



A new Charter for HMRC and its Customers

**Consultation Responses Document
24 November 2008**

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1. Executive Summary

- 1.1. This is HMRC's formal response to participants in the consultation and engagement exercise into the scope of a new Charter between HMRC, individuals, businesses and tax agents. It draws from written responses to the formal consultation - *HMRC and the taxpayer: a new charter for HMRC and its customers*¹ issued on 19 June (closed 11 September) - and also includes views, opinions and issues put forward in workshops, meetings and focus groups.
- 1.2. HMRC does not currently have a single document that clearly sets out the rights and responsibilities of customers. A charter for the individuals, businesses and advisors interacting with HMRC would bring together the rights and responsibilities of these people into a single place, in an easy to understand form and be an important interface for them with HMRC.
- 1.3. The responses demonstrated substantial backing for the idea of the Charter and support for the suggestion that it should cover both customers' rights and responsibilities; that a single Charter is appropriate; and it must be short, simple to understand and easily accessible.
- 1.4. Although the consultation document started from the premise that there was no need for a Charter to be supported by legislation, most respondents argued that a legal foundation would be the best way of ensuring that the Charter would be an effective and enduring document.
- 1.5. In the light of those responses the Government has announced that a clause giving the Charter explicit legislative backing will be included in next year's Finance Bill.
- 1.6. A majority of respondents agreed that the Charter should be about high-level values and principles. Because its core principles run across all of HMRC's

¹ www.hmrc.gov.uk/consultations/index.htm

responsibilities and it is important that these clearly apply to all customers, most respondents also said that a single, short document would be preferable. A number of individuals and organisations suggested that service standards should be attached as an appendix to the Charter.

- 1.7. The title 'Taxpayers' Charter' was quickly identified as limiting and could potentially isolate individuals who deal with the department on issues that are not tax related. This will only be used as working title until a more inclusive name is agreed upon.
- 1.8. This first stage of consultation has enabled us to develop a framework for the Charter that will make it an accessible and useable document. By setting out the guiding principles of the relationship between HMRC and those with whom it interacts.
- 1.9. The next stage of consultation will focus on content. As a start, we have organised a deliberative event to involve customers, staff and other stakeholders in starting to design the draft Charter. We will launch a more formal consultation early in the New Year.
- 1.10. HMRC wishes to thank those who responded to the consultation document and all those groups and individuals who supported the engagement exercise. We recognise the time, thought and effort that went into the comments and contributions. A list of respondents and contributors to the consultative exercise can be found at the end of this document.

2. Introduction

- 2.1 In January 2008, Government announced that HMRC would work with interested parties to begin the process of developing a Charter, which will set out both taxpayer rights and responsibilities in a single accessible document. The 2008 Budget confirmed that the Government is committed to ensuring that the tax system is useable and accessible for all taxpayers and that Charter could play an important role in that relationship.
- 2.2 HMRC took forward direct consultation with a wide range of external groups shortly after the January announcement:
- We used existing HMRC fora, including: the Large Business Forum, Employer's Forum, the Working Together Forum, the Individuals Stakeholder Forum and the Joint Customs Consultative Committee;
 - Voluntary sector organisations organised eleven customer focus groups across the country, enabling us to talk directly with their members;
 - Chartered Institute of Taxation (CIOT) organised a roundtable discussion forum; Low Income Tax Reform Group (LITRG) organised focus groups of their members across the country and Institute of Chartered Accountants in England and Wales (ICAEW), TaxAid and Tax Help for Older People (TOP) made presentations at our internal events for senior managers.
 - Other representative bodies invited us to attend their events and meetings.
- 2.3 We recognise that staff buy-in will be critical to the success of the Charter and so have embarked on a process of engagement with the HMRC workforce. There have been 19 staff workshops across the country covering all grades and business streams and two Charter-specific events for senior managers.

- 2.4 A formal consultation document on the scope of the Charter was published in June 2008. This included questions on what the charter should cover – the values of HMRC, rights and responsibilities and/or standards of service. The document also covered important questions like whether HMRC should have one or several charters and what the document should be called.
- 2.5 The consultation document attracted 42 responses from representative bodies, businesses and individuals. HMRC is also committed to consulting formally on the draft content of the new Charter before it is launched.

