



# HM Revenue & Customs

Factors affecting Small and  
Mid-sized Businesses' choice  
of Tax Agent

HM Revenue and Customs  
Research Report 373



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# 1. Executive summary

## 1.1 Introduction and aims

This research was conducted to explore the motivations of small and mid-sized businesses in using (or not using) a tax agent to meet their tax obligations, and the selection process for doing so.

This research involved 30 qualitative depth interviews (6 of which were developmental, and prior to the quantitative survey) and approximately 1,000 quantitative survey interviews with small (less than 20 employees) and mid-sized (20 to 249 employees) businesses between 9 February and 20 March 2015.

For the purposes of this research, professional agents were defined as those that worked on behalf of the business in a paid, professional capacity whilst informal agents were defined as friends or family members<sup>1</sup>, and voluntary or charitable organisations.

## 1.2 Profile of businesses by agent use

The **majority (86%) of small and mid-sized businesses used a paid, professional tax agent** to assist their business with at least some tasks. Most commonly, for those who used an agent, this was to prepare and submit tax returns (84%), and for help with complex tax matters (70%).

Businesses that used professional agents tended to **retain** the same agent for a long period of time (49% having used the same professional agent for more than 10 years). This retention built trust and a positive relationship between the business and agent. Very few reported having any formal review process through which the performance of their agent was evaluated.

## 1.3 Motivations for using/ not using agents

Businesses reported using agents because they were perceived to be **skilled** and **knowledgeable**, thus providing peace of mind and **efficiency**. The main reported downside to this arrangement was the **financial cost** of using an agent, particularly for those using professional agents (as opposed to informal agents such as friends and family members).

*Businesses that did not use an agent* were in the minority and tended to be smaller or sole traders. They tended to have **simpler tax dealings**, and found it more cost-effective to manage these themselves. In some cases, digital services helped to facilitate this arrangement. However, amongst this group there was also recognition that a professional agent would provide additional assurance, peace of mind, and time savings.

## 1.4 Factors surrounding the choice of professional agent

The most common reasons why *businesses reported changing (or considering changing) agent* was because they were **not satisfied with the service provided** and/ or the relationship between the business and agent had broken down (20% of businesses that had *changed professional agent* within the last three years cited a lack of satisfaction as a reason, whilst 11% reported that a breakdown in the

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<sup>1</sup> Friends or family members may have worked for informal payment or have some relevant training.

relationship had contributed to their decision). This reflected the importance to businesses of having a **strong and trusted relationship** with their agent. Notably, however, the desire for a strong relationship was more common amongst mid-sized businesses that typically had more complex tax dealings.

The other factors likely to precipitate a change in agent were if the agents **stopped trading** or their **costs increased**. Change could also be precipitated if the business required **additional specialist skills**, or a **wider range of services**, as the business grew and tax dealings became more complex.

Most businesses reported that they had selected, or would select, a new agent based on **recommendation** from professional contacts and/ or family and friends. Around half (54%) of *businesses that had changed agent within the last three years* spontaneously cited recommendation as having been important in their decision, with a further quarter (24%) saying this after prompting. Whilst considerations such as location and price were important, less practical factors – notably the ability to **build a strong and trusted relationship** – tended to drive the selection process.

**Professional qualifications/ accreditations and membership of professional bodies** were also seen to be important, although businesses generally assumed, or would assume, that agents have these; very few would actively seek out this information. Similarly, provision of **digital services** was generally not seen as a differentiating factor, and again, businesses often assumed agents used these.

When asked specifically whether provision by HMRC of information regarding professional qualifications/ accreditations and membership of professional bodies would be of value to them in choosing a new agent, most businesses felt this might be something that would be 'nice to have', but not likely to be influential in the decision-making process.

## 1.5 HMRC and digital services

Businesses tended to be **positive towards HMRC's digital services**. Half (51%) claimed to use these services as much as they could. However, a small proportion of businesses (5%) reported that they actively avoided using HMRC's digital services. These were exclusively smaller businesses and tended to be micro<sup>2</sup> businesses that outsourced all work to a tax agent.

The continued development of HMRC's digital services - in the form of Your Tax Account and Agent Online Self Service (AOSS) - was also perceived positively in **simplifying tax processes** and affording **greater management and control** over their tax affairs. However, their rollout was seen to be unlikely to have an impact on existing (and well established) relationships between businesses and agents.

Your Tax Account appealed more to businesses that did not use agents and had simpler tax dealings, alongside those that used an agent but wanted to exercise greater management and control over their tax dealings.

AOSS appealed more to those that were using a professional agent at the time of the research. Businesses perceived the main benefits of this service to be that it would offer **greater efficiency and transparency** in their relationship with their agent. Whilst the survey suggested AOSS would have limited impact on agent use, the qualitative research found that, after further prompting on the features of AOSS, businesses said it may influence their choice of agent in the future if it enabled agents to offer a more efficient service.

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<sup>2</sup> Micro businesses were defined as having 0-9 employees.

Alongside these new services, businesses also noted interest in other digital services that could increase their efficiency in tax dealings. These included HMRC sending SMS or email reminders of deadlines, and HMRC providing a simple and efficient problem resolution service.

## 2. Introduction

### 2.1 Background

A large proportion of small and mid-sized<sup>3</sup> UK businesses use a tax agent to assist their business with its tax affairs in some way. Tax agents are third party intermediaries who represent businesses in some or all of their tax affairs. Agents include accountants, bookkeepers, and tax advisors, as well as some more informal representatives such as friends, family members and the voluntary sector. For the purposes of this research, professional agents were defined as those that worked on behalf of the business in a paid, professional capacity. Informal agents were defined as friends or family members<sup>4</sup>, and voluntary or charitable organisations.

HMRC wishes to build a greater understanding of the business and tax agent populations, including the various motivations for using agents that businesses have, in order to improve customer services. Understanding the decision-making process by which businesses choose to use a tax agent or not, and subsequently which particular agent to work with, is a key part in HMRC's Agents Strategy. The strategy aims to transform the relationship between HMRC and tax agents by:

- Designing agents into HMRC systems and processes as end users
- Gaining a better understanding of agents and their clients, to help HMRC target the right services and communications
- Supporting agents in improving services for their clients
- Working with the agent community to maintain, raise and monitor standards

Digital services are a key part of this; enabling agents to carry out more transactions online will reduce costs for HMRC and meet customer demand for fewer interactions with the Department to carry out tasks, as well as providing data to understand and address business issues, such as under-declared tax liability across agent types.

### 2.2 Research aims and objectives

The aims of this research were:

- To explore the *motivations* of small and mid-sized businesses in using / not using a tax agent to meet their tax obligations
- To further understand the *process* through which businesses decide:
  - Whether to use an agent, and what type of agent to use
  - Which specific agent to use, and any factors affecting this decision

The research also explored the use of digital services and any effect this had, or would have, on decisions surrounding agent use.

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<sup>3</sup> Small businesses were defined as having between 0 and 19 employees, and mid-sized having 20-249.

<sup>4</sup> Friends or family members may have worked for informal payment or have some relevant training.



## **2.3 Methodology**

The research used a mixed methods approach involving quantitative and qualitative research among small and mid-sized businesses. The quantitative research involved asking a large sample of businesses in the target population a relatively short and standardised set of questions. The qualitative research involved a relatively small number of interviews with businesses but explored the issues in more depth. Fieldwork was conducted between 14 January and 20 March 2015.

Further details of the methodology, including the sample structure, are given in Appendix A.

### **2.3.1 Quantitative research**

The quantitative research consisted of a 15 minute telephone survey of a randomly selected sample of 1,014 small and mid-sized businesses<sup>5</sup>.

Data were weighted to be representative of the overall population of small and mid-sized businesses. Reported results are based on weighted data.

### **2.3.2 Qualitative research**

The research involved two stages of qualitative research. The first stage was developmental, to inform questionnaire design and involved six 30-minute telephone interviews. Businesses for this stage were recruited from published lists of business, such as Yellow Pages. The second stage was designed to provide further insight and depth to the findings from the quantitative survey, and involved twenty-four 30-minute telephone interviews with small and mid-sized businesses that had taken part in the quantitative survey and agreed to be re-contacted.

The sample was purposely selected on the basis of business size and paid professional tax agent use (those using a paid professional agent, and those not).

## **2.4 Reporting notes**

Where percentages shown in charts or tables do not total to exactly 100% (or where they do not exactly total to a summary statistic given, such as agree/disagree) this is due to rounding to the nearest whole number, due to the exclusion of those who said "don't know" or because participants were able to choose more than one response option.

Where the results for one group of respondents are compared against the results for another group, any differences stated are statistically significant at the 95% probability level, unless otherwise stated. This means that we can be 95% confident that the differences observed between the subgroups are genuine differences in opinions, and have not just occurred by chance.

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<sup>5</sup> The quantitative sample was drawn from the Experian database to cover small and mid-sized businesses.

## 3. Profile of small and mid-sized businesses by agent use

### 3.1 Businesses' dealings with taxes

#### 3.1.1 Types of taxes dealt with

The types of taxes businesses had dealings with varied by business size. Small businesses most commonly dealt with Self Assessment for the self-employed or partnerships (81%), and just over half dealt with PAYE (58%) or VAT (56%). Slightly fewer business of this size dealt with Corporation tax<sup>6</sup> (41%).

In contrast, mid-sized businesses tended to deal with a greater range of taxes, and have more complex dealings. Almost all mid-sized businesses dealt with PAYE (97%), and around nine in ten dealt with Corporation Tax (90%) or VAT (89%), whilst just 35% dealt with SA for the self-employed or partnerships. Mid-sized businesses were also more likely to have dealings with the Construction Industry Scheme (14% of mid-sized businesses, compared with 6% of small businesses), Import/Export taxes (20% compared with 6%), and Excise Duties (21% compared with 5%).

#### 3.1.2 Number of employees who worked on tax matters

Seven in ten (69%) businesses reported having at least one employee doing any work on accounting, payroll or tax issues (See table 3.2 below).

The reported number of employees who did work on tax matters increased with the size of the business. Just four per cent of mid-sized businesses had no employees who did any work on accounting, payroll or tax issues, compared with a third (33%) of small businesses. Of mid-sized businesses, a third (31%) had one employee who did work on tax matters, and just over half (58%) had between two and four (compared with 58% and 9% respectively for small businesses).

#### 3.1.3 Qualifications of staff who did work on tax matters

The majority of employees who did work on accounting, payroll or tax issues did not have professional accounting or tax qualifications; of businesses that *reported having at least one employee who did work on tax matters*, 81% said that none had a professional qualification. Mid-sized businesses were more likely to have at least one employee with a relevant financial qualification (52% of those that had at least one employee who did work on tax matters, compared with 16% of small businesses with at least one employee who did work on tax matters). Of all small and mid-sized businesses, this equates to around one in ten (13%) having had at least one employee with financial qualifications working on tax matters.

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<sup>6</sup> Corporation tax is sometimes referred to as Company tax.

**Table 3.2 Number of employees who did work on tax matters**

	Number of employees who did work on tax matters	Number of employees who did work on tax matters with professional financial qualifications <sup>7</sup>
<b>None</b>	31%	87%
<b>1</b>	56%	11%
<b>2 – 4</b>	12%	2%
<b>5 – 10</b>	1%	0%
<b>11 or more</b>	0%	-

Where '0%' shown, number of responses sums to <0.5%, where '-' shown, no businesses gave this answer.

Base: All respondents (1014)

## 3.2 Businesses' use of tax agents

### 3.2.1 In-house tax work

Around one in ten (13%) businesses *did not use an agent at all*, doing all tax-related work in-house. This was more common in smaller businesses, particularly sole traders among which nearly a quarter (23%) did all work in-house, compared to just three per cent of mid-sized businesses. Younger businesses were also more likely to do all work in-house (23% of those three years old or less), although it should be noted that there was considerable overlap between this group and sole traders.

Notably, four in five (82%) businesses that reported doing all work in-house had no financially qualified staff working on tax matters.

### 3.2.2 Use of informal agents

A small minority (3%) of small and mid-sized businesses used an informal agent to assist with at least some of their tax affairs. Smaller businesses were more likely to use an informal agent, including five per cent of sole traders. No businesses in the survey with 10 or more employees used an informal agent.

Almost no businesses used an informal agent exclusively. One per cent used an informal agent and conducted the rest of their work on tax matters in-house. Two per cent used both an informal agent and a paid agent to assist their business.

### 3.2.3 Use of paid, professional agents

Most businesses (86%) reported using a paid, professional agent to assist their business in some way. Of those that did, very few used more than one professional agent to assist their business; the majority (92%) used just one. This was generally a paid finance professional such as an accountant, but five per cent of businesses that outsourced payroll did so to a payroll bureau. (For further information regarding the tasks businesses outsource, see Section 3.2.4).

Most (55%) businesses outsourced *some* work to a professional agent, whilst continuing to do some in-house, which is consistent with the finding that the majority of businesses had at least one employee

<sup>7</sup> Responses include businesses that have no staff who do work on tax matters.

doing work on tax<sup>8</sup>. Just under a third (29%) of businesses outsourced *all* of their tax matters to a paid, professional agent.

Sole traders were less likely than other businesses to use a professional agent at all (72%). However, those sole traders that did use a professional agent were more likely to outsource everything to that paid agent; almost two fifths (37%) of sole traders outsourced all tax matters to a professional agent.

**Table 3.3 Businesses' use of tax agents**

Use of tax agents	Proportion of businesses
<b>Did all work in-house</b>	<b>13%</b>
<b>Used an informal agent at all</b>	<b>3%</b>
Outsourced all tasks to an informal agent	0%
Outsourced some tasks to an informal agent and did some work in-house	1%
<b>Used a paid, professional agent at all</b>	<b>86%</b>
Outsourced all tasks to a paid, professional agent	29%
Outsourced some tasks to a paid, professional agent and did some work in-house	55%

Where '0%' shown, number of responses sums to <0.5%.

Base: All respondents (1014)

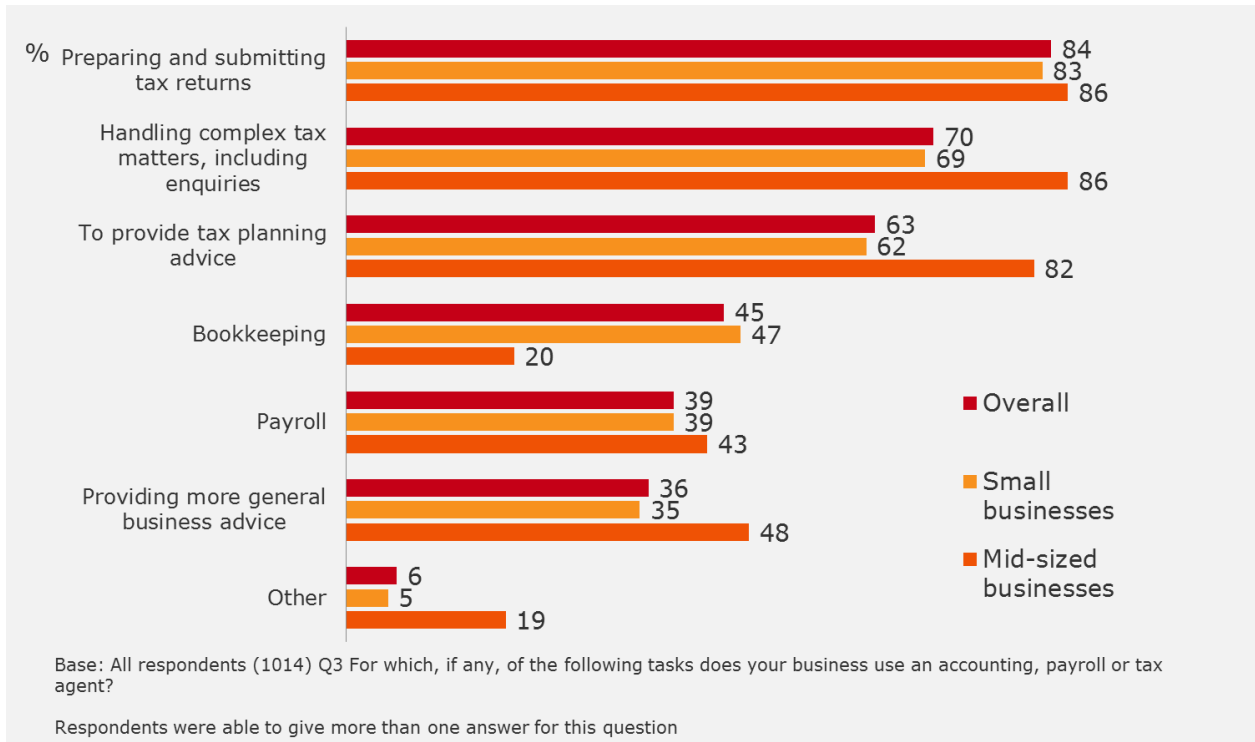
Note: There is a small overlap between those that used an informal agent at all and those who used a paid professional agent at all, which explains why the numbers in bold do not total 100%.

### 3.2.4 Tasks for which businesses use tax agents

Businesses used tax agents for a range of tasks, as shown in Chart 3.1 below. Mid-sized businesses tended to use agents to assist with a greater range of tasks – generally these were tasks that require greater knowledge and expertise.

<sup>8</sup> See section 3.1.2 for further information on the number of employees who do work on tax in businesses.

**Chart 3.1 Tasks for which businesses used tax agents**



**3.2.5 Taxes for which businesses used tax agents**

Most commonly amongst businesses that used an agent, this was to help with Self Assessment for the self-employed or partnerships (73%), Corporation Tax (47%) or PAYE (46%). Just over a third (37%) of businesses that used an agent, did so to assist with VAT dealings. This reflects the most common taxes that business reported having dealings with.

Variations by the size of the business reflected the types of taxes the business dealt with. Smaller businesses that used an agent were more likely to do so to assist with Self Assessment for the self-employed or partnerships (76% of small businesses, compared with 33% of mid-sized businesses). Mid-sized businesses that used an agent were more likely to do so to assist with Corporation Tax (88%, compared with 44% of small businesses).

