



# HM Revenue & Customs

## Individuals, Small Business and Agents Customer Survey 2017

HMRC Report: 488



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# 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

Tax avoidance – this was described in the survey 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’

Tax evasion – this was described in the survey as people trying to ‘reduce the amount of tax they have to pay by not telling HMRC about all of their income’

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# 1. Executive summary

HM Revenue and Customs (HMRC) is the UK's tax, payments and customs authority. Its vision is to be a world-class organisation underpinned by its values of professionalism, integrity, respect and innovation.

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 third wave of the survey, conducted between September and November 2017.<sup>1</sup> The survey covers three groups: Individuals, Small Businesses and Agents. The three survey groups are surveyed and reported on separately.

## 1.1 Individuals

The survey of Individuals encompasses all members of the general public aged 16 or older. Three-quarters (76%) of Individuals had an interaction with HMRC in the previous 12 months in 2017 (up from 65% in 2016). Four in ten (40%, an increase from 35% in 2016) interacted online; more specifically one in three (35%) Individuals searched for information on the HMRC webpages and a quarter (27%) used HMRC online services. Individuals interacting with HMRC by telephone or post have remained steady over the last 3 years. One in five (22%) 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, the Personal Tax Account was rated more positively than HMRC's other online services and webpages. Around seven in ten (68%) who used their Personal Tax Account rated it positively. This was slightly higher than the rating of other HMRC online services (60%) and HMRC webpages (62%).<sup>2</sup> The increase in positive ratings of HMRC's telephone helplines between 2015 and 2016 was maintained in 2017 (53% in 2017, up from 43% in 2015), although a quarter (26%) gave a negative rating.

The overall experience of Individuals who had an interaction with HMRC in the previous 12 months improved since 2015; seven in ten (69%) 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.

The most important driver<sup>3</sup> of Individuals' customer experience was HMRC getting tax or Benefits and Credits transactions right. Seven in ten customers, who had interacted with HMRC in the previous 12 months, rated HMRC positively (69%, up from 62% in 2015, Table 1.1). Given its importance in driving good customer experience, this is an area where performance needs to be at least maintained, and any further action to improve performance is likely to be beneficial in

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<sup>1</sup> Only changes from previous years that are statistically significant at the 95% confidence interval are reported on.

<sup>2</sup> The rating of Personal Tax Account was not asked in 2015 or 2016, and the way the question rating online services was asked changed from previous years so there are no trend data for these measures.

<sup>3</sup> Kantar Public conducted a key driver analysis on the dimensions of customer experience. This showed which variables were most strongly associated with positive scores for the rating of overall experience.

improving overall customer experience. There was an increase in positive ratings across most other dimensions of customer experience since 2015. Areas of performance where further improvements are most likely to improve the overall customer experience were HMRC were approachable, resolving queries and acceptability of time taken.

Table 1.1 Ratings of Customer Experience - Individuals

Relative importance of dimension of customer experience		% rating HMRC positively	Change 2015-17	Change 2016-17
Most important 	HMRC getting tax or Benefits and Credits transactions right	69	↑	-
	Acceptability of time taken	64	↑	-
	Resolving queries	67	↑	-
	Quality of information	68	↑	-
	HMRC were approachable	65	↑	-
	Systems prevented mistakes	53	↑	-
	Clarity of steps needed to take	68	↑	-
	Ease of finding information	59	↑	-
	Clear when everything was completed	72	-	-

Four in five Individuals with interactions felt that HMRC treated them fairly (80%, up from 75% in 2015) and as honest (81%). Individuals who had interacted with HMRC rated them less highly on ease of dealing with tax issues. Two-thirds (64%, up from 58% in 2015) felt it was easy to deal with tax issues and six in ten (59%) rated HMRC positively on minimising the cost, time and effort of dealing with their tax affairs (up from 54% in 2015). Slightly more than half of Individuals agreed that HMRC's services were personalised to them (56%, 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

More than half (54%, up from 50% in 2015) were confident in the way HMRC were doing their job. Confidence was strongly linked to perceptions of efficiency, effectiveness and fairness. Six in ten (61%) had a favourable overall opinion of HMRC.

Just over a third of Individuals felt HMRC were efficient (35%) or fair (34%, down from 38% in 2015) and four in ten (42%) felt they were effective. Individuals were more positive about HMRC ensuring customer data and personal information was treated confidentially (70%).

#### Compliance

While seven in ten (69%) felt tax avoidance was never acceptable, the same proportion (71%) felt it was widespread. Similarly, while eight in ten (78%) Individuals felt tax evasion was never acceptable, seven in ten (68%) felt it was widespread. Around half (46%) considered it likely that they would report someone suspected of tax evasion and a slightly higher proportion (58%) thought it likely that HMRC would detect tax evasion.

## 1.2 Small Businesses

Small Businesses were defined as businesses with fewer than 20 employees and an annual turnover below £10 million. This includes self-employed sole traders.

The majority (71%) reported using multiple channels to contact HMRC, with seven in ten (69%) using HMRC's online services or webpages, half (53%) 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 that used HMRC's online services rated them positively (79%) while two in three (65%) rated the HMRC webpages positively. More than half (55%) that used the telephone helplines rated them positively (up from 46% in 2015).

Three-quarters (74%) had a positive overall experience of dealing with HMRC in the previous 12 months. This was unchanged from previous years. However, there was an increase in positive ratings among businesses with 10 to 19 employees from 2015. Smaller businesses (those with fewer than five employees) were generally more positive than those with five or more employees, as were those that interacted with HMRC online-only. The ratings of most dimensions of customer experience remained similar to previous years, although there were increases from 2015 for systems prevented mistakes, acceptability of time taken and HMRC were professional.

In 2017, the most important driver of customer experience for Small Businesses was the quality of information. Seven in ten (68%) rated HMRC positively for quality of information (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, resolving queries and having systems that prevent mistakes.<sup>4</sup>

Table 1.2 Ratings of Customer Experience – Small Businesses

Relative importance of dimension of customer experience		% rating HMRC positively	Change 2015- 17	Change 2016- 17
Most important 	Quality of information	68	-	-
	HMRC getting tax transactions right	74	-	-
	Resolving queries	67	-	-
	Systems prevented mistakes	61	↑	-
	Acceptability of time taken	67	↑	-
	HMRC were professional	83	↑	-
	Clarity of steps needed to take	71	-	-
	Clear when everything was completed	73	-	-
	Ease of finding information	59	-	-

Eight in ten Small Businesses felt that HMRC treated them fairly (78%) and as honest (83%). Three-quarters (73%) felt that it was easy to deal with tax issues. Small Businesses were less

<sup>4</sup> 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

likely to feel that HMRC minimised the cost, time and effort of dealing with their tax affairs (58%) 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 (66%) although there was a decrease in ratings for HMRC recognising that their business was their priority (55% in 2017, down from 59% in 2016).

## 1.2.2 Perceptions of HMRC

### **Reputation**

Nearly six in ten (58%) 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.

There was a decrease in the proportion of Small Businesses that felt HMRC were fair (34% in 2017, down from 37% in 2016). Small Businesses were more likely to have felt that HMRC were effective (50%, up from 46% in 2015) than efficient (31%). Seven in ten (71%) agreed that HMRC ensured customers' data and personal information was treated confidentially.

### **Compliance**

Two-thirds (67%, down from 71% in 2016) stated that tax avoidance was never acceptable, and a third (36%) felt that it was widespread. Nine in ten (88%) said tax evasion was never acceptable, and one in three (33%, up from 30% in 2016) felt that it was widespread. Four in ten (41%) would report someone they suspected of tax evasion. A higher proportion (61%) thought it likely that HMRC would detect tax evasion.

## 1.2.3 Changes to quarterly updating and digital record keeping

During the telephone interview, Small Businesses were informed about how HMRC is introducing changes to the way businesses can provide information relating to their tax obligations.<sup>5</sup> Six in ten (62%) had not heard of these changes. Over half (55%) thought it would be easy to implement the changes that they were informed of. Most (69%) would go to their agent for advice or support in making these changes.

## 1.3 Agents

Agents are paid by customers – individuals or businesses – to represent them in dealings with HMRC. Seven in ten (70%) Agents were accountants and two in ten (20%) were bookkeeping firms.

Four in ten (42%) of Agents had less than 50 clients, three in ten (30%) had 50 to 249 clients, and one in four (23%) had 250 or more clients.

Seven in ten (69%) Agents were members of a professional organisation.

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<sup>5</sup> These changes were described as follows: "HMRC is introducing changes to how businesses provide information relating to their tax obligations. By 2020, businesses will be able to use software or apps to keep digital records of their income and outgoings. Quarterly summary updates based on these records and produced by the software would replace the tax return."




### 1.3.1 Customer Experience

Ratings of online services decreased from 69% in 2016 to 65% in 2017. However, this was still higher than ratings of HMRC webpages (50% in 2017). Agents rated the dedicated Agents helpline telephone substantially higher (60%) than other HMRC helplines (28%). However, the increase in positive ratings of other telephone helplines between 2015 and 2016 was maintained in 2017.

Nearly half (48%) of Agents had a positive overall experience of dealing with HMRC in the previous 12 months (up from 40% in 2015). This reflects continued year on year improvement (31% felt that their experience had improved over the last year, up from 24% in 2015).

The most important driver of customer experience for Agents in 2017 was HMRC getting tax transactions right. Ratings were relatively high (51%) for this dimension (compared to the other dimensions of customer experience for Agents) (Table 1.3). Given its fundamental importance in driving good customer experience, this is an area 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. There was an increase in positive ratings across most other dimensions of customer experience since 2015. Areas where further improvements are most likely to lead to improving the overall customer experience were resolving queries, acceptability of time taken and ease of finding information.

Table 1.3 Ratings of Customer Experience – Agents

Relative importance of dimension of customer experience		% rating HMRC positively	Change 2015-17	Change 2016-17
Most important 	HMRC getting tax transactions right	51	-	-
	Resolving queries	45	↑	-
	HMRC were professional	67	↑	-
	Acceptability of time taken	33	↑	-
	Ease of finding information	43	↑	-
	Systems prevented mistakes	42	↑	-
	Quality of information	56	↑	-
	Clarity of steps that needed to take	51	↑	-
	Clear when everything was completed	58	-	-

More than six in ten Agents felt that HMRC treated their customers fairly (62%), and as honest (64%). Positive ratings for ease of dealing with tax issues increased from 2015 (49% in 2017, up from 46% in 2015). Fewer felt HMRC minimised the cost, time and effort it took to deal with their clients' tax affairs (29%). A third (36%) agreed that services were personalised to them and their clients.

### 1.3.2 Perceptions of HMRC

#### Reputation

Four in ten Agents (41%) were confident in the way HMRC are doing their job. This has increased from 2015 (36%). Confidence in HMRC was strongly linked to perceptions of efficiency, effectiveness and fairness. Half of Agents (54%) had a favourable overall opinion of HMRC.

There were increases from 2016 in the proportion of Agents that agreed HMRC was efficient (18% in 2017, up from 16% in 2016), and effective (42% in 2017, up from 39% in 2016). Eight in ten Agents (80%) agreed that HMRC ensures customer data and personal information is treated confidentially, an increase from 2015 (78%).

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 (93%) Agents believed tax evasion is never acceptable, and the proportion that felt it is widespread fell to 43% (down from 47% in 2016). In contrast to sentiments about tax evasion, just under half (45%) of Agents thought tax avoidance was acceptable, at least to some extent, and half (51%) thought it was widespread. Eight in ten (80%) said they would be likely to report someone they suspected of tax evasion (with 53% 'very likely'). Over half (55%) thought it likely that HMRC would detect tax evasion.

#### **1.3.3 Changes to quarterly updating and digital record keeping**

During the telephone interview, Agents were informed about how HMRC is introducing changes to the way businesses can provide information relating to their tax obligations.<sup>6</sup> Most Agents (87%) had heard about these changes, although only around four in ten (38%) knew 'a lot'. Agents were twice as likely to be negative as positive about the proposed changes (46% and 22% respectively). Six in ten (58%) either already do, or would, encourage their clients to switch to using software or apps to keep digital records and quarterly updating.

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<sup>6</sup> These changes were described as follows: "HMRC is introducing changes to how businesses provide information relating to their tax obligations. By 2020, businesses will be able to use software or apps to keep digital records of their income and outgoings. Quarterly summary updates based on these records and produced by the software would replace the tax return. Businesses above the VAT threshold will be required to do this for their VAT information from April 2019 onwards"

## 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 a world-class organisation underpinned by its values of professionalism, integrity, respect and innovation.<sup>7</sup>

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 against the Department's Strategic Objectives to maximise revenues due and bear down on avoidance and evasion, transform tax and payments for customers and design and deliver a professional, efficient and engaged organisation. HMRC's Annual Report and Accounts provides information on the Department's customer service performance.<sup>8</sup>

### 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 findings from the first three years of the survey (2015, 2016 and 2017) for each customer group, looking at both changes between 2016 and 2017 and change over the length of the survey (2015 to 2017). Only changes from previous years that are statistically significant are reported on.<sup>9, 10</sup>

### 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.

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<sup>7</sup> For more information see HMRC: Single Departmental Plan, <https://www.gov.uk/government/publications/hm-revenue-and-customs-single-departmental-plan> or the HMRC strategy <https://www.gov.uk/government/publications/hmrc-strategy>

<sup>8</sup> For more information see HMRC's annual report and accounts, <https://www.gov.uk/government/collections/hmracs-annual-report-and-accounts>

<sup>9</sup> <https://www.gov.uk/government/publications/hm-revenue-and-customs-individuals-small-businesses-and-agents-customer-survey-2015>

<sup>10</sup> <https://www.gov.uk/government/publications/hm-revenue-and-customs-individuals-small-businesses-and-agents-customer-survey-2016>

## Individuals

The survey of Individuals encompasses all members of the general public aged 16 or older<sup>11</sup>. 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 did not report having any interactions beyond paying tax through Pay As You Earn (PAYE)) 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.<sup>12</sup>

Small Businesses were surveyed at the enterprise level<sup>13</sup> (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 HMRC 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

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<sup>11</sup> It was agreed during the survey design that self-employed sole traders are both a valid subset of the Individuals population and a valid subset of the Small Businesses population. Self-employed people have a dual relationship with HMRC, first as private citizens who pay tax/receive benefits (including on earnings from their business and other non-business related savings and investments) and second as business owners. Although the two relationships will inevitably be entwined so far as these individuals are concerned, exclusion of the self-employed sub-group from either the Individuals or Small Businesses customer groups would lead to under-coverage of the affected group.

<sup>12</sup> It is important to note that there is some overlap with the HMRC Mid-Size Business Customer Survey sample; the Mid-Size Business sample was de-duped against the Small Business sample. Any duplicate records were removed from the mid-size business sample.

<sup>13</sup> 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.

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 confirm that they are a professional financial agent who personally deals with HMRC 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 HMRC 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. It also 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 2,554 Individuals, 2,941 Small Businesses and 2,639 Agents between September 4<sup>th</sup> and November 5<sup>th</sup> 2017.

### 2.3.3 Comparability with previous Customer Survey

This survey compares results between 2015 and 2017. HMRC previously conducted a different Customer Survey between 2008 and 2015.<sup>14</sup> 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)

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<sup>14</sup> <https://www.gov.uk/government/publications/hm-revenue-and-customs-customer-survey-2008-to-2015>

- 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
    - Confidence in HMRC
    - Favourability and advocacy
    - Perceptions of compliance
  - Awareness and attitudes towards digital record keeping and quarterly reporting (Small Businesses and Agents only)
  - 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.

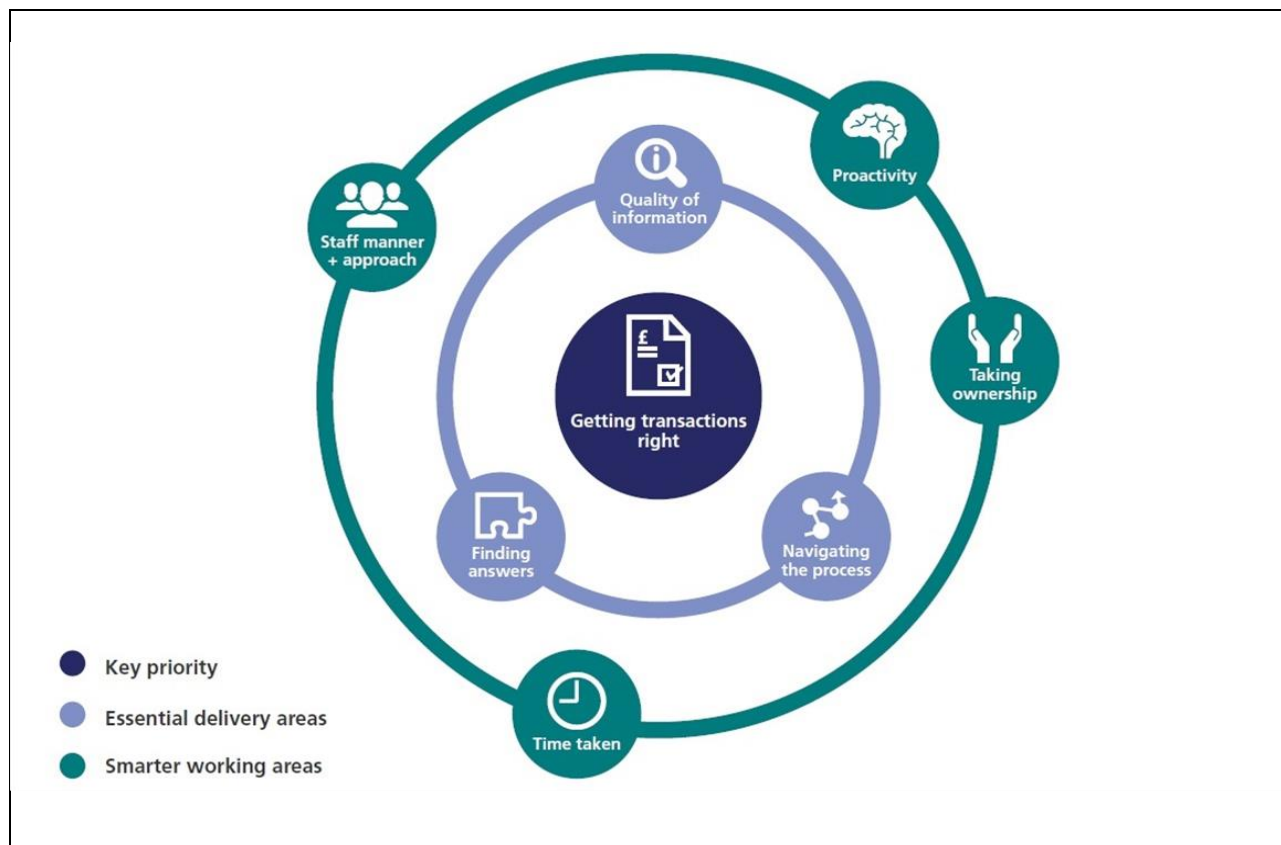
The model was developed based on qualitative research commissioned by HMRC in 2013<sup>15</sup> to look at what an ideal customer experience would look like if everything was working well. It was designed to examine which dimensions of experience were most and least important for a good quality customer 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 (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.

<sup>15</sup> Understanding quality of service from a customer perspective  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/344753/report285.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/344753/report285.pdf)

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.

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 map on to the dimensions of the original Atom Model.

Table 2.1 Atom Model questions in the survey

Atom Model dimension	Customer Survey question
<b>Getting transactions right</b>	How good or poor were HMRC at getting tax transactions right? <sup>16</sup>
<b>Quality of information</b>	How would you rate the quality of information you have looked for or received from HMRC over the previous 12 months?
<b>Finding answers</b>	How easy or difficult was it to find any information you needed on tax issues from HMRC?
<b>Navigating the process</b>	HMRC made clear: <ul style="list-style-type: none"> <li>• What steps I needed to take</li> <li>• When everything was completed</li> </ul>
<b>Staff manner and approach</b>	Were HMRC approachable / professional?
<b>Time taken</b>	How acceptable was the time taken to reach the end result?
<b>Taking ownership</b>	How good or poor were HMRC at resolving any queries or issues?
<b>Proactivity</b>	Did HMRC have systems which were good at preventing me from making mistakes?

<sup>16</sup> For Individuals this question was phrased: 'How good or poor were HMRC 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)<sup>17</sup> 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.

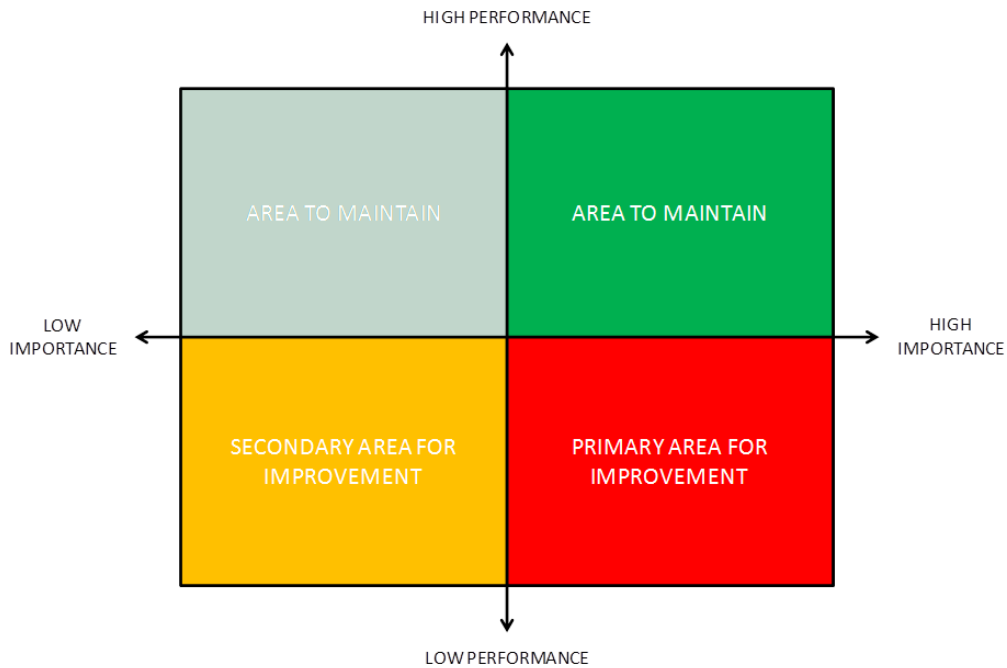
- (a) Areas of experience that had been identified as drivers of higher relative importance (i.e. their Relative Importance Score is above the median of all Relative Importance Scores) and lower performance (i.e. their Performance Scores are below the median of all Performance Scores) are the **primary 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 (Chart 2.2).

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<sup>17</sup> Linear regression analysis was used to determine the key drivers of overall experience. This multivariate approach estimates the influence of each variable on overall experience while keeping all of the other variables in the model fixed. See section 7 of the accompanying technical report for further details.

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 years discussed in the text are statically significant at the 95% probability level. The report covers changes between 2016 and 2017 and between 2017 and the baseline survey conducted in 2015. Significant differences between years are shown on each chart by an upwards (for an increase) or a downwards (for a decrease) arrow. The grey trend bar in each chart shows significant differences between 2015 and 2017.

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 (69%) 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.

There was no change in ratings of the dimensions of customer experience over the last year, but improvements since 2015 have been maintained, including HMRC getting tax and Benefits or Credits transactions right – the most important driver of overall customer experience in 2017.

Over half (54%) of Individuals were confident in HMRC's ability to do their job (up from 50% in 2015) and six in ten (61%) had 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 (34% in 2017, down from 38% in 2015).

Whilst most Individuals felt tax avoidance and evasion were never acceptable (69% and 78% respectively), most also thought they were widespread (71% and 68% respectively).

## 3.2 Profile of Individuals

This section covers customers' demographic profile, their interactions with HMRC over the previous 12 months, 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 (48%) and females (51%).<sup>18</sup> Individuals fell into each of the following age bands: 16-34 years (28%), 35-54 years (34%), and 55 years or older (37%).

Four in ten Individuals were employed in full-time work (40%), followed by a similar proportion (38%) who were not working (23% of Individuals were retired from paid employment). Smaller proportions of Individuals were working part-time or self-employed (10% for both). Nearly half of Individuals reported having a single income source (46%), with 47% having multiple income sources. A small proportion reported having no personal income source except for state benefits and tax credits (5%).

### 3.2.2 Taxes paid and Benefits and Credits received

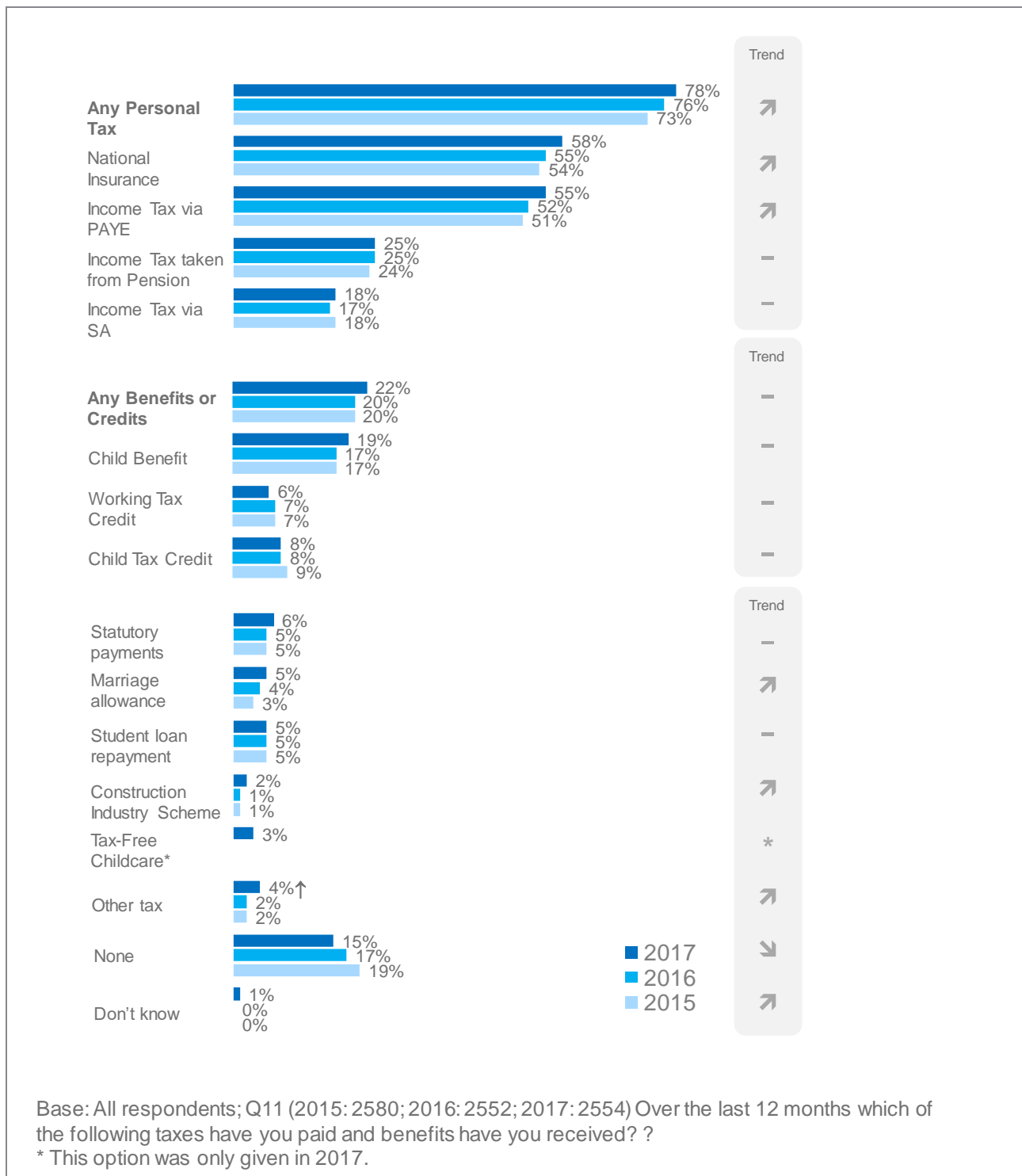
Individuals were asked if they had paid any taxes, or received any Benefits and Credits from HMRC in the last 12 months (Chart 3.1). Eight in ten (78%) Individuals had paid personal taxes in the last 12 months, and one in five (22%) had received Benefits and Credits administered by

<sup>18</sup> 1% of respondents preferred not to state their gender.

HMRC in the last 12 months. The proportion paying any personal taxes increased slightly from 2015 (78%, up from 73% in 2015).

Six in ten (60%) Individuals had only paid personal taxes, while 18% of Individuals had paid personal taxes and received Benefits and Credits; only four per cent had received Benefits and Credits only. More than half (54%) of Individuals paid income tax through Pay As You Earn (PAYE) and not Self-Assessment, 13% paid through both, and five per cent paid income tax through 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 (83% compared with 73%).
- Women were more likely than men to have received Benefits and Credits in the last 12 months (25% compared with 18%).
- Those who were working full-time were the most likely to have paid personal taxes in the last 12 months (98%) compared with those who were self-employed (87%), working part-time (84%), 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 (12%) compared with other groups (working full-time: 26%; part-time: 34%; self-employed: 29%).

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 (87%) than 16-34 year-olds (74%) or those aged 55+ (72%).
- Individuals aged 35-54 were also more likely to have received Benefits and Credits in the last 12 months (43%) compared with those aged 16-34 (19%) 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 (83% compared with 75%) and received Benefits and Credits (63% compared with 5%).

### 3.2.3 Interactions with HMRC in previous 12 months

Three-quarters (76%) of Individuals had interacted with HMRC in the previous 12 months. This was an increase from 2016 (65%), resulting from increases in the proportions of customers interacting online, receiving text messages and emails from HMRC (as discussed in section 3.3.1). 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 (64%) compared with 16-34 year-olds (78%) and those aged 35-54 (87%).
- Those who were self-employed were the most likely to have had an interaction with HMRC in the previous 12 months (98%). Those who were working full-time (82%) and part-time (78%) were significantly more likely to have had an interaction with HMRC in the previous 12 months compared with those who were not working (62%).
- Those who reported having multiple income sources were more likely to have had an interaction with HMRC in the previous 12 months (80%) compared with those with a single income (73%) or no income sources (55%).

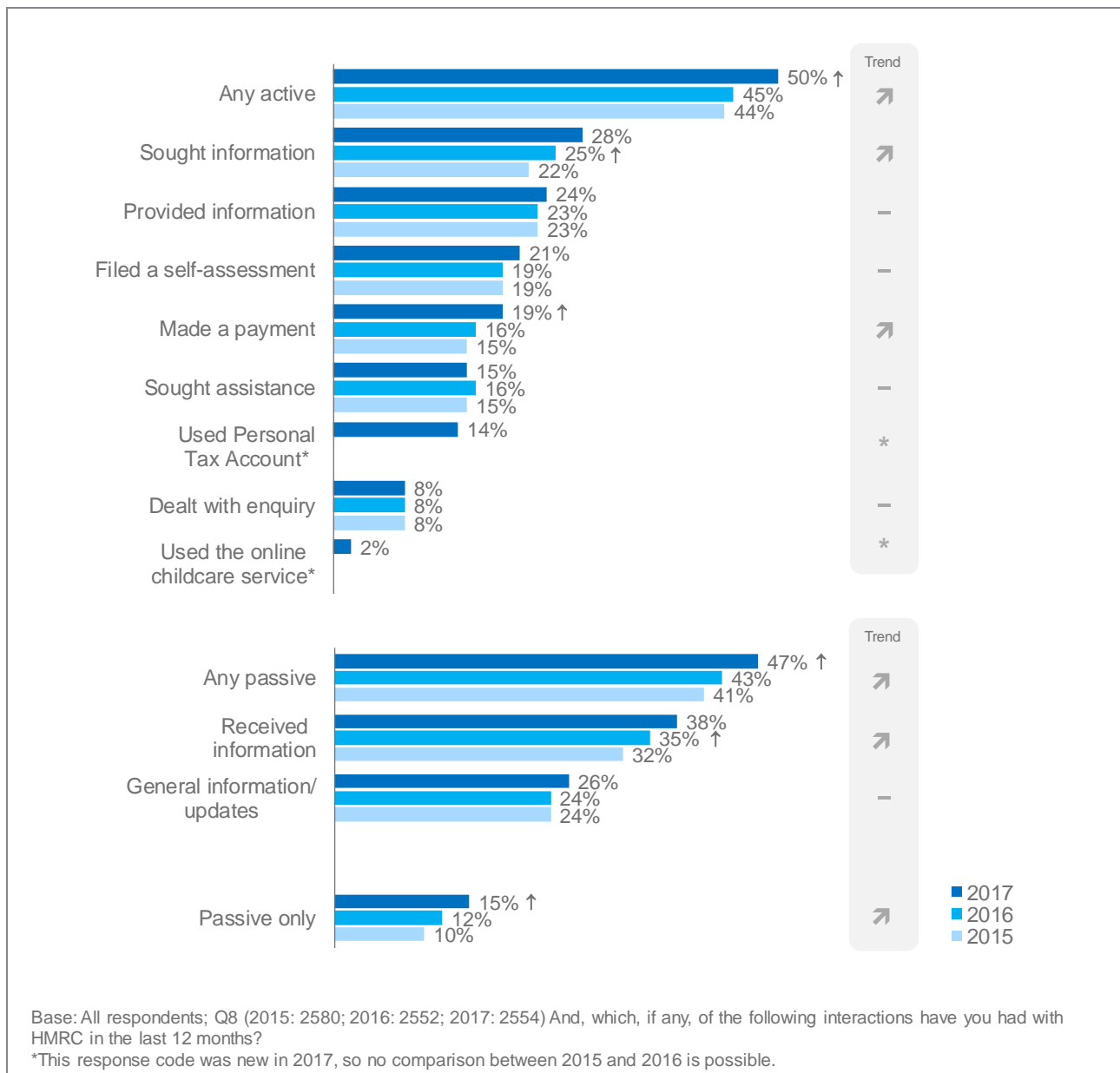
Individuals who reported making or receiving contact with HMRC in the previous 12 months were asked how frequently they had had contact. Respondents were asked to think about contact they made or received about separate issues, rather than ongoing contact about a single issue.

Most (75%) who had contact with HMRC only did so once or rarely (41% once and 34% rarely). Four per cent reported that they often had contact and about one in five (18%) sometimes had contact.

### 3.2.4 Type of interaction

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

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



About half of Individuals had active (50%) or passive (47%) interactions with HMRC in the previous 12 months. These both represent an increase from 2016 (45% and 43% respectively). There was also an increase in the proportion that only had passive interactions with HMRC (15% in 2017, up

from 12% in 2016). There were increases in two types of active interaction since 2015; more Individuals sought information from HMRC (28% in 2017, up from 22% in 2015) and made a payment (19% in 2017, up from 15% in 2015). Just over one in eight (14%) reported using their Personal Tax Account.

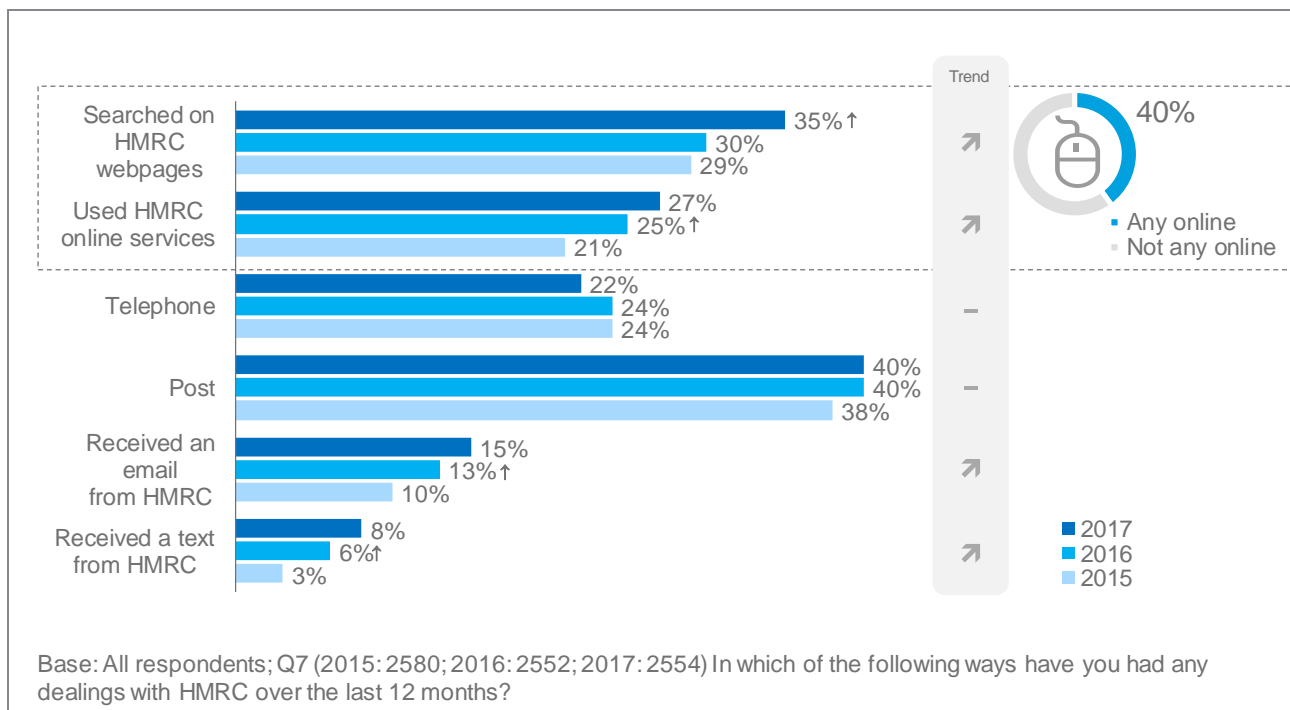
Individuals aged 55+ were least likely to have had an active interaction with HMRC in the previous 12 months (40%, compared with 48% of 16-34 year olds and 64% of 35-54 year olds). Benefits and Credits recipients were more likely to have active interactions than Personal Tax customers (71% and 56% respectively).

### 3.2.5 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, post, text message and email; online was broken down into searching for information on the HMRC webpages, and using HMRC online services (including the PTA) (Chart 3.3).

The proportion of Individuals with any online contact increased to four in ten (40%, up from 35% in 2016), while two in ten (22%) had any telephone contact. There were increases in 2017 for searching on HMRC webpages (35%, up from 29% in 2015), using HMRC online services (27%, up from 21% in 2015), receiving an email from HMRC (15%, up from 10% in 2015) and receiving a text message from HMRC (8%, up from 3% in 2015).

Chart 3.3 Channels of contact – Individuals



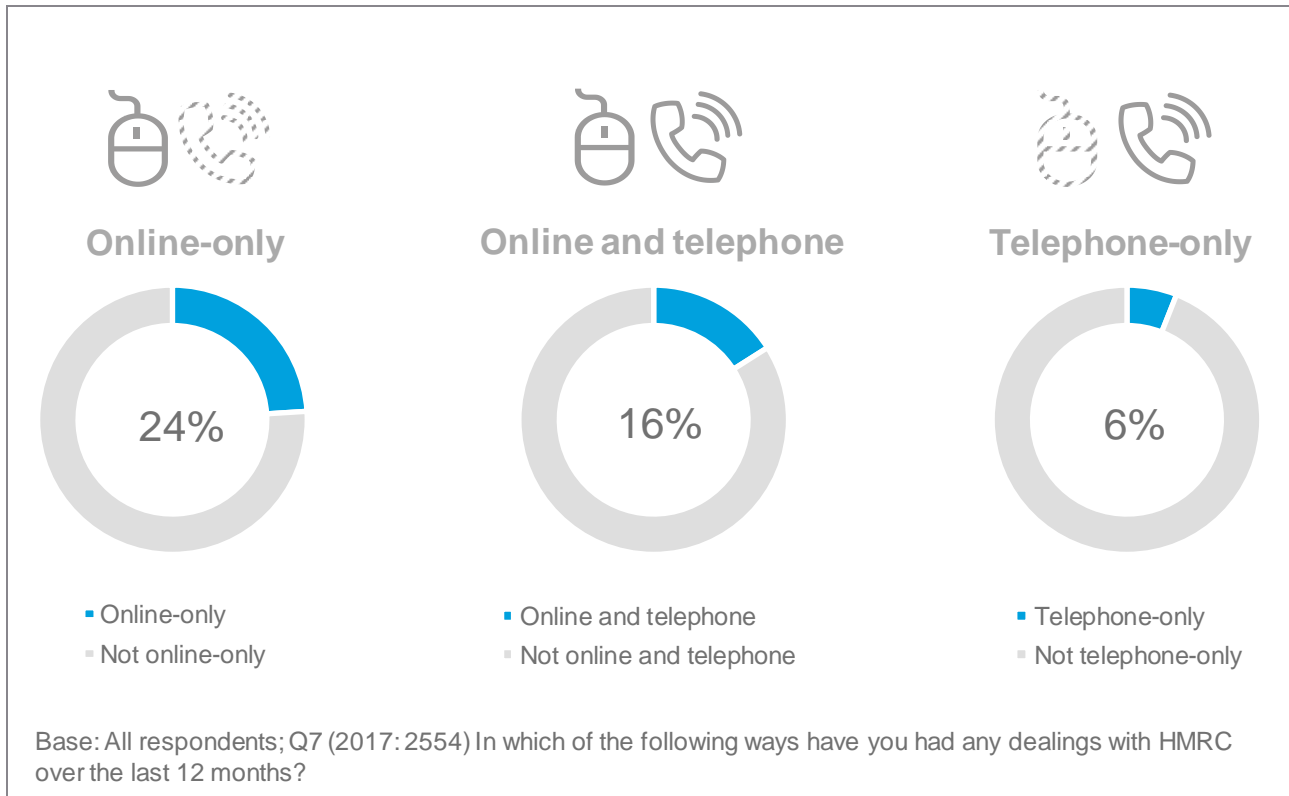
Looking at the overlap between those using any online channels and the telephone, the largest group was those that interacted online but not by telephone, with a quarter (24%) of Individuals



interacting online-only (Chart 3.4). One in six (16%) made use of both channels, while only six per cent used the telephone but not any online channels (telephone-only) (Chart 3.4).

Individuals aged 55+ were less likely to have online-only contact (17%) than Individuals aged 16-34 or 35-54 (28% and 29% respectively).

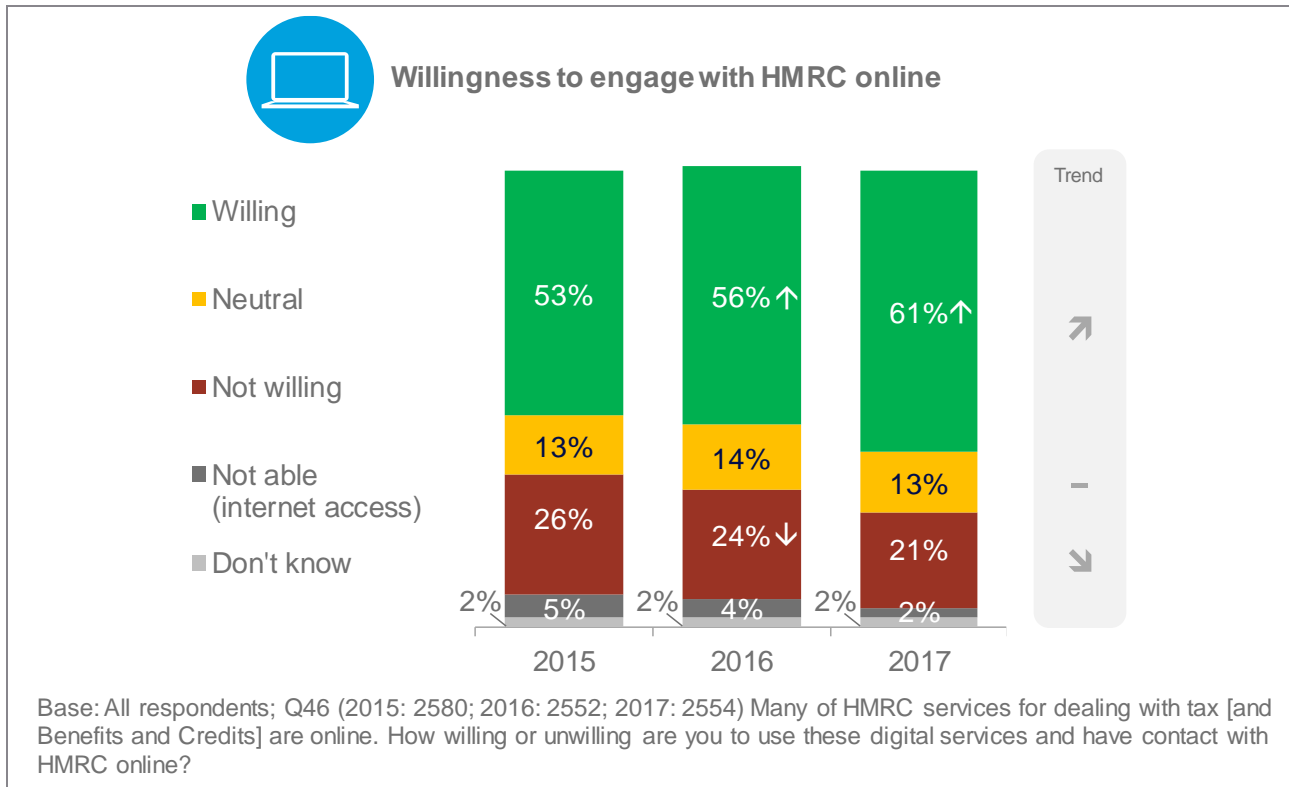
Chart 3.4 Online and telephone channels of contact – Individuals



### 3.2.6 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 2016, a higher proportion of Individuals were willing to engage with HMRC online (61%, up from 56% in 2016) and one in five remained unwilling (21%) (Chart 3.5).

Chart 3.5 Willingness to use online services and have contact with HMRC online – Individuals

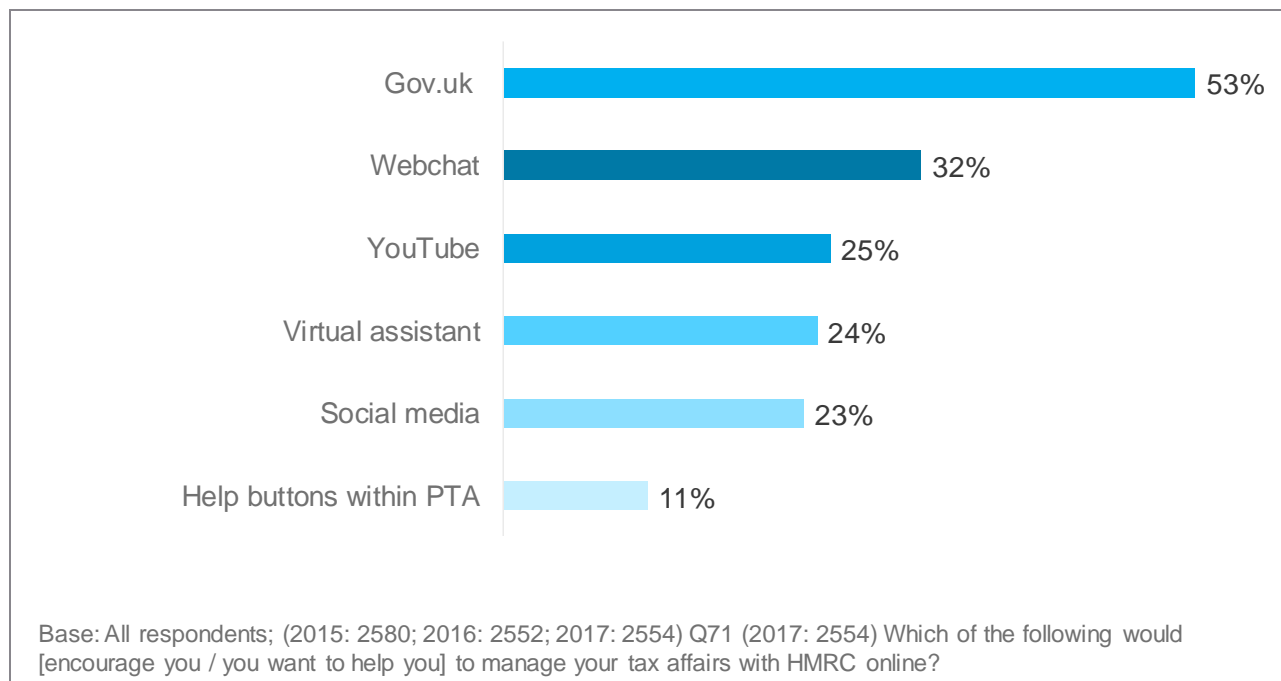


In 2017, Individuals were asked whether they had a Personal Tax Account (PTA) or had heard of it.<sup>19</sup> About two in ten (18%) had a PTA and a further one in ten (11%) had heard of it. Seven in ten (70%) had never heard of it. Self-employed Individuals were much more likely to have a PTA (39%) than those employed full-time (19%) or part-time (21%). Half (52%) who interacted ‘often’ with HMRC had a PTA.

Another question introduced in the 2017 survey asked Individuals which sources of support would encourage them or help them to manage their tax affairs online (Chart 3.6). Information on gov.uk was the most common source (53%), followed by webchat (32%). About one in four said that YouTube videos (25%), virtual assistants (24%) or social media (e.g. HMRC’s Twitter account or Facebook page) (23%) would support them to manage their tax affairs online. One in ten (11%) said help buttons or links within the PTA would be helpful.

