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Is the HMRC Charter Fit for Purpose? Experiences of Tax Practitioners and Vulnerable Citizens

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Abstract

Interactions with His Majesty's Revenue & Customs (HMRC) should accord with the principles outlined in HMRC's 2023 *Charter*,¹ e.g. "Getting things right"; "Making things easy"; "Being responsive"; "Treating you fairly"; "Being aware of your personal situation"; and "Recognising that someone can represent you". These principles should ensure taxpayers are treated in alignment with democratic tax principles, such as equity. Some taxpayers are represented in their dealings with HMRC, but others are not (e.g. vulnerable people and low-income earners), and must interact directly with HMRC or seek help from a tax charity.

Using three empirical studies we investigate the experiences of individuals using HMRC services, namely small tax practitioners and two vulnerable groups of people, specifically tax credit claimants and older individuals with low-income levels. We analyse these groups' interactions with HMRC in terms of the above *Charter* principles. We highlight the unintended consequences and impact of digitalisation of tax administration, particularly for disadvantaged citizens. We offer recommendations to improve tax administration, policy and practice, better aligning them with democratic tax principles.

Keywords: HMRC *Charter*; Small Tax Practitioners; Vulnerable Individuals; Uncertainty; Accountability; Lack of Equity; Reliability; Digitalisation.

I. Introduction

His Majesty's Revenue & Customs (HMRC), the UK tax authority, describes itself as an organisation that "collect[s] the money that pays for the UK's public services and help[s] families and individuals with targeted financial support..." and aims to "administer the tax system in the most simple, customer focused and efficient way".² HMRC have encountered numerous challenges in fulfilling these aims, and their recent *Tax Administration Strategy*,³ outlines how they seek to address some of the problems they face by means of reforming and improving the way they operate.

This paper focuses on how those challenges affect the experiences of individuals using HMRC services, namely small tax practitioners, tax credit (TC) claimants and certain low-income individuals (over age 55, receiving £20,000 or less in income). The key research objective is therefore to consider

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¹ HMRC, *The HMRC Charter* (2023), <https://www.gov.uk/government/publications/hmrc-charter/the-hmrc-charter> [Accessed 1 August 2023].

² HMRC, *About Us* (2023) <https://www.gov.uk/government/organisations/hm-revenue-customs/about> [Accessed 7 August 2023].

³ HMRC, *Corporate Report, Building a Trusted, Modern Tax Administration System* (2020) <https://www.gov.uk/government/publications/tax-administration-strategy/building-a-trusted-modern-tax-administration-system> [Accessed 3 August 2023].

the extent to which HMRC frontline practices achieve the principles set out in HMRC's *Charter* from the perspectives of these individuals.

This paper explores the relationships, day-to-day experiences and interactions between HMRC and users ('customers')⁴ as regards their respective responsibilities, underpinned by the principles set out in HMRC's *Charter*. Our paper is unique and offers several significant contributions. First, the authors collect and analyse data from three types of HMRC user: (i) those who represent taxpayers and act as 'translators' between HMRC and taxpayers, that is, tax practitioners; (ii) low-income individuals who claim financial support payments from HMRC, namely, TC claimants; and (iii) older low-income individuals, who rely on help from the charity, *Tax Help for Older People* (*Tax Help* henceforth). Second, although there is an acknowledged body of academic literature that examines tax administration, more empirically-based, critical research is needed, which this paper provides. Third, the paper offers an overview of problems to consider further in the rush to digitalisation, which will have a key impact on policy-makers and HMRC to help improve experiences for both users and HMRC officials, and make tax administration more efficient and effective.

HMRC's *Charter*⁵ sets out the standards to help ensure that those dealing with HMRC are treated in accordance with democratic tax principles, such as equity (fairness). HMRC's *Charter*⁶ is said to be:

...core to HMRC's vision of being a trusted, modern tax and customs department, setting the service standards and behaviours that customers should expect. It explains how HMRC will get things right, make things easy for customers, and be fair, responsive and aware of customers' personal situations, including recognising that customers may want someone else to represent them and that HMRC will keep their data secure. The Charter is relevant to everything that HMRC delivers, and conforming with its standards will lead to positive experiences for customers.

The findings from the empirical data, however, illustrate that in some cases democratic tax principles, such as those set out in HMRC's *Charter*, are not upheld, and users find HMRC services wanting. Ultimately, this leads to some users feeling disempowered, and to the creation of mistrust between tax practitioners and their clients, and has detrimental impacts on vulnerable taxpayers.

This paper comes at a crucial point in time when the UK government is developing and implementing fully digitalised⁷ remote tax services. We offer deep insights into the unintended consequences of remote tax services that further digitalisation, we argue, could exacerbate. This is extremely important, given that HMRC's 10-year strategy is underpinned by the notion of a fully digitalised system by 2030. Users' perspectives about HMRC's remote and digitalised tax services are therefore paramount. Although there have been calls for evidence⁸ into the different aspects of the 10-

⁴ For a discussion about the appropriateness of a "predominantly...regulating department" using the word 'customer', see P. Tuck, M. Lamb and K. Hoskin, "Customers? The reconstruction of the 'taxpayer' in Inland Revenue discourse and practice" (2011) 41(4) *Accounting and Business Research* 357.

⁵ See *The HMRC Charter* (2023).

⁶ HMRC, *Corporate Report, Charter Annual Report 2022–23* (2023) July 17, <https://www.gov.uk/government/publications/hmrc-charter-annual-report-2022-to-2023/hmrc-charter-annual-report-2022-to-2023> [Accessed 4 August 2023].

⁷ This paper uses the term 'digitalised' to refer to the process of changing existing modes/models of operation in the context of using new technology, as opposed to 'digitised', which refers more generally to the process of encoding analogue or physical data and/or documents into electronic formats. However, the two terms are used interchangeably without distinction of meaning, which is confusing.

⁸ Examples of such calls and responses are: HMRC, *Call for Evidence, The Tax Administration Framework: Supporting a 21st Century Tax System* (2021); HMRC, *Call for Evidence, The Tax Administration Framework: Supporting a 21st Century Tax System, Summary of Responses* (2021) <https://www.gov.uk/government/consultations/call-for-evidence-the-tax-administration-framework-supporting-a-21st-century-tax-system> [Accessed 20 August 2023]; HMRC, *A Discussion Document: Simplifying and*

year *Tax Administration Strategy* which seek users' views and experiences, the responses to these calls are invariably provided by professional stakeholders, such as practitioners, rather than unrepresented taxpayers who would be unlikely to be aware of, or feel able to address, such calls. The experiences of these individuals, at the frontline and in their own words, are invaluable given their interactions with HMRC. Whilst unrepresented users usually lack expertise and skills in tax and tax practitioners are highly trained in tax, this paper demonstrates that the experiences of all three user groups are similar, and all are to varying degrees negatively affected. This type of comparative study has not previously been carried out. Hence, the findings set out in this paper could act as impetus to HMRC and policy-makers by identifying key problem areas and how they impact on users. The findings can help ensure development of a digitalised tax system that operates in line with the principles of HMRC's *Charter*, creating a fairer, more responsive and trustworthy system for its users.

The remainder of the paper is structured as follows. Section II considers the background and context in reference to current and past HMRC customer service and reform of the tax administration framework; section III examines prior literature on tax practitioner, TC claimant and taxpayer interactions with tax authorities, section IV details the three research projects, and the research methods used; section V reports the paper's empirical findings, analysed in the context of HMRC's *Charter* principles; and section VI offers the paper's conclusions and outlines key recommendations, the limitations of the studies and areas for future research.

II. Background and context

(a) Current and past HMRC customer service

Despite the aims of HMRC to be "customer focused" and "efficient",⁹ the organisation is frequently criticised for poor service and delays.¹⁰ HMRC has undergone major restructuring in recent years which includes replacement of local, community-based offices where face-to-face help and support was provided to users, with 13 regional centres¹¹. The aim was to create modern and efficient tax services. Additionally, HMRC customer service staff have been reduced in number by nearly a quarter (from 25,500 to 19,500) over the past five years.¹²

HMRC customer services, however, continued to be problematic for users. During 2019–20, HMRC struggled to meet customer services targets as a result of resource issues and the Covid-19

Modernising HMRC's Income Tax Services Through the Tax Administration Framework (2023) <https://www.gov.uk/government/consultations/simplifying-and-modernising-hmrCs-income-tax-services-through-the-tax-administration-framework> [Accessed 10 August 2023].

⁹ See HMRC, *About Us* (2023).

