63	58	59	55	52	51	55	62	53	50	50	53	56
Neither agree nor disagree	8	14	10	12	12	12	15	17	16	13	11	12	16	14	11
Tend to disagree	10	5	5	5	4	14	14	14	10	6	14	14	14	13	10
Disagree strongly	2	2	1	2	*	3	2	2	1	1	5	4	4	3	2
Don't know	2	-	*	1	1	2	*	1	1	1	1	2	3	2	3
Depends	*	-	-	0	0	-	-	-	1	*	-	-	*	*	*
AGREE			83	81	83			66	71	78			64	69	73
DISAGREE			7	7	4			16	11	7			17	16	12
Base	213	272	426	351	369	249	243	474	475	479	218	573	870	839	897

Table 4.7 - E4b: Agreement that “HMRC have become more focused on the high risk tax issues that affect businesses and are now less concerned about low risk matters”

	LBS					LC CRM					LC CC				
	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	31	25	33	42	44	15	16	17	22	25	11	9	9	9	9
Tend to agree	51	52	47	41	40	39	45	50	47	44	34	34	33	40	39
Neither agree nor disagree	9	15	10	8	10	23	21	13	15	14	26	34	25	27	24
Tend to disagree	5	4	7	6	3	8	10	9	9	9	12	9	13	10	10
Disagree strongly	*	*	1	*	1	3	2	4	2	2	3	2	3	2	1
Don't know	4	4	2	2	2	11	6	5	5	5	14	12	18	12	16
Depends	NA	NA	*	*	0	NA	NA	*	0	0	NA	NA	0	0	*
AGREE			80	84	84			67	69	70			41	49	49
DISAGREE			7	6	4			14	11	11			15	13	11
Base	213	272	426	351	369	249	243	474	475	479	218	573	870	839	897

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				
	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	13	11	16	25	27	10	14	9	13	14	9	10	4	7	8
Tend to agree	46	40	45	47	47	39	41	39	41	43	26	31	29	30	40
Neither agree nor disagree	22	28	23	19	18	22	26	24	26	23	28	25	24	29	22
Tend to disagree	10	15	9	5	5	17	12	14	12	12	19	19	22	20	16
Disagree strongly	6	4	2	2	1	6	5	5	3	2	8	7	7	6	4
Don't know	3	1	5	2	2	7	2	8	5	6	10	9	14	8	10
Depends	NA	NA	0	0	0	NA	NA	0	*	0	NA	NA	*	0	0
AGREE			61	72	74			49	54	57			33	37	48
DISAGREE			11	7	6			19	14	13			29	26	20
Base	213	272	426	351	369	249	243	474	475	479	218	573	870	839	897

Table 4.9 - E5a: Agreement that “HMRC makes it clear what you need to do to address any concerns”

	LBS					LC CRM					LC CC				
	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	15	10	15	17	16	13	13	13	12	14	14	12	14	14	13
Tend to agree	54	57	55	61	63	54	48	53	59	57	54	50	46	52	54
Neither agree nor disagree	14	17	15	14	11	15	25	13	16	15	17	17	10	16	13
Tend to disagree	9	13	6	5	3	12	9	9	7	6	8	13	12	10	7
Disagree strongly	3	2	2	1	1	1	2	3	3	1	3	2	3	2	1
Don't know	4	3	1	3	1	4	4	1	3	1	5	7	1	6	3
Depends	NA	NA	*	0	1	NA	NA	*	*	*	NA	NA	*	*	*
AGREE			70	78	79			66	71	70			60	65	67
DISAGREE			8	5	4			12	10	7			15	12	8
Base	213	272	426	351	369	249	243	474	475	479	218	573	870	839	897

Table 4.10 - E5b: Agreement that “HMRC makes it clear to you what their areas of concern are”

	LBS					LC CRM					LC CC				
	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12	'08	'09	'10	'11	'12
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Strongly agree	23	14	25	26	27	16	20	17	19	22	16	16	15	16	16
Tend to agree	58	63	61	60	58	52	51	62	61	56	55	51	49	55	56
Neither agree nor disagree	9	11	4	7	7	16	16	6	10	10	11	17	10	13	12
Tend to disagree	7	7	4	4	2	10	8	8	6	5	7	9	10	7	5
Disagree strongly	1	3	1	1	1	2	1	2	1	1	4	2	2	2	1
Don't know	2	3	0	2	1	6	4	1	3	1	8	8	2	7	3
AGREE			87	87	85			79	80	78			64	71	72
DISAGREE			5	4	3			9	7	6			12	9	6
Base	213	272	426	351	369	249	243	474	475	479	218	573	870	839	897

Table 4.11 –E5A: Have you had any disagreement with HMRC in the last 12 months?