<sup>19</sup> The information provided was: The Personal Tax Account is an online service that brings together a taxpayer’s information in one place, just like an online bank account. Customers can check their records, update information and see how much they need to pay.

Chart 3.6 Sources that would encourage or help with managing tax affairs online – Individuals



### 3.2.7 Agent usage and ease of having an agent act on customer's behalf

Two in ten (22%) 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 (59%) self-employed Individuals said they did this. This was much higher than for Individuals working full-time (16%) or part-time (13%). Individuals aged 35-54 (27%) were more likely than those aged 55+ (21%) or 16-34 (16%) to pay a professional advisor. This is likely to be because significantly more self-employed Individuals were within the 35-54 age band (14%) than the 16-34 year old (8%) or 55+ (9%) age bands.

Of those Individuals who did not pay a professional advisor for help, 11% said they received help from someone else in their dealings with HMRC – this equates to five per cent of all Individuals. This help was most likely to come from friends, family and/or colleagues (3%) and employers (2%).

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 (74%) of these Individuals thought that HMRC made it easy, nine per cent were neutral, and seven per cent said it was difficult.

## 3.3 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.

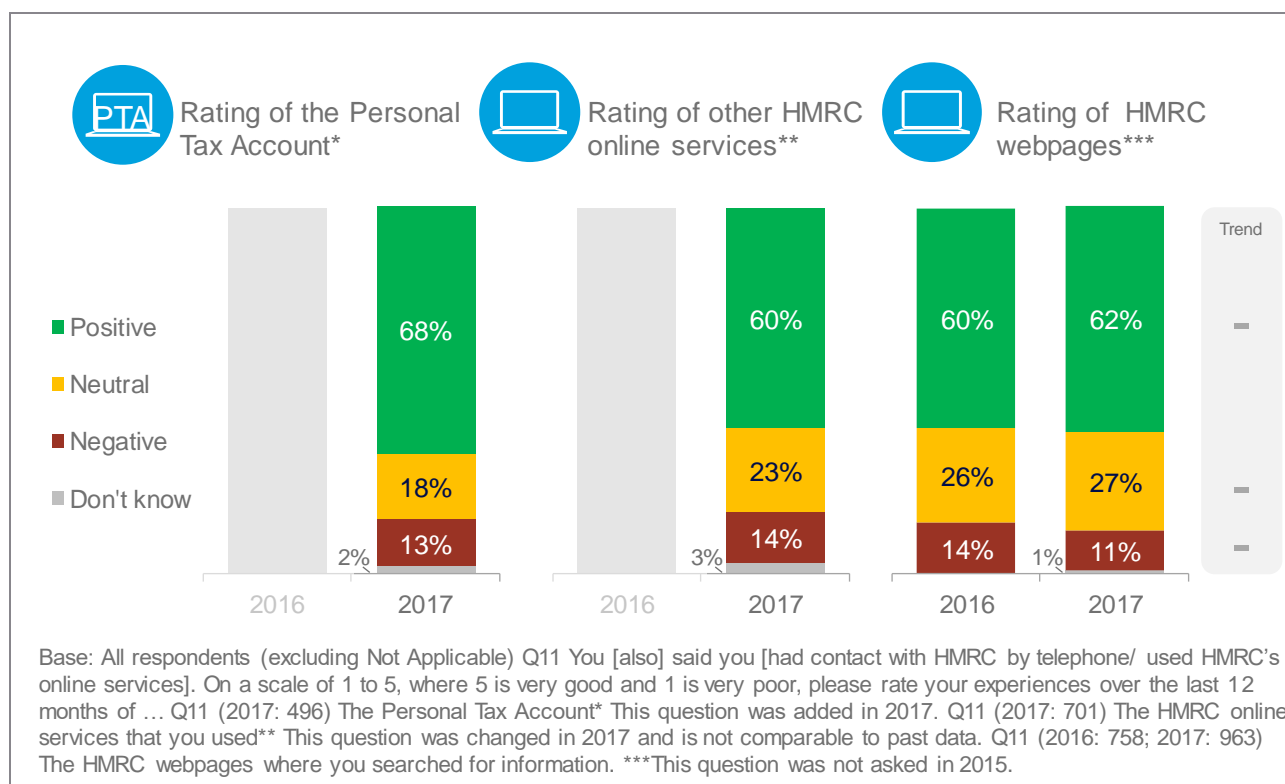
### 3.3.1 Rating of service –online services, webpages and telephone

Individuals who had contact with HMRC by using HMRC’s online services or webpages in the previous 12 months were asked to rate their experiences of using these services (Chart 3.7). In 2017, for the first time, Individuals were also asked to rate their experiences of using the PTA as well as other online services<sup>20</sup>.

Around seven in ten (68%) rated their experience of using their PTA positively. This was slightly higher than rating of other online services (60%) and webpages (62%). Negative ratings were similar across these three types of online channels (between 11% and 14%).

Customers aged 16-34 tended to be the most positive about online channels (76% were positive about their PTA and 70% were positive about HMRC webpages). Self-employed Individuals were also more positive than those working full-time about their PTA (70% compared with 62%).

Chart 3.7 Rating of HMRC’s online services and webpages – Individuals



Individuals who had contact with HMRC by telephone in the previous 12 months were asked to rate their experiences of using these services (Chart 3.8).

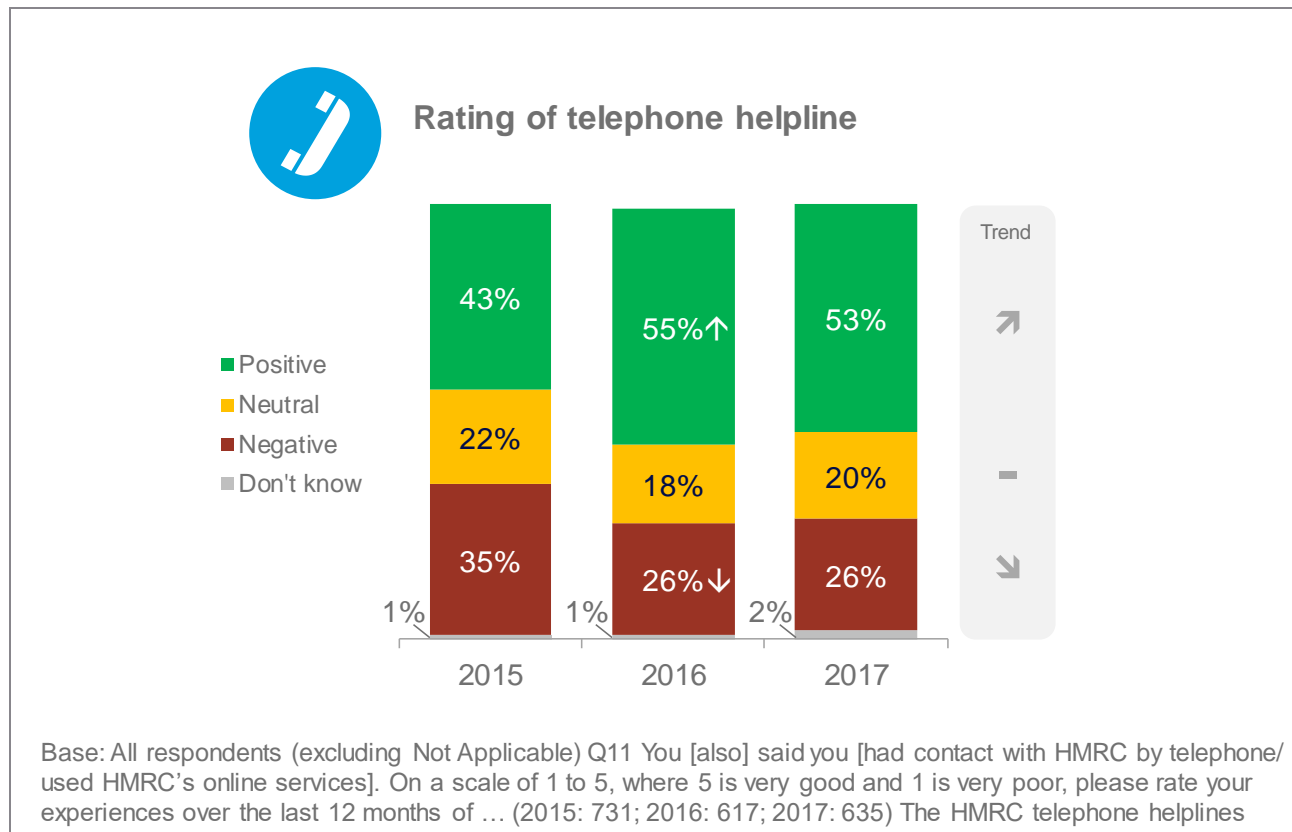
Individuals continued to rate telephone channels less positively than online services. However, while there was no change in ratings between 2016 and 2017, the improvement in ratings for the telephone helplines since 2015 was maintained; positive ratings increased by 10 percentage points

<sup>20</sup> The rating of Personal Tax Accounts was not asked in 2015 or 2016, and the question wording for rating of online services changed in 2017 so there are no trend data for these measures

to over half (53%, up from 43% in 2015), while negative ratings decreased by nine percentage points to a quarter (26%, down from 35% in 2015).

As in earlier survey years, customers who had had frequent contact with HMRC were less positive than average (31% of those 'often' in contact compared with 53% overall). Customers aged 35-54 (33%) were also more negative than 16-34 year olds (19%) and customers aged 55+ (23%).

Chart 3.8 Rating of HMRC's telephone helplines - Individuals



### 3.3.2 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 HMRC 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.

The improvement in Individuals' overall experience between 2015 and 2016 was maintained in 2017; seven in ten (69%) were positive (up from 61% in 2015) while one in ten (11%) were negative (down from 14% in 2015). (Chart 3.9).

The overall rating of customer experience was linked to channel usage: online-only Individuals were more likely to have had a positive experience (73%) than those who had used telephone-only (60%) and telephone and online (62%). This is in line with findings from 2015 and 2016, although there was an improvement among those using any online channel (69% in 2017, up from 58% in 2015).

There was also a significant improvement in positive ratings among Individuals in full-time employment (66% in 2017, compared with 55% in 2015). However, there were no changes over time in ratings given by the self-employed.

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 fifth (22%, slightly up from 18% in 2015) thought their experience had improved (Chart 3.10).

Some groups of Individuals were particularly likely to feel that their experience of HMRC had got better. These were customers with a positive overall rating of their experience in the previous 12 months (30%); online-only customers (30%); and Individuals with a Personal Tax Account (33%).

Chart 3.9 Rating of overall experience – Individuals

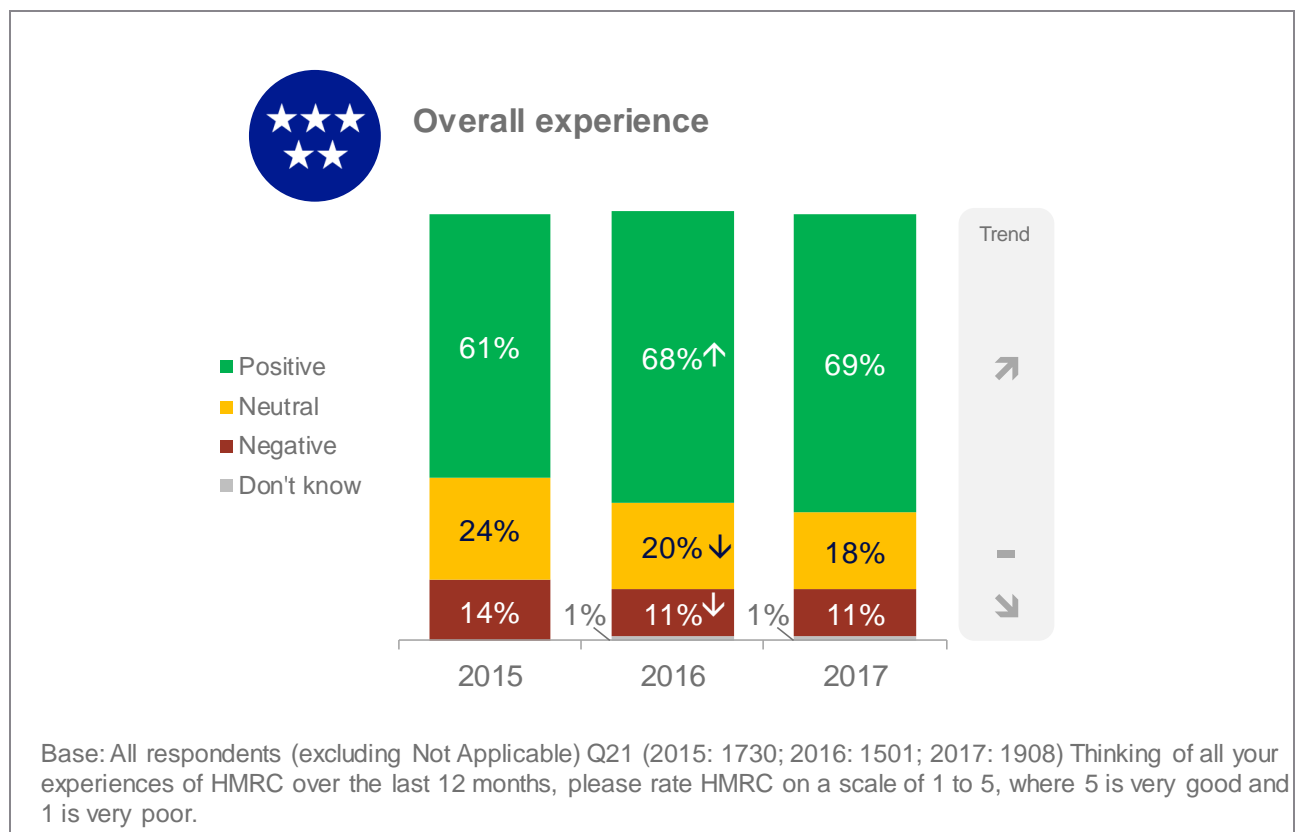
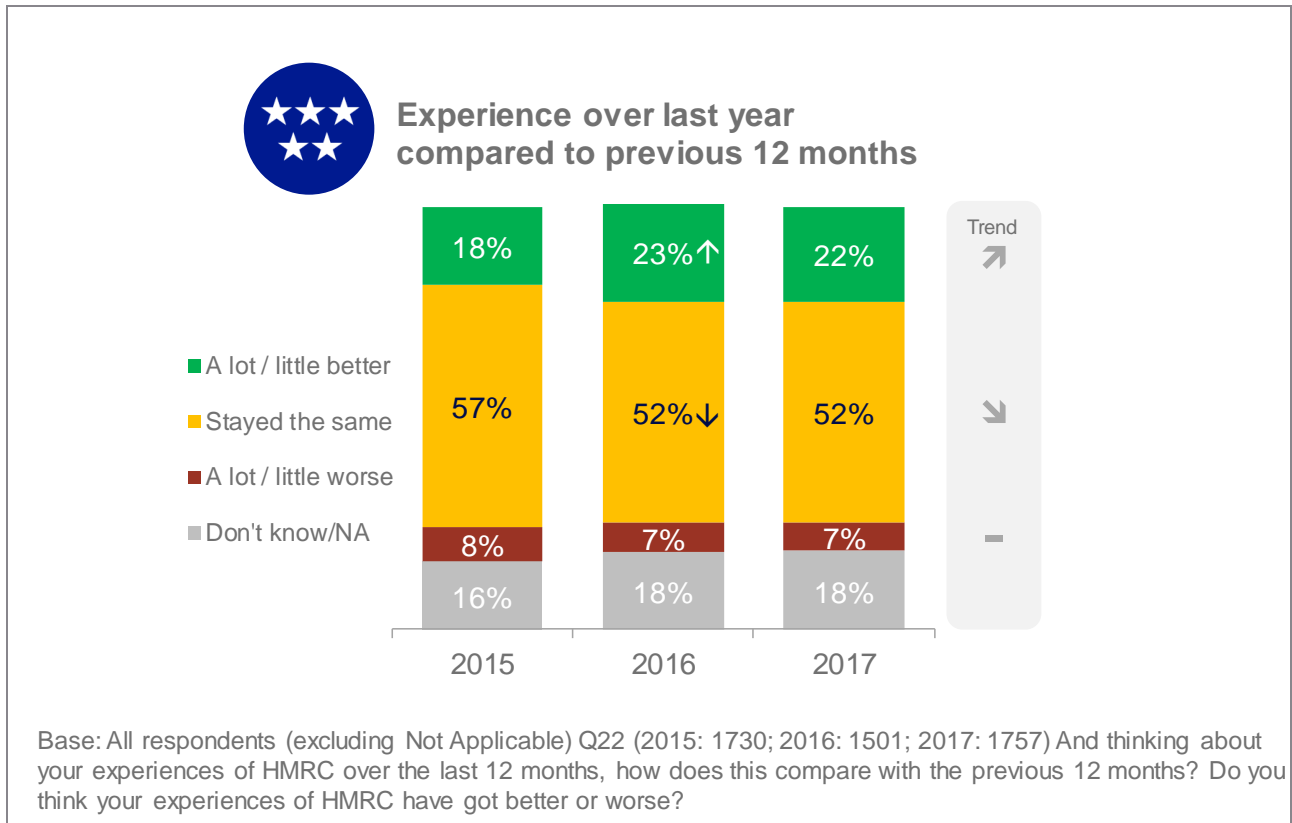


Chart 3.10 Rating of comparison of experience with previous 12 months – Individuals



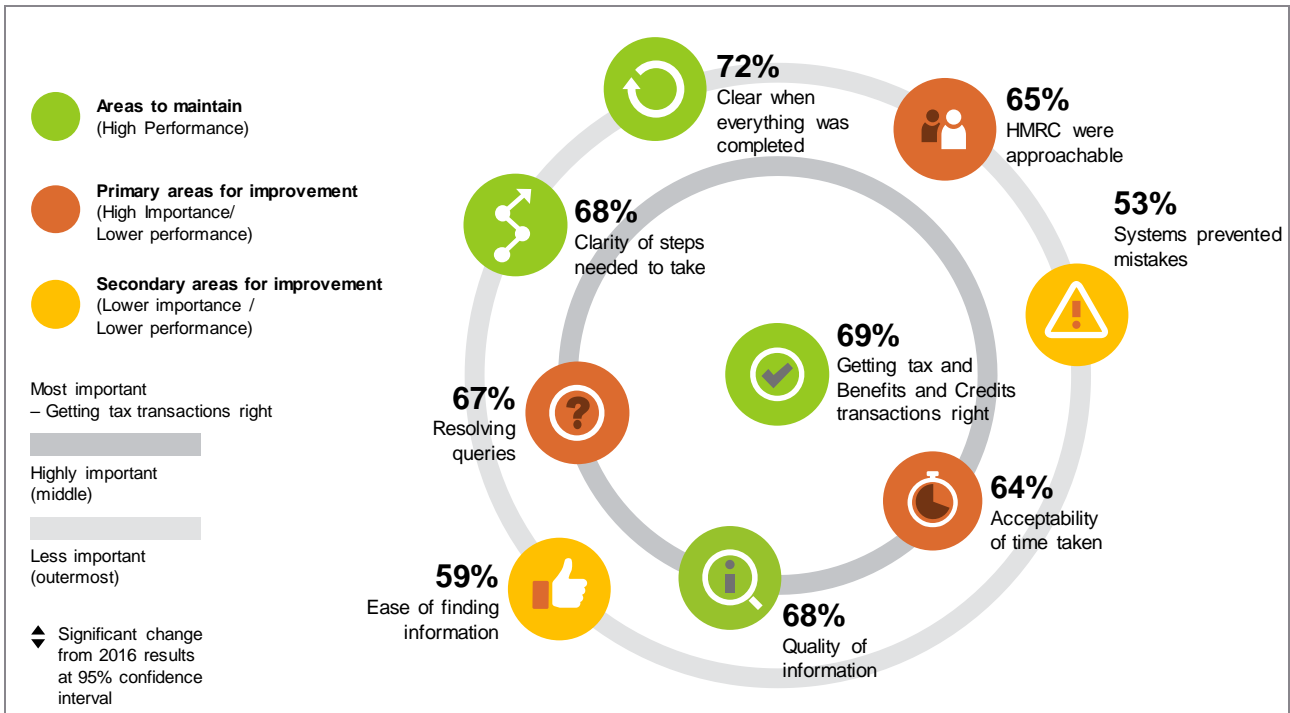
### 3.3.3 Atom Model of customer experience

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 (section 2.3.5).

The model (Chart 3.11) reflects statistical analysis of the 2017 survey results which examined the dimensions of customer experience which had greatest impact on the overall rating of customer experience.

Chart 3.11 Atom Model – Individuals 2017



HMRC getting tax and 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 was the dimension with the strongest relationship with the overall rating of experience, making this the primary dimension driving overall experience in 2017.

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

- Acceptability of time taken
- Quality of information
- Resolving queries

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

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

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 3.11,

- 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 dimension**

The most important dimension of customer experience for Individuals was HMRC getting tax or Benefits and Credits transactions right (Chart 3.12) and this was identified as an area where good performance has to be maintained. Performance for this dimension improved significantly since 2015 and has been maintained in 2017 (for further information on definitions of areas to maintain and areas to improve see section 2.3.6).

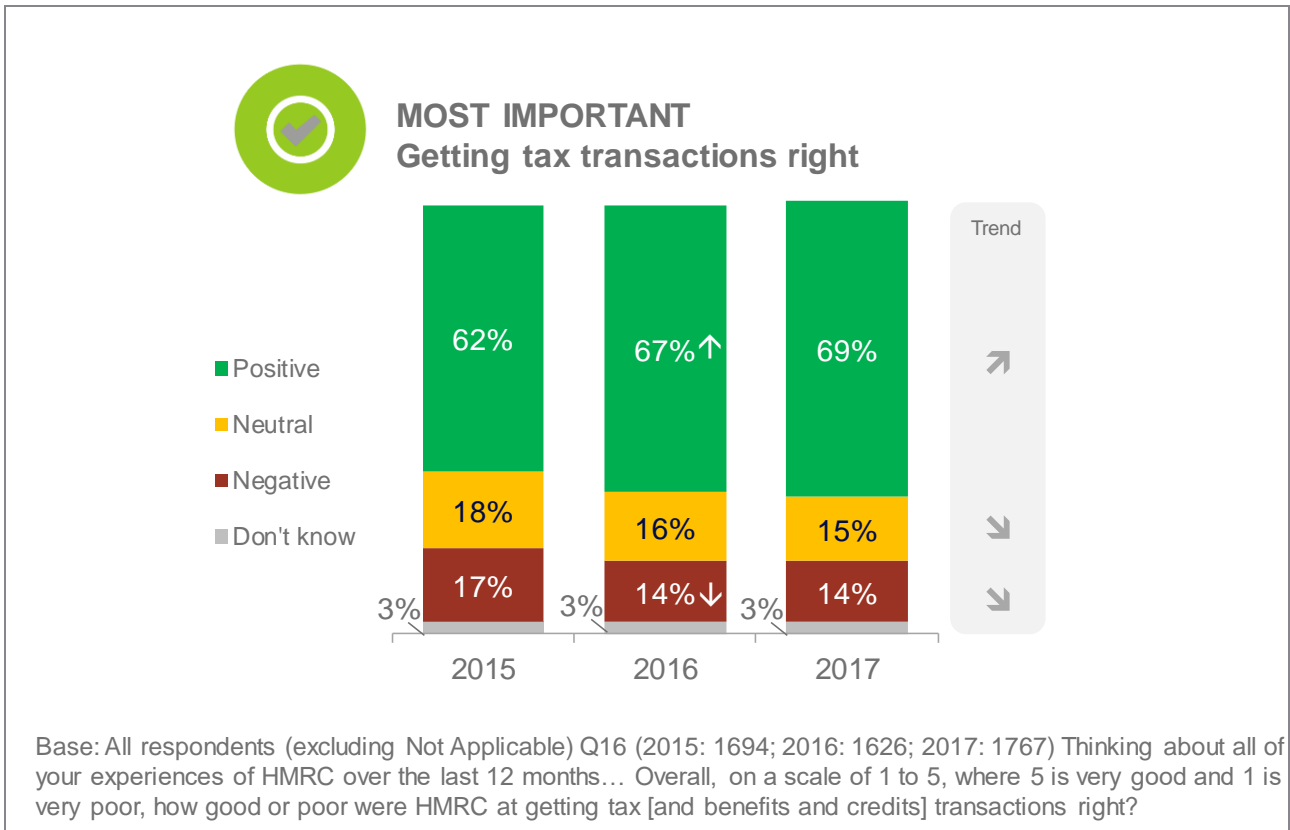
#### ***HMRC getting tax and Benefits and Credits transactions right***

Performance for HMRC getting tax and Benefits and Credits transactions right improved from 2015; positive ratings increased to two-thirds (69%, up from 62% in 2015) while negative and neutral ratings decreased slightly over this time (from 17% to 14%, and from 18% to 15%, respectively).

Similar to the 2015 and 2016 results, the channel used to interact with HMRC was associated with how customers rated HMRC on this dimension. Individuals who used online-only channels were more likely to be positive (76%) than those using telephone-only channels (57%). A quarter (24%) of those using telephone-only channels gave a negative rating compared with nine per cent online-only.

There was an increase in positive rating for customers aged 35-54 (70%, up from 57% in 2015) but not for any other age group.

Chart 3.12 Most important dimension of customer experience – Individuals



### Highly important dimensions

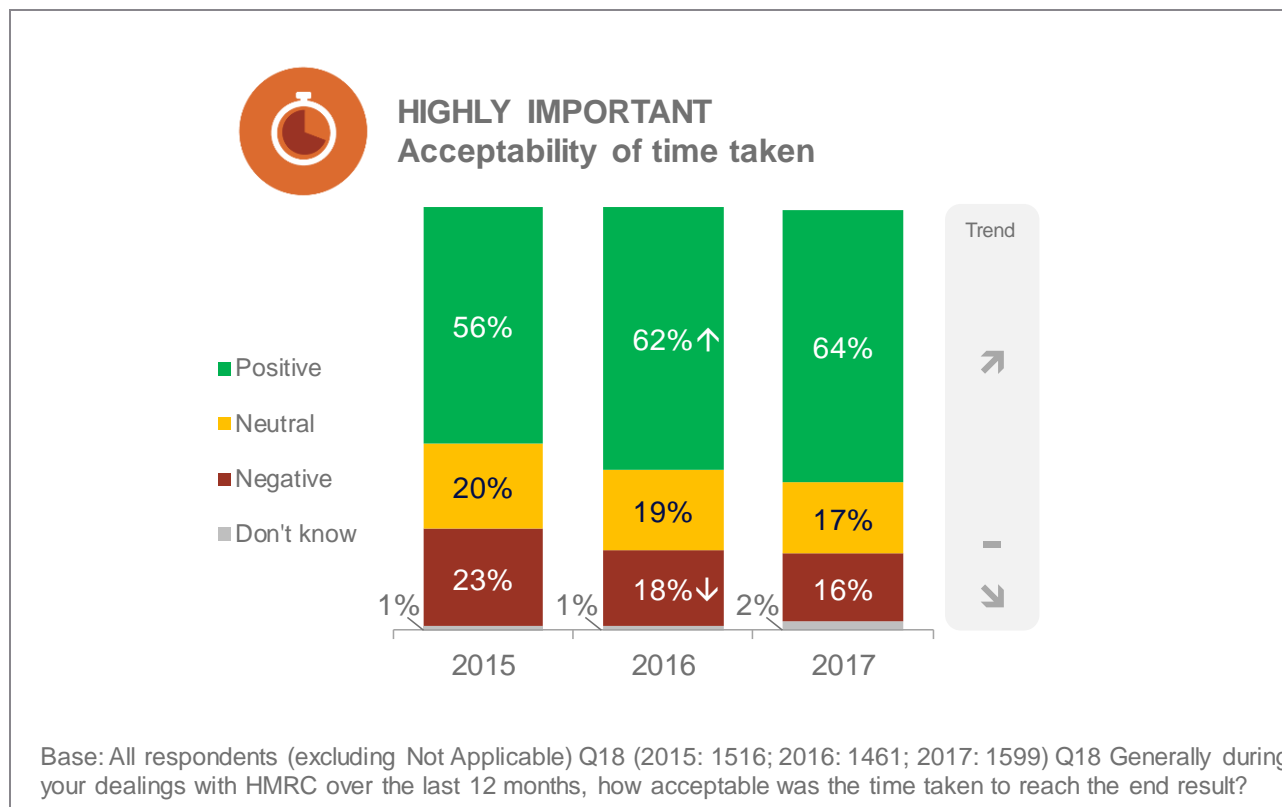
This section looks at the three dimensions of high importance to customers which were in the middle ring of the Atom Model: acceptability of time taken; quality of information; and resolving queries (Chart 3.13 and Chart 3.14).

#### Acceptability of time taken

Positivity about the acceptability of time taken to reach the end result increased to 64% (up from 56% in 2015), while negative ratings decreased to 16% (down from 23% in 2015) (Chart 3.13). While in 2015 this was the Atom Model dimension with the highest negative score, this was no longer the case in 2017. However, as performance on this dimension is still relatively low (compared with the other Atom Model measures), it remains a primary area to improve in order to increase ratings of overall customer experience.

As in 2016, online-only customers were more positive about the acceptability of time taken (73%) than those who used telephone and online channels (55%, up from 42% in 2015 and 50% in 2016). Customers who were in contact with HMRC 'often' or 'sometimes' gave a lower rating on this measure than those who had only contacted HMRC once (56% compared with 67%).

Chart 3.13 Highly important dimensions of customer experience – Individuals



### 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 (Chart 3.14). Neutral ratings decreased slightly over this time to 16% (down from 21% in 2015), while negative ratings remained the same. It is also identified as a primary area to improve in order to increase ratings of overall customer experience.

Telephone-only Individuals were more negative than online-only Individuals (24% and 10% respectively). Positive ratings increased for Personal Tax customers (67% in 2017, up from 58% in 2015).

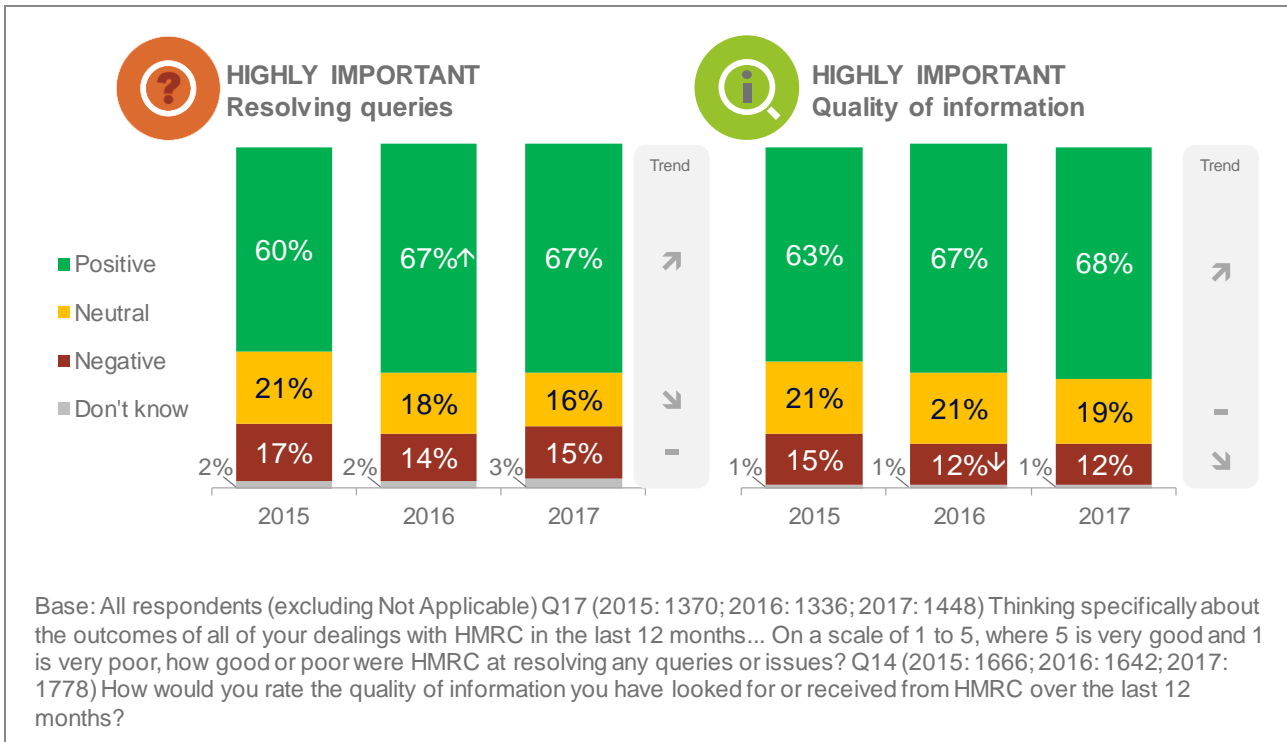
### Quality of information

Quality of information continues to be an area for HMRC to maintain, with seven in ten (68%) of Individuals positive about this dimension, up from 63% in 2015 (Chart 3.14). Negative ratings decreased to 12% (down from 15% in 2015).

Online-only customers were more likely to give a positive rating on this measure (73%) than telephone-only customers (56%). Customers with a Personal Tax Account were slightly less likely to give a negative rating (8% compared with 13% without one) for quality of information.

Individuals aged 16-34 were the most positive about quality of information (76%) while 35-54 year olds were the least positive (62%).

### 3.14 Highly important dimensions of customer experience - Individuals



### Less important dimensions

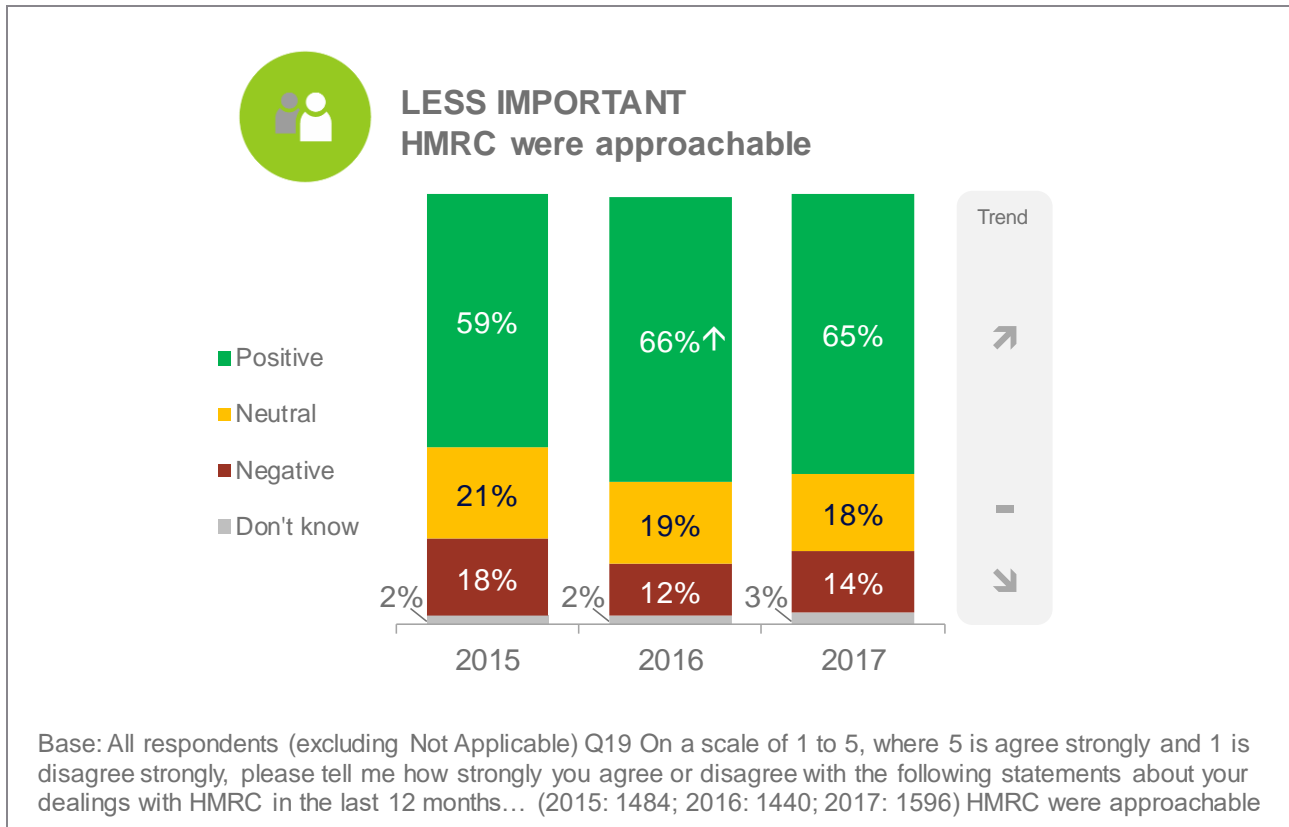
This section looks at the five dimensions which were of lower importance to the overall rating of customer experience, meaning they fell in the outer ring of the Atom Model: HMRC were approachable; systems prevented mistakes; ease of finding information; clarity of steps needed to take; and clear when everything was completed.

#### **HMRC were approachable**

Between 2015 and 2017, there were significant improvements in perceptions of HMRC being approachable (Chart 3.15); positive ratings increased to two-thirds of customers (65%, up from 59% in 2015), while negative ratings decreased to 14% (down from 18% in 2015).

There were some decreases in ratings for this measure between 2016 and 2017 for specific subgroups. Benefits and Credits customers were less likely to think of HMRC as approachable (66%, down from 74% in 2016). There was also a decrease in positive ratings among 35-54 year olds (60% in 2017, down from 67% in 2016).

Chart 3.15 Less important dimensions of customer experience – Individuals



### Systems prevented mistakes

Systems prevented mistakes was the poorest performing dimension among Individuals with half (53%) rating this positively, although this has improved slightly since 2015 (48%) (Chart 3.16). It thus remains an area for improvement – although as a secondary area – as it is less important to customers in driving ratings of their overall customer experience. Negative ratings decreased significantly to 17% (from 21% in 2015). Online-only Individuals were more positive about this dimension than Individuals who had contacted HMRC only by telephone (61% and 41% respectively).

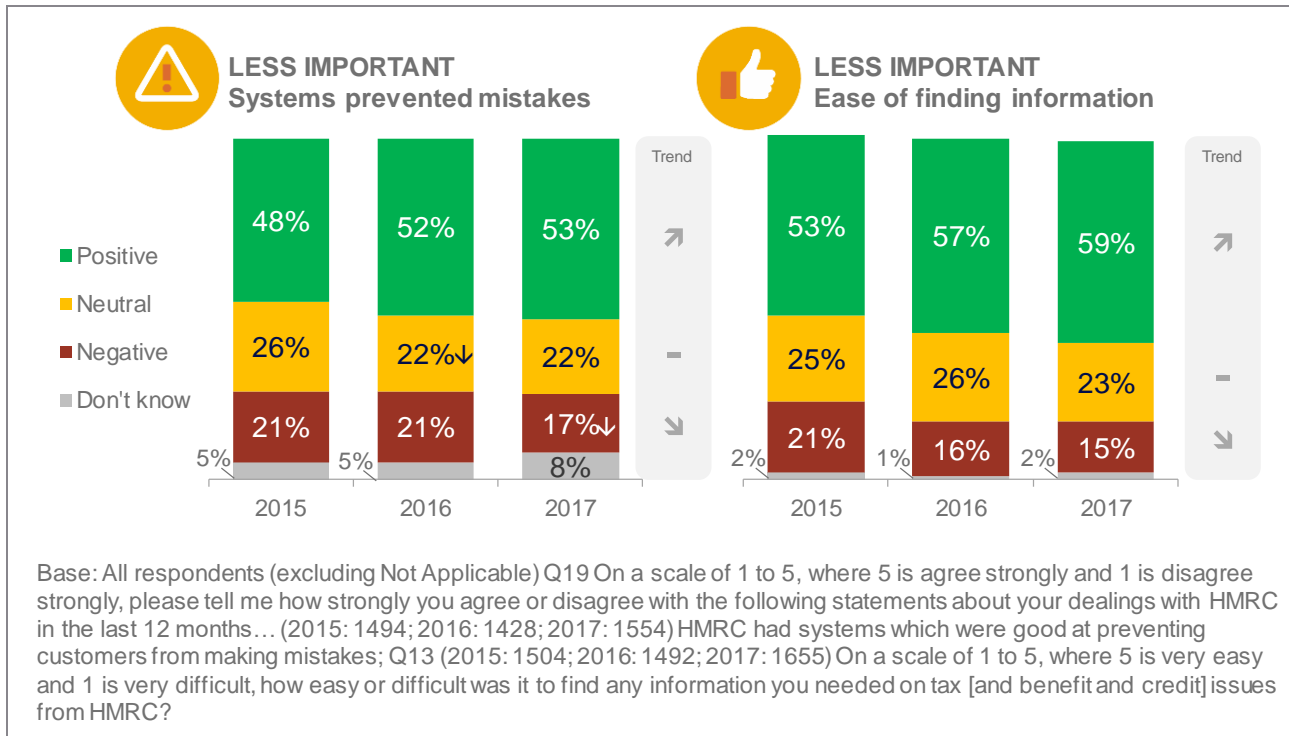
An increase in positive ratings was observed among Personal Tax customers (54%, up from 47% in 2015).

### Ease of finding information

Six in ten (59%) gave a positive rating for ease of finding information, an improvement since 2015 (53%) (Chart 3.16). There was a corresponding decrease in those who rated HMRC negatively (15%, down from 21% in 2015) and a quarter (23%) remained neutral. Due to relatively poor performance in comparison with other dimensions, this is also identified as a secondary area for improvement.

Consistent with other findings in this section, telephone-only customers were more likely to be negative than average (25% compared with 15% overall).

Chart 3.16 Less important dimensions of customer experience – Individuals



### Clarity of steps needed to take

Positive ratings for clarity of steps needed to take increased to 68% (up from 63% in 2015) while negative ratings declined slightly to 12% (down from 16% in 2015). This also continues to be an area in which HMRC should maintain performance (Chart 3.17).

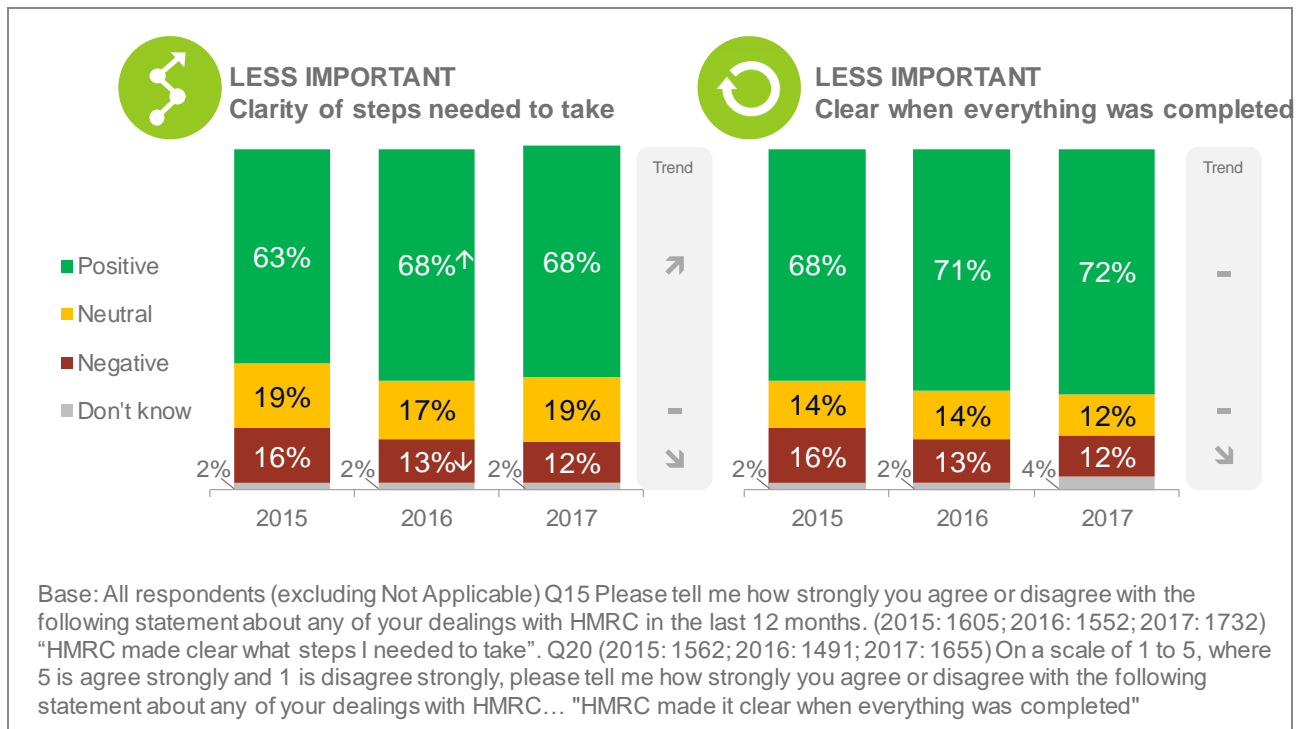
Telephone-only customers (18%) were around twice as likely as online-only customers (8%) to be negative about clarity of steps needed to take.

### Clear when everything was completed

Seven in ten customers (72%) were positive about HMRC making it clear when everything was completed – similar to 2015 (68%) – making it the highest performing dimension for Individuals. Neutral ratings also remained similar to 2015 (at 12%) while negative ratings decreased over this period (12% in 2017 compared with 16% in 2015) (Chart 3.17). This continues to be an area in which HMRC should maintain performance.

Individuals with a PTA were more positive than other customers without a PTA on this measure (77% compared with 71%).

Chart 3.17 Less important dimensions of customer experience – Individuals



### 3.3.4 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 HMRC minimised cost, time and effort in dealing with their tax affairs; and whether services were personalised to them.

These questions were asked of all Individuals who had had any interactions with HMRC in the last 12 months.

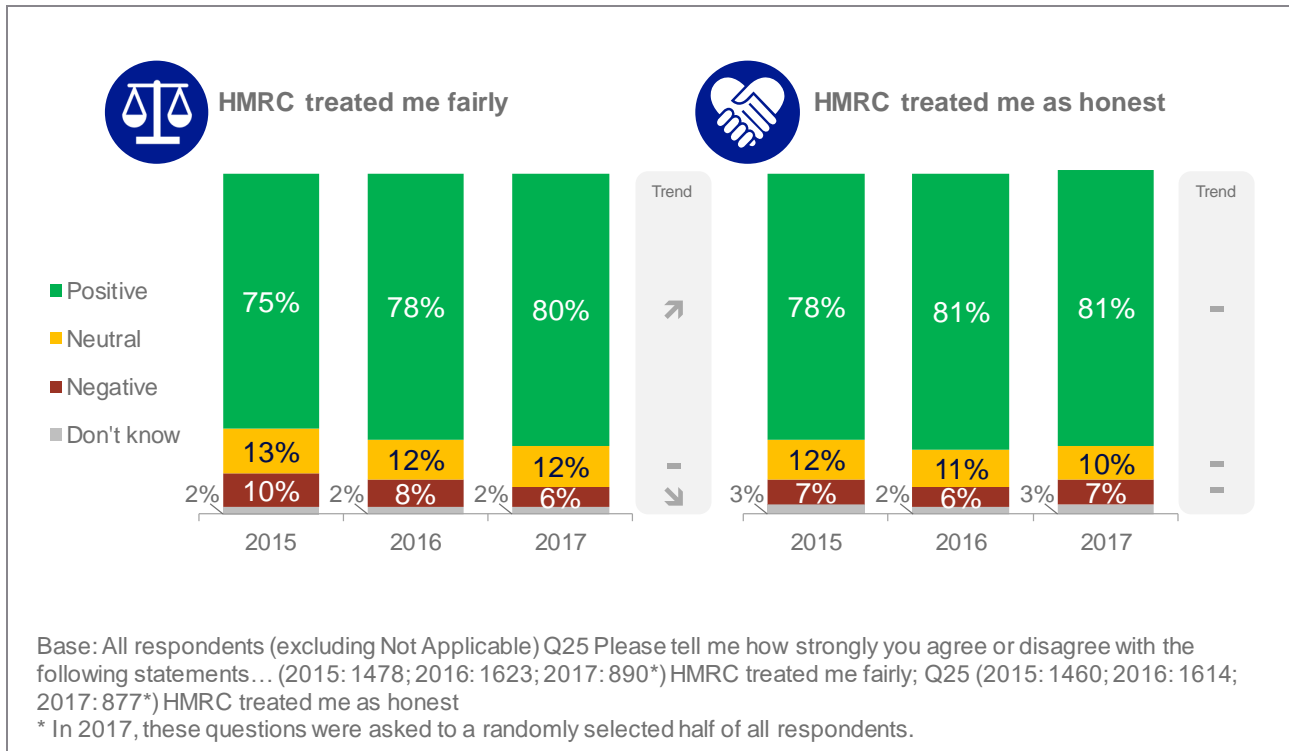
#### Fairness

High proportions of customers were positive on these two measures. Individuals' perceptions of whether HMRC treated them fairly has improved since 2015 (80%, up from 75% in 2015) while perceptions about HMRC treating them as honest remained stable (81%, no change since 2015) (Chart 3.18).

Online-only customers were more positive on both of these measures than telephone-only customers: a quarter (23%) of telephone-only customers were negative about fairness (compared with two per cent of online-only customers); while three-quarters (73%) of telephone-only customers were positive about honesty (compared with 87% of online-only customers).

Individuals with a positive overall experience were more likely to feel that HMRC treated them fairly (93%) and as honest (91%).

