

## Simplifying and modernising HMRC's Income Tax services through the tax administration framework

The Institute of Financial Accountants welcomes the opportunity to comment on the [Consultation](#) published on 15 March 2023.

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

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## Questions raised in the Consultation

**Question 1: What barriers do you experience when accessing digital versions of the forms above<sup>1</sup> that drive you to a paper option? Are there any particular forms/processes that cause major issues?**

1. Members and other consulted experts (hereafter collectively referred to as correspondents) identified both general and specific barriers to digital access. Correspondents in practice highlighted that as agents they do not always have access to all relevant client information via HMRC's systems, and some notices sent to clients do not appear on the agent portal, causing difficulty when agents want to check information included in some of the forms HMRC intends to move to digital by default. At time of writing P2 coding notices and P800 calculations are reported by our correspondents as being only available via the personal tax account, which agents cannot access.
2. Another barrier arose from problems with Government Gateway access and other aspects of online identity verification. Issues encountered included being asked for credit history information going back almost 40 years ("Where did you open a credit card in 1987?"), taxpayers not being adequately informed at the start of an online process what supporting information they would need to complete the process, and a search function which does not recognise keywords provided in HMRC reminders. Basic obstacles to digital access are a roadblock which "digital by default" will not resolve.
3. Regarding the specific forms listed in the consultation document, all except SA100 and SA200 are HMRC communication to the taxpayer and so are a logical place to start with a move to "digital by default". HMRC should use the digitisation of these communications to lay the groundwork so that taxpayers know further change is coming, otherwise taxpayers used to receiving brown envelopes may miss an important digital communication (like SA316). Where agents receive these communications on their clients' behalf, client reference numbers and names should be clearly and consistently indicated.

**Question 2: How would you like HMRC to provide support and guidance to assist digitally able taxpayers with accessing digital versions of the forms above?**

4. The IFA, and most of our correspondents, support a digital direction of travel. However, it is essential that taxpayers and their accountants are brought along on HMRC's change journey. Effective communications and education are essential to this. Communication should be simple, concise, non-threatening and free from jargon.
5. We would also like to emphasise that "digital by default" should not be interpreted as "digital only." Our members deal with many clients with complex tax affairs, and regularly encounter situations which HMRC's digital systems are not currently able to adequately interpret. When this leads to erroneous judgements, it is necessary for a human to become involved to resolve the issue. Where HMRC has been consistently scaling back its human resources, the redress and resolution process now regularly stretches on for months or even years, creating a resource burden on the accountant (time spent chasing and communicating with HMRC) and very real financial and mental stress on the taxpayer.

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<sup>1</sup> Letters and forms HMRC will move to 'digital by default':

- SA100/SA200 Self Assessment (SA) tax returns
- SA316 Notice to file
- SA300 Statement of account
- SA250 Welcome letter
- SA251 Exit letter
- R002 Repayment notification
- CT603 Payment reminder
- P2 Employee coding notice
- P800 Tax calculation

Niche tax issues and errors cannot be resolved by inflexible systems, so HMRC support and guidance needs to continue to include helplines and communications via other relevant media.