	LBS		LC CRM		LC CC	
	2011	2012	2011	2012	2011	2012
	%	%	%	%	%	%
Yes	52	50	34	37	23	21
No	47	48	65	58	76	72
Don't know	1	2	1	5	*	7
Base	351	369	475	479	839	897

Table 4.12 – E5b_1: Agreement that “HMRC demonstrates commercial understanding in resolving disagreements” (All with disagreements)

	LBS			LC CRM			LC CC		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
	%	%	%	%	%	%	%	%	%
Strongly agree	11	14	12	9	4	8	5	4	5
Tend to agree	45	49	55	34	33	44	32	17	32
Neither agree nor disagree	19	15	14	23	18	19	21	20	20
Tend to disagree	19	16	15	22	28	19	26	36	25
Disagree strongly	5	7	3	10	13	5	11	20	10
Don't know	2	0	1	2	3	4	6	3	7
It varies	1	0	*	0	1	0	0	0	*
AGREE	55	63	66	44	37	53	37	21	37
DISAGREE	23	23	18	32	41	25	36	56	35
Base	376	184	330	398	163	381	670	197	601

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

	LBS			LC CRM			LC CC		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
	%	%	%	%	%	%	%	%	%
Strongly agree	11	14	15	10	15	14	11	16	16
Tend to agree	48	44	51	53	40	53	47	40	50
Neither agree nor disagree	16	15	14	13	14	14	18	15	12
Tend to disagree	16	16	13	16	20	9	11	14	11
Disagree strongly	4	8	4	6	7	3	6	10	5
Don't know	2	3	2	2	3	6	6	6	6
It varies	1	-	1	1	-	*	*	-	0
AGREE	60	58	66	63	55	68	58	56	66
DISAGREE	20	24	17	22	28	12	18	23	16
Base	376	184	330	398	163	381	670	197	601

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		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
	%	%	%	%	%	%	%	%	%
Strongly agree	14	16	15	11	12	15	13	12	13
Tend to agree	56	58	58	55	56	57	50	48	55
Neither agree nor disagree	15	11	12	13	10	13	16	13	14
Tend to disagree	11	10	10	14	15	7	12	15	8
Disagree strongly	2	2	2	4	3	2	4	7	3
Don't know	2	3	4	2	4	6	5	5	6
It varies	*	1	*	1	1	0	*	1	*
AGREE	70	74	73	66	67	72	63	60	68
DISAGREE	13	11	11	19	18	9	16	22	12
Base	376	184	330	398	163	381	670	197	601

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		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
	%	%	%	%	%	%	%	%	%
Strongly agree	11	14	17	9	6	8	6	5	5
Tend to agree	35	30	32	32	23	34	23	17	26
Neither agree nor disagree	33	31	27	33	34	30	39	37	33
Tend to disagree	11	18	15	12	21	10	15	15	10
Disagree strongly	4	4	4	6	10	4	5	16	5
Don't know	5	2	6	7	6	14	13	11	20
It varies	1	0	*	*	0	1	0	0	0
AGREE	47	44	48	42	28	42	29	22	31
DISAGREE	15	23	18	18	31	13	20	30	16
Base	376	184	330	398	163	381	670	197	601

Table 4.16 – E5c Type of disagreement business had with HMRC (All businesses that have had a disagreement in last 12 months)

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
A disagreement/ misunderstanding over interpretation of tax rules	76	73	63
Legal dispute/disagreement	7	3	2
Enquiry from HMRC	5	6	8
Penalty dispute	2	3	1
Issues over whether forms have been submitted on time	1	5	7
Issues over claims that have not been responded to or paid back in time by HMRC to the business	1	3	12
Alleged non-payment / late payment	*	1	3
Error (unspecified) on HMRC's part	1	*	4
PAYE / payroll issue	1	2	4
Other	8	7	4
Base	184	177	192

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

	LBS				LC CRM				LC CC			
	'09	'10	'11	'12	'09	'10	'11	'12	'09	'10	'11	'12
	%	%	%	%	%	%	%	%	%	%	%	%
Very confident	37	28	33	40	44	26	33	34	36	23	27	30
Fairly confident	46	57	56	48	44	57	58	56	50	59	60	56
Not very confident	10	11	7	8	9	12	5	6	7	11	8	9
Not confident at all	4	2	1	3	2	1	1	1	3	3	3	2
Don't know/ no opinion	2	1	3	1	2	2	2	2	4	3	2	3
Refused	1	1	1	*	0	1	*	*	0	1	*	*
CONFIDENT		85	90	88		83	91	90		83	87	86
NOT CONFIDENT		13	7	11		14	7	7		14	11	11
Base	273	426	351	369	243	474	475	479	573	870	839	897

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

	LBS		LC CRM		LC CC	
	2011	2012	2011	2012	2011	2012
	%	%	%	%	%	%
Yes	76	72	45	49	NA	NA
No	21	25	50	47	NA	NA
Don't know	3	2	5	4	NA	NA
Base	351	369	475	479	NA	NA

Table 6.2 - G1: Are you aware of your business's risk status?

	LBS			LC CRM			LC CC		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
	%	%	%	%	%	%	%	%	%
Yes	94	92	92	87	83	83	NA	37	NA
No	5	7	7	13	16	15	NA	58	NA
Don't know	*	*	*	*	1	2	NA	4	NA
Base	426	331	358	474	455	457	NA	430	NA

Table 6.3 - G2a: Thinking about HMRC risk assessment, Agreement that the risk review process is fair? (All aware of risk status)

	LBS		LC CRM		LC CC	
	2011	2012	2011	2012	2011	2012
	%	%	%	%	%	%
Strongly agree	34	34	27	31	NA	NA
Tend to agree	53	54	54	48	NA	NA
Neither agree nor disagree	7	6	10	10	NA	NA
Tend to disagree	3	4	6	7	NA	NA
Disagree strongly	2	1	2	*	NA	NA
Don't know	1	1	1	3	NA	NA
AGREE	88	89	81	79	NA	NA
DISAGREE	5	5	8	8	NA	NA
Base	266	267	214	233	NA	NA

