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The Tax Administration Framework Review – new ways to tackle non-compliance[1]

Response by the Chartered Institute of Taxation

1 Executive Summary

1.1 The Chartered Institute of Taxation (CIOT) is the leading professional body in the UK for advisers dealing with all aspects of taxation. We are a charity and our primary purpose is to promote education in taxation with a key aim of achieving a more efficient and less complex tax system for all. We draw on the experience of our 20,000 members, and extensive volunteer network, in providing our response.

1.2 As a general observation, HMRC appear to have paused the overhaul of their enquiry and assessment powers and the introduction of a new Taxes Management Act (TMA). This is an unwelcome development as we believe that these are both desperately needed[2]. Harmonisation and alignment of processes and powers across the different taxes remains uncertain as a result.

1.3 In our view, HMRC should be doing the harmonisation work first and forming a view on what the new processes should be across all the taxes, and only then seeing if any of the new powers proposed in this consultation document are needed. Otherwise, they risk wasting time and resources introducing new legislation that may ultimately prove to be unnecessary, or which may make harmonisation more difficult.

1.4 We would encourage HMRC to press on with their overarching review with the goal of making compliance checks more efficient for all from start to finish. We expand on this in Paragraph 2 below.

[1] The Tax Administration Framework Review: new ways to tackle non-compliance
https://www.gov.uk/government/consultations/the-tax-administration-framework-review-new-ways-to-tackle-non-compliance/the-tax-administration-framework-review-new-ways-to-tackle-non-compliance--3

[2] HMRC's Call for Evidence on The Tax Administration Framework Review: enquiry and assessment powers, penalties, safeguards – CIOT response 9 May 2024
https://assets-eu-01.kc-usercontent.com/220a4c02-94bf-019b-9bac-51cdc7bf0d99/4f2e242d-3ab0-42d0-ad8e-9a70538879ce/240509%20TAFR%20-%20enquiry%20and%20assessment%20powers%2C%20penalties%2C%20safeguards%20-%20CIOT%20response.pdf

1.5 Our comments on each of the proposals in this consultation document are subject to our preferred option of more fundamental reform, so any views expressed in favour or otherwise of elements of each proposal should be read in that light.

1.6 The consultation document notes that HMRC are trying to tackle an increase in the number of mistakes of smaller amounts that are being seen across a large number of taxpayers, but we think HMRC need to be clearer about the sorts of cases each proposal may apply to and how the proposals would be designed to specifically address these particular problems. There appears to be a risk that the scope of the new powers could be much wider than the mischiefs they are being created to address.

1.7 We agree that the proposal to introduce additional information requirements for making claims for tax relief and allowances could be a useful way to prevent incorrect or excessive claims, but it needs to be appropriately balanced with ensuring legitimate claims are accepted and not deterred. This approach may be best targeted at the types of high volume low value claims that are more susceptible to large scale error or fraud. We also agree that any additional time and cost burdens of doing this should not be disproportionate or outweigh the benefits to the taxpayer or to HMRC, and the requirements kept under review to ensure the most needed information is required whilst removing the need for information than is not used or useful.

1.8 We support the proposal to introduce reform of revenue correction notice (RCN) conditions, aligning the conditions for when HMRC can make corrections so that they are the same across all tax regimes. Alignment of RCNs should be to the more restrictive Stamp Duty Land Tax (SDLT) version not to the Corporation Tax Self-Assessment (CTSA) or Income Tax Self-Assessment (ITSA) versions. It would therefore be helpful to re-clarify the scope of these correction powers. They should never be used as an alternative or short-cut to opening an enquiry. A requirement should be introduced for both HMRC and taxpayers to provide evidence to support the issue and rejection of a RCN, but this information exchange should be in order for HMRC and the taxpayer to understand the other's position, and for HMRC to decide whether or not to open an enquiry if the taxpayer rejects the RCN. It should not become an exchange of correspondence that replaces an enquiry.

1.9 We do not support the proposal to introduce a partial enquiry. Whilst we agree that the current enquiry process can be resource intensive and time-consuming for HMRC and taxpayers to deal with, HMRC already have powers to shut individual issues using partial closure notices, to ask questions on any area of a return until an enquiry is closed and to use their information and discovery powers to investigate returns if something else comes to light outside of the statutory enquiry window. It is also unclear why this power would be needed if a new requirement to self-correct is introduced. In our view, the proposal seems to be mainly about saving time and costs for HMRC, but at the risk of creating uncertainty for taxpayers by the introduction of additional rules and thereby more complexity.

1.10 On the proposal to introduce a new power to require taxpayers to self-correct their own return, we believe it would be better to have a general statutory requirement to correct within a specific period when the taxpayer becomes aware of a mistake in their tax affairs, not just after HMRC prompt them about it (eg by issuing a self-correction notice). Introducing a general statutory requirement to correct could help increase the number of taxpayers who proactively rectify errors and omissions, thus reducing the number of nudge letters or compliance checks that HMRC would need to issue. On the proposal itself, we think that a self-correction notice could in theory be preferable to reforming RCNs, introducing partial enquiries and issuing some nudge letters or prompts. But if the requirement in the self-correction notice is only to self-correct one

issue for one year, then correcting mistakes will be less efficient and more time consuming for taxpayers, agents and HMRC than the current process of making a disclosure covering all the affected years and issues. It also risks taxpayers (particularly the unrepresented) inadvertently or otherwise making incomplete corrections to their tax position (by simply accepting HMRC's suggested correction and not simultaneously rectifying the same issue for other affected years or amending other issues in the same or other tax years), which will not improve compliance and could potentially be a criminal offence. Even if the omission was dealt with under the civil law (due to HMRC's prosecution policy) the behaviour would be culpable and taxpayer could be subject to tax geared penalties without having properly understood their obligation to make a complete disclosure.

2 Fundamental reform of the Tax Administration Framework

2.1 The Government started exploring potential reform of the UK's Tax Administration Framework in its 2021 Call for Evidence 'The Tax Administration Framework: Supporting a 21st century tax system'[3], and has focussed on some discrete aspects since then, culminating with its Call for Evidence last year on enquiry and assessment powers, penalties, safeguards. The CIOT strongly supports fundamental reform in this area and has said so in its responses to these consultations[4]. Our position has not changed.

2.2 In this section we focus on reform of the compliance framework across all the taxes, ie the framework that enables HMRC to investigate a taxpayer's affairs to check that they have made a correct and complete submission to HMRC (or that they should have made one if they have not) and are paying the correct amount of tax.

