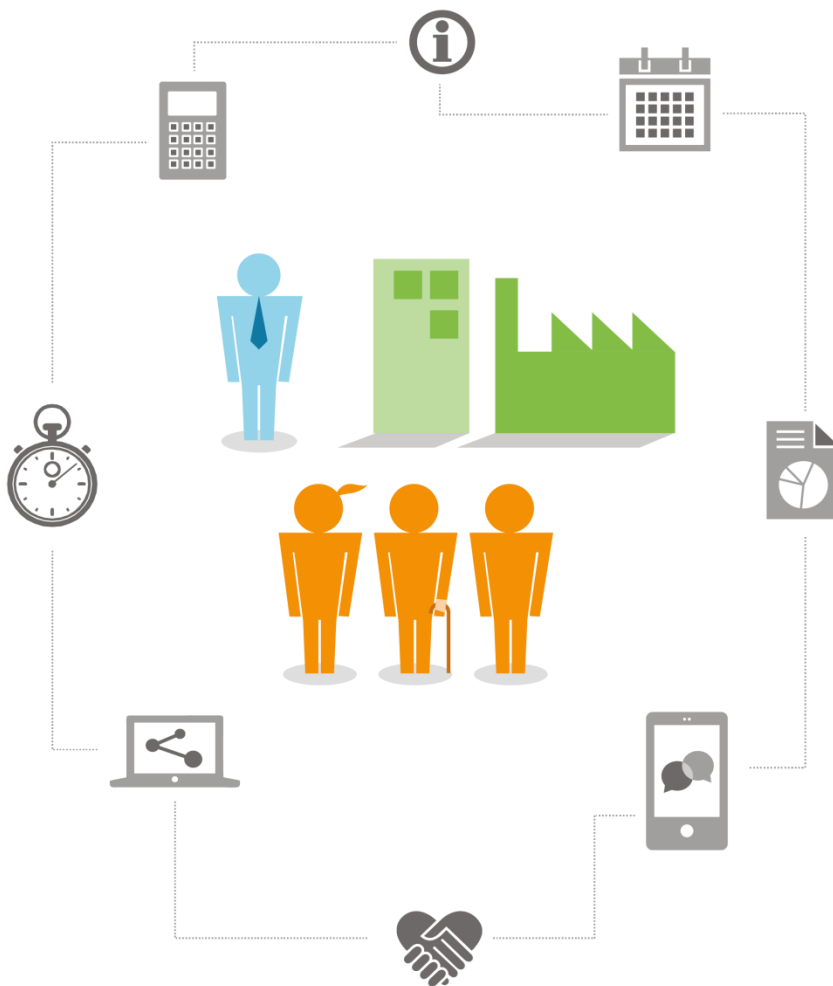




HM Revenue & Customs

Individuals, Small Business and Agents
Customer Survey 2018
HMRC Report: 527



Disclaimer

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

© Crown Copyright 2019

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

Published by HM Revenue and Customs, July 2019.

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

Glossary

CATI – Computer Assisted Telephone Interviewing

ABOS – Address Based Online Surveying

VAT – Value Added Tax

PAYE – Pay As You Earn

SA – Self-Assessment

PTA – Personal Tax Account

BTA – Business Tax Account

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

MTD – Making Tax Digital

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'

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'

Contents

Glossary	3
Contents	4
1. Executive summary	5
1.1 Individuals	5
1.2 Small Businesses	7
1.3 Agents	9
2. Introduction	11
2.1 Background	11
2.2 Research aims	11
2.3 Methodology	12
2.4 Reporting notes	17
3. Individuals	19
3.1 Chapter summary	19
3.2 Profile of Individuals	19
3.3 Customer experience	25
3.4 Views on administration of the tax system	35
3.5 Perceptions of HMRC's Reputation	37
3.6 Perceptions of compliance	42
4. Small Businesses	45
4.1 Chapter Summary	45
4.2 Profile of Small Businesses	46
4.3 Customer Experience	51
4.4 Perceptions of HMRC's Reputation	67
4.5 Perceptions of compliance	71
4.6 Making Tax Digital	74
5. Agents	79
5.1 Chapter Summary	79
5.2 Profile of Agents and their interactions with HMRC	79
5.3 Customer experience	84
5.4 Perceptions of HMRC's Reputation	97
5.5 Perceptions of compliance	101
5.6 Making Tax Digital	103

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 mission¹ to collect the money that pays for the UK's public services and help families and individuals with targeted financial support, 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 fourth wave of the survey, conducted between September and November 2018.² 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 covers all members of the general public aged 16 or older. In 2018, two-thirds (68%) of Individuals had an interaction with HMRC in the previous 12 months. Four in ten (42%) Individuals had an online interaction (used an online service, including the Personal Tax Account or looked for information on HMRC webpages), with a quarter (23%) using a Personal Tax Account. One in five (22%) customers had contact with an HMRC telephone helpline and four in ten (37%) made or received contact with HMRC by post.

1.1.1 Customer Experience

Among customers who used the following contact channels, the Personal Tax Account was rated more positively (69%) than HMRC's other online services (58%), webpages and telephone helpline (both 61%).

About two-thirds (63%) of Individuals who had an interaction with HMRC in the previous 12 months had a positive rating of their overall experience. Individuals using online-only channels had a more positive overall experience than those using the telephone.

Key Driver Analysis (KDA) was conducted to understand which dimensions of customer experience are most important in driving overall customer experience. The relative importance levels were then compared with current HMRC performance on each dimension in order to identify areas where further improvements would be most likely to improve the overall customer experience. The dimensions of customer experience which had the most importance in relation to³ Individuals' overall customer experience were 'resolving queries' and the 'quality of information'. Six in ten customers, who had interacted with HMRC in the previous 12 months, rated HMRC


¹ <https://www.gov.uk/government/publications/hmrc-single-departmental-plan-2015-to-2020/single-departmental-plan-2015-to-2020>

² Only changes from previous years that are statistically significant at the 95% confidence interval are reported on. Due to the change in survey method for Individuals in 2018, no comparative scores are provided for previous waves.

³ 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.

positively for 'resolving queries' and 'quality of information' (61% for both, Table 1.1)⁴. Areas of performance where further improvements are most likely to improve the overall customer experience were 'resolving queries' and 'having systems which prevent mistakes'.

Table 1.1 Ratings of Customer Experience - Individuals

Relative importance of dimension of customer experience		% rating HMRC positively
Most important 	Resolving queries	61
	Quality of information	61
	HMRC getting tax or Benefits and Credits transactions right	66
	HMRC were approachable	64
	Systems prevented mistakes	49
	Acceptability of time taken	59
	Clarity of steps needed to take	60
	Clear when everything was completed	66
	Ease of finding information	53

Three-quarters (74%) of Individuals with interactions felt that HMRC treated them 'fairly'. Individuals who had interacted with HMRC rated them less highly on 'ease of dealing' with tax issues (60%). Half (49%) of Individuals agreed that HMRC's services were 'personalised' to them, and a slightly higher proportion agreed that HMRC 'online services were joined up' (56%).

1.1.2 Perceptions of HMRC

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

Reputation

Half (51%) were 'confident in the way HMRC were doing their job'. Individuals who had a positive rating of their overall experience, or agreed that HMRC were 'efficient', 'effective' or 'fair' were more likely to be 'confident' in HMRC. A relatively similar proportion (55%) had a favourable overall opinion of HMRC.

Just over a third of Individuals felt HMRC were 'efficient' or 'fair' (34% for both) and four in ten (39%) felt they were 'effective'. Individuals were more positive about HMRC ensuring customer data and personal information was treated 'confidentially' (66%).

Compliance

While eight in ten felt 'tax avoidance' and 'evasion' were never acceptable (81% and 83% respectively), seven in ten felt they were widespread (72% avoidance, 69% evasion). Slightly more than half (54%) thought it likely that 'HMRC would detect tax evasion'.

⁴ The percentage of individuals providing a positive rating of resolving queries (60.6%) was slightly below that for quality of information (60.7%). The positive score for resolving queries was below the median score for the Atom Model dimensions and was therefore defined as a primary area to improve.

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.

Seven in ten (68%) used HMRC's online services (with 42% using the Business Tax Account) or webpages, half (47%) using post and three in ten (31%) using the telephone.


1.2.1 Customer Experience

Almost eight in ten Small Businesses that used the Business Tax Account or other online services rated them positively (80% and 77% respectively), while seven in ten (68%) rated the HMRC webpages positively. This was higher than the rating of telephone helplines (60%, up from 46% in 2015).

Three-quarters (76%) of Small Businesses had a positive overall experience of dealing with HMRC in the previous 12 months, which was an increase from 72% in 2015. Positive ratings of HMRC were generally higher among the smallest businesses (those with fewer than five employees) as were those that interacted with HMRC online-only. The ratings of most dimensions of customer experience remained similar to 2017, although there was an increase in the proportion of business rating the 'ease of finding information' positively (63%, up from 59% in 2017).

The dimension of customer experience that was most important in relation to Small Businesses' rating of overall experience was HMRC 'getting tax transactions right'. Three-quarters (76%) rated HMRC positively for 'getting tax transactions right' (Table 1.2). Given its fundamental importance in driving good customer experience and relatively good performance, this is an area where performance needs to be maintained. HMRC 'professionalism' was the most positively rated dimension of customer experience (85%). Areas where improvements are most likely to improve overall customer experience were the 'quality of information', 'acceptability of time taken', 'resolving queries' and 'having systems that prevent mistakes'.⁵

Table 1.2 Ratings of Customer Experience – Small Businesses

Relative importance of dimension of customer experience		% rating HMRC positively	Change 2015- 18	Change 2017- 18
Most important 	HMRC getting tax transactions right	76	↑	-
	Acceptability of time taken	69	↑	-
	Resolving queries	68	-	-
	Systems prevented mistakes	61	↑	-
	Quality of information	70	-	-
	Clarity of steps needed to take	72	-	-
	HMRC were professional	85	↑	-
	Ease of finding information	63	↑	↑
	Clear when everything was completed	76	-	-

Eight in ten Small Businesses felt that HMRC 'treated them fairly' (81%). Three-quarters (74%) felt that it was 'easy to deal' with tax issues, up from 2015 (71%). Small Businesses were less likely to feel that HMRC's services were 'personalised' to them or that 'online services were joined up' (55% for both).

⁵ 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

Around two-thirds of Small Businesses were positive about HMRC's systems 'integrating with the way they managed their business tax affairs' (69%) and for HMRC recognising that their 'business was their priority' (64% in 2018, up from 55% in 2017).

1.2.2 Perceptions of HMRC

Reputation

'Confidence in HMRC' among Small Businesses increased to 59% in 2018 (up from 56% in 2015). Small Businesses that gave positive ratings for their perceptions of HMRC 'efficiency', 'effectiveness' and 'fairness' were more likely to be 'confident in HMRC' than those with negative perceptions of HMRC 'efficiency', 'effectiveness' and 'fairness'. Seven in ten (69%) Small Businesses had a favourable overall opinion of HMRC, up from 2015 (65%).

There was also an increase over the last year in the proportion of Small Businesses that felt HMRC were 'fair' (37%, up from 34% in 2017) and 'efficient' (36%, up from 31% in 2017). Half of Small Businesses felt that HMRC were 'effective' (50%, up from 46% in 2015). Three-quarters (74%) agreed that HMRC ensured customers' data and personal information was treated 'confidentially'.

Compliance

Three-quarters (75%) stated that 'tax avoidance' was never acceptable and nine in ten (89%) stated that 'tax evasion' was never acceptable. One in three felt that these were widespread (34% 'tax avoidance', 32% 'tax evasion'). Six in ten (62%) thought it 'likely that HMRC would detect tax evasion'.

1.2.3 Making Tax Digital

During the telephone interview, Small Businesses were informed that HMRC would be introducing changes to how businesses will be required to submit VAT returns online from April 2019, using functional compatible digital software. At the time of the survey (September - November 2018), half (51%) of all Small Businesses had heard of these changes and 37% said they knew a lot or a little about the changes. Four in ten (44%) of all Small Businesses already used digital software for record keeping, up from 35% in 2017.

Six in ten (64%) Small Businesses that would be required to submit VAT returns online using functional compatible software from April 2019⁶ had heard of the changes and 50% knew a lot or a little about them. Six in ten (62%) already used commercial software for digital record keeping, up from 52% in 2017.

Half of Small Businesses that were aware of changes to submitting VAT returns using functional compatible software felt there were no benefits to the changes.

Seven in ten of all Small Businesses (72%) would go to an accountant or agent for support with digital record keeping. A similar proportion (73%) had heard of any reliefs or incentives available to businesses.

⁶ These Small Businesses were defined as those with turnover above the VAT threshold (above £85k) and that had paid VAT.

1.3 Agents

Agents are paid by customers – individuals or businesses – to represent them in dealings with HMRC. Two-thirds (64%) of Agents were accountants and a quarter (27%) were bookkeeping firms.

Close to half (45%) of Agents had fewer than 50 clients, three in ten (28%) had 50 to 249 clients, and one in four (23%) had 250 or more clients. Two-thirds (67%) of Agents were members of a professional organisation.

1.3.1 Customer Experience

Seven in ten (68%) Agents gave a positive rating of HMRC online services. This was higher than ratings of HMRC webpages (53%). Two-thirds (65% in 2018, up from 60% in 2017) of Agents had a positive rating of the dedicated Agents helpline telephone. This was substantially higher than positive ratings of other HMRC helplines (32%). However, the increase in positive ratings of other telephone helplines between 2015 and 2016 has been maintained.

The proportion of Agents with a positive overall experience of dealing with HMRC in the previous 12 months increased from 2015 (52% in 2018, up from 40% in 2015).

The dimension of customer experience that was most important in relation to an Agents' rating of their overall experience was HMRC 'getting tax transactions right'. Ratings were relatively high (55%) for this dimension (compared to the other dimensions of customer experience for Agents) (Table 1.3). 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 improving overall customer experience. The most positively rated dimension of customer experience was HMRC 'professionalism' (71%). There was an increase in positive ratings across most other dimensions of customer experience since 2015. Areas where further improvements are most likely to improve 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 2015-18	Change 2017-18
Most important ↑	HMRC getting tax transactions right	55	↑	-
	Resolving queries	48	↑	-
	HMRC were professional	71	↑	-
	Acceptability of time taken	37	↑	-
	Ease of finding information	45	↑	-
	Systems prevented mistakes	43	-	-
	Quality of information	58	↑	-
	Clarity of steps that needed to take	54	↑	-
	Clear when everything was completed	62	-	-

Two-thirds (66%) of Agents felt that HMRC treated their customers 'fairly', an increase from 2015 (60%). There was also an increase in the proportion of Agents that were positive about the 'ease of dealing' with tax issues (52% in 2018, up from 46% in 2015). Four in ten agreed that 'online services were joined up' or services were 'personalised to them and their clients' (41% and 40% respectively).

1.3.2 Perceptions of HMRC

Reputation

'Confidence in HMRC' among Agents has increased to 43% in 2018 (up from 36% in 2015). Agents that had positive ratings of HMRC 'efficiency', 'effectiveness' and 'fairness' were more likely to be 'confident in HMRC'. Six in ten (59%) Agents had a favourable overall opinion of HMRC.

Agents were twice as likely to agree that HMRC were 'effective' (43% in 2018, up from 38% in 2015) than 'efficient' (20% in 2018, up from 17% in 2015). Eight in ten Agents (78%) agreed that HMRC ensures customer data and personal information is treated 'confidentially'.

Compliance

Over nine in ten (94%) Agents believed 'tax evasion' is never acceptable. However, a third (32%) of Agents thought 'tax avoidance' was acceptable, at least to some extent. More than four in ten thought that 'tax evasion' and 'tax avoidance' were widespread (43% and 45% respectively). Around half (53%) thought it 'likely that HMRC would detect tax evasion'.

1.3.3 Making Tax Digital

Agents were informed about how HMRC is introducing changes to the way businesses can provide information relating to their tax obligations. This was described to Agents in 2018 as follows: 'HMRC is introducing changes to how businesses provide information relating to their tax obligations. From April 2019 VAT registered businesses with taxable turnover above the VAT threshold will be required to keep digital records and provide VAT Returns online using functional compatible software'.

Seven in ten Agents would encourage at least some clients to switch to digital record keeping. Four in ten (41%) Agents would encourage this for businesses with a turnover above the VAT threshold, while three in ten (30%) said that they would also encourage this for businesses under the VAT threshold.

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.⁷

HMRC commissioned the Individuals, Small Business and Agents Customer Survey in 2015 to provide customer understanding to support the Department's mission to collect the money that pays for the UK's public services and help families and individuals with targeted financial support, 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.⁸

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 four years of the survey (2015⁹, 2016¹⁰, 2017¹¹ and 2018) for each customer group, looking at both changes between 2017 and 2018 and change over the length of the survey (2015 to 2018) for the Small Business and Agents surveys. Only changes from previous years that are statistically significant are reported on. Due to the change in survey method for the Individuals survey, no comparisons with previous years are reported on.

⁷ 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>

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

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

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

¹¹ <https://www.gov.uk/government/publications/hmrc-individuals-small-businesses-and-agents-customer-survey-2017>

2.3 Methodology

2.3.1 Customer Groups

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

Individuals

The survey of Individuals covers all members of the general public aged 16 or older¹². 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.

In previous years, the Individuals survey collected interviews using a random digit dialling (of landline and mobile telephone numbers) sampling approach to contact Individuals. With the development of online data collection methods, and concerns over the long-term viability and cost effectiveness of random digital dialling telephone interviewing, the survey moved to a random probability Address Based Online Surveying (ABOS) method in 2018. This followed trials of this approach in 2016 and 2017 to assess the quality, comparability and cost effectiveness of an ABOS approach.

This approach involved:

- Drawing a random sample of addresses from Royal Mail's Postcode Address File (PAF).
- Sending each household from this random sample an invitation letter to take part in an online survey.
 - Up to three adults per household were invited to take part and unique survey logins were provided.
- Up to two reminder invites were sent to households, two and four weeks after the initial invite.
- Paper questionnaires were available on request (for households where someone was unable or unwilling to take part online), and for a random subset of households were included in the second reminder mailing. In total, 832 out of the 2,690 Individuals surveys were from a paper questionnaire.
- A third reminder was sent to any household that had identified having an adult aged 16 to 24 in their questionnaire responses, but where no adult aged 16 to 24 had completed a questionnaire. This was an attempt to increase the number of adults aged 16 to 24 taking part in the survey. The 2016 and 2017 trials indicated that younger adults were less likely to participate in the survey than any other demographic group.

¹² 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.

- Households were offered a £5 shopping voucher upon completion of each questionnaire.
- The online survey was accessible on all devices including laptops, tablet computers and smartphones.

Due to the change in survey method, results are not comparable with those from previous years of the Individuals Customer Survey.

Small Businesses

Small Businesses are defined as having a turnover of under £10m and between zero and 19 employees.¹³

Small Businesses were surveyed at the enterprise level¹⁴ (rather than the local unit/site level) as most Small Businesses are based at a single site.

The survey used two 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 £8,400 per annum.¹⁵

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 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.

¹³ 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.

¹⁴ 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.

¹⁵ Between 2015 and 2017 businesses from the SA database were eligible if they had a turnover above £8,000 per annum. This increased to reflect inflation over the period.

- HMRC's SA database of customers. In previous years of the survey, Agents in the SA database were identified using industry sector codes 6201 (chartered/incorporated accountants) and 6615 (auditors, bookkeepers, financial advisers and other accountants) whose revenue was below the VAT threshold. Sector codes are no longer entered for new registrants on the SA database. In 2018, Agents were identified by screening for key words in the 'business description' section for each business in the SA database.
 - All 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 the Small Business and Agents customer groups was Computer Assisted Telephone Interviewing (CATI). Each interview lasted around 20 minutes.

The data collection method used for Individuals was Address Based Online Surveying (section 2.3.1).

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 methods is given in the separate Technical Annex.

Interviews were carried out with 2,690 Individuals (1,858 by online questionnaire, 832 by postal questionnaire), 2,701 Small Businesses and 2,351 Agents between September 4th and November 23rd 2018.

2.3.3 Comparability with previous Customer Survey

This survey compares results between 2015 and 2018. As discussed in section 2.2, due to change in survey method for the Individuals survey, no comparisons with the Individuals survey between 2015 and 2017 are reported on. HMRC previously conducted a different Customer Survey between 2008 and 2015.¹⁶ 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 (including rating of channels and online tools used)

¹⁶ <https://www.gov.uk/government/publications/hm-revenue-and-customs-customer-survey-2008-to-2015>

- Section of questions measuring key dimensions of experience, based on the Atom Model (see section 2.3.5 below)
- Other measures of customer experience, reflecting the manner in which HMRC administers the tax system
 - Fairness
 - Personalisation
 - Ease of dealing with tax issues
 - Online services being joined-up
 - (Small Businesses only) Integration with HMRC
- Perceptions of HMRC
 - General perceptions of HMRC
 - HMRC being an efficient, effective and fair organisation
 - Confidence in HMRC
 - Favourability and advocacy
 - Perceptions of compliance
- Awareness and attitudes towards digital record keeping (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 2013¹⁷ 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.

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

¹⁷ Understanding quality of service from a customer perspective
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/344753/report285.pdf

experience over the previous 12 months. Table 2.1 shows the Atom Model questions asked about in the survey.

Table 2.1 Atom Model questions in the survey

Customer Survey question
How good or poor were HMRC at getting tax transactions right? ¹⁸
How would you rate the quality of information you have looked for or received from HMRC?
How easy or difficult was it to find any information you needed on tax issues from HMRC?
HMRC made clear: <ul style="list-style-type: none">• What steps I needed to take• When everything was completed
Were HMRC approachable / professional?
How acceptable was the time taken to reach the end result?
How good or poor were HMRC at resolving any queries or issues?
Did HMRC have systems which were good at preventing me from making mistakes?

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)¹⁹ 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 relation to overall customer experience. By using regression analysis to understand how important each of the 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 dimensions 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 dimensions 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 dimensions 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

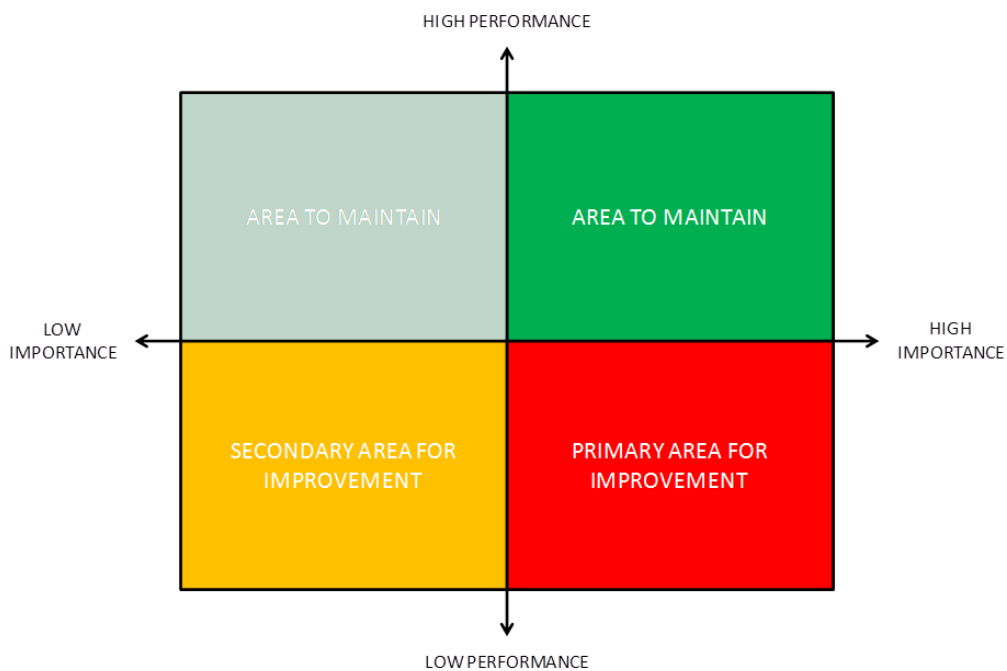
¹⁸ For Individuals this question was phrased: 'How good or poor were HMRC at getting tax [and benefits and credits] transactions right?' if they reported receiving any benefits or tax credits in the previous 12 months

¹⁹ 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.

- (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 dimensions 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).

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 and because some questions allowed participants to choose more than one response option.

Where the results for one group of respondents are compared with 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 2017 and 2018 and between 2018 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 2018.

While the survey has been conducted each year since 2015, the majority of charts do not present 2016 data. This is to highlight the comparisons between 2015 and 2018, and between 2017 and 2018.

As mentioned in section 2.3.1, there are no comparisons of results with previous years in the Individuals survey due to changes in the data collection method.

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

Six in ten customers had a positive rating of their overall experience of dealing with HMRC. The dimensions of experience which had the most importance in relation to a customer's overall rating were: quality of information and resolution of queries.

Four in ten Individuals contacted HMRC using online channels, and a quarter used the Personal Tax Account (PTA) in the last 12 months. Six in ten had a positive rating of telephone and online channels. Seven in ten were positive about the PTA. A third of Individuals had help dealing with their taxes and a majority of those found it easy for someone to act on their behalf.

Half of Individuals were confident in HMRC's ability to do its job. Individuals who had interactions with HMRC in the last 12 months were more likely to be confident in, and favourable towards, HMRC than customers without interactions.

About eight in ten Individuals thought tax avoidance and evasion were never acceptable but seven in ten thought they were widespread. Half of Individuals thought HMRC would detect tax evasion.

3.2 Profile of Individuals

This first section looks at the demographic profile of Individuals, including their payment of taxes and receipt of any state benefits and/or tax credits. It then examines the types of interaction Individuals had with HMRC, as well as their use of agents. The section concludes by looking at Individuals' ratings of their tax summaries.

3.2.1 Demographic profile

There was an even split between males (48%) and females (50%).²⁰ Individuals fell into the following age bands: three in ten (29%) were between 16-34 years old, a third (33%) were between 35-54 years and nearly four in ten (37%) were over 55 years old.

Six in ten (62%) were employed; four in ten (40%) were working full-time, while around one in ten were working part-time (13%) or were self-employed (7%). Four in ten (38%) were not in employment, including 23% who were retired from paid employment.

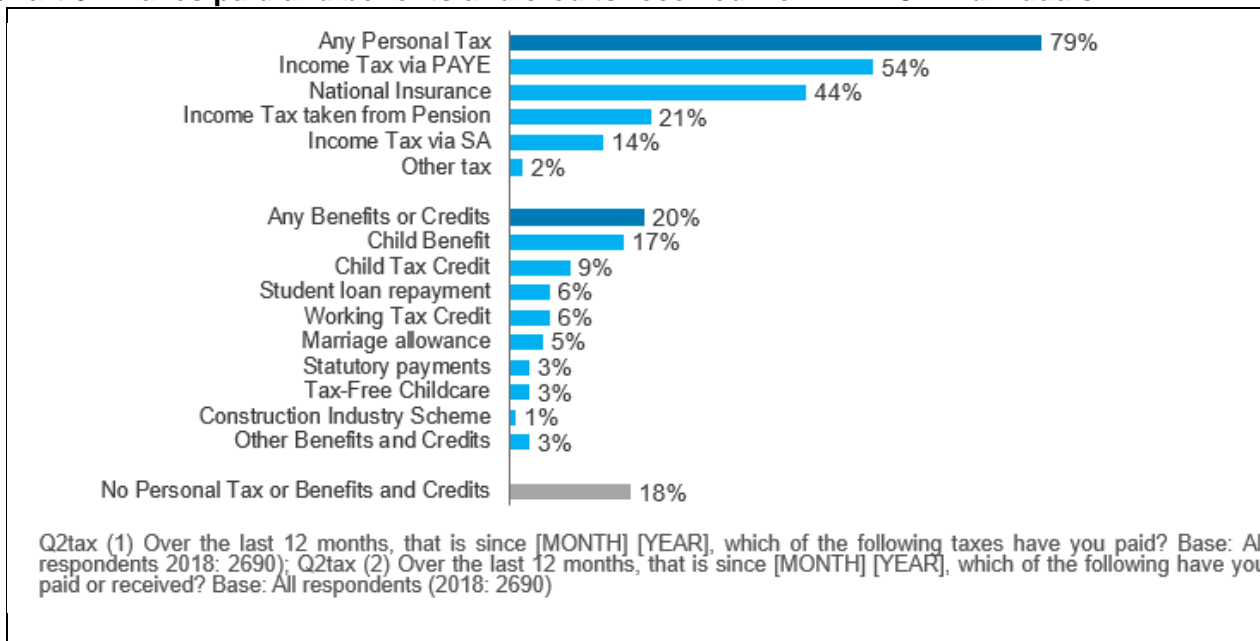
²⁰ 2% of Individuals preferred not to give their gender.

Six in ten (61%) reported having only one income source, while a third (33%) reported having multiple income sources. A small proportion reported having no income source except for state benefits and tax credits (5%).

3.2.2 Taxes paid and benefits and credits received

Individuals were asked which taxes they had paid or benefits and credits they had received in the last 12 months. Four in five (79%) had paid any personal taxes and one in five (20%) had received any benefits and credits administered by HMRC. Under a fifth (18%) reported paying no personal taxes and not receiving any benefits and credits administered by HMRC. (Chart 3.1).

Chart 3.1 Taxes paid and benefits and credits received from HMRC - Individuals



Looking specifically at which personal taxes they paid, six in ten Individuals (60%) said they paid income tax through Pay As You Earn (PAYE) through either wages or pension in the last 12 months, one in ten (9%) said they paid income tax through both PAYE and through Self-Assessment (SA) and a small proportion paid income tax through SA only (6%).

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 (85% compared with 74%).
- Women were more likely than men to have received benefits and credits in the last 12 months (27% compared with 15%).
- Those who were working full-time were the most likely to have paid personal taxes in the last 12 months (97%) compared with those who were self-employed (87%), working part-time (85%), or those not in employment (58%).
- Those who were not in employment were least likely to have received benefits and credits from HMRC in the last 12 months (14%) compared with other groups (working full-time: 21%; part-time: 41%; self-employed: 18%).

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+ (77%).
- Individuals aged 35-54 were also more likely to have received benefits and credits in the last 12 months (37%) compared with those aged 16-34 (24%) or 55+ (4%).
- 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 78%) and received benefits and credits (66% compared with 5%).

3.2.3 Interactions with HMRC in previous 12 months

Individuals were asked whether they had any dealings with HMRC in the last year. Two-thirds (68%) of Individuals said they interacted with HMRC in the last 12 months. Customers aged between 16-34 (70%) and 35-54 (81%) were more likely to have interacted with HMRC in the last 12 months than those aged 55 and over (55%).

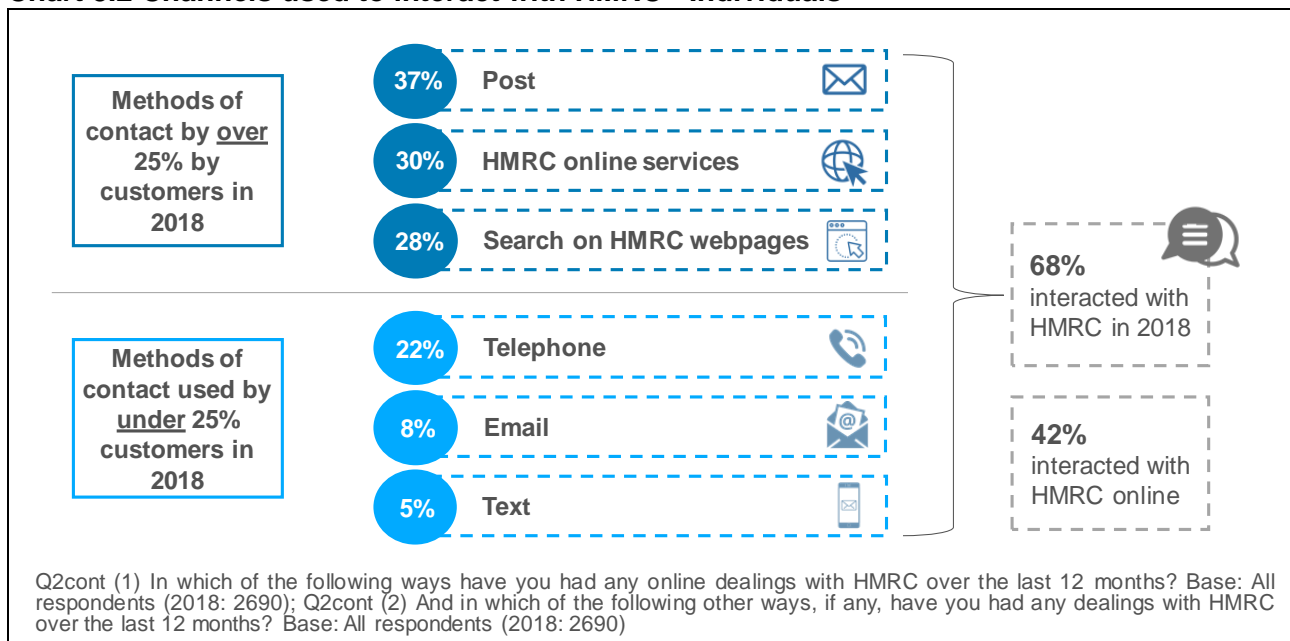
Individuals who were self-employed were more likely to have interacted with HMRC in the past 12 months (90%) than those working full-time (73%), part-time (77%), or those who were not in employment (54%).

3.2.4 Channels used to interact with HMRC

Individuals were asked about the ways in which they interacted with HMRC in the last 12 months. Interactions were defined as making contact with HMRC, receiving information from HMRC, or using HMRC's online services.

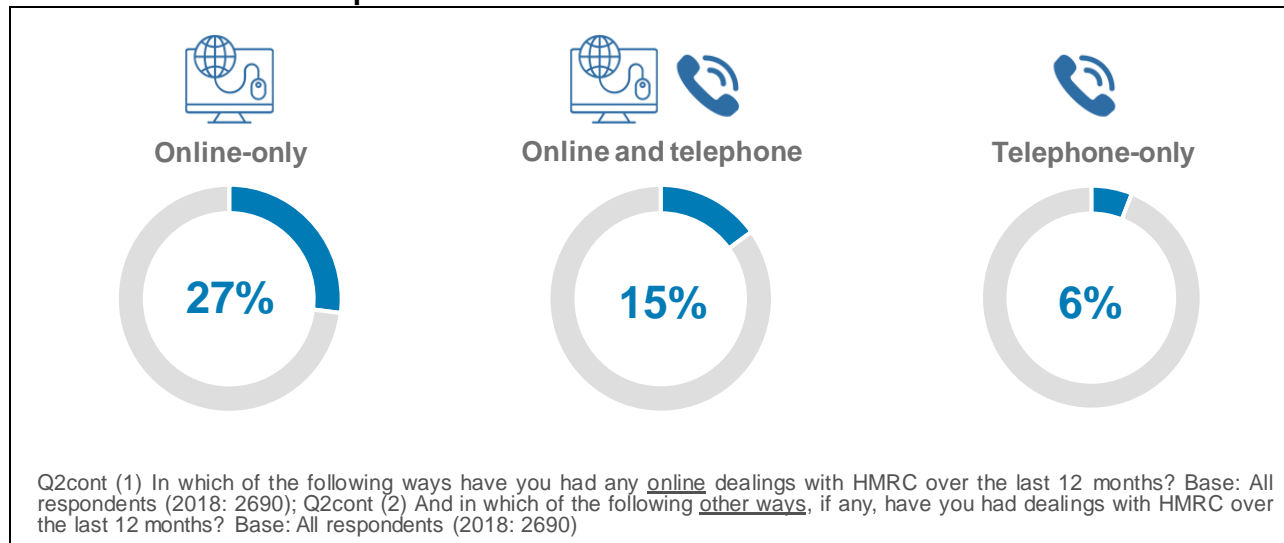
The most frequent ways of interacting with HMRC were by post (37%), use of HMRC's online services (30%) and searching on HMRC's webpages (28%). A fifth of Individuals reported interacting with HMRC via telephone (22%). Email and text were used by fewer than one in ten Individuals (8% and 5% respectively) (Chart 3.2).

Chart 3.2 Channels used to interact with HMRC - Individuals



When looking at broader types of interaction Individuals had with HMRC in the last 12 months, four in ten (42%) interacted with HMRC online.²¹ A quarter (27%) interacted with HMRC solely through online channels, while 15% interacted with HMRC using both online and telephone channels. Six per cent of Individuals interacted with HMRC by telephone and not online (Chart 3.3).

Chart 3.3 Online and telephone channels of contact - Individuals



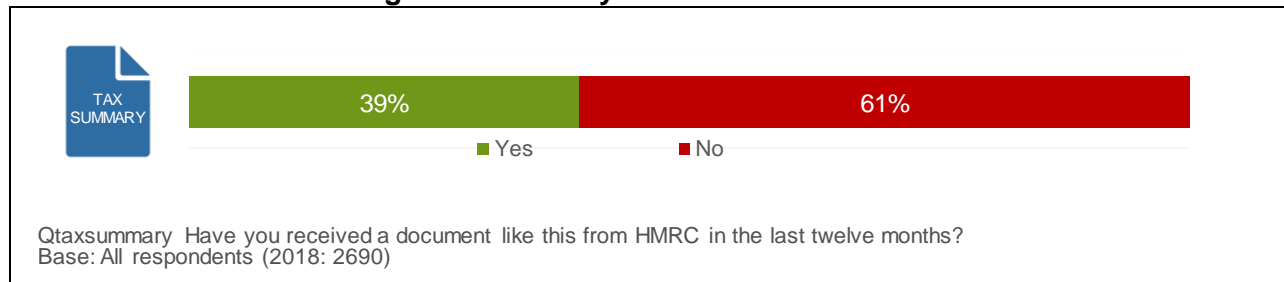
Individuals aged between 16-34 and aged between 35-54 were more likely to have interacted with HMRC through online-only channels (29% and 34% respectively) than those aged 55 and over (21%). Individuals aged 35-54 (21%) were also more likely than those aged 16-34 (15%) and those aged 55 and over (11%) to have interacted with HMRC both online and via telephone.

Individuals who paid personal taxes in the last 12 months were more likely to have used online-only channels to interact with HMRC (31%) than those who had not paid personal taxes (14%). Those who were in receipt of any benefits and credits in the last 12 months were twice as likely than those not in receipt of any benefits and credits to have used telephone-only channels to interact with HMRC (10% and 5% respectively).

3.2.5 Tax summary

Individuals were shown an example of a PAYE tax summary and asked whether they recalled receiving a tax summary from HMRC in the last 12 months. Six in ten (61%) Individuals did not think they had received a summary while four in ten (39%) recalled receiving it (Chart 3.4).

Chart 3.4 Recall of receiving a tax summary – Individuals



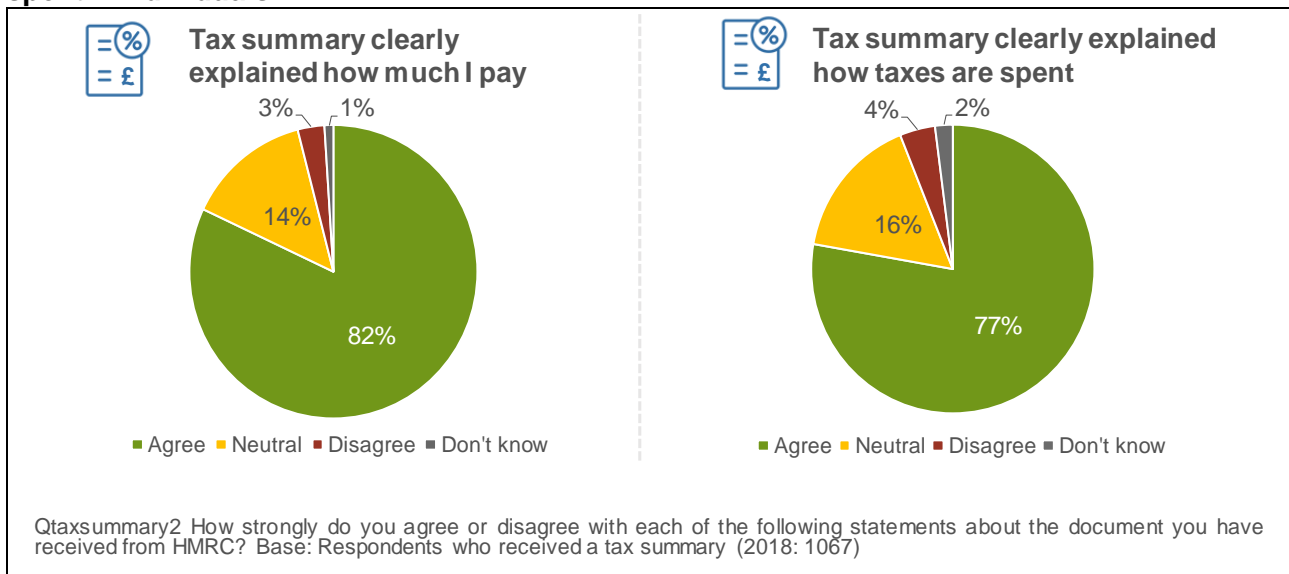
²¹ The categories used to define 'online channels' were Individuals who searched for information on the HMRC webpages, used a PTA or used any other HMRC online services.

Recall of receiving a tax summary was higher amongst:

- Individuals aged between 35-54 (46% compared with 38% or under for other age groups).
- Individuals working full-time (56%) compared with those working part-time (29%), not in employment (28%), or self-employed (20%).
- PTA users (45% compared with 37% who did not have a PTA).

Individuals who recalled receiving a tax summary from HMRC in the last 12 months were asked whether the tax summary clearly explained how much tax they paid and how taxes are spent. Around eight in ten agreed that the tax summary clearly explained how much they spent (82%) and that it clearly explained how taxes are spent (77%) (Chart 3.5). A small minority disagreed that the information was clear (3% and 4% respectively).

Chart 3.5 Tax summary clearly explained how much Individuals pay and how taxes are spent – Individuals



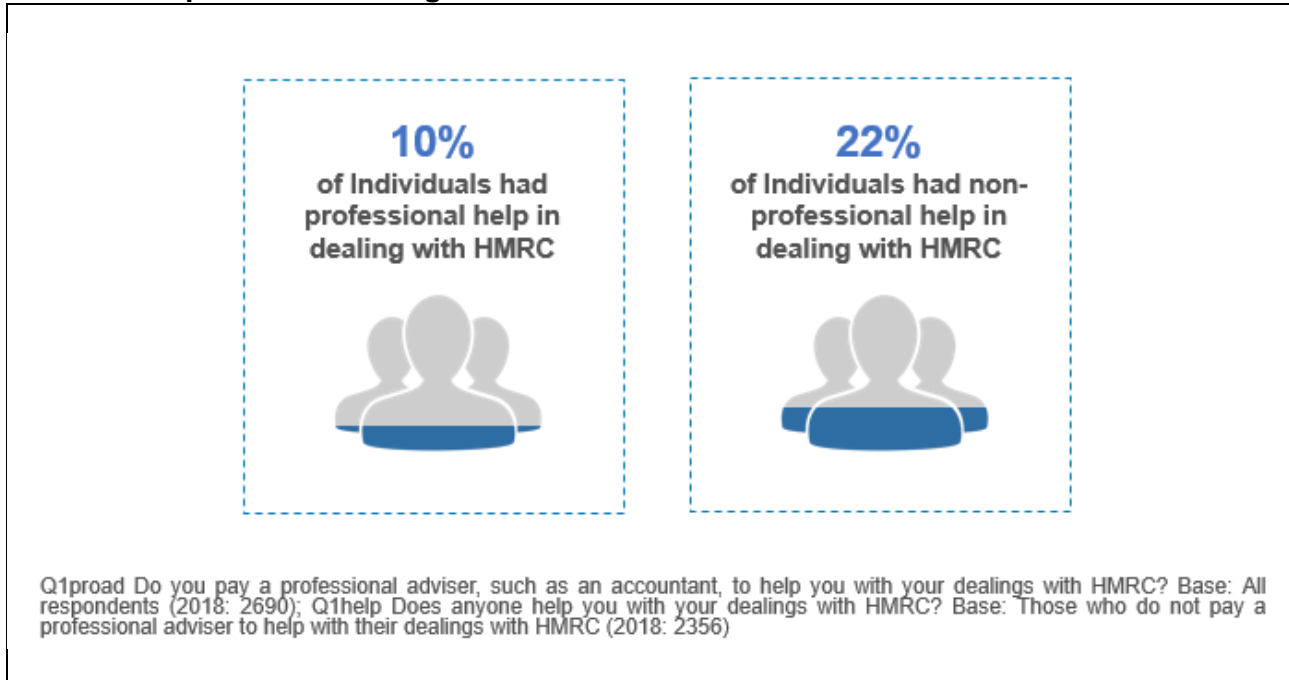
PTA users were more likely than non-PTA users to agree that the tax summary clearly explained how taxes were spent (84% and 75% respectively).

3.2.6 Agent usage and ease of having an agent act on Individual's behalf

Individuals were also asked whether they had help in their dealings with HMRC over the last 12 months.

A third (31%) of Individuals reported having help with their dealings with HMRC in the last 12 months. Overall, one in ten (10%) had help from a professional advisor. A similar proportion had help from a friend, family member, or colleague (12%), or from their employer (9%). A small number of Individuals reported receiving help from other sources (2%) (Chart 3.6).

