



**IFF Research**

# Large Business Panel Survey: businesses' experience of HMRC

Summary of quantitative and qualitative findings

June 2011

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By IFF Research

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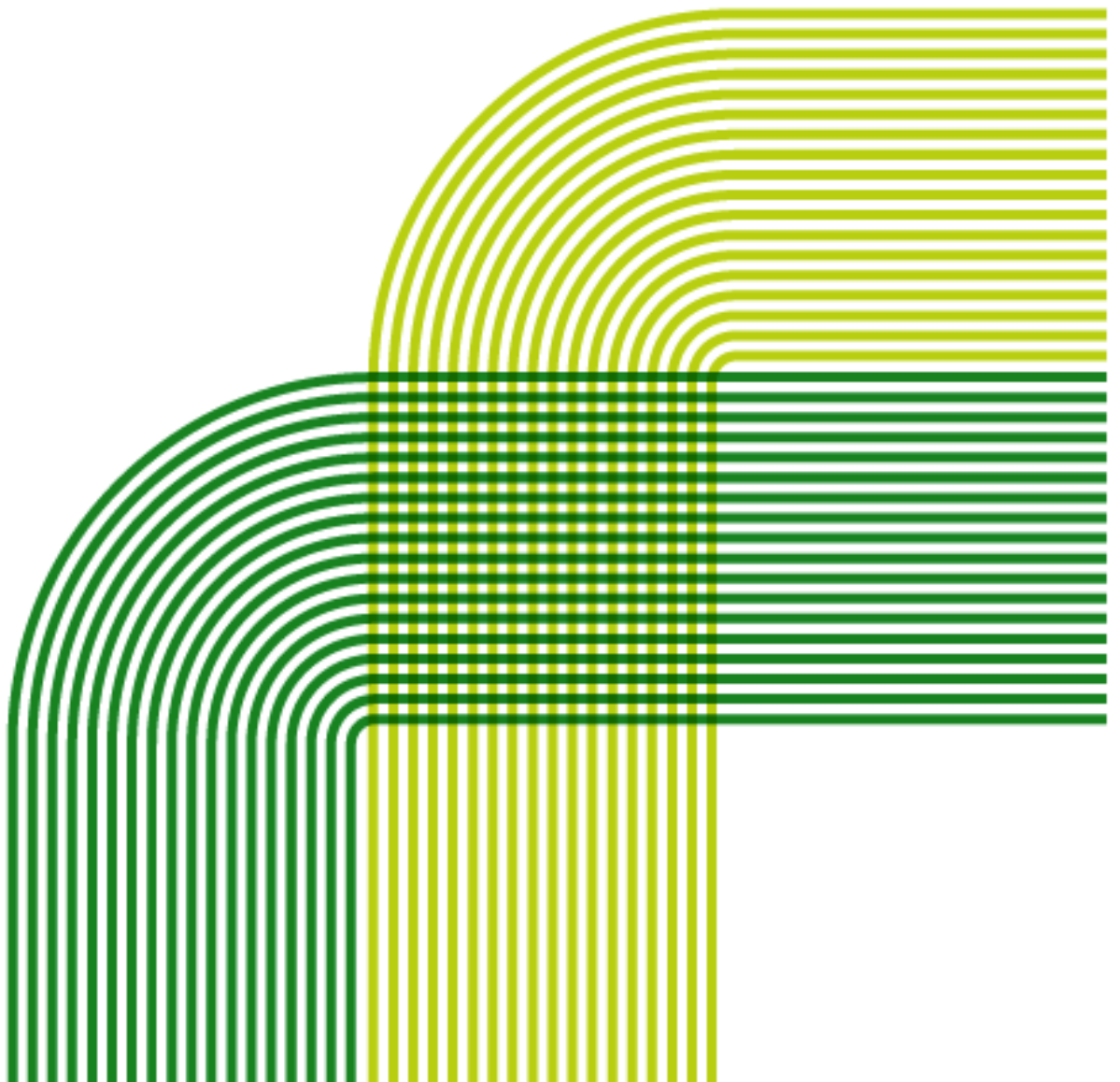


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IFF Research contact details:  
Lorna Adams and Rob Warren  
IFF Research Ltd  
Chart House 16 Chart Street  
London N1 6DD  
Tel +44(0)20 7250 3035  
Fax +44(0)20 7490 2490  
[Lorna.Adams@IFFResearch.com](mailto:Lorna.Adams@IFFResearch.com)  
[Rob.Warren@IFFResearch.com](mailto:Rob.Warren@IFFResearch.com)



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# 1 Executive summary

## Introduction

- 1.1 HMRC regularly surveys its customers to seek their views on services provided. As part of the department's overall objective to increase customer experience and to improve the UK business environment, HMRC has conducted an annual survey with large businesses since 2008.
- 1.2 In 2010, HMRC changed the methodological approach to the survey converting it into a longitudinal panel survey. From now on, the same businesses will be surveyed each year so that changes over time within the business population can be observed. IFF Research Limited was commissioned to undertake this new Large Business Panel Survey (LBPS). In addition, IFF is conducting a complementary survey with large businesses on behalf of HMRC which focuses on tax policies. The findings from this survey will be available later in the year<sup>1</sup>.
- 1.3 This report draws on the findings from telephone interviews with the Heads of Tax/Director of Finance of 1,770 businesses<sup>2</sup> carried out in the autumn of 2010. A relatively high response rate<sup>3</sup> was obtained with 426 achieved interviews with Large Business Service (LBS) customers, 474 with Large and Complex (LC) customers that have been allocated a Customer Relationship Manager (CRM), and 870 with LC customers who in the summer of 2010 were assigned a Customer Co-ordinator.
- 1.4 The survey findings were followed-up with 45 in-depth interviews with businesses (15 per customer group) to add further insight into some of the key topics in the survey. A full description of the research methodology is included in the Technical Appendix to this report.
- 1.5 Businesses' views and experience of the services provided by HMRC are reviewed in this report by:
  - examining the services which received high and low ratings, and evidence of any change compared to 2008 and 2009;
  - conducting Key Driver Analysis, a statistical method to identify the areas of service that most influence the customers' overall satisfaction with services received; and
  - exploring some key topics in-depth through conducting follow-up interviews with a few businesses.

## Overview of ratings

- 1.6 The majority of customers were satisfied with the overall service provided by HMRC with 89% of LBS, 78% of LC CRM and 67% of LC CC customers rating it as very or fairly good. These figures are similar to previous years and indicate that satisfaction has remained fairly constant since 2008.
- 1.7 In general, HMRC is seen by its customer groups to be seeking a cooperative relationship in its dealings with businesses and to provide fair and consistent treatment, while staff's handling of queries is generally seen as satisfactory. These areas receive high ratings across all customers.
- 1.8 As in previous years, LBS customers tend to be the most positive towards HMRC's service provisions giving the highest ratings across all service areas. LC CRM customers are slightly less positive, but both groups have similar views and priorities with the role of the CRM being particularly valued.

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<sup>1</sup> For more information about the complementary survey, please see the Technical Appendix

<sup>2</sup> For more details about large business customers, please see the Technical Appendix

<sup>3</sup> Response rate by customer group: LBS – 60%, LC CRM – 47%, LC CC – 44%



- 1.9 LC CC customers on the other hand, continue as before to score HMRC less positively than the other groups. Until recently, this group lacked a specific point of contact which might have affected some of the ratings. In the summer of 2010, a Customer Co-ordinator was introduced to provide this service and there is some evidence that this may have had a positive effect on ratings.
- 1.10 In terms of areas for improvement, all customer groups continue to feel that HMRC could do more to ensure it operates in a joined-up way, is more transparent in its decision making and improves access to tax specialists which is similar to previous years.

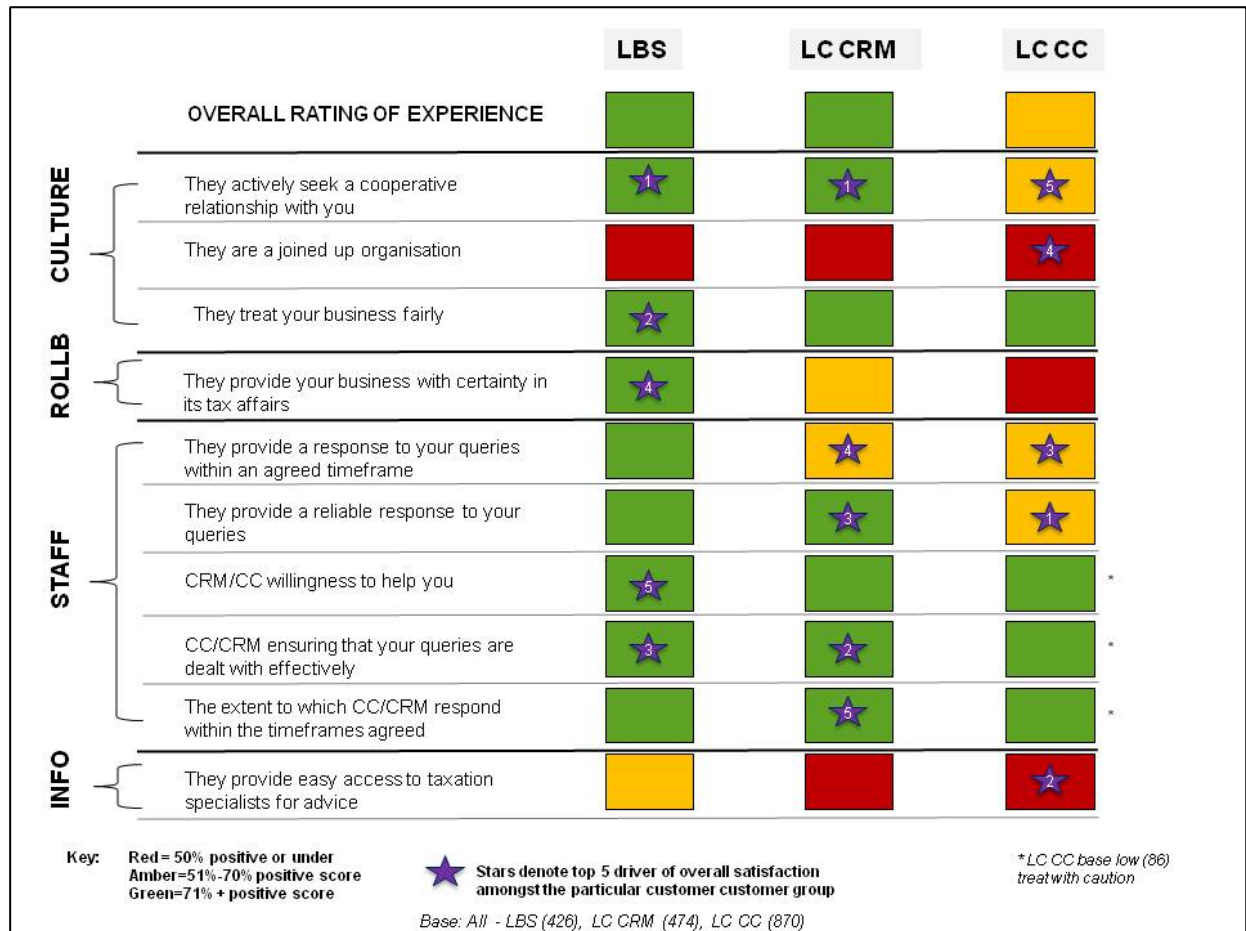
#### Key driver analysis

- 1.11 To identify the aspects of service that most mattered to customers, key driver analysis<sup>4</sup> was undertaken to pinpoint which areas have the most influence over customers' overall rating of HMRC. Figure 1.1 shows the top five influencers (numbered from 1 to 5) for each customer group. The figure uses a 'traffic light' colour system to show areas of stronger and weaker performance. A green box indicates that over 70% of businesses responded positively, an orange box show 70%-51% positive ratings while a red box indicates that 50% or less rated the service positively.
- 1.12 The areas of performance are divided into four key areas – Culture, Review Of Links with Large Business (ROLLB) themes, Staff and Information and Guidance. In the next chapters, each of these themes is revisited in turn.
- 1.13 As can be seen in Figure 1.1 (overleaf) the top priority areas differ slightly between the three customer groups. Satisfaction levels for LBS customers are high across all key areas with over 70% giving positive ratings. LBS customers place particular importance on cultural aspects of HMRC such as seeking a cooperative relationship (91% positive ratings), fair treatment (87%) and providing businesses with certainty in their tax affairs (73%), while also valuing the working relationship with their CRM highly as over 90% were satisfied with how CRMs handle queries.

<sup>4</sup> A statistical method using multiple regression analysis, producing a list detailing the extent to which each measure has a bearing on overall satisfaction. The relative strength of each aspect in predicting overall satisfaction gives an indication of the relative importance of each aspect to respondents.



Figure 1.1: Key drivers of satisfaction



Note: Unless specified, the staff ratings refer to staff in general and not just CRM/CC

1.14 LC CRM customers are generally satisfied with HMRC’s performance in key areas scoring around 70% or over. LC CRM customers are mainly focused on the capacity of staff in general, as well as their CRMs, to provide reliable and timely responses to queries<sup>5</sup> but also value HMRC seeking a cooperative relationship (82%). LC CC customers’ ratings tend to vary more, while almost two thirds give positive ratings to statements relating to staff’s handling of queries, only a third feel they have adequate access to tax specialists (31%) or that HMRC is a joined-up organisation (29%).

Ratings by customer group

LBS

1.15 As previously mentioned, LBS customers generally rate HMRC’s service provisions highly and their ratings have generally either increased or stayed the same since 2008. A majority (over 80%) feel that HMRC seeks a cooperative relationship, treats businesses fairly and consistently and takes their tax record into account. Staff’s capacity to handle queries receive similar high ratings, while 76% are confident about staff’s technical expertise and over two thirds (69%) feel that their understanding of their business is good. The CRM is highly valued achieving 80% satisfaction on their dealings with queries and their professional expertise. Areas where LBS customers perceive HMRC as performing

<sup>5</sup> Around 70% felt that staff in general handled queries well while 80% were satisfied with how CRMs handled queries.



less well are HMRC's capacity to act as a joined-up organisation (41%), being transparent about its decision-making process (45%) and providing access to tax specialists (62%).

#### LC CRM

- 1.16 LC CRM customer ratings follow a similar pattern to the LBS. They rate HMRC highly on cultural aspects such as fairness, consistency, willingness to cooperate and taking businesses previous tax record into account (75% or over of positive ratings). The CRM received high satisfaction rates, particularly in terms of their general approach and handling of queries (80% or over) while over two thirds rate CRMs professional expertise and commercial understanding as good. Staff in general, also received high ratings for their timeliness and reliability in response (70% or over), although just over half (55%) felt they had a good understanding of their business. However, this figure has increased significantly each year since 2008 when it was 31%. Other areas where there have been significant increases in ratings since 2008/09 include staff's technical expertise<sup>6</sup> and HMRC seeking a cooperative relationship<sup>7</sup>.
- 1.17 LC CRM customers are, however, not as likely as LBS customers to feel that HMRC provides certainty in tax affairs (52%) although the main areas for improvements are the same as LBS customers as only 38% agree that HMRC is transparent in its decision making 35% feel its a joined-up organisation while 41% agree that HMRC provides easy access to taxation specialists.

#### LC CC

- 1.18 The LC CC customers do not have a CRM and consequently the services they receive can vary from other large businesses which are reflected in the lower ratings of this group of customers. However, over 70% of LC CC customers rate HMRC's approach as fair and consistent and there has been a significant improvement among those that feel HMRC seeks a cooperative relationship<sup>8</sup> (57%). Almost two thirds of LC CC customers feel that staff provide reliable and timely responses, but just 37% feel they have a good understanding of their business. The lower satisfaction rates around detailed knowledge of individual businesses can also be seen in the lower number of LC CC customers who agree that HMRC takes their tax record into account (53%) or provides certainty in tax affairs (45%).
- 1.19 The lower level of satisfaction with HMRC's knowledge of individual businesses might be mitigated in future years by the Customer Co-ordinator (CC) who will be able to build up more knowledge about specific businesses. Indeed, those who had dealt with their CC (10% of LC CC customers) rated their dealings with the CC highly (80% or over gave positive ratings) and tended to give more positive ratings to other services provided by HMRC as well. As before, the main areas for improvement which received the lowest agreement ratings included HMRC providing transparency in decision making (38%), access to tax specialists (31%) and being more joined-up (29%). LC CC customers also tended to feel that HMRC could increase its understanding of their businesses' needs and risks.

<sup>6</sup> LC CRMs ratings have gone from 45% in 2009 to 70% in 2010 (question not asked in 2008)

<sup>7</sup> LC CRMs ratings have increased from 55% in 2008 to 75% in 2009 and to 82% in 2010

<sup>8</sup> LC CCs rating of HMRC being cooperative have increased from 48% in 2008 and 46% in 2009 to 57% in 2010.





## Policy areas

1.20 The 2010 LBPS questionnaire also covered some specific policy areas.

### *Administrative burden*

1.21 A large number of businesses across all customer groups felt that the administrative burden of tax compliance had increased over the past year, LBS and LC CRM customers were particularly likely to say so (78% of LBS and 61% of LC CRM). In the follow-up interviews conducted with businesses after the survey (45 interviews in total) businesses stated that the need for online filing through iXBRL<sup>9</sup> and the introduction of the Senior Accounting Officer legislation had contributed to the perceived increase in the administrative burden.

### *Tax environment*

1.22 Customers were asked about HMRC's effect on the commercial competitiveness of the UK. LBS businesses were the most divided in their views (22% stating it had a positive effect and 36% stating that it had a negative effect); while other customers were more likely to feel that it had no effect. This last point was emphasised in the follow-up interviews where the interviewees mentioned tax rates and legislation as the main tax related factors to have an effect on the competitiveness of the UK which are outside HMRC's remit.

### *Risk*

1.23 In the last couple of years HMRC has operated a risk based approach to focus resources on key risks to tax revenue. As part of the process CRM customers have been through a specific risk assessment process and received a risk status<sup>10</sup>. The survey showed that the vast majority were aware of their business' rating (94% of LBS and 87% of LC CRM customers). Most of these, in particular LBS customers, also felt that the risk status was fair and that they knew about the benefits of being low risk. In fact, around two thirds indicated that they took their risk status into account when structuring their tax affairs.

1.24 In the follow-up interviews some businesses did, however, indicate that they felt that the benefits of being low risk could be clearer and that it was important that low risk meant less scrutiny and that it provided cost and time savings.

### *Real time working*

1.25 Real time working was defined in the survey as HMRC looking at transactions and specific queries as they happen and the questions related to this area were asked of CRM businesses only. The survey showed that the majority of these customers have had some experience of real time working, but only around a third of LBS customers (36%) and a fifth of LC CRM customers (20%) had frequently worked in real time. Frequent users were, however, very positive about the capacity of real time working to ensure cost savings and speedier resolution of issues.

1.26 In the follow up qualitative interviews, less frequent users voiced some concerns about real time working, for example about how information disclosed in real time would be used by HMRC. This feedback suggests that more could be done to raise awareness about the benefits of real time working.

1.27 Subsequent chapters of the report will review each of these topic areas in more detail.

<sup>9</sup> Inline Extensible Business Reporting Language – an internationally recognised standard for reporting financial data.

<sup>10</sup> The risk assessment is based on a number of factors. Risk status can either be low or non low.



## 2 Overview of HMRC performance

- 2.1 This chapter explores what drives Large Business Customers' satisfaction with HMRC and provides an overview as to how HMRC is performing across the service areas that matter most to these customers.
- 2.2 By looking at the areas that receive high and low ratings from customers and comparing findings with previous results, this chapter seeks to summarise the core strengths of HMRC alongside the areas where there is still room to make improvements.
- 2.3 Within each customer group, the strengths of HMRC were defined as any area where the proportion of customers giving a positive rating was in excess of 70%. Analysis in the report also distinguishes between areas that were identified as primary key drivers of satisfaction<sup>11</sup> and those that were not.
- 2.4 In terms of improvements between years, these are areas of service where a significant increase<sup>12</sup> in the proportion of customers giving a positive rating has been observed. All differences described in this report are statistically significant unless stated otherwise.
- 2.5 Weaknesses were defined as areas where 50% or fewer customers give a positive rating (and areas of decline are where there has been a significant decrease in the proportion of customers giving a positive rating).

### Summary

- 2.6 LBS customers are generally the most positive about their relationship with HMRC. A very high proportion gives positive ratings overall and HMRC performs well in all areas that are key for them (their primary key drivers of opinions on the overall satisfaction rate). LC CRM customers are also generally satisfied while LC CC customers are less positive, although there have been some improvements in their ratings of a few key areas.
- 2.7 Looking across all customer groups, the strengths of HMRC's performance lie in the fact businesses feel that HMRC seeks to establish a cooperative relationship where businesses are treated fairly and consistently, where previous tax record is taken into account, and staff communicate professionally.
- 2.8 The main improvements over the last 12 months for LBS customers have been in increased certainty. Among LC CRM customers there have been improvements in the level of technical expertise, perceived understanding of business levels of risk and pursuing co-operative relationships (the latter was also a key improvement for LC CC customers).
- 2.9 Performance continues to be weaker in the extent to which HMRC is seen as being joined-up, and transparent about its decision making, and customers also feel that access to taxation specialists could be improved. For both LC customer groups, the extent to which HMRC delivers certainty in tax affairs and its perceived likelihood to consult continued to be seen as weaknesses.

<sup>11</sup> Primary key drivers of satisfaction are defined as the top five areas of service that have the greatest influence on customers' views of their overall experience of dealing with HMRC. More details on the Key Driver Analysis can be found in the technical appendix.

<sup>12</sup> Full details of the significance testing used (chi squared) can be found in the technical appendix.



### Overall service ratings

- 2.10 At an overall level, the ratings that customers give for their relationship with HMRC are largely positive and have remained consistent with previous years. As was the case in 2008 and 2009, LBS customers rate their relationship with HMRC most positively (89% state that their relationship is good or very good). By contrast, over three quarters of LC CRM customers (78%) and two thirds of LC CC customers (67%) give positive ratings<sup>13</sup>.
- 2.11 When asked to rate whether their experience of dealing with HMRC had got better or worse over the past 12 months, the majority of customers state that they feel the service has stayed the same (58% LBS, 50% LC CRM and 64% LC CC). Customers with a CRM are more likely to state that they have seen an improvement (25% LBS and 32% LC CRM) than customers with a Customer Coordinator (13%).
- 2.12 Figure 2.1 shows how these findings compare with previous years<sup>14</sup>. There have been no significant changes for LBS and LC CRM customers, and most importantly the proportion feeling the service has got worse has remained relatively low (around one in nine customers). Satisfaction levels among these customers are being maintained at relatively high levels, so large year on year improvements would not necessarily be expected.
- 2.13 Although the majority – 64% - of LC CC customers feel the service offered by HMRC has remained the same, some LC CC customers feel there has been some decline in perceived levels of service compared to 12 months ago (13%).
- 2.14 In the summer of 2010, a Customer Co-ordinator was introduced to all LC CC businesses. It is worth noting that the Customer Coordinator programme is still relatively new and many LC CC customers had not had dealings with their Coordinator by the time of interview. The impact of Customer Coordinators will hopefully be recorded in later waves<sup>15</sup> of the survey.