**3.2.6 Length of use of agents**

Relationships with agents tended to be long term. Half (49%) of businesses that *used a paid, professional agent* said that they had used the same agent for more than 10 years. Just 14% of businesses aged four years or older and using a paid, professional agent *had changed agent in the last three years*.

Insight from the qualitative research highlighted the importance of a long continuous relationship between businesses and agents. Businesses tended to stay with the same agent, primarily because over time agents increasingly understand their business. This understanding leads to businesses trusting that their tax obligations are being dealt with efficiently. The participants suggested that these long term relationships allow a sense of reassurance and peace of mind. This was particularly important for micro and small businesses that did not have enough time and/or the degree of knowledge and skills to deal with their own tax affairs.

The nature of this relationship was cyclical, where time increases understanding, leading to greater trust/reassurance, which in turn continued and strengthened the relationship.

*"Accountants are like dentists; you never really have a reason to change. "*

(Sole trader; used a professional agent for 10+ years)

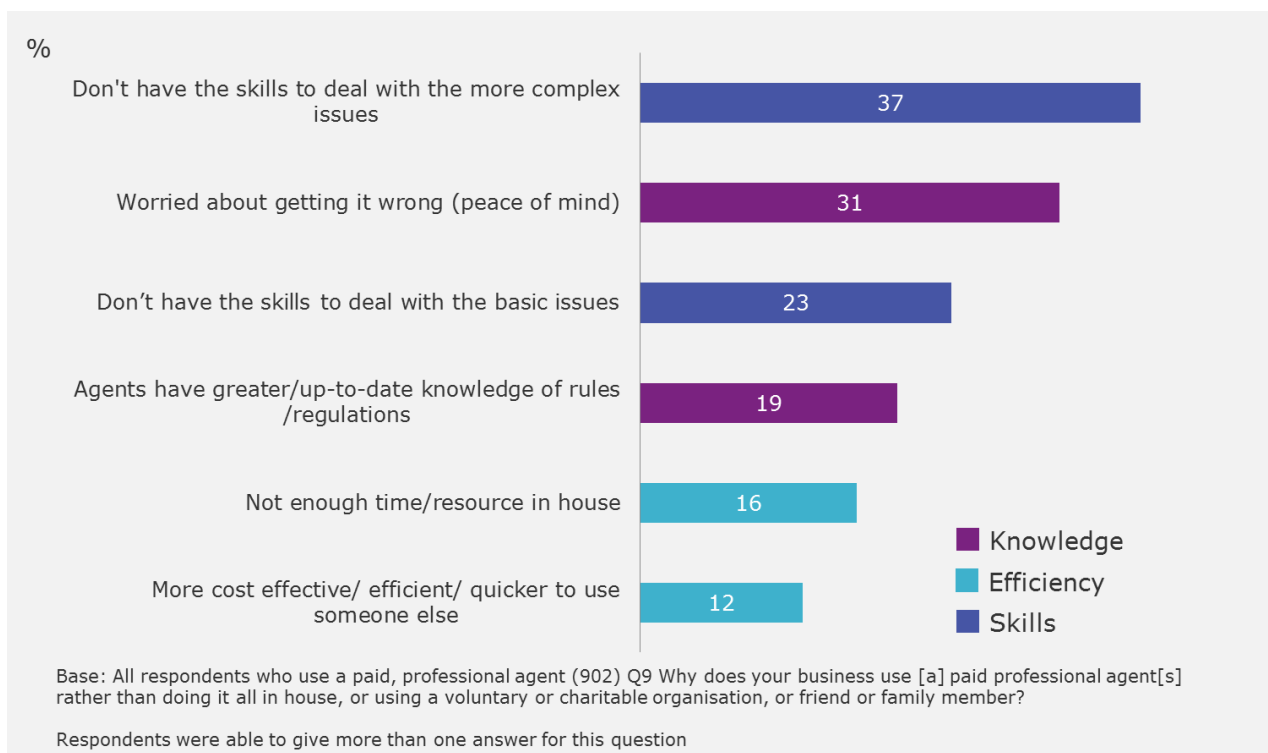
## 4. Motivations for using / not using tax agents

### 4.1 Reasons for using a professional agent

#### 4.1.1 Why businesses use a professional agent

The main reasons for businesses using paid, professional agents were for their skills and knowledge, and because this was seen to be more efficient (see Chart 4.1).

**Chart 4.1 Reasons businesses used paid, professional agents**



Small businesses were more likely than mid-sized businesses to say that they used professional agents for 'peace of mind' (32%, compared to 10% respectively), and that they did not have the skills to deal with the basic issues (24% of small businesses, compared with 13% of mid-sized businesses). This reflects that these businesses were less likely to employ any staff to work on tax matters, and where they did, staff were less likely to be financially qualified.

In contrast, mid-sized businesses were more likely to employ the services of an agent for their professional expertise. One quarter (26%) of mid-sized businesses reported that they used professional agents as they have greater or more up-to-date knowledge of tax rules and regulations, compared with 18% of small businesses.

#### 4.1.2 Perceived benefits of using a professional agent

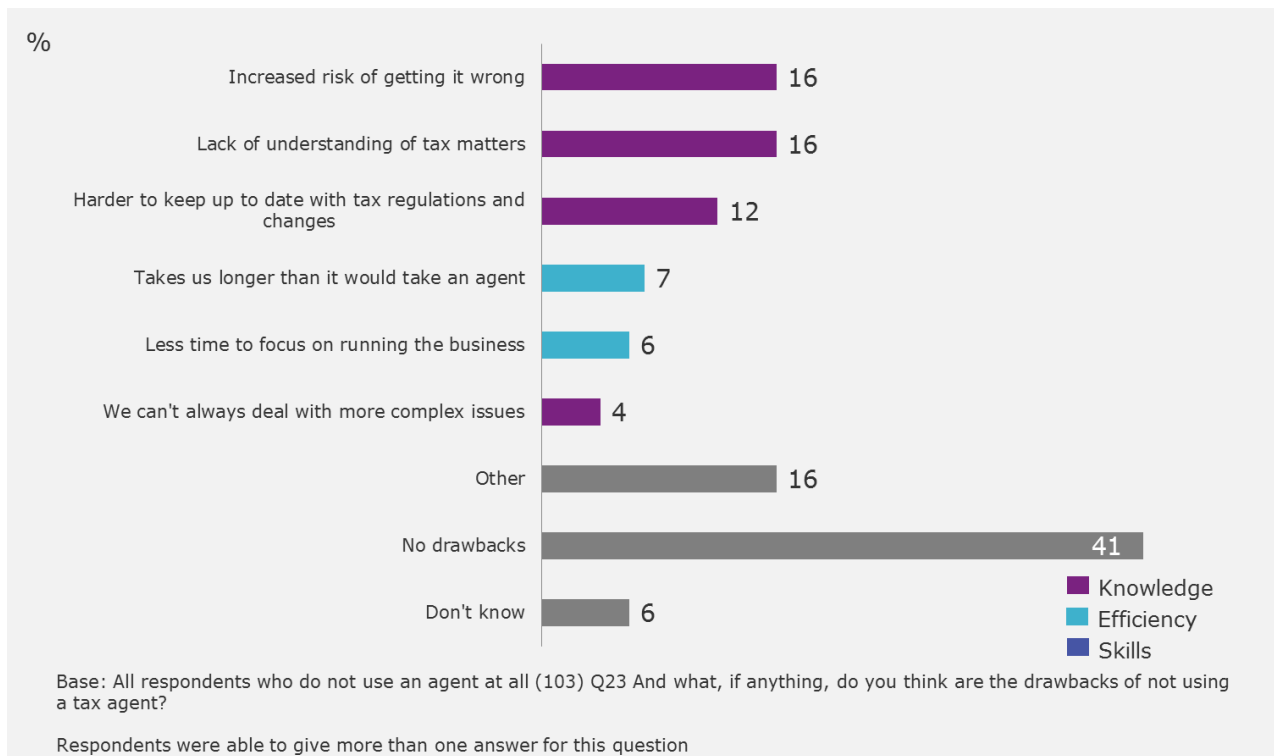
Amongst *businesses that did not use professional agents*, the perceived benefits of using a professional agent were the knowledge and efficiencies this would offer but three in ten (28%) stated that there would be no benefits. Further detail is given in Appendix B (Section 8.1). The responses given were broadly in line with the reasons cited by those that *used professional agents*, albeit they were less likely to reference the skills of agents and, as may be expected, fewer businesses mentioned any benefits overall (Section 4.1.1).

#### 4.1.3 Drawbacks of not using a professional agent

When asked about the drawbacks of not using an agent, a lack of tax knowledge and associated risk of getting it wrong were the most widely recognised downsides by *those that did not use an agent* (Chart 4.2).

Four in ten (41%) said there were no drawbacks.

**Chart 4.2 Drawbacks of not using an agent at all**



Businesses that *used an informal agent* also tended to be unable to think of any drawbacks of this arrangement<sup>9</sup>.

<sup>9</sup> Base size too small to give percentages – results are indicative only.

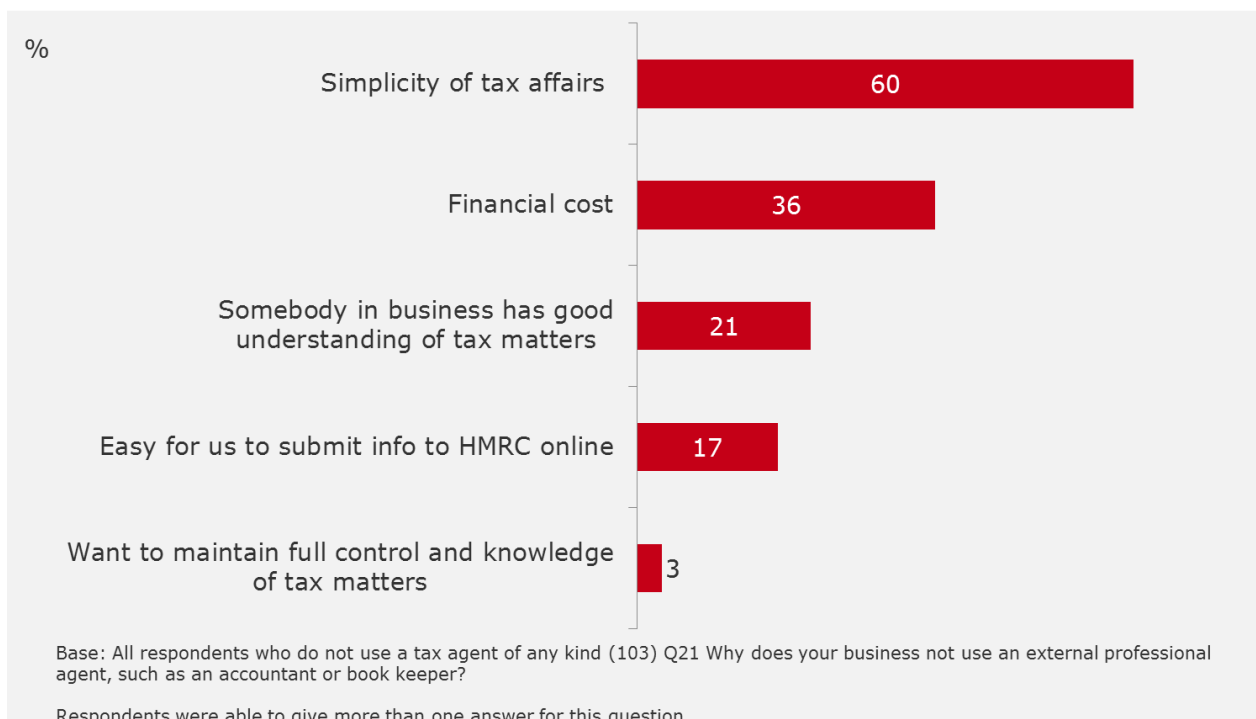


## 4.2 Reasons for not using a professional agent

### 4.2.1 Reasons for not using a professional agent

The primary reason for *choosing not to use a tax agent* at all was the simplicity of the dealings of the business followed by the financial cost associated with doing so (Chart 4.3). Indeed amongst *businesses that used an informal agent* to assist with their tax affairs, the main reason given for doing so was that this was more cost effective/ cheap<sup>10</sup>.

**Chart 4.3 Reasons for not using a professional agent**



*Businesses that had at least one employee with relevant financial qualifications working on tax matters* were more likely to report not using a professional agent as there was somebody in the business who had a good understanding of managing tax affairs. Similarly, businesses with greater confidence in using digital services were more likely to say that it was easy to submit information to HMRC online.

The qualitative interviews provided further insight on the core reasons for not using a professional agent and choosing to manage tax affairs in-house. These businesses perceived they have the right knowledge and skills to do it themselves. This resulted in confidence and a desire to have control over their tax affairs, particularly for the smaller businesses.

*"Doing it myself means I can do the taxes when I want to, in my own time."*

(Sole trader; does not use an agent)

<sup>10</sup> Base size too small to give percentages – results are indicative only.

The second core reason for managing tax affairs in-house was due to cost savings. These businesses tended to have a high degree of confidence in their own tax abilities and a 'do it yourself' mentality. Some have experienced using agents in the past where they could not justify the costs.

*"Because the tax affairs are simple we have found that with using an accountant you are paying a fee for things that you can do yourself and HMRC has useful information online."*

(Micro business; does not use an agent)

#### **4.2.2 Drawbacks of using a professional agent**

Half of small and mid-sized businesses that *used a professional agent* (50%) said the main drawback was the financial cost associated with doing so, in line with the reasons given by businesses for using informal agents and for not using tax agents at all (Section 4.2.1). Financial cost was perceived to be the only notable drawback, with 44% of *businesses that used a professional agent* reporting that there were no drawbacks to using a professional agent.

#### **4.2.3 Consideration of using a professional agent**

*Businesses that did not use a paid, professional agent* were asked whether they had considered employing the services of a professional agent within the last three years. Most (82%) reported that they had not considered doing so.

One in six (16%) businesses had *considered* using a professional agent but ultimately decided not to. The main reasons for deciding not to were associated costs and the simplicity of their current business dealings, in keeping with the reasons given by businesses for not using an agent at all (Section 4.2.1).

The qualitative research also found that few businesses currently managing their tax affairs in-house would consider using a paid agent in the near future. They tended to be happy with how their tax affairs were managed and the processes they had in place. These businesses were only likely to consider using a paid agent if change occurred in the business, primarily in relation to business expansion (e.g. experience a sudden increase in turnover, number of employees, change to premises) which would mean they would require a greater level of knowledge and advice which they did not have in-house.

*"I can't see us using an accountant in the future... only if the business really changes or the taxes get more complex... I am quite capable of doing all myself at the moment."*

(Micro business; does not use an agent)

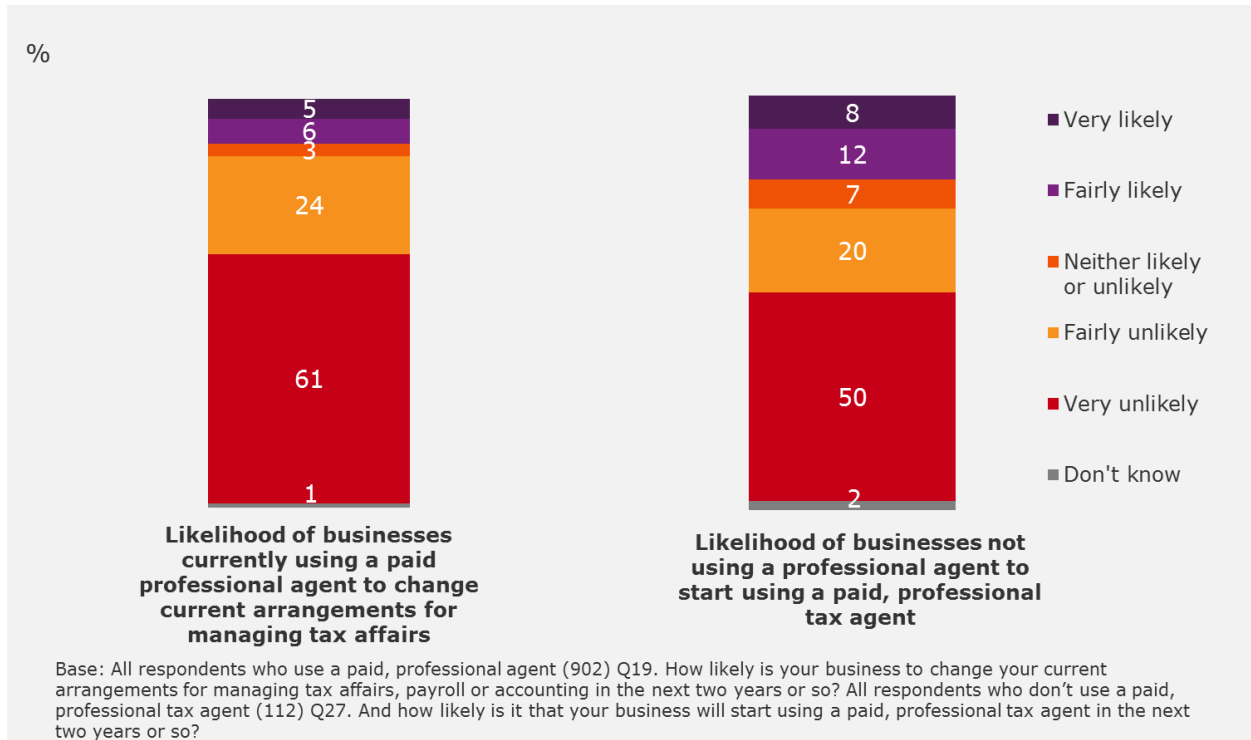
### **4.3 Current plans to change agent use**

Generally, businesses were unlikely to think they would change their arrangements for managing tax affairs in the near future. Just one in ten (11%) of those that *used a professional agent* said that it was very or fairly likely that they would change their arrangements in the next two years or so (Chart 4.4). Amongst these, most said that they would be likely to *increase* how much they used tax agents<sup>11</sup>.

<sup>11</sup> Base size too small to give percentages – results are indicative only.

Of those that *did not use a professional tax agent*, one in five (20%) said they were very or fairly likely to start using a professional agent in the next few years.