Chart 3.6 Help received dealing with HMRC – Individuals

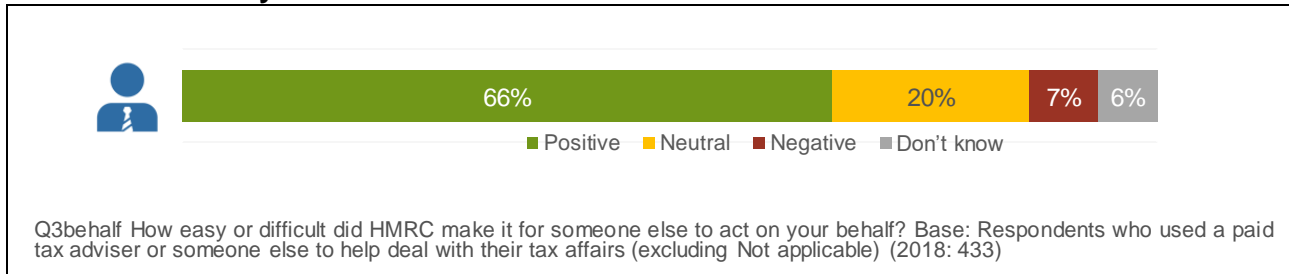


Use of a professional adviser was higher amongst Individuals who:

- Were self-employed (58%), than any other group (part-time: 9%, full-time: 7%, not in employment: 6%).
- Paid tax through Self-Assessment (SA) (47%), compared with one in ten (9%) of those who paid tax through PAYE.
- Had multiple income sources (14%), than those with a single income source (9%) or those with no income sources (4%).
- Were Personal Tax Account users (16%), than Individuals who did not have a PTA (9%).

Accepting that someone else can represent you is a Charter requirement from HMRC.²² Two-thirds (66%) of Individuals who received any help in their dealings with HMRC said it was easy for someone else to act on their behalf – this includes Individuals who received help from a professional adviser, or from a friend / family member / colleague / employer or someone else (Chart 3.7).

Chart 3.7 How easy HMRC made it for someone to act on their behalf – Individuals



Three-quarters (76%) of Individuals who paid a professional adviser to help them in their dealings with HMRC said that HMRC made it easy for someone to act on their behalf; very few found it

²² <https://www.gov.uk/government/publications/your-charter/your-charter>

difficult (2%). Those who received help with their dealings from other sources, were less likely to say it was easy for someone else to act on their behalf (58%) and were more likely to find it difficult (12%).

Individuals who used only online channels to interact with HMRC were more likely say it was easy for someone to act on their behalf, than those using both online and telephone to interact with HMRC (77% compared with 58% respectively).

3.3 Customer experience

This section will discuss Individuals ratings of HMRC's contact channels, online tools and overall customer experience. The contact channels customers were asked to rate include the Personal Tax Account (PTA), other HMRC online services, HMRC webpages and telephone helplines.

It also examines specific dimensions of customer experience based on the Atom Model (as discussed in section 2.3.5). Finally, it discusses views of HMRC's tax administration: whether Individuals felt they were treated fairly; whether HMRC made it easy to deal with their tax issues; whether services were personalised; and whether online services were joined-up.

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

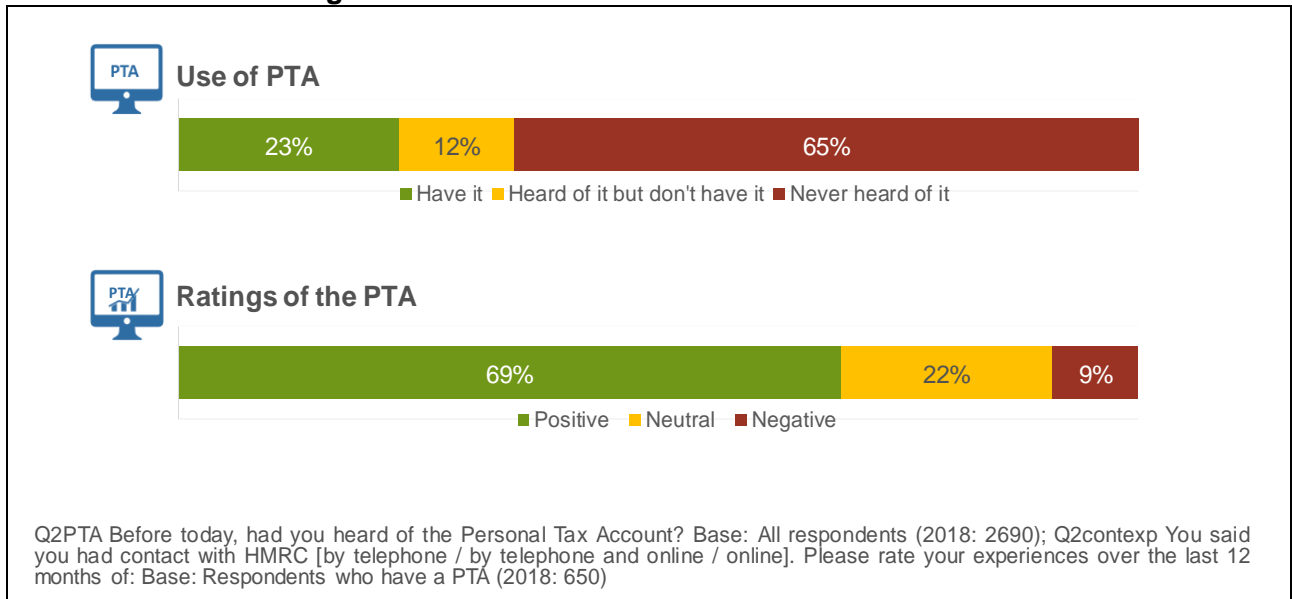
3.3.1 Use and rating of the Personal Tax Account

Individuals were asked about their use and awareness of the Personal Tax Account (PTA). A third (35%) of Individuals had either heard of it (12%) or had one (23%). Two-thirds (65%) of Individuals had never heard of the PTA (Chart 3.8).

Individuals who were self-employed were most likely to have a PTA (54%). Of those receiving any benefits and credits in the last 12 months, a third had a PTA (31%), compared to a fifth (21%) of those who did not receive any benefits and credits.

Seven in ten (69%) PTA users rated their experiences with the tool positively, while one in ten (9%) rated it negatively.

Chart 3.8 Use and rating of the PTA – Individuals



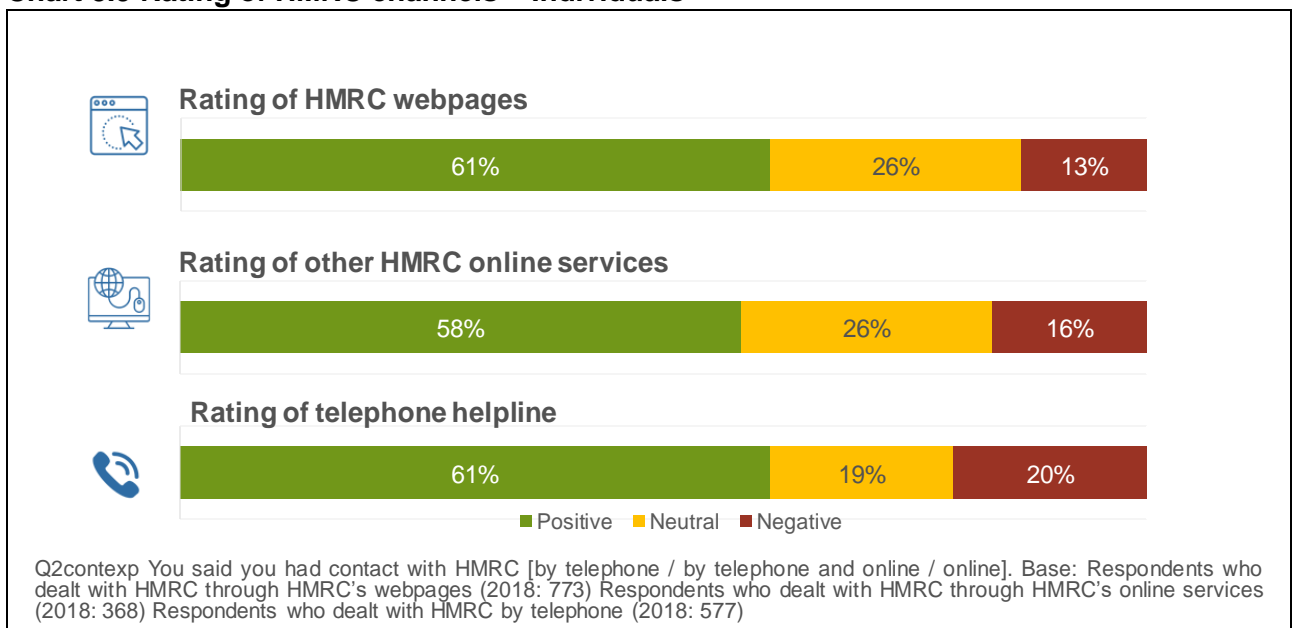
Positive ratings of the PTA were higher amongst those only using online channels (74%), those who used online and telephone channels (74%) and for those paying tax through PAYE (75%, compared with 51% who only paid via SA).

3.3.2 Rating of services – webpages, other online services and telephone

Individuals who used other HMRC online services, HMRC webpages and telephone to contact HMRC in the last 12 months were also asked to rate their experience. About six in ten users of these services rated HMRC positively on each.

HMRC webpages were rated positively by six in ten (61%) Individuals who had used them in the last 12 months, while over one in ten (13%) rated them negatively (Chart 3.9).

Chart 3.9 Rating of HMRC channels – Individuals



Individuals who interacted with HMRC online only were more likely to be positive about their experience of HMRC webpages (67%) and other online services (66%) than those who used both online and telephone channels (67% and 47% respectively).

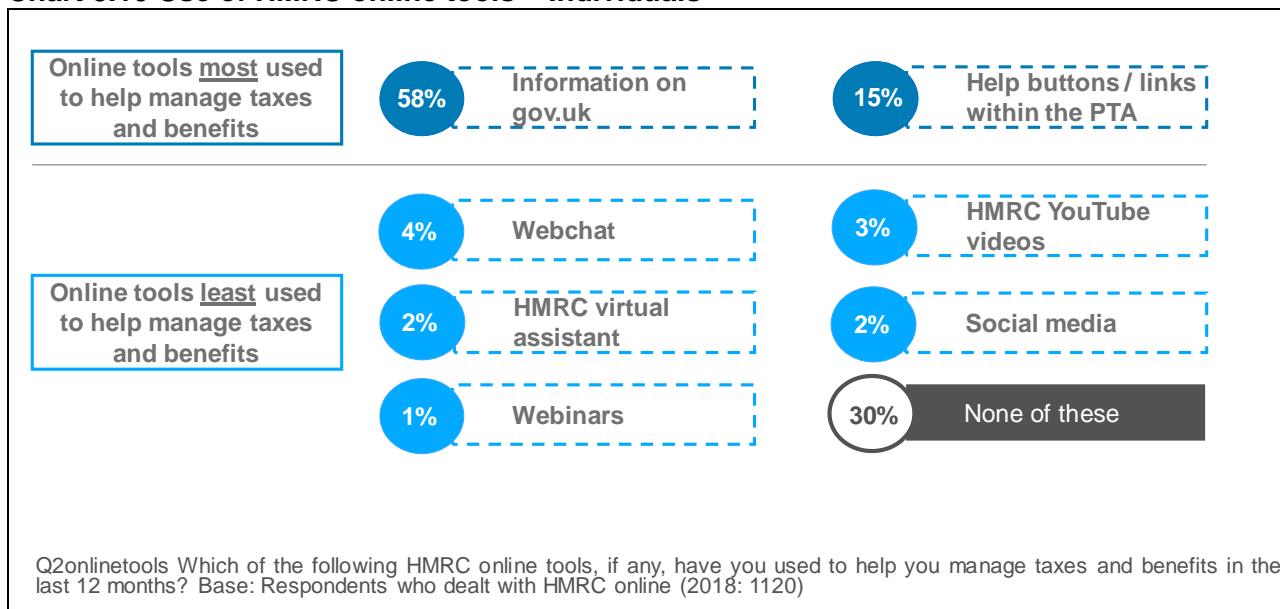
Ratings of the telephone helpline were similar to those of online channels, with six in ten (61%) Individuals rating their experiences positively. However, a higher proportion of Individuals rated their experience of the telephone helpline negatively (20%), compared with online channels

3.3.3 Use and ratings of online tools

Individuals who used online services in the last 12 months were asked about their use and views of online tools.

Seven in ten (70%) Individuals who had used an online service in the last 12 months, had used one or more online tools to help manage their taxes and benefits. The online tool used most commonly by Individuals who used online services was gov.uk (58%), followed by help buttons or links within the PTA (15%). Other online tools were used by very few Individuals: webchat (4%), HMRC YouTube videos (3%), HMRC virtual assistant (2%), social media (2%) and webinars (1%) (Chart 3.10).

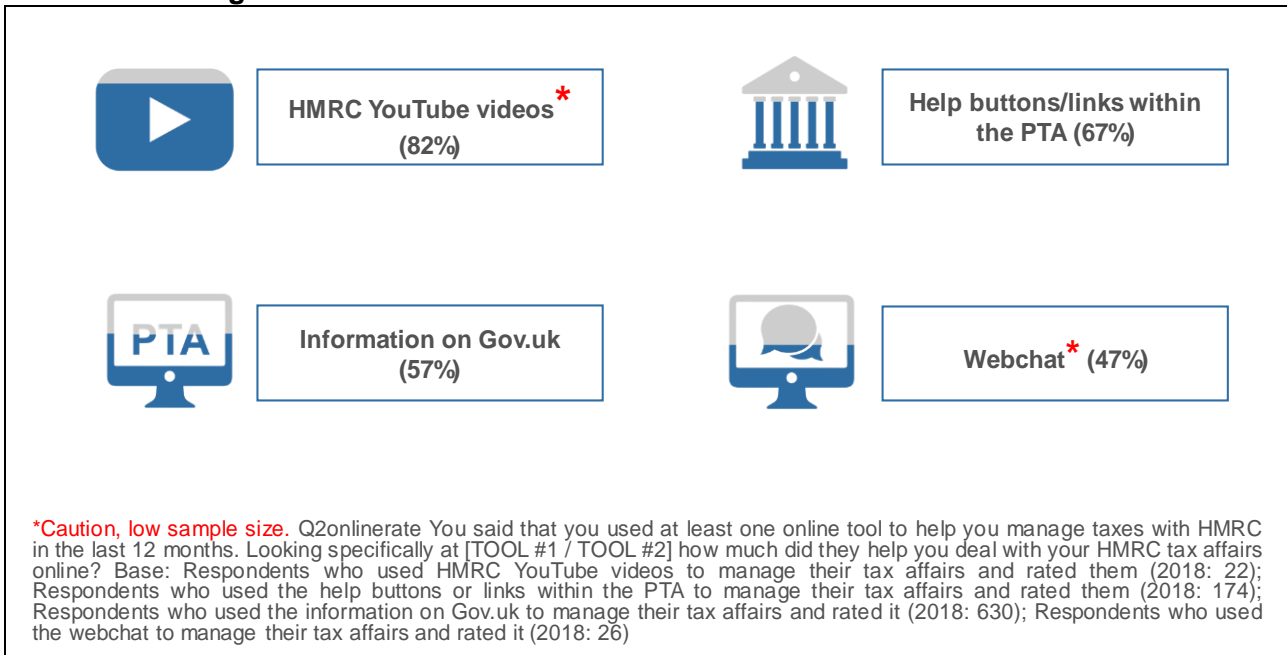
Chart 3.10 Use of HMRC online tools – Individuals



Individuals were then asked to rate the online tools they have used in the last 12 months. Due to low sample size, only tools used by three per cent or more of Individuals are reported on. Ratings for online tools used by fewer than 10% of Individuals – namely webchat and HMRC YouTube videos – should be treated as indicative only.

Positive views of using online tools to help manage their tax affairs online were generally high, with all except webchat being rated positively by over half of Individuals. HMRC’s YouTube videos were rated most positively (82%), followed by help buttons or links within the PTA (67%) and information on gov.uk (57%) (Chart 3.11).

Chart 3.11 Rating of HMRC online tools – Individuals

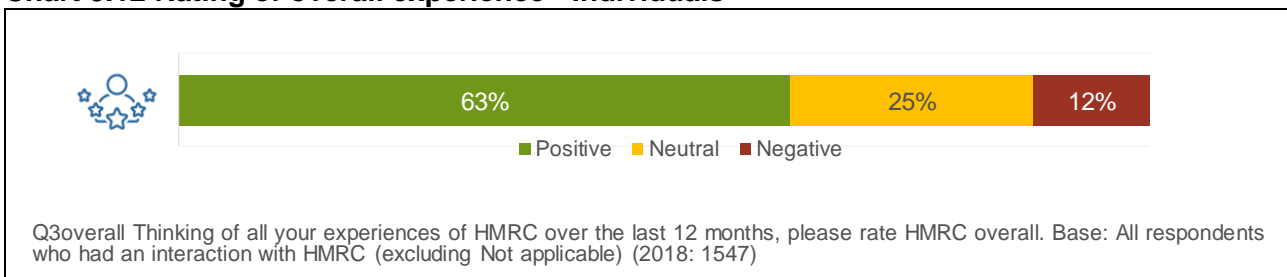


3.3.4 Overall rating of Individual experience

Individuals who had interacted with HMRC in the previous 12 months were asked to reflect on all their experiences with HMRC over this time and rate their overall customer experience.

Nearly two-thirds (63%) of Individuals said they had an overall positive experience with HMRC in the last 12 months, while one in ten (12%) rated their experience negatively (Chart 3.12)

Chart 3.12 Rating of overall experience - Individuals



Overall experience of interacting with HMRC was linked to channel usage; those with online-only or telephone-only interactions were more likely to say they had a positive experience (67% and 66% respectively), than those who used both online and telephone channels (56%). Positive ratings of overall experience were also higher amongst:

- PTA users (67%), than non-PTA users (61%).
- Individuals who had multiple income sources (69%), than those who had a single income source (61%).
- Individuals aged 55 and over (72%), compared with 60% aged 16-54.

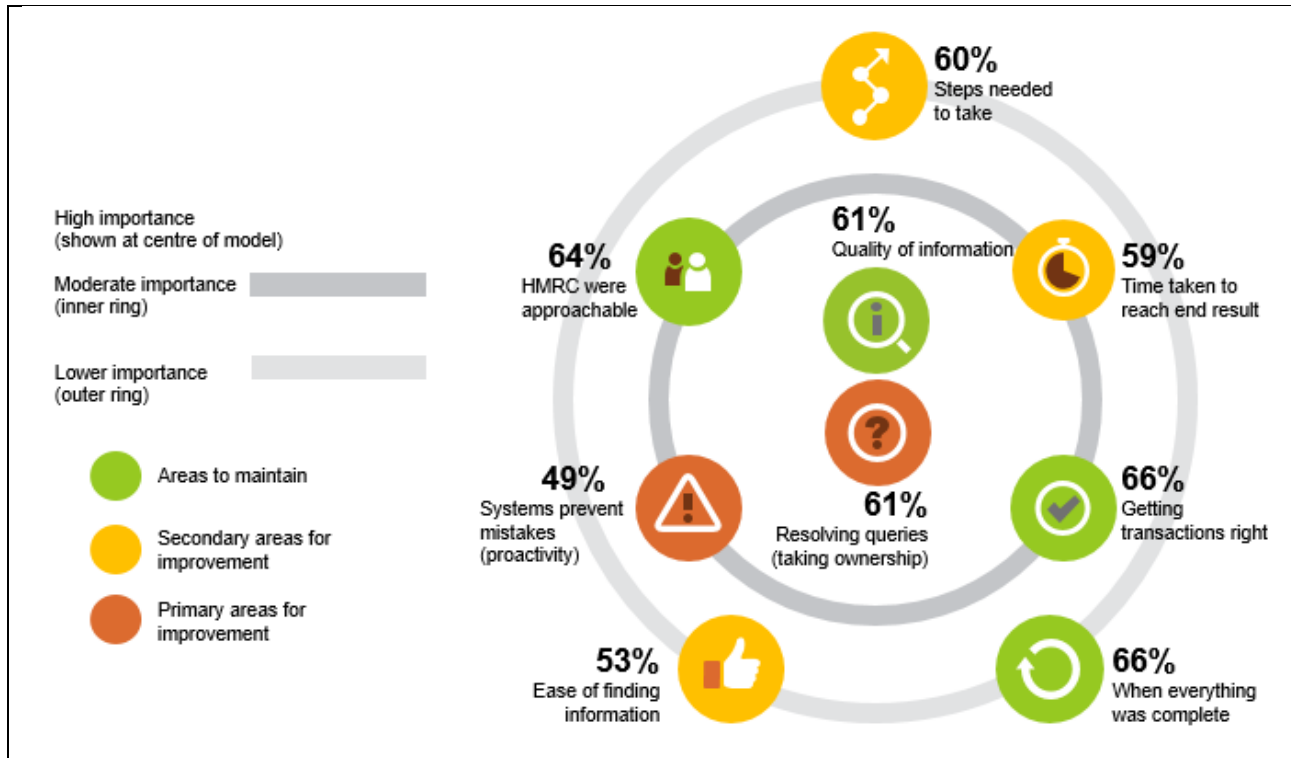
3.3.5 Atom Model of Individual experience

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 in order to improve it.

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

- The Atom Model reflects statistical analysis of the 2018 survey results, which examined the specific dimensions of customer experience which had largest impact on the overall rating of customer experience. Chart 3.13 shows the 2018 Atom Model for Individuals.

Chart 3.13 Atom Model – Individuals



The two **most important dimensions** in relation to Individual's overall rating of customer experience in 2018 (displayed in the centre of the Atom Model) were:

- Quality of information looked for or received from HMRC;
- How good or poor HMRC were at resolving any queries or issues.

The four dimensions on the inner, dark grey ring were of **moderate importance** to overall customer experience. These were:

- How good or poor HMRC were at getting tax transactions right;
- HMRC being approachable;
- Systems which were good at preventing customers from making mistakes; and
- Acceptability of time taken to reach the end result.

Dimensions on the outer, light grey ring were the **less important** dimensions of overall customer experience. These were:

- Clarity of when everything was completed;
- Clarity of steps needed to take; and
- Ease of finding information.

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

In Chart 3.13 the colours signify priority level:

- The dimensions in dark orange are the primary areas to address in order to have the biggest positive impact on overall customer experience.
- The dimensions in amber are the secondary areas to address to improve overall experience.
- 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

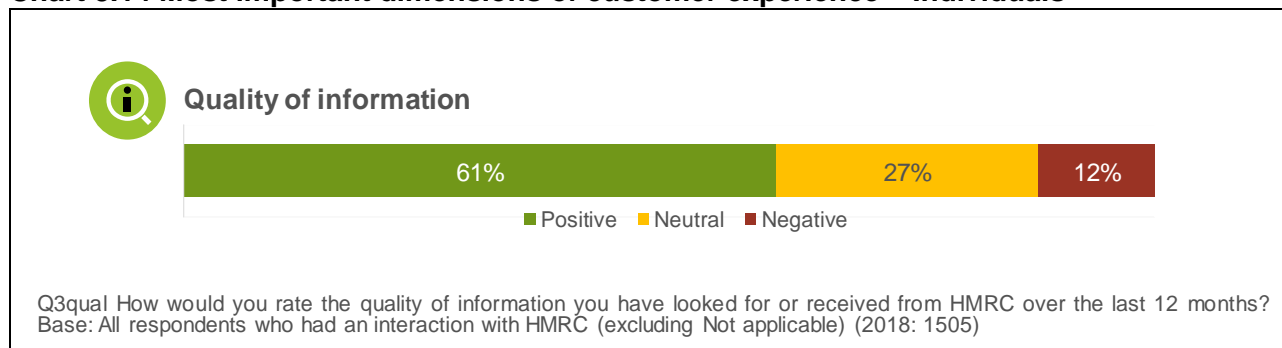
Dimensions of highest importance

The two areas of most importance to overall customer experience in 2018 amongst Individuals who had interactions with HMRC in the last 12 months were the quality of information looked for or received from HMRC and how good HMRC were at resolving queries. HMRC was rated relatively poorly on resolving queries²³, so it is a primary area for improvement.

Quality of information looked for or received

Six in ten (61%) Individuals who interacted with HMRC in the last 12 months rated the quality of information they have looked for or received from HMRC positively, while one in ten (12%) rated it negatively. (Chart 3.14).

Chart 3.14 Most important dimensions of customer experience – Individuals



²³ The percentage of individuals providing a positive rating of resolving queries (60.6%) was slightly below that for quality of information (60.7%). The positive score for resolving queries was below the median score for the Atom Model dimensions and was therefore defined as a primary area to improve.

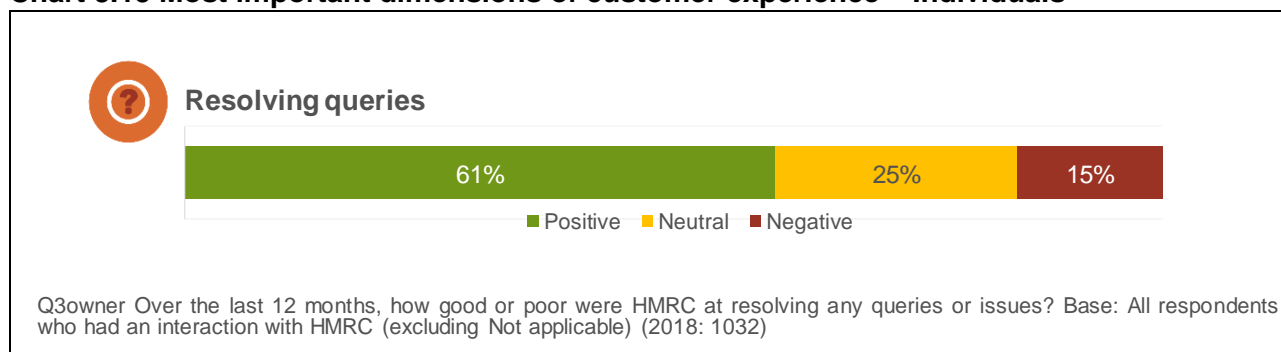
Individuals who interacted with HMRC either using online-only channels or by telephone-only were more likely to be positive (68% and 64% respectively) than those who used both channels (51%). Similarly, PTA users were more likely to rate HMRC positively on the quality of information than non-users (65% compared with 58% respectively).

There are also differences in ratings by age, with two-thirds (67%) of adults aged 55 and over rating HMRC positively on the quality of information looked for or received, compared with about half (53%) for adults aged 35-54.

Resolving queries

Three in five (61%) Individuals who interacted with HMRC in the last 12 months were positive about HMRC resolving queries, while 15% were negative (Chart 3.15).

Chart 3.15 Most important dimensions of customer experience – Individuals



Similarly to quality of information, positive ratings were higher for those using online-only channels (63%) than using both online and telephone (57%), PTA users (66% compared with 57% for non-users) and Individuals aged 55+ (70% compared with 60% or less for younger customers).

There was a close relationship between perceptions of quality of information looked for or received and ability to resolve queries. More than eight in ten (85%) Individuals who rated the quality of information positively agreed that the organisation was good at resolving queries, while six in ten (58%) who rated the quality of information negatively were negative about resolving queries.

Moderately important dimensions of customer experience

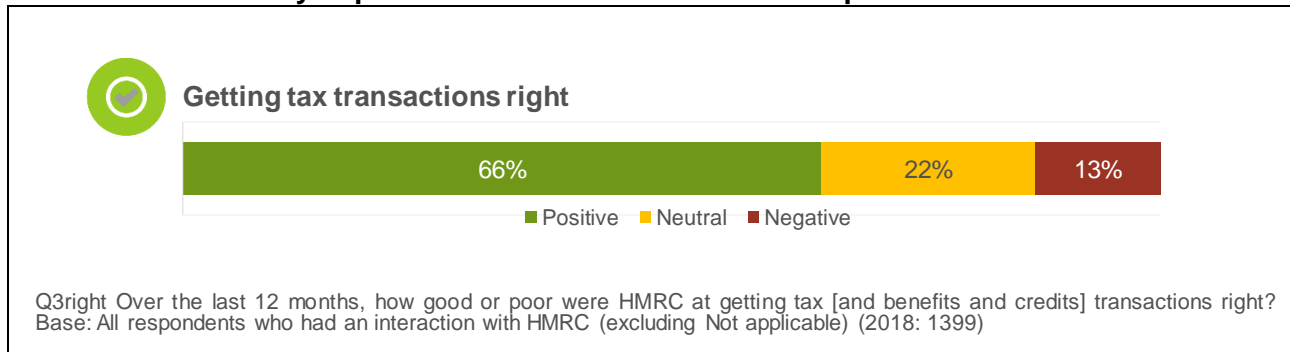
The dimensions explored in this section were of moderate importance in driving overall customer experience. These were: HMRC getting tax transactions right, HMRC being approachable, having systems in place to prevent mistakes and acceptability of the time taken to reach the end result.

HMRC was rated relatively poorly on having systems in place to prevent mistakes, so it is a primary area for improvement.

Getting tax transactions right

Two-thirds (66%) of Individuals who interacted with HMRC over the last 12 months were positive about HMRC getting tax and benefits and credits transactions right while one in ten (13%) were negative (Chart 3.16). This was the most positively rated dimension of all customer experience dimensions, along with whether HMRC made it clear when everything was completed, and is an area where performance should be maintained.

Chart 3.16 Moderately important dimensions of customer experience - Individuals



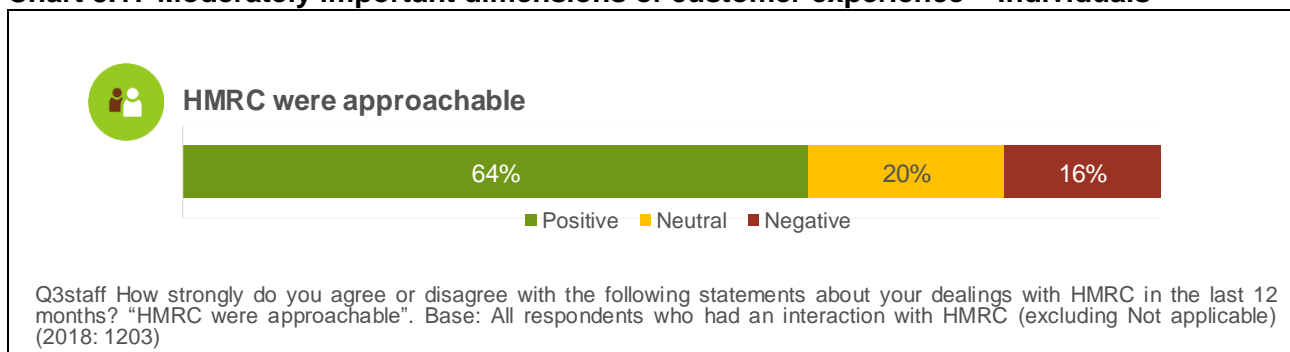
Individuals who used online-only channels to interact with HMRC were more likely rate HMRC positively in this dimension (74%) than those who used telephone-only channels (59%) or both online and telephone channels (55%). PTA users were also again more likely to rate HMRC positively (70%) than non-users (63%).

Lastly, Individuals with multiple income sources were more likely to rate HMRC positively (72%) on getting tax transactions right than Individuals with one single income source or no income source (63% in both cases).

HMRC were approachable

Two-thirds (64%) gave a positive rating about HMRC being approachable while 16% were negative (Chart 3.17). It is an area where performance should be maintained.

Chart 3.17 Moderately important dimensions of customer experience – Individuals



Individuals aged 16-34 and Individuals aged 55 and over were more likely to be positive that HMRC employees were approachable (70% and 68% respectively) than those aged 35-54 (57%).

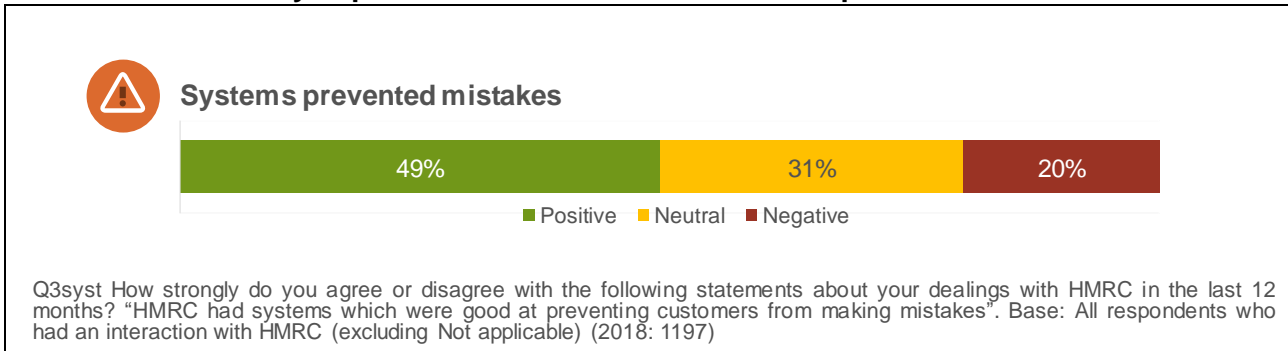
Individuals only receiving benefits and credits were also more likely to be positive that HMRC were approachable than those paying Personal Taxes only (76% compared with 62% respectively).

Finally, adults who thought HMRC's services were personalised to them (see section 3.4) were far more likely to rate HMRC's approachability positively (87%) than those who thought the services were not personalised (25%).

Systems prevented mistakes

Half of Individuals (49%) who interacted with HMRC in the last 12 months gave a positive rating for how HMRC systems prevented customers from making mistakes. Three in ten (31%) were neutral and a fifth (20%) were negative (Chart 3.21). This was the dimension of the customer experience section with the lowest proportion of positive ratings and with the highest negative score, and so is a primary area to improve.

Chart 3.18 Moderately important dimensions of customer experience – Individuals

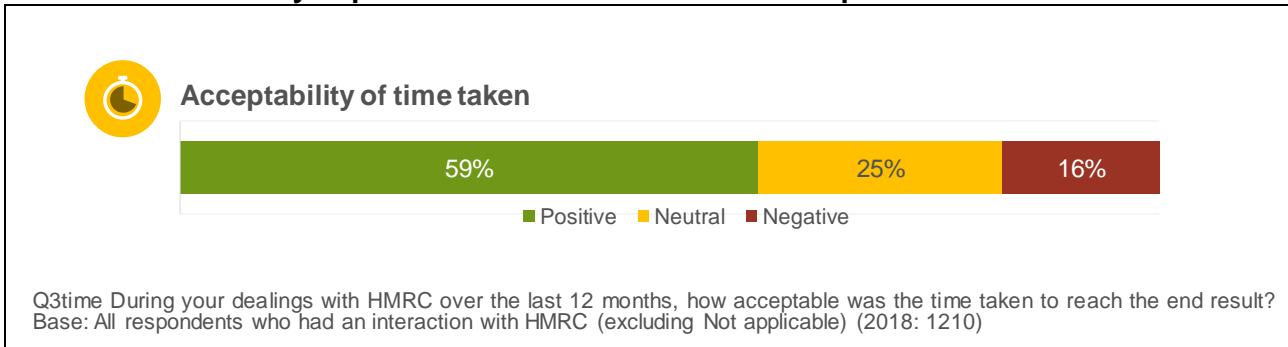


As for most other dimensions in this section, Individuals using online-only channels were more likely to be positive that HMRC had systems in place which were good at preventing customers from making mistakes than those who used both online and telephone (53% compared with 43% respectively).

Acceptability of time taken to reach end result

Six in ten Individuals (59%) were positive about the time taken to reach the end result in their dealings, while 16% were negative (Chart 3.19). It is a secondary area to improve.

Chart 3.19 Moderately important dimensions of customer experience – Individuals



Individuals who used online-only channels were more likely to be positive than those who contacted HMRC using online and telephone channels (65% compared with 50% respectively), as were PTA-users (64%, compared to 56% for non-users).

Negative ratings were lower amongst Individuals who paid taxes via Self-Assessment only (9%) than for PAYE customers (16%).

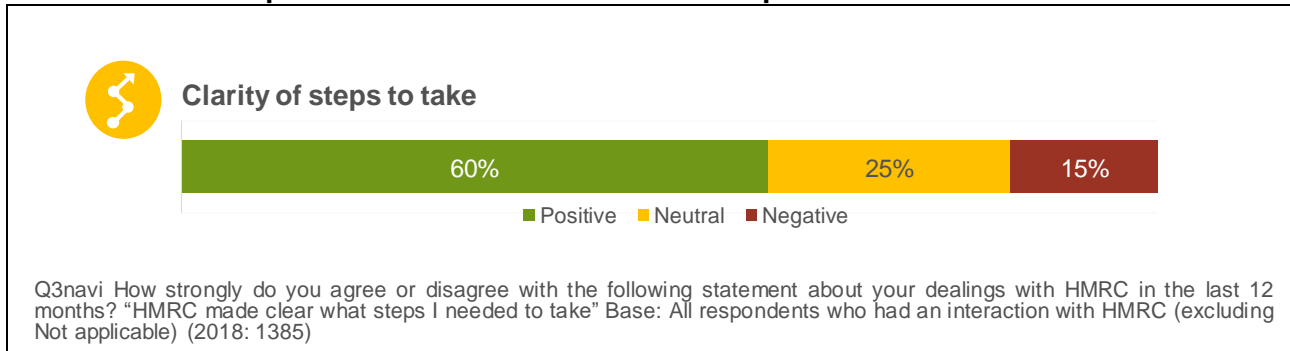
Less important dimensions of customer experience

This section looks at the dimensions on the outer ring of the Atom Model, which were of lesser importance to Individuals' overall rating of their customer experience. These dimensions were: making the steps that Individuals needed to take clear, making it clear when everything was completed, and the ease of finding the information needed on tax and benefits and credits issues.

Clarity of steps needed to take

Six in ten (60%) Individuals were positive about HMRC making it clear what steps the customer needed to take, while 15% were negative (Chart 3.20). It is a secondary area to improve.

Chart 3.20 Less important dimensions of customer experience – Individuals



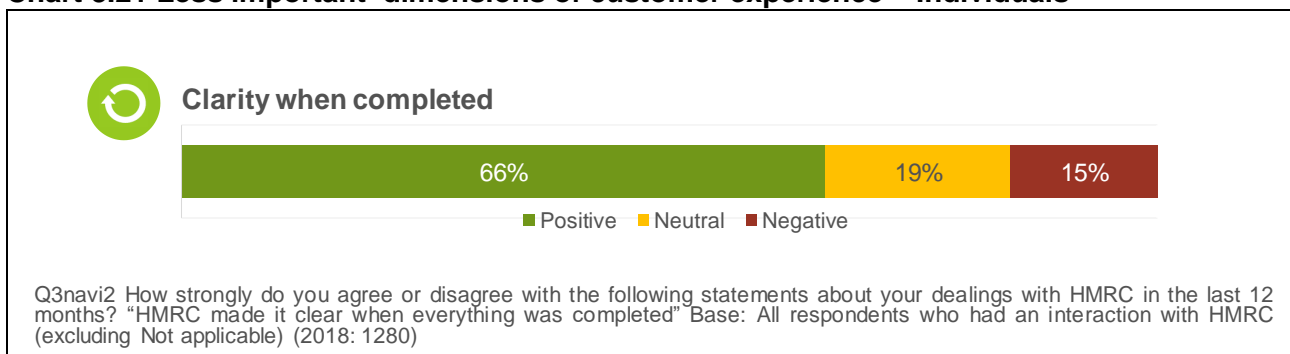
Individuals using online-only channels were again more likely to rate HMRC positively (65%) than Individuals who used both online and telephone channels (55%). Similarly, PTA users were again more likely to rate the organisation positively (66%) than non-PTA users (56%).

Clear when everything was completed

HMRC making it clear when everything was completed was, along with HMRC getting tax transactions right, the highest rated dimension of experience in 2018.

Two-thirds (66%) were positive about HMRC making it clear when everything was completed (Chart 3.21). It is an area where performance should be maintained.

Chart 3.21 Less important dimensions of customer experience – Individuals



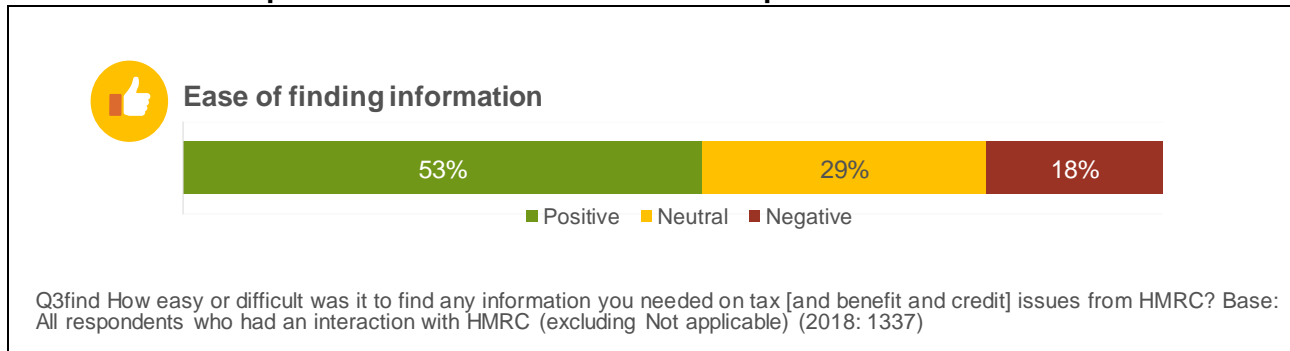
As for most other dimensions, Individuals using online-only channels were more likely to be positive than those using both online and telephone channels (72% compared with 59%). Similarly, negative ratings were lower for telephone-only (14%) or online-only Individuals (11%) than for those who used

both online and telephone channels (22%). PTA users (71%) were also more likely to be positive than non-PTA users (62%), as were those with multiple income sources (71% compared with 64% with a single income source).

Ease of finding information

Over half (53%) of Individuals who interacted with HMRC over the last 12 months were positive about the ease of finding the information they needed on tax and benefits and credits issues. One in five (18%) were negative (Chart 3.22). It is a secondary area to improve.

Chart 3.22 Less important dimensions of customer experience – Individuals



There was a close relationship between perceptions of HMRC being good at resolving queries and taking an acceptable amount of time to reach an end result with ease of finding information. Three-quarters (75%) of Individuals who rated each of these dimensions positively were positive about the ease of finding the information they needed on tax and benefits and credits issues.

3.4 Views on administration of the tax system

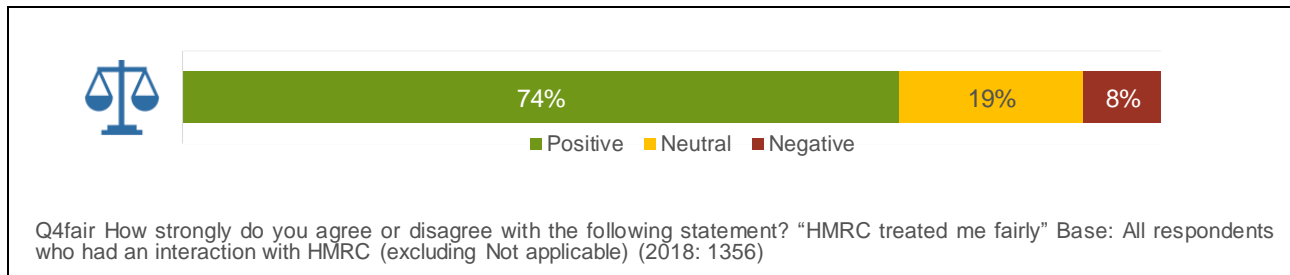
Individuals were asked about their views of the administration of the tax system. More specifically, they were asked about whether HMRC treated them fairly, the ease of dealing with tax issues, whether they found that HMRC’s services were personalised, and whether they thought HMRC’s online services were joined up.

All the questions in this section were asked to Individuals who reported having had any interaction with HMRC over the last 12 months.

Fairness

Three-quarters (74%) of Individuals were positive about HMRC treating them fairly while fewer than one in ten (8%) were negative. (Chart 3.23).

Chart 3.23 Fairness – Individuals



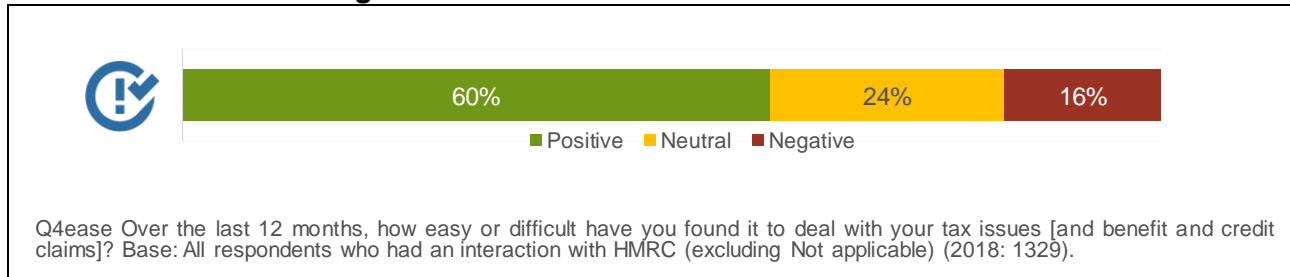
Nearly all (94%) who rated their overall experiences of HMRC positively thought the organisation treated them fairly, compared with 19% of those whose overall experience of HMRC was negative.

Similarly, nearly all Individuals who found the time taken to reach the end result acceptable (93%) and those who thought HMRC were good at resolving queries (95%), were positive about HMRC treating them fairly.

