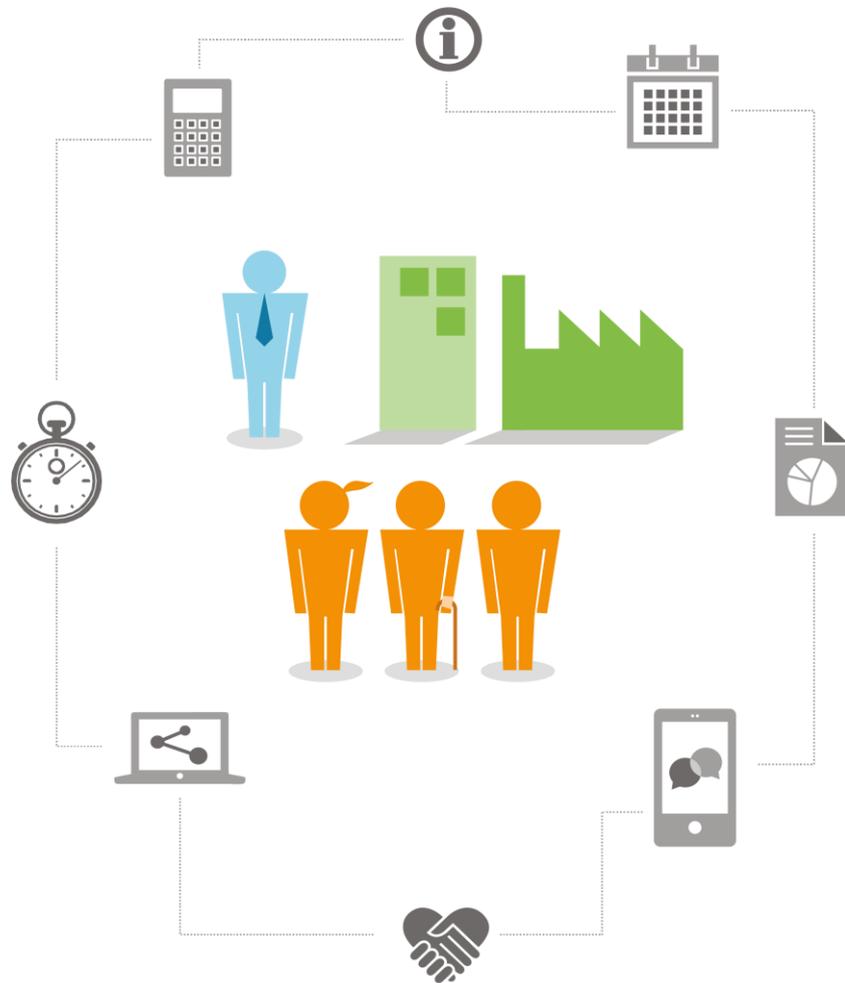




# HM Revenue & Customs

## Individuals, Small Business and Agents Customer Survey 2015

HMRC Report: 413



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

# Glossary

CATI – Computer Assisted Telephone Interviewing

VAT – Value Added Tax

CIS – Construction Industry Scheme

PAYE – Pay As You Earn

SA – Self-Assessment

NI – National Insurance

Base size – This is the number of customers who were asked a question

SMEs – Small and Medium Enterprises

HMRC - HM Revenue & Customs

YTA – Your Tax Account

AS – Agent Services

KDA – Key Driver Analysis

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# 1. Executive summary

HM Revenue and Customs (HMRC) are the UK's tax, payments and customs authority. Their vision is to be impartial and increasingly effective and efficient in their administration of the tax system. They aim to help the honest majority to get their tax right and make it hard for the dishonest minority to cheat the system<sup>1</sup>.

HMRC commissioned the Individuals, Small Business and Agents Customer Survey in 2015 to provide the customer understanding to support the Department's vision and to chart its progression over time. The survey is a key source of robust, balanced evidence on customer perceptions of the tax administration system and delivery of a good customer experience. It provides a wide range of insight into key customer groups and supports a number of key performance measures.

The survey covers the views and experiences of three separate customer groups: Individuals, Small Businesses and Agents. Following a process of development, the first wave of this telephone survey was conducted between September and November 2015.

## 1.1 Individuals

Two in three (64%) Individuals had an interaction with HMRC in the previous 12 months. A third of Individuals (34%) interacted online; three in ten (29%) Individuals searched for information on the HMRC webpages and two in ten Individuals (21%) used HMRC online services. A quarter (24%) of customers had contact by telephone.

### 1.1.1 Customer Experience

HMRC's online services were rated more positively by customers than the telephone helplines. Six in ten (62%) who used HMRC online services gave them a positive rating. Just over four in ten (43%) who made or received contact with HMRC by telephone gave the telephone helplines a positive score.

Overall, six in ten (61%) Individuals who had an interaction with HMRC in the previous 12 months had a positive experience of dealing with HMRC. As above, channel usage had an impact on overall experience, with those using online services but not the telephone having a more positive overall experience than those using the telephone.

**The most important driver of a good customer experience for Individuals was HMRC getting the tax or Benefits and Credits transaction right.** Six in ten (62%) customers who had interacted with HMRC in the previous 12 months scored HMRC positively for this (Table 1.1). Given its fundamental importance in driving good customer experience, this is a key area where performance needs to be at least maintained and any further action to improve performance is

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<sup>1</sup> For more information see HMRC: Single Department Plan 2015 to 2020, <https://www.gov.uk/government/publications/hmrc-single-departmental-plan-2015-to-2020>

likely to be beneficial in improving the overall customer experience. Other key aspects of performance where improvements are most likely to improve the overall customer experience are<sup>2</sup>:

- Acceptability of time taken to reach an end result
- Having systems which were good at preventing customers from making mistakes
- Resolving queries or issues

Table 1.1 Ratings of Customer Experience - Individuals

Relative importance of dimension of customer experience		% rating HMRC positively
<b>Most important</b>  <b>Least important</b>	HMRC getting tax or Benefits and Credits transactions right	62
	Resolving queries or issues	60
	Acceptability of time taken to reach an end result	56
	HMRC made clear the steps that needed to be taken	63
	Having systems which were good at preventing customers from making mistakes	48
	Having approachable staff	59
	Quality of information looked for or received	63
	Ease of finding information	53
	HMRC made clear what information needed to be checked or provided	69
	HMRC made clear when everything was complete	68

Individuals were asked about other aspects of customer experience such as fairness, ease and personalisation. Individuals with a positive overall experience of HMRC were more likely to give positive ratings for these measures of fairness, ease and personalisation.

Three in four Individual customers with interactions felt that HMRC treated them fairly (75%) and as honest (78%). A lower proportion (63%) rated them positively on ensuring they pay and receive the right amount of tax and Benefits and Credits.

Individuals did not rate HMRC as highly on ease of dealing with tax issues as fairness. Six in ten (58%) felt it was easy to deal with tax issues and 54% rated them positively on minimising the cost, time and effort of dealing with their tax affairs; these were closely linked with experiences of HMRC getting the tax transaction right and acceptability of the time taken to reach the end result. About half of Individuals agreed that HMRC services were personalised to them (49%).

### 1.1.2 Perceptions of HMRC

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

<sup>2</sup> These aspects were identified as primary areas for improvement as they have a strong influence on the overall customer experience, but the relative performance for these measures was not as high as for some other areas

## **Reputation**

Just over a third felt HMRC were efficient (35%), while about four in ten felt they were fair (38%) or effective (41%). Individuals were more positive about HMRC ensuring customer data and personal information is treated confidentially (68%).

Half of Individuals were confident in the way HMRC are doing their job. This was significantly higher amongst those where their overall experience of dealing with HMRC over the previous 12 months had been positive than customers whose overall experience was not positive. It was also strongly linked to perceptions of efficiency, effectiveness and fairness. Almost six in ten (58%) had a favourable overall opinion of HMRC.

## **Compliance**

Most Individuals (71%) felt income tax evasion is widespread. Over half of customers (52%) felt someone evading income tax is likely to get caught and two in five (40%) thought evaders were unlikely to get caught.

Four in ten individuals (40%) thought that HMRC was putting the right amount of effort into reducing tax evasion, whereas a similar proportion (38%) thought HMRC was putting too little effort. A third of Individuals (33%) felt that HMRC was dealing more firmly now with tax evasion than they were a few years ago.

Eight out of ten Individuals felt it was unacceptable to evade income tax or make inaccurate claims for tax credits, but a small proportion (16% and 14% respectively) felt it was acceptable at least in some circumstances.

Perceptions of the amount of effort HMRC put into dealing with income tax evasion and the chances of getting caught were linked to Individuals' overall confidence in the way HMRC are doing their job.

### **1.2 Small Businesses**

Small Businesses were defined as businesses with fewer than 20 employees and an annual turnover below £10 million.

The majority (68%) reported using multiple channels to contact HMRC – notably with seven in ten (69%) using HMRC online services, and one in three (34%) using the telephone.

#### **1.2.1 Customer Experience**

Small Businesses rated HMRC online services more positively than the telephone helplines. Just over three-quarters of Small Businesses who used HMRC online services rated them positively (77%). Fewer than half (45%) of Small Businesses who used HMRC telephone helplines rated them positively.

Around seven in ten (72%) Small Businesses had a positive overall experience of dealing with HMRC in the previous 12 months. Smaller Businesses (those with fewer than five employees) were generally more positive, as were those who used online services but not the telephone.

However, new and growing businesses and those experiencing tax life events<sup>3</sup> were generally less positive about the experience of interacting with HMRC over the last year.

**The most important driver of customer experience for Small Businesses was HMRC getting the tax transaction right.** Three in four (73%) Small Businesses rated HMRC positively for this (Table 1.2). Given its fundamental importance in driving good customer experience, this is a key area where performance needs to be at least maintained and any further action to improve performance is likely to be beneficial in improving the overall customer experience. Other key aspects of performance where improvements are most likely to improve the overall customer experience are<sup>4</sup>:

- Acceptability of time taken to reach an end result
- Resolving queries and issues
- Quality of information

Table 1.2 Ratings of Customer Experience – Small Businesses

Relative importance of dimension of customer experience		% rating HMRC positively
<b>Most important</b>  <b>Least important</b>	HMRC getting tax transactions right	73
	Resolving queries or issues	65
	Acceptability of time taken to reach an end result	63
	Having professional staff	80
	Quality of information looked for or received	67
	Ease of finding information	57
	Having systems which were good at preventing customers from making mistakes	57
	HMRC made clear the steps that needed to be taken	71
	HMRC made clear when everything was complete	73
	HMRC made clear what information needed to be checked or provided	73

Small Businesses were asked about other aspects of customer experience such as fairness, ease and personalisation. Small Businesses with a positive overall experience of HMRC were more likely to give positive ratings for these measures of fairness, ease and personalisation.

Eight in ten Small Businesses felt that HMRC treated them fairly (80%) and as honest (83%). Seven in ten felt that HMRC ensured they paid the correct amount of tax (71%) and that it was easy to deal with tax issues (71%). Small Businesses were less likely to feel that HMRC minimised the time, cost and effort of dealing with their tax affairs (59%) or that HMRC services were personalised to them (50%).

<sup>3</sup> Tax life events were; registering for VAT, PAYE or National Insurance, submitting an SA return for the first time, asking for a deferment or laying off staff

<sup>4</sup> These aspects were identified as primary areas for improvement as they have a strong influence on the overall customer experience, but the relative performance for these measures was not as high as for some other areas

Small Businesses were generally positive about HMRC integrating with their business tax affairs (68%) and recognising that their business is their priority (58%).

### 1.2.2 Perceptions of HMRC

#### **Reputation**

One in three Small Businesses felt HMRC were efficient (33%) and fair (37%), while nearly half (46%) felt they were effective. More than one in five Small Businesses rated HMRC negatively in each of these areas. Seven in ten (72%) agreed that HMRC ensured customers' data and personal information was treated confidentially.

Nearly six in ten (56%) were confident in the way HMRC are doing their job. This was significantly higher amongst those where their overall experience of dealing with HMRC over the previous 12 months had been positive. It was also strongly linked to perceptions of efficiency, effectiveness and fairness. Two in three (65%) Small Businesses had a favourable overall opinion of HMRC.

#### **Compliance**

Small Businesses typically thought someone evading income tax or corporation tax is likely to get caught (65%) and only one in four (27%) felt that income or corporation tax evasion is widespread.

Over half of Small Businesses (53%) believed that HMRC was putting about the right amount of effort into reducing tax evasion and just 15% of Small Businesses felt HMRC was putting in too little effort. A third (33%) felt that HMRC was dealing more firmly now with tax evasion than they were a few years ago. Nine in ten felt it was unacceptable to evade income or corporation tax but a small proportion (ten per cent) felt it was acceptable at least in some circumstances.

### 1.3 Agents

Financial Agents were those paid by customers to represent them in dealings with HMRC. Two in three (67%) Agents were accountants, with one in five (22%) book keeping firms.

Just under half (45%) of Agents had less than 50 clients, one in three (32%) had 50 to 249 clients, and one in five (21%) had 250 or more clients.

Most Agents (81%) used four or more channels to make or receive contact with HMRC.

#### 1.3.1 Customer Experience

Agents rated HMRC online services more positively than the telephone helplines, but rated the dedicated Agents helpline substantially higher than other HMRC helplines. Seven in ten (70%) gave online services a positive rating, compared with 57% for the Agents dedicated helpline and 17% for other HMRC helplines.

Four in ten (40%) Agents reported having had a positive overall experience of HMRC in the previous 12 months. Positive ratings of the overall experience were higher than average among the smallest agents (51% for those with zero employees) and higher among book keeping firms (55%) than accounting firms (35%).

**The most important driver of customer experience for Agents was HMRC getting the tax transaction right.** Half (48%) of Agents rated HMRC positively for this (Table 1.3). Given its

fundamental importance in driving good customer experience, this is a key area where performance needs to be at least maintained and any further action to improve performance is likely to be beneficial in improving the overall customer experience. Other key aspects of performance where improvements are most likely to improve the overall customer experience are<sup>5</sup>:

- Acceptability of time taken to reach an end result
- Resolving queries and issues
- Ease of finding information

Table 1.3 Ratings of Customer Experience – Agents

Relative importance of dimension of customer experience		% rating HMRC positively
<b>Most important</b>  <b>Least important</b>	HMRC getting tax transactions right	48
	Acceptability of time taken to reach an end result	26
	Resolving queries or issues	39
	Having professional staff	62
	Ease of finding information	35
	Having systems which were good at preventing customers from making mistakes	39
	HMRC made clear the steps that needed to be taken	47
	Quality of information looked for or received	51
	HMRC made clear what information needed to be checked or provided	56
	HMRC made clear when everything was complete	60

Agents were also asked about other aspects of customer experience, such as fairness, ease and personalisation.

Around six in ten felt that HMRC treated their customers fairly (60%), and as honest (62%), and about half (52%) agreed that HMRC ensured their clients paid and received the right amount of tax or that it was easy to deal with tax issues (46%). Fewer felt that HMRC were doing enough to reduce the burden, with just 28% agreeing that HMRC minimised the cost, time and effort it took to deal with them. A third (34%) agreed that services were personalised to them and their clients.

### 1.3.2 Perceptions of HMRC

#### Reputation

Similar proportions of Agents agreed HMRC is fair (36%) and effective (38%). However, just 17% agreed that HMRC were efficient, reflecting the low proportion who felt that HMRC minimised the time, cost and effort of dealing with the tax affairs of their clients. Three in four (76%) Agents agreed that HMRC ensured customer data and personal information is treated confidentially.

<sup>5</sup> These aspects were identified as primary areas for improvement as they have a strong influence on the overall customer experience, but the relative performance for these measures was not as high as for some other areas

Around one in three (36%) Agents were confident in the way HMRC are doing their job. Agents with a positive overall experience were significantly more likely to be confident in HMRC than those with a negative experience. Confidence was also strongly linked to perceptions of efficiency, effectiveness and fairness. Half of Agents (48%) had a favourable opinion of HMRC.

### ***Compliance***

Over half of Agents (56%) agreed that it was likely that individuals and businesses which regularly evade paying income or corporation tax would get caught.

About half (49%) of Agents thought HMRC was dealing more firmly with customers not paying the correct tax than it did a few years ago and a similar proportion (47%) felt that HMRC was dedicating about the right amount of effort to reducing tax evasion.

## 2. Introduction

### 2.1 Background

HM Revenue and Customs (HMRC) are the UK's tax, payments and customs authority, and collect the money that pays for the UK's public services and help families and individuals with targeted financial support. Their vision is to be impartial and increasingly effective and efficient in their administration. They aim to help the honest majority to get their tax right and make it hard for the dishonest minority to cheat the system<sup>6</sup>.

HMRC commissioned the Individuals, Small Business and Agents Customer Survey in 2015 to provide the customer understanding to support the Department's vision and to chart its progression in this area over time. The survey is a key source of robust, balanced evidence on customer perceptions of the tax administration system and delivery of a good customer experience and will provide a number of key performance measures which feed into HMRC's Strategic Objective 1 (Maximise revenues and bear down on avoidance and evasion) and Strategic Objective 2 (Transforming tax and payments for customers).

### 2.2 Research aims

The survey aims are to:

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

This report presents results from the 2015 annual survey for each customer group. These results will provide a benchmark against which to measure change over time for future waves.

### 2.3 Methodology

#### 2.3.1 Customer Groups

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

#### Individuals

The survey of Individuals encompasses all members of the general public aged 16 or older. Individuals are defined as 'taxpayers and tax credits or child benefit recipients.' All Individuals are

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<sup>6</sup> For more information see HMRC: Single Department Plan 2015 to-2020, <https://www.gov.uk/government/publications/hmrc-single-departmental-plan-2015-to-2020>

asked about their perceptions of HMRC and those who have interacted with HMRC over the previous 12 months are asked about their experience. The survey used random digit dialling (RDD) of landline and mobile telephone numbers as the sample frames from which to contact Individuals to ensure effective coverage of the target population.

## Small Businesses

Small Businesses are defined as having a turnover of under £10m and between zero and 19 employees<sup>7</sup>.

Small Businesses were surveyed at the enterprise level<sup>8</sup> (rather than the local unit/site level) as most Small Businesses are based at a single site.

The survey used three sample sources:

- The Office for National Statistics Inter-Departmental Business Register (IDBR) was used to cover businesses that operate a PAYE scheme or had a turnover above the VAT threshold.
- HMRC's Self-Assessment (SA) database was used to cover businesses below the VAT threshold. HMRC defined Self-Assessed Small Businesses as eligible if they had a turnover above £8000 per annum.
- The National Insurance and PAYE service (NPS) was used to supplement the SA database. The NPS sample includes newer businesses that are not yet covered by SA.

The individual interviewed on behalf of the business was the owner, or a director or manager with overall responsibility for tax matters. Throughout the questionnaire, respondents were prompted to answer about their experience of dealing with HMRC on behalf of their business over the previous 12 months.

## Agents

Agents are defined as 'businesses that are paid to deal with the tax affairs of others'. Agents were sampled at the Enterprise level (rather than the local unit/site level). This approach was taken for two main reasons. Firstly, it is consistent with the Small Business survey and similar HMRC customer surveys for mid-size and large businesses. Secondly, those entrusting their tax affairs to an Agent are entrusting them to an enterprise, not to a specific site within that entity.

The Agents sample frame was drawn from two sources:

- The IDBR using Standard Industrial Classification (SIC) codes 69201: Accounting, and auditing activities, 69202: Bookkeeping activities or 69203: Tax consultancy.

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<sup>7</sup> It is important to note that there is some overlap with the HMRC Mid-Sized Business Customer Survey sample; Small Businesses that are part of a larger group are included in the Mid-Sized Business sample frame and as such HMRC were required to remove these records from the Small Business IDBR sample prior to passing it on to TNS BMRB.

<sup>8</sup> A group of legal units under common ownership is called an Enterprise Group. An Enterprise can be defined as the smallest combination of legal units (generally based on VAT and/or PAYE records) that is an organisational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources. An enterprise carries out one or more activities at one or more locations. An enterprise may be a sole legal unit. A local unit is an enterprise or part thereof (e.g. a workshop, factory, warehouse, office, mine or depot) situated in a geographically identified place.

- HMRC's SA database of customers, in sector codes 6201 (chartered/incorporated accountants) and 6615 (auditors, book-keepers, financial advisers and other accountants) whose revenue is below the VAT threshold. Agents were asked a screening question to confirm that they are a professional financial agent who personally deals with HMRC on behalf of clients.

The individual interviewed on behalf of the Agent firm was the owner or one of the directors or partners of the Agent firm. Throughout the questionnaire, Agents were prompted to answer about their experience of dealing with HMRC on behalf of clients over the previous 12 months.

### 2.3.2 Fieldwork methodology

The data collection method used for all three customer groups is Computer Assisted Telephone Interviewing (CATI). The interview lasted around 20 minutes for each customer.

Respondents for the survey were selected using Random Probability sampling. This is the most robust sampling method for ensuring survey findings are representative of all HMRC customers. It means that results are generalisable to the wider population and enables statistical techniques to be used on the results to provide confidence on the accuracy of the findings and whether differences over time or between sub groups are statistically significant or a result of chance. A more detailed description of the method is given in the separate Technical Annex to this report<sup>9</sup>.

Fieldwork was carried out between September 14<sup>th</sup> and November 13<sup>th</sup> 2015.

Interviews were carried out with 2,580 Individuals, 2,935 Small Businesses and 2,630 Agents.

### 2.3.3 Comparability with previous Customer Survey

This survey sets a baseline for measuring the customer experience from 2015. HMRC previously conducted a Customer Survey over 2008-2015 to measure customer experience during this period<sup>10</sup>. However, the questionnaire, sample structure, approach and definition of the customer groups have all been substantially changed. Results are therefore not comparable with the 2008-2015 Customer Survey.

### 2.3.4 Survey content

The survey covers the following areas:

- Interactions with HMRC in the previous 12 months
- Rating of customer experience
  - Section of questions based on the Atom Model (see section 2.3.5 below)
  - Other measures of customer experience, reflecting the manner in which HMRC administers the tax system
    - Fairness
    - Personalisation
    - Ease of dealing with tax issues

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

<sup>10</sup> <https://www.gov.uk/government/publications/hm-revenue-and-customs-customer-survey-2008-to-2015>

- (Small Businesses) Integration with HMRC
- Perceptions of HMRC
  - General perceptions of HMRC
    - HMRC being efficient, effective and fair
    - Confidence in HMRC
    - Favourability and advocacy
  - Perceptions of compliance
- Demographics

The questionnaires are included in the technical annex.

Individuals without interactions with HMRC over the previous 12 months were not asked to rate the customer experience. The other sections were asked for all Individuals. Agents and Small Businesses were asked to answer all sections.

### 2.3.5 Atom Model

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

The model was developed based on qualitative research conducted by TNS-BMRB in 2013<sup>11</sup>, to look at what an ideal customer experience of HMRC would look like if everything was working well. It was designed to examine what the most important areas were and what was relatively less important for a good quality customer experience. The model was designed to be relevant to the three customer groups that were interviewed at the time (Individuals, Agents and Small and Medium sized Enterprises (SMEs)).

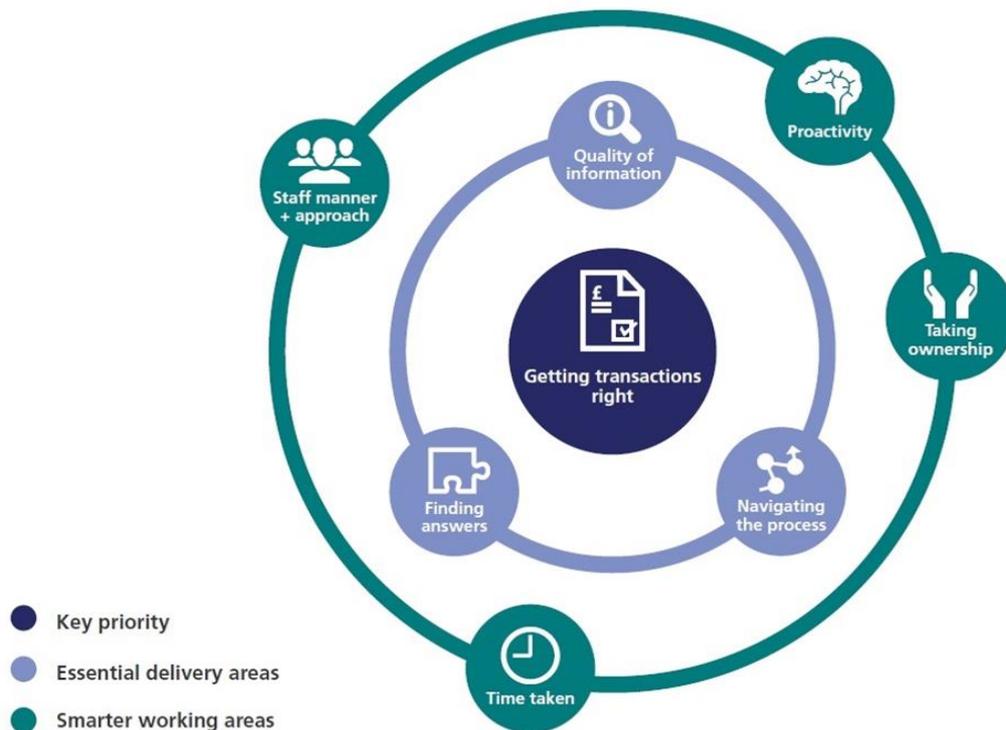
As illustrated in Chart 2.1, the Atom Model highlighted what was the key driver of an ideal customer experience, other areas essential to delivering a good quality service, and which aspects were still necessary for providing an effective service, but not as important as the others. Using this typology, HMRC getting the transaction right was fundamental to providing a good quality service in the minds of customers. It was followed by the ease of finding answers, the quality of information provided and the ease of navigating the whole process from start to finish.

The matters of customer service which were of lesser importance to customers in this model were staff manner and approach, the time taken to resolve issues, and HMRC's ability to take ownership and be proactive.

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<sup>11</sup> Understanding quality of service from a customer perspective  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/344753/report285.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/344753/report285.pdf)

Chart 2.1 Original Atom Model



The customer experience questions in this survey were developed around this model in order to understand what was proving to be important for customers in each group in relation to the actual customer service experienced over the previous 12 months. Table 2.1 displays how customers were asked about the different elements of the original Atom Model in the survey.

Table 2.1 Atom Model questions in the survey

Atom Model element	Customer Survey question
<b>Getting transactions right</b>	How good or poor were Revenue and Customs at getting tax transactions right?
<b>Quality of information</b>	How would you rate the quality of information you have looked for or received from Revenue and Customs over the previous 12 months?
<b>Finding answers</b>	How easy or difficult was it to find any information you needed on tax issues from Revenue and Customs?
<b>Navigating the process</b>	Revenue and Customs made clear: <ul style="list-style-type: none"> <li>• What steps I needed to take</li> <li>• What information I needed to check or provide</li> <li>• When everything was completed</li> </ul>
<b>Staff manner and approach</b>	Revenue and Customs were approachable/ professional?
<b>Time taken</b>	How acceptable was the time taken to reach the end result?
<b>Taking ownership</b>	How good or poor were Revenue and Customs at resolving any queries or issues?
<b>Proactivity</b>	Revenue and Customs had systems which were good at preventing me from making mistakes?

Customers were also asked to rate their overall experience of dealing with HMRC. Key driver analysis (KDA) was then conducted on the Atom Model questions using multivariate analysis (multiple linear regression) to look at how performance ratings of each Atom Model measure affected the rating of the overall experience of HMRC in the previous 12 months. This analysis produces an indication of the relative importance of each measure of the Atom model to the respondents in terms of their overall customer experience. This enabled us to create a revised Atom Model for each customer group based on the measured performance of each element, and their relative importance within the model, which provide insights into the areas that need to be prioritised for improvement to keep overall ratings of customer experience high.

### 2.3.6 Key Driver Analysis

The method of analysing which areas of customer experience are most important towards the overall experience and which areas need to be prioritised for improvement are described below. Customers' ratings of their experiences in relation to the Atom model dimensions (i.e. their Performance Scores) were examined against the key drivers of their overall experience of HMRC.

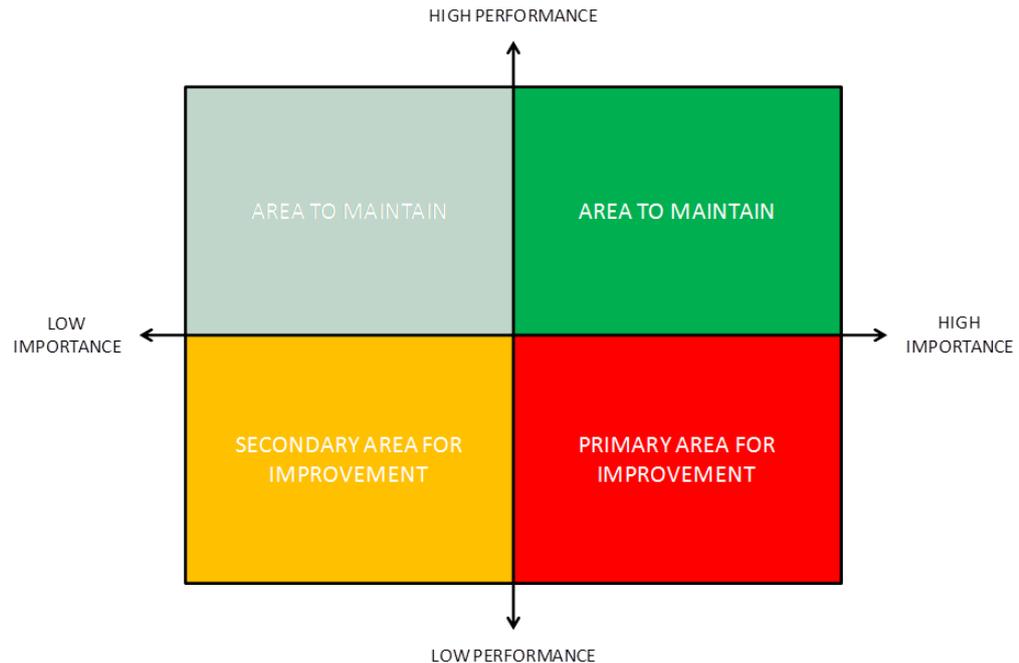
The structure of the Atom Model is based on the relative importance of the measures towards overall experience. It has a Customer Experience measure at the centre. This was the most important driver of overall experience in the KDA. The inner ring of the Atom Model included the measures that had higher relative importance scores in the KDA, and the outer ring included the measures that had lower relative importance scores in the KDA.

The following explains how the Atom model identifies areas of customer experience that would need improvement to increase ratings of overall experience.

- (a) Areas of experience that had been identified as drivers of higher relative importance (i.e. their Relative Importance Score is above the median of all Relative Importance Scores) and lower performance (i.e. their Performance Scores are below the median of all Performance Scores) are the **primary areas to improve**;
- (b) Areas that had been identified as drivers of lower relative importance (i.e. their Relative Importance Score is below the median of all Relative Importance Scores) and lower performance (i.e. their Performance Scores are below the median of all Performance Scores) are the **secondary areas to improve**; and
- (c) Areas of higher relative performance (i.e. their Performance Scores are above the median of all Performance Scores) and in particular areas that have been identified as drivers of higher relative importance (i.e. their Relative Importance Score is above the median of all Relative Importance Scores) are **areas to maintain** in order to keep ratings of the overall experience high.

This segmentation of experience areas can be visually represented in a quadrant diagram, with relative importance in driving the overall experience on the horizontal axis and performance on the vertical axis (See Chart 2.2). The two axes divide the Cartesian plane in four segments and their origin represents the median Relative Importance Score and the median Performance Scores.

Chart 2.2: Visual representation of Key Driver Analysis (KDA)



## 2.4 Reporting notes

Many of the questions in the survey ask customers to rate the customer experience, or their perceptions of HMRC using a five point response scale. Customers were asked to rate HMRC using a scale of one to five, where five is the most positive response and one is the least positive response. Responses have been grouped into positive (a score of four or five), neutral (a score of three) and negative (a score of one or two). Customers could also say “don’t know” or “not applicable”. Customers who said the question did not apply to them were excluded from the analysis for that measure.

Where customers are asked to rate HMRC they are asked to give an overall opinion about all of their experiences of dealing with HMRC over the previous 12 months.

Where percentages shown in charts or tables do not total to exactly 100% (or where they do not exactly total to a summary statistic given, such as agree/disagree) this is due to rounding to the nearest whole number, due to the exclusion of those who said “don’t know” or because participants were able to choose more than one response option.

Where the results for one group of respondents are compared against the results for another group, any differences stated are statistically significant at the 95% probability level, unless otherwise stated. This means that we can be 95% confident that the differences observed between the subgroups are genuine differences in opinions, and have not just occurred by chance.

Base sizes, displaying the number of people who gave a response to any question (excluding those who said that the question did not apply to them) are shown on charts.

# 3. Individuals



### **3.1 Profile of Individuals**

This section covers customers' demographic profile, their interactions with HMRC over the previous 12 months and tax life events affecting tax status. It concludes by exploring agent usage and customer perceptions of the ease of having an agent acting on their behalf. This provides useful context for the later sections of this chapter covering customer experience and general perceptions of HMRC.

#### **3.1.1 Demographic profile**

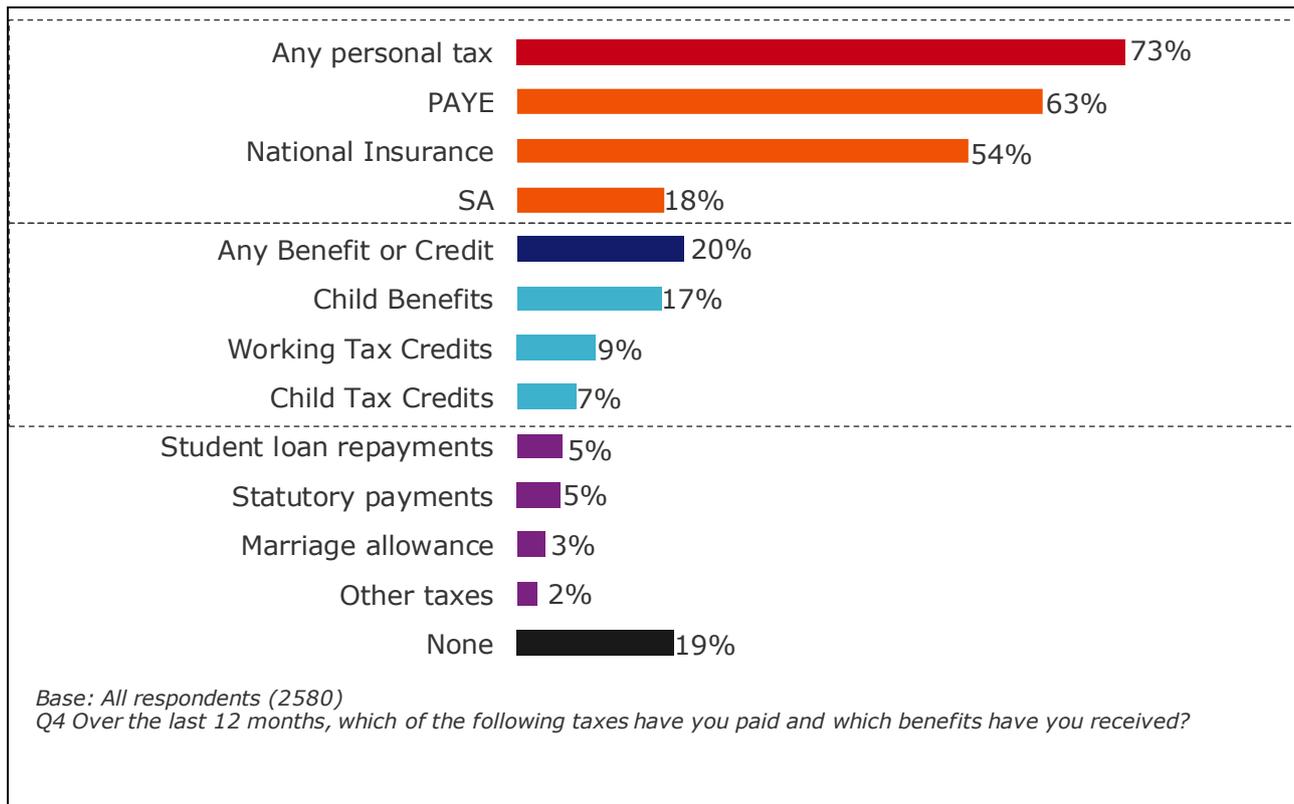
There was a roughly even split between male (48%) and female (51%) customers. Around a third fell into each of the following age bands: 16-34 years of age (29%), 35 to 54 years of age (33%) and 55 years or older (36%).