3. Responses

3.1. This chapter summarises the representations received and the corresponding HMRC response.

Chapter 1: Introduction

3.2. This chapter explained HMRC's existing legal framework and the formal complaints process. HMRC is accountable to Parliament through Ministers and is subject to scrutiny by the Committee of Public Accounts (PAC). The Adjudicator and the Ombudsman look into customer complaints and can make recommendations for redress. Initially we saw no need for the new Charter to be set in legislation and took the view that a legislative approach might make the Charter less accessible and less flexible and so reduce its usefulness.

Q1.13 - Although the Charter will not be set in legislation, what other options are there for enacting the Charter to ensure it is an effective and enduring document?

3.3. All the representative bodies and a few individuals were opposed to the idea of creating the Charter without some form of legislative backing. The majority suggested that a short provision requiring HMRC to have a Charter would be sufficient.

3.4. A number of respondents suggested that legislative backing was necessary for the sake of certainty and to provide assurance that the Charter would be permanent. There was concern that if the status of the Charter was not set out in law then it would be left to the courts to make their own determination and that this would be undesirable.

3.5. Some respondents suggested that a lack of legislative backing had weakened earlier Inland Revenue and HM Customs & Excise charters and

contributed to their falling into disuse. A number also suggested that some form of legislative backing was essential to restore trust in HMRC. Three respondents went further and suggested that key rights and responsibilities should be set out in legislation.

- 3.6. About a quarter of respondents, mostly individuals expressed the view that the Charter did not need legislative backing in order to be effective. Reasons for this were varied and included concerns over flexibility (the difficulty and length of time to develop and improve the Charter).
- 3.7. A number of responses related to the process by which HMRC could be held accountable to its performance against the Charter. A few respondents suggested that it may be worth articulating right of appeal and level of redress as well as remedy when HMRC act outside of the Charter.

HMRC Response

- 3.8. HMRC took the initial view that there was no need for the new Charter to be set in legislation, judging it would add no legal force to existing safeguards (NAO/PAC) scrutiny, Adjudicator and Ombudsman for customer complaints) and could lessen the document's accessibility and flexibility.
- 3.9. In response to the strong representation and as an indication of HMRC's and Government commitment to actively listen and respond to stakeholders, the Government has decided to include a clause in next year's Finance Bill to explicitly recognise the existence of the Charter. This will ensure that the Charter is both credible and durable, without reducing the document's accessibility or flexibility.

Chapter 2: Role of the Charter

- 3.10. HMRC reviewed a range of charters issued by tax authorities in other countries. Although these charters reflected factors particular to those countries, a broad picture nonetheless emerged. The charter can usefully fulfil three roles:

- provide users with a reference to their rights and responsibilities;
- set out a statement of the broader values of the organisation and their responsibilities in dealing with their customers; and
- establish the standards of service that customers can expect.

3.11. Based on this work, HMRC asked for views both on the broad role of a new Charter and how this should be tailored to meet the needs of its customer base.

Q2.20 - Which of the roles do you think the Charter should play?

3.12. Most respondents suggested that the Charter should fulfil a high-level strategic role including all of the three roles set out above. Views were mixed however as to the balance between the three elements.

3.13. A majority of respondents agreed that the Charter should be about high-level values and principles. Because its core principles run across all of HMRC's responsibilities and it is important that these clearly apply to all customers.

3.14. Proponents of the Charter as a roles and responsibilities document recognised that it would be helpful to set out customer responsibilities as well as rights, although about a third felt that the balance of the focus should be on rights. A small number argued that whilst rights and responsibilities should be included, this should not be seen as a substitute for statutory safeguards.

3.15. Two respondents called for specific commitments from HMRC to reduce its costs and personal costs to customers of dealing with the Department; particularly where unrepresented and/or vulnerable customers are concerned.

3.16. Most respondents supported the concept of service standards but some questioned whether the Charter was the right place for them. About half of those who called for service standards to be included went on to argue that

these should be set out as annexes to a high level principles and values document.

- 3.17. Publication of the standards was not seen as an end in itself. Respondents said there was a need for mechanisms to monitor HMRC's performance against the standards. One wanted variable standards, specifically tailored to different customer groups and suggested that these should be agreed in advance with customers. The more widely held view was that service standards should be of general application: that they should be straightforward; relevant to all; easy to understand; and simple to apply.

HMRC Response

- 3.18. HMRC acknowledges that a high-level principles document should be of general application but also recognises the diversity of its customers. In taking the work forward HMRC is working on how the Charter can incorporate the three roles identified above: a reference to rights and responsibilities; a statement of principles and organisational values; and standards of service. There are a number of model charters around the world that have successfully gone down this route, for example the Australian Charter.

Q2.21 - Are there other principles or values that the Charter should cover?

