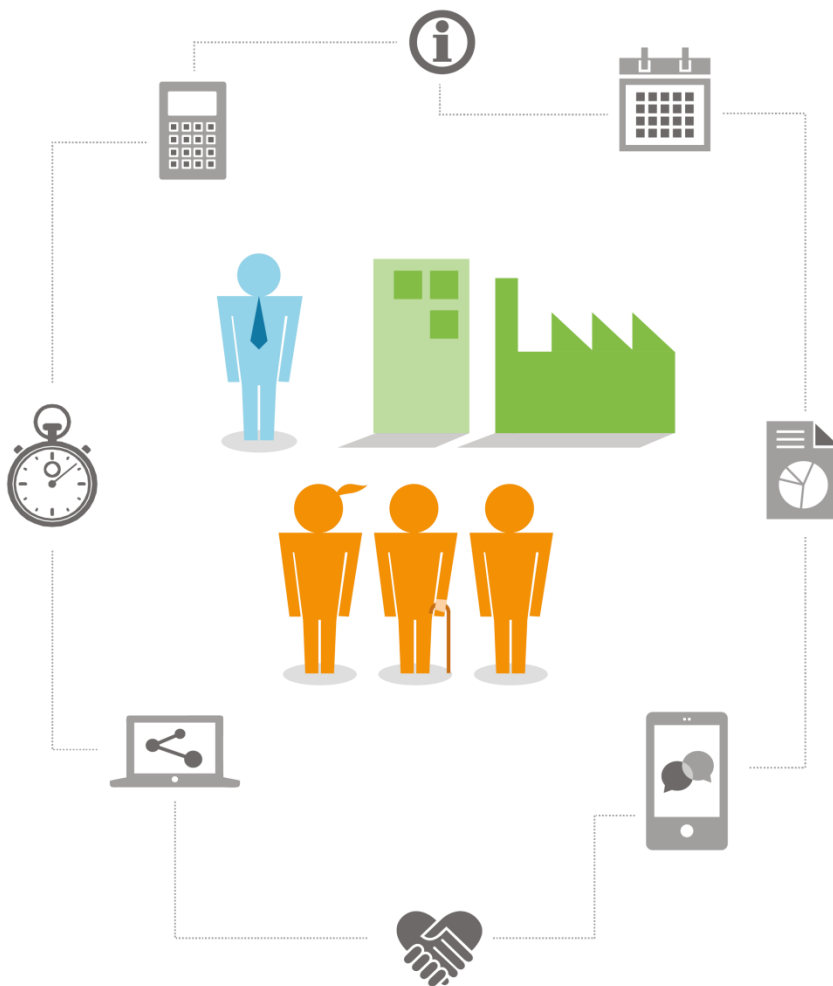




# HM Revenue & Customs

## Individuals, Small Business and Agents Customer Survey 2019 HMRC Report: 585



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# 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

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 – in other words, operating within the letter, but not the spirit of the law’

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

VAT mandated – this describes the group of Small Businesses that had turnover above £85,000 and reported paying VAT. Changes to how businesses can submit VAT returns via Making Tax Digital were mandated for businesses with taxable turnover above £85,000 from April 2019.

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# 1. Executive summary

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

HMRC commissioned the Individuals, Small Business and Agents Customer Survey in 2015 to provide the customer understanding to support the Department's mission<sup>1</sup> 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 fifth wave of the survey, conducted between August and November 2019.<sup>2</sup> The survey covers three groups: Individuals, Small Businesses and Agents. The three survey groups are surveyed and reported on separately.

## 1.1 Individuals

The survey of Individuals covers all members of the general public aged 16 or older. In 2019, two-thirds (67%) of Individuals had an interaction with HMRC in the previous 12 months. Four in ten (45%) Individuals had an online interaction (used an online service, including the Personal Tax Account or looked for information on HMRC webpages), with a quarter (24%) using a Personal Tax Account. One in five (23%) customers had contact with an HMRC telephone helpline and four in ten (35%) made or received contact with HMRC by post.

### 1.1.1 Customer experience

Individuals were asked about the channels they used to contact HMRC. Amongst customers who used the following contact channels, the Personal Tax Account (67%) and webpages (67%) were rated more positively than HMRC's other online services (58%) and telephone helpline (62%).

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.

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. This analysis was conducted for each customer group.

Primary areas for improvement for Individuals, where improvements to ratings would have the biggest impact on overall customer experience, were:

- HMRC resolving any queries or issues (60% were positive);
- the acceptability of time taken to reach the end result (57%);

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

<sup>2</sup> 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.

- HMRC staff being approachable (58%)
- the quality of information looked for or received (60%).

Seven in ten (71%) Individuals who had interactions felt that HMRC treated them 'fairly'. Individuals who had interacted with HMRC rated them less highly on 'ease of dealing' with tax issues (55%) than in 2018 (60%). The decrease was driven by individuals aged 34 and younger (60% in 2018 to 51% in 2019) and those aged 55 and older (57% in 2019 from 68% in 2018). Half (50%) of Individuals agreed that HMRC's services were 'personalised' to them, and a slightly higher proportion agreed that HMRC 'online services were joined up' (55%).

### 1.1.2 Perceptions of HMRC

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

#### Reputation

A third of Individuals felt HMRC were 'efficient' or 'fair' (33% and 34% respectively) and four in ten (41%) felt they were 'effective'. Individuals were more positive about HMRC ensuring customer data and personal information was treated 'confidentially' (66%).

Nearly half (48%) of Individuals were confident in how HMRC did its job, a decrease since 2018 (51%). The decrease was driven by groups who also found it less easy to deal with their tax affairs over the last 12 months:

- Individuals aged 34 or younger (52% in 2018 to 46% in 2019);
- Individuals aged 55 or older (50% in 2019 from 54% in 2018)
- those with multiple incomes (50% in 2019 to 53% in 2018).

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.

#### Compliance

Eight in ten (82%) felt 'tax evasion' was never acceptable and seven in ten (68%) felt it was widespread. Slightly more than half (56%) thought it likely that 'HMRC would detect tax evasion' and four in ten (44%) felt the sanctions available to HMRC to deter tax evasion were effective.

Three quarters (74%) felt 'tax avoidance' was never acceptable and seven in ten (70%) felt it was widespread.

## 1.2 Small Businesses

Small Businesses were defined as businesses with an annual turnover under £10 million and between 0 and 19 employees. This includes self-employed sole traders.

Seven in ten (72%) used HMRC's online services, with 45% using the Business Tax Account and 60% the webpages on gov.uk. Half (48%) had contact by post and three in ten (30%) had contact by telephone.



## 1.2.1 Customer Experience

Small Businesses were asked about the contact channels they used to contact HMRC. Amongst customers who used the following contact channels, almost eight in ten that used the Business Tax Account rated it positively (79%). There was a decrease in positive ratings for other online services since 2018 (72% in 2019 compared with 77% in 2018), while seven in ten (70%) rated the HMRC webpages on gov.uk positively. This was higher than the rating of telephone helplines (58%, up from 46% in 2015).

Three-quarters (75%) of Small Businesses had a positive overall experience of dealing with HMRC in the previous 12 months. This was an increase from 72% in 2015. Positive ratings of HMRC were generally higher among the smallest businesses (those with fewer than 5 employees) as were those that interacted with HMRC online-only. The ratings of most dimensions of customer experience remained similar to 2018, and Small Businesses were more positive about most dimensions compared with 2015.

Primary areas for improvement for Small Businesses, where improvements to ratings would have the biggest impact on overall customer experience, were:

- HMRC resolving any queries or issues (69%);
- acceptability of time taken to reach the end result (68%)
- ease of finding information (62%).

Eight in ten Small Businesses felt that HMRC 'treated them fairly' (81%). Three-quarters (72%) felt that it was 'easy to deal' with tax issues. Half of Small Businesses felt that HMRC's services were 'personalised' to them (52%). More Small Businesses felt online services were joined up (61% in 2019 compared with 55% in 2018).

Seven in ten Small Businesses were positive about HMRC's systems 'integrating with the way they managed their business tax affairs' (70%). Six in ten felt HMRC recognised that their 'business was their priority' (59% in 2019, down from 64% in 2018).

## 1.2.2 Perceptions of HMRC

### *Reputation*

A third of Small Businesses felt HMRC were 'fair' and 'efficient' (35% for both measures). Half of Small Businesses felt that HMRC were 'effective' (51%, up from 46% in 2015). Three-quarters (74%) agreed that HMRC ensured customers' data and personal information was treated 'confidentially'.

Confidence in HMRC among Small Businesses increased to 61%, 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. Seven in ten (67%) Small Businesses had a favourable overall opinion of HMRC, consistent with previous years.

### *Compliance*

Nine in ten (88%) felt that 'tax evasion' was never acceptable and one in three felt it was widespread (32%). Two thirds (65%) thought it 'likely that HMRC would detect tax evasion'. Around

half (54%) felt the sanctions available to HMRC were effective in deterring businesses from deliberately not declaring all their income.

Seven in ten (69%) stated that 'tax avoidance' was never acceptable and four in ten felt 'tax avoidance' was widespread (39%).

### 1.2.3 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) will make it easier for businesses to get their tax right first time 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 1<sup>st</sup> April 2019. The survey included all Small Businesses and not all surveyed fall into the VAT mandated group. VAT registered businesses with turnover below the VAT threshold are not required to use MTD but can choose to do so voluntarily. Businesses that have not signed up to submit VAT returns via MTD can submit VAT returns using another portal and therefore could mistake this portal for the MTD portal.

Small Businesses were asked about their awareness of changes to submitting VAT returns online (known as Making Tax Digital (MTD) from April 2019). Four in five (79%) Small Businesses had heard about the changes (up from 51% in 2018) and 28% knew a lot about them. Awareness among businesses above the VAT threshold who were required to join MTD for VAT was almost universal at 95%.

The majority of Small Businesses above the VAT threshold were submitting VAT returns via MTD (84%), equating to 44% of all Small Businesses. A third (32%) said they submitted their Income Tax via MTD. This may conflate other means to submit Income Tax returns as the Income Tax for Self-Assessment pilot is open to landlords and sole traders, and the uptake of the pilot service was small at the point businesses were surveyed. Landlords are not sampled within the Small Business survey. These figures are self-reported by businesses and do not represent what businesses may do in practice.

Six in ten Small Businesses that submitted VAT returns used compatible third party software to submit their returns (59%) and 9% uploaded spreadsheets or files into software which converts data to the format required for MTD.<sup>3</sup> One in five (21%) said they did not know how they submitted VAT returns. A high proportion (85%) of businesses that said they did not know how they submitted VAT returns outsourced either some or all work to an agent.

Over four in ten (45%) Small Businesses that were aware of submitting VAT returns using functional compatible software, felt there were no benefits associated with it. This was a decrease since 2018 (50%). Since 2018, more businesses felt that submitting VAT returns using functional compatible software would make submitting tax information faster (17% up from 7% in 2018) and reduce the risk of error in their tax return (9%, up from 6% in 2018).

There was no evidence that the roll out of MTD for VAT has impacted negatively on customer experience amongst Small Businesses that are now required to comply with MTD for VAT.

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<sup>3</sup> This is also known as bridging software.

## 1.3 Agents

Agents are paid by customers – individuals or businesses – to represent them in dealings with HMRC. Over half (57%) of Agents were accountants and a third (31%) were bookkeeping firms.

Half (52%) of Agents had fewer than 50 clients, a quarter (24%) had 50 to 249 clients, and two in ten (20%) had 250 or more clients. Two-thirds (63%) of Agents were members of a professional organisation.

### 1.3.1 Customer Experience

Agents were asked about the contact channels they used to contact HMRC. Amongst customers who used the following contact channels, six in ten (61%) gave a positive rating of HMRC online services, a decrease since 2018 (70%). This was still higher than ratings of HMRC webpages (54%). Six in ten (61%, up from 57% in 2015) Agents had a positive rating of the dedicated Agents helpline telephone. This was substantially higher than positive ratings of other HMRC helplines (30%). However, the increase in positive ratings of other telephone helplines since 2015 (17%) has been maintained.

The proportion of Agents with a positive overall experience of dealing with HMRC in the previous 12 months increased from 2015 (51% in 2019, up from 40% in 2015).

Primary areas for improvement for Agents, where improvements to ratings would have the biggest impact on overall customer experience, were:

- HMRC resolving any queries or issues (46%)
- acceptability of time taken to reach the end result (34%).

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 (50% in 2019, up from 46% in 2015). A quarter agreed that 'online services were joined up' (27%) and that services were 'personalised to them and their clients' (41%, an increase from 34% in 2015).

### 1.3.2 Perceptions of HMRC

#### *Reputation*

Confidence in HMRC among Agents has increased to 45% in 2019 (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 (57%) Agents had a favourable overall opinion of HMRC, an increase from 48% in 2015.

Agents were twice as likely to agree that HMRC were effective (48% in 2019, up from 38% in 2015 and 43% in 2018) than efficient (22% in 2019, up from 17% in 2015). Eight in ten Agents (79%) agreed that HMRC ensures customer data and personal information is treated confidentially, an increase from 76% in 2015.

## Compliance

Over nine in ten (93%) Agents believed 'tax evasion' is never acceptable. More than four in ten thought that 'tax evasion' was widespread (42%). Fewer Agents felt that 'tax evasion' was widespread than in 2016 (47%). Around half (53%) thought it 'likely that HMRC would detect tax evasion'. Four in ten (42%) felt the sanctions available to HMRC were effective in deterring individuals and businesses from deliberately not declaring all their income.

Six in ten (61%) felt that 'tax avoidance' is never acceptable, an increase since 2016 (53%) and 2017 (53%). This may reflect that the UK's anti-avoidance legislation and associated measures have been strengthened over the survey period. Over four in ten felt 'tax avoidance' was widespread (46%), fewer than in 2017 (51%) and 2016 (52%).

### 1.3.3 Making Tax Digital

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 2019<sup>4</sup> as follows: 'HMRC is introducing changes to how businesses provide information relating to their tax obligations. Since April 2019 VAT registered businesses with taxable turnover above the VAT threshold have been required to keep their tax records digitally and to file returns to HMRC directly through compatible software.

Nine in ten Agents (87%) had informed their clients about maintaining digital records and filing returns via MTD for VAT returns and a third (34%) had informed clients about the same for Income Tax updates. One in ten (9%) said they had not informed their clients about either.

Seven in ten submitted VAT returns using third party compatible software (69%) and one in seven (13%) uploaded spreadsheets or files into software which converts data to the format required for MTD. A similar proportion (14%) said they used neither method.

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<sup>4</sup> This explanation changed between 2018 and 2019.

## 2. Introduction

### 2.1 Background

HM Revenue and Customs (HMRC) is the UK's tax, payments and customs authority. It collects the money that pays for the UK's public services and helps families and individuals with targeted financial support. Its vision is to be a world-class organisation underpinned by its values of professionalism, integrity, respect and innovation.<sup>5</sup>

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<sup>6</sup> to maximise revenues due and bear down on avoidance and evasion, transform tax and payments for customers and design and deliver a professional, efficient and engaged organisation. HMRC's Annual Report and Accounts provides information on the Department's customer service performance.<sup>7</sup>

### 2.2 Research aims

The survey aims to:

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

This report presents findings covering five years of the survey from 2015 (2015<sup>8</sup>, 2016<sup>9</sup>, 2017<sup>10</sup>, 2018<sup>11</sup> and 2019) for each customer group. For the Small Businesses and Agents surveys, the report will be looking at both changes between 2018 and 2019, and change over the length of the survey (2015 to 2019). 2016 and 2017 figures may be referenced throughout. Only changes from previous years that are statistically significant are reported on. Due to the change in survey method for the Individuals survey in 2018, only changes between 2018 and 2019 are reported on. There is no comparison over the length of the survey for Individuals.

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<sup>5</sup> For more information see HMRC: Single Departmental Plan, <https://www.gov.uk/government/publications/hm-revenue-and-customs-single-departmental-plan> or the HMRC strategy <https://www.gov.uk/government/publications/hmrc-strategy>

<sup>6</sup> Performance measures are based on Spending Review 2015 Objectives, which were the current objectives at time of interviewing and survey development

<sup>7</sup> For more information see HMRC's annual report and accounts, <https://www.gov.uk/government/collections/hmrcs-annual-report-and-accounts>

<sup>8</sup> <https://www.gov.uk/government/publications/hm-revenue-and-customs-individuals-small-businesses-and-agents-customer-survey-2015>

<sup>9</sup> <https://www.gov.uk/government/publications/hm-revenue-and-customs-individuals-small-businesses-and-agents-customer-survey-2016>

<sup>10</sup> <https://www.gov.uk/government/publications/hmrc-individuals-small-businesses-and-agents-customer-survey-2017>

<sup>11</sup> <https://www.gov.uk/government/publications/hmrc-individuals-small-business-and-agents-customer-survey-2018>

## 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 older<sup>12</sup>. Individuals who reported having any interaction with HMRC in the previous 12 months were asked to rate their experiences of HMRC on a number of dimensions. All Individuals (including those who did not report having any interactions beyond paying tax through Pay As You Earn (PAYE) were asked about their perceptions of HMRC.

In 2019, the survey followed a random probability Address Based Online Surveying (ABOS) method, as was the case in 2018. The ABOS approach involves:

- 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.
- One invitation and up to three reminders were sent to households. The reminders were issued two, four and seven weeks after the initial invite.
- Paper questionnaires were available on request (for households where someone was unable or unwilling to take part online), and were included for a random subset of households in the second reminder mailing. In total, 518 out of the 2,628 Individuals surveys were from a paper questionnaire.
- Any household that was identified as having an adult aged 16 to 24 in their questionnaire responses, but where no adult aged 16 to 24 had completed a questionnaire were sent a third reminder. This was to increase the number of adults aged 16 to 24 taking part in the survey, as had been trialled in 2018.<sup>13</sup>
- 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.

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<sup>12</sup> It was agreed during the survey design that self-employed sole traders are both a valid subset of the Individuals population and a valid subset of the Small Businesses population. Self-employed people have a dual relationship with HMRC, first as private citizens who pay tax/receive benefits (including on earnings from their business and other non-business related savings and investments) and second as business owners. Although the two relationships will inevitably be entwined so far as these individuals are concerned, exclusion of the self-employed sub-group from either the Individuals or Small Businesses customer groups would lead to under-coverage of the affected group.

<sup>13</sup> The 2016 and 2017 trials of the ABOS approach indicated that younger adults were less likely to participate in the survey than any other demographic group.

## Small Businesses

Small Businesses are defined as having a turnover of under £10m and between 0 and 19 employees.<sup>14</sup>

Small Businesses were surveyed at the enterprise level<sup>15</sup> (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 operated 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 £8,500 per annum.<sup>16</sup>

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.
- 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. Since 2018, Agents have been identified by screening for key words in the 'business description' section for each business in the SA database.

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<sup>14</sup> It is important to note that there is some overlap with the HMRC Mid-Size Business Customer Survey sample; the Mid-Size Business sample was de-duped against the Small Business sample. Any duplicate records were removed from the mid-size business sample.

<sup>15</sup> A group of legal units under common ownership is called an Enterprise Group. An Enterprise can be defined as the smallest combination of legal units (generally based on VAT and/or PAYE records) that is an organisational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources. An enterprise carries out one or more activities at one or more locations. An enterprise may be a sole legal unit. A local unit is an enterprise or part thereof (e.g. a workshop, factory, warehouse, office, mine or depot) situated in a geographically identified place.

<sup>16</sup> 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.

- 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 2,628 Individuals (2,110 by online questionnaire, 518 by postal questionnaire), 2,700 Small Businesses and 2,349 Agents between August 23rd and November 6th 2019.

### 2.3.3 Comparability with previous Customer Survey

This survey compares results between 2015 and 2019. 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 2019 are reported on. The comparisons reported on are between 2018 and 2019 surveys.

HMRC previously conducted a different Customer Survey between 2008 and 2015.<sup>17</sup> However, the questionnaire, sample structure, approach and definition of the customer groups have all been substantially changed. Results are therefore not comparable with this previous survey.

### 2.3.4 Survey content

The survey covers the following areas:

- Interactions with HMRC in the previous 12 months
  - Rating of customer experience (including rating of channels and online tools used)
  - Section of questions measuring key dimensions of experience, based on the customer experience model (see section 2.3.5 below)
  - Other measures of customer experience, reflecting the manner in which HMRC administers the tax system
    - Fairness

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<sup>17</sup> <https://www.gov.uk/government/publications/hm-revenue-and-customs-customer-survey-2008-to-2015>



- Personalisation
  - Ease of dealing with tax issues
  - Online services being joined-up
  - Ratings of payment methods provided by HMRC
  - (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 Customer Experience Dimensions

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

Before 2019, this model was referred to as the Atom Model. The model was developed based on qualitative research commissioned by HMRC in 2013<sup>18</sup> to look at what an ideal customer experience would look like if everything was working well. It was designed to examine which dimensions of experience were most and least important for a good quality customer experience. The model was designed to be relevant to the three customer groups that were interviewed at the time in the previous customer survey (Individuals, Agents and Small and Medium-sized Enterprises (SMEs)). In 2019, the customer experience questions used to examine the importance of the dimensions of experience remained the same.

The customer experience questions in this survey were developed around the customer experience model to understand which dimensions were most important to customers in their real-life customer experience over the previous 12 months. Table 2.1 shows the customer experience model questions asked about in the survey.

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<sup>18</sup> Understanding quality of service from a customer perspective  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/344753/report285.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/344753/report285.pdf)

**Table 2.1 Customer experience model questions in the survey**

Customer Survey question
How good or poor were HMRC at getting tax transactions right? <sup>19</sup>
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"><li>• What steps I needed to take</li><li>• When everything was completed</li></ul>
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 conducted on the customer experience model dimensions using multivariate analysis (multiple linear regression)<sup>20</sup> enabling us to create a revised customer experience model for each customer group (see section 2.3.6).

### 2.3.6 Key Driver Analysis

The Key Driver Analysis (KDA) enables us to understand which customer experience 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 following explains how the customer experience model identifies areas of customer experience that would need improvement to increase ratings of overall experience.

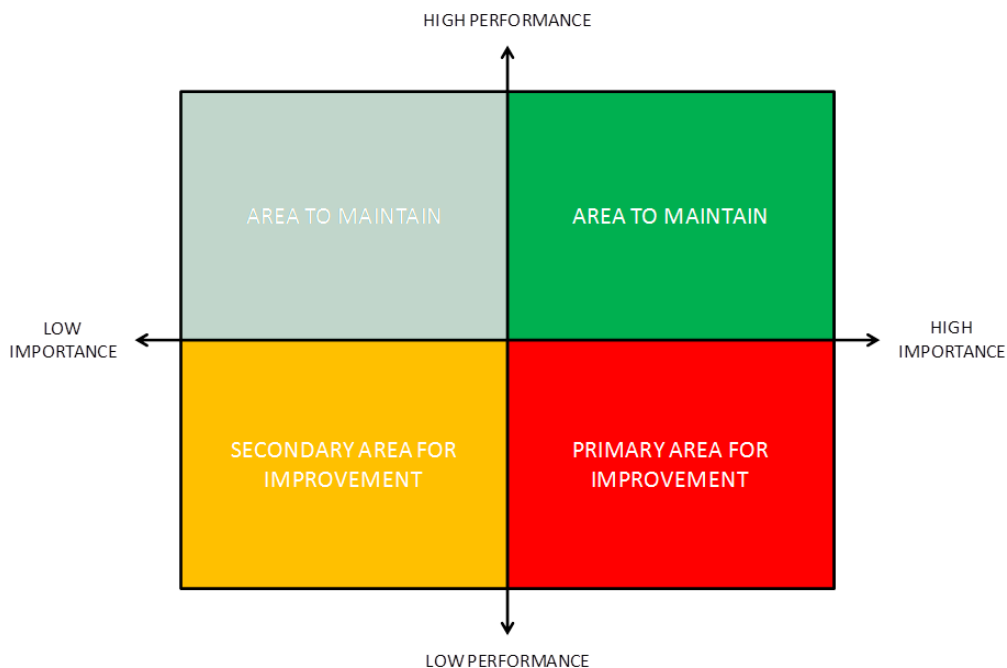
- (a) Areas of experience that had been identified as dimensions of higher relative importance (i.e. their Relative Importance Score is above the median of all Relative Importance Scores) and lower performance (i.e. their Performance Scores are below the median of all Performance Scores) are the **primary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

<sup>19</sup> For Individuals this question was phrased: 'How good or poor were HMRC at getting tax [and benefits and credits] transactions right?' if they reported receiving any benefits or tax credits in the previous 12 months

<sup>20</sup> Linear regression analysis was used to determine the key drivers of overall experience. This multivariate approach estimates the influence of each variable on overall experience while keeping all of the other variables in the model fixed. See section 7 of the accompanying technical report for further details.

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 2.1).

**Chart 2.1 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 2018 and 2019 and between 2019 and the baseline survey conducted in 2015. Significant differences between 2018 and 2019 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 2019. Where there were no changes since 2018, this is noted as no change in the report.

While the survey has been conducted each year since 2015, the majority of charts do not present 2016 and 2017 data. This is to highlight the comparisons between 2015 and 2019, and between 2018 and 2019.

As mentioned in section 2.3.1, comparison of results is only available between 2018 and 2019 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

Two thirds (63%) of Individuals had a positive overall experience of dealing with HMRC in 2019. Individuals who used a Personal Tax Account were more likely to have a positive experience (67%) than non-users (61%).

In order to improve overall experience for Individuals, the primary areas for improvement are:

- Resolving any queries or issues (60%)
- Acceptability of time taken to reach an end result (57%)
- HMRC staff being approachable (58%)
- The quality of information looked for or received (60%)

These are the service dimensions which are strongly linked to overall experience but where HMRC has performed less well. Ratings of approachability of staff decreased since 2018, from 64% to 58% in 2019. This was driven by younger individuals aged 16-34 (70% in 2018 to 54% in 2019).

Ratings of the ease of dealing with tax issues decreased from 60% in 2018 to 55% in 2019. The decrease was driven by individuals aged 34 and younger (60% in 2018 to 51% in 2019) and those aged 55 and older (57% in 2019 from 68% in 2018).

Nearly half (48%) of Individuals were confident in how HMRC did its job, a decrease since 2018 (51%). The decrease was driven by groups who also found it less easy to deal with their tax affairs over the last 12 months – Individuals aged 34 or younger (52% in 2018 to 46% in 2019); Individuals aged 55 or older (50% in 2019 from 54% in 2018) and those with multiple incomes (50% in 2019 to 53% in 2018).

## 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.

### 3.2.1 Demographic profile

There was an even split between males (47%) and females (49%).<sup>21</sup> Individuals fell into the following age bands: 28% were between 16-34 years old, 32% were between 35-54 years and 36% were over 55 years old.

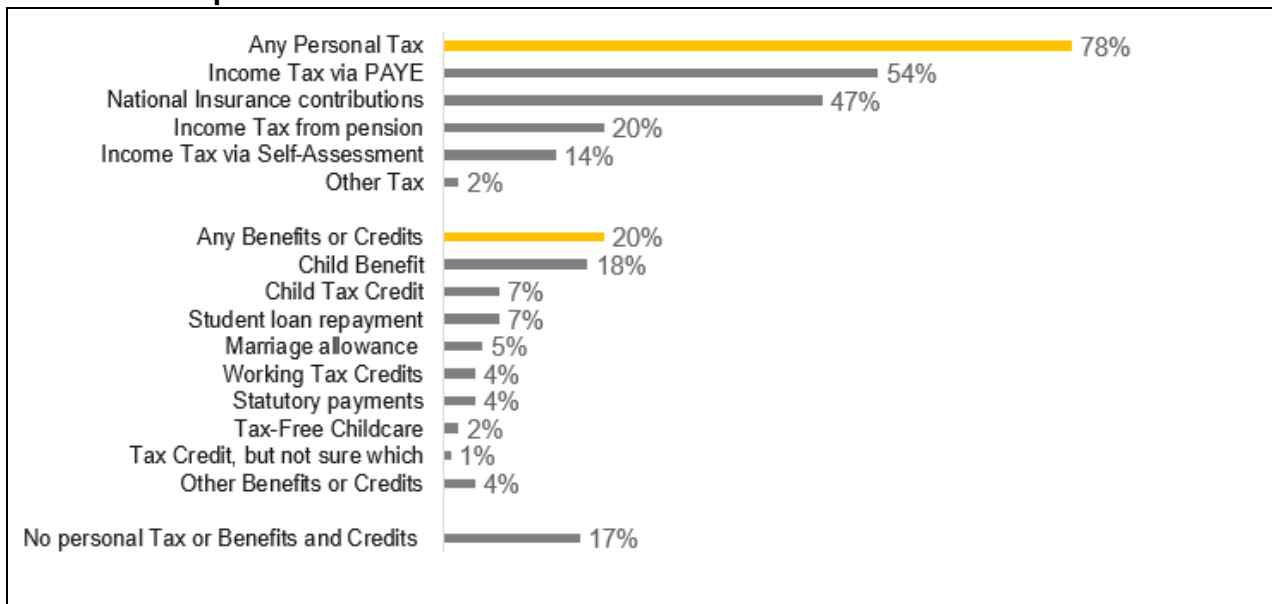
Six in ten (60%) were in paid work: 40% were working full-time, 13% were working part-time and 7% were self-employed. Just under four in ten (37%) were not in employment, including 22% who were retired from paid employment.

Six in ten (59%) reported having only one income source, while 36% 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 past 12 months. Four in five (78%) had paid any personal taxes and one in five (20%) had received any benefits and credits administered by HMRC. Under a fifth (17%) reported doing neither of these in the past 12 months. The profile of Individuals in terms of taxes paid and benefits received is in line with the profile in 2018 (Chart 3.1).

**Chart 3.1 Taxes paid and benefits and credits received from HMRC – Individuals**



Q2tax (1) Over the last 12 months, that is since [MONTH] [YEAR], which of the following taxes have you paid? Base: All respondents (Individuals: 2019: 2617); Q2tax (2) Over the last 12 months, that is since [MONTH] [YEAR], which of the following have you paid or received? Base: All respondents (Individuals: 2019: 2605)

<sup>21</sup> 4% of Individuals either preferred not to give their gender or identified in another way.

Looking specifically at which personal taxes they paid, six in ten Individuals (59%) said they paid income tax only by Pay As You Earn (PAYE) through either wages or pension in the last 12 months, five per cent said they paid income tax through both PAYE and through Self-Assessment (SA) and 8% paid income tax through SA only.

Age, gender, working status and use of a Personal Tax Account (PTA) were associated with payment of personal taxes. The following groups were most likely to have paid personal taxes in the last 12 months:

- Individuals aged 35-54 (86% compared with 75% of 16-34 year-olds and 74% of those aged 55+).
- Men (85% compared with 72% of women).
- Those who were working full-time (97% compared with 88% of self-employed, 81% of those working part-time, and 55% of those not in employment).
- Those who used a Personal Tax Account (91% compared with 74% who did not use this).

Age, gender and working status were also associated with benefits and credits received:

- Individuals aged 35-54 were also more likely to have received benefits and credits in the last 12 months (39%) compared with those aged 16-34 (21%) or 55+ (4%).
- Women were more likely than men to have received benefits and credits in the last 12 months (26% compared with 15% of men).
- 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: 22%; part-time: 34%; self-employed: 19%).

Individuals who had at least one child under the age of 16 living with them in the household were also more likely to have received benefits and credits in the last 12 months (63%) compared with those with no children under 16 in the household (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. Interaction with HMRC was defined as:

- Claiming any of child benefit; working tax credits; child tax credits or any other tax credit (respondent did not know what type)
- Having contact with HMRC online via searching for information on the HMRC webpages on gov.uk; via the PTA; using any other online service or receiving an email from HMRC
- Having contact by post; telephone; face to face or a text message from HMRC

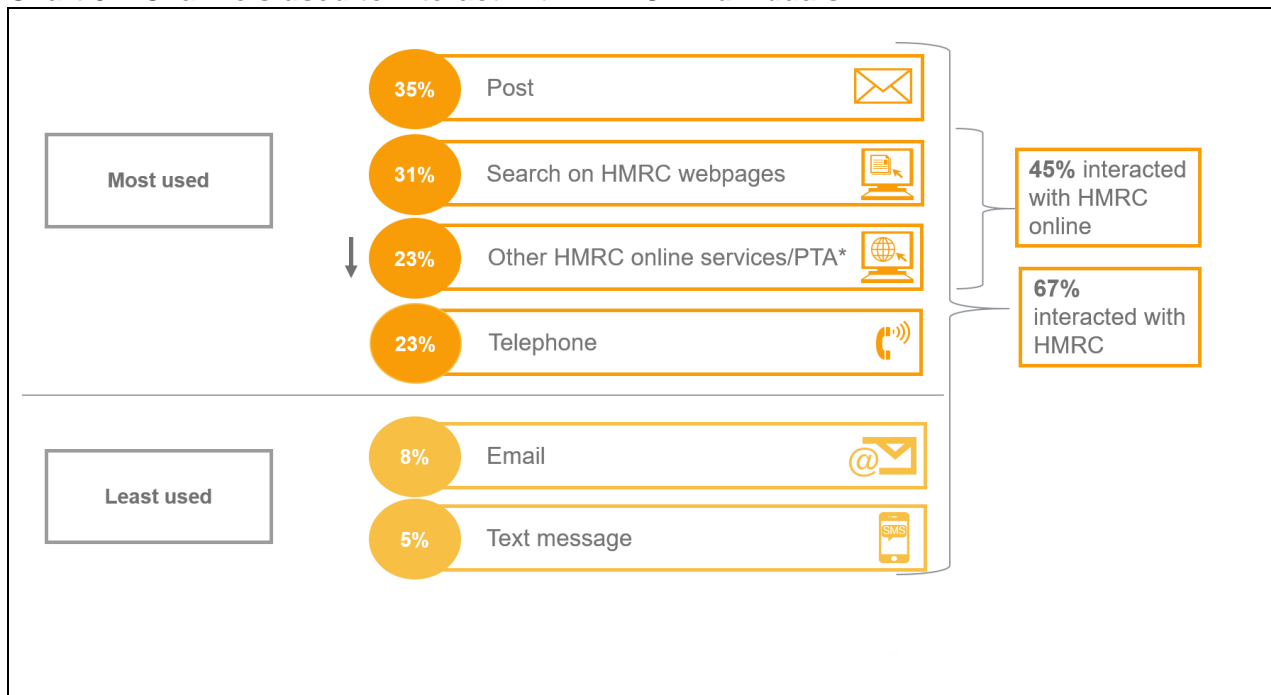
Two-thirds (67%) of Individuals said they interacted with HMRC in the last 12 months, which was unchanged from 2018. Customers aged between 35-54 (81%) were most likely to have interacted with HMRC in the last 12 months compared with those aged 16-34 (70%) and 55 and above (54%). Individuals who were self-employed were more likely to have interacted with HMRC in the past 12 months (90%) than those working full-time (75%), part-time (74%), or not in employment (54%). Individuals who paid personal taxes were also more likely to have had interactions with HMRC in the previous 12 months (73% compared with 46% who did not).

### 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 (35%), searching on HMRC's webpages (31%) and use of HMRC's online services (23%, down from 30% in 2018). About a quarter of Individuals reported interacting with HMRC via telephone (23%). 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**



Q2cont1 Methods of online dealings with HMRC in last 12 months. Base: All respondents. (Individuals: 2621); Q2cont2 Methods of other dealings with HMRC in last 12 months. Base: All respondents. (Individuals: 2617) \*These figures combine responses to HMRC online services and Personal Tax Account *Arrows refer to changes between 2018 and 2019 surveys.*

The following types of Individuals were most likely to have used HMRC online services:

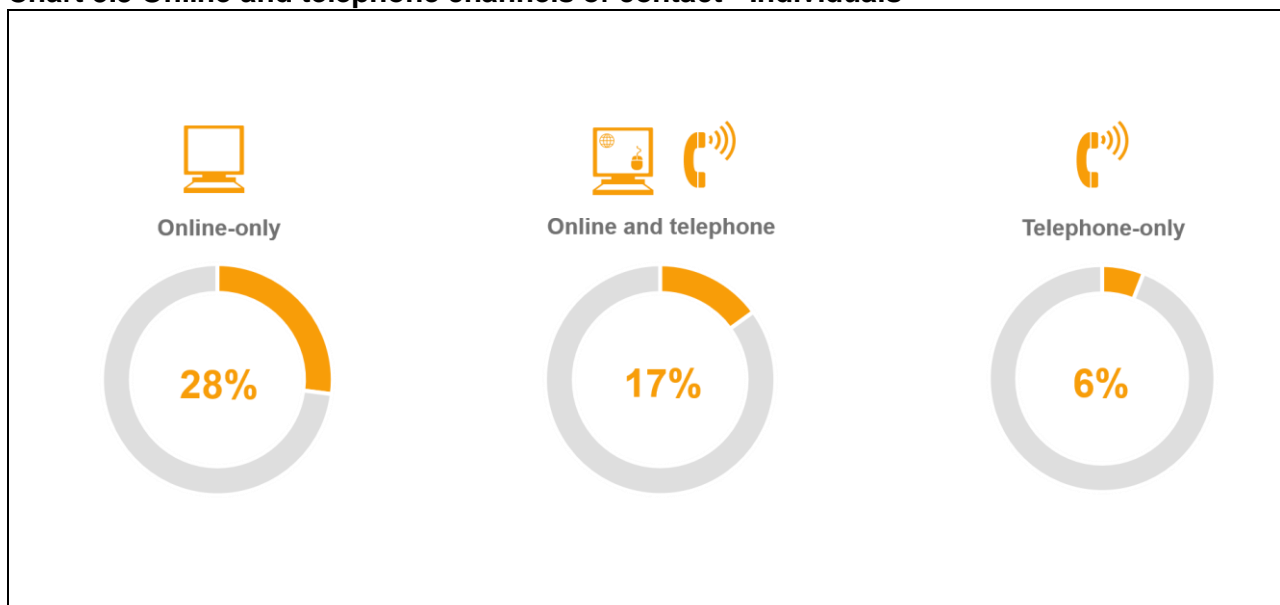
- Those with at least one income source (32% compared with 16% with no sources)
- Those aged 24-54 (40% compared with 30% of 16-34 year olds and 26% of those aged 55+)
- Those who were self-employed (62% compared with 35% of those who were working as an employee and 21% who were not working)
- Those receiving any benefits or credits in the last 12 months (46% compared with 29% who had not)
- Those who had paid personal taxes in the last 12 months (36% compared with 16% who had not)



- Those who used a professional advisor to help with tax affairs (49% compared with 30% who had not).

When looking at broader types of interaction Individuals had with HMRC in the last 12 months, 45% interacted with HMRC online.<sup>22</sup> Overall, 28% interacted with HMRC solely through online channels, while 17% 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**



Q2cont (1) In which of the following ways have you had any online dealings with HMRC over the last 12 months? Base: All respondents (2019: 2621); Q2cont (2) And in which of the following other ways, if any, have you had dealings with HMRC over the last 12 months? Base: All respondents (2019: 2617)

The following types of Individuals were most likely to have interacted with HMRC through online channels only:

- Those aged 16-34 (30%) or 35-54 (36%) compared with those aged 55 and above (22%).
- Those who were self-employed (56% compared with 31% of those who were working as an employee and 20% who were not working)
- Those receiving any benefits or credits in the last 12 months (36% compared with 26% who had not)
- Those who had paid personal taxes in the last 12 months (32% compared with 17% who had not)
- Those who used a Personal Tax Account (62% compared with 17% who had not).

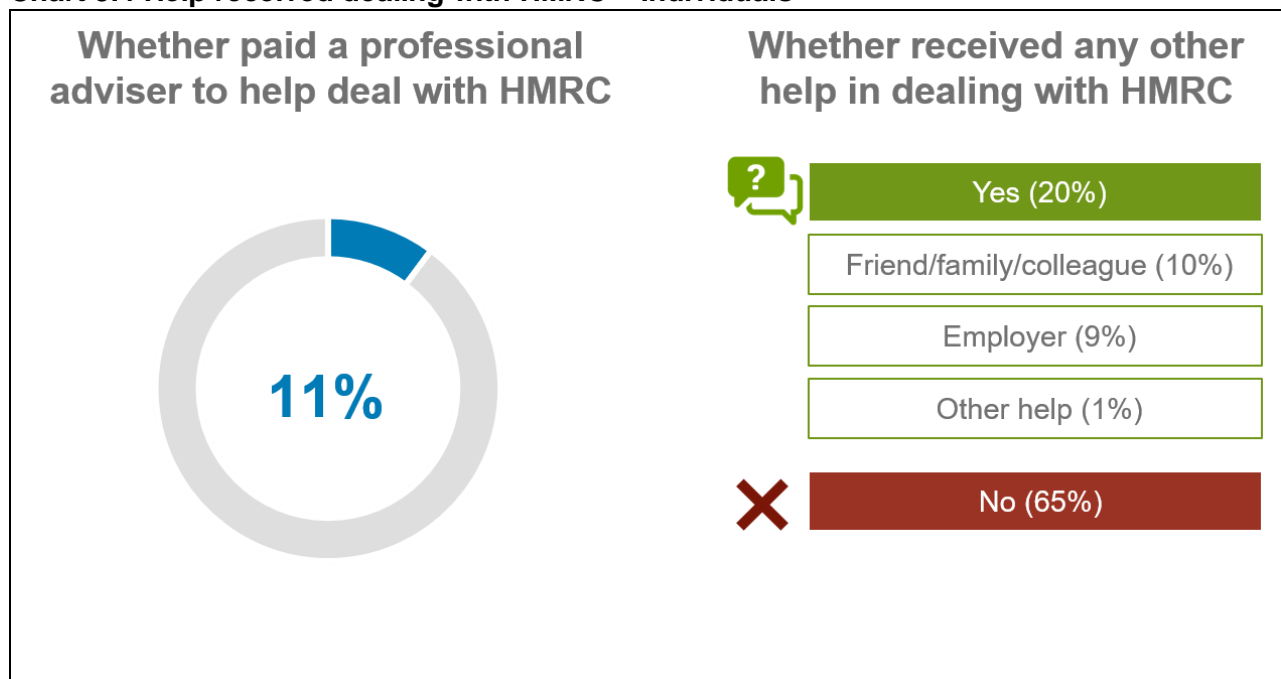
### 3.2.5 Agent usage and ease of having an agent act on Individual's behalf

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

<sup>22</sup> 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.

A third (30%) of Individuals reported having help with their dealings with HMRC in the last 12 months; this was unchanged since 2018. Overall, one in ten (11%) had help from a professional advisor, and similar proportions had help from a friend, family member, or colleague (10%), or from their employer (9% - Chart 3.4).

**Chart 3.4 Help received dealing with HMRC – Individuals**



Q1proad Do you pay a professional adviser, such as an accountant, to help you with your dealings with HMRC? Base: All respondents (2019: 2620); Q1help Does anyone help you with your dealings with HMRC? Base: All respondents (2019: 2620)

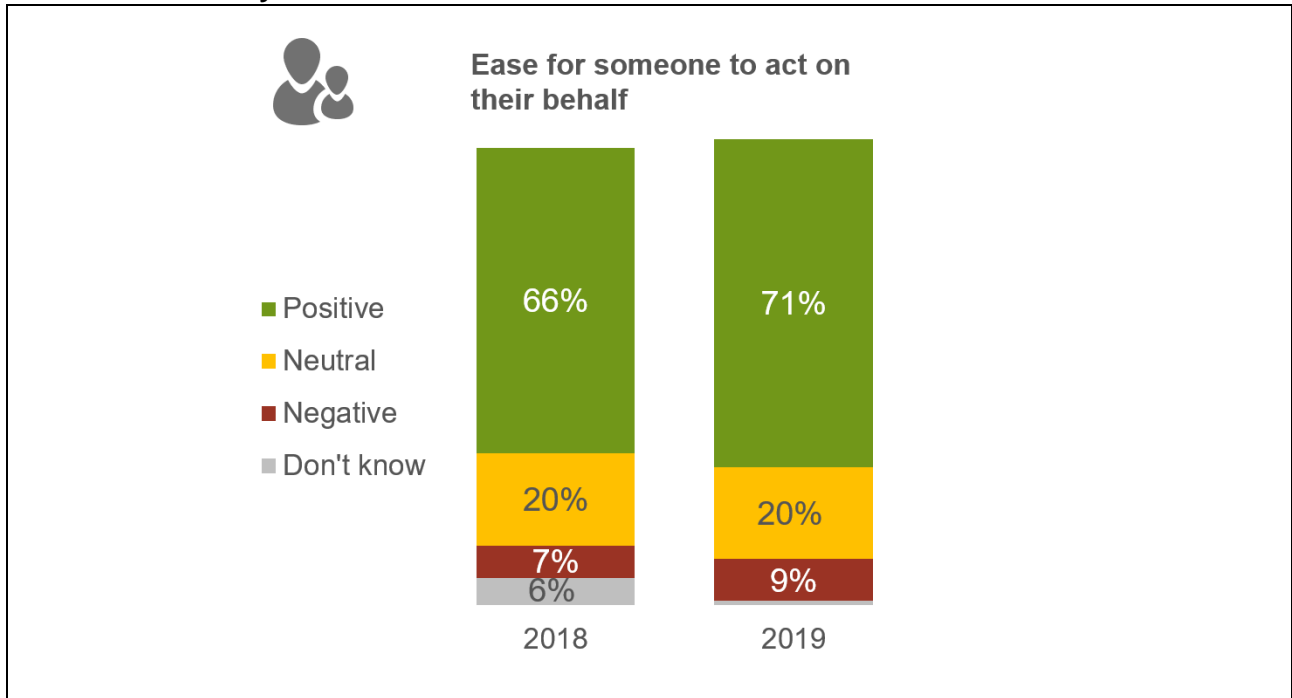
Use of a professional adviser was higher amongst Individuals who:

- Were self-employed (53%) compared with all other groups (part-time: 7%, full-time: 7%, not in employment: 7%).
- Had multiple income sources (15%) compared with those with a single income source (8%) or with no income sources (3%).
- Were Personal Tax Account users (16%) compared with Individuals who did not have a PTA (9%).
- Paid income tax through Self-Assessment (46%) compared with one in ten (8%) who paid income tax through PAYE.

Accepting that someone else can represent you is a Charter requirement from HMRC.<sup>23</sup> Seven in ten (71%) 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. These findings remain in line with 2018 (Chart 3.5).

<sup>23</sup> <https://www.gov.uk/government/publications/your-charter/your-charter>

**Chart 3.5 How easy HMRC made it for someone to act on their behalf – Individuals**



Q3behalf How easy or difficult did HMRC make it for someone else to act on your behalf? Base: Respondents who used a paid tax adviser or someone else to help deal with their tax affairs (excluding Not applicable) (2018: 433; 2019: 469) don't know responses accounts for 1% in 2019

Eight in ten (80%) of Individuals who paid a professional advisor to help them in their dealings with HMRC said that HMRC made it easy for someone to act on their behalf; very few of this subgroup (5%) found it difficult. 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 (63%) and were more likely to find it difficult (12%).

### 3.3 Customer experience

This section discusses 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.

In 2019, for the first time, Individuals were asked about their satisfaction with the options available to both make payments to, and receive payments from, HMRC.

This section also examines specific dimensions of customer experience and identifies those areas which are primary areas for HMRC to improve customer experience as well as secondary areas to improve or areas to maintain.

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 thought to be joined-up.

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

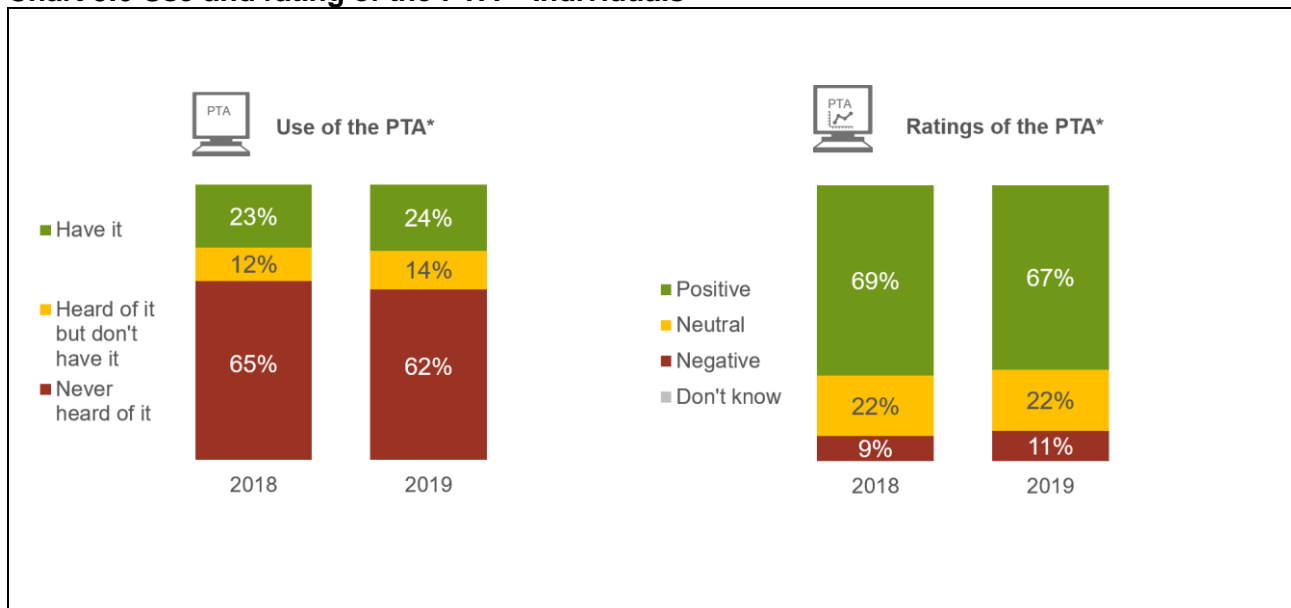
### 3.3.1 Use and rating of the Personal Tax Account

Individuals were asked about their use and awareness of the Personal Tax Account (PTA). Four in ten Individuals (38%) had heard of the PTA, and 24% had a PTA (no changes from 2018). Three in five Individuals (62%) had never heard of the PTA (Chart 3.6).

Individuals who were self-employed were most likely to have a PTA (53%, higher than all other employment statuses) as were those aged 35-54 (32% compared with 21% of 16-34 year olds and 20% of those 55+). Of those receiving help from a professional advisor, around a third (37%) had a PTA compared with 20% who had help from others and 25% who had no help.

Two in three PTA users (67%) rated their experiences with the tool positively, while one in ten (11%) rated it negatively; this was unchanged since 2018.

**Chart 3.6 Use and rating of the PTA – Individuals**



Q2PTA Before today, had you heard of the Personal Tax Account? Base: All respondents (2018: 2676; 2019: 2621); Q2contexp You said you had contact with HMRC [by telephone / by telephone and online / online]. Please rate your experiences over the last 12 months of: [The HMRC Personal Tax Account] Respondents who have a PTA (2018: 650; 2019: 640) \*These questions were not asked in 2015

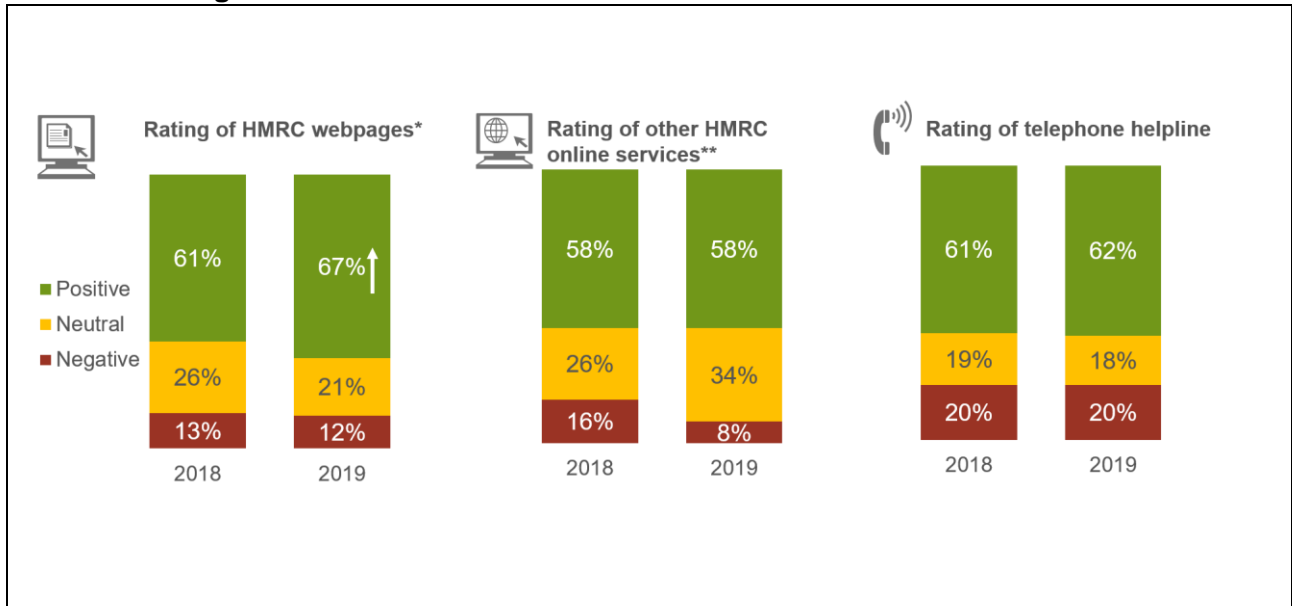
Positive ratings of the PTA were higher amongst those only using online-only channels (73%) compared with those who used both online and telephone channels (57%); and for those not currently working (77%) compared with those working full-time (65%).

### 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.

HMRC webpages were rated positively by two in three Individuals (67%) who had used them in the last 12 months, which represents an increase since 2018 (61%). The HMRC telephone helpline and HMRC online services were rated positively by around six in ten Individuals (62% and 58% respectively), with no changes since 2018 (Chart 3.7).

**Chart 3.7 Rating of HMRC channels – Individuals**



Q2contexp You said you had contact with HMRC [by telephone / by telephone and online / online]. Please rate your experiences over the last 12 months of: Base: Respondents who dealt with HMRC by telephone (2018: 561; 2019: 556) / Respondents who dealt with HMRC through HMRC's webpages (2018: 704; 2019: 778) / Respondents who dealt with HMRC through HMRC's online services (2018: 282; 2019: 330) \*This question was not asked in 2015. \*\*This question was changed in 2017 and is not comparable to past data. \*\*\* Due to change in survey method, data from previous years should be seen as indicative only.

Positive ratings for HMRC telephone helplines were higher among those who used only telephone channels (70%) than those who used both telephone and online channels (59%).

Positive ratings for HMRC webpages were higher among those not currently in employment (76% compared with 64% working full-time or part-time), and those who had not paid any personal taxes in the last 12 months (80% compared with 66% who had).

The overall improvement in ratings for HMRC webpages between 2018 and 2019 was largely driven by an increase in positive ratings among those with a single income source (from 57% to 68%); among those aged 35-54 (from 55% to 70%); and among the self-employed (from 51% to 73%).

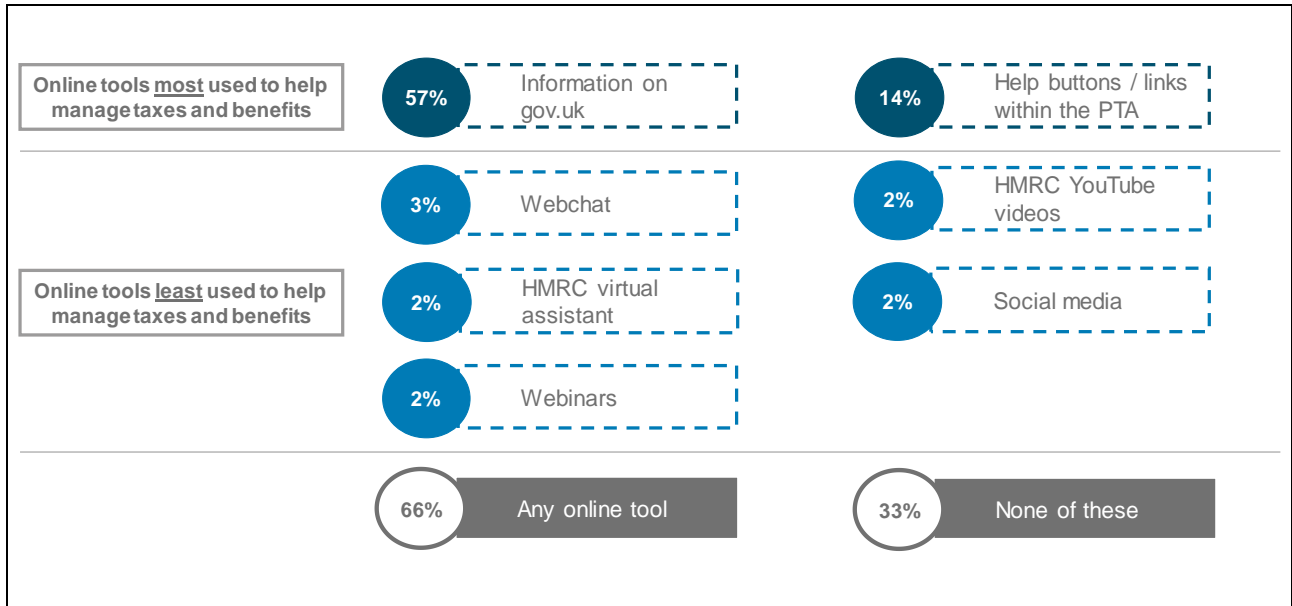
### 3.3.3 Use and ratings of online tools

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

Seven in ten (66%) 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 (57%), followed by help buttons or links within the PTA (14%). Other online tools were used by very few Individuals: webchat (3%), HMRC YouTube videos (2%), HMRC virtual assistant (2%), social media (2%) and webinars (2%). These findings remain in line with 2018 (Chart 3.8).

Overall 33% of Individuals did not use any online tools. Individuals who were most likely not to use any online tools included those who didn't pay any personal taxes (43%), those who did not use a PTA (38%) and those who used a professional advisor to help with their tax affairs (42%).