In terms of working status, customers were most likely not to be working (39%) or working full time (35%). Smaller proportions were working part time (15%) or self-employed (8%). Nearly half of customers had multiple income sources (48%). Forty-four per cent had a single income source, while six per cent reported they had no income.

#### **3.1.2 Taxes paid and Benefits and Credits received**

Individuals were asked which taxes they had paid or benefits they had received from HMRC in the previous 12 months. Three in four Individuals (73%) had paid personal taxes and one in five (20%) had received any Benefits or Credits administered by HMRC. Six in ten (59%) paid personal taxes only in the previous 12 months. Fourteen per cent reported that they had both paid personal taxes and received Benefits and Credits in the previous 12 months, while six per cent said they were only in receipt of Benefits and Credits. Chart 3.1 (below) displays the taxes paid and Benefits and Credits received from HMRC.

Chart 3.1 Taxes paid and Benefits and Credits received from HMRC- Individuals



In terms of the key demographic differences, age, gender and working status affected the types of tax paid and benefits received:

- Men were more likely than women to have paid personal taxes (81% vs. 66%)
- Women were more likely than men to have received Benefits and Credits (27% vs. 13%). This gender pattern was driven by Child Tax Credits and Child Benefit.

Individuals in full time work (96%) and the self-employed (92%) were most likely to report paying personal taxes, compared with only 51% of those who were not working. Half (52%) of those in receipt of Benefits and Credits only were not in work and three in ten (29%) worked part time.

Reflecting age differences in work status and presence of children in the household:

- Middle-aged Individuals (35 to 54 years of age: 83%) were more likely than their younger (16 to 34 years of age: 66%) and older (55 years of age or older: 70%) counterparts to be paying personal taxes.
- Younger (16 to 34 years of age: 23%) and middle-aged Individuals (35 to 54 years of age: 35%) were much more likely than older customers (55 years of age or older: three per cent) to have received Benefits and Credits.

### 3.1.3 Tax life events

A range of life events can impact on Individuals' need to interact with HMRC and 37% of customers reported that one of these life events had happened to them in the previous 12 months (examples of life events included in the survey were starting work for the first time or getting

married). Nearly a quarter (24%) of all Individuals had experienced an event relating to their employment in the previous 12 months: 14% had changed job, 12% had stopped work, five per cent had started work for the first time and four per cent had taken an additional job. Six per cent got a National Insurance number for the first time. A number of other life events happened to small proportions of Individuals (four per cent or less) such as retiring, starting to receive a pension, becoming a parent for the first time or having another child etc.

Experiencing a change in employment status was linked with age. Almost half (47%) of 16-34 year olds experienced a change in employment, this was double the proportion for 35-54 year olds (22%) and five times that for those aged 55 years or older (9%). Individuals in part time work were most likely to experience this change (40%), while it was less common among the self-employed (19%) and those not currently working (17%).

#### **3.1.4 Interactions with HMRC in previous 12 months**

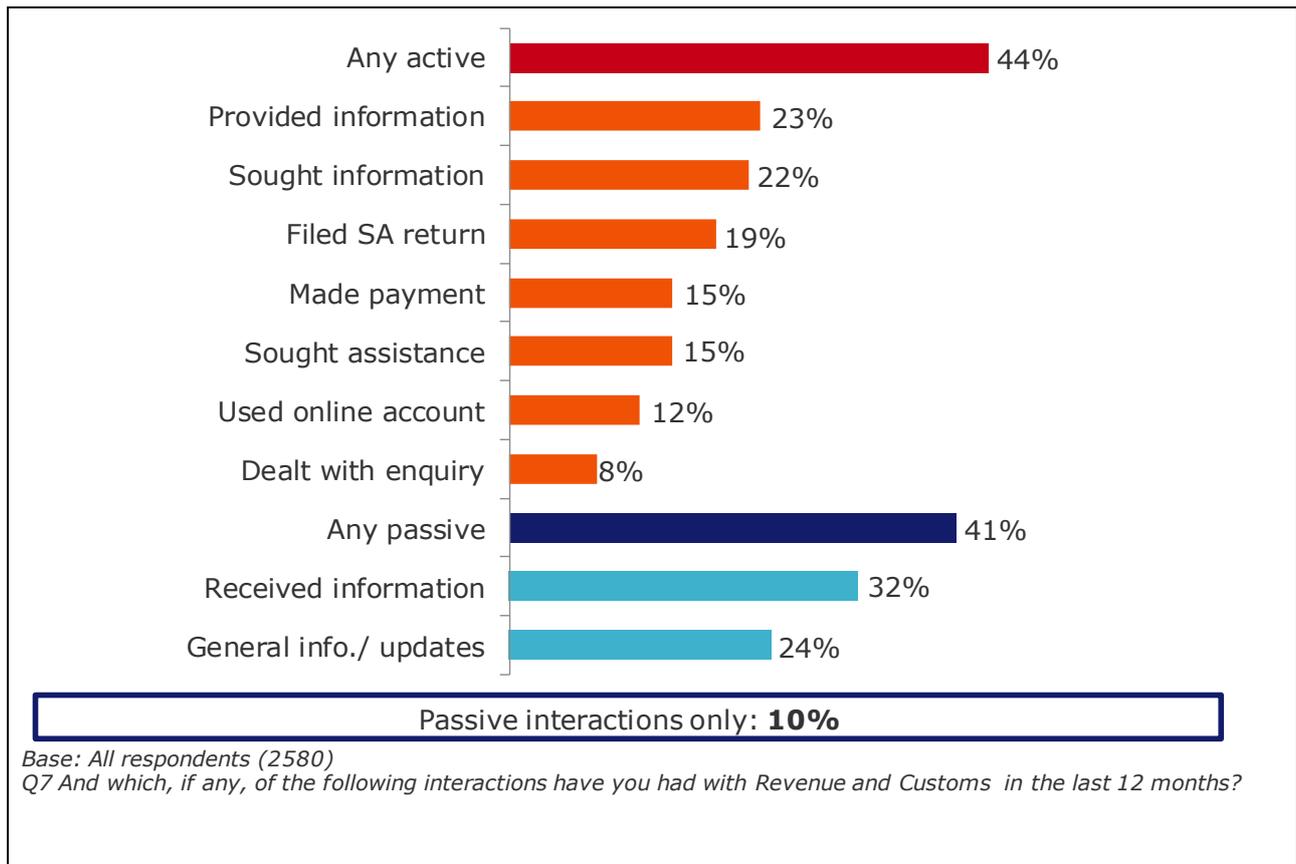
Nearly two-thirds (64%) of Individuals reported having at least one interaction with HMRC in the previous 12 months. The key subgroup differences affecting Individuals' likelihood to interact with HMRC were as follows:

- Older customers (aged 55+) were less likely to have interacted with HMRC in the previous 12 months (52%) than those aged 35-54 (72%) and 16-34 (69%), reflecting that they were less likely to be working.
- Customers in paid work (72%), particularly the self-employed (96%), were more likely to have interacted with HMRC than those who were not working (53%).
- Individuals with multiple income sources (70%) were more likely to have interacted than those with a single source of income (61%).
- Those who had seen a change in their employment were also more likely to have interacted than those who had not (77% and 60% respectively).

#### **3.1.5 Type of interaction**

Individuals were also asked about the type of interactions they had had with HMRC in the previous 12 months (Chart 3.2). These interactions can be split between those that involved passive interactions where the Individual was a recipient of information from HMRC, and active interactions, where the Individual had to actively engage with HMRC.

Chart 3.2 Types of interaction with HMRC – Individuals



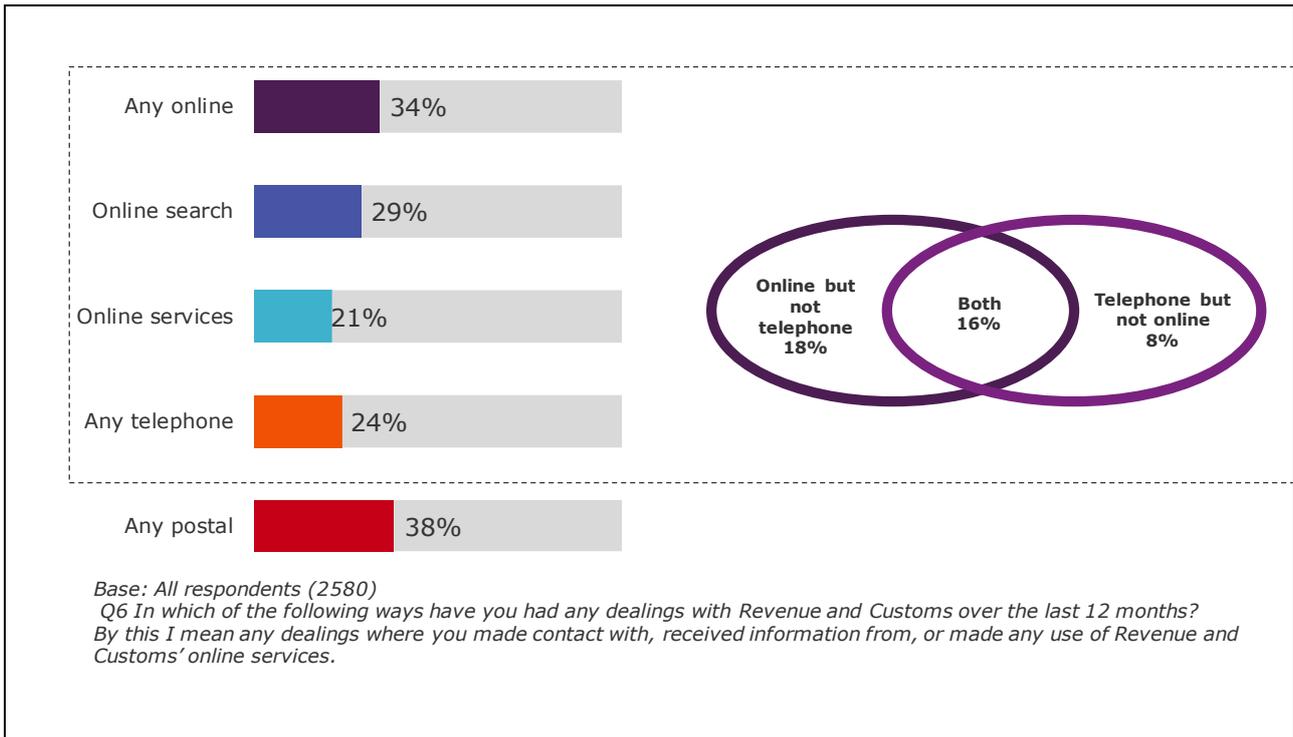
Just under half (44%) of individuals had interacted actively with HMRC in the previous 12 months. This included almost all self-employed Individuals (91%), while active interactions were below average for those who were not working (31%). Those who had received Benefits and Credits and Individuals who had seen a change in their employment were also more likely to have interacted actively with HMRC (76% and 59% respectively).

Older Individuals (aged 55 or older), who were less likely to be working, were also less likely to have had active interactions with HMRC (33%).

### 3.1.6 Channels used to interact with HMRC

Individuals were asked about the ways they had interacted with HMRC in the previous 12 months. Interactions were defined as where Individuals had made contact with HMRC, received information from them or made use of HMRC’s online services. Thirty five per cent of Individuals made or received contact with HMRC through multiple channels over the 12 month period and a further 21% made or received contact through a single contact channel. Chart 3.3 (below) displays the most common channels of making or receiving contact with HMRC.

Chart 3.3 Channels of contact - Individuals



A third (34%) of Individuals had any type of online contact with HMRC over the previous 12 months (this includes both searching for information on HMRC webpages and use of any HMRC online services), whilst a quarter had contact by telephone (24%).

Those using the online channel were roughly evenly split between those who used the telephone as well (16% of all Individuals) and those who interacted online but not over the phone (18% of all Individuals). A relatively small group (eight per cent) were in contact by telephone but not online.

Subgroup variations for online, telephone and post were similar to whether they had interacted at all with HMRC (see section 3.1.4).

Benefits and Credits customers (and especially those who were only Benefits and Credits customers) were more likely to use the telephone (whether or not online services were also used) (54% and 60% respectively), than personal taxes customers (26%). Benefits and Credits customers, especially those who were only Benefits and Credits customers were also more likely to have made or received contact by post (62% and 58% respectively), compared with 44% of personal taxes customers. While personal taxes and Benefits and Credits customers showed similar levels of usage of the online channel but not the telephone (21% and 22% respectively), this was less common for Benefits and Credits customers only (nine per cent).

### 3.1.7 Frequency of contact

Those who reported they had interacted with HMRC in the previous 12 months were asked how often they had had contact with HMRC. Respondents were asked to think about contact they made or received about separate issues, rather than ongoing contact about a single issue.

Most Individuals who had had dealings with HMRC reported having had little contact in the last year: almost half had only been in contact once (47%), while a further three in ten (30%) had rarely done so. Just over a fifth had had more frequent contact (17% sometimes, four per cent often).

The self-employed (34%), Benefits and Credits customers (29%) and those who had had a change in employment (28%) were more likely to have had contact often or sometimes.

Older customers had less frequent contact than younger and middle aged customers.

### **3.1.8 Agent usage and ease of having agent act on customers' behalf**

One in eight (12%) of Individuals said they paid a professional advisor, such as an accountant, to help with their dealings with HMRC. This was particularly common among self-employed Individuals (58%), reflecting their more complex tax affairs. Those claiming Benefits and Credits only were less likely to involve a professional advisor (four per cent).

A further six per cent said someone else helped them: in nearly all cases this was a friend/family member/colleague (four per cent).

When asked how easy or difficult HMRC made it for someone else to act on their behalf, most of those who had had someone helping them gave a positive rating (71%) and nine per cent gave a negative rating.

## **3.2 Customer Experience**

This section discusses Individual customers' ratings of HMRC's online services and Telephone Helplines, their overall experience of dealing with HMRC in the previous 12 months and whether their experience has got better or worse. It also examines more detailed aspects of their customer experience based on the Atom Model (as discussed in section 2.3.5). Finally, it examines customers' personal views on how HMRC administers the tax system based on, whether they were treated fairly and as honest, whether HMRC makes it as easy and simple as possible for customers to meet their tax obligations and whether services are personalised.

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

### **3.2.1 Rating of service received – online services and telephone Helpline**

Individuals who had contact with HMRC by telephone or used HMRC's online services in the previous 12 months were asked to rate their experiences of using these services (Chart 3.4). They were asked to use a scale of one to five, where five is very good and one is very poor. Responses have been grouped into positive, neutral and negative, as explained in section 2.4.

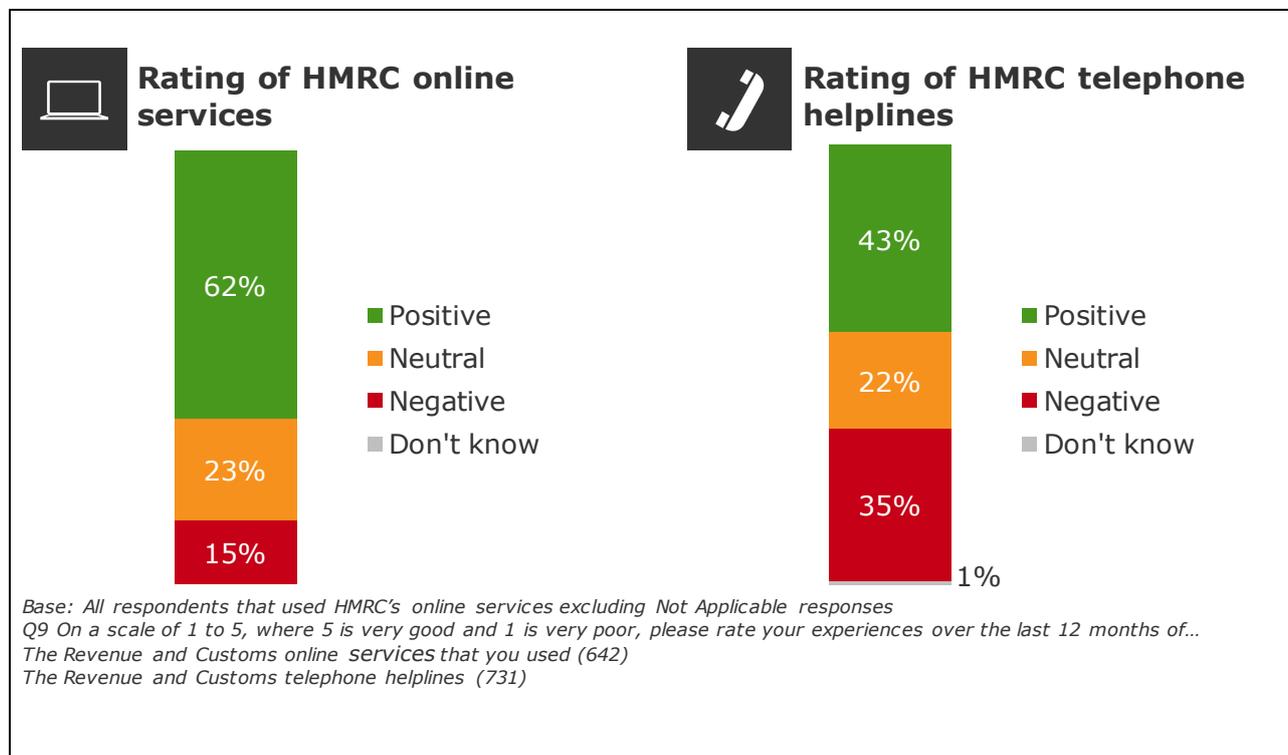
Online services were rated more positively than the telephone helplines. Just over six in ten (62%) gave a positive rating for the online services, nearly a quarter were neutral (23%) and 15% were negative. The telephone service did not score as well, with 43% giving a positive score, 22% neutral and 35% negative.

Where customers were in frequent contact with HMRC they tended to be less positive about telephone and online services received. Half (51%) of Individuals who had used online services and reported being in contact often were positive about the online services offered by HMRC and 35% of telephone users who had been in contact often were positive about the helplines.

Older customers tended to rate the telephone service more negatively than the youngest age group (42% negative for those aged 55 years or older, compared with 26% for those aged 16 to 34).

Customers with a positive rating of the online services were more willing to use HMRC digital services and contact HMRC online (92%) than those with a negative rating (71%).

Chart 3.4 Rating of HMRC channels - Individuals



### 3.2.2 Overall rating of customer experience and whether the experience is getting better or worse

Individuals who had interacted with HMRC in the previous 12 months were asked to reflect on all their experiences of Revenue and Customs over the previous 12 months and give an overall score.

Six in ten Individuals had had a positive overall experience (61%), nearly a quarter (24%) were neutral and 14% were negative. Channel usage impacted on the overall customer experience: Individuals who had used online channels to interact with HMRC but had not used the telephone were more likely to have had a positive experience (67%) than those who had used the telephone (52%). This is in line with the findings from the previous section regarding ratings of the telephone helpline and online services.

Customers who were in frequent contact with HMRC in the previous 12 months were less positive (47%). Other sub groups less likely to rate the overall experience as positive include:

- Customers aged 35 to 54 (57%, compared to 65% for those aged 16 to 34 and 64% for those aged 55 and over)
- Customers in full time employment (55%, compared to 66% of those not working)

These findings are likely to reflect the relationship of age and working status, with a higher proportion of customers aged 35 to 54 working full time.

Customers were asked how their experience of dealing with HMRC over the previous 12 months compared with their experience of the preceding 12 months. While most customers said there had been no change (58%), twice as many thought the experience of dealing with HMRC had improved (18%) than got worse (nine per cent).

### 3.2.3 Atom Model of customer experience

This section discusses the Atom Model of Customer Experience, which has been used to understand what is driving customer experience and what areas are most important to address.

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

Chart 3.5 has been revised to reflect actual experience of Individuals rather than the ideal customer experience.

Chart 3.5 Revised Atom Model - Individuals



As in the original model, HMRC getting the transaction right is still at the centre and was the key factor driving the overall experience. However, other factors which were of lesser importance in the original, theoretical ideal model have become more important to customers in the face of Individuals' experience in the previous 12 months of dealing with HMRC. These were

- Time taken to reach the end result
- Having systems which prevent mistakes (proactivity)
- Resolving queries (taking ownership)
- Ease of navigating the process – HMRC made clear the steps needed to take

The other factors in the outer ring were of lesser importance to customers:

- Quality and ease of finding information
- Having approachable staff
- Ease of navigating the process – HMRC made clear the information needed to check or provide
- Ease of navigating the process – HMRC made clear when everything was complete

By comparing how important the factors were in driving overall experience with how well HMRC performed on each of these areas, it is possible to identify the areas which are most important to address to improve overall experience for customers. For more information please see section 2.3.6. In chart 3.5,

- The factors in orange are the most important to address to improve overall performance
- The factors in amber are slightly less important to address to improve overall performance
- And the green factors are those where HMRC has performed comparatively well but should ensure that this level of performance is at least maintained.

The remainder of this section discusses each of the elements of service in turn.

### **Most important dimension – HMRC getting the tax transaction right**

The most important driver of customer experience for Individuals was HMRC **‘getting tax transactions right’**. Six in ten customers who had interacted with HMRC in the previous 12 months scored HMRC positively for this (62%). Eighteen per cent were neutral, while 17% were negative. As performance is relatively high (compared to the other Atom model measures), this is identified as an area to maintain, but given its fundamental importance in driving good customer experience overall, further action to improve performance is likely to be beneficial in improving the overall customer experience.

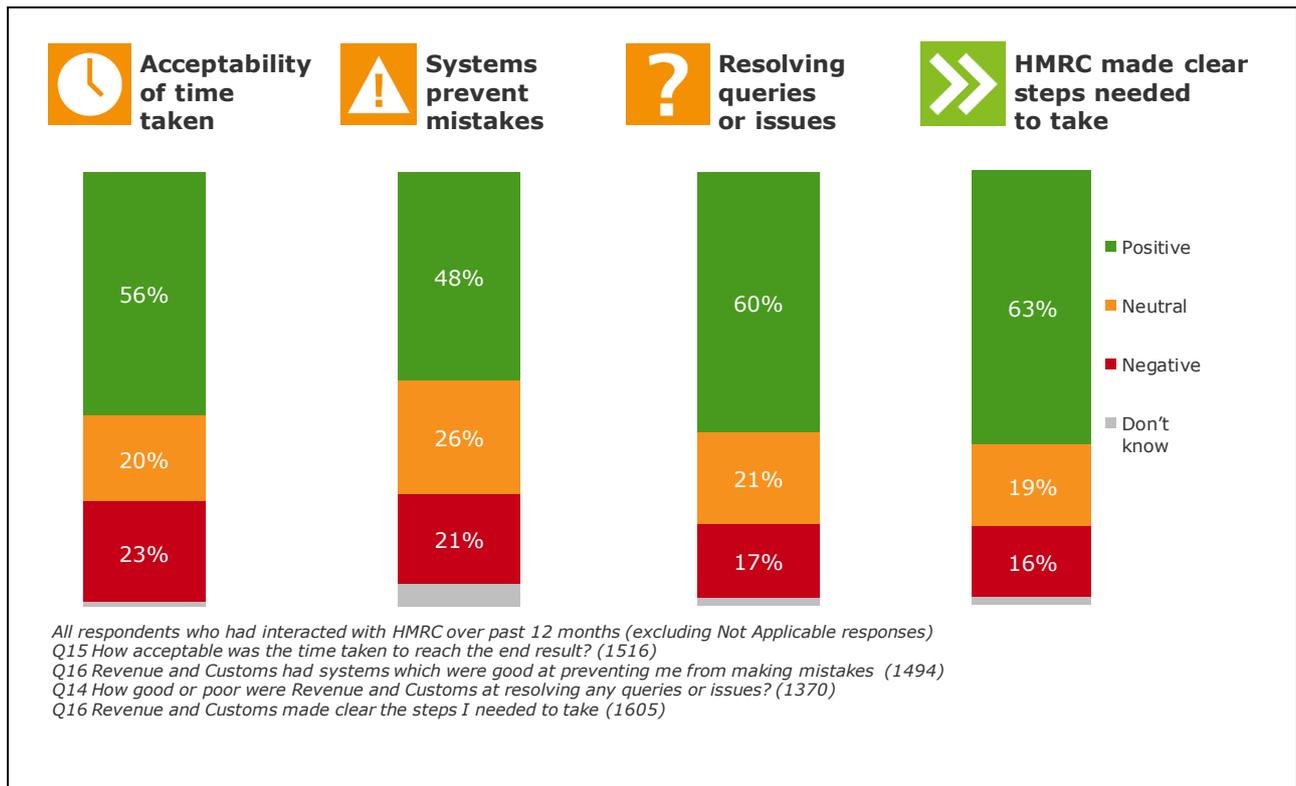
The channel used to interact with HMRC and type of tax had a bearing on how customers rated HMRC for this measure. Individuals who used the telephone were twice as negative as those who used online services but not the telephone (25% and 12% respectively). SA customers (72%) and those who received Benefits and Credits only (68%) were more positive than Individuals in general.

The strong link between getting the transaction right and overall customer experience can be seen by the fact that Individuals who had a negative overall experience were four times more likely than average to rate HMRC negatively on getting the tax transaction right (72% were negative).

### **Highly important dimensions**

This section looks at the four dimensions of high importance to customers which were in the inner ring of the Atom Model: acceptability of time taken, resolving queries, having systems which prevent mistakes and HMRC making clear the steps customers needed to take (Chart 3.6).

Chart 3.6 Highly important dimensions of customer experience - Individuals



While over half of Individuals (56%) gave a positive rating for the **acceptability of time taken to reach an end result**, nearly a quarter (23%) were negative about this aspect of service. This was the Atom Model measure with the highest negative score.

Acceptability of time taken was heavily influenced by HMRC getting the tax transaction right. Individuals who were negative about HMRC getting the tax transaction right were almost ten times as likely to give a negative score for acceptability of time taken than those who were positive about HMRC getting the tax transaction right (70% and seven per cent respectively).

Customers who used online services and not the telephone were more positive about the time taken (63%) than those who used the telephone either in combination with online or on its own (45%). Customers who had sought assistance from HMRC in the previous 12 months were also less likely to give HMRC a positive rating (39%). This suggests that swifter action to deal with issues that arise, particularly encouraging customers to seek assistance through online contact channels, could help improve customer experience.

Half of customers (48%) gave HMRC a positive score for having **systems that are good at preventing them from making mistakes**, around a quarter were neutral (26%), while a fifth (21%) were negative.

Customers that had used online channels but not the telephone were more likely to give a positive rating than those who had used the telephone but not online (54% and 45% respectively). SA customers were also less likely to give a positive score (42%).

Six in ten customers rated HMRC positively for **resolving queries or issues** (60%). Twenty-one per cent were neutral while 17% gave a negative rating.

Benefits and Credits only customers were more positive about HMRC's ability to resolve queries or issues (73%) than personal taxes only customers (60%). Those who sought information (54%) or assistance (49%) and those who used the telephone (54%) were less likely to give a positive rating.

Customers aged 35 or older tended to be more negative than the youngest customer group (16-34). Twenty per cent of 35-54 year olds and 19% of those aged 55 or older gave a negative rating, compared with 12% of 16-34 year olds.

The three dimensions already discussed in this section (resolving queries, acceptability of time taken to reach the end result and having systems which prevent mistakes) were all identified in the model as primary areas for improvement. This is because they have a strong influence on overall experience but performance was not as high as for some of the other areas, so improvements in these areas should have a bigger impact on overall customer experience.

The last of the highly important dimensions '**HMRC making clear the steps that customers needed to take**'<sup>12</sup> is identified as an area to maintain as performance was relatively high (compared to other Atom measures). Over six in ten customers (63%) rated HMRC positively on this measure, while 19% were neutral and 16% were negative.

Once more channel and type of tax had a bearing on customer perceptions. Benefits and Credits only customers were more likely than personal taxes only customers to rate HMRC positively for 'making clear the steps that customers need to take' (75% and 63% respectively). The small group of customers who used the telephone but no online channels were more likely to give this a negative score than customers who used online services but not the telephone (20% and 12% respectively), suggesting that online interactions may better sign post next steps than telephone equivalents.

### **Less important dimensions of overall customer experience**

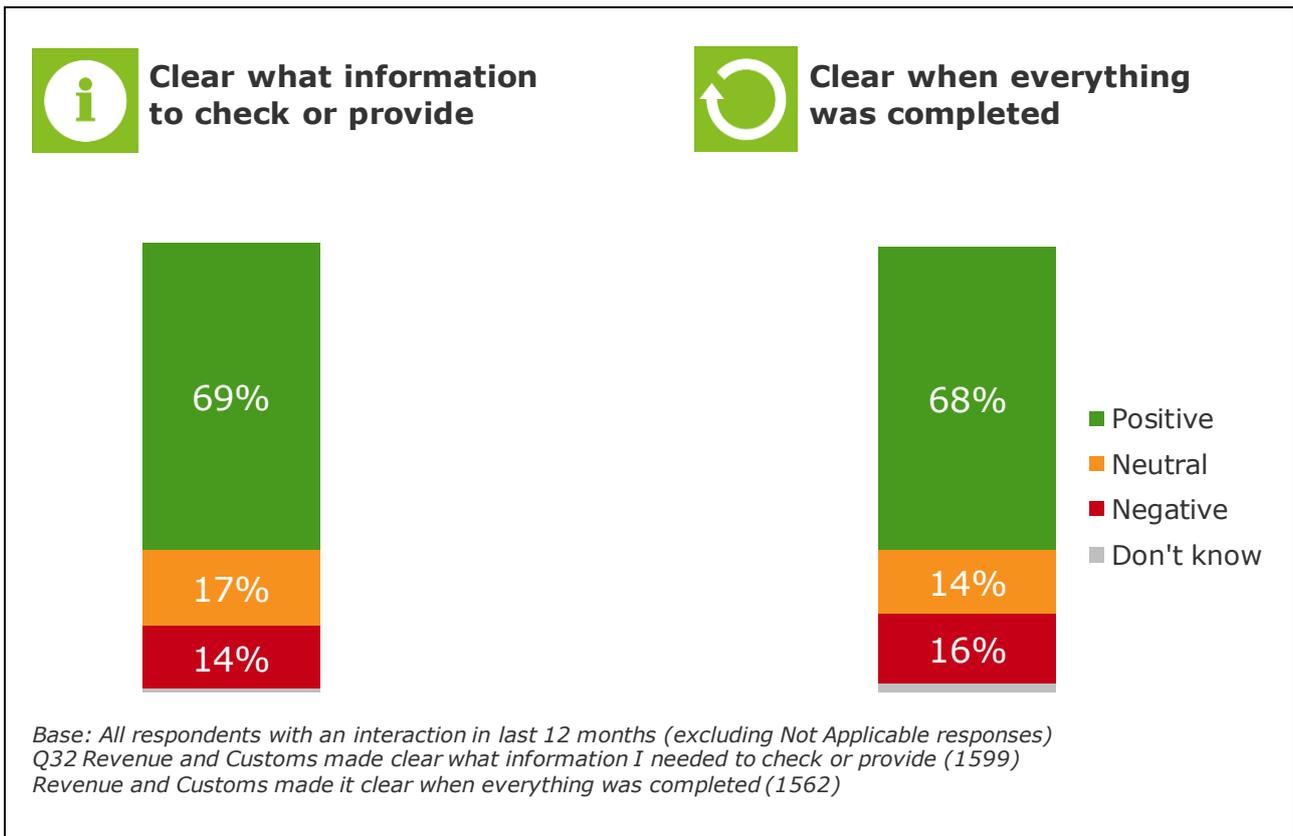
This section discusses the dimensions identified as being of lower importance to customers (Charts 3.7 and 3.8):

- being clear on what information to check or provide and
- being clear when everything was completed,
- quality of information
- ease of finding information
- approachability of staff.

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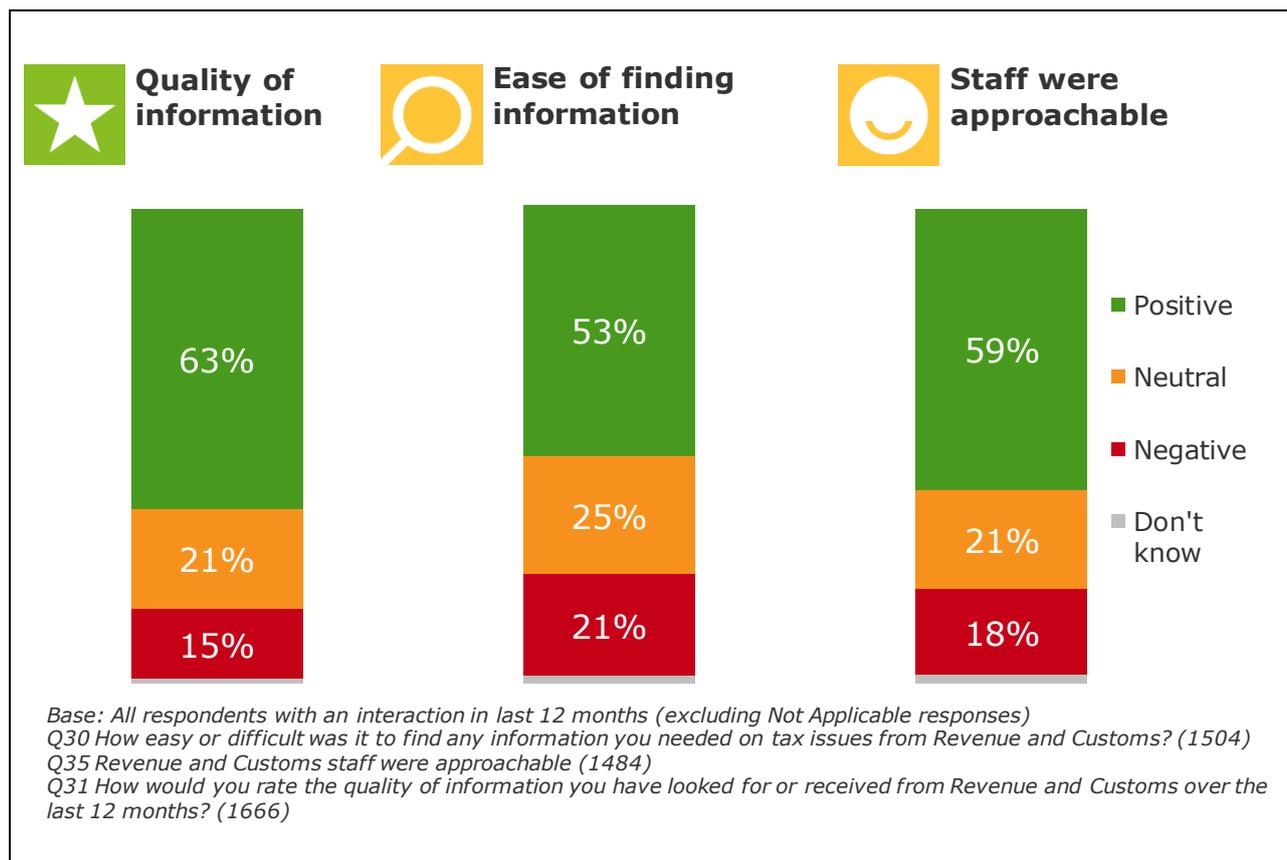
<sup>12</sup> This is one of the elements of HMRC helping customers to navigate their processes. The other two factors, being clear about what information customers need to check or provide and when things are complete were rated as less important in driving good customer experience

Chart 3.7 Less important dimensions of customer experience – Ease of navigating the process - Individuals



Customers rated HMRC relatively well for being **clear on what information to check or provide** (69% positive) and being **clear on when everything was completed** (68%); these areas received the highest positive rating. They are highlighted as areas to maintain since performance is already quite good and improvement in these areas will have less influence on overall experience than other dimensions.

Chart 3.8 Less important dimensions of customer experience - Individuals



Individuals also rated HMRC for **quality of information** relatively positively (63%). Twenty-one per cent were neutral and 15% were negative.

However, Individuals did not rate HMRC as highly for the **ease of finding information**. Just over half (53%) were positive on this measure, 25% were neutral and 21% were negative.