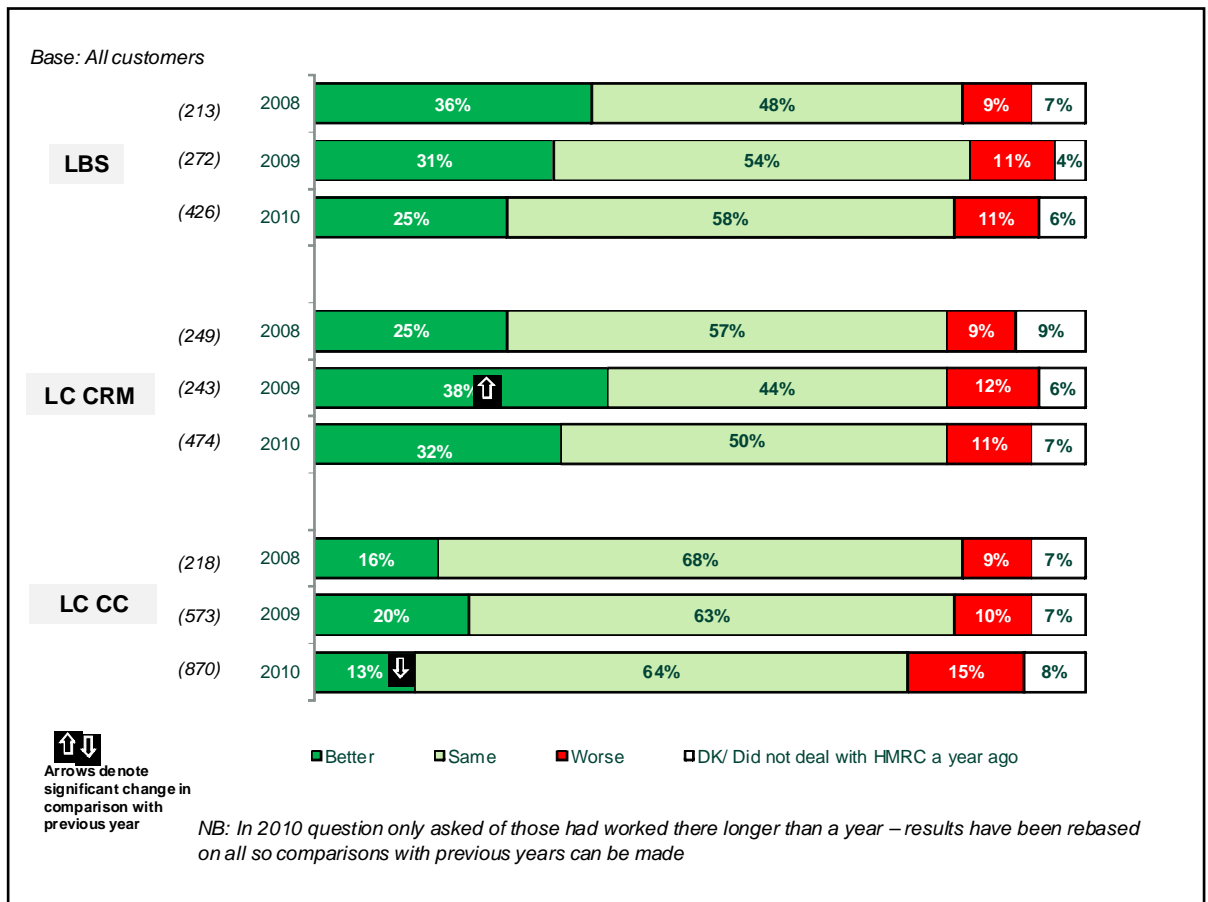
<sup>13</sup> Appendix table 2.1 (chapter 7)

<sup>14</sup> In 2010 this question was only asked of those who had worked in the organisation a year (to help wording flow). The results presented in this report have been rebased on all customers to allow comparisons

<sup>15</sup> The Large Business Panel Survey will be conducted annually. By waves of the survey we mean future iterations with the same panel members.



Figure 2.1: Customer experience compared with 12 months ago



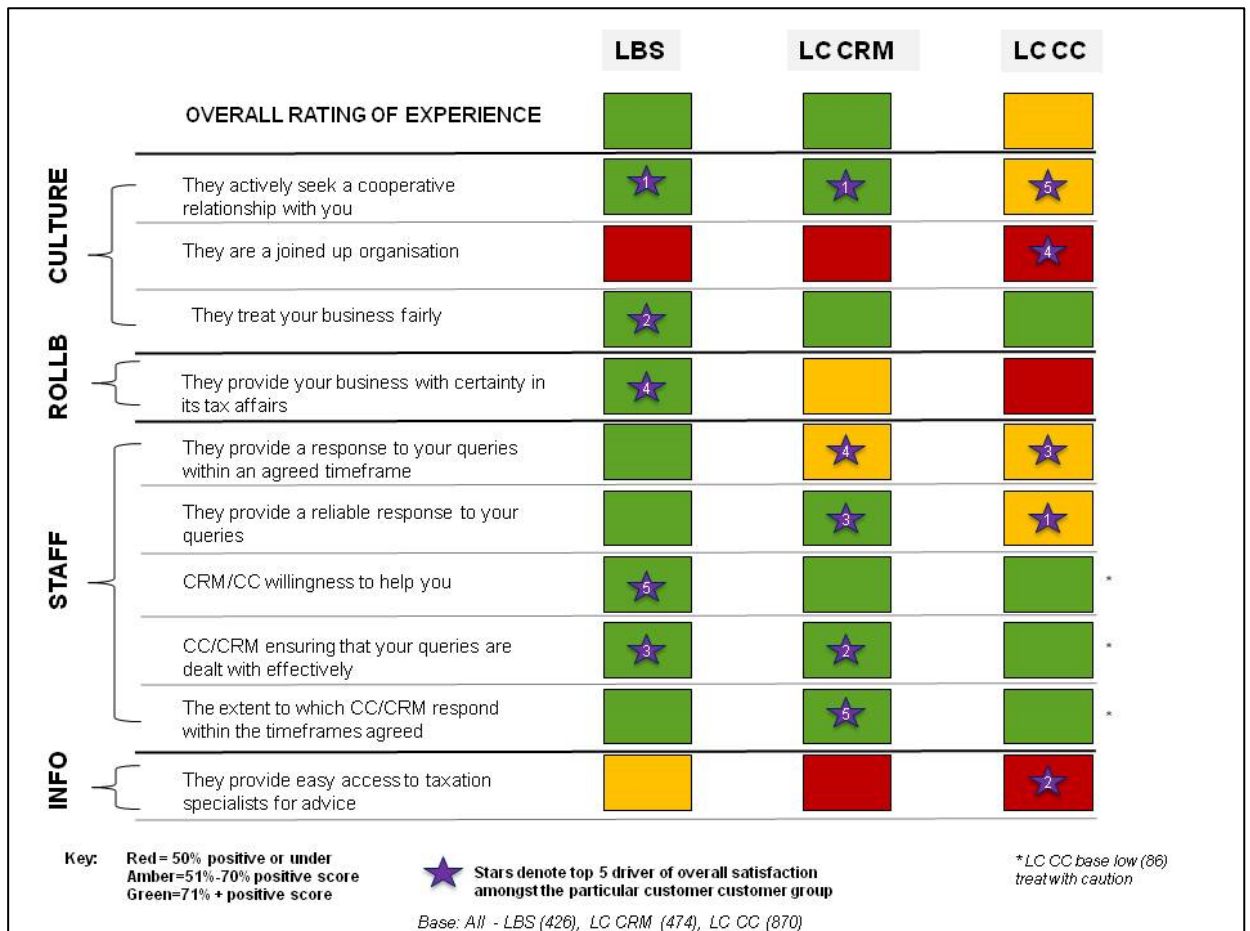
Note: The categories 'much better' and 'slightly better' as well as 'much worse' and 'slightly worse' have been aggregated into the categories 'better' and 'worse' to facilitate the interpretation of the figure.

Key drivers of satisfaction

- 2.15 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 satisfaction with HMRC. More details on the approach taken are included in the technical appendix of this report.
- 2.16 Figure 2.2 shows ratings for the key drivers of overall satisfaction for Large Business customers – that is the areas of service that have the greatest influence on customers' views of their overall experience of dealing with HMRC. The areas of service shown are the top five influencers for each of the three customer groups. The primary drivers of satisfaction are labelled for each customer group in order of their level of influence on overall experience (numbered from 1 to 5). Where a score is not numbered, it is because it was not a primary driver for that particular customer group.
- 2.17 The figure uses a 'traffic light' colour system to show areas of stronger and weaker performance. In each area, a green box indicates that over 70% of businesses responded positively. The areas of performance are divided into four key areas – Culture, Review Of Links with Large Business (ROLLB) themes, Staff and Information and Guidance. Each of these themes are revisited in more detail in this report.



Figure 2.2: Key drivers of satisfaction



Note: Unless specified, the staff ratings refer to staff in general and not just CRM/CC

2.18 That said, the key drivers for each of the three customer groups are slightly different. LBS customers clearly demonstrate the importance placed on their working relationship with their CRM and also on the perceived fairness of treatment and ability to provide certainty. For LC CRM customers, the key drivers focus on the way in which their CRM responds to their queries. By contrast, LC CC customers place more emphasis on access to taxation specialists and how ‘joined-up’ HMRC appears

2.19 LBS customers scored HMRC highly in all of the top five key areas. In fact, the proportion of positive ratings for seeking a cooperative relationship, willingness of CRMs to help, and handling of queries were in excess of 90%. Compared to previous years, ratings have either remained high or increased (where comparisons are possible). The key driver with the lowest rating among LBS customers was the extent to which HMRC provides certainty (73% of customers gave a positive rating). Although relatively low compared to the other scores, it is worth noting that the proportion giving a positive rating increased by about 20 percentage points since 2009.<sup>16</sup>

2.20 Among LC CRM customers, for the top driver of satisfaction - seeking a cooperative relationship - 82% of LC CRM customers gave a positive score. The lowest rating given by LC CRM customers for

<sup>16</sup> Appendix tables 3.5, 3.20, 3.21, 3.28 (chapter 7)



a key driver was for staff dealing with queries within an agreed timeframe (69% gave a positive score).<sup>17</sup>

2.21 Among LC CC customers, the proportion of positive ratings for key drivers of satisfaction was lower than for other customer groups. For the most important driver of satisfaction – staff provide a reliable response to your queries - 65% gave a positive score. The key drivers that attracted the lowest proportion of positive ratings from LC CC customers were ease of access to taxation specialists (31%) and the extent to which HMRC is a joined-up organisation (29%). The proportion of LC CRM and LBS customers giving positive scores was also comparatively low in these areas, but they were not primary drivers of overall ratings for these groups.<sup>18</sup>

#### LBS: Strengths and weaknesses of performance

2.22 For each of the three customer groups, there are areas of strengths and weaknesses. Figure 2.3 below attempts to illustrate this by dividing the ratings into the following areas:

- Ongoing strengths – where performance have been maintained at a high level since 2009 (i.e. generally over 70% positive ratings);
- Improvements – where there have been significant improvements in ratings over the last year;
- Decline –where there has been a significant decrease in scores over the last year; and
- Ongoing weaknesses - where performance has been weak compared to other ratings and little progress has been made and/or positive ratings are below 50%.

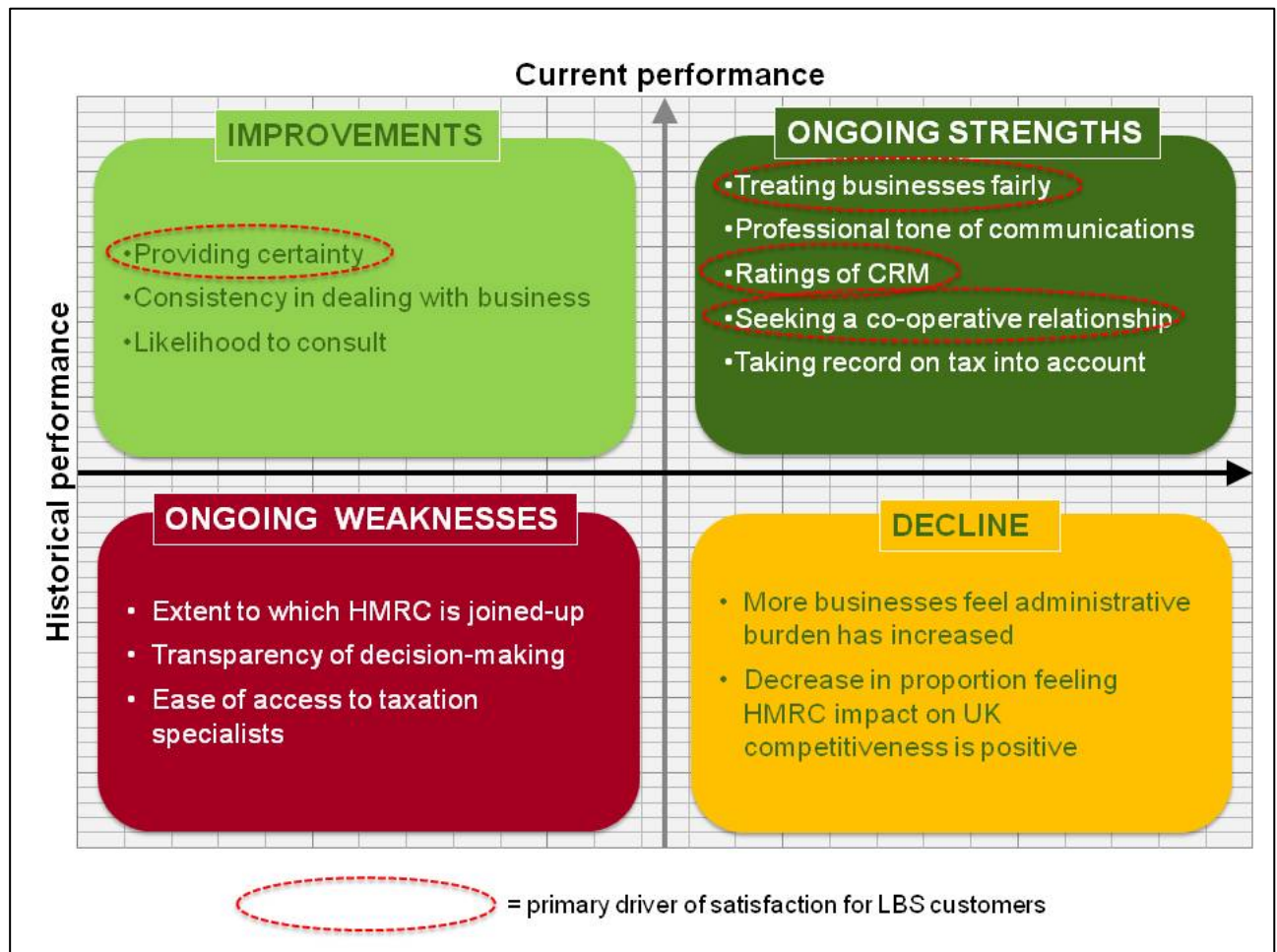
<sup>17</sup> Appendix table 3.9 (chapter 7)

<sup>18</sup> Appendix tables 3.9 and 3.3 (chapter 7)





Figure 2.3: Service strengths and weaknesses for LBS customers



Note: The colours used in this chart are for illustrative purposes only – they highlight board themes rather than specific percentage scores

- 2.23 Generally LBS customers are happy with the services they receive from HMRC. In most of the service areas that are key drivers of overall service opinions, LBS customers have been particularly satisfied since 2008 when the first Large Business Survey was conducted by HMRC. This is the case in terms of being seen to treat businesses fairly, seeking a co-operative relationship and most aspects of CRM performance.
- 2.24 The only other area that is a key driver for LBS customers is the extent to which HMRC provides certainty. Clear improvements have been evident in this area over the last 12 months. The proportion of LBS customers agreeing that this is the case has increased from around half in 2008 and 2009 to 73% in 2010.<sup>19</sup>
- 2.25 The proportion of LBS customers considering that they have seen an increase in the administrative burden over the last 12 months is reasonably high at 78% (an increase from 64% in 2009). Customers that feel the administrative burden has increased are more likely to feel the UK is less competitive – indeed there has been a decrease in the proportion stating that HMRC's

<sup>19</sup> Appendix table 3.28 (chapter 7)

administration of the tax system has a positive influence on the competitiveness of the UK as a place to do business (from 33% in 2009 to 22% in 2010).

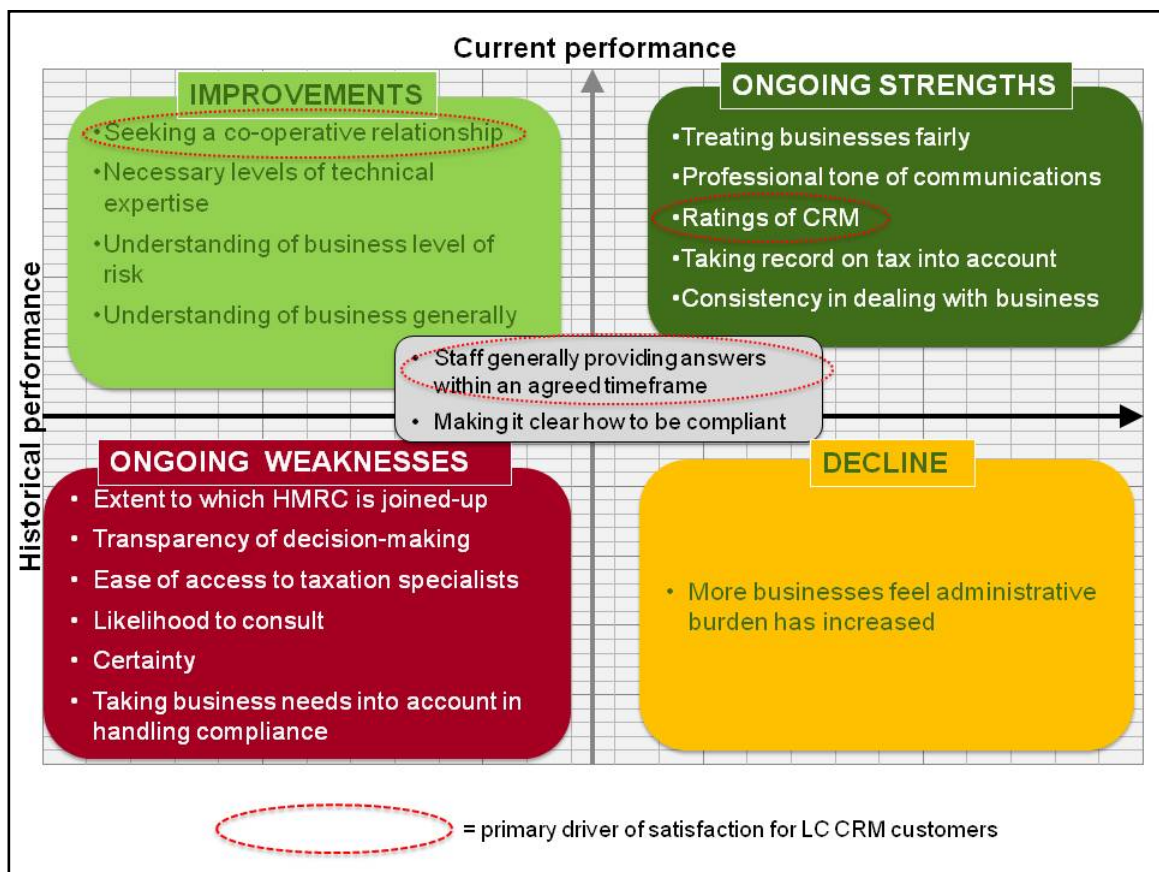
2.26 However, as discussed in more depth later in this report in chapter four, there is evidence from the qualitative research that some (although not all) of the factors impacting on perceptions of the administrative burden relate to the wider tax environment rather than HMRC's administrative approach.<sup>20</sup>

2.27 The areas where HMRC's performance continues to be weaker are in providing access to taxation specialists, transparency of decision-making and demonstrating that it is a joined-up organisation, although none of these are a key driver for LBS customers.

LC CRM: Strengths and weaknesses of performance

2.28 Figure 2.4 shows the same analysis for relationships with Local Compliance customers that have a Customer Relationship Manager (LC CRM).

Figure 2.4: Service strengths and weaknesses for LC CRM customers



2.29 The areas that LC CRM customers have regarded as strengths since 2008 and continue to do so are much the same as for LBS customers (fairness, professional communication, performance of CRMs, the extent to which tax record is taken into account in dealings) apart from consistency.

<sup>20</sup> Appendix tables 4.1 and 4.9 (chapter 7)



- 2.30 There are a couple of key areas (shown in the grey box in the middle of the figure) where performance has been and continues to be relatively solid (i.e. 60%-69% satisfied). In these two areas – providing response within agreed timeframes and making it clear what businesses need to do to be compliant – the proportion of LC CRM customers giving positive ratings is just below that for the ‘green’ threshold of the traffic light coding (i.e. 70%).
- 2.31 There has been a significant increase in LC CRM customers who feel that HMRC is seeking a co-operative relationship. In 2008 56% gave positive ratings on this measure increasing to 74% in 2009 and further to 82% in 2010.<sup>21</sup> This may well reflect the increasing number of LC CRM customers using their CRM. Similarly steady improvements have been seen year-on-year in the proportion feeling that HMRC has a good understanding of their business’s level of risk specifically, that staff have a good understanding of their business more generally and have the necessary levels of technical expertise.
- 2.32 As with LBS customers, a greater proportion of LC CRM customers reported an increase in the administrative burden they have faced over the last 12 months than was the case previously. Again the results of the qualitative interviews suggest this may be related to the wider tax environment rather than HMRC’s administrative approach.
- 2.33 On-going areas of weaker performance are similar to those for LBS customers as well. However, in addition, the improvements that LBS customers have observed in the extent to which HMRC delivers certainty and the extent to which they consult on changes in the tax system, have not been observed by this group and ratings remain relatively weak. LC CRM customers also continue to provide relatively low ratings for the extent to which HMRC takes their business’s needs into account in handling compliance.