¹⁰ Public Accounts Committee (PAC hereafter), *HM Revenue & Customs' Performance in 2014–15* (HMSO, 2015) HC393; PAC, *HMRC Performance in 2021–22 Thirty-Third Report of Session 2022–23* (11 January 2023) <https://publications.parliament.uk/pa/cm5803/cmselect/cmpubacc/686/report.html> [Accessed 10 August 2023]; Institute of Chartered Accountants in England and Wales (ICAEW hereafter), "Tax revenues up, but HMRC misses customer service targets" (10 November 2020) <https://www.icaew.com/insights/tax-news/2020/nov-2020/tax-revenues-up-but-hmrc-misses-customer-service-targets> [Accessed 10 August 2023]; ICAEW, "Tax News, Government responds to professional bodies on HMRC service standards" (16 May 2023) <https://www.icaew.com/insights/tax-news/2023/may-2023/government-responds-to-professional-bodies-on-hmrc-service> [Accessed 1 August 2023]; National Audit Office (NAO hereafter), *Departmental Overview; HM Revenue & Customs 2015–16* (2016) <https://www.nao.org.uk/wp-content/uploads/2016/11/Departmental-Overview-2015-16-HM-Revenue-Customs.pdf> [Accessed 22 August 2023]; NAO, *Departmental Overview; HM Revenue & Customs 2019* (2020) <https://www.nao.org.uk/report/departamental-overview-hm-revenue-customs-2019-2/> [Accessed 10 August 2023].

¹¹ HMRC, *Corporate Report. Issue Briefing: HMRC's 10-Year Modernisation Programme* (2015) <https://www.gov.uk/government/publications/issue-briefing-hmrc-announces-next-step-in-its-ten-year-modernisation-programme> [Accessed 7 August 2023].

¹² See Public Accounts Committee, *HMRC Performance in 2021–22 Thirty-Third Report of Session 2022–23* (11 January 2023).

pandemic,¹³ and in 2023 a PAC report recommended urgent improvements to HMRC customer service.¹⁴ HMRC admitted that there are challenges in improving their performance, in particular against the principles set out in HMRC's *Charter*.¹⁵ For instance, 91,217 new complaints were raised in 2022–23, a 13.7% increase from the previous year. Overall customer satisfaction appeared low, with tax practitioners scoring overall satisfaction with HMRC the lowest.¹⁶

Thus, a reform of UK tax administration is required to enable HMRC to achieve their main aims to “administer the tax system in the most simple, customer focused and efficient way”¹⁷ and to uphold the democratic tax principles set out in the HMRC *Charter*. The next section briefly discusses HMRC's strategy for reforming the UK tax system as a way of addressing these challenges.

(b) *Reform: The tax administration framework*

HMRC administer the tax system in accordance with a “set of laws, regulations, processes and guidance...”, which they describe as the “tax administration framework” (TAF).¹⁸ The current TAF has been in existence for over 50 years and does not encompass the technological and digital advances which have changed the ways in which modern society operates. Thus, HMRC launched in March 2020, a 10-year strategy to improve and update the TAF to “create a tax system fit for the challenges and opportunities of the 21st century”.¹⁹ The main objective of the strategy is to move toward a flexible, digitalised system, which will remove the need for the majority of taxpayers to contact HMRC in person, including by telephone or letter, based upon the premise that in-person enquiries could be served better through digitalised means, and improve customer service satisfaction.²⁰ HMRC reported, in 2023,²¹ that customers using digitalised means to resolve their tax issues expressed a greater degree of satisfaction (82%) as compared with those using telephone services (54%). It was noted by the NAO in 2020²² that HMRC have an “aim of becoming one of the most digitally advanced tax administrations in the world”, and their 10-year strategy appears to further this aim.

There are further, more specific aims which HMRC²³ are keen to attain in the revised TAF. These include a move to a single digitalised account where taxpayers can access all of their different tax responsibilities in one place, with the implementation of real time reporting and timely tax payments, thus moving away from the current system which operates on a time lag. The objective is to create a ‘one-stop shop’ tax system that gives taxpayers access to customer services, at their leisure, via a variety of different routes (e.g. via a mobile telephone application or computer).

HMRC's approach is underpinned, however, by an implicit assumption that all users are capable of accessing and correctly using digitalised tax services. Although HMRC report that there will be a ‘fall-back’ system for users who find it difficult to access/use digitised services, their reports lack any meaningful detail about this.

Since the publication of the 10-year strategy, there have been various consultations in relation to different aspects of the strategy, with a view to obtaining the opinions of various stakeholders. Interestingly, whilst professional bodies and tax practitioners may contribute to the consultations, there

¹³ See ICAEW, “Tax revenues up, but HMRC misses customer service targets” (10 November 2020).

¹⁴ See Public Accounts Committee, *HMRC Performance in 2021–22 Thirty-Third Report of Session 2022–23* (11 January 2023).

¹⁵ See HMRC, *Corporate Report, Charter Annual Report 2022–23* (2023) July 17.

¹⁶ See HMRC, *Corporate Report, Charter Annual Report 2022–23* (2023) July 17.

¹⁷ See HMRC, *About Us* (2023).

¹⁸ See HMRC, *Corporate Report, Building a Trusted, Modern Tax Administration System* (2020).

¹⁹ See HMRC, *Corporate Report, Building a Trusted, Modern Tax Administration System* (2020).

²⁰ See HMRC, *Corporate Report, Building a Trusted, Modern Tax Administration System* (2020).

²¹ See HMRC, *Corporate Report, Charter Annual Report 2022–23* (2023) July 17.

²² See NAO, *Departmental Overview; HM Revenue & Customs 2019* (2020) 4.

²³ See HMRC, *Corporate Report, Building a Trusted, Modern Tax Administration System* (2020) 11.

appears to be little mention of the impact of HMRC's plans for digitalised tax services upon tax practitioners. Wade notes:

Disappointingly, [the] discussion document [*Simplifying and Modernising HMRC's Income Tax Services*²⁴] doesn't seem to consider tax agents at all. Perhaps this is not so surprising, given that, notwithstanding a recognition that agents are important in the running of the tax system, they are often overlooked in implementation.²⁵

This observation is surprising given that there are large numbers of tax practitioners in the UK, who represent millions of taxpayers who rely on them for assistance (72,000 agents represent at least 12 million of HMRC's customers²⁶).

In the case of TC claimants and vulnerable people, most do not have the privilege of being represented by tax practitioners and must deal with HMRC officials directly. The TC system is a government financial support programme, specifically targeted towards low-income individuals.²⁷ Thus, those on low incomes can ill-afford to pay for tax practitioner services to help them navigate through tax regulations and obligations.²⁸ The question of whether or not HMRC's *Charter* is fit for purpose and relevant in today's society is now even more important due to HMRC's initiative of developing digitalised forms of tax services.

III Review of prior literature

(a) Tax practitioner interactions with the UK and other tax authorities

There is a limited amount of empirical literature that examines the interactions between UK tax authority officials and different types of tax service users, such as small tax practitioners, TC claimants and the older, more vulnerable groups in society, particularly in terms of comparing the experiences of these groups.

Tax practitioners play a key role in the tax systems of many countries and are said to help the system run smoothly.²⁹ They act as intermediaries between the taxpayer and the tax authority. The

²⁴ See HMRC, *A Discussion Document: Simplifying and Modernising HMRC's Income Tax Services Through the Tax Administration Framework* (2023).

²⁵ S. Wade, "Policymaking for a digitally advanced tax administration", ICAEW, *TAXline* (30 June 2023) https://www.icaew.com/technical/tax/tax-faculty/taxline/2023/articles/policymaking-for-a-digitally-advanced-tax-administration?utm_campaign=ICAEW%2C%20Faculties%20and%20Communities&utm_source=2570493_Faculties_TAXline_News_July23&utm_content=4&utm_medium=email&dm_i=4B45,1J3EL,QCAR5,74PPO,1 [Accessed 10 August 2023].

²⁶ See HMRC, *Consultation Outcome. Raising Standards in the Tax Advice Market* (2020) 15.

²⁷ S.C. Closs-Davies, D.M. Merkl-Davies and K.P. Bartels, "Tax credits as an accounting technology of government: 'Showing my boys they have to work, because that is what happens' " (2021) 34(3) *Accounting, Auditing & Accountability Journal* 531; S.C. Closs-Davies, K.P. Bartels and D.M. Merkl-Davies, " 'The frog in the pan': Relational transformation of public values in the UK tax authority" (2021) 34(7) *Accounting, Auditing & Accountability Journal* 1635; S. Closs-Davies, "A study of the UK tax credits system: Transforming citizens into self-responsible individuals at the frontline of tax administration" in A. Sawyer, L. Oats and D. Massey (eds), *Contemporary Issues in Taxation Research Volume 4* (Birmingham: Fiscal Publications, 2021), p. 107.

