



HM Revenue & Customs

Individuals, Small Business and Agents Customer Survey 2016 HMRC Report: 457



Disclaimer

The views in this report are the authors' own and do not necessarily reflect those of HM Revenue and Customs.

© Crown Copyright 2017

Copyright in the typographical arrangement and design rests with the Crown. This publication may be reported free of charge in any format or medium provided that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright with the title and source of the publication specified.

Published by HM Revenue and Customs, July 2017.

<https://www.gov.uk/government/organisations/hm-revenue-customs/about/research>

Glossary

CATI – Computer Assisted Telephone Interviewing

VAT – Value Added Tax

PAYE – Pay As You Earn

SA – Self-Assessment

Base size – This is the number of respondents who were asked a question

SMEs – Small and Medium Enterprises

HMRC - HM Revenue & Customs

KDA – Key Driver Analysis

Contents

Glossary	4
Contents	4
1. Executive summary	7
1.1 Individuals	7
1.1.1 Customer Experience	7
1.1.2 Perceptions of HMRC	8
1.2 Small Businesses	9
1.2.1 Customer Experience	9
1.2.2 Perceptions of HMRC	10
1.3 Agents	10
1.3.1 Customer Experience	10
1.3.2 Perceptions of HMRC	11
2. Introduction	13
2.1 Background	13
2.2 Research aims	13
2.3 Methodology	13
2.3.1 Customer Groups	13
2.3.2 Fieldwork methodology	15
2.3.3 Comparability with previous Customer Survey	15
2.3.4 Survey content	15
2.3.5 Atom Model	16
2.3.6 Key Driver Analysis	18
2.4 Reporting notes	19
3. Individuals	20
3.1 Chapter summary	21
3.2 Profile of Individuals	21
3.2.1 Demographic profile	21
3.2.2 Taxes paid and Benefits and Credits received	21
3.2.3 Tax life events	23
3.2.4 Interactions with HMRC in previous 12 months	23
3.3 Type of interaction	24

3.3.1 Channels used to interact with HMRC.....	25
3.3.2 Willingness to use HMRC’s online services	26
3.3.3 Frequency of contact.....	27
3.3.4 Agent usage and ease of having an agent act on customer’s behalf	28
3.4 Customer Experience.....	29
3.4.1 Rating of service – telephone, online services and webpages	29
3.4.2 Overall rating of customer experience and whether experience is getting better or worse.....	30
3.4.3 Atom Model of customer experience	32
3.4.4 Views on administration of the tax system	38
3.5 Perceptions of HMRC.....	40
3.5.1 Efficiency, effectiveness, and fairness.....	40
3.5.2 Protection of personal information.....	41
3.5.3 Overall confidence in HMRC	42
3.5.4 Favourability and advocacy.....	43
3.6 Perceptions of compliance	44
3.6.1 Who is most responsible for making sure the amount of tax and National Insurance a customer pays is correct....	44
3.6.2 Acceptability and extent of tax evasion	45
3.6.3 Acceptability and extent of tax avoidance	46
3.6.4 Extent of late payments.....	47
4. Small Businesses	49
4.1 Chapter Summary	50
4.2 Profile of Small Businesses.....	50
4.2.1 Demographic profile	50
4.2.2 Taxes paid.....	50
4.2.3 Business growth and tax life events	52
4.2.4 Types of interaction with HMRC	52
4.2.5 Channels used to interact with HMRC.....	53
4.2.6 Agent usage and ease of agent acting on business’ behalf	55
4.3 Customer Experience.....	55
4.3.1 Rating of service – telephone, online services and webpages	55
4.3.2 Overall rating of customer experience and whether experience is getting better or worse.....	56
4.3.3 Atom Model of customer experience	58
4.3.4 Views on administration of the tax system	65
4.4 Perceptions of HMRC.....	68
4.4.1 Efficiency, effectiveness, and fairness.....	69
4.4.2 Protection of personal information.....	70
4.4.3 Overall confidence in HMRC	70

4.4.4 Favourability and advocacy.....	71
4.5 Perceptions of compliance	72
4.5.1 Who is most responsible for making sure the amount of tax and National Insurance a customer pays is correct....	73
4.5.2 Acceptability and extent of tax evasion	73
4.5.3 Acceptability and extent of tax avoidance	74
4.5.4 Extent of late payments.....	75
5. Agents	77
5.1 Summary of changes	78
5.2 Profile of Agents and their interactions with HMRC.....	78
5.2.1 Business characteristics.....	78
5.2.2 Representing clients.....	79
5.2.3 Tax dealings.....	81
5.2.4 Types of interaction with HMRC	82
5.2.5 Channels used to interact with HMRC.....	82
5.2.6 Membership of professional organisations	83
5.3 Customer experience	84
5.3.1 Rating of service – telephone, online services and webpages	84
5.3.2 Overall rating of customer experience and whether experience is getting better or worse.....	86
5.3.3 Atom Model of Customer Experience.....	87
5.3.4 Views on administration of the tax system	93
5.4 Perceptions of HMRC.....	96
5.4.1 Efficiency, effectiveness, and fairness.....	96
5.4.2 Protection of personal information.....	97
5.4.3 Overall confidence in HMRC	98
5.4.4 Favourability and advocacy.....	99
5.4.5 Raising standards and promoting good practice among Agents	100
5.5 Perceptions of compliance	100
5.5.1 Acceptability and extent of tax evasion	100
5.5.2 Acceptability and extent of tax avoidance	101
5.5.3 Extent of late payments.....	102

1. Executive summary

HM Revenue and Customs (HMRC) is the UK's tax, payments and customs authority. Its vision is to be impartial and increasingly effective and efficient in its administration of the tax system.

HMRC commissioned the Individuals, Small Business and Agents Customer Survey in 2015 to provide the customer understanding to support the Department's vision and to chart customer experience over time. The survey is a key source of robust, balanced evidence on customer experience and perceptions of the tax administration system. This report covers the second wave of the survey, conducted between September and November 2016. The survey covers three groups: Individuals, Small Businesses and Agents.

1.1 Individuals

Two in three (65%) Individuals had an interaction with HMRC in the previous 12 months. A third of Individuals (35%) interacted online; more specifically three in ten (30%) Individuals searched for information on the HMRC webpages and a quarter (25%) used HMRC online services (an increase from 21% in 2015). A quarter (25%) of customers had contact by telephone and four in ten (40%) interacted with HMRC by post.

1.1.1 Customer Experience

Among customers who used these contact channels, HMRC's online services were rated more positively than the telephone helplines, although both saw improved ratings in 2016. Two-thirds (67%) who used HMRC online services rated them positively, an increase from 2015 (62%). Six in ten (60%) rated their experience of HMRC webpages where they searched for information positively.¹ Positive ratings of HMRC's telephone helplines increased by 12 percentage points to over a half (55%) while negative ratings decreased by nine percentage points to a quarter (26%).


The overall experience of Individuals who had an interaction with HMRC in the previous 12 months improved since 2015; two-thirds (68%) were positive (up from 61% in 2015). The contact channel used had an impact on overall experience, with those using online-only having a more positive overall experience than those using the telephone (although ratings have improved for both since 2015).

The most important drivers of Individuals' customer experience were HMRC getting tax or Benefits and Credits transactions right and HMRC resolving queries. Two-thirds of customers who had interacted with HMRC in the previous 12 months rated HMRC positively (67% for both; significant increases from 2015, see Table 1.1). Given their importance in driving good customer experience, these are areas where performance needs to be at least maintained, and any further action to improve performance is likely to be beneficial in improving overall customer experience. Another area of performance where improvements are most likely to improve the overall customer experience was HMRC's approachability.²

¹ This was not asked in 2015 so there is no comparison to be made with previous data.

² 'HMRC getting tax or Benefits and Credits transactions right' and 'HMRC were approachable' were identified as primary areas for improvement as they have a strong influence on the overall customer experience, but the relative performance for these measures was not as high as for some other areas.

Table 1.1 Ratings of Customer Experience - Individuals

Relative importance of dimension of customer experience		% rating HMRC positively	Change from 2015
Most important 	Resolving queries	67	↑
	HMRC getting tax or Benefits and Credits transactions right	67	↑
	Quality of information	67	-
	HMRC were approachable	66	↑
	Clarity of steps needed to take	68	↑
	Acceptability of time taken	62	↑
	Clear when everything was completed	71	-
	Systems prevented mistakes	52	-
	Ease of finding information	57	-

Four in five Individuals with interactions felt that HMRC treated them fairly (78%) and as honest (81%). Individuals who had interacted with HMRC rated them less highly on ease of dealing with tax issues. Two in three (65%, an increase from 58% in 2015) felt it was easy to deal with tax issues and 58% rated HMRC positively on minimising the cost, time and effort of dealing with their tax affairs. Slightly more than half of Individuals agreed that HMRC services were personalised to them (55%, up from 49% in 2015).

1.1.2 Perceptions of HMRC

All Individuals were asked about their broader perceptions of HMRC as an organisation, and attitudes to compliance.

Reputation

Just over a third of Individuals felt HMRC were efficient (34%) or fair (35%, down from 38% in 2015) and four in ten (40%) felt they were effective. Individuals were more positive about HMRC ensuring customer data and personal information was treated confidentially (71%).

Half of Individuals (53%) were confident in the way HMRC were doing their job. Confidence was strongly linked to perceptions of efficiency, effectiveness and fairness. Six in ten (60%) had a favourable overall opinion of HMRC.

Compliance

Three in ten (28%) Individuals felt that they were most responsible for ensuring that the amount of tax and National Insurance they paid was correct, with similar proportions saying their employer (30%) or HMRC were most responsible (27%). Eight per cent felt their agent was most responsible.

While eight in ten (79%) Individuals felt tax evasion was never acceptable, seven in ten (70%) still felt it was widespread. Similarly, while seven in ten (70%) felt tax avoidance was never acceptable, the same proportion (70%) felt it was widespread. Six in ten Individuals (59%) thought that late payment of taxes was widespread in the UK, while about one in four (23%) thought that it was not widespread.

1.2 Small Businesses

Small Businesses were defined as businesses with fewer than 20 employees and an annual turnover below £10 million.

The majority (67%) reported using multiple channels to contact HMRC, with two in three (66%) using HMRC's online services or webpages, half (50%) using post and one in three (32%) using the telephone.


1.2.1 Customer Experience

Small Businesses rated HMRC's online services and webpages more positively than the telephone helplines. Almost eight in ten Small Businesses who used HMRC's online services rated them positively (78%) while two in three (65%) rated the HMRC webpages positively. The proportion who rated telephone helplines positively (of those who used them) increased to 52% (up from 46% in 2015).

Around three in four Small Businesses (73%) had a positive overall experience of dealing with HMRC in the previous 12 months. Overall this was similar to 2015. However, there was an increase in positive ratings among businesses with 10 to 19 employees. Smaller businesses (those with fewer than five employees) were generally more positive than those with five or more employees, as were those who interacted with HMRC online-only. However, growing businesses were generally less positive about the experience of interacting with HMRC over the last year than those who were not growing. The ratings of most dimensions of customer experience remained similar to 2015, with few changes.

In 2016, the most important driver of customer experience for Small Businesses was HMRC resolving queries, while in 2015 it was HMRC getting tax transactions right. Two in three Small Businesses (67%) rated HMRC positively for resolving queries (Table 1.2). Given its fundamental importance in driving good customer experience and relatively poor performance, this is an area where performance needs to be improved in order to improve overall customer experience. Other areas where improvements are most likely to improve overall customer experience were the acceptability of time taken to reach the end result and the quality of information.²

Table 1.2 Ratings of Customer Experience – Small Businesses

Relative importance of dimension of customer experience		% rating HMRC positively	Change from 2015
Most important 	Resolving queries	67	-
	HMRC getting tax transactions right	74	-
	Quality of information	67	-
	Acceptability of time taken to reach the end result	65	-
	Clarity of steps needed to take	70	-
	HMRC were professional	81	-
	Systems prevented mistakes	58	-
	Ease of finding information	58	-
	Clear when everything was completed	74	-

² These dimensions were identified as primary areas for improvement as they have a strong influence on the overall customer experience, but the relative performance for these measures was not as high as for some other dimensions

Eight in ten Small Businesses felt that HMRC treated them fairly (78%) and as honest (82%). Three in four felt that it was easy to deal with tax issues (73%). Small Businesses were less likely to feel that HMRC minimised the cost, time and effort of dealing with their tax affairs (60%) or that HMRC's services were personalised to them (50%).

Small Businesses were generally positive about HMRC's systems integrating with the way they managed their business tax affairs (69%) and HMRC recognising that their business was their priority (59%).

1.2.2 Perceptions of HMRC

Reputation

One in three Small Businesses felt HMRC were efficient (33%) and fair (37%), while nearly half (48%) felt they were effective. Seven in ten (72%) agreed that HMRC ensured customers' data and personal information was treated confidentially.

Nearly six in ten (56%) were confident in the way HMRC are doing their job. Confidence was strongly linked to perceptions of efficiency, effectiveness and fairness. Two in three (66%) Small Businesses had a favourable overall opinion of HMRC.

Compliance

Four in ten (38%) Small Businesses identified that they themselves were responsible for ensuring that the amount of tax and National Insurance paid is correct. However, many thought someone else – their accountant (47%) or HMRC (11%) – were responsible.

Seven in ten (71%) stated that tax avoidance was never acceptable, and a third (34%) felt that it was widespread. Nine in ten (90%) said tax evasion was never acceptable, and one in three (30%) felt that it was widespread. Half of Small Businesses (48%) believed the late payment of taxes to be widespread, while a quarter (26%) thought it was not widespread.

1.3 Agents

Agents are paid by customers – individuals or businesses – to represent them in dealings with HMRC. Six in ten (62%) Agents were accountants and a quarter (24%) were bookkeeping firms.

Just under half (44%) of Agents had less than 50 clients, three in ten (30%) had 50 to 249 clients, and one in five (21%) had 250 or more clients.

Two in three (67%) Agents were members of a professional organisation.

1.3.1 Customer Experience


Agents rated HMRC's online services more positively than the webpages (69% and 49% of Agents who used each of these respective contact channels). Agents rated the dedicated Agents helpline telephone substantially higher (60%) than other HMRC helplines (although rating of the other HMRC helplines improved since 2015 from 17% to 27%).

More Agents (47%) reported having had a positive overall experience of dealing with HMRC over the previous 12 months compared with 2015 (40%) with fewer reporting a negative overall

experience (18%, down from 24% in 2015). There were improvements in ratings of most dimensions of customer experience by Agents since 2015.

The most important drivers of customer experience for Agents in 2016 were resolving queries, acceptability of time taken to reach the end result, HMRC getting tax transactions right and HMRC were professional, while in 2015 it was only HMRC getting tax transactions right. Ratings were relatively low for the first two of these dimensions indicating that they are priority areas to improve, while ratings were higher for the latter two (Table 1.3). Given their fundamental importance in driving good customer experience, these are areas where performance needs to be at least maintained, and any further action to improve performance is likely to be beneficial in improving overall customer experience.

Table 1.3 Ratings of Customer Experience – Agents

Relative importance of dimension of customer experience		% rating HMRC positively	Change from 2015
Most important 	Resolving queries	45	↑
	Acceptability of time taken to reach the end result	33	↑
	HMRC getting tax transactions right	51	-
	HMRC were professional	67	↑
	Quality of information	53	-
	Systems prevented mistakes	41	-
	Ease of finding information	41	↑
	Clarity of steps that needed to be taken	50	-
	Clear when everything was completed	61	-

Two in three Agents felt that HMRC treated their customers fairly (65%, up from 60% in 2015), and as honest (66%, up from 62% in 2015). There was also an increase in the positive ratings for ease of dealing with tax issues (50%, up from 46% in 2015). Fewer felt HMRC minimised the cost, time and effort it took to deal with their clients' tax affairs (31%). A third (35%) agreed that services were personalised to them and their clients.

1.3.2 Perceptions of HMRC

Reputation

A third of Agents (34%) agreed HMRC was fair and four in ten (39%) agreed they were effective. However, only 16% agreed that HMRC were efficient, reflecting the low proportion who felt that HMRC minimised the cost, time and effort of dealing with the tax affairs of their clients. Eight in ten Agents (78%) agreed that HMRC ensured customer data and personal information was treated confidentially.

Four in ten Agents (39%) were confident in the way HMRC are doing their job. Confidence in HMRC was strongly linked to perceptions of efficiency, effectiveness and fairness. Half of Agents (53%) had a favourable overall opinion of HMRC.

Over six in ten Agents (63%) thought HMRC was doing about the right amount to raise standards and promote good practice within their profession.

Compliance

Over nine in ten (92%) Agents believed tax evasion was never acceptable, but nearly half (47%) thought it was widespread.

In contrast to sentiments about tax evasion, 45% of Agents thought tax avoidance was acceptable, at least to some extent, while only slightly more thought it was widespread (52%) compared with evasion.

Nearly three in five (56%) Agents thought late payment of taxes was widespread, while just over a third (35%) thought it was not widespread.

2. Introduction

2.1 Background

HM Revenue and Customs (HMRC) is the UK's tax, payments and customs authority. It collects the money that pays for the UK's public services and helps families and individuals with targeted financial support. Its vision is to be impartial and increasingly effective and efficient in its administration. It aims to help the honest majority to get their tax right and make it hard for the dishonest minority to cheat the system.³

HMRC commissioned the Individuals, Small Business and Agents Customer Survey in 2015 to provide customer understanding to support the Department's vision and track progress in this area over time. The survey is a key source of robust, balanced evidence on customer experience and perceptions of the tax administration system. It provides evidence which contributes to measuring HMRC's performance on the Department's Strategic Objective One (Maximising revenues and bearing down on avoidance and evasion) and Strategic Objective Two (Transforming tax and payments for customers). HMRC's Annual Report and Accounts provide information on the Department's customer service performance.⁴

2.2 Research aims

The survey aims to:

- Understand and track changes in overall customer experience over time
- Understand and track changes in overall perceptions of HMRC over time
- Help HMRC identify where to focus effort to improve customer experience

This report presents results from the first two years of the survey (2015 and 2016) for each customer group, looking at any changes between these two years. These results will report on only changes from the 2015 survey that are statistically significant.⁵

2.3 Methodology

2.3.1 Customer Groups

The survey covers three separate customer groups: Individuals, Small Businesses and Agents. Each group is surveyed separately and results reported separately.

Individuals

The survey of Individuals encompasses all members of the general public aged 16 or older. Individuals who reported having any interaction with HMRC in the previous 12 months were asked to rate their experiences of HMRC on a number of dimensions. All Individuals (including those who

³ For more information see HMRC: Single Department Plan 2015 to 2020, <https://www.gov.uk/government/publications/hmrc-single-departmental-plan-2015-to-2020>

⁴ For more information see HMRC's annual report and accounts, <https://www.gov.uk/government/collections/hmrcs-annual-report-and-accounts>

⁵ <https://www.gov.uk/government/publications/hm-revenue-and-customs-individuals-small-businesses-and-agents-customer-survey-2015>

did not report having any interactions beyond paying tax through Pay As You Earn) were asked about their perceptions of HMRC. The survey used random digit dialling of landline and mobile telephone numbers to contact Individuals to ensure effective coverage of the target population.

Small Businesses

Small Businesses are defined as having a turnover of under £10m and between zero and 19 employees.⁶

Small Businesses were surveyed at the enterprise level⁷ (rather than the local unit/site level) as most Small Businesses are based at a single site.

The survey used three sample sources:

- The Office for National Statistics' Inter-Departmental Business Register (IDBR) was used to cover businesses that operate a PAYE scheme or had a turnover above the VAT threshold.
- HMRC's Self-Assessment (SA) database was used to cover businesses below the VAT threshold. HMRC defined Self-Assessed Small Businesses as eligible if they had a turnover above £8,000 per annum.
- The National Insurance and PAYE Service (NPS) database was used to supplement the SA database. The NPS sample includes newer businesses that are not yet covered by SA.

The individual interviewed on behalf of the business was the owner, or a director or manager with overall responsibility for tax matters. Throughout the questionnaire, respondents were prompted to answer about their experience of dealing with Revenue and Customs on behalf of their business over the previous 12 months.

Agents

Agents are defined as 'businesses that are paid to deal with the tax affairs of others'. Agents were sampled at the Enterprise level (rather than the local unit/site level). This approach was taken for two main reasons. Firstly, it is consistent with the Small Business survey and similar HMRC customer surveys for mid-size and large businesses. Secondly, those entrusting their tax affairs to an Agent are entrusting them to an enterprise, not to a specific site within that entity.

The Agents sample frame was drawn from two sources:

- The IDBR (to cover Agents that operate a PAYE scheme or had a turnover above the VAT threshold) using Standard Industrial Classification (SIC) codes 69201: Accounting, and auditing activities, 69202: Bookkeeping activities or 69203: Tax consultancy.
- HMRC's SA database of customers, in sector codes 6201 (chartered/incorporated accountants) and 6615 (auditors, bookkeepers, financial advisers and other accountants) whose revenue was below the VAT threshold. Agents were asked a screening question to

⁶ It is important to note that there is some overlap with the HMRC Mid-Sized Business Customer Survey sample; Small Businesses that are part of a larger group are included in the Mid-Sized Business sample frame and as such HMRC were required to remove these records from the Small Business IDBR sample prior to passing it on to Kantar Public.

⁷ A group of legal units under common ownership is called an Enterprise Group. An Enterprise can be defined as the smallest combination of legal units (generally based on VAT and/or PAYE records) that is an organisational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources. An enterprise carries out one or more activities at one or more locations. An enterprise may be a sole legal unit. A local unit is an enterprise or part thereof (e.g. a workshop, factory, warehouse, office, mine or depot) situated in a geographically identified place.

confirm that they are a professional financial agent who personally deals with Revenue and Customs on behalf of clients.

The individual interviewed on behalf of the Agent firm was the owner or one of the directors or partners of the Agent firm. Throughout the questionnaire, Agents were prompted to answer about their experience of dealing with Revenue and Customs on behalf of clients over the previous 12 months.

2.3.2 Fieldwork methodology

The data collection method used for all three customer groups was Computer Assisted Telephone Interviewing (CATI). Each interview lasted around 20 minutes.

Respondents for the survey were selected using random probability sampling. This is the most robust sampling method for ensuring survey findings are representative of all HMRC customers. It means that results are generalisable to the wider population and enables statistical techniques to be used on the results to provide confidence on the accuracy of the findings, and whether differences over time or between sub-groups are statistically significant, rather than a result of chance. A more detailed description of the method is given in the separate Technical Annex.

Interviews were carried out with 2,552 Individuals, 2,936 Small Businesses and 2,635 Agents between September 5th and November 11th 2016.

2.3.3 Comparability with previous Customer Survey

This survey compares results between 2015 and 2016. HMRC previously conducted a different Customer Survey between 2008 and 2015.⁸ However, the questionnaire, sample structure, approach and definition of the customer groups have all been substantially changed. Results are therefore not comparable with this previous survey.

2.3.4 Survey content

The survey covers the following areas:

- Interactions with HMRC in the previous 12 months
 - Rating of customer experience
 - Section of questions measuring key dimensions of experience, based on the Atom Model (see section 2.3.5 below)
 - Other measures of customer experience, reflecting the manner in which HMRC administers the tax system
 - Fairness
 - Personalisation
 - Ease of dealing with tax issues
 - (Small Businesses only) Integration with HMRC
- Perceptions of HMRC
 - General perceptions of HMRC
 - HMRC being efficient, effective and fair

⁸ <https://www.gov.uk/government/publications/hm-revenue-and-customs-customer-survey-2008-to-2015>

- Confidence in HMRC
 - Favourability and advocacy
 - Perceptions of compliance
- Demographics

The questionnaires are included in the Technical Annex.

Individuals without interactions with HMRC over the previous 12 months were not asked about their customer experience, but were asked about their perceptions of HMRC and demographic characteristics. Agents and Small Businesses were asked to answer all sections.

2.3.5 Atom Model

The main section of questions measuring customer experience was a series of questions based on the Atom Model of customer experience.

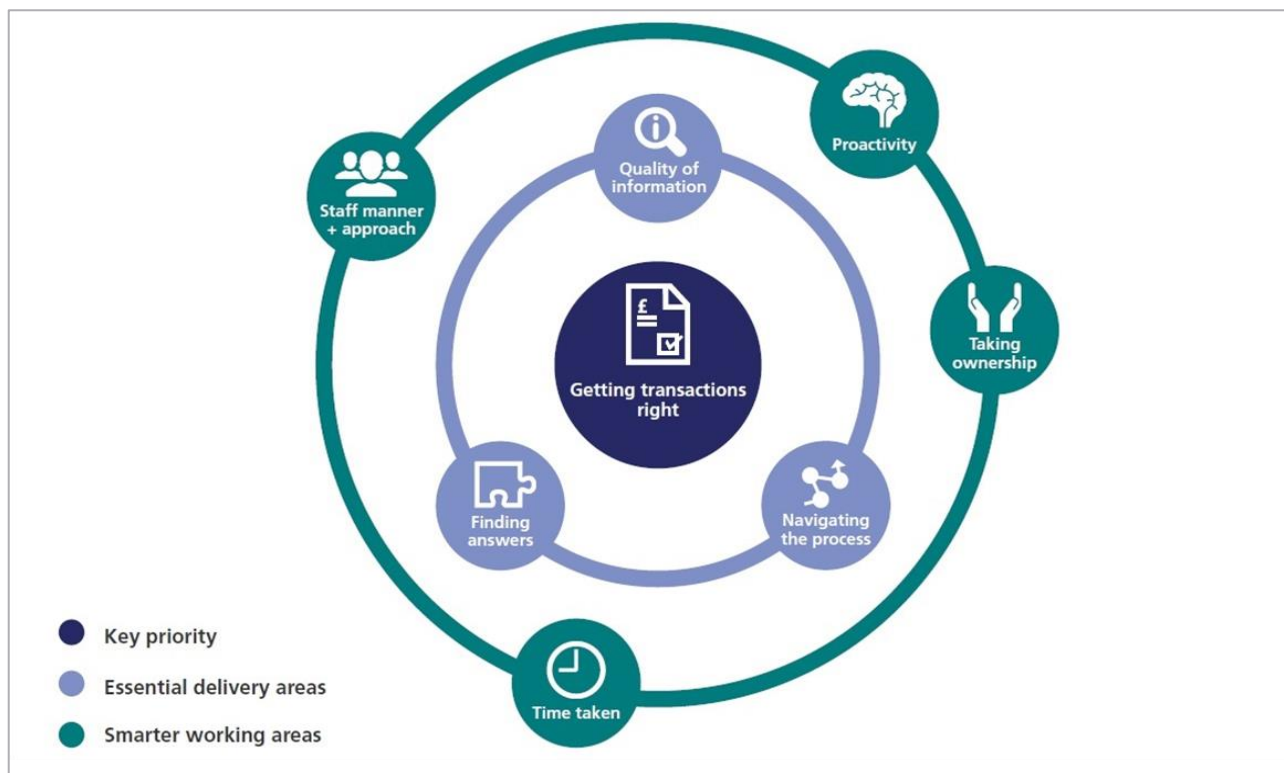
The model was developed based on qualitative research commissioned by HMRC in 2013⁹ to look at what an ideal customer experience would look like if everything was working well. It was designed to examine which dimensions of experience were most and least important for a good quality customer experience. The model was designed to be relevant to the three customer groups that were interviewed at the time in the previous customer survey (Individuals, Agents and Small and Medium-sized Enterprises (SMEs)).

As illustrated in Chart 2.1, the Atom Model highlighted what was the key driver of an ideal customer experience, other areas essential to delivering a good quality service, and which dimensions were still necessary for providing an effective service, but less important than the others. Using this typology, HMRC getting tax transactions right was fundamental to providing a good quality service in the minds of customers (see Chart 2.1). This was followed by the ease of finding answers, the quality of information provided and the ease of navigating the whole process from start to finish.

The matters of customer service which were of lesser importance to customers in this model were staff manner and approach, the time taken to resolve issues, and HMRC's ability to take ownership and be proactive.

⁹ Understanding quality of service from a customer perspective
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/344753/report285.pdf

Chart 2.1 Original Atom Model



The customer experience questions in this survey were developed around the Atom Model to understand which dimensions were most important to customers in their real-life customer experience over the previous 12 months. Table 2.1 shows how the survey questions maps on to the dimensions of the original Atom Model.

Table 2.1 Atom Model questions in the survey

Atom Model element	Customer Survey question
Getting transactions right	How good or poor were Revenue and Customs at getting tax transactions right? ¹⁰
Quality of information	How would you rate the quality of information you have looked for or received from Revenue and Customs over the previous 12 months?
Finding answers	How easy or difficult was it to find any information you needed on tax issues from Revenue and Customs?
Navigating the process	Revenue and Customers made clear: <ul style="list-style-type: none"> • What steps I needed to take • When everything was completed
Staff manner and approach	Were Revenue and Customs approachable / professional?
Time taken	How acceptable was the time taken to reach the end result?
Taking ownership	How good or poor were Revenue and Customs at resolving any queries or issues?
Proactivity	Did Revenue and Customs have systems which were good at preventing me from making mistakes?

¹⁰ For Individuals this question was phrased: 'How good or poor were Revenue and Customs at getting tax [and benefits and credits] transactions right?' if they reported receiving any benefits or tax credits in the previous 12 months

Customers were also asked to rate their overall experience of dealing with HMRC. Key Driver Analysis (KDA) was then conducted on the Atom Model dimensions using multivariate analysis (multiple linear regression) enabling us to create a revised Atom Model for each customer group.

2.3.6 Key Driver Analysis

The Key Driver Analysis (KDA) enables us to understand which Atom Model dimensions are most important in driving overall customer experience. By comparing how important these dimensions were in driving ratings of overall experience with how well HMRC performed on each of these dimensions, it is possible to identify the areas which are most important to address to maintain or improve overall experience.

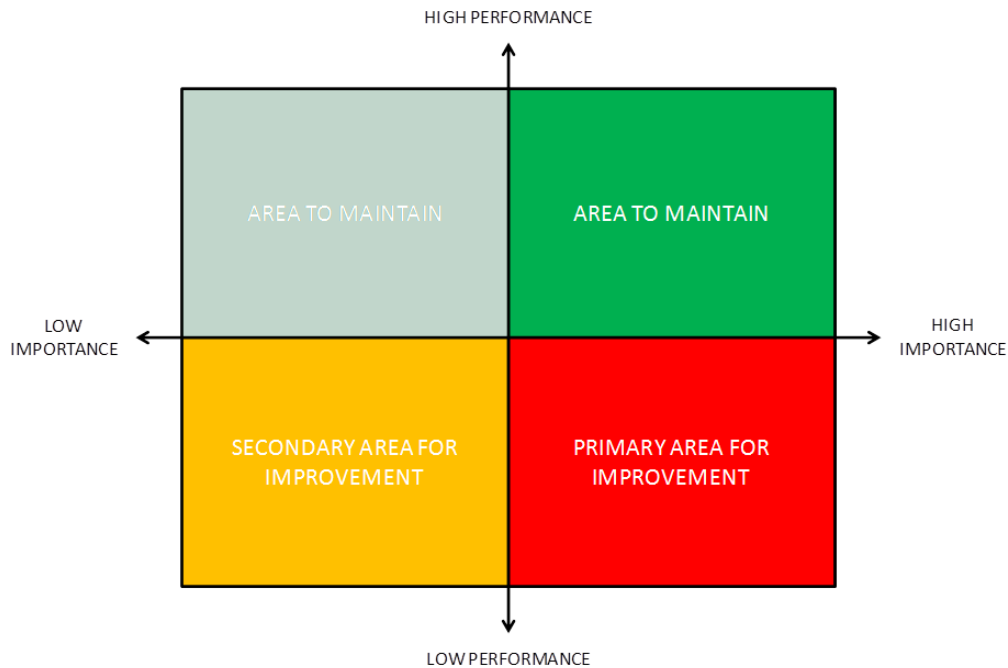
The Atom Model has one or more customer experience measures at the centre. These were the most important drivers of overall experience in the KDA. The inner ring of the Atom Model included the measures that had higher relative importance scores in the KDA, and the outer ring included the measures that had lower relative importance scores.

The following explains how the Atom Model identifies areas of customer experience that would need improvement to increase ratings of overall experience.

- (a) Areas of experience that had been identified as drivers of higher relative importance (i.e. their Relative Importance Score is above the median of all Relative Importance Scores) and lower performance (i.e. their Performance Scores are below the median of all Performance Scores) are the **primary areas to improve**;
- (b) Areas that had been identified as drivers of lower relative importance (i.e. their Relative Importance Score is below the median of all Relative Importance Scores) and lower performance (i.e. their Performance Scores are below the median of all Performance Scores) are the **secondary areas to improve**; and
- (c) Areas of higher relative performance (i.e. their Performance Scores are above the median of all Performance Scores) and in particular areas that have been identified as drivers of higher relative importance (i.e. their Relative Importance Score is above the median of all Relative Importance Scores) are **areas to maintain** in order to keep ratings of the overall experience high.

This segmentation of experience areas can be visually represented in a quadrant diagram, with relative importance in driving the overall experience on the horizontal axis and performance on the vertical axis (See Chart 2.2).

Chart 2.2: Visual representation of Key Driver Analysis (KDA)



2.4 Reporting notes

Many of the questions in the survey asked customers to rate their customer experience and perceptions of HMRC using a five point response scale, where five was the most positive response and one was the least positive response. Responses have been grouped into positive (a score of four or five), neutral (a score of three), and negative (a score of one or two). Respondents could also say “Don’t know” or “Not applicable”. Respondents who said the question did not apply to them were excluded from the analysis of that dimension. Those who answered “Don’t know” or “Refused” are included in the charts, unless no respondents gave this answer.

Where customers were asked to rate HMRC they were asked to give an overall opinion about all of their experiences of dealing with HMRC over the previous 12 months.

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 a combination of rounding to the nearest whole number, the exclusion of those who said “Don’t know” or “Refused”, and because some questions allowed participants 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 discussed in the text of this report were 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, and have not just occurred by chance. Similarly, any changes between 2015 and 2016 discussed in the text are statically significant at the 95% probability level. Significant differences from 2015 are shown on each chart by an upwards or a downwards arrow.

Base sizes, displaying the number of people who gave a response to any question (excluding those who said that the question did not apply to them) are shown on each chart.

3. Individuals



3.1 Chapter summary

Seven in ten (68%) Individuals gave a positive rating for their overall experience of dealing with HMRC in the previous 12 months. This was an increase from 61% in 2015. Ratings also improved for both telephone helplines (from 43% to 55%) and online services (from 62% to 67%).

There were improvements in ratings of most dimensions of customer experience since 2015, including HMRC getting tax and Benefits or Credits transactions right and resolving queries – the two most important drivers of overall customer experience.

Perceptions of HMRC were largely unchanged from 2015, with over half (53%) of Individuals being confident in HMRC's ability to do their job and six in ten (60%) having a favourable opinion of HMRC. HMRC applying penalties and sanctions equally was the only area with a significant decrease in positive ratings in comparison to 2015 (from 38% to 35%).

3.2 Profile of Individuals

This section covers customers' demographic profile, their interactions with HMRC over the previous 12 months and tax life events, which might have affected their tax status. It concludes by exploring agent usage and customer perceptions of the ease of having an agent acting on their behalf. This provides useful context for the later sections of this chapter covering customer experience and general perceptions of HMRC.

3.2.1 Demographic profile

There was an even split between males (49%) and females (50%).¹¹ Around a third of Individuals fell into each of the following age bands: 16-34 years (29%), 35-54 years (34%), and 55 years or older (37%).

Four in ten (38%) Individuals were not working (22% of Individuals were retired from paid employment), closely followed by those in full-time work (36%). Smaller proportions of Individuals were working part-time (15%) or self-employed (8%). Nearly half of Individuals reported having a single income source (47%), with 45% having multiple income sources. A small proportion reported having no personal income source except for state benefits and tax credits (6%).

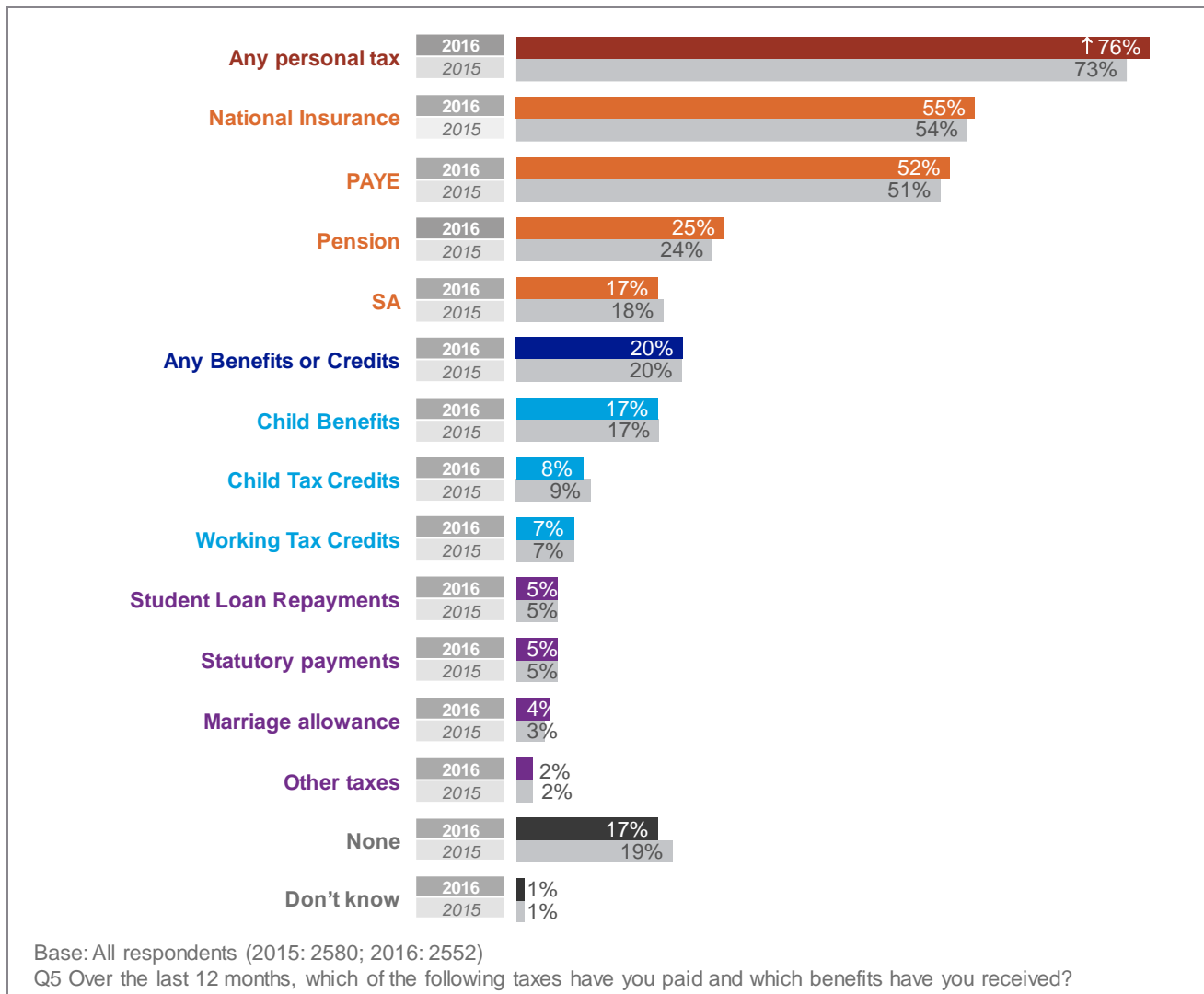
3.2.2 Taxes paid and Benefits and Credits received

Individuals were asked if they had paid any taxes, or received any Benefits and Credits from HMRC in the last 12 months (Chart 3.1). Three in four (76%) Individuals had paid personal taxes in the last 12 months, and one in five (20%) had received Benefits and Credits administered by HMRC in the last 12 months. The proportion paying any personal taxes increased slightly (76%, up from 73% in 2015).

¹¹ 1% of respondents preferred not to state their gender.

Six in ten (60%) Individuals had only paid personal taxes, while 16% of Individuals had paid personal taxes and received Benefits and Credits; only five per cent had received Benefits and Credits only. More than half (54%) of Individuals paid PAYE and not Self-Assessment, 12% paid both, and five per cent paid Self-Assessment and not PAYE.

Chart 3.1 Taxes paid and Benefits and Credits received from HMRC – Individuals



Age, working status, and gender were the key demographic differences which affected the types of tax paid and Benefits and Credits received:

- Men were more likely than women to have paid any personal taxes in the last 12 months (81% compared with 72%).
- While the proportion of men paying personal taxes was the same as in 2015, the proportion of women increased from 66%. This was not due to an increase in any one type of personal taxes in particular.
- Women were more likely than men to have received Benefits and Credits in the last 12 months (27% compared with 14%).

- Those who were working full-time were the most likely to have paid personal taxes in the last 12 months (96%) compared with those who were self-employed (86%), working part-time (85%), or those not working (53%).
- Those who were not working were least likely to have received Benefits and Credits from HMRC in the last 12 months (13%) compared with other groups (working full-time: 19%; part-time: 38%; self-employed: 30%).

Reflecting age differences in work status and presence of children in the household:

- Individuals aged 35-54 were more likely to have paid personal taxes in the last 12 months (85%) than 16-34 year-olds (71%) or those aged 55+ (72%).
- Individuals aged 35-54 were also more likely to have received Benefits and Credits in the last 12 months (35%) compared with those aged 16-34 (23%) or 55+ (5%).
- Individuals with at least one child living in their household were more likely than those with no children resident to have paid personal taxes (80% compared with 75%) and received Benefits and Credits (66% compared with 6%).

3.2.3 Tax life events

Individuals were asked if they had experienced any life events that might have caused them to interact with HMRC within the previous 12 months. Examples that were covered in the survey included getting married and starting a new job. Four in ten Individuals (38%) reported that at least one of these events had happened to them in the last 12 months: 13% had stopped working; 12% had changed jobs, and six per cent started receiving a pension.

Tax life events were closely linked with age:

- Individuals aged 16-34 were twice as likely to have experienced one as those aged 35+ (61% and 30%, respectively).
- For those aged 16-34 changing jobs was the most common tax life event (24%), followed by stopping working (20%) and starting work for the first time (13%).
- For Individuals aged 35-54 stopping working for a period of time was the most common tax life event (13%), followed by changing jobs (11%) and starting to receive a pension (4%).
- For Individuals aged 55+ retiring was the most common tax life event (10%), followed by stopping work for a period of time (8%) and dealing with the tax affairs of someone who is deceased (6%).