- 3.19. Although the question relates to 'other principles or values', some respondents used it as an opportunity to address particular issues that their customer groups face in their dealings with HMRC. For instance, some respondents felt HMRC should recognise the status of agents. Others stated that the Charter should explicitly recognise the needs of the vulnerable. One commentator noted that the most common reason those on low incomes do not meet their responsibilities is because they do not understand them.
- 3.20. All respondents agreed that the Charter should be useable, workable and a reference point for both HMRC and customers. Other potential benefits of

the Charter were seen to be improvement in the attitude and approach of HMRC staff and focusing on outcomes rather than the setting of inappropriate targets. Three respondents suggested that the Charter could be part of the wider strategy to simplify the tax system and therefore help close the tax gap.

3.21. One respondent suggested the Charter should guarantee that information obtained by HMRC would remain confidential. This is an issue HMRC have pursued separately. We have now produced a data protection factsheet (DP F/S1); which explains how we use the information we collect. It covers the procedures we follow, customer rights and how customers can access information we hold about them. This is available on the HMRC website at <http://www.hmrc.gov.uk/leaflets/dp-fs1.htm>.

3.22. Other specific suggestions included:

- publishing progress towards/success against DSO and PSA targets;
- including a statement of principles underpinning the tax system.

HMRC Response

3.23. It is clear that the Charter should be a simple, easily accessible document that brings together HMRC's values and principles. To achieve this, it may be necessary to restrict the amount of content tailored specifically to the needs of particular groups. The aim should be a statement of general principles that will address those needs. HMRC is separately taking forward work in a number of specific areas mentioned by respondents.

Q2.22 - How would you or your members use the Charter?

3.24. Most attending the workshops and meetings said that they would find the Charter useful in their dealings both with HMRC and their members. A few representative bodies said the Charter would aid discussions with their members in making them understand their obligations. Groups that represent more vulnerable customers were clear that the Charter would be

useful in helping their clients understand what they need to do. Generally, the new Charter was seen as a useful vehicle to improve understanding and two way communications between HMRC and customers, taxpayers, agents and other stakeholders.

HMRC Response

- 3.25. These responses emphasise why HMRC is committed to delivering a new Charter that will help those who deal with HMRC to understand better what they need to do, what support they can expect and how to get it. The challenge during the second round of consultation will be to develop a Charter that delivers this.

Q2.23 - What will make the Charter useful in your relationship with HMRC?

Q2.24 - How could the Charter be useful in your trust and perception of HMRC?

- 3.26. The last two questions in this chapter were aimed at developing a better understanding of how the Charter could help HMRC in its relationship with specific customer groups.
- 3.27. A message that came across strongly from most of the responses was that HMRC needs to work hard to rebuild trust with individuals, businesses and agents but that the delivery of the Charter would be key to the customers' perception and trust in HMRC. One respondent described the willingness and commitment to develop the Charter as "a flag of trust".
- 3.28. Respondents saw the Charter as a starting point rather than an end in itself. It would provide a reference point or benchmark for all those who have dealings with HMRC. Only a change in HMRC behaviour would encourage greater trust but most agreed that delivery on the Charter would be a crucial step in that process. The Charter was seen as offering HMRC the opportunity to show that it is serious about high standards of public service.

HMRC Response

- 3.29. HMRC recognises the importance of being trusted by those it deals with and is already doing a lot of work in this area. The Department is also working closely with agents and representative bodies through the many and varied fora and other customer representative groups to help us redesign some of our processes based on what is important to customers. The Department acknowledges that these fora do not by any means represent all the people that deal with HMRC so it is designing its processes to ensure that individuals and businesses are able to contact the Department through multiple and easily accessible channels.

Chapter 3: One Charter or several?

- 3.30. Chapter 3 looked at whether the Charter should cover all of HMRC's customers in one document, or whether a separate approach for different groups of customers be better. A wide and diverse range of people and businesses interact with HMRC. We were interested to learn whether there would be a benefit in targeting specific customer groups with their own charters.

Q3.9 - Do you agree that a Charter should as far as possible cover the whole range of the department's customer base in a single document?

Q3.10 - If separate charters are considered appropriate:

What specific groups should be covered by those charters?

Why should those specific groups be covered separately?

What is the most appropriate way of segmenting the Charter?

Q3.11 - If there is to be only one Charter, what is the best way of integrating the specific needs of particular groups within the overall?

- 3.31. Respondents expressed a very strong desire for a single, clear Charter. Only a very small number of respondents asked for more than one Charter. Those who did see benefit in having more than one Charter suggested very different approaches to splitting the customer base.