Chart 3.18 Fairness – Individuals



**Personalisation of services**

Individuals who had interacted with HMRC were also asked about the ease of dealing with tax issues; whether they felt HMRC minimised the cost, time and effort it took to deal with their tax affairs; and whether services were personalised to them (Chart 3.19 and Chart 3.20).

Positivity about the personalisation of information and services increased among Individuals (56%, up from 49% in 2015). Neutral and negative ratings remained similar (25% and 17% respectively) (Chart 3.19).

There was an improvement in the ratings given by online-only customers (58%, up from 48% in 2015).

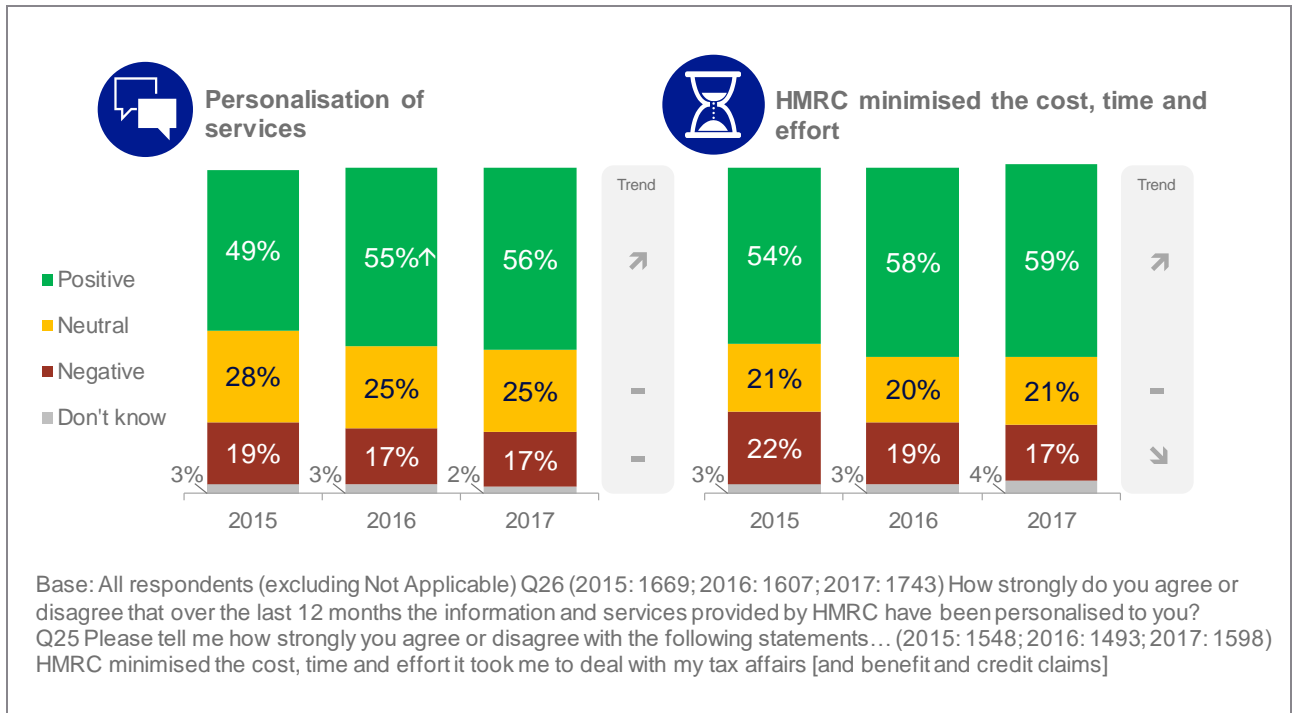
**Minimising cost, time and effort**

Perceptions that HMRC minimised the cost, time and effort of dealing with tax affairs had improved since 2015; three in five (59%, up from 54% in 2015) were positive, and one in six (17%, down from 22% in 2015) were negative (Chart 3.19).

Online-only customers were more positive (66%) compared with customers who had both telephone and online contact (47%).



Chart 3.19 Personalisation and minimisation of cost, time and effort - Individuals

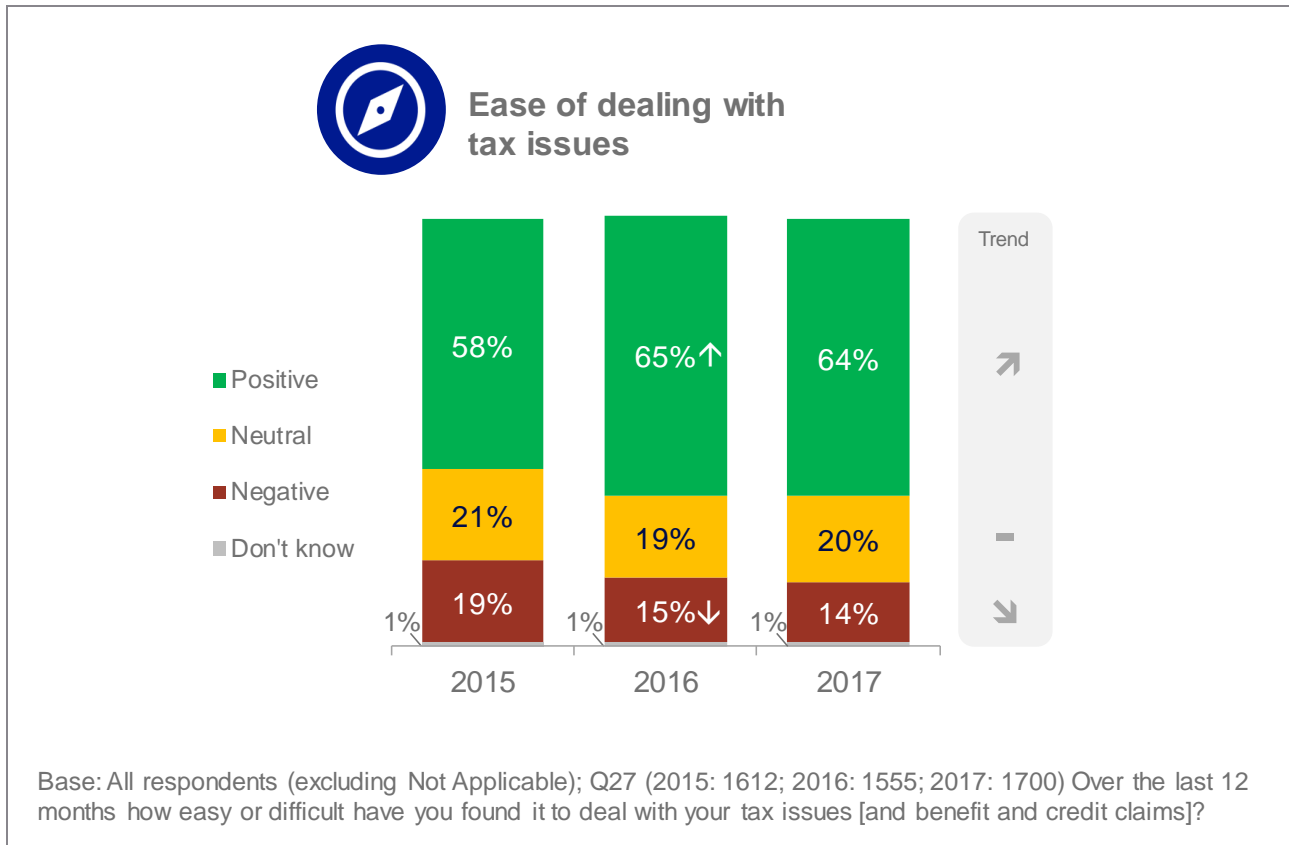


**Ease of dealing with tax issues**

Two-thirds (64%) 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 14% (down from 19% in 2015) (Chart 3.20).

Those who had online-only contact were more likely to find it easy to deal with their tax issues than those who had both online and telephone contact (70% compared with 54%). Both of these groups were more likely to find it easy than in 2015 (up from 64% and 44% respectively).

Chart 3.20 Ease of dealing with tax issues – Individuals



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

#### 3.4.1 Efficiency, effectiveness, and fairness

As in previous years, ratings for these dimensions of reputation were substantially below those of customer experience, although higher proportions were neutral or did not know. Individuals were most positive about effectiveness (42%) and least positive about efficiency (35%) (Chart 3.21).

Fairness was the only measure where positive ratings decreased from 2015 (34% in 2017, down from 38% in 2015). (Chart 3.22).

There was variation on these three measures by age. Individuals aged 16-34 were more likely than those aged 55+ to rate HMRC as efficient (48% compared with 29%); effective (54% compared with 37%); and fair (44% compared with 27%).

Benefits and Credits only customers were also much more likely than average to give positive ratings on efficiency (54%) and effectiveness (64%).

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 (51% 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 (49%, compared with 6% with a negative overall experience).

Chart 3.21 Perceptions of HMRC’s efficiency and effectiveness – Individuals

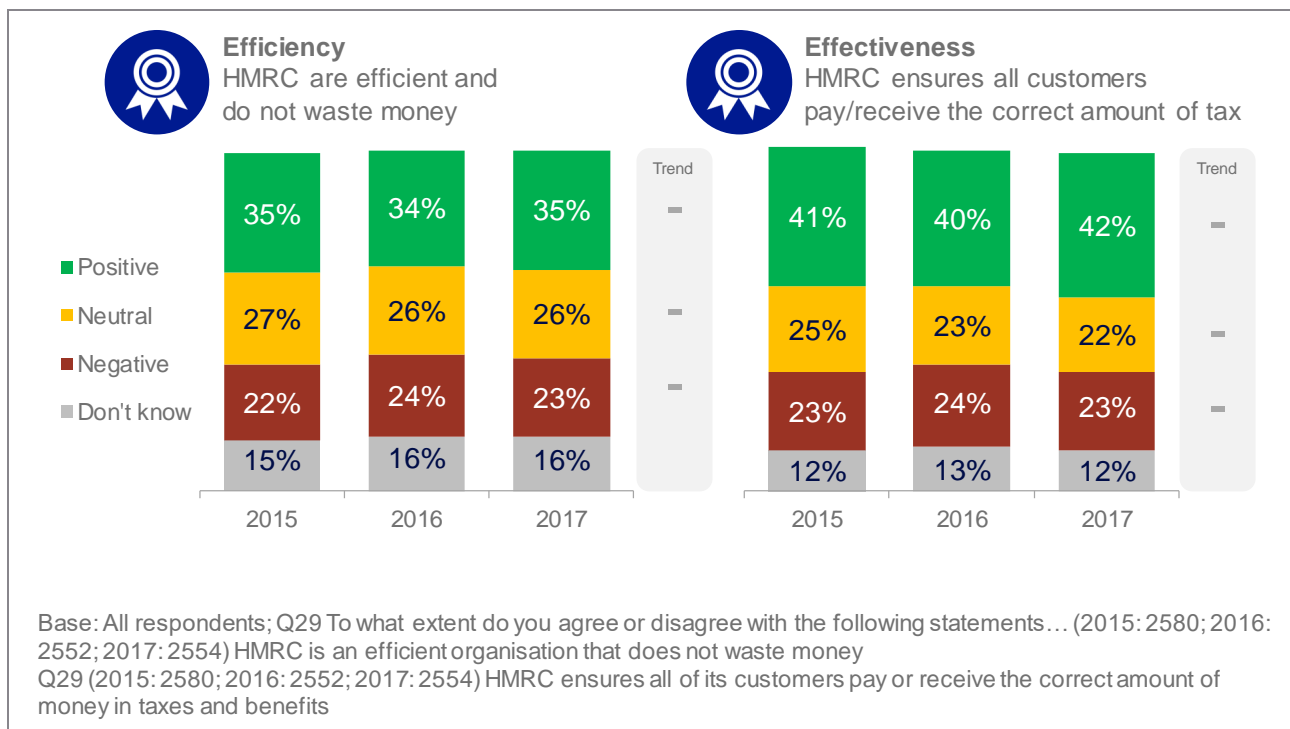
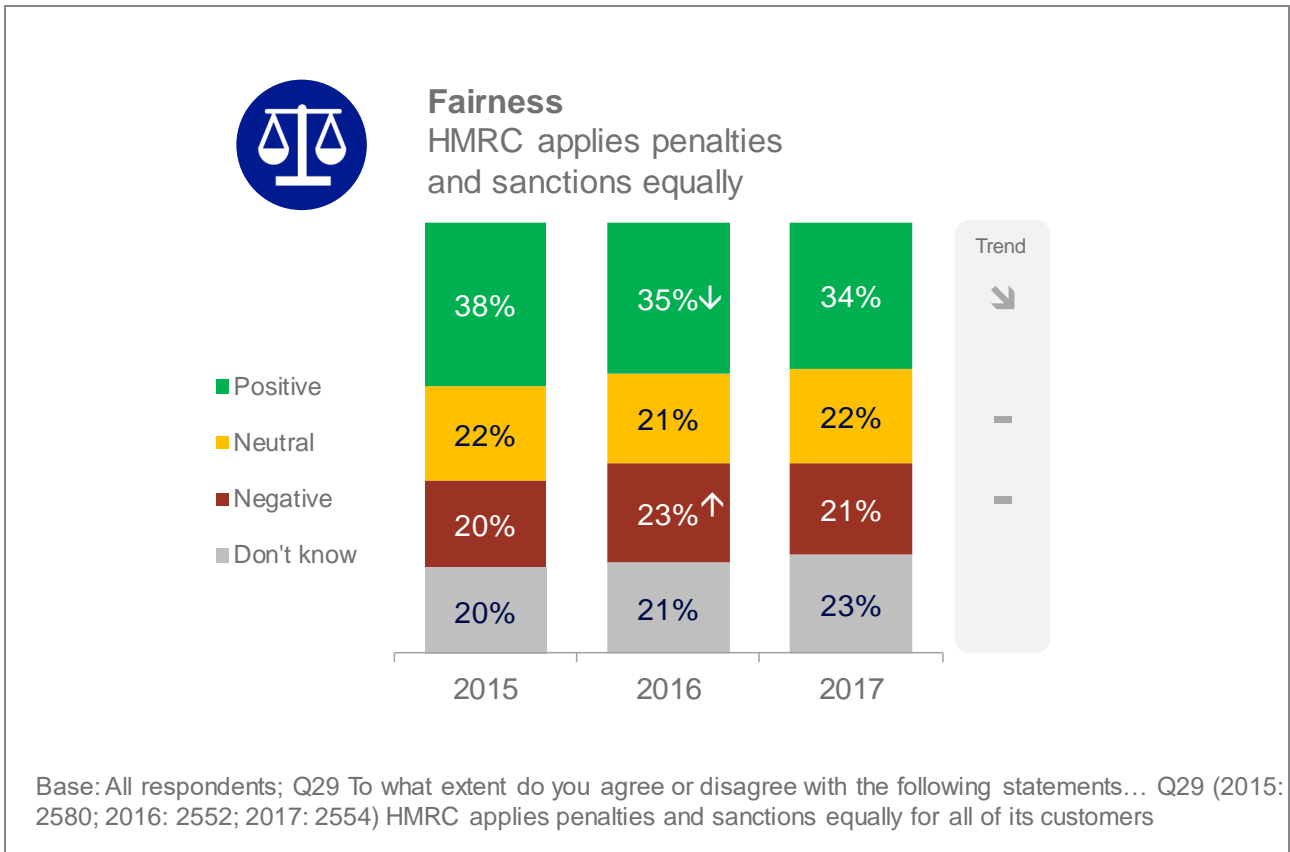


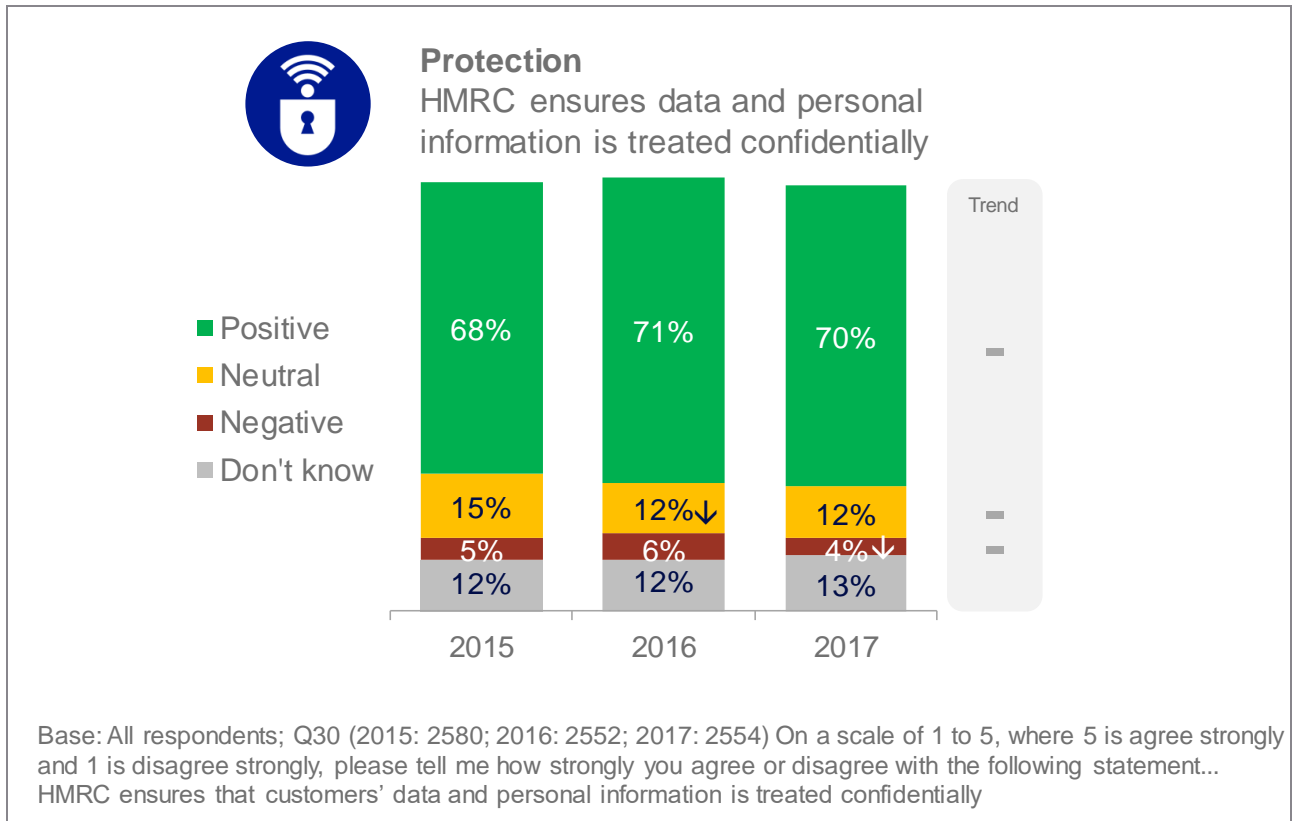
Chart 3.22 Perceptions of HMRC's fairness – Individuals



### 3.4.2 Protection of personal information

Seven in ten Individuals (70%) agreed that HMRC ensures data and personal information is treated confidentially (Chart 3.23). Only four per cent of Individuals rated HMRC negatively on this measure. These ratings remained similar to 2015 and 2016.

Chart 3.23 Protection of personal information – Individuals



### 3.4.3 Overall confidence in HMRC

More than half of Individuals (54%, up slightly from 50% in 2015) were confident in the way HMRC are doing their job, with 14% not confident (no change) (Chart 3.24). Individuals with a positive overall experience were ten times more likely to be confident in how HMRC do their job than those with a negative overall experience (73% and 7% respectively).

There was an increase in the level of confidence among online-only customers (57% in 2017, up from 51% in 2015). There was no corresponding increase among telephone-only users (53%).

Individuals aged 16-34 were more confident in HMRC than those aged 55+ (63% compared with 48%).

Chart 3.24 Confidence in the way HMRC are doing their job – Individuals



### 3.4.4 Favourability and advocacy

Unchanged from 2015, six in ten Individuals (61%) had a favourable overall opinion of HMRC. One in ten (11%, down from 14% in 2015) had an unfavourable opinion (Chart 3.25). Favourable ratings were higher than average among online-only customers (69%) and Benefits and Credits customers only (75%).

These relatively high rates of favourability did not however translate into advocacy, with three in ten (30%) saying they would speak well of HMRC to other people or organisations (Chart 3.26). Half of Individuals (50%) said they would speak in a neutral way, while 15% said they would speak in a critical way. Of these, only four per cent said they would be actively negative about HMRC.

Personal Tax Account customers were more likely than average to speak well of HMRC (38% compared with 30% overall); while customers who had used both telephone and online channels were more critical (25% compared with 15% overall).

Chart 3.25 Favourability – Individuals

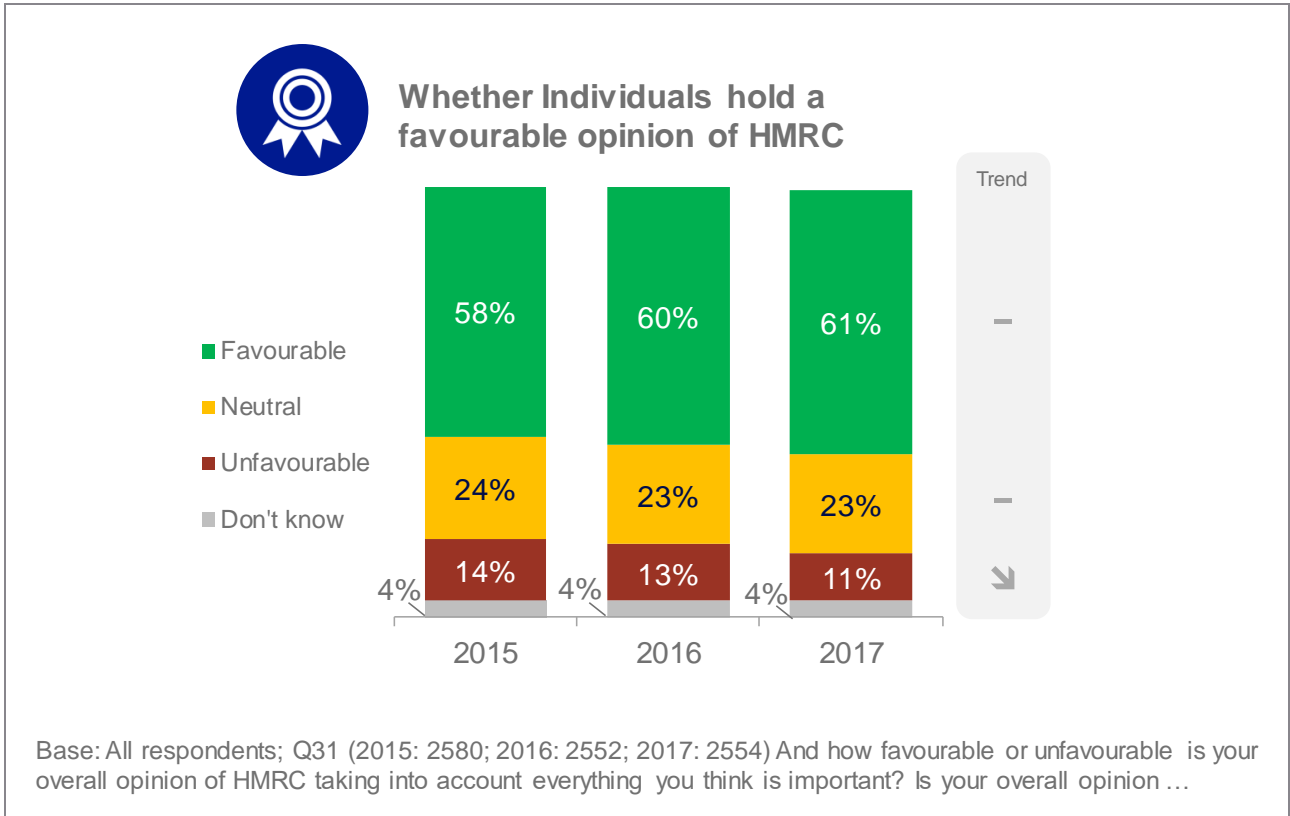
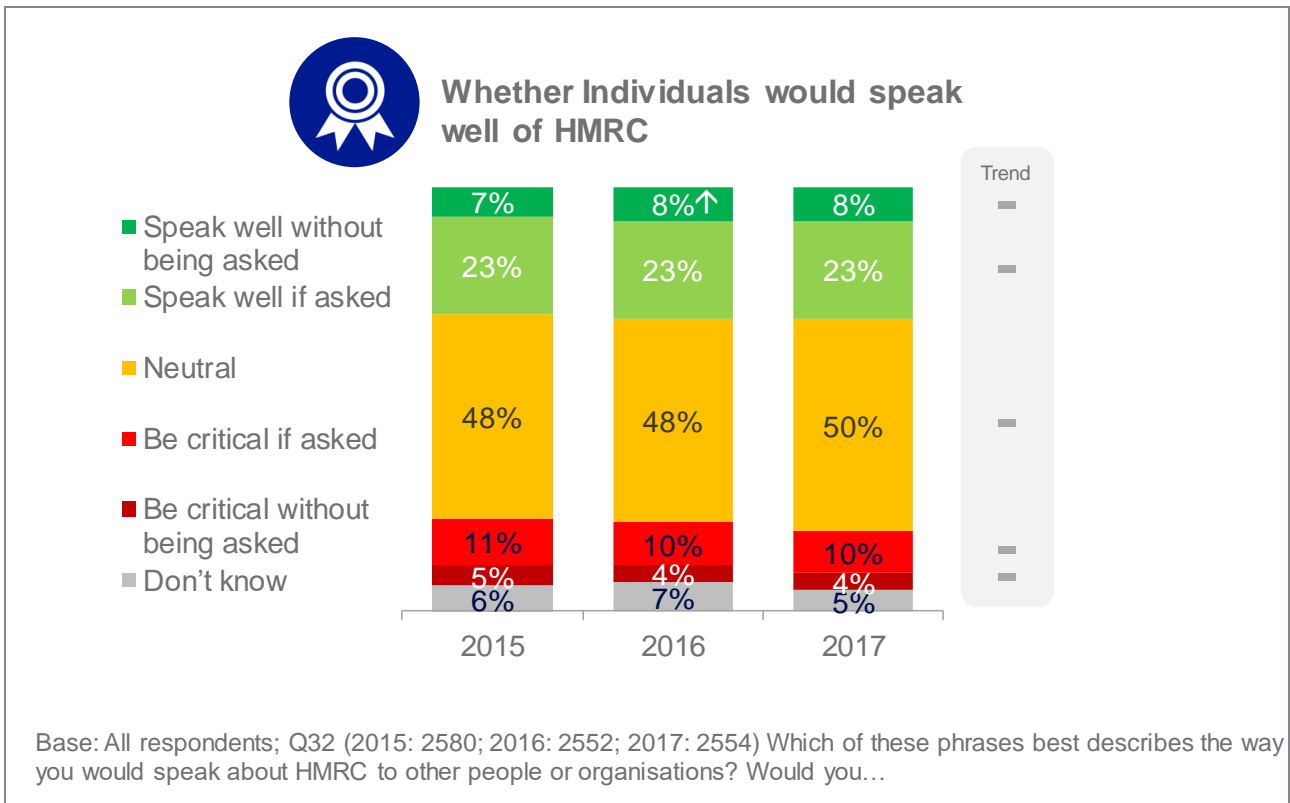


Chart 3.26 Advocacy for HMRC – Individuals



### 3.5 Perceptions of compliance

This section examines Individuals' general views and opinions on compliance with the tax system. It explores the relationship between their experience of dealing with HMRC and general perceptions of HMRC with views on compliance.

Some of the questions on compliance were added in 2016 while others were new in 2017, so no comparisons to 2015 can be made.

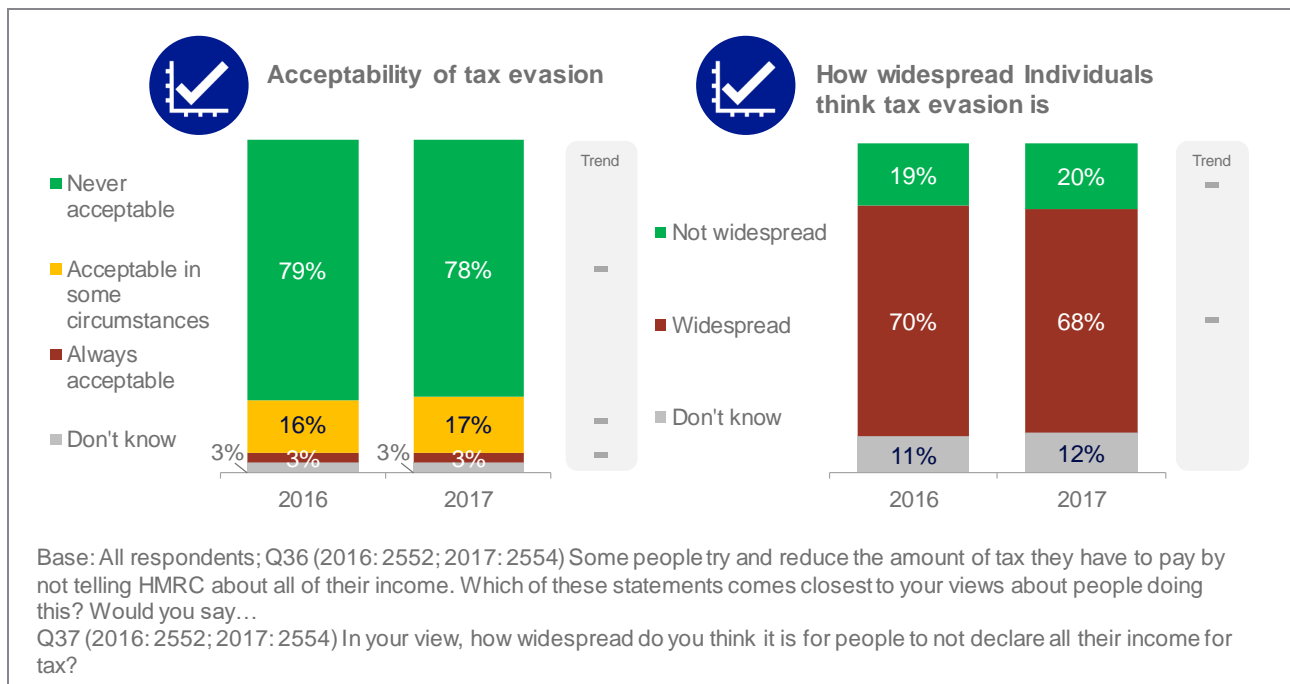
#### 3.5.1 Acceptability and extent of tax evasion

Individuals were asked about the acceptability of people evading tax, which was described as 'reducing the amount of taxes paid by not declaring all income to HMRC'. Most Individuals (78%) felt it was never acceptable to reduce the amount of tax paid by not declaring all income (Chart 3.27). However, seven in ten (68%) felt that tax evasion was widespread. In terms of acceptability, 17% felt tax evasion was sometimes acceptable and three per cent always acceptable. These figures remained unchanged from 2016.

Individuals aged 16-34 (23%) were more likely than those aged 55+ (14%) to think that evasion was acceptable in some circumstances.

Individuals who were confident in how HMRC does its job were slightly less likely to perceive tax evasion to be widespread (66%) than those who were not confident in HMRC (75%).

Chart 3.27 Acceptability of tax evasion and perception of how widespread it is – Individuals



#### 3.5.2 Likelihood to report someone suspected of tax evasion

In 2017, two new questions were added to assess attitudes towards reporting non-compliance and HMRC's ability to detect it (Chart 3.28).



Around half of Individuals in 2017 (46%) considered it likely that they would report someone they suspected of tax evasion, although only 17% thought this 'very likely'.

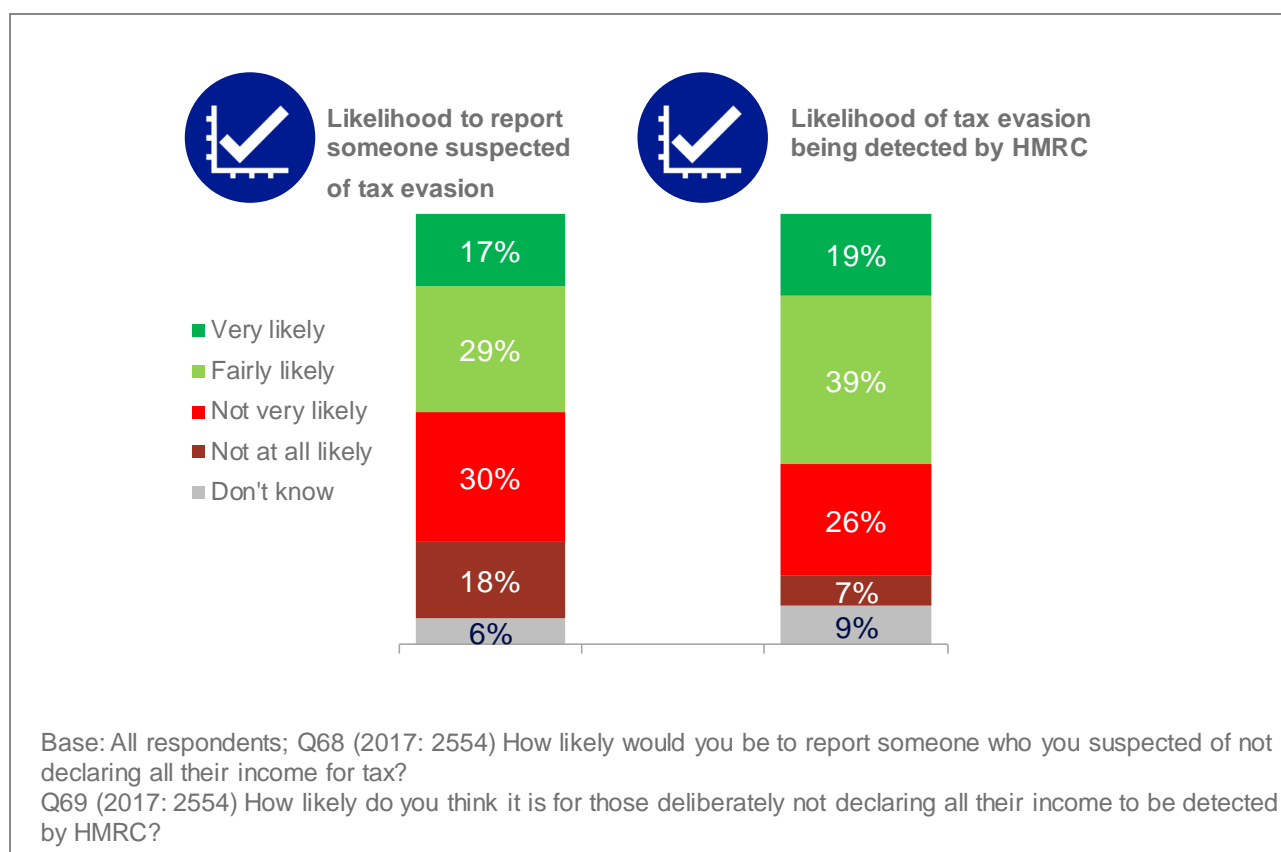
The likelihood of reporting non-compliance to HMRC was higher than average among Individuals who agreed HMRC was efficient (55% compared with 42% who did not think this) and fair (54% compared with 43% who did not think this).

### 3.5.3 Perceptions of HMRC detecting tax evasion

Individuals were also asked how likely they 'think it is for those deliberately not declaring all their income to be detected by HMRC'. Six in ten (58%) thought it likely that HMRC would detect someone who had deliberately not declared all their tax.

These two attitudes towards compliance were related. Individuals who believed that HMRC would detect non-compliance were more likely to say that they would report someone than those who thought it unlikely that HMRC would detect evasion (52% compared with 40%).

Chart 3.28 Likelihood of reporting tax evasion and perceived likelihood of HMRC detecting tax evasion – Individuals



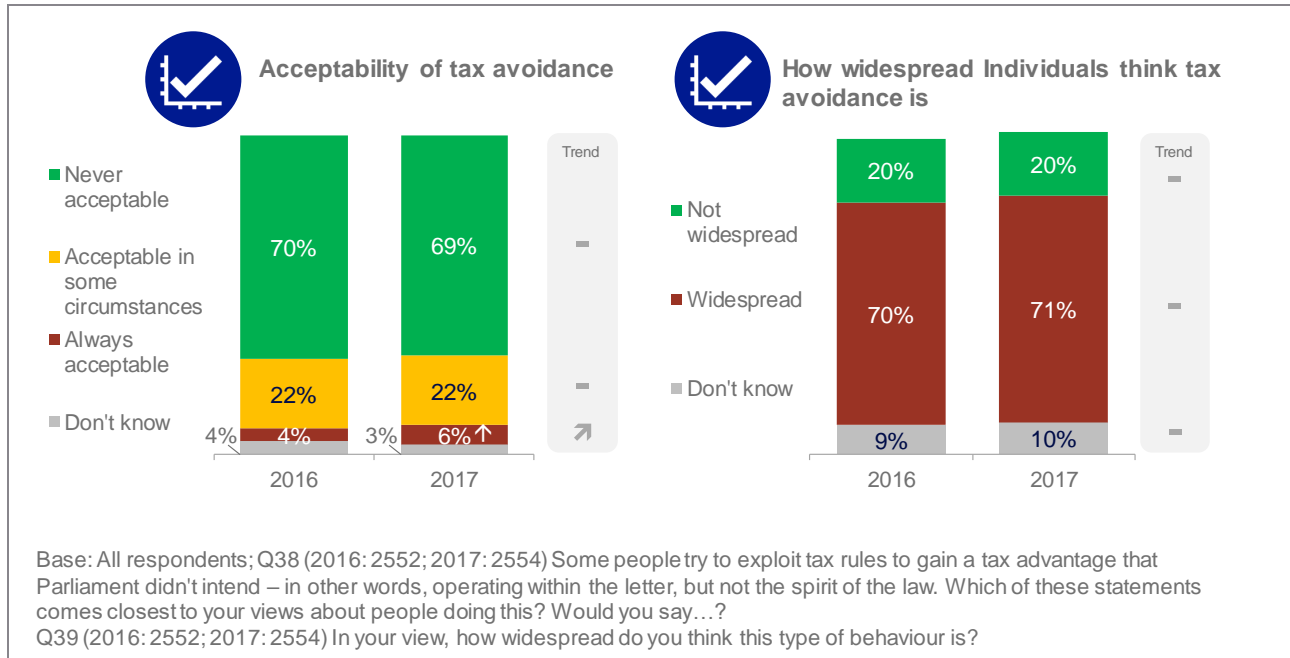
### 3.5.4 Acceptability and extent of tax avoidance

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'. Seven in ten perceived that while tax avoidance is never acceptable (69%), it is widespread (71%) (Chart 3.29). There were no changes since 2016.

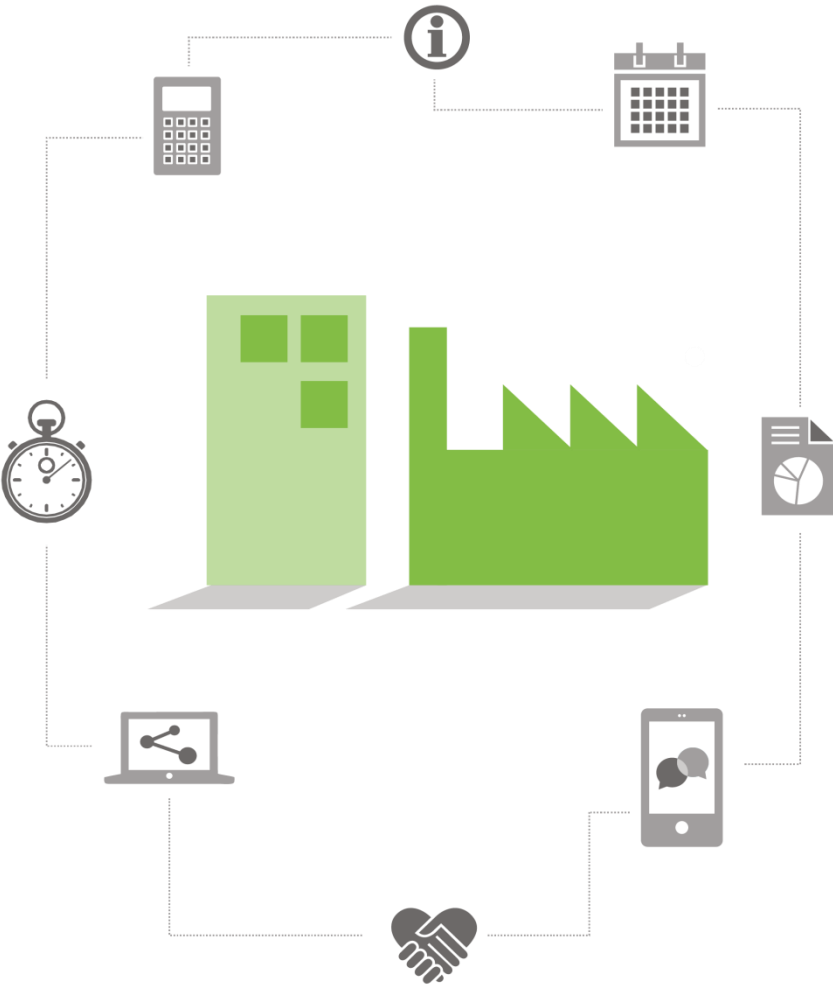
Online-only Individuals were less likely to think that avoidance was 'never acceptable' (63% compared with 77% of telephone-only customers), as were 16-34 year olds (64% compared with 72% of those aged 55+).

PAYE only customers were more likely than Self-Assessment only customers to think that avoidance is widespread (73% compared with 59%).

Chart 3.29 Acceptability of tax avoidance and perception of how widespread it is – Individuals



# 4. Small Businesses



## 4.1 Chapter Summary

Three-quarters of Small Businesses (74%) had a positive overall experience of dealing with HMRC in 2017 (this was similar to 2015 and 2016). Ratings of overall experience by those using both online and telephone channels have increased since 2015 (65% in 2017, up from 58% in 2015), with a continued reduction in those rating the telephone helplines negatively (22%, down from 35% in 2015).

While there were no improvements in ratings of any dimensions of customer experience since 2016, positive ratings increased between 2015 and 2017 for the following dimensions: systems prevented mistakes, acceptability of time taken and HMRC were professional. Quality of information was the most important driver of overall customer experience for Small Businesses in 2017.

Perceptions of HMRC were largely unchanged from 2015, with six in ten Small Businesses (58%) being confident in HMRC's ability to do their job and two-thirds (66%) having a favourable opinion of HMRC.

There was a small increase in the proportion who thought tax evasion is widespread (33% in 2017, up from 30% in 2016). Additionally, there was a slight decrease in the proportion of Small Businesses that thought tax avoidance is never acceptable (67% in 2017, down from 71% in 2016).

## 4.2 Profile of Small Businesses

This section covers the profile of Small Businesses surveyed in 2017. It includes businesses' interactions with HMRC and taxes paid over the previous 12 months, as well as the incidence of growth businesses. This section also explores 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 profile of Small Businesses has not changed significantly over the last three years.

The majority (84%) of Small Businesses surveyed had fewer than five employees: under half (45%) had no employees, while four in ten (39%) had one to four employees. One in ten (10%) had five to nine employees and only six per cent were in the largest size band (10 to 19 employees).

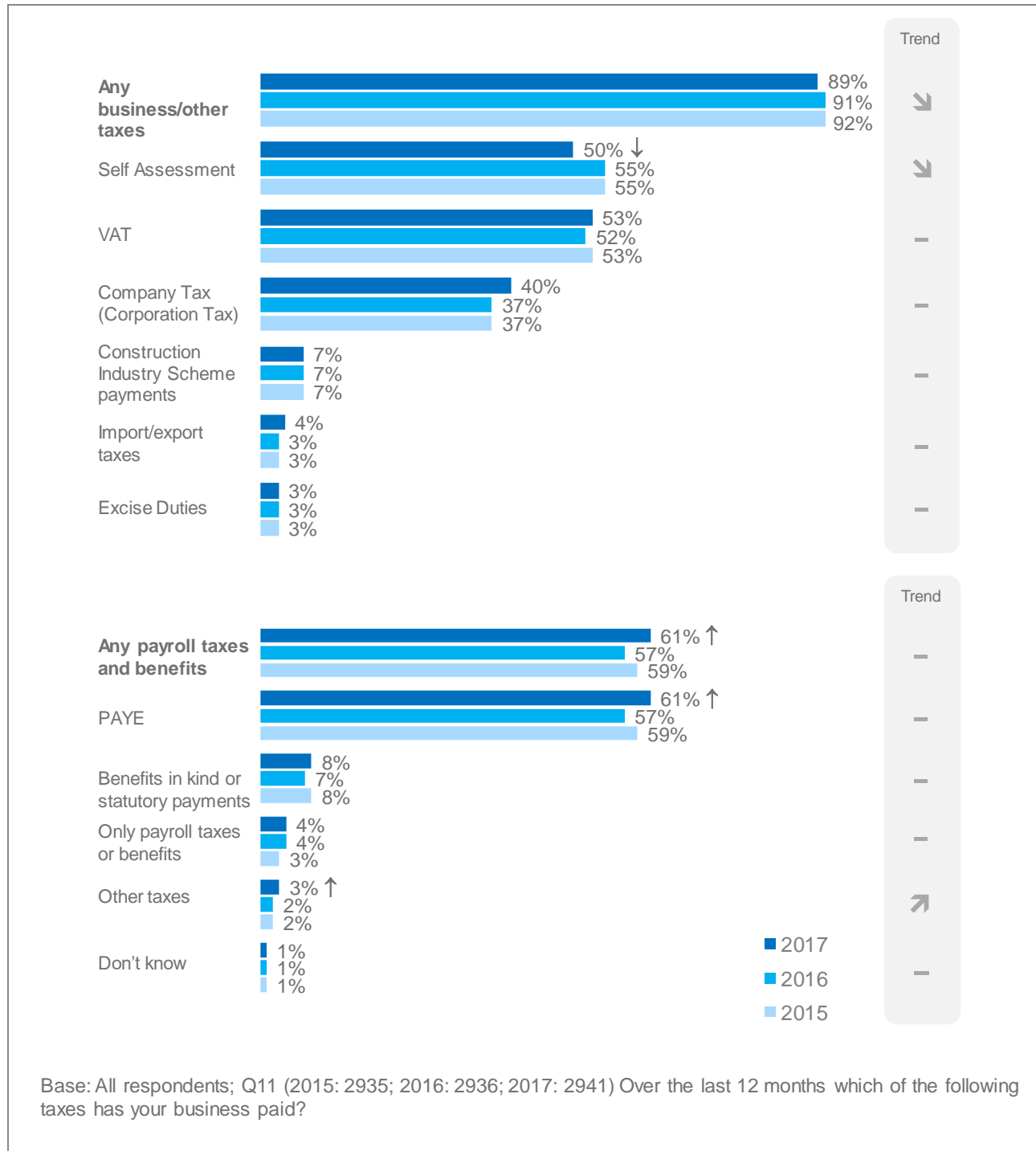
Half of Small Businesses (51%) had a turnover of between £8,000 and £82,000, so were below the VAT threshold.

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



Most paid business taxes (89%, down from 92% in 2015) and six in ten (61%, up from 57% in 2016) paid payroll taxes and benefits. The proportion of Small Businesses that paid only payroll taxes or benefits had remained small (4%).

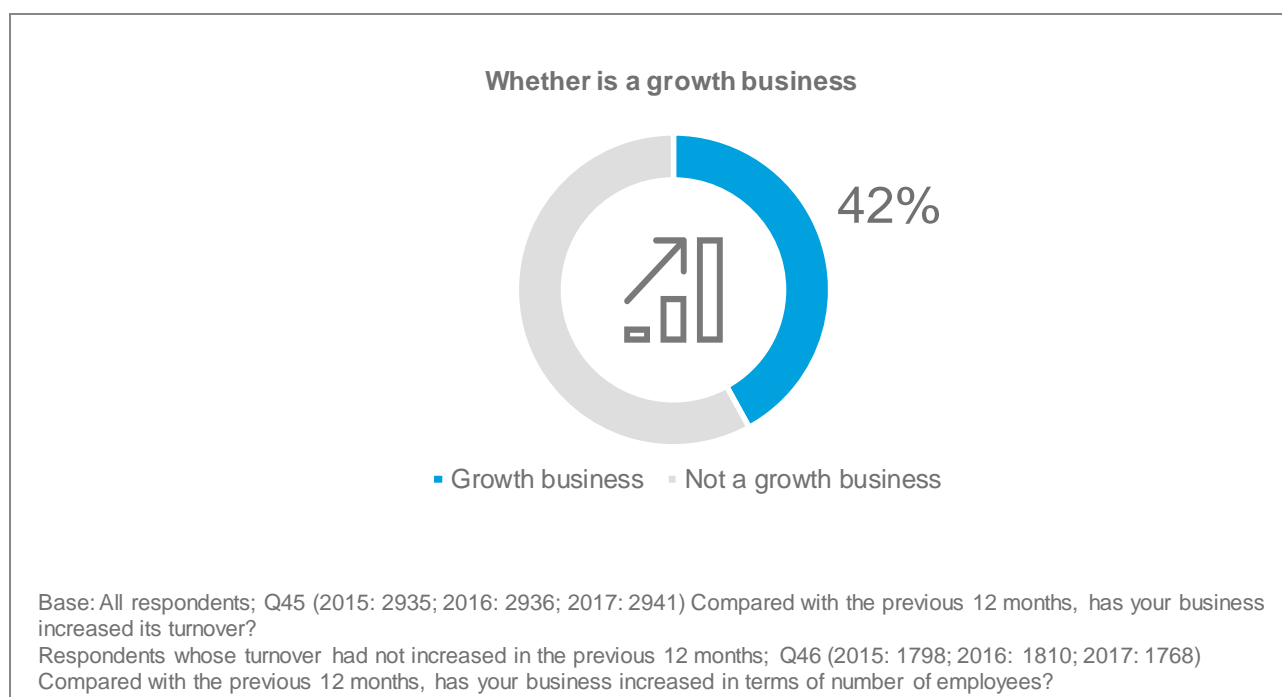
Half paid Self-Assessment (50%, down from 55% in 2015 and 2016), and four in ten (40%) paid Company Tax (Corporation Tax).

