



ICAEW TAX REPRESENTATION

CLOSURE OF HMRC ENQUIRY CENTRES AND PROPOSED NEW SERVICE FOR CUSTOMERS WHO NEED EXTRA HELP

Comments submitted on 24 May 2013 by ICAEW Tax Faculty in response to the HMRC consultation *Supporting customers who need extra help – a new approach* published on 14 March 2013

Contents

	Paragraph
Introduction	1-3
Who we are	4-6
Key points summary	7-15
Major points	16-45
Responses to consultation questions	46-69
Ten tenets for a better tax system	Appendix 1

INTRODUCTION

1. ICAEW welcomes the opportunity to comment on the consultation paper [Supporting customers who need extra help – a new approach](#) published by HM Revenue & Customs (HMRC) on 14 March 2013 in which HMRC is consulting on its proposal to change the way it communicates with its customers and close its enquiry centres.
2. We should be happy to discuss any aspect of our comments and to take part in all further consultations on this area.
3. Information about the Tax Faculty and ICAEW is given below. We have also set out, in Appendix 1, the Tax Faculty's Ten Tenets for a Better Tax System by which we benchmark proposals to change the tax system.

WHO WE ARE

4. ICAEW is a professional membership organisation, supporting over 140,000 chartered accountants around the world. Through our technical knowledge, skills and expertise, we provide insight and leadership to the global accountancy and finance profession.
5. Our members provide financial knowledge and guidance based on the highest professional, technical and ethical standards. We develop and support individuals, organisations and communities to help them achieve long-term, sustainable economic value.
6. The Tax Faculty is the voice of tax within ICAEW and is a leading authority on taxation. Internationally recognised as a source of expertise, the faculty is responsible for submissions to tax authorities on behalf of ICAEW as a whole. It also provides a range of tax services, including TAXline, a monthly journal sent to more than 8,000 members, a weekly newswire and a referral scheme.

KEY POINTS SUMMARY

7. We are disappointed that ICAEW's name was included in the list of stakeholders consulted when this was not the case. We would welcome clarification as to how this occurred.
8. The ICAEW understands that there is a need for HMRC to continuously review the way it communicates and provides support to taxpayers against a background of some very real cost pressures and fast changing technology.
9. We are concerned however that there still needs to be an easy method for taxpayers to seek face to face help and that alternative ways of making face to face contact should be provided if enquiry centres are closed.
10. We support HMRC's aims of providing a better and more tailored service for those customers who need extra help. We agree that there is likely to be a continuing need for face to face access not only for the vulnerable, and those who are not IT literate, who do not have access to adequate broadband services or who cannot use the telephone perhaps due to a hearing disability but for also for those newly self-employed individuals who may need assistance with their first tax return.
11. We do not believe that HMRC's telephone service, although improving, is yet capable of meeting demand in terms of both time and quality of response.
12. We have concerns about the practicalities of making home visits and whether HMRC will actually be able to achieve a satisfactory outcome for the taxpayer. The consultation document

refers to 1.5m taxpayers needing extra help. Is HMRC actually in a position to deliver this kind of personalised service to that huge number of people?

13. We would like HMRC to consider reviewing the use of each existing enquiry centre and where there is extensive use of the centre to keep the enquiry centre open and where this is not practical introduce the use of mobile enquiry offices at specific locations on a regular basis.
14. We are concerned that the timescale for running the pilot and evaluating the results before enquiry offices are closed is too short.
15. We consider that the HMRC customers may prefer to seek advice from an accountant in some of the circumstances set out in Annex B of the consultation paper. There is no mention of this option being given in Chapter 5 which sets out in diagram form the new process for customers who need help. We think this option should be added. The Businesslink website had a whole section about how to choose and find an accountant and provided links to ICAEW and other professional body websites for help.