Table 6.4 - G2b: Thinking about HMRC risk assessment, Agreement that know what the benefits of being low risk are for your business? (All aware of risk status)

	LBS			LC CRM			LC CC		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
	%	%	%	%	%	%	%	%	%
Strongly agree	62	53	57	60	56	56	NA	NA	NA
Tend to agree	26	33	34	36	39	35	NA	NA	NA
Neither agree nor disagree	4	4	2	1	2	2	NA	NA	NA
Tend to disagree	5	7	4	2	2	5	NA	NA	NA
Disagree strongly	1	2	1	1	1	1	NA	NA	NA
Don't know	1	*	1	-	*	1	NA	NA	NA
AGREE	88	86	91	96	94	91	NA	NA	NA
DISAGREE	7	9	6	3	3	6	NA	NA	NA
Base	402	266	267	411	214	233	NA	NA	NA

Table 6.5 - G2c: Thinking about HMRC risk assessment, please say how much you agree or disagree that the risk rating criteria are comprehensive enough? (All aware of risk status)

	LBS			LC CRM			LC CC		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
	%	%	%	%	%	%	%	%	%
Strongly agree	24	23	27	19	24	21	NA	NA	NA
Tend to agree	51	59	57	48	49	50	NA	NA	NA
Neither agree nor disagree	9	8	7	14	11	12	NA	NA	NA
Tend to disagree	10	9	7	11	8	11	NA	NA	NA
Disagree strongly	1	1	1	5	3	2	NA	NA	NA
Don't know	5	1	2	3	6	4	NA	NA	NA
AGREE	75	81	83	66	73	71	NA	NA	NA
DISAGREE	11	10	8	16	11	13	NA	NA	NA
Base	402	266	267	411	214	233	NA	NA	NA

Table 6.6 - G2d: Thinking about HMRC risk assessment, please say how much you agree or disagree that your business takes into account the HMRC risk status when structuring its tax affairs? (All aware of risk status)

	LBS			LC CRM			LC CC		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
	%	%	%	%	%	%	%	%	%
Strongly agree	33	33	33	26	25	32	NA	NA	NA
Tend to agree	33	37	40	40	43	37	NA	NA	NA
Neither agree nor disagree	14	15	10	11	14	9	NA	NA	NA
Tend to disagree	13	9	12	15	14	15	NA	NA	NA
Disagree strongly	5	5	2	8	4	3	NA	NA	NA
Don't know	2	1	2	1	1	3	NA	NA	NA
AGREE	66	70	73	66	68	69	NA	NA	NA
DISAGREE	18	14	14	22	17	19	NA	NA	NA
Base	402	266	267	411	214	233	NA	NA	NA

Table 7.1 – X1a: Are you aware of....Capital allowances for Fixtures?

	LBS		LC CRM		LC CC	
	2012		2012		2012	
	%		%		%	
Yes	85		73		58	
No	15		26		41	
Don't know	-		1		1	
Base	369		479		897	

Table 7.2 – X1b: Are you aware of.... Reforms to the Controlled Foreign Companies rules?

	LBS		LC CRM		LC CC	
	2012		2012		2012	
	%		%		%	
Yes	86		68		30	
No	13		32		69	
Don't know	1		*		1	
Base	369		479		897	

Table 7.3 – X1c: Are you aware of....Real Time Information?

	LBS		LC CRM		LC CC	
	2011	2012	2011	2012	2011	2012
	%	%	%	%	%	%
Yes	77	94	68	91	46	79
No	23	6	31	8	53	20
Don't know	*	*	1	*	1	1
Base	351	369	475	479	839	897

Table 7.4 – X2a: How well or poorly do you think HMRC communicated what was happening in relation to: Capital Allowances for Fixtures? (All aware of CA for Fixtures)

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Very Well	6	6	6
Fairly Well	50	42	40
Neither well nor poorly	28	32	29
Fairly poorly	11	15	15
Very poorly	1	2	3
Don't know	5	3	7
GOOD	56	48	46
POOR	12	17	18
Base	313	351	519

Table 7.5 – X2b: How well or poorly do you think HMRC communicated what was happening in relation to: Reforms to the Controlled Foreign Companies rules? (All aware of CFC reform)

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Very Well	26	10	8
Fairly Well	42	44	31
Neither well nor poorly	21	28	28
Fairly poorly	6	9	20
Very poorly	2	3	3
Don't know	3	6	10
GOOD	68	54	39
POOR	8	12	23
Base	319	324	270

Table 7.6 – X3a: Did you see any guidance in relation to Capital Allowances for Fixtures from HMRC, either directly or through your accountant, tax advisor or payroll bureau? (All aware of CA for Fixtures)

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Yes – through HMRC directly	13	11	6
Yes – through another source	63	66	70
Yes – but do not recall where from	3	3	1
No	18	19	23
Don't Know	4	3	1
YES	79	79	76
NO	18	19	23
Base	313	351	519

Table 7.7 – X3b: Did you see any guidance in relation to Controlled Foreign Companies rules from HMRC, either directly or through your accountant, tax advisor or payroll bureau? (All aware of CFC reform)

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Yes – through HMRC directly	24	10	6
Yes – through another source	62	76	71
Yes – but do not recall where from	2	2	1
No	11	11	20
Don't Know	2	1	2
YES	87	88	78
NO	11	11	20
Base	319	324	270

