



The voice of freelancing

Freelancers' and Contractors' experiences of HM Revenue and Customs: Summary of key findings



Introduction

Collecting taxation is a thankless task, and those who do it are unlikely ever to inspire the undying love of a grateful public. Nonetheless, throughout the eight years of PCG's existence, the relationship between freelancers and the tax authorities – previously the Inland Revenue and HM Customs and Excise, now HM Revenue and Customs – has been one of our key policy issues. Indeed, it has steadily been rising up our list of priorities.

It is unfortunately our position that things have been getting worse and that the creation of HMRC has done nothing to ameliorate the situation: there is a comprehensive lack of trust between the taxpayer and the tax authority. This is partly a matter of perception, of course:

but it is far too clear-cut to be a matter of perception alone. HMRC is not up to scratch. Their promise in a recent paper to deliver “a new relationship with business” is a reassuring admission that even HMRC knows that things need to improve.

This survey is our attempt to quantify at least some of the difficulties. It is the first time we have conducted a dedicated survey on this issue, and we invited both members and non-members to contribute. The survey was available online between January 25th and February 12th 2007 and attracted 265 completed responses (99 non-members, 166 members). For an online survey comprising 40 often multi-part questions, this was a gratifyingly high response rate. I would like to thank everyone who took the time to give us their responses.

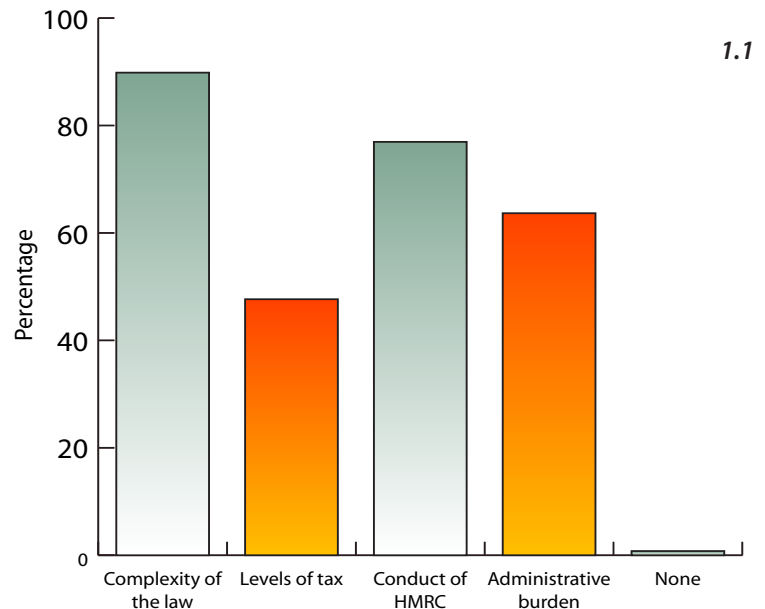
The results offer an extremely useful snapshot of the current feelings in the freelance marketplace regarding HMRC: they largely confirm our critique and offer useful information that allows us to expand on it further. There is some good news for HMRC as well, however, as some of its recent approaches are to an extent vindicated by the responses. There remains, however, much to do before the UK's tax authority operates as effectively as it should, and enjoys the trust that goes with that.



David Ramsden
Chairman

Part One: HMRC and its relationship with the taxpayer

1.1 - What are your concerns with the tax system and its administration? Tick as many boxes as apply.

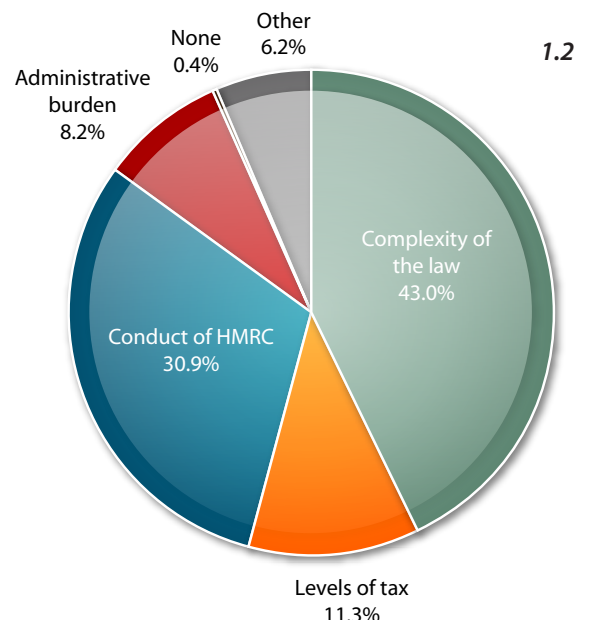


1.2 - What is your biggest single concern with the tax system and its administration? Tick one box only.

This confirms PCG's findings in its survey ahead of the 2006 Budget: freelancers are not primarily concerned with levels of taxation, but the complexity of the law and the conduct of the tax authority are felt to be problematic by many.

Much of HMRC's recent work has been on simplifying administrative processes: although this is worthwhile, as 64% of respondents identified administrative burdens as a problem, it should not be HMRC's priority given that only 8% identified it as the biggest problem.

Tax law itself must be simplified: for such a simple business model as freelancing, its current complexity is plainly unjustified.



Comments from respondents:

A business - even a small one - needs to employ a person full time just to deal with the taxes and laws - that is ridiculous for a small company...

Most businesses want to pay the correct level of tax, but many small businesses struggle to fully understand the complex rules.

It would be helpful if HMRC would bear in mind that not all businesses have full time administration staff able to drop all other work to respond to Revenue requests. Companies must be allowed time to make the money they are taxed on.

HMRC implements legislation, many of the current problems stem from this legislation. e.g. differences in structure giving different tax outcomes.

Perceptions of HMRC

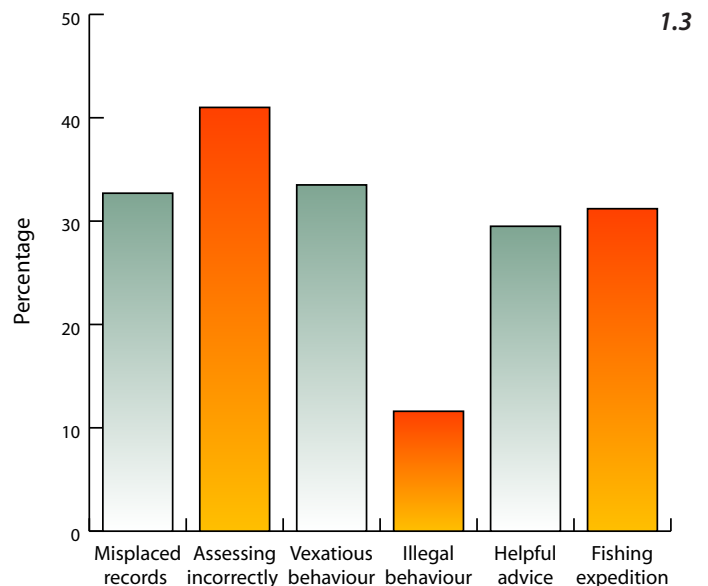
HM Revenue and Customs has a serious problem in terms of its relationship with taxpayers: its conduct is perceived as a problem second in seriousness only to the widely-acknowledged complexity of the tax system.

1.3 - In your dealings with HMRC over the last five years have you experienced any of the following?

These results must surely make worrying reading for HMRC: while tax inspectors' activities are unlikely ever to be generally welcomed by businesses, and what constitutes "vexatious" behaviour or a "fishing expedition" is a matter of subjective judgment, it is still surely not acceptable that a third of respondents have experienced behaviour they felt fitted these categories.

Misplacing records and incorrect assessments are not matters of subjective judgment: the extent of their incidence as seen here suggests that HMRC is struggling to implement tax law accurately.

To be fair to HMRC, nearly a third of respondents reported a more positive experience of HMRC: but if HMRC wishes to make "compliance" a collaborative venture between itself and the taxpayer, this figure needs to be much higher.



