



HM Revenue
& Customs

HMRC Transformation Roadmap

Update 2026

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OFFICIAL



This document was taken from the published HTML version on 7 July 2026 to create the PDF version. There have been subtle tweaks made to reflect this as one document with annex included.

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About this document

HMRC's [Transformation Roadmap](#) was published in July 2025 and outlined the government's vision for a more efficient, modernised and automated tax and customs system.

This progress update shows how the changes being made are allowing HM Revenue and Customs (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 aim to boost economic growth.



1. Forewords

Foreword by the Exchequer Secretary to the Treasury

When we published HMRC's Transformation Roadmap last July, we set a clear direction: to build a tax and customs system that works better for everyone by improving customer service, closing the tax gap, and reforming and modernising HMRC. This progress update shows that commitment being turned into action.

HMRC is committed to becoming a world-class tax, customs and valuations authority. Delivering that ambition requires sustained investment, bold reform and a willingness to do things differently. The progress made over the past year shows what can be achieved when investment and ambition are matched by focused delivery with clear and measurable advances against our public commitments in the Transformation Roadmap.

Customers are not just noticing the difference — they are responding to it. There were 2.8 million new HMRC app users in 2025 to 2026, with the total number of unique users now at 7.6 million. Nearly 20 million people now use the Personal Tax Account, with 78% of customer interactions now taking place digitally — moving us closer to our ambition for at least 90% of HMRC's customer interactions to be digital by 2030.

Customer satisfaction with HMRC's digital services is consistently above 80% and call waiting times have reduced significantly. These results represent real improvements in people's day-to-day interactions with the tax system. But we cannot be complacent. There is more to do, and I've been clear with HMRC where services need to improve further — but the direction of travel is unmistakable.

Alongside better services for customers, our transformation is focused on enabling us to tackle those who seek to bend or break the rules. Investment in 5,500 additional compliance officers, greater use of artificial intelligence, a strengthened reward scheme for informants, and new powers to tackle dishonest tax advisers all reflect a serious and sustained commitment to fairness.

The introduction of Making Tax Digital (MTD) for Income Tax in April 2026 marked the biggest modernisation of the tax system for a generation — helping people to get their tax right and reducing error through digital record-keeping. In addition, this government is committed to taking targeted action against illegal activity on the high street and significantly strengthening enforcement activity. This year also marks a significant milestone. The integration of the Valuation Office (VO) into HMRC brings together 2 organisations united by a shared ambition: to deliver a modern, professional, digital-first service which collects the right tax, protects the funding that underpins our public services and frees up businesses to focus on growth rather than administration. The VO's own transformation plans — including modernising its IT systems, introducing model-assisted valuations and improving customer services — fully align with HMRC's wider mission and enhance its ability to deliver.

I am relentlessly focused on ensuring HMRC delivers the transformation and service improvements to which it has committed over the next 4 years. Transformation of this scale does not happen overnight, and there will be further challenges ahead. But I am confident that HMRC is heading in the right direction, momentum is building, and that the foundations being laid now will deliver lasting benefits for taxpayers, businesses and the public finances for years to come.



Dan Tomlinson MP

Exchequer Secretary to the Treasury



Foreword by the First Permanent Secretary and Chief Executive

We are approaching the anniversary of the publication of our 5-year roadmap for HMRC's transformation, which is delivering fundamental reform and modernisation of the tax, customs and valuation system.

This Transformation Roadmap update sets out the tangible progress we have made over the past year. I'm proud of what we have accomplished, making welcome improvements in performance after a period of pressure, and I'm confident we have the momentum to accelerate progress and build a more resilient HMRC for the future.

Our priorities are to close the tax gap and transform customer experience while modernising and reforming HMRC. To achieve these, it's essential we make HMRC a digital-first organisation, with excellent customer-focused digital services and a modern, secure technology infrastructure. We've made strong progress: 78% of customer interactions are now digital, up from 65% 5 years ago, and our ambition is to reach at least 90% of customer interactions through digital channels by 2030. Over 7.6 million people used the HMRC app in 2025 to 2026, an increase from 5.9 million in 2024 to 2025 and we saw £818.8 million of Self Assessment payments made via HMRC's app in January 2026, up from £499 million in January 2025. We also hit a major milestone with the introduction of MTD for Income Tax for sole traders and landlords with income over £50,000 in April 2026. Over 350,000 businesses have already signed up, in line with our forecasts.

In parallel, we've driven significant improvements on our phone lines and our customers' day-to-day experiences. Capacity now matches demand, helping us to substantially reduce call waiting times, address historical service issues and improve service standards. We will continue to build momentum by investing in new customer technology: a modern Contact Centre as a Service (CCaaS) platform and an Enterprise Customer Relationship Management (CRM) system. Together, these will help us to join up customer contact across channels and give colleagues the tools they need to provide a faster, more consistent service.

Beneath these service improvements, we are addressing underlying system issues through reform and modernisation, while securing strong technical foundations for future progress. We're building modern cloud-based platforms to enable us to scale services quickly, strengthen resilience and focus resources on delivering better outcomes to users. Our technical health maturity now stands at 3.3 out of 5 against Gartner's PAID model, with a clear ambition to reach 4.0 by 2030, putting us in a stronger position to accelerate improvements to our digital services.

We are also using automation, data and AI to move faster, test earlier and scale success. Our rollout of Microsoft Copilot licences — one of the largest in UK government — means more than 28,000 colleagues are now using AI-enabled tools in their day-to-day work and plans are in place to scale up to 50,000 during 2026. We are also testing, learning and scaling what works through launching accelerator initiatives, which unite policy, operations and digital expertise to develop innovative new services in priority areas. Alongside this, we're deploying a new approach — PATH (Pioneering Advanced Technology in HMRC) — to rapidly make our systems simpler, faster and more human-centric for colleagues, citizens and businesses. Customers are already benefiting from more digital support, including our AI-powered digital assistant, 'Ask HMRC', which helps them to get their tax right, with over 6.3 million interactions during 2025 to 2026, and from 'nudges' built into MTD for Income Tax via our HMRC Assist functionality.

These changes are vital — but our transformation goes beyond technology. It's also about investing in changes to the way we operate, so that, having stabilised performance and strengthened resilience, we can fix the underlying structural issues in the tax system. Our compliance work is bringing in more money than ever before: in 2024 to 2025, we collected and protected a record £48 billion in compliance yield — money that would otherwise have gone unpaid without our intervention. We will continue to improve this, using better delivery models, better data and our expanded compliance workforce to drive greater efficiency and value for money. In 2025 to 2026, HMRC targeted compliance yield of £50.4 billion and we will report delivery against that target in our Annual Report and Accounts. Measures announced by the government to close the tax gap are expected to deliver £10 billion of additional revenue per year by 2029 to 2030.

Beyond compliance, we are using new technologies to support our customers and help them to grow their businesses. For example, we're using AI and other advances to redesign the Online Trade Tariff tool, making it easier for traders to get bespoke support and better understand their tax and customs obligations, reducing burdens and helping them make the most of opportunities. The value of our trade support for our customers is significant, with the Customs Declaration Service (CDS) facilitating the movements of over £1 trillion of trade in goods in 2024 to 2025.

We have welcomed more than 1,600 additional compliance caseworkers in 2025 to 2026, surpassing our recruitment target. In April 2026, the Valuation Office Agency became part of the HMRC family, bringing together 2 organisations with a shared ambition to deliver a step change in the service we provide to customers and the outcomes we achieve. The Valuation Operating System (VOS) and growing use of model-assisted valuations give us a strong platform to build on as we integrate transformation across the department.

Equally important is equipping our people with the tools, training and support they need to focus their expertise where it adds the most value. We're testing new AI tools to summarise calls automatically — improving the quality and consistency of call notes recorded — and to triage customer complaints — ensuring they get to the right place and can be responded to more quickly. And we're developing tools to assist, automate and accelerate the work of compliance officers, freeing people up to focus on improving service to customers and driving down the tax gap.

Our Charter and values guide everything we do, and while we continue to make strong progress, I recognise there is more to do to consistently meet the high standards it sets — including keeping customers at the centre of our work and strengthening open, honest collaboration with our partners to fix structural issues. We can't deliver real change without bringing the whole tax, customs and valuation ecosystem with us on the journey — and I'm grateful to all our partners for their support, including through co-creating MTD for Income Tax. By designing the service with taxpayers, agents and software providers, we have built a system that makes it easier for people to get their tax right first time.

I was also proud to see that colleague engagement increased by 3 percentage points to 60% in our most recent People Survey — the highest in HMRC's history — reflecting an increased sense of connection to our vital purpose as a department. But we have more to do. Investing in our people and their capabilities — across data, AI, business design and delivery — enables colleagues to drive value, and we're committed to fostering new talent, recognised by our Gold award from 'We Invest in Apprentices'.

Transformation at this scale demands focus, discipline and professionalism. I am grateful for the commitment our colleagues and partners bring to this work every day. The foundations laid over the last year are already strengthening how we operate and will accelerate delivery in the years ahead. I am committed to sustaining this progress, building on our successes, and reporting openly and transparently as we do so — guided by our Charter and determined to build a tax, customs and valuation system that works better for customers, businesses and the country.



JP Marks

Permanent Secretary and Chief Executive



2. Improving day-to-day performance and the overall customer experience

HMRC is committed to improving its day-to-day performance and customer experience, in line with its Charter commitments. To achieve this, the department's vision is to become a digital-first organisation where at least 90% of interactions with customers and the intermediaries who act for them take place digitally, whilst offering a fully inclusive customer support model that caters for all.

Over the last year the uptake of HMRC's digital services has continued to increase. 78% of customer interactions with HMRC were through automated or digital self-serve channels in 2025 to 2026, compared with around 65% in 2020 to 2021. Customer satisfaction scores across HMRC's contact channels are averaging around 80% satisfaction through 2025 to 2026.

Use of the HMRC app continues to grow. In 2025 to 2026 the HMRC app had 7.6 million unique users, up from 5.9 million in 2024 to 2025. In January 2026 alone, around 3 million customers used the app more than 15 million times. Self Assessment payments via the HMRC app in January 2026 were £818.8 million, up from £499 million in January 2025.

Use of the Personal Tax Account and Business Tax Account (BTA) has also remained strong. During 2025 to 2026, 19.7 million people used the Personal Tax Account, and 10.8 million businesses used the BTA to view their latest tax information and keep their records up to date quickly and easily.

Customers calling HMRC have also been receiving an improved service, with calls answered more quickly in 2025 to 2026 than in 2024 to 2025. Improvements have also been seen in post response times. In April 2026, HMRC's flagship MTD also reached a major milestone when mandatory digital record keeping went live for sole traders and landlords with gross income (before expenses) above £50,000.

HMRC continues to invest extensively in listening to customer feedback to ensure it meets Charter Standards and creates a modern, trusted tax system. This includes through customer satisfaction surveys within contact channels, user testing, and the delivery of social and market research to provide in depth insight into customer needs, expectations and experiences. In 2025 to 2026 HMRC published 104 reports of large-scale surveys and qualitative research with its customers.

A full list of HMRC's customer experience focused digital improvements for 2026 to 2027 are included in the annex.

2.1. Improving digital services for individuals and small businesses

Improving HMRC's digital services for individuals and small businesses remains central to delivering better day-to-day performance and customer experience. HMRC's focus is on making services simpler, more reliable and easier to use, so that customers can complete the majority of their interactions quickly and with confidence. HMRC is working with partners across government to ensure that changes deliver improvements to overall user experience and support wider government priorities.

Since April 2025 HMRC has delivered a number of enhancements to its digital services, including:

Introducing new features in the Personal Tax Account

These show a clear timeline of tax events, an enhanced view of customers' income sources, estimates of income tax, plain English explanations including what tax codes mean and how they affect take-home pay, and information about untaxed savings interest.

Making it easier for customers to manage their Self Assessment records online

A new digital service will allow customers to close their Self Assessment record more quickly, while an improved online appeals service will reduce the need for paper and help to make decisions faster. In addition, a new registration service for Self Assessment customers now brings previously separate online journeys together. This service pre-populates customer details where possible and provides confirmation by email and text, making the process quicker and more straightforward for customers, while reducing manual work for HMRC.

Improving how National Insurance refunds are administered

This addresses a longstanding area of delay and customer frustration for both employers and employees. This includes providing a new solution for employers processing refunds for multiple employees, simplifying the payments journey for employees and plans for a new digital refund service for individuals who have overpaid National Insurance contributions (NICs).

