

Technical newsdesk: February 2025

Welcomes



22 January 2025

On 11 December, the CIOT and ICAEW launched their joint report on HMRC's service levels, 'Tackling HMRC's Customer Service Challenge'. There is a feature about the project on page XX and 'CIOT technical team successes' article below. Our report makes ten recommendations to improve customer service, but to achieve them adequate investment must be made in HMRC to ensure that systems and resources are in place to deliver improvements.

HM Treasury's Spending Review representation portal is now open for submissions (www.smartsurvey.co.uk/s/SpendingReview25). The government, of course, does not have an infinite amount of money and needs to allocate funding to all public services. We must remember that money invested in HMRC might come at the expense of healthcare or education.

You would like to think that investment in HMRC pays for itself, but how do you demonstrate that? Our work on HMRC's service levels gives us a good understanding of where we consider investment in HMRC is needed.

Customer service: Our evidence shows that agents' phone calls are getting through to HMRC quicker than they used to, but only a third of the issues raised are being resolved. The additional investment in customer service is helping HMRC meet some published targets, but is it actually delivering an improvement? We believe that HMRC or HMT should undertake their own research on the 'return' from their investment in customer service. While HMRC can typically put a value on the return from each £1 invested in compliance activities, a similar exercise is more difficult for customer service, which also encompasses non-financial benefits such as trust in the tax system and reinforcing attitudes towards compliance.

In our Summer 2023 survey, 98% of respondents said that poor service levels have a 'moderate' or 'significant' negative impact on trust in the tax system, and 93% said they have a 'moderate' or 'significant' negative impact on attitudes to tax compliance. We think some further research will underline the importance of investing in good customer service.

Agent services: Reputable agents bring huge value to the tax system, such as by encouraging and delivering on compliance obligations, ensuring that reliefs are correctly and appropriately claimed, and shielding HMRC from a significant amount of contact that they might otherwise receive. This is also difficult to value, but we think it should be attempted. In the absence of a tangible recognition of the value that good agents bring, there is a danger that we will continue to see services developed for agents later than those for taxpayers (if they are developed at all), notwithstanding the longstanding commitment from HMRC that agents should be able to see and do what their clients can.

Digital services: We agree that a 'digital first' strategy for HMRC is the correct one, but demand is currently outstripping supply and investment is needed to plug the gaps. Existing systems need ongoing investment until new, better digital systems take their place. I am excited about working with HMRC on their digital transformation road map, and we have shared with the team our suggested minimum standards for new digital systems (tinyurl.com/ymck9j62) and new digital forms (tinyurl.com/ye22zhtj).

The Spending Review representation portal is open until 11:59 on 9 February, so if you have survived the self-assessment season, you have a short window in which to have your say.