

PUBLIC ACCOUNTS COMMITTEE INQUIRY SUBMISSION ON HMRC CUSTOMER SERVICE AND ACCOUNTS 2023-24

Response by Association of Taxation Technicians

1 Executive summary

- 1.1 Our members continue to experience significant problems with HMRC's performance. While there have been some limited improvements to waiting times on the phone, members report problems with poor quality or meaningless advice, forcing them to contact HMRC repeatedly. There remain significant delays in specific postal queries and HMRC still have no targets or monitoring for 'aged post' which has been unanswered for 40 or more working days.
- 1.2 Our members would be keen to do more online with HMRC, but there are significant gaps in HMRC's digital services and even where services do exist, agents do not always have access to the full range of digital services available to taxpayers. We consider that increasing the range of services available to agents - on equal terms with taxpayers - and making it easier to see the data which HMRC have used to calculate tax figures would improve the accuracy of individuals' tax affairs.
- 1.3 We have made more detailed comments below under the headings of:
- HMRC's performance in collecting revenue and managing compliance
 - Customer service performance
 - Improving and extending digital services for agents.

Where appropriate, we have included direct feedback from members in italics.

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 Customers Service and Accounts 2023-24 published on 31 October 2024¹. HMRC's customer service concerns our members as it directly affects their ability to effectively manage their clients' tax affairs. Our members incur additional costs in dealing with

¹[HMRC Customer Service and Accounts 2023-24 - Committees - UK Parliament](#)

poor HMRC service, and cannot always pass these costs on the in fees charged to their clients, so HMRC service levels have a direct impact on our members' businesses.

- 2.2 The ATT sits on a number of HMRC forums covering a range of taxes and administration measures, including:
- The Issues Overview Group - 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 10,000 members and Fellows together with over 7,000 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 **HMRC's performance in collecting revenue and managing compliance**

- 3.1 We asked our members for their comments on the topics the Committee will be covering. Given the limited timeframe for responses, we are focusing on the following areas where we think useful improvements could be made to the operation of HMRC services to improve the management of compliance and help HMRC to collect the right amount of tax first time:
- Registering for, and remaining in self-assessment
 - Savings interest

3.2 **Registering for self-assessment**

The process of registering for self-assessment itself is relatively straight forward for individuals, but agents cannot use digital routes for partnerships and there have been, once again, delays in issuing UTRs for new registrants, and problems for those looking to re-register. This year, HMRC have had to introduce a 'fix' to address problems where people who have previously been in self-assessment – and therefore have a UTR – were unable to re-register online. We are still working with HMRC to deal with issues where registration applications are being rejected on the grounds that HMRC cannot validate the address.

- 3.3 As registration is often the first contact a taxpayer has with HMRC, it is important that this works smoothly and effectively. Otherwise, the impression is given that HMRC is not interested in helping someone to pay the correct amount of tax.

"I needed to bring six of my SA [Self Assessment] clients back into SA, mainly to register capital losses made in 2023/24. I submitted online SA1 forms for them in mid-September and no notices to file have yet been issued, so I can't submit the returns."

3.4 **Remaining in self-assessment**

HMRC will automatically remove a taxpayer from self-assessment as soon as they do not fall within HMRC's criteria. In our experience, many people wish to remain in self-assessment to keep control over their affairs, to finalise their tax position more quickly and to avoid issues with data mismatches when HMRC uses data from third parties such as banks and building societies. Many individuals find being in self-assessment easier - and for some it is the most effective way of ensuring they pay the right amount of tax. We are concerned by HMRC's continuing desire to remove people from the self-assessment system – which is entirely digital – and push them into phoning/writing with additional details to ensure their tax computations are complete and correct.

