



House of Commons

Committee of Public Accounts

**HM Revenue and
Customs: Helping
individuals understand
and complete their
tax forms**

Twentieth Report of Session 2007–08



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*Report, together with formal minutes, oral and
written evidence*

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The Committee of Public Accounts

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The following were also Members of the Committee during the period of the enquiry:

Annette Brooke MP (*Liberal Democrat, Mid Dorset and Poole North*) and
Mr John Healey MP (*Labour, Wentworth*).

Powers

Powers of the Committee of Public Accounts are set out in House of Commons Standing Orders, principally in SO No 148. These are available on the Internet via www.parliament.uk.

Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at <http://www.parliament.uk/pac>. A list of Reports of the Committee in the present Session is at the back of this volume.

Committee staff

The current staff of the Committee is Mark Etherton (Clerk), Emma Sawyer (Committee Assistant), Pam Morris (Committee Assistant) and Alex Paterson (Media Officer).

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Summary

Each year millions of people submit a tax return or other forms to HM Revenue & Customs. Helping people to provide accurate information about their tax affairs is essential if they are to pay the right amount of tax. Accurate and timely information also helps to reduce the cost to the Department of seeking information or correcting errors.

The Department spends £35 million a year on producing and distributing printed forms and other guidance. It also spends £55 million a year answering 12.5 million enquiries on how to complete forms through 13 telephone helplines, face to face meetings at 279 enquiry centres or via its website.

The Department handles over 20 million telephone calls a year from taxpayers who have specific queries about their tax affairs or need general information. Its performance in answering telephone calls has improved with 72% of calls answered within 20 seconds in 2006–07, compared with 45% in 2005–06. But it is still below the general industry benchmark of 80%.

The Department is encouraging people to use the most cost-effective method of contact that meets their needs. It plans to reduce the number of avoidable calls by improving its forms and guidance, as well as its website. This will enable more people to find information online rather than having to contact the Department directly. It estimates that it could save over £100 million by encouraging more people to use its website and online services.

The Department offers specialist help for people with disabilities and translation services for its printed material. But these services are not well advertised and the Department's staff are not always aware of them. Some enquiry centres do not have adequate wheelchair access or facilities for people with hearing difficulties.

The Department estimates that 3.3 million taxpayers filing Income Tax Self Assessment returns understated their tax by £2.8 billion in the 2001–02 tax year. Of this, around £330 million arose from unintentional mistakes by taxpayers. The Department has not estimated the amount of tax overpaid.

The Department provides accurate and complete advice in 95% of telephone enquiries. But taxpayers sometimes receive inaccurate or incomplete advice because more complicated enquiries are not always referred to expert staff. The Department does not measure the quality of advice provided face to face at enquiry centres.

On the basis of a report by the Comptroller and Auditor General,¹ we examined HM Revenue & Customs on providing information to taxpayers by telephone and online, making information easy to understand and obtain, and helping taxpayers get their tax right.

1 C&AG's Report, *HM Revenue & Customs: Helping individuals understand and complete their tax forms*, HC (2006–07) 452

Conclusions and Recommendations

- 1. The Department answers 72% of telephone calls within 20 seconds compared with a general industry benchmark of 80%.** The Department's performance affects around 5 million people a year who contact the Department by telephone about their personal tax affairs. The Department should aspire to be an industry leader, aiming to match the average standards achieved by other organisations and then to achieve those of the top-performing organisations industry-wide.
- 2. The Department's target to answer at least 90% of telephone callers within a day is not demanding, nor in line with industry benchmarks.** To measure its performance and set targets it should introduce recognised industry benchmarks such as the average time to answer and the percentage of calls answered within 20 seconds.
- 3. Telephone callers sometimes receive incorrect or incomplete advice because they are not referred to staff with appropriate knowledge.** The Department plans to introduce mystery shopping which, together with its quality monitoring, should enable it to track the handling of the more complex enquiries. It should use the results to identify training needs and develop its guidance on referring calls, as well as assess the numbers and expertise of staff needed to match the changing volume and patterns of enquiries.
- 4. The Department's website is not user friendly and falls short of the standards achieved by tax administrations in other countries.** It should improve accessibility with more effective search engine and navigation tools, including last-modified dates on webpages, and by meeting Cabinet Office guidelines on accessibility for groups such as blind and partially sighted users. It should not wait for the Direct.gov website to become available in 2011 as the main web channel for citizens before carrying out these improvements.
- 5. The Income Tax Self Assessment return is the only personal tax form which can be filed online and the Department offers very restricted facilities for people to contact it by email.** Expanding its online services would offer greater choice to the public and could save the Department over £100 million. It should increase the number of forms which can be completed online and expand its use of email contact, trialling new services to ensure a reliable and good quality service. In doing this, it must continue to offer high quality telephone, post and face-to-face services for those who prefer not to use online services.
- 6. Many people have to contact the Department to obtain information which should be readily available on its website in printed guidance or in letters.** The Department should reduce avoidable contact by providing sufficient explanatory information on forms, guidance and letters, such as examples of calculations and clear explanations about why tax is due, as well as by keeping its automatically-generated letters and forms up to date and relevant to people's needs.

7. **Only 10% of the Department's forms advertise the availability of documents in alternative formats for blind and partially sighted people, special telephone numbers for people who are hard of hearing and translation services.** The Department should advertise these services more widely by including details on all forms and guidance and on its website. The Department should also provide facilities for people who are hard of hearing and wheelchair access at all enquiry centres.
8. **The Department does not systematically assess the accuracy and completeness of advice given in face-to-face contact at enquiry centres, and these centres do not always tell visitors about alternative formats or translation services.** Building on the National Audit Office's market research, the Department should use mystery shopping to track how well it meets the needs of different groups of people and to assess the quality of advice it provides through its enquiry centres.
9. **In a sample of commonly used guidance leaflets, half required a reading age higher than the national average. The guidance accompanying the Department's forms is lengthy and dense, making it difficult to understand.** The Department should shorten the supplementary guidance for its forms, and make more use of plain language and worked examples, so that the information is easier to read and understand. Reducing the volume of guidance would also help the Department meet its sustainability commitments to reduce paper consumption.
10. **The Department has estimated that the level of underpayments on Self Assessed Income Tax was £2.8 billion in 2001–02, of which around £330 million may have been due to unintentional mistakes by taxpayers. It has not estimated the amount of tax overpaid.** The Department should set a timetable for producing its first estimate of overpayments. It should also identify the main reasons why taxpayers are making mistakes and publicise common errors to reduce the levels of underpayments and overpayments.