**Chart 4.4 Likelihood to change agent use in the next two years or so**



# 5. Factors surrounding the choice of professional tax agent

## 5.1 Reasons for changing the particular professional agent used

### 5.1.1 Reasons that businesses had changed agent within the last three years

Amongst small and mid-sized businesses that *had changed the particular paid agent they used within the last three years*<sup>12</sup>, the most common reason for doing so was that they were not satisfied with the service provided by their previous agent (20%). Additionally, one in ten (11%) businesses said that they had changed due to a breakdown in the relationship, or loss of trust or confidence in their agent. As discussed in Section 3.2.6 (and explored more fully in Section 5.1.2) the relationship between a business and their agent was seen to be important, and a poor quality service could lead to this breaking down.

Businesses also reported that they had changed the professional agent that they used due to changes in their or their agent's circumstances. Thirteen per cent of *businesses who had changed agent in the last three years* had done so because the agent stopped trading and a similar proportion (12%) because the cost of the agent increased. One in twenty (5%) did so because the agent had stopped offering the services required. With regards to changes in businesses' circumstances, seven per cent reported that they had changed agent due to a change in the business' needs, and six per cent that they had required more specialist business/ tax advice.

### 5.1.2 Reasons that would influence businesses to change agent

When asked hypothetically what factors would influence their business's decision to change the particular professional agent used, responses broadly matched those given by those that *had* changed. The primary reason was a lack of satisfaction with the service (29%). This, alongside a breakdown in the relationship were more likely to be considered to be important factors by mid-sized businesses than small businesses, suggesting that mid-sized businesses place more value on a good relationship with their agent. Price might also be an influential factor, with one quarter (25%) mentioning that an increase in the cost of the agent would encourage them to consider changing. Further detail can be found in Appendix B (Section 8.2).

The qualitative research found that businesses tended to feel happy and satisfied with the agent they used. Satisfaction was driven by a long standing personal relationship where they felt confident, safe and loyal in their arrangement. This resulted in very few businesses formally reviewing the business/ agent relationship. Where a review occurred, this tended to be amongst larger businesses involving a re-tendering process with directors, shareholders or members of the board.

The main trigger to reviewing and/ or changing agent tended to be due to a breakdown in the relationship and a lack of satisfaction in the service. The lack of satisfaction in the service was mainly due to a lack of proactivity on the agent's part.

<sup>12</sup> This excludes businesses less than four years old – base 145.

*"Our bookkeeper is not as on the ball as she used to be. I think they are getting complacent...They are not very quick at answering questions or responding to emails promptly... It has been a mistake and we are considering a change."*

(Micro business; used a professional agent for less than one year)

The power of the long standing business/ agent relationship was so strong for some that even where problems arose, they chose not to review the agent used, because they perceived that changing agents would be too difficult.

*"We've built up a partnership and there would probably be teething problems in moving elsewhere with regards to moving all information across to someone different."*

(Small business; used a professional agent for 10+ years)

## **5.2 Factors influencing businesses' choice of particular professional agent**

Respondents were asked to spontaneously respond with which factors were, or would be, important when deciding which professional agent to work with. They were then read the same list of factors, excluding any that they had mentioned spontaneously, and asked whether they had been - or would be - important. For any factor that was mentioned, respondents were asked how important each had been or would be.

### **5.2.1 Factors that influence choice of particular agent**

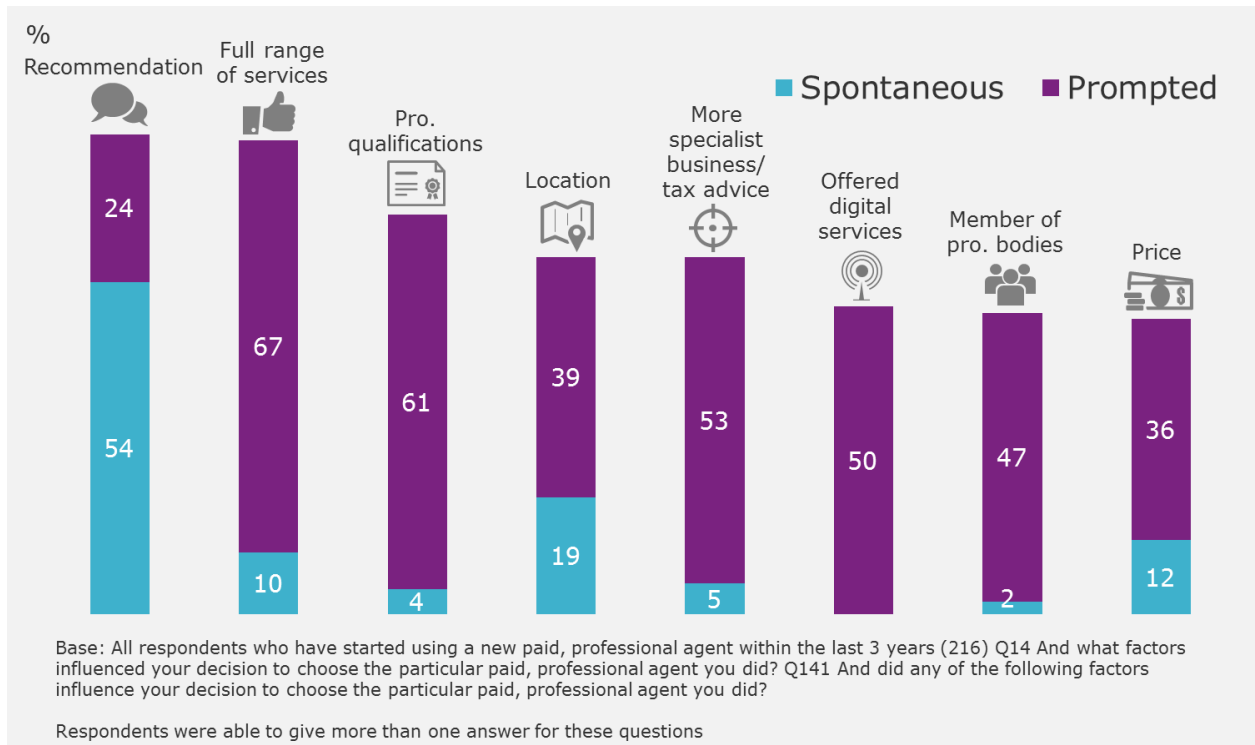
Over half (54%) of small and mid-sized businesses that *had chosen a paid, professional agent within the last three years*<sup>13</sup>, spontaneously said that recommendation had been an influential factor in their decision. Location and price were also important factors mentioned spontaneously (19% and 12% respectively) (Chart 5.1).

Whilst the provision of a full range of services was mentioned spontaneously as an important factor by just ten per cent of businesses, two in three (67%) said that it had been influential following prompting. A similar pattern was observed for professional qualifications or accreditations, with just four per cent mentioning it as influential spontaneously, but a further 61% doing so when prompted. This was also the case for whether the agent offered digital services, with half (50%) mentioning this as an important factor when prompted.

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<sup>13</sup> Including businesses that are less than three years old.

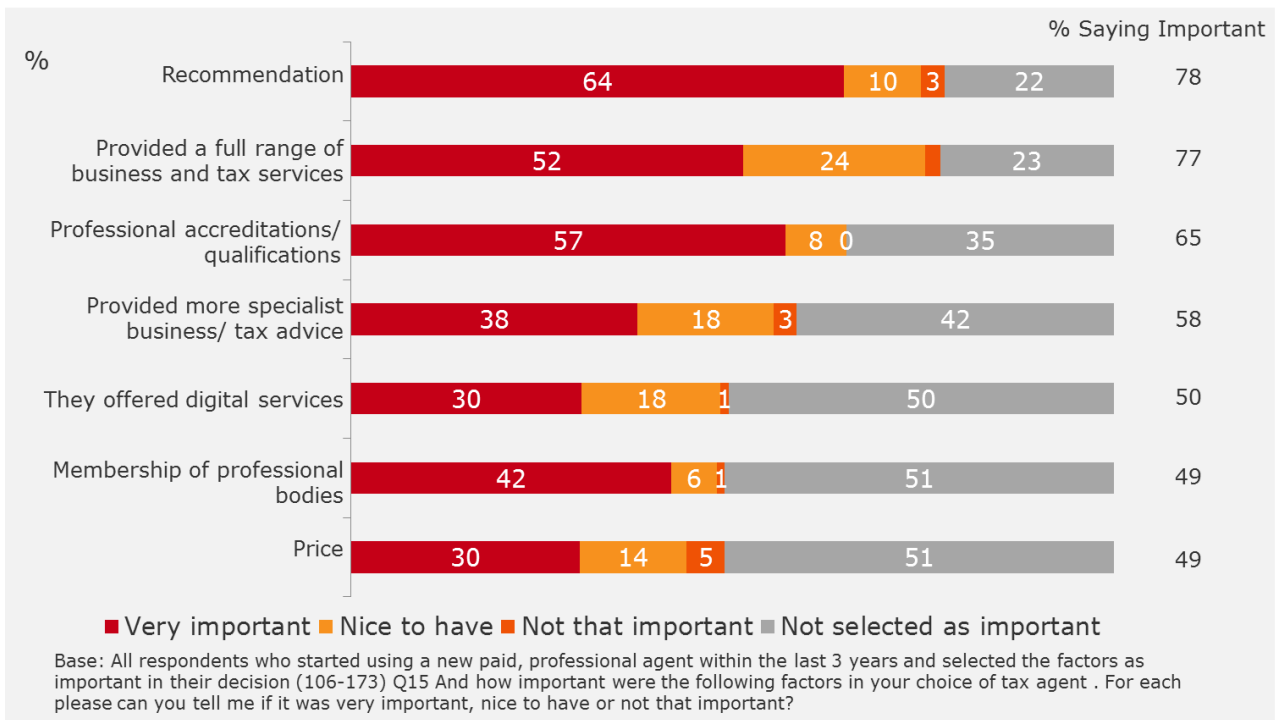
**Chart 5.1 Factors that influenced choice of a particular professional agent**



When asked how important each factor was, recommendation was considered to be “very important” by the most businesses (64%)<sup>14</sup>. Despite very few mentioning professional qualifications or accreditations spontaneously, over half (57%) said that this had been a very important factor in their decision. Membership of professional bodies was also considered to have been very important by almost half (47%) of businesses, despite low proportions mentioning this factor spontaneously. Location and price were considered to be less important, with 30% and 27% respectively saying that they had been very important (Chart 5.2).

<sup>14</sup> Question was only asked of those who selected a response at Q14/Q141. Results have been rebased on all who selected a new agent in last three years.

**Chart 5.2 Relative importance of factors that had been influential<sup>15</sup>**



Insight from the qualitative research further highlighted the importance of recommendation in the decision making process. Recommendation tended to be the most important factor in choosing to use a particular agent. This recommendation was typically in the form of word of mouth from people in their business network or friends/ family. Recommendation meant businesses trusted the agent would do a good job, because others had had a positive experience.

*"I trusted my former agent to have picked [my new agent] wisely. I did no direct research on her. She is from a reputable company which I did check out to see whether it exists. Beyond that I had absolute faith in my former agent."*

(Micro business; used current professional agent for less than one year)

*"If we ever have to change, we'll go on recommendation rather than searching the yellow pages."*

(Sole trader; used a professional agent for less than one year)

While the quantitative survey showed that businesses perceived qualifications and membership of professional bodies to be important, the qualitative research found that these were features that a business would expect or assume agents to have. Few businesses checked whether these were in place. The recommendation being grounded in other people's positive experiences was considered more important.

*"It's more important to have good recommendation and to know their competency with relevant qualifications to do the job. As part of knowing about their competence I would assume they were members of a relevant body."*

(Micro business; used a professional agent for 10+ years)

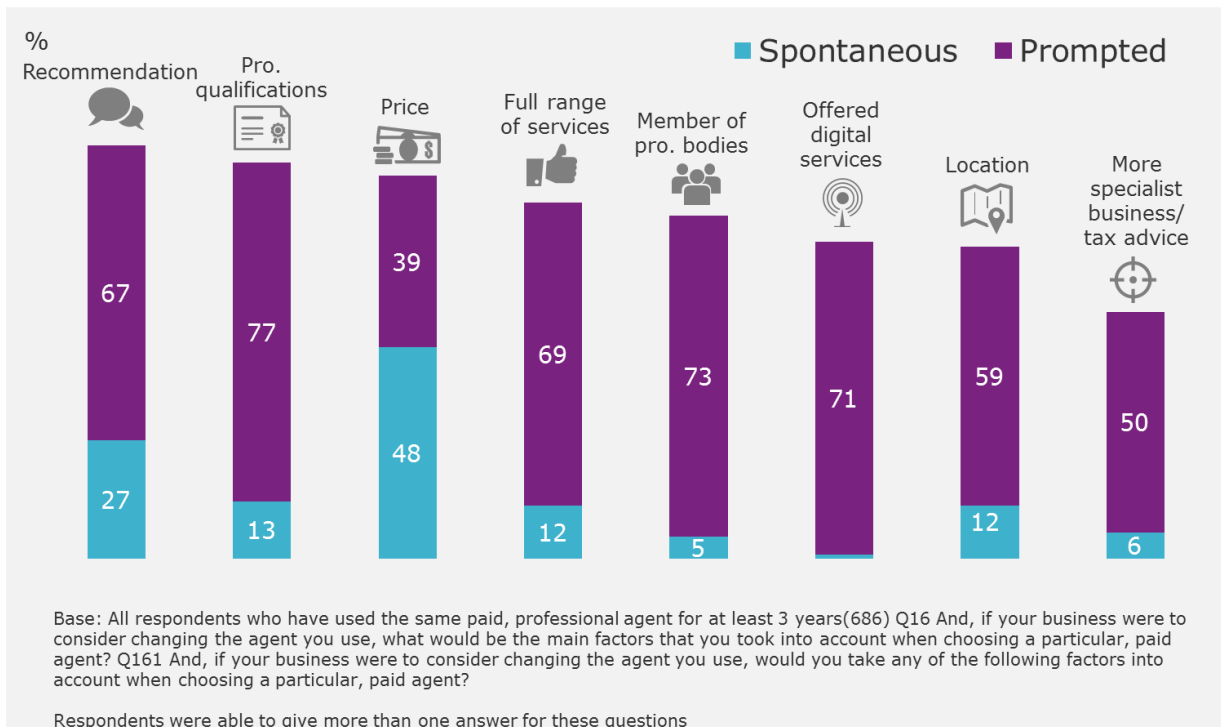
<sup>15</sup> Question was only asked of those who selected a response at Q14/Q141. Results have been rebased on all who selected a new agent in last three years.

### 5.2.2 Factors that would influence choice of a particular agent

Recommendation was also important for businesses that *used a paid, professional agent but had not changed their particular agent within the last three years*. A quarter (27%) of those that had not changed agent mentioned that this would be an important factor in their choice, and following prompting, was the factor most widely considered as influential.

Price was viewed to be influential by a greater proportion of those who had not recently changed their agent than businesses that *had*. Indeed, half (48%) spontaneously mentioned price. Professional qualifications and accreditations, membership of professional bodies, and the offer of digital services were generally only considered as influential following prompting. Further detail as to the factors that would be influential for businesses that had *not changed the professional agent used within the last three years* is given in Chart 5.3.

**Chart 5.3 Factors that would influence choice of a particular professional agent**



The pattern for the relative importance of factors for businesses that had *not changed their professional agent within the last three years* was similar to the reported behaviour of businesses that had *changed professional agent within the last three years* (Section 5.2.1). The majority said that professional qualifications and accreditations (73%) and membership of professional bodies (61%) would be very important (despite very few mentioning these factors spontaneously). Notably, older businesses were more likely to feel that professional qualifications and accreditations would be very important.

Recommendation was considered to be very important for businesses that had *not changed professional agent within the last three years* (64%), in line with businesses that *had*. Further details for those that had *not changed their professional agent within the last three years* can be found in Appendix B (Section 8.3).



Again, when asked directly how important each factor would be, price and location were seen to be less important factors for those that *had not changed their professional agent within the last three years* – although, understandably, price was more important for businesses with a lower turnover. However, these factors were considered to be slightly more important by this group than businesses that *had chosen a new professional agent within the last three years*. This might suggest that these factors are thought to be more important in the decision-making process than they are in practice.

The pattern for those *not using a professional agent* was similar to businesses that *had* recently changed agents and to those who *had not* (further details are given in Appendix B, Section 8.4). When asked to rank the importance of factors, a similar pattern emerged: recommendation, professional qualifications/accreditations and membership of professional bodies were highly rated despite low numbers of respondents mentioning these spontaneously. This again suggests that these factors may actually have limited impact during the decision-making process; they were considered important more generally but were not spontaneously thought of as factors in the decision to choose an agent.