### Chart 3.8 Use of HMRC online tools – Individuals

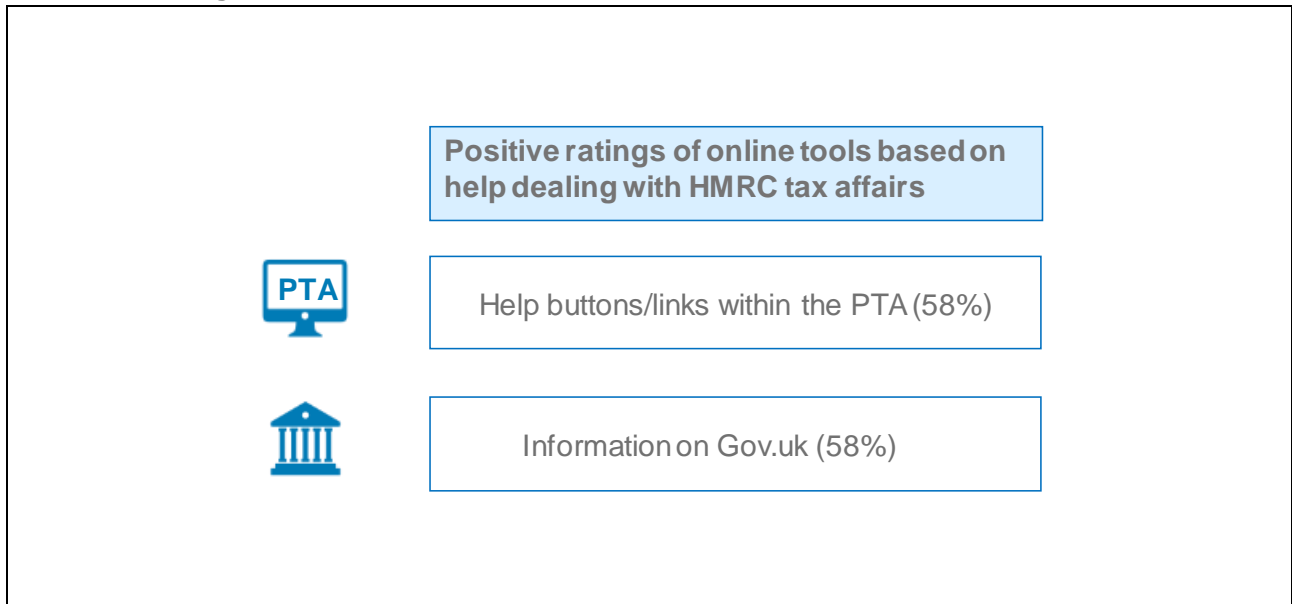


Q2onlinetools Which of the following HMRC online tools, if any, have you used to help you manage taxes and benefits in the last 12 months? Base: Respondents who dealt with HMRC online (2019: 1152)

Individuals were then asked to rate the online tools they had used in the last 12 months. Due to low sample size, only tools used by over three per cent of Individuals (namely gov.uk and help buttons within the PTA) are reported on.

Both of these were given a positive rating by around six in ten Individuals (both 58%) shown in Chart 3.9.

### Chart 3.9 Rating of HMRC online tools – Individuals

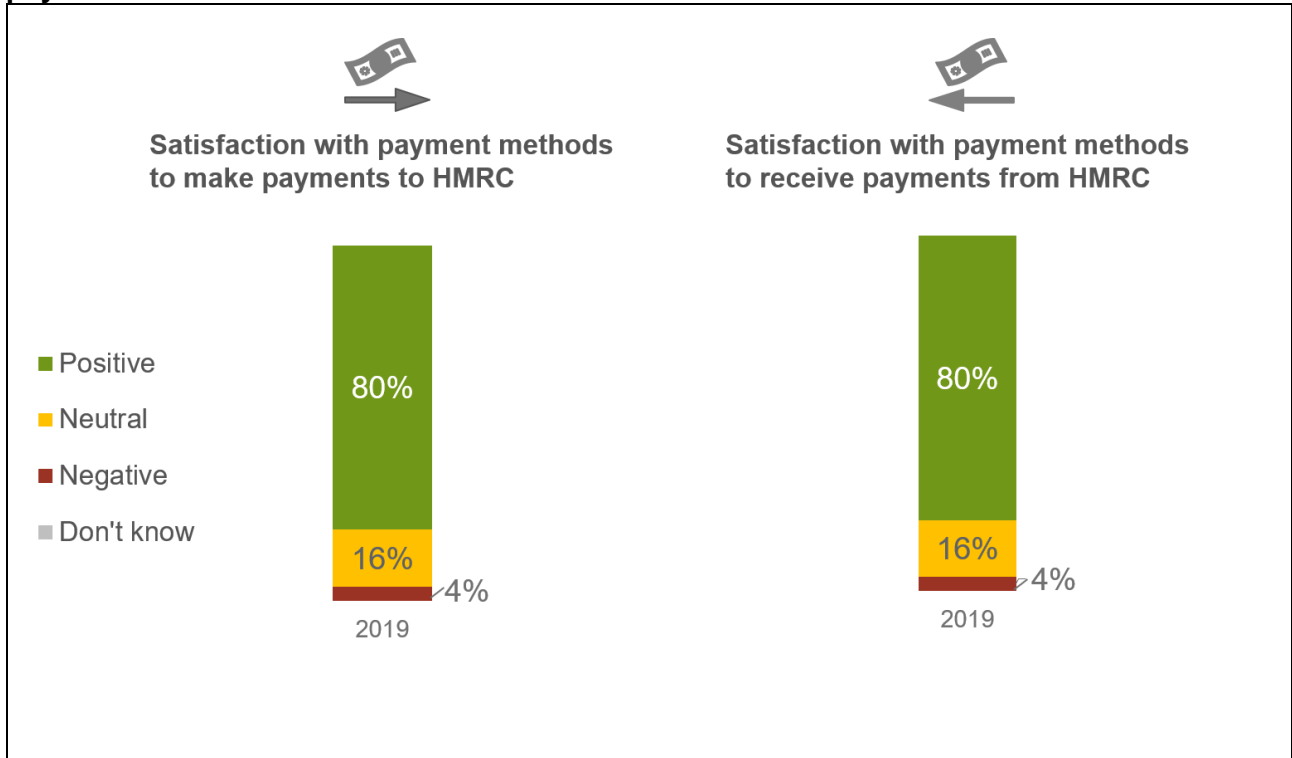


Q2onlinerate You said that you used at least one online tool to help you manage taxes with HMRC in the last 12 months. Looking specifically at [TOOL #1 / TOOL #2] how much did they help you deal with your HMRC tax affairs online? Base: Respondents who used the help buttons or links within the PTA to manage their tax affairs and rated them (2019: 181); Respondents who used the information on Gov.uk to manage their tax affairs and rated it (2019: 652)

### 3.3.4 Satisfaction with payment methods available

For the first time in 2019, Individuals were asked about their level of satisfaction with options offered by HMRC to both make payments to them, and to receive payments from them. Ratings were similarly high for both types of transaction, with 80% giving a positive rating and only four per cent giving a negative rating to each (Chart 3.10).

**Chart 3.10 Satisfaction with payment methods to make payments to HMRC and to receive payments from HMRC - Individuals**



Q6paymethodsmake How satisfied or dissatisfied are you with the options HMRC offers you to make payments to HMRC? Base: Random allocation of half of respondents excluding n/a (2019:934) Q6paymethodsreceive How satisfied or dissatisfied are you with the options HMRC offers to make payments to you? Base: Random allocation of half of respondents excluding n/a (2019:1001)

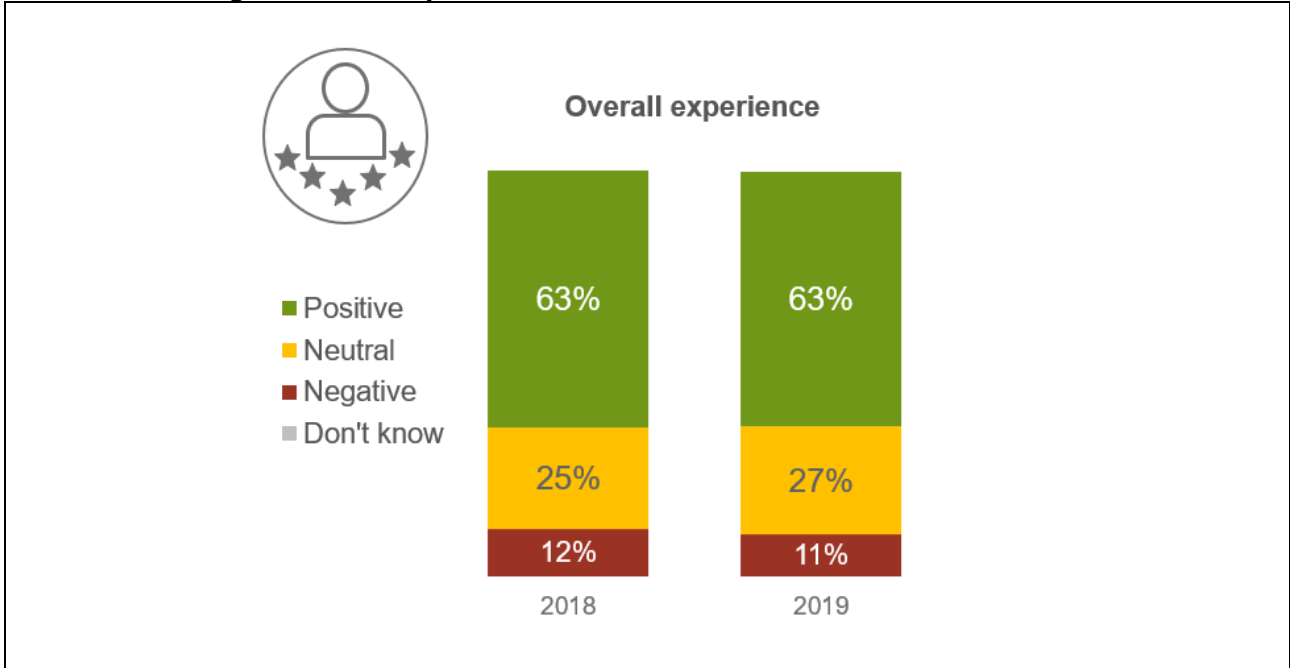
Positive ratings for payment methods were positively associated with ratings for overall experience. For example, Individuals who gave a positive rating for overall experience were more likely to give a positive rating for payment options to make payments to HMRC (77% compared with 44% who have a neutral or negative overall rating); there was a similar pattern of difference with respect to satisfaction with payment options to receive payments from HMRC.

### 3.3.5 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 (11%) rated their experience negatively. There were no changes on this measure compared with 2018 (Chart 3.11)

**Chart 3.11 Rating of overall experience - Individuals**



Q3overall Thinking of all your experiences of HMRC over the last 12 months, please rate HMRC overall. Base: All respondents who had an interaction with HMRC (excluding Not applicable) (2018: 1547; 2019: 1561).

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 67% respectively) than those who used both online and telephone channels (55%).

Positive ratings of overall experience were also higher amongst Individuals who were not in work (69%) compared with those who were working full-time (58%).



### 3.3.6 Primary areas for improvement

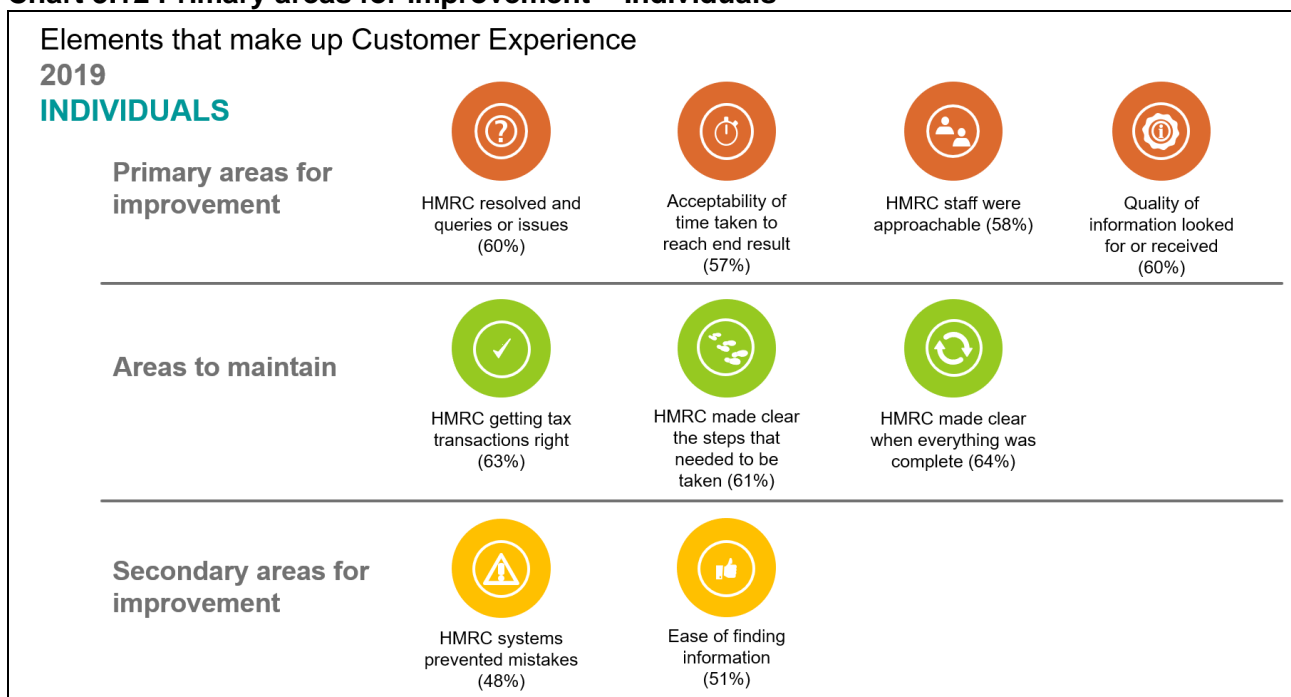
By comparing how important each dimension was in relation to overall experience with how well HMRC performed on each dimension, it is possible to identify the dimensions which are highest priority to address in order to improve overall experience for customers. This is known as Key Driver Analysis (KDA). For more information on this please see section 2.3.6.

The primary areas for improvement are presented in Chart 3.12:

- The dimensions labelled as “primary areas for improvement” are the primary areas to address in order to have the biggest positive impact on overall customer experience.
- The dimensions labelled as “secondary areas for improvement” are the secondary areas to address to improve overall experience.
- And the dimensions labelled “areas to maintain” 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.

**Chart 3.12 Primary areas for improvement – Individuals**



### Primary areas for improvement

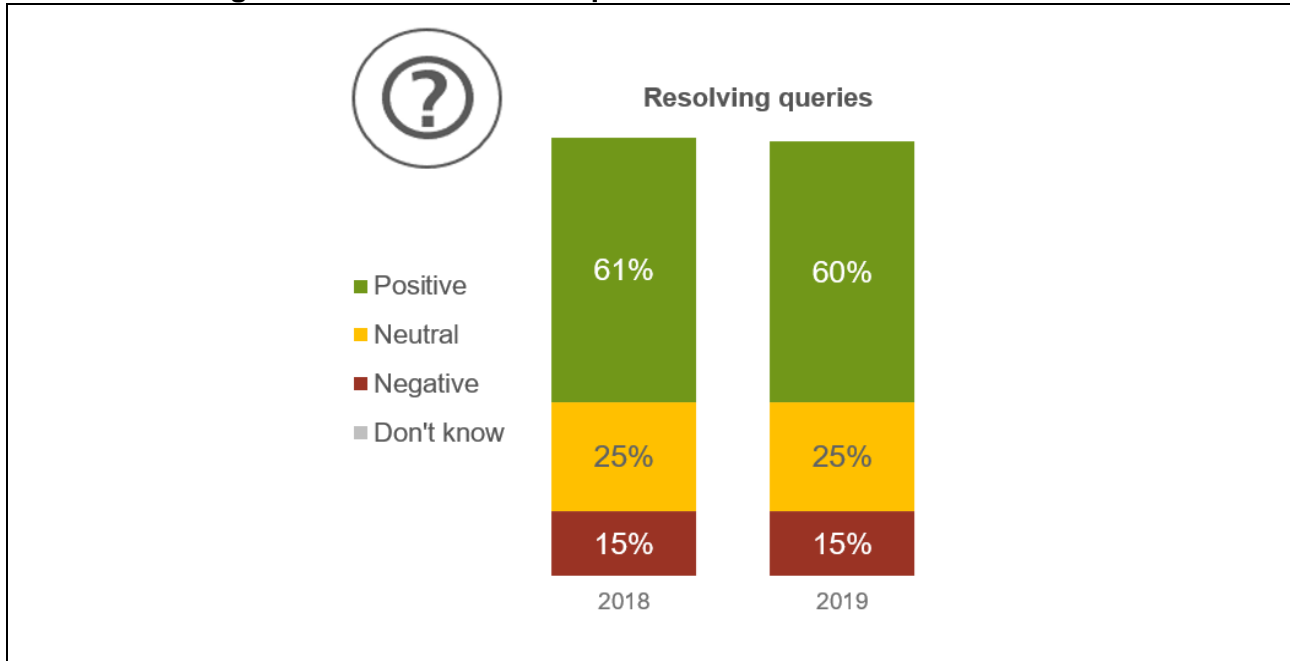
The dimensions which were primary areas for improvement amongst Individuals who had interactions with HMRC in the last 12 months were:

- How good or poor HMRC were at resolving any queries or issues;
- Acceptability of time taken to reach the end result;
- HMRC being approachable;
- Quality of information looked for or received from HMRC.

## Resolving queries

Six in ten (60%) Individuals who interacted with HMRC in the last 12 months were positive about HMRC resolving queries, while 15% were negative. These findings remain in line with 2018 (Chart 3.13).

**Chart 3.13 Rating of how HMRC resolves queries or issues – Individuals**



Q3owner Over the last 12 months, how good or poor were HMRC at resolving any queries or issues? Base: All respondents who had an interaction with HMRC (excluding Not applicable) (2018: 1032; 2019: 1037).

Positive ratings were higher for those using telephone-only channels (77%) than those using online-only and a mixture of telephone and online channels (64% and 51% respectively).

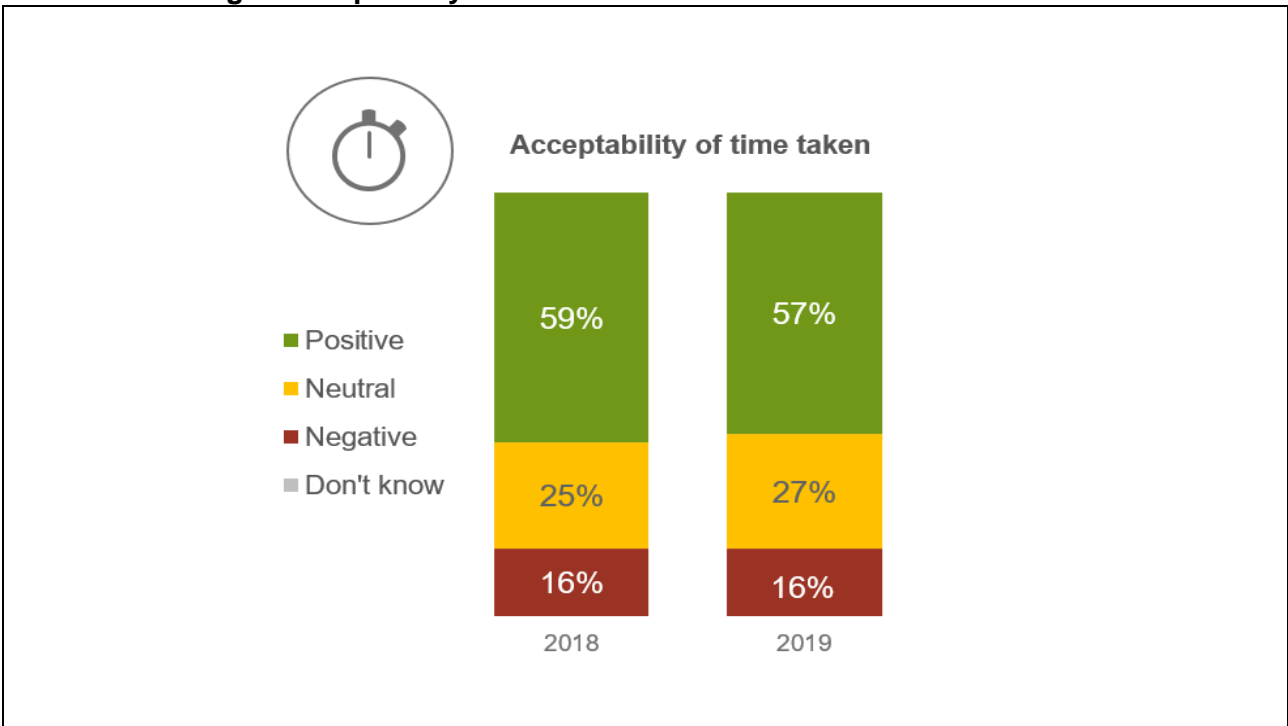
Ratings were also higher for Individuals who were not working (67%) compared with those working full-time (55%).

Those who had not paid any personal taxes in the last 12 months were more likely to give a positive rating on this measure than those who had (71% compared with 58%).

### Acceptability of time taken to reach end result

Just under six in ten Individuals (57%) were positive about the time taken to reach the end result in their dealings, while 16% were negative; these findings remain unchanged since 2018 (Chart 3.14).

**Chart 3.14 Rating of acceptability of time taken to reach end result – Individuals**



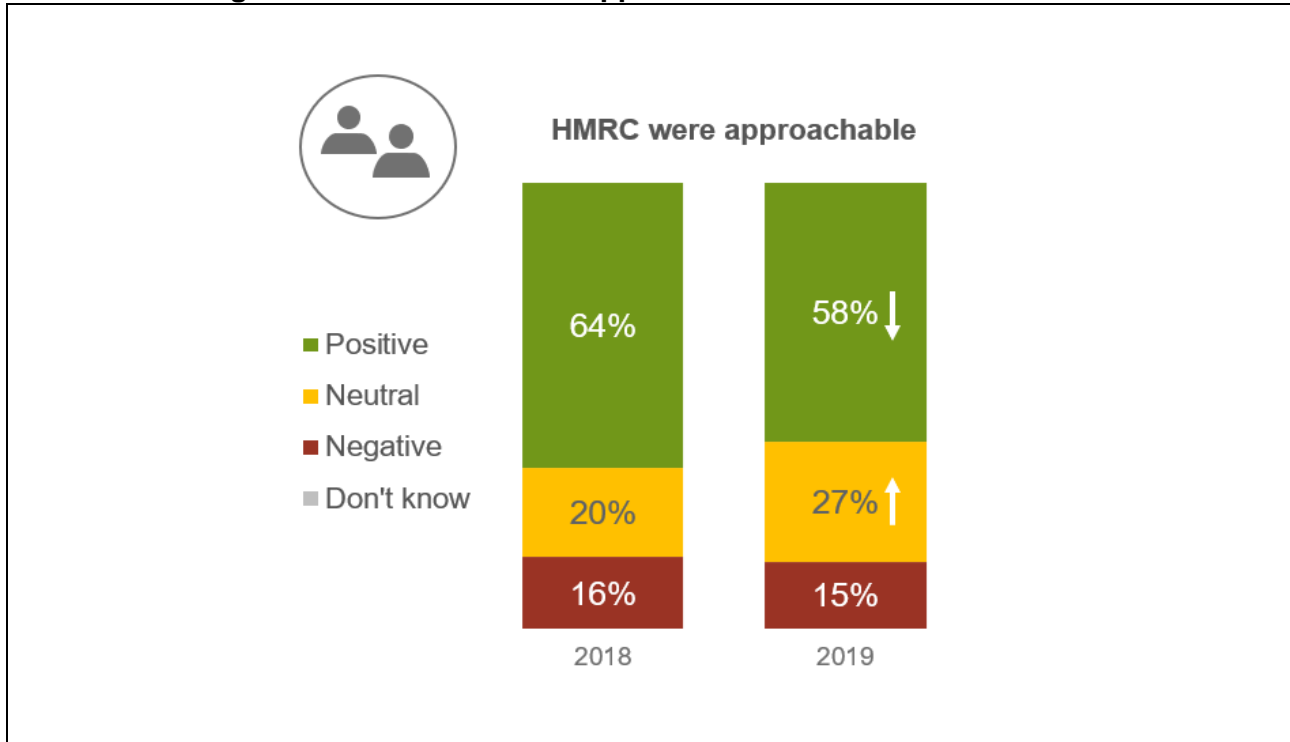
Q3time During your dealings with HMRC over the last 12 months, how acceptable was the time taken to reach the end result? Base: All respondents who had an interaction with HMRC (excluding Not applicable) (2018: 1210; 2019: 1217)

Individuals who used online-only channels (64%) and telephone-only channels (66%) were more likely to be positive than those who contacted HMRC using online and telephone channels (44%).

### HMRC were approachable

Just under six in ten (58%) gave a positive rating about HMRC being approachable, a decrease in positive ratings since 2018 when 64% gave a positive rating. Overall 15% were negative (no change since 2018) (Chart 3.15).

**Chart 3.15 Rating of whether HMRC were approachable– Individuals**



Q3staff How strongly do you agree or disagree with the following statements about your dealings with HMRC in the last 12 months? "HMRC were approachable". Base: All respondents who had an interaction with HMRC (excluding Not applicable) (2018: 1203; 2019: 1232).

The decrease in positive ratings since 2018 was driven by younger respondents (16-34, 70% in 2018 compared with 54% in 2019). There was an increase in neutral ratings among this age group (from 18% in 2018 to 32% in 2019). There were no significant changes to negative ratings amongst this group.

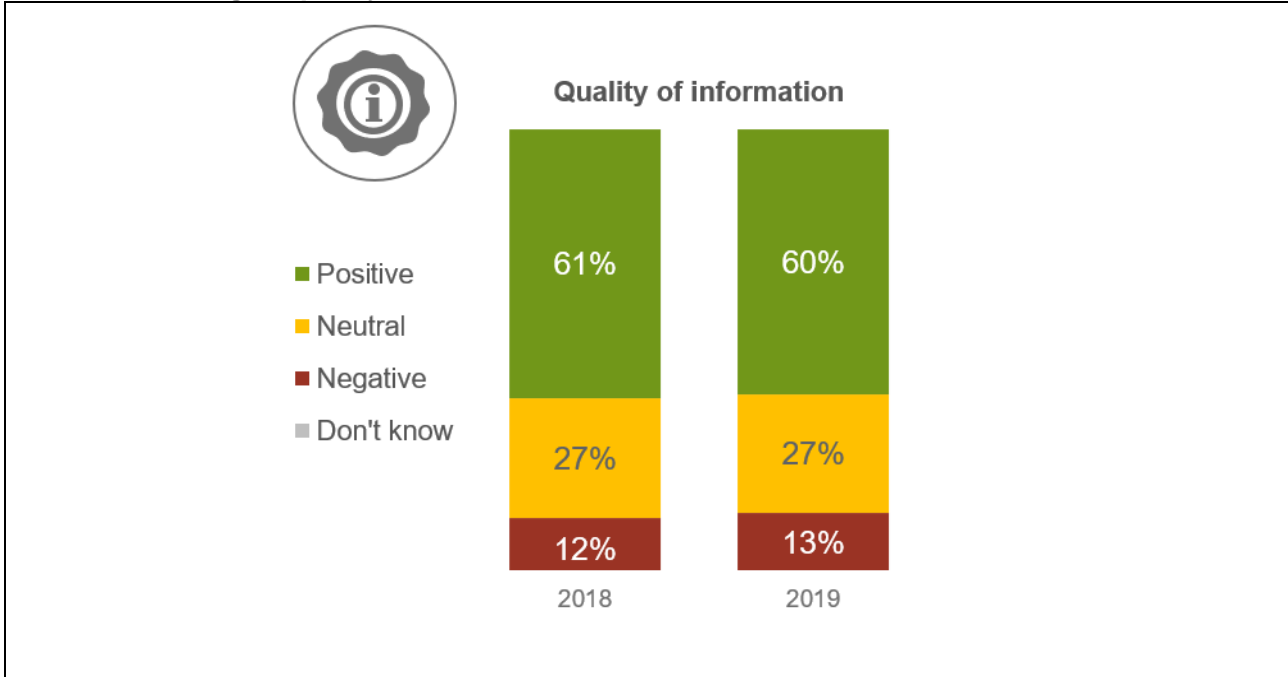
Those who had telephone-only interactions with HMRC were more likely to agree that HMRC were approachable than those who had telephone and online, and online only interactions (72% compared with 56% and 58% respectively).

Individuals who did not pay any personal taxes in the last 12 months were more likely to be positive that HMRC were approachable than those who paid personal taxes (69% compared with 56% respectively).

### Quality of information looked for or received

Six in ten (60%) 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 13% rated it negatively. These findings remain in line with 2018 (Chart 3.16)

**Chart 3.16 Rating of quality of information looked for or received – Individuals**



Q3qual How would you rate the quality of information you have looked for or received from HMRC over the last 12 months? Base: All respondents who had an interaction with HMRC (excluding Not applicable) (2018: 1505; 2019: 1507).

Individuals who interacted with HMRC either using online-only channels or by telephone-only were more likely to be positive (65% and 69% respectively) than those who used both channels (51%).

There were also differences in ratings by age, with one in seven (14%) adults aged 35 and over rating HMRC negatively on the quality of information looked for or received, compared with eight per cent aged 16-34.

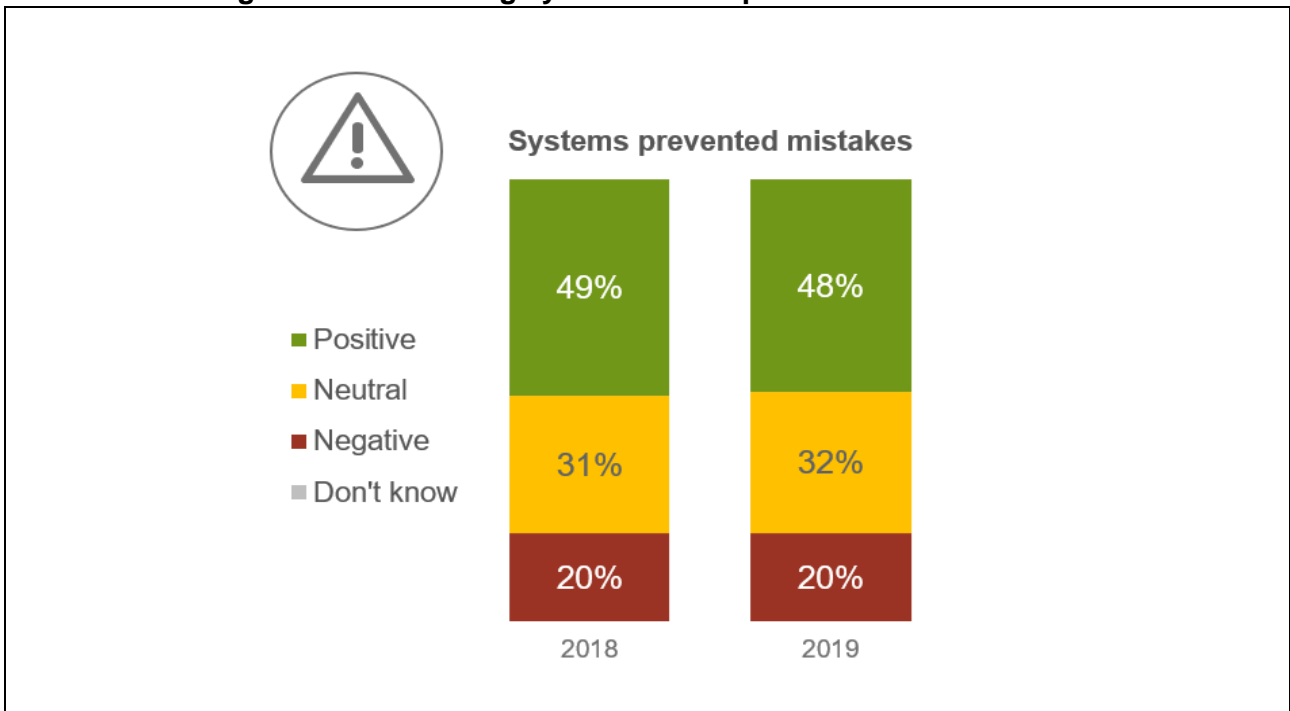
### Secondary areas for improvement

This section looks at the dimensions which were of lesser importance to Individuals' overall rating of their customer experience. These are dimensions where ratings were comparatively lower than other dimensions, but had less impact on overall customer experience. These two dimensions were: prevention of mistakes by HMRC systems; and the ease of finding the information needed on tax and benefits and credits issues.

#### Systems prevented mistakes

Half of Individuals (48%) who interacted with HMRC in the last 12 months gave a positive rating for how HMRC systems prevented customers from making mistakes; this was in line with 2018 ratings. A third (32%) were neutral and a fifth (20%) were negative (Chart 3.17). This was the dimension of the customer experience section with the lowest proportion of positive ratings and with the highest negative score.

**Chart 3.17: Ratings for HMRC having systems which prevent mistakes – Individuals**



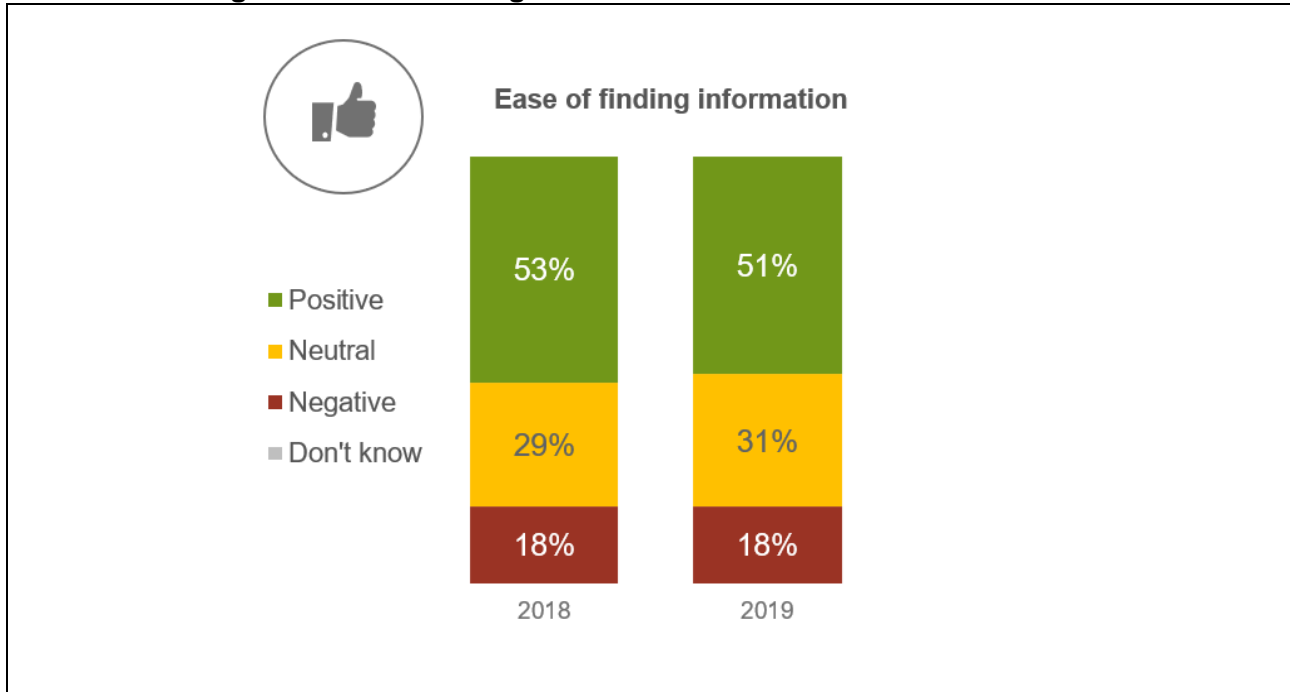
Q3syst How strongly do you agree or disagree with the following statements about your dealings with HMRC in the last 12 months? "HMRC had systems which were good at preventing customers from making mistakes". Base: All respondents who had an interaction with HMRC (excluding Not applicable) (2018: 1197; 2019: 1254) 1% of respondents selected Don't Know in 2019.

Individuals who had received any benefits or credits in the last 12 months were more likely to provide positive ratings on this measure than those who had not (53% compared with 45%).

### Ease of finding information

Half (51%) 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. Overall, findings remained in line with 2018 (Chart 3.18).

**Chart 3.18 Ratings for ease of finding information– Individuals**



Q3find How easy or difficult was it to find any information you needed on tax [and benefit and credit] issues from HMRC?  
Base: All respondents who had an interaction with HMRC (excluding Not applicable) (2018: 1337; 2019: 1356)

Older Individuals aged 55 or over were more likely to find it difficult to find information: 21% of this age group said they found this difficult, compared with 12% of those aged 16-34.

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

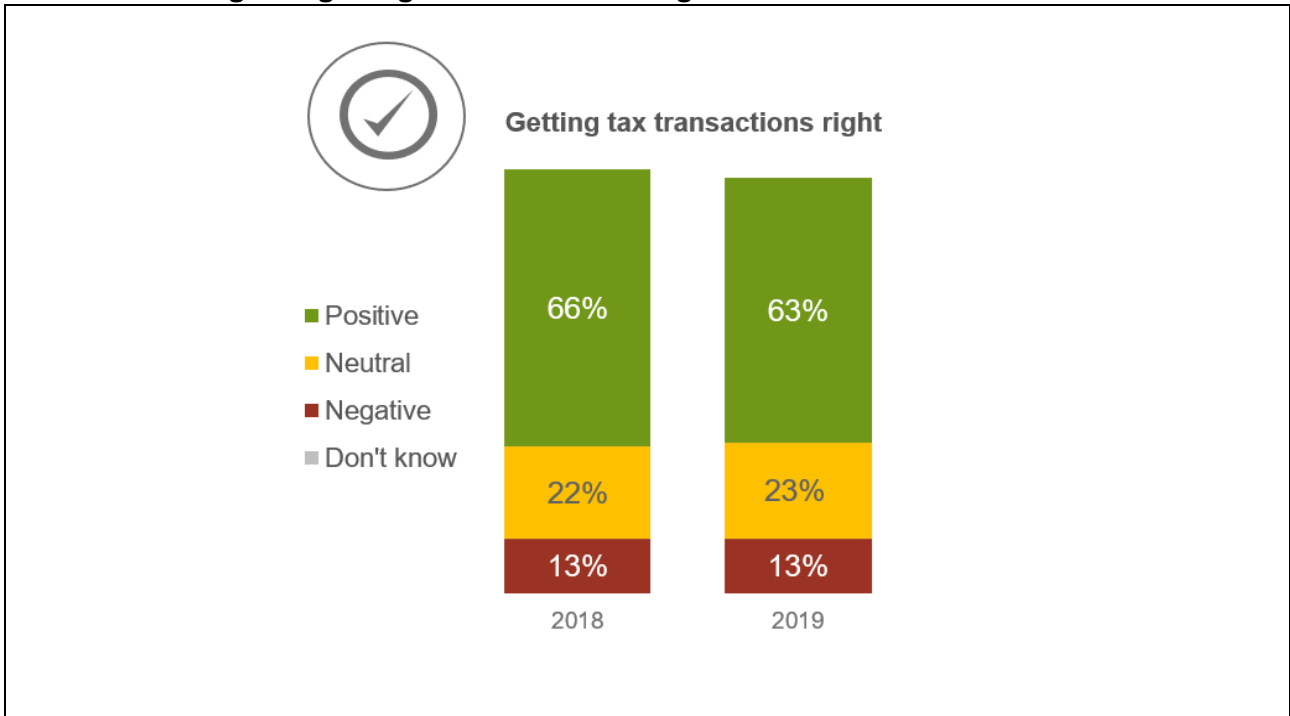
### Areas to maintain

The dimensions explored in this section were areas where HMRC performed well and should at least maintain performance to ensure a positive customer experience. These dimensions were: HMRC getting tax transactions right; clarity of steps that needed to be taken; and clarity of when everything was complete.

### Getting tax transactions right

Around six in ten (63%) Individuals who interacted with HMRC over the last 12 months were positive about HMRC getting tax and benefits and credits transactions right while 13% were negative (Chart 3.19). This was one of the most positively rated dimensions of customer experience.

**Chart 3.19 Ratings for getting tax transactions right - Individuals**



Q3right Over the last 12 months, how good or poor were HMRC at getting tax [and benefits and credits] transactions right?  
Base: All respondents who had an interaction with HMRC (excluding Not applicable) (2018: 1399; 2019: 1407).

Individuals who rated HMRC most positively on getting tax transactions right included:

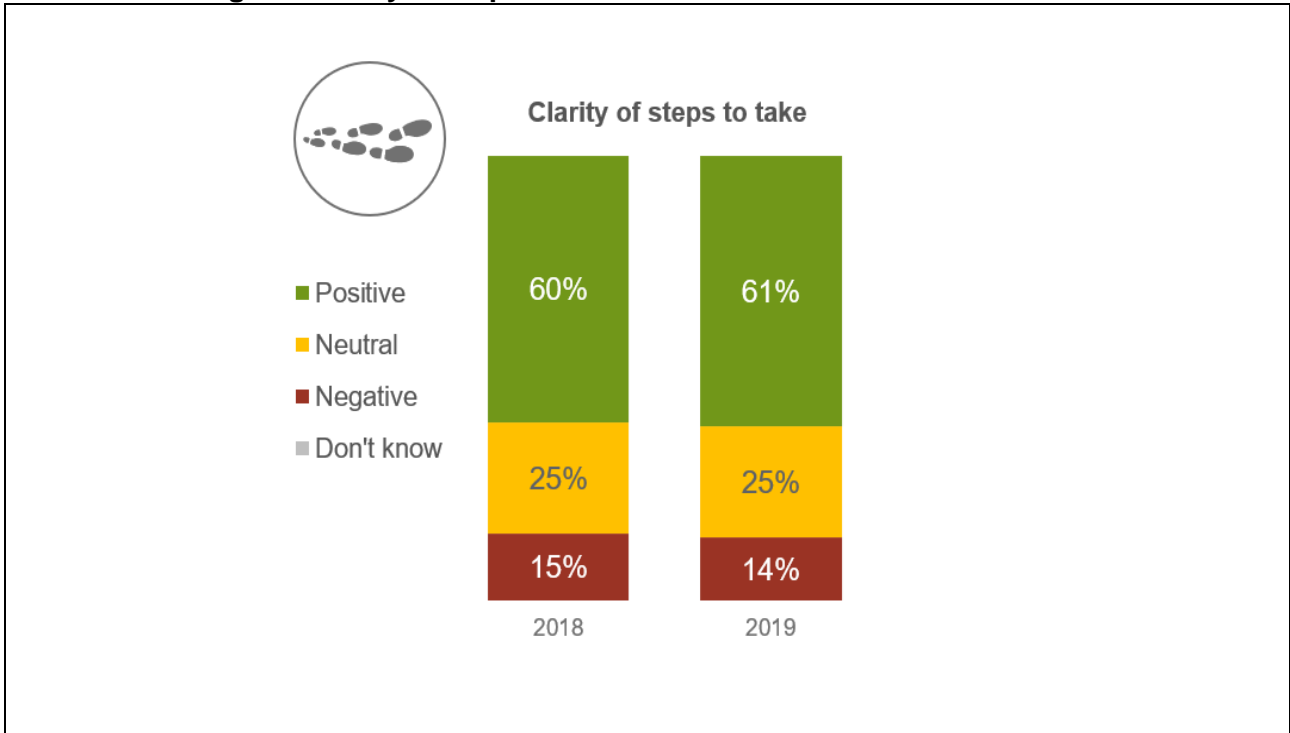
- those aged 35 or over (67% compared with 56% aged 16-34)
- those who were not working (69% compared with 58% who were working full-time)
- those who had received benefits or credits in the past 12 months (68% compared with 61%).



### Clarity of steps needed to take

Six in ten (61%) Individuals were positive about HMRC making it clear what steps the customer needed to take, while 14% were negative (no changes since 2018) (Chart 3.20).

**Chart 3.20 Ratings for clarity of steps that need to be taken – Individuals**



Q3navi How strongly do you agree or disagree with the following statement about your dealings with HMRC in the last 12 months? "HMRC made clear what steps I needed to take" Base: All respondents who had an interaction with HMRC (excluding Not applicable) (2018: 1385; 2019: 1416) 1% of respondents selected Don't Know in 2019.

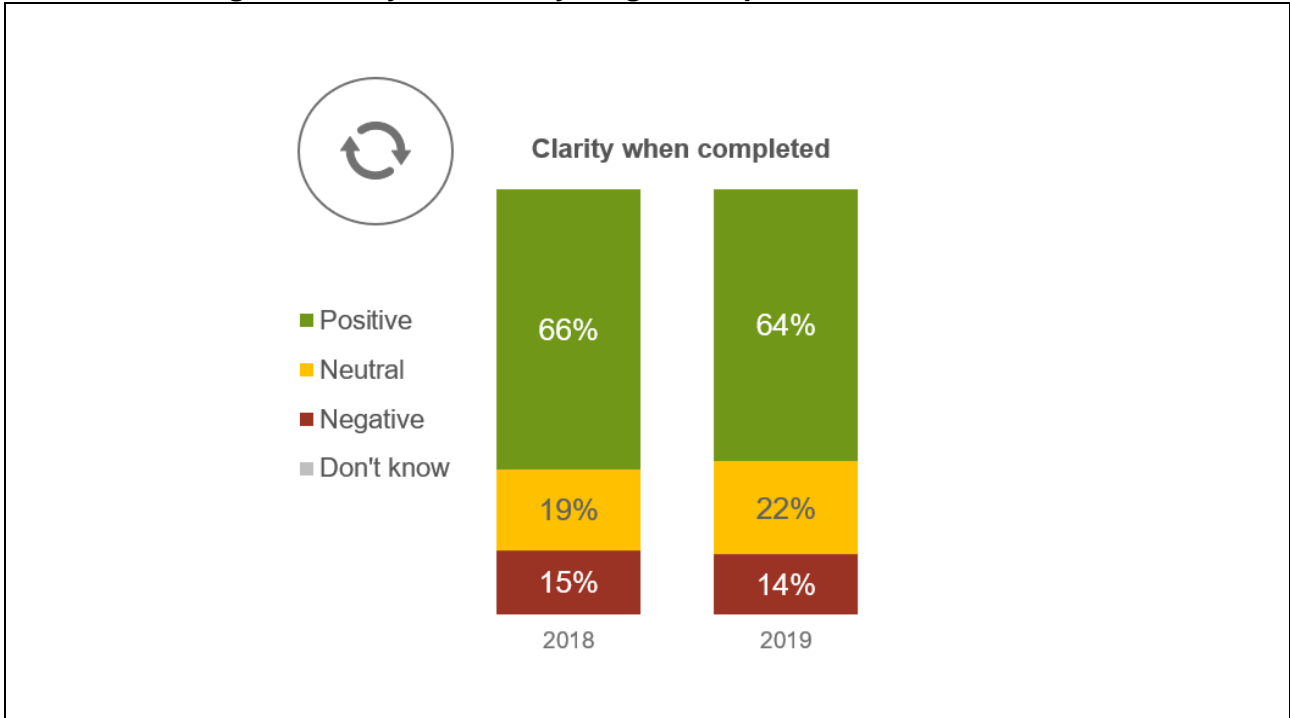
Those who were not working were more likely than those working full-time to agree that HMRC made clear the steps that needed to be taken (66% and 57%, respectively).

### Clear when everything was completed

HMRC making it clear when everything was completed was the highest rated dimension of experience for Individuals in 2019.

Two-thirds (64%) were positive about HMRC making it clear when everything was completed and 14% were negative which was consistent with 2018 (Chart 3.21).

**Chart 3.21 Ratings for clarity when everything is complete– Individuals**



Q3navi2 How strongly do you agree or disagree with the following statements about your dealings with HMRC in the last 12 months? "HMRC made it clear when everything was completed" Base: All respondents who had an interaction with HMRC (excluding Not applicable) (2018: 1280; 2019: 1299)

Individuals using online-only channels were more likely to be positive than those using both online and telephone channels (72% compared with 52%). Individuals who were self-employed or not working were more positive (71% and 68% respectively) than those working full-time (60%).

### 3.4 Views on administration of the tax system

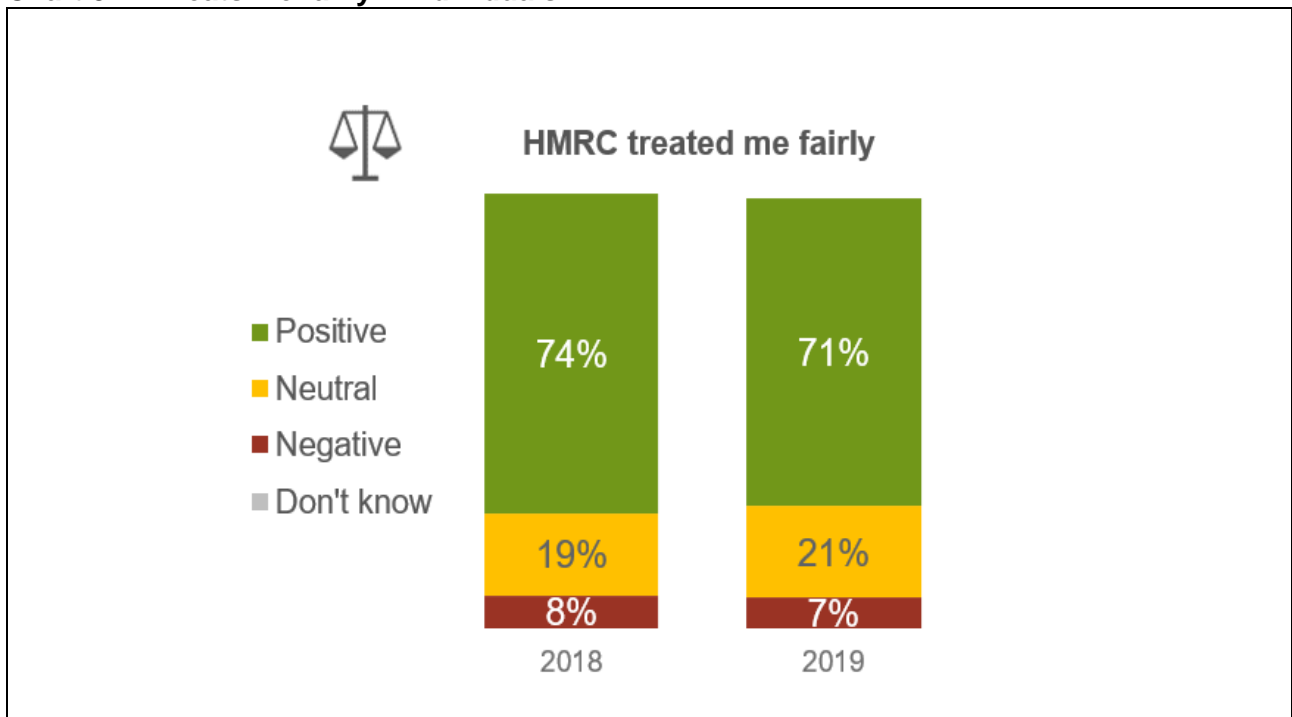
Individuals were asked about their views of the administration of the tax system. More specifically, they were asked about whether HMRC treated them fairly, the ease of dealing with tax issues, whether they found that HMRC's services were personalised, and whether they thought HMRC's online services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

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

#### Fairness

Seven in ten (71%) Individuals were positive about HMRC treating them fairly while fewer than one in ten (7%) were negative. There were no changes on this measure compared with 2018 (Chart 3.22).

**Chart 3.22 Treats me fairly – Individuals**



Q4fair How strongly do you agree or disagree with the following statement? "HMRC treated me fairly" Base: All respondents who had an interaction with HMRC (excluding Not applicable) (2018: 1356; 2019: 1395)

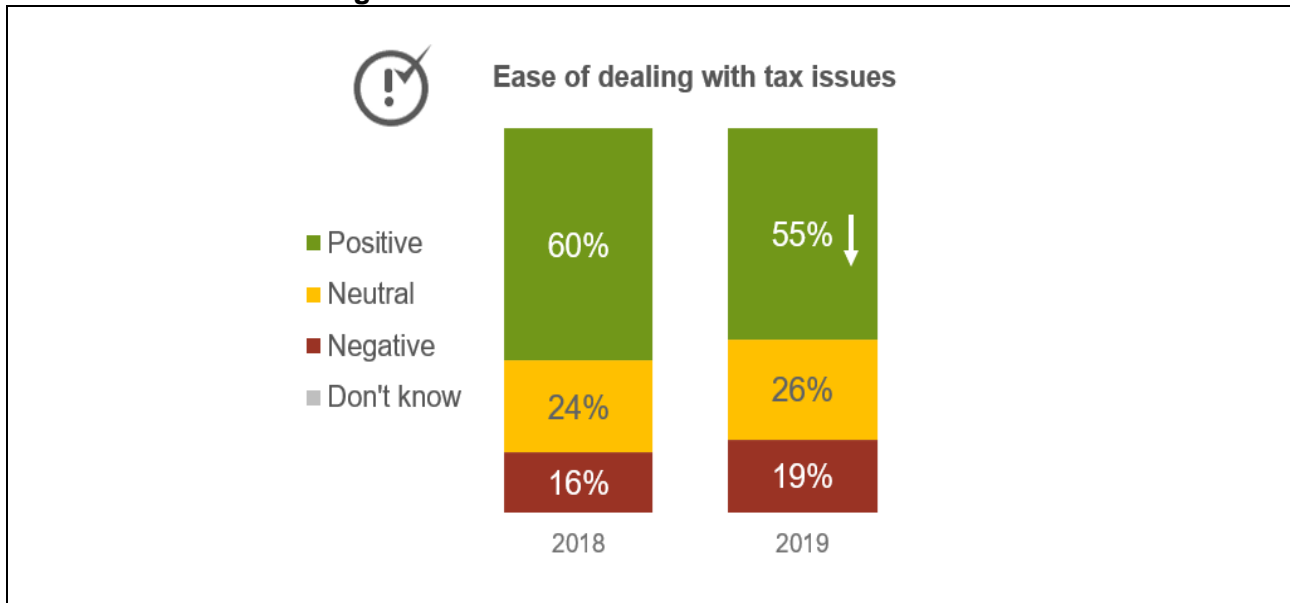
Nearly all (92%) who rated their overall experience positively thought the organisation treated them fairly, compared with 15% of those who rated their overall experience negatively.

Similarly, nearly all Individuals who felt that HMRC staff were approachable (90%) and who gave a positive rating for ease of dealing with tax issues (93%), were positive about HMRC treating them fairly.

### Ease of dealing with tax issues

Just over half (55%) were positive about the ease of dealing with tax issues, while 19% were negative (Chart 3.23). There was a decrease in positive ratings since 2018 when 60% were positive.

**Chart 3.23 Ease of dealing with tax issues – Individuals**



Q4ease Over the last 12 months, how easy or difficult have you found it to deal with your tax issues [and benefit and credit claims]? Base: All respondents who had an interaction with HMRC (excluding Not applicable) (2018: 1329; 2019: 1344).

Individuals who had contact online only (61%) or telephone only (61%) were more likely to give a positive rating on ease of dealing with tax issues than those who had contact online and by telephone (40%).

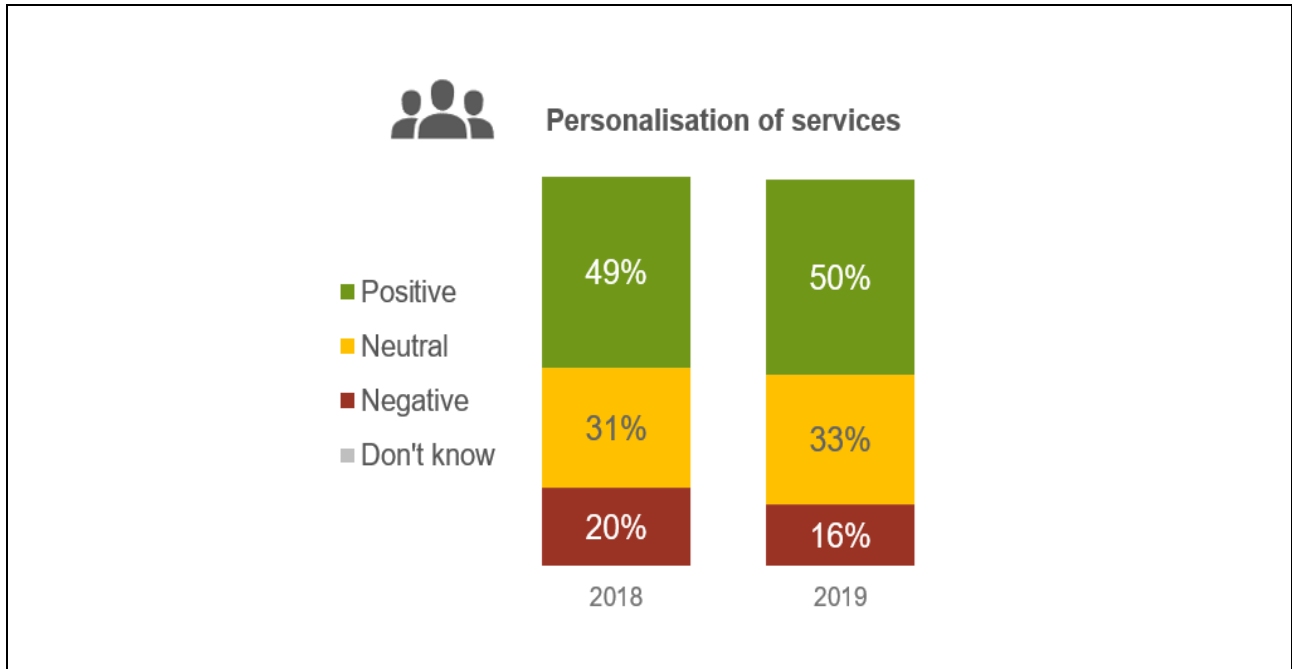
The decrease in positive ratings since 2018 appears to be focussed in a number of specific subgroups, namely older and younger customers, Individuals with multiple income sources, PTA users, and those who used both online and telephone channels.

- Individuals aged 16-34 were less likely to give a positive rating in 2019 (51% compared with 60% in 2018) as were individuals aged 55+ (57% in 2019 compared with 68% in 2018).
- Individuals with multiple income sources were less likely to give a positive rating in 2019 (56% compared with 65% in 2018).
- Individuals who used the PTA were less likely to give a positive rating in 2019 (55% compared with 62% in 2018).
- Positive ratings also decreased amongst customers who had contact by telephone and online: 40% of this group gave a positive rating in 2019 compared with 50% in 2018.

