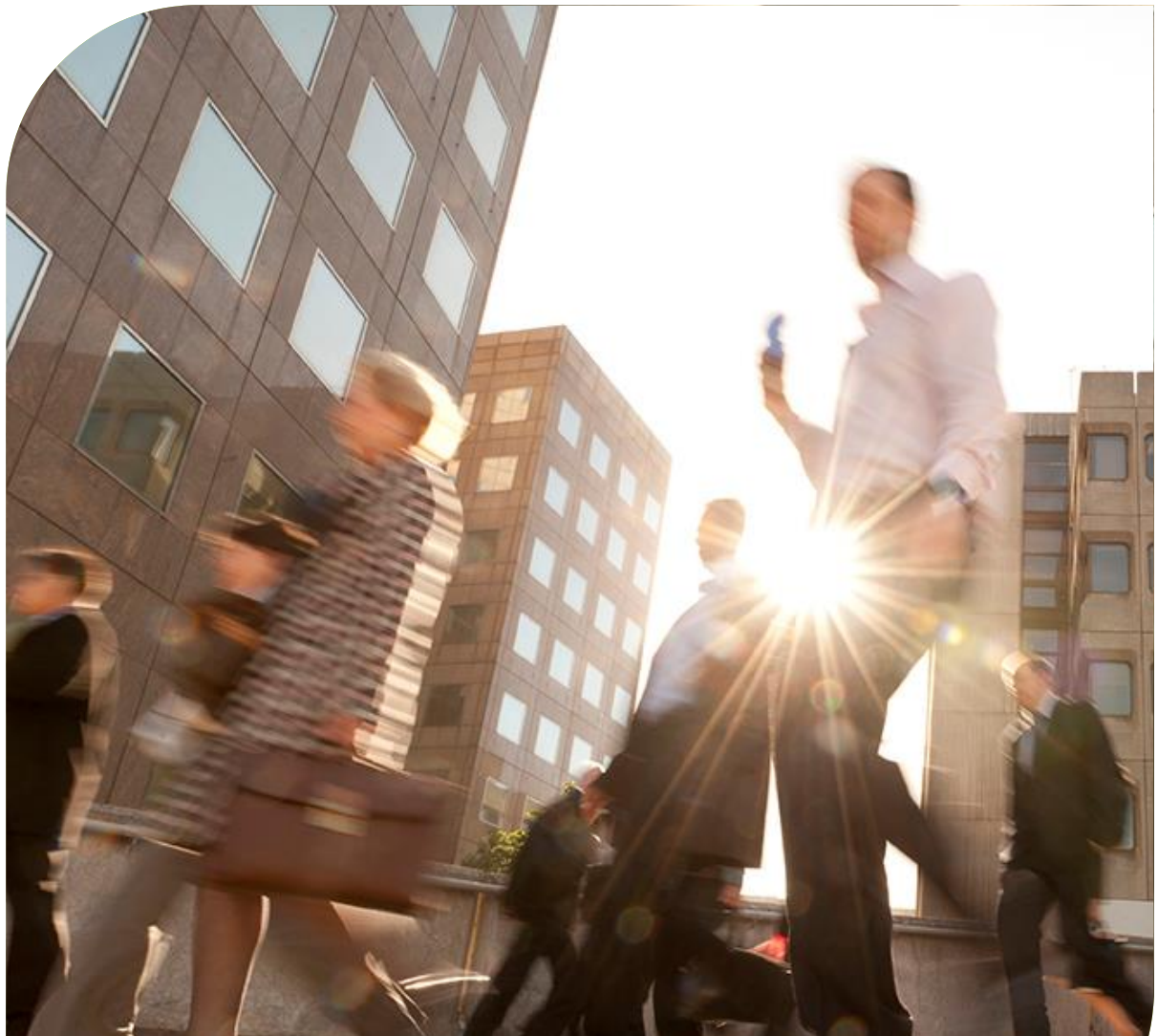


The transition to online Personal Tax Accounts for International Secondedees

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1 Executive summary

Background and methodology

- 1.1 HMRC commissioned qualitative research to better understand International Secondees' current journey of managing their tax affairs while working in the UK, and their experience of engaging with HMRC. Specifically, the objectives were to identify any barriers / enablers to ensure there is a smooth transition to Personal Tax Accounts (PTAs)¹ for International Secondees; explore the role tax agents play in the customer journey and the issues they face; and to provide insight into the experience of employers operating payroll on Secondees.
- 1.2 A total of 60 interviews were conducted among International Secondees on secondment to the UK for a period of up to five years, UK employers with International Secondees on their payroll, and tax agents advising International Secondees about their tax affairs whilst on secondment to the UK. Between 26th January and 13th March 2017, 23 International Secondees, 24 agents and 13 employers were recruited via an advance letter and telephone contact. Secondees were interviewed face to face where possible, and interviews with agents and employers were conducted by telephone (12 face to face interviews and 48 telephone interviews conducted in total).

Secondees' interaction with the UK tax system and engagement with HMRC

- 1.3 Most of the Secondees had heard of or were aware of HMRC at the time of interview (usually through their employer or agent) and in some cases, had been in direct contact with HMRC when queries arose during the Self-Assessment submission process. Secondees relied largely on their employer, agent or colleagues seconded for longer to inform them about HMRC and had little prior knowledge of HMRC before coming to the UK.
- 1.4 Secondees felt that their UK tax affairs were relatively straightforward and felt able to prepare and submit their own Self-Assessment forms (both with and without the support of an agent). While they understood the concepts of income tax and to some extent, National Insurance Contributions, they did not always understand the details of all their tax liabilities. Therefore, in some cases, they might be underestimating the complexity of their tax affairs.
- 1.5 Secondees' interaction with the UK tax system varied by length of secondment and by whether Secondees had an agent. Secondees that had been in the UK for longer tended to be more directly involved in managing their tax affairs than those early on in their secondment. Secondees with and without agents had a similar 'customer journey' in their interaction with UK tax, though in the case of the former were much less involved in the Self-Assessment form submission process.
- 1.6 In contrast, agents felt that the Secondee clients they advised had little to no knowledge of HMRC / UK tax and therefore relied on them as the agent to manage their tax affairs wholly.

¹ PTAs are secure digital accounts which can be accessed online by individuals who register and log into their own PTA, to check their tax information online.

The role of tax agents and employers in the customer journey and the issues they face

- 1.7 For most Secondedees who were early on in their secondment to the UK, agents played a key role in managing their tax affairs. Agents were usually introduced via Secondedees' employers, as part of their 'benefits package' whilst on secondment. Several Secondedees had become less reliant on their agent over time (also reflected in agents' comments).
- 1.8 Employers were very reliant on agents for payroll and PAYE systems – most outsourced these functions.
- 1.9 Agents played an integral role in managing Secondedee clients' tax affairs in the UK – from explaining and identifying what taxes were to be paid, to collecting information and preparing and submitting tax returns on Secondedees' behalf, most commonly the Self-Assessment form. Agents reported that most of their clients had limited to no knowledge and involvement in managing their UK tax affairs.
- 1.10 Employers did identify challenges in obtaining information needed for PAYE submissions from Secondedees and the quality of this information – which would often be queried by agents. Employers would then have to go back to check with the Secondedee or the overseas employer, which added time delays.

Views on the transition of International Secondedees to online PTAs

Secondedees

- 1.11 Secondedees were 'digitally savvy' and had experience of using digital services both in their native country and in the UK. They expressed a strong preference for digital services over postal or face to face contact, though the option of telephone support when needed was important.
- 1.12 Secondedees were the most positive of the three audiences about the PTA and expressed a strong intention to use it as a tool for being kept fully informed about their tax affairs, as well as a general source of information and guidance and a historic record.

Employers

- 1.13 Employers felt that the PTA could be useful for Secondedees but expressed concerns around Secondedee take-up and engagement with the PTA. They often felt that employees seconded to the UK would be unlikely to make full use of the PTA because employers or agents would be expected to manage Secondedees' tax affairs.
- 1.14 Some employers, who outsourced their Secondedee tax responsibilities to agents, felt that the PTA could potentially help them to save money on this service in the longer term if Secondedees were to become more directly involved in managing their own tax affairs via the PTA.

Agents

- 1.15 Agents had mixed views on the PTA. While they felt it could be useful for Secondedees to have access to information, they also indicated that Secondedees were unlikely to engage with the PTA as they expected agents to continue to manage their affairs. Some agents expressed concerns that the PTA may impact their business if Secondedees were largely able to manage their own tax

affairs, while others felt this was unlikely given the complexity of tax affairs and the limited knowledge of their Secondedee clients.