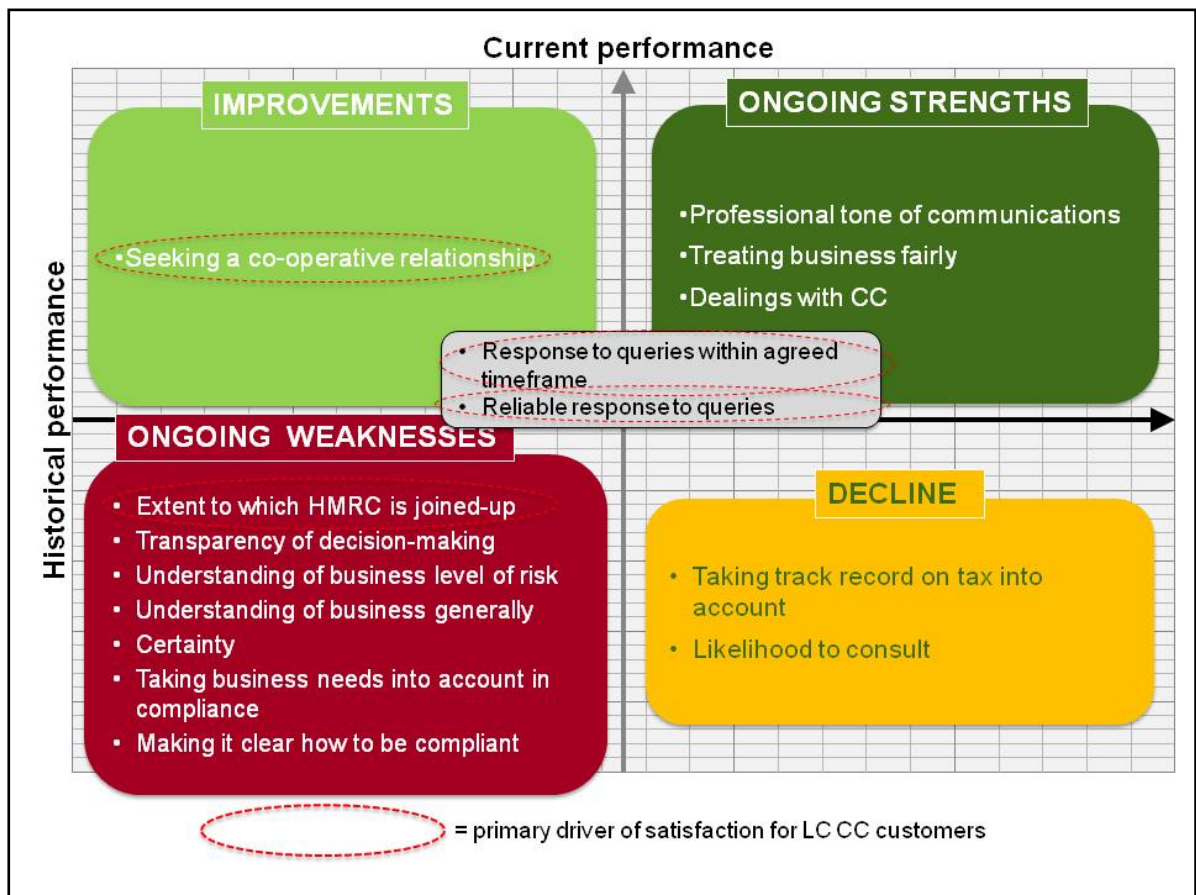
#### LC CC: Strengths and weaknesses of performance

- 2.34 Businesses within Large and Complex vary in structure, size and in the way they access services from HMRC. While the largest businesses have had Customer Relationship Managers (CRM) for the last three years the remainder of businesses were offered a Customer Co-ordinator in summer 2010. Given the differences within this group, it is reasonable to expect this to be reflected in their ratings.
- 2.35 Figure 2.5 shows strengths and weaknesses of HMRC’s relationship with LC customers that have a Customer Coordinator (LC CC).

<sup>21</sup> Appendix table 3.5



Figure 2.5: Service strengths and weaknesses for LC CC customers



- 2.36 Generally LC CC customers do not rate their relationship with HMRC as strongly as CRM customers and the ratings given are generally lower for all service aspects.
- 2.37 The ongoing key strengths according to the survey findings are the extent to which HMRC is seen to treat businesses fairly and the professional tone of communication. Customer Co-ordinators were only introduced three months before the interviews started and by that time only 10% had dealt with their CC in relation to tax queries. However, the signs are that the CC could improve relationships within this customer group, as the ratings given by those who had dealt with their CC were very positive for ease of contact, willingness to help, handling of queries and responding within appropriate timeframes.<sup>22</sup>
- 2.38 There are two additional areas (in the grey box) where performance has remained relatively steady but at a level below that required for a 'green' rating. Both of these relate to the handling of queries and are key drivers of overall ratings among LC CC customers.
- 2.39 The main improvement for this group is the extent to which HMRC is seen to seek a co-operative relationship. The proportion providing positive ratings is still below the threshold for a 'green' rating on the traffic light coding but it has increased from 46% in 2009 to 57% in 2010.<sup>23</sup>

<sup>22</sup> Appendix table 3.15 (chapter 7)

<sup>23</sup> Appendix table 3.5 (chapter 7)

- 2.40 There has been a fall in perceived levels of service in a couple of areas among the LC CC population, i.e. the extent to which a business's track record is seen to be taken into account (from 61% positive ratings in 2009 to 53% in 2010) and the perceived likelihood of HMRC to consult on changes (from 41% to 33%). Again, the recognition among LBS customers of increased efforts to consult is not reflected in the views of this customer group.<sup>24</sup>
- 2.41 There are a number of areas where perceptions of performance remain relatively weak among the LC CC population (listed in the red box in Figure 2.5). Although some of these overlap with areas of weaker performance for LC CRM customers, in general LC CC customers are less satisfied. It is also the case that one of these areas of sustained weaker performance – the extent to which HMRC is seen to be joined-up – is a key driver of overall ratings for LC CC customers.

#### Priorities for improvement

- 2.42 All customers were asked to identify on an unprompted basis, what they felt should be the key priorities for improvement in HMRC customer service. The top 3 responses given are shown in Table 2.1 and Table 2.2 below.
- 2.43 About a fifth of customers in each group (see Table 2.1 & Table 2.2) stated that they did not feel that there was any particular area which they would highlight as an area for improvement. Among the remainder, a wide range of different service areas were mentioned.
- 2.44 Among LBS and LC CRM customers, the top three improvements mentioned were a quicker response to queries, more knowledgeable staff and a greater degree of commercial understanding.
- 2.45 LC CC customers were more likely to raise issues around making it easier to get through to the correct person at HMRC, improving the website and tackling difficulties with telephony. The greater focus that they place in these areas is likely to reflect that they have not had a single point of contact at HMRC (although in future the Customer Coordinator will fill this role) and hence have been much more reliant on the HMRC website and contact centres for information. As more customers become familiar with their CC, their priorities for improvement may well change.

**Table 2.1: Top 3 priorities for improvement – LBS and LC CRM customers (unprompted)**

	LBS	LC CRM
<i>Base</i>	(426)	(474)
	%	%
Quicker response to queries	17	14
More knowledgeable / better trained staff	13	13
More commercial understanding	12	13
<b>Nothing</b>	<b>21</b>	<b>19</b>

**Table 2.2: Top 3 priorities for improvement – LC CC customers (unprompted)**

	LC CC
<i>Base</i>	(870)
	%
Getting through to right person	20
Improvements to website	16
Phone system difficulties	14
<b>Nothing</b>	<b>20</b>

<sup>24</sup> Appendix tables 3.30 and 3.35 (chapter 7)



### 3 Exploration of key service areas

This chapter explores the key service areas (Culture, ROLLB themes, Staff and Information/Guidance) in more detail, again making direct comparisons with results from 2008 and 2009 where possible. Findings from the qualitative follow up interviews with customers have been included in this chapter to add further insight to the findings where appropriate. To help facilitate the interpretation of the figures in this report, the five point scales in the questionnaire have been collapsed into three point scales. For example: the categories 'strongly agree' and 'tend to agree' have been aggregated to 'agree' while 'strongly disagree' and 'tend to disagree' have become 'disagree'.

#### Summary

- 3.1 In terms of perceptions of HMRC **culture**, ratings are generally mixed. Customers generally give positive ratings for the extent to which HMRC seeks a co-operative relationship, professionalism of communication, consistency and perceived fairness of treatment. However, they are generally less positive about the extent to which decision-making is transparent and whether they see HMRC as a joined-up organisation<sup>25</sup>.
- 3.2 In terms of views of **staff**, ratings of the performance of CRMs have been maintained at a very high level. LC CC customers who have had some dealings with the Coordinator also provide positive feedback<sup>26</sup>.
- 3.3 Among the **ROLLB** themes, there has been an increase in positive views of the degree of certainty delivered by HMRC among LBS customers but this has not been reflected among LC CRM and LC CC customers. The proportion of positive ratings for perceived understanding of business level of risk has increased considerably among LC CRM customers so that levels of positive ratings now match those for LBS customers<sup>27</sup>.
- 3.4 Ratings for **information and guidance** show positive views around accuracy but lower ratings for ease of use and accessibility<sup>28</sup>.

#### Culture

- 3.5 Most LBS/LC CRM customers agree that HMRC seeks a cooperative relationship with them (91% of LBS customers and 82% of LC CRM customers). While the proportion of LC CC customers agreeing with this statement is lower (57%), this does represent a significant increase in the proportion compared with previous years (less than 50% of LC CC customers agreed with this statement in 2008 and 2009).<sup>29</sup>

<sup>25</sup> Appendix tables 3.1, 3.5 and 3.12 (Chapter 7)

<sup>26</sup> Appendix tables 3.15- 3.27 (Chapter 7)

<sup>27</sup> Appendix tables 3.28- 3.39 (Chapter 7)

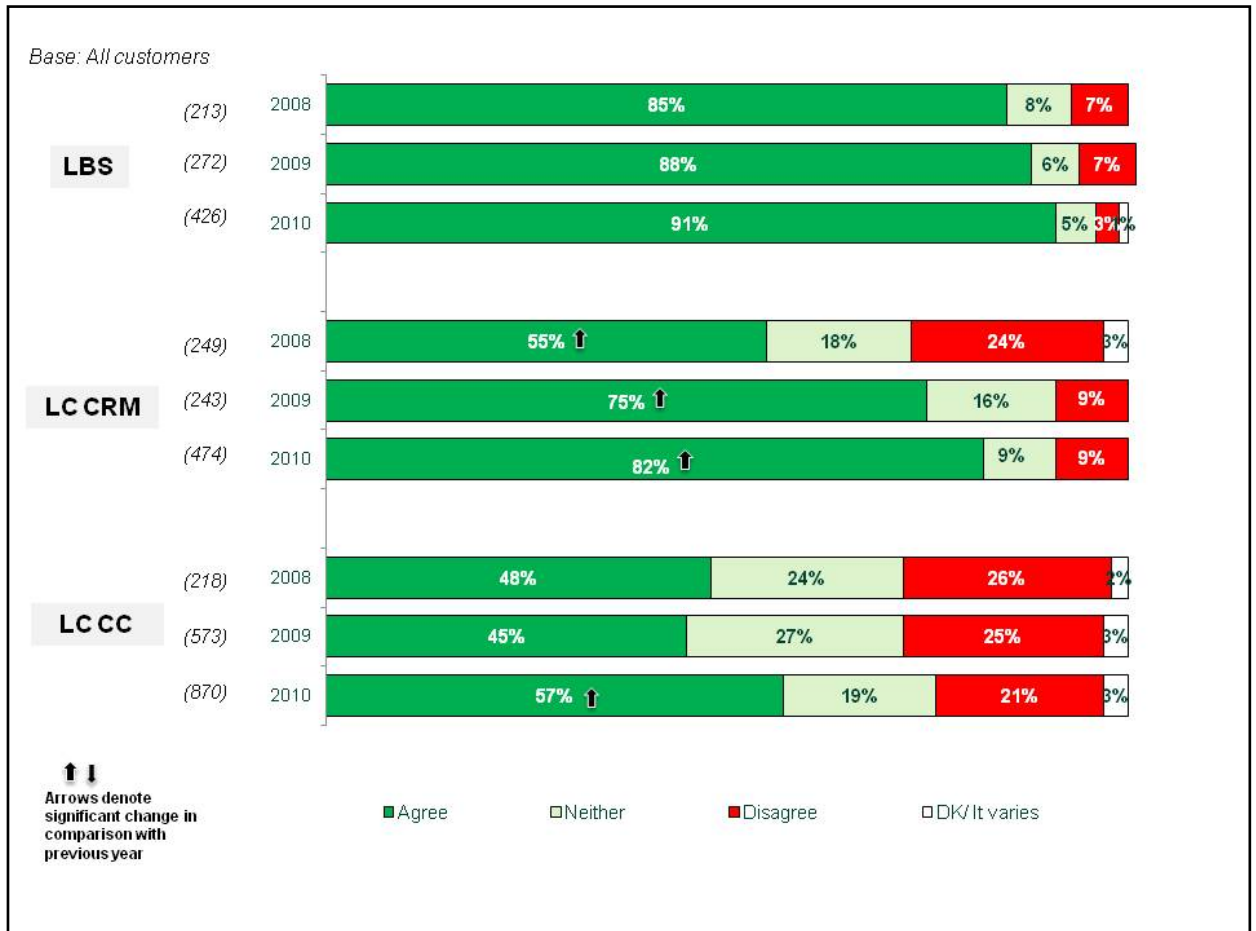
<sup>28</sup> Appendix tables 3.40- 3.43 (Chapter 7)

<sup>29</sup> Appendix table 3.5 (Chapter 7)



3.6 Indeed, as Figure 3.1 shows, across all customer groups the proportion agreeing that HMRC seeks a cooperative relationship has increased (although it is not a significant change among LBS customers) this shows that HMRC has been successful in maintaining performance. Furthermore it is worth noting that while only 38% of LBS customers agreed strongly with this statement in 2009, significantly more - 47% - agreed strongly in 2010 (see table 3.5 in the Technical Appendix for detailed breakdown of this rating).

**Figure 3.1: Proportion agreeing that HMRC seeks a cooperative relationship**



3.7 The proportion of LBS customers agreeing that they are treated fairly is high (87%). Among other customer groups, these ratings are also high (81% LC CRM and 79% LC CC). In terms of LC CC customers, this represents a significant increase from 2008 (when 74% agreed).

3.8 Fewer than half of all customers agreed that HMRC is a joined-up organisation. The findings are similar to those observed in previous years of the survey with LC CC customers being the least likely to agree (29%). By comparison 35% of LC CRM customers and 41% of LBS customers agreed.

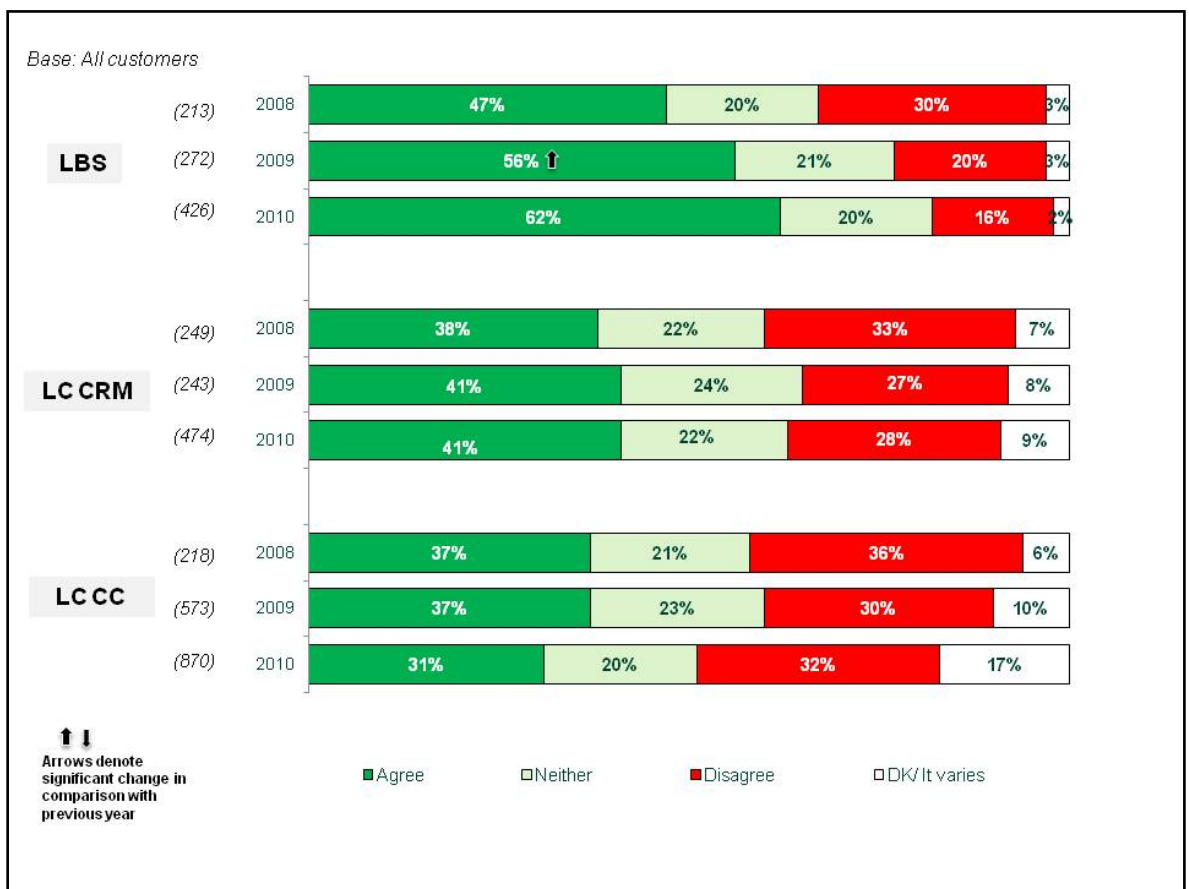
3.9 Although the proportion of LC CC customers agreeing that HMRC is joined-up has dropped significantly from 35% in 2009, it should be noted that the proportion is similar to that in 2008 (27%). This suggests the longer term trend is relatively consistent although this is still an area HMRC can look to improve across all three customer groups. Providing LC CC customers with a single point of contact in their Customer Coordinator may help to achieve this in the medium term.



3.10 Another element of HMRC culture where customer views are less positive relates to the transparency of decision making (only 45% of LBS customers agree and 38% of other customer groups agree). This is relatively consistent with previous years.<sup>30</sup> Qualitative follow up research conducted in 2009 showed that businesses perceived that the level of transparency varied between different parts of HMRC, but that CRMs were seen as trying hard to ensure that reasons for decisions were made clear to businesses.

3.11 As Figure 3.2 shows, the opinions of LBS customers on the extent to which HMRC provides easy access to taxation specialists have steadily improved since 2008 (in 2010 62% of LBS customers agreed that this was the case). Among LC CRM and LC CC customers fewer agree - indeed the proportion of LC CC customers agreeing has fallen since 2009 (although not significantly). To some extent the introduction of Customer Coordinators has been designed to ‘signpost’ these customers to the most appropriate people within HMRC. So again, as take up and awareness of the CC programme increases, this should go some way to address this concern among LC CC customers.<sup>31</sup>

**Figure 3.2: Proportion agreeing that HMRC provides easy access to taxation specialists**



3.12 The remaining elements of HMRC culture can be divided into those where customer ratings are relatively high (and have remained relatively high) and those where ratings are more mixed between customer groups.

<sup>30</sup> Appendix table 3.4

<sup>31</sup> Appendix table 3.6





- 3.13 Focussing first on the elements of culture where ratings are high, the tone of HMRCs communications is widely regarded as excellent by around nine in ten customers across all groups (88%-94%). The majority agree HMRC is consistent in the way in which it deals with individual customers (71%-83% agreeing). There has been a clear improvement since 2008 in the minds of LBS customers with regard to how they view HMRC's consistency in dealings, where only two thirds (67%) agreed compared with around four in five (83%) in 2010.
- 3.14 The extent to which customers feel HMRC staff provide reliable and timely responses along with their technical level of expertise is relatively consistent. LBS customers tend to give the highest scores (between 82% and 76% for each), followed by LC CRM customers (between 72% and 69% for each) and finally LC CC customers (between 65% and 62% for each).<sup>32</sup>
- 3.15 Customer ratings varied more by customer group in terms of the elements of HMRC culture that are related to compliance, in particular the extent to which they take individual business needs into account. While 72% of LBS customers agreed that this was the case, just over half (56%) of LC CRM customers agreed and only 39% of LC CC customers agreed.<sup>33</sup>

#### Staff – CRM relationship

- 3.16 Customer ratings of CRMs are very positive and in nearly all cases ratings have been maintained or improved since 2009.
- 3.17 All LBS customers have a Customer Relationship Manager (CRM) and some of the largest businesses within Local Compliance have had a CRM for the last three 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.
- 3.18 As would be expected, nearly all CRM customers had direct dealings with their CRM within the last 12 months (97% of LBS customers and 89% of LC CRM customers). The following section of this chapter is based on the customers that had direct dealings with their CRM.<sup>34</sup>
- 3.19 As Figure 3.3 shows, at an overall level, satisfaction levels are very high with 95% of LBS customers and 88% of LC CRM customers rating their CRM as very or fairly good. For both customer groups this represents an increase since 2009 (albeit not a significant change).