6. IFA members reported client issues with accessing Capital Gains Tax (CGT) reporting digitally, particularly less digitally capable clients who are increasingly likely to feel they are interacting with a faceless organisation which is not helping them meet their obligations.<sup>2</sup> This problem will be exacerbated if HMRC tends towards a digital-only approach, especially if this is done without adequate communications or making the systems sufficiently straightforward for people to use.
7. The IFA would strongly suggest that all new digital services need to cater for agents from the outset, as well as taxpayers in general. Most taxpayers who commission accountants will not need or want to access their digital accounts regularly, or interact with HMRC directly, and will rely on their accountants to do this for them. Digital access and verification processes need to be consistent with the HMRC Charter principle of “recognising that someone can represent you”.<sup>3</sup> At present, this is not always the case: for example, taxpayers can report coding errors in their personal tax account but their accountants do not have this facility. Agents should be able to access all relevant client information they are authorised for via HMRC’s systems.
8. HMRC should make better use of digital’s communication capabilities, including online nudges and prompts to remind taxpayers of their obligations and help them complete online tasks. If this is done well, it has the potential to realise one of the core benefits of digital to HMRC by reducing the number of people who need to contact a HMRC helpline for support. Emails could contain supporting information and links to education rather than simple instructions. A “chatbot” using language model AI could provide on-hand support to individuals completing online tasks, without increasing the human resource cost to HMRC.
9. Other feedback from correspondents included: concern about the lack of clarity in the language used in HMRC digital services (clients have expressed confusion over what it means to “add a service” in their online tax account); character-limited open input boxes (which prevent service users from providing HMRC all relevant information); and limiting the number of uploads in certain processes (for example, the CGT service only allows the upload of 2 documents, which only leaves room for completion statements and excludes additional supporting documentation).
10. To take an example from the consultation document’s list of forms, P800, we would advise HMRC to make the most of the digital opportunity compared to paper. For a tax calculation, the flexibility offered by digital should (for example) make it possible to split out different types of income and sources, rather than showing it aggregated as it does on the paper form. This in turn will make it easier for taxpayers to understand their tax calculation, and identify and check errors. In some cases these paper forms have run for decades, so if moving them to “digital by default” amounts to nothing more than replicating the paper form digitally and reducing non-digital support, HMRC will have missed a major opportunity to make the most of digital and create a “win-win” situation where taxpayers are better supported and the burden on HMRC support services is reduced.
11. Furthermore, we would caution that if digitisation is viewed as a cost-cutting measure it will be unlikely to succeed. HMRC need to give taxpayers an integrated experience, where their own digital systems interact with each other, with other Government systems (e.g. DWP benefits systems) and with accounting software used by professional accountants. If the systems do not work together, digitisation is more likely to increase the strain on HMRC support than reduce it. Rushing digitisation will not be cost-beneficial. For digital to succeed it needs to be a desirable option, so that taxpayers want to deal with HMRC digitally.

**Question 3: What would be your preferred options for the digitally excluded to access non-digital services for the forms above?**

12. As stated above, the IFA and our correspondents believe firmly in the value of HMRC support helplines, when adequately staffed by people with requisite subject knowledge. The value of this person-to-person service is compounded for the digitally excluded, who by definition lack the capacity or capability to communicate with HMRC digitally. For some such taxpayers, part of the reason for

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<sup>2</sup> Contra [The HMRC Charter - GOV.UK \(www.gov.uk\)](http://www.gov.uk) standard “Getting things right”.

<sup>3</sup> [The HMRC Charter - GOV.UK \(www.gov.uk\)](http://www.gov.uk) standard “Recognising that someone can represent you”.

having an accountant is to handle communications they are unable to access, so HMRC should go through agents with digital communications where appropriate.

13. We would caution HMRC against taking a narrow view of what qualifies an individual as “digitally excluded”. If digital exclusion is defined strictly as being unable to use the internet, this could be interpreted to count as digitally included anyone using a smartphone to watch entertainment media; when many people who are capable of “using the internet” in this way would be incapable of completing complex Government interactions, including tax returns, online.
14. Another angle on digital exclusion is that subset of taxpayers who are unable to register online because they lack the requisite identification or references (for example self-employed recent immigrants who do not have a National Insurance Number). Most of these taxpayers will be digitally included by definition, but for HMRC’s purposes they are digitally excluded in practice.

**Question 4: How can HMRC encourage more PAYE taxpayers to open digital tax accounts to help automate the repayment process?**

15. To emphasise points made in response to question 2, to bring more taxpayers into digital HMRC need effective communications with complementary education, and the digital service offering needs to be an attractive alternative to the way taxpayers currently interact with HMRC. Any new digital service should work “out of the gate” and be well-integrated with HMRC’s and other relevant systems, or any push to encouraged taxpayers to open digital accounts will be counterproductive at best.
16. With reference to PAYE taxpayers, HMRC will face a higher hurdle compared to Self Assessment taxpayers, needing to make a case for change to people who have been “taken out of tax” by PAYE and expect the system to “just work” without their involvement. Appealing to self-interest can be effective, so first approaching digitisation with PAYE taxpayers who may be due a repayment may be more likely to bear fruit. One big-picture suggestion that may be outside the scope of this consultation is to introduce tax to the school curriculum, so that more young people enter employment with a working knowledge of tax principles and regulations (including PAYE).
17. With reference to paragraph 10, another way HMRC could make the case for digital change would be by making the most of the opportunities digital presents compared to paper communications. For PAYE, this could involve HMRC “showing their working” in calculating an individual’s tax code and liability, providing more detail with greater accessibility than is typically the case with a P2.
18. With reference to question 3, HMRC will also need to consider the digitally excluded and those with limited access to the internet in any programme intended to encourage PAYE taxpayers to open digital tax accounts.