To support customers with children:

- HMRC has enhanced its Child Benefit service so that eligible customers can now pay the High Income Child Benefit Charge through their Pay as You Earn (PAYE) tax code, instead of completing a Self Assessment return, making the process simpler
- the Child Benefit digital service has also been improved through automation for straightforward claims that can go straight into payment, helping decisions be made more quickly
- a fully digital service has been introduced for Child Benefit customers to inform HMRC of a child's education status and HMRC has improved how cases are identified where more than one person has claimed Child Benefit for the same child

To support small businesses HMRC has:

- enabled the visibility of Payment on Account (POA) schedules within the VAT BTA, allowing customers to view their instalment schedules directly online
- delivered an enhancement to the VAT POA schedules, introducing the display of the VAT registration name and number to improve usability and support stronger customer internal controls
- enhanced the BTA digital service to extend schedule visibility to Annual Accounting (AA) customers and their agents, improving transparency and consistency across payment regimes
- commenced replacing existing 'print and post' services for the Option to Tax (OTT) G-form to tell HMRC about opted properties when cancelling VAT registration from 31 March 2026
- launched Policy Development and Technical Workshops with Department of Business and Trade (DBT) and industry stakeholders to work collaboratively on the design of the UK e-invoicing regime and inform the development of the e-invoicing implementation roadmap which will be published at Budget 2026

To support businesses navigating the customs system HMRC continues to enhance the Online Trade Tariff tool as part of its wider transformation of customs, improving access to tariff data and targeting information to user needs.

To make it easier for customers to register and use HMRC's digital services the process for doing so 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. Following public beta testing, all new individual customers without a Government Gateway account are now using GOV.UK One Login to access digital services. It is HMRC's ambition to begin onboarding existing individual customers (those who already have a Government Gateway credential) in 2027 and to transition new and existing agents and organisations to GOV.UK One Login by 2030.

HMRC has continued to improve reassurance messaging and make it easier for customers to pay and change their contact details. Since April 2025 HMRC has:

Enhanced online Time to Pay services

More customers now do this digitally and receive payment options tailored to their individual ability to pay. The introduction of an improved digital Budget Payment Plan service also offers customers a simpler way to budget for future tax bills, with regular automated payments and clearer guidance to help prevent unexpected year-end liabilities.

Made significant progress in improving reassurance messaging for customers

This includes trialling SMS and push notifications for app users and expanding the use of adviser-issued text messages. These updates reduce the need for customers to contact HMRC to check on progress.

Commenced work to enhance how customers update contact details online

This includes adding smarter messaging and guidance through the Digital Assistant, enhancing document upload, and exploring bulk digital messages to better support and prompt customers at scale

Through these improvements to HMRC's digital services customers have more information and more control over their tax affairs.

HMRC also recognises the importance of offering a well-managed, easy-to-use and responsive service when customers wish to submit a complaint. In 2025 to 2026 HMRC has introduced new digital technology to help speed up response time to ensure customers are kept informed of progress. Text message acknowledgements are sent to customers at multiple points in the complaints journey, including explanations for any delays experienced in line with HMRC's policy to be more transparent about its service offer. In 2026 to 2027, HMRC will continue to improve performance in handling complaints.

Despite these improvements HMRC recognises there is more to do. Listening to and working with customers, HMRC will continue to improve its digital offer for individuals and small businesses, targeting the areas that add most value to customers, including providing customers with a view of their overall income and tax position in their digital account. To support this, in 2026 to 2027 changes to PAYE and Self Assessment will include:

Improved personalisation of the Personal Tax Account

Delivered incrementally through 2026 to 2027, HMRC will modernise the account design to present customers with relevant tasks, activities and information based on their individual circumstances. Information will be better structured by service, with related tasks, taxes, benefits, news and support grouped together to reduce complexity and unnecessary navigation. The redesigned service will meet the latest accessibility standards and improve customer understanding.

An improved digital expenses service

This will start with Flat Rate Expenses and expanding to professional subscriptions and mileage, allowing customers to claim online and upload evidence digitally. This delivers on improvements to the service originally expected for 2025 to 2026 that is currently in private beta to ensure the necessary quality controls.

Expanding the features available through HMRC's online PAYE service

This will help more customers understand their tax and manage it digitally. These features will include clearly explaining the impact of untaxed interest on a customer's tax liabilities. Providing more information online to explain the reason for under or overpayments and tax code adjustments. HMRC is expanding improvements to the P2 tax coding notice (the P2 is a personalised communication telling the customer what makes up their code) by making the impact to a customer's take home pay clearer, through personalised calculations, messaging and explanations. HMRC will also segment annual coding email notifications. This will allow customers to be navigated to the appropriate service and ensure customers understand changes without the need to call.

Updating systems so customers get the right tax code faster, without having to do anything

Currently, when someone starts getting an occupational pension, they are usually put on a Week 1/Month 1 tax code. This can lead to wrong tax deductions because the pension isn't checked against total income. Changes this year will allow tax to be calculated on a cumulative basis using total income to date, improving accuracy and reducing follow-up contact.

Child Benefit improvements

For those with children, HMRC is developing a Child Benefit claim tracking service in 2026 to 2027 to deliver incrementally the service originally expected in 2025 to 2026, with personalised notifications so customers will no longer need to chase progress. HMRC also expects to introduce award notices digitally for Child Benefit claims. Pre-populating Self Assessment returns with Child Benefit data will make it easier for customers to pay their High-Income Child Benefit Charge. This delivers on pre-population originally expected in April 2026.

Self Assessment Registration improvements

From late 2026 to 2027, the Registration Service for Self Assessment customers will allow customers who already have a Unique Taxpayer Reference (UTR) to rejoin Self Assessment more easily. Both self employed customers and those who need to file for other reasons will be able to reinstate their Self Assessment record without needing to complete the full registration process. The new service will allow customers to register in one place, with improved identity checks and updates sent by text and email. This will reduce delays in setting up records.

To better support bereaved families, from 2027 to 2028 HMRC will replace the existing manual paper-based process for Inheritance Tax with a digital service. Since April 2025, HMRC has worked closely with executors, agents, trustees and HMRC caseworkers to understand service requirements. This has included building and testing early prototypes with users so that the service is shaped by their feedback. HMRC has also strengthened its support model for bereaved customers, creating a more joined-up service that better responds to customer needs. This includes a bespoke bereavement telephony line, a new webchat channel, and the use of adviser-triggered notifications to keep customers informed and reduce the need for repeat contact. Improvements have also been made to communications, adviser guidance and the management of customer enquiries to enable the delivery of more targeted, specialist support.

Work continues to transition HMRC's remaining paper correspondence to a digital offer. HMRC's ambition is to reduce the number of postal outputs it sends by circa 75%; saving £50 million a year by 2028 to 2029. This will allow most customers to access HMRC correspondence digitally, enabling a faster, more convenient experience whilst retaining some paper-based communication for those that need it. This year the government has put in place a legislative framework to allow HMRC to switch new and existing digital users to be digital by default. HMRC is working with external partners and stakeholders and customers as well as commissioning in-depth user research to help customers prepare for these anticipated changes.

HMRC is also investigating the digitisation of over 100 forms — aiming to reduce effort, improve accessibility and make it easier for customers to get things right first time, while reducing the operational burden and help support modernising tax administration.



Tackling phone lines

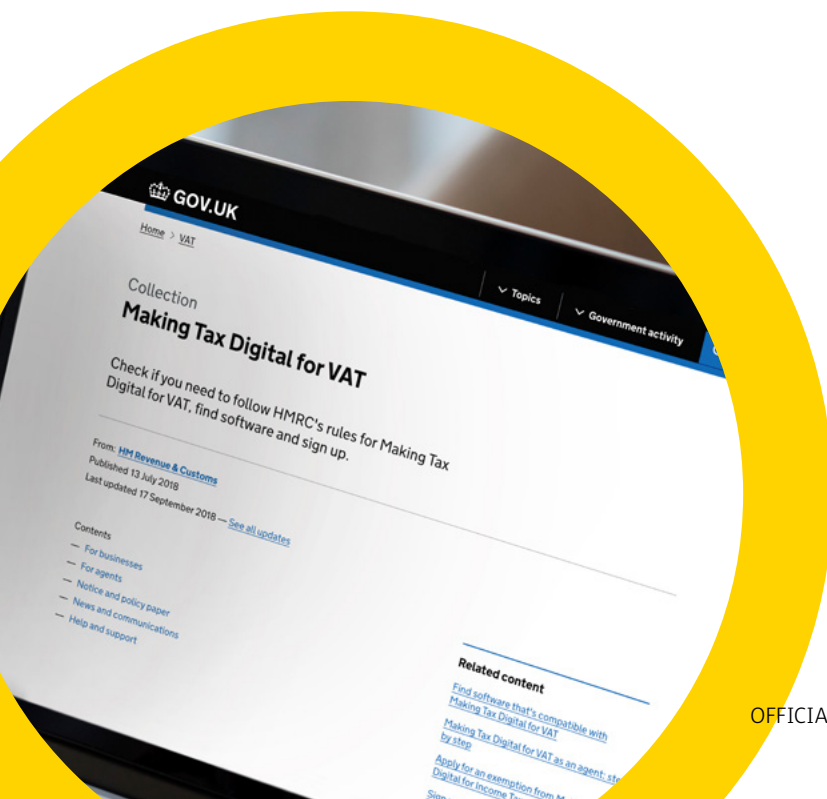
HMRC is committed to meeting customer service standards, including targets for customer satisfaction and how easy customers find interacting with us.

In 2026 to 2027 HMRC will expand and improve the digital offer for individuals and small businesses, targeting the areas that add most value to customers. As more people self-serve online, advisers will be freed up to support those who need to contact us by telephone.

HMRC will also initiate work to move to new IT systems to improve customer experience, such as a new CCaaS platform. CCaaS will include embedded Artificial Intelligence (AI) capability, which will be delivered incrementally. This will help HMRC better manage call queues, provide accurate wait times, and offer intelligent digital assistant support. This will allow HMRC to deliver a more responsive and personalised service, both over the phone and through digital channels.

HMRC will continue to use technology to support customers calling HMRC helplines, for example through the use of call summarisation, information messages to provide customers with the details they need, and voice biometrics where appropriate.

HMRC provides [information on performance for 2025 to 2026](#) on GOV.UK.



2025 to 2026 Transformation Roadmap commitments

Committed to for 2025 to 2026	Progress made
In 2025 to 2026 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	New online service for PAYE taxpayers introduced
In 2025 to 2026 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	Not met, HMRC launched service into private beta to ensure the necessary quality control, with wider roll out in 2026 to 2027
In 2025 to 2026 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	Simplify the registration process through a new registration service for Self Assessment customers that brings previously separate online journeys together. Developed new services which allow Self Assessment customers to close their records quickly, and a new digital appeals process to replace paper processes and speed up decisions. These are being private beta tested so that they can be improved further ahead of wider rollout in 2026 to 2027
In 2025 to 2026 enable newly liable, employed individuals to report Child Benefit payments through their tax code, removing the need to register for Self Assessment where appropriate	Enhanced the Child Benefit service so that eligible customers can now pay the High Income Child Benefit Charge directly through their PAYE tax code

Committed to for 2025 to 2026	Progress made
In 2025 to 2026 introduce reassurance text and email messages within Self Assessment appeals service, to all complaint cases and within some PAYE services	Extended reassurance text messages to customers appealing Self Assessment penalties, all complaint cases and some PAYE services
From 2025 to 2026 onwards introduce Child Benefit digital tracking services so that customers will be able to track their claims and view their payments in real time	Not met, HMRC is developing a Child Benefit claim tracking service, to deliver incrementally from end 2026 to 2027
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	Tested new ways of telling people about changes to their tax position and introduced new online explainers in plain English, including what tax codes mean and how they affect take-home pay; an improved view of all their income, allowances, benefits, and deductions; and help for customers to self-serve by enabling them to update employment, pensions, and estimated pay online. HMRC also tested changes to the P2 tax coding notice to help customers understand what changes mean for them
In 2025 HMRC has begun to use voice biometrics technology which will collect customers' voice recordings so they can be used as their passwords	Through 2025 to 2026 we have extended the rollout of voice biometrics so that all individual customers contacting speech enabled lines are now given the opportunity to use their unique voice print to securely and quickly identify themselves on the phone and access services more easily and more quickly.

