Feedback for the Charter Annual Report

General Features

08 June 2021

Members of the Charter Stakeholder Group, which includes representatives of the CIOT, ATT and LITRG, were asked for feedback on how HMRC are performing when compared to the standards of their new Charter, which was launched in November 2020. We were also asked to identify priority areas on which HMRC should focus in 2021/ 22.

LITRG feedback

Overall, LITRG considers that, so far, there has been a real drive and commitment to embed the new HMRC Charter (tinyurl.com/vpfnvsf9) and its standards in many areas of HMRC. For example, this can be seen in improvements to HMRC letters, including a more empathetic approach to debt correspondence, as well as through the work with the Customer Compliance Group in respect of customer experience.

LITRG understands that it has been a very challenging year for HMRC and the effects of this can be seen in some of the response times, particularly customer call wait times. We consider that improvements in guidance on GOV.UK are still required in some areas, such as the tax return tool. It is important that guidance helps everyone get things right, not just those with straightforward affairs. Whilst we appreciate that guidance cannot cover every scenario, at the very least any limitations must be made clear and people should be directed to seek information in other ways.

Also, there is more that can be done to embed the Charter by ensuring that any new policies and processes (such as Making Tax Digital for Income Tax) meet the Charter standards and
that HMRC review existing processes to ensure they meet the Charter objectives and, where any fall short, to make necessary improvements.

ATT feedback

ATT’s feedback highlighted the Charter’s potential contribution to confidence in the integrity of the tax system, which will be vital in the post-pandemic recovery period, noting that whether the Charter will come to be seen in that way will depend on a number of factors. The most obvious of these will be the level of HMRC’s ongoing commitment to translate the Charter’s aspirations into actions (and, where necessary, culture change) at every level of the department.

Linked directly to that will be the continuing determination of external stakeholders to engage positively with HMRC – identifying areas which require improvement, suggesting solutions and persisting with challenges. ATT welcomes the creation of the Charter Stakeholder Group and recognises its key role in converting the aspirations into realities. However, it emphasised in its feedback that for the Charter to be at the heart of the tax system, enduring commitment to that process is required by everyone with an interest in the operation of the tax system.

On specific priority areas, ATT’s response identified consideration of:

- whether the statutory review process has a part to play in fulfilling the Charter’s promise of Getting things right or whether the existing legislation effectively excludes the application of this and other Charter principles;
- whether the recent inclusion in HMRC correspondence of the standard paragraph which invites taxpayers to self-identify ‘any health or personal circumstances that may make it difficult for you to deal with us’ has contributed to the department’s awareness of taxpayers’ personal situations or whether (and what) more needs to be done; and
- the inevitable tension between the Charter’s commitments of ‘making things easy’, ‘keeping your data secure’ and
  ‘recognising that someone can represent you’ and how the three principles can all be applied in the customer journey of appointing an agent.

CIOT feedback

CIOT’s feedback recognised that 2020/ 21 was an exceptional year, predominantly due to the coronavirus pandemic, but also because of ‘Brexit’ and the end of the transition period on 31 December 2020.

We praised HMRC for doing an excellent job in delivering the COVID-19 response, particularly the Coronavirus Job Retention Scheme (CJRS) and Self-Employment Income Support Scheme (SEISS). Unfortunately, most of our remaining feedback was

less positive, as other areas and key elements of HMRC's 'customer service' have been badly affected.
Our main area of concern was in relation to HMRC's compliance with its Charter commitment to be responsive. For example, call waiting times are well outside of target – even in more recent months when most organisations have embedded alternative arrangements. Post handling has also been sporadic, but again deteriorated significantly towards the end of 2020/21. The apparent lack of service levels across many areas of HMRC's work, such as compliance work, also causes stress and inconvenience.

We expressed concerns around the difficulties in appointing a representative. Again, some of these aspects relate to delays in handling authorisations, but also HMRC's systems – particularly the digital handshake – are proving problematic. We are pleased that HMRC's ten year tax administration strategy retains the commitment that agents should be able to see and do what their clients can, and that design of systems should include agent access from the outset, but there is a long way to go to make that a reality.

HMRC process millions of returns and calculations correctly each year, and for most 'routine' interactions with HMRC the processes work reasonably well. Customer satisfaction with HMRC's digital services also remained on target at around 85% during 2020/21. However, there are still too many errors being introduced by HMRC's own systems, which lead to otherwise avoidable contact by agents to get this corrected. Indeed, correcting HMRC errors is one of the main reasons why agents phone the Agent Dedicated Line. We also highlighted the many difficulties encountered with the new 30-day CGT reporting service, and the importance of considering the 'customer experience' when developing and implementing government policy.

We fed back on other aspects of the Charter, but in the interests of brevity our comments are not repeated here.

We recognised and welcomed the efforts that HMRC are making to embed the Charter, emphasising that the standards should be demonstrated not only by individual staff members, but also at an organisational level.

Looking ahead, we feel that HMRC need to prioritise bringing their performance back in line with key targets. This should include greater transparency about service

levels, including what they are in different areas, current performance against those service levels, and (where performance is below target) what is causing the service issue and what HMRC are doing to improve matters.

A simple traffic light system might be considered to illustrate performance. Indeed, our feedback illustrated the need for better communication by HMRC, whether in relation to general performance or in respect of progress on individual taxpayer affairs.