**Question 5: What safeguards should be in place for any new data HMRC collects?**

19. As with any data collection, particularly mass collection of public data held by an organisation at high risk of malicious cyber attack, rigorous safeguards governing data integrity, acquisition and use are essential.
20. With reference to PAYE taxpayers, for whom many tax interactions are communicated via their employer, HMRC will need to be particularly mindful of the importance of confidentiality, so that neither employer nor employee are provided private information they have no need or right to access.
21. HMRC’s Privacy Notice,<sup>4</sup> referencing as it does the UK General Data Protection Regulation (UK GDPR) and Data Protection Act (DPA) 2018, and recognising HMRC’s responsibilities as a data controller, should cover the data relevant to PAYE taxpayers.

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<sup>4</sup> [HMRC Privacy Notice - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/672212/HMRC-Privacy-Notice-2020.pdf)

**Question 6: What specific processes or data points could be simplified to speed up information flow between employers, employees and HMRC when employees have a change of circumstance, while maintaining quality of data and keeping information secure?**

22. Although PAYE effectively “takes people out of tax”, it remains an individual’s responsibility to ensure they are paying the correct amount of tax. However, there exists no current way for an individual PAYE taxpayer to inform HMRC that their circumstances (including salary) have changed. Change in circumstances notifications therefore come via employers, but even with Real Time Information (RTI) not all payroll is in-house (and even then most employers don’t run payroll daily), so inevitably there is lag between a PAYE taxpayer’s circumstances changing and HMRC becoming aware of this.
23. An online individual personal tax account, and/or an employer portal, could be used to update employee circumstances and so minimise lag. This functionality could be set up so that changed circumstances produce an instantaneous (and where necessary retroactive) tax code adjustment. In this way HMRC could make the most of the opportunities digital offers: enabling payroll or HR to update employee information and tax codes quickly and easily, without needing to sit in a helpline queue, will incentivise employers to work with HMRC and reduce the strain on HMRC’s support services. For PAYE taxpayers with complex circumstances, this functionality could be disabled (either automatically or at request) to minimise the risk of error.

**Question 7: In what ways could advances in Information Technology allow for an alternative to the tax code or more real time interaction between employer, employee and HMRC to ensure that tax and employee NICs deductions keep pace with changes as efficiently as possible?**

24. Under PAYE it is necessary for an employer to understand their employees’ circumstances to ensure they are deducting the right tax and paying their employees correctly. Employee movement and the “gig economy” are increasingly complicating this. Nonetheless, the IFA would not recommend an alternative to PAYE. The UK has operated PAYE for almost 80 years, during which time most taxpayers have not needed to engage with HMRC on a regular basis. A move away from PAYE would be an immense cultural shift, which could not be covered by responses to a single question in a broader consultation document.
25. One example of where HMRC systems could be more responsive to RTI is form 64-8. Form 64-8 doesn’t let accountants specify the taxes on which they will act as an agent for a given client – so a taxpayer with both PAYE and Self Assessment income faces a challenge if they want to employ an agent to act on their behalf for their Self Assessment income only. If said taxpayer then changes employer, and their new employer seeks permission to do their PAYE, this can overwrite their agent’s existing Self Assessment permissions. HMRC have “made 64-8 digital” only in the sense of digitising the existing paper form without review or amendment, missing the transformative potential of digitisation (in this case, to improve granularity, and so reduce the administrative burden on the accountant and the support burden on HMRC).

**Question 8: Would you support a change to require new ITSA registrations to be made online, with a digital by default approach to subsequent notices to file, and a requirement for annual returns to be delivered digitally?**

26. In principle, and with reference to paragraph 4, the IFA supports a move to digital registration for ITSA. However, we retain reservations about moving to a “digital by default” approach with too much haste and too little preparation. Further, and with reference to question 3 and the digitally excluded, we would caution against the language in this question about “requiring” new ITSA registrations to be made online.
27. With reference to paragraph 3, digital communication can be more easily missed than the traditional brown envelope. SA316 in particular places a legal obligation on the taxpayer to file, so HMRC need to be confident that taxpayers understand and consent to digital communications carrying a legal obligation. This will be especially important during any initial move into “digital by default.” HMRC might consider a phased approach, exhibiting the benefits of digital (which will need to be seen and experienced by taxpayers) over time and laying the groundwork for “digital by default” to be more readily accepted at a later point.