2.2 Collaborating with intermediary partners and improving the digital offer for tax advisers

Since April 2025, HMRC has continued to collaborate with intermediaries and professional bodies, including through HMRC's Representative Bodies Steering Group and the Agents Digital Design Advisory Group, and through working in partnership with third-party software providers. This led to the following progress on improving HMRC's digital offer for tax advisers, including:

Establishing in May 2026 a single digital front door for tax adviser registration

A key request made by tax advisers and their professional bodies. HMRC will build on this in 2026 to 2027 by continuing to improve and automate the new registration system and support tax advisers to register throughout the transition year. HMRC has also completed Test and Learn activity on Multi-Factor Authentication (MFA) to strengthen digital identity, security and fraud prevention for tax advisers. HMRC's intention is to fully operate with MFA towards the end of 2026 to 2027. In 2025 to 2026 HMRC also explored the 4 'pain points' which tax advisers and their professional bodies identified as priorities. Feasibility and delivery planning work on these areas will continue in 2026 to 2027.

Publishing in March 2026 HMRC's Strategic Approach to Third Party Software

This sets out how HMRC will work in partnership with the software sector to steward a thriving tax and customs software market and set the long-term direction for how third-party software will support compliance, digital services and future reform. HMRC will now work with stakeholders from across industry, intermediaries and end users to define a clear and prioritised delivery plan for publication by Spring 2027. Alongside this HMRC published its plan for strengthening software standards and its strategic approach for external integration

HMRC also recognises the importance of improving the day-to-day offer for tax agents. Over the last year the department has implemented the following improvements to agent channels:

New routing options on the Agent Dedicated Line (ADL)

This includes embedding the Personal Tax Query Resolution Service (PTQRS) as an escalation route where ADL or webchat cannot resolve issues.

A review of the dedicated agent webchat offer

Undertaken in collaboration with representative bodies and agents, with the view to relaunching the service in 2026 with clearer signposting.

A single digital front door for tax adviser registration (see section 3.4)

This includes enhanced upfront checks, improved data capture and faster validation. All of this will aid tax advisers to access, register and maintain their relationship with HMRC.

New functionality enabling customers to authorise multiple tax advisers to assist with their MTD for Income Tax obligations

This enables customers to use different agents for different aspects of their tax affairs and supports the accountancy and bookkeeping sectors in meeting clients' needs while giving customers greater flexibility over their agent representation. HMRC plans to build on this delivery by introducing similar functionality for VAT in a way that delivers clear and practical benefits for tax advisers.

These improvements are expected to enable agents to reach the right route first time, experience shorter waits on the ADL, and have a clearer escalation pathway for complex or pending cases.

More broadly, HMRC's MTD programme mandates intermediated software for eligible customers, integrating tax into the way businesses run their day-to-day operations. Through software that integrates with the systems and processes that businesses use day-to-day, MTD improves accuracy, strengthens the roles of agents and software as intermediaries and lays the foundations for wider modernisation of tax services. This service is now rolling out incrementally to customers, supported

by direct communications and clear GOV.UK guidance. A mature and competitive software market is now in place, including free and low-cost options. This provides customers with genuine choice and supports the wider objective of modernising the tax system while keeping administrative burdens proportionate.

HMRC’s focus now turns to supporting customers through the first operational milestones of MTD for Income Tax, including the first quarterly updates due on 7 August 2026. Engagement is expected to build through the early months of mandation as customers prepare for that deadline. In parallel, HMRC is continuing to prepare for the phased expansion of the service.

2025 to 2026 Transformation Roadmap commitments

Committed to for 2025 to 2026	Progress made
HMRC, working with professional bodies, will prioritise work starting in 2025 to: introduce an online service to enable agents to close their client’s Self Assessment record more efficiently; 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; and provide the ability for agents to track the progress of their client’s submissions and repayments	In 2025 to 2026 HMRC explored potential solutions in these 4 areas in partnership with professional bodies, and feasibility and delivery planning work on these areas will continue in 2026 to 2027

2.3 Making digital services more accessible, easy and attractive to use

Making HMRC's digital services accessible is essential to ensuring that improvements in digital delivery benefit as many customers as possible, in line with HMRC's Charter commitments. HMRC continues to ensure its digital services are designed to meet required standards. Since April 2025, the department has strengthened oversight and assurance in relation to how Web Content Accessibility Guidelines, the Public Sector Equality Duty, Government Service Standards and Welsh Language provision are applied. Since April 2025, this has included:

Guidance improvements

HMRC continued to raise awareness of digital services, and offer more personalised guidance, through improvements to GOV.UK content. In 2025 to 2026, HMRC made circa 4000 updates and improvements to its GOV.UK guidance offer. By targeting the most complex and used guidance in 2025 to 2026, HMRC has helped around 2 million more customers self-serve and encouraged more than 11 million additional uses of HMRC's digital services.

Tax Confident campaign

HMRC launched <https://taxconfident.campaign.gov.uk/> in March 2026 as a new customer education hub designed to help people understand the basics of tax in a clear, simple and accessible way. The site brings together short videos and worked examples, organised around life milestones rather than tax categories, to help close common knowledge gaps. HMRC expects to further enhance its education offer, building on this 'Tax Confident' web content.

Continuing to drive awareness and uptake of digital services

HMRC promoted the HMRC app through targeted campaigns. Over the past 12 months the 'You're on it' digital channel shift campaign has expanded from 18 to 34-year-olds to also include 35 to 65-year-olds, reaching 97% of UK adults. The 'You're on it' digital channel shift campaign will be continuing throughout 2026 to 2027 with the aim of achieving 10 million unique app users by March 2027. HMRC promoted the Child Benefit claims and the new High Income Child Benefit Charge PAYE service, raised awareness of the Check Your State Pension and Voluntary National Insurance Contribution payment tools, and encouraged young people and job starters to download the app and save their National Insurance number to a digital phone wallet.

Beginning work on new functionality

HMRC initiated work to move to platforms that will further optimise accessibility through new technology and functionality including a new CRM platform and a new CCaaS platform.

In 2026 to 2027 HMRC plans to make a further circa 4,000 GOV.UK guidance updates and improvements which will enable more customers to digitally self-serve, reduce customer contact and minimise complexity. Work is already underway to focus on small businesses, employees and those retiring.

To support GOV.UK navigation and contact channel choice, work is also underway into how AI can support HMRC's digital assistant to become more conversational and intuitive, allowing customers to ask the assistant questions in their own words.

2025 to 2026 Transformation Roadmap commitments

Committed to for 2025 to 2026	Progress made
In 2025 to 2026 HMRC will begin work to introduce a new CRM system	Initiated work to introduce a new CRM system — see Section 4.1
In 2025 to 2026 HMRC will develop education support packages focused on pensioners and small businesses	In March 2026 launched https://taxconfident.campaign.gov.uk/ as a new customer education hub designed to help people understand the basics of tax in a clear, simple and accessible way
In 2025 to 2026 HMRC will also be developing a Tax Facts module aimed at students in higher education to support the UK's entrepreneurs of the future	Piloted a new Tax Facts Vocational lesson for 16 to 18 year olds to build practical knowledge for those likely to enter self-employment of vocational careers
The investment HMRC has secured for 2025 to 2026 means customers can expect more consistent performance throughout the year	Performance in 2025 to 2026 has been more consistent and improving — see Chapter 2 introduction for more details, with performance to be reported in HMRC's forthcoming Annual Report and Accounts

2.4. Improve the targeted support offer where digital self-service is not appropriate

While HMRC continues to expand its digital services, a digital self-serve approach is not suitable for all customers. HMRC is committed to providing targeted support where digital interactions are not appropriate or possible, including for the digitally excluded, those in vulnerable circumstances or those with more complex enquiries. HMRC has made progress in 2025 to 2026:

- customers calling HMRC have been receiving a better service, with calls answered quicker in 2025 to 2026 than in 2024 to 2025
- customers are also much more likely to be able to get through to an adviser when they phone, with more than 8 in 10 calls being answered throughout the year
- response times to customer correspondence have also improved as the year has progressed, meeting HMRC's service standard of responding to 80% of items within 15 working days of receipt in all but one month since August 2025

Some customers still wait too long for HMRC to process their request. HMRC recognises this falls short of an acceptable service standard and is therefore investing in further resource and automation to reduce the average time taken to process customers asks.

HMRC continues to ensure customers are aware of the support on offer to them through clear communication and wider customer engagement. Since April 2025 this has included:

Voluntary and Community Sector Programme

HMRC has supported over 40,000 customers in 2025 to 2026 through HMRC's grant funded Voluntary and Community Sector Programme. HMRC has pledged more than £11 million to support customers who need extra help. For more detail see this press release on [HMRC funding for customers who need extra help](#).

Extra Support Service awareness

Through collaboration with the Voluntary and Community Sector, HMRC developed new video content promoting HMRC's Extra Support Service, published in May 2026.

Customer support research

HMRC commissioned external research to understand how customer support needs might evolve as HMRC transitions to becoming a digital-first organisation. HMRC will build on this refreshed evidence to develop a new multi-year plan outlining proposals to continually improve extra support provision. This will include improving HMRC’s ability to mark customer records to show the type of support needed and to provide tailored communications. This will be delivered as part of HMRC’s Enterprise Customer Relationship Management capability.

HMRC’s response to post remains within agreed targets, however, HMRC recognises the need to reduce the volume of outstanding work more quickly. During 2026 to 2027, from July onwards, HMRC expects these levels to reduce as HMRC:

- improves service performance in line with HMRC’s Charter, going beyond current service standards at certain points in the year — higher levels of service at peak times will reduce repeat contact and improve customer experience
- reduces work on hand, including post — this will keep customer records and repayments up to date, and reduce customers needing to chase progress, one of the largest sources of avoidable contact
- increases adviser capability, enabling colleagues to handle a wider range of work, including the more complex cases — over time, simpler queries will move to digital channels, leaving more complex work for non-digital channels
- enhances automation opportunities, maximising the use of robotics and AI to undertake routine and repetitive tasks that allows colleagues focus on more complex case resolution — this will reduce work and ensure new cases are resolved quickly

2025 to 2026 Transformation Roadmap commitments

Committed to for 2025 to 2026	Progress made
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.	Commissioned external research to understand how customer support needs might evolve as HMRC transitions to becoming a digital-first organisation.



3. Closing the Tax Gap

HMRC's goal is for everyone to pay the tax that is legally due, no matter who they are. We aim to do this by making it as easy as possible for people to get things right first time and making it increasingly difficult to get things wrong. We will do this while tackling those who seek to deliberately pay less than they should, or cause harm to the tax and customs system.

The Transformation Roadmap set out HMRC's compliance strategy to:

- prevent 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
- promote 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
- respond 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 latest [tax gap estimate](#), published in June 2026, is 6.4% for 2024 to 2025, equivalent to £59.2 billion. The tax gap is a backward-looking measure so does not yet reflect more recent changes in policy, performance or investment. Revisions to previous years' estimates, using new data and improved approaches, suggest the tax gap has been broadly stable over recent years as a percentage of receipts, and remains below the 7.5% recorded when measurement began in 2005 to 2006.

The measures announced by this government and certified by the Office for Budget Responsibility (OBR) are expected to deliver £10 billion in additional tax revenue each year by 2029 to 2030. HMRC targeted compliance yield of £50.4 billion in 2025 to 2026 and will report delivery against that in HMRC's Annual Report and Accounts this year.

However, the government recognises there is more work to do, and closing the tax gap will require tackling some of the toughest areas of compliance risk. The government and HMRC are tackling these areas through:

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

Through the investments set out in the Transformation Roadmap, in 2025 to 2026 HMRC has improved support for customers and the intermediaries who act for them by making it easier to get tax right through improved digital services, clearer guidance and targeted nudges, while also using new digital tools to deter and prevent deliberate non-compliance. Alongside this, HMRC has improved customs capabilities to support traders in meeting their customs obligations, while enabling HMRC to better manage fiscal and non-fiscal customs compliance risks.

3.1. Process and policy changes including digitalisation, automation, and AI

Modernising how HMRC collects, processes and uses data is central to HMRC's approach. Since April 2025, HMRC has continued to strengthen its data foundations needed to promote compliance and target interventions more effectively, including:

Legislating to introduce a new obligation on third-party data holders

These changes will improve the data reported to HMRC on financial account information and card sales for tax administration purposes from the 2027 to 2028 tax year, building on consultation in 2025 on the quality and timeliness of information available to HMRC from third parties.