2.3 In the present consultation HMRC seem to be focussing their attention on specific issues that are causing problems now, eg errors of low value made by a large number of taxpayers. This is not unreasonable but it misses the bigger picture. This is that the fundamental problem that is causing HMRC to have difficulty dealing with these types of issues is that the existing tax compliance framework was not designed to deal with them. It was designed in a different era, when fewer taxpayers engaged directly with the tax system - essentially making it not fit for purpose for the 21st century.

2.4 The case for fundamental reform is, in our view, overwhelming and comes potentially with enormous benefits. In addition, we do not believe it would be as difficult to do as perhaps envisaged. If fundamental reform of the compliance framework does not materialise due to a perception that it would be too resource intensive, costly or disruptive to achieve, HMRC's ten year tax administration framework project is likely to

[3] The Tax Administration framework: Supporting a 21st century tax system – HMRC Call for Evidence https://www.gov.uk/government/calls-for-evidence/call-for-evidence-the-tax-administration-framework-supporting-a-21st-century-tax-system

[4] The Tax Administration framework: Supporting a 21st century tax system – HMRC Call for Evidence – CIOT response 15 July 2021 https://assets-eu-01.kc-usercontent.com/220a4c02-94bf-019b-9bac-51cdc7bf0d99/d1104860-4402-4156-83b9-5b2af972e057/210715%20Tax%20Administration%20Framework%20-%20CIOT%20response%20FINAL.pdf
HMRC's Call for Evidence on The Tax Administration Framework Review: enquiry and assessment powers, penalties, safeguards – CIOT response 9 May 2024
https://assets-eu-01.kc-usercontent.com/220a4c02-94bf-019b-9bac-51cdc7bf0d99/4f2e242d-3ab0-42d0-ad8e-9a70538879ce/240509%20TAFR%20-%20enquiry%20and%20assessment%20powers%2C%20penalties%2C%20safeguards%20-%20CIOT%20response.pdf

be ultimately viewed as, at best, a missed opportunity, and at worst, a failure (even more so if, as we suspect, these concerns are over-estimated).

2.5 The many benefits and efficiencies that we think fundamental reform of the compliance framework would bring include:

a. Simpler legislation, less complex rules and therefore fewer disputes over the meaning of legislative wording (saving time and money for HMRC and taxpayers as well as the courts/tribunals service).
b. Harmonised processes across the different taxes, which would be of particular benefit to companies undergoing compliance checks which currently have to navigate different rules depending on which tax is involved.
c. Alignment will also help address barriers which create uncertainty for international businesses looking to invest in the UK.
d. Reduced administrative burdens and costs for both taxpayers and HMRC arising from more consistent processes.
e. Increased efficiencies and understanding for both taxpayers (especially the unrepresented), tax agents and HMRC resulting from streamlined and simpler rules.
f. If compliance check processes were more efficient, HMRC, with the same headcount, could conduct more compliance checks and better tackle the Tax Gap and increase its compliance yield.
g. Training needs would be reduced if the rules are the same across all taxes and it will be easier for HMRC to move staff from one tax to another as minimal extra training would be needed.
h. Less scope for process errors by both taxpayers and HMRC caused now by the complexity of the rules which differ depending on the tax involved and can also differ depending upon which tax year or period is under investigation.
i. Building more certainty into the process for taxpayers, whilst still giving HMRC sufficient flexibility in their powers to investigate where errors are suspected.
j. Avoiding the need to tweak existing rules which simply adds more complexity into the system.
k. Improved trust in the system.

2.6 We think these benefits should outweigh temporary problems which will arise as new systems and processes are designed and introduced and people familiar with the current rules are trained on and become familiar with the new rules. We would encourage HMRC to conduct an evaluation into how, or whether, HMRC's systems would need to be changed if compliance check processes are reformed.

2.7 We favour the removal of HMRC's existing enquiry powers (in ITSA, CTSA and SDLT) and support the alignment of compliance check processes across all the taxes using assessment-based powers that are subject to statutory time limits, underpinned by existing information and inspection powers (which already apply across all taxes[5] so would not need to be changed). Consequential claims must also be an integral part of the assessment process. Ultimately, we do not believe that several different complex processes are necessary for HMRC to conduct a compliance check and bring any resulting tax liability into charge.

2.8 As an example, a company now could have ongoing compliance checks relating to Corporation Tax, VAT and employer taxes (PAYE and NICs) simultaneously. The HMRC caseworkers would need to refer to two different sets of rules with different obligations and time limits as well as use different processes to bring the PAYE (via Reg. 80 determinations) and the NICs into charge to close the employer compliance check. Different

[5] eg FA 2008 Sch 36

rules must be applied and a separate system used to issue the final closure notice on the CTSA enquiry and yet more rules and another computer system are needed to raise any applicable VAT assessments. Company directors find all these different processes very confusing and are not sure that HMRC are getting things right as a result, necessitating them spending more time with their agents checking the position - when they could be spending that time concentrating on growing their business.

2.9 Some may consider the removal of existing enquiry powers to be controversial, but actually they do not provide the certainty they were supposed to give taxpayers when they were introduced. It is difficult, if not impossible, for a taxpayer to obtain certainty on their tax affairs by putting enough information and disclosures on their tax return to be sure that the tax year is closed after the end of the normal statutory enquiry period. Indeed some returns do not even have the capacity / 'white space' to include additional information, for example the SDLT return. The enquiry regime was originally established when self-assessment was introduced in the late 1990s to give taxpayers some assurance that they would only face one enquiry per tax year with a deadline of one year for HMRC to open the enquiry. But, whilst HMRC still use statutory enquiries, they have in general moved a long way from this practice now, through the use of their discovery assessment powers and their One to Many (OTM) 'nudge' letters and informal compliance checks which sit outside the statutory enquiry framework and are instead predicated on their discovery powers[6] .

3 About us

3.1 The CIOT is an educational charity, promoting education and study of the administration and practice of taxation. One of our key aims is to work for a better, more efficient, tax system for all affected by it – taxpayers, their advisers and the authorities. Our comments and recommendations on tax issues are made solely in order to achieve this aim; we are a non-party-political organisation.

3.2 The CIOT's work covers all aspects of taxation, including direct and indirect taxes and duties. Through our Low Incomes Tax Reform Group (LITRG), the CIOT has a particular focus on improving the tax system, including tax credits and benefits, for the unrepresented taxpayer.

3.3 The CIOT draws on our members' experience in private practice, commerce and industry, government and academia to improve tax administration and propose and explain how tax policy objectives can most effectively be achieved. We also link to, and draw on, similar leading professional tax bodies in other countries.

3.4 Our members have the practising title of 'Chartered Tax Adviser' and the designatory letters 'CTA', to represent the leading tax qualification.