In terms of any payroll taxes and benefits, six in ten Small Businesses (61%) paid Pay As You Earn (PAYE). This increased since 2016 (61% in 2017, slightly up from 57% in 2016). One in ten businesses paid benefits in kind or statutory payments (8%).

#### 4.2.3 Business growth

Four in ten (42%) Small Businesses were defined as growth businesses<sup>21</sup>, meaning that their turnover and/or number of employees had increased in the previous 12 months (Chart 4.2). 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 (61%) as those with no employees (32%).

Chart 4.2 Growth businesses – Small Businesses



#### 4.2.4 Types of interaction with HMRC

Small Businesses were asked about the type of interactions they had had with HMRC in the previous 12 months. These interactions can be split between active interactions, where the business actively engaged with HMRC, and passive interactions, where the business was a recipient of information from HMRC (Chart 4.3).

Three-quarters of Small Businesses (73%) had active interactions with HMRC in the last 12 months. This was a slight decrease from 2015 (77%). Seven in ten (69%) had had any passive interactions over the past 12 months. This was also a slight decrease from 2015 (72%). The

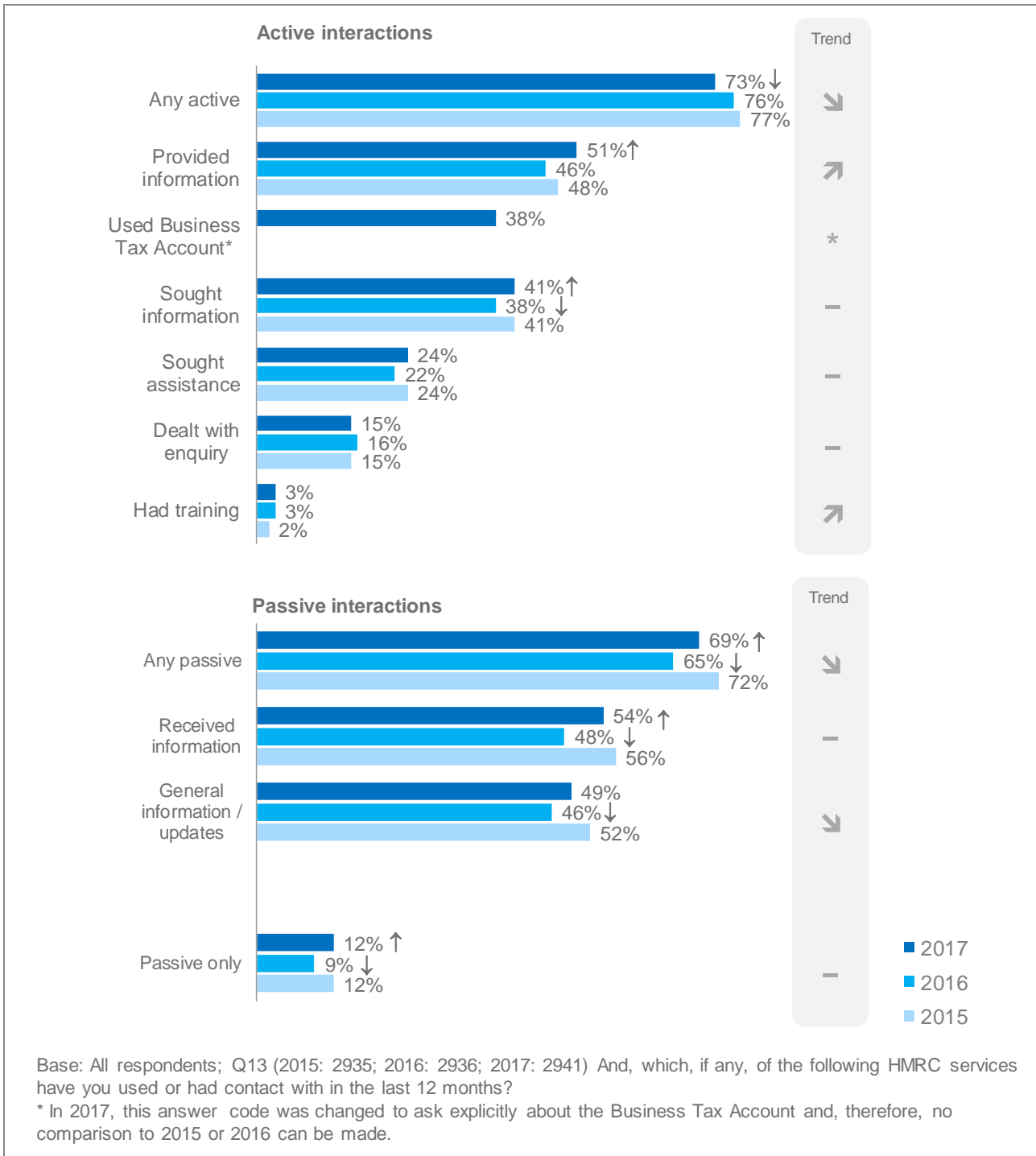
<sup>21</sup>Businesses that answered 'yes' to one of the following questions were classified as a 'growth business':

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?

proportion of Small Businesses that had interacted only passively with HMRC remained stable since 2015 (12%).

Chart 4.3 Type of interaction with HMRC in the last 12 months - Small Businesses



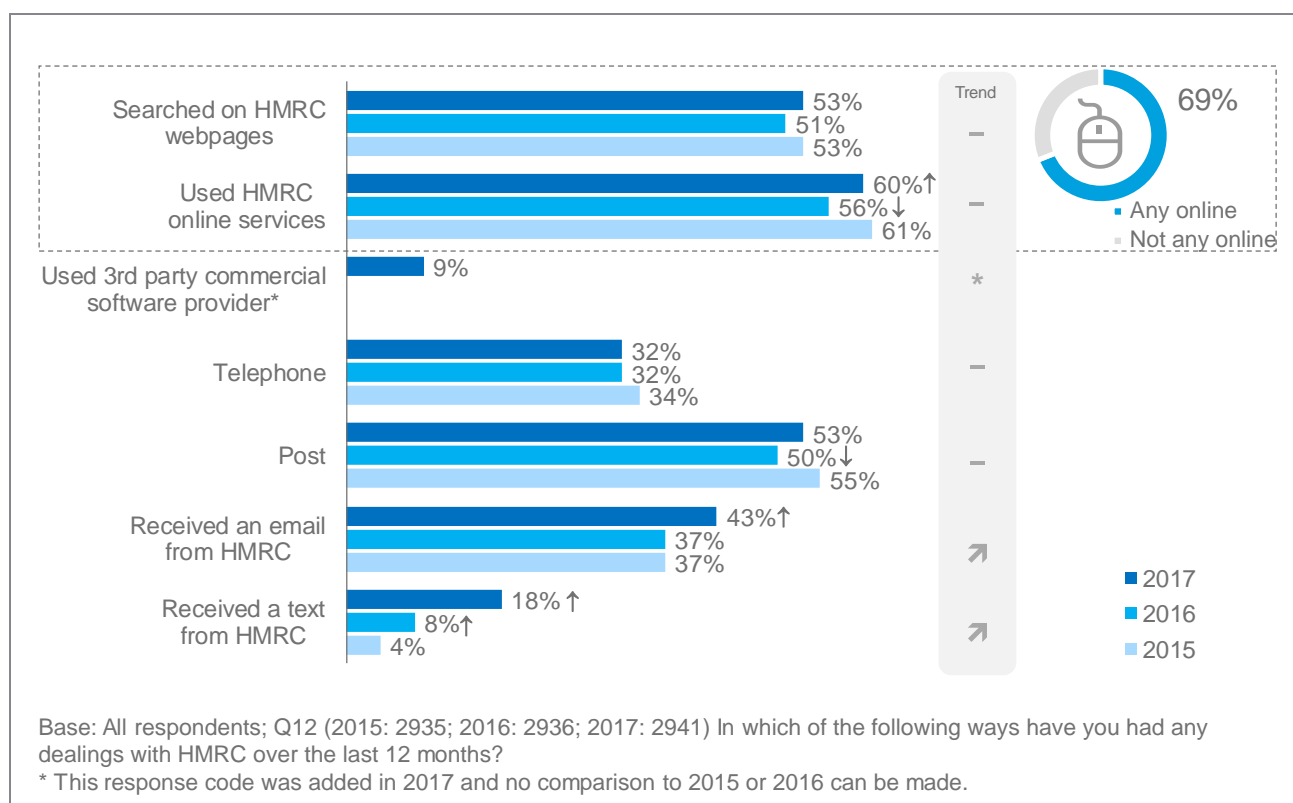
Small Businesses with more employees were more likely to have interacted actively or passively with HMRC over the last year than those with fewer or no employees. Nine in ten (90%) Small Businesses with 10 to 19 employees had interacted actively compared with only two-thirds (66%) of those with no employees.

## 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 (Chart 4.4). 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.

Small Businesses continued to communicate with HMRC through a range of channels, with seven in ten (71%) making or receiving contact through multiple channels over the past 12 months. Less than two in ten (17%) had used a single channel to interact with HMRC.

Chart 4.4 Channels of contact – Small Businesses



Seven in ten (69%) Small Businesses had used an online channel to interact with HMRC in the previous 12 months. Over half of Small Businesses (53%) had searched for information on the HMRC webpages while six in ten (60%) had used HMRC's online services.

A third of Small Businesses (32%) had interacted with HMRC via the telephone and over half (53%) had interacted by post.

The proportion of Small businesses receiving an email (43%, up from 37% in 2015) or text from HMRC 18%, up from 4% in 2015) has increased.

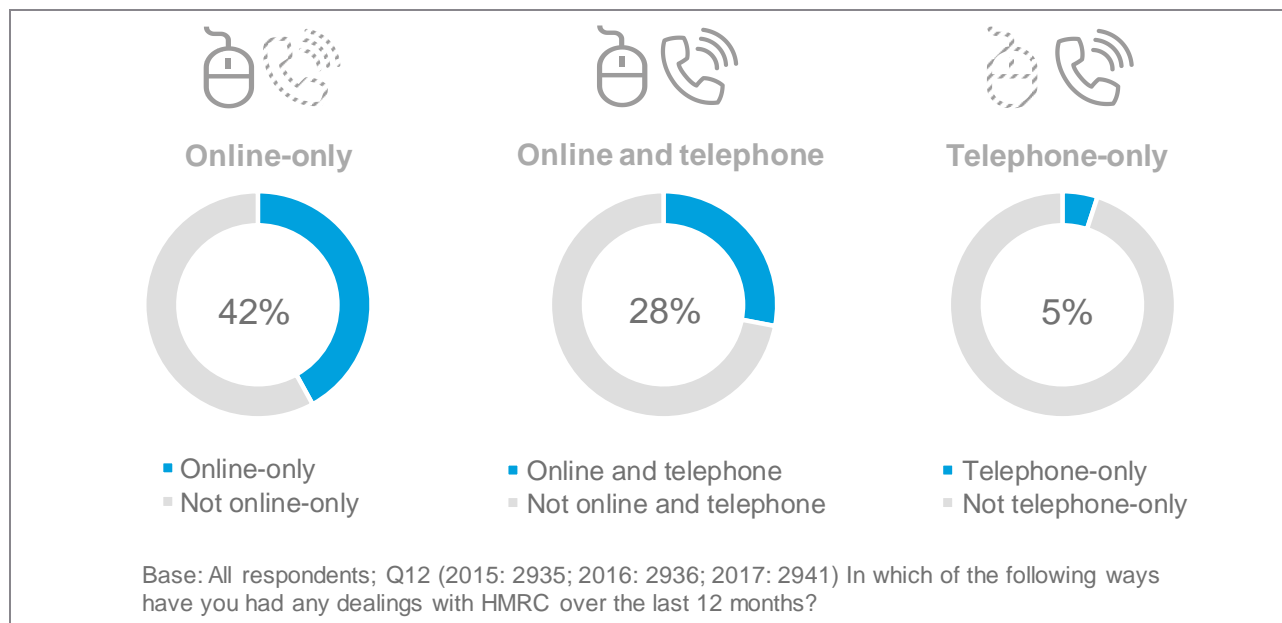
Looking at the overlap between those using any online channels and the telephone, the largest group was those that interacted online but not by telephone, with four in ten (42%) businesses



interacting online-only (Chart 4.5). Three in ten (28%) made use of both channels, while only five per cent used the telephone but not any online channels (telephone-only).

Larger businesses were more likely to have interacted by both online and telephone channels (48% of businesses with 10 to 19 employees compared with 18% for those with no employees).

Chart 4.5 Online and telephone channels of contact with HMRC – Small Businesses



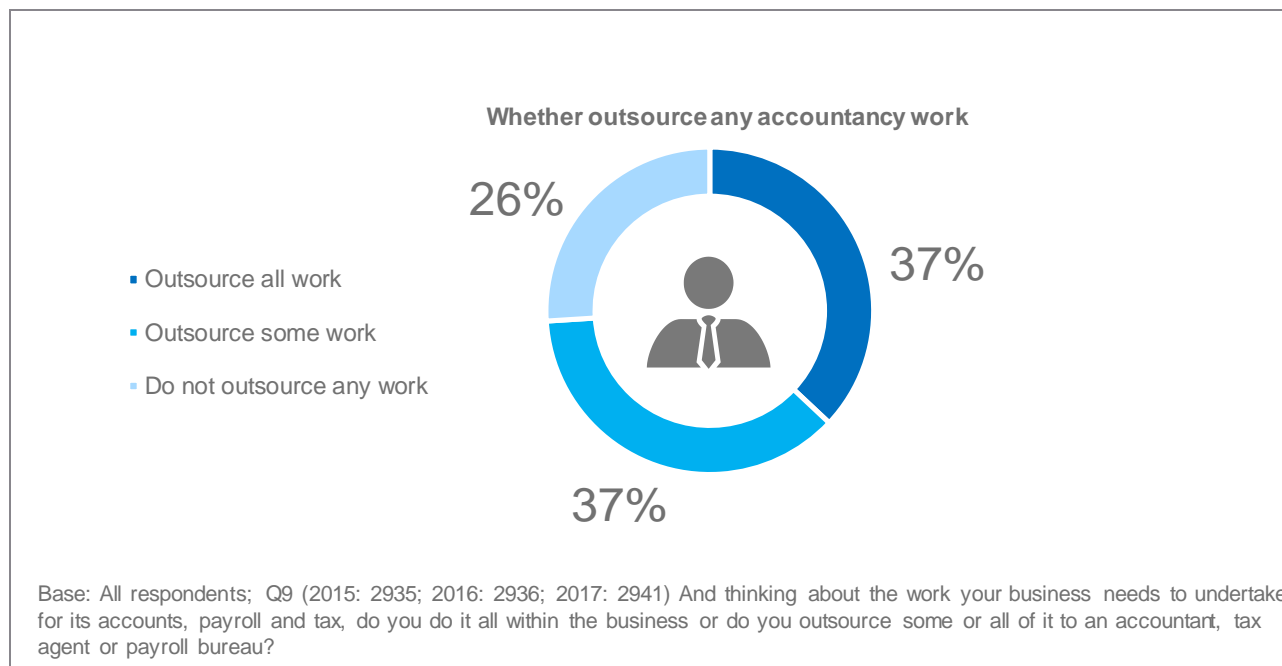
#### 4.2.6 Agent usage and ease of agent acting on business' behalf

Three-quarters of Small Businesses (73%) used an Agent to deal with all or some of their tax affairs (Chart 4.6). Similar proportions did some of the work within the business and outsourced some (37%), or all work (37%). A quarter (26%) did all of the work within the business (Chart 4.6).

Businesses with no employees (36%) and those with 10 to 19 employees (30%) were more likely to do all their work in house than Small Businesses with one to nine employees. Eight in ten with one to four employees (83%) or five to nine employees (81%) outsourced some or all of their accountancy work to an Agent.

Three-quarters of Small Businesses (77%) that used an Agent said HMRC made it easy for someone else to act on their behalf. Only four per cent gave a negative score.

Chart 4.6 Outsourcing accountancy work to Agents – Small Businesses



## 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 4.7).

In general, the online services were rated more positively than the telephone helplines. The most positively rated contact channel was HMRC's online services, with eight in ten Small Businesses being positive (79%). Two-thirds of Small Businesses (65%) rated the HMRC webpages positively. The ratings for online services have remained stable from 2015 and the ratings for the HMRC webpages have been stable since 2016.<sup>22</sup>

Small Businesses that had used online-only were more positive about the online contact channels than those that had used online and telephone:

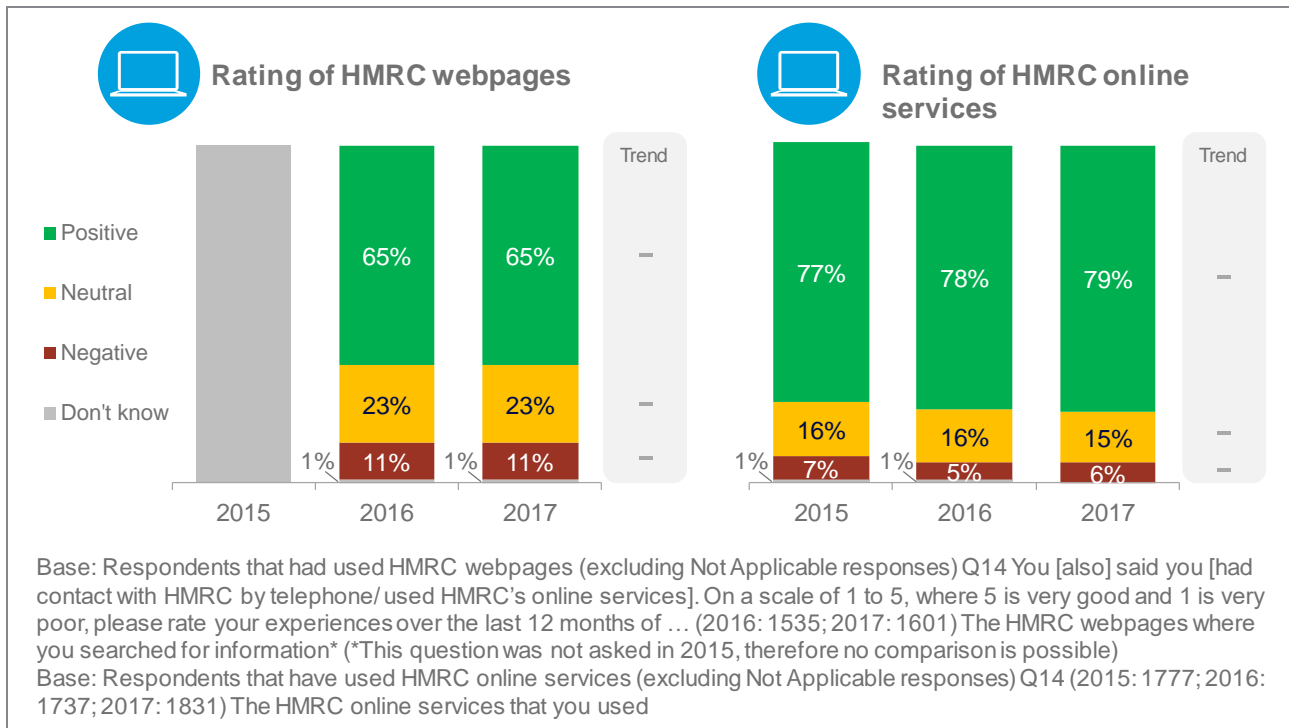
- Over eight in ten (84%) online-only Small Businesses were positive about HMRC's online services, while seven in ten (72%) businesses that had used online and telephone were positive.

<sup>22</sup> This question was not asked in 2015, so no comparisons to 2015 are possible.

- Similarly, seven in ten (71%) online-only Small Businesses were positive about HMRC's webpages while six in ten (59%) businesses using both online and telephone were positive.

As discussed above (4.2.5), Small Businesses using both online and telephone channels typically had more employees, and therefore these businesses may have more complex, or less routine, dealings with HMRC.

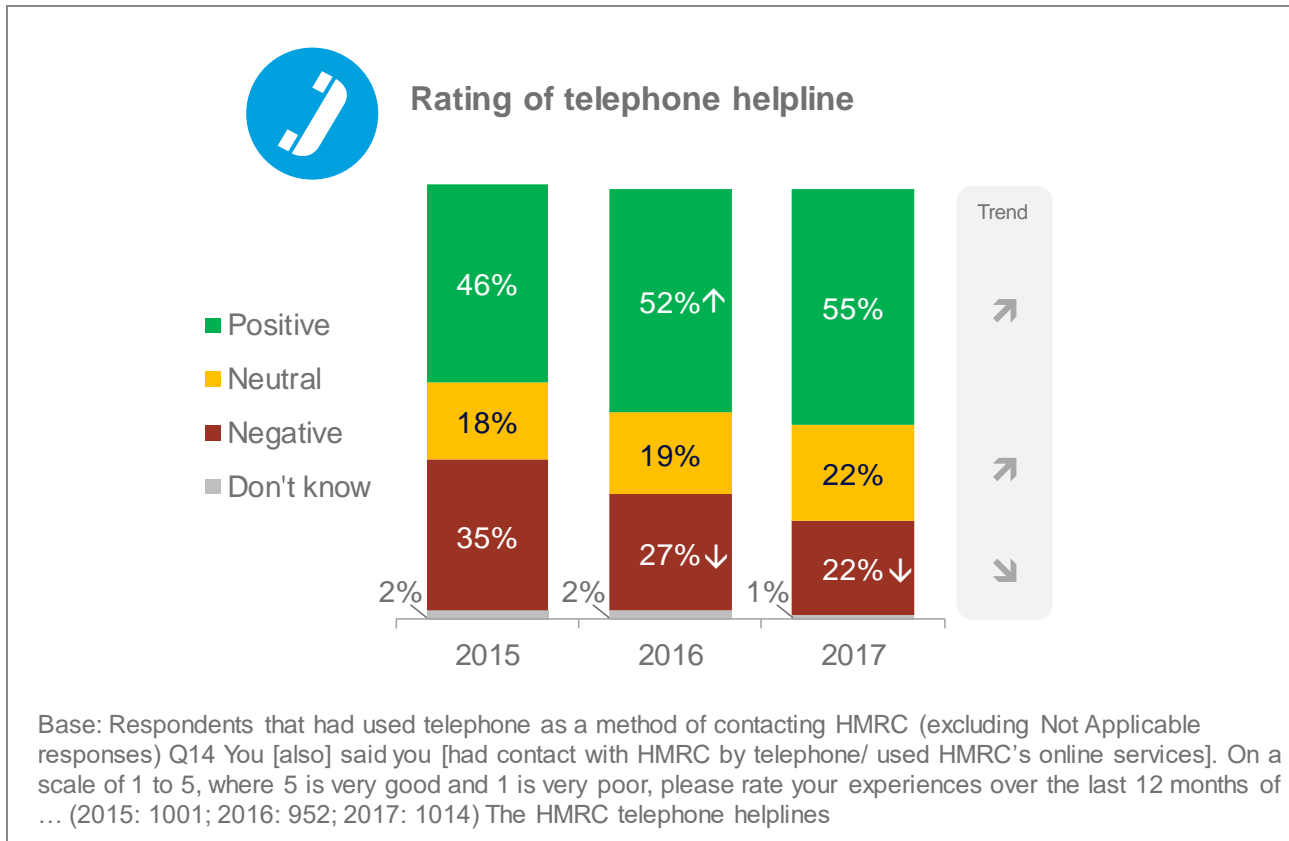
Chart 4.7 Rating of HMRC online services and webpages – Small Businesses



HMRC's telephone helplines were rated the least positively out of these three services (Chart 4.8). However, the improvements in ratings that were made between 2015 and 2016 have been maintained in 2017. Positive ratings of the telephone helplines increased to 55% in 2017 (up from 46% in 2015).

Telephone-only Small Businesses were more positive (65%) about the telephone helplines than those that used both online and telephone (53%). However, those using online and telephone were more positive than in 2015 (53% in 2017, up from 43% in 2015).

Chart 4.8 Rating of HMRC telephone helplines – Small Businesses



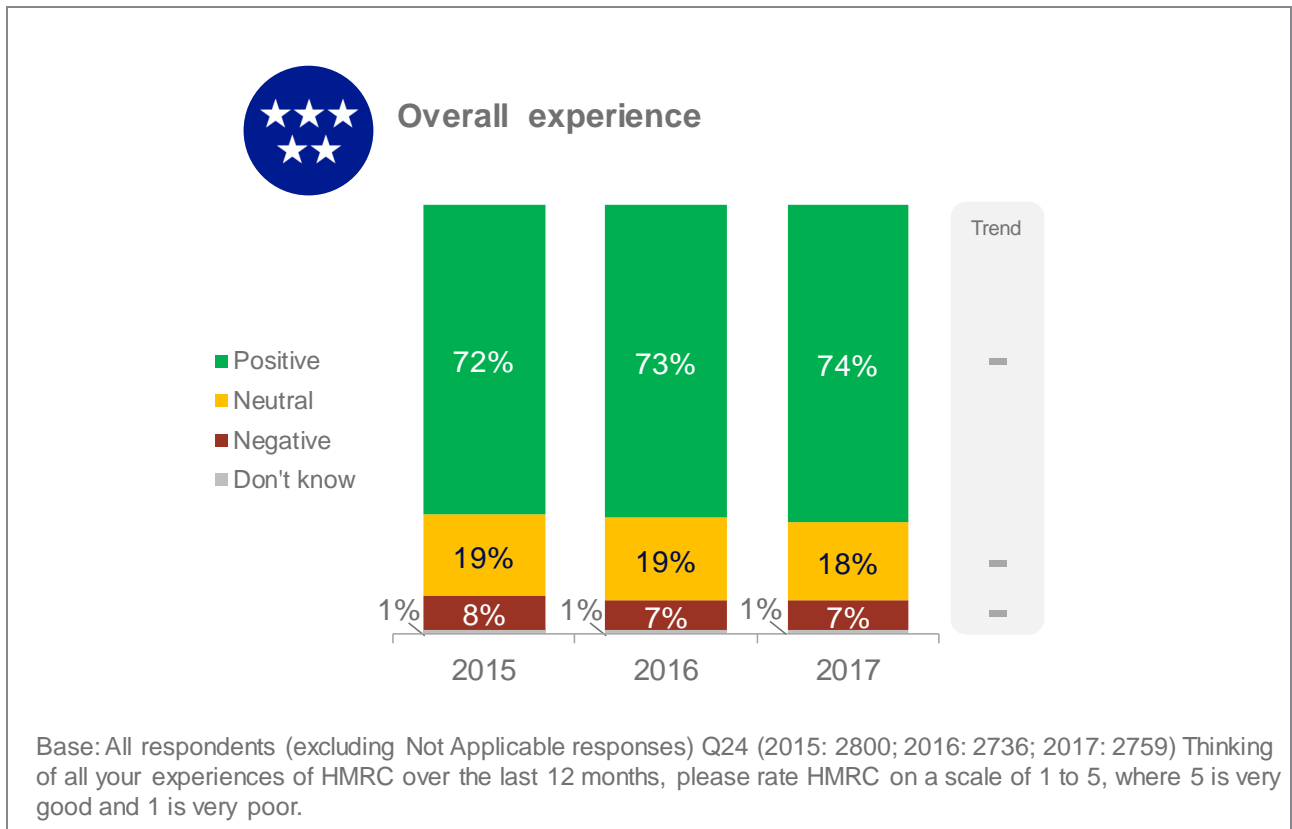
#### 4.3.2 Overall rating of customer experience and whether experience is getting better or worse

Small Businesses were asked to reflect on all their experiences with HMRC over the previous 12 months and give an overall rating. Three-quarters (74%) were positive about their overall experience (Chart 4.9).

Small Businesses with no employees were the most positive (79%) about their overall experience. However, there was an increase in the proportion giving a positive rating of overall experience among businesses with 10 to 19 employees (72%, up from 57% in 2015). Generally throughout the survey, positive ratings of the dimensions of customer experience were higher among the smallest businesses.

Small Businesses using online-only contact channels were more positive (79%) than those that had used online and telephone (65%). However, there was an increase in those giving a positive rating of their overall experience for those using online and telephone (65%, up from 58% in 2015). Small Businesses that contacted HMRC by online and telephone tended to be more negative about different dimensions of their customer experience than those using online-only.

Chart 4.9 Rating of overall experience and comparison of experience with previous 12 months – Small Businesses

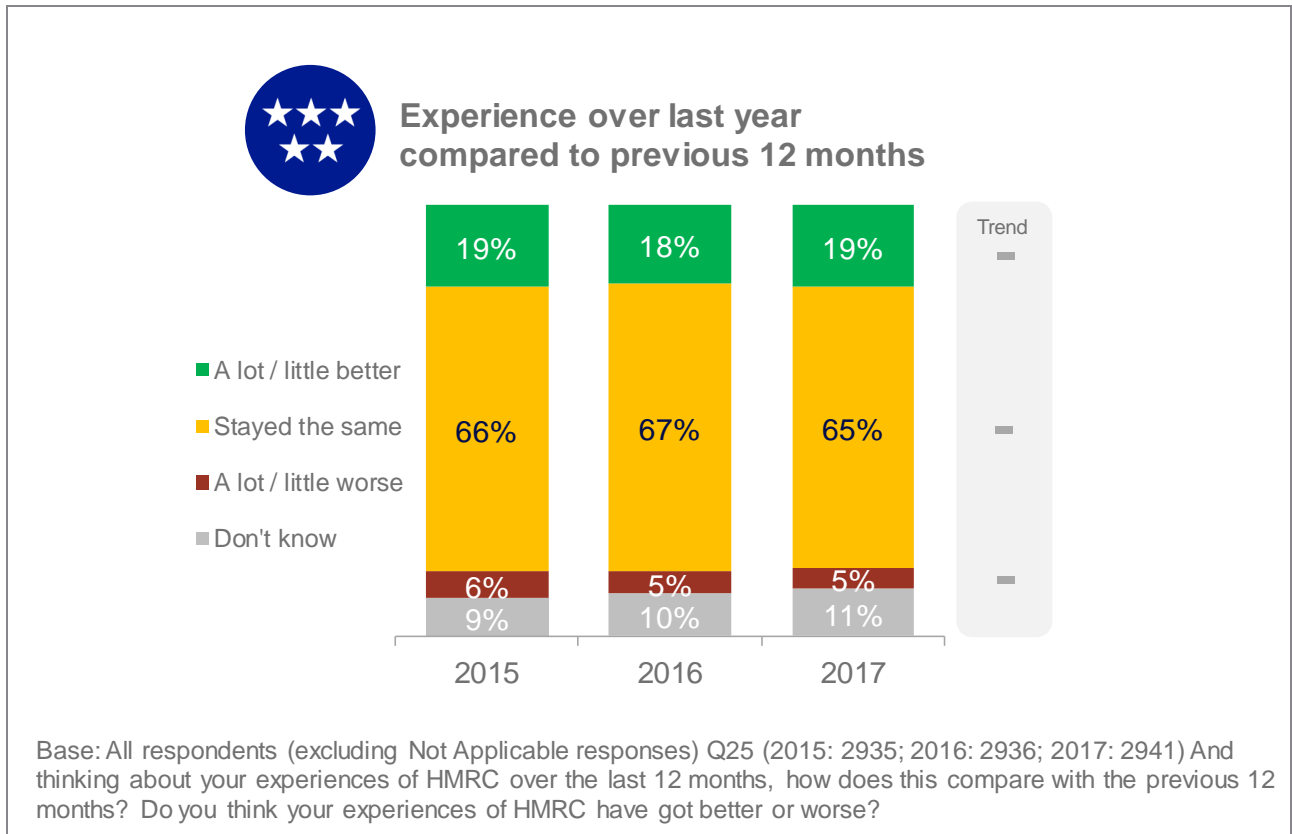


Small Businesses were also asked how their experience of dealing with HMRC over the last 12 months compared with their experience of the preceding 12 months. While most said their experience had stayed the same (65%), Small Businesses were almost four times as likely to say their experience of dealing with HMRC had improved (19%) than got worse (5%) (Chart 4.10).

Although businesses with five to nine employees were the least positive about their overall experience (67%), they were the most likely to say that their experience had improved over the past 12 months (23%).

Similarly, 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 too were more likely to say their experience had improved in the past 12 months (27%) than those using telephone-only (19%) or online-only (18%).

Chart 4.10 Rating of comparison of experience with previous 12 months – Small Businesses



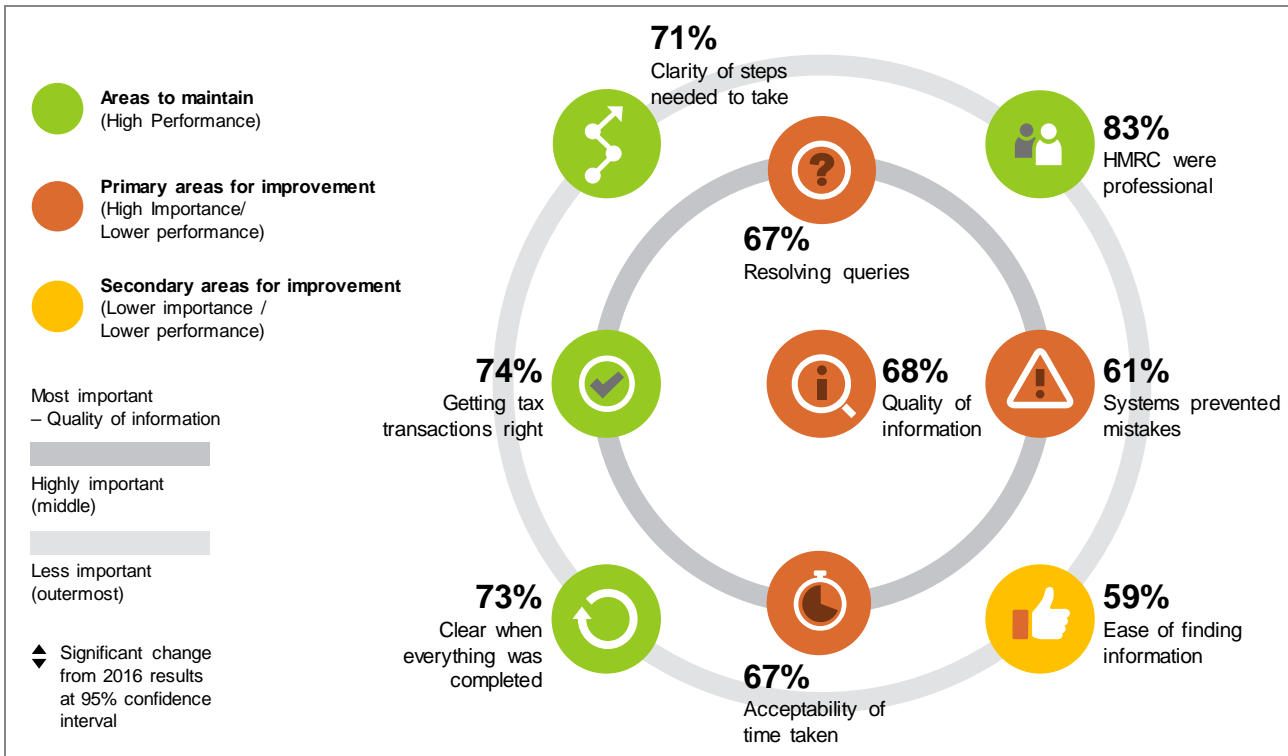
### 4.3.3 Atom Model of customer experience

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 2017 survey results which examined the dimensions of customer experience which had greatest impact on the overall rating of customer experience.

Chart 4.11 Atom Model – Small Businesses 2017



In 2017, the primary dimension driving overall experience was quality of information. Four other dimensions were also important in driving Small Businesses' overall experience. These were:

- HMRC getting tax transactions right
- Resolving queries
- Systems prevented mistakes
- Acceptability of time taken

Whereas resolving queries had been the primary dimension driving customer experience in 2016, it shifted to the inner ring in 2017 as quality of information became the most important driver of overall customer experience. When comparing the 2017 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 in the outer ring, of lower importance in driving overall customer experience for Small Businesses, were:

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

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 4.11 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.

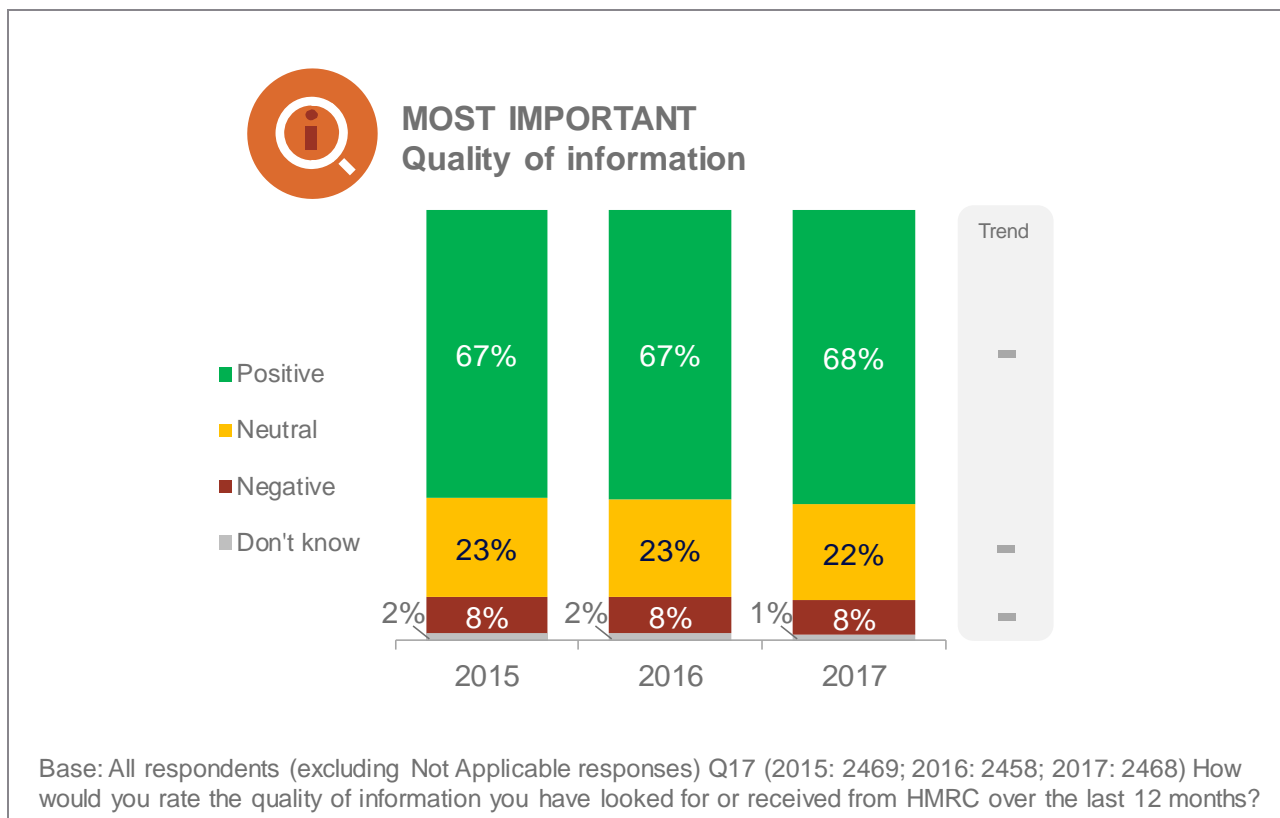
## Most important dimension

### Quality of information

The most important driver of customer experience was quality of information. This is identified in the 2017 Small Business Atom Model as the central dimension to improve to increase overall customer experience.

Seven in ten (68%) Small Businesses were positive about the quality of information provided by HMRC. A fifth (22%) was neutral, while eight per cent were negative (Chart 4.12). As this dimension was the most 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 2017.

Chart 4.12 Most important dimension of customer experience – Small Businesses 2017





## Highly important dimensions

This section looks at the four 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. These dimensions were HMRC getting tax transactions right, resolving queries, having systems that prevented mistakes and acceptability of time taken (Chart 4.13 and 4.14).

### *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. 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 4.13).

Online-only Small Businesses (80%) were more positive than those using online and telephone (65%) or telephone-only (64%). Small Businesses that had used their Business Tax Account in the past 12 months were more positive about HMRC getting tax transactions right than those that had not used their online account (77%, compared with 72%).

The smallest businesses were more positive than the larger Small Businesses. Eight in ten (79%) with no employees were positive, while seven in ten of those with employees were positive (1 to 4 employees: 70%, 5 to 9 employees: 67%, or 10 to 19 employees: 71%).

### *Resolving queries*

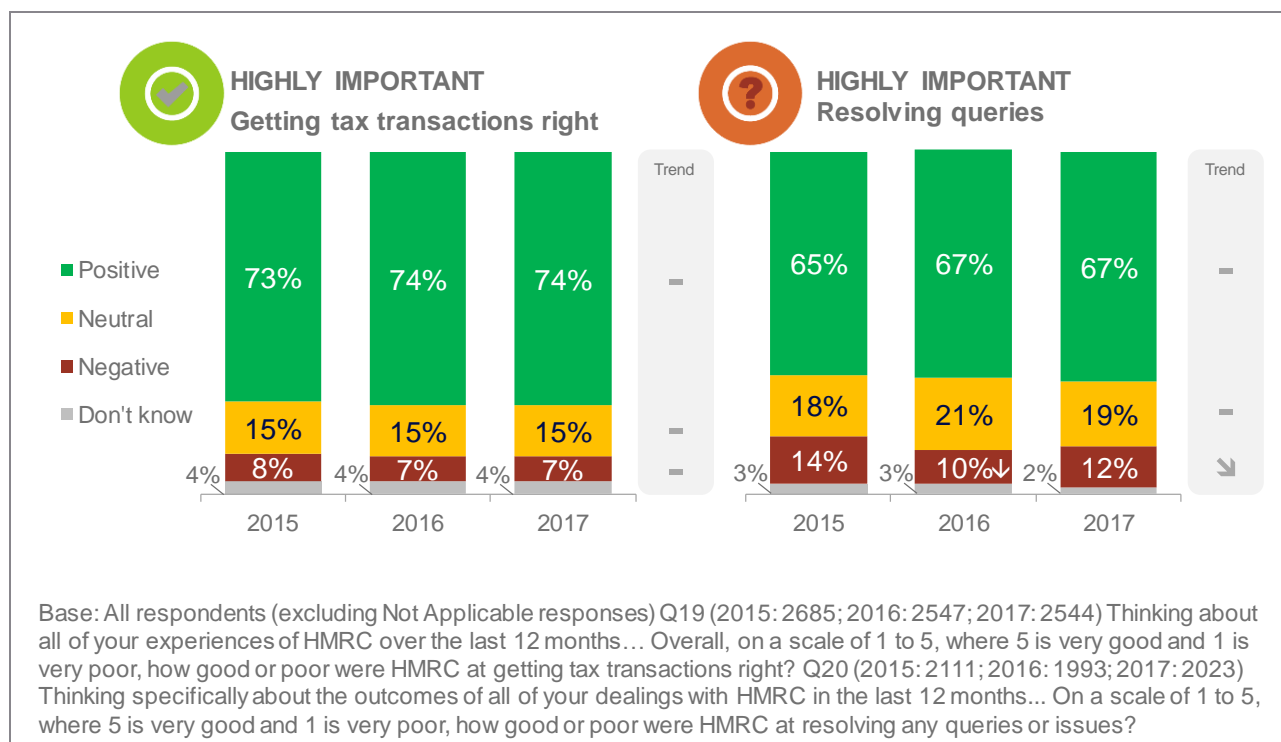
Two-thirds of Small Businesses (67%) were positive about HMRC resolving queries. A fifth (19%) were neutral about this dimension, while one in ten (12%) were negative. There was a slight decrease in the proportion of Small Businesses giving a negative rating (12%, down from 14% in 2015). As this dimension was important in driving overall experience and an area in which HMRC performed comparatively less well, it has also been identified as a primary area for improvement in 2017 (Chart 4.13).

As in 2015, Small Businesses communicating with HMRC online and by telephone were less positive than those using online-only (61% compared with 70%), but they were less likely to give a negative score than in 2015 (17%, down from 22% in 2015).

Small Businesses that were positive about HMRC getting tax transactions right (84%) or about quality of information (82%) were more positive about HMRC resolving queries. The ratings were also linked to Small Businesses' overall experience, with three-quarters (76%) of those with a negative overall experience rating this dimension negatively.

Small businesses with a turnover below the VAT threshold (those with a turnover of £82k to £250k) were more positive (72%) than those with a turnover above the VAT threshold (60%).

Chart 4.13 Highly important dimensions of customer experience – Small Businesses



### Systems prevented mistakes

Six in ten Small Businesses (61%) were positive about HMRC systems preventing mistakes (Chart 4.14). This was an increase since 2015, when less than six in ten (57%) were positive. In 2017, a fifth (20%) were neutral and 13% were negative. This dimension has also been identified as a primary area for improvement (Chart 4.14).

Small Businesses with online-only contact were more positive about systems preventing mistakes (66%, compared with 51% for those using online and telephone).

The smallest businesses (with no employees) were the most positive that systems prevented mistakes (64%). Six in ten businesses with five to nine employees were more positive (61%, up from 49% in 2015) and there was a similar increase for businesses with 10 to 19 employees (59%, up from 46% in 2015).

### Acceptability of time taken

The proportion of Small Businesses that were positive about acceptability of time taken increased since 2015 (67%, up from 63% in 2015) and the proportion giving a negative rating decreased over this period (13%, down from 16% in 2015). As this is a highly important 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 2017 (Chart 4.14).

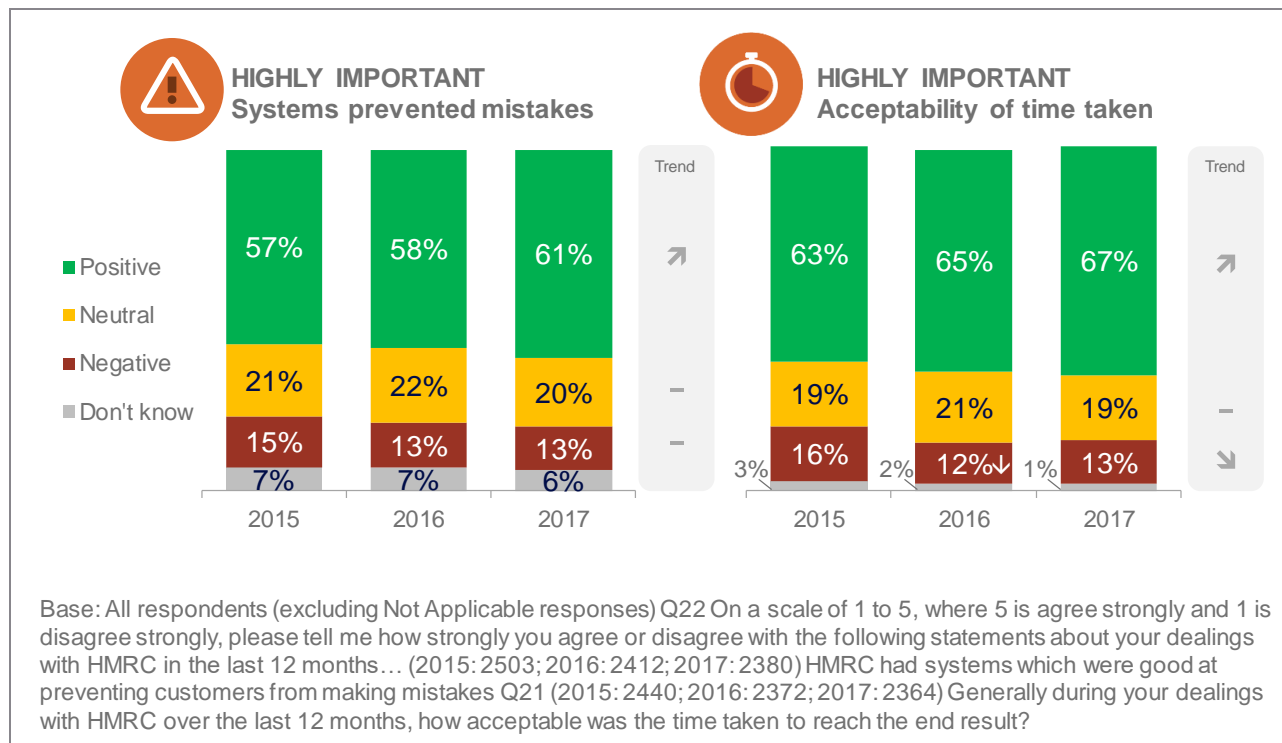
While in 2015 half (51%) of Small Businesses with 10 to 19 employees gave a positive rating, this increased to six in ten (62%) in 2017.

The channels used to interact with HMRC were related to the ratings given for acceptability of time taken. Small Business using online-only (76%) contact channels were more positive than those

using both online and telephone (54%). However, the proportion of customers using online and telephone giving a positive rating increased from 2015 (54%, up from 45% in 2015).

There was also an increase in the proportion giving positive scores among those that had used any online channels to interact with HMRC over the past 12 months (66%, up from 61% in 2015).