Improving exploitation of the third-party data HMRC receives

This is starting with delivering targeted nudges in the MTD for Income Tax service to help customers avoid making errors in their submissions; and extending it to VAT from April 2027.

Closing the Tax Gap competition

HMRC held its first competition with the private sector in 2025 to bring in and test AI, data science and other innovative approaches to tackling deliberate evasion and improving compliance. Following the first 2 stages of the competition, 2 businesses have been awarded 12-month contracts to pilot their solutions ahead of the final tender stage. HMRC teams will work with them to explore how their proposed ideas can be developed and to test how well they will deliver and help close the tax gap.

From 2026 to 2027, HMRC will continue to improve its data collection and use by introducing secondary legislation and publishing guidance on third-party data requirements to support risk assessment, tax compliance and administration.

HMRC will continue to make improvements to its case management systems that will streamline compliance activity, making it more efficient for customers and those who act on their behalf. Also, HMRC will continue the rollout of the Microsoft tool Copilot to help colleagues with day-to-day work, such as drafting and summarising documents, emails and meetings, and to support compliance activity, always with skilled caseworkers making final decisions.

HMRC is investing in new systems to enhance its compliance work. This includes:

- delivering the core capabilities that enable secure digital communication and file exchange through Secure Digital Exchange Communications (SDEC) programme in 2026 to 2027
- developing a Digital Disclosure Service to allow customers and intermediaries to correct mistakes and pay liabilities and penalties for all taxes and duties with the aim to go live in 2027 to 2028
- improving tools for HMRC caseworkers to identify fraudulent documents during compliance activities using more advanced recognition mechanisms
- providing caseworkers with enhanced AI-powered systems, including access to generative AI systems that provide rapid, clear and consistent guidance

Launching MTD for Income Tax, and support for small businesses

HMRC's Transformation Roadmap is improving digital services for small businesses and the tax intermediaries who support them, delivering more intuitive systems so businesses can spend less time on admin and more time growing, investing and creating good jobs. This contributes to the government's aim to boost economic growth.

HMRC launched MTD for VAT in 2019, and in April 2026 introduced MTD for Income Tax, starting with sole traders and landlords with income over £50,000.

MTD requires taxpayers to keep digital records and send tax information to HMRC more regularly using compatible software.

HMRC has already seen the benefits through the 2 million businesses using MTD for VAT. Digital record-keeping has increased confidence in their tax affairs, reduced errors and saved between 26 and 40 hours per year on average. HMRC has published an [evaluation of MTD for VAT](#) on GOV.UK.

HMRC is supporting customers to sign up for MTD for Income Tax by writing directly to customers, running a national marketing campaign and delivering hundreds of events and webinars. HMRC's comprehensive guidance on GOV.UK allows customers to check if they need to use MTD for Income Tax to report self-employment and property income. HMRC is also working closely with software providers and stakeholders to support customers through the transition.

MTD in practice

Having talked to my clients over the last 2 years about Making Tax Digital, I'm confident they're going to see a number of benefits, not just that their book-keeping is up to date but just the very fact that within that 3 month period we can check those queries. The benefits are that it's instant, if there's a problem it gets corrected the next month and it's live and ready.

For practices that have clients who are going to come in next year at the £30,000 level, I would suggest that they bring them in early if the client is willing, so you can get familiar with the process, and the client gets used to it and then they're ready to go.

The book-keeping is going to be key to this and keeping up to date accurate records is going to be beneficial to you.

Kirsty St John, Kirsty's Counting Service

2025 to 2026 Transformation Roadmap commitments

Committed to for 2025 to 2026	Progress made
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.	On 21 July 2025 set out next steps in the Summary of Responses alongside draft legislation, subsequently included in the next Finance Act (Schedule 23 FA2026) .
Enhance case management systems to integrate letters, forms and penalties processing.	Not met, but HMRC continue to make improvements to case management systems to streamline compliance activity, making it more efficient for customers and those who act on their behalf
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.	Draft legislation published in July 2025. This will make recruitment agencies or end clients accountable for PAYE on payments to workers supplied through umbrella companies.

3.2. Increasing and strengthening HMRC's compliance and debt interventions

Effective compliance and debt interventions depend on HMRC having skilled, professional workforce with the capacity and capability to act where non-compliance occurs. The collection of tax and operating an effective tax and customs system requires a skilled workforce with high standards of professionalism.

Investment was announced at Autumn Budget 2024 and Spring Statement 2025 to recruit 5,500 additional compliance staff by 2029 to 2030.

Since April 2025 HMRC has laid the foundations for increasing the effectiveness of compliance and debt interventions by:

Compliance officer recruitment

HMRC remains on track with the commitment to recruit an additional 5,500 compliance officers by 2029 to 2030 ensure businesses meet their tax obligations. We have recruited over 2,100 additional compliance officers so far, with over 1,600 compliance officers joining in 2025 to 2026. In 2026 to 2027 we plan to recruit an additional 1,100 compliance officers.

Increasing activity to tackle offshore non-compliance more effectively

This includes that carried out by the wealthy and the companies they control, with HMRC recruiting over 20 external experts from outside the organisation and redeploying a further 200 staff to manage this risk.

Tax learning and colleague development

Continuing to provide tax learning and continuing professional development to colleagues across the Department through the Tax, Customs and Compliance Academy. 2,708 colleagues joined HMRC's formal learning programmes in 2025 to 2026.

In 2026 to 2027 HMRC will publish the Further Closing the Wealthy Tax Gap plan in Autumn 2026, setting out how it will improve compliance across the wealthy population.

HMRC is committed to reducing the tax debt as a percentage of total tax receipts and HMRC has made progress since April 2025 by:

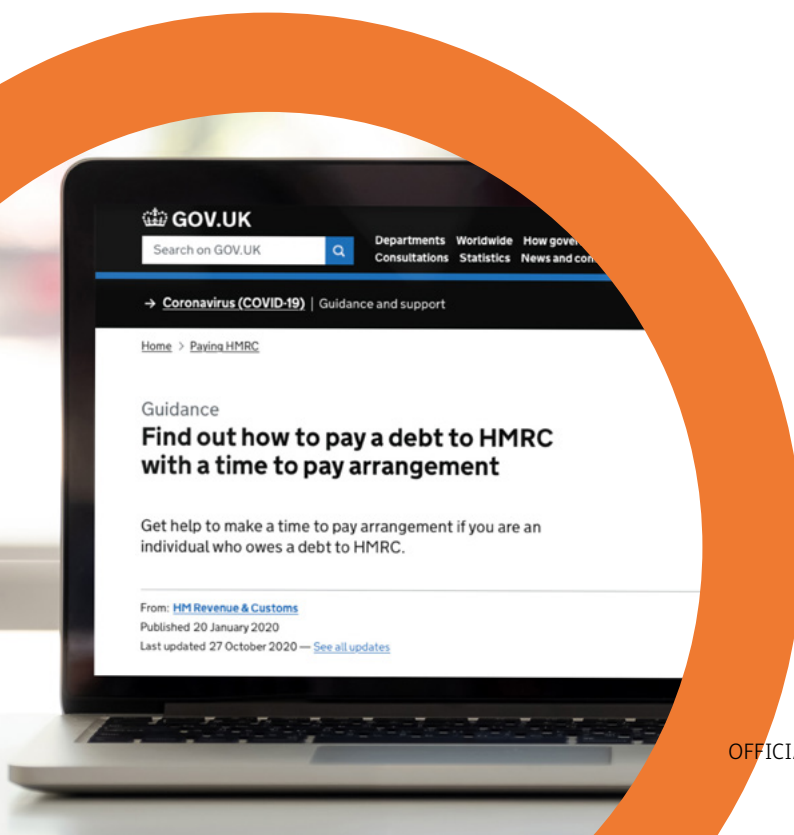
- publishing the update to the tax debt strategy, which will enable HMRC to collect more of the tax that is due while enabling individuals and businesses to focus more on what matters to them
- increasing the interest rate charged and any penalties on overdue tax debts, ensuring there is no incentive for late payment and the system is fair for all
- conducting a trial to collect more aged debts with private sector debt collection agencies
- restarting 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

To enhance HMRC's capacity to collect outstanding tax debts, recent investment allows HMRC to retain around 1,200 debt management staff until March 2030, whose funding was due to end. HMRC has also started recruiting a further 1,200, most of whom will join HMRC by the end of 2026 to 2027.

HMRC will continue the long-term programme of modernising its debt management case system, which will simplify the processes tax debt caseworkers use and support customers by contacting them with the right message at the right time.

In 2026 to 2027:

- Self Assessment customers will continue to move to the new debt management system and begin to benefit from the enhancements this brings in 2027 to 2028
- HMRC will collect £22 million through the gradually increased use of its power to directly recover tax debts owed by individuals and companies following the successful test and learn phase in 2025 to 2026
- HMRC will also continue to increase the functionality of the online Time to Pay payment plan service to allow more customers to resolve their debt at a time that suits them
- HMRC will collect £31 million of older tax debts through the increased use of debt collection agencies following the successful trial last year — this will support HMRC to address the volume of debt that can be uneconomic to pursue using existing enforcement methods



2025 to 2026 Transformation Roadmap commitments

Committed to for 2025 to 2026	Progress made
By the end of 2025, 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.	On 26 November 2025, published an update to the tax debt strategy , setting out future activity and the trajectory of tax debt as a proportion of receipts.
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.	Interest rates for late payments updated in December 2025.
Undertake an innovative test and learn pilot in 2025 to 2026 to trial collecting more aged debts with private sector debt collection agencies.	In March 2026 HMRC completed a trial to collect more aged debts with private sector debt collection agencies.
Restarting 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.	A test and learn phase successfully completed in March 2026, resulting in improvements to customer communications and HMRC processes with financial institutions.
Start to train more than 21,000 people across the Tax, Customs and Compliance Academy and the enhanced Criminal Justice Academy in 2025 to 2026.	In 2025 to 2026 2,708 people joined HMRC's formal learning programmes across the Department through the Tax, Customs and Compliance Academy. The Counter Fraud Academy (previously called the Criminal Justice Academy) has commenced training around 350 criminal investigators.

3.3. Tackling fraud and economic crime

When tax fraud does happen, HMRC has a range of powers and specialist investigation capabilities that enable us to uncover even the most complex and determined frauds and bring the perpetrators to account.

HMRC has already taken steps since April 2025 to further tackle fraud and economic crime, including:

- launching a strengthened reward scheme for informants targeting information on serious non-compliance in large corporates, wealthy individuals, offshore and avoidance schemes to encourage [reporting of high-value tax fraud and tax avoidance](#)
- delivering legislative changes to stop the use of fraudulent umbrella companies to help protect customers from being caught up in tax avoidance schemes that can often leave them with large and unexpected tax bills
- 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

Tackling illegality on the high street

Some types of high street businesses facilitate illegal activity that causes significant harm and make it difficult for legitimate businesses to compete and thrive. HMRC is committed to tackling this problem, working with partner agencies to disrupt these businesses and the people behind them.

HMRC has stepped up its work to tackle the people and enablers of businesses that operate illegally on the high street. This will address a broad range of risks including tax evasion, and align with HMRC and government strategies for Tobacco, Alcohol, Vaping, National Minimum Wage and Anti-Money Laundering.

This will be delivered through planned operational activity and further measures announced at Budget 2025; including supporting the delivery of the cross-government High Street Organised Crime Unit, strengthened border enforcement on the vaping supply chain, formation of the new Small Business Evasion and Enforcement Team, and improved partnering with Insolvency Service and Companies House.

In 2026 to 2027 HMRC will undertake at least 30,000 high street linked interventions, collaborating with other agencies and dedicating 50% of the capacity of HMRC’s criminal investigators from the new Small Business Evasion and Enforcement team to tackle high street businesses linked to illegal activity.

2025 to 2026 Transformation Roadmap commitments

Committed to for 2025 to 2026	Progress made
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.	Published the strengthened scheme for serious evasion and tax avoidance in November 2025.

3.4. Raising the standards of advisers and intermediaries in the tax and customs system

HMRC recognises that intermediaries, such as paid tax advisers and software providers, can play a crucial role in closing the tax gap by correcting errors, assisting with complexity, and preventing non-compliance.