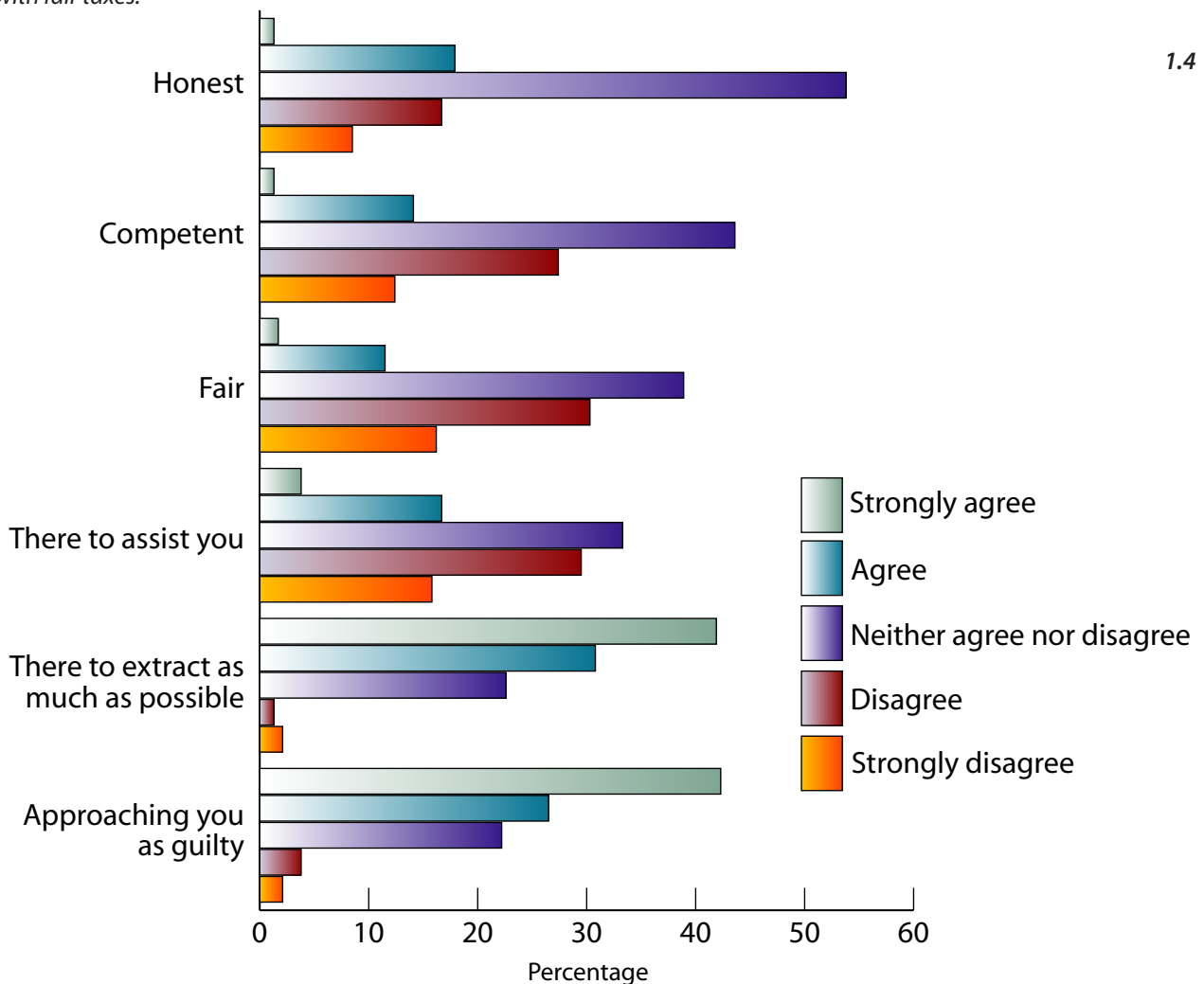
1.4 - Please indicate which of the following you feel accurately describes HMRC's inspectors

These results are perhaps not as bad for HMRC as some commentators might have expected. They are, nonetheless, unacceptable: in every category, more respondents opted for the negative response than for the positive. PCG feels that these responses are far too clear-cut to indicate that HMRC has a problem based solely on perception: for such negative perceptions to have arisen, HMRC's practices must be, at least to some extent, at fault. The high incidence of misplaced paperwork and incorrect assessments noted above certainly offers some explanation for the perception of 48% of respondents that tax inspectors are not competent, for instance.

For such a low level of trust to exist in the UK's tax authority is not viable in the long term: if taxpayers come to feel that it does not matter whether they pay their taxes or not, the current situation whereby most seek to comply will cease.

PCG has made this point repeatedly in the past, but one respondent to the survey articulated it in their additional comments:

If HMRC behave in an underhand and dishonest way, then I may be legally obliged to accede to their demands, but I increasingly feel less and less moral obligation so to do. The last inspector to review me was dishonest in his questioning. How can I be honest and open in my answers, if he is not honest and open with me? Morally we all have an obligation to pay fair taxes. I don't see them as being satisfied with fair taxes.



1.5 - How confident do you feel in HMRC’s complaints procedure to provide full and fair redress in the event of an error by HMRC?

Although the number of respondents who had made a complaint against an inspector was not sufficiently large to produce statistically significant results, the clear problem with perception of HMRC’s complaints procedure illustrates further the lack of trust already noted.

Comments from respondents:

*I would be interested to know how HMRC inspectors are remunerated and incentivised. My experience was (prior to the IR and Customs & Excise merger) inviting an IR inspector to meet in my house, two turning up and a lengthy negotiation ensuing about what they might or might not overlook. I had had my accountant look at all my affairs and believed that I had done everything correctly and it was an unpleasant experience. By comparison the VAT inspector examined my books, applied the rules and left having pronounced them OK. The difference was that the VAT inspector came to do the job impartially whereas the Revenue boys acted like a couple of spivs trying to find as much as possible and I suspect it was to do with their bonuses/appraisals.**

The thing I feel is missing most is a genuine belief that the tax inspector will be fair and impartial. It is almost always assumed they are “out to get you”, and that if an overpayment is found, nothing will be said, but if an underpayment is found, draconian actions will be taken.

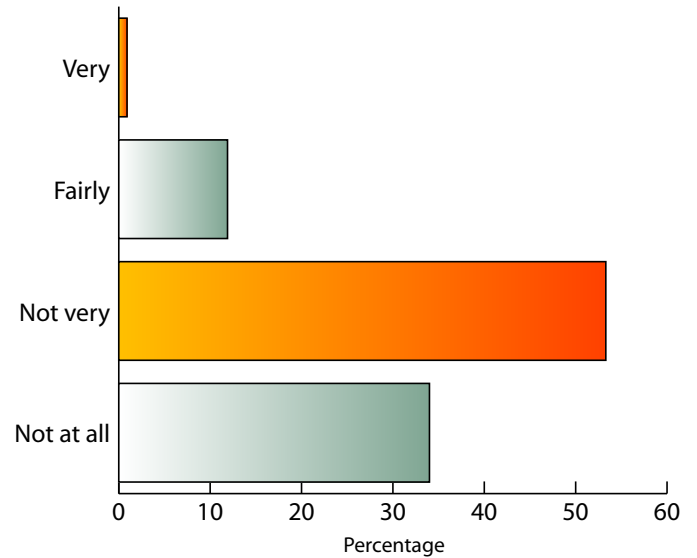
I sympathise with HMRC’s position as the collection of taxes is a requirement of any developed economy and will only ever be accepted grudgingly by taxpayers. That being said, HMRC does itself no favours by deploying inadequately trained staff who go on fishing trips over taxpayers’ affairs and are only brought back into line via intervention of third parties.

HMRC have cost me many hours finding information and replying to questions during my audit. Many of these appear spurious, and the whole investigation has dragged on for nearly 3 years. I would like to see some form of recompense payable by HMRC in recognition of the huge efforts required by someone under investigation, who is subsequently ‘found not guilty’.

I strongly feel that the flexibility I show as an IT contractor regarding where I am prepared to work is an asset to the economy of this country. The current level of intervention from the IR [sic] is a constant deterrent to this way of working.

I feel that HMRC has gradually moved to a very antagonistic attitude to taxpayers. Instead of working with taxpayers as a service delivering organization, or even as a partnership, they seem to have moved into a default attitude of confrontation

Personally I have no problem with HMRC and find them reasonably helpful. A couple of tweaks to the admin for small businesses would help though.



* PCG has been categorically assured by HMRC that no revenue quotas exist for tax inspectors and that pay rewards are not directly related to revenue raised. The Times newspaper recently claimed that such a link does exist and is shown by information it obtained under the Freedom of Information Act: PCG recommends that HMRC clarifies this confusion fully and publicly as soon as possible

1.6 - How would you rather be referred to and addressed by HMRC?

PCG has observed in the past that HMRC's aspirations to improve "customer service" are laudable but ultimately misguided: taxpayers cannot take their "custom" elsewhere, and so a genuine customer relationship can never exist.

