# Concerns raised about HMRC's digital services for taxpayers



According to a recent report by the Daily Mail, a prominent tax advisory firm has raised concerns regarding the effectiveness of HM Revenue and Customs (HMRC) digital services in catering to the needs of taxpayers, particularly those facing more complex tax issues. Robert Salter, a director at Blick Rothenberg, highlighted that the ongoing transition to digital services, coupled with the closure of phone lines, has led to increased difficulties for taxpayers, describing the situation as 'woe for taxpayers'.

HMRC's "Making Tax Digital" initiative, launched in 2016, aimed to enhance tax collection via mandated digital record-keeping and quarterly income reporting for both individuals and businesses. However, in the nine years since its implementation, the programme has reportedly exceeded its budget by £1 billion, with scant evidence of significant improvements in service delivery. A joint report released in December 2024 by the Institute of Chartered Accountants in England and Wales (ICAEW) and the Chartered Institute of Taxation (CIOT) further detailed the inadequacies of HMRC’s digital offerings, revealing that chatbots only managed to connect with users 49 percent of the time, and even then, the resolution rate was a mere 21 percent.

Salter has also pointed out that HMRC's online forms suffer from poor design, which inadvertently increases the workload for taxpayers as well as their agents. He stated, "I and many other advisors have been complaining about these forms for years, so far only the R&D disclosure form has seen improvement." He mentioned a specific case where an individual's tax assessment was rendered incorrect due to the improper accounting of state pension in HMRC's automatic assessments, casting doubt on the efficiency of the digital system.

The concerns surrounding HMRC services were initially brought to light by This is Money in 2023, especially in the context of the permanent closure of HMRC’s VAT registration helpline. Taxpayers expressed frustration over the inability to connect with agents, with some even contemplating relocating their businesses abroad due to the persistent delays. An internal source from HMRC indicated that a "culture of fear" and excessive micro-management may have contributed to these service delays.

The Public Accounts Committee had previously stressed the necessity for enhanced resourcing of HMRC's customer services until such time that the digital offerings can adequately meet taxpayer needs. Salter noted that while digital services are beneficial for simple tasks, the intricate nature of tax issues necessitates direct communication with an agent.

A survey conducted by the Association of Chartered Certified Accountants (ACCA) revealed that nearly 90 percent of business owners view poor HMRC service as a significant obstacle to their operations. This has heightened frustration over HMRC’s decision to close its VAT registration helpline and previously attempted closures of its self-assessment line. Salter remarked that restricted access to HMRC telephone services poses a challenge for many individuals who must rely on phone communications due to unresponsive digital channels.

He underscored the added burden on HMRC resulting from unnecessary calls regarding service errors, estimating that improving response times could potentially save the agency approximately £36 million annually. While the Chancellor has announced increased funding for HMRC’s digital programme in the recent October Budget, Salter stressed the need for maintaining and enhancing traditional communication methods to provide optimal service for customers, particularly those with complicated tax situations.

In response to these criticisms, a spokesperson for HMRC stated that more than 80 percent of customers are satisfied with its digital services and that an increasing number are using them to manage their tax affairs efficiently. The spokesperson also noted improvements in overall service standards, particularly mentioning a reduction in call waiting times of more than 17 minutes since April.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://assets.publishing.service.gov.uk/media/5a7e2ae740f0b62305b813bd/2012-digital-strategy.pdf> - Corroborates HMRC's digital strategy and the aim to move services online, including the potential savings and the need to balance costs.
2. <https://www.taxwatchuk.org/telephone-hmrc-customer-service/> - Details the poor performance of HMRC's telephone service, including the closure of helplines and increased wait times, highlighting the push towards digital services.
3. <https://www.tax.org.uk/permanent-cuts-to-hmrc-helplines-misguided-says-ciot> - Provides information on the permanent cuts to HMRC helplines, such as the VAT and Self-Assessment helplines, and the criticism from the Chartered Institute of Taxation.
4. <https://lifeathmrc.blog.gov.uk/2021/08/20/hmrc-is-leading-the-way-for-accessible-services/> - Discusses HMRC's efforts in making digital services accessible and inclusive, reflecting on the increased reliance on digital services during the pandemic.
5. <https://www.taxwatchuk.org/telephone-hmrc-customer-service/> - Highlights the impact of HMRC's telephone service issues on tax collection and the economy, including the significant wait times and failed calls.
6. <https://www.tax.org.uk/permanent-cuts-to-hmrc-helplines-misguided-says-ciot> - Details the specific closures and restrictions of HMRC helplines, such as the VAT and PAYE helplines, and the redirection to online services.
7. <https://assets.publishing.service.gov.uk/media/5a7e2ae740f0b62305b813bd/2012-digital-strategy.pdf> - Explains HMRC's 'Digital by Default' strategy and the measures to support users in accessing digital services, including the development of an assisted digital strategy.
8. <https://www.taxwatchuk.org/telephone-hmrc-customer-service/> - Mentions the trial closure of the Self-Assessment helpline and the screening of calls to prioritize certain queries, reflecting HMRC's resource constraints.
9. <https://www.tax.org.uk/permanent-cuts-to-hmrc-helplines-misguided-says-ciot> - Criticism from the Chartered Institute of Taxation regarding the permanent cuts to HMRC helplines and the impact on taxpayers.
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11. <https://www.taxwatchuk.org/telephone-hmrc-customer-service/> - Discusses the broader impact of HMRC's service issues, including the frustration among taxpayers and potential economic consequences.
12. <https://www.dailymail.co.uk/money/tax/article-14287747/HMRC-chatbots-causing-woe-taxpayers-leading-accountancy-firm-warns.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data