²⁸ J. Frecknall-Hughes, *The Tax Problems Experienced by Older People* (London: Chartered Institute of Taxation (CIOT hereafter), 2017) <http://www.tax.org.uk/policy-and-technical/grant-and-sponsorship-funding-applications> [Accessed 1 July 2023]; J. Frecknall-Hughes, N. Monir, B. Summers and S.R. James, "Tax justice and older people: An examination through the lens of critical tax theory" in D. de Cogan (ed), *Tax Justice and Tax Law: Understanding Unfairness in Tax Systems* (Oxford and Portland, Oregon: Hart Publishing, 2020), p. 221.

²⁹ See C. Davidson, "The moral compass" (2016) July *Tax Adviser* 16; J.S. Dzienkowski and R.J. Peroni, "The decline in tax adviser professionalism in American society" (2016) 84 *Fordham Law Review* 2721; R. Helleloid, "Ambiguity and the evaluation of client documentation by tax professionals" (1989) 11(1) *Journal of the*

reasons for taxpayers employing a tax practitioner have been explored in many academic studies,³⁰ but there has been less attention on tax practitioners' interactions with tax authorities. Prior studies which have examined these interactions suggest practitioner views may be shaped by their previous encounters. For instance, research in the South African context explored what a quality service would look like from the perspective of tax practitioners;³¹ and UK studies revealed a number of desirable characteristics for an effective relationship with HMRC.³² The following characteristics were viewed as important to practitioners: good communications; helpful documents and materials; flexibility by the tax authority and helpfulness towards the practitioner; and being kept informed about technical issues and new systems. Such characteristics may therefore be seen as integral to a good tax service.

If a taxpayer is represented by a tax practitioner, this forms a three-way (tripartite) relationship between the tax authority, the taxpayer and the tax practitioner. The tax practitioner's position in the middle of the tripartite relationship can be challenging because practitioners have to balance the needs of taxpayers (who may seek to minimise their tax liabilities) and the tax authority (which may wish to maximise revenue collection).³³ Dilemmas³⁴ may arise for the tax practitioner as there is a boundary between "obligations to the state" and the "rights and duties of individuals".³⁵ Reconciling and balancing these different roles can be difficult,³⁶ particularly as studies in several countries reveal a changing relationship between tax authorities and practitioner.³⁷ Various initiatives described by the OECD³⁸ as 'enhanced relationships', or 'cooperative compliance' (which are based on theories which propose a 'partnership framework') are being developed. However it is noted that such initiatives are:

primarily taxpayer focused with tax practitioners either sidelined or simply facilitating the arrangement between the administrator and the taxpayer.³⁹

American Taxation Association 22; R. Gupta, "Relational impact of tax practitioners' behavioural interaction and service satisfaction: Evidence from New Zealand" (2015) 13(1) *eJournal of Tax Research* 76; V. Thuronyi and F. Vanistendael, "Regulation of tax professionals", in V. Thuronyi (ed), *Tax Law Design and Drafting Volume 1* (1996).

³⁰ A summary of this literature can be found in J. Frecknall-Hughes, K. Gangl, E. Hofmann, B. Hartl and E. Kirchler, "The influence of tax authorities on the employment of tax practitioners: Empirical evidence from a survey and interview study" (2023) 97 102629 *Journal of Economic Psychology* 3–5.

³¹ M. Stiglingh, "Service quality framework for the South African Revenue Service from the perspective of the tax practitioner" (2014) 40 (2) *Public Relations Review* 240.

³² J. Dabner, "Constraints on the 'partnership' model – what really shapes the relationship between the tax administrator and tax intermediaries in Australasia and the United Kingdom" (2012) 4 B.T.R. 526; J. Hasseldine, K. Holland and P. Van der Rijt, "The market for corporate tax knowledge" (2011) 22(1) *Critical Perspectives on Accounting* 39.

³³ It is often the case that HMRC are perceived as wishing to collect the maximum amount possible of revenue. However, their overall brief is to collect the 'correct amount of revenue, from the right person, at the right time'.

³⁴ See Dzienkowski and Peroni, "The decline in tax adviser professionalism in American society" (2016) 84 *Fordham Law Review* 2721; Y. Sakurai and V. Braithwaite, "Taxpayers' perceptions of practitioners: Finding one who is effective and does the right thing?" (2003) 46(4) *Journal of Business Ethics* 375; Dabner, "Constraints on the 'partnership' model – what really shapes the relationship between the tax administrator and tax intermediaries in Australasia and the United Kingdom" (2012) 4 B.T.R. 526; J.T. Philipps, "It's not easy being easy: Advising tax return positions" (1993) 50 *Washington and Lee Law Review* 589.

³⁵ C. Davidson, "The moral compass" (2016) July *Tax Adviser* 16.

³⁶ J. Frecknall-Hughes and E. Kirchler, "Towards a general theory of tax practice" (2015) 24(2) *Social and Legal Studies* 289.

³⁷ See Dabner, "Constraints on the 'partnership' model – what really shapes the relationship between the tax administrator and tax intermediaries in Australasia and the United Kingdom" (2012) 4 B.T.R. 526; M. Walpole and D. Salter, "Regulation of tax agents in Australia" (2014) 12(2) *eJournal of Tax Research* 335.

³⁸ See OECD, *Study into the Role of Tax Intermediaries: Fourth OECD Forum on Tax Administration*, Cape Town, South Africa (2008). See OECD, *Co-operative Compliance. A Framework from Enhanced Relationship to Co-Operative Compliance* (2013) https://read.oecd-ilibrary.org/taxation/co-operative-compliance-a-framework_9789264200852-en#page1 [Accessed 12 December 2023].

³⁹ Dabner, "Constraints on the 'partnership' model – what really shapes the relationship between the tax administrator and tax intermediaries in Australasia and the United Kingdom" (2012) 4 B.T.R. 526, 528.

HMRC's strategy mirrors this, in focusing on digitalising tax services so taxpayers can access them directly. An initiative that has developed from the 'enhanced relationship' model is 'responsive regulation', which has been employed by tax authorities in Australia and New Zealand.⁴⁰ A shift towards these types of models has been observed in the UK too, with an aim to "move towards an environment where regulatees comply voluntarily, and [where] there is mutual trust and respect between regulators [the tax authority] and regulatees [taxpayers, tax claimants or tax practitioners]".⁴¹ Thus trust between all parties is important.

The changing position of how the tax authorities interact with practitioners has wide reaching effects. A marked deterioration in relationships was observed in Australia and New Zealand.⁴² In the UK it was reported that practitioners' former relationships with HMRC staff, characterised by trust, mutual respect, and a common interest in "determining the tax effect" for the client, were a thing of the past.⁴³ Practitioners felt that HMRC's position had changed towards a goal of collecting the maximum amount of tax possible⁴⁴ and that HMRC had become more aggressive towards some taxpayers. Practitioners felt less trusted than in the past⁴⁵ and it was forecast that a "storm"⁴⁶ was approaching with regard to HMRC/tax practitioner interactions. Additionally, it was reported that closures of local offices, and loss of local knowledge, contributed to the deteriorating relationship between tax service users and HMRC.⁴⁷ Furthermore, studies⁴⁸ observe a loss of discretion, knowledge and technical skills and an unwillingness to engage with legislation/case law by HMRC staff, who choose instead to cite from computer screens and predetermined decision manuals, all of which affect the practitioners' roles and interactions with HMRC.

A recent study using an extended version of the 'slippery slope framework' (the latter is widely used in economic psychology)⁴⁹ indicates that the nature of a tax authority's power influences whether

⁴⁰ See Dabner, "Constraints on the 'partnership' model – what really shapes the relationship between the tax administrator and tax intermediaries in Australasia and the United Kingdom" (2012) 4 B.T.R. 526; Walpole and Salter, "Regulation of tax agents in Australia" (2014) 12(2) *eJournal of Tax Research* 335; V. Braithwaite, "Responsive regulation and taxation: Introduction" (2007) 29(1) *Law and Policy* 3; L.P. Feld and B.S. Frey, "Tax compliance as the result of a psychological contract: The role of incentives and responsive regulation" (2007) 29(1) *Law and Policy* 102.

⁴¹ L. Gracia and L. Oats, "Boundary work and tax regulation: A Bourdieusian view" (2012) 37(5) *Accounting, Organizations and Society* 304, 305.

⁴² See Dabner, "Constraints on the 'partnership' model – what really shapes the relationship between the tax administrator and tax intermediaries in Australasia and the United Kingdom" (2012) 4 B.T.R. 526; Walpole and Salter, "Regulation of tax agents in Australia" (2014) 12(2) *eJournal of Tax Research* 335.