- 3.5 In recent years, more and more high-earning employees with otherwise simple tax affairs have been removed from self-assessment as the income threshold for self-assessment has been increased for this group. From 6 April 2025, the requirement for higher earning employees to be in self-assessment will be completely scrapped. We think this is short-sighted, as those earning over £100,000 can have a number of tax issues – such as the tapering of the Personal Allowance, taxable savings or dividend income to declare and relief on pension contributions or gift aid to claim².

- 3.6 Beyond higher earners, many people who fall outside HMRC's criteria for self-assessment still have tax to pay. For example, HMRC's criteria for accepting an individual with savings interest into self-assessment require the individual to have over £10,000 of savings interest. The maximum Personal Savings Allowance for a basic rate taxpayer is £1,000, leaving those with savings income between £1,000 and £10,000 reliant on HMRC's matching process. If this does not work effectively – and there is no way of knowing when any calculation may be received – taxpayers need to call or write with the correct figures. This is particularly complicated where several savings accounts exist as HMRC only provide a total figure for all interest data. This makes it difficult for the taxpayer to reconcile HMRC's figures to their own.

- 3.7 Where there is an agent involved, it is much more effective for the individual to stay within self-assessment as HMRC's self-assessment systems are set up to deal with the role of agent properly, with formal routes for authorisation.

- 3.8 Given the process of self-assessment is largely automated, we think that HMRC should allow those who wish to stay within self-assessment to remain there. This should help ensure that HMRC collects the correct amount of tax from these individuals in a timely manner. As an automated system, self-assessment also allows the tax to be calculated with minimal demands on HMRC staff. By contrast, small tax adjustments for individuals removed from self-assessment will often require HMRC staff to deal with the taxpayer via phone calls, webchat and letters before manually adjusting the PAYE coding system as necessary.

² [Self assessment thresholds: If it ain't broke, don't fix it? | AccountingWEB](#)

3.9 Savings interest

Following the increases in interest rates, a significant number of people who have not previously had to pay tax on their savings income have found that they have a tax liability as a result of exceeding their Personal Savings Allowance. It is estimated that 2.7m people will need to pay tax on savings income in 2023-24³. Our concern is that current processes do not allow people to easily check or correct their position and this increases the risk of poor compliance, with individuals at risk of under or overpaying tax. We think that people should be able to see the savings interest figures that HMRC has allocated to them by logging into their Personal Tax Account (PTA), and that Simple Assessments/P800 should give more information about the figures HMRC has used, especially when these have been estimated.

3.10 As it stands, HMRC receives information from bank and building societies about the interest paid on the accounts they operate. HMRC then carries out an enormous matching process (which takes some months) to allocate the savings interest to individual taxpayers, followed by a further reconciliation for individual taxpayers not in self-assessment to calculate their final tax position. A taxpayer who is not in self-assessment will then be issued with either a P800 or Simple Assessment with details of the relevant tax refund/demand.

3.11 This matching exercise works well in many cases but it is not infallible. If the total savings figure reported by HMRC cannot be reconciled to the taxpayer's own figures, it is necessary to call or write to HMRC to obtain a detailed breakdown of the figures they hold and request corrections. In the interests of transparency - as well as efficiency of correction - we think that taxpayers and their agents should be able to access this information online, via the PTA and/or directly via data-population links into commercial tax software.

3.12 We also think that taxpayers should be given more information about the reconciliation process HMRC carries out in order to reduce unnecessary contact with HMRC. HMRC does not want every taxpayer with tax to pay on savings interest to contact them, as they do not have the resources to deal with that volume of queries. In addition, the reconciliation process may well be sufficient for HMRC to arrive at the correct liability. However, the law requires individuals to tell HMRC if they have tax to pay, which leads to unnecessary contact if HMRC have already started a reconciliation process of which the taxpayer is unaware. We think that taxpayers should be told when this reconciliation process is ongoing and the date by which they should contact HMRC if they have not received a tax calculation.