- 1.16 Some agents also felt that the administrative burden could be increased if the PTA system was incompatible or different with current software systems used for submitting information to HMRC, and/or if Secondedees had queries on the PTA which they expected agents to advise on.

Key considerations for the design and roll-out of PTAs for International Secondedees

- 1.17 All three audiences felt that the PTA could be a useful tool for enabling International Secondedees to better manage their tax affairs while in the UK, and act as an information depository post-secondment.
- 1.18 Expectations of who will have access to the PTA and what information will be available will need to be clearly set and managed. This was an area of uncertainty for all three audiences and has implications for the design and usage of the PTA. Agents were particularly keen to be fully informed by HMRC about the PTA, both for their own understanding and to share advice with clients. Employers were interested in the option of HMRC ‘roadshow’ and engagement events to inform them about how the PTA and to help raise awareness among employees seconded to the UK.
- 1.19 Figure 1.1 and Figure 1.2 present a summary of all three audiences’ views on the perceived benefits and challenges of the transition to the online PTAs for International Secondedees.

Figure 1.1: Perceived benefits of the transition to PTAs across all three audiences

Perceived benefits of the transition to the PTA			
	Employers	Agents	Secondedees
Improved data accuracy		✓	✓
Easier process			✓
Improved efficiency (due to access to information in one place, speed of data processing)	✓	✓	✓
Visibility and transparency	✓		✓
Reduced administration and costs	✓		
New business opportunities		✓	

Figure 1.2: Perceived barriers to the transition to PTAs across all three audiences

Barriers to the transition to the PTA	Employers	Agents	Secondees
	Complexity of Secondee tax affairs	✓	✓
Secondee knowledge		✓	✓
Increase in administration	✓	✓	
Perceived inaccessibility of account			✓
Secondee inertia	✓	✓	
Negative commercial impact		✓	
Data security			✓
Perceived added benefit from PTA	✓		

2 Introduction

2.1 HMRC launched Personal Tax Accounts (PTAs) in December 2015, as part of its 'Making Tax Digital' strategy. PTAs are secure digital accounts which can be accessed online by individuals who register and log into their own PTA, to check their tax information online. The PTA includes the facility to complete the online Self-Assessment form – an annual tax return for individuals, and in addition, individuals can:

- Check their Income Tax estimates and tax code;
- Fill in, send and view a personal tax return;
- Claim a tax refund;
- Check and manage tax credits;
- Check their State Pension;
- Track tax forms that have been submitted online;
- Check or update their Marriage Allowance;
- Tell HMRC about a change of address; and
- Check or update benefits received from work, for example company car details and medical insurance.

2.2 By 2020, HMRC aims to have moved to a fully digital tax system. This includes making digital services available for individuals who have been temporarily seconded to work in the UK from their overseas employer, often referred to as 'International Seconded'². International Seconded include some high earning individuals with typically complex tax affairs.

2.3 In this context, HMRC commissioned research to understand International Seconded's current journey of managing their tax affairs while working in the UK, and their experience of engaging with HMRC.

² For the research, an 'International Seconded' was defined as a foreign national working in the UK for an overseas company with a UK presence, for a period of up to five years. After their secondment, they will return to the overseas company. This means the person will:

- Have citizenship for another country while they're in the UK;
- Be in the UK for work purposes only;
- Work for a company based in another country (usually their native country) but which also has a UK office / base – and they'll be working for this UK site while they're here;
- Only be in the UK for a fixed and temporary amount of time, usually 5 years or less;
- Be employed by the overseas employer; and
- Expect to return to the overseas employer after a fixed time period (the length of their secondment) has passed.

Other terms that can be used to describe International Seconded are: 'international assignees' or 'expatriates/expats'.

Aims and objectives

- 2.4 To help HMRC to realise the 'Making Tax Digital' agenda for International Seconded, it was essential to gain a detailed understanding of how International Seconded, and their agents and employers, deal with HMRC. Further, it was critical to identify where problems may arise along the customer journey, identify digital capabilities and preferences and assess the ease with which transition to Personal Tax Accounts can happen. More specifically, the study aimed to:
- Identify any barriers / enablers to ensure there is a smooth transition to PTAs for this customer group (International Seconded);
 - Explore the role tax agents play in the customer journey and the issues they face; and
 - Provide insight into the experience of employers operating payroll on International Seconded.

Methodology

- 2.5 A qualitative approach was used to explore International Seconded's experience of engaging with HMRC, how they manage their tax affairs, and the customer journey of using a PTA. Interviews were conducted with employers of International Seconded and tax agents representing individual International Seconded as clients. It was considered important to speak to employers and agents to help identify where problems may arise along the International Seconded customer journey, identify digital capabilities and preferences and assess the potential ease of the transition to PTAs.
- 2.6 The qualitative nature of the research means that findings in this report are not statistically representative of the wider population of the three audiences interviewed. The views reported here are expressly those of the individuals interviewed – it is worth noting that in some cases perceptions of the UK tax system or other aspects may be incorrect but have been reported as expressed during the interview. The use of words such as 'most', 'many', 'some' and 'few' are illustrative of the data collected for this study and do not represent the views of the public.

Sample

- 2.7 The sample frame used to recruit International Seconded, tax agents and employers was provided by HMRC and included organisation names, individual names (not available for agents), address details and telephone numbers. A total of 1,205 sample records were provided covering locations across the UK (644 International Seconded records, 254 agent records, 307 employer records). A tele-matching service was used to check and verify the telephone numbers in the sample to ensure these were up to date.
- 2.8 The sample frame reflected a cross-section of HMRC's customer database across all three groups. The sample frame largely reflected the customer population, however it is not meant to be statistically representative and was not based on quotas, and therefore may have represented some groups more than others – for example, International Seconded from particular countries or sectors.
- 2.9 Advance letters were sent to all records in the sample, explaining the research and providing an opportunity to opt out of the study. A week later, telephone contact was made to identify individuals' eligibility to participate in the research using a recruitment screener. Some quotas

were set to ensure the sample achieved a spread – for example of International Secondees of different nationalities, employers and agents of different sizes (in terms of number of employees). It was not possible to achieve a representative sample of interviews within each group and therefore the data presented here cannot be generalised across the groups.

Fieldwork

2.10 A total of 60 interviews were conducted across the three groups: 23 with International Secondees, 24 with agents, and 13 with employers. Of the 60 interviews - 12 were conducted face to face (all with International Secondees) and 48 by telephone. Fieldwork was carried out between 26th January and 13th March 2017.

2.11 The following table presents a breakdown of the interviews achieved across each of the groups.

International Secondees	
	Number of interviews achieved
Europe	5
Asia Pacific	17
USA	1
Total	23
Agents	
	Number of interviews achieved
0 to 9 employees	13
10 to 49 employees	7
50+ employees	3
'Top 10' firm (i.e. largest by size of employees)	1
Total	24
Employers	
	Number of interviews achieved
Under 249 employees	4
250 to 4,999 employees	5
5,000+ employees	4
Total	13

About this report

2.12 This report presents findings on the key themes explored in the research, and considers the views of all three audiences – International Secondees, agents and employers – together, with appropriate references to identify which view is being presented. Where International Secondees' views are reported, these are views of Secondees interviewed directly as part of the research, unless otherwise specified (i.e. where the opinion of employers on their seconded employees or agents on their Secondee clients are presented, this is clearly referenced).

2.13 The terms 'agents' 'clients' or 'clients of agents' are used to refer to cases where the agents interviewed spoke about their individual International Secondee clients as a group. The terms

'International Secondees' or 'Secondees' are used to refer to individual International Secondees interviewed directly for the research.

2.14 The information presented in the report reflects the individual opinions, views and experiences of those who participated in the study rather than being based on established fact.

2.15 The remainder of this report is structured as follows:

Chapter 3 presents an overview of International Secondees' interaction with the UK tax system and engagement with HMRC.

Chapter 4 explores the current 'journey' of International Secondees in managing their tax affairs, based largely on the views of the Secondees interviewed, with reference to employer and agent perspectives.

Chapter 5 presents detailed findings on the transition of International Secondees to the online PTA, with reference to all three audiences' views on the PTA and their expectations of potential challenges.

Chapter 6 provides a summary of the findings reported in previous chapters and addresses the research questions.