Since April 2025, HMRC has introduced changes for intermediaries, including:

Modernising and mandating tax advisor registration

From May 2026, the registration of tax advisers who interact with HMRC is mandatory. Tax adviser registration is a critical first step towards providing better agent access to HMRC services in the future. Mandating the registration of tax advisers was moved from the originally published date of April 2026 to May 2026 to ensure customers and tax advisers were able to focus on requirements for MTD for Income Tax, launched in April 2026.

Enhancing powers and sanctions

From 1 April 2026, stronger powers were introduced for HMRC to tackle tax advisers who intentionally facilitate non-compliance in their clients' tax affairs. These new powers will make investigations into advisers who intentionally facilitate non-compliance more effective and will introduce tougher penalties based on the tax revenue lost through an adviser's actions.

Advanced Electronic Signature requirement

HMRC has introduced a requirement for tax advisers to obtain an Advanced Electronic Signature from their clients when making certain income tax repayments on their behalf. This requirement gives greater assurance that an adviser has permission to act for the taxpayer.

HMRC has worked with industry to develop [standards for customs intermediaries](#) setting best practice for the sector.

2025 to 2026 Transformation Roadmap commitments

Committed to for 2025 to 2026	Progress made
Publishing a dedicated roadmap setting out HMRC’s approach to software in the tax system by April 2026.	HMRC published its Strategic Approach to Third-Party Software in March 2026, alongside its Plan to Strengthen Standards for Third-Party Software and its Strategic Approach to External Integration.

For information on improvements to umbrella companies, see section 3.1.

Supporting Tax and Customs software

HMRC wants a thriving, innovative software market that makes it simpler for customers to fulfil their tax and customs responsibilities, offers fair competition between developers, and supports an effective, healthy tax and customs system.

HMRC has made progress since April 2025 by:

- publishing the Strategic Approach to Third Party Software, the Plan to Strengthen Software Standards and the Strategic Approach to External Integration, developed in close collaboration with software developers and intermediaries through a range of HMRC-hosted workshops and roundtables to bring diverse perspectives into the development of the strategy
- setting out HMRC’s expectations for responsible use of generative AI in tax software in published guidelines to give developers the confidence to introduce AI functionality into their products in the UK, while minimising the risk of those products introducing error or non-compliance



4. Reform and modernisation

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

The Prime Minister has challenged the Civil Service to go further and faster to deliver a more productive and agile state, and HMRC is playing an active role in this transformation, working collaboratively across government.

HMRC is reforming its operations to deliver on this ambition by:

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

Over the last year HMRC has delivered the plans set out in the Transformation Roadmap by modernising its IT infrastructure by initiating work to move to new IT systems, improving how customers and intermediaries interact with HMRC through the MTD and other digital service improvements, and simplifying the tax and customs administration framework so it is fit for the future. HMRC has also supported wider government ambitions through data sharing capabilities, and joining up systems and guidance across government, especially with HMRC's critical role at the border.

4.1. Modernising HMRC's IT infrastructure and workforce

Since April 2025, HMRC has continued to modernise its IT infrastructure, which includes:

Initiating work to move to new IT systems to improve customer experience

The CRM system will enable more personalised support for customers and their advisers. Ongoing work will also support this, such as the recent delivery of HMRC's central customer registry, which provides better join-up across HMRC systems, and a modernised contact centre technology through the introduction of CCaaS.

Future proofing HMRC's services by using fewer, more efficient and cost-effective IT platforms to build and adapt products more quickly

Already over half of HMRC's services and underlying IT have been either decommissioned or moved from on-site servers to secure cloud hosting, helping us to build and run more resilient services that can be supported and updated more easily and scaled up quickly to meet peaks in demands, better serving customer need.

Delivering continuous improvement to key customer-facing customs digital services

These improvements include the CDS and the Goods Vehicle Movement Service (GVMS). This has included targeted enhancements to strengthen CDS functionality and resilience, making it easier for customers to submit information and access goods movement updates through GVMS.

Systems improvements will continue throughout 2026 to 2027. This will include work on HMRC's legacy Corporation Tax (CT) systems to provide a more flexible and resilient platform for CT. The work is expected to be completed in 2028. HMRC has recently published a consultation on modernising and standardising company tax returns, which supports the future administration of CT.

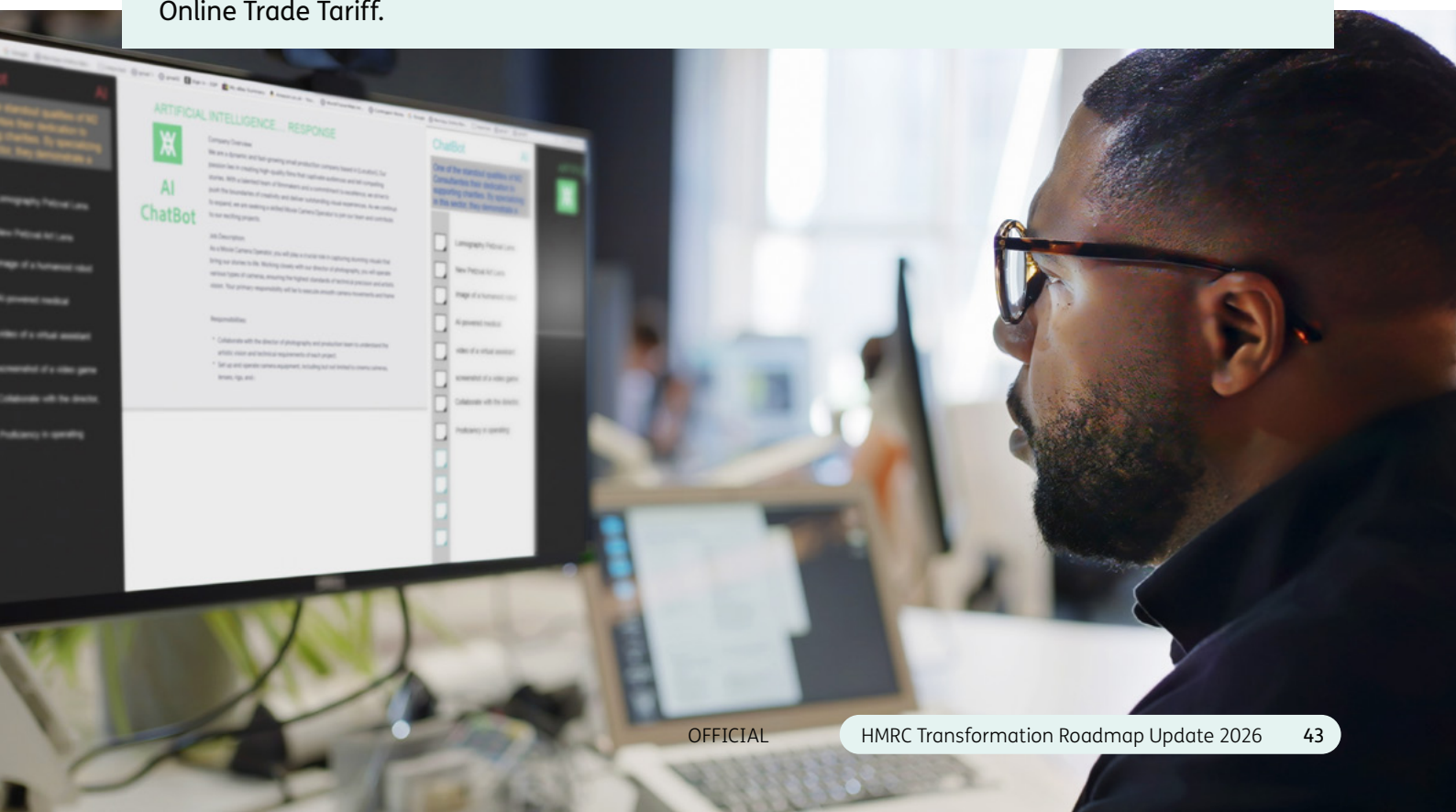
HMRC's progress with AI

HMRC is harnessing the power of AI to create a simpler, more automated tax system — one that works better for customers, strengthens compliance and powers public services, in 2025 to 2026 this included:

- completing one of the largest rollouts of Microsoft Copilot licences in UK government — by March 2026, HMRC had issued over 28,000 Copilot licences to colleagues to support tasks such as drafting and summarising documents and emails and summarising meetings
- creating testing environments with AI-generated synthetic data to quickly and safely test new AI tools — this allows HMRC and private sector to experiment with AI technology without risking customer data
- piloting AI call summarisation to automatically draft notes from customer calls, helping advisers save time and improve consistency, while keeping a human in the loop for review
- providing customer service colleagues with interactive AI simulators to recreate realistic customer conversations, enabling them to practice challenging scenarios and build confidence in a safe environment

HMRC is committed to adopting AI responsibly, applying its established ethical and safety controls, aligning with government AI, technology and accessibility frameworks and HMRC's Charter standards.

Looking forward, HMRC will continue to explore the use of new AI tools to automate and streamline administrative tasks meaning colleagues can spend more time on compliance casework and customer service. HMRC will also incorporate AI tools into a transformed Online Trade Tariff.



4.2. Modernising how customers interact with HMRC

MTD for VAT and Income Tax is fundamentally changing the way customers interact with the tax system as set out in section 3.1 on HMRC’s work supporting small business compliance.

In April 2026 HMRC successfully launched MTD for Income Tax to sole traders and landlords with income over £50,000. HMRC will continue to roll out MTD for Income Tax to:

- those with income over £30,000 from April 2027
- those with income over £20,000 from April 2028

This enables a gradual extension of digital record keeping across the tax system, improving the digital services available for small business and the tax intermediaries who support them. Over time, this will also support improvements to the third-party data HMRC receives.

The government will also mandate e-invoicing for all VAT invoices from April 2029. HMRC is working with DBT to publish an e-invoicing roadmap at Budget 2026 that will set out the milestones to implementation in April 2029 and build on co-creation work taking place with industry representatives in 2026.

2025 to 2026 Transformation Roadmap commitments

Committed to for 2025 to 2026	Progress made
MTD for Income Tax	Successful launch of MTD for Income Tax to sole traders and landlords with income over £50,000.

4.3. Simplifying and modernising the legislative and administrative framework

HMRC is identifying ways to simplify tax and customs administration by working with businesses and representative organisations, which will reduce the time customers spend managing their tax and customs affairs and enable them to focus on adding value to the economy.

Since April 2025 HMRC has:

- legislated to support the department's move to a 'Digital by Default' model for outbound communications, ensuring customers who use HMRC's digital services will automatically receive digital communications unless they actively opt out — HMRC will gradually transition customers to 'digital by default' when services are ready
- set out the next steps to reform penalties, which will include reforms to modernise inaccuracy and failure to notify penalties to reduce their complexity and improve their role in supporting compliance
- committed to modernising the correction of errors through consultation on new legislation obliging taxpayers to correct inaccuracies where they are identified
- improved the customs Temporary Admission procedure, extending and simplifying time limits for some goods and removing restrictions on who can use the procedure and what they can do with their goods
- completed a pilot with industry partners to understand how HMRC systems could process electronic trade documentation and how this could improve customs administration

Further plans to [simplify and modernise the tax and customs administration system](#) were announced on the 23 June 2026 as part of the Tax Update. These include:

Transforming the Online Trade Tariff

This moves the Online Trade Tariff from a static reference tool into a smarter, journey-based service that supports businesses throughout the import and export process — enhancements will include improved user features and the integration of AI tools to make tariff information easier to access, understand and use, helping to reduce administrative burdens and improve compliance.

Introducing digital ATA Carnets on 1 June 2026

This makes the UK one of the first countries to adopt them alongside the European Union, Switzerland and Norway. Digital ATA Carnets will replace paper-based systems used for the temporary movement of goods internationally among approximately 90 countries and territories. The move to digital carnets aligns the UK with international developments and supports smooth cross-border trade, making it easier for businesses and touring artists to move goods between the UK and other countries temporarily without payment of import duties.

Consulting on implementing more timely payments in Income Tax Self Assessment (ITSA)

This includes reforms for ITSA customers with PAYE income who will be required to pay more of their forecasted Self Assessment liabilities in-year through PAYE from April 2029. Spreading tax payments through the year into smaller, regular payments will help reduce tax debt and avoid taxpayers having to pay larger, infrequent and sometimes unexpected bills.