3.2.4 Interactions with HMRC in previous 12 months

Nearly two-thirds (65%) of Individuals had interacted with HMRC in the previous 12 months, a similar level to the previous wave of the survey in 2015 (64%). The key subgroup differences affecting Individuals' likelihood to interact with HMRC were:

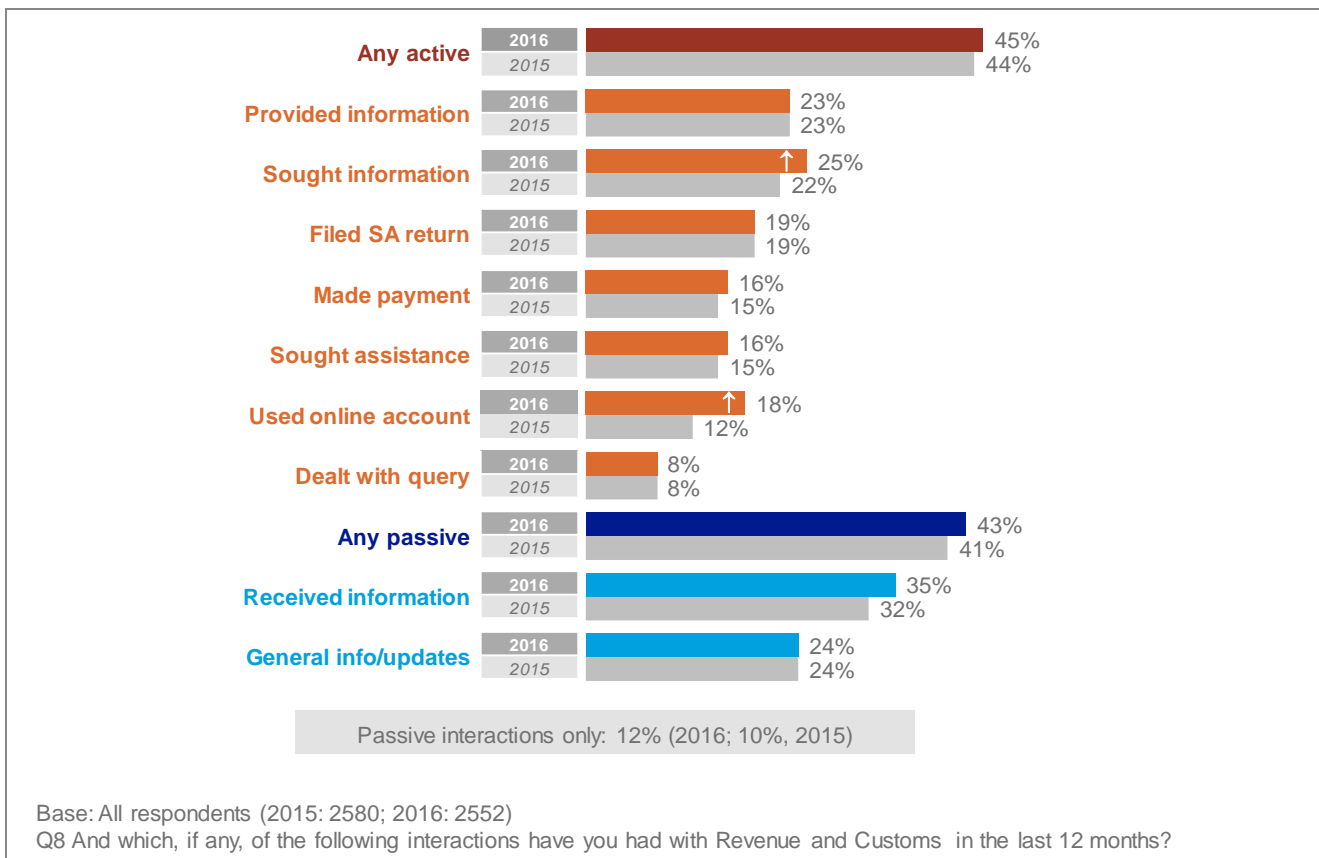
- Individuals aged 55+ were the least likely to have had an interaction with HMRC in the previous 12 months (55%) compared with 16-34 year-olds (69%) and those aged 35-54 (72%).

- Those who were self-employed were the most likely to have had an interaction with HMRC in the previous 12 months (92%). Those who were working full-time (69%) and part-time (76%) were significantly more likely to have had an interaction with HMRC in the previous 12 months compared with those who were not working (52%).
- Those who reported having multiple income sources were more likely to have had an interaction with HMRC in the previous 12 months (70%) compared with those with a single income (63%). Customers with no income source were more likely to have had no interaction with HMRC in the previous 12 months (54% had not interacted with HMRC in the last 12 months).
- Individuals who had had a change in employment status were more likely than those who had not experienced a change to have interacted with HMRC in the previous 12 months (77% and 61%, respectively).

3.3 Type of interaction

Individuals were asked about the type of interactions they had with HMRC in the previous 12 months (See Chart 3.2). These interactions can be split between those that were passive interactions where the Individual was a recipient of information from HMRC, and active interactions, where the Individual actively engaged with HMRC.

Chart 3.2 Type of interaction with HMRC in the last 12 months – Individuals



As in 2015, similar proportions of Individuals had both active and passive interactions with HMRC in the previous 12 months (45% and 43% respectively). One in ten (12%) had only passive interactions with HMRC. There were increases in two types of active interaction; more Individuals sought information from HMRC (25%) and used their online account (18%) than in 2015 (up from 22% and 12% respectively). The latter increase is likely to reflect the rollout of the Personal Tax Account.

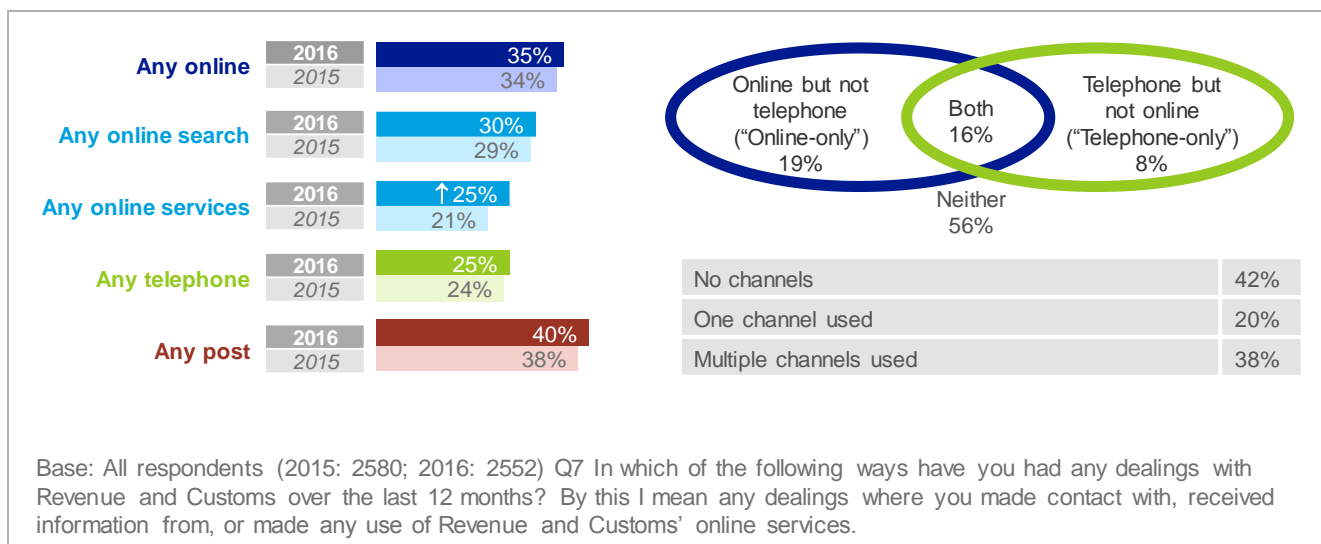
Individuals aged 55+ were least likely to have had an active interaction with HMRC in the previous 12 months (34%). Nearly three-quarters (74%) of Individuals who received any Benefits and Credits had any active interaction, compared with just half (50%) of those who paid personal taxes. Half (50%) of PAYE customers had an active interaction, compared with 91% of Self-Assessment customers.

3.3.1 Channels used to interact with HMRC

Individuals were asked about the ways in which they communicated with HMRC in the previous 12 months. Interactions were defined as where Individuals had made contact with HMRC, received information from HMRC, or used HMRC’s online services. The different contact channels identified in the survey were online, telephone and post; online was broken down into searching for information on the HMRC webpages, and using HMRC online services.

Four in ten (38%) Individuals had made or received contact from HMRC using multiple channels in the previous twelve months, while one in five (20%) Individuals made or received contact using only one channel. Chart 3.3 shows the most common channels for interactions with HMRC from the 2016 and 2015 surveys.

Chart 3.3 Channels of contact – Individuals



A third (35%) of Individuals had any online contact in the previous 12 months, while a quarter (25%) had any telephone contact. As per the increase in Individuals using their HMRC online account (above), a higher proportion of Individuals used any HMRC online service in 2016 compared with 2015 (25% and 21% respectively). Three in ten (30%) searched for information on the HMRC webpages.

Individuals' use of contact channels was linked to age and taxes paid:

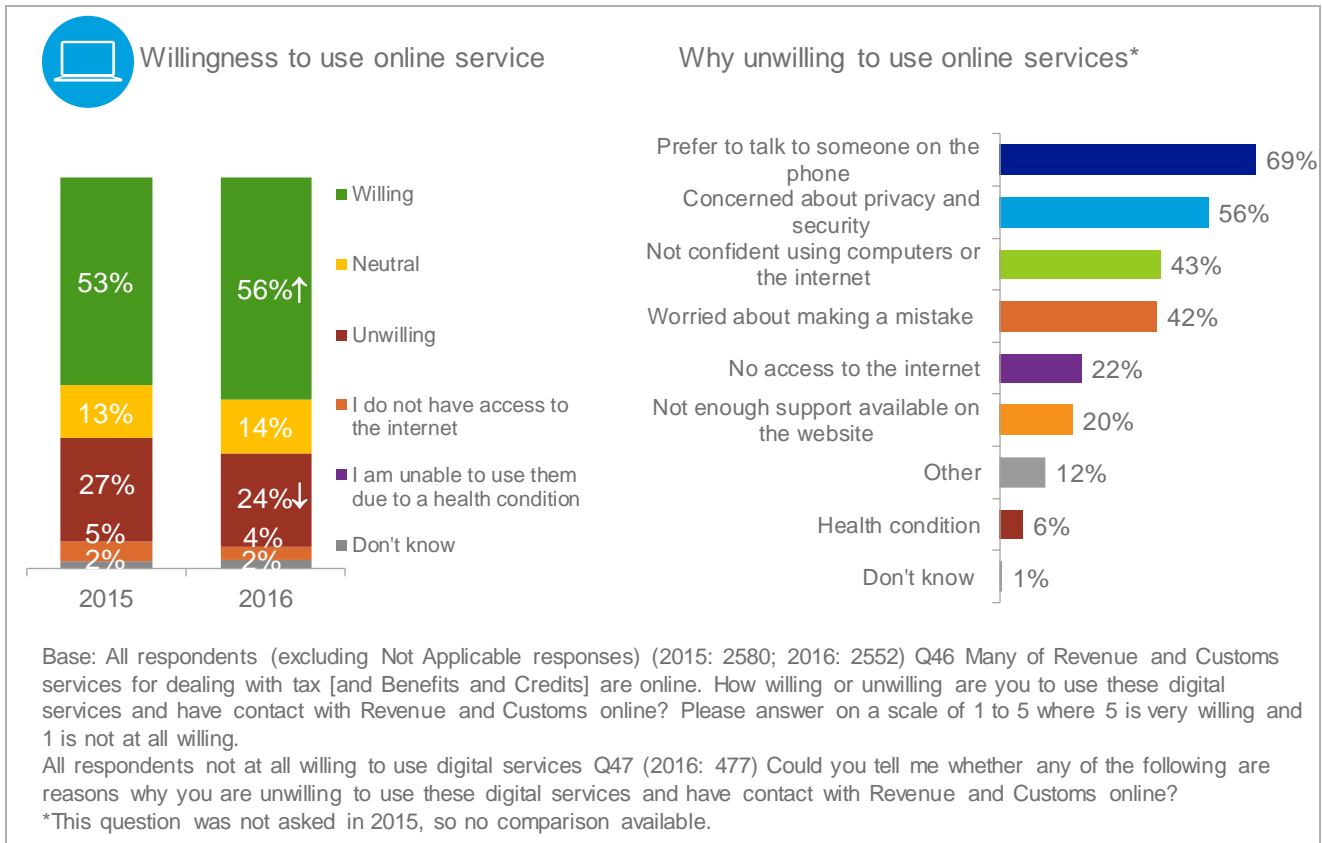
- Individuals aged 16-34 were more likely to have telephone-only contact (where they used any telephone contact and no online services) (11%) than Individuals aged 35- 54 or 55+ (7% and 6% respectively).
- Individuals aged 35-54 were more likely to use online services (33%) than those aged 16-34 or 55+ (26% and 16% respectively).
- More than half (54%) of Individuals aged 55+ had no contact with HMRC in the previous 12 months, a significantly higher percentage than those aged 16-34 or 35-54 (31% and 28% of whom said they had no contact).
- Individuals who received Benefits and Credits only (47%) were more likely to use the telephone as a contact channel compared with those who only paid personal taxes (21%).
- Individuals who had received Benefits and Credits only were also more likely to have had contact with HMRC by post (60%) than those who had only paid personal taxes (40%).

3.3.2 Willingness to use HMRC's online services

Individuals were asked about their willingness to use HMRC's online services and have contact with HMRC online. Compared with last year, a higher proportion of Individuals were willing to engage with HMRC online (56%, up from 53% in 2015) and a lower proportion were unwilling (24%, down from 27% in 2015) (See Chart 3.4).

A new question was included for 2016 to better understand reasons for unwillingness to engage digitally. Seven in ten Individuals (69%) who were unwilling to engage with HMRC online said this was because they prefer to talk to someone on the phone, 56% were concerned about privacy and security, while 43% and 42% respectively were not confident or worried about making a mistake.

Chart 3.4 Willingness to use online services and have contact with HMRC online – Individuals

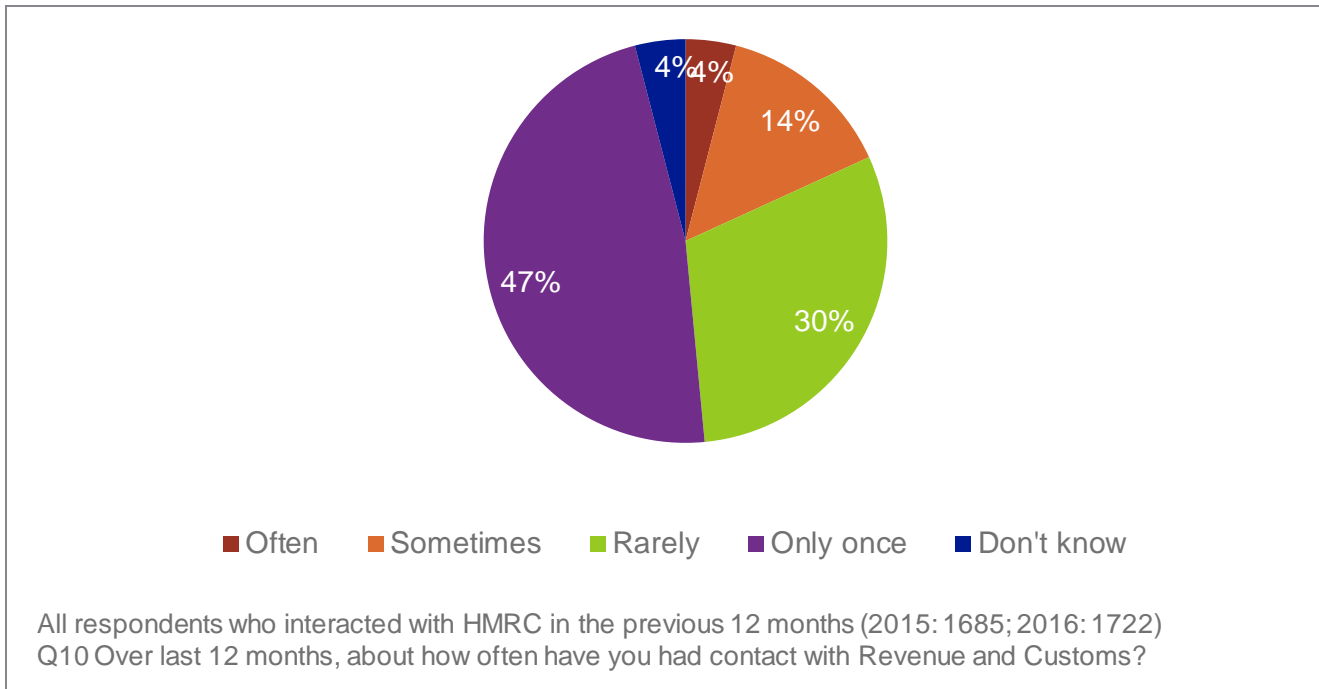


3.3.3 Frequency of contact

Individuals who reported making or receiving contact with HMRC in the previous 12 months (section 3.2.4) were asked how frequently they had had contact. Respondents were asked to think about contact they made or received about separate issues, rather than ongoing contact about a single issue.

Almost half (47%) who had made or received contact with HMRC in the previous 12 months had only been in contact once, while a further three in ten (30%) had rarely done so (Chart 3.5). Just under a fifth (19%) had had more frequent contact: 14% sometimes had contact with HMRC and four per cent often had contact with HMRC in the previous 12 months.

Chart 3.5 Frequency of contact in previous 12 months – Individuals



Individuals aged 55+ were more likely to have only interacted with HMRC once in the previous 12 months (56%). Linked to this, those who were retired from paid employment were also the most likely to have had contact only once (64%).

3.3.4 Agent usage and ease of having an agent act on customer’s behalf

Nearly two in ten (18%) Individuals reported that they paid a professional advisor to help them with their dealings with HMRC. This was most common amongst the self-employed, where nearly six in ten (58%) Individuals said they did this. Individuals aged 35-54 or 55+ (22% and 20% respectively) were more likely than those aged 16 to 34 (11%) to pay a professional advisor. This is likely to be because significantly more self-employed Individuals were within the 35-54 age band (12%) than the 16-34 year old (6%) or 55+ (6%) age bands.

Of those Individuals who did not pay a professional advisor for help, 13% said they received help from someone else in their dealings with HMRC – this equates to six per cent of all Individuals. This help was most likely to come from friends, family and/or colleagues (3%) and then employers (1%).

Those who said they had some kind of help dealing with their tax affairs, whether paid or not, were asked about the extent to which HMRC made it easy or difficult for someone else to act on their behalf. Three-quarters (76%) of these Individuals thought that HMRC made it easy, seven per cent were neutral, and seven per cent said it was difficult.

3.4 Customer Experience

This section discusses Individuals' overall ratings of HMRC's online channels and telephone helplines and overall customer experience. It also examines more detailed dimensions of customer experience based on the Atom Model (as discussed in section 2.3.5). Finally, this section discusses views of HMRC's tax administration - whether Individuals felt they were treated fairly and as honest, whether HMRC made it easy to deal with their tax issues and whether services were personalised.

Only customers who had interacted with HMRC in the previous 12 months were asked to rate HMRC on these dimensions.

3.4.1 Rating of service – telephone, online services and webpages

Individuals who had contact with HMRC by telephone, or used HMRC's online services or webpages in the previous 12 months, were asked to rate their experiences of using these services (Chart 3.6).

There were improvements in ratings of HMRC's telephone helplines; positive ratings increased by 12 percentage points to over half (55%, up from 43% in 2015), while negative ratings decreased by nine percentage points to a quarter (26%, down from 35% in 2015). Neutral ratings also decreased to 18% (down from 22% in 2015).

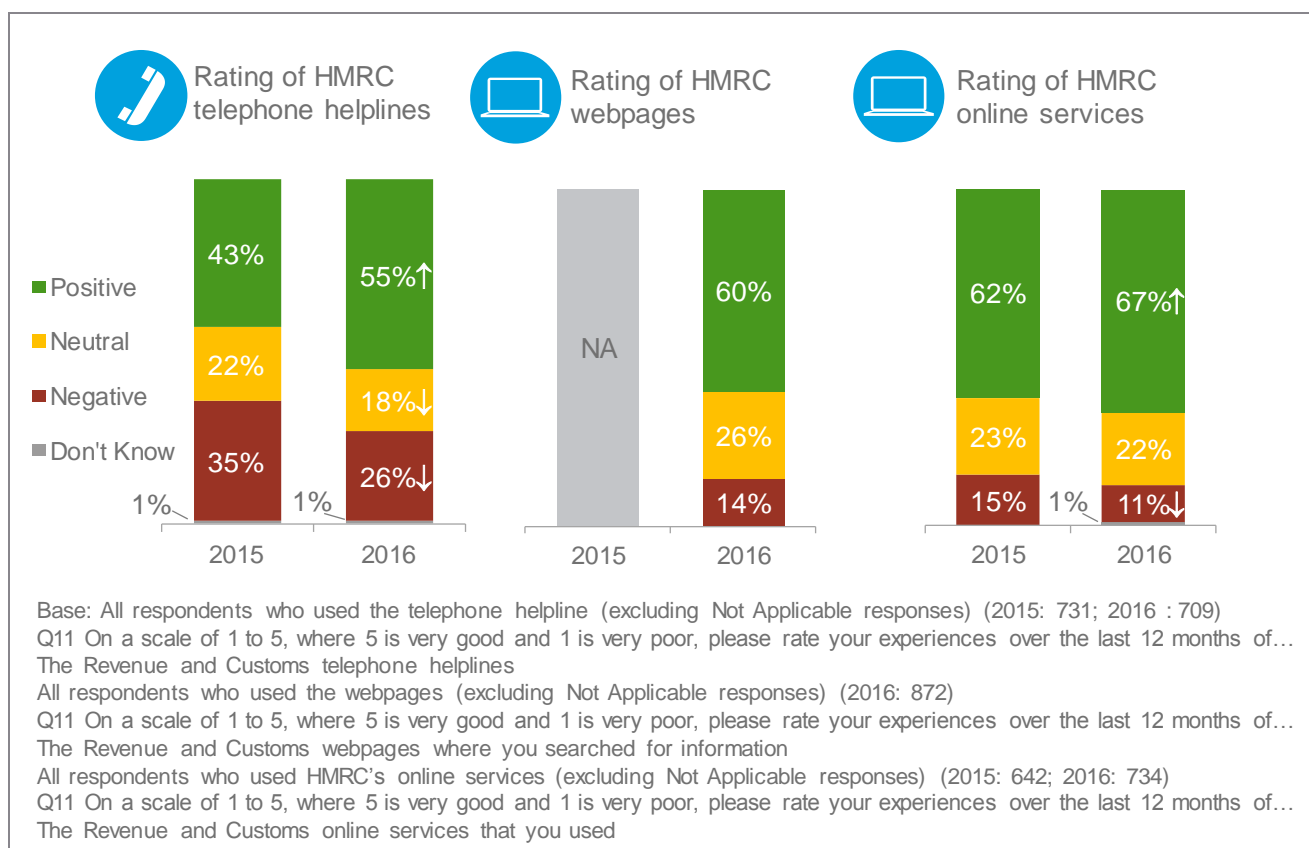
As in 2015, the more frequently Individuals had contact with HMRC, the less positive they were about the telephone helplines (this pattern holds for online ratings too): those who had contact once were the most positive (62%) followed by those who had contact rarely (55%), those who had contact sometimes (50%) and then those who often had contact (38%).

Individuals continued to rate online contact channels more positively than the telephone helplines. Ratings of online services also significantly improved¹²; of those Individuals who had any contact with HMRC via their online services in the previous 12 months, two-thirds (67%) rated the service positively, an increase from 2015 (62%). Negative ratings also decreased to one in ten (11%, down from 15% in 2015). Six in ten (60%) of those who had used HMRC webpages to search for information rated them positively (26% were neutral and 14% were negative).

Online-only customers were more positive about HMRC's webpages (69%) and online services (78%) compared with those who had contact using both online and telephone (webpages: 50%; online services: 55%).

¹² The rating of HMRC's webpages was not asked in the 2015 survey so there is no trend data for comparison

Chart 3.6 Rating of HMRC telephone helpline, online services and webpages – Individuals



3.4.2 Overall rating of customer experience and whether experience is getting better or worse

Individuals who had interacted with HMRC in the previous 12 months were asked to reflect on all their experiences of Revenue and Customs over this time and rate their overall customer experience, as well as whether they thought that experience had improved or deteriorated compared with the previous 12 months.

Individuals' overall experience improved since 2015; two-thirds (68%) were positive (up from 61% in 2015) while one in ten (11%) were negative (down from 14% in 2015). Neutral ratings also decreased to one in five (20%, down from 24% in 2015) (Chart 3.7).

Channel usage was linked to overall rating of customer experience: online-only Individuals were more likely to have had a positive experience (74%) than those who had used telephone-only (58%). This is in line with findings from 2015, although there were improvements among both groups (up from 67% and 50% respectively).

Again, frequency of contact was related to overall experience - Individuals who had contact with HMRC once or rarely in the previous 12 months were more likely to be positive than those who had contact sometimes or more often (69% compared with 58%).

Individuals who had received Benefits and Credits only were more positive (79%) than those who only paid personal taxes (64%), while positive ratings for those who were PAYE only increased from 58% in 2015 to 67% in 2016.

Other notable sub-group changes were:

- Positive ratings among Individuals aged 16-34 and 35-54 improved since 2015 (from 65% to 74% and 57% to 65% respectively), while they remained relatively high for those aged 55+ (66%).
- There was also a significant improvement in positive ratings among Individuals in full-time employment (from 55% in 2015 up to 65%).

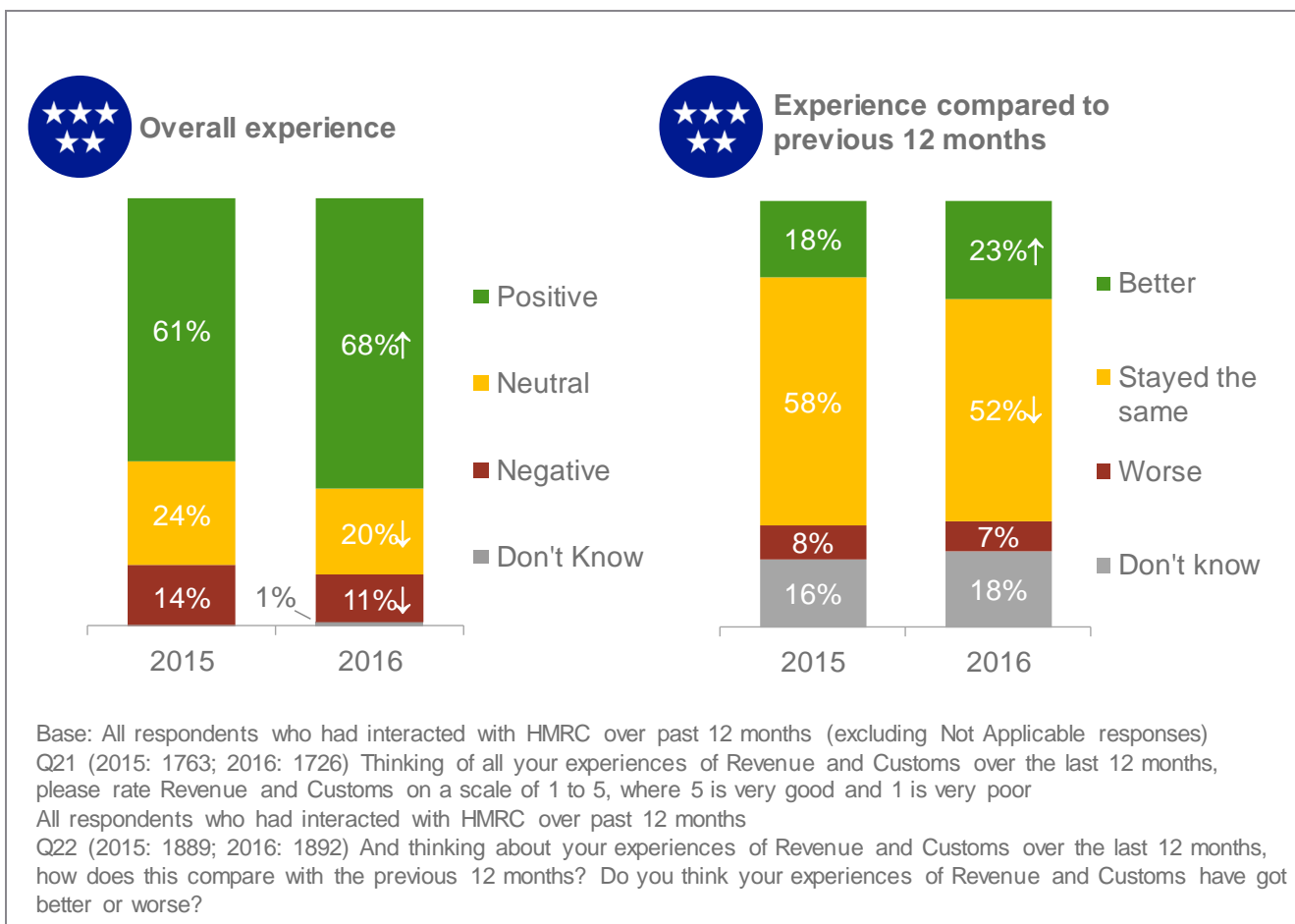
These findings are likely to reflect the relationship of age and working status, with a higher proportion of customers aged 35-54 working full-time.

Customers were asked how their experience of dealing with HMRC over the previous 12 months compared with their experience of the preceding 12 months. A quarter (23%, up from 18% in 2015) thought their experience had improved (Chart 3.7).

Individuals with a positive overall rating of their experience in the previous 12 months were also more likely to think that their experience had got better (30%).

A higher proportion of telephone-only customers said that their experience had improved compared with last year (26%, up from 16% in 2015) reflecting the improvements in the telephone helpline ratings seen earlier.

Chart 3.7 Rating of overall experience and comparison of experience with previous 12 months – Individuals



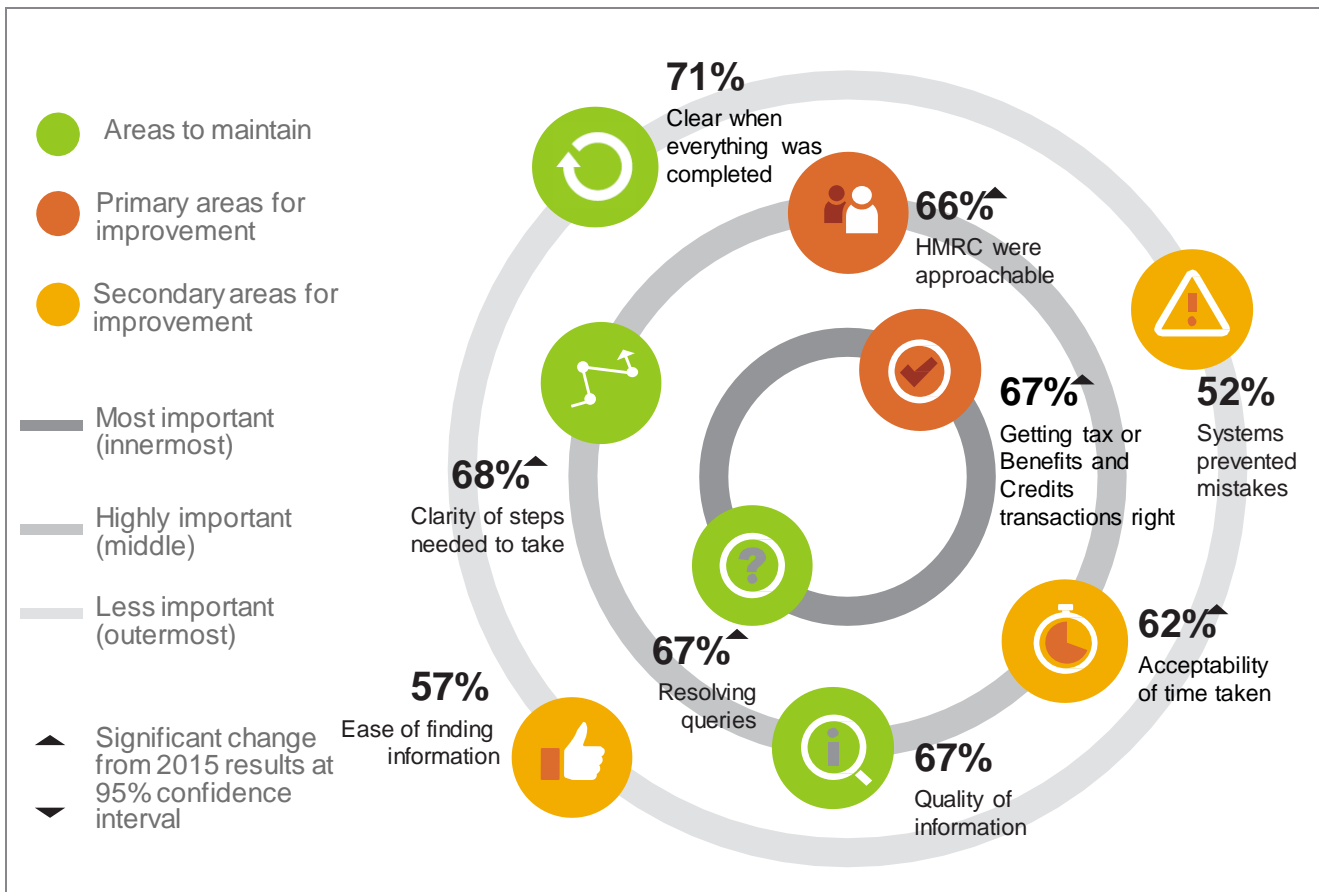
3.4.3 Atom Model of customer experience

This section discusses the Atom Model, which is used to understand what is driving overall customer experience and what dimensions are most important to address to improve it.

A description of the Atom Model is provided in the introduction (section 2.3.5).

The model (See Chart 3.8) reflects statistical analysis of the 2016 survey results which examined the dimensions of customer experience which had greatest impact on the overall rating of customer experience.

Chart 3.8 Atom Model – Individuals 2016



In 2015, HMRC getting tax or Benefits and Credits transactions right was at the heart of the Individuals Atom Model, consistent with the original model based on the initial qualitative research. This year, in addition to HMRC getting tax or Benefits and Credits transactions right, resolving queries moved to the centre of the Individuals Atom Model. These were the two dimensions with the strongest relationship with the overall rating of experience, making these the two primary dimensions driving overall experience in 2016.

Dimensions in the middle ring, indicating high importance to overall experience, were:

- Quality of information
- HMRC were approachable
- Clarity of steps needed to take
- Acceptability of time taken

Dimensions in the outer ring, of less importance, were:

- Clear when everything was completed
- Systems prevented mistakes
- Ease of finding information

By comparing how important each dimension was in driving overall experience with how well HMRC performed on each of these dimensions, it is possible to identify the dimensions which are most important to address, to improve overall experience for customers. For more information please see section 2.3.5.

In Chart 3.8,

- The dimensions in dark orange are the most important to address to improve overall performance.
- The dimensions in amber are slightly less important to address to improve overall performance.
- And the green dimensions are those where HMRC has performed comparatively well but should ensure that this level of performance is at least maintained.

The remainder of this section discusses each of these dimensions in the order of importance as determined by the KDA analysis.

Most important dimensions

The most important dimensions of customer experience for Individuals were HMRC resolving queries and HMRC getting tax or Benefits and Credits transactions right (Chart 3.9). Performance in both of these areas improved significantly since 2015. Resolving queries changed from an area to improve to an area to maintain, while HMRC getting tax or Benefits and Credits transactions right changed from an area to maintain to a primary area to improve (for further information on definitions of areas to maintain and areas to improve see section 2.3.6).

Resolving queries

Two-thirds (67%) of customers who had interacted with HMRC in the previous 12 months rated HMRC positively for resolving queries – an increase from 60% in 2015. Similarly to 2015, 18% were neutral and 14% were negative. As performance on this dimension is relatively high (compared with the other Atom Model measures), this is identified as an area to maintain, but given its fundamental importance in driving good customer experience overall, further action to improve performance is likely to be beneficial in improving ratings of overall customer experience. There was also a strong link with overall experience; nine in ten (90%) customers who had a positive experience also rated HMRC positively for resolving queries.

Online-only Individuals were more positive than those used both the telephone and online (72% and 60% respectively); positivity amongst the latter group increased from 51% in 2015, however. While positive ratings among those who sought assistance from HMRC were lower than average (61%), they increased from 49% in 2015.

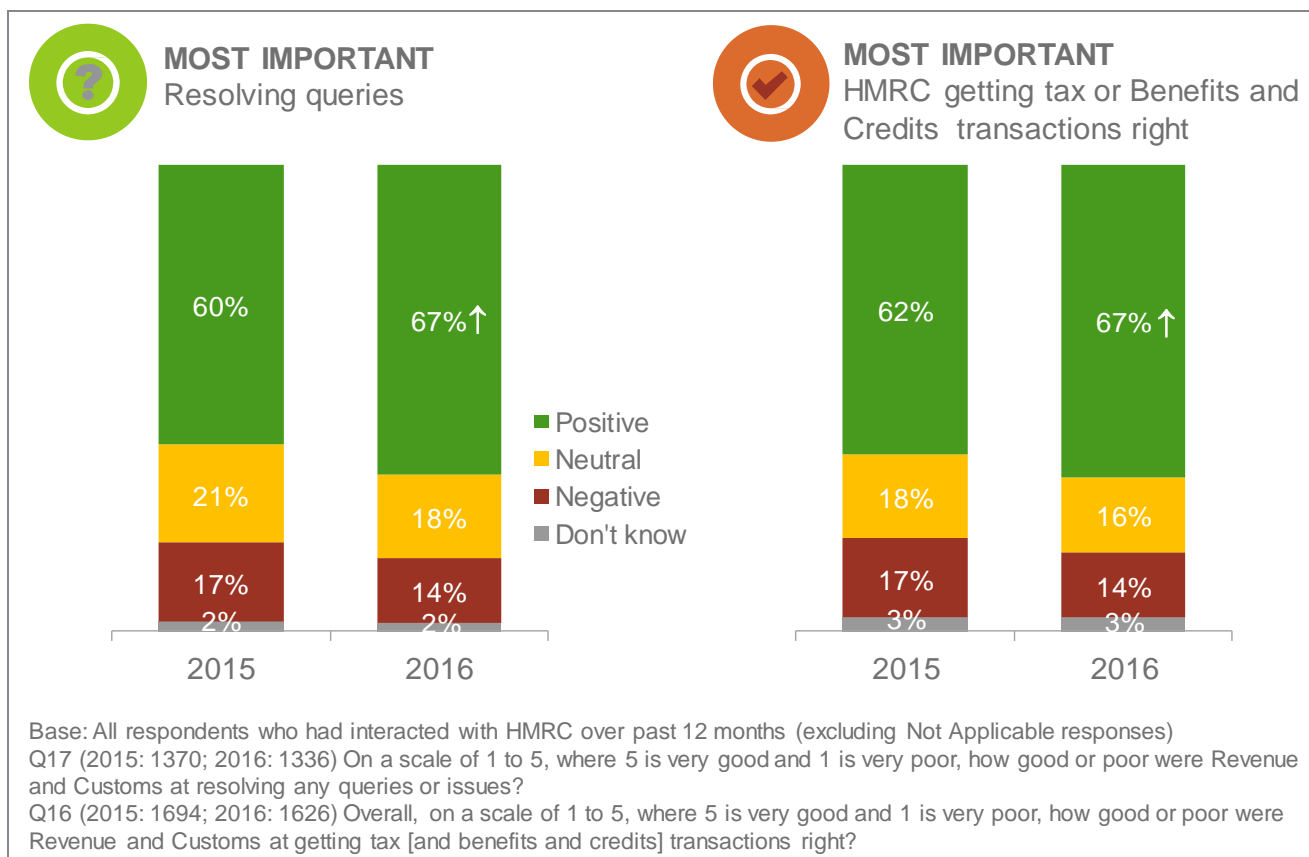
HMRC getting tax or Benefits and Credits transactions right

Despite becoming an area to improve, performance for HMRC getting tax or Benefits and Credits transactions right improved from 2015; positive ratings increased to two-thirds (67%, from 62% in 2015) while negative and neutral ratings remained similar at 14% and 16% respectively.

As seen for resolving queries, and similar to the 2015 results, the channel used to interact with HMRC had a bearing on how customers rated HMRC on this dimension. Individuals who used online and telephone were more than twice as negative as those who used online only (22% and 9% respectively).

The strong link between HMRC getting tax or Benefits and Credits transactions right and overall customer experience can also be seen by the fact that Individuals who had a negative overall experience were much more likely than average to rate HMRC negatively on HMRC getting tax or Benefits and Credits transactions right (73%), while those positive overall were more likely to be positive (85%).

Chart 3.9 Most important dimensions of customer experience – Individuals



Highly important dimensions

This section looks at the four dimensions of high importance to customers which were in the middle ring of the Atom Model: quality of information, HMRC were approachable, clarity of steps needed to take and acceptability of time taken (Chart 3.10 and Chart 3.11).

Quality of information

Quality of information continues to be an area for HMRC to maintain, with two-thirds (67%) of Individuals positive about this dimension. Negative ratings decreased to 12% (from 15% in 2015) while neutral ratings stayed the same at 21%.

A higher proportion of customers who rated HMRC's webpages positively also rated the quality of information positively (84%). Three-quarters (75%) of online-only Individuals were positive about

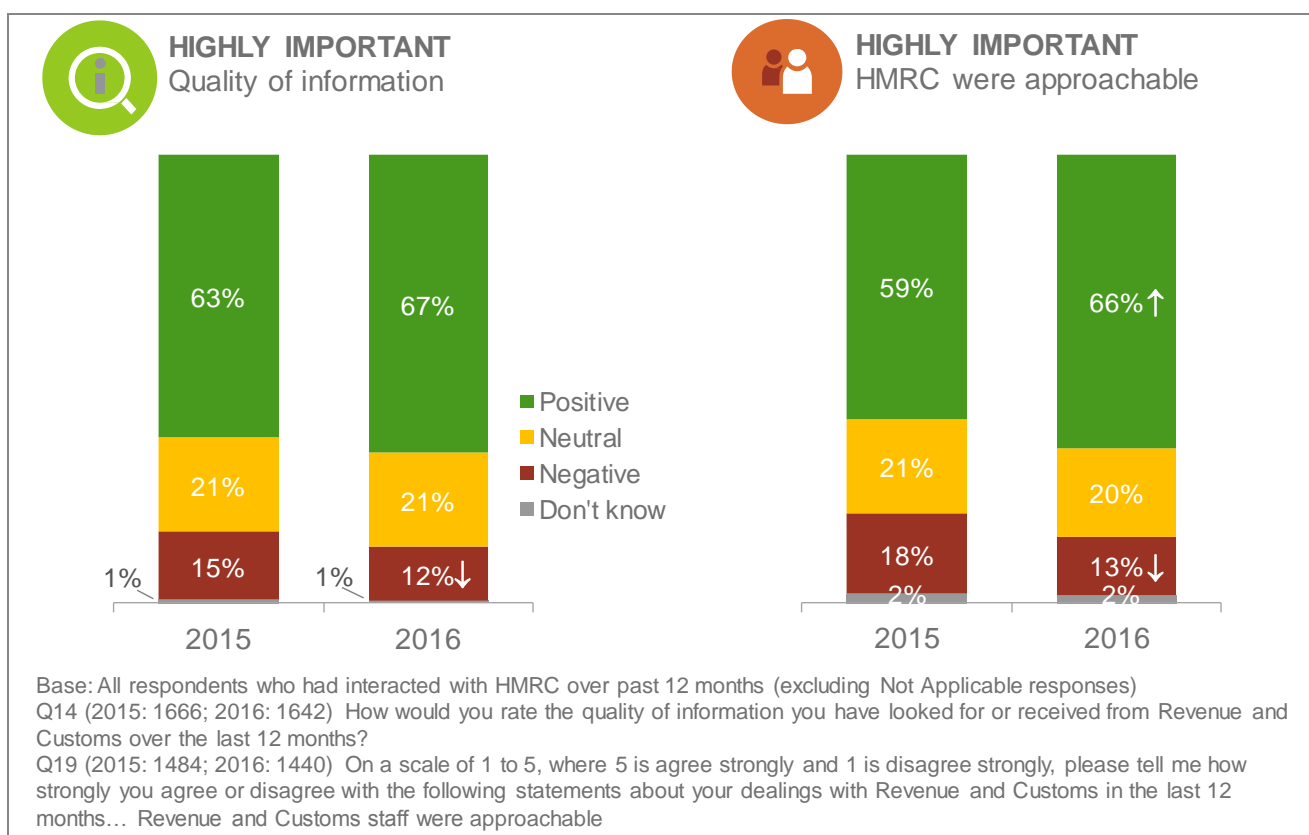
this. There was also an increase from 2015 in the rating of the quality of information from Benefits and Credits customers (68%, up from 58% in 2015).