It must also be observed of recent consultation documents that the term "customer" quickly gives way to the term "taxpayer" once the preliminary discussion has been dispensed with and the details of the proposals are set out.

The clear preference of respondents for the term "taxpayer" bears out PCG's recommendation that HMRC should revert to using this term and desist from using the term "customer", which is unhelpful.

On respondent illustrated the non-commercial nature of HMRC by recounting their experience following an error by HMRC that led to the issuing of a demand for a trivial amount of interest on a sum of tax that had in fact already been paid:

HMRC agreed that the procedure they had followed was not optimal (not an error of course), and they would write off the interest bill as it was a small amount. Note that - not cancel it, not accept that it was issued in error. So, probably, somewhere on our company record is a small amount recorded as owing and "written off" rather than simply deleted from the record as an HMRC error corrected. Any service oriented organization would have immediately apologized for the error, and stated that they would be implementing actions or training to prevent it happening again.

Other respondents indicated that they did not mind how they were referred to by HMRC:

*Dont care in the slightest.
Doesn't matter.
Who cares?*

HMRC's services

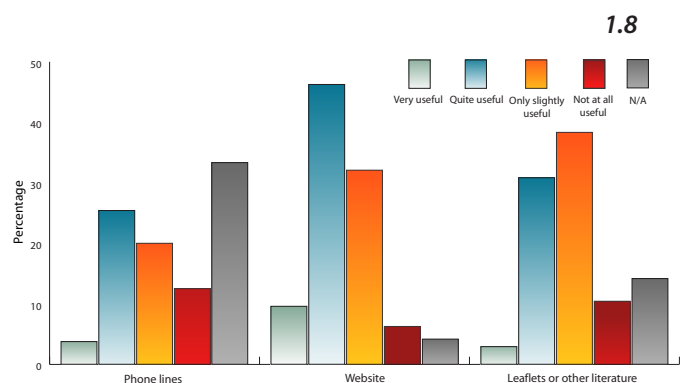
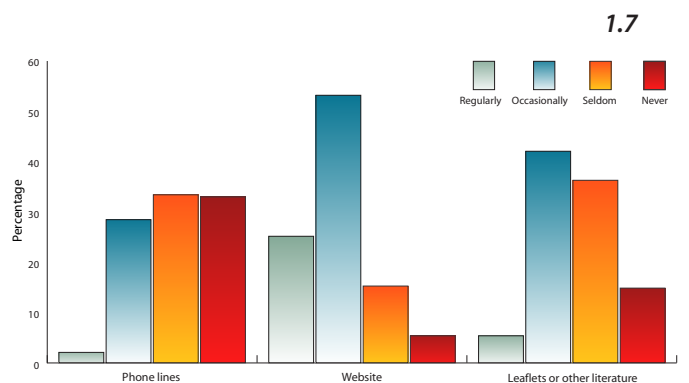
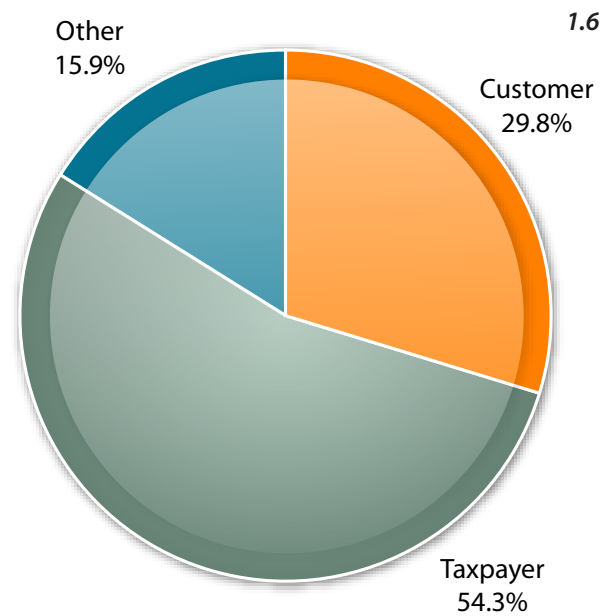
1.7 - How often do you make use of the sources of advice made available by HMRC?

1.8 - How useful do you find HMRC's advice?

Despite its problems, which have been acknowledged by HMRC, the HMRC website nonetheless emerges relatively favourably from these results.

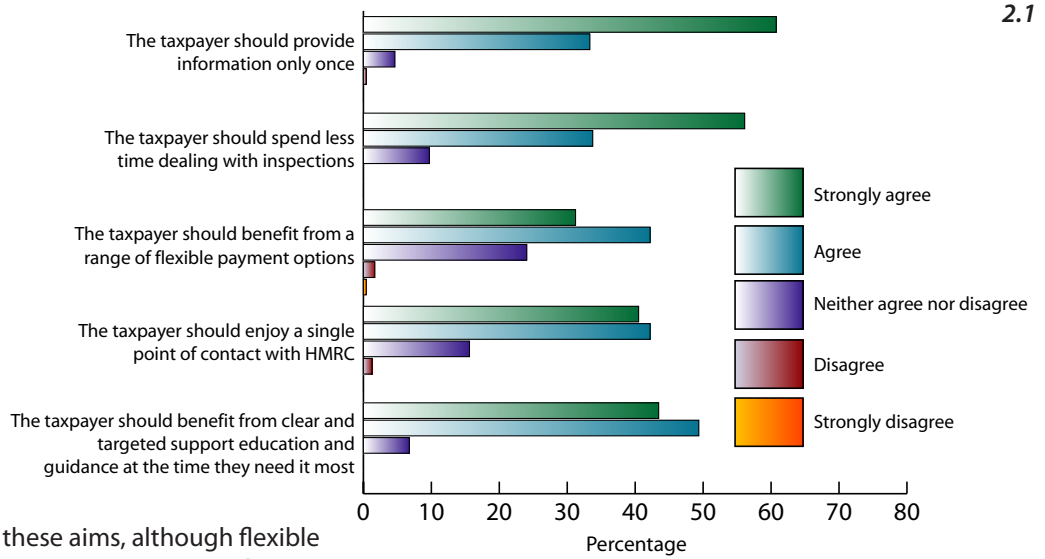
HMRC's phone lines, by contrast, seem to have serious problems: a third of respondents do not use them at all, and another third seldom; a third of respondents also found them "only slightly useful" or "not at all useful".

Opinion seemed fairly evenly split on HMRC's other literature, although respondents did not seem especially enthusiastic about it.



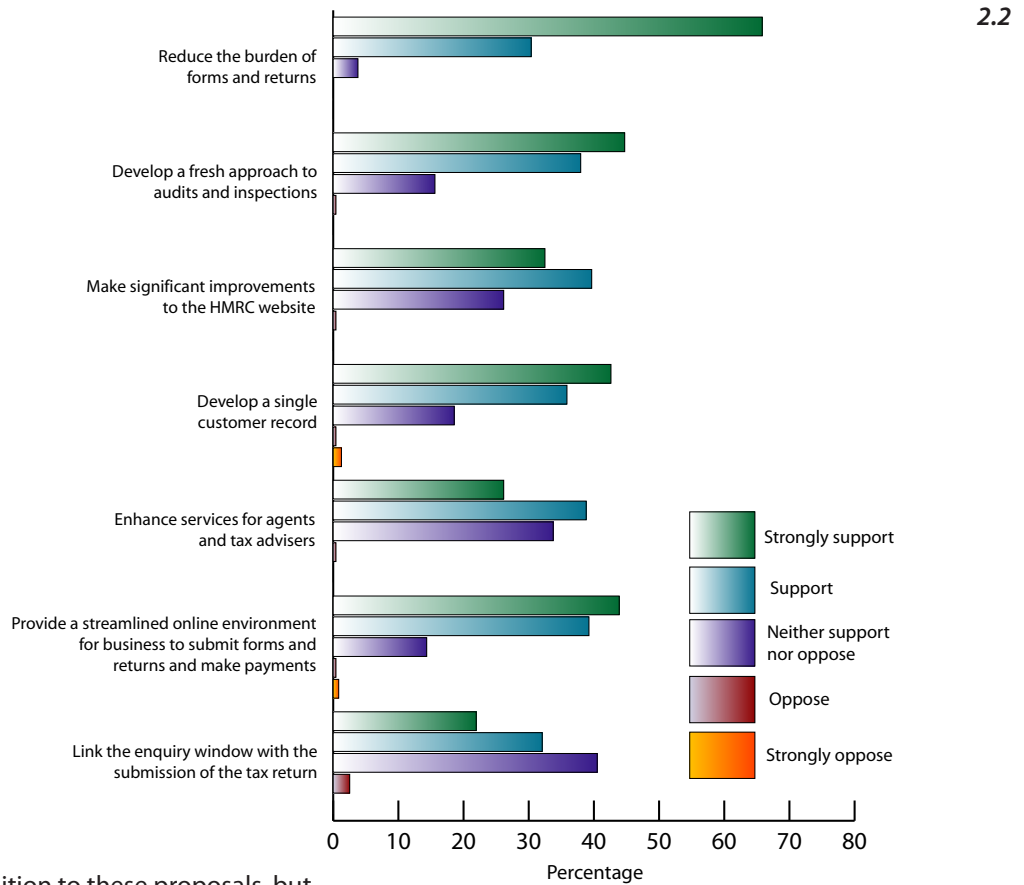
Part Two: HMRC's reform programme

2.1 - In its document "Delivering a new relationship with business" published in November 2006 HMRC outlined its vision for a future relationship in the following terms. Please indicate the extent to which you agree with these aims.