2025 to 2026 Transformation Roadmap commitments

Committed to for 2025 to 2026	Progress made
Making improvements in 2025 to the customs Temporary Admission procedure, which relieves import duties for eligible goods that are imported temporarily.	Improved the customs Temporary Admission procedure by removing restrictions on eligibility and permissible use and extending and simplifying time limits for certain 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.	Delivered a pilot with industry partners to explore how HMRC systems could process electronic trade documentation and how this could better customs administration.
Consulting on options to reform penalties to modernise, simplify, and strengthen their impact, and will provide an update later in 2025.	Since April 2025, HMRC has set out the next steps to reform penalties, which will include reforms to modernise inaccuracy and failure to notify penalties in order to reduce their complexity and improve their role in supporting compliance.
Providing an update on the consultation on how to improve ease of access to, and use of, HMRC's alternative dispute resolution and statutory review processes.	Not met, HMRC is analysing the feedback provided by stakeholders and will provide an update in due course.

4.4. Sharing data and collaborating cross-government

Since April 2025 HMRC has made greater use of data sharing across the public sector and, with the appropriate safeguards and controls, the private sector and international partners by:

- publishing the [Research Future Strategy](#) in 2025 setting out how HMRC would explore options to widen external data access, aligned with Administrative Data Research UK (ADR UK) and HMRC strategic priorities
- working in partnership with the Department for Science, Innovation and Technology (DSIT) to shape and develop the [National Data Library](#) and the ‘kickstarter’ project to use data to better target energy bill support to those who need it
- completing the Verifiable Credentials pilot with US Customs and Border Protection to test the use of new internationally interoperable digital credentials and identity standards
- sharing NICs and Credit data with the Department for Work and Pensions (DWP) for the Bereavement Support Payment

HMRC continues to work in partnership with other UK government departments and devolved bodies to improve government services for all citizens. Since April 2025 HMRC has worked with:

- the Government Digital Service on ‘GOV.UK chat’, their first cross-government deployment of a Generative AI powered customer facing chatbot, which pulls content more broadly from across GOV.UK pages
- devolved governments and their revenue authorities on the administration of tax over this year, this includes preparing to administer paid statutory miscarriage leave introduced in Northern Ireland in April 2026 and working on switching off UK Aggregates Levy in Scotland when Scottish Aggregates Tax was introduced in April 2026
- DBT on a call for evidence to explore whether [integrations between the systems businesses](#) already use could make record keeping easier and more accurate

In 2026 to 2027 HMRC will work with:

- the Scottish Government and Revenue Scotland as they implement their Air Departure Tax, planned for April 2027, which will replace Air Passenger Duty in Scotland
- DWP to develop a strategic, automated data share to support National Insurance-based benefits and streamline DWP's services for more timely and accurate processing of claims, for example for Jobseeker's Allowance, Maternity Allowance and State Pension
- DSIT on GOV.UK One Login, for more information please see section 2.1 on HMRC's progress with this work
- DBT and wider government to implement and deliver the Regulation Action Plan and Plan for Small Businesses
- Companies House, DSIT, DBT and the Insolvency Service, to improve cross-department collaboration and deliver improvements to how businesses interact with government

HMRC will also support international partners by delivering a reporting service ahead of the reporting deadline of 31 May 2027. This is to support Crypto Asset Service Providers to meet their legal requirements to report to HMRC using the Organisation for Economic Cooperation and Development (OECD) schema, and for the UK to exchange information with other participating jurisdictions by 30 September 2027.

We will also deliver the OECD schema changes announced in January 2026 to enable Financial Institution submissions ahead of the UK reporting deadline of 31 May 2027. This will enable Financial Institutions to meet updated Common Reporting Standard (CRS) and Foreign Account Tax Compliance Act (FATCA) requirements, and for the UK to exchange relevant data with other jurisdictions by 30 September 2027.

Finally we have delivered a reporting service ahead of the reporting deadline of 30 June 2026 that enables Multinational Enterprises to meet their Pillar 2 filing requirements, and will prepare for the UK to meet its international commitment to exchange relevant data with other jurisdictions by 31 December 2026.

2025 to 2026 Transformation Roadmap commitments

Committed to for 2025 to 2026	Progress made
Preparing to administer paid statutory miscarriage leave, introduced in Northern Ireland in April 2026.	Administered miscarriage leave in Northern Ireland, effective from April 2026.
Working towards the establishment of the Scottish Aggregates Tax in April 2026.	Successful switch off of UK Aggregates Levy in Scotland aligned with Scottish Aggregates Tax introduction in April 2026.



5. Valuation Office Transformation

5.1. Introduction to the Valuation Office

The VO plays a pivotal role in the UK's property tax system, underpinning over £60 billion in local taxation each year. This money directly funds vital local public services such as education and social care, as well as maintaining vital local infrastructure.

The VO compiles and maintains the Council Tax lists for 27 million homes and the rateable values of 2.1 million commercial properties for business rates in line with legislation and Royal Institution of Chartered Surveyors' professional standards.

VO work touches almost every household and business in the country. The accuracy, timeliness and transparency of its valuations directly influence customer trust, the predictability of tax liabilities, the health of the high street, and the ability of local government to plan and deliver services. Council Tax and business rates together make up local authorities' largest source of income.

The VO works closely with local authorities who have responsibility for billing and collection of tax and enforcement within the system, and the Ministry of Housing, Communities and Local Government (MHCLG) which is responsible for stewardship of local taxation system, its funding of local government and oversight of local delivery. This joint approach enables the property tax system to balance local needs, economies and insight with the national scale, efficiency and valuation expertise of the VO. Together they aim to deliver trusted and stable local tax liability that can support local growth and investment.

The VO integrated into HMRC in April 2026. This creates a step-change opportunity to fundamentally transform how property valuations are delivered — combining HMRC's scale, data and digital capability with the VO's valuation expertise.

By 2030, the VO will be a digital-first, high-trust organisation, where most customers will not need to make contact — instead resolving straightforward queries quickly through simple digital services, with clear decisions provided first time.

In the next 3 years the VO will deliver:

Quicker outcomes for customers who challenge their business rates

The VO will give customers earlier certainty about their business rates. By March 2027, it aims to resolve over 70% of challenges within 12 months, increasing to 90% by December 2027 — more than doubling the proportion of challenges resolved on time from around 40% currently, giving significantly more customers earlier certainty.

Faster decisions for business rates customers facing hardship

By March 2027, the VO aims to resolve 90% of hardship check cases within 2 months, and 90% of hardship challenge cases within 4 months — building on recent improvement from around 60% in 2023 to 2024 to around 80% in 2025 to 2026. This represents a significant further step forward in performance, in an area where outcomes can vary depending on operational cycles, and will ensure more consistent and earlier support for the most vulnerable customers.

Faster decisions on business rates and Council Tax for self-catering properties

Having already reduced decision times from 5 months in 2024 to 2025, the VO will reduce the average decision time to one month by October 2027 — an 80% reduction overall.

Faster decisions for customers who request a review of their Council Tax band

The VO will respond more quickly when customers ask it to formally review their Council Tax band. By March 2027, the VO aims to make decisions on over 90% of requests within 2 months, an improvement from 65% in March 2026 — significantly increasing the proportion of customers receiving timely decisions.

Faster Council Tax banding for customers occupying new properties

By October 2027, the VO will reduce the average time it takes to assign a Council Tax band for new properties from around 3 months to one month — reducing decision times by around two-thirds.

Speeding up the removal of properties from the Council Tax list

By October 2027, the VO will reduce the time taken to action requests to remove properties from the Council Tax list from around 4 months to one month — cutting waiting times by 75%.

These commitments will be the result of the VO's sustained focus and investment in digitalisation, customer experience, AI and data science – and will be delivered alongside VO's existing statutory duties to maintain the Council Tax and business rates lists.

In practice, the VO will:

Become a digital-first organisation, delivering towards HMRC's target of a minimum 90% digital customer interaction by 2030

This represents a substantial increase from current levels (estimated at around one third of interactions when measured on a comparable basis) — more than doubling digital engagement — and will mean that most customers are able to self-serve through simple, easy-to-use services — reducing the need to contact the VO and enabling faster resolution of queries.

Strengthen trust by making its services quicker, more transparent and easier to understand, so customers receive decisions sooner and have greater confidence in them

This will improve customer satisfaction from 64% in 2025 to 2026 to 80%, in line with HMRC's target. Clearer explanations, earlier insight into potential liabilities and better access to supporting information will improve customers' understanding of decisions, helping to reduce avoidable queries and increase confidence in the valuation process, with more customers accepting decisions first time and fewer needing to challenge or seek further clarification.

Improve accuracy and reduce delays by replacing older IT with a modern valuation operating system (VOS) to support both Council Tax and business rates valuations

The new operating system will speed up the decision process for business rates customers by enabling the VO to group similar cases effectively and allocate work dynamically. For customers, this will mean faster and more consistent decisions, with cases progressed more efficiently and fewer delays. By 2030, this modernisation will deliver around £10 million of efficiency savings, freeing up capacity to focus on more complex cases and improve overall service performance.

Use artificial intelligence and automation to make interactions quicker, clearer and easier, helping customers get the right outcome first time

Tools such as SmartMail are already reducing response times by automatically routing and categorising enquiries, while model-assisted valuations will support faster and more consistent decisions at scale. Over time, this will reduce avoidable contact, speed up case handling and improve the overall customer experience. By 2030, these changes will deliver around £8 million of efficiency savings, alongside significant improvements in timeliness and consistency.

Keep investing in modern data, digital tools and people

Using improved mapping and location data will help the VO make better and faster decisions. By building its capability in data science alongside surveying skills, and drawing on expertise from HMRC, wider government and trusted external partners, the VO will enable customers to see how decisions are made and receive more consistent and timely information across current and future services, at scale. This will help improve customers' trust and satisfaction in VO services.

5.2. Improve day-to-day performance and customer experience

Digital-first organisation to enhance customer experience

In recent years, the VO has deepened its understanding of customers through increased and more frequent customer surveys. Through additional surveys and investment in CRM capabilities, it will continue to strengthen its understanding of customers to meet their needs through high-quality digital channels and additional support. An enhanced digital service for Council Tax will make it easier for customers to understand their Council Tax band and the process for challenging if they wish to do so, thereby reducing queries, helping customers provide the right information first time, and supporting timeliness. Digital services for business rates customers will also be improved, as the VO will enhance the business rates valuation account and continue to digitise remaining forms. Its new portal for local authorities enables easier sharing of Council Tax information, and the VO will soon extend this to cover business rates information.

5.3. Support customers to pay the right tax

Strengthened trust in valuations

The VO understands that businesses need stability if they are to invest and grow, and so is strongly focused on providing customers with more predictable outcomes to help forecast future liabilities, and sharing information earlier and more clearly, so that they can understand and trust the approach. To ensure ongoing high quality and increasingly timely valuations the VO will continue to build its recruitment pipeline for surveyors, expanding the strong relationships it has nurtured and maintaining its high profile in the surveying community.

The VO has reduced the revaluation cycle from 5 to 3 years, ensuring that valuations more closely reflect changes in the property market. For the last revaluation in 2026, it carried out more pre-list discussions than any previous revaluations, agreeing valuation schemes or individual values with a total rateable value of £10.8 billion earlier in the revaluation process.

The VO promotes a broad range of online and digital content to guide and support customers including YouTube videos, blogs, webinars and sector-specific guidance.

The VO will further strengthen transparency and trust in its valuations by:

- formalising and expanding pre-list discussions and agreements
- providing detailed valuation evidence showing the data and rationale behind valuations
- strengthening communications with businesses so they know what to expect when the VO completes the revaluation
- delivering increased assurance of the most sensitive and high-value properties
- advancing testing for model-based working in conjunction with valuer oversight

Trust will be tracked through the VO's customer survey and used as a core indicator of service effectiveness as it continues to transform.

Pro-active compliance

The VO provides guidance on choosing a business rates agent. In 2024, the VO introduced a set of agent standards, developed with the agent community and aligned to the principles of HMRC's Standards for Agents, to ensure there are clear expectations for agents in their behaviour, professional practice and service provided to customers. In December 2025 the VO worked with HMRC to enact its first 'Refusal to Deal With' action against an individual agent and 5 connected entities who had breached these standards.

The VO takes action where necessary to ensure the right information is submitted for valuations.

Over coming years, the VO will increasingly use data analysis alongside ongoing assurance process to identify and target inspections where the risks of non-compliance may be higher.

