

Written evidence submitted by Association of Taxation Technicians

1 Executive summary

1.1 HMRC's current performance is patchy at best. When systems and processes work, they can work well and quickly. But when things don't work, taxpayers can experience significant issues and it is very difficult to find someone within HMRC to take ownership and resolve the issue. System problems can be particularly frustrating. If the computer says no, taxpayers and their agents are left going in circles around different helplines trying to find a solution.

1.2 Overall, our members are very frustrated with HMRC's current performance. We are struggling to see that significant improvement in performance is achievable in the short to medium term with HMRC's current resources. We support HMRC's longer term digital ambitions, but there is a big gap between where we are now, and the promised, sunlit digital uplands of the future. It is difficult to see how HMRC can bridge that gap.

1.3 We would like to see:

- More detailed, published targets for the processing of post, beyond the 15 working day target and including details of the amount of post over six and 12 months.
- Direct access by phone or email to the Agent Maintainer Team.
- More digital services for agents, specifically the ability to amend or update PAYE codes online.
- More testing of new or updated services by agents/tax professionals – in addition to the testing HMRC carries out with the general public.

1.4 We have made further comments below under the headings of:

- Correspondence by post
- Phone lines
- Digital Services

2 About us

- 2.1 The Association of Taxation Technicians (ATT) is pleased to have the opportunity to respond to the Public Accounts Committee (PAC)'s call for evidence on HMRC Standard Report 2022-23¹. Our evidence is focused on HMRC's customer service, which is the primary concern of our members at the present time.
- 2.2 The ATT sits on a number of HMRC forums covering a range of taxes and administration measures, including:
- The Issues Overview Group (IOG) - a joint forum of HMRC and professional bodies that progresses important operational issues or problems raised on the online Agent Forum, or otherwise identified by HMRC or professional bodies representing tax agents and advisers.
 - The Representative Bodies Steering Group - which helps to advise on strategic decisions about HMRC's performance, including customer service, its digital strategy, and the impact of these on agents.
- 2.3 The ATT is a charity and the leading professional body for those providing UK tax compliance services. Our primary charitable objective is to promote education and the study of tax administration and practice. One of our key aims is to provide an appropriate qualification for individuals who undertake tax compliance work. Drawing on our members' practical experience and knowledge, we contribute to consultations on the development of the UK tax system and seek to ensure that, for the general public, it is workable and as fair as possible.
- 2.4 Our members are qualified by examination and practical experience. They commit to the highest standards of professional conduct and ensure that their tax knowledge is constantly kept up to date. Members are found in private practice, commerce and industry, government and academia.
- 2.5 The ATT has more than 9,500 members and Fellows together with over 5,000 students. Members and Fellows use the practising title of 'Taxation Technician' or 'Taxation Technician (Fellow)' and the designatory letters 'ATT' and 'ATT (Fellow)' respectively.

3 Correspondence by post

- 3.1 Delays in processing correspondence have a direct impact on individuals and businesses. We have had reports of delays in:
- **Obtaining self-assessment repayments for individuals.** The importance of taxpayers recovering overpayments of tax in a timely fashion during a cost of living crisis probably doesn't need to be stated.
 - **Processing of self-assessment returns despite the returns being submitted online.** This resulted in difficulties accessing benefits for one individual following a cancer diagnosis, as they were unable to demonstrate that their Class 2 record was complete, and a loss of a potential home for another

¹ <https://committees.parliament.uk/work/7881/hmrc-standard-report-202223/ATT/ATTTSG/Submissions/2023>

who was unable to obtain the necessary SA302 to evidence their earnings for mortgage purposes.

- **Obtaining VAT registrations.** This both increases administrative burdens for the business trying to register and can delay significant transactions (such as those involving transfers of a going concern where the purchaser is waiting for a VAT registration). It can also prevent businesses from selling on online platforms, or accessing the Fulfilment House Due Diligence Scheme. VAT-registered customers of the business may also be disadvantaged, if they are unable to recover the VAT they have been charged until their supplier has got their VAT number and is able to issue a formal VAT invoice.
- **Receiving references for PAYE** – this means that employers can't process payroll and submit RTI reports to HMRC in a timely fashion. A lack of timely payroll information can also impact the Universal Credit position for employees.

