HMRC call for evidence on Data and Transparency: CIOT response

Management of taxes

29 September 2020

The CIOT recently responded to a call for evidence by HMRC which was seeking views on how public understanding of HMRC's use of its powers and the operation of taxpayer safeguards might be improved by the publication of data which is currently not in the public domain, and what information it would be most important for HMRC to publish to improve trust and transparency in relation to powers and safeguards.

In our response, we set out our views on the data and information that HMRC currently publishes, and suggest where improvements could be made and what other data and information could be published with the aim of helping to improve trust and transparency and public understanding of HMRC's role as the UK's tax administrator and collector.

In order to gather input, HMRC asked four questions:

1. Do you know where HMRC publishes information and how to access it?

We note the CIOT's interest in seeing data relevant to all aspects of HMRC's work, including how the department's performance is measuring up to its targets, as well as data specific to particular areas of the tax system or particular taxes. This type of information is published by HMRC in a variety of places online, such as on GOV.UK and in its annual report, particularly that which is relevant to tax disputes within the Tax Assurance Commissioner's Report section. Data is also published each year in the document 'Measuring tax gaps'. We generally know where to look for it because we are familiar with it. We expect, however, that much of this information will not be very visible to non-tax specialists, or even to most tax specialists. The challenge for HMRC is how to most effectively raise the visibility of the data that is published and for which audiences.

HMRC’s performance targets are set out in their single departmental plan, updated on 1 October 2019. These include a number of customer-orientated measures, such as call handling times and post turnaround. These measures are reported by HMRC on a monthly and quarterly basis on GOV.UK. We are pleased to see that HMRC are collating additional data on an ‘experimental’ basis, including debt management, customs and customer experience metric, and the number of closed civil and criminal compliance checks, total prosecutions and criminal sentences and the outcomes of court decisions, and we encourage this to continue so that further trends and performance factors can be identified.

2. Do you think if HMRC published further data it would improve your understanding of how they use their powers and the operation of taxpayer safeguards?

We strongly agree with this. Additionally, we think that the presentation of some of the data that is already published could be improved. This could help make it more widely accessible. The information in HMRC’s quarterly and monthly performance update spreadsheets is not particularly ‘user friendly’, for example, and in our experience, it takes some time to compare it to the previously published data and to understand what the figures mean.

This led us last year to publish a schedule on our website and to provide some commentary on the raw figures published by HMRC. In the schedule, we identify the customer-orientated performance measures such as call handling times and post turnaround, and highlight how HMRC have performed against them on both a monthly and quarterly basis using a green and red ‘traffic light’ system to identify which targets have been met by more or less than 5%, and which have been missed by more or less than 5%. See www.tax.org.uk/HMRCperformance for our commentary on HMRC’s latest published figures.

3. What information do you think it most important for HMRC to publish to improve trust and transparency?

We suggest that more data should be published about the following areas and make some specific suggestions about what information should be published:

- information powers;

- criminal investigations;
- Code of Practice 8 and 9 investigations;
- disclosure facilities;
- enquiries/compliance checks;
- yield;
- penalties;
- dealing with deliberate defaulters; and
- tax debt.

We appreciate that HMRC may not wish to publish certain data if they consider it to be sensitive but it is not satisfactory that the only way at present to obtain data about many of these areas is through third party Freedom of Information requests.

4. Why do you think this would help improve trust and transparency?

Publishing data on how HMRC are using their powers, following the Litigation and Settlement Strategy and Code of Governance, would help to improve transparency on how HMRC are doing against their strategy (of promoting compliance, preventing non-compliance and responding to non-compliance using a range of measures) and improve trust that their use of their budget is effective and value for money whilst being fair.

It could also illustrate: (a) whether HMRC are using their powers; and (b) whether the exercise of those powers actually makes a difference to taxpayers' behaviour in the medium term. This is important because if HMRC's powers and processes are ineffective, then research should be conducted on what would make them more effective so that they can be changed.

The additional potential benefit of transparency in publishing all these statistics is that they are likely to be publicised further, thus raising awareness in the general public of HMRC's work to challenge non-compliance.

However, the data needs to be publicised and published in a way that is accessible and easily comprehendible by users. The quarterly performance updates, for example, do not meet these criteria, so we doubt that many people outside HMRC are aware of them. If people are unaware of them, then they will fail to improve trust and transparency.

The CIOT’s response to the recent Charter consultation (see www.tax.org.uk/ref648) addressed how the publication of additional data can also help to demonstrate the extent to which HMRC are meeting their Charter obligations.

Our full submission is at www.tax.org.uk/ref696.