Strong partnerships

Integration into HMRC will help maximise analytical and digital capabilities to deliver modern technology to drive improvements in productivity and performance, improving timeliness and the customer experience. Through integration the VO will strengthen partnership working across government, embedding public design practices into policy development, not only to improve operational delivery but also assess impacts of future reforms across the property tax landscape.



5.4. Reform and modernise

Innovation

The VO will foster innovation over the coming years, using cutting-edge digital tools and market-leading partnerships to deliver more efficient, faster and higher quality services for customers. For example:

- working with Microsoft and other suppliers to maximise the value of VO's existing technology stack, using AI-enabled tools such as Copilot alongside the wider Microsoft ecosystem — this will enable the VO to streamline processes, support its people and deliver faster, more consistent outcomes for customers, while maintaining appropriate controls and oversight
- embedding SmartMail to improve response times to customers and drive insight that enables the VO to reduce repeat enquiries and better manage customer needs — this is now live for Council Tax and delivering daily time savings by automating the classification and routing of customer contact, reducing manual handling, and the VO will continue to roll it out across other areas of customer interaction
- deploying a wider set of machine learning and AI capabilities across the end-to-end process including:
 - automating processes such as data extraction from manual forms and automating the case validation and creation process
 - improving allocation and triage through intelligent routing and categorisation
 - accelerating decisions by identifying low-risk or no-action cases, such as challenge fast track
 - enhancing productivity through AI agents that support drafting, summarisation and decision-making
 - providing tools to caseworkers and valuers to support them through the decision-making process providing recommendations and relevant evidence, such as an informal challenge decision support tool that is currently being developed

Efficient, modern ways of working

In 2025 VO introduced a modern IT system, the VOS, for Council Tax and is now focused on delivering VOS for non-domestic rating. This will redefine current ways of working, enhance operational efficiency, and streamline end-to-end workflows through increased automation. VOS will be rolled out in stages for non-domestic rating, between 2026 and 2027.

The VO has been developing world-leading expertise in model assisted valuations, combining automated valuation models (AVMs) with professional valuer judgement. Over the next year, the VO will continue to develop its model assisted valuation approach, in line with the aim to provide initial valuations for many domestic and non-domestic properties and embed the use of model assisted approaches where evidence allows. It will deliver both the Council Tax revaluation in Wales and High Value Council Tax Surcharge valuations in this way, ensuring valuers will continue to underpin each stage of the model assisted approach. It will pilot model assisted approaches to non-domestic valuations during the 2029 revaluation to understand their usefulness and how best to implement these in the future.

The VO is one of the largest employers of chartered valuation surveyors. Its integration into HMRC will offer further opportunity to join up with HMRC valuation teams. In recent years, the VO has substantially changed the demographics of its workforce, investing in developing its people so that it has a secure workforce of qualified surveyors. The VO is committed to building a diverse and inclusive workforce. The VO currently holds Gold Accreditation from 'We Invest in Apprenticeships' and its status as an employer of choice for aspiring surveyors is recognised by the Royal Institution of Chartered Surveyors.

Alongside continued support for property professionals' traditional expertise, the VO will invest in capabilities driving transformation including data and analytics, AI, business design and project delivery, leveraging opportunities as part of HMRC. This will reduce the reliance on surveyors, enabling them to focus on more complex activity with the support of technology to strengthen and quicken their efforts, whilst automating simpler, more administrative tasks.

Data science and AI shape services

The VO is a data-driven organisation. The property data it holds informs local tax liabilities and supports policy development. VO is a key contributor of data to the ONS's lead measure of consumer price inflation (CPIH), and a key contributor to the Geospatial Commission, supporting the government reform agenda aim to share data more effectively.

The VO will use data science and artificial intelligence alongside its skilled workforce to enhance the services it provides and deliver greater value for the taxpayer. It will create value from VO data by streamlining processes, supporting human decision-making, and enabling its people to focus on high-value work that improves customer experience and outcomes. This builds on previous work, such as the Valuation Mapping System (VMS), which provides the latest available maps and multiple types of data, to support VO valuers to make decisions across all areas.

The VO will explore and pilot a range of opportunities, scaling up those which are successful. 2026 to 2027 pilots will include improving on-site data capture, customer-query support and automating and streamlining administrative tasks to enhance the overall valuation process.



6. Delivery framework

HMRC has been rewiring how it delivers change in line with the Prime Minister's plans for the Civil Service and drawing on examples of transformative change from the private sector. Since April 2025, HMRC has strengthened its delivery model to combine clear enterprise prioritisation, disciplined delivery, and a greater ability to test and scale innovation.

Testing, learning and scaling what works

HMRC is increasing its ability to test and learn in live environments, enabling innovation to be proven before being scaled.

Since April 2025 this includes:

- launching 2 accelerator initiatives which test end-to-end service design and delivery in priority areas, bringing together policy, operations and digital expertise
- developing PATH (Pioneering Advanced Technology in HMRC), which applies a 'start small, scale fast' approach to developing and deploying new technology and ways of working

These initiatives are designed to generate rapid insight into what works and what does not, reducing risk by proving value early and informing how delivery is scaled through HMRC's core delivery system.

These approaches are designed to complement HMRC's core delivery system, ensuring that innovation is adopted and scaled in a controlled and sustainable way.

Strengthening collaboration with partners and across government

Delivering transformation at this scale requires close collaboration with suppliers, partners and other government departments.

Since April 2025, HMRC has been:

- collaborating with HM Treasury, the Department for Science, Innovation and Technology and the Cabinet Office to streamline decision-making and accelerate the delivery of services to the public
- strengthening HMRC's approach to procurement and supplier engagement, using new flexibilities to improve outcomes and drive innovation
- working in partnership with a digital delivery partner on HMRC's readiness for large-scale transformation and to provide challenge on how services are designed and delivered

Building a delivery model fit for the future

HMRC's suppliers are an integral part of its delivery model, providing additional capacity, specialist capability and innovation to support the delivery of HMRC's priorities. HMRC has been using new powers in public procurement legislation to improve efficiency and effectiveness of its supplier system.

Since April 2025, HMRC has strengthened how it works with its supplier ecosystem to better align with its enterprise delivery approach, including:

- publishing a [Small and Medium Enterprise \(SME\) action plan](#) and setting targets to increase direct SME participation to 8% by 2027 to 2028, supporting greater innovation and diversity in delivery
- applying the Competitive Flexible Procedure (CFP) across live procurements, using enhanced flexibilities to enable more targeted, insight-led engagement with the market
- strengthening commercial capability across HMRC, improving how the department manages supplier relationships, drives value for money and delivers economies of scale

These changes support a more flexible and responsive supplier model, aligned to HMRC's delivery system and enabling it to better match capacity and capability to priority outcomes.

2025 to 2026 Transformation Roadmap commitments

Committed to for 2025 to 2026	Progress made
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.	In 2025 to 2026 created testing environments with AI-generated synthetic data to quickly and safely test new AI tools.



Annex: Summary of HMRC's planned activities listed in this Transformation Roadmap Progress update

This annex sets out HMRC's planned activity for 2026 to 2027 at the time of publication. This activity reflects HMRC's focus on improving customer experience, strengthening compliance and modernising the tax and customs system, and will continue to evolve as HMRC progresses through design and delivery.

For HMRC's digital improvements, HMRC uses agile delivery methods. This means HMRC focusses on delivering early live products and improving them over time. While the plans below represent HMRC's best current view they will iterate as they progress into design and testing, in response to customer feedback and new emerging priorities. This approach allows HMRC to adapt and refine solutions to better meet evolving taxpayer needs. HMRC expects further planned digital investments to be confirmed over the remainder of this spending review period.

Improving day to day performance and the overall customer experience

Improving day to day performance and the overall customer experience

Digital modernisation

HMRC will deliver modern, secure digital service across PAYE, Self Assessment, Child Benefit and more. This will improve customer and adviser experiences through automation, integration and joined-up journeys.

2026 to 2027 planned activity: Income Tax Pay as You Earn (PAYE) and National Insurance contributions (NICs)

- Make incremental improvements to the Personal Tax Account to deliver a more accessible, personalised experience, helping customers understand their tax position and take action in one place.
- Continue delivery of a single, consolidated digital expenses service, building on private beta learning to support wider rollout. This will allow customers to claim expenses online and upload supporting evidence digitally.
- Expand features available through HMRC's online PAYE service, releasing improvements in stages as design and testing completes. Enhancements include clearer explanations of how untaxed interest affects tax liabilities, improved online information explaining under and overpayments, and making the impact to a customer's take home pay clearer, through personalised calculations, messaging and explanations on the P2 tax coding notice with these enhancements rolled out in phases across 2026 to 2027.
- Introduce a digital refund service for individuals who have overpaid National Insurance, with initial functionality delivered during 2026 to 2027 and further enhancements following phased rollout.
- Enhance the Check Your State Pension forecast service by introducing a new feature to enable payments of voluntary Class 2 NICs, making it easier and quicker for self-employed customers to understand gaps in their National Insurance record.

Improving day to day performance and the overall customer experience

Digital modernisation

HMRC will deliver modern, secure digital service across PAYE, Self Assessment, Child Benefit and more. This will improve customer and adviser experiences through automation, integration and joined-up journeys.

2026 to 2027 planned activity: Income Tax Self Assessment (ITSA)

- Deliver pre-population of Self Assessment returns with Child Benefit data, rolling out during 2026 to 2027, subject to final data and service assurance.
- Develop additional online expenses services so customers can claim for professional subscriptions and mileage online, and upload supporting evidence digitally, with staged rollout following testing.
- Improve the Registration Service for customers who already have a Unique Taxpayer Reference (UTR) to rejoin Self Assessment more easily, starting with targeted improvements to reduce common errors and delays.

2026 to 2027 planned activity: Child Benefit

- Introduce end-to-end Child Benefit claim tracking, with initial tracking functionality available during 2026 to 2027 and further enhancements delivered incrementally, improving visibility from claim to payment and helping identify complex cases earlier. Introduce digital award notices for Child Benefit claims and the High-Income Child Benefit Charge as part of phased service improvements.

2026 to 2027 planned activity: VAT

- Introduce an improved VAT repayments tracker, with initial functionality available to customers during 2026 to 2027, and further enhancements delivered following user testing.
- Further improve VAT registration processes during 2026 to 2027, including simplifying application journeys, improving upfront guidance, and reducing avoidable delays in registration decisions, with changes delivered incrementally.

Improving day to day performance and the overall customer experience

Customer Management Services modernisation

HMRC will deliver a customer engagement platform, anchored by new Customer Relationship Management (CRM) and Contact Centre as a Service (CCaaS) capabilities, to drive modernisation, simplification, and improved service delivery, embedding compliance by design throughout the customer journey.

2026 to 2027 planned activity

- To improve customer service by moving work to new IT systems such as a new CCaaS platform which will better embed AI capability. CCaaS implementation will be phased over time.
- Continue to use technology to support customers calling HMRC's helplines, for example through the use of call summarisation, information messages to provide customers with the details they need, and voice biometrics where appropriate.

Improving day to day performance and the overall customer experience

Inheritance Tax Digitisation

The new digital Inheritance Tax service will allow executors and representatives to manage and complete IHT cases online, with faster processing, clear guidance, and reduced manual intervention and improved compliance.

2026 to 2027 planned activity

- Continue to design and build a modern end-to-end digital service to replace the existing manual, paper-based Inheritance Tax process. This digital service will go live from 2027 to 2028.

Improving day to day performance and the overall customer experience

HMRC One Login Transition

HMRC will transition new and existing HMRC customers (individuals, agents and organisations) to GOV.UK One Login, the cross-government single, secure sign-in and identity verification service by 2030.

2026 to 2027 planned activity

- All new HMRC individual customers (those without a Government Gateway ID) are now accessing HMRC digital services using GOV.UK One Login.
- HMRC is also making preparations to bring existing individual customers (those who already have a Government Gateway ID) into GOV.UK One Login.
- Alongside this, work is underway to assess how agents and organisations can transition to the service.

Improving day to day performance and the overall customer experience

Raising awareness to encourage use of digital services

HMRC will drive awareness and adoption of the HMRC app and online services through the 'You're on it' campaign, supported by targeted bursts of activity aligned to new functionality and our project to reduce postal outputs, and we will support Self Assessment customers to file by the deadline while encouraging more of them to file early, driving prompt payment.