### Personalisation of services

Half of respondents (50%) were positive about personalisation of services, that is whether information and services were tailored to the individual, and 16% were negative. There have been no changes for this measure since 2018 (Chart 3.24).

**Chart 3.24 Personalisation of services – Individuals**



Q4person How strongly do you agree or disagree that over the last 12 months the information and services provided by HMRC have been personalised to you? Base: All respondents who had an interaction with HMRC (excluding Not applicable) (2018: 1377; 2019: 1413)

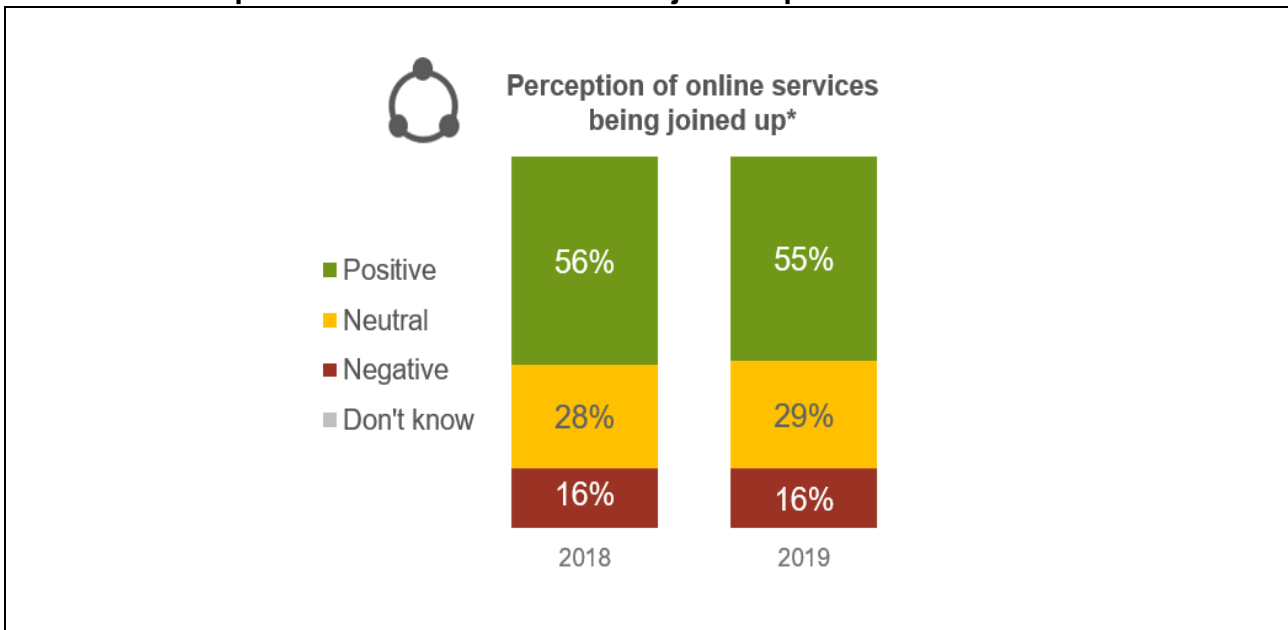
Positive ratings were higher amongst those who were not working (53%) compared with those who were self-employed (42%).

***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, where 'joined up' was described as 'getting the same information across the different online services and not having to give the same information to HMRC more than once'.

Just over half of Individuals (55%) agreed that the information and services provided online by HMRC over the last 12 months were joined up, while 16% disagreed; there were no changes since 2018 (Chart 3.25).

**Chart 3.25 Perception that online services were joined up – Individuals**



Q4integrate How strongly do you agree or disagree that the information and services provided online by HMRC over the last 12 months are joined up? Base: Respondents who dealt with HMRC online (excluding Not applicable) (2018: 840; 2019: 916) \*This question was first asked in 2018.

Individuals who used online-only channels of communication were more positive than those who had contact through both online and telephone channels (58% and 50% respectively).

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 (82%) than those who found it difficult to deal with their tax affairs (23%).

### 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: Whether you would speak well or critically about HMRC to other people

These measures were asked of all Individuals, regardless of whether they had interacted with HMRC. Ratings for these dimensions of reputation were substantially lower than the dimensions of customer experience due to higher proportions of respondents giving neutral ratings or saying they did not know compared with the customer experience dimensions.

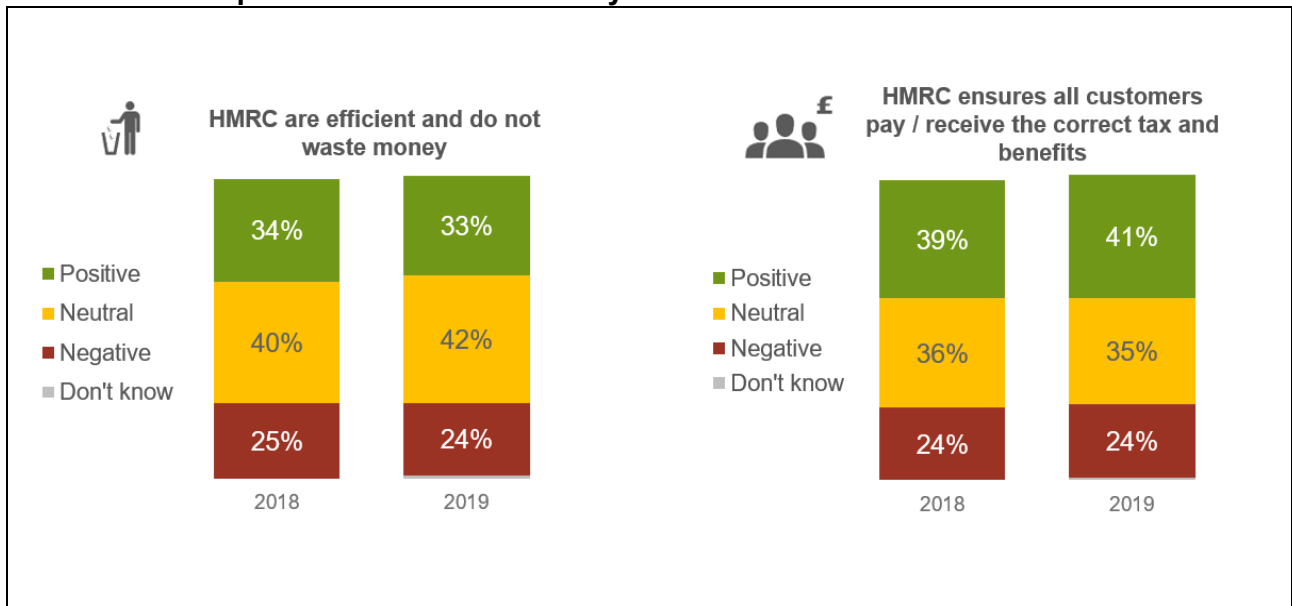
### 3.5.1 Efficiency and effectiveness

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 (33%) of Individuals agreed that HMRC were efficient, while a quarter (24%) disagreed (Chart 3.26).

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 (41%) agreed, while a quarter (24%) disagreed (Chart 3.26).

There were no significant changes to these results since 2018.

**Chart 3.26 Perceptions of HMRC’s efficiency and effectiveness - Individuals**



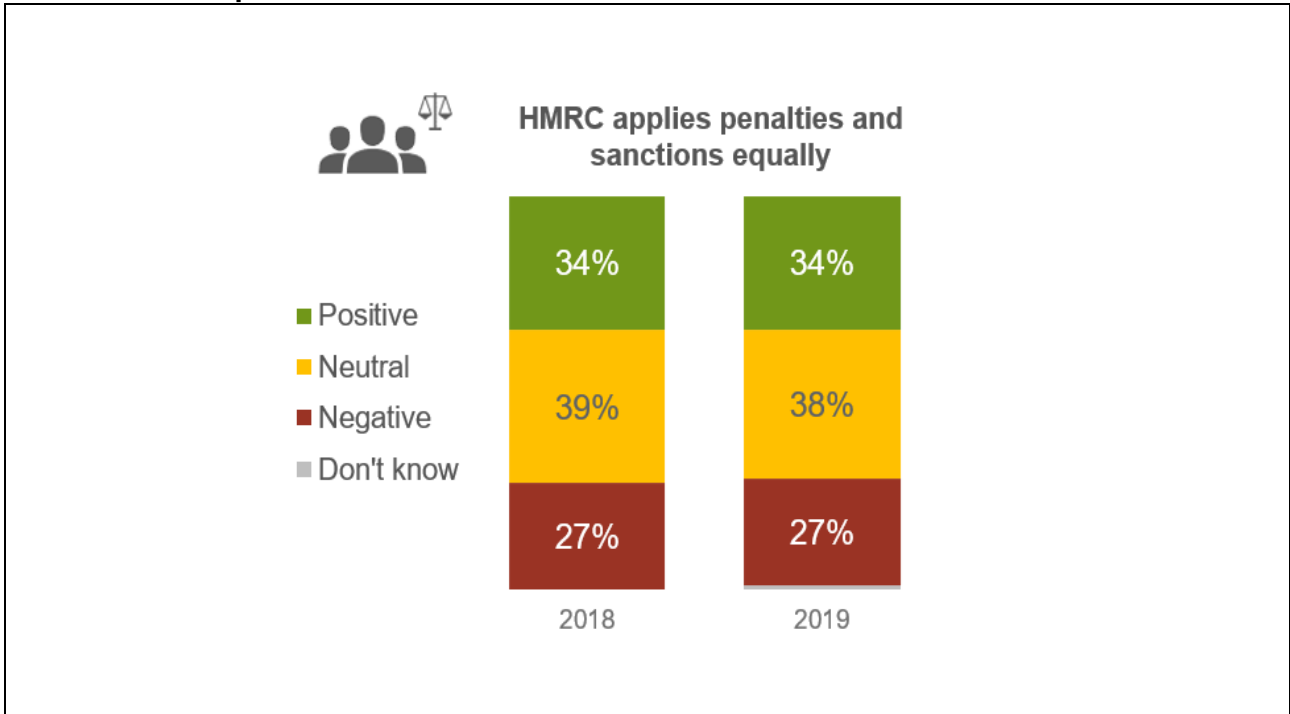
Q5rep How strongly do you agree or disagree with the following statement? “HMRC is an efficient organisation that does not waste money”. Base: All respondents (2018: 2579; 2019: 2542). 1% of respondents in 2019 selected Don’t Know;  
 Q5rep How strongly do you agree or disagree with the following statement? “HMRC ensures all of its customers pay or receive the correct amount of money in taxes and benefits”. Base: All respondents (2018: 2585; 2019: 2549). 1% of respondents in 2019 selected Don’t Know.

Positive ratings for effectiveness and efficiency were higher amongst those who only had telephone contact (efficient: 49%, effective: 54%) than those who had contact by telephone and online (efficient: 32%, effective: 40%).

### 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 customers”. A third (34%) of Individuals agreed while over a quarter (27%) disagreed. These figures remain unchanged since 2018 (Chart 3.27).

**Chart 3.27 Perceptions of HMRC fairness - Individuals**



Q5rep How strongly do you agree or disagree with the following statement? “HMRC applies penalties and sanctions equally for all of its customers”. Base: All respondents (2018: 2576; 2019: 2548). 1% of respondents in 2019 selected Don't Know.

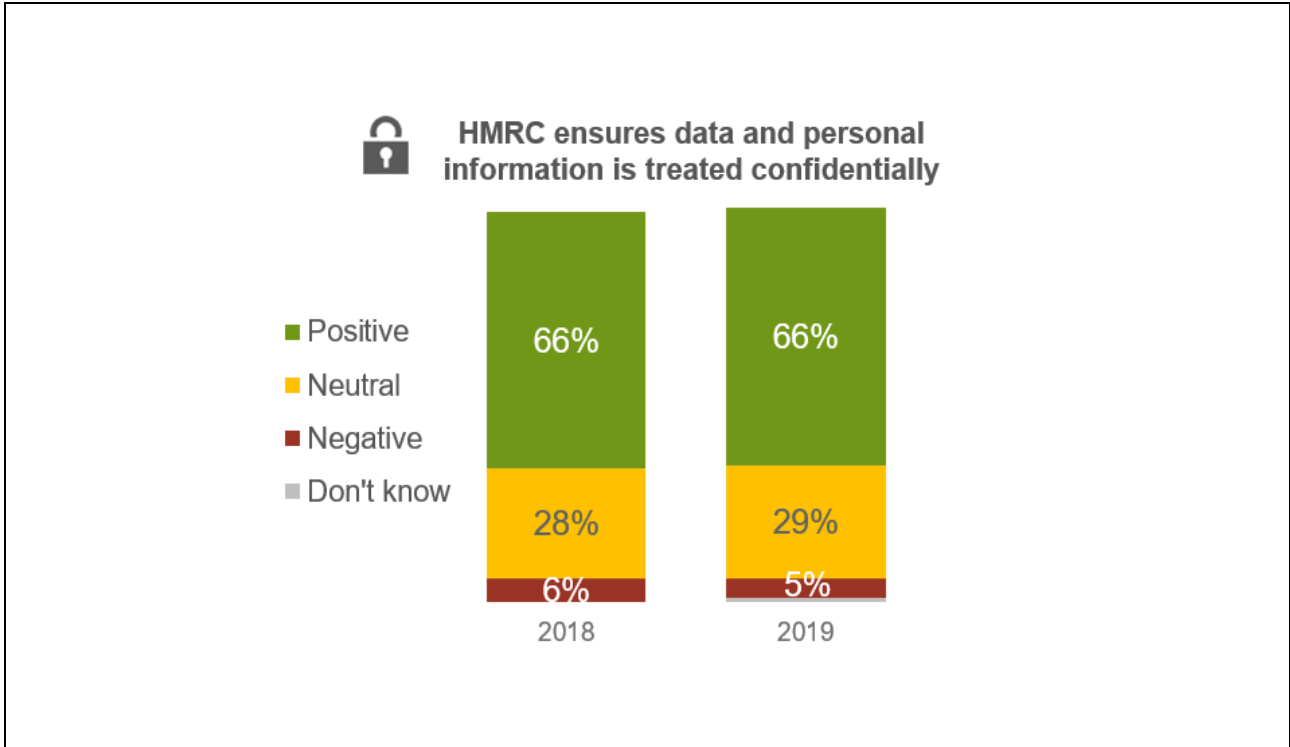
Those who only had telephone only contact (51%) were more likely to give a positive rating on this measure than those who had contact by telephone and online (37%) or only online (34%).



### 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 five per cent gave a negative rating. These ratings remain in line with 2018 (Chart 3.28).

**Chart 3.28 HMRC ensures customers data and personal information is treated confidentially – Individuals**



Q5data How strongly do you agree or disagree with the following statement? "HMRC ensures that customers' data and personal information is treated confidentially". Base: All respondents (2018: 2618; 2019: 2564). 1% of respondents in 2019 selected Don't Know.

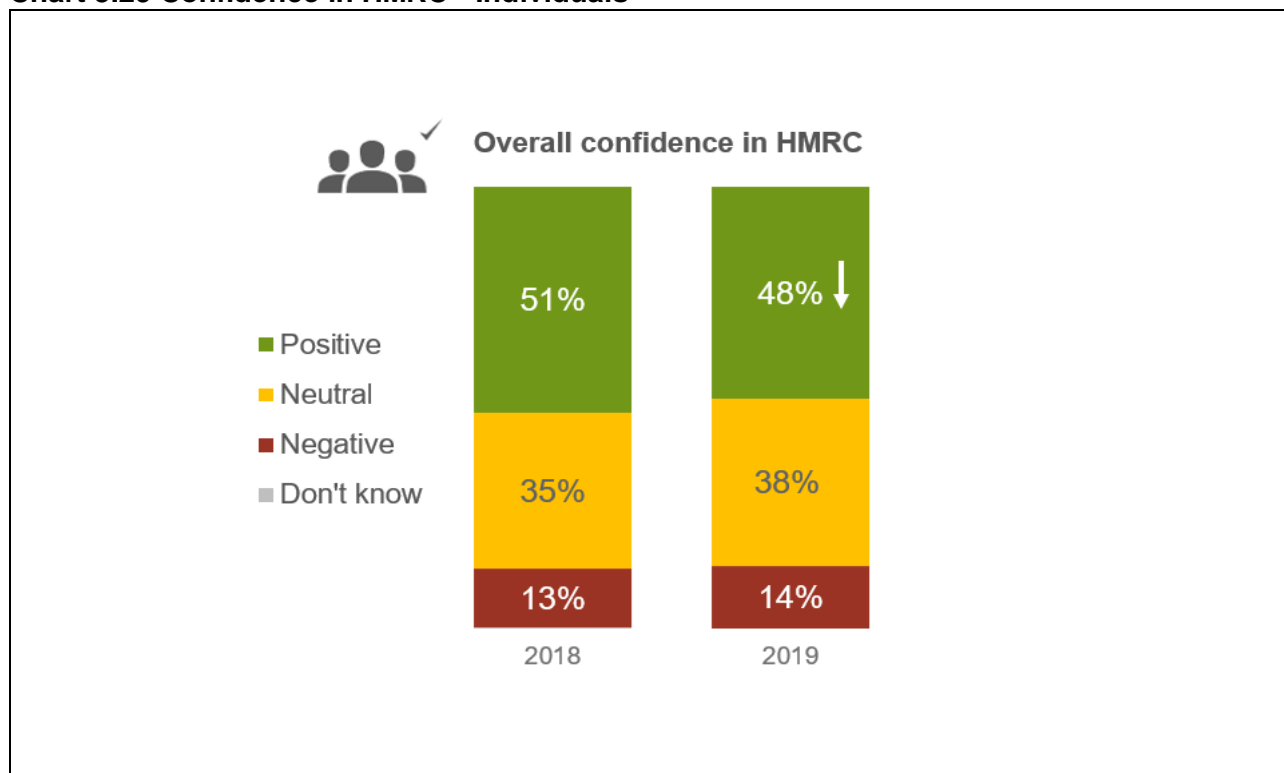
Individuals who interacted with HMRC in the last 12 months were more likely to be positive (68%) than those who had no interaction (61%). Positive ratings were also higher amongst:

- Individuals who only interacted with HMRC by telephone (82%), compared with those who used online-only channels (66%) and those who used both online and telephone channels (73%).
- PTA-users (70%), compared with non-users (64%).
- Individuals who received benefits or credits in the last 12 months (73%) compared with those who had not received any (64%).

### 3.5.4 Overall confidence in HMRC

Half of Individuals (48%) were confident in the way HMRC were doing their job, while 14% were not confident. There has been a small decline in positive ratings since 2018, from 51% in 2018 to 48% in 2019 (Chart 3.29).

**Chart 3.29 Confidence in HMRC - Individuals**



Q5conf How confident are you in the way HMRC are doing their job? Base: All respondents (2018: 2636; 2019: 2582)

This small decline in positive ratings for confidence was driven by:

- younger respondents aged 16-34 (where positive ratings have fallen from 52% to 46%)
- older respondents aged 55 or over (positive ratings have fallen from 54% to 50%)
- PTA users where confidence has fallen from 57% to 50%.

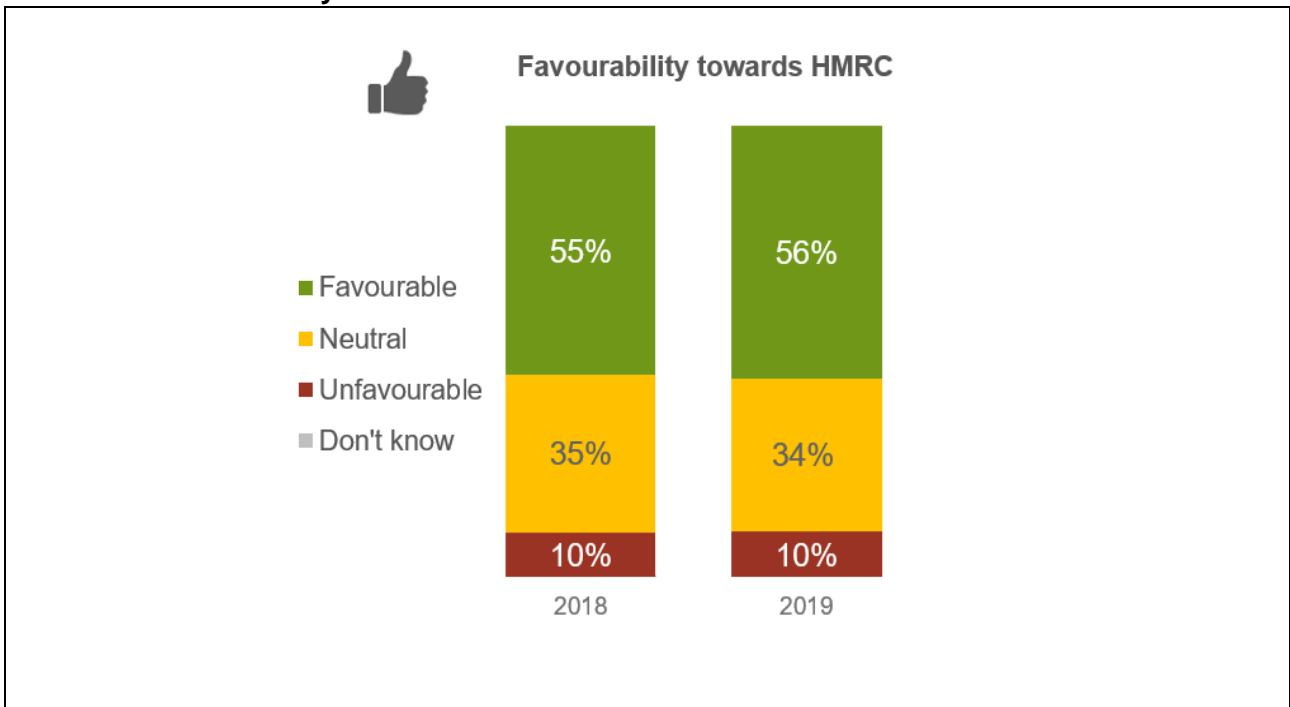
Individuals who interacted with HMRC in the last 12 months were more likely to say they were confident in HMRC (50%) than those who had no interaction (43%). Confidence was also higher amongst those using telephone only channels (63%) than those using only online channels (51%) or online and telephone (49%).

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 (88%, 81% and 87%, respectively), compared with 9%, 11% and 15% 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 (56%) had a favourable opinion while one in ten (10%) had an unfavourable opinion. These findings remain in line with 2018 (Chart 3.30).

**Chart 3.30 Favourability towards HMRC – Individuals**



Q5favor How favourable or unfavourable is your overall opinion of HMRC taking into account everything you think is important? Base: Random half of all respondents who were asked Q5favor and Q5advo (2018: 1709; 2019: 1527)

Individuals who interacted with HMRC over the last 12 months were more likely to report a favourable opinion (60%) than those who did not interact (49%), as were PTA users compared with non-users (64% compared with 54%).

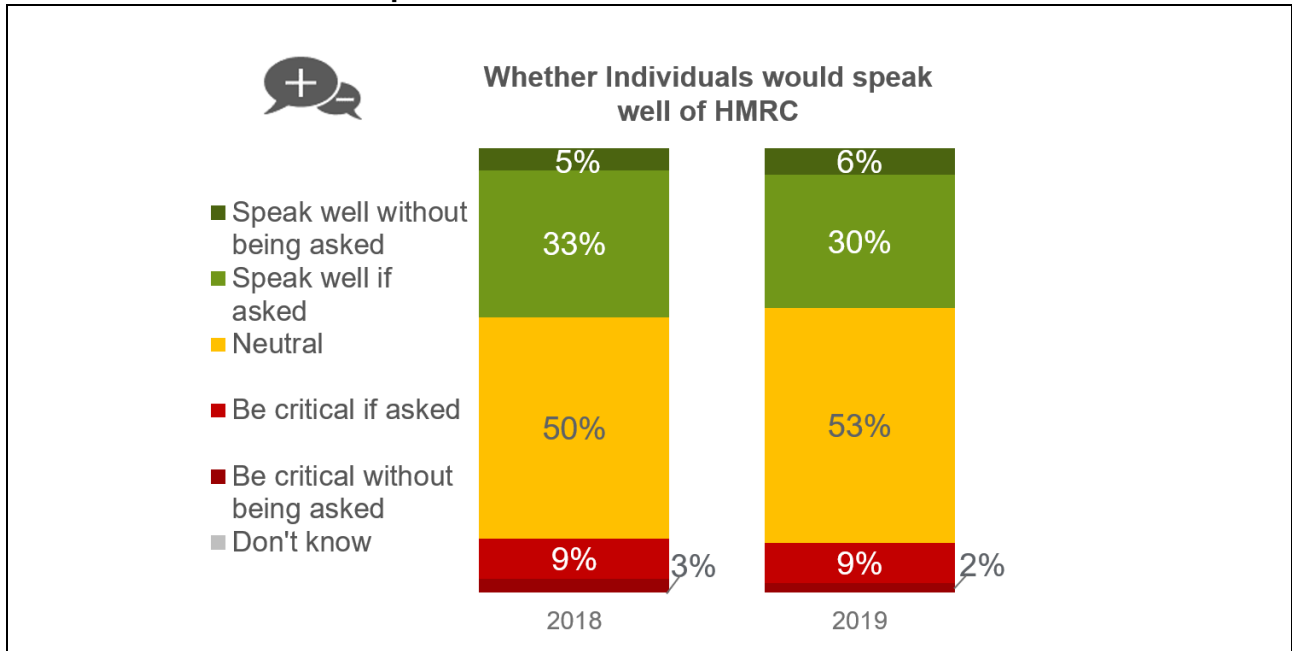
Individuals who used a professional advisor were more favourable (66%) than those who had informal support (58%) or no help at all (54%). There was increased positive ratings amongst those who used a professional adviser from 53% in 2018 to 66% in 2019.

Positive ratings of confidence and favourability were not fully reflected in advocacy levels. Half of Individuals (53%) said they would be neutral about HMRC. Around one in three (36%) reported that they would speak well of HMRC. A third (30%) would do so only if they were asked, whereas six per cent said that they would express these views even without being asked.

One in ten Individuals (11%) would speak critically of HMRC, the majority of whom would only do so if they were asked (9%).

There have been no changes on this measure since 2018 (Chart 3.31).

**Chart 3.31 Whether would speak well of HMRC – Individuals**



Q5advo Which of these phrases best describes the way you would speak about HMRC to other people or organisations?  
 Base: Random half of all respondents who were asked Q5favour and Q5advo (2018: 1768; 2019: 1526)

Advocacy for HMRC was related to whether or not Individuals had interacted with HMRC in the past 12 months. Individuals who had interactions with HMRC were both more likely to speak well of HMRC if asked (35% compared with 21% those who had no interactions) and to be critical of HMRC if asked (12% compared with 5%). Individuals who had no interaction with HMRC were more likely to be neutral (65%) than those who had interacted with HMRC (46%).

PTA-users were also more likely to say that would speak well of the organisation (45%) compared with non-users (34%).

### 3.6 Perceptions of compliance

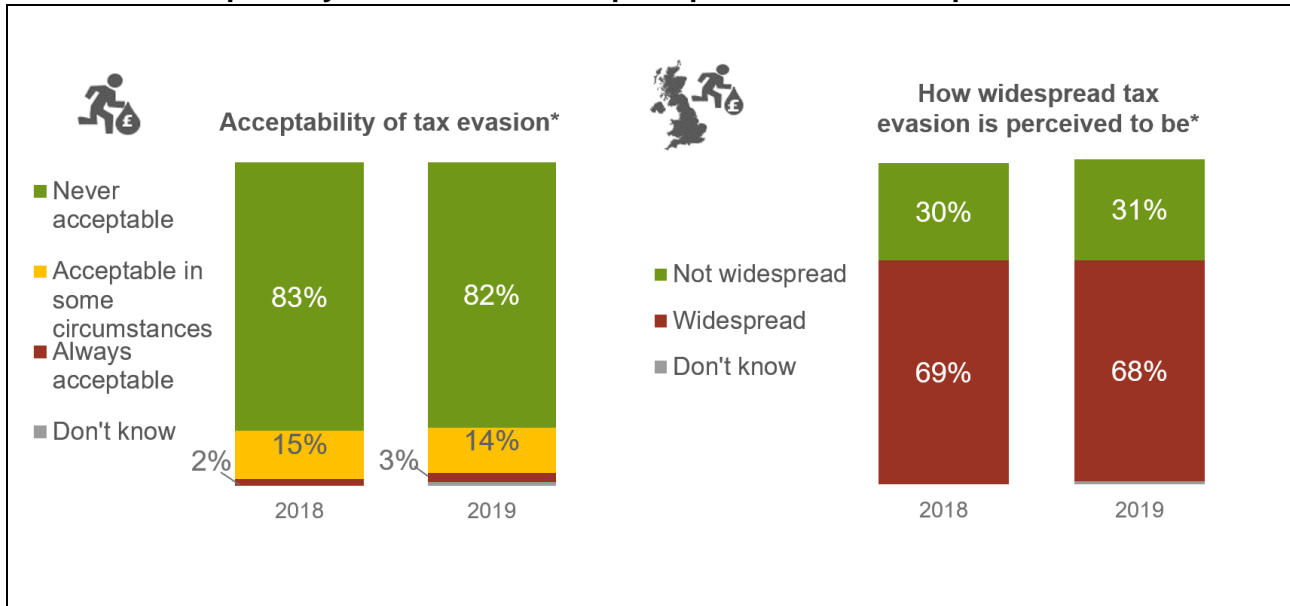
This section looks at Individuals' perceptions of compliance with the tax system, by assessing their views on the acceptability and extent of tax avoidance and tax evasion. It also evaluates perceptions of HMRC's ability to detect non-compliance with the tax system by asking Individuals how likely they think it is for HMRC to detect tax evasion. No comparative measures are presented for tax avoidance between 2019 and 2018 as the question wording was changed in 2019. In 2019, Individuals were also asked if they felt sanctions available to HMRC were sufficient to deter 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 (82%) of Individuals thought that tax evasion was never acceptable. One in seven (14%) believed tax evasion was acceptable in some circumstances, and only three per cent thought that tax evasion was always acceptable (Chart 3.32). Seven in ten (68%) Individuals thought tax evasion was widespread, and 31% thought that it was not widespread. These findings remain in line with 2018 (Chart 3.32).

**Chart 3.32 Acceptability of tax evasion and perception of how widespread it is – Individuals**



Q6reduce Some people try and reduce the amount of tax they have to pay by not telling HMRC about all of their income. Which of these statements comes closest to your views about people doing this? Base: All respondents (2018: 2659; 2019: 2609) 2% of respondents in 2018 and 3% in 2019 selected Don't Know; Q6declare In your view, how widespread do you think it is for people to not declare all their income for tax? Base: All respondents (2018: 2656; 2019: 2601) 1% of respondents in 2019 selected Don't Know.

Adults aged 55 and over were more likely to think tax evasion was never acceptable (87%) compared with those aged 16-34 (77%) and 35-54 (82%). Older adults aged 55 or over were also more likely than younger individuals aged 16-34 to believe that tax evasion is widespread (70% compared with 63%).

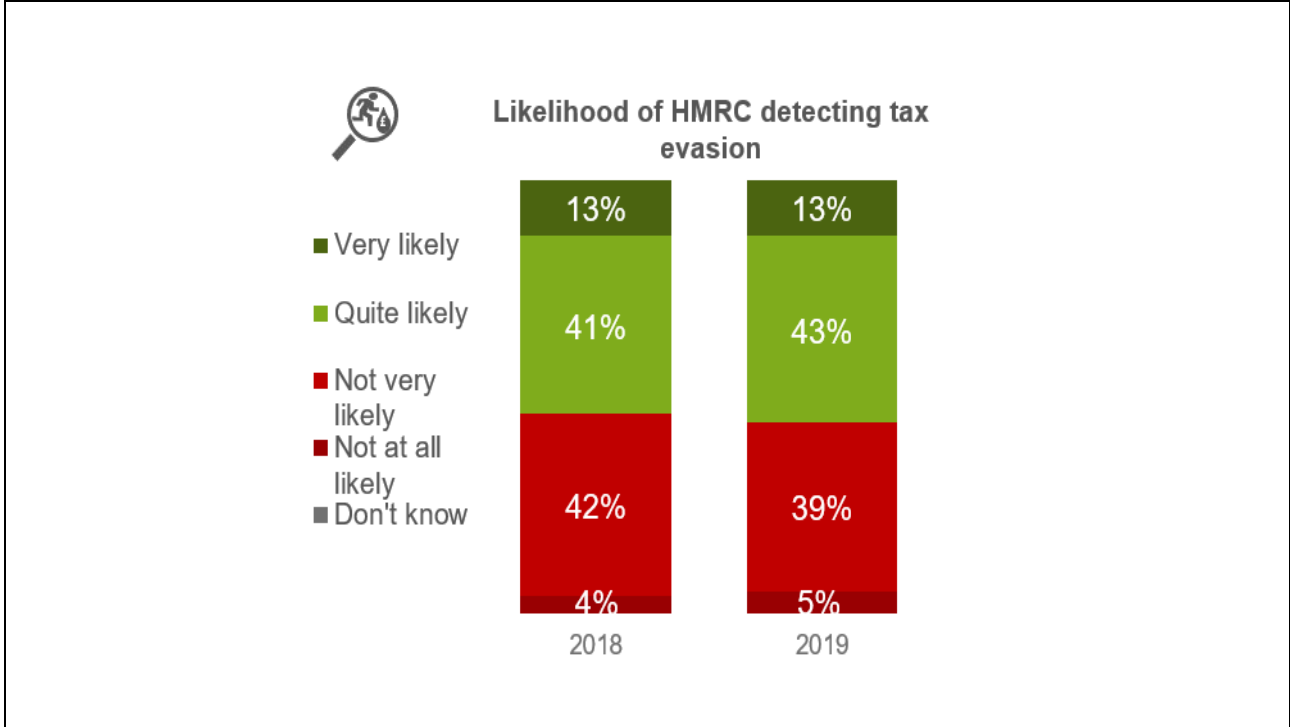
Individuals with multiple income sources were more likely to think tax evasion was never acceptable (87%) than those with a single income source (82%) or with no income sources (73%).

Individuals who paid personal tax in the past year were more likely to believe that tax evasion is never acceptable than those who had not paid any personal taxes (84% compared with 76%).

### 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 (56%) thinking HMRC was likely to detect it and just under half (43%) thinking HMRC was not likely to detect it (Chart 3.33).

**Chart 3.33 Perceived likelihood of HMRC detecting tax evasion – Individuals**



Q6caught How likely do you think it is for those deliberately not declaring all their income to be detected by HMRC? Base: All respondents (2018: 2649; 2019: 1537).

Individuals with a positive overall experience of dealing with HMRC were more likely to think HMRC was likely to detect tax evasion than those with an overall neutral or negative experience (61% compared with 44% respectively).

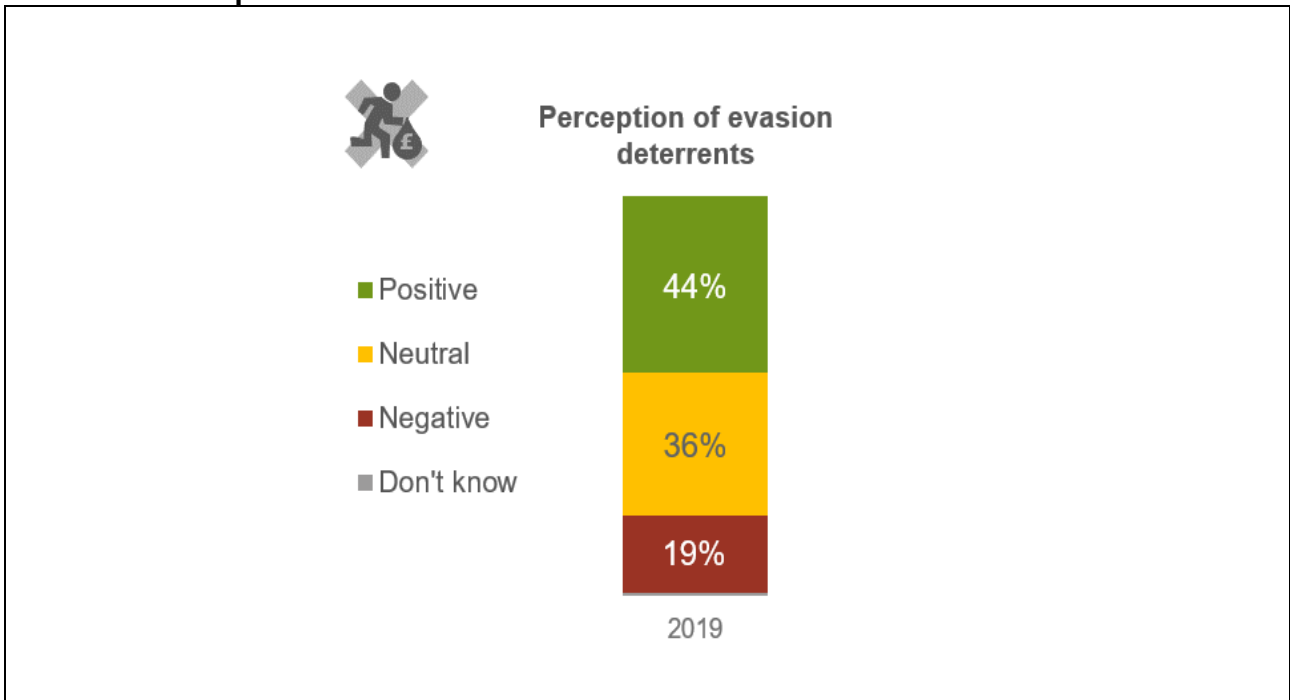
Individuals who were not working were more likely to think HMRC was likely to detect tax evasion than those working full time (62% compared with 49%).

### 3.6.3 Perceptions of sanctions available to HMRC to deter tax evasion

Over four in ten (44%) of Individuals agreed that the HMRC has effective sanctions to deter Individuals and businesses from deliberately not declaring their income, while 19% disagreed (Chart 3.34). This question was asked for the first time in 2019 and therefore no tracking data are available.

Individuals who believed it was likely that HMRC would detect tax evasion were more likely to agree that HMRC has effective sanctions to deter individuals and businesses from deliberately not declaring their income (60%) than those who felt it unlikely HMRC would detect tax evasion (25%).

**Chart 3.34 Perceptions of sanctions available to HMRC to deter tax evasion - Individuals**



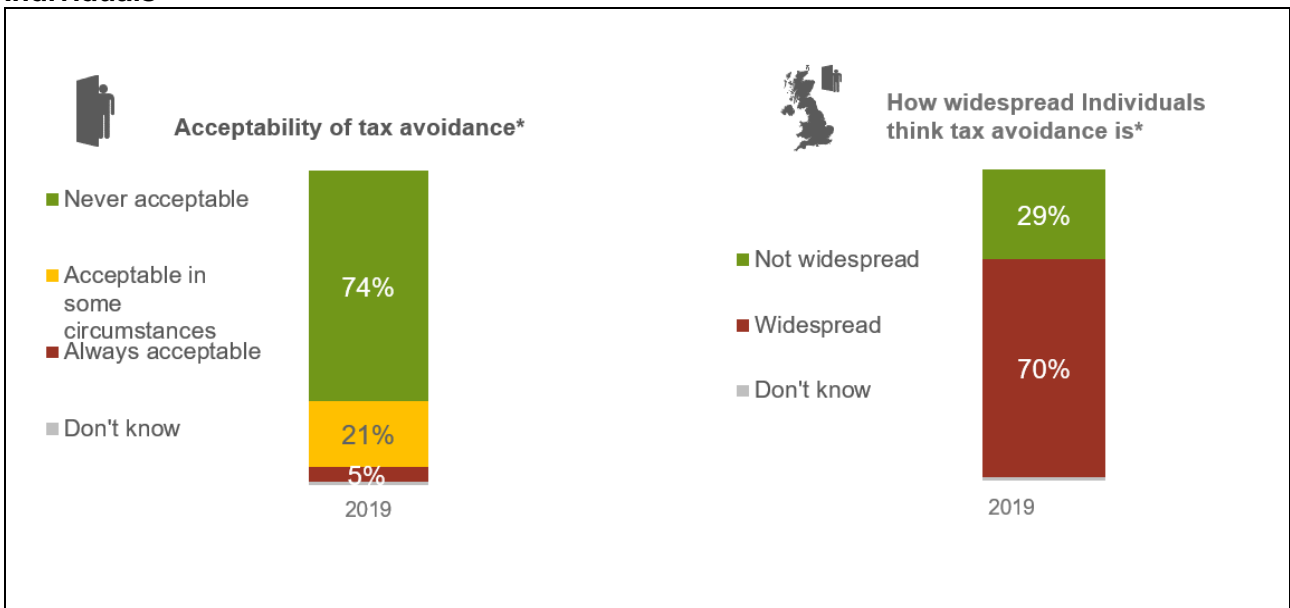
Q6detrants How strongly do you agree or disagree with the following statement? "The sanctions available to HMRC are effective in deterring people from deliberately not declaring all their income." Base: Random half of all respondents who were not asked Q5favour and Q5advo (2019: 1538). 1% of respondents in 2019 selected Don't Know.

### 3.6.4 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 – in other words, operating within the letter, but not the spirit of the law”. Question wording was changed between the 2018 and 2019 surveys and so findings are not comparable.

Three quarters (74%) of Individuals believed tax avoidance was never acceptable. One in five (21%) thought it was acceptable in some circumstances, and two per cent thought tax avoidance was always acceptable. Seven in ten (70%) thought tax avoidance was widespread while three in ten (29%) thought it was not (Chart 3.35).

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



Q6exploit Some people try to exploit tax rules to gain a tax advantage that Parliament didn't intend – in other words operating within the letter but not the spirit of the law. Avoidance schemes often try to exploit loopholes in the law by using complicated financial arrangements to get an advantage Parliament never intended. Which of these statements comes closest to your views about people doing this? Base: All respondents (2019: 2611). 1% of respondents selected Don't Know. Q6behaviour In your view, how widespread do you think this type of behaviour is? By behaviour, we are still referring to the behaviour of trying to exploit the tax rules to gain tax advantage. Base: All respondents (2019: 2598). 1% of respondents selected Don't Know. \*Questions not asked in 2015. Question wording changed in 2018 following testing, Do not compare with previous year's results.

Individuals aged 55 and over were more likely to think that tax avoidance was never acceptable (76%) than those aged 16-34 (70%).

Individuals aged 35 and over were more likely to believe that tax avoidance was widespread (73%, compared with 63% of those aged 16-34).



## 4. Small Businesses

### 4.1 Chapter Summary

Three-quarters of Small Businesses (75%) had a positive overall experience of dealing with HMRC in 2019, which was a significant increase since 2015 (72%). The smallest businesses (that had employees or a turnover of up to £85,000) and Small Businesses that only had contact through online channels were most positive.

In order to improve overall experience for Small Business customers, the primary areas for improvement are:

- Resolving queries or issues (69%)
- The acceptability of time taken to reach an end result (68%)
- Ease of finding information (62%)

These are the customer experience dimensions which are strongly linked to overall experience but where HMRC has performed less well. However, performance since 2015 has improved for each of these measures.

Six in ten (61%) 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, effectiveness and fairness. Favourability (67% in 2019) and advocacy (32% in 2019) towards HMRC were at the same level as the baseline, reversing improvements seen in 2018.

Small Businesses were asked about their awareness of changes to submitting VAT returns online, known as Making Tax Digital (MTD), from April 2019. Four in five (79%) Small Businesses had heard about the changes (up from 51% in 2018) and 28% knew a lot about them. Awareness among businesses above the VAT threshold who were required to join MTD for VAT (VAT mandated) was almost universal at 95%.

The majority of VAT mandated Small Businesses were submitting VAT returns via MTD (84%), equating to 44% of all Small Businesses.

There was no evidence that the roll out of MTD for VAT has impacted negatively on customer experience of HMRC amongst VAT mandated Small Businesses.

## 4.2 Profile of Small Businesses

This section presents the profile of Small Businesses surveyed in 2019. 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.

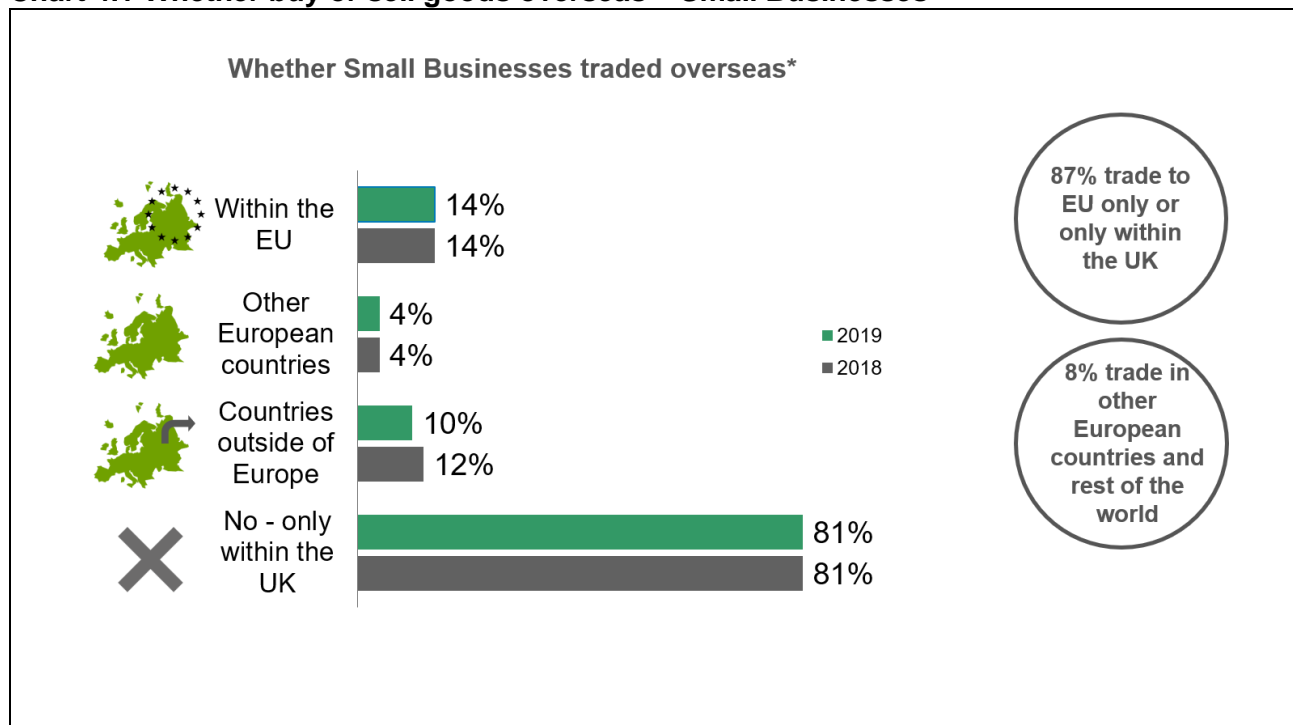
The majority of Small Businesses had fewer than 5 employees (84%). Around four in ten (44%) had 0 employees or between 1 and 4 employees (40%). One in ten (10%) had between 5 and 9 employees and six per cent were in the largest size band with between 10 and 19 employees.

Around half of Small Businesses (50%) 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 10% with countries outside of Europe. Only six per cent traded within the EU and no other regions overseas. There was little change in trading patterns since 2018.

**Chart 4.1 Whether buy or sell goods overseas – Small Businesses**



Q7overseas Does your business currently buy or sell any goods or services overseas from any countries.....?

Base: All respondents (2018: 2701; 2019: 2700) \*Businesses could give multiple responses, unless they only traded in the UK

Overseas trade was more common in larger businesses. Small Businesses with a turnover of £500,000 or more were more likely to trade outside the UK (40%) than those with a turnover of £85,000 - £500,000 (21%) and £85,000 or less (10%).

#### 4.2.2 Taxes paid

Small Businesses were asked which taxes their business had paid in the previous 12 months (Chart 4.2).

Most paid business taxes (91%) and six in ten paid payroll taxes and benefits (59%). A small proportion of Small Businesses only paid payroll taxes and benefits (3%). There were no significant changes in these proportions from previous years.

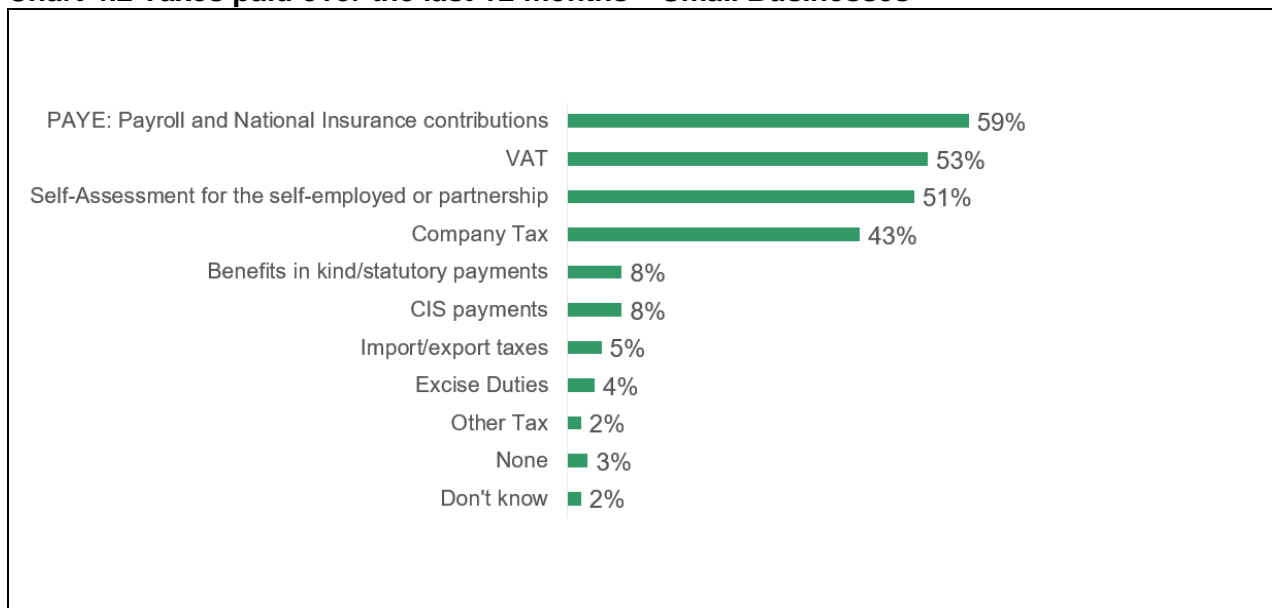
Small Businesses were most likely to have paid:

- PAYE (59%)
- VAT (53%)
- Self Assessment (51%)
- Company Tax (43%).

Those with a turnover above £85,000 were more likely to report they paid PAYE (88%), VAT (90%) and Company Tax (71%) compared with those with turnover below £85,000 (34%, 22% and 22% respectively). Payment of Self Assessment was more common among those with turnovers up to £40,000 (77%) compared with 38% of those with turnover above £40,000.

The taxes Small Businesses paid in 2019 remained largely unchanged since 2018, apart from a slight increase from 48% in 2018 to 51% in 2019 for Self Assessment.

**Chart 4.2 Taxes paid over the last 12 months – Small Businesses**



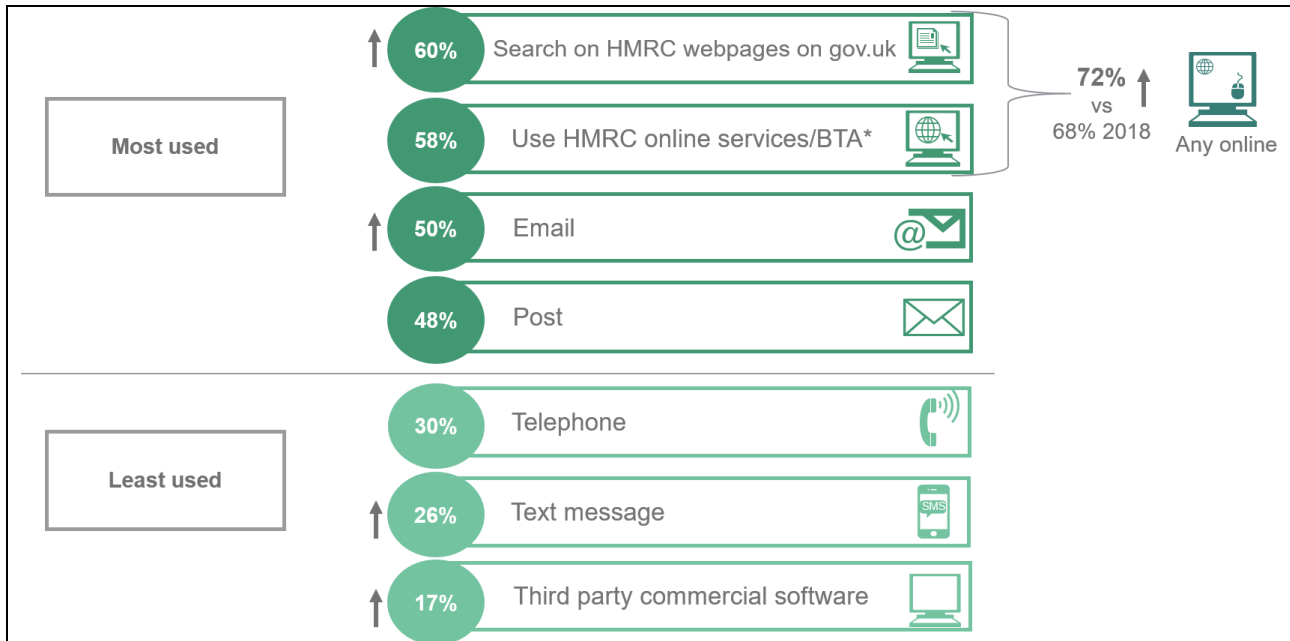
Q2tax Taxes business has paid over last 12 months Base: All respondents (2019: 2700)

### 4.2.3 Channels used to interact with HMRC

Small Businesses were asked about the ways they had dealt with HMRC in the previous 12 months (Chart 4.3). 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 74% made contact through multiple channels over the past twelve months. One in five (17%) made contact using only one channel and 9% said they had not made any contact.

**Chart 4.3 Contact channels used with HMRC – Small Businesses**



Q2cont In which of the following ways have you had any dealings with HMRC over the last 12 months? Base: All respondents (2019: 2700); \*Note that the question changed in 2018 to ask about Business Tax Account and other online services. Arrows refer to changes between 2018 and 2019 surveys.

Seven in ten (72%) Small Businesses had any online contact, up from 68% in 2018.

The most common contact channel was HMRC online services (58%) 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. Over four in ten (45%) Small Businesses used the BTA, an increase since 2018 (42%).

Use of online contact channels was more common among Small Businesses:

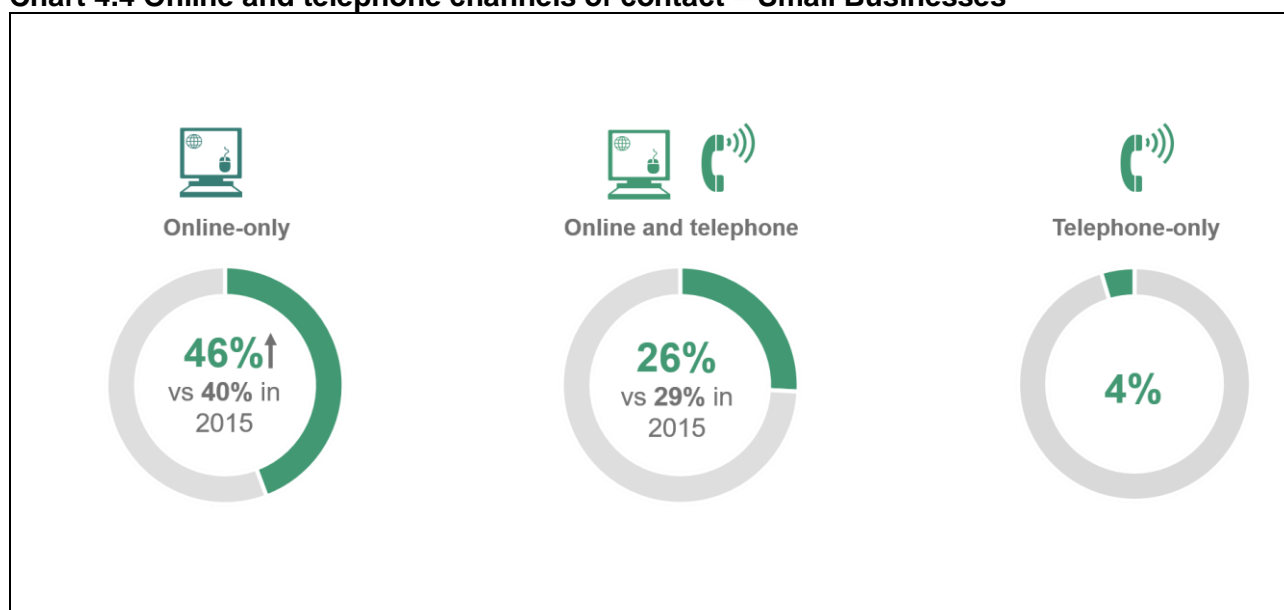
- with a turnover above £85,000 (80% compared with 67% of those with a turnover of £85,000 or below)
- that are VAT mandated (82% compared with 53% who are not)
- that did not outsource any accounting to agents (86% that did not outsource, compared with 79% that outsourced some and 53% that outsourced everything).

Six in ten (60%) had contact via a search on the HMRC webpages (up from 52% in 2018) and nearly half (48%) 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 (48% in 2019, down from 55% in 2015). The proportion of Small Businesses that had contact by text has significantly increased (26% in 2019, up from 22% in 2018 and only 4% in 2015) and email (50% in 2019, up from 42% in 2018 and 37% in 2015).

Over four in ten (46%) had contact through online channels only and a quarter (26%) had contact by online and telephone channels, as shown in Chart 4.4. Four per cent contacted HMRC by telephone and did not use any online channels. The proportion of Small Businesses only interacting through online channels increased from 42% in 2018 to 46% in 2019.

