

Summary: Intervention & Options

Department /Agency:
HM Revenue & Customs

Title:
Impact Assessment of HMRC Charter

Stage: 2nd Consultation

Version: 1

Date: 3 February 2009

Related Publications: "A new Charter for HMRC and its customers"
<http://www.hmrc.gov.uk/consultations/index.htm>

Available to view or download at:

<http://www.hmrc.gov.uk/consultations/index.htm>

Contact for enquiries: Charter Team

Telephone: 020714 72365

What is the problem under consideration? Why is government intervention necessary?

The HMRC Charter is intended to update and replace the existing charter for Inland Revenue and HM Customs & Excise. HMRC does not have a current Charter. The Organisation of Economic Co-operation and Development (OECD) suggest it is good practice and all stakeholder groups would like HMRC to have a single Charter.

What are the policy objectives and the intended effects?

The Charter is intended to be a simple, single document which explains to all of our customers: the values and principles of HMRC; their rights and obligations when dealing with HMRC; what to do if HMRC fails to meet its obligations; and where to find out further information on these issues. Core objectives are:

1. Clarity of the relationship between HMRC and its customers, taxpayers, agents and representatives
2. Improved relationship between HMRC customers and HMRC based on better mutual understanding
3. Providing a single simple summary of rights, responsibilities and how to complain

What policy options have been considered? Please justify any preferred option.

Option 1: Do nothing. Maintaining the current Charters for both Inland Revenue and HM Customs & Excise. All consulted parties have requested an updated and single HMRC Charter.

Option 2 (preferred option): An HMRC Charter. This would consist of a core HMRC Charter document to be used as part of our communications with customers. This meets most of the expectations of representative bodies.

Option 3: A joint Charter with DWP. As option two with potential added advantage that individuals would have a single Charter for their dealings with tax and benefits.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

First Quarter 2010

Ministerial Sign-off For consultation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:



.....Date: 26 January 2009

Summary: Analysis & Evidence

Policy Option: 2	Description: An HMRC Charter
-------------------------	-------------------------------------

COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups' There are no costs for customers. There is a transitional cost for HMRC including printing, and modification of training materials for induction and core customer service courses to include the Charter. This work will be aligned internally with the roll out of the HMRC Purpose, Vision and Way.		
	One-off (Transition) Yrs			
	£ 150k		1	
	Average Annual Cost (excluding one-off)			
	£ 0		Total Cost (PV)	£
Other key non-monetised costs by 'main affected groups' None, there are no burdens associated with Customer Charter, it may be reproduced by some organisations (especially third sector and agents) as an aide for their clients.				

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups' Moniterised benefits are small and have not been quantified. They would accrue only if the added clarity of relationship reduced total contact volumes. This is expected to be marginal.		
	One-off Yrs			
	£ Not quantifiable			
	Average Annual Benefit (excluding one-off)			
	£ Not quantifiable		Total Benefit (PV)	£ Not quantifiable
Other key non-monetised benefits by 'main affected groups' There was unanimous call for a Customer Charter by all groups, and therefore we expect an improved reputation for HMRC by producing and maintaining a Charter. We also expect improved clarity of relationship with many customers and taxpayers, leading to improvements in satisfaction and/or reputation.				

Key Assumptions/Sensitivities/Risks Key risk is the loss of public support or otherwise of representative bodies. The risk is mitigated by the extensive and open consultation during 2008 and early 2009.

Price Base Year	Time Period Years n/a	Net Benefit Range (NPV) £	NET BENEFIT (NPV Best estimate) £ Not quantifiable
--------------------	--------------------------	-------------------------------------	---

What is the geographic coverage of the policy/option?	UK			
On what date will the policy be implemented?	Summer 2009			
Which organisation(s) will enforce the policy?	HMRC			
What is the total annual cost of enforcement for these organisations?	£ 0			
Does enforcement comply with Hampton principles?	N/A			
Will implementation go beyond minimum EU requirements?	N/A			
What is the value of the proposed offsetting measure per year?	£ 0			
What is the value of changes in greenhouse gas emissions?	£ 0			
Will the proposal have a significant impact on competition?	No			
Annual cost (£-£) per organisation (excluding one-off)	Micro 0	Small 0	Medium 0	Large 0
Are any of these organisations exempt?	No	No	No	No

Impact on Admin Burdens Baseline (2005 Prices)			(Increase - Decrease)
Increase of £ 0	Decrease of £ 0	Net Impact	£ 0

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Evidence Base (for summary sheets)

The Inland Revenue (IR) and Customs and Excise (C&E) merged in 2005 to form Her Majesty's Revenue & Customs (HMRC). Both organisations previously had published taxpayer charters which set out areas such as service standards.

Since those charters were issued the business of the Department has changed significantly and HMRC is now responsible for Child Benefit, Tax Credits, the National Minimum Wage, and collection of student loans. More recently Customs & Excise work at ports and airports has been transferred to the Borders Agency.