3 Secondees' interaction with the UK tax system

Secondee knowledge and experience with HMRC

- 3.1 Secondees' awareness of HMRC in terms of name and core functions was reasonably good. Most Secondees become aware of HMRC when they first arrived in the UK and were advised to apply for a National Insurance (NI) number. Secondees' awareness of HMRC specifically as an organisation prior to arriving in the UK had been relatively low, though they were aware of the existence of a tax authority for the UK.
- 3.2 Secondees were highly reliant on employers to brief them on the UK tax system and how to manage their affairs. Secondees were most commonly informed by their employers about who HMRC is, their role, and the Secondee's tax responsibilities. Secondees mentioned briefing packs provided by their employers which are often their first source of information on HMRC and UK tax. Some felt that this could be a useful channel for HMRC to use to disseminate information, whilst at the same time receiving related information from other sources about Secondees who have recently arrived to the UK.
- 3.3 Secondees also relied on other colleagues seconded for longer, especially those coming from the same country, to advise each other on their tax affairs and responsibilities. They largely relied on these channels first for support and advice before referring to HMRC.
- 3.4 Secondees' knowledge of the UK tax system was more varied, and dependent on the length of time they had spent in the UK and degree of support they had received in managing their tax affairs. Secondees who were provided with an agent – in most cases, by their employer - had often been minimally involved in managing their own tax affairs while in the UK and therefore felt that they had a little or no incentive to learn about the UK tax system³. Secondees who directly used an agent or advisor themselves (i.e. not via their employer) were more invested in ensuring they understood the service they received – and in taking on tax responsibilities which they could manage on their own. Secondees without agents were, by necessity, most engaged in handling their own tax affairs and acquiring sufficient understanding of UK tax.

"They collect my tax and that's all I know ... I don't know anything. I just pay the tax and that's it."

Secondee, Asia Pacific, ICT sector

"I'm confident. I'm not an expert but for personal tax, I know what I should do".

Secondee, Asia Pacific, ICT sector

- 3.5 Secondees most commonly contacted HMRC to seek information about or confirm the accuracy of their tax code, followed by advice on how to complete their Self-Assessment (SA) form. Secondees also cited cases of contacting HMRC to follow up on direct communications received from HMRC, often in response to a fine for improperly completing their Self-Assessment or similar.

³ Note that Secondees are personally responsible for ensuring a complete and accurate tax return is submitted to HMRC – though this can be completed by an agent on their behalf.

- 3.6 Most Secondees had at least one occasion to contact HMRC and most commonly did so via the telephone helpline. Their experiences of doing so were resoundingly positive: most issues were resolved reasonably quickly, and HMRC phone advisors were considered helpful and effective.
- 3.7 Secondees did have occasional difficulties, usually related to limited knowledge and understanding rather than issues with the HMRC process. Secondees reported some issues completing their SA form, especially for the first time, such as navigating the terminology and identifying which information is required.

"The first time I was submitting I had zero clue on what it is all about because there are so many boxes where there are zeros and many things with complicated and chartered accountant terminologies in the help column with a small question mark and that was not able to help me out."

Secondee, Asia Pacific, ICT sector

- 3.8 While Secondees largely felt that their knowledge of HMRC was adequate, employers and agents were more doubtful of the knowledge Secondees they had contact with had about HMRC. Employers and agents placed more emphasis on Secondees' heavy reliance on them to provide guidance and advice, especially upon first arrival to the UK, but also on an ongoing basis. Both groups also felt that Secondees were predominantly unable to manage their UK tax affairs on their own and that most Secondees would need tasks such as the SA form either completed for them or with significant assistance.

Secondees' tax affairs

- 3.9 Most Secondees felt that they did not have very complex tax affairs: their UK tax requirements predominantly entailed only Pay As You Earn (PAYE) and National Insurance Contributions (NIC), and the completion of an SA form at the end of each tax year.

"It just pays for social services and operation of government ... income tax and VAT on everything we buy, National Insurance and we pay council tax".

Secondee, USA, ICT sector

- 3.10 Secondees were more likely to handle their own tax affairs if they had been in the UK for some time (usually three or more years), they had not been provided with an agent by their employer, and / or their UK tax obligations were straightforward (so they felt confident they could manage their tax affairs first-hand).
- 3.11 Secondees⁴ were more likely to have an agent in the following circumstances:
- They had recently arrived in the UK (within the last two years);
 - Were on their first secondment to the UK;
 - An agent had been provided by their employer in the UK;

⁴ Of the Secondees interviewed, most reported completing their SA form themselves, without the use of an agent; and within this group, most had been in the UK for 3 years or more as part of their secondment.

- Their tax affairs were complex – which was more common if the Seconded was in a senior role and/or needed to reconcile their UK tax responsibilities with international income;
- To some extent there was also a relationship with the size of the employer organisation: larger companies were more likely to provide an agent as part of Seconded's secondment package 'as standard' than smaller companies.

3.12 Many Seconded were uncertain whether NIC payments apply to them or not, citing the fact that they would not personally benefit as a pensioner in the UK, and were not aware of National Insurance refunds. Providing information on rules around NIC payment in the PTA for Seconded could be a consideration.

"If I come to a country I expect to be paying tax but apart from that I don't know why I am paying [NICs]."

Seconded, Asia Pacific, ICT sector

3.13 Seconded who completed their own SA form were mostly undaunted by the process and only a few reported the need to seek assistance. Where Seconded had experienced difficulties, these related to either the navigation of the SA form itself, or initial access to the system:

- Some Seconded reported delays receiving their login details (in some instances related to a change in address), or in one case, having lost their login and needing assistance to regain access to the SA;
- Seconded needed more support when completing the SA form for the first time, and turned to colleagues for help where possible, or contacted HMRC, most commonly via their helpline;
- Seconded who were unable to complete their SA form after seeking support then sought help from an agent. Agents also reported incidents of Seconded who had attempted the SA form and had needed to turn to them for help.

3.14 Seconded generally had a very low awareness and use of tax reliefs⁵, and were reliant on their employers and agents to advise them if these would be relevant to them. Some Seconded had received tax reliefs on living costs in their first year in the UK, but had little interaction with the process for applying for and receiving the relief as it was typically managed by their employer or agent on their behalf.

3.15 Nearly all employers reported using agents to manage their Seconded's tax affairs. However, the level of reliance on agents varied by employer. For example, one employer mentioned that short and long term Seconded were offered different levels of support, with the implication that the UK tax requirements for short-term Seconded were simpler.

3.16 Agents' views of their clients' level of tax knowledge were less positive than the Seconded interviewed directly. Agents reported that their clients predominantly had a very low or no understanding about the UK tax system and engagement with their personal tax affairs. Agents

⁵ Seconded were asked about tax reliefs in general, and prompted about capital gains tax, and overseas workday relief specifically as these were considered most relevant to their situation.

felt that clients were heavily reliant on their expertise and input as an agent, in managing their tax affairs on their behalf.

- 3.17 Many agents took this to mean that Seconded had little desire to know about their UK tax affairs. However, with little access to their tax affairs (as these are dealt with by the agent), and less incentive to take responsibility for them when they are being managed by their agent, a low engagement from Seconded is perhaps unsurprising.
- 3.18 Agents suggested that their clients' interest and knowledge about UK tax affairs were usually an extension of their attitudes toward tax in their home countries. While agents reported a general passivity from Seconded about their taxes, those from countries such as Japan, Hong Kong and the U.S. were generally more engaged with their tax responsibilities in both their home countries and in the UK.
- 3.19 Some agents suggested that younger clients were more likely to do some online research before their arrival in the UK.
- 3.20 Agents also reported that Seconded that had been on several secondments were often more confident about engaging with a new tax system and terminology, based on their previous experience.