Small Businesses with 10-19 employees were most likely to have contact using both online and telephone channels (45% compared with 18% of Small Businesses with 0 employees).

**Chart 4.4 Online and telephone channels of contact – Small Businesses**



Q2cont In which of the following ways have you had any dealings with HMRC over the last 12 months? Base: All respondents (2019: 2700) Arrows refer to changes between 2019 and 2015 surveys.

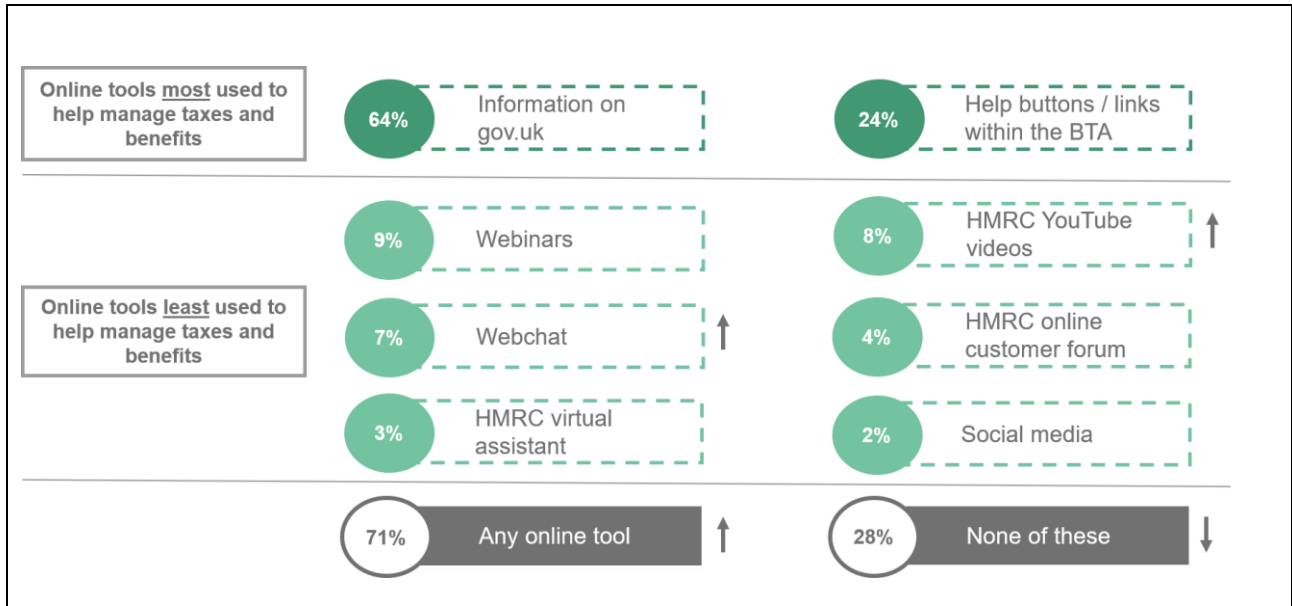
#### 4.2.4 Use of online tools

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 (64%) and help buttons or links within the BTA (24%). Nearly three in ten (28%) said they had used none of the tools presented (Chart 4.5), but this had decreased since 2018 (32%). This decrease was most notable amongst those with turnover between £40,000-£85,000 (from 36% in 2018 to 23% in 2019).

Use of HMRC YouTube videos increased between 2018 and 2019 from five to eight per cent, while webchat increased from four to seven per cent over the same period.

**Chart 4.5 HMRC online tools used – Small Businesses**



Q2online tools Which of the following HMRC online tools, if any, have you used to help you manage taxes in the last 12 months? Base: Respondents who dealt with HMRC online (2019: 2015) Arrows refer to changes between 2018 and 2019 surveys.

Small Businesses that outsourced all tax work to agents were less likely to use help tools. Nearly four in ten (38%) used no online help tools, compared with a quarter (25%) of Small Businesses that completed some or all of the work within the business.

Chart 4.5 HMRC online tools used – Small Businesses. Findings presented in section 4.2.4

A third of Small Businesses with 0 employees (32%) used no online help tools, compared with 6% with 10-19 employees.

The following Small Businesses were most likely to use information on gov.uk:

- Those with 5 or more employees (73%) compared with 0-4 employees (62%)
- Those that used online and telephone methods to contact HMRC (72%) compared with those that only used online (59%)
- Those that did some or all of their accountancy work within the business (67%) compared with those that outsourced all work (55%)

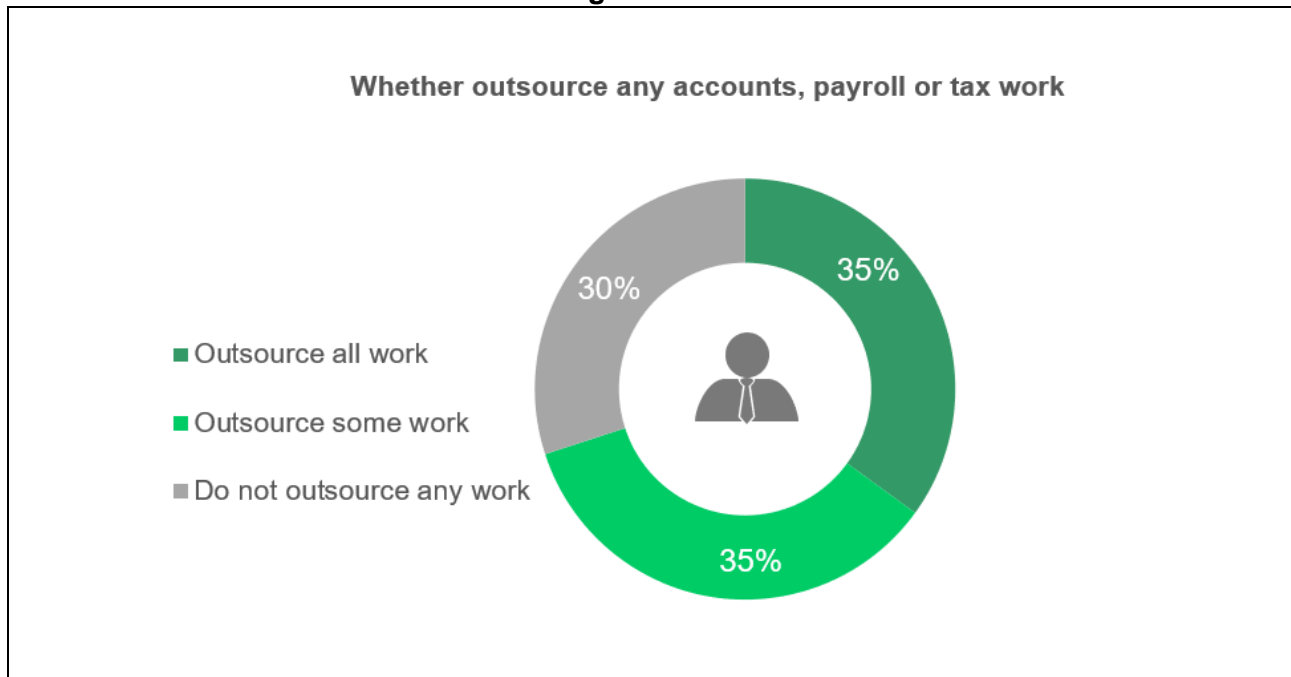
Use of help buttons / links with the BTA was most common among those that did all of their accountancy work within the business (33%) followed by those that did some work within the business (22%). Only 14% of Small Businesses that outsourced all work reported using this.

### 4.2.5 Agent usage

Seven in ten (70%) Small Businesses used an agent to deal with some or all of their tax affairs (Chart 4.6). Just over a third (35%) outsourced all work to agents and the same proportion (35%) outsourced some work. Three in ten (30%) did all work within the business, which was a significant increase compared with 2015 (25%).

Three-quarters (76%) of Small Businesses that used an agent for some or all work gave a positive rating of how easy HMRC made it for someone else to act on their behalf. Only five per cent gave a negative rating.

**Chart 4.6 Whether outsource work to an agent – Small Businesses**



Q1agent And thinking about the work your business needs to undertake for its accounts, payroll and tax, do you do it all within the business or do you outsource some or all of it to an accountant, tax agent or payroll bureau? Base: All respondents (2019: 2700)

The following were more likely to do all work in-house:

- Small Businesses with turnover of £40,000 or less were more likely to do all work in-house (47%) than Small Businesses with turnover above £40,000 (19%).
- Businesses that used the BTA (41%) compared with Small Businesses that did not use the BTA (21%).

This reflects similar trends in 2018.

### 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.

This section also examines specific dimensions of customer experience and identifies those areas which are priority areas for HMRC to improve customer experience as well as secondary areas to improve or areas to maintain.

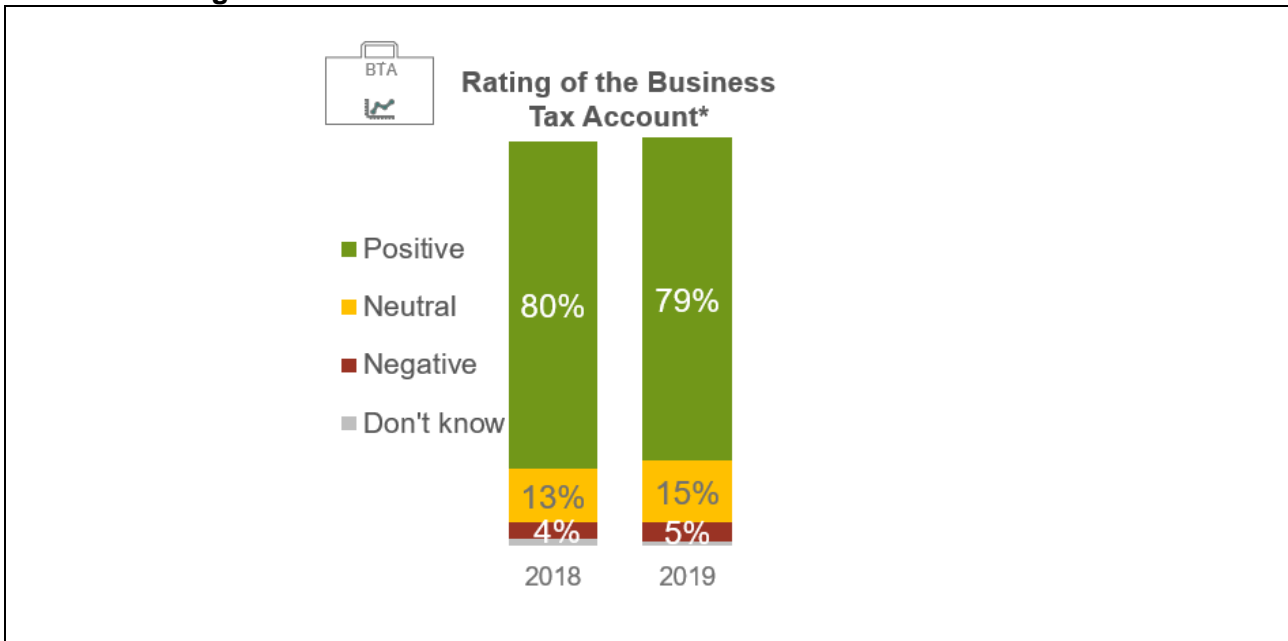
Finally, it discusses views of HMRC's tax administration: whether HMRC treated them fairly, made it easy for them to deal with tax issues, whether services were personalised to them, and whether online services were joined up and integrated with their existing business processes.

### 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 webpages on gov.uk or had used any other HMRC online services<sup>24</sup> were asked to rate their experiences of using these online services. As in previous years<sup>25</sup>, 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. In 2019, eight in ten (79%) Small Businesses gave the BTA a positive rating; only five per cent gave a negative rating. There was no change from 2018. (Chart 4.7).

**Chart 4.7 Rating of the Business Tax Account – Small Businesses**



Q2contexp You said you had contact with HMRC [by telephone / by telephone and online / online]. Please rate your experiences over the last 12 months of the [other] HMRC online services that you used. Base: Respondents who dealt with HMRC through the Business Tax Account (2015: 1001; 2018: 971; 2019: 881). 2% of respondents in 2018 and 1% of respondents in 2019 selected Don't Know.

Seven in ten (70%) rated HMRC's webpages positively and a similar proportion (72%) did so for other online services. The rating of HMRC webpages on gov.uk remained consistent with 2018 (70%), but ratings of other HMRC online services declined from 77% in 2015 (Chart 4.8).

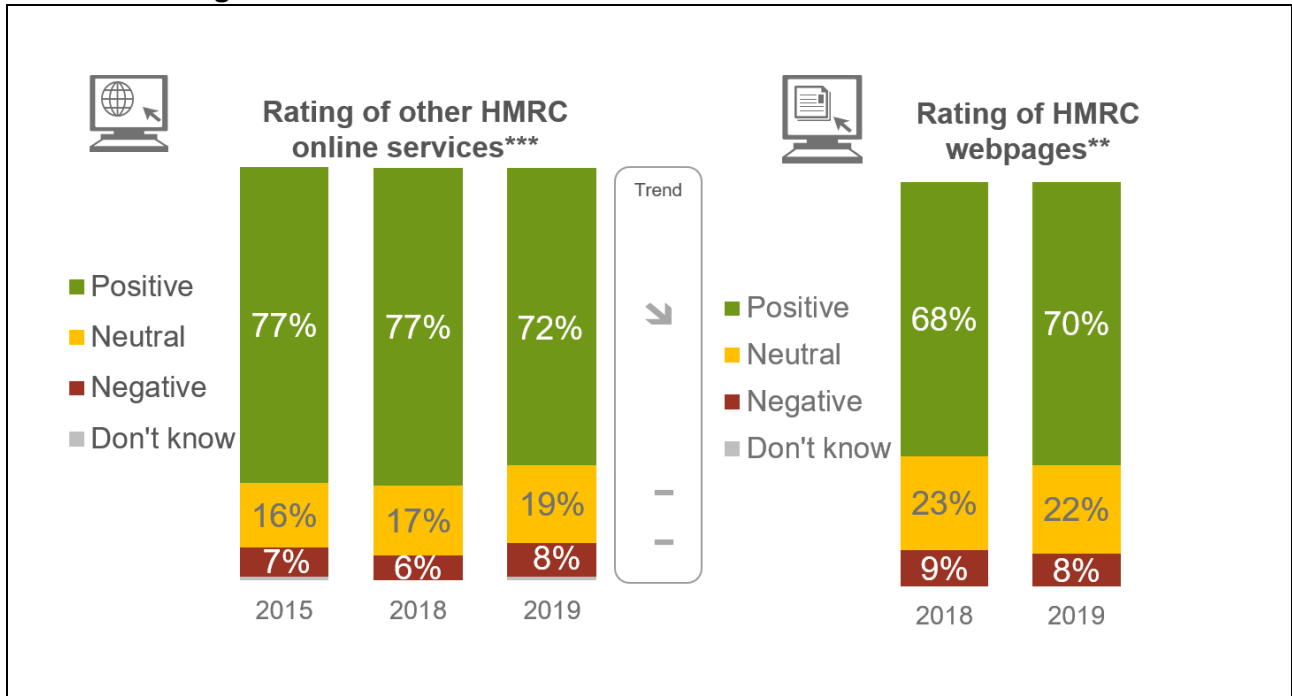
<sup>24</sup> Customers were asked to think about other HMRC online services they had used excluding the Business Tax Account and HMRC webpages, which were asked about separately.

<sup>25</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/817381/HMRC\\_individuals\\_small\\_business\\_and\\_agents\\_customer\\_survey\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/817381/HMRC_individuals_small_business_and_agents_customer_survey_2018.pdf)



**Chart 4.8 Rating of HMRC online services – Small Businesses**



Q2contexp You said you had contact with HMRC [by telephone / by telephone and online / online]. Please rate your experiences over the last 12 months of: Base: Respondents who dealt with HMRC through HMRC's webpages (2016: 1535; 2018: 1520; 2019: 1717). Base: Respondents who dealt with HMRC through HMRC's online services (2015: 1777; 2016: 1737; 2017: 1831; 2018: 971; 2019: 881. 1% of respondents in 2015, 2018 and 2019 selected Don't Know; \*\*This question was not asked in 2015. \*\*\*This question was changed in 2017 and is not comparable to past data.

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 72% of those that used both online and telephone.
- Three-quarters (76%) of Small Businesses that interacted with HMRC only online were positive about HMRC's webpages on gov.uk, compared with 60% of those that used both online and telephone.
- Three-quarters (76%) of Small Businesses that interacted with HMRC only online were positive about HMRC's other online services, compared with 67% of those that used both online and telephone.

Those that gave positive ratings across a range of measures (their overall experience, the ease of dealing with tax issues, HMRC providing tailored services) were more likely to give a positive rating of their Business Tax Account, HMRC webpages on gov.uk and other online services.

Small Businesses that gave positive ratings across the following measures were more likely to give a positive rating of their Business Tax Account:

- Overall experience: 90% compared with 46% that gave a neutral or negative rating
- Ease of dealing with tax issues: 90% compared with 56% that gave a neutral or negative rating
- HMRC providing tailored services: 92% compared with 66% that gave a neutral or negative rating

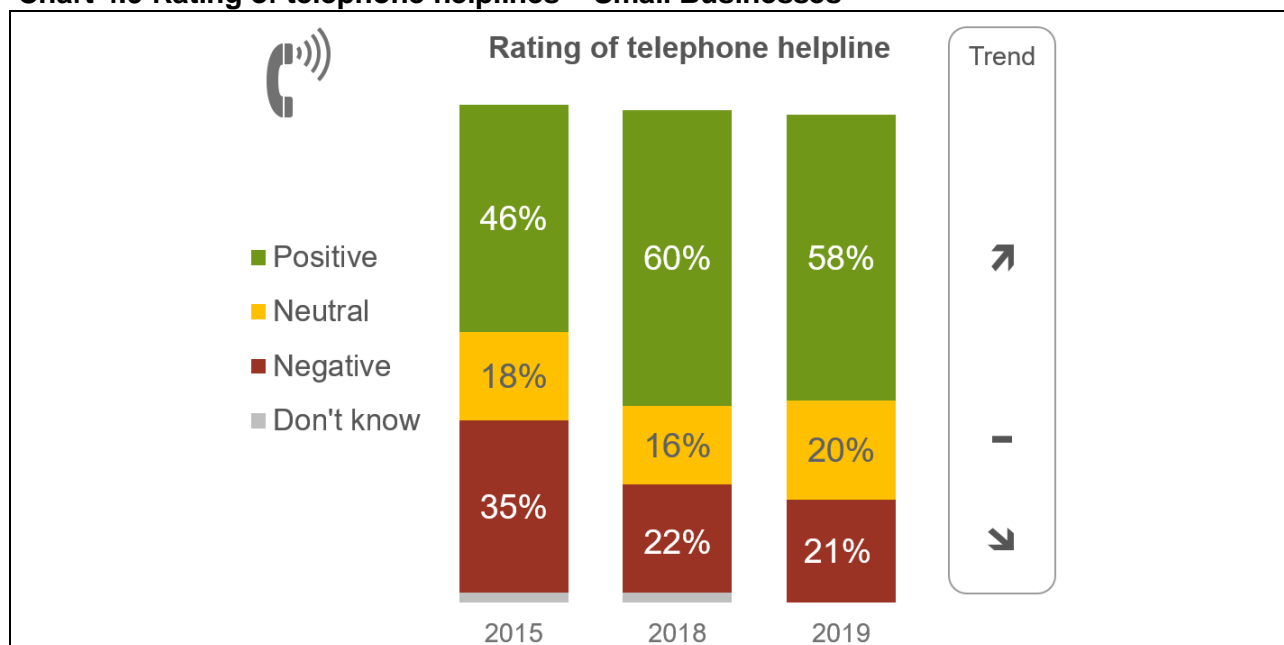
Businesses with a lower turnover tended to be more positive about some online services. For the Business Tax Account, those with a turnover of £40,000 or less were more likely to give a positive rating (88%) than those with a turnover of more than £40,000 (75%). For webpages, those with a turnover of £20,000 or less were more positive (78%) compared with those with a turnover above £85,000 (65%).

The overall decline in positive ratings for other online services was evident across a range of subgroups from 2018 to 2019, notably:

- Those with a turnover between £40,000-£85,000 (80% in 2018 compared with 63% in 2019)
- Those with 10 or more employees (78% in 2018 compared with 60% 2019)

HMRC’s telephone helpline was the least positively rated contact channel, with six in ten (58%) giving a positive rating. However, the increase in positive ratings and decrease in negative ratings between 2015 and 2018 have been maintained (Chart 4.9). In 2019, 58% gave a positive rating, up from 46% in 2015.

**Chart 4.9 Rating of telephone helplines – Small Businesses**



Q2contexp You said you had contact with HMRC [by telephone / by telephone and online / online]. Please rate your experiences over the last 12 months of the telephone helpline: Base: Respondents who dealt with HMRC by telephone (2015: 1001; 2016: 952; 2017: 1014; 2018: 936; 2019: 913). 2% of respondents in 2015 and 2018 selected Don't Know.

Businesses with a turnover of £20,000-£40,000 were the most likely to give a positive rating (80%) compared with those with a smaller turnover (58% of those with a turnover of £20,000 or less) and larger turnover (53% with a turnover of £40k+).

Whilst ratings have improved amongst businesses of all sizes, they particularly improved amongst those with 1-9 employees (41% gave a positive rating in 2015, which increased to 58% in 2019).

### 4.3.2 Rating of online tools

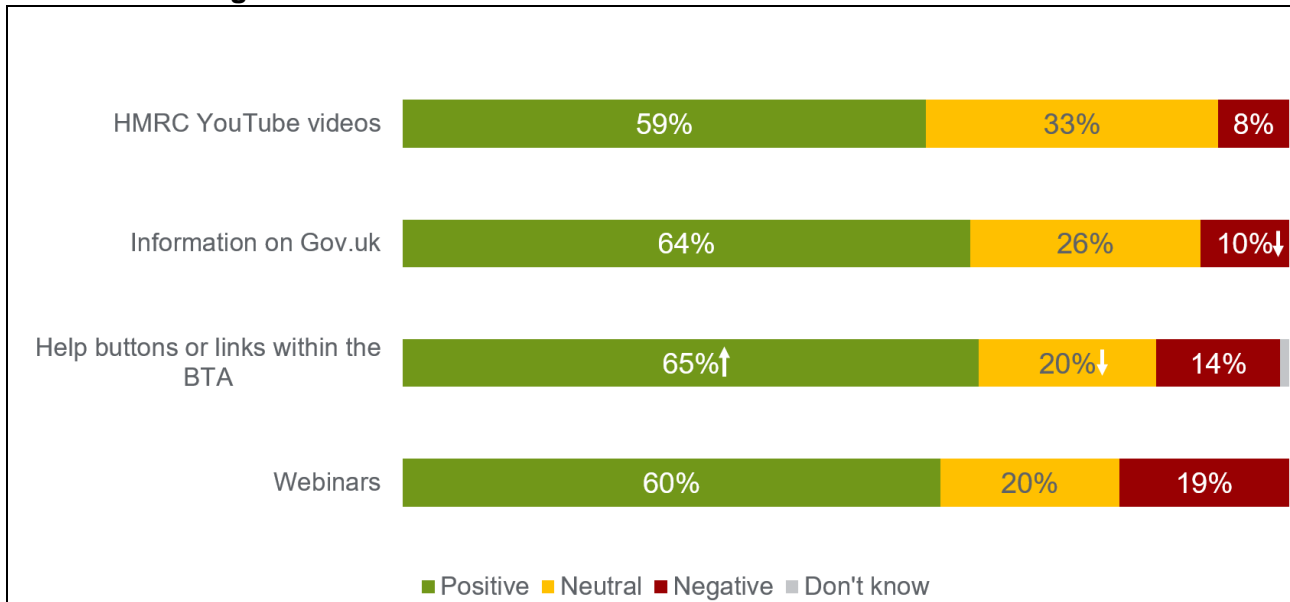
Small Businesses were asked to rate the online tools they used in 2019. Businesses were asked to rate:

- 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 4.10.

Ratings were generally good, with around six in ten rating each tool positively. Positive ratings for help buttons or links with the BTA went up from 56% in 2018 to 65% in 2019.

**Chart 4.10 Rating of HMRC online tools – Small Businesses**



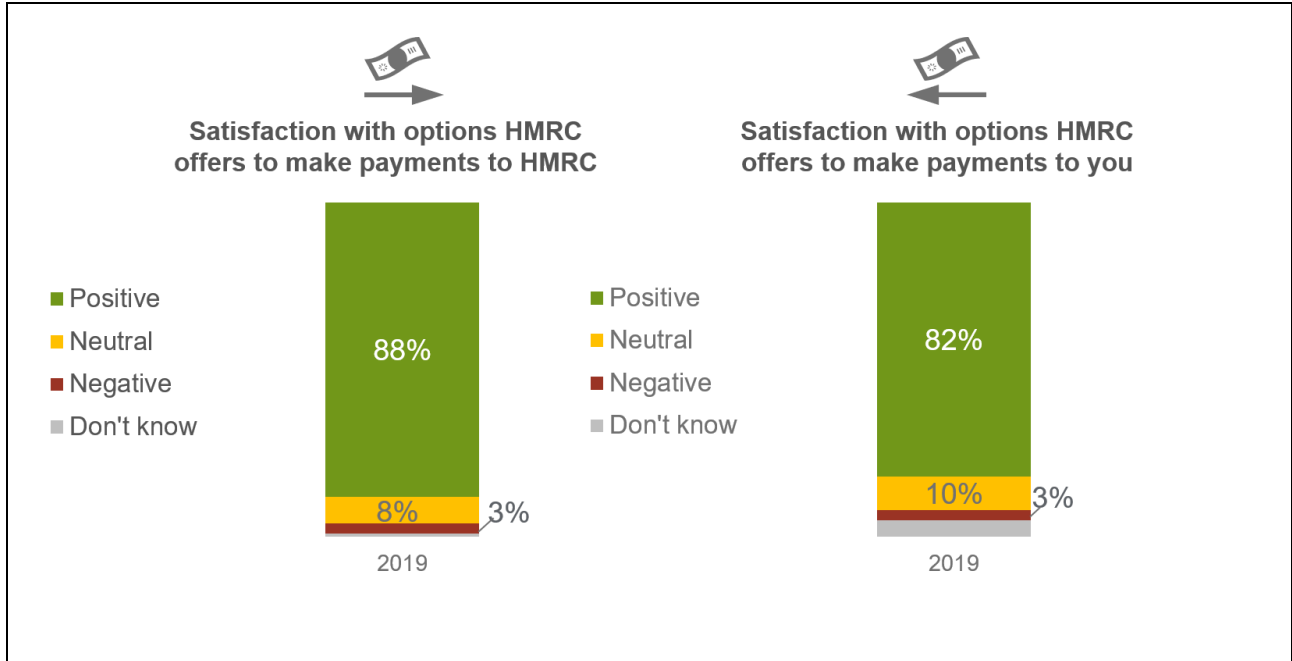
Q2online: You said you used at least one online tool to help you manage taxes with HMRC in the last 12 months. Looking specifically at [TOOL #1 / TOOL #2] how much did they help you deal with your HMRC tax affairs online? Base: Respondents who used an HMRC online tool to manage their tax affairs Webinars (2019: 155) / Information on Gov.uk (2019: 1178) / Help buttons or links within the BTA (2019: 361) / HMRC YouTube videos (2019: 118); N.B. only services with bases higher than or equal to 100 are presented. 1% of respondents who rated the help buttons or links within the BTA selected Don't Know.

### 4.3.3 Satisfaction with payment methods available

For the first time in 2019, Small Businesses were asked about their satisfaction with payment methods to make payments to, or receive payments from, HMRC.

Satisfaction with options to make payments was high (88%). Businesses that gave a positive rating for their overall experience (94%) and for ease of dealing with tax issues (93%) were more likely to give a positive rating compared with businesses that gave a neutral or negative rating (70% and 75% respectively – Chart 4.11).

**Chart 4.11 Satisfaction with payment methods to make payments to HMRC – Small Business**



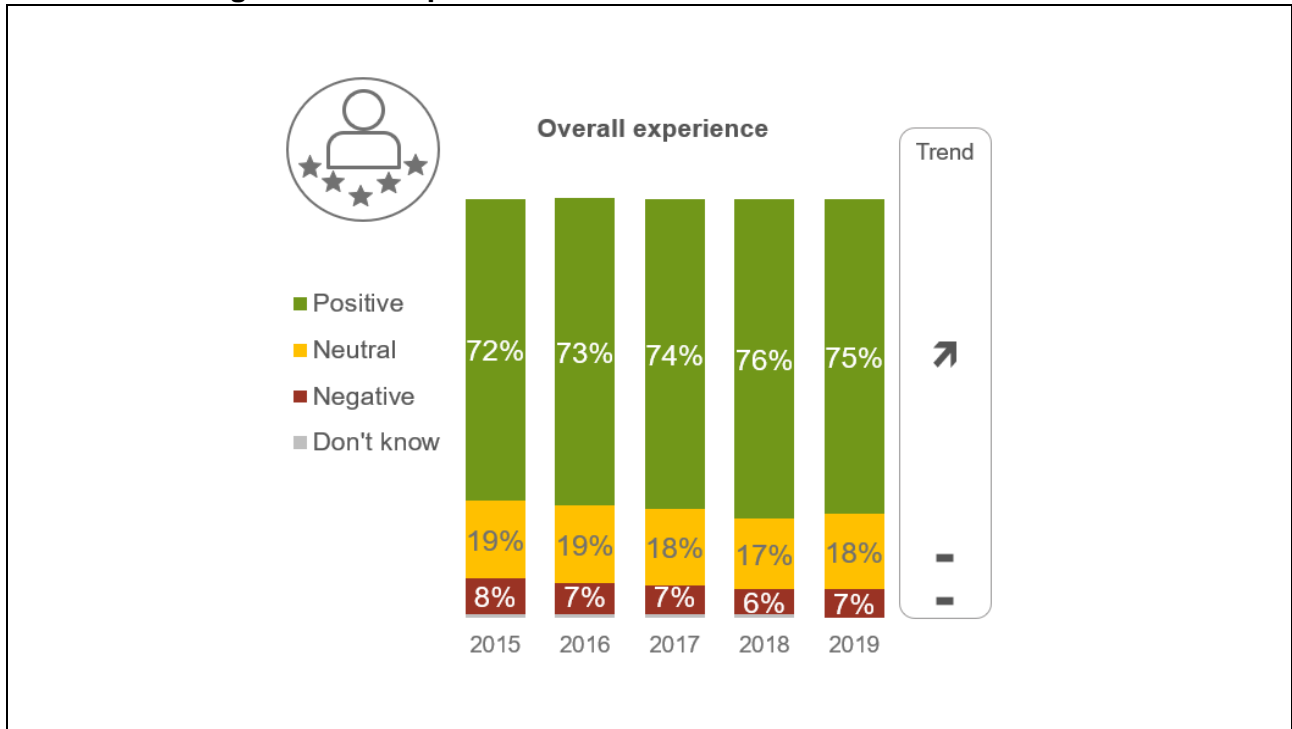
Q6paymethdsmake On a scale of 1-5, where 5 is very satisfied and 1 is very dissatisfied, please rate how satisfied you are with the options HMRC offers you to make payments to HMRC. Base: Half of Sample (2019: 1335). 1% of respondents selected Don't Know. Q6paymethdsreceive On a scale of 1-5, where 5 is very satisfied and 1 is very dissatisfied, please rate how satisfied you are with the options HMRC offers to make payments to you. Base: Half of Sample (2019: 1335). 5% of respondents selected Don't Know.

Satisfaction with options to receive payments were also high (82%). Businesses that gave a positive rating for their overall experience (89%) and for ease of dealing with tax issues (88%) were more likely to give a positive rating compared with businesses that gave a neutral or negative rating (62% and 71% respectively).

#### 4.3.4 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 (75%) 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**



Q3overall Thinking of all your experiences of HMRC over the last 12 months, please rate HMRC overall. Base: All respondents (excluding Not applicable) (2015: 2800; 2016: 2736; 2017: 2759; 2018: 2549; 2019: 2578). 1% of respondents in 2015, 2016, 2017 and 2018 selected Don't Know.

Similar to previous years<sup>26</sup>, Small Businesses with 0 employees had the most positive overall experience, with eight in ten (79%) giving a positive rating. However, there was an increase in positive ratings from larger businesses compared with 2015. Seven in ten (73%) Small Businesses with 5 to 9 employees gave a positive rating in 2019, 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. Smaller Businesses with a turnover of £85,000 or less were more positive (81%) than those with a turnover of over £85,000 (69%).

Small Businesses that interacted with HMRC using only online channels were more positive (80%) than those who used both telephone and online and telephone only (67% each).

The increase in positive overall experience since 2015 was driven by Small Businesses with a turnover of up to £20,000 (76% in 2015 compared with 83% in 2019) and those that interacted by telephone and online (58% in 2015 compared with 67% in 2019).

#### 4.3.5 Primary areas for improvement

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 on this please see section 2.3.6.

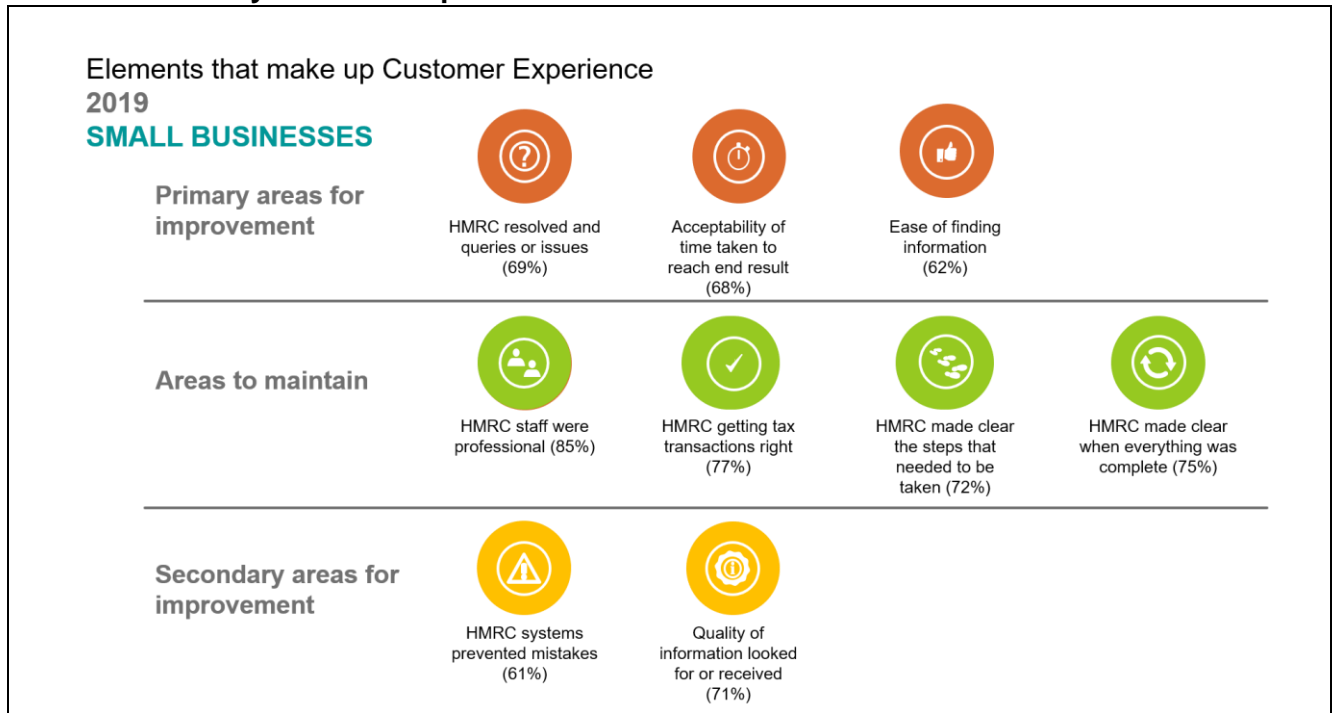
The primary areas for improvement are presented in Chart 4.13:

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

- The dimensions labelled as “primary areas for improvement” are the primary areas to address in order to have the biggest positive impact on overall customer experience.
- The dimensions labelled as “secondary areas for improvement” are the secondary areas to address to improve overall experience.
- And the dimensions labelled “areas to maintain” 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.

**Chart 4.13 Primary areas for improvement – Small Businesses**

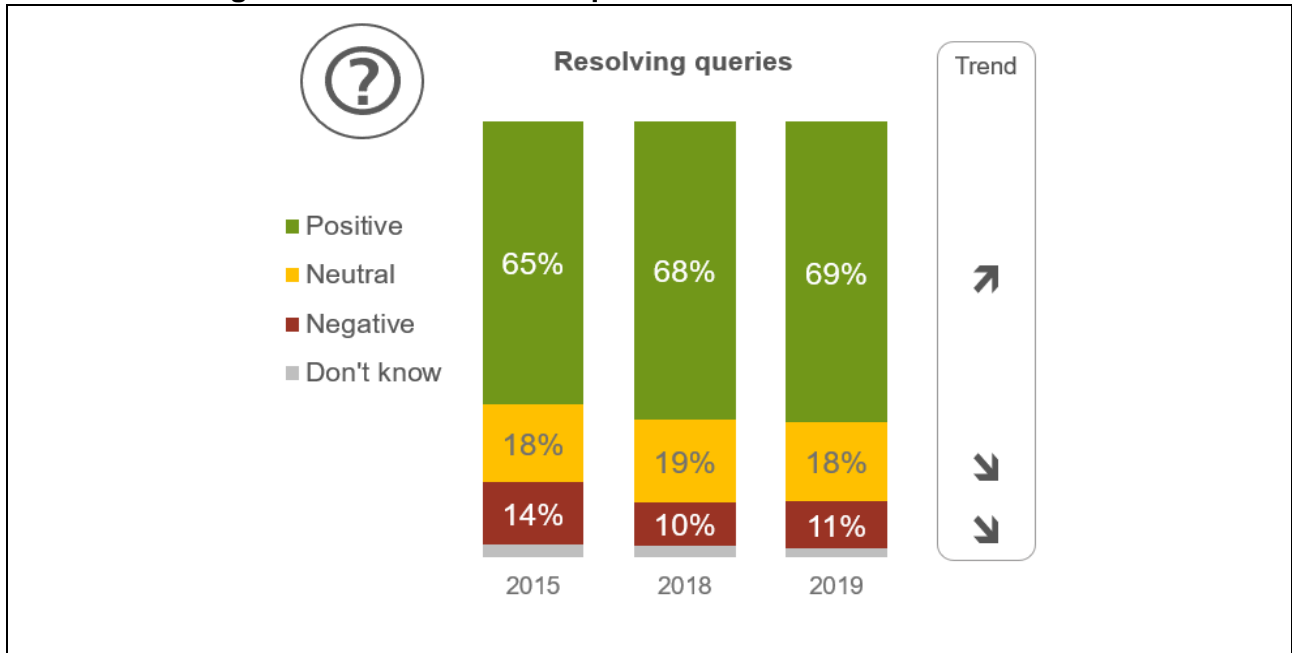


## Primary areas for improvement

### Resolving queries

Seven in ten (69%) Small Businesses were positive about HMRC resolving queries (Chart 4.14). One in five (18%) were neutral and 11% were negative. Positive ratings have increased since 2015 (up four percentage points from 65%), while there has been a decrease in negative ratings (11% in 2019, down from 14% in 2015).

**Chart 4.14 Rating of how HMRC resolves queries or issues – Small Businesses**



Q3owner Over the last 12 months, how good or poor were HMRC at resolving any queries or issues? Base: All respondents (excluding Not applicable) (2015: 2111; 2018: 2021; 2019: 2013). 3% of respondents in 2015 and 2018, and 2% of respondents in 2019 selected Don't Know.

Smaller Businesses with a turnover up to £85,000 were more likely to give a positive rating on this dimension (76%) than businesses with turnover above £85,000 (63%). This pattern by size was also seen for number of employees - Small Businesses with 0 employees were the most positive (75%).

Small Businesses that used online only channels to contact HMRC were more likely to be positive (71%) than those that used both online and telephone (63%).

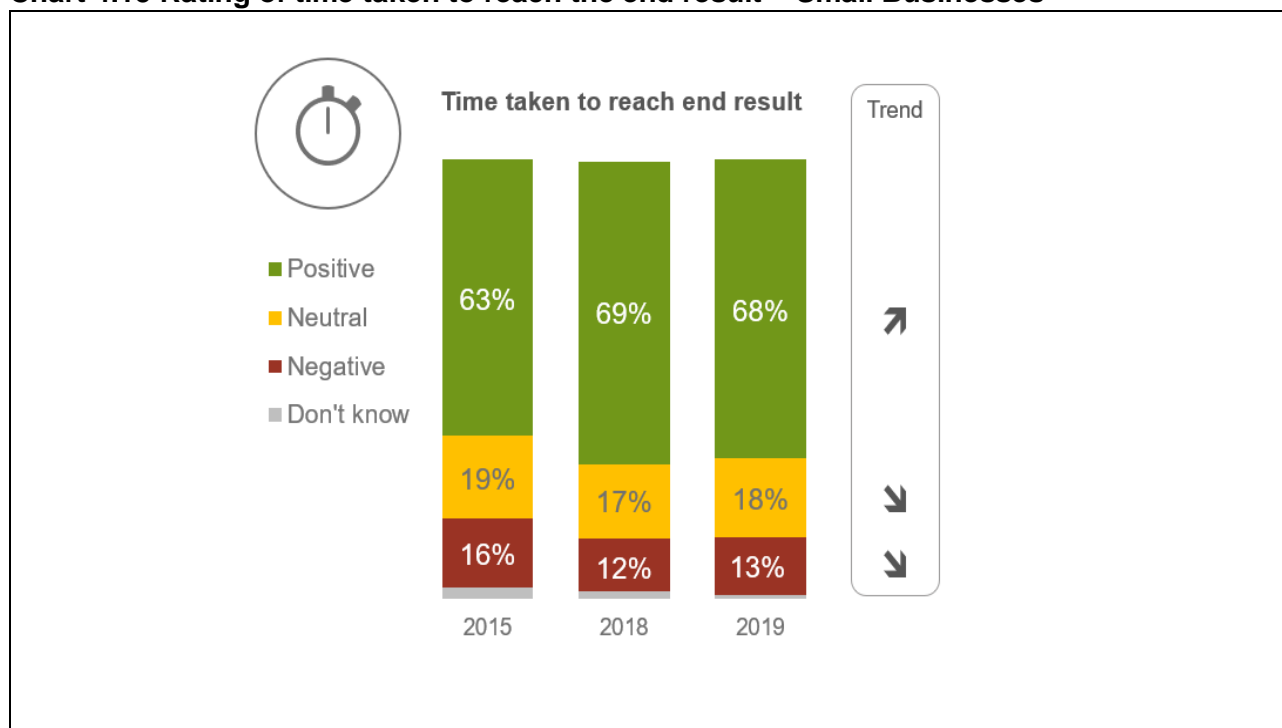
Positive ratings for this measure were associated with positive ratings of overall experience (87% compared with 22% that were neutral or negative), personalisation of services (91% compared with 47% that were neutral or negative) and ease of dealing with tax issues (84% compared with 40% that were neutral or negative).

The increase in positive ratings since 2015 was not driven by any particular sub-groups.

### **Acceptability of time taken**

Seven in ten (68%) Small Businesses were positive about time taken to reach the end result. Just under two in ten (18%) were neutral and 13% were negative (Chart 4.15). There was an increase in positive ratings since 2015 (68% in 2019, up from 63% in 2015) and a decrease in negative ratings (13% in 2019, down from 16% in 2015).

**Chart 4.15 Rating of time taken to reach the end result – Small Businesses**



Q3time During your dealings with HMRC over the last 12 months, how acceptable was the time taken to reach the end result? Base: All respondents (excluding Not applicable) (2015: 2440; 2018: 2291; 2019: 2310) 3% of respondents in 2015, 2% of respondents in 2018 and 1% in 2019 selected Don't Know.

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 (74%, compared with 62% and 57%, respectively).

There was also an increase in positive ratings since 2015 from Small Businesses with 1 to 4 employees (68%, up from 58%) and 5 to 9 employees (63%, up from 52%).

Businesses with turnover up to £85,000 were more likely to have a positive customer experience (73%) than businesses with turnover over £85k (59%). Similarly, those with 0 employees were the most positive (74%).

Positive ratings for this measure were associated with positive ratings of overall experience, personalisation of services and ease of dealing with tax issues.

### **Ease of finding information**

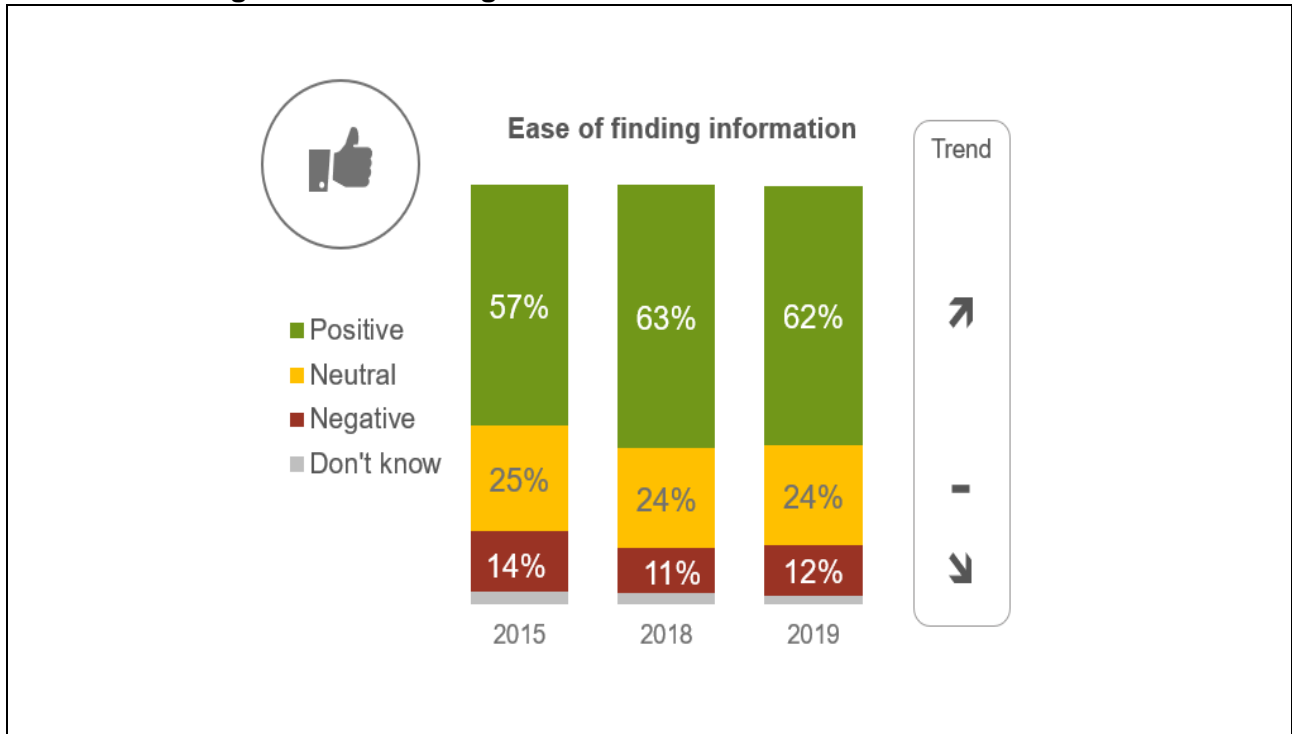
Over six in ten (62%) rated ease of finding information positively. Around a quarter (24%) were neutral and 12% were negative (Chart 4.16). Positive ratings have increased since 2015 (57%) and remained stable since 2018 (62%).

Those who had only online interactions with HMRC were more likely to be positive on this measure compared with those who had telephone and online interactions (64%, compared with 54% respectively).

There was an increase in positive ratings since 2015. This was driven by businesses who used telephone to contact HMRC (53% in 2015 compared with 66% in 2019 for telephone only, 45% in 2015 compared with 54% telephone and any online).



**Chart 4.16 Rating of ease of finding information – Small Businesses**



Q3find On a scale of 1 to 5, where 5 is very easy and 1 is very difficult, how easy or difficult was it to find any information you needed for your business on tax issues from HMRC? Base: All respondents (excluding Not Applicable) (2015: 2345; 2018: 2198; 2019: 2258) 3% of respondents in 2015, 3% of respondents in 2018 and 2% of respondents in 2019 selected Don't Know.

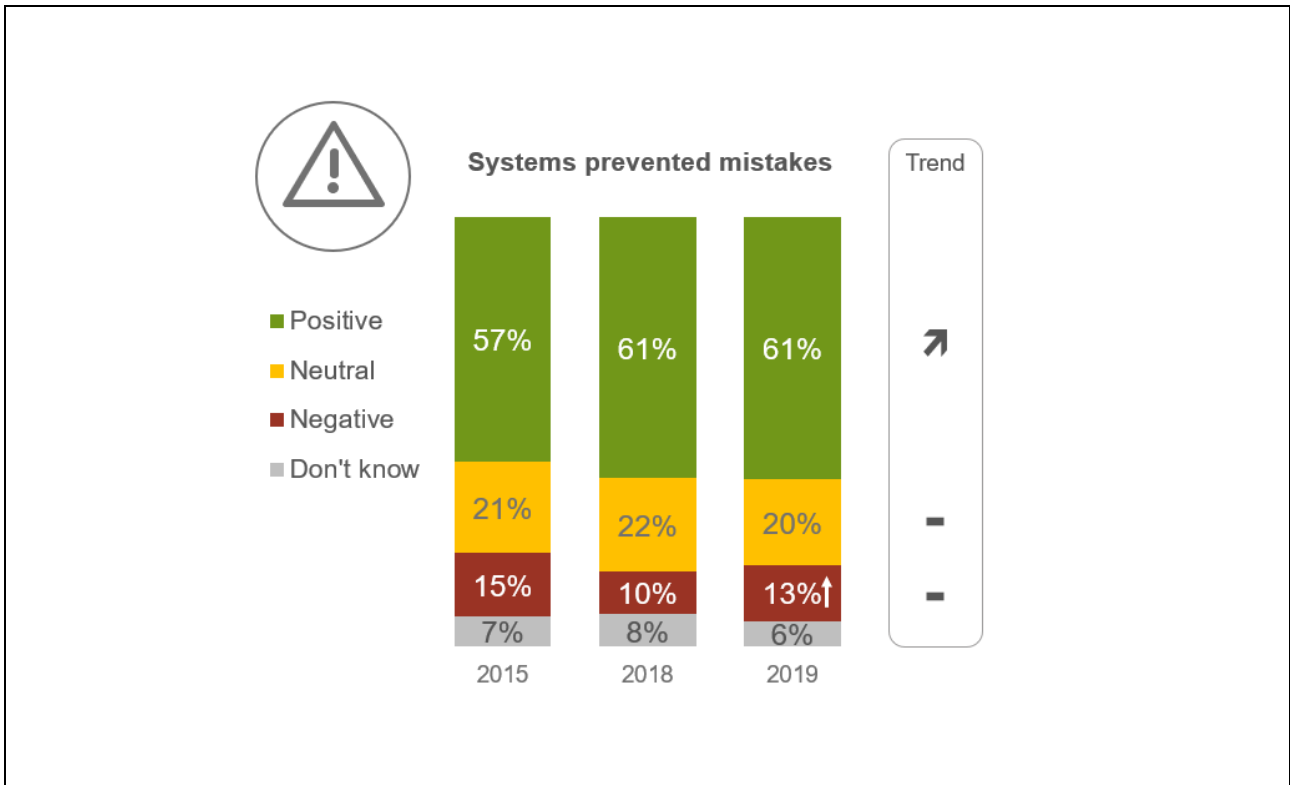
### Secondary areas for improvement

This section looks at the dimensions which were of lesser importance to Small Businesses' overall rating of their customer experience. These are dimensions where ratings were comparatively lower than other dimensions, but had less impact on overall customer experience. These two dimensions were: prevention of mistakes by HMRC systems; and the quality of information looked for or received.

#### 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 (20%) were neutral and 13% were negative. There was a significant increase in positive ratings since 2015 (61% in 2019, up from 57% in 2015). There was no change in positive ratings since 2018, but negative ratings increased from 10% to 13%.

**Chart 4.17 Rating of how HMRC systems prevent customers from making mistakes – Small Businesses**



Q3syst How strongly do you agree or disagree with the following statements about your dealings with HMRC in the last 12 months? Base: All respondents (excluding Not applicable) (2015: 2503; 2018: 2243; 2019: 2250)

Small Businesses with turnover of up to £40,000 (70%) and with 0 employees (66%) were more likely to give a positive rating on this dimension than businesses with a turnover above £40,000 (55%) and those with employees (57%). Small Businesses below the VAT threshold were more positive than those above VAT threshold (66%, compared with 54% respectively).

Small Businesses that used online only channels to contact HMRC were more likely to be positive (66%) than those that used both online and telephone (50%).

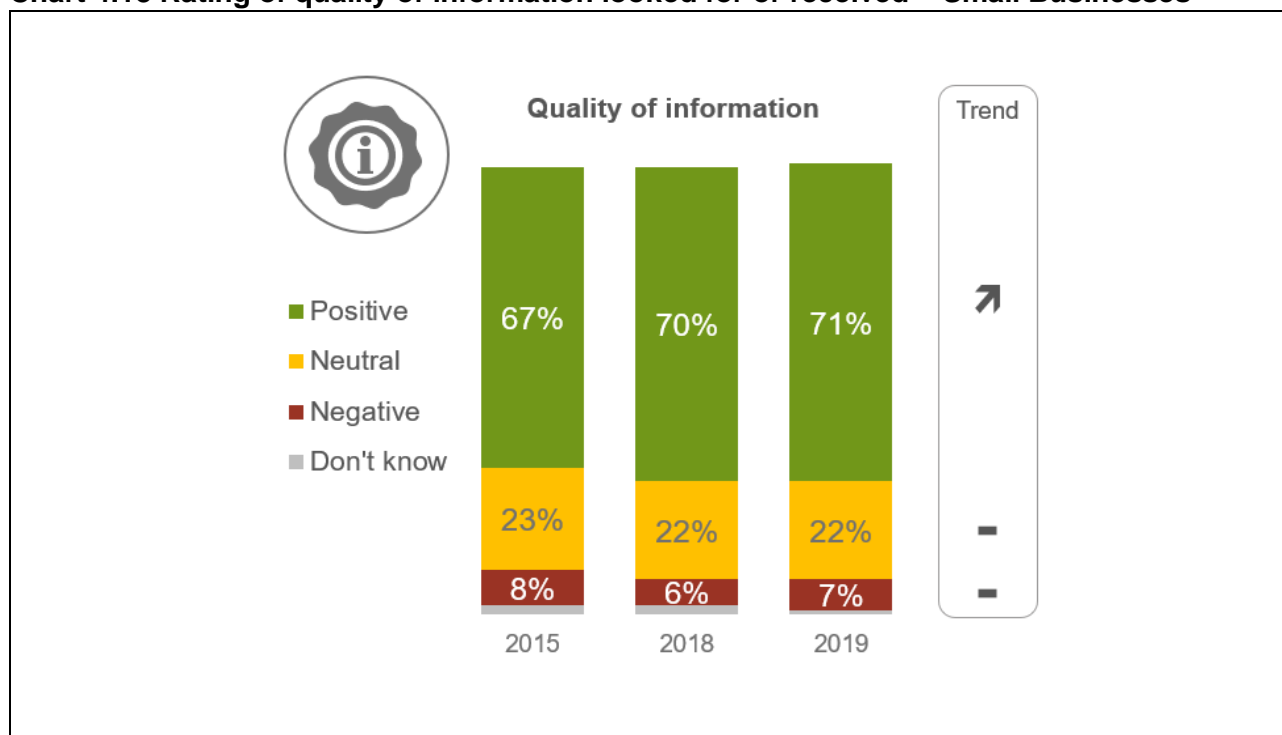
Positive ratings for this measure were associated with positive ratings of overall experience (75%), personalisation of services (81%) and ease of dealing with tax issues (75%).

There was an increase in positive ratings since 2015. This was driven by those Small Businesses who used telephone to contact HMRC (48% in 2015 compared with 56% in 2019 for those who used telephone only, and 46% in 2015 compared with 50% in 2019 for those who used telephone and any online methods of contacting HMRC).

### Quality of information

Seven in ten (71%) Small Businesses were positive about the quality of information looked for or received from HMRC. One in five (22%) were neutral and seven per cent were negative (Chart 4.18). Positive ratings increased since 2015 (up four percentage points from 67%).

**Chart 4.18 Rating of quality of information looked for or received – Small Businesses**



Q3qual How would you rate the quality of information you have looked for or received from HMRC over the last 12 months? Base: All respondents (excluding Not applicable) (2015: 2469; 2018: 2322; 2019: 2369). 3% of respondents in 2015, 3% in 2018 and 2% in 2019 selected Don't Know.

Small Businesses that only had online interactions with HMRC were more positive than those that had online and telephone interactions (74%, compared with 62%). Those that were not VAT mandated were more positive than those that were (73% and 66% respectively).

Positive ratings for this measure were related to positive ratings for overall experience (85% compared with 28% that were neutral or negative), personalisation of services (90% compared with 49% that were neutral or negative) and ease of dealing with tax issues (85% compared with 39% that were neutral or negative).