The existing charters have not been updated in the course of these various changes. Although the basic principles contained in them are still relevant to the Department's business, the documents are limited in scope and we think, are no longer appropriate for the new organisation.

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 a Charter could play an important role in that relationship.

Options considered

The three options on page 1 were considered by HMRC. Although option 3 had the added advantage that individuals dealing with HMRC and DWP will have a single Charter HMRC decided to go ahead with option 2.

The decision was made after giving due consideration to the different customer bases of the departments. HMRC customer base is far wider than tax and benefits and a Charter that only caters for taxpayers and benefits claimants could be seen as excluding other users of HMRC services.

As a consequence, the two departments made the decision that there was no benefit in producing a common Charter. They however, jointly commissioned research to understand the needs of those customers particularly the 'seldom heard' that they share. They also agreed to work closely towards a common format for the Charters as far possible and are considering a joint launch date for the Charters.

Stakeholder Engagement

HMRC took forward direct consultation with a wide range of external groups shortly after the January announcement:

- The existing HMRC forums were used including: the Large Business Forum, Employer's Forum, the Working Together Forum, the Individuals Stakeholder Forum and the Joint Customs Consultative Committee;
- Low Incomes Tax Reform Group (LITRG) organised focus group of their members across the country, enabling us to talk directly with them.
- Chartered Institute of Taxation (CIOT) organised a roundtable discussion forum for the members to engage on the Charter; 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.
- We attended other representative bodies' events and meetings.

HMRC also embarked on a process of engagement with the HMRC workforce across the country covering all grades and business streams. This was to ensure staff buy-in which is recognised as critical to the success of the Charter.

A formal consultation document on the scope of the Charter was published in June 2008 for 12 weeks which ended 11 September. The consultation document attracted 42 responses from representative bodies, businesses and individuals. HMRC has since published a formal response to the participants at :

<http://www.hmrc.gov.uk/consultations/index.htm>

Costs:

There are no costs to businesses or individuals. The cost to HMRC of £150,000 has been set to ensure that there is funding for resource to monitor and review the content of the Charter in order to make sure it continues to reflect customer needs and changes in HMRC service processes, and guidance.

Benefits:

The Charter has the following benefits for Businesses and individuals who deal with HMRC:

Clarity of tone and language: The Charter is an attempt to articulate in plain language the rights and obligations of customers in relation to their affairs with HMRC, making such information more accessible and understandable.

Better service at reduced cost: It is aimed at improving the relationship between the department and its customer base, and be part of delivering a better service at reduced cost.

Clarity of mutual expectations: 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.

It is also a clear demonstration on the part of Government and HMRC to listen and take on board views from stakeholders.

Specific Impact Tests:

Competition assessment: The Charter will apply to, and benefit, all business and individual taxpayers. We do not envisage it having any impact on competition, and recent consultation confirms that view with all stakeholders supporting the proposal.

Small Firms: HMRC has made sure that small firms, vulnerable groups and the 'seldom heard' were directly engaged throughout the consultation process to understand what issues they have and how the Charter could be helpful to them. This was done through market research, workshops and various forums that represent businesses and representative bodies in addition to the formal consultation. The Charter will at least provide small firms with clarity on what they can expect from HMRC but the aim is that it will do more – make it easier for them to interact with HMRC.

Legal Aid: The Charter is designed to help improve relationships and help eliminate the need and/or desire for litigation. The impact on legal aid is expected to be minimal if at all.

Sustainable Development: We have not identified any implications in this area.

Carbon Assessment: We have not identified any implications in this area.

Other Environment: We have not identified any implications in this area.

Health Impact Assessment: We have not identified any implications in this area.

Race: HMRC held a number of focus groups for customers from ethnic minority groups to ensure that issues concerning them are taken on board in drafting the Charter. The Charter should serve to make access and information on HMRC easier as it will be written in simple and clear language and be available through various channels and community groups.

Disability: The first Consultation was tested with Disability groups and published in Braille and large print. It was also produced in a CD format for customers with various disabilities. Groups representing disabled customers were also involved in the direct engagement events held by HMRC. The Charter should serve to make access to and information about HMRC easier as it will be written in simple and clear language and it will be published in various formats suited to disabled people.

Gender: The engagement process has been open and had representation from all genders. There was no specific focus on a particular gender. The Charter should serve to make access to and information about HMRC easier as it will be written in simple and clear language for everyone.

Human Rights: The Charter is not intended to replace existing legal protections (including the Human Rights Act) for taxpayers and customers within the law. The Impact on Human Rights of those that deal with HMRC is expected to be positive.

Rural Proofing: The Charter will apply to everyone dealing with HMRC across the UK and it will be available in various channels and through various community groups.

Specific Impact Tests: Checklist

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	Yes	No
Sustainable Development	Yes	No
Carbon Assessment	Yes	No
Other Environment	Yes	No
Health Impact Assessment	Yes	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	Yes	No
Rural Proofing	Yes	No