



CIOT AND ICAEW REPORT

# Tackling HMRC's customer service challenge

11 DECEMBER 2024

# Our findings



88% of calls connected



49% of webchats connected



Average wait time: 19 minutes



ADL wait time: 27 minutes



Only 33% of connected contact attempts fully resolved



Average satisfaction for phonelines: 2.8 out of 5.0 (or 56%)



Average satisfaction for webchats: 1.4 out of 5.0 (or 28%)



£36m estimated annual HMRC staff cost for handling progress chasing

---

# Contents

<b>Foreword</b> .....	2
<b>Executive summary</b> .....	3
<b>Introduction</b> .....	5
<b>HMRC customer service performance</b> .....	8
Why are agents contacting HMRC? .....	8
Phonelines .....	12
Webchats .....	17
<b>Digital services – availability and effectiveness</b> .....	19
<b>Other perspectives</b> .....	23
HMRC customer service for the unrepresented taxpayer .....	23
HMRC customer service for UK businesses .....	25
<b>The changing landscape - HMRC and UK taxpayers</b> .....	28
<b>Our recommendations</b> .....	31
<b>Acknowledgements</b> .....	36
<b>Annex A – Detailed results of our study</b> .....	38
<b>Annex B – CIOT minimum standards for new digital systems and new digital forms</b> .....	42
<b>Annex C – Digital services that are not available to agents</b> .....	44
<b>About us</b> .....	45

---

# Foreword

Helping taxpayers get their tax right is a key objective of both HMRC and tax agents. Each plays a vital role in helping people navigate an increasingly complex tax landscape and ensuring that tax due is collected.

The tax ecosystem is generally effective in the UK, and we are proud to live in a country that has one of the highest levels of voluntary tax compliance in the world. However, this willingness and ability to comply will only be preserved if HMRC's infrastructure, which enables both agents and taxpayers to play their parts, is properly supported.

And yet the infrastructure feels under threat. The numerous pressures have been well documented, including: increased complexity driving up demand; reducing basic customer services before digitalisation has been fully delivered; and repeated asks of HMRC to do more with less. Every day we hear examples of taxpayers and agents having no alternative but to seek answers from HMRC. However, without the skilled customer service in place to provide those answers, agents and taxpayers are left with nowhere to turn – other than to contact HMRC again.

The CIOT and ICAEW believe there is an opportunity to strengthen the foundations of HMRC services, but we wanted to do this based on clear, fresh evidence.

We are therefore immensely grateful to the 32 firms who have participated in our research, providing invaluable insights into pressure points and the most effective ways of dealing with them. The findings shine a spotlight on the need for action here and now to ensure that taxpayers and agents can access the services they need from HMRC, saving themselves and HMRC time and money, while maintaining and building on the UK's impressive compliance record.

We are delighted to present this report, which provides ten practical recommendations. We hope HMRC and ministers will use it to inform their decision making to improve services, provide a baseline from which to measure improvements, and build a better tax administration for the future.



**Charlotte Barbour**  
CIOT President



**Malcolm Bacchus**  
ICAEW President

# Executive summary

## Context

In 2023-24, the UK tax system demonstrated a remarkable level of voluntary compliance. Over 95% of the £843.4bn collected by HMRC was paid without intervention. The tax gap was at a historic low of 4.8%.

HMRC customer service plays a crucial part in achieving this (and potentially an even better) level of tax compliance. But HMRC have struggled to meet customer service needs – missing all five targets set by HM Treasury. We are concerned that performance has fallen to a level that is harming compliance.

Our six-week study – involving 31 agent firms recording 634 contact attempts across phonelines and webchats – followed by two workshops, evidences the extent of these service level challenges.

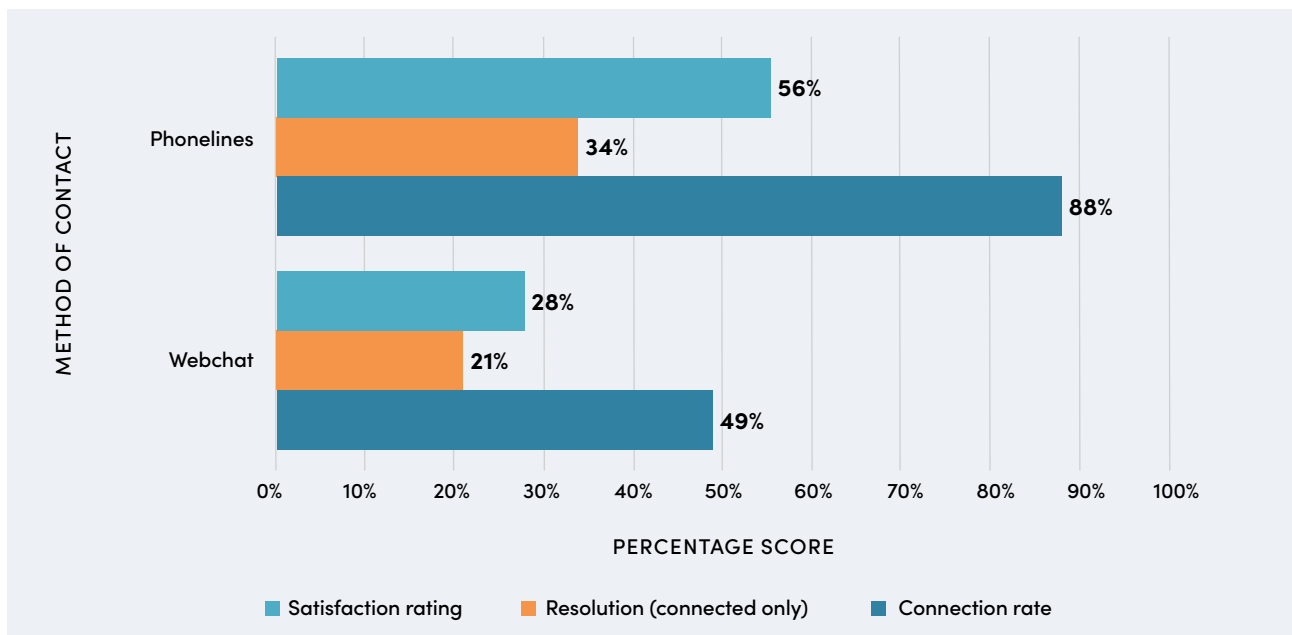
## Key findings

The current state of HMRC's phone and webchat services paints a mixed picture.

While HMRC's target call connection rate of 85% was exceeded (our evidence showed 88% of calls were connected), this masks deeper issues. Callers faced average wait times before connection of 19 minutes, with 8% of calls being cut off by HMRC before connection. More worryingly, of those connected, only 34% resulted in full resolution. Additionally, 4% were cut off by an HMRC adviser, including after being put on hold for a lengthy period of time or because the adviser had reached the end of their script. Low resolution led to repeated calls and growing frustration. Combined with the inability to get through to HMRC, this is reflected in the low average satisfaction rating for phonelines of 56%.

Only 39 out of 79 webchat attempts connected successfully during our study, leading to an overall resolution rate of 10%. Even when connected, the resolution rate was just 21%, forcing many agents to switch to the phonelines to resolve their client's issue.

Chart 1 - Key findings



However, examining why people contact HMRC revealed systemic issues rather than mere service delivery problems. Progress chasing accounted for over a third of all calls, with agents spending approximately 31 minutes per call (which includes 19 minutes waiting on hold) to only achieve a 'resolution' from such calls 15% of the time. We estimate that eliminating progress-chasing calls could represent a potential annual saving to HMRC of over £36m.

Another factor contributing to low resolution rates appears to be insufficient technical knowledge held by HMRC advisers.

While improving the performance of services is crucial, our findings suggest that the most effective solution lies not just in improving customer service, but in significantly reducing the need for agents and taxpayers to contact HMRC in the first place.

We have examined the requirements of HMRC's digital services, which are set out in detail in this report. We agree that a 'digital first' strategy for HMRC is the correct one, but demand is currently outstripping supply and more should be done to plug the gaps. Traditional phone and post services need to be retained during the digital transition – and not be withdrawn or left to wither on the basis that at some point in the future things will be different.

The rich data (both quantitative and qualitative) has informed the development of our top ten recommendations. We recognise that some of the recommendations may become less relevant, or even redundant, over time as things change and improve, and modern systems are delivered. We would encourage HMRC to explore how new technologies like artificial intelligence can be used to quality check responses and provide better monitoring and analysis of where things are going wrong. But this cannot be at the expense of the here and now, or be fully deployed until they have been properly tested and provide the right level of functionality.

## OUR TOP TEN RECOMMENDATIONS

- 1 **Introduce an external tracking mechanism** to tackle progress chasing and reduce contact
- 2 **Review and improve internal tracking mechanisms** to tackle lost correspondence, inconsistencies and repetition, saving time
- 3 **Ensure there are appropriate routes to escalate complex cases** to help resolve problems more effectively without prolonged and repeated interaction with HMRC customer service
- 4 **Improve individual ownership of work** to improve resolution rates, building trust and reducing further contact
- 5 **Improve education and training of HMRC staff** to increase consistency and resolution rates, building trust and reducing 'answer shopping' by getting things right first time
- 6 **Invest in customer service staffing** to increase capacity and output, easing the burden on existing HMRC customer service staff and reducing backlogs and delays
- 7 **Maintain investment in legacy systems** to ensure that taxpayers and agents who have no choice but to use legacy systems receive a sufficient level of customer service and functionality
- 8 **Identify and plug gaps in digital services** to ensure HMRC's investment is targeted at making meaningful changes to the digital services that taxpayers and agents want and need
- 9 **Increase the use of secure email for agent communication** to help meet agent demand for digital communications
- 10 **Co-create and continually improve digital services** by working collaboratively with taxpayers and agents to better inform design and testing, and make vital changes post-implementation to ensure digital systems work

# Introduction

The UK tax system enjoys a high level of voluntary compliance. Of the £843.4bn of tax collected by HMRC in 2023-24, over 95% was paid without the need for HMRC compliance intervention. The UK's tax gap is at its lowest ever rate at 4.8% of total theoretical tax liabilities.

But tax is complicated. Individuals and businesses often need help to understand their obligations, and support to meet them. Of the 11.6m self assessment returns submitted on time for 2022-23, 59% were filed by agents. HMRC were contacted over 38m times in 2023-24. If such high levels of voluntary compliance are to continue, then HMRC customer service and other support networks will play a vital part.

We are mindful of the increasing demand on HMRC customer service due to an ever-more complicated UK tax system, the evolving profile of UK taxpayers, and the budgetary pressures faced by HMRC, who are being asked to do more with less. We also recognise that international comparisons regarding the challenges of a digital channel shift are not always fair, as they rarely account for HMRC

historically being an 'early mover'. This means the building blocks of HMRC's systems and processes are often older, having to deal with more taxes and greater complexity. However, this is all the more reason to continue investing in alternative support for taxpayers, especially in the interim until digitalisation is fully delivered.

Customer service is a cornerstone of HMRC's strategic objective to make it easy to get tax right. It underpins the Charter principles of 'getting things right', 'making things easy', and 'being responsive'. HMRC adopt seven priority metrics to measure their customer service performance encompassing customer satisfaction, phone and webchat adviser attempts handled, speed of clearing correspondence, ease of dealing with HMRC, and 'once and done'.

In recent years, HMRC have struggled to meet their target levels of customer service. In 2023-24, HM Treasury set target levels for five of the seven priority metrics. HMRC missed them all and performance declined from 2022-23 levels in four of them. The results of the Charter Stakeholder

**Chart 2 - HMRC performance against Charter standards**



Source: [HMRC Charter annual report 2023 to 2024 - GOV.UK](#)

Group's annual survey for 2023-24 followed a similar theme to the previous year, with complaints about HMRC's service levels dominating the feedback and heavily influencing the group's survey scores. 'Being responsive', 'making things easy' and 'getting things right' scored the lowest of the Charter standards; just 2.4, 2.8 and 3.5 respectively out of 10, as shown in Chart 2.

The number of taxpayers and the complexity of their tax affairs is increasing and HMRC are under significant resource pressures to do more with less. HMRC have adopted a 'digital first' strategy to try and improve customer service by encouraging – and in some cases mandating – that taxpayers interact with them online. The intention is to maximise the benefits of digitalisation, increasing the ability of taxpayers to self-serve and enable HMRC staff to prioritise complex queries, or to support those who find it difficult to go online.

There are some positive signs. Following the additional investment of £51m announced in May 2024, HMRC are much closer to meeting some of their customer services targets. In September 2024, 77.9% of callers who wanted to speak to an HMRC adviser did so, and HMRC are now **hitting their target** of handling 85% of adviser attempts and expect to sustain that throughout the remainder

of this year and the next. HMRC reported that 79.5% of customers were 'satisfied' or 'very satisfied' with phone, webchat and digital services in the 2024-25 year-to-date figures to September 2024. The Autumn 2024 Budget announced significant investment in HMRC's compliance resources and the resource needed to meet performance targets.

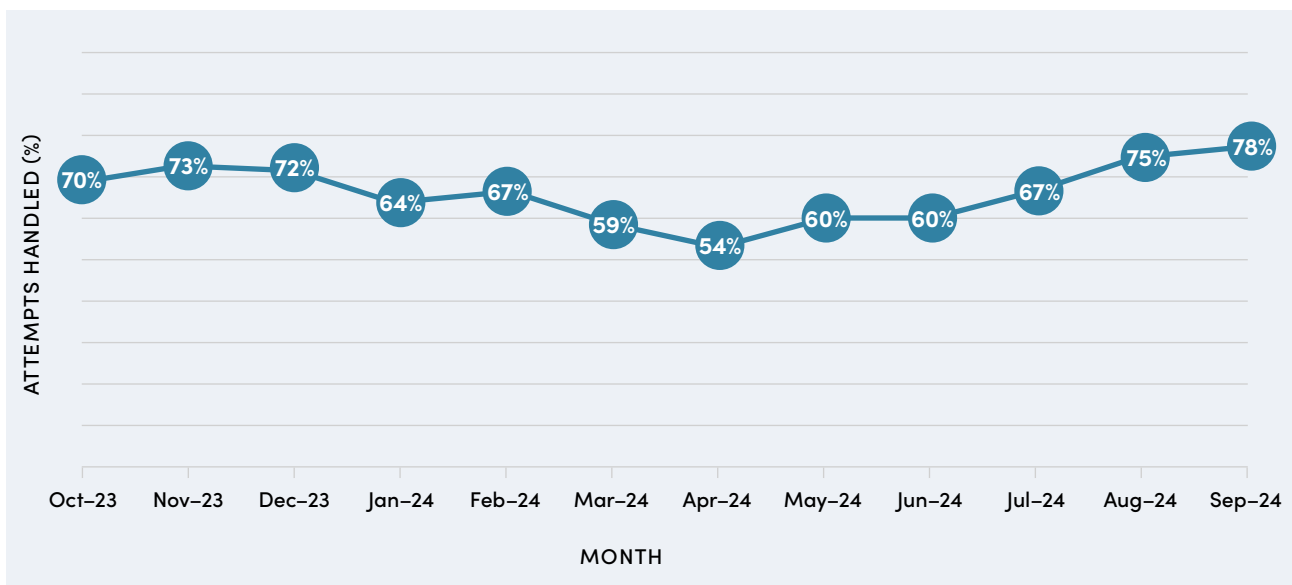
Notwithstanding this, the CIOT and ICAEW continue to receive feedback from our members, and hear reports of, significant dissatisfaction with HMRC's performance. It is against this backdrop that we decided to investigate further.