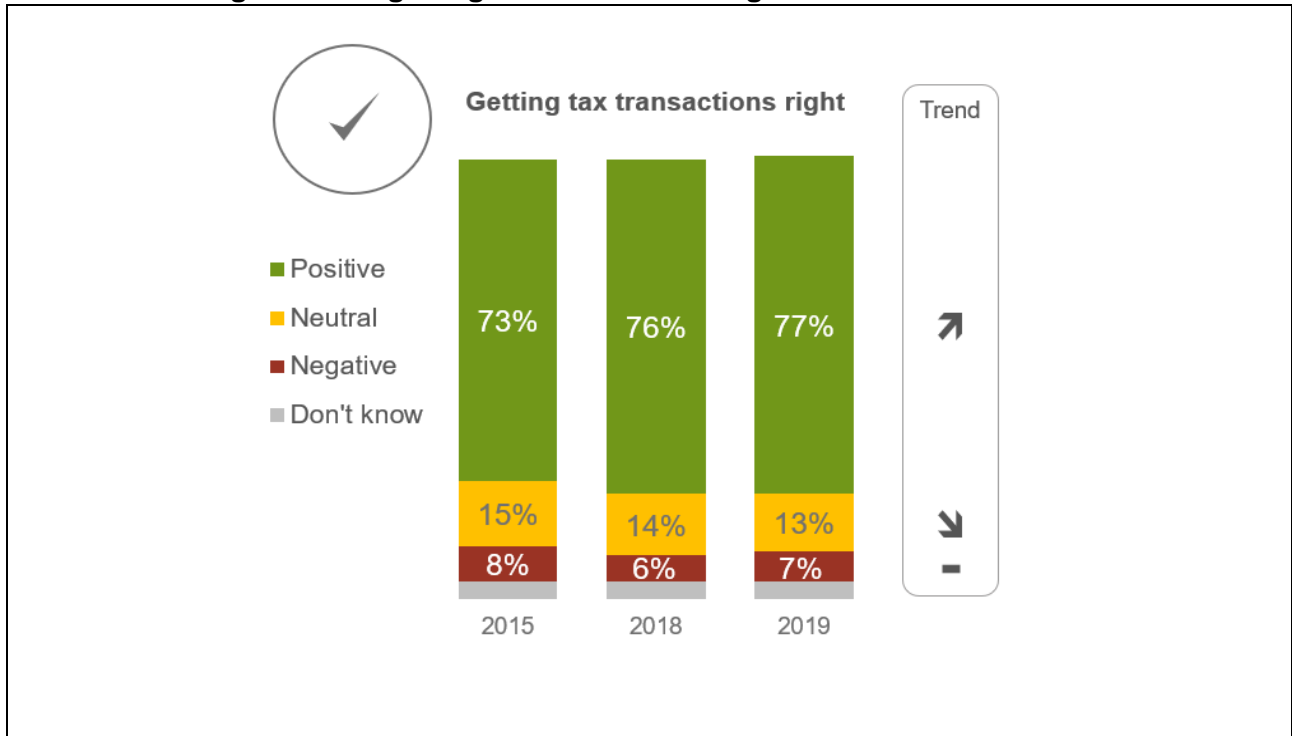
### Areas to maintain

The dimensions explored in this section were areas where HMRC performed well and should at least maintain performance to ensure a positive customer experience. These were getting transactions right, the clarity of steps to take, the clarity of when everything was completed and being professional.

### Getting transactions right

Just over three-quarters (77%) of Small Businesses were positive about HMRC getting tax transactions right (Chart 4.19). Just over one in ten (13%) were neutral and seven per cent were negative. There was a significant increase in positive ratings since 2015 (77% in 2019, up from 73% in 2015).

**Chart 4.19 Rating of HMRC getting tax transactions right – Small Businesses**



Q3right Over the last 12 months, how good or poor were HMRC at getting tax transactions right? Base: All respondents (excluding Not applicable) (2015: 2685; 2018: 2407; 2019: 2424). 4% of respondents in 2015, 2018 and 2019 selected Don't Know.

Smaller businesses were more likely to give a positive rating. Over eight in ten (82%) businesses with 0 employees rated HMRC positively on this dimension, compared with 73% that had employees. Similarly, businesses with a turnover up to £40,000 were more positive (84%) than businesses with turnover above £40,000 (74%).

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 online and telephone (69%) and only telephone (70%). Small Businesses that used both online and telephone channels were more positive than in 2015 (69% in 2019, up from 60% in 2015).

Positive ratings for this measure were associated with positive ratings of overall experience (89% compared with 38% that were neutral or negative), personalisation of services (92% compared with 61% that were neutral or negative) and ease of dealing with tax issues (90% compared with 49% that were neutral or negative).

There was an increase in positive ratings since 2015. This was driven by Small Businesses with 10 to 19 employees (63% in 2015 and 70% in 2019).

### **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 (17%) were neutral and 10% were negative. The ratings for this dimension of customer experience have remained stable since 2015.

Small Businesses with a turnover up to £40,000 (79%) and those with 0 employees (78%) were more likely to have a positive customer experience than businesses with turnover of over £40,000 (68%) and businesses with 1 employee or more (67%).

Those that used online only channels to contact HMRC were more likely to be positive (75%) than those that used both online and telephone (65%).

Positive ratings for this measure were associated with positive ratings of overall experience (86% compared with 27% that were neutral or negative), personalisation of services (90% compared with 50% that were neutral or negative) and ease of dealing with tax issues (86% compared with 38% that were neutral or negative).

### *Clear when everything was completed*

Three-quarters (76%) of Small Businesses were positive about HMRC making it clear when everything was completed. Around one in ten (13%) were neutral or negative (10%). These ratings have remained stable since 2015 (Chart 4.20).

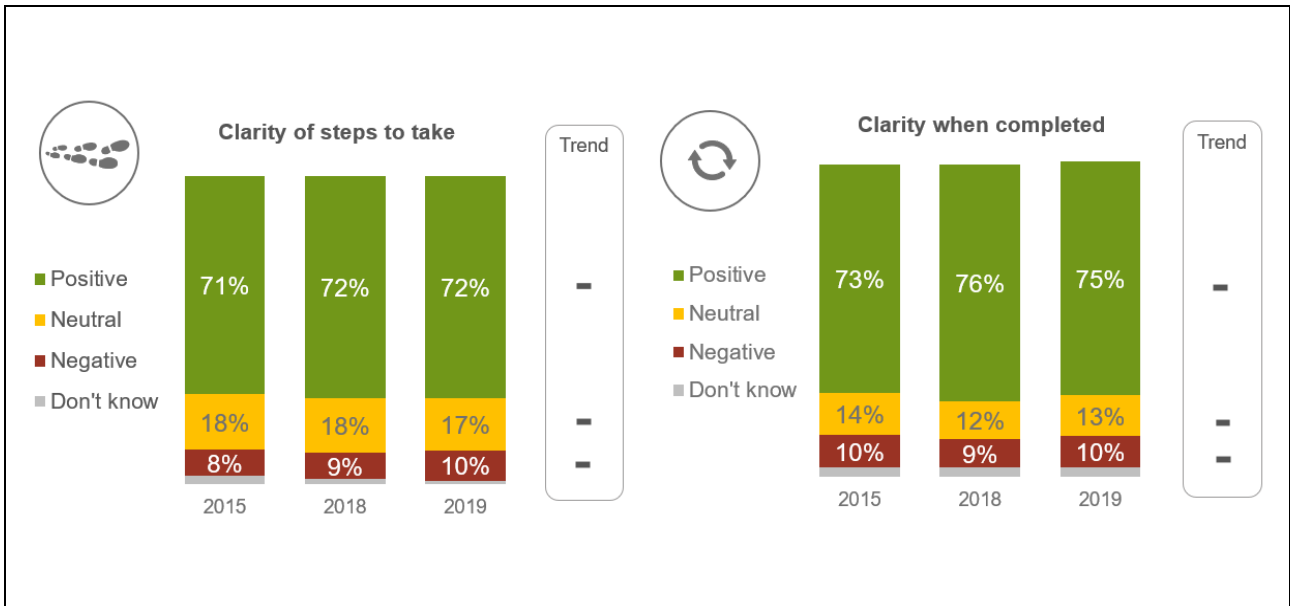
Businesses with 0 employees (81%) and those with a turnover up to £40,000 (82%) were more likely to give a positive rating than businesses with employees (70%) and those with a turnover of more than £40,000 (71%).

Those that used online only channels to contact HMRC were more likely to be positive (81%) than those that used both online and telephone (68%) or telephone only (67%).

Small Businesses that did all accountancy work within the business were more likely to agree (83%) than those that outsourced some or all work (71%).

Positive ratings for this measure were associated with positive ratings of overall experience (87% compared with 37% that were neutral or negative), personalisation of services (91% compared with 57% that were neutral or negative) and ease of dealing with tax issues (86% compared with 51% that were neutral or negative).

**Chart 4.20 Rating of clarity of steps needed to take and when transaction completed – Small Businesses**



Q3navi Please tell me how strongly you agree or disagree with the following statement about any of your dealings with HMRC in the last 12 months HMRC made clear what steps I needed to take. Base: All respondents (excluding Not applicable) (2015: 2515; 2018: 2290; 2019: 2369). 3% of respondents in 2015, 2% in 2018 and 1% in 2019 selected Don't Know. Q3navi\_2 On a scale of 1 to 5, where 5 is agree strongly and 1 is disagree strongly, please tell me how strongly you agree or disagree with the following statement about any of your dealings with HMRC... "HMRC made it clear when everything was completed". Base: All respondents (excluding Not applicable) (2015: 2527; 2018: 2324; 2019: 2363). 3% of respondents in 2015, 2018 and 2019 selected Don't Know.

### **HMRC were professional**

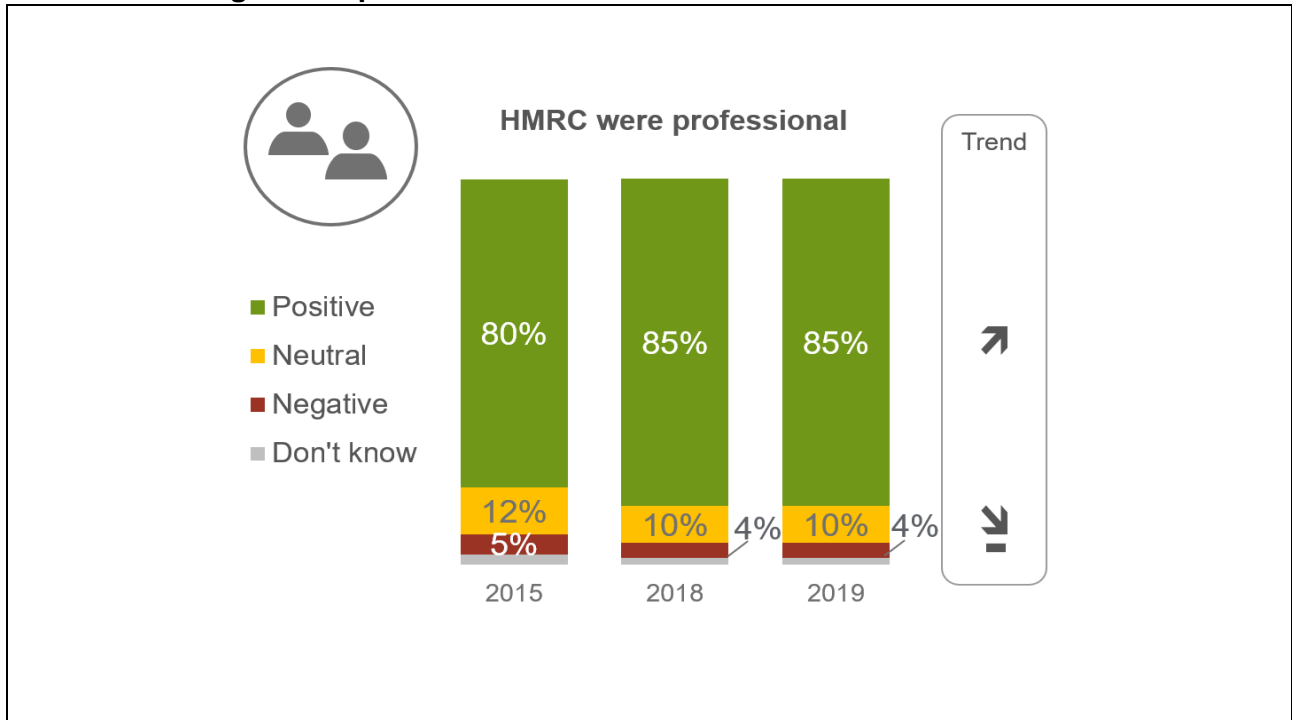
More than eight in ten (85%) Small Businesses rated HMRC positively on whether HMRC were professional. One in ten (10%) were neutral and four per cent were negative. This was the most positively rated dimension of customer experience. There was a significant increase in positive ratings since 2015 (80%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

Small Businesses with a turnover of up to £40,000 (91%) and those with 0 employees (89%) were more likely to be positive than businesses with turnover over £40,000 (81%) and those with employees (81%).

Those that used online only channels to contact HMRC were more likely to be positive (88%) than those that used both online and telephone (81%).

Positive ratings for this measure were associated with positive ratings of overall experience (96% compared with 50% that were neutral or negative), personalisation of services (96% compared with 72% that were neutral or negative) and ease of dealing with tax issues (94% compared with 64% that were neutral or negative).

**Chart 4.21 Rating of how professional HMRC staff were – Small Businesses**



Q3staff On a scale of 1 to 5, where 5 is agree strongly and 1 is disagree strongly, please tell me how strongly you agree or disagree with the following statements about your dealings with HMRC in the last 12 months... HMRC were professional. Base: All respondents (excluding Not applicable) (2015: 2587; 2018: 2357; 2019: 2397). 3% of respondents in 2015, 2% of respondents in 2018 and 2% of respondents in 2019 selected Don't Know.

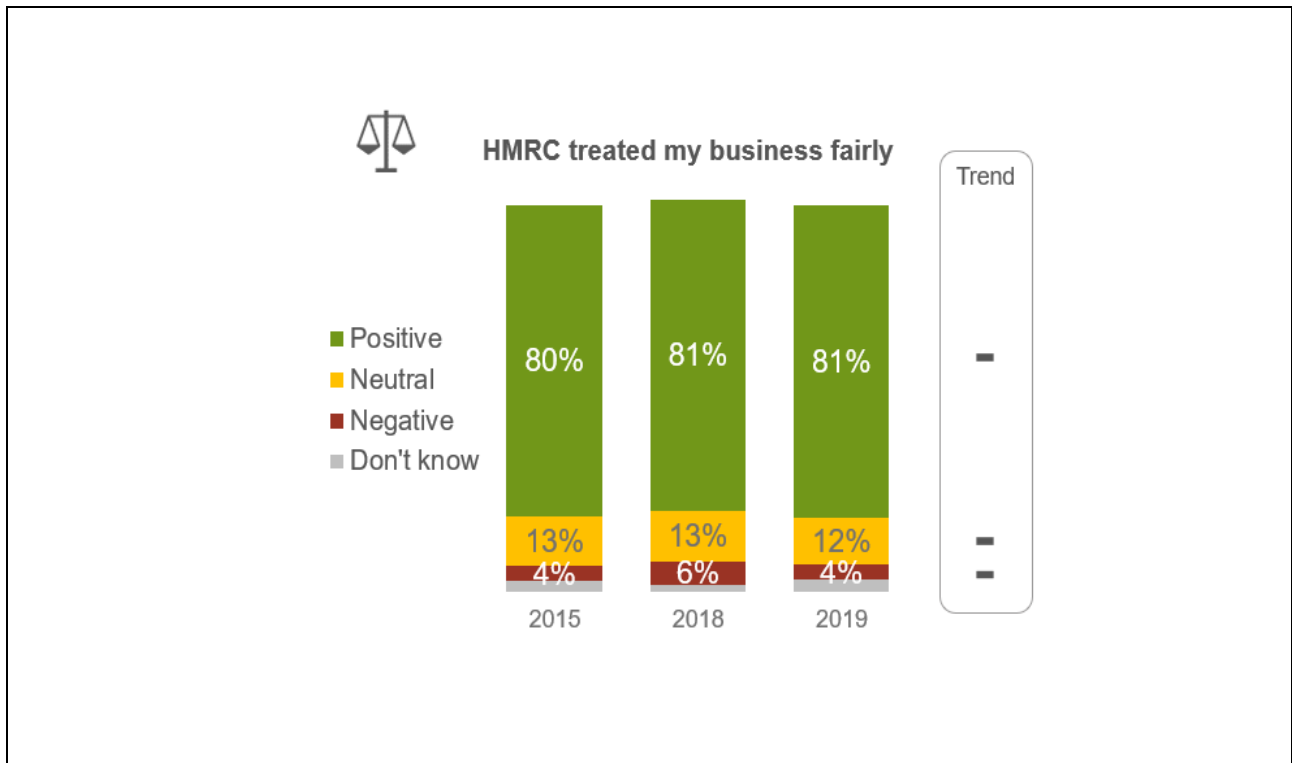
#### 4.3.6 Views on administration of the tax system

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. Businesses were also 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 4.22). Just over one in ten (12%) were neutral and four per cent were negative. The ratings of this dimension have remained stable since 2015.

**Chart 4.22 Fairness – Small Businesses**



Q4fair Please tell me how strongly you agree or disagree with the following statement. “HMRC treated my business fairly”. Base: All respondents (excluding Not applicable) (2015: 2752; 2018: 2475; 2019: 2466). 3% of respondents in 2015, 2% in 2018 and 3% in 2019 selected Don't Know.

Small Businesses with 0 employees were more positive (85%) than businesses with employees (78%), as were those not using an agent (87%, compared with 79% that used an agent for all or some of the work).

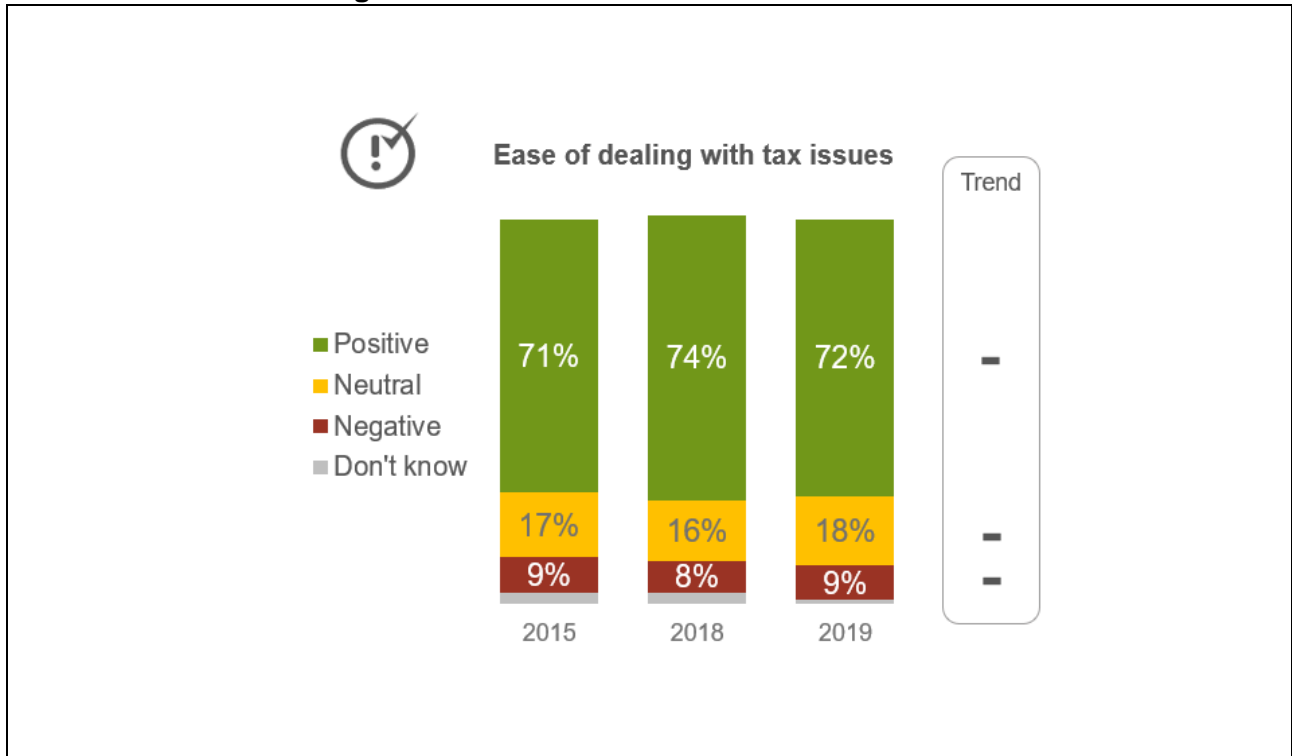
Positive ratings for this measure were related to positive ratings for overall experience (93% compared with 47% that were neutral or negative), personalisation of services (96% compared with 66% that were neutral or negative) and ease of dealing with tax issues (91% compared with 59% that were neutral or negative).

***Ease of dealing with tax issues***

Nearly three-quarters (72%) of Small Businesses were positive about the ease of dealing with tax issues. One in five (18%) were neutral and nine per cent were negative (Chart 4.23). There was no change since 2018 or 2015.



**Chart 4.23 Ease of dealing with tax issues – Small Businesses**



Q4ease Over the last 12 months how easy or difficult have you found it to deal with your business' tax issues? Base: All respondents (excluding Not applicable) (2015: 2655; 2018: 2407; 2019: 2416). 3% of respondents in 2015 & 2018 and 1% of respondents in 2019 selected Don't Know.

Small Businesses with 0 employees were more positive (79%) than those with employees (66%). Businesses with turnovers up to £85,000 (78%) were also more positive than those with turnover above £85k (64%).

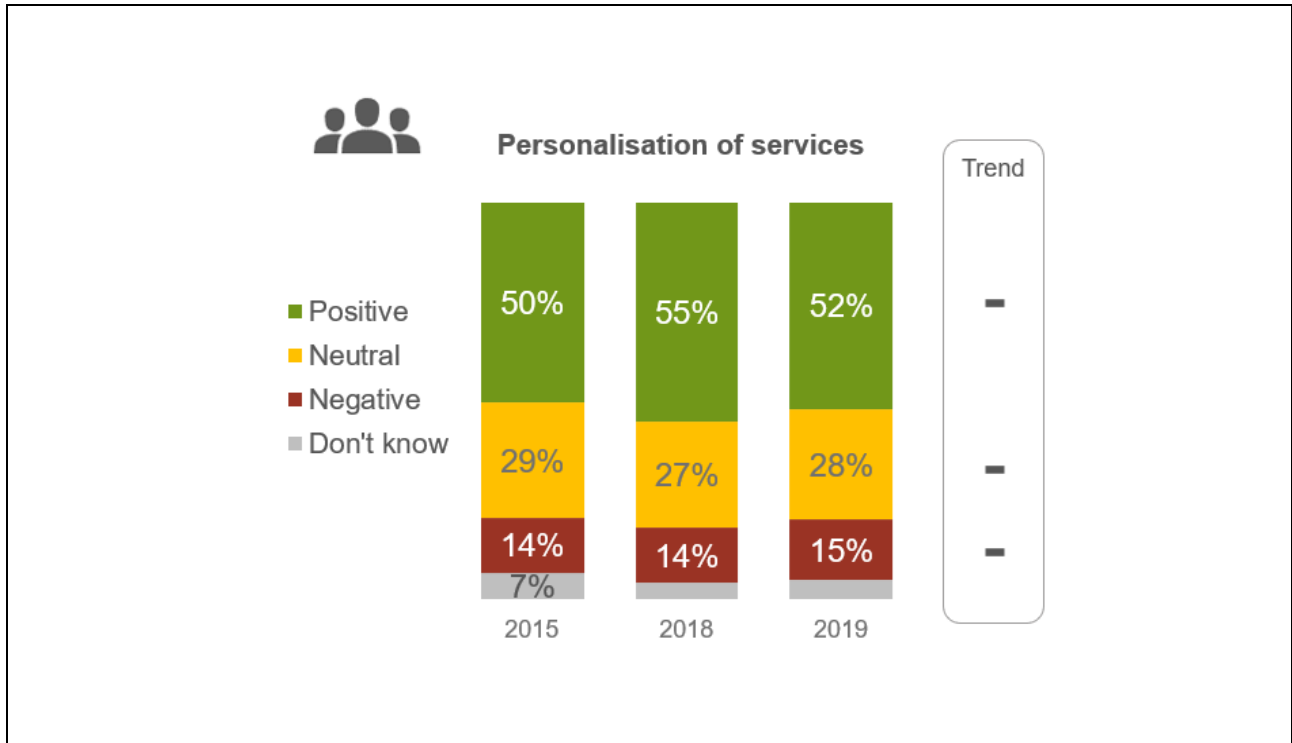
Businesses that interacted with HMRC using only online channels were more positive than those that used both online and telephone (77%, compared with 59% respectively).

Those with a positive overall experience (84% compared with 29% that were neutral or negative) and who were positive about the personalisation of information and services (90% compared with 47% that were neutral or negative) were more likely to give a positive rating on this measure.

### **Personalisation of services**

Over half of Small Businesses (52%) were positive about personalisation of HMRC services. Nearly three in ten (28%) were neutral and 15% were negative (Chart 4.24). There was no change relative to 2018 or 2015.

**Chart 4.24 Personalisation – Small Businesses**



Q4person How strongly do you agree or disagree that over the last 12 months the information and services provided by HMRC have been tailored to your business? Base: All respondents (excluding Not applicable) (2015: 2607; 2018: 2362; 2019: 2360). 4% of respondents in 2018 and 5% in 2019 selected Don't Know.

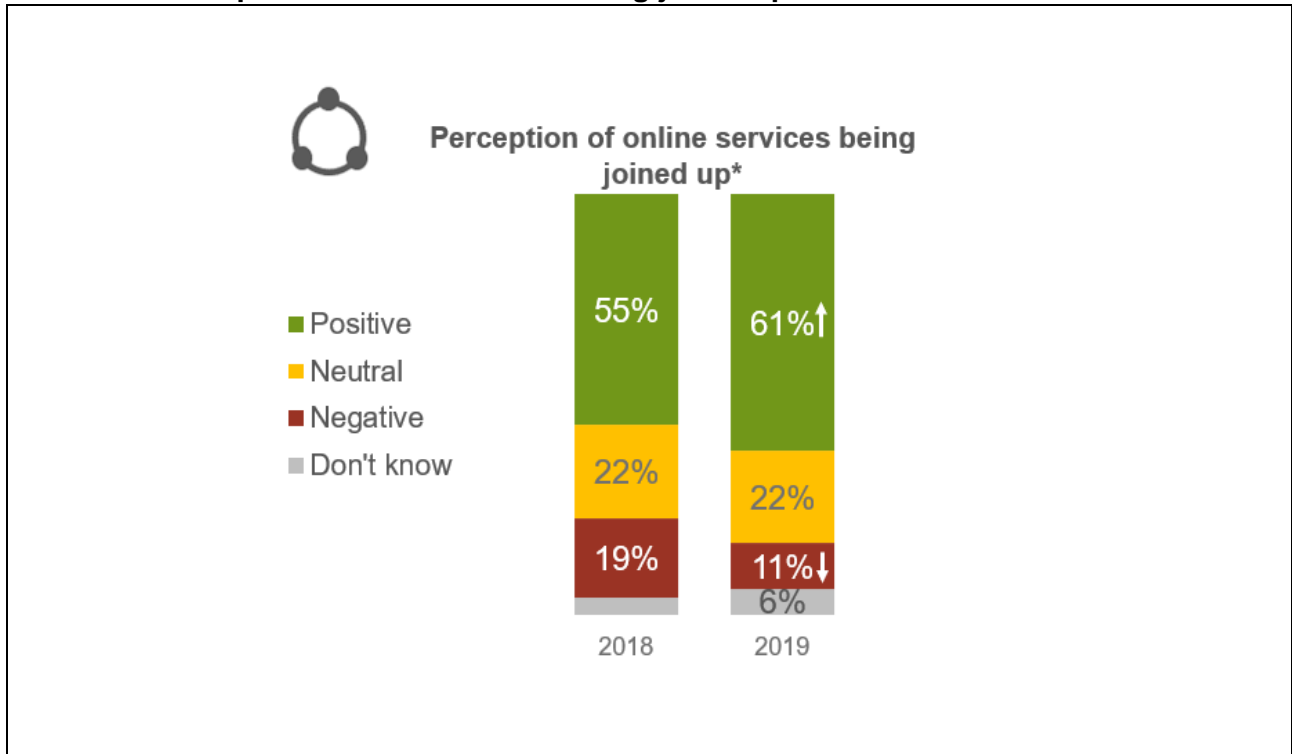
Businesses with 0 employees (56%) were more positive than those with employees (48%) as were businesses that were not VAT mandated were more likely to give a positive rating (57%) compared with businesses that were (43%). Those interacting with HMRC via online only channels (54%) gave more positive ratings than those that used online and telephone (43%).

Small Businesses that gave a positive rating for overall experience (65% compared with 12% that were neutral or negative) and ease of dealing with tax issues (67% compared with 17% that were neutral or negative) were more likely to give a positive rating for personalisation of HMRC services.

**Rating of whether HMRC online services were joined up**

Six in ten (61%) Small Businesses that had dealings with HMRC online gave a positive rating for HMRC’s online services being joined up (Chart 4.25). About one in five (22%) were neutral and one in ten (11%) were negative. Small Businesses were more positive on this measure in 2019 than 2018, with a six percentage point increase from 55% in 2018. There was also a corresponding decrease in negative ratings, from 19% in 2018 to 11% in 2019. This question was first asked in 2018, so there is no comparison to early waves.

**Chart 4.25 Perception of online services being joined up – Small Businesses**



Q4integrate Thinking about all of the information you have viewed and services you have used on HMRC webpages over the last 12 months, how strongly do you agree or disagree that the information and services provided online by HMRC are joined up? Base: All respondents who had dealings with HMRC online (excluding Not applicable) (2018: 1616; 2019: 1706). 4% of respondents in 2018 selected Don't Know.; \*This question was not asked in 2015, 2016 or 2017

Small Businesses with a turnover below £40,000 were more likely to be positive (72%) than those with a larger turnover (56%). Increased positive ratings over the last 12 months were driven by businesses with a turnover below £40,000, that were more likely to give a positive rating in 2019 (72%) than 2018 (58%).

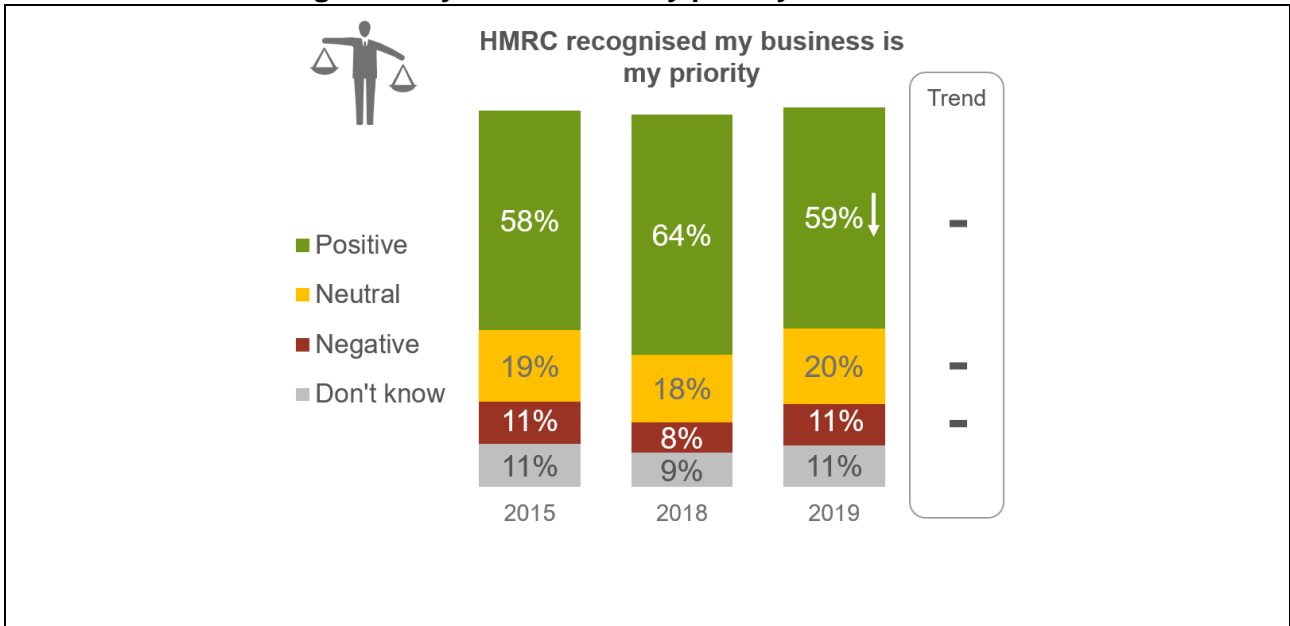
Businesses that had online only contact were more likely to be positive (66%) than businesses that had contact online and by telephone (53%).

### **Integration**

Two-thirds (59%) of Small Businesses were positive that HMRC recognised their business is their priority. One in five (20%) were neutral and 11% were negative (Chart 4.26).

In 2019, positive ratings fell back to 2015 levels (58%), after an increase in 2018 to 64%.

**Chart 4.26 HMRC recognised my business as my priority – Small Businesses**



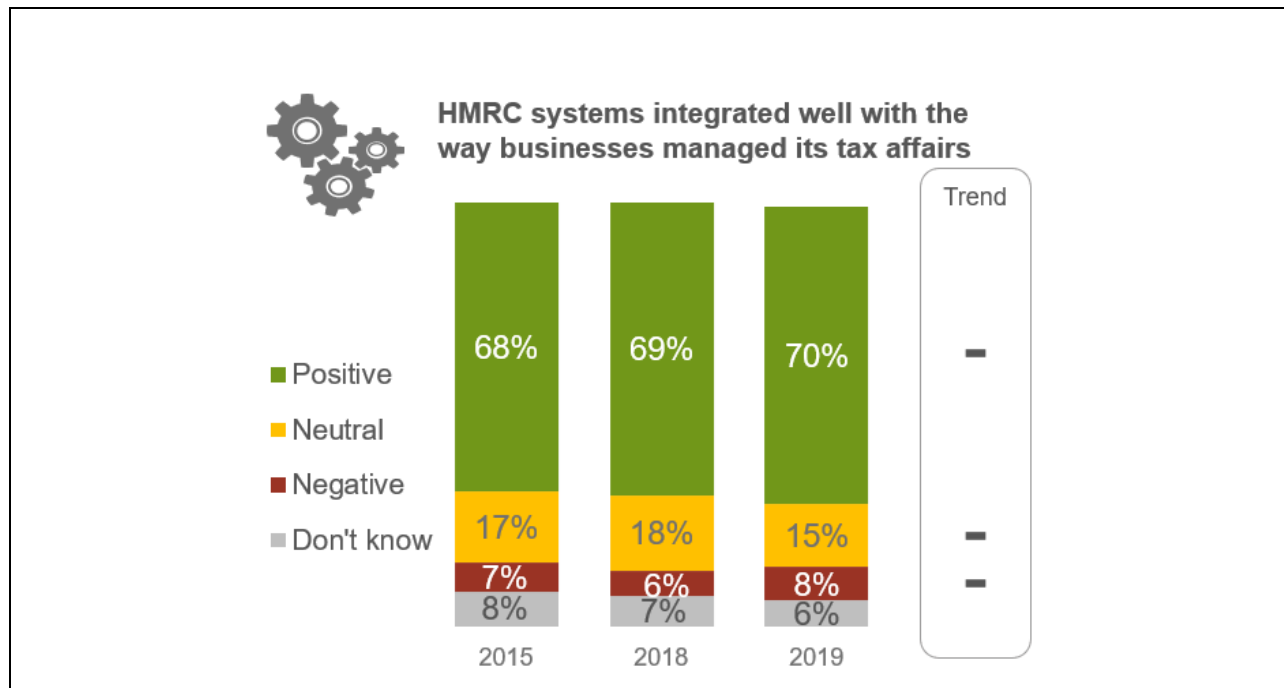
Q4fair HMRC recognised that my business is my priority in last 12 months. Base: All respondents (excluding Not applicable) Base: Random half of all respondents (excluding Not applicable) (2015: 2619; 2018: 1117; 2019: 1185)

Small Businesses that only used online channels were more positive (66%) than those that used online and telephone (51%). VAT mandated businesses were less likely to be positive (52%) than non-VAT mandated businesses (63%).

The decrease in positive ratings since 2018 was driven by businesses with 0-4 employees (66% in 2018 versus 59% in 2019) and businesses that outsource all tax work (57% in 2019 compared with 70% in 2018).

Seven in ten (70%) Small Businesses were also positive that HMRC systems integrated well with the way the business managed its tax affairs. Fifteen per cent were neutral and eight per cent were negative (Chart 4.27). There was no change since 2015 or 2018.

**Chart 4.27 HMRC systems integrated well with how businesses managed its tax affairs – Small Businesses**



Q4fair HMRC systems integrated well with the way my business managed its tax affairs in last 12 months. Base: All respondents (excluding Not applicable) (2015: 2628; 2018: 1231; 2019: 1148)

Businesses with turnover of up to £40,000 were more likely to be positive (80%) than businesses with turnover above £40,000 (65%). Businesses that used the BTA were also more likely to give a positive rating (74%) than non-users (67%).

#### 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:

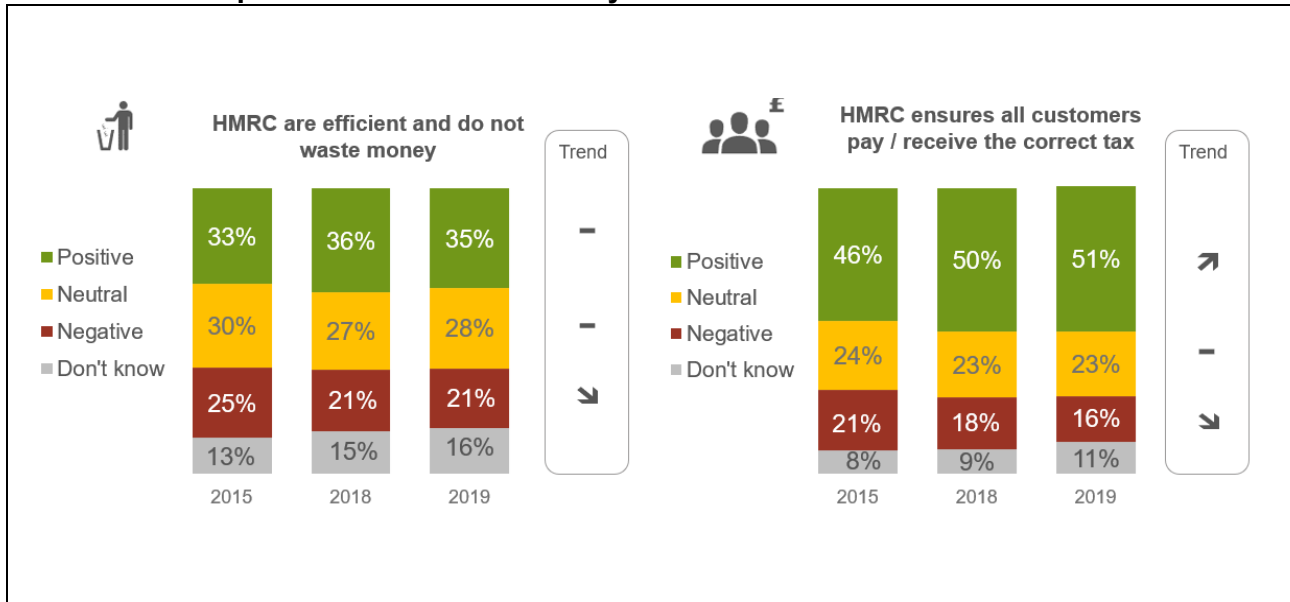
- Efficient: HMRC is an efficient organisation that does not waste money
- Effective: HMRC ensures all its customers pay/receive the correct amount of tax
- Fair: HMRC applies penalties and sanctions equally for all of its customers
- Protection of personal data: HMRC ensures that customers’ data and 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 remained consistent with 2015 and 2018. There was a decrease in negative ratings since 2015. Positive ratings for effectiveness have increased when compared with the baseline in 2015 (46% in 2015 compared with 51% in 2019). There has been no change since 2018 (Chart 4.28).

**Chart 4.28 Perceptions of HMRC’s efficiency and effectiveness – Small Businesses**



Q5rep HMRC is an efficient organisation that does not waste money. Base: All respondents (2015: 2935; 2018: 2701; 2019: 2700); Q5rep HMRC ensures all of its customers pay or receive the correct amount of tax. Base: All respondents (2015: 2935; 2018: 2701; 2019: 2700)

About one in three (35%) Small Businesses rated HMRC's efficiency positively and one in five (21%) gave a negative rating. While positive ratings remained stable, there was a decrease in negative ratings since 2015, from 25% in 2015.

Businesses with a turnover of less than £40,000 were more likely to give a positive rating (43%) than businesses with a larger turnover (30%).

New businesses- defined as those less than two years old- were more positive (47%) compared with older businesses (34%).

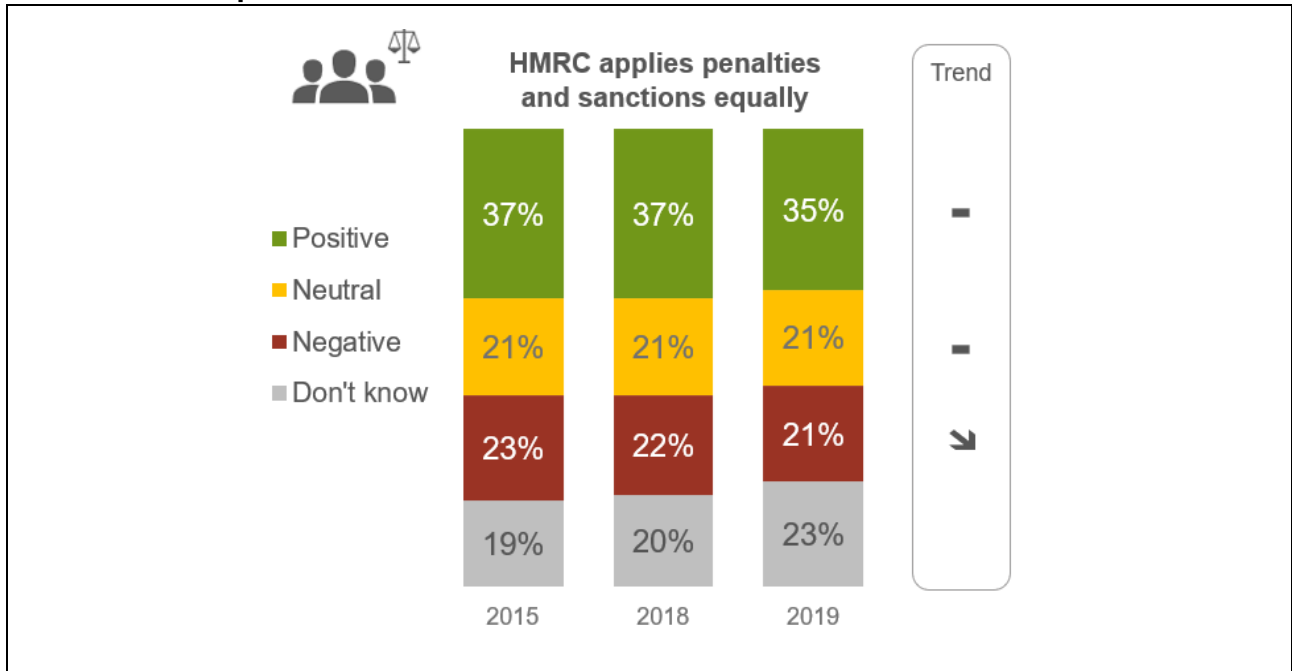
Half of Small Businesses (51%) were positive about HMRC effectiveness (ensuring all customers pay and receive the correct amount of tax) and 16% gave a negative rating. This was an improvement since 2015, when 46% rated HMRC positively and 21% gave a negative rating.

Businesses with turnover of £20,000 or less were more likely to give a positive rating (59%) than businesses with turnover above £20,000 (49%).

Small Businesses with 5-9 employees were more likely to give a positive rating in 2019 (46%) than 2015 (35%), in part driving the increase in positive scores overall.

About one in three (35%) Small Businesses were positive about HMRC fairness (whether HMRC applies penalties and sanctions equally). One in five (21%) Small Businesses were negative (Chart 4.29). While positive ratings remained stable relative to previous years, negative ratings fell from 23% in 2015 to 21% in 2019.

**Chart 4.29 Perceptions of HMRC fairness – Small Businesses**



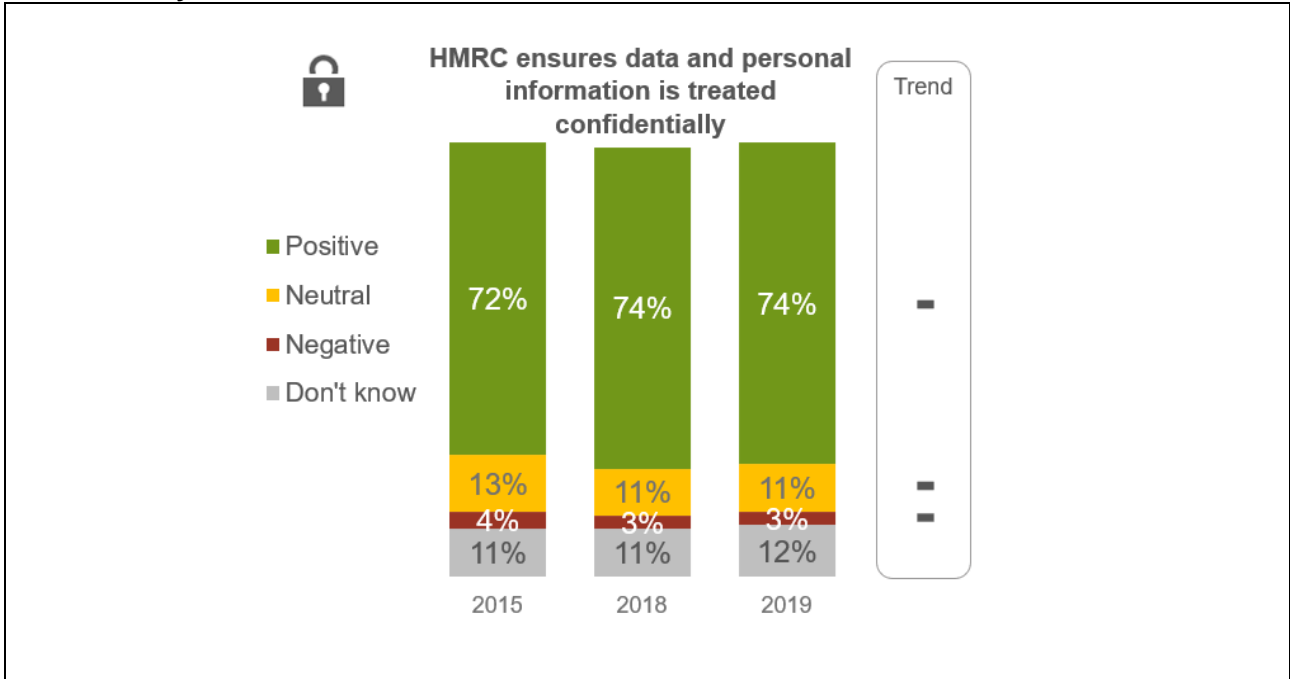
Q5rep HMRC applies penalties and sanctions equally for all of its customers. Base: All respondents (2015: 2935; 2018: 2701; 2019: 2700)

Small Businesses with a turnover of less than £40,000 were more likely to be positive (41%) than those with a larger turnover (31%). Businesses that outsource all work to agents were more likely to give a positive rating (41%) compared with those that do all work in-house (35%) and those that outsource some work (31%).

**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 4.30). Ratings on this measure have remained stable since 2015.

**Chart 4.30 HMRC ensures customers' data and personal information is treated confidentially – Small Businesses**



Q5data HMRC ensures that customers' data and personal information is treated confidentially. Base: All respondents (2015: 2935; 2018: 2701; 2019: 2700)

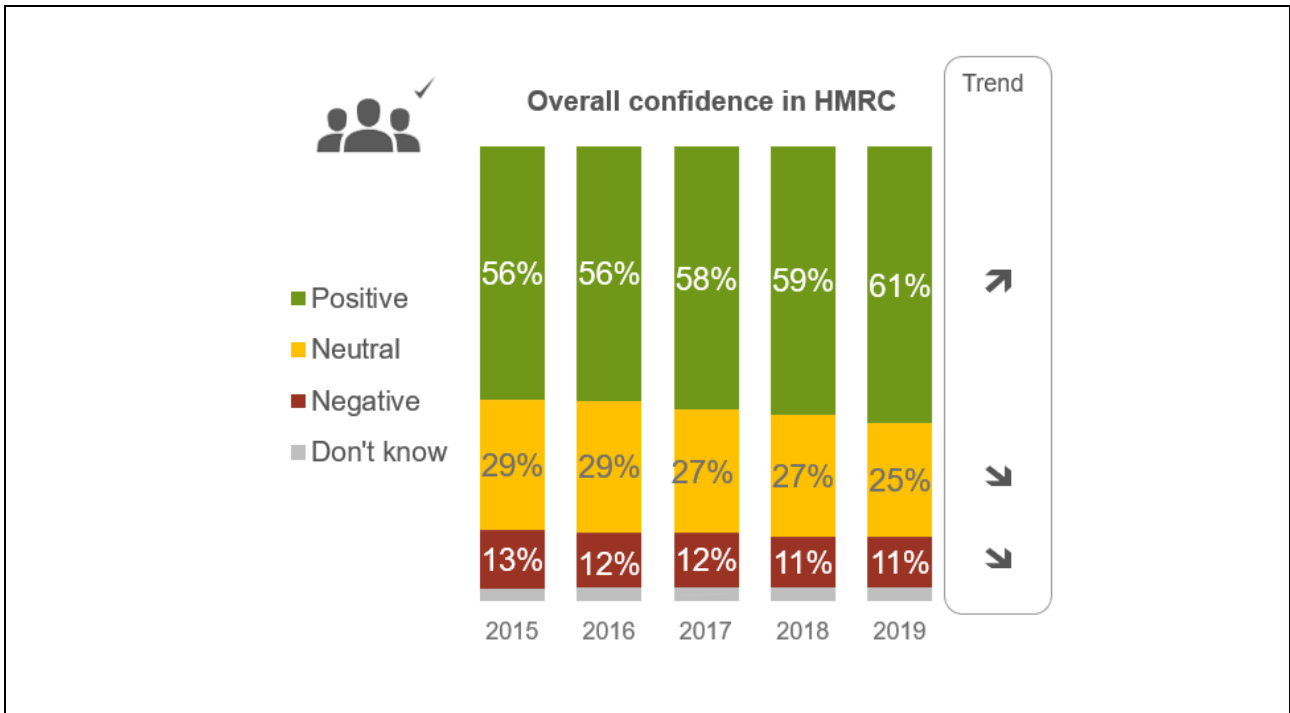
Small Businesses that used the Business Tax Account were more likely to give a positive rating (78%) than non-users (71%).

#### 4.4.3 Overall confidence in HMRC

Six in ten (61%) Small Businesses were confident in the way HMRC were doing their job. A quarter (25%) were neutral and 11% were negative (Chart 4.31). Positive ratings increased significantly compared with 2015 (56%).



**Chart 4.31 Confidence in HMRC – Small Businesses**



Q5conf How confident are you in the way HMRC are doing their job? Base: All respondents (2015:2935; 2016: 2936; 2017: 2941; 2018: 2701; 2019: 2700). 3% of respondents in 2015, 2016, 2017, 2018 and 2019 selected Don't Know.

Businesses with a turnover of £85,000 or less (the VAT threshold) were more likely to have confidence in HMRC (67%) than businesses with turnover above £85,000 (56%).

Overall confidence was closely related to overall experience. Small Businesses with a positive overall experience were ten times as likely to be confident in HMRC than those with a negative overall experience (76% compared with 7%).

A positive rating for overall confidence was also associated with positive scores for efficiency (91%), fairness (86%) and effectiveness (84%).

#### 4.4.4 Favourability and advocacy

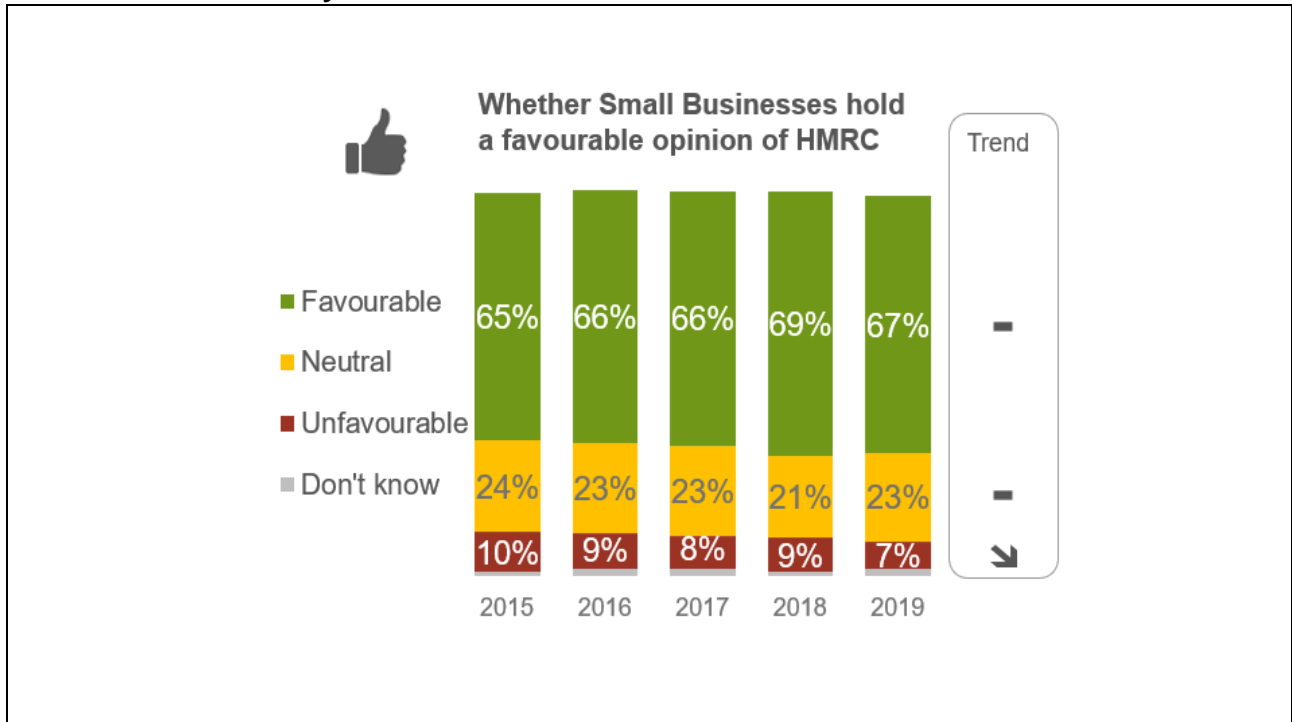
Two-thirds of Small Businesses (67%) were favourable towards HMRC while a quarter (23%) were neutral and seven per cent were unfavourable. The proportion that were unfavourable reduced from 10% in 2015 to seven per cent in 2019.

Positive ratings increased amongst Small Businesses with 10-19 employees, from 55% in 2015 to 65% in 2019.

There was a strong association between overall customer experience and favourability, with 52% of those with a negative overall experience saying they were unfavourable, compared with only two per cent who were positive overall.

Small Businesses that had contact by telephone and online were twice as likely to be unfavourable (10%) as those that had only interacted online (5%). Size of business (by turnover) was also associated with levels of favourability. Those with a turnover of up to £20,000 were most likely to be favourable (78%) compared with businesses with a higher turnover (65%).

**Chart 4.32 Favourability towards HMRC – Small Businesses**



Q5favor And how favourable or unfavourable is your overall opinion of HMRC taking into account everything you think is important? Base: Random half of all respondents who were asked Q5favour (2015: 2935; 2016: 2936; 2017: 2941; 2018: 1325; 2019: 1353). 1% of respondents in 2015, 2% in 2016, 2% in 2017, 1% in 2018 and 2% in 2019 selected Don't Know.

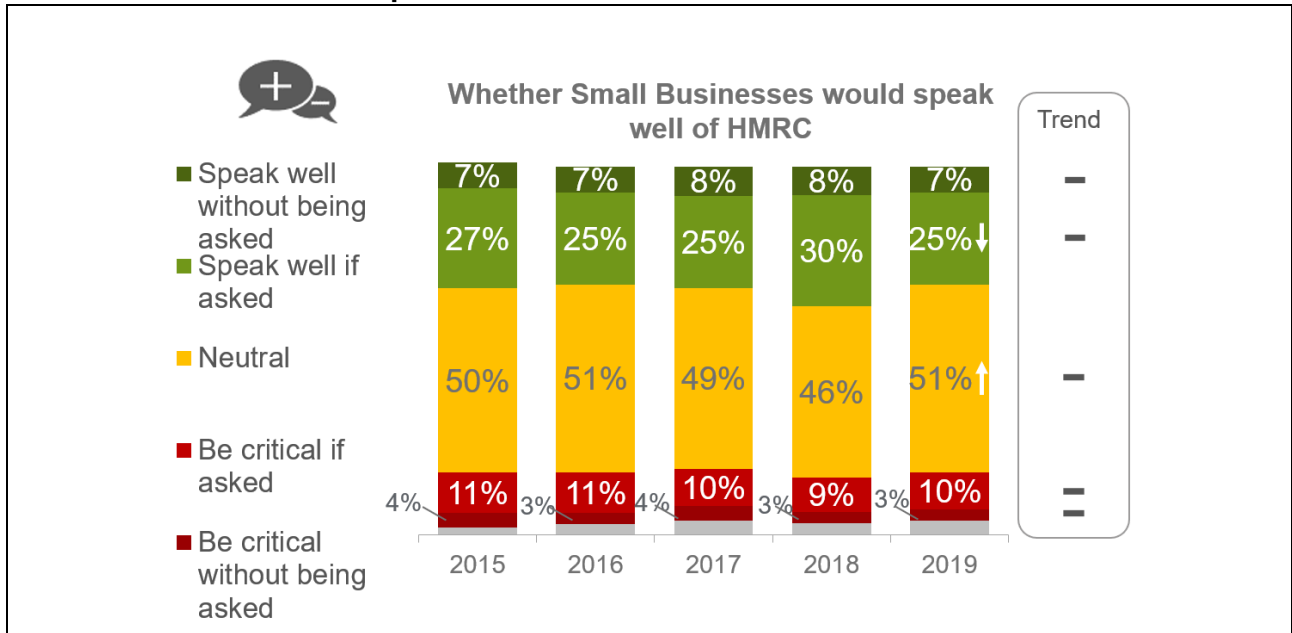
A third of Small Businesses (32%) would speak well of HMRC to others (Chart 4.33). Over the last year, there was a decrease in businesses that would speak well of HMRC if asked (30% in 2018, 25% in 2019). There was a corresponding increase in businesses with a neutral view (51%, up from 46% in 2018).