28. The IFA would caution HMRC to not rush into pushing “digital by default”. If a taxpayer’s initial digital experience with HMRC does not go well, they will be more reluctant to engage digitally in the future. The success of HMRC digitisation hinges on the processes and systems being easy, effective and low-stress from the outset. “Digital by default” should not be the standard approach until and unless HMRC is confident that their processes and systems are fit for purpose. Current HMRC digital services are unreliable, and do not always work well with each other or with other systems and software. If digital requirements are extended without these issues being fixed, problems will be exacerbated and the strain on HMRC’s non-digital support services will increase. With reference to paragraph 11, “digital by default” will not reduce HMRC costs if it is launched before it is fit for purpose – on the contrary, it will be costly financially and reputationally.
29. The corollary to paragraph 28 was raised by one IFA correspondent: if HMRC’s digital offering is easy and effective, “digital by default” will likely not be necessary – people will gravitate to it naturally, because it will be the preferable option.

**Question 9: How much notice would taxpayers and agents need for this change, and how could HMRC best communicate it?**

30. With reference to paragraph 4, effective communications from HMRC will be an essential element of introducing change in this way. Those communications should be accompanied by complementary education, targeted at taxpayers and their agents. The timeline to introduce digital ITSA registration should therefore encompass adequate time for HMRC to develop, produce and disseminate the necessary education and training. Indeed, the timeline should factor in sufficient time for HMRC to ensure their systems are tested and fit for purpose before implementation.
31. HMRC might consider targeting communications and education to demographics and sectors where digital uptake is lower than the average. HMRC should have their own data to identify these demographics and sectors, but we would suggest that lifestyle businesses, sole traders and cash-heavy sectors are less likely than average to be digitally up to date.
32. Initial and early communications introducing the change should ideally cover a range of media, including television and radio adverts and social media alongside more traditional digital (email) and physical (letter) communication methods.
33. HMRC should do more to involve agents in digital change. If new ITSA registrations are required to be digital, can an accountant do the digital registration on their client’s behalf? If the client is a new taxpayer, it is difficult to see how an accountant could be set up as their client’s agent before their initial registration is completed, but part of the reason Self Assessment taxpayers employ accountants is to avoid interacting with HMRC and online registration processes. Taxpayers who feel this way would reasonably expect their accountant to be able to complete their ITSA registration on their behalf. It will be much easier for accountants to cooperate with HMRC and help sell digital if they are included in the process.

**Question 10: Do you agree these<sup>5</sup> are the main issues? Where possible please rank in order of magnitude/impact.**

34. The IFA and its correspondents agree that the difficulties cited at 4.24 are all significant issues for taxpayers and their agents when it comes to navigating and working with the ITSA criteria.

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<sup>5</sup> Difficulties navigating the ITSA criteria:

- Unclear guidance
- Inconsistency around thresholds
- Limitations of HMRC’s IT systems
- Ambiguity around legal obligation

35. Multiple IFA members expressed frustration with the confusing, complicated and inconsistent nature of ITSA guidance. Several correspondents commented that if they (as experienced accountants) struggled with the guidance, there was little hope for less financially-inclined taxpayers. Conversely, some correspondents commented that while improved guidance would be welcome, guidance alone cannot solve some of the structural issues with how the ITSA criteria are maintained and administered.
36. Chief among these structural issues, and a recurrent cause for complaint in the IFA's conversations on this topic, is the lack of clarity in certain thresholds, leading to inconsistency in HMRC administration of said thresholds. In particular, intersections between ITSA and PAYE (such as PAYE employees with untaxed income, or high income earners) were singled out for criticism in this way.
37. Getting untaxed income taxed via PAYE coding is difficult, and HMRC are inconsistent with when this approach is on offer. However, it is equally difficult to come onto and off ITSA (for example, where the untaxed income is unreliable, such as in hospitality), and HMRC's interpretation of how ITSA interacts with PAYE is unpredictable.
38. The ITSA criteria for high income earners is a source of frustration for multiple reasons. One reason concerns ambiguity around the taxpayer's legal obligation. The rationale for salary income over £100,000 requiring Self Assessment (threshold moving to £150,000 from April 2024) was to capture the complexity of the reducing personal allowance. However, a PAYE taxpayer earning £500,000 from a single employer (who therefore has no personal allowance at all) should not need to submit Self Assessment. Under Section 7 of the Tax Management Act (1970), a person who has not been issued with a return by HMRC is obliged to notify them if they have a liability to income tax. A hypothetical employee with a £500,000 salary and no personal allowance will have had all tax due collected via PAYE, and will therefore have no legal obligation to notify HMRC – but the ITSA criteria for high income earners contradicts this.
39. Other criticisms of the ITSA criteria for high income earners related to changing the threshold from £100,000 to £150,000. If the purpose of the threshold is to capture the complexity of the reducing personal tax allowance, increasing the threshold to £150,000 will logically result in more errors in calculating liabilities for those with PAYE incoming falling between the current £100,000 and future £150,000 thresholds. It is unclear what benefit the threshold change will bring, besides an attempt by HMRC to cut costs (misguided, given more errors will increase the burden on HMRC support).
40. We are reluctant to rank these issues in order of magnitude and impact, and would caution against taking a quantitative approach to prioritising qualitatively significant issues. Inconsistency around thresholds and problems with HMRC's IT systems are certainly the most significantly frustrating issues facing our members and other correspondents, but clarity around legal obligation and improved guidance should themselves form an important part of any approach to improve the ITSA criteria and make them more accessible not only to professional accountants but to the average taxpayer.