There was broad support for these aims, although flexible payment options do not seem a particular priority for respondents.

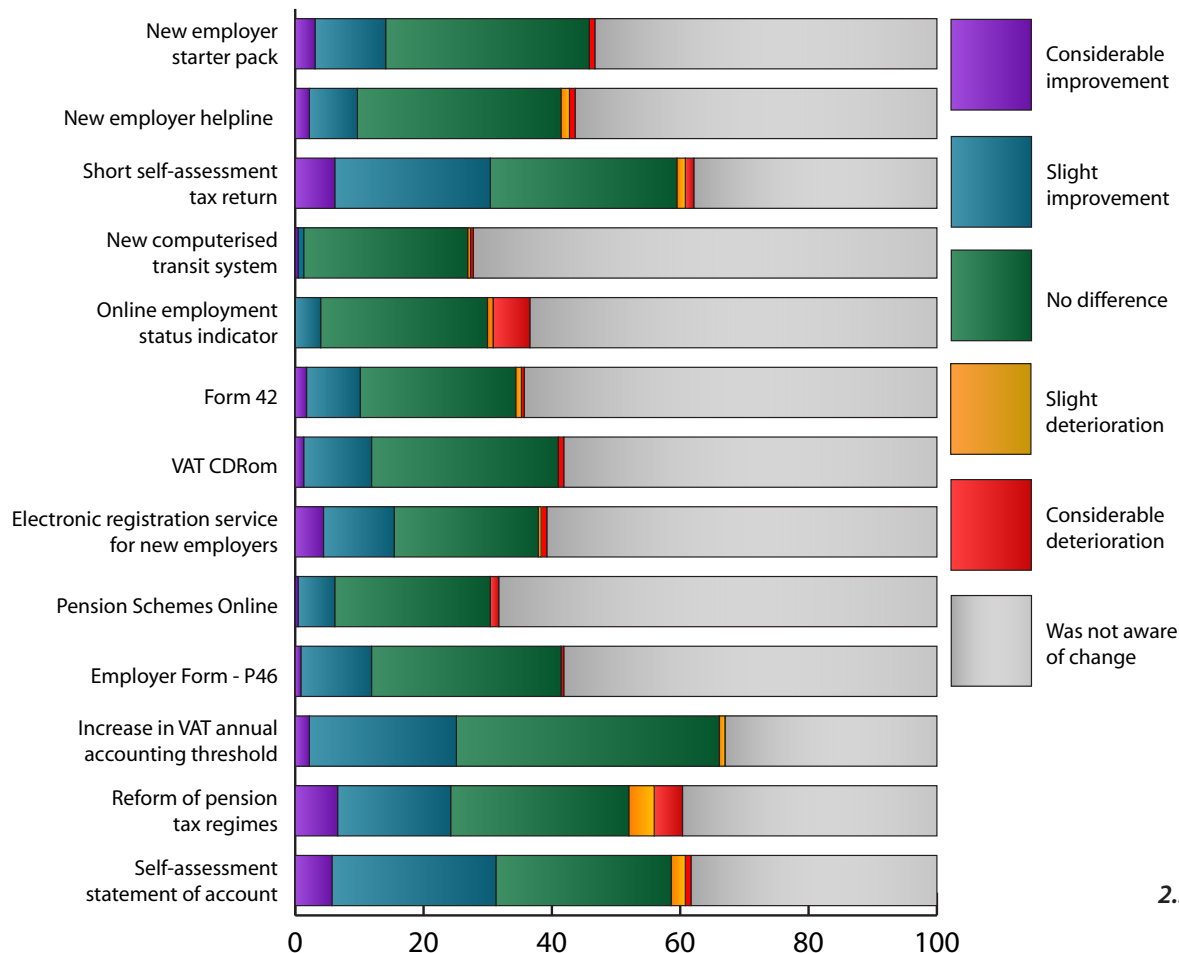
2.2 - Also in the document "Delivering a new relationship with business" HMRC proposed the following reforms. Please indicate to what extent you would support these changes.



There was essentially no opposition to these proposals, but respondents were lukewarm on several of them, most notably linking the enquiry window with the submission of the tax return and, interestingly, improving HMRC's website – a significant minority view appears to emerge from these results that it is perhaps not quite as bad as many suggest.

While nobody would oppose any of these essentially sound suggestions, the spread of responses does suggest that they are perhaps not all the correct priorities. The lack of any effort to address the difficulties in HMRC's relationship with the taxpayer is the most obvious and serious shortcoming – a "fresh approach to audits and inspections" does not quite cover it.

2.3 - Also in the document "Delivering a new relationship with business" HMRC lists changes it has introduced since 2005: to what extent do you feel these have improved your experience of the tax system?



2.3

The above results, in conjunction with our assessment of the most pressing issues facing HMRC, suggest that HMRC's reforms so far have amounted to little more than tinkering – useful tinkering in as far as it goes, perhaps, but tinkering nonetheless.

For every single measure heralded in "Delivering a new relationship with business" that might conceivably be relevant to freelancers, most respondents either had not noticed the change or felt it had made no difference.

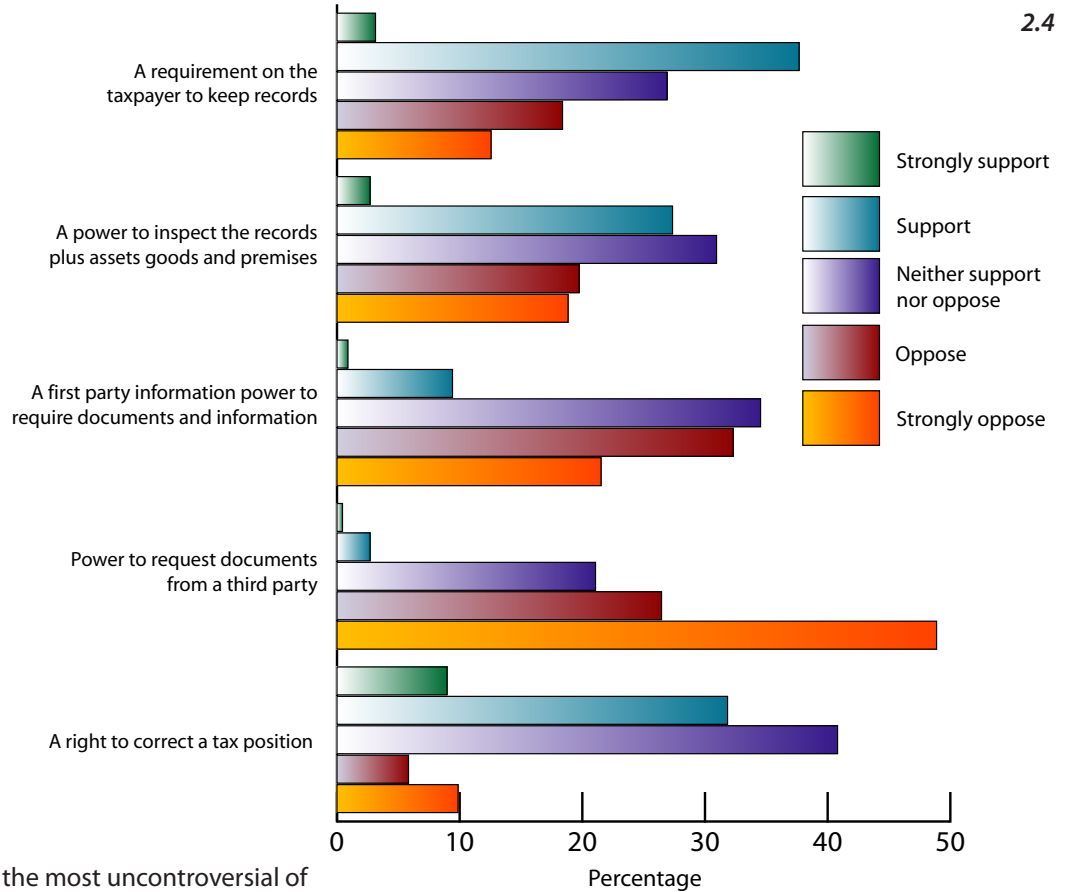
HMRC needs to start delivering fundamental changes to how it performs its duties.