⁴³ R. Maas, ICAEW Tax Faculty Hardman Lecture, *Working with HMRC* (16 July 2015) <https://www.cbw.co.uk/2015/11/working-with-hmrc-read-robert-maas-somewhat-controversial-speech/> [Accessed 10 October 2021].

⁴⁴ See Dabner, "Constraints on the 'partnership' model – what really shapes the relationship between the tax administrator and tax intermediaries in Australasia and the United Kingdom" (2012) 4 B.T.R. 526; Maas, ICAEW Tax Faculty Hardman Lecture, *Working with HMRC* (16 July 2015).

⁴⁵ Maas, ICAEW Tax Faculty Hardman Lecture, *Working with HMRC* (16 July 2015). Gracia and Oats, "Boundary work and tax regulation: A Bourdieusian view" (2012) 37(5) *Accounting, Organizations and Society* 304.

⁴⁶ Dabner, "Constraints on the 'partnership' model – what really shapes the relationship between the tax administrator and tax intermediaries in Australasia and the United Kingdom" (2012) 4 B.T.R. 526, 552.

⁴⁷ L. Burkinshaw, "Small Tax Practitioners in the UK – Provision of Tax Advice. A Qualitative Study" (PhD Thesis, University of Exeter, 2021). See also Closs-Davies, Bartels and Merkl-Davies, " 'The frog in the pan': Relational transformation of public values in the UK tax authority" (2021) 34(7) *Accounting, Auditing & Accountability Journal* 1635; Closs-Davies, "A study of the UK tax credits system: Transforming citizens into self-responsible individuals at the frontline of tax administration" in Sawyer, Oats and Massey (eds), *Contemporary Issues in Taxation Research Volume 4* (Birmingham: Fiscal Publications, 2021), p. 107.

⁴⁸ For example, Maas, ICAEW Tax Faculty Hardman Lecture, *Working with HMRC* (16 July 2015); Closs-Davies, Bartels and Merkl-Davies, " 'The frog in the pan': Relational transformation of public values in the UK tax authority" (2021) 34(7) *Accounting, Auditing & Accountability Journal* 1635;

⁴⁹ For example, see E. Kirchler, *The Economic Psychology of Tax Behavior* (Cambridge: CUP, 2007); E. Kirchler, B. Hartl and K. Gangl, "Income tax compliance" in M. Altman (ed), *Handbook of Behavioural Economics and Smart Decision-Making* (Cheltenham: Elgar, 2017), p. 331; E. Kirchler, E. Hoelzl and I. Wahl, "Enforced versus

taxpayers employ a tax practitioner or not. If the authority acts coercively, then more taxpayers are likely to require tax practitioner assistance. Thus interaction with tax practitioners is important as they can make the work of a tax authority easier.⁵⁰ There are dangers in a weak relationship with the tax authorities, as a “[n]egative attitude...can affect compliance of taxpayers and tax practitioner ethics”.⁵¹ Trust and mutual respect and understanding are thus required for a cooperative meaningful relationship to exist.

The above discussion demonstrates the tensions between the practitioner and tax authority, and how their relationship can become difficult, complex and lacking in trust. This paper provides further empirical insights into the experiences of tax practitioners and contributes to the body of literature in this area.

(b) *Tax credit (TC) claimants’ interactions with the UK tax authority*

The UK TC system provides means-tested financial support to low-income households (individuals and/or families). It has been in operation since April 2003 and is slowly being phased out and replaced by Universal Credit. It is paid to eligible claimants who are either in work (with or without dependants) or out of work (with dependants). It operates as a top-up to low-income households to alleviate financial hardship and poverty, and is administered by HMRC. According to HMRC statistics, there were 1,146,000 households claiming TC as at April 2023 (27% of these being out of work).⁵² There is a small body of literature that examines TC, which is predominantly USA-based and mainly adopts a quantitative modelling approach, focusing upon economic outcomes and take-up rates.⁵³ TC research is chiefly of positivist orientation, focused on cost-benefits evaluations and economic effects, and is descriptive and comparative in nature. However, TC, as a form of welfare programme, has historically not received due attention from critical tax scholars. Critical studies of welfare programmes are concerned with social equality and justice: “fair equality of relational opportunity...understood as the absence of social relations of domination, segregation, and hierarchy”.⁵⁴ A few of the existing studies examine facets of inequity and tax/welfare administration⁵⁵ and their implications on (types of)

voluntary tax compliance: The ‘slippery slope’ framework” (2008) 29(2) *Journal of Economic Psychology*; K. Gangl, E. Hofmann and E. Kirchler, “Tax authorities’ interaction with taxpayers: A conception of compliance in social dilemmas by power and trust” (2015) 37 *New Ideas in Psychology* 13.

⁵⁰ See Frecknall-Hughes, Gangl, Hofmann, Hartl and Kirchler, “The influence of tax authorities on the employment of tax practitioners: Empirical evidence from a survey and interview study” (2023) 97 *Journal of Economic Psychology* 11.

⁵¹ See Dzienkowski and Peroni, “The decline in tax adviser professionalism in American society” (2016) 84 *Fordham Law Review* 2721, 2734.

⁵² HMRC, *Commentary – Child and Working Tax Credits statistics: Provisional awards – April 2023* (2023), <https://www.gov.uk/government/statistics/child-and-working-tax-credits-statistics-provisional-awards-april-2023#:~:text=As%20at%20April%202023%2C%20there,compared%20to%20the%20previous%20year,> [Accessed 26.10.2023].

⁵³ M. Brewer and H. Hoynes, “In-work credits in the UK and the US” (2019) 40(4) *Fiscal Studies* 519; S. Hamersma, “The effects of an employer subsidy on employment outcomes: A study of the work opportunity and welfare-to-work tax credits” (2008) 27 (3) *Journal of Policy Analysis and Management* 498; K. Milligan and M. Stabile, “The integration of child tax credits and welfare: Evidence from the Canadian National Child Benefit program” (2007) 91 (1–2) *Journal of Public Economics* 305; M. Brewer and J. Shaw, “How many lone parents are receiving tax credits?” (2006) IFS Briefing Notes BN70 (London: Institute for Fiscal Studies).

⁵⁴ C. Cordelli, “Justice as fairness and relational resources” (2015) 23(1) *Journal of Political Philosophy* 86, 107.

⁵⁵ P. Tuck, “The emergence of the tax official into a T-shaped knowledge expert” (2010) 21(7) *Critical Perspectives on Accounting* 584; Gracia and Oats, “Boundary work and tax regulation: A Bourdieusian view” (2012) 37(5) *Accounting, Organizations and Society* 304.

individuals,⁵⁶ with fewer still focusing on structural inequality and power relations at the frontline of tax administration and services.⁵⁷

In order to gain a deeper understanding of TC administration and its effectiveness in alleviating poverty, we need to examine the lived experience and everyday practices of those who engage with it. A common finding of the growing body of literature in the area of welfare programmes (which includes TC) is that, although designed to alleviate financial hardship for vulnerable members of society, such programmes are developed on the assumption that individuals have the necessary resources and capability to deal with such programmes themselves or that they are able to access and obtain those resources from elsewhere.⁵⁸ However, resources, such as economic capital to pay for advice, and knowledge and skill to understand and navigate through welfare programmes, are unequally distributed because claimants usually lack possession of or access to these resources. The literature also highlights that claimants are adversely affected by unequal power relations during encounters between claimants and the state (welfare authorities and civil servants), for instance, not getting meaningful help/support from tax/welfare officials. Consequently, through engaging with such programmes, the unequal distribution of resources, inequality and poverty is reinforced.

This paper provides further empirical insights into the experiences of TC claimants with HMRC, and contributes to the small, yet growing, body of literature in this area.

(c) *Older, vulnerable individuals' interactions with the UK tax authority*

Older people form a larger proportion of the overall UK population than ever before. The 2021 Census revealed that the number of individuals aged 65 and above stands at over 11 million, some 18.6% of the estimated total population (9.2 million, in 2011, representing 16.4%).⁵⁹ This comprises individuals who are retired, still work, are active or inactive and who, like other sections of the community, may be in good or poor physical and/or mental health, although the likelihood of poorer health increases with advancing age.

⁵⁶ C. Grown and I. Valodia, *Taxation and Gender Equity: A Comparative Analysis of Direct and Indirect Taxes in Developing and Developed Countries* (London: Routledge, 2010).