Chart 4.14 Highly important dimensions of customer experience – Small Businesses



### 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
- Clarity of steps needed to take
- Clear when everything was completed
- Ease of finding information

Nevertheless, they are areas in which performance should be maintained or improved to help drive a positive overall experience (Charts 4.15 and 4.16).

Three of these less important dimensions in the 2017 Small Business Atom Model – relating to HMRC's professionalism and the two dimensions of ease of navigating the process (the clarity of steps needed to take and the clarity of when everything was completed) – were areas in which HMRC performed well and performance should be maintained.

The remaining dimension of lesser importance in the 2017 Small Business Atom Model – ease of finding information – was an area in which HMRC performed comparatively less well, but which has less impact on overall experience. Therefore, this is a secondary area for improvement. This dimension was the least positively rated area of customer experience.

### HMRC were professional

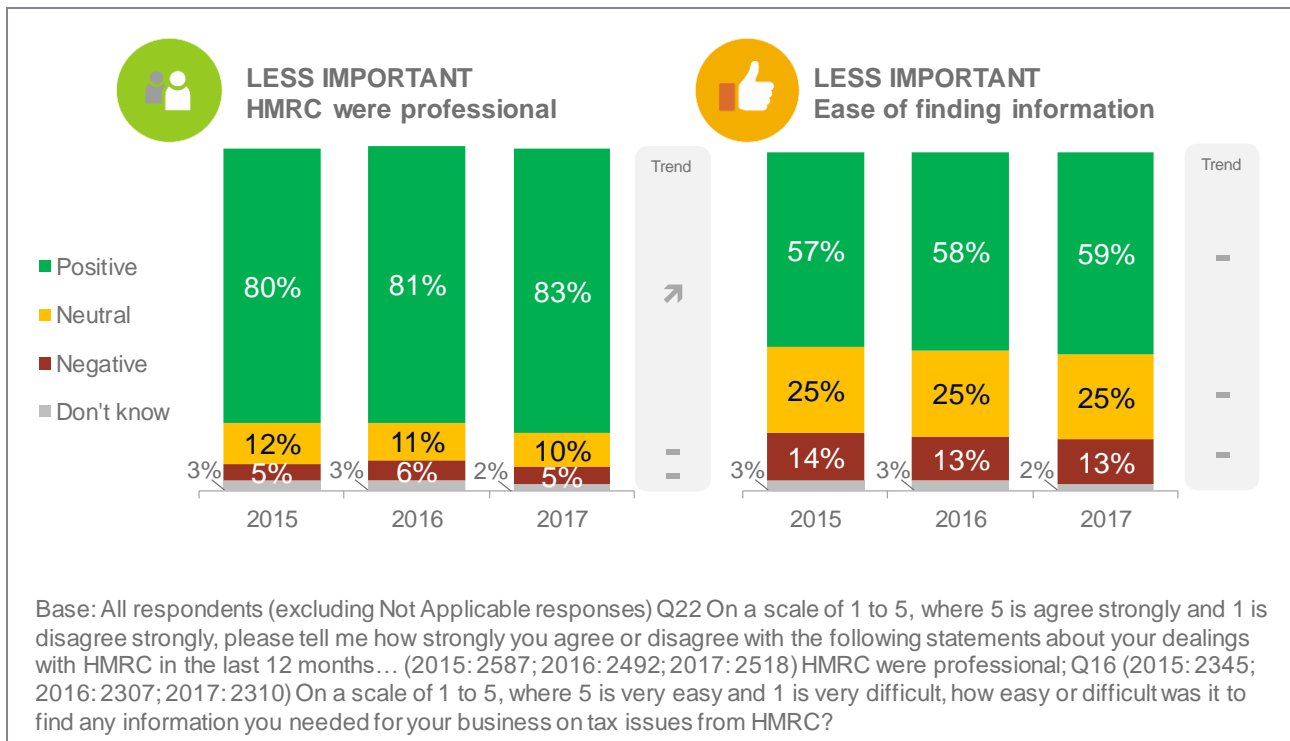
The dimension of customer experience that was rated most positively was whether Small Businesses thought HMRC were professional. Over eight in ten rated this dimension positively, a slight increase since 2015 (83%, up from 80% in 2015). One in ten (10%) were neutral and only five per cent were negative (Chart 4.15).

### Ease of finding information

Six in ten (59%) Small Businesses were positive about ease of finding information. A quarter (25%) were neutral, while 13% were negative (Chart 4.15).

There was an increase in the proportion of those using online and telephone that gave a positive rating (52%, up from 45% in 2015) and for Small Businesses with five to nine employees (58%, up from 47% in 2015).

Chart 4.15 Less important dimensions of customer experience – Small Businesses



### Clarity of steps needed to take

Seven in ten (71%) Small Businesses were positive about the clarity of the steps they needed to take when dealing with their tax affairs. Just under a fifth (17%) were neutral, and one in ten (10%) were negative (Chart 4.16).

Small businesses using online-only contact channels (75%) were more positive than those using both telephone and online contact channels (65%) about the clarity of steps needed to take. Growth businesses were less likely to be positive about the clarity of steps needed to take (68%, compared with 74% for non-growth businesses).

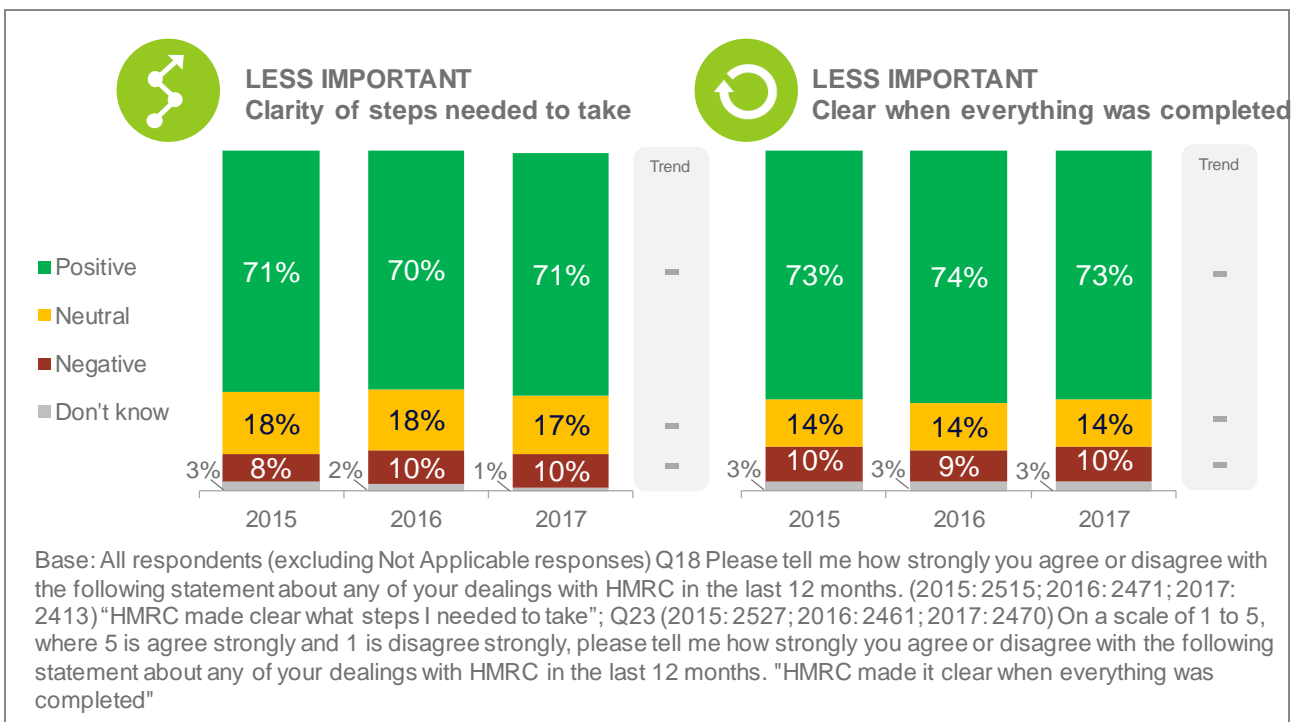
### Clear when everything was completed

Three-quarters of Small Businesses (73%) were positive about HMRC making it clear when everything was completed. Fourteen per cent were neutral while one in ten (10%) were negative (Chart 4.16).

The smallest businesses (with no employees) remained the most likely to give a positive score (78%, compared with 73% overall). However, there was a significant increase in the proportion of businesses with five to nine employees giving a positive score (67% in 2017, compared with 56% in 2015).

Online-only Small Businesses were much more positive about HMRC making it clear when everything was completed (80%) than those that had interacted by both telephone and online channels (64%).

Chart 4.16 Less important dimensions of customer experience – Small Businesses



#### 4.3.4 Views on administration of the tax system

Small Businesses were asked about their views on HMRC's administration of the tax system. They were asked to rate HMRC on the following dimensions: whether HMRC treated their business fairly; whether HMRC treated their business as honest; whether the services were personalised; ease of dealing with tax issues; and whether HMRC minimised the cost, time and effort. Small Businesses were also asked whether they felt HMRC recognised their business was their priority and whether HMRC systems integrated well with the way their business managed its tax affairs.

HMRC's performance in these areas of customer experience has remained stable over the past three years.

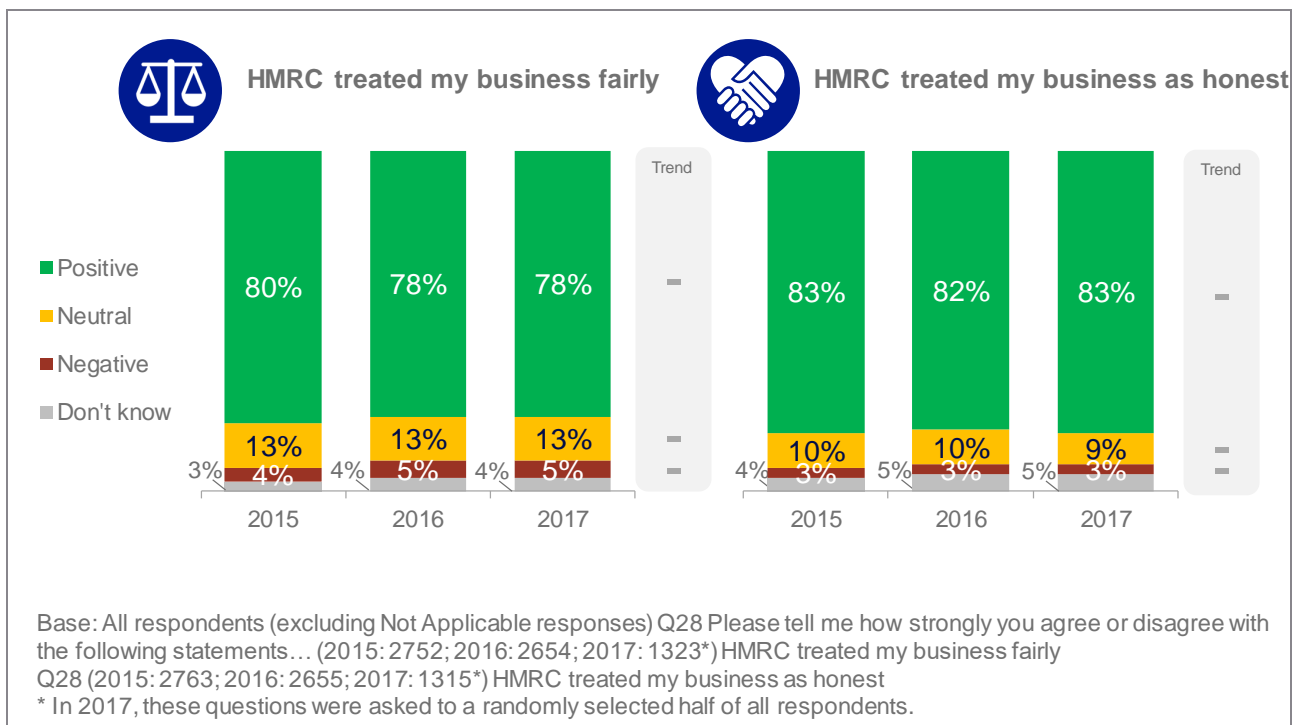
## Fairness

Eight in ten Small Businesses (78%) were positive that HMRC treated their business fairly. Only one in ten were neutral (13%) and a small proportion were negative (5%). Similarly, eight in ten Small Businesses (83%) were positive that HMRC treated their business as honest. Only one in ten were neutral (9%) and a small proportion were negative (3%) (Chart 4.17).

Online-only Small Businesses were more likely to be positive that HMRC treated their business fairly than telephone-only businesses (84%, compared with 66%). Those Small Businesses that pay Self-Assessment were less likely to be positive than in 2015 (79% in 2017, down from 85% in 2015).

There was a strong link between overall experience and Small Businesses' opinion on fairness. Almost all Small Businesses with positive overall experience were positive about being treated fairly (90%) or as honest (94%).

Chart 4.17 Fairness – Small Businesses



## Personalisation of services

Small Businesses were also asked their opinion about ease of dealing with tax issues, whether they felt that HMRC minimised cost, time and effort for dealing with their business' tax affairs, and whether they felt that services were personalised to their business (Chart 4.18 and Chart 4.19).

Half (50%) were positive that services were personalised to their business, a third (30%) were neutral and 16% were negative (Chart 4.18).

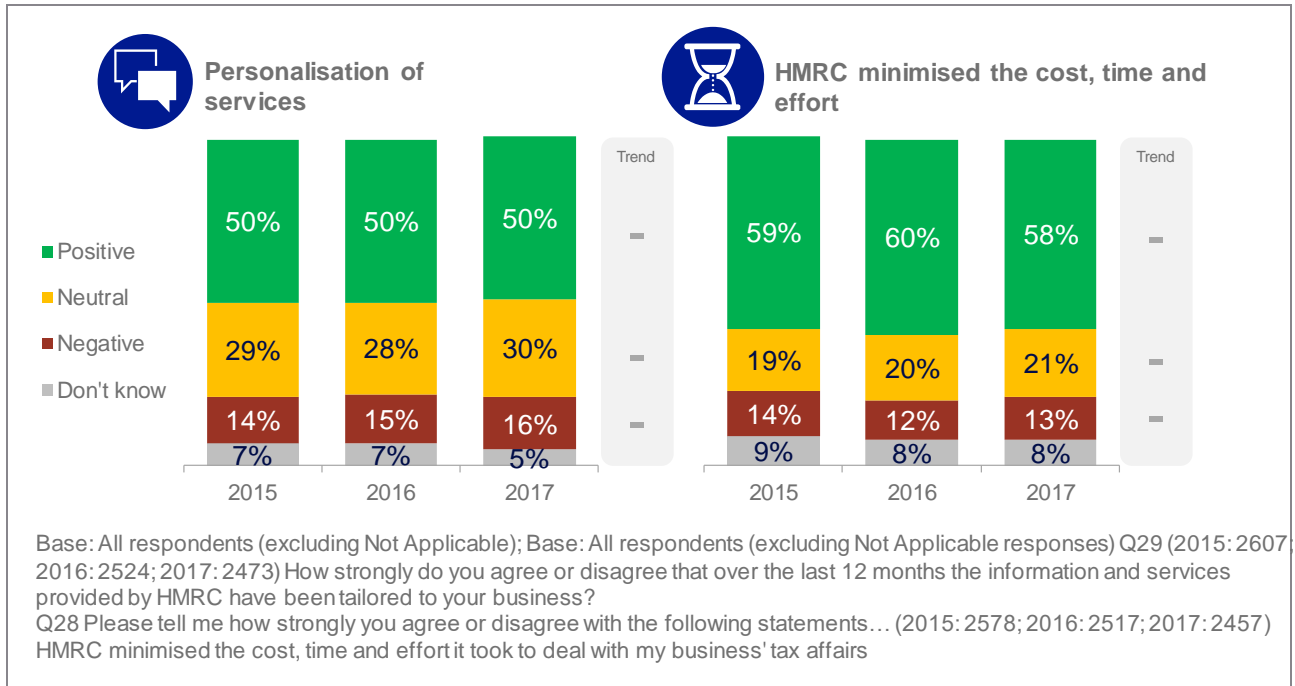
Small Businesses with no employees were less likely to be positive than in 2015 (52% in 2017, compared with 58% in 2015).

**Minimised the cost, time and effort**

Six in ten Small Businesses (58%) agreed that HMRC minimised the cost, time and effort it took to deal with their business' tax affairs. Two in ten were neutral (21%) and only one in ten were negative (13%) (Chart 4.18).

Small Businesses with no employees were more likely to be positive (66%) than those with employees - one to four employees (52%), five to nine (52%) and 10 to 19 (49%). Furthermore, those businesses with one to four employees were less likely to be positive than before (52% in 2017, down from 58% in 2016).

Chart 4.18 Personalisation and minimisation of cost, time and effort – Small Businesses

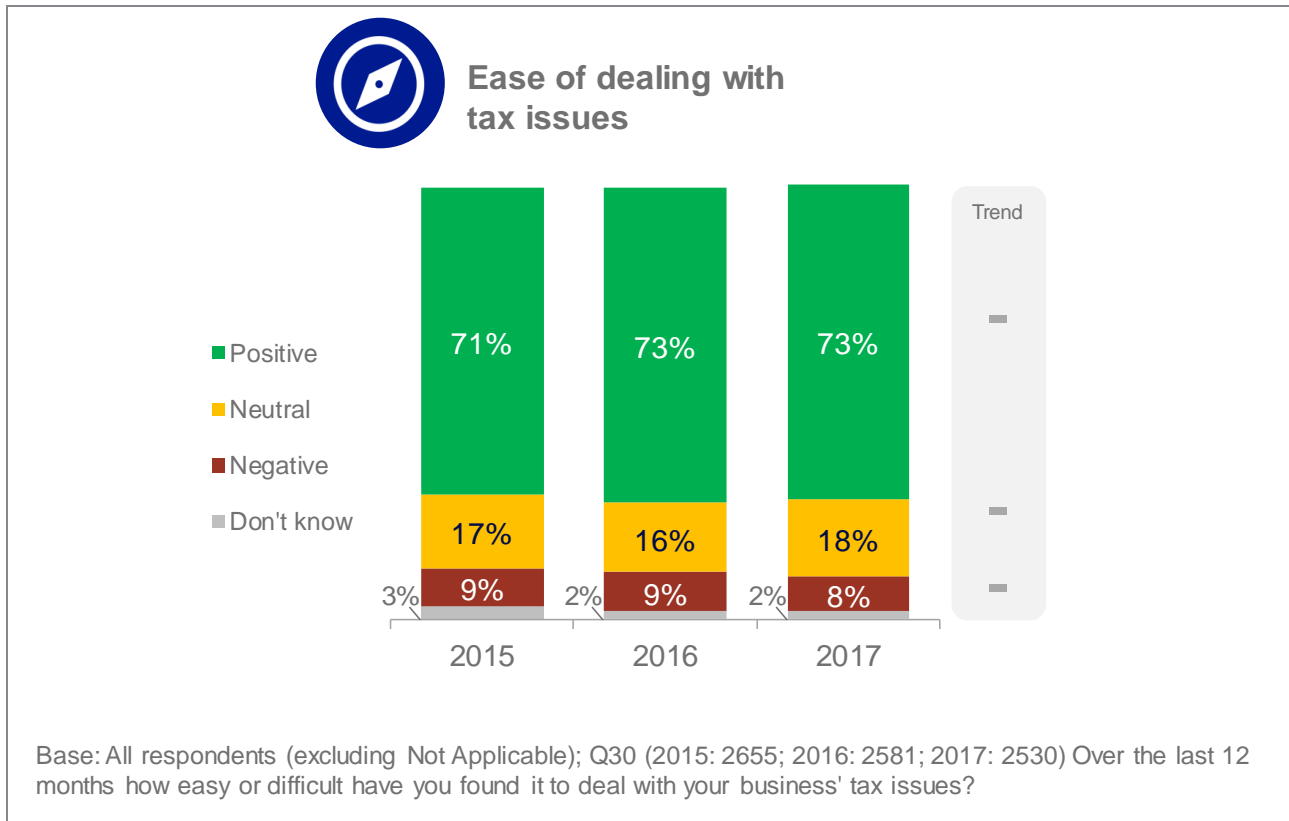


**Ease of dealing with tax issues**

Three-quarters (73%) felt that it was easy to deal with tax issues. Two in ten were neutral (18%) and only one in ten were negative (8%) (Chart 4.19).

New businesses trading for less than two years were more likely to be positive than in 2015 (79% in 2017, up from 58% in 2015). Online-only businesses were more likely to be positive than online and telephone businesses (77% and 62% respectively).

Chart 4.19 Ease of dealing with tax issues – Small Businesses



**Integration**

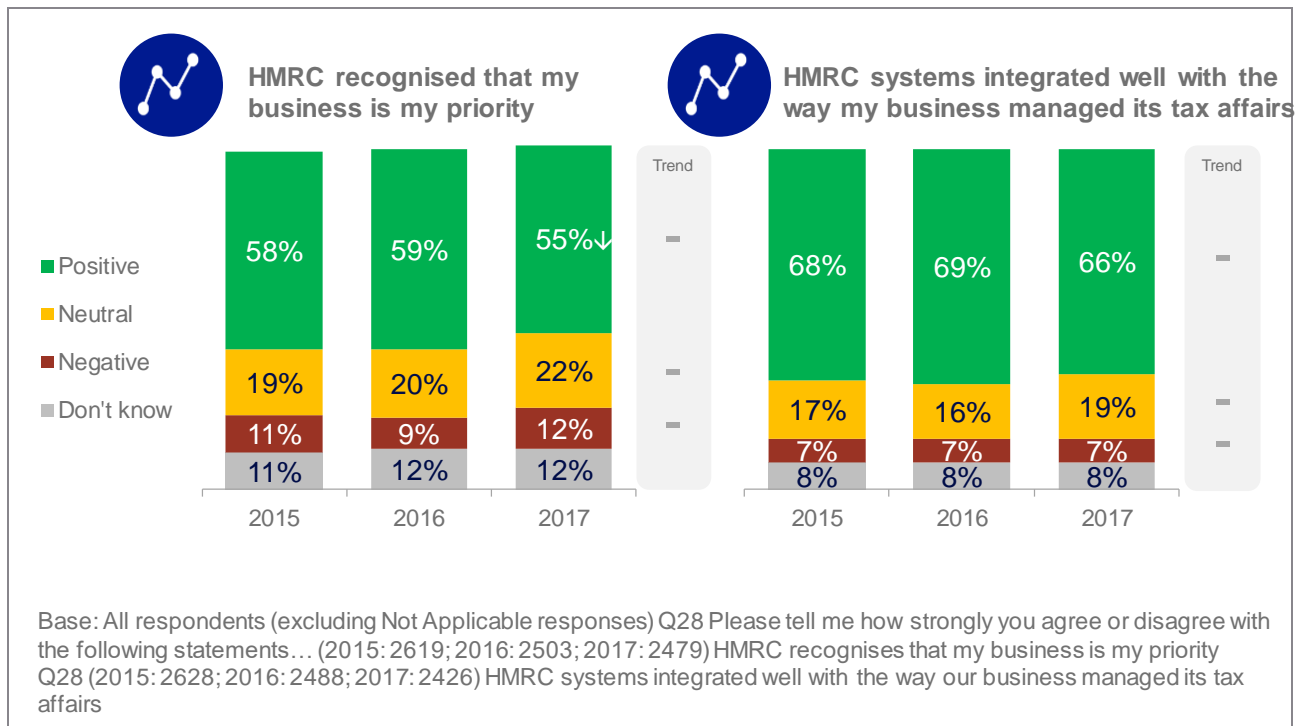
Ratings of how well HMRC recognises that their business is their priority is the one area where there has been a decrease in positive ratings since 2016 (55%, down from 59% in 2016) (Chart 4.20). Two in ten Small Businesses (22%) were neutral, one in ten were negative (12%) and one in ten did not know (12%).

Small Businesses that searched for information online were less likely to rate HMRC positively on this dimension than in 2016 (51%, down from 56% in 2016). Small Businesses with no employees were also less likely to rate HMRC positively on this dimension than in 2016 (56%, down from 63% in 2016).

Two-thirds of Small Businesses (66%) were positive that HMRC systems integrated well with the way their business managed its tax affairs (Chart 4.20). Two in ten were neutral (19%) and only one in ten were negative (7%). Firms above the VAT threshold were less likely to be positive than in 2016 (57%, down from 66% in 2016).



Chart 4.20 HMRC Integration – Small Businesses



## 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:

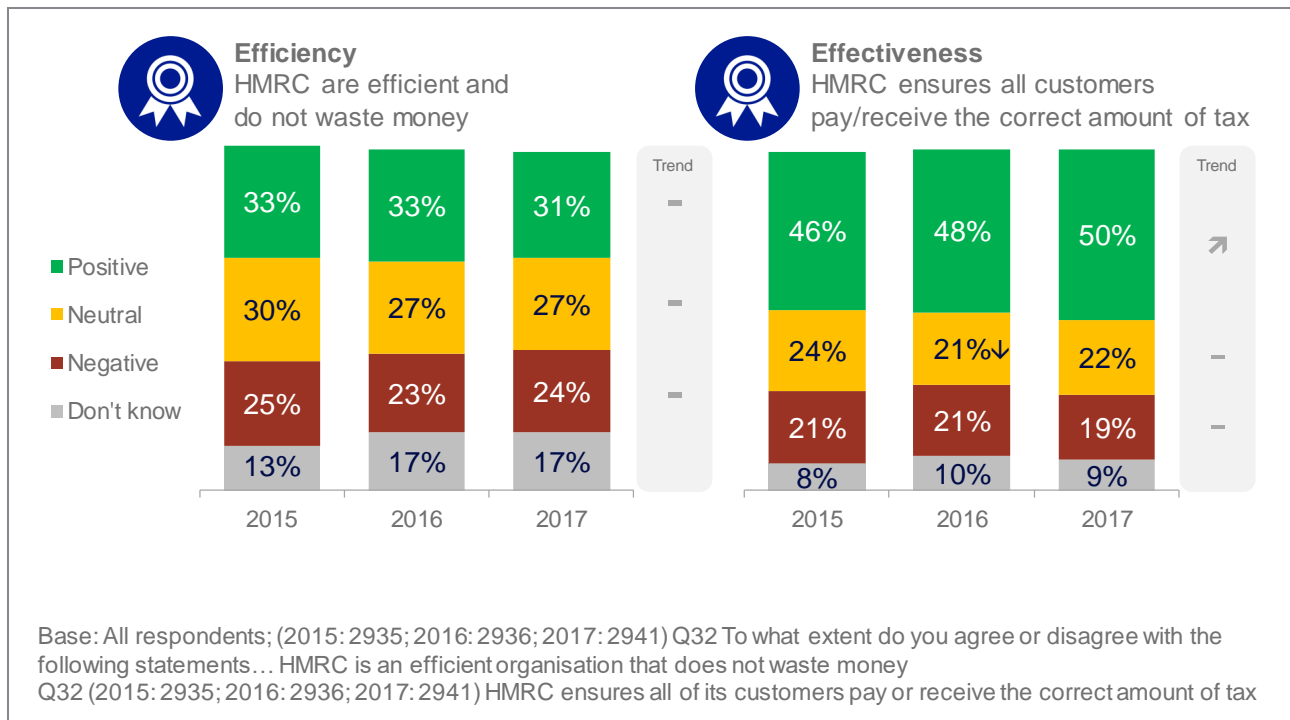
- Efficient: HMRC is an efficient organisation that does not waste money
- Effective: HMRC ensures all its customers pay/receive the correct amount of tax
- Fair: HMRC applies penalties and sanctions equally for all its customers
- Protection of personal data: HMRC ensures that customers' data and personal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

### 4.4.1 Efficiency, effectiveness, and fairness

The ratings for efficiency (31%) remained stable since 2015. However, there was an increase in positive ratings for effectiveness since 2015 (50% in 2017, up from 46% in 2015). There was also a small decrease in perceptions of fairness since 2016 (34% in 2017, down from 37% in 2016). (Charts 4.21 and 4.22)

As in previous years, ratings for these dimensions of reputation were substantially below those of customer experience, although high proportions were neutral or did not know.

Chart 4.21 Perceptions of HMRC's efficiency and effectiveness – Small Businesses



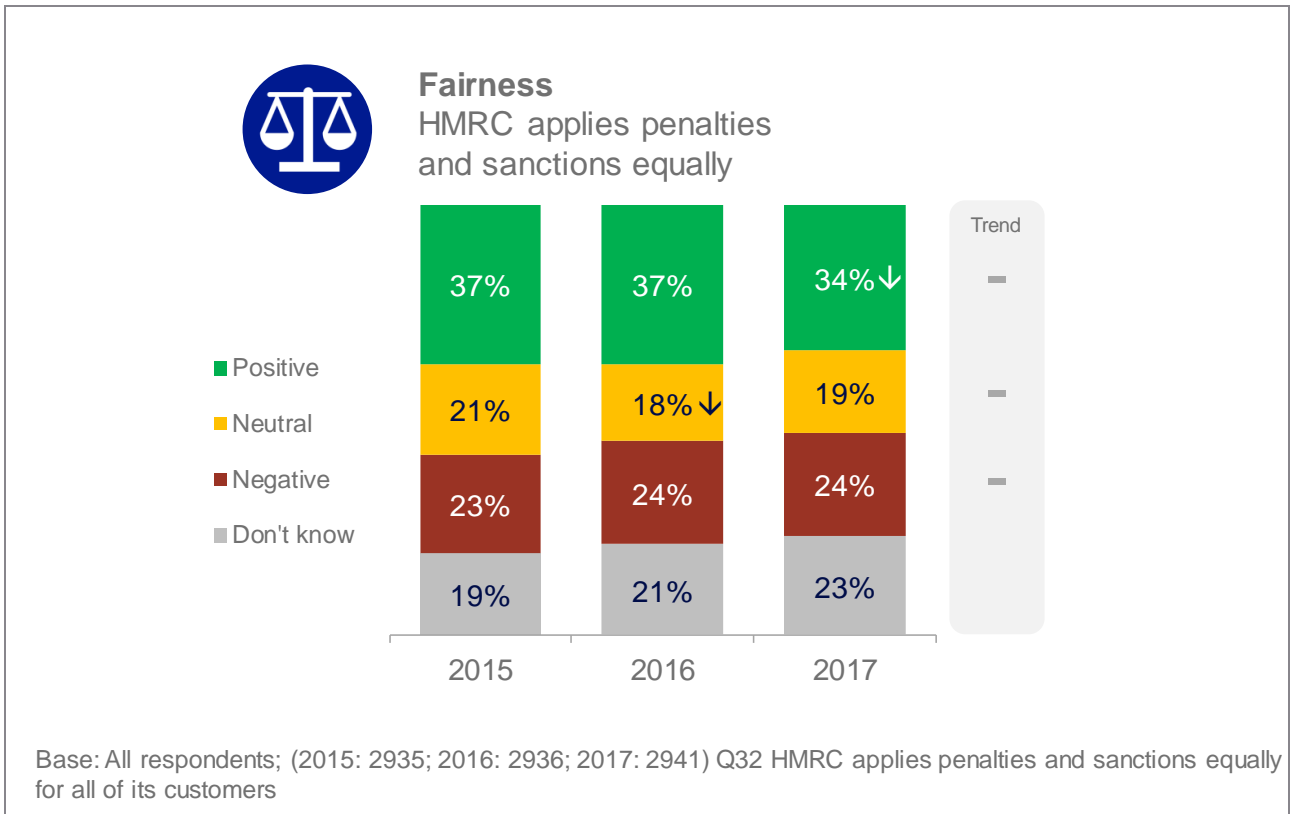
Efficiency remains the dimension with the lowest positive ratings when compared to other perception dimensions. Only three in ten Small Businesses (31%) were positive that HMRC are efficient and do not waste money, while a quarter (24%) were negative.

New businesses were more positive than more established businesses (42%, compared with 31%). Small Businesses with no employees were less likely to be positive in 2017 than they were in 2015 (32%, down from 38% in 2015).

There was an increase in ratings of effectiveness since 2015. Half of Small Businesses were positive about HMRC ensuring all customers pay and receive the correct amount of tax (50% in 2017, compared with 46% in 2015). This was driven by an increase for businesses with five to nine employees (44% in 2017, up from 35% in 2015).

A third of Small Businesses (34%) were positive about HMRC applying penalties and sanctions equally. However, this was a slight decrease since 2016 (34% in 2017, compared with 37% in 2016).

Chart 4.22 Perceptions of HMRC's fairness – Small Businesses

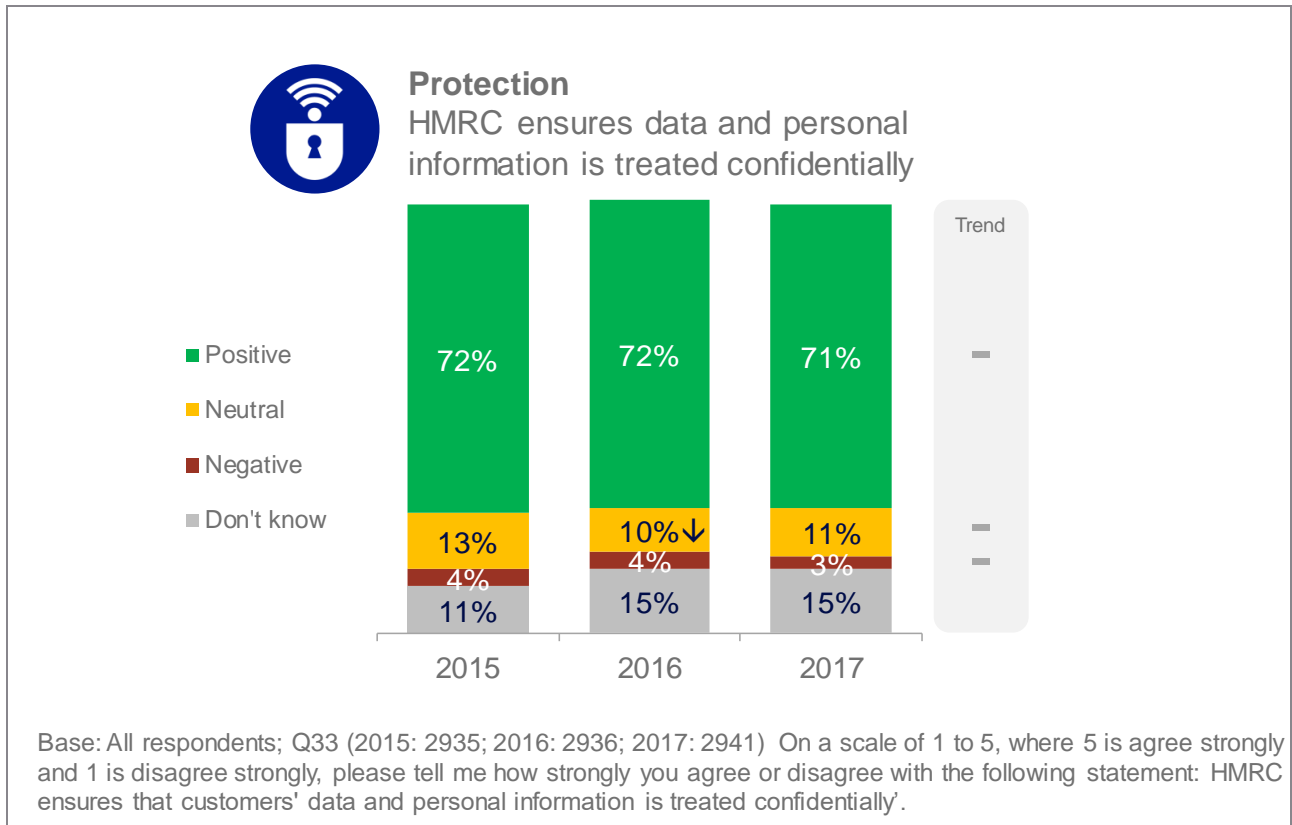


#### 4.4.2 Protection of personal information

Small Businesses remain positive about HMRC's ability to treat customers' data and personal information confidentially. Seven in ten (71%) rated HMRC positively on this dimension. (Chart 4.23).

There was a small decrease in positive ratings for Small Businesses with no employees (70%, down from 75% in 2015), but an increase for those with five to nine employees (76%, up from 67% in 2015).

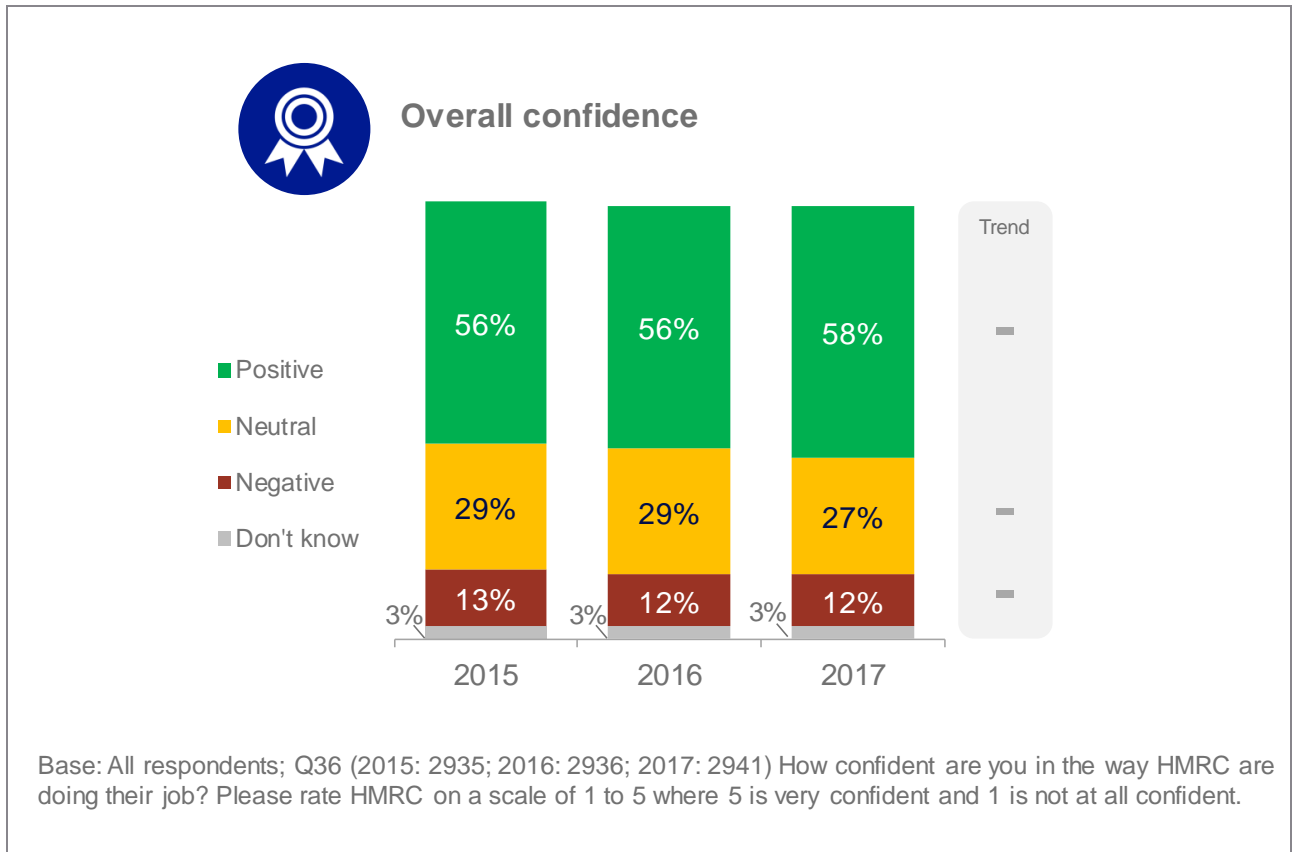
Chart 4.23 Protection of personal information – Small Businesses



#### 4.4.3 Overall confidence in HMRC

Six in ten (58%) Small Businesses were confident in the way HMRC were doing their job. Nearly three in ten (27%) were neutral and one in ten (12%) were negative (Chart 4.24). Small Businesses were over four times more likely to be positive than negative about their overall confidence in HMRC. Performance on this dimension has remained stable since 2015.

Chart 4.24 Confidence in the way HMRC are doing their job – Small Businesses



There were strong links between Small Businesses’ overall experience and views of HMRC’s reputation and their confidence in HMRC. Small Businesses with a positive overall experience were over six times more likely to be confident in HMRC than those with a negative overall experience (73% and 11%, respectively).

Positive ratings for other reputation dimensions were also highly related to higher confidence in HMRC: Small Businesses that thought HMRC is efficient, fair and effective were more likely to be confident (93%, 85% and 82%, respectively).

#### 4.4.4 Favourability and advocacy

Favourable opinions of HMRC have remained stable since 2015, with two-thirds of Small Businesses (66%) holding a favourable view and fewer than one in ten (8%) holding an unfavourable opinion (Chart 4.25). There was a slightly decrease in unfavourable ratings (8%, down from 10% in 2015).

These relatively high favourability rates did not translate into high levels of advocacy (Chart 4.26). More Small Businesses held a favourable opinion of HMRC (66%) than those who would speak well of HMRC to others (34%). Nevertheless, Small Businesses were more than twice as likely to speak well of HMRC (34%) as to be critical of HMRC (14%).

Chart 4.25 Favourability of HMRC – Small Businesses

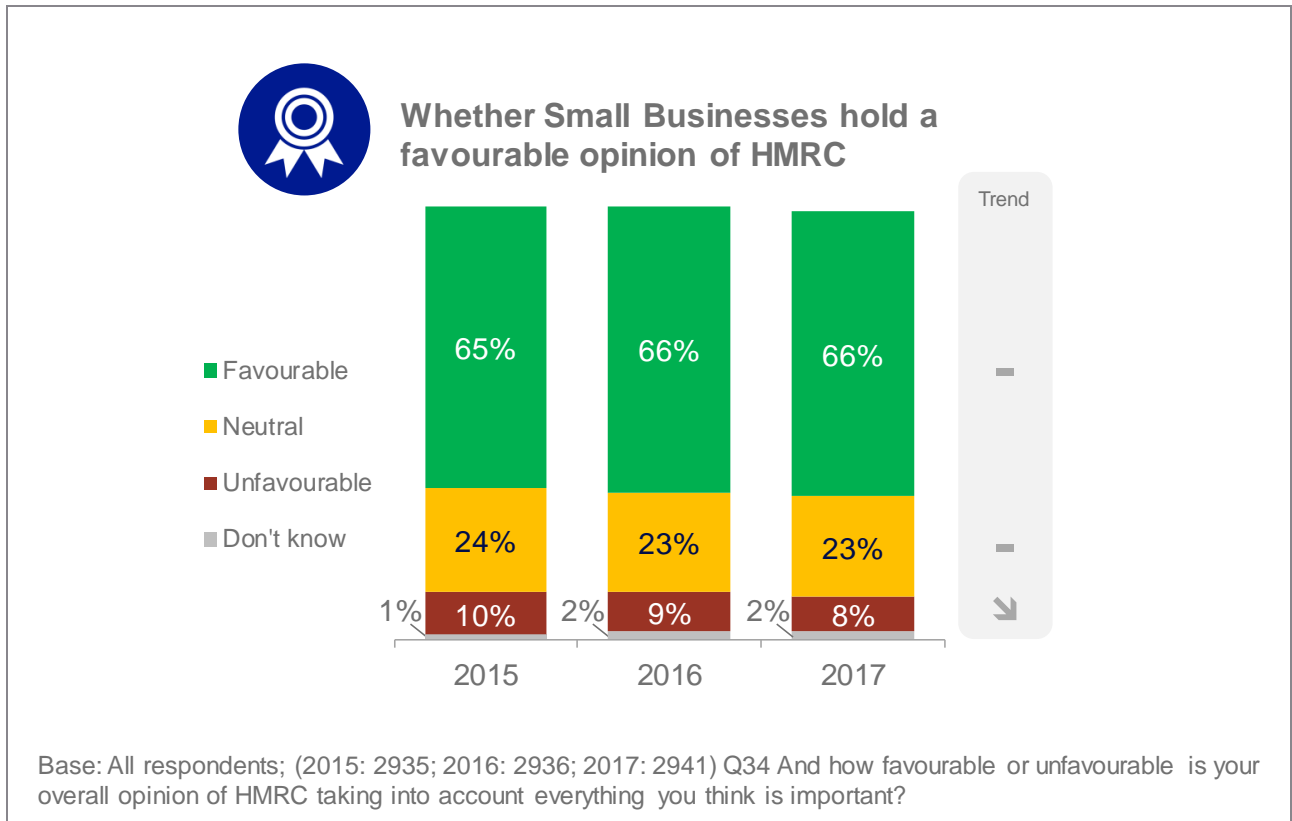
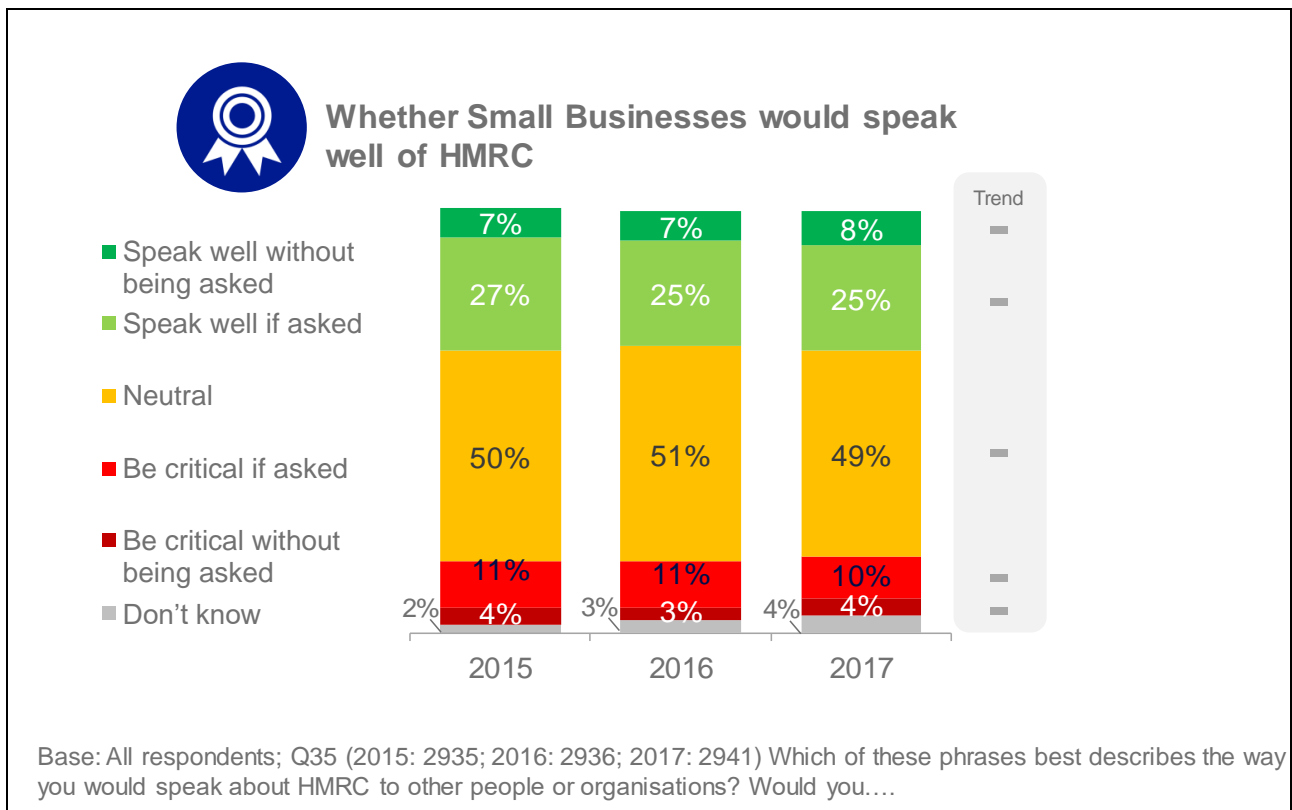


Chart 4.26 Advocacy for HMRC – Small Businesses



There was an increase in favourability for Small Businesses with 10 to 19 employees (65%, up from 55% in 2015).

## 4.5 Perceptions of compliance

This section examines Small Businesses' general views and opinions about compliance with the tax system. It explores the relationship between experience of dealing with HMRC and general perceptions of HMRC with views on compliance.

Some of the questions on compliance were added in 2016 while others were new in 2017, so no comparisons to 2015 can be made.