***Question 11: What other difficulties do taxpayers face in understanding and navigating the ITSA criteria?***

41. Handling untaxed income for low-income PAYE taxpayers (for example, wait staff receiving cash tips) was flagged by IFA correspondents as problematic (see paragraph 36). This is due to the difficulty of reporting it through either PAYE or ITSA; HMRC's inconsistency in determining whether it should go through PAYE or ITSA; and the cost-benefit question of whether HMRC is generating significant revenue through targeting this demographic, given the associated administrative burden.
42. Another question raised was why "savings, investments or dividends" is separate from "untaxed income" in the ITSA criteria, given income from savings, investments or dividends are fundamentally untaxed income. Some correspondents argued this distinction adds unnecessary complexity.

***Question 12: What additional complexity exists for taxpayers who are navigating multiple criteria or for those whose circumstances change frequently?***

43. Registration difficulties concerning Class 2 National Insurance Contributions (NICs) were reported as significant and frustrating for taxpayers and their agents. Taxpayers in Self Assessment for reasons other than self-employment (for example, due to untaxed income or being a high income earner), who then become self-employed, have to re-register for Class 2 NICs. This is a clear case of HMRC



systems being poorly integrated, with the burden being borne by taxpayer and agent (but also by HMRC support services, who must resolve issues arising from taxpayers' reasonable assumption that there is no need to re-register for something one is already enrolled in).

**Question 13: Are these<sup>6</sup> the right changes and opportunities to be considering? Are there others?**

44. The IFA agrees with most of the proposed changes and opportunities outlined at 4.25, with the significant exception of codifying the ITSA criteria in legislation. As the consultation document itself recognises, the ITSA criteria at present are inconsistent and inadequately explained. Codifying the criteria as they currently stand into legislation would be illogical and unlikely to succeed, given the lack of clarity concerning why the criteria are defined as they are. Tax requirements are continually evolving, so increasing the legislative requirement around Self Assessment registration would increase pressure on HMRC, taxpayers and their agents without realising any commensurate benefit.
45. Besides the opportunities outlined at 4.25, we would like to reiterate the point that HMRC need systems that work together, and with other systems where necessary, and which can handle the complexity of Self Assessment criteria while maintaining the flexibility to adapt to future changes without requiring a ground-up redesign. This is a major undertaking that would require significant investment to realise on a realistic timescale, and we are not ignorant of the resource pressures HMRC is under. Nonetheless, a push for “digital by default” and reform of the ITSA criteria will see limited success if not adequately supported by HMRC’s own systems.
46. As a complement to the opportunities outlined at 4.25, HMRC might consider how their communications strategy impacts efforts in this space. From the IFA’s perspective and that of our correspondents, HMRC’s communications are aimed at minimising contact and closing the tax gap. These are understandable objectives, but when pursued in isolation they can pull HMRC away from the Charter principle of helping taxpayers get their tax right.<sup>7</sup>
47. If HMRC can better encourage taxpayers to be proactive and responsible with their tax affairs (which might, for example, include reminders about allowances taxpayers could claim), we would suggest they might see increased engagement from both ITSA and PAYE taxpayers, and help create a more educated public when it comes to (for example) navigating the Self Assessment criteria.