Table 7.8 – X4a: How easy or difficult was the information and guidance about Capital Allowances for Fixtures to ...understand? (All who saw communications on CA for Fixtures)

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Very Easy	13	12	11
Fairly Easy	58	59	61
Neither easy nor difficult	21	18	17
Fairly difficult	2	3	5
Very difficult	1	1	1
Don't know	5	7	5
EASY	71	71	73
DIFFICULT	2	4	6
Base	247	277	397

Table 7.9 – X4b: How easy or difficult was the information and guidance about Capital Allowances for Fixtures to ...use? (All who saw communications on CA for Fixtures)

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Very Easy	11	9	11
Fairly Easy	51	55	54
Neither easy nor difficult	25	18	18
Fairly difficult	2	3	4
Very difficult	*	*	*
Don't know	10	14	13
EASY	63	64	65
DIFFICULT	2	4	5
Base	247	277	397

Table 7.10 – X4c: How easy or difficult was the information and guidance about Capital Allowances for Fixtures to ...find in the first place? (All who saw communications on CA for Fixtures)

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Very Easy	15	12	16
Fairly Easy	53	52	50
Neither easy nor difficult	19	16	14
Fairly difficult	6	8	7
Very difficult	*	1	2
Don't know	3	5	4
Not Applicable	3	6	7
EASY	68	64	66
DIFFICULT	6	9	9
Base	247	277	397

Table 7.11 – X5a: How easy or difficult was the information and guidance about Controlled Foreign Companies rules to ...understand? (All who saw communications on CFC reform)

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Very Easy	4	4	5
Fairly Easy	32	34	41
Neither easy nor difficult	23	23	21
Fairly difficult	25	24	18
Very difficult	12	6	4
Don't know	4	9	11
EASY	36	38	46
DIFFICULT	37	30	22
Base	278	284	211

Table 7.12 – X5b: How easy or difficult was the information and guidance about Controlled Foreign Companies rules to ...use? (All who saw communications on CFC reform)

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Very Easy	3	3	3
Fairly Easy	32	32	37
Neither easy nor difficult	24	25	26
Fairly difficult	24	15	11
Very difficult	7	4	3
Don't know	11	20	19
EASY	34	35	41
DIFFICULT	31	20	14
Base	278	284	211

Table 7.13 – X4c: How easy or difficult was the information and guidance about Controlled Foreign Companies rules to ...find in the first place? (All who saw communications on CFC reform)

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Very Easy	18	12	14
Fairly Easy	55	53	41
Neither easy nor difficult	13	13	17
Fairly difficult	8	8	11
Very difficult	*	2	2
Don't know	2	4	6
Not Applicable	3	8	9
EASY	74	65	55
DIFFICULT	9	10	13
Base	278	284	211

Table 7.14 – X7 (CA for Fixtures) – Did you see a consultation document by HMRC about Capital Allowances for Fixtures before it happened? (All aware of CA for Fixtures)

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Yes	35	19	7
No	54	77	88
Don't know	11	4	4
Base	170	216	430

Table 7.15 – X7 (CFC reforms) – Did you see a consultation document by HMRC about Controlled Foreign Companies rules before it happened? (All aware of CFC reforms)

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Yes	73	46	17
No	23	49	80
Don't know	3	5	2
Base	177	194	162

Table 7.16 – X7a (CA for Fixtures) – Did you read the consultation document by HMRC about Capital Allowances for Fixtures before it happened? (All aware of CA for Fixtures)

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Yes- read it in full	23	18	10
Yes – skim read/ glanced at it	65	68	68
No	12	15	23
Base	60	40	31

Table 7.17 – X7a (CFC reforms) – Did you read the consultation document by HMRC about Controlled Foreign Companies rules before it happened? (All aware of CFC reforms)

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Yes- read it in full	29	22	14
Yes – skim read/ glanced at it	57	65	57
No	14	12	29
Base	130	89	28

Table 7.18 – X8(CA for Fixtures): How well or poorly do you think HMRC consulted about: Capital Allowances for Fixtures (All aware of CA for Fixtures)

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Very Well	9	3	13
Fairly Well	62	62	67
Neither well nor poorly	21	21	8
Fairly poorly	4	3	8
Very poorly	2	0	0
Don't know	2	12	4
WELL	72	65	79
POORLY	6	3	8
Base	53	34	24

Table 7.19 – X8 (CFC reforms): How well or poorly do you think HMRC consulted about: Controlled Foreign Companies rules *(All aware of CFC reforms)*

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Very Well	36	26	35
Fairly Well	52	53	45
Neither well nor poorly	5	13	20
Fairly poorly	3	4	0
Very poorly	2	1	0
Don't know	3	4	0
WELL	88	78	80
POORLY	4	5	0
Base	112	78	20

Table 7.20 – X9a(CA for Fixtures): Capital Allowances for Fixtures: Satisfaction with the length of time allowed for the consultation *(All aware of CA for Fixtures)*

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Very Satisfied	15	6	4
Fairly Satisfied	45	35	67
Neither Satisfied nor Dissatisfied	32	47	21
Fairly Dissatisfied	4	0	0
Very Dissatisfied	0	0	0
Don't know	4	12	8
SATISFIED	60	41	71
DISSATISFIED	4	0	0
Base	53	34	24

Table 7.21 – X9b (CA for Fixtures): Capital Allowances for Fixtures: Satisfaction with the information provided in the consultation documents *(All aware of CA for Fixtures)*