HMRC were approachable

There were significant improvements in perceptions of whether HMRC were approachable; positive ratings increased to two-thirds of customers (66%, up from 59% in 2015), while negative ratings decreased to 13% (from 18% in 2015). Nevertheless, as ratings were slightly below average compared with the other dimensions of customer experience and this was a highly important driver of overall experience, it was identified as a key dimension for improvement.

Again, reflecting improvements in the rating of the telephone helpline there was an increase in positive ratings from those who had telephone contact in the past 12 months from 56% in 2015 to 68% in 2016. Additionally those who rated the telephone helplines positively were more likely to be positive about approachability (90%) than those who rated HMRC’s online services positively (73%).

Chart 3.10 Highly important dimensions of customer experience – Individuals



Clarity of steps needed to take

Positive ratings for clarity of steps needed to take increased to 68% (from 63% in 2015) while neutral and negative ratings remained similar at 17% and 13% respectively. This continues to be an area in which HMRC should maintain performance. Online-only customers were more positive that the steps needed to take were made clear with nearly three-quarters (74%) rating this dimension positively – an increase from 66% in 2015.

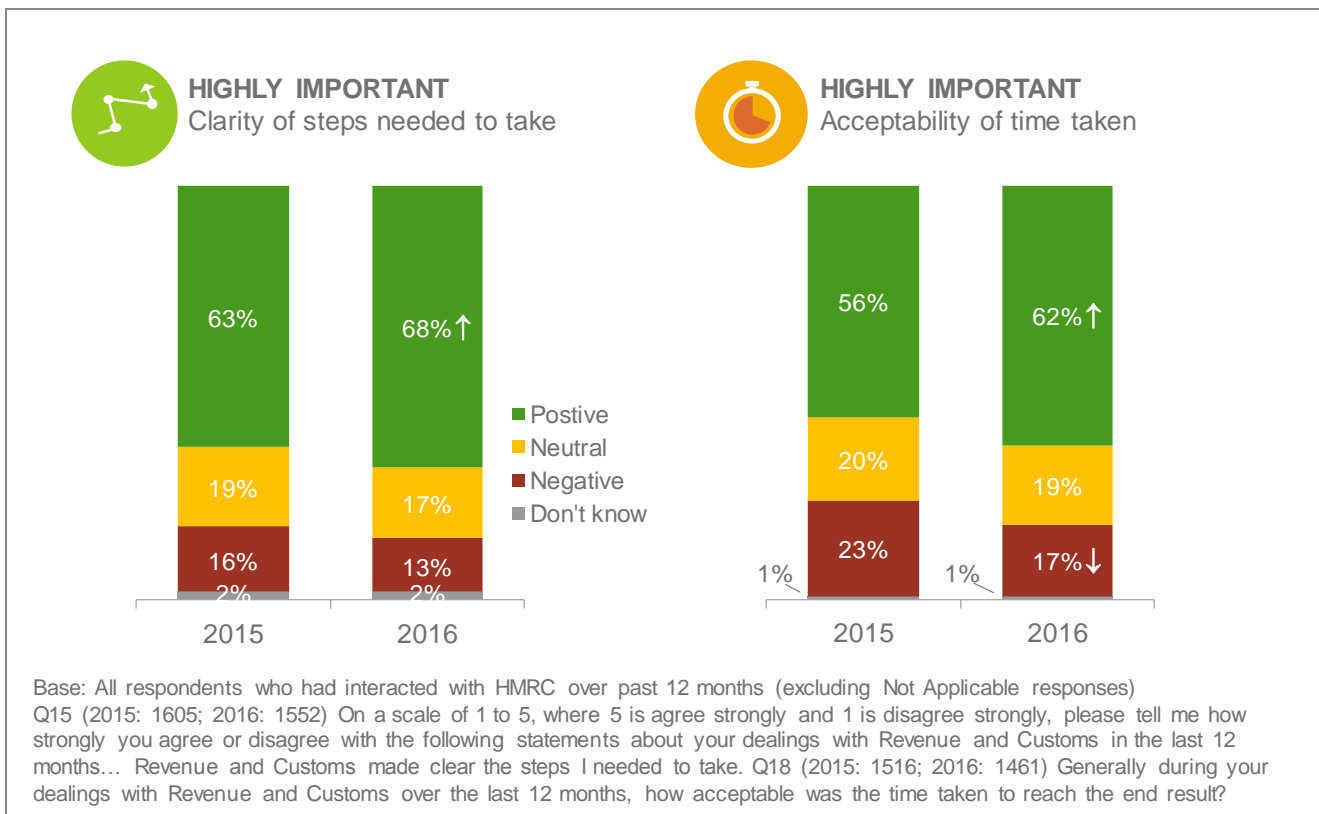
Acceptability of time taken

Positivity about the acceptability of time taken to reach the end result also increased to 62% from 56% in 2015, while negative ratings decreased, from 23% to 17%. While in 2015 this was the Atom Model dimension with the highest negative score, this is no longer the case.

Ratings for acceptability of time taken were heavily influenced by HMRC getting tax or Benefits and Credits transactions right. Individuals who were negative about HMRC getting tax or Benefits and Credits transactions right were more than eight times as likely to give a negative score for acceptability of time taken than those who were positive about HMRC getting tax or Benefits and Credits transactions right (65% and 8% respectively).

Online-only customers were more positive about the acceptability of time taken (74%) than those who used the telephone as well as online channels (50%, up from 42% in 2015). Customers who sought assistance from HMRC in the previous 12 months remained less likely to give HMRC a positive rating for acceptability of time taken (53%), although this has improved from 2015 (39%).

Chart 3.11 Highly important dimensions of customer experience – Individuals



Less important dimensions

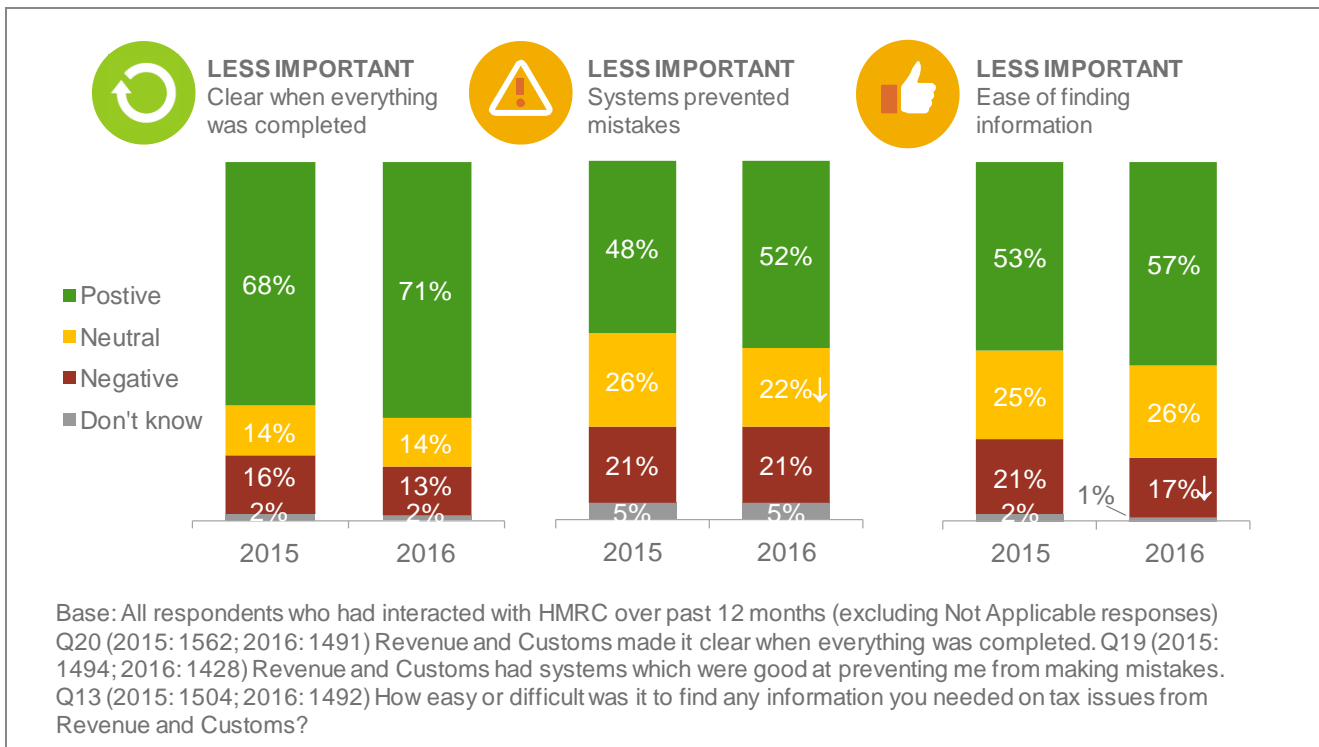
This section looks at the three dimensions which were of lower importance to overall rating of customer experience, meaning they fell in the outer ring of the Atom Model: clear when everything was completed, systems prevented mistakes and ease of finding information (Chart 3.12).

Clear when everything was completed

Seven in ten (71%) customers were positive about HMRC making it clear when everything was completed – similar to 2015 (68%) – making it the highest performing dimension for Individuals. Neutral and negative ratings also remained similar to 2015 at 14% and 13% respectively.

Individuals who had received Benefits and Credits only were more positive (82%) than those who only paid personal taxes (70%). Online-only Individuals were significantly more positive than in 2015 (79%, up from 72%).

Chart 3.12 Less important dimensions of customer experience – Individuals



Systems prevented mistakes

Systems prevented mistakes was the poorest performing dimension among Individuals with half (52%) rating this positively. It thus remains an area for improvement – although as a secondary area given that it has become less important in driving ratings of overall customer experience. Neutral ratings decreased significantly to 22% (from 26% in 2015) while negative ratings remained the same at 21%. However, online-only Individuals were more positive about this dimension than any Individuals who had contacted HMRC by telephone (60% and 45% respectively).

Ease of finding information

Six in ten (57%) gave a positive rating for ease of finding information. There was a decrease in those who rated HMRC negatively (17%, down from 21% in 2015) and a quarter (26%) remained neutral. Due to relatively poor performance in comparison with other dimensions, this is identified as an area for improvement – although a secondary one given its lower importance to overall customer experience.

3.4.4 Views on administration of the tax system

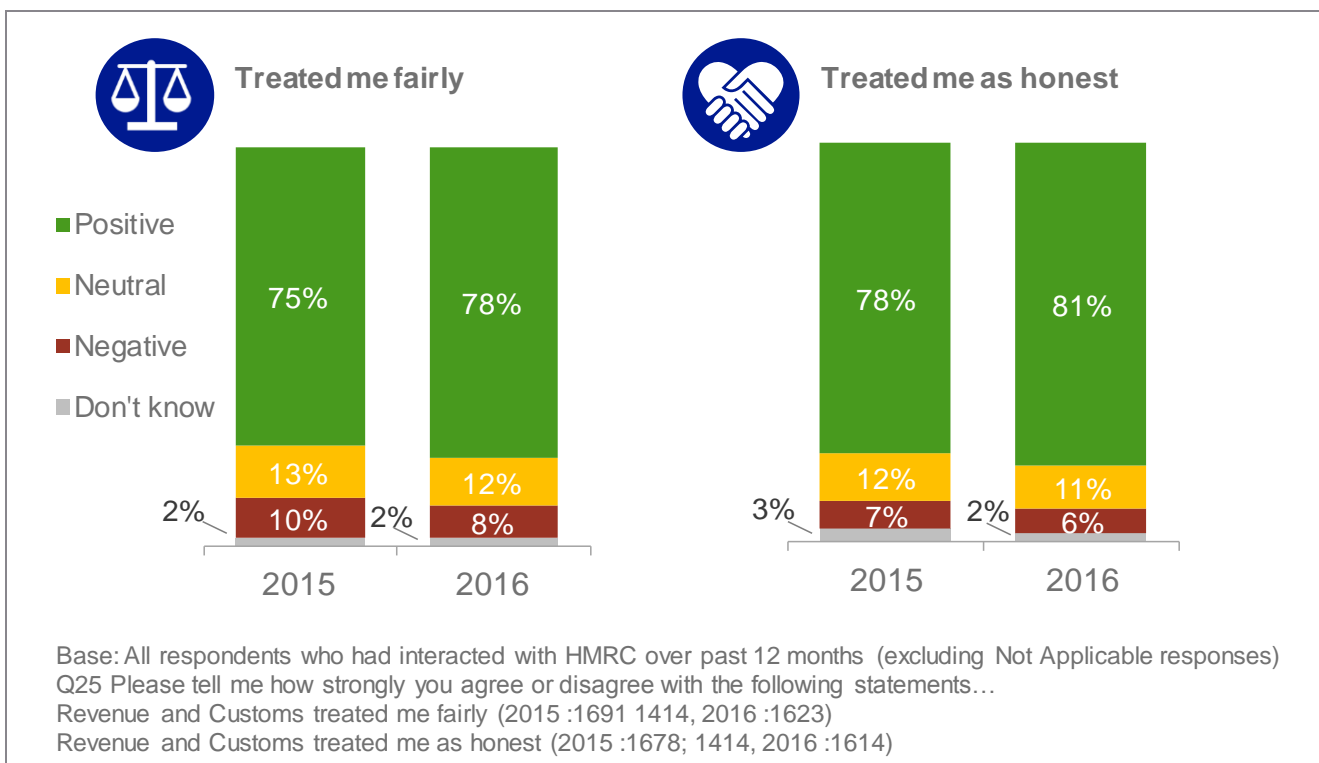
Individuals were asked about their views on the administration of the tax system. Specifically whether HMRC treated them fairly, the ease of dealing with their tax issues, whether they felt like HMRC minimised cost, time and effort in dealing with their tax affairs, and whether services were personalised to them.

Fairness

Individuals' perceptions of whether HMRC treated them fairly and as honest remained similar to 2015. High proportions were positive on each measure (Treated me fairly: 78%; Treated me as honest: 81%) (see Chart 3.13).

Individuals with a positive overall experience were more likely to feel that HMRC treated them fairly (94%) and as honest (93%). The two measures were closely correlated; customers who felt they had been treated fairly were highly likely to also feel HMRC had treated them as honest (96%).

Chart 3.13 Fairness – Individuals



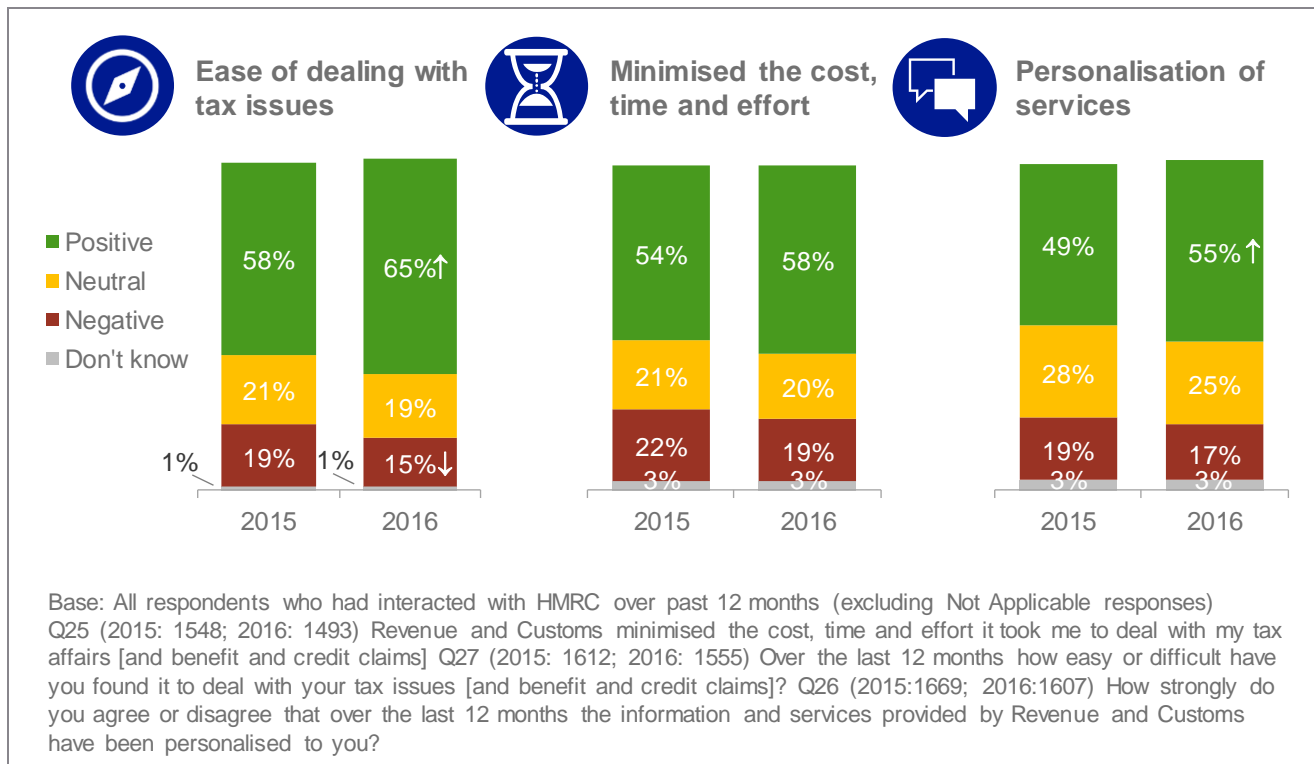
Ease of dealing with tax issues

Individuals who had interacted with HMRC were also asked about the ease of dealing with tax issues, whether they felt like HMRC minimised cost, time and effort it took to deal with their tax affairs, and whether services were personalised to them (Chart 3.14).

Two-thirds (65%) of Individuals who had interacted with HMRC in the previous 12 months found it easy to deal with their tax issues – an improvement from 58% in 2015. The proportion of those who found it difficult decreased to 15% (from 19% in 2015).

Those who had online contact only were more likely to find it easy to deal with their tax issues than those who had both online and telephone contact (72% compared with 52%). Both of these groups were more likely to find it easy than in 2015 (up from 64% and 44% respectively).

Chart 3.14 Ease of dealing with tax issues, minimisation of cost, time and effort and personalisation – Individuals



Minimised the cost, time and effort

Perceptions that HMRC minimised the cost, time and effort of dealing with tax affairs remained largely the same as 2015; three in five (58%) were positive, one in five (20%) neutral and one in five (19%) negative.

Online-only customers were more positive (64%) compared with customers who had both telephone and online contact (45%). Those who only had contact once in the last 12 months were also more positive (66%) than those who had contact more frequently (50%).

Personalisation of services

Positivity about the personalisation of information and services increased among Individuals (55%, up from 49%). Neutral and negative ratings remained similar (25% and 17% respectively). Individuals who searched for information on HMRC webpages were also more positive (50%, up from 42%) and less negative (19%, down from 25%) than in 2015.

Customers who used the telephone only were more positive about personalisation (62%) than those using online only (54%) or online and telephone (48%). Those using both online and telephone were more positive than in 2015, however (up from 39%).

3.5 Perceptions of HMRC

This section examines Individuals' broader perceptions of HMRC as an organisation and was asked of all respondents (including those without any interactions with HMRC in the previous 12 months). They were asked to rate HMRC on the following statements:

- Efficient: Revenue and Customs is an efficient organisation that does not waste money
- Effective: Revenue and Customs ensures all its customers pay/receive the correct amount of money in tax and benefits
- Fair: Revenue and Customs applies penalties and sanctions equally for all its customers
- Protection of personal data: Revenue and Customs ensures that customers' data and personal information is treated confidentially
- Overall confidence: How confident are you in the way Revenue and Customs are doing their job?
- Favourability: How favourable or unfavourable is your overall opinion of Revenue and Customs, taking into account everything you think is important?
- Advocacy: Which of these phrases best describes the way you would speak about Revenue and Customs to other people or organisations?

3.5.1 Efficiency, effectiveness, and fairness

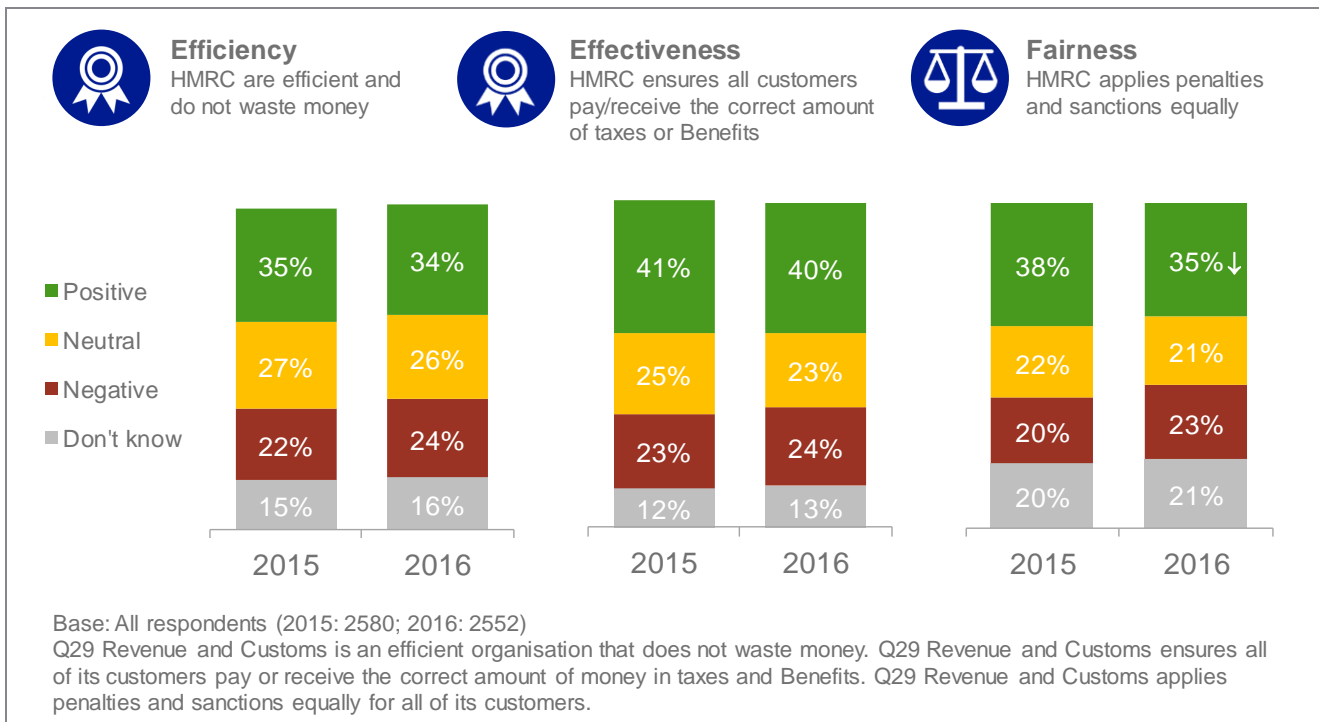
Similar to 2015, ratings were relatively low for efficiency, effectiveness and fairness. Individuals were most positive about effectiveness (40%) and least positive about efficiency (34%) (Chart 3.15). Fairness was the only measure where positive ratings decreased significantly from 2015 (35%, down from 38%).

Individuals who had any interactions with HMRC over the previous year were twice as likely to rate HMRC negatively on efficiency as those who did not have an interaction (27% compared with 18%). Individuals who had interacted with HMRC were also more likely to rate them negatively on effectiveness and fairness (27% and 22% respectively).

Amongst those who had interactions with HMRC over the previous 12 months, views on whether HMRC were seen as efficient were strongly driven by whether Individuals felt HMRC minimised cost, time and effort in dealing with their tax affairs. Those who agreed HMRC minimised the cost, time and effort were six times more likely to view HMRC as efficient (49% gave a positive rating, compared with only 8% of those who disagreed).

More generally, those with a positive overall experience of dealing with HMRC over the previous 12 months were more likely to feel HMRC was efficient (45%, compared with 4% with a negative overall experience).

Chart 3.15 Perceptions of HMRC's efficiency, effectiveness and fairness – Individuals



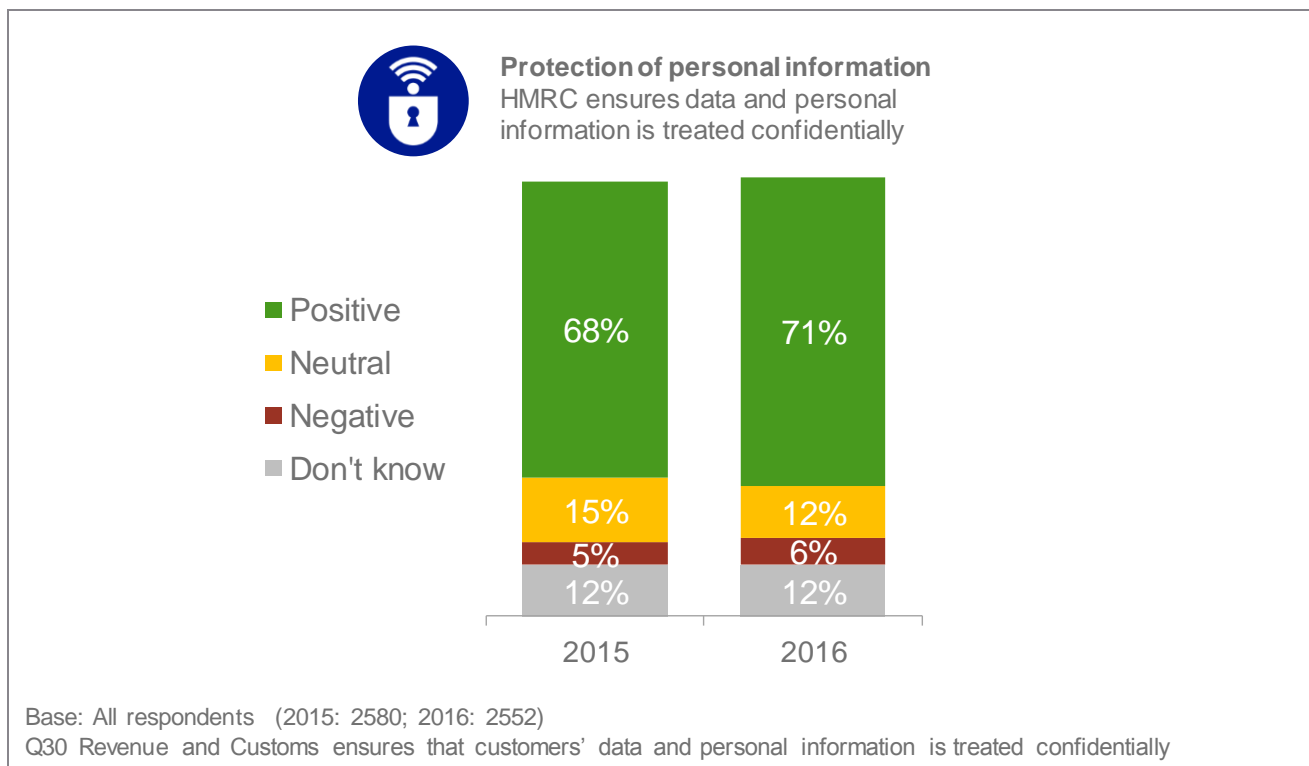
Two-fifths of Individuals (40%) felt HMRC was an effective organisation ensuring that all its customers paid or received the correct amount in taxes and Benefits (Chart 3.15). A quarter of Individuals (24%) gave a negative response. Views were again strongly driven by personal experiences. Those who rated HMRC negatively on getting tax transactions right, approachability, being treated fairly and as honest were over three times more likely to view HMRC as ineffective (74%, 73%, 78% and 77% respectively).

There was a decrease in the proportion of Individuals who felt HMRC was a fair organisation applying penalties and sanctions equally across all its customers (35%, down from 38% in 2015) (Chart 3.15). This contrasts with the proportion of customers who had an interaction with HMRC over the previous 12 months and felt they were dealt with fairly and as honest (78% and 81% respectively), which remained high. This suggests that broader views of HMRC's fairness continue to be driven by wider influences, alongside personal experiences. The decrease in positive perceptions cannot be attributed to a specific group.

3.5.2 Protection of personal information

Seven in ten Individuals (71%) agreed that HMRC ensures data and personal information is treated confidentially (Chart 3.16). Only six per cent of Individuals rated HMRC negatively on this measure. These ratings remained similar to 2015.

Chart 3.16 Protection of personal information – Individuals



Individuals who were willing to use HMRC's digital services were more positive about the protection of personal data than those unwilling to use them (77%, compared with 62%), reflecting that concerns about privacy and security were key reasons some Individuals said they were unwilling to use digital services (see section 3.2.7). Of Individuals who were unwilling or unable to interact with HMRC through digital channels, one in ten (9%) were negative about HMRC's ability to ensure personal information is kept confidential. This could suggest that distrust in the confidentiality and security of data is perhaps not a key barrier to online interactions.¹³ As discussed earlier (section 3.2.7), a preference to talk to someone and lack of digital skills and confidence in dealing with tax issues were key barriers to use of digital services.

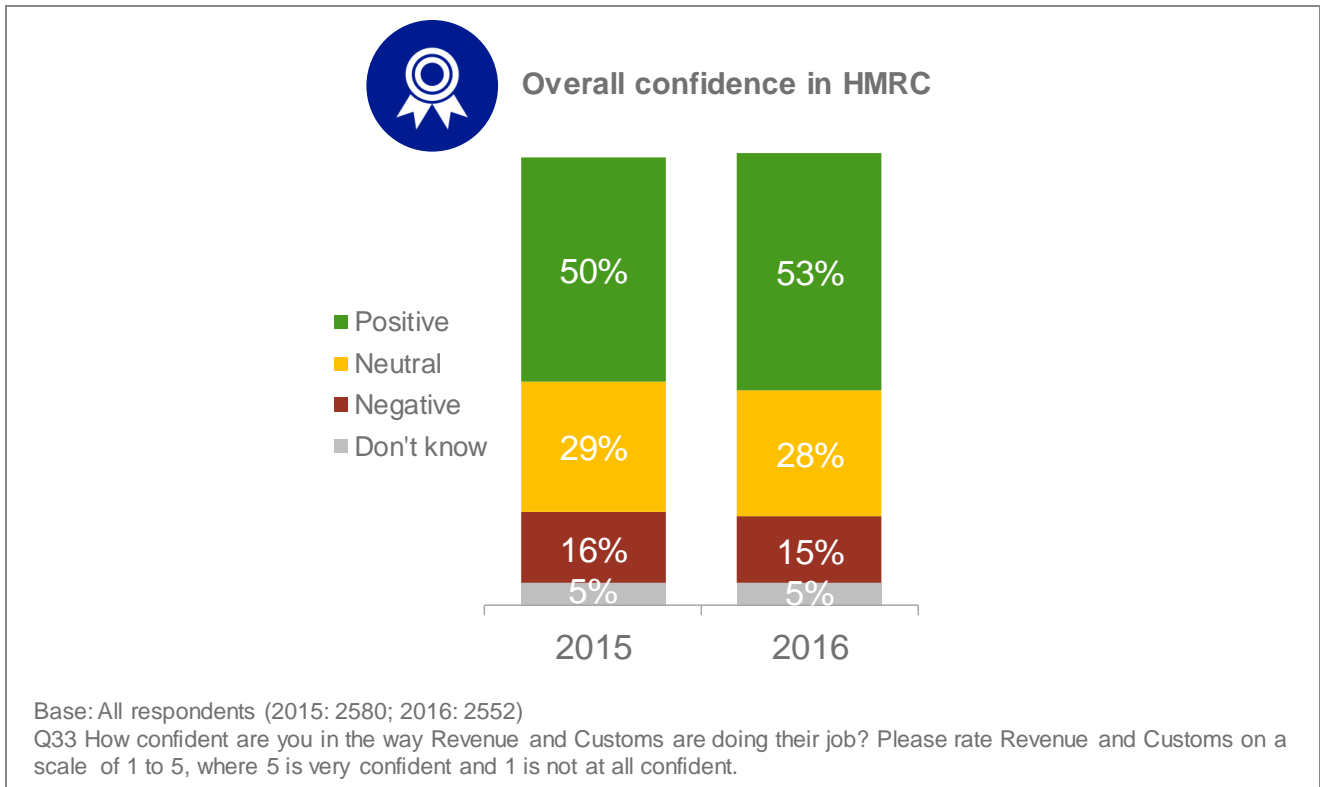
3.5.3 Overall confidence in HMRC

More than half of Individuals (53%) were confident in the way HMRC are doing their job, with 15% not being confident. Individuals with a positive overall experience were much more likely to be confident in how HMRC do their job than those with a negative overall experience (73% and 10% respectively). Reflecting this, Individuals with any interactions in the previous 12 months were more likely to be confident than those with no interactions (55%, compared with 49%). The proportion of Individuals that had interacted with HMRC and gave a positive score increased from 50% in 2015 to 53% in 2016 (Chart 3.17).

Individuals who only received Benefits and Credits were more likely to be confident in how HMRC do their job (66%) than those who had paid personal taxes only (50%).

¹³ Other research, notably the recent study on Digital Exclusion and Assisted Digital has similarly found that (lack of) trust in the security of HMRC's digital systems is not a major barrier to use of Government online services: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/457800/Digital_Exclusion_and_Assisted_Digital_research_publication_report.pdf

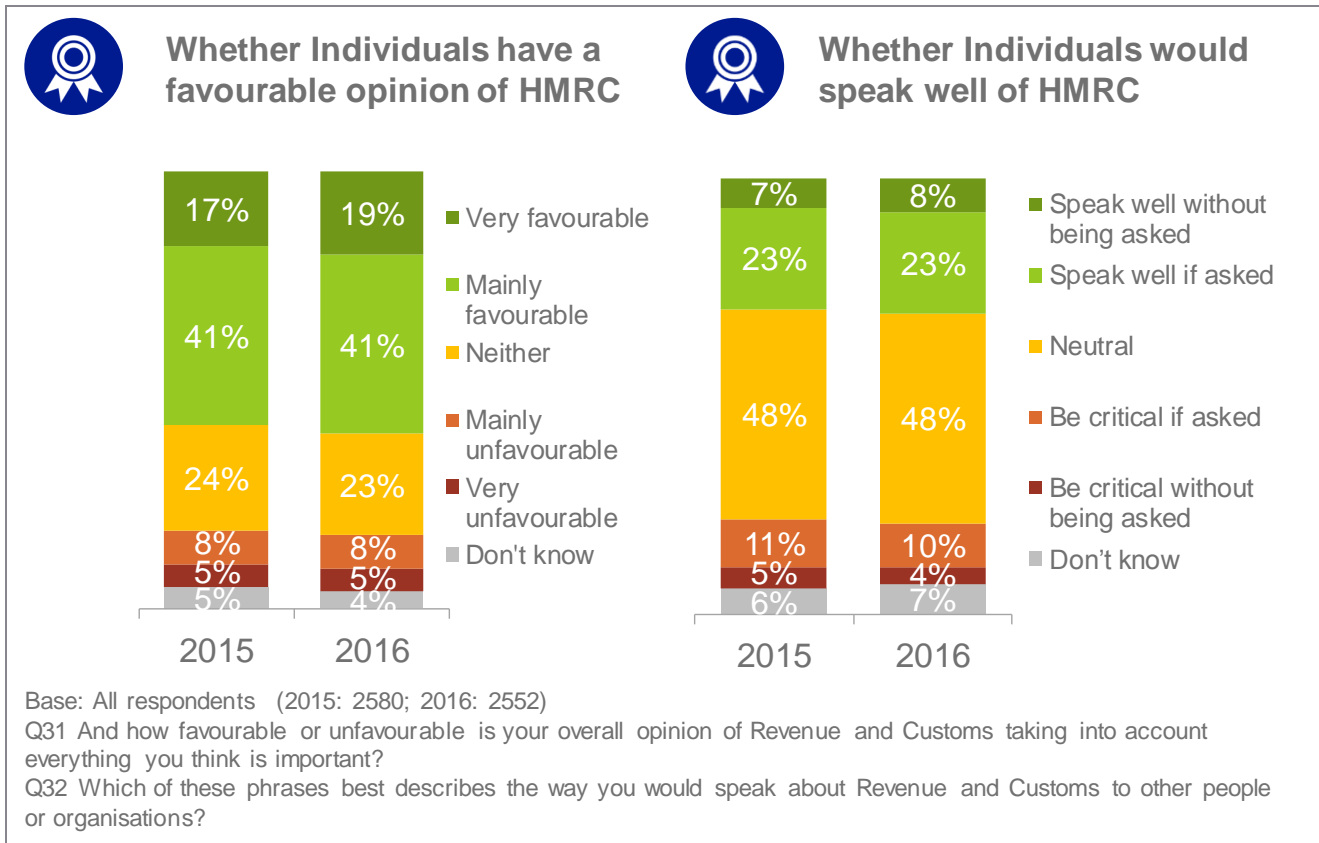
Chart 3.17 Confidence in the way HMRC are doing their job – Individuals



3.5.4 Favourability and advocacy

Six in ten Individuals (60%) had a favourable overall opinion of HMRC, while 13% had an unfavourable opinion (Chart 3.18). This was similar to 2015. These rates of favourability did not translate into advocacy, with only a third (32%) saying they would speak well of HMRC to other people or organisations (Chart 3.18). Half of Individuals (48%) said they would speak in a neutral way, while 13% said they would speak in a critical way. Of these, only four per cent said they would be actively negative about HMRC.

Chart 3.18 Favourability and advocacy for HMRC – Individuals



Individuals who had a positive overall experience were more likely to have a favourable opinion of HMRC (77%) and to say they would speak well of HMRC (50%), whereas those who had a negative overall experience were much more likely to be unfavourable (61%) and to say they would speak critically (65%).

3.6 Perceptions of compliance

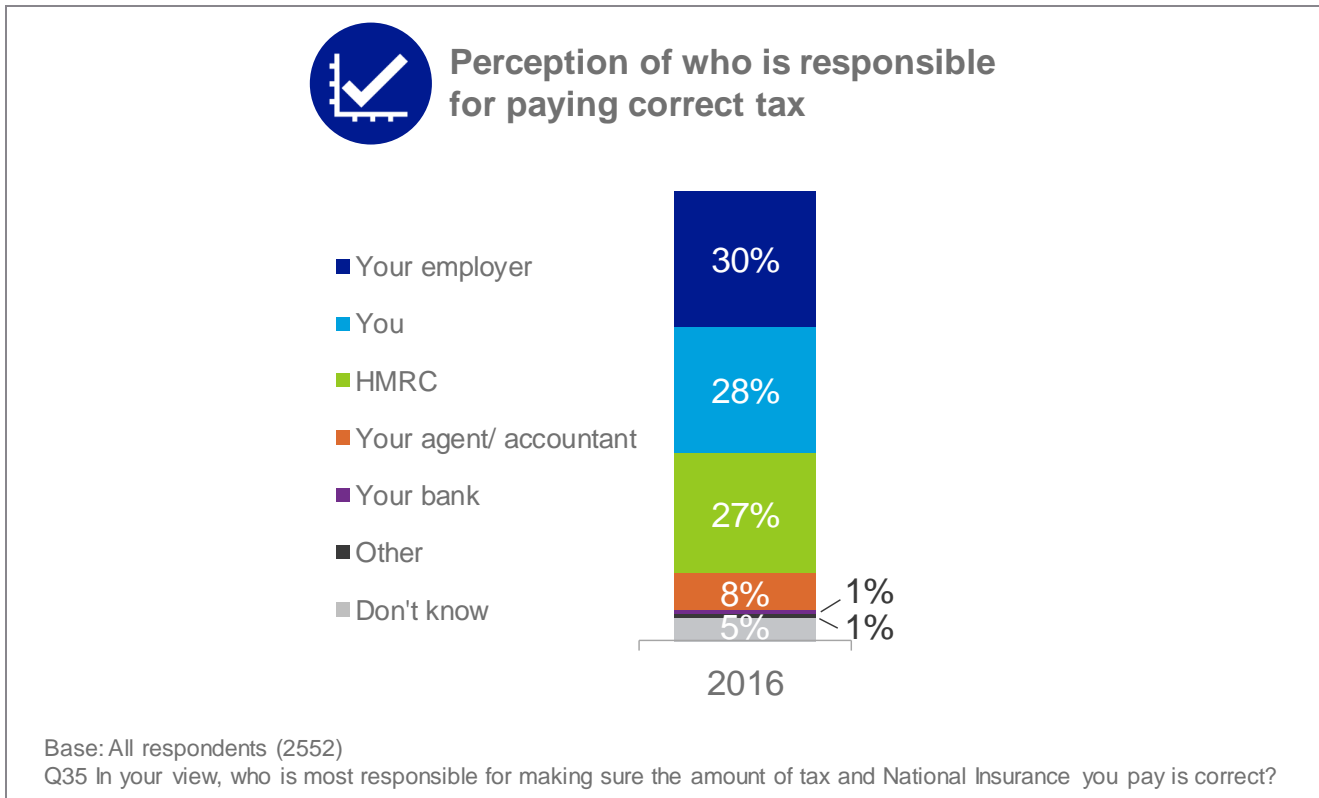
The final section of this chapter examines Individuals' attitudes to compliance, and whether this impacted on their confidence in the way HMRC do their job. It also explores the relationship between experience of dealing with HMRC (for those who had an interaction with HMRC in the previous 12 months) and attitudes to compliance.

As this section of the questionnaire was revised entirely in 2016 no comparisons can be made with 2015.

3.6.1 Who is most responsible for making sure the amount of tax and National Insurance a customer pays is correct

Three in ten (28%) Individuals thought that they were most responsible for ensuring they paid the right amount of tax and National Insurance, while similar proportions thought that their employer (30%) or HMRC (27%) were responsible. Individuals who used HMRC's online services and SA only customers were more likely to think they were responsible (38% and 44% respectively). More than four in ten (44%) Individuals that had paid a professional advisor to help them deal with their tax affairs thought that the agent was most responsible (Chart 3.19).