### About this project

The CIOT, ICAEW and the Charter Stakeholder Group have all carried out surveys that have provided valuable insight into agents' and taxpayers' experience of HMRC customer service, and its impact.

The CIOT and ICAEW considered that we could build on these by running a targeted exercise with our members. We aimed to gather an up-to-date and comprehensive dataset from which to draw conclusions that would be more reconcilable with HMRC's macro-level performance data. We also hoped to demonstrate that experiences were not isolated, one-off incidents, and to capture a full range of customer service experiences.

Chart 3 - HMRC phonline connection rates



Source of data: [HMRC\\_monthly\\_performance\\_report\\_September\\_2024\\_data\\_table.xlsx](#)  
[March\\_Monthly\\_Data.xlsx](#)



We hoped to be able to illustrate where the service provided by HMRC was providing an invaluable and positive part of participants' work, as well as giving deeper insights into what issues were causing problems and why agents were making more contact than either they or HMRC would like.

We have used the results, combined with wider research and further qualitative analysis, to provide our top ten recommendations on the most impactful improvements that could be made. These improvements would have mutual benefit for HMRC, taxpayers and agents by providing the support needed to bolster growth and economic activity, support people through difficult times, and reduce the tax gap by helping people to easily get things right.

Following a month-long pilot exercise with two firms, during the period from Monday 9 September to Friday 18 October, 31 agent firms recorded specific details of their contact attempts each time that participants (individuals or a team within the firm) tried to contact HMRC by phone or webchat. [Table 1 in Annex A](#) provides a breakdown of the wide range of phonelines and webchats that were contacted.

**634** attempts to contact HMRC were recorded during the six-week period.

The details captured included the method of contact, the reason for contacting HMRC, wait times, whether the participant was connected to an HMRC adviser, whether the matter was resolved, and finally participants gave a satisfaction rating out of 5. As noted above, we piloted the data-gathering process with two agent firms in the summer of 2024, refining the questions and methodology for the full exercise.

After the exercise had closed, we held two workshops with participating firms to discuss the main findings. Participants provided us with their experiences and examples of where they saw things work well, where things went wrong and how this impacted on them, their clients, and the ability of HMRC to collect the right amount of tax.

Recognising that our data-gathering exercise was limited to agents' experiences, we also approached organisations representing businesses and unrepresented taxpayers for their comments and insights. We are delighted to include contributions within this report from the CBI, the Federation of Small Businesses (FSB), and CIOT's Low Incomes Tax Reform Group (LITRG).

The evidence gathered by participating firms, and the contributions from the CBI, FSB and LITRG have enabled us to formulate our top ten recommendations for improving HMRC's service levels.

We would like to thank all those who have participated in this project, in whatever capacity they have contributed. A full list of acknowledgements is included on [page 36](#).

### Structure of this report

HMRC have long stated that people are contacting them when they do not need to because they believe that answers can be found online. Our evidence highlighted that a significant volume of interactions with HMRC could not have been resolved online but a large proportion should have been avoidable as they were either progress chasing or calling to correct HMRC errors. We share our customer service evidence on phonelines and webchats in [HMRC customer service performance](#).

HMRC's digital first strategy recognises that digital services are increasingly important; they deliver efficiency savings and provide the speed and quality of services that taxpayers and their agents require. Recognising that our participants expressed a keen desire to interact with HMRC digitally, we explore the effectiveness of current digital services and areas for improvement in [Digital services – availability and effectiveness](#).

We supplement our own evidence with the perspectives of those who speak for unrepresented / low income taxpayers, and UK businesses. These can be found in [Other perspectives](#). We also review how the demographic of UK taxpayers is changing, and our findings are set out in [The changing landscape - HMRC and UK taxpayers](#).

# HMRC customer service performance

## WHY ARE AGENTS CONTACTING HMRC?

As shown in Chart 4, the primary reasons agents contacted HMRC include progress chasing (whether for a repayment or otherwise), rectifying HMRC errors, and a range of requests that agents simply cannot action online as there is no digital service available to help them resolve their clients' matters.

Our data highlights that the lack of availability or functionality of digital services is a key driver of agents having to call HMRC, with a significant proportion of agent contact because there was no digital route to enable them to resolve their client's issue. A relatively small number of contact attempts were to seek further clarity or discuss technical or complex queries. Agents must phone

HMRC to undertake relatively basic tasks such as changing a PAYE code, cancel filing requirements, or reallocate payments. These tasks each took an average of 30 minutes of agent time.

It is important to taxpayers, agents and HMRC to digitalise interactions. However, significant improvements and developments in digital services are needed to reduce contact attempts via phone or webchat. Given the importance of the improvement and development of digital services, we explore this separately in [Digital services – availability and effectiveness](#).

The volume of contact attempts to progress chase and ask HMRC to correct their own errors in our evidence was noticeably stark. These contact attempts are being generated by what

**Chart 4 - Participants' reasons for calling HMRC**  
Table 2 in Annex A shows a full list of reasons for calling HMRC.



HMRC term 'failure demand' – calls caused by HMRC's own process failures or delays, and customers chasing progress – which places pressure on phonelines and webchats. The National Audit Office (NAO) noted in its [2023-24 HMRC Customer Service report](#) that HMRC's own estimates showed 72% of calls it received in that year related to failure demand. These contact attempts should be mostly avoidable.

Reducing the need for agents to contact HMRC would reduce pressure on phonelines and webchats. It would allow resources to be better allocated and help alleviate the burden on HMRC staff, taxpayers and agents. We discuss our evidence on progress chasing and correction of HMRC errors below.

### Progress chasing

*"Where is my query?"*

*"Have HMRC lost my correspondence?"*

*"When might I expect a reply?"*

These are all questions that clients ask their agents and that agents need to provide an answer to. However, agents have no mechanism to track progress. The [Check when you can expect a reply from HMRC](#) tool and [HMRC service dashboard](#) are not progress trackers; they simply allow the agent (or taxpayer) to check when they can expect a response to their queries or requests by entering the date they contacted HMRC and the nature of their query, or to check current service performance.

It is unsurprising that more than one-third of attempts to contact HMRC during the data-gathering period were to chase progress on existing matters, including the status of repayments. This high volume of progress chasing highlights a critical area of concern with HMRC's customer service.

Participants expressed considerable frustration regarding the substantial delays they encounter in resolving their clients' queries. Our data includes numerous examples of queries that have remained unresolved for months and, in some cases, longer. This prolonged uncertainty exacerbates the dissatisfaction among agents and taxpayers alike.

A recurring issue identified by participants is the need to repeatedly explain their long-standing queries to a different HMRC adviser each time they make contact. While it is understood that some queries may fall outside the immediate remit of the HMRC adviser, agents report feeling "a sense of dread" that their query may not progress further, despite their best efforts to chase it.

### Savings of over £36m a year

**This is our estimate of the potential staff cost savings for HMRC of eliminating progress-chasing calls. This calculation does not include any savings from eliminating progress chasing via webchats.**

HMRC handle approximately 28m calls annually. Our findings indicate that the average duration of a progress-chasing call to HMRC is 11 minutes. If the nature of calls in our exercise is broadly representative of all calls that HMRC receive, eliminating these progress-chasing calls, which constitute over one-third of all calls, could save over 1.7m hours of HMRC call handlers' time each year. This time saving is equivalent to around 1,000 full-time employees which, based on current salaries, and including employers' national insurance and pension contributions, is costing HMRC over £36m a year. This money could be reallocated to other customer services if progress-chasing calls were eliminated.

Progress-chasing calls are self-evidently inefficient for HMRC, taxpayers and agents. Agents spend an average of 31 minutes on the phone each time they contact HMRC to follow up on an outstanding issue, but participants reported that these calls were fully resolved only 15% of the time. As illustrated, progress-chasing calls consume valuable HMRC resources that could be better utilised in advancing the resolution of cases.

However, participants reported that HMRC advisers frequently inform them that delays are due to queries or correspondence being 'lost in the system'. This recurring problem has led agents to routinely call HMRC to confirm that their queries or postal correspondence have

been received and are on a worklist. Without this verification, agents have no way of discerning whether there is a genuine delay or if their correspondence has been lost.

In response to these issues, participants have resorted to sending postal communications multiple times – often via recorded delivery – in an attempt to ensure that at least one letter is actioned. This practice underscores the lack of confidence in the current system and the lengths to which agents must go to secure a resolution for their clients.

We appreciate that HMRC deal with a vast amount of correspondence, which is often logged via old systems and sometimes requires manual handling. It is difficult to know the extent of HMRC's challenge without greater insight into how this works in practice. However, the data does highlight the critical need for HMRC to address systemic issues that lead to lost queries and correspondence.

Improving the continuity of service and ensuring that issues are tracked and resolved efficiently would significantly enhance the overall customer experience and reduce the volume of progress-chasing calls.

### HMRC errors

At least 11% of interactions with HMRC were attempts to correct HMRC errors or request amendments to returns. This percentage could in fact be higher if participants marked calls as progress chasing when they were in fact following up on correcting an HMRC error. This is a not insignificant imposition of costs imposed on agents by HMRC (or their clients if agents are able to pass them on, which is not always a given). Examples were given of the prolonged contact required to resolve the issues. This is illustrated by the case studies noted in this chapter. While assessment of scale is beyond the scope of this report, HMRC's errors have the potential to be extremely damaging to taxpayers' finances and/or ability to do business.

Historically, many agents have absorbed some or all of the costs involved in chasing HMRC or correcting HMRC errors to shield their clients

from the true cost of compliance. However, in the current climate of extensive progress chasing and HMRC mistakes, it is becoming increasingly necessary for agents to charge clients for their time costs, and to advise clients to try to claim financial redress from HMRC. Unfortunately, this process is widely considered to be impractical and unfair. It relies on the taxpayer agreeing to pay the additional costs and being able to afford the invoice while waiting for a possible refund from HMRC. The true cost of HMRC's mistakes is therefore difficult to determine but is mostly being picked up by taxpayers and agents.



**We used to try to absorb the cost of progress chasing and contacting HMRC but the amount of time we now spend on this means we are having to pass some of the costs onto our clients. We have helped clients apply for compensation from HMRC in these cases, but it's not an easy process and the application is often rejected. Where clients can't recover the additional expense from HMRC, we can't charge for that additional time and often end up heavily discounting our fees.**



**Our staff are acting as a buffer between HMRC's failings and clients – and often it is the messenger who is getting shot. Repeatedly taking complaints from frustrated clients who think you are failing in your job through no fault of your own, and despite your considerable effort, is unpleasant and mentally draining. I stepped in last week to make a call myself knowing it was going to be tricky, to protect a more junior member of my team.**

Inevitably, some taxpayers direct their frustration at their agents as they believe it is the agent's fault. Some even choose to take their business elsewhere. Agents told us about their experiences of discussions with potential new clients. When they explain the process of trying to resolve the potential clients' outstanding matters with HMRC – which is exactly as the previous agent had tried to do – they never hear from these potential clients again. Concern was expressed by our workshop participants as to whether these taxpayers do ever resolve their issue and pay the correct tax, despite wanting to.

Our evidence shows that taxpayers and agents are contacting HMRC to make sure they are paying the correct amount of tax, perhaps due to HMRC error or where they cannot do so digitally. Where they are unable to resolve this through HMRC phonelines, this would appear to have a direct impact on tax compliance.

#### CASE STUDY

A Spanish company that used to operate in the UK through a branch decided to set up a UK subsidiary. When the UK subsidiary registered for VAT, HMRC mistakenly combined the Economic Operators Registration and Identification (EORI) numbers of the two entities. An EORI number is needed to move goods between the UK and other countries and is also required for a company to defer import VAT and duty.

As a result of the EORI number being cancelled, the company could not import goods into the UK. To resolve this, the company incurred significant costs paying an agent to act as importer.

Despite numerous requests, it took a year for HMRC to fix the mistake and separate the EORI numbers. The company's first complaint was rejected even though HMRC previously admitted they were at fault. Losing the ability to postpone the import VAT also led to the company having to make significant VAT reclaims of nearly £1m, which were then delayed by HMRC checks, causing serious cash flow problems.



**Our client was due a small refund, which took eight months to resolve despite repeated calls to HMRC. This delay led to an angry client questioning our skills and a demoralised team member who lost confidence after being repeatedly fobbed off by HMRC's advisers. As a fixed fee practice, we couldn't charge for the extra work caused by this HMRC issue.**

#### CASE STUDY

A participant told us about a client who was due to receive a £32,000 repayment from HMRC as the Personal Representative of a deceased individual. The Tell Us Once system is designed to automatically designate the person who registers the death as the Personal Representative, even if they are not. In this case, the agent called HMRC multiple times to try to prevent the payment being made to the wrong person but it took one year to resolve this issue.

This issue could have been avoided if the Tell Us Once system was improved to provide the flexibility to include Personal Representative details if known at the time of submission. There are now options to correct the details of the Personal Representative but details of how to do this were not shared until July 2024.

## PHONELINES

Reducing HMRC errors and the need for prolonged progress chasing will help reduce demands on HMRC's phonelines. However, phonelines and webchat remain vital to HMRC's customer service framework.

This section presents our key findings on the performance of HMRC phonelines. [Table 1 in Annex A](#) shows a detailed breakdown of all phonelines and webchats contacted. Our findings on webchats are explored separately.

Phonelines and webchats will continue to be a primary (and often only) way for taxpayers and agents to resolve their query when they don't have effective digital services to enable them to self-serve. Even where digital services are developed, assistance will be required for complex queries and to help those who are not able to interact digitally, particularly given the changing demographic of UK taxpayers.

HMRC also recognise this and, on 7 October 2024, implemented [several changes](#) to try to improve

the service provided by the Agent Dedicated Line (ADL), and enhance the webchat facility for agents. Changes to the phonenumber included combining SA and PAYE queries into one phonenumber for agents and introducing a progress-chasing telephony option for self assessment repayments. Overall, our evidence shows fairly minimal improvements in customer satisfaction following these changes, however we do recognise that our data only captures the first two weeks of their implementation.