For the final measure, whether customers considered **HMRC staff to be approachable**, nearly six in ten (59%) gave a positive score. Similar proportions (around a fifth) were neutral (21%) and negative (18%).

As performance was relatively high, quality of information is highlighted as an area to maintain. Ease of finding information and approachability of staff are secondary areas for improvement, as they have lower ratings but have less influence on overall experience than other dimensions more important to customers.

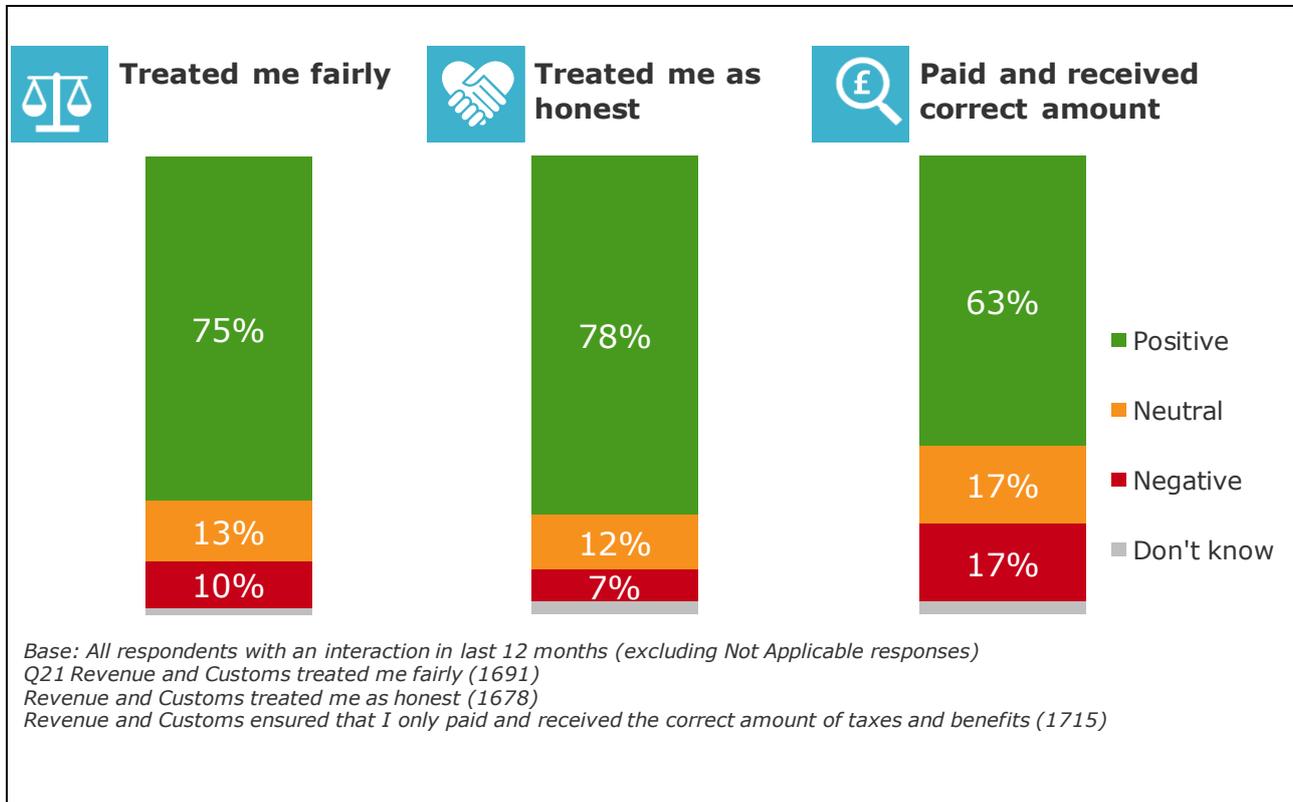
### 3.2.4 Administration of the tax system

This section examines customers' experiences in the previous 12 months of how HMRC administers the tax system based on whether it treats customers fairly, makes it as easy and simple as possible for customers to meet their tax obligations and whether services are personalised. Again only Individual customers who had interacted with HMRC in the previous 12 months were asked about their experiences in these areas.

## Fairness

Chart 3.9 shows that around three quarters of Individuals felt that they had been **treated as honest** (78%) or **fairly** (75%) by HMRC. Perceptions that **HMRC ensured they only paid and received the correct amount of taxes / benefits** were less positive (63% gave a positive rating).

Chart 3.9 Fairness - Individuals



Overall experience of HMRC had a bearing on how Individuals felt about these issues. Almost all (94%) of those who rated their experience positively agreed that HMRC had treated them fairly, while just a third (33%) of Individuals who had had a negative overall experience agreed that HMRC had treated them as honest.

Customers with a positive overall experience of dealing with HMRC were more than five times as likely to agree that HMRC ensured that they paid and received the correct amount than those with a negative experience (83% and 15% respectively). HMRC ensuring that customers paid and received the correct amount was also strongly linked with HMRC getting the transaction right. Customers who were positive about HMRC getting the transaction right were more than seven times as likely to agree HMRC had ensured that they paid and received the correct amount compared to those who had rated them negatively (84% and 11% respectively).

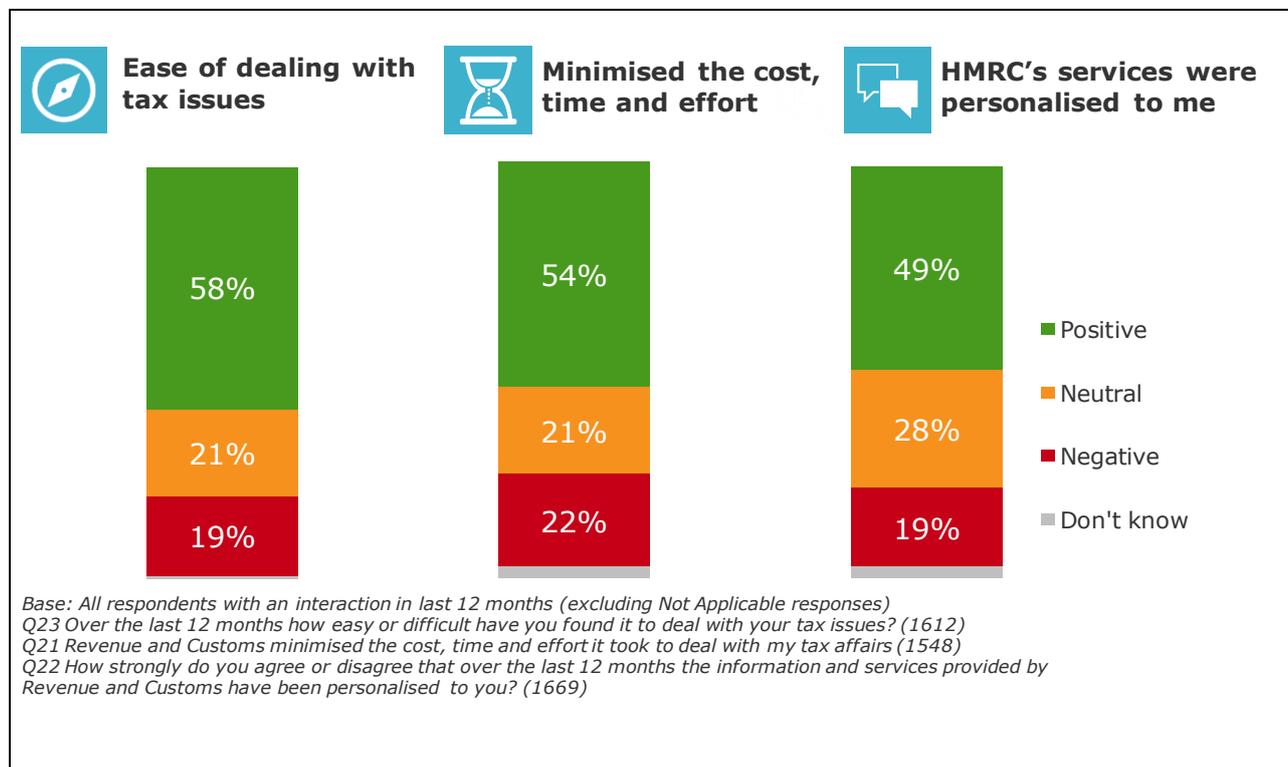
Individuals who had contacted HMRC by telephone were less positive than average about HMRC ensuring they paid and received the correct amount (54%).

## Ease of dealing with tax issues and Personalisation

Individuals did not rate HMRC as highly on **ease of dealing with tax issues** as fairness. Nearly three in five Individuals gave a positive rating for ease of dealing with tax issues and Benefit and

Credit claims (58%). Over half (54%) agreed that **HMRC minimised the cost, time and effort it took them to deal with their tax affairs**. These measures were closely linked with HMRC getting the transaction right, and the acceptability of time taken, two of the measures identified as highly important in the Atom model (as they are strongly related to overall experience). HMRC's initiative to improve the efficiency of its services (through a 'once and done' approach) should help to improve the customer experience.

Chart 3.10 Ease and Personalisation - Individuals



Customers who used the telephone to interact with HMRC were less likely to agree that HMRC minimised the cost, time and effort it took them to deal with their tax affairs (43% compared with 54% overall).

Half (49%) of Individual customers felt that **HMRC's services were personalised to them**. Twenty-eight per cent were neutral, while 19% were negative. Those with a negative overall experience were far more likely to be negative on this measure (68%). Individuals who had used online services (who generally rated their experience of HMRC more positively than those who had telephone contact) were more likely than average to be negative (25%) about services being personalised to them. The new digital tax account is aimed at making services more personalised. The relatively low rating on this measure is likely to reflect that the new tax account for individuals and associated initiatives to make services more personalised have not yet been rolled out.

### 3.3 Perceptions of HMRC

This section examines Individuals' broader views of HMRC as an organisation and attitudes to compliance. HMRC's vision is to be efficient, effective and fair in its dealings with customers and that they have confidence in the way HMRC administers the tax system. All Individuals, including those who had not had any interactions with HMRC over the previous 12 months, were asked to rate HMRC on each of these measures. They were also asked to rate HMRC on whether they

protected customers personal data. Two further statements on favourability and advocacy towards HMRC were also included. The statements were as follows;

- **Efficient:** Revenue and Customs is an efficient organisation that does not waste money
- **Effective:** Revenue and Customs ensures all its customers pay/receive the correct amount of money in tax and benefits
- **Fair:** Revenue and Customs applies penalties and sanctions equally for all its customers
- **Protection of personal data:** Revenue and Customs ensures that customers' data and personal information is treated confidentially
- **Overall confidence:** How confident are you in the way Revenue and Customs are doing their job?
- **Favourability:** How favourable or unfavourable is your overall opinion of Revenue and Customs taking into account everything you think is important?
- **Advocacy:** Which of these phrases best describes the way you would speak about Revenue and Customs to other people or organisations?

Finally this section examines Individuals' attitudes to compliance. A small number of questions about income tax evasion were included in the study.<sup>13</sup>

Reflecting the fact that all Individuals, including those with no interaction in the previous 12 months, were asked to rate HMRC on these measures, a substantial proportion (up to four in ten) gave either neutral responses or answered don't know on a number of these measures.

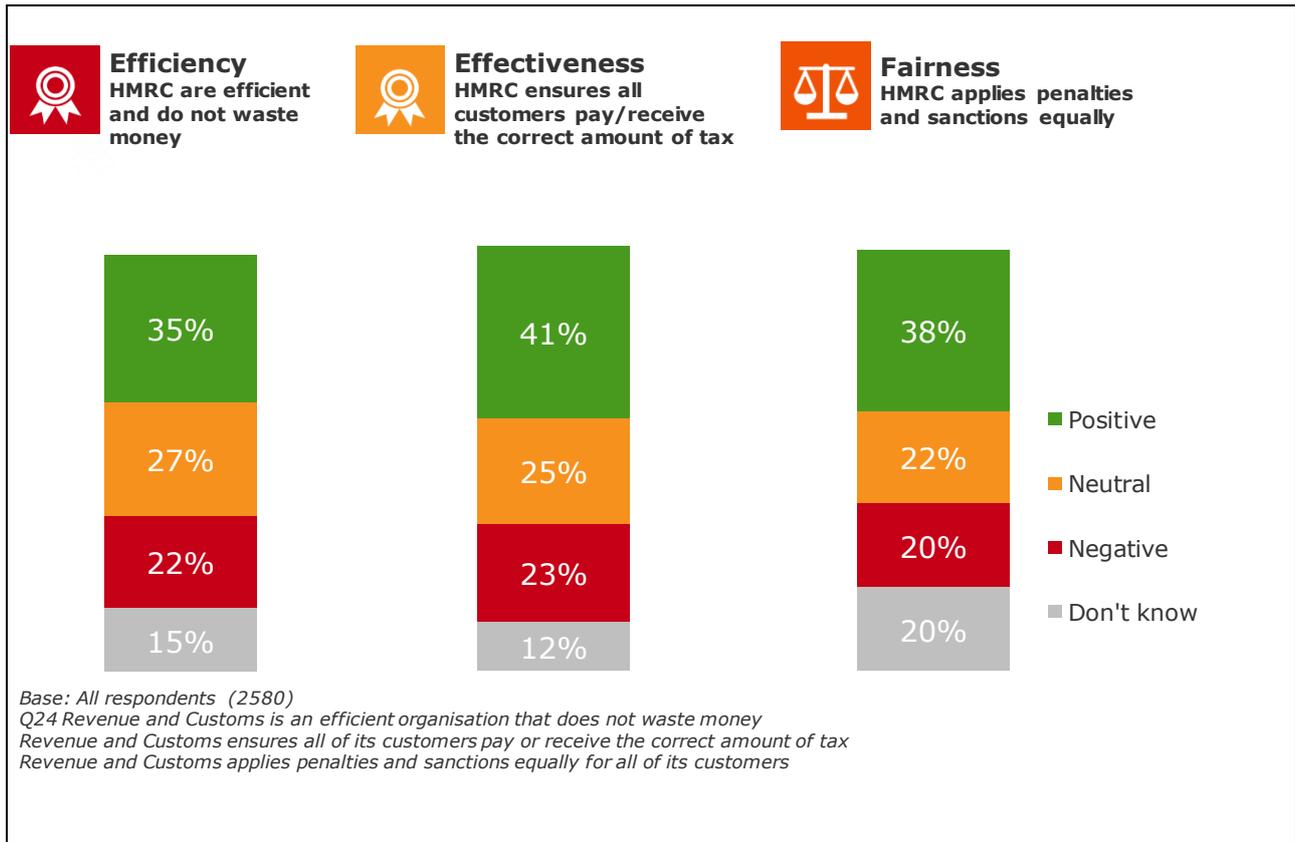
### 3.3.1 Efficiency, Effectiveness and Fairness

Over a third of Individuals (35%) rated HMRC positively for being **efficient**, whilst 22% gave a negative rating (Chart 3.11). Individuals who had any interactions with HMRC over the last year were more likely to rate HMRC negatively on being efficient (28% gave a negative rating compared with 14% who had no interactions with HMRC over the previous 12 months). Individuals who had any interactions with HMRC over the previous 12 months were also more likely to rate them negatively on their effectiveness and fairness too.

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<sup>13</sup> The questions were selected from the [HMRC Compliance Perceptions Survey](#) which was conducted between 2008 and 2014. Due to significant changes in methodology, results from earlier waves are not directly comparable.

Chart 3.11 Perceptions of HMRC efficiency, effectiveness and fairness - Individuals



Amongst those who had interactions with HMRC over the previous 12 months, views on whether HMRC were seen as efficient were strongly driven by whether Individuals felt HMRC minimised the cost, time and effort it took them to deal with their tax affairs and/or benefit and credit claims. Those who felt HMRC did not minimise the time, cost and effort of dealing with their tax affairs were more than four times more likely to view HMRC as inefficient (62% gave a negative rating, compared to 14% of those who agreed HMRC had minimised the time, cost and effort). Conversely 49% of Individuals who rated HMRC positively on minimising the time, cost and effort in dealing with their tax affairs felt they were efficient.

More generally, those with a positive overall experience of dealing with HMRC over the previous 12 months were more likely to feel HMRC were efficient (46% compared with seven per cent with a negative overall experience). Similarly, customers only in receipt of Benefits and Credits (46%) were more likely to view HMRC as efficient than personal taxes customers (32%) reflecting their more positive experiences of dealing with HMRC over the previous 12 months. Those Individuals with a positive overall experience of dealing with HMRC over the previous 12 months and those only in receipt of Benefits and Credits were also more likely to feel HMRC were effective and fair.

Two fifths of Individuals (41%) felt HMRC were an **effective** organisation (Chart 3.11), **ensuring that all its customers paid or received the correct amount of tax and benefits**. Almost a quarter of Individuals (23%) gave a negative response. Views were again strongly linked to personal experiences. Those who rated HMRC negatively on getting the transaction right and ensuring that they personally paid/received the correct amount were over three times more likely to view HMRC as ineffective (68% and 69% respectively). Conversely, half of Individuals who rated

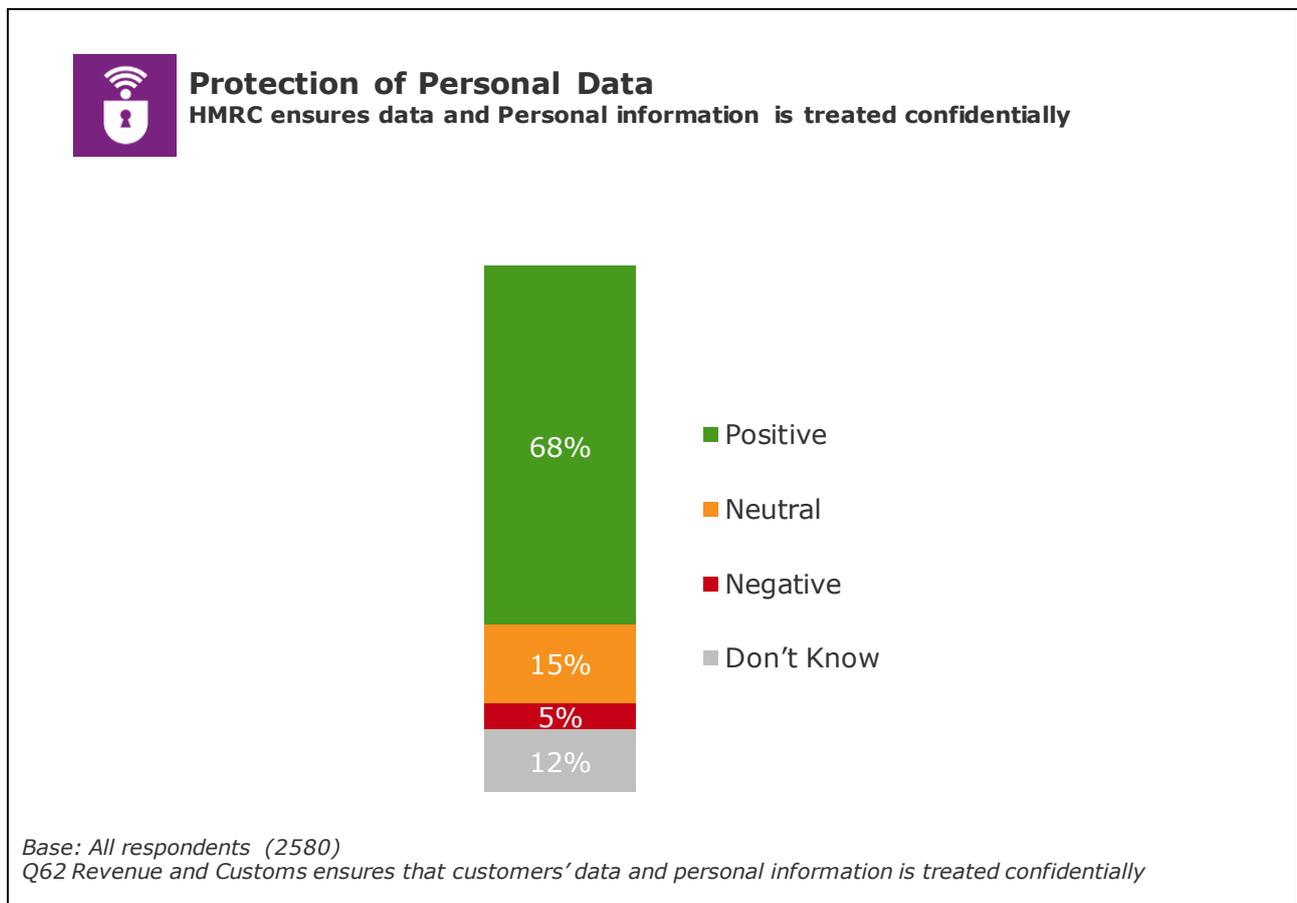
HMRC positively on these two dimensions also rated them positively on being an effective organisation (52% and 53% respectively).

Two fifths of Individuals (38%) felt HMRC were a **fair** organisation applying **penalties and sanctions equally across all its customers** (Chart 3.11). This contrasts with the high proportion of customers who had an interaction with HMRC over the previous 12 months and felt they were dealt with fairly and as honest (75% and 78% respectively). It suggests that broader views of HMRC's fairness are being driven by wider influences alongside personal experiences.

### 3.3.2 Protection of personal data

Two thirds (68%) of Individuals rated HMRC positively on ensuring all **customers data and personal information is treated confidentially**. Only five per cent rated HMRC negatively.

Chart 3.12 Protection of personal data – Individuals



The proportion of customers rating HMRC positively on ensuring all customers data and personal information is treated confidentially was higher amongst those who were very willing to use HMRC's digital services (72%). Even amongst those who were unwilling or unable to use HMRCs digital services only nine per cent and seven per cent, respectively, rated HMRC negatively on protecting customers' personal data, suggesting that trust in the security of HMRCs systems is not a significant barrier to use of digital services.<sup>14</sup>

<sup>14</sup> Other research, notably the recent study on Digital Exclusion and Assisted Digital has similarly found that (lack of) trust in the security of HMRC's digital systems is not a major barrier to use of Government online services

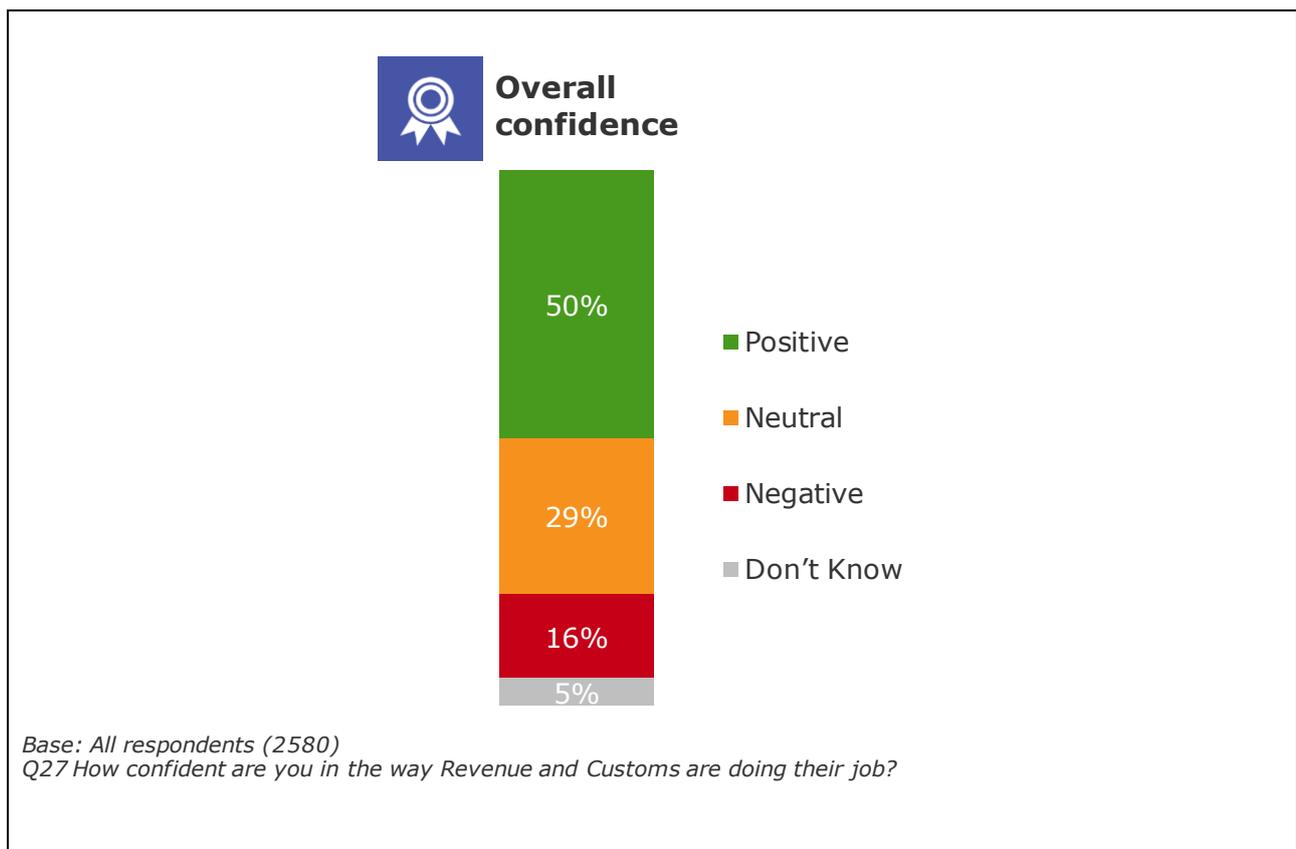
### 3.3.3 Overall confidence in HMRC

Half of Individuals (50%) expressed **confidence in the way HMRC were doing their job** (chart 3.13), while a sixth (16%) gave a negative rating. Overall confidence in HMRC as an organisation was related to whether it was seen to be efficient, effective and fair. Over three quarters of those who rated HMRC positively on being efficient, effective and fair also gave a positive rating on overall confidence (82%, 78% and 78% respectively ) whilst those rating HMRC negatively on these measures were far more likely to also rate their overall confidence in HMRC negatively (49%, 47% and 46% respectively).

There was no significant difference in confidence in HMRC’s ability to do its job between those who had or had not had any interaction with HMRC over the previous 12 months. However, amongst those that had an interaction with HMRC in the previous 12 months, their overall experience of dealing with HMRC in the last year was strongly related to their wider confidence in HMRC as an organisation. Seven in ten (71%) of those who had a positive overall experience of dealing with HMRC over the last year expressed confidence in HMRC, compared with nine per cent who had a negative overall experience.

Those just receiving Benefits and Credits from HMRC (67%) also expressed more confidence in HMRC than personal taxes customers (48%).

Chart 3.13 Overall confidence in the way HMRC are doing their job - Individuals



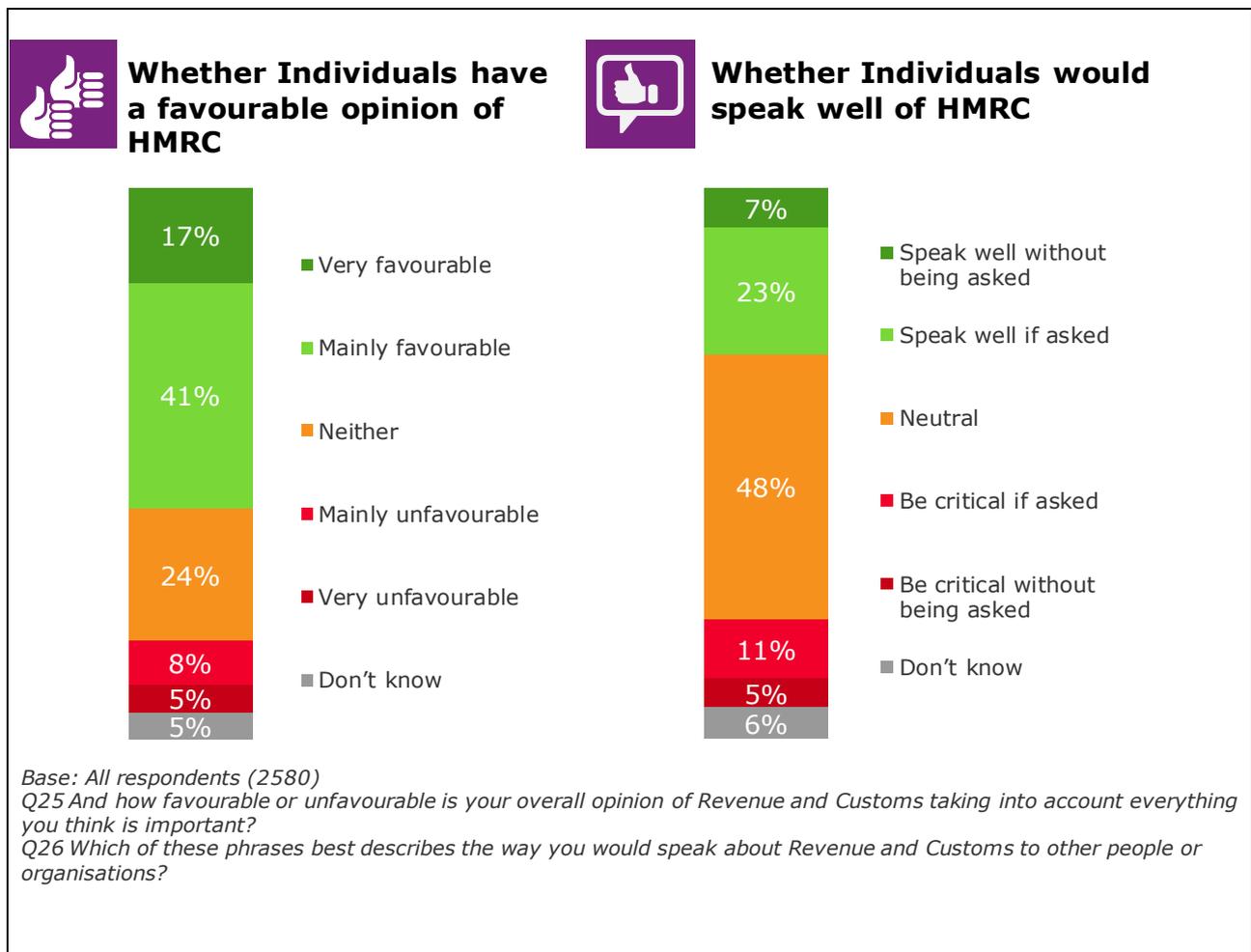
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### 3.3.4 Favourability and advocacy

Almost six in ten Individuals (58%) had a **favourable opinion of HMRC** whilst only 13% expressed an unfavourable view (Chart 3.14). This did not translate into **advocacy**, with almost half (48%) saying they would be neutral if asked about HMRC. Where Individuals would express an opinion, they were almost twice as likely to speak well of HMRC (30%) than critically (16%). Those with unfavourable opinions of HMRC were much more likely to speak critically of HMRC (67%).

In line with general perceptions and confidence in HMRC, those who had a positive overall experience (78%) and Benefits and Credits only customers (67%) were more favourable towards HMRC and more likely to speak well about them (47% and 43% respectively). Those who had a negative overall experience of dealing with HMRC over the previous 12 months were much more likely to speak critically about them (64%).

Chart 3.14 Favourability and advocacy for HMRC - Individuals



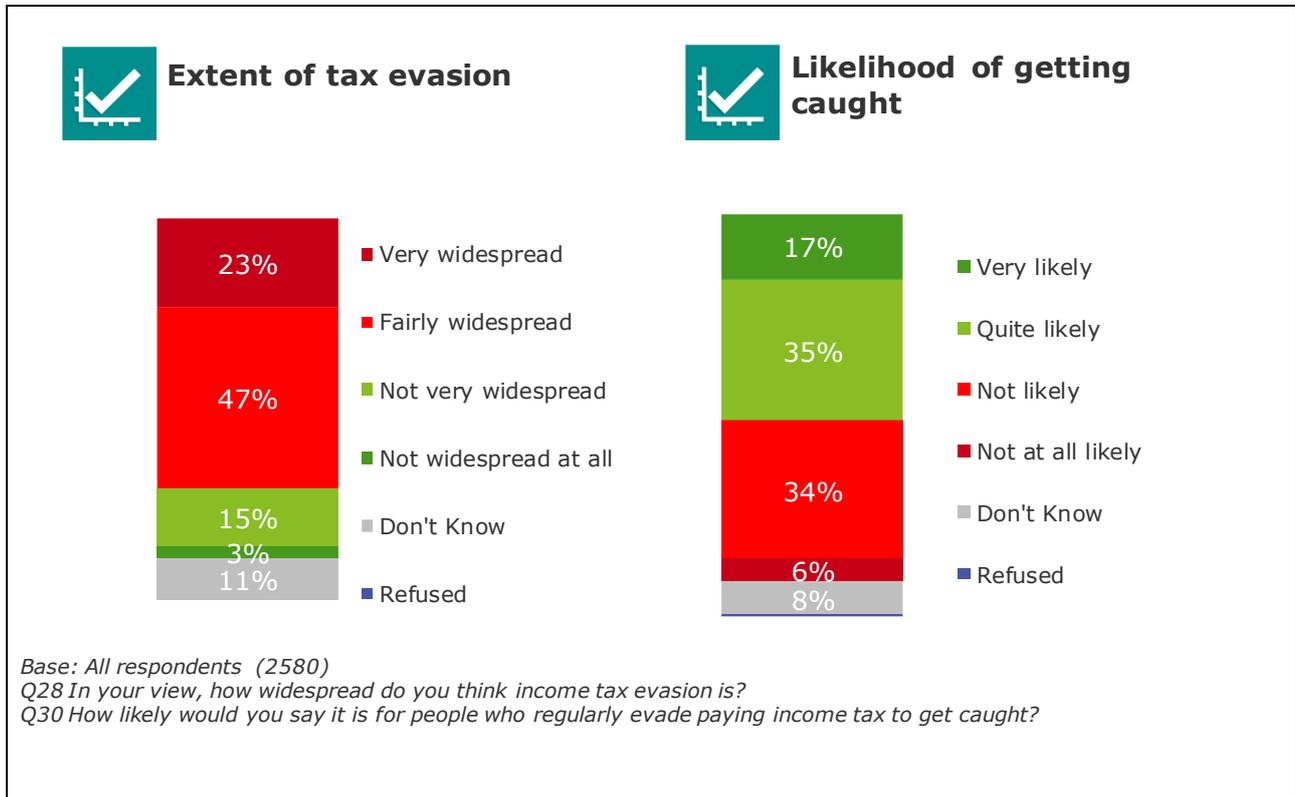
### 3.3.6 Perceptions of compliance

The final section of this chapter examines Individuals' attitudes to compliance and whether this impacts on their confidence in the way HMRC do their job. It also explores the relationship between experience of dealing with HMRC (for those that have had an interaction with HMRC in the previous 12 months) and attitudes to compliance.

### Extent of tax evasion and likelihood of getting caught

Most Individuals (70%) felt **income tax evasion is widespread** including almost a quarter (23%) who thought it was very widespread. Just over half of customers (52%) felt someone evading income tax is likely to get caught, with 40% feeling they are not likely to get caught. Those who thought that income tax evasion is very widespread were more likely to think that evaders will not be caught (51%).

Chart 3.15 Extent of tax evasion and likelihood of getting caught - Individuals



Views on the **extent of tax evasion** varied by employment characteristics: self-employed (59%) individuals were less likely to think tax evasion was widespread than those in full time (67%) or part time (78%) employment. There was no significant difference in views of the extent of tax evasion based on experiences of dealing with HMRC or confidence in HMRC as an organisation.

However, views of **likelihood of getting caught** did vary by these subgroups. Those who had more confidence in HMRC (64%) and who had a positive overall experience of dealing with HMRC (54%) were more likely to think income tax evaders would be caught.