⁵⁷ Closs-Davies, Merkl-Davies and Bartels, "Tax credits as an accounting technology of government: 'Showing my boys they have to work, because that is what happens' " (2021) 34(3) *Accounting, Auditing & Accountability Journal* 531; Closs-Davies, Bartels and Merkl-Davies, " 'The frog in the pan': Relational transformation of public values in the UK tax authority" (2021) 34(7) *Accounting, Auditing & Accountability Journal* 1635; Closs-Davies, "A study of the UK tax credits system: Transforming citizens into self-responsible individuals at the frontline of tax administration" in A. Sawyer, L. Oats and D. Massey (eds), *Contemporary Issues in Taxation Research Volume 4* (Birmingham: Fiscal Publications, 2021), p. 107.

⁵⁸ See Closs-Davies, Merkl-Davies and Bartels, "Tax credits as an accounting technology of government: 'Showing my boys they have to work, because that is what happens' " (2021) 34(3) *Accounting, Auditing & Accountability Journal* 531; Closs-Davies, Bartels and Merkl-Davies, " 'The frog in the pan': Relational transformation of public values in the UK tax authority" (2021) 34(7) *Accounting, Auditing & Accountability Journal* 1635; Closs-Davies, "A study of the UK tax credits system: Transforming citizens into self-responsible individuals at the frontline of tax administration" in A. Sawyer, L. Oats and D. Massey (eds), *Contemporary Issues in Taxation Research Volume 4* (Birmingham: Fiscal Publications, 2021), p. 107; K. Jayasinghe and D. Wickramasinghe, "Power over empowerment: Encountering development accounting in a Sri Lankan fishing village" (2011) 22(4) *Critical Perspectives on Accounting* 396; C. Cooper, C. Graham and D. Himick, "Social impact bonds: The securitization of the homeless" (2016) 55 *Accounting, Organizations and Society* 63.

⁵⁹ Office for National Statistics (ONS hereafter), *Profile of the Older Population Living in England and Wales in 2021 and Changes Since 2011* <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/ageing/articles/profileoftheolderpopulationlivinginenglandandwalesin2021andchangessince2011/2023-04-03#:~:text=Population%20ageing,-Census%202021%20results&text=The%20number%20of%20people%20aged,from%2016.4%25%20to%2018.6%25> [Accessed 20 October 2023].

The tax challenges faced by this group of people have been clearly acknowledged in various official publications and academic studies over many years.⁶⁰ A report in 1998⁶¹ noted that people on low incomes had little support from, for instance, professional advisers or a payroll department, were more likely to suffer from physical impairments, often had to cope with tax matters for the first time following a bereavement; found the tax system bewildering and not geared to their needs. This is all compounded by the need to deal with a digitalised system by people who often lack access to or the skill to use a computer or similar device. This may be exacerbated by various physical/mental impairments and a general lack of knowledge about tax ('tax literacy') and awareness of any need to deal with tax at a personal level.⁶²

While some older individuals are comfortable with digitalisation, many will not be. An Office of Tax Simplification (OTS) report in 2019⁶³ summarised the reasons for digital exclusion as: lack of access (limited broadband availability, costs of hardware and/or software); lack of skills (no knowledge or ability to use digital tools, even if access may exist); and lack of motivation (no interest in acquiring or improving digital skills).

This paper provides empirical insights into the experiences of a group of older people and contributes to the body of literature in this area.

IV Research methods

This study used three empirical studies, as noted below.

Project 1 used material obtained from interviews with smaller tax practitioners involved in the provision of tax advice.⁶⁴ There was an initial focus group of five people, in 2015, then interviews during 2017 and 2018 with 25 individuals (including four of the focus group members). The views were sought of 26 people in total. The data obtained encapsulated in-depth stories, perspectives and experiences from the participants about their roles and work in this domain.

Project 2 used interviews with TC claimants, from different backgrounds, household structures and locations. The researcher developed close links with participants, who not only provided rich data,⁶⁵ but also facilitated 'snowballing'⁶⁶ which enabled more participants to be interviewed. This led to interviews being conducted in North Wales and north-west England. Twenty-five claimant interviews took place between July 2014 and June 2017: one claimant interview with his Approved Landlord, one

⁶⁰ Office of Tax Simplification (OTS hereafter), *Review of Pensioners' Taxation: Final Report* (London: OTS, 2013); Low Incomes Tax Reform Group (LITRG hereafter), *Tax Help For Older People (TOP) Pilot Projects in the South West And West Midlands, April 2001 to March 2002, Final Report* (London: CIOT, 2002); NAO, *Report by the Comptroller and Auditor General, Session 2008–09, HM Revenue & Customs: Dealing with the Tax Obligations of Older People* (HMSO, 2009) HC 961.

⁶¹ LITRG, *Older People on Low Incomes: The Case for a Friendlier Tax System* (London: CIOT, 1998).

⁶² ONS, *Internet Users in the UK: 2018* (ONS, 2018) www.ons.gov.uk/businessindustryandtrade/itandinternetindustry/bulletins/internetusers/2018 (Accessed 29 March 2019); H.C. Lehman, *Age and Achievement* (NJ: Princeton, 1953); C. Gagliardi, G. Mazzarini, R. Papa, C. Giuli and F. Marcellini, "Designing a learning program to link old and disabled people to computers" (2007) 34(1) *Educational Gerontology* 15; B.D. Carpenter and S. Buday, "Computer use among older adults in a naturally occurring retirement community" (2007) 23(6) *Computers in Human Behaviour* 3012.

⁶³ OTS, *Technology Review: A Vision for Simplicity* (OTS, 2019) www.gov.uk/government/publications/will-tax-simplification-still-be-needed-as-technology-advances (Accessed 9 February 2019).

⁶⁴ All participants worked for firms outside the 'top 20' – for example see <https://www.accountancyage.com/rankings/top-5050-accountancy-firms-2020/>.

⁶⁵ H. Owton and J. Allen-Collinson, (2014). "Close but not too close: Friendship as method (ology) in ethnographic research encounters" (2014) 43(3) *Journal of Contemporary Ethnography* 283.

⁶⁶ Snowball (or chain or network) sampling begins with one or more study participants, and then proceeds on the basis of referrals from those participants. The process continues until the desired number of participants (or saturation point) is reached.

with a local Member of Parliament (MP), another with an MP case worker, two with *Citizens Advice* (CA) caseworkers, and one with a Professional Advocate and the remainder with individual claimants. The average length of interviews was around 100 minutes, ranging from 42 minutes to 153 minutes. Interviews took place either in the claimant's home, or, for the interviews with CA caseworkers, an MP, an MP case worker and a Professional Advocate, at their workplaces.

Project 3 used material obtained from an archival study, which examined individual cases dealt with by *Tax Help*, a tax charity which assists individuals with low income (typically less than £20,000 per annum) who are aged 55 or over. Over a series of seven site visits during 2016–17, 708 case details were recorded (351 men; 357 women; 35 persons overall being aged under 60). Details were extracted from the charity's client database and recorded on an Excel spreadsheet for demographic-type details, and in a Word file for narrative details of the tax issues involved. The 708 cases comprised a convenience sample, aimed at being generally reflective of the issues which come to *Tax Help*.⁶⁷

For all studies, the data obtained were analysed using a thematic analysis approach, which was employed to “organize and describe the data set in (rich) detail”.⁶⁸ All research projects were of a qualitative nature and adopted an interpretivist perspective,⁶⁹ to obtain context specific and a deep, rich understanding at a micro level of HMRC users' worldview and lived experiences in the tax field.⁷⁰ This revealed the meanings that participants ascribe to their own domain/environment⁷¹ in their own words, and obtained an understanding of the world from the point of view of those being researched.⁷²

V Empirical findings

In this section the findings from the three studies are discussed. The discussion is presented in separate sub-sections, with each sub-section focusing on one of the key principles of HMRC's *Charter*. Overall, this section demonstrates how and why HMRC do not achieve some of the principles set out in their *Charter*. It shows that remote services play a powerful role here, and provides evidence of the impact of the digitalisation of UK tax services.

(a) *Getting things right*

HMRC's *Charter* states:

⁶⁷ These data were originally collected for two projects funded over the period 2014–2017 by the CIOT. Findings from the funded research have been reported formally, viz., Frecknall-Hughes, *The Tax Problems Experienced by Older People* (London: CIOT, 2017) <http://www.tax.org.uk/policy-and-technical/grant-and-sponsorship-funding-applications> [Accessed 1 July 2023]; Frecknall-Hughes, Monir, Summers and James, “Tax justice and older people: An examination through the lens of critical tax theory” in D. de Cogan (ed), *Tax Justice and Tax Law: Understanding Unfairness in Tax Systems* (Oxford and Portland, Oregon: Hart Publishing, 2020), p. 221. However, the data reported in this paper have not been reported elsewhere.