### **5.3 Where businesses looked/ would look to inform choice**

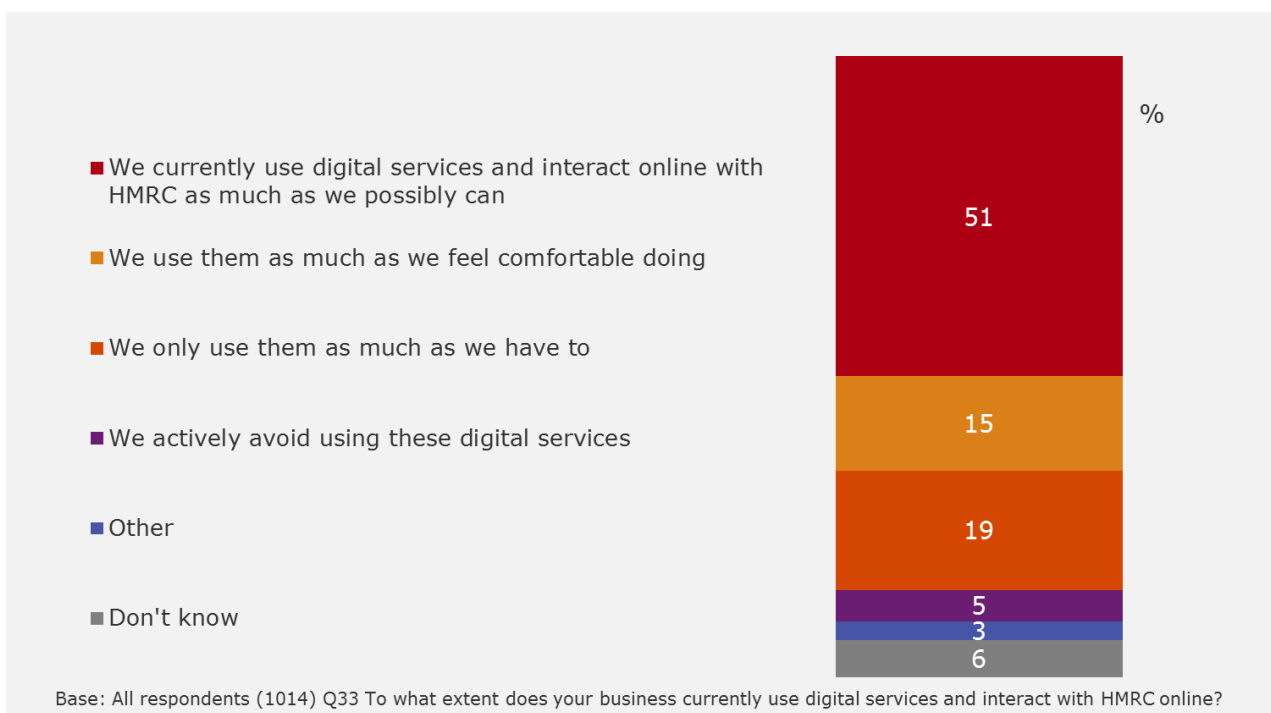
As the qualitative research has indicated (Section 5.2.1), in selecting a new paid professional agent most businesses have looked, or would look, to their business contacts or friends and family for recommendations, further highlighting the importance of recommendations and of word of mouth during the decision-making process. Almost half (48%) of businesses reported that they had spoken to professional contacts outside of their business, or would speak to them, to inform their choice of agent. One in five (20%) said that they had spoken or would speak to family or friends, and 16% to contacts within their business. Further detail can be found in Appendix B (Section 8.5).

## 6. HMRC and digital services

### 6.1 Current usage and awareness of HMRC's digital services

Businesses were asked about their attitudes towards, and confidence in using, HMRC's digital services. Half (51%) of businesses reported that they used digital services and interacted online with HMRC as much as possible (Chart 6.1).

**Chart 6.1 Usage of HMRC's digital services**



Smaller businesses tended to use HMRC's digital services less, making up *all* of the proportion who actively avoided using digital services (none of the mid-sized businesses gave this response). These small businesses that were low in digital confidence tended to outsource all of their work to a tax agent.

More generally, businesses that outsourced any work on their tax affairs to professional agents were also less likely to report using digital services. Around half (49%) said that they used digital services and interacted online with HMRC as much as possible, compared to 63% of those that *did not use an agent at all*.

The qualitative research identified that resistance amongst some smaller businesses to using digital services tended to be in relation to a lack of IT skills and confidence, and a desire to either hand over matters to an agent who possesses these skills, or to use a service with 'more human contact' e.g. the HMRC telephone support line.

*"I only do VAT online because I have to. I like the traditional pen and paper route...when I complete my VAT online I always do it on paper first using an old paper template."*

(Micro business; does not use an agent)

*"You need people when you have a specific kind of query to pick up the phone."*

(Micro business; used a professional agent for 10+ years)

However, the qualitative research also suggested that many businesses who want to manage their tax obligations themselves were looking to HMRC for online tools and services which allowed them to have greater management and control through making tax processes more streamlined. These businesses spontaneously requested the following features from an HMRC online service:

- One account log in across all tax obligations
- Signposting to relevant information
- The ability to make payments online and spread over time
- A portal to share questions and answers with other similar businesses

## **6.2 The perceived impact of Your Tax Account**

Your Tax Account is an online service that has been designed by HMRC to provide improved tools and a tax dashboard for small and mid-sized businesses. It was introduced to respondents in the quantitative survey with a brief explanation<sup>16</sup>, before a number of questions were asked about the potential impact of the service.

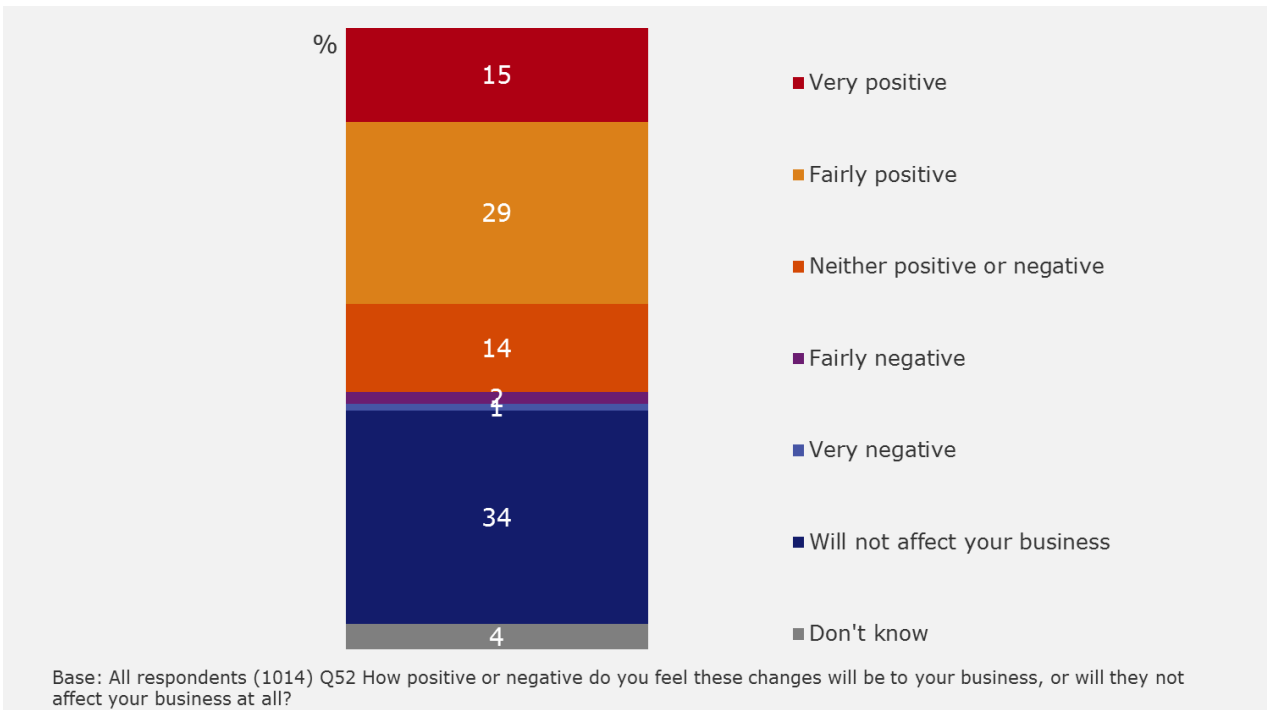
### **6.2.1 Opinion of Your Tax Account**

Very few businesses (3%) saw the roll-out of Your Tax Account having a negative impact on their business (Chart 6.2).

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<sup>16</sup> The text in the survey was: HMRC are developing a new online service for small and medium businesses, called Your Tax Account, through which you can access a summary of your tax position and a range of improved tools and services as they are introduced. At present, anyone in Self Assessment, including those that aren't businesses, can use this service.

**Chart 6.2 Opinion of Your Tax Account**



Those businesses that did *all work on tax matters in-house* tended to be more positive in their opinions of Your Tax Account: almost two thirds (63%) said that this would be positive, compared to 42% of those that used an agent for any tax matters. Those that used an agent were more likely to say that Your Tax Account would not affect their business than those that *did all work in-house* (36% compared with 20%).

After being shown a description of Your Tax Account and its key features, feedback from the qualitative interviews with businesses was positive overall; the participants perceived Your Tax Account to be a service which would enable businesses to have greater management and more control over their taxes by allowing quick and easy access to tax data. A number of businesses compared the Your Tax Account concept to internet banking which has radically increased management of their finances.

*"I think it is good. It's the same as internet banking. It's good to access live information on your bank accounts without having to make phone calls or to write to people. It's accessible and secure, it's good to have."*

(Mid-sized business; used a professional agent for 10+ years)

The features which particularly appealed were:

- Merging accounts with one log in to see all tax obligations in one place

*"That would be the best thing to have it all in one place. If you're looking at one and you see another issue. To see the other ones there it jogs my memory to double check and keep an eye on things."*

(Small business; used a professional an agent for 1-10 years)

- Signposting to relevant tax information specific to the business

*"Knowledge is power and to be able to access information in your own time, that would be good."*

(Sole trader; did not use a professional agent)

- Access to real time tax data

*"It's a good idea to have all the information in one place and it gives you a real time element of where you are... the more information you can get online to keep things up to date the better."*

(Small business; used a professional agent for 10+ years)

- Ability to share tax data

*"It would be helpful to share with my business partner so she could see when payments are due online."*

(Micro business; does not use a professional agent)

- Deferred payments

*"I like the idea of spreading payments over time. Sometimes it is a bit like robbing Peter to pay Paul so it would be good to spread the costs over time."*

(Micro business; did not use a professional agent)

## 6.2.2 Likelihood that businesses will change arrangements for managing tax affairs with Your Tax Account

Despite general positive attitudes towards the service, most small and mid-sized businesses (63%) said that they were unlikely to change their current arrangements for managing their businesses' tax affairs with the launch of Your Tax Account. Just 15% reported that they would be likely to do so (3% would be very likely and 12% fairly likely).

Of businesses that reported that it was *likely* that they would change their current arrangements for managing their tax affairs<sup>17</sup>, the most common response (44%) was that they would be likely to do more work in-house. A quarter (25%) said that they would use a paid, professional agent less, and a further seven per cent that they would stop using a paid, professional agent altogether<sup>18</sup>.

However, it is worth noting that businesses that reported that it was likely that they would change their current arrangements for managing their tax affairs with the introduction of Your Tax Account tended to be those that thought their business was likely to change their arrangements for managing their tax affairs in the next two years or so anyway (smaller and younger businesses in particular). This suggests that, despite being perceived positively, Your Tax Account will have limited direct impact on behaviour relating to choice of tax agent, as businesses were likely to consider changes irrespective of this service.

Although businesses tended to be positive about Your Tax Account, the qualitative research revealed that barriers to use still existed. This was especially the case amongst those businesses with low IT skills or low confidence in their knowledge of tax, and those that perceived the business to have complicated tax obligations.

<sup>17</sup> Base size 141 – results are indicative only.

<sup>18</sup> Note that this question was multi-coded, so answers may overlap. Businesses may have said that they would do more work in-house *and* stop using a professional agent, for instance.

The main barriers were perceived to be:

- Your Tax Account would be too complicated to use (this was mentioned among those with low confidence in their online skills)

*"This is pointless and a complete waste of time. It's another way of causing confusion and complications. I want a person at the end of the phone."*

(Micro business; used a professional agent for 10+ years)

- Managing tax obligations was still too time consuming

*"It makes it easier for myself if someone else does it."*

(Micro business; used a professional agent for less than one year)

- Complicated tax affairs means tax advice was still needed which is not offered through Your Tax Account

Among the participants of the depth interviews, Your Tax Account was most relevant for sole traders or micro businesses who:

- Completed all their tax affairs in-house

*"It would change how I manage things dramatically because I would be up to speed before deadlines. You would hit the ground running because you would be aware of things and put everything in place before the deadlines."*

(Sole trader; does not use a professional agent)

- Used an agent but wanted to increase management of their own tax affairs and reduce agent costs

*"It would be good for me to click on something and see where I am that month rather than having to always refer back to my accountant. It's like my business banking account where I can just go online and have a check."*

(Sole trader; used a professional agent for 10+ years)

- Were happy to maintain their current use of an agent, but would like the ability to keep up to date with the work of their agent

*"Even though my agent would do all this, as an individual I would have the ability to at least view it... I would like reminders to make payments or file information online, similar to when you book a flight just to help you keep check."*

(Sole trader; used a professional agent for less than one year)

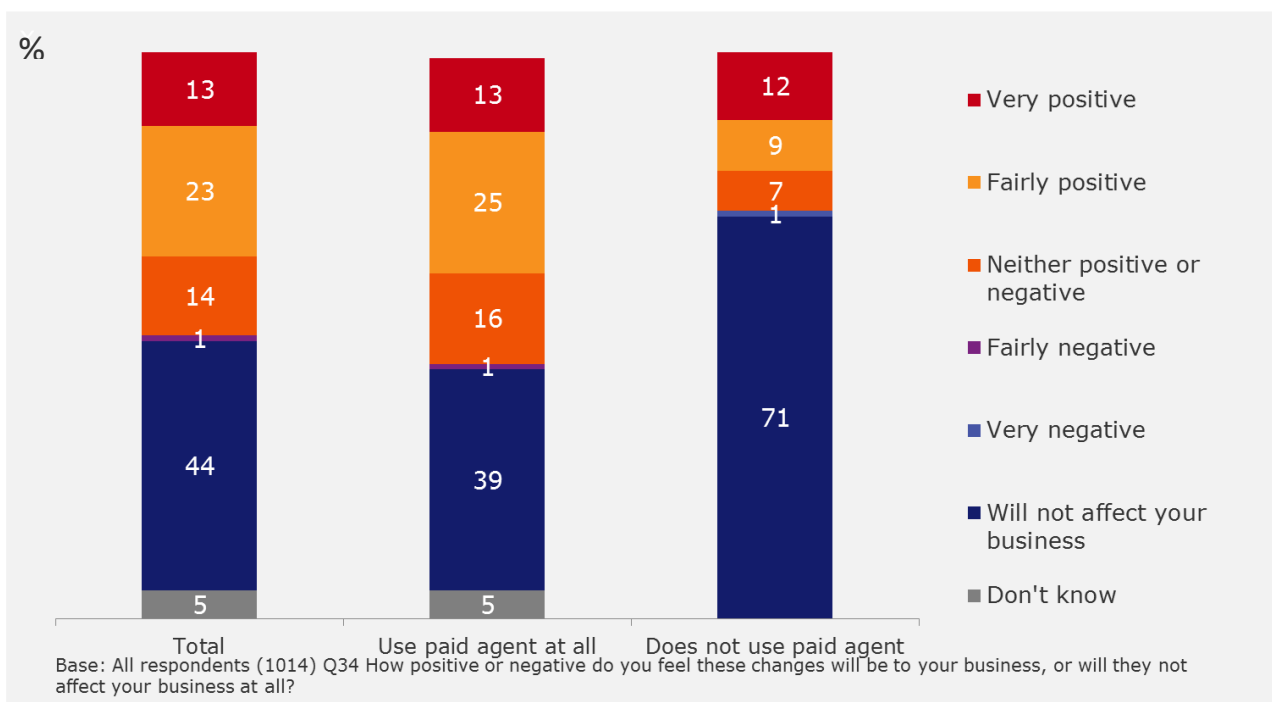
### 6.3 The perceived impact of Agent Online Self Serve

Agent Online Self Serve (AOSS) is a new digital service being designed by HMRC to improve online services for agents. It will provide access to each client’s records in one place, and allow agents to carry out the same online tasks as their clients. It was introduced to participants in the quantitative survey with a brief explanation<sup>19</sup>. Following this, a number of questions were asked about the potential impact the service may have on businesses.

#### 6.3.1 Opinion of AOSS

Businesses were often positive about the likely impact of AOSS for them (Chart 6.3). However, businesses most often (44%) felt that AOSS would not affect their business, and as would be expected this was particularly true for businesses that *did not use a paid, professional tax agent* (71%).

**Chart 6.3 Opinion of AOSS**



#### 6.3.2 Likelihood that businesses will change arrangements for managing tax affairs with AOSS

Only one in ten (10%) businesses felt it would be likely that, with the launch of AOSS, they would change how much they used a professional agent.

Of the small proportion that thought it would be likely that they would change how much they used a paid, professional agent<sup>20</sup>, around two thirds (62%) said that they would use a professional agent less or stop using one altogether. 28% reported that they would start to use a professional agent, or use one more.

<sup>19</sup> The text in the survey was: HMRC are developing a new online service for agents, to help them handle their clients’ tax affairs more efficiently. This will include the ability to view all of their clients’ tax liabilities and payment information in one place.

<sup>20</sup> Base size 99 – results are indicative only.

Again, however, businesses that reported that it was likely that they would change how much they use a professional agent with the roll-out of AOSS tended to be younger businesses and those who said that they would be likely to change their arrangements in the next two years or so regardless (25%, compared with 8% that said they would be unlikely to).

The qualitative research found that businesses perceived AOSS as having the potential to increase overall efficiency of the service provided by their agent. The following benefits of the service were identified:

- **A decrease in time spent on administrative tasks** - The ability for agents to access all their clients' tax obligations through one portal could decrease time usually spent sifting through files because the same information is available on a dashboard

*"It's hard to argue against an agent if they do multiple things and only having to register once. It's hard to argue against them having one kind of portal where they can get access to all their client's stuff. It would make their life easier."*

(Micro business; used a professional agent for less than one year)

- **Increased transparency in the agent/ client relationship** – Both parties have access to tax accounts online and therefore the 'full picture' could be more easily accessed and consolidated

*"This service looks as though it is simplifying things... I like the idea of increased transparency and sharing the same screens with agents."*

(Mid-sized business; used a professional agent for 1-10 years)

- **A safety net** – Ability to view what the agent/ client has done and for both parties to notify each other in relation to payment and submission deadlines

*"I think it's a good idea. I think it's a good fail safe because if you happen to miss something they can highlight it. I also think it shows the overall picture."*

(Small business; used a professional agent for 10+ years)

*"This would prevent agents missing dates, etc. Even when using a professional this can happen so having HMRC flagging things would be a big help."*

(Mid-sized business; used a professional agent for 1-10 years)

Businesses identified the potential for a reduction in agent costs, due to time saving through increased efficiency.