Chart 3.19 Perception of who is responsible for paying correct tax– Individuals

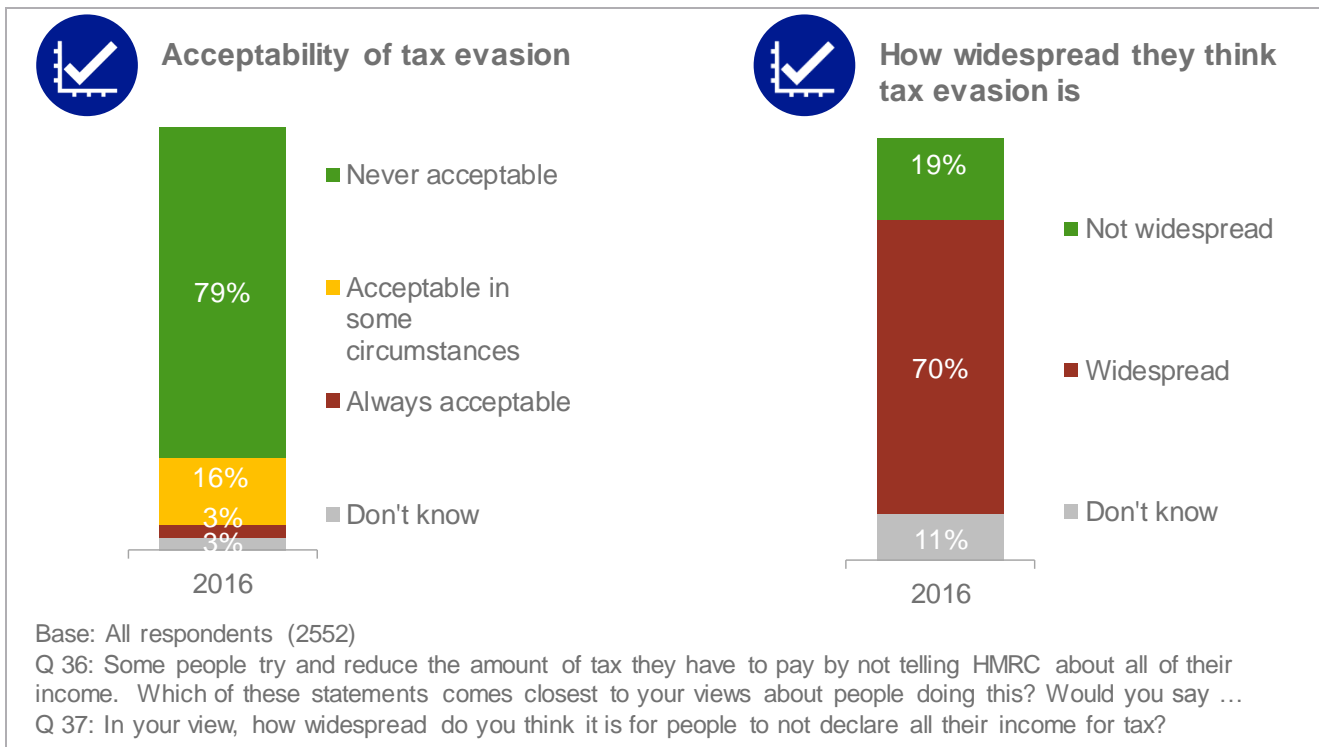


3.6.2 Acceptability and extent of tax evasion

Individuals were asked about the acceptability of tax evasion, which was described as ‘reducing the amount of taxes paid by not declaring all income to HMRC’. Most Individuals (79%) felt it was never acceptable to reduce the amount of tax paid by not declaring all income (Chart 3.20). However, seven in ten (70%) felt that tax evasion was widespread. In terms of acceptability, 16% felt tax evasion was sometimes acceptable and three per cent always acceptable. One in ten (10%) who had an unfavourable opinion of HMRC felt it was always acceptable to reduce tax by not declaring all of their income.

Those who paid Self-Assessment only were less likely to think that tax evasion was acceptable (10%) or that it was widespread (60%). There was no direct link between rating of overall customer experience and perceptions of tax evasion. Individuals who were confident in HMRC were slightly less likely to perceive tax evasion to be widespread (67%) than those who were not confident in HMRC (76%).

Chart 3.20 Acceptability of tax evasion and perception of how widespread it is – Individuals

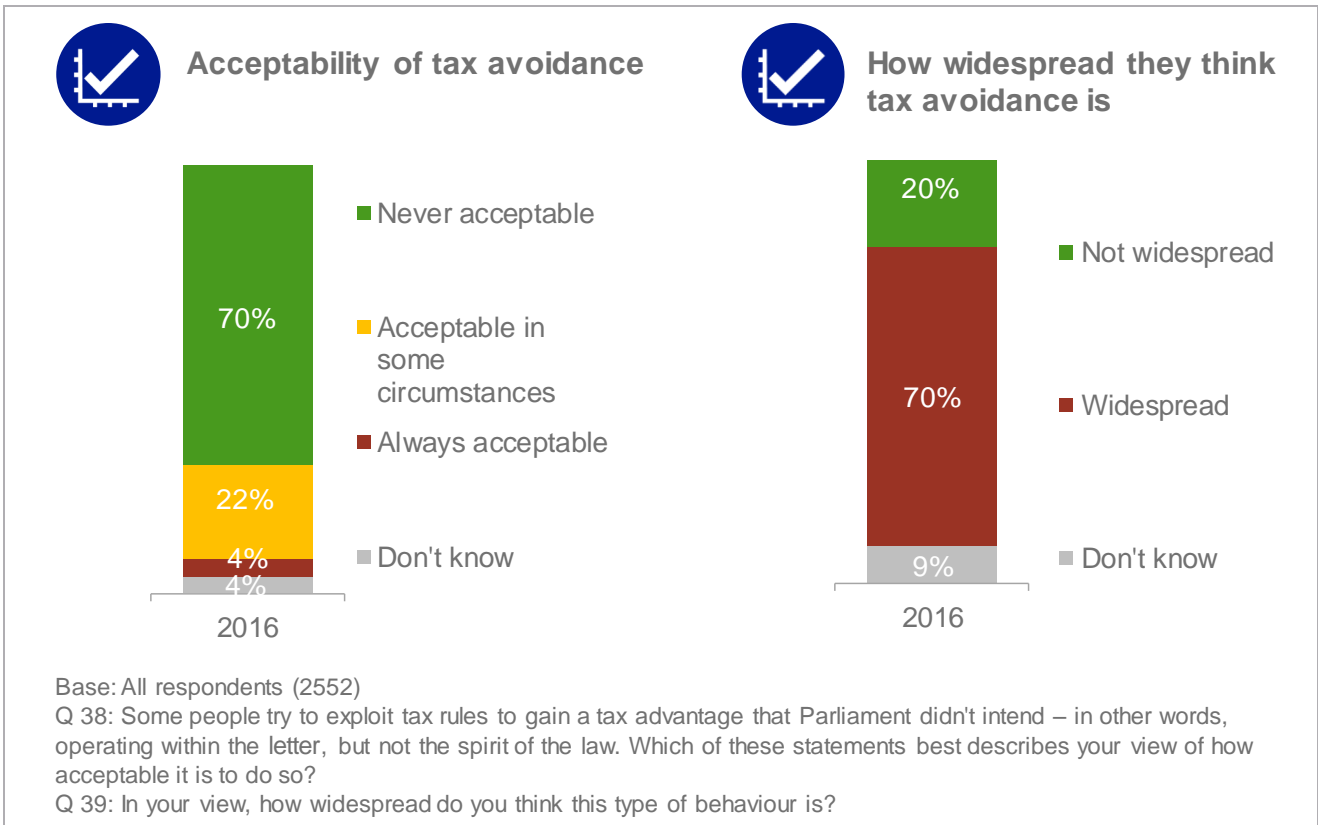


3.6.3 Acceptability and extent of tax avoidance

Individuals were also asked about the acceptability of tax avoidance, which was described as people trying ‘to exploit tax rules to gain a tax advantage that Parliament didn't intend – in other words, operating within the letter, but not the spirit of the law’. A similarly high proportion perceived that while tax avoidance is never acceptable (70%) it is widespread (70%) (Chart 3.21). Unlike tax evasion, Self-Assessment customers were more likely to perceive that avoidance was acceptable (35%) than those who did not pay Self-Assessment (24%) – although they were no more likely than average to perceive it to be widespread (70%).

Individuals who were favourable towards HMRC were less likely to think that avoidance was acceptable (17%) than those who were unfavourable towards HMRC (24%).

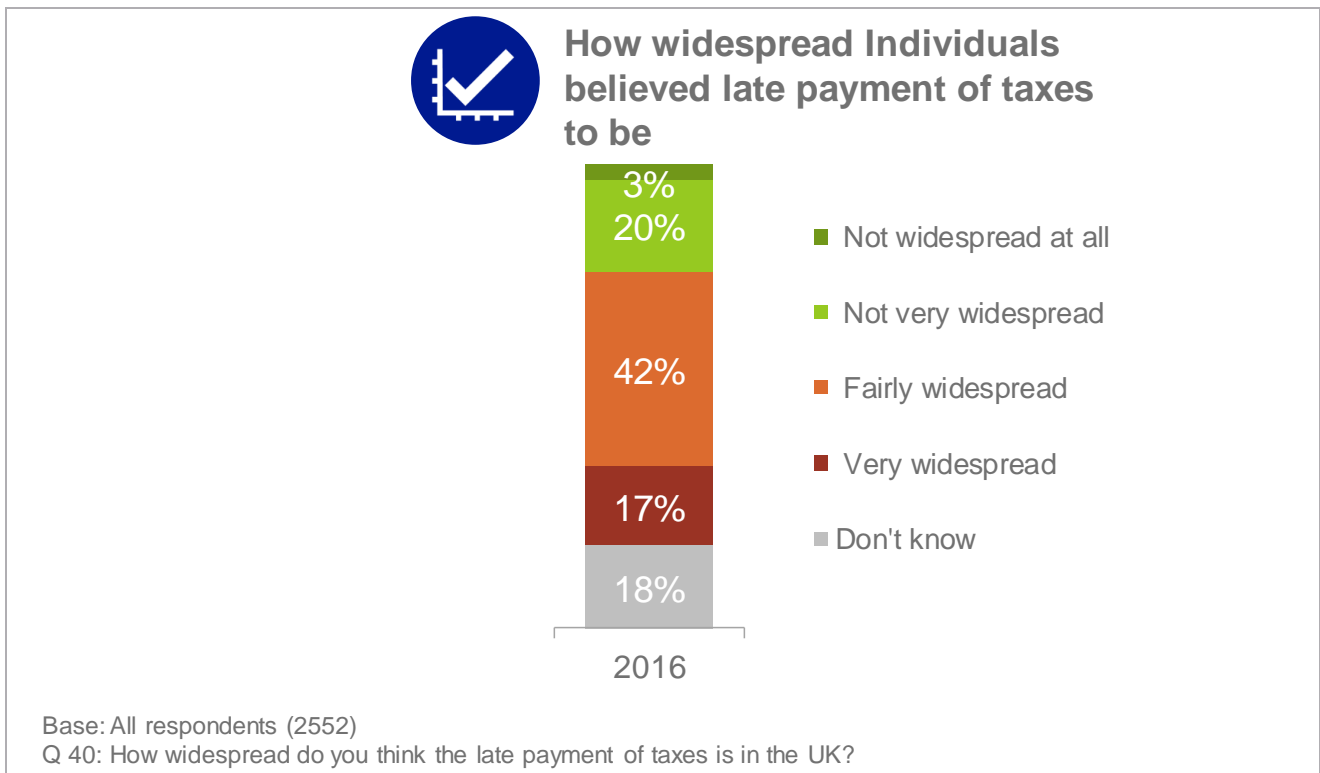
Chart 3.21 Acceptability of tax avoidance and perception of how widespread it is – Individuals



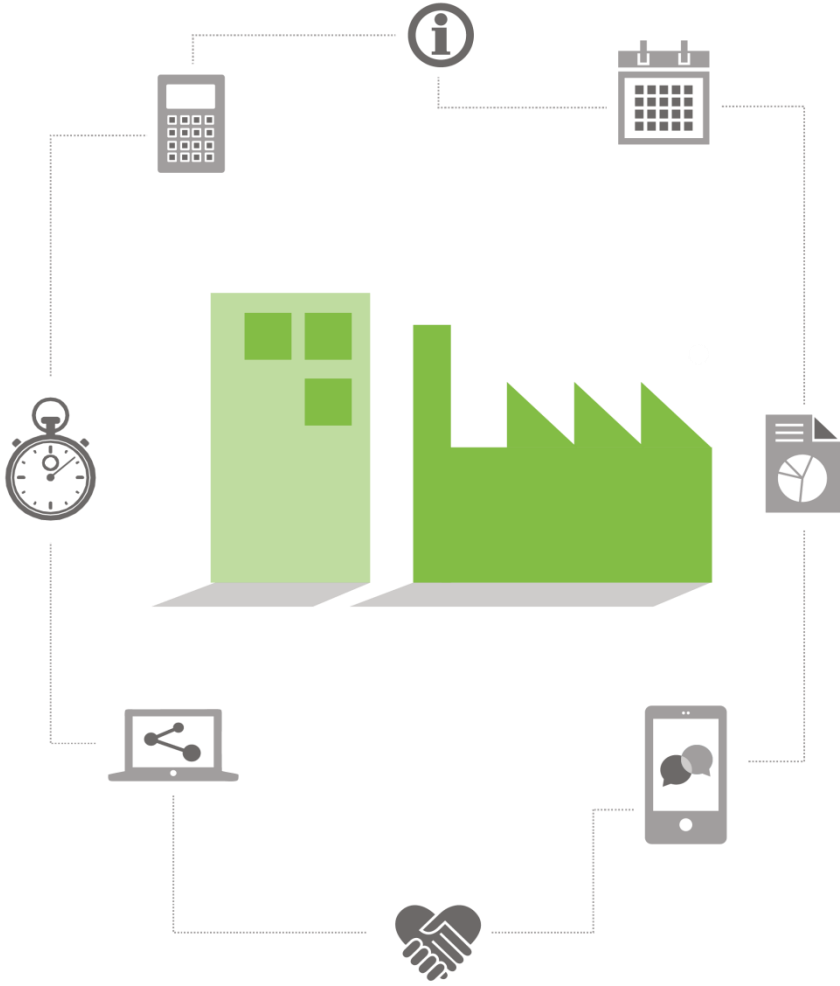
3.6.4 Extent of late payments

About one in four (23%) Individuals thought that late payment of taxes was not widespread in the UK, while six in ten (59%) thought that it was widespread (18% did not know) (Chart 3.22). Individuals with a negative rating of their overall experience were more likely to think it was widespread (74%), as were those who were not confident in HMRC (66%).

Chart 3.22 Perception of how widespread late payment of taxes is – Individuals



4. Small Businesses



4.1 Chapter Summary

The ratings of most customer experience dimensions remained similar to 2015, and three in four Small Businesses (73%) still reported having a positive overall experience of dealing with HMRC. There were decreases in negative ratings for the acceptability of time taken and HMRC resolving queries.

Ratings of telephone helplines improved from 46% in 2015 to 52% in 2016.

Perceptions of HMRC were largely unchanged from 2015, with over half (56%) of Small Businesses being confident in HMRC's ability to do their job and two-thirds (66%) having a favourable opinion of HMRC. Favourability increased for Small Businesses with 10-19 employees, from 55% in 2015 to 66% in 2016.

4.2 Profile of Small Businesses

This section covers the profile of Small Businesses surveyed in 2016. It includes the incidence of growth businesses and tax life events affecting tax status, as well as their interactions with HMRC over the previous 12 months. It concludes by exploring agent usage and customer perceptions of how easy HMRC made it for some else to act on behalf of their business. This provides useful context for the later sections of this chapter covering customer experience and general perceptions of HMRC.

4.2.1 Demographic profile

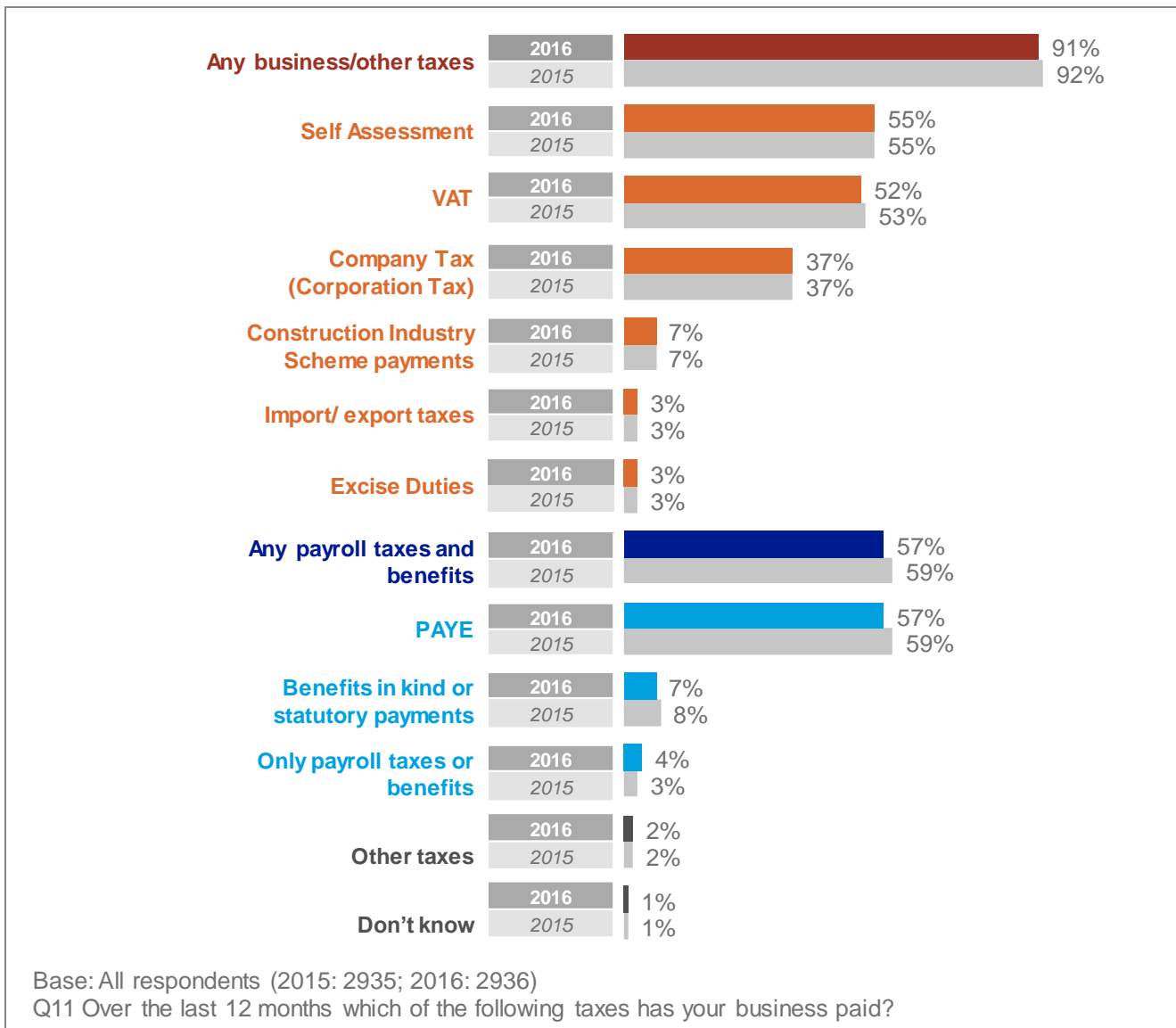
The majority of Small Businesses surveyed had fewer than five employees: close to half (47%) had no employees, while four in ten (38%) had one to four employees. One in ten (9%) had five to nine employees and only six per cent were in the largest size band (10 to 19 employees).

Five per cent were new businesses, defined as those that had been trading for two years or less.

4.2.2 Taxes paid

Small Businesses were asked which taxes their business had paid in the previous 12 months (Chart 4.1).

Chart 4.1 Taxes paid – Small Businesses



Small Businesses had paid similar types of taxes in 2016 and 2015, with nine in ten (91%) paying any business or other taxes and close to six in ten (57%) paying any payroll taxes and benefits. The most common business taxes were Self-Assessment (55%) and VAT (52%), with around half of businesses paying these taxes in the past 12 months. Close to six in ten (57%) Small businesses were operating a PAYE scheme (for a full breakdown see Chart 4.1).

As in 2015, only a small proportion (4%) had paid payroll taxes only.

Taxes paid were closely related to size of the business (in terms of number of employees and turnover). Small Businesses with no employees were most likely to have paid Self-Assessment (73%). This decreased by size down to 20% for those with 10 to 19 employees. The Small Businesses in the lowest two turnover bands – up to £15K and £15-60K turnover – were more likely to have paid Self-Assessment (69% and 74% respectively) whereas those with a turnover of £250K or over were least likely (28%).

The largest businesses in the Small Business category (those with 10 to 19 employees) were most likely to have paid PAYE (99%) and benefits in kind or statutory payments (41%). They were also more likely to have paid VAT (86%) and Company Tax (67%).

4.2.3 Business growth and tax life events

As in 2015, four in ten (42%) Small Businesses were defined as growth businesses¹⁴, meaning that their turnover and/or number of employees had increased in the previous 12 months. This was closely linked to the current size of business, as those with 10 to 19 employees were twice as likely to be growth businesses (68%) as those with no employees (35%).

Fifteen per cent of Small Businesses had experienced a tax life event in the previous 12 months. This could be registering for PAYE or National Insurance, VAT or Self-Assessment, or asking for a deferment. The most common tax event was registering for PAYE or National Insurance (8%) followed by registering for VAT (7%). There was an increase since last year in the number of Small Businesses reporting having registered for VAT (7%, up from 5% in 2015). A smaller proportion of Small Businesses had registered for Self-Assessment (4%) or asked for a deferment (2%).

Four per cent of Small Businesses had laid-off staff in the past 12 months.

Younger businesses (trading for two or less years) were over four times more likely to have experienced a tax event in the past 12 months than more established businesses (59%, compared with 13%). A tax life event was also slightly more common among growth businesses than among non-growth businesses (16%, compared with 13%).

Small Businesses with no employees were the least likely to have experienced a tax life event (9%).

4.2.4 Types of interaction with HMRC

Small Businesses were also asked about the type of interactions they had had with HMRC in the previous 12 months. These interactions can be split between passive interactions where the business was a recipient of information from HMRC, and active interactions, where the business actively engaged with HMRC (see Chart 4.2).

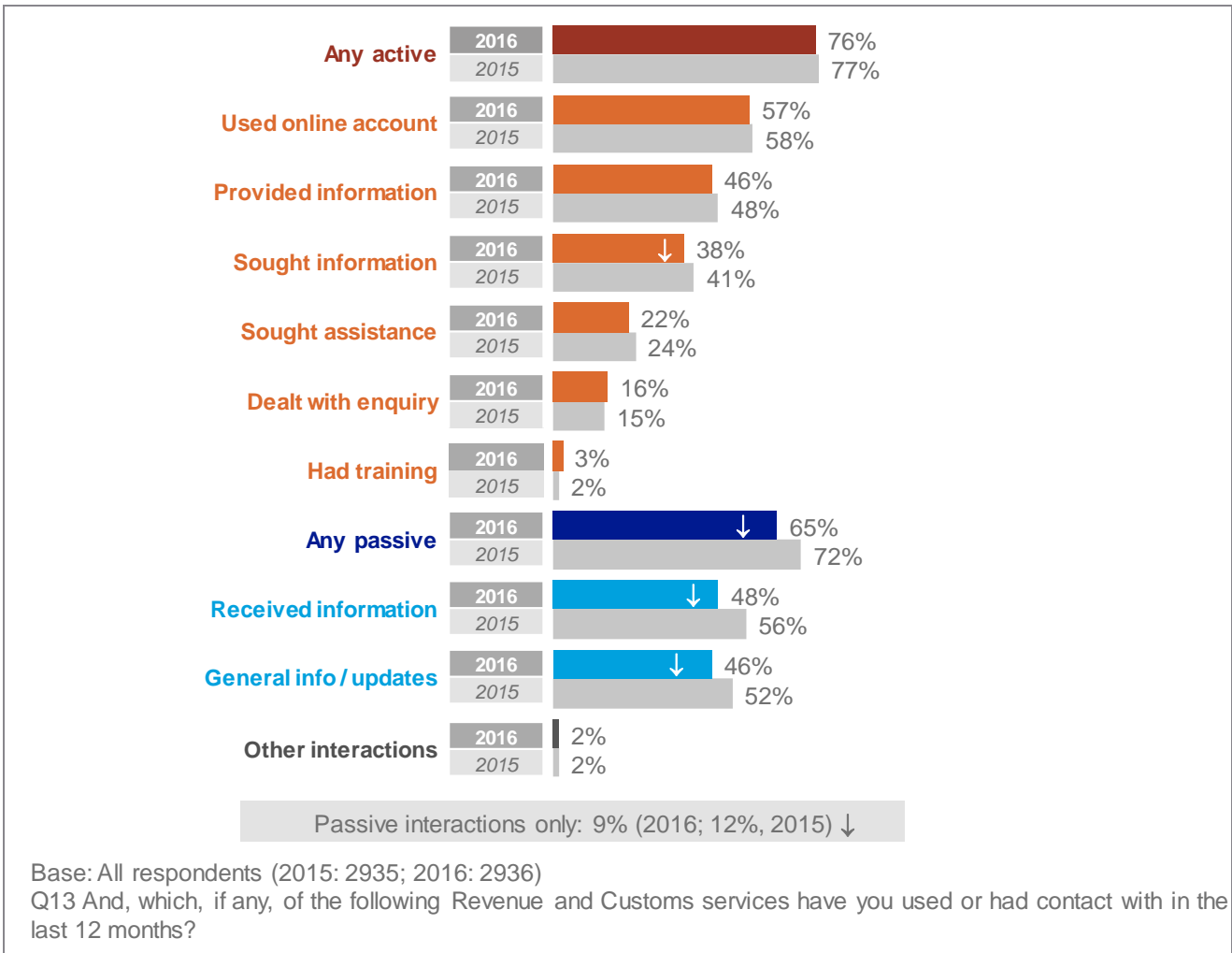
Overall, three-quarters of Small Businesses (76%) had active interactions with HMRC in the last 12 months while two-thirds (65%) had passive interactions. The proportion of businesses having active interactions remained the same as in 2015, while there were fewer businesses having passive interactions in 2016 (65%, compared with 72% in 2015). The proportion of Small Businesses that had interacted only passively with HMRC also decreased since 2015 (9%, compared with 12% in 2015).

¹⁴Businesses that answered 'yes' to one of the following questions were classified as a 'growth business':

Q45 Compared with the previous 12 months, has your business increased its turnover?

Q46 Compared with the previous 12 months, has your business increased in terms of number of employees?

Chart 4.2 Type of interaction with HMRC in the last 12 months - Small Businesses



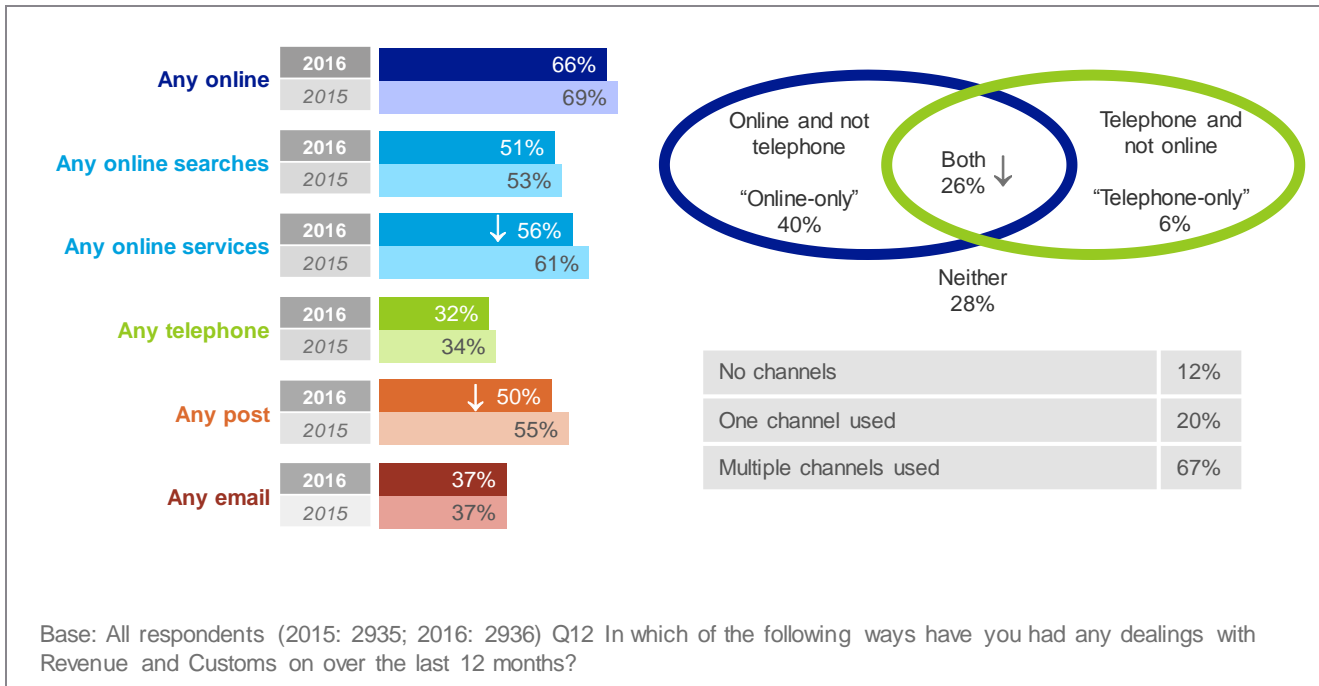
Small Businesses with employees were more likely to have interacted actively (80%) and passively (68%) with HMRC over the last year than those with no employees (72% and 61%, respectively).

4.2.5 Channels used to interact with HMRC

Small Businesses were asked about the ways they had dealt with HMRC in the previous 12 months. Dealing with HMRC was defined as where they had made contact with HMRC, received information from HMRC or made use of HMRC’s online services.

Two-thirds (67%) of Small Businesses had made or received contact through multiple channels over the past 12 months while two in ten (20%) had used a single channel.

Chart 4.3 Channels of contact – Small Businesses



Overall, two-thirds (66%) of Small Businesses had used an online channel to interact with HMRC in the previous 12 months. Half of Small Businesses (51%) had searched for information on HMRC webpages while close to six in ten (56%) had used HMRC’s online services.

There was a slight decrease in the proportion of Small Businesses reporting they had used HMRC’s online services (56%, compared with 61% in 2015). There were some subgroup differences which highlight the businesses most likely to be using the online services in the previous 12 months:

- Half (49%) of those with no employees used online services in the previous 12 months, increasing to 71% of Small Businesses with 10 to 19 employees.
- More than seven in ten (72%) that did not use an agent used HMRC’s online services. This was less common among those that outsourced all tasks to an agent (36%).

As in 2015, a third of Small Businesses (32%) had interacted with HMRC via the telephone.

Looking at the overlap between those using any online channels and the telephone, the largest group was those that interacted online but not by telephone, with four in ten (40%) businesses interacting online-only. A quarter (26%) made use of both channels, while only six per cent used the telephone but not any online channels (telephone-only). The proportion of businesses using both online and telephone decreased slightly since last year (26%, compared with 29% in 2015).

Larger businesses were more likely to interact by both online and telephone channels (40% for businesses with 5 to 19 employees compared with 24% for those with zero to four employees). Small Businesses that had experienced a tax life event (33%), and growth businesses (33%), were also more likely to have used both online and telephone channels.

4.2.6 **Agent usage and ease of agent acting on business' behalf**

Small Businesses were asked whether any of the work they needed to undertake for their accounts, payroll and tax was outsourced to an accountant, tax agent or payroll bureau. Three-quarters of Small Businesses (73%) used an agent to deal with all or some of their tax affairs. Similar proportions did some of the work within the business and outsourced some (35%), or outsourced all work (37%). The remaining quarter (27%) did all of the work within the business.

The smallest businesses (with no employees) were the most likely to do all work in-house (36%). In general, those with zero to four employees were more likely to outsource all work to an agent (38%) compared with larger businesses (with five to 19 employees) that were more likely to outsource some work and do some work within the business (47%).

When those businesses using an agent were asked how easy or difficult HMRC made it for someone else to act on behalf of their business, the majority gave a positive rating (78%) and only four per cent gave a negative score. There was little difference across business characteristics, although the smallest businesses (with no employees) were slightly more likely to be positive (77%) than those with one to 19 employees (71%).

4.3 **Customer Experience**

This section discusses Small Businesses' ratings of HMRC's online services and telephone helplines and overall customer experience. It also examines more detailed dimensions of their customer experience based on the Atom Model (as discussed in section 2.3.5). This section will conclude by examining Small Businesses' views about whether HMRC treated them fairly and as honest, made it easy for them to deal with tax issues, and whether services were personalised to them and integrated with their business processes.

4.3.1 **Rating of service – telephone, online services and webpages**

Small Businesses that had interacted with HMRC over the phone were asked to rate their experience of the telephone helplines. Similarly, those that had searched for information on HMRC's webpages or had used HMRC's online services were asked to rate their experiences of using these online services (Chart 4.4).

In general, the online services were rated more positively than the telephone helplines. HMRC's online services had the highest positive score, with eight in ten Small Businesses (78%) being positive. Two-thirds (65%) of Small Business customers rated HMRC's webpages positively.¹⁵

Small Business customers that had used both the telephone helplines and online services gave a less positive rating of the telephone helpline (49% positive, up from 43% in 2015) than those that used the telephone-only (65%).

Small Businesses that had used online and telephone were also less positive about the online contact channels than those that had used online-only. This was particularly true for online services, where over eight in ten (83%) online-only Small Businesses were positive, while seven in ten (70%) of businesses that had used online and telephone were positive. Similarly, seven in ten Small Businesses (69%) using online-only contact channels were positive about HMRC's webpages while six in ten (60%) businesses using both online and telephone were positive.

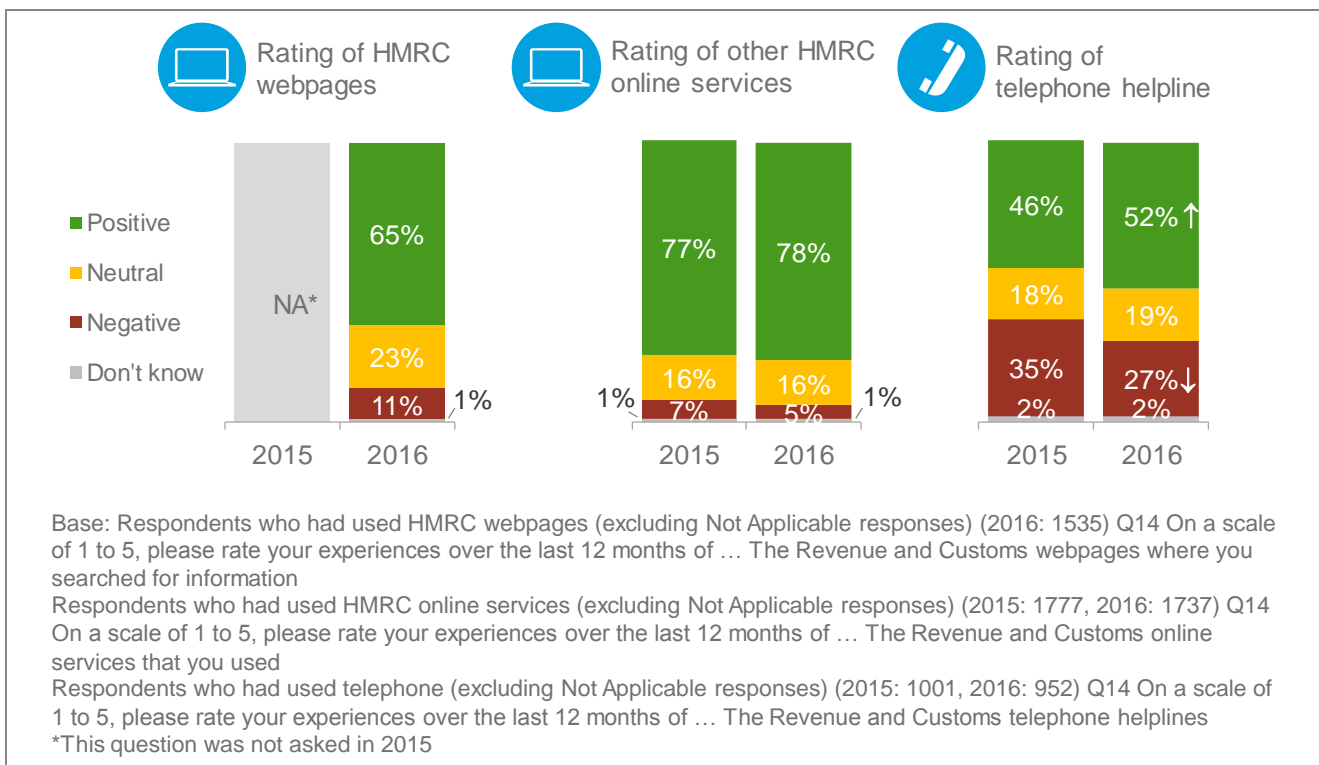
¹⁵ As respondents were not asked this question in 2015, no comparison with last year's data is available for the rating of HMRC's web pages.

As discussed above (4.2.5), Small Businesses using both online and telephone channels were more likely to have more employees, be growth businesses or have experienced a tax event in the last year, and therefore these businesses may have more complex or less routine dealings with HMRC.

HMRC's telephone helplines were rated the least positively out of these three services, with half of businesses (52%) giving a positive score. However, this did represent an improvement from 2015 (up from 46%). Negative ratings fell from 35% in 2015 to 27% in 2016.

The smallest businesses (with no employees) were more likely to give positive ratings of the telephone helplines than those with employees (60%, compared with 47%).

Chart 4.4 Rating of HMRC telephone helpline, and online services and webpages – Small Businesses



4.3.2 Overall rating of customer experience and whether experience is getting better or worse

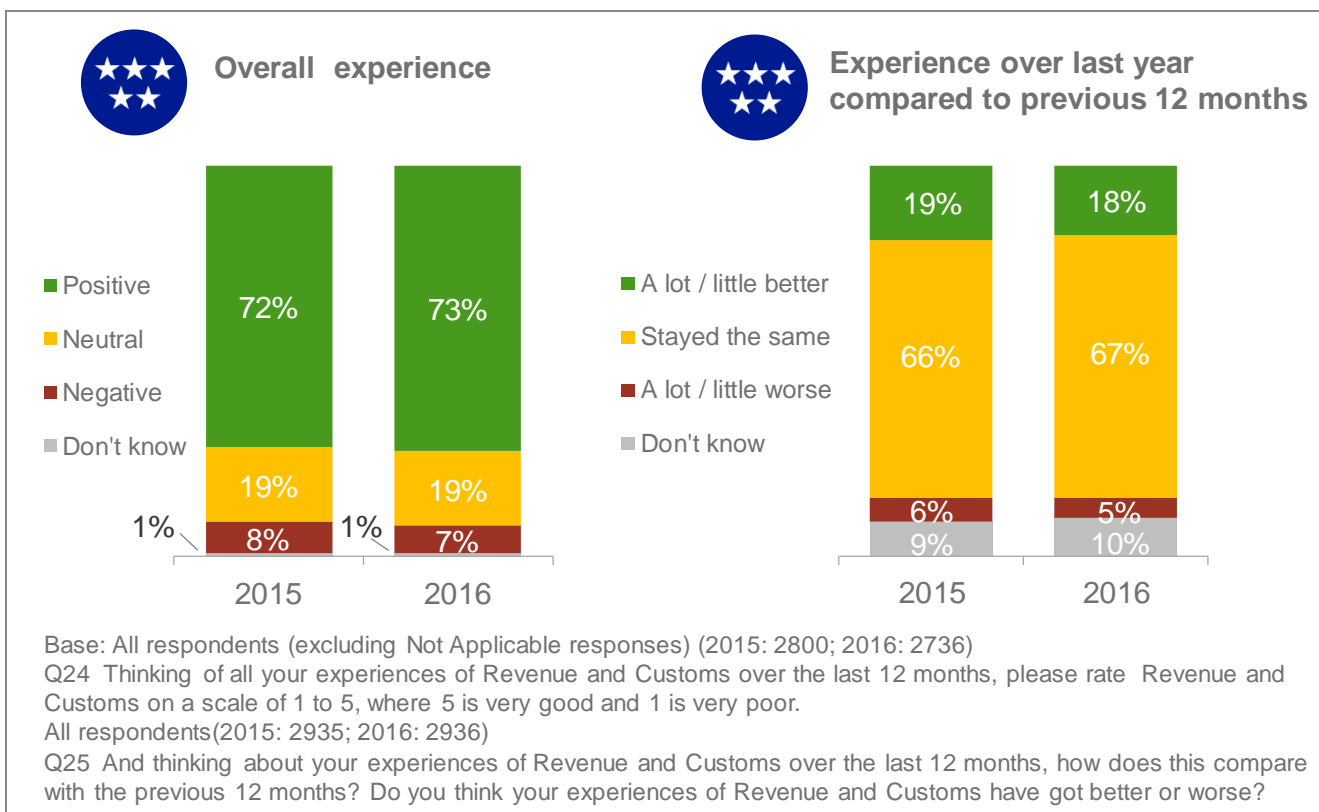
Small Businesses were asked to reflect on all their experiences with Revenue and Customs over the previous 12 months and give an overall score. Almost three-quarters (73%) were positive about their overall experience, which was similar to 2015 (72%).

Small businesses with no employees were the most positive (78%), with businesses with employees being less positive (69%). However, there was an increase in the proportion giving a positive rating of overall experience among businesses with 10 to 19 employees (69%, compared with 57% in 2015). Generally throughout the survey, positive ratings of the dimensions of customer experience were higher among the smallest businesses and the ratings were lower among the larger Small Businesses.

Following a similar pattern as in 2015, Small Businesses using online-only contact channels were more positive (78%) than those that had used online and telephone (62%). However, there was a significant decrease in those giving a negative rating of their overall experience for those using online and telephone (12%, compared with 16% in 2015). Those that contacted HMRC by both online and telephone were generally more negative about different dimensions of their customer experience.

Growth businesses were less positive about their overall experience than non-growth businesses (71%, compared with 76%).

Chart 4.5 Rating of overall experience and comparison of experience with previous 12 months – Small Businesses



Small Businesses were asked how their experience of dealing with HMRC over the previous 12 months compared with their experience of the preceding 12 months. While most said their experience had stayed the same (67%), Small Businesses were more than three times as likely to say their experience of dealing with HMRC had improved (18%) than got worse (5%). The proportion of Small Businesses reporting that their experience had improved or worsened was unchanged from 2015 (see Chart 4.5).

Similar to the increase in overall rating of experience, there was an increase in the proportion of businesses with 10 to 19 employees that said their experience had got 'A lot better' (10%, up from 3% in 2015). There was also a decrease among businesses with five to nine employees reporting that their experience had got worse (6%, down from 14% in 2015).

Small Businesses that used both online and telephone channels to deal with HMRC were less positive about the overall experience of dealing with HMRC than those that used online-only or telephone-only. However, they were more likely to say their experience had improved in the past

12 months (23%) than those using telephone-only (20%) or online-only (17%). The proportion of those that used both online and telephone contact channels that said their experience had got a lot better increased from six per cent in 2015 to nine per cent in 2016.

Overall experience was linked to perceptions of whether the service had improved. Those with a negative overall experience were much more likely to have felt their experience had got worse (34% compared with 6% overall). Those with a positive overall experience were more likely to think their experience had improved (22% compared with 18% overall).