Ease of dealing with tax issues

Six in ten Individuals (60%) were positive about the ease of dealing with tax issues, while 16% were negative (Chart 3.24).

Chart 3.24 Ease of dealing with tax issues – Individuals



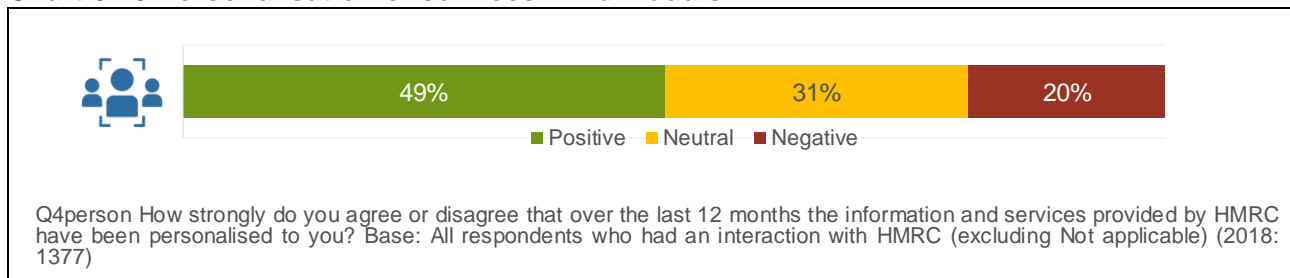
Individuals who used both online and telephone channels to interact with HMRC were more likely to be negative (26%) than those using online-only channels (10%), as were Individuals aged between 35-54 (20%, compared with 11% aged 16-34 and 13% aged 55+).

Individuals who had no help with their dealings with HMRC were more likely to be positive about the ease of dealing with their tax affairs (64%), than those who had professional help (59%) or help from someone other than an agent (51%).

Personalisation of services

Half of respondents (49%) were positive about personalisation of services, and a fifth negative (20%) (Chart 3.25). This is the lowest rated dimension of the section, and has the highest proportion of negative ratings.

Chart 3.25 Personalisation of services – Individuals



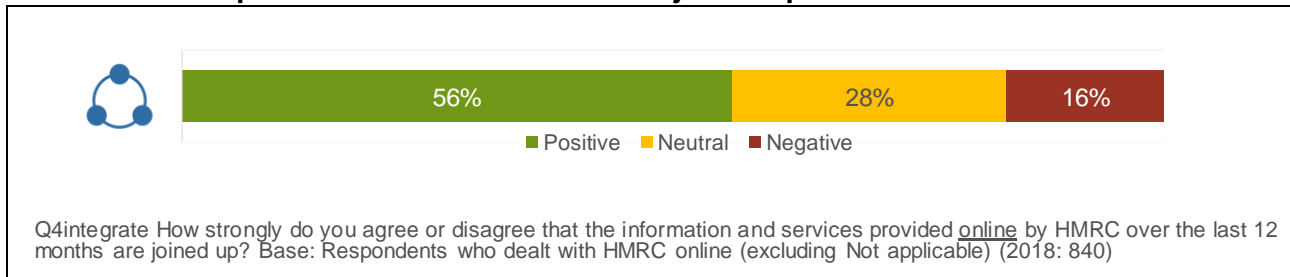
PTA users were more likely to agree that HMRC’s services were personalised to them than non-users (53% compared with 46%). Positive ratings were also higher amongst those working part-time or not in employment (both 55%) than for Individuals working full-time or in self-employment (both 44%).

Perception of online services being joined up

Individuals who interacted with HMRC online in the last year were asked how much they agreed or disagreed that the information and services provided online were joined up. Joined up was described in the questionnaire as getting the same information across the different online services and not having to give the same information to HMRC more than once.

Nearly six in ten (56%) Individuals agreed that the information and services provided online by HMRC over the last 12 months were joined up, while 16% disagreed (Chart 3.26).

Chart 3.26 Perception that online services were joined up – Individuals



Individuals who used both online and telephone channels to interact with HMRC were more than twice as likely to be negative about information and services provided online being joined up than those using online-only channels (25% and 10% respectively).

Individuals who were positive about services being personalised were more likely to be positive about online services being joined up (82%), than those who disagreed that services were personalised (13%). Customers who were positive about the ease of dealing with tax and benefits and credits issues were also more likely to think HMRC's online services were joined up (77%) than those who disagreed (13%).

3.5 Perceptions of HMRC's Reputation

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

- 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 of 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?

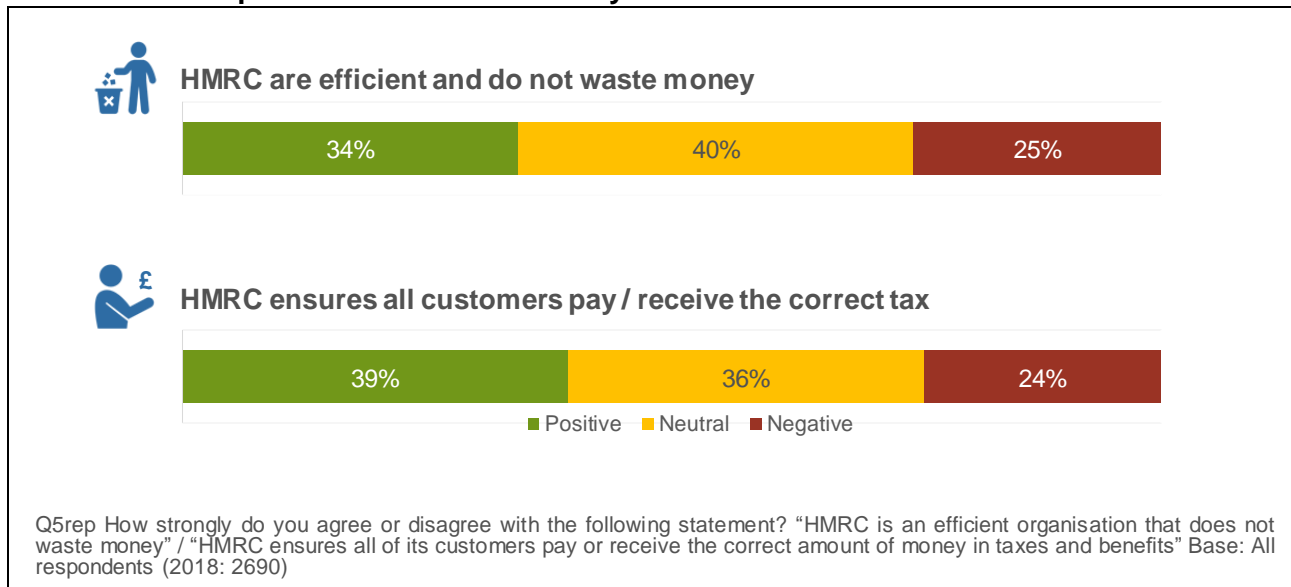
Similar to previous years, ratings for these dimensions of reputation were substantially lower than the dimensions of customer experience. Higher proportions of respondents were neutral or did not know compared with the customer experience dimensions. .

3.5.1 Efficiency and effectiveness

Perceptions of efficiency were measured by asking Individuals how strongly they agreed or disagreed that “HMRC is an efficient organisation that does not waste money”. A third (34%) of Individuals agreed that HMRC were efficient, while a quarter (25%) disagreed (Chart 3.27).

Individuals’ perceptions of HMRC’s effectiveness were measured through the level of agreement with the statement “HMRC ensures all of its customers pay or receive the correct amount of money in taxes and benefits”. Four in ten (39%) agreed, while a quarter (24%) disagreed (Chart 3.27).

Chart 3.27 Perceptions of HMRC’s efficiency and effectiveness - Individuals



Perceptions of efficiency and effectiveness were closely related to views on how easy it was to deal with tax and benefits and credits issues. Half (53%) of those who thought it was easy to deal with tax issues, gave positive ratings of HMRC’s efficiency and 57% of their effectiveness.

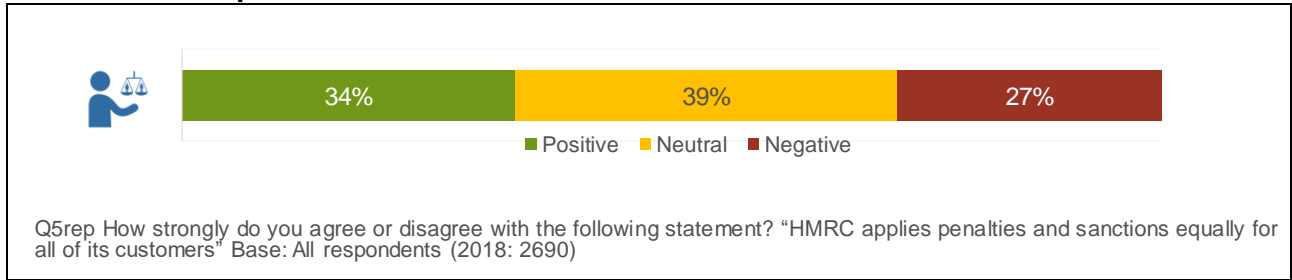
Similarly, adults who agreed the time taken to reach the end result was acceptable were more likely to agree HRMC were efficient (52%) and effective (57%) than those who disagreed (11% for efficiency and 18% for effectiveness).

Finally, six in ten Individuals who rated HMRC’s personalisation of services positively thought the organisation was efficient and effective (59% and 61% respectively, compared with 8% and 14% of those who disagreed).

3.5.2 Fairness in applying penalties and sanctions

Perceptions of fairness were measured by asking Individuals whether they agreed that “HMRC applies penalties and sanctions equally for all of its Individuals”. A third (34%) of Individuals agreed while over a quarter (27%) disagreed (Chart 3.28).

Chart 3.28 Perceptions of HMRC fairness - Individuals



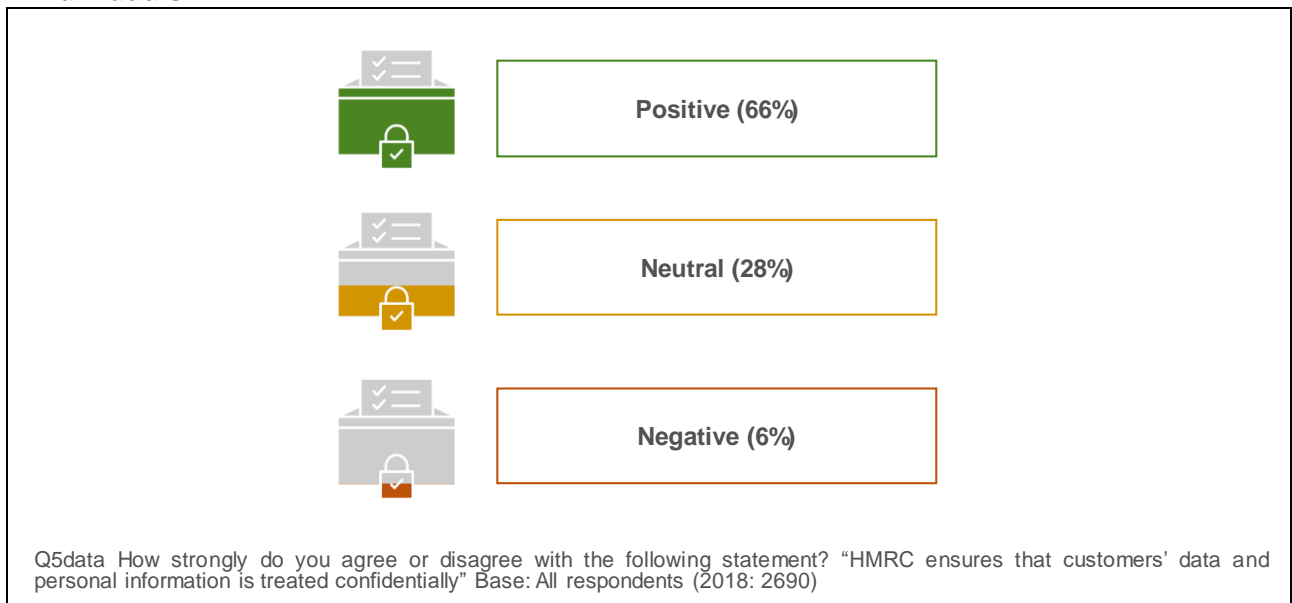
PTA users were more likely than non-users to agree that HMRC applied penalties and sanctions equally (40% compared to 32% respectively).

Perceived fairness in application of penalties and sanctions appeared linked to perceptions of fair treatment. Nearly half (46%) of Individuals who thought HMRC treated customers fairly agreed that HMRC was a fair organisation, compared with less than one in ten (8%) of those who thought HMRC did not treat them fairly.

3.5.3 Protection of personal information

Two-thirds (66%) of Individuals were positive about HMRC ensuring the confidentiality of data and personal information, while six per cent gave a negative rating (Chart 3.29).

Chart 3.29 HMRC ensures customers data and personal information is treated confidentially – Individuals



Individuals who interacted with HMRC in the last 12 months were more likely to be positive (69%) than those who had no interaction (60%). Positive ratings were also higher amongst:

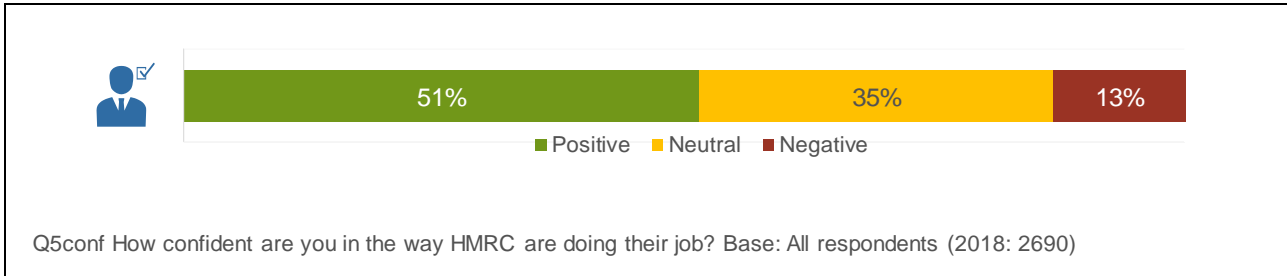
- Individuals who only interacted with HMRC by telephone (79%), followed by online-only (72%), compared with 67% of those who used both online and telephone channels.
- PTA-users (72%), than non-users (64%).

- Individuals aged 16-34 and 55 and over (70% and 68%, respectively), than those aged 35-54 (62%).

3.5.4 Overall confidence in HMRC

Half of Individuals (51%) were confident in the way HMRC were doing their job, while 13% were not confident (Chart 3.30).

Chart 3.30 Confidence in HMRC - Individuals



Individuals with a positive overall experience with HMRC were 20 times as likely to be confident in HMRC than those with a negative overall experience (78% and 4%, respectively).

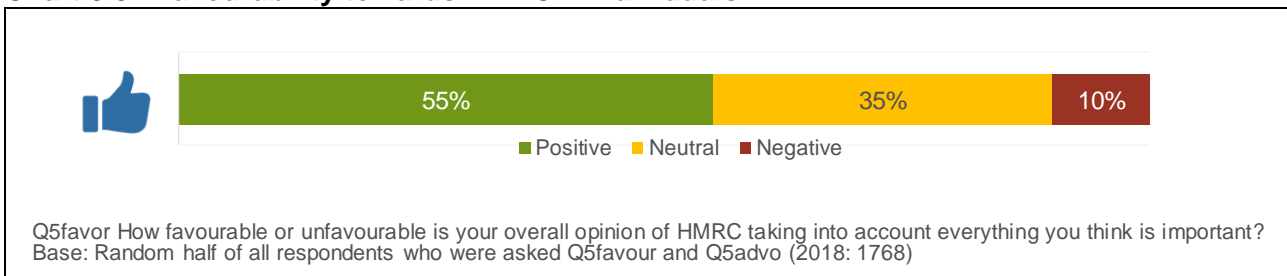
Individuals who interacted with HMRC in the last 12 months were also more likely to say they were confident in HMRC (54%) than those who had no interaction (45%). Confidence was also higher amongst those using telephone only channels (62%) than those using both online and telephone contact channels (50%) and PTA-users (57% compared with 49% of non-users).

Confidence was strongly linked to views of HMRC’s efficiency, effectiveness and fairness. Around nine in ten Individuals who rated efficiency, effectiveness and fairness positively said they were confident in HMRC (91%, 86% and 88%, respectively), compared with 13%, 15% and 22% of those who rated efficiency, effectiveness and fairness negatively, respectively.

3.5.5 Favourability and advocacy

Individuals were asked how favourable or unfavourable their overall opinion of HMRC was. Over half (55%) had a favourable opinion while one in ten (10%) had an unfavourable opinion (Chart 3.31).

Chart 3.31 Favourability towards HMRC – Individuals



Adults who interacted with HMRC over the last 12 months were more likely have had a favourable opinion (60%) than those who did not (46%), as were PTA-users (64%, compared with 53% of non-users).

Favourable opinions of HMRC were higher amongst Individuals who were confident in HMRC, with 85% of Individuals who were confident being favourable, compared with 42% of those who were not confident.

Individuals who thought HMRC provided information and services that were personalised to them were more likely to have a favourable opinion (86%, compared with 20% who thought they were not personalised).

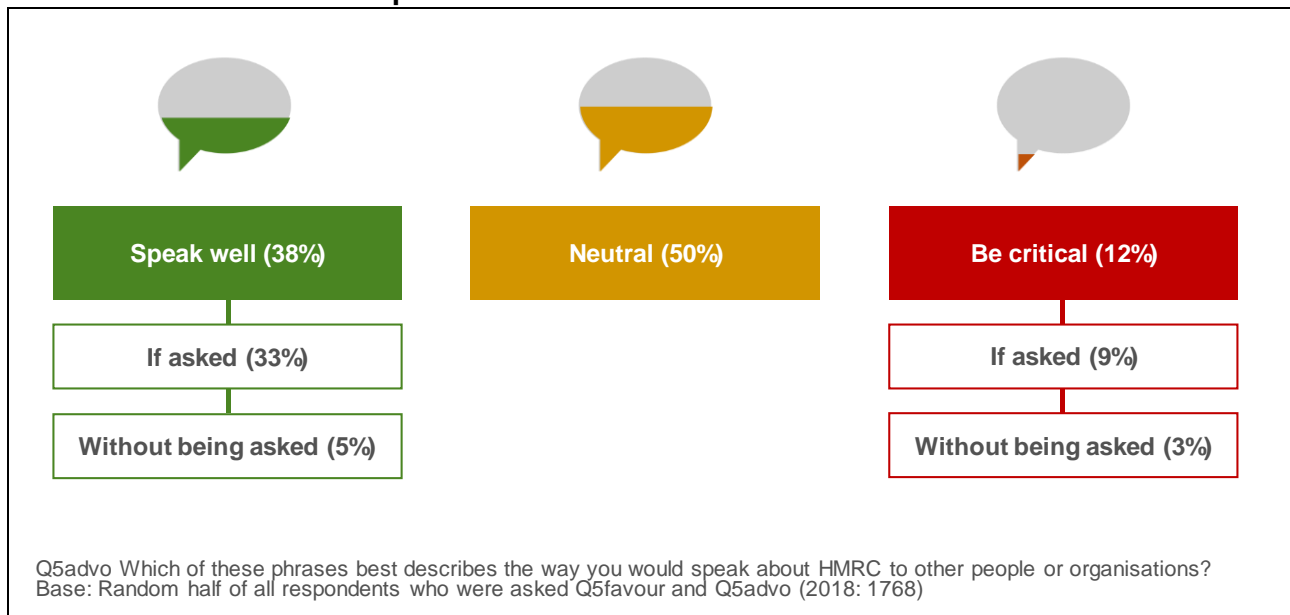
Favourability was also closely related to ratings on acceptability of the time taken to reach the end result (85% for those who thought time take was acceptable, compared with 17% of those who thought it was unacceptable) and perceived ability to resolve queries were also more (84% of those who thought HMRC was good at resolving queries, compared with 11% of those who thought it was poor).

Positive ratings of confidence and favourability were not fully reflected in advocacy levels. Four in ten (38%) Individuals reported that they would speak well of HMRC. A third (33%) would do so only if they were asked, whereas five per cent claimed that they would express these views even without being asked.

One in ten Individuals (12%) would speak critically of HMRC, the majority of whom would only do so if they were asked (9%).

Half of Individuals said they would be neutral about HMRC (50%) (Chart 3.32).

Chart 3.32 Whether would speak well of HMRC – Individuals



PTA-users were also more likely to say that would speak well of the organisation (50%) compared with non-users (34%).

Seven in ten (71%) adults who thought HMRC had systems that were good at preventing mistakes said they would speak well of HMRC, compared with one in five (19%) of those who disagreed.

3.6 Perceptions of compliance

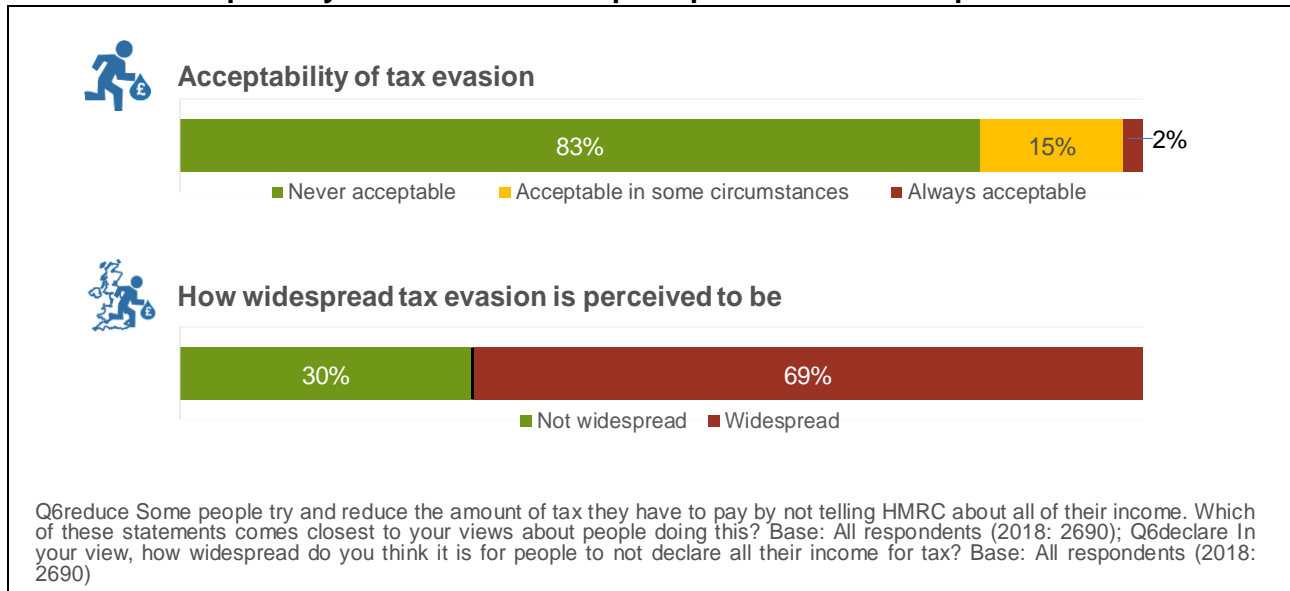
This section looks at Individuals' perceptions of compliance with the tax system, by assessing their views on the acceptability and extent of tax avoidance and tax evasion. It also evaluates perceptions of HMRC's ability to detect non-compliance with the tax system by asking Individuals how likely they think it is for HMRC to detect tax evasion.

3.6.1 Acceptability and extent of tax evasion

Individuals were asked about the acceptability of people evading tax. Tax evasion was framed as "trying to reduce the amount of tax people have to pay by not telling HMRC about all of their income".

A majority (83%) of Individuals thought that tax evasion was never acceptable. Fifteen per cent believed this was acceptable in some circumstances, and two per cent thought that tax evasion was always acceptable (Chart 3.36). Seven in ten (69%) Individuals thought tax evasion was widespread, and 30% disagreed (Chart 3.33).

Chart 3.33 Acceptability of tax evasion and perception of how widespread it is – Individuals



Adults aged 55 and over and aged between 35-54 were more likely to think tax evasion was never acceptable (87% and 85%, respectively) than younger people aged between 16-34 (77%). Individuals with multiple income sources were also more likely to think tax evasion was never acceptable (86%) than those with a single income source (83%) or with no income sources (72%).

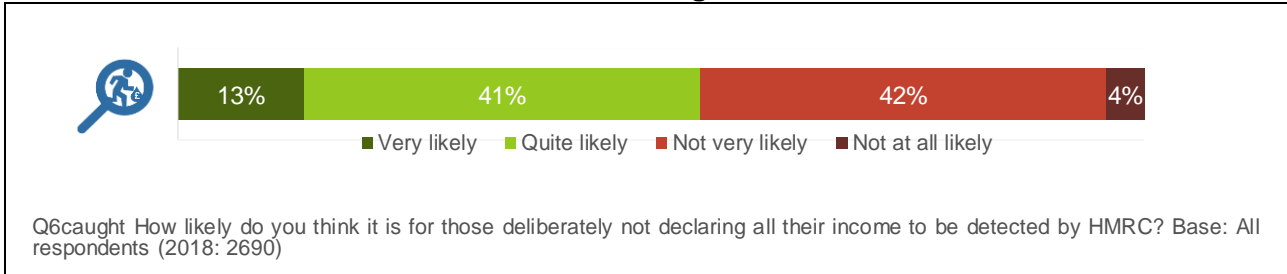
Self-employed Individuals were substantially less likely to agree that it was widespread (58%) than Individuals in full-time (72%) or part-time (71%) employment.

Individuals' overall experience of and confidence in HMRC was linked to perceptions of tax evasion. Individuals with a positive overall experience of HMRC were less likely to think that tax evasion was widespread (65%) than those with a negative overall experience (79%). Similarly, 63% of adults with confidence in HMRC believed it was widespread, while 83% of those who were not confident in HMRC agreed that it was widespread.

3.6.2 Perceptions of HMRC detecting tax evasion

Individuals were asked how likely they thought it was for those deliberately not declaring all their income to be detected by HMRC. Individuals' views of the likelihood of HMRC detecting tax evasion were split, with just over half (54%) thinking HMRC was likely to detect it and just under half (46%) thinking HMRC was not likely to detect it (Chart 3.34).

Chart 3.34 Perceived likelihood of HMRC detecting tax evasion – Individuals



Individuals with an overall positive experience with HMRC (54%) were more likely to think the organisation was likely to detect tax evasion than those with an overall negative experience (42%).

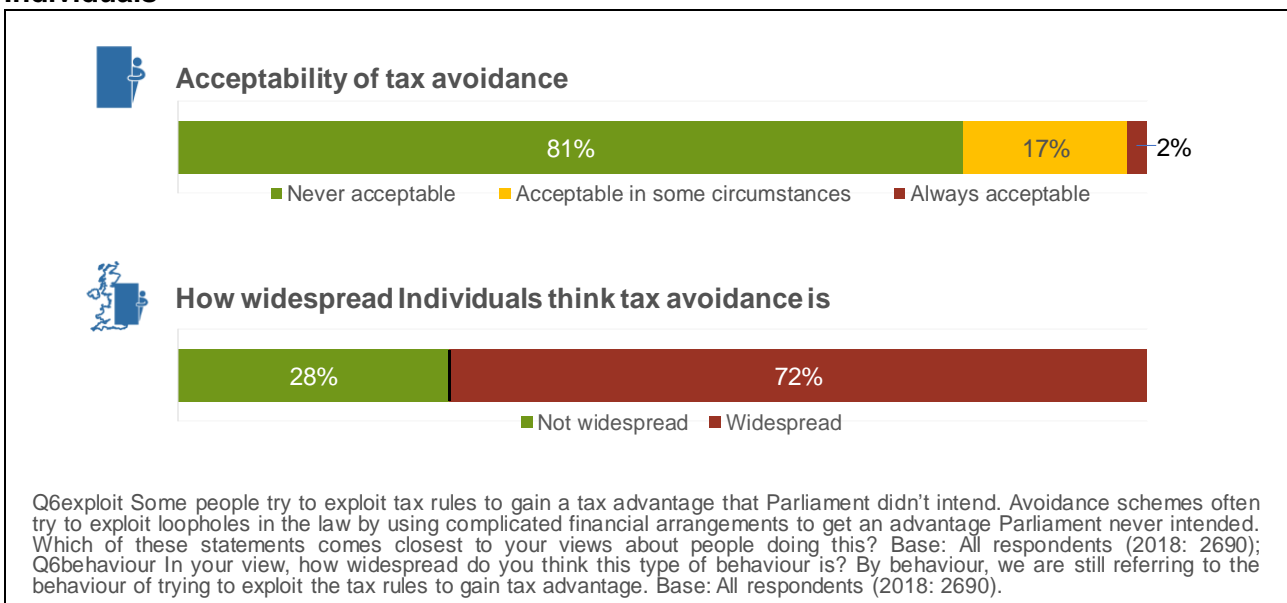
Individuals with a single income source were more likely to think that HMRC would detect tax evasion than those with multiple income sources (57% compared with 49%, respectively).

3.6.3 Acceptability and extent of tax avoidance

Individuals were asked how acceptable and widespread they thought that tax avoidance was. Tax avoidance was framed as “exploiting tax rules to gain a tax advantage that Parliament did not intend”.

Eight in ten (81%) Individuals believed tax avoidance was never acceptable. Two in five (17%) thought it was acceptable in some circumstances, and two per cent thought tax avoidance was always acceptable (Chart 3.35). Seven in ten (72%) thought tax avoidance was widespread while three in ten (28%) thought it was not.

Chart 3.35 Acceptability of tax avoidance and perception of how widespread it is – Individuals



Individuals aged 55 and over were more likely to think that tax avoidance was never acceptable (84%) than those aged 16-34 (76%). Individuals aged 16-34 were also more likely to believe that tax avoidance was not widespread (32%, compared with 25% of those aged 55 and over).

Individuals with a single income source (82%) and with multiple income sources (81%) were more likely to believe that tax avoidance was never acceptable than those with no income sources (69%). Individuals with a single income source were less likely to think tax avoidance was widespread (70%) than those with multiple income sources (75%).

Individuals who were confident in HMRC were less likely to think that tax avoidance was widespread (67%) than those who were not confident (80%).

4. Small Businesses

4.1 Chapter Summary

Three-quarters of Small Businesses (76%) had a positive overall experience of dealing with HMRC in 2018, which was a significant increase since 2015 (72%). The smallest businesses (that had zero employees) and Small Businesses that only had contact through online channels were most positive. The rating of overall experience has increased amongst Small Businesses with five or more employees and those that used both online and telephone contact channels. Two-thirds (67%) of Small Businesses that used online and telephone contact channels gave a positive overall rating in 2018, up from 58% in 2015.

Getting tax transactions right was the most important dimension of customer experience in relation to overall experience for Small Businesses in 2018. Staff professionalism, getting tax transactions right and making it clear when everything is completed were the best performing dimensions of customer experience (85%, 76% and 76% respectively). Positive ratings of the ease of finding information improved since 2017 (63% in 2018, up from 59% in 2017). All other dimensions remained consistent.

Six in ten (59%) Small Businesses were confident in how HMRC did its job, a significant increase since the baseline (56%). Confidence in HMRC was driven by overall experience and views of HMRC's efficiency and effectiveness. Favourability (69% in 2018, up from 65% in 2015) and advocacy (38% in 2018, up from 34% in 2015) towards HMRC increased since the baseline.

Small Businesses were asked about their awareness of changes to submitting VAT returns online from April 2019. At the time of interviewing, half (51%) of all Small Businesses had heard about the changes and 37% knew a lot or a little about them. Four in ten (44%) of all Small Businesses already used commercial software for digital record keeping, up from 35% in 2017.

Half of Small Businesses that were aware of changes to submitting VAT returns felt there were no benefits to the changes. Most Small Businesses would go to an accountant or agent for advice on digital record keeping (72%).

Two thirds (64%) of Small Businesses that will be required to submit their VAT returns online from April 2019 had heard of the changes and 50% knew a lot or a little about them. Six in ten (62%) of the same group already used software, up from 52% in 2017.

4.2 Profile of Small Businesses

This section presents the profile of Small Businesses surveyed in 2018. It covers businesses' interactions with HMRC and taxes paid over the previous 12 months. This section also explores agent usage and Small Businesses' perceptions of how easy HMRC made it for someone else to act on behalf of their business. This provides useful context for the later sections of the chapter which explore customer experience and general perceptions of HMRC.

4.2.1 Demographic profile

The profile of the Small Business population has not changed significantly since the baseline survey in 2015, or over the last year.

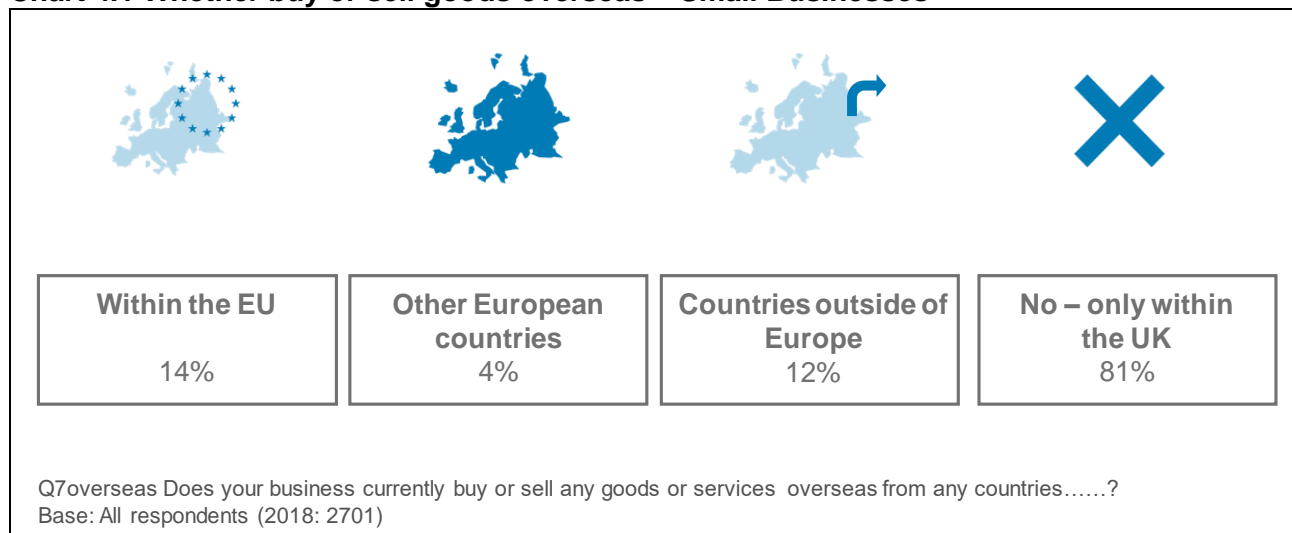
The majority of Small Businesses had fewer than five employees (82%). Four in ten had zero employees (41%) or between one and four employees (42%). One in ten (11%) had between five and nine employees and seven per cent were in the largest size band with between 10 and 19 employees.

Around half of Small Businesses (48%) had a turnover between £8,400 and £85,000 and therefore were below the VAT threshold.

A small number (6%) were classed as new businesses, that had been trading for two years or less.

Small Businesses were asked whether they bought or sold any goods or services overseas, from the regions shown in Chart 4.1. Eight in ten (81%) said they only traded within the UK. One in seven (14%) traded within the EU and 12% with countries outside of Europe. Only six per cent traded within the EU and no other regions overseas.

Chart 4.1 Whether buy or sell goods overseas – Small Businesses



Small Businesses with a turnover of £500,000 or more were more likely to trade outside the UK (26%) than Small Businesses with a turnover below £500,000 (10%).

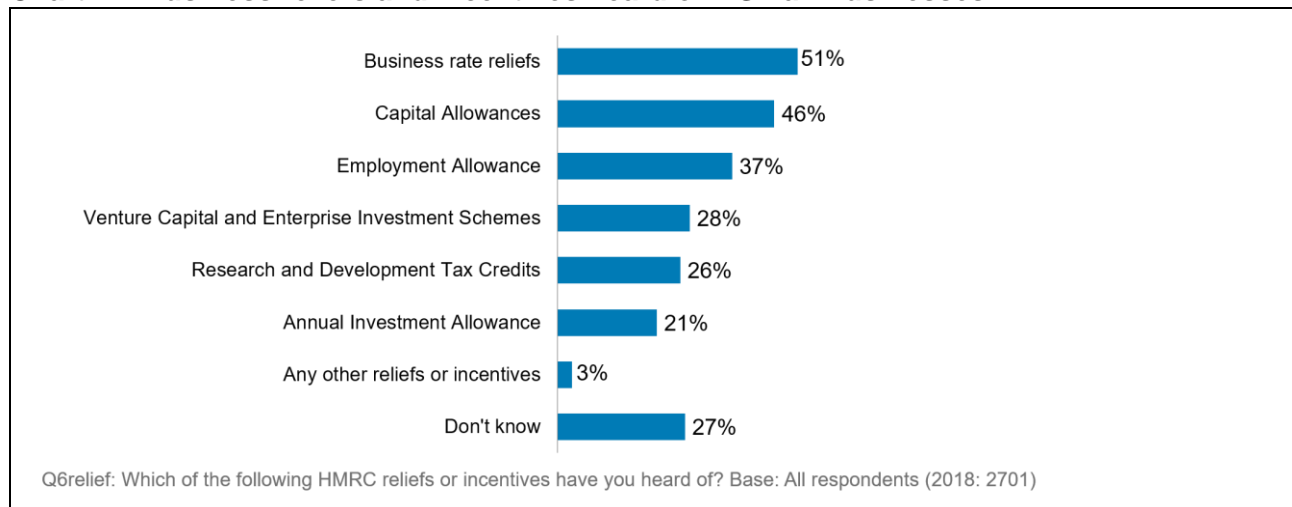
4.2.2 Business reliefs and incentives heard of

In 2018, a question was added to examine Small Businesses' awareness of HMRC reliefs and incentives. Three quarters (73%) had heard of any of the reliefs presented (Chart 4.2). The reliefs with the highest awareness were business rate reliefs (51%) followed by Capital Allowances (46%).

Small Businesses with turnover above the VAT threshold were more likely to have heard of any of the reliefs or incentives (83%) than Small Businesses with turnover below the VAT threshold (67%).

Small Businesses that outsourced all tax work to agents were more likely to say they did not know of any reliefs or incentives (29%), compared with 18% that did all work within their business and 16% that outsourced some work.

Chart 4.2 Business reliefs and incentives heard of – Small Businesses



4.2.3 Taxes paid

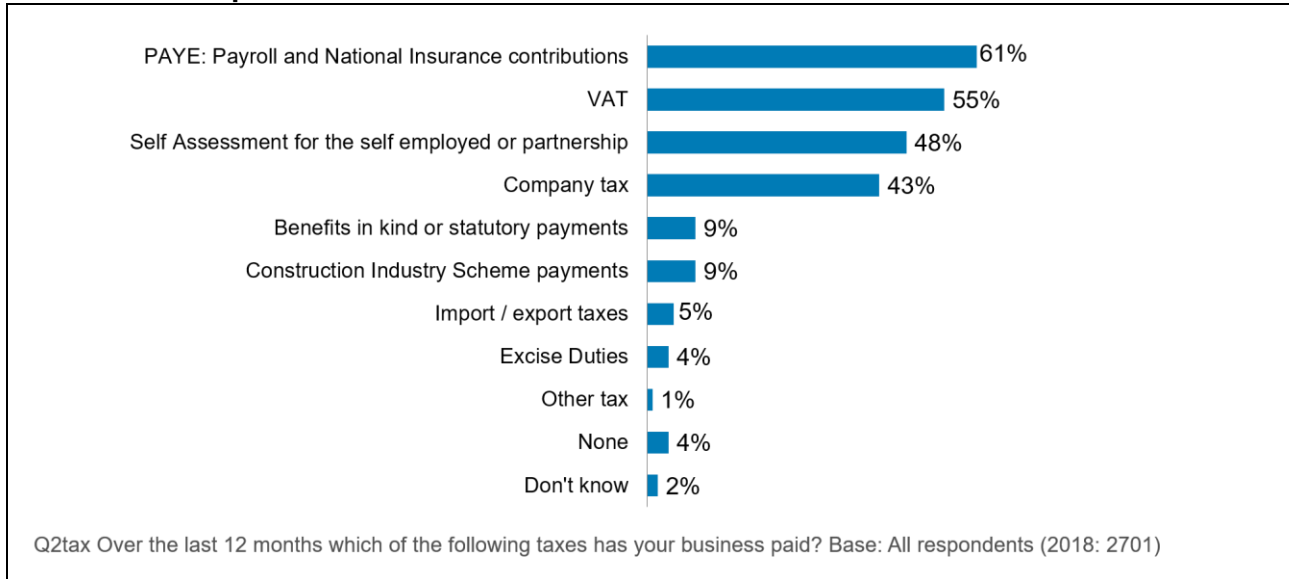
Small Businesses were asked which taxes their business had paid in the previous 12 months (Chart 4.3).

Most paid business taxes (90%) and six in ten paid payroll taxes and benefits (61%). A small proportion of Small Businesses only paid payroll taxes and benefits (4%). There were no significant changes in these proportions from previous years.

The proportion of Small Businesses that reported paying Self-Assessment decreased in 2018 and was significantly lower than the baseline survey (48% in 2018, down from 55% in 2015). The proportion that paid company tax increased from 2017 (43% in 2018, up from 40% in 2017) and 2015 (37%).

The proportion of Small Businesses that paid Pay as you Earn (PAYE) remained consistent with 2017 (61% both years).

Chart 4.3 Taxes paid over the last 12 months – Small Businesses

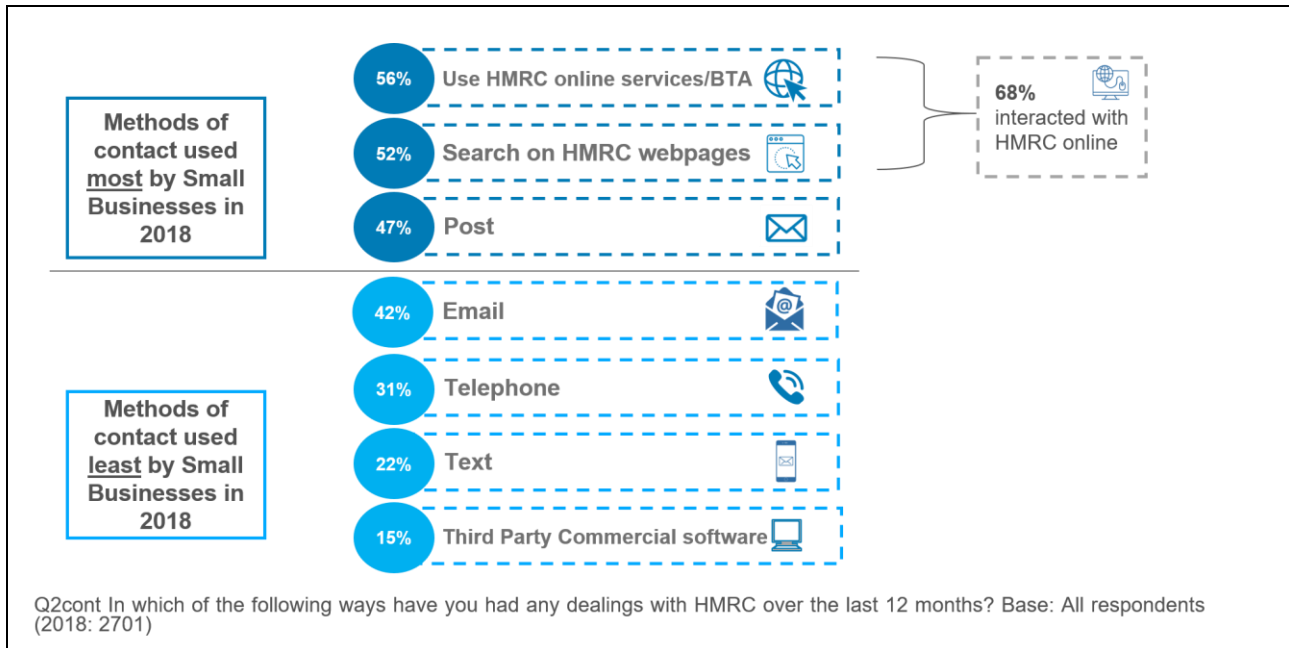


4.2.4 Channels used to interact with HMRC

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 contact HMRC through a range of channels and 68% made contact through multiple channels over the past twelve months. One in five (20%) made contact using only one channel and 12% said they had not made any contact.