There are several phonelines where there were a relatively low number of contact attempts. We have grouped these as 'Other published phonelines' for the purposes of this report. Likewise, we have also grouped all contact attempts made to unpublished HMRC telephone numbers and HMRC teams, as 'Other unpublished phonelines'. The number of phone calls within the six-week period also reflects the sentiment we often hear from agents – that the last thing they want to do is have to phone HMRC.



### Connection rates

A key indicator of performance is the frequency with which agents successfully connect to a customer service representative at HMRC. HMRC's published target is to answer 85% of calls to their phonelines. Our data indicates that, across all phonelines, agents were connected to an HMRC adviser in 88% of contact attempts – exceeding HMRC's target. Chart 5 and [Table 3 in Annex A](#) outline the connection rates for each phonenumber contacted.

Connection rates across the different phonelines were relatively consistent, with no phonenumber performing significantly below average, although the Corporation Tax General Enquiries line was a standout performer during the data-collection period, with 93% of calls successfully connected.

The Income Tax General Enquiries line had a 100% connection rate but only 10 attempts were made to call this line.

**89%** of attempts to call the ADL for Self Assessment and PAYE – the phonenumber most frequently used by agents – were connected to an HMRC adviser.

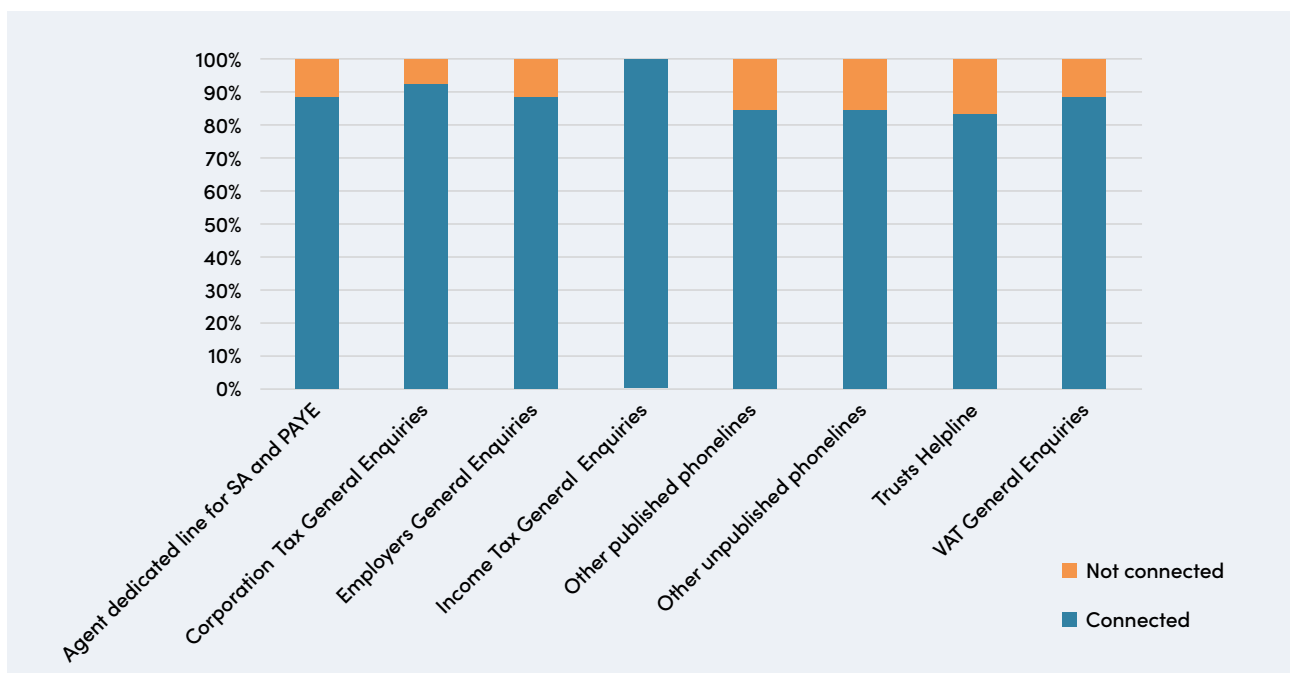
### Overall scores

While it is pleasing to see that HMRC are exceeding the 85% performance target, and agents are typically getting through to HMRC on their first attempt, connection on its own does not result in good customer service or satisfactory outcomes. This can be seen from the overall scores given by participants, which generally do not reflect positive interactions with HMRC.

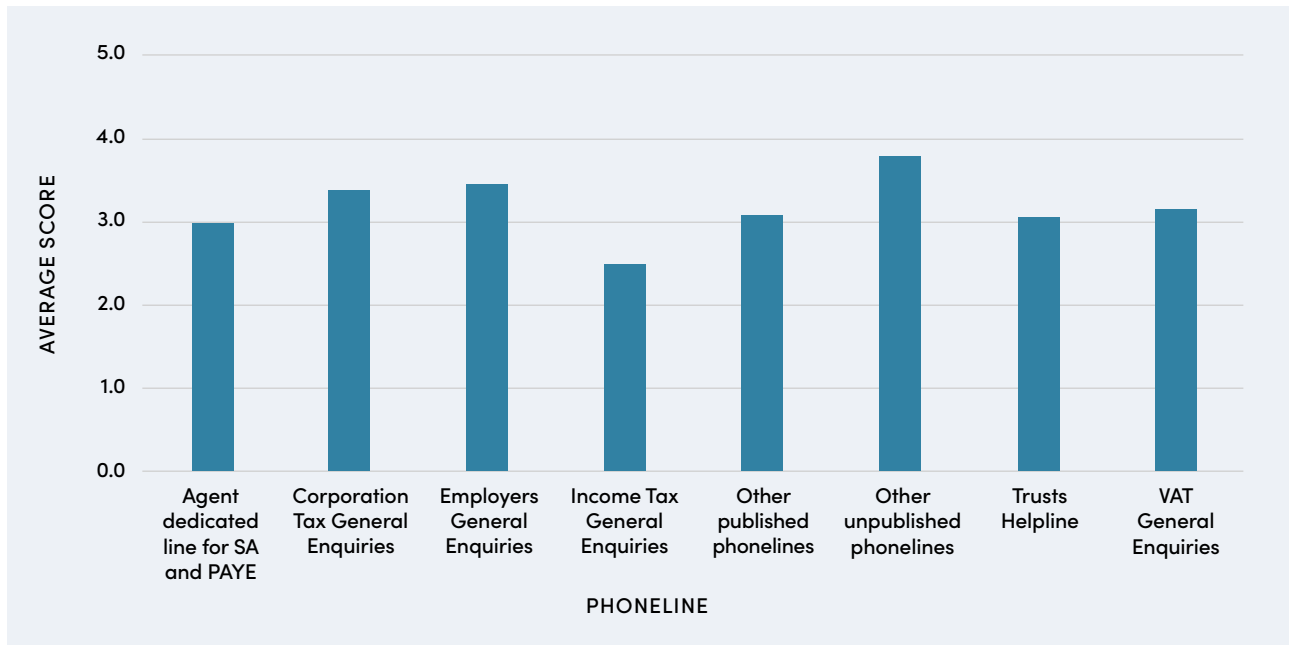
Participants were asked to rate each interaction with HMRC out of 5, with a score of 0 being the lowest rating and a score of 5 being the highest. Across all phonelines, the average score given at the end of their interaction was 2.8 out of 5. [Table 4 in Annex A](#) provides ratings for each phonenumber contacted. Following the changes to the ADL outlined earlier, there was a slight decrease in the overall score for the ADL.

These ratings are inevitably affected by agents who could not get through to an adviser. But even when only considering connected calls, the average score merely increases from 2.8 to 3.1 out of 5. Chart 6 shows the scores for connected calls across the most frequently contacted phonelines during our data-gathering period.

Chart 5 - HMRC connection rates



**Chart 6 - Phonenumber scores for connected calls**



Our evidence highlights several factors that are impacting agents' satisfaction with HMRC phonelines. These include:

- time spent on hold;
- being cut off during the call with HMRC; and
- resolution rates (including whether the agent needs to contact HMRC again).

**Time spent on hold**

While HMRC may currently be meeting their targets for connection rates, they have no published target for how quickly they should answer the phone.

To provide context, we compared HMRC call waiting times with those of customer service teams in other sectors, as reported by Ofcom. In 2022, the average hold time for major broadband providers was 2 minutes 37 seconds, and for mobile phone providers, it was 2 minutes 23 seconds. The worst-performing providers in these sectors had call wait times of 8 minutes 14 seconds and 3 minutes 41 seconds respectively. In April 2024, it was announced that the US Internal Revenue Service had reduced call waiting times to 3 minutes, down from 28 minutes in 2022.

HMRC's performance data for September 2024 suggests the average wait time across all

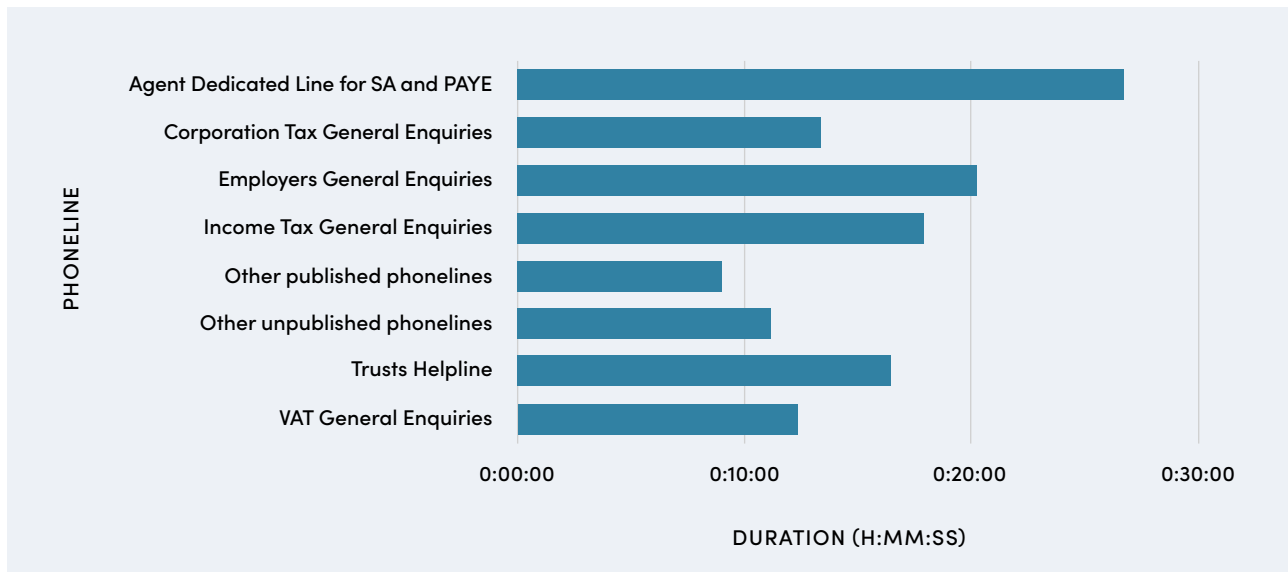
phonelines is currently around 14 minutes (excluding the recorded messages). Our exercise, which has a significant overlap with HMRC's data period, revealed that agents spent an average of 19 minutes on hold before being connected to an HMRC adviser – nearly 10 times longer than the average wait to speak to a customer service team in the broadband and mobile phone sectors. Although agents who were connected to an adviser waited 19 minutes on average, many agents recorded call wait times of over 45 minutes, and in a few instances over an hour. Agents who were not connected to an adviser generally waited on hold for 29 minutes before giving up.

Unlike connection rates, there was some variation in wait times across different phonelines as shown in Chart 7. The Corporation Tax General Enquiries line performed relatively well, with calls answered in approximately 13 minutes, and the VAT General Enquiries line outperformed this, with calls answered in around 12 minutes.

However, the time taken to reach an adviser on the ADL was particularly surprising and concerning for agents, with calls answered after an average of nearly 27 minutes. This may partly explain why the score for the ADL was slightly below the overall average score, even when calls were connected to an HMRC adviser.



Chart 7 - Average time on hold



Following the ADL changes, the wait time for progress chasing reduced from over 28 minutes to just under 19 minutes. But overall, average wait times remained longer on the ADL compared to other lines, and the average score given for the ADL was slightly lower in the two weeks after the changes took effect.

### Disconnection

Out of 555 attempts to phone HMRC during the data-gathering period, 45 (8%) were disconnected by HMRC before being answered. Generally, if calls were disconnected by HMRC, they were terminated within 7 minutes. However, 11 calls (2%) were disconnected after 10 minutes. In the worst case, a call to the ADL was disconnected by HMRC after 56 minutes of waiting on hold.

23 calls (5% of connected calls) were cut off after being connected to an HMRC adviser. Participants reported being put on hold for extended periods (one for 35 minutes before the call was disconnected) or cut off during transfers between teams. When exploring this further through our workshops and requests for wider feedback, participants provided numerous examples of being cut off. This included being cut off after querying the response provided by the HMRC adviser and where the HMRC adviser appeared to reach the end of their script and explained they could offer no further support.

### CASE STUDY

A participant told us about acting for a client in financial difficulty after the death of her husband faced significant delays and poor service from HMRC. The agent called HMRC to request that the repayment due to their client be paid into the client's personal account instead of the business account. The HMRC adviser told the agent to wait two weeks before contacting again and put the phone down. This lack of personal touch and understanding following the death of the client's husband added to the client's distress and frustration.

While we accept that technical issues can lead to calls being cut off, the data captured and wider qualitative evidence gathered highlight a concerning issue with disconnections.

### Resolution rates

A significant factor in whether the agent making the contact was satisfied or dissatisfied with their contact via HMRC phoned lines is whether the HMRC adviser could resolve their issue. The average rating for those who were connected but could not resolve their query was 1.5, while at the other end of the scale, the average score for those

who fully resolved their query was 4. [Table 5 in Annex A](#) shows resolution rates per helpline.

Resolution rate was one of the most significant issues highlighted in our data. Across all connected calls, only 34% were recorded as fully resolved, 24% were considered unresolved, and 42% were partially resolved (ie, the agent could progress the issue but not resolve it, or because the agent was calling about multiple issues and resolved one but not another).