*"My background is banking and I have had to deal with lots of agents. I think for a business owner or an agent people want simplicity... An agent would need one log in, dashboard to look at individual taxes and all the customers they need to do PAYE for or they could go in by list of customers. They would need the ability to filter. An agent wants to minimise costs to them. One way they can do that is through time saving."*

(Micro business; did not use a professional agent)



Although businesses identified the potential for AOSS to increase efficiency in services offered by the agent, drawbacks were also identified. These were:

- **AOSS lacks relevance** – Considered not relevant for businesses with simple tax obligations and where the agent has few tasks to complete. The service was most relevant for businesses where the agent has multiple tax obligations to manage

*"If your agent was doing everything for you, you would want them to have this [AOSS] and take over and that would help them with what they do."*

(Small business; used a professional agent for 1-10 years)

- **AOSS may increase agent costs** – Some businesses assumed that all agents who have access to the platform would increase their costs due to offering added value/ an enhanced service and completing tasks on behalf of their clients

*"I think if they had access to this on your behalf they would charge an arm and a leg for it... They have more control, they would be doing more and therefore charging more."*

(Micro business; did not use a professional agent)

- **The potential for data errors and security breach** – A worry amongst some that an online service which merges multiple client accounts in one place, may be open to online security risk and data being mixed up and/or going missing

*"It's interesting how they can see all their clients and their own business. The worry is that it might be too much information at one time. I don't know if that could confuse things. Could there be a crossover of data? I'm not sure."*

(Small business; used a professional agent for 1-10 years)

*"Supposing they (the agent) got it wrong without checking."*

(Micro business; did not use a professional agent)

#### **6.4 Likelihood to change paid, professional agent used due to digital services**

Nine in ten (88%) businesses that used a professional tax agent said they would be unlikely to change, or consider changing, the particular agent they used as a result of HMRC's digital services.

Around one in ten (9%) agreed that they would at least consider changing agent as a result of HMRC's digital services, although again this was higher amongst younger businesses (16% of those aged three years or less, compared with 9% of those aged four years or over). Moreover, about one quarter (24%) of those that were likely to change their arrangements for managing their tax affairs in the next two years or so said they would at least consider changing the particular agent they used, compared with just six per cent of those that were unlikely to; this again suggests that HMRC's digital services may have minimal direct impact on businesses' behaviour.

The qualitative insight further indicated that although some businesses were positive about the AOSS service, particularly those with multiple tax obligations and those who relied on their agent, overall AOSS was unlikely to encourage businesses to switch their agent. Businesses perceived the existence of a long standing personal relationship to be more important than the agent having access to digital services.

*"I would be happy for my accountant to do it [use AOSS]. It wouldn't make me change accountants. I rely on my accountant and trust her to do things."*

(Micro business; used a professional agent for 1-10 years)

However, some suggested that if they were choosing a new agent, they may consider the agent who had access to the AOSS service as more professional because they could be offering a more efficient service and this could influence their decision in which agent to use.

*"If I was looking for an agent to take care of everything this [AOSS] would help them and mean there was one less thing I had to do. If they had registered to this I would think they would be with the times, up-to-date, with it and knows what they are doing. They would probably be more efficient with their time."*

(Small business; used a professional agent for 1-10 years)

# 7. Appendix A - Methodology

## 7.1 Quantitative methodology

### 7.1.1 Sample Design

The quantitative sample was drawn from the Experian database to cover small and mid-sized businesses. Businesses with more than 20 employees and businesses that were three years old or less were deliberately over-sampled in order to generate a robust number of mid-sized businesses and new businesses for sub-group analysis. Data were then weighted back to the levels found in the population in the final data set.

The person interviewed on behalf of a business was someone who had a good understanding of the business's strategy and direction, and could explain the business's motivations for using or not using a tax agent. This was the owner or senior manager of businesses with fewer than 50 employees, and the Finance Director or manager of businesses with between 50 and 249 employees.

### 7.1.2 Data Collection

The questionnaire was developed by HMRC and TNS BMRB to address the research objectives.

All businesses were sent an advance letter shortly before fieldwork began. This was printed with the HMRC logo.

The quantitative interviews were carried out with the aid of Computer Assisted Telephone Interviewing (CATI). Interviewing was carried out in the controlled environment of the research agency's dedicated telephone interviewing centres. Rigorous interview quality control procedures prescribed in ISO 20252 were followed, including a supervisor listening into interviews remotely on a systematic basis.

Interviews were conducted between 9 February and 20 March and took an average of 15 minutes. The final achieved sample comprised 1,014 small and mid-sized businesses. Overall the estimated response rate was 45%. Table A.1 summarises all of the fieldwork outcomes.

**Figure A.1 Fieldwork outcomes**

Outcome	n
<b>Total sample issued</b>	<b>2944</b>
<b>Unused sample (deadwood/ ineligible sample)</b>	
Deadwood (bad numbers, wrong numbers)	394
Screened ineligible sample	108
<b>Unresolved/ unscreened sample</b>	
Unresolved sample (engaged, no answer, general call backs)	392
Unscreened resolved sample (refusals, language barrier, unavailable)	960
<b>Total completed interviews</b>	<b>1014</b>
<b>Eligibility rate on screened sample</b>	<b>90%</b>
<b>Estimated response rate<sup>21</sup></b>	<b>45%</b>

### 7.1.3 Data Weighting

Data for respondents was rim weighted by business size, region, industry sector (using data from Business Population Estimates<sup>22</sup>) and business age (using data from the BIS Small Business Survey<sup>23</sup>). The first two columns of Table A.2 below show the actual number of interviews conducted by sub group, i.e. before weighting was applied. The second two columns show the number after corrective weighting was applied.

<sup>21</sup> In the calculation of response rate, the eligibility rate of sample for which eligibility is unknown is assumed to be the same as for the known sample.

<sup>22</sup> Business Population Estimates (2014) <https://www.gov.uk/government/statistics/business-population-estimates-2014>

<sup>23</sup> BIS Small Business Survey (2015) <https://www.gov.uk/government/publications/small-business-survey-2014-businesses-with-employees>

**Table A.2 Unweighted and weighted number of interviews**

	<b>Interviews completed (unweighted)</b>	<b>Interviews completed (unweighted %)</b>	<b>Weighted number of interviews</b>	<b>Weighted interviews (%)</b>
<b>SIZE</b>				
0 (ie. Sole trader with no employees)	322	32%	438	43%
1 – 9	439	43%	468	46%
10 – 19	87	9%	43	4%
20 – 49	108	11%	46	5%
50 – 249	58	6%	21	2%
<b>TURNOVER</b>				
Less than £15,000	86	8%	122	12%
£15,000 or more but less than £50,000	168	17%	226	22%
£50,000 or more but less than £81,000	100	10%	114	11%
£81,000 or more but less than £100,000	51	5%	68	7%
£100,000 or more but less than £250,000	132	13%	141	14%
£250,000 or more but less than £500,000	99	10%	99	10%
£500,000 or more but less than £1 million	94	9%	64	6%
£1 million or more but less than £10 million	184	18%	89	9%
£10 million or more but less than £42 million	11	1%	3	<1%
£42 million or more	2	<1%	1	<1%
Don't know	47	5%	51	5%
Refused	40	4%	38	4%
<b>BUSINESS AGE</b>				
3 years old or less	173	17%	118	12%
Over 3 years old	841	83%	896	88%

It should also be noted that the information contained in the Experian database about a business's number of employees was used in selection of the sample but that the equivalent information used in data analysis (in this report) is derived from information about employee numbers given by the business. These two sets of information did not match exactly. This means that the distribution of the data by number of employees does not exactly match the sample profile information given above.

## 7.2 Qualitative methodology

### 7.2.1 Development stage

Six 30-minute telephone interviews were conducted with businesses to inform the quantitative questionnaire design. These were recruited from published lists of businesses such as Yellow Pages. The profile of these businesses is shown in Table A.3.

**Table A.3 Qualitative Depth Interviews Development Stage Sample**

<b>Business</b>	<b>Employees</b>
<b>1</b>	Sole trader
<b>2</b>	Sole trader
<b>3</b>	24
<b>4</b>	25
<b>5</b>	35
<b>6</b>	65

### 7.2.2 Follow-up stage

Following the quantitative stage of the research, twenty-four 30 minute telephone interviews were conducted with businesses who had agreed to be re-contacted during the quantitative survey. The focus of these interviews was to gain a greater depth of understanding of the process through which businesses decide whether to use a tax agent, and if so which particular agent to use. It focused on the factors that influence this decision, including the potential impact of digital services.

The sample profile for these interviews is shown in Table A.4.

**Table A.4 Sample profile of follow-up depth interviews**

	<b>Small businesses</b>	<b>Mid-sized businesses</b>
<b>TOTAL</b>	16	8
<b>Use of professional agent</b>		
Uses a professional agent	11	7
Does not use a professional agent	5	1
<b>Length of time used a professional agent</b>		
Less than 1 year	4	0
1 – 10 years	3	3
10 or more years	4	4
N/A (no agent)	5	1
<b>Tax tasks undertaken</b>	Mix of bookkeeping and/or tax returns and/or tax planning	
<b>Current use of digital services to interact with HMRC online</b>		
Used	12	6
Not used	4	2
<b>Likelihood of changing current arrangements for managing tax affairs after the launch of Your Tax Account</b>		
Likely to change	4	2
Unlikely to change	12	6
<b>Industry sector</b>	Mix, no more than two thirds in the service sector	

## 8. Appendix B – Response tables

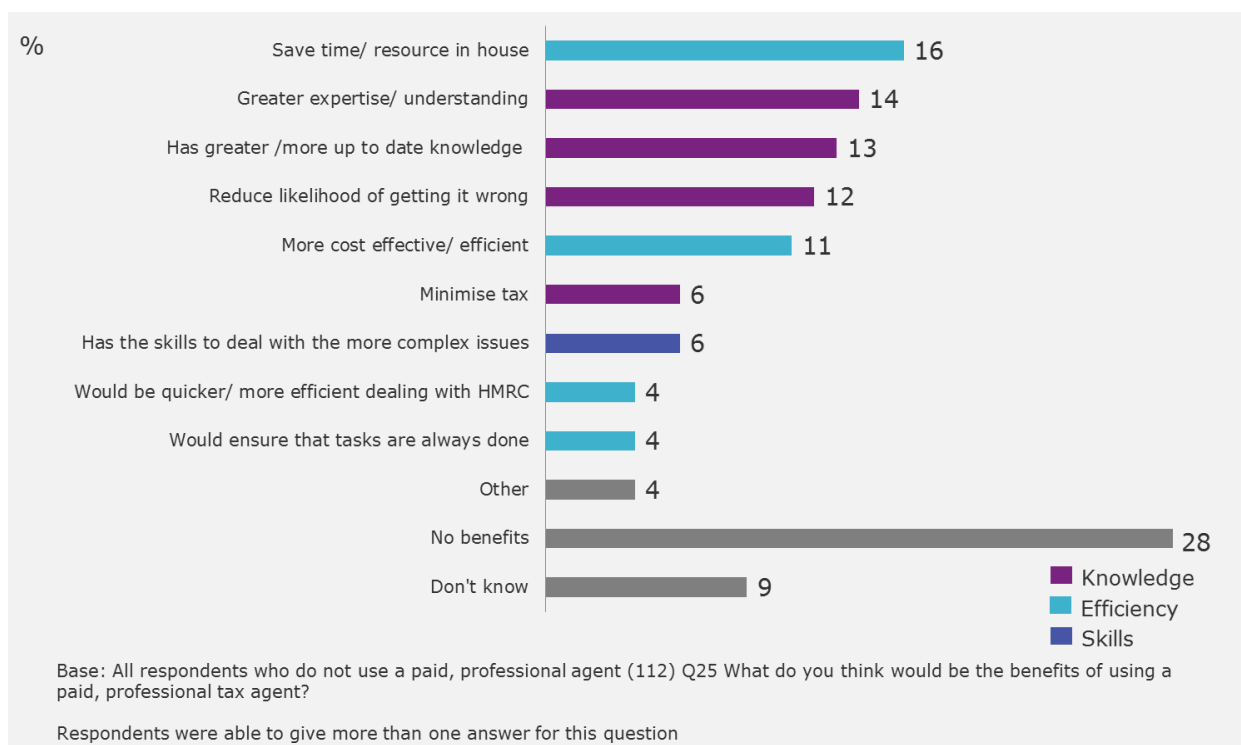
The following tables are referenced in the main body of the report.

### 8.1 Number of employees of businesses in the weighted sample (Section 3.1)

	Proportion of businesses
None (i.e. sole trader with no employees)	43%
1 – 9	46%
10 – 19	4%
20 – 49	5%
50 - 249	2%

Base: All respondents (1014)

### 8.2 Perceived benefits of using a professional agent (Section 4.1.2)





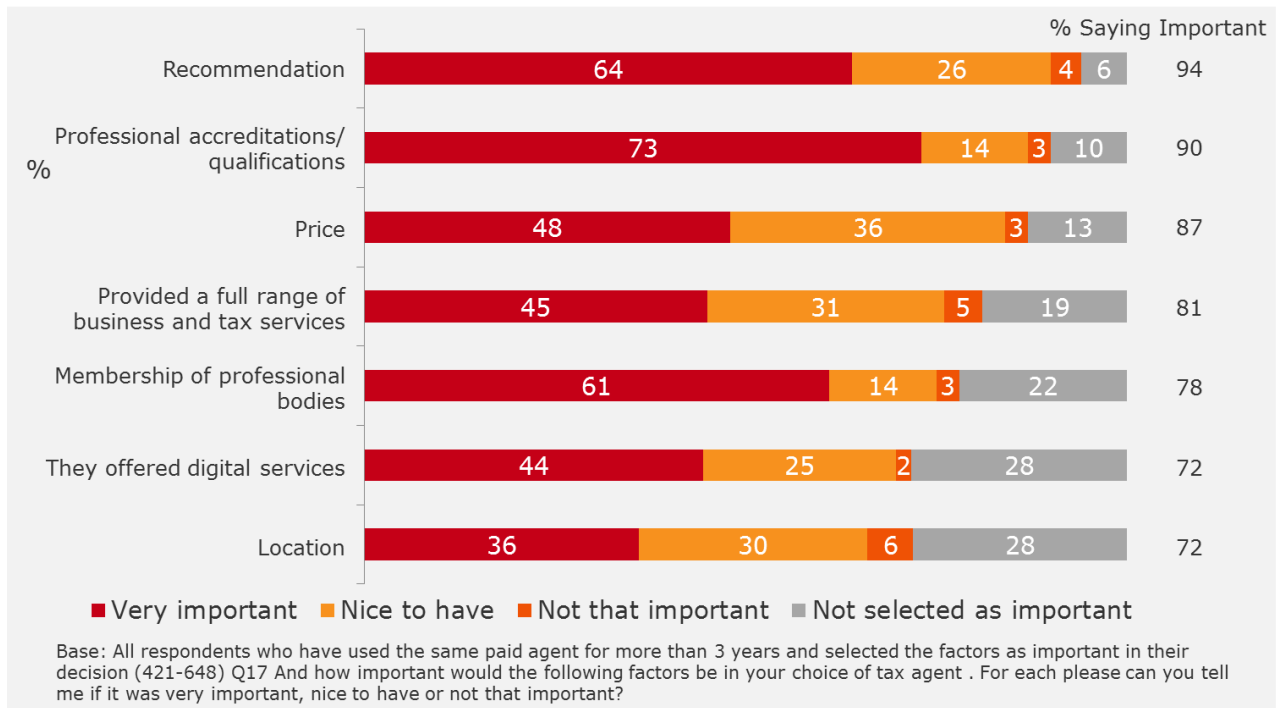
### 8.3 Factors that would influence businesses using a professional agent to change the agent they use (Section 5.1.2)

	Total	Small businesses	Mid-sized businesses
Lack of satisfaction with the service provided by current agent	29%	28%	40%
Cost of current agent increased	25%	25%	23%
Current agent stopped trading altogether	17%	18%	7%
A new agent offered same/better services for less money	6%	6%	8%
Breakdown in relationship (loss of trust/confidence)	6%	6%	13%
Current agent stopped offering the services required	4%	4%	2%
Change in business' circumstances e.g. location	2%	2%	1%
Change in the business' needs	2%	2%	2%
Current agent didn't have sufficient knowledge of tax rules/regulations	1%	1%	2%
Needed more specialist business/tax advice	1%	1%	2%
Growth of business	1%	1%	2%
New agent was recommended	1%	1%	1%
Heard bad things about current agent	1%	1%	-
Current agent did not have professional qualifications or accreditations	0%	0%	-
Current agent was not/no longer going to be a member of a professional body	0%	0%	-
Other	2%	2%	2%
None	8%	7%	12%
Don't know	18%	18%	12%
Refused	1%	1%	-

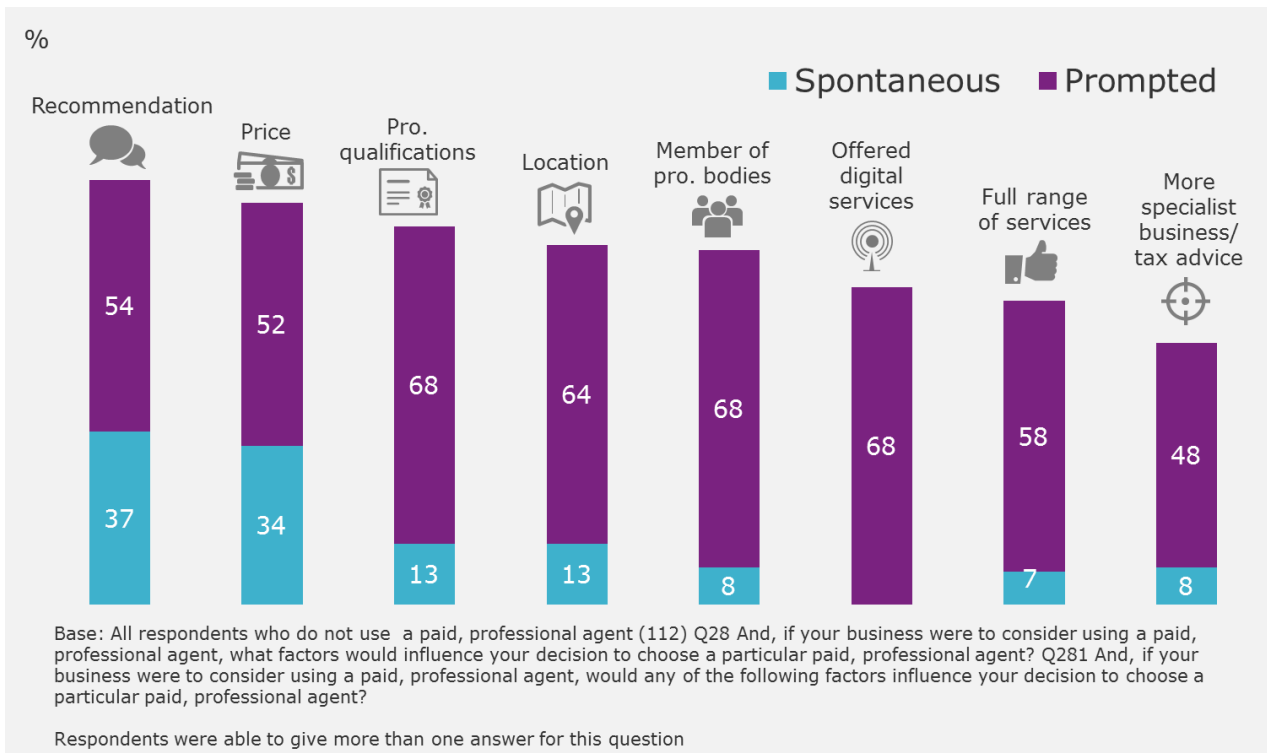
Where '0%' shown, number of responses sums to <0.5%, where '-' shown, no businesses gave this answer.