MAJOR POINTS

The consultation process

16. We are disappointed that in Annex A of the consultation document ICAEW is listed as one of the stakeholders consulted. As far as we are aware, the last time we were consulted on the possible reshaping of HMRC's enquiry centre service was back in 2010 – our response TAXREP 28/10 can be found at <http://www.icaew.com/~media/Files/Technical/Tax/Tax-faculty/TAXREPs/2010/taxrep-28-10-Reshaping%20HMRCs%20Enquiry%20Centre%20Service.pdf>.
17. That consultation was concerned with reducing office hours rather than closing them altogether in favour of home visits and we expressed considerable concerns with those 2010 proposals. Listing ICAEW in Annex A is misleading as it implies that there was proper consultation with us beforehand and that we were happy with the proposals in the latest consultation document. This was not the case and, as will be seen below, we have a number of concerns about these latest proposals. We would welcome clarification as to how our name came to be included in the Annex and an assurance that it won't happen again.

The need for face to face contact

18. This consultation focuses on the new approach to support customers who need extra help. However, there is a second issue – the closure of all enquiry centres – which is given less prominence and is not covered by any of the consultation questions. We have a number of concerns about the closure of enquiry centres.
19. There are many good reasons why face to face contact is still desirable and sometimes essential. This applies to customers who do not fall in the 'needs extra help' category and thus will not benefit from the proposed new support service.
20. There are instances when taxpayers have to show or hand in documents or attend in person: for example, identity checks for tax credit claims, or handing in paper SA returns on the deadline day. A recent example from a member illustrates the problem. The member needed to submit some tax repayment claims for 2007/08 by 5 April 2012. Following the implementation of previous HMRC plans to close all tax offices in the 20 mile radius of where the agent and the signatory claimants live, the agent had considerable difficulty tracking down an open enquiry centre that could reach before it closed for the day.

21. With the growth of centralisation and reliance on call centres, HMRC has become increasingly remote and difficult to contact. With the closure of enquiry centres, there will be even fewer or no locations to which to deliver documents, near where a taxpayer or his adviser is based.
22. We believe that closing all enquiry centres is also a potentially a short-sighted move. HMRC is following the present government's 'digital by default' agenda and while we have no argument with that, recent concerns over internet security lead us to believe that it would be unwise to assume that there will never again be a need for face to face contact. What would happen if, for instance, some future legislation or operational change, perhaps due to widespread internet fraud or attacks by organised criminals, required attendance and identity verification in person? HMRC would have to rebuild such a presence from scratch.
23. We believe that closing the door on face to face contact will be a particularly bad move for customers whose first language is not English and who may struggle with a telephone service without the help which is currently provided at the enquiry centres. This is what one member told us:

'My client speaks very little English and attended with his sister-in-law as interpreter. Her comment was that upon visiting an enquiry centre they were just directed to a telephone and to quote her words "What use was that? It will never be possible to get anything sorted out unless we can see a real person". They had been trying for almost three months to get registered on the CIS scheme.'
24. Closing enquiry centres represents a considerable change for some taxpaying public to come to terms with, but this appears to be a matter of only secondary consideration in the consultation document.
25. We would question whether the projected savings are actually worth the cost in terms of the negative impact on public relations. Even the banks who have moved largely to self-service have maintained a high street presence with staff on site for those who need help. Is it right for a national organisation as large as HMRC to have no high-street presence at all?
26. We do not in any case believe that many of the customers who attend HMRC's enquiry centres would class themselves as necessarily needing extra help, indeed they may well be rather offended at being categorised as such. Enquiry centres should be there for all and in particular should serve as an alternative means of making contact with HMRC when all else fails.
27. We would like HMRC to consider reviewing the use of each existing enquiry centre and, where there is extensive use of the centre, to keep the enquiry centre open. Where this is not practical, HMRC should consider alternatives such as mobile enquiry offices at specific locations on a regular basis. Another option would be regular 'surgeries' held at premises such as libraries, job centres or Citizens Advice bureaux.