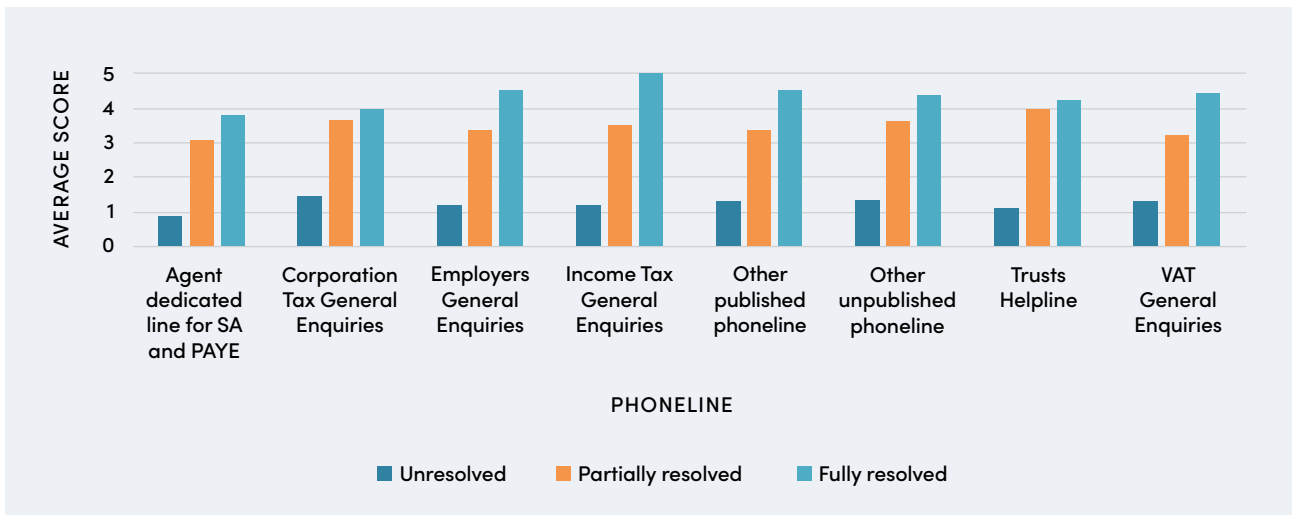
We acknowledge that HMRC customer service advisers might have limited ability to fully resolve progress-chasing calls. If these are excluded, the scores and resolution rates improve slightly with

The consequence of these low resolution rates is that around 40% of calls to HMRC result in the agent needing to call again.

44% of calls fully resolved. However, 19% of non-progress-chasing calls remain unresolved, with the remaining 37% partially resolved.

The impact of resolution rates on overall satisfaction with HMRC phonelines is made clear by Chart 8, showing the average score given to each helpline depending on whether the agent's issue was fully resolved, partially resolved or unresolved.

**Chart 8 - Phonenumber scores by resolution**



## WEBCHATS

During the exercise, significantly fewer participants tried to contact HMRC through webchat compared to phonelines. However, what became clear from our workshops was that this lower number of attempts was not necessarily an indicator of lower demand for webchat.

Participants told us that they value two key features of webchat functionality:

1. the ability to save a transcript of the conversation; and
2. the ability to continue working while waiting for the webchat adviser to connect or respond.

However, participants expressed disappointment at the frequent lack of availability of webchat advisers. In fact, we were told that many agents had stopped trying to use webchat altogether, as they just expected that there would be no adviser available.

As shown in **Table 1 in Annex A**, over the six-week period, agents recorded just 79 attempts to contact HMRC via webchat – only 12% of the total contact attempts. But fewer than half (39) of these webchat attempts were successfully connected to an adviser. Our metric for webchat connection rates differs to the one that HMRC use.

HMRC publish webchat adviser attempts handled, which is the proportion of customers taking up a webchat offer that successfully got through to a webchat adviser. HMRC's published statistics show that around 94% of webchat adviser attempts are handled.

Connection rates across the different webchats available are shown in **Chart 9**.

The Self Assessment Digital Assistant had a particularly low connection rate of 34%. The poor connection rate for the Self Assessment Digital Assistant significantly impacted its overall score, which was 1.0. Even when considering only successful connections, the scores for webchats remained below those of phonelines, averaging 2.7. Individual scores for the webchats contacted are provided in **Table 4 in Annex A**.

In addition to connecting to an adviser, a primary issue with webchats appears to be the advisers' ability to resolve queries. Of the 39 connected webchat attempts, only 8 (21%) were fully resolved, as shown in **Chart 11**.

This significantly impacts whether agents need to contact HMRC again – as was the case for two-thirds of participants connected through webchat.

**Chart 9 - Webchat connection**

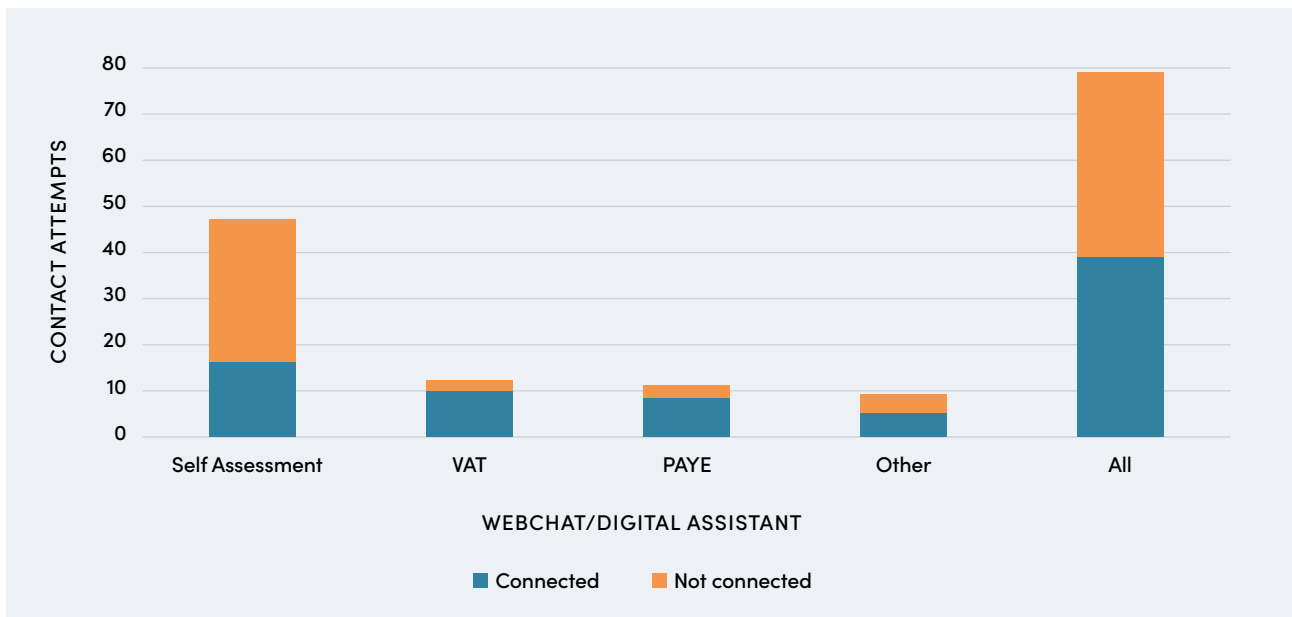


Chart 10 - Webchat scores

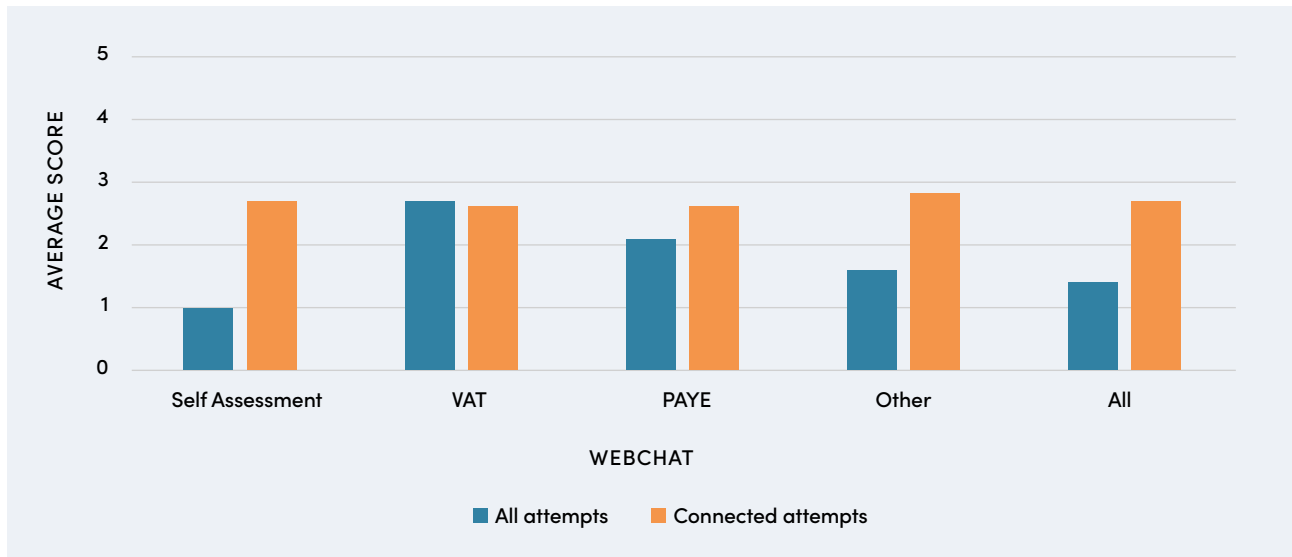
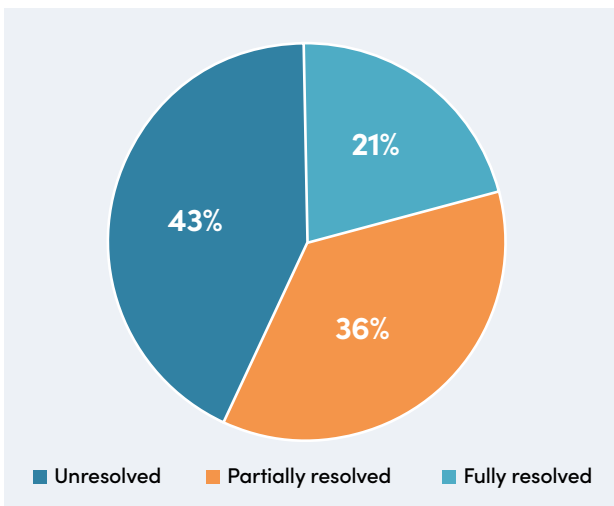


Chart 11 - Webchat resolution



I used to find the webchat brilliant – I usually got the answers I needed quickly without having to sit on the phone. It was great as I could keep a note of the discussion with the HMRC adviser, even just to show our clients we had contacted HMRC. But now I can barely use it - there is never an adviser available and even if I get through webchat is now only really suitable for simpler queries.

It is unclear exactly what proportion of those needing further contact will use webchat again or instead switch to phonelines. Our data indicates that several calls to HMRC were due to failed webchat attempts or unresolved issues via webchat. On the other hand, some participants reported exclusively using webchat, retrying immediately if an adviser could not answer their question.

While there may be insufficient data to draw definite conclusions about individual webchat services, the results for the VAT webchat were interesting. Unusually, it scored lower for connected attempts than for unconnected ones, possibly explained by the fact that only

one out of the 10 conversations on the VAT webchat was fully resolved. The resolved issue was a progress-chasing contact meaning no participant fully resolved their technical query using the VAT webchat.

Ultimately, while participants spoke positively about webchats, our data showed low satisfaction scores due to poor connection and poor resolution rates. The enhancements to the webchat for agents announced on 7 October may help, provided agents can connect to an adviser. However, it is not possible to draw any conclusions on these changes as participants only recorded 11 attempts to contact webchat after their implementation.

# Digital services – availability and effectiveness

HMRC have been pursuing a digital first strategy since at least 2012. This was most recently confirmed in [oral evidence to the Treasury Select Committee](#) on 24 April 2024 as:

“... a digital first strategy rather than a complete digital strategy. We want customers who can use online services to try that as their first port of call, because we believe that our online services can handle the vast majority of transactions and queries, but obviously we want to make sure that people who either cannot use online services, or use them but find that they do not deal with their query, perhaps because it is complex, are able to speak to an HMRC adviser, whether that be on the phone or by webchat at the end of the online journey. We have been working to get customers to try online first where they can, but also to prioritise whom our advisers deal with so that they are dealing with that target group.”

HMRC estimate that approximately 60% of their customer transactions are currently digital [source [Customer service \(nao.org.uk\)](#)]. In 2023–24, the HMRC app received 88.5m logins by 3.8m unique users – a growth rate of over 64% when compared with the previous year. Around 97% of self assessment tax returns are filed online.

Our evidence shows that agents also want to interact digitally but are mostly unable to do so because the digital services do not meet their needs, they are only available to taxpayers or there are no digital services available at all.

## Effectiveness of existing digital services

Participants were clear that it is vital that digital services work effectively. Our data demonstrates that many calls were made to HMRC because digital services were not working. We also saw examples of prolonged and difficult interactions with HMRC where a digital service was not working, yet HMRC advisers were unable to

provide help. The strong external reaction seen with sudden announcements to close HMRC phonelines (such as the temporary closure of the SA helpline in summer 2023, followed by another closure in spring 2024 which was then reversed) is certainly understandable, considering this potentially left taxpayers and their agents with no route to resolve their queries.

Many of the problems with existing services appear to be due to HMRC's underlying systems not interacting. Examples include:

- the online service for reporting capital gains on UK residential property does not interact properly with self assessment;
- the national insurance and PAYE service (NPS) does not interlink with the self assessment system (CESA). This results in problems such as different income tax calculations from each system and problems with class 2 national insurance contributions not being charged.

In other cases, digital services simply need improvement and investment. Examples include the online capital gains tax (CGT) on UK residential property reporting service, the Trust Registration Service, and the VAT registration service. The problems with reconciling employer PAYE liability and payment accounts, which date back to the start of real time information (RTI), have been well documented.

Dramatic changes to phonenumber services and the examples of ineffective digital services highlight the need for HMRC to take taxpayers and agents on the digital development journey with them, act on the feedback received, and implement systems that work for their users. Developing a digital service is more than just design and implementation. Implementation should be followed by a phase of seeking feedback, evaluation and making necessary changes to ensure that the service works effectively.

## CASE STUDY

### Online VAT penalty appeal form

HMRC introduced an online appeal system, which can be used by agents following the commencement of the new VAT penalty points regime which took effect on 1 January 2023. However, the appeal form cannot be downloaded in draft to obtain the client's approval to submit it, the final version of the form cannot be downloaded as a record of what was submitted, and no submission receipt is provided. These deficiencies in the system and the associated risks it introduces mean that many agents have chosen not to use the digital service and continue to use paper forms.

These issues prompted the CIOT to publish their minimum standards for new digital systems and new digital forms, which can be found in [Annex B](#).