Chart 4.4 Contact channels used with HMRC – Small Businesses



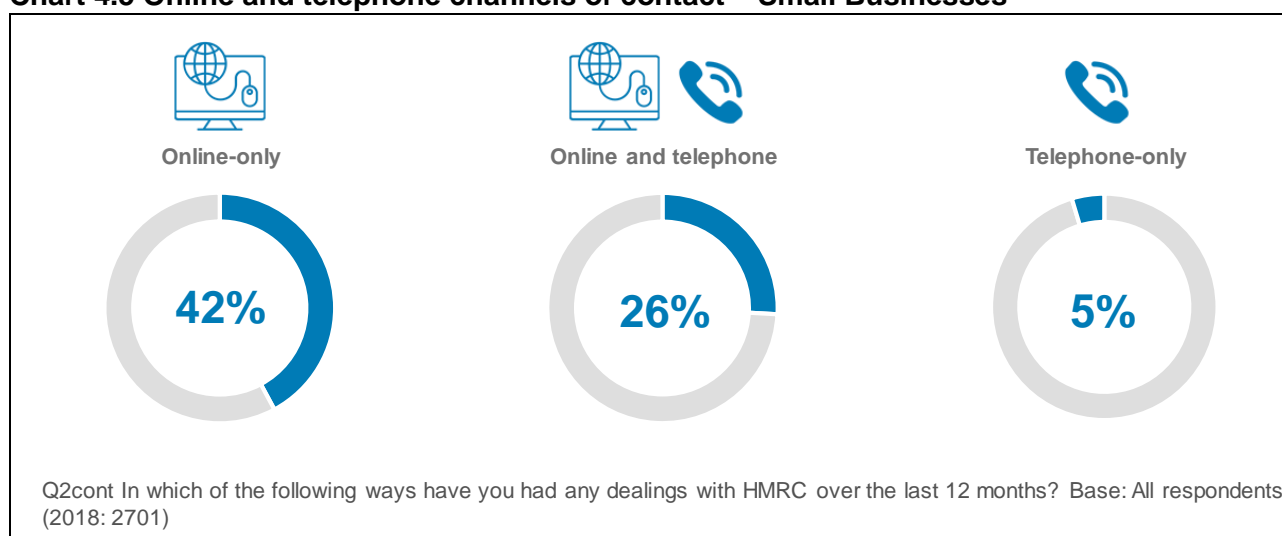
Two-thirds (68%) of Small Businesses had any online contact.

The most common contact channel was HMRC online services (56%) which included the Business Tax Account (BTA). The BTA was introduced as a standalone response code in 2018, having previously been included in HMRC online services. Four in ten (42%) Small Businesses used the BTA.

Half (52%) had contact via a search on the HMRC webpages and 47% had contact by post. There has been a significant decrease in the proportion of Small Businesses that have had contact with HMRC by post since 2015 (47% in 2018, down from 55% in 2015). The proportion of Small Businesses that had contact by text has significantly increased (22% in 2018, up from 4% in 2015) and email (42% in 2018, up from 37% in 2015).

Four in ten (42%) had contact through online channels only and a quarter (26%) had contact by online and telephone channels. Five per cent contacted HMRC by telephone and did not use any online channels.

Chart 4.5 Online and telephone channels of contact – Small Businesses



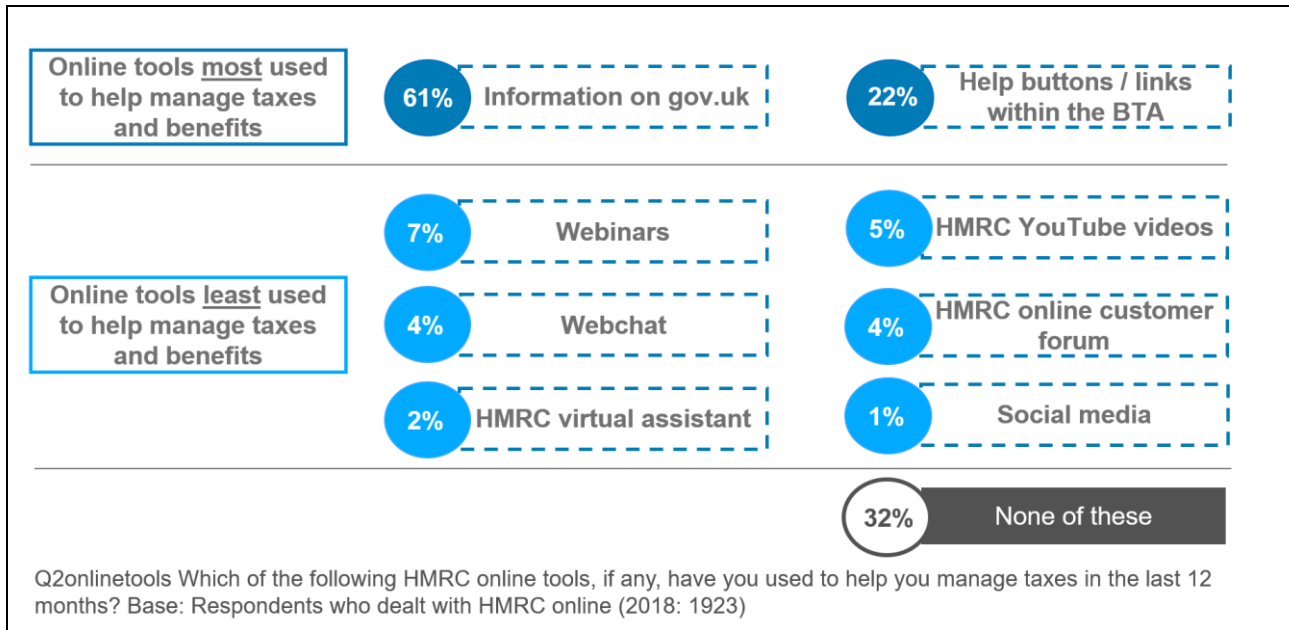
The largest Small Businesses were most likely to have contact using both online and telephone channels (45% of Small Businesses with 10-19 employees compared with 24% of smaller Small Businesses).

4.2.5 Use of online tools

Businesses that used online services in the last 12 months were asked about their use of online tools to help manage their tax affairs online.

The most commonly used online tools were searching for information on gov.uk (61%) and help buttons or links within the BTA (22%). A third (32%) said they had used none of the tools presented (Chart 4.6).

Chart 4.6 HMRC online tools used – Small Businesses



New businesses (businesses that were less than two years old) were more likely to use online tools (76%) than older Small Businesses (67%).

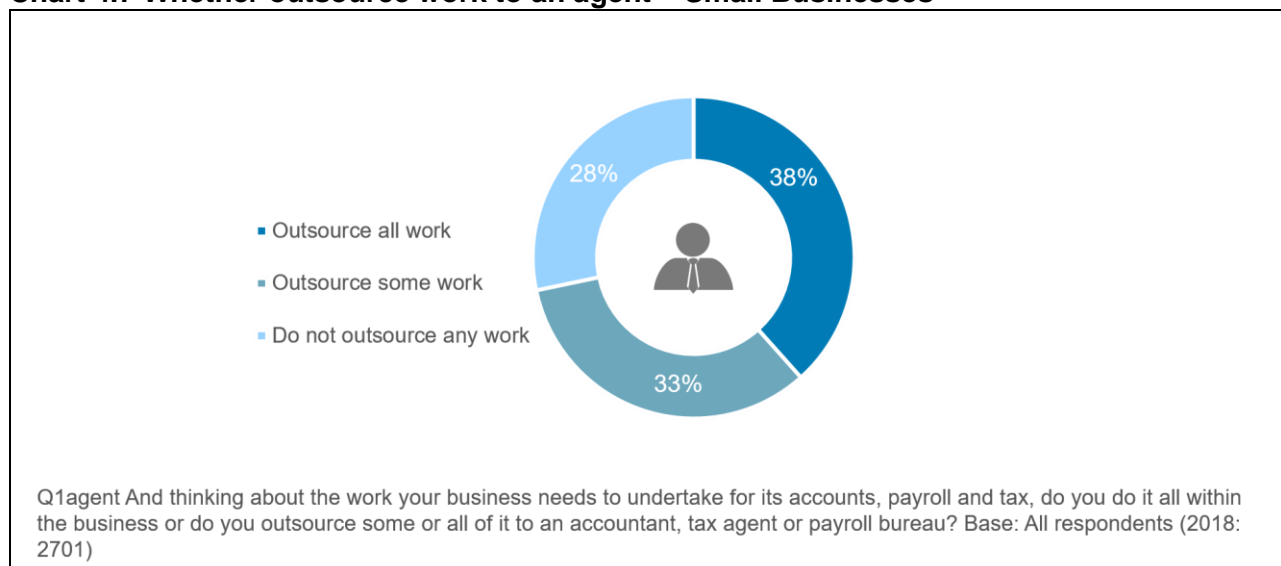
Small Businesses that outsourced all tax work to agents were less likely to use help tools. Four in ten (44%) used no online help tools, compared with two in ten (22%) Small Businesses that did all tax affairs within the business.

4.2.6 Agent usage

Seven in ten (72%) Small Businesses used an agent to deal with some or all of their tax affairs (Chart 4.7). Four in ten outsourced all work to agents (38%) and a third (33%) outsourced some work. A quarter (28%) did all work within the business, which was a significant increase compared with 2015 (25%).

Eight in ten (79%) Small Businesses that used an agent gave a positive rating of how easy HMRC made it for someone else to act on their behalf. Only three per cent gave a negative rating.

Chart 4.7 Whether outsource work to an agent – Small Businesses



Small Businesses with turnover below the VAT threshold were more likely to do all work in-house (38%) than Small Businesses with turnover above £85,000 (18%). Businesses that used the BTA were more likely to do all accountancy work in-house (40%) than Small Businesses that did not use the BTA (20%).

4.3 Customer Experience

This section will discuss Small Businesses' ratings of HMRC's contact channels and overall customer experience. The contact channels customers were asked to rate included HMRC online services, HMRC webpages, the Business Tax Account and telephone helplines.

It will then examine specific dimensions of customer experience based on the Atom Model (as discussed in section 2.3.5). Finally, it discusses views of HMRC's tax administration: whether HMRC treated them fairly, made it easy for them to deal with tax issues, whether services were personalised to them, and whether online services were joined up and integrated with their existing business processes.

4.3.1 Rating of service

Small Businesses that had contact with HMRC over the phone were asked to rate their experience of the telephone helplines. Similarly, those that had a BTA, searched for information on HMRC's webpages or had used any other HMRC online services²⁴ were asked to rate their experiences of using these online services. As in previous years²⁵, online services were generally rated more positively than the telephone helpline.

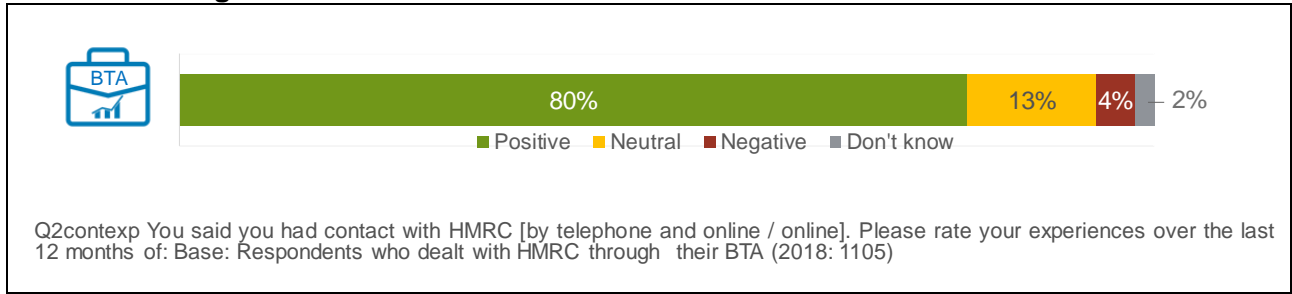
Small Businesses were asked to rate the BTA for the first time in 2018. Eight in ten (80%) Small Businesses gave the BTA a positive rating; only four per cent gave a negative rating (Chart 4.8).

²⁴ Customers were asked to think about other HMRC online services they had used excluding the Business Tax Account and HMRC webpages, which were asked about separately.

²⁵

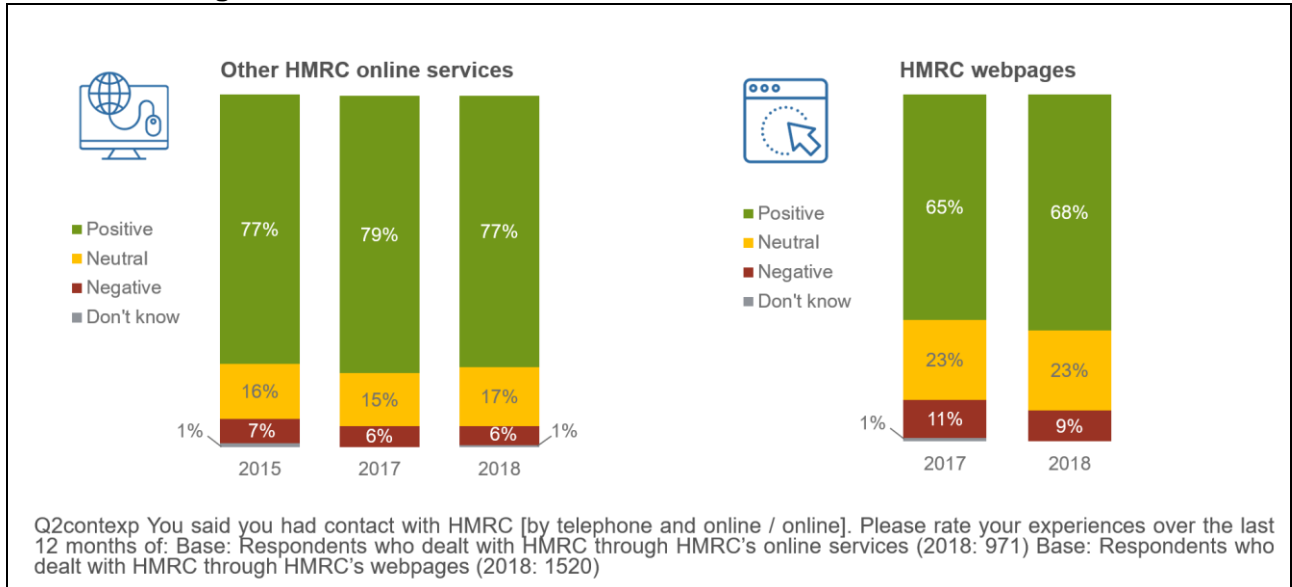
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/721604/488_HMRC_Individuals__Small_Business_and_Agents_Customer_Survey_2017_Report.pdf

Chart 4.8 Rating of the Business Tax Account – Small Businesses



The rating of HMRC’s webpages and other HMRC online services has been consistent since 2015 (Chart 4.9). Nearly seven in ten (68%) Small Businesses rated HMRC webpages positively, and around one in ten gave a negative rating (9%). New businesses (who were more likely to search for information on HMRC webpages than more established businesses) were more positive about HMRC webpages (77% gave a positive rating) than more established businesses (67%).

Chart 4.9 Rating of HMRC online services – Small Businesses



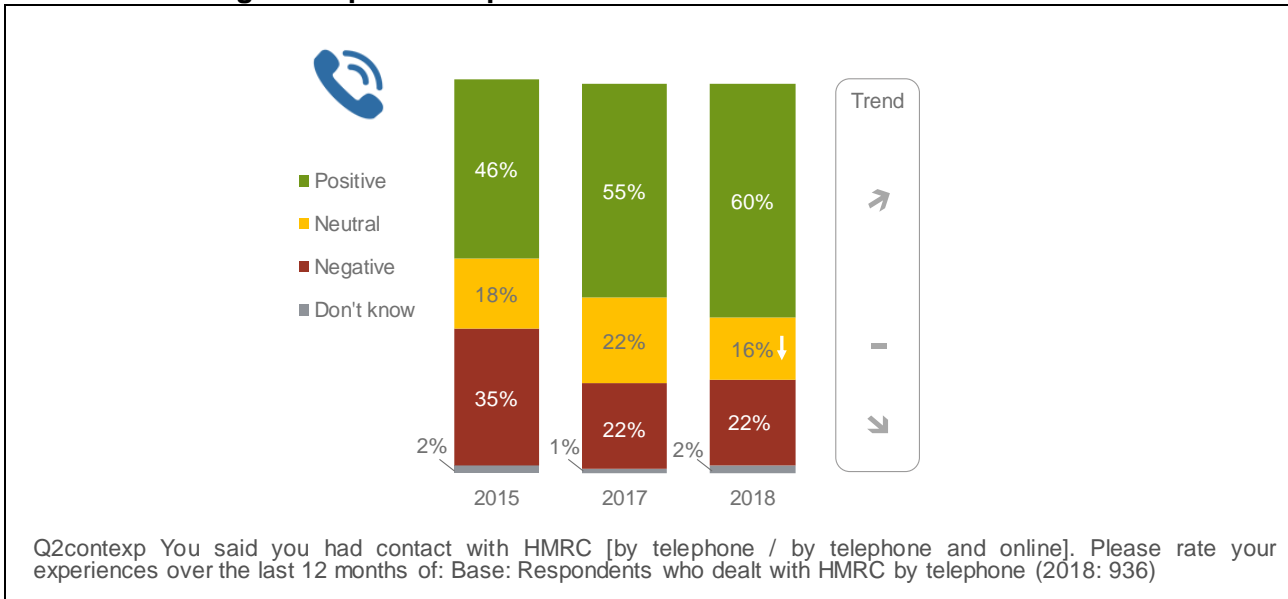
Three-quarters (77%) of Small Businesses rated other HMRC online services positively, and six per cent gave a negative rating.

Those that interacted with HMRC using only online channels were more positive than those that used both online and telephone channels:

- Over eight in ten (83%) Small Businesses that interacted with HMRC only online were positive about *the BTA*, compared with 76% of those that used both online and telephone.
- Seven in ten (72%) Small Businesses that interacted with HMRC only online were positive about *HMRC’s webpages*, compared with 62% of those that used both online and telephone.
- Eight in ten (80%) businesses that interacted with HMRC only online were positive about *HMRC’s other online services*, compared with 73% of those that used both online and telephone.

HMRC's telephone helpline was the least positively rated contact channel, with six in ten (60%) giving a positive rating. However, there has been an increase in positive ratings since 2015, when 46% gave a positive rating (Chart 4.10). Negative ratings have also decreased since 2015 (22% in 2018, down from 35% in 2015).

Chart 4.10 Rating of telephone helplines – Small Businesses



Half of Small Businesses that contacted HMRC using telephone-only (46%) gave the highest rating on this dimension, compared with three in ten (30%) that used both online and telephone channels. New businesses were more likely to rate HMRC's telephone helplines positively in 2018, compared with 2017 (70%, up from 59% in 2017).

4.3.2 Rating of online tools

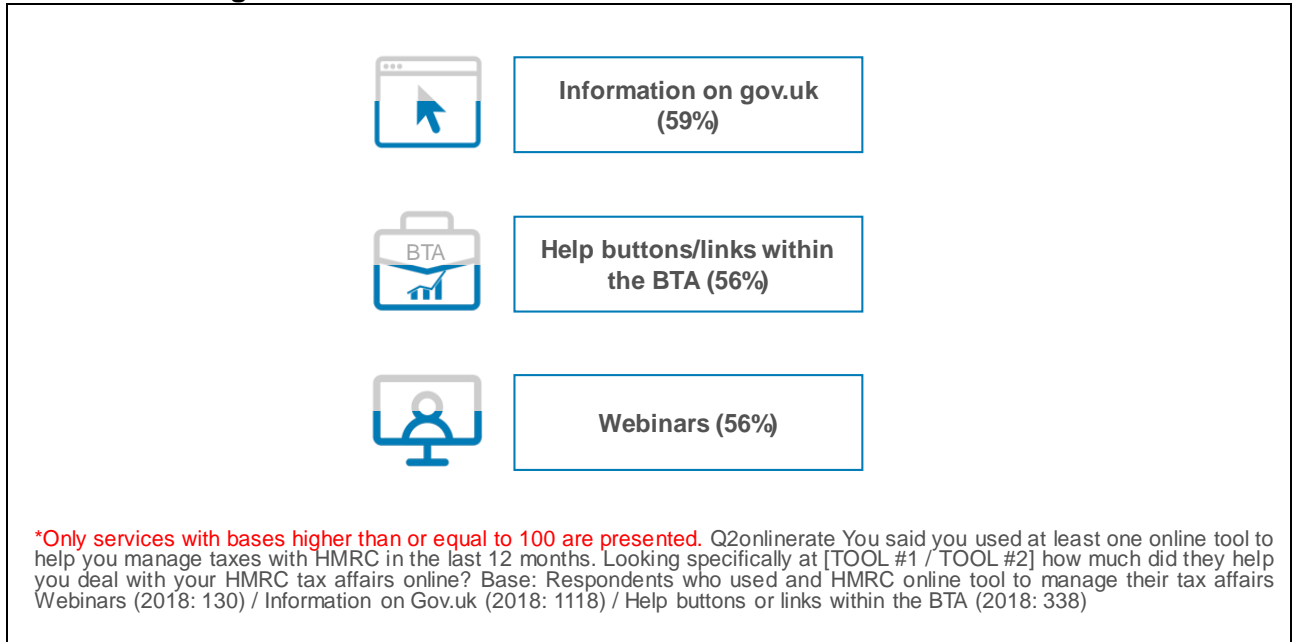
Small Businesses were asked to rate the online tools they used in 2018. Businesses were asked to rate:

- Webchat
- HMRC YouTube videos
- Webinars
- Social media*
- HMRC Virtual assistant*
- Information on gov.uk
- HMRC online customer forum
- Help buttons or links within the Business Tax Account

* Services with base sizes too small for analysis have been denoted with an asterisk. Ratings for those with a sufficient base size (100+ responses) for reporting are displayed in Chart 4.11.

Ratings were generally good, with over half rating each tool positively.

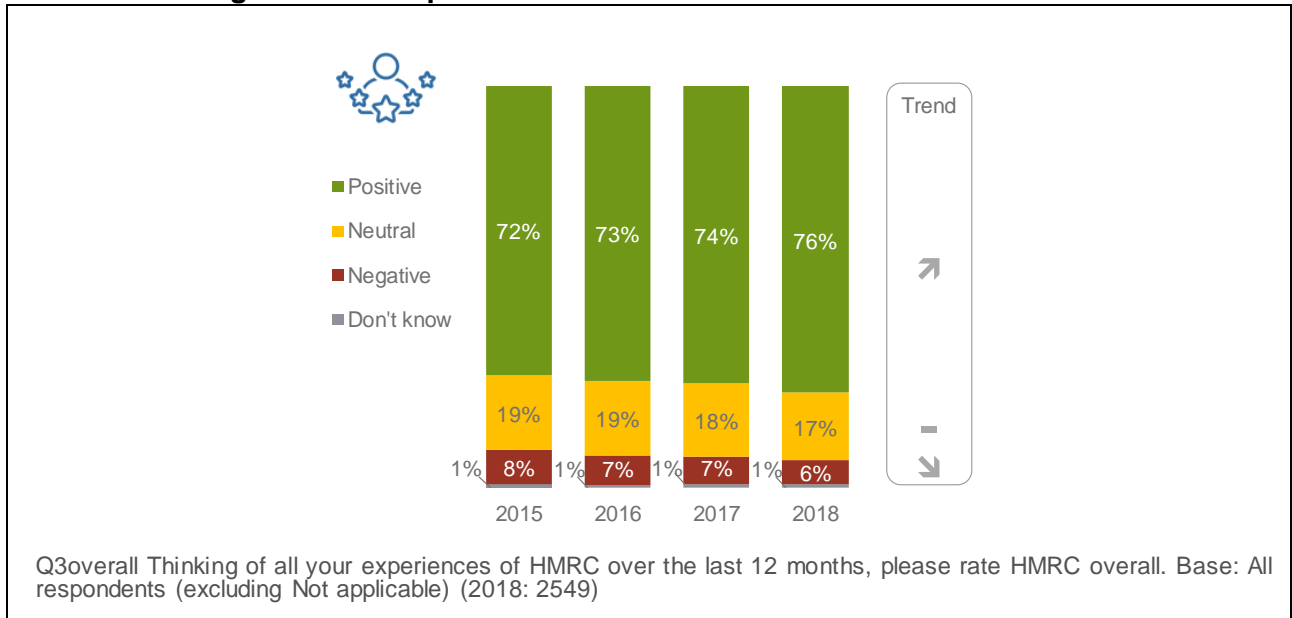
Chart 4.11 Rating of HMRC online tools – Small Businesses



4.3.3 Overall rating of customer experience

Small Businesses were asked to rate their overall experience of interacting with HMRC based on all of their interactions over the previous 12 months. Three-quarters (76%) were positive about their overall experience (Chart 4.12), an increase since the baseline survey in 2015 (72%).

Chart 4.12 Rating of overall experience – Small Businesses



Similar to previous years²⁶, Small Businesses with zero employees had the most positive overall experience, with eight in ten (80%) giving a positive rating. However, there was an increase in positive ratings from larger businesses compared with 2015. Seven in ten (71%) Small Businesses

²⁶ <https://www.gov.uk/government/publications/hmrc-individuals-small-businesses-and-agents-customer-survey-2017>, page 7

with five to nine employees gave a positive rating in 2018, up from 62% in 2015. A similar proportion of Small Businesses with 10 to 19 employees (68%) gave a positive rating in 2018, up from 57% in 2015.

Small Businesses that interacted with HMRC using only online channels were the most positive (82%). However, there was an increase in positive ratings amongst businesses that used both online and telephone channels compared with 2015 (67% in 2018, up from 58% in 2015).

There was an increase in positive ratings over the last year amongst new businesses (85% in 2018, up from 72% in 2017).

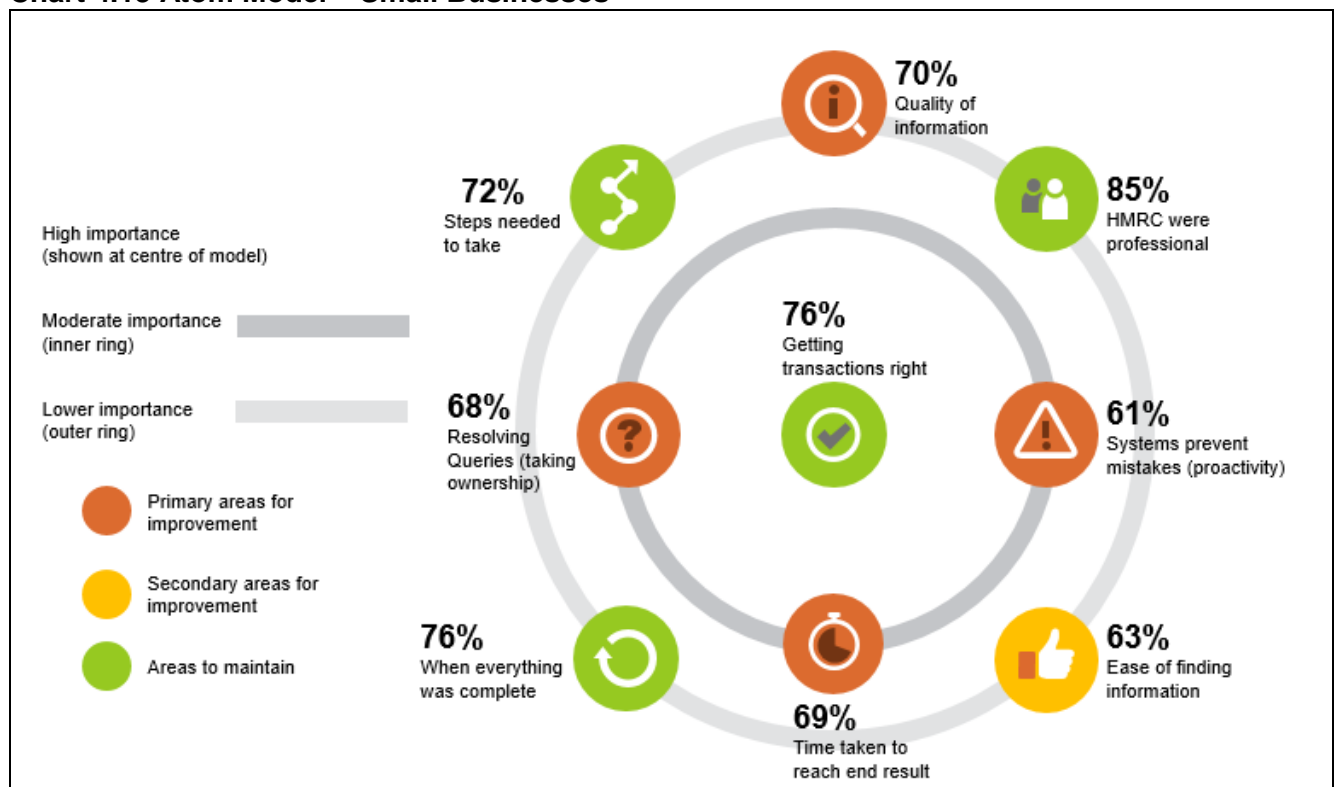
4.3.4 Atom Model of customer experience

This section focuses on the Atom Model, which is used to understand the drivers of overall customer experience and the specific dimensions that are most important to improve experience.

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

The Atom Model reflects statistical analysis of the 2018 survey results, which examined the specific dimensions of customer experience which had largest impact on the overall rating of customer experience (Chart 4.13).

Chart 4.13 Atom Model – Small Businesses



In 2018, the most important dimension in relation to overall customer experience was HMRC getting tax transactions right, displayed in the centre of the Model.

Three other dimensions were in the inner ring, indicating moderate importance to overall experience of dealing with HMRC. These were:

- Systems which were good at preventing customers from making mistakes
- How good or poor HMRC were at resolving any queries issues
- Acceptability of time taken to reach the end result

Other dimensions in the outer ring, of lower importance towards a Small Businesses' overall rating of their experience of dealing with HMRC were:

- Quality of information looked for or received from HMRC
- HMRC were professional
- Ease of finding information needed for your business on tax issues from HMRC
- Clarity of when everything was completed
- Clarity of steps needed to take

By comparing the importance of each dimension to overall experience with how well HMRC performed on each dimension, it is possible to identify the dimensions which are highest priority to address, in order to improve overall experience for customers. For more information see section 2.3.5.

In Chart 4.13 the colours signify the priority level:

- The dimensions in dark orange are the primary areas to address in order to have the biggest positive impact on overall customer experience.
- The dimensions in amber are the secondary areas to address to improve overall experience.
-
- The green dimensions are those where HMRC has performed comparatively well but should ensure that this level of performance is at least maintained.

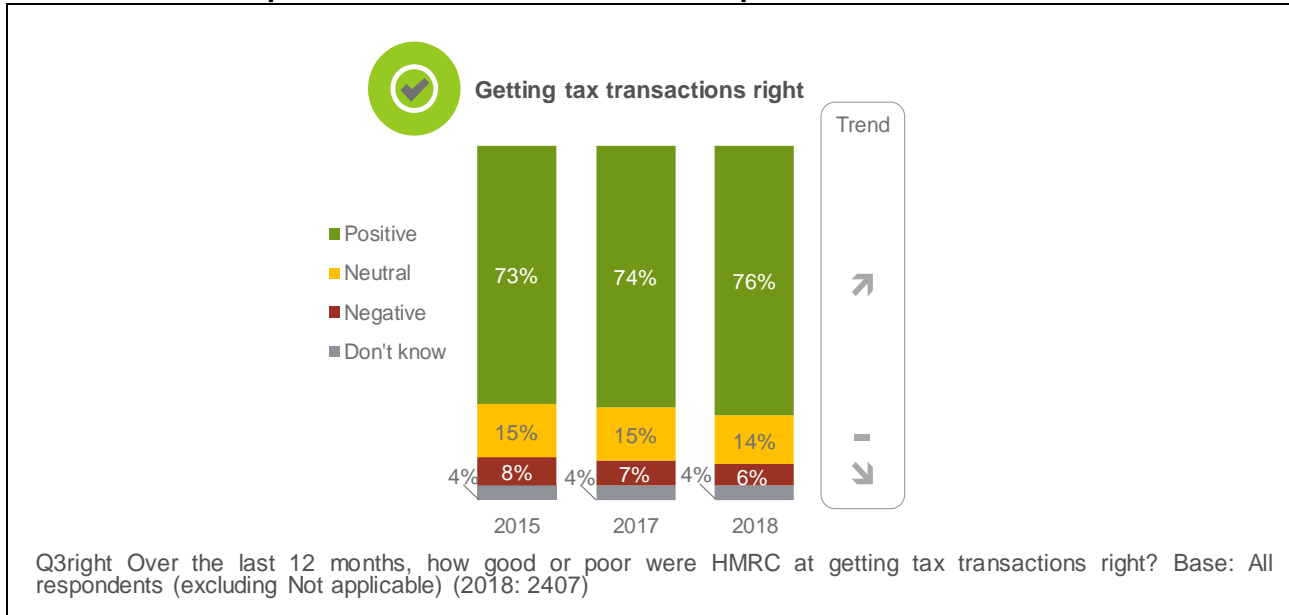
This section will continue to discuss each dimension in the Atom Model, in order of importance as determined by the Key Driver Analysis (see Section 2.3.5 for more information).

Most important dimension

Getting transactions right

Three-quarters (76%) of Small Businesses were positive about HMRC getting tax transactions right (Chart 4.14). Just over one in ten (14%) were neutral and six per cent were negative. There was a significant increase in positive ratings since 2015 (76% in 2018, up from 73% in 2015), and performance in this area should be maintained.

Chart 4.14 Most important dimension of customer experience – Small Businesses



Smaller businesses were more likely to give a positive rating. Over eight in ten (82%) businesses with zero employees rated HMRC positively on this dimension, compared with 75% that had one to four employees, 67% that had five to nine employees and 66% that had 10 to 19 employees.

Small Businesses that interacted with HMRC using only online channels were more likely to give a positive rating (82%) than those that interacted with HMRC using only telephone (65%). Small Businesses that used both online and telephone channels were more positive than in 2015 (68% in 2018, up from 60% in 2015).

As getting tax transactions right is the strongest driver of overall experience, ratings were closely linked. Nine in ten (89%) Small Businesses that gave a positive rating on getting tax transactions right also had a positive overall experience. Six in ten (56%) that gave a negative rating on this dimension had a negative overall experience.

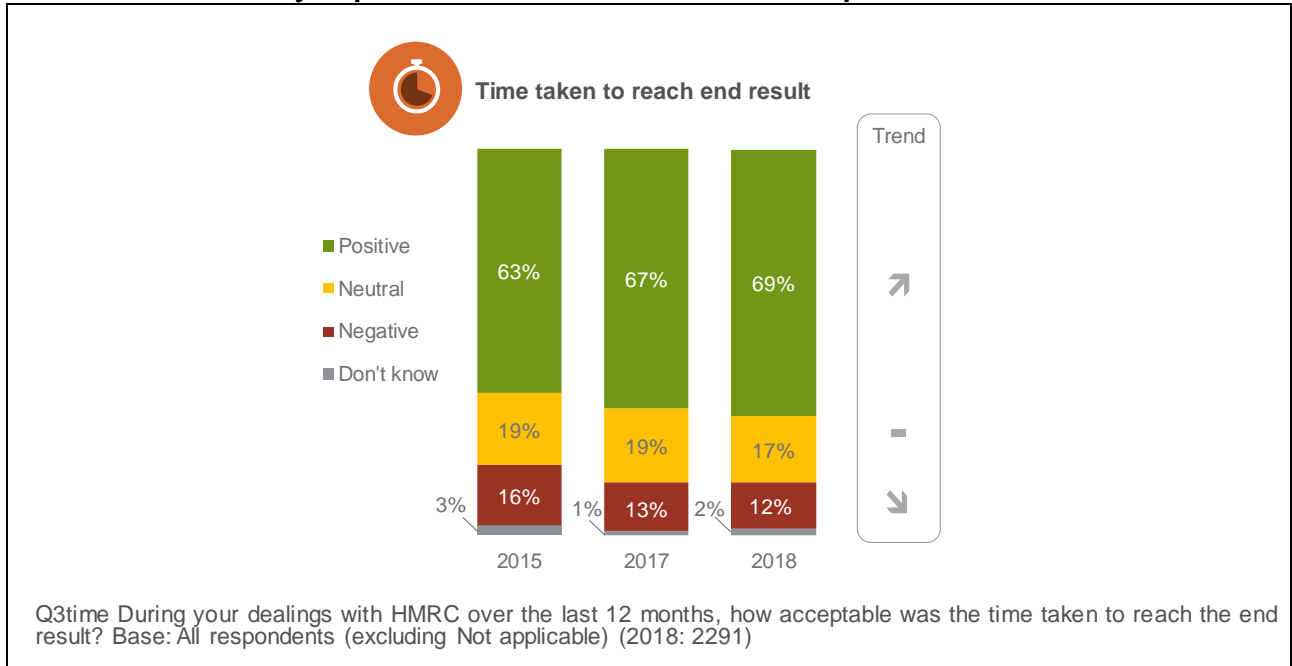
Moderately important dimensions

The dimensions explored in this section were of moderate importance in driving overall customer experience. These were acceptability of time taken, resolving queries and systems preventing mistakes. These were dimensions of relatively poor performance that were highly important to overall experience, so are primary areas for improvement.

Acceptability of time taken

Seven in ten (69%) Small Businesses were positive about time taken to reach the end result. Just under two in ten (17%) were neutral and 12% were negative (Chart 4.15). There has been an increase in positive ratings since 2015 (69% in 2018, up from 63% in 2015) and a decrease in negative ratings (12% in 2018, down from 16% in 2015).

Chart 4.15 Moderately important dimensions of customer experience – Small Businesses



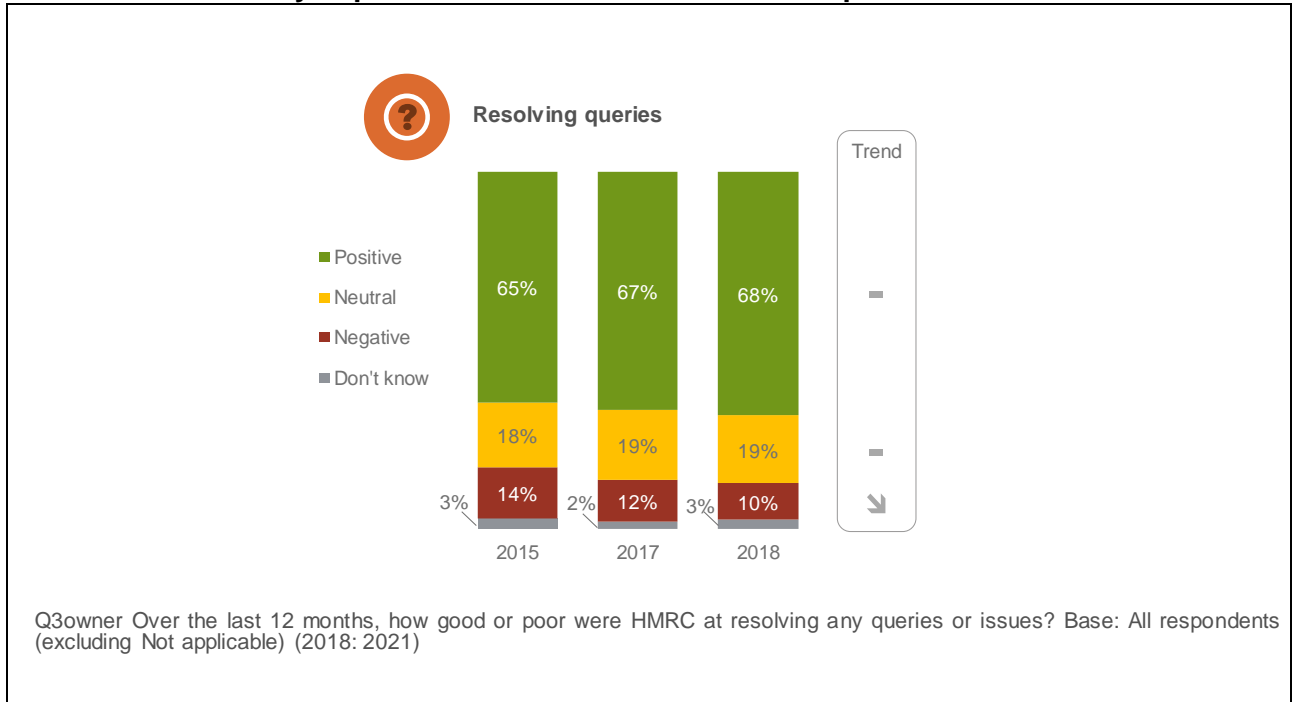
Small Businesses that interacted with HMRC using only online channels were more positive than those that used only telephone channels or both online and telephone (76%, compared with 60% and 57%, respectively). There was an increase in positive ratings from 2015 for those that had any online interactions (68% in 2018, up from 61% in 2015).

There was also an increase in positive ratings since 2015 from Small Businesses with one to four employees (68%, up from 58%) and five to nine employees (63%, up from 52%).

Resolving queries

Seven in ten (68%) Small Businesses were positive about HMRC resolving queries (Chart 4.16). One in five (19%) were neutral and 10% were negative. Positive ratings have remained stable since 2015, while there has been a decrease in negative ratings (10% in 2018, down from 14% in 2015).

Chart 4.16 Moderately important dimensions of customer experience – Small Businesses



New businesses were more likely to be positive than in 2017 (79% in 2018, up from 63% in 2017).

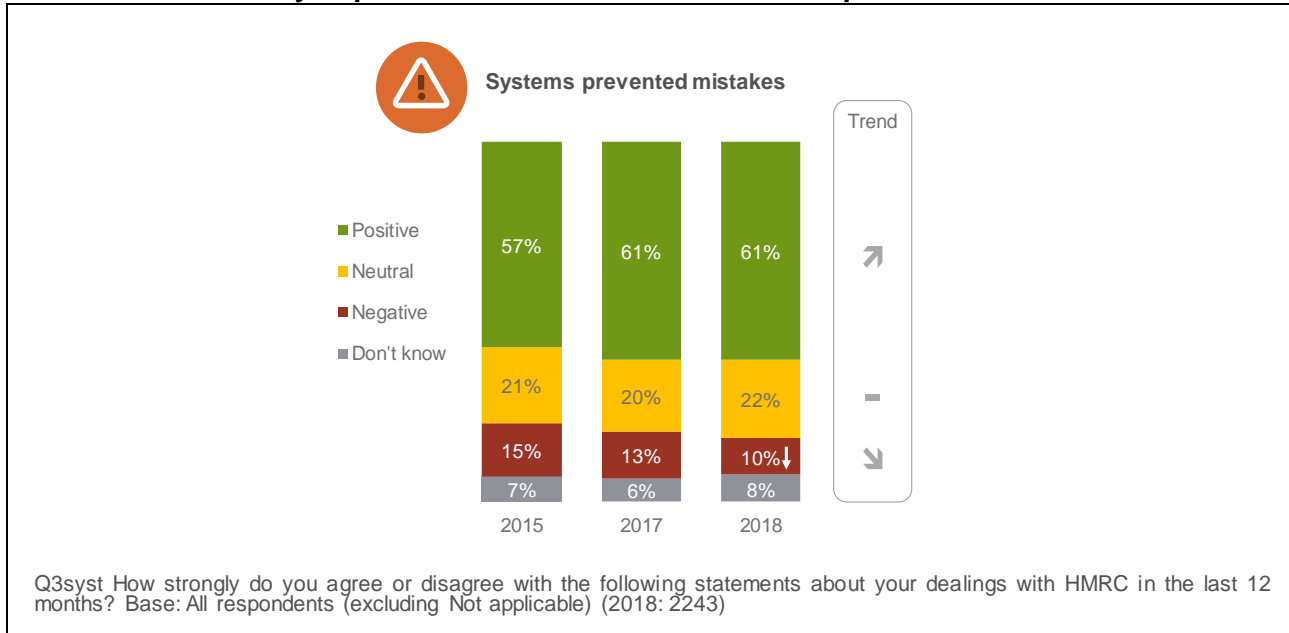
Small Businesses that had zero employees were the most positive (72%). About two-thirds of Small Businesses with one to four employees (68%) or five to nine employees (65%) were positive. Fewer than six in ten with 10 to 19 employees (57%) were positive about HMRC resolving queries.

There was an increase in positive ratings compared with 2015 for Small Businesses that had any online interactions with HMRC (68%, compared with 58% in 2015).

Systems prevented mistakes

Six in ten (61%) Small Businesses gave a positive rating for how HMRC systems prevented customers from making mistakes (Chart 4.17). One in five (22%) were neutral and 10% were negative. There was a significant increase in positive ratings since 2015 (61% in 2018, up from 57% in 2015). There was also a significant decrease in negative ratings from 2017 (10% in 2018, down from 13% in 2017).

Chart 4.17 Moderately important dimensions of customer experience – Small Businesses



Small Businesses that had any online dealings with HMRC rated this dimension more positively than in 2015 (62%, compared with 56% in 2015), with Small Businesses using only online channels being more positive (70%) than those using only telephone (49%). Small Businesses that used the BTA were also more likely to be positive than non-users (62%, up from 59%).

New businesses were more likely to be positive than in 2015 (63% compared with 45%).

Larger businesses, with 10 to 19 employees were twice as likely to be negative (15%) as those with zero employees (7%).