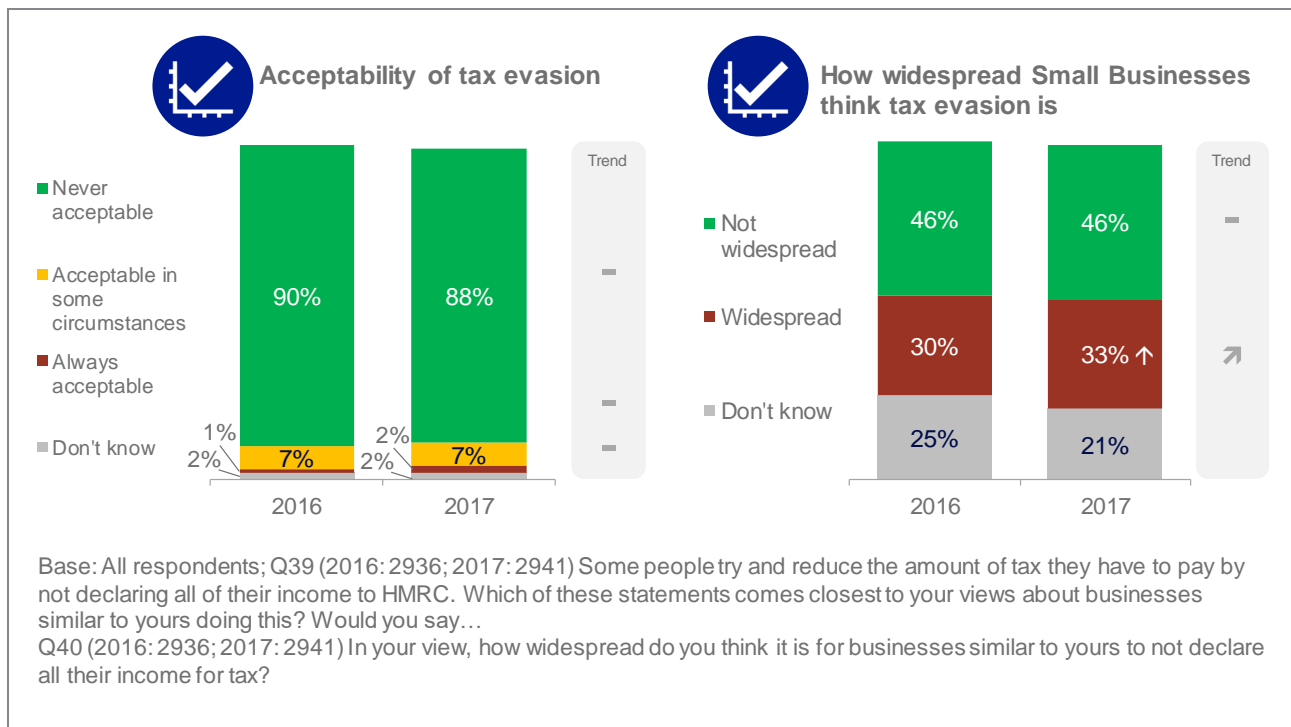
### 4.5.1 Acceptability and extent of tax evasion

Small Businesses were asked about the acceptability of businesses evading tax, which was described as 'reducing the amount of taxes paid by not declaring all income to HMRC'. Most Small Businesses (88%) said tax evasion was never acceptable in any circumstances (Chart 4.27). A minority (7%) said it was acceptable in some circumstances, while only two per cent said tax evasion was always acceptable.

A third of Small Businesses (33%) thought tax evasion was widespread while nearly half (46%) thought it was not widespread. The proportion of Small Businesses that thought tax evasion is widespread had slightly increased since last year (33%, up from 30% in 2016).

The smallest businesses (those with no employees) were more likely to say tax evasion was widespread (38% up from 32% in 2016) than Small Businesses with employees (1 to 4 employees: 29%, 5 to 9 employees: 31%, or 10 to 19 employees: 28%).

Chart 4.27 Acceptability of tax evasion and perception of how widespread it is – Small Businesses



#### 4.5.2 Likelihood to report someone suspected of tax evasion

In 2017, two new questions were added to assess Small Businesses' attitudes towards reporting non-compliance and HMRC's ability to detect it (Chart 4.28).

One question asked how likely Small Businesses would be 'to report someone that they suspected of not declaring all their income for tax'. Four in ten (41%) Small Businesses said they were likely to report someone they suspected of tax evasion. However, half (51%) said they would not do so.

The likelihood to report someone increased by employee size, with the larger businesses being more likely to say they would report someone they suspected of tax evasion:

- 0 employees: 35%
- 1 to 4 employees: 43%
- 5 to 9 employees: 49%
- 10 to 19 employees: 51%

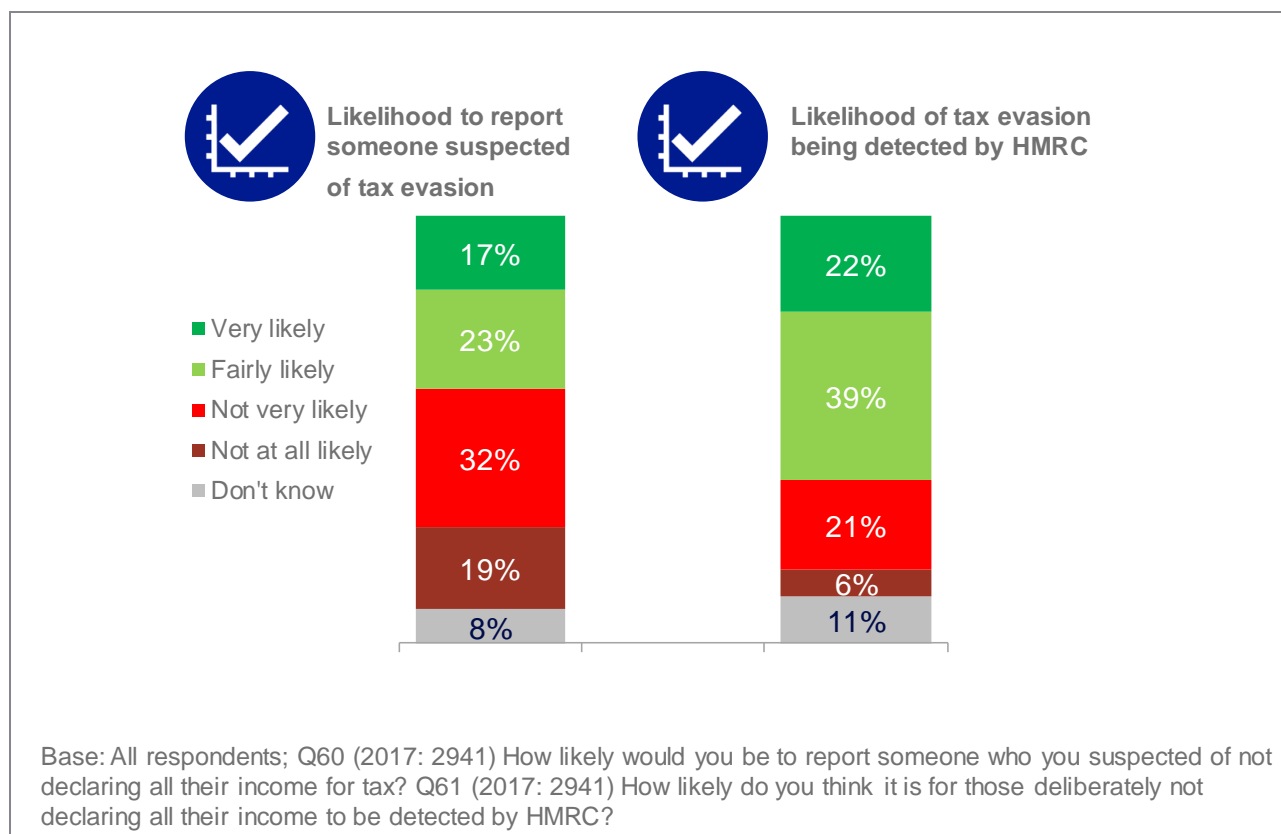
#### 4.5.3 Perceptions of HMRC detecting tax evasion

Small Businesses were also asked how likely they 'think it is for those deliberately not declaring all their income to be detected by HMRC'. Six in ten (61%) thought it was likely that tax evaders would be detected by HMRC. Only six per cent thought it was very unlikely that tax evaders would be detected. Small Businesses that thought evasion is widespread were less likely to think that HMRC would detect it (58%) than those that thought evasion is not widespread (66%).

Small Businesses that thought it was likely tax evasion would be detected were more likely to say they would report someone suspected of tax evasion (44%) than those that did not think HMRC would detect it (36%).



Chart 4.28 Likelihood of reporting tax evasion and perceived likelihood of HMRC detecting tax evasion – Small Businesses



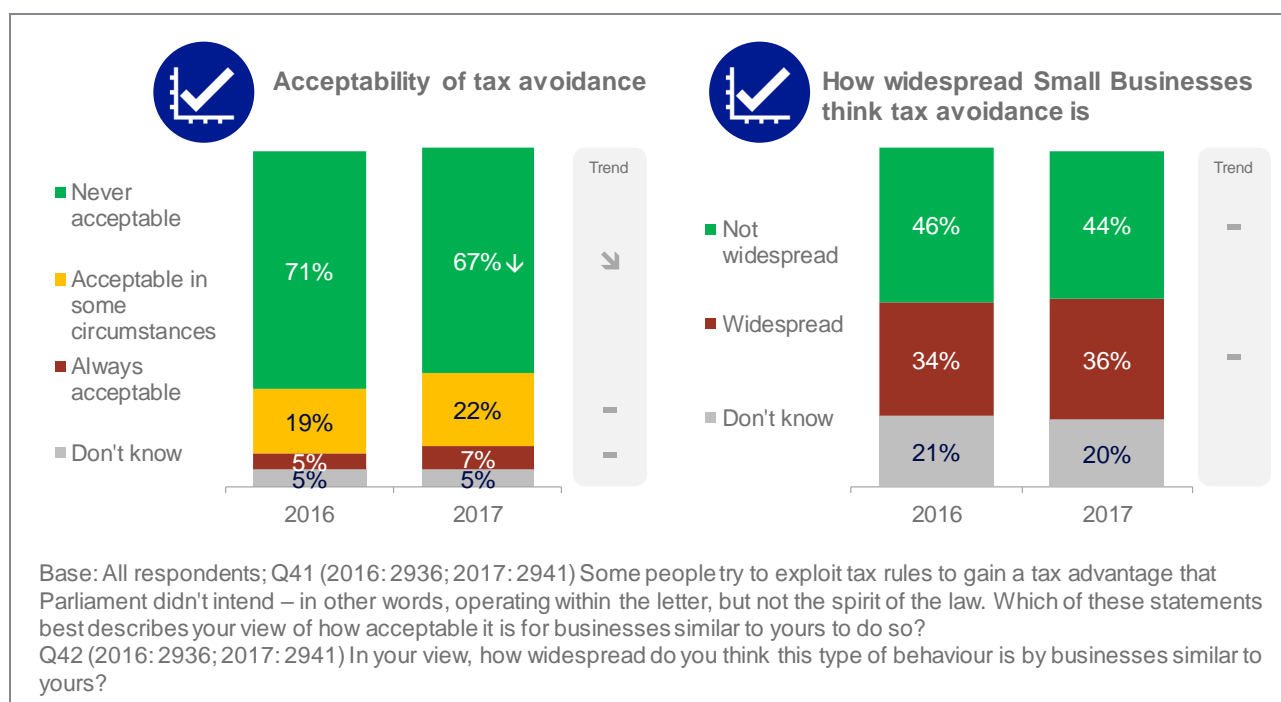
#### 4.5.4 Acceptability and extent of tax avoidance

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’. Two-thirds (67%) stated that this was never acceptable (Chart 4.29). However, this had decreased from 2016 (71%). A fifth (22%) thought it was acceptable in some circumstances, while a minority of Small Businesses (7%) thought it was always acceptable.

There were strong links between Small Businesses’ views of HMRC’s reputation and their views on the acceptability of tax avoidance. High proportions of Small Businesses that thought HMRC was efficient (76%), fair (74%) and effective (72%) as well as those that were confident in HMRC (73%) considered tax avoidance never acceptable.

Over a third of Small Businesses (36%) thought tax avoidance was widespread, while more than four in ten (44%) thought it was not widespread. Perceptions that tax avoidance is not widespread were higher among Small Businesses with no employees (41%, compared with 54% for those with 10 to 19 employees).

Chart 4.29 Acceptability of tax avoidance and perception of how widespread it is – Small Businesses



## 4.6 Changes to quarterly updating and digital record keeping

HMRC's ambition is to become one of the most digitally advanced tax administrations in the world, modernising the tax system to make it more effective, more efficient and easier for customers to comply. Making Tax Digital is changing how customers interact with HMRC especially for Self-Assessment and VAT. These customers will be able to choose to use software to keep digital records and provide periodic updates to HMRC at least every three months.

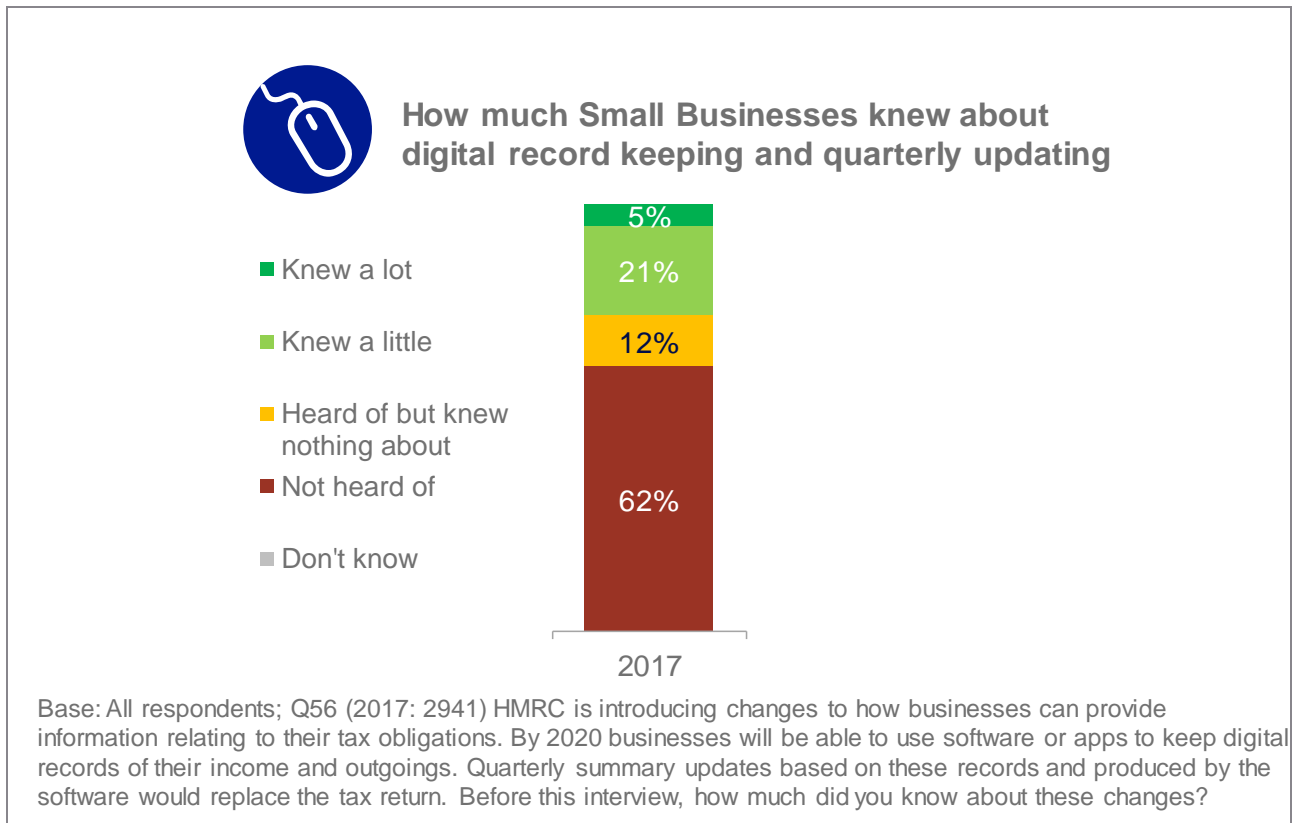
In 2017 a new set of questions was introduced to measure awareness and attitudes towards changes to how businesses will be able to provide information relating to their tax obligations under the Making Tax Digital roll-out. Small Businesses were first asked how much they knew about these changes, introduced in the questionnaire as follows: *'HMRC is introducing changes to how businesses provide information relating to their tax obligations. By 2020, businesses will be able to use software or apps to keep digital records of their income and outgoings. Quarterly summary updates based on these records and produced by the software would replace the tax return.'*

### 4.6.1 Knowledge of changes to quarterly updating and digital record keeping

Small Businesses were asked about the how much they knew about these changes to how businesses can provide information. Six in ten (62%) had not heard about these changes while a quarter (25%) knew about the changes. Of these, one in twenty (5%) knew a lot (Chart 4.30).

Awareness of these changes was higher amongst Small Businesses with 10 to 19 employees. A quarter (23%) of Small Businesses with no employees knew something about the upcoming changes, whereas a third (32%) of those with 10 to 19 employees knew something about them. Awareness of the changes was higher among Small Businesses that had used online and telephone (31%), compared with online-only businesses (24%).

Chart 4.30 Knowledge of the changes to quarterly updating and digital record keeping – Small Businesses

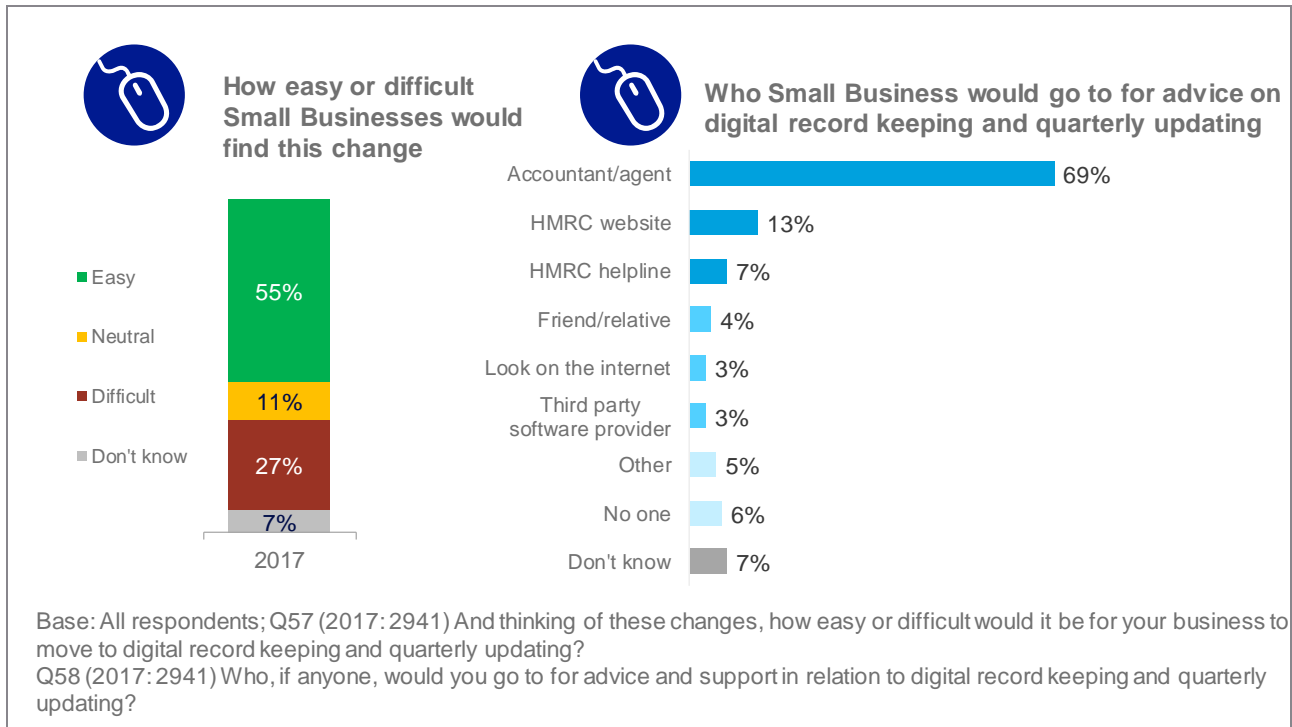


#### 4.6.2 Ease of moving to digital record keeping and quarterly updating

Small Businesses were also asked how easy or difficult it would be for their business to move to using software or apps to keep digital records and quarterly updating (Chart 4.31). Over half (55%) said they thought it would be easy to integrate these changes into their business. One in ten (11%) were neutral and close to three in ten (27%) said it would be difficult.

Small Businesses were also asked who they would go to for advice and support in making these changes. The majority (69%) would turn to an accountant or an agent for advice. Small Businesses would also look for advice and guidance on the HMRC website and the HMRC telephone helpline.

Chart 4.31 Ease of changing to digital record keeping and quarterly reporting – Small Businesses

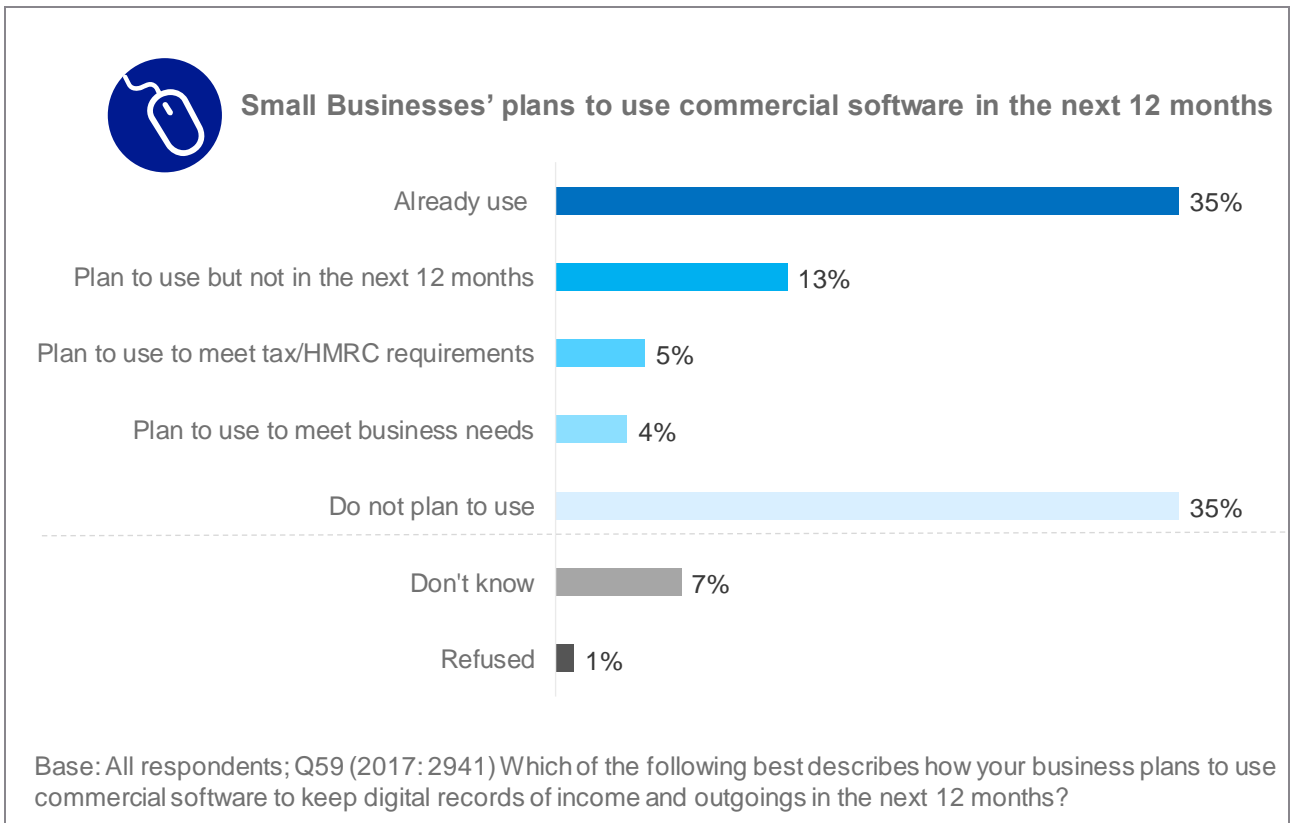


### 4.6.3 Plans to use commercial software

Finally, Small Businesses were asked whether they use, or are planning on using, commercial software to keep digital records of incomings and outgoings in the next 12 months. Businesses will have to use software to comply with the changes to digital reporting and quarterly updating.

A third of Small Businesses (35%) said they are already using commercial software (Chart 4.32). One in ten (10%) planned to use it in the next 12 months and a further one in ten (13%) planned to use it in the future (although not in the next year). However, a third (35%) said they did not plan on using it at all.

Chart 4.32 Small Businesses' plans to use commercial software in the next 12 months – Small Businesses



# 5. Agents



## 5.1 Summary of changes

Nearly half (48%) of Agents had a positive overall experience of dealing with HMRC (up from 40% in 2015). This reflects continued year on year improvement (31% felt that their experience had improved over the last year, up from 24% in 2015).

The increase in positive ratings of other telephone helplines between 2015 and 2016 was maintained in 2017 (28% in 2017, up from 17% in 2015). However, there was a decrease in rating of HMRC online services in 2017 (65%, down from 69% in 2016).

There was an increase in positive ratings across most dimensions of customer experience since 2015. Getting the tax transaction right was the most important driver of overall experience for Agents in 2017.

Four in ten (41%) were confident in HMRC's ability to do their job (up from 36% in 2015). There were also an increase for favourability (54%, up from 48% in 2015).

Nine in ten (93%) Agents thought tax evasion is never acceptable and half (52%) that tax avoidance is never acceptable. There has been a small decrease in Agents who felt evasion was widespread since 2016 (43%, down from 47% in 2016).

## 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 broadly similar to 2015 and 2016.

Seven in ten (70%) Agents classified their business as an accountancy firm, with two in ten (20%) reporting that they were a bookkeeping firm and nine per cent as another kind of Agent.

The majority of Agents had few employees (Chart 5.1): about four in ten (38%, down from 46% in 2016) had no employees, about a third (36%) had one to four employees and one in seven (14%) had between five and nine employees. One in ten (10%) Agents said that they had 10 or more employees.

Agents were asked approximately how many clients their business represented (Chart 5.2). Four in ten (42%) had fewer than 50 clients.

Firm size (number of employees and number of clients) was linked to Agent type. Seven in ten (70%) bookkeeping firms had no employees and nine in ten (89%) fewer than 50 clients while seven in ten accountancy firms had one or more employees (70%) or 50 or more clients (68%).

Most Agents had been operating for a number of years. Almost seven in ten (67%) Agents had been operating for over 10 years, while three in ten (28%) had been operating for between five and 10 years. Only three per cent of Agents had been established for less than two years.

Chart 5.1 Number of employees – Agents

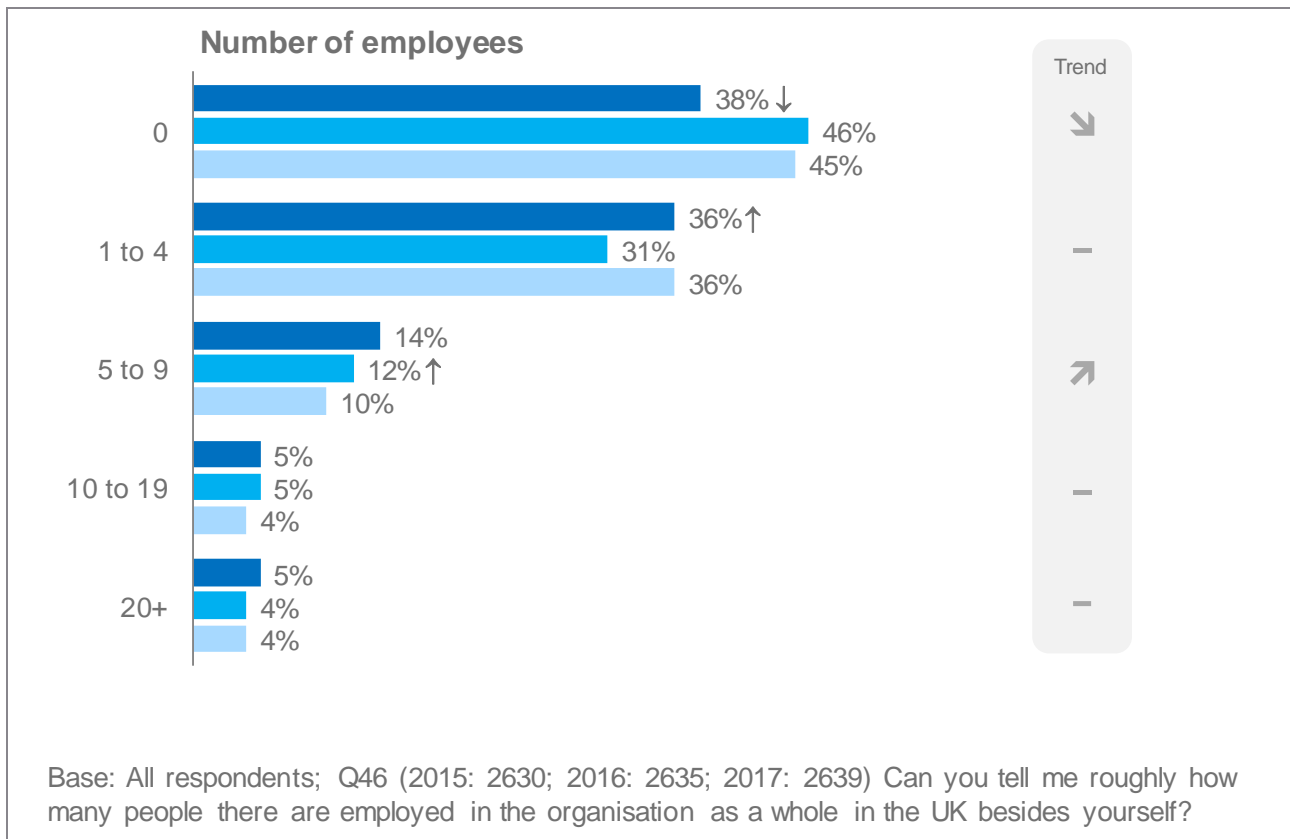
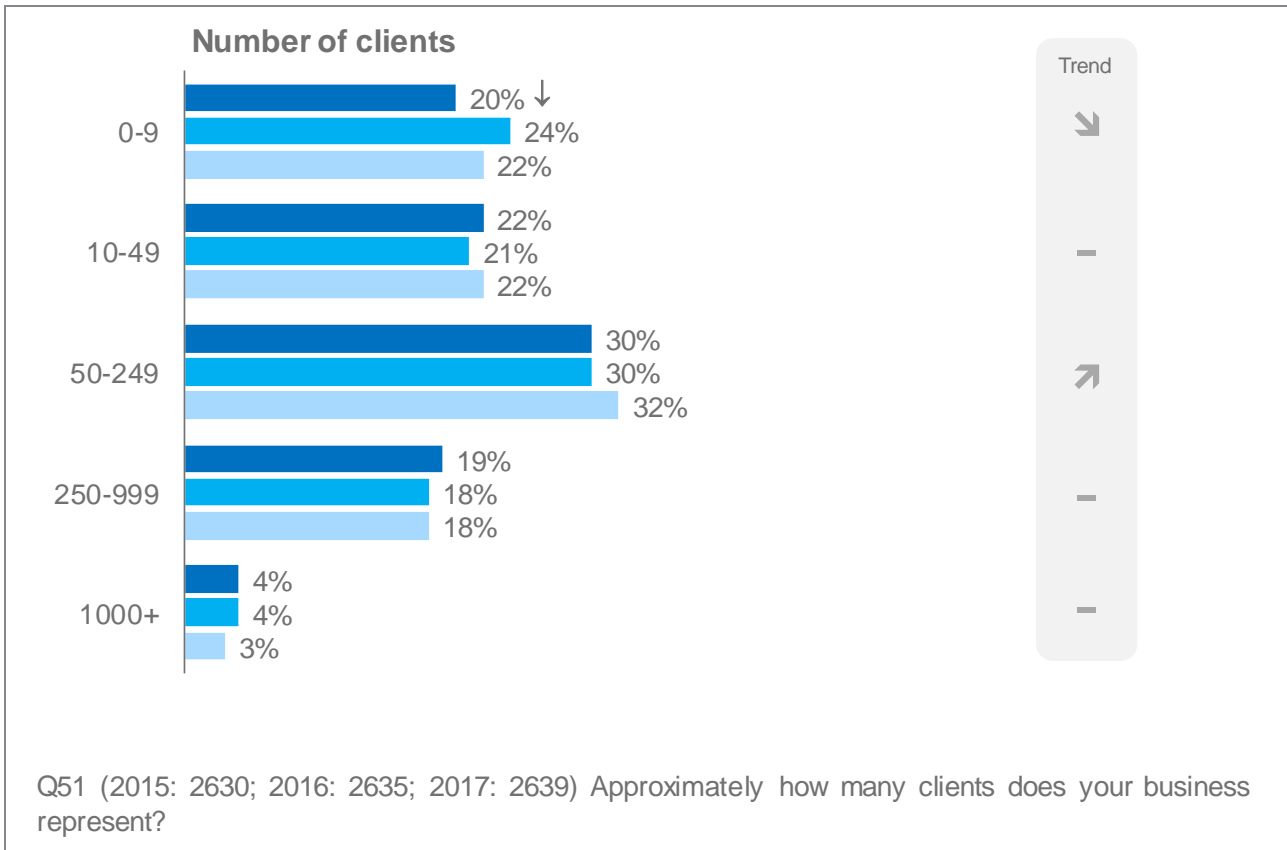




Chart 5.2 Number of clients – Agents

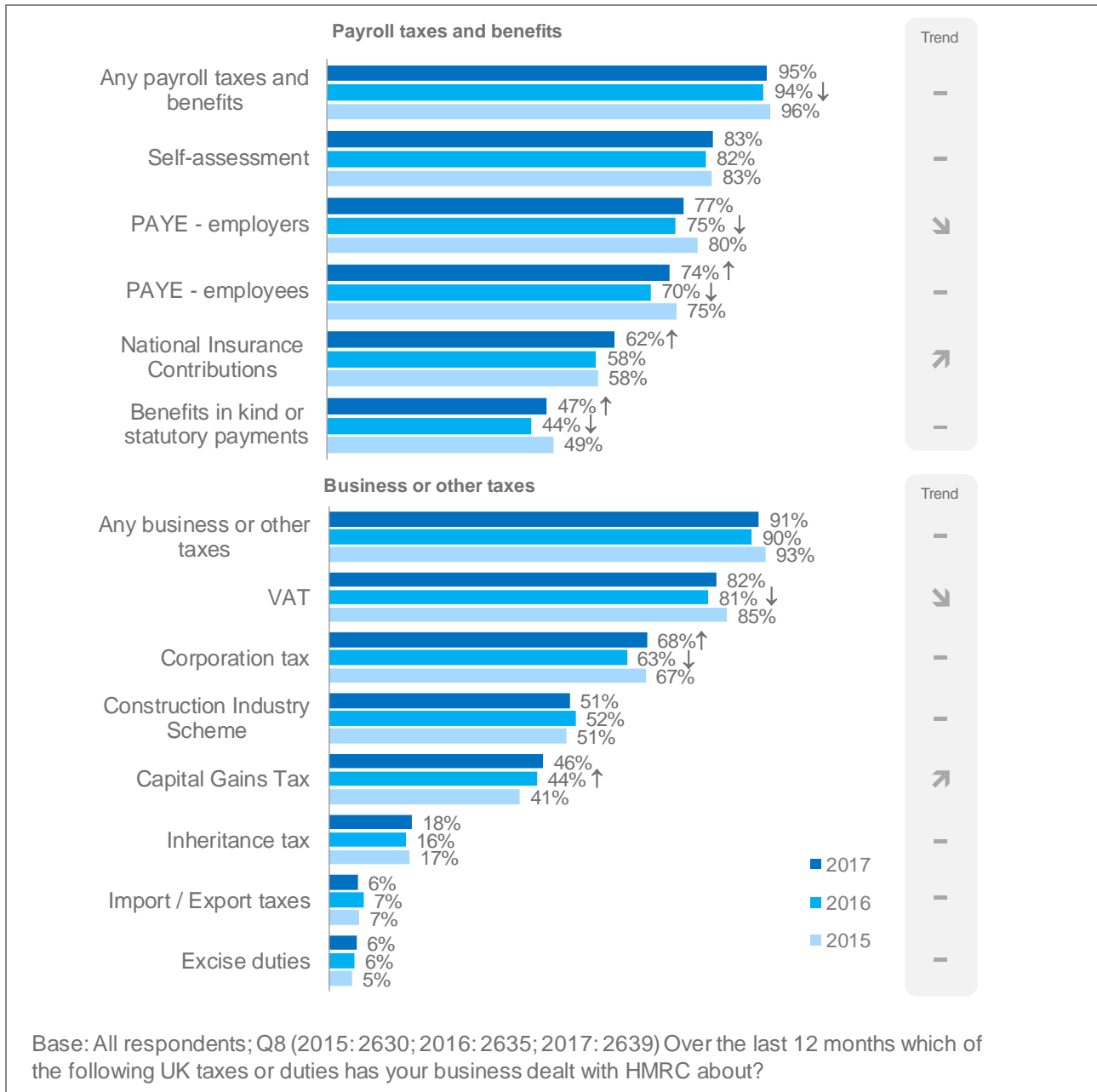


Half of Agents (48%) felt that HMRC made it easy for them to act on behalf of their clients – an increase from 45% in 2015 – with about a quarter responding negatively (23%) and three in ten (28%) neutrally.

### 5.2.2 Tax dealings

In line with the services Agents reported offering to clients, the vast majority of Agents (95%) reported having dealt with payroll taxes and benefits within the previous 12 months (Chart 5.3).

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



The most common tax and benefit dealings that Agents represented clients for were Self-Assessment (83%), VAT (82%) and Pay As You Earn (PAYE) (77% for employers, 74% for employees) – these were also the most common dealings in both 2015 and 2016, although VAT and PAYE for employers decreased from 2015.

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 (95% compared with 87%) in the previous 12 months. Seven per cent of Agents reported only dealing with payroll-related taxes or benefits. Bookkeeping firms were more than twice as likely as accountancy firms to have reported only dealing with payroll taxes or benefits (10% versus 4%).

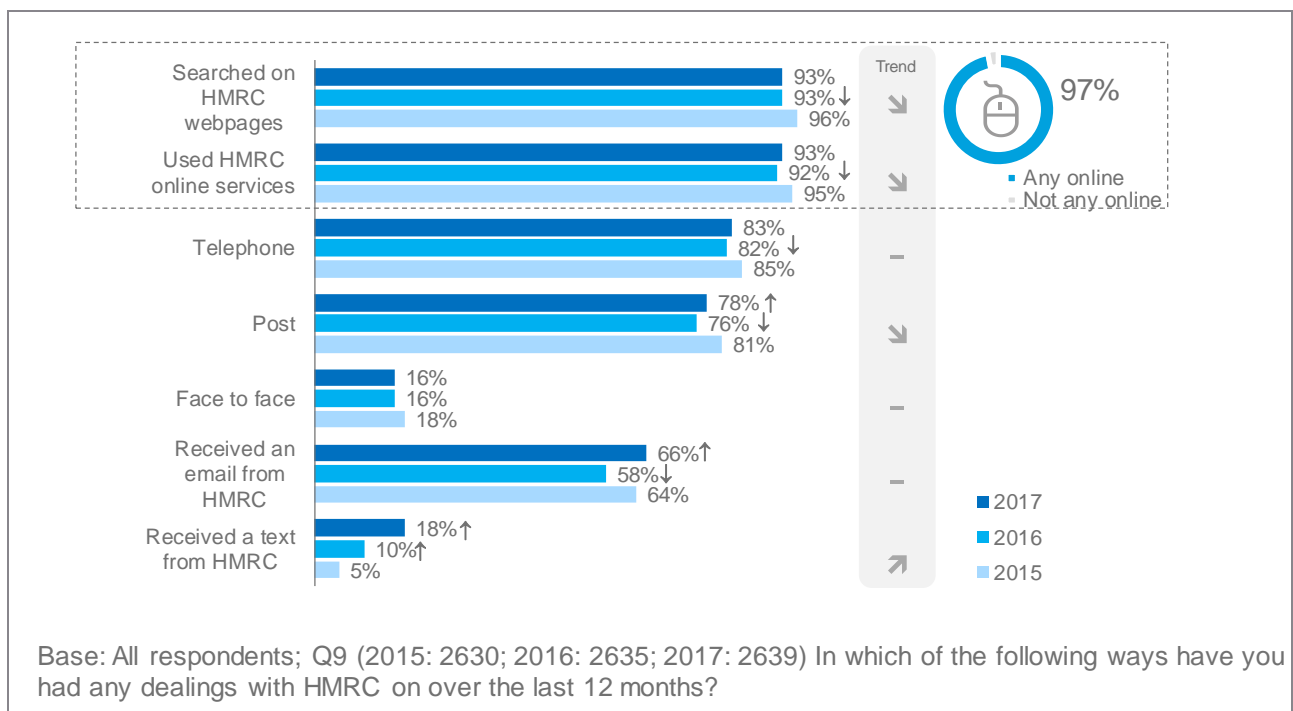
### 5.2.3 Types of interaction with HMRC

Agents were asked about the type of interactions they had with HMRC in the previous 12 months on behalf of their clients. The most common interactions were to have sought information from HMRC (83%), provided any information to HMRC in relation to any taxes paid or Benefits and Credits received by clients (78%), and used any HMRC online services for Agents (77%).

### 5.2.4 Channels used to interact with HMRC

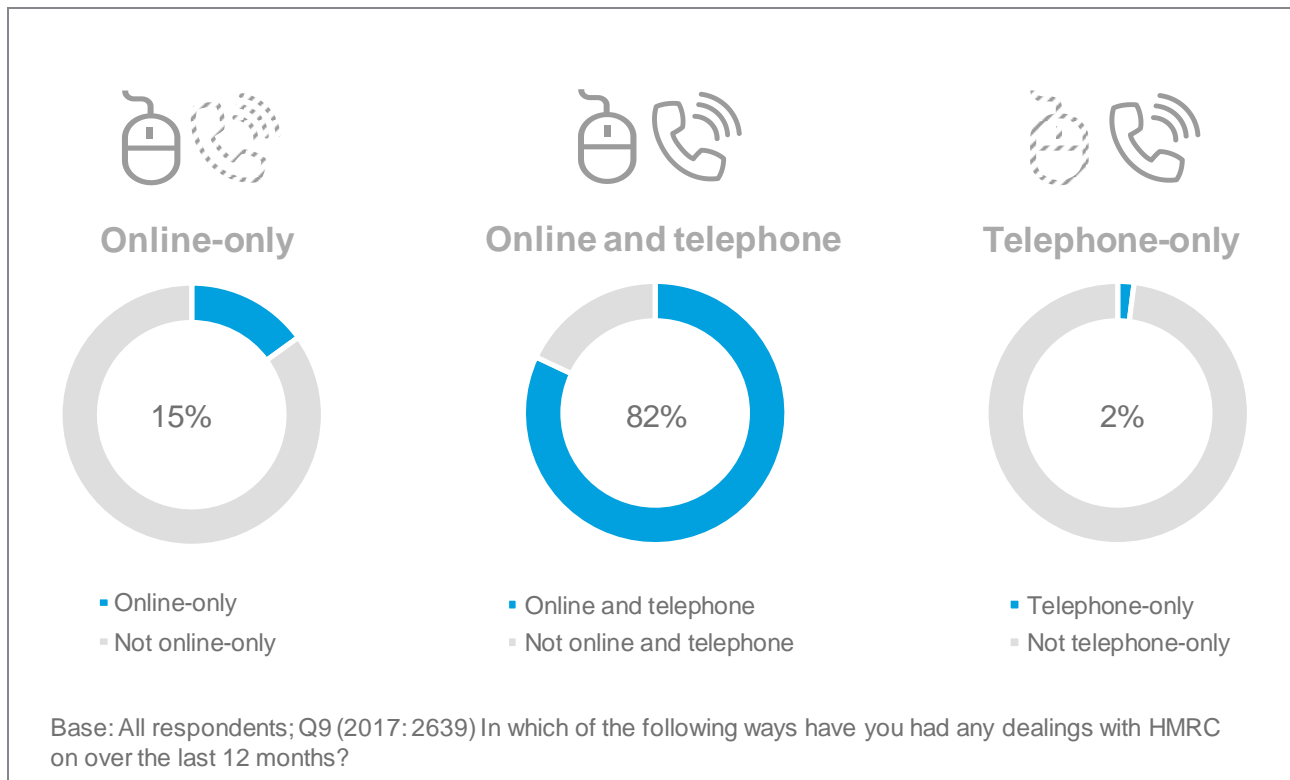
Agents were asked about the ways in which they had interacted with HMRC in the previous 12 months. An interaction was defined as making contact with or received information from HMRC, or using HMRC’s online services. Agents reported having had contact with HMRC over the previous 12 months through a variety of channels as seen in Charts 5.4 and 5.5.

Chart 5.4 Channels of contact – Agents



Most Agents (91%) reported using three or more contact channels. 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 (83%) had telephone contact, while a similar proportion (82%) had both online and telephone contact. Fifteen per cent used online-only channels and two per cent were telephone-only.

Chart 5.5 Online and telephone channels of contact – Agents



Larger firms were more likely to use both online and telephone channels; 93% of firms with 10 or more employees used both, compared with 67% of those with no employees. Smaller Agents were more likely to have had online-only dealings (27% of Agents with no employees).

### 5.2.5 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 (Chart 5.6).<sup>23</sup>

Seven in ten (69%) Agents 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 (54%). 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 (86%), followed by those with 50 to 249 clients (79%) and Agents with 10 to 49 clients (62%). Agents with less than 10 clients were least likely to be members of a professional body (40%).

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.

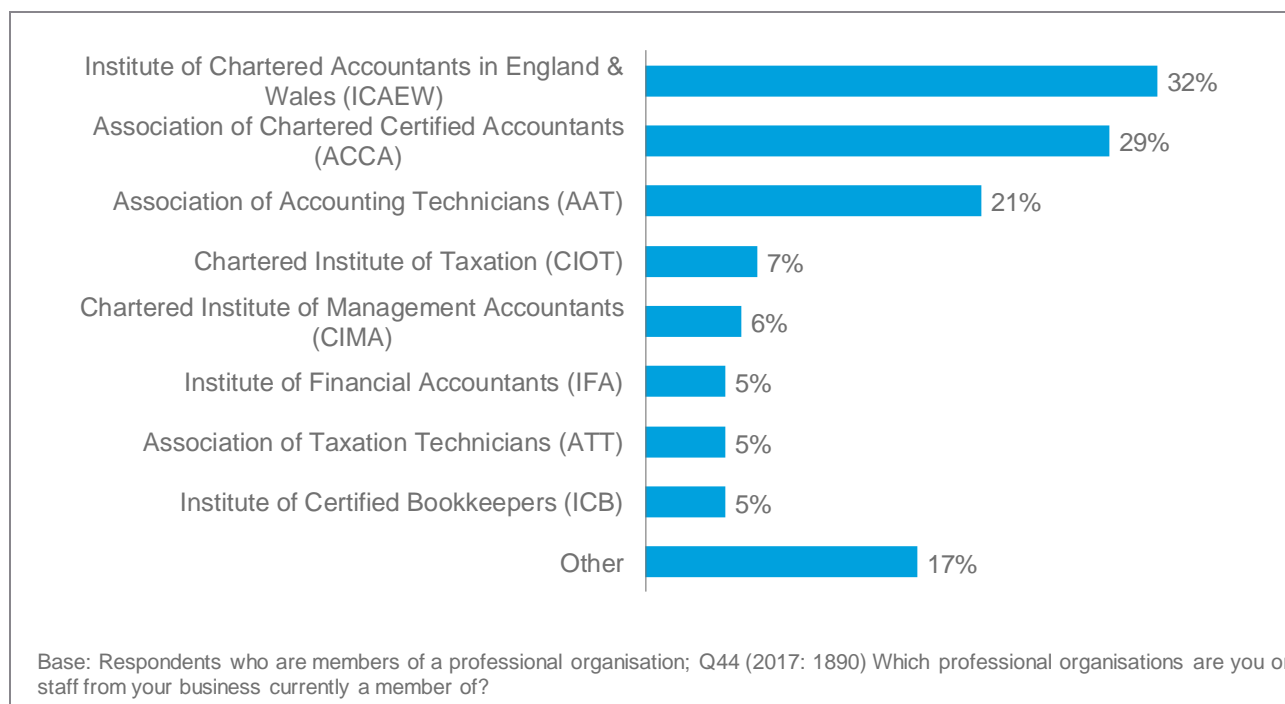
Three organisations stood out as the most popular among those that were members of any organisations; these were the Institute of Chartered Accountants in England & Wales (ICAEW)

<sup>23</sup> These questions were not asked in 2015.

(32%), the Association of Chartered Certified Accountants (ACCA) (29%), and the Association of Accounting Technicians (AAT) (21%).

Staff of accountancy firms were the most likely to be members of the top two organisations mentioned above (ICAEW: 37%, ACCA: 33%) while staff of bookkeeping firms were most likely to be members of the Institute of Certified Bookkeepers (ICB) (33%) and AAT (29%).