Base: All respondents using a professional agent that had not changed within the last three years (754)

**8.4 Relative importance of factors that would be influential in choice of new tax agent<sup>24</sup> (Section 5.2.2)**



**8.5 Factors that would influence the choice of professional agent for businesses not currently using a professional agent<sup>25</sup> (Section 5.2.2)**



<sup>24</sup> Question was only asked of those who selected a response at Q16/Q161. Results have been rebased on all who have used the same paid agent for four years or more.

<sup>25</sup> Base size 112 – results are indicative only.

**8.6 Sources of information used, or that would be used, to inform businesses' choice of professional tax agent (Section 5.3)**

	<b>Total</b>
Professional contacts outside of my business	48%
Friends/ family	20%
Online/ websites/ search engines eg. Google	17%
Contacts within my business	16%
Local business directory	8%
Professional organisations	5%
Approached by agent	1%
Social media	0%
Tax guides eg. Tolley's	0%
Other	4%
Don't know	11%
Refused	-
No answer	1%

Where '0%' shown, number of responses sums to <0.5%, where '-' shown, no businesses gave this answer.

Base: All respondents using a professional agent (902)

## 9. Appendix C – Quantitative questionnaire

### Questionnaire notes

Scripter notes: Please note loops, filters, and block filters.

### B1 : Introduction and Screening

**Begin block**

**T4 : INTRO1 :****Text**

Good morning/afternoon/evening, my name is ..., and I am calling from TNS-BMRB, the independent social research company. We are carrying out a survey for Her Majesty's Revenue and Customs about businesses' use of tax agents such as accountants and book keepers.

[TEXT FILL A:

IF <50 employees

Please could I speak to the owner or senior manager?

IF 50 to 249 employees

Please can I speak to the Finance Director or manager?]

IF SAY HAND OVER TO ACCOUNTANT/PAYROLL BUREAU/AGENT: ask to speak to the most senior person that deals with the accountant/agent/payroll bureau within the business

IF NECESSARY: You should have recently received a letter from HMRC about the study and requesting your help (IF NECESSARY OBTAIN EMAIL ADDRESS AND RESEND LETTER)

REINTRODUCE IF NECESSARY: We are carrying out a survey for HM Revenue and Customs about businesses' choice of tax agent. Is now a good time to ask you some questions?

IF NECESSARY: The study is to obtain a better understanding of why some businesses choose to use a tax agent such as an accountant or book keeper and others do not and ways in which agents are used. Your feedback will help HMRC to identify how they can improve the services they offer your business, whether or not you use an agent.

IF SAY DONT USE AGENT: We particularly want to speak to businesses like yours who do not use tax agents to help HMRC improve the information and services they provide directly to you.

The interview should take around 10-15 minutes. It will be conducted in accordance with the rules of the Market Research Society.

**Q42 : SCR1 :****Single coded**

First of all, can I confirm that you/your business does NOT advise or deal with other people's business or personal tax affairs in a professional capacity? By this I mean you do not mainly represent or help with clients' tax affairs on a paid basis.

- 1  Yes, business DOES advise or deal with client's tax affairs on a PAID basis  
↳ **SCREEN OUT**
- 2  No, business does NOT advise or deal with client's tax affairs on a PAID basis

**Q1 : DUMMYAGE :****Single coded****Dummy**

Age of business from sample

- 1  3 years old or less
- 2  Over 3 years old
- 3  don't know

*\*Position fixed***Q2 : NUMEMP :****Single coded**

How many employees does your business currently employ across all sites, excluding owners and partners?

**INTERVIEWER NOTE:** This is in UK only and for the business as a whole and not just a branch or site

IF RESPONDENT UNSURE, ASK FOR ROUGH ESTIMATE/PROMPT WITH RANGES

INCLUDE FULL AND PART TIME

INCLUDE TEMPORARIES/CASUALS, BUT NOT AGENCY STAFF AND NOT SUBCONTRACTORS

EXCLUDE SELF-EMPLOYED

EXCLUDE OWNERS/PARTNERS, BUT OTHER DIRECTORS COUNT AS EMPLOYEES

- 1  0 (i.e. Sole trader with no employees)
- 2  1 - 9
- 3  10 - 19
- 4  20 - 49
- 5  50 -249
- 6  250 +

↙ **SCREEN OUT**

- 7  don't know

*\*Position fixed*↙ **SCREEN OUT**

- 8  refused

*\*Position fixed*↙ **SCREEN OUT****B1 : Introduction and Screening****End block**

And, how many people within your business do any work on accounting, payroll or tax issues?

IF RESPONDENT UNSURE, PROMPT WITH RANGES

- 1  0 - we outsource all work on tax affairs
- 2  1
- 3  2-4
- 4  5-10
- 5  11+
- 7  don't know
- 8  refused

*\*Position fixed*

*\*Position fixed*

Scripter notes: Please add check to ensure that number selected here does not exceed number of employees at NUMEMP: IF NUMEMP=1, INTERNAL CAN = 1 or 2

You said you had X employees and Y employees within your business working on accounting, payroll or tax issues. Would you like to change the number of employees or number of employees within the business working on accounting, payroll or tax issues?

ASK IF AT LEAST 1 PERSON IN HOUSE DOING WORK ON ACCOUNTING, PAYROLL OR TAX ISSUES

ASK ONLY IF Q49 : INTERNAL=2,3,4,5

**Q50 : INTERNALQUAL :**

Single coded

[Text fill A: if Q49 = 3,4,5 'How many of those who do any work on accounting, payroll or tax issues']

[Text fill B: if Q49 = 2 'Do they'] have a professional accounting or tax qualification?

IF RESPONDENT UNSURE, PROMPT WITH RANGES

1  0 - none have a professional qualification

2  1

3  2-4

4  5-10

5  11+

7  don't know

8  refused

*\*Position fixed*

*\*Position fixed*

Scripter notes: Add check to ensure answer is not higher than that given at INTERNAL

You have said you have x people within your business who do any work on accounting, payroll or tax issues and of those Y have a professional accounting or tax qualification. Would you like to change the number of people working on accounting, payroll or tax issues, or the number of those people with a professional accounting or tax qualification

**Q56 : OUTSOURCE :**

Single coded

And thinking about the work your business needs to undertake for its accounts, payroll and tax, do you:

READ OUT

1  Do all of the work in house

2  Do some in house/ some is outsourced

3  or All of the work is outsourced

4  don't know

5  refused

*\*Position fixed*

*\*Position fixed*



For which, if any, of the following tasks does your business use an accounting, payroll or tax agent?

By tax agent, we mean an individual or business, external to your business, who advises or deals with your tax affairs. This could be on a paid or unpaid basis.

READ OUT

INTERVIEWER NOTE: By 'enquiries' we mean formal enquiries conducted by HMRC.  
 INTERVIEWER INSTRUCTION: Count as yes at each task if they do some and outsource some.  
 IF NECESSARY: Please only refer to the last 3 years

- |    |                          |   |                                   |
|----|--------------------------|---|-----------------------------------|
| 1  | <input type="checkbox"/> | Bookkeeping   |                                   |
| 2  | <input type="checkbox"/> | Payroll   |                                   |
| 3  | <input type="checkbox"/> | Preparing and submitting tax returns  |                                   |
| 4  | <input type="checkbox"/> | Handling complex tax matters, including enquiries                           |                                   |
| 5  | <input type="checkbox"/> | To provide tax planning advice  |                                   |
| 6  | <input type="checkbox"/> | Providing more general business advice, e.g. financial planning / cash flow |                                   |
| 7  | <input type="checkbox"/> | other (specify)   | <i>*Open *Position fixed</i>      |
| 8  | <input type="radio"/>    | none of the above / we never use an agent                                   | <i>*Exclusive *Position fixed</i> |
| 9  | <input type="radio"/>    | don't know  | <i>*Exclusive *Position fixed</i> |
|    | ↕                        | SCREEN OUT  |                                   |
| 10 | <input type="radio"/>    | refused   | <i>*Exclusive *Position fixed</i> |
|    | ↕                        | SCREEN OUT  |                                   |

LOOP FOR EACH TASK BUSINESS USES AN AGENT FOR AT Q3

ASK ONLY IF Q3 : AGENTUSE=1,2,3,5,7,4,6

**Q4 : AGENTTYPE :**

Single coded

You said you used someone outside of the business [text fill: answer from AGENTUSE]. Is this...

IF NECESSARY: If your business uses more than one agent for this, please refer to the agent that you use most for this task.

INTERVIEWER INSTRUCTION: READ OUT UNLESS VERY CLEAR FROM RESPONDENT'S ANSWER

- 1  A payroll bureau
- 2  A paid finance professional e.g. an accountant
- 3  A voluntary or charitable organisation e.g. Citizens Advice Bureau
- 4  Friend or family member with professional financial qualifications
- 5  Friend or family member with NO professional financial qualifications
- 6  don't know *\*Position fixed*
- 7  refused *\*Position fixed*

Scripter notes: LOOP FOR EACH AGENTUSE=1,2,3,4,5,6,7

Text fills should read:

AGENTUSE=1: to do some or all of the bookkeeping

AGENTUSE=2: to deal with some or all of the payroll

AGENTUSE=3: to prepare or submit tax returns

AGENTUSE=4: to deal with complex tax matters, including enquiries

AGENTUSE=5: to provide tax planning advice

AGENTUSE=6: to provide more general business advice

AGENT USE=7: to assist your business in some other way

IF DK or REF given at ALL ITERATIONS, screen out.

ASK ALL WHO SAID THEY USE A PAYROLL BUREAU OR PAID FINANCIAL PROFESSIONAL FOR ANY TASKS  
AT Q4

ASK ONLY IF Q4 : AGENTTYPE=1,2

**Q5 : NUMPAID :**

Single coded

In total, how many different paid, professional tax agent firms does your business use?

1  1

2  2

3  3

4  4

5  5+

6  don't know

*\*Position fixed*

7  refused

*\*Position fixed*

ASK ALL WHO SAID THEY USE A PAYROLL BUREAU OR PAID FINANCIAL PROFESSIONAL FOR ANY TASKS  
AT Q4

ASK ONLY IF Q4 : AGENTTYPE=1,2

**Q7 : LENGTHOFUSE :**

Single coded

You said that you use [text fill A: see scripiter notes] paid, professional agent[text fill B: (IF NUMPAID=2,3,4 or 5)s]. I am now going to ask you about how long they have assisted you.

For how long has your business used [text fill C: see scripiter notes]?

PROMPT IF NECESSARY

IF NECESSARY: It does not matter about the order in which you refer to the different agents that your business uses. Please just do so in whichever order is easiest for you.

- 1  Up to a year
- 2  Between 1-3 years
- 3  Between 4-5 years
- 4  Between 6 -10 years
- 7  More than 10 years
- 8  don't know
- 9  refused

*\*Position fixed*

*\*Position fixed*

Scripter notes: LOOP FOR NUMBER OF AGENTS GIVEN AT NUMPAID.

THE FOLLOWING TEXT ONLY TO APPEAR AT FIRST ITERATION: You previously said that you use [text fill A: see scripiter notes] paid, professional agent[text fill B: (IF NUMPAID=2,3,4 or 5)s]. I am now going to ask you about how long they have assisted you.

TEXT FILL A

IF NUMPAID=1, DK, REF: a

IF NUMPAID=2: 2

IF NUMPAID=3: 3

IF NUMPAID=4: 4

IF NUMPAID=5: 5 or more

TEXT FILL C

IF NUMPAID=1: loop once and text fill: this paid, professional agent

IF NUMPAID=2,3,4,5: loop 2, 3, 4 times and text fill 1: the first paid, professional agent

text fill 2: the second paid, professional agent

text fill 3: the third paid, professional agent

text fill 4: the fourth paid, professional agent

text fill 5: the fifth paid, professional agent

ASK ALL WHO SAID THEY USE A VOLUNTARY OR CHARITABLE ORGANISATION OR FRIEND OR FAMILY MEMBER WITH FINANCIAL QUALIFICATIONS OR FRIEND OR FAMILY MEMBER WITH NO FINANCIAL TRAINING FOR ANY TASKS AT Q4

ASK ONLY IF Q4 : AGENTTYPE=3,4,5

**Q8 : LENGTHOFUSE2 :**

Single coded

You said that you use an informal agent to assist with your business' tax affairs.

For how long has your business used this informal agent?

IF NECESSARY: If your business uses more than one informal agent, please refer to the agent you use the most frequently.

PROMPT IF NECESSARY

- 1  Up to a year
- 2  Between 1-3 years
- 3  Between 4-5 years
- 4  Between 6 -10 years
- 7  More than 10 years
- 8  don't know
- 9  refused

*\*Position fixed*

*\*Position fixed*

**B2 : Tax Agent Usage**

**End block**

ASK ALL WHO SAID THEY USE A PAYROLL BUREAU OR PAID FINANCIAL PROFESSIONAL FOR ANY TASKS  
AT Q4

ASK ONLY IF Q4 : AGENTTYPE=1,2

**B3 : Factors influencing decision to USE or CHANGE PAID agents**

**Begin block**

**Q9 : WHYPRO :**

**Multi coded**

Why does your business use [text fill: (if NUMPAID=1, 6 or 7) a] paid professional agent[text fill: (if NUMPAID=2, 3, 4 or 5)s] rather than doing it all in house, or using a voluntary or charitable organisation, or friend or family member?

PROBE: Why else do you use a paid agent?

DO NOT READ OUT

- 1  Not enough time/resource in house
- 3  More cost effective/efficient/ quicker to use someone else
- 5  Don't have the skills to deal with the more complex issues
- 4  Don't have the skills to deal with the basic issues
- 8  Worried about getting it wrong (peace of mind)
- 16  Allows me/us to focus/concentrate on running the business
- 7  Ensures that tasks are always done, no matter what is going on in the business
- 11  Dealings with HMRC are increasingly online/ we don't have the necessary digital skills in house
- 17  Minimises the amount of direct contact we need to make with HMRC
- 18  Minimises the amount of tax we pay
- 15  Ability to build a relationship
- 6  Agents have greater/up-to-date knowledge of tax rules and regulations
- 19  Providing more general business advice, e.g. financial planning / cash flow
- 20  To do final checks/prepare for final submissions
- 12  other (specify) *\*Open \*Position fixed*
- 13  don't know *\*Exclusive \*Position fixed*
- 14  refused *\*Exclusive \*Position fixed*

**Q10 : DRAWPRO :**

**Multi coded**

And what, if anything, do you think are the drawbacks of using a paid professional agent?

PROBE: What other downsides might there be

DO NOT READ OUT

- 1  Financial cost to the business
- 2  Having to share business' financial information
- 3  The agent does not know all of the business' circumstances
- 6  Easier to keep control when in own business
- 4  Need to use more than one agent
- 5  Not having direct accountability
- 7  My business may not be kept informed of tax matters
- 8  Poor relationship with agent
- 9  other (specify) *\*Open \*Position fixed*
- 10  No drawbacks *\*Exclusive \*Position fixed*
- 11  don't know *\*Exclusive \*Position fixed*
- 12  refused *\*Exclusive \*Position fixed*

Researcher notes: This question is optional. Possible for deletion

ASK ALL BUSINESSES OVER 3 YEARS OLD WHO STARTED USING A NEW PAID PRO. AGENT WITHIN THE  
LAST 3 YEARS

ASK ONLY IF Q1 : DUMMYAGE=2 and Q7 : LENGTHOFUSE=1,2

**Q11 : WHYCHANGE :**

**Multi coded**

You said earlier that your business had started using a new paid, professional agent within the last 3 years.

Why did your business decide to change the agent you used? PROBE what else influenced your decision to change agent ?

DO NOT READ OUT

- 4  Cost of previous agent increased
- 1  Was not satisfied with service provided by previous agent
- 5  Previous agent stopped offering services we required
- 7  Previous agent did not offer services online, e.g. email, filing returns online
- 12  Agent didn't have sufficient knowledge of tax rules/regulations
- 13  Needed more specialist business/ tax advice (that previous agent couldn't provide)
- 8  Previous agent was not/ no longer going to be a member of a professional body
- 9  Previous agent did not have professional qualifications or accreditations
- 18  Breakdown in relationship (loss of trust/confidence)
- 21  We heard bad things about our previous agent (negative word of mouth)
- 6  Previous agent stopped trading altogether
- 20  Growth of business
- 10  Change in business' needs
- 11  Change in business' circumstances, e.g. location
- 2  The new agent was recommended to us (positive word of mouth)
- 3  New agent offered same/better services for less money
- 17  Not used paid agent before
- 19  Providing more general business advice, e.g. financial planning / cash flow
- 14  other (specify) *\*Open \*Position fixed*
- 15  don't know *\*Exclusive \*Position fixed*
- 16  refused *\*Exclusive \*Position fixed*



ASK ALL BUSINESSES OVER 3 YEARS OLD WHO DID NOT START USING A NEW PAID PRO. AGENT  
WITHIN THE LAST 3 YEARS, OR BUSINESSES 3 YEARS OR LESS OLD

ASK ONLY IF Q1 : DUMMYAGE=1,3 or Q1 : DUMMYAGE=2 and not Q7 : LENGTHOFUSE=1,2,8,9 and Q7 :  
LENGTHOFUSE=3,4,7

**Q13 : WOULDCHANGE :**

Multi coded

You said earlier that your business has been using the same , professional agent for [LENGTH OF USE].