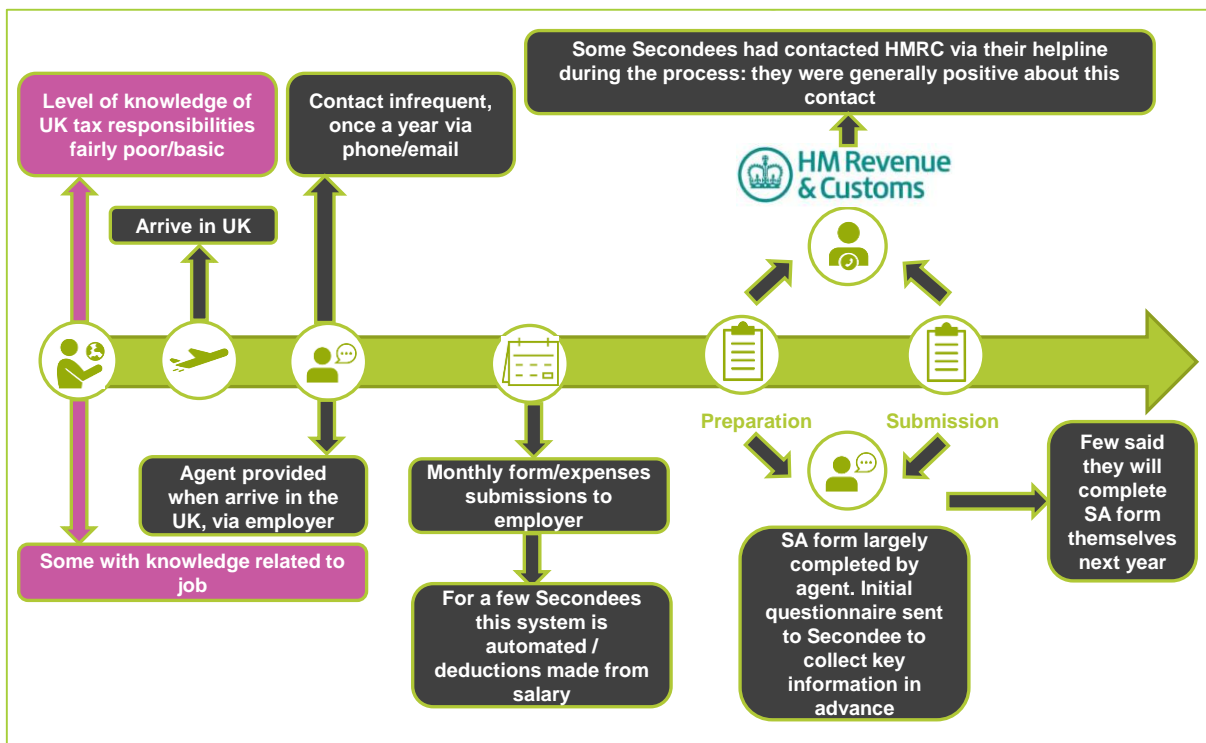
4 The typical ‘journey’ of managing International Seconddees’ tax affairs

The customer journey for International Seconddees

4.1 Seconddees had different experiences of managing their tax affairs while in the UK – this often related to whether they had an agent, and how far into their secondment they were. Generally, Seconddees with an agent had minimal involvement in managing their tax affairs; conversely, those who were further into their secondment tended to have more involvement in their tax affairs, a greater level of confidence / knowledge of the UK tax system and therefore less reliance on agents.

Seconddees with an agent

Figure 4.1: The customer journey for Seconddees with an agent



4.2 For Seconddees, the main aspect of their tax affairs that they engaged with was their annual Self-Assessment forms. As Figure 4.1 shows, Seconddees who had support from a tax agent generally had little involvement in the process of preparing and submitting their annual Self-Assessment forms. Typically, these Seconddees provided some information monthly to their employer and/or their agent. The SA form was then largely completed by the agent, using information collected from the Seconddee in advance and/or throughout the year.

"What happens is you fill in the questions, they [agent] fill in the SA, they send you something ... which we have to review and then tell them, allow them to actually file the tax on [my] behalf. I send it over to someone in the Accounts Office in my company to review the tax on my behalf. They [employer] then review on my behalf and then I say you [the employer] can send it on to the company [the agent] to file the tax return done for me."

Seconded, Asia Pacific, ICT sector

4.3 Despite having agents do most of the work on their behalf, some Seconded had contacted HMRC themselves, usually via the telephone helpline and often to reassure themselves about information and/or to raise a query with HMRC about the SA form. Generally, Seconded were positive about their contact with HMRC and the assistance received.

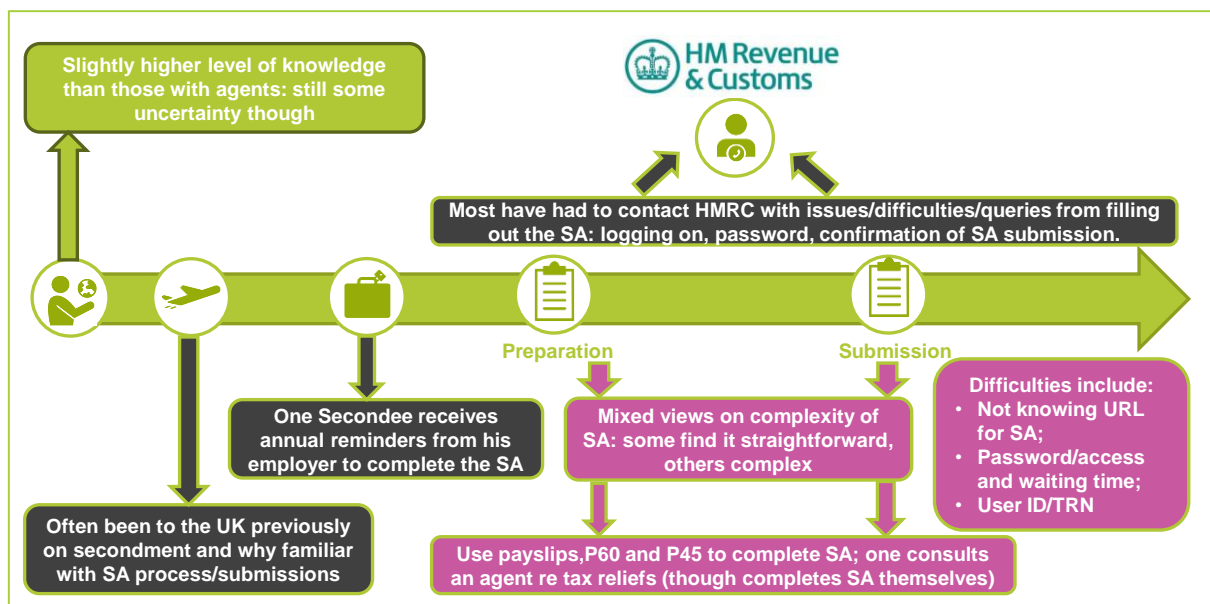
"There is a particular telephone line which they answer very efficiently – foreign nationals line for expats"

Seconded, Europe, Manufacturing sector

4.4 A few of the Seconded who had their SA form submitted by an agent, remarked that they were likely to try and submit the SA form themselves the next year as they were now more familiar with their UK tax responsibilities.

Seconded without an agent

Figure 4.2: The customer journey for Seconded without an agent⁶



4.5 Not all the Seconded had an agent – most commonly because their tax affairs were managed by their employer and/or the Seconded themselves had previous experience of the SA form – usually from a previous secondment to the UK - and therefore did not feel a need to use an agent.

⁶ 'TRN' is an acronym for 'Temporary Reference Number'.

4.6 The customer journey for Secondees who did not have an agent was broadly similar to Secondees with an agent (see Figure 4.2). Notably, Secondees without an agent:

- Tended to have a higher level of knowledge of their UK tax affairs and responsibilities – though by no means were experts;
- Had mixed views on the complexity of the SA form – while some found it straightforward and simple to complete, others did not. Secondees who found the SA form simple had sometimes been provided with detailed information from their employer, or felt confident in pulling out information from other sources such as their payslip, or P60 form, for the SA;
- Secondees that had experienced difficulties with their SA submissions most commonly reported challenges around accessing the form – in terms of registering their password, or even identifying how to get to the form online where they were unfamiliar with the URL;

“It is not clear for a newcomer and you don’t get a lot of help from the HMRC to know about tax codes.”

Secondee, Asia Pacific, Other sector

“Why can’t they just give you an email with a special link on it and say go here, check everything is okay, and pay your taxes.”

Secondee, USA, ICT sector

- As a result, most Secondees without an agent who were completing their SA form had contacted HMRC for assistance with accessing and/or logging in to the SA form, or confirming that the form had been correctly and successfully submitted. This was most commonly via the telephone helpline, and Secondees were broadly positive about the assistance received.

The employer perspective: putting International Secondees on payroll

4.7 For the most part, employers felt that their operating payroll systems for International Secondees was a straightforward process. Most employers who operated Modified Payroll schemes⁷ understood that this is a scheme exclusively for Secondees to the UK operated with specific guidance.