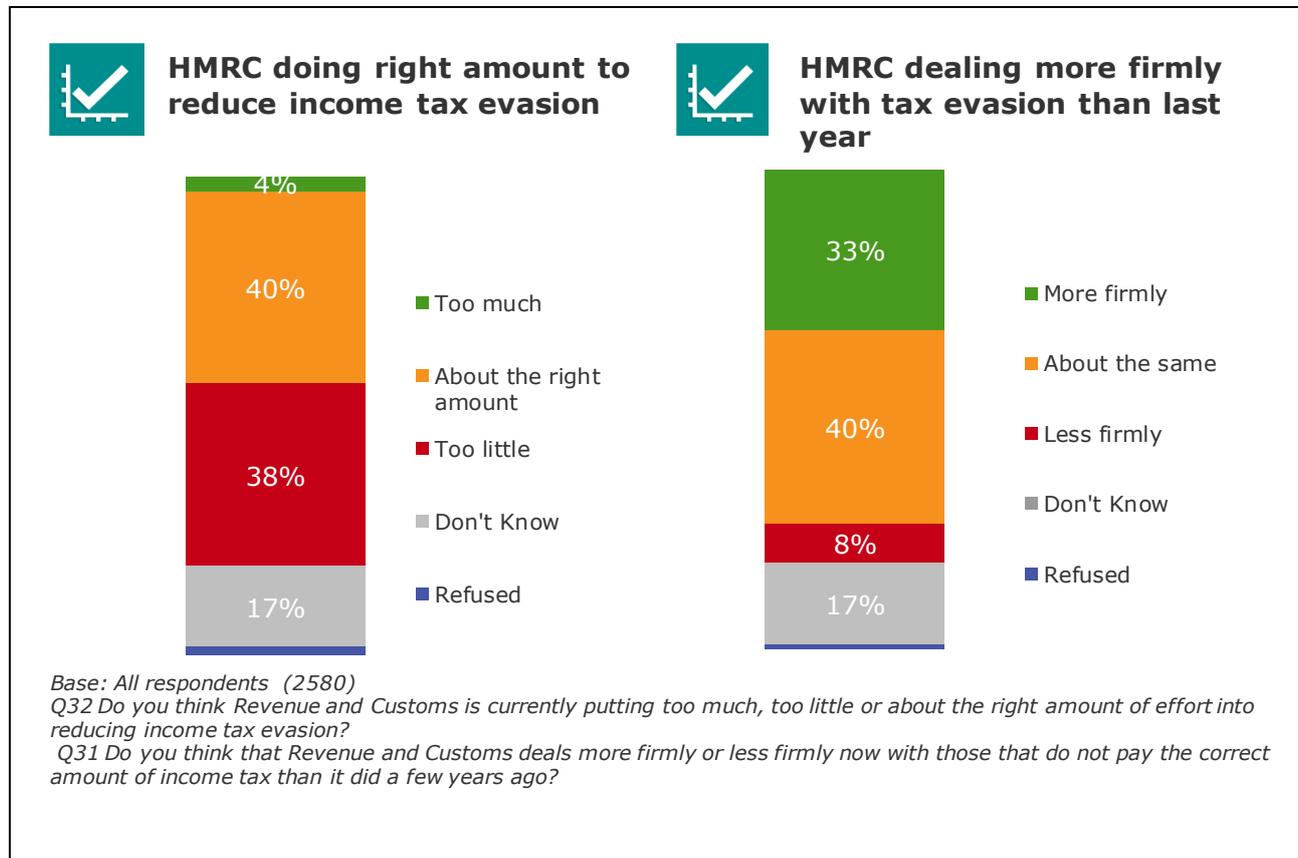
Benefits and Credits only customers were also more likely to think tax evaders would be caught (65% compared with 48% of personal taxes customers) as were those aged 16 to 34 (59%), the self-employed (58%) and those with no interactions (56%) with HMRC.

### How HMRC deals with tax evasion

Four in ten Individuals (40%) thought **HMRC is putting the right amount of effort into dealing with tax evasion**, but a similar proportion (38%) thought too little was being done by HMRC. Four per cent thought HMRC was making too much effort.

A third of Individuals (33%) felt that **HMRC was dealing more firmly now with those who do not pay the correct amount of income tax than they were a few years ago**. Four in ten (40%) thought they were dealing as firmly and only eight per cent less firmly than a few years ago.

Chart 3.16 How HMRC deals with tax evasion - Individuals



Again, these views appear to be linked to confidence in HMRC. Those who were less confident in HMRC were more likely to feel that HMRC was putting too little effort into reducing tax evasion (58%) and dealing less firmly now with those who evade income tax (19%).

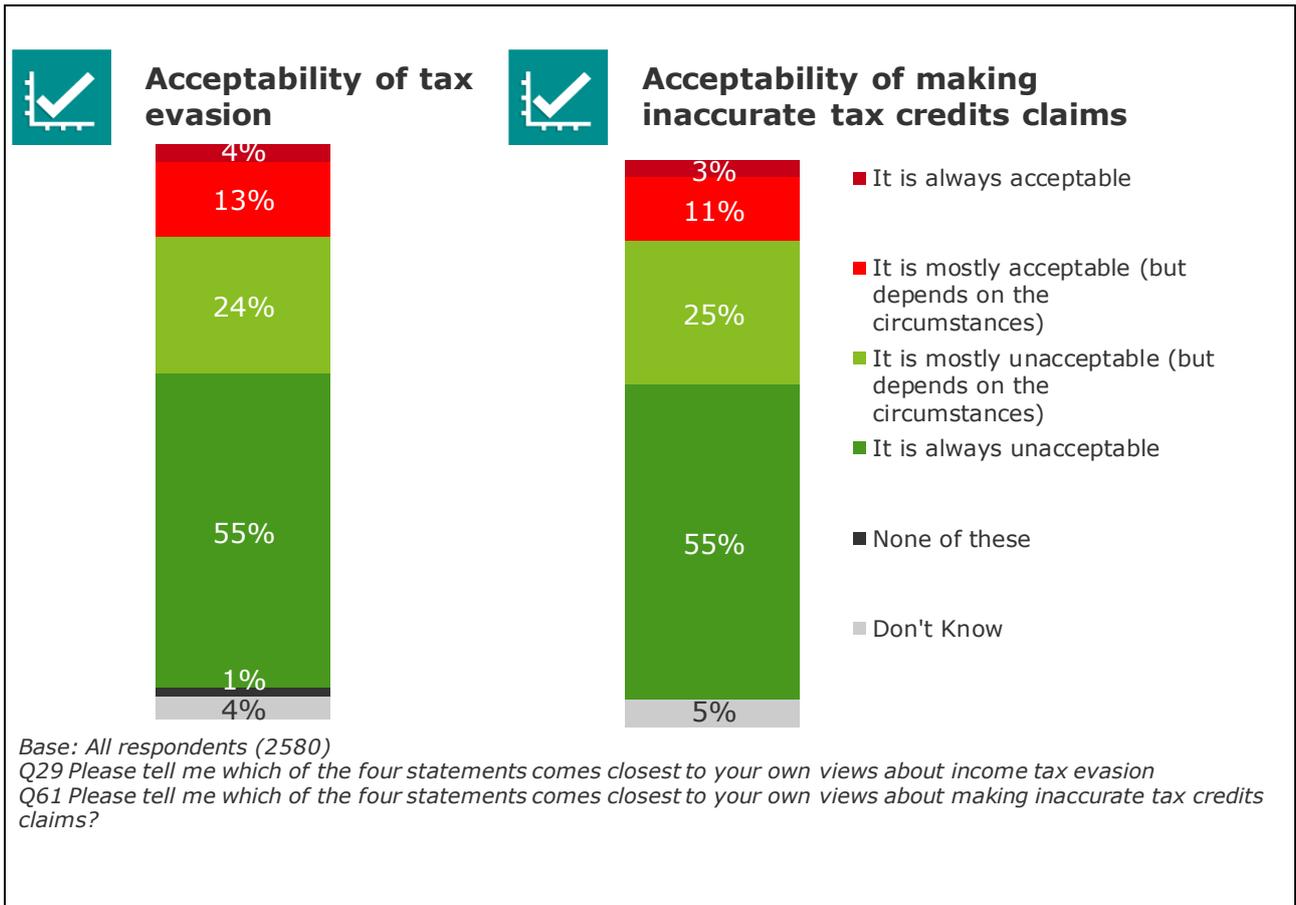
**Acceptability of tax evasion and making inaccurate tax credit claims**

About eight out of ten Individuals felt it **was unacceptable to evade income tax** (79%) and over half (55%) felt it was unacceptable in any circumstances. Views on **making inaccurate tax credit claims** were very similar, with 80% regarding this as unacceptable including 55% saying it was unacceptable in any circumstances (Chart 3.17).

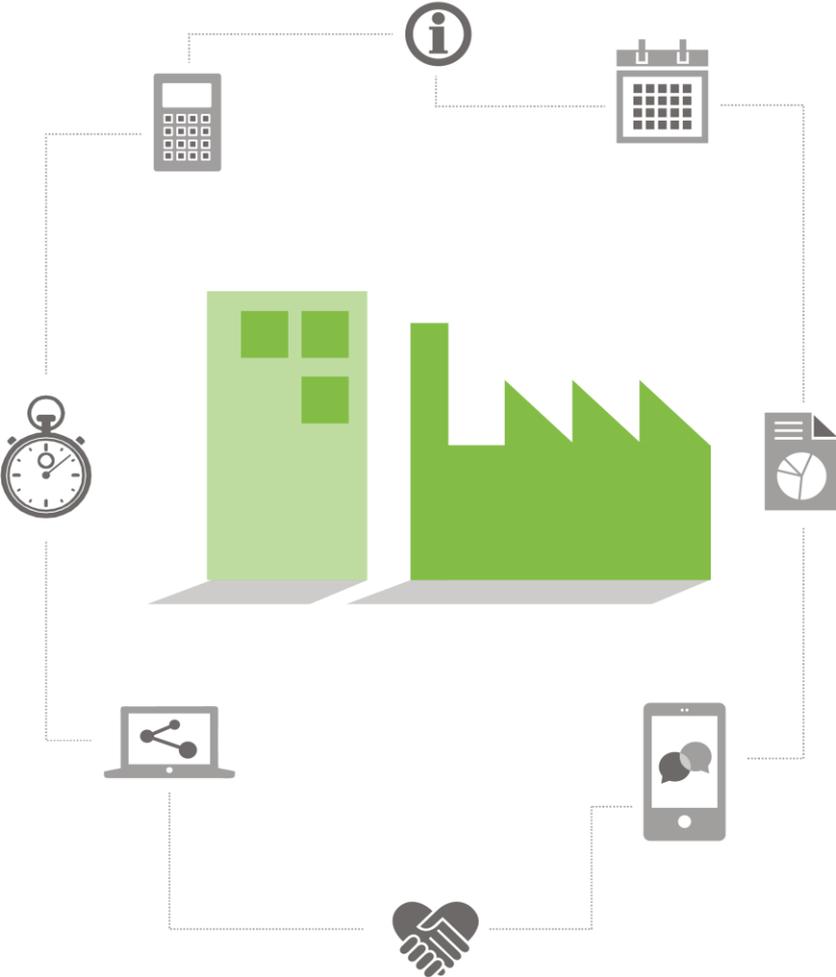
However, in both cases, a substantial minority (17% and 14% respectively) felt it was acceptable at least in some circumstances. This proportion who felt it was acceptable to evade tax or make inaccurate tax credits claims was twice as high amongst young people aged 16-24 (32% and 29% respectively).

Focusing just on the acceptability of income tax evasion, those who felt HMRC was doing too little currently to deal with tax evasion were more likely to think income tax evasion was *unacceptable* (89%).

Chart 3.17 Acceptability of tax evasion and making inaccurate tax credits claims - Individuals



# 4. Small Businesses



## 4.1 Profile of Small Businesses

This section covers the sample profile of the businesses surveyed, incidence of growth businesses and tax life events affecting tax status, as well as small business customers' interactions with HMRC over the previous 12 months. It concludes by exploring agent usage and customer perceptions of the ease of having an agent act on their behalf. This provides useful context for the later sections of this chapter covering customer experience and general perceptions of HMRC.

### 4.1.1 Sample profile

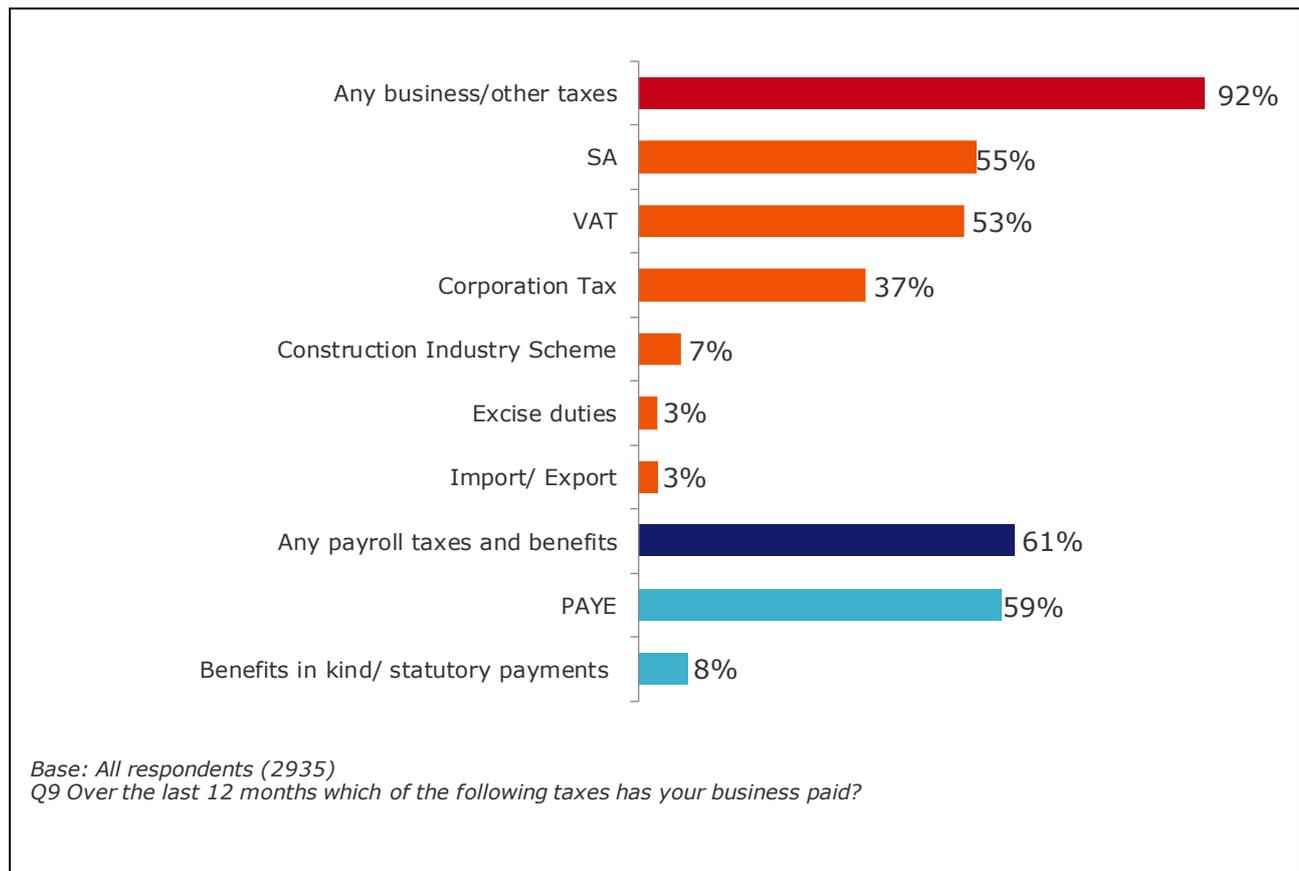
Most of the Small Businesses surveyed had fewer than five employees: 45% had zero employees, while 40% had one to four employees. One in ten had five to nine employees and only five per cent were in the largest size band (ten to 19 employees).

Five per cent of the Small Businesses were new businesses, defined as those who had been trading for two years or less.

### 4.1.2 Taxes paid

Small Businesses were asked which taxes they had paid in the previous 12 months (Chart 4.1).

Chart 4.1 Taxes paid – Small Businesses



The majority (92%) had paid Business or other taxes – most common were SA (55%) and VAT (53%), while three in five (61%) had paid payroll taxes. A small proportion (four per cent) had only paid payroll taxes.

As might be expected, size and, linked to this, turnover were the key factors affecting the types of tax paid. Businesses with zero employees were much more likely to say they paid Self-Assessment tax (76%). This decreased by size down to 16% of those with ten to 19 employees. Three-quarters of those with the lowest turnovers (74% with up to £15K turnover and 76% with £15-60K turnover) paid tax by Self-Assessment compared with only a quarter (26%) of those with a turnover of £250K or more.

The largest businesses (those with ten to 19 employees) were most likely to pay PAYE (95%), VAT (82%) and Company Tax (68%) and Benefits in kind or statutory payments (44%), while those with zero employees were least likely to do so.

#### 4.1.3 **Business growth and tax life events**

Two in five businesses (40%) were defined as growth businesses, as their turnover or number of employees had increased in the previous 12 months. This was closely linked to size, with the largest businesses (those with ten to 19 employees) being more than twice as likely to be growing (66%) than those with zero employees (30%).

Thirteen per cent of Small Businesses had experienced some type of tax life event in the previous 12 months and four per cent had laid off staff (17% had experienced either). The most common types of tax event for Small Businesses were registering for PAYE or National Insurance (six per cent) and VAT (five per cent). Four per cent had submitted a Self-Assessment return for the first time and three per cent had asked for a deferment.

It was much more common for new businesses (trading for two years or less) to have experienced a tax event (63%) than for older businesses (11%). It was also more common among growth businesses (18%).

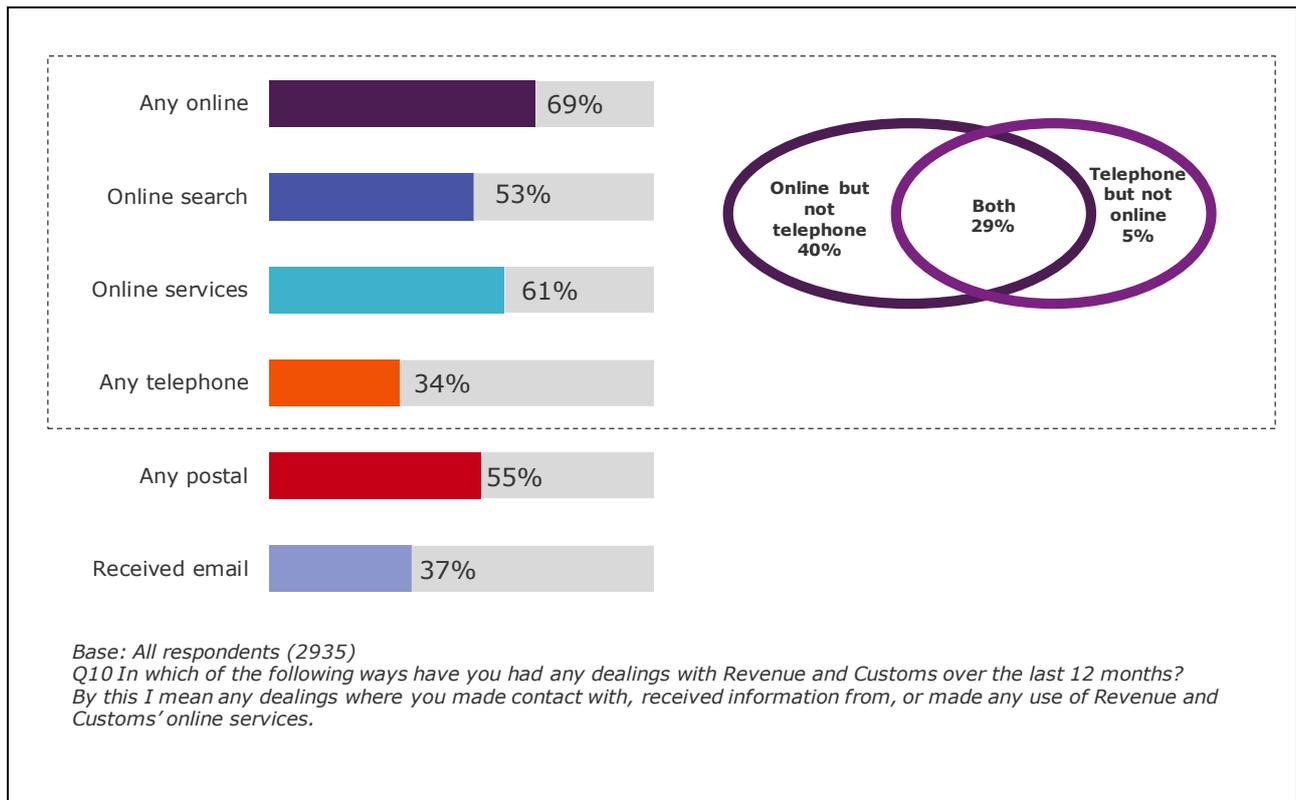
The smallest businesses (those with zero employees) were less likely to have experienced a tax life event (nine per cent).

#### 4.1.4 **Channels used to interact with HMRC**

Small Businesses were asked about the ways they had dealt with HMRC in the previous 12 months. Dealing with HMRC was defined as where they had made contact with, received information from or made use of HMRC's online services.

Over two-thirds (68%) of Small Businesses made or received contact through multiple channels over the 12 month period in their dealings with HMRC and 22% made or received contact through a single contact channel.

Chart 4.2 Channels of contact – Small Businesses



Seven in ten (69%) Small Businesses had online contact with HMRC in the previous 12 months, whilst one in three (34%) had contact by telephone.

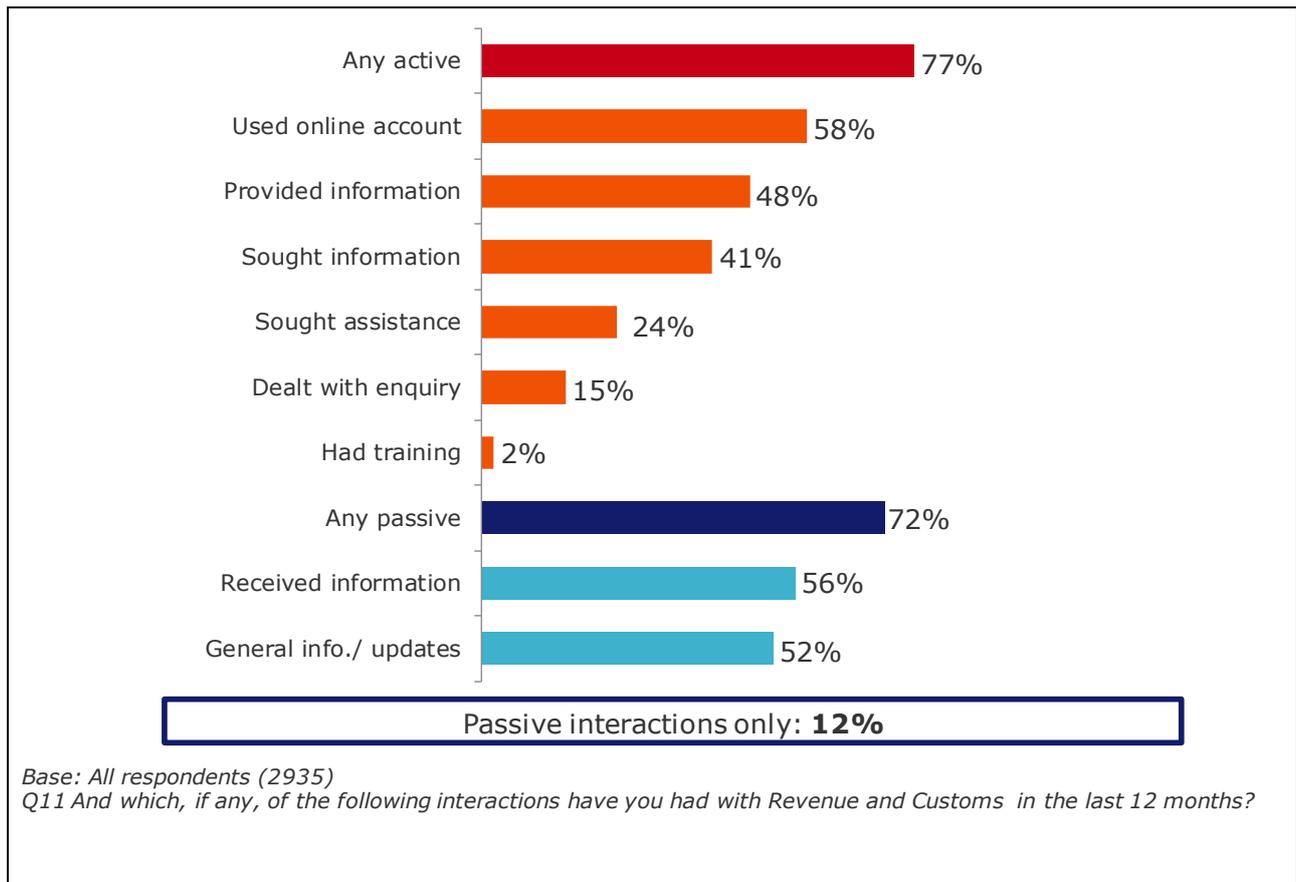
Looking at the overlap between online and telephone channels, the largest group was those who interacted online and not by telephone (40%). Twenty-nine per cent made use of both channels, while only five per cent used the telephone but not the online channel.

Smaller businesses were more likely to have interacted online and not by telephone (42% for businesses with less than five employees, 32% for businesses with five to 19 employees), while larger businesses had a greater tendency to use telephone and online channels (52% ten to 19 employees, 50% five to nine employees). Those who had experienced a tax life event (42%) and growth businesses (36%) were also more likely to have used both the telephone helpline and online services.

#### 4.1.5 Types of interaction with HMRC – Small Businesses

Small Businesses were also asked about the type of interactions they had had with HMRC in the previous 12 months. These interactions can be split between those that involved passive interactions where the business was a recipient of information from HMRC, and active interactions, where the business had to actively engage with HMRC.

Chart 4.3 Types of interaction - Small Businesses



More than three in four Small Businesses had interacted actively with HMRC in the previous 12 months (77%).

The largest businesses (those with ten to 19 employees) were most likely to have had active (93%) and passive (81%) interactions with HMRC. Those who had experienced a tax life event were also more likely to have had passive interactions and active interactions (81% for both).

#### 4.1.6 Agent usage and ease of Agent acting on business's behalf

Small Businesses were asked about their use of agents, that is, if any of the work they needed to undertake for their accounts, payroll and tax was outsourced to an accountant, tax agent or payroll bureau. Three-quarters (75%) used an agent in this way. There was a roughly even split between those who did some of the work within the business and outsourced some (38%) and those who outsourced all of the work (37%). The remaining quarter (25%) did all of the work on their accounts, payroll and tax within the business.

Use of agents was most common among businesses with one to four employees, the second smallest size band (84%). It was lowest among those with zero employees (67%) and second lowest among the largest businesses (with ten to 19 employees) (71%). This pattern may be due to those with zero employees having more straightforward finances, while the largest ones may have more financial expertise in house, meaning that the need for agents is greatest for those in the middle. Where agents were used those with 0 employees were more likely to outsource all of the work to them (38%) than do some of the work themselves (28%), while the reverse was true for

the largest businesses (those with ten to 19 employees) who were least likely to outsource all of the work (22%).

Those who used the telephone but not HMRC's online services were more likely to have used an agent (91%).

When asked how easy or difficult HMRC made it for someone else to act on their business' behalf, most of those who had had someone helping them gave a positive rating (78%). Eight per cent were neutral, while only three per cent gave a negative rating.

Smaller businesses were more likely to be positive than larger ones: 81% of those with zero employees gave a positive rating, compared with 65% of those with ten to 19 employees.

## **4.2 Customer Experience**

This section discusses Small Business customers' ratings of HMRC's online services and telephone helplines, their overall experience of dealing with HMRC in the previous 12 months and whether their experience has got better or worse. It also examines more detailed aspects of their customer experience based on the Atom Model (as discussed in section 2.3.5). Finally, it examines Small Businesses' personal views on how HMRC administers the tax system based on whether it treats customers fairly and as honest, makes it as easy and simple as possible for customers to meet their tax obligations and whether services are personalised and integrated with their business processes.

### **4.2.1 Rating of service received – online services and telephone Helpline**

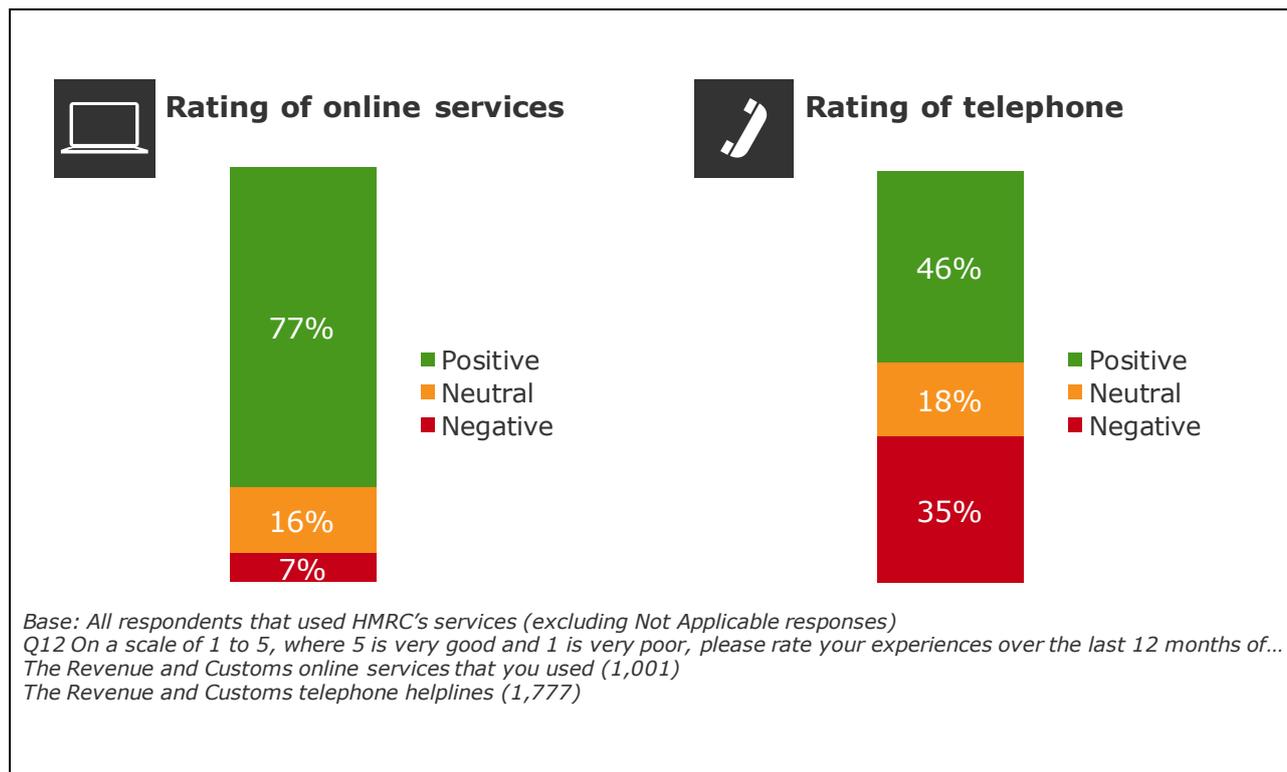
Small Businesses which had had contact with HMRC by telephone or used HMRC's online services in the previous 12 months were asked to rate their experiences of using these services (Chart 4.4).

Online services were rated more positively than the telephone helpline. Just over three-quarters (77%) gave a positive rating for the online services, 16% were neutral and seven per cent were negative. The telephone service scored considerably less well, with 46% giving a positive score, 18% neutral and 35% negative.

Small Business customers who had used both the telephone helplines and online services gave a less positive rating of the telephone helpline (43% positive) than those who used the telephone and had not had online contact (62%). A similar pattern was evident for online services in that those with experience of both channels were less positive than those with experience of one channel: 68% of those who had used the telephone helplines and online services were positive about online services compared with 83% of those who had used online services but not the telephone.

Small Businesses with zero employees were most likely to give a positive score for the online service (81%) and telephone helpline (54%) while the largest businesses (those with ten to 19 employees) were least likely (68% and 38% respectively).

Chart 4.4 Rating of HMRC channels – Small Businesses



#### 4.2.2 Overall rating of customer experience and whether the experience is getting better or worse

Small Businesses were asked to reflect on all their experiences with Revenue and Customs over the previous 12 months and give an overall score.

Around seven in ten Small Businesses had had a positive overall experience (72%), nearly a fifth (19%) were neutral and eight per cent were negative. Those who used online services but not the telephone were more positive (81%) than those who used the telephone to interact with HMRC (62%). This is in line with the ratings of the telephone helpline and online services covered in the previous section. Smaller businesses (78% of those with zero employees) were more positive than larger ones (57% of those with ten to 19 employees). Growth businesses were slightly less positive (69%) than those that were not growing (74%).

Small Businesses were asked how their experience of dealing with HMRC over the previous 12 months compared with their experience of the preceding 12 months. While most said their experience had stayed the same (67%), Small Businesses were more than three times as likely to say their experience of dealing with HMRC had improved (19%) than got worse (six per cent).

Overall experience was linked to perceptions of whether the service had improved. Those with a negative overall experience were much more likely to think their experience had got worse (39% compared with eight per cent overall). Those with a positive overall experience were more likely to think their experience had improved (23% compared with 19% overall).

Encouragingly, although growth businesses typically gave less positive feedback on customer experience (as this section will explore), they were more likely to report improved experience (23%) than businesses which were not growing (17%).

### 4.2.3 Atom Model of customer experience

This section discusses the Atom Model of Customer Experience, which has been used to understand what is driving customer experience and what areas are most important to address. A description of the Atom Model is provided in the Introduction (see section 2.3.5). Chart 4.5 (below) has been revised to reflect actual experience of Small Businesses rather than the ideal customer experience.

Chart 4.5 Revised Atom Model – Small Businesses



HMRC getting the transaction right is still the key factor driving the overall experience. However, other factors which were of lesser importance in the original, theoretical ideal model have become more important to customers in the light of Small Businesses' experience in the previous 12 months of dealing with HMRC. These were:

- Time taken to reach the end result
- Resolving queries (taking ownership)
- Being professional (staff manner and approach)

The other factors in the outer ring were of lesser importance to customers:

- Quality and ease of finding information
- Ease of navigating the process
- Having systems which prevent mistakes (proactivity)

By comparing how important these areas were in driving overall experience with how well HMRC performed on each of these areas, it is possible to identify the areas which are most important to address to improve overall performance. For more information see section 2.3.6. In Chart 4.5

- The factors in orange are the most important to address to improve overall performance
- The factors in amber are slightly less important to address to improve overall performance
- And the green factors are those where HMRC has performed relatively well but should ensure that this level of performance is at least maintained

The remainder of this section discusses each of the elements of service in turn.

### **Most important dimension – HMRC getting the tax transaction right**

The most important driver of customer experience was **HMRC getting tax transactions right**. Three in four Small Businesses were positive about HMRC on this measure (73%). Fifteen per cent were neutral, while eight per cent were negative. As performance is comparatively high, this is identified as an area to maintain, but given its fundamental importance in driving good customer experience overall, further action to improve performance is likely to be beneficial in improving the overall customer experience.