What factors would influence your business to change the agent you use? (ADD IF NECESSARY or at least consider changing the agent you use) PROBE: what else might encourage you to change agent

DO NOT READ OUT

- 4  If the cost of current agent increased
- 1  If we were not satisfied with service provided by current agent
- 5  If current agent stopped offering services we required
- 7  If current agent did not offer services online, e.g. email, filing returns online
- 12  Agent didn't have sufficient knowledge of tax rules/ regulations
- 13  Needed more specialist business/ tax advice (that previous agent couldn't provide)
- 8  If current agent was not/ no longer going to be a member of a professional body
- 9  If current agent did not have professional qualifications or accreditations
- 17  If there was a breakdown in relationship (loss of trust/confidence)
- 20  We heard bad things about our previous agent (negative word of mouth)
- 6  If current agent stopped trading altogether
- 19  Growth of business
- 10  If there was a change in business' needs
- 11  If there was a change in business' circumstances, e.g. location
- 2  If a new agent was recommended to us (positive word of mouth)
- 3  If a new agent offered same/better services for less money
- 18  Providing more general business advice, e.g. financial planning / cash flow
- 14  other (specify) *\*Open \*Position fixed*
- 15  don't know *\*Exclusive \*Position fixed*
- 16  refused *\*Exclusive \*Position fixed*

Scripter notes: ROUTING SHOULD HAVE BRACKETS TO BE:

ASK ONLY IF Q1 : DUMMYAGE=1,3 or (Q1 : DUMMYAGE=2 and not Q7 : LENGTHOFUSE=1,2 and Q7 :  
LENGTHOFUSE=3,4,7)

Textfill :

If Q5=1 use Length of use

If Q5>1 and Dummyage=2 'four or more years

If Q5>1 and Dummage=1 'three years or less

If Q5>1 and Dummyage=3 'a while'

ASK ALL BUSINESSES WHO STARTED USING A NEW PAID PRO. AGENT WITHIN THE LAST 3 YEARS

ASK ONLY IF Q7 : LENGTHOFUSE=1,2

**Q14 : WHYAGENT :**

**Multi coded**

And what factors influenced your decision to choose the particular paid, professional agent you did?

PROBE: Why else did you particularly decide to use this agent

DO NOT READ OUT

- 1  Price of services / cheap(er)
- 2  Location / near to my business
- 3  Recommendation / positive word of mouth
- 4  Membership of professional bodies
- 5  Professional accreditations or qualifications
- 6  They offered digital services e.g. email, filing returns online
- 7  Provided a full range of business and tax services
- 8  Provided more specialist business/tax advice
- 9  Ability to build relationship
- 13  Agent happy to continue working on paper
- 14  For tax planning / save tax
- 18  Other
- 16  none of the above *\*Exclusive \*Position fixed*
- 15  don't know *\*Exclusive \*Position fixed*
- 17  refused *\*Exclusive \*Position fixed*

Scripter notes: IF DummyAge=2 and Q5>1 add If NECESSARY statement 'Please think about an agent you have been using for less than 4 years'

ASK ALL BUSINESSES WHO STARTED USING A NEW PAID PRO. AGENT WITHIN THE LAST 3 YEARS

ASK ONLY IF Q7 : LENGTHOFUSE=1,2

**Q141 : WHYAGENTB :**

Multi coded

And did any of the following factors influence your decision to choose the particular paid, professional agent you did?

READ OUT

- 1  Price of services / cheap(er)
- 2  Location / near to my business
- 3  Recommendation / positive word of mouth
- 4  Membership of professional bodies
- 5  Professional accreditations or qualifications
- 6  They offered digital services e.g. email, filing returns online
- 7  Provided a full range of business and tax services
- 8  Provided more specialist business/tax advice
- 16  none of the above *\*Exclusive \*Position fixed*
- 15  don't know *\*Exclusive \*Position fixed*
- 17  refused *\*Exclusive \*Position fixed*

Scripter notes: ONLY SHOW RESPONSES NOT CODED AT Q14

ASK ALL BUSINESSES WHO STARTED USING A NEW PAID PRO. AGENT WITHIN THE LAST 3 YEARS

ASK ONLY IF Q7 : LENGTHOFUSE=1,2

**Q15 : WHYAGENTIMP :**

**Matrix**

And how important were the following factors in your choice of tax agent . For each please can you tell me if it was very important, nice to have or not that important?

READ OUT				
	Very important	Nice to have	Not that important	Don't know
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Location (that they were near to your business)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Recommendation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Membership of professional bodies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Professional accreditations or qualifications	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
They offered digital services e.g. email, filing returns online	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Provided a full range of business and tax services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Provided more specialist business/ tax advice	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ability to build a relationship	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Agent happy to continue working on paper	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
For tax planning / save tax	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Scripter notes: ONLY SHOW RESPONSES CODED AT WHYAGENT or WHYAGENTB

ASK ALL BUSINESSES WHO DID NOT START USING A NEW PAID, PRO. AGENT WITHIN THE LAST 3 YEARS

ASK ONLY IF Q7 : LENGTHOFUSE=3,4,7,8,9 and not Q7 : LENGTHOFUSE=1,2

**Q16 : WOULDAGENT :**

Multi coded

And, if your business were to consider changing the agent you use, what would be the main factors that you took into account when choosing a particular, paid agent?

PROBE: What else would influence your choice of a new paid, professional agent

DO NOT READ OUT

- 1  Price of services / cheap(er)
- 2  Location / near to my business
- 3  Recommendation / positive word of mouth
- 4  Membership of professional bodies
- 5  Professional accreditations or qualifications
- 6  They offered digital services e.g. email, filing returns online
- 7  Provided a full range of business and tax services
- 8  Provided more specialist business/tax advice
- 9  Ability to build relationship
- 13  Agent happy to continue working on paper
- 14  For tax planning / save tax
- 18  Other
- 15  none of the above *\*Exclusive \*Position fixed*
- 16  don't know *\*Exclusive \*Position fixed*
- 17  refused *\*Exclusive \*Position fixed*

ASK ALL BUSINESSES WHO DID NOT START USING A NEW PAID, PRO. AGENT WITHIN THE LAST 3 YEARS

ASK ONLY IF Q7 : LENGTHOFUSE=3,4,7,8,9 and not Q7 : LENGTHOFUSE=1,2

**Q161 : WOULDAGENT2 :**

**Multi coded**

And, if your business were to consider changing the agent you use, would you take any of the following factors into account when choosing a particular, paid agent?

READ OUT

- 1  Price of services / cheap(er)
- 2  Location / near to my business
- 3  Recommendation / positive word of mouth
- 4  Membership of professional bodies
- 5  Professional accreditations or qualifications
- 6  They offered digital services e.g. email, filing returns online
- 7  Provided a full range of business and tax services
- 8  Provided more specialist business/tax advice
- 15  none of the above *\*Exclusive \*Position fixed*
- 16  don't know *\*Exclusive \*Position fixed*
- 17  refused *\*Exclusive \*Position fixed*

Scripter notes: Only show answers not coded at WOULDAGENT

ASK ALL BUSINESSES WHO DID NOT START USING A NEW PAID, PRO. AGENT WITHIN THE LAST 3 YEARS

ASK ONLY IF Q7 : LENGTHOFUSE=3,4,7,8,9 and not Q7 : LENGTHOFUSE=1,2

**Q17 : WOULDAGENTIMP :**

**Matrix**

And how important would the following factors be in your choice of tax agent . For each please can you tell me if it was very important, nice to have or not that important ?

READ OUT				
	Very important	Nice to have	Not that important	Don't know
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Location (that they were near to your business)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Recommendation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Membership of professional bodies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Professional accreditations or qualifications	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
They offered digital services e.g. email, filing returns online	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Provided a full range of business and tax services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Provided more specialist business/ tax advice	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ability to build a relationship	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Agent happy to continue working on paper	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
For tax planning / save tax	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Scripter notes: ONLY SHOW RESPONSES CODED AT WOULDAGENT or WOULDAGENT2

**Q18 : CONSULT :**

**Multi coded**

Where [text fill: did/would] you look or who [text fill: did/would] you speak to, to inform your choice of agent?

DO NOT READ OUT

INTERVIEWER INSTRUCTION: IF RESPONSE IS 'WORD OF MOUTH', PROBE WHERE HEARD FROM

- 1  Contacts within my business
- 2  Professional contacts outside of my business
- 3  Local business directory
- 4  Professional organisations
- 5  Online/ websites/search engines e.g. Google
- 7  Friends/family
- 8  Tax guides e.g Tolley's
- 9  Social media
- 10  Approached by agent
- 11  other (specify) *\*Open \*Position fixed*
- 12  none of the above *\*Exclusive \*Position fixed*
- 13  don't know *\*Exclusive \*Position fixed*
- 14  refused *\*Exclusive \*Position fixed*

Scripter notes: Text fill:

IF DUMMYAGE=2 AND LENGTHOFUSE=1,2: did

IF DUMMYAGE=1 or 3, OR (DUMMYAGE=2 AND LENGTH OF USE=3,4,7,8,9 and NOT LENGTH OF USE=1,2): would

**T6 : FUTUREINTRO :**

**Text**

I would now like to ask you some questions about how your business' might manage your tax affairs in the future.



**Q19 : FUTURE :****Single coded**

How likely is your business to change your current arrangements for managing tax affairs, payroll or accounting in the next two years or so?

**READ OUT**

- 1  Very likely
- 2  Fairly likely
- 3  Neither likely or unlikely
- 4  Fairly unlikely
- 5  Very unlikely
- 6  don't know *\*Position fixed*
- 7  refused *\*Position fixed*

**ASK ALL BUSINESSES VERY OR FAIRLY LIKELY TO CHANGE ARRANGEMENTS IN FUTURE**

**ASK ONLY IF Q19 : FUTURE=1,2**

**Q20 : FUTURECHANGE :****Multi coded**

Is your business likely to...

**READ OUT**

- 1  Use a tax agent/agents more
- 2  Use a tax agent/agents less
- 3  Stop using a tax agent altogether
- 4  Increase the amount done in-house
- 5  Decrease the amount done in-house
- 6  don't know *\*Exclusive \*Position fixed*
- 7  refused *\*Exclusive \*Position fixed*

Scripter notes: Please set so only one code can be selected from 1, 2 or 3.

Please set so only one code can be selected from 4 or 5.

CHECK:

Can I just check - you have said that your business likely to X and your business is likely to Y. Please select which one of these is more likely for your business to do

**B3 : Factors influencing decision to USE or CHANGE PAID agents****End block**

ASK ALL BUSINESS USING NO AGENTS, OR USING INFORMAL AGENTS BUT NOT PAID, PRO. AGENTS FOR ANY TASKS AT Q4

ASK ONLY IF not Q4 : AGENTTYPE=1,2 or Q3 : AGENTUSE=8 or Q4 : AGENTTYPE=3,4,5

**B4 : Factors that influence decision NOT to use a tax agent or to use an INFORMAL agent**

**Begin block**

ASK ALL BUSINESSES NOT USING AN AGENT

ASK ONLY IF Q3 : AGENTUSE=8

**Q21 : WHYNO :**

**Multi coded**

Why does your business not use an external professional agent, such as an accountant or book keeper?

PROBE: Why else?

DO NOT READ OUT

- 2  Simplicity of tax affairs (no need to use paid or informal agent)
- 3  Easy for us to submit information to HMRC online
- 4  Somebody in business has a good understanding/knowledge of tax matters
- 5  Can use automated software
- 15  Somebody in business has used HMRC's training or support services
- 6  Want to maintain/have full control and knowledge of tax matters
- 8  Need to share financial information with agent
- 10  Would not have direct accountability
- 11  Agents may not keep us fully informed about tax affairs
- 9  Would need to use more than 1 agent for our affairs
- 1  Financial cost to the business/agents would charge
- 7  No agents provided services we required
- 12  other (specify)
- 13  don't know
- 14  refused

*\*Open \*Position fixed*

*\*Exclusive \*Position fixed*

*\*Exclusive \*Position fixed*

ASK ALL BUSINESSES USING AN INFORMAL AGENT, BUT NOT PAID PRO. AT ALL

ASK ONLY IF Q4 : AGENTTYPE=3,4,5

**Q22 : WHYUNPAID :**

Multi coded

You use [text fill: see scripiter notes] to assist your business with its tax affairs.

Why did your business decide to use them, rather than a paid, professional tax agent, or doing it all in-house?

PROBE: Why else did your business decide to use them, rather than a paid, professional tax agent, or doing it all in-house?

DO NOT READ OUT

- 1  Simplicity of tax affairs (no need to use paid, professional agent)
- 2  Cost effective to use informal agent / cheap
- 7  Personal relationship
- 8  Former professional relationship
- 3  Do most work in-house, but want someone to check it is correct
- 9  We can focus/concentrate on running the business
- 5  Worried about getting it wrong (peace of mind)
- 6  Lack of time within business
- 15  Don't have skills to deal with more complex issues
- 4  Don't have skills to deal with basic issues
- 10  Minimises need for direct dealings with HMRC
- 14  Minimises the tax we pay
- 11  other (specify)
- 12  don't know
- 13  refused

*\*Open \*Position fixed*  
*\*Exclusive \*Position fixed*  
*\*Exclusive \*Position fixed*

Scripter notes: TEXT FILL

IF AGENTTYPE=3: a voluntary or charitable organisation

IF AGENTTYPE=4 or 5: a friend or family member

ASK ALL BUSINESSES NOT USING AN AGENT

ASK ONLY IF Q3 : AGENTUSE=8

Q23 : DRAWNO :

Multi coded

And what, if anything, do you think are the drawbacks of not using a tax agent?

PROBE: What other downsides might there be?

DO NOT READ OUT

- 3  Lack of understanding of tax matters
- 5  Increased risk of getting it wrong
- 4  We can't always deal with more complex issues
- 2  Takes us longer than it would take an agent
- 14  Less time to focus on running the business
- 1  Requires resource in-house
- 8  Have to pay for software
- 9  Don't have all the necessary software
- 6  Harder to keep up to date with tax regulations and changes
- 15  Need to deal directly with HMRC
- 10  other (specify) *\*Open \*Position fixed*
- 11  No drawbacks *\*Exclusive \*Position fixed*
- 12  don't know *\*Exclusive \*Position fixed*
- 13  refused *\*Exclusive \*Position fixed*

ASK ALL BUSINESSES USING AN INFORMAL AGENT, BUT NOT PAID PRO. AT ALL

ASK ONLY IF Q4 : AGENTTYPE=3,4,5

**Q24 : DRAWUNPAID :**

Multi coded

And what, if anything, do you think are the drawbacks of using a friend or family member, or unpaid support to assist your business?

PROBE: What other downsides might there be?

DO NOT READ OUT

- 2  Financial cost to the business
- 3  They are not a member of a professional organisation
- 4  They do not have professional qualifications or accreditations
- 5  They do not provide all the services we need
- 6  Business still has to conduct some work internally
- 14  May not be available when we need them
- 1  HMRC don't recognise their authority to act on our behalf
- 7  May not have the latest software
- 9  May not be fully up to date tax regulations and changes
- 10  other (specify)
- 11  No drawbacks
- 12  don't know
- 13  refused

*\*Open \*Position fixed*  
*\*Exclusive \*Position fixed*  
*\*Exclusive \*Position fixed*  
*\*Exclusive \*Position fixed*

**Q25 : BENPRO :****Multi coded**

What do you think would be the benefits of using a paid, professional tax agent?

**DO NOT READ OUT**

- 1  Save time/resource in house
- 3  More cost effective/efficient
- 4  Greater expertise/ understanding
- 5  Has the skills to deal with the more complex issues
- 7  Would ensure that tasks are always done, no matter what is going on in the business
- 8  Reduce likelihood of getting it wrong / confidence in agent's ability
- 6  Has greater/more up to date knowledge of tax rules and regulations
- 9  Agent has membership of professional body/bodies
- 14  They would have (greater) access to online / digital services
- 10  Agent has professional qualifications and/or accreditations
- 13  HMRC would recognise their authority to act on our behalf
- 15  Would have the latest software
- 17  Would be quicker/more efficient dealing with HMRC
- 12  Could offer all services we need
- 18  other (specify) *\*Open \*Position fixed*
- 19  No benefits *\*Exclusive \*Position fixed*
- 20  don't know *\*Exclusive \*Position fixed*
- 21  refused *\*Exclusive \*Position fixed*

**Q26 : CONSIDERPRO :****Single coded**

Has your business considered using a paid, professional agent within the last 3 years?

- 1  Yes
- 2  No
- 3  don't know *\*Position fixed*
- 4  refused *\*Position fixed*

ASK ALL BUSINESSES WHO CONSIDERED USING A PAID PRO. AGENT

ASK ONLY IF Q26 : CONSIDERPRO=1

**Q51 : CONSIDERYES :**

Open

And why did your business decide not to use a paid, professional agent to assist with your tax affairs?

PROBE: Why else did your business decide not to?

1  don't know

*\*Exclusive \*Position fixed*

**Q28 : WOULDPRO :**

Multi coded

And, if your business were to consider using a paid, professional agent, what factors would influence your decision to choose a particular paid, professional agent?

PROBE: What other factors would you consider?

DO NOT READ OUT

- 1  Price of services / cheap(er)
- 2  Location / near to my business
- 3  Recommendation / positive word of mouth
- 4  Membership of professional bodies
- 5  Professional accreditations or qualifications
- 6  They offered digital services e.g. email, filing returns online
- 7  Provided a full range of business and tax services
- 8  Provided more specialist business/tax advice
- 9  Ability to build relationship
- 13  Agent happy to continue working on paper
- 14  For tax planning / save money on tax
- 18  Other
- 16  none of the above
- 15  don't know
- 17  refused

*\*Exclusive \*Position fixed*

*\*Exclusive \*Position fixed*

*\*Exclusive \*Position fixed*

And, if your business were to consider using a paid, professional agent, would any of the following factors influence your decision to choose a particular paid, professional agent?