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Very Satisfied	13	3	4
Fairly Satisfied	57	65	75
Neither Satisfied nor Dissatisfied	23	29	17
Fairly Dissatisfied	2	0	0
Very Dissatisfied	0	0	0
Don't know	6	3	4
SATISFIED	70	68	79
DISSATISFIED	2	0	0
Base	53	34	24

Table 7.22 – X9c(CA for Fixtures): Capital Allowances for Fixtures: Satisfaction with the response to the consultation *(All aware of CA for Fixtures)*

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Very Satisfied	9	9	0
Fairly Satisfied	47	53	63
Neither Satisfied nor Dissatisfied	30	29	21
Fairly Dissatisfied	8	3	4
Very Dissatisfied	2	0	0
Don't know	4	6	13
SATISFIED	57	62	63
DISSATISFIED	9	3	4
Base	53	34	24

Table 7.23 – X9a (CFC reforms): Controlled Foreign Companies rules: Satisfaction with the length of time allowed for the consultation *(All aware of CFC reforms)*

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Very Satisfied	21	12	20
Fairly Satisfied	54	50	45
Neither Satisfied nor Dissatisfied	15	31	35
Fairly Dissatisfied	6	3	0
Very Dissatisfied	0	0	0
Don't know	4	5	0
SATISFIED	74	62	65
DISSATISFIED	6	3	0
Base	112	78	20

Table 7.24 – X9b (CFC reforms): Controlled Foreign Companies rules: Satisfaction with the information provided in the consultation documents *(All aware of CFC reforms)*

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Very Satisfied	19	6	15
Fairly Satisfied	58	59	50
Neither Satisfied nor Dissatisfied	18	29	35
Fairly Dissatisfied	4	3	0
Very Dissatisfied	0	0	0
Don't know	1	3	0
SATISFIED	77	65	65
DISSATISFIED	4	3	0
Base	112	78	20

Table 7.25 – X9c (CFC reforms): Controlled Foreign Companies rules: Satisfaction with the response to the consultation *(All aware of CFC reforms)*

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Very Satisfied	10	8	15
Fairly Satisfied	63	53	55
Neither Satisfied nor Dissatisfied	18	29	30
Fairly Dissatisfied	4	3	0
Very Dissatisfied	0	0	0
Don't know	5	8	0
SATISFIED	72	60	70
DISSATISFIED	4	3	0
Base	112	78	20

Table 7.26 – X11: Whether business has started reporting PAYE in real time *(All aware of RTI)*

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Already started reporting PAYE in real time	7	8	7
Agreed with HMRC when you will start reporting, but not started doing it yet	32	14	14
Been discussing with HMRC when you will start reporting but not agreed a date	27	17	9
Not yet discussed with HMRC when you start reporting	19	43	57
Don't know	15	18	12
Base	346	438	707

Table 7.27 – X12: When did you agree with HMRC to start reporting PAYE in real time?
(All agreed reporting date but not started yet)

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
I will migrate as part of the pilot before April 2013	23	11	21
I've agreed with HMRC / my CRM that I will migrate in April 2013	25	44	33
I've agreed with HMRC / my CRM that I will migrate in May 2013	2	2	1
I've agreed with HMRC / my CRM that I will migrate in June 2013	8	0	0
I've agreed with HMRC / my CRM that I will migrate in July 2013	6	0	0
I've agreed with HMRC / my CRM that I will migrate in August 2013	4	2	4
I've agreed with HMRC / my CRM that I will migrate in September 2013	3	0	1
I've agreed with HMRC / my CRM that I will migrate in October 2013	3	3	2
Don't know	27	39	38
Base	112	62	96

Table 7.28 – X13: Actions implemented to prepare for PAYE in real time
(All not already started reporting in RT)

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
Rang HMRC for guidance	7	3	2
Visited the HMRC website	2	1	3
Checked employee details on payroll	6	7	8
Reviewed internal IT systems	16	15	12
Discussed with payroll software provider	36	31	38
Discussed with internal colleagues	8	8	4
Discussed with external agents, e.g. accountants, payroll bureaux	21	24	23
Communicated change to employees	2	2	2
Started/conducted an internal data cleaning exercise	14	8	6
Attended or will attend conference / briefing / course / seminar	3	4	6
Staff training planned or underway	1	1	1
Set up internal team / study / discussing internally to examine readiness	6	3	1
Purchased / installed / updated suitable software / system	2	2	3
Meeting with HMRC	2	1	*
Other	3	3	2
Nothing	7	12	17
Don't know	15	14	8
Base	322	403	654

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

	LBS				LC CRM				LC CC			
	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
	%	%	%	%	%	%	%	%	%	%	%	%
Yes	18	26	16	8	14	19	16	8	5	8	6	3
No	79	71	79	88	82	79	83	91	93	91	92	96
Don't know	2	2	3	3	2	1	1	1	1	6	1	1
Refused	1	2	1	1	2	*	*	*	*	0	-	*
Base	273	426	351	369	243	474	475	479	573	870	839	897