Chart 5.6 Membership of professional organisations – Agents



## 5.3 Customer experience

This section discusses Agents' ratings of HMRC's online services, webpages and telephone helplines as well as overall customer experience. It also examines more detailed dimensions of Agents' 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 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

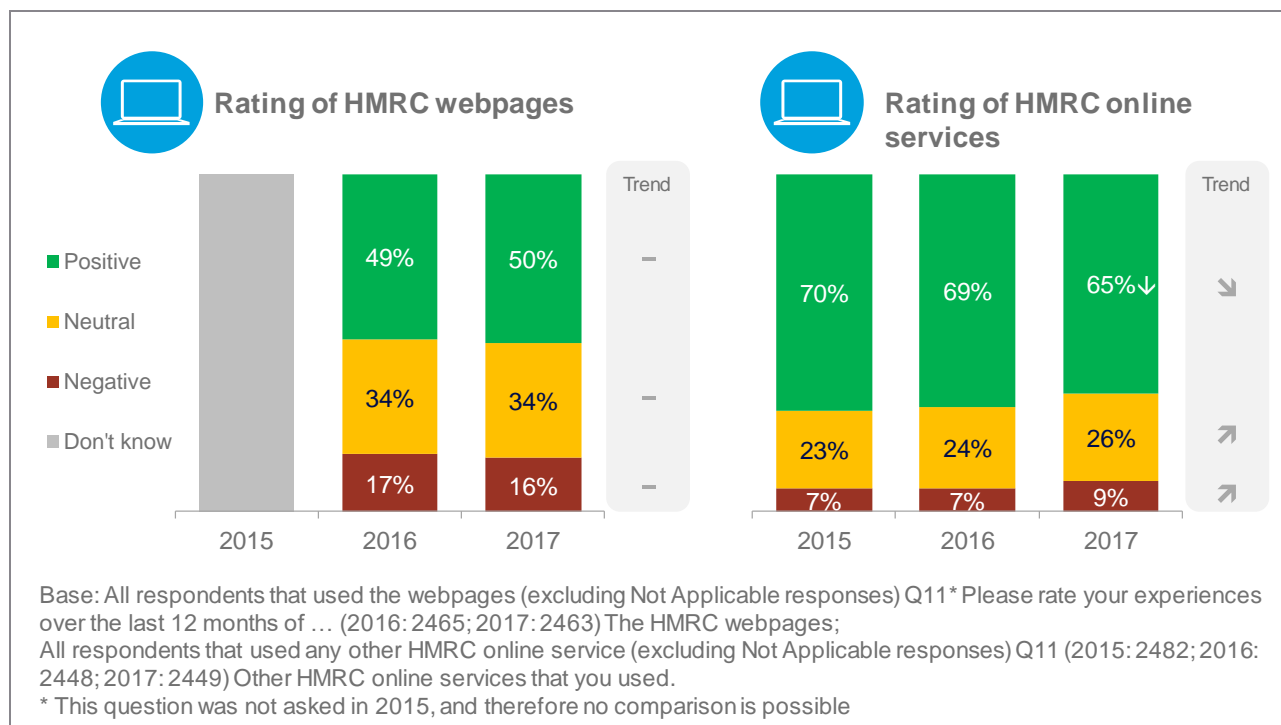
Where Agents had used HMRC's webpages or online services, they were asked to rate these contact channels (Chart 5.7). Similarly, where Agents had used HMRC's telephone helplines, they were asked to rate these (Chart 5.8).

Two-thirds of Agents (65%) gave a positive rating of HMRC online services, which represented a small decline since 2016 when positive ratings were 69%. Half of Agents (50%) were positive about HMRC's webpages, no change since 2016.

The level of positive ratings for online services decreased between 2015 and 2017 among Agents with 10 or more clients (64% in 2017, down from 68% in 2015).

Agents using online-only channels were more positive about webpages (60%) and other online services (77%) than those using both online and telephone channels (48% and 63% respectively).

Chart 5.7 Rating of HMRC online services and webpages – Agents

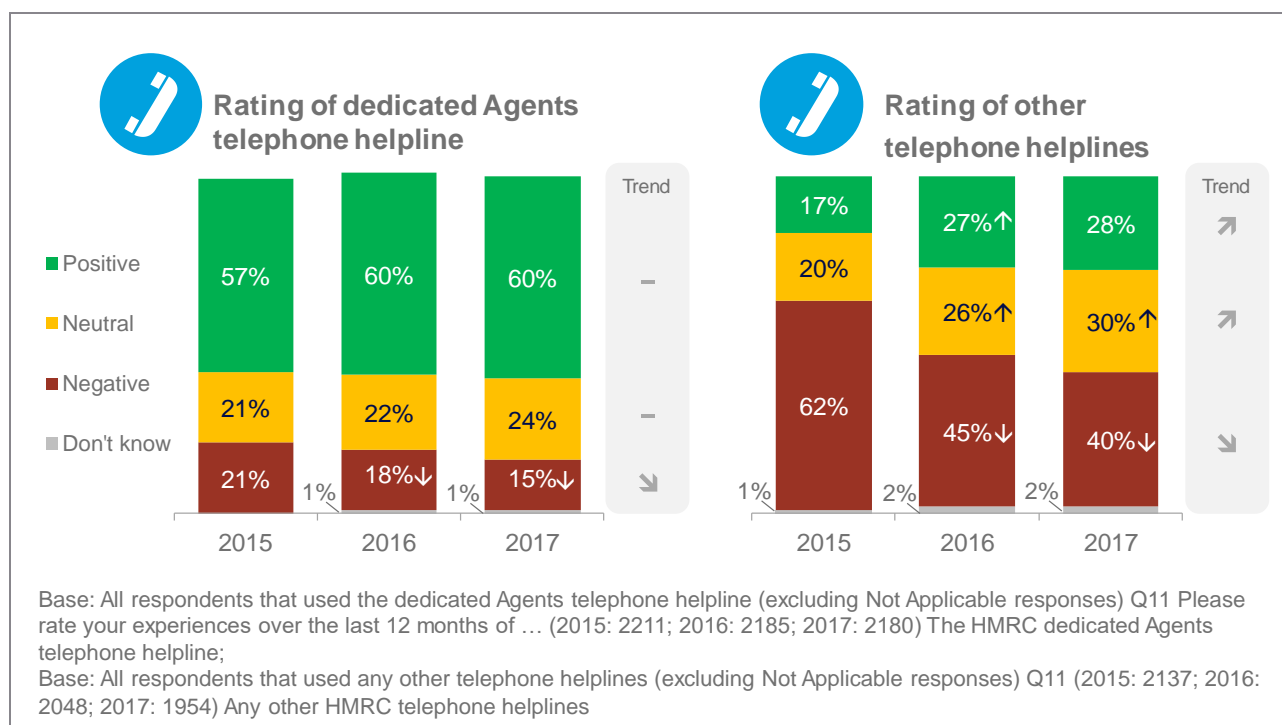


Unchanged since 2015, three in five Agents (60%) gave the dedicated Agents telephone helplines a positive rating and a quarter (24%) gave a neutral rating. However, there was a fall in negative ratings (15%, down from 21% in 2015) (Chart 5.8).

Although Agents continued to be far less positive about other HMRC helplines than the dedicated helpline, there was an increase in positive ratings (28%, up from 17% in 2015). There was also a corresponding decrease in negative ratings over time (from 62% in 2015 falling to 45% in 2016 and to 40% in 2017).

Agents with 10 or more clients were less positive about other telephone helplines (27%) than smaller Agents with less than 10 clients (40%). However, the level of positive ratings about other telephone helplines among Agents with 10 or more clients increased over time (27%, up from 15% in 2015).

Chart 5.8 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 in dealing with HMRC on behalf of their clients over the previous 12 months and give an overall score (Chart 5.9). Agents were more likely to report having had a positive overall experience of dealing with HMRC over the previous 12 months compared with 2015 (48%, up from 40% in 2015). They were correspondingly less likely to report a negative overall experience (17%, down from 24% in 2015).

There were also some notable differences for key sub-groups:

- Agents that used online-only contact channels were more likely to have had a positive overall experience (75%) than those that had interacted with HMRC both online and on the telephone (42%). There was an increase in the level of positive ratings among Agents using online-only services (75%, up from 65% in 2015).
- Smaller Agents were more likely to have a positive overall experience than larger Agents. Six in ten (59%) with no employees were positive, whereas a third (35%) of those with 10 or more employees had a positive experience. However, the increase in positive ratings since 2015 was reflected among Agents in all size bands.

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 5.10). Three in ten (31%) said that their experience had improved, which was an increase over time from 24% in 2015 and 27% in 2016.

Less than half (46%) reported that their experience had stayed the same – a decrease from 51% in 2016. A fifth (22%) of Agents said that their experience had got worse, a decrease from 32% in 2015.

Perceptions of change over the past 12 months had improved for some subgroups of Agents. Agents that were members of professional organisations were more likely to say that their experience had improved compared with 2016 (30% in 2017, up from 26% in 2016). There were also increases in the proportion of smaller Agents thinking that services had improved: 34% of Agents with no employees (up from 25% in 2015); and 30% of Agents with one to four employees (up from 23% in 2015).

Chart 5.9 Rating of overall experience – Agents

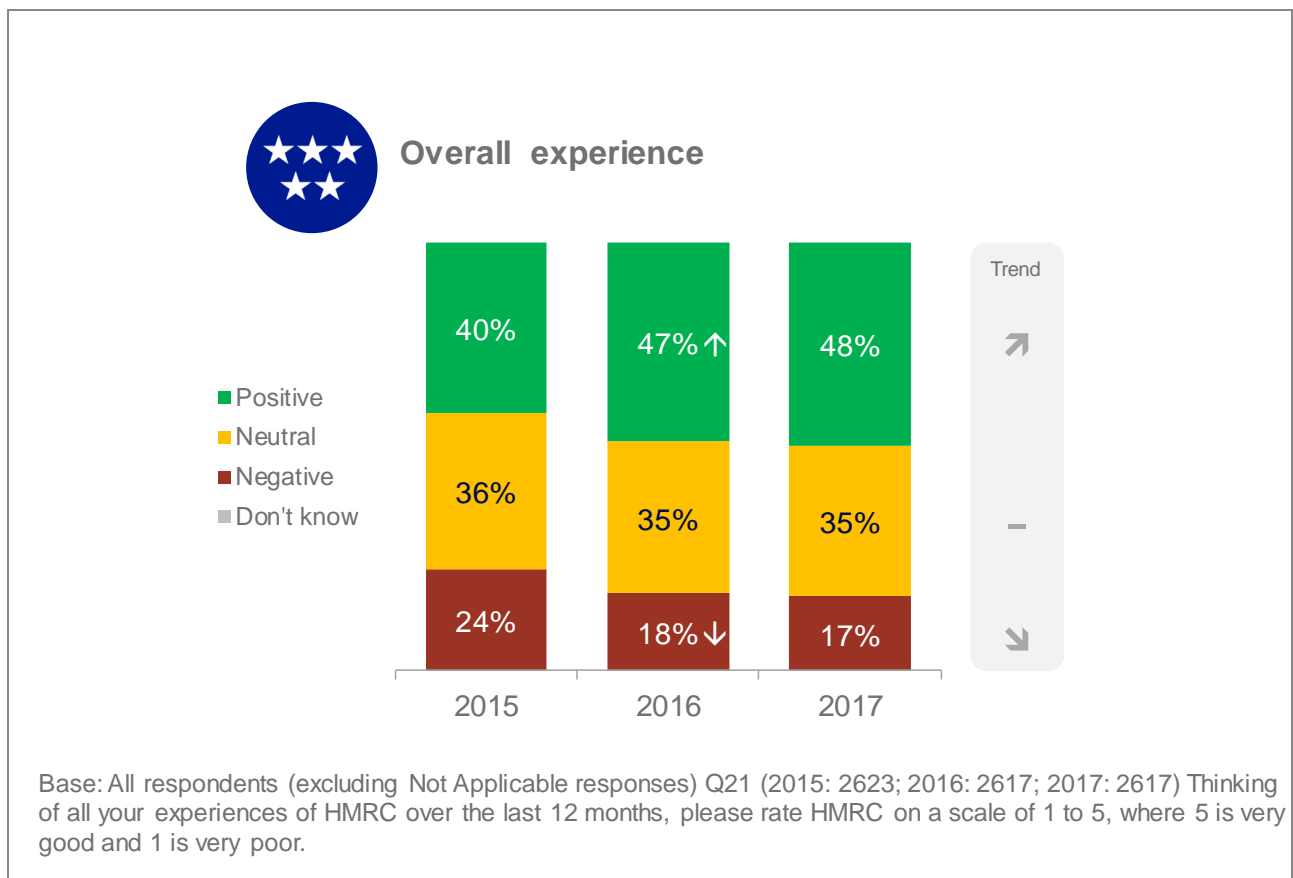
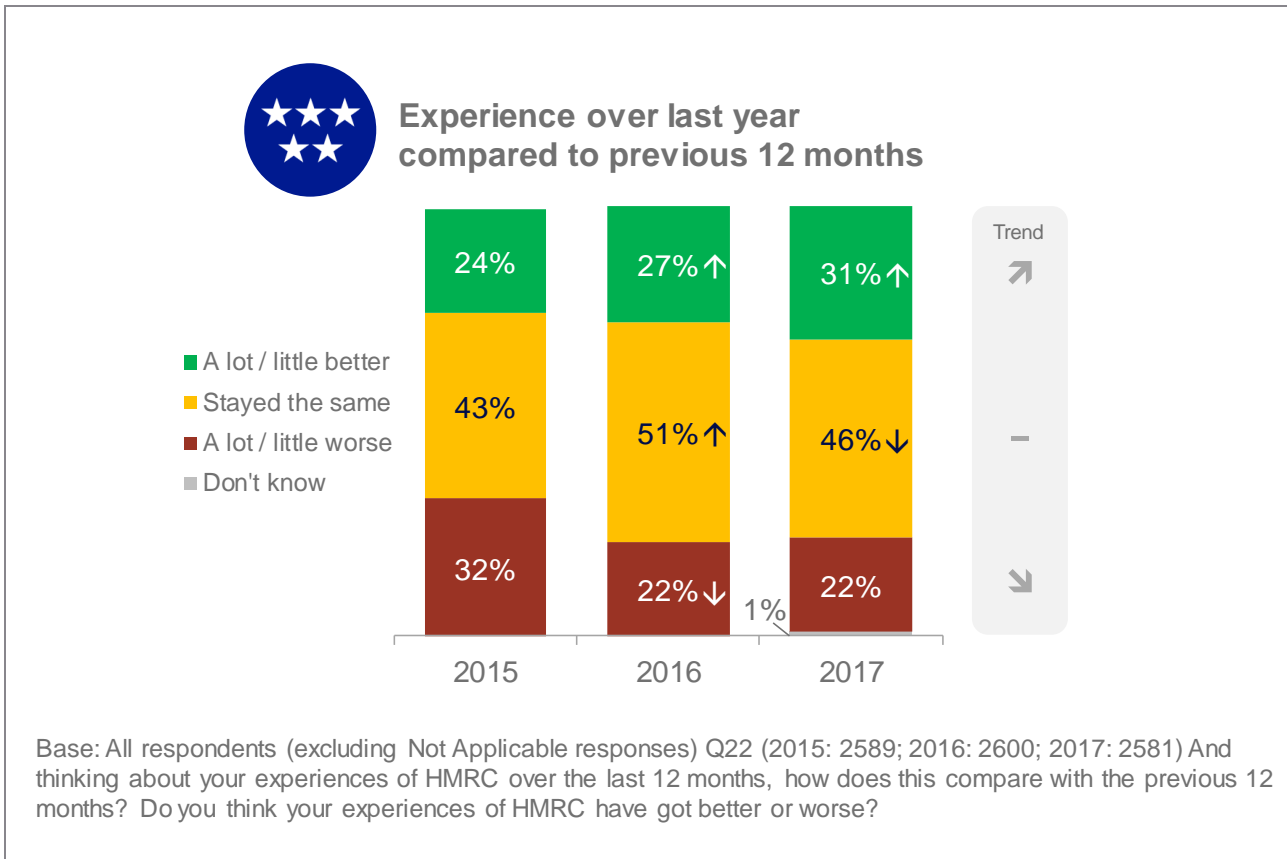




Chart 5.10 Comparison of experience with previous 12 months – Agents



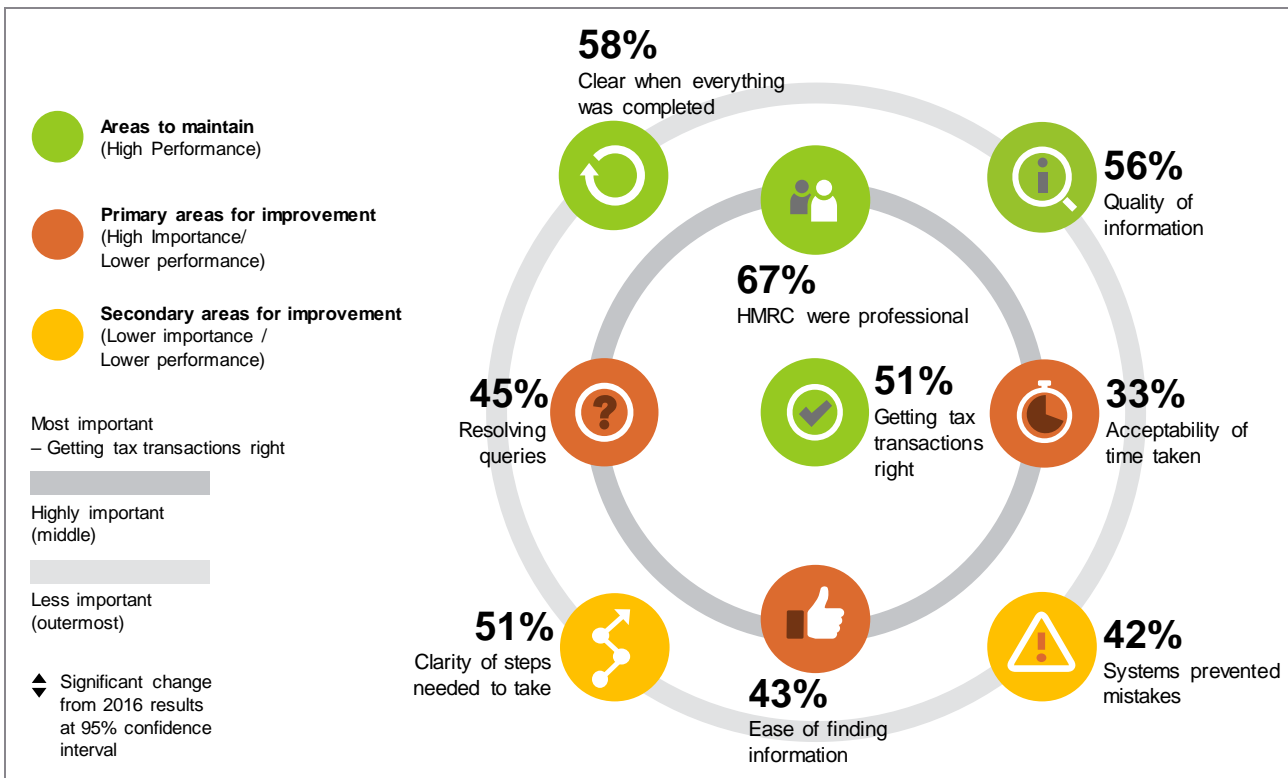
### 5.3.3 Atom Model of Customer Experience

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 2017 survey results which examined the dimensions of customer experience which had greatest impact on the overall rating of customer experience.

Chart 5.11 Atom Model – Agents 2017



HMRC getting tax transactions right was at the heart of the Agents Atom Model, consistent with the original model based on the initial qualitative research. This was the dimension with the strongest relationship with the overall rating of experience, making this the primary dimension driving overall experience in 2017.

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

- Resolving queries
- HMRC were professional
- Acceptability of time taken
- Ease of finding information

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

- Systems prevented mistakes
- Quality of 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 5.11:

- 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.

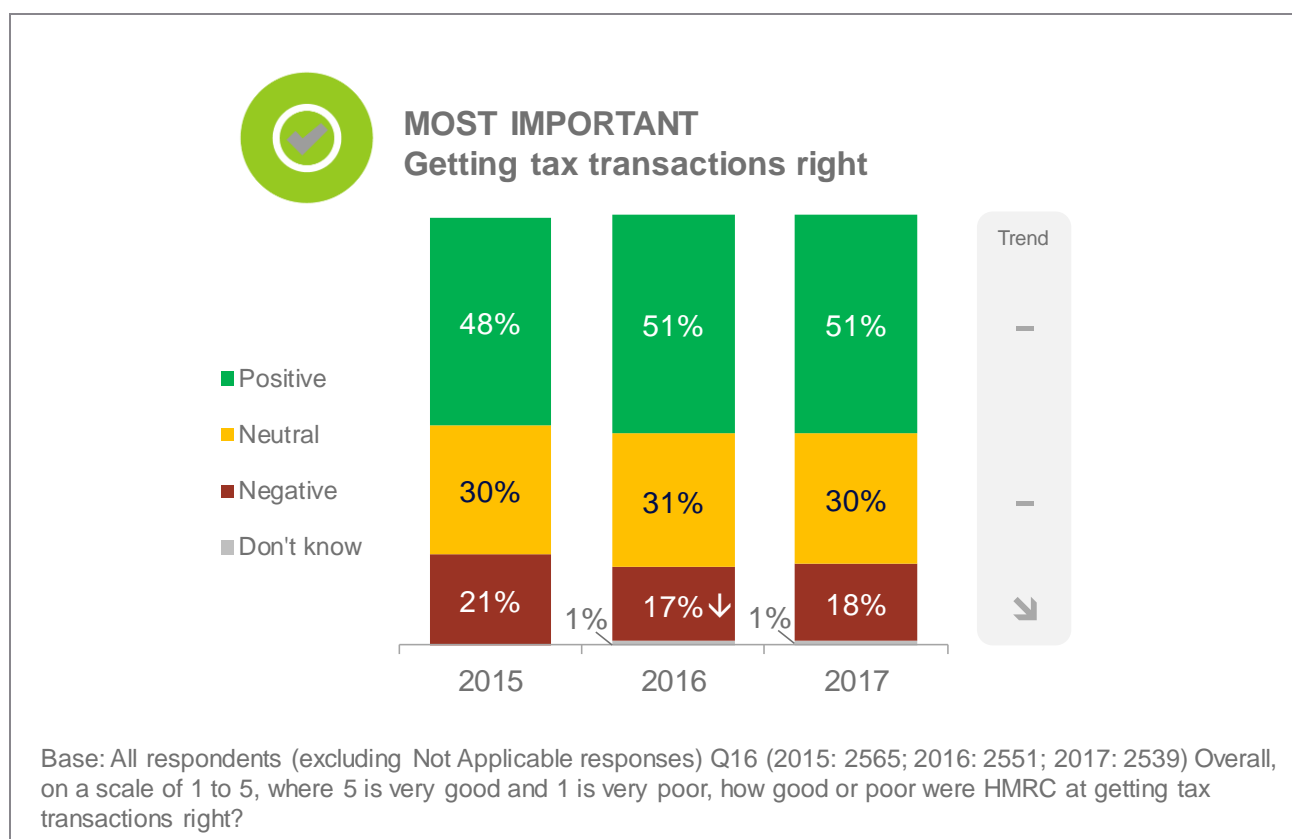
### Most important dimension

#### HMRC getting tax transactions right

Unchanged from 2015, half (51%) of Agents remained positive about HMRC getting tax transactions right, and nearly a third (30%) were neutral. However, negative ratings decreased to less than one in five (18%, down from 21% in 2015) (Chart 5.12).

The trends seen for Agent subgroups throughout the report are evident here too with online-only (76%), those that were not members of a professional body (59%), smaller Agents with no employees (63%), and smaller Agents with fewer than 10 clients (71%) being more positive than average.

Chart 5.12 Most important dimension of customer experience – Agents



### 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 were professional; and ease of finding information (Charts 5.13 and 5.14).

HMRC resolving queries, the acceptability of time taken and ease of finding information were dimensions of relatively poor performance that were highly important to overall experience, so are primary areas for improvement.

### ***Resolving queries***

Positive ratings for HMRC resolving queries increased to 45% (up from 39% in 2015) while negative ratings decreased to 22% (down from 29% in 2015) (Chart 5.13).

Reflecting earlier findings, smaller Agents were more positive than larger ones. Six in ten Agents with a turnover below £15k or fewer than 10 clients (63% and 64% respectively) were positive about HMRC resolving queries.

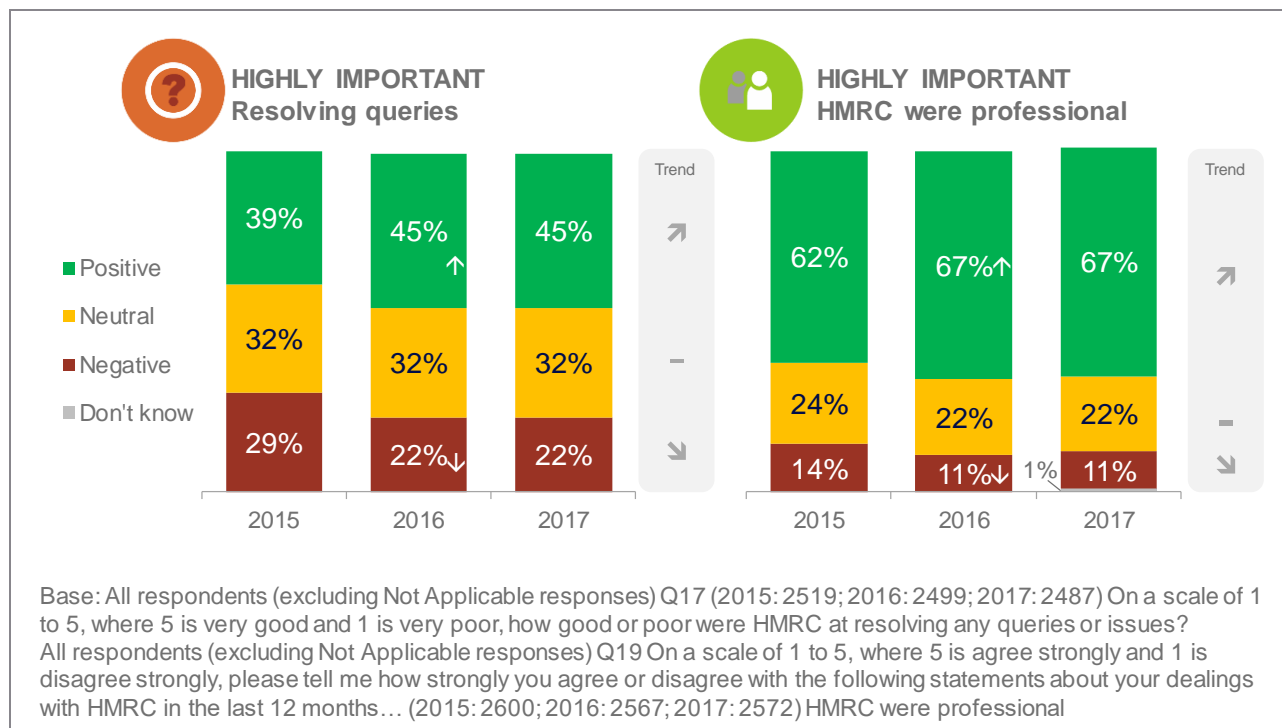
Bookkeeping agencies were more positive on this measure than accountancy firms (57% compared with 41%) while Agents that were members of a professional body were more likely to be negative about HMRC resolving queries (24%, compared with 18% for non-members).

Increases in positive ratings were seen among online-only Agents (67% in 2017, up from 57% in 2015), Agents using telephone and online services (42% in 2017, up from 36% in 2015), and among accountancy firms (41% in 2017, up from 34% in 2015).

### ***HMRC were professional***

Perceptions of HMRC being professional was the most positively rated dimension by Agents in the Atom Model and ratings had 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%, down from 14% in 2015) and neutral ratings stayed the same at one in five (22%) (Chart 5.13). While smaller Agents were more positive on this measure than larger Agents (75% of those with no employees were positive compared with 59% with 10+ employees), improvements were driven by larger Agents with 20+ employees (65%, up from 54% in 2015) and more than 50 clients (62%, up from 53% in 2015).

Chart 5.13 Highly important dimensions of customer experience – Agents



### Acceptability of time taken

Acceptability of time taken was the least positively rated dimension in the Atom model. However, there has been a significant improvement in perceptions since 2015. 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). These figures remain unchanged since 2016 (Chart 5.14).

Agents that had both online and telephone contact were three times more likely to be negative (39%) than Agents that used online-only contact channels (13%).

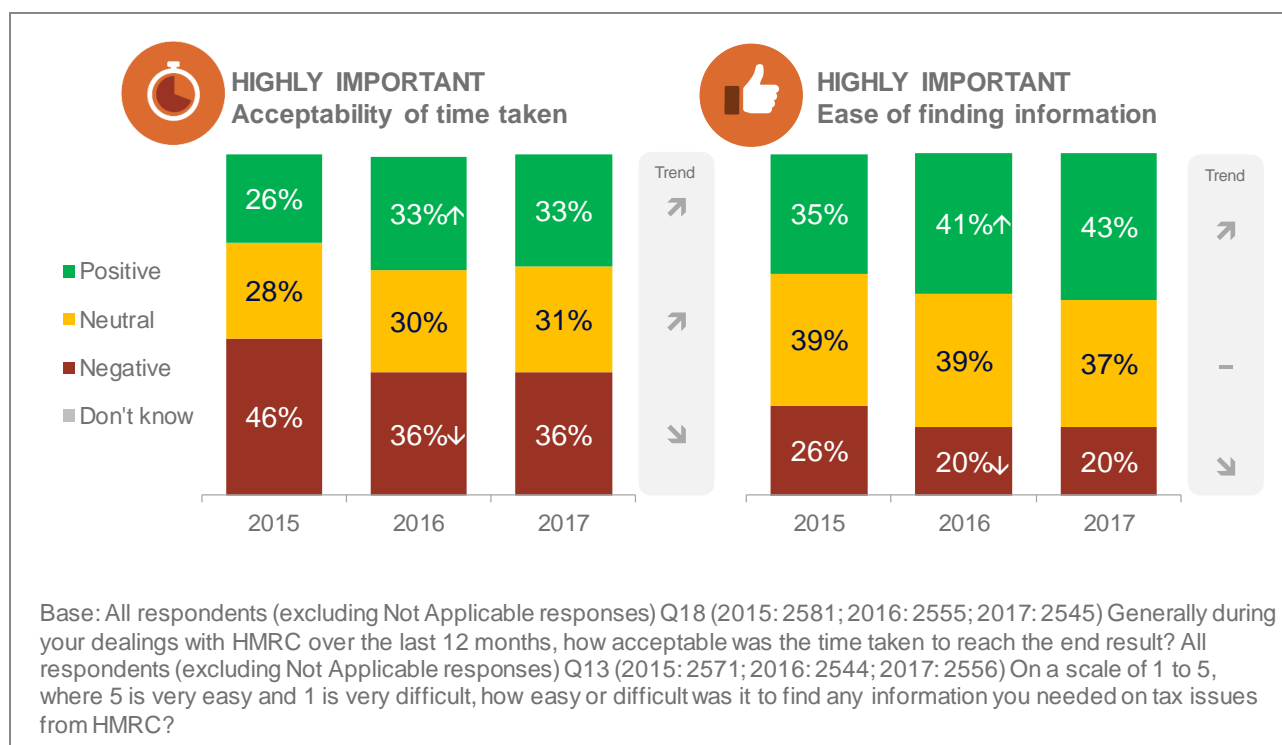
Improvements for ratings of the acceptability of time taken between 2015 and 2017 were observed among Agents with a higher turnover; for example, from 12% in 2015 to 20% in 2017 among Agents with a turnover of £250K or more. While bookkeeping agencies were more positive than accountancy firms on this measure (50% compared with 29%), the proportion of accountancy firms giving a positive rating had improved over time (29% in 2017, up from 21% in 2015).

### Ease of finding information

There were improvements in ease of finding information. Positive ratings increased to two in five Agents (43%, up from 35% in 2015), while negative ratings decreased to one in five (20%, down from 26% in 2015). Neutral ratings remained similar (37% in 2017) (Chart 5.14).

Improvements were seen among both online-only Agents (59%, up from 47% in 2015) and those using both telephone and online (41%, up from 33% in 2015). Smaller and medium sized Agents were also more positive than in 2015; for example, 41% of Agents with one to four employees (up from 28% in 2015) and 40% of Agents with 10 to 19 employees (up from 21% in 2015).

Chart 5.14 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 systems prevented mistakes; quality of information; clarity of steps needed to take; and clear when everything was completed (Charts 5.15 and 5.16).

#### Systems prevented mistakes

Four in ten Agents (42%, up slightly from 39% in 2015) agreed that HMRC systems prevented mistakes and a quarter (24%) were negative (Chart 5.15). Although there is little change at an overall level, increases since 2015 were observed among online-only Agents (68%, up from 57% in 2015) and the smallest Agents (in terms of turnover, employees and clients).

This continues to be an area in need of improvement, but a secondary area, as it had less influence on the overall customer experience.

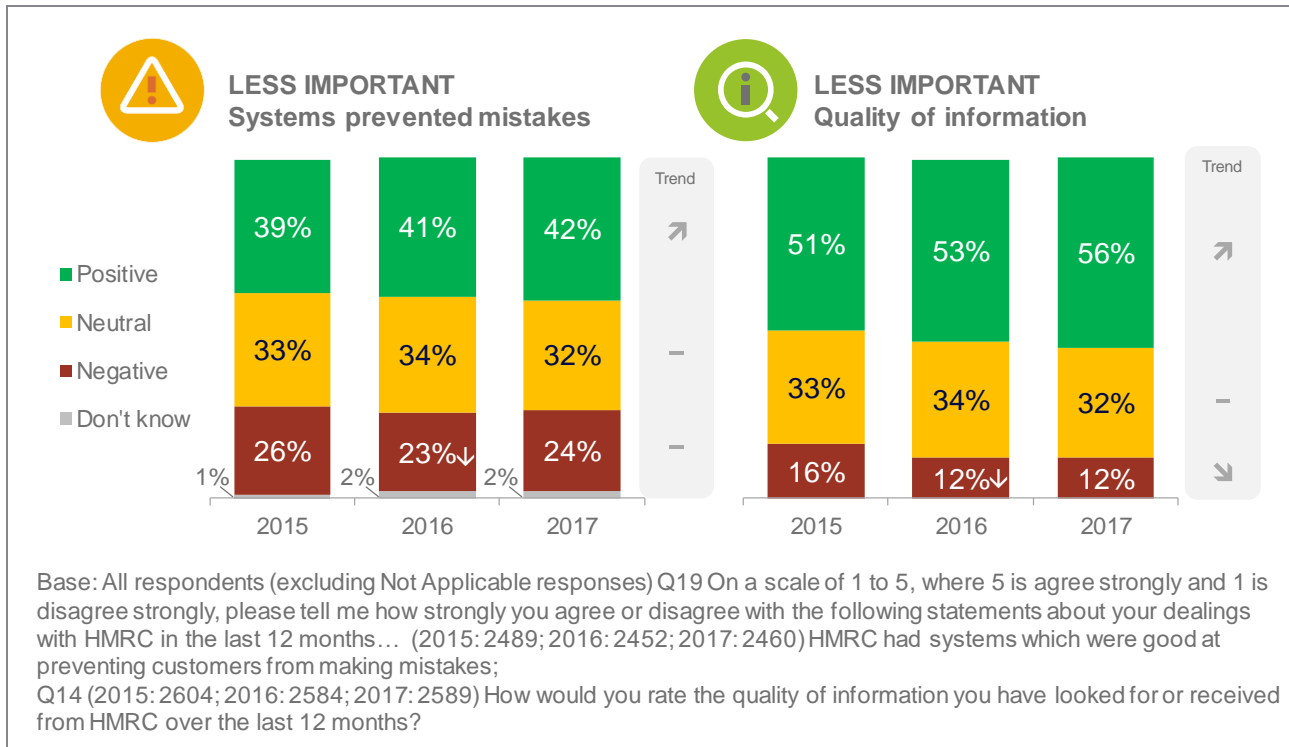
#### Quality of information

Just over half of Agents (56%, up from 51% in 2015) were positive about the quality of information in the previous 12 months, while a third (32%) were neutral. Negative ratings decreased to just over one in ten (12%, down from 16% in 2015) (Chart 5.15).

Positive ratings improved among larger Agents with 10 to 19 employees (47%, up from 35% in 2015) and with 250+ clients (48%, up from 38% in 2015).

HMRC continued to perform well on this dimension compared with other Atom Model experience dimensions and so it is deemed an area to be maintained.

Chart 5.15 Less important dimensions of customer experience – Agents



**Clarity of steps needed to take**

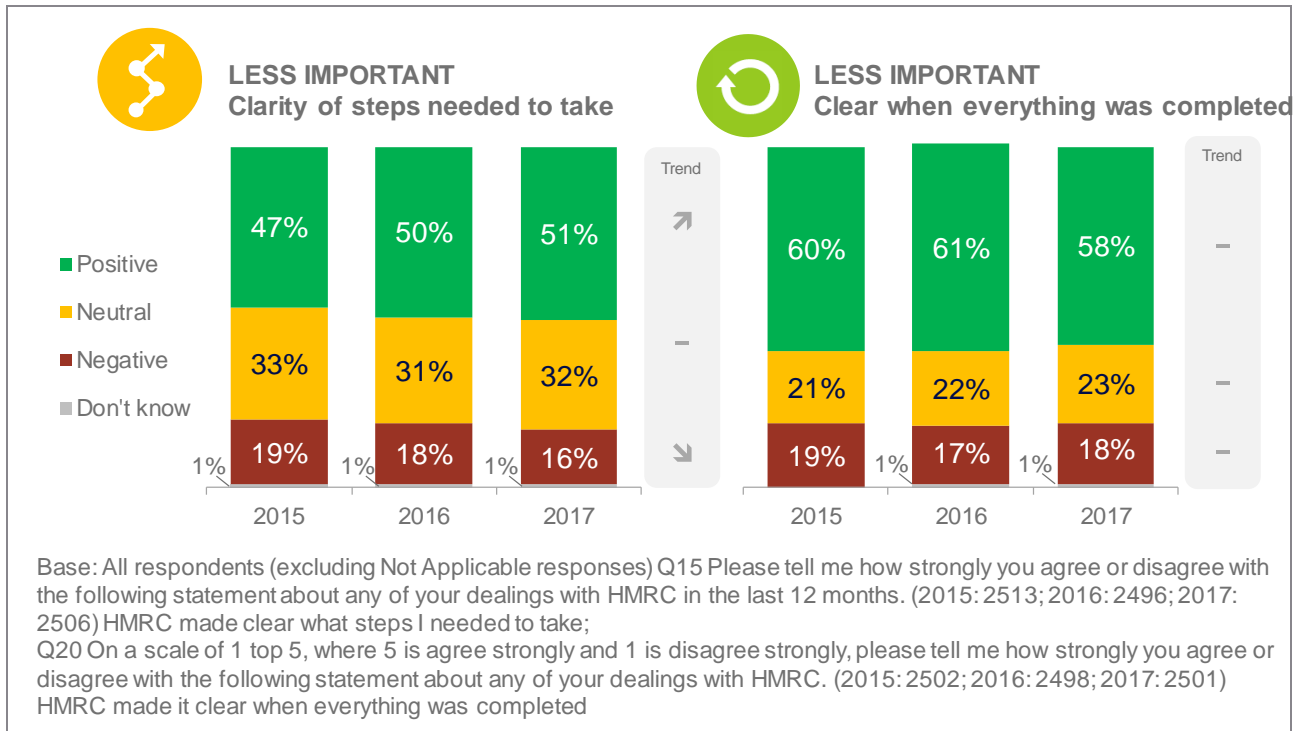
Half of Agents (51%, up slightly from 47% in 2015) were positive about clarity of steps needed to take, one in five (16%, down slightly from 19% in 2015) were negative and three in ten (32%, no change) were neutral (Chart 5.16). The increase on this measure was mainly driven by online-only Agents (67% positive in 2017, compared with 57% in 2015).

This was deemed to be an area which required improvement, but also a secondary area, due to it having less of an influence on overall customer experience than other dimensions.

**Clear when everything was completed**

Six in ten (58%) Agents were positive about HMRC making it clear when everything was completed. Just under one in five Agents (18%) were negative, while about a quarter (23%) were neutral (Chart 5.16). These ratings have remained stable over time since 2015. Since performance was relatively high on this dimension it is classified as an area to maintain.

Chart 5.16 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 HMRC minimised the cost, time and effort for their clients in dealing with their tax affairs; and whether services were personalised to them and their clients.

#### Fairness

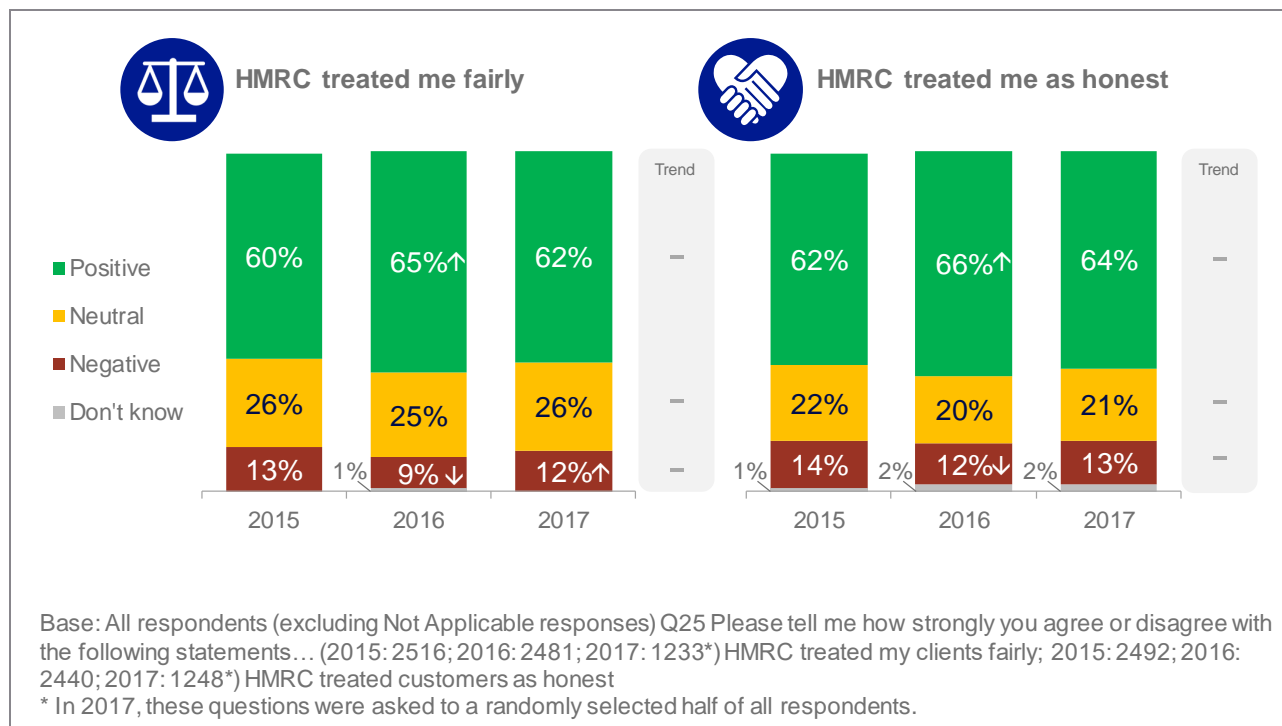
Agents were asked about two dimensions of fairness: whether HMRC treated their clients fairly, and whether HMRC treated their clients as honest (Chart 5.17).

Around six in ten (62%) of Agents agreed that HMRC treated their clients fairly and as honest (64%) – no change since 2015. Negative ratings of clients being treated fairly increased slightly between 2016 (9%) and 2017 (12%) while they remained similar at one in eight (13%) for clients being treated as honest.

While there is little overall change in ratings for HMRC treating clients fairly, there was an increase over time among online-only Agents (85%, compared with 75% in 2015).



Chart 5.17 Fairness – Agents



### Personalisation of services

Ratings for services being personalised remained the same as 2015 with more than a third (36%) of Agents being positive, four in ten (39%) neutral and a quarter (25%) negative (Chart 5.18).

Agents that used online-only contact channels were more likely to be positive about personalisation (55% compared with 32% using telephone and online channels). And again, smaller firms, bookkeeping firms and those not belonging to professional organisations were more positive on all three of the above measures.

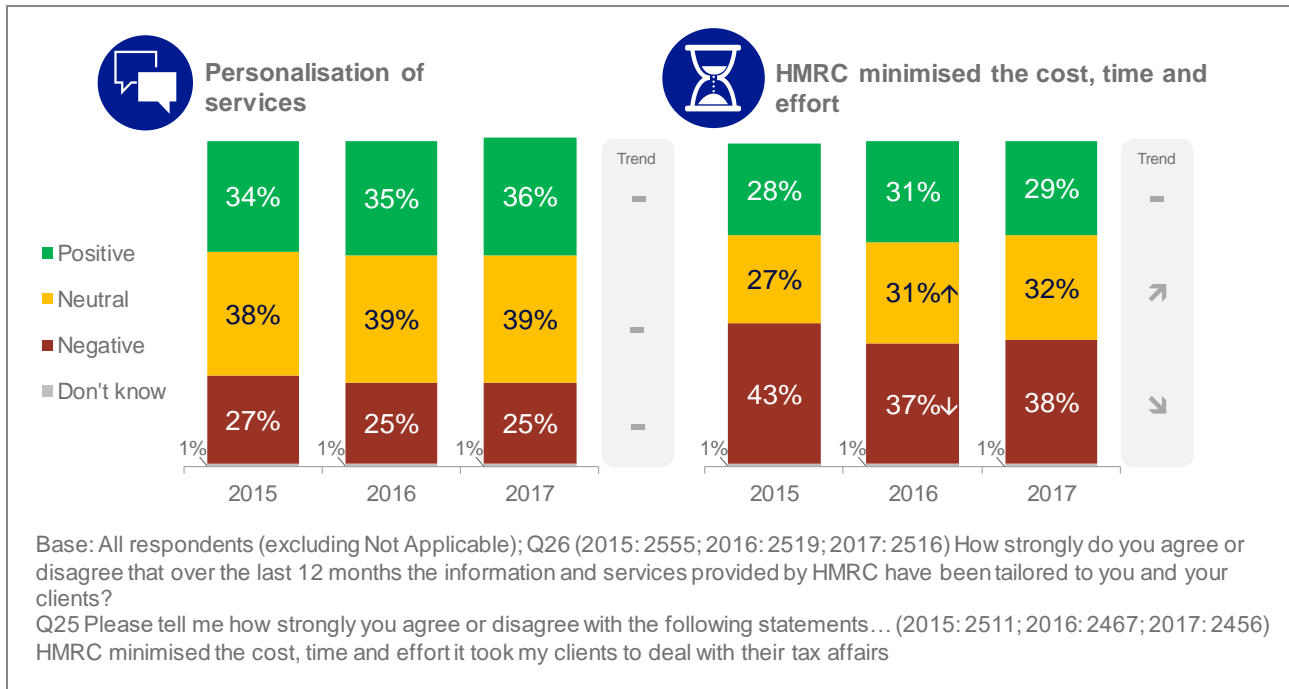
There was a small increase in positive ratings among larger Agents with 250+ clients (25%, up from 20% in 2016).

### Minimised the cost, time and effort

Although negative ratings for HMRC minimising the cost, time and effort decreased to 38% in 2017 (down from 43% in 2015), they still outweighed positive ratings, which remained similar over the past three years at three in ten (29%) (Chart 5.18).

However, negative ratings increased with the size of Agents: 19% of Agents with fewer than 10 clients were negative on this measure, increasing to 30% of Agents with 10 to 19 clients, 43% with 50 to 249 clients and 48% of those with 250+ clients.

Chart 5.18 Personalisation and minimisation of cost, time and effort – Agents

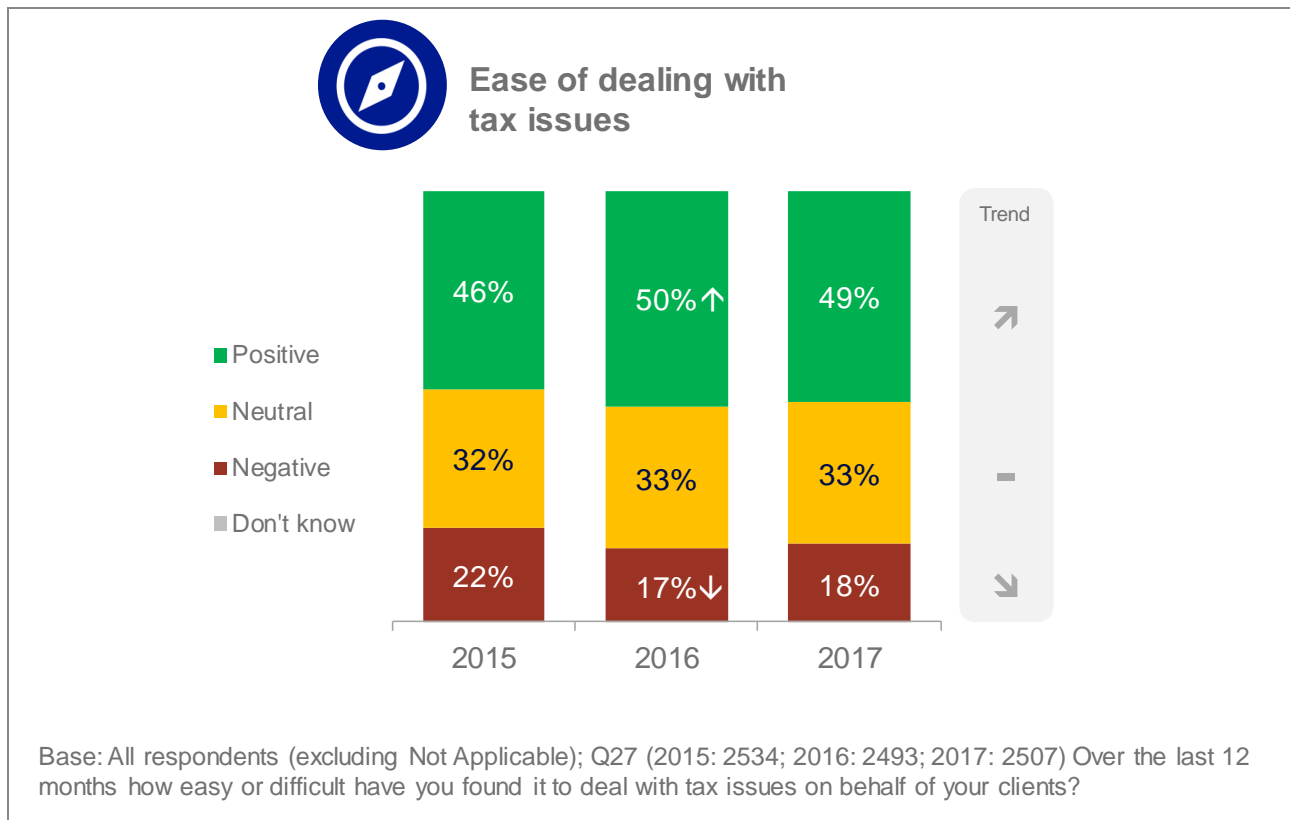


**Ease of dealing with tax issues**

Positive ratings for ease of dealing with tax issues (Chart 5.19) over the past 12 months increased to half of Agents (49%, up from 46% in 2015). Negative ratings decreased to 18% (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 (67% and 44% respectively).