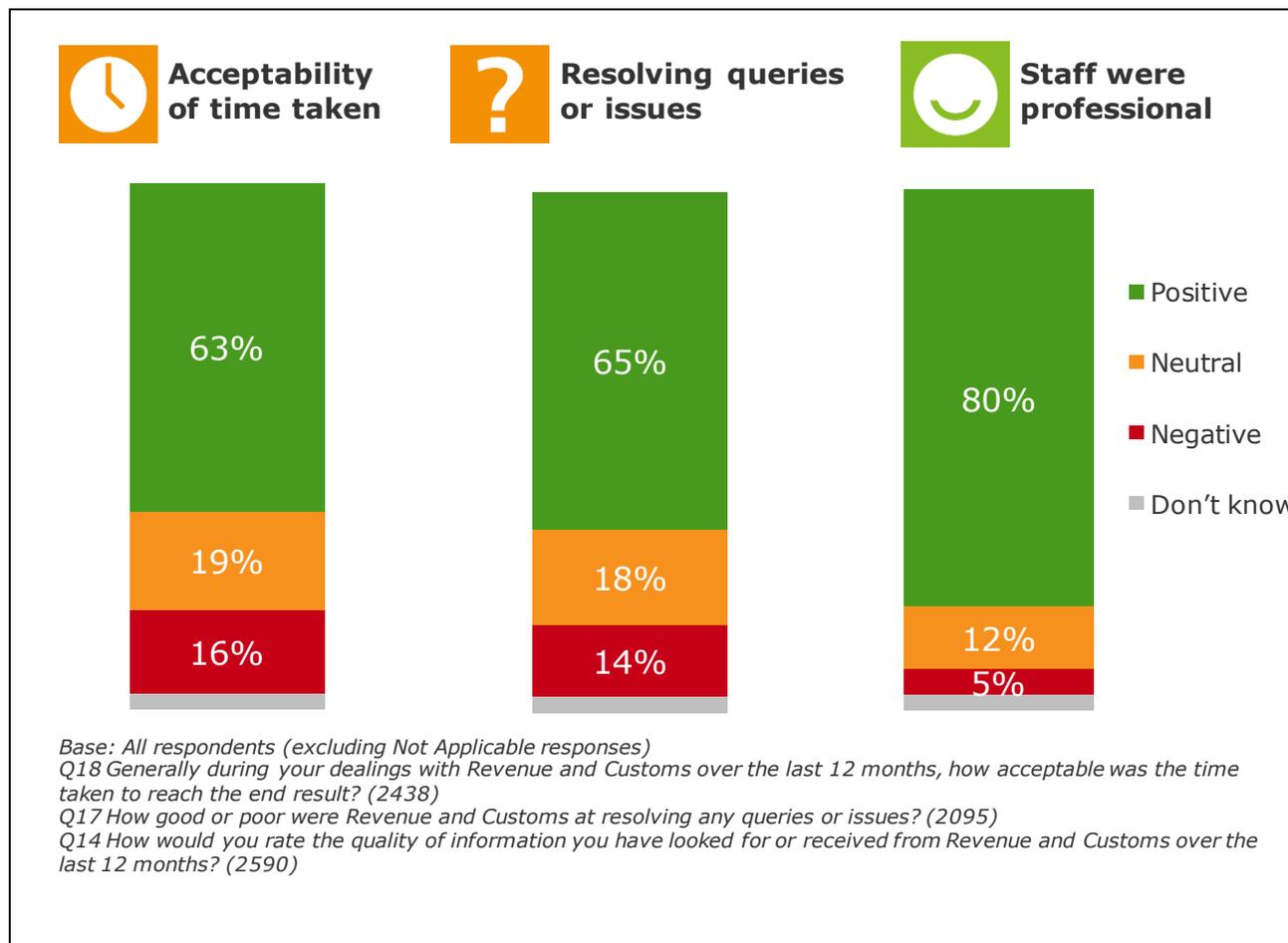
As with overall experience, channel use and size of business affected ratings. Small Businesses who used online services but not the telephone were more likely to be positive (81%) than those who used the telephone (62%). Businesses with zero employees (79%) were more positive than those with one to four employees (70%) and five to 19 employees (61%).

Non-growth businesses (75%) and those over two years of age (73%) rated HMRC more positively for getting the tax transaction right than growth and new businesses (70% and 65%). Those who had experienced a tax life event in the last year gave a less positive rating (67%) than those who had not (74%).

### **Highly important dimensions**

This section looks at the three dimensions of high importance which were in the inner ring of the Atom Model: acceptability of time taken to reach the end result, resolving queries and staff being professional (Chart 4.6).

Chart 4.6 Highly important dimensions of customer experience – Small Businesses



Six in ten were positive about the **acceptability of time taken to reach an end result** (63%). A fifth (19%) were neutral and 16% were negative.

There was also a strong correlation between this measure and HMRC getting the tax transaction right. Small Businesses who were negative about getting the tax transaction right were five times as likely to give a negative rating for acceptability of time taken (79% compared with 16% overall).

Channel usage and size again had a bearing on how well Small Businesses rated HMRC on this measure. Those who used online services but not the telephone were more likely to be positive about the time taken (75% compared with 63% overall), while those who used the telephone were more likely to give a negative rating (29% compared with 16% overall). The smallest businesses (those with zero employees) rated HMRC more positively (71%) than others.

Experiencing a tax life event also affected ratings: those who had experienced a tax event were less positive about the acceptability of time taken (56%) than those who had not (64%).

Nearly two-thirds (65%) of businesses were positive about **HMRC resolving queries or issues**. Nearly a fifth were neutral (18%) while 14% were negative.

There was a strong link between this measure and the most important area to customers, getting the tax transaction right: those who were negative about HMRC getting the tax transaction right were five times more likely to be negative on this measure (75%).

Again, size and channel used affected how businesses rated HMRC on this measure. Almost twice as many businesses with ten to 19 employees rated HMRC negatively (20%) as those with zero employees (11%). Those who used the telephone to contact HMRC were also more likely to give a negative rating (22%). This suggests that swifter action to deal with and resolve issues that arise, particularly encouraging customers to seek assistance through online contact channels, could help improve customer experience.

Eight in ten businesses (80%) rated HMRC positively for having **professional staff**, the highest rated measure of customer experience for Small Businesses. Twelve per cent were neutral and five per cent were negative. As HMRC performed well on this area, it is highlighted as one to maintain.

Those who used the telephone (ten per cent) or sought assistance from HMRC (nine per cent) were slightly more likely to be negative.

Resolving queries and issues and the acceptability of time taken were identified in the model as primary areas for improvement. This is because they have a strong influence on overall performance but performance was not as high as for some of the other areas, so improving in these areas should have an impact on overall customer experience. As already noted, having professional staff was identified as an area to maintain, as performance was high.

### **Less important dimensions of overall customer experience**

This section discusses the dimensions identified as being of lower importance to customers:

- ease of navigating the process
- quality of information
- ease of finding information
- having systems which prevent mistakes

Ease of navigating the process was comprised of HMRC being clear on what steps to take, what information to check or provide and when everything was completed (see Chart 4.7). HMRC performed well on all of these areas and as such they are identified as areas to maintain.

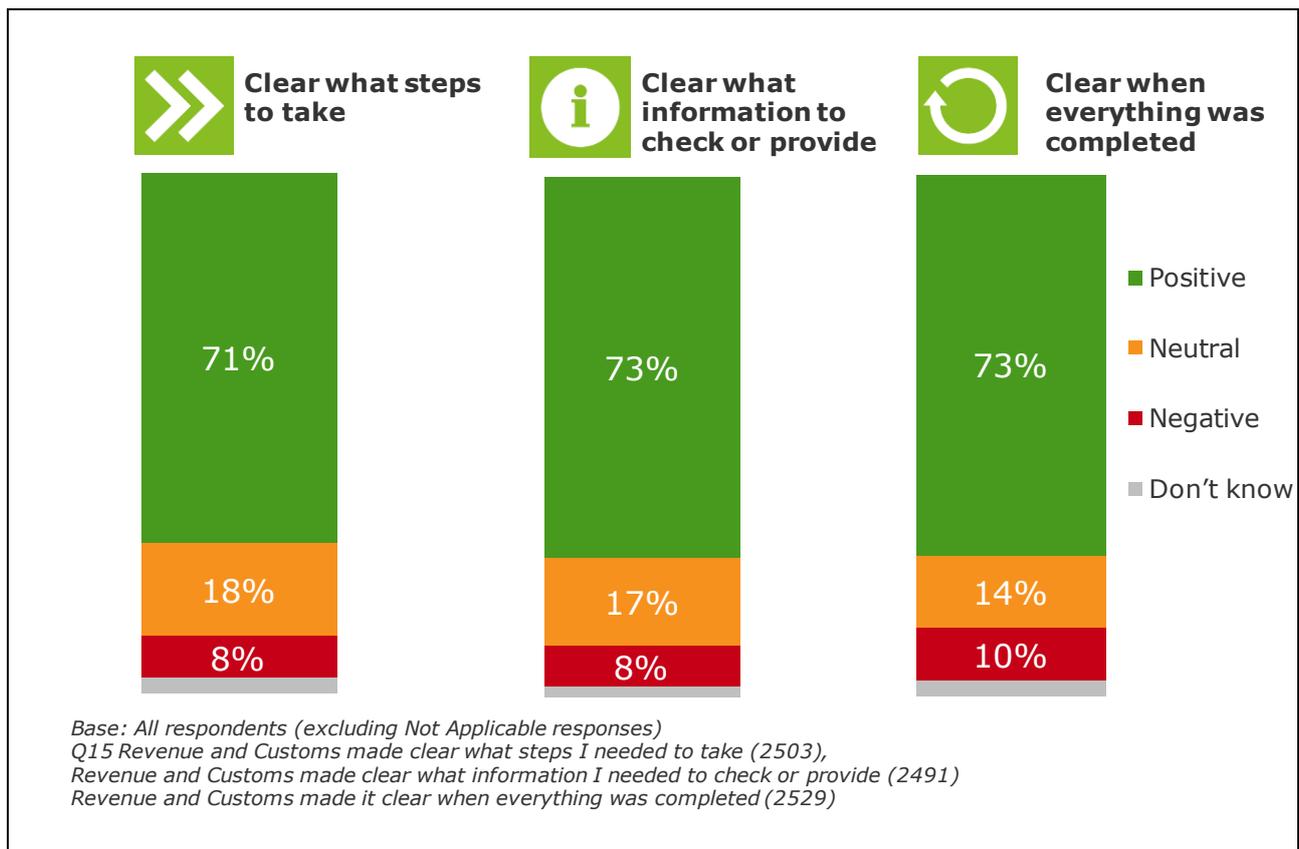
Similar ratings were given across the three aspects of navigating the process. Seventy-one per cent gave a positive rating for **being clear on what steps to take** and 73% were positive about **HMRC being clear what information to check or provide and when everything was completed**.

The smallest businesses (those with zero employees) gave the most positive ratings, especially for making clear when everything was complete (82%).

Non-growth businesses gave more positive ratings than growth businesses in relation to being clear what steps to take (73% and 67% respectively) and being clear when everything was completed (76% and 69% respectively).

New businesses were less positive on all three measures: 62% gave a positive rating for being clear on what steps to take, 67% did so for what information to check and provide while 62% were positive about being clear when everything was complete.

Chart 4.7 Less important dimensions of customer experience - Ease of navigating the process – Small Businesses



After ease of navigating the process, the next most positive area among the 'less important dimensions' was **quality of information** (Chart 4.8). It has, however, been identified as a primary area to improve as performance is not as high as for some of the other measures.

Around two-thirds of Small Businesses (67%) gave a positive rating for quality of information, nearly a quarter (23%) gave a neutral rating and eight per cent were negative.

In line with other aspects of service, the smallest businesses (those with zero employees) and those who used online services and not the telephone were most positive (72% and 73% respectively).

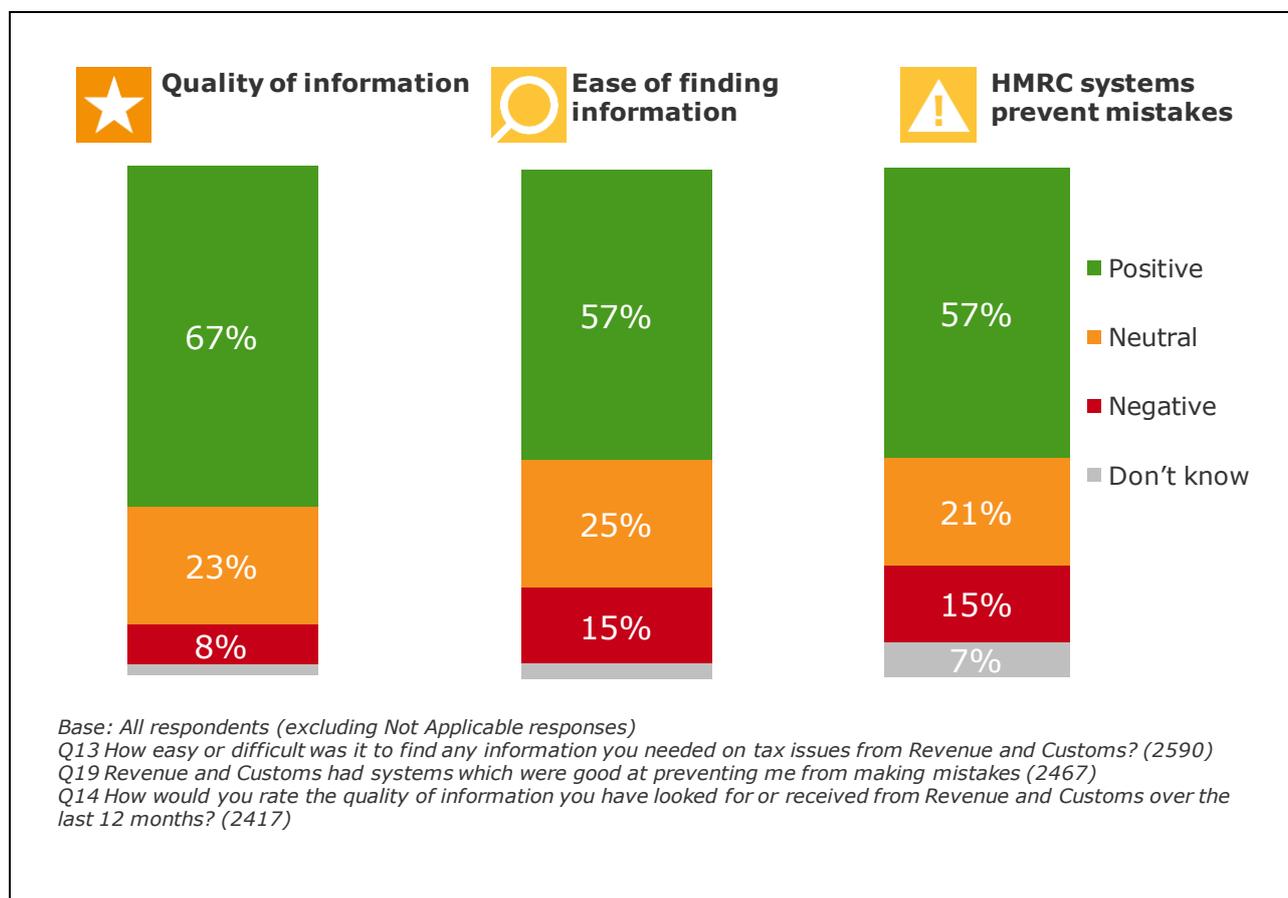
The final two measures, **ease of finding information** and **HMRC having systems which prevent mistakes** had the lowest positive scores (57% for each) and relatively high negative scores (15% for each). As such, they have been identified as secondary areas for improvement, as they have scored less well, but they have less influence on overall experience than other measures.

On both measures, Small Businesses using the telephone were more likely to give a negative rating than those using online services and not the telephone (24% compared with 11% for having systems that prevent mistakes and 22% compared with nine per cent for ease of finding information).

The smallest businesses were more likely to be positive (63% for those with zero employees for both measures).

Ease of finding information was linked with ease of navigating the process. For instance, those who gave a positive score for HMRC making clear what steps they needed to take were more likely to give a positive score for ease of finding information (72%).

Chart 4.8 Less important dimensions of experience – Small Businesses



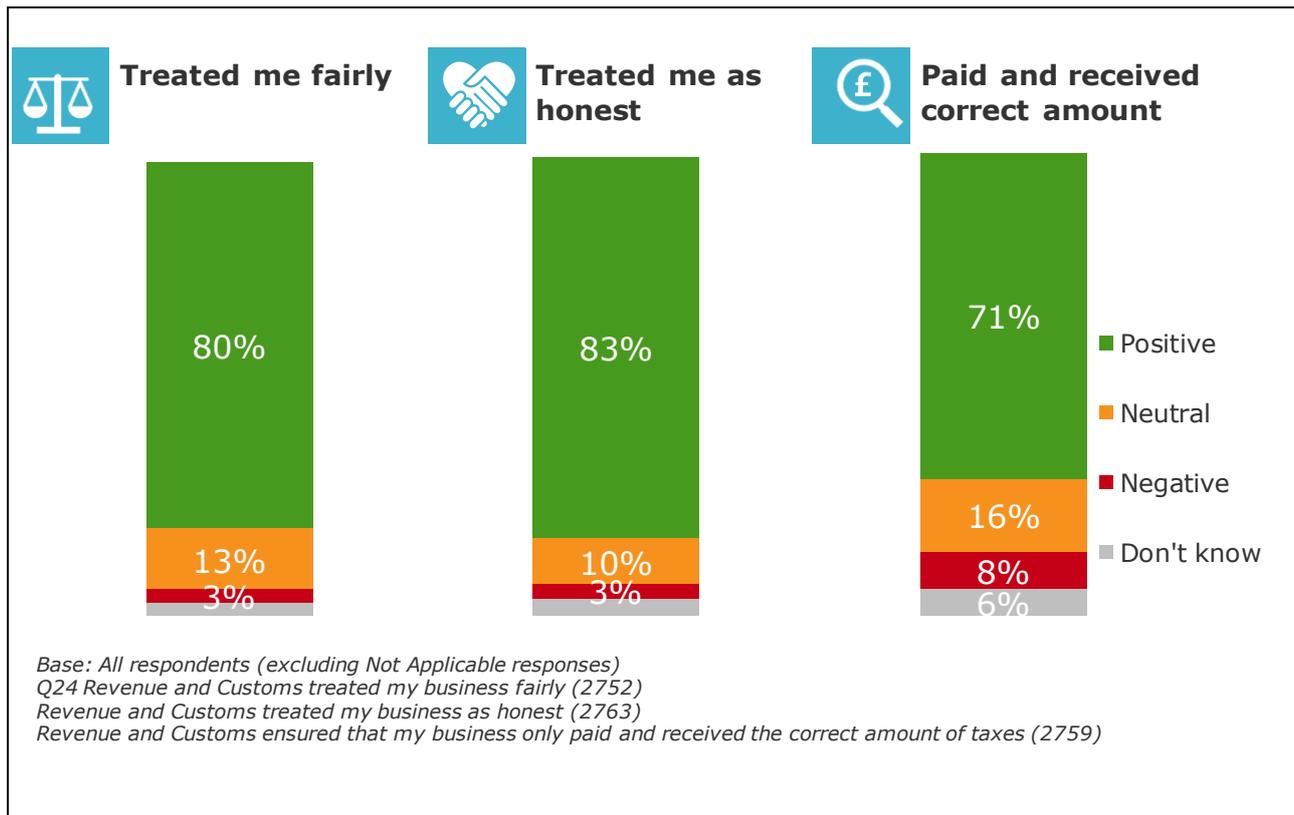
#### 4.2.4 Administration of the tax system

This section examines Small Business customers' experiences in the previous 12 months of how HMRC administers the tax system based on whether it treats customers fairly, makes it as easy and simple as possible for customers to meet their tax obligations and whether services are personalised and integrated with their business processes.

##### **Fairness**

As shown in chart 4.9 the majority of Small Businesses gave HMRC a positive score for **treating them as honest** (83%) and **treating them fairly** (80%). Both were linked with overall experience with 92% of those with a positive overall experience feeling they were treated as honest and 92% saying they were treated fairly. The smallest businesses (with zero employees, 85%) and those who were more than two years old (81%) were more likely to feel they were treated fairly than those with ten to 19 employees (70%) and businesses which were two years old or less (73%). Businesses using an agent were less likely to feel they were treated as honest than those who did not (81% and 87% respectively).

Chart 4.9 Fairness – Small Businesses

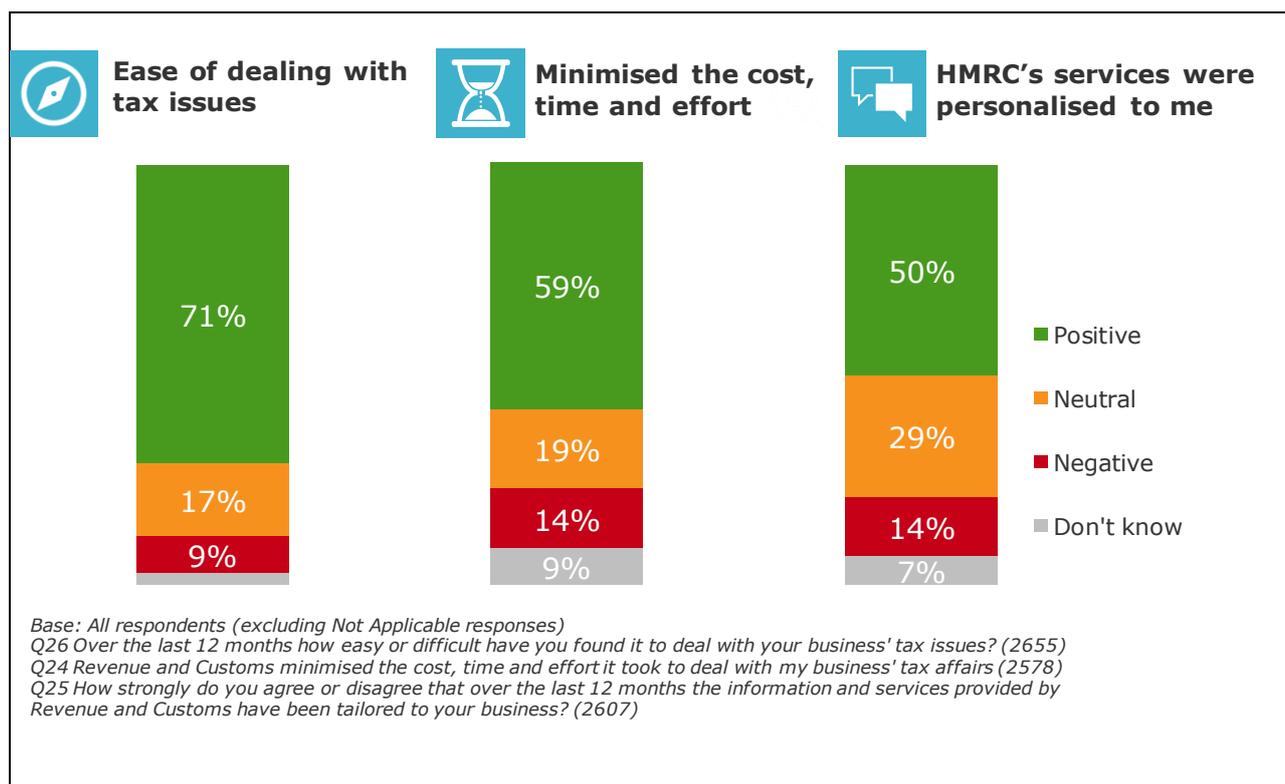


Around seven in ten (71%) Small Businesses felt that **HMRC ensured their business only paid and received the correct amount of taxes**. Those who felt HMRC get the transaction right were more likely to rate HMRC positively for ensuring they paid and received the correct amount (73%). Again, businesses with zero employees were most positive (77%). It was lower for Small Businesses who paid company tax or dealt with benefits in kind (62% and 61% positive respectively).

***Ease of dealing with tax issues and Personalisation***

Again, around seven in ten Small Businesses (71%) gave a positive rating for **ease of dealing with tax issues** (Chart 4.10). However, they were less likely to agree that **HMRC minimised the cost, time and effort it took to deal with their business tax affairs** (59% positive). These measures were closely linked with HMRC getting the transaction right, and HMRC resolving queries or issues, two of the measures identified as highly important in the Atom model. HMRC’s initiative to improve the efficiency of its services (through a ‘once and done’ approach) could help to improve the customer experience.

Chart 4.10 Ease and Personalisation – Small Businesses



Small Businesses with zero employees (77%), older businesses (trading for more than two years) and those who had not experienced a tax life event (72% for both) were more likely to be positive about the ease of dealing with tax issues. Ratings were also more positive for ease of dealing with tax issues among those customers who were positive about ease of navigation (for example, those who were positive about HMRC being clear about the steps they needed to take (82%) and quality of information (82%)). This suggests that these areas of customer experience affected how easy businesses found dealing with tax issues.

The smallest businesses (those with zero employees) and those who used online services but not the telephone were more likely to be positive about HMRC minimising the cost, time and effort it took to deal with their tax affairs (67% for both).

Only half of Small Businesses gave HMRC a positive rating for **providing information and services personalised** to their businesses (50%).

There was a slightly lower positive rating for those who used HMRC online services or who accessed their online account (both 46%). Small Businesses with zero employees were most likely to give a positive rating (58%), compared with 37% of businesses with ten to 19 employees. Most Small Businesses have created an online account with HMRC through 'Your Tax Account' (YTA). The relatively low rating on this measure of personalisation is likely to reflect that YTA and associated initiatives to increase personalisation are still being developed.

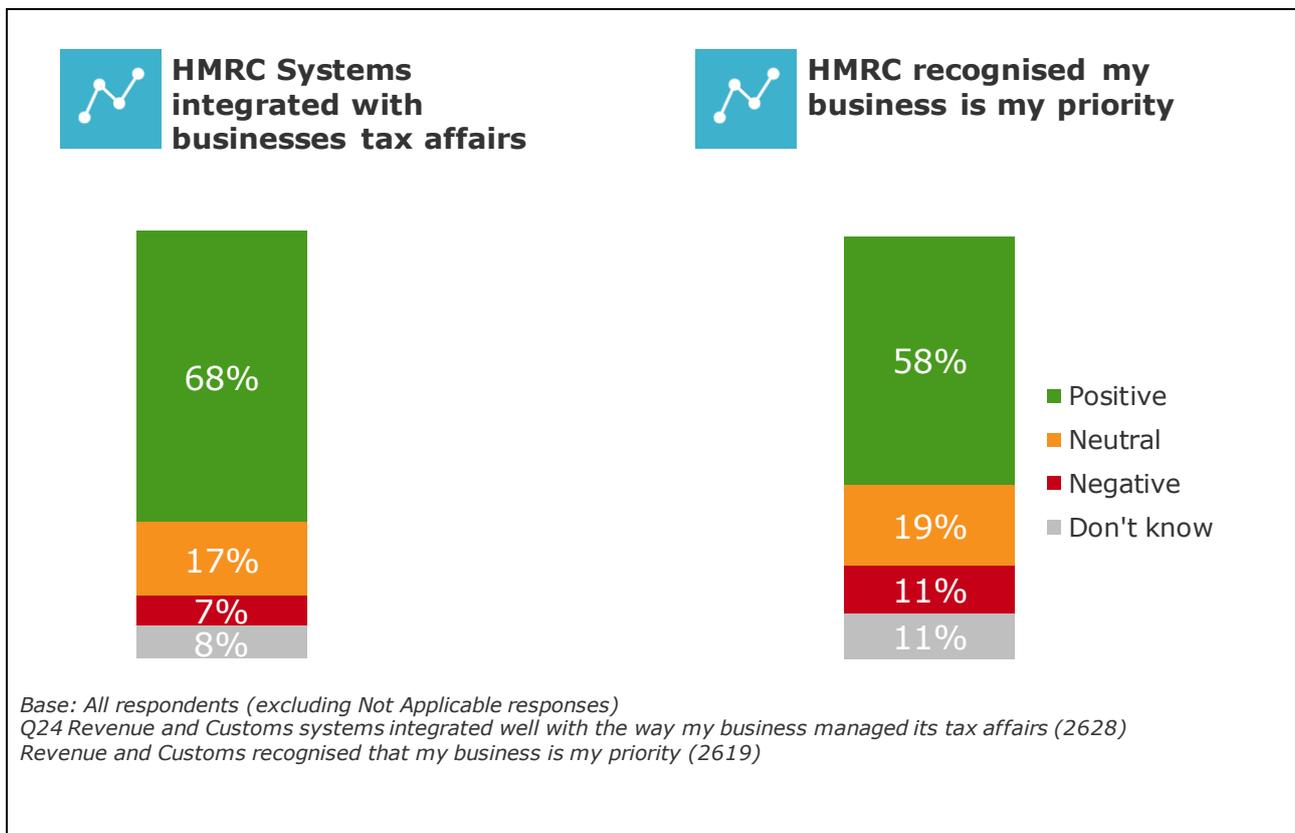
Those who outsourced all the work on accounts, payroll and tax to an agent were most likely to give a positive rating for personalisation (57%), while those who did some of the work themselves and outsourced some were least likely (44%).

## Integration

Nearly seven in ten (68%) Small Businesses agreed that **HMRC systems integrated well with the way their business managed its tax affairs** (Chart 4.11). Again, size had a bearing on how businesses responded, with the smallest businesses being the most positive (72% with zero employees). Those who were positive about HMRC systems preventing mistakes were also more likely to be positive about integration (85%).

A lower proportion (58%) agreed that **HMRC recognised that their business was their priority** (Chart 4.11). Those who found dealing with HMRC relatively easy and simple were more likely to agree that HMRC recognised their business is their priority: positive ratings on this measure were higher for those who were positive about HMRC minimising the cost, time and effort of dealing with tax (79%) and about the ease of dealing with HMRC (70%).

Chart 4.11 HMRC Integration – Small Businesses



### 4.3 Perceptions of HMRC

This section examines Small Businesses' broader perceptions of HMRC as an organisation and attitudes to compliance. HMRC's vision is to be efficient, effective and fair in its dealings with customers and that they have confidence in the way HMRC administer the tax system. All respondents were asked to rate HMRC on each of these measures. They were also asked to rate HMRC on whether they protected customers personal data. Two further statements on favourability and advocacy towards HMRC were also included.

The statements were as follows:

- **Efficient:** Revenue and Customs is an efficient organisation that does not waste money
- **Effective:** Revenue and Customs ensures all its customers pay/receive the correct amount of tax
- **Fair:** Revenue and Customs applies penalties and sanctions equally for all its customers
- **Protection of personal data:** Revenue and Customs ensures that customers' data and personal information is treated confidentially
- **Overall confidence:** How confident are you in the way Revenue and Customs are doing their job?
- **Favourability:** How favourable or unfavourable is your overall opinion of Revenue and Customs taking into account everything you think is important?
- **Advocacy:** Which of these phrases best describes the way you would speak about Revenue and Customs to other people or organisations?

Finally this section examines Small Businesses' attitudes to compliance. A small number of questions about income or corporate tax evasion were included in the study.<sup>15</sup>

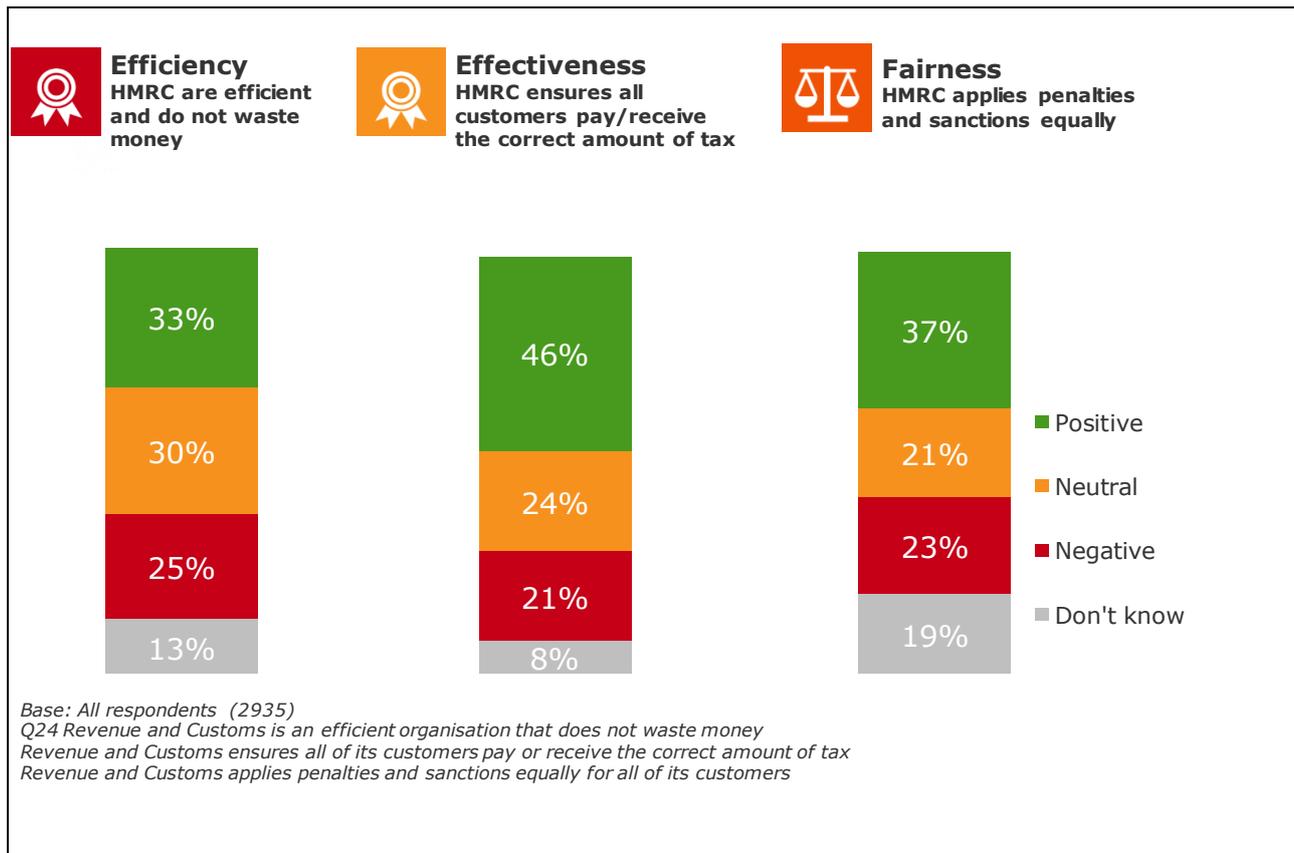
#### 4.3.1 **Efficiency, effectiveness and fairness**

Small Businesses' general perceptions of HMRC tended to be less positive than when asked to think of their experience of dealing with HMRC in the previous 12 months (as discussed earlier in this chapter).

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<sup>15</sup> The questions were selected from the [HMRC Compliance Perceptions Survey](#) which was conducted between 2008 and 2014. Due to significant changes in methodology, results from earlier waves are not directly comparable.

Chart 4.12 Perceptions of HMRC efficiency, effectiveness and fairness – Small Businesses



As shown in Chart 4.12, only a third of Small Businesses gave HMRC a positive rating for **efficiency** and not wasting money (33%), 30% were neutral, 25% were negative and a relatively high proportion (13%) did not know.

Perceptions were somewhat related to personal experience. Those who had given HMRC a positive rating for overall experience (44%), having systems which prevent mistakes (48%) and getting the transaction right (43%) were more likely to rate HMRC positively for efficiency.

In line with earlier findings, Small Businesses with zero employees also had more positive views of HMRC in terms of efficiency (38%). Small Businesses that outsourced all their accounts, payroll or tax dealings to an agent were most likely to think HMRC was efficient (38%), while those outsourcing some of the work were least likely (27%).

Nearly half (46%) of Small Businesses gave HMRC a positive score for being an **effective** organisation. A fifth (21%) gave a negative score and eight per cent did not know.

Those who had given a positive score for overall experience (57%) and for getting the transaction right (55%) were more likely to rate HMRC positively on effectiveness. Those who had experienced a tax life event were more likely to give a positive rating than those who had not (53% and 45% respectively).

Small Businesses' general views on **fairness**, in terms of applying penalties and sanctions equally, were also not very positive, although ratings were a little higher than for efficiency (Chart 4.12). Thirty-seven per cent gave a positive rating, 23% were negative and a fairly high proportion (19%) did not know, perhaps as they felt they did not know enough about this to make an assessment.