### Agent services – Having a single sign on portal

Our participants highlighted the disjointed experience for agents due to HMRC services for tax agents currently being available through two different agent accounts – the older [online services for agents account](#) and the newer [agent services account \(ASA\)](#). Some services such as the annual tax on enveloped dwellings (ATED) have separate arrangements for agent access.

As HMRC develop new services, these are generally provided through the ASA. HMRC expect to move more services to the ASA as they are replaced or moved from legacy to newer systems. However, this is likely to take many years to achieve unless HMRC can somehow find a workaround to make all agent services – including those on legacy systems – available through the ASA. HMRC's aim is a single agent portal.

HMRC are exploring (among other measures to protect the integrity of the tax system) a single registration process for agents as outlined in Chapter 5 of [Raising standards in the tax advice market – strengthening the regulatory framework and improving registration](#). The current

registration processes – at least to act as an agent for self assessment and corporation tax – are manual. The work is done by HMRC's agent maintainer team that can only be contacted in writing. There is significant scope for digitalising and rationalising the agent registration processes. It is currently unclear to what extent the work on agent registration will result in a single portal for agents to access HMRC online services.

Another area where there is significant scope for improvement is agent authorisation including form 64-8, online agent authorisation and digital handshake, etc. Changes that improve these processes, as well as increasing awareness and understanding, would be welcome. But they also need to accommodate clients that cannot, or do not wish to, engage digitally with HMRC.

Functionality to support a client appointing multiple agents has been promised, at least for Making Tax Digital for Income Tax (MTD IT), by April 2026.

### Secure email communication with HMRC

One key area highlighted during the data-gathering period was the ability to use email to interact with HMRC. The benefits of having a secure email facility to send documents to HMRC are obvious, but professional bodies and agents are both aware that security considerations are key. Any secure email facility needs to allow documents to be sent in both directions. If this service were available, agents posting correspondence to HMRC could become a thing of the past.

There are numerous examples of communications that HMRC could send digitally but, for a variety of reasons, do not. Examples include agent copies of penalty notices. Even the new penalty system for VAT, which was implemented recently, was not designed with electronic communications in mind (it is still appropriate for formal penalty notices to be available in paper form for clients but agent copies could be sent electronically).

### **Digital services that are only available to the taxpayer**

Currently agents do not have access to all the digital services available to taxpayers. A detailed list of these services can be seen in [Annex C](#).

We asked participants what a good digital service looks like. There was unanimous agreement that the digital service should allow agents to see and do everything that their client can see and do from the outset – not at a later point in time when funding or time allows HMRC to do so. It is important that HMRC develop their digital systems to reflect their user base. For example, the Trust Registration Service was built and introduced for trustees first, despite over 70% of taxable trusts being represented by agents.

Greater access to client data and digital services was one of the top priorities identified following research conducted on [agent experiences with HMRC's digital services](#). HMRC's stated strategy – to allow agents to see and do everything that their clients can see and do – needs turning into reality.

We recognise that this is subject to certain limitations, which need to be more openly acknowledged. For example, banking regulations allow only bank signatories to set up or amend direct debit mandates, meaning the new digital time to pay services for self assessment, VAT, and employer PAYE are not available to agents. Similarly, certain transactions such as changing taxpayer email addresses or authorising an agent will always need to be done by the taxpayer. But the default position outside of these limited circumstances has to be to provide agents with the functionality they need.

### **No digital service available**

Although there were several calls to discuss tax technical or complex queries, our data highlights that agents frequently contact HMRC simply because there is no digital service available to them. Agents are having to spend on average 30 minutes to action simple tasks such as changing a PAYE code, cancelling filing requirements, or reallocating payments.



One notable example where investment is required in new digital services is inheritance tax (IHT). At Autumn Budget 2024 funding was allocated to digitalise IHT reporting by 2027-28. This was driven in part by the expectation that the IHT changes announced at that Budget will increase the volume of IHT returns required. A digital service for IHT will be welcomed but it is essential that it is available to agents who are often engaged by clients to complete IHT returns on their clients' behalf. This includes agents who do not submit other types of returns to HMRC. The digitalisation of Child Benefit was helped by the fact that there was no existing digital service and the back-end system was largely standalone. It is hoped that the same will apply to IHT.

Other areas where there are currently no digital services available include:

- access to construction industry data at sub-contractor level (this will be available to those in MTD IT);
- submit a CT61.

### **What do we know about HMRC's current plans?**

Following the [Discussion document: Simplifying and modernising HMRC's Income Tax services through the tax administration framework](#), HMRC have established an Income Tax Service Transformation programme. We understand that this workstream is looking at improved services for individual income taxpayers including services relating to tax codes,

PAYE under- and overpayments, registering and deregistering for self assessment and authorising an agent. Unfortunately, the plans for giving agents access to these services are not being developed to the same timetable and we are concerned that the gap between digital services available to taxpayers and agents seems likely to widen.

At the time of writing, HMRC have made the decision to suspend the online service available to taxpayers to claim tax relief on employment expenses (there is no agent service). This is to address incorrect claims. Until an improved digital service can be developed all such claims will have to be made on a paper form and in most cases be accompanied by supporting evidence.

We await with interest the [digital transformation roadmap](#) due to be published in spring 2025 and urge HMRC to develop this in conjunction with their stakeholders. A more comprehensive list of 'pain points', going beyond those listed above, has been developed through the Agent Digital Design Advisory Group, which will serve as a useful starting point for the digital transformation roadmap.

We appreciate that digitalisation of legacy systems may be difficult and the digital transformation roadmap will need to address that constraint. Security concerns are also an issue. Digital services for agents are often dependent on coherent and robust processes for agent registration, authentication, and authorisation which have yet to be developed.





# Other perspectives

## HMRC CUSTOMER SERVICE FOR THE UNREPRESENTED TAXPAYER

### Author: CIOT's Low Incomes Tax Reform Group (LITRG)

The tax affairs of those with lower incomes can be surprisingly complex and burdensome. HMRC are having to deal with increasing numbers of taxpayers coming into contact with the tax system at the lower end of the income spectrum, who may not be able to afford professional representation. In part, this is due to the freezing of various tax thresholds, but also reflects the fact that people's working activities are getting more complex, with more people working multiple jobs, including those in the gig economy who work on a self-employed basis.

People who cannot afford professional representation to navigate the tax system on their behalf rely more heavily on HMRC to provide the help and support they need to comply with their tax obligations. We believe that many who wish to speak to HMRC do so with the aim of resolving issues, clarifying their understanding and, ultimately, paying the correct amount of tax. Poor customer service from HMRC acts as a barrier to that.

Where there are gaps in the help and support provided by HMRC, or where it is difficult to access, problems can arise, such as:

- Taxpayers may become confused and frustrated (perhaps leading to anxiety and unnecessary worry as regards their tax affairs).
- Taxpayers are more likely to make inadvertent errors when dealing with their tax, which can affect the amount of tax revenue collected and/or lead to potentially distressing HMRC compliance activity later down the line.
- Taxpayers may rely on unreliable sources of help.
- Taxpayers may lose trust in the system and simply disengage with HMRC altogether which can lead to long-term non-compliance and the eventual need for intervention, which is potentially distressing for the taxpayer and resource intensive for HMRC.

### CASE STUDY

This website enquiry from an unrepresented taxpayer to the LITRG website highlighted the frustration taxpayers feel when HMRC customer service is poor and how it damages their trust in the system and hinders them from resolving their tax issues.

"I have experienced a large amount of issues in regards to personal tax which are still ongoing. I have currently been unable to access my online personal tax account for nearly 12 months due to an employer being added to my account that I did not recognise/I have not worked for. When I attempt to access my online tax account it states that I have an MCI error and I need to contact HMRC – on every occasion I have been waiting for a call to be answered for over an hour and then either been hung up on, passed around multiple departments, or have simply been told that someone does not know how to deal with this issue.

My preference on my online tax account was to receive letters online only however I have asked repeatedly for this to be changed due to not being able to access them – this request has been denied and I have been told that I have to do it on my online tax account, which I cannot access. Due to this I have missed tax code changes (I contacted HMRC about this change and they state that I owed them money however they have been unable to advise how much this is exactly via the phone).

I have written to HMRC multiple times using recorded delivery yet I have not had any responses. This whole situation is stressful, and I do not understand how a service that every single person in the UK uses can be so poorly ran. I am glad a charity, such as yourselves is looking into helping people and provide educational support".

These problems leave HMRC at risk of failing under their Charter standards, which include getting things right, making things easy and being responsive.

People who contact us via the LITRG website usually do so because they want to get their tax right. They have often read the HMRC guidance, but struggle to apply it to their own situation or just need some reassurance they have understood it correctly. They fear getting things wrong and what the consequences might be if they do get it wrong.

We are pleased to see that, due to the additional funding announced in May 2024, HMRC have improved their performance on the telephone and post. Adequate funding will need to be maintained, and likely increased, if this service level is to continue. However, the position prior to that showed that HMRC were failing in terms of providing an adequate service to all taxpayers, including unrepresented taxpayers, which may mean there is still a lot of work to do to rectify this historical position. This includes regaining taxpayer trust, and perhaps working with taxpayers to rectify previous errors where people could not access the support they needed. As mentioned above, people who are unable (or feel unable) to deal directly with HMRC are likely to turn to other sources of help, for instance if they cannot access HMRC phonelines or webchats. For a small number, they may be able to get casework support from one of the tax charities. A larger number may use the LITRG website, [litrg.org.uk](https://litrg.org.uk), to obtain further information and guidance. LITRG provide over 400 pages of free website guidance. For many years, the LITRG website has provided more detailed information about the tax system in order to fill the gaps in HMRC guidance and meet the needs of unrepresented taxpayers. Our website information, which includes many examples and step by step practical guidance, is accessed by over 5m visitors each year. Some taxpayers, who perhaps are not aware of the LITRG website or other reliable resources, will turn to family and friends or other online sources (such as social media forums) to get the help they need. There is a risk that these people may not be getting accurate information.

A further concern is that, the harder it is to contact or interact with HMRC, the more opportunity there is for unrepresented taxpayers to be exploited – a phenomenon we have seen with the growth of some unscrupulous tax refund companies in recent years.

We know from our interactions with low-income unrepresented taxpayers that some find it difficult to access the help they need from HMRC via the telephone – for the same reasons as those experienced by agents and highlighted in the remainder of this report. We also know that it is often HMRC actions that drive the contact, for example because:

- online guidance is not sufficient to help the person apply it to their situation;
- the digital assistant gives an unhelpful answer;
- a letter has been sent that the individual does not understand; or
- a tax code has changed reducing take home pay without explanation.

The above contact drivers could be reduced by improvements to digital services, letters and processes, and we are aware that some work is underway within HMRC in this space.

HMRC's own published research shows that over 80% of HMRC customers are at least somewhat willing to deal with HMRC online in future. However, the main barriers to doing so are complexity of tasks, levels of digital capability, the need for reassurance and worries about consequences of mistakes. Even in an increasingly digital environment, reassurance is a legitimate reason to seek support from HMRC, but one that doesn't seem to have been fully accounted for by HMRC in their customer service strategies to date.

The need for HMRC to provide help and support to unrepresented taxpayers will not go away. Digital services, including guidance, can be greatly beneficial to both taxpayers and HMRC in helping them administer the tax system. For those that can use them, digital services – when done well – are often quicker, easier and more convenient than the traditional methods such as phone and printed materials. However, there will also be a need for

HMRC to provide alternative methods of contact for those unable to use digital services or where digital services simply cannot meet the needs of unrepresented taxpayers. HMRC must ensure they better understand what taxpayers need in terms of help and support and whether its existing digital services, and any new services, can actually meet those needs. It is our strong view that real-life 'human' customer service support must remain a key priority for HMRC.

#### ABOUT LITRG

LITRG is an initiative of the Chartered Institute of Taxation (CIOT) to give a voice to the unrepresented. Since 1998, LITRG has been working to improve the policy and processes of the tax, tax credits and associated welfare systems for the benefit of those who are least able to pay for professional advice. We also produce free information, primarily via our website [litrg.org.uk](http://litrg.org.uk), to help make a difference to people's understanding of the tax system.

LITRG works extensively with key stakeholders such as HMRC and other government departments, commenting on proposals and putting forward our own ideas for improving the tax system. LITRG also considers the welfare benefits system, and other related systems, to the extent that they interact with tax.

## HMRC CUSTOMER SERVICE FOR UK BUSINESSES

### Author: Federation of Small Businesses

Tax administration costs the UK's small business community a staggering £25bn, with the average small firm spending 52 hours per year complying with tax, at a cost of £4,100.

With 5.5m small businesses in the UK, the time they collectively spend on tax compliance adds up to over 280m hours a year – equivalent to over 32,000 years. Imagine the productivity gain we would see if that number could be reduced by even just a small fraction.

One factor that could greatly help alleviate the tax compliance burden would be a swift and responsive customer services system from HMRC (something that would also doubtless have a huge positive impact on the mental health of small business owners). People who run small firms want to pay the correct amount of tax and can feel enormous levels of anxiety following innocent mistakes – a level of stress which is compounded by the length of time it all too often takes to correct even simple errors.

The NAO's report on HMRC's customer services from May 2024 set out the issue in stark detail, noting that telephone and correspondence services "have been falling below the expected service levels for too long", while the tax authority's push to shift more customer service enquiries to digital channels was "too aggressive", especially while demand for contact remained high.

We welcomed the reversal of HMRC's announcement earlier this year that it planned to cut its helpline hours for tax queries, following a chorus of dismay from FSB, CIOT, ICAEW and others which greeted the initial decision.

HMRC's own annual reports demonstrate a decline in customer satisfaction levels among small businesses, with 73% of small businesses happy with the ease of dealing with tax issues in 2022 reducing to 70% in 2023, and the 60% of small businesses satisfied with the ease of finding information from HMRC in 2022 falling to 58% in 2023.

CIOT and ICAEW's finding that on average, it took 19 minutes to get through on the phone to an HMRC adviser is not something that will come as a surprise to many small business owners. While HMRC's web presence and digital services contain a lot of information, there are times when only speaking to someone will suffice – especially regarding queries with a degree of complexity to them.

However, even getting through to someone on the phone is sometimes no panacea, with some queries left unresolved even after multiple conversations. Greater investment in staff training and resourcing – so that queries can be handled correctly and confidently in the shortest possible amount of time – would be greatly welcomed by the small business community, and would benefit HMRC themselves by reducing inefficiency and ensuring that more businesses pay the correct amount of tax.

This is not to say that HMRC's digital offering does not have a part to play – far from it. Small businesses – with their (by definition!) lower levels of resources and staff time – rightly expect and demand a flexible mix of customer service channels from the tax authority, so that they can choose the method that works best for them in that moment.