⁶⁸ V. Braun and V. Clarke, (2006), “Using thematic analysis in psychology” (2006) 3(2) *Qualitative Research in Psychology*, 77, 79.

⁶⁹ Interpretivist research adopts an inductive approach in which data guides theory.⁶⁹ Theory is generated and developed throughout the research process, so that it stays as true and as close as possible to reality. See M. Smith, *Research Methods in Accounting* (London: SAGE Publications Ltd, 2022).

⁷⁰ K. Lukka and S. Modell, “Validation in interpretive management accounting research” (2010) 35(4) *Accounting, Organizations and Society* 462; K. Lukka and E. Vinnari, “Combining actor-network theory with interventionist research: Present state and future potential” (2017) 30(3) *Accounting, Auditing & Accountability* 720; N. Denzin and Y. Lincoln, *Collecting and Interpreting Qualitative Materials* (Thousand Oaks, CA: Sage, 1998); D. Silverman, *Doing Qualitative Research* (Thousand Oaks, CA: Sage, 2013).

⁷¹ E. Bell, B. Harley and A. Bryman, *Business Research Methods*, 6th edn (Oxford: OUP, 2022).

⁷² M. McKerchar, *Design and Conduct of Research in Tax, Law and Accounting* (Sydney, Australia: Thomson-Reuters, 2010); C. Robson and K. McCartan, *Real World Research*, 4th edn (Chichester, Wiley, 2017); M.N.K. Saunders, P. Lewis and A. Thornhill, *Research Methods for Business Students*, 8th edn (Essex, Pearson Education, 2019).

We'll give you accurate, consistent and clear information. This will help you meet your obligations, and understand your rights and what you can claim. When we ask for information, we rely on you to give us full, accurate and timely answers. If you disagree with us, we'll tell you about options available to you and work with you to reach an appropriate outcome quickly and simply.⁷³

Tax practitioners reported several problems with HMRC services, including lost post, errors, delays and call centres not being fit for purpose. Several practitioners believe this is due partly to HMRC computer systems, as TP10⁷⁴ elaborated:

The intransigence, the incompetence, and the downright 'you can't speak to anybody who knows anything'...it used to be that you could phone somebody who knew what they were talking about...The more computerised they have become the more frustrating and the more time consuming...[as] we...work around their systems...that do not work.

The problems described cause frustration and additional work for the practitioner. Additionally, HMRC webpages – designed to provide information to help taxpayers – were described as “vague” (TP12), difficult to navigate and lacking in clarity (TP22). It was observed that if taxpayers need assistance to fulfil their tax obligations, this is not satisfactory and could lead to error.

TC claimants described similar experiences to those faced by tax practitioners. For instance, TC4, described a telephone experience as “going round in circles” and having to deal with officials who “just don't know...or can't understand where you're coming from and they weren't listening to what you were saying”. TC4 made several telephone calls to HMRC, speaking to different officials on each occasion, yet the TC notices received in the post thereafter continued not to reflect the information provided by TC4. HMRC remind and warn claimants to contact them when their personal circumstances change, but this can be difficult to do. Changed circumstances because of illness, disability and bereavement were common causes of problems for *Tax Help* clients as well, viz:

Client's husband died suddenly leaving vast debts including an HMRC debt of £21,256.06 to which interest was being added and the client was now being chased for. Due to financial difficulties and lack of income (only receiving state pension) she had been borrowing from payday loan companies to meet her outgoings.

She had contacted HMRC and was advised that she needed to complete outstanding tax returns on his behalf despite her having no way of finding out the income details.

Even when individuals have tried to make contact with HMRC to ‘do the right thing’, their attempts have been frustrated. Often, indeed, individuals do not know what has caused something to go awry: in the case of *Tax Help* clients, this was often because a wrong tax/PAYE had been applied, which meant that large liabilities and/or penalties built up over time, often incorrectly, which frequently caused financial/emotional distress.

Ensuring that they receive the correct award amount and avoid any overpayments – and similar financial/emotional distress – was key for TC claimants, hence HMRC's reminders to advise them of changed circumstances. However, their experiences make claimants question what happened to their information, and fear getting overpayments. As TC4 explained:

⁷³ HMRC, *The HMRC Charter* (2023). All direct quotes from HMRC's Charter in subsequent sub-sections in section V are from this document.

⁷⁴ TP1, FG1, etc. refer to Project 1 interviewees (FG standing for ‘focus group’); TC1, etc. refers to Project 2 interviewees.

What system were they putting it on, or updating? When you are constantly getting the same thing time and time again...nothing changed...They haven't took a blind bit of notice of what you've said...It's the same letters all the time [sigh]...different date, same letter. You think, 'why bother'?...They just don't listen...got to the point that we did honestly start to ignore letters because we just felt: "Right, nothing we can do" and we left it...you just ignore it...we've no fight in us to continue with that because we've got other things...taking over the worry and everything.

TC4's "other things" referred to dealing with health problems and caring for a son who needed additional care.

HMRC's failure, on several occasions, in not updating claimant TC awards or responding on older people's queries demonstrate they are not achieving their objective of 'Getting things right'. Their practices also foster such powerful feelings of disempowerment and victimisation that they led TC claimants to stop complying with HMRC rules (checking and updating their TC awards) which could also worsen their financial hardship, via overpayments (and underpayments). This goes against the aims of the TC system which was to alleviate financial hardship for claimants.

(b) *Making things easy*

HMRC's *Charter* states:

We'll provide services that are designed around what you need to do, and are accessible, easy and quick to use, minimising the cost to you.

The *Tax Help* cases showed very clearly that services for people who had, for instance, serious health issues were not "accessible, easy and quick to use". The case below exemplifies this and why the client below sought help from the charity:

Health issues: large print font size 14 needed/audio CD, visually impaired – not registered. Eye condition: age related macular degeneration (AMD). Other disabilities/health problems: in a wheelchair, had six strokes – two major and four TIAs, diabetic, viral meningitis, encephalitis, rheumatoid arthritis, osteoporosis, short term memory loss.

While it might be unusual for one person to suffer so many different, complex health issues, nonetheless, it is common, as noted earlier, for older people to suffer from health issues, with visual and hearing impairments being very common, and making it difficult to deal with issues on a screen or by telephone.

Tax practitioners' experiences mirrored the difficulties *Tax Help* clients encountered in that they also generally did not find it easy, or quick to resolve client matters with HMRC, though for different reasons. They reported lengthy waits for responses from HMRC, which TP19 described as "ridiculous". This had an effect on practitioners' relationships with their clients. As TP10 explained:

You can tell from the client's voice when you phone them..."Do I believe you? Don't I believe you? [that this is HMRC's delay]. Have you just been sat doing nothing?" ...They think...that you can't be bothered to chase it up.

Some practitioners found it difficult to "get through to [the right official at HMRC]...they have to ring you" (TP14). TP14 was lost for words whilst trying to explain such challenges. Others described being "passed from pillar to post..." (FG1).

Participants referred to computer problems which arose through lack of human oversight. As TP6 remarked, "tax codes... [are] just done by computer and just churned out...but could be a load of nonsense". Several practitioners used the phrase "computer says no" to indicate that HMRC's

‘computer-guided’ response was actually incorrect when accessing HMRC assistance for their clients. Practitioners found these matters frustrating, time-consuming and consequently, costly.

TC claimants relayed similar experiences to those faced by tax practitioners when dealing with HMRC, with several describing being passed on between different departments (teams), officials and geographical locations when trying to seek help. For example, TC2’s appeal against an HMRC decision on her TC application, took three years to resolve, during which time she received several HMRC letters and notices from different officials, teams, and locations across the UK (Preston, Blackpool, and Belfast): so much so that she got confused when placing them in order on the kitchen table and reading them out loud to the researcher. She questioned:

Why do you [HMRC] have to pass it on to somebody else?...It’s not that difficult...surely it isn’t...[sigh]....and again it’s just putting more time...more time on this isn’t it? The more people you pass it to...the more drawn out it becomes.

According to her, HMRC officials expressed a “lack of compassion” and were described as “idiots” who make claimants “confused”.

Other TC claimants described similar experiences, such that they questioned whether or not it was HMRC’s intention “to put you off” and “make it difficult for you”.

Several TC claimants also felt a need to see HMRC officials in person, as this would have enabled them to express themselves more effectively, as TC5 explained:

I would have liked to have gone to Preston [HMRC office] cause it’s dead close to work; gone [in] with this stuff [TC paperwork] and said, “Look, this is what’s happened”...I had this vision of shimmying up to Preston [HMRC officials], sitting in a little office...It’s just more personable isn’t it, ‘cause you’ve got a name of a person?