4 Customer Service

4.1 Phone

In terms of customer service, the primary area of concern for our members is how difficult it is to get through to HMRC on the phone, despite them having access to a specific Agent Dedicated Line rather than having to wait on the main phone lines available to the public. The issues encountered continue to include:

- Excessive waiting times on the Agent Dedicated Line.
- Call backs from technical teams which are promised but do not occur.
- Significant variation in the technical experience and knowledge of HMRC personnel answering the Agent Dedicated Line.

³ <https://www.investcentre.co.uk/articles/call-double-savings-allowance>

4.2 Examples of feedback we have received recently include:

*“The average time spent waiting on the Agent Helpline is 40 minutes (on a good day) and the responses very much depend on the experience of the individual who answers. I haven’t found anyone unwilling to help but I have had mixed experiences with whether or not they **can** help. If it has to go to Technical and a call back is requested, it’s very hit and miss as to whether a call back is received and you have to go back into the system again. As an agent, I hope I have some idea of what I’m asking and can understand what I’m being told; as an unrepresented taxpayer potentially facing similar issues, how can they expect to get things right?”*

“On the customer service front I was horrified earlier this week to be told by the agent line that two cases where we had written to HMRC in January 2024 and February 2024 respectively to make disclosures of previously undeclared income for taxpayers would not be dealt with until April 2025!! The taxpayers in question are keen to bring their affairs up to date and are now being told they have to wait for in excess of 12 months for a response. Whereas when we do get a response from HMRC, generally we are asked to respond within 30 days. It just feels so wrong.”

“I called HMRC regarding a clients return for 2022/23 that had been amended by HMRC. The adjustment for Class 1 NIC paid had been removed. The first call handler I got through to told me it was nothing to do with self assessment and I needed to call the NIC helpline. I tried to point out that they would know nothing about Class 4 NIC but she said all NIC had to be dealt with on that helpline. I duly called NIC helpline and was told that they couldn’t help and to call SA again. So I did and this time asked for a technical officer. Worryingly they said the same. They could see the class 1 NIC paid but it wasn’t hitting the tax return at their end so must be an NIC issue. They tried to transfer me but I got cut off. Called back to NIC and they insisted there was no problem. I asked was it possible for them to transfer me back to SA and help explain this issue as I was not getting anywhere- oh no we don’t do that! Called SA again and again asked for a technical officer- who said he could see all my calls and apologised as I should not have been told to go to NIC. He thought it was likely a computer error but even if he went with the issue as it was he wouldn’t get anything resolved. I was asked to print out and send our full 38 page calculation which follows the HMRC flowchart so he could get them to compare our results to theirs so they could spot where it went wrong!”

4.3 On 7 October 2024, changes were made to the operation of the Agent Dedicated Line. Since then, a few members have reported improvements in waiting times, with some members reporting a decrease to an average wait time of closer to 20 minutes. Other members say they have not noticed any improvements. In either case, 20 minutes is still a substantial period on hold, and any positive feedback was offset by concerns that the quality of answers has declined. The confirmation that agents can cover up to five queries on a single call without having to queue again has been welcome.

4.4 HMRC introduced a system earlier this year which gives an indication of the likely wait times on the phone. However, due to the complexity of the phone system it can only provide an average wait time from the previous day, which is of limited use. Many of our members tell us that if they need to ring, the best time to do so is as soon as the lines open at 8am. But even then, they can expect to queue.

4.5 Many of the solutions to improve phone performance are likely to be expensive, including:

- Increasing the level of training
- Increasing the number of staff on the helplines
- Providing a system to trace promised call backs which are not received
- Introducing more digital services to allow agents to transition from phoning HMRC.