As HMRC invest in their digital channels, build up their knowledge bank of online resources, and explore how artificial intelligence can be deployed in a way that is smart and user-friendly, more of their customer service contacts can be expected to move away from more traditional contact methods. But there will always be a strong argument for providing some channels that allow humans to talk to other humans, rather than a computer, especially where sensitive and complex areas like tax are concerned. Traditional contact methods must not be ignored or left behind in the move to a greater level of digital delivery.

There is an urgent need for HMRC's customer services to improve, and for all their processes and interactions with small businesses to be simplified. Making it easier to resolve queries will help small firms be confident they have paid the right amount of tax, reduce the burden of stress they are under, and raise the UK's productivity levels.

## ABOUT THE FEDERATION OF SMALL BUSINESSES

The Federation of Small Businesses (FSB) is a non-profit, non-party-political organisation that offers its members a wide range of vital business services, including advice, financial expertise, support, and a powerful voice heard in governments. Founded in 1974, FSB celebrates its 50th anniversary in 2024. More information is available at [fsb.org.uk](https://www.fsb.org.uk).

### Author: CBI

The CBI welcomes the CIOT and ICAEW's insightful report on tackling HMRC's service level challenges. Many of the themes resonate strongly with our business members, who have expressed significant concerns about HMRC's customer service.

Navigating the complex tax system is challenging for businesses due to frequently incomplete, outdated, or hard-to-interpret HMRC guidance. Examples include struggling with understanding R&D definitions for tax credits, off-payroll working (IR35) rules, especially for contracted-out services, and determining if employee travel is a taxable benefit – a topic covered in over 90 pages of guidance. HMRC should collaborate with business stakeholders to develop further online tools and reliable guidance. Simplification should benefit taxpayers, not just HMRC. Impractical areas need to be designed out of the tax system to make compliance easier for businesses, and this should be expedited through a streamlined ministerial approval process without being held back by hypothetical risks or fiscal costs, if these are minimal.

Contacting HMRC often involves resolving issues due to inefficient, paper-based systems, leading to long response times. Despite some improvements, many areas remain slow and unresponsive, affecting productivity, costs, investment decisions, and cash flow, especially for tax repayments like R&D tax credits. Inefficient processes result in errors, requiring businesses to spend extra time correcting issues such as supporting large numbers of employees in individually updating

incorrect tax codes, and reconciling PAYE, VAT, and corporation tax accounts, due to system payment allocations with no audit trails. An online ticketing system referencing HMRC staff dealing with these enquiries would help businesses track progress, increase accountability, and ensure accurate data is captured for KPIs on improving service delivery.

Some HMRC processes aim to improve the certainty of tax positions such as VAT partial exemption special method applications and PAYE settlement agreements. However, businesses report delays and inefficiencies, undermining their effectiveness and leaving them vulnerable to tax obligation breaches. The business risk review and advanced pricing agreement processes also face similar issues, with excessive data requests and long processing times, leaving issues unresolved for months or even years. Streamlined, risk-based approaches are essential for enhancing efficiency and certainty. HMRC should adopt a more commercial and less pedantic view, accepting data and assurance on controls provided through existing business processes.

Customer service experiences differ between smaller and larger businesses due to the lack of dedicated HMRC contacts for smaller businesses, while larger businesses receive individualised support. However, the customer compliance manager (CCM) programme for larger businesses has limitations. The quality and experience of CCMs vary, affecting issue resolution times, and frequent changes in CCMs hinder relationship building. Breakdowns in CCM-business relationships can lead to significant delays, with no process for requesting a new CCM, highlighting the need for transparent resolution routes. Although the 2021 Review of the Tax Administration of Large Businesses accepted many concerns and recommendations, progress on implementing improvements needs to accelerate.

Optimising digital services for businesses is crucial to improving data management, system integration, and process efficiency, which are essential to reducing administrative burdens and enhancing customer service. HMRC's digital transformation has mainly focused on individual taxpayers and micro-businesses, leaving larger business systems less coordinated. This is

problematic as businesses face increasing data collection and sharing requirements with HMRC. A comprehensive 'data cleanse' to consolidate and simplify taxpayer data requirements should be undertaken, along with fixing the basics, before starting any new large-scale digital reporting projects. For instance, Making Tax Digital for VAT has been rolled out, but many paper-based VAT processes are in pressing need of digitalisation such as VAT group administration and VAT option to tax records, and the mandating of payroll of benefits-in-kind is scheduled to be implemented before overhauling HMRC's inept payroll tax account systems. Digitalisation should make life easier and faster for businesses to get their tax affairs right rather than result in ever more data reporting for HMRC. The digital transformation roadmap and the multi-year spending review present pivotal opportunities for reform.

#### ABOUT THE CBI

The CBI is a Royal Charter organisation governed by its members. It represents 850 members who themselves comprise 1,100 separate registered companies and 150,000 trade association members. Founded 60 years ago and representing some of the biggest names in business, household brands and globally traded corporations that employ people in all sectors and across every region and nation of the UK, the CBI is the voice of business. [cbi.org.uk](https://www.cbi.org.uk)

# The changing landscape - HMRC and UK taxpayers

In this section we consider how the quantum and demographic of UK taxpayers is changing, and the demands this places on HMRC's customer service. For clarity, we only discuss the UK as a whole in this section but we acknowledge that the landscape in Scotland will have changed differently as it has the devolved power to set income tax bands.

## The size of the UK taxpaying population

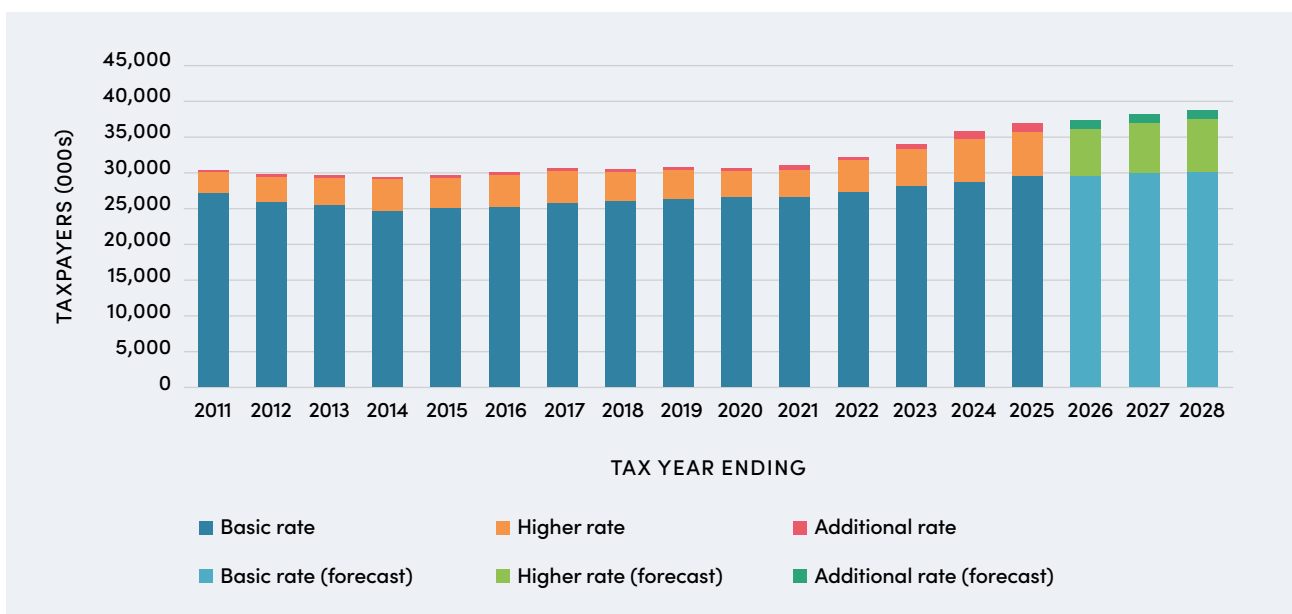
Prior to 2020, the UK taxpaying population was growing slowly, as shown in Chart 12. In 2020-21, there were 31.7m individuals with an income tax liability. In 2010-11, there were 31.3m such individuals. So, over the course of a decade, only 400,000 people were brought within the scope of income tax – an increase of just 1.3%. These modest increases are because the personal allowance is normally indexed with CPI under section 57 of the Income Tax Act 2007, although allowances were increased more significantly during the coalition government. The basic rate limit is also normally indexed with CPI, under section 21 of the Income Tax Act 2007.

However, the March 2021 UK Budget announced a freezing of allowances at 2021-22 levels, up to and including 2025-26. So, the UK personal allowance would remain at £12,570 and the basic rate limit would remain at £37,700, throughout that period.

The government's estimates of the impact of those freezes was relatively modest. They estimated that it would bring 319,000 individuals into income tax in 2022-23, and 186,000 individuals into the higher rate of income tax, compared to if these thresholds were indexed with inflation. By 2025-26, the freeze would bring 1.3m individuals into income tax, and 1m individuals into the higher rate of income tax.

The November 2022 Autumn Statement announced a further freezing of allowances for 2026-27 and 2027-28. Again, the government's estimates of the impact of those freezes were relatively modest, stating that it would bring 92,000 individuals into income tax by 2027-28. It was also announced that the additional rate threshold would be lowered from £150,000 to £125,140.

Chart 12 - Number of UK taxpayers



Source of data 2011-2025: [Table\\_2.1\\_Number\\_of\\_individual\\_Income\\_Tax\\_Payers.ods](#)

2026-2028 - [Fiscal implications of personal tax threshold freezes and reductions - Office for Budget Responsibility](#)

Since the announcement in March 2021, the UK has experienced high levels of inflation and wage growth. The combined impact of freezing tax allowances, and inflation/wage growth, is often referred to as 'fiscal drag'. This fiscal drag has meant that the actual impact of the freeze has been much more significant.

Between 2021-22 (the last year in which allowances were indexed linked) and 2024-25, around 4.4m individuals have been brought within the scope of income tax, an increase of 13.3% in just four years. Nearly 1.9m more individuals are now paying income tax at the higher rate, an increase of 42.4%, and there are 610,000 more individuals paying the additional rate, well over double the number four years ago.

In the Autumn Budget 2024, the Chancellor confirmed that the freeze in rates and thresholds would continue to 2027-28, but would then be uprated in line with inflation. By then, according to [estimates by the IFS](#), fiscal drag will result in 2.5m more taxpayers being brought into the higher and additional rates of income tax. Adopting a slightly different reference period (2022-23 to 2028-29), the [OBR](#) puts this figure at 3.4m.

Looking back over the longer term also shows a trend in growing taxpayer numbers across other taxes. In the 10 years to 2021-22, the number of corporation tax payers grew by around 50%, the number of VAT registered businesses by

around 20%, and the number of CGT payers more than doubled.

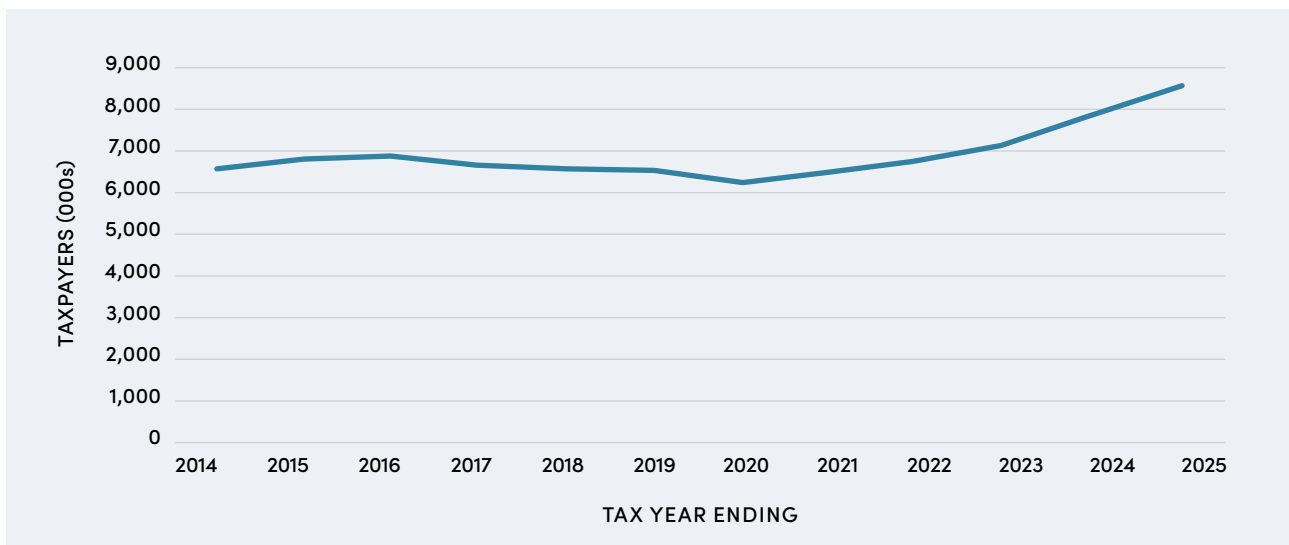
It does not automatically follow that a proportionate increase in taxpayer numbers gives rise to a similar proportionate increase in demand for customer service, which is why we look at taxpayer demographics in the next section. But any sort of change can bring increased complexity. Paying income tax for the first time can raise several questions, such as understanding your tax code, or whether any expenses or claims can be made if you are an employee. The move from the basic to the higher rate of income tax brings the potential for several complexities including additional income tax relief on pension contributions and gift aid donations. Additional rate taxpayers, and indeed those earning over £100,000 (itself a threshold unchanged since its introduction in 2014), face the complexities of a tapering personal allowance. Registering for a new tax regime brings questions about registration, compliance and filing obligations.

### The UK taxpayer demographic

Digging deeper beyond the absolute numbers of income tax payers, one particular area that is likely to increase the demand on HMRC for support is the ageing taxpayer demographic.

In 2019-20, 52.4% of people aged 65 and over paid income tax. In 2021-22 that figure was 58.1%, and in 2023-24 it had [further increased](#) to 65.4%.

Chart 13 - Income tax payers of state pension age



Source of data: [Table\\_2.1\\_Number\\_of\\_individual\\_Income\\_Tax\\_Payers.ods](#)



The pensions triple lock, coupled with the freeze in the personal allowance, has led to an increase in those over state pension age paying income tax from 6.7m in 2021-22 to 8.5m in 2024-25, an increase of over 26%. Research for the Commons Library estimates that an additional 1.6m pensioners will be brought into income tax by 2027-28.

An ageing taxpayer demographic has the potential to give HMRC some customer service challenges. HMRC commissioned research identified that 25% of people aged over 65 are digitally excluded, and the same percentage only uses the internet once a day or less. Specifically, the report found that those who paid tax on pension income were less digitally capable than other customers, and older customers were less likely to have had any online interaction with HMRC than younger customers.