4.8 Employers tended to outsource their payroll responsibilities for International Secondees to agents – usually to one of the ‘Big Four’ accountancy firms – and in some cases, the overseas employer site would manage Secondees’ payroll while they were in the UK. Some employers had ‘linked’ HR systems between the UK and overseas employer – outsourced to an agent – and referred to this as ‘shadow payroll’ schemes. A few employers had internal departments which specialised in Secondee employee payroll matters, known as ‘Global Mobility Teams’ or similar.

⁷ Modified schemes are for tax equalised employees only and allow employers to make a ‘best estimate’ of the Secondees’ tax payment and then return the correct position through the Self-Assessment system.

4.9 Employers who reported outsourcing their payroll system for Secondees to agents identified several stages / aspects of the process, most commonly:

- Providing the agent with payroll and ID information on individual employees seconded from the overseas branch, along with UK-specific information;
- The agent, hired by the employer to manage Secondee employees' tax affairs in the UK, would then be responsible for liaising directly with individual Secondee employees. Generally, employers reported having minimal involvement unless the agent approached them with specific queries;
- The employer would liaise with the agent and with minimal contact with Secondee, unless the employer was asked to 'chase up' information to be provided to the agent. In some cases, the agent would send information back to the employer for verification purposes.

“To correctly ensure that all earnings and tax liabilities are paid over on time and correctly...because we have a modified scheme it is an estimate through the year and trued up at the end of the year.”
[Responsibility of employer though outsource Scheme].

Employer, 10-49 Secondees, Manufacturing sector

4.10 While employers reported few difficulties with their payroll systems for Secondees, some areas of challenge relating to information collection and quality were consistently mentioned. These included difficulties securing a National Insurance number for employees seconded to the UK⁸ – some employers for example reported having to wait several months for this. Employers also identified difficulties caused by variation in the spelling of Secondees' names between the UK and overseas employer, which could lead to duplication of records and errors in the payroll systems between sites. Incorrect tax codes were also raised as an issue which often went unnoticed by employees seconded to the UK for several months – until this was rectified, resulting in a repayment being due to HMRC (although an error in tax code could also result in a refund being received from HMRC). Employers reported that this could cause significant difficulties for Secondee employees as it could come 'out of the blue'.

Employer and agents' role in Pay As You Earn and Self-Assessment submissions

4.11 Overall, employers reported no major issues with their responsibilities in submitting Pay As You Earn (PAYE) information for International Secondees to HMRC. This was largely related to the fact that:

- Most employers outsourced their PAYE responsibilities to tax agents, who submitted the Full Payment Submission data to HMRC on employers' behalf; and
- The PAYE data collection and submission process was considered straightforward and routine. Expenses, which could cause complications, were largely dealt with by agents as part of the annual tax return for International Secondees.

⁸ HMRC is not responsible for administering National Insurance number registration to individuals in the UK.

"We have a fairly efficient process that means the tax being paid in any one month is fairly accurate."

Employer, 50-249 Secondees, ICT sector

"Everything we provide is accurate but we do not provide everything. Administratively I can't find every expenditure that an employee has used. I can't gather that information for the payroll. The little things we leave until the tax return."

Employer, 50-249 employees, Finance and Insurance sector

4.12 However, as with payroll submissions, employers did report difficulties with PAYE information collection and data quality. These broadly related to:

- Inconsistencies in information held by the employer and the agent managing the PAYE system – however, such issues were usually resolved quickly;
- Letters from HMRC sent to Secondees with key information such as National Insurance numbers or Unique Tax Reference (UTR) numbers being lost for being sent to a temporary postal address;

"In the past we've found people have received this letter, they don't speak English and don't understand it and they end up throwing it in the bin. Then we can't file their tax return on time. It would be very useful if we as employers could access their UTR'."

Employer, 50-249 Secondees, Finance and Insurance sector

- Secondees leaving the UK at the end of their secondment and failing to provide information to the employer.

4.13 One employer mentioned from their perspective that they were not sure whether it was possible to reconcile 'Real Time Information' reporting with reporting for the Modified PAYE Scheme they operated for Secondees, because of the time lag in information and different reporting periods.

4.14 Agents were heavily involved in the process of completing and submitting Self-Assessment (SA) forms on behalf of their Secondee clients. Agents reported that it was rare for their clients to have submitted their own SA online – and in fact clients had often only found out about the SA via the agent. Some agents reported (rare) cases where their Secondee clients had previously submitted their SA to HMRC and been notified that the information was incorrect, which had resulted in the Secondee seeking advice from an agent.

4.15 Agents typically had no issues completing and submitting the SA form. However, where difficulties were encountered these related largely to obtaining information from International Secondees, and issues with data quality.

4.16 Agents commonly reported challenges in getting hold of information from Secondees in cases where:

- The information was physically held in the Secondee's native country (such as records or documents being kept in their residence overseas, rather than in the UK);
- Clients had not kept a record of information as they were not aware it was important or necessary;

- Clients provided information to agents later than agreed, leaving little or no time for the agent to check and verify the information before submitting the SA form.

"Human beings are all different and some will provide you with a comprehensive document and others not."

Agent, Tax consultancy

4.17 In regards to issues with data quality, agents reported the following challenges:

- Incorrect payslip numbers or tax codes being reported by their clients;
- Names of Seconded being misspelt (either in their records or those from employers in the UK);
- Struggle getting accurate information about clients from their overseas employers – often required because of a mismatch in data between the UK and overseas employer;
- A lack of understanding among employers of the information required for SA submissions (reflecting the fact that employers were largely reliant on agents for running their payroll and PAYE systems for International Seconded).

5 Views on the transition of International Seconded to online Personal Tax Accounts

Seconded interaction with digital services in general

- 5.1 All Seconded interviewed were accustomed to and comfortable using digital services. They had used them in their home countries and continued to use them in the UK for functions such as online banking, shopping and booking activities/appointments etc.
- 5.2 Seconded had a strong preference for using digital services over other channels. Most of all, they liked the convenience and efficiency of completing tasks without having to rely on anyone else, at the time which was most convenient to them. The historical log of actions which is often automatically created through digital services and accounts was also considered useful.
- 5.3 Seconded preferred to seek information or support online first, before having to revert to other channels. They had a strong desire for support via an online chat or messenger function, which was considered convenient and useful for those who faced language barriers and were not familiar with technical terminology.
- 5.4 Seconded had a low tolerance for services which were not entirely digital. Digital services which required paper or other “offline” support such as the use of a postal address as identification or sending a code via a letter were perceived to be inconvenient, outdated methods, and sometimes less secure than online contact such as email – particularly in the case of Seconded who often had temporary postal addresses.
- 5.5 However, Seconded preferred telephone contact where a complicated issue needed resolving, or there were information security considerations (such as reporting a stolen bank card). They acknowledged this option could be inconvenient and more time-consuming for simpler tasks.

"... a telephone number if I have to contact; that would be a good one. If there has been any problem with a payment or a payment has not gone through if I could get help or something ... with most of them [digital services] I find it very difficult to find where is the contact."

Seconded, Asia Pacific, ICT sector

- 5.6 Being frequent users of digital services already, Seconded had clear expectations for the design of a ‘good’ digital service:
 - Seconded expected that a digital service must be mobile and tablet friendly. This may be even more relevant to them than most as they can have mobile lifestyles and operate more of their affairs on the go;

"They [Seconded] are brilliant because they are stuck in airport lounges all the time - they send it all as pdf attachments on their phone."

Agent, tax consultancy

- It must also be easy to use and have an intuitive design; users don't want to have to “learn how to use it”;

- Services such as Uber and Google were seen as setting the benchmark. Secondedees expected:

"Something that is available 24/7 and something that allows you to do everything that you could do if you went into a branch"

Secondee, Asia Pacific, ICT sector

- Having digital services that are both secure and accessible was considered important. Secondedees expected that digital services with access to confidential data would have guarantees in place about the security of their personal data. Some more technologically savvy Secondedees reported only using digital services that they know and trust, and checked for websites' security certificates. However, Secondedees were not prepared to use complicated registration or log in processes for the benefit of security – convenience and ease of access was also an important factor;

"Banks and other financial institutions need proper security - the best you can have."

