



HM Revenue  
& Customs

# HMRC's Transformation Roadmap

The government's plan to transform  
the tax and customs system



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## About this document

The Transformation Roadmap outlines the government's vision for a more efficient, modernised and automated tax and customs system.

This will enable HMRC to collect more of the tax that is due while enabling individuals and businesses to focus more on what matters to them – contributing to the government's mission in its Plan for Change to boost economic growth.

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# Executive summary

HM Revenue and Customs (HMRC) has a vital purpose – collecting the money that funds public services. This work plays a pivotal role in the government's ambitions to invest in our country, grow the economy, and deliver the Prime Minister's Plan for Change.

## Introduction

Since the department was created 20 years ago, the tax and customs landscape has changed considerably. The government is determined to build a tax and customs system that is fit for the future, and its long-term ambition is for a simpler tax and customs system in which interactions, services and fulfilment of tax obligations fit seamlessly into the way that customers run their lives and businesses.

The government's vision is for everyday tax and customs tasks, processes and compliance to happen with minimal effort thanks to simplified tax processes, the application of new technologies such as artificial intelligence (AI) and more digital self-serve options for customers. This will mean compliance is easy for the majority who want to get their tax and customs duties right, minimising opportunities for inadvertent errors. For the minority who are deliberately non-compliant, HMRC will take swift action to identify and penalise them.

As part of this ambition the Valuation Office Agency (VOA) will be integrated with HMRC by April 2026. The VOA plays a pivotal role in the property tax system of England and Wales, and moving the VOA's functions into HMRC will provide greater flexibility and support the government to deliver change more quickly. As well as delivering 5 to 10% of savings in administrative costs by the end of the spending review period, this will improve the experience of taxpayers and businesses and support the delivery of the government's commitments to reform business rates and modernise the tax system.

The government have invested around £7 billion per year over the spending review period – investment that will establish the critical foundations for its ambition for HMRC and that will begin to make this ambition a reality. HMRC will also become more productive by delivering a further £773m of efficiencies by 2028 to 2029. During the spending review period, the Exchequer Secretary to the Treasury has set 3 clear priorities for HMRC: improving day-to-day performance and the customer experience; closing the tax gap; and reforming and modernising the tax and customs system.

This roadmap details the actions that HMRC will take to achieve each of these priorities and the changes that customers can expect to see. It also sets out how the department will deliver change differently, in close collaboration with partners and stakeholders across the tax and customs system, and it puts shorter-term changes in the context of the government's longer-term vision for tax and customs administration. You can find a summary of the detail in the roadmap below or you can read the detailed specifics in the full HMRC Transformation Roadmap.



## Improving day-to-day performance and the customer experience

HMRC is designing and delivering more digital self-serve options for customers, enabling them to have greater control over their tax affairs and complete routine tasks online or in the app without needing to call or write. In 2024 to 2025 19.7 million customers interacted digitally with their Personal Tax Account and 10 million customers used the Business Tax Account. HMRC's app is regularly in the top 5 finance apps in the UK and in 2024 to 2025 had approximately 6 million users.

The department will become a digital-first organisation with a minimum of 90% of interactions undertaken digitally by 2029 to 2030. This will be an increase from around 76% currently. HMRC will expand the range and type of online services it provides across tax regimes to customers and intermediaries whilst ensuring that its services meet the HMRC Charter standards. The HMRC app and online tax accounts will be the first point of contact for most customers, with new functionality and added features.

These online channels will be accessed through the introduction of a more straightforward and secure login process and enhanced by new AI powered assistants, voice biometrics and personalised digital experiences that make it easier for customers to navigate their tax affairs.

Digitally excluded customers, as well as customers in vulnerable circumstances or who have complex tax affairs, will continue to receive targeted support and be able to speak with an adviser if they need advice. HMRC is committed to ensuring services for these customers meet the Charter standards over the period of the spending review.

## Closing the tax gap

The tax gap stands at 5.3% based on the most recent data from 2023 to 2024 and the government is determined to reduce it. The vast majority of customers try to get their tax right. This can be made more difficult if their tax affairs are complex, leading to honest errors and careless mistakes. However, there has also been an increase in cases where taxpayers deliberately under-report or hide their income and manipulate tax rules.

To make it easier for customers to get their taxes right and for HMRC to recover money owed to the governments of the United Kingdom, HMRC is investing in its people, services, standards and technology. AI and third-party data will improve identification of compliance risks and the actions needed to prevent them. This includes greater use of AI analytical tools to assess risks and to provide automated nudges to help customers pay what they owe.

The government has agreed extra investment for 5,500 new compliance officers who will work with improved tools and receive training to identify those at risk of non-compliance, recovering more of the money owed. The government is also investing in 2,400 more debt management officers, who will work to reduce the debt balance by using targeted debt collection activities towards those who can pay but choose not to, and by automating processes to collect lower value debts.

HMRC is bolstering its efforts to root out wealthy and offshore tax evasion with hundreds of expert officers being recruited to focus on high-risk cases, collaborating internationally to target the agents, accountants and lawyers who enable others to hide money offshore.

Stronger measures will also be introduced to counteract fraudulent activity including offshore evasion and 'phoenixism'. As announced at Spring Statement 2025, over the next 5 years HMRC will expand its counter-fraud capability to increase the number of annual charging decisions for the most harmful fraud by 20%, compared to current levels, to 600 per year by 2029 to 2030. This increase will include frauds committed by the wealthy and through large corporations.

HMRC will improve the service it provides to small businesses, whilst addressing non-compliance where it occurs. Given the diversity of small business taxpayers, HMRC is taking a multi-faceted approach to address the small business tax gap through digitalisation, use of third-party data, and improving standards in the tax advice market.

New standards will come into effect for intermediaries operating in the tax and customs system, including the requirement for tax advisers to register with HMRC via an updated, secure process. This will provide HMRC with an improved understanding of these groups, their clients and how they operate.

## Reform and modernisation of the tax and customs system

Reforming and modernising how HMRC operates will set the department up to adapt to future changes to the tax and customs landscape.

To improve customer experience and close the tax gap HMRC needs to reform and modernise the fundamental infrastructure of tax and customs administration. Over the spending review period, HMRC will overhaul its legacy IT infrastructure and invest heavily in AI, data capabilities and new platforms that increase the security and efficiency of HMRC's operations and provide an improved picture of a customer's tax affairs and compliance risks closer to real-time.

HMRC will also simplify and modernise the tax administration framework, with a focus on simplifying tax rules and reporting thresholds, making it easier for customers to understand their liabilities.

HMRC will work with other UK government departments and devolved bodies to share data and trial processes with the potential to improve its services. This includes embarking on joint AI and digital initiatives, including the development of new AI assistants for GOV.UK guidance and a credentials sharing pilot with U.S. Customs and Border Protection.

## A future vision for the tax and customs system

The government's ambition is for a trusted tax and customs system that fits seamlessly into the way that taxpayers run their lives and businesses, making use of systems and processes customers already use.

To achieve this, transformation of HMRC and the wider tax and customs system will continue beyond the next spending review period.

HMRC will continue exploring the benefits of emerging innovations in payments and finance infrastructure, such as improvements to accounting software which integrate into systems that customers already use.



The department plans to increase and expand its use of AI to target compliance activity, guide customers to the right advice, follow up on the minority that have not paid the right tax, and empower colleagues to work more effectively. HMRC is making use of machine learning and Generative AI to streamline administrative tasks such as summarising customer calls. HMRC will continue to adopt AI responsibly, applying its established ethical and safety controls, ensuring alignment with government AI, technology and accessibility frameworks, and HMRC's Charter standards.

In an increasingly interconnected and automated digital economy, it is not just HMRC that is adopting new technology; individuals, businesses, and intermediaries will be adopting it as well. As stewards of the tax system HMRC wants to ensure that these changes genuinely improve customer experience and compliance.

HMRC will develop future plans in partnership with key stakeholders including tax advisers, software developers and the banking and payments sector. HMRC will continue its regular dialogue with these groups to consider the potential for technology to transform the tax and customs system, identifying any barriers or challenges.

## **Delivery**

How transformation takes place is important. The Prime Minister has challenged the Civil Service to go further and faster to deliver a productive and agile state and HMRC is rising to that challenge. The Exchequer Secretary, as Chair of the HMRC Board, has brought in experts to assure and challenge HMRC on its transformation, and placed an emphasis on the benefits of external challenge.

HMRC will also fundamentally shift its approach to change delivery across the tax and customs system. Against a clear strategic roadmap and strong corporate standards, there will be a move away from longer-term, larger-scale programmes and into a model of delivering regular, iterative, user-tested changes, allowing for service improvements to be rolled out more quickly, enabling customers to gain more immediate benefits.

Changes will be developed and delivered in greater consultation with stakeholders in the wider tax and customs landscape including agents and software developers. HMRC will also work with other UK government departments and devolved bodies to join up on similar work and share best practice. This roadmap includes commitments and metrics that HMRC will transparently measure progress against.



# 1 Foreword

## **A message from James Murray, Chair of the HMRC Board and Exchequer Secretary to the Treasury**

At the heart of the government's vision for HMRC is a modern tax system that raises the revenue we need to support the public finances, whilst reducing the time that people spend managing their tax affairs, and freeing businesses' time to focus on growth.

That vision is encapsulated by my 3 priorities for HMRC as Exchequer Secretary to the Treasury and Chair of the HMRC Board: improving day-to-day performance for individuals and businesses; closing the tax gap; and driving reform and modernisation of the UK's tax and customs system.

Our plan to deliver those priorities is set out in this HMRC Transformation Roadmap. It sets out how we will use the government's investment to transform the tax and customs system – reducing its cost and improving its performance. It outlines steps that we are already taking, along with our plans for the spending review period and beyond.

A transformed tax administration system will be more automated, more focused on self-service, and better set up to get things right first time. That means closing the tax gap through system-wide changes to policy and practice, using technology to give people more direct control of their tax affairs, and having adaptive and secure IT to underpin our operations.

Successful transformation also requires cultural change at HMRC. Our approach to changing the way we do things must be agile and iterative, empowering people throughout the organisation to experiment with innovation and embedding a 'test and learn' approach. We must harness the immense potential of artificial intelligence and adopt best practice from the private sector.

As the minister responsible for HMRC, I will challenge the organisation to go further and faster in its transformation, whilst championing its potential to help deliver the Plan for Change.

The revenue HMRC collects enables all other government commitments to be met, whilst a modern, enabling system of tax administration frees people up to focus on creating jobs and wealth, boosting economic growth, and putting more money in people's pockets.

This Transformation Roadmap sets out how the whole of HMRC will deliver the government's priorities, and I look forward to working together to make it a reality.

**James Murray**

Chair of the HMRC Board and Exchequer Secretary to the Treasury





## Foreword by JP Marks, Chief Executive and First Permanent Secretary

It is my privilege to be leading HMRC as we embark on a period of transformative change.

Our Transformation Roadmap outlines our ambitious plans to modernise and reform tax and customs administration – becoming a digital-first organisation, focused on closing the tax gap and improving the experience of our customers, ready to meet the challenges that we face. We're building from good foundations, but we have a great deal to do, not only to deliver a modernised, more efficient system, but also to continue to build engagement and trust with our customers and stakeholders. We will do this by ensuring our colleagues have the support they need to be a more productive and professional workforce, with systems which are more secure and efficient, and which enable us to provide a better service.