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		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
	%	%	%	%	%	%	%	%	%
Commercial Reasons	NA	23	-	NA	26	-	NA	33	-
Business tax issues	34	5	-	42	13	-	27	13	-
General business environment	28	5	-	23	8	-	26	8	-
More favourable tax conditions in other countries	21	25	3	18	30	19	23	21	33
Cost of tax compliance	22	7	-	22	3	-	11	4	-
Other regulatory issues	15	9	10	19	1	11	5	-	-
Internal issues within the business	9	7	3	11	4	3	16	8	8
Tax on company employees	9	9	7	14	5	-	11	-	-
Better tax service abroad	5	0	3	4	1	5	4	6	-
Skills base	1	0		-	-		4	2	-
Other	11	10	10	4	8	11	10	5	4
Don't know	1	0	-	1	1	-	1	-	4
Refused	*	-	-	-	-	3	-	-	-
Base	110	57	29	91	76	37	73	52	24

NB Commercial Reasons was not a code in 2010

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

	LBS	LC CRM	LC CC
	2012	2012	2012
	%	%	%
HMRC website	34	27	28
CRM/CC	17	8	1
HMRC Employer bulletin	2	3	6
HMRC Direct Mail	15	22	36
HMRC face to face presentations/seminars	3	1	1
Other HMRC avenues	4	4	2
Accountants	21	23	20
Advisors/Auditors	60	60	42
Bookkeeper	*	*	-
Contact from other software providers	1	-	1
Payroll bureau / payroll providers	*	1	2
Trade press	11	15	10
Email (non spec.)	3	2	4
Email (HMRC)	1	2	3
Tax, accountancy publications and websites	3	1	1
Press / news media / journals (non-trade)	1	3	2
Internet - other	3	2	2
Professional body (bulletins, seminars etc.)	4	3	1
trade bodies (non-spec.)	3	*	*
CCH updates	1	*	*
Mail / post other	*	1	1
Seminars / press releases etc. from Big Four, LexisNexis etc.	2	1	*
Courses / seminars / conferences non spec.	1	1	1
Other	6	4	2
Don't Know	1	2	2
Base	369	479	897

11 Appendix C: Further analysis

Longitudinal 'dash board' 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 the 2010, 2011 and 2012 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 2010, 2011 and 2012 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 shows the measures that can be compared across waves by customer group. For each measure the proportion of customers giving a higher (+), lower (-) or the same rating 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 indicates 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 of the course of the three waves).

Table 11.1: Summary of longitudinal change 2010-20132

	LBS						LC CRM					LC CC						
		KDA	+	Same	varies	-		KDA	+	Same	varies	-		KDA	+	Same	varies	-
Base: All took part in 2010, 2011 and 2012																		
Overall																		
A1_SUM. Overall, thinking about ALL of your dealings with HMRC, how would you rate your experience of dealing with them?	182		8	82	5	4	152		16	68	11	5	222		17	55	15	14
HMRC culture																		
A3_SUM_1. Agree or Disagree that They treat your business fairly	182	1	7	79	7	7	152	4	15	68	9	7	222		14	64	11	10
A3_SUM_2. Agree or Disagree that They are consistent in the way they deal with your business	182		11	71	12	6	152		20	59	9	12	222		18	55	13	14
A3_SUM_3. Agree or Disagree that They are a joined up organisation	182		27	35	21	17	152		27	33	24	16	222		31	29	22	18
A3_SUM_4. Agree or Disagree that Their decision making process is transparent	182		30	36	20	14	152		24	34	28	14	222		28	34	23	15

	LBS						LC CRM						LC CC					
		KDA	+	Same	varies	-		KDA	+	Same	varies	-		KDA	+	Same	varies	-
A3_SUM_5. Agree or Disagree that They actively seek a cooperative relationship with you	182	3	8	81	4	7	152	1	11	70	11	9	222	3	22	36	19	23
A3_SUM_6. Agree or Disagree that They provide easy access to taxation specialists for advice	182		22	46	19	13	152		32	32	18	18	222	5	26	25	25	24
HMRC CRM																		
B4_SUM_1. Rating of CC/CRM... Being easy to contact	177		3	89	3	5	135		6	87	3	4	Base too small (9)					
B4_SUM_2. Rating of CC/CRM... Their willingness to help you			5	86	5	5	135	5	5	84	3	8						
B4_SUM_3. Rating of CC/CRM... Ensuring that your queries are dealt with effectively	177	2	5	83	6	6	135	3	7	79	7	7						
B4_SUM_4. Rating of CC/CRM... The extent to which they respond within the timeframes agreed	177		7	81	10	3	135		10	71	7	11						
B4_SUM_5. Rating of CC/CRM... The extent to which the timeframes they agree for response are appropriate	177		5	79	8	8	135		11	73	7	8						
B4_SUM_7. Rating of CC/CRM... Their ability to make appropriate decisions	177		13	64	12	11	135	2	19	60	11	10						
B4_SUM_8. Rating of CC/CRM... Their commercial understanding, in relation to your business	177		14	64	11	11	135		18	58	18	7						
B5_SUM. Rating of CC/CRM: Overall	177		4	88	2	6	135		8	82	4	6						
HMRC Staff																		
B6_SUM_1. Rating of all other HMRC staff - agree/ disagree that They have the necessary levels of technical expertise	182		20	60	9	11	152		22	45	19	14	222		24	38	23	14
B6_SUM_2. Rating of all other HMRC staff - agree/ disagree that They have a good understanding of your business	182		14	45	20	21	152		18	33	24	24	222	4	25	26	30	18
B6_SUM_3. Rating of all other HMRC staff - agree/ disagree that They provide a response to your queries within an agreed timeframe	182		18	54	13	15	152		22	39	20	18	222	2	19	45	17	19