Some changes can be highlighted as having been moderately well-received: the short self-assessment return, the self-assessment statement of account and the increase in the VAT annual accounting threshold were all felt by a quarter of respondents to have represented a slight improvement. Nevertheless, comparable or greater numbers reported experiencing no difference as a result of even these changes.

HMRC's powers

2.4 - Please indicate to which extent you would support HMRC adopting the following powers - Please bear in mind:

- that HMRC already has a patchwork of similar powers which varies for each different tax
- that although this list reflects some of HMRC's current thinking it is not a definitive statement of HMRC's proposals



The levels of opposition to even the most uncontroversial of the above powers almost certainly arises from the mistrust felt by many respondents towards HMRC. New powers along these lines would of course replace broadly similar, but varying, powers already held by HMRC.

Allowing for that, some powers would clearly attract more support than others: an obligation on the taxpayer to keep certain records and a power for inspectors to inspect these records are fairly uncontroversial.

The third party information power elicited easily the most hostile response: it was the only power which very few respondents felt able to support at all. This most likely arises from current misuse of existing s20(3) powers (currently applying only to documents but often used to request information in other forms, and often applied to inappropriate people in a freelancer's end-client organisation) and the prospect of a total lack of appeal rights against the new powers. The introduction of the latter could, PCG feels, make a significant difference to the reception of such reforms.

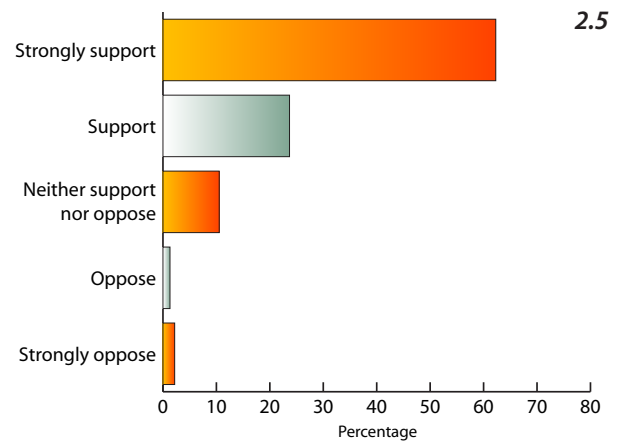
2.5 - HMRC is proposing to give up its inherited right to enter your home even if it is your place of business. Please indicate to what extent you would support this reform.

PCG made a point of asking this question as the proposed change is, PCG feels, an example of the type of meaningful reform that HMRC should undertake in order to enhance its practices and simultaneously regain the confidence of taxpayers. The favourable reaction of respondents to the suggestion indicates that it would be likely to have this effect.

Comments from respondents:

I favour changes that enhance: simplicity, clarity, transparency, fairness, certainty and low cost for taxpayer and tax collector.

I entirely disagree with the penalty charges for missing a deadline, and think these should be revoked.



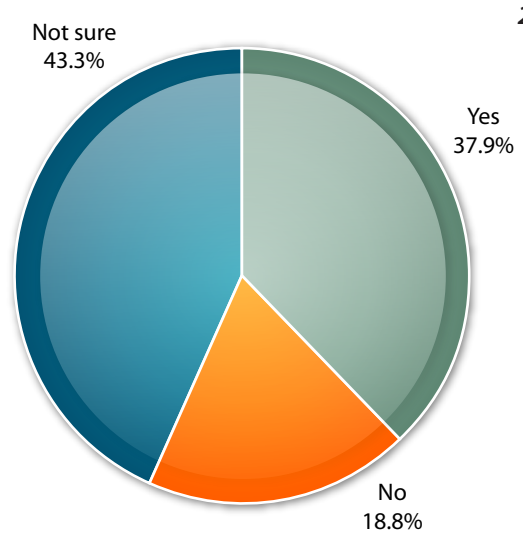
2.5

2.6 - HMRC and other Government agencies are currently considering the possibility of using XBRL. This would also allow data to be submitted once and then shared between numerous departments and agencies. Would you be willing to use such a system to submit data to HMRC Companies House and other bodies?

It is entirely understandable that so many respondents were unable to give a firm response to such a hypothetical question, but it is more significant that nearly a fifth indicated that they would not be willing to use such a system. Again, PCG suggests that the current lack of trust between HMRC and the taxpayer is the principal cause of this reluctance, and that it must be addressed before the full potential of any such system can be realised.

Additional comments from one respondent addressed this point directly:

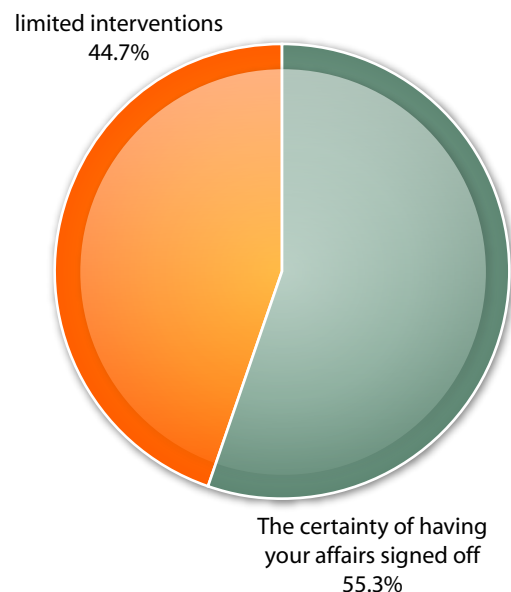
I am concerned about the constant moves to gather data electronically, store it all that way and then share it with 'other departments and agencies.' This is not a technical objection - I do work in IT - but a security concern. It is impossible for most people to deal with HMRC personnel in a straightforward manner as you constantly feel as though they are trying to catch you out.



2.6

2.7 - HMRC is considering introducing shorter and more limited forms of "intervention" than the current full enquiry. Currently once an enquiry has been completed that tax year is signed off and cannot be looked at again – inspectors therefore often feel they have to investigate a business thoroughly for fear of losing the chance. Smaller interventions would not allow a tax year to be signed off but this would remove the pressure on inspectors to go through a business's complete affairs. Which would you prefer?

This difficult choice divided opinion, but nonetheless a majority of respondents preferred the current situation. This is contrary to the current direction of travel and PCG urges HMRC, at the very least, to reconsider the justifications for the proposed new approach.

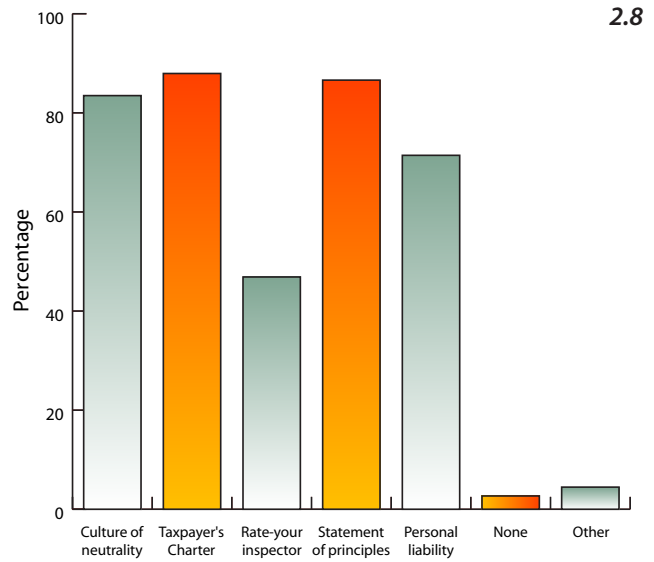


2.7

2.8 - Which of the following safeguards would you like HMRC to introduce? Tick as many boxes as you like.