Although the overall results for 2019 were in line with the 2015 baseline, neutral ratings increased amongst Businesses with 0 employees, from 49% in 2015 to 55% in 2019.

As would be expected, there was a strong relationship between advocacy and customer experience. Three-quarters (73%) of those with a negative overall experience were critical of HMRC, compared with only 13% overall and four per cent of those with a positive experience.

Small Businesses that interacted by telephone and online were twice as likely to be critical of HMRC (20%) as those that used online only channels (10%). Businesses that were VAT mandated were also more likely to be critical of HMRC (17%) than businesses not part of the VAT mandated group (11%).

**Chart 4.33 Whether would speak well of HMRC – Small Businesses**



Q5advo Which of these phrases best describes the way you would speak about HMRC to other people or organisations? Would you... Base: Random half of all respondents who were asked Q5advo (2015: 2935; 2016: 2936; 2017: 2941; 2018: 1325; 2019: 1353). 2% of respondents in 2015, 3% in 2016, 4% in 2017, 3% in 2018 and 4% in 2019 selected Don't Know.

## 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. No comparative measures are presented for tax avoidance between 2019 and 2018 as the question wording was changed in 2018, following cognitive testing. The question wording used in 2019 was the same as in 2016 and 2017. In 2019, Small Businesses were also asked if they felt sanctions available to HMRC were sufficient to deter tax evasion.

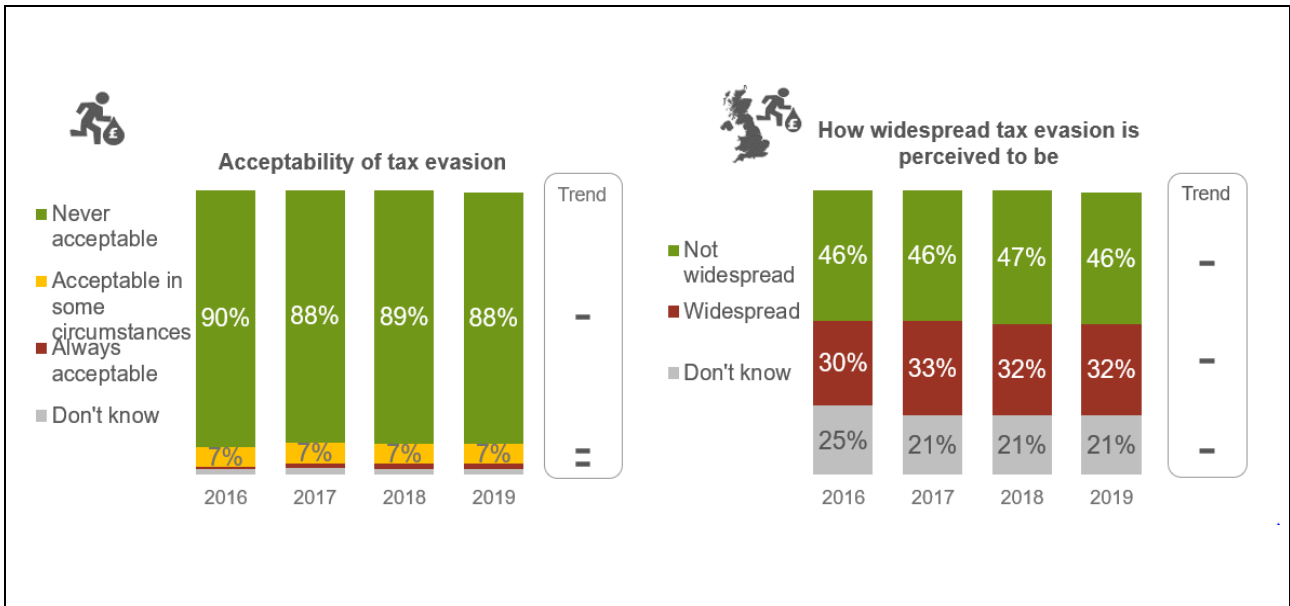
### 4.5.1 Acceptability and extent of tax evasion

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 (88%, Chart 4.34). 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 (46%) felt it was not widespread.

The findings for acceptability and perceptions of how widespread tax evasion is, have remained stable since 2016.

**Chart 4.34 Acceptability of tax evasion and perception of how widespread it is – Small Businesses**



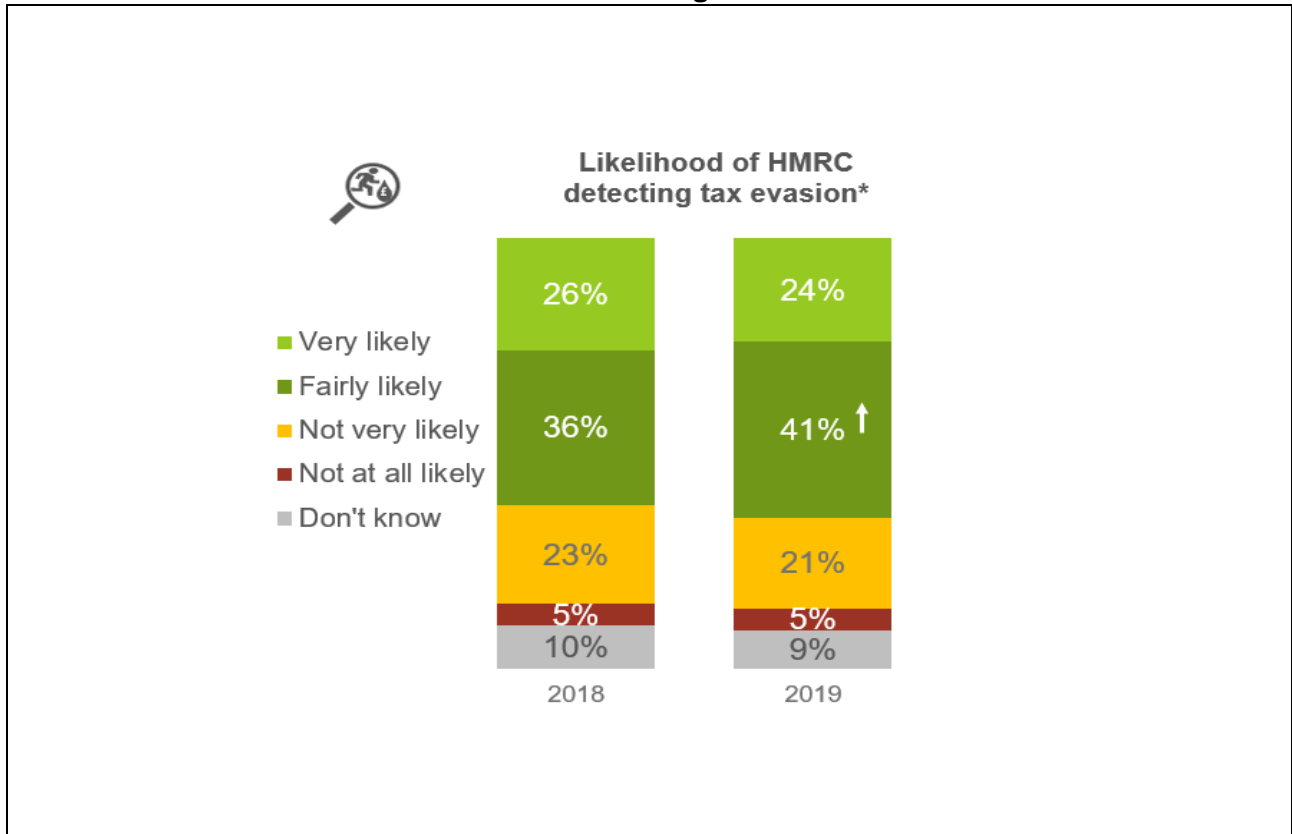
Q6reduce Acceptability of reducing amount of tax paid by not declaring all income to HMRC. Base: All respondents (2016: 2936; 2017: 2941; 2018: 2701; 2019:2700). 1% of respondents in 2016, and 2% of respondents in 2017, 2018 and 2019 stated that reducing the amount of tax paid by not declaring all income to HMRC is always acceptable, 2% of respondents in 2016, 2017, 2018 and 2019 selected Don't Know; Q6declare Whether thinks it is widespread for individuals and businesses to not declare all their income for tax. Base: All respondents (2016: 2936; 2017: 2941; 2018: 2701; 2019: 2700)

Small Businesses with turnover above the VAT threshold (52%) or with employees (49%) were more likely to say tax evasion is not widespread than those with turnover below the VAT threshold or with 0 employees (42% for both).

#### 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'. Two-thirds (65%) of Small Businesses thought it was likely that HMRC would detect tax evasion.

**Chart 4.35 Perceived likelihood of HMRC detecting tax evasion – Small Businesses**

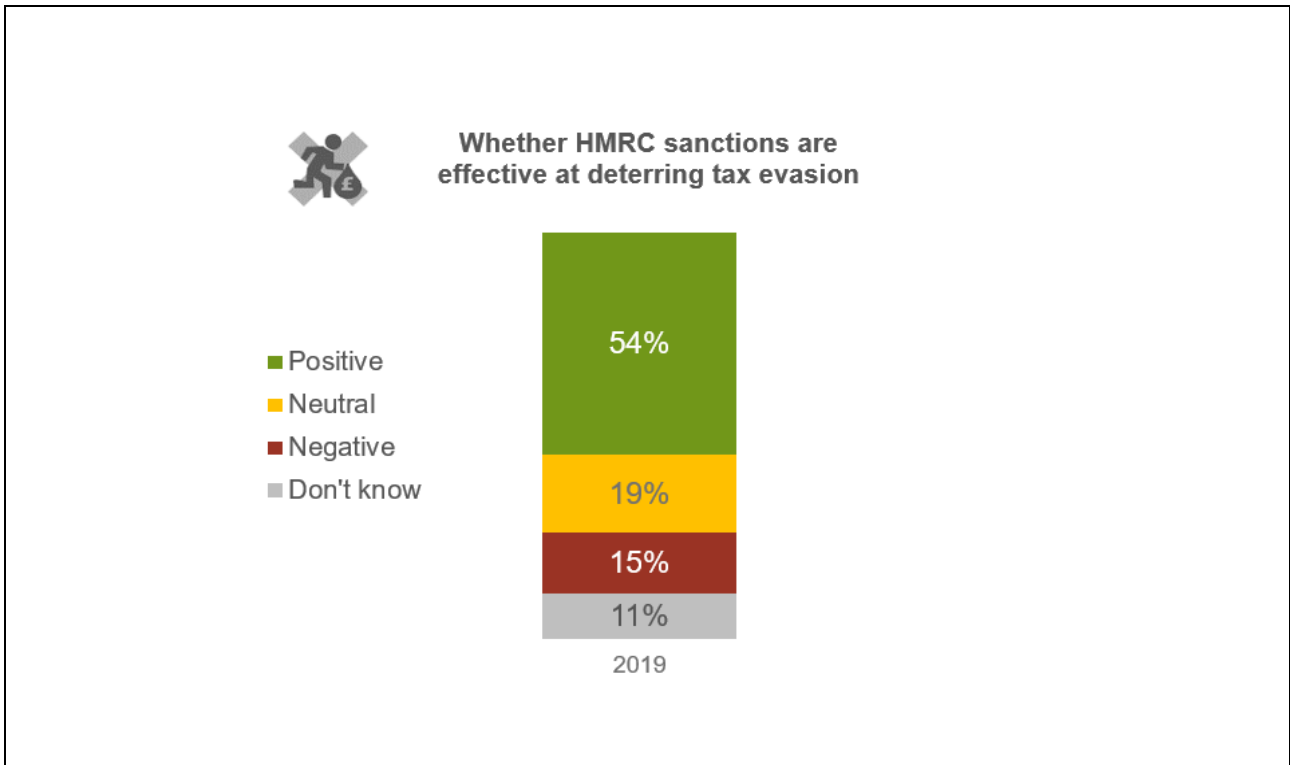


Q6caught How likely do you think it is for those deliberately not declaring all their income to be detected by HMRC. Base: All respondents (2018: 2701; 2019: 1347); \*This question was not asked in 2015 or 2016

### 4.5.3 Perceptions of sanctions available to HMRC to deter tax evasion

Just over half (54%) of Small Businesses agreed that the sanctions available to HMRC were effective in deterring people from deliberately not declaring all their income. One in five (19%) were neutral while 15% disagreed (Chart 3.36).

**Chart 4.36 Perceptions of sanctions available to HMRC to deter tax evasion – Small Business**



Q6detrants On a scale of 1-5, where 1 is strongly disagree and 5 is strongly agree, To what extent do you agree or disagree with the following statement: The sanctions available to HMRC are effective in deterring businesses like yours from deliberately not declaring all their income. Base: Random half of sample (2019: 1347)

Customers with a positive overall experience of HMRC were more likely to agree that sanctions available to HMRC are effective in deterring people from evading tax (57%) than those with a neutral (47%) experience.

Small Businesses that believed it is likely for HMRC to detect somebody evading tax were more likely to be positive on this measure (65%) than those who believed HMRC are not likely to detect somebody evading tax (34%).

Small Businesses who believed tax evasion is not widespread were more likely to be positive on this measure (64%) than those who believed tax evasion is widespread (44%).

#### 4.5.4 Acceptability and extent of tax avoidance

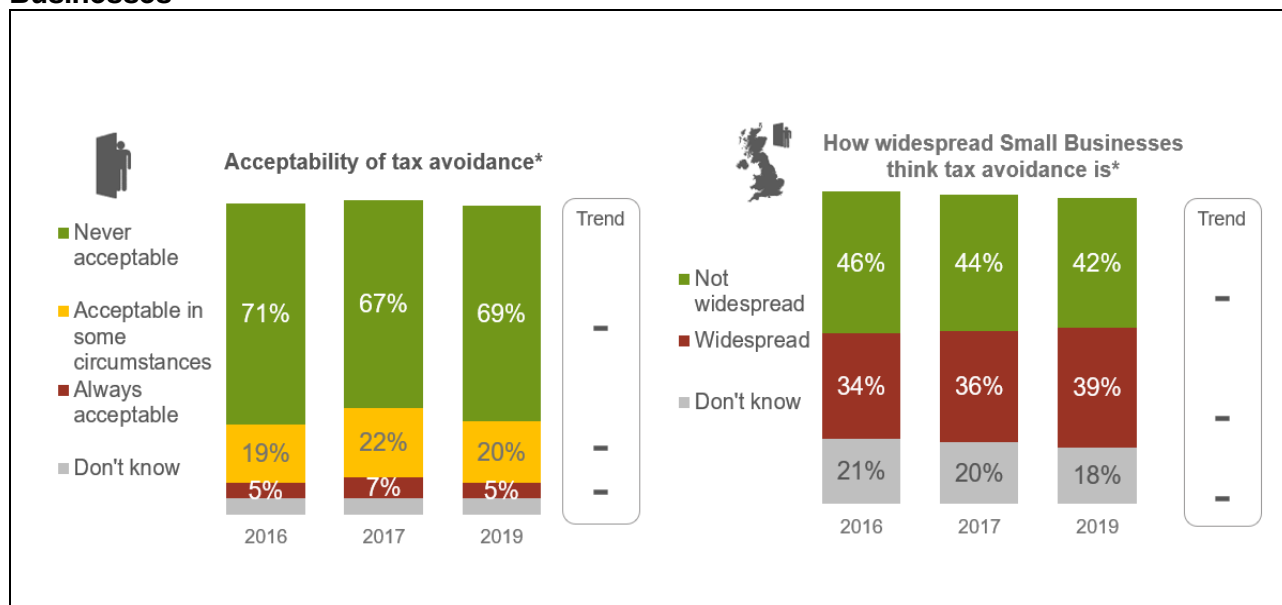
Small Businesses were asked how acceptable they felt it was that “some people try to exploit tax rules to gain a tax advantage that Parliament didn’t intend – in other words, operating within the letter, but not the spirit of the law”. Nearly seven in ten Small Businesses (69%) said it was never acceptable to avoid tax. One in five (20%) said it was acceptable in some circumstances and five per cent said it was always acceptable (Chart 4.37). Comparisons over time can be made between 2019 results and 2016 and 2017 but not with 2018 as in 2018 the question was worded differently. There was no change in responses between 2019 and 2016 and 2017.

Customers with a positive overall experience of HMRC were more likely to agree that tax avoidance was never acceptable (72%) than those with a neutral (65%) or negative (55%) experience.

Small Businesses were also asked how widespread they felt tax avoidance was. Nearly four in ten (39%) said it was widespread (Chart 4.37) and around the same proportion (42%) said it was not widespread. Nearly a fifth (18%) said they did not know. There was no change from 2016 or 2017.

Businesses with 10-19 employees were more likely to agree that tax avoidance was not widespread (50%) than businesses with 9 or fewer employees (41%).

**Chart 4.37 Acceptability of tax avoidance and perception of how widespread it is – Small Businesses**



Q6exploit Acceptability of exploiting rules to gain tax advantage. Base: All respondents (2016: 2936; 2017: 2941; 2018: 2701; 2019: 2700). 5% of respondents in 2016, 2017 and 2019 selected Don't Know; Q6behaviour Whether thinks it is widespread for individuals and businesses to exploit rules to gain a tax advantage. Base: All respondents (2016: 2936; 2017: 2941; 2018: 2701; 2019: 2700); \*These questions were not asked in 2015. Different question wording used in 2018, data therefore not comparable to 2019.

## 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 (MTD) will make it easier for businesses to get their tax right first time 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 1<sup>st</sup> April 2019. VAT registered businesses with turnover below the VAT threshold are not required to use MTD but can choose to do so voluntarily.

In 2018 and 2019, all Small Businesses surveyed were asked about their awareness of changes to VAT reporting from April 2019. In 2019, question wording changes were introduced in the survey as follows, to reflect that businesses with turnover above the VAT threshold were now required to comply with MTD.

“HMRC is introducing changes to how businesses provide information relating to their tax obligations. Since April 2019 VAT registered businesses with taxable turnover above the VAT threshold have been required to keep their tax records digitally and to file returns to HMRC directly

through compatible software. Businesses with a taxable turnover below the VAT threshold can participate voluntarily. This is known as Making Tax Digital.”

This report section looks at awareness of MTD, what benefits Small Businesses thought would come from MTD and how Small Businesses are submitting VAT returns.

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), and for the subset of Small Businesses that were required to join MTD for VAT by keeping records digitally and providing VAT Returns online using functional compatible software from April 2019. These Small Businesses, referred to as the VAT mandated group in this report, 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 changes to submitting VAT Returns. Four in five Small Businesses (79%) had heard something about changes to submitting VAT Returns. Three in ten (28%) knew “a lot” about them and just over a third (36%) knew “a little” (Chart 4.38). Awareness had increased considerably since 2018 – only 19% said they knew nothing about the changes, down from 48% in 2018.

BTA users were more likely to have heard of MTD (84%) compared with non-BTA users (76%). There were increases in awareness of MTD regardless of how the business dealt with its financial affairs. There was a significant increase in awareness of MTD amongst businesses that outsource some accountancy work from 57% knowing of MTD in 2018 to 89% in 2019.

##### Small Businesses that were required to join MTD for VAT

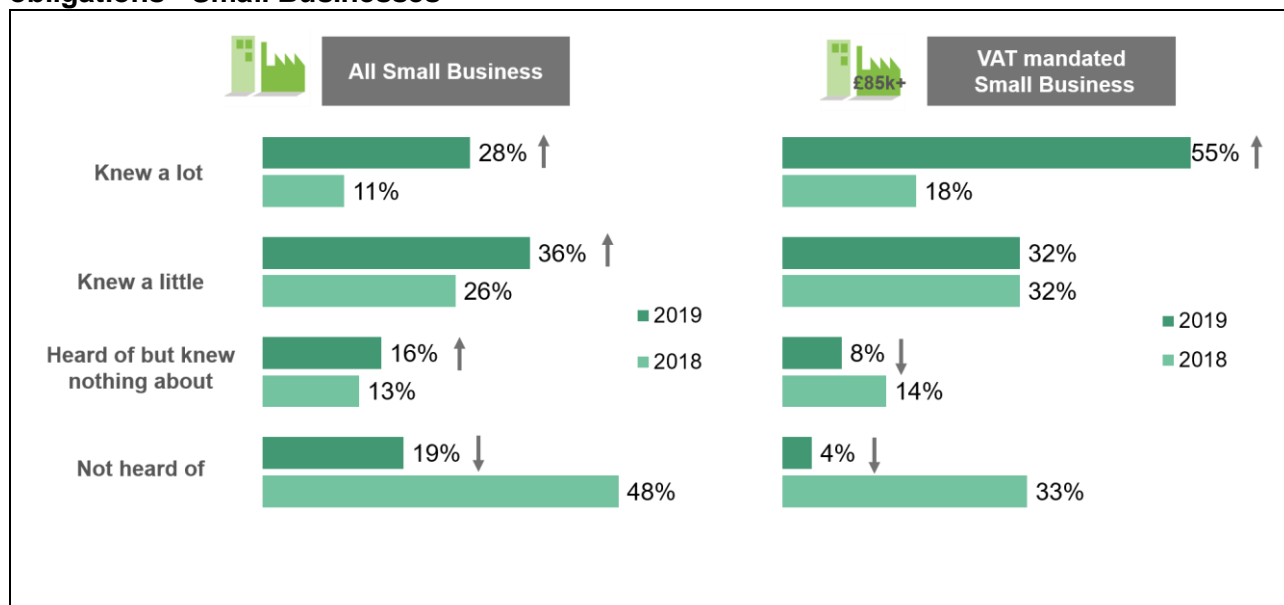
Almost all Small Businesses that were required to join MTD<sup>27</sup> for VAT had at least heard of the changes (95%). The proportion that had heard something about the changes increased from 64% in 2018 to 95% in 2019, where 55% said they knew “a lot” in 2019, up from 18% in 2018.

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<sup>27</sup> The Small Businesses that were required to join MTD for VAT were identified as those who said they paid VAT and had turnover above £85,000.



**Chart 4.38 Awareness of changes in how businesses provide information relating to tax obligations - Small Businesses<sup>28</sup>**



Q5mtd How much did they know about changes HMRC is introducing to how businesses provide information relating to their tax obligations. Base: All respondents 2018 / Random half of all respondents (Small Business: 2018: 2701; 2019: 1347)

\*This question was not asked in 2015

#### 4.6.2 Use of Making Tax Digital to submit VAT returns or Income Tax updates

Four in ten Small Businesses that were surveyed reported that they submitted VAT returns via MTD (44%). A third of Small Businesses (32%) reported using MTD for Income Tax updates – although this could reflect Small Businesses using different digital systems to submit Income Tax updates as the Income Tax pilot for Self-Assessment is currently targeted at landlords and the self-employed. Responses to this question are self-reported by businesses and may reflect uncertainty regarding the digital systems used to send VAT returns and Income Tax updates to HMRC.

Amongst Small Businesses that were part of the mandated group, eight in ten (84%) reported submitting VAT returns via MTD and 44% doing the same for Income Tax updates.

Eight in ten businesses with turnover above £85,000 (78%) said that they submit VAT returns via MTD compared with 17% of businesses with turnover below £85,000. BTA users were more likely to say that they submit VAT returns via MTD (51%) compared with non-users (38%).

The proportion who did not know whether their VAT or Income Tax updates were submitted via MTD was particularly high among those who outsourced all their tax to an agent (31%) compared with 8% for those who do all the work in house.

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

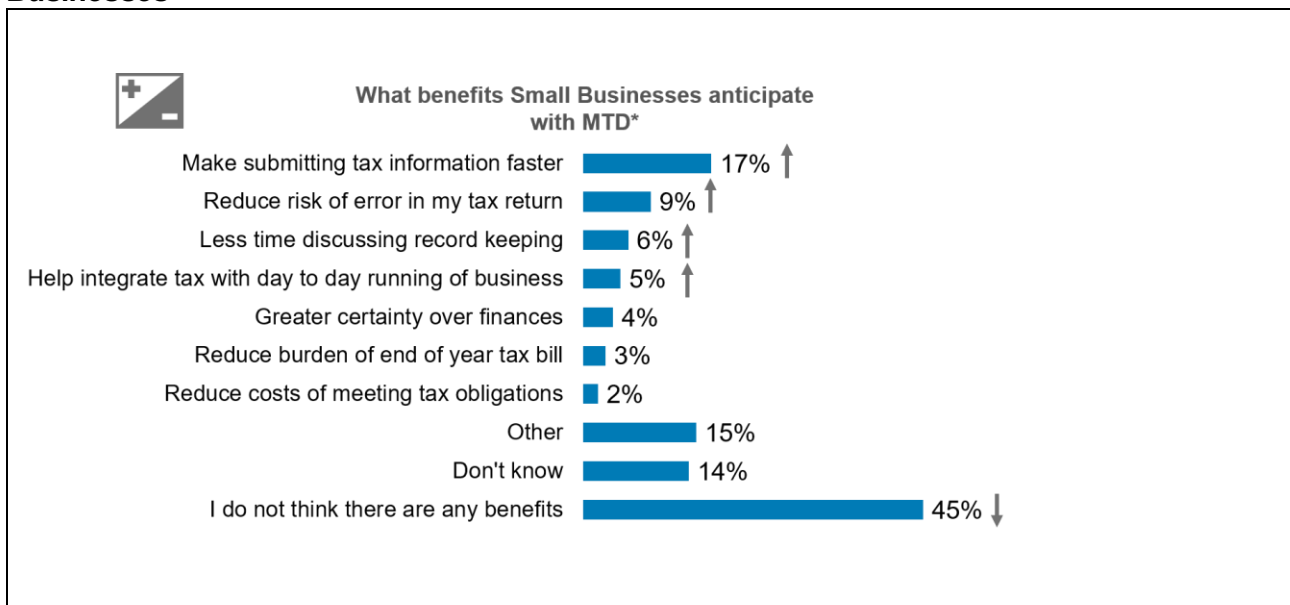
### 4.6.3 Benefits associated with MTD

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. The survey was conducted during the first year of MTD for VAT returns being mandated for some businesses. There are transactional costs associated with MTD for VAT returns which might influence businesses' perceptions of the benefits from MTD, particularly during this first year.<sup>29</sup>

Nearly half (45%) of Small Businesses that had heard about these changes felt there would be no benefits associated with them, a decrease from 50% in 2018. A further 14% said they did not know. The most common benefit cited was that the changes would “make submitting my tax information faster” (17%, up from 7% in 2018), followed by “reducing the risk of error in my tax return” (9%).

More businesses that were aware of MTD, felt that there were benefits associated with MTD in 2019 (41%) compared with 2018 (33%).

**Chart 4.39 Benefits associated with introduction of digital record keeping – All Small Businesses**



Q5MTD\_Benefits What benefits a respondent foresees for their business with the introduction of digital record keeping. Base: All respondents who knew or heard of changes HMRC is introducing to how businesses provide information relating to their tax obligations (2019: 1145). \*This question was changed in 2019 and is not comparable to past data.

Businesses that did all financial work within the business were more likely to feel MTD would “reduce the burden of their end of year tax bill” (8%) compared with businesses that outsourced some work (2%) and businesses that outsourced all work (1%). Those who outsourced all the work were much more likely to say they did not know (24%) than those who do all the work within the business (8%) or do some of the work (9%).

### 4.6.4 How Businesses submit VAT returns

<sup>29</sup> <https://www.gov.uk/government/publications/making-tax-digital-changing-the-scope-and-pace-technical-note/making-tax-digital-for-business>

Small Businesses that said they paid VAT were asked how their business submits VAT returns via Making Tax Digital.

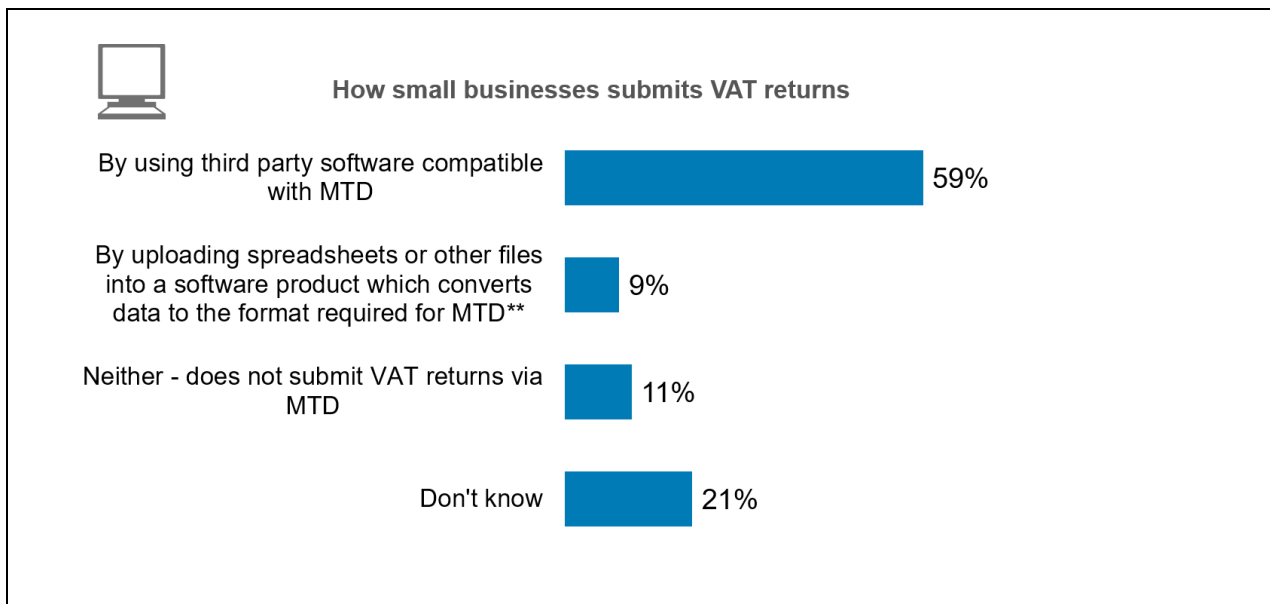
Six in ten (59%) Small Businesses that paid VAT used third party software compatible with MTD to submit their VAT returns. One in ten (9%) uploaded spreadsheets or files into software which converts data to the format required for MTD. A similar proportion (11%) said they were doing neither and a fifth (21%) did not know.

Businesses with turnover above £85,000 were more likely to use third party software (67%) compared with businesses with a turnover up to £85,000 (34%). Businesses that said they submit VAT returns via MTD were also more likely to use third party software (71%) compared with other businesses (56%).

Similarly, Small Businesses in the VAT mandated group and therefore required to submit VAT returns via MTD were more likely to use third party software (67%) than those not in the mandated group (41%). Those who were below the VAT threshold (who can use MTD on a voluntary basis) were more likely to say they were not submitting VAT returns via MTD (22% compared with 6% above the threshold) or that they did not know how they were submitting returns (27% compared with 18% above the threshold).

Small Businesses that outsourced all work to an agent were more likely to not to know how their VAT returns were submitted (38%), while those doing all the work within the business were least likely to be unaware (7%). Correspondingly, use of third party software was highest – at around two-thirds (67%) among those that do all or some (64%) of the work within the business compared with half (48%) of those outsourcing all the work.

**Chart 4.40 How business submits VAT returns - Small Businesses<sup>30</sup>**



Q6prepare How business submits VAT returns. Base: Businesses that reported they paid VAT (2019: 1821). \*This question was changed in 2019 and is not comparable to past data. \*\*Also known as 'bridging software'.

<sup>30</sup> The figures for 'All Small Businesses' in chart 4.40 include responses for businesses both above and below the VAT threshold.

## 5. Agents

### 5.1 Chapter Summary

Over half of Agents (51%) 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 (61% in 2019, up from 57% in 2015) and other telephone helplines (30% in 2018, up from 17% in 2015). However, positive ratings of online services decreased from 70% in 2015 and 68% in 2018 to 61% in 2019. Ratings of HMRC's webpages on gov.uk (54%) stayed consistent with 2018 (53%) when this was first measured.

Overall ratings of customer experience increased from 40% giving a positive rating in 2015 to 51% in 2019. There was also an increase in positive ratings for most dimensions of customer experience since 2015. However, there was a small increase in negative ratings of overall experience in 2019 (17%) compared with 2018 (14%) and some dimensions of customer experience.

The primary areas for improvement (measures where HMRC performed less well but were strongly linked to overall experience) were:

- Resolving any queries or issues (46% positive)
- The acceptability of time taken to reach the end result (34% positive)

Over four in ten (45%) were confident in the way HMRC were doing their job (up from 36% in 2015). Six in ten (57%) held a favourable opinion of HMRC (up from 48% in 2015).

Over six in ten (61%) thought tax avoidance is never acceptable. Over nine in ten (93%) thought tax evasion is never acceptable. There were decreases in Agents who thought tax evasion was widespread since 2016 (42% in 2019, down from 47%) and that tax avoidance was widespread since 2016 (46% in 2019, down from 52% in 2016).

## 5.2 Profile of Agents and their interactions with HMRC

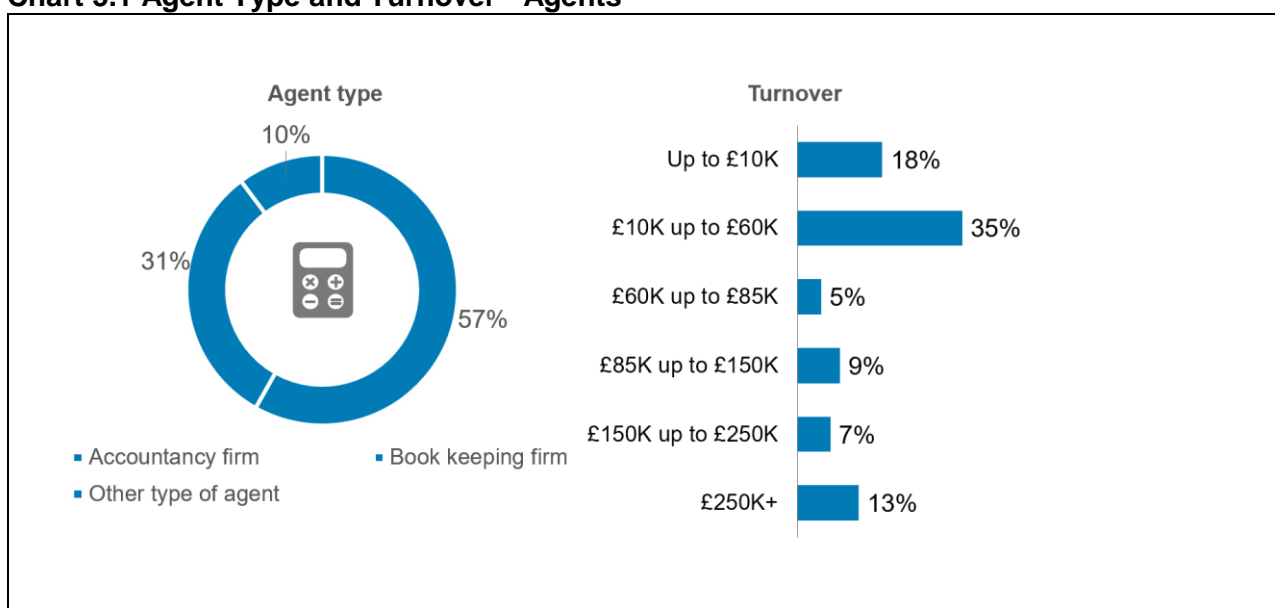
This section covers the characteristics of Agents that took part in the survey. It also examines how they interacted with HMRC in the previous 12 months on behalf of their clients, identifying the services provided to clients and channels of communication used. This provides useful context for the later 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.

Nearly six in ten Agents (57%) classified their business as an accountancy firm, with three in ten (31%) reporting that they were a bookkeeping firm and one in ten (10%) identifying as another kind of Agent. Nearly six in ten Agents (58%) had a turnover under £85,000<sup>31</sup> (Chart 5.1).

**Chart 5.1 Agent Type and Turnover - Agents**



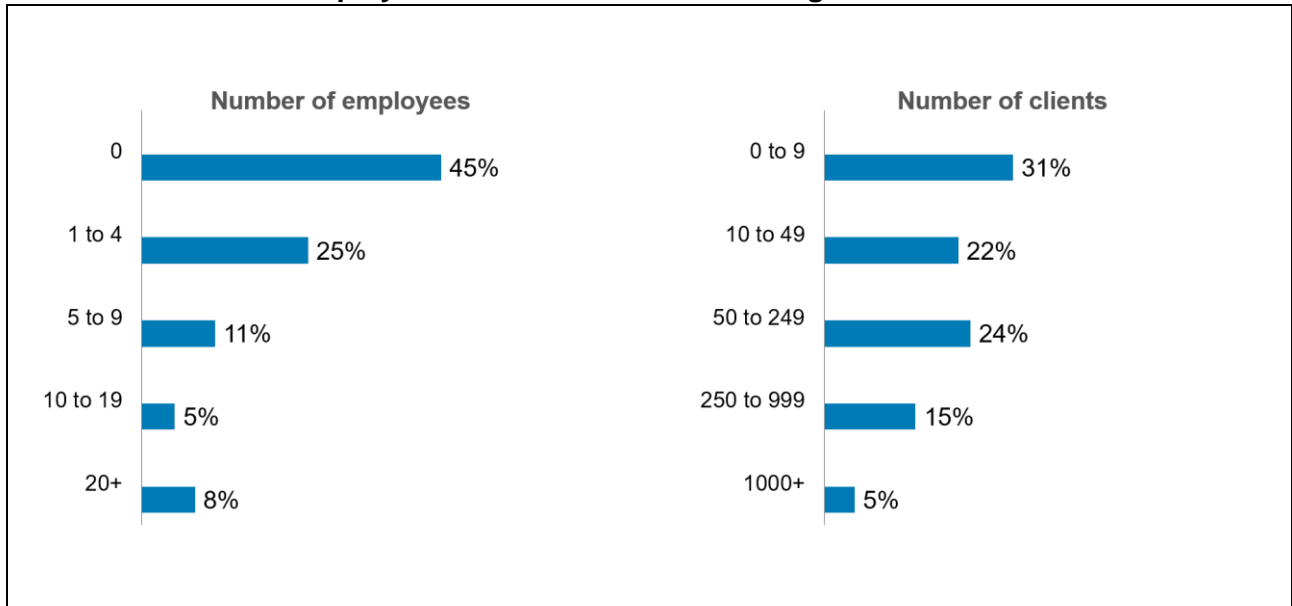
Q7atype Is your business an accountancy firm / a bookkeeping firm / a payroll bureau / a tax advisor / a VAT consultant / other? Base: All respondents (2019: 2349); Q7turnover And what is your annual turnover? Base: All respondents (2019: 2349) \*Please note that the turnover bands changed in 2018 and are not comparable with previous years of the survey.

The majority of Agents had few employees (Chart 5.2): about four in ten (45%) had 0 employees, about a quarter (25%) had 1 to 4 employees. One in ten (11%) had between 5 and 9 employees and around the same proportion (13%) of Agents said that they had 10 or more employees.

Agents were asked approximately how many clients their business represented (Chart 5.2). Around half (52%) had fewer than 50 clients.

<sup>31</sup> The turnover bands changed in 2018 and are not comparable with previous years of the survey.

**Chart 5.2 Number of employees and number of clients - Agents**



Q7numemp Can you tell me roughly how many people there are employed in the organisation as a whole in the UK BESIDES yourself? Base: All respondents (2019: 2349); Q7numclient Approximately how many clients does your business represent? Base: All respondents (2019: 2349)

Firm size (number of employees and number of clients) was linked to Agent type. Three quarters of bookkeeping firms (74%) had 0 employees and nine in ten (92%) had fewer than 50 clients, while over two-thirds of accountancy firms had employees or 50 or more clients (65% for both).

Most Agents had been operating for a number of years. Two-thirds (66%) had been operating for over ten years, while two in ten (17%) had been operating for between five and ten years. Only three per cent of Agents had been established for less than two years.

### 5.2.2 Membership of professional organisations

Two-thirds (63%) of Agents reported that they were part of a professional body<sup>32</sup>.

<sup>32</sup> This question was not asked in 2015 or 2016.

**Chart 5.3 Whether member of a professional organisation - Agents**



Q7org Are you a member of a professional organisation? Base: All respondents (Agents: 2019: 2349)

Professional membership was more likely among Agents:

- with employees (78%) than those with 0 employees (45%).
- with 50 or more clients (81%) than those with 10 to 49 clients (60%) or those with less than 10 clients (40%).
- that were accountancy firms (79%) than bookkeeping firm Agents (37%).

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.

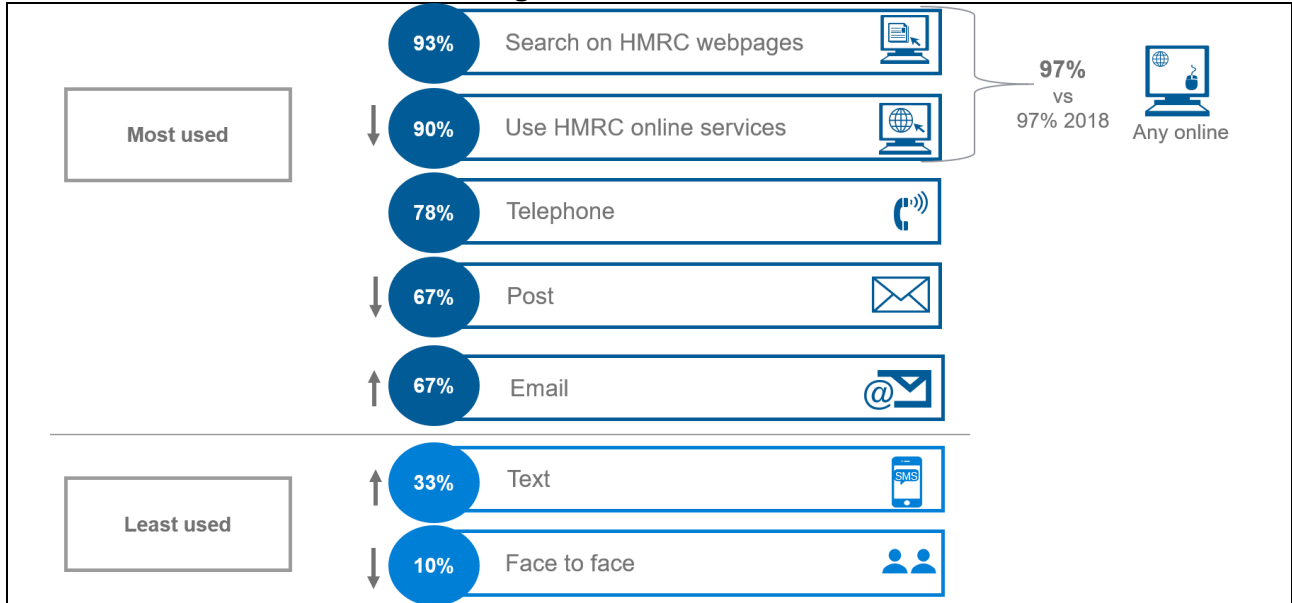
### 5.2.3 Channels used to interact with HMRC

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 5.4).

Online channels were still the most popular, with almost all (97%) having some form of online contact with HMRC in the previous 12 months. Online interaction included searching for information on HMRC's webpages (93%) and using HMRC online services (90%). The proportion using HMRC online services decreased since 2018 (92%).

Eight in ten (78%) had telephone contact, two-thirds had postal contact (67%), three in ten (33%) had text contact, while only one in ten (10%) had face-to-face contact. Email contact increased from 63% in 2018 to 67% in 2019 and contact by text increased from 30% in 2018. The proportion using post declined from 74% in 2018 and face-to-face contact reduced from 15% in 2018.

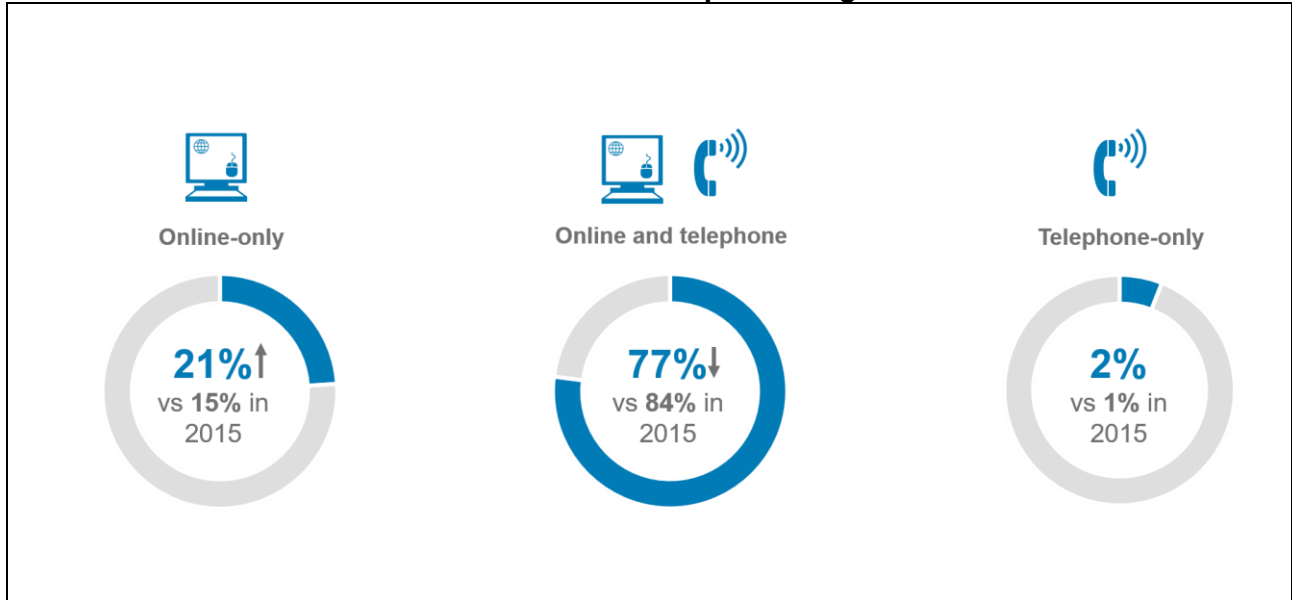
**Chart 5.4 Contact Channels used - Agents**



Q2cont In which of the following ways have you had any dealings with HMRC over the last 12 months? Base: All respondents (2018: 2351; 2019: 2349) Arrows refer to changes between 2018 and 2019 surveys.

The proportion of Agents who only interacted with HMRC online increased from 15% in 2015 to 21% in 2019 (Chart 5.5). The proportion of Agents who used both online and telephone contact decreased from 84% in 2015 to 77% in 2019. Only two per cent of Agents only used the telephone in their interactions with HMRC (no change over time).

**Chart 5.5 Contact Channels used – online and telephone - Agents**



Q2cont In which of the following ways have you had any dealings with HMRC over the last 12 months? Base: All respondents (2018: 2351; 2019: 2349) Arrows refer to changes between 2019 and 2015 surveys.

Agents interacting online only were more likely:

- to have 0 employees (35%) compared with eight per cent with employees
- a lower turnover (up to £10,000 (44%) compared with 17% of those with turnover above £10,000
- under 10 clients (49%) compared with nine per cent with more than 10 clients.



- to be bookkeeping firms (40%) or other types of agent (27%) rather than accountancy firms (10%).

Conversely, those who interacted both online and telephone tended to:

- have a turnover of £60,000 or more (93%) compared with 63% of those with turnover below £60,000
- employees (90%) compared with 63% of those with 0 employees
- have 50 or more clients (94%) compared with 60% of those with fewer than 50 clients
- be accountancy firms (88%) than bookkeeping firms (59%)

## 5.3 Customer experience

This section discusses Agents' ratings of HMRC's online services, webpages and telephone helplines as well as overall customer experience.

This section also examines specific dimensions of customer experience and identifies those areas which are priority areas for HMRC to improve customer experience as well as secondary areas to improve or areas to maintain.

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.

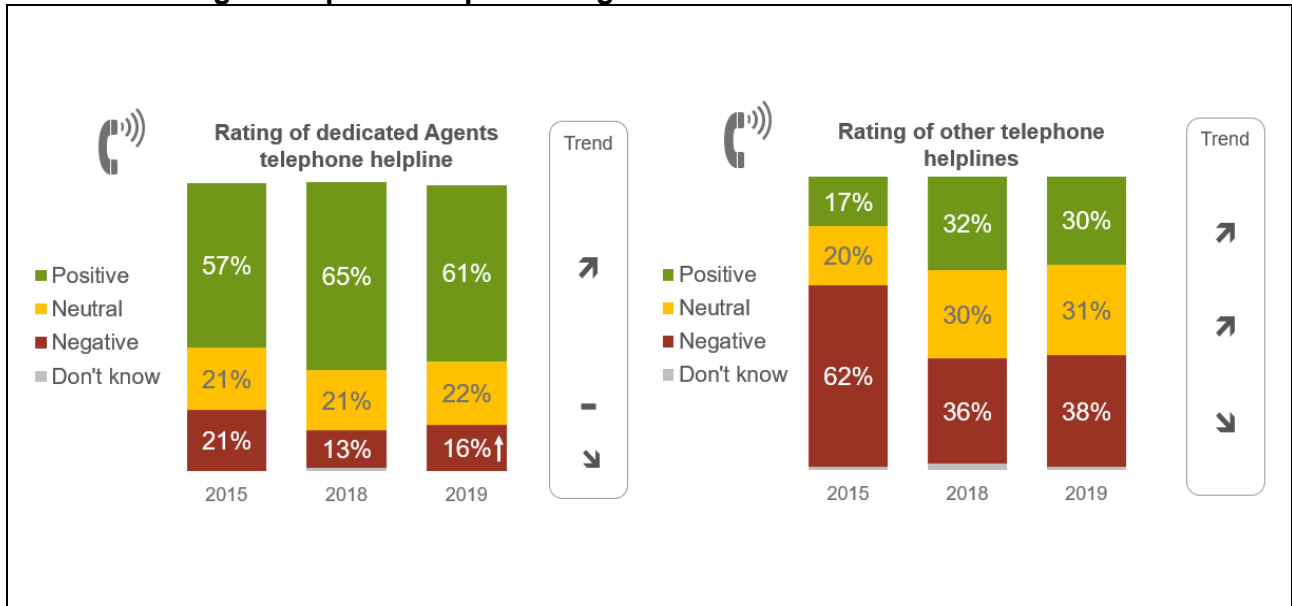
### 5.3.1 Telephone, online services and webpages

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

Six in ten (61%) gave the dedicated Agents telephone helpline a positive rating, an increase from 57% in 2015. There was a corresponding fall in negative ratings relative to 2015 (16%, down from 21% in 2015). However, negative ratings since 2018 increased slightly from 13%.

Although Agents were less positive about other HMRC helplines compared with ratings of the dedicated helpline, there was an increase in positive ratings (30%, up from 17% in 2015). There was also a corresponding decrease in negative ratings (38% in 2019, down from 62% in 2015). There was no change between 2018 and 2019.

**Chart 5.6 Rating of telephone helplines - Agents**



Q2contexp You [also] said you [had contact with HMRC by telephone/ used HMRC's online services]. Please rate your experiences over the last 12 months of... Base: Respondents who used the dedicated Agents telephone helpline (2015: 2211; 2018: 1943; 2019: 1906). 1% of respondents in 2018 selected Don't Know. Respondents who used any other telephone helplines (2015: 2137, 2018: 1943, 2019: 1741). 1% of respondents in 2015, 2% in 2018 and 1% in 2019 selected Don't Know.

The following types of Agent were more positive about the **dedicated Agents helpline**:

- Accountancy firms (64%) compared with 'other' types of firms (50%).
- Agents with 0-9 clients (55%), rising to 65% of those with 50 or more clients.

In 2019, there was no variation by number of employees or turnover, however the overall rise in positive ratings appears to be driven by bookkeeping firms (46% in 2015 to 59%).

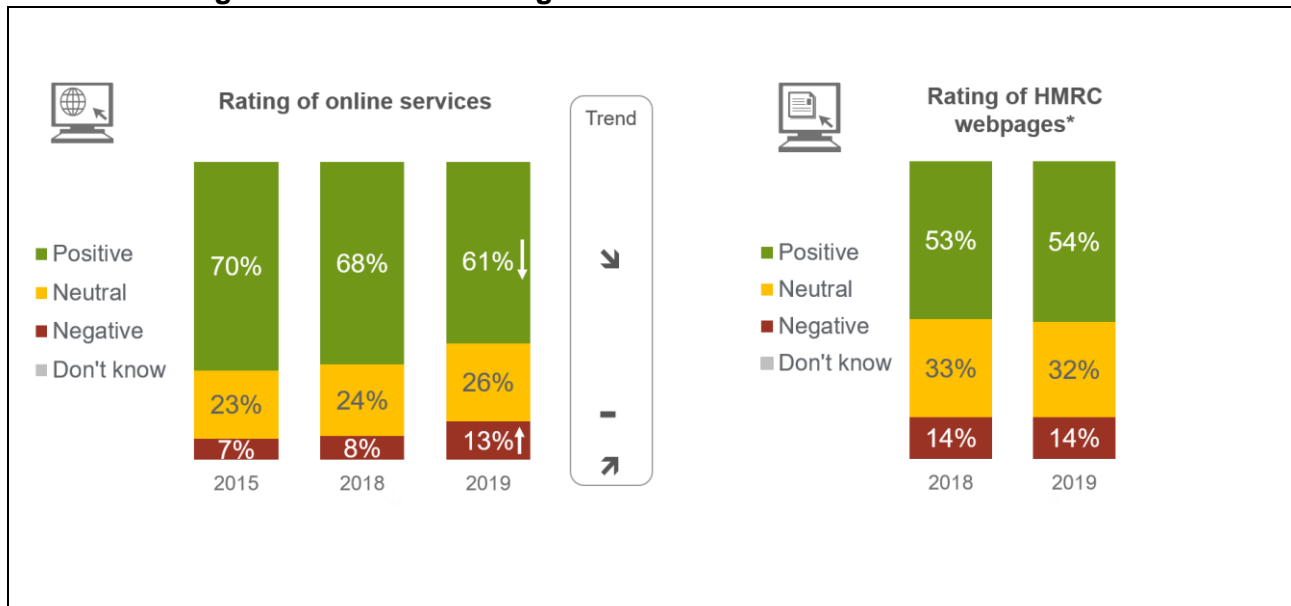
Agents with turnover below £60,000 were more positive about **other HMRC telephone helplines** (40%) than those with a turnover above £60,000 (23%). Those with 0 employees (38%) were also more positive than those with employees (24%).

For other telephone helplines, unlike the Agents' dedicated helpline, bookkeepers were most positive, with half (50%) of bookkeepers rating these services positively compared with 24% of accountancy firms and 28% of 'other' types of firms.

The improvement in positive perceptions for other HMRC telephone helplines from the baseline was in part due to increased positive ratings from bookkeeping firms (30% in 2015 to 50% in 2019).

Six in ten Agents (61%) gave a positive rating of HMRC online services (a decrease since 2018 (68%) and 2015 (70%)). Half (54%) were positive about HMRC's webpages, consistent with 2018 (Chart 5.7).

**Chart 5.7 Rating of online services - Agents**



Q2contexp You [also] said you [had contact with HMRC by telephone/ used HMRC's online services]. Please rate your experiences over the last 12 months of... Base: Respondents who dealt with HMRC through HMRC's online services (2015: 2482, 2018: 2201; 2019: 2161) / Respondents who dealt with HMRC through HMRC's webpages (2018: 2195; 2019: 2200); \*This question was not asked in 2015, so there is no trend analysis from 2015

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

- Agents using online-only channels were more positive about online services (77%) and HMRC webpages on gov.uk (66%) compared with Agents using both online and telephone channels to interact with HMRC, where 57% gave a positive rating for online services and 51% for HMRC webpages on gov.uk.
- Agents who used the Agent Services Account were less positive about online services (54%) compared with non-users (69%).
- Bookkeeping firms (71%) and other types of firms (68%) were more positive about online services than accountancy firms (55%). For HMRC webpages on gov.uk, bookkeeping firms (61%) were more positive than both accountancy firms (50%) and other types of firms (52%).
- Agents with a turnover of less than £60,000 were more positive about HMRC's webpages on gov.uk (59%) and online services (70%) compared with those with turnover above £60,000 (48% and 51% respectively).
- Agents who were positive about HMRC across a range of measures (their overall experience, HMRC providing tailored services, the Agents dedicated line) were more likely to give a positive rating of HMRC online services.
- Positive ratings for online services decreased since 2018 amongst Agents who found it difficult to deal with tax issues on behalf of their clients (40% in 2018 to 25% in 2019), and those with 5-9 employees (61% in 2018 to 49% in 2019).

### 5.3.2 HMRC online tools

Agents were asked about their use and experience of a range of online tools to help manage taxes provided by HMRC (Chart 5.8). This measure was first introduced in 2018. The Agent Services Account is primarily focused on Making Tax Digital transactions. Agents who represent VAT mandated clients need to use the Agent Services Account to access the necessary MTD systems.

Most Agents (89%) had used at least one online tool.

The most common online tools used by Agents were viewing information on gov.uk (81%), the Agent Services Account (51%), webinars (44%), HMRC YouTube videos (18%) and webchat (17%). The HMRC Agent Forum (14%), HMRC Virtual Assistant (7%) and Social Media (5%) were less commonly used by Agents.