HMRC will look very different by 2030. Almost all our straightforward customer queries will be handled digitally or automatically with at least 90% of customer interactions being digital. Customers and their agents will be able to track progress on enquiries, share documents with us digitally, and get personalised messages and guidance when they transact with us. Our advisers will be able to access a complete view of a customer's affairs, activity, and contact history, and will deal with more complex queries, including those who need additional support.

We'll automate simple tasks and plan to draw on third party data to make sure the right tax is paid. We'll have made it easier to pay the tax that's due, simplifying policies and processes, and designing out non-compliance, while offering a comprehensive education and support package. That will free up our existing compliance caseworkers to address the more serious and complex cases, using new technology and data to focus on those areas of tax where they can make the most impact.

As we upgrade our technology, moving more of our estate to cloud-hosted services and transition to cross-government services such as GOV.UK One Login, we will be ensuring the resilience and security of our systems is enhanced in the face of ever-increasing threats from cyber crime and elsewhere. And the Valuation Office Agency will have been fully integrated into HMRC, supporting the delivery of the government's commitments to reform business rates and modernise the tax system.

To be successful HMRC must work in close collaboration and partnership with our customers, partners, and stakeholders as we implement changes. In particular, we will work closely with intermediaries such as tax advisers and software providers, maximising the benefit they can bring by providing them with guidance, support, and services they need to support their clients effectively while ensuring robust professional standards. I don't underestimate the effort this transformation of the tax and customs system will take but I have the confidence that HMRC has the investment and the ambition we need to realise its potential.

### JP Marks

Chief Executive and First Permanent Secretary

## 2 HMRC's strategic objectives and standards

The next 3 sections of the roadmap expand on the Exchequer Secretary's priorities for the transformation of the tax and customs system: improving day-to-day performance and the overall customer experience; closing the tax gap; and reform and modernisation of tax and customs administration.

HMRC's strategic objectives for this spending review period reflect these priorities, the importance of HMRC's workforce, and the department's wider role in meeting the government's economic aims.

In full they are:

1. Close the tax gap
2. Improve day-to-day performance and the overall customer experience
3. Reform and modernisation of tax and customs administration
4. Build a high-performing organisation with a skilled and engaged workforce
5. Support wider government economic aims through HMRC's work

As HMRC transforms, it will remain committed to the standards of behaviour and values as set out in the HMRC Charter:

1. Getting things right
2. Making things easy
3. Being responsive
4. Treating customers fairly
5. Being aware of customers' personal situations
6. Recognising that someone can represent customers
7. Keeping customers' data secure

More information on HMRC's Charter can be found on [GOV.UK](https://www.gov.uk)





**Close the Tax Gap**

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**Improve day to day  
performance and the  
overall customer experience**

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**Reform and modernisation  
of Tax and Customs  
administration**

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**Build a high-performing  
organisation, with a skilled  
and engaged workforce**

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**Support wider government  
economic aims through  
HMRC's work**



### 3 Improving day-to-day performance and the overall customer experience

By 2030, HMRC will be a digital-first organisation where at least 90% of interactions with HMRC by customers and the intermediaries who act for them take place digitally.

HMRC will develop digital systems that are straightforward to use and accessible. This will offer a personalised experience, with inbuilt reassurance and pre-populated data, to help customers get their tax right first time. Customers will benefit from AI-powered technology so they can get answers at any time to help them do what they need to do without having to speak to an HMRC adviser.

HMRC is already on this journey; it has an app that is regularly rated in the top 5 finance apps<sup>1</sup> in the UK and in 2024 to 2025 had approximately 6 million users. It has a Personal Tax Account and Business Tax Account used by millions of customers with strong customer satisfaction scores. The government wants to go further and faster. Currently, around 76% of customer interactions with HMRC are digital and HMRC aims to increase the percentage of digital customer interactions to at least 90% by 2029 to 2030.

Improving options for customers to digitally self-serve will improve customer experience and help to reduce pressure on HMRC's adviser-led channels (post and phone lines) ensuring that advisers are available for those who need extra support. Common reasons for phoning HMRC that reform and digitalisation will help reduce include where customers: have changed jobs and are calling to update their tax code; have questions about their coding notice; want to tell HMRC they no longer need to be registered for Self Assessment; want to find out their National Insurance number; are chasing progress; and want to update personal details like name, address or contact information.

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1 Source: Apple App Store

HMRC recognises that the tax and customs system is complex, serving a large customer population with diverse needs. This means that whilst HMRC will serve the majority of its customers and their intermediaries through its digital services, it will also provide targeted support so customers can access HMRC's knowledgeable advisers in the circumstances where they need that support to get their tax affairs right.

HMRC will become digital-first by:

- automating tax where possible – where minimal customer effort is required to pay tax because it is calculated and deducted by an intermediary, such as an employer. This is currently the case, for example, with PAYE or where a third-party such as an online platform provides HMRC with data to enable it to prepopulate tax returns
- offering digital self-serve options – HMRC will provide improved digital services, enabling customers and intermediaries to self-serve online. These services will be built with accessible, secure end-to-end journeys which makes getting tax right easy with the help of AI, tailored nudges, alerts and pre-populated data
- providing targeted support for those who need it – adviser-led services will still be there for the small population of customers who need them: for example, those who are digitally excluded, have complex tax or customs affairs, or find themselves in vulnerable circumstances

This roadmap sets out how HMRC will deliver a digital-first service through its plans to:

1. Improve digital services for individuals and small businesses
2. Collaborate with intermediary partners and improve the digital offer for tax advisers
3. Make HMRC digital services accessible, easy and attractive to use
4. Improve the targeted support offer where digital self-service is not appropriate

**Insight**

HMRC research into contact method preference and digital appetite shows that the vast majority of HMRC's individual customers (86%) are willing to engage digitally in the future, with 80% saying they would attempt an HMRC task online.

For simple tasks, most customers said they would prefer to use online channels.

Many customers felt they would be more likely to engage with HMRC online if services were easier to use and understand, and if HMRC could provide prompt and personalised reassurances online.<sup>2</sup>

## 3.1 Improve digital services for individuals and small businesses

HMRC user-tests its digital services so that it can iterate the service based on customers' early feedback. As a result, on average customer satisfaction with HMRC's digital services is consistently over 80%. However, customers cannot do everything they want to do online yet, and so HMRC is committed to expanding its digital service offer.

In 2025 to 2026 HMRC will:

- roll out a new online service for all PAYE taxpayers (around 35 million), giving people direct access and control over their tax position, with enhanced and expanded digital features for people to notify HMRC of income changes, check allowances or deductions, and ensure they are paying the correct amount of tax. See PAYE Transformation Spotlight below for more detail on HMRC's PAYE transformation
- launch a new expenses service to enable PAYE customers to submit claims for tax relief on their allowable expenses and upload supporting evidence all in one place
- expand digital services to help Self Assessment customers register for Self Assessment and improve the process for customers who no longer need to file a return
- enable newly liable, employed individuals to report Child Benefit payments through their tax code, removing the need to register for Self Assessment where appropriate

Beyond 2025 to 2026 HMRC will continue to build on these improvements to enhance services, including by:

- pre-populating Self Assessment tax returns with Child Benefit data from April 2026 for those not reporting payments through their tax code
- digitalising the Inheritance Tax service from tax year 2027 to 2028 onwards to provide a modern, easy-to-use system, that makes submitting returns and paying tax simpler and quicker
- making payments more efficient, accessible, and simpler for customers; for example, by enabling more customers to receive repayments directly into their bank accounts
- enhancing digital options for National Insurance Contribution refunds to make it easier and faster for customers to access the refunds they are entitled to
- continuing work to provide individual customers with a view of their overall income and tax position in their digital account – building on work from the Single Customer Account Programme
- developing a new AI service for the Online Trade Tariff to provide bespoke support to importers and exporters, helping them to easily understand their obligations from tax year 2027 to 2028 onwards

HMRC recognises the importance of reassuring customers who are trying to get their tax right, especially for customers who fear making mistakes or being punished for them.

So that customers can self-serve with confidence, HMRC will:

- send reassurance text messages to customers; for example, to confirm HMRC has received their claim and when they can expect a response. This is already in place for Child Benefit claims and some complaint cases. In 2025 to 2026 this will be expanded to Self Assessment appeals, all complaint cases and some PAYE services, with further in the future
- introduce digital tracking services so that customers can track progress without needing to contact HMRC. This will start with Child Benefit customers, who from 2025 to 2026 onwards will be able to track their claims and view their payments in real time, and will then be expanded to further services



HMRC will reduce reliance on paper correspondence, whilst retaining paper post provision for critical correspondence and for the digitally excluded. This will save £50 million a year from 2028 to 2029 onward and will be delivered by:

- moving to a digital by default approach for outbound customer communication, where the majority of customers will receive correspondence digitally unless they specifically need to receive information by post, for example because they are digitally excluded
- improving and expanding the collection and secure storage of customer's verified digital contact details

### Spotlight: PAYE Transformation

A new online service, accessible through the Personal Tax Account and HMRC app, is being introduced for PAYE customers, making it easier to check and update incomes, allowances, reliefs, and expenses. New features allow customers to understand the information held by HMRC and make changes to ensure they are paying the right tax on their salary or pension.

This new service is currently being tested with 50% of the PAYE population with plans to expand the range of features available to all PAYE customers (around 35 million) progressively throughout 2025 to 2026. During 2025 HMRC will test new ways of telling people about changes to their tax position, clearly explaining why their tax code has changed and what this means for their take home pay, removing the reliance on paper tax code notices. These new digital features will be supported by proactive communications to reduce the need for customers to call for reassurance or explanations. HMRC will expand these services across the spending review period.

HMRC is also improving the way PAYE expenses are claimed using pre-populated data and document uploads to verify claims and reduce fraud.

### Spotlight: National Insurance Contributions administration

HMRC is modernising National Insurance administration. Individuals can now download and add their National Insurance number to their Google and Apple Wallet, and so far more than 1.5 million people have done this.

A digital tool has been introduced to help customers to check their State Pension forecast and make voluntary National Insurance Contributions. Since the launch of this enhanced digital service in April 2024 more than 9 million people have used it to check their state pension forecast. HMRC will further expand its digitalisation of National Insurance services by:

- enhancing digital options for National Insurance Contribution refunds to make it easier and faster for customers to access the refunds they are entitled to
- further enhancing the 'check your state pension' forecast service, which supports people who want to make payments for voluntary National Insurance Contributions to fill gaps in their National Insurance record



Customers need to verify who they are before using HMRC's services. Verification checks are important to ensure that customer data and HMRC systems are secure, in line with the Charter standards. To make verification easier by phone, in 2025 HMRC has begun to use voice biometrics technology which will collect customers' voice recordings so they can be used as their passwords with a view to significant expansion through the remainder of 2025 to 2026.