Less important dimensions

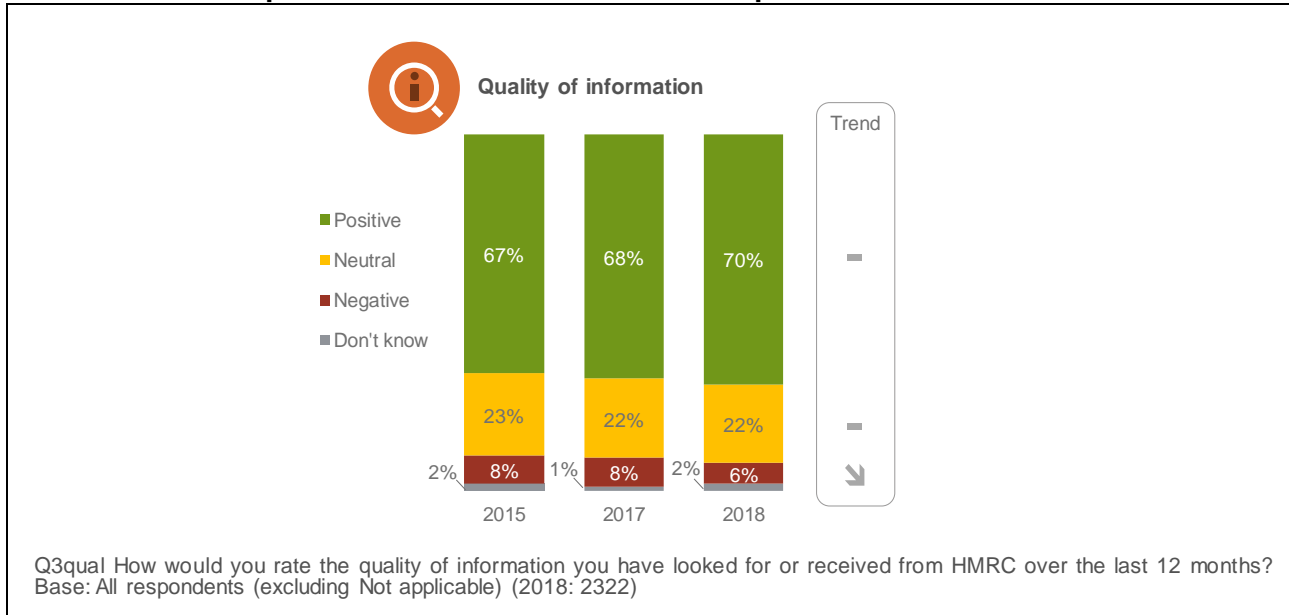
This section discusses dimensions in the outer ring of the Atom Model which were of lesser importance in driving overall experience. These were HMRC were professional, ease of finding information, clarity on steps needed to take and when everything is complete and quality of information.

Quality of information was of slightly higher importance to overall experience, than other dimensions in the outer ring, and performance was relatively poor, so is also a primary area for improvement. Ease of finding information is a secondary area for improvement.

Quality of information

Seven in ten (70%) Small Businesses were positive about the quality of information looked for or received from HMRC. One in five (22%) were neutral and six per cent were negative (Chart 4.18).

Chart 4.18 Less important dimensions of customer experience – Small Businesses



Small Businesses that had any online dealings with HMRC were more positive than in 2015 (71% in 2018, up from 66% in 2015). Small Businesses that had only online interactions with HMRC were more positive than those that had only telephone interactions (75%, compared with 67%).

About nine in ten (86%) Small Businesses that rated the HMRC webpages positively were also positive about the quality of information provided.

HMRC were professional

More than eight in ten (85%) Small Businesses rated HMRC positively on whether HMRC were professional. One in ten (10%) were neutral and four per cent were negative. This was the most positively rated dimension of customer experience. There was a significant increase in positive ratings since 2015 (80% in 2015).

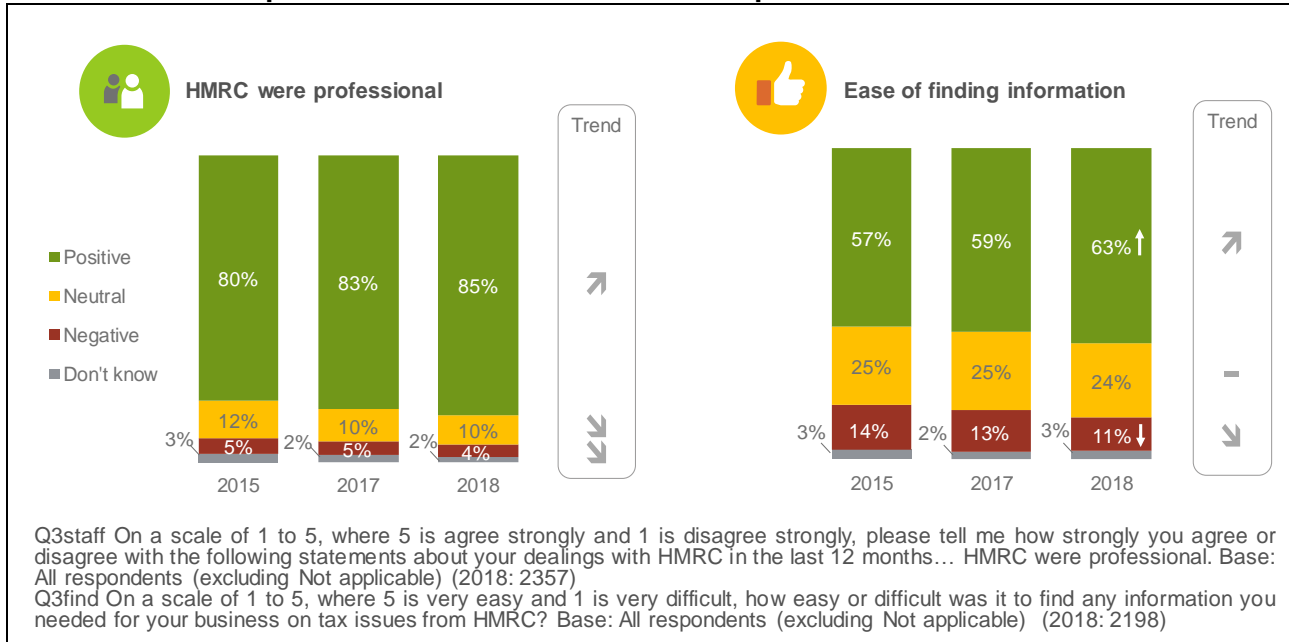
Small Businesses that used a BTA were more likely to be positive than non-users (87%, up from 83%).

Ease of finding information

Over six in ten (63%) rated ease of finding information positively. Around a quarter (24%) were neutral and 11% were negative (Chart 4.19). Positive ratings have increased over time (63% in 2018, up from 59% in 2017 and 57% in 2015).

Positive ratings from Small Businesses that had only online interactions with HMRC increased from 2017 (68% in 2018, up from 62% in 2017).

Chart 4.19 Less important dimensions of customer experience – Small Businesses



Clarity of steps needed to take

Seven in ten Small Businesses (72%) were positive about HMRC making it clear what steps the customer needed to take during their transaction (Chart 4.20). Under two in ten (18%) were neutral and nine per cent were negative. The ratings for this dimension of customer experience have remained stable since 2015.

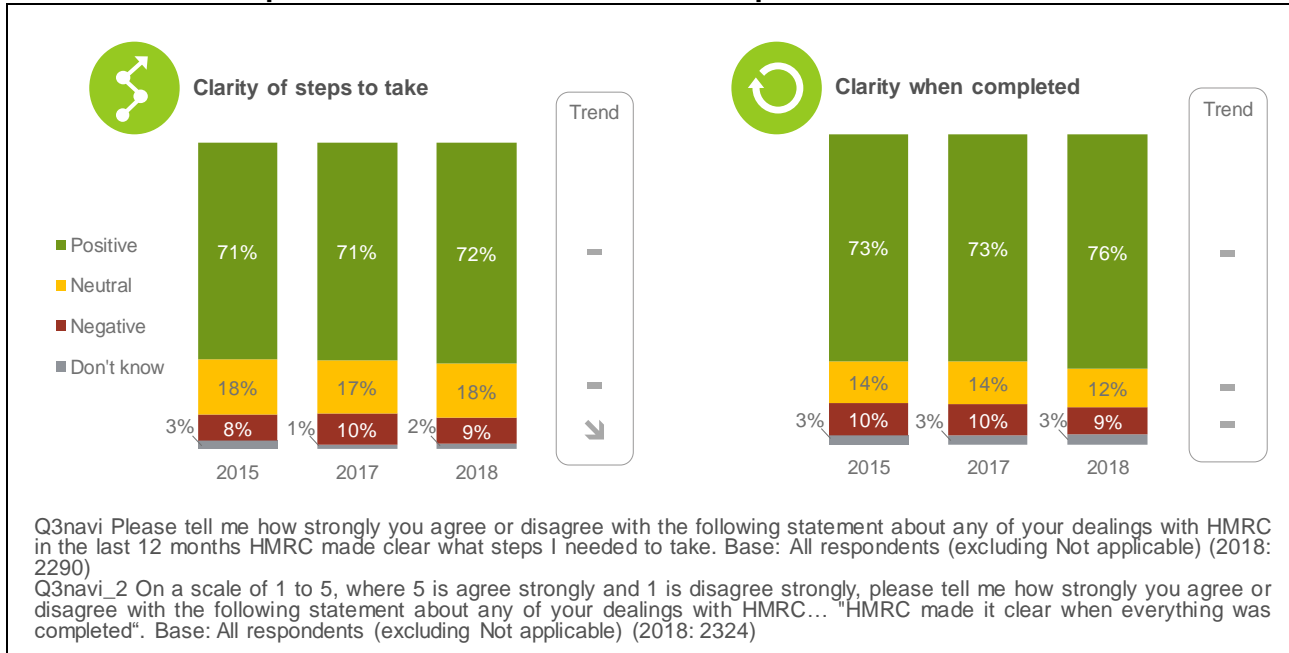
Again, Small Businesses that used a BTA were more likely to give positive ratings than non-users (75%, compared with 70%).

Clear when everything was completed

Nearly eight in ten (76%) Small Businesses were positive about HMRC making it clear when everything was completed. Over one in ten (12%) were neutral and nine per cent were negative. These ratings have remained stable since 2015 (Chart 4.20).

Similar to ratings of the clarity of steps needed to take, Small Businesses that used a Business Tax Account were more likely to be positive (79%) than non-users (73%).

Chart 4.20 Less important dimensions of customer experience – Small Businesses



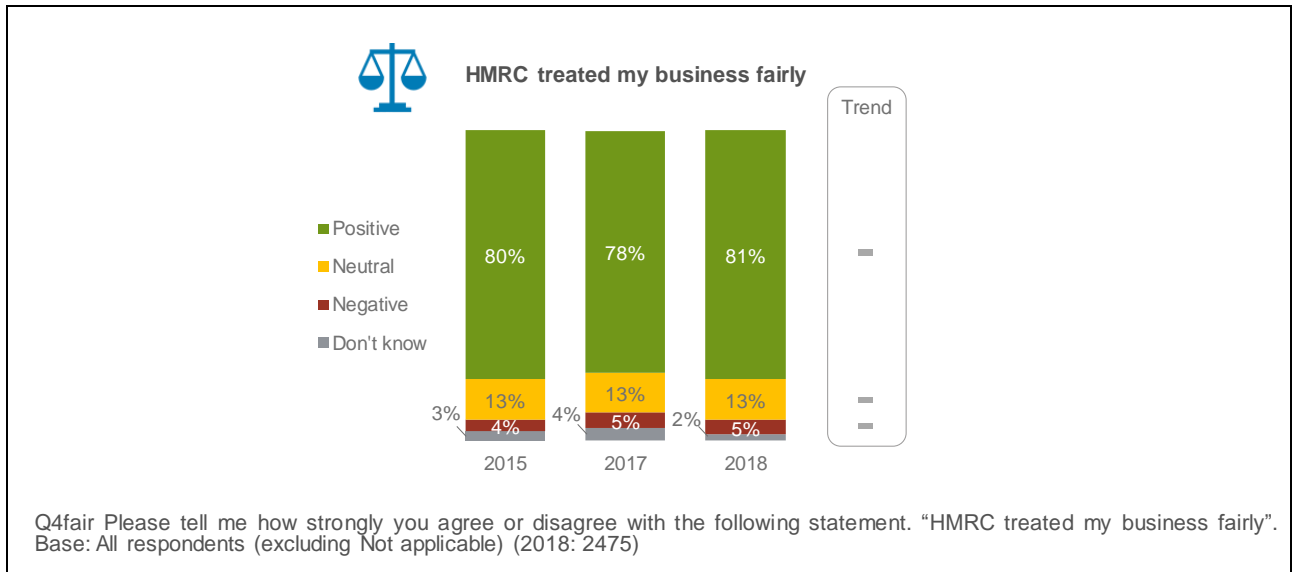
4.3.5 Views on administration of the tax system

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 the services were personalised; and the ease of dealing with tax issues. 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. For the first time in 2018, businesses were asked how joined up they perceived online services were.

Fairness

Eight in ten (81%) Small Businesses were positive about HMRC treating their business fairly (Chart 4.21). Just over one in ten (13%) were neutral and five per cent were negative. The ratings of this dimension have remained stable since 2015.

Chart 4.21 Fairness – Small Businesses



Small Businesses with zero employees were more positive (86%) than other businesses (76% for Small Businesses with employees), as were those not using an agent (85%, compared with 79% that used an agent).

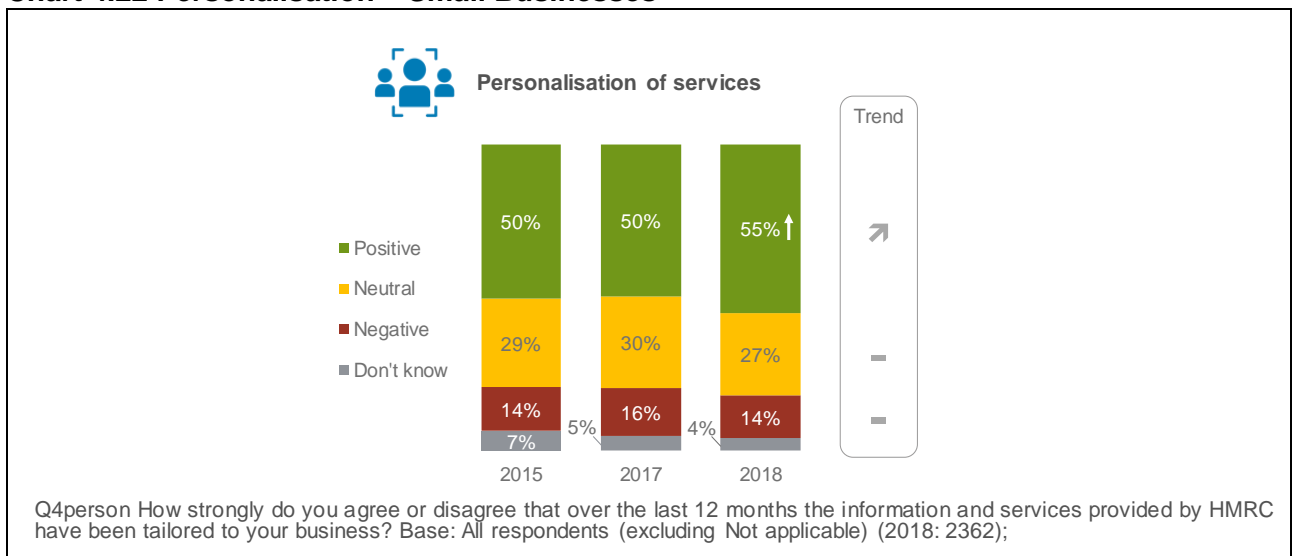
Personalisation of services

Over half of Small Businesses (55%) were positive about personalisation of HMRC services. A quarter (27%) were neutral and 14% were negative (Chart 4.22). There was a significant increase in positive ratings of this dimension (55% in 2018, up from 50% in 2017).

Positive ratings from Small Businesses with zero employees have increased from 2017. Six in ten (60%) gave a positive rating in 2018, up from with 52% in 2017.

New businesses were more likely to be positive (65%) than older businesses (54%).

Chart 4.22 Personalisation – Small Businesses

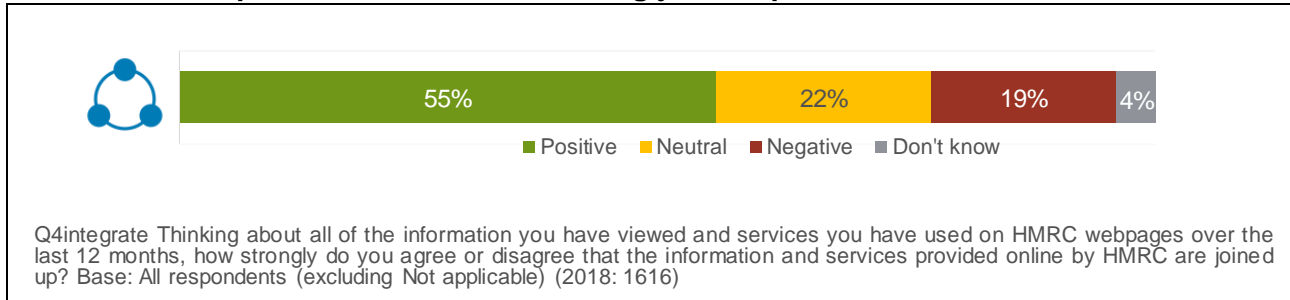


Rating of whether HMRC online services were joined up

More than half (55%) of Small Businesses were positive that HMRC’s online services were joined up (Chart 4.23). About one in five were neutral (22%) or negative (19%). This question was first asked in 2018, so there is no comparison to previous years.

Small Businesses that used the BTA were more positive (58%), than non-users (47%). Businesses that used both online and telephone channels were more likely to disagree that the services were joined up (23%), compared with 15% of those that used only online channels.

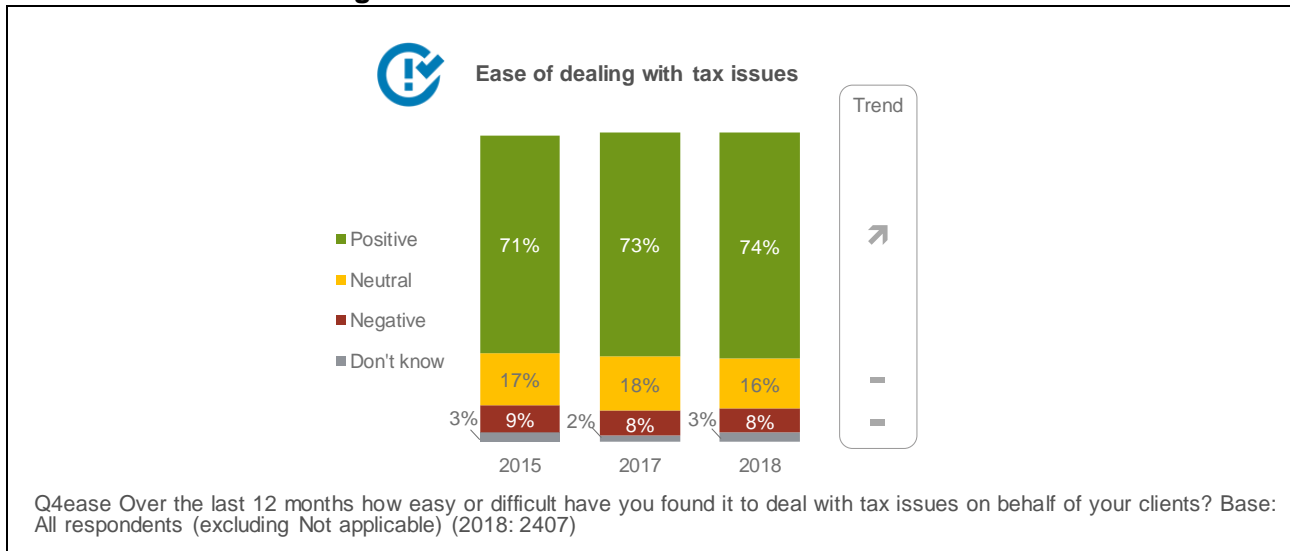
Chart 4.23 Perception of online services being joined up – Small Businesses



Ease of dealing with tax issues

Three-quarters (74%) of Small Businesses were positive about the ease of dealing with tax issues, an increase from 2015 (71%). One in eight (16%) were neutral and eight per cent were negative (Chart 4.24).

Chart 4.24 Ease of dealing with tax issues – Small Businesses



Businesses that interacted with HMRC using only online channels were more positive than those that used only telephone channels or both online and telephone (80%, compared with 69% and 65% respectively).

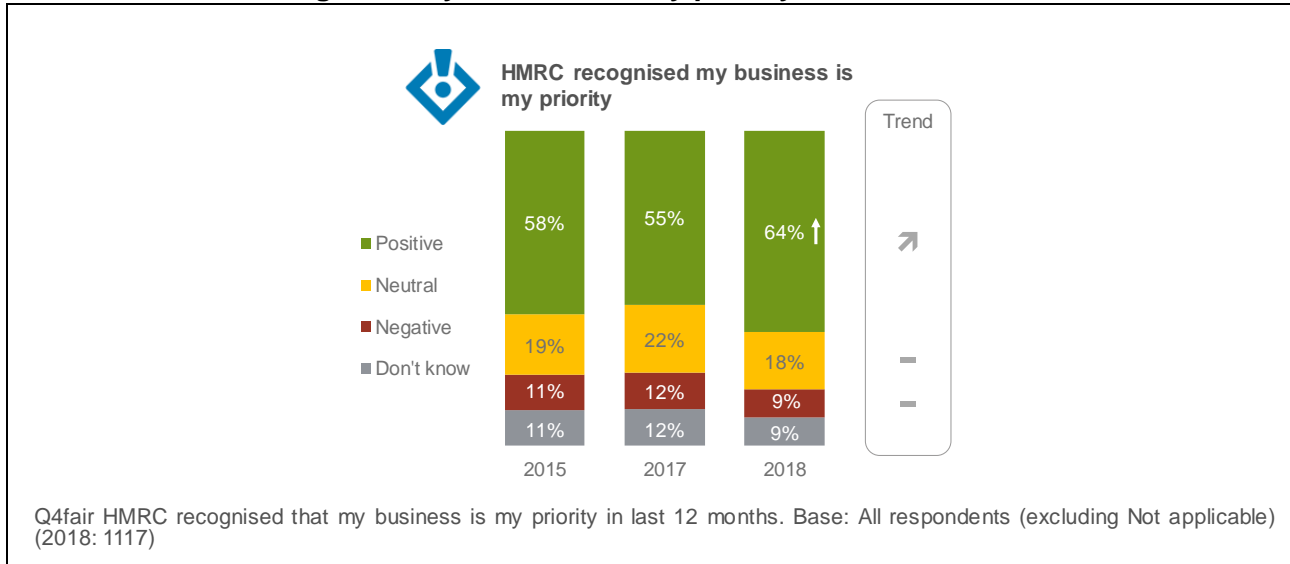
Small Businesses with zero employees were more positive (80%) than those with one to four employees (71%), five to nine employees (68%) or 10 to 19 employees (71%).

Integration

Two-thirds (64%) of Small Businesses were positive that HMRC recognised their business is their priority, an increase from 2017 (55%). One in five (18%) were neutral and nine per cent were negative (Chart 4.25).

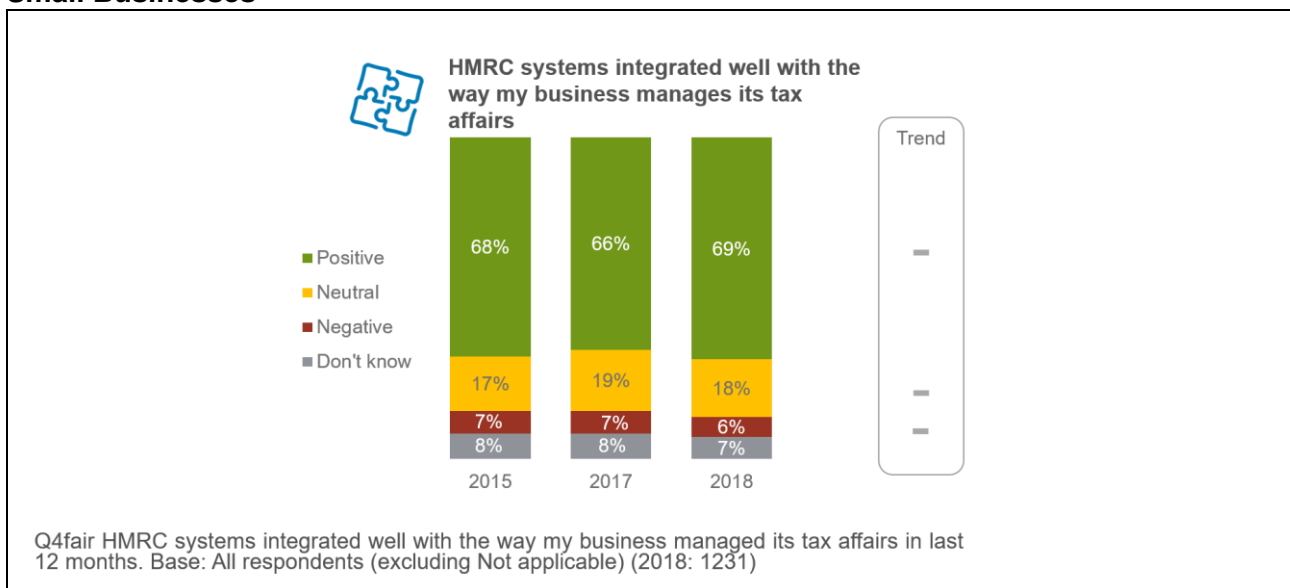
This increase in positive ratings was driven by Small Businesses with any online dealings with HMRC (61% in 2018, up from 53% in 2017) and Small Businesses with zero employees (73% in 2018, up from 56% in 2017).

Chart 4.25 HMRC recognised my business as my priority – Small Businesses



Seven in ten (69%) Small Businesses were also positive that HMRC systems integrated well with the way the business managed its tax affairs. One in five (18%) were neutral and six per cent were negative (Chart 4.26).

Chart 4.26 HMRC systems integrated well with how businesses managed its tax affairs – Small Businesses



4.4 Perceptions of HMRC's Reputation

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

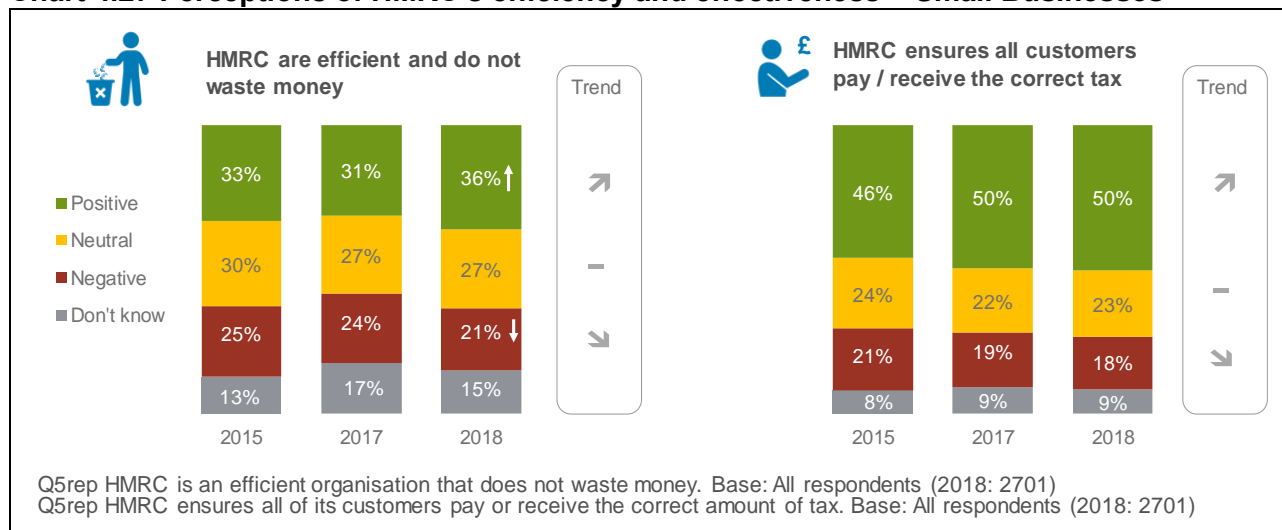
- Efficient: HMRC is an efficient organisation that does not waste money
- Effective: HMRC ensures all its customers pay/receive the correct amount of tax
- Fair: HMRC applies penalties and sanctions equally for all of its customers
- Protection of personal data: HMRC ensures that customers' data and 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?

Similar to previous years, ratings for these dimensions of reputation were substantially lower than the dimensions of customer experience although improvements have been seen. Higher proportions of respondents were neutral or did not know compared with the customer experience dimensions.

4.4.1 Efficiency, effectiveness, and fairness

Positive ratings for efficiency have increased compared with 2017 (36% in 2018, up from 31% in 2017). There was also an increase in positive ratings for effectiveness compared with 2015 (50% in 2018, up from 46% in 2015) (Chart 4.27). Ratings for fairness have remained stable when compared to the baseline in 2015 (37% in 2015 and 2018) (Chart 4.28).

Chart 4.27 Perceptions of HMRC's efficiency and effectiveness – Small Businesses



About one in three (36%) Small Businesses rated HMRC's efficiency positively and one in five (21%) gave a negative rating. Positive ratings have increased since 2015 (36% in 2018, up from 33% in 2015); negative ratings have also fallen (21% in 2018, down from 25% in 2015).

Improved perceptions of efficiency since 2017 were driven by Small Businesses with zero employees (40%, up from 32% in 2017) and with one to four employees (36%, up from 30% in 2017). Positive ratings amongst Small Businesses that only used online channels also increased from 2017 (37%, up from 30% in 2017).

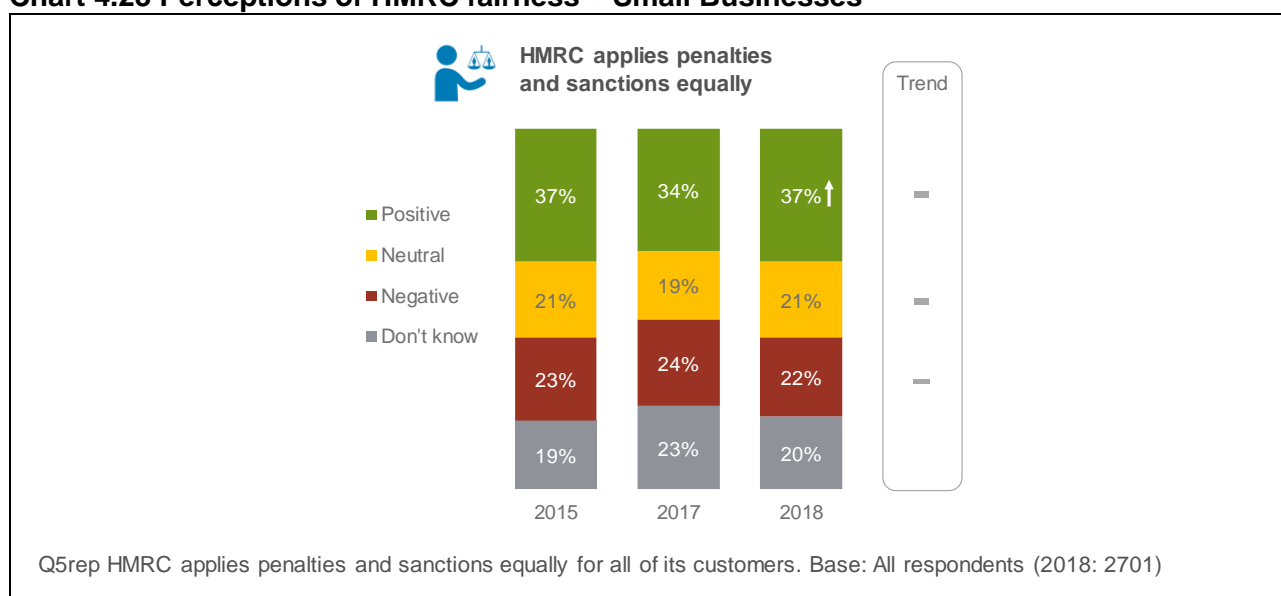
New businesses were more positive (46%) compared with older businesses (36%).

Half of Small Businesses (50%, up from 46% in 2015) were positive about HMRC effectiveness (ensuring all customers pay and receive the correct amount of tax).

New businesses were again more positive than older businesses (65%, compared with 49%). Furthermore, the proportion of new businesses that were positive increased since 2015 (51% were positive in 2015).

About one in three (37%, up from 34% in 2017) Small Businesses were positive about HMRC fairness (whether HMRC applies penalties and sanctions equally). One in five (22%) Small Businesses were negative (Chart 4.28).

Chart 4.28 Perceptions of HMRC fairness – Small Businesses



Small Businesses with a turnover above the VAT threshold (above £85,000) were more likely to be negative (26%) than those with a turnover below the VAT threshold (21%).

New businesses were more likely to be positive (49%) than older businesses (36%).

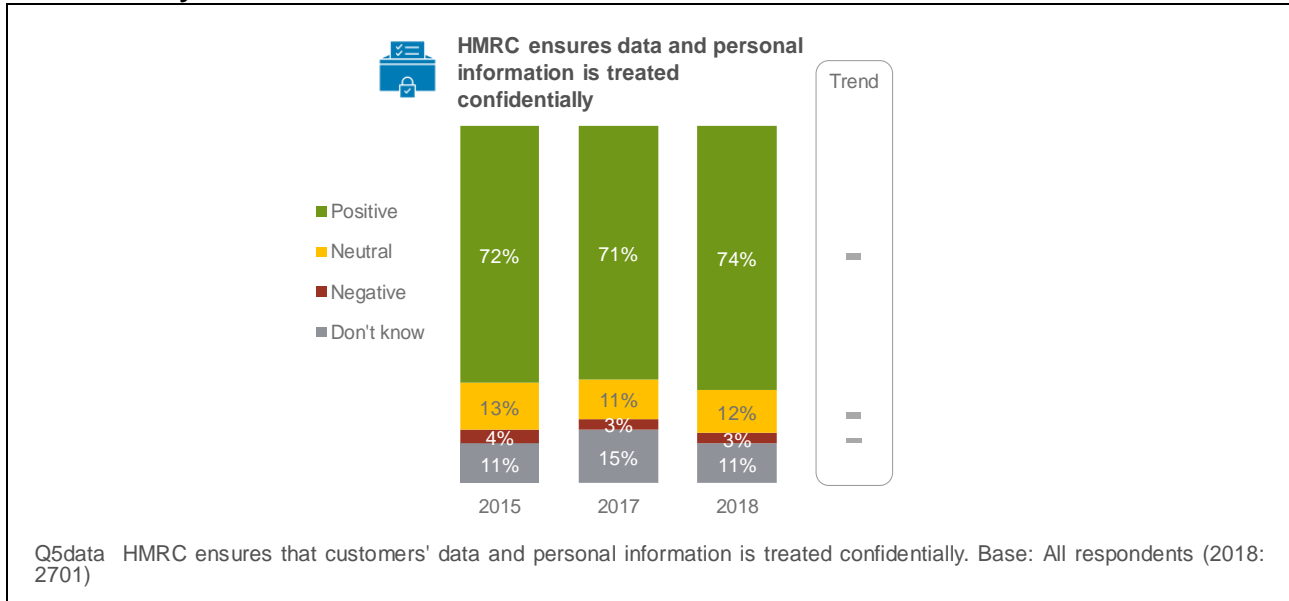
There was a close relationship between this dimension of reputation (HMRC applies penalties and sanctions equally) and whether businesses thought HMRC treated customers fairly. Seven in ten (70%) businesses that were negative about HMRC treating customers fairly were also negative about HMRC applying penalties and sanctions equally.

4.4.2 Protection of personal information

Three-quarters of Small Businesses (74%) were positive about HMRC ensuring data and personal information is treated confidentially. Only three per cent gave a negative rating. This was the highest-rated dimension of HMRC’s reputation (Chart 4.29).

There was an increase in positive ratings since 2017 for Small Businesses with zero employees (76% in 2018, up from 70% in 2017).

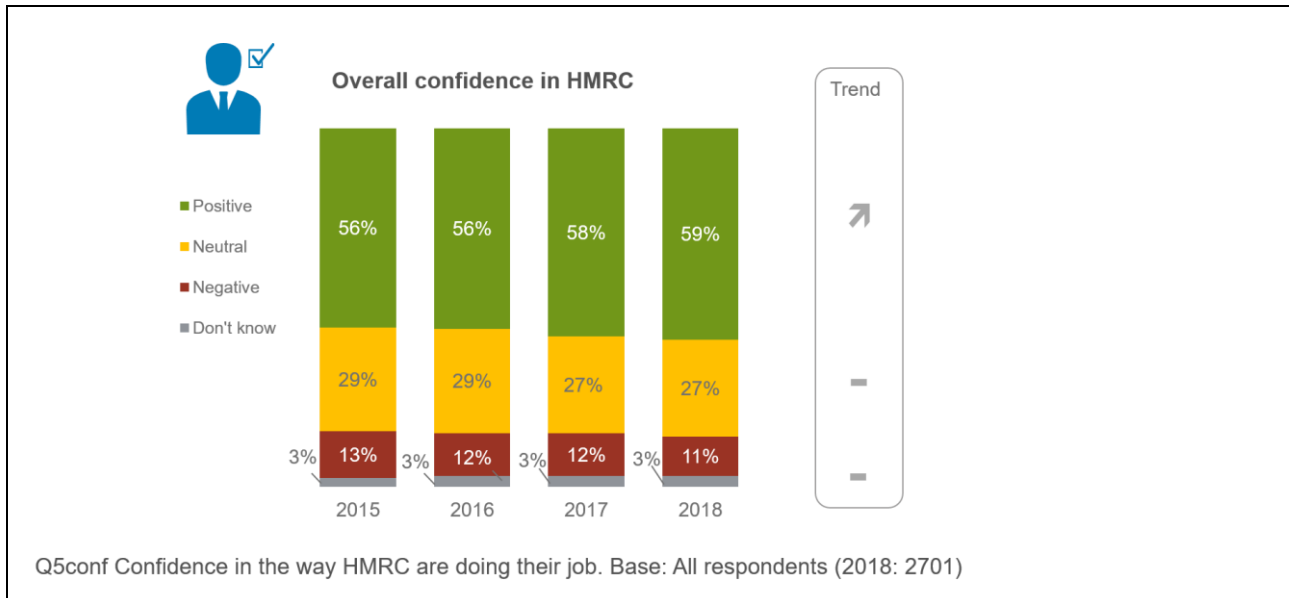
Chart 4.29 HMRC ensures customers' data and personal information is treated confidentially – Small Businesses



4.4.3 Overall confidence in HMRC

Six in ten (59%) Small Businesses were confident in the way HMRC were doing their job. Nearly three in ten were neutral (27%) and 11% were negative (Chart 4.30). Positive ratings increased significantly compared with 2015 (59% in 2018, up from 56% in 2015).

Chart 4.30 Confidence in HMRC – Small Businesses



Overall confidence was closely related to overall experience. Small Businesses with a positive overall experience were seven times as likely to be confident in HMRC than those with a negative overall experience (72% compared with 10%).

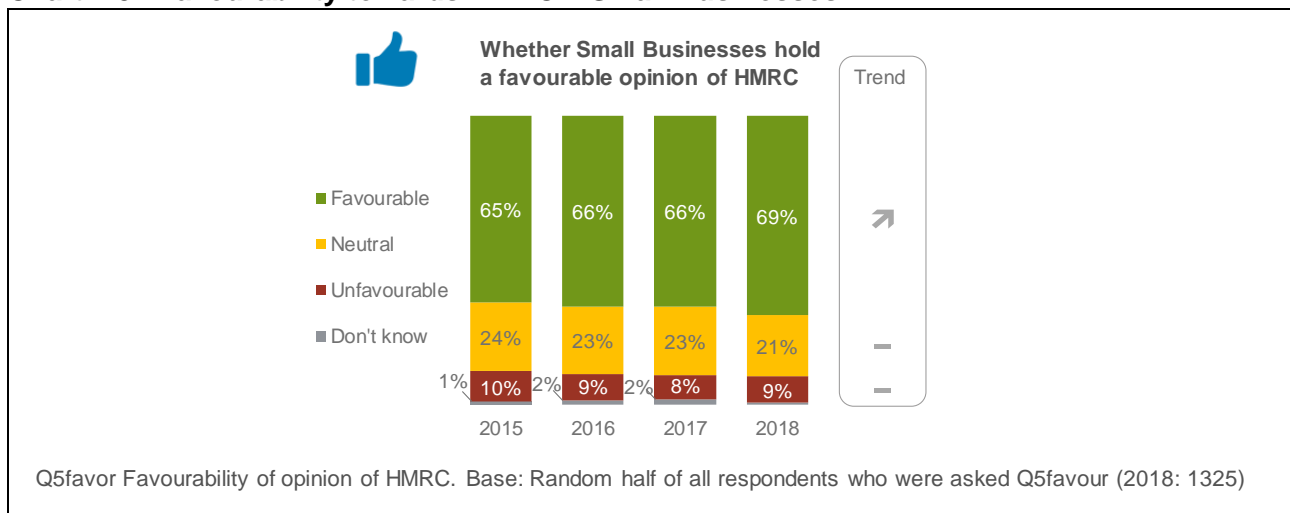
A positive rating for overall confidence was also correlated with positive scores for efficiency (89%), effectiveness (84%) and fairness (84%).

Small Businesses with zero employees were the most likely to be confident in HMRC (63%) compared with businesses that had one to four employees (59%), five to nine employees (52%) and 10 to 19 employees (53%).

4.4.4 Favourability and advocacy

Favourability towards HMRC among Small Businesses has increased since 2015 (69% in 2018, up from 65% in 2015). This was driven by an increase in favourability among Small Businesses with one to four employees (68% in 2018, up from 61% in 2015).

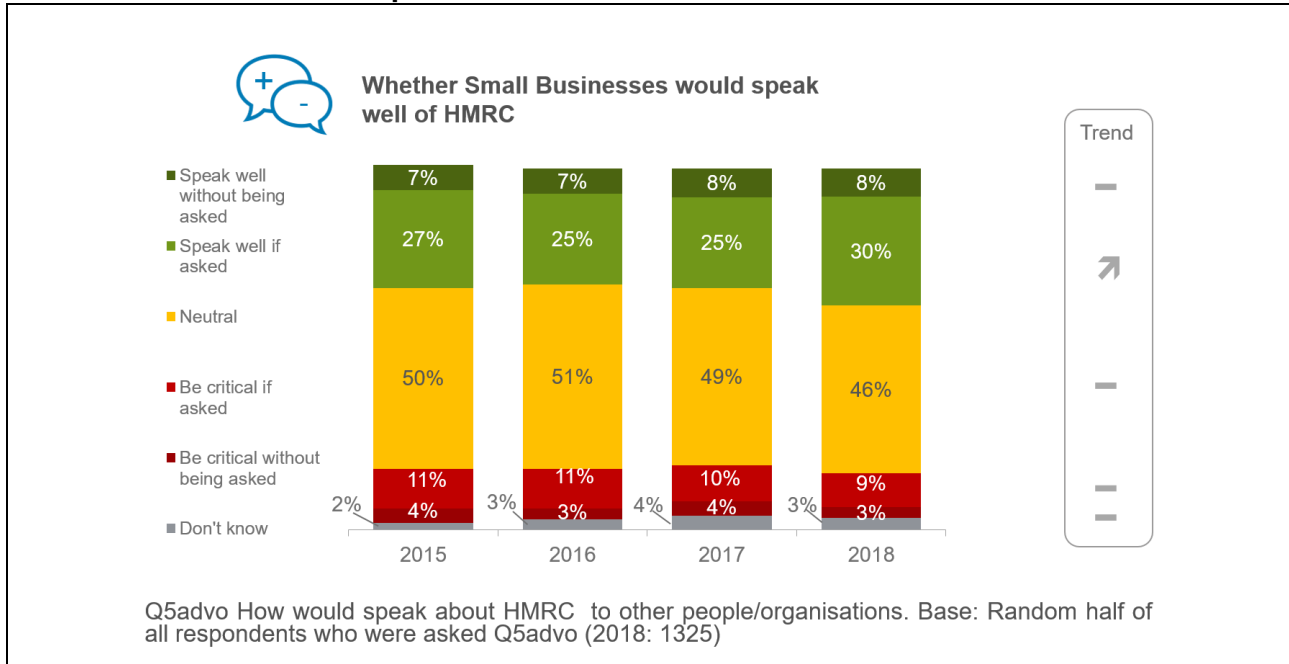
Chart 4.31 Favourability towards HMRC – Small Businesses



Four in ten Small Businesses would speak well of HMRC to others (38%) (Chart 4.32). Over the last year, there was an increase in businesses that would speak well of HMRC if asked (30% in 2018, up from 25% in 2017). This increase was driven by Small Businesses with zero employees (46% in 2018, up from 35% in 2017) and businesses that contacted HMRC using telephone channels only (46% in 2018, up from 28% in 2017).

Small Businesses with zero employees were more likely to speak well of HMRC (46%) than with businesses with one to four employees (33%), five to nine employees (27%) and 10 to 19 employees (34%).

Chart 4.32 Whether would speak well of HMRC – Small Businesses



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 and perceptions of HMRC with views on compliance.