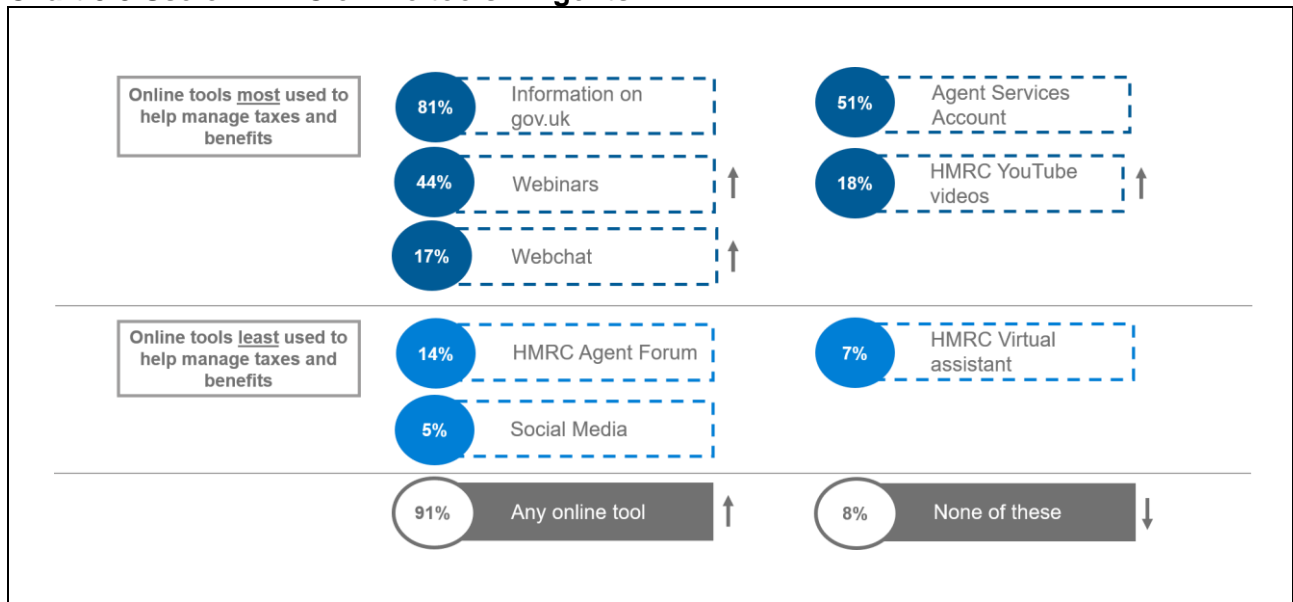
The following types of Agent were less likely to use online tools:

- Agents with 0 employees (13%) compared with one in twenty (4%) of those with 5 or more employees
- Bookkeeping firms (12%) and other types of firms (13%) compared with accountancy firms (6%)
- Those who interacted online only (15%) than those who used telephone and online (7%).

There was a decrease in Agents who didn't use any online tools since 2018 (from 14% to 8%). This decrease is most notable amongst Agents who only had contact online (26% in 2018 to 15% in 2019).

There do not appear to be any particular sub groups driving the small increases in use of HMRC YouTube videos (10% to 18%), webinars (40% to 44%) or webchat (14% to 17%).

**Chart 5.8 Use of HMRC online tools – Agents**



Q2onlinetools Which of the following HMRC online tools, if any, have you used to help you manage taxes in the last 12 months on behalf of your clients? Base: Respondents who dealt with HMRC online (2019: 2287)

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 5.9).

Around half gave a positive rating to: information on gov.uk (56%), webinars (52%), HMRC YouTube videos (50%).

Agents were more positive about gov.uk in 2019 (56%) than in 2018 (49%), but were less positive about Webchat (a decline from 54% in 2018 to 40%)

The following types of Agent were more likely to rate information on gov.uk positively:

- Agents with turnover of £60,000 or below (61%) compared with Agents with turnover above £60,000 (51%)
- Bookkeeping firms (62%) compared with 52% of Accountancy firms
- Those who contacted HMRC through online only methods (67%) compared with those who used both online and telephone (53%)
- Those who were positive about their overall experience (77% compared with 35% that were neutral or negative)
- Those who were positive about the ease of dealing with tax issues (71% compared with 41% that were neutral or negative)
- Those that were positive about HMRC providing tailored services (79% compared with 40% that were neutral or negative)

Increased positive ratings overall since 2018 for information on gov.uk were in part driven by:

- Accountancy firms where 52% gave a positive rating in 2019 compared with 45% in 2018.
- Agents who gave a positive rating for ease of acting on behalf of their clients (71% compared with 2018 (59%).
- those who contacted HMRC through online channels only (57% in 2018 to 67% in 2019).

For webinars, the following types of Agent were more likely to give a positive rating:

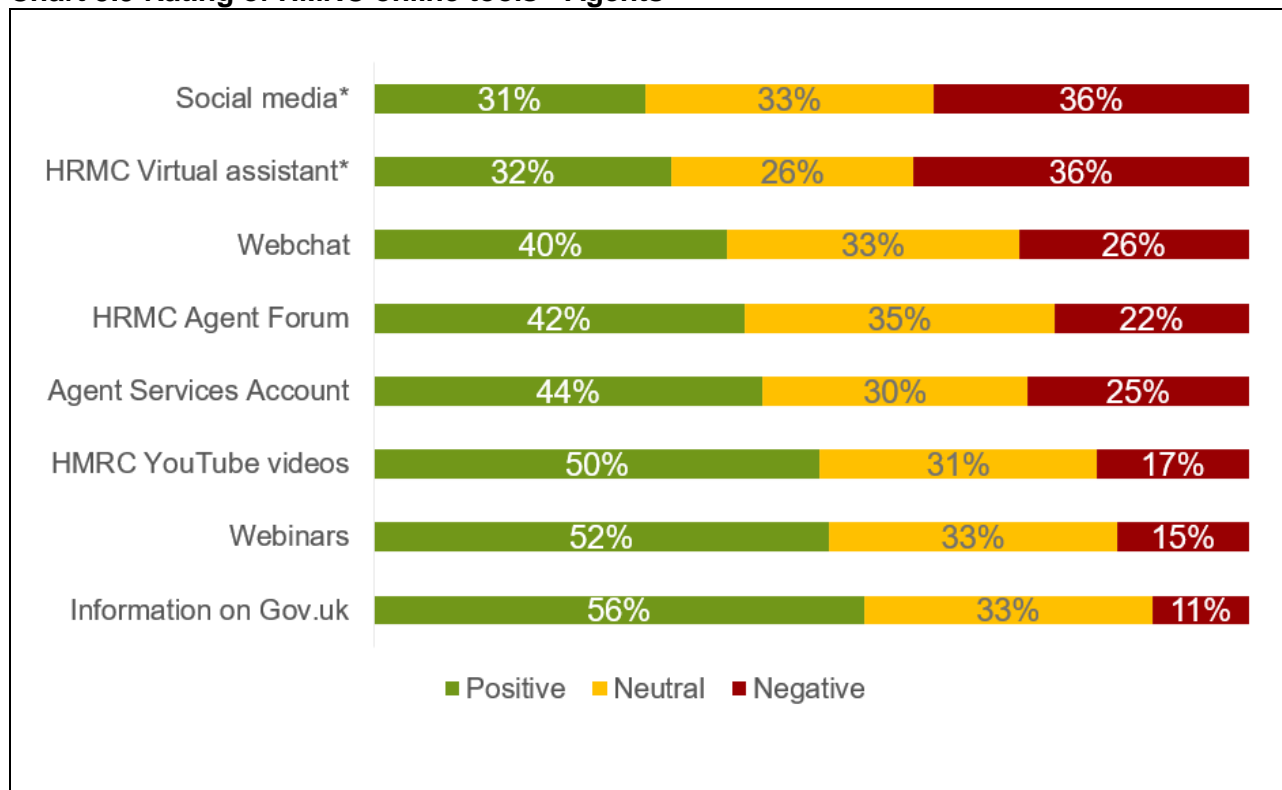
- Agents with a turnover of £60,000 or below (61%) compared with those with a larger turnover (45%).
- Agents who were self-employed (56%) compared with agents who were not self-employed (42%).
- Those who were positive about their overall experience (70% compared with 35% who were neutral or negative)
- Those who were positive about the ease of dealing with tax issues (63% compared with 41% who were neutral or negative)
- Those who were positive about HMRC providing tailored services (71% compared with 39% who were neutral or negative)

For the Agent Services Account, the following types of Agent were more likely to give a positive rating:

- Agents who were not members of a professional organisation (55%) compared with agents who were members of a professional organisation (41%).
- Those who were positive about their overall experience (66% compared with 27% who were neutral or negative)

- Those who were positive about the ease of dealing with tax issues (63% compared with 28% who were neutral or negative)
- Those who were positive about HMRC providing tailored services (67% compared with 30% who were neutral or negative)

**Chart 5.9 Rating of HMRC online tools - Agents**



Q2onlinerate Looking specifically at [TOOL #1 / TOOL #2], on a scale of 1 to 5, where 5 is a lot and 1 is not at all, how much did [TOOL #1 / TOOL #2] help you deal with your HMRC tax affairs online? Base: Respondents who used a HMRC online tool to manage their tax affairs HMRC Agent Forum (2019: 190) / HMRC Agent Services Account (2019: 898) / HMRC YouTube videos (2019: 208) / HMRC Virtual assistant (2019: 82) / Information on Gov.uk (2019: 1423) / Webinars (2019: 621) / Webchat (2019: 228) / Social media (2019: 56)

\*There were fewer than 100 respondents for these, so the results should be treated as indicative only

### 5.3.3 Satisfaction with payment methods available

For the first time in 2019, Agents were asked about their satisfaction with the payment methods available to make payments to HMRC and receive payments from them, both for their business and on behalf of clients (Chart 5.10).

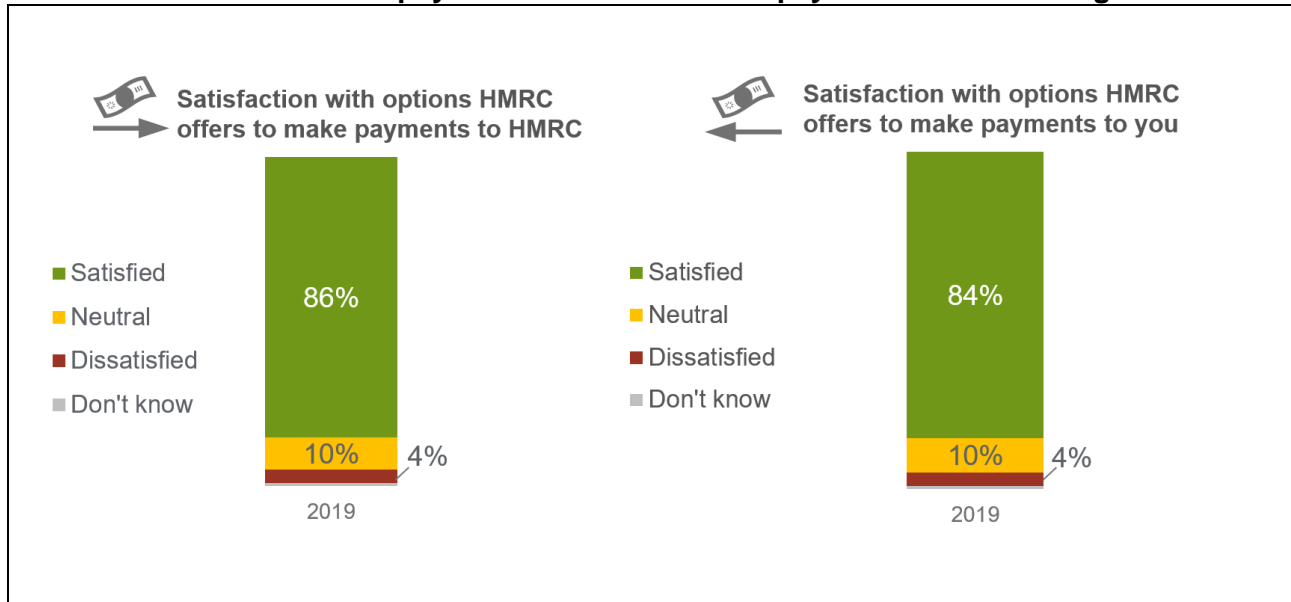
Satisfaction with both was high, with 86% giving a positive rating for methods to make payments to HMRC and 84% rating methods to receive payments positively.

In both cases, the following types of Agent were more likely to give a positive rating:

- Agents with turnover up to £10,000 compared with those with a higher turnover (92% vs 86% respectively for making payments and 95% vs 82% respectively for receiving payments).
- Those who gave a positive rating for their overall experience compared with those who gave a neutral or negative rating (92% vs. 79% for making payments and 91% vs. 78% for receiving payments).

- Those who gave a positive rating for ease of dealing with tax issues compared with those who gave a neutral or negative rating (92% vs. 80% for making payments and 92% vs. 76% for receiving payments).

**Chart 5.10 Satisfaction with payment methods to make payments to HMRC - Agents**

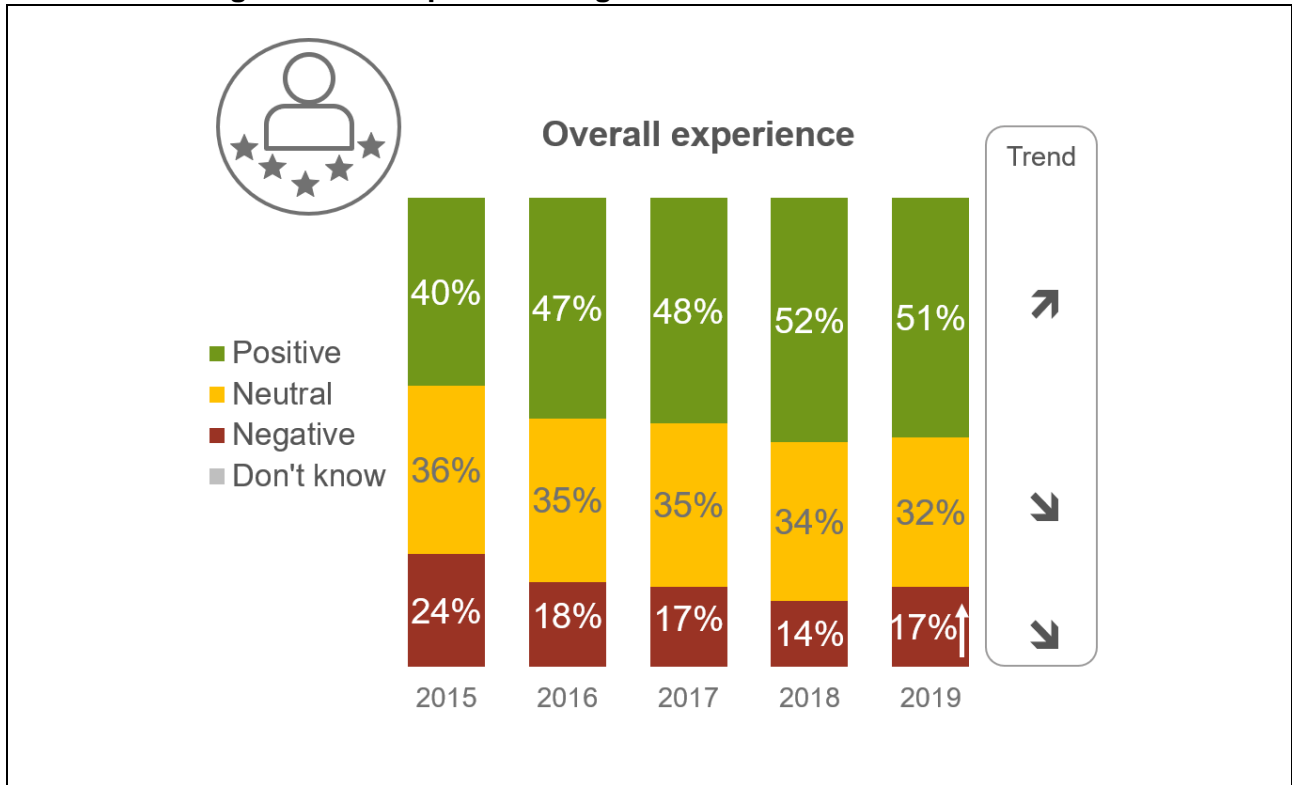


Q6paymentmake HMRC has a range of methods that individuals and businesses can use to make payments to HMRC. On a scale of 1-5, where 5 is very satisfied and 1 is very dissatisfied, please rate how satisfied you are with the options HMRC offers you to make payments to HMRC. Base: Random half of sample (2019: 1163). 1% of respondents selected Don't Know. Q6paymentreceive HMRC has a range of methods to pay individuals and businesses. On a scale of 1-5, where 5 is very satisfied and 1 is very dissatisfied, please rate how satisfied you are with the options HMRC offers to make payments to you. Base: Random half of sample (2019: 1163) 1% of respondents selected Don't Know.

### 5.3.4 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 (51%, up from 40% in 2015). They were correspondingly less likely to report a negative overall experience (17%, down from 24% in 2015). However, there has been a slight increase in the proportion reporting a negative overall experience since 2018 (up three percentage points from 14%).

**Chart 5.11 Rating of overall experience - Agents**



Q3overall Thinking of all your experiences of HMRC over the last 12 months, please rate HMRC on a scale of 1 to 5, where 5 is very good and 1 is very poor. Base: All respondents who had an interaction with HMRC (excluding Not applicable) (2015: 2623; 2016: 2617; 2017: 2617, 2018: 2337; 2019: 2342)

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

- Bookkeeping firms were more likely to have a positive customer experience (65%) than accountancy firms and other types of Agents (43% and 48% respectively).
- Agents who used online-only contact channels to interact with HMRC were more likely to have had a positive overall experience (73%) than those that had interacted with HMRC both online and on the telephone (44%).
- Six in ten (61%) Agents with 0 employees were positive, compared with four in ten (40%) Agents with employees.
- Agents with turnover of up to £10,000 were more likely to have a positive customer experience (68%) compared with Agents with turnover of more than £10,000 (48%).

### 5.3.5 Primary areas for improvement

By comparing the importance of each customer experience 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 2.3.6.

The primary areas for improvement are presented in Chart 5.12:

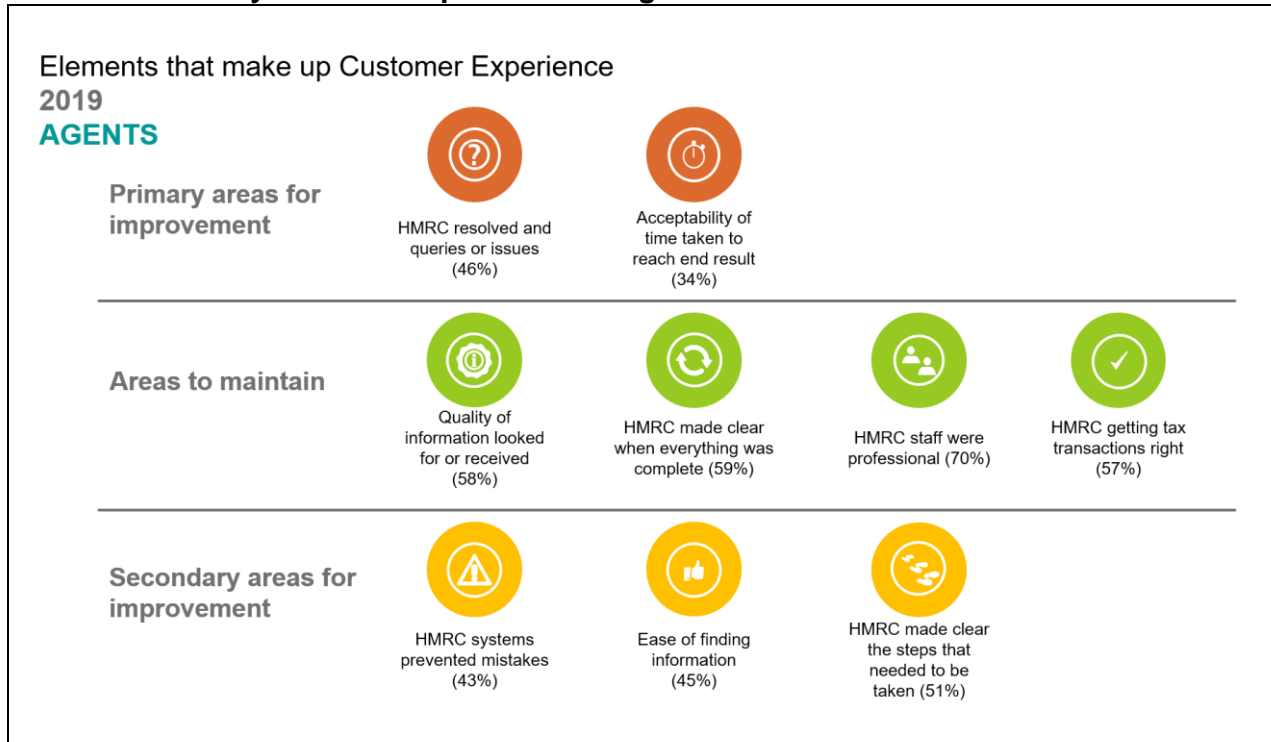
- The dimensions labelled as “primary areas for improvement” are the primary areas to address in order to have the biggest positive impact on overall customer experience.



- The dimensions labelled as “secondary areas for improvement” are the secondary areas to address to improve overall experience.
- And the dimensions labelled “areas to maintain” 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.

**Chart 5.12 Primary areas for improvement - Agents**

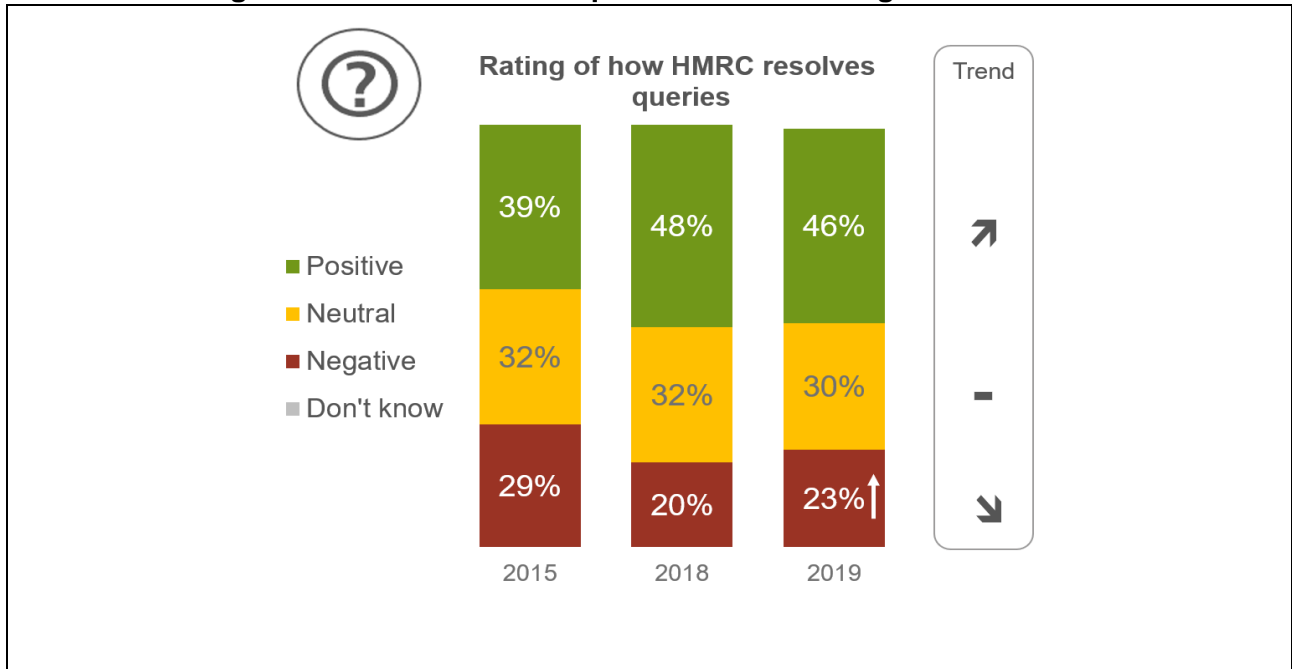


## Primary areas for improvement

### Resolving queries

Positive ratings for HMRC resolving queries or issues increased since 2015 (46% in 2019, up from 39% in 2015) while negative ratings decreased to 23% (from 29% in 2015). There was no change in positive ratings since 2018, but there was an increase in negative ratings between 2018 (20%) and 2019 (23%). (Chart 5.13).

**Chart 5.13 Rating of how HMRC resolves queries or issues – Agents**



Q3owner Thinking specifically about the outcomes of all of your dealings with HMRC in the last 12 months... On a scale of 1 to 5, where 5 is very good and 1 is very poor, how good or poor were HMRC at resolving any queries or issues?  
 Base: All Respondents (excluding Not Applicable) (2015: 2519; 2018: 2218; 2019: 2216)

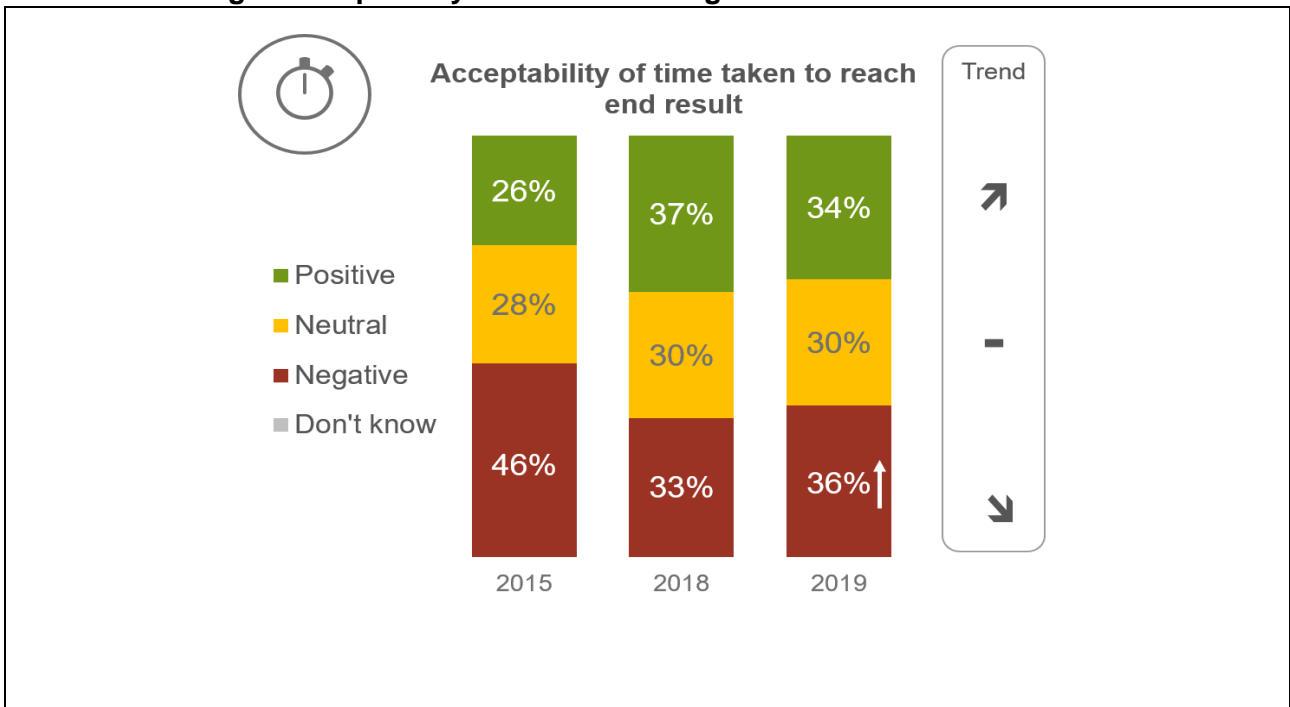
Agents using online-only channels (62%) were more positive than Agents using both online and telephone channels (42%). Agents with turnover of up to £60,000 were more likely to be positive on this measure (56%) than Agents with turnover above £60,000 (34%). Bookkeeping firms (57%) were more likely to give a positive rating than accountancy firms (41%) and other types of Agents (42%).

Positive ratings for this measure were also associated with positive ratings of ease of acting on behalf of clients (69% compared with 23% who were neutral or negative), overall experience (76% compared with 16% who were neutral or negative) and personalisation of services (72% compared with 27% who were neutral or negative). Agents who gave a positive rating to the Agents dedicated line were more likely to be positive (57%) than those who gave a negative rating (12%).

**Acceptability of time taken**

In common with 2018, acceptability of time taken to reach an end result was the least positively rated dimension. However, there has been a significant improvement in perceptions since 2015. Positive ratings increased to over one-third (34%) of Agents (up from 26% in 2015) while negative ratings decreased to 36% (down from 46% in 2015) (Chart 5.14). However, negative ratings have risen since 2018, from 33% to 36%.

**Chart 5.14 Rating of acceptability of time taken - Agents**



Q3time Generally during your dealings with HMRC over the last 12 months, how acceptable was the time taken to reach the end result? Please answer on a scale of 1 to 5, where 5 is very acceptable and 1 is very unacceptable. Base: All respondents (excluding Not applicable) (2015: 2581; 2018: 2294; 2019: 2286)

Agents that had used online-only channels were twice as positive on this measure than Agents that used both online and telephone channels (60% compared with 27%). Bookkeeping firms were more positive (50%) than accountancy firms (25%) and other types of firm (36%).

Agents with fewer than ten clients were three times more likely to be positive than Agents with at least 250 clients (52% compared with 17%). Agents with turnover of up to £60,000 were more likely to be positive on this measure (45%) than Agents with turnover above £60,000 (20%).

Positive ratings for this measure related to positive ratings of ease of acting on behalf of clients (52% compared with 13% who were neutral or negative), overall experience (59% compared with 9% who were neutral or negative) and personalisation of services (56% compared with 17% who were neutral or negative).

Agents who gave a positive rating to the Agents' dedicated line were more likely to be positive (36%) than those who gave a negative rating (7%).

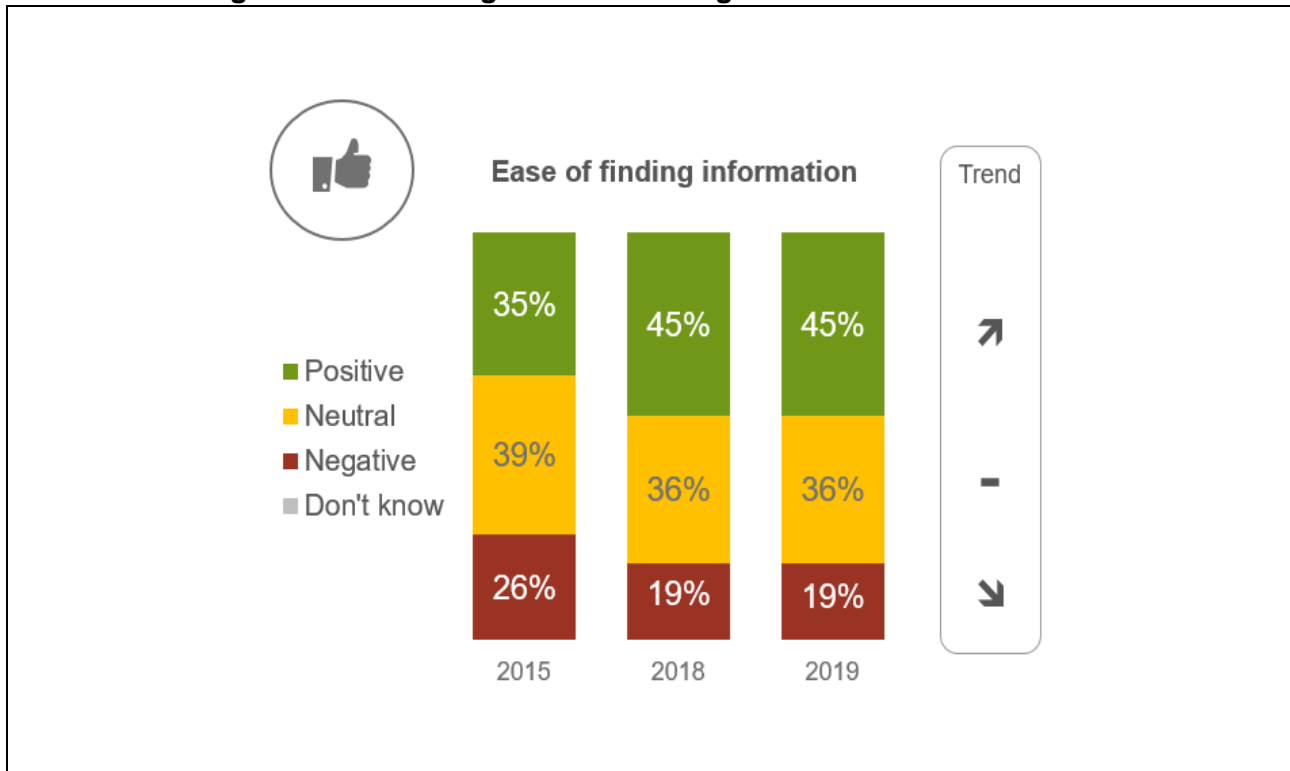
### Secondary areas for improvement

This section looks at the dimensions which were of lesser importance to Agents' overall rating of their customer experience. These are: ease of finding information, HMRC having systems that prevented mistakes and being clear about the steps Agents needed to take.

### Ease of finding information

There were improvements in perceptions of ease of finding information since 2015 (Chart 5.15). Positive ratings increased to 45%, (from 35% in 2015), while negative ratings decreased to 19% (from 26% in 2015) (Chart 5.15). There were no changes since 2018.

**Chart 5.15 Rating of ease of finding information - Agents**



Q3find On a scale of 1 to 5, where 5 is very easy and 1 is very difficult, how easy or difficult was it to find any information you needed on tax issues from HMRC? Base: All respondents (excluding Not applicable) (2015: 2571; 2018: 2285; 2019, 2300)

Agents with turnover of up to £60,000 (52%) and 0-9 clients (54%) were more positive on this measure than Agents with a turnover above £60,000 (37%) or 10+ clients (41%).

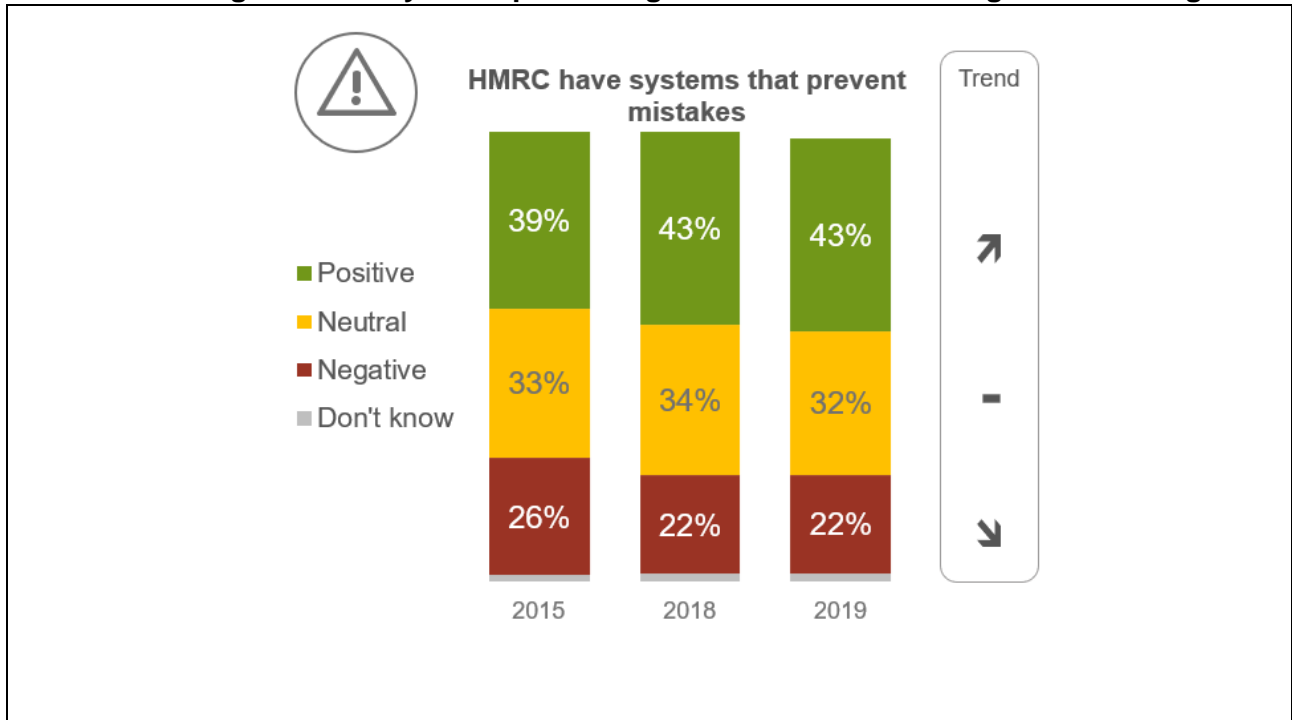
Bookkeeping firms were more positive (52%) than accountancy firms (41%). Those who interacted online only (58%) were more positive than those who used telephone and online (41%).

Positive ratings for this measure were related to positive ratings for ease of acting on behalf of clients (62% compared with 26% who were neutral or negative), overall experience (66% compared with 23% who were neutral or negative), whether services were tailored (69% compared with 27% who were neutral or negative) and the Agents' dedicated line (49% compared with 28% who were neutral or negative).

### Systems prevented mistakes

Four in ten Agents (43%) were positive about HMRC having systems that prevented mistakes and a fifth (22%) were negative (Chart 5.16). Positive ratings increased relative to 2015 (up four percentage points from 39%) and negative ratings decreased (down four percentage points from 26%). There was no change since 2018.

**Chart 5.16 Rating of HMRC systems preventing customers from making mistakes - Agents**



Q3syst On a scale of 1 to 5, where 5 is agree strongly and 1 is disagree strongly, please tell me how strongly you agree or disagree with the following statements about your dealings with HMRC in the last 12 months. “HMRC had systems which were good at preventing customers from making mistakes”. Base: All respondents (excluding Not Applicable) (2015: 2489; 2018: 2179; 2019, 2202). 1% of respondents in 2015, 2% in 2018 and 2% in 2019 selected Don't Know.

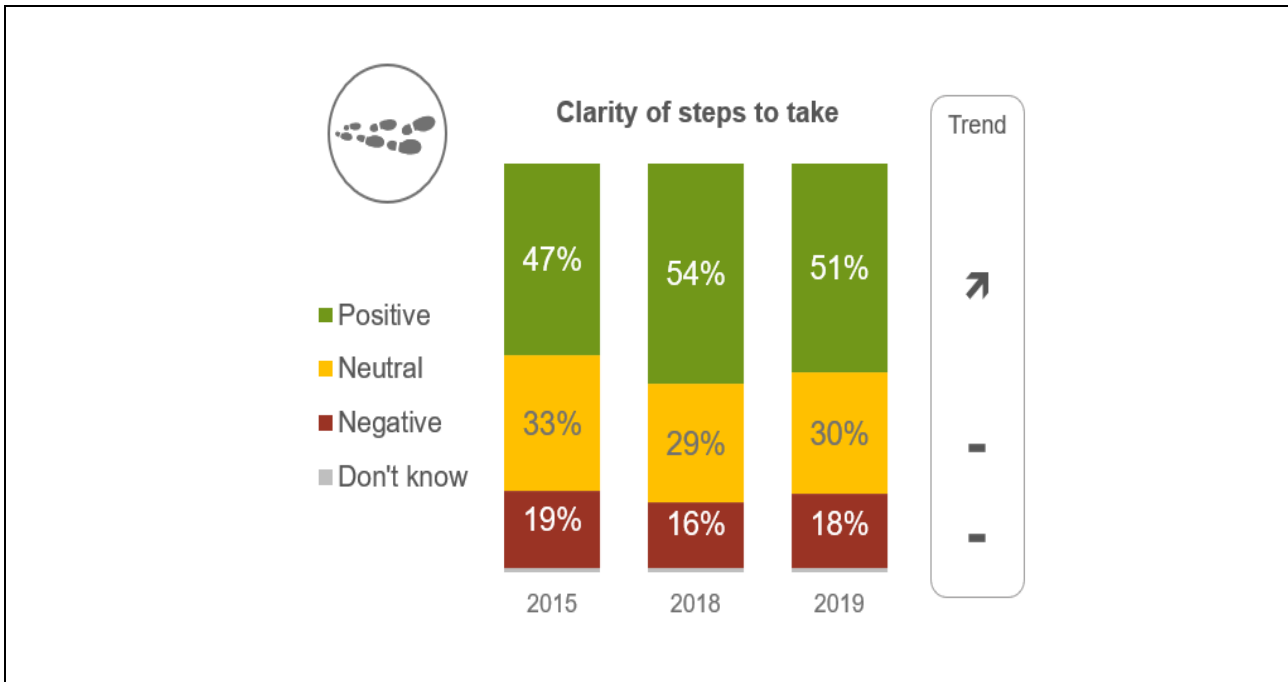
Consistent with the general trend, bookkeepers were more positive than accountancy firms (56% compared with 38%) and other types of agent (37%). Agents with a turnover up to £10,000 (59%) were more likely to be positive on this measure than Agents with a higher turnover (40%). Those interacting online only (63%) were also more positive than those interacting by telephone and online (38%).

Positive ratings for this measure related to positive ratings for ease of acting on behalf of clients (63% compared with 22% who were neutral or negative), overall experience (70% compared with 17% who were neutral or negative), personalisation of services (70% compared with 24% who were neutral or negative) and the Agents’ dedicated helpline (44% compared with 26% who were neutral or negative).

**Clarity of steps needed to take**

Half of Agents (51%) were positive that HMRC made clear what steps needed to be taken, while one in five (18%) were negative (Chart 5.17). Positive ratings increased since 2015 (47%). There was no change relative to 2018.

**Chart 5.17 Rating of clarity of steps needed to take - Agents**



Q3navi\_1 Please tell me how strongly you agree or disagree with the following statement about any of your dealings with HMRC in the last 12 months. "HMRC made clear what steps I needed to take". Base: All respondents (excluding Not applicable) (2015: 2513; 2018: 2268, 2019, 2266). 1% of respondents in 2015, 2018 and 2019 selected Don't Know.

Subgroup differences were similar to other measures:

- Agents who interacted through online channels only were more positive than Agents using both online and telephone channels (67% compared with 46%).
- Bookkeeping firms were more positive (60%) than accountancy firms (47%) and other types of Agents (48%).
- Agents with a turnover of up to £60,000 (58%) or with 0 employees (56%) were more positive than those with a turnover over £60,000 (42%) or employees or more (46%).
- Positive ratings for this measure related to positive ratings for ease of acting on behalf of clients (71% compared with 30% who were neutral or negative), overall experience (77% compared with 25% who were neutral or negative), personalisation of services (77% compared with 32% who were neutral or negative) and the Agents' dedicated line (57% compared with 29% who were neutral or negative).

The increase in positive ratings since 2015 was driven by larger Agents (e.g. 250+ clients 36% in 2015, compared with 43% in 2019).

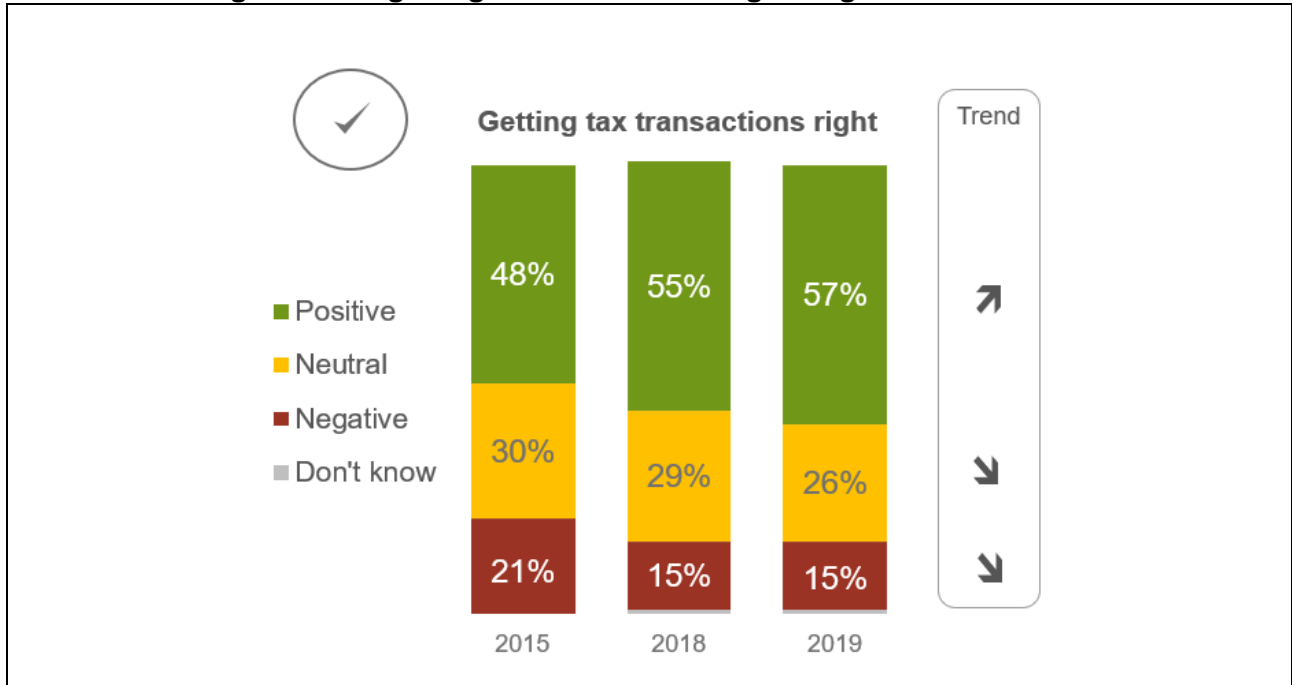
### Areas to maintain

The dimensions explored in this section were areas where HMRC performed well and should at least maintain performance to ensure a positive customer experience. These were getting transactions right, being professional, being clear when everything was completed and the quality of information looked for / received.

### HMRC getting tax transactions right

Nearly six in ten (57%) Agents were positive about HMRC getting tax transactions right, an increase since 2015 (48%). Correspondingly, negative ratings decreased over this time period (15% in 2019, down from 21% in 2015) (Chart 5.18). There was no change since 2018.

**Chart 5.18 Rating of HMRC getting tax transactions right - Agents**



Q3right Thinking about all of your experiences of HMRC over the last 12 months... Overall, on a scale of 1 to 5, where 5 is very good and 1 is very poor, how good or poor were HMRC at getting tax transactions right? Base: All respondents (excluding Not applicable) (2015: 2565; 2018: 2271; 2019: 2267)

Agents that only used online channels (72%) were more positive on this measure than those using both online and telephone channels (53%).

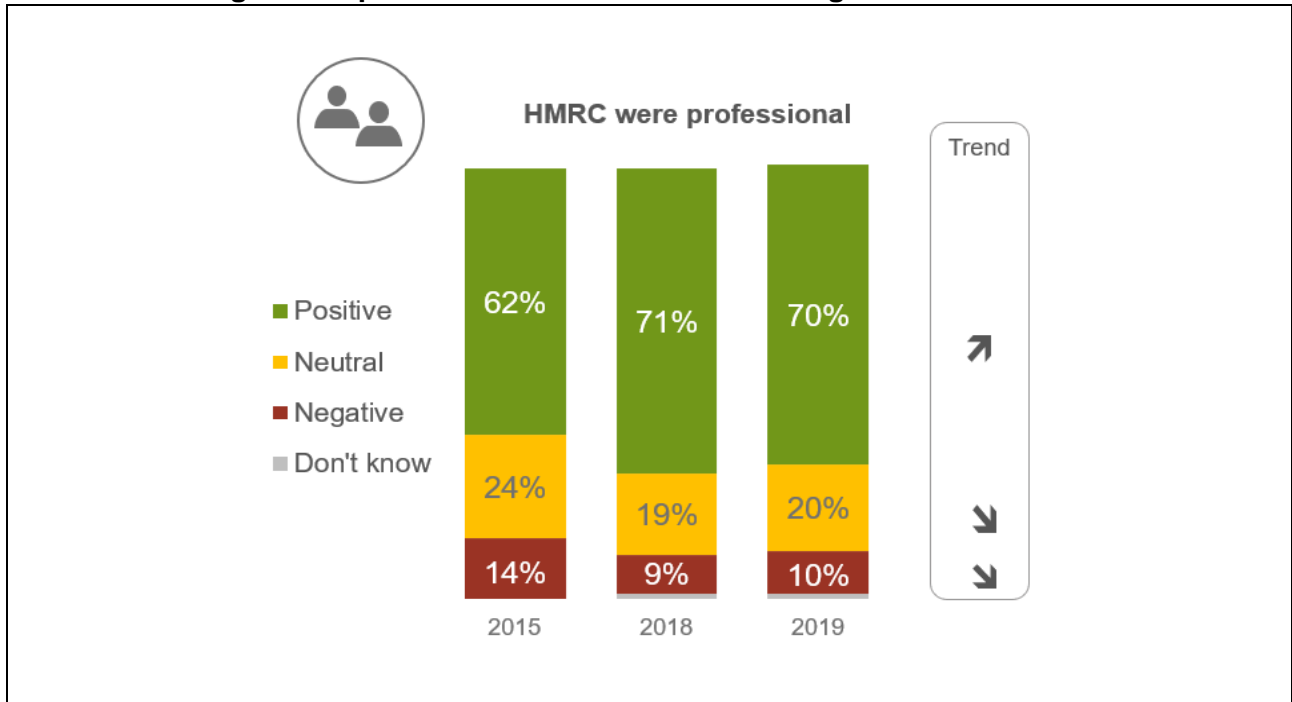
The trends seen for Agent subgroups throughout the report are evident here too, with bookkeeping firms (67%), Agents with 0 employees (64%) and Agents with a turnover of up to £60,000 (66%) being more positive than their counterpart groups (accountancy firms 53% and other types of Agents (54%), Agents with 1+ employee (47%) and those with a turnover above £60,000 (47%).

Positive ratings for this measure were related to positive ratings for ease of acting on behalf of clients (76% compared with 36% who were neutral or negative), overall experience (83% compared with 30% who were neutral or negative), personalisation of services (80% compared with 40% who were neutral or negative) and the Agents dedicated line (63% compared with 37% who were neutral or negative).

### HMRC were professional

HMRC being professional was the most positively rated dimension by Agents and ratings improved since 2015, with seven in ten Agents (70%) being positive (up from 62% in 2015) (Chart 5.19). There was no change relative to 2018.

**Chart 5.19 Rating of how professional HMRC staff were – Agents**



Q3staff On a scale of 1 to 5, where 5 is agree strongly and 1 is disagree strongly, please tell me how strongly you agree or disagree with the following statements about your dealings with HMRC in the last 12 months. “HMRC were professional”. Base: All respondents (excluding Not applicable) (2015: 2600; 2018: 2270; 2019, 2288). 1% of respondents in 2018 and 2019 selected Don't Know.

Agents using online-only channels were more positive than Agents using both online and telephone channels (80% compared with 67%). Agents with 0 employees (74%) and bookkeeping firms (77%) were more positive than agents with employees (65%) and accountancy firms (65%).

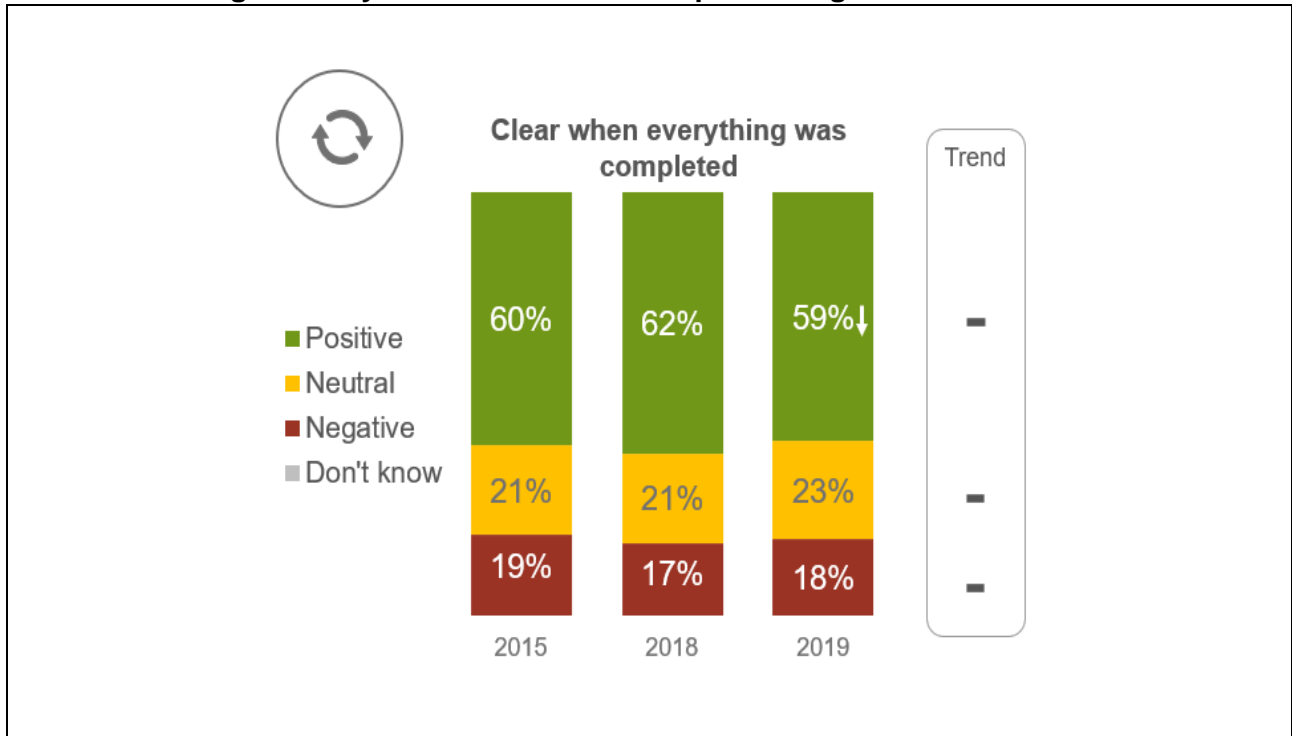
Positive ratings for this measure related to positive ratings for ease of acting on behalf of clients (84% compared with 53% who were neutral or negative), overall experience (92% compared with 47% who were neutral or negative), personalisation of services (91% compared with 53% who were neutral or negative) and the Agents dedicated line (78% compared with 49% who were neutral or negative).

**Clear when everything was completed**

Six in ten Agents (59%) were positive about HMRC making it clear when everything was completed. One in five Agents (18%) were negative, while a quarter (23%) were neutral. There have been no changes in performance on this measure since 2015 (Chart 5.20), but there was a slight drop in positive ratings since 2018 (62%).



**Chart 5.20 Rating of clarity when transaction completed - Agents**



Q3navi HMRC made it clear when everything was completed in last 12 months. Base: All respondents (excluding Not applicable) (2015: 2502; 2018: 2260; 2019: 2244)

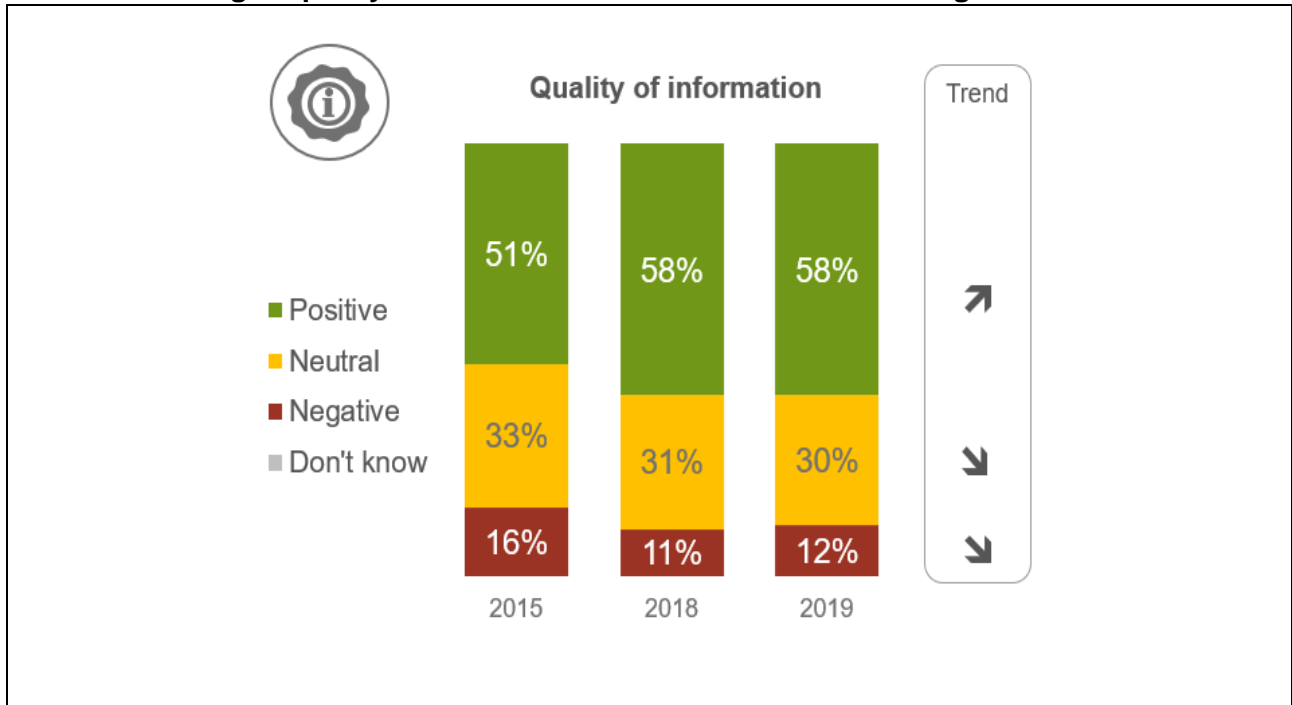
Agents with turnover of up to £10,000 were more likely to be positive on this measure (74%) than Agents with higher turnover (57%). Bookkeeping firms were more positive (69%) than accountancy firms (53%) and other types of Agents (55%). The decrease in positive ratings since 2018 was driven by bookkeeping firms (74% in 2018, compared with 69% in 2019).

Positive ratings for this measure related to positive ratings for ease of acting on behalf of clients (76% compared with 41% who were neutral or negative), overall experience (81% compared with 36% who were neutral or negative), personalisation of services (80% compared with 43% who were neutral or negative) and the Agents dedicated line (61% compared with 43% who were neutral or negative).

**Quality of information**

Six in ten Agents (58%) were positive about the quality of information looked for or received in the previous 12 months, while negative ratings decreased to one in eight (12% in 2019, down from 16% in 2015) (Chart 5.21). Positive ratings increased from 51% in 2015.

**Chart 5.21 Rating of quality of information looked for or received - Agents**



Q3qual Quality of information looked for or received from HMRC in last 12 months Base: All respondents (excluding not applicable): (Small Business: 2015: 2469; 2018: 2322; 2019: 2369) (Agents: 2015: 2604; 2018: 2268; 2019: 2319) (Individuals: 2015: 1666; 2018: 1505; 2019: 1507)

Agents with turnover of up to £60,000 (66%) and those with 0 employees (64%) were more likely to be positive on this measure than Agents with turnover above £60,000 (50%) or those with employees (52%).