TC2 wanted to have “stomped” to an HMRC office to talk to someone and ask “What the hell is going on here? Rather than just waiting months and months for a letter”.

Claimants felt that face-to-face contact would empower them, enable them to use body language to express emotions and foster understanding. In-person modes of communication also empower claimants who have learning difficulties, as some found it difficult to express themselves on the telephone or in writing. TC11 explained that she “struggled with writing” and had “a problem with numbers” and visiting officials in an office would be easier as officials could see claimants “upset” or “distressed”. Officials on the telephone “don’t treat you as human beings...It doesn’t feel like you’re interacting on the phone [with HMRC officials]. You don’t even get a ‘good morning’. [They are] like robots. It’s like they’re not bothered”.

(c) *Being responsive*

HMRC’s *Charter* states:

...we’ll make sure that the people you deal with have the right level of expertise. We’ll answer your questions and resolve things first time, or as quickly as we can. We’ll also explain what happens next and when you can expect a response from us. If we make a mistake, we’ll put it right as soon as possible...

The lack of responsiveness/expertise is implicit in the TC examples cited in section V(b) – and practitioners often encountered HMRC officials who lacked the necessary expertise. According to TP18, some officials “do not understand” and TP21 said that if you ask a question “you’ll probably get the wrong answer...[and] the next person can give you a different answer”. Of course, the practitioner may know that the answer is incorrect or recognise that the official does not understand, whilst an

unrepresented taxpayer may not. Nevertheless, these matters affect the practitioners' client relationships, as TP14 explained:

You are in the firing line from the client...but it is letting them know that most of the people at the Revenue are just admin people, as they cannot answer questions.

Tax practitioners felt that previously they were able to negotiate on client tax cases with HMRC (if there was disagreement in terms of legal interpretation, for instance), to enable cases to come to a mutually agreed, reasonably expedient resolution, but they reported reduced opportunities to do so, saying that HMRC officials had "preconceived ideas and...will not be persuaded otherwise" (TP19); that "their minds are fairly fixed" (TP15); and they "will not budge or [have] it any other way" (TP25). Some felt that such attitudes were driven by pressures to maximise the amount of tax payable.

The *Tax Help* cases showed likewise many instances of a lack of understanding. The case below is typical, in relation to registering for the marriage allowance.

They told me they called HMRC and the automated message said to try online. They went to claim online but the last question did not have a box to tick so unable to complete online registering. Then called HMRC again and on hold for ages. Eventually spoke to someone who said couldn't register over the phone!?

There were, however, positive comments about HMRC services. Some specialist teams (e.g. those dealing with research and development claims) were praised for their excellent technical knowledge and provision of a good service. Also the staff at *Tax Help* itself reported that their own access to HMRC's specialised decision-makers for tricky problems often resulted in matters being resolved very promptly for their clients. However, the predominant issue seems always to be in getting through to a person who can respond effectively.

(d) *Treating you fairly*

HMRC's *Charter* states:

We'll work within the law to make sure everyone pays the right amount of tax and gets their benefits and other entitlements. We'll assume you're telling the truth, unless we've good reason to think you're not.

There is evidence that HMRC will not listen to what the tax practitioner has to say on behalf of the client (to ensure the right amount of tax is calculated) given the reluctance to enter into negotiations to resolve outstanding matters (see V(c)). As TP11 put it: "I think this whole thing of 'they can never be wrong'...is quite disconcerting". The *Tax Help* cases reveal numerous instances of things being very wrong. For example, a case involving incorrect tax codes operated by a pension provider, and multiple errors at different stages by the pension provider and HMRC, took "nine months, three letters and six phone calls to sort out", with HMRC finally agreeing that "all but £1.40 of the underpayment was due to provider error", insisting all the while that it was the taxpayer's responsibility to check that codes were correct. It must be acknowledged, though, in fairness to HMRC, that they can only operate on the basis of information that they have, and sometimes they do not have it. However, this does not sit comfortably with the instances noted in section V(b) of them failing to operate on the basis of information they do have – and frequently provided multiple times.

Additionally, practitioners questioned the fairness (to themselves and their clients) of waiting months or years to resolve client matters, when they (and the taxpayer) are required to submit information to HMRC within a 30-day period. This led to resentment and bewilderment. One practitioner described a repayment claim, still outstanding after two years, as unfair to the taxpayer, who was not well-off.

TC11 described one HMRC official as a “rude idiot” who accused her of “lying” on the telephone. She told the official that she had not been working, but the official preferred to believe the information on his computer screen which showed the opposite, although she pleaded “please help me” to the official. On a separate occasion, TC11 wanted help to understand her TC award notice received in the post and telephoned HMRC to help her work out the figures shown on the notice. She described the conversation:

I told him [HMRC official] “I’m dyslexic and I don’t understand numbers” [and he said] “get someone to read for you then”...and then he made me feel more thick than what I do feel...It’s embarrassing isn’t it? I’m an adult, I’m not a little kid and I don’t need help to read. I’ll read things on my own...The man [HMRC official] was really unpleasant.

Other claimants reported similar experiences, describing HMRC officials as “patronising” and “not bothered to talk to you” (TC12). This made TC 12 feel that she was a “benefit bum”, reinforcing feelings of stigma, victimisation and unworthiness, for some claimants.

(e) Being aware of your personal situation

HMRC’s *Charter* states:

We’ll listen to your worries and answer any questions clearly and concisely. We’ll be mindful of your wider personal situation, and will give you extra support if you need it.

Practitioners reported instances in which HMRC appeared not to take account of the taxpayers’ personal circumstances and were unwilling to exercise discretion as staff appeared to provide advice via a “flow chart” or a “script”. TP15 observed a “[lack of] opportunities for discretion [needed because] we are human beings” and remarked that HMRC officials had an inability to “understand commercial reality” which also requires an understanding of the taxpayer’s situation. There was a feeling that HMRC responses were formulated as if ‘one size fits all’. That said, an example was provided where staff exercised discretion for a taxpayer with dementia – but this appeared so rare that the tax practitioner was surprised by such helpful pragmatism. Dementia was a problem commonly affecting *Tax Help* clients, with clients’ children often contacting the charity for help with their parents’ tax affairs, which had frequently been neglected because of the development of the illness. However, other cases, such as the one below, revealed a lack of awareness of an individual’s situation, similar to those encountered by tax practitioners:

A client called HMRC as they felt they would need help when the 2013/2014 tax return is issued. She is 82, blind and housebound. On contacting HMRC she was told that they did not hold the number for staff that were able to make face-to-face appointments and therefore they were unable to help and gave her another HMRC number. The next number said the same. The third number told her they can’t arrange appointments and then gave her another number which is when she gave up and called [us].

In reference to TC claimants, TC11’s dyslexia was not considered by the HMRC official on the telephone (see V(d)). TC9 also reported not getting tailored help from HMRC, after having started a new self-employed business. She described her telephone conversation with an HMRC official when trying to update her TC claim about her new circumstances:

She [HMRC official] was asking me very direct questions: “What are you going to be doing?” and I told her: “Face-painting...” [...] [She acts out HMRC official’s response] “Right, and how many hours are you going to be doing?” “I’m only starting out, so I’m hoping to do 16 hours” [acts out HMRC official’s voice] “So you’re *hoping* to do 16 hours, or are you going to be *doing* 16 hours?” Because they were asking me in a very direct way...I felt myself being a bit ‘wishy washy’.

TC9 could not provide an actual number of hours because she had only started her business and the nature of her trade did not entail fixed contracted hours, and was seasonal and changeable. She tried to explain this to the HMRC official, but the official could not accept the information.

(f) *Recognising that someone can represent you*

Extracts from HMRC's *Charter* state:

We'll respect your wish to have someone else deal with us on your behalf, such as an accountant, friend or a relative.

Tax practitioners guide, support and advise taxpayers of their tax rights and obligations and yet they have begun to feel sidelined by HMRC, reporting that HMRC increasingly make contact directly with their clients in the first instance, despite them being appointed as their representative. HMRC letters to clients are said to be aggressive, scary, intimidating, and "deny the taxpayer any rights" (TP15). Letters are often not sent to the tax practitioner in time to pre-empt the difficulties and worries that they will inevitably cause clients. This practice affects the client/practitioner relationship as well as the HMRC/practitioner relationship which has become more "hostile" (TP11) and some felt that mutual trust has been lost. TP24 remarked that:

[HMRC] seem like that they don't want people to have agents advising [them]...so they see agents as part of the problem [in terms of tax collection] and not part of the solution.

As TP10 remarked, HMRC had:

...the impression that they believe all agents are trying to do them out of tax. Without actually accepting that without tax agents the system would not operate.

