Review of HMRC Online Services

Lord Carter of Coles

March 2006

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Version 2

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This version has been updated as follows:

- Appendix 5 has been amended to show the correct timeline for the changes recommended in the body of the Report;

- Appendix 6 now includes an updated list of contributors whose views were taken into consideration in the course of the Review.

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Appendices

Foreword

Much has changed since our Review of Payroll Services in 2001. Information technology now permeates all aspects of our daily lives and UK citizens are sophisticated users of the computer and internet.

Today's HMRC is also very a different organisation from the Inland Revenue with whom we worked five years ago. The newly merged department covers a broad range of businesses and deals with a wide variety of customers.

When we spoke to users over five years ago we detected some hesitation and reluctance over the introduction of electronic filing. Five years later there has been a sea change in attitude and practice: now more than 60% of small employers file PAYE online and nearly 25% of Self Assessment returns are made electronically.

We found general acceptance of the use of online services going forward and we were encouraged by the success of the recent SA Online service which was able to provide a continuing high quality response even at the peak filing period.

Building on this good progress we have set an ambitious, but we think realistic, timetable for further measures to increase the use of online services, to promote earlier filing and to provide taxpayers with certainty sooner. Hand in hand with this, we are recommending that HMRC should continue to invest in the infrastructure necessary to ensure that they meet customers' needs.

Lord Carter of Coles
March 2006

Executive Summary

The UK is now one of the most wired-up countries in the world and UK businesses are ranked amongst the most sophisticated users of IT. Citizens and businesses have come to expect easy-to-use, high quality websites that provide quick access to information and services.

The Government has long recognised the importance of embracing the knowledge economy and has set challenging targets for government online services. The range of online services offered by HM Revenue and Customs (HMRC) is comparable with the best overseas international tax authorities but the rates of adoption are relatively low. In part this reflects customers' frustration with some of the services, and doubts about their resilience, but it is clear that there is still some reluctance to engage with the Government online and that businesses and taxpayers who interact electronically on a day to day basis, with their customers, or in the course of their work or personal lives, are less inclined to change the way they deal with HMRC.

Online services have the potential to offer benefits to businesses, taxpayers and the Government. They can help customers to fulfil their tax obligations accurately, more quickly and provide them with greater certainty. For Government, customer use of online services will provide opportunities to free up resources from low value tasks, such as processing and error correction, to focus on more complex activities such as compliance and customer support. To maximise these benefits, it is essential that the services are designed collaboratively around the needs of customers. We have been impressed during the course of our review by the willingness of stakeholders to work with HMRC, and by the desire of software developers and agents to be involved in the design of services.

Widescale adoption of online services is an essential element in realising the efficiencies that technology can offer and will help to transform government services. To this end we are recommending an extension of the electronic strategy set out in the Review of Payroll Services[1]. Improvements will be needed to all the services as this strategy is implemented. HMRC's funding and IT resources are limited and we recognise that it will take time to bring each of the services up to an appropriate standard. However, we have identified a number of relatively small improvements which would make the services easier to use. We have also set out the 'building blocks' that need to be in place before compulsory requirements to use the services are introduced.

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[1] *Review of Payroll Services*, Patrick Carter, 2001 is available at www.hmrc.gov.uk/pbr2001/carter_review.pdf

Recommendations

Electronic strategy

1. We recommend that the Government should set an aspirational goal for HMRC that it should aim for universal electronic delivery of business tax returns by 2012. It should also aim for universal electronic delivery of individuals' tax returns from IT literate groups by the same date.

2. We recommend that HMRC should benchmark customer satisfaction with its online services against commercial online services and seek to learn from best practice.

3. We also recommend that HMRC should work with other public and voluntary organisations to ensure that access to the internet, and appropriate assistance with using IT, are available locally, for example at libraries and UK Online centres, for taxpayers who wish to file their returns online but do not own a computer.

Business and employers

4. For businesses and employers we recommend:

    ### VAT

    -   Large, medium-sized (those with turnover above £5.6 million a year) and newly registering traders should be required to file their VAT returns online, and make payments electronically, for accounting periods starting after 31 March 2008.

    -   Traders with an annual turnover in excess of £100,000 should be required to file their VAT returns online, and make payments electronically, for accounting periods starting after 31 March 2010.

    -   Paper filing will remain an option for traders with turnover below £100,000 but the Government should review the need for this exception in the run-up to 2012.

    ### CT

    -   All companies should be required to file their company tax returns online, using XBRL[2], and make payments electronically, for returns due after 31 March 2010.