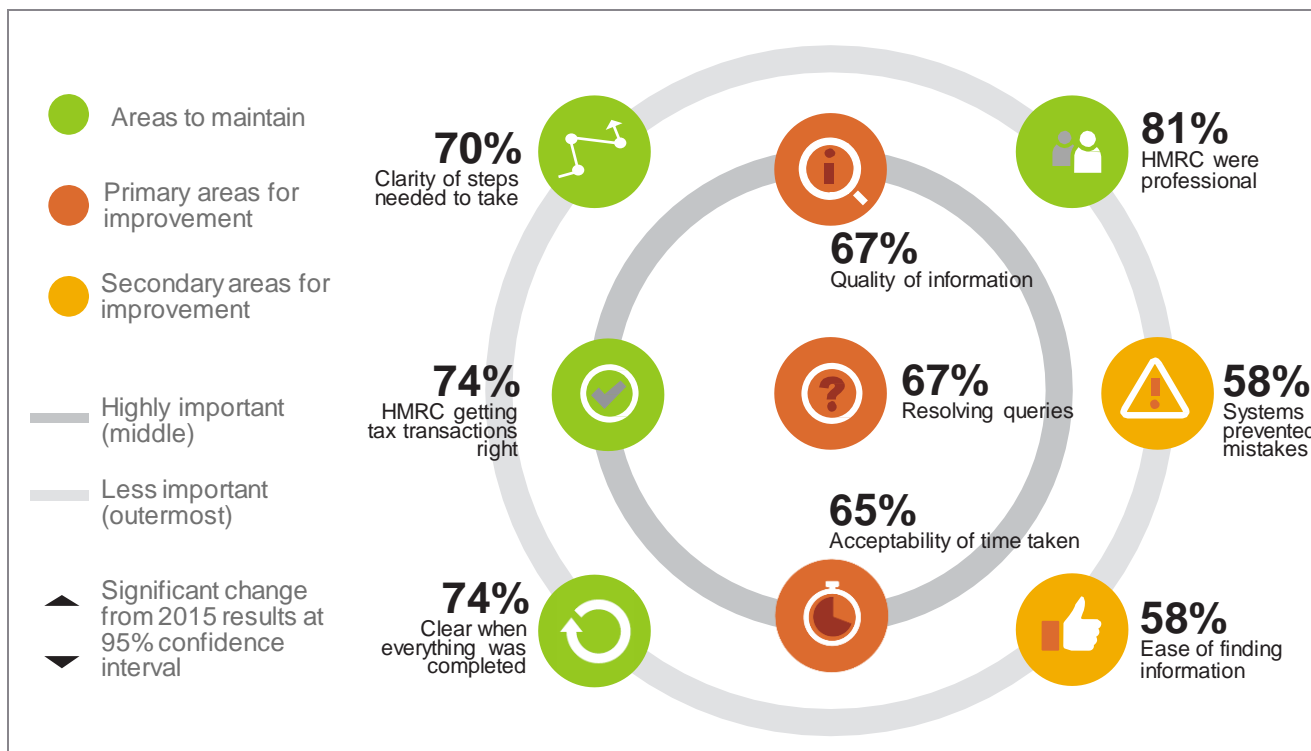
4.3.3 Atom Model of customer experience

This section discusses the Atom Model, which is used to understand what is driving overall customer experience and what dimensions are most important to address to improve it.

A description of the Atom Model is provided in the Introduction (see section 2.3.5).

The model reflects statistical analysis of the 2016 survey results which examined the dimensions of customer experience which had greatest impact on the overall rating of customer experience.

Chart 4.6 Atom Model – Small Businesses 2016



In 2016, the primary dimension driving overall experience was HMRC resolving queries. Three other dimensions were also key in driving Small Businesses' overall experience. These were:

- Acceptability of time taken
- Quality of information
- HMRC getting tax transactions right

Whereas HMRC getting tax transactions right had been the primary dimension driving customer experience in 2015, it shifted to the middle ring in 2016 as HMRC resolving queries became a

more important driver of overall customer experience. When comparing the 2016 Small Businesses Atom Model to the original Atom Model (see section 2.3.5) it is evident that dimensions which were not deemed as important by customers in the *ideal* customer experience were more important when analysing their actual customer experience.

Other dimensions which were less important in driving overall customer experience for Small Businesses were:

- Systems prevented mistakes
- Ease of finding information
- Clarity of steps needed to take
- Clear when everything was completed
- HMRC were professional

By comparing how important these dimensions were in driving ratings of overall experience with how well HMRC performed on each of these dimensions, it is possible to identify the dimensions which are most important to address to improve overall experience. For more information see section 2.3.5.

In Chart 4.6 the colours signify the importance of a particular dimension in driving overall experience for Small Business customers.

- The dimensions in dark orange are the most important to address to improve overall performance.
- The dimensions in amber are slightly less important to address to improve overall performance.
- And the green dimensions are those where HMRC has performed comparatively well but should ensure that this level of performance is at least maintained.

The remainder of this section discusses each of the dimensions displayed in the Atom Model in order of importance as determined by the KDA analysis.

Most important dimension

Resolving queries

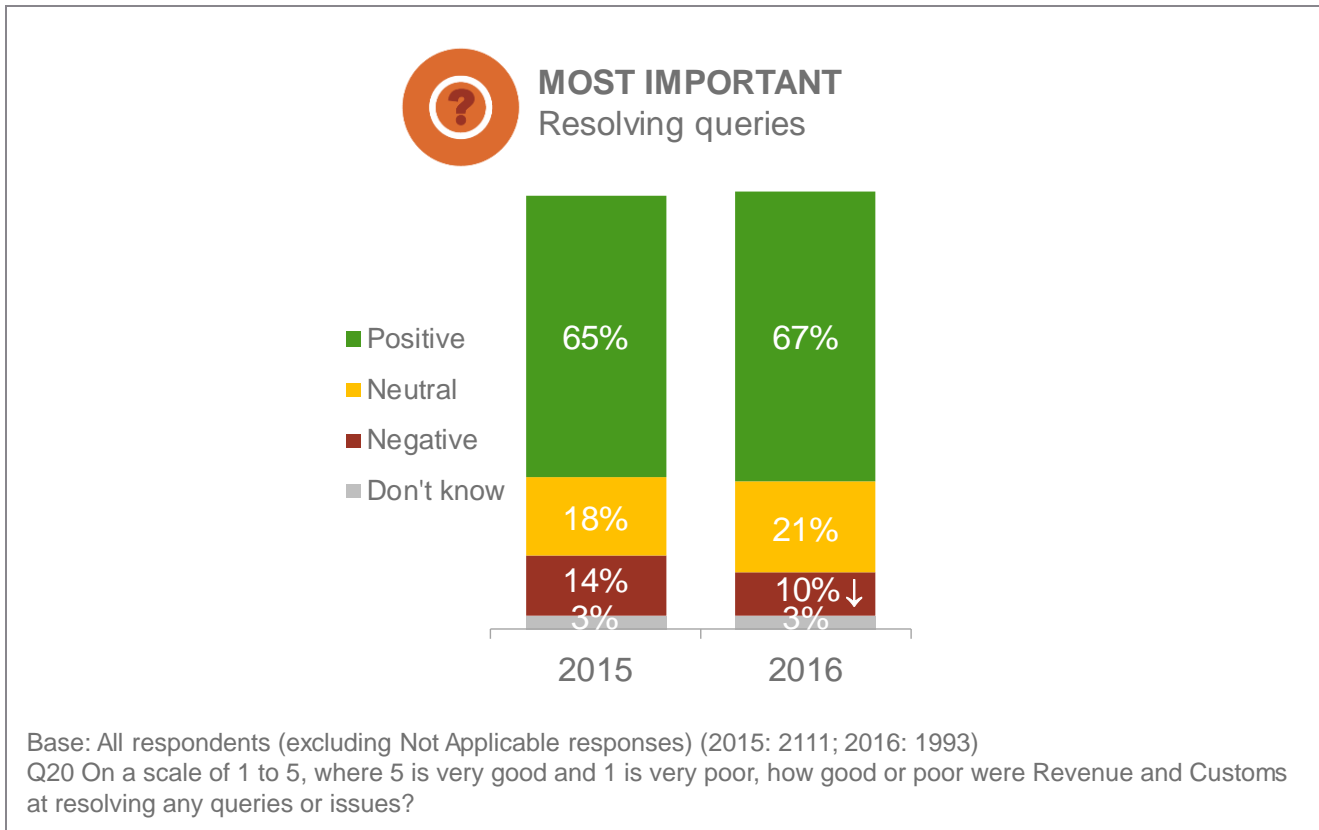
The most important driver of customer experience was HMRC resolving queries. This is identified in the 2016 Small Business Atom Model as the central dimension to improve to increase overall customer experience. As performance on this dimension is moderate, it is also identified as a primary area for improvement.

Two-thirds of Small Businesses (67%) agreed that HMRC were good at resolving queries. A fifth (21%) were neutral about this dimension, while one in ten (10%) were negative. There was a significant decrease in the proportion of Small Businesses giving a negative rating (10%, down from 14% in 2015).

As in 2015, Small Businesses communicating with HMRC online and by telephone were less positive than those using online-only (60% compared with 71%), but they were less likely to give a negative score than in 2015 (15%, down from 22% in 2015).

There was a decrease in negative ratings about HMRC resolving queries from growth businesses (11%, down from 15% in 2015) and from young businesses trading for two years or less (4%, down from 16%).

Chart 4.7 Most important dimension of customer experience – Small Businesses



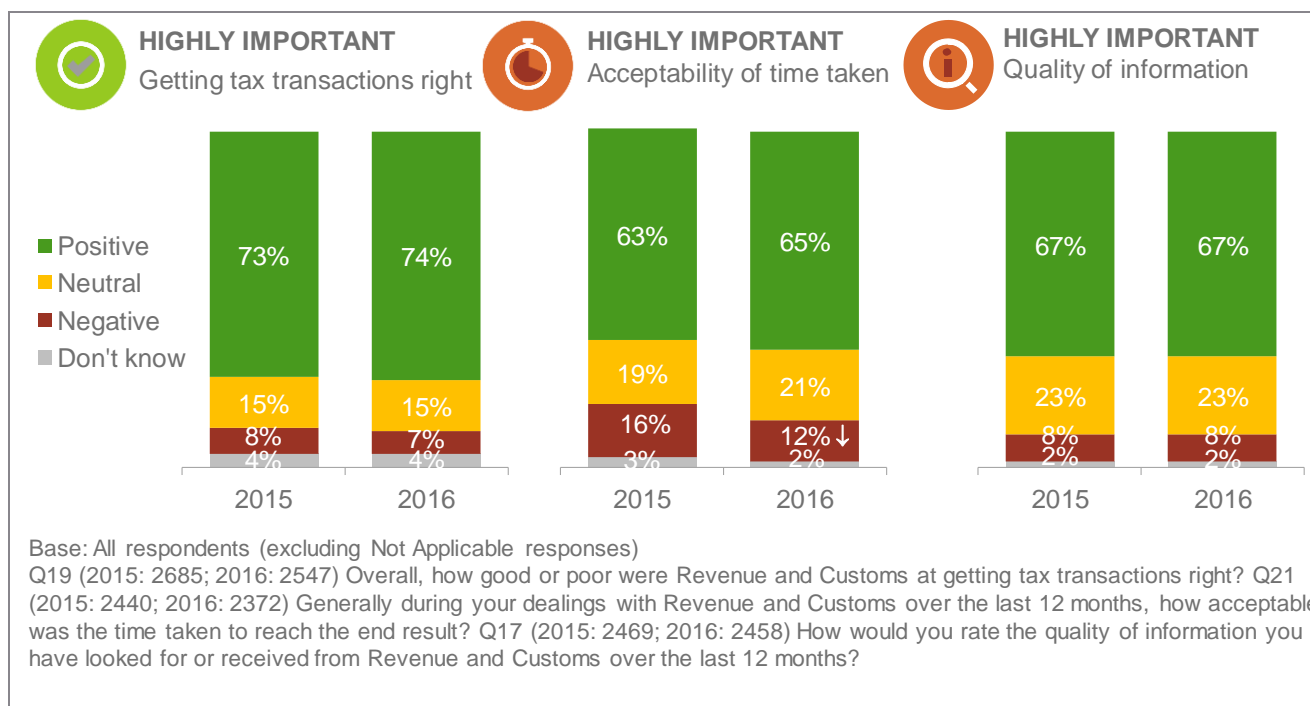
Highly important dimensions

This section looks at the three dimensions of high importance which were in the inner ring of the Atom Model, meaning they were strongly linked to overall ratings of customer experience: HMRC getting tax transactions right, acceptability of time taken and quality of information (Chart 4.8).

HMRC getting tax transactions right

Three-quarters (74%) of Small Businesses were positive about HMRC getting tax transactions right. Fifteen per cent were neutral about this dimension and seven per cent were negative. The ratings remained highly similar to last year. This dimension is among the most highly rated in the customer experience section and, as it is an area where HMRC performed comparatively well, it is an area where performance should be maintained.

Chart 4.8 Highly important dimensions of customer experience – Small Businesses



There was a strong correlation between HMRC getting tax transactions right and HMRC resolving queries. The proportion of Small Businesses that were positive about HMRC getting tax transactions right increased to close to nine in ten (86%) among those that were positive about HMRC resolving queries.

Growth businesses were less positive about HMRC getting tax transactions right than non-growth businesses (72%, compared with 75%).

Eight in ten (78%) of the smallest businesses with no employees were positive, while seven in ten (69%) Small Businesses with any employees (one to 19) gave a positive score.

Acceptability of time taken

Two-thirds of Small Businesses (65%) agreed that the time taken to reach an end result was acceptable. A fifth (21%) of customers were neutral on this dimension while one in ten (12%) were negative (see Chart 4.8). The proportion of Small Businesses giving a negative score decreased (12%, down from 16% in 2015). As this is a key dimension driving customer experience and one where HMRC performed comparatively less well, the acceptability of time taken has been identified as a primary area for improvement in 2016.

Although the larger Small Businesses remained less positive on this dimension, this group showed the greatest improvement in negative ratings. While in 2015 a quarter (24%) of Small Businesses with five to 19 employees gave a negative rating, this decreased to 15% in 2016.

The channels used to interact with HMRC were linked to the ratings given for acceptability of time taken. As in 2015, those using online-only (75%) or telephone-only (61%) were more positive than those using both online and telephone (50%). However, as with the previous dimensions of customer experience, the proportion of customers using online and telephone giving a negative rating decreased from three in ten (30%) to two in ten (20%) in 2016.

There was also an increase in the positive ratings of the acceptability of time taken for those that searched for information online on HMRC's webpages (62%, compared with 58% in 2015).

As in 2015, a high proportion of those positive about HMRC resolving queries were positive about time taken (80%).

Quality of information

Overall, two-thirds (67%) of Small Businesses agreed that the information which they had looked for or received from HMRC was of good quality. Just over a fifth (23%) were neutral, while only eight per cent were negative (see Chart 4.8). As this dimension was important in driving overall experience and an area in which HMRC performed comparatively less well, quality of information has been identified as a primary area for improvement in 2016.

There was an increase in positive ratings from Small Businesses using both online and telephone (64%, up from 57% in 2015). Nevertheless, as in 2015, those using online-only (71%) were more positive.

Less important dimensions

This section discusses the dimensions identified as being less important in driving Small Business customers' rating of their overall experience:

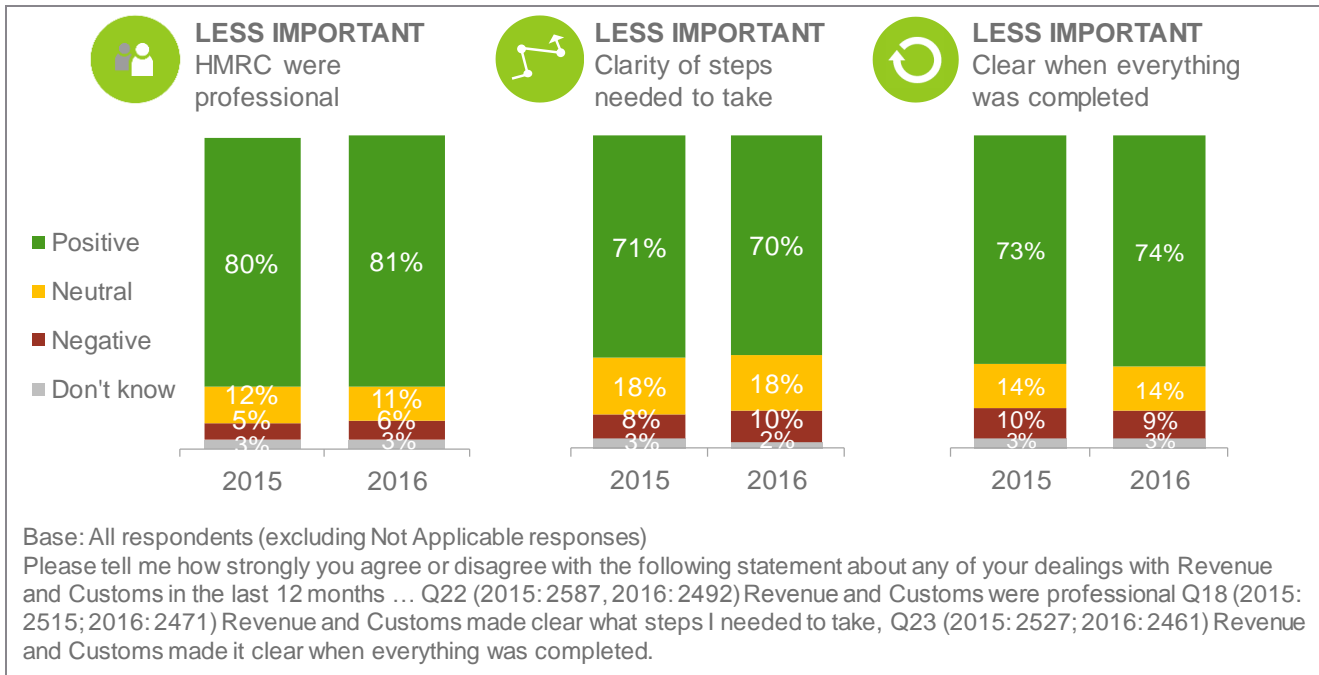
- HMRC were professional
- Clear when everything was completed
- Clarity of steps needed to take
- Ease of finding information
- Systems prevented mistakes

Nevertheless, they are areas in which performance should be maintained or improved to help drive a positive overall experience (See Charts 4.9 and 4.10).

Three of the less important dimensions in the 2016 Small Business Atom Model – relating to HMRC's professionalism, and the two dimensions of ease of navigating the process (the clarity of steps to take and the clarity of when everything was complete) – were areas in which HMRC performed well and performance should be maintained.

The remaining two dimensions of lesser importance in the 2016 Small Business Atom Model were areas in which HMRC performed comparatively less well, but which have less impact on overall experience. Therefore, these two dimensions – ease of finding information and systems prevented mistakes – are secondary areas for improvement. These two dimensions were the least positively rated and most negatively rated dimensions of customer experience.

Chart 4.9 Less important dimensions of customer experience – Small Businesses



HMRC were professional

The dimension of customer experience that was rated most positively was whether Small Businesses thought HMRC were professional (81%). One in ten (11%) were neutral and six per cent were negative.

Clarity of steps needed to take

Seven in ten (70%) Small Businesses were positive about the clarity of the steps they needed to take when dealing with their tax affairs. A fifth (18%) were neutral, and one in ten (10%) were negative about this dimension of customer experience.

Small businesses using online-only contact channels (74%) were more positive than those using both telephone and online contact channels (64%) about the clarity of which steps to take.

Growth businesses were more likely to give a negative rating than non-growth businesses (12%, compared with 8%).

Clear when everything was completed

Three-quarters of Small Businesses (74%) were positive about HMRC making it clear when everything was completed. Fourteen per cent were neutral while nine per cent were negative about this dimension.

The smallest businesses (with no employees) remained more likely to give a positive score than Small Businesses with any employees (79%, compared with 70%). However, there was a significant increase in the proportion of businesses with five to nine employees giving a positive score (69%, up from 56% in 2015).

As in 2015, online-only Small Businesses were much more positive than those that had interacted by both telephone and online channels (81%, compared with 66%).

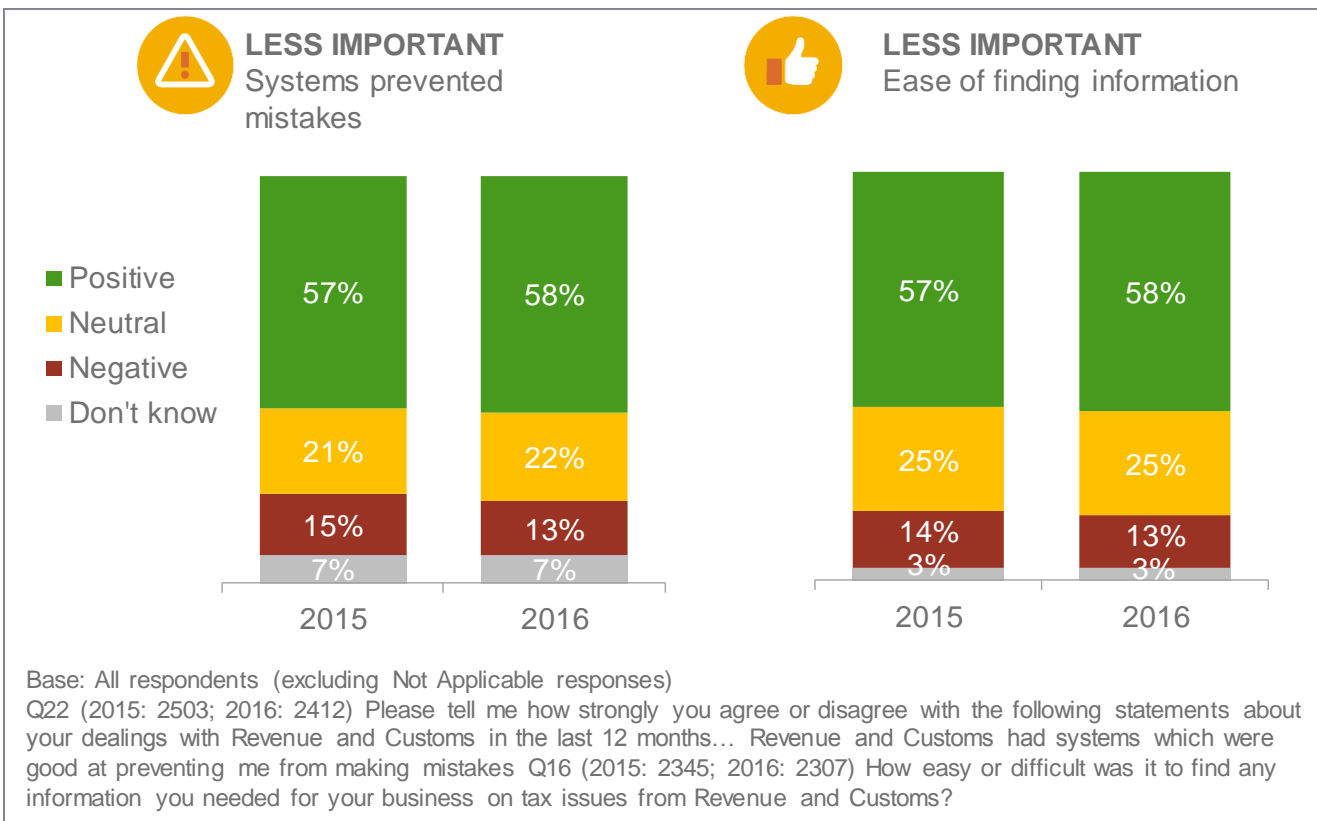
Systems prevented mistakes

Six in ten Small Businesses (58%) were positive about HMRC systems preventing them from making any mistakes. A fifth (22%) were neutral and 13% were negative.

Small Businesses with online-only contact were more positive about systems preventing mistakes (65%, compared with 51% for those using online and telephone and 45% for telephone-only).

The smallest businesses (with no employees) were the most positive that systems prevented mistakes (61%). Although larger businesses were less positive, there was an increase in the proportion of those with 10-19 employees giving a positive score for systems preventing mistakes (60%, up from 46% in 2015).

Chart 4.10 Less important dimensions of customer experience – Small Businesses



Ease of finding information

As in 2015, six in ten (58%) Small Businesses were positive about how easy it was to find information they needed in relation to their businesses' tax affairs. A quarter (25%) were neutral about this dimension while 13% were negative.

As for other dimensions of customer experience, there was a decrease in the proportion of those using online and telephone that gave a negative rating (17%, down from 23% in 2015).

Small Businesses with five to 19 employees were more positive about the ease of finding information in 2016 than in 2015 (58%, up from 49% in 2015).

4.3.4 Views on administration of the tax system

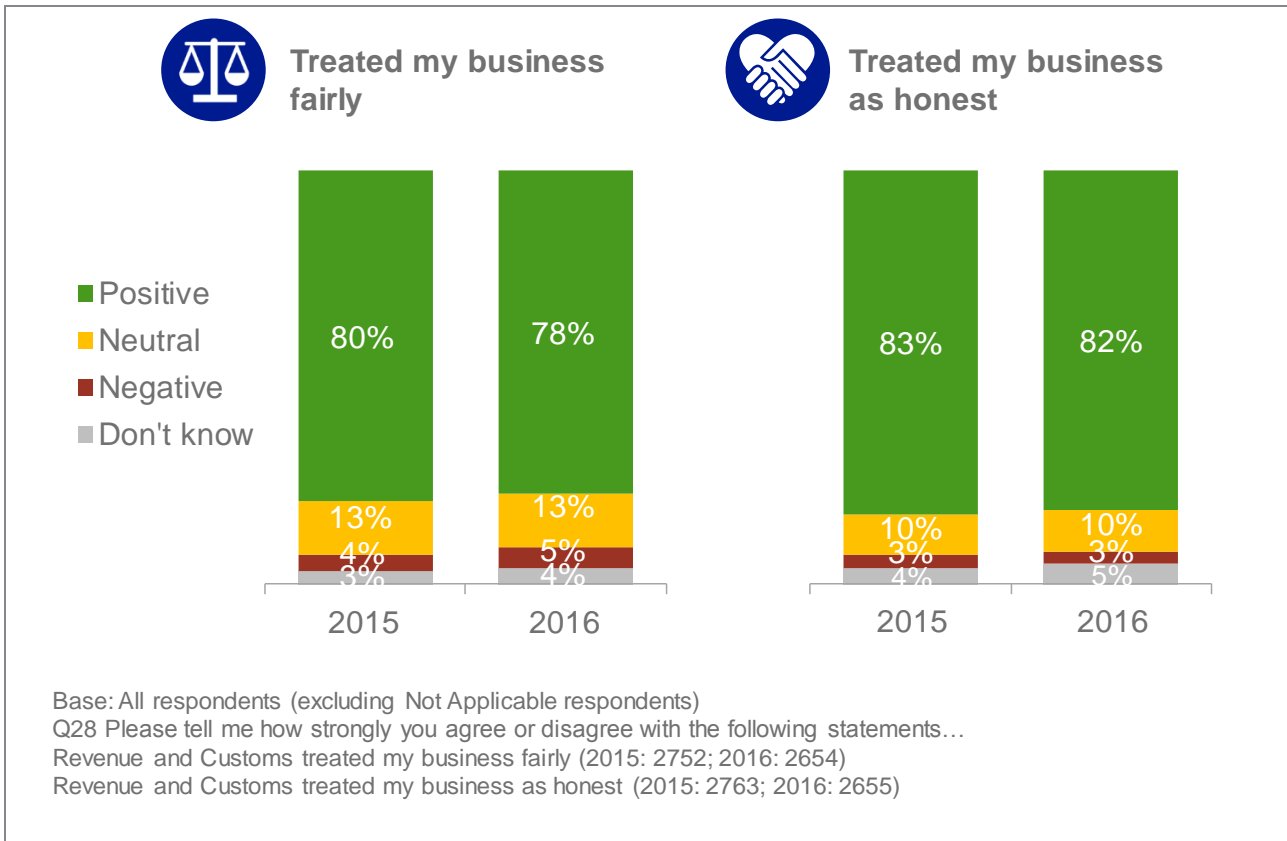
Small Businesses were asked about their views on the administration of the tax system. Specifically whether HMRC treated their business fairly, the ease of dealing with their tax issues, whether they felt like HMRC minimised cost, time and effort in dealing with their tax affairs, and whether services were personalised to their business. They were also asked whether HMRC services integrated with their business processes. HMRC's performance in these other areas of customer experience has not changed significantly for Small Business customers between 2015 and 2016.

Fairness

As shown in Chart 4.11, eight in ten (82%) Small Businesses agreed that HMRC treated their business as honest. One in ten (10%) were neutral about this while only a small proportion (3%) of Small Businesses were negative. Similarly, eight in ten Small Business customers (78%) agreed that HMRC treated their business fairly. One in eight (13%) were neutral, while only five per cent were negative.

As in 2015, positive perceptions of fairness were closely linked with customers' overall experience. While overall, eight in ten Small Businesses were positive about being treated as honest and fairly, this increased to nine in ten among those with a positive overall experience (92% and 91%, respectively). Ratings given for these questions were also linked to mode of contact, with those using online-only being more positive than those using online and telephone channels. This was the case for both honesty (85%, compared with 79%) and fairness (83%, compared with 73%).

Chart 4.11 Fairness – Small Businesses



Ease of dealing with tax issues

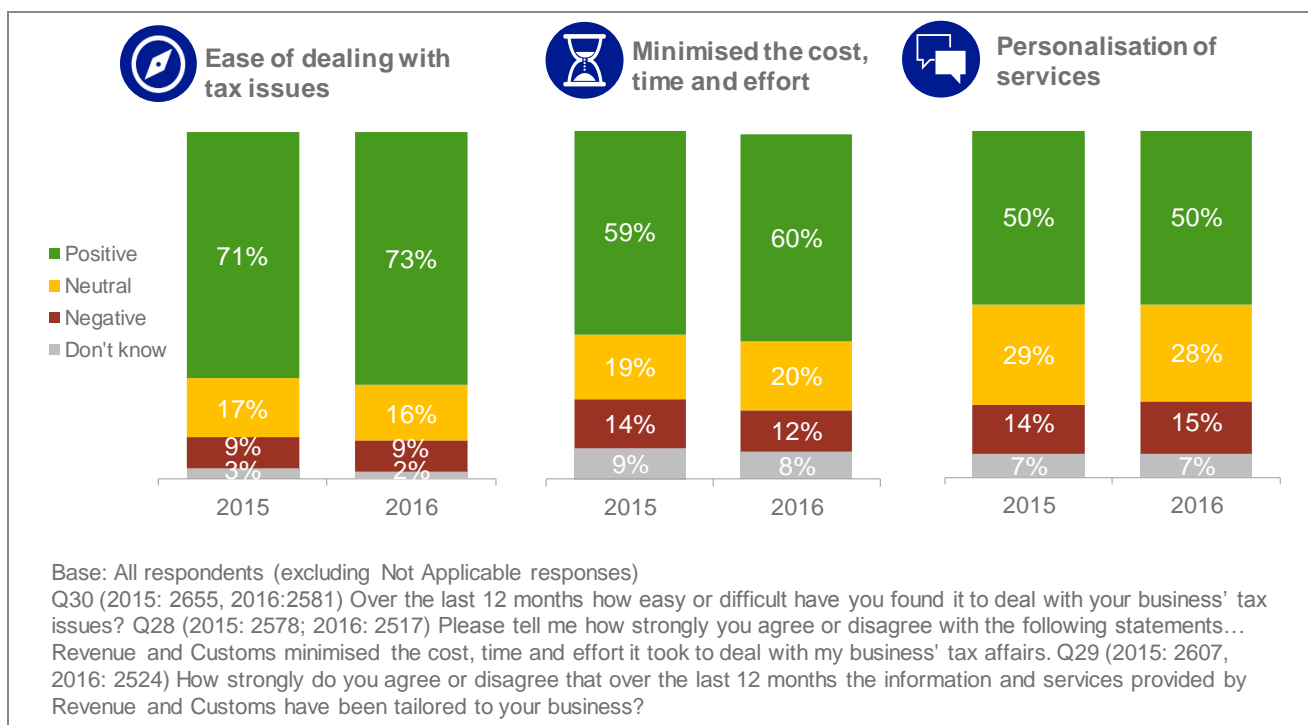
Small Businesses were also asked about the ease of dealing with tax issues, whether they felt like HMRC minimised cost, time and effort for dealing with their business’ tax affairs, and whether services were personalised to their business (Chart 4.12).

Three-quarters of Small Businesses (73%) agreed that it had been easy to deal with their business tax affairs in the past 12 months. One in six (16%) were neutral while about one in ten (9%) were negative (Chart 4.12).

There was an increase from 2015 in positive ratings about the ease of dealing with tax issues among those that searched for information online on HMRC webpages (71%, up from 66%) and those that used any telephone channels to make contact with HMRC (64%, up from 57%).

Growth businesses were less positive than non-growth businesses about the ease of dealing with their business tax issues (70%, compared with 77%).

Chart 4.12 Ease of dealing with tax issues, minimisation of cost, time and effort and personalisation – Small Businesses



Minimised the cost, time and effort

Six in ten Small Businesses (60%) were positive that HMRC minimised the cost, time and effort it took to deal with their business tax affairs. Two in ten were neutral (20%) while one in ten (12%) were negative.

Compared with 2015, Small Businesses that interacted both online and by telephone were more likely to be positive (51%, up from 43% in 2015) and less likely to be negative (20%, down from 26% in 2015).

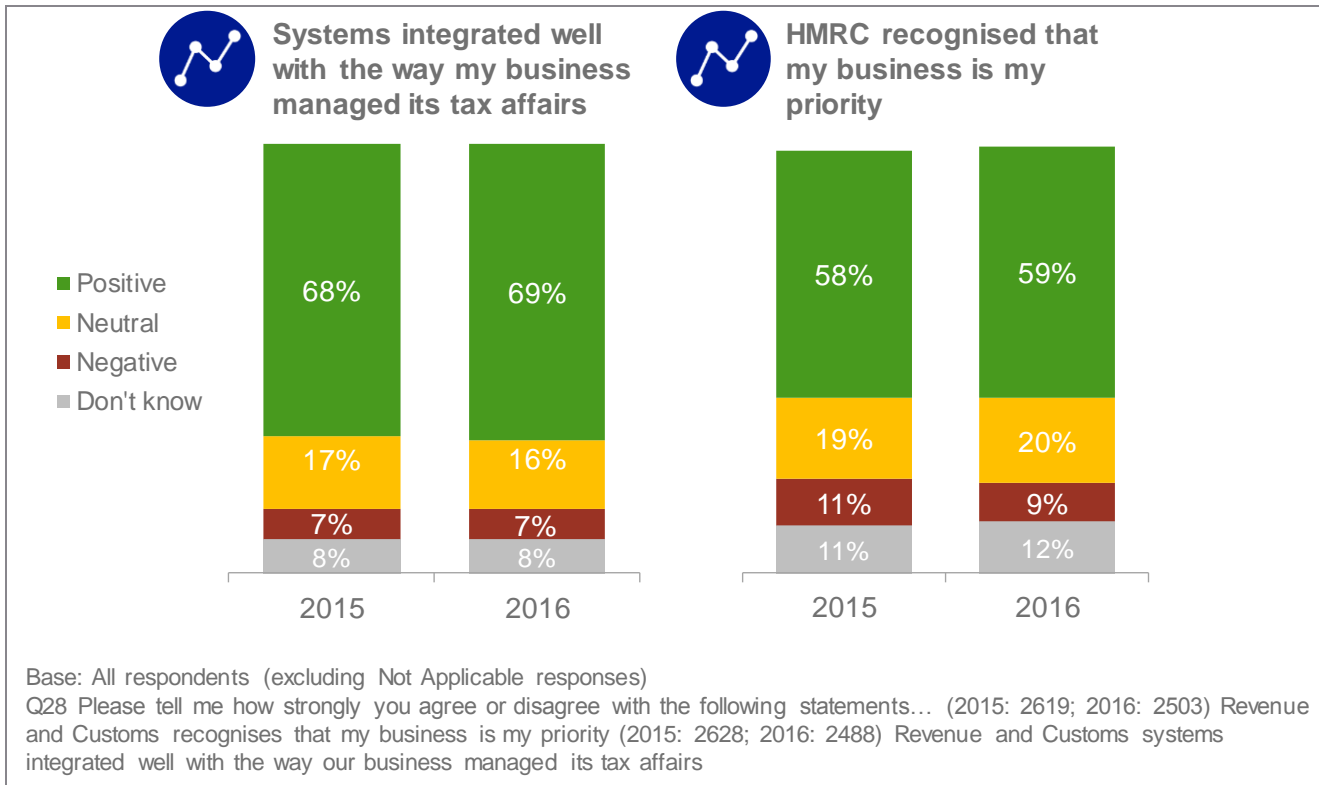
Personalisation of services

Small Businesses were less likely to agree that services were personalised to their business. Only half of Small Business customers (50%) were positive about services and information being tailored to their business. Three in ten were neutral (28%) while 15% were negative. Ratings of personalisation were still relatively low among those that had used their online account (46% were positive), which is likely to reflect that the Business Tax Account is still being developed.

Integration

Seven in ten Small Businesses (69%) agreed that HMRC systems integrated well with the way their businesses managed its tax affairs (Chart 4.13). Small Businesses that used online-only contact channels were more positive (74%) than those using online and telephone (61%) or telephone-only contact channels (62%). Small Businesses that were positive about the way services had been personalised to them were more likely to agree that HMRC systems integrated well with their business (90%).

Chart 4.13 HMRC Integration – Small Businesses



A lower proportion of Small Businesses (59%) agreed that HMRC recognised that their business was their priority (Chart 4.13). Those that found dealing with HMRC relatively easy were more likely to agree that HMRC recognised their business was their priority: those that agreed that HMRC were efficient (85%), that services were personalised (83%) and that HMRC minimised the cost, time and effort (81%) were also more likely to be positive.

Smaller businesses were more positive about HMRC recognising that their business was their priority than larger ones (no employees, 63%; 10 to 19 employees, 50%) while growth businesses were more negative than non-growth businesses (12%, compared with 8%).

4.4 Perceptions of HMRC

This section examines Small Businesses' broader perceptions of HMRC as an organisation. They were asked to rate HMRC on the following statements:

- Efficient: Revenue and Customs is an efficient organisation that does not waste money
- Effective: Revenue and Customs ensures all its customers pay/receive the correct amount of tax
- Fair: Revenue and Customs applies penalties and sanctions equally for all its customers
- Protection of personal data: Revenue and Customs ensures that customers' data and personal information is treated confidentially
- Overall confidence: How confident are you in the way Revenue and Customs are doing their job?
- Favourability: How favourable or unfavourable is your overall opinion of Revenue and Customs, taking into account everything you think is important?
- Advocacy: Which of these phrases best describes the way you would speak about

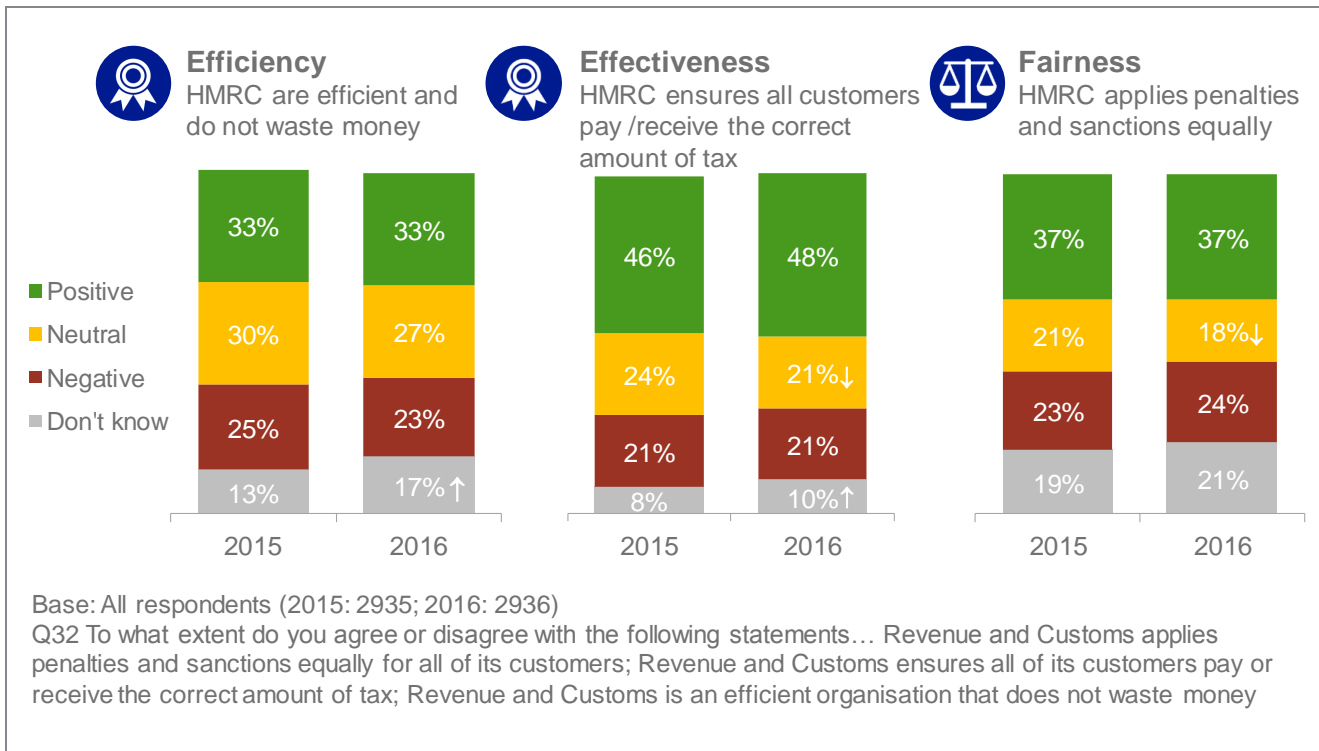
Revenue and Customs to other people or organisations?

4.4.1 Efficiency, effectiveness, and fairness

Small Businesses' general perceptions of HMRC tended to be less positive than when they were asked to think of their own personal experience of dealing with HMRC in the previous 12 months.

The ratings given for efficiency, effectiveness and fairness remained highly similar to 2015, with some small but significant changes to 'neutral' and 'don't know' ratings (Chart 4.14).

Chart 4.14 Perceptions of HMRC's efficiency, effectiveness and fairness – Small Businesses



Only a third of Small Businesses (33%) were positive about HMRC's efficiency. A quarter (27%) were neutral while another quarter (23%) were negative about this measure. A large proportion of Small Businesses (17%) did not know.

Perceptions of efficiency were linked to customers' personal experiences, with those having a positive overall experience being more likely to view HMRC's efficiency in a positive light (43%, compared with only 2% among those with a negative overall experience).

Half of Small Businesses (48%) gave HMRC a positive rating for being an effective organisation. A fifth (21%) gave a neutral answer and a fifth (21%) gave a negative response. One in ten (10%) did not know.

The proportion of Small Businesses giving a positive rating for HMRC's effectiveness increased to close to two-thirds among those that agreed that HMRC had recognised that their business was their priority (65%) and those that agreed that HMRC minimised the cost, time and effort required to deal with their tax affairs (64%). Small Business customers that had a positive overall experience were also more likely to be positive about HMRC's effectiveness (58%).