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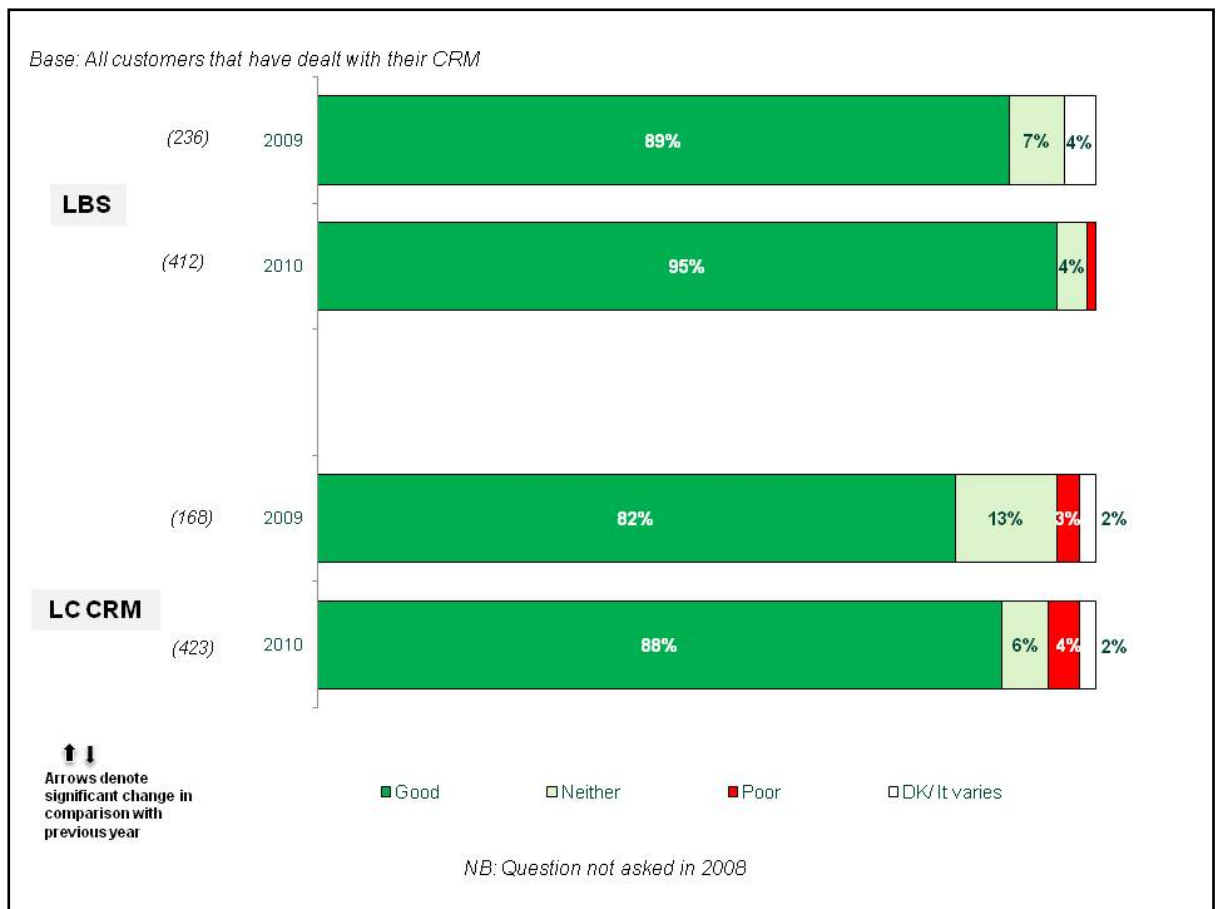
<sup>32</sup> Appendix tables 3.7 and 3.11 (Chapter 7)

<sup>33</sup> Appendix table 3.29 (Chapter 7)

<sup>34</sup> Appendix table 3.17(Chapter 7)



**Figure 3.3: Customer rating of CRM**



- 3.20 As Table 3.1 shows, among LBS customers almost four in five customers (i.e. 79% or more) give positive ratings for each aspect of their relationship with their CRM. They are particularly satisfied in terms of the ease of contact, the willingness of the CRM to help them, ensuring queries are dealt with effectively and the appropriateness of timeframes agreed for a response. In terms of their ability to make appropriate decisions this represents a significant increase from 2009 for LBS customers. LBS customers are also more likely to perceive that their CRM’s overall commercial understanding has improved since 2009.
- 3.21 LC CRM customers also gave high ratings for their CRMs although generally these have remained at similar level to 2009. Again, ratings are very high in terms of ease of contact and willingness to help. Although there has been a significant decrease in the proportion of LC CRM customers feeling their CRM has good expertise in taxation (down from 86% in 2009 to 77% in 2010), it is still a high proportion of customers giving positive ratings.





3.22 The one area where LC CRM customers rate their CRM less highly is in terms of commercial understanding (67%), although this has remained consistent with 2009.

**Table 3.1: CRM ratings - 2009 compared with 2010<sup>35</sup>**

	LBS '09	LBS '10	LC CRM '09	LC CRM '10
<i>Base: All customers</i>	(236)	(412)	(168)	(423)
	%	%	%	%
<b>OVERALL RATING</b>	89	<b>95</b>	82	<b>88</b>
Being easy to contact	91	<b>97</b>	91	<b>92</b>
Their willingness to help you	N/A <sup>36</sup>	<b>95</b>	N/A	<b>91</b>
Ensuring that your queries are dealt with effectively	N/A	<b>92</b>	N/A	<b>85</b>
The extent to which the timeframes they agree for response are appropriate	N/A	<b>91</b>	N/A	<b>83</b>
The extent to which they respond within the timeframes agreed	N/A	<b>89</b>	N/A	<b>84</b>
Their overall expertise in taxation	84	<b>86</b>	86	↓ <b>77</b>
Their ability to make appropriate decisions	73	↑ <b>80</b>	73	<b>74</b>
Their commercial understanding in relation to your business	72	↑ <b>79</b>	69	<b>67</b>

*NB: Significant changes between years are highlighted by an arrow*

3.23 The findings are also consistent with themes that emerged from the qualitative research; these are discussed in more detail below.

#### Staff – CRM relationship – Qualitative findings

3.24 During the follow up qualitative interviews, feedback on the CRM was very positive and many felt that the relationship had got better over time. There were frequent mentions of how professional and trusted CRMs were and how approachable/accessible they try to be.

3.25 CRMs were often described as very responsive to customers' needs.

*“The CRM take some of the scariness out of HMRC. My CRM is very approachable, it's not ust the ‘tax man’ but someone personable that you can talk to” LC CRM*

*“It's a professional, friendly relationship. We are on first name terms and there is mutual respect” LBS*

<sup>35</sup> These questions were not asked in 2008, hence comparison not available.

<sup>36</sup> NA indicated that the question was not asked in that year or of that particular customer group



- 3.26 Although the qualitative feedback about the CRM was very positive, some businesses voiced concerns about the changes in personnel (the tax specialists) that the CRM put them in touch with. Some felt there this lack of continuity had an adverse impact on them.

*“When you deal with the CRM it is generally a good experience. However when you get down to individual taxes there are regular changes in personnel. This does lead to a concern that there is nobody who will have oversight of our affairs at this level. We keep losing continuity at tax specialist level” LBS*

#### Staff – CC Relationship

- 3.27 The remaining businesses within Local Compliance were sent a letter in the summer of 2010 offering them a Customer Co-ordinator and outlining the areas of responsibility of this person. The Customer Co-ordinator acts as a first point of contact for businesses but does not have the same remit as a CRM. At the time of the survey, the introduction of CCs was very recent and awareness and impact was therefore limited.
- 3.28 Although all LC CC customers had recently been assigned a Customer Coordinator at the time of interview, a reasonably high proportion were unaware that this was the case (32%). Past results suggest that initial low awareness can translate to good working relationships quite quickly; at the time of the 2008 large business survey only 39% of LC CRM customers were aware of their CRM but by the 2010 survey nearly all (89%) had personally dealt with their CRM. Hence, impacts of the CC programme may potentially be seen quite quickly.<sup>37</sup>
- 3.29 At an overall level only one in ten (10%) LC CC customers had been assisted by their CC (this equates to only 86 businesses surveyed) and a further 15% had been introduced to their CC but had not yet had any further dealings with them. Of the remainder of LC CC customers, most (29%) stated that they had not had any reason to contact their CC yet. A small proportion of customers (6%) explained that they knew they had a CC but were not sure who this was yet (as the qualitative research discussed below highlights, some customers are anticipating a more personal introduction).<sup>38</sup>
- 3.30 Among the customers that have had direct dealings with their CC, most rated their CC highly. However it should be noted the base size is relatively small (86 customers) and the findings should therefore be treated with a degree of caution.
- 3.31 Around nine in ten LC CC customers that had dealt with their CC agreed they are easy to contact (90%) willing to help (90%) and ensure enquiries are dealt with effectively (86%). In terms of timeframes, a further 84% agree the timeframes are appropriate and 81% agree the CC responds within the timeframes set out during discussions.<sup>39</sup>

<sup>37</sup> Appendix table 3.17 (Chapter 7)

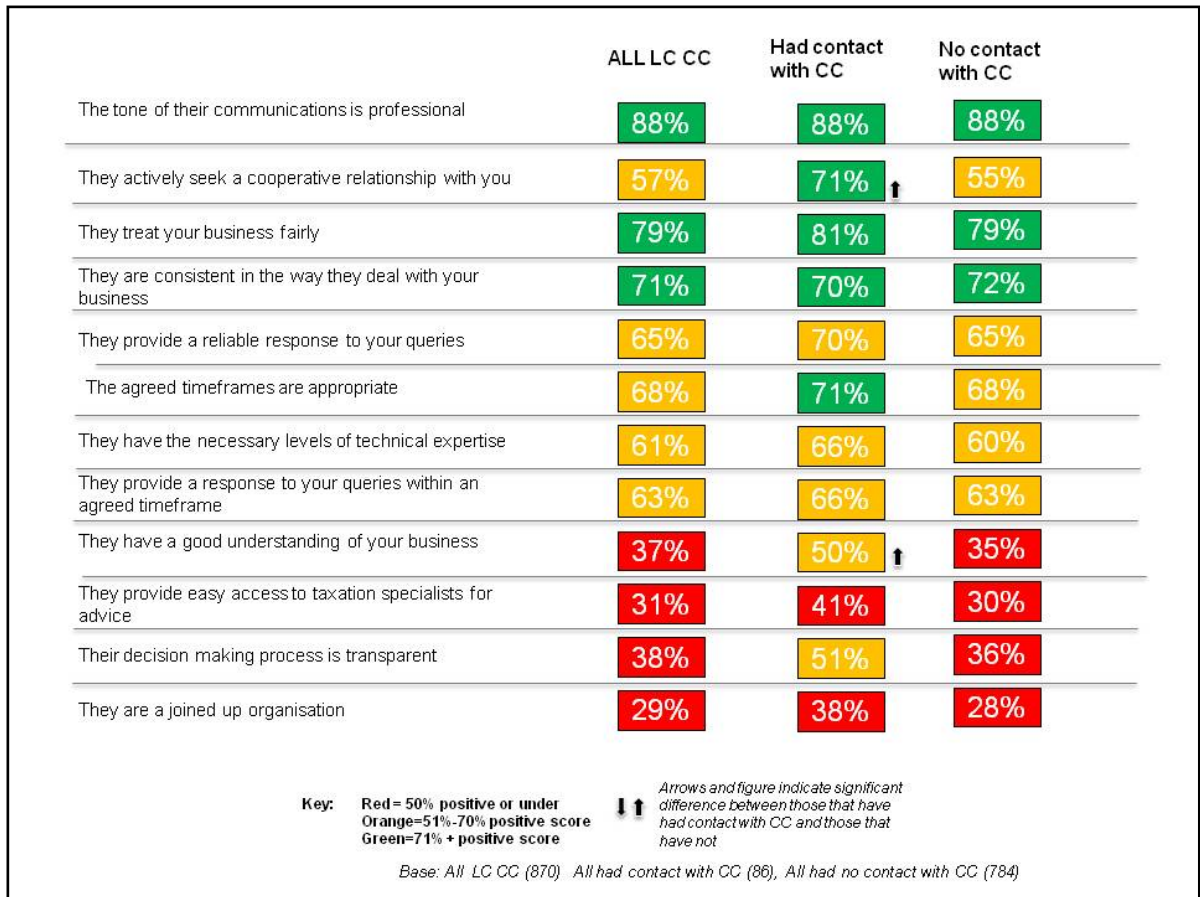
<sup>38</sup> Appendix tables 3.15- 3.16 (Chapter 7)

<sup>39</sup> Appendix tables 3.19- 3.23 (Chapter 7)



3.32 There are also indications that having access to their CC has had a positive impact on the way in which these customers view HMRC more generally. As Figure 3.4 shows, LC CC customers that have contacted their CC rate several aspects of HMRC ‘culture’ more positively than the rest of the LC CC population. Significant differences are evident in views on seeking cooperative relationships and understanding of the business. As discussed earlier in this chapter, these are key drivers of satisfaction among LC CC customers and this does show there is potential for the CC programme to improve overall satisfaction levels among this group.

**Figure 3.4: Summary of culture (LC CC) – by whether had contact with Coordinator**



3.33 Raising awareness of the CC programme may help to increase overall satisfaction levels within this customer group. This issue was explored in more detail in the qualitative follow up interviews and is discussed below.

**Staff – CC relationship – Qualitative findings**

3.34 The qualitative follow up interviews indicate that many feel the introduction of the CC by letter had been generic and easy to miss, including those who remembered seeing it. Most feel an introductory phone call would be of use in helping alert them to the service and explain what it is able to offer. Many also feel that in conjunction with this, the service could be better ‘marketed’ on the HMRC website itself.



- 3.35 Indeed this ties in with the survey finding that some organisations know they have a CC but are not sure who this is yet.

*“We would like a brief phone call to discuss scheme and follow it up with an email with a link to services which CC can provide” LC CC*

- 3.36 The qualitative research also indicated that there is a need to clarify the role of the Customer Coordinators. Some customers underestimated the potential value that the CC could bring to their relationship with HMRC while others were hoping that the CC would be able to provide in-depth advice about their tax affairs, which is beyond their remit. Others were simply unsure what to expect. Generally speaking customers felt that having a single point of contact would improve their relationship with HMRC.

*“I think the service would be useful, giving me a contact that I (and my accountants) could use to get through to the right people. It would be good to have named contact.” LC CC*

*“The CC sounds OK but if they are just going to be another layer then they would not be any use. If they provide a closer link to our individual tax affairs and they have something useful to say they will be” LC CC*

### ROLLB – Certainty

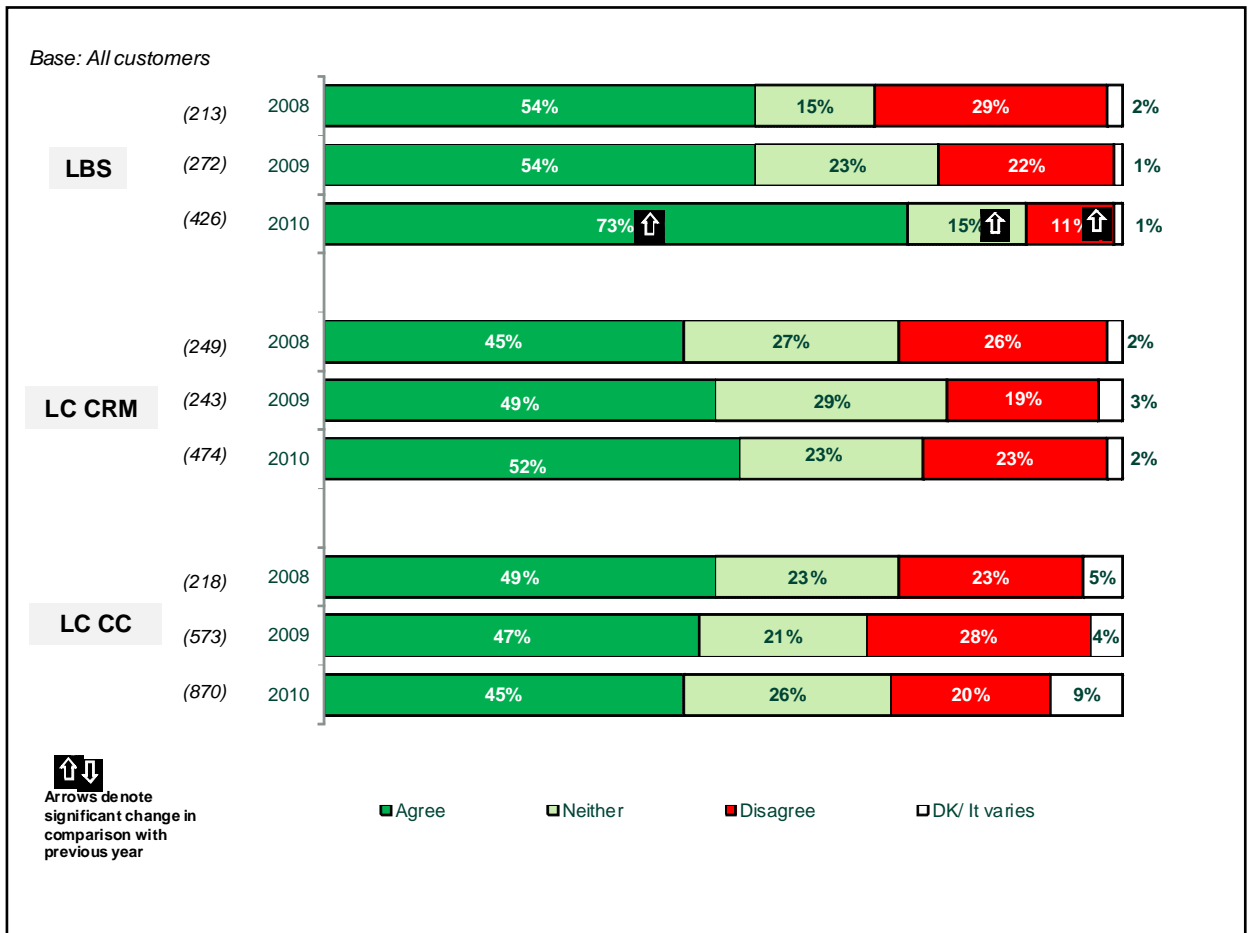
- 3.37 The following sections of this report look at the Review of Links with Large Business (ROLLB<sup>40</sup>) themes, beginning with certainty.
- 3.38 As Figure 3.5 shows, there has been a significant increase in the proportion of LBS customers that agree HMRC provides certainty in tax affairs. Whereas only around half (54%) of LBS customers agreed with this statement in previous years, in 2010 73% LBS customers agree. Among other customer groups views on certainty have been static with around half agreeing that HMRC delivers certainty.
- 3.39 One of the ways in which HMRC has looked to improve early certainty is through encouraging real time working among CRM customers. The survey findings suggest that this could be an effective approach as those CRM customers who currently use real time working are significantly more likely to agree that HMRC delivers certainty (72% compared with 49% that have never used real time working)<sup>41</sup>. This is explored in more detail in the next chapter.

<sup>40</sup> The four themes covered within HMRC's Review of Links with Large Businesses are: Certainty, Risk and resource, Consultation and Resolution of disagreements. These were identified as key areas to focus on a review of HMRC's relationship with large businesses. HMRC, 2006: *Review of Links with Large Businesses* [online]. Available at: <http://www.hmrc.gov.uk/large-business/review-report.pdf>

<sup>41</sup> Findings for LBS and LC CRM customers have been combined together for this analysis to ensure large enough base sizes.



Figure 3.5: Proportion agreeing that HMRC provides certainty in tax affairs



ROLLB – Risk and resource

3.40 Customers' views of risk are explored in two places in this report. This section examines perceptions of risk and resource on a more general level (i.e. the extent to which customers agree or disagree with statements regarding compliance). Chapter 5 explores HMRC's approach to risk assessments in more detail among CRM customers – particularly focussing on awareness of risk status and perceptions of the risk assessment process.

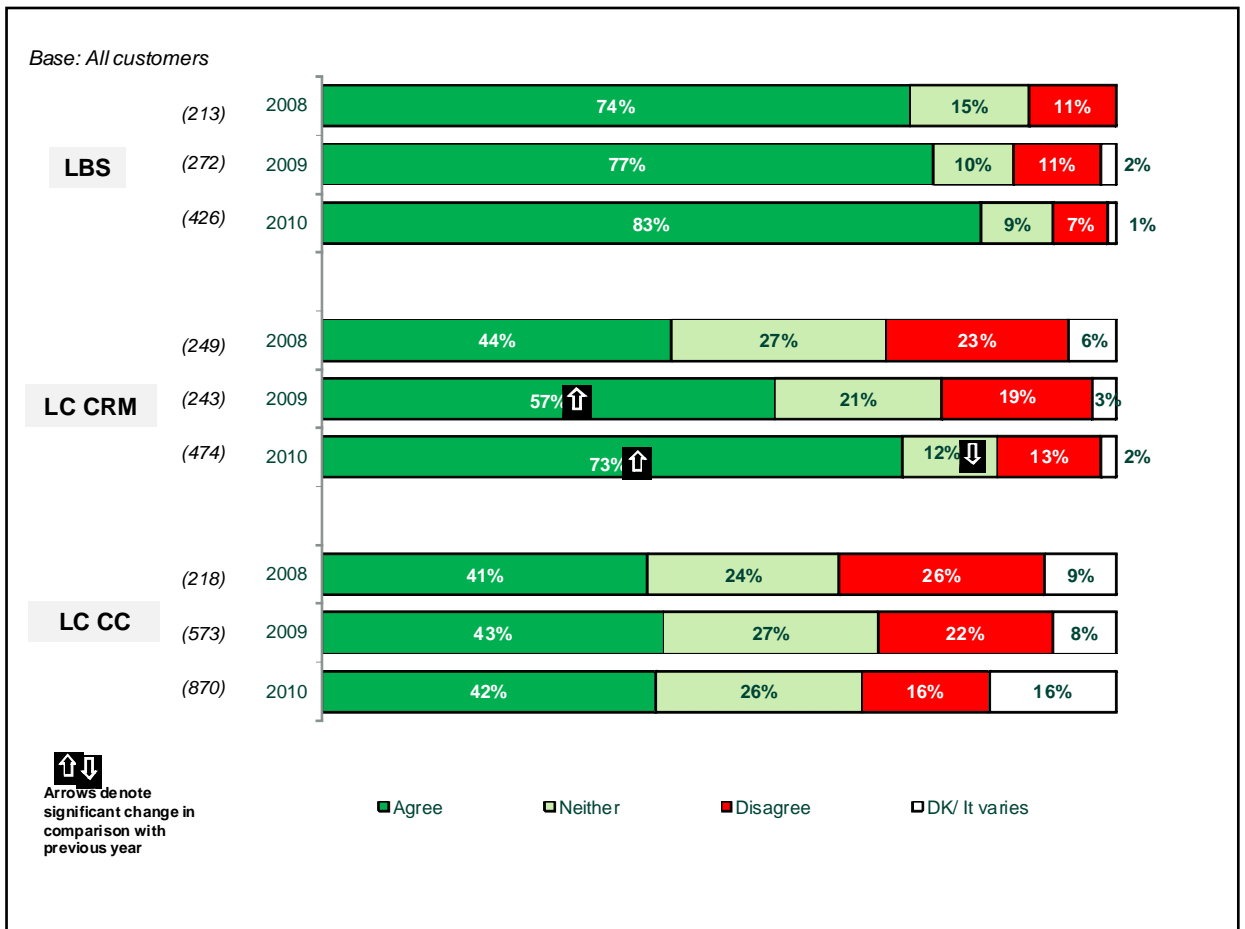
3.41 A high proportion of CRM customers (90% LBS and 81% LC CRM) agree that their track record on tax is taken into account in HMRC's approach to compliance. Among LC CC customers only half agree (53%) that this is the case. This represents a significant drop in the proportion of LC CC agreeing (61% of LC CC customers agreed in 2009).<sup>42</sup>

<sup>42</sup> Appendix table 3.30 (Chapter 7)



3.42 Similarly, agreement that HMRC has a good understanding of the businesses' level of risk with regard to compliance was higher among CRM customers than it was among LC CC customers. While 83% of LBS customers and 73% of LC CRM customers agreed that HMRC had a good understanding, only 42% of LC CC customers agreed that this was the case. Looking at trends since 2008 (Figure 3.6) shows that ratings among both LBS and LC CC customers have remained steady while those for LC CRM customers have increased steadily year-on-year. This would indicate that the introduction of the CRM for the largest customers in Local Compliance three years ago has been successful in improving perceptions of how well HMRC understands these customers' approach to risk.

