



National Audit Office

**HM REVENUE & CUSTOMS**  
Helping individuals understand and  
complete their tax forms

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# SUMMARY

**1** Each year millions of individuals submit a tax return or other tax form to HM Revenue & Customs. For example around nine million taxpayers complete Self Assessment income tax returns. The Department aims to make it as easy as possible for them to understand and comply with their tax obligations. It produces around 60 leaflets and factsheets in addition to the guidance notes accompanying its forms. The Department also provides information on its website and through 13 telephone helplines<sup>1</sup> and 279 enquiry centres. Up to 10 million taxpayers<sup>2</sup> a year contact the Department for help with their tax affairs. The Department spends around £35 million a year on producing and distributing

printed material. It also spends around £55 million dealing with contacts from individuals, either by telephone, face to face or via its website.

**2** Helping individuals to provide accurate information is essential if their tax payments or refunds due are to be correctly assessed. Otherwise, they may later face unexpected demands for tax (and interest), or they may not receive refunds of tax when they are due. Accurate and timely information also helps to reduce the Department's costs in seeking further information and chasing up or correcting forms and returns.

<sup>1</sup> In total the Department operates some 30 helplines. The remainder are for businesses, employers or the recipients of child benefit and tax credits.

<sup>2</sup> We estimated the number of individual taxpayers that contacted the Department in 2005 using Customer Service Survey Data. Contact is defined to include contact by telephone, in person, post and website visits. The estimate includes tax credits because it was not possible to exclude it from the Department's data.

- 3** This report examines:
- the types of communication between the Department and individual taxpayers (Part 1); and,
  - whether forms and guidance are:
    - easy to obtain (Part 2);
    - easy to understand (Part 3);
    - accurate and complete (Part 4).
- 4** The report focuses on some 40 forms completed by individual taxpayers, for example, people who pay income tax through self assessment or PAYE. It covers the help the Department provides to them in printed guidance, on its website, over the telephone and in face-to-face meetings. The report does not cover individual taxpayers' enquiries by post. This is because it was not practicable to separate the handling of such enquiries from the Department's entire workload in dealing with postal communications. That workload includes enquiries from businesses, general correspondence and more detailed enquiries about individuals' tax position. The report also does not cover tax credits which the National Audit Office has covered in other reports.

Appendix 1 provides details of our methodology.

## Conclusions

### Obtaining forms and guidance

**5** Taxpayers can obtain tax forms and guidance from the Department's website, where extensive information is available, and by post or telephone; or in person from local enquiry centres. The Department is encouraging taxpayers to use the method of contact which meets their needs at lowest cost. It could make it easier for taxpayers to find the forms and information they need, by better advertising of website and telephone contact details on forms and improving navigation on the website. The Department is currently considering plans to improve its website to make it more accessible and easier to navigate.

**6** A recent report on government wide Service Transformation,<sup>3</sup> identifies the scope for substantial savings to government, business and citizens by making channels through which services are delivered more responsive to the needs of customers. The report shows that savings can be made across government by improving telephone contact centre operations, rationalising face to face contact and making the Web the primary source for all simple information and advice. It estimates that savings of up to 25 per cent could be made in telephone contact centre operations by resolving 80 per cent of enquiries on first contact, reducing avoidable contact by 50 per cent and reducing information requests handled by telephone by 50 per cent.

**7** Around five million<sup>4</sup> individual taxpayers a year telephone the Department's helplines for advice resulting in over 18 million calls. Performance in answering these calls has improved during 2006. Seventy-three per cent of calls were answered within 20 seconds in the first ten months of 2006-07, compared with a general industry benchmark of 80 per cent. The average time the Department took to answer calls was 43 seconds in the same period compared to 80 seconds in 2005-06 and 28 seconds achieved by a number of other organisations.<sup>5</sup> These figures reflect the time waited by those who successfully got through to an adviser. The number of engaged tones and busy messages has reduced from over 60 million in 2005-06 to 10.3 million in the ten months from April 2006. The Department has a target that 90 per cent of callers should get through to an adviser on the same day they first called. It estimates that in the first ten months of 2006-07, 95 per cent of callers got through on the same day, compared to 81 per cent in 2005-06.

**8** The Department offers specialist help for people with disabilities or whose first language is not English. The availability of these services is set out on the Department's stationery but they are not prominently advertised on its website and the forms we examined. The Department's website does not meet Cabinet Office guidelines on accessibility which aim to ensure that key groups including blind or partially sighted users can access information.

<sup>3</sup> *Service transformation: A better deal for the taxpayer*, December 2006.

<sup>4</sup> We estimated the total number of individual taxpayers contacting the Department by telephone by applying the proportion of customers reporting telephone contact in the Department's 2005 Customer Service Survey to the total population.

<sup>5</sup> The average time the Department takes to answer calls includes the introductory message given to callers, whereas the percentage of calls answered within 20 seconds is measured from the point the introductory message has been completed.