Over time, the way customers register and authenticate to use digital services will be simplified through GOV.UK One Login. This is a single sign-in and identity checking solution that will provide a simple route for customers to access government services. HMRC will transition its customers (individuals, agents and organisations) from Government Gateway to GOV.UK One Login in stages starting with new individual customers who do not have a Government Gateway credential.

This will be followed by HMRC's existing individual customers who do have a Government Gateway credential, with an aim to start onboarding to GOV.UK One Login towards the end of 2026 to 2027. For agents and organisations, access is dependent on evolving the existing GOV.UK One Login solution, and HMRC is working closely with the Department for Business and Trade (DBT) and the Department for Science, Innovation and Skills (DSIT), to explore options to enable the transition of these customer groups as quickly as possible.

## 3.2 Collaborate with intermediary partners and improve the digital offer for tax advisers

HMRC recognises the important role intermediaries, such as tax advisers, customs agents and software providers, play in the tax and customs system on behalf of customers. The Charter makes it clear that customers have a right for someone to represent them. HMRC also recognises that leveraging opportunities for greater intermediation, including use of software and technology, will move it closer to a more automated tax system – see section 6 for more detail. For tax advisers who interact directly with HMRC on behalf of their clients, HMRC is committed to providing digital services that help the system run smoothly, improving the experience for tax advisers and their clients.

### Case study

Responding to external feedback that Income Tax customers are often represented by more than one tax adviser at the same time, HMRC released the multiple agent functionality for Making Tax Digital (MTD) for Income Tax Self Assessment. This improvement led to positive feedback from the tax adviser community including a recent AccountingWEB article describing it as a “real game changer for MTD<sup>3</sup>”.

HMRC plans to improve the registration service for tax advisers and invest to:

- modernise digital identity for tax advisers
- modernise how tax advisers are authorised by their clients
- provide secure three-way communications between HMRC, its customers and their agents

HMRC recognises that the ability of a third party to transact on behalf of a customer is a vital part of the tax and customs system, adding significant value for the customer and helping to close the tax gap. HMRC’s current IT systems have limited capability and, as it has advanced its digital services in recent years, compromises have been made in the design which have reduced its ability to deliver access to good quality services for agents and intermediaries.

3 Source: HMRC unlocks multi-agent access for MTD IT | AccountingWEB

Working in collaboration, professional bodies and HMRC have identified ‘pain points’ in agent digital services – where services are not yet good enough to enable advisers to efficiently and effectively help customers comply with their obligations.

To address this, HMRC, working with professional bodies will prioritise work starting in 2025 to:

- introduce new capabilities to enable agents to digitally withdraw their clients from the Self Assessment service
- enhance the income record viewer which will expand the information available on their client’s income
- launch a new service to allow agents to digitally submit information which may impact their client’s tax code
- provide the ability for agents to track the progress of their client’s submissions and repayments

From 2026 to 2027 onwards, HMRC is committed to developing future services on new, secure, modern digital platforms which can deliver improved experiences and access for agents and customers. HMRC will also be migrating existing services onto new technology throughout the spending review period and as that happens, agent access will become available. Final design of agent digital services will depend on a number of factors, including agreed permissions. HMRC is looking forward to continuing to work closely with the agent community on the design work, including through the Agents Digital Design and Advisory Group (ADDAG).

HMRC recognises that, until new platforms are established, it will be necessary to provide short-term tactical service improvements for agents. In March 2025, HMRC launched a new service to provide a dedicated escalation route for agents with Self Assessment and PAYE queries which are over 4 weeks old. This builds on the improvements announced in Autumn 2024 to combine PAYE and Self Assessment queries and introduce an option on the Agent Dedicated Line for repayment progress chasing.





### 3.3 Making HMRC digital services accessible, easy and attractive to use

HMRC is improving its digital service offering and building customer confidence in those services. By doing this, HMRC will encourage most individual customers to choose to use HMRC online services and the HMRC app as the main way of interacting with HMRC.

HMRC will continue to invest in digital services and channels (such as the app and the HMRC digital assistant) and continue to ensure customers know about these services and get the help needed to use them. HMRC will do this by:

- offering a new, more personalised service – HMRC will begin work in 2025 to 2026 to introduce a new customer relationship management system which will enable more personalised support for customers and their advisers. This will be supported by technology that joins HMRC's systems up. The initial phase in 2025 to 2026 will focus on procuring the right technology and beginning the process of migrating Inheritance Tax into the system to digitalise and modernise the service. In subsequent years this investment will enable HMRC to develop a more rounded view of customers to offer a more tailored customer experience such as nudges and targeted campaigns
- investing in AI-powered digital assistants – HMRC's digital assistant (Ask HMRC Online) provides digital support to customers who are viewing HMRC guidance pages. It allows customers to ask questions in their own way and at a time that suits them. HMRC will develop and introduce new AI-powered features to help customers more easily navigate services
- ensuring digital services are accessible and easy to use – the government Service Standard was introduced to ensure consistency in service design across government. HMRC digital services are assured against the Service Standard at key points in their delivery lifecycle. Ensuring accessibility is an important part of the Service Standard and HMRC will make sure that its digital services are accessible to all users, including those who use assistive technology
- raising awareness of digital services – HMRC uses marketing campaigns to drive awareness and increased use of its digital services including the HMRC app. The majority of campaign activity is delivered through low cost or no cost channels, with paid activity targeted at specific, identified hard to reach groups. All paid marketing campaigns are assessed by the Government Communication Service (GCS) to ensure they deliver value for money and a positive return on investment
- improving HMRC's education offer – this includes supporting customers to better understand their personal and business tax affairs so that they can self-serve with confidence. In 2025 to 2026 HMRC will develop education support packages focused on pensioners and small businesses. HMRC will also be developing a Tax Facts module aimed at students in higher education to support the UK's entrepreneurs of the future

The government wants to encourage customers to use digital services wherever they can. HMRC is exploring, through a test-and-learn approach, using its adviser-led services (phone and webchat) to coach customers to self-serve online. HMRC has clear performance standards around responsiveness and customer satisfaction which it is committed to maintaining across all channels, both digital and adviser-led.

## 3.4 Improve the targeted support offer where digital self-service is not appropriate

While HMRC will be digital-first, a small proportion of customers have a temporary or enduring need for support through alternative means.

HMRC will continue to provide targeted support to these customers, including the digitally excluded, those in vulnerable circumstances or those with more complex enquiries. As this targeted support includes using telephony and post, the government recognises the importance of maintaining HMRC's published service standards for these channels.

The investment HMRC has secured for 2025 to 2026 means customers can expect more consistent performance throughout the year. To improve telephony performance HMRC is introducing AI tools for advisers meaning they will spend less time on administrative tasks.

In 2025 to 2026 HMRC will undertake an externally commissioned research project to update its understanding of customers in vulnerable circumstances, including the impact of digitalisation.

To ensure that HMRC provides the right level of targeted support tailored to customers' specific needs, it is:

- updating customer records to record the type of support needed to provide tailored and proactive communications
- using technology to identify customers who may need extra help more quickly. HMRC uses robotics to scan post to automatically detect and triage correspondence for customers in vulnerable circumstances. In the future HMRC will increase the use of voice analytics to identify vulnerable customers
- ensuring customers are aware of the appropriate support on offer to them through clear communication across HMRC products and engagement with the voluntary and community sector

HMRC's Voluntary and Community Sector Grant Funding scheme will continue to offer specific support to help customers make claims and understand and comply with their tax obligations, offer support if a customer cannot use HMRC digital services, or give specialist support if a customer has disabilities, language barriers, or complex enquiries.

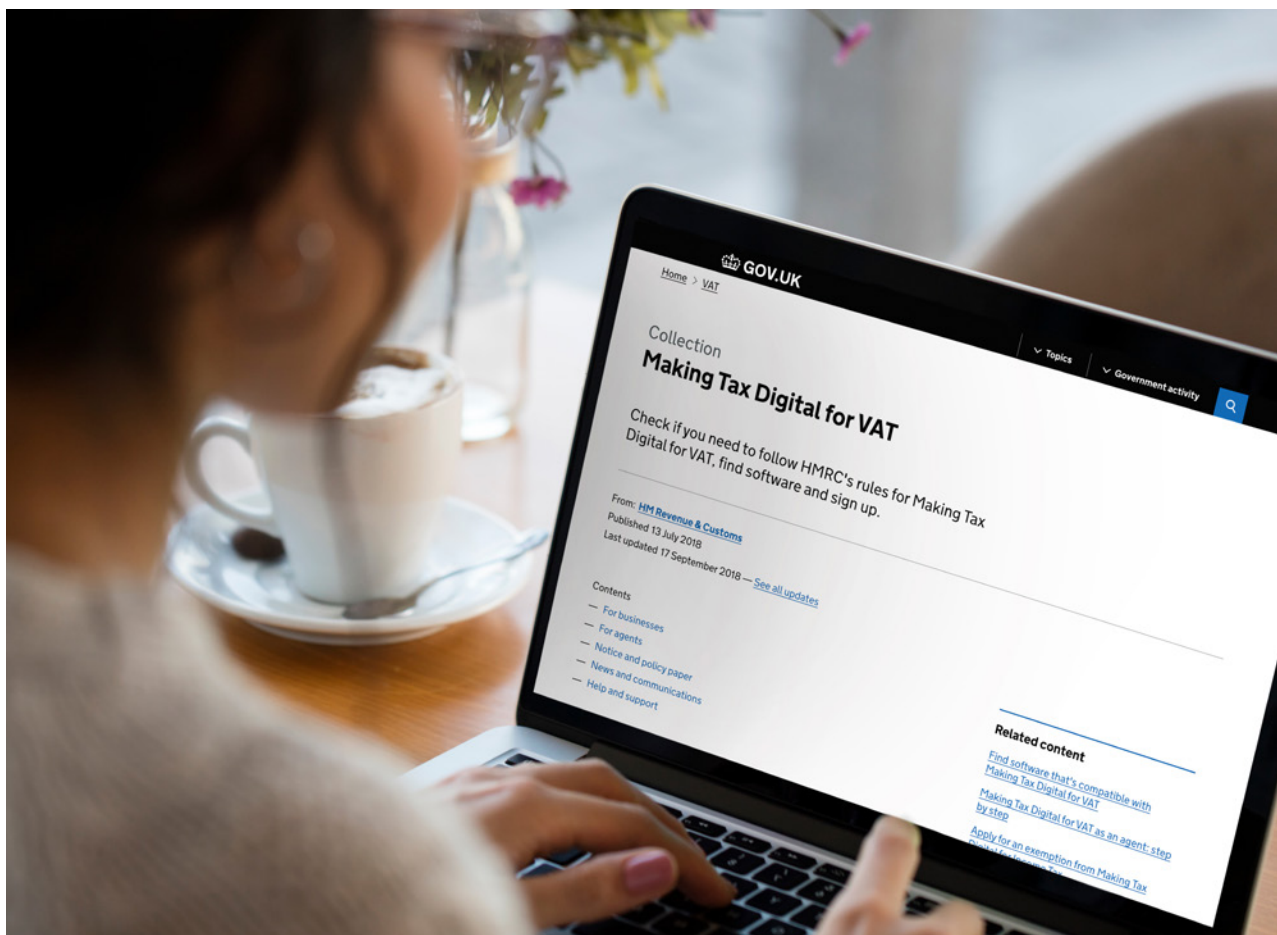
## 4 Closing the Tax Gap

By 2030 HMRC will make compliance easy for those who are trying to get their tax right with as little administrative burden as possible.