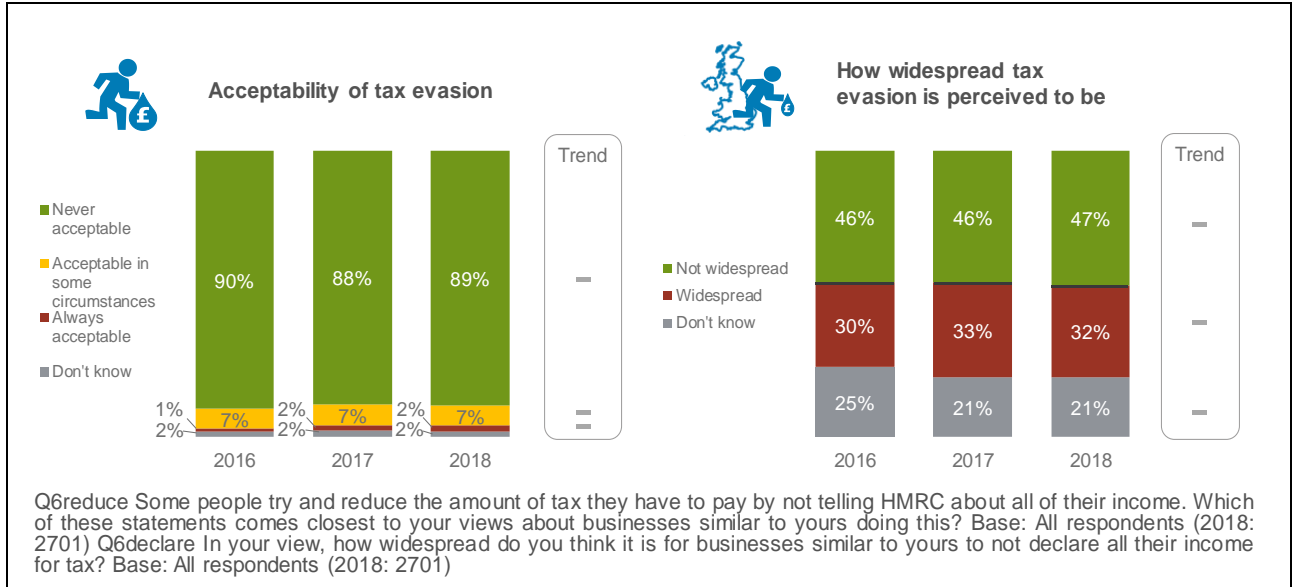
These questions were first asked in 2016, so baseline comparisons are made with 2016 rather than 2015. For questions about tax avoidance, question wording was changed in 2018, following cognitive testing, so no comparative measures are presented for tax avoidance.

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’. The majority of Small Businesses said tax evasion was never acceptable (89%, Chart 4.33). A small minority said tax evasion was acceptable in some circumstances (7%) and two per cent said it was always acceptable.

A third (32%) of Small Businesses thought tax evasion was widespread. Half (47%) felt it was not widespread.

Chart 4.33 Acceptability of tax evasion and perception of how widespread it is – Small Businesses

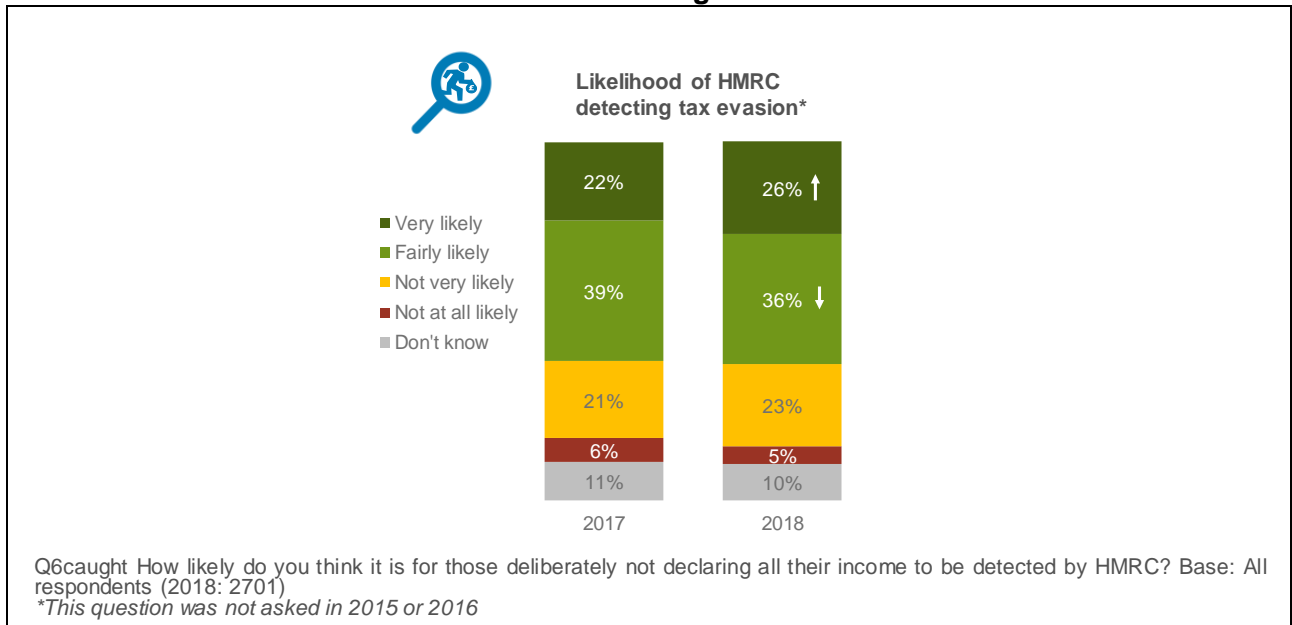


Small Businesses with turnover above the VAT threshold were more likely to say tax evasion is not widespread (51%) than those with turnover below the VAT threshold (44%).

4.5.2 Perceptions of HMRC detecting tax evasion

Small Businesses were asked how likely they ‘think it is for those deliberately not declaring all their income to be detected by HMRC’. Six in ten (62%) Small Businesses thought it was likely that HMRC would detect tax evasion. There was a significant increase in Small Businesses that said it was very likely HMRC would detect tax evasion compared with 2017 (26% compared with 22% in 2017).

Chart 4.34 Perceived likelihood of HMRC detecting tax evasion – Small Businesses



Small Businesses that did not think tax evasion was widespread were more likely to say HMRC would detect tax evasion (67%) than Small Businesses that thought tax evasion was widespread (61%).

There were few notable sub-group differences. Small Businesses that had turnover below £500,000 thought it was more likely HMRC would detect tax evasion (64%) compared with Small Businesses that had turnover above £500,000 (54%).

4.5.3 Acceptability and extent of tax avoidance

Small Businesses were asked how acceptable they felt it was that “some people try to exploit tax rules to gain a tax advantage that Parliament didn’t intend”. Three-quarters of Small Businesses (75%) said it was never acceptable to avoid tax. One in seven (15%) said it was acceptable in some circumstances and five per cent said it was always acceptable (Chart 4.35).

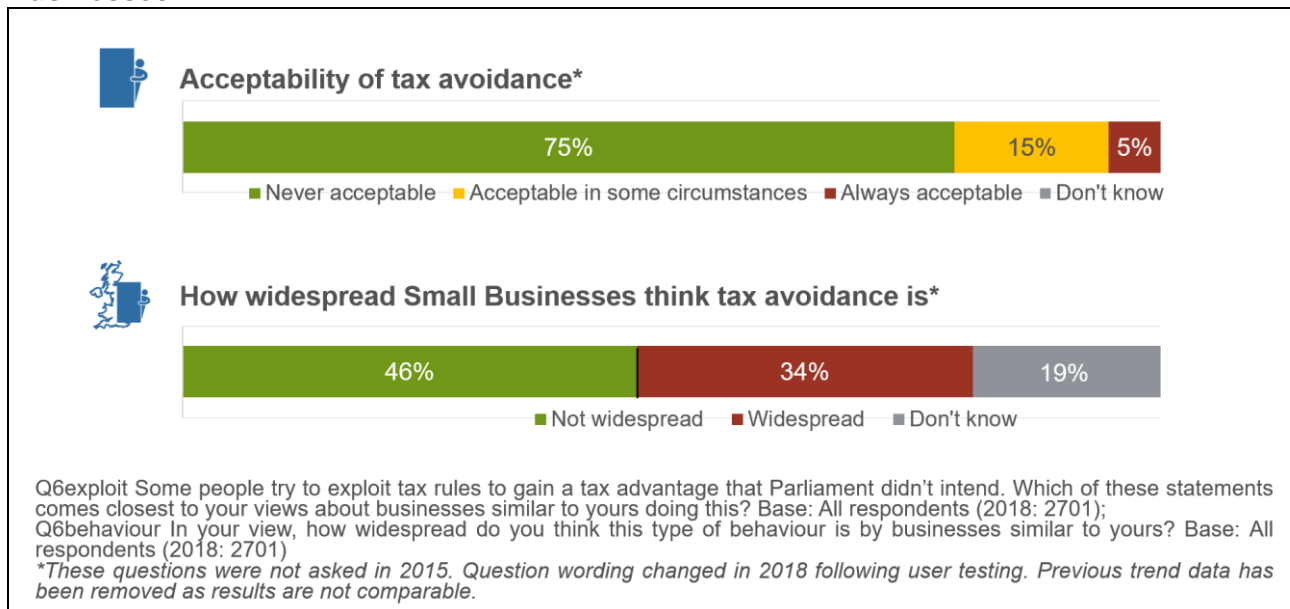
Small Businesses that did not use an agent were more likely to say it is never acceptable to avoid tax (80%, compared with 74% who used an agent).

Eight in ten (78%) Small Businesses that were confident in HMRC’s ability to do their job said tax avoidance is never acceptable compared with seven in ten (69%) that were not confident in HMRC.

Small Businesses were also asked how widespread they felt tax avoidance was. A third (34%) said it was widespread (Chart 4.34). Close to half (46%) said it was not widespread.

Small Businesses that had a positive overall experience were less likely to think tax avoidance is widespread (33%) than Small Businesses that had a negative overall experience (44%).

Chart 4.35 Acceptability of tax avoidance and perception of how widespread it is – Small Businesses



4.6 Making Tax Digital

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 will make it easier for businesses to get their tax right and manage their tax affairs in real-time. Under MTD for VAT, businesses with a taxable turnover above the VAT threshold (currently £85,000) have been required to keep VAT records digitally and submit their VAT returns directly from their software, for VAT periods starting on or after 1st April 2019. VAT registered businesses with turnover below the VAT threshold are not required to use MTD but can choose to do so voluntarily.

Survey fieldwork preceded a mass mailout from HMRC to all businesses that would be required to keep digital records and submit VAT Returns in this way from April 2019, informing them of these new requirements.

In 2018, all Small Businesses surveyed were asked about their awareness of changes to VAT reporting from April 2019. The changes were introduced in the survey as follows: "HMRC is introducing changes to how businesses provide information relating to their tax obligations. From April 2019 VAT registered businesses with taxable turnover above the VAT threshold will be required to keep digital records and provide VAT Returns online using functional compatible software." This report section looks at what benefits Small Businesses felt would come from changes to VAT reporting, who Small Businesses would go to for advice on digital record keeping, whether Small Businesses currently, or have plans to, use software for digital reporting and awareness of business reliefs and incentives.

In this section, findings are reported for all Small Businesses surveyed (including all the businesses that are not VAT registered or required to join MTD for VAT periods), and for the subset of Small Businesses that were required to join MTD for VAT periods by keeping records digitally and providing VAT Returns online using functional compatible software from April 2019. These Small Businesses were defined as those with turnover above the VAT threshold (£85,000) and reported that they paid VAT.

4.6.1 Awareness of MTD

All Small Businesses

All Small Businesses surveyed were asked how much they knew about upcoming changes to submitting VAT Returns. Half of all Small Businesses (51%) had heard something about changes to submitting VAT Returns and 37% knew "a lot" or "a little" about them. One in ten (11%) said they knew "a lot" and 26% knew "a little" about changes to submitting VAT Returns (Chart 4.36).

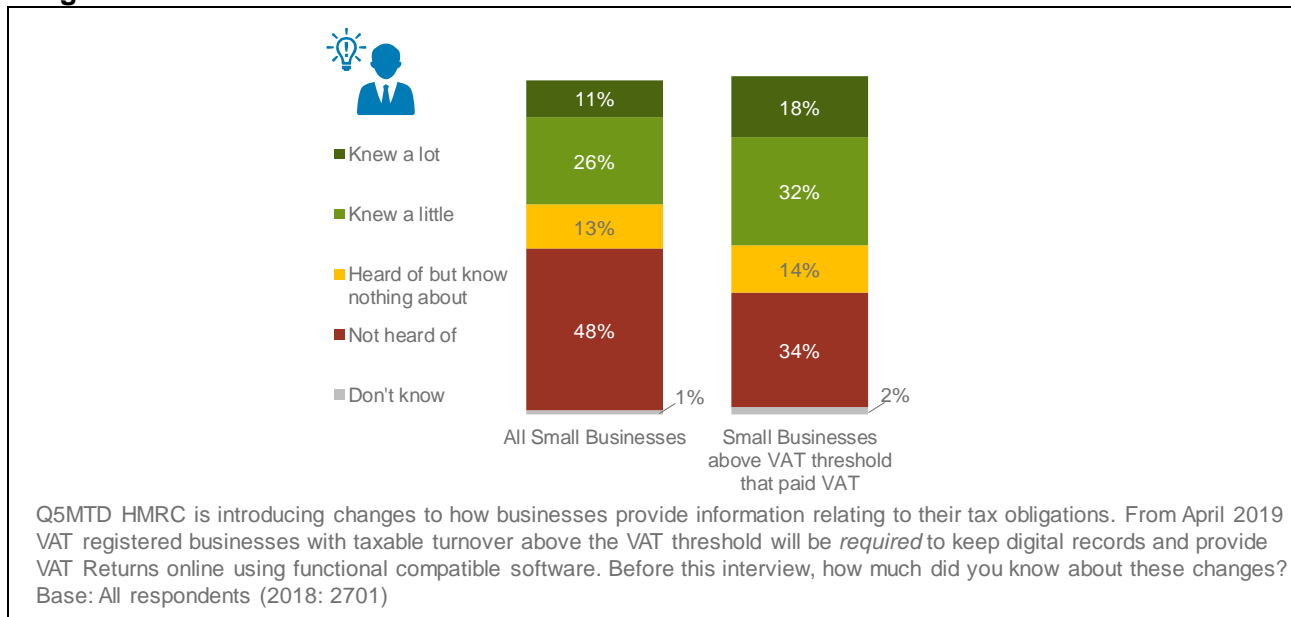
Small Businesses that outsourced all tax work to an agent were less likely to have heard of changes to submitting VAT Returns. Half (45%) had heard of the changes compared with 54% of other Small Businesses.

Small Businesses that were required to join MTD for VAT

Small Businesses that were required to join MTD for VAT were more aware of the upcoming changes. Two-thirds (64%) had heard something about the changes and 50% said they knew "a lot" or "a little" about the changes.

Small Businesses that were required join MTD for VAT and did all tax work in-house were more likely to have heard of changes to submitting VAT Returns (74%) than those that outsourced any work to agents (62%).

Chart 4.36 Awareness of changes in how businesses provide information relating to tax obligations - Small Businesses²⁷



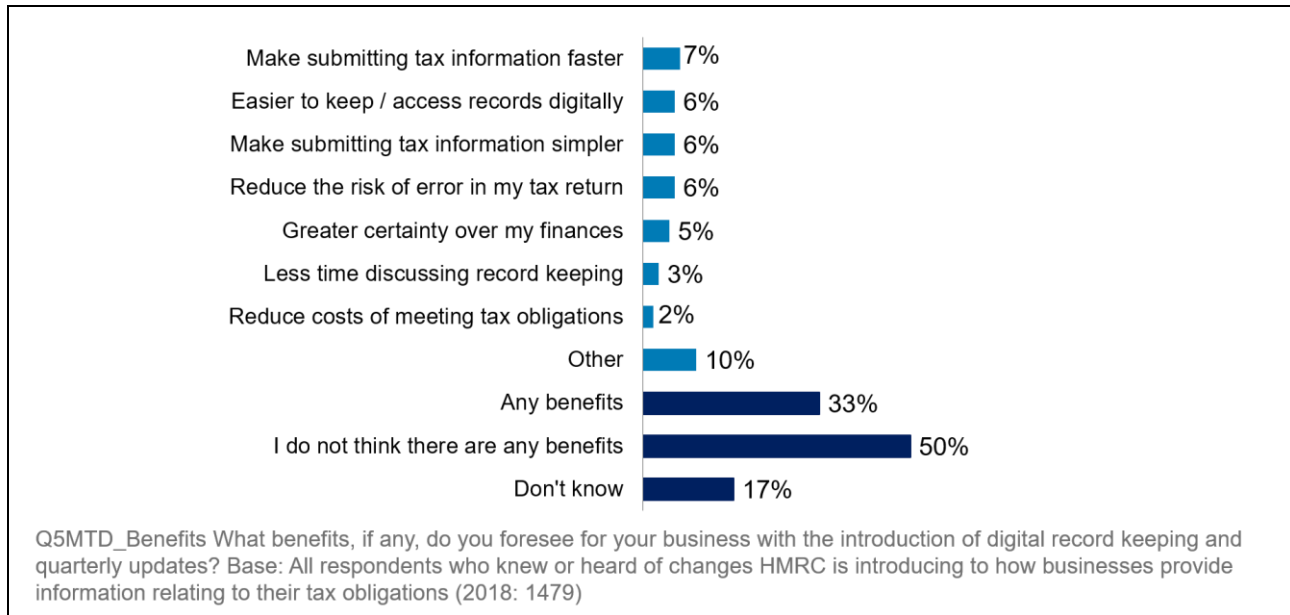
4.6.2 Benefits associated with MTD

All Small Businesses that had heard of changes to submitting VAT Returns were asked what benefits, if any, they saw for their business with the introduction of digital record keeping and quarterly updates.

Half (50%) of Small Businesses that had heard about these changes felt there would be no benefits associated with them. A further 17% said they did not know. The most common benefit cited was that the changes would “make submitting my tax information faster” (7%).

²⁷ The figures for 'All Small Businesses' in chart 4.36 include responses for businesses both above and below the VAT threshold.

Chart 4.37 Benefits associated with introduction of digital record keeping and submitting VAT Returns online – All Small Businesses



4.6.3 Plans to use commercial software

Small Businesses were asked whether their business planned to use commercial software to keep digital records of income and outgoings in the next twelve months.

All Small Businesses

Four in ten (44%) Small Businesses already used commercial software and a further 14% planned to use commercial software in the next twelve months. A third (32%) said they had no plans to use commercial software in the next twelve months.

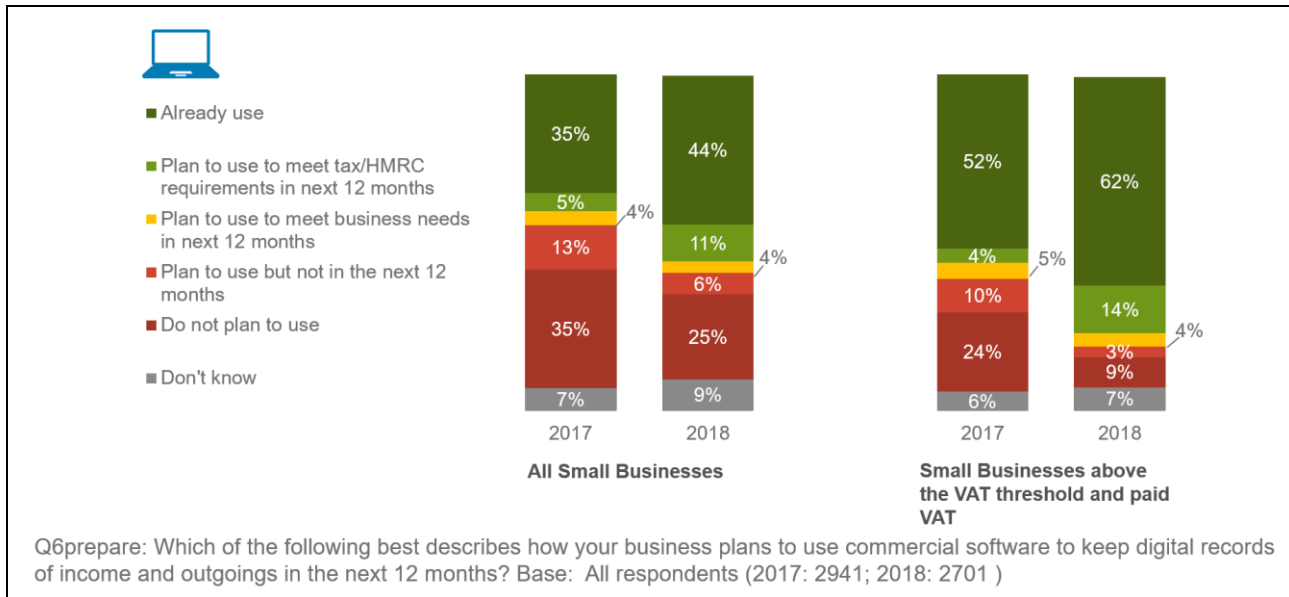
The proportion of all Small Businesses that were using software increased since 2017 (44% in 2018, up from 35% in 2017). This was driven by the largest Small Businesses, that were required to use commercial software as part of changes to submitting VAT Returns from April 2019.

Small Businesses required to join MTD for VAT periods

Six in ten (62%) Small Businesses that were required to join MTD for VAT periods from April 2019 said they already used commercial software. A further 18% said they planned to use commercial software in the next twelve months and 12% said they had no plans to use commercial software in the next twelve months. Around one in ten (eight per cent) of those required to join MTD that had no plans to use software in the next twelve months also did all tax work within the business. This is equivalent to one per cent of all Small Businesses that were required to join MTD for VAT periods from April 2019.

Of Small Businesses that were required to join MTD for VAT periods from April 2019, the number that were already using software increased since 2017 (62% in 2018, up from 52% in 2017), as did the proportion that planned to use software to meet tax/HMRC requirements in the next twelve months (14% in 2018, up from 4% in 2017).

Chart 4.38 Plans to use commercial software - Small Businesses²⁸



4.6.4 Who to go to for advice or support with digital record keeping

Small Businesses were asked who, if anyone, they would go to for advice and support in relation to digital record keeping and quarterly updating.

All Small Businesses

Among all Small Businesses surveyed, an accountant or agent was the most common response (72%) followed by the HMRC website (10%). There were no significant changes in responses since 2017.

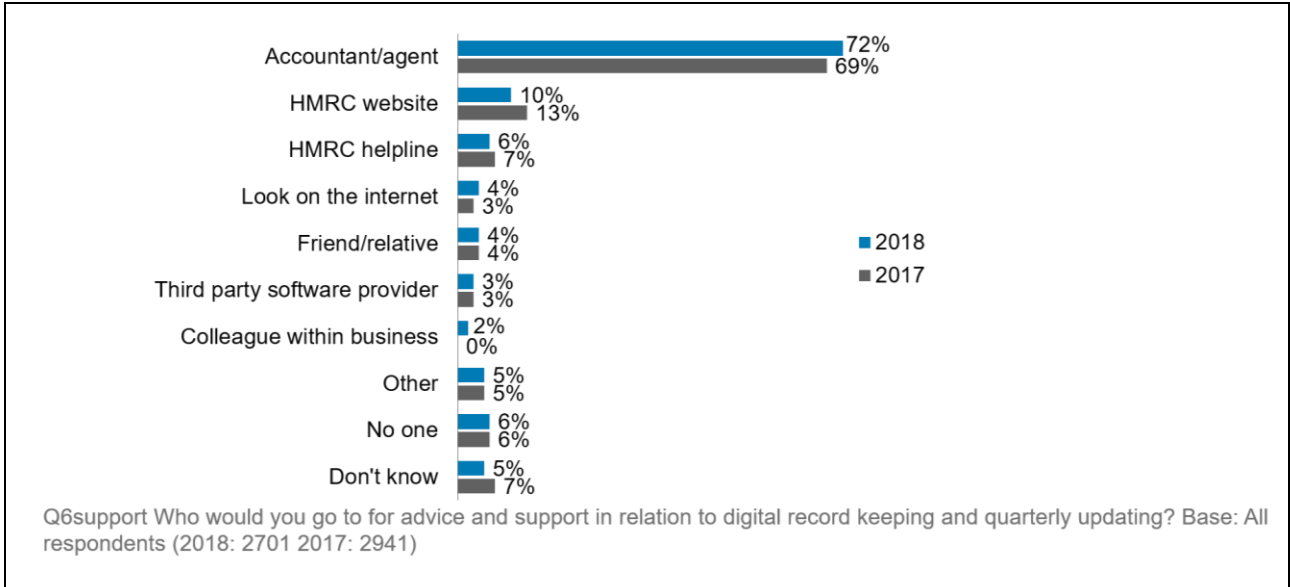
Small Businesses that did all tax work within the business were more likely to say they would not go to anyone for advice or support (13%) compared with Small Businesses that outsourced some work (4%) and those that outsourced all work (2%).

Small Businesses required to join MTD for VAT periods

Small Businesses that were required to join MTD for VAT periods from April 2019 were more likely to say they would go to an accountant or agent (81%) compared with 67% of Small Businesses that were not required to join MTD for VAT periods.

²⁸ The figures for 'All Small Businesses' in chart 4.38 include responses for businesses both above and below the VAT threshold.

Chart 4.39 Who Small Businesses would go to for support with digital record keeping – All Small Businesses



5. Agents

5.1 Chapter Summary

Over half of Agents (52%) had a positive overall experience of dealing with HMRC. This is an increase since 2015 (40%).

There was an increase in the ratings of the dedicated Agents telephone helpline (65% in 2018, up from 57% in 2015) and other telephone helplines (32% in 2018, up from 17% in 2015). Ratings of online services remained stable.

There was an increase in positive ratings for most dimensions of customer experience since 2015. Getting tax transactions right was the most important dimension of customer experience in relation to overall experience in 2018.

Over four in ten (43%) were confident in the way HMRC were doing their job (up from 36% in 2015). Six in ten (59%) held a favourable opinion of HMRC (up from 48% in 2015).

Over six in ten (65%) thought tax avoidance is never acceptable. Over nine in ten (94%) thought tax evasion is never acceptable. There was a decrease in Agents who thought tax evasion was widespread (43% in 2018, down from 47% in 2015).

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 services provided to clients 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.

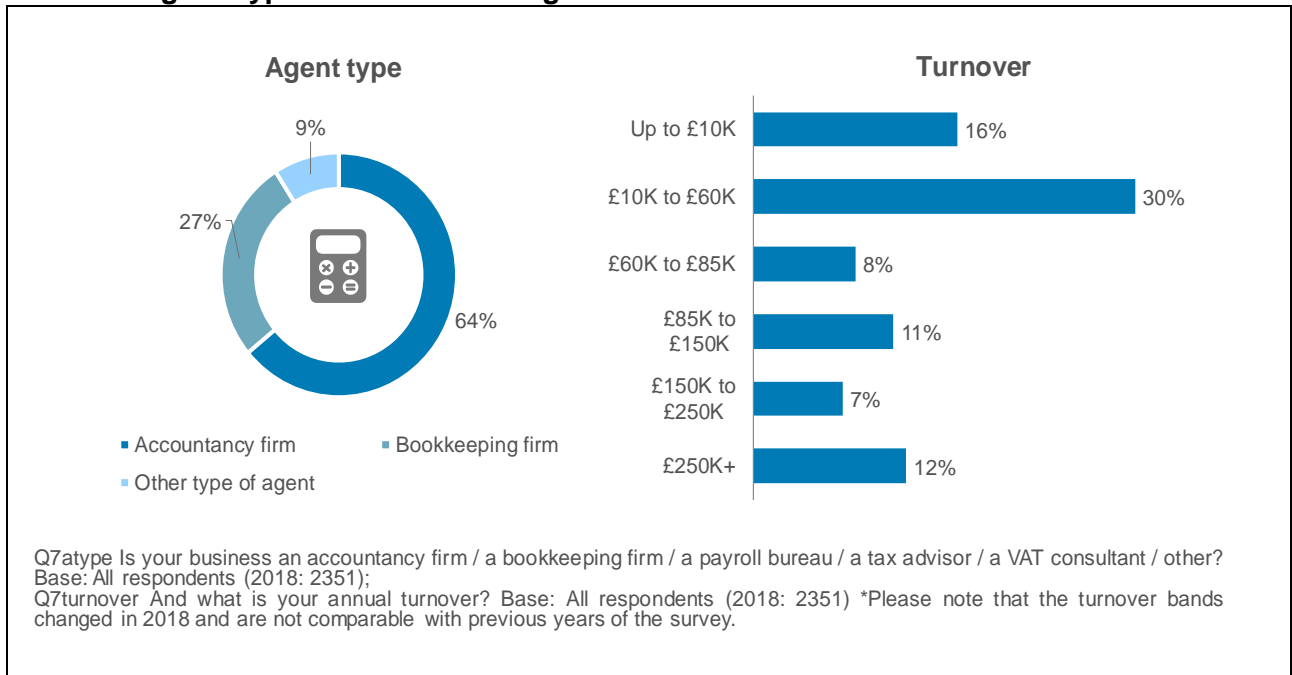
5.2.1 Business characteristics

Business characteristics remained broadly similar to previous years.

Two-thirds of Agents (64%) classified their business as an accountancy firm, with a quarter (27%) reporting that they were a bookkeeping firm and nine per cent identifying as another kind of Agent. Around half of all Agents (54%) had a turnover under £85,000²⁹ (Chart 5.1).

²⁹ The turnover bands changed in 2018 and are not comparable with previous years of the survey.

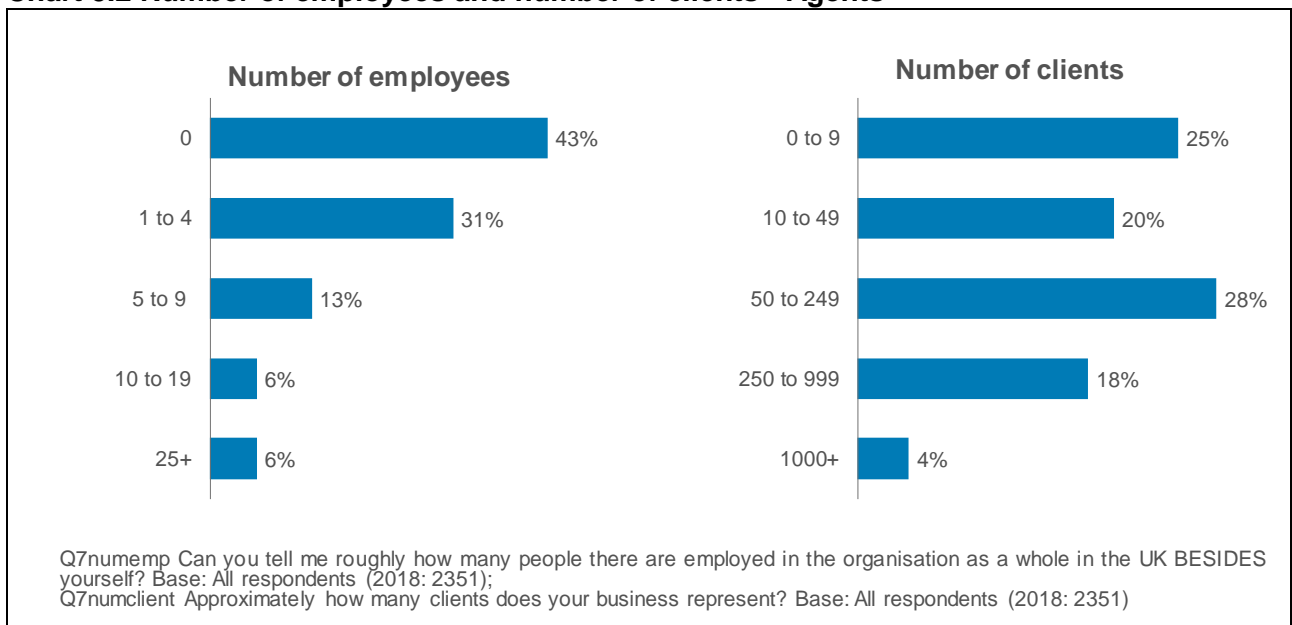
Chart 5.1 Agent Type and Turnover - Agents



The majority of Agents had few employees (Chart 5.2): about four in ten (43%) had zero employees, about a third (31%) had one to four employees and 13% had between five and nine employees. One in ten (11%) Agents said that they had 10 or more employees.

Agents were asked approximately how many clients their business represented (Chart 5.2). Around half (45%) had fewer than 50 clients.

Chart 5.2 Number of employees and number of clients - Agents



Firm size (number of employees and number of clients) was linked to Agent type. Three-quarters of bookkeeping firms (78%) had zero employees and nine in ten (91%) fewer than 50 clients, while seven in ten accountancy firms had one or more employees (68%) or 50 or more clients (68%).

Most Agents had been operating for a number of years. Almost seven in ten (68%) Agents had been operating for over ten years, while two in ten (18%) had been operating for between five and ten years. Only two per cent of Agents had been established for less than two years.

Half of Agents (52%) felt that HMRC made it easy for them to act on behalf of their clients – an increase from 45% in 2015 – with around two in ten responding negatively (18%) and three in ten (30%) neutrally.

5.2.2 Membership of professional organisations

Two-thirds (67%) of Agents reported that they were part of a professional body (no change from 2017)³⁰. Professional membership was more likely among Agents with five or more employees (83%) than those with zero employees (50%). There was also a strong association between a higher number of clients and professional membership. Agents with 50 or more clients were more likely to be members of a professional body (83%) than those with 10 to 49 clients (60%). Agents with less than 10 clients were least likely to be members of a professional body (35%).

In addition, accountancy firm Agents were more likely to be professional members (81%) than bookkeeping firm Agents (36%). In general, and as noted throughout the remainder of this chapter, 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.

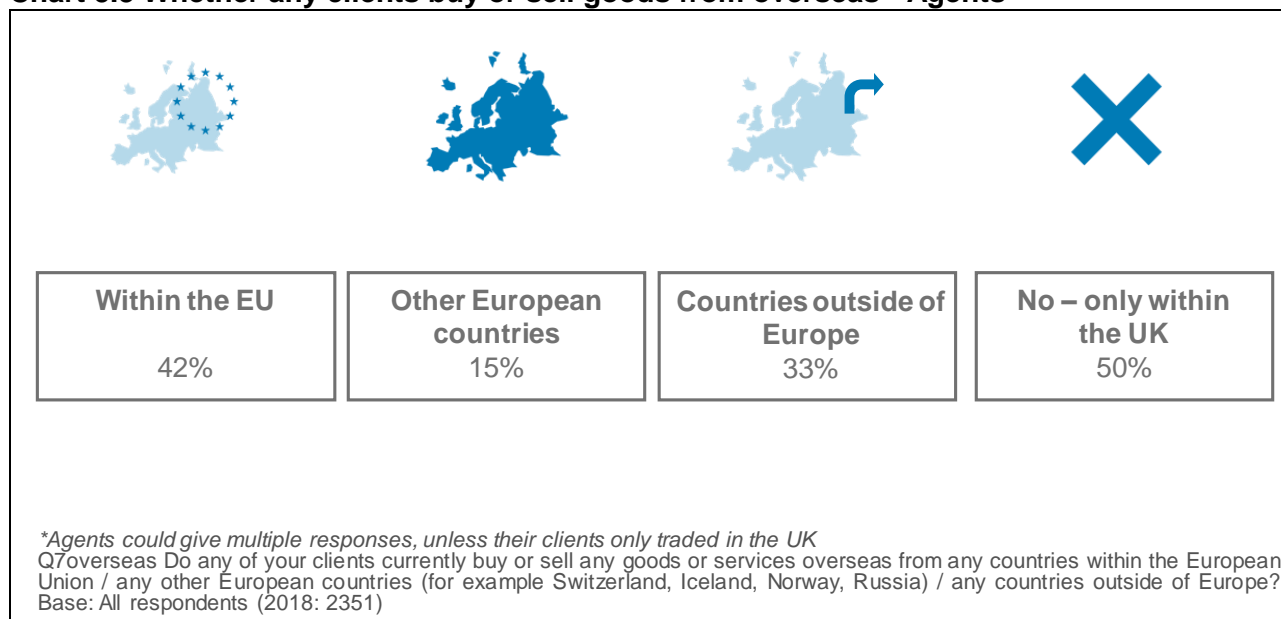
5.2.3 Representation of clients who buy or sell goods from overseas

In 2018, for the first time, Agents were asked whether any of their clients bought or sold goods or services from overseas (Chart 5.3). Around half (46%) had clients that traded overseas, mainly clients who traded within the EU (42%), but also countries outside of Europe (33%), and other non-EU European countries (15%).

Amongst Agents with clients who traded within the EU (42% overall), 11% of Agents represented clients that traded only within the EU while 31% represented clients who traded both within and outside the EU.

³⁰ This question was not asked in 2015 or 2016.

Chart 5.3 Whether any clients buy or sell goods from overseas - Agents



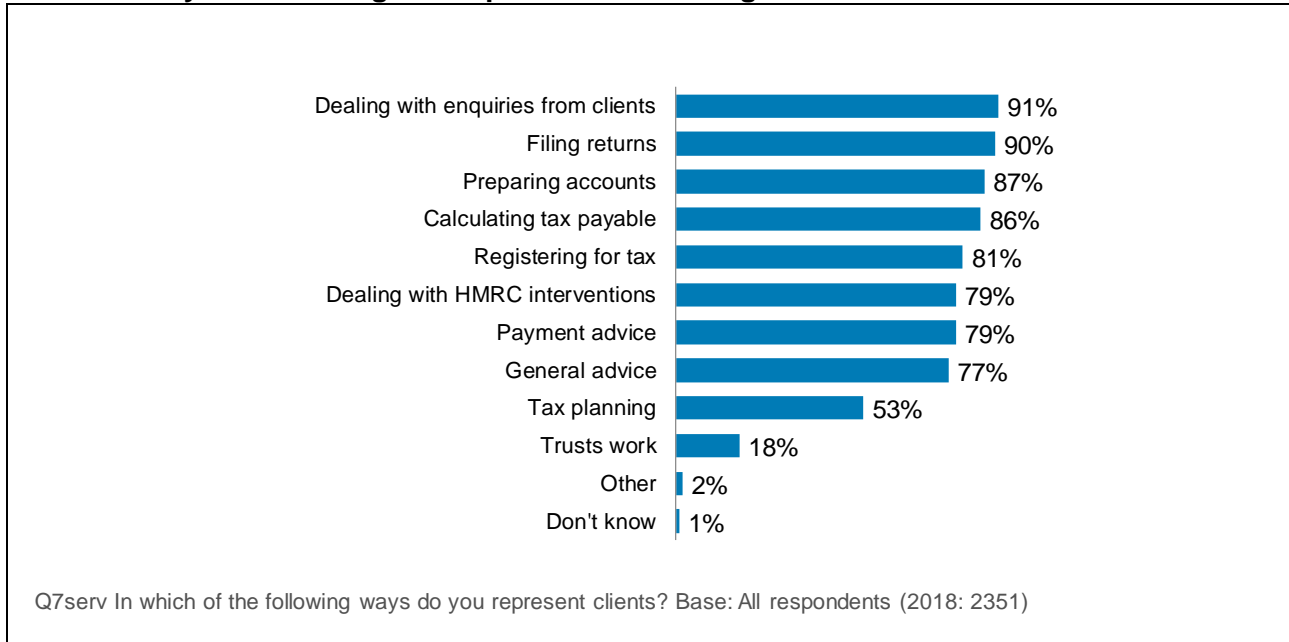
The likelihood of Agents working with clients that traded overseas was associated with size of Agent and membership of a professional body. A third (33%) of Agents with zero employees had clients trading overseas, compared with 70% of Agents with 20+ employees, and 53% of Agents who were members of professional organisations, compared with 33% of non-members.

5.2.4 Services provided by Agents

Agents were asked about the main ways in which they represented clients in relation to their tax affairs.

Most agents provided a range of services for clients (Chart 5.4) including dealing with enquiries (91%), filing returns (90%), preparing accounts (87%) and calculating tax payable (86%). Tax planning (53%) and Trust work (18%) were the least commonly provided services. However, this type of work was more common among larger Agents. Among Agents with at least 250 clients, 83% did tax planning and 38% did trust work; among Agents with fewer than ten clients, 14% did tax planning and three per cent did trust work.

Chart 5.4 Ways in which Agents represent clients - Agents



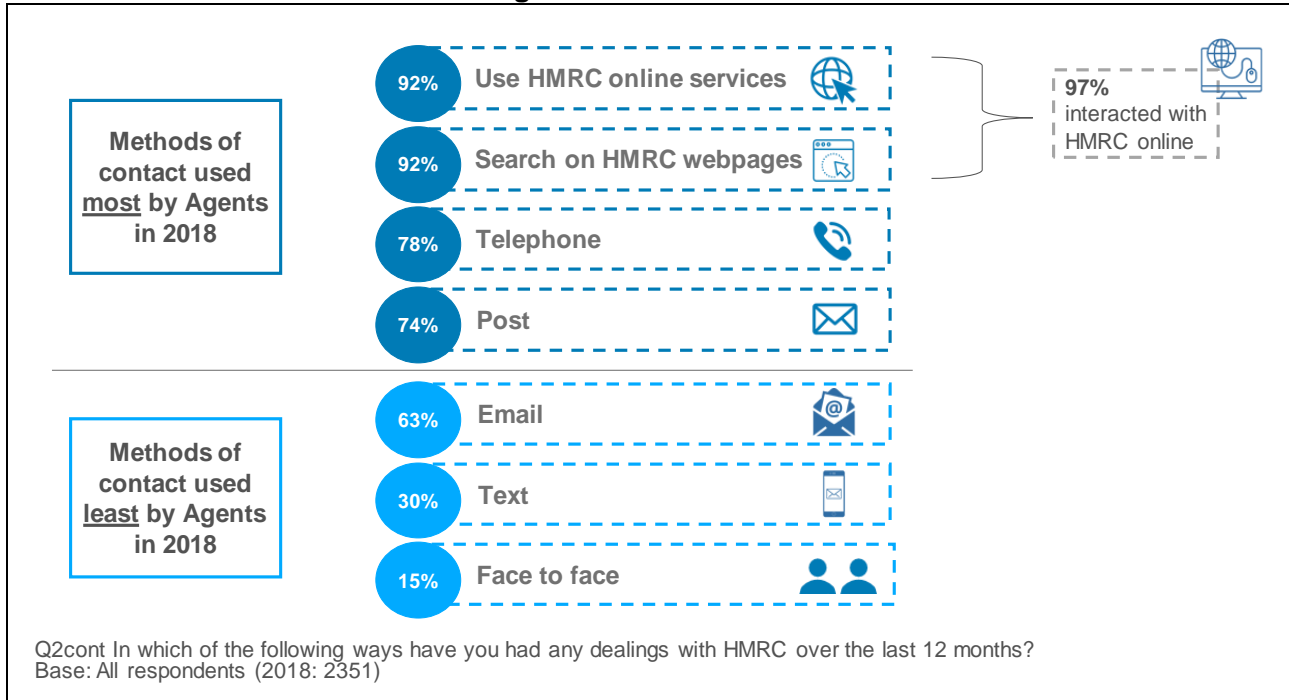
5.2.5 Channels used to interact with HMRC

Agents were asked about the ways in which they had interacted with HMRC in the previous 12 months. An interaction was defined as making contact with, or receiving 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 (Chart 5.5).

Online channels were still the most popular, with almost all (97%) Agents having some form of online contact with HMRC in the previous 12 months. Online interaction included searching for information on HMRC’s webpages (92%) and using HMRC online services (also 92%). Those not using online channels were typically Agents with either zero employees, self-employed with no business partners, those who had fewer than 50 clients or those who dealt with HMRC by post or telephone.

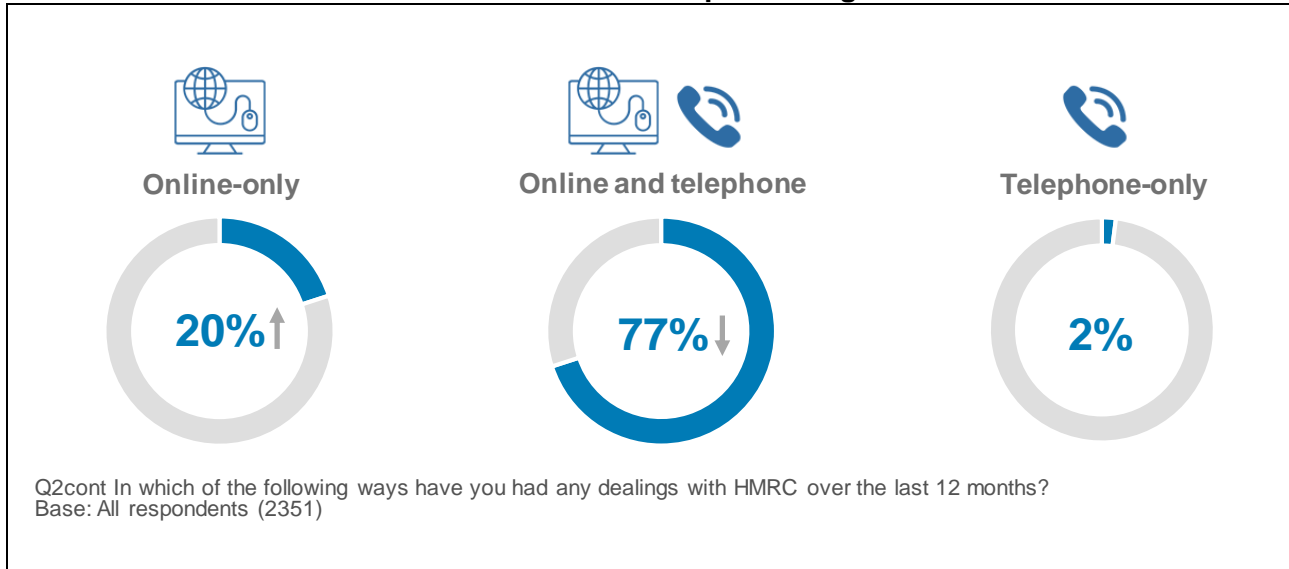
Alongside online contact, eight in ten (78%) had telephone contact, three in four had postal contact (74%), three in ten (30%) had text contact, while only 15% had face-to-face contact.