    ### PAYE

    -   Large and medium-sized employers (those with 50 or more employees) should be required to file in-year forms (P45 and P46) online from 1 April 2008.

    -   Small employers (those with fewer than 50 employees) should be required to file in-year forms (P45 and P46) online from 1 April 2010.

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[2] Extensible Business Reporting Language - an XML-based format for financial reporting

Data quality

5.   We recommend that HMRC should establish a Taxpayer Data Standards Forum, with membership drawn from a cross-section of employers and chaired by an independent external person. The forum should be tasked, over a 1-2 year period, with identifying and disseminating best practice for cleaning data and maintaining quality.

Filing periods

6.   We recommend that consideration should be given to reducing the filing periods for income tax self assessment (SA) and company tax returns, to bring them closer to the international norms, and that HMRC should offer extra time for online filing of SA returns.

7.   For SA taxpayers, we recommend that from 2007-08 the filing period for paper returns should be reduced to six months – the new deadline should be 30 September – and the filing period for online returns should be reduced to eight months – the new deadline should be 30 November.

8.   HMRC already offer VAT traders an extra 7 calendar days to submit their VAT returns online. We think this is a good incentive for online filing and should be continued, at least until April 2010.

9.   We recommend that the period that HMRC have to query SA tax returns and most[3] company tax returns (the 'enquiry window') should be linked to the date that the return is submitted. This will promote earlier filing and give taxpayers certainty sooner.

Paper substitute return forms

10.   We recommend that HMRC should stop accepting computer generated SA 'substitute' returns on paper, from April 2008 for 2007-08 and subsequent returns.

Payment

11.   We recommend that HMRC should review the payment rules for the different methods of payment and different types of taxes and consider what changes should be made to harmonise the rules.

12.   We also recommend that HMRC should provide an electronic payment facility on its website which would allow taxpayers to set up a future electronic payment. This would enable taxpayers to complete the filing and payment tasks in a single session.

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[3] Different rules may need to be applied for group companies.

Working with agents, software developers and other intermediaries

13. We recommend that HMRC should offer agents workshops on online services, possibly in partnership with software developers, in the run up to the implementation of our recommendations.

14. We also recommend that HMRC should offer an agent registration scheme. This could enable potential clients to identify agents that are registered for and using HMRC online services. Agents that apply for the scheme could be required to abide by a Code of Practice.

15. We recommend that HMRC should consider offering agents a regular email newsletter, which could update them on developments relating to online services and respond to common queries.

16. We also recommend that HMRC should provide a list of consultation forums on their website, details of the matters which are considered by each group and how to contact members of those groups.

17. We recommend that test services for software developers should be provided for all services at least 6 months before major changes to tax returns or the online services.

18. We also recommend that HMRC should share more of the risk rules used to select cases for enquiry with software developers.

19. We recommend that HMRC should explore the idea of an online forum for software developers with the software developer bodies to see if it could offer an opportunity for enhanced collaboration between HMRC and developers.

20. We recommend that HMRC should look closely at how it both produces standard letters and provides online forms to see if it can do so at lower cost using new technology, while still giving customers a good experience.

Working with other government departments

21. We recommend that HMRC work with DWP to speed up the issue of work-related NINOs for adults both through links with other departments and through exploring the idea of a 'work-related NINO'.

22. We endorse the recent joint consultation by HMRC and Companies House about alignment of filing dates and recommend that HMRC should continue to work with Companies House to provide a joint filing facility by 2010.

The building blocks

23. We recommend that as part of their work to deliver robust, high-capacity services HMRC should build in more rigorous testing. Each of the services should be capacity tested at least a year before our recommendations are implemented, and if any tests are not successful the measures relating to that service should be deferred.

24. We recommend that HMRC should streamline the processes by which taxpayers authorise HMRC to disclose confidential information to their agents.

25. We also recommend that agents should be able to file returns for clients who have not yet given HMRC authorisation to disclose.

26. We recommend that HMRC should streamline and align the requirements for client approval of a return so that it may be done electronically in all cases.

27. We recommend that HMRC, working with the Government Gateway, should improve the facilities for managing the secure credentials required to access and use online services.

28. We recommend that HMRC should continue to support digital certificates, but not compel customers to use one.

29. We also recommend that HMRC and the Government Gateway should, working with agents, consider how the processes for delegating authority to file and access client data within large agent organisations could be improved - for example, by enabling bulk uploading and downloading of data.

1   Scope

1.1   The Paymaster General, the Rt Hon Dawn Primarolo MP, announced a review of HMRC online services on the 21 July 2005. The purpose of the review was to look at ways of increasing take-up of online services for income tax self-assessment, VAT, corporation tax and PAYE, and maximising benefits for customers whilst ensuring that the department continues to deliver a sustainable and efficient service that supports compliance.