**Figure 3.6: Proportion agreeing that HMRC has a good understanding of their businesses' level of risk**



3.43 Across the other elements that feed into the ROLLB themes of risk and resource, ratings are slightly lower. The proportion of positive scores given by LC CRM customers ranged from 55%-67% in terms of perceptions that HMRC is more focussed on high risk issues, able to correctly identify high risk issues and take business needs into account in compliance-related dealings. Among LBS customers, over seven in ten (72%-80%) agree with all these statements whereas under half (29%-49%) of all LC CC customers agree with them.<sup>43</sup>

<sup>43</sup> Appendix tables 3.29, 3.33 and 3.34 (Chapter 7)



### ROLLB – Consultation

- 3.44 The levels to which large business customers feel they are consulted on changes to the tax system have been relatively low since the first survey in 2008. However, in 2010 there has been a significant improvement in the proportion of LBS customers that feel they have been consulted (61% - up from 51% in 2009).<sup>44</sup>
- 3.45 However, other customer groups do not seem to have the same view: among LC CRM customers just under half (49%) feel they have been consulted – a similar proportion to previous years. LC CC customers have always been less likely to agree they are consulted than CRM customers, in 2010 only a third (33%) agreed. Amongst LC CC customers this represents a significant drop from 41% in 2009 and a return to levels seen in 2008. These findings suggest that perhaps further efforts could be made to involve LC CRM and LC CC customers in consultation.

### ROLLB – Resolution of disagreements

- 3.46 The final ROLLB theme examined in this chapter is resolution of disagreements, which focuses on the extent to which customers perceive HMRC to understand commercial pressures, to resolve disagreements in agreed and appropriate timeframes and the extent to which HMRC has improved the overall process of resolution.
- 3.47 This section of the questionnaire underwent substantial development in the autumn of 2010 and therefore no direct comparisons have been made with previous years.<sup>45</sup> Table 3.2 shows the proportion of customers agreeing (either strongly or tending to agree) with each of the four statements.
- 3.48 The majority of customers that have experienced disagreements are happy that the timeframes agreed for resolution are appropriate (ranging from 70% for LBS customers to 63% for LC CC customers). However the findings suggest HMRC does not always meet these agreed timescales (only between 58% and 63% of customers agree HMRC resolves disagreements in the timeframe agreed). There is little variation by customer group here indicating that CRMs may not play a big role in ensuring that timetables are met when disagreements arise.
- 3.49 On a more general note, this finding is not specific to the resolution of disagreements. On all timescale questions, large businesses are usually more satisfied with the timeframes agreed (i.e. that they are appropriate) than they are with HMRC's ability to meet the timeframes.
- 3.50 Fewer customers agree that HMRC demonstrates commercial understanding in resolving disagreements (particularly LC CC customers, of whom only 37% agree).
- 3.51 Opinions are also divided on the extent to which HMRC has improved the process of resolving disagreements; nearly half of LBS customers agree (47%) while only three in ten LC CC customers agree (29%).

<sup>44</sup> Appendix table 3.35 (Chapter 7)

<sup>45</sup> A filter question was introduced to ensure it was only asked of customers that had experienced disagreements and three of the four statements were changed to reflect issues of interest to HMRC





3.52 Where customers do not agree, generally they are more likely to feel there has been no change rather than voice outright disagreement with the statement. For example, in terms of the extent to which HMRC has improved the process of resolving disagreements, 39% of LC CC customers neither agree nor disagree whereas only 20% disagree.

**Table 3.2: Proportion in agreement that...**

	LBS	LC CRM	LC CC
<i>Base: All which had experienced disagreements with HMRC in past 12 months</i>	(376)	(398)	(670)
	%	%	%
The timescales within which HMRC agrees to resolve disagreements are appropriate	70	66	63
HMRC resolves disagreements within the timeframes agreed	60	63	58
HMRC demonstrates an understanding of the commercial pressures your business faces	55	44	37
HMRC has improved the process of resolving disagreements	47	42	29

### Information and guidance

- 3.53 HMRC is always looking to ensure the information and guidance that is published (including the website and hard copy materials such as leaflets and manuals) are accurate, up to date, easy to use and easy to find. Views on the quality of information provided are mixed across the three customer groups, although this is one of the very few areas where LC CC customers are generally more positive than other customer groups.<sup>46</sup> Furthermore, the qualitative discussions with LC CC customers did highlight the fact they looked to the website for more information and guidance more regularly than their CRM counterparts.
- 3.54 Although questions are not directly comparable with previous studies, the broad pattern is similar to previous years, in that LBS customers are less satisfied with information. In 2009, qualitative feedback suggested LBS customers felt guidance was out of step with legislation and they did not access the website as much as LC CC customers, preferring to speak to their CRM instead.
- 3.55 In terms of the ratings, they were largely positive in terms of the accuracy of the information provided and particularly so among LC CC customers (82% positive ratings compared with 78% of LC CRM and 75% of LBS customers). This pattern is repeated in terms of views on how up to date information is perceived to be (82% of LC CC customers gave positive ratings compared with 75% of LC CRM and 68% of LBS customers).<sup>47</sup>
- 3.56 However, HMRC's performance is seen as weaker in terms of how easy information is to use (with between 57% and 65% of all three customer groups giving positive scores) and how easy it is to find (with between 54% and 59% of customers giving positive scores). LC CRM customers were particularly unlikely to give positive scores for the ease of finding information (48%).<sup>48</sup>

<sup>46</sup> This area of the questionnaire was also amended following development work so no direct comparisons with previous years can be made.

<sup>47</sup> Appendix tables 3.40 and 3.43 (Chapter 7)

<sup>48</sup> Appendix tables 3.41 and 3.42





## 4 The broader tax environment

- 4.1 This chapter examines the influence large business customers perceive HMRC to have in making the UK a competitive place to do business. In doing so, the chapter explores the perceived administrative burden of the tax system and customers' views on measures HMRC has taken to address tax avoidance. The qualitative follow up interviews explored all these issues in more depth, the findings from which are also included in this chapter.

### Summary

- 4.2 The main survey findings show that customers perceive the administrative burden of tax compliance to have increased over the past 12 months. In the follow up interviews, customers indicated that the main reasons for this referred to legislative changes and online filing requirements.
- 4.3 Businesses are divided in their views on the capacity of HMRC to impact on the competitiveness of the UK. The follow up interviews indicate that tax rates and legislation have a greater impact on the UK as a place to do business than HMRC's administration of the tax system.
- 4.4 Most businesses are confident that they know what HMRC would challenge as tax avoidance and awareness of specific anti-avoidance initiatives is high.

### Administrative burden and cost of tax compliance

- 4.5 HMRC is committed to reducing the administrative burden of tax compliance and has specific measures in place to monitor the burden on businesses. To assess businesses' views on this, the three customer groups were asked whether the administrative burden, and the overall cost of tax compliance had changed over the past 12 months. When considering overall cost, respondents were encouraged to think about all direct and indirect time costs associated with tax compliance.
- 4.6 The proportion feeling that the administrative burden and the cost of tax compliance had decreased was very small across all groups (less than 2%), with most either feeling the burden and cost had increased or remained the same.<sup>49</sup>
- 4.7 As Figure 4.1 shows, across all three customer groups the proportion that feels the administrative burden had increased was significantly higher in 2010 than in 2009<sup>50</sup>. In both years, LBS customers have been the most likely to report an increase and LC CC customers the least likely.
- 4.8 In terms of the cost of compliance<sup>51</sup>, LBS customers were also more likely to feel this had increased. Seven in ten (69%) LBS customers felt the cost of compliance had increased over the 12 months running up to the survey; by contrast 58% of LC CRM customers and only 38% of LC CC customers felt this was the case. For LC customers the proportions reporting an increase in the cost of compliance map very closely to the proportions reporting an increase in the administrative burden. Among LBS customers, there are some who report an increase in the administrative burden without an associated increase in costs.

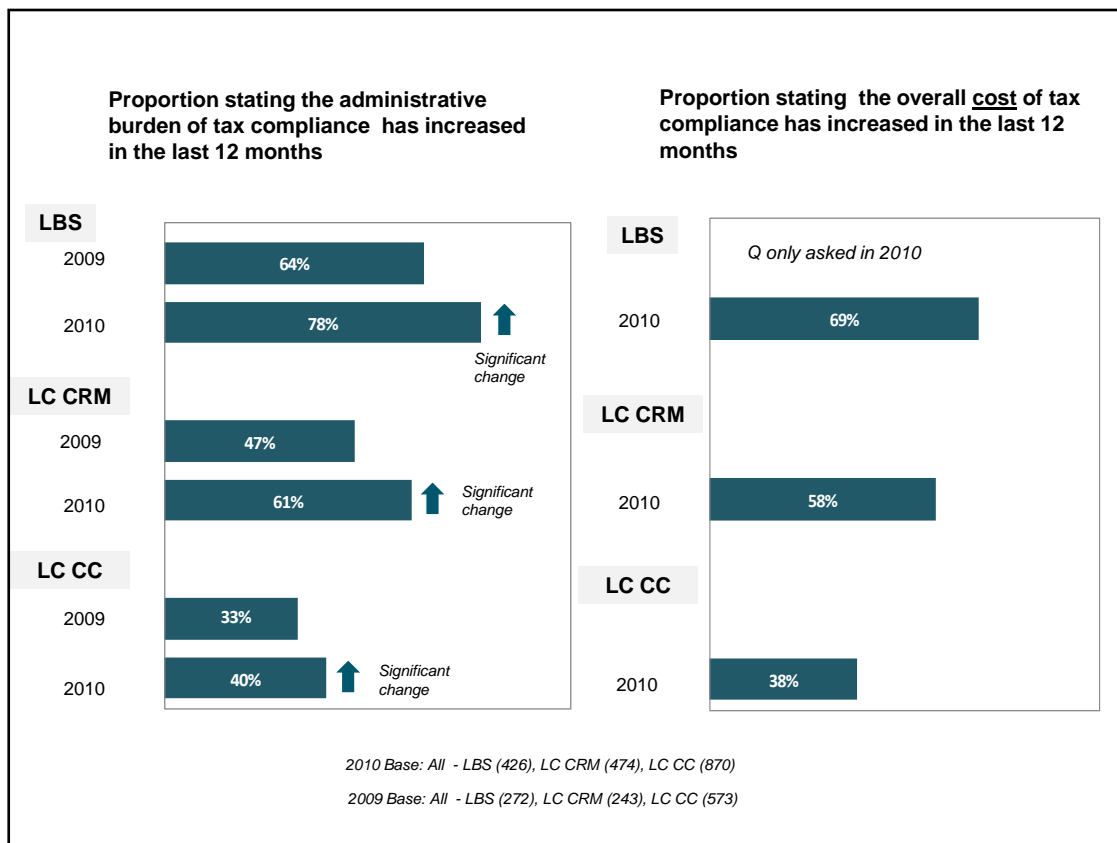
<sup>49</sup> Appendix tables 4.1 and 4.2 (Chapter 7)

<sup>50</sup> This question was only asked in 2010 and 2009

<sup>51</sup> This was a new question in 2010, therefore comparison with other years is not possible.



Figure 3.7: Perceived administrative burden and cost of compliance



### Administrative burden and cost of tax compliance – Qualitative findings

- 4.9 To better understand why customers feel the burden (and cost) of compliance has increased over the past 12 months, this was explored in the follow up qualitative interviews.
- 4.10 The interviews highlight that the main reasons for a perceived increase relate to the impact of specific policy changes such as the introduction of the Senior Accounting Officer (SAO) legislation and change in VAT rates. Respondents referred to these in the context of the legislation itself rather than the way in which it was implemented and announced. Another area mentioned by businesses was the introduction of the inline Extended Business Reporting Language (iXBRL) for data outputs. Across all customer groups the prevailing feeling was that the introduction of this reporting requirement had created additional work and had been introduced with limited consultation and advance notice.

*“iXBRL is increasing the admin burden, we’re going to have to pay for software to comply. We have to convert all of our accounts on to that format which doesn’t benefit us at all” LC CC*

- 4.11 That said, businesses do feel the increased burden imposed by iXBRL reporting is a relatively short to medium term issue and that it would offer advantages once it was embedded.

*“There is going to be a short term peak of work until we get through iXBRL but after that I think it will be 20% of the initial pain” LC CRM*



*"I think iXBRL is an opportunity, if we can get this system up and running there will be a reduced paper burden" **LBS***

- 4.12 As previously mentioned other factors that feed into the perceived administration burden relate to specific policy areas. Customers with a CRM were particularly negative about the introduction of the Senior Accounting Officer (SAO) legislation.

*"The admin burden has mainly increased because of the SAO issue. Every single item to do with tax has to be gone over in detail so that it can be signed off by our SAO" **LBS***

- 4.13 Similarly, there were mentions (particularly among LC CC customers) of the change to the VAT rate and PAYE tax codes.

*"It all seems very complicated especially PAYE and CIS, there are so many different things and everyone's codes will be changing" **LC CC***

- 4.14 In terms of how HMRC could improve: customers generally felt they could have been better supported through the introduction of the iXBRL requirements and other policy changes by more advance notification of changes and the provision of more guidance and training.

*"We were told about the VAT changes but I felt we were just left to get on with it" **LC CRM***

*"HMRC could run seminars to inform businesses about changes, e.g. implication of VAT and cross border sales" **LC CRM***

- 4.15 More generally, some customers felt that HMRC could help to reduce the administrative burden by taking a more 'commercial approach' to its dealings with businesses. Some mentioned greater use of e-mail to help to speed up communications rather than relying on letters. Others mentioned ensuring that information requests were focussed and targeted. Some customers did note that they felt HMRC had made notable improvements in this area in recent times.

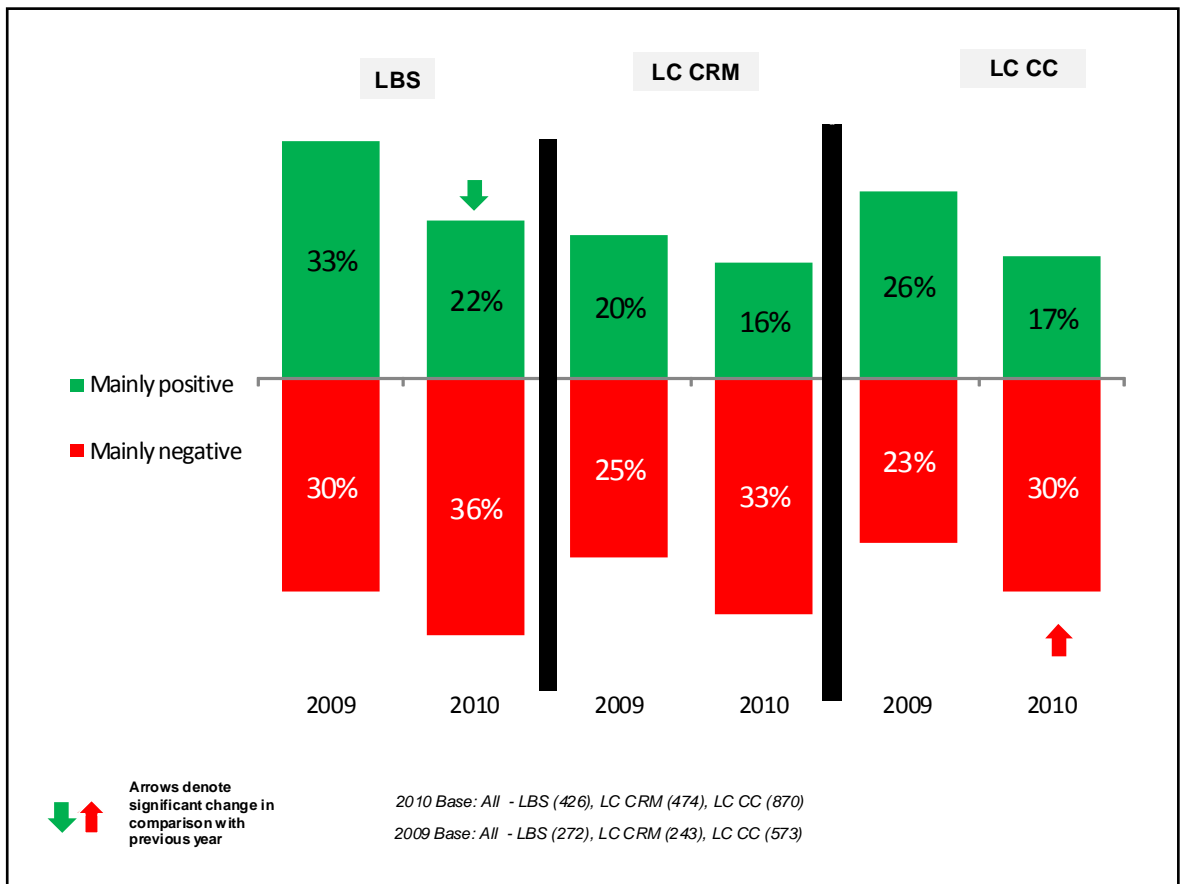
*"I think to some extent HMRC are efficient, but their lack of use of email is rather archaic" **LC CRM***



Competitiveness of the UK as a place to do business

4.16 Having discussed perceptions of the administrative burden and the cost of compliance, customers were also asked about whether HMRC’s administration of the tax system has a positive or negative effect on the UK as a place to do business. As Figure 4.2 shows, opinions are mixed, LBS customers were more polarised in their views (with 22% stating it has a mainly positive effect and 36% stating that it has a mainly negative effect). By contrast, LC CRM and LC CC customers were more likely to state it has no effect<sup>52</sup>. However, there have been two significant changes since 2009.<sup>53</sup> Among the LC CC group the proportion stating that HMRC’s administration has a negative impact has increased, whereas the proportion of LBS customers that agree HMRC has a positive impact has decreased.

**Figure 3.8: Perceived impact of HMRC’s administration of the tax system on the UK as a place to do business**



<sup>52</sup> 35% LBS, 43% LC CRM and 44% LCC stated it had no effect

<sup>53</sup> A degree of caution is needed in making direct comparisons with previous years as the scale of the question was changed between 2009 and 2010 (in 2010 fairly and very positive or negative were merged).



- 4.17 Customers were also asked about whether they had considered relocating some or all parts of their business outside the UK in the last 12 months. CRM customers, which are the larger businesses, were more likely to state that they have considered relocating - a quarter of LBS customers (26%) and a fifth (19%) of LC CRM customers stated this was the case compared to just 8% of LC CC customers.<sup>54</sup>
- 4.18 Owing to a change in the wording of the question in 2010 these findings cannot be compared directly to results from the 2009 survey but the indications are that the proportions considering relocating for tax reasons have remained broadly the same<sup>55</sup>. Around 19% of all LBS customers, 12% of LC CRM customers and 4% of LC CC customers considered moving some or all parts of their business for tax reasons in 2010 (compared to 19%, 14% and 5% respectively in 2009).
- 4.19 Table 4.1 shows the main reasons customers cited for considering moving which were very similar across all three customer groups. For example 58% of LBS, 65% of LC CRM and around half (51%) of LC CC customers that had considered moving mentioned tax issues as a reason<sup>56</sup>.

**Table 4.1 Main reason for considering locating some or all parts of the business**

	LBS	LC CRM	LC CC
<i>Base: All considered moving some or all parts of the business</i>	(110)	(91)*	(73)*
	%	%	%
<b>ANY TAX ISSUE MENTIONED</b>	<b>58</b>	<b>65</b>	<b>51</b>
Business tax issues	19	31	19
General business environment	16	19	19
More favourable tax conditions in other countries	13	14	18
Internal issues within the business	8	8	14
Tax on company employees	8	9	8
Cost of tax compliance	9	9	4
Other regulatory issues	9	5	1
Better tax service abroad	4	0	1
Skills base	0	0	3
Other	11	3	10
Don't know	3	2	3

\* NB Base size under 100 – treat with caution

<sup>54</sup> Appendix table 4.10 (Chapter 7)

<sup>55</sup> In 2009 the question asked customers whether they had ever considered moving for TAX PURPOSES. In 2010 the question was adapted to ask more generally whether customers had ever considered moving. Therefore to enable direct comparisons 2010 findings have been rebased on all that considered moving because of tax issues.

<sup>56</sup> This question was filtered on all businesses which considered moving –only around 40-65 businesses in each customer group mentioned a tax related issue as **the main reason** for considering relocating.



## Competitiveness of the UK as a place to business – Qualitative findings

- 4.20 Findings from the qualitative interviews indicate that legislation and tax rates have a bigger impact on businesses' perceptions of the UK as place to do business than HMRC's administration of the tax system.

*"I think that this may be more to do with rates and political decisions rather than HMRC's administration of the system" LC CC*

- 4.21 Although not mentioned specifically in the main survey, difficulties attracting overseas workers because of the current personal tax rates were often cited as the most pressing issue during follow up interviews. Often businesses gross up the pay so the employee still receives the equivalent pay after tax as they would do in other countries.