At the same time, to ensure fairness and trust across the tax system, and to increase revenue for public services, HMRC will make it as difficult as possible for those who seek to deliberately pay less than they should or cause harm to the tax and customs system.

HMRC's compliance strategy is built around:

- preventing non-compliance – developing policies, processes and digital services that prevent opportunities for error, avoidance, and evasion. This includes preventing harmful intermediaries from entering the system
- promoting compliance – high-quality, targeted guidance and nudging customers to make correct tax returns and customs declarations when they use HMRC's digital services or their own tax software
- responding where compliance risks remain – prompting the customer to correct their tax and customs declarations themselves or deploying a compliance officer to investigate and take action to ensure money owed is paid



The total tax gap stood at £46.8 billion in 2023 to 2024. In its first year, the current government announced the biggest ever package of measures, certified by the Office for Budget Responsibility, to close the tax gap, delivering £7.5 billion of additional tax revenue by 2029 to 2030. However, there is more work to do and closing the remaining areas of the tax gap will require tackling some of the toughest areas of compliance risk.

HMRC recognises that most customers try to get their tax right. This can be made more difficult if their tax affairs or the tax rules are complex, and they or their agents make honest errors.

HMRC is investing to support customers and the intermediaries who act for them who try to get their tax right by making it as easy as possible through better digital services, simplifying tax rules and through improving education and guidance.

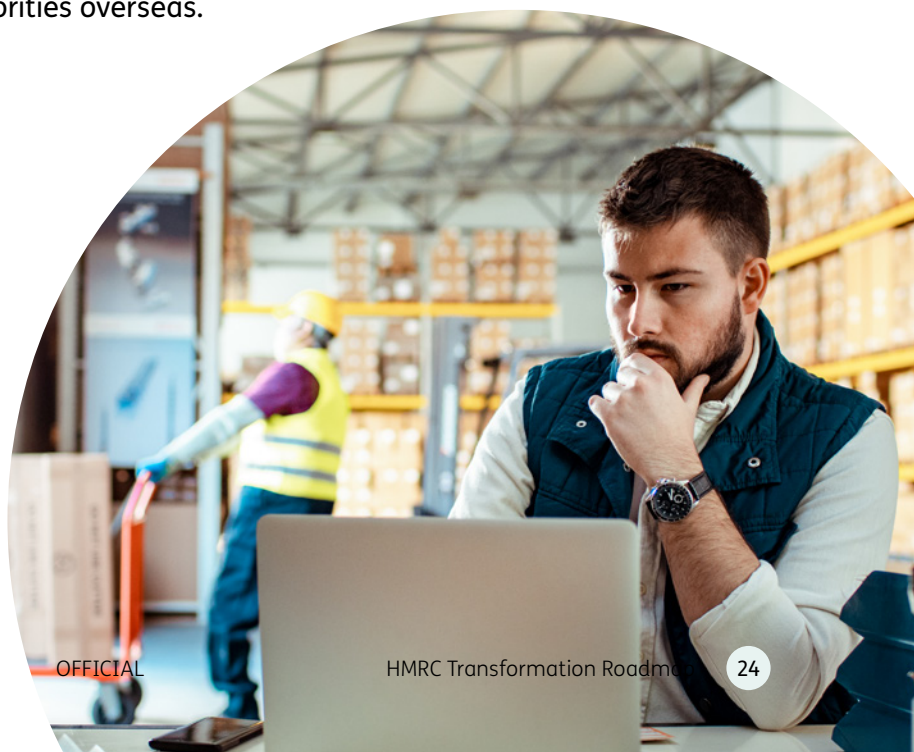
New digital services and analytical tools will also deter and prevent deliberate non-compliance including those who engage in criminality, evasion, and tax avoidance. HMRC will respond to this behaviour with criminal proceedings where appropriate. For the most stubborn compliance risks, the government and HMRC are determined to go further and faster in implementing new ways to make progress.

HMRC is also improving customs capabilities to ensure that traders can, and do, meet their customs obligations, and HMRC can manage fiscal and non-fiscal customs compliance risks. This will support HMRC to assess and respond to changes in the international trading environment and enable critical work such as developing pre-clearance capabilities at the border.

Work by HMRC and the wider government to close the tax gap includes:

1. process and policy changes (including digitalisation, automation, and AI)
2. increasing and strengthening HMRC's compliance and debt interventions
3. tackling fraud and economic crime
4. raising the standards of advisers and intermediaries in the tax and customs system

The Exchequer Secretary and HMRC will continue to develop additional reforms and interventions, in line with the detail and direction set out below, to go further to close the tax gap. They will draw on internal scoping work, external challenge and ideas, and successful approaches adopted by other tax authorities overseas.





## 4.1 Process and policy changes (including digitalisation, automation and AI)

Over the next 5 years HMRC will make further progress in closing the tax gap by transforming how customers, including small businesses, interact with the tax and customs system.

### **Digitalisation and improved use of data to promote compliance**

Modernising how HMRC collects, processes and exploits data will make it significantly easier to promote compliance.

HMRC's plans include investment in improving its use of third-party data to:

- pre-populate tax returns, making it easier for customers to comply with their obligations and reducing the opportunity for error
- improve and expand the data used for PAYE tax codes and simple assessment – which can help remove the requirement for many taxpayers to complete an Income Tax Self Assessment return
- increase the use of nudges in digital services by:
  - » delivering targeted nudges to help customers avoid making errors in their Income Tax Self Assessment submissions in 2026 to 2027
  - » piloting the use of HMRC and third-party data to send intelligent data-driven nudges in digital services, helping Corporation Tax customers get their tax affairs right first time
- automatically register customers to make it easier for compliant customers to meet their tax obligations and to bring those who might otherwise seek to hide their income to avoid paying tax into the system

In early 2025, HMRC consulted on opportunities for improving both the quality of data acquired from third parties and the way it is used in tax administration. The government is considering the responses received to the consultation and will set out its next steps later this year.

Through MTD, businesses will increasingly move toward more regular digital record keeping and automation, reducing the scope for making errors (see section 5.2 for more detail).

## Investment in IT infrastructure and AI to prevent non-compliance

The government is investing in HMRC's IT and technical estate to further close the tax gap. In 2025 to 2026 HMRC will enhance case management systems to integrate letters, forms and penalties processing. This will mean that HMRC's compliance activity is more efficient for customers and their intermediaries.

HMRC will also improve the way it focuses its wider compliance work through new risk targeting capabilities to identify cases for investigation, improving case selection. This includes using AI to identify issues with the tax system, enabling HMRC to rapidly act to prevent them. As part of this approach HMRC is:

- collaborating with the private sector to bring in and test AI, data science, or other innovative approaches to help improve the way we identify, understand, and take action to reduce the tax gap. Organisations are being invited to use their knowledge and expertise to identify new data or means of analysis, to support closing the tax gap in a way previously untested by HMRC
- working with the Government Digital Service to explore how to help business and other third parties use GOV.UK guidance in their own AI-powered products and services, helping to reduce error
- expanding upstream interventions into VAT and Corporation Tax, helping customers submit accurate returns through real time risking which feeds nudges and prompts during the submission process



By the end of 2028, HMRC investment plans include:

- delivering a Digital Disclosure Service to allow customers and intermediaries to correct mistakes and pay liabilities and penalties for all taxes and duties. This will provide customers with an effective way to correct their tax affairs
- delivering an automatic document identifier system for HMRC caseworkers to identify fraudulent documents during compliance activities using a biometric likeness-liveness check. This will decrease the time HMRC caseworkers spend reviewing documentation provided by customers and intermediaries during a compliance check
- providing a secure digital channel for three-way communications between HMRC, customers and intermediaries. This will allow HMRC to deliver better customer service with secure communication and documentation exchange
- providing caseworkers with enhanced AI-powered systems, including access to Generative AI systems that provide rapid, clear and consistent guidance, speeding up casework

By the end of 2030, HMRC plans to deliver a simple, standardised, and secure registration process to verify a customer's, or their representative's, identity and authenticating them for future interactions, only authorising access to services where there is a legitimate need. This will help prevent fraudsters and bad actors from entering the tax and customs system.

HMRC and the Department for Work and Pensions (DWP) are continuing to collaborate following an AI Transformation Sprint, which included peer review of plans across the spending review period. This work is seeking to find ways to share data and identify similarities in respective digital use cases and, where practical, joining up to explore development at pace and scale together. This work could potentially lead to DWP and HMRC having a clearer picture of shared customers' income.

## Policy changes

The government is making legislative changes to crack down on tax avoidance and prevent non-compliance. This includes:

- publishing draft legislation in July 2025 to take effect from April 2026 to prevent non-compliant umbrella companies from being used in fraud and avoidance (further detail on this is set out in section 5.3)
- increasing the interest rate charged and any penalties on overdue tax debts to encourage taxpayers to pay tax on time which came into effect from 6 April 2025

HMRC will also address legal interpretation disputes – cases where there is no avoidance, but where the customer's interpretation of the law, and how it applies to the facts of a particular case, result in a different tax outcome than that intended by the legislation. Of the £46.8 billion tax gap, £5.4 billion is attributed to legal interpretation behaviour. HMRC will tackle the tax gap caused by legal interpretation, including through clearer expectations in guidance products and by pursuing available options for legislative changes in those areas most prone to a disputed legal interpretation challenge.

HMRC will build on the work already done through MTD to increase digitalisation and in the future will use broader systemic changes to business systems and processes – such as e-invoicing – to make it easier for customers to get tax right and address some of the behaviours and practices that drive non-compliance.

## Spotlight: HMRC's work to support small businesses

The government wants to support small businesses by making it as easy and as low-burden as possible for them to interact with HMRC. The vast majority of small businesses want to pay the right amount of tax, and where this is not the case it can often arise from simple inadvertent errors. Where there is deliberate non-compliance, this might include customers under-reporting their income and, or over-reporting their expenses.

The government recognises that small businesses face challenges in accessing government services which is why HMRC are committed to supporting them through improvements to the tax and customs system. The part of the tax gap attributable to small businesses was around 60% in 2023 to 2024 and given the diversity of small business taxpayers, and the range of behaviours that contribute to the tax gap, the government has a multi-faceted plan to improve services for small businesses whilst addressing non-compliance where it occurs.

HMRC's approach, includes:

- making it as easy as possible for small businesses to fulfil their tax obligations – through improvements to the digital services (see section 3.1 and Annex B), working across government to improve the education and guidance available to small businesses (see sections 3.3 and 4.1) and changing reporting rules and processes (see section 5.3)
- increasing digitalisation and making better use of data – HMRC will expand MTD and the use of e-invoicing to help reduce error and lower small business tax administration (see section 5.2). HMRC is also widening the use of third-party data to support customers to get their tax right by pre-populating more information on tax returns and providing prompts in digital services (see section 4.1)
- improving intermediary standards – high-quality tax advisers are crucial partners for HMRC and small businesses. Tax advisers and software providers, play a crucial role in closing the tax gap by correcting errors, assisting with complexity, and preventing deliberate non-compliance (see section 4.4)
- addressing non-compliance where it occurs – alongside the use of additional officers (see section 4.2), greater use of third-party data and improved analytical capabilities will help HMRC to spot and act on cases of deliberate non-compliance





## 4.2 Increasing and strengthening HMRC's compliance and debt interventions

Compliance interventions are an integral component of HMRC's compliance strategy.