- 4.6 HMRC tell us that a lot of calls are unnecessary and relate to actions which could be done online. Whilst this may be true for calls to HMRC's public phonelines, our members tell us that online services do not exist for what they are trying to resolve. This may be a symptom of the growing gap between the online services available to the public and the more limited range agents can use. We have commented further on additional digital services which we think are needed below. One of the key services we would like to see developed is the ability for agents to be able to change tax codes online. This would help to improve the accuracy of tax collection.
- 4.7 *"I called HMRC about a client's tax code. The call handler yesterday refused to remove restriction for 'potential underpayments' for a person who makes instalment payments! I called back today, went through the whole robot process, to be told, 'we cannot deal with your call today' and the robot cut me off!"*
- "I have called HMRC today to change a tax code. I called at 10.47am, and call ended at 12.07pm.....most of the time save 10 minutes on hold!"*
- 4.8 **Webchat**
- 4.9 While we welcome the extension of webchat to agents, it does not cover the full range of taxes about which agents typically call HMRC. For instance, it does not cover Capital Gains Tax (CGT), meaning that taxpayers and agents cannot, for example, request a refund where 'in-year' CGT on a property disposal has been overpaid. This is a frequent complaint we receive and arises because the CGT on UK Property Reporting service, required to report certain disposals of property within 60 days of completion, is on a separate IT platform to the main self-assessment system where most gains must be reported again at the end of the tax year. This is something which is, in theory, due to be resolved by Making Tax Digital for Income Tax Self-Assessment (MTD for ITSA), but looks set to remain an issue for many years for those outside the scope of MTD for ITSA.
- 4.10 There are also some practical issues with the service. It is not possible to save time and type details into the chat while waiting for an adviser to pick it up, as anything typed in before the chat is live can't be seen at HMRC's end. This means agents still need to wait to be connected to an HMRC adviser before they can start using the chat.
- 4.11 The availability of webchat is too inconsistent to bring a real benefit:
- "We have stopped using the webchat as it is too hit and miss as to when you can get through to a live person."*
- 4.12 The main positive of webchat is that the taxpayer or agent can keep a transcript of the conversation and advice provided.
- 4.13 We would like to see both the availability of webchat increased through increased staffing, and the number of taxes covered and range of questions that can be answered, increased.
- 4.14 **Post**
- 4.15 In terms of post, HMRC tell us that the amount of post on hand has decreased, although the figures we see are limited to the main 'priority post' queues, and we do not have figures for the lower priority queues.

4.16 Despite this progress, we continue to receive reports from members concerned about old post. As we have previously suggested to the PAC⁴, we consider that more detailed, published targets for the processing of post would be beneficial. We think it would be helpful to have details of the amount of post over six and 12 months old to prevent the build-up of ‘black holes’ beyond the existing 15/40 working day targets. As it stands, there are no incentives for post to be dealt with once the 40 day deadline has passed.

4.17 **Bereavement cases**

Members continue to experience long delays in dealing with bereavement cases, particularly where the estate is being dealt with under ‘informal’ procedures⁵. This is a welcome simplification to allow estates which meet certain criteria to report the tax due for the *administration period* (the period after death until the estate is wound up) via a single letter. A key criterion is that the total income tax and Capital Gains Tax due for the administration period is less than £10,000. It goes without saying that excessive delays during bereavement cases are unhelpful.

4.18 *“To quote an example on 23 January 2024 I wrote to HMRC to give a full period of administration summary (informal estate reporting) and my calculations reflecting an income tax liability of £7,876.75. I also enclosed a copy of the Grant of Probate which gave them everything they needed to assess the tax and to issue the all-important Payment Reference Number. I also sent everything by recorded delivery as so many times in the past HMRC have denied receipt. I heard nothing so I was forced to chase several times by telephone. It took until 29 October 2024 for HMRC to issue their notice of assessment and payment reference number. Had I not chased HMRC I would no doubt still be waiting.”*

“I find on all deceased cases that nothing gets done unless I have to spend enormous amounts of time chasing HMRC by telephone.”

4.19 We consider that introducing a simplified online route, would be a more efficient way of dealing with these cases. Members have told us they often use the more formal route and submit returns for the Estate as these are dealt with more swiftly than the informal process.