2026 to 2027 planned activity

- Achieve 10 million unique users on the HMRC app by March 2027. Expand and improve the digital offer for individuals and small businesses to ensure focus on areas that will deliver the most benefit to customers. Make a further circa 4,000 GOV.UK guidance updates and improvements, helping more customers to digitally self-serve.

Improving day to day performance and the overall customer experience

Digital services for intermediaries

HMRC will improve digital services for intermediaries, enabling customers to transact within their preferred systems.

2026 to 2027 planned activity

- Continue improvement, automation and onboarding of its new agent registration system, including fully operating Multi-Factor Authentication (MFA) to strengthen digital identity, security and fraud prevention for tax advisers.
- Evaluate the options for expanding an income record viewer service for agents.
- Evaluate the options for a digital route to submit tax code change information, with any rollout dependent on successful testing.
- Evaluate the options for a service enabling customers to track their Self Assessment repayments and submissions.
- Evaluate the options for an online service to enable agents to close their client's Self Assessment record more efficiently.
- Introduce for VAT new functionality enabling customers to authorise multiple tax advisers.
- Work with end users and stakeholders across the software sector to define a clear and prioritised delivery plan for publication in April 2027.

Closing the Tax Gap

Closing the Tax Gap

Compliance and debt collection workforce

HMRC will continue its commitment to grow our workforce by 5,500 frontline compliance officers and 2,400 debt collectors, along with expanding necessary supporting functions.

2026 to 2027 planned activity

- Recruit an additional 1,100 compliance officers.
- Recruit an additional 800 debt management staff.

Closing the Tax Gap

Modernising debt management

HMRC will deliver its commitment to reduce debt year on year as a percentage of receipts.

2026 to 2027 planned activity

- Continue the long term programme of modernising its debt management case system, which will simplify the processes tax debt caseworkers use and support customers by contacting them with the right message at the right time.
- Collect £31 million of older tax debts through the increased use of debt collection agencies following the successful trial last year.
- Collect £22 million through the gradually increased use of directly recovering tax debts owed by companies following a successful test and learn phase last year.

Closing the Tax Gap

Tackling illegality on the high street

HMRC will undertake a programme of activity to tackle the people and enablers of businesses that operate illegally on the high street. This will address a broad range of risks including tax evasion, and align with HMRC and government strategies for Tobacco, Alcohol, Vaping, National Minimum Wage and Anti-money Laundering.

This will be delivered through planned operational activity and further measures announced at Budget 2025, including supporting delivery of the cross-government high street taskforce, strengthened border enforcement on the vaping supply chain, formation of the new Small Business Evasion and Enforcement Team, and improved partnering with Insolvency Service and Companies House.

2026 to 2027 planned activity

- Undertake at least 30,000 high street linked interventions, collaborating with other agencies, and dedicate 50% capacity of HMRC's criminal investigators from the new Small Business Evasion and Enforcement team to tackle high street businesses linked to illegal activity.

Closing the Tax Gap

Fraudulent Document Identification Risking (FDIR)

HMRC will reduce repayment fraud through strengthened identity verifications capabilities — improving fraud detection and prevention across tax services and protecting public revenue, which will apply to ITSA, VAT and PAYE.

2026 to 2027 planned activity

- Improve tools for HMRC caseworkers to identify fraudulent documents during compliance activities using more advanced mechanisms.

Closing the Tax Gap

Use new third-party data to prepopulate ITSA returns by 2028

HMRC will design a new data ingestion engine and reform our information powers to capture data collected from third-party organisations (such as banks and building societies), ensuring that this data can feed into our risking processes and upstream compliance interventions, such as pre-population of certain parts of tax returns and auto-registration into tax regimes.

2026 to 2027 planned activity

- Introduce secondary legislation and publish guidance on third-party data requirements to support risk assessment, tax compliance and administration.

Closing the Tax Gap

Deliver policy Spring Statement 2025 measures

HMRC will progress a joint plan with Companies House and the Insolvency Service to tackle those using contrived insolvencies to evade tax and write off debts owed to others.

2026 to 2027 planned activity

- Increase Insolvency Service enforcement outcomes in phoenixism cases to 150 and doubling the value of tax protected through HMRC securities to £250 million.

Closing the Tax Gap

Secure Digital Exchange Communication (SDEC)

HMRC will go live with our SDEC solution to give taxpayers and intermediaries secure digital channels, giving them the ability to communicate and exchange documents digitally.

2026 to 2027 planned activity

- Deliver the core capabilities that enable secure digital communication and file exchange through SDEC programme.

Closing the Tax Gap

Large Business and Wealthy Customer Management

HMRC will deliver new digital channels and create a seamless customer experience for the UK's largest businesses, complex customers, and wealthy taxpayers. HMRC will digitise manual processes and bridge data gaps to build a holistic view of our customer population, and this year HMRC will commence private and public beta phase testing for the Digitise Senior Accounting Officer (DSAO).

2026 to 2027 planned activity

- To support delivery of the desired customer experience, publish the Further Closing Wealthy Tax Gap plan in Autumn 2026.

Closing the Tax Gap

Digital Disclosure Service

HMRC will deliver a self-serve capability through the Digital Disclosure Service for customers to disclose, calculate and pay their liabilities. This will deliver an improved customer experience, business efficiencies with processing current and future disclosure demands, and improve the range of our online services.

2026 to 2027 planned activity

- Develop a Digital Disclosure Service to allow customers and intermediaries to correct mistakes and pay liabilities and penalties for all taxes and duties, with the aim to go live in 2027 to 2028.

Reform and modernisation

Reform and modernisation

Making Tax Digital (MTD)

MTD for Income Tax modernises the way businesses keep records and calculate their tax liabilities. In total around 2.9 million customers will be brought into MTD for Income Tax Service.

2026 to 2027 planned activity

- Continue roll out of MTD for Income Tax to those with income over £30,000 from April 2027 and £20,000 from April 2028.

Reform and modernisation

Automatic Exchange of Information, Crypto Asset Reporting Function, modernising Common Reporting Standard (CRS) and Foreign Account Tax Compliance Act (FATCA)

HMRC will implement Organisation of Economic Cooperation and Development (OECD) international tax reforms and continue to enable Automatic Exchange of Information with a new strategic platform that will support future international data exchanges (such as Crypto Asset Reporting Framework announced at Spring Budget 2024) and transform existing international data exchanges such as the CRS.

2026 to 2027 planned activity

- Deliver a reporting service ahead of the reporting deadline of 31 May 2027 to support Crypto Asset Service Providers to meet their legal requirements to report to HMRC using the OECD schema, and for the UK to exchange information with other participating jurisdictions by 30 September 2027.
- Deliver the OECD schema changes announced in January 2026 to enable Financial Institution submissions ahead of the UK reporting deadline of 31 May 2027. This will enable Financial Institutions to meet updated CRS and FATCA requirements, and for the UK to exchange relevant data with other jurisdictions by 30 September 2027.

Reform and modernisation

Global Minimum Tax (Pillar 2)

HMRC will continue to implement the 'Pillar 2' Global Minimum Tax (GMT) in the UK to deter profit shifting by large businesses and raise £1.7 billion per year by 2030 to 2031. HMRC will complete deployment of the IT services and maintain alignment of the UK's rules with the latest OECD and G20 Inclusive Framework model rules and commentary, and work with international partners to ensure a coordinated approach to implementation, supporting businesses and protecting the integrity of the global system.

2026 to 2027 planned activity

- Delivered a reporting service ahead of the reporting deadline of 30 June 2026 that enables Multinational Enterprises to meet their Pillar 2 filing requirements, and preparing for the UK to meet its international commitment to exchange relevant data with other jurisdictions by 31 December 2026.

Reform and modernisation

E-Invoicing

As announced at Autumn Budget 2025, VAT e-invoicing for Business to Business and Business to government transactions will become mandatory from April 2029. Applying co-creation principles, HMRC will engage extensively with businesses and industry to shape policy around their needs and delivery capability. HMRC will publish full guidance, standards, technical specification and legislation by the end of 2027 to 2028.

2026 to 2027 planned activity

- Work with Department of Business and Trade (DBT) to publish an e-invoicing roadmap at Budget 2026 that will set out the milestones to implementation in April 2029 and build on co-creation work taking place with industry representatives in 2026.

Reform and modernisation

Artificial Intelligence and innovation

HMRC will consolidate HMRC's AI foundations and core capabilities to drive the adoption of AI across HMRC and introduce and exploit a range of use cases to improve customer experience, increase compliance and improve productivity.

2026 to 2027 planned activity

- Begin to make available a new tool to the trading community to support importers and exporters to find customs information they need.
- Continue to monitor and maximise benefits from the roll out of Copilot.
- Undertake further trials of AI use cases.

Reform and modernisation

COTAX modernisation

HMRC will modernise HMRC's Corporation Tax system (COTAX), transitioning from legacy technology that inhibits our ability to digitise Corporation Tax (CT) process and workflows, to a more modern, flexible IT platform that can be supported by multiple vendors.

2026 to 2027 planned activity

- Work on the replacement system for COTAX, as well as developing a response to the recently published consultation on modernising and standardising company tax returns.

Reform and modernisation

Common Transit Convention (CTC)

HMRC will update the New Computerised Transit System (NCTS) system to meet the UK's legal obligations under the CTC after leaving the EU. This work won't change how customers use the system but will ensure compliance with EU technical requirements. In 2026 to 2027, we'll complete all the necessary build, testing, and deployment phases, and provide support as the new version goes live.

2026 to 2027 planned activity

- Introduce version 6 of the NCTS, which facilitates the movement of goods under the Common Transit Convention and is a valuable facilitation for UK traders. The new version NCTS6 was delivered successfully on 1 June 2026 with positive feedback from traders and stakeholders.

Reform and modernisation

Cross government

HMRC will work in partnership with other government departments and devolved administrations to deliver the government's economic aims.

2026 to 2027 planned activity

- HMRC will work with the Scottish Government and Revenue Scotland as they implement their Air Departure Tax replacing Air Passenger Duty in Scotland planned for April 2027.
- HMRC will work with DWP to develop a strategic, automated data share to support National Insurance-based benefits and streamline DWP's services for more timely and accurate processing of claims.
- HMRC will work with the Department for Science, Innovation and Technology (DSIT) on GOV.UK One Login.
- HMRC will work with DBT and wider government to implement and deliver the Regulation Action Plan and Plan for Small Businesses.
- HMRC will work with Companies House, DSIT, DBT and the Insolvency Service, to improve cross-department collaboration and deliver improvements to how businesses interact with government.

Reform and modernisation

Improving day-to-day performance on core Valuation Office (VO) services

HMRC will accelerate VO's digital transformation, delivering improvements to its customer service and supporting a fair and efficient tax administration.

2026 to 2027 planned activity

- Quicker outcomes for customers who challenge their business rate: The VO will give customers earlier certainty about their Business Rates. By March 2027, it aims to resolve over 70% of challenges within 12 months, increasing to 90% by December 2027 — more than doubling the proportion of challenges resolved on time from around 40% currently, giving significantly more customers earlier certainty.
- Faster decisions for business rates customers facing hardship: By March 2027, the VO aims to resolve 90% of hardship check cases within 2 months, and 90% of hardship challenge cases within 4 months — building on recent improvement from around 60% in 2023 to 2024 to around 80% in 2025 to 2026. This represents a significant further step forward in performance, in an area where outcomes can vary depending on operational cycles and will ensure more consistent and earlier support for the most vulnerable customers.
- Faster decisions on business rates and Council Tax for self-catering properties: Having already reduced decision times from 5 months in 2024 to 2025, the VO will reduce the average decision time to one month by October 2027 — an 80% reduction overall.
- Faster decisions for customers who request a review of their Council Tax band: The VO will respond more quickly when customers ask it to formally review their Council Tax band. By March 2027, the VO aims to make decisions on over 90% of requests within 2 months, an improvement from 65% in March 2026 — significantly increasing the proportion of customers receiving timely decisions.
- Faster Council Tax banding for customers occupying new properties: By October 2027, the VO will reduce the average time it takes to assign a Council Tax band for new properties from around 3 months to one month — reducing decision times by around two-thirds.
- Speeding up the removal of properties from the Council Tax list: By October 2027, the VO will reduce the time taken to action requests to remove properties from the Council Tax list from around 4 months to one month — cutting waiting times by 75%.



HM Revenue
& Customs