*"It affects our attraction of the senior banking staff we want to come here. It costs us a lot of money to provide 'equalisation' LBS*

- 4.22 Although the impact of HMRC's administration of the tax system is seen to have a secondary impact on the competitiveness of the UK as a place to do business, some customers did comment that a positive contribution had been made by the case-managed approach delivered by CRMs and a move towards real time working. However, others felt that the contribution made by HMRC was negative due to a perceived 'excessively rigorous' approach to managing the tax system

*"HMRC has developed a reputation for being much more rigorous – it sees itself as the 'international policeman' on tax" LBS*



### Tax avoidance

- 4.23 HMRC looks to maintain fairness in the tax system and anti-avoidance measures are part of this commitment. In general, the overall majority of customers (85% LBS, and 83% LC CRM / LC CC) were confident that they knew what HMRC would challenge as tax avoidance. These proportions are very similar to those observed in 2009.<sup>57</sup>
- 4.24 In terms of awareness of specific HMRC measures to counter tax avoidance most LBS and LC CRM customers are aware of the rules of disclosure, changes in legislation and litigation against avoidance schemes (around 70-90% aware), whereas LC CC customers are less likely to be aware of these specific measures (around 60-70% were aware).<sup>58</sup>
- 4.25 Awareness that initiatives are underway to increase professionalism and expertise within HMRC in order to tackle avoidance was much lower across all three customer groups (ranging from 69% for LBS customers to 49% for LC CC customers).<sup>59</sup>
- 4.26 Customers were also asked (the hypothetical question) how likely they felt that businesses in general would be to engage in tax avoidance, taking into account HMRC's actions to combat it. As Figure 4.3 shows, most customers either felt that HMRC's anti-avoidance activities meant that businesses were less likely to engage in tax avoidance or that HMRC's actions did not affect the behaviour of the businesses.

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<sup>57</sup> Appendix table 4.3 (Chapter 7)

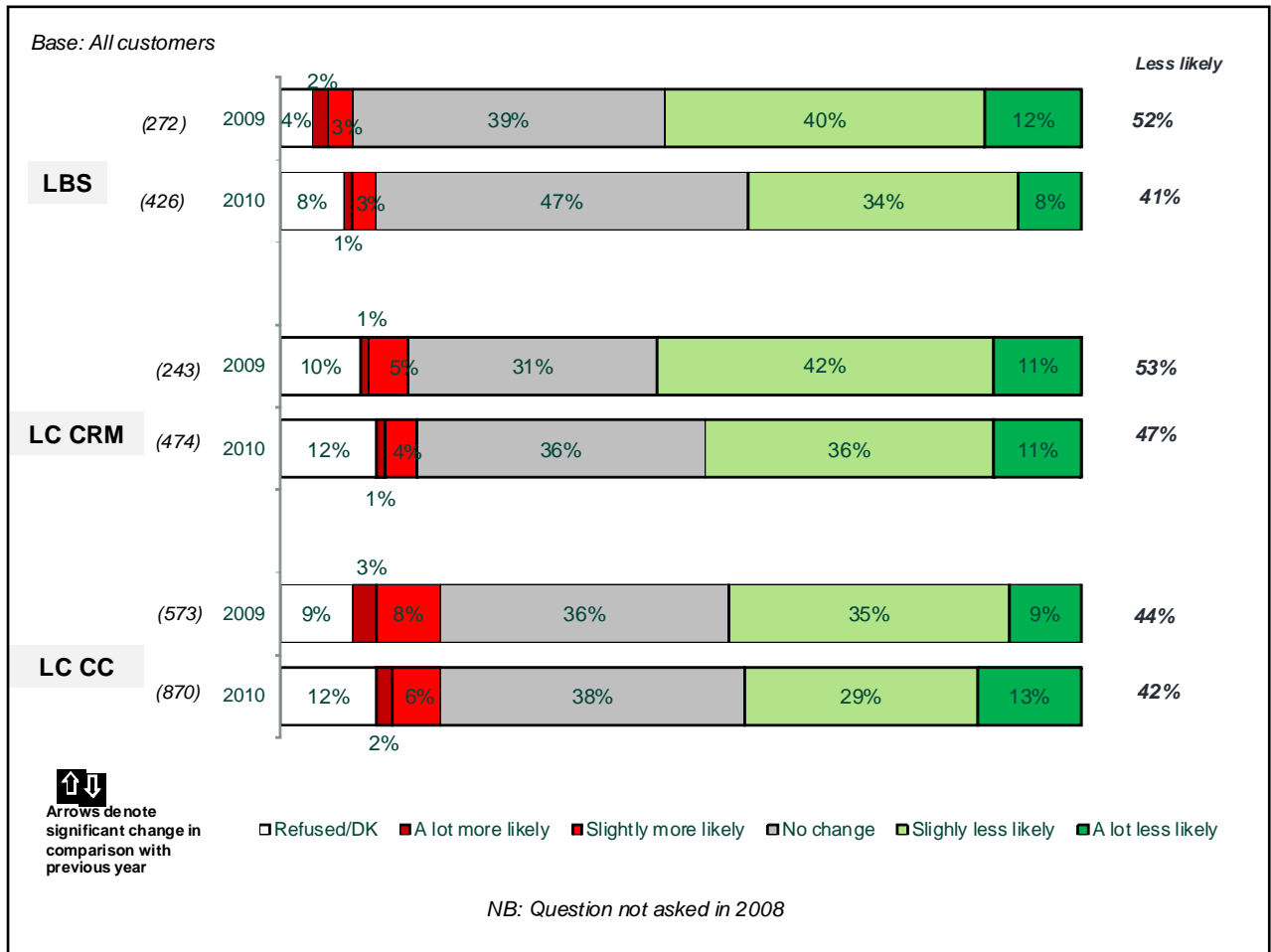
<sup>58</sup> Appendix tables 4.4- 4.7 (Chapter 7)

<sup>59</sup> No direct comparisons can be made with 2009 when customers were only asked whether they were aware of 'any such measures'. As point of comparison, 80% LBS, 70% LC CRM and 54% LC CC stated they were aware of HMRC tax avoidance measures in 2009.





**Figure 4.2 The extent to which large businesses think businesses in general are likely to engage in tax avoidance given HMRC’s actions over the last 12 months**



**Tax Avoidance – Qualitative findings**

- 4.27 During follow up interviews, awareness of some of the specific initiatives that HMRC has in place to address tax avoidance were rarely mentioned spontaneously – respondents tended to start by talking about HMRC’s approach to tax avoidance and anti avoidance legislation at a more general level.
- 4.28 This is not to say respondents were not aware of HMRC’s specific anti avoidance measures but rather they were discussed in a wider context. That said, some policies were mentioned that are not what HMRC would class as anti-avoidance policies (for example SAO legislation was mentioned – the main aim of which is to help businesses achieve good governance).
- 4.29 Businesses were keen to discuss the current economic environment, with some stating that the resulting commercial pressures were likely to be encouraging greater focus on reducing tax bills than might have been the case in previous years. This theme emerged spontaneously through discussions with respondents (i.e. it was not prompted by the moderator)



- 4.30 In this context, some customers were keen to stress that they felt HMRC did not always distinguish between structured tax planning and avoidance in the same way that they did.

*“They can victimise people who are just following the letter of the law and actually put more burden on them even if they might not have done anything wrong. They just assume you have done something wrong, it feels like they’re just trying to catch people out” LC CC*

*“Most companies work within the rules, there are grey areas that don’t mean people are deliberately avoiding tax but are making the rules work as efficiently as possible” LC CRM*

- 4.31 This led several respondents to state that anti-avoidance legislation itself is too general and open to interpretation rather than focussing on targeting specific actions.

*“The anti-avoidance rules are too general – that means they can catch transactions which are true, honest and planned for commercial reasons. In the past they used to target specific aspects of legislation” LC CRM*

- 4.32 Some customers commented that the tax system is too complicated which creates opportunities for people to avoid tax and leads to a lack of consistency. Others felt the current avoidance rules work in a way which means that transactions they view as commercial are also caught within the avoidance legislation.

*“With a complicated system you have more chances for planning and there is no real consistency” LBS*

*“They should introduce a more specific anti-avoidance rule, but make sure that transactions where there is no intention of tax avoidance are not included in this” LC CRM*



## 5 New policy areas covered in the 2010 LBPS

- 5.1 This final chapter looks at the new policy areas which were discussed in more detail during the 2010 survey real time working, HMRC's approach to risk and government policy. As the question areas are new no direct comparisons can be made with previous years.

### Summary

- 5.2 The majority of customers with a CRM have engaged in real time working at least once and the majority of customers feel that real time increases certainty and that issues are agreed more quickly while over half think it reduces costs. Those who used real time frequently were particularly positive about working in real time.
- 5.3 Customers were generally relatively positive about HMRC's approach to risk. Most customers know their risk status and feel that the risk assessment is fair and that the benefits of being low risk are made clear to them. In the follow up interviews businesses' views of what these benefits actually were varied, however.

### Real time working

- 5.4 For businesses with a CRM, HMRC has been looking at addressing issues and conducting transactions in real time where possible. The majority of CRM customers had engaged in real time working (89% LBS and 84% LC CRM.) LBS customers were more likely to engage in real time working frequently (36% of LBS customers compared with 20% of LC CRM customers).<sup>60</sup>
- 5.5 The majority of CRM customers agreed that real time working increases certainty in their tax affairs (89% LBS and 79% LC CRM) and speeds up the process of resolution of issues (84% LBS - 72% LC CRM). In terms of the impact of real time working on costs, the majority agreed that it helped reduce costs (63% LBS and 53% LC CRM), with only a minority (14% LBS and 18% LC CRM) of customers disagreeing. The remainder felt it had no effect.<sup>61</sup>
- 5.6 Businesses that have more experience of using real time working (i.e. they use it frequently) are more likely to feel it reduces costs (66% of all CRM customers<sup>62</sup> that use real time working frequently compared with 54% that have used it only once or occasionally). As discussed earlier in Chapter 3, customers working frequently in real time are also more likely to give positive ratings for the extent to which HMRC provides certainty to businesses in their tax affairs. The data therefore indicate that there is a link between how often customers make use of real time working and the perceived benefits of working this way.
- 5.7 That said, the qualitative research showed opinions did differ on the types of transactions real time working is suitable for.

<sup>60</sup> Appendix table 5.1 (Chapter 7)

<sup>61</sup> Appendix tables 5.2, 5.3 and 5.5 (Chapter 7)

<sup>62</sup> Base sizes become too small to run this sub-group analysis on each customer group individually therefore it has been based on all CRM customers (i.e. all that have the facility to work in real time).



## Real time working – Qualitative findings

- 5.8 On the whole, qualitative follow up discussions with CRM customers largely backed up these findings from the survey in that LC CRM customers tended to be less positive about real time working and to make less use of it. Some customers felt that real time working was only appropriate for simple ‘mechanical’ transactions (such as VAT/PAYE) where others felt it was most appropriate for more complex ‘commercial’ transactions.
- 5.9 The benefits of real time working are generally perceived to be increased certainty, a better working relationship with HMRC and less reliance on external advisers (and associated cost savings from this).

*“We are able to discuss matters before entering into them. It makes life easier for HMRC and the business. We gain clarity. It also reduces the time and cost of internal tax expertise and time cost of agents” LC CRM*

- 5.10 Those not making any or limited use of real time working felt that any benefits were generally outweighed by drawbacks such as increased administration, a danger of disclosing potentially sensitive information unnecessarily and a concern that if they were to begin to work in real time, then there would be compulsion to do so even when it did not suit them. In terms of this latter issue, some customers held the view that if they participated in real time working, then they would have limited control over how and when they exchanged information with HMRC – they did not consider that it would be possible to use real time working in an ad hoc way.

*“The ‘con’ is that if it isn’t the conclusion you want, you would have volunteered that information” LBS*

- 5.11 Although LC CC customers were not asked about real time working in the survey, they were still asked for their initial thoughts about this initiative. Overall there was some interest in real time working.

*“It should lead to speedier resolution, increased certainty, and reduce the time and cost of agents” LC CC*

- 5.12 LC CC customers raised similar concerns to those mentioned by CRM customers that made no or little use of real time working. In addition, some LC CC customers were cynical about HMRC’s ability to work in real time (they were largely unaware that HMRC already works with some businesses in this way). LC CC customers felt that their experience of HMRC response times and accessibility made it difficult to imagine a speed of communication that would make real time working a possibility.

*“It wouldn’t work as HMRC wouldn’t be able to respond quickly enough. It would also require a lot of work on our part” LC CC*

- 5.13 Findings suggest there is scope for HMRC to encourage businesses to consider real time working. Some customers suggested that case studies could be provided where real time working has brought tangible business benefits – this could perhaps be delivered through seminars and made available on the website.



## Risk

- 5.14 The risk based approach to working was introduced in late 2007 with all CRM businesses having gone through a specific risk assessment process, the results of which have been shared with the customer. Consequently, questions relating to risk ratings were only asked of CRM customers.
- 5.15 Nearly all (94%) LBS customers and most (87%) LC CRM customers were aware of their risk status. Among those aware of their risk status, two thirds of both customer groups (66%) agreed that they take their risk status into account when structuring their tax affairs although around a fifth (18% LBS and 22% LC CRM) disagreed that they use their risk rating in this way.<sup>63</sup>
- 5.16 The majority agreed that their risk rating was fair (90% LBS – 76% LC CRM), that they knew the benefits of being low risk (88% LBS – 96% LC CRM) and that it was clear how they can achieve low risk status (80% LBS – 71% LC CRM).<sup>64</sup>
- 5.17 Furthermore most (75% LBS – 66% LC CRM) agreed that HMRC's risk rating criteria are comprehensive enough.<sup>65</sup>

## Risk - Qualitative findings

- 5.18 From qualitative interviews, it was clear that most CRM customers were positive about the approach taken by HMRC to risk. Although not many customers specifically mentioned the changes introduced in 2010 (whereby the criteria to be classified as low risk were clarified) at a more general level customers do appear to feel the approach has improved since its introduction.

*"HMRC take a much more collaborative approach than they used to" LC CRM*

*"It leads to focus on the correct areas, tax resources and tax planning" LC CRM*

- 5.19 Where customers do mention the recent changes (introduced in 2010) some feel the approach is now more evidence-based than it used to be and therefore more appropriate:

*"Recent changes to how companies can achieve low risk status seem sensible" LBS*

*"It is a more evidential approach" LBS*

- 5.20 That said, there were also some (particularly non-low risk) organisations that were not that happy with the new approach because they feel it is now too hard to achieve low risk status.

*"We put new systems in place, we were quite satisfied with what we had done and we were told we were non-low risk. What else can we do?" LC CRM*

<sup>63</sup> Appendix tables 5.6 and 5.11 (Chapter 7)

<sup>64</sup> Appendix tables 5.7-5.9 (Chapter 7)

<sup>65</sup> Appendix table 5.10 (Chapter 7)



- 5.21 Although the findings from the quantitative survey indicated that most customers felt they knew what the advantages of being low risk are, evidence from qualitative interviews shows that opinions on what the benefits are varied. ‘Softer’ benefits – including a better working relationship with HMRC, higher levels of trust and more transparency - were commonly mentioned whereas ‘harder’ benefits such as cost and resource savings from a lower intensity audit regime were mentioned less frequently.
- 5.22 Some customers specifically stated that they would make more effort to maintain/achieve low risk status if there were more demonstrable ‘hard’ benefits, in other words if there was a more obvious link between risk status and level of scrutiny. Other customers felt that they would be unlikely to actively pursue a low risk status simply because the ‘savings’ from embarking on higher risk tax planning strategies would always be likely to outweigh any advantages of having low risk status.

*“It’s very hard to equate what the benefits of low risk are” LC CRM*

*“I don’t think they can ever change the administration of the tax system so that low risk companies really benefit more” LBS*

*“I don’t know if it would be possible, but if they could make a firmer link so that being low risk meant being reviewed less often. However, even if this did happen, it wouldn’t necessarily make us want to be low risk” LBS*

#### The new approach to tax policy making

- 5.23 All large businesses were also specifically asked about the proposals set out in July for the Government’s approach to tax policy making. Around a third of all customer groups stated they felt this approach provided more certainty (34% LBS, 34% LC CRM, 36% LC CC) and more stability (30% LBS, 31% LC CRM, 36% LC CC). Around two in five specifically stated it did not provide more certainty or stability (with the remainder unsure).<sup>66</sup>
- 5.24 All businesses were asked whether they felt the Treasury and HMRC have improved consultation on proposed tax policy changes. Here views differed by customer group as 60% of LBS customers agreed compared with 43% of LC CRM and 35% of LC CC customers. Qualitative findings indicated that some LBS customers had been aware of more direct consultation in recent months (face-to-face seminars and discussions with HMRC staff as opposed to more formal consultation papers).<sup>67</sup>

*“There is a huge amount of consultation with[in] the industry, I attended 2 or 3 meetings recently over the bank payroll tax and met the same people from HMRC” LBS*

<sup>66</sup> Appendix tables 5.12 and 5.13

<sup>67</sup> Appendix table 5.14



## 6 Technical appendix

### 6.1 Introduction

#### *Background and aims*

- 6.1 HMRC has carried out research with large businesses<sup>68</sup> since 2008, using a telephone survey and qualitative interviews, to annually assess businesses' 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 Strategic Objectives (DSO) that HMRC used for the CSR 07 period.<sup>69</sup>
- 6.2 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 chose to 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. However, as this is the first year of the panel, it is not possible to conduct this type of trend analysis until next year.
- 6.3 In June 2010, IFF Research Ltd was appointed as the independent research contractor to undertake the first wave of the Large Business Panel Survey (LBPS). The following sections of this chapter set out the detail of the methodology used.

#### *HMRC's large business customers*

- 6.4 HMRC's relationships with large businesses are managed by either the Large Business Service (LBS) or the Local Compliance Large and Complex (LC L&C) group.
- 6.5 The Large Business Service (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.
- 6.6 Local Compliance (LC) partners the Large Business Service (LBS) in dealing with the tax affairs of the remaining large businesses. From 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.
- 6.7 The remaining businesses within LC L&C were offered a Customer Co-ordinator in the summer of 2010. The Customer Co-ordinator acts as a first point of contact for businesses but does not have the same remit as a CRM. At the time of the survey, the introduction of CCs was very recent and awareness and impact was therefore limited. In total, around 8,000 businesses within LC now have access to a Customer Coordinator. These customers are referred to as LC CC customers throughout this report.

<sup>68</sup> 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.

<sup>69</sup> For more information about the DSO2 score, see section 6.27 in the Appendix





*Large businesses' views on tax policies survey*

- 6.8 In addition to the Large Business Panel Survey about customer experience, HMRC is conducting a survey with the same large business customers around their views on tax policies. The aim of this approach is to have one cohesive vehicle for all research with large businesses. This aims to limit the burden of research on businesses and to collect in-depth information about this population. The survey about tax policies is co-funded with ESRC and fieldwork started in April. A report arising from the findings of this survey is expected to be published later in the year.

*Overview of the research method*

- 6.9 The 2010 LBPS encompassed 1,770 quantitative telephone interviews, mainly with Heads of Tax or Finance Directors from HMRC's large business customers (the three customer groups described above).
- 6.10 The following numbers of each customer group were interviewed between the 20th September and 10th December 2010:

**Table 6.1: 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>
1,770	426	474	870

**Table 6.2: 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

- 6.11 Following this quantitative stage, 45 qualitative follow up interviews were conducted with respondents that took part in the quantitative study. The details of this stage are discussed in more detail towards the end of this chapter.

**6.2 Quantitative research***Sampling*

- 6.12 The sample 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.
- 6.13 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 and giving them the opportunity to opt-out.

- 6.14 The number of records provided by HMRC, that were sent an opt-out letter and that were issued for main-stage interviewing are detailed overleaf. The difference between the number provided by HMRC and the number sent an opt-out letter is accounted for by records used in development work, records where no telephone number could be sourced and records where HMRC had already identified the business as being ineligible for the study.

**Table 6.3: Sample selection for main-stage fieldwork**

	Number provided by HMRC	Identified as ineligible / Used in development work/	Telephone number could not be obtained	Sent an opt-out letter	Opt-outs received	Issued for main stage fieldwork (post opt-out)
	<i>n</i>	<i>n</i>	<i>n</i>	<i>n</i>	<i>n</i>	<i>N</i>
<b>LBS</b> (full population)	<b>758</b>	<b>51</b>	<b>7</b>	<b>700</b>	<b>16</b>	<b>684</b>
<b>LC CRM</b> (full population)	<b>1,118</b>	<b>97</b>	<b>170</b>	<b>851</b>	<b>69</b>	<b>782</b>
<b>LC CC</b> (a random sample of full population)	<b>2,000</b>	<b>0</b>	<b>210</b>	<b>1,790</b>	<b>161</b>	<b>1,629</b>
<b>TOTAL</b>	<b>3,876</b>	<b>148</b>	<b>387</b>	<b>3,341</b>	<b>246</b>	<b>3,095</b>

#### *Changes to the business population*

- 6.15 As pointed out in previous research<sup>70</sup>, there will be some differences between survey samples each year due to natural variations within the business population such as businesses ceasing to trade, mergers or takeovers, as well as changes to HMRC's criteria for inclusion in the LBS or LC L&C. Businesses may also change customer group, from LC CRM to LBS for example. So although we are mainly comparing businesses in the same customer groups<sup>71</sup> across years, it could be that some ratings are due to a change in the level of service experienced by a business as a result of moving from one customer group to another, rather than an increase/decrease in ratings. In future years, the panel survey design will provide more detailed information and it will be possible to estimate the extent of these types of changes and their effect.

- 6.16 The sampling strategy used by HMRC has remained broadly similar since 2008, ensuring that a sufficient number of businesses are sampled in each customer group to produce statistically significant results. The total number of businesses sampled each year has however varied.

#### *Questionnaire and screening*

- 6.17 The construction of the LBPS 2010 questionnaire involved an extensive period of development which included discussions with key stakeholders in HMRC, cognitive interviews with Heads of Tax (or equivalent) of large businesses and a pilot telephone survey.

<sup>70</sup> Sally Malam TNS-BMRB, 2010, *Large Business Customer Survey 2009* [online], HMRC Research Report no. 102. Available at: <http://www.hmrc.gov.uk/research/lbcs-full-report.pdf>.

<sup>71</sup> In 2008 there were four customer segments compared to three in 2009 and 2010.



- 6.18 The final main stage questionnaire lasted an average of 20 minutes and fieldwork was conducted using CATI (Computer Assisted Telephone Interviewing).
- 6.19 The screening section at the start of the script was used to identify the correct respondent at each business - the person at the company with overall responsibility for dealing with HMRC, usually the Finance Director, Head of Tax or a Senior Accountant. Table 6.3 shows the broad job details of those taking part by customer group.

**Table 6.3: Job title of respondents taking part in the LBPS**

	LBS	LC CRM	LC CC
	426	474	870
	%	%	%
Head of tax/ Tax Manager	71	32	4
Financial Manager/Controller	10	27	34
Financial Director/ CFO	8	26	32
Senior/Group Accountant	5	9	16
MD/Other board director	3	3	6
Other	3	4	7

- 6.20 The eligibility of the company to take part in the research was also checked at this stage, i.e. that the company managed its own tax affairs.