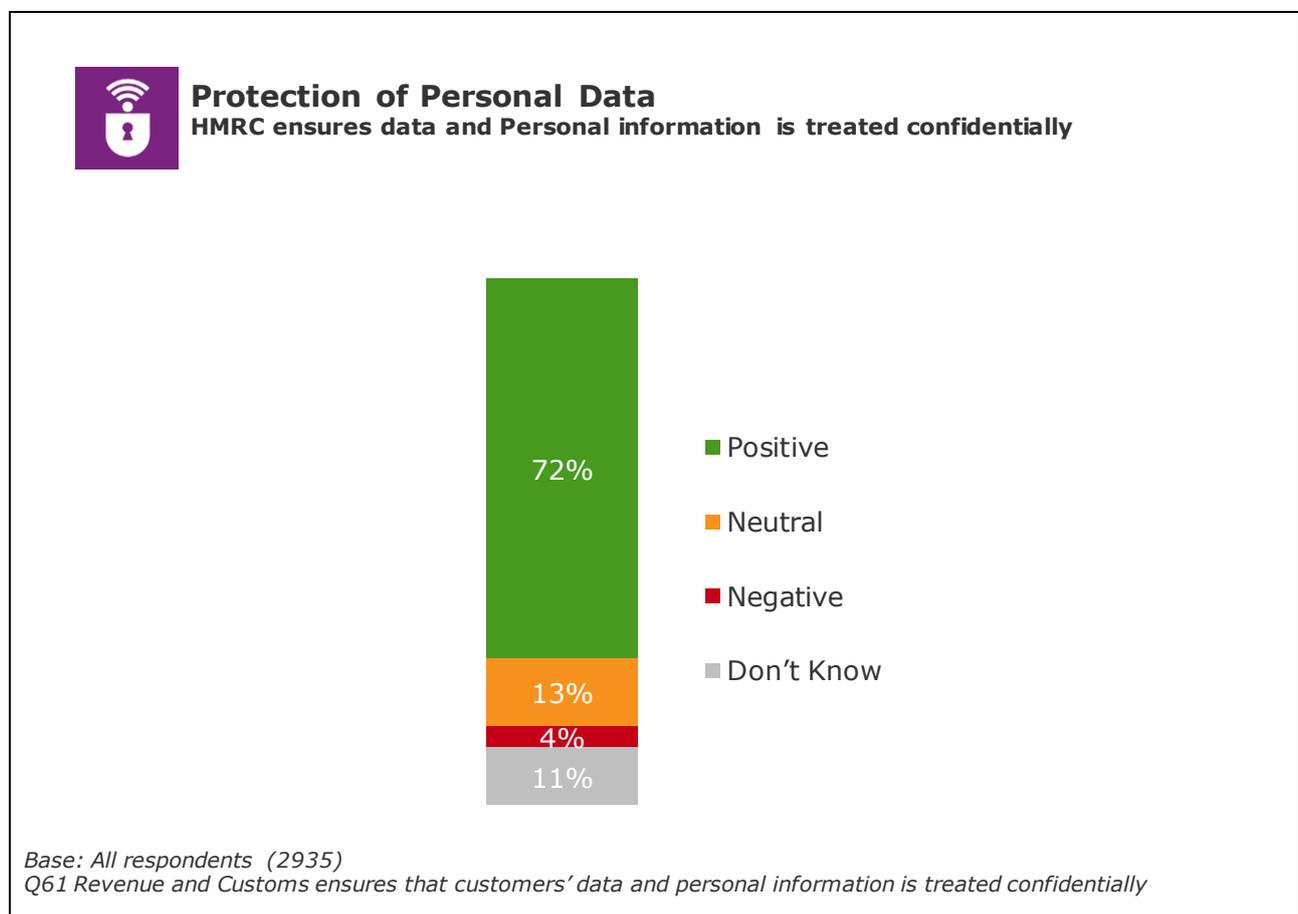
As might be expected, there was some correlation with responses on this measure and the earlier assessments of whether HMRC treats customers fairly and as honest. Positive ratings were higher among those who were also positive about HMRC treating customers fairly (43%) and as honest (42%). Those who had had a positive overall experience in the previous 12 months were also more likely to give a positive rating for fairness (44%).

#### 4.3.2 Protection of personal data

Small Businesses had much more positive perceptions of **HMRC's ability to treat customers' data and personal information confidentially**. Over seven in ten Small Businesses gave a positive rating on this measure (72%) and only four per cent gave a negative rating (Chart 4.13).

Small Businesses were more likely to give a positive score if they had also given a positive rating for overall experience (80%), HMRC having systems which prevent mistakes (82%) and HMRC minimising the time, cost and effort of dealing with their business tax affairs (84%).

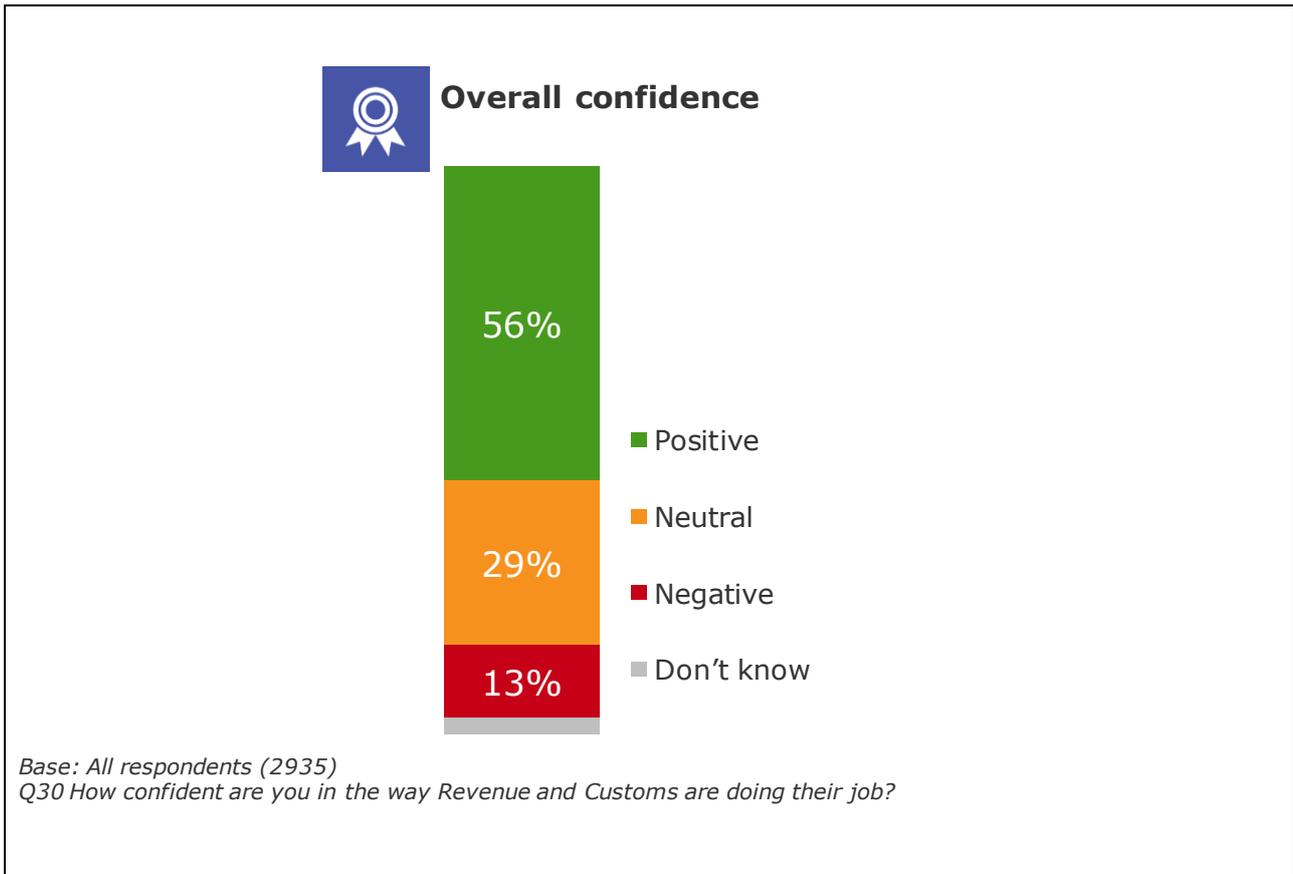
Chart 4.13 Protection of personal data – Small Businesses



#### 4.3.3 Confidence

Nearly six in ten businesses were **confident in the way HMRC are doing their job** (56% positive). Many of the remainder were neutral (29%) while 13% were negative (Chart 4.13).

Chart 4.13 Confidence in the way HMRC are doing their job – Small Businesses



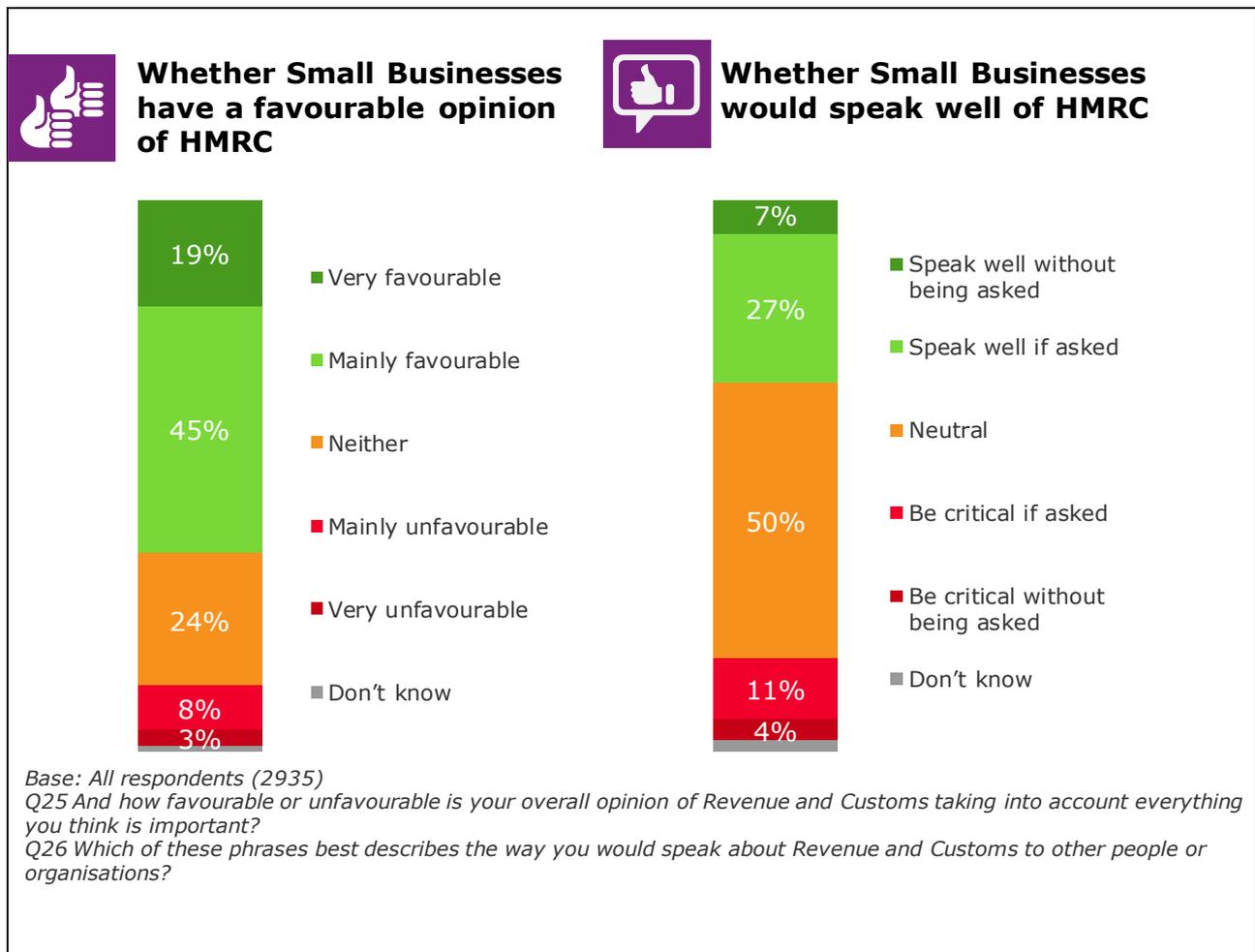
As with the previous questions on reputation, the more positive Small Businesses were about their overall experience, the more likely they were to be confident in HMRC. Seven in ten (71%) of those with a positive overall experience were confident in HMRC, compared with only eight per cent of those with a negative overall experience. Size of business also had a bearing on confidence, although it was not as closely related to confidence as customer experience: 59% of businesses with zero employees were confident, compared with 48% of those with five to 19 employees.

There was also a relationship between confidence and perceptions of efficiency, effectiveness and fairness. Confidence levels were much higher among those who gave a positive rating for efficiency (90%), effectiveness (83%) and fairness (83%).

#### 4.3.4 Favourability and advocacy

Around two-thirds of Small Businesses (64%) had a **favourable opinion of HMRC** and one in ten (11%) were unfavourable (Chart 4.14). However, **advocacy** rates were much lower. Small Businesses were most likely to be neutral (50%), however, the proportion who would speak well of HMRC (34%) was more than twice as large as those who would be critical (15%).

Chart 4.14 Favourability and advocacy for HMRC – Small Businesses



Overall experience influenced favourability and advocacy: those with a positive overall experience were more likely to be favourable (79%) and speak well of HMRC (44%). Those who felt HMRC had improved in the last year also gave more positive ratings for favourability (73%) and advocacy (45%).

Favourability was also higher among the smallest businesses (71% among those with zero employees compared with 55% of businesses with ten to 19 employees) and those who used online services but not the telephone (68%) (compared with 57% of those who used the telephone but not online services).

Levels of advocacy were higher among those who had not used an agent (40% compared with 32% of those who had).

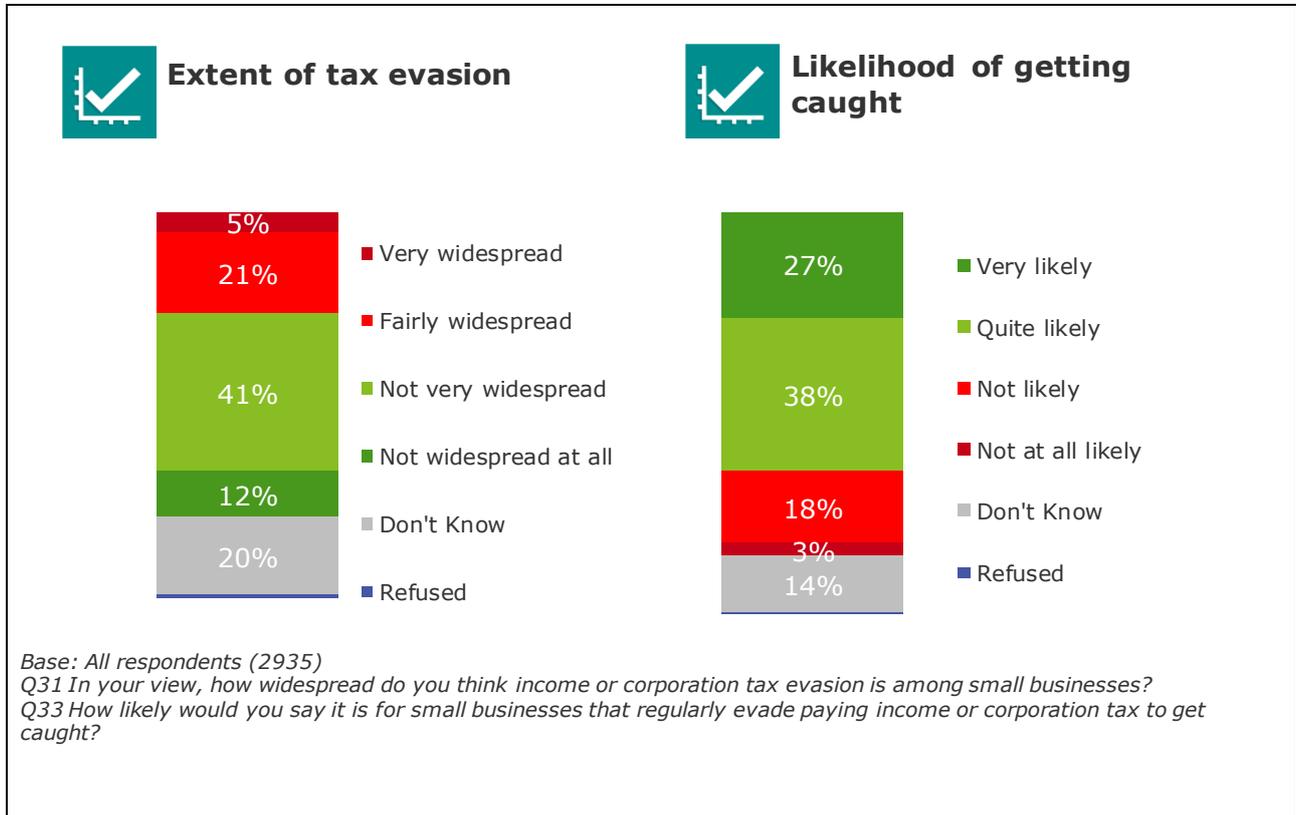
#### 4.3.5 Perceptions of compliance

The final section of this chapter examines Small Businesses attitudes to compliance and whether this impacts on their confidence in the way HMRC do their job. It also explores the relationship between experience of dealing with HMRC and attitudes to compliance.

### Extent of tax evasion and likelihood of getting caught

Around a quarter (26%) of Small Businesses felt that **income or corporation tax evasion was widespread**. Around half (53%) thought it was not widespread and one in five (20%) did not know.

Chart 4.15 Extent of tax evasion and likelihood of getting caught - Small Businesses



Nearly two-thirds of Small Businesses (65%) thought it was **likely that Small Businesses that regularly evade paying income or corporation tax would get caught**, while a fifth (21%) thought it was unlikely. Those who thought tax evasion was widespread were more likely to think tax evaders would not be caught (34%).

Interestingly, those who had a positive overall experience (29%) were more likely to think income or corporation tax evasion was widespread than those who had a negative experience (19%). However, those with a positive overall experience were more likely to think that businesses would be caught (67% compared with 56% of respondents with a negative experience). Those who felt HMRC treated them fairly were also more likely to think businesses would get caught (67%).

Overall confidence in HMRC did not seem to have a bearing on perceptions of the extent of tax evasion and likelihood of getting caught.

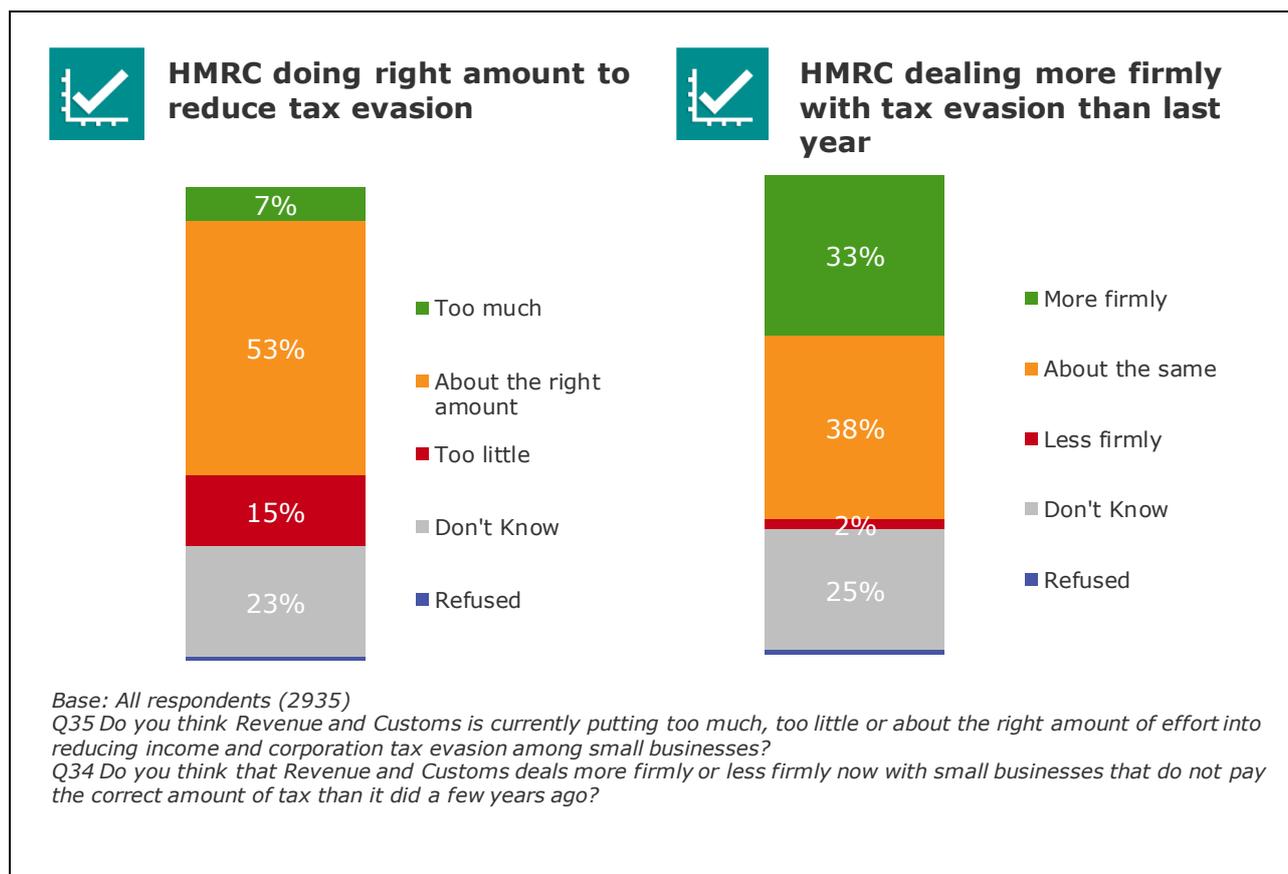
### Effort and firmness in dealing with tax evasion

Around half of Small Businesses (53%) felt that **HMRC was putting about the right amount of effort into reducing income and corporation tax evasion among Small Businesses**. Fifteen

per cent felt they were doing too little, while only seven per cent felt they were doing too much. Nearly a quarter (23%) said they did not know.

When asked whether **HMRC deals more or less firmly now with Small Businesses that do not pay the correct amount of tax than it did a few years ago**, there was a roughly even split between those who felt it was about the same (38%) and those who felt it was dealing more firmly with small businesses (33%). Only two per cent felt it was dealing less firmly, suggesting that Small Businesses understand that HMRC are making significant efforts to tackle tax evasion. Again a quarter (25%) of respondents did not know.

Chart 4.16 Effort and firmness of HMRC in dealing with tax evasion – Small Businesses



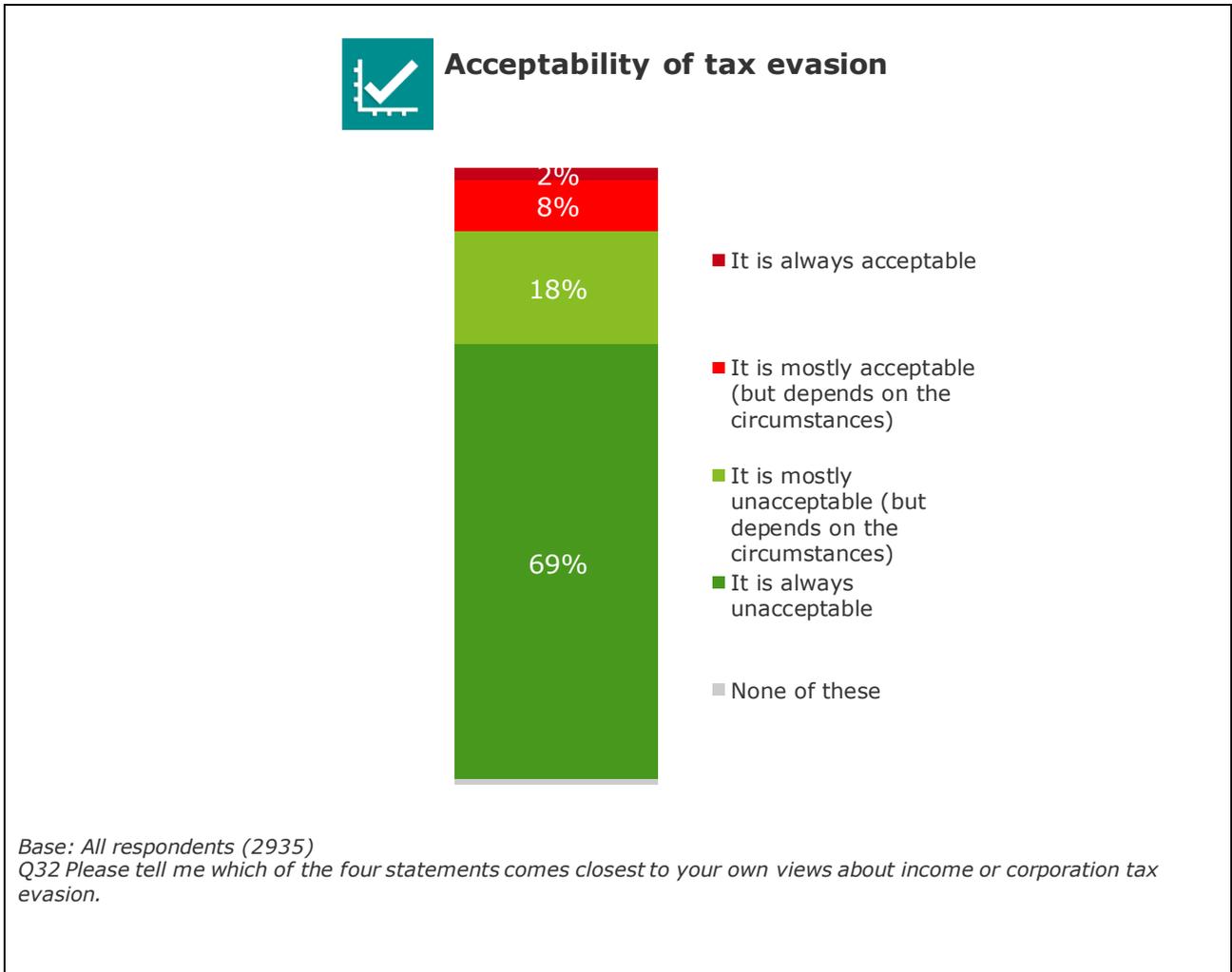
Three in ten (31%) who thought that HMRC were doing too little had recognised that HMRC were dealing with tax evasion more firmly than they used to.

Those with a negative overall experience were less likely to think HMRC was putting the right amount of effort into reducing tax evasion (32%) and were more likely to think too much effort was being made (18%).

### Acceptability of tax evasion

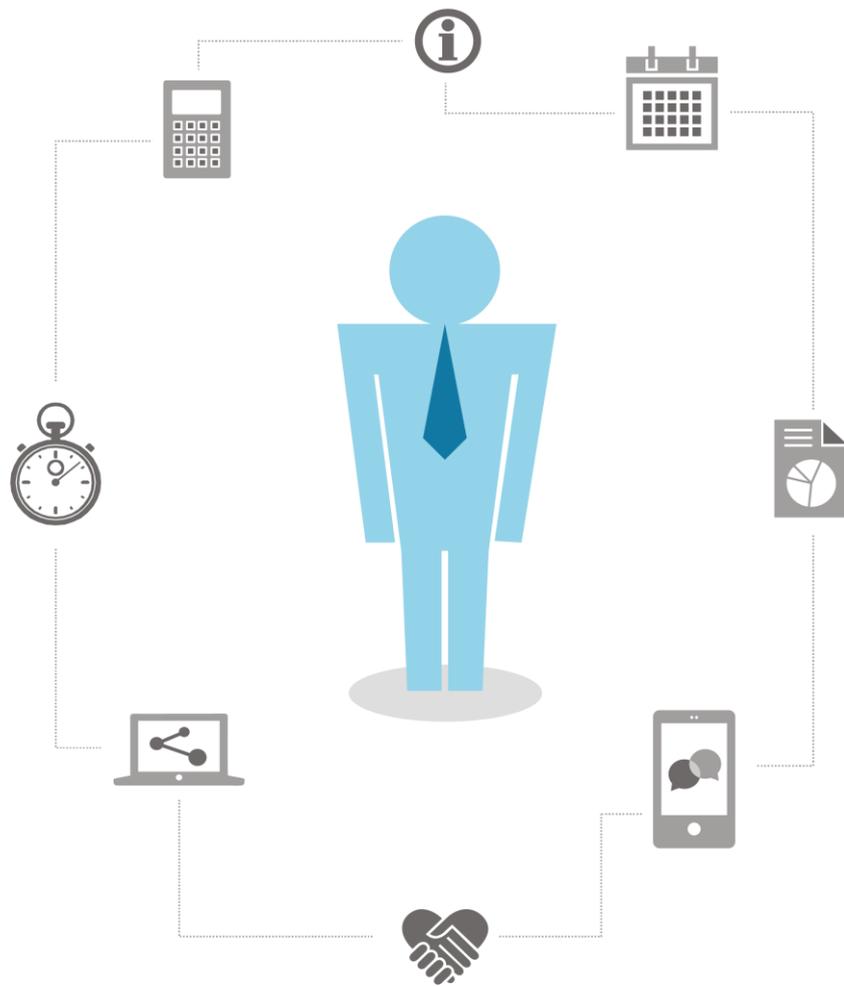
As shown in chart 4.17, the majority of Small Businesses felt that **income and corporation tax evasion was not acceptable** (87%) and within this, over two-thirds (69%) felt it was unacceptable in any circumstances. Only a small proportion (ten per cent) felt it was acceptable.

Chart 4.17 Acceptability of tax evasion – Small Businesses



Those who felt tax evasion is widespread and that HMRC puts too much effort into reducing it were more likely to feel it is acceptable (18% for both). New businesses (those trading for two years or less) were also slightly more likely to feel it was acceptable (16%).

# 5. Agents



## 5.1 Profile of Agents

This section discusses the characteristics of the Agents that took part in the survey, the way in which they represent their clients, and how they interacted with HMRC in the previous 12 months on behalf of their clients; namely identifying the taxes they dealt with, the types of interaction they had and channels of communication used. This provides useful context for the later sections of this chapter covering customer experience and general perceptions of HMRC.

### 5.1.1 Business characteristics

The majority of Agents (67%) classified their business as an accountancy firm, followed by 22% reporting that they were a book keeping firm. A further six per cent identified their business as a tax advisor, and four per cent another kind of Agent.

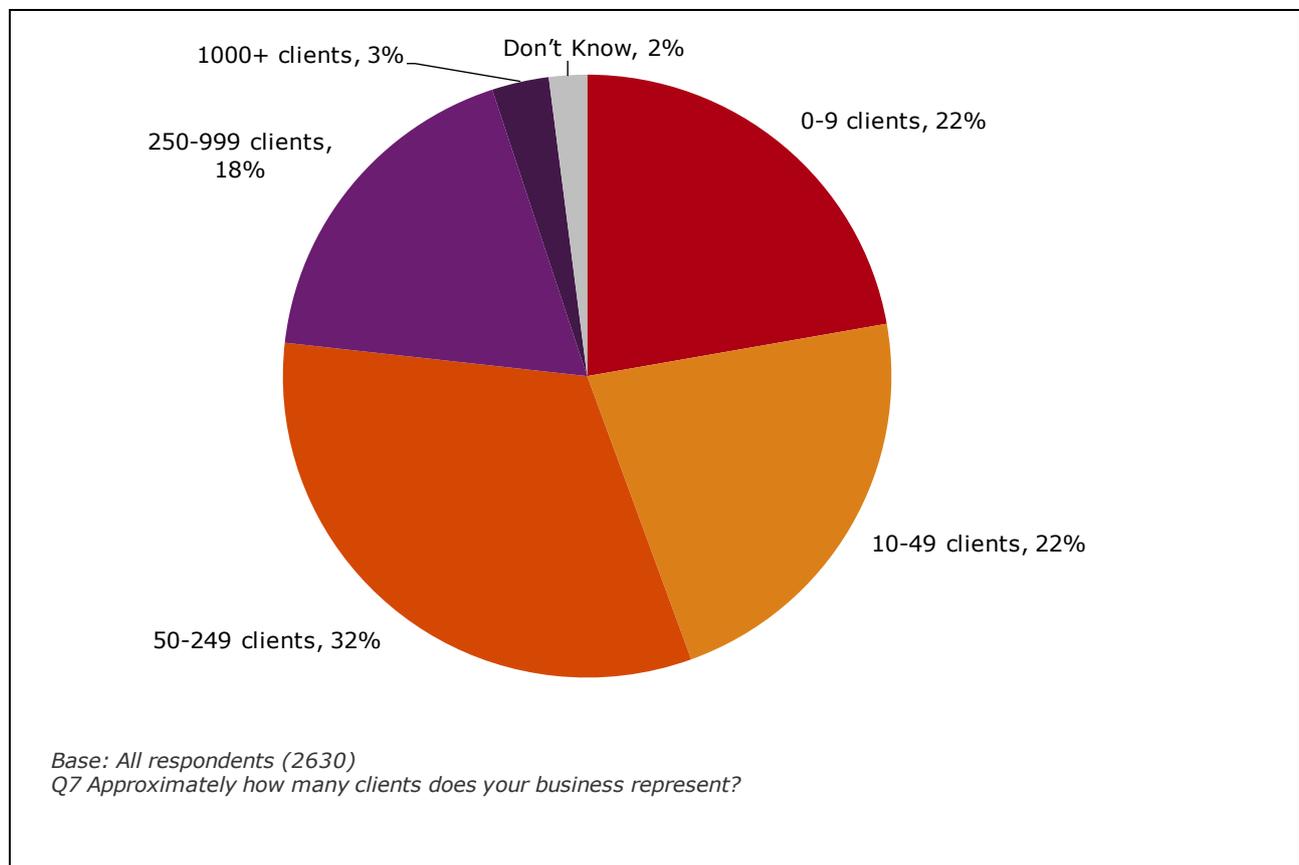
The majority of Agents had few employees: nearly half of Agents (45%) had zero employees, a further third (36%) had one to four employees and one in ten between five and nine employees. Only eight per cent of Agents said that they had ten or more employees.

Most Agents had been operating for a number of years. Indeed, two thirds (65%) of Agents had been operating for over ten years, and one in five (18%) between five and ten years. Only three per cent of Agents had been established for less than two years.

### 5.1.2 Representing clients

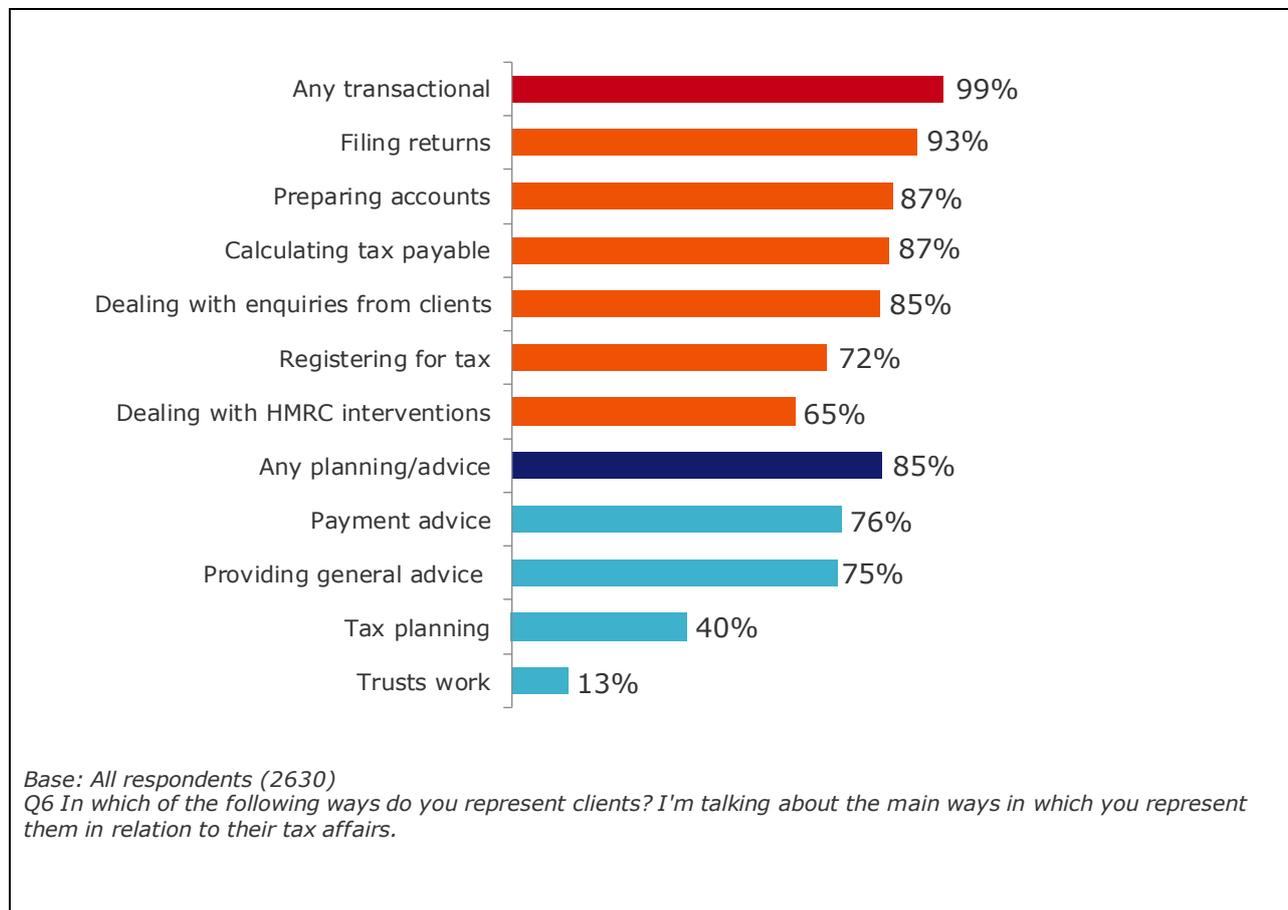
Agents were asked approximately how many clients their business represents (Chart 5.1). The majority had fewer than 250 clients (77%).