1.2   The Paymaster General announced that the review would be undertaken by Lord Carter of Coles. He has been assisted by a small review team (Appendix 1). Most members of the team were also involved in Lord Carter's Review of Payroll Services in 2001.

1.3   The terms of reference are at Appendix 2. Written submissions were invited from interested parties and the Review Team met with a wide range of representative bodies and other stakeholders (Appendix 6). We are grateful for their assistance and input.

1.4   The Review Team were asked to look at the online services for the four main taxes administered by HMRC: income tax self assessment (SA), value added tax (VAT), corporation tax (CT) and pay as you earn (PAYE).

1.5   There are 8.8 million SA taxpayers in the UK, 1.8 million VAT traders, 1.9 million companies and 1.6 million employers (who operate PAYE). They are served by a community of around 100,000 tax agents and payroll intermediaries. 56% of SA taxpayers have agents, 80% of companies, 29% of VAT traders and 38% of employers. Employers, or their agents, make returns for 35 million employees and send HMRC more than 23 million in-year forms each year detailing changes in employment.

Previous work

1.6   The review has examined a range of previous work relating to filing of tax returns and electronic services. The Review Team also drew on previous learning and experience from the Review of Payroll Services in 2001.

PAC report

1.7   A Public Accounts Committee (PAC) report, Filing of Income Tax Self Assessment Returns[4], was published in February 2006. Following an earlier National Audit Office report, it recommends that professional agents should be required to file online and that HMRC should explore differential filing dates for paper and electronically filed returns. It also notes that overseas tax authorities typically allow far shorter filing periods than in the UK, and suggests that

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[4] House of Commons Committee of Public Accounts, Twenty-third Report of Session 2005-06 (HC 681) is available from www.parliament.uk

changing filing deadlines could smooth the workflow of processing in HMRC, with benefits for efficiency and accuracy.

OECD reports

1.8 An OECD *Survey of Trends in Taxpayer Services Using New Technologies*[5] (February 2005) describes the findings of an OECD-wide survey to gauge the level of progress of national revenue authorities in member countries in their use of modern online services to help taxpayers meet their tax obligations. It provides benchmark data on the take-up rates being achieved for electronic filing of tax returns for the major taxes and describes the strategies being employed to improve success in this area, as well as progress with other aspects of modern online services for tax purposes. In particular, it provides a range of ideas to encourage use of online services. It identifies an increasing trend for revenue bodies to organise and design their processes around taxpayers, as opposed to a 'tax by tax' approach.

1.9 The OECD also published *Tax Administration in OECD Countries: Comparative Information Series (2004)*[6], which describes selected features of the tax administration arrangements in OECD member countries, including tax return filing and payment obligations for the major taxes. From the country data it can be seen that the UK has the most generous return filing dates of any OECD country for self-calculating personal taxpayers and Corporation Tax.

EU report

1.10 The European Commission Directorate General for Information Society and Media published a report *Online Availability of Public Services: How is Europe Progressing?* in March 2005. It shows that the availability of online government services is increasing across Europe as a whole, with services for businesses more developed than those for individuals. Services which generate income for governments are also more likely to be delivered online than those which provide registrations, permits and other services. Sweden and Austria show the highest levels of online sophistication and availability, with the UK ranked third of the member states making the greatest progress in 2004.

Internal Revenue Service (IRS) report

1.11 In the USA, the IRS Oversight Board[7] submits an annual report to Congress that addresses progress on meeting the electronic filing goals established in 1998, and related issues. Their report for 2004 sets out the IRS's strategic goals for electronic filing to deliver improved service to taxpayers, and reduce costs and administrative burdens.

1.12 The report shows an increase from 23% in 1999 to almost 48% in 2004. As electronic filing has grown in the US, the IRS has been able to close one paper processing centre in 2003, and had plans to close another after the 2005 filing season, allowing the reallocation of IRS resources to critical enforcement efforts. The electronic filing goal has also prompted many of the IRS' stakeholders to focus their attention and resources on electronic filing. The

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[5] Available from www.oecd.org
[6] Available from www.oecd.org
[7] The IRS Oversight Board is an independent body charged to provide the IRS with long-term guidance and direction.

Report recommends extending the due date for electronic returns to incentivise electronic filing, and also concludes that the IRS should continue to seek innovative ways to reach out to individuals who do not have computer access or technological know-how so they too may enjoy the benefits of electronic filing.