Support from HMRC telephone centres still needs improving

28. While we appreciate that HMRC's contact centres have improved over the last year, we do not believe that HMRC's contact centres are yet performing to a sufficiently high standard in terms of either response time or quality of response for taxpayers to rely on them as the only way of speaking to an HMRC officer.
29. The impact of legislative changes such as the high income child benefit charge (which will bring an estimated 500,000 more taxpayers into the self assessment system) may place pressures on HMRC's telephone service which could mean the current improved performance may not be sustainable. Without enquiry centres, HMRC could effectively be uncontactable.
30. HMRC needs to consider other options for customers to contact it, rather than focusing its support service entirely on telephone contact. Many people are most comfortable making

contact by electronic means – HMRC should consider providing email or other online routes for customers to contact it.

The new service for those needing extra help

- 31.** We support HMRC's aims of providing a better and more tailored service for those customers who need extra help. However, we remain unconvinced that the new approach will actually deliver the savings sought. Has a detailed impact assessment been prepared to demonstrate the business case for the proposed change? What research has been done to support the economics of this proposal? What will be the estimated time, number and cost of outreach visits? The consultation document refers to 1.5m taxpayers needing extra help. If that is all provided by HMRC we estimate that HMRC might need at least 1,500 staff to service this, and potentially much more if more than one staff member was needed.
- 32.** Is HMRC actually in a position to deliver this kind of personalised service to this number of people? Our experience is that personal visits are inevitably the most expensive way of communicating with clients. If the proposed new system works as outlined, it may deliver a better service. However, we are concerned that it relies heavily on three factors: the efficiency of HMRC's telephone service, the ability of contact centre advisers to identify customers needing extra help, and the capacity of the voluntary sector to take on cases from HMRC,
- 33.** We also have concerns about the details of how the new service will work, covered in our answers to the consultation questions.
- 34.** As noted earlier, the new service does not cater for those who are not in the 'needs extra help' category but who still require face to face contact with HMRC.

HMRC home visits

- 35.** One of the options for those needing face to face help is to have a home visit from HMRC. We have some concerns about this proposal. For a start we suspect that many people would not want an HMRC member of staff to visit them in their own home.
- 36.** For personal security reasons, presumably there will need to be two HMRC staff visiting. Has HMRC considered the resource implications of this?
- 37.** The time needed for a home visit should not be underestimated and to this will need to be added travelling time. Given that by definition these are people who require more help, we doubt that staff would on average be able to cover more than say 6 or so visits a day once travelling is taken into account.
- 38.** Given recent experiences with DMB officers calling at peoples' homes with out of date information, we question whether HMRC has sufficient IT capability to deal with enquiries there and then. Will officers carry laptops, and if so, will they have live information on them? Have the data security implications of this been fully considered?
- 39.** The success of a home visit – or indeed any face to face session – will depend on what the officer is able to do. The consultation document (para 3.15) envisages the officer listening and giving explanations, The experience of the tax charities is that many people need more 'hands on' help than that – they need the advisers to fill in a form, prepare figures or sort through papers to extract relevant information. Will HMRC staff be prepared to do that?
- 40.** If the customer needs a form or HMRC helpsheet, will the officer be able to print it on site? If not, what will the arrangements be?
- 41.** The experience of our members in practice, and also we understand the tax charities, is that one advice session is often not enough. The first session typically is used to understand the client and the problem, and establish what information is available. Further information may be

needed and the adviser explains to the client how to obtain it. Then a second session is needed to complete the task by (for example) filling in a tax return. The consultation proposals do not appear to envisage more than one visit, and we think HMRC is being optimistic in thinking that one will be enough in all cases.