## READ OUT

- 1  Price of services / cheap(er)
- 2  Location / near to my business
- 3  Recommendation / positive word of mouth
- 4  Membership of professional bodies
- 5  Professional accreditations or qualifications
- 6  They offered digital services e.g. email, filing returns online
- 7  Provided a full range of business and tax services
- 8  Provided more specialist business/tax advice
- 16  none of the above *\*Exclusive \*Position fixed*
- 15  don't know *\*Exclusive \*Position fixed*
- 17  refused *\*Exclusive \*Position fixed*

Scripter notes: Only show responses not coded at Q28



**Q29 : WOULDPROIMP :****Matrix**

And how important would the following factors be if you were choosing a paid, professional agent. For each please can you tell me if it would be very important, nice to have or not that important?

READ OUT				
	Very important	Nice to have	Not that important	Don't know
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Location (that they were near to your business)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Recommendation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Membership of professional bodies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Professional accreditations or qualifications	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
They offered digital services e.g. email, filing returns online	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Provided a full range of business and tax services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Provided more specialist business/ tax advice	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ability to build a relationship	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Agent happy to continue working on paper	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
For tax planning / save money on tax	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Scripter notes: Only show answer codes given at WOULDPRO or WOULDPRO2

**Q27 : LIKELYPRO :****Single coded**

And how likely is it that your business will start using a paid, professional tax agent in the next two years or so?

**READ OUT**

- 1  Very likely
- 2  Fairly likely
- 3  Neither likely or unlikely
- 4  Fairly unlikely
- 5  Very unlikely
- 6  don't know
- 7  refused

*\*Position fixed**\*Position fixed***B4 : Factors that influence decision NOT to use a tax agent or to use an INFORMAL agent****End block**

**T5 : ONLINEINTRO :****Text**

HMRC will be rolling out new digital services. Ultimately you, or your agent, will be able to carry out most of your dealings with HMRC online.

**Q33 : ONLINENOW :****Single coded**

To what extent does your business currently use digital services and interact with HMRC online?

**READ OUT**

- 1  We currently use digital services and interact online with HMRC as much as we possibly can
- 2  We use them as much as we [and our agent] feel comfortable doing
- 3  We only use them as much as we have to
- 4  We actively avoid using these digital services
- 5  Other
- 6  don't know *\*Position fixed*
- 7  refused *\*Position fixed*

Scripter notes: Please text fill the [and our agent] in answer code 2, so that it appears when AGENTTYPE = 1,2,3,4,5

**T7 : ONLINEINTRO2 :****Text**

HMRC are developing a new online service for small and medium businesses, called Your Tax Account, through which you can access a summary of your tax position and access a range of improved tools and services as they are introduced. At present, anyone in Self Assessment, including those that aren't businesses, can use this service.

**Q52 : ONLINEIMPACT :****Single coded**

How positive or negative do you feel these changes will be to your business, or will they not affect your business at all? Do you think they are...

**READ OUT**

- 1  Very positive
- 2  Fairly positive
- 3  Neither positive or negative
- 4  Fairly negative
- 5  Very negative
- 6  Or They will not affect your business?
- 7  don't know
- 8  refused

*\*Position fixed**\*Position fixed***Q53 : ONLINECHANGE :****Single coded**

And how likely or unlikely is it that with the launch of the 'Your Tax Account' service your business will change your current arrangements for managing your tax affairs Is it...

**READ OUT**

- 1  Very likely
- 2  Fairly likely
- 3  Neither likely or unlikely
- 4  Fairly unlikely
- 5  Or Very unlikely?
- 6  don't know
- 7  refused

*\*Position fixed**\*Position fixed*

ASK ALL BUSINESSES WHO ARE VERY OR FAIRLY LIKELY TO CHANGE ARRANGEMENTS AT Q53

ASK ONLY IF Q53 : ONLINECHANGE=1,2

**Q54 : ONLINECHANGEHOW :**

**Multi coded**

Is your business likely to...

READ OUT

- 1  START using a paid, professional agent (SHOW CODE ONLY WHEN AGENTTYPE<>1,2)
- 2  Use a paid, professional agent MORE
- 3  Use a paid, professional agent LESS
- 4  STOP using a paid, professional agent?
- 7  Increase the amount done in-house
- 8  Decrease the amount done in-house
- 5  don't know *\*Exclusive \*Position fixed*
- 6  refused *\*Exclusive \*Position fixed*

Scripter notes: DO NOT SHOW ANSWER CODE 1 WHEN (AGENTTYPE<>1,2)

CHECK:

Can I just check - you have said that your business likely to X and your business is likely to Y. Please select which one of these is more likely for your business to do

Data processor notes: AUTOCODE ANSWER CODE 1 WHEN (AGENTTYPE<>1,2 AND AOSSCHANGE=1,2)

**T1 : AOSS :**

**Text**

HMRC are developing a new online service for agents, to help them handle their clients' tax affairs more efficiently. This will include the ability to view all of their clients' tax liabilities and payment information in one place.

**Q34 : AOSSIMPACT :****Single coded**

How positive or negative do you feel these changes will be to your business, or will they not affect your business at all? Do you think they are...

**READ OUT**

- 1  Very positive
- 2  Fairly positive
- 3  Neither positive or negative
- 4  Fairly negative
- 5  Very negative
- 6  Or They will not affect your business?
- 7  don't know
- 8  refused

*\*Position fixed**\*Position fixed***Q35 : AOSSCHANGE :****Single coded**

And how likely or unlikely is it that with the launch of this new agent online service your business will [text fill: change how much you use/start using] a paid, professional tax agent? Is it...

**READ OUT**

- 1  Very likely
- 2  Fairly likely
- 3  Neither likely or unlikely
- 4  Fairly unlikely
- 5  Or Very unlikely?
- 6  don't know
- 7  refused

*\*Position fixed**\*Position fixed*

Scripter notes: text fill:

IF AGENTTYPE=1,2: change how much you use

IF (AGENTTYPE=3,4,5 AND NOT 1,2) or AGENTUSE=8: start using

ASK ALL BUSINESSES WHO CURRENTLY USE A PAID, PRO. AGENT AND ARE VERY OR FAIRLY LIKELY TO CHANGE USAGE OF PAID, PRO. AGENT

ASK ONLY IF Q35 : AOSSCHANGE=1,2 and Q4 : AGENTTYPE=1,2

**Q44 : CHANGEHOW :**

Single coded

Would you be likely to use a paid, professional agent more or less than you currently do, or stop altogether? Would you...

READ OUT

- 2  Use a paid, professional agent MORE
- 3  Use a paid, professional agent LESS
- 4  or STOP using a paid, professional agent?
- 5  don't know
- 6  refused

*\*Position fixed*

*\*Position fixed*

Data processor notes: AUTOCODE ANSWER CODE 1 WHEN (AGENTTYPE<>1,2 AND AOSSCHANGE=1,2)

ASK ALL BUSINESSES WHO CURRENTLY USE A PAID, PRO. AGENT AND ARE VERY OR FAIRLY LIKELY TO CHANGE USAGE OF PAID, PRO. AGENT AND WON'T STOP USING PAID, PRO. AGENTS

ASK ONLY IF Q4 : AGENTTYPE=1,2 and not Q44 : CHANGEHOW=4

**Q48 : CHANGEAGENT :**

Single coded

And, knowing about these digital services, would your business consider changing the paid, professional tax agent(s) you currently use for any of your tax matters or affairs?

- 1  Yes
- 2  No
- 3  don't know
- 4  refused

*\*Position fixed*

*\*Position fixed*

**B6 : Digital Services**

End block

**B7 : Demographics****Begin block****T3 : DEMOGINTRO :****Text**

Now I'd like to ask you a few questions to be used for analysis purposes only.

**Q40 : TURNOVER :****Single coded**

Roughly, what is your firm's annual turnover before tax?

READ OUT IF NECESSARY

- 1  Less than £15,000
- 2  £15,000 or more but less than £50,000
- 3  £50,000 or more but under £81,000
- 4  £81,000 or more but under £100,000
- 5  £100,000 or more but under £250,000
- 6  £250,000 or more but under £500,000
- 7  £500,000 or more but under £1 million
- 8  £1million or more but under £10 million
- 9  £10 million or more but under £42 million
- 10  Over £42 million
- 11  don't know
- 12  refused

*\*Position fixed*

*\*Position fixed*

**Q39 : TAX :****Multi coded**

Can I just check, which of the following taxes does your business have dealings with?

READ OUT

- 1  Company Tax, also known as Corporation Tax
- 2  Self Assessment for the self employed or partnerships
- 3  PAYE (payroll and National Insurance)
- 4  VAT
- 5  Construction Industry Scheme
- 6  Import/ Export taxes
- 7  Excise Duties
- 8  don't know
- 9  refused

*\*Exclusive \*Position fixed*

*\*Exclusive \*Position fixed*



ASK ALL BUSINESSES USING AN AGENT AT ALL

ASK ONLY IF Q3 : AGENTUSE=1,2,3,4,5,7,6

**Q55 : TAXAGENT :**

**Multi coded**

And which of these taxes do you use an agent to help you deal with?

READ OUT

- 1  Company Tax, also known as Corporation Tax
- 2  Self Assessment for the self employed or partnerships
- 3  PAYE (payroll and National Insurance)
- 4  VAT
- 5  Construction Industry Scheme
- 6  Import/ Export taxes
- 7  Excise Duties
- 10  None of these
- 8  don't know
- 9  refused

*\*Exclusive \*Position fixed*

*\*Exclusive \*Position fixed*

Scripter notes: Only show codes selected at TAX

**Q41 : RECON :**

**Single coded**

HM Revenue and Customs may be conducting some further research on these topics in the future. Would you be happy for someone from TNS-BMRB to re-contact you and invite you to participate in this research?

- 1  Yes
- 2  No

**B7 : Demographics**

**End block**

# 10. Appendix D – Qualitative discussion guide (stage 2 – main stage)

## **Aims:**

- To understand the motivations of small and mid-sized businesses to use a paid agent to meet their tax obligations and the factors affecting their choice.

## **Key objectives of the research** are to explore:

1. The decision-making process involved in choosing and retaining an agent;
2. The pros and cons of using an agent;
3. Attitudes towards using HMRC's digital services and how these might interact with their use of an agent.

## **Protocol:**

- About the research: this piece of work is for HM Revenue and Customs to understand how businesses choose their agent, the services they provide and whether choice of agent changes with business growth or the introduction of new digital services
- TNS BMRB is an independent research agency working on behalf of HMRC
- Length of telephone interview: 30 minutes
- Interview will be recorded
- Confidentiality and anonymity: their participation in and contributions to the research will be treated with complete confidence, meaning that no individual or organisation will be identified in the report to HMRC.
- **NOTES:**
  - *1) We use the term 'agent' in a generic sense to refer to any form of external help. Note the terms that businesses use;*

## Introductions and background (2 mins)

---

### Background

- Respondent business details
  - Nature of business – sector, size
  - Age of business
  - Type of tax/es deal with (PAYE, Income tax (self-assessment), VAT, Corporation Tax)

## Choosing an agent / external help (8 mins)

---

### FOR BUSINESSES WITH A RELATIVELY NEW AGENT (i.e. under a year)

- What were their thought processes from their first considerations of using an agent through to making the final decision?

*In this section explore the process they used in finding an agent*

#### A. How did the business go about identifying an agent?

- How did they go about searching the marketplace?
- Did they search agents online; use an advert (where?); call them up; recommendation; etc.?
- Business recommendation; was this sufficient to appoint them; what else did they do? Did they check why their associate uses the agent? Do their business priorities align with those of their associate?
- Existing friend / acquaintance; what were the benefits/rationale behind using a friend over a paid agent? (besides cost – trust / ease of contact, etc.?)

*In this section explore the process they used in selecting an agent, the features they looked for and how informed their choice was*

#### B. How did the business go about selecting an agent?

*Try to get a picture of whether this was a quick decision or something that was a conscious, deliberate, decision-making process and what features they were taking into account, such as:*

- Location

- Fees
  - Level of service provided; what services?
  - Ability to use online / digital services; do they know what digital services their agent uses? (What are they defining as digital services?)
  - Qualifications; what qualifications were they looking for (if any)? Do they check /ask for **evidence of qualifications?** (*Note there are different types of accountant – most likely a Chartered Accountant or Chartered Certified Accountant but there are many other types*)
  - Membership of professional body; which one?
  - Anything else?
- Get a sense of how the factors interplayed – were they considered as separate factors or taken to be important as a whole / when taken all together?*
- Were any factors taken as a given? Assumed rather than actually investigated (e.g. qualifications)?
  - Did they interview potential agents? / compare a selection of agents?
    - How did they draw up a shortlist
    - IF NO: why did they choose not to? (e.g. didn't feel it was necessary, didn't have time etc.)
  - What were the tipping points in selecting between agents?
    - If the fee was the only factor they thought about, Probe if the agent didn't offer a certain service then that would also affect choice
  - IF using an agent that is not a sole practitioner
    - Do they know who deals with their affairs (i.e. a named individual)
    - do they know what qualifications / professional memberships the person has who is dealing with their tax affairs?

## **IF NOT USING AN AGENT**

- Why? What are the benefits of doing in house?
- Have they ever used an agent in the past?
  - Reasons for no longer using an agent
- Have they ever considered using an agent but decided against?
  - Reasons why decided not to use an agent in this case
- Can they envisage circumstances where this might change?
  - E.g. growth in revenue of business (potential impact on income above the VAT threshold)
  - Growth in workforce (impact on PAYE)

- growth in complexity of business (moving into different tax regimes)
- business providing additional services (requiring tax planning advice / specialist advice)
- structural change (such as a merger / acquisition)
- If decided to use a an agent:
  - How would they go about identifying an agent?
  - How do they think they might select an agent; what would be the key factors?

## Retaining / reviewing an agent / external help (8 mins)

---

FOR BUSINESSES THAT HAVE USED THE SAME AGENT FOR MORE THAN A YEAR

*Where the same agent has been used for more than one year, probe fully the reasons why*

- What are the reasons for continuing to use this agent?
  - Was it a conscious decision to retain, or does the arrangement just rollover from year to year?
    - Where it just rollovers, what would be the tipping point to make them change? (e.g. rise in costs, errors by agent, etc.)
  - CHECK reasons for retention (e.g. could be content with current arrangement, potential difficulties with changing, long-standing relationship, a view that all agents are the same, other factors).
  - Where there is a conscious decision to retain, what is the decision-making process?
    - Was there a review process?
    - What did it comprise (e.g. Undertake interviews, etc.)?
    - Where there was a review process, what was the tipping point?
- Have they ever considered changing agents?
  - Why? Why did they stay with the existing agent?  
Are they confident in their current arrangement? / What is it that gives them confidence in their current arrangement?
- Do they foresee any changes in the future regarding their current arrangements for managing their tax obligations?
  - What?

- Under what circumstances would they change their agent?
  - What would they be looking for in a different agent?
- Any perceived difficulties in moving between agents?
- IF using an agent that is not a sole practitioner do they know what qualifications / professional memberships the person has who is dealing with their tax affairs?

## Supporting businesses (4 mins)

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*This section is intended to understand how HMRC might better support businesses*

*We have talked about how business identify, select, continue to work with an agent. I now want to move on to discuss how HMRC might support businesses in the future*

- How could HMRC better support your business?
  - PROBE: providing direct (online) services for businesses
  - Better services for agents (e.g. making it easier for agents to act on customers' behalf)
    - How would they feel about Agents being able to view all their tax liabilities? (for VAT, payroll issues, Income Tax etc.)
  - Offer information that would support an informed choice of agent (e.g. the types of qualifications, professional bodies that exist)
  - Something else?

## HMRC's digital services (8 mins)

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- Are they aware of the range of digital services (online / electronic) that are on offer from HMRC?
  - *IF unable to reply, ask what they understand by digital services*
  - *IF not readily understand, say, for example, by digital we mean online / electronic services?*
- Do they use any digital services themselves? Which? Why these?
- Do they know which of HMRC's digital services their tax agent uses?
- How important are use of digital services in their choice / retention of their agent?
- Do they have any concerns about tax affairs being undertaken on online, either by themselves or by their agent?

- What are the concerns?
- How might these be overcome?

### **Your Tax Account**

- HMRC has launched 'Your Tax Account' (Refer to Stimulus)
- What do you think of this idea?
  - Is this likely to change how you manage your tax affairs? (i.e. might use agent more or less)
  - Reasons why / why not
- IF indicated in the survey that they were unlikely to use 'Your Tax Account', why is this?
  - What would make using 'Your Tax Account' more likely?

### **Agent Online Self-serve**

- HMRC is developing an online self-serve service for agents (Refer to AOSS stimulus)
- *Examples of the new services that will be offered under AOSS, these are the standard offerings.*
- *1. A new agent registration service i.e. one agency one registration with HMRC; instead of the multiple registrations we have today for the different taxes (e.g. Income tax, VAT etc).*
- *2. An agent element on Your Tax Account that we are calling an 'agent dashboard'. From there agents will be able to see all their clients and access all agent services i.e. from there they will be able to perform all their agent functions on behalf of all their clients and also those functions that they will do as a business in their own right.*
- *3. A new digital agent authorisation service.*
- *4. Access to the new PAYE and VAT Liabilities & Payment services (they currently have these services for Income Tax Self Assessment and Corporation Tax).*
- What do you think about this idea?
- Would any of these developments influence your choice of representation:
  - Use existing agent more/less
  - Consider moving to a new agent
    - PROBE especially those indicating in the survey they had no interest in changing their agent
  - Starting to use an agent
- Which of these service offerings would be most influential in their decision-making?
  - Reasons why

Further developments over the next few years will see some agents offered additional services if they meet certain standards (such as having professional qualifications or membership of a professional body), although what those would be has not yet be finalised.

- What sort of services would they like to see HMRC offer through the Agent Online Self-serve facility
  - Would the provision of additional services to some agents influence your choice of agent representation in any way?

**Thank and Close**

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