- 3.32. All respondents supported the view that the Charter should be a clear statement that stands on its own (with links to further detail and guidance) and which should fulfil a high level strategic role.

HMRC Response

- 3.33. Clear and simple statements of principle should apply equally to all customer groups. HMRC agrees that a single Charter for all is the right approach.

Q3.12 - What aspects of a Charter could be developed across government departments to provide some commonality of approach whilst ensuring that each department focuses on its own customer groups?

- 3.33 There have previously been suggestions that there should be one Charter across government for the public. The first round of consultation included the question to test the appetite and need for such a Charter. None of the respondents suggested that one Charter across government would be useful although most of the individuals at the workshops suggested that more government services could be joined up.

HMRC Response

- 3.34 HMRC has been working closely with the Department of Work and Pensions who are also developing a Charter. The two departments have jointly undertaken shared research to understand better the customers they have in common. They have also agreed to work towards a joint launch date in 2009 but are clear that producing a single Charter for both departments would not serve the needs of their customers.

Q3.13 - What would be the most appropriate title for the Charter?

- 3.35 HMRC deals with a wide range of issues ranging from Child Benefit, Child Trust Fund, VAT, Corporation Tax, PAYE, National Insurance Contributions to Students Loan Repayments, Capital Gains Tax and others.

3.36 There were over 50 titles suggested by the workshops and engagement process. A range of suggestions were also made in the formal responses, including:

- *HMRC's Charter*
- *The Tax Charter*
- *HMRC Customer Charter*
- *HMRC Customer Commitment*
- *A Charter for HM Revenue and Customs and its customers*

HMRC Response

3.37 The breadth of response suggests that none of these titles is likely to please everyone. HMRC will continue to consider the title and will take steps to ensure that the eventual title is as representative as possible.

Chapter 4: Rights and Responsibilities

3.38 Chapter 4 of the consultation document discussed how the balance between customer rights and obligations could be reflected in the new Charter. While some rights might be matched with responsibilities that does not always need to be the case. The document set out a number of examples where rights and responsibilities could be matched. So for example, there could be a duty on both HMRC and customers to treat each other courteously and with respect. There was no suggestion in the consultation document that a sanction should be put on a customer for failing to meet their responsibilities, apart from those already established in law, such as late filing of tax returns.

Q4.7 - Should a Charter cover both rights (expectations of how customers should be treated by HMRC) and responsibilities (what HMRC expects from customers)?

Q4.8 - If it does, should those elements be mutually dependent in any way?

- 3.39 Most respondents thought that the Charter should be about both rights and responsibilities. None said that rights and responsibilities should be mutually dependent. A few respondents said that although the Charter should include both rights and responsibilities, the emphasis should be on customers' rights and how HMRC will serve them.
- 3.40 Including obligations was seen by most respondents as a way of instilling awareness and a sense of responsibility in customers; but to support this, the Charter needed to be communicated in plain language. Including obligations was also seen by some a few as a way of obtaining increased buy-in from HMRC staff.

HMRC Response

- 3.41 In developing the Charter, HMRC will look to incorporate both rights and responsibilities, acknowledging the fact that the two are not mutually dependent. This recognises the many benefits of such an approach brought out during the consultation process.

Q4.9 - If it does not, what other steps could be taken to ensure that customers have access to full information about their responsibilities?

- 3.42 Recognising that the Charter is not aimed at replicating all the rights and duties already set out in legislation this question set out to understand if there are ways which the Charter could help make them more accessible to customers. Responses emphasised the need for the Charter to be accessible to all.
- 3.43 As well as needing to be in plain language and available in a range of formats, one respondent emphasised the opportunity the Charter provided to further embed the HMRC Disability Equality Scheme into the culture of HMRC.

HMRC Response

- 3.44 HMRC will ensure the charter is a high level document as suggested by responses; it will also act as a signpost to other departmental guidance.

Q4.10 - How can a Charter be used to make customers more aware of their rights to appeal and redress?

