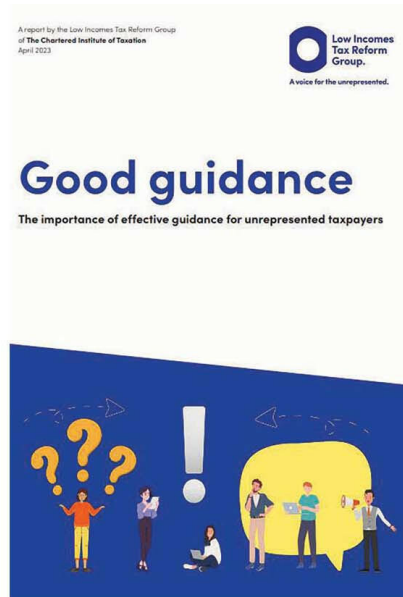


# New report highlights importance of good guidance

## Briefings



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A new report from the CIOT's Low Incomes Tax Reform Group (LITRG) considers how HMRC can improve the way it provides guidance to taxpayers.

The LITRG report 'Good guidance: The importance of effective guidance for unrepresented taxpayers' argues that good guidance is essential to the maintenance of an effective and well-functioning tax system, and makes recommendations on potential improvements.

While HMRC has made progress in recent years to improve the availability of guidance to taxpayers – a point stressed by the Office of Tax Simplification in a 2021 review – an overwhelming majority of those who have contacted LITRG for tax help since 2017 (78%) say they did so because they were unable to find answers to their queries on [GOV.UK](https://www.gov.uk).

In the report, LITRG cites a number of recent examples of inaccurate, ambiguous or misleading guidance on [GOV.UK](https://www.gov.uk) (some of which have now been addressed), to show how bad guidance can lead to confusion for both taxpayers and advisers. They include:

- an inaccurate starting threshold for Class 2 (self-employed) National Insurance remaining on [GOV.UK](https://www.gov.uk) for nine months after the threshold was increased in March 2022;
- taxpayers being advised that you ‘do not pay tax on your savings interest if you’re on a low income’, a catch-all statement that fails to recognise the possibility that those on incomes under £20,000 per year may have savings capable of generating taxable interest; and
- guidance on reporting thresholds for property income using the word ‘income’ to mean both gross and net income simultaneously.

The LITRG report sets out 40 recommendations for improving the way that guidance is developed and communicated to taxpayers. These are aimed at ensuring good guidance can be:

- clear, accessible, comprehensive and technically accurate;
- user-tested, with examples to help taxpayers understand their obligations; and
- updated regularly to provide the most up-to-date position.

Victoria Todd, head of LITRG, said the need for good guidance was especially important for unrepresented taxpayers: ‘Those taxpayers who cannot afford to pay a professional tax adviser to help them through the tax system rely on such guidance, so when it does not exist or falls short, it means that the tax system cannot function effectively. When this happens, we see non-compliance, confusion, frustration and the erosion of trust.’

Judith Freedman, Oxford Emeritus Professor of Tax Law, who wrote one of the forewords to the paper, said the report offered ‘40 valuable and practical recommendations for improving clarity, accessibility and reliability’. She added that ‘the scope and management of guidance and the degree to which it binds HMRC should be a significant element’ of HMRC’s ongoing Tax Administration Framework Review.

**A feature article on the report, written by the LITRG team, will appear in the June edition of Tax Adviser. In the meantime, you can read the report at: <https://bit.ly/41jzi8y>**