The government has provided HMRC with funds to recruit and train an additional 5,500 new compliance colleagues over the next 5 years. This investment will allow an expansion of activity to ensure businesses meet their tax obligations. This investment will also enable HMRC to overhaul its approach to offshore tax non-compliance by the wealthy by recruiting experts in private sector wealth management – see HMRC's work on tackling fraud and economic crime in section 4.3 for more detail.

The government has provided additional funding for 2,400 tax debt officers to support effective management of debt by HMRC. These officers will be deployed to support customers who cannot afford to pay in full straight away, for example by agreeing Time to Pay payment plans and to use debt enforcement powers for those who can afford to pay but refuse to do so.

The tax debt balance at the end of 2024 to 2025 was 5% of HMRC tax receipts, £42.8 billion, double the proportion it was before the pandemic. The Exchequer Secretary is clear that debt must fall each year towards at least pre-pandemic levels.

By the end of 2025, HMRC will publish an update to the tax debt strategy with a roadmap for this spending review period to reduce debt year on year as a percentage of receipts. Work underway toward this goal already includes:

- acquiring and analysing credit reference agency data, so HMRC can continue to better target debt collection activities including on those who can pay but will not pay
- re-starting from 2026 to 2027 onwards the use of the existing power to directly recover tax debts owed by individuals and companies who have the ability to pay but deliberately choose not to do so
- undertaking an innovative test and learn pilot in 2025 to 2026 to trial collecting more aged debts with private sector debt collection agencies
- exploring options to automate the process for collecting lower value tax debts

The collection of tax and operating an effective tax and customs system requires a skilled workforce with high standards of professionalism. Therefore, the government is investing in the Tax, Customs and Compliance Academy and an enhanced Criminal Justice Academy. This will ensure that HMRC's workforce continue to have the skills and tools to do the job well and meet the professional standards that customers deserve. These academies will start to train more than 21,000 people in 2025 to 2026.

HMRC's Charter and professional standards<sup>4</sup> for compliance set out the required standards for compliance casework, including supporting customers who require extra help. HMRC's Extra Support service will be available to help caseworkers support vulnerable customers through a compliance check. HMRC has also strengthened governance around letter or mass mail campaigns where large numbers of customers may be affected.

HMRC's workforce needs advanced tools and systems to aid their compliance and debt recovery work. This enables efficient collection of revenue ensuring that customers have a better compliance and debt journey.

This government's investment plans include:

- modernising systems and processes for caseworkers and debt management officers, improving the efficiency of casework. This includes using AI to provide clear and consistent guidance (see section 4.1 for more detail)
- modernising HMRC's debt management case system. This will simplify the processes tax debt caseworkers use and improve HMRC communications, ensuring that customers are contacted with the right message at the right time

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4 HMRC professional standards for compliance - GOV.UK

## 4.3 Tackling fraud and economic crime

Tax and customs fraud undermines the economy, hurts legitimate businesses and robs vital public services of much-needed funds. It also finances and supports other crimes.

HMRC already has the powers and specialist investigative capability to tackle the most complex and determined frauds and bring the perpetrators to account through prosecution. For customs, these powers enable HMRC to support foreign policy and national security objectives by enforcing domestic and UN-backed trade sanction regimes.

As announced at Spring Statement 2025, over the next 5 years HMRC will expand its counter-fraud capability to increase the number of annual charging decisions for the most harmful fraud by 20%, compared to current levels, to 600 per year by 2029 to 2030, creating strong deterrents by tackling frauds that are most harmful to customers and the tax and customs system.

These criminal investigations will focus on:

- fraud committed by the wealthy and through large corporations
- individuals and companies who make it possible for others to hide money offshore
- those who undermine legitimate trade and small business
- organised criminal attacks, focusing on illicit finance and complex money-laundering

‘Phoenixism’ is where company directors deliberately liquidate their business to avoid debts but carry on their trade through a new company. The estimated losses from phoenixism are set out in HMRC’s 2024 to 2025 Annual Report and Accounts. HMRC is working with the Insolvency Service and Companies House to crack down on contrived insolvency including abusive phoenixism by increasing the use of upfront payment demands (securities), making more directors personally liable for company debts, and increasing the number of enforcement sanctions to double the amount of tax protected to £250 million by 2026 to 2027.

HMRC will launch an enhanced reward scheme for informants in late 2025, targeting information on serious non-compliance in large corporates, wealthy individuals, offshore and avoidance schemes. The new scheme will reward informants with compensation linked to a percentage of any tax taken.

The government published a consultation on measures to close in on the promoters of marketed tax avoidance schemes at Spring Statement 2025. Marketed tax avoidance leads to revenue loss of around £500 million per year, and promoters often disappear once HMRC challenge their schemes, which invariably do not work, and leave taxpayers with unexpected bills. The consultation includes proposals to expand the scope of the Disclosure of Tax Avoidance Schemes (DOTAS) regime, tackle legal professionals designing or contributing to the promotion of avoidance schemes, new criminal offences, and new HMRC powers to investigate promoters and cut them off from services used in promoting avoidance.



## Spotlight: HMRC's work on wealthy and offshore risks

In 2023 to 2024 the wealthy tax gap was £2.1 billion, 5% of the overall tax gap. Wealthy customers frequently have complex financial and tax affairs, in some cases tax rules can be incorrectly interpreted and applied to those affairs. Tax can also go unpaid where wealthy customers deliberately hide their assets and income offshore. HMRC addresses the most high-risk cases using its High-Risk Wealth Programme and increasingly uses third party data received under international exchange of information to identify risks. To help identify assets and income offshore HMRC already receives information from more than 100 jurisdictions on around 9 million financial accounts held offshore each year.

HMRC is increasing activity to tackle offshore tax evasion, including that carried out by the wealthy and the companies they control. This will increase HMRC's ability to tackle the most serious offshore non-compliance by those who seek to evade paying tax in the UK through hiding assets offshore.

Action that HMRC is planning to tackle the wealthy and offshore tax gap includes:

- recruiting 400 people to focus on tackling wealthy offshore non-compliance, including wealth planning experts to help find and tackle non-compliance more effectively and train HMRC compliance staff
- investing in cutting edge risking and data analytics, and accessing new information sources, to better identify money hidden offshore and join up risks posed by some wealthy individuals
- tackling agents, accountants and lawyers who set up complex offshore arrangements to artificially reduce tax bills (see section 4.3 for more detail on HMRC's work to tackle promoters of tax avoidance schemes)
- focusing an increased level of criminal investigations and prosecutions on areas including fraud committed by the wealthy and on those who enable others to hide money offshore (see section 4.3).
- working internationally to improve data flows and share information as well as learning from best practice across the world. In 2027 HMRC will start to receive international data each year on crypto-asset transactions and holdings by UK tax residents

HMRC will be targeting recruitment to attract external tax professionals with experience of providing international tax or wealth planning advice to high –net worth individuals. This will provide opportunities to build wider capability and harness insight on this customer group.

## 4.4 Raising the standards of advisers and intermediaries in the tax and customs system

Intermediaries, such as paid tax advisers and software providers, play a crucial role in closing the tax gap by correcting errors, assisting with complexity, and preventing deliberate non-compliance. They also play an important role in providing customers with reassurance and help to build trust in the wider tax and customs system. Poor standards amongst the agent community have a significant effect on non-compliance. Around 70% of small businesses use an agent for some or all of their tax affairs.

Closing the tax gap requires intermediaries in the wider tax and customs system to raise their standards. High-quality tax advisers are crucial partners for HMRC in tax administration. Customers should have confidence that any adviser they choose will help them get their tax right, and HMRC want to stop the minority who cause disproportionate harm to the tax system by assisting the non-compliance of their clients.

To ensure this, HMRC is:

- modernising HMRC's tax adviser registration services and mandating registration of tax advisers interacting with HMRC from April 2026. Agent registration is a critical first step to providing better agent access to HMRC services in the future
- enhancing powers and sanctions for HMRC to act against tax advisers who facilitate taxpayer non-compliance, following a recent consultation
- implementing a new requirement for tax advisers to obtain an Advanced Electronic Signature from their clients if they wish to continue to use the nominations process for certain income tax repayments. This will give greater assurance that an adviser has permission to act for a taxpayer
- working with industry to co-design a standard for customs intermediaries which will be published in 2026
- publishing guidance which clarifies HMRC's approach to, and role in, preventing and addressing intermediary harm whilst also providing support to customers to identify the signs of harmful intermediary behaviours including fraud
- exploring next steps on raising standards in the tax advice market, following the summary of consultation responses published in October 2024



Umbrella companies employ workers on behalf of agencies and end users. Whilst most umbrella companies operate within the law, too many are used to facilitate non-compliance including tax avoidance and tax fraud. This can often leave taxpayers with large and unexpected tax bills. The government is introducing legislation to make recruitment agencies that use umbrella companies legally responsible for accounting for PAYE on workers' pay. HMRC will work with stakeholders, including recruiters and umbrella companies over the coming months to ensure that they are ready for the new rules coming into effect in April 2026.

HMRC has published an umbrella company pay tool to help customers better understand pay and work out their expected take-home pay and deductions.

This will ensure customers are better protected from non-compliant umbrella companies. The tool has an average of upwards of 2,000 monthly views and, based on pay information input, potential involvement in tax avoidance is flagged to around 14% of users.

Software developers are an integral part of the tax and customs system and can play a big role in helping to reduce the tax gap. HMRC wants a thriving, innovative software market that makes it simpler for customers to fulfil their tax responsibilities, offers fair competition between developers, and supports an effective, healthy tax system.

HMRC is working collaboratively with software developers to achieve this, with further steps including:

- publishing a dedicated roadmap setting out HMRC's approach to software in the tax system by April 2026
- exploring how registration processes for software developers submitting data to or receiving data from HMRC can be improved
- refining standards to ensure software is secure, handles customer data appropriately and supports customers to submit accurate returns
- establishing what other services can be offered by application programming interface (API) and any additional mutually beneficial opportunities to developers

HMRC will work with industry to create a set of principles, informed by government AI and GenAI frameworks, which will set out expectations of third parties' use of AI in software where it interacts with HMRC and the tax administration system. Setting these expectations will give developers the confidence to introduce AI functionality into their products in the UK, whilst minimising the risk of those products introducing error or non-compliance.

## 5 Reform and modernisation

Reform and modernisation of HMRC are critical to improving customer experience and closing the tax gap. By 2030 HMRC will be an agile department which is supported by a modern IT infrastructure, uses innovative technology and AI, and has robust data capabilities and a highly skilled workforce.

HMRC will build and procure more intuitive and joined up systems, storing customers' data securely, and improving the experience for customers and tax advisers acting on their behalf. HMRC will increasingly use data gathered from trusted third-party sources such as banks to prepopulate tax returns and help customers get their tax right first time.