3.5 Our stated objectives for the tax system, which are all relevant to the ideas being explored in this consultation, include:

- A legislative process that translates policy intentions into statute accurately and effectively, without unintended consequences.

[6] TMA 1970 s29

- Greater simplicity and clarity, so people can understand how much tax they should be paying and why.
- Greater certainty, so businesses and individuals can plan ahead with confidence.
- A fair balance between the powers of tax collectors and the rights of taxpayers (both represented and unrepresented).

Responsive and competent tax administration, with a minimum of bureaucracy.

4 Overview of the consultation

4.1 This consultation explores whether HMRC's approach to correcting mistakes by large numbers of taxpayers could be improved. It focuses on the proportionality and efficiency of HMRC's current correction powers and seeks views on their potential modernisation and reform, as well as the potential for a new power which would require taxpayers to self-correct their own return.

4.2 Reforms to three existing powers are considered in Section 2 of the consultation. These are:

a. Amendment to conditions for making claims (Questions 1 – 3).
b. Reform of Revenue Correction Notice (RCN) conditions (Questions 4 – 8).
c. Introduction of a partial enquiry (Questions 9 – 11).

4.3 A new power to require taxpayers to self-correct their own return is considered in Section 3 (Questions 12 - 20).

5 Question 1: What are your views on introducing additional information requirements to other claims for tax reliefs and allowances?

5.1 We agree that introducing additional information requirements to other claims for tax relief and allowances could be a useful way to prevent incorrect or excessive claims. As we said in our response[7] to the TAFR consultation on enquiry and assessment powers, penalties and safeguards last year, requiring taxpayers to provide more information upfront when making a claim for tax relief and credits would help weed out and deter false claims, but HMRC need to ensure that valid claims are correctly and speedily identified and processed, and not deterred.

5.2 Protecting the Exchequer from false claims needs to be appropriately balanced with ensuring legitimate claims are accepted. Otherwise, taxpayers, particularly those who are digitally excluded or vulnerable, may be deterred from making genuine claims, frustrating policy intentions, if they perceive that it is too difficult to make such a claim due to the level of information and explanations required and the length of time it may take for HMRC to process the claim.

[7] See our response to Question 9 of the consultation - https://assets-eu-01.kc-usercontent.com/220a4c02-94bf-019b-9bac-51cdc7bf0d99/4f2e242d-3ab0-42d0-ad8e-9a70538879ce/240509%20TAFR%20-%20enquiry%20and%20assessment%20powers%2C%20penalties%2C%20safeguards%20-%20CIOT%20response.pdf

5.3 HMRC would need to make it clear, for example in guidance, what additional information they require in support of a particular claim and in what form they want it to be provided, so that taxpayers know upfront what information they need to provide and how to provide it before they start their claim. The objective should be for taxpayers to be able successfully to make legitimate claims at the first attempt and for rejections (ie due to insufficient or non-relevant evidence) to be kept to a minimum.

5.4 We would encourage HMRC to commit to service level agreements, setting out realistic and proportionate timescales for processing claims, and ensuring the process is adequately resourced to ensure timescales can be met. HMRC need to ensure that any information or evidence requests (eg to require something to be submitted with a claim) are proportionate to the claim amount and the ease of providing the information should be considered (ie they should not be asking for a disproportionate amount of information or evidence for a claim of less than £100 for example) as otherwise that may deter the claims and undermine the purpose of the legislation which provides for the claim to be made. This will help build and maintain confidence in the process.

5.5 The process needs to be simple and easy to understand. We support HMRC increasing the use of digital channels generally so would support this being an online process, so long as an alternative method of making a claim is provided for those taxpayers who are digitally excluded. It is important that the process adequately caters for agents as well.

5.6 In Appendix One we set out what we believe are the minimum standards which should be applied by HMRC when developing new digital forms to be used by taxpayers and agents. These cover consultation and testing with potential users, a period of familiarisation, providing clear instructions up front on how to complete the form and the information that will be required to complete it, the ability to save and return to a partially completed form, the ability to amend an entry and to provide additional explanations and to upload attachments. Agents and taxpayers also need the ability to save and print/download a completed form. An automated receipt must be provided to prove that it has been successfully submitted along with any documents uploaded with it in support of a claim.

5.7 In Appendix Two we set out what we believe are the minimum standards which should be applied by HMRC when developing new digital systems to be used by taxpayers and agents. These include the extent of digitalisation required to deliver it, consultation and testing with potential users, at least equivalent functionality with the non-digital system it replaces, seamless interaction with other HMRC systems, guidance on how to use it. There should be respect for agent authorisations, and agent access and functionality must be provided.

5.8 Any future checks or enquiries that HMRC are considering opening into the taxpayer's claim must first take account of the information that has been supplied at the time of making the claim. This step must be built into HMRC's compliance process, otherwise it will severely undermine taxpayers' trust if information that taxpayers provide before a claim is approved is subsequently ignored by HMRC. It could also expose taxpayers to unnecessary additional costs if they engage an agent to support them through the compliance check.

6 Question 2: Are there cases where this approach would be particularly helpful for customers?

6.1 We wonder whether, in the first instance, this approach is best targeted at the types of high volume low value claims that HMRC have identified in the consultation document as being more susceptible to large scale error

or fraud, for example claims for certain employment expenses. The objective should be for HMRC to efficiently process legitimate claims for these types of expenses, so long as they are supported by appropriate evidence. It might be sensible to trial it with small groups and evaluate that first, ideally sharing evidence of this, for example we are aware that it has already been done with Form R40 claims in respect of Payment Protection Insurance (PPI) tax relief and Form P87 claims in respect of tax relief on employment expenses. It would be useful to know how successful these processes have been in reducing incorrect claims and what can be learnt from the exercise.

6.2 Depending on how that goes, the approach could then be considered for other types of claims, ie lower volume and potentially higher value claims, since in principle there seems no reason for this approach not to apply across the board.

7 Question 3: How could any additional administrative costs be kept to a minimum?

7.1 We agree that any additional time and cost burdens of doing this should not outweigh the benefits to the taxpayer or to HMRC. HMRC can help keep taxpayers' and agents' administrative costs to a minimum by enabling the information to be submitted online via a portal that allows for the upload of documents of evidence (with a post and paper-based alternative for the digitally excluded). Making sure that the digital service meets the minimum standards we have outlined in Appendices Two and Three will help.

7.2 We would also encourage HMRC to take a more standardised approach to evidence, which will help to reduce administrative burdens. Currently, HMRC will often require a taxpayer to provide every receipt to support a claim, for example for laundry costs or mileage relief, whereas a sample approach could be just as good and much less time-consuming for the taxpayer to provide.