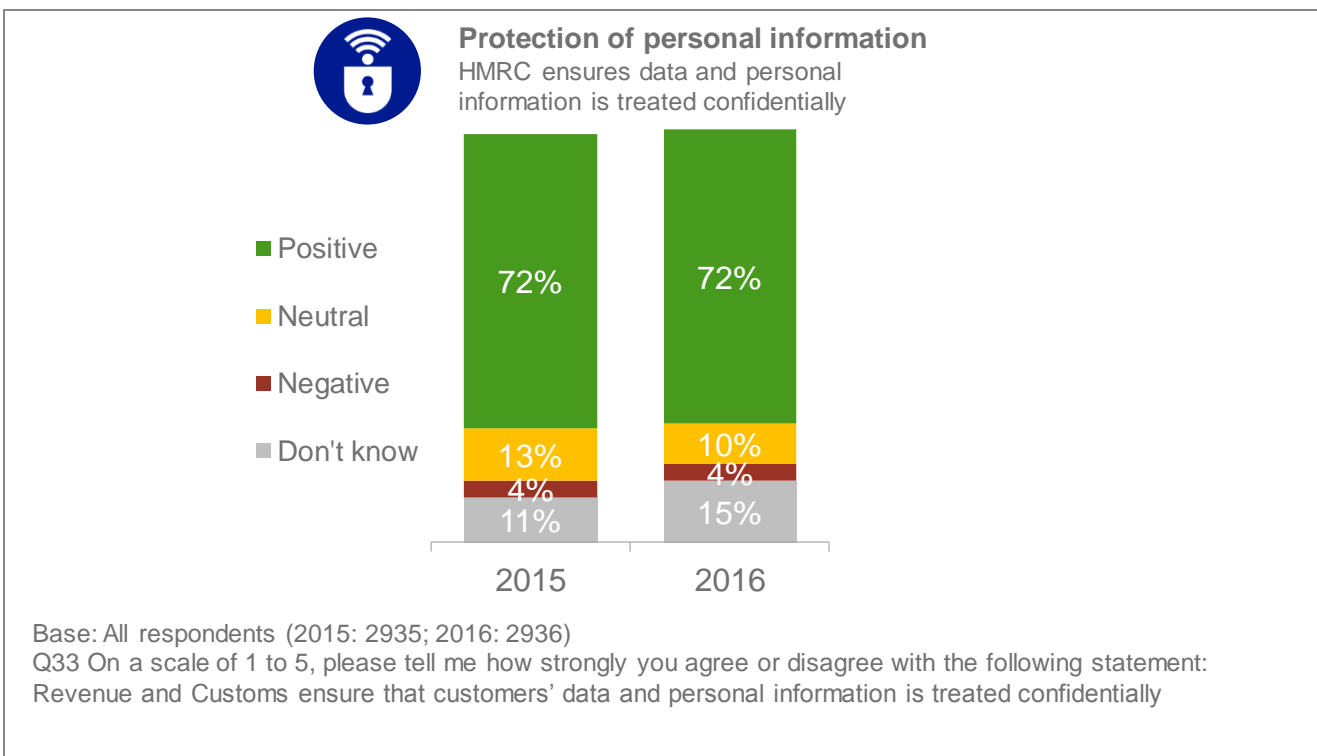
Small Businesses were less positive about fairness than effectiveness, with close to four in ten Small Business customers (37%) giving a positive rating for HMRC applying sanctions and penalties equally. A fifth (18%) were neutral about HMRC’s fairness while a quarter (24%) were negative. A fifth (21%) of Small Businesses did not know – a larger proportion than on most other dimensions, but similar to 2015.

General perceptions of fairness were linked to customers’ overall experiences: those with a positive overall experience were five times more likely to be positive about HMRC’s fairness (45%, compared with 9%). Similar to ratings of effectiveness, the proportion of Small Businesses giving a positive rating increased to half among those that agreed that HMRC had recognised that their business was their priority (52%) and those that agreed that HMRC minimised the cost, time and effort required to deal with their tax affairs (51%).

4.4.2 Protection of personal information

Small Businesses had much more positive perceptions of HMRC’s ability to treat customers’ data and personal information confidentially. Over seven in ten Small Businesses gave a positive rating on this measure (72%) and only four per cent gave a negative rating (Chart 4.15). Small Businesses that were positive about information being personalised to them (86%), HMRC minimising the cost, time and effort it took to deal with tax issues (84%) or HMRC having systems which prevent mistakes (81%) were more positive about the protection of personal information.

Chart 4.15 Protection of personal information – Small Businesses

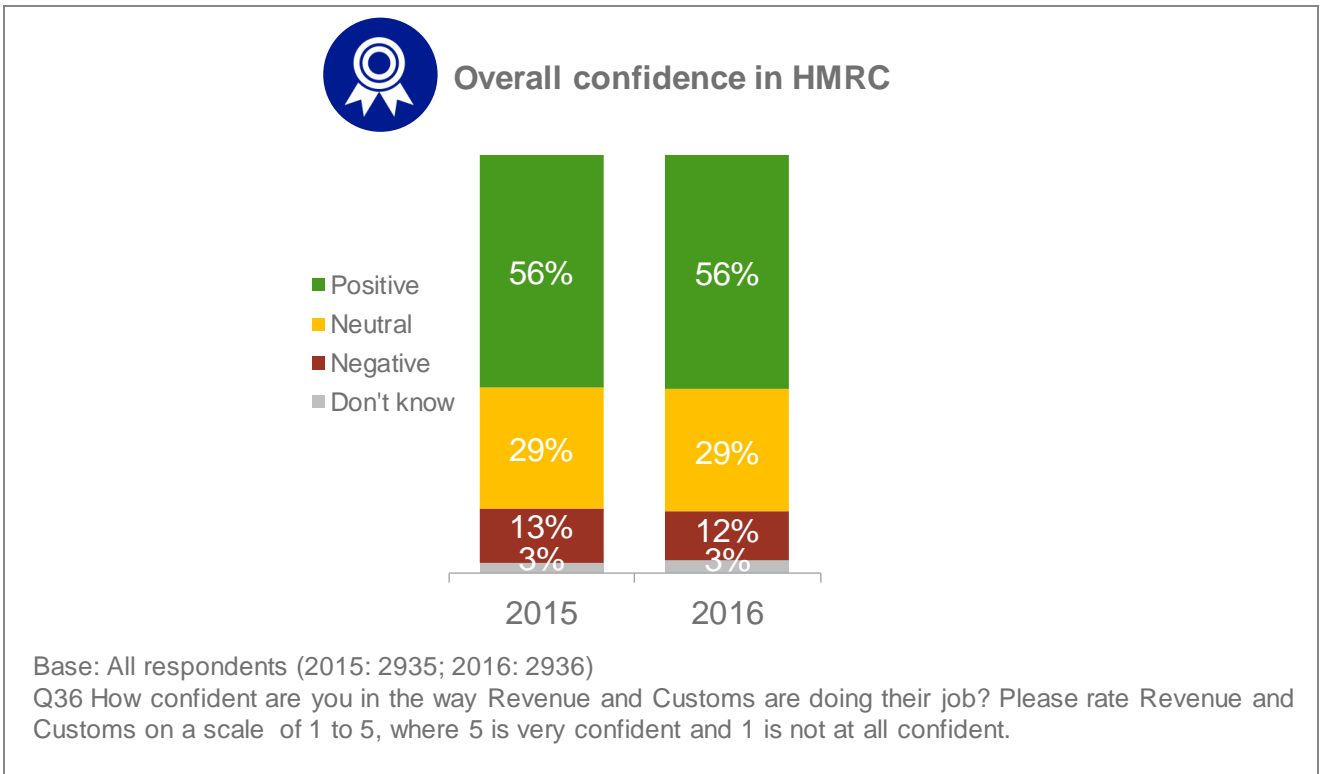


4.4.3 Overall confidence in HMRC

Nearly six in ten (56%) Small Businesses were confident in the way HMRC were doing their job. Three in ten (29%) were neutral, while one in ten (12%) were negative (Chart 4.16). These ratings

remained similar to 2015, and Small Businesses remained four times more likely to be positive than negative about overall confidence in HMRC.

Chart 4.16 Confidence in the way HMRC are doing their job – Small Businesses

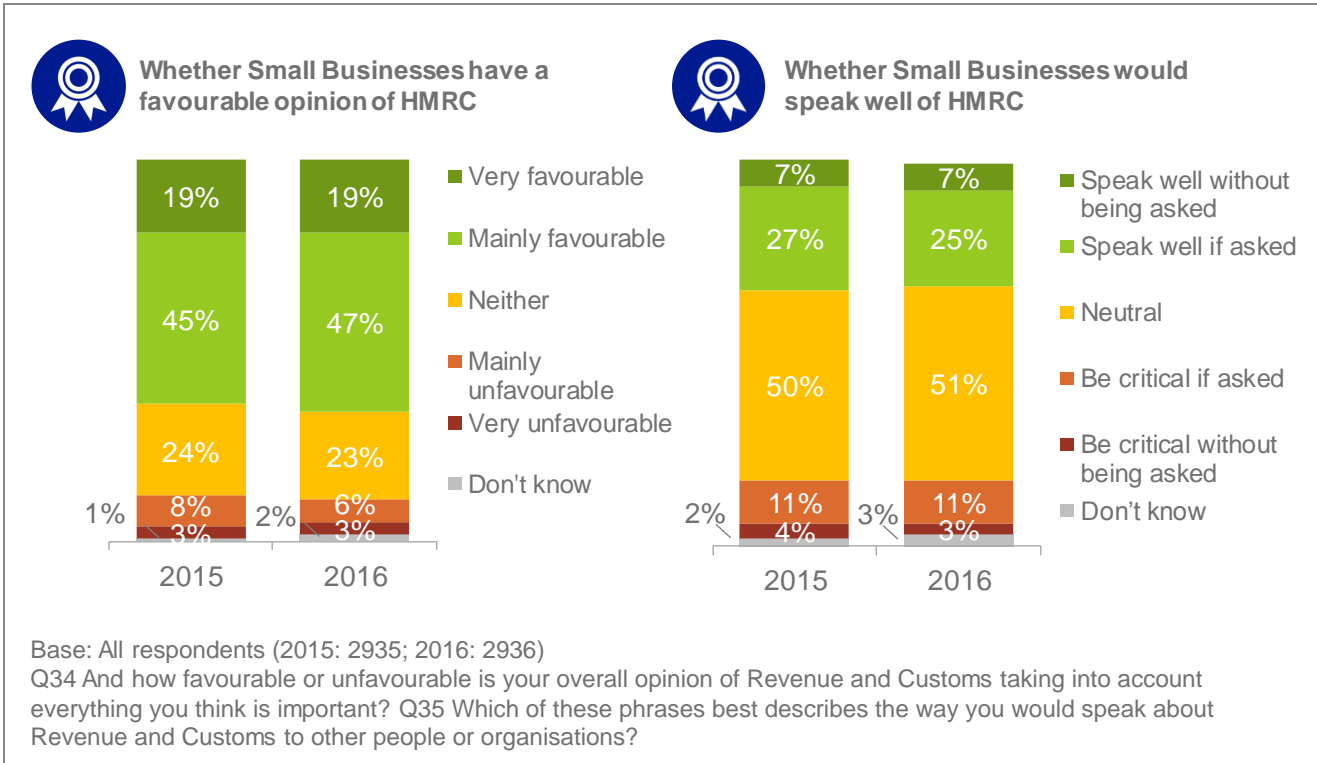


Small Businesses with a positive overall experience were ten times as likely to be confident in HMRC as those with a negative overall experience (70% and 7% respectively), demonstrating that – as with other dimensions discussed above – overall personal experience drives general perceptions of HMRC. Positive ratings for efficiency (89%), fairness (83%) and effectiveness (81%) also correlated with more confidence in HMRC.

4.4.4 Favourability and advocacy

Two-thirds of Small Businesses (66%) had a favourable opinion of HMRC while one in ten (9%) were unfavourable (Chart 4.17). These relatively high favourability rates did not seem to translate into high advocacy rates. Nevertheless, Small Businesses were more than twice as likely to speak well of HMRC (32%) as to be critical of HMRC (14%).

Chart 4.17 Favourability and advocacy for HMRC – Small Businesses



Small Businesses that had a positive overall experience (80%) or that felt HMRC had improved in the last year (79%) had a more favourable opinion. Similar to their increase in rating of overall experience, a higher proportion of Small Businesses with 10 to 19 employees had a favourable opinion of HMRC than in 2015 (66%, up from 55%).

Small Businesses that felt their experiences with HMRC had improved in the last year were six times more likely to say they would speak positively of HMRC than those that felt their experience had got worse (43%, compared with 7%). Conversely, those that felt their experience with HMRC had worsened in the past 12 months were more than four times as likely to say they would be critical of HMRC than those that felt their experience had improved (47%, compared with 10%).

4.5 Perceptions of compliance

The final section of this chapter examines Small Businesses' attitudes to compliance. It explores the relationship between experience of dealing with HMRC and general perceptions of HMRC with attitudes to compliance.

All the questions in the compliance section were new in 2016, so no comparisons to 2015 can be made.

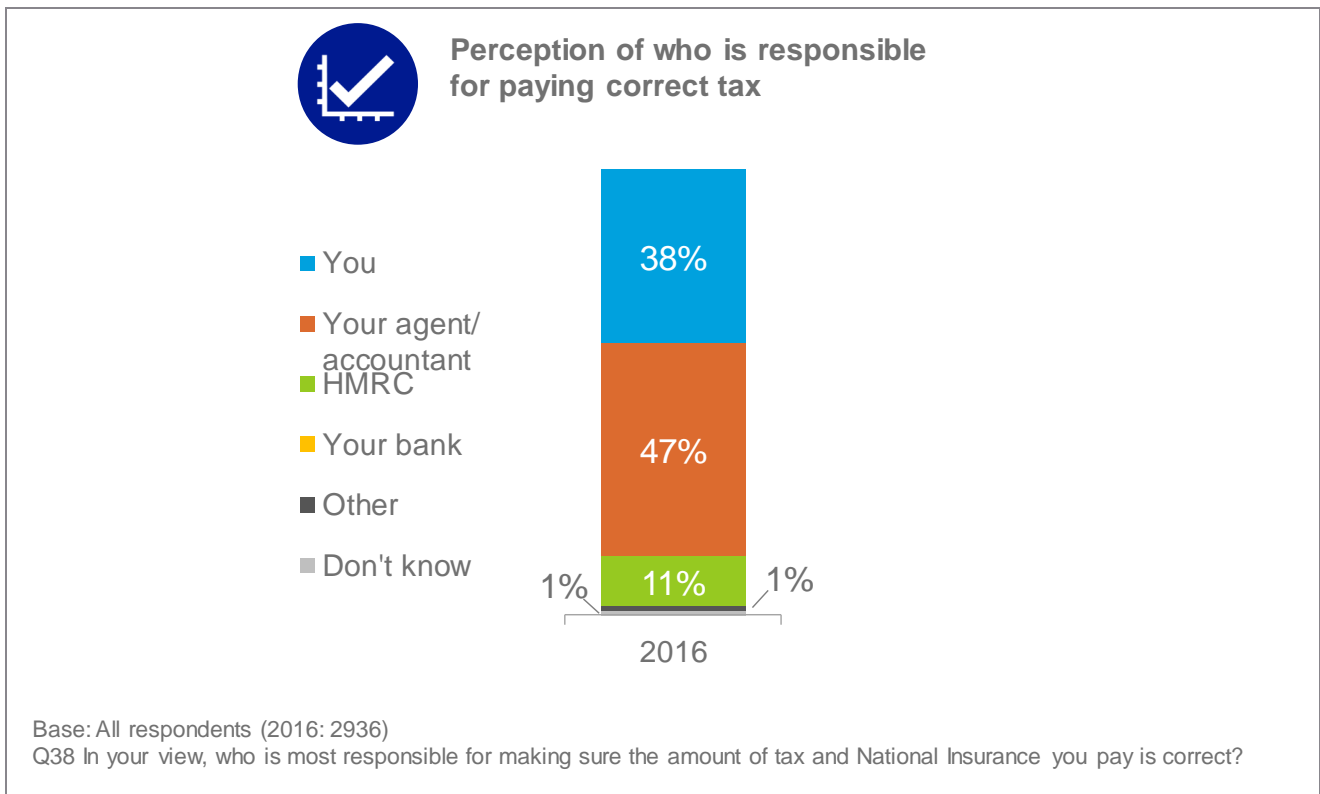
4.5.1 Who is most responsible for making sure the amount of tax and National Insurance a customer pays is correct

Four in ten Small Businesses (38%) identified that they themselves were ultimately responsible for ensuring that the amount of tax and National Insurance paid is correct. Six in ten thought someone else was responsible: 47% thought their agent was responsible while 11% thought HMRC was responsible.

Small businesses that used their online account were more likely to say that they were responsible than those that did not use an online account (45% and 29% respectively). Small Businesses using an agent to help them deal with their tax affairs were more likely to believe it was the agent's responsibility to make sure the amount of taxes paid was correct, with six in ten (60%) believing the agent was responsible.

The smallest businesses (no employees) were most likely to believe they were themselves responsible (43%, compared with 38% overall).

Chart 4.18 Perception of who is responsible for paying correct tax – Small Businesses



4.5.2 Acceptability and extent of tax evasion

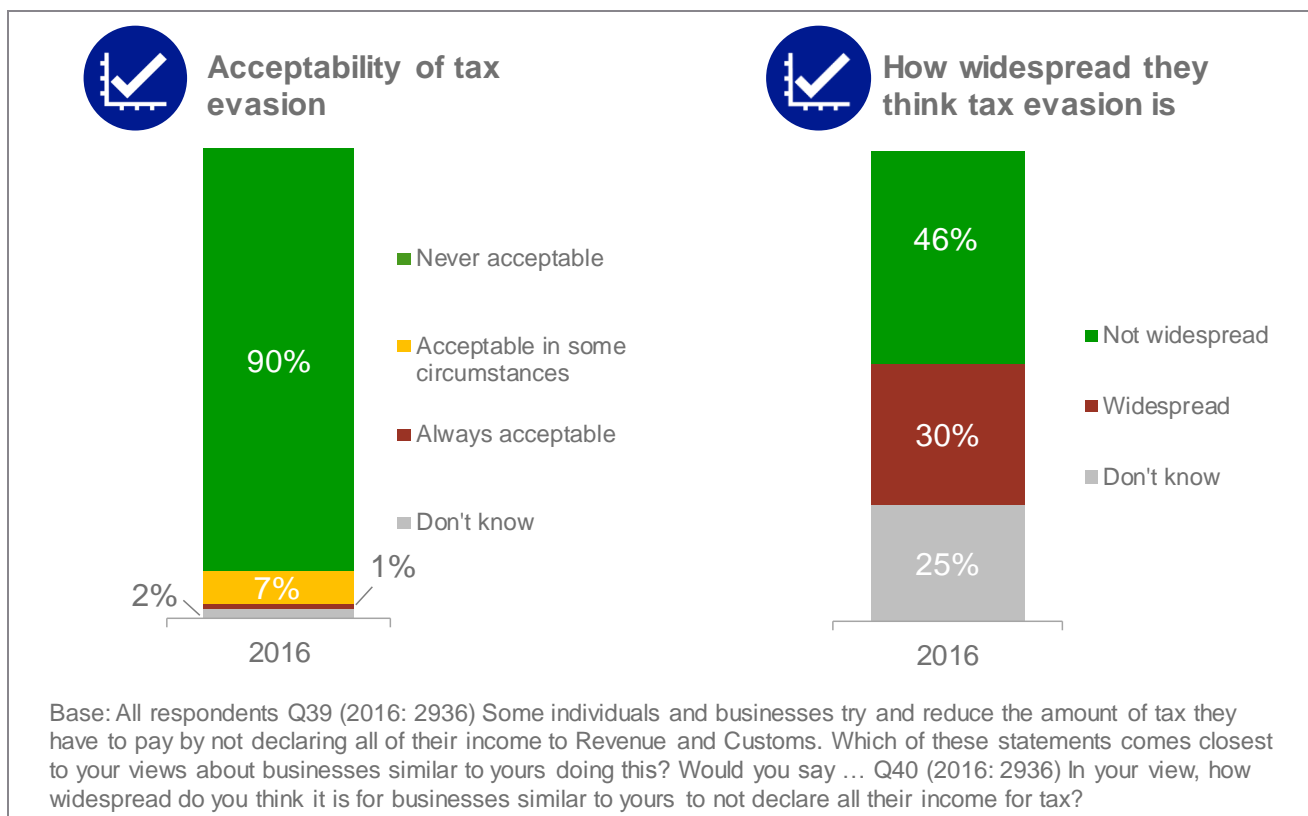
Small Businesses were also asked about the acceptability of tax evasion, which was described as 'reducing the amount of taxes paid by not declaring all income to HMRC'. Nine in ten (90%) said tax evasion was never acceptable. A minority (7%) said it was acceptable in some circumstances, while only one per cent said tax evasion was always acceptable.

Three in ten Small Businesses (30%) thought tax evasion was widespread while nearly half (46%) thought it was not widespread. The smallest businesses (those with no employees) were more

likely to say tax evasion was widespread (32%, compared with 27% among those with any employees). Conversely, those with any employees (one to 19) were more likely to say it was not widespread (48%, compared with 43% among those with no employees).

Small Businesses that were negative about HMRC applying sanctions equally or HMRC ensuring all customers pay the correct amount of tax were more likely to think tax evasion was widespread (34% and 35%, respectively).

Chart 4.19 Acceptability of tax evasion and perception of how widespread it is – Small Businesses



4.5.3 Acceptability and extent of tax avoidance

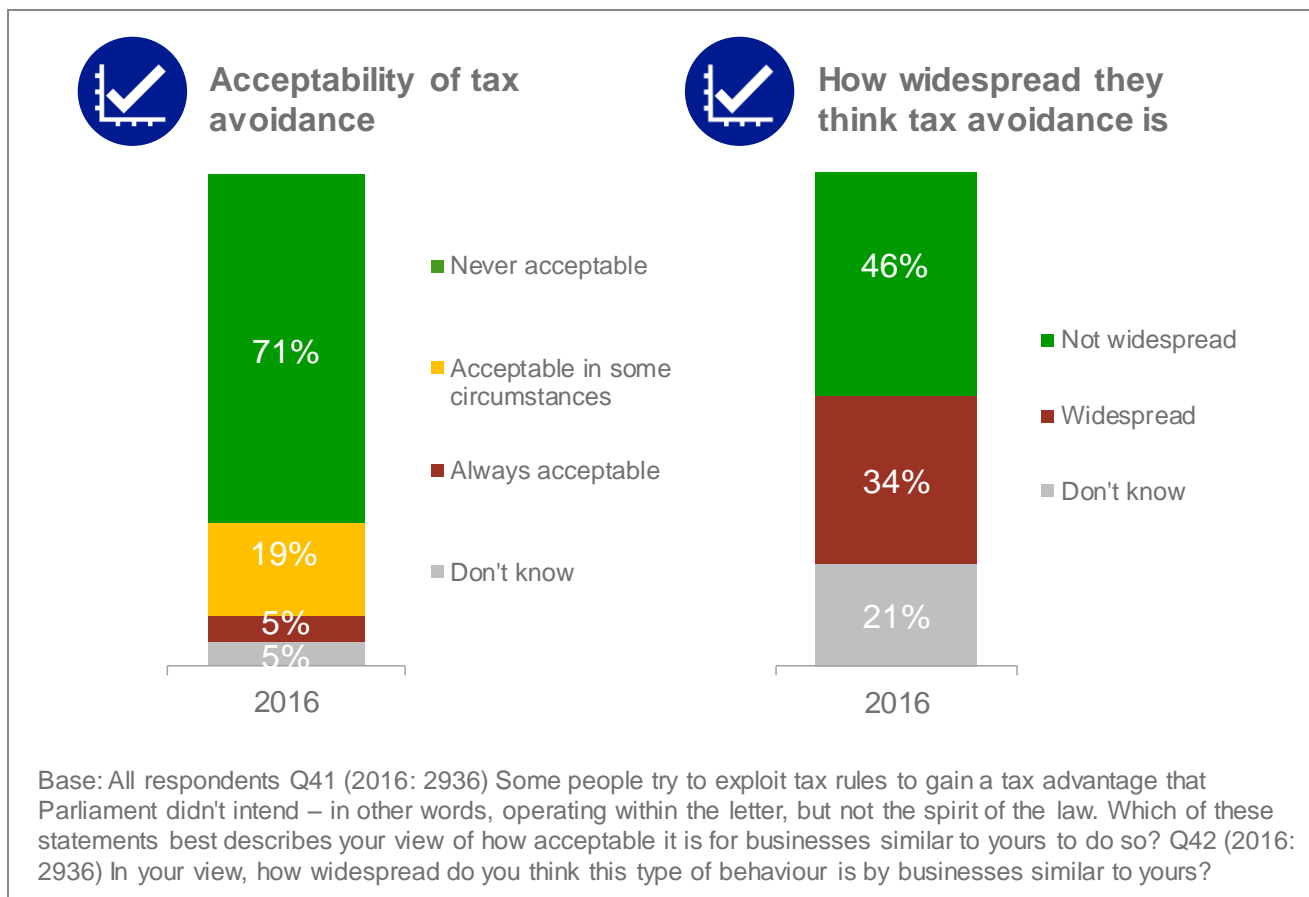
Small Businesses were also asked about the acceptability of tax avoidance, which was described as people trying 'to exploit tax rules to gain a tax advantage that Parliament didn't intend – in other words, operating within the letter, but not the spirit of the law'. The majority (71%) stated that this was never acceptable. A fifth (19%) thought it was acceptable in some circumstances, while a minority of Small Businesses (5%) thought it was always acceptable.

This was the only question in the compliance section where overall rating of customer experience had a significant impact: those that had a positive overall experience were more likely to say tax avoidance was never acceptable (73%, compared with 60% for those with a negative overall experience).

High proportions of Small Businesses that thought HMRC was efficient (79%), fair (78%) and effective (76%) as well as those that were confident in HMRC (75%) considered tax avoidance never acceptable.

A third of Small Businesses (34%) thought tax avoidance was widespread, while nearly half (46%) thought it was not widespread. Small Business customers that were negative about HMRC's reputation in general were more likely to think that tax avoidance was widespread. For example, four in ten of those that were negative about HMRC applying sanctions equally or HMRC ensuring all customers pay correct amount of tax thought tax avoidance was widespread (42% for both).

Chart 4.20 Acceptability of tax avoidance and perception of how widespread it is – Small Businesses



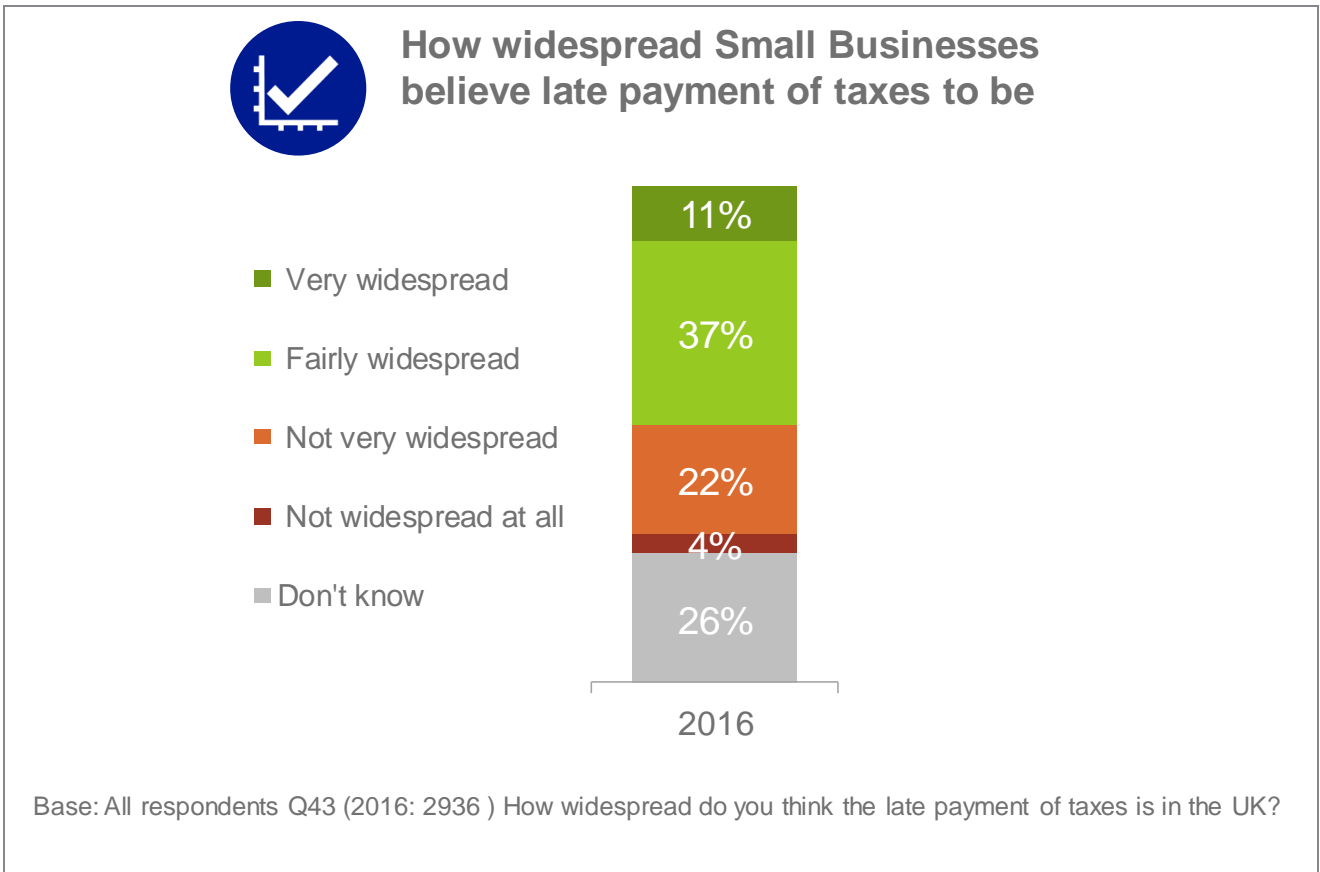
4.5.4 Extent of late payments

Half of Small Businesses (48%) believed late payments of taxes to be widespread and only very few (4%) believed them to be not widespread at all (Chart 4.21).

The larger Small Businesses (with five to 19 employees) were more likely to perceive the late payment of taxes as widespread than those with zero to four employees (56%, compared with 47%). Growth businesses were also more likely to think late payment was widespread than non-growth businesses (53%, compared with 44%).

Those that were confident in how HMRC were doing their job were less likely to think that late payments were widespread than those that were not confident (46%, compared with 54%).

Chart 4.21 – Perception of how widespread late payment of taxes is – Small Businesses



5. Agents



5.1 Summary of changes

Agents' overall experience improved over the past year with an increase in positive ratings (47%, up from 40% in 2015) and a drop in negative ratings (22%, down from 32% in 2016).

The proportion of Agents rating the general helplines positively increased (27% up from 17% in 2015). There was also an increase in positive ratings across four dimensions of customer experience since 2015, including resolving queries (45%), HMRC were professional (67%), acceptability of time taken to reach the end result (33%) and ease of finding information (41%).

There were a few small changes in Agents' general perceptions of HMRC from 2015. The proportion who were not confident in HMRC decreased since 2015 (22%, down from 26%). There were also decreases in negative ratings for Agents' favourability of opinion of HMRC as well as for their advocacy of HMRC.

5.2 Profile of Agents and their interactions with HMRC

This section covers the characteristics of the Agents that took part in the survey and the way in which they represented their clients. It also examines how they interacted with HMRC in the previous 12 months on behalf of their clients - identifying the taxes they dealt with, the types of interaction they had, and channels of communication used. This provides useful context for the later sections of this chapter covering Agents' customer experience and general perceptions of HMRC.

5.2.1 Business characteristics

Business characteristics remained largely unchanged from the previous survey in 2015.

The majority (62%) of Agents classified their business as an accountancy firm, with a quarter (24%) reporting that they were a bookkeeping firm. A further five per cent identified their business as a tax advisor, and nine per cent as another kind of Agent.

The majority of Agents had few employees: nearly half of Agents (46%) had no employees, nearly a third (31%) had one to four employees and one in ten (12%) between five and nine employees. Only nine per cent of Agents said that they had 10 or more employees.

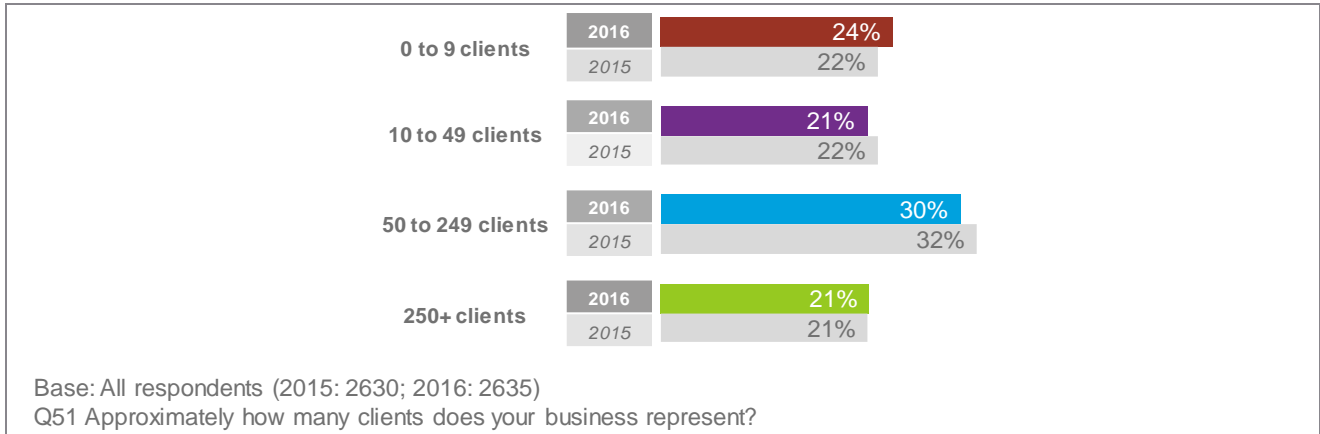
Firm size (number of employees and number of clients) was linked to Agent type. Four in five (80%) bookkeeping firms had no employees and nine in ten (90%) fewer than 50 clients while two-thirds (66%) of accountancy firms had one or more employees and seven in ten (69%) 50 or more clients.

Most Agents had been operating for a number of years. Seven in ten (69%) Agents had been operating for over ten years, a significant increase from 65% in 2015, while one in five (18%) had been operating for between five and 10 years. Only two per cent of Agents had been established for less than two years.

5.2.2 Representing clients

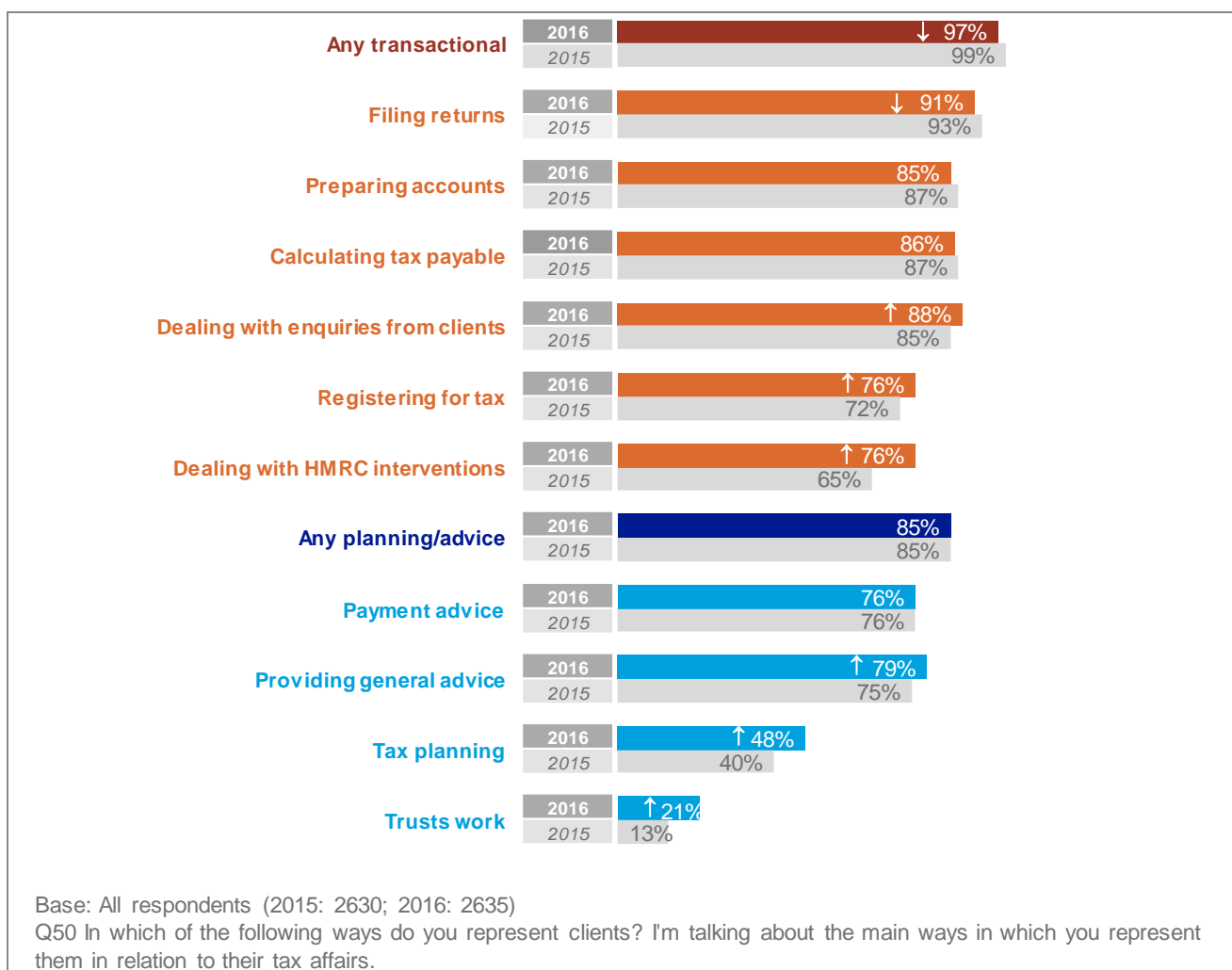
Agents were asked approximately how many clients their business represented (Chart 5.1). Three-quarters (75%) had fewer than 250 clients.

Chart 5.1 Number of clients – Agents



Agents were also asked about the ways in which they represented their clients, with almost all fulfilling a transactional role between the client and HMRC (Chart 5.2).

Chart 5.2 Types of services provided – Agents



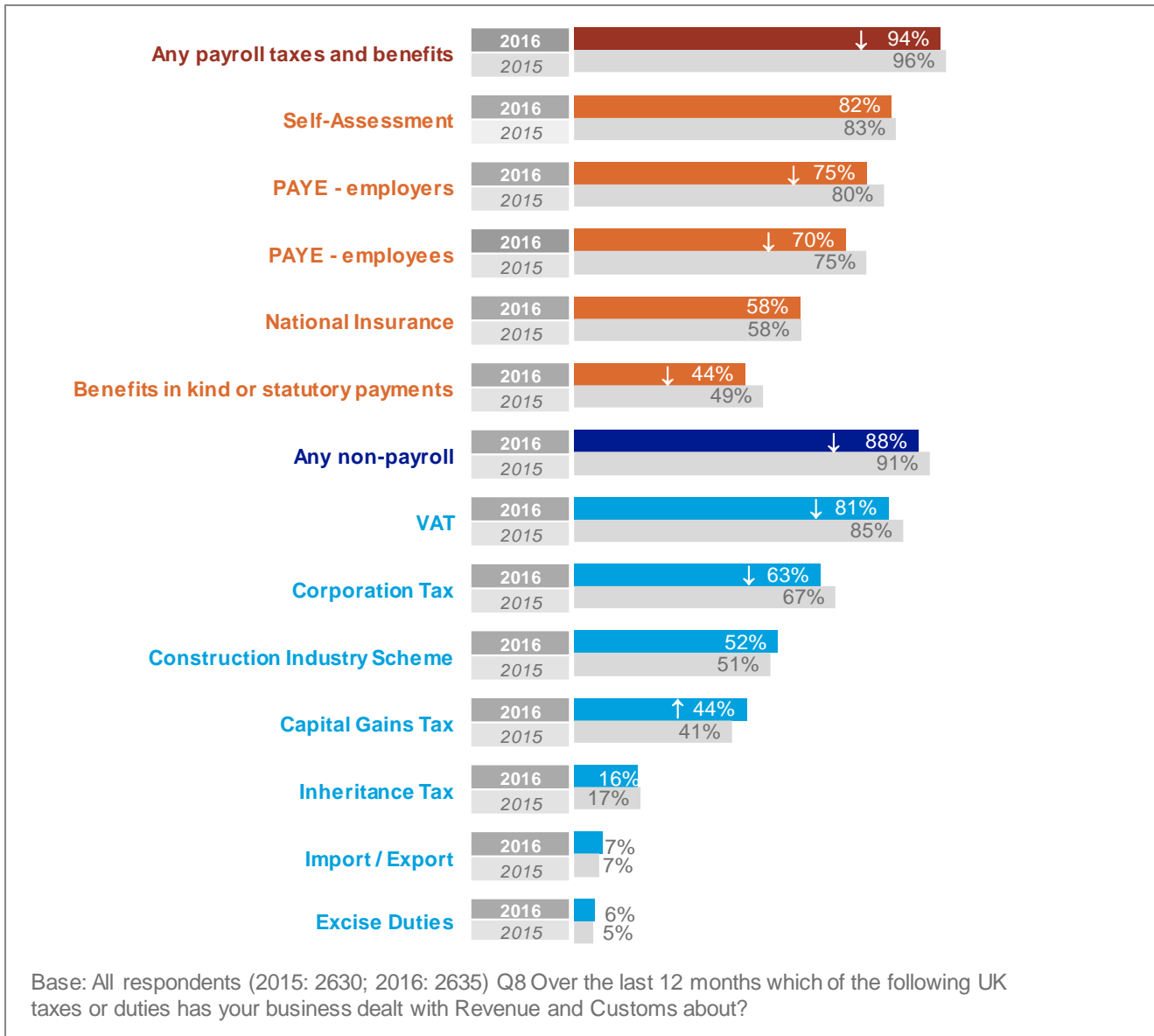
The majority (85%) reported providing advisory or planning services to their clients, the same proportion as in 2015. Within this area, significantly higher proportions provided general advice (79%), tax planning (48%), and trusts work (21%) than in 2015. Three-quarters of Agents (76%) gave payment advice to clients. Only 17% of Agents offered transactional representation only – a decrease from 23% in 2015. Accountancy firms were more likely to have offered planning or advice (95%) while bookkeeping firms were more likely to have only offered transactional services (55%). Given the link between firm type and size (see 5.2.1), those offering transactional services only were more likely to be Agents with no employees (29% with no employees compared with 7% for those with one or more employees).

Half of Agents (50%) felt that HMRC made it easy for them to act on behalf of their clients – an increase from 45% in 2015 – with one in five (22%) responding negatively and a quarter (27%) neutrally. Agents that offered advice or planning services were less likely to feel that HMRC made it easy for them to act on behalf of clients compared with those that only offered transactional services (48% and 63% respectively) although positive ratings increased across both of these groups since 2015 (from 42% and 55% respectively).