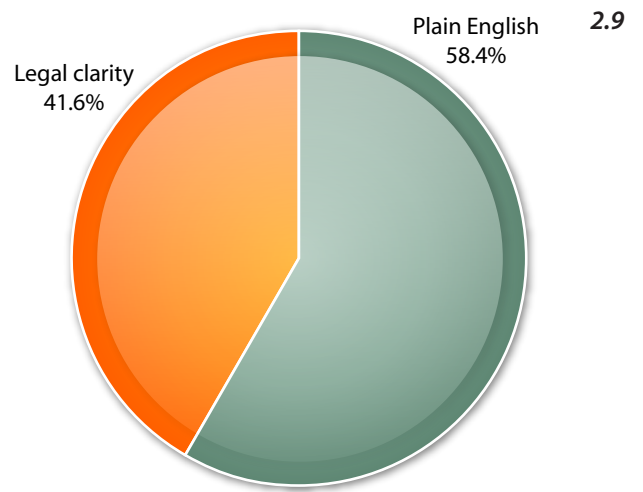
Very nearly all respondents desired the introduction of new safeguards, and the most popular options involved statements against which HMRC's performance could be clearly assessed, either in the form of a revived Taxpayers' Charter or a more basic statement of principles.

PCG recommends that these options are fully explored in the forthcoming work on safeguards undertaken as part of the Review of Powers, Deterrents and Safeguards.



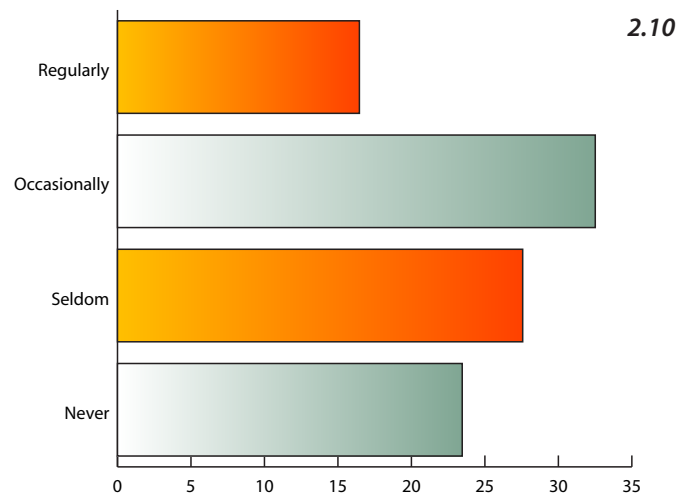
2.8

2.9 - What do you think HMRC should prioritise when legislating on its powers and duties?



2.9

2.10 - Do you consult legislation in order to establish your tax liabilities?



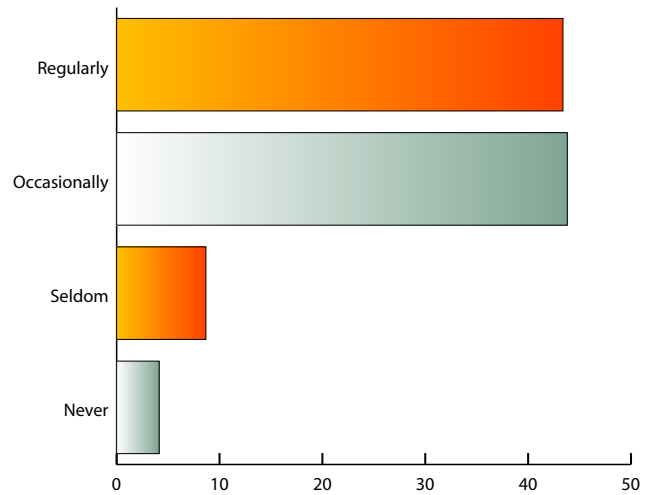
2.10

2.11 - Do you think you would consult legislation if it were more easily readable?

2.11

These questions offer a vindication of HMRC’s approach to some recent reforms, specifically regarding new legislation. It is clear that freelancers currently go direct to legislation in order to calculate their liabilities at least some of the time, and would be more likely to do so were it easier to read.

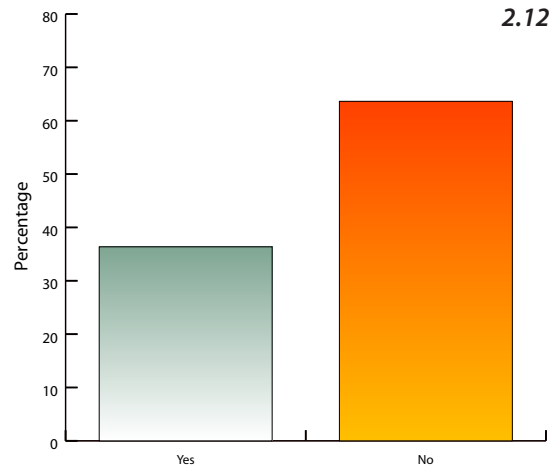
Despite the tension that can often – though not inevitably – arise between plain English and legal clarity, respondents favoured the former. This is despite the lack of trust in HMRC observed elsewhere, which might have been expected to manifest itself as a preference for legal clarity lest HMRC seek to exploit ambiguities in the law: most respondents seem to have prized plain English more highly.



2.12 - Do you fear being undercut by competitors who gain an advantage through not paying tax they lawfully owe?

2.12

The problem of non-payment of tax giving an unfair competitive advantage is frequently cited by HMRC as a justification for whatever new proposals it introduces. PCG urges HMRC to offer this justification a little more sparingly: while the concern clearly exists among freelancers, it is felt by a minority.

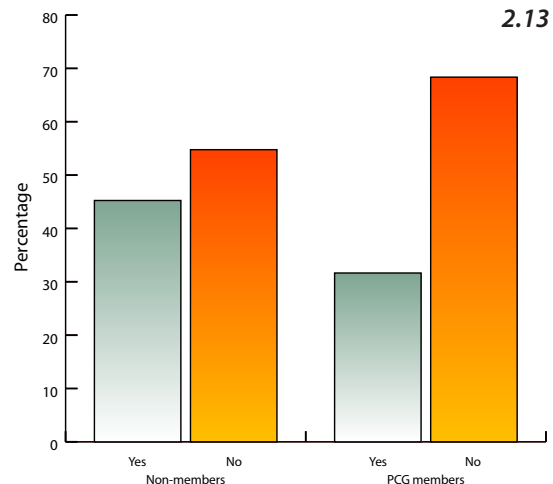


2.13 Do you fear being undercut by competitors who gain an advantage through not paying tax they lawfully owe? (non-members)

2.13

Do you fear being undercut by competitors who gain an advantage through not paying tax they lawfully owe? (PCG members)

This was another of the relatively few questions where there was a significant difference between PCG members and non-members, with non-members markedly more anxious about this issue.



Part Three: IR35

Although the rights and wrongs of the intermediaries legislation are not the prime concern of this report, HMRC's implementation of IR35 has created something of a running sore in the relationship between itself and the UK's freelancers.

The Government does not collate figures on the number of IR35 investigations launched, the success rate of those investigations, the revenue they generate and how much they cost the taxpayer. The only IR35 figures that have been collated are those showing the record of PCG's approved suppliers in their handling of IR35 cases. So far, only four of the 1,431 cases known to PCG have resulted in the taxpayer being found to be outside IR35. These figures are far too clear-cut to represent a coincidence or statistical fluke: HMRC is clearly trying to pin IR35 on contractors who are not caught, either through ineptitude or a cynical attempt to extract tax that is not lawfully owed – neither of which should be tolerated from the UK's tax authority.

The results of this survey shed some further light on the issue.