Secondee, Asia Pacific, ICT sector

5.7 Secondedees also had clear opinions on what made a 'bad' digital service:

- Services which are slow or require multiple steps were felt to be frustrating. One Secondee in comparing UK digital services with systems in their native country (Norway) mentioned UK services could be

"Deliberately cumbersome or complicated"

Secondee, Europe, Finance and Insurance sector

- Secondedees reported being frustrated with services which were partially online (and still used the post/fax/phone for part of the service), or not yet digital when they would expect them to be so;

"Sometimes with the digital services (in the UK) I struggle to get some stuff done. Every year I need to [submit] a certificate of tax residence in the UK and I need to send a letter or fax to HMRC. I would expect to do this online."

Secondee, Europe, Manufacturing sector

- Secondedees had battled to find the right information online in the past, and reported difficulties with having to move across several different websites which were linked together.

5.8 Secondedees also preferred to receive communication and notifications about a digital service in this format. Secondedees' first preference was email, though there was acknowledgement by some that emails could get missed or ignored if not expected and therefore incorrectly suspected to be a phishing email. Secondedees suggested receiving simple status summaries and updates via SMS as a welcome idea. While they perceived postal letters as the most 'official' format, it was also considered non-environmentally friendly and wasteful. Secondedees also mentioned that letters can also be slow and inconvenient for those who travel a great deal.

Awareness and experience of PTAs

- 5.9 All three audiences were asked whether they had heard of or were familiar with PTAs in general, following their UK launch in December 2015. During the interviews, they were also provided with screenshot images of the PTAs to give individuals an idea of the 'look and feel' of PTAs and some of the options available.
- 5.10 Seconded generally had no awareness of the PTAs, attributable to being new to the UK tax system and having varying levels of responsibility and involvement with their personal UK tax affairs⁹. Some Seconded, on being shown the PTA screenshots, suggested that they had already used the PTA – on probing it emerged that they had confused the PTA with other digital services from HMRC. In particular, Seconded associated the PTA with the online SA form (to the extent that some of those who completed their SA form online felt that they already had access to the PTA).
- 5.11 Employers had limited awareness of the PTAs. The few that were familiar had come across PTAs either in their professional role or personal experiences. Some employers also confused the PTA with other HMRC digital services, with some who were less familiar with the PTA referring to the SA form but being unsure whether this was the same or a separate service.
- 5.12 Agents were the most likely of all three audiences to be aware of the PTA, as a function of their professional role and advising UK (non-Seconded) clients. Notably, agents reported that their Seconded clients were not familiar with the PTA.

Stakeholder response to the online PTA for Seconded

Seconded views

- 5.13 Seconded were provided with screenshots of the PTA and explained how it could be used and some of the options available. Based on this discussion, Seconded were positive about the PTA and reported a clear intention to use it when made available. Those who had already used the HMRC website to seek information or complete their SA form saw the PTA as a natural extension of these services. Seconded therefore felt that the PTA was a move to a more complete' digital tax service.
- 5.14 The few Seconded who did not plan to use the PTA were either happy for their agent to continue to manage their affairs, or felt reluctant because they were not sure what the purpose or benefit of the PTA was. Specifically, these Seconded referenced their P60 form as a source of tax information which they tend to use – and were unsure how the PTA would provide anything different.

"I don't think I will be logging in because I know what I am paying as tax. I can see that in the payslip I don't need to go and log in to a different website."

Seconded, Asia, ICT sector

⁹ The fact that the PTA is not yet available for individuals on secondment to the UK is likely to be another reason for Seconded's lack of awareness.

Employer views

5.15 Employers were mildly positive about the introduction of the PTA for Secondees. They placed more emphasis on how the PTA will influence their tax processes for Secondee employees than on the potential impact for Secondees themselves or their use of the PTA. This was related to employer's low expectations that Secondees would have the knowledge or inclination to engage with their tax affairs in general, and therefore would be unlikely to use the PTA.

"All they're going to look at is their [agent] account."

Employer, Fewer than 10 Secondees, Mining, electricity or gas and water supply sectors

"I don't know [if they would use it] ... I suppose if they are told of its accessibility and what it could provide they would but unless they are given that instruction ... they wouldn't go looking for it."

Employer, 10-49 Secondees, Manufacturing sector

5.16 Many employers had little involvement in the payroll or tax affairs of employees seconded to the UK due to their complex needs (compared with UK-based employees). Employers therefore did not anticipate a big change in their current processes, whether these entailed outsourcing payroll/tax processes to an agent, or relying on their employees seconded to the UK to manage these.

5.17 Some employers expected that the PTA would be more beneficial to their role as employers if they could access the Secondees PTA profile or data¹⁰. Employers anticipated that such access might give them more accurate and up to date tax information about their Secondee employees, therefore helping to make payroll/tax affairs more efficient in terms of processing data.

5.18 Most employers incurred significant cost from outsourcing Secondee tax affairs to agents. Employers who do so felt the PTA might be useful if it enabled Secondees to take on greater responsibility for managing their tax affairs, so employers could reduce some of the costs of using agents.

Agent views

5.19 As with employers, agents expressed doubt that their Secondee clients would have any inclination to access the PTA, or have any more involvement in their tax affairs than they do currently (which is minimal). Agents expressed a strong view that the combination of the unfamiliarity of the UK tax system to Secondees and the complexity of their tax affairs presents a significant barrier to clients' use of the PTA.

5.20 This view may well reflect the fact that Secondees with agents were likely to have more complex tax affairs (and hence why they have an agent), and/or have little incentive to engage in managing their tax affairs if they have an agent to do so for them.

¹⁰ Several employers and agents felt, from their perspective, that it would be beneficial to them to have access to Secondees' PTA. At present HMRC are not intending for anyone other than individuals themselves to have access to PTAs, due to data security implications. Any such developments would require substantive consideration of data security practices and standards.

Function and role of the PTA

Seconded views

5.21 Seconded welcomed the move towards a paperless process and the ability to complete forms without the need to print, complete by hand, and physically post anything.

- Some Seconded mentioned that they had occasionally experienced issues and even fines from HMRC for not submitting information on time or accurately. Seconded felt that this had been due to letters or hard copy forms being lost in the post or never receiving these, so they were unaware of a need to do so;
- Seconded can change addresses frequently, and many travel for extended periods of time;
- The PTA was therefore seen as offering an efficient way for Seconded to keep their country of residence and address details up to date, for both the accuracy of the tax they owe and ensuring any post reached its intended recipient.

5.22 Seconded' closest reference point to a similar service to the PTA was online banking, and Seconded referred to their experience using online banking to articulate their expectations for the design, content, and security considerations for the PTA.

5.23 Seconded primarily viewed and understood the PTA as a 'dashboard' of their UK tax status and key information:

- When logging in, they expected a simple overview of the current tax year, showing what they would have paid, would be due to pay, and highlighting – many suggest using a traffic light system – any pending actions;
- Seconded also welcomed the use of the PTA as a digital log of their tax affairs, so that they could access their UK tax history if required – both when they were in the UK i.e. still on secondment and after their secondment had ended.

"I would happily use it - I don't think I need any extra help."

Seconded, Asia Pacific, ICT sector

"It is kind of like a bank thing you open a bank [website] and the first thing you see is how much you have got in your account and what expenses... On the first page I want relevant information to me."

Seconded, Europe, ICT sector

5.24 Seconded would like to use the PTA as a means of more personalised guidance to their UK tax affairs. They would like to access information which is relevant to them, via the PTA, rather than the more general information available on the HMRC website. For example, Seconded said that they would like to be able to access their tax code, confirm that it is appropriate to them (purely as a peace of mind exercise), and understand what their tax code meant for them in terms of their tax responsibilities and payments.

5.25 Seconded suggested that the PTA might also include a 'wizard' type function to offer personalised guidance on what they need to do, in a step-by-step support style.

5.26 Seconded also expected that the PTA would feature a great deal of information and guidance:

- Secondees wanted information from video explainers to introduce complex ideas, to 'hover' definitions for technical terminology provided when hovering a mouse over a word or term;
- They expected that they will need more information and support than native UK PTA users, while acknowledging that it would be important to strike a balance between the PTA being sufficiently informative without being overwhelming;
- Secondees would also appreciate live support via web chat for issues they were unable to resolve alone.

5.27 Secondees would also like to be prompted to complete tax forms which might be required, and to be able to do so within their PTA profile.

5.28 Secondees, from their perspective, expected that the services and forms visible to them through the PTA would only be ones which are relevant to them, and that they would not be shown services which they cannot use or which were not applicable – such as the 'lifetime allowance'. Agents and employers also emphasised the importance of the PTA only offering relevant services for Secondees, to avoid confusing or distracting Secondees (and discouraging their use of the PTA).

