

IFA REPRESENTATION 2/20



HMRC Charter

The IFA welcomes the opportunity to comment on the [HMRC Charter](#) issued for consultation by HMRC on 24 February 2020.

We would be happy to discuss any aspect of our comments and to take part in all further consultations in this area.

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General comments

1. HMRC's charter is written in plain English and is simple to understand. However, this has the disadvantage that it may be harder to monitor performance. Concepts such as fairness, respect and responsiveness are not easy to measure without having a code of conduct which translates principles into standards of behavior across all the HMRC functions.
2. The Charter appears to be focused on customer, namely taxpayers. However, HMRC has a broad-ranging role, including AML supervision in addition to collecting taxes. Therefore, it should be made clear that the Charter applies to other stakeholders such as tax agents, AML supervised firms and supervisory bodies. We would strongly encourage HMRC to include all relevant stakeholders as part of its Charter – not just customers (tax payers).
3. We consider that HMRC should be more accountable for its performance by issuing an annual report which is independently verified covering a wider remit than the current [annual HMRC Charter Report](#). Performance measurement should focus on HMRC's other functions roles, which includes AML supervision.
4. Most customers are unaware of the existence of the HMRC Charter. As part of the redrafting of the Charter, HMRC should consider a programme of education and awareness of the existence of the Charter, which includes reference to the Charter in HMRC communications.

Specific questions

Question 1: Do you think the draft charter sets the right standards for HMRC's service to customers?

5. While we don't disagree with the draft Charter, we are of the view that it could be improved by considering other national and international charters such as the [International Taxpayers Charter](#). The [International Taxpayers Charter](#) which identifies rights and responsibilities may help to address some of the concerns mentioned above. However, these rights and responsibilities should extend to other stakeholders as well.
6. As drafted, further explanation is required as to what the standards mean in practice. For example, further clarity is needed on what is meant by respect, professionalism, integrity and fairness in terms of behaviours and standards of service.
7. Specific comments relating to the draft Charter are as follows:
 - **Working with you to get the tax right:** while it is encouraging that HMRC will work with anyone that the customer has appointed, we are of the opinion that the Charter should explicitly mention that customers can appoint tax agents to represent them. When an agent is appointed, HMRC should have systems in place to allow full access to the customer's communications and information.
 - **Making things easy:** makes no mention of effectiveness, efficiency and cost which is included in section 1.2 of the current charter. We are of the view these are important attributes to be taken into account for making things easy for customers and should be incorporated in the Charter.
 - **Getting things right:** unlike the current Charter (section 1.3), the draft Charter makes no mention of providing a service by individuals who have the right level of knowledge, skills and expertise. This is included in the current Charter and should be

re-introduced. In addition, the draft Charter should also include that HMRC may need additional information in order to get things right (included in section 1.4 of the current Charter).

- **Treating you fairly:** HMRC should adopt the presumption that customers are telling the truth. As drafted, there appears to be a caveat to this i.e. 'we have good reason to think otherwise'. While we understand the point being made, it is imperative that the Charter engenders trust between HMRC and customers. We are concerned that this caveat on the presumption of telling the truth does the opposite. Furthermore, HMRC should clarify what is meant by the 'right amount of tax' since this is open to interpretation. We think this means the correct amount of tax in accordance with UK law.

Question 2: To what extent do you feel the draft charter sets out the areas which are most important to customers when interacting with HMRC?

8. The draft charter should also include the following areas:
 - clarification of taxpayers responsibilities, including the need to check personal tax accounts, update PAYE codes and file self-assessment returns;
 - inclusion of helping customers to pay the right amount of tax by supporting them through the process, particularly if they are not represented by a tax agent or are digitally excluded;
 - service standards covering typical areas included in service level agreements should be linked to the Charter which would assist HMRC to monitor its responsiveness and getting things right; and
 - co-ordination and collaboration with DWP on migration of tax credit to universal credit and other areas such as AML supervision with AML private and public sector supervisors.

Question 3: How would you like to see HMRC measure and monitor how it is performing against the charter, including how it can best listen to feedback and take action on areas for improvement?

9. In order for HMRC to bring its Charter to life and measure and monitor its performance, it needs to further enhance information and system capabilities to collect evidence to demonstrate to key stakeholders to what extent it is meeting its rights and obligations. A framework which may help with this process is collecting information on outputs, outcomes and the impact of HMRC functions. As part of this process, key performance metrics should be identified and targets established.
10. Once the framework for measurement has been established, HMRC may require resources to enhance systems, policies, procedures and reporting to capture the necessary evidence to monitor performance against its Charter. HMRC may consider making a request as part of the government spending review later this year to deliver a evidence-based performance framework to monitor its performance against the Charter.
11. HMRC might also want to consider publishing an annual report which includes statistics and case studies that demonstrates its performance against the Charter and goes beyond the conduct of an annual survey on customer experience. For example, issuing information on HMRC errors, response rates to enquiries via different communication mechanisms and number of complaints as well as qualitative and quantitative information which demonstrate behavioural qualities of fairness, responsiveness and respect. This report could be

independently verified, for example, by the National Audit Office. Compiling and issuing such a report could help HMRC identify where capabilities and skills need to be enhanced to deliver the aspirations of the Charter.

Contact details

Should you wish to discuss our responses further, please contact Tim Pinkney, Head of Practice Standards by email at timp@ifa.org.uk