These comments illustrate that practitioners feel less trusted and respected. The *Tax Help* cases throughout inherently show an unawareness that tax advisers can represent individuals in relation to their tax difficulties with HMRC: *Tax Help* is often a solution of last resort, though the individuals they assist are usually very grateful indeed, as the comments below show.

Should one day I land up under the Charing Cross arches, a novice 'bag lady' with one loving scruffy Scottish terrier and half a Guinness, you have been personally designated to rescue me!

(g) *Mutual respect*

HMRC's *Charter* states:

We take any threats, intimidation or harassment very seriously and will take appropriate action against any behaviour of this type. We'll always treat you in line with our values of respect, professionalism and integrity. Our employees are people too and we expect you to treat them in the same way.

Practitioners felt strongly that their working relationship with HMRC was previously based on mutual trust. They had access to a named official based in the locality who knew and understood the business of the taxpayers they dealt with. This relationship has disappeared. There were requests to resurrect the relationship to 'how it used to be'. As TP23 (an experienced practitioner) remarked, the former relationship:

was quite an open framework...that has now gone. You probably don't know the person dealing with your clients...you have not got an on-going relationship with [HMRC]...the dynamic is very different to what it was before.

Others expressed stronger sentiments. FG2 said that HMRC “doesn't respect what we do”, but was “desperate to have a better relationship” and FG5 stated “we're let down by the Revenue and that destroys client confidence in us”, referring to the challenges the organisation faces. TP7 gave an example of ‘rude’ staff.

Practitioners believed that HMRC officials do not trust their clients, as they think they only have ‘saving tax’ on the agenda. This could not be further from the truth for many businesses. FG3 explained that SMEs are “more bothered about trading...and the Revenue...couldn't get it...they could not see the commerciality of it”.

Generally, the experiences described in section V indicate a number of difficulties, yet some understanding as to the reasons for this are evident, as officials are described as “foot soldiers”, that “there aren't enough of them” (TP22), that they are “overworked” and “let down by the system” (FG3).

In section V(c), when considering TC claimants, it was noted how TC11 was accused of lying by a HMRC official during a telephone conversation, being accused of working when she was not, simply because the official believed the computer screen information and not her. TC11 described the official as “really patronising...horrible” and the more TC11 stressed it was the computer's error, “the more...unpleasant” the official became. Several TC claimants also experienced not being believed by HMRC officials, such that TC7 felt “terrified the information [she] provided [to HMRC] was wrong” even though she knew it was not. TC7's husband felt “really guilty” when completing TC renewal forms.

TC9 described her TC encounters with HMRC as like being pulled over by the police when driving: “You think ‘Oh god, what have I done wrong?’ and you haven't done anything wrong”. TC9 justified this by believing HMRC have been:

trained to be a certain way...they're just doing their job and they've got to detect fraudulence. They can't just be a nice person. They've got to do their job.

Not being believed by HMRC officials makes claimants feel they are being treated unfairly which goes against one of the key principles of HMRC's *Charter* of ‘Treating you fairly’. HMRC officials act without compassion, understanding and empathy towards some TC claimants. These experiences are so powerful that claimants felt it necessary to keep records to prove that they had not made mistakes (TC3 and TC6) in case of “come back” from HMRC.

Some TC claimants also felt they were being treated unfairly when the responsibility was placed on them to calculate and provide information to HMRC, especially when some claimants found this very challenging (e.g. if they had learning difficulties). For instance, TC1 feared making a mistake when calculating her annual income on her TC application form. She questioned why claimants had to calculate and provide information that HMRC already hold, referring to the PAYE system that allows HMRC to access earnings' information already provided by employers. TC6 expressed similar thoughts and wondered whether HMRC were “just seeing if we're being honest or what?”. This conflicts with the experiences of TC11 (see V(d)) who was accused of “lying”: various information was apparent on the computer screen of the HMRC official that TC11 said was not correct (a source of immense frustration/accusation for TC11), but TC11 needed HMRC to take her word (to correct the information). TC1 and TC6, however, were bemoaning the fact that the HMRC computer system did not automatically include information that they thought HMRC should already have – and they wanted the system to pick it up as they were fearful of making errors on their documentation (although it would, perhaps, beg the question as to whether that information was correct, per the experience of TC11).

Tax Help cases too reveal the difficulty of respecting/dealing with individual circumstances.

I ... have e-mailed you recently re a client who had contacted us. She had tax deducted from her savings interest in 2015–16, but when she wrote to HMRC to request a refund, they said that she was not on their records. It transpired that she has no National Insurance Number [NINO], despite having lived here from the age of 16 having moved to the UK from Cyprus – she is now 86. We tried to request a NINO, but were unable to make progress as she does not have a current passport or a birth certificate.

In the above case, it has taken 70 years for a tax issue to arise – and the circumstances are nearly impossible to resolve for the individual.

VI Conclusions

Tax administration is an important government tool that has significant implications for society and justice.⁷⁵ Critical tax researchers need to focus more on examining “what actually happens in the real world when tax rules and regulations are put to play”.⁷⁶ This paper makes a contribution to the critical tax literature by highlighting the experiences of tax practitioners, TC claimants and older low-income individuals, in their own words, demonstrating that tax administration operates in a field of power struggles between tax authority workers, underlying digital technologies and tax service users.

This paper has investigated the extent to which HMRC practices achieve the principles set out in HMRC’s *Charter* from the perspectives of small tax practitioners, TC claimants and older, more vulnerable people. To address these issues, the researchers collected data from focus groups (with tax practitioners), interviews (with tax practitioners and TC claimants) and experiences from a tax charity. Although these groups represent different types of tax service users (the former holding knowledge and skills in tax and the latter not as much, if any, in most cases), the paper concludes that all user types share similar experiences of HMRC tax service provision, and suffer negative impacts. The findings suggest that HMRC tax service practices are not achieving some of the HMRC’s *Charter* principles. This leads to further questions and key recommendations.

First, why are HMRC tax services not achieving some of the principles set out in the *Charter*? The digitalised tax services system is already affecting the effectiveness of services provided by HMRC officials to tax practitioners, TC claimants and vulnerable individuals. HMRC officials have become faceless, nameless screen-level bureaucrats, whose practices are dictated by computer screens, predetermined scripts and decisions made by IT algorithms. As a result, certain HMRC officials do not apply discretion, flexibility, empathy, compassion or understanding towards users. Furthermore, such HMRC practices have a detrimental effect on the tax practitioner-client relationship, can worsen TC claimants’ and vulnerable individuals’ financial hardship. This all militates against the aims of a TC system which was designed to alleviate poverty, and reinforces feelings of stigma and victimisation for claimants, ultimately leading to their disempowerment in society. This paper could help inform HMRC practices and training to provide humanised helpful services that can foster mutual trust and understanding.

Second, the findings call into question whether or not HMRC’s *Charter* is fit for purpose. Given that, as noted, HMRC, at the frontline of tax services, do not achieve some of the principles set out in their own *Charter*, this leads to consideration of whether or not these principles need to change or remain unchanged. In the former case, a change in principles could worryingly lead us to the

⁷⁵ See Gracia and Oats, “Boundary work and tax regulation: A Bourdieusian view” (2012) 37(5) *Accounting, Organizations and Society* 304.

⁷⁶ L. Oats, “Tax as a social and institutional practice”, in L. Oats (ed), *Taxation: A Fieldwork Research Handbook* (Abingdon: Routledge, 2012) p. 3, p. 5.

normalisation of current HMRC practices that do not seem to benefit tax services users. However, not changing these principles could equally maintain the status quo. Either way, this paper could act as impetus to inform and help develop and improve HMRC tax services to benefit users.

Third, the role and implications of the digitisation of tax services for users need to be considered. This paper is written at a crucial point in time at which HMRC have already started implementing digitalised ways of dealing with tax in the UK. However, based on this paper's findings, we question the ability of HMRC tax services to provide effective help to users now. How will these outcomes look by 2030 when HMRC plan to have implemented a fully digitised system for all? This paper can help inform HMRC to 'get things right' now so that a fully digitalised system in the future is more effective and efficient, benefiting all stakeholders.

While some of the data used for the analyses in this paper may look dated, the timing of the data collection is very useful in that it provides empirical evidence of the problems that HMRC continue to face and attempt to address in their a 10-year strategy for reforming and improving the way they operate (as discussed in section II). Future research could involve the collection of recent experiences, especially as a result of and after the Covid-19 pandemic, to determine whether user experiences have improved or deteriorated further. Further research could focus on the yet unaddressed issues of the overall accountability of HMRC to service users, and redress. Further work remains to be done, but the findings in section V indicate numerous areas where improvement apparently is needed.