HMRC is modernising the way businesses and individuals interact with tax administration through system wide change, with MTD modernising the way businesses and landlords conduct their existing business practices such as recording and calculating their tax liabilities.

Reforming and modernising HMRC will also support wider government ambitions. This includes data sharing capabilities and joining up systems and guidance across government. HMRC's role at the border will remain critical for wider government interests such as trade and security.

HMRC will continue to simplify and modernise the tax and customs administration framework so that the legislative framework and policies support a tax system fit for the future.

### HMRC is reforming its operations by:

1. modernising HMRC's IT infrastructure and workforce
2. modernising how customers interact with HMRC
3. simplifying and modernising the legislative and administrative framework
4. sharing data and collaborating cross-government



## 5.1 Modernising HMRC's IT infrastructure and workforce

HMRC has an ageing IT estate which requires high maintenance and costly security and data management. HMRC's ability to reform and modernise at pace, and efficiently, will be dependent on significant improvements in its technology infrastructure and data capabilities.

HMRC is modernising its IT estate, using fewer, more efficient and cost-effective platforms, which will underpin the improvements in customer service set out earlier in this roadmap. This includes utilising new powers in public procurement legislation to improve the supplier system efficiency and effectiveness including increasing direct use of SMEs and using competitive flexible procedures. See more about HMRC's plans to improve procurement processes at section 7.2.

This approach will mean HMRC advisers have access to a single view of each customer and their activity and can provide quicker and more tailored support. It will also increase HMRC's ability to analyse and react to data at the point of receipt, preventing errors before they occur through pre-population of tax returns and tailored nudges.

HMRC's approach to replacing its legacy systems includes:

- new IT which enables different parts of HMRC's system to be joined up, resulting in a simpler, improved and personalised customer experience
- a schedule of continuous improvement to build additional features and extract additional benefits from systems such as the Customs Declaration Service (CDS)
- making changes to HMRC's legacy corporation tax system to ensure its continuing functionality and security, as the first step towards a new system which HMRC will work with stakeholders to design
- modern networks to ensure HMRC remains protected from a multitude of sophisticated cyber attacks
- testing environments with AI-generated synthetic data to quickly and safely test new AI tools. This will allow HMRC and the private sector to experiment with AI technology without risking customer data
- planned AI tools for HMRC staff to automate and streamline administrative tasks meaning they can spend more time on compliance casework and customer service, for example:
  - » automated real-time call summaries for telephony advisers to reduce time spent on call wrap-up and improve call categorisation for improved decision making
  - » internal Generative AI chat assistants and agents to provide better access to information, such as security, internal guidance and operational guidance
  - » rollout of MS Office 365 Copilot to support search, summarisation, content production

### Trade facilitation

HMRC plays a crucial role as the UK's customs authority to enable businesses and people to trade internationally, promoting economic growth. HMRC is strengthening and developing a modern customs regime that supports businesses and evolving global trade, while continuing to protect people and domestic markets. During 2024 to 2025 around 355,000 UK businesses traded internationally and the Customs Declaration Service facilitated the movements of over £1 trillion of trade in goods with around 78 million declarations (not including movements between Northern Ireland and Great Britain).

HMRC has established a digital academy that empowers its workforce across the organisation to help solve business problems and ensures colleagues have the standards, tools and skills needed to adapt to changing roles and skills. The academy will also upskill employees to use AI effectively. In 2024 to 2025 more than 80,000 digital, data and technology courses were completed, of which more than 11,000 were AI focused.

## 5.2 Modernising how customers interact with HMRC

The government wants businesses, individuals and intermediaries who act on their behalf to make better use of digitalisation, data, software and other technology to make calculating, recording and paying tax easier and more accurate. Sections 3 and 4 set out the ways in which HMRC is transforming to deliver this.

MTD for VAT and Income Tax is fundamentally changing the way customers interact with the tax system. MTD not only supports closing the tax gap but also modernises the way businesses and self-employed individuals keep records and calculate their tax liabilities:

- MTD for Income Tax – businesses will report their business and rental income and expenses closer to real time, reducing the likelihood of errors on tax returns
- regular reporting also provides businesses with a more accurate and regular picture of their tax liabilities giving them certainty and helping them to plan their finances
- customers will be able to use tailored commercial software which integrates with their existing business processes, improving accuracy of information provided to HMRC and freeing up customers' time to focus on growing their business

MTD software will provide data-driven digital nudges so customers can input their information with confidence without the need to contact HMRC. It will also allow customers to authorise more than one agent to deal with HMRC, reducing time spent on managing their tax affairs.

**MTD – evaluation and roll out dates**

HMRC commissioned quantitative research on the impact of Making Tax Digital for VAT for customers. The research found that almost 70% of businesses had experienced at least one benefit from using MTD.

MTD for Income Tax will be rolled out to sole traders and landlords with income over £50,000 from April 2026, and those with income over £30,000 from April 2027. As announced at Spring Statement, this government will go further by extending the roll out to those with income over £20,000 from April 2028, and will explore how the benefits of digitalisation can be extended to the 4 million businesses and landlords who have income below the £20,000 threshold.

HMRC is working with the DBT to explore increasing adoption of e-invoicing across UK businesses and the public sector. E-invoicing is widely used globally and enables the automation of invoicing processes. This can reduce administrative burdens, boost productivity, help to reduce errors in tax returns, and improve cash flow by reducing late payments to small and medium sized businesses. A joint HMRC and DBT consultation on e-invoicing closed in May 2025, and its responses will be used to identify the right approaches for the UK.

**E-invoicing insight**

E-invoicing technology has been in use for more than 20 years and many countries now require or encourage businesses to use e-invoicing. Industry research suggests that adopting e-invoicing can bring significant benefits to businesses; by halving the time taken to process invoices e-invoicing can save time and money and also increases cash flow by reducing incidents of late payments by 20%.

Source: E-invoicing: Paving the way to a Connected, Real-time Economy, A global study of over 9000 SMEs by Sage.

HMRC will modernise services for Corporation Tax (CT), beginning with a renewal of internal systems for CT to provide the foundation for future improvements. HMRC do not intend to introduce MTD for CT but are developing an approach to the future administration of CT that is suited to the varying needs of the diverse CT population.

HMRC recognises that this population includes a very wide range of entities and situations, from small businesses to multinationals, from charities and property management companies to unincorporated associations. HMRC will work with stakeholders to identify changes that will provide the best outcomes for taxpayers and government and is committed to consulting and providing early clarity and assurance on both the design and timing of changes.



## 5.3 Simplifying and modernising the legislative and administrative framework

In June 2025 HMRC and HM Treasury published the Tax Policy Making Principles<sup>5</sup> that outlined a more agile approach to consultation and stakeholder engagement. HMRC will now apply these principles, ensuring stakeholders will be engaged for frequent and flexible collaboration throughout all stages of the tax policy development cycle.

The Exchequer Secretary has asked HMRC to work with businesses and representative organisations to go further and faster in identifying ways to simplify tax and customs administration. This work will reduce the time customers spend managing their tax and customs affairs and enable them to focus on adding value to the economy.

Measures announced so far include:

- increasing the Income Tax Self Assessment trading income reporting threshold from £1,000 to £3,000 gross and aligning it with new £3,000 gross thresholds for property and 'other' taxable income. This change will mean up to 300,000 taxpayers will not need to file a tax return meaning they can focus on their business needs instead. People with taxable income below the new thresholds, for example from 'side hustles', will be able to report this income through a new digital reporting service. As announced earlier this year, HMRC will introduce the new service within this Parliament, with the aim to expand to other income types
- making improvements in 2025 to the Customs Temporary Admission procedure, which relieves import duties for eligible goods that are imported temporarily. These will extend and simplify the time limits for some goods, remove some restrictions on who can use the procedure and what they can do with their goods
- operating a pilot with industry partners to understand how HMRC systems could process electronic trade documentation and how this could improve customs administration throughout Autumn 2025
- improving, from 6 April 2027, the customer journey for thousands of employers by modernising and simplifying the process of reporting and paying tax on all employment benefits. This will mandate employers to report Income Tax and Class 1A National Insurance Contributions for most benefits in kind in real time. This change will stop 3.5 million people from having their Income Tax collected in arrears, ensuring that they pay the right amount of tax at the right time

Further plans to reduce the complexity of the tax and customs administration system were announced by HMRC as part of the Tax Update Spring 2025: Simplification, Administration and Reform.

HMRC also has a programme of changes to the tax administration framework that will support the government's priorities for the department. These changes focus on:

- electronic communications – HMRC will introduce modernised electronic communications legislation that will require customers to provide their digital contact details when they use HMRC digital services, supporting HMRC's digital-first ambitions
- data acquisition – HMRC will publish a consultation response document later this year with options for modernising HMRC's acquisition of data from third parties, for example by setting the format, frequency and timeliness of how data is reported. This will enable the delivery of modern services to customers including increasing pre-population of tax returns
- incentivising customers to pay their tax on time – HMRC is consulting on options to reform penalties to modernise, simplify, and strengthen their impact, and will provide an update later in 2025. Areas being explored include improving the effectiveness and administration of behavioural penalties and increasing late payment penalties for VAT and Income Tax Self Assessment taxpayers
- resolving disputes effectively – HMRC recently consulted on how to improve ease of access to, and use of, HMRC's alternative dispute resolution and statutory review processes. This includes exploring options to simplify the tax appeal process to resolve disputes more quickly and effectively. HMRC will provide an update on the consultation in Autumn 2025
- modernising compliance powers – HMRC is considering the reform of revenue correction powers including the development of a customer correction power, and a commitment to develop and test options to align and simplify compliance powers across tax regimes

## 5.4 Sharing data and collaborating cross government

HMRC will make greater use of data sharing across the public sector and – with the appropriate safeguards and controls – the private sector and international partners.

HMRC is committed to protecting the privacy and security of its customers' data as set out in the Charter. Sharing data safely and securely is a key enabler to joined up government services and improving citizens' experience. HMRC already shares data to support outcomes for a modern digital government. It does this formally and transparently, using more than 250 legal gateways. HMRC data plays a key role in policy development and service delivery across government and the public sector and has resulted in around £100 million of benefits when tackling fraud.