Timetable and consultation

- 42.** We note (chapter 8 of the consultation document) that the public consultation ends on 24 May 2013 and the pilot of the new service is due to start on 3 June 2013. That gives only four working days (27 May is a Bank Holiday) to consider the responses before going ahead with the pilot. That is far too short a period, especially given that the pilot will entail the (presumably irrevocable) closure of all enquiry offices in the pilot area.
- 43.** Once the pilot has ended on 31 October 2013, the decision whether to roll out the changes nationally will be taken in December 2013, with roll-out the following year. Again, this seems to us to allow insufficient time for as proper evaluation of a completely new service.
- 44.** The tightness of the timetable, and the fact that no consultation questions are asked about the closure of enquiry offices, emphasises that the decision to close the offices has already been taken. However, for the reasons set out above we would encourage HMRC to think again about retaining at least some high street presence for face to face contact.
- 45.** If all enquiry offices are to be closed it is vital that the new service for those who need extra support is thoroughly tested.

RESPONSES TO CONSULTATION QUESTIONS

Q1 Have we missed any particular groups in our definition of customers who need extra help?

- 46.** One significant omission is of people who are digitally excluded. While we accept that HMRC is keen to encourage all its customers to use online systems and that this may make sense for the majority, there are some individuals who are going to find it difficult or impossible. Reasons for digital exclusion may include: lack of access to adequate broadband services; inability to afford home computer equipment; poor sight or other disability which makes it difficult to use a computer. The new support service should cater for these people.
- 47.** Secondly, HMRC should recognise that some people who can usually manage their own tax affairs may need extra help at particular times. This could be due to a life event, such as bereavement or retirement, or becoming self-employed, which involves unfamiliar tax issues.
- 48.** Another reason why some people may need extra help at particular times is to get to grips with new HMRC systems. Examples would be: the introduction of RTI; cash-based accounting for smaller businesses and the interaction with universal credit.

Q2 What do you think are the main benefits and disadvantages of the proposed new approach?

- 49.** With the reduction in the number of enquiry centres and in their opening hours, it is the case that the existing service may not meet the needs of customers needing extra help. For this reason we would support a service which, if it works as outlined, has the potential to deliver better, targeted help.
- 50.** However, we remain unconvinced that it will. The new model hinges on HMRC's contact centre service. In the digital age, relying on contact centres looks flawed and an outdated business model. At a minimum, customers must be able to get through easily and quickly on the phone, and then the HMRC adviser must be able to identify those who need extra help.

51. As we have pointed out above, we do not believe that HMRC's telephone service standards are yet good enough to justify such reliance on this as the main means of contact.
52. Further, the new system may place extra demands on contact centres, as the requirement to assess a caller's needs may lead to telephone calls lasting longer.
53. We are also concerned about the ability of staff to identify the customers needing extra help. These people are unlikely to identify themselves, and the experience of the tax charities is that it can take time, patience and careful questioning before the details of a person's situation and problem are clear. As noted, this could lead to longer phone calls at the first tier. Or, if this is not possible and the time the first-tier adviser can spend with the caller is limited, they be prevented from identifying customers who need extra help.
54. Once the customer who needs extra help has been identified, they are then passed on to second tier advisers who will be able to spend more time and try to solve the problem. If they cannot, they may need to involve a specialist staff member or arrange an appointment. Thus it may take some time to reach an outcome, and this may be stressful for vulnerable customers. It is important that there should be no delays or problems at each stage of this process. We are concerned that – given the standard of HMRC's telephone service – this might not be possible.

Q3 Could any particular groups of customers find it difficult to contact HMRC using the new service?

55. In our view, it is not a question of whether any particular group could find it difficult to contact HMRC using the new service but whether any customer could find it difficult to contact HMRC at all.
56. However, given the reliance on telephone contact, customers with hearing difficulties or those who struggle with automated phone services may have difficulty. HMRC may well offer minicom or similar services, but will these customers be aware of that?

Q4 How do you suggest we can overcome any difficulties?

57. We would urge HMRC to think again about this proposal. We do not suggest that all enquiry centres should be kept open but we do believe that HMRC should maintain a high-street presence in the larger towns and cities. This may be by providing a mobile centre service on a publicised regular basis at the same location
58. HMRC customers should be given the option to communicate with HMRC by their preferred method.

Q5 How else could we improve the proposed new service?