8 Question 4: What are your views on aligning the conditions for when HMRC can make corrections, so that they are the same across relevant regimes?

8.1 We support aligning the conditions for when HMRC can make corrections - so that they are the same across all tax regimes, not just the ones listed in the consultation document. Ideally however, we think it would be better to pause any changes to this provision pending further consultation on the overhaul of HMRC's enquiry and assessment powers so whatever is devised fits in with that.

8.2 In our view alignment of revenue correction notices (RCNs) should be to the Stamp Duty Land Tax (SDLT) version not to the CTSA or ITSA versions. That is because the SDLT version restricts the conditions for when HMRC can correct a return to situations where there appears to be an obvious error or omission (such as an arithmetical mistake or error of principle)[8], unlike the CTSA and ITSA versions which also allow HMRC to correct a return where HMRC simply have a reason to believe it is incorrect in light of information available to the HMRC officer[9]. Therefore, it would also be helpful to re-clarify the scope of these correction powers. They should never be used as an alternative or short-cut to opening an enquiry.

[8] Para 5 Schedule 11A Finance Act 2003
[9] Para 16 Schedule 18 Finance Act 1998

8.3 Recently, HMRC have used their CT correction power to remove R&D claims from CT returns after reaching a subjective conclusion about the R&D claim, without providing the taxpayer with the safeguards involved in an enquiry, which in our view has stretched the use of this power beyond what Parliament intended. If HMRC have information in their possession which leads them to suspect that a taxpayer has made a claim they are not entitled to, then they should use their enquiry powers to investigate it, not unilaterally decide to remove the claim from the taxpayer's return.

8.4 The R&D experience has shown that this process does not work well, is very one sided to HMRC, and damages taxpayer trust. In addition, it does not speed up resolution because where it is used inappropriately or incorrectly by HMRC the taxpayer will simply reject HMRC's correction anyway.

8.5 HMRC should only issue an RCN digitally if the taxpayer has consented to receive digital communications and the possibility of communications going missing (eg into spam folders) is eliminated. Otherwise they should be sent in the post.

9 Question 5: What are your views on aligning the ways that revenue correction notices can be rejected, so that they are the same across relevant regimes?

9.1 We support aligning the way that RCNs can be rejected - so they are the same across all tax regimes, not just the ones listed in the consultation document.

9.2 We support a digital rejection process, so long as a non-digital alternative is available for those taxpayers who are digitally excluded and those who file paper (rather than digital) tax returns.

9.3 The document notes that the time limit for rejecting a correction of an ITSA return is 30 days. If alignment is taken forward, then the time limit should be longer than 30 days to make sure that there is sufficient time for the correction notice to arrive in the post and for the taxpayer to have enough time to deal with it, particularly if they need to take advice on what to do. We suggest a deadline of 60 or 90 days from the issue of the notice would be better. We note that this is longer than the current time limit, but consider the extra time is needed to enable the taxpayer to obtain and provide the necessary evidence. If a shorter time is provided, then there should be a formal process for the taxpayer to request more time, or to ask for a late rejection to be taken into account.

10 Question 6: What are your views on introducing a mandatory requirement for taxpayers to provide evidence to support a rejection of a revenue correction notice?

10.1 We think it would be helpful to introduce a requirement for taxpayers to provide evidence to support a rejection of a revenue correction of an obvious error, but only if HMRC are also required to explain why a correction was made and what evidence is required from the taxpayer (see Question 7). However, this information exchange should be in order for HMRC and the taxpayer to understand the other's position, and for HMRC to decide whether or not to open an enquiry if the taxpayer rejects the RCN. It should not become an exchange of correspondence that replaces an enquiry.

11 Question 7: Do you think this requirement should extend to HMRC explaining why a correction was made and what evidence is required?

11.1 Yes. It will be important that HMRC give an explanation to the taxpayer of why they are correcting their return– and provide evidence as necessary to support their explanation. HMRC should explain the source of their information, what it says and what it means in terms of its impact on the taxpayer's tax return. A copy of the source of their information should be provided, or alternatively HMRC should explain how the taxpayer can obtain a copy, giving the taxpayer time to do so before the opportunity to reject the correction expires. However, it is important that this process does not involve onerous evidence-gathering obligations equivalent to turning it into a quasi-enquiry or compliance check. If HMRC disagree with the taxpayer's reaction they should open an enquiry or compliance check to continue engaging on the matter.

11.2 If taxpayers can read and understand HMRC's view then they may be less confused or uncertain, and (1) less likely to reject a valid correction by HMRC, (2) less likely to need to contact HMRC for an explanation of the correction and (3) better equipped to reject what they consider is an incorrect RCN.

11.3 This is particularly important for unrepresented taxpayers. Ideally in the tax return guidance notes HMRC should specify the records or evidence needed up front on each item so the taxpayer knows what evidence they need to retain.

11.4 RCNs should not be issued after the current statutory deadlines.

12 Question 8: What other ways could the revenue correction process be improved?

12.1 In the event that HMRC decide that an enquiry or compliance check should follow an RCN, the legislation should provide a deadline by when HMRC must respond if they disagree with the taxpayer's rejection of the correction eg 90 days. If they do not respond within that time, the legislation should confirm that HMRC cannot revisit the matter unless new information comes to light in the future which justifies further investigation. This should help provide more certainty for taxpayers over their tax affairs.

12.2 It is not clear from the consultation document what the position would be if the taxpayer is relying on verbal evidence to support their tax position. We note that verbal evidence would normally be admissible at Tribunal, so it would be helpful for HMRC to explain – eg in accompanying guidance notes – how they would intend to handle rejections by taxpayers that rely on verbal evidence, particularly if there is no supporting documentary evidence.

12.3 HMRC tend to use RCNs in situations where they believe the taxpayer has made an error which understates their tax liability, but HMRC should also use them where they have reason to believe that the taxpayer has overstated their liability. RCNs could be used, for example, where a taxpayer subject to basis period reform has omitted overlap profits in the transitional year but HMRC's systems show that they are entitled to this relief. This is important to support and demonstrate that the tax system is fair and can be trusted.

13 Question 9: What are your views on introducing a partial enquiry power to allow an enquiry into a specific issue?

13.1 We agree that there are issues with the current statutory enquiry process but in our view a partial enquiry power will not deal with them. As we said previously, we favour the removal of enquiry powers in favour of assessment powers that are subject to statutory time limits, not the extension of HMRC's enquiry powers. In our view, it would be better to pause this suggestion until the whole enquiry and assessment regime is reviewed and modernised as it may not then be needed. There is already an ability for HMRC to focus on specific matters through the enquiry process – by issuing partial closure notices (PCNs) – as we discuss below.