5.2.3 Tax dealings

In line with the services Agents reported offering to clients, the vast majority of Agents (94%) reported having dealt with payroll taxes and benefits within the previous 12 months (Chart 5.3).

Chart 5.3 Taxes and Benefits deal with on behalf of clients – Agents



The most common tax and benefit dealings that Agents represented clients for were Self-Assessment (82%), VAT (81%) and PAYE (75% for employers, 70% for employees) – these were also the most common dealings in 2015, although all of them except Self-Assessment decreased significantly.

Accountancy firms were more likely than bookkeeping firms to have dealt with any payroll taxes or benefits (98% compared with 86%) and to have dealt with any business or other taxes (93% compared with 85%) in the previous 12 months. One in ten (10%) Agents reported only dealing with payroll-related taxes or benefits. Bookkeeping firms were twice as likely as accountancy firms to have reported only dealing with payroll taxes or benefits (12% versus 6%).

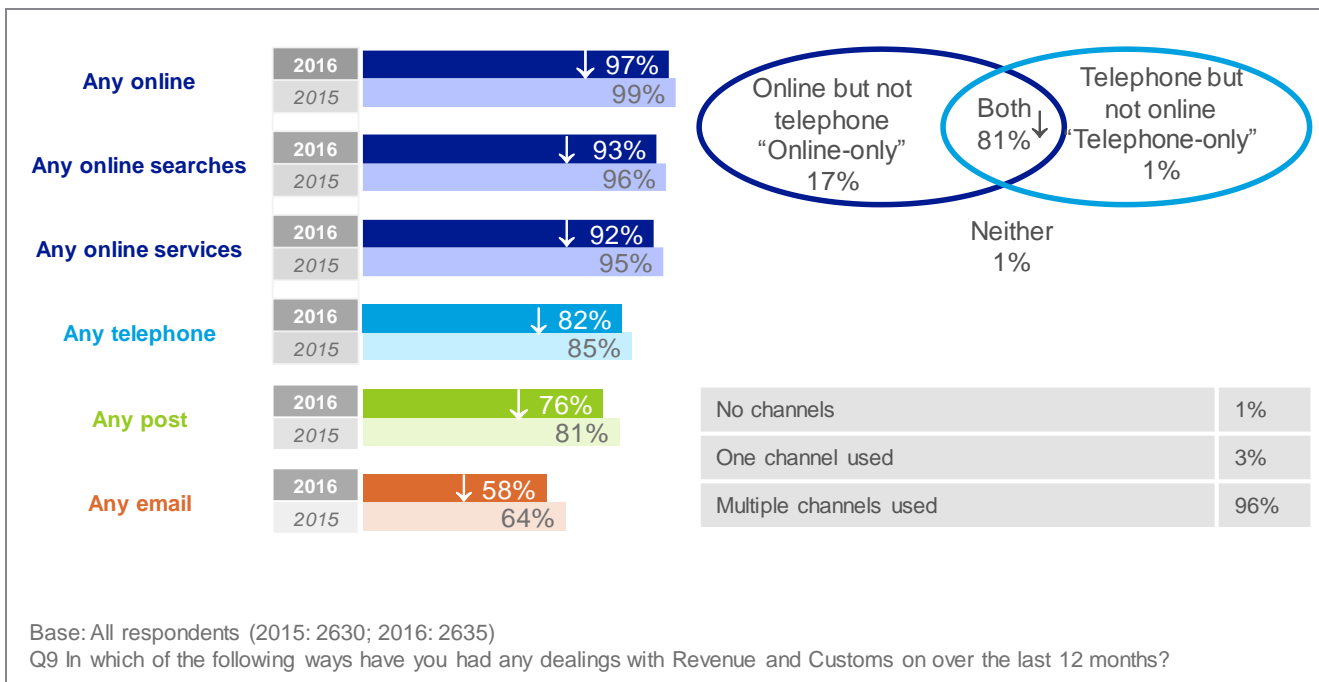
5.2.4 Types of interaction with HMRC

Agents were asked about the type of interactions they had with HMRC in the previous 12 months. The most common interactions were to have sought information from Revenue and Customs (80%), used any Revenue and Customs online services for Agents (76%), and provided any information to Revenue and Customs in relation to any taxes paid or Benefits and Credits received by clients (75%).

5.2.5 Channels used to interact with HMRC

Agents were asked about the ways in which they had interacted with HMRC in the previous 12 months. An interaction was defined as making contact with or received information from HMRC, or using HMRC’s online services. Agents reported having had contact with HMRC over the previous 12 months through a variety of channels as seen in Chart 5.4.

Chart 5.4 Channels of contact – Agents



Most Agents (89%) reported using three or more contact channels – this was a smaller proportion of Agents than in 2015 (93%). Online channels were the most popular, with almost all (97%) Agents making or receiving contact with HMRC in this way in the previous 12 months. Four in five (82%) had telephone contact, while a similar proportion (81%) had both online and telephone contact. Use of both online and telephone contact decreased from 84% in 2015, while use of online-only and telephone-only remained similar at 17% and one per cent respectively.

Larger firms were more likely to use both online and telephone channels; 95% of firms with 10 or more employees used both, compared with 67% of those with no employees. Smaller Agents and those with mainly transactional dealings were more likely to have had online-only dealings (28% of Agents with no employees and 40% of Agents with only transactional dealings).

5.2.6 Membership of professional organisations

Agents were asked whether they were part of a professional organisation and, if they said yes, which professional bodies they or their staff were members of.¹⁶

More than two-thirds of Agents (67%) reported that they were part of a professional body. Professional membership was more likely among Agents with one or more employees (79%) than those with no employees (53%). There was also a strong association between a higher number of clients and professional membership. Agents with more than 250 clients were the most likely to be members of a professional body (84%), followed by those with 50 to 249 clients (75%) and Agents with 10 to 49 clients (64%). Agents with less than 10 clients were least likely to be members of a professional body (44%).

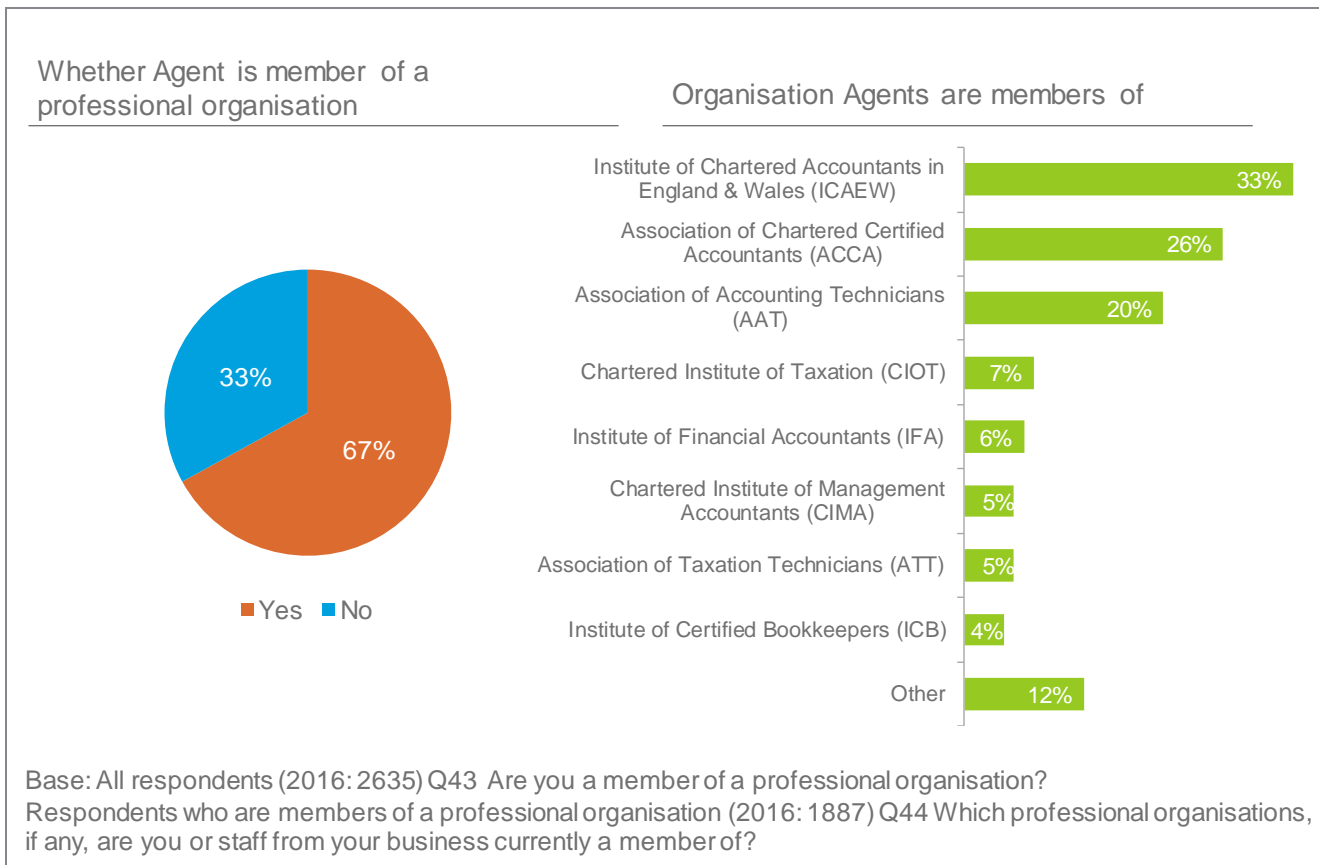
In general, Agents that were not members of a professional body tended to be more positive about their experience with HMRC in the previous 12 months than those that were members. This could perhaps be related to the fact that non-members tended to be smaller Agents with less complex transactions.

Three organisations stood out as the most popular among those that were members of any organisations; these were the Institute of Chartered Accountants in England & Wales (ICAEW) (33%), the Association of Chartered Certified Accountants (ACCA) (26%), and the Association of Accounting Technicians (AAT) (20%).

Staff of accountancy firms were the most likely to be members of the top two organisations mentioned above (ICAEW: 39%, ACCA: 30%) while staff of bookkeeping firms were most likely to be members of the AAT (29%) and Institute of Certified Bookkeepers (ICB) (20%). Relatedly, as accountancy firms tended to be larger firms, larger Agents (with five or more employees) were also more likely to be members of the ICAEW (42%) and the ACCA (41%) than smaller firms (with fewer than five employees) – which were more likely to be bookkeepers (32% and 22% respectively).

¹⁶ These questions were not asked in 2015

Chart 5.5 Membership to professional organisations – Agents



5.3 Customer experience

This section discusses Agents’ ratings of HMRC’s online services, webpages and telephone helplines and overall customer experience. It also examines more detailed dimensions of their customer experience based on the Atom Model (as discussed in section 2.3.5). Finally, it examines Agents’ views on how HMRC administers the tax system based on whether it treats customers fairly and as honest, makes it as easy to deal with tax issues on behalf of their clients, and whether services are personalised.

5.3.1 Rating of service – telephone, online services and webpages

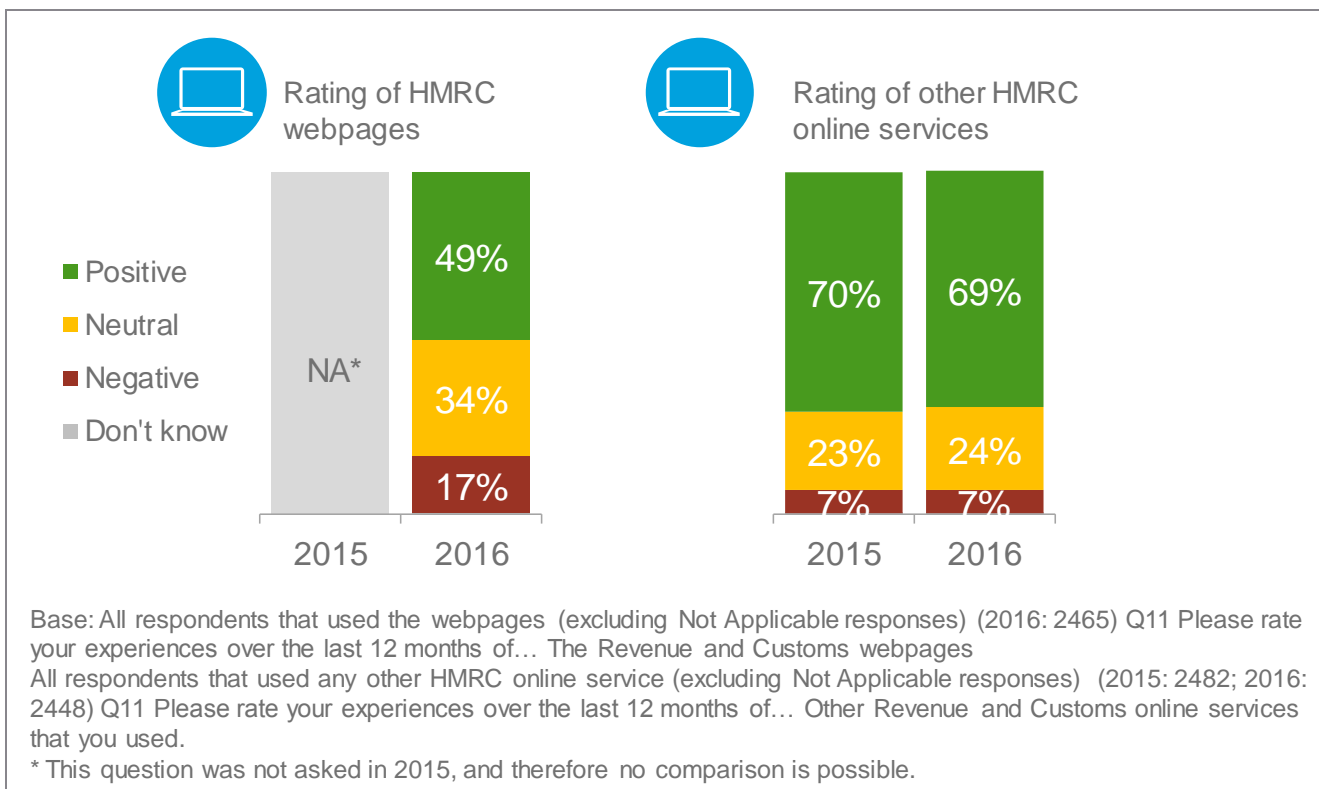
Where Agents had used HMRC’s webpages or online services they were asked to rate these contact channels (Chart 5.6). Similarly, where Agents had used HMRC’s telephone helplines, they were asked to rate these (Chart 5.7).

Seven in ten Agents (69%) gave a positive rating of HMRC online services while half (49%) were positive about HMRC’s webpages. More specifically:

- Agents that used online-only contact channels were more positive about HMRC’s webpages (66%) and other online services (82%) than those that also used the telephone (46% and 66% respectively).
- Larger firms were less positive than smaller ones; 63% and 46% of Agents with ten or more employees were positive about the online services and webpages respectively, compared with 76% and 55% of Agents with no employees.

- Bookkeeping firms were more positive about HMRC webpages (55%) and online services (77%) than accountancy firms (webpages: 46%; online services: 65%).
- Firms providing tax planning and advice were less positive than those that were only transactional (webpages: 47% versus 57%; online services: 67% versus 77%).
- Agents belonging to a professional body were also less positive than non-members (webpages: 47% versus 53%; online services: 66% versus 75%). Agents belonging to the following professional bodies were the least positive:
 - The Association of Taxation Technicians (ATT) (webpages: 37%; online services: 59%)
 - The Chartered Institute of Taxation (CIOT) (webpages: 37%; online services: 64%).

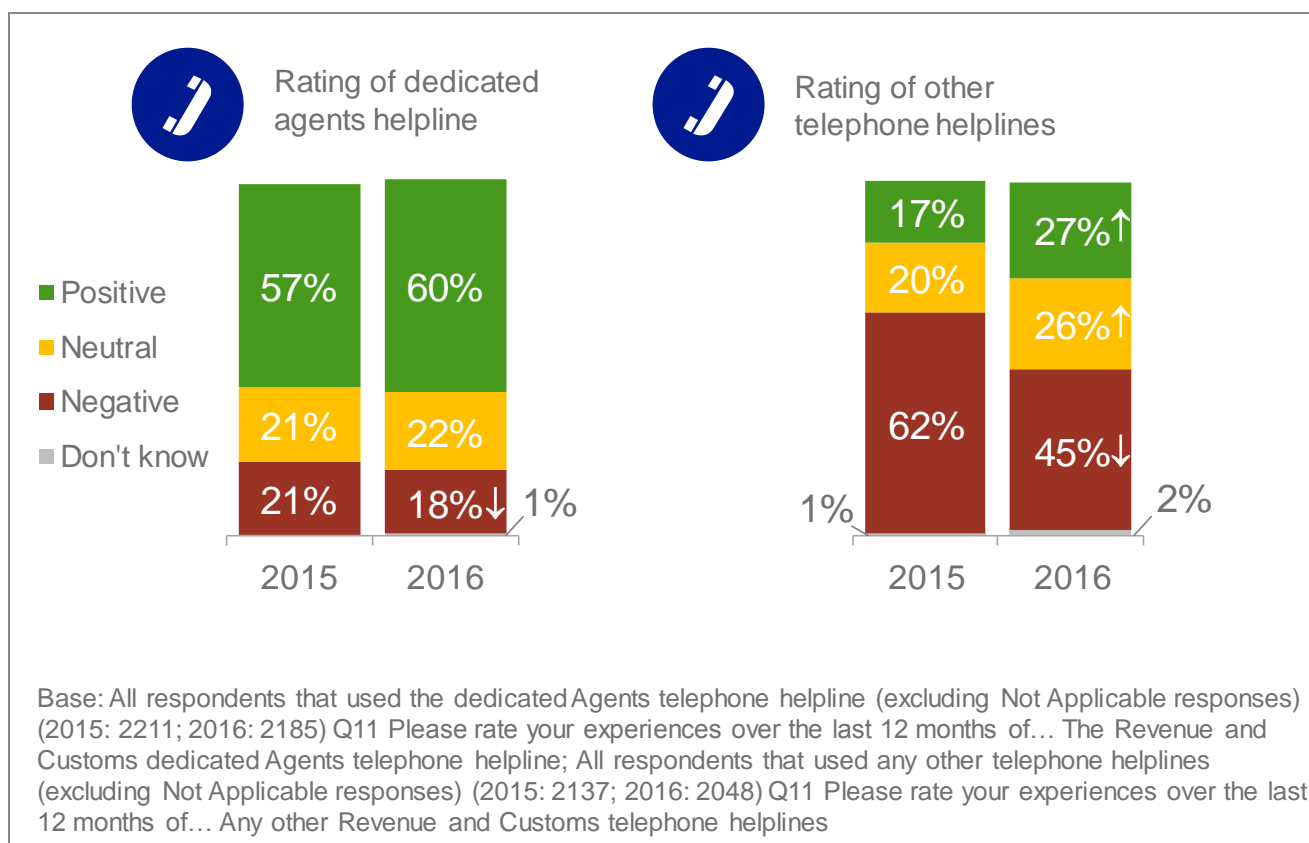
Chart 5.6 Rating of HMRC online services and webpages – Agents



Three in five Agents (60%) gave the dedicated Agents helpline a positive rating and one in five (22%) a neutral rating. Negative ratings decreased significantly to less than one in five (18%). Although Agents continued to be far less positive about other HMRC helplines, there was an increase in positive ratings (from 17% to 27%) and a decrease in negative ratings (from 62% to 45%) since 2015.

Agents that did not offer tax planning or advice were more positive about other telephone helplines (36%) but less positive about the dedicated Agent helpline (54%). Other subgroup differences noted above for the online ratings apply to the telephone ratings too.

Chart 5.7 Rating of HMRC telephone helplines – Agents



5.3.2 Overall rating of customer experience and whether experience is getting better or worse

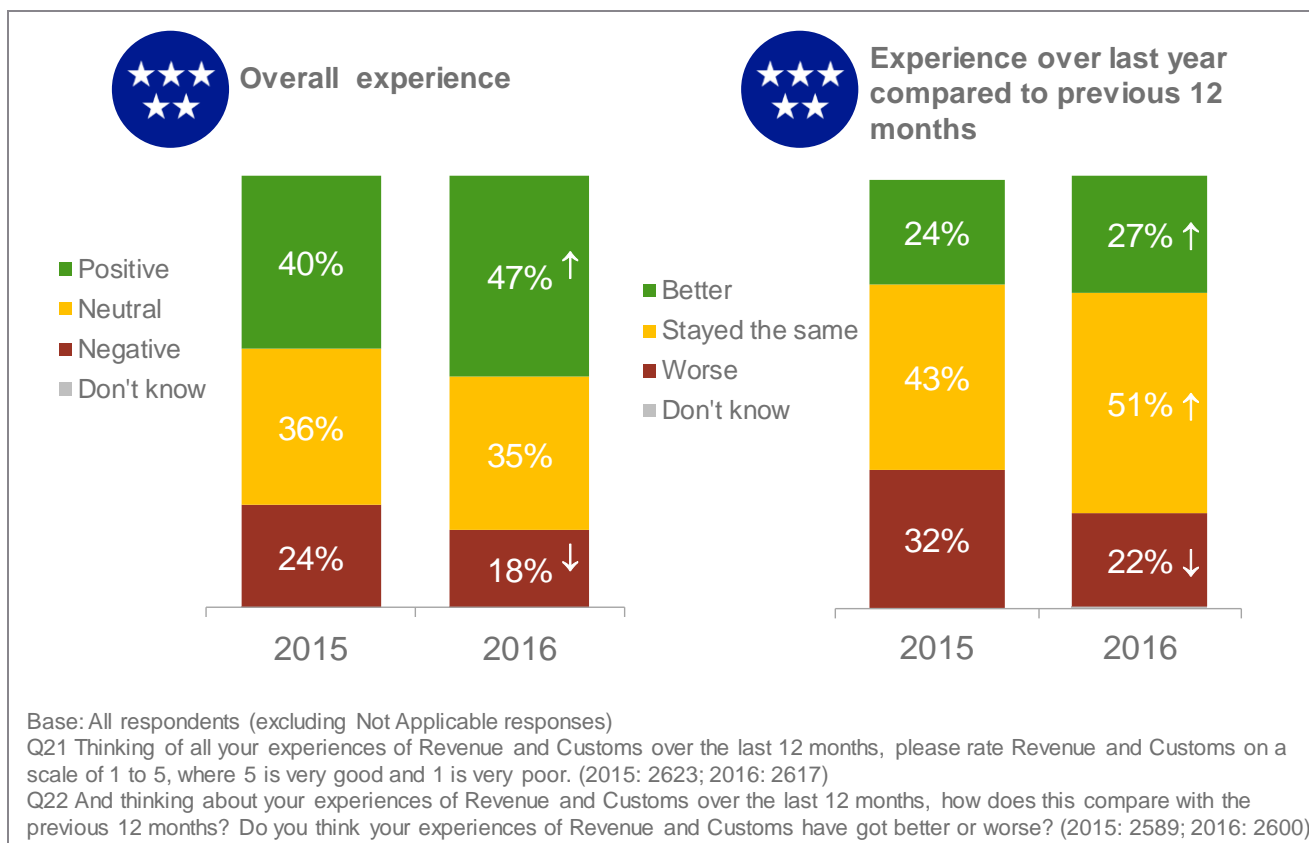
Agents were asked to reflect on all of their experiences of dealing with HMRC on behalf of their clients over the previous 12 months and give an overall score. More Agents reported having had a positive overall experience of dealing with HMRC over the previous 12 months compared with 2015 (47%, up from 40% in 2015), with fewer reporting a negative overall experience (18%, down from 24% in 2015).

There were also some notable differences for key sub-groups similar to those seen for the ratings of services:

- Agents that used online-only contact channels were more likely to have had a positive overall experience (71%) than those that had interacted with HMRC both online and on the telephone (41%). This is the same pattern as in 2015 but with significant increases across both of these groups (from 62% and 34% in 2015 respectively).
- Smaller Agents were more likely to have a positive overall experience than larger Agents. Nearly half (48%) with fewer than ten employees were positive, whereas three in ten (32%) of those with ten or more employees had a positive experience.
- Agents with transactional-only dealings were more likely to have had a positive overall experience than those that offered tax planning or advice (60% compared with 43%). However, more Agents that offered tax planning or advice had a positive overall experience than in 2015 (up from 37%).

- Agents belonging to professional organisations were less likely to have had a positive overall experience than those that did not (42% compared with 57%).

Chart 5.8 Rating of overall experience and comparison of experience with previous 12 months – Agents



Agents were asked how their experience of dealing with HMRC over the previous 12 months compared with their experience of the preceding 12 months (Chart 5.8). Half (51%) reported that their experience had stayed the same – an increase from 43% in 2015. While in 2015 Agents were more likely to report that their experience had got worse (32%) than had got better (24%), in 2016 Agents were more likely to report that their experience had got better (27%) than got worse (22%). Higher proportions of Agents with a positive overall experience said that their experience had stayed the same (56%) or had improved (37%) in the last 12 months.

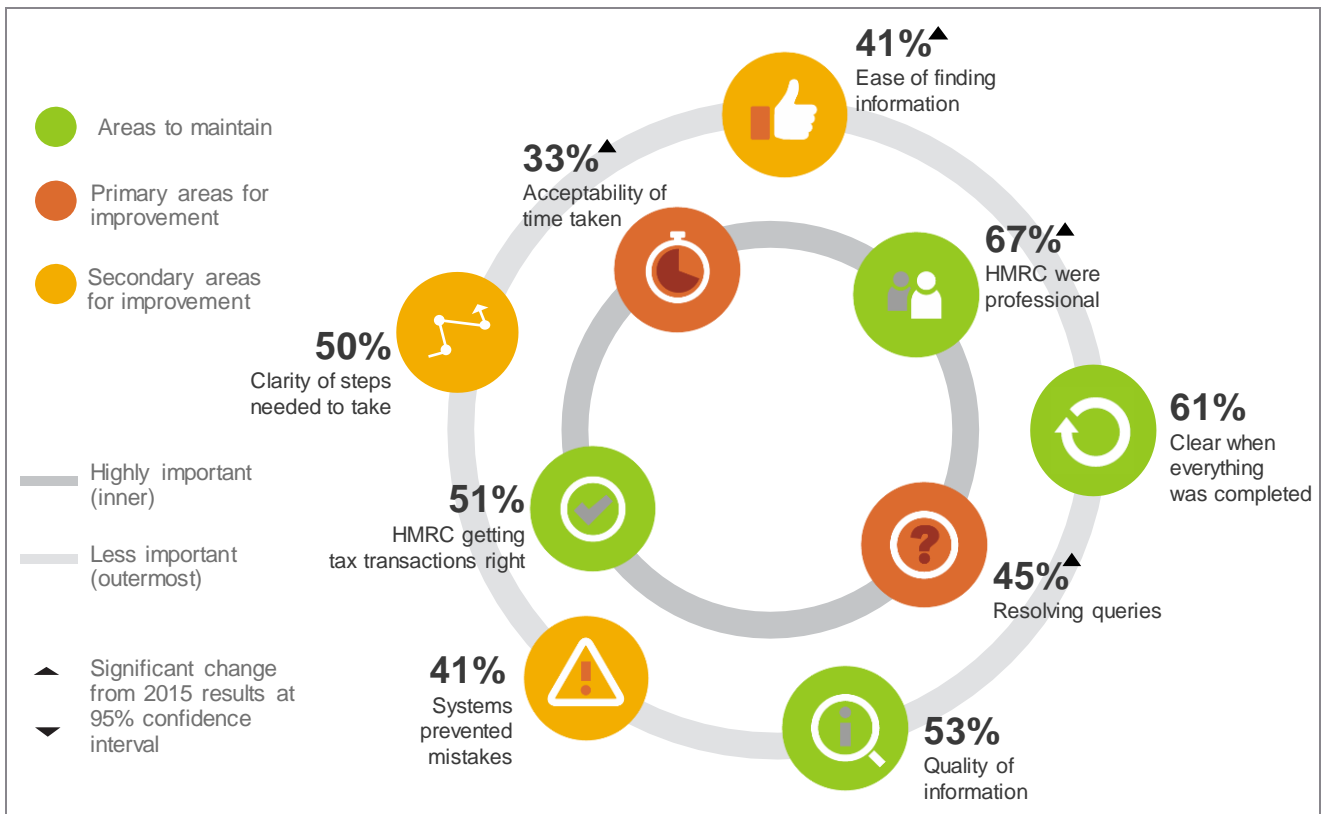
5.3.3 Atom Model of Customer Experience

This section discusses the Atom Model, which is used to understand what is driving overall customer experience and which dimensions are most important to address to improve it.

A description of the Atom Model is provided in the Introduction (see section 2.3.5).

The model reflects statistical analysis of the 2016 survey results which examined the dimensions of customer experience which had greatest impact on the overall rating of customer experience.

Chart 5.9 Atom Model – Agents 2016



HMRC getting tax transactions right was the most important dimension in providing a good customer experience for Agents in the original and 2015 models. While HMRC getting tax transactions right remained of high importance, this year three additional dimensions also became highly important to customers based on the survey results. These were:

- Resolving queries
- Acceptability of time taken
- HMRC were professional

The following dimensions were less important to customers in the light of Agents' overall experience of dealing with HMRC in the previous 12 months:

- Quality of information
- Systems prevented mistakes
- Ease of finding information
- Clarity of steps needed to take
- Clear when everything was completed

By comparing how important these dimensions were in driving ratings of overall experience with how well HMRC performed on each of these areas, it is possible to identify the areas which are most important to address to improve overall experience. For further information see section 2.3.5.

In Chart 5.9:

- The dimensions in dark orange are the most important to address to improve overall performance.

- The dimensions in amber are slightly less important to address to improve overall performance.
- And the green dimensions are those where HMRC has performed comparatively well but should ensure that this level of performance is at least maintained.

The remainder of this section discusses each of these areas of service in order of importance as determined by the KDA analysis.

Highly important dimensions

This section considers the inner ring of the Atom Model for Agents; those dimensions which were identified as highly important to overall customer experience. These were HMRC resolving queries, acceptability of time taken, HMRC getting tax transactions right and HMRC were professional (Chart 5.10 and Chart 5.11).

HMRC resolving queries and the acceptability of time taken were dimensions of relatively poor performance that were highly important so are primary areas for improvement.

HMRC getting tax transactions right and HMRC were professional were the other two primary dimensions driving Agents' overall experience. HMRC performed relatively well on these compared with other dimensions, making them important to at least maintain in order to ensure the overall rating of customer experience does not decrease.

Resolving queries

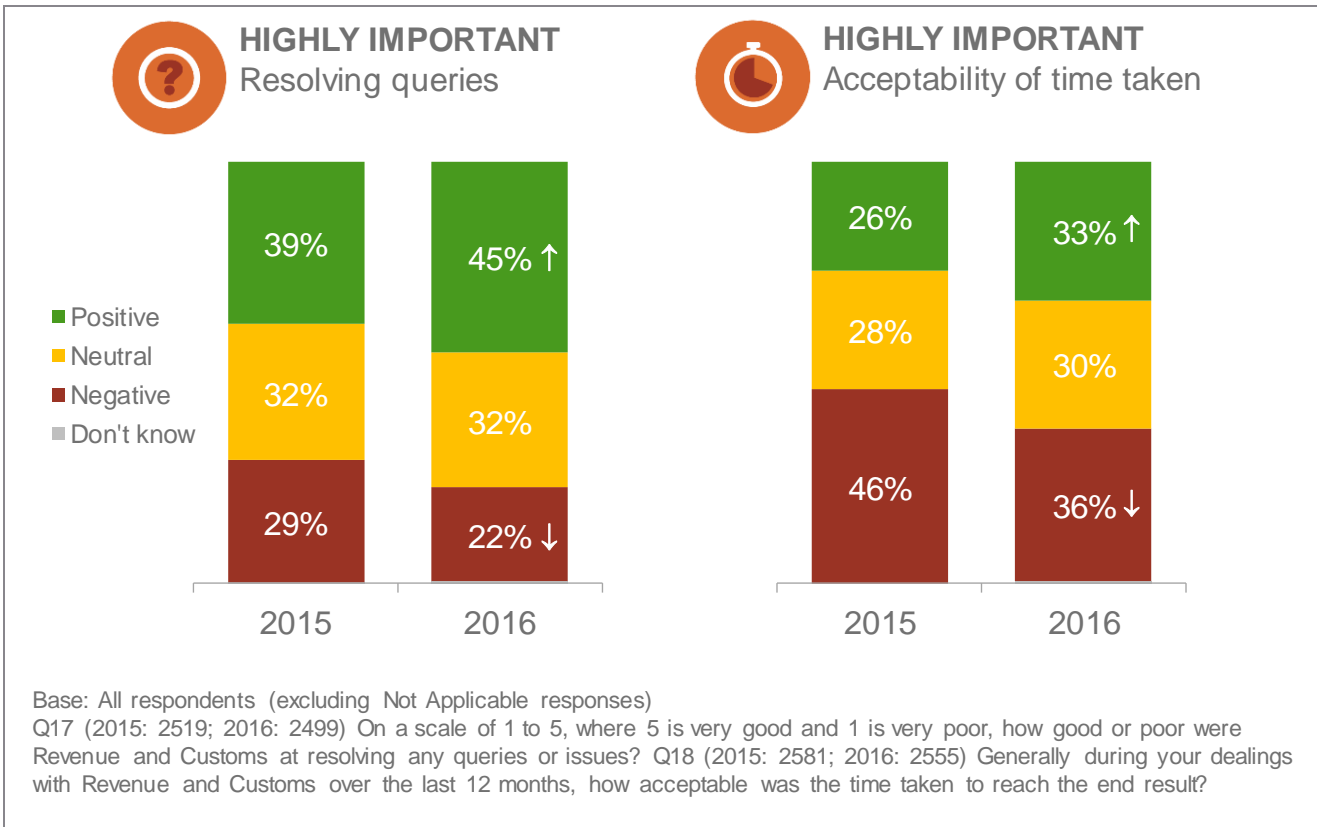
Positive ratings for HMRC resolving queries increased to 45% (from 39% in 2015) while negative ratings decreased to 22% (from 29% in 2015). As mentioned previously, smaller Agents were more positive than larger ones with more than six in ten Agents with a turnover below £15k (64%) or fewer than 10 clients (63%) who were positive about HMRC resolving queries. Nevertheless there were significant increases in positive ratings as well as decreases in negative ratings across all the Agent size bands.

Agents with less complex dealings were also more likely to be positive about HMRC resolving queries (56% of those who did not provide any tax planning and 57% of bookkeeping agencies). Agents that were members of a professional body were more likely to be negative about HMRC resolving queries (24%, compared with 18% for non-members). These patterns of sub-group differences apply across all of the Atom model dimensions.

Acceptability of time taken

There was also a significant improvement in perceptions of the acceptability of time taken to reach the end result – positive ratings increased to one-third of Agents (33%, up from 26% in 2015) while negative ratings decreased to 36% (down from 46% in 2015) (see Chart 5.10). Agents that had both online and telephone contact were more than twice as negative (41%) as Agents that used online-only contact channels (14%). While there was no change in positive ratings for Agents that used online-only contact channels since 2015 (60%), there was an increase for those that used online and telephone (28%, up from 21% in 2015). This suggests that improvements in the telephone helplines may have contributed to improved perceptions of time taken. There was a strong link with HMRC resolving queries, with four in five Agents (80%) who found the time taken acceptable also rating resolving queries positively.

Chart 5.10 Highly important dimensions of customer experience – Agents



HMRC getting tax transactions right

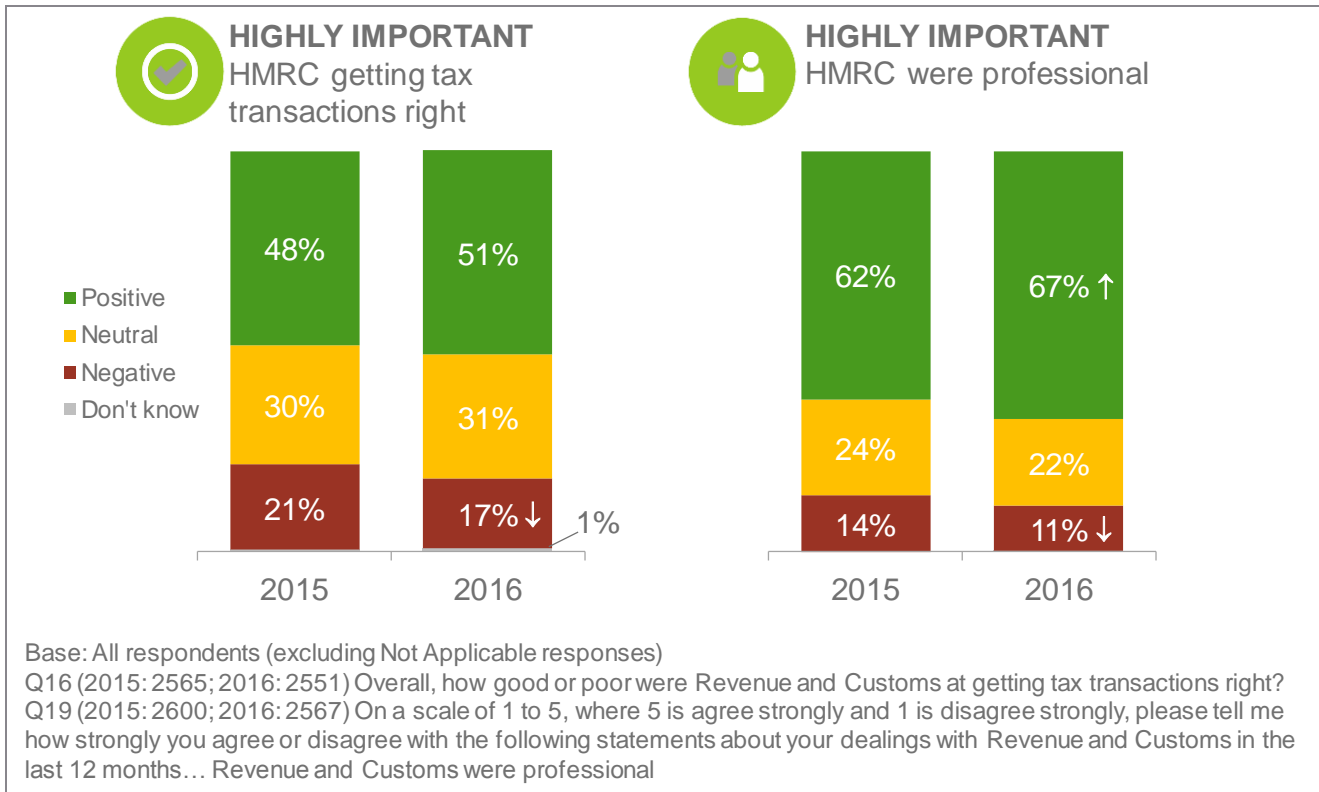
Half (51%) of Agents remained positive about HMRC getting tax transactions right, nearly a third (31%) were neutral, while negative ratings decreased to less than one in five (17%, from 21% in 2015) (see Chart 5.11).

A high proportion (81%) of Agents who were positive about acceptability of time taken were also positive about HMRC getting tax transactions right. Additionally the trends seen for Agent subgroups throughout the report are evident here too with online-only, transactional-only, those that were not members of a professional body, and smaller Agents being more positive. There were also significant decreases in negative ratings for some of the medium-sized Agents with one to four employees (20%, down from 24% in 2015) and 10 to 19 employees (23%, down from 35% in 2015).

HMRC were professional

Perceptions of HMRC being professional improved from 2015, with two-thirds of Agents (67%) being positive (up from 62% in 2015). Negative ratings decreased to one in ten Agents (11%) and neutral ratings stayed the same at one in five (22%). This dimension of the customer experience continues to be the most positively rated by Agents. While a high proportion (75%) of Agents with fewer than 50 clients rated HMRC positively on this dimension, improvements were driven by those with more than 50 clients (61%, up from 53%).

Chart 5.11 Highly important dimensions of customer experience – Agents



Less important dimensions

This section considers the outer ring of the Atom Model; those dimensions which were less important to overall customer experience for Agents. These were quality of information, systems prevented mistakes, ease of finding information, clarity of steps needed to take and clear when everything was completed (Chart 5.12 and Chart 5.13).

Quality of information

Just over half (53%) of Agents were positive about the quality of information in the previous 12 months while a third (34%) were neutral. Negative ratings decreased to just over one in ten (12%). HMRC continued to perform well on this dimension compared with other Atom Model experience dimensions and so is deemed an area to be maintained.

Systems prevented mistakes

Similar to 2015, four in ten (41%) Agents agreed that HMRC systems prevented mistakes and a third (34%) were neutral. Negative ratings decreased to under a quarter (23%, from 26% in 2015). This continues to be an area in need of improvement, but with less importance than other areas as it had less influence on the overall customer experience.

Ease of finding information

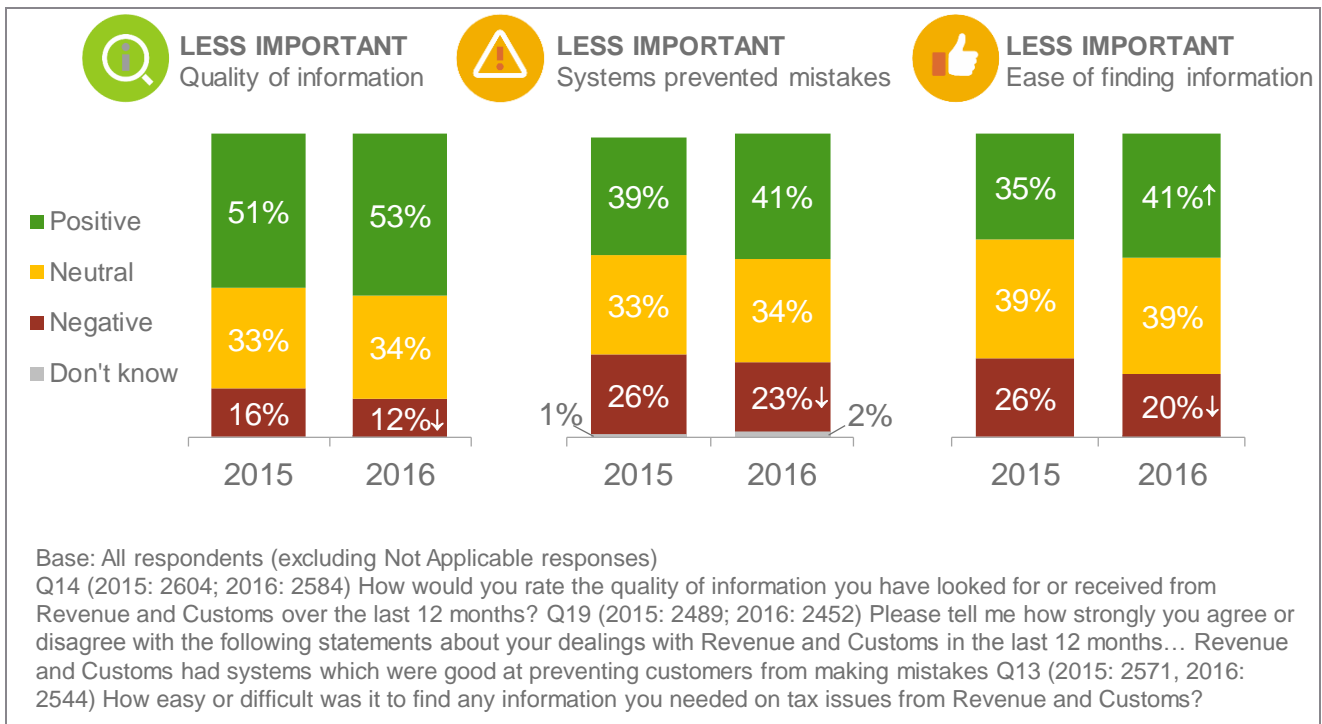
There were improvements in ease of finding information; positive ratings increased to two in five (41%, up from 35% in 2015) Agents while negative ratings decreased to one in five (20%, from 26% in 2015). Neutral ratings remained the same at two in five (39%).