Chart 5.5 Contact Channels used - Agents



The proportion of Agents who only interacted with HMRC online increased from 15% in 2017 to 20% in 2018 (Chart 5.6). The proportion of Agents who used both online and telephone contact decreased from 82% in 2017 to 77% in 2018. Only two per cent of Agents only used the telephone in their interactions with HMRC (no change since 2017).

Chart 5.6 Contact Channels used – online and telephone - 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, makes it easy to deal with tax issues on behalf of their clients, whether services are personalised, and whether online services are joined up.

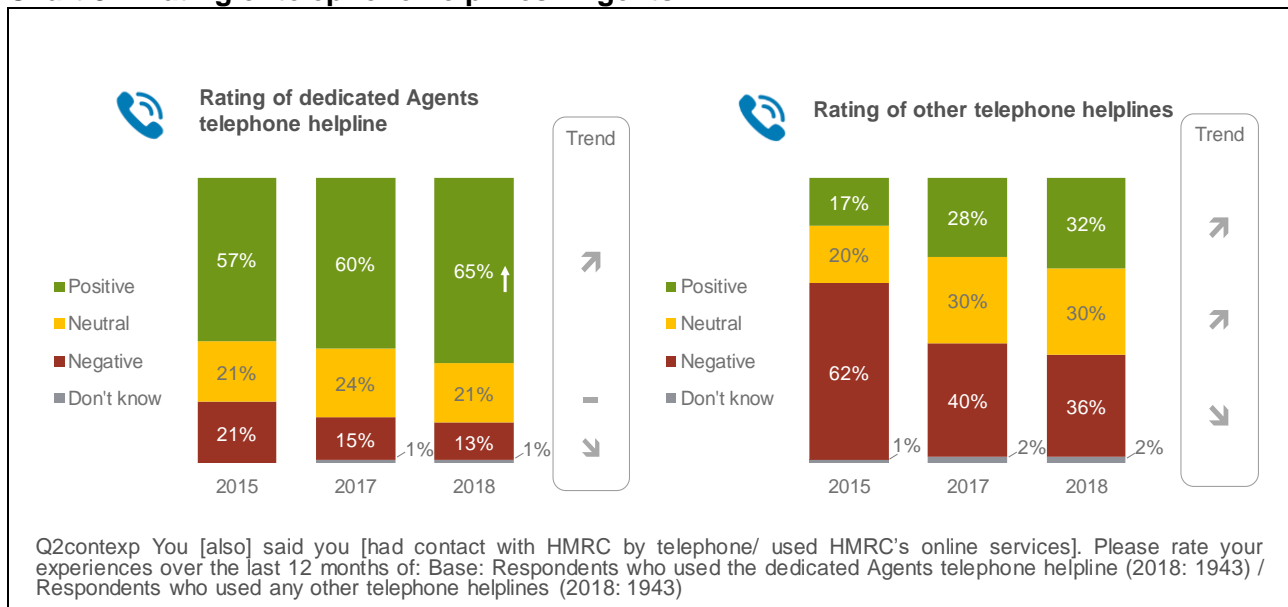
5.3.1 Telephone, online services and webpages

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

Two-thirds (65%) gave the dedicated Agents telephone helpline a positive rating, increasing over time from 57% in 2015 and 60% in 2017. There was a corresponding fall in negative ratings (13%, down from 21% in 2015).

Although Agents continued to be far less positive about other HMRC helplines than the dedicated helpline, there was an increase in positive ratings (32%, up from 17% in 2015). There was also a corresponding decrease in negative ratings (36% in 2018, down from 62% in 2015).

Chart 5.7 Rating of telephone helplines - Agents

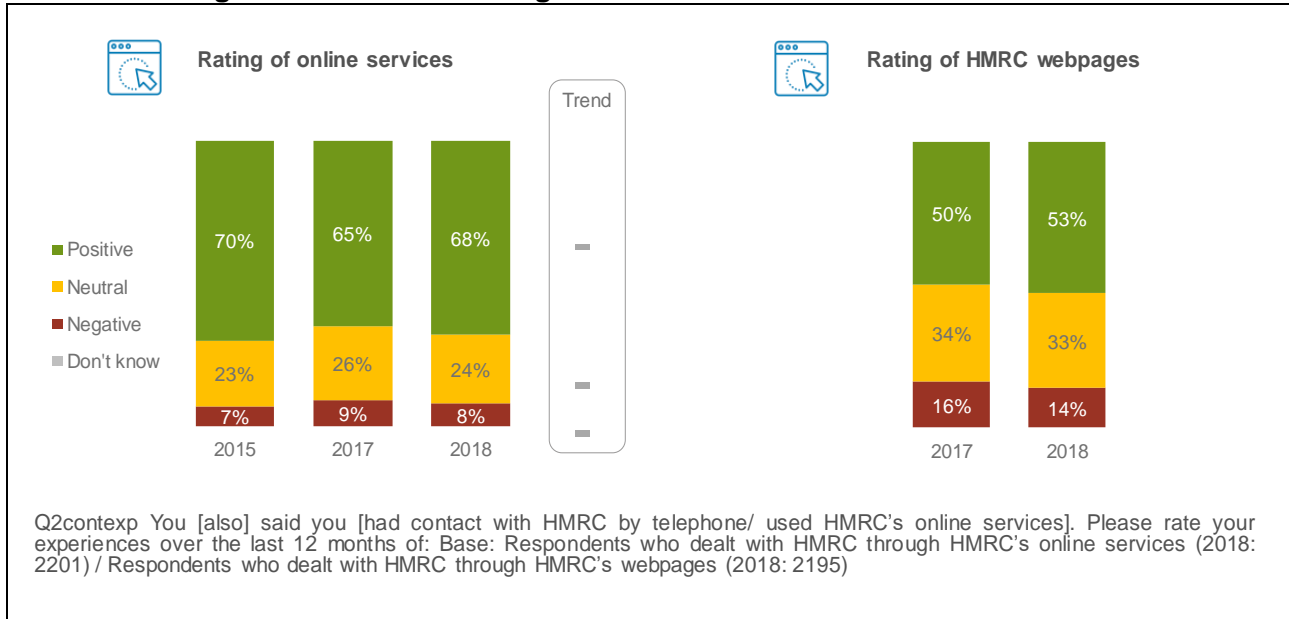


Accountancy firms (67%) were also more positive about the dedicated Agents helpline than bookkeepers (56%). However, the reverse finding was true for other telephone helplines, with bookkeepers rating these more positively. Almost half (45%) of bookkeepers rated these services positively compared with 29% of accountancy firms.

Smaller Agents were also more positive about other HMRC telephone helplines: 48% of Agents with fewer than ten clients gave a positive rating compared with one in four (24%) Agents with 250+ clients.

Two-thirds of Agents (68%) gave a positive rating of HMRC online services and half (53%) were positive about HMRC's webpages. These figures remain unchanged since 2017 (Chart 5.8).

Chart 5.8 Rating of online services - Agents



Ratings for online services and HMRC webpages were higher among certain groups:

- Agents using online-only channels were more positive about online services (79% compared with 65% of Agents using both online and telephone channels to interact with HMRC) and HMRC webpages (62% compared with 51% of Agents that used both online and telephone channels).
- Bookkeeping firms were more positive about online services (78% compared with 65% of accountancy firms) and HMRC webpages (58% compared with 50% of accountancy firms).
- Three-quarters of Agents with zero employees were positive about online services (76% compared with 59% of Agents with 20+ employees) while Agents with fewer than 10 clients were positive about HMRC webpages (61% declining to 49% of Agents with at least 250 clients).
- Agents that were not members of a professional association were more positive about online services (76%) than Agents who were members (64%).

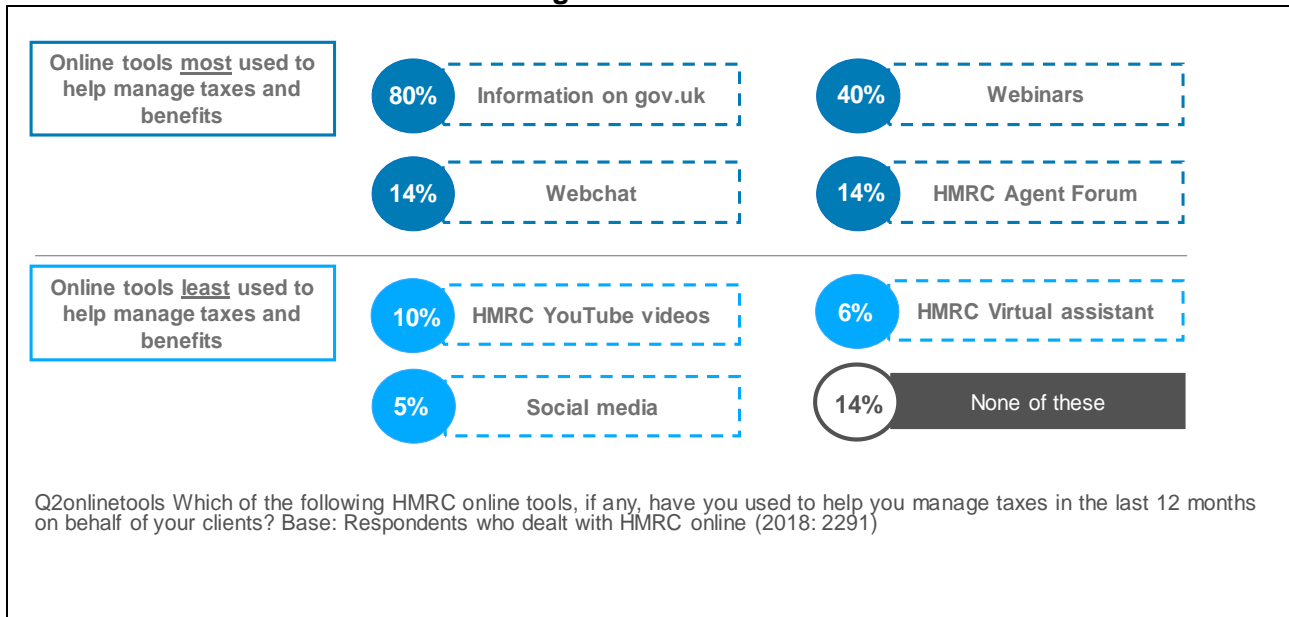
5.3.2 HMRC online tools

In 2018, for the first time, Agents were asked about their use and experience of a range of online tools to help manage taxes provided by HMRC (Chart 5.9).

Most Agents (86%) had used at least one online tool. Smaller Agents with zero employees (80%) were less likely than larger Agents with 10+ employees (92%) to use online tools.

The most common online tools used by Agents were viewing information on gov.uk (80%), using webinars (40%), webchat (14%) and the HMRC Agent forum (14%). Youtube videos (10%), HMRC Virtual Assistant (6%) and social media such as HMRC's Twitter or Facebook page (5%) were less commonly used by Agents.

Chart 5.9 Use of HMRC online tools – Agents

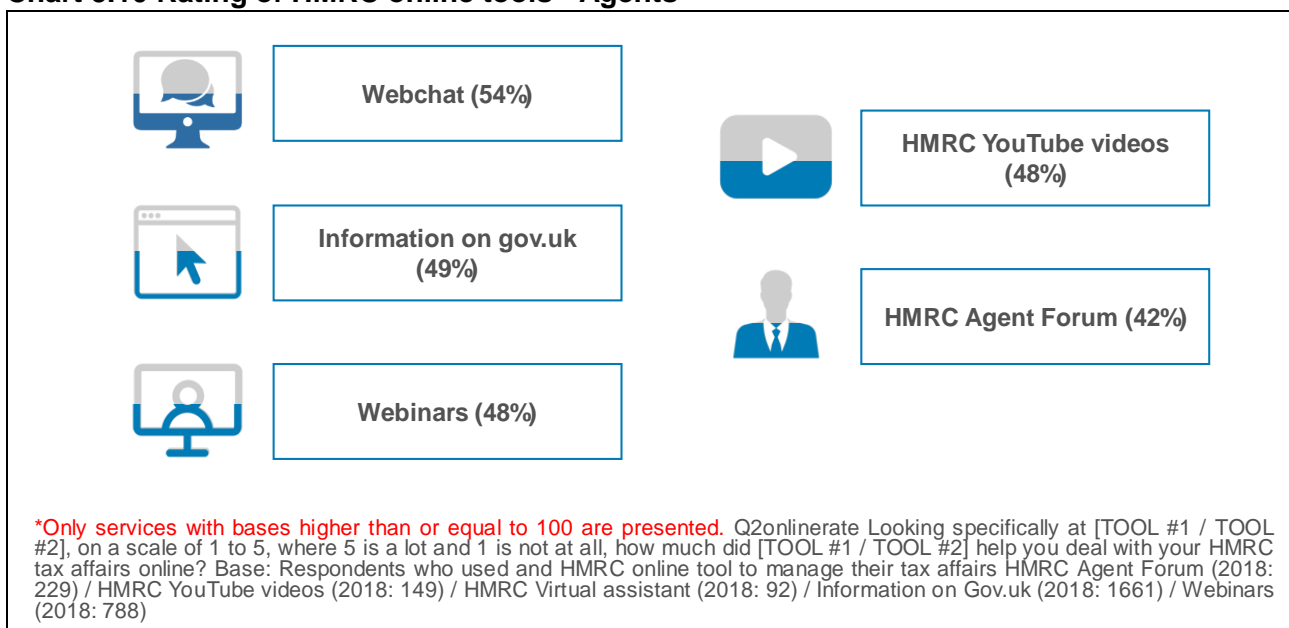


For each tool used, Agents were asked to give a rating in terms of how much it helped them to deal with their tax affairs online (Chart 5.10).

Around half gave a positive rating to: webchat (54%); gov.uk (49%); webinars (48%); and youtube videos (48%).

Agents with fewer than ten clients were most likely to give a positive rating for webinars (65%, declining to 38% of Agents with at least 250 clients) and information on gov.uk (59%, declining to 42%). Smaller Agents, in terms of number of employees, were also more positive about webinars (55% of Agents with zero employees compared with 39% of those with 10+ employees).

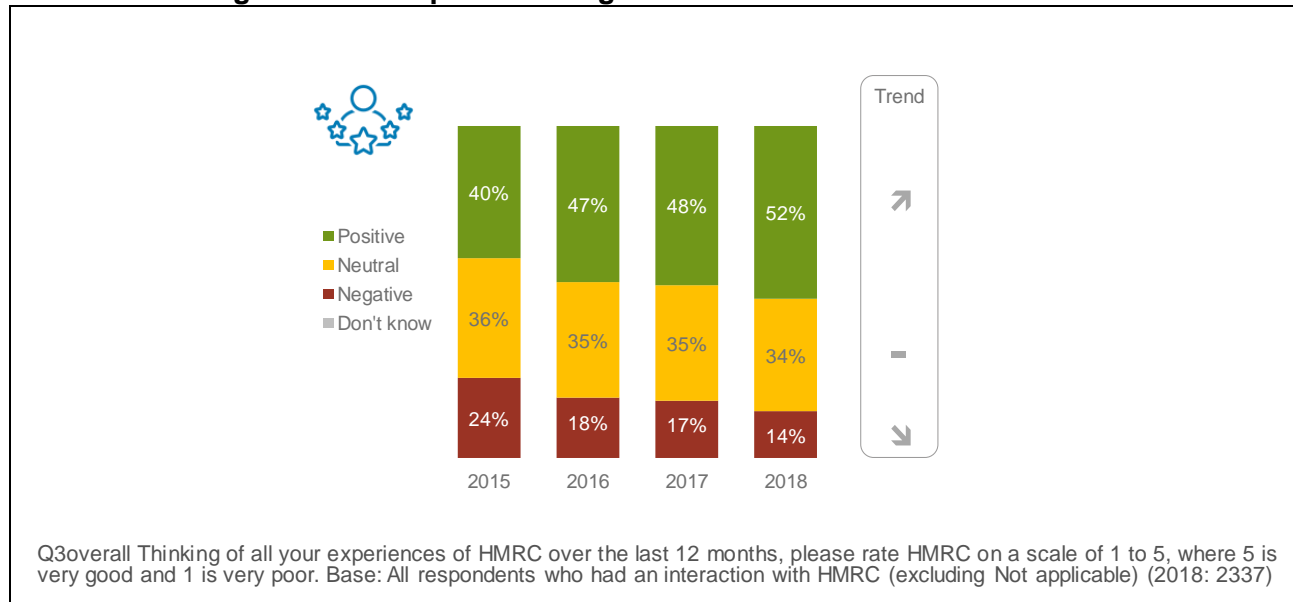
Chart 5.10 Rating of HMRC online tools - Agents



5.3.3 Overall rating of customer experience

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 5.11). Agents were more likely to report having had a positive overall experience of dealing with HMRC over the previous 12 months compared with 2015 (52%, up from 40% in 2015). They were correspondingly less likely to report a negative overall experience (14%, down from 24% in 2015).

Chart 5.11 Rating of overall experience - Agents



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

- Agents that used online-only contact channels to interact with HMRC were more likely to have had a positive overall experience (77%) than those that had interacted with HMRC both online and on the telephone (44%).
- Six in ten (63%) smaller Agents with zero employees were positive, whereas about a third (37%) of larger Agents with 10 or more employees had a positive experience.

74% of smaller Agents with fewer than ten clients gave a positive rating, compared with 36% of larger Agents with at least 250 clients.

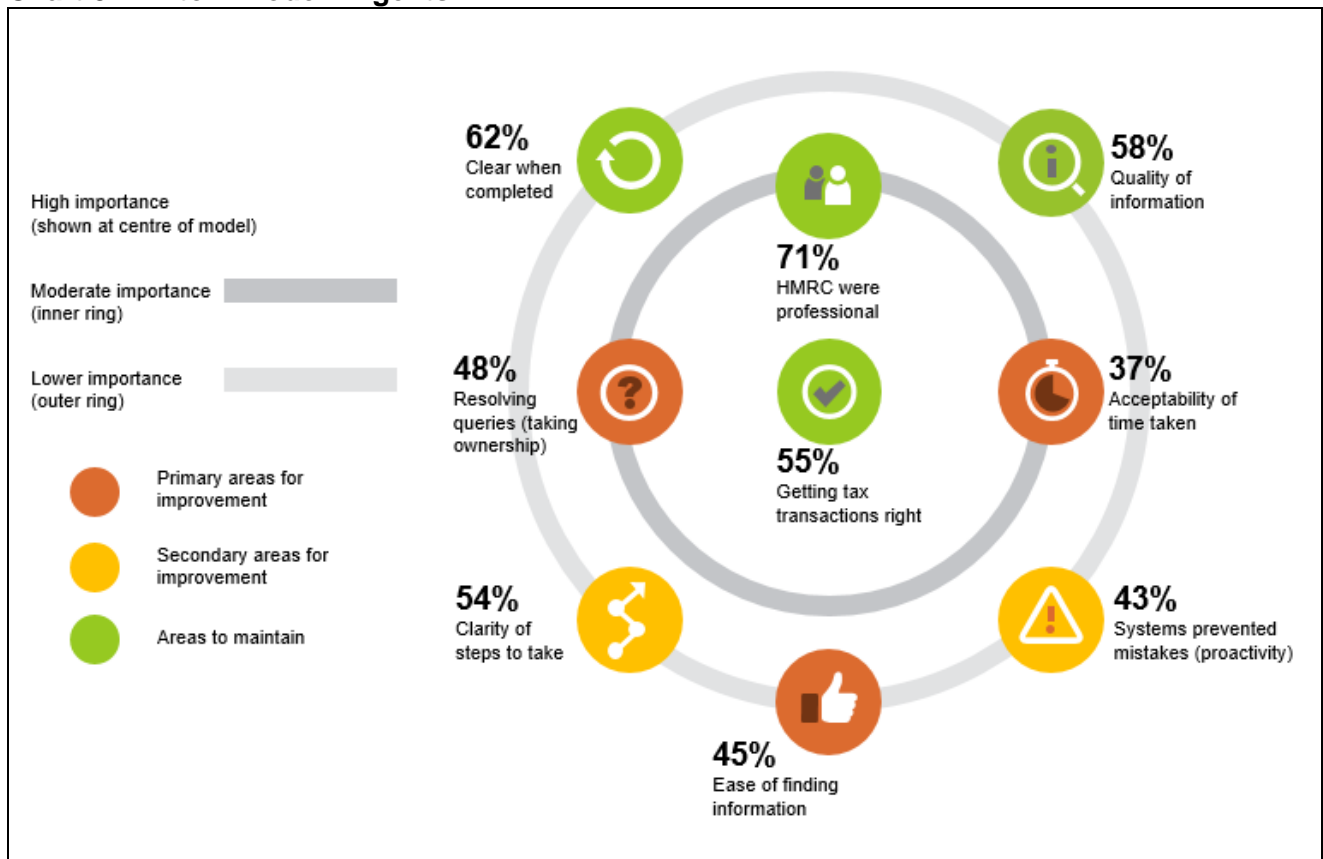
5.3.4 Atom Model of Customer Experience

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 2018 survey results which examined the dimensions of customer experience which had greatest impact on the overall rating of customer experience (Chart 5.12).

Chart 5.12 Atom Model - Agents



HMRC getting tax transactions right was at the heart of the Agents Atom Model. This was the dimension with the strongest relationship with the overall rating of experience, making this the most important dimension driving overall experience in 2018, as it was in 2017.

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

- How good or poor HMRC were at resolving queries or issues
- HMRC were professional
- Acceptability of time taken to reach the end result

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

- Ease of finding information needed on tax issues from HMRC
- HMRC had systems that were good at preventing customers from making mistakes
- Quality of information looked for or received from HMRC
- Clarity of steps needed to take
- Clarity of when everything was completed

By comparing the importance of each dimension in relation to overall experience with how well HMRC performed on each dimension, it is possible to identify the dimensions which are highest priority to address, in order to improve overall experience for customers. For more information see section 2.3.5.

In Chart 5.12 the colours signify the priority level:

- The dimensions in dark orange are the primary areas to address in order to have the biggest positive impact on overall customer experience.
- The dimensions in amber are the secondary areas to address to improve overall experience.
- The green dimensions are those where HMRC has performed comparatively well but should ensure that this level of performance is at least.

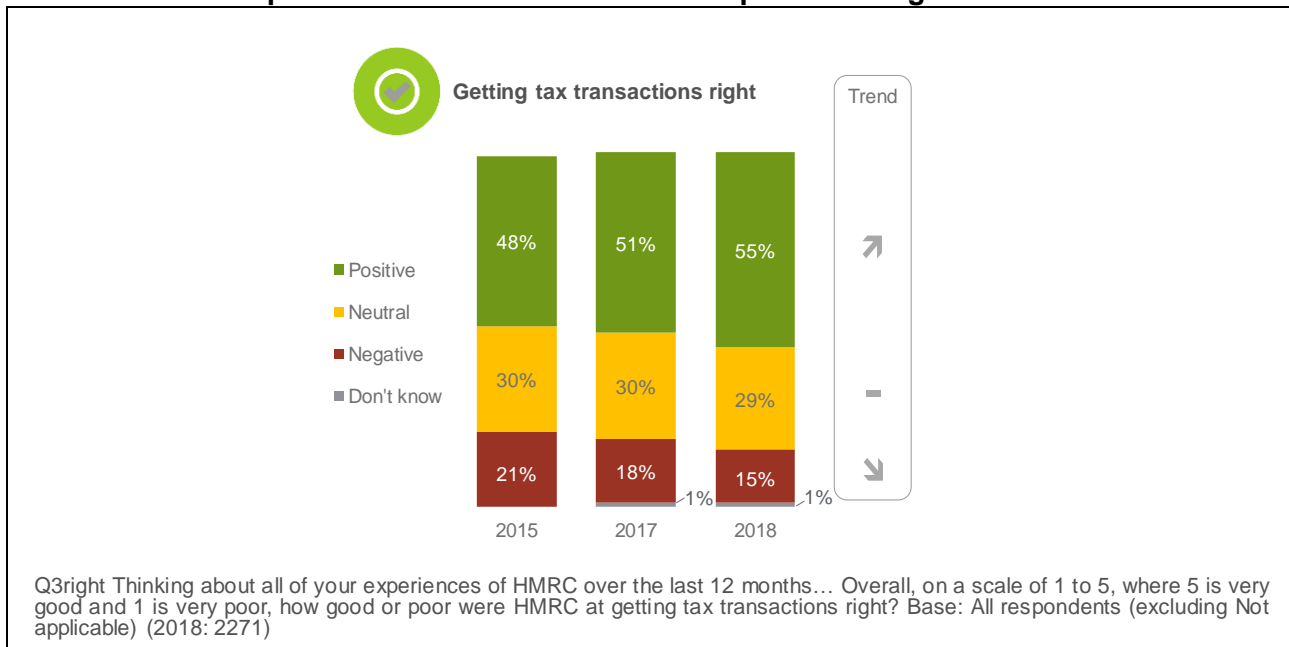
The remainder of this section discusses each of these areas of service in order of importance as determined by the Key Driver analysis (KDA).

Most important dimension

HMRC getting tax transactions right

Just over half (55%) of Agents were positive about HMRC getting tax transactions right, which represented an increase since 2015 (48%). Correspondingly, negative ratings decreased over this time period (15% in 2018, down from 21% in 2015) (Chart 5.13).

Chart 5.13 Most important dimension of customer experience - Agents



Eight in ten (80%) Agents that only used online channels were positive, an increase since 2015 (72%) and substantially higher than positive ratings for Agents using both online and telephone channels (48%).

The trends seen for Agent subgroups throughout the report are evident here too, with bookkeeping firms (69%), those that were not members of a professional body (67%), Agents with zero employees (64%), and Agents with fewer than 10 clients (76%) being more positive than their counterpart groups (accountancy firms 50%, professional body members 49%, Agents with 20+ employees 35%, Agents with 250+ clients 38%).

Moderately important dimensions

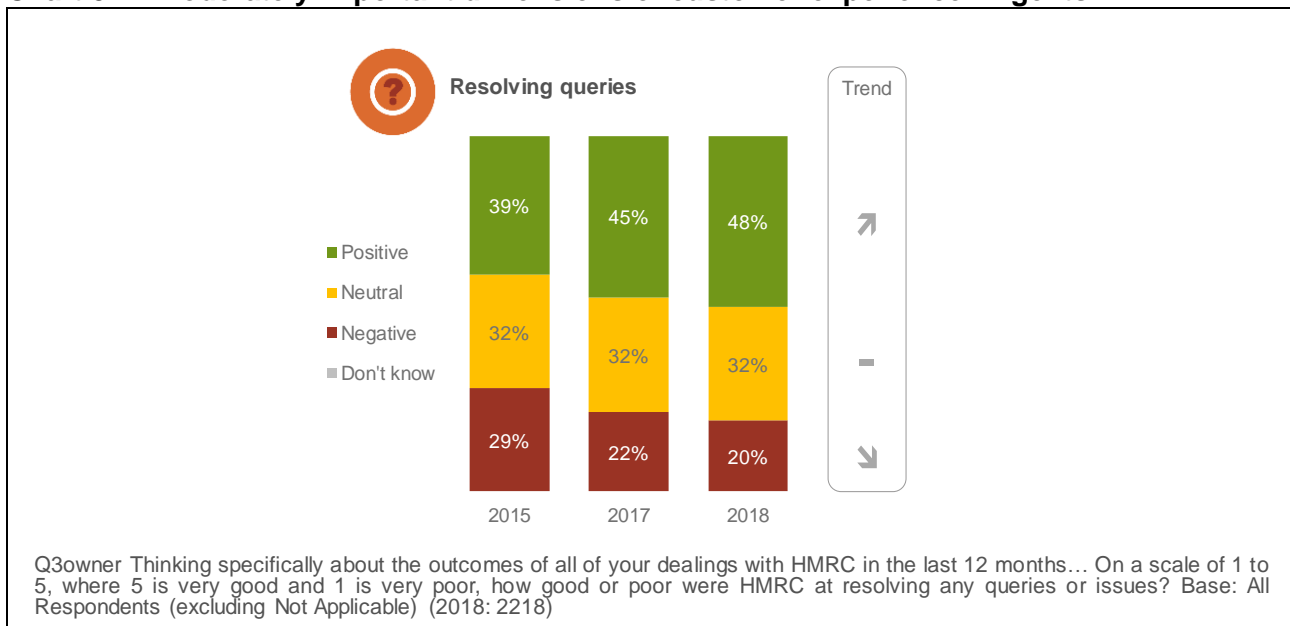
This section considers the inner ring of the Atom Model for Agents, those dimensions which were identified as moderately important to overall customer experience. These were: HMRC resolving queries; acceptability of time taken; and HMRC were professional (Charts 5.14, 5.15 and 5.16).

HMRC resolving queries and the acceptability of time taken 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 (48% in 2018, up from 39% in 2015) while negative ratings decreased to 20% (from 29% in 2015) (Chart 5.14).

Chart 5.14 Moderately important dimensions of customer experience - Agents



Bookkeeping agencies were more positive on this measure than accountancy firms (60% compared with 44%), while Agents that were not members of a professional body were more positive than members (59% compared with 43%).

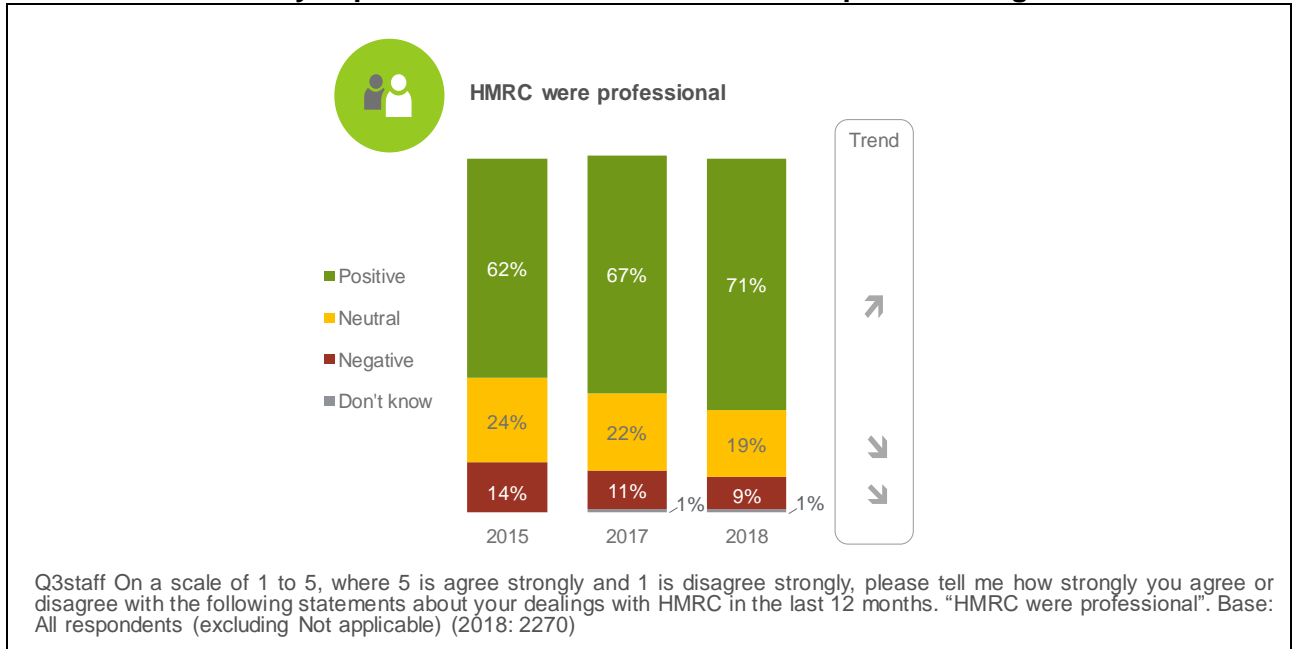
Agents using online-only channels (65%) were more positive than Agents using both online and telephone channels (44%).

However, increases in positive ratings were seen among Agents using both online and telephone channels (44% in 2018, up from 36% in 2015), and among accountancy firms (44% in 2018, up from 34% in 2015).

HMRC were professional

HMRC being professional was the most positively rated dimension by Agents in the Atom Model and ratings improved since 2015, with seven in ten Agents (71%) being positive (up from 62% in 2015) (Chart 5.15). This was driven by accountancy firms (67%, up from 58% in 2015).

Chart 5.15 Moderately important dimensions of customer experience - Agents

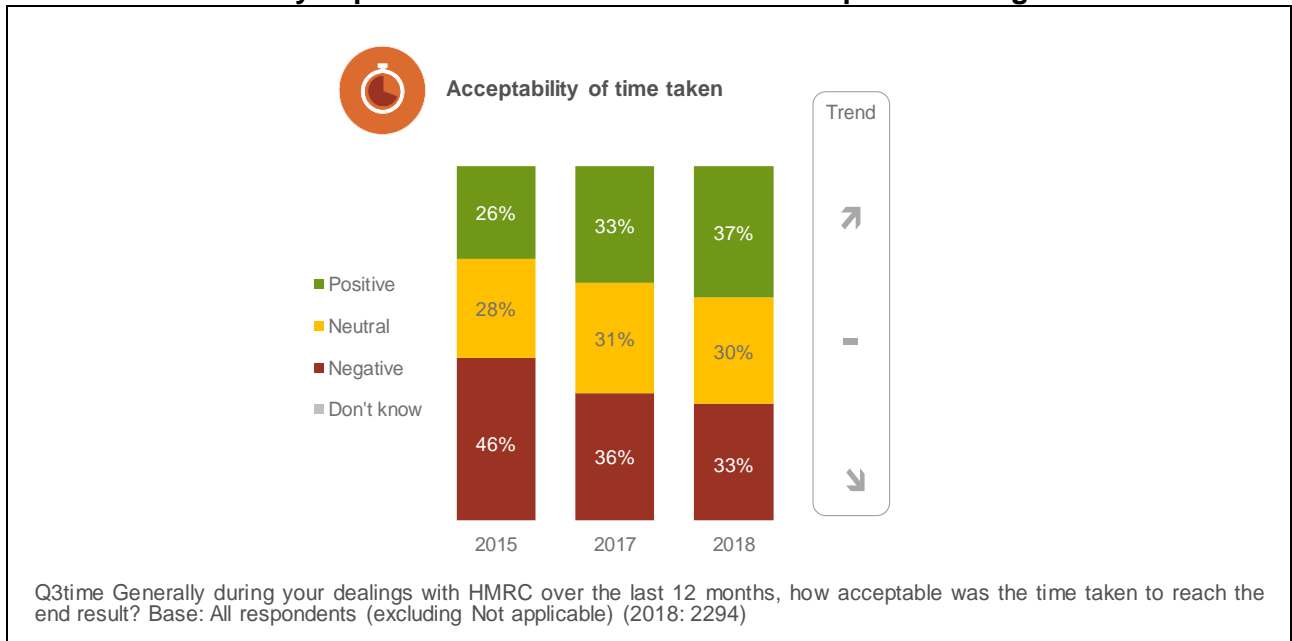


Agents using online-only channels were again more positive on this measure than Agents using both online and telephone channels (86% compared with 67%).

Acceptability of time taken

In common with 2017, 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 over one-third (37%) of Agents (up from 26% in 2015) while negative ratings decreased to 33% (down from 46% in 2015) (Chart 5.16).

Chart 5.16 Moderately important dimensions of customer experience - Agents



Agents that had used online-only channels were twice as positive on this measure than Agents that used both online and telephone channels (63% compared with 30%), while Agents with fewer than ten clients were three times more likely to be positive than Agents with at least 250 employees (61% compared with 21%). Bookkeeping firms were more positive (54%) than accountancy firms (30%) and other types of firm (34%), while non-members of professional organisations (47%) were more positive than members (32%).

Less important dimensions

This section considers the outer ring of the Atom Model; that is those dimensions which were less important to overall customer experience for Agents. These were: quality of information; ease of finding information; systems prevented mistakes; clarity of steps needed to take; and clear when everything was completed (Charts 5.17 to 5.19). Ease of finding information was identified as a primary area for improvement, and systems preventing mistakes and clarity of steps needed to take as secondary areas for improvement.

Ease of finding information

There were improvements in perceptions of ease of finding information (Chart 5.17). Positive ratings increased to 45%, (from 35% in 2015), while negative ratings decreased to 19% (from 26% in 2015) (Chart 5.18).

Agents using online-only channels were less likely to give a negative rating (14%) than Agents that used both online and telephone (20%).

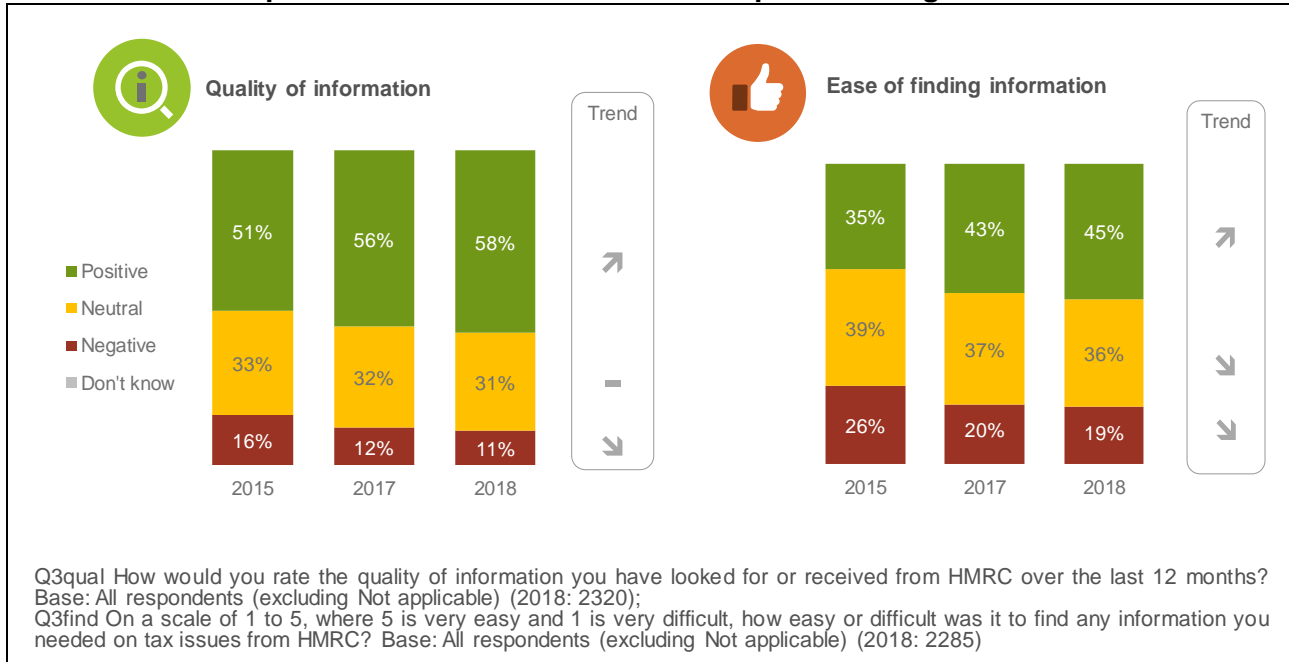
Quality of information

Six in ten Agents (58% in 2018, up from 51% in 2015) were positive about the quality of information in the previous 12 months, while negative ratings decreased to one in ten (11% in 2018, down from 16% in 2015) (Chart 5.17).

Agents using online-only channels were more positive (71%) than Agents that used both online and telephone (54%).

Ratings for quality of information were strongly associated with ratings for HMRC's webpages. Eight in ten (78%) Agents who rated HMRC's webpages positively were positive about quality of information, compared with only 19% who rated webpages negatively.

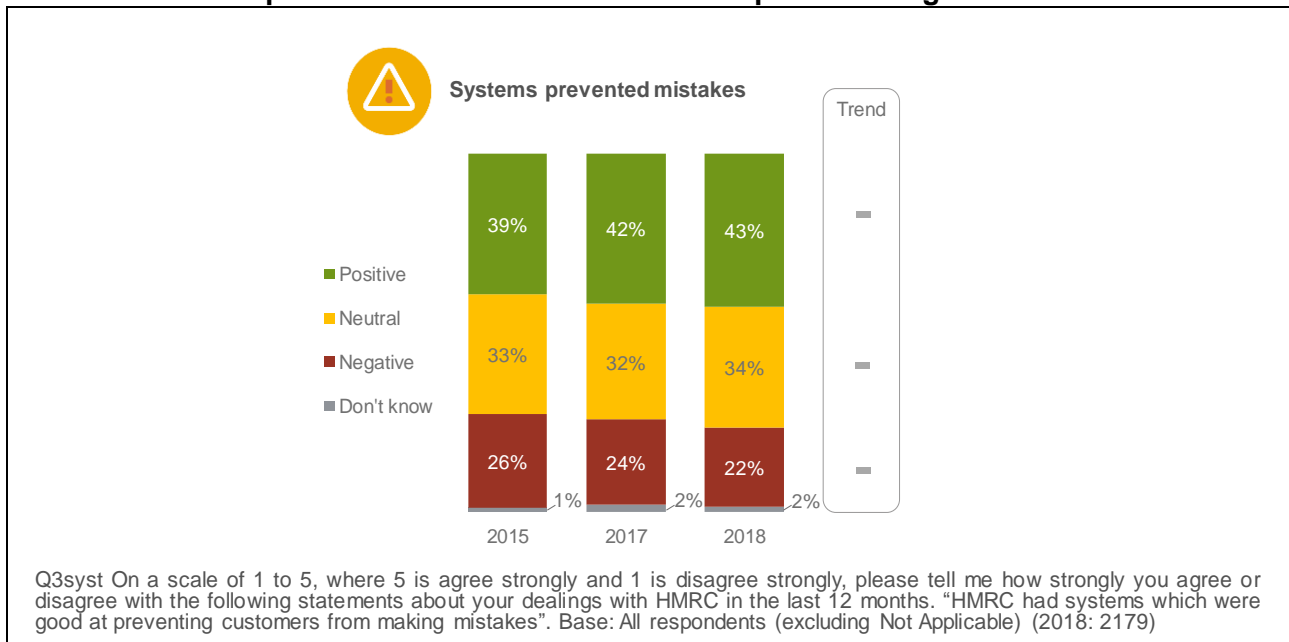
Chart 5.17 Less important dimensions of customer experience - Agents



Systems prevented mistakes

Four in ten Agents (43%) were positive about HMRC having systems that prevented mistakes and a fifth (22%) were negative (Chart 5.18). Ratings remain unchanged since 2015.

Chart 5.18 Less important dimensions of customer experience - Agents



Consistent with the general trend, bookkeepers were more positive than accountancy firms (56% compared with 37%) while non-members of professional organisations were more positive than members (55% compared with 37%).

Although there has been no change at an overall level, increases since 2015 were observed among Agents using online-only channels (66%, up from 57% in 2015) and Agents with fewer than 10 clients (62% in 2018, up from 57% in 2015).

Clarity of steps needed to take

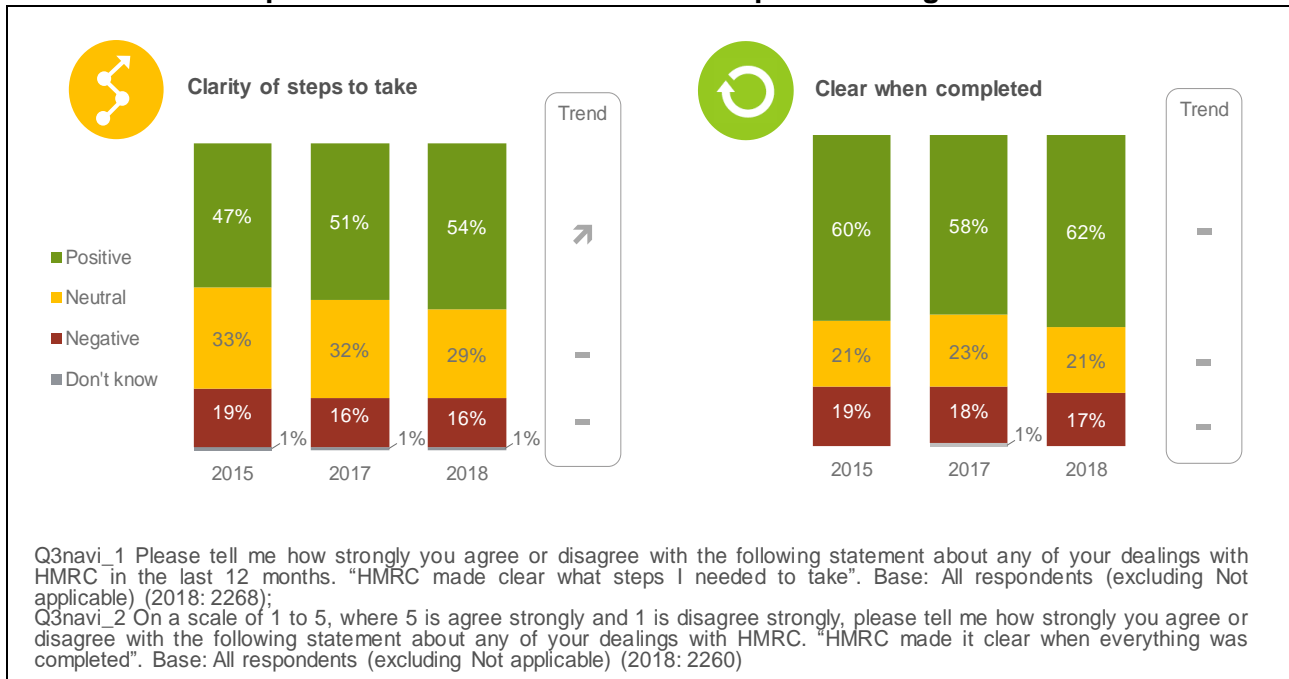
Half of Agents (54%, up from 47% in 2015) were positive about clarity of steps needed to take, while one in five (16%, no change since 2015) were negative (Chart 5.19).