Chart 5.19 Ease of dealing with tax issues - 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: HMRC is an efficient organisation that does not waste money
- Effective: HMRC ensures all its customers pay and receive the correct amount of money in taxes and benefits
- Fair: HMRC applies penalties and sanctions equally for all its customers
- Protection of personal data: HMRC ensures that customers' data and personal information is treated confidentially
- Overall confidence: How confident are you in the way HMRC are doing their job?
- Favourability: How favourable or unfavourable is your overall opinion of HMRC taking into account everything you think is important?
- Advocacy: Which of these phrases best describes the way you would speak about HMRC to other people or organisations?
- Raising standards and promoting good practice among Agents

### 5.4.1 Efficiency, effectiveness, and fairness

As in previous years, ratings for these dimensions of reputation were substantially below those of customer experience, although higher proportions were neutral or did not know.

There were slight improvements over the past year for Agents' perceptions of HMRC efficiency (18%, up from 16% in 2016) and effectiveness (42%, up from 39% in 2016). Fairness (36%) remained the same as in 2015 and 2016 (Charts 5.20 and 5.21).

Efficiency was the poorest performing of the dimensions in this section with negative ratings from half (47%) of Agents and positive ratings from fewer than two in ten (18%) (Chart 5.20). However, there were increases in positive ratings among larger Agents with 20+ employees (15%, up from 6% in 2015) and with 250+ clients (14%, up from 9% in 2015).

Four in ten Agents (42%) were positive about effectiveness, whilst a quarter (26%, down from 29% in 2015) were negative (Chart 5.20). Efficiency and effectiveness were highly correlated. 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 (20%).

A third (36%) of Agents were positive about fairness while a similar proportion (32%) were negative (Chart 5.21). Smaller Agents were generally more positive on efficiency, effectiveness and fairness.

Chart 5.20 Perceptions of HMRC's efficiency and effectiveness - Agents

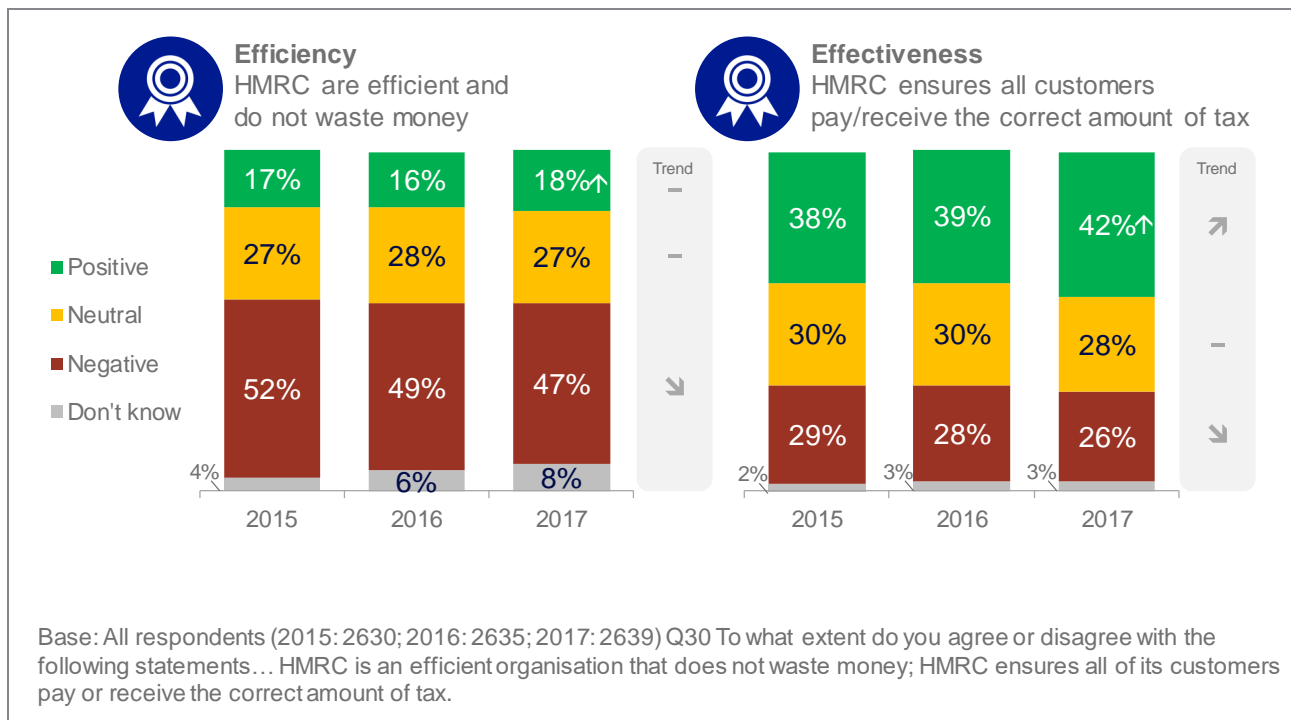
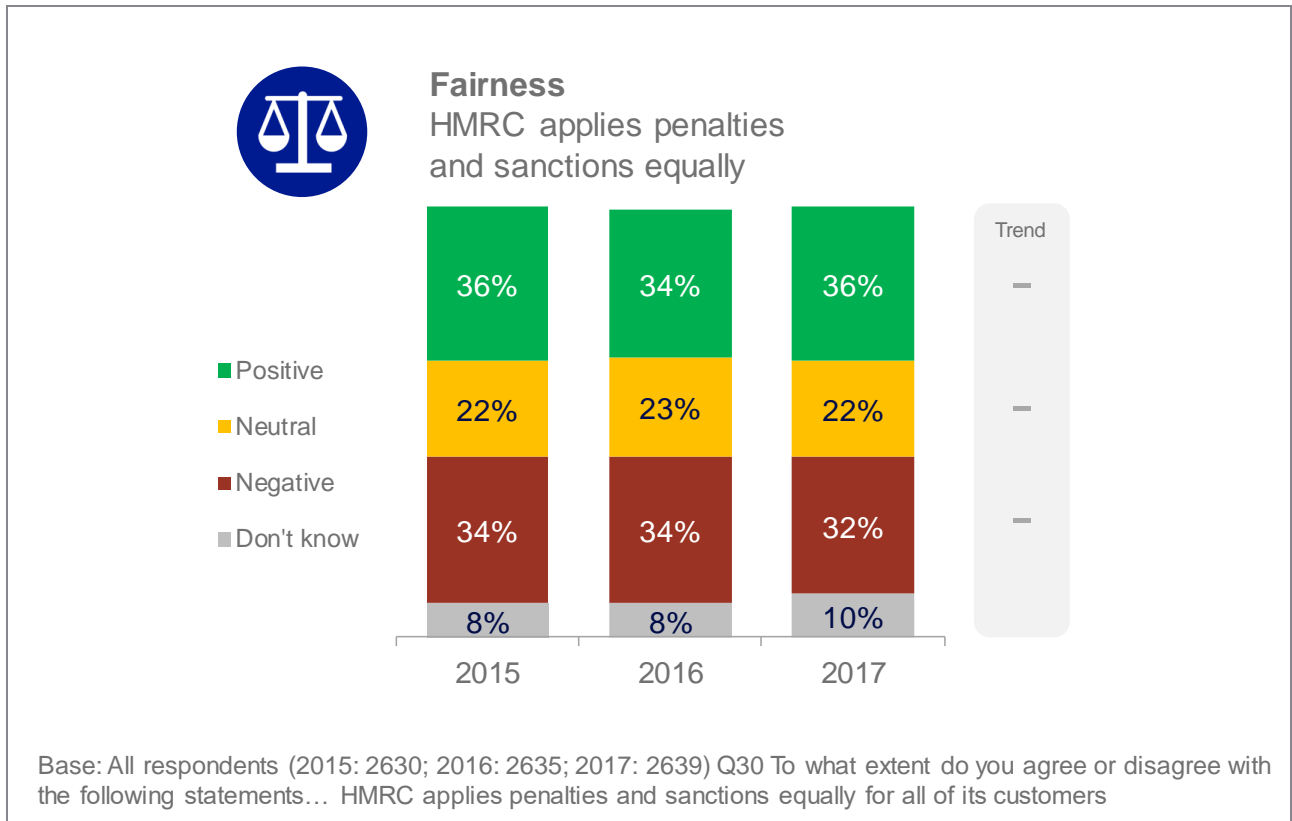


Chart 5.21 Perceptions of HMRC's fairness - Agents

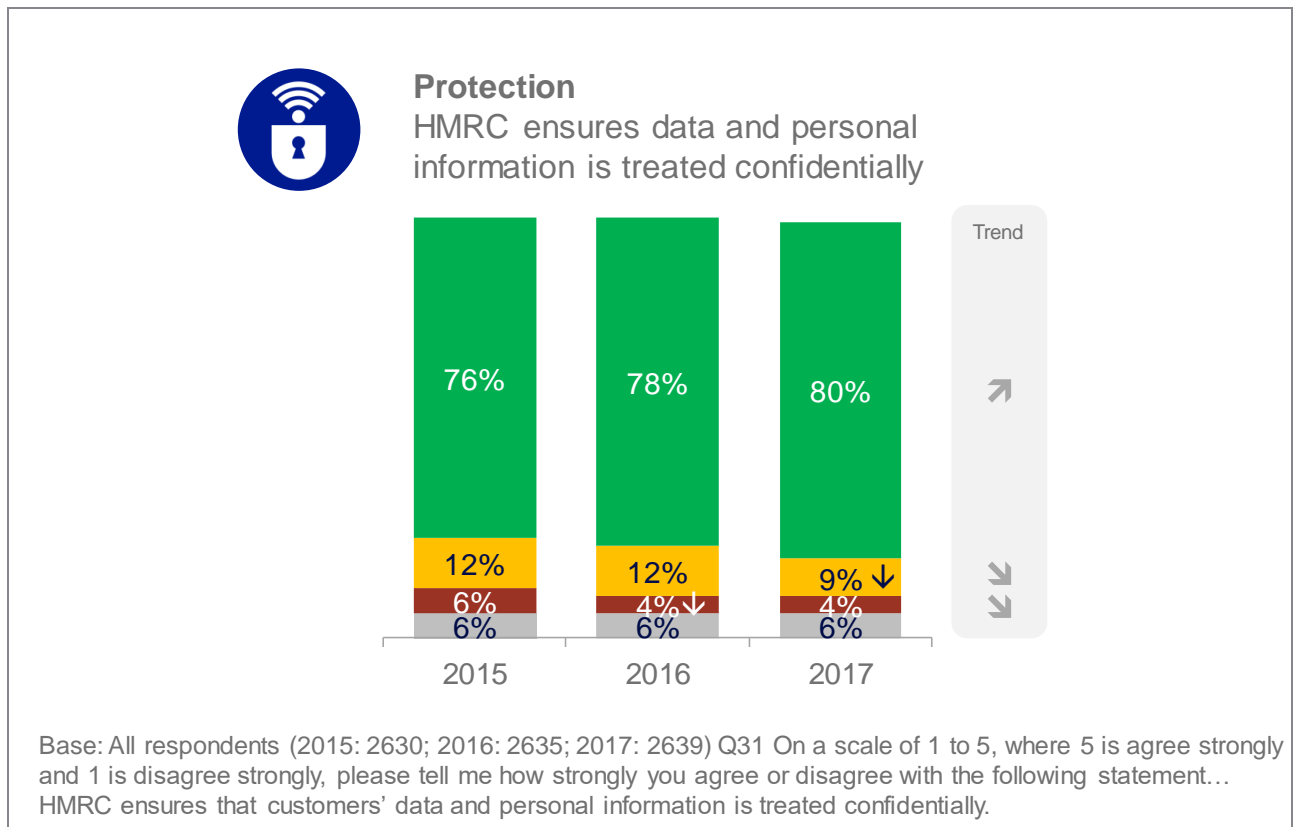


#### 5.4.2 Protection of personal information

Protection of personal information remained the highest positive score among Agents in this survey. Nearly eight in ten Agents (80%, up from 78% in 2015) were positive about HMRC's ability to treat customers' data and personal information confidentially (Chart 5.22). This increase in positive ratings was mainly driven by larger Agents: positive ratings increased among those with 50 to 249 clients (82%, up from 77% in 2015) and those with 250+ clients (83%, up from 76% in 2015).

Agents that 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 92% respectively).

Chart 5.22 Protection of personal information – Agents



### 5.4.3 Overall confidence in HMRC

Four in ten Agents (41%) were confident in the way HMRC were doing its job, an increase since 2015 (36%). The proportion of Agents that were not confident decreased from a quarter (26%) in 2015 to one in five (21%) in 2017 (Chart 5.23). Confidence was linked to having a positive overall experience in the past year - seven in ten (70%) of Agents that had an overall positive experience were confident, compared with just four per cent that 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. Over half (54%) of Agents with fewer than 10 clients were positive, compared to one in three (31%) with 250 or more clients. However, positive ratings increased between 2015 and 2017 among larger clients with 50 to 249 clients (37%, up from 32% in 2015) and 250+ clients (31%, up from 23% in 2015).

Agents that were not members of a professional organisation were more positive than members (51% and 37% respectively). Agents that used online-only contact channels were more confident in the way HMRC were doing its job than those that had used both online and telephone channels (57% and 38% respectively).

Levels of confidence were particularly high amongst Agents that regarded HMRC as an efficient organisation (83%). Confidence was also higher for those that were positive about HMRC being effective (68%).

Chart 5.23 Confidence in the way HMRC are doing their job – Agents



#### 5.4.4 Favourability and advocacy

More than half (54%) of Agents had a favourable opinion of HMRC, an increase from 2015 (48%). The proportion of Agents having an unfavourable opinion of HMRC decreased to 19% (down from 23% in 2015) (Chart 5.24). There was a strong link with overall experience; 86% of Agents that rated their experience overall positively held a favourable opinion of HMRC compared with only seven per cent of Agents with a negative opinion.

Positive views of HMRC’s efficiency, effectiveness and fairness also translated into favourable opinions (89%, 77% and 72%, respectively).

Favourability varied by number of clients (fewer than 10 clients 67%; 250 or more clients 42%). In line with the overall trend, online-only Agents were more favourable (71%) and more likely to speak well of HMRC (38%).

In general levels of advocacy remain lower than favourability. Whilst levels of favourability have risen since 2015, there has been no change in advocacy. Agents were still more likely to say they would be critical (31%) than speak well of HMRC (26%) (Chart 5.25).

Chart 5.24 Favourability – Agents

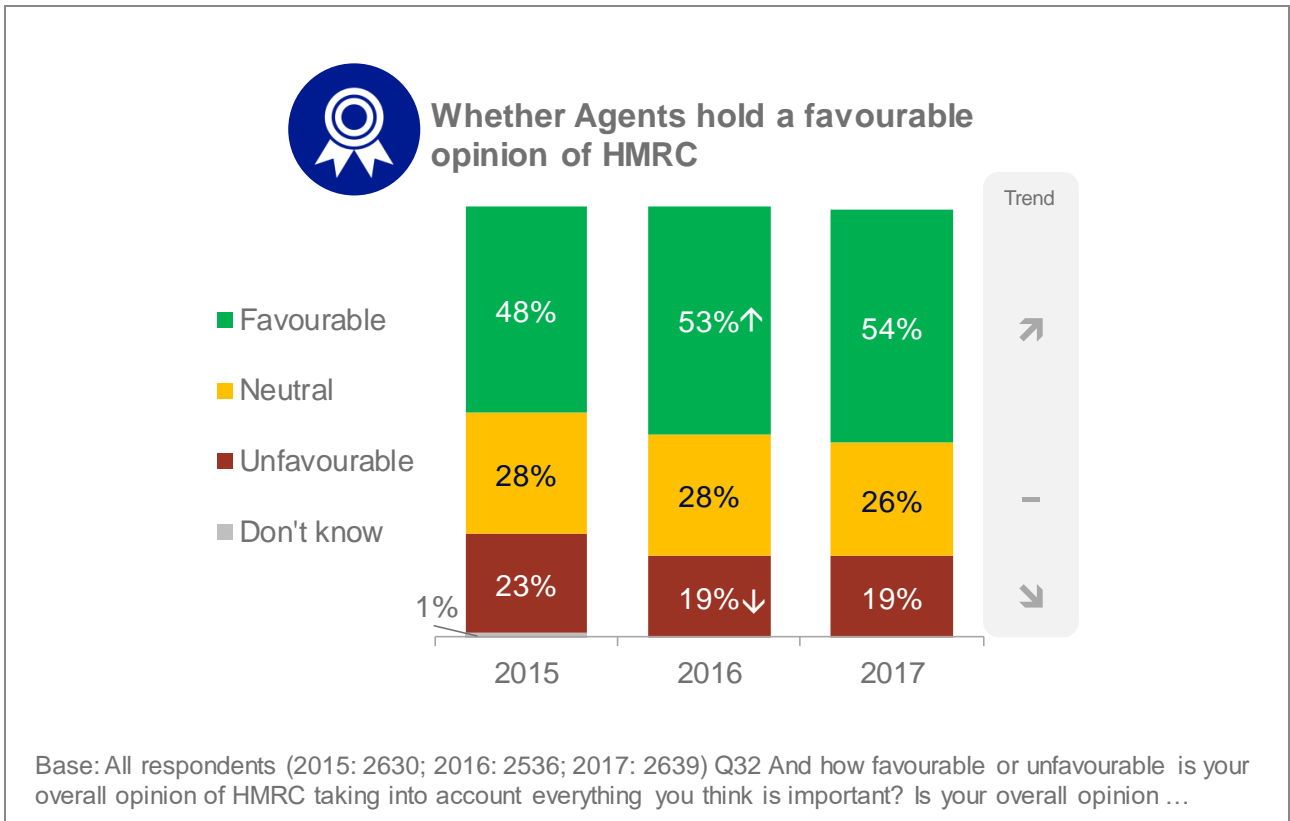
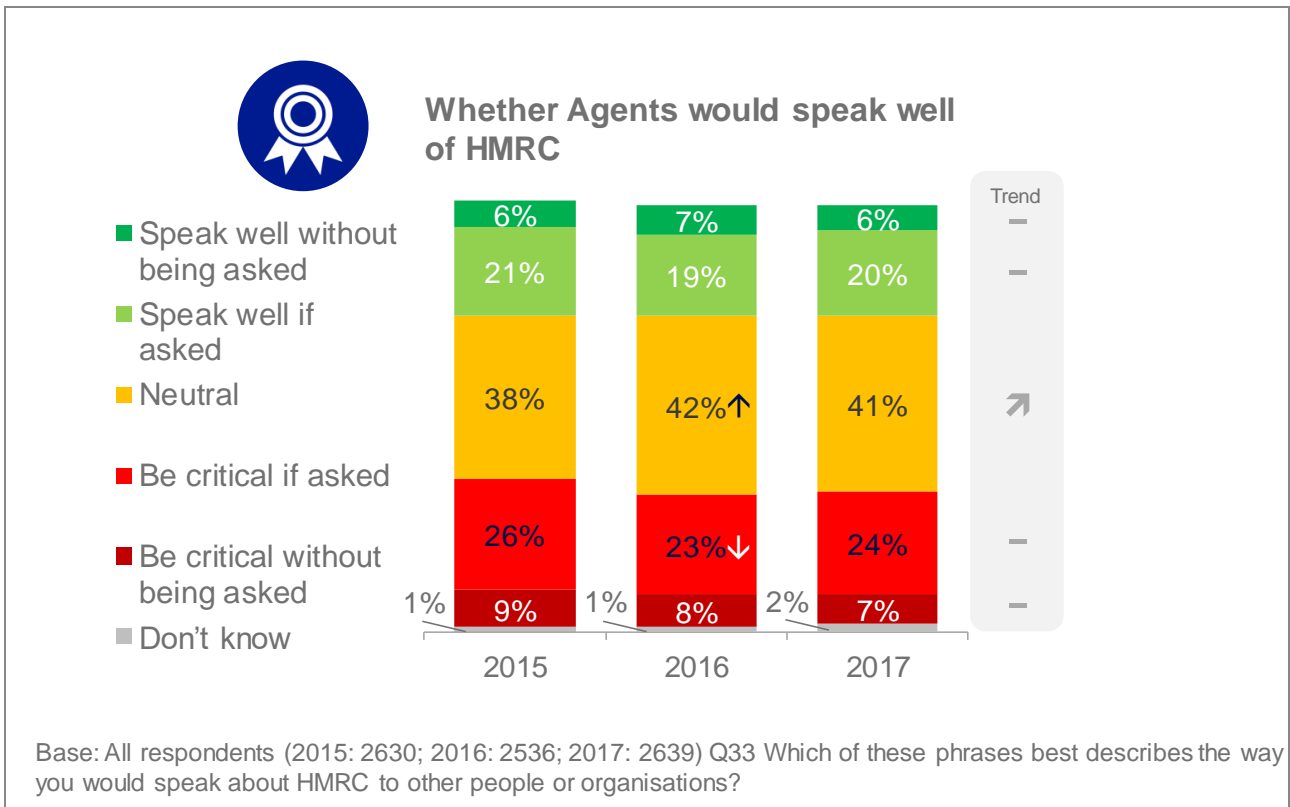


Chart 5.25 Advocacy for HMRC – Agents





### 5.4.5 Raising standards and promoting good practice among Agents

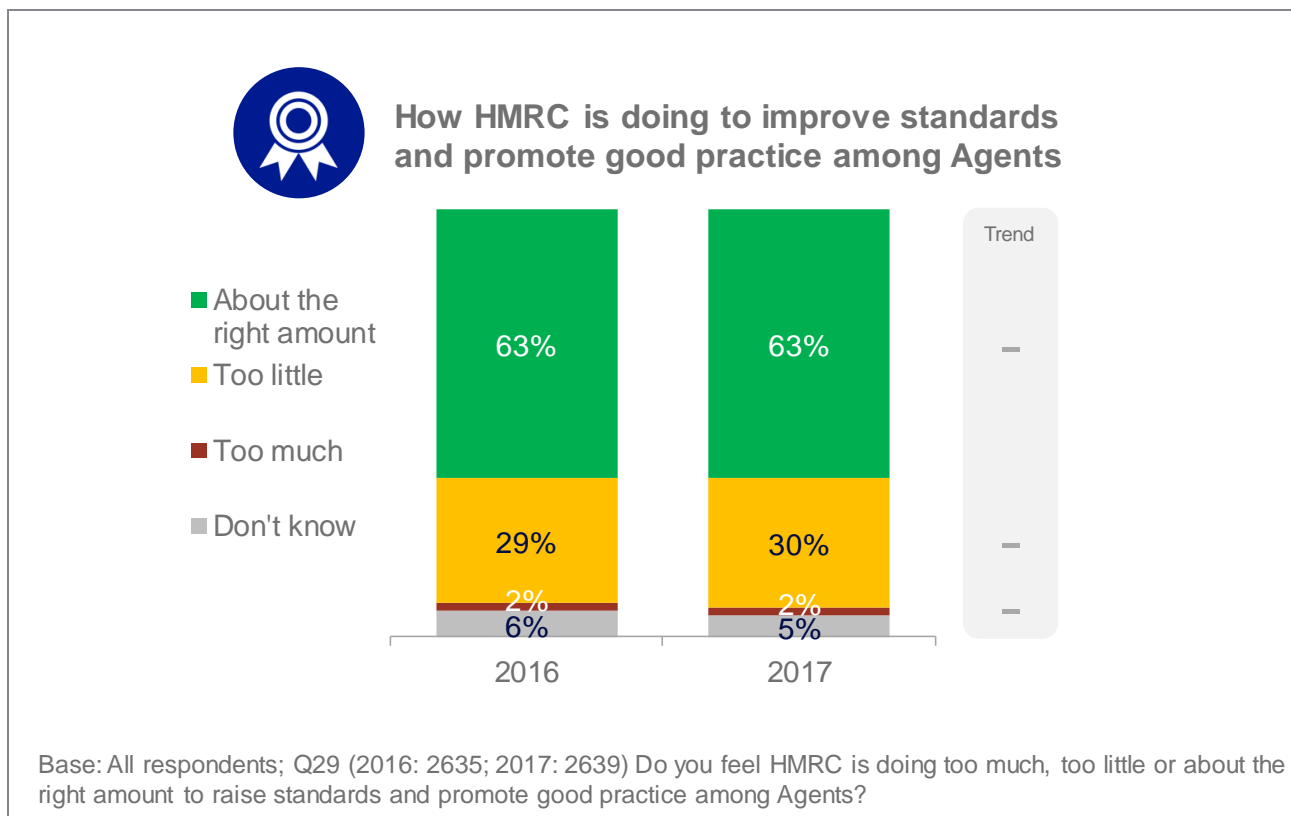
A new question was included in 2016 asking Agents whether they believed HMRC were doing the right amount, too little or too much to raise standards and promote good practice among Agents.

Most Agents (63%, no change since 2016) thought that HMRC were doing the right amount to raise standards and promote good practice within their profession (Chart 5.26). Three in ten (30%) believed HMRC did too little, with this view more common among Agents that belonged to a professional organisation (34%, compared with 21% of Agents that were not members of a professional organisation). Two per cent felt that HMRC did too much.

Although there was no overall rise since 2016 in the proportion of Agents that thought that HMRC was doing the right amount to raise standards and promote good practice, there were improvements on this measure among smaller Agents. This included Agents with a turnover of up to £15K (76%, up from 69% in 2016) and Agents with no employees (73%, up from 67% in 2016).

Larger Agents, with a higher number of clients, were more likely to feel that too little was being done to promote standards: the proportion that thought this rose steadily from 14% of Agents with fewer than 10 clients up to 43% of Agents with 250+ clients.

Chart 5.26 How much HMRC is doing to improve standards and promote good practice among Agents – Agents



## 5.5 Perceptions of compliance

This section examines Agents' general views and opinions about compliance with the tax system. It explores the relationship between experience of dealing with HMRC and general perceptions of HMRC with views on compliance.

Some of the questions on compliance were added in 2016 while others were new in 2017, so no comparisons to 2015 can be made.

### 5.5.1 Acceptability and extent of tax evasion

Agents were asked about the acceptability of individuals and businesses evading tax, which was described as 'reducing the amount of taxes paid by not declaring all income to HMRC'. Over nine in ten Agents believed tax evasion was never acceptable (93%, up slightly from 92% in 2016). Two in five (43%) thought tax evasion was widespread, but this proportion has fallen slightly since 2016 (from 47%) (Chart 5.27).

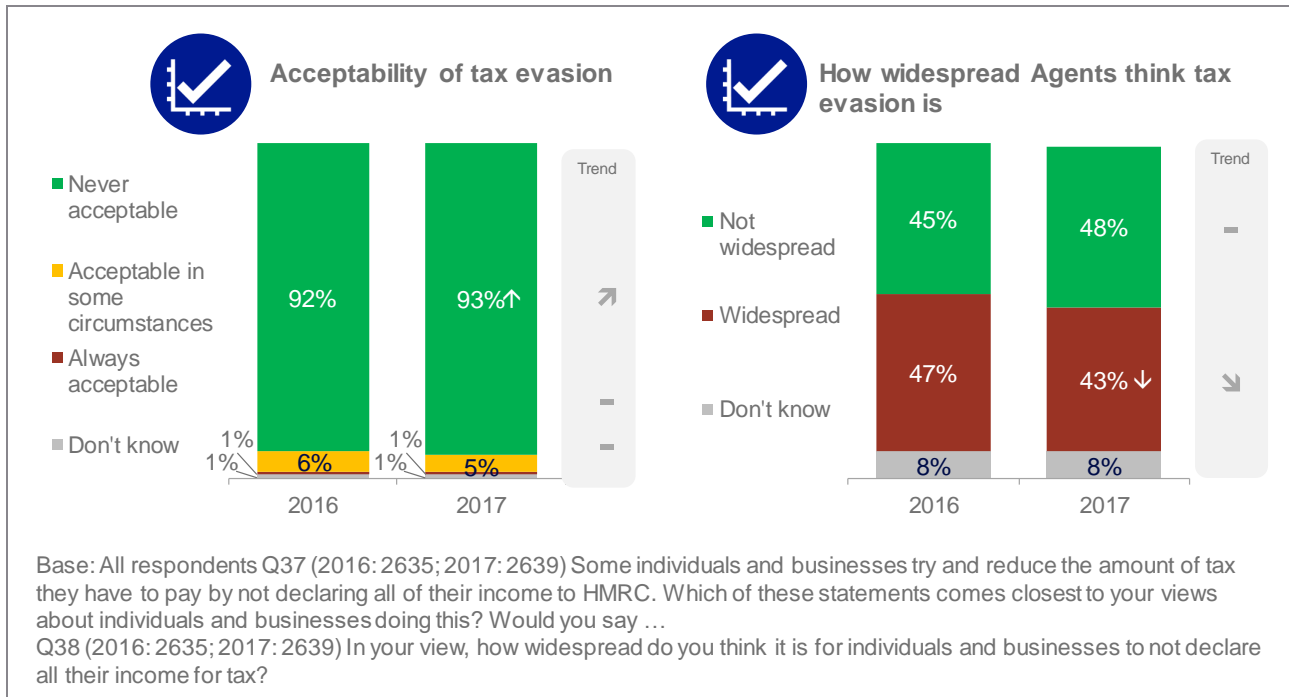
Smaller Agents with fewer clients were more likely to think tax evasion was widespread:

- 10 clients (51%)
- 10 to 49 clients (47%)
- 50 to 249 clients (41%)
- 250 or more clients (38%)

Agents that were not members of a professional body were also more likely to think that tax evasion was widespread (49%) than Agents that were members (41%).

The decrease in the proportion of Agents thinking tax evasion is widespread was mainly driven by larger Agents. In 2017, 38% of Agents with 250+ clients believed tax evasion was widespread compared with 44% in 2016.

Chart 5.27 Acceptability of tax evasion and perception of how widespread it is – Agents



### 5.5.2 Likelihood of reporting suspected tax evasion

In 2017, two new questions were added to assess Agents' attitudes towards reporting non-compliance and HMRC's ability to detect it (Chart 5.28).

Most Agents in 2017 (80%) considered it likely that they would report someone suspected of tax evasion, including half (53%) that thought this 'very likely'.

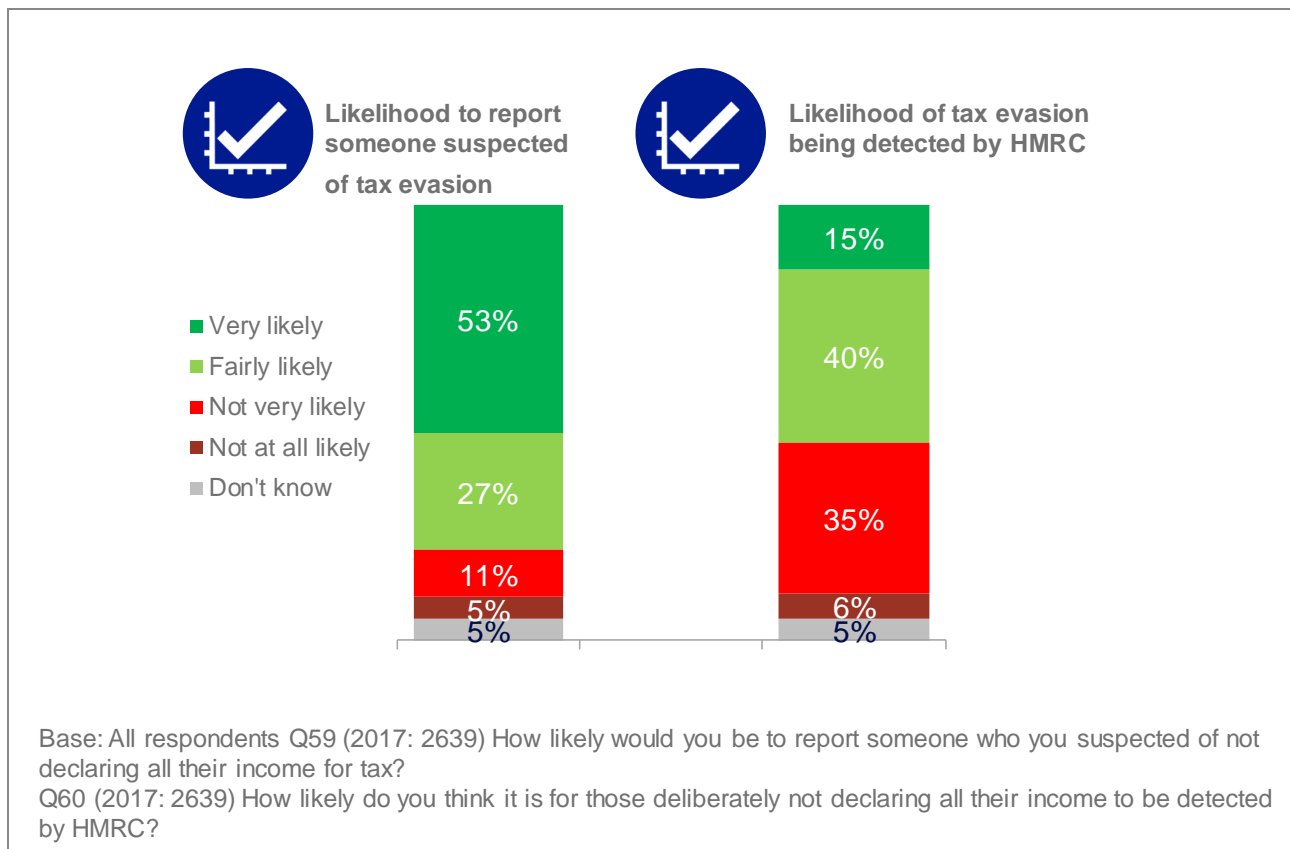
The likelihood of reporting non-compliance to HMRC decreased by size: 89% of Agents with 250 or more clients said that they would be likely to report, decreasing to 64% of Agents with fewer than 10 clients.

### 5.5.3 Perceived likelihood of HMRC detecting tax evasion

Compared with the high proportion that considered it likely that they would report someone suspected of tax evasion, a lower proportion (55%) thought it likely that HMRC would detect someone that had deliberately not declared all their tax (Chart 5.28). Smaller Agents with fewer than 10 clients were most likely to think that HMRC would detect tax evasion (60%).

Positive views about HMRC's detection of tax evasion was higher among Agents with a positive overall experience of HMRC (61% compared with 43% of those with a negative overall experience) and Agents that were confident in HMRC (65% compared with 39% that were not confident in HMRC).

Chart 5.28 Likelihood of reporting tax evasion and perceived likelihood of HMRC detecting tax evasion – Agents



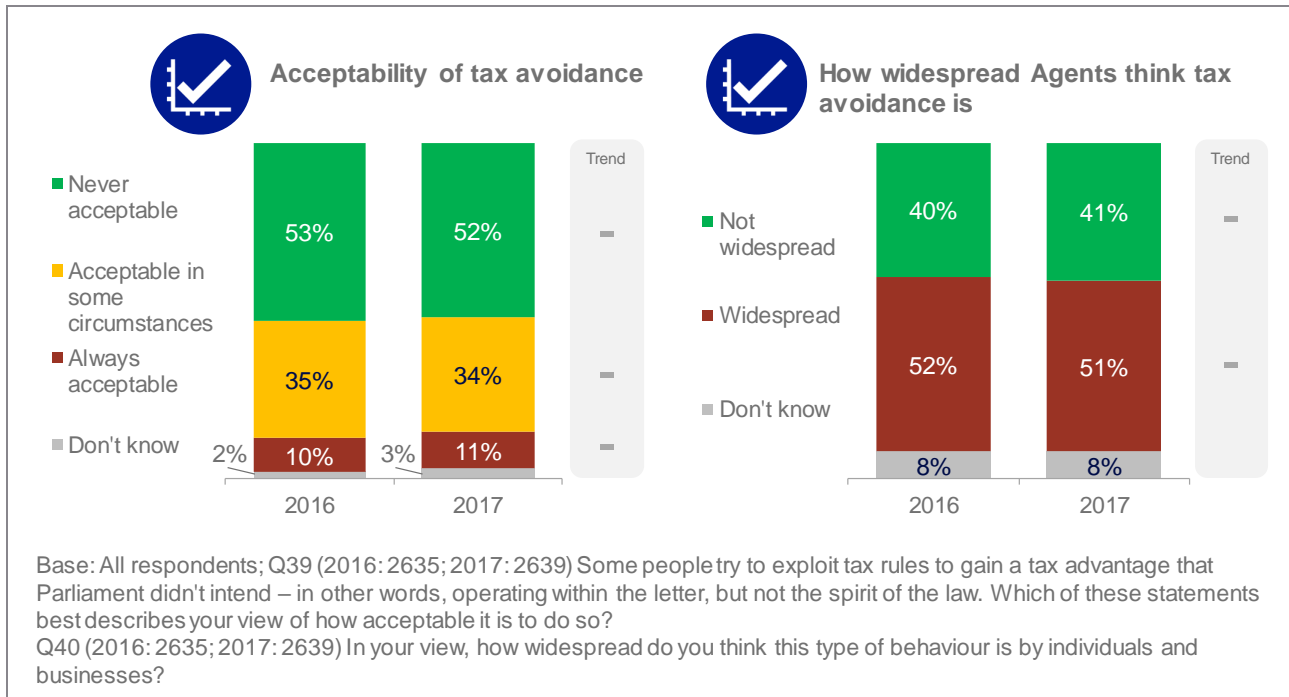
#### 5.5.4 Acceptability and extent of tax avoidance

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 (51%) compared with evasion (43%) (Chart 5.29). There were no changes on these measures since 2016.

Smaller firms were more likely to think it was ‘never acceptable’ to avoid tax (no employees: 56%; one to nine employees: 51%; 10 or more employees: 44%). Agents that were not members of a professional body were also more likely to think that tax avoidance was never acceptable (60% compared with 49% of members); as were bookkeepers (67%) compared with accountancy firms (48%).

As with tax evasion, smaller Agents were more likely to think that tax avoidance was widespread: 61% of Agents with fewer than 10 clients; 56% of Agents with 10 to 49 clients; 45% of those with 50+ clients.

Chart 5.29 Acceptability of tax avoidance and perception of how widespread it is – Agents



## 5.6 Changes to quarterly updating and digital record keeping

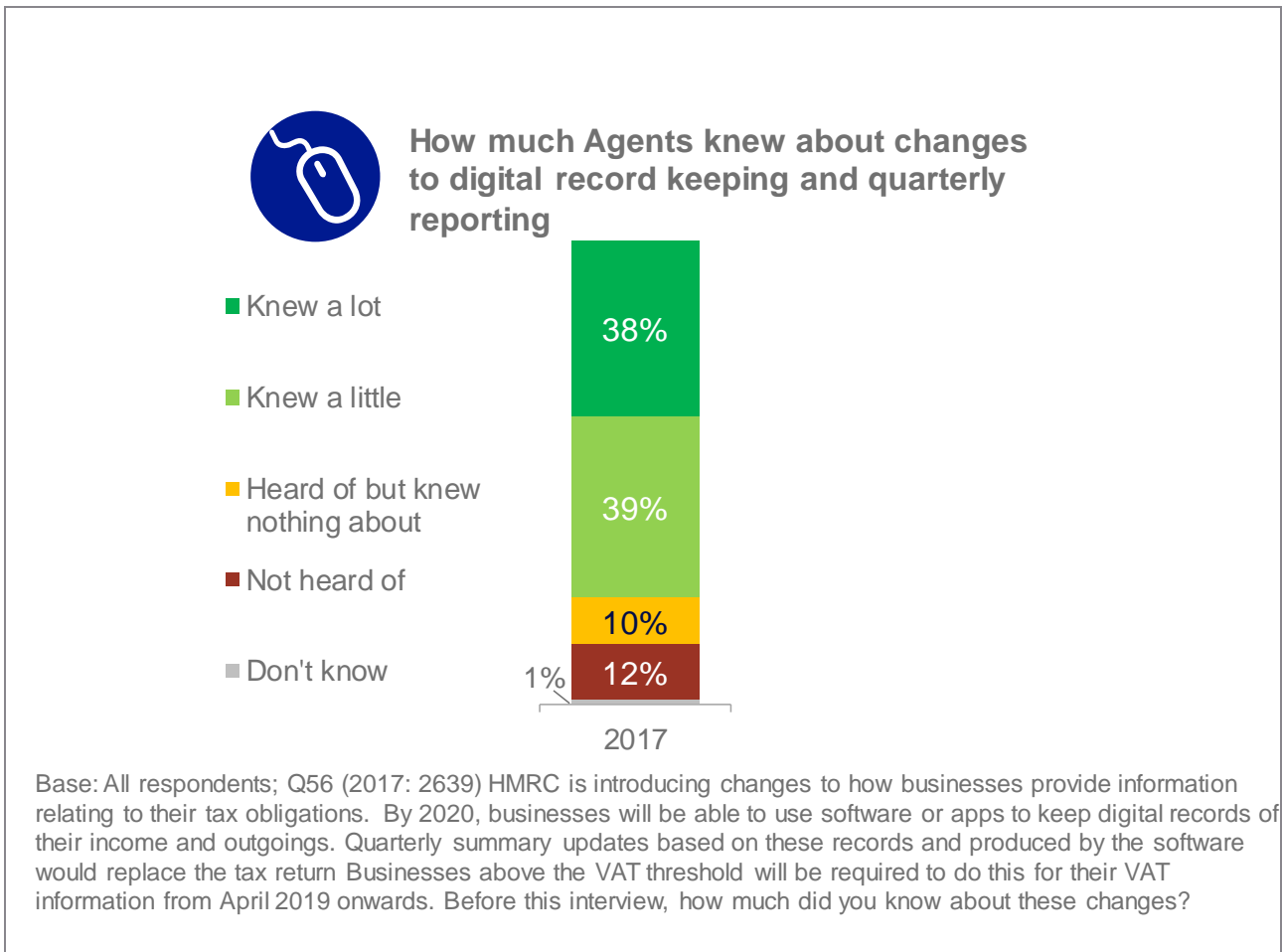
HMRC's ambition is to become one of the most digitally advanced tax administrations in the world, modernising the tax system to make it more effective, more efficient and easier for customers to comply. Making Tax Digital is changing how customers interact with HMRC, especially for Self-Assessment and VAT. These customers will be able to choose to use software to keep digital records and provide periodic updates to HMRC at least every three months. From April 2019, VAT registered businesses with turnover above the VAT threshold will be required to do this for VAT purposes.

In 2017 a new set of questions was introduced to measure awareness and attitudes towards changes to how businesses will be able to provide information relating to their tax obligations under the Making Tax Digital roll-out. Agents were first asked how much they knew about the changes, introduced in the questionnaire as follows: *'HMRC is introducing changes to how businesses provide information relating to their tax obligations. By 2020, businesses will be able to use software or apps to keep digital records of their income and outgoings. Quarterly summary updates based on these records and produced by the software would replace the tax return. Businesses above the VAT threshold will be required to do this for their VAT information from April 2019 onwards.'*

Overall, most Agents (87%) had heard something about these changes, although only around four in ten (38%) said that they knew 'a lot'. A similar proportion (39%) said that they knew 'a little' and one in ten (10%) had heard of this but knew nothing about it (Chart 5.30).

The types of Agents most likely to know 'a lot' were larger Agents and members of professional organisations. The proportion with this level of knowledge rose from one in ten (9%) of smaller Agents with fewer than 10 clients, rising steadily to over half (55%) of Agents with 250+ clients. Half (48%) of Agents that were members of professional organisations knew 'a lot' about these changes compared with 16% of non-members.

Chart 5.30 How much Agents knew about the changes to quarterly updating and digital record keeping - Agents

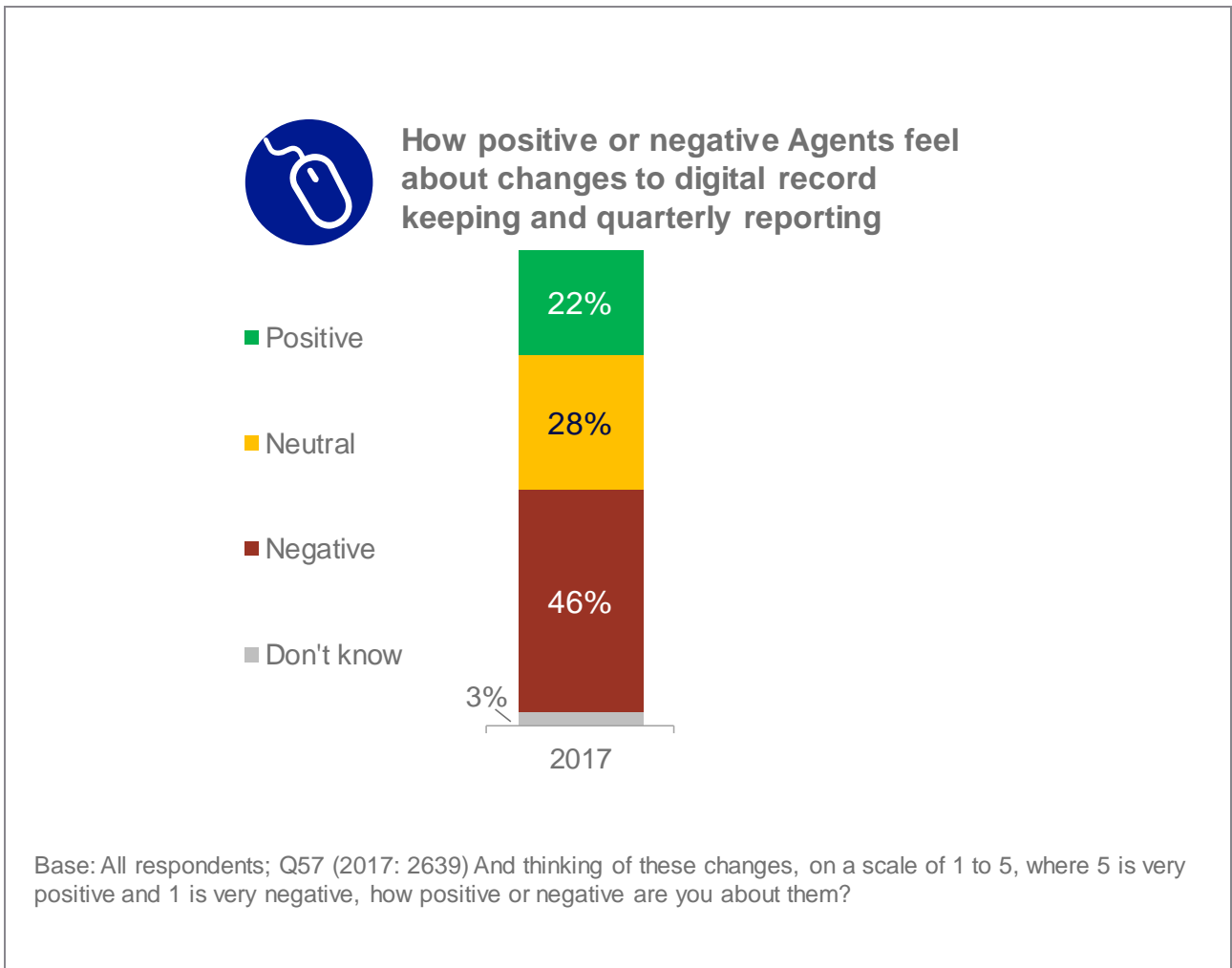


### 5.6.1 Perceptions of changes to digital record keeping and quarterly reporting

Agents were asked for their overall perception of these changes, as described above. Almost half (46%) had a negative opinion of these changes, which is twice the level of Agents with a positive view (22%). Around three in ten (28%) were neutral on this measure (Chart 5.31).

Knowledge of the changes was linked to a more negative opinion. Agents that knew 'a lot' about the changes were less positive (22%) than those that had never heard of the changes (31%). Other types of Agent less positive about the changes included Accountancy firms (50% were negative compared with 36% of bookkeepers) and members of professional organisations (48% were negative compared with 42% of non-members).

Chart 5.31 How positive or negative Agents feel about changes to digital record keeping and quarterly reporting - Agents



### 5.6.2 Whether Agents would encourage clients to switch to digital record keeping and quarterly updates

Although only a fifth (22%) of Agents were positive about the changes, a majority (58%) of them said that they either do already or would encourage their clients to switch to using software or apps to keep digital records and quarterly updating (Chart 5.32).

Agents that were positive about the changes were more likely to encourage switching (77%) than those that were negative about the changes (43%). Whilst members of professional organisations were more negative about these changes than non-members, they were, on balance, more likely to encourage switching (61% compared with 53% of non-members). There was not a particularly strong link on this measure to size of Agent, though Agents with no employees were least likely to recommend to clients that they switch to this new method (52%).

Chart 5.32 Whether Agents would encourage clients to switch to digital record keeping and quarterly updating - Agents