HMRC's preference is for a 'digital first' service, yet by 2027-28 they will have over 10m customers with a significantly greater appetite for a more 'analogue' service. This is compounded by the tax complexities that individuals can face when they reach pension age, such as their pension provider applying the emergency rate of tax, resulting in too much tax being deducted and the need for correction.

### **And not forgetting...**

Increased taxpayer numbers and a changing taxpayer demographic are not the only challenges to HMRC customer service. Recent years have required HMRC to deliver EU exit, implement and operate the COVID support schemes diverting

staff to other areas of the civil service because of the war in Ukraine, and the impact of inflation on HMRC's own budgets. The NAO published a detailed report on HMRC's customer service in May 2024, to which the CIOT and ICAEW contributed, and covered these and other challenges. We do not repeat its analysis or findings here, although the CIOT and ICAEW have both endorsed its contents.

Just prior to publication of the NAO report, the then government announced £51m additional funding to bring HMRC's phoneline service up to their published target of 85% of calls being answered. This investment means that HMRC are now meeting their 85% target. More recently, HMRC announced changes to how agents can contact them, with a view to better supporting agents who have complex or urgent queries. While our evidence suggests these changes had not yet delivered the desired improvements, we will be working with HMRC to monitor their effectiveness.

Looking ahead, and notwithstanding simplification 'sticking plasters' in discrete areas, the tax system continues to increase in complexity. Each Budget and Finance Bill brings a plethora of changes that everyone, including HMRC, must adapt to. The roll-out of MTD IT from April 2026 will have a significant impact on HMRC resources (and agents) as hundreds of thousands of taxpayers must become accustomed to dealing with HMRC at least five times a year (rather than just once). HMRC must not underestimate the demand this will place on their resources.



# Our recommendations

Through a combination of data analysis and collaborative workshop sessions, we have developed detailed recommendations to transform HMRC's customer service performance. These recommendations address the critical challenges and desired improvements identified by professional tax agents who interact with HMRC systems daily.

## RECOMMENDATION ONE: Introduce an external tracking mechanism

## RECOMMENDATION TWO: Review and improve internal tracking mechanisms

## RECOMMENDATION THREE: Ensure there are appropriate routes to escalate complex cases

### What our research says:

Progress chasing accounted for over one-third of calls during our data-gathering period, with agents spending approximately 31 minutes per call to only achieve a 'resolution' 15% of the time. A similar proportion of webchat interactions related to progress chasing.

Our evidence suggests high levels of queries are being lost in HMRC systems, resulting in agents calling HMRC just to obtain reassurance that their correspondence has been received, and has been allocated to the correct HMRC team.

### The proposal:

- 1 HMRC should introduce an external mechanism to allow taxpayers and agents to track:
  - a. that HMRC have received their correspondence;
  - b. which team the correspondence has been allocated to; and
  - c. to check progress, including being able to view status updates.

Tracking systems should be included in the design of any new digital service involving taxpayer interactions. In the short term and until it is possible to have visibility of progress across all taxes and services, the introduction of a targeted mechanism for progress chasing, such as a dedicated monitored inbox or a digital form, should be implemented.

- 2 HMRC should review their internal tracking systems and processes for correspondence and queries and should share information on these processes with professional bodies. This would help professional bodies, agents and taxpayers better understand the current processes, and identify actions that agents and taxpayers could take to ensure their correspondence is delivered in a way that is more compatible with HMRC systems. A greater understanding of the current HMRC internal tracking processes may help to inform the design of any new external tracking system for agents and taxpayers and ensure internal and new external tracking systems work hand in hand.
- 3 There will continue to be complex and problematic cases, and we recommend HMRC introduce a service to help taxpayers and agents resolve them with a suitably experienced HMRC team. The current Agent Account Managers service may offer a blueprint of what this new service might look like, while reducing the number of matters which get escalated as complaints. Over time, the need for such a service would diminish, as the benefits of this report's recommendations come to fruition.

### The benefits:

Delivering visibility over processes to ensure that progress chasing is only required in exceptional circumstances would be transformative for HMRC, agents and taxpayers. For HMRC, the resource currently required to answer a call that does not result in progress could be redirected to improve processing times. Currently, HMRC advisers do

not always have the information needed to help agents and taxpayers. A targeted progress-chasing mechanism could provide agents and taxpayers with a more useful response. This approach has worked reasonably well for VAT registration and its wider roll-out should be explored.

#### **RECOMMENDATION FOUR: Improve individual ownership of work**

##### **What our research says:**

Only 33% of issues were fully resolved during participants' contact, resulting in repeated contact attempts and growing frustration. This is reflected in the low average satisfaction score of 2.7 out of 5.

Participants shared their dread when dealing with HMRC after experiences of prolonged and difficult interactions with HMRC to get the answers their clients need.

We observed a significant number of calls being cut off after being connected to an HMRC adviser. Participants recorded some disconnections which appeared to be due to the complexity of the issue being discussed, some when being redirected between teams, and some when the adviser had seemingly reached the end of their script.

Agents highlighted that good customer service included HMRC advisers taking personal ownership of the query and delivering on the required actions to resolve the matter.

##### **The proposal:**

- 1 Ensure HMRC staff have the skills, infrastructure, autonomy, and accountability they need to take ownership of their work and effectively handle the matter. This includes monitoring and delivering on promised callbacks to agents and working to agreed and published deadlines.
- 2 A taxpayer or their agent should be provided with the name of the HMRC adviser or HMRC team that is responsible for the work, and direct contact details unless there is an overriding reason why this is not possible in a particular case.
- 3 Explore processes and practices deployed in other countries to get ideas for best practice. For example, considering the use of a callback function like that introduced by the US Internal Revenue Service.

- 4 Identifying, tracking, and reviewing disconnected calls would enable HMRC to better understand why this is happening, and put appropriate measures in place to address the root causes of these disconnections (be it due to IT problems or staff capability).

##### **The benefits:**

HMRC advisers being able to resolve queries for taxpayers or agents within a reasonable timeframe would help to reduce HMRC's backlog, reduce costs, and reduce contact volumes by minimising repeated contact attempts to resolve an issue. This would promote a positive relationship between HMRC customer service and taxpayers and agents. Being able to fully resolve issues should also lead to greater job satisfaction for HMRC advisers.

#### **RECOMMENDATION FIVE: Improve education and training of HMRC staff**

##### **What our research says:**

At least 11% of contact attempts were generated because the agent needed to correct an HMRC error or request amendments to returns. Some agents experienced prolonged interactions with HMRC advisers to rectify incorrect advice previously given by HMRC. Furthermore, most of the contact with HMRC still did not fully resolve the underlying issue, often due to the HMRC adviser's insufficient technical knowledge.

Participants reported "answer shopping" by immediately contacting HMRC again where an adviser was unable to resolve their issue. Examples included a participant being incorrectly passed between HMRC teams, before eventually landing back with the first team contacted where an adviser was able to help.

##### **The proposal:**

- 1 HMRC need a mechanism to ensure staff are equipped with the skills and resources to understand the questions being asked and answer accurately or escalate accordingly. A review of training may be required to ensure it is fit for purpose if thematic gaps are identified.

- 2 Staff should be given the confidence and avenues to escalate queries beyond their expertise to more experienced staff (in the same way as would be expected of tax advisers under [PCRT](#)).
- 3 There should be clear processes for reviewing technical correspondence and advice before it is issued – especially in the current environment where there are large numbers of inexperienced staff. This would both assure the quality of advice given and identify where further or specific training is needed (for example, where issues span multiple HMRC teams). This is a tried and tested process in tax firms.
- 4 Where poor advice is provided, HMRC should take more accountability when that advice is then acted on by agents or their clients.

#### The benefits:

Reducing HMRC errors could significantly reduce the need for agents and taxpayers to contact HMRC, in turn reducing all parties' costs, while ensuring that the right tax outcome is achieved and boosting trust in HMRC.

#### RECOMMENDATION SIX: Invest in customer service staffing

##### What our research says:

The additional £51m investment announced in May 2024 has made a positive impact on HMRC's customer service – particularly by reducing call waiting times and increasing connection rates. However, our evidence highlights that further resources are needed.

For instance, HMRC's webchat is in some cases the preferred contact method, but there are often no advisers available, which has eroded the desire to use it as the 'go to' method of communication. Webchat benefits from the ability to capture the conversation in writing and therefore provide reassurance for both parties. Increased adviser capacity on webchats would enable greater usage of this channel versus phone.

Callers face average wait times before connection of 19 minutes, with 8% of calls being cut off by

HMRC before connection. Agents provided experiences of prolonged and unacceptable wait times for HMRC responses to correspondence.

As discussed above, our evidence showed poor resolution rates, which suggests HMRC service advisers do not have the time to follow queries through to resolution.

Taxpayers and agents use HMRC customer service to update their tax affairs and pay the correct amount of tax, particularly where there is no digital service.

#### The proposal:

Until HMRC's digital services are demonstrably capable of reducing phone and webchat demand, and resolution rates vastly improve, we would urge the government to maintain this additional investment in HMRC customer service staff and training, including a focus on retention of trained staff.

#### The benefits:

Increasing the number of trained customer service staff (or the number of escalation routes for more difficult queries) would increase capacity, reduce key frustrations and improve tax compliance.

Retention of experienced staff should be more cost effective in the long term than a constant cycle of recruiting and training temporary staff, and improve the quality of customer service.

#### RECOMMENDATION SEVEN: Maintain investment in legacy systems

##### What our research says:

Agents are encountering more errors, problems, and inefficiencies with legacy systems. In some cases, HMRC customer service advisers have been unable to provide assistance over phonelines and webchats. If HMRC do not continue to invest in and maintain legacy systems until there is a viable new alternative, this will increase the need for customer service contact. In recent years, investment seems to have focused on the development of new systems and platforms, at the expense of legacy systems – many of which are in dire need of improvement.

**The proposal:**

We recognise there is a trade-off between creating new digital systems and investing in legacy systems to maintain the functionality demanded. However, the cost of making improvements to digital services provided by legacy systems should be weighed against the cost of ongoing resourcing of phonelines and webchats, and the additional time spent by all parties because of their deficiencies. Over time, the cost of correcting the repeated problems that arise with marriage allowance, incorrect class 2 national insurance liabilities and P800 tax calculations incorrectly sent to taxpayers within self assessment (to name but a few) may ultimately exceed the cost of implementing a digital solution.

**The benefits:**

Maintaining investment, to ensure the functionality of legacy systems while there is no new digital alternative, is important to uphold an effective tax system and reduce avoidable contact with HMRC. This saves time and costs for all parties.

Ensuring effective interaction between legacy systems reduces the risks of ongoing inaccuracies arising from incomplete or inaccurate data, and minimises errors arising from manual or procedural workarounds.

**RECOMMENDATION EIGHT: Identify and plug gaps in digital services****What our research says:**

Where there are no digital services, or digital services do not meet the needs of users, taxpayers and agents have no other option but to interact with HMRC via traditional channels.

**The proposal:**

- 1 HMRC should work closely with stakeholders to identify where gaps exist and evaluate the impact this has on customer service and compliance so that development of digital services can be prioritised accordingly.
- 2 Where a digital service remains unavailable, HMRC need to factor this ongoing demand into their capacity and budgetary plans.

- 3 As part of this, the government and HMRC should work with stakeholders on the development of HMRC's digital transformation roadmap.

**The benefits:**

Targets HMRC's investment and attention on identifying new digital services that will make a meaningful impact to tax compliance and reduce the 'low level' taxpayer and agent interaction with HMRC.

**RECOMMENDATION NINE: Increase the use of secure email for agent communication****What our research says:**

Postal communications can result in delays, items going missing in the post, and items being lost, misfiled or misallocated when scanned upon receipt by HMRC.

In a world where taxpayers and agents are evolving digitally, and HMRC are encouraging greater use of digital tools and digital record keeping by businesses, our evidence highlighted that there is significant appetite for using digital communications. Email communication is a channel already offered by HMRC, but not universally.

**The proposal:**

- 1 HMRC should work with taxpayers and agents to understand the desire for, and address the concerns of, electronic communications and information transfer, so that effective digital communication channels can be developed.
- 2 If email is considered insufficiently secure, a secure portal for exchanging documents with HMRC may be a more practical solution. We note that HMRC has built the Secure Data Exchange Service but this is on a separate platform to the ASA so may not be suitable as a long-term solution. If not a long-term solution, HMRC should work with key stakeholders to develop a secure document transfer mechanism.
- 3 A messaging facility should feature in the App, Digital Accounts and ASA. It should also be a key design feature of any new digital service.

**The benefits:**

Reduces the volume of postal correspondence and the risk of attachments to letters being detached and sent to different teams. This means the customer service adviser who actions the query has everything at their fingertips to support quick resolution. It will speed up the correspondence process and reduce the cost and impact of correspondence going missing and queries needing to be picked up numerous times.

**RECOMMENDATION TEN: Co-create and continually improve digital services****What our research says:**

While HMRC report that 60% of customer transactions are digital, our research reveals that agents needed to contact HMRC by phone or webchat as their often-simple task, such as changing PAYE codes or reallocating payments, could not be resolved digitally. This does not align with HMRC's 'digital first' strategy and may arise because the digital service does not work effectively, or there simply is no digital service available.

Given the complexity of the UK tax system and the diverse characteristics of UK taxpayers, designing a digital service that meets all parties' requirements is inevitably difficult. However, taxpayers and agents – the intended users of HMRC's digital services – have lots to offer regarding the user experience and can help inform the development process in a collaborative way.

Furthermore, following implementation of a digital service, it is inevitable that problems will come to light as taxpayers and agents interact with it. There must be a continual collaborative process of evaluation after digital services are introduced, and funding available to correct glitches.

**The proposal:**

- 1 New digital services should be designed and developed in collaboration with key stakeholders, particularly their main users, to ensure the functionality meets day-to-day needs. Adequate time should be allocated for development and thorough testing to create a

fit-for-purpose system. Agents should be able to see and do everything that their clients can from the launch of a digital service.

- 2 Collaboration between HMRC departments is vital when developing new digital services. Different HMRC teams may be allocated different digital projects, but where these services overlap for the end user, a collaborative design process is crucial.
- 3 New digital services are a long-term investment for the future of HMRC's customer service. A similar long-term approach to their funding and delivery targets is necessary. It is better to ensure a system works well than to deliver the project within a specific timeframe because there is only funding for a specific period. Delivering effective new services helps to build trust with taxpayers and agents.
- 4 There needs to be a process of continual improvement. A list of key 'pain points' is valuable. It gathers important feedback from users who identify issues and provides HMRC with a complete picture of areas that need attention. Investment in groups such as the Agent Digital Design Advisory Group could be extremely valuable in this process.
- 5 Taxpayers, agents, and professional bodies understand that a cost / benefit approach is needed to determine where money should be spent on improvements. HMRC need to communicate openly and transparently about why improvements will or will not be made. Transparency will help build understanding with agents and taxpayers.