#### *Response rates*

- 6.21 An overall response rate was calculated for each of the three customer groups and for the sample overall – this included the opt-out stage, the sample building stage during which contact details were found, and the main stage of fieldwork. 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



6.22 The response rate was calculated using the following formula<sup>72</sup>:

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

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

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

6.23 The table below shows response rate achieved by each customer group and how these compare with those achieved in the 2008 and 2009 survey.

**Table 6.4: Response rates achieved**

	2008 Completed interviews	2008 Response rate	2009 Completed interviews	2009 Response rate	2010 Completed interviews	2010 Response rate
LBS	213	43%	272	43%	<b>426</b>	<b>60%</b>
LC CRM	249	38%	243	32%	<b>474</b>	<b>47%</b>
LC CC	219	36%	573	31%	<b>870</b>	<b>44%</b>
ALL	681	39%	1,088	33%	<b>1,770</b>	<b>48%</b>

#### *Non-response analysis*

- 6.24 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.
- 6.25 The scope for non-response analysis was limited to variables on the original sample database, which were sector and two internal HMRC variables. This analysis showed only very minimal differences between the original sample and the profile of achieved interviews within each customer group.

#### *Data analysis*

- 6.26 As in 2008 and 2009, the quantitative data were analysed separately for the three customer groups and no weighting was used. Because of the different structure and size of the businesses in the three customer groups as well as the different service provided, there was limited value in analysing the data from all businesses as a whole. Furthermore, as approximately 80 percent of large businesses belong to the LC CC customer group, any attempt to apply weights to bring the results back in line

<sup>72</sup> 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

with the overall population proportions would simply have become a reflection of the ratings of LC CC customers rather than a true reflection of the ratings of all three customer groups.

- 6.27 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.
- 6.28 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).
- 6.29 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 DSO2 score. So where possible, comparisons with previous surveys (2008 and 2009) have been made in this report. However, a degree of caution is needed when looking at direct comparisons for the following reasons:
- Questionnaire content changes - some changes were made to the questionnaire in 2010 with a few new questions added and others removed which has affected comparability. In addition, the wording of a few questions changed following survey development work.
  - 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.
  - 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 has changed from a five point rating scale in 2009 to a three point scale in 2010.
  - Derived analysis - in some parts of this report derived analysis has been conducted to help make direct comparisons with previous years where questions have been changed. Any such comparisons are clearly marked and caveats made clear.
  - In 2010 IFF Research took over the running of the survey. A change in fieldwork provider is known to often have an effect on the comparability of survey findings given there are differences in approach between research agencies.



*Key Driver Analysis*

- 6.30 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 an overall impact on satisfaction with HMRC.
- 6.31 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.
- 6.32 The Key Driver Analysis was achieved using correlation and regression techniques to understand key influences on responses to the following question:

**A1: 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
- 6.33 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 satisfaction. The relative strength of each aspect in predicting satisfaction overall gives 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 2 of the report.
- 6.34 This mirrored the approach taken in the 2009 survey data analysis<sup>73</sup> – although it should be noted given the questionnaire has changed, the measures feeding into the Multiple Regression Analysis are slightly different, which in turn means the key drivers themselves are likely to be different.

<sup>73</sup> No key driver analysis was undertaken in 2008.



### 6.3 Measuring the customer experience of large businesses (score for the CSR07 period)

#### *Background*

- 6.35 As part of the Spending Review period (CSR 07), effective from 2008/09 to 2010/11, HMRC, like other government departments at the time, developed a set of Departmental Strategic Objectives to demonstrate its core business objectives. In total, three strategic objectives were agreed along with a series of performance indicators attached to each objective. These indicators were used to assess and measure the department's progress in meeting its key objectives.
- 6.36 As part of the performance indicators developed to support the objective - to improve customers' experiences of HMRC and to improve the UK business environment - a strategy to measure customer experience was introduced.
- 6.37 This section explains how the customer experience score for large businesses<sup>74</sup> has been obtained during the CSR 07 period using information from HMRC's large business surveys<sup>75</sup>.

#### *Nine dimensions of customer service*

- 6.38 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 resolves disagreements/makes clear areas of concern;
  - 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.
- 6.39 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*

- 6.40 As previously mentioned, large business customers are divided into three groups LBS, LC CRM and LC CC. The customer experience score for large businesses is designed to reflect this internal

<sup>74</sup> For information on how the customer experience for individuals, SMEs and tax agents is measured, please see Daniel Alford, 2010, *Measuring the customer experience that the tax system is simple and even-handed* [online], HMRC Working Paper No. 11. Available at: <http://www.hmrc.gov.uk/research/customerexperience.pdf>

<sup>75</sup> Reports from the two other surveys used to measure DSO2 are: BMRB Social, 2009, *Evaluation of the Review of Links with Large Business: Report of survey finding*, [online], HMRC Research Report no. 87. Available at: <http://www.hmrc.gov.uk/research/lb-quant-report.pdf> and 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>





organisation. This means that the positive scores for the nine statements given by LBS customers is assigned a different weight to businesses in LC L&C. The weights are based on the proportion of Corporation Tax (CT) paid by LBS and LC L&C in relation to the total CT paid by large businesses. The proportions relate to CT paid in 2006/07 and give an approximate 75:25 ratio in favour of LBS. So the positive score for each statement is calculated separately for each customer group and a weighting of 75% for LBS scores and 25% for LC L&C scores is applied to each statement.

*Estimating the relevance of each statement*

6.41 The nine statements may not be equally important to customers, in fact, it is likely that some aspects of HMRC services are more important than others. To take this into account, a Principal Component Analysis is performed to be able to allocate a weight to each statement based on how much that particular statement explains each customer’s overall ratings.

*Comparing the results with previous years*

6.42 The 2010 Large Business Panel Survey is the last survey to measure commitments related to the CSR 07 period. To enable comparison across surveys since 2008, some adjustments have been made.

6.43 The large business sample structure changed quite substantially between 2008 and 2009. In 2008, each customer group represented roughly a third of all respondents, while in 2009 LC CC customers represented over half of all respondents. To enable a like for like comparison across years, it was agreed to use the 2008 proportions as the baseline for the customer experience score. This means that the 2009 and 2010 results have been weighted back to the sample proportions achieved in 2008. For similar reasons, the customer weight (75:25) and the principal component scores obtained in 2008 have also been used in the 2009 and 2010 results to ensure a consistent approach.<sup>76</sup>

*The customer experience score for large businesses*

6.44 Using the methods described above, the following customer experience scores were achieved over the last three years.

**Table 6.4: customer experience score for large businesses in CSR 07**

2008	2009	2010
68.2%	69.3%	74.6%

<sup>76</sup> The Principal Components Analysis was re-run each year to ensure that results were still valid.



## 6.4 Qualitative research

### *Research method*

- 6.45 Follow up qualitative 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.
- 6.46 The main topics covered in the qualitative research were:
- HMRC's risk based approach; views on the benefits of being a low risk business and the impact of changes to the risk assessment process;
  - Businesses' perceptions of administrative burden and HMRC's effect on the competitiveness of the UK;
  - Businesses' use of real time working and its impact on their relationship with HMRC;
  - Views of potential measures to address avoidance such as penalties and rewarding good behaviour; and
  - Introduction and awareness of Customer Co-ordinators (for LC CC group only).
- 6.47 Forty-five face to face qualitative interviews lasting between 45 and 60 minutes were conducted with Heads of Tax and Financial Directors across the three customer groups.
- 6.48 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 written up into a detailed analysis summary.

### *Sampling and recruitment*

- 6.49 The sample for the qualitative stage was recruited from those who participated in the 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. The following table shows how the achieved spread of interviews broke down by customer group. Although 15 interviews were achieved within each customer group, the cells are not mutually exclusive therefore the numbers in each column will sum to more than 15.



**Table 6.5: Qualitative stage – achieved sample structure**

	TOTAL	LBS	LC CRM	LC CC
<b>TOTAL</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>45</b>
Perceive an increased admin burden	13	10	6	29
Feel HMRC has a negative impact on competitiveness	6	7	8	21
Disagree that their risk rating is fair	4	4	n/a	8
Think businesses more likely to engage in tax avoidance	2	1	1	4
Disagree that HMRC have necessary technical expertise on tax	3	5	5	13
Rating of CRM/CC taxation expertise - Poor	2	3	n/a	5
Not been in contact with Cc	n/a	n/a	10	10

- 6.50 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.
- 6.51 Interviewers and recruiters were briefed by the project team at IFF and a representative from HMRC. Fieldwork was undertaken during mid February to mid March 2011.

### *Analysis*

- 6.52 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.
- 6.53 The quotes in this report are all directly from the qualitative interviews and have been transcribed verbatim (although all have been anonymised).



## 7 Survey tables

7.1 These tables are organised by theme and the order in which findings are discussed in this report.

- ‘\*’ 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 these questions were new to the survey in 2010
- Any derived analysis is clearly labelled.

### Chapter 2: Overview of HMRC performance

**Table 2.1 – A1: Rating of experience of dealing with HMRC in last year**

	LBS			LC CRM			LC CC		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Very good	43	36	44	24	25	32	17	20	22
Fairly good	44	50	45	47	50	46	56	48	45
Neither	9	9	8	17	16	14	16	21	20
Fairly poor	2	4	2	7	7	5	6	6	8
Very poor	*	0	0	2	1	2	4	2	3
Don't know	2	1	0	3	1	1	1	3	2
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>218</b>	<b>573</b>	<b>870</b>

**Table 2.2 – A2: Rating of experience of dealing with HMRC compared with a year ago**

	LBS			LC CRM			LC CC		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Much worse	1	2	1	2	5	2	2	2	3
Slightly worse	8	9	10	7	7	9	7	8	11
No change	48	54	58	57	44	50	68	63	64
Slightly better	25	24	19	18	23	23	11	16	10
Much better	11	7	6	7	15	9	5	4	3
Don't know	*	*	0	1	1	1	1	1	1
Did not deal with HMRC a year ago	6	3	6	8	5	6	6	6	8
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>218</b>	<b>573</b>	<b>870</b>

*NB: In 2010 this question was only asked of those that worked there no longer than a year – results have been rebased on all to allow direct comparisons*



## Chapter 3: Exploration of key service areas

## Culture

Table 3.1 – A3a: Agreement that “They treat your business fairly”

	LBS			LC CRM			LC CC		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Strongly agree	18	24	31	20	21	23	17	16	18
Tend to agree	66	62	56	62	60	59	56	58	61
Neither agree nor disagree	9	10	8	10	13	12	18	17	13
Tend to disagree	6	3	3	5	5	4	7	6	5
Disagree strongly	1	1	1	2	1	2	1	2	1
Don't know	0	*	0	2	*	1	*	1	2
Depends	0	0	*	0	0	*	0	0	*
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>218</b>	<b>573</b>	<b>870</b>

Table 3.2 – A3b: Agreement that “They are consistent in the way they deal with your business”

	LBS			LC CRM			LC CC		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Strongly agree	9	17	26	15	14	20	13	13	18
Tend to agree	61	61	57	53	49	56	56	56	54
Neither agree nor disagree	13	7	8	13	16	8	19	12	13
Tend to disagree	13	13	6	14	17	11	8	13	9
Disagree strongly	1	1	2	5	3	4	3	4	3
Don't know	2	-	1	*	*	1	1	2	2
Depends	*	*	1	-	-	1	-	-	1
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>218</b>	<b>573</b>	<b>870</b>



Table 3.3 – A3c: Agreement that “They are a joined-up organisation”

	LBS			LC CRM			LC CC		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Strongly agree	3	5	5	4	5	4	6	5	6
Tend to agree	31	33	37	27	27	31	21	29	23
Neither agree nor disagree	17	19	22	18	19	17	21	19	18
Tend to disagree	32	32	24	36	30	28	28	26	29
Disagree strongly	11	9	10	9	16	17	14	14	17
Don't know	4	1	1	6	4	2	10	5	7
Depends	0	0	*	0	0	0	0	1	*
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>218</b>	<b>573</b>	<b>870</b>

Table 3.4 – A3d: Agreement that “Their decision making process is transparent”

	LBS			LC CRM			LC CC		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Strongly agree	5	4	4	3	7	6	9	5	6
Tend to agree	32	36	40	35	29	32	27	32	32
Neither agree nor disagree	21	25	19	23	29	26	24	26	25
Tend to disagree	30	28	25	28	22	23	24	22	23
Disagree strongly	7	6	9	6	6	8	8	9	8
Don't know	5	1	1	4	6	5	8	6	6
Depends	0	*	*	*	1	1	0	*	*
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>218</b>	<b>573</b>	<b>870</b>

Table 3.5 – A3e: Agreement that “They actively seek a cooperative relationship with you”

	LBS			LC CRM			LC CC		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Strongly agree	40	38	47	13	23	31	11	9	13
Tend to agree	45	49	44	43	51	50	37	37	44
Neither agree nor disagree	8	6	5	18	16	9	24	27	19
Tend to disagree	5	5	2	18	7	5	20	20	16
Disagree strongly	1	1	1	6	2	3	6	5	4
Don't know	0	*	0	2	*	*	3	2	3
Depends	0	0	1	0	0	*	0	*	1
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>218</b>	<b>573</b>	<b>870</b>

Table 3.6 – A3f: Agreement that “They provide easy access to taxation specialists for advice”



	LBS			LC CRM			LC CC		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Strongly agree	9	13	16	7	8	7	6	9	6
Tend to agree	38	43	45	31	33	34	31	28	26
Neither agree nor disagree	20	21	20	22	24	22	21	23	20
Tend to disagree	25	14	13	24	19	18	24	20	22
Disagree strongly	5	6	3	9	8	9	11	10	10
Don't know	2	1	2	6	7	8	8	10	17
Depends	*	1	0	*	1	1	0	1	*
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>218</b>	<b>573</b>	<b>870</b>

Table 3.7 – A4a: Agreement that “They have the necessary levels of technical expertise”

	LBS			LC CRM			LC CC		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Strongly agree	20	18	22	14	13	14	11	14	16
Tend to agree	56	57	54	51	48	55	51	46	45
Neither agree nor disagree	13	11	11	14	16	11	13	14	17
Tend to disagree	9	9	8	13	18	11	17	17	13
Disagree strongly	0	1	1	5	2	4	6	6	3
Don't know	*	1	1	1	1	1	2	2	3
Depends	2	1	3	1	2	3	1	1	3
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>218</b>	<b>573</b>	<b>870</b>

Table 3.8 – A4b: Agreement that “They have a good understanding of your business”

	LBS			LC CRM			LC CC		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Strongly agree	9	13	11	4	7	8	6	7	6
Tend to agree	56	49	58	27	37	47	29	26	30
Neither agree nor disagree	16	19	16	33	28	21	26	28	26
Tend to disagree	15	13	11	25	22	15	28	26	26
Disagree strongly	2	3	2	10	4	5	9	8	6
Don't know	1	1	*	1	1	2	2	5	5
Depends	1	1	1	1	*	2	1	1	1
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>218</b>	<b>573</b>	<b>870</b>

Table 3.9 – A4c: Agreement that “They provide a response to your queries within an agreed timeframe”

	LBS	LC CRM	LC CC
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	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Strongly agree	15	22	26	14	19	21	16	17	17
Tend to agree	60	57	50	51	50	48	52	52	46
Neither agree nor disagree	8	7	9	14	15	8	13	10	12
Tend to disagree	15	11	11	14	10	14	11	13	15
Disagree strongly	1	1	2	6	2	5	6	5	6
Don't know	0	1	1	1	2	1	2	3	4
Depends	1	*	1	0	1	2	0	*	1
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>218</b>	<b>573</b>	<b>870</b>

**Table 3.10 – A4d: Agreement that “The agreed timeframes are appropriate”**

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Strongly agree	26	20	15
Tend to agree	55	55	54
Neither agree nor disagree	8	7	13
Tend to disagree	8	10	9
Disagree strongly	2	4	4
Don't know	1	2	5
Depends	*	1	1
<b>Base</b>	<b>426</b>	<b>474</b>	<b>870</b>

**Table 3.11 – A4e: Agreement that “They provide a reliable response to your queries”**

	LBS			LC CRM			LC CC		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Strongly agree	18	17	22	12	17	19	11	15	14
Tend to agree	64	63	59	57	55	53	54	52	51
Neither agree nor disagree	9	12	11	13	13	13	17	14	14
Tend to disagree	6	5	5	13	11	7	12	14	12
Disagree strongly	1	1	1	4	1	4	5	4	4
Don't know	1	1	1	*	1	1	1	1	3
Depends	1	1	1	*	*	2	1	0	1
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>218</b>	<b>573</b>	<b>870</b>

**Table 3.12 – A4f: Agreement that “The tone of their communications are professional”**

	LBS		LC CRM		LC CC	
	2009	2010	2009	2010	2009	2010



	%	%	%	%	%	%
Strongly agree	43	51	29	41	29	32
Tend to agree	47	43	59	50	58	56
Neither agree nor disagree	6	2	10	4	7	5
Tend to disagree	2	3	2	3	4	4
Disagree strongly	0	*	0	*	2	1
Don't know	*	0	0	0	1	1
Depends	1	1	0	1	*	1
<b>Base</b>	<b>272</b>	<b>426</b>	<b>242</b>	<b>474</b>	<b>567</b>	<b>870</b>

**Table 3.13 - E5a: Agreement that “HMRC makes it clear what you need to do to address any concerns”**

	LBS			LC CRM			LC CC		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Strongly agree	15	10	15	13	13	13	14	12	14
Tend to agree	54	57	55	54	48	53	54	50	46
Neither agree nor disagree	14	17	15	15	25	13	17	17	10
Tend to disagree	9	13	6	12	9	9	8	13	12
Disagree strongly	3	2	2	1	2	3	3	2	3
Don't know	4	3	1	4	4	1	5	7	1
Depends	NA	NA	*	NA	NA	*	NA	NA	*
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>218</b>	<b>573</b>	<b>870</b>

**Table 3.14 - E5b: Agreement that “HMRC makes it clear to you what their areas of concern are”**

	LBS			LC CRM			LC CC		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Strongly agree	23	14	25	16	20	17	16	16	15
Tend to agree	58	63	61	52	51	62	55	51	49
Neither agree nor disagree	9	11	4	16	16	6	11	17	10
Tend to disagree	7	7	4	10	8	8	7	9	10
Disagree strongly	1	3	1	2	1	2	4	2	2
Don't know	2	3	0	6	4	1	8	8	2
Depends	NA	NA	*	NA	NA	*	NA	NA	0
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>218</b>	<b>573</b>	<b>870</b>

*Staff and the working relationship*

**Table 3.15 - B1/B1a: Have you ever dealt personally with the HMRC Customer Co-ordinator responsible for your business?**

	LBS	LC CRM	LC CC
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	2010	2010	2010
	%	%	%
Yes ( assisting in some way)	NA	NA	10
Yes (being introduced)	NA	NA	15
No	NA	NA	73
Don't know	NA	NA	2
<b>Base</b>	<b>NA</b>	<b>NA</b>	<b>870</b>

**Table 3.16 - B1b: Why have you not been in contact with your CC? (All dealt with CC)**

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Never heard of a CC	NA	NA	44
No reason to contact CC	NA	NA	40
About to contact CC	NA	NA	9
Heard of CC, but don't know who CC is	NA	NA	8
Colleagues/ Head Office / External advisers deal with	NA	NA	4
Not had time to contact CC yet	NA	NA	3
Other	NA	NA	5
Don't know	NA	NA	*
<b>Base</b>	<b>NA</b>	<b>NA</b>	<b>637</b>

**Table 3.17 - B2: Whether deal personally with CRM (All dealt with CRM)**

	LBS			LC CRM			LC CC		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Yes	86	87	97	29	69	89	NA	NA	NA
No	7	13	3	10	30	10	NA	NA	NA
Don't have a CRM	6	0	NA	54	1	NA	NA	NA	NA
Don't know	2	0	0	7	0	1	NA	NA	NA
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

**Table 3.18 - B3: Whether usually contact CRM/ CC or other staff (All who work with CRM/ CC)**

	LBS			LC CRM			LC CC		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%



Usually through CRM/ CC	26	53	48	43	57	58	NA	NA	30
Usually through other staff	33	17	10	14	14	9	NA	NA	34
Fairly even split	50	30	42	36	28	33	NA	NA	34
Don't know	1	0	*	7	1	*	NA	NA	2
<b>Base</b>	<b>183</b>	<b>236</b>	<b>412</b>	<b>72</b>	<b>168</b>	<b>423</b>	<b>NA</b>	<b>NA</b>	<b>86</b>

**Table 3.19 - B4a: Rating on “Being easy to contact CC/ CRM” (All who work with CRM/ CC)**

	LBS			LC CRM			LC CC		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Very good	61	58	66	42	48	54	NA	NA	44
Fairly good	31	33	31	43	43	38	NA	NA	45
Neither good nor poor	4	4	2	7	2	3	NA	NA	7
Fairly poor	1	1	*	0	4	3	NA	NA	0
Very poor	0	0	*	1	1	1	NA	NA	2
Don't know	4	4	*	7	2	1	NA	NA	1
<b>Base</b>	<b>183</b>	<b>236</b>	<b>412</b>	<b>72</b>	<b>168</b>	<b>423</b>	<b>NA</b>	<b>NA</b>	<b>86</b>

**Table 3.20 - 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	2010	2010
	%	%	%
Very good	68	56	51
Fairly good	26	35	38
Neither good nor poor	4	6	7
Fairly poor	*	1	1
Very poor	*	1	1
Don't know	1	1	1
<b>Base</b>	<b>412</b>	<b>423</b>	<b>86</b>



**Table 3.21 - 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	2010	2010
	%	%	%
Very good	53	44	36
Fairly good	38	41	50
Neither good nor poor	6	8	9
Fairly poor	1	4	1
Very poor	*	*	2
Don't know	1	3	1
<b>Base</b>	<b>412</b>	<b>423</b>	<b>86</b>

**Table 3.22 - 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	2010	2010
	%	%	%
Very good	53	46	43
Fairly good	36	39	38
Neither good nor poor	6	6	7
Fairly poor	3	4	6
Very poor	1	2	2
Don't know	1	4	3
<b>Base</b>	<b>412</b>	<b>423</b>	<b>86</b>

**Table 3.23 - 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	2010	2010
	%	%	%
Very good	43	39	31
Fairly good	47	44	52
Neither good nor poor	5	8	10
Fairly poor	2	4	1
Very poor	*	1	1
Don't know	2	3	3
<b>Base</b>	<b>412</b>	<b>423</b>	<b>86</b>