13.2 The consultation document recognises that the current enquiry process can be resource intensive and time-consuming for HMRC and taxpayers to deal with. Plus, they are costly for taxpayers, particularly if they use an agent to represent them. However, a lot of the inefficiencies outlined in the document seem to be of HMRC's own making, ie how their internal processes work irrespective of the value of the errors that may have been identified (potentially by numerous taxpayers). The proposal seems to be mainly about saving time / costs for HMRC, but at the risk of creating uncertainty for taxpayers by the introduction of additional rules and thereby more complexity.

13.3 It also ignores the fact that HMRC can already shut individual issues using PCNs, although they do not appear to have made much use of this power since it was introduced in 2017. HMRC should make more use of this power and run enquiries more efficiently to provide the focus and lighter touch in appropriate cases, not introduce another power. HMRC can already ask questions on other parts of the return at any time until the enquiry is closed. In addition, HMRC already have wide information powers and discovery assessment powers to investigate returns if something else comes to light outside of the statutory enquiry window, assuming the legislative criteria are met.

13.4 We support having obligations on HMRC to work within specified time limits, and it is encouraging that the consultation notes that there would be a reasonable expectation that issues worked under a partial enquiry notice would be able to be worked and resolved quickly. This should be the target for all enquiries, not just single-query ones – but HMRC need to set realistic response deadlines for taxpayers and agents.

13.5 It is also unclear why this power would be needed, especially if a new requirement to self-correct is introduced.

14 Question 10: In which circumstances do you think such a power might be deployed, and what would you see as appropriate taxpayer safeguards?

14.1 HMRC should not be allowed to have more than one partial enquiry open into a taxpayer's return at any one time. If they want to ask more questions, the partial enquiry should be converted into a full enquiry.

14.2 If several partial enquiries are opened into the same return, it could create confusion and uncertainty, be inefficient and increase costs. It would require careful co-ordination by both HMRC and the taxpayer / their agent to ensure that the multiple / overlapping deadlines and demands for information are successfully managed. This would be challenging, particularly if different teams are involved. It could also make it difficult to assess behaviours for penalty purposes if there are partial enquiries in lots of different areas.

14.3 Partial enquiries must only be permissible within existing statutory enquiry deadlines. Existing deadlines must not be extended, but perhaps they could be shortened to try to create more certainty for taxpayers sooner.

14.4 HMRC seem to analyse some of the third-party data they receive (eg the offshore data) well after the current enquiry deadline so a new partial enquiry power would not help in any event, unless HMRC drastically speed up their work rate.

14.5 The consultation document suggests HMRC would not be able to reopen a risk that had already been dealt with under a partial enquiry. That sounds reasonable, and it will help bring certainty to a taxpayer's tax position, but it is not clear how or whether this would impact on discovery. If it means that legislation will be altered so that HMRC are prevented from issuing discovery assessments in the future on the issue that was the subject of the partial enquiry, that is helpful. If not, then there is no safeguard. In our view, assessment powers subject to statutory time limits would bring more certainty to a taxpayer's position more quickly than the current enquiry regime or a new partial enquiry power.

14.6 There should be no room for doubt about the risk that has been dealt with by the partial enquiry, because otherwise we can foresee that there could be disputes in the future between the taxpayer and HMRC, if HMRC attempt to open another enquiry or issue a discovery assessment on a matter that the taxpayer believes has already been dealt with by the partial enquiry.

14.7 Taxpayers must be able to make consequential claims following the closure of partial enquiries.

14.8 The safeguard of the taxpayer being able to apply to the Tax Tribunal for closure must apply to partial enquiries as it currently does to the current enquiry regime. This is an important and effective safeguard.

14.9 The taxpayer will need to know how much additional tax they might owe following the closure of a partial enquiry. Some thought will need to be given to how the closure of a partial enquiry would be presented on a taxpayer's statement of account so that the taxpayer can easily see and understand what impact it has had on their tax liability.

15 Question 11: What limitations do you think should be attached to the use of this power and why?

15.1 Once a partial enquiry has been closed, HMRC should be prevented from reopening that risk, for example by using their discovery powers and any new requirement to self-correct (see below). It will be important to keep certainty for taxpayers front of mind.

16 Question 12: What are your views on how this power could be used? Where do you think this power could be applied most and least effectively?

16.1 A proposed new requirement for a taxpayer to self-correct could in theory be preferable to (a) reforming Revenue Correction Notices – they could be scrapped; (b) introducing partial enquiries – the requirement to self-correct sounds like it would be a more efficient process; (c) One to Many / nudge letters or prompts – which are too easily ignored by taxpayers.

16.2 However, we are concerned that a requirement to self-correct would also be problematic because it sounds like it would only ask the taxpayer to correct one issue, perhaps only for one tax year. If the issue is also a problem in other tax years, it would be better not to put the taxpayer into the position of having to reply to HMRC in respect of one year and one issue in isolation. It would be more efficient for the taxpayer (and for HMRC and their agent, if they have one) to make a disclosure covering all the affected years.

16.3 There may be other issues that need to be corrected too, not just the issue identified in the self-correction notice. If the correction notice only specifies one issue to be corrected for one year some taxpayers, particularly the unrepresented, may not realise (or may ignore) that they should simultaneously revisit the other years affected by the same mistake. Taxpayers may also fail to correct other errors or omissions related to their tax affairs, whether these are consequential of the issue identified or otherwise. Taxpayers should be encouraged to make disclosures of all the issues at the same time (if there is more than one issue). In addition, Professional Conduct in Relation to Taxation (PCRT) requires agents to support clients with a full (not a partial) disclosure. Failing to full declare / correct their tax position may be a criminal offence, or at least culpable under civil law.

16.4 Rather than this narrowly scoped requirement, it would in our view be better to have a general statutory requirement to correct within a specific period of time when the taxpayer becomes aware of a mistake in their tax affairs, not just after HMRC prompt them about it (eg by issuing a self-correction notice or a One to Many letter). This would then reinforce the PCRT requirement on agents to encourage and assist clients to make full disclosures or resign from acting for them if they do not. Whilst we acknowledge that failing to rectify errors in tax positions could give rise to a criminal offence (eg cheating the public revenue), this appears poorly understood by taxpayers in general and HMRC's criminal investigation policy seems to indicate that HMRC is unlikely to prosecute most cases. Consequently, introducing a general statutory requirement to correct could help increase the number of taxpayers who proactively rectify errors and omissions, thus reducing the number of nudge letters or compliance checks that HMRC would need to issue. Consideration would need to be given as to how such a requirement would fit into existing penalty regimes (eg Para 3(2) Sch 24 FA 2007) and not duplicate with other penalties that may be relevant (eg failure to notify penalties in Sch 41 FA 2008 or error penalties in Sch 24 FA 2007).