Bookkeeping firms were more positive (67%) than accountancy firms and other types of Agents (53% for both).

Those who used online only channels were more positive (71%) than those using telephone and online (54%).

Positive ratings for this measure were related to positive ratings for ease of acting on behalf of clients (79% compared with 35% who were neutral or negative), overall experience (85% compared with 30% who were neutral or negative), whether services were tailored (84% compared with 38% who were neutral or negative) and the Agents' dedicated line (64% compared with 38% who were neutral or negative).

### 5.3.6 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 5.22 and 5.23).

## *Ease of dealing with tax issues and fairness*

Half (50%) gave a positive rating for ease of dealing with tax issues (Chart 5.22) over the past 12 months. This was an increase since 2015 (46%). One in five gave a negative rating (19%), which decreased since 2015 (22%). There was no change between 2018 and 2019.

Two-thirds (66%) of Agents agreed that HMRC treated their clients fairly, up from 60% in 2015 (Chart 5.22). Negative ratings for clients being treated fairly decreased slightly between 2015 (13%) and 2019 (10%). Ratings remained consistent between 2018 and 2019.

There was a strong association between ratings for overall experience and other service measures. For ease of dealing with tax issues:

- 78% of Agents who gave a positive rating for overall experience were positive compared with 23% who were neutral or negative.
- 78% of Agents who gave a positive rating for tailored services were positive compared with 38% who were neutral or negative.
- 70% of Agents who gave a positive rating for the Agents Dedicated Helpline were positive compared with 33% who were neutral or negative.

Similarly, for fairness:

- Agents who had a positive overall experience were more positive (88%) than those who gave a neutral or negative rating (45%)
- Agents who were positive about the ease of dealing with tax issues were more positive (84%) compared with those who gave a neutral or negative rating (49%)
- Agents who were positive about tailoring of services were more positive (89%) compared with those who were neutral or negative (51%)

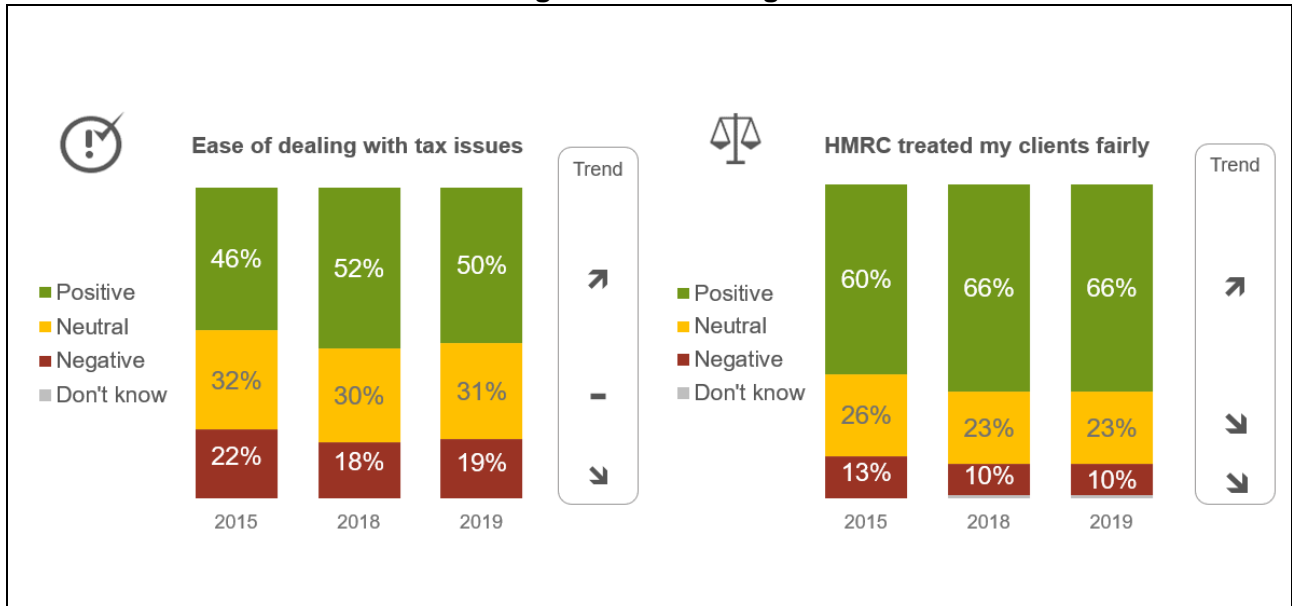
For ease of dealing with tax issues and fairness, Agents using online-only channels (70% and 78% respectively) were more positive than Agents using both online and telephone channels (45% and 64%). Agents who were bookkeepers were more likely to give a positive rating (60% and 74% respectively) compared with accountancy firms (46% and 63% respectively) and other types of agent (48% and 65% respectively).

For ease of dealing with tax issues, Agents with turnover up to £10,000 (68%), 0 employees (58%) and 0-9 clients (62%) were more positive than those with turnover above £10,000 (48%), employees (43%) and ten or more clients (46%).

The increase in positive ratings since the baseline for ease of dealing with tax issues was in part driven by Agents with 250+ clients – 40% gave a positive rating in 2019 compared with 34% in 2015. For fairness, positive ratings increased amongst Agents with 10-19 employees from 41% in 2015 to 56% in 2019.

Agents that gave a positive rating for clarity of steps they needed to take were more likely to give a positive rating (70%) compared with 29% of agents who gave a neutral or negative rating.

**Chart 5.22 Ease and fairness of dealing with HMRC - Agents**



Q4ease Over the last 12 months how easy or difficult have you found it to deal with tax issues on behalf of your clients? Please answer on a scale of 1 to 5, where 5 is very easy, and 1 is very difficult. Base: All respondents (excluding Not applicable) (2015: 2534; 2018: 2240; 2019, 2239); Q4fair Please tell me how strongly you agree or disagree with the following statement. "HMRC treated my clients fairly". Base: All respondents (excluding Not applicable) (2015: 2516; 2018: 2231; 2019, 2224). 1% of respondents in 2018 and 2019 selected don't Know.

**Personalisation of services and the extent to which online services are joined up**

Positive ratings for services being personalised have increased since 2015 (41% in 2019, up from 34% in 2015), but have remained the same since 2018 (Chart 5.23).

Agents who had dealings with HMRC online were asked about the extent to which they agreed or disagreed that information and services provided online by HMRC were joined up. This measure was introduced in 2018. (Chart 5.23). Overall two in five (39%) gave a positive rating on this dimension, three in ten (31%) a neutral rating and one in four (27%) a negative rating. There was no change relative to 2018.

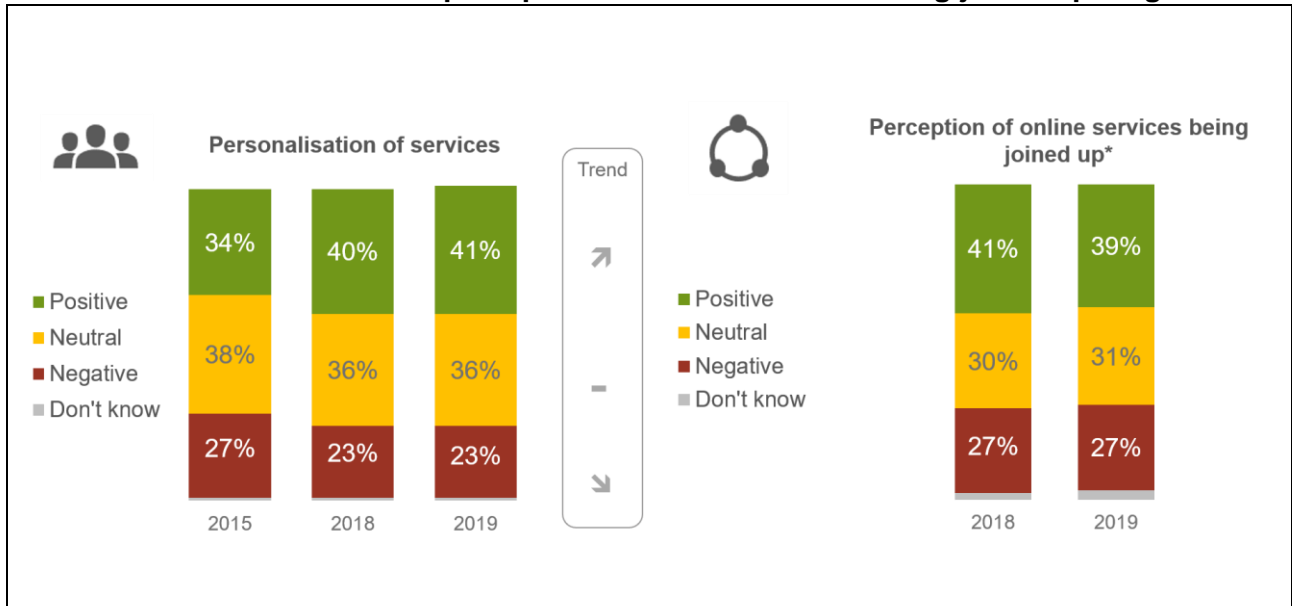
Agents who used online only channels were more positive about personalisation (52%) and online services being joined up (54%) than those who used telephone and online (37% and 35% respectively).

Bookkeeping firms were more positive about personalisation (51%) and online services being joined up (48%) than accountancy firms (35% and 34%). For online services being joined up, other types of agent (45%) also gave a higher rating than accountancy firms.

Smaller firms were more positive than larger ones regarding personalisation of services, with half (49%) of businesses with 0 employees giving a positive rating compared with 32% with employees.

The increase in positive ratings since 2015 for personalisation of services was in part driven by other types of agents, with 43% giving a positive rating in 2019 compared with 31% in 2015.

**Chart 5.23 Personalisation and perceptions of online services being joined up – Agents**



Q4person How strongly do you agree or disagree that over the last 12 months the information and services provided by HMRC have been tailored to you and your clients? Base: All respondents (excluding Not applicable) (2015: 2555; 2018: 2237; 2019, 2224). 1% of respondents in 2015, 2018 and 2019 selected Don't Know; Q4integrate Thinking about all of the information you have viewed and services you have used on HMRC webpages over the last 12 months, how strongly do you agree or disagree that the information and services provided online by HMRC are joined up? Base: All respondents who had dealings with HMRC online (excluding Not applicable) (2018: 2156; 2019: 2144) \*This question was not asked in 2015, 2016 or 2017. 2% of respondents in 2018 and 3% in 2019 selected Don't Know.

## 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 (22% in 2019, up from 17% in 2015). There was a decrease in negative ratings for this measure, with 39% of Agents giving a negative rating in 2019, compared with 52% in 2015. Ratings have not changed since 2018.

Positive ratings for efficiency were associated with positive ratings for overall experience and other service measures. Agents who gave a positive rating for overall experience were more likely to be positive (38%) compared with those who gave a neutral or negative rating (6%). Similarly, those who gave a positive rating of ease of acting on behalf of clients were more likely to be positive (36%) compared with those who gave a neutral or negative rating (8%). Agents who gave a positive rating for tailoring of services were more positive (42%) compared with those who gave a neutral or negative rating (9%).

Agents who had contact online only were more likely to give a positive rating (30%) compared with those who had contact online and by telephone (20%). Bookkeeping firms (27%) and other types of agent (28%) were more positive than accountancy firms (18%). There was a particular increase in positive ratings amongst other types of Agents from 15% in 2015 to 28% in 2019.

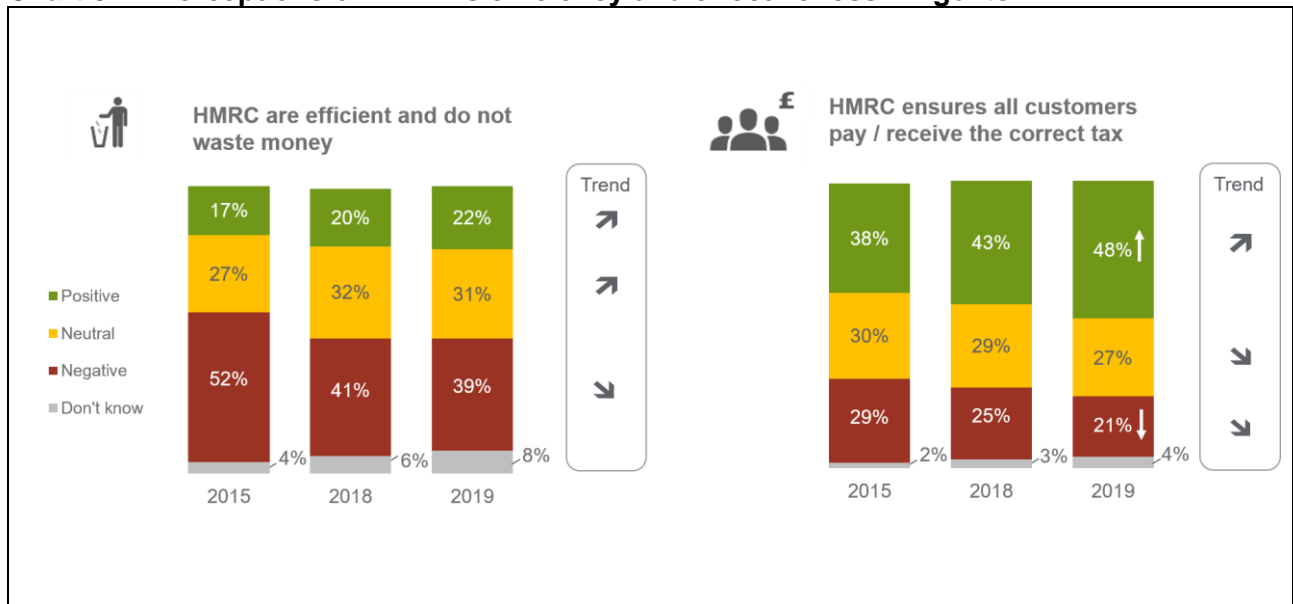
Agents with 0 employees were more likely to give a positive rating (25%) compared with Agents with employees (19%).

Positive ratings among Agents with 10 or more employees increased since 2015: ratings from Agents with 10-19 employees went up from 7% in 2015 to 17% in 2019 and ratings from those with 20+ employees increased from 6% in 2015 to 19% in 2019.

There was an increase in positive ratings for effectiveness (ensuring all customers pay / receive the correct tax) both since 2015 and since 2018 (48% in 2019, up from 38% in 2015 and 43% in 2018). Negative ratings for effectiveness decreased, from 29% in 2015 and 25% in 2018 to 21% in 2019.

Agents with 0 employees were more likely to give a positive rating (53%) compared with Agents with employees (43%). Positive ratings across all sizes of Agents have increased since 2015 and 2018, but particularly those with 0 employees (44% positive in 2018 against 53% in 2019).

**Chart 5.24 Perceptions of HMRC's efficiency and effectiveness – Agents**



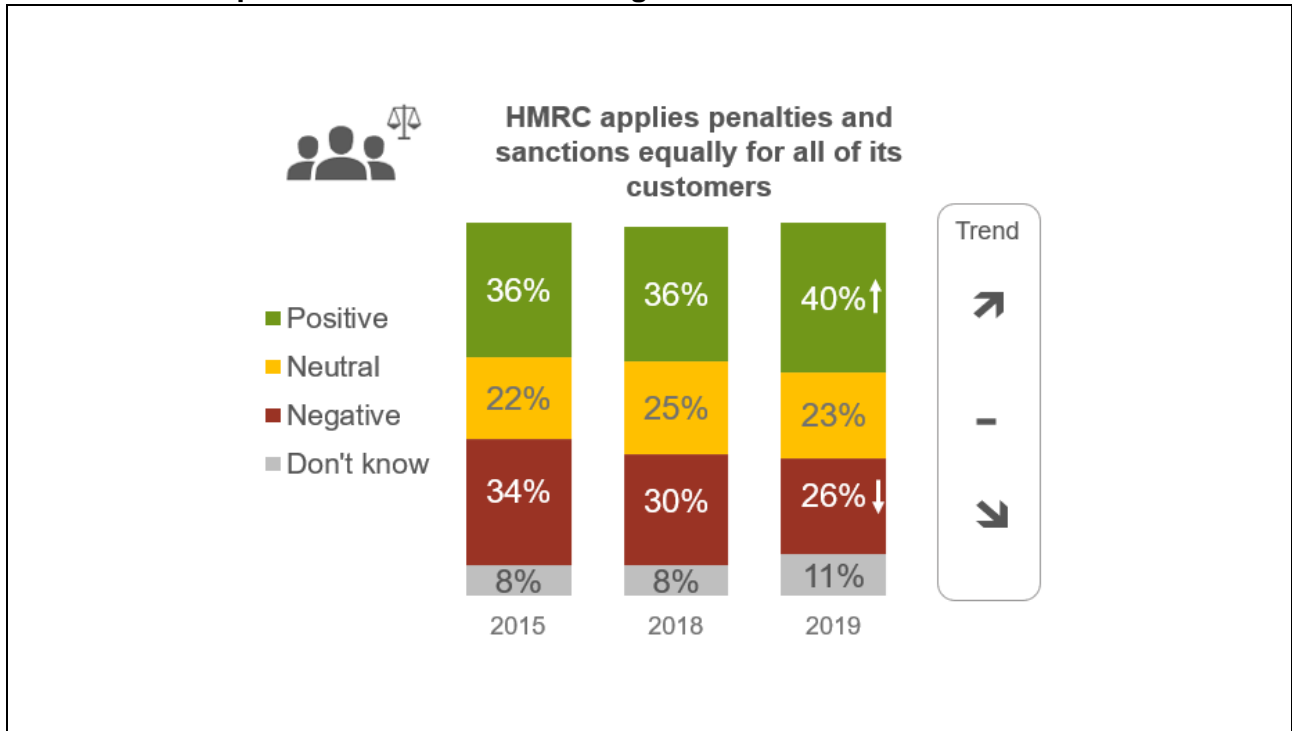
Q5rep To what extent do you agree or disagree with the following statements? Please answer on a scale of 1 to 5, where 5 is agree strongly, and 1 is disagree strongly. "HMRC is an efficient organisation that does not waste money" / "HMRC ensures all of its customers pay or receive the correct amount of tax" Base: All respondents (2015: 2630; 2018: 2351; 2019: 2349). 4% of respondents in 2015 selected Don't Know for HMRC is an efficient organisation that does not waste money. 2% of respondents in 2015, 3% in 2018 and 4% in 2019 selected Don't Know for "HMRC ensures all of its customers pay or receive the correct amount of tax."

Positive ratings for HMRC’s fairness have increased from 36% in 2015 and 2018 to 40% in 2019 and there has been a corresponding decrease in negative ratings from 34% in 2015 and 30% in 2018 to 26% in 2019.

Unlike other measures, there was no difference by size of Agent or type of firm for fairness.

Positive ratings amongst Agents with 1-9 employees rose from 36% in 2018 and 33% in 2015, to 43% in 2019 in part driving the increase in positive ratings overall.

**Chart 5.25 Perceptions of HMRC fairness – Agents**



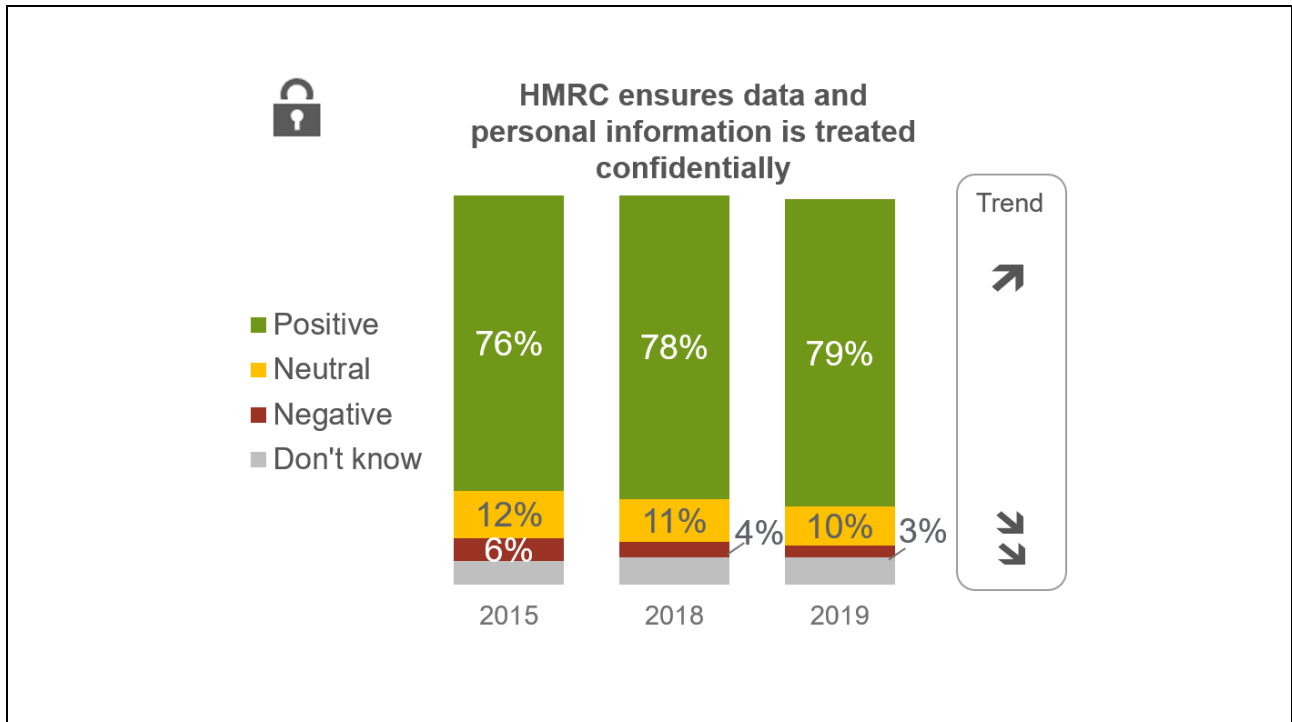
Q5rep To what extent do you agree or disagree with the following statements? Please answer on a scale of 1 to 5, where 5 is agree strongly, and 1 is disagree strongly. “HMRC applies penalties and sanctions equally for all of its customers”  
 Base: All respondents (2015: 2630; 2018: 2351; 2019: 2349)

### 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 (79%) were positive about HMRC treating customers’ data and personal information confidentially (Chart 5.26).

Positive ratings amongst Agents with 20+ employees increased from 75% in 2015 to 81% in 2019, while positive ratings amongst “other types” of agents also increased from 69% in 2015 to 78% in 2019.

**Chart 5.26 HMRC ensures data and personal information is treated confidentially – Agents**



Q5data On a scale of 1 to 5, where 5 is agree strongly and 1 is disagree strongly, please tell me how strongly you agree or disagree with the following statement: “HMRC ensures that customers’ data and personal data is treated confidentially” Base: All respondents (2015: 2630; 2018: 2351; 2019: 2349). 6% of respondents in 2015, 7% in 2018 and 7% in 2019 selected Don’t Know.

### 5.4.3 Overall confidence in HMRC

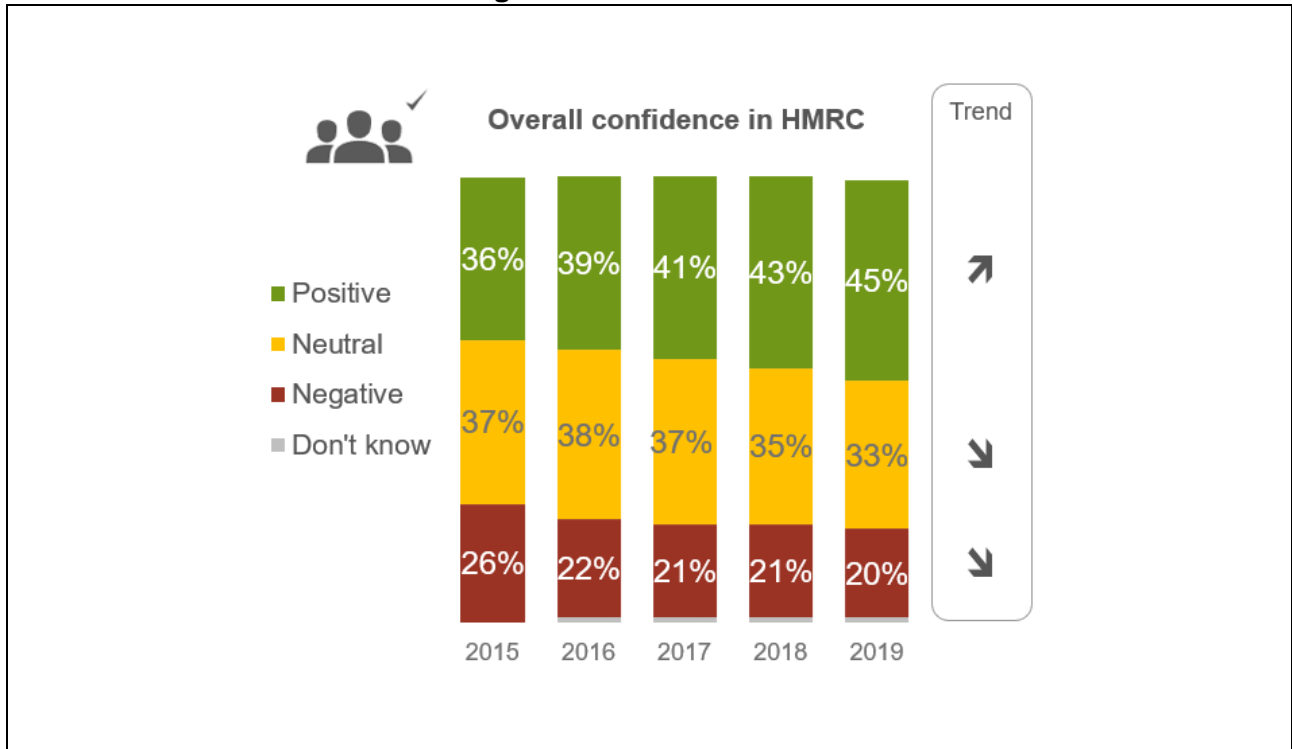
Over four in ten Agents (45%) were confident in the way that HMRC does its job, an increase since 2015 (36%). The proportion of Agents that were not confident decreased from a quarter (26%) in 2015 to one in five (20%) in 2019 (Chart 5.27). There were no changes since 2018.

There was an association between confidence in HMRC and overall experience – those who gave a positive rating of their overall experience were much more likely to have confidence in HMRC (73%) compared with those who gave a neutral rating for overall experience (23%) and a negative rating (6%). Levels of confidence were also high among Agents that regarded HMRC as an efficient (89%), effective (68%) or fair (65%) organisation.

As with the service measures discussed earlier, Agents with 0 employees were more confident (52%) compared with 39% with employees. Those interacting online only (56%) were more confident than those using telephone and online (42%). Bookkeeping firms reported having more confidence (53%) than accountancy firms (41%) or other types of agent (44%).



**Chart 5.27 Confidence in HMRC - Agents**



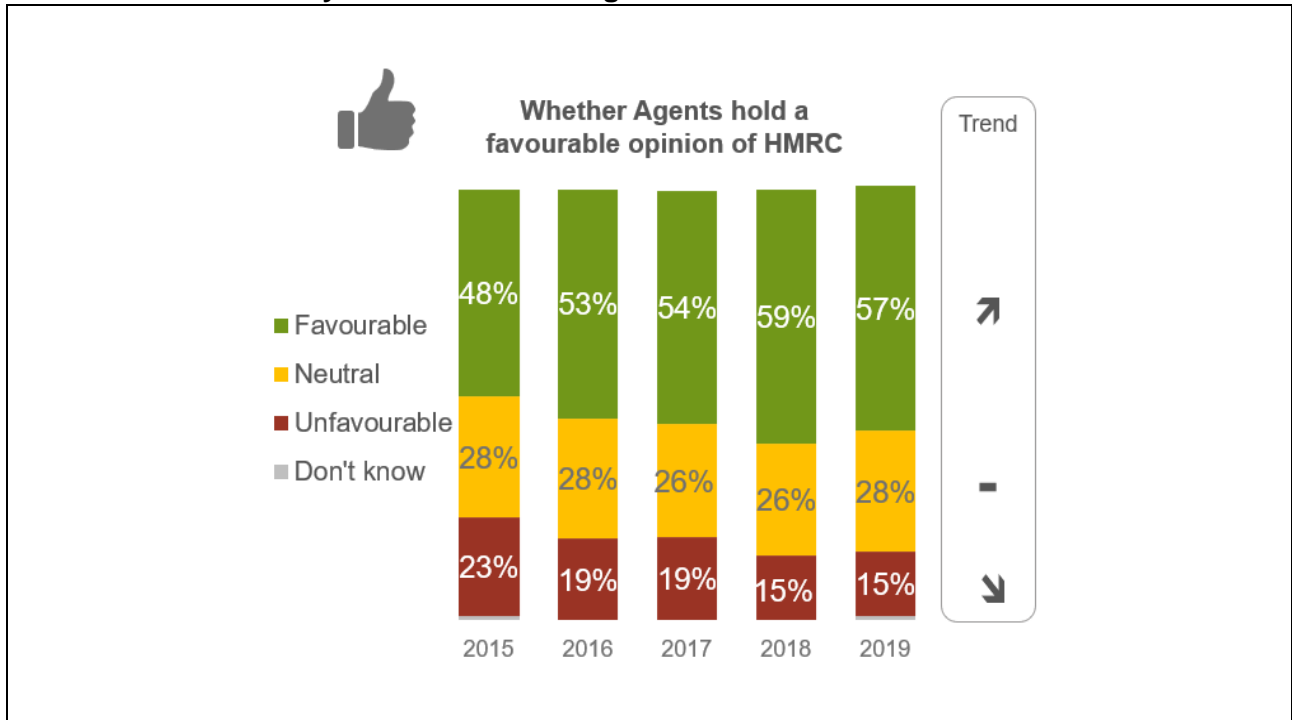
Q5conf How confident are you in the way HMRC are doing their job? Please rate HMRC on a scale of 1 to 5 where 5 is very confident and 1 is not at all confident. Base: All respondents (2015: 2630; 2016: 2635; 2017: 2639; 2018: 2351; 2019: 2349). 1% of respondents in 2016, 2017, 2018 and 2019 selected Don't Know.

#### 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 5.28, Chart 5.29).

Six in ten (57%) 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). There were no changes since 2018.

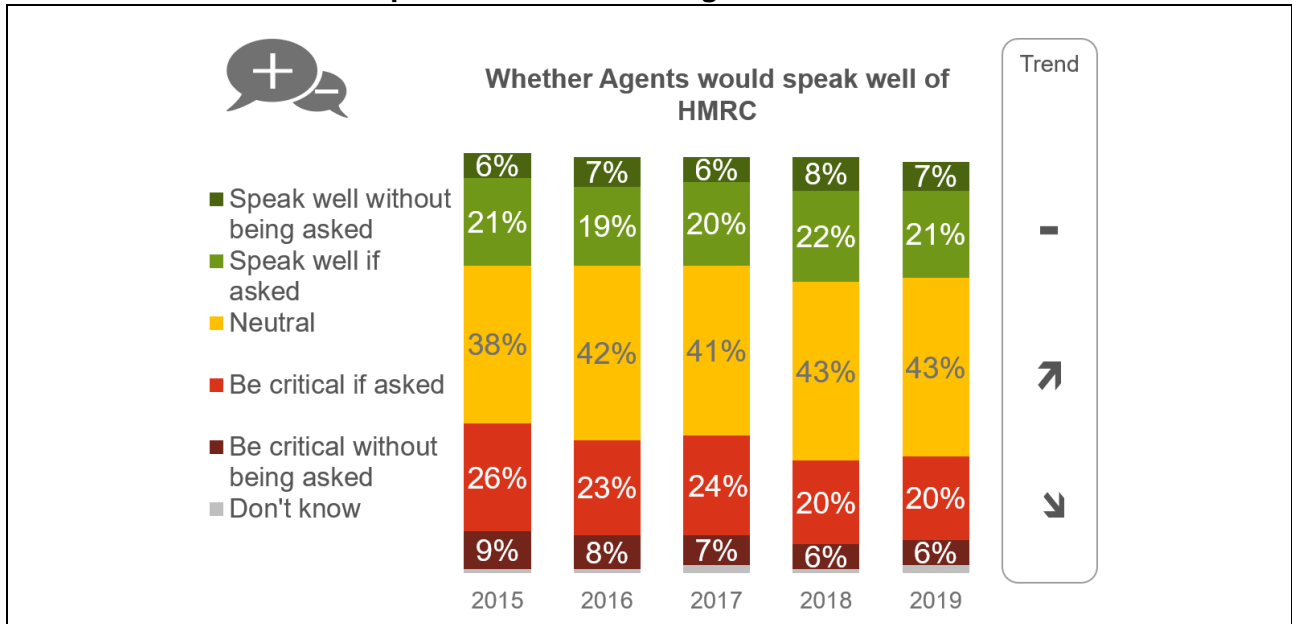
**Chart 5.28 Favourability towards HMRC - Agents**



Q5favor And how favourable or unfavourable is your overall opinion of HMRC taking into account everything you think is important? Base: All respondents (2015: 2630; 2016: 2635; 2017: 2639; 2018\*: 1213; 2019\*: 1163). \*In 2018 and 2019, these questions were asked to a random half of all respondents who were asked Q5favor and Q5advo. 1% of respondents in 2015 and 2019 selected Don't Know.

Levels of advocacy remain lower than favourability. Three in ten (28%) would speak favourably about HMRC to others while a quarter (27%) would be critical. Fewer Agents said they were critical of HMRC in 2019 than 2015 (35% in 2015 to 27% in 2019) and there had been a shift towards a neutral position (38% in 2015 to 43% in 2019).

**Chart 5.29 Whether would speak well of HMRC - Agents**



Q5advo Which of these phrases best describes the way you would speak about HMRC to other people or organisations?  
 Base: All respondents (2015: 2630; 2016: 2635; 2017: 2639; 2018\*: 1213; 2019\*: 1163). 1% of respondents in 2015, 1% in 2016, 2% in 2017, 1% in 2018 and 2% in 2019 selected Don't Know. \*In 2018 and 2019, these questions were asked to a random half of all respondents who were asked Q5favor and Q5advo

Agents with fewer than 10 clients were more favourable (69%) than Agents with 10 or more clients (52%). A similar trend was observed for levels of advocacy where Agents with fewer than 10 clients were more likely to advocate for HMRC (36%) than Agents with 10 or more clients (25%).

Agents using online-only channels were more favourable (73%) compared with those who used both online and telephone contact methods (52%). This was also evident for advocacy (35% for online only compared with 26% for telephone and online).

Favourability overall has increased since 2015. The increase in positive ratings since 2015 was in part driven by Agents with 5-9 employees (40% in 2015 to 54% in 2019).

Favourability was associated with ratings of overall experience, with 86% of Agents who gave a positive rating of their overall experience being favourable towards HMRC compared with 37% of those who gave a neutral rating and 11% who gave a negative rating.

Ratings of favourability and advocacy were inter-linked. Nearly half (47%) of Agents who gave a positive rating for favourability also said they would advocate for HMRC compared with three per cent who gave a neutral and negative rating respectively.

## 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. No comparative measures are presented for tax avoidance between 2019 and 2018 as the question wording was changed in 2018, following cognitive testing. The question wording used in 2019 was the same as used in 2016 and 2017. For the first time in 2019, Agents were asked whether they thought the sanctions available to HMRC were effective in deterring individuals and businesses from deliberately not declaring all their income.

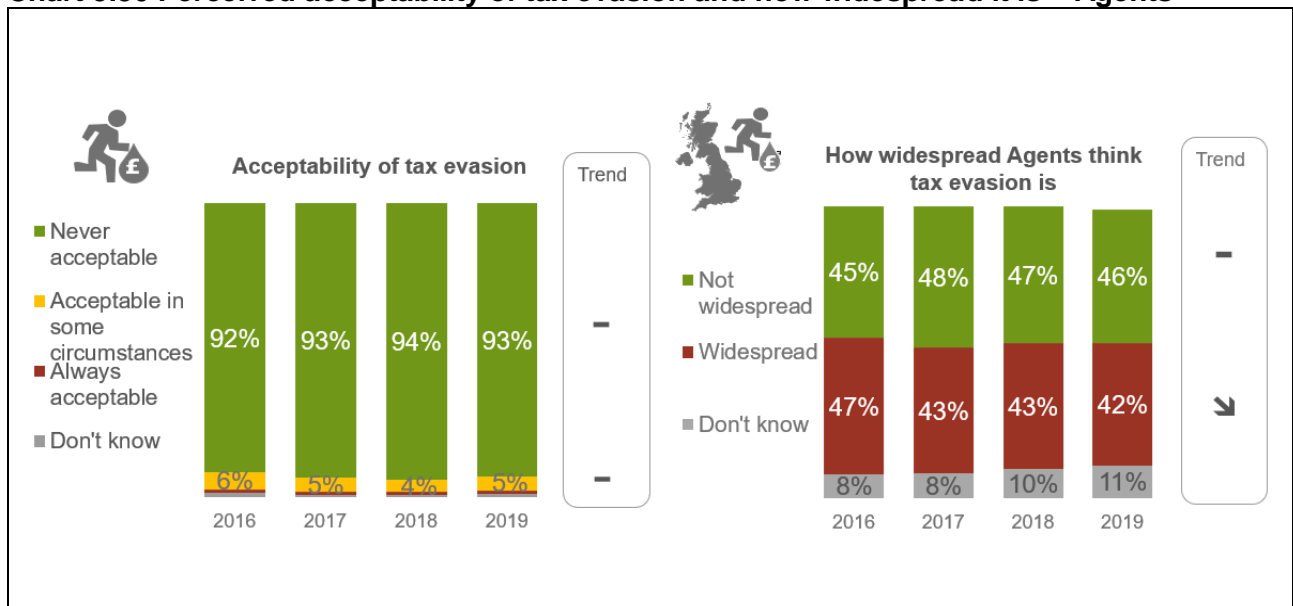
### 5.5.1 Acceptability and extent of tax evasion and perceptions on levels of detection

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 5.30).

Over nine in ten Agents (93%) believed tax evasion was never acceptable. There was no increase in positive ratings for this measure over time. There was also no variation between subgroups in 2019.

Two in five (42%) thought tax evasion was widespread, a decrease since 2016 (47%) (Chart 5.30). Ratings for those who thought tax evasion was not widespread have not changed over time.

**Chart 5.30 Perceived acceptability of tax evasion and how widespread it is – Agents**



Q6reduce Some individuals and businesses try and reduce the amount of tax they have to pay by not declaring all of their income to HMRC. Which of these statements comes closest to your views about individuals and businesses doing this? Base: All respondents (2016: 2635; 2017: 2639; 2018: 2351; 2019: 2349). 1% of respondents in 2015, 2017, 2018 and 2019 agreed it was always acceptable for individuals and businesses to try and reduce the amount of tax they have to pay by not declaring all of their income to HMRC. 1% of respondents in 2015, 2017, 2018 and 2019 selected Don't Know; Q6declare In your view, how widespread do you think it is for individuals and businesses to not declare all their income for tax? Base: All respondents (2016: 2635; 2017: 2639; 2018: 2351; 2019: 2349).

Agents with a turnover up to £10,000 were more likely to think tax evasion is widespread (53%) compared with Agents with a turnover above £10,000 (42%).

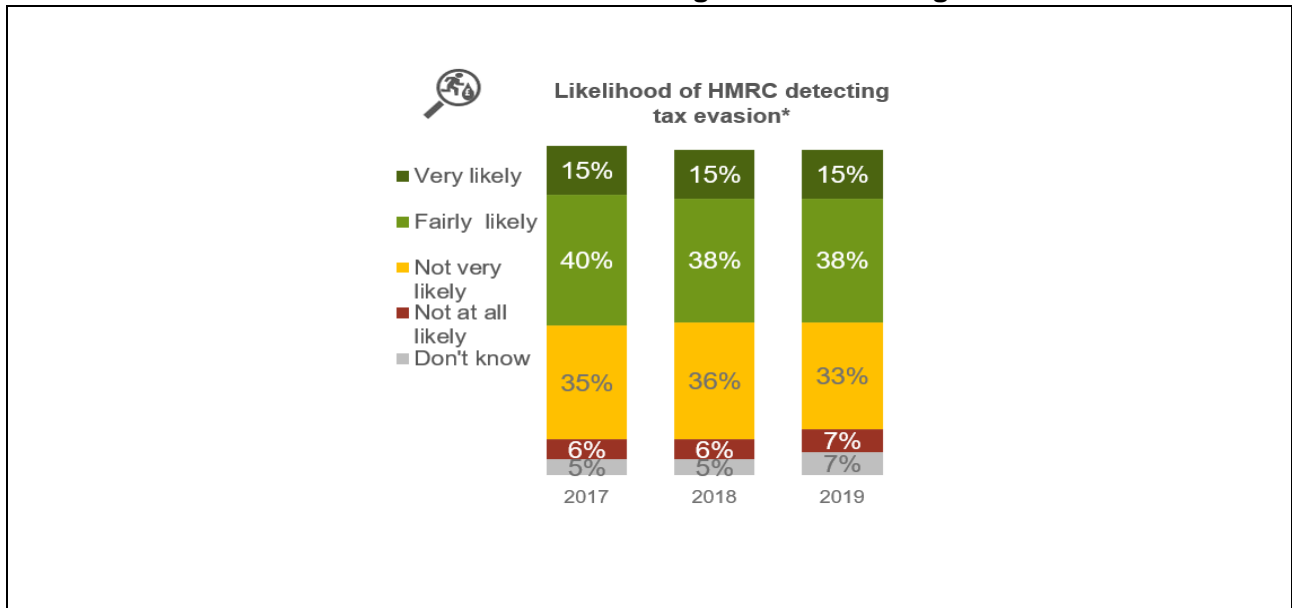
Bookkeeping firms and ‘other’ types of firms were more likely to think tax evasion is widespread (both 50%) compared with accountancy firms (37%).

The overall reduction since 2016 in the proportion of Agents that felt tax evasion is widespread was driven by accountancy firms, which has decreased from 47% in 2016 to 37% in 2019.

### 5.5.2 Perceptions of HMRC detecting tax evasion

About half (53%) thought it likely that HMRC would detect tax evasion, showing no change since this was first asked in 2017 (Chart 5.31).

**Chart 5.31 Perceived likelihood of HMRC detecting tax evasion – Agents**



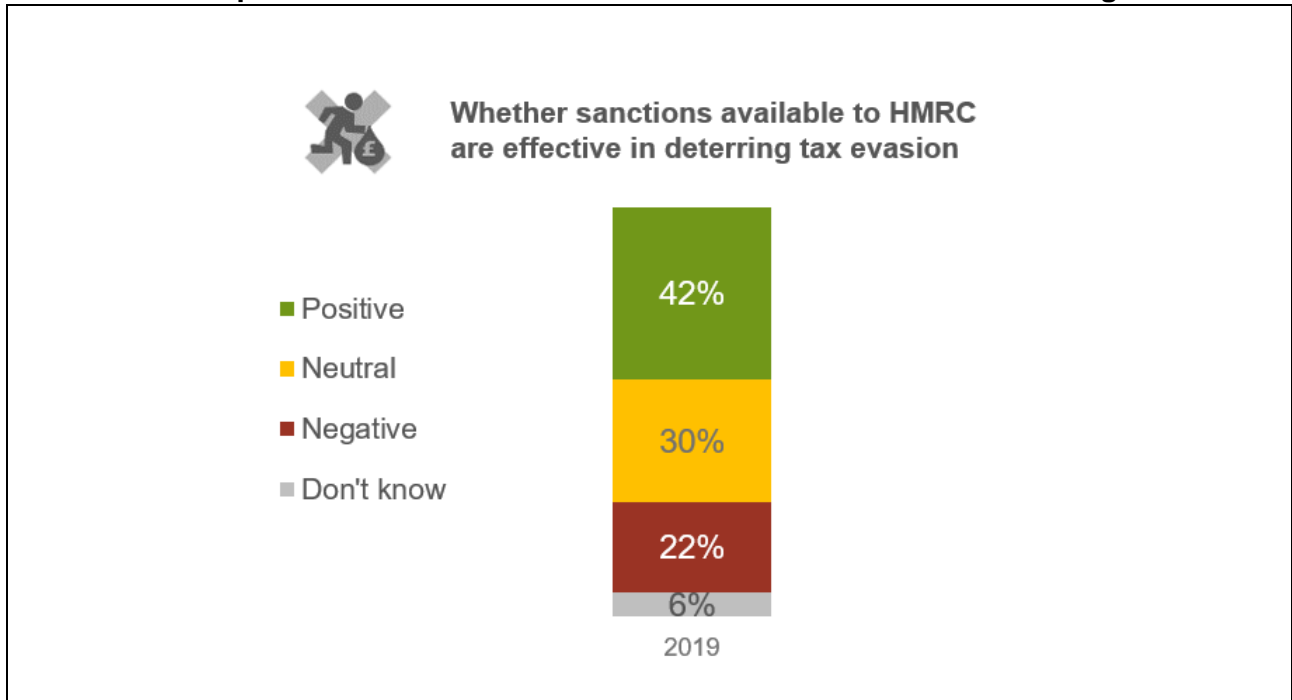
Q6caught How likely do you think it is for those deliberately not declaring all their income to be detected by HMRC?  
 Base: All respondents (2017: 2639; 2018: 2351; 2019: 2349) \*This question was not asked in 2016.

Positive views about HMRC’s detection of tax evasion were higher among Agents with a positive overall experience of HMRC (60%) than those with a neutral (50%) or negative (40%) overall experience. Bookkeeping firms were more likely to think HMRC would detect tax evasion (59%) than accountancy firms (51%).

### 5.5.3 Perceptions of sanctions available to HMRC to deter tax evasion

For the first time in 2019, Agents were asked whether they thought the sanctions available to HMRC are effective in deterring individuals and businesses from deliberately not declaring all their income (Chart 5.32). Four in ten Agents (42%) agreed sanctions are effective.

**Chart 5.32 Perceptions of sanctions available to HMRC to deter tax evasion - Agents**



Q6deterrents On a scale of 1-5, where 1 is strongly disagree and 5 is strongly agree, to what extent do you agree or disagree with the following statement. The sanctions available to HMRC are effective in deterring individuals and businesses from deliberately not declaring all their income. Base: Half of sample not asked q5favor and q5advo (2019: 1186)

Agents with a positive overall experience of HMRC were more likely to agree that sanctions available to HMRC are effective in deterring people from evading tax (49%) than those with a neutral (37%) or negative (30%) experience.

Agents who believed it is likely for HMRC to detect somebody evading tax were more likely to be positive on this measure (52%) than those who believed HMRC are not likely to detect somebody evading tax (29%).

### 5.5.4 Acceptability and extent of tax avoidance

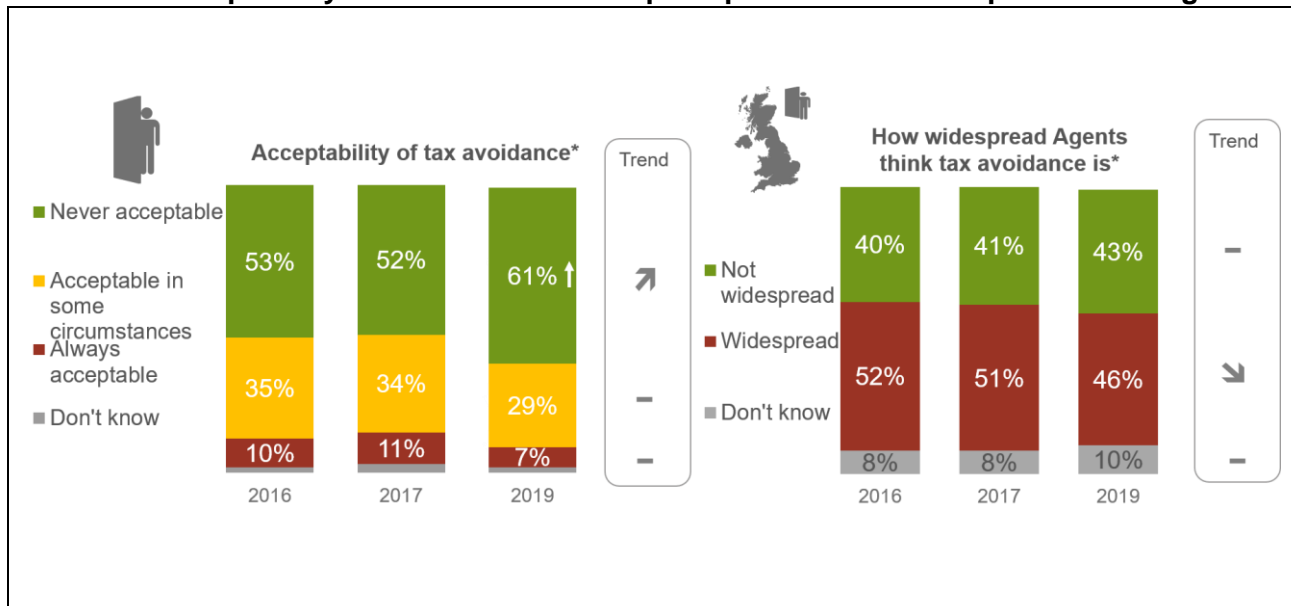
Agents were also asked about the acceptability of tax avoidance, which was described as people trying to 'exploit tax rules to gain a tax advantage that Parliament didn't intend – in other words, operating within the letter, but not the spirit of the law'. The 2019 figures can be compared with 2016 and 2017 but not 2018, due to a change in question wording in 2018. The question wording used in 2019 was the same as used in 2016 and 2017.

A higher proportion of Agents thought tax avoidance was never acceptable in 2019 (61%) than in 2017 (53%) and 2016 (53%).

This increase was evident across all sub-groups.

Just under half (46%) of Agents thought tax avoidance was widespread, a decrease since 2016 (53%).

**Chart 5.33 Acceptability of tax avoidance and perception of how widespread it is – Agents**



Q6exploit Some people try to exploit tax rules to gain a tax advantage that Parliament didn't intend – in other words, operating within the letter but not the spirit of the law. Which of these statements best describes your view of how acceptable it is to do so? Base: All respondents (2016: 2635; 2017: 2639; 2018: 2351; 2019: 2349). 2% of respondents in 2016, 3% in 2017 and 2% in 019 selected Don't Know; Q6behaviour In your view, how widespread do you think this type of behaviour is by individuals and businesses? Base: All respondents (2016: 2635; 2017: 2639; 2018: 2351; 2019: 2349) \*The wording of this question was changed in 2018 and is not directly comparable to previous years.

Bookkeeping firms were more likely to agree that tax avoidance was never acceptable (72%) than accountancy firms (54%) and other types of Agents (64%).

Agents with turnover of up to £60,000 were more likely to agree that tax avoidance was widespread (50%) than Agents with turnover above £60,000 (43%).

## 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 first time and keep on top of their affairs. Since April 2019 under MTD, VAT registered businesses with turnover above the VAT threshold have been required to keep their VAT records digitally and submit their VAT returns 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 2019<sup>33</sup> as follows: 'HMRC is introducing changes to how businesses provide information relating to their tax obligations. Since April 2019 VAT registered businesses with taxable turnover above the VAT threshold have been required to keep their tax records digitally and to file returns to HMRC directly through compatible software. Businesses with a taxable turnover below the VAT threshold can participate voluntarily. This is known as Making Tax Digital. Some self-employed businesses and landlords can voluntarily

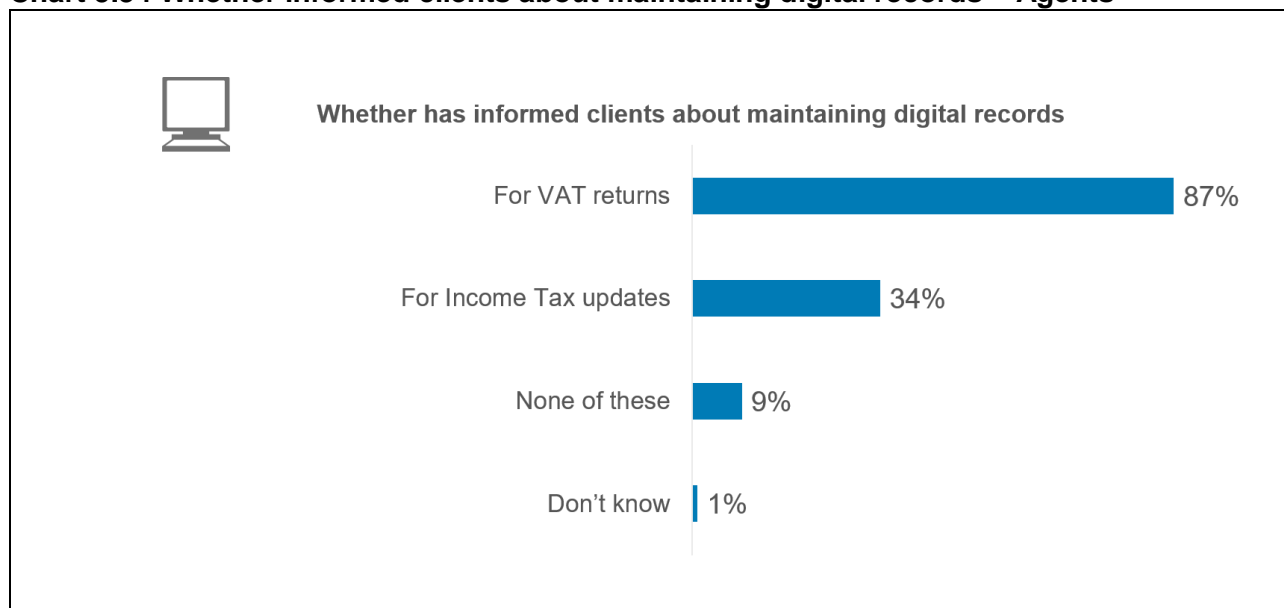
<sup>33</sup> This explanation changed between 2018 and 2019.

use software to keep their business records digitally and send Income Tax updates to HMRC as part of the Making Tax Digital for Income Tax pilot.'

### 5.6.1 Whether Agents have informed clients about maintaining digital records and filing returns via Making Tax Digital

The majority of Agents said they had informed their clients about maintaining records and filing returns via MTD. Nearly nine in ten (87%) had done so for VAT returns and a third (34%) had done so for Income Tax updates. Only nine per cent had not done either.

**Chart 5.34 Whether informed clients about maintaining digital records – Agents**



Q2client Whether has informed clients about maintaining digital records and filing returns via MTD for... . Base: All respondents: (Agents: 2019: 2349)

'Other types' of firm were most likely not to have informed their clients (33%) compared with 10% of bookkeeping firms and five per cent of accountancy firms. The reverse was true for VAT returns, where accountancy firms (93%) were more likely to have informed their clients compared with bookkeeping firms (86%) and other types of Agents (56%).

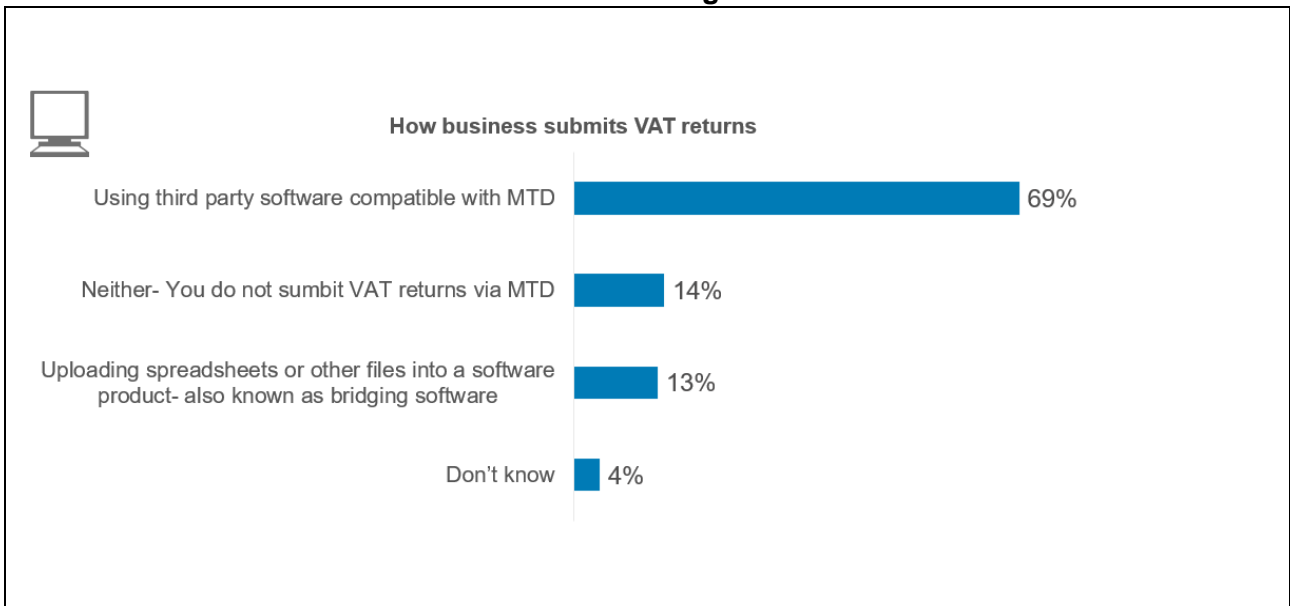
Agents with a turnover under £10,000 (22%) were less likely to have informed clients about the changes than those with a turnover above £10,000 (7%).

### 5.6.2 How the business submits VAT returns

In 2019, Agents were asked how their business submits VAT returns. Over two-thirds (69%) said they use third party software compatible with Making Tax Digital, while 13% said they upload spreadsheets or other files into a software product which converts data to the format required for Making Tax Digital. Only 14% said they do not submit VAT returns via Making Tax Digital.



**Chart 5.35 How business submits VAT returns – Agents**



Q6prepare Description of how the business submits VAT returns. Base: All respondents: (Agents: 2019: 2349).

Agents whose turnover was above the VAT threshold (£85,000) were more likely to use third party software (78%) compared with agents with turnover below the VAT threshold (64%). Agents below the VAT threshold were more likely to confirm they did not submit VAT records via MTD (22%) compared with 3% over the VAT threshold.

Accountancy (70%) and bookkeeping (75%) firms were much more likely than other types of agent (41%) to use third party software.