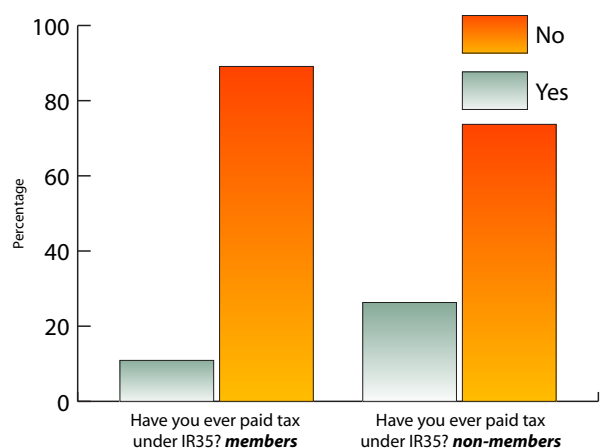
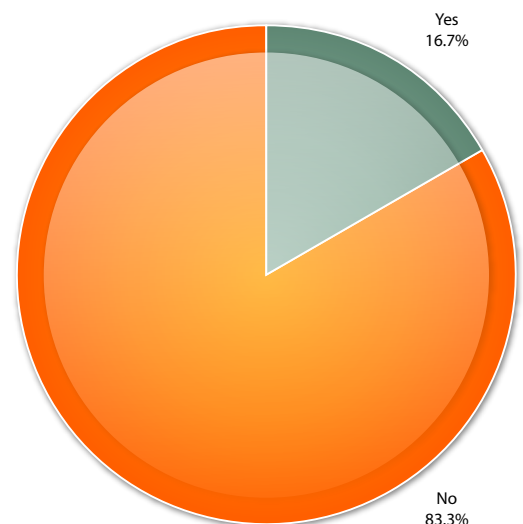
3.1 - Have you ever paid tax under IR35?

Non-members of PCG are over twice as likely to pay up under IR35 than PCG members. Numerous explanations for this suggest themselves: PCG offers extensive guidance on IR35, a free tax helpline and expert claims handling.

This strongly suggests that many contractors are paying up under IR35 when they do not in fact owe the tax: through a lack of advice, they may be failing to negotiate genuine commercial contracts and therefore ending up inside IR35; or they may believe a contract to be caught and pay accordingly, when in fact it is not caught.

This serves to illustrate that, as well as remaining unpopular, IR35 is unfair, unworkable and so complex that it is still not widely understood.

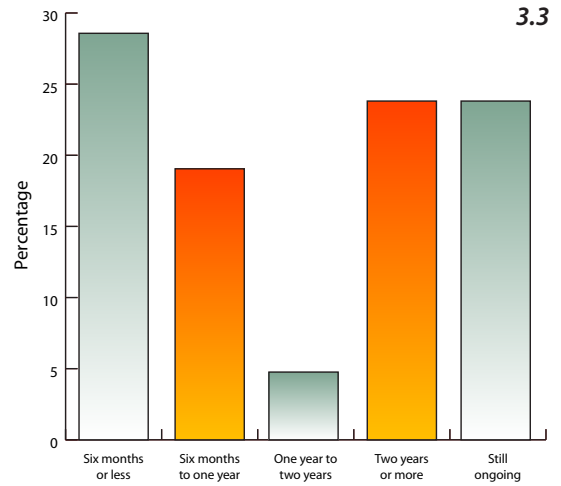
3.1



Duration of investigations

3.3 - If you have been investigated under IR35 how long did the investigation last?

These results seem to confirm PCG's impression from considerable anecdotal evidence that IR35 investigations tend either to be resolved fairly quickly or to drag on for an unacceptable length of time: while nearly half of investigations are concluded within a year, nearly a quarter of those investigated have to wait over two years before their status is confirmed.



3.3

IR35 imposes a cost burden

3.4 - When taking a new contract do you get it professionally reviewed for IR35?

The survey shows that two-thirds of contractors spend money getting at least some of their contracts professionally reviewed for IR35, a full fifth doing so for every engagement. These contract reviews typically cost between £75 and £200 per contract.

This is in addition to the cost of insurance products to cover the possibility of an IR35 investigation: as we have seen, there is a significant risk that such an investigation could last for over two years. It has become standard practice for contractors to take out insurances to pay for professional fees in such an eventuality: such insurances typically cost between £100 and £200, depending on the level of cover.

If employment status was clear in law such that a "disguised employment" relationship could not be instituted, IR35 would be redundant. This cost burden on legitimate and compliant businesses is therefore unnecessary and unjustified.

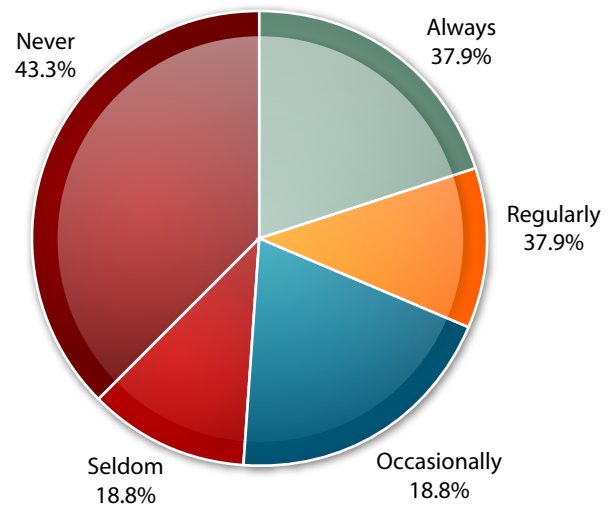
PCG calls on the Government to assess the extent of this cost burden.

Comments from respondents:

As a law abiding citizen who has always paid my tax correctly and punctually I find the current system intolerable. I lost work with a valued client as a result of an over zealous IR35 investigation [even though] the relationship was clearly business to business and there was no information that indicated it could have been anything else.

I have been investigated for IR35, the investigation took 4 years and I was treated appallingly.

3.4



Appendix One: Full PCG Policy

Recommendations for HM Revenue and Customs

Summary of PCG Recommendations

- Three over-arching safeguards will be particularly useful and are urgently needed:
 - a code against which the conduct of HMRC's officers can be assessed
 - this must include a provision that officers may not apply the law contrary to published guidance
 - redress must be available under this code to the highest possible standard
 - a wholesale change in the culture of tax inspectors to ensure neutrality and a programme for independent auditing of this culture on an ongoing basis
 - a statutory duty of care to be placed on HMRC such that taxpayers cannot be caused significant financial losses beyond the payment of tax owed in law as a result of any HMRC activity.
- Tax law must be simplified: administrative burdens can only be reduced so far while the system itself remains so complex
- HMRC should offer a more accurate broad definition of its role, such as: "HMRC's role is to collect all taxes and duties owed in law, and make all payments of tax credits etc., in a fair, efficient and courteous manner."
- The following aims and aspirations should be included in HMRC's reform programme:
 - HMRC is there to help determine the correct amount of tax a customer owes - not to extract the maximum amount of tax it thinks it can
 - HMRC must at all times act so as not to prejudice the commercial relations of its customers
 - HMRC should limit its questioning of customers to matters which directly affect their tax bill.
- Details of HMRC's internal disciplinary processes must be published
- Details should be published of processes by which failing inspectors are re-trained, re-assigned, disciplined or dismissed; if such processes do not exist, they must be instituted
- When disciplinary action has been taken against a tax inspector, this must be demonstrated in private to the wronged party
- Records showing that such disciplinary action occurs should be made publicly available
- Like the Treasury, HMRC should be placed within the purview of the Better Regulation Executive.
- All tax inspectors without meaningful private sector experience prior to joining HMRC should be obliged to undertake placements in the private sector
- HMRC should abandon the use of the term "customer"; instead "taxpayer" should be used consistently throughout all HMRC documentation.
- HMRC should ensure that the full implications of the term "customer" are taken into account by all its staff, and the treatment of "customers" improved accordingly, or the term should no longer be used
- HMRC should desist from using the term "non-compliance" in all documentation, and instead refer to "evasion" or the specific type of behaviour that is relevant; definitions of different types of behaviour have already been drafted that could be used for such a purpose.
- New powers must be carefully framed so that they are not abused by over-zealous tax inspectors

Appendix Two: Questionnaire

1. Have you ever paid tax under IR35?

Yes

No

2. Have you ever been investigated under IR35?

Yes

No

3. If you answered 'Yes' to question 2, did you have to pay extra tax under IR35 as a result of the investigation?

Yes

No

4. If you answered 'yes' to question 2, how long did the investigation last?

Six months or less

Six months to one year

One year to two years

Two years or more

Still ongoing

5. When taking a new contract, do you get it professionally reviewed for IR35?

Always

Regularly

Occasionally

Seldom

Never

6. Have you been investigated under S660A (the "settlements legislation" as disputed in the Arctic Systems case)?

No

Yes: the investigation is still open pending the final result of Arctic

Yes: the investigation is closed - we did not pay extra tax

Yes: the investigation is closed - we paid extra tax

7. If you answered 'yes' to question 6, when did the investigation start?

2002 or earlier

2003

2004

2005

2006

2007

8. Have you ever made a disclosure under the tax avoidance regime, or has your accountant ever done so on your behalf?

Yes

No

9. What are your concerns with the tax system and its administration? Tick as many boxes as apply.

None

Conduct of HMRC towards, and its relationship with, businesses

Levels of tax

Complexity of the law

Administrative burden of filling in forms and complying with obligations

Other (please specify)