16.5 The consultation appears to be focussing on situations where HMRC believe the taxpayer has made an error which understates their tax liability, but in the interests of fairness and promoting trust in the tax system it should also be used where HMRC have reason to believe that they have overstated their liability.

16.6 There is a suggestion in the consultation document that the requirement could be engaged if HMRC perceive several similar errors (for different clients) submitted by the same agent. In situations like this, notices to self-correct should always be addressed to the taxpayer, with a copy sent to their agent. It is important that the clients themselves retain the responsibility to respond to the notice even if they have appointed an agent to represent them – after all it is the taxpayer who is ultimately responsible for their own tax affairs. It is also important that HMRC have actual evidence that the taxpayer's return contains an error before issuing the notice to them, rather than assuming it might contain an error because the same agent is involved.

17 Question 13: What are your views on the merits and challenges of requiring taxpayers to respond to the new notice and correct their own return?

17.1 There is some merit in obliging the taxpayer to respond to the notice, whether they need to correct their return or not. If the taxpayer believes that their return is in fact correct and does not require correction, HMRC will get an explanation if no correction is made. HMRC can use that information to decide if more work / follow up is needed which sounds like a potentially efficient process. However, if a self-correction notice is mis-targeted, the taxpayer will have to spend time and potentially incur costs in responding to HMRC to explain why they believe the notice to be wrong. This can lead to a loss of trust in HMRC. Also see our response to Question 16.

17.2 There should be a clearly defined set of circumstances which would determine whether a self-correction notice was the most appropriate method for HMRC to use where they believe a taxpayer's return contains an inaccuracy or error. Some issues may lend themselves to this approach more easily than others, and that is an area that would need further exploration – should HMRC decide to take this proposal forward. We would caution against HMRC using these notices for complex technical issues, such as whether a taxpayer is UK resident or whether or not there has been R&D. Standard compliance check processes should apply to those sorts of queries.

17.3 Also see our response to Question 12.

18 Question 14: What are your views on reasonable timeframes for a taxpayer to respond to a taxpayer correction notice and, subsequently, for HMRC to confirm its position?

18.1 We would suggest a reasonable timeframe would be 60 or 90 days, and it should be the same for both the taxpayer and HMRC. If the taxpayer needs to take advice, this should give them time to consult an agent with suitable experience. Also, if the notice is sent in the post, it will allow enough time for it to leave HMRC, make its way through the UK postal system and be delivered with sufficient time left for the taxpayer to respond to it.

18.2 Simplicity dictates that the timeframe should be fixed. It will create uncertainty, and potentially lead to disputes, if it varies depending upon the severity of the perceived issue (which could be viewed differently by the taxpayer and HMRC) or the amount of tax at risk. However, HMRC should retain discretion to lengthen the deadline to respond eg in order to comply with the Public Sector Equality Duty, such as where a taxpayer is seriously ill.

19 Question 15: In addition to the above, what else might HMRC need to take into consideration when designing obligations?

19.1 HMRC should be required to provide the evidence to justify their instruction to self-correct. Research has shown that One to Many letters are more effective when HMRC provide more information in the letter about the risk they are concerned about and the source of the data in their possession.

19.2 The self-correction process needs to be simple and easy to understand. We support HMRC increasing the use of digital channels generally so would support this being an online process, so long as an alternative method

of making a claim is provided for those taxpayers who are digitally excluded. It is important that the process adequately caters for agents as well.

19.3 The process will need to make it clear what to do if the taxpayer realises the mistake affects multiple tax years. There should be a simple process to correct everything in one go.

19.4 It is also essential that consequential claims are possible following a self-correction, so that no taxpayer pays more than they would have done if they submitted a correct return in the first place. It should be the same process across as many taxes as possible.

19.5 HMRC will need to consider the time limits for issuing self-correction notices. They should not be later than existing amendment and assessment time limits. It will create unnecessary complexity if new time limits are introduced. It will also be necessary to consider how a new self-correction process will fit with the existing tax return amendment process.

20 Question 16: What are your views on any potential impacts, costs or burdens of introducing this approach?

20.1 See Question 12 – if the requirement is only to self-correct one issue for one year, then correcting mistakes will be less efficient and more time consuming for taxpayers, agents and HMRC.

20.2 The consultation document notes that self-corrections notices could provide a quicker way to address common errors, so HMRC may choose to use them where they have identified potential errors affecting multiple taxpayers instead of using an informal One to Many (nudge) letter approach (which some taxpayers will ignore).

20.3 A reason why nudge letters may be ignored is because they are informal requests for information and not usually covered by fee protection insurance policies, whereas statutory enquiries are covered. We do not know if self-correction notices, should they be introduced, would be covered by fee protection insurance policies and suggest this is a question that HMRC should ask providers of those sorts of policies. The costs and burdens of introducing this approach will alter depending on whether the notices are covered or not covered.

20.4 Self-correction notices will not resolve any of the ongoing issues with poor targeting of One to Many (nudge) letters. In fact, it will make it worse because people will be legally obliged to respond to the incorrect communications from HMRC, creating unnecessary stress, work and costs for all parties – whereas there is no legal obligation to respond to a One to Many letter. Indeed HMRC will often state in the letter that no reply is required if the taxpayer believes their return or claim etc is correct – it sounds like this flexibility will be lost if some One to Many letters are, in effect, converted onto a statutory basis.

20.5 Regarding mis-targeting of One to Many letters, CIOT members have in the past year, for example, reported to us that their clients have received poorly targeted letters about Business Asset Disposal Relief (where the Capital Gains Tax (CGT) annual exemption was not taken into account) and about discrepancies in Corporation Tax (CT) loss figures between the form CT600 and the CT computations (which were sent to companies where no discrepancies existed). Other letters are sometimes sent to taxpayers where a discrepancy on their return has been fully explained in the white space, but apparently ignored by HMRC, or where data is mismatched (eg HMRC think the offshore account belongs to person A but it belongs to someone else).

20.6 The onus must be on HMRC to ensure that the self-correction notices are based on accurate data and matched to the correct taxpayer. In addition, HMRC must read and take into consideration white space disclosures on a taxpayer's return before deciding whether to issue a self-correction notice. Issuing poorly targeted notices to people will undermine trust in the tax system and do little to improve compliance.

21 Question 17: What do you think would be an appropriate consequence for non-compliance with a notice, and what factors should HMRC take into consideration?