## Understanding forms and guidance

**9** Recent work by the Department suggests that unintentional errors by taxpayers in completing forms result in over £300 million in underpaid tax. Errors can also lead to taxpayers overpaying tax but the Department does not have data on the extent to which this occurs. Making forms and guidance easier to understand could help to reduce the number of errors taxpayers make. But some aspects of the tax system are particularly complex, which makes it difficult to keep forms and guidance simple while accurately reflecting the tax rules.

**10** Since 2003 the Department has improved the main forms and other information taxpayers use. This has included introducing shorter forms for people with simple tax affairs and simplifying information on how individuals' tax codes and statements of tax due have been calculated. Our review found that most forms are relatively straightforward to complete but on occasions, some users found it difficult to understand terminology, carry out calculations and follow the sequencing of questions. The Department is currently improving the main income tax self assessment form and the inheritance tax form. We found that some guidance requires a reading age of 16 to 17 years old to understand, whereas less than half of the adult population reach this level.

## The accuracy of forms and guidance

**11** The Department has processes for ensuring its forms and guidance are accurate and up to date but we found some examples of out-of-date and inaccurate leaflets. It has arrangements for monitoring the quality of telephone call handling which shows that it provides complete and correct advice to taxpayers on around 94 per cent of calls compared with a target of 90 per cent. Individual contact centres monitor the quality of calls to identify staff training priorities and areas of advice that are more prone to errors. The Department does not set a target for the quality of advice provided face to face at its enquiry centres but managers regularly observe interviews to assess the quality of advice provided by staff. We found examples where staff at telephone contact centres and enquiry centres gave incorrect, inconsistent or incomplete advice.

## Overall conclusion and recommendations

**12** It is difficult to measure directly the effect the Department's forms and guidance have on making it easy for taxpayers to provide complete and accurate information. The recent report on Service Transformation<sup>6</sup> highlights the potential benefits and savings for the Department, citizens and businesses in making services more responsive to customer needs. The Department has already introduced various improvements and further changes are planned. For example the Department has improved advertising of its services in telephone directories, has redesigned key forms and is planning to improve its website. Building on the work already in hand should help taxpayers to find and understand the information they need and reduce the level of unintentional errors taxpayers make in providing information to the Department. In this context we suggest the Department takes the following steps to:

- a **Make it easier for taxpayers to know how to find information and advice by displaying helpline numbers and the website address more prominently on more of its forms. More of the helplines should make use of a recorded message telling callers that information can be obtained from the website (paragraphs 2.4, 2.5, 2.12).**
- b **Advertise more widely the range of help the Department provides to those with disabilities or who need information to be translated. The Department should also carry out research into the needs of these groups (paragraphs 2.4–2.5).**
- c **Redesign its website to help taxpayers find the information they need and to meet Cabinet Office guidelines on accessibility for key groups, taking into account the findings and recommendations in the Service Transformation report. The website should have a more effective search engine; up-to-date, clearly labelled and consistent links to information, and avoid confusing terminology and abbreviations (paragraphs 2.20–2.22).**
- d **In the longer term, provide a greater range of online services such as enabling more taxpayers to view and update personal information, apply for refunds online and communicate with the Department by email. (paragraphs 2.26 and 3.21).**

<sup>6</sup> *Service Transformation: A better service for citizens and businesses, a better deal for the taxpayer*, December 2006.

- e Explore the potential savings and other benefits and costs of reducing the number of telephone orderlines for forms and other printed material including the possibility of introducing a single orderline telephone number (paragraph 2.3).
- f Continue to improve its performance in answering taxpayers' telephone calls by increasing the percentage of calls that are answered within 20 seconds and by further reducing the number of engaged tones and busy messages that taxpayers experience when they telephone the Department (paragraphs 2.8–2.10).
- g Regularly remind telephone contact centre staff to refer calls to those qualified to give technical advice and monitor that they do so. This would help to improve further the quality of call handling where the Department has assessed that 94 per cent of calls were provided with complete and correct advice (paragraphs 4.8, 4.11 and 4.12).
- h Develop its methods for assessing the quality of face-to-face advice provided by enquiry centres by piloting techniques used by other organisations such as mystery shopping (paragraphs 4.13 and 4.14).
- i Look for opportunities to simplify the complex rules and procedures as this would enable it to produce forms that are easier to complete and more straightforward guidance for taxpayers. Ultimately, changes to the tax rules would require changes in legislation and would be for Ministers to decide (paragraphs 3.1–3.5).
- j In its programme of improving forms and associated guidance, use plain English; provide quickstart information on forms and clearer signposting of the sections to be filled in; and use more worked examples, checklists and flowcharts in guidance notes (paragraph 3.9).
- k Identify the main types of error that taxpayers make and where they do not understand their tax obligations, to inform the redesign of forms and guidance, and alert taxpayers to areas where particular care is needed. The Department should identify the errors that lead to taxpayers overpaying tax and estimate the extent to which this occurs (paragraphs 3.1–3.5).
- l Rationalise the number of contracts for printing forms and guidance to reduce procurement costs (paragraph 1.3).