Table 3.24 - B4f: Rating on “Their overall expertise in taxation” (All who work with CRM/ CC)

	LBS			LC CRM		
	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%
Very good	38	33	37	31	23	32
Fairly good	38	51	49	43	63	44
Neither good nor poor	14	8	10	13	7	12
Fairly poor	1	*	2	1	2	4
Very poor	0	*	*	0	0	1
Don't know	9	7	2	13	5	6
<b>Base</b>	<b>183</b>	<b>236</b>	<b>412</b>	<b>72</b>	<b>168</b>	<b>423</b>

Table 3.25 - B4g: Rating on “Their ability to make appropriate decisions” (all who work with CRM/ CC)

	LBS			LC CRM		
	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%
Very good	30	29	35	29	30	30
Fairly good	44	44	45	42	43	44
Neither good nor poor	13	14	11	11	14	13
Fairly poor	5	5	5	3	7	6
Very poor	1	2	1	1	1	2
Don't know	8	6	2	14	5	5
<b>Base</b>	<b>183</b>	<b>236</b>	<b>412</b>	<b>72</b>	<b>168</b>	<b>423</b>

Table 3.26 - B4h: Rating on “Their commercial understanding, in relation to your business and more generally” (All who work with CRM/ CC)

	LBS		LC CRM	
	2009	2010	2009	2010
	%	%	%	%
Very good	24	28	18	19
Fairly good	48	51	51	48
Neither good nor poor	14	14	15	20
Fairly poor	6	5	8	6
Very poor	1	*	4	3
Don't know	7	1	4	4
<b>Base</b>	<b>236</b>	<b>412</b>	<b>168</b>	<b>423</b>

Table 3.27 - B5: Rating of overall relationship with CRM/ CC (All who work with CRM/ CC)

	LBS		LC CRM		LC CC	
	2009	2010	2009	2010	2009	2010
	%	%	%	%	%	%
Very good	56	64	56	50	NA	34
Fairly good	33	31	33	39	NA	53
Neither good nor poor	7	4	7	6	NA	5
Fairly poor	*	1	*	3	NA	1
Very poor	0	0	0	*	NA	3
Don't know	4	*	4	2	NA	3
<b>Base</b>	<b>236</b>	<b>412</b>	<b>236</b>	<b>423</b>	<b>NA</b>	<b>86</b>

ROLLB themes

Table 3.28 - E3d: Agreement that "They provide your business with certainty in its tax affairs"

	LBS			LC CRM			LC CC		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Strongly agree	8	6	13	8	8	9	6	9	6
Tend to agree	46	48	60	37	41	43	41	40	39
Neither agree nor disagree	15	23	15	27	29	23	21	23	26
Tend to disagree	21	17	8	20	15	18	22	18	14
Disagree strongly	8	5	3	6	4	6	6	5	5
Don't know	*	1	*	2	2	1	4	6	9
Depends	0	0	*	0	0	0	0	0	*
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>218</b>	<b>573</b>	<b>870</b>

Table 3.29 - E3a: Agreement that "They take your business's needs into account in the way they deal with your business"

	LBS			LC CRM			LC CC		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Strongly agree	15	13	16	7	9	11	7	5	7
Tend to agree	60	54	56	40	47	45	37	35	32
Neither agree nor disagree	12	17	16	26	21	23	25	28	27
Tend to disagree	9	11	10	17	16	14	20	20	20
Disagree strongly	4	2	1	5	4	4	7	6	5
Don't know	1	2	1	5	3	2	3	5	9
Depends	0	*	1	0	*	0	0	1	*
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>218</b>	<b>573</b>	<b>870</b>





Table 3.30 E3b: Agreement that “They take your track record on tax into account”

	LBS			LC CRM			LC CC		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Strongly agree	30	35	42	18	19	23	16	13	10
Tend to agree	59	52	48	44	57	58	45	48	42
Neither agree nor disagree	5	7	6	22	14	7	21	18	21
Tend to disagree	4	3	3	8	6	5	7	7	8
Disagree strongly	0	1	*	2	2	2	2	3	4
Don't know	3	2	1	5	3	5	9	10	14
Depends	0	0	0	0	0	*	0	*	0
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>218</b>	<b>573</b>	<b>870</b>

Table 3.31 - E3c: Agreement that “They have a good understanding of your business’ level of risk with regard to tax compliance”

	LBS			LC CRM			LC CC		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Strongly agree	18	19	29	6	14	19	4	8	7
Tend to agree	56	58	54	38	43	54	37	35	35
Neither agree nor disagree	15	10	9	27	21	12	24	27	26
Tend to disagree	8	8	6	18	14	9	18	16	13
Disagree strongly	3	3	1	5	5	4	8	6	3
Don't know	1	2	1	6	3	2	9	8	16
Depends	0	0	NA	1	*	NA	*	*	NA
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>218</b>	<b>573</b>	<b>870</b>

Table 3.32 - E3e: Agreement that “They make it clear what you need to do to be compliant”

	LBS			LC CRM			LC CC		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Strongly agree	20	17	20	14	17	16	17	18	15
Tend to agree	58	62	63	55	52	51	53	50	50
Neither agree nor disagree	8	14	10	12	15	17	11	12	16
Tend to disagree	10	5	5	14	14	14	14	14	14
Disagree strongly	2	2	1	3	2	2	5	4	4
Don't know	2	-	*	2	*	1	1	2	3
Depends	*	-	-	-	-	-	-	-	*
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>218</b>	<b>573</b>	<b>870</b>



**Table 3.33 - E4a: How much do you agree or disagree that HMRC have been able to correctly identify which issues should be considered as high risk tax issues?**

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Strongly agree	13	10	4
Tend to agree	57	45	25
Neither agree nor disagree	21	25	32
Tend to disagree	6	9	16
Disagree strongly	1	3	3
Don't know	3	8	20
<b>Base</b>	<b>426</b>	<b>474</b>	<b>870</b>

**Table 3.34 - 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		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Strongly agree	31	25	33	15	16	17	11	9	9
Tend to agree	51	52	47	39	45	50	34	34	33
Neither agree nor disagree	9	15	10	23	21	13	26	34	25
Tend to disagree	5	4	7	8	10	9	12	9	13
Disagree strongly	*	*	1	3	2	4	3	2	3
Don't know	4	4	2	11	6	5	14	12	18
Depends	NA	NA	*	NA	NA	*	NA	NA	0
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>218</b>	<b>573</b>	<b>870</b>

**Table 3.35 - 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		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Strongly agree	13	11	16	10	14	9	9	10	4
Tend to agree	46	40	45	39	41	39	26	31	29
Neither agree nor disagree	22	28	23	22	26	24	28	25	24
Tend to disagree	10	15	9	17	12	14	19	19	22
Disagree strongly	6	4	2	6	5	5	8	7	7
Don't know	3	1	5	7	2	8	10	9	14
Depends	NA	NA	0	NA	NA	0	NA	NA	*
<b>Base</b>	<b>213</b>	<b>272</b>	<b>426</b>	<b>249</b>	<b>243</b>	<b>474</b>	<b>218</b>	<b>573</b>	<b>870</b>



**Table 3.36 - E5c: Agreement that “HMRC demonstrates commercial understanding in resolving disagreements” (All with disagreements)**

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Strongly agree	11	9	5
Tend to agree	45	34	32
Neither agree nor disagree	19	23	21
Tend to disagree	19	22	26
Disagree strongly	5	10	11
Don't know	2	2	6
It varies	1	0	0
<b>Base</b>	<b>376</b>	<b>398</b>	<b>670</b>

*NB: A filter question was introduced to ensure this question was only asked of customers that experienced disagreements and wording amended – no direct comparisons have been made*

**Table 3.37 - E5d: Agreement that “HMRC resolves disagreements within timeframes agreed” (All with disagreements)**

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Strongly agree	11	10	11
Tend to agree	48	53	47
Neither agree nor disagree	16	13	18
Tend to disagree	16	16	11
Disagree strongly	4	6	6
Don't know	2	2	6
It varies	1	1	*
<b>Base</b>	<b>376</b>	<b>398</b>	<b>670</b>

*NB: A filter question was introduced to ensure this question was only asked of customers that experienced disagreements and wording amended – no direct comparisons have been made*



**Table 3.38 - E5e: Agreement that “The timeframes within which HMRC agrees to resolve disagreements are appropriate” (All with disagreements)**

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Strongly agree	14	11	13
Tend to agree	56	55	50
Neither agree nor disagree	15	13	16
Tend to disagree	11	14	12
Disagree strongly	2	4	4
Don't know	2	2	5
It varies	*	1	*
<b>Base</b>	<b>376</b>	<b>398</b>	<b>670</b>

*NB: A filter question was introduced to ensure this question was only asked of customers that experienced disagreements and wording amended – no direct comparisons have been made*

**Table 3.39 - E5f: How much you agree or disagree that HMRC has improved the process of resolving disagreements? (All with disagreements)**

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Strongly agree	11	9	6
Tend to agree	35	32	23
Neither agree nor disagree	33	33	39
Tend to disagree	11	12	15
Disagree strongly	4	6	5
Don't know	5	7	13
It varies	1	*	0
<b>Base</b>	<b>376</b>	<b>398</b>	<b>670</b>

*NB: A filter question was introduced to ensure this question was only asked of customers that experienced disagreements and wording amended – no direct comparisons have been made*

## Information and guidance

**Table 3.40 - D1a: Agreement that “The information and guidance is accurate” (all who have used information)**

	LBS			LC CRM			LC CC		
	2010			2010			2010		
	%			%			%		
Strongly agree	14			19			27		
Tend to agree	60			59			55		
Neither agree nor disagree	19			13			9		
Tend to disagree	4			4			1		
Disagree strongly	*			1			1		
Don't know	2			4			6		
It varies	1			1			*		
<b>Base</b>	<b>426</b>			<b>474</b>			<b>870</b>		

**Table 3.41 - D1b: Agreement that “The information and guidance is easy to use” (all who have used information)**

	LBS			LC CRM			LC CC		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Strongly agree	7	9	15	8	13	10	8	13	15
Tend to agree	59	65	50	57	51	47	55	52	45
Neither agree nor disagree	15	11	15	17	18	17	12	12	13
Tend to disagree	14	13	15	17	16	18	23	19	19
Disagree strongly	3	1	4	1	2	5	2	4	5
Don't know	0	0	1	0	*	2	*	1	1
Depends	1	1	1	*	0	1	0	*	1
<b>Base</b>	<b>208</b>	<b>271</b>	<b>426</b>	<b>241</b>	<b>229</b>	<b>474</b>	<b>210</b>	<b>549</b>	<b>870</b>

**Table 3.42 - D1c: Agreement that “It is easy to find the information and guidance I need” (all who have used information)**

	LBS			LC CRM			LC CC		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Strongly agree	4	6	11	5	7	9	6	11	17
Tend to agree	39	41	43	37	39	40	38	43	41
Neither agree nor disagree	21	17	16	18	17	16	14	14	11
Tend to disagree	25	30	24	33	27	24	34	24	22
Disagree strongly	10	6	6	7	8	9	8	8	7
Don't know	-	-	-	-	1	2	*	-	1
Depends	1	*	1	-	1	1	-	-	1
<b>Base</b>	<b>208</b>	<b>271</b>	<b>426</b>	<b>241</b>	<b>229</b>	<b>474</b>	<b>210</b>	<b>549</b>	<b>870</b>



**Table 3.43 - D1d: Agreement that “The information and guidance is up to date” (all who have used information)**

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Strongly agree	12	15	26
Tend to agree	57	60	56
Neither agree nor disagree	19	11	9
Tend to disagree	10	7	4
Disagree strongly	2	3	1
Don't know	1	4	4
It varies	*	1	-
<b>Base</b>	<b>426</b>	<b>474</b>	<b>870</b>

## Chapter 4: Influence of HMRC as a place to do business

*Admin burden/cost of compliance***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	2009	2010	2009	2010
	%	%	%	%	%	%
Increased	64	78	47	61	33	40
Stayed the same	33	21	49	37	62	57
Decreased	2	1	1	1	2	1
Don't know	1	1	2	1	4	2
<b>Base</b>	<b>273</b>	<b>426</b>	<b>243</b>	<b>474</b>	<b>573</b>	<b>870</b>

**Table 4.2 - E2: Over the past 12 months has the overall cost of tax compliance increased or decreased, or stayed at the same level?**

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Increased	69	58	38
Stayed the same	28	38	57
Decreased	2	3	1
Don't know	1	1	4
<b>Base</b>	<b>426</b>	<b>474</b>	<b>870</b>



## Tax avoidance

Table 4.3 - F1: How confident are you that you know what HMRC would view as tax avoidance?

	LBS		LC CRM		LC CC	
	2009	2010	2009	2010	2009	2010
	%	%	%	%	%	%
Very confident	37	28	44	26	36	23
Fairly confident	46	57	44	57	50	59
Not very confident	10	11	9	12	7	11
Not confident at all	4	2	2	1	3	3
Don't know/ no opinion	2	1	2	2	4	3
Refused	1	1	0	1	0	1
<b>Base</b>	<b>273</b>	<b>426</b>	<b>243</b>	<b>474</b>	<b>573</b>	<b>870</b>

Table 4.4 – F2a: To what extent are you aware of the following steps that HMRC has been taking to address tax avoidance? - The rules for Disclosure of Tax Avoidance Schemes

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Very aware	54	34	14
Fairly aware	41	48	52
Not aware	5	18	33
Don't know	*	1	1
<b>Base</b>	<b>426</b>	<b>474</b>	<b>870</b>

Table 4.5 – F2b: To what extent are you aware of the following steps that HMRC has been taking to address tax avoidance? - Changes in legislation to prevent tax avoidance schemes

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Very aware	51	27	14
Fairly aware	45	58	61
Not aware	4	15	25
Don't know	*	*	1
<b>Base</b>	<b>426</b>	<b>474</b>	<b>870</b>

**Table 4.6 – F2c: To what extent are you aware of the following steps that HMRC has been taking to address tax avoidance? - Litigation against avoidance schemes and publicising the results**

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Very aware	34	19	11
Fairly aware	52	53	47
Not aware	14	27	40
Don't know	*	1	1
<b>Base</b>	<b>426</b>	<b>474</b>	<b>870</b>

**Table 4.7 – F2d: To what extent are you aware of the following steps that HMRC has been taking to address tax avoidance? - Increasing professionalism and expertise in HMRC to tackle avoidance**

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Very aware	15	12	7
Fairly aware	54	45	42
Not aware	30	41	49
Don't know	2	1	2
<b>Base</b>	<b>426</b>	<b>474</b>	<b>870</b>

**Table 4.8 - F3: How do you think the way HMRC is addressing tax avoidance has influenced how likely businesses were to engage in tax avoidance in the last 12 months?**

	LBS		LC CRM		LC CC	
	2009	2010	2009	2010	2009	2010
	%	%	%	%	%	%
A lot more likely	2	1	1	1	3	2
Slightly more likely	3	3	5	4	8	6
No change	39	47	31	36	36	38
Slightly less likely	40	34	42	36	35	29
A lot less likely	12	8	11	11	9	13
Don't know	4	7	11	10	8	13
Refused	*	1	0	1	*	*
<b>Base</b>	<b>243</b>	<b>426</b>	<b>171</b>	<b>474</b>	<b>312</b>	<b>870</b>





## Impact of HMRC's administration on the competitiveness of the UK as a place to do business

Table 4.9 - H1: To what extent does HMRC's administration of the UK Tax System affect how competitive the UK is as a place to do business?

	LBS		LC CRM		LC CC	
	2009	2010	2009	2010	2009	2010
	%	%	%	%	%	%
Mainly positive effect	33	22	20	16	26	17
No effect	30	35	38	43	56	44
Mainly negative effect	30	36	25	33	19	36
Don't know – don't operate in other countries	2	7	5	8	4	10
Don't know	6	*	11	-	10	-
<b>Base</b>	<b>273</b>	<b>426</b>	<b>243</b>	<b>474</b>	<b>573</b>	<b>870</b>

Table 4.10 –  
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: In the last 12 months has your organisation considered relocating the business, or parts of the business, to another country?

	LBS		LC CRM		LC CC	
	2009	2010	2009	2010	2009	2010
	%	%	%	%	%	%
Yes	18	26	14	19	5	8
No	79	71	82	79	93	91
Don't know	2	2	2	1	1	6
Refused	1	2	2	*	*	0
<b>Base</b>	<b>273</b>	<b>426</b>	<b>243</b>	<b>474</b>	<b>573</b>	<b>870</b>

**Table 4.11 - H3: 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	2010	2010
	%	%	%
Business tax issues	34	42	27
General business environment	28	23	26
More favourable tax conditions in other countries	21	18	23
Cost of tax compliance	22	22	11
Other regulatory issues	15	19	5
Internal issues within the business	9	11	16
Tax on company employees	9	14	11
Better tax service abroad	5	4	4
Skills base	1	-	4
Other	11	4	10
Don't know	1	1	1
Refused	*	-	-
<b>Base</b>	<b>110</b>	<b>91</b>	<b>73</b>

Chapter 5: New policy areas covered in the 2010 research

*Real time working*

**Table 5.1 - C1: How often, if ever, have you discussed direct tax issues in real time with HMRC?**

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Once	4	6	NA
Occasionally	48	56	NA
Frequently	36	20	NA
Never	11	16	NA
Don't know	*	1	NA
<b>Base</b>	<b>426</b>	<b>474</b>	<b>NA</b>

**Table 5.2 - C2a: Thinking about tax issues that you have raised with HMRC in real time, please say how much you agree or disagree that issues are agreed more quickly? (All worked in real time)**

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Strongly agree	37	23	NA
Tend to agree	47	49	NA
Neither agree nor disagree	10	14	NA
Tend to disagree	3	9	NA
Disagree strongly	2	3	NA
Don't know	1	2	NA
<b>Base</b>	<b>377</b>	<b>390</b>	<b>NA</b>

**Table 5.3 - C2b: Thinking about tax issues that you have raised with HMRC in real time, please say how much you agree or disagree that it increases business's certainty about their tax affairs? (All worked in real time)**

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Strongly agree	50	29	NA
Tend to agree	39	50	NA
Neither agree nor disagree	8	11	NA
Tend to disagree	2	7	NA
Disagree strongly	2	2	NA
Don't know	-	2	NA
<b>Base</b>	<b>377</b>	<b>390</b>	<b>NA</b>

**Table 5.4 - C2c: Thinking about tax issues that you have raised with HMRC in real time, please say how much you agree or disagree that it is only useful for less complex issues? (All worked in real time)**

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Strongly agree	10	12	NA
Tend to agree	31	40	NA
Neither agree nor disagree	10	13	NA
Tend to disagree	34	25	NA
Disagree strongly	15	7	NA
Don't know	1	3	NA
<b>Base</b>	<b>377</b>	<b>390</b>	<b>NA</b>



**Table 5.5 - C2d: Thinking about tax issues that you have raised with HMRC in real time, please say how much you agree or disagree that it reduces business's costs? (All worked in real time)**

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Strongly agree	22	13	NA
Tend to agree	41	40	NA
Neither agree nor disagree	23	26	NA
Tend to disagree	10	14	NA
Disagree strongly	4	5	NA
Don't know	1	3	NA
<b>Base</b>	<b>377</b>	<b>390</b>	<b>NA</b>

*Risk*

**Table 5.6 - G1: Are you aware of your business's risk status?**

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Yes	94	87	NA
No	5	13	NA
Don't know	*	*	NA
<b>Base</b>	<b>426</b>	<b>474</b>	<b>NA</b>

**Table 5.7 - G2a: Thinking about HMRC risk assessment, please say how much you agree or disagree with the risk status given to your business being fair? (All aware of risk status)**

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Strongly agree	51	41	NA
Tend to agree	39	36	NA
Neither agree nor disagree	4	4	NA
Tend to disagree	4	16	NA
Disagree strongly	1	3	NA
Don't know	1	1	NA
<b>Base</b>	<b>402</b>	<b>411</b>	<b>NA</b>



**Table 5.8 - G2b: Thinking about HMRC risk assessment, please say how much you agree or disagree that you know what the benefits of being low risk are for your business? (All aware of risk status)**

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Strongly agree	62	60	NA
Tend to agree	26	36	NA
Neither agree nor disagree	4	1	NA
Tend to disagree	5	2	NA
Disagree strongly	1	1	NA
Don't know	1	-	NA
<b>Base</b>	<b>402</b>	<b>411</b>	<b>NA</b>

**Table 5.9 - G2c: Thinking about HMRC risk assessment, please say how much you agree or disagree that it is clear how businesses can achieve low risk status? (All aware of risk status)**

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Strongly agree	35	29	NA
Tend to agree	45	42	NA
Neither agree nor disagree	5	9	NA
Tend to disagree	11	15	NA
Disagree strongly	2	4	NA
Don't know	1	1	NA
<b>Base</b>	<b>402</b>	<b>411</b>	<b>NA</b>

**Table 5.10 - G2d: 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	2010	2010
	%	%	%
Strongly agree	24	19	NA
Tend to agree	51	48	NA
Neither agree nor disagree	9	14	NA
Tend to disagree	10	11	NA
Disagree strongly	1	5	NA
Don't know	5	3	NA
<b>Base</b>	<b>402</b>	<b>411</b>	<b>NA</b>



**Table 5.11 - G2e: 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	2010	2010
	%	%	%
Strongly agree	33	26	NA
Tend to agree	33	40	NA
Neither agree nor disagree	14	11	NA
Tend to disagree	13	15	NA
Disagree strongly	5	8	NA
Don't know	2	1	NA
<b>Base</b>	<b>402</b>	<b>411</b>	<b>NA</b>

*Government policy*

**Table 5.12 - H4: Do you feel the government's approach to tax policy making is providing more certainty?**

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Yes	34	34	36
No	42	43	37
No opinion/too early to tell	17	13	14
Don't know	8	9	14
<b>Base</b>	<b>426</b>	<b>474</b>	<b>870</b>

**Table 5.13 - H5: Do you feel that the government's approach to tax policy is providing more stability?**

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Yes	33	30	36
No	43	47	39
No opinion/too early to tell	14	16	14
Don't know	9	7	11
<b>Base</b>	<b>426</b>	<b>474</b>	<b>870</b>



**Table 5.14 - H6: Do you feel that the treasury and HMRC have improved consultation on proposed tax policy changes?**

	LBS	LC CRM	LC CC
	2010	2010	2010
	%	%	%
Yes	60	43	35
No	25	33	37
No opinion/too early to tell	8	9	10
Don't know	7	14	18
<b>Base</b>	<b>426</b>	<b>474</b>	<b>870</b>