	LBS					LC CRM					LC CC							
	KDA	+	Same	varies	-	KDA	+	Same	varies	-	KDA	+	Same	varies	-			
B6_SUM_4. Rating of all other HMRC staff - agree/ disagree that The agreed timeframes are appropriate	182	9	45	15	32	152	7	45	15	34	222		14	40	14	32		
B6_SUM_5. Rating of all other HMRC staff - agree/ disagree that They provide a reliable response to your queries	182	8	66	12	14	152	17	45	19	18	222	1	21	45	19	16		
B6_SUM_6. Rating of all other HMRC staff - agree/ disagree that The tone of their communications is professional	182	5	77	8	10	152	7	70	14	9	222		9	74	9	8		
RTW																		
C2_SUM_1. Agree or Disagree that.. Issues are agreed more quickly?	146	12	68	10	10	95	21	62	13	4	N/A							
C2_SUM_2. Agree or Disagree that.. It increases business' certainty about their tax affairs?	146	6	84	6	5	95	14	74	6	6								
C2_SUM_5. Agree or Disagree that.. It reduces business' costs?	146	21	44	22	14	95	27	44	14	15								
Burden																		
E1. Over the past 12 months has the administrative burden of tax compliance increased, decreased, or stayed at the same level?	182	9	45	15	32	152	7	45	15	34	222		14	40	14	32		
Compliance and resolution																		
E3_SUM_1. Agree or Disagree that.. They consider your business' needs when dealing with your business	182	5	18	50	20	12	152	28	41	17	14	222		26	25	32	17	
E3_SUM_3. Agree or Disagree that.. They have a good understanding of your business' level of risk with regard to tax compliance	182		12	74	8	7	152		15	62	10	14	222		28	23	28	21
E3_SUM_4. Agree or Disagree that.. They provide your business with certainty in its tax affairs	182	4	18	57	13	13	152		31	39	15	15	222		28	30	28	15
E3_SUM_5. Agree or Disagree that.. They make it clear what you need to do to be compliant	182		13	62	14	12	152		22	53	13	13	222		19	48	17	15

	LBS					LC CRM					LC CC					
	KD A	+	Same	varies	-		KDA	+	Same	varies	-		KDA	+	Same	varies
E4_SUM_2. Agree or Disagree that.. HMRC have become more focused on the high risk tax issues that affect businesses and are now less concerned about the low risk matters	279	14	68	10	7	152	18	59	13	10	279	29	36	19	16	
E4_SUM_3. Agree or Disagree that.. HMRC have become more likely to consult with businesses about potential changes of administering the tax system	181	31	51	10	8	152	25	36	22	18	279	32	26	27	15	
E5_SUM_1. Agree or Disagree that.. HMRC makes it clear what you need to do to address any concerns	182	23	54	14	10	152	18	51	18	13	222	22	44	19	15	
E5_SUM_2. Agree or Disagree that.. HMRC makes it clear to you what their areas of concern are	182	11	71	10	8	152	9	68	11	13	222	26	42	16	17	
E5b_SUM_1. Agree or Disagree that.. HMRC demonstrates an understanding of the commercial pressures your business faces	92	36	28	20	16	60	32	27	27	15	37	30	27	22	22	
E5b_SUM_2. Agree or Disagree that.. HMRC keeps to agreed timeframes	92	32	39	12	17	60	23	43	23	10	37	30	27	19	24	
E5b_SUM_3. Agree or Disagree that.. The timeframes agreed are appropriate	92	27	49	15	9	60	32	40	17	12	37	32	30	24	14	
E5b_SUM_4. Agree or Disagree that.. The process of resolving disagreements has improved	92	28	28	26	17	60	28	32	18	22	37	32	19	27	22	
Avoidance																
F1_SUM. Confidence in knowledge of what HMRC would challenge as tax 'avoidance'	182	9	76	6	9	152	13	75	5	7	222	11	72	9	8	
Risk																
G2_SUM_2. Agree or Disagree that.. I know what the benefits of being low risk are for my business	101	8	75	9	8	43	2	86	2	9	N/A					
G2_SUM_3. Agree or Disagree that.. The risk rating criteria are comprehensive enough	101	19	63	9	9	43	33	44	14	9						
G2_SUM_4. Agree or Disagree that.. My business takes into account the HMRC risk status when structuring its tax affairs	101	18	50	19	14	43	30	49	19	2						

11.6 Below the main findings from 'dashboard' table are summarised for each customer group:

LBS

- Across the top three five key drivers of overall experience for LBS customers there was very little longitudinal change (around four fifths gave the same responses in all three waves of the study).
- In a similar vein, there was also very little longitudinal change with regards to the experience LBS customers had of dealing with their CRM (in the main this was very positive).
- There were several areas where over a fifth of LBS customers had better experiences in consecutive years, most notably in relation to the extent to which HMRC was perceived to be joined up, transparent and resolved disputes. That said, it should be noted that across some of these measures relatively high proportions of customers experienced varying levels of service between 2010 and 2012.
- By contrast, there were relatively few areas where LBS customers had a poorer experiences in consecutive years – the exceptions were in relation to staff understanding the business and staff ensuring appropriate timeframes were agreed (a fifth and a third of customers respectively felt HMRC performance had got worse at each wave of the survey across these measures).