There were less clear distinctions based on Agent size (in terms of employees and clients) for this dimension. Nevertheless, the persistent patterns relating to size and professional organisation membership were evident here too.

Agents that were positive about ease of finding information tended to be positive about the quality of information (84%). Agents that were negative about the quality of information were also more likely to be negative about the ease of finding information (70%).

As with systems prevented mistakes, ease of finding information has been identified as a secondary area for improvement.

Chart 5.12 Less important dimensions of customer experience – Agents



Clarity of steps needed to take

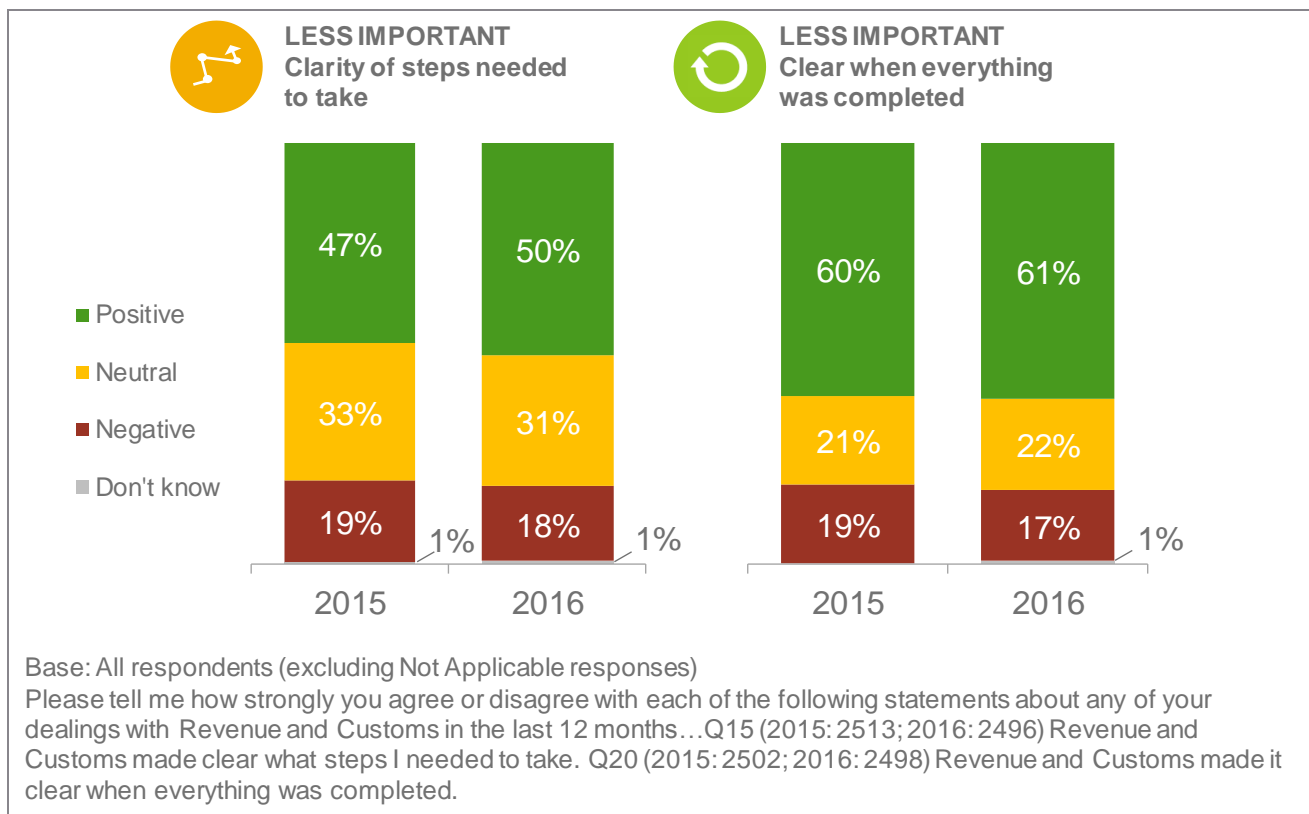
Half of Agents (50%) were positive about clarity of steps needed to take, one in five (18%) were negative and three in ten (31%) were neutral. This was deemed to be an area which required improvement (though of a lesser priority than other areas) due to it having less of an influence on ratings of overall customer experience than other dimensions.

Clear when everything was completed

Six in ten (61%) Agents were clear when everything was completed. Just under one in five Agents (17%) were negative, while just over one in five (22%) were neutral. Since performance was relatively high on this dimension it is classified as an area to maintain.

Similar to last year, Agents that felt it was easy to find information from HMRC were more likely to be positive about the navigation of the process (73% were positive on the clarity of what steps to take and 76% on clarity when everything was completed). Agents that were positive about the acceptability of time taken were more positive about both of these statements (79% on the clarity of what steps to take and 86% on clarity when everything was completed).

Chart 5.13 Less important dimensions of customer experience – Agents



5.3.4 Views on administration of the tax system

Agents were asked about their views on the administration of the tax system. Specifically whether HMRC treated customers fairly, the ease of dealing with tax issues, whether they felt like HMRC minimised cost, time and effort for their clients in dealing with their tax affairs, and whether services were personalised to them and their clients.

Fairness

Agents were asked about two dimensions of fairness: whether HMRC treated their clients fairly, and whether HMRC treated their clients as honest (Chart 5.14).

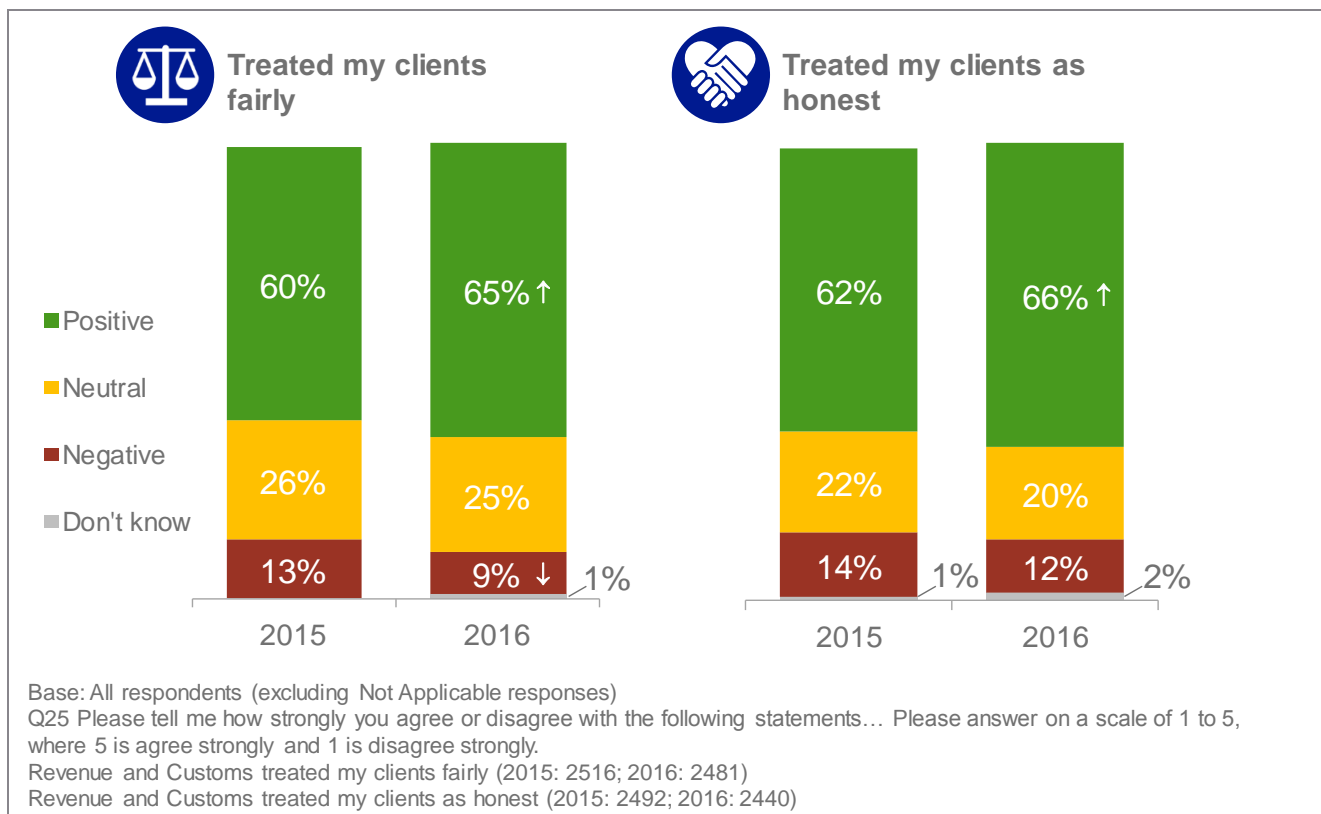
Two-thirds (65%) of Agents agreed that HMRC treated their clients fairly and as honest (66%) – higher proportions than in 2015 (60% and 62% respectively). Negative ratings of clients being treated fairly decreased to fewer than one in ten (9%, down from 13% in 2015) while they remained similar at just over one in ten (12%) for clients being treated as honest.

Just under half (47%) of those negative about clients being treated as honest were also negative about perceptions of fairness. Agents that were negative about fairness were more than six times more likely to be negative overall (60%), while those negative about treating clients as honest were more than four times more likely (53%) to be negative overall.

There were similar patterns of sub-group differences on views of the tax administration as there were for the overall rating of customer experience and the other Atom model dimensions. Smaller Agents and those that were not members of professional organisations were more likely to be positive on measures of fairness:

- Smaller firms (with fewer than 50 clients) were more likely to be positive about HMRC treating their clients fairly (75%) and as honest (78%) than those with 50 or more clients (57% and 58% respectively).
- Agents that were not members of a professional body were more positive that their clients were treated fairly (72%, compared with 61% for members) and as honest (75%, compared with 62% for members).

Chart 5.14 Fairness – Agents



Ease of dealing with tax issues

Positive ratings for ease of dealing with tax issues (Chart 5.15) over the past 12 months increased to half of Agents (50%, up from 46% in 2015). Negative ratings decreased to 17% (from 22% in 2015) and neutral ratings remained similar at one third (33%).

Agents that used online-only contact channels were more positive about the ease of dealing with tax issues than those that had used both online and telephone (70% and 46% respectively). However, positive ratings for the latter group increased from 42% in 2015.

Nearly three-quarters (73%) of Agents that found dealing with their tax issues to be easy gave HMRC a positive rating overall. Those that were positive about the time taken and the

personalisation of services were also more likely to feel dealing with their tax affairs was easy (82% and 81% respectively).

Minimised the cost, time and effort

While negative ratings for HMRC minimising the cost, time and effort decreased to 37% since 2015 (43%), they still outweighed positive ratings, which remained similar at three in ten (31%).

A very high proportion (93%) of Agents that believed that HMRC minimised cost, time and effort to deal with tax affairs also believed HMRC treated customers fairly. Agents that were negative about staff professionalism and treating customers fairly were more than twice as likely to be negative about the cost, time and effort (82% and 86%, respectively).

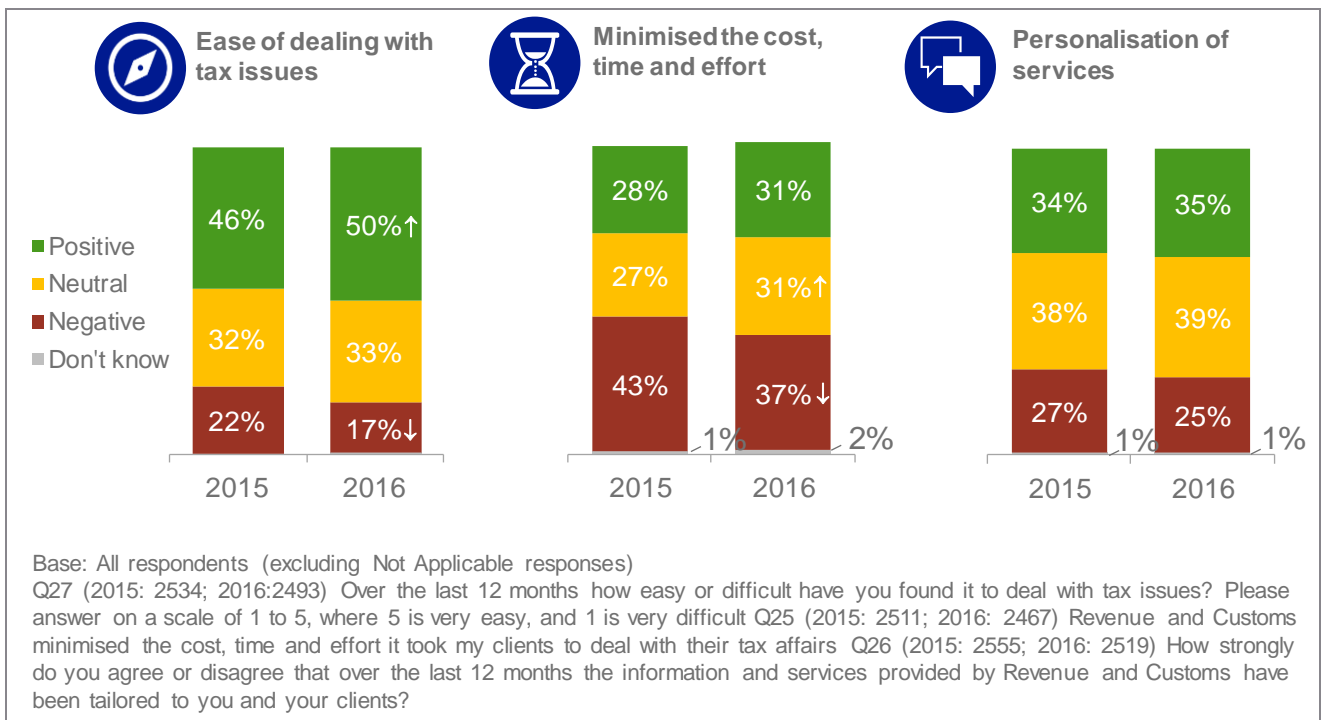
Personalisation of services

Ratings for services being personalised remained the same as 2015 with more than a third (35%) of Agents being positive, four in ten (39%) neutral and a quarter (25%) negative.

Agents who used online-only contact channels were more likely to be positive (55%) about personalisation. As in 2015, Agents who had rated online services negatively were significantly more likely to respond negatively to the idea that HMRC services had been personalised to them and their clients (60%). Similarly, although to a lesser extent, those who rated webpages negatively were also more likely to be negative about personalisation (50%).

Again, smaller firms and those not belonging to professional organisations were more positive on all three of the above measures.

Chart 5.15 Ease of dealing with tax issues, minimisation of cost, time and effort and personalisation – Agents



5.4 Perceptions of HMRC

This section examines Agents' broader views of HMRC as an organisation. They were asked to rate HMRC on the following statements:

- Efficient: Revenue and Customs is an efficient organisation that does not waste money
- Effective: Revenue and Customs ensures all its customers pay and receive the correct amount of money in taxes and benefits
- Fair: Revenue and Customs applies penalties and sanctions equally for all its customers
- Protection of personal data: Revenue and Customs ensures that customers' data and personal information is treated confidentially
- Overall confidence: How confident are you in the way Revenue and Customs are doing their job?
- Favourability: How favourable or unfavourable is your overall opinion of Revenue and Customs taking into account everything you think is important?
- Advocacy: Which of these phrases best describes the way you would speak about Revenue and Customs to other people or organisations?

5.4.1 Efficiency, effectiveness, and fairness

Perceptions of efficiency, effectiveness and fairness remained the same as in 2015 (Chart 5.16).

Efficiency was the poorest performing dimensions with negative ratings from half (49%) of Agents and positive ratings from fewer than two in ten (16%).

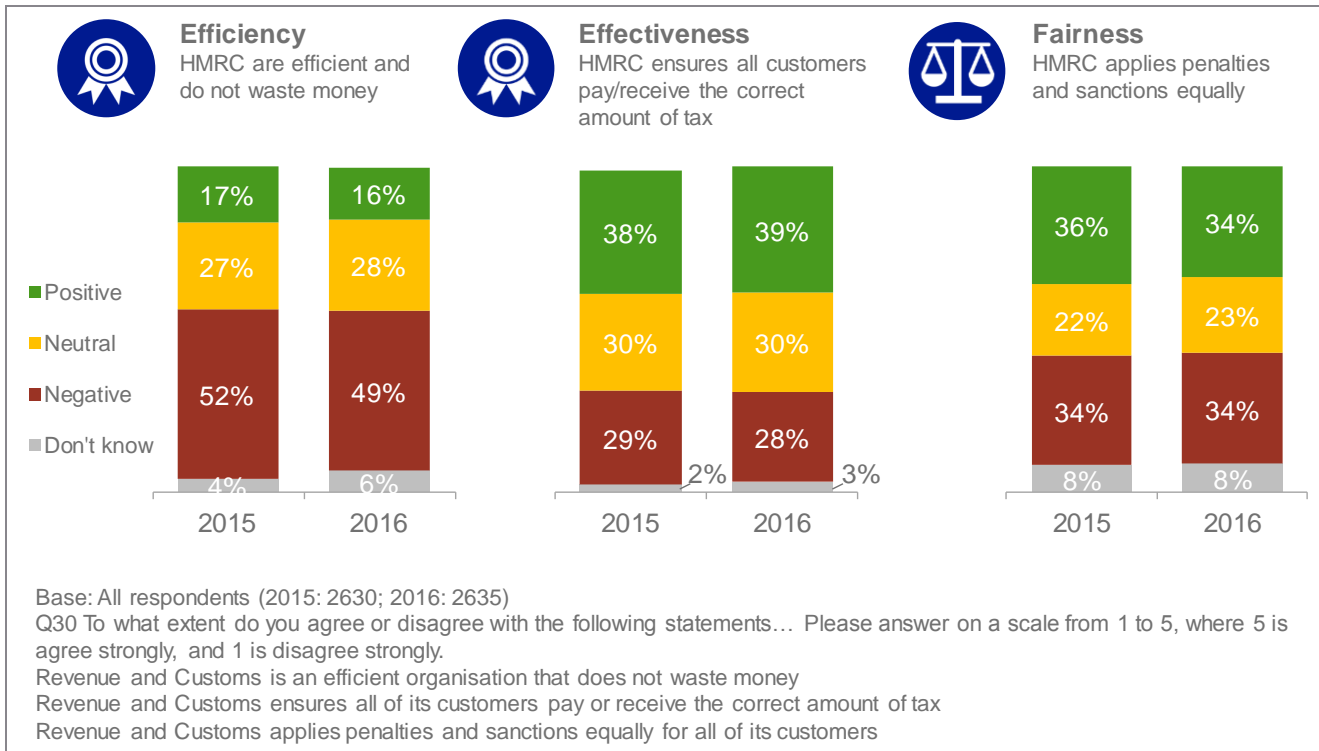
Agents that rated their overall experience negatively, or that gave HMRC a negative rating for HMRC getting tax transactions right were very likely to rate HMRC's efficiency negatively: with nine in ten (91% and 90% respectively) rating efficiency negatively.

Four in ten Agents (39%) were positive about effectiveness, whilst three in ten (28%) were negative. Agents that regarded HMRC as an efficient organisation were more than four times more likely to agree that HMRC is effective (83%) than those that perceived it to be inefficient (19%).

A third (34%) of Agents were positive about fairness while an equal proportion (34%) were negative. Seven in ten (72%) Agents who regarded HMRC as efficient and six in ten (58%) of those who viewed HMRC as effective rated fairness positively.

Smaller Agents and those that were not members of professional organisations were more positive on efficiency, effectiveness and fairness, although the differences were slightly less marked on effectiveness.

Chart 5.16 Perceptions of HMRC's efficiency, effectiveness and fairness - Agents

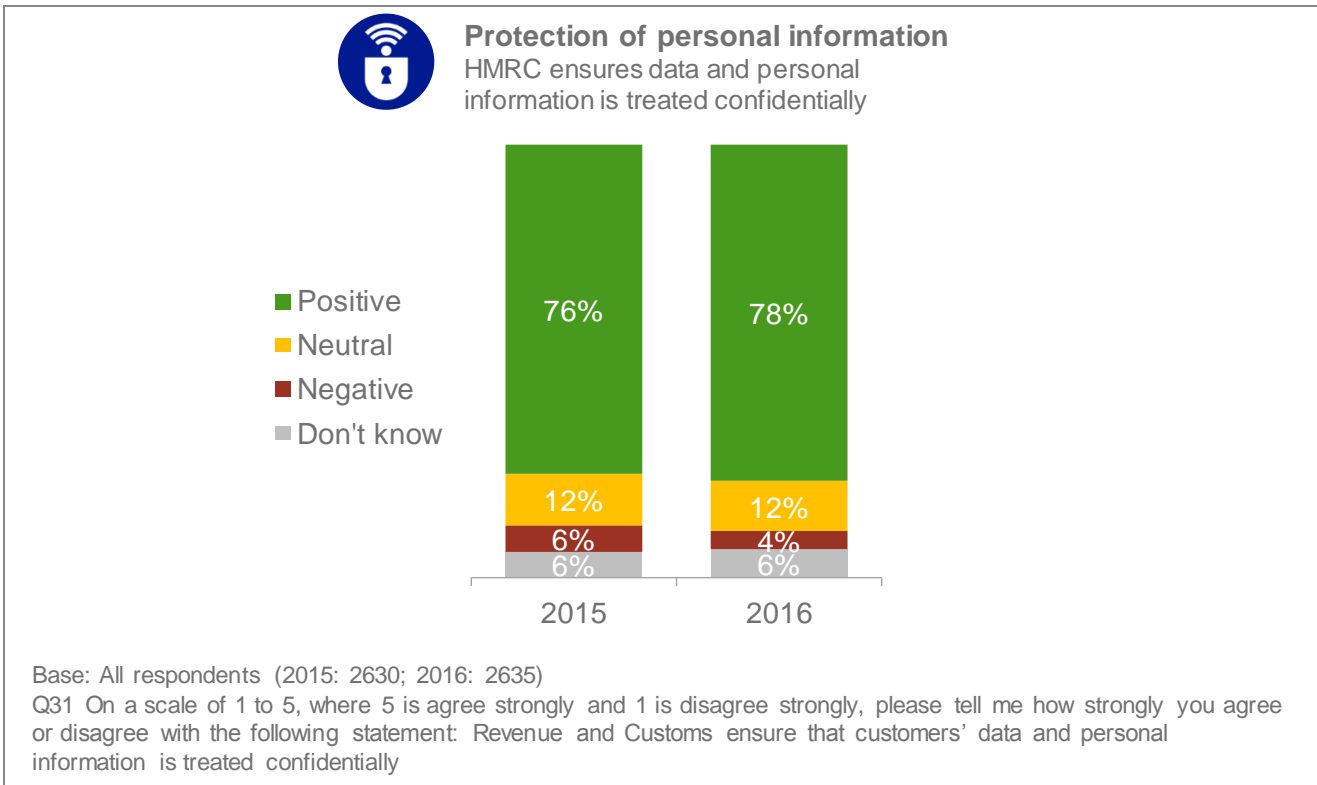


5.4.2 Protection of personal information

Protection of personal information remained the highest positive score among Agents in this survey. Nearly eight in ten (78%) Agents were positive about HMRC's ability to treat customers' data and personal information confidentially (Chart 5.17).

Agents who were positive about efficiency, effectiveness and fairness were more likely to be positive about protection of data, with those rating HMRC positively on these respective measures also rating data protection positively (94%, 90% and 90% respectively).

Chart 5.17 Protection of personal information – Agents



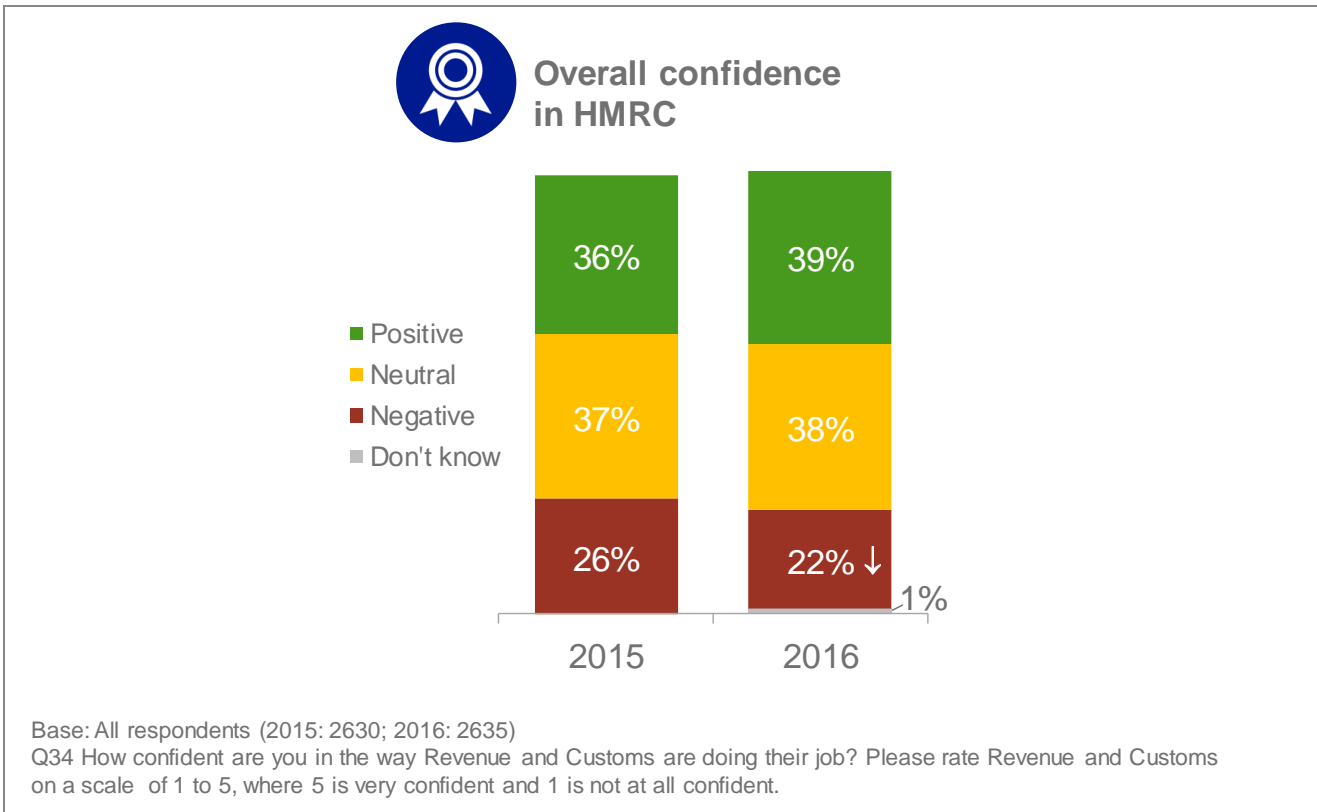
5.4.3 Overall confidence in HMRC

Four in ten Agents (39%) were confident in the way HMRC were doing its job, whilst those who were not confident decreased from a quarter (26%) in 2015 to one in five (22%) (Chart 5.18). Confidence was linked to having a positive overall experience in the past year - seven in ten (69%) Agents who had an overall positive experience were confident, compared with just three per cent who gave a negative overall rating of their experience.

Smaller Agents were more likely to be confident in the way HMRC were doing its job than larger Agents. Almost half (47%) of Agents with fewer than 50 clients were positive, compared to one in three (33%) with 50 or more clients. Agents that were not members of a professional organisation were more positive than members (47% and 35% respectively). Agents who used online-only contact channels were more confident in how HMRC were doing its job than those that had used both online and telephone channels (52% and 35% respectively).

Levels of confidence were particularly high amongst Agents who regarded HMRC as an efficient organisation (85%). Confidence was also higher for those who were positive about HMRC being effective (67%) and fair (62%).

Chart 5.18 Confidence in the way HMRC are doing their job – Agents



5.4.4 Favourability and advocacy

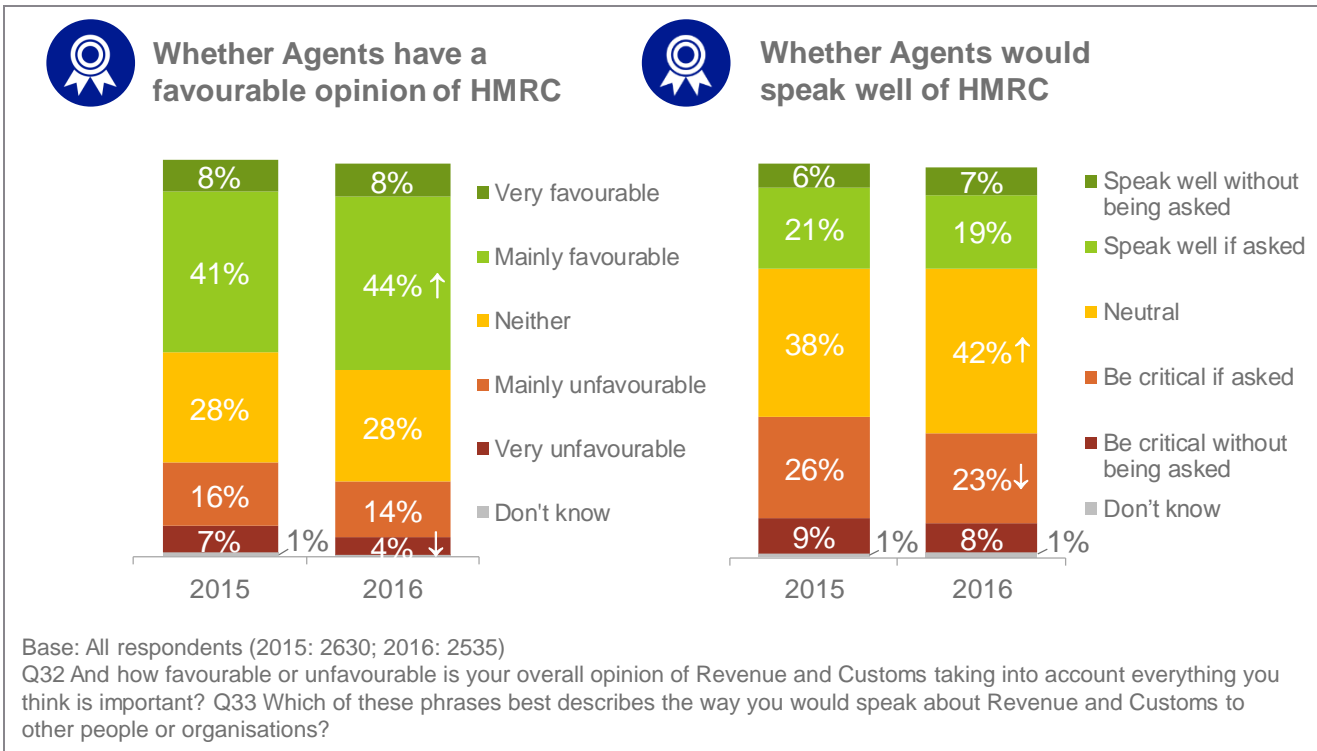
More than half (53%) of Agents had a favourable opinion of HMRC, an increase from 2015 (49%). The proportion of Agents having an unfavourable opinion of HMRC decreased to 19% (down from 23% in 2015) (Chart 5.19).

Levels of advocacy were lower than favourability: similar to 2015, Agents were more likely to say they would be critical than speak well about HMRC (31% and 26% respectively). While only 45% of Agents with a favourable opinion said they would speak well of HMRC, 80% of Agents who were unfavourable said they would be critical.

Agents with a positive overall experience and, relatedly, those who were confident in HMRC were more favourable (83% and 86%). Positive views of HMRC’s efficiency, effectiveness and fairness also translated into favourable opinions (86%, 74% and 71%, respectively).

Favourability varied by number of clients (fewer than 50 clients 61%; 50 or more clients 46%) – although there was a significant increase for the latter from 41% in 2015. In line with the overall trend, online-only Agents were more favourable (66%) and more likely to speak well of HMRC (38%).

Chart 5.19 Favourability and advocacy for HMRC – Agents



5.4.5 Raising standards and promoting good practice among Agents

A new question was included in 2016 asking Agents whether they believed HMRC were doing the right amount, too little or too much to raise standards and promote good practice among Agents.

Most Agents (63%) thought that HMRC were doing the right amount to raise standards and promote good practice within their profession. Three in ten (29%) believed HMRC did too little, with this view more common among Agents who belonged to a professional organisation (33%, compared with 21% of Agents who were not members of a professional organisation). Two per cent felt that HMRC did too much.

Agents with a negative overall experience, or who were not confident in HMRC, were almost twice as likely to think HMRC were doing too little to raise standards and promote good practice (59% and 61% respectively).

5.5 Perceptions of compliance

The final section of this chapter examines Agents' attitudes to compliance and whether this was linked to Agents' confidence in the way HMRC do their job. It also explores the relationship between experience of dealing with HMRC and attitudes to compliance.

As this section of the questionnaire was revised entirely in 2016 no comparisons can be made with 2015.

5.5.1 Acceptability and extent of tax evasion

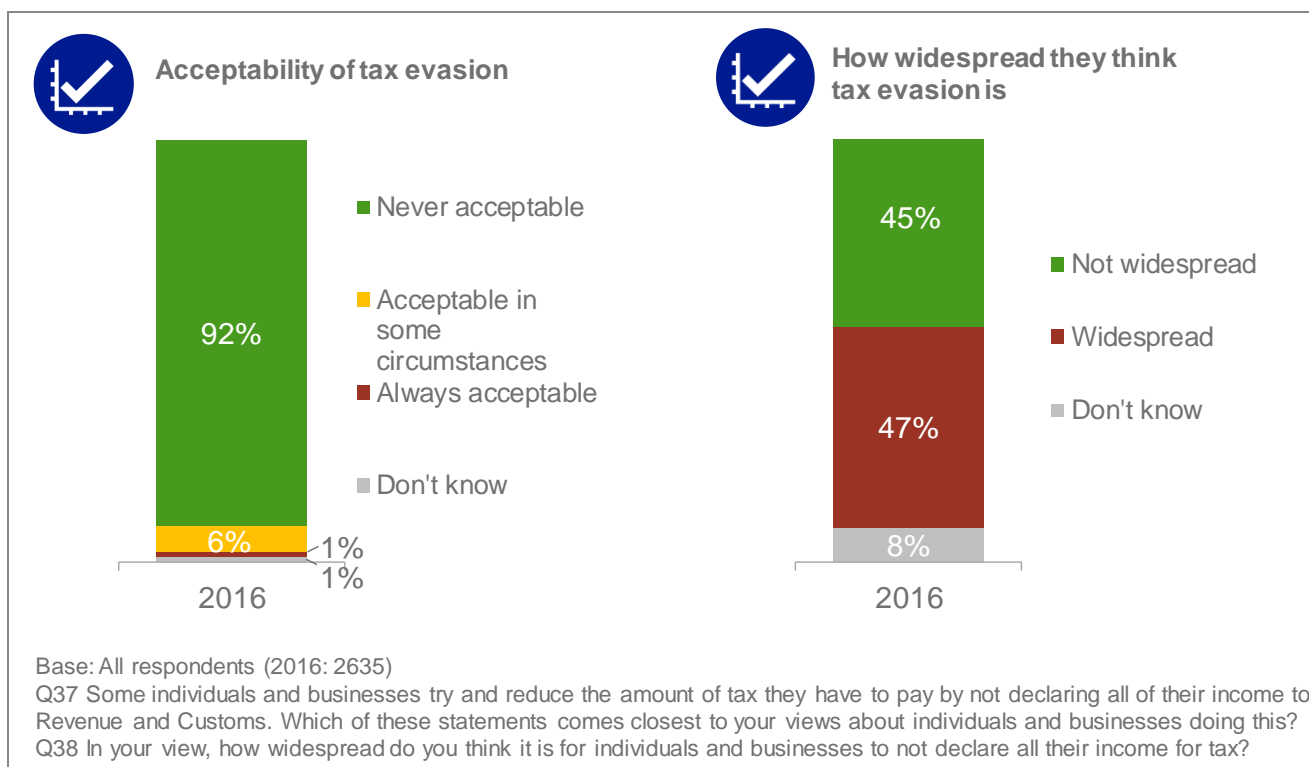
Agents were asked about the acceptability of tax evasion, which was described as 'reducing the amount of taxes paid by not declaring all income to HMRC'. Over nine in ten (92%) Agents

believed tax evasion was never acceptable, but nearly half (47%) thought tax evasion was widespread (Chart 5.20).

Smaller firms were more likely to think tax evasion was widespread; 50% of firms with no employees, 45% with between one and nine and 42% with 10 or more employees believed it was. Agents that were not members of a professional body were more likely to think that tax evasion was widespread (48%) than Agents that were members of a professional organisation (38%).

Agents who had a favourable opinion of HMRC were less likely to think tax evasion was widespread (46%) than those who had an unfavourable opinion (51%).

Chart 5.20 Acceptability of tax evasion and perception of how widespread it is – Agents



5.5.2 Acceptability and extent of tax avoidance

Agents were also asked about the acceptability of tax avoidance, which was described as people trying 'to exploit tax rules to gain a tax advantage that Parliament didn't intend – in other words, operating within the letter, but not the spirit of the law'. In contrast to sentiments about tax evasion, 45% of Agents thought avoidance was acceptable, at least to some extent, while only slightly more thought it was widespread (52%) compared with evasion.

Larger firms were more likely to think it was acceptable to some extent to avoid tax (no employees: 40%; one to nine employees: 47%; 10 or more employees: 52%). Agents that were members of a professional body were also more likely to think that tax avoidance was acceptable in some circumstances (39%), whereas non-members were more likely to say that was never acceptable (63%).

As with tax evasion, Agents that were members of professional bodies were less likely to think that tax avoidance was widespread (49%) than Agents that were not members of professional bodies (59%).

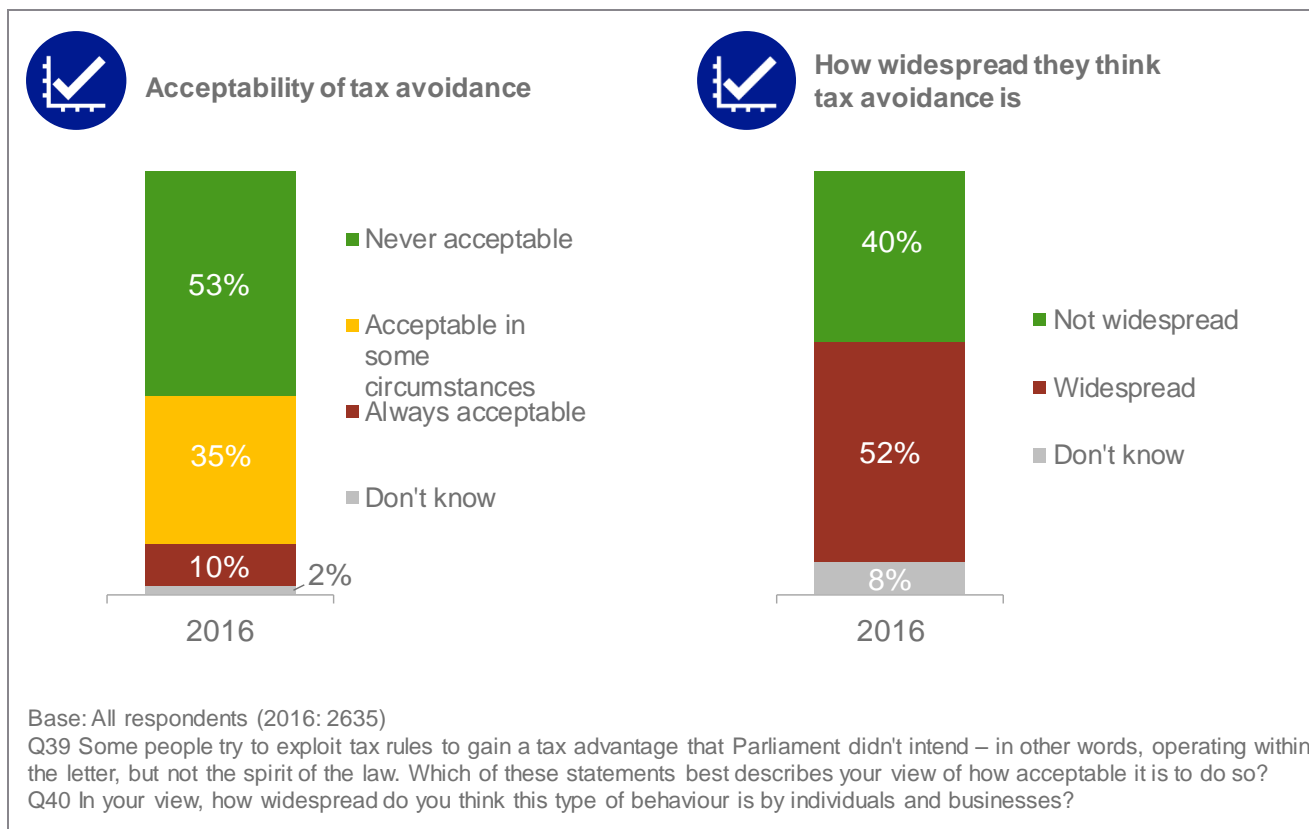
Agents that thought tax avoidance was acceptable in some circumstances were also more likely to think it was sometimes acceptable to evade tax (9%). Agents that thought evasion was widespread were also likely to think avoidance was widespread (72%).

Agents that believed tax avoidance was never acceptable were also more likely to be positive about HMRC’s effectiveness and efficiency:

- 43% that thought it was never acceptable were positive about effectiveness compared with 35% that thought it was acceptable to some extent
- 19% that thought it was never acceptable were positive about efficiency compared with 13% that thought it was acceptable to some extent.

Agents that believed tax avoidance and evasion were not widespread had more positive perceptions of HMRC’s fairness than those that did think these activities were widespread (37% compared with 32% for both).

Chart 5.21 Acceptability of tax avoidance and perception of how widespread it is – Agents



5.5.3 Extent of late payments

Nearly three in five (56%) Agents thought late payment of taxes was widespread in the UK – higher proportions than for evasion or avoidance – and very few (3%) thought it was not widespread at all. Those that believed evasion or avoidance to be widespread were more likely to think late payment was also widespread (68% and 65% respectively). The more clients an Agent had, the more likely they were to believe late payment was widespread – 52% of Agents with fewer than 10 clients, compared with 62% of Agents with more than 250 clients. Agents that were members of a

professional organisation were more likely to think that late payment of taxes was not widespread than non-members (37% and 29%, respectively).

Chart 5.22 Perception of how widespread late payment of taxes is – Agents