21.1 There is already a consequence. If the inaccuracy was not originally careless or deliberate, then if a person discovers the inaccuracy at some later time and does not take reasonable steps to inform HMRC para 3(2) Sch 24 FA 2007 already deems the error to be treated as careless[10]. Also correcting the issue later will be a prompted disclosure with higher error penalties. The penalty could also be reduced under current rules for the quality of disclosure etc. For deliberate penalties this could result in the taxpayer's details being published under s94 TMA 1970.

21.2 It will be important for the consequences of non-compliance with a notice to be made clear to the taxpayer so they are aware of them and can adapt their behaviour accordingly.

21.3 The prospect of HMRC taking further action, such as opening a statutory enquiry, could work as an incentive to respond to the notice, but only if taxpayers know and believe that the likelihood is real.

22 Question 18: What incentives could HMRC provide to encourage the taxpayer to comply with a notice in the specified timeframe?

22.1 HMRC could offer lower penalties for compliance with the requirement or charge no penalties as long as the original mistake was not deliberate. This could help encourage more people to engage with the process.

22.2 We support HMRC providing the taxpayer with assurance that no further checks on this specific risk would be required for the return in question, but reiterate comments made earlier about how this would fit with discovery.

23 Question 19: What are your views on the potential benefits and risks to this approach: for taxpayers, agents and HMRC?

23.1 The benefits are that this is a much quicker process for all concerned so that errors can be corrected sooner.

23.2 The risk for HMRC is taxpayers intentionally giving incorrect information but we would think that would be rare – and HMRC could reject the correction if they are not happy with it.

[10] See also s118(6) TMA 1970.

24 Question 20: What do you believe would be appropriate and proportionate taxpayer safeguards?

24.1 We do not believe that a new 'review' process and new appeal rights need to be introduced specifically to deal with disagreements arising from a self-correction notice – they will simply add more complexity into the system.

24.2 If HMRC disagree with the taxpayer's response to the correction notice then they should open a self-assessment enquiry (if the window is open) or start a compliance check underpinned by discovery or equivalent. The usual appeal processes should apply. There is no need to change legislation for that.

24.3 As noted above, we support the self-correction process being a digital process – both the issuing of the notice by HMRC and the taxpayer's response to the notice - so long as an alternative process is provided for those taxpayers who are digitally excluded or need additional support. It is important that the process adequately caters for agents as well. Please refer to the CIOT's suggested minimum standards for HMRC digital forms and the introduction of new HMRC digital systems as set out in the Appendices.

25 Acknowledgement of submission

25.1 We would be grateful if you could acknowledge safe receipt of this submission and ensure that the Chartered Institute of Taxation is included in the List of Respondents when any outcome of the consultation is published.

The Chartered Institute of Taxation

17 January 2025

APPENDIX ONE

Minimum requirements for HMRC digital forms

We set out below what we believe are the minimum standards which should be applied by HMRC when developing new digital forms to be used by taxpayers and agents. In this regard we mean forms that have to be completed and submitted online, rather than forms which are available online, but are printed off and submitted by post.

Development of the form

1. Consultation and testing with a range of potential users of the form.

   New digital forms, and changes to existing ones, should be the subject of consultation and testing prior to their launch, to ensure they work as envisaged, meet the requirements set out below, and fulfil the policy objective. This should be carried out with represented and unrepresented taxpayers, and agents of different sizes. A *post-implementation review should be undertaken to assess whether it has met its policy objectives and identify any deficiencies or improvements that can be made.*

2. Government Gateway status

   There should be a clear policy, based on sensible rationale, as to whether a form is in front of or behind the Government Gateway. That policy should be applied consistently.

3. Allow time for familiarisation.

   Sufficient time should be given to allow taxpayers and their agents to adapt to any new processes, particularly for forms which require regular completion, or for users who complete similar forms regularly.

Completion of the form

4. A list of information required to complete the form.

   This will enable the user to easily identify all the information needed to complete the form, assemble it in advance, and prepare to complete it themselves or take advice. This is particularly important if it's not possible to progress through the form without fully completing the previous page. This will ensure that the form can be completed in an efficient manner, in one go.

5. Clear instructions for completing the form.

   There should be clear instructions on how to complete all the boxes on the form, particularly if it is necessary to complete fields with special characters, or enter 'nil' or '0' rather than leave blank, and how to digitally 'sign' the form. Links to relevant guidance should be provided throughout the form.

6. The ability to save and return to a part-completed form.

   This is necessary in case information requirements or other work prevents completion of the form in one go, or the form 'times out' after a period of inactivity, or the form needs to be checked by another party during the process of completion.

7. The ability to amend an entry.

   An easy process for amending an entry that is, prior to submitting, found to be inaccurate, will reduce the scope for error and improve the taxpayer experience.

8. The ability to upload attachments or provide additional explanations.

   Some processes require the provision of supporting documentation or explanations. It should be possible to do this as part of the process of completing the digital form, through the inclusion of attachments or 'white space' explanations. This will enable the complete package to be submitted to HMRC in one go, speeding up the process and reducing the risk of documentation going astray.

9. Sufficient character spaces to meet the requirements of the form.

   The form should provide sufficient space to provide all necessary information and explanations. Fields which require explanations – eg of behaviours or the interpretation of technical points – should be large enough to accommodate them in full.

10. The ability for an authorised agent to complete the form on behalf of the taxpayer.

    Not only is this a requirement of the HMRC Charter ('Recognising that someone can represent you'), but it will also facilitate more accurate and timely completion of forms for represented taxpayers. This should include the ability for the form to be accessed by more than one individual within a business or an agent's firm, to allow for access to be delegated. HMRC's systems should be able to efficiently and securely identify agent-taxpayer relationships, without them having to be resubmitted.

11. The ability to save a completed form.

    This will enable the form to be reviewed, to ensure it is correct and complete, prior to its submission, such as a client reviewing and authorising what their agent has input, or to allow for a manager etc to review the work of a more junior member of staff.

12. The ability to print a completed form.

    If it is not possible for a represented taxpayer to view the completed form online prior to submission, the ability to print it in full will ensure that the agent can obtain approval for its submission from the client. This is necessary because agents cannot normally submit information to HMRC without the client's prior approval. For unrepresented taxpayers, being able to print a form means the taxpayer can check the form off-screen, which is often easier and can help spot mistakes.

13. The ability for the digital form to correctly compute the tax due.

    Tax Returns and other forms which lead to a tax calculation must be able to cope with all tax computations. It should not be the 'norm' for there to be a list of exceptions where computers cannot do the calculations accurately, causing taxpayers/agents to have to print and post the form to HMRC.