"I should not see the things I'm not eligible for. If I see this link [Child Benefit], I'll click on it, try reading about it, and call them up and at the end of the day they will say, "Sorry, it doesn't apply to you"."

Secondee, Asia Pacific, ICT sector

Agent and employer views

- 5.29 Both agents and employers felt that the PTA could create a more seamless process of managing Secondee tax affairs: for example, by helping to ensure all parties had the same, accurate, up to date information as HMRC. It is noteworthy that this view was held by agents and employers based on their understanding/presumption that they would have some access to Secondees' PTAs (as well as the Secondee themselves).
- 5.30 Employers welcomed the PTA as a means for Secondees to have better visibility and control of their tax affairs, and potentially also a better understanding of the UK tax system as a result.
- 5.31 Agents were particularly interested in the potential of the PTA to operate as a sophisticated management tool for Secondee tax affairs. Agents suggested that the PTA could be used as a platform to help with completing tax calculations, for example, or for collating information which they otherwise rely on their Secondee clients to provide (and which can cause delays and difficulties).
- 5.32 However, with agent's expectations of PTA functionality also came concerns about the implications for their role in managing Secondee tax affairs. Agents were concerned that, if the PTA were to be the primary platform for Secondees to manage their tax affairs, the responsibility of keeping the PTA up to date may fall to them, which could be a laborious administrative task.
- 5.33 A few agents also expected their clients to have queries about the PTA which they would approach the agent for, therefore adding to agent's workload.

5.34 Agents were also somewhat concerned about the compatibility of the PTA system with their own online / software systems currently used for managing clients' tax affairs. For example, they questioned whether the information in both systems would be collected and/or recorded in the same format. Agents felt that incompatibilities in systems could cause difficulties and add burden to their workload.

5.35 As Figure 5.1 shows, for the most part, Seconded, agents and employers held similar views about the use of the PTA. However, whereas Seconded were confident that they would use the PTA to complete their SA form and others as needed for tax purposes, agents and employers were less certain that Seconded would use the PTA in this way.

Figure 5.1: Seconded, agent and employer views on the use of the PTA

Expected uses of Seconded PTA	Employers	Agents	Seconded
See personalised, synthesised information about taxes and benefits	✓	✓	✓
Access tax guidance, with the help of explainer videos, help boxes and links	✓	✓	✓
Update personal details, including when they leave the UK	✓	✓	✓
Check tax codes and income tax and ensure it is correct	✓	✓	✓
Convenient access to advice online, such as on webchat	✓	✓	✓
Check NI code and information	✓	✓	✓
Ability to independently complete forms online, incl. SA form			✓

Employers and agents assume most tax processing will still need their support

Access to the PTA

5.36 Access to the PTA will be restricted to individuals only i.e. Seconded themselves. However, the study explored each stakeholder group's expectations and preferences for who should have access to the PTA in their opinion. These varied by stakeholder group, with implications for how the PTA would be used. Communications which clearly set out who would have access to the PTA is therefore a key consideration for the design and roll-out of the PTA to International Seconded.

5.37 Seconded largely assumed that only they would have access to their PTA and the information it contained. Some felt comfortable with sharing access to the PTA or information within it with their employer, with the view that employers necessarily tend to already have such information already. However, when prompted, Seconded were generally less willing to share PTA access or personal data with their agents (if this were an option – and due permission would be required if so¹¹), with some fearing that agents may use it to their advantage or simply have access to more private data than they require to do their jobs.

¹¹ At present HMRC are not intending for anyone other than individuals themselves to have access to PTAs, due to data security implications.

- 5.38 In contrast, employers and agents suggested that access to the PTA would enable them to do a better job on Seconded's behalf, and to get maximum value from the PTA. This was in the context of agents and employers perceiving themselves as having a more active role in managing Seconded tax affairs than the Secondeds interviewed. Employers and agents tended to describe Secondeds as passively involved in their tax affairs and removed from the process, whereas the Secondeds interviewed saw themselves as actively involved.
- 5.39 From some agents' perspective, there could be further potential benefits for them from having access to more accurate and complete information on their clients via the PTA. They expected that it would enable them to better tailor the services they offer to their Seconded clients.
- 5.40 While access to the PTA will be limited to Secondeds themselves, HMRC might consider the providing an option for Secondeds to export data from the PTA to share with audiences of their choosing. This would allow Secondeds both control of their data, and the option of sharing this with employers and agents for specific purposes, and for the Secondeds' benefit.
- 5.41 Who can access the PTA would also determine the level of complexity of the digital service. The PTA must be accessible to the Secondeds (lacking in technical knowledge of their tax affairs), whereas employers and especially agents suggested that for the PTA to improve their processes, it would need to be more complex and comprehensive.

PTA challenges and misconceptions

- 5.42 All stakeholders expressed some reservations or concerns about the PTA. However, if addressed in the design, delivery and communication of the PTA, these should not present any significant barriers to the successful launch and roll-out of the PTA for International Secondeds.
- 5.43 Secondeds were largely very accepting of the proposed plans for the PTA. Their only reservations related to the complexity of the PTA, including registration, terminology and specific tax affairs. If Secondeds perceive either a risk in making an error in their tax, or simply a potential for it to be difficult and slow, they may be put off using the PTA.
- 5.44 Secondeds most commonly anticipated the registration process for the PTA to be complicated. They cited previous registration processes which had been inefficient or difficult as the reasons for their rationale. In some cases, this related to part of the process being conducted offline; Secondeds were often unaccustomed to using the post or a physical address as an identifier for public services, and felt that doing so could create delays if they were travelling or did not yet have a fixed UK address. In many cases, difficulty was related to their new status in the UK: if they did not yet have any UK-accepted means of identification, whether a passport, drivers licence, utility bill, etc., it would be a challenge to enter register for any new system in this way.

"Remember, some of these people are constantly travelling so how much time are you going to give them to reply to a postal letter? Not a week or two but six weeks to two months to answer the password that's sent to you in the post because they're constantly travelling! They always miss it. That is probably the most important thing I've just said to you."

Agent, tax consultancy

- 5.45 Some Secondeds were also daunted by the assumption that the PTA would mean taking more responsibility of their tax affairs. While Secondeds were largely comfortable with their current responsibility and few had reported experiencing any significant issues, Secondeds were

cautious about how well they might be able to navigate the terminology or required tasks on the PTA.

- 5.46 Seconded generally considered the potential for difficulties from language barriers to be relatively minor. Some mentioned the fact that Seconded would need to have a sufficient level of English proficiency to be seconded to work in the UK in the first place. Seconded were more focused on ensuring that they understood the specific systems and terminology of UK tax, than any barrier that may be presented by using English as a second language, especially if written (as opposed to spoken). However, the suggestion of translated introductory explainer videos into some of the most common Seconded languages would be relatively achievable and provide first language assistance for some of the more complex aspects of UK tax.
- 5.47 The only challenge employers perceived related to HMRC's capacity to capture the full complexity of Seconded's tax affairs on a portal while maintaining ease and accessibility for Seconded. Employers cautioned that if Seconded were daunted by the PTA they would be unlikely to engage with it or utilise it fully.
- 5.48 While employers saw the PTA as a positive step, they were keen for clarity on what the benefits would be, both to them and to their employees on secondment to the UK. They did not expect that the PTA would replace the support that they provide to their Seconded employees currently, but that it may be a useful supplement. However, employers were clear that Seconded would have to perceive a clear benefit to registering to use the PTA for them to invest the time to do so, especially if registration was not a single-step process.
- 5.49 Employers' only concern from their perspective was the potential for the PTA to create a need for more support and explanation from the employers to Seconded. Employers suggested that the PTA may prompt questions and possibly even some confusion if the PTA was unclear to Seconded.

"Letting them loose on their PTA could cause problems potentially."

Employer, Fewer than 10 Seconded, ICT sector

- 5.50 Of the three stakeholder groups, agents expressed the most reservations about PTA for Seconded. These reservations were related to both the Seconded's use of the PTA, and how it might affect the agents themselves in their role.
- 5.51 Agents, like the employers, expressed some doubts about the motivation of Seconded to use the PTA, again highlighting the importance of clearly articulating the benefits to Seconded when introducing the platform to them. However, this view was likely to be influenced by whether the Seconded was provided with an agent by their employer or not; Seconded who did not receive agent support as part of their secondment contract were likely to have a greater motivation to use the PTA to gain better visibility of their UK taxes (and this was reflected in the views of Seconded interviewed directly, who had not used an agent).
- 5.52 Agents suggested that there were many decisions about the best way to manage a Seconded's tax affairs which would be best done by an experienced expert who can make a judgement on a case by case basis. They suggested that a Seconded trying to navigate the PTA and corresponding HMRC tax guidance may not make the best choices on their own (and with the implication that the PTA might prompt Seconded to attempt to do so without their agent).