59. We believe that mobile enquiry centres could be used to reach outlying areas maybe once or twice a year.

Q6 What else could we do to improve:

a. our new extra support telephone adviser service?

60. It is difficult to suggest improvements to a service that is not yet in existence and has not been tested. However we believe it will be vitally important to ensure that the service is adequately staffed and monitored to make sure that appointments are being offered neither too often which could overwhelm the resource or not often enough which would lead to customer dissatisfaction.

b. direction of certain customers to the voluntary sector and vice versa?

61. We understand that HMRC has been in discussion with various voluntary organisations and we assume that there is a consensus to this policy. However, we would not wish to see an

over-reliance on voluntary organisations as a means of providing support to customers. These organisations have their own pressures and HMRC needs to beware of appearing to offload its responsibilities onto them. Voluntary bodies who are likely to gain extra work from these changes need to be given adequate extra funding.

62. We also consider that customers should be given the option to seek advice from an accountant.

c. the flexibility of our approach to providing support for those customers who need it?

63. The proposals appear flexible enough but we are concerned that demand may at times, outstrip HMRC's ability to deliver.

Q7 Are there any other factors we need to take into account when trying to identify people who need extra help?

64. We cannot think of any but in our view, this is about more than just those who need extra help.

Q8 Is there anything more we need to do to make sure that customers who currently use our Enquiry Centres, but don't need extra help to resolve their query, can access our services?

65. Ensure that telephone service standards are improved and that properly trained staff know how to respond.

Q9 Are there any impacts on particular groups of customers (such as disabled people; people of different ethnic groups, age, gender, marital status, sexual orientation, religion; or people with or without dependents) that we have not identified and that need to be addressed?

66. We are not aware of any.

Q10 How do you suggest we can overcome these?

67. Not applicable.

Q11 Are there any other groups of customers that we have not included in our considerations? If so, please specify who they are and let us know what we need to take into account in respect of these groups.

68. We are not aware of any.

Q12 What other methods of communicating the consultation responses should we be considering?

69. This will be a major change for some of the taxpaying public and we believe it needs to be publicised as much as possible. We do not believe that most people would think to look for it or find it on HMRC's website so we would suggest a publicity campaign to raise public awareness before the change is finally put into effect.

APPENDIX 1

ICAEW TAX FACULTY'S TEN TENETS FOR A BETTER TAX SYSTEM

The tax system should be:

1. Statutory: tax legislation should be enacted by statute and subject to proper democratic scrutiny by Parliament.
2. Certain: in virtually all circumstances the application of the tax rules should be certain. It should not normally be necessary for anyone to resort to the courts in order to resolve how the rules operate in relation to his or her tax affairs.
3. Simple: the tax rules should aim to be simple, understandable and clear in their objectives.
4. Easy to collect and to calculate: a person's tax liability should be easy to calculate and straightforward and cheap to collect.
5. Properly targeted: when anti-avoidance legislation is passed, due regard should be had to maintaining the simplicity and certainty of the tax system by targeting it to close specific loopholes.
6. Constant: Changes to the underlying rules should be kept to a minimum. There should be a justifiable economic and/or social basis for any change to the tax rules and this justification should be made public and the underlying policy made clear.
7. Subject to proper consultation: other than in exceptional circumstances, the Government should allow adequate time for both the drafting of tax legislation and full consultation on it.
8. Regularly reviewed: the tax rules should be subject to a regular public review to determine their continuing relevance and whether their original justification has been realised. If a tax rule is no longer relevant, then it should be repealed.

E philippa.stedman@icaew.com

Copyright © ICAEW 2013

All rights reserved.

This document may be reproduced without specific permission, in whole or part, free of charge and in any format or medium, subject to the conditions that:

- it is appropriately attributed, replicated accurately and is not used in a misleading context;
- the source of the extract or document is acknowledged and the title and ICAEW reference number are quoted.

Where third-party copyright material has been identified application for permission must be made to the copyright holder.

icaew.com/taxfac