Submission of the form

14. Clear messaging to explain what submission of the form means.

    Therefore, the person submitting the form is aware of the consequences of what they are certifying, what the next steps will be, and the consequences of incorrect / false declarations.

15. The ability to capture a copy of the submitted form.

    This ensures that the taxpayer (and, where appropriate, their agent) has a record of what was finally submitted – either by printing it or downloading and saving it. This might be important, for example, if the client requests a copy of the submitted form for their records, or in case of a subsequent dispute with HMRC.

16. A digital receipt or equivalent proof of submission.

    This evidences that the form has been submitted to, and received by, HMRC, and should record the date and time of submission, along with a submission reference number.

Necessary alternatives

17. Non-digital versions of forms for those who cannot interact digitally or find it difficult to do so.

    All digital forms should have a non-digital equivalent, to ensure those who cannot go online, or have difficulty doing so, are not disadvantaged when interacting with HMRC. These should be easy to obtain and include appropriate guidance to aid their completion. This will fulfil HMRC's Charter promises of 'being aware of your personal situation' and 'treating you fairly'.

18. Accessible versions of digital forms for those with particular needs.

    Digital forms should be accessible for those who can go online, but who have particular needs eg those who use screen readers. Again, this will fulfil HMRC's Charter promises of 'being aware of your personal situation' and 'treating you fairly', as well as complying with the Equality Act and meeting Web Content Accessibility Guidelines.

APPENDIX TWO

Minimum standards for the introduction of new HMRC digital systems

We set out below what we believe are the minimum standards which should be applied by HMRC when developing new digital systems to be used by taxpayers and agents. In this regard we mean digital systems and processes by which taxpayers and agents interact with HMRC to fulfil their tax obligations (examples include the VAT registration service, the Trust Registration Service, RTI reporting, the property reporting service, Making Tax Digital etc).

1. Policy development should consider the extent of digitalisation required to deliver it.

   Changes to the tax system invariably require the introduction of new, or changes to existing, digital systems. When developing tax policy, the consultation process should include consideration of how the policy will be delivered, a realistic evaluation of how long new systems will take to put in place, and the costs of development and ongoing compliance.

2. Consultation and testing of the digital system before its use becomes mandatory.

   New digital systems should be the subject of consultation and full end-to-end pilot testing process prior to their use becoming mandatory. Participation in testing should be voluntary, and encompass a variety of circumstances, including represented and unrepresented taxpayers, and both large and smaller agents. Systems should only become mandatory once this has taken place and any glitches rectified, so as to ensure they work as envisaged, meet the requirements set out below, and fulfil the policy objective.

3. The new digital system has at least the same level of functionality as the system it replaces.

   HMRC's ambition is to be 'the most digitally advanced tax authority in the world'. New systems should deliver against that ambition and introduce additional, improved functionality without removing that which exists already. Where the new system requires the completion of digital forms, we have separately set out the minimum requirements for such forms.

4. Interaction with existing HMRC systems is maximised.

   New digital systems should complement HMRC's existing IT infrastructure, pulling through information from existing systems, and seamlessly interacting with those systems. This will improve the overall 'customer experience', as well as improving accuracy and reducing costs all round.

5. Guidance is available on how to use the new digital system before it goes live.

   This will enable its users to make the necessary preparatory steps to their procedures and in-house IT capabilities so they can use the new system effectively and it can deliver the intended benefits and functionality. This should include step-by-step guidance and up-to-date screenshots or YouTube videos to aid understanding. Those testing the system should be able to access the draft guidance to ensure it supports them through the process.

6. The digital system should keep pace with legislative and policy changes.

The digital system should be regularly reviewed and updated so that it reflects changes to legislative and policy requirements, so that its users remain compliant.

7. The new digital system should respect existing agent authorisations, and that a taxpayer may use different agents for different taxes / obligations.

   HMRC's Charter promises to 'respect your wish to have someone else deal with us on your behalf', which might include multiple agents for various taxes / obligations. Where that wish has already been granted for a particular area of tax, it should not be necessary to repeat that authorisation as a result of the introduction of a new digital system.

8. Agent access should keep pace with that for taxpayers themselves.

   One of the HMRC Charter promises is: 'Recognising that someone can represent you', and HMRC's vision is that agents should have access from the outset of new systems. This will ensure that taxpayers who have instructed an agent to deal with their affairs (a significant majority in some areas) do not miss out on the benefits of digitalisation, or are prevented from complying with their obligations.

9. Agent functionality to mirror that for taxpayers themselves.

   In addition to the Charter promise of 'Recognising that someone can represent you', HMRC's vision is for agents to be able to see and do what their clients can. Adherence to these undertakings will ensure that taxpayers who have instructed an agent to deal with their affairs (again, a significant majority in some areas) can do so effectively, thus promoting compliance and reducing costs.

10. HMRC staff are adequately trained and available to provide on-the-spot assistance.

    Even if all the above criteria are met, taxpayers and agents will need support from HMRC, whether to use the particular service (in which case a dedicated helpline should be considered), resolve glitches in the system, or those who simply need help to 'go digital'. HMRC must provide easily accessible and prompt support and recognise that non-digital channels (such as telephone helplines through to real, knowledgeable staff) will still have a role to play even as more and more services are moved onto digital channels, thus enabling compliance and reducing costs.

11. HMRC, taxpayers and agents should see the same information.

    While in some circumstances third party software will present information differently, where HMRC's systems are being used it should be possible for HMRC to see the same information in the same format as that seen by the taxpayer or their agent. This will enable HMRC to better support its customers and minimise the confusion which currently exists in many areas.

12. New digital systems should work for all affected taxpayers.

    All taxpayers faced with a particular obligation should be able to use the new digital system to comply. Groups of taxpayers (eg such as those based overseas, or without a National Insurance number etc) should not be left behind, or prejudiced, because HMRC's systems cannot accommodate their characteristics. Where there is a staged roll-out of obligations, the timescales and who is in / out of scope should be clear.

13. Non-digital processes for those who cannot interact digitally or find it difficult to do so.

All digital processes should have a credible, non-digital equivalent, to ensure those who cannot go online (because of their inability to do so, or because HMRC's systems do not accommodate them), or have difficulty doing so, are not disadvantaged when interacting with HMRC. This will fulfil HMRC's Charter promises of 'being aware of your personal situation' and 'treating you fairly', so those users do not receive a 'second class' service.

14. Accessible versions or characteristics of digital systems for those with particular needs.

Digital systems should be accessible for those who can go online, but who have particular needs eg those who use screen readers. Again, this will fulfil HMRC's Charter promises of 'being aware of your personal situation' and 'treating you fairly', as well as complying with the Equality Act and meeting Web Content Accessibility Guidelines.