Although these examples fall into 2023-24, we think they are worth mentioning here:

- **Bereavement cases** – in August 2023, we received reports from members that HMRC was advising some of their informal estate cases would not be processed until April 2024. Delays in finalising administration matters can be upsetting to grieving families – and increase legal costs.
- **Non-resident paperwork** - In August 2023, a member was advised that there would be a 50 week wait for a form for a non-resident taxpayer to be processed.

3.2 Members are increasingly turning to making formal complaints or involving their client's MPs to get things moving – and are now reporting delays in dealing with complaints.

3.3 In addition to delays, the quality of responses received from HMRC is not at the level seen prior to Covid. We were recently sent an example where a member had submitted a simple R40 form to reclaim tax on income received from a trust where a total of 15 errors were made by HMRC – eight on the first attempt at processing and seven (some new, some not resolved) following a complaint.

3.4 HMRC has started to make progress on addressing post, and provides various tools including 'Where's my reply'² to help taxpayers know when they might reasonably expect a response. Agents have access to the HMRC dashboard³ to give estimated processing times for a limited list of tasks. HMRC also launched a taskforce to review post over 12 months earlier this year⁴.

3.5 However, we think it would be beneficial if HMRC's targets for post could include not just what is processed within 15 and 40 working days, but also what remains on hand after six and nine months. This would help to improve accountability. Evidence from one forum we attended suggested that staff focus first on incoming post and hitting 15 and 40 day targets. Post that has missed those targets then builds as there are no further targets. In our view, HMRC should not have any correspondence over 12 months old. Targets at the six month point in particular are needed to prevent the current situation escalating.

3.6 In the longer term, agents would be keen to engage more digitally with HMRC. If it was possible to submit correspondence through the Agent Services Account, then it might be easier to track and monitor progress, which would reduce chasing calls. Designing a suitable system would however be a substantial IT exercise, with significant upfront costs. But if HMRC was able to more proactively confirm that post/correspondence

² <https://www.gov.uk/guidance/check-when-you-can-expect-a-reply-from-hmrc>

³ <https://www.gov.uk/guidance/check-hmrcs-current-performance-and-service-levels>

⁴ <https://www.att.org.uk/technical/news/hmrc-announces-taskforce-address-old-post>

had been received and provide estimated dates of response, this could help to reduce pressure on the phone lines as there would be less need to call and chase.

4 Phone lines

4.1 During 2022-23, HMRC restricted or closed various helplines in an attempt to manage the severe pressures they were under.

- The main Self-Assessment helpline for the general public was closed between 12 June and 3 September 2023.
- The Agents Dedicated Line (ADL) was restricted between 17 April to 2 June 2023 to calls relating to Self-Assessment late filing penalties and appeals, and PAYE coding enquiries. Agents were directed to the main, public helplines for all other queries.
- The VAT registration helpline closed permanently on 22 May 2023 to divert resources to processing VAT registration applications.

From 2 October 2023, HMRC has made further changes to the ADL, withdrawing the target 10 minute wait time and re-routing PAYE queries to the main public helplines. Some limited information on call waiting times was also introduced.

4.2 All of these changes have made it very difficult for agents to get matters resolved for their clients. Although agents are advised to use digital services in preference to phoning HMRC, they can only do so where these services exist.

4.3 For example, one very common reason for an agent to call the ADL is to amend a PAYE code for a taxpayer. While individuals can make an online request to change their code via their Personal Tax Account (PTA), there is no equivalent functionality for agents. The agent must write or call. Where the code change is needed urgently, because the taxpayer is either overpaying and struggling with cash flow, or underpaying and building up a liability, agents therefore need to call.