Online-only Agents were more positive than Agents using both online and telephone channels (68% compared with 51%).

Clear when everything was completed

Six in ten Agents were positive about HMRC making it clear when everything was completed (62%). About one in six Agents (17%) were negative, while a fifth (21%) were neutral. There have been no changes in performance on this measures since 2015 (Chart 5.19).

Chart 5.19 Less important dimensions of customer experience - Agents



5.3.5 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; whether services were personalised to them and their clients; the ease of dealing with tax issues; and perception of online services being joined up. (Charts 5.20 and 5.21).

Ease of dealing with tax issues

Positive ratings for ease of dealing with tax issues (Chart 5.20) over the past 12 months remained at 52%, though this was an increase since 2015 (46%). Negative ratings remained at 18%, though this represented a fall since 2015 (22%).

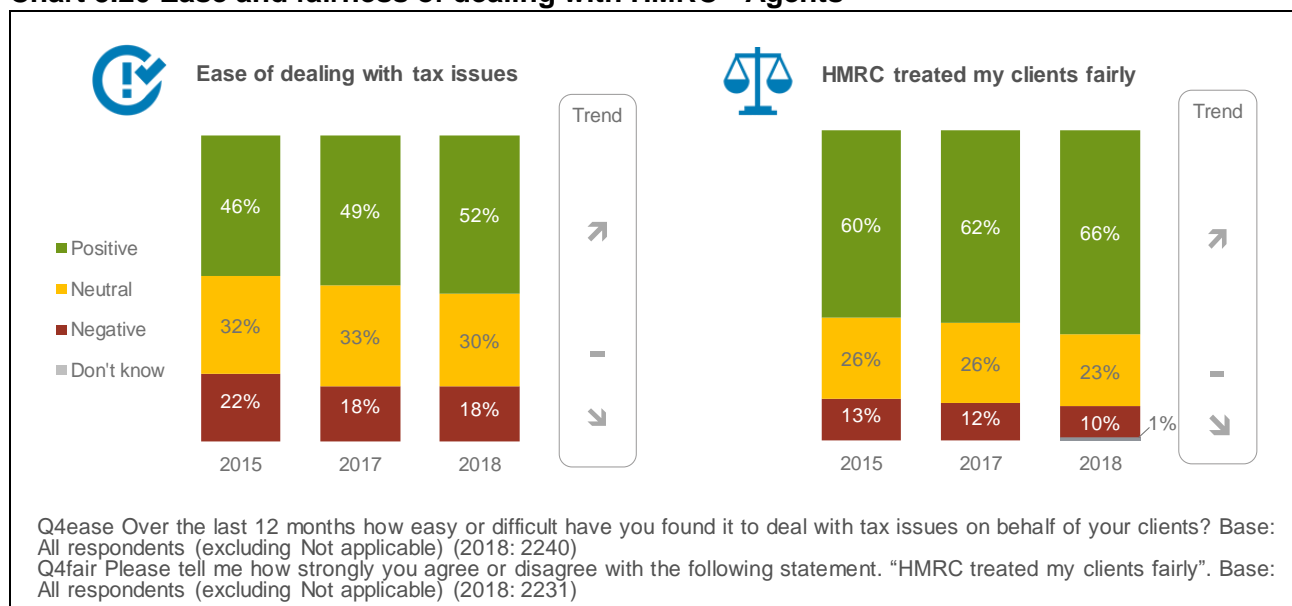
Agents that used online-only channels were more positive about the ease of dealing with tax issues than those that used both online and telephone (73% and 47% respectively). However, this represents an increase from 2015 (47% in 2018, up from 42% in 2015).

Fairness

Two-thirds (66%) of Agents agreed that HMRC treated their clients fairly, up from 60% in 2015 (Chart 5.21). Negative ratings for clients being treated fairly decreased slightly between 2015 (13%) and 2018 (10%).

Agents using online-only channels (83%) were more positive than Agents using both online and telephone channels (62%). There was an increase over time in ratings of fairness among Agents with 20 or more employees (63% in 2018, up from 40% in 2017).

Chart 5.20 Ease and fairness of dealing with HMRC - Agents



Personalisation of services

Ratings for services being personalised have increased (40% in 2018, up from 34% in 2015) (Chart 5.21).

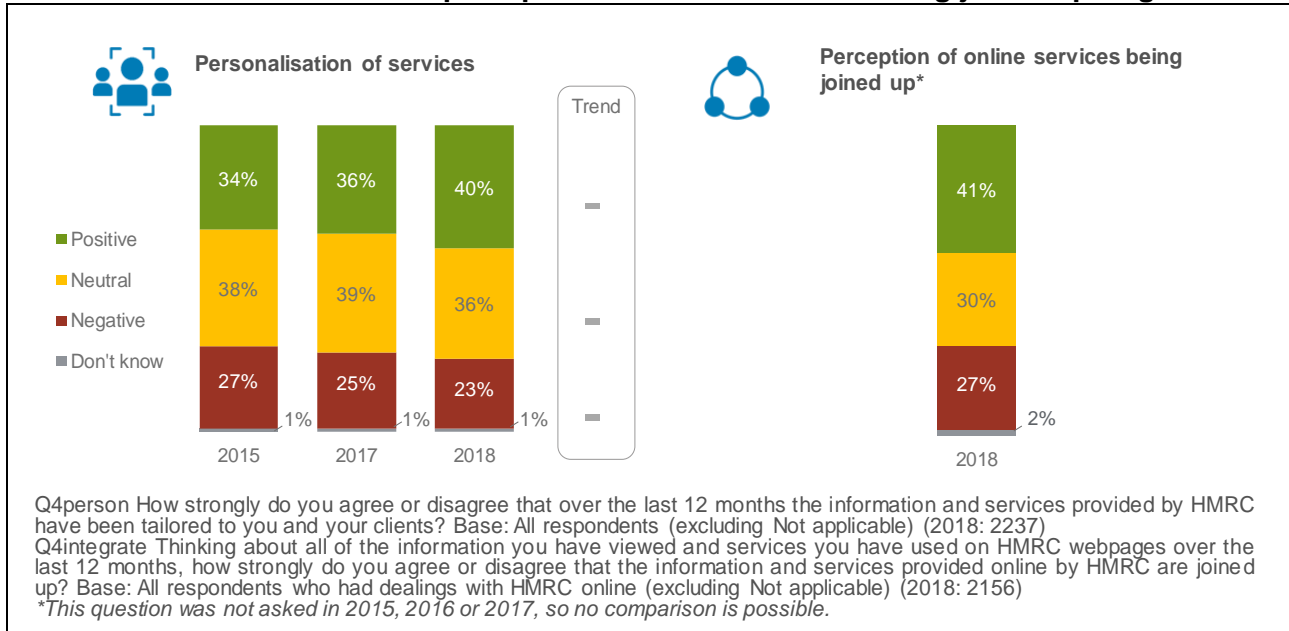
Agents that used online-only channels were more likely to be positive about personalisation (54%) than those using both online and telephone channels (36%).

The extent to which online services are joined up

In 2018, for the first time, Agents were asked about the extent to which they agreed or disagreed that information and services provided online by HMRC were joined up (Chart 5.21). Overall two in five (41%) gave a positive rating on this dimension, three in ten (30%) a neutral rating and one in four (27%) a negative rating.

Just over half (56%) of Agents using online-only channels gave a positive rating, compared with 38% of Agents using both online and telephone contact channels; half (52%) of bookkeepers gave a positive rating, compared with 37% of accountants; while six in ten (57%) Agents with fewer than ten clients gave a positive rating, compared with 36% of Agents with at least 250 clients.

Chart 5.21 Personalisation and perceptions of online services being joined up - Agents



5.4 Perceptions of HMRC’s Reputation

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

- 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: Whether would speak favourably or critically about HMRC to other people or organisations.

5.4.1 Efficiency, effectiveness and fairness

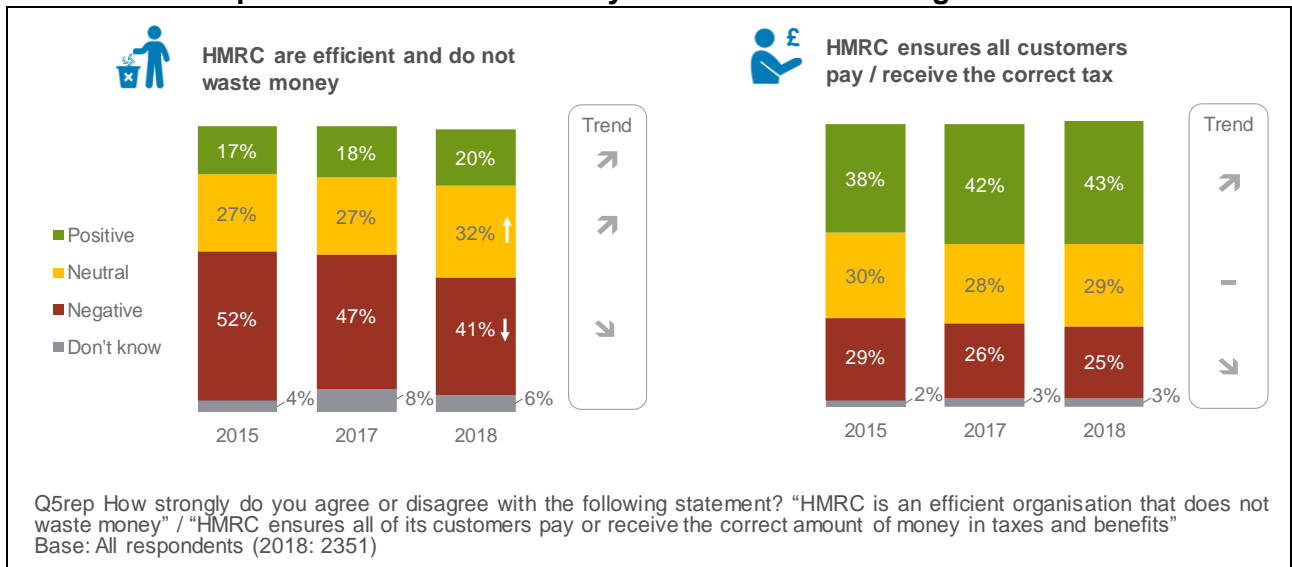
Positive ratings of HMRC’s efficiency have increased from the baseline in 2015 (20% in 2018, up from 17% in 2015). There was a decrease in negative ratings for this measure, with 41% of Agents giving a negative rating in 2018, compared with 52% in 2015.

Smaller Agents (0 to 9 clients) were more likely to give a positive rating (29%) than larger Agents (those with 250+ clients: 13%).

There was an increase in positive ratings effectiveness (43% in 2018, up from 38% in 2015). There was also a decrease in negative ratings for this measure, with 25% of Agents being negative about HMRC’s effectiveness in 2018, compared with 29% in 2015.

In 2018, members of professional organisations were more likely to be negative about HMRC’s effectiveness than non-members (29% and 19% respectively).

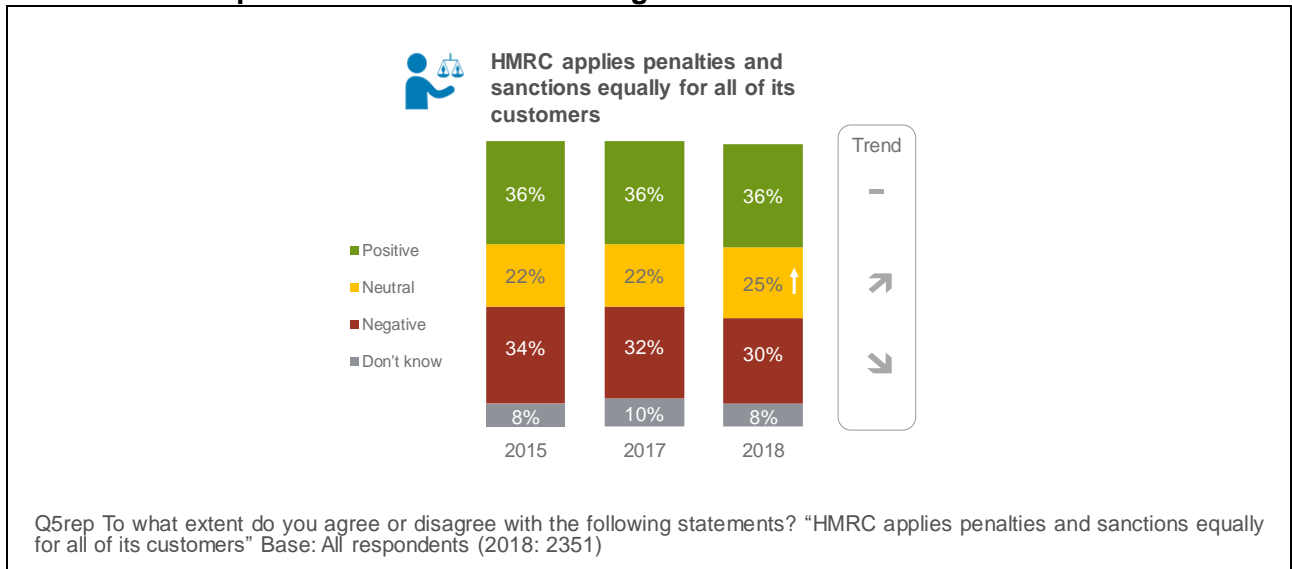
Chart 5.22 Perceptions of HMRC’s efficiency and effectiveness – Agents



Positive ratings for HMRC’s fairness have remained stable between 2018 and 2015, however, there was a decrease in the negative ratings (30% in 2018, down from 34% in 2015).

In 2018, Agents that used only online channels were less likely to be negative than Agents that used both online and telephone channels (19% and 33% respectively).

Chart 5.23 Perceptions of HMRC fairness – Agents

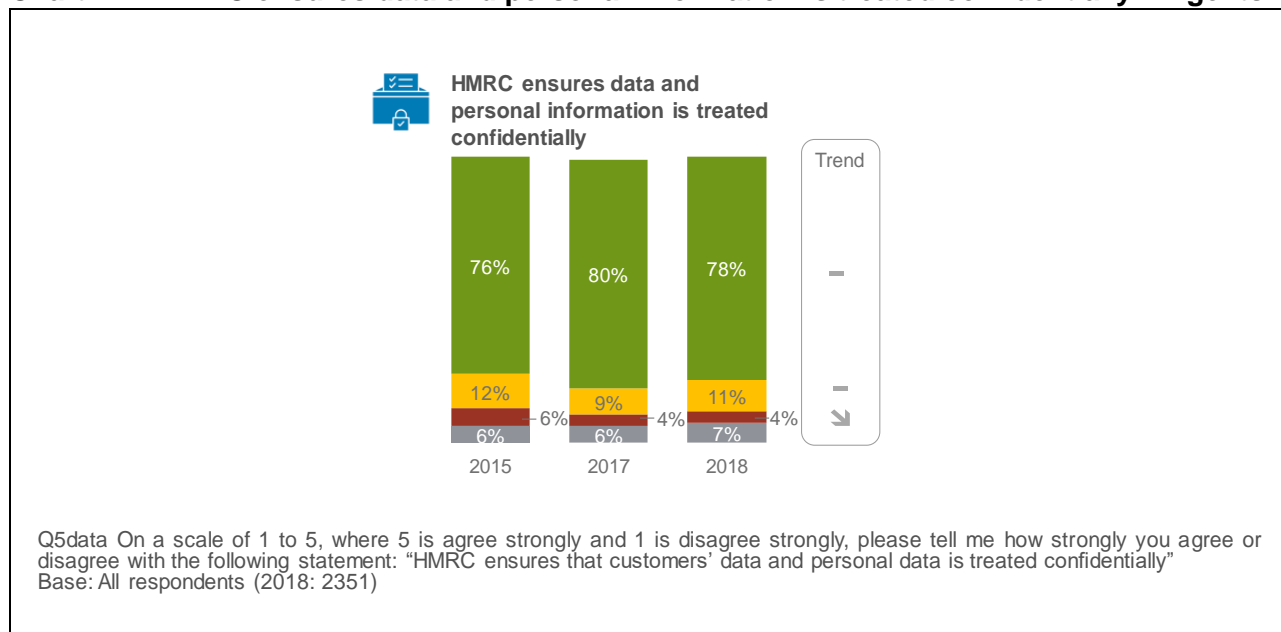


5.4.2 Protection of personal information

Protection of personal information remained the highest positive score among Agents in this survey. Nearly eight in ten Agents (78%) were positive about HMRC treating customers’ data and

personal information confidentially (Chart 5.24). There were no identifiable subgroup differences suggesting that Agents of all types rate HMRC highly on this measure.

Chart 4.24 HMRC ensures data and personal information is treated confidentially – Agents



5.4.3 Overall confidence in HMRC

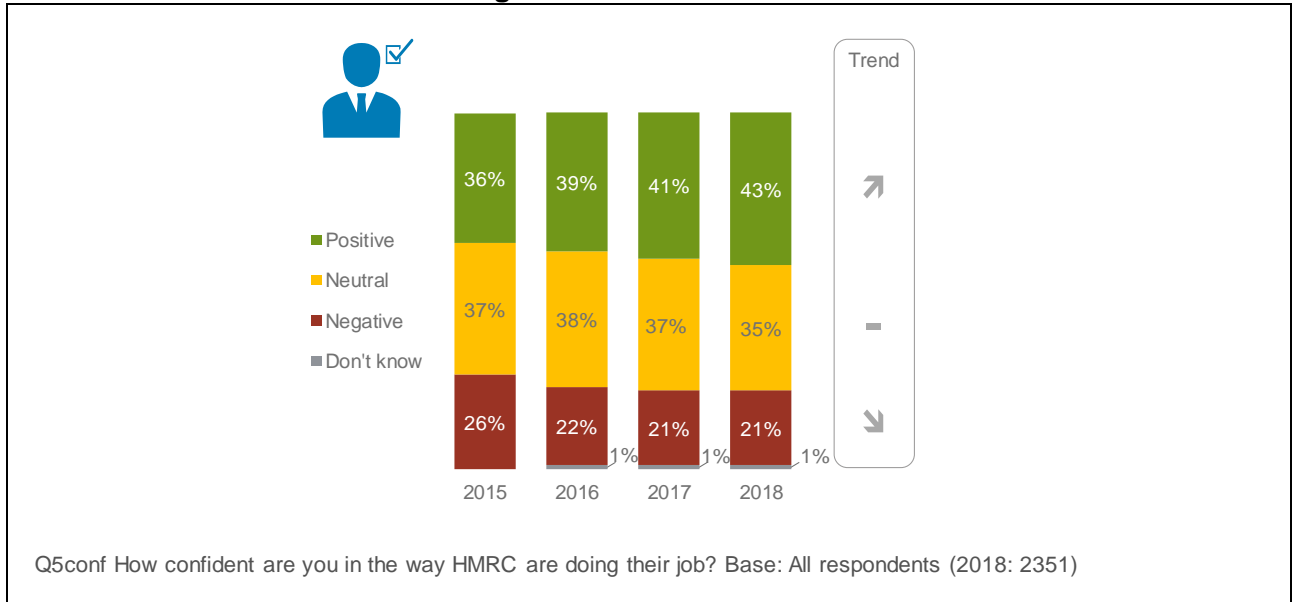
Four in ten Agents (43%) were confident in the way that HMRC does its job, an increase since 2015 (36%). The proportion of Agents that were not confident decreased from a quarter (26%) in 2015 to one in five (21%) in 2018 (Chart 5.25).

Six in ten (57%) Agents with fewer than 10 clients were positive, compared with one in three (31%) with 250 or more clients. However, positive ratings increased between 2015 and 2018 among larger Agents with 250+ clients (31%, up from 23% in 2015).

Agents that were not members of a professional organisation were more positive than members (50% and 39% respectively). Agents that used online-only channels were more confident in the way HMRC was doing its job than those that 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 (86%). Confidence was also higher for those that were positive about HMRC being effective (70%) and fair (65%). Confidence was also strongly linked to having a positive overall experience in the past year; seven in ten (69%) Agents that had a positive experience overall were confident, compared with five per cent that gave a negative overall rating of their experience.

Chart 5.25 Confidence in HMRC - Agents



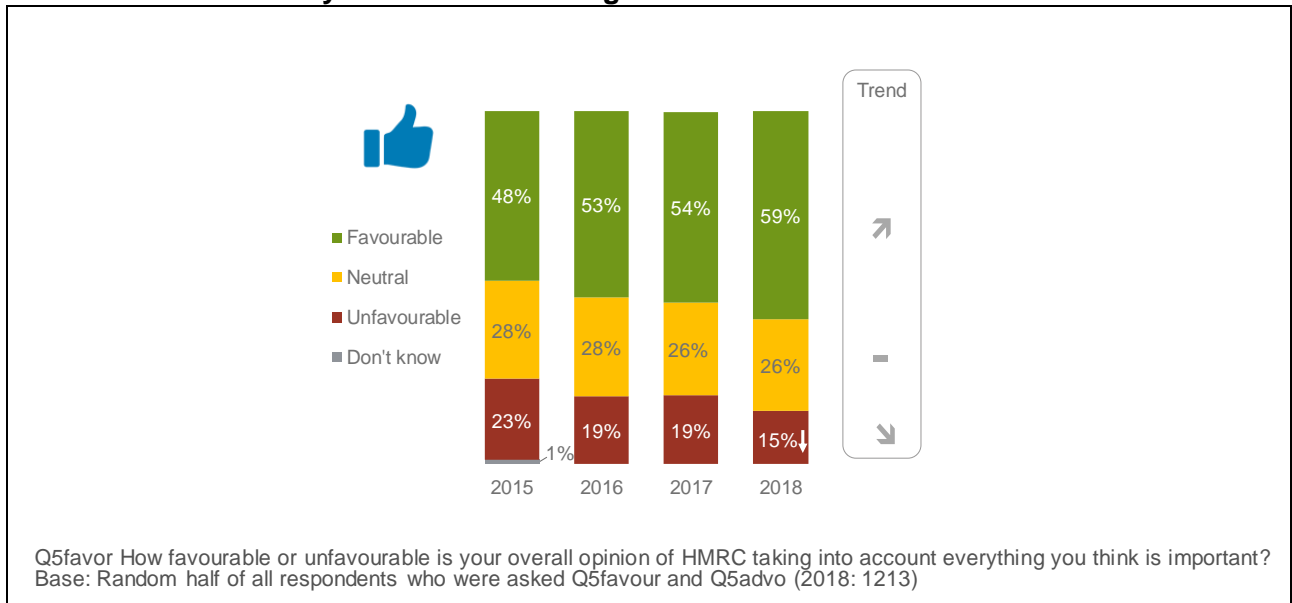
5.4.4 Favourability and advocacy

Agents were asked if they had a mainly favourable or unfavourable opinion of HMRC and whether they would speak well about HMRC to other people or organisations (Chart 5.26, Chart 5.27).

Six in ten (59%) Agents had a favourable opinion of HMRC, an increase from 2015 (48%). The proportion of Agents having an unfavourable opinion of HMRC decreased to 15% (down from 23% in 2015).

Levels of favourability declined by size of Agent (Agents with fewer than 10 clients: 75%; Agents with 250 or more clients: 47%). A similar trend was observed for levels of advocacy (Agents fewer than 10 clients: 48%; Agents with 250 or more clients: 19%).

Chart 5.26 Favourability towards HMRC - Agents

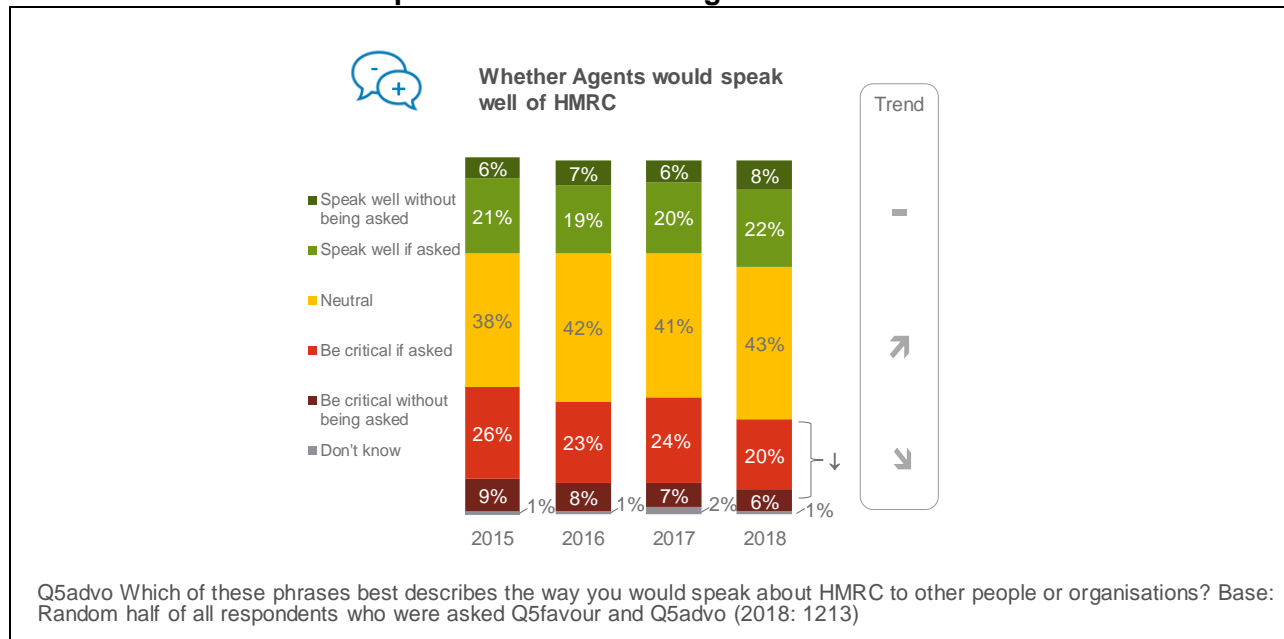


In line with the overall trend, Agents using online-only channels were more favourable (74% compared with 54% of using both online and telephone contact methods) and more likely to speak well of HMRC (43% compared with 26%).

Also consistent with the general trend, Agents that were not members of a professional organisation were more likely than members to be favourable about HMRC (67% compared with 55%) and to speak well of HMRC (38% compared with 27%).

However, levels of advocacy remain lower than favourability. Three in ten (30%) would speak favourably about HMRC to others, though this has also increased since 2015 (27%).

Chart 5.27 Whether would speak well of HMRC - Agents



5.5 Perceptions of compliance

This section examines Agents' general views and opinions about compliance with the tax system. Some of the questions on compliance were added in 2016 while others were new in 2017, so no longer-term comparisons to 2015 can be made.

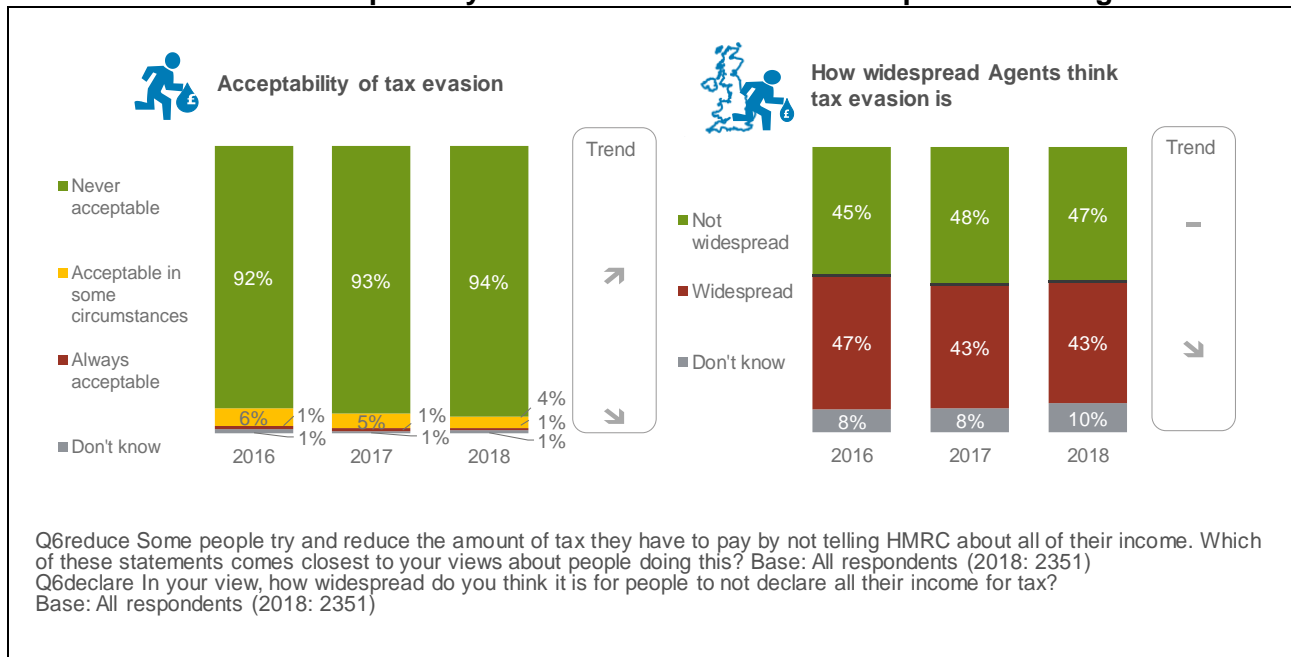
5.5.1 Acceptability and extent of tax evasion and perceptions on levels of detection

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' (Chart 5.28).

There was an increase in positive ratings for acceptability of tax evasion between 2018 and the baseline for this measure in 2016. Over nine in ten Agents believed tax evasion was never acceptable (94%, up from 92% in 2016). Although there was no increase in positive ratings for this measure since 2017, there was an increase in the proportion of Agents with a turnover of at least £250,000 viewing tax evasion as never acceptable from 92% in 2017 to 96% in 2018.

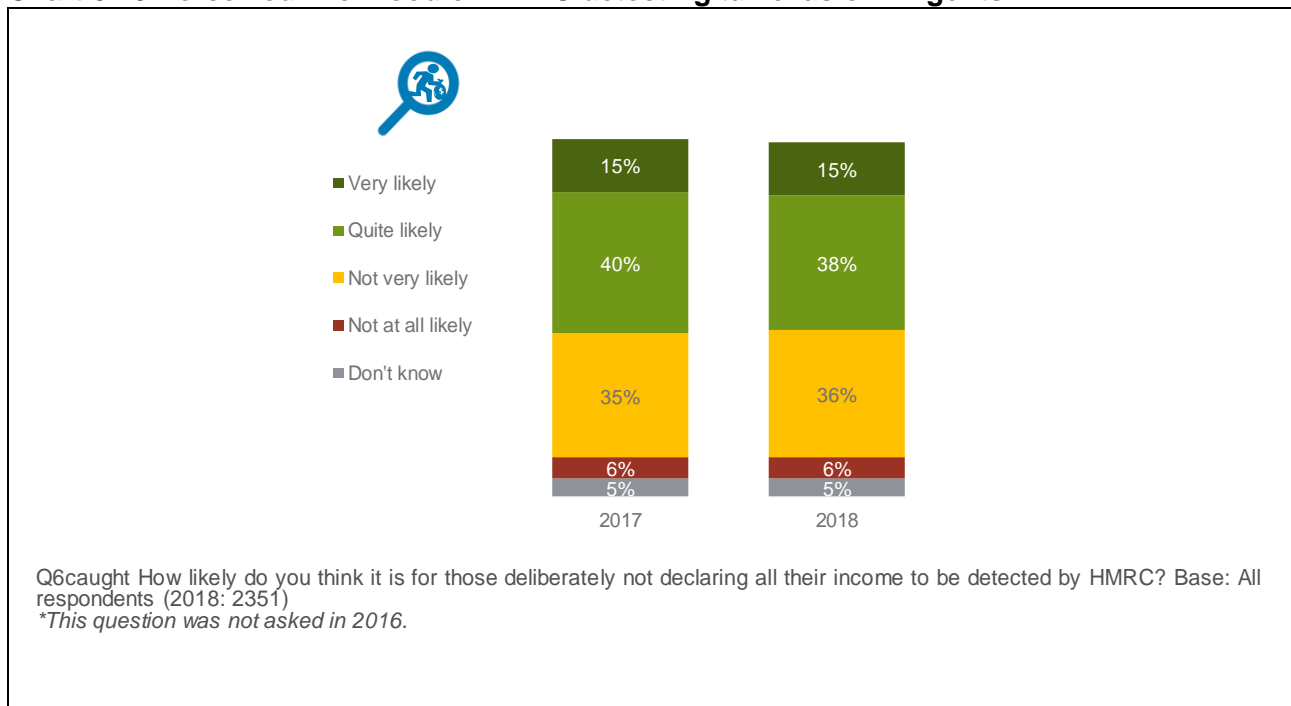
Two in five (43%) thought tax evasion was widespread, a decrease since 2016 (47%) (Chart 5.28). There was little variability across subgroups on this measure, though Agents that were not members of a professional body were more likely to think that tax evasion was widespread (47%) than members (41%).

Chart 5.28 Perceived acceptability of tax evasion and how widespread it is – Agents



About half (53%) thought it likely that HMRC would detect someone that had deliberately not declared all their tax, no change since this was first asked in 2017 (Chart 5.29). Positive views about HMRC’s detection of tax evasion were higher among Agents with a positive overall experience of HMRC (55%) than those with a negative overall experience (41%).

Chart 5.29 Perceived likelihood of HMRC detecting tax evasion - Agents



5.5.2 Acceptability and extent of tax avoidance

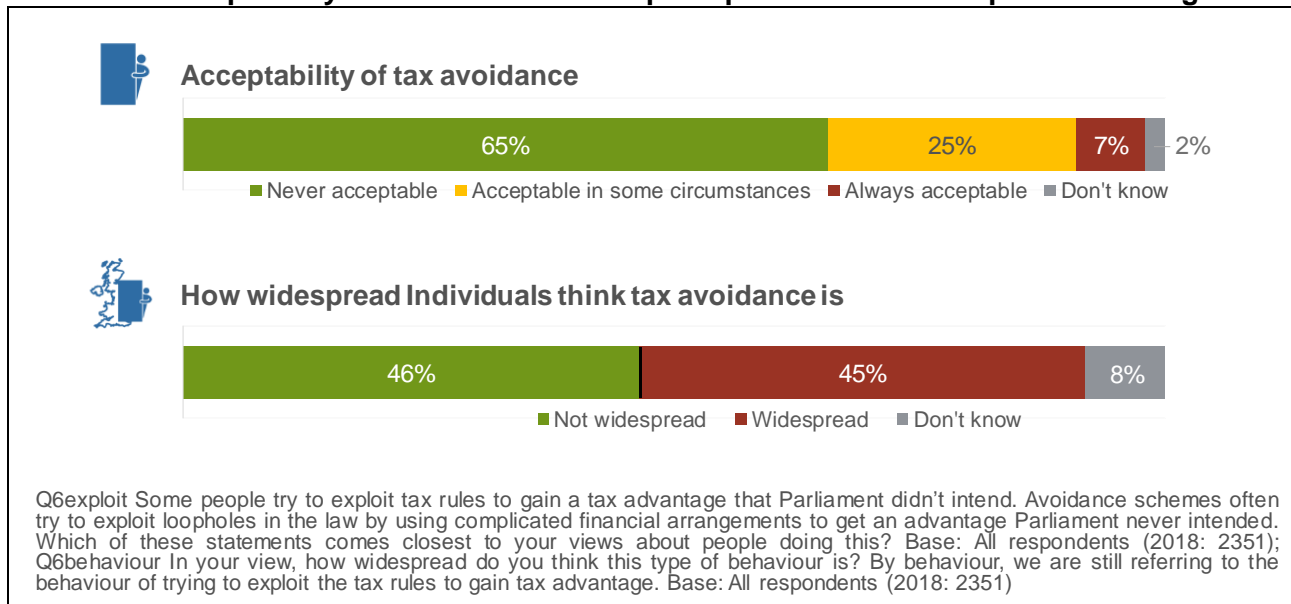
Agents were also asked about the acceptability of tax avoidance, which was described as people trying to ‘exploit tax rules to gain a tax advantage that Parliament didn’t intend’. These figures cannot be directly compared to previous years due to a change in question wording in 2018.

A lower proportion of Agents thought tax avoidance was never acceptable (65%) than evasion (94%). A third (32%) of Agents thought that tax avoidance was acceptable at least in some circumstances.

Larger Agents were more likely to think that tax avoidance was acceptable in some or all circumstances (0-9 clients: 25%; 10 or more clients: 35%). Agents with a positive overall experience of HMRC were more likely than those with a negative overall experience to view tax avoidance as ‘never acceptable’ (70% compared with 54%). There was a similar pattern for confidence, with Agents that were confident in HMRC more likely to view tax avoidance as ‘never acceptable’ than Agents that were not confident in HMRC (71% compared with 57%).

Just under half (45%) of Agents thought tax avoidance was widespread. Smaller Agents were more likely to think that tax avoidance was widespread: 53% of Agents with 0-9 clients; 46% of Agents with 10 to 49 clients; and 41% of those with 50+ clients.

Chart 5.30 Acceptability of tax avoidance and perception of how widespread it is – Agents



5.6 Making Tax Digital

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 (MTD) is a key part of the government’s plans to make it easier for individuals and businesses to get their tax right and keep on top of their affairs. From April 2019 under MTD, VAT registered businesses with turnover above the VAT threshold are required to keep their VAT records digitally and submit their VAT returns online directly from their software.

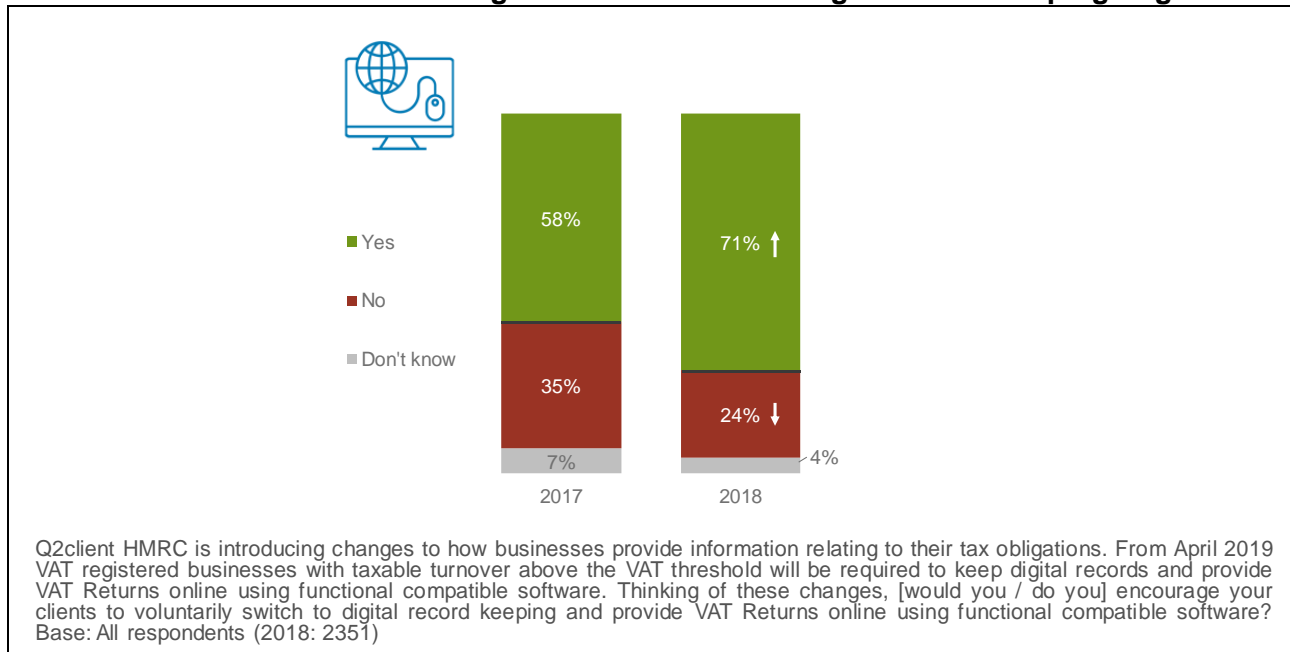
In 2017 a new set of questions was introduced to measure awareness and attitudes towards changes to how businesses will provide information relating to their tax obligations under the

Making Tax Digital roll-out. The roll-out was described to Agents in 2018³¹ as follows: ‘HMRC is introducing changes to how businesses provide information relating to their tax obligations. From April 2019 VAT registered businesses with taxable turnover above the VAT threshold will be required to keep digital records and provide VAT Returns online using functional compatible software’.

5.6.1 Whether Agents would encourage clients to switch to digital record keeping

A majority of Agents (71%) said that they either do already or would encourage their clients to switch to using software or apps to keep digital records (Chart 5.31). This represented an increase since 2017, when this question was first asked (58%).

Chart 5.31 Whether would encourage clients to switch to digital record keeping– Agents



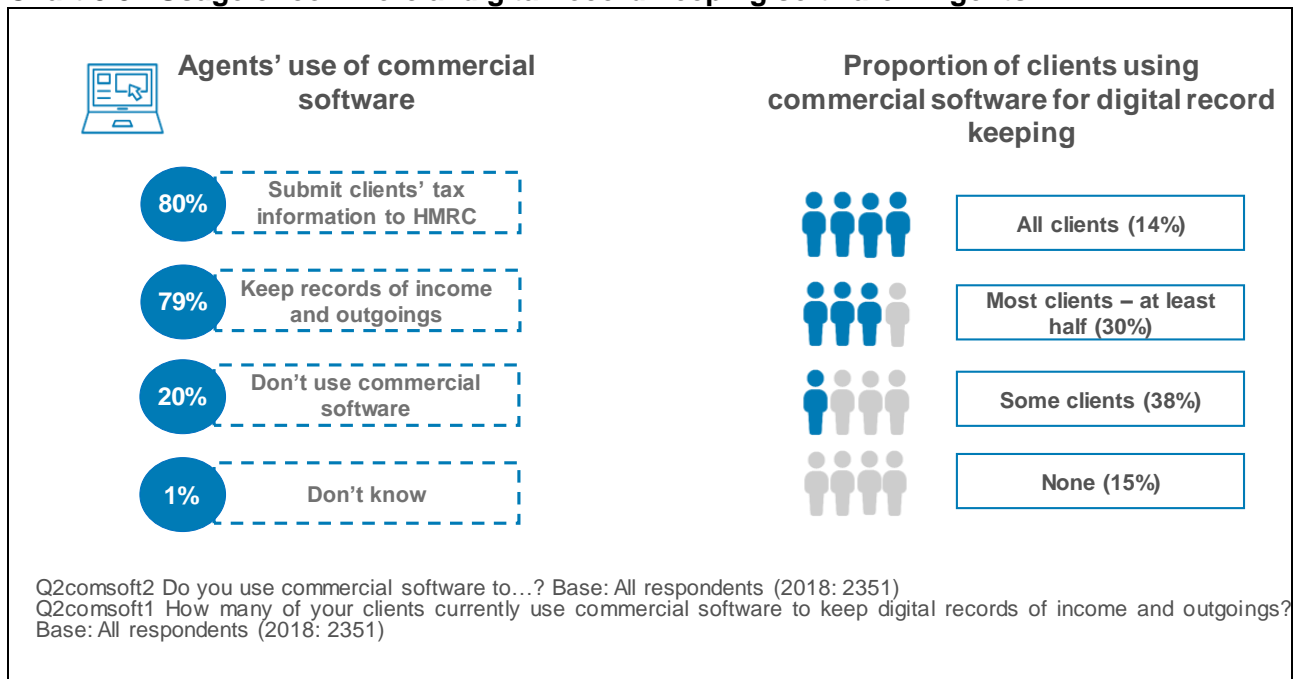
Making up the overall total of 71%, four in ten (41%) Agents said that they would encourage this for businesses with a turnover the VAT threshold, while the remaining 30% said that they would also encourage this for businesses under the VAT threshold.

5.6.2 Use of commercial software for digital record-keeping

Some new questions were added in 2018 to find out the proportion of Agents using commercial software themselves, and the extent to which their clients were using commercial software to keep digital records of their income and outgoings (Chart 5.32).

³¹ This explanation changed between 2017 and 2018

Chart 5.32 Usage of commercial digital record-keeping software – Agents



Nine in ten Agents (89%) used commercial software for at least one purpose: 80% used it to submit clients' tax information to HMRC and 79% used it to keep records of income and outgoings.

Overall, 10% did not use commercial software and non-use was higher for bookkeepers (13% compared with 7% of accountants); non-members of professional organisations (16% compared with 7% of members); and Agents using online-only channels to interact with HMRC (19% compared with 6% of Agents using online and telephone channels).

Most Agents (82%) reported that at least some of their clients used commercial record keeping software: 14% said this applied to all of their clients; 30% to most of their clients; and 38% to just some of their clients.

Smaller Agents, as measured in terms of turnover, were more likely than larger Agents to report no clients using commercial software: 41% with a turnover of up to £10K; 15% with a turnover of £10K-£85K; seven per cent with a turnover of £85K-£250K; and three per cent with a turnover above £250K.