Chart 5.1 Number of clients – Agents



Agents were also asked about the ways in which they represent their clients with almost all fulfilling a transactional role between the client and HMRC (Chart 5.2).

Chart 5.2 Types of services provided – Agents



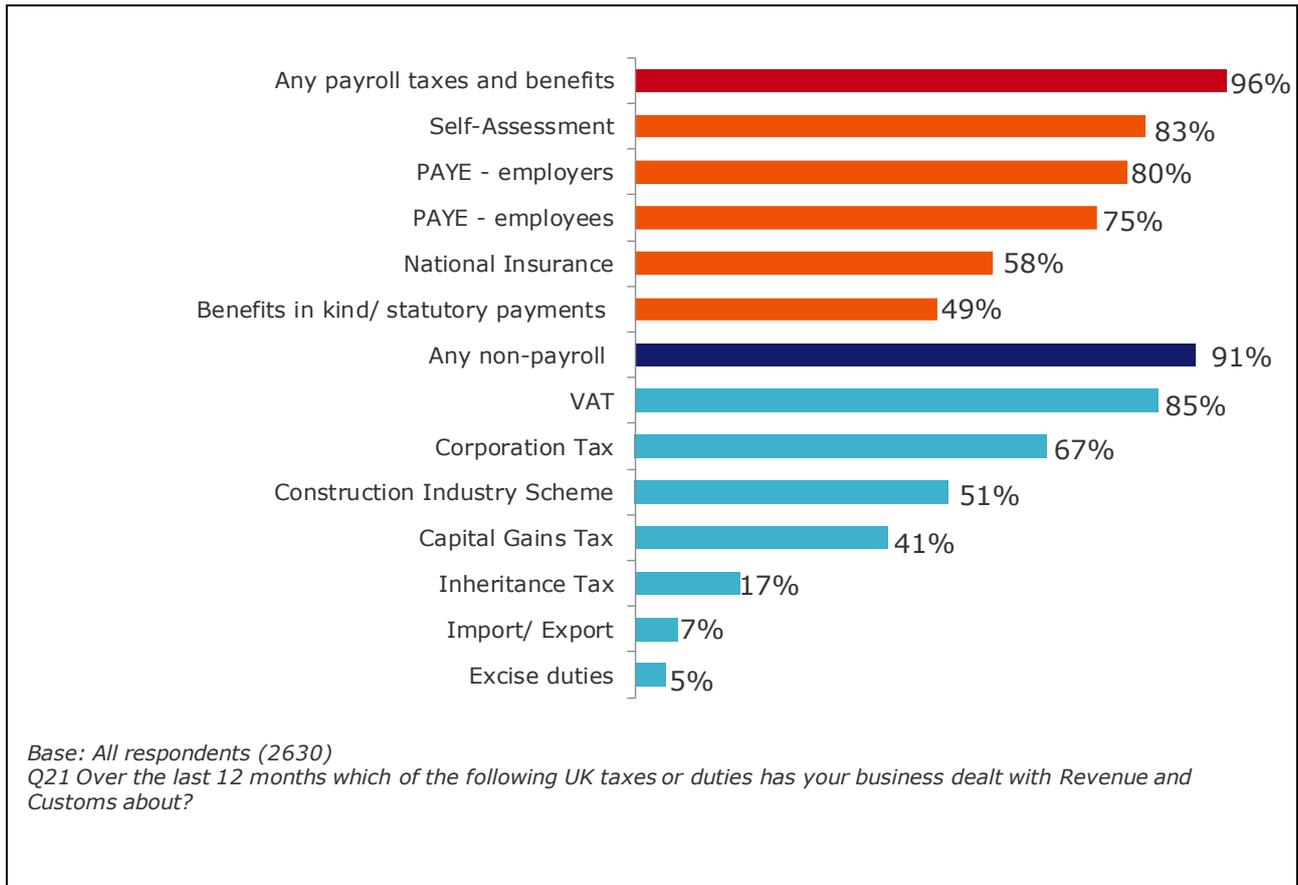
The majority (85%) also reported providing more advisory or planning services to their clients which consisted of providing payment advice (76%) or general advice on taxation issues (75%), tax planning (40%) and doing trusts work (13%). Those offering transactional services only were more likely to be Agents with zero employees (23% with zero employees compared with four per cent for those with five or more employees).

Just under a half (45%) of Agents felt that HMRC made it easy for them to act on behalf of their clients, with a quarter (25%) responding negatively and three in ten (30%) neutrally. Agents who offered advice or planning services were less likely to have felt that HMRC makes it easy for them to act on behalf of clients than those who only offered transactional services (42% and 55% respectively).

### 5.1.3 Tax dealings

In line with the services Agents reported offering to clients, the vast majority of Agents (96%) reported having dealt with payroll taxes and benefits within the previous 12 months (Chart 5.3).

Chart 5.3 Taxes and Benefits deal with on behalf of clients – Agents



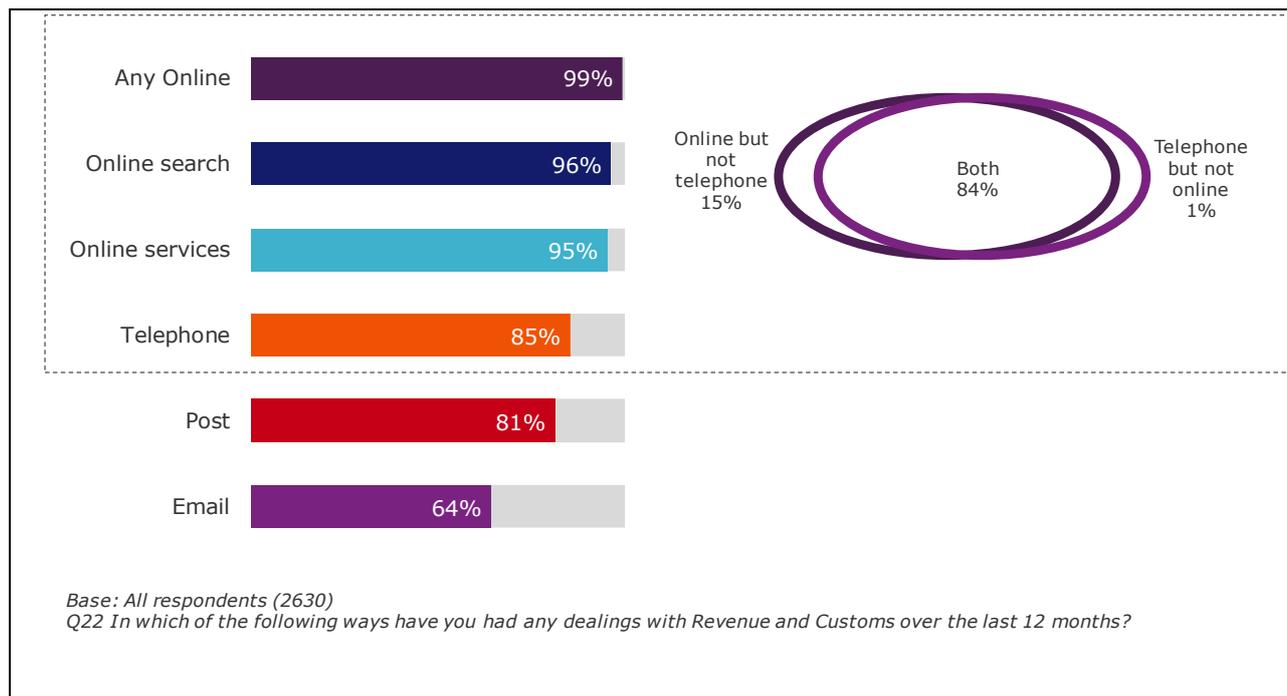
The most common payroll taxes and benefits were VAT (85%), SA (83%) and PAYE (80% for employers, 75% for employees).

Accountancy firms were more likely than book keeping firms to report having dealt with payroll related benefits or taxes in the previous 12 months (99% compared with 87%). Eight per cent of Agents reported *only* dealing with payroll related taxes or benefits.

#### 5.1.4 Channels used to interact with HMRC

Agents were asked about the ways they had interacted with HMRC in the previous 12 months. An interaction with HMRC was defined as where they had made contact with, received information from or made use of HMRC’s online services. Agents reported having had contact with HMRC over the previous 12 months through a variety of channels.

Chart 5.4 Channels of contact – Agents



Almost all (99%) Agents reported having made or received contact with HMRC online in the previous 12 months, and most by telephone (85%). Around eight in ten Agents (84%) reported using both online and telephone contact channels (Chart 5.3). This was more common among larger Agents, with 97% of Agents with ten or more employees using both these channels (compared to 71% of those with zero employees). A sixth (15%) used online channels but not the telephone. These were more likely to be smaller Agents with mainly transactional dealings with HMRC.

Reflecting this, Agents also tended to use a large number of contact channels, with 81% using more than three channels and one in six (17%) reporting that they used six or more.

### 5.1.5 Types of interaction with HMRC – Agents

Agents were asked about the type of interactions they had with HMRC in the previous 12 months. The most common interactions were to have ‘sought information from Revenue and Customs’ (86%), ‘used any Revenue and Customs online services for Agents’ (85%), and ‘provided any information to Revenue and Customs in relation to any taxes paid or Benefits and Credits received by your clients’ (81%).

## 5.2 Customer experience

This section discusses Agents’ ratings of HMRC’s online services and telephone helplines, their overall experience of dealing with HMRC, on behalf of their clients, in the previous 12 months and their perceptions of whether their experience has got better or worse. It also examines more detailed aspects of their customer experience based on the Atom Model (as discussed in section 2.3.5). Finally, it examines Agent’s personal views on how HMRC administers the tax system based on whether it treats customers fairly and as honest, makes it as easy and simple as possible for customers to meet their tax obligations and whether services are personalised.

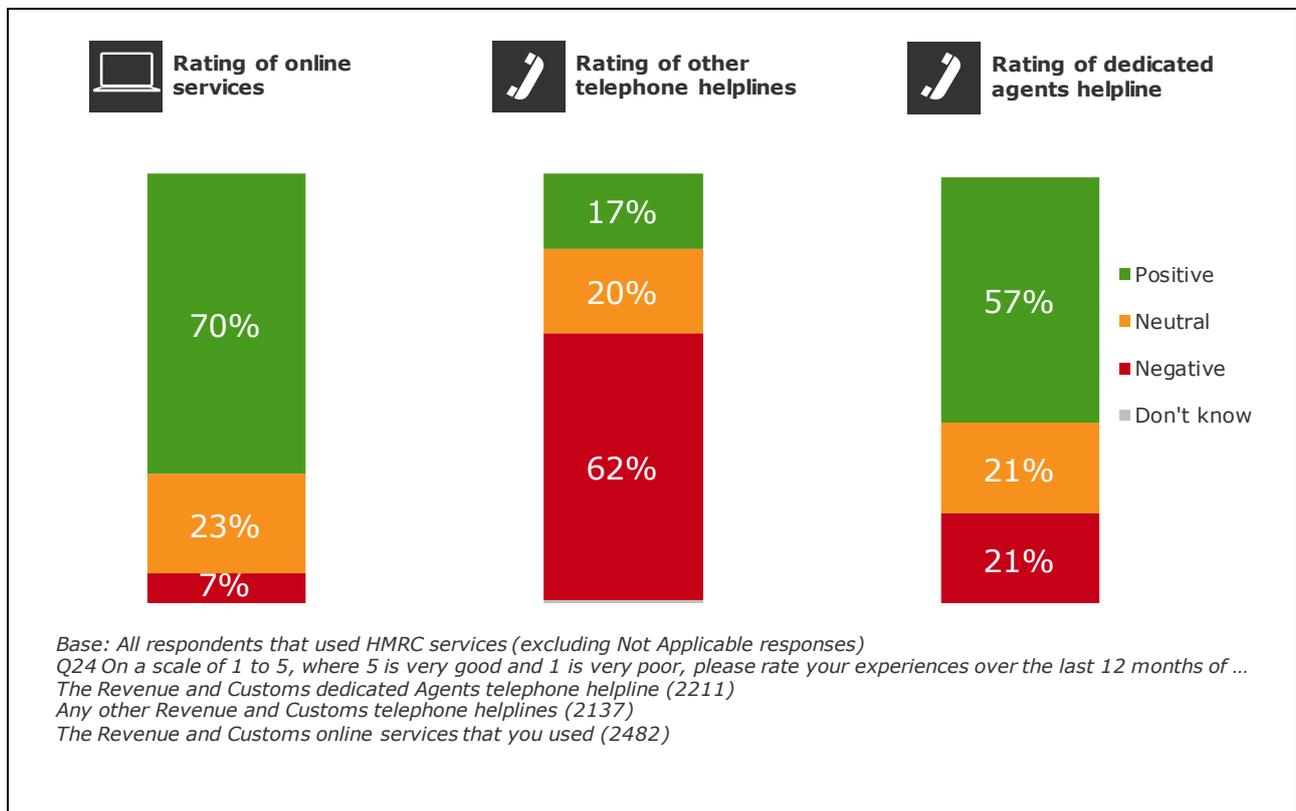
### 5.2.1 Rating of service received - online services and telephone Helplines

Where Agents had contact with HMRC by telephone they were asked to rate HMRC helplines (Chart 5.5). They were asked to use a scale of one to five, where five is the most positive rating and one the least positive. Responses have been grouped into positive, neutral and negative, as explained in section 2.4.

Just over half (57%) of Agents rated the dedicated Agents helpline positively with one in five (21%) giving it a negative rating. However, Agents were far less positive about other HMRC helplines, with only 17% responding positively and six in ten (62%) negatively. Agents who did not offer tax planning or advice services (and dealt with transactional affairs only) were slightly more positive (28%) about the other helplines.

Agents were more likely to give a positive rating to the HMRC online services with seven in ten (70%) giving a positive score and only seven per cent responding negatively. Agents who used online services but not the telephone were more likely to be positive (79%). These were mainly smaller firms with more transactional dealings with HMRC.

Chart 5.5 Rating of HMRC services - Agents



### 5.2.2 Overall rating of customer experience

Agents were asked to reflect on all of their experiences of HMRC over the previous 12 months and give an overall score. Four in ten Agents reported having had a positive overall experience (40%), a similar proportion (36%) were neutral, with a quarter (24%) reporting a negative overall rating of their experience of dealing with HMRC over the previous 12 months.

- Agents who interacted with HMRC online but not on the telephone were far more likely to have had a positive overall experience than those who had interacted with HMRC both online and on the telephone (62% and 34% respectively).
- Sixty per cent of those that used fewer than four channels reported a positive overall experience in the previous 12 months, compared to 35% of those who used four or more.
- Positivity about the overall experience decreased by size of Agent. Twenty-nine per cent of those with 20 or more employees had a positive experience, whereas half (51%) with zero employees were positive.

Agents were asked how their experience of dealing with HMRC over the previous 12 months compared with their experience of the preceding 12 months. Four in ten (43%) thought that it had stayed the same. Agents were more likely to report that their experience had got worse than had got better (32% compared with 24%).

Notably, Agents with a positive overall experience were ten times as likely to have thought that it had got better compared to those with a negative overall experience (41% and four per cent respectively).

Over half (57%) of Agents recalled having a particularly bad experience when dealing with HMRC over the previous 12 months. This figure was higher amongst larger Agents (72% of those with ten or more employees compared to 43% with zero employees). Slightly fewer Agents (42%) said that they had a particularly good experience dealing with HMRC in the previous 12 months.

### 5.2.3 Atom model of customer experience

This section discusses the Atom Model of Customer Experience, which has been used to understand what is driving customer experience and what areas are most important to address. A description of the Atom Model is provided in the Introduction (see section 2.3.5).

Chart 5.6 (below) has been revised to reflect actual experience of Agents rather than the ideal customer experience.

Chart 5.6 Revised Atom Model – Agents



As in the original model HMRC getting the transaction right remains the most important element in providing a good customer experience for Agents, other factors which had lesser value in the theoretical model have become more important to customers based on the survey results, and these were:

- Time taken to reach end result
- Approachable staff (staff manner and approach)
- Resolving queries (taking ownership)

In contrast, those factors originally on the inner ring of the theoretical model have become less important to customers in the light of Agents' experiences of dealing with HMRC in the previous 12 months:

- Quality of information
- Navigating the process
- Ease of finding information (finding answers)

One factor (systems prevent mistakes (proactivity)) remained on the outer ring of both models.

By comparing how important the factors were in driving overall experience with how well HMRC performed on each of these areas, it is possible to identify the areas which are most important to address to improve overall experience. For further information see section 2.3.6.

In Chart 5.6:

- The areas in orange are the most important to address to improve overall performance,
- The areas in amber are slightly less important to address to improve overall performance,
- And the green areas are those where HMRC has performed relatively well but should ensure that this level of performance is at least maintained.

The remainder of this section discusses each of these areas of service in turn.

### **The most important dimension – HMRC getting the transaction right**

The most important driver of customer experience for Agents was HMRC **getting tax transactions right**. Half of Agents scored HMRC positively for this dimension (48%). Thirty per cent were neutral, while 21% were negative. As performance is relatively high (compared to performance for the other measures of customer experience), this was identified as an area to maintain. However given its fundamental importance in driving good customer experience overall, further action to improve performance is likely to be beneficial in improving the overall customer experience.

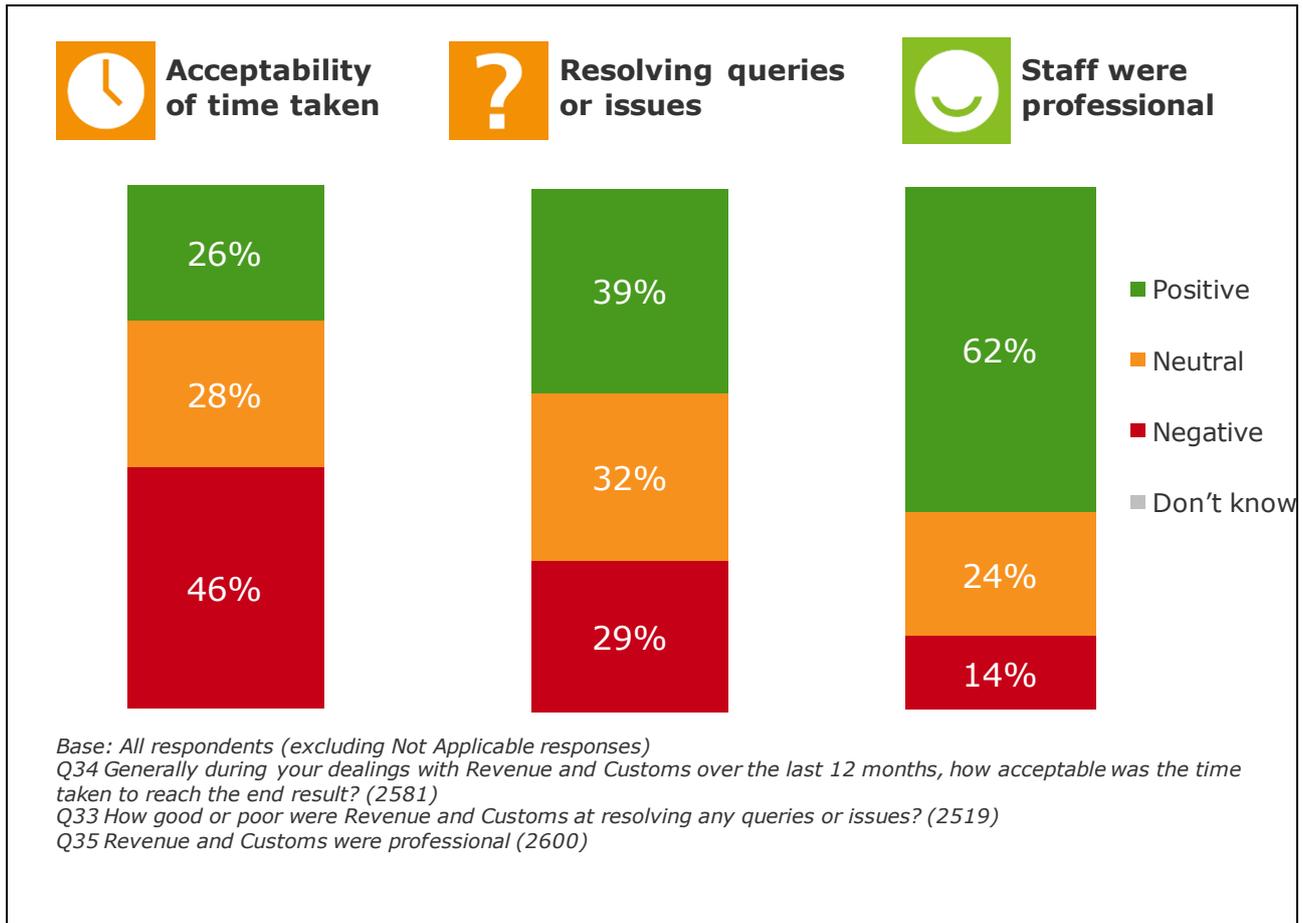
Positivity was higher among Agents who did not use the telephone (71%) than those who did use the telephone (42%).

Larger Agents were also more negative about HMRC getting the transaction right. A third (33%) of Agents with ten or more employees gave a positive response compared to 43% of Agents with one to nine employees and 57% of Agents with zero employees.

### **Highly important dimensions**

This section considers the three dimensions on the inner ring of the revised Agents Atom Model. These are the acceptability of time taken, resolving issues or queries and staff professionalism (Chart 5.7).

Chart 5.7 Highly important dimensions of customer experience - Agents



When asked about the **acceptability of the time taken to reach the end result**, nearly half (46%) of Agents gave a negative response, and around a quarter gave neutral (28%) and positive (26%) responses. Due to the relatively poor performance and high importance of this measure, this is a high priority area for improvement.

Agents who only dealt with payroll related taxes or benefits were noticeably more positive about the time taken to reach the end result (41%) than those Agents who dealt with business or other taxes (25%). Agents who interacted with HMRC via online channels but not the telephone were nearly three times as likely to respond positively (60%) to this statement than those who used the telephone (21%).

Four in ten (39%) Agents felt that HMRC were good at **resolving queries or issues**. This area has also been deemed an important area for HMRC to improve based on its performance against the other measures of experience.

There was a notable correlation when looking at responses to this question against those given regarding the acceptability of the time taken to reach the end result, with over three quarters (77%) of those who were positive about the acceptability of time taken also responding positively about HMRC resolving queries or issues. This suggests that swifter action to deal with issues that arise, particularly encouraging customers to seek assistance through online channels, could help improve customer experience.

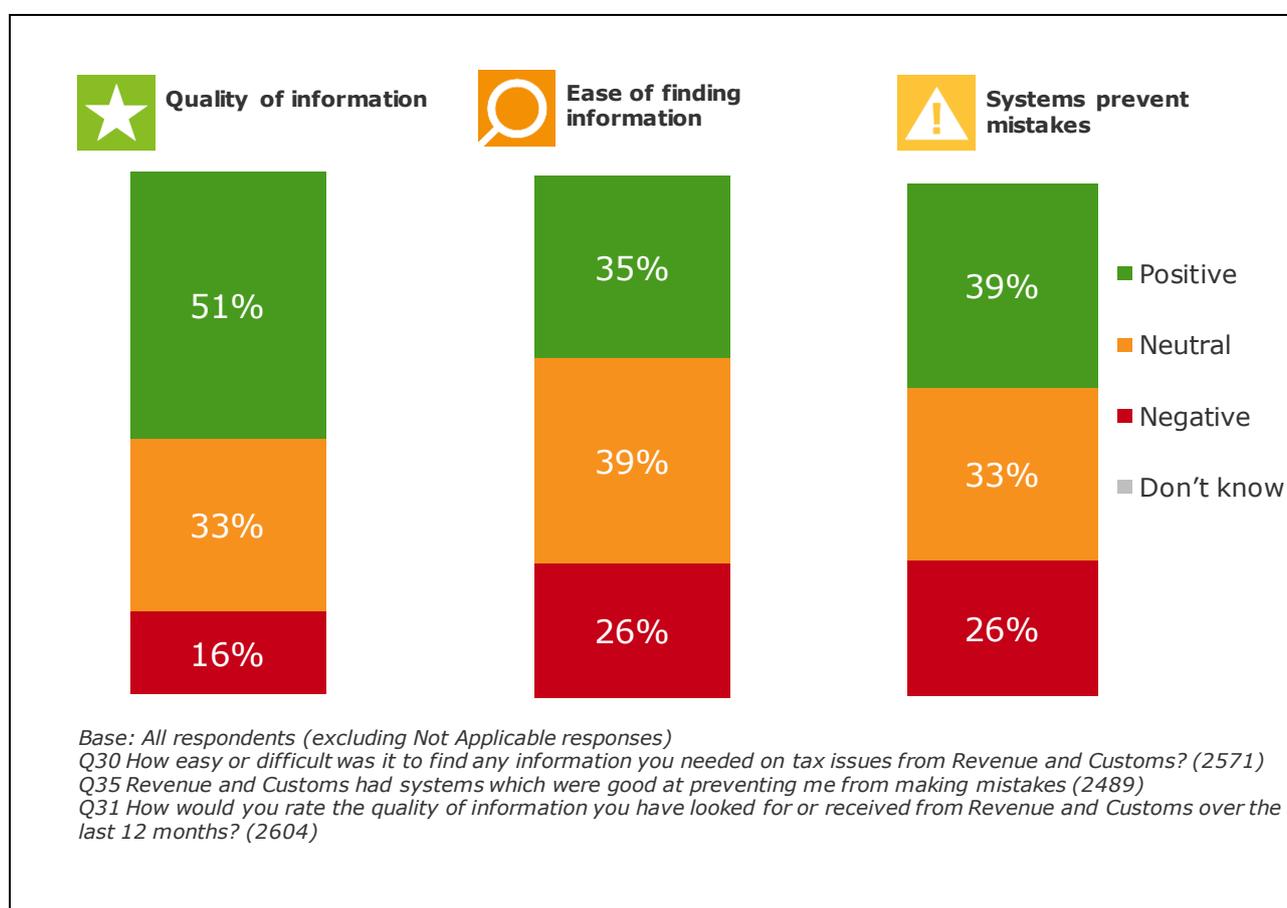
Over six in ten (62%) Agents were positive that **HMRC Staff were professional**, the highest positive score of the Atom Model questions for Agents. A quarter (24%) expressed a neutral opinion, and only 14% responded negatively. This area has been identified as one that needs to be maintained due to its relatively high positive score.

Where Agents reported having a particularly bad experience with HMRC in the previous 12 months they were more than four times as likely to be negative about HMRC’s staff’s professionalism (21% compared to five per cent of those who did not). Additionally, Agents who were negative about the acceptability of time taken were more likely to give a negative score (27%).

### Less important dimensions

This section considers the outer ring of the Atom Model; those areas which were less important to overall customer experience for Agents. These were quality of information, ease of finding information and having systems which prevent mistakes (Chart 5.8).

Chart 5.8 Less important dimensions of customer experience - Agents



Half (51%) of Agents were positive about the **quality of information that they had looked for or received from HMRC** in the previous 12 months. A third (33%) were neutral and 16% negative. In comparison to other Atom Model experience metrics this performed well and as such was deemed an area to be maintained.

Where Agents were negative about HMRC getting the transaction right, they were much more likely to be negative about the quality of information they had looked for or received (40%).

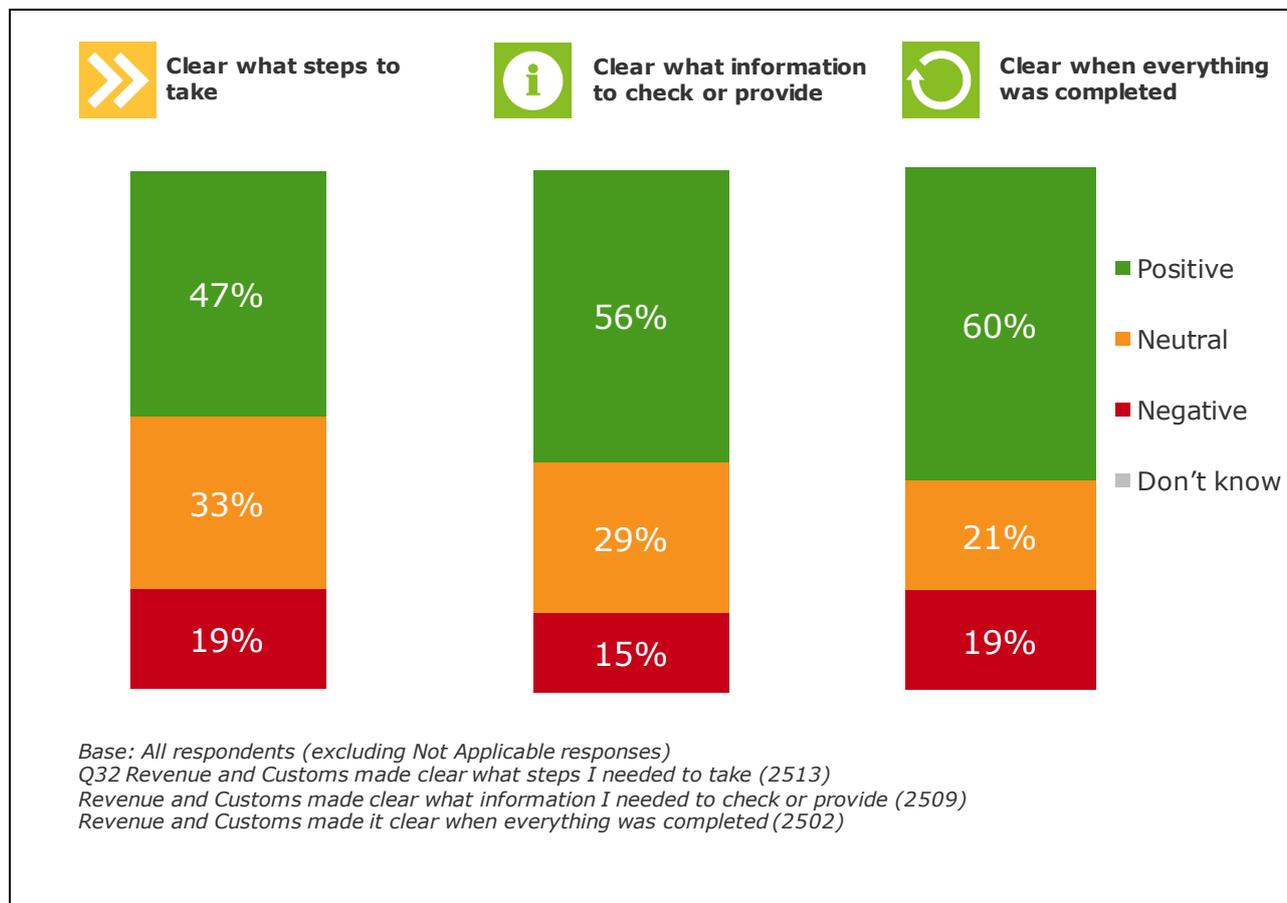
When asked about **the ease of finding information** from HMRC, a third (35%) of Agents reported finding it easy to do so, a quarter (26%) said that it was difficult and 39% were neutral. This area has been identified as a key area for improvement due to its lower performance compared to other experience metrics.

Agents who were positive about the time taken to reach an end result were much more positive about the ease of finding information (58% compared to 19% of those who were negative about the time taken).

Four in ten (39%) Agents agreed that **HMRC had systems that prevented them from making mistakes**. A quarter (26%) did not agree with this and a third (33%) were neutral. This has been identified as an area in need of improvement but with less importance than other areas as it had less influence on the overall customer experience than other measures.

The final area was ease of navigation (Chart 5.9). This area was comprised of three separate metrics: HMRC made it clear what steps I need to take, HMRC made it clear what information I needed to check or provide and HMRC made it clear when everything was completed.

Chart 5.9 Less important dimensions of customer experience – Ease of navigating the process - Agents



Half of Agents (47%) agreed **HMRC made clear what steps they needed to take**, one in five (19%) disagreed and a third (33%) were neutral. This was deemed to be an area which required improvement (though of a lesser priority than other areas) due to it having less of an influence on overall customer experience than other measures.

Nearly six in ten (56%) of Agents agreed that **HMRC made clear what information they needed to check or provide**, 15% disagreed and 29% were neutral. The higher level of positive responses for this area meant that it was deemed an area to maintain.

Agents were more positive that **HMRC made clear when everything was complete** than any other area of navigating the process, with six in ten (60%) agreeing that this was the case. One in five Agents (19%) disagreed with this statement and a similar proportion (21%) were neutral.

Where Agents felt it was easy to find information from HMRC they were more likely to be positive about the navigation of the process (69% were positive on the clarity of what steps to take, 78% on clarity of what information to check or provide and 76% on clarity when everything was completed).

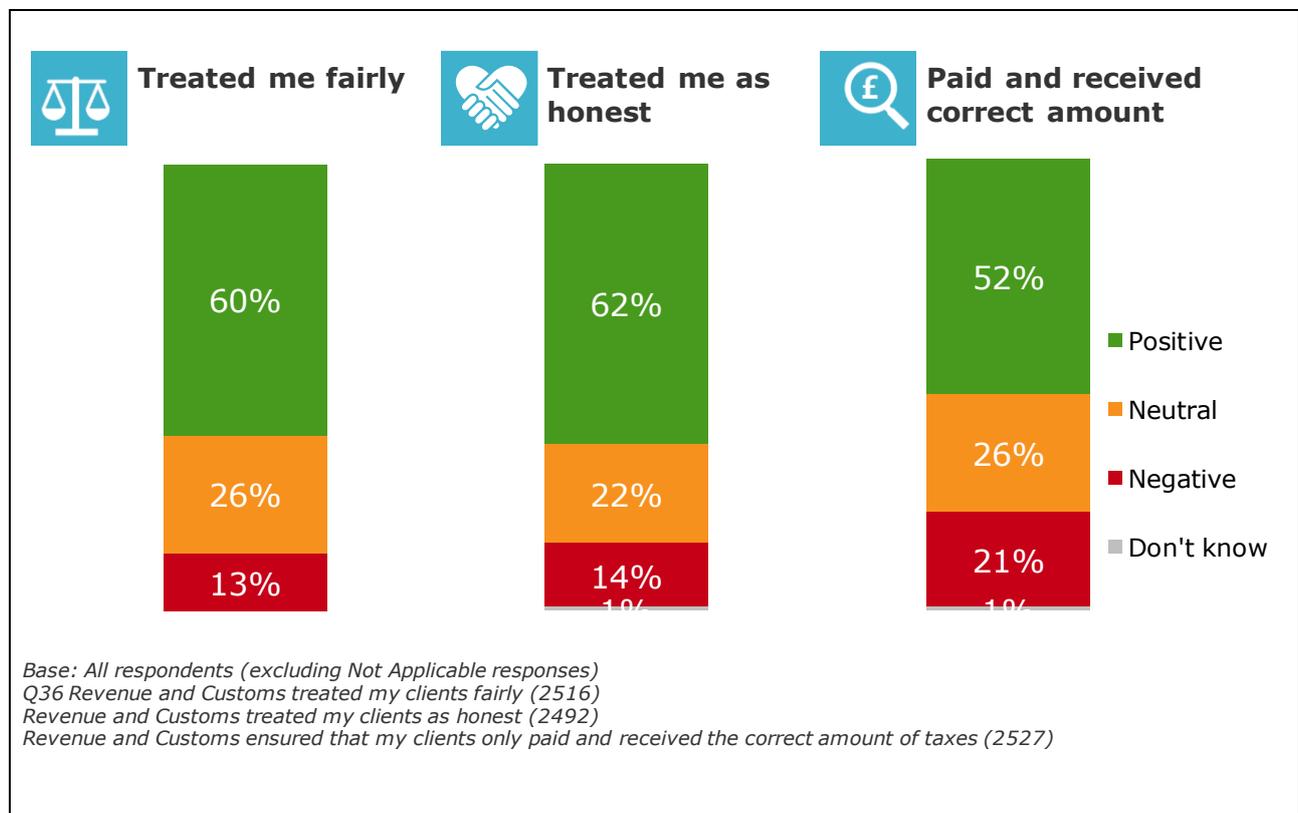
#### 5.2.4 Administration of the tax system

This section examines Agents' experiences in the previous 12 months of how HMRC administers the tax system based on whether it treats customers fairly, makes it as easy and simple as possible for customers to meet their tax obligations and whether services are personalised.