5 **Improving and extending digital services for agents**

5.1 We would like HMRC to develop more digital services to enable agents to self-serve on behalf of their clients. Our members tell us that they would like to do more for their clients online and that, if they were able to complete a task digitally, they would choose to do this over writing letters or waiting on the phone or webchat.

5.2 We have been engaging with HMRC on their Agent Targeted Operating Model (ATOM) project which is intended to produce what is effectively a ‘charter’ setting out the way in which new services for agents should be designed. We do believe that HMRC is working hard to understand the issues faced by agents

⁴ Para 3.5 <https://www.att.org.uk/sites/default/files/2023-12/ATT%20submission%20for%20PAC%20HMRC%20Standard%20Inquiry%202022-23.pdf>

⁵ [Dealing with the estate of someone who's died: Reporting an estate's income to HMRC - GOV.UK](https://www.gov.uk/guidance/dealing-with-the-estate-of-someone-who-s-died-reporting-an-estate-s-income-to-hmrc)

and understand what they need from services. However, ATOM is a long-term project and will not bear fruit unless HMRC receives sufficient funding from Government.

5.3 We have also been working with HMRC on a list of 'pain points' which highlight services (or parts of services) which do not operate effectively and where changes are needed.

5.4 We believe that it is vitally important that agents can see and do all that a taxpayer can see and do online. Currently this is not the case, and there remain a number of important areas where there are no digital routes for agents, even if the route exists for taxpayers. Whilst we support new digital services being rolled out for taxpayers, there has been a consistent theme that new online services for taxpayers are not available to agents, and there appears to be no firm plans as to when or even whether agents will be given access. As self-service provision for taxpayers improves, agents are increasingly being left behind and having to rely on phone, webchat and letters. The latest example of this is the new service set up for the McCloud remedy for NHS pensions which does not make provision for agent access.

5.5 Examples of additional digital services we would like to see include:

1. Ability for agents to alter PAYE coding notices online
2. Ability for agents and taxpayers to see details of bank interest reported to HMRC
3. Dashboard for taxpayers and agents to track correspondence
4. Ability for agents to view their clients' NIC contributions and forecast state pension entitlement
5. Ability for agents to cancel or request a tax return via their Agent Services Account
6. Facility for taxpayers and their agents to make an enduring election to opt back into self-assessment voluntarily, to prevent automatic removal where they do not meet the relevant criteria.
7. A digital system to allow informal estates to report and pay any tax due for the administration system without having to write in.
8. Ability to submit R40s (tax repayment claims) online
9. A digital route for agents to register partnerships
10. A more effective process for marriage allowance claims where one or both of the couple are within self-assessment.

5.6 **Addressing longer term system issues**

5.7 The Issues Overview Group (IOG) is a joint forum of HMRC and professional bodies which was created to address widespread operational issues with HMRC systems or processes. Over the years the IOG has raised a number of situations which cause problems for taxpayers and agents for which digital solutions or fixes are needed. However, we are often told that it is not cost effective to spend money on legacy systems and that, ultimately, the introduction of MTD for ITSA will remove the problem as taxpayers are moved onto a new platform. In the meantime, the best we can hope to achieve is updates to guidance to help agents and taxpayers work around the issues.

5.8 Our concern is that self-employed taxpayers and landlords will not start to migrate to MTD for ITSA until April 2026, with those over turnover over £20,000 coming in 'by the end of the Parliament'. We question whether it is reasonable to leave systemic issues unresolved for those not within MTD for an unknown number of years. A Digital Roadmap is promised for next Spring. We consider it essential that this sets out a plan for the migration of the entire taxpaying population to the new Enterprise Tax Management Platform.

- 5.9 In the meantime, HMRC needs funding to maintain the older systems until this happens, otherwise there will be a two-tier service with those who have been required to migrate on more modern systems than those who do not.

The Association of Taxation Technicians

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