4.4 Agents also use the ADL for progress chasing, which HMRC specifically asks them not to do. We agree with HMRC that agents should be using the various online services to check on the expected processing times before calling. We are currently working with HMRC to understand to what extent agents are ringing 'early' – i.e. before the estimated time of reply in order to assist HMRC in reducing this demand. However, once estimated processing times have elapsed, agents need to call HMRC to ask what is going on. Post can be misallocated or misplaced, and agents – and their clients - need to know that HMRC has received their correspondence and when it might be dealt with.

4.5 We have also received a number of reports about the difficulties of contacting HMRC about enquiry cases.

One member reported to us:

"I have a few clients who have been passed to Discovery Assessment when HMRC are not happy with their unprompted disclosure made under the Let Property Campaign. The Discovery Assessment section is not at

all contactable other than by post – their phone number as shown on their letterheads as 0300 322 9882 has been effectively closed for months; the phone number does not permit you to hold whatsoever. I have a case which has been dragging on since June 2022 first via LPC [Let Property Campaign], and then with the discovery team since December 2022 and we are at the mercy of when HMRC decide to reply.”

Other members have similarly reported being unable to get through to HMRC to deal with compliance matters. Enquiry cases are stressful at the best of times, and being unable to resolve these for a prolonged period is unhelpful.

- 4.6 Finally, agents are unable to contact the Agent Maintainer Team (AMT) by phone. This is a vitally important service to agents as this team handle requests for registration as an agent with HMRC and changes of address for agents. Lack of direct access to this team makes it very difficult for new agents to check on progress of their application with HMRC, and for existing agents to confirm changes or amendments to their registration. In the worst case, problems here can result in agents either losing access to HMRC’s online services or failing to gain access in a timely manner and being unable to manage their clients’ affairs in the meantime. Discussions about improving access to the AMT have been going on for some months now so it is a matter on HMRC’s radar, but we would be keen to see more rapid progress.

5 Digital Services

- 5.1 In principle, we are supportive of HMRC developing more digital services - as long as agents can see and do all that their clients can see and do. It is also important that appropriate provision is made for the *digitally excluded* – those who struggle with, or lack access to computers and the internet.
- 5.2 A number of HMRC services can be all or nothing. When they work they can be quick and efficient. If they do not work, it can be difficult to work out the cause of the problem, with taxpayers and agents being passed between HMRC online support services and other, tax-specific helplines.
- 5.3 In 2022-23 there were issues with new services such as the VAT Registration Service. When this was launched in August 2022 it did not meet the requirements of agents, and it still does not cater for all the situations in which a business might need to register for VAT.
- 5.4 Agents frequently report to us struggles with clients around setting up a Government Gateway account. A Gateway account is needed to authorise an agent for services including the Income Record Viewer (IRV) which allows agents access to detailed PAYE information, the CGT on UK Property Reporting service and the Trust Registration Service. In order to authorise an agent to transact on their behalf, taxpayers need to be able to create a Government Gateway (which requires being able to set a secure password and set up two-step verification with a mobile phone or app to secure their account), verify their identity online (based on P60 and credit reference information), and complete a digital handshake by following links from their agent. There is no simple YouTube video to help taxpayers through this process and agents report to us that it is simply not cost or time effective to help many of their less computer literate clients through this process.
- 5.5 Once access has been achieved, one of the other issues we find with new systems is the lack of testing whether the service does what it is required to. A lot of detailed testing goes into how user friendly a system or is, and how those accessing a service navigate through it, but we do not get involved with which looks at whether or not the system do what the legislation requires.
- 5.6 We have been told that agents, ‘know too much’ to add value to testing of systems primarily aimed at the general public. We believe that agents can add value to the testing of services aimed at the general

taxpayer as we are often involved in helping taxpayers navigate these systems, understand what they struggle with, and have sufficient knowledge to identify gaps in new systems. A business setting out to design toothbrushes wouldn't just test their product with the 'end user' and tell a dentist that they knew too much to provide helpful feedback!

- 5.7 Following recent meetings we are hopeful that HMRC have taken on board our comments in this area, but we felt it worth reiterating the point here. We would like to see agents and tax professionals more involved in reviewing and commenting on new systems and services, in addition to the user testing HMRC already carries out.

October 2023