LC CRM

- In terms of the main key drivers of overall experience there was little longitudinal change - the exception being the measure of the CRM's ability to make appropriate decisions where only three in five gave the same rating each year. That said, majority of longitudinal change across the three waves of the study on this measure was accounted for by customers that had experienced a better service in each consecutive wave.
- Reflecting the fact that overall customer experience among LC CRM customers has increased each year since 2010 – across many survey measures between a quarter and a third of LC CRM customers had experienced a better service each wave. The most notable of these changes were in relation to the risk process, the process of resolving disputes, RTW, and HMRC understanding the needs of the business.
- However, while many did have feel HMRC was continually improving with regards to joined being joined up and transparent – similar proportions had variable experiences over the three years of the study (this is a similar pattern to that seen for LBS customers).
- There were very few areas where LC CRM customers had a poorer experience in consecutive years – the exceptions were similar to the experience of LBS customers, in relation to staff understanding the business and staff ensuring appropriate timeframes were agreed (a quarter and a third respectively felt HMRC performance had got worse at each wave of the survey across these measures).

LC CC

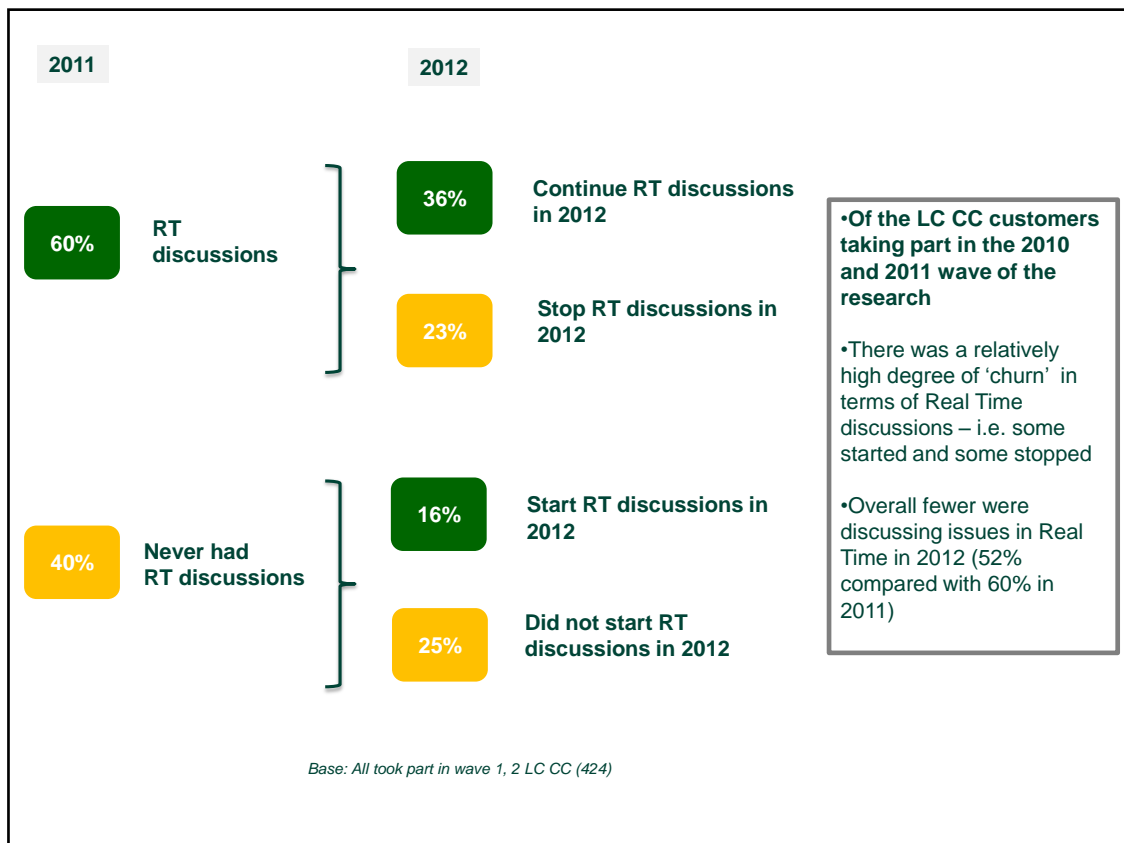
- LC CC customer experience was much more variable than that of other customer groups – a theme which is returned to throughout this report.
- There was longitudinal change across all the key drivers of overall experience and while for many this represented a better experience each year (between a fifth and a quarter) similar proportions were also less likely to agree with each of the measures year on year.
- This pattern was repeated across many of the measures on the survey – although on balance the proportion that had better experiences outweighed the proportion that had worse experiences each year. This explains why at an overall level the proportion agreeing they had good experience has increased slightly each year.

- The measures where there was less longitudinal change (over half gave the same rating each year) related to ‘cultural’ aspects of HMRC and included the extent to which HMRC is consistent, treats businesses fairly and communicates in a professional manner.

Longitudinal analysis: RTW

11.7 As shown in chapter 5 at overall level LC CC customers were less likely to engage in RTW in 2012 compared with 2011. This is highlighted further by Figure 11.1 which shows that even though there was a relatively high degree of ‘churn’ in terms of RTW, more customers stopped RTW than started throughout 2012.

Figure 11.1: Longitudinal analysis of RTW (LC CC)



Longitudinal analysis: Relocation

11.8 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 2010 – only a minority (13%) were considering relocating in 2012.

11.9 Given the relatively small bases of customers that considered relocating in 2010 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 11.2: Longitudinal analysis of likelihood to relocate the business