**The benefits:**

Our evidence highlighted that agents and taxpayers want to interact digitally, but the digital service must work as intended and must meet their needs. A robust and collaborative design and testing process will ensure that new digital services work effectively from the outset, and promptly identify teething problems and glitches, which can then be addressed.

# Acknowledgements

This work is the product of a collaboration between the Chartered Institute of Taxation (CIOT) and the Institute of Chartered Accountants in England and Wales (ICAEW).

The authors would like to thank all of the 32 participating firms who generously agreed to gather data during the pilot or six-week period on a range of agent interactions with HMRC, attended our workshops and took the time to respond to our calls for evidence through written contributions, during a busy period of the year in practice. Those firms that have given their permission to be named are noted to the right.

In addition, we would like to thank CIOT's Low Incomes Tax Reform Group, the Federation of Small Businesses and the CBI for their contributions, not to mention the hard work of the considerable number of staff and office holders at CIOT and ICAEW who have been involved with this project, in particular Lindsay Scott of CIOT and Ed Saltmarsh of ICAEW.

We would also like to thank HMRC for their co-operation during preparation of the report and their subsequent engagement.

**Anderson & Edwards Ltd**  
**Azets**  
**Beever & Struthers**  
**Crowe U.K. LLP**  
**Dixon Wilson**  
**Duncan & Toplis**  
**Ensors Accountants LLP**  
**Ernst & Young LLP**  
**Evelyn Partners LLP**  
**Gibson Whitter**  
**Grant Thornton UK LLP**  
**Haines Watts South West**  
**Hillier Hopkins LLP**  
**Johnston Carmichael LLP**  
**Litchfields Chartered Accountants**  
**M&S Accountancy & Taxation Ltd**  
**Melanie Sampson Consulting**  
**MHA**  
**Milsted Langdon**  
**Moore Kingston Smith LLP**  
**PKF Francis Clark**  
**PricewaterhouseCoopers LLP**  
**Rebecca Benneyworth & Co**  
**Ross Martin Tax Consultancy Limited**  
**RSM UK**  
**Saffery LLP**  
**Spicer & Co UK Limited**  
**Tax Business Ltd**  
**Thorne & Co**  
**Walpole Dunn**  
**Ways to make it count Ltd**



# Annex A – Detailed results of our study

**Table 1 – Total attempts to contact HMRC, by phonenumber/webchat**

Phonenumber/Webchat	Contact attempts
Agent Dedicated Line for Debt Management (0300 200 3887)	8
Agent Dedicated Line for Self Assessment and PAYE (0300 200 3311)	248
Charities and Community Amateur Sports Club (0300 123 1073)	2
CIS General Enquiries (0300 200 3210)	2
Corporation Tax General Enquiries (0300 200 3410)	81
Corporation Tax Group Payment Arrangements (0300 583 3947)	1
Corporation Tax Payment (0300 200 3840)	4
Debt Line for Simple Assessment (0300 322 7835)	1
Deceased Estates Helpline (0300 123 1071)	2
Employers: General Enquiries (0300 200 3200)	35
Expatriate Helpline (0300 322 9424)	3
HMRC Disclosure Line (0300 123 0998/1078)	9
Income Tax General Enquiries (0300 200 3300)	10
MVL Advice Line (0300 322 7815)	5
National Insurance General Enquiries (0300 200 3500)	6
Online Services Helpdesk (0300 200 3600)	7
Other unpublished phonenumber (or data not provided)	40
Self Assessment General Enquiries (0300 200 3310)	4
Self Assessment Payment (0300 200 3820)	1
Trusts Helpline (0300 123 1072)	24
VAT Error Correction (0300 322 7075)	8
VAT General Enquiries (0300 200 3700)	44
VAT Online Services Helpdesk (0300 200 3701)	6
Webchat: Other	9
Webchat: PAYE	11
Webchat: Self Assessment	47
Webchat: VAT	12
Worldwide Disclosure Facility (0300 322 7012)	4
<b>Total</b>	<b>634</b>



**Table 2 – Reasons for contacting HMRC**

Reason for calling	Contact attempts
To progress chase (other than a repayment)	149
To progress chase a repayment	87
To correct an HMRC error or amend a return	68
Other	55
To discuss an outstanding debt	44
To cancel a filing requirement	43
To check/reallocate payments	36
To change a PAYE code	33
To request pension or payroll information	24
To resolve an issue with online services	24
To register for a tax or query a filing requirement	18
To provide information in response to a request from HMRC	15
To request a repayment	10
To cancel or query a simple assessment	8
To request information/queries for deceased clients	7
To challenge or query penalties	7
To request a filing extension	6
<b>Total</b>	<b>634</b>

**Table 3 – Connection rates**

Phoneline/Webchat	Connected		Total
	Yes	No	
Agent Dedicated Line for SA and PAYE	220	28	248
Corporation Tax General Enquiries	75	6	81
Employers General Enquiries	31	4	35
Income Tax General Enquiries	10		10
Other published phoneline	62	11	73
Other unpublished phoneline (or data not provided)	34	6	40
Trusts Helpline	20	4	24
VAT General Enquiries	39	5	44
Webchat: Other	5	4	9
Webchat: PAYE	8	3	11
Webchat: Self Assessment	16	31	47
Webchat: VAT	10	2	12
<b>Total</b>	<b>530</b>	<b>104</b>	<b>634</b>

**Table 4 – Scores**

Average of Score Phoneline	Connected		Overall
	Yes	No	
Agent Dedicated Line for SA and PAYE	3.0	0.1	2.7
Corporation Tax General Enquiries	3.4	0.5	3.2
Employers General Enquiries	3.5	1.3	3.2
Income Tax General Enquiries	2.5		2.5
Other published phoneline	3.1	0.2	2.6
Other unpublished phoneline (or data not provided)	3.8	0.8	3.4
Trusts Helpline	3.1	1.0	2.7
VAT General Enquiries	3.2	0.4	2.8
<b>Overall</b>	<b>3.1</b>	<b>0.4</b>	<b>2.8</b>

Average of Score Webchat	Connected		Overall
	Yes	No	
Webchat: other	2.8	0.0	1.6
Webchat: PAYE	2.6	0.7	2.1
Webchat: Self Assessment	2.7	0.1	1.0
Webchat: VAT	2.6	3.0	2.7
<b>Overall</b>	<b>2.7</b>	<b>0.3</b>	<b>1.4</b>

**Table 5 – Resolution**

Phoneline/Webchat	Fully resolved	Partially resolved	Unresolved	Total
Agent Dedicated Line for SA and PAYE	80	94	74	248
Corporation Tax General Enquiries	29	29	23	81
Employers General Enquiries	16	8	11	35
Income Tax General Enquiries	1	4	5	10
Other published phoneline	12	28	33	73
Other unpublished phoneline (or data not provided)	13	18	9	40
Trusts Helpline	4	9	11	24
VAT General Enquiries	11	17	16	44
Webchat: Other	1	2	6	9
Webchat: PAYE	2	2	7	11
Webchat: Self Assessment	4	6	37	47
Webchat: VAT	1	7	4	12
<b>Total</b>	<b>174</b>	<b>224</b>	<b>236</b>	<b>634</b>

**Table 6 – Average score per helpline depending on resolution of query**

Phoneline/Webchat	Fully resolved	Partially resolved	Unresolved
Agent Dedicated Line for SA and PAYE	3.8	3.1	0.9
Corporation Tax General Enquiries	4.0	3.7	1.5
Employers General Enquiries	4.5	3.4	1.2
Income Tax General Enquiries	5.0	3.5	1.2
Other published phoneline	4.5	3.4	1.3
Other unpublished phoneline (or data not provided)	4.4	3.6	1.3
Trusts Helpline	4.3	4.0	1.1
VAT General Enquiries	4.5	3.2	1.3
Webchat: Other	4.0	3.0	0.7
Webchat: PAYE	4.5	3.0	1.1
Webchat: Self Assessment	3.3	3.8	0.2
Webchat: VAT	3.0	2.7	2.5
<b>Total</b>	<b>4.0</b>	<b>3.3</b>	<b>1.0</b>

# Annex B – CIOT minimum standards for new digital systems and new digital forms

We have reproduced the key points from these minimum standards documents. The full versions, setting out the rationale for each recommendation, can be found from the hyperlinks in the titles.

## **Minimum standards for the introduction of new HMRC digital systems**

We set out below what we believe are the minimum standards which should be applied by HMRC when developing new digital systems to be used by taxpayers and agents. In this regard we mean digital systems and processes by which taxpayers and agents interact with HMRC to fulfil their tax obligations (examples include the VAT registration service, the Trust Registration Service, RTI reporting, the property reporting service, MTD etc).

1. Policy development should consider the extent of digitalisation required to deliver it.
2. Consultation and testing of the digital system before its use becomes mandatory.
3. The new digital system has at least the same level of functionality as the system it replaces.
4. Interaction with existing HMRC systems is maximised.
5. Guidance is available on how to use the new digital system before it goes live.
6. The digital system should keep pace with legislative and policy changes.
7. The new digital system should respect existing agent authorisations, and that a taxpayer may use different agents for different taxes / obligations.
8. Agent access should keep pace with that for taxpayers themselves.
9. Agent functionality to mirror that for taxpayers themselves.
10. HMRC staff are adequately trained and available to provide on-the-spot assistance.

11. HMRC, taxpayers and agents should see the same information.
12. New digital systems should work for all affected taxpayers.
13. Non-digital processes for those who cannot interact digitally or find it difficult to do so.
14. Accessible versions or characteristics of digital systems for those with particular needs.

## **Minimum requirements for HMRC digital forms**

We set out below what we believe are the minimum standards which should be applied by HMRC when developing new digital forms to be used by taxpayers and agents. In this regard we mean forms that have to be completed and submitted online, rather than forms which are available online, but are printed off and submitted by post.

### **Development of the form**

1. Consultation and testing with a range of potential users of the form.
2. Government Gateway status.
3. Allow time for familiarisation.

### **Completion of the form**

4. A list of information required to complete the form.
5. Clear instructions for completing the form.
6. The ability to save and return to a part-completed form.
7. The ability to amend an entry.
8. The ability to upload attachments or provide additional explanations.
9. Sufficient character spaces to meet the requirements of the form.

10. The ability for an authorised agent to complete the form on behalf of the taxpayer.
11. The ability to save a completed form.
12. The ability to print a completed form.
13. The ability for the digital form to correctly compute the tax due.

### **Submission of the form**

14. Clear messaging to explain what submission of the form means.
15. The ability to capture a copy of the submitted form.
16. A digital receipt or equivalent proof of submission.

### **Necessary alternatives**

17. Non-digital versions of forms for those who cannot interact digitally or find it difficult to do so.
18. Accessible versions of digital forms for those with particular needs.



# Annex C – Digital services not available to agents

In some cases, digital services are available to taxpayers but not to their agents. This means agents cannot see and do everything that their clients can. Examples include:

## **PAYE**

- view and check employment pay and tax details (some access is provided by the self assessment pre-population service and income record viewer, but these services have significant flaws);
- check and update tax codes (limited view-only access is provided by income record viewer and for clients in self assessment. The service available to taxpayers in the App/Digital Account could be significantly improved. There is an outdated online form available to agents, but it is not promoted and does not seem to work well);
- claim a tax refund or relief (forms R40, P85, P87, various versions of R50, R53, R55);
- check national insurance contribution history and state pension forecasts;
- track forms submitted online;
- submit, check, or update marriage allowance claims;
- check or update taxable benefits provided by employers;
- PA 302 simple assessments and P800 PAYE tax calculations (the taxpayer service is not fully developed).

## **SELF ASSESSMENT**

- request that a self assessment tax return be withdrawn;
- appeal self assessment penalties.

## **OTHER**

- registering for certain taxes including registering a partnership and partners for self assessment, plastic packaging tax, employment related securities schemes, and others;
- real-time reporting of capital gains (other than the CGT on UK residential property service);
- reclaim tax paid by close companies on loans to participators (L2P).

# About us



## The Chartered Institute of Taxation (CIOT)

The CIOT is the leading professional body in the United Kingdom concerned solely with taxation. The CIOT is an educational charity, promoting education and study of the administration and practice of taxation. One of our key aims is to work for a better, more efficient, tax system for all affected by it – taxpayers, their advisers and the authorities. The CIOT's work covers all aspects of taxation, including direct and indirect taxes and duties. Through our Low Incomes Tax Reform Group (LITRG), the CIOT has a particular focus on improving the tax system, including tax credits and benefits, for the unrepresented taxpayer.

The CIOT draws on our members' experience in private practice, commerce and industry, government and academia to improve tax administration and propose and explain how tax policy objectives can most effectively be achieved. We also link to, and draw on, similar leading professional tax bodies in other countries. The CIOT's comments and recommendations on tax issues are made in line with our charitable objectives: we are politically neutral in our work.

The CIOT's 20,000 members have the practising title of 'Chartered Tax Adviser' and the designatory letters 'CTA', to represent the leading tax qualification.



## The Institute of Chartered Accountants in England and Wales

Internationally recognised as a source of expertise, ICAEW's Tax Faculty is a leading authority on taxation and is the voice of tax for ICAEW. It is responsible for making all submissions to the tax authorities on behalf of ICAEW, drawing upon the knowledge and experience of ICAEW's membership. The Tax Faculty's work is directly supported by over 130 active members, many of them well-known names in the tax world, who work across the complete spectrum of tax, both in practice and in business.

ICAEW is a world-leading professional body established under a Royal Charter to serve the public interest. In pursuit of its vision of a world of strong economies, ICAEW works with governments, regulators and businesses and it leads, connects, supports and regulates more than 169,000 chartered accountant members in over 146 countries. ICAEW members work in all types of private and public organisations, including public practice firms, and are trained to provide clarity and rigour and apply the highest professional, technical and ethical standards.

**CIOT**

30 Monck Street  
London  
SW1P 2AP

T +44 (0)20 7340 0550  
E [technical@ciot.org.uk](mailto:technical@ciot.org.uk)  
[tax.org.uk](http://tax.org.uk)

**ICAEW**

Chartered Accountants' Hall  
Moorgate Place  
London  
EC2R 6EA

T +44 (0)20 7920 8100  
E [generalenquiries@icaew.com](mailto:generalenquiries@icaew.com)  
[icaew.com](http://icaew.com)

© 2024 The Chartered Institute of Taxation  
Design and layout © ICAEW 2024

All rights reserved. If you want to reproduce or redistribute any of the material in this publication, you should first get permission in writing from CIOT and ICAEW.

---