##### Fairness

Agents were asked about three elements of fairness in regards to the way in which HMRC administers the tax system: whether HMRC treated their clients fairly, whether HMRC treated their clients as honest, and whether HMRC ensured that their clients paid and received the correct amount of tax (Chart 5.10).

Chart 5.10 – Fairness - Agents



Six in ten Agents agreed that **HMRC treated their clients fairly** (60%) and **as honest** (62%), and around a quarter responded neutrally (26% and 22% respectively). Thirteen per cent disagreed that HMRC treated their clients fairly, and 14% disagreed that HMRC had treated their clients as honest.

There was a notable link between perceived professionalism of HMRC and whether Agents felt that their clients were treated as fairly or as honest. Where Agents were negative about staff being professional they were more likely to respond negatively about their clients being treated fairly or as honest by HMRC (42% and 40% respectively).

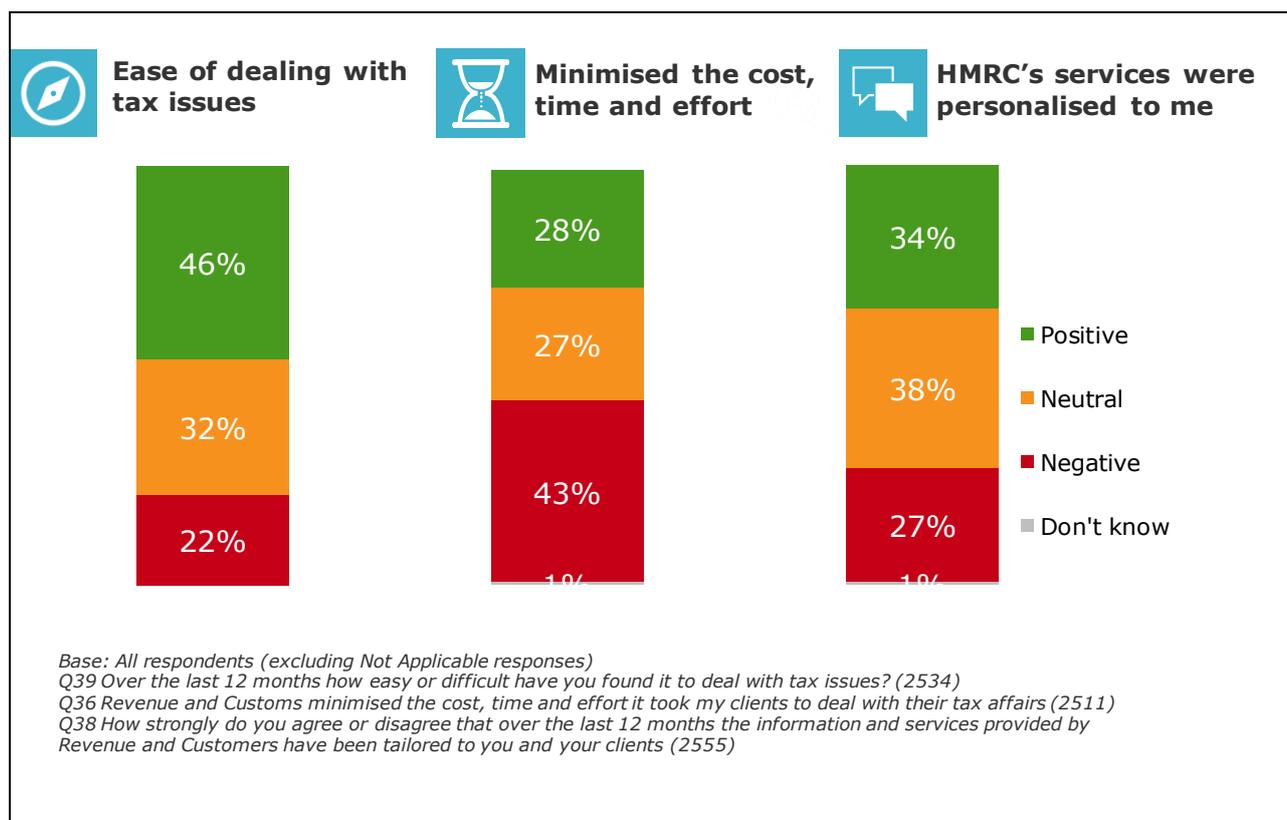
Half (52%) of Agents were positive that **HMRC ensured that Agents' clients paid and received the correct amount of taxes**. A quarter (26%) of Agents responded neutrally to this statement and a fifth (21%) were negative.

Three quarters (75%) of Agents who were positive about HMRC getting the transaction right felt that HMRC ensured that their clients pay and receive the correct amount of tax. This was far lower for Agents who were negative about HMRC getting the transaction right (15%).

### Ease of meeting tax obligations and Personalisation

Agents were also asked two questions about the ease of the tax system and one about whether services were personalised to them and their clients (Chart 5.11).

Chart 5.11 Ease and Personalisation - Agents



Fewer than half of Agents (46%) found it **easy to deal with tax issues over the previous 12 months**. One in five (22%) reported finding it difficult and a third (32%) were neutral.

Those Agents who used online services but not the telephone to make or receive contact with HMRC were significantly more positive about the ease of dealing with tax issues than those who had used both online and telephone (72% and 42% respectively). Ease was also higher for those with a positive view about staff professionalism (63%) and Agents with zero employees (55%).

Four in ten (43%) Agents gave a negative response when asked about **HMRC minimising the cost, time and effort of dealing with tax affairs**, with a quarter (27%) being neutral and only 28% positive.

One in three (34%) Agents were positive about HMRC services being **personalised** to them and their clients.

Agents who had rated the online services they used negatively were significantly more likely to respond negatively to the idea that HMRC services had been personalised to them and their clients (65%).

Agents who believed that HMRC had systems which prevented them from making mistakes were also more likely to feel that HMRC services were personalised to them than those who did not (61% and eight per cent respectively).

HMRC's online services for Agents (Agents Services - AS) offering a more personalised service is yet to be fully rolled out. The relatively low rating on this measure is likely to reflect that AS and associated initiatives to make services more personalised are still being developed.

### 5.3 Perceptions of HMRC

This section examines Agents' broader views of HMRC as an organisation and attitudes to compliance. HMRC's vision is to be efficient, effective and fair in its dealings with customers and that they have confidence in the way HMRC administer the tax system. All respondents were asked to rate HMRC on each of these measures. They were also asked to rate HMRC on whether they protected customers personal data. Two further statements on favourability and advocacy towards HMRC were also included. The statements were as follows:

- **Efficient:** Revenue and Customs is an efficient organisation that does not waste money
- **Effective:** Revenue and Customs ensures all its customers pay and receive the correct amount of money in taxes and benefits
- **Fair:** Revenue and Customs applies penalties and sanctions equally for all its customers
- **Protection of personal data:** Revenue and Customs ensures that customers' data and personal information is treated confidentially
- **Overall confidence:** How confident are you in the way Revenue and Customs are doing their job?
- **Favourability:** How favourable or unfavourable is your overall opinion of Revenue and Customs taking into account everything you think is important?
- **Advocacy:** Which of these phrases best describes the way you would speak about Revenue and Customs to other people or organisations?

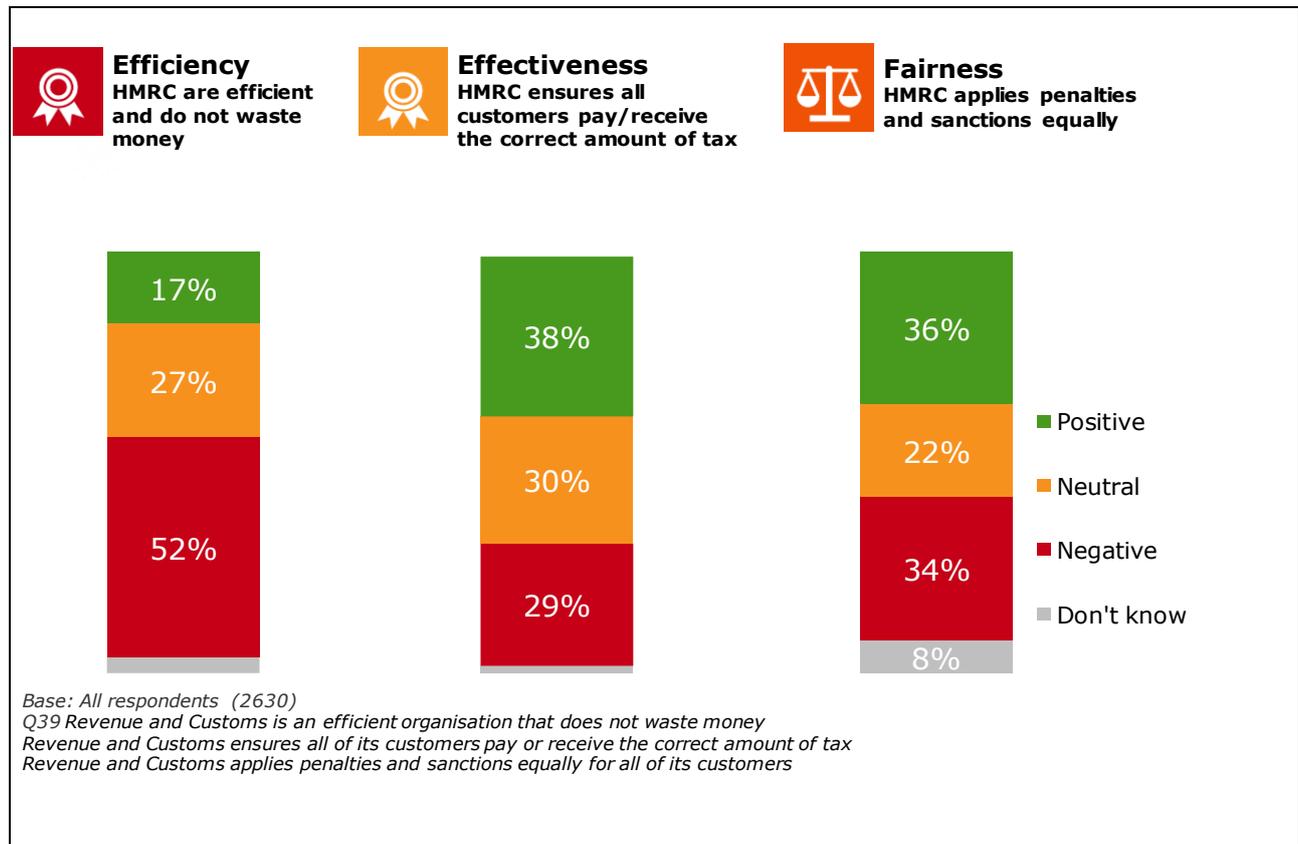
Finally this section examines Agents' attitudes to compliance.

#### 5.3.1 Efficiency, Effectiveness and Fairness

Of all the measures of Reputation for Agents, efficiency received the lowest positive score. Fewer than two in ten Agents (17%) agreed that **HMRC is an efficient organisation which does not**

**waste money**, whereas over half of Agents (52%) gave HMRC's efficiency a negative score. Within this more than a quarter (28%) strongly disagreed that HMRC is efficient.

Chart 5.12 Perceptions of HMRC efficiency, effectiveness and fairness - Agents



Book keeping firms, Agents with transactional only dealings and the smallest Agents with zero employees were the most likely to agree that HMRC is efficient, with around a quarter (25%, 23% and 22% respectively) agreeing.

More than four in ten (44%) Agents who agreed that HMRC minimised the cost, time and effort rated HMRC's efficiency positively.

Agents who rated their overall experience negatively and gave HMRC a negative rating for 'getting tax transactions right' were very likely to rate HMRC's efficiency negatively: with nine in ten (91% for both) rating efficiency negatively. Similarly, nine in ten (87%) Agents who felt it was difficult to deal with tax issues rated HMRC's efficiency negatively.

Four in ten Agents (38%) felt that HMRC is an **effective** organisation, ensuring that all of its customers pay and receive the correct amount of tax, whilst three in ten (29%) disagreed. Agents with zero employees were most likely to rate HMRC's effectiveness positively, with 45% giving a positive score.

Agents who regarded HMRC as an efficient organisation were five times more likely to agree that HMRC is effective (86%) than those who perceived it to be inefficient (17%). Relatedly, seven in ten Agents (68%) who agreed that HMRC had minimised the cost, time and effort it took them to deal with tax issues, rated effectiveness positively. Agents' ratings of HMRC effectiveness were

also higher among those who agreed that HMRC ensured their customers paid and received the correct amount of tax (62%)

Around a third (36%) of Agents had a positive opinion about **HMRC applying penalties and sanctions equally**.

Seven in ten (71%) Agents who regarded HMRC as efficient and six in ten (60%) of those who viewed it as effective rated fairness positively. Half (51%) with a positive overall experience rated HMRC positively on this measure.

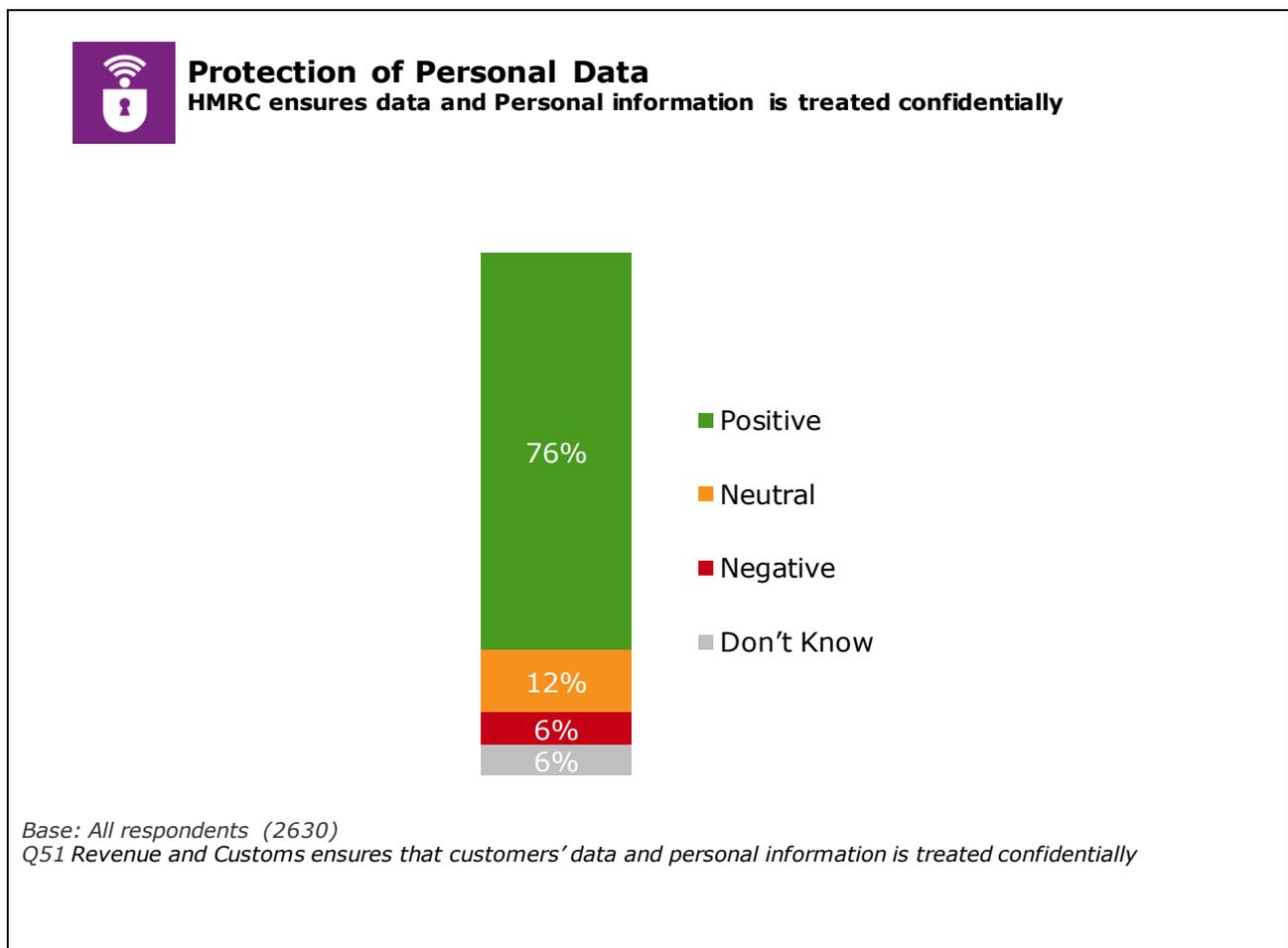
### 5.3.2 Protection of personal data

Protection of personal data received the highest positive score among Agents in this survey. Three quarters (76%) of Agents were confident that **HMRC kept personal data confidential** (Chart 5.13).

This was particularly high amongst Agents who perceived HMRC to be an efficient organisation: nine in ten (92%) rated protection of personal data positively.

Agents who disagreed that their clients had been treated as honest were five times more likely to be negative about HMRC's protection of personal data than those who agreed their customers had been treated as honest (16% and three per cent, respectively).

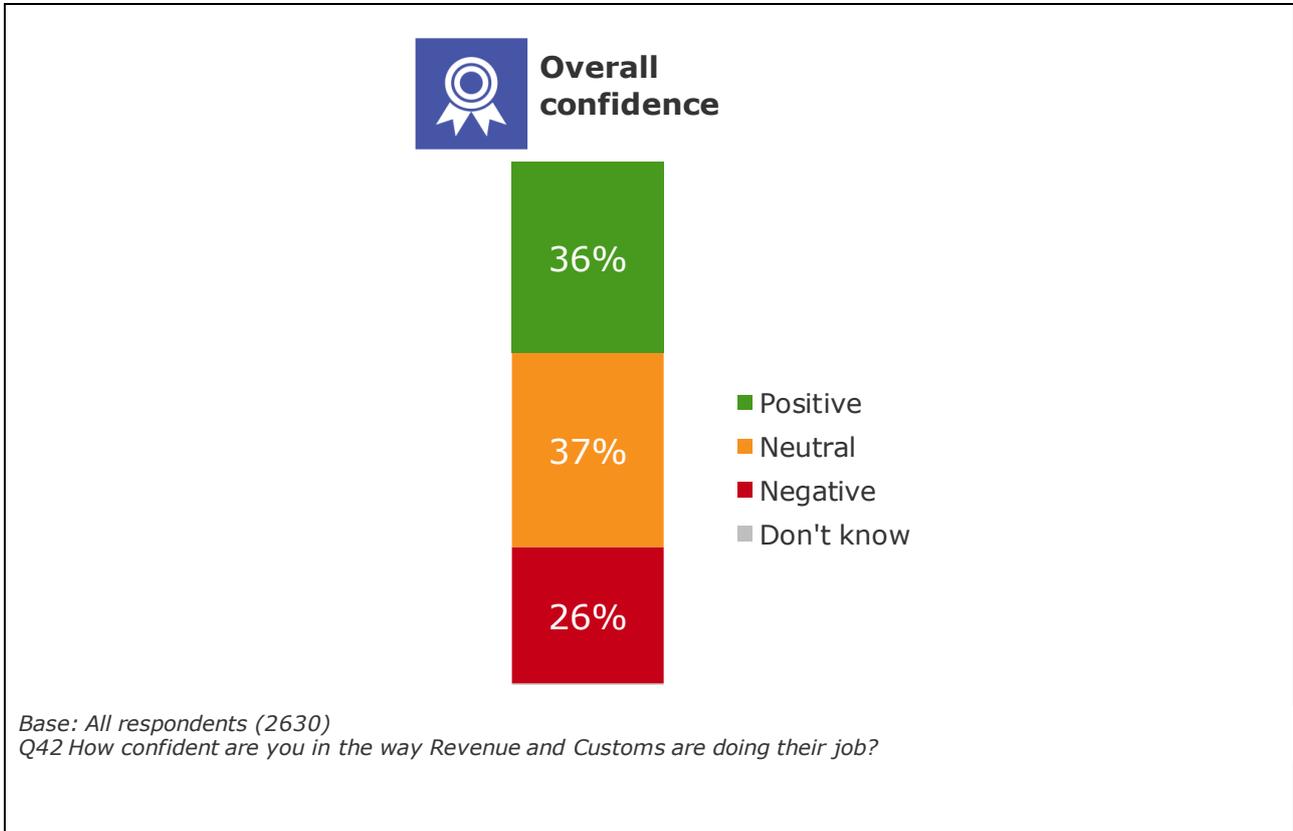
Chart 5.13 Protection of personal data - Agents



### 5.3.3 Overall confidence in HMRC

Almost four in ten Agents (36%) were **confident in how HMRC is doing its job**, whilst a quarter (26%) were not confident (Chart 5.14).

Chart 5.14 Overall confidence in the way HMRC are doing their job - Agents



Levels of confidence were particularly high amongst Agents who regarded HMRC as an efficient organisation (91%). Confidence was also higher for those who were positive about HMRC being effective (67%) and fair (60%). Seven in ten (70%) Agents with a positive overall experience felt confident in HMRC.

Book keeping firms were more likely to express confidence in HMRC than accountancy firms (49% and 33%, respectively). Confidence in HMRC was also higher among those with transactional dealings only (48%), and the smallest Agents. Agents with zero employees were the most likely to be confident (44%) whereas one in four (24%) Agents with 20 or more employees were confident in HMRC.

### 5.3.4 Favourability and advocacy for HMRC

Half of Agents (49%) had a **favourable opinion of HMRC**, with eight per cent having a very favourable opinion. Levels of **advocacy** were lower: one in four (27%) said they would speak well of HMRC and one in three (35%) would be critical. More than one in three (38%) of Agents said that they would speak neutrally of HMRC.

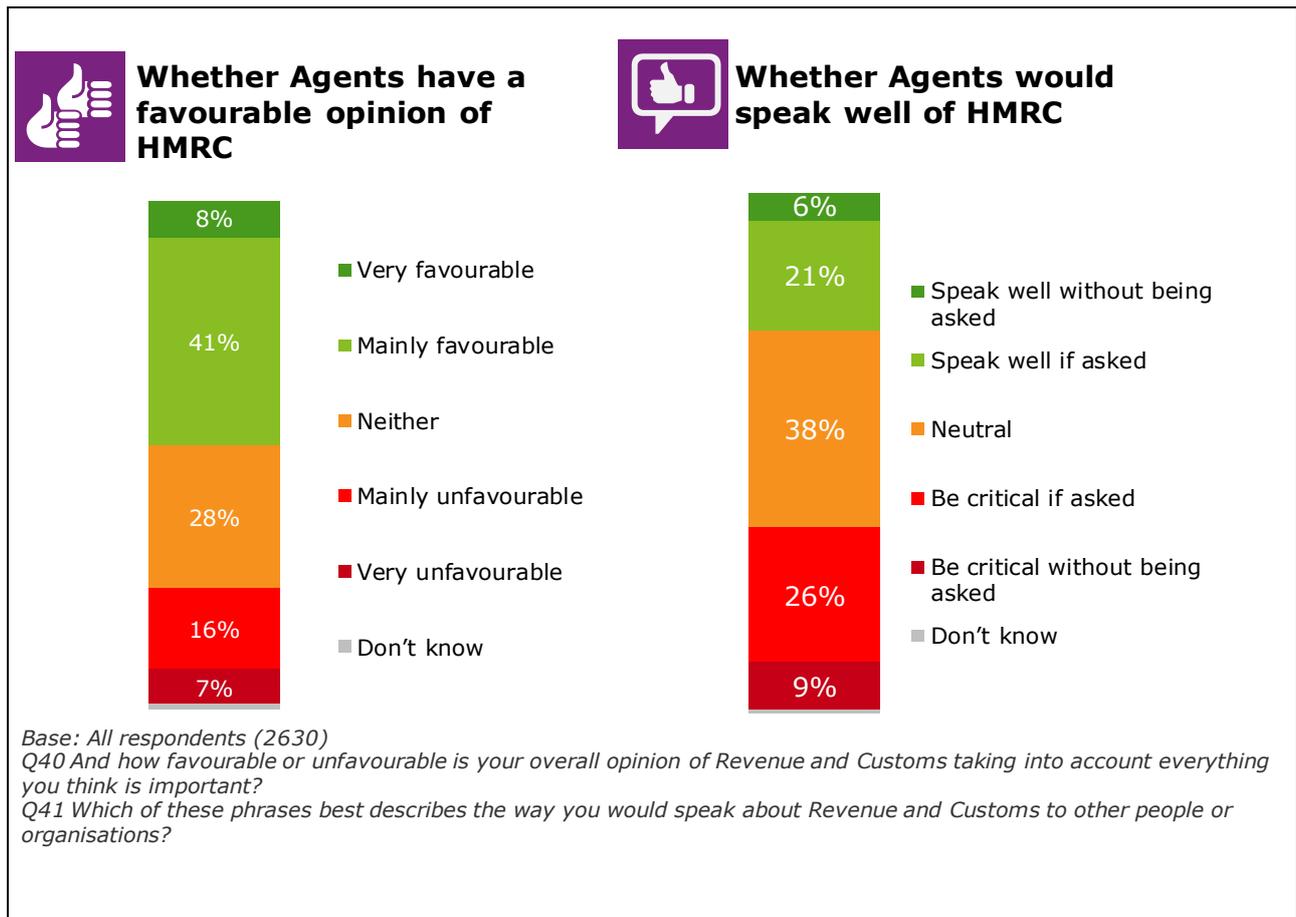
Agents who regarded HMRC as efficient were four times more likely to have a favourable opinion than those who did not see HMRC as efficient (92% and 23%, respectively). Positive views of

HMRC's effectiveness and fairness also translated into favourable opinions (76% and 69%, respectively).

Agents with a positive overall experience were sixteen times more likely to be favourable than those with a negative overall experience (83% compared with five per cent). Favourability varied by number of clients. Agents with fewer than 50 clients were the most favourable (58%) and those with more than 250 clients the least favourable (34%).

Agents who were confident in HMRC were also far more likely to be favourable than those who were not confident (85% and six per cent respectively).

Chart 5.15 Favourability and advocacy



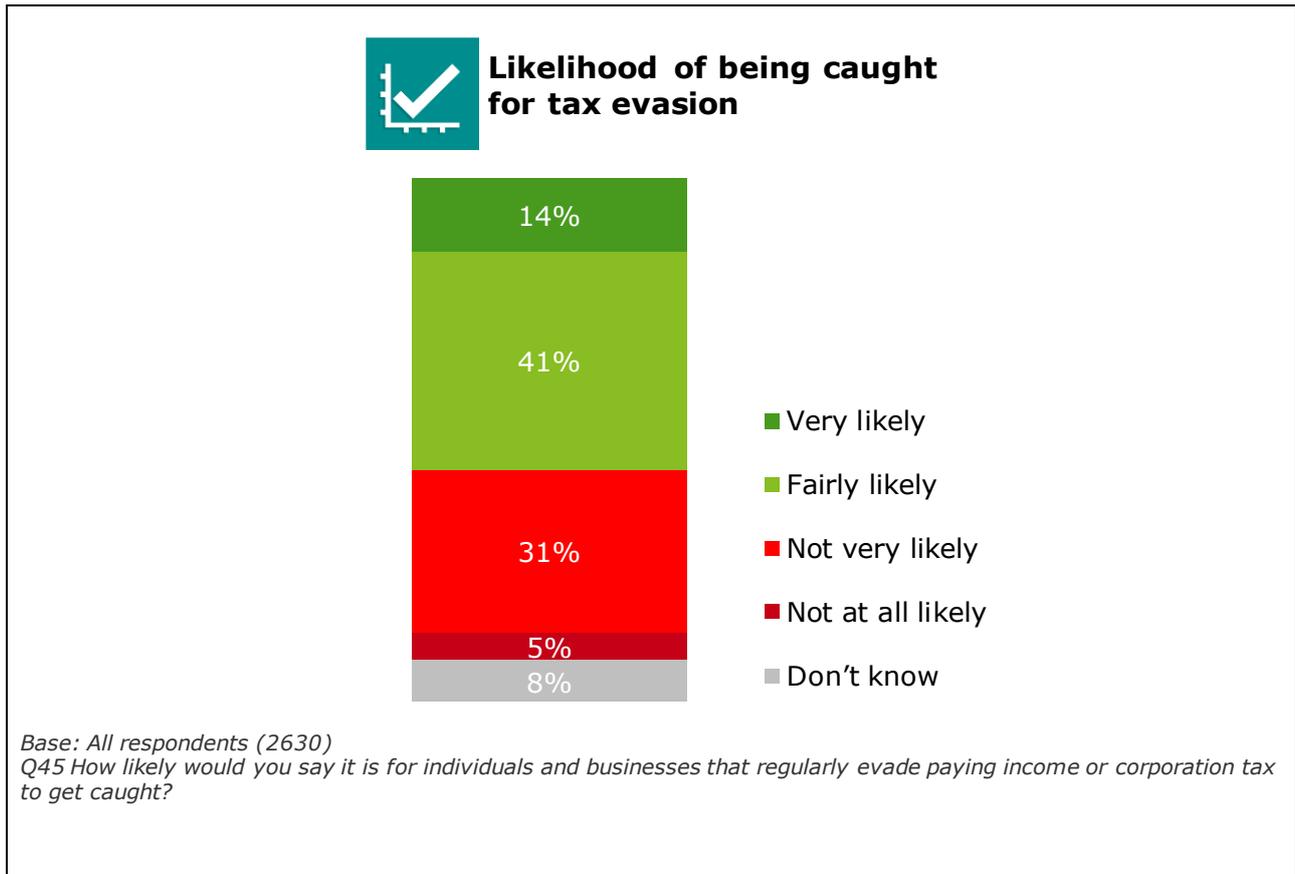
### 5.3.5 Perceptions of compliance

The final section of this chapter examines Agents' attitudes to compliance and whether this impacts on their confidence in the way HMRC do their job.

#### Likelihood of getting caught

Over half of Agents (55%) agreed that it is likely that **individuals and businesses which regularly evade paying income or corporation tax would get caught** (Chart 5.16).

Chart 5.16 Likelihood of getting caught



Agents with positive experiences and perceptions of HMRC were more likely to agree that those avoiding tax would be caught. Agents who had a positive overall experience (64%) or who were confident in HMRC (67%) were more likely to think that those avoiding tax were likely to get caught. Agents who were positive about HMRC’s efficiency, effectiveness and fairness were also more likely to think that those avoiding tax were likely to get caught (71%, 67% and 66%, respectively).

Book keeping firms were most likely to agree that it was likely that those evading tax would get caught, with more than six in ten (63%) agreeing that getting caught was likely. Larger Agents (with ten employees or more) were more likely to agree that tax evaders would get caught than those with nine employees or fewer (61% and 55%, respectively).

**Effort and firmness in dealing with tax evasion**

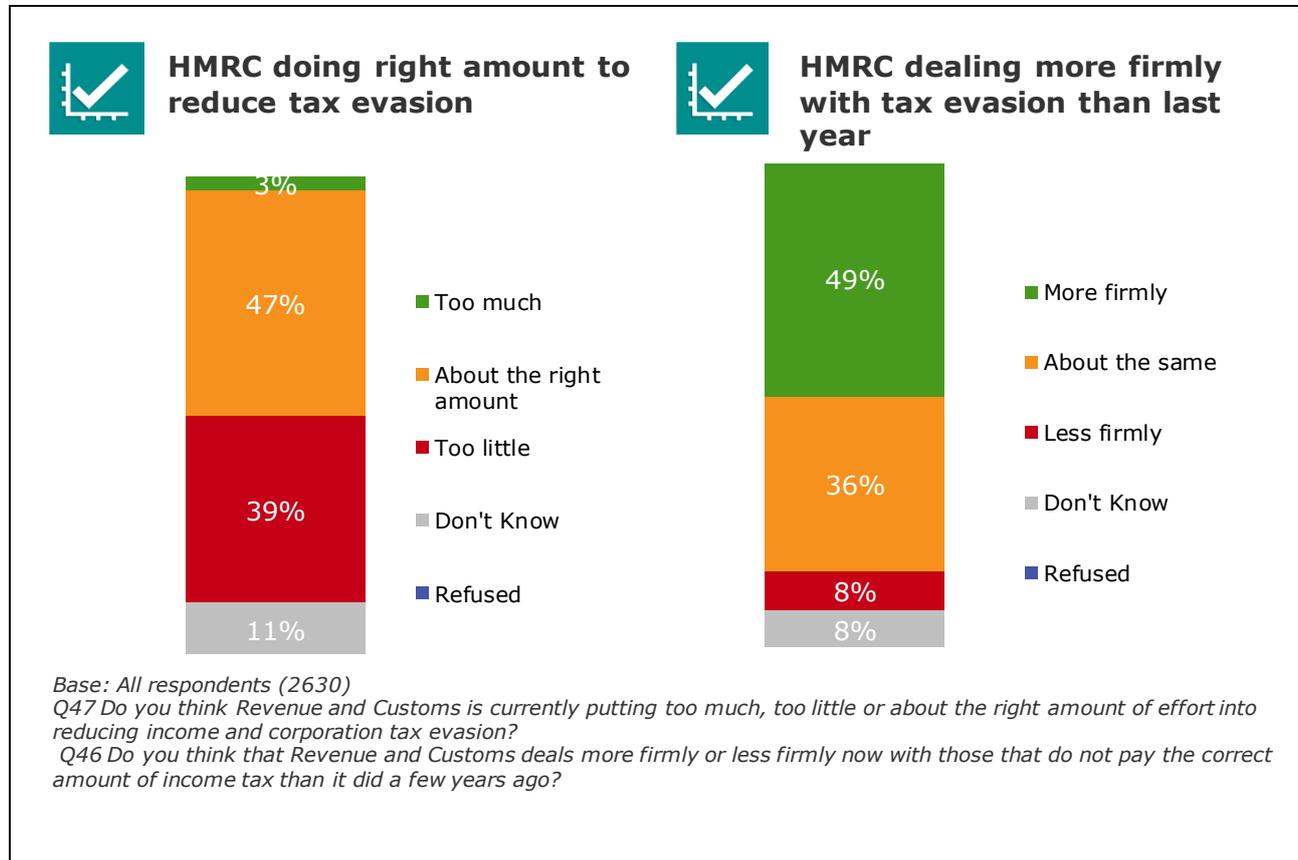
Half (47%) of Agents agreed that **HMRC dedicated ‘about the right amount’ of effort into reducing tax evasion**, while four in ten (39%) Agents stated that HMRC was doing ‘too little’ to reduce tax evasion. Only three per cent thought HMRC was doing ‘too much’ to reduce tax evasion.

Agents who were confident in how HMRC is doing its job were almost twice as likely to agree that the organisation was doing ‘about the right amount’ to reduce tax evasion compared with those who were not confident in HMRC (60% and 33%, respectively). Agents who were positive about HMRC’s efficiency, effectiveness and fairness were also likely to agree that ‘about the right amount’ of effort was dedicated to reducing tax evasion (70%, 59% and 58%, respectively). Agents

who had a positive overall experience were also likely to agree that 'about the right amount' of effort was dedicated to reducing tax evasion (56%).

Moreover, many of those (62%) who agreed that it was likely that tax evaders would be caught agreed that HMRC was dedicating 'about the right amount' of effort to reducing tax evasion.

Chart 5.17 Effort and firmness of HMRC in dealing with tax evasion



Half (49%) of Agents thought **HMRC is dealing more firmly with customers not paying the correct amount of tax now than it did a couple of years ago**. Just over a third of Agents (36%) thought HMRC was about as firm in its dealings with tax evaders now as before, and eight per cent thought HMRC was acting less firmly now than before.

Agents who stated that it was 'very likely' that individuals and businesses evading taxes would get caught were the most likely to agree HMRC is now more firm in its dealings, with more than six in ten (63%) agreeing HMRC is more firm. Four in ten (38%) Agents who felt that HMRC is putting too little effort into reducing tax evasion thought that HMRC is dealing more firmly with tax evasion than they used to.