10. What is your biggest single concern with the tax system and its administration? Tick one box only.

- Complexity of the law
- Administrative burden of filling in forms and complying with obligations
- Conduct of HMRC towards, and its relationship with, businesses
- Levels of tax
- None
- Other (please specify)

11. How would you rather be referred to and addressed by HMRC?

- Customer
- Taxpayer
- Other (please specify)

12. In your dealings with HMRC over the last five years, have you experienced any of the following?

- HMRC going on a "fishing expedition" through your affairs
- HMRC assessing your liability incorrectly
- Behaviour from tax inspectors you felt was vexatious
- HMRC providing helpful advice and assisting you in paying the correct amount of tax
- Behaviour from tax inspectors you felt was illegal
- HMRC misplacing records

13. Please indicate which of the following you feel accurately describes HMRC's inspectors

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
Approaching you as "guilty until proven innocent"	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There to assist you in paying what you lawfully owe	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There to extract as much from you as possible	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Competent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fair	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Honest	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14. Has a tax inspector ever approached one of your end-clients to find information about your working practices or tax status?

- No
- Yes: it did not harm my relationship with the client
- Yes: it harmed my relationship with the client but did not prevent me securing further work from that client
- Yes: it harmed my relationship with the client and I believe it harmed my chances of securing further work from that client

15. How confident do you feel in HMRC's complaints procedure to provide full and fair redress in the event of an error by HMRC?

- | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|
| Very | Fairly | Not very | Not at all |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

16. Have you ever made a complaint against a tax inspector?

Yes No

17. If you have made a complaint against a tax inspector:

	Yes	No
Was the complaint upheld?	<input type="radio"/>	<input type="radio"/>
Do you feel your complaint was given a fair hearing?	<input type="radio"/>	<input type="radio"/>
Do you feel the outcome represented full and fair redress?	<input type="radio"/>	<input type="radio"/>

18. How often do you make use of the sources of advice made available by HMRC?

	Regularly	Occasionally	Seldom	Never
Phone lines	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Website	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Leaflets or other literature	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

19. How useful do you find HMRC's advice?

	Very useful	Quite useful	Only slightly useful	Not at all useful	N/A
Phone lines	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Website	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Leaflets or other literature	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

20. Do you consult legislation in order to establish your tax liabilities?

Regularly Occasionally Seldom Never

21. Do you think you would consult legislation if it were more easily readable?

Regularly Occasionally Seldom Never

22. What do you think HMRC should prioritise when legislating on its powers and duties?

Plain English Legal clarity

23. Do you fear being undercut by competitors who gain an advantage through not paying tax they lawfully owe?

Yes No

24. Would you consider reporting someone to HMRC's hotline for "people suspected of not registering to pay their fair share of tax" (HMRC's wording)?

Yes No

25. Have you ever reported someone to this hotline?

- No
- Yes: HMRC took action as a result
- Yes: I am not aware of HMRC having taken action as a result

26. Do you use HMRC's online services to file tax returns?

- Always
 Regularly
 Occasionally
 Seldom
 Never

27. How confident do you feel in HMRC's online systems to store your information safely and securely and ensure that it is processed correctly?

- Very
 Fairly
 Only slightly
 Not at all

28. How would you prefer to submit information to HMRC?

- Online
 Hard copy via the post
 Hard copy in person
 Other (please specify)

29. How would you prefer to be contacted by HMRC in the event that they wish to discuss your tax return?

- Fax
 Phone
 Post
 Email
 Other (please specify)

30. In its document "Delivering a new relationship with business", published in November 2006, HMRC outlined its vision for a future relationship in the following terms. Please indicate the extent to which you agree with these aims.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
The taxpayer should benefit from clear and targeted support, education and guidance at the time they need it most	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The taxpayer should benefit from a range of flexible payment options	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The taxpayer should enjoy a single point of contact with HMRC	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The taxpayer should spend less time dealing with inspections	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The taxpayer should provide information only once	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

31. What other key aims and aspirations should HMRC have for its relationship with business?

32. Also in the document "Delivering a new relationship with business", HMRC proposed the following reforms. Please indicate to what extent you would support these

changes.

	Strongly support	Support	Neither support nor oppose	Oppose	Strongly oppose
Reduce the burden of forms and returns	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Develop a fresh approach to audits and inspections	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Make significant improvements to the HMRC website	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Develop a single customer record	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Enhance services for agents and tax advisers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Provide a streamlined online environment for business to submit forms and returns and make payments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Link the enquiry window with the submission of the tax return	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

33. What other specific reforms would you like to see HMRC introduce?

34. Also in the document "Delivering a new relationship with business", HMRC lists changes it has introduced since 2005: to what extent do you feel these have improved your experience of the tax system?

	Considerable improvement	Slight improvement	No difference	Slight deterioration	Considerable deterioration	Was not aware of change
New employer starter pack	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
New employer helpline	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Short self-assessment tax return	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
New computerised transit system (for imports / exports)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Online employment status indicator	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Form 42 – removal of obligation for most new companies to report majority of first share issues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
VAT CDROM – "Getting Started in Vat"	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Electronic registration service for new employers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pension Schemes Online	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employer Form – P46	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increase in VAT annual accounting threshold	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Reform of pension tax regimes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Self-assessment statement of account	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Attachments can now be filed with online self-assessment returns	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Specialist units for R&D tax credits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

35. HMRC is proposing to replace the many powers it inherited from the Inland Revenue and HM Customs and Excise, most of which relate to specific taxes, with a smaller range of powers that will apply more broadly across many taxes. Please indicate to which extent you would support HMRC adopting the following powers.

Please bear in mind:

- that HMRC already has a patchwork of similar powers which varies for each different tax
- and that although this list reflects some of HMRC's current thinking, it is not a definitive statement of HMRC's proposals

	Strongly support	Support	Neither support nor oppose	Oppose	Strongly oppose
A "third party information power", replacing current s20 requests, to request documents already existing from a third party (eg end-client) with no external authorisation and no appeal rights	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A right to correct a tax position	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A "first party information power", to require relevant documents and information of the taxpayer, including documents that may not exist yet and need formulating specially; subject to an appeal right against the request itself	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A power to inspect the records a taxpayer is obliged to keep, plus assets, goods and premises (EXCLUDING the taxpayer's home, even if it is their main place of work), subject to a monetary penalty against which the taxpayer may appeal	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A requirement on the taxpayer to keep records, subject to a monetary penalty against which the taxpayer may appeal	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

36. HMRC is proposing to give up its inherited right to enter your home, even if it is your place of business. Please indicate to what extent you would support this reform.

Strongly support	Support	Neither support nor oppose	Oppose	Strongly oppose
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

37. HMRC and other Government agencies are currently considering the possibility of using XBRL, a system whereby a business's accounts and other information may be "tagged" and then submitted in their entirety to the agency; the agency's systems then use the tags to extract the relevant information as they require it, without obliging the business to enter each bit of information separately. This would also allow data to be submitted once and then shared between numerous departments and agencies.

Would you be willing to use such a system to submit data to HMRC, Companies House and other bodies?

- Yes
- No
- Not sure

38. HMRC is considering introducing shorter and more limited forms of “intervention” than the current full enquiry. Currently once an enquiry has been completed that tax year is signed off and cannot be looked at again – inspectors therefore often feel they have to investigate a business thoroughly for fear of losing the chance. Smaller interventions would not allow a tax year to be signed off, but this would remove the pressure on inspectors to go through a business’s complete affairs. Which would you prefer?

- Shorter and more limited interventions, albeit without the finality of having a tax year signed off
- The certainty of having your affairs signed off, albeit knowing that this could mean a lengthy enquiry

39. Which of the following safeguards would you like HMRC to introduce? Tick as many boxes as you like.

- A rate-your-inspector scheme
- Personal liability of tax inspectors for errors and misconduct
- None, the current safeguards are adequate
- A simple statement of principles against which tax inspectors can be held accountable
- An independently-audited culture of neutrality
- A revived Taxpayer’s Charter against which tax inspectors can be held accountable
- Other (please specify)

40. Do you wish to make any additional comments?

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For further information

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