**Question 14: In what way will each simplify things for taxpayers?**

48. Better interactive guidance will help taxpayers and their accountants navigate complex criteria and understand which apply, and when (see paragraph 35). The current “Check if you need to send a Self Assessment tax return” tool<sup>8</sup> is a good foundation, but could be improved by clarifying up-front what supporting information users will need, and by providing education on the relevant criteria. Better consistency in language used is necessarily part of improving guidance: as stated in paragraph 35, when experienced accountants struggle to understand the ITSA criteria and how they interact, it is unreasonable to expect less financially-inclined taxpayers to grasp them.

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<sup>6</sup> Opportunities for reforming the ITSA criteria:

- Better interactive guidance
- Better transparency about criteria
- Reforming criteria
- Critically reviewing thresholds
- Better consistency in language used
- New digital initiatives
- Codifying the criteria in legislation
- Reviewing ITSA and PAYE interactions

[Discussion document: Simplifying and modernising HMRC’s Income Tax services through the tax administration framework - GOV.UK \(www.gov.uk\)](#), 4.25.

<sup>7</sup> [The HMRC Charter - GOV.UK \(www.gov.uk\)](#) standard “Getting things right”.

<sup>8</sup> [Check if you need to send a Self Assessment tax return - GOV.UK \(www.gov.uk\)](#)

49. The lack of transparency about the role and purpose of each ITSA criteria remains an issue for taxpayers, and for their accountants who must “fill in the blanks” by educating their clients on opaque criteria. The IFA is concerned that the consultation document does nothing to explain the rationale behind each criteria, and this continued into the discussion forums HMRC hosted to discuss this consultation. Our understanding is that many criteria are the way they are “because that’s the way they are” – they were introduced many Governments ago, and changing administrations and Departmental employees have left the original justifications unclear. If this is the case, the ITSA criteria need a root-and-branch review (see “critically reviewing thresholds” at footnote 5), and criteria which cannot be adequately explained need to be updated or removed entirely.
50. For comment on reforming criteria so they’re better targeted, see paragraphs 36-39.
51. Concerning new digital initiatives, the IFA would restate its general agreement with a digital direction of travel, and its general note of caution that pushing digital products and obligations out to the public before they are ready will prove counter-productive.
52. The Single Customer Account (SCA) has the potential to help resolve some of the issues with PAYE and ITSA (and the interaction between the two) discussed in this representation, and should form a core pillar of HMRC’s digital offering going forward. The SCA also has great potential as a platform for HMRC-agent engagement (regardless of the digital capabilities of the individual client), with authorised agents having parallel SCA access on their client’s behalf.
53. With reference to paragraph 44, the IFA advises against codifying the ITSA criteria in legislation.
54. The opportunity to look more broadly at PAYE and ITSA interactions is fundamentally linked to the point made in paragraph 45 concerning HMRC needing systems which work together. The SCA could be used to link PAYE and ITSA, and could help deal with some of the issues around reporting changing circumstances discussed in paragraphs 22-23. It remains important to ensure the system is well-integrated with other relevant systems, and it will be essential that agents can access the SCA on their client’s behalf. Genuine collaboration with agents on the part of HMRC will reduce the strain on HMRC support services, and is consistent with the HMRC Charter standard of recognising that someone can represent you.<sup>9</sup>

**Question 15: Which are better? Could you rank in order of preference or greatest improvement?**

55. As stated in paragraph 40, we are reluctant to rank qualitative proposals in a quantitative fashion, and would caution against HMRC taking a strictly numerical approach to identifying where to focus improvement efforts. That said, as stated throughout this representation, the IFA strongly feels that HMRC needs to prioritise improving its systems and ensuring they are fit for purpose. Efforts to promote digitisation and improve Self Assessment administration will both suffer if the systems taxpayers are using to interact with HMRC are ineffective. Improved systems will make it easier to improve interactive guidance, and successfully implement the SCA.
56. Reforming the ITSA criteria and reviewing the thresholds in a joined-up way are improvements the IFA and its correspondents would be pleased to see. We would advise that this work should be done simultaneously – reforming how the criteria are administered, and reviewing the rationale behind them, should happen together so that outputs are consistent. The primary objective of this root-and-branch review should be simplification, aimed at reducing the administrative burden on HMRC, taxpayers and agents (particularly regarding smaller returns).

## Contact details

Should you wish to discuss this response further, please contact Matt Barton, IFA Technical Manager, at [mattb@ifa.org.uk](mailto:mattb@ifa.org.uk).

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<sup>9</sup> [The HMRC Charter - GOV.UK \(www.gov.uk\)](http://www.gov.uk) standard “Recognising that someone can represent you”.