HMRC need to break vicious cycle of ‘failure demand’

Briefings



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National Audit Office report highlights cost of poor service levels.

A new report on the rising cost of the tax system reinforces the need to invest in HMRC customer service, says CIOT. The NAO report found that the UK’s ‘increasingly complex’ tax system is costing businesses £15.4 billion a year, while HMRC’s own running costs are also rising.

Lindsay Scott, CIOT technical officer, said: ‘The report backs up what our own research tells us – that whilst recent investment may have improved connection rates to helplines, there is still much to do to improve HMRC customer service.’

Helen Thornley, ATT technical officer, suggested that a renewed focus on simplification could reduce costs for all sides, and that greater stability and certainty in tax policy could also help.

The report states that almost three quarters of customer calls to HMRC are resulting from what the NAO calls ‘failure demand’ – calls caused by HMRC’s process failures and delays, customers chasing progress, and customers’ errors.

Helen Thornley said it is common for the Association’s members to report needing to make repeated phone contact with HMRC to resolve issues. ‘Developing and implementing better digital self-service options, particularly for agents, could relieve a lot of this pressure and result in cost-savings,’ she suggested.

Lindsay Scott said the report highlighted ‘the vicious cycle that “failure demand” is inflicting on HMRC customer services – repeated unnecessary contact incurring costs for all parties. The introduction of an automated progress tracking facility could play a key part in breaking this cycle.’

In a survey of tax agent interactions with HMRC last year, conducted jointly with ICAEW, CIOT suggested that HMRC could save an estimated1.7 million hours of call handlers’ time every year if it put a tracking system in place.

The CIOT welcomed the NAO’s call for HMRC to be more ambitious in how it works with tax advisers and other intermediaries to reduce system costs and, in particular, their call for the government to commit to provide access to digital services to tax advisers on an equal footing with taxpayers.