Under these gateways HMRC's data sharing includes:

- sharing extensive data with the Office for National Statistics (ONS) – improving the core economic and population statistics and helping to reduce the significant cost of statistical data collection including the 10-yearly census for England and Wales
- data sharing with the Home Office – streamlining administration of the 'Scale-up Visa' scheme, allowing high-growth companies to hire talent from overseas with greater ease and flexibility compared with other UK work visas
- building data sharing solutions with Social Security Scotland – following the introduction of a series of Scottish benefits HMRC and Social Security Scotland built IT data sharing solutions, which deliver for shared customers



Going further HMRC plans to:

- expand and improve access to anonymised data for other government departments and the research community including through enhancing HMRC's DataLab service, increasing the availability of HMRC data accessible via ONS Trusted Research Environments (TREs), and through participation in the Administrative Data Research UK (ADR UK) project. The HMRC and ADR UK project seeks to expand and enhance the evidence available to decision-makers to improve tax policy making and its implementation through improved engagement between HMRC and external researchers and greater use of HMRC's data by the researchers
- work with DSIT on development and delivery of the National Data Library to ensure HMRC's foundational data is more accessible to others - enabling better public services, economic growth and innovation (see section 5.1 for more information on how HMRC is modernising IT infrastructure)
- invest in HMRC's infrastructure (set out in more detail in section 5.1) to improve its ability to share quality data in a more efficient manner across the public sector. Infrastructure improvements will also support critical international tax reforms targeted at ensuring fair and effective world-wide taxation, for example the Organisation for Economic Co-operation and Development (OECD) initiatives and exchanging information in relation to cryptoassets and online platforms
- progress the Verifiable Credentials pilot with US Customs and Border Protection to test the use of new internationally interoperable digital credentials and identity standards. The outputs will help participants understand how they can speed up processes for US and UK businesses trading goods with each other





Beyond data sharing, HMRC is also working with other UK government departments and devolved bodies to improve government services for all citizens, including by:

- working with HM Courts and Tribunal Service to explore integrating case management systems between HMRC and the First Tier Tax Tribunal to deliver a fully digital end-to-end service allowing appeals to be resolved, on average, up to 4 months sooner
- working with the Government Digital Service on ‘Gov chat’ as the first cross-government trial of a Generative AI powered customer facing chatbot, which pulls content more broadly from across GOV.UK pages
- further enhancing the check your state pension forecast service, which supports people who want to make payments for voluntary National Insurance Contributions to fill gaps in their National Insurance record
- working with the Department for Environment, Food and Rural Affairs and devolved governments supporting checks on food and animals to deliver controls that promote a more efficient trading experience for businesses whilst helping protect society from the spread of pests, diseases, and contaminants, safeguarding public health and biosecurity
- Working with devolved governments and their revenue authorities on the administration of tax - this includes:
  - » preparing to administer paid statutory miscarriage leave which is being introduced in Northern Ireland in April 2026
  - » working towards the establishment of the Scottish Aggregates Tax in April 2026
  - » development of a Model Assisted Valuation by the VOA to support the Welsh Government’s programme of Council Tax reform





## 6 A future vision for the tax and customs system

The plans in the earlier sections of this roadmap set out how HMRC will begin to transform over the coming few years. This section sets out some of the longer-term trends that will influence HMRC's transformation and define future opportunities over this period and beyond.

HMRC envisages that the role of intermediaries in administering the tax and customs system will increase. Intermediaries, such as software providers, are already becoming more integrated into customers' existing processes and systems. This integration allows for AI and other technological innovations to automate fulfilment of customers' tax and customs obligations.

HMRC acknowledges this requires an increased stewardship of the wider tax ecosystem. The wider tax and customs ecosystem will be increasingly important in the accurate and efficient collection of tax and customs, presenting new and exciting opportunities and technologies to improve customer experience, close the tax gap and deliver productivity benefits.

This approach aligns with the internationally recognised direction of travel for tax and customs administration as set out in OECD's Tax Administration 3.0 (TA3.0)<sup>6</sup>. TA3.0 is predicated on integrating taxation processes into the increasingly interconnected systems that taxpayers already use.

## 6.1 Technology, innovation and AI

The government believes new technology and innovations such as e-invoicing and AI have the potential to better integrate business systems and the tax and customs system in an automated way. Sections 3 to 5 of the roadmap set out how HMRC is making full use of AI technology across the work of the department.

### Potential AI vision: customer service

HMRC's AI-powered digital assistant is already helping customers to get their tax right (see section 3.3 for more detail). Over the spending review period HMRC will develop and introduce new AI-powered features to help customers more easily navigate services.

HMRC will also test ways of using AI to give customers fully integrated and personalised interaction with its services. This could revolutionise tax administration, offering taxpayers tailored guidance, predicting their needs, and automating routine tasks so they find compliance easy and quick. By integrating advanced analytics and AI, HMRC will be able to better understand customer behaviour and tailor services accordingly.

### Potential AI vision: compliance

HMRC are investing in AI-powered systems for caseworkers, so they spend less time on administrative tasks and more time on their casework (see section 4.1 for more detail about AI-powered compliance systems). HMRC will continue to build on these systems across the spending review period.

The future of an AI-powered compliance casework assistant has the potential to transform the way HMRC staff conduct compliance activity. It has the potential to enable caseworkers to quickly retrieve case information and get precise answers to their queries, with the ability to effortlessly summarise case documents, making it easier to understand and act on the information. The assistant would provide a comprehensive repository of case-specific advice and guidance, supporting caseworkers in making informed decisions.

### Case study:

#### **Integrated tax and business systems**

Products are already available to connect the systems customers use to run their businesses, such as a point-of-sale machine or e-commerce platform, to their accounting software, which can automatically capture sales and fees and apply the correct VAT rates.

Innovations in payment and financial services infrastructure are also creating opportunities to capture line item data when payments are made. This could remove the need for a taxpayer to manually set up multiple integrations with their systems. This offers significant potential benefits, but is at an early stage, with significant detail to be worked through by government and industry.

HMRC wants to accelerate the benefits of several key trends that enable automation, including:

- integrating tax and business systems – enabled by the integration of customer systems and innovations in accounting, payments and banking infrastructure
- AI enabled products – increasingly capable of automatically classifying transactions for tax purposes within business accounting systems
- AI tools – increasingly capable of helping to answer tax and customs questions customers or tax advisers may have
- open banking – opening new possibilities to help customers manage their tax obligations



### Case study

#### AI-enabled products for tax purposes

In the past, technology has been unable to automate classifications as tax is context dependent and 2 identical transactions may result in different tax treatments.

AI-enabled bookkeeping automation tools are now available that can identify and extract relevant tax information and recommend an accounting category that factors in the unique context of the business.

For example, distinguishing between a launderette purchasing an industrial washing machine (capital expenditure) versus an electrical retailer who resells the item (cost of goods sold).

Trends in AI use and integration will:

- reduce the time consuming and error prone manual recording of sales and purchases, with further gains from software recommending the accounting classification of transactions, reducing the opportunity for error and fraud
- help customers and tax advisers navigate the tax and customs system more quickly and accurately with the help of AI models
- provide financial information that will help customers to understand their tax position in real-time and help businesses to maximise profitability
- reduce the manual administration HMRC needs to do

Progress in third party AI is rapid, and HMRC expects an acceleration of how quickly products come to market and what they are capable of doing. HMRC expect customer adoption will happen more slowly and intermediaries such as tax advisers will play a vital role in helping customers secure the benefits of digitalisation.

HMRC will adopt AI responsibly, applying its established ethical and safety controls, aligning with government AI, technology and accessibility frameworks and HMRC's Charter standards. Core to this will be transparency over how AI is being used and the benefits it is producing. As stewards of the tax system HMRC want to ensure that AI used across the tax and customs system supports customers in being compliant.

## 6.2 Digital identification

The government is transitioning to GOV.UK One Login as a single sign-in and identity checking solution for citizens to access government digital services. The ability for users to verify their online identity during interactions and transactions without the need for physical documentation is essential to joined up government services. The government has also announced its ambition to create a linked Digital Wallet that will allow users to store and share government ID documents as well as confirm ID attributes, such as age, to access private sector services.

HMRC is playing an active role to support these initiatives and is interested in exploring further how digital identification models supported by data and technology improvements can benefit the tax and customs system, such as:

- customer ability to use credentials in the Wallet across multiple sectors - for example, Sweden's BankID allows citizens to access both government and banking services
- further pre-population of tax returns, faster processing and real-time updates, as well as enabling innovation in the private sector
- improved cross jurisdiction collaboration and information sharing facilitated by cross border identity recognition frameworks – for example, the EU uses Electronic Identification, Authentication and Trust Services (eIDAS)
- greater customer control of their own data and information which could improve public trust and confidence
- ability for HMRC and customers to manage delegated authority roles and permissions more securely and seamlessly (for example to a tax agent, personal representative or between officers of a business)



## 6.3 Working in partnership

As set out above, the future is set to include a greater role for other parties in the wider tax and customs ecosystem beyond HMRC. It is therefore essential HMRC work in partnership with third parties and intermediaries, including through:

- facilitating the development of a more automated tax and customs system and working alongside tax advisers, software providers and customers to adopt and take advantage of new technology, whilst ensuring that customers continue to understand their liabilities, for which they are ultimately responsible
- helping third party AI and other technology models deliver compliant outcomes. HMRC is exploring the provision of guidance via API and actively looking for further opportunities to build in compliance and risk into systems
- developing the policies, processes, and capability within HMRC to be able to take swift action when standards are not met. HMRC will continue to work collaboratively with intermediaries to improve access to digital services and will also develop the tools necessary to protect the integrity of the tax and customs system. This includes developing HMRC AI principles for third party software
- HMRC will collaborate with software providers to embed tax and customs rules into their products, allowing for automated information and data sharing with HMRC

## 7 Delivery framework

In line with the Prime Minister's plans for the Civil Service and building on private sector exemplars who have delivered truly transformative change, HMRC will deliver its transformation in the following ways:

- direct ministerial leadership of HMRC's Board through the Exchequer Secretary's role as Chair
- moving away from a model of large change programmes, speeding up approvals and modernising its supplier landscape
- bringing more customer, stakeholder and private sector expertise and challenge into HMRC's policy, change and operational work
- making changes to deliver a more customer focused and efficient organisation by:
  - » appointing a Chief Customer Officer to ensure customers are at the heart of HMRC
  - » integrating the Valuation Office Agency's functions into HMRC. This will strengthen ministerial accountability and is expected to deliver between 5 to 10% of additional savings in VOA administrative costs by 2028 to 2029
  - » appointing a digital delivery partner – who will support, coach and help HMRC to deliver its ambitious transformation agenda
  - » continuing to keep under review the scope and level of fees charged by HMRC for functions and services to ensure they that they provide value for money and incentivise the right behavioural and economic outcomes

## 7.1 Leading from the front

Since September 2024 the Exchequer Secretary has taken on the role of chairing the HMRC Board and has promoted a culture of innovation and delivery within HMRC.

The Exchequer Secretary to the Treasury and teams of senior HMRC officials have met with organisations including Octopus Energy, Barclays, NatWest, John Lewis and Centrica where they have showcased how they innovate in the digital space to create new solutions through their 'test and learn' approach to problem solving. These meetings have provided HMRC the opportunity to learn from, and subsequently embed, best practice. For example, NatWest shared the success of their digital coaching programme where telephone advisers help customers understand NatWest's digital offer and build digital habits. HMRC is now trialling a similar approach.

HMRC's Board and subcommittees include non-executive directors and independent advisers with a wealth of external experience and expertise providing unbiased challenge, advice and scrutiny of HMRC's performance. This along with the Exchequer Secretary's role as Chair of the HMRC Board will support the continuous development and delivery of the transformation ambitions set out in this roadmap.

HMRC has 3 subcommittees that specifically focus on each of the Exchequer Secretary's priorities for HMRC. Along with the board, they scrutinise and challenge progress in meeting the deliverables set out in this roadmap. You can find out more about HMRC's governance and board committees.