- 5.53 Agents expressed most doubt that Secondedees would be able to navigate their tax affairs using the PTA. This was partly related to agents' impressions that Secondedees were unfamiliar with UK tax, and partly the complexity of their tax affairs. Agents highlighted the challenge for HMRC to accurately reflect the income and tax of Secondedees, and felt that the success of the PTA would be dependent on the ability to be as complete and accurate as possible, despite the high variability of Secondedees' tax affairs.
- 5.54 Agents indicated that it would not be possible for the PTA to show Secondedees' tax affairs in their full complexity, specifically the international nature of their income and tax. As such, agents were interested in knowing more about the specific information that would be included in the PTA and how it would be framed: agents emphasised the importance of ensuring Secondedees are not confused by different information about their taxes if, for example, the PTA showed their UK tax status and agent's reporting showed their international income and tax combined.

"They are going to have an awful lot of foreign income generally ... how do HMRC see it working and what are going to be the requirements because we then have to work out how we advise our clients so they can comply with what they need to do."

Agent, Tax consultancy

- 5.55 Agents also expressed concerns about how the PTA might affect them directly in their role, and whether this might imply more, less, better or worse work. The primary concern was that the PTA might lose business for agents, by enabling Secondedees to manage their own tax affairs – despite also doubting that Secondedees will be able to do so without support.
- 5.56 Subsequently, agents wanted clarity on whether the PTA would be a means of accessing Secondedees' HMRC tax information, or if it would also function as a portal through which Secondedees' circumstances could be updated and taxes managed. If the latter, agents were concerned about whether the responsibility of keeping their clients' data up to date and correct would fall to them. This would be a laborious and administrative task, and likely to duplicate the information in their own systems and software. This last point also prompted some agents to query whether the PTA was likely to be compatible with their current data formats and systems.

"My question is how is this account actually intended to work? Is it supposed to be the place where everything [including overseas data] goes to HMRC?"

Agent, Tax consultancy

Successfully launching the PTA

- 5.57 A successful launch of the PTA will be reliant on clear communication to each stakeholder group which clarifies the role of the PTA and how this might impact on the current relationship between the stakeholders. It will naturally be important to articulate the benefits of the PTA to all stakeholder groups, and to reassure on any concerns.
- 5.58 Secondedees expressed the least urgency for information, and assumed that when the PTA is available they will be informed about it, and how to register. As most of their contact with HMRC is conducted via their employer, they expected updates about the process of managing their UK taxes to come from through the same channel. They also valued direct communications, such as via an email or letter, but suggested that if not expecting it, it would be possible they might miss it or not treat it with the appropriate priority.

- 5.59 Employers wanted reasonable warning before the PTA is launched, to help them to prepare for any changes which they might see in their management of Secondee affairs, and to brief their employees on secondment to the UK and manage any questions from them. They would like materials to be provided which might make their duties to prepare and communicate to the relevant parties as easy as possible, suggesting separate PDF flyers or briefing packs for employers, agents, and Secondees themselves.
- 5.60 Employers were also open to the benefits of a roadshow or similar live event to communicate the launch of the PTA, and possibly also directly manage any questions or issues Secondees might encounter. Employers suggested that the best timings for this type of event would be just before the end of the tax year, or when the Secondees were completing their SA forms.
- 5.61 Agents, in their eagerness for more clarity on the PTA, what it will offer, and how it might affect their role, wanted the maximum notice possible before the PTA is made available to International Secondees; they suggested as much as a year in advance of the transition.
- 5.62 Agents would also like far more detailed information than either Secondees or their employers expressed. In addition to notification about the PTA and its uses, agents wanted a step-by-step guide to demonstrate how the PTA would work, from registration to completion of specific tasks.
- 5.63 However, while agents wanted early information to help them to understand the PTA and advise their clients, they did not express an interest in being involved in the roll-out of the PTA to International Secondees. In fact, agents were largely resistant to taking on responsibility for guiding Secondees or participating in a roadshow event (which they felt HMRC would be best placed to do). Ideally, they wanted information from HMRC which they could use themselves, and share with their Secondee clients.
- 5.64 However, some agents were keen to engage in a full consultation with HMRC to inform the design of the PTA and the processes which surround it, so that they can give their view on how to make it a success – and to ensure that they have input into any new systems which might affect the nature or security of their work for International Secondee clients.

6 Summary

The role of tax agents in the customer journey and the issues they face

- 6.1 For most Secondedees who were early on in their secondment to the UK, agents played a key role in managing their tax affairs. Agents were usually introduced via Secondedees' employers, as part of their 'benefits package' whilst on secondment. Several Secondedees had become less reliant on their agent over time (also reflected in agents' comments).
- 6.2 Employers were very reliant on agents for payroll and PAYE systems – most outsourced these functions.
- 6.3 Agents played an integral role in managing Secondedee clients' tax affairs in the UK – from explaining and identifying what taxes were to be paid, to collecting information and preparing and submitting tax returns on Secondedees' behalf, most commonly the Self-Assessment form. Agents reported that most of their clients had limited to no knowledge and involvement in managing their UK tax affairs.

The experience of employers operating payroll on International Secondedees

- 6.4 Employers generally had no issues with payroll management or PAYE submissions – they found the process straightforward as in most cases it was outsourced to agents.
- 6.5 Employers did identify challenges in obtaining information needed for PAYE submissions from Secondedees and the quality of this information – which would often be queried by agents. Employers would then have to go back to check with the Secondedee or the overseas employer, which added time delays.

Barriers / enablers to a smooth transition to PTAs for International Secondedees

- 6.6 Overall all three audiences held positive views on the PTA and were welcoming of the concept. Secondedees were the most enthusiastic and expressed a strong intention to use the PTA once made available, and employers the least enthusiastic. Agents had mixed views on Secondedees' engagement with the PTA and the implications for their role in advising Secondedee clients on managing their UK tax affairs – some saw benefits of easing the process, others a potential administrative burden or duplication of work if the PTA system was incompatible or different to existing systems they use.
- 6.7 Access to the PTA was a key area of ambiguity for all three groups. While Secondedees were largely happy -and expected - only themselves to have access to their PTA, both employers and agents expressed an intention to have access to the PTA for their Secondedee employees/ clients. This suggests that HMRC will need to manage expectations about who will have access to the PTA (and how) and how it will be used by Secondedees, agents, employers.

Several themes emerged from the interviews as key enablers and barriers to International Secondedees' take up of the PTA – these are summarised in Figure 6.1 and

- 6.8 Figure 6.2, along with the groups for which they were particularly relevant.

Figure 6.1: Perceived benefits of the transition to PTAs across all three audiences

Perceived benefits of the transition to the PTA			
	Employers	Agents	Secondees
Improved data accuracy		✓	✓
Easier process			✓
Improved efficiency (due to access to information in one place, speed of data processing)	✓	✓	✓
Visibility and transparency	✓		
Reduced administration and costs	✓	✓	
New business opportunities			

Figure 6.2: Perceived barriers to the transition to PTAs across all three audiences

Barriers to the transition to the PTA			
	Employers	Agents	Secondees
Complexity of Seconded tax affairs	✓	✓	
Seconded knowledge		✓	✓
Increase in administration	✓	✓	
Perceived inaccessibility of account			✓
Seconded inertia	✓	✓	
Negative commercial impact		✓	
Data security			✓
Perceived added benefit from PTA	✓		

“

IFF Research illuminates the world for organisations businesses and individuals helping them to make better-informed decisions.”

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1. Impartiality and independence:

IFF is a research-led organisation which believes in letting the evidence do the talking. We don't undertake projects with a preconception of what “the answer” is, and we don't hide from the truths that research reveals. We are independent, in the research we conduct, of political flavour or dogma. We are open-minded, imaginative and intellectually rigorous.

2. Being human first:

Whether employer or employee, client or collaborator, we are all humans first and foremost. Recognising this essential humanity is central to how we conduct our business, and how we lead our lives. We respect and accommodate each individual's way of thinking, working and communicating, mindful of the fact that each has their own story and means of telling it.

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