- 3.45 A range of comments were received on this question. Some related to how the information was presented in the Charter, while others made specific recommendations on what should be included. Many commented on the existing appeal process and redress policy.
- 3.46 More than twenty respondents felt that the Charter could be used to make customers more aware of their rights to appeal and redress. One respondent commented that mechanisms for redress are not open or transparent. Although opinion was divided as to whether there should be a specific section in the Charter covering rights of appeal and redress or whether there should just be a link to other information such as the existing leaflet “How to Complain”. The majority of respondents favoured a simple and clear signpost to the complaints process to avoid complaints dominating the Charter and becoming too lengthy.
- 3.47 A few respondents expressed concern about the length of time it takes HMRC to respond to complaints and there was a general feeling that HMRC staff should be expected to explain clearly to customers what options were available to them and what sources of help might be available.
- 3.48 There were a number of specific comments on what rights should be included in the Charter. One respondent suggested that the consequences of a breach of the Charter by HMRC should be clearly set out. Many respondents suggested the creation of an independent review body, to monitor performance on the Charter. One respondent went further to suggest that the review body could hear complaints from customers and

make recommendations, including awarding small compensatory payments if appropriate.

HMRC Response

- 3.49 HMRC is separately looking to reinforce and improve access to its complaints by for example, reviewing the content of the factsheet “How to Complain”. HMRC have passed the specific comments on appeals to the policy team.

4. Next Steps

- 4.1 There are some clear messages that HMRC can take from the responses in going forward:
- A single Charter is appropriate and will be useful in helping people understand what they need to do and improve communications between HMRC and all those deals with it;
 - It should be a high-level principles document which needs to have a link to HMRC standards of service to help customers' measure performance;
 - It must be short, simple to understand and easily accessible;
 - It should have a short clause in Finance Bill 2009 giving the Charter explicit legislative authority;
 - The document should cover customer rights and obligations but they must not be mutually dependent; and
 - It should clearly signpost the complaints process.
- 4.2 HMRC will take account of these and the other messages in the responses as it starts the process of drafting the Charter.
- 4.3 HMRC has invited stakeholders and staff members to be involved in the initial drafting of the Charter. It will then consult on the draft early in the New Year. The responses to that consultation will be used to refine the draft to produce the final document.
- 4.4 In addition to this formal consultation, HMRC will continue to engage directly with stakeholders and staff over the coming months.
- 4.5 As the responses suggested there is a need to raise public awareness of the Charter, HMRC is taking steps to ensure that customers are made aware of the existence of the Charter when it is published. These will include

publication using the varied channels discussed and agreed with stakeholders.

- 4.6 A number of stakeholders commented on the need for HMRC be seen to deliver on the Charter. This process is already underway and the Department will continue to take steps internally to ensure that staff are aware and have the tools to deliver on the Charter.
- 4.7 HMRC has been working together with DWP (holding joint research into common customers, joint forums and workshops etc) on developing charters for the two departments. This has been welcomed by customer groups so as a next step we will agree a joint launch date for announcement at Budget 2009.

A List of Respondents

Below is a list of businesses and representative bodies that responded to the consultation.

1. Accounting Web
2. Association of Accounting Technicians (AAT)
3. Association of Chartered Certified Accountants (ACCA)
4. Association of International Accountants (AIA)
5. AstraZeneca
6. British Banking Association (BBA)
7. Centrica PLC
8. Chartered Institute of Taxation
9. Citizens Advice Bureau (CAB)
10. Confederation of British Industry (CBI)
11. Davies Turner & Co Ltd
12. Ernst Young
13. Forum of Private Business (FPB)
14. Grant Thornton UK
15. Institute of chartered Accountants in England and Wales (ICAEW)
16. Institute of Directors (IOD)
17. Institute of Payroll Professionals (IPP)
18. KPMG
19. Legal Services Commission
20. Low Incomes Tax Reform Group (LITRG)
21. Mercer Ltd
22. Parliamentary & Health Service Ombudsman
23. Professional Contractors Group (PCG)
24. Scotch Whiskey Association
25. Social Security Advisory Committee
26. Tax Justice Network
27. TaxAid
28. VAT Practitioners Group (VPG)
29. VW Group

In addition there were:

13 individuals (including 7 HMRC staff) who formally responded to the consultation document.

340 HMRC staff who fed in through workshops and questionnaires.

120 senior HMRC managers who participated in workshops.

100 individual customers in focus groups.

Other individuals and agents contributed through various fora and workshops. These included about 120 from 'seldom heard' groups (such as pensioners; disabled and their carers; those with learning difficulties; students) who contributed to the consultation through formal joint market research commissioned by HMRC and DWP.

B Contact Details

Please send comments on any aspect of this consultation document:

by e-mail to: taxpayers.charter@hmrc.gsi.gov.uk

- by post to: Charter Team, HMRC, Room 3E/02, 100 Parliament Street, London SW1A 2BQ,
- or by fax to: 020 7147 0391.