## 7.2 Changing how HMRC does change

HMRC is taking a new approach to transformation and change delivery, to ensure that in the future change will be tested and delivered in a way that can iterate and adapt over time. Since December 2024 HMRC has been testing new ideas, inspired by what it has learnt from the private sector, through new operational sandboxes. This approach means that HMRC will not always get everything right first time. However, by releasing new services and products iteratively, in safe testing environments, HMRC will be able to learn through customer feedback and rapidly iterate them in response to their feedback and identified issues. This will have the added benefit of reducing the number of long running and large programmes HMRC delivers.

HMRC is also changing the way it makes decisions and delivers change. In the past, responsibilities were often shared across teams, which made it harder to move quickly or

respond to new priorities. Inspired by private sector models, HMRC is now embedding clearer accountabilities. This includes appointing tax regime owners, who provide end-to-end leadership for some tax regimes, ensuring they deliver what is needed by their customers and HMRC. This shift enables faster decision making and more focused prioritisation. It also supports a more agile way of working, helping HMRC to test, learn and adapt more rapidly.

### Operational Sandboxes

HMRC has been trialling the use of operational sandboxes following learning gained from the private sector. An operational sandbox offers a controlled and isolated environment to test new ways of working.

This approach has been used to test what would encourage more customers to transact online. It has helped HMRC understand the barriers that customers face when accessing, using, and remaining in digital services and therefore what support, tools and guidance could be deployed to ensure customers remain in digital services. This work also helped HMRC to establish how advisers can best promote digital services to customers.

Since December 2024, multiple operational sandboxes have been stood up which has helped HMRC to identify and deliver numerous improvements. These include:

- helpline advisers trialling real-time coaching to support customers to self-serve online and testing reassurance and progress updates via SMS and email
- clearer messaging directing customers to online guidance and to self-serve options where possible
- improvements to letters, outgoing communications, and bulletins, to highlight and promote online services available
- improvements to digital services where customers have told HMRC they have had issues, to make the process easier to follow



HMRC is also working with DSIT, the DWP, the Cabinet Office and HM Treasury to explore how to speed up central decision making processes, accelerating delivery of new digital services to the public.

Starting in 2025 to 2026 HMRC will launch new testing environments for AI innovation and will work with third parties to develop AI-driven products. These testing environments will include AI-generated synthetic data where needed and will be supported by necessary data models, governance, and access permissions for rapid testing.

HMRC's suppliers are also essential to the delivery of its priorities and so HMRC will use new powers in public procurement legislation to improve the supplier system efficiency and effectiveness by:

- setting targets to increase direct use of SMEs, thereby promoting more innovative thinking
- using Competitive Flexible Procedures as part of the Procurement Act 2023 to pre-engage markets to shape ideas and approaches before formal procurements take place
- driving up standards of commercial acumen across HMRC to increase value and opportunities for economies of scale from the supply chain



## 7.3 External challenge, engagement and reporting progress

As part of delivering transformation differently, HMRC will make greater use of external expertise. This partnership working will build on the many regular engagement forums HMRC holds to discuss and debate its strategic, policy, change and operational work.

### External challenge and support

HMRC is embedding new ways of involving externals in how it delivers change. This work will help drive a more iterative digital service delivery model, with opportunities to embed external expertise into key delivery projects and to build HMRC capability through secondments and targeted 'go sees' for the executive and delivery team. In 2025, HMRC will increase its engagement with external experts from the accountancy sector, utilising their expertise to support the success and effectiveness of the MTD programme.

HMRC is committed to reporting progress against the deliverables in this roadmap. HMRC's performance is published in the Annual Report and Accounts. In addition to this, HMRC also publishes monthly and quarterly performance updates, to summarise performance against its customer service targets.

As well as the deliverables set out in the roadmap, Annex A includes metrics that will demonstrate the progress HMRC is making towards its ambitions. HMRC will report on these in its Annual Report and Accounts. This will provide customers and stakeholders with a view of how HMRC is changing and where HMRC has taken a different approach - for example in adapting to technical advancements.

# Annex A: Metrics

HMRC's progress against the lead and supporting metrics below will be reported in HMRC's Annual Report and Accounts or supporting performance publications.

HMRC will continue to develop further metrics as set out below to measure progress against the Transformation Roadmap – these will be included in future updates.

## Improving day to day performance and the customer experience

Metric	Measurement
<b>Lead metrics</b>	<ul style="list-style-type: none"> <li>• proportion of customer service interactions made through digital self-serve</li> <li>• Customer Satisfaction Score</li> </ul>
<b>Supporting metrics</b>	<ul style="list-style-type: none"> <li>• analogue demand (phone and post volumes)</li> <li>• digital demand (app session volumes)</li> <li>• Net Easy Score</li> <li>• Once and Done</li> <li>• annual customer survey results for ease of dealing with tax issues</li> <li>• annual customer survey results for overall experience of dealing with HMRC over the last 12 months</li> <li>• annual customer survey results for ease of finding information from HMRC</li> <li>• annual customer survey results for 'HMRC is an organisation I can trust'</li> <li>• telephone – adviser attempts handled %</li> <li>• post correspondence - 15 working day turnaround</li> <li>• post correspondence – 40 working day turnaround</li> <li>• Interactive Voice response (IVR) handled</li> </ul>
<b>To be developed</b>	<ul style="list-style-type: none"> <li>• digital containment</li> <li>• avoidable telephony</li> </ul>

## Closing the Tax Gap

Metric	Measurement
<b>Lead metrics</b>	<ul style="list-style-type: none"> <li>• tax gap %</li> <li>• compliance yield</li> </ul>
<b>Supporting metrics</b>	<ul style="list-style-type: none"> <li>• tax gap £bn</li> <li>• compliance yield by yield type</li> <li>• yield from Prevent and Promote interventions</li> <li>• tax debt balance as a percentage of tax receipts</li> <li>• debt balance</li> <li>• number of customers in Time to Pay payment plans</li> <li>• positive charging decisions</li> </ul>

## Reform and modernisation of the tax and customs system

Metric	Measurement
<b>Lead metrics</b>	<ul style="list-style-type: none"> <li>• Technical Health Maturity Score (final quality assurance being completed in 2025)</li> </ul>
<b>To be developed</b>	<ul style="list-style-type: none"> <li>• costs of the system</li> <li>• agility of processes</li> <li>• ability to manage change</li> <li>• making HMRC a great place to work</li> <li>• contribution of HMRC data</li> <li>• customs administration and trade facilitation</li> </ul>

# Annex B: HMRC's digital improvements for customer experience

These are HMRC's planned deliverables at the time of publication. These plans will iterate as they progress into design and testing, and further details will be developed over the spending review period.

## Income Tax: Pay As You Earn (PAYE) and National Insurance Contributions

### HMRC will:

Roll out a new online service in 2025 to 2026 for all PAYE customers, with new self-serve features enabling customers to make changes to reported income, and to verify tax payments, allowances and deductions.

Launch a new expenses service in 2025 to 2026 to enable PAYE customers to submit claims for tax relief on their allowable expenses and upload supporting evidence in one place.

Enhance the online PAYE service with explanations and reassurance messages for customers.

Develop a new reporting service to make it easier for customers with simple tax affairs to report their taxable income to HMRC.

Expand and enhance digital options for National Insurance Contributions refunds to make it easier and faster for customer to access the refunds they are entitled to.

## Income Tax: Self Assessment

### HMRC will:

Improve the process for digital Self Assessment registration and cessation.

Improve the digital process for appealing against late filing and late payment penalties.

Reduce HMRC processing times, for example by exploiting opportunities to automate, so that customers get quicker responses.

Provide customers with enhanced on-screen reassurance messages to reduce the need for progress chasing.

Introduce HMRC adviser-driven messages that will provide progress updates for customers who have provided digital contact details.

Roll out Making Tax Digital for Income Tax, beginning in April 2026 for those with incomes of £50,000 and above, and for further groups in subsequent years.

## Value Added Tax (VAT)

### HMRC will:

Improve registration processes through a test-and-learn approach, including by exploring sending VAT numbers by email.

Explore automation options to improve the data-driven de-registration processes.

Explore adding a repayment tracker via the Business Tax Account to increase reassurance and reduce the need for progress chasing.

Explore increasing the adoption of e-invoicing as a means of reducing administrative burdens, improving cashflow, and reducing errors for VAT customers.

## Child Benefit

### HMRC will:

Introduce in 2025 to 2026 a claims tracking service with personalised notifications to remove the need for customers to chase progress.

Enable newly-liable customers who meet the eligibility requirements for the High Income Child Benefit charge to make payments via their tax code without needing to register for Self Assessment from Summer 2025.

Pre-populate Self Assessment tax returns with Child Benefit data for those not reporting payments through their tax code, from April 2026.

Explore Child Benefit digital award notices, to replace paper for the vast majority of customers who make their claims online.

Explore how Child Benefit and childcare services could be integrated to provide customers with a seamless end-to-end digital service.

## Customs

### HMRC will:

Enhance the non-AI elements of the Online Trade Tariff service to provide a more personalised and improved service for users.

Make it easier for customers to submit information to the Goods Vehicle Movement Service (GVMS) and improve the availability of information about goods movements.

Improve integration across the range of platforms within HMRC's customs administration, enabling HMRC to better use automation and advanced data processing.



## Corporation Tax

### HMRC will:

Renew HMRC's legacy Corporation Tax system to ensure its continuing functionality and security.

Work with stakeholders to develop key design features of a new Corporation Tax system that caters for the diverse population of users.

## Inheritance Tax

### HMRC will:

Replace the existing manual, paper-based Inheritance Tax process with a modern end-to-end digital service to improve efficiency and accuracy by 2027 to 2028.

## Agents

### HMRC is working with tax advisers and professional bodies to develop and deliver improvements. HMRC will:

Modernise and mandate tax adviser registration from April 2026, with streamlined registration processes.

Modernise digital identity for tax advisers and how they are authorised by their clients.

Provide secure three-way communication between HMRC, its customers and their agents.

Introduce new capabilities to enable agents to digitally withdraw their clients from the Self Assessment service.

Enhance the income record viewer to expand the information available.

Launch a new service to allow agents to digitally submit information which may impact their client's tax code.

Provide the ability for agents to track the progress of their client's submissions and repayments.

## Cross-cutting digital improvements

### **HMRC is investing in improved use of data and new technologies that will support improvements for all customer groups. HMRC will:**

Improve the information available to HMRC advisers to enable high-quality support and swifter resolution of customers' issues.

Modernise how customers register and authenticate themselves to use HMRC's digital services.

Modernise communication with customers, increase digital outbound communications and send less post.

Expand functionality available in the HMRC app, which helps customers to view and manage their taxes and benefits across personal tax and benefits regimes.

Integrate AI to support improved customer service, such as in the Ask HMRC online digital assistant.

Improve its use of third party data, including to pre-populate tax returns making completing Self Assessment submissions easier, and to improve the accuracy of PAYE tax codes.

Expand the use of progress updates and reassurance messages, as well as secure channels for customers to communicate and exchange information digitally.

Invest in improvements to transform HMRC's payments journeys to make the processes more efficient, accessible, and simpler for customers - for example, enabling more customers to receive repayments directly into their bank accounts.









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