1.13   Business return electronic filing levels in the USA in general are relatively low, at just over 27% in 2003-04, and until recently electronic filing was not available for all business returns. The electronic filing initiatives that have been implemented for businesses have been well received, especially where the process added value and did not increase burden or cost. The report recommends removing the current speculation and uncertainty about possible compulsory requirements for electronic submission of business returns by engaging with affected stakeholders to evaluate the costs and benefits.

2   Where we are today

2.1   When we conducted the Review of Payroll Services in 2001 we identified that there were significant cultural and financial barriers in the UK to the use of information and communications technology (ICT). The picture is very different now. In the last five years UK businesses and citizens have enthusiastically embraced new technology and the internet.

2.2   Most businesses already use ICT and over half of all households are now online[8]. Broadband accounted for nearly 65% of all internet subscriptions by December 2005[8]. UK businesses are ranked amongst the most sophisticated users of computing and are amongst the most likely to publish information for customers online. New businesses show the highest rates of internet usage.

2.3   HMRC is ahead of most other UK government departments on the digital agenda, particularly in the range of transactional services that it offers online. The recently merged department receives more than 95% of the transactions that pass through the Government Gateway - the cross-government registration and authentication service operated by the Cabinet Office. And HMRC exchanges large volumes of electronic transactions via EDI (Electronic Data Interchange).

2.4   In 2001 we recommended a combination of incentives and compulsory requirements to move employers to online filing of end of year returns and encourage the use of technology in the operation of payroll. The first phase of those measures was implemented in Spring 2005. Over 60% of employers filed their returns online compared with just 6% in the previous year. This is very encouraging and shows the potential of proactive measures to accelerate the adoption of online services.

2.5   The Self Assessment online service is now, after a slow start, making steady progress. Nearly 25% of income tax self assessment returns were filed online in 2005-06. However, this is still relatively low compared with some other countries, such as the USA where over 50% of personal tax returns were submitted electronically last year.

2.6   Use of the CT and VAT Online services by businesses and their agents, has been even lower. In part this reflects a perception among some groups that the services do not offer significant benefits, but it is also clear that there is still some reluctance in the business community to change the way they deal with government, which is inhibiting the move to online services for transactions such as tax returns. This may have been exacerbated by some high profile problems with HMRC online services at peak times.

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[8] Source: *Internet* Connectivity, Office for National Statistics, December 2005, available from www.statistics.gov.uk

3 What we found

3.1 In contrast to 2001, most people we spoke to accept that compulsory use of online services, possibly with some exceptions for specific groups, is inevitable. They told us that they felt it was now a question of 'when' rather than 'if'. But there is understandable dissatisfaction with some elements of the services. The criticisms from those that had used the services included both the 'electronic experience' – difficulties in accessing or using the service - and the 'human experience' – problems with telephone helpdesks. However, there is a great willingness among stakeholders to be involved in the consultation and design of the services, and a recognition that getting them right is in everyone's interest.

3.2 HMRC told us that, in 2004-05, 88% of those completing the online exit poll for SA Online said they were 'satisfied' or 'very satisfied' with the service, and that all their online services have high rates of reuse. This was partly echoed by our own discussions with professional bodies, during which there was some praise for the range of facilities offered by the PAYE Online and SA Online. However, many people were critical about how these services have performed during the peak filing periods.

3.3 Problems with the new infrastructure for the PAYE Online service meant that half of employer returns were not fully validated on receipt in 2005 and there were delays in processing the returns, which delayed the issue of the letters needed by small employers to claim payment of the incentives. HMRC told small employers that they could claim their £250 incentive for online filing by deducting it from their next monthly payment. However, some small employers do not make monthly payments to HMRC and some preferred cheque payment of the incentive. The processing problems meant that over 200,000 employers had to wait 6 months or longer for their incentive payment.

3.4 Agents felt that HMRC's online services had not always been designed with their needs in mind. For example, they sometimes need to send additional documents with their clients' returns but the SA Online service does not currently allow attachments to be sent. The authentication and user authorisation processes for the CT and VAT Online services, particularly for agents managing large client lists, are unwieldy and time consuming. One firm told us that it employs someone full-time to manage user permissions for the CT Online service.

3.5 The paper processes for clients to notify HMRC that their agent is authorised to act for them also cause difficulties. Agents told us that HMRC's records of the authorisations are sometimes out of date, with the result that they are unable to access some of their clients' data online.

3.6 Software developers told us that they were disappointed that HMRC and the Government Gateway had not provided full end-to-end test services, and the test services that were provided were often implemented too late for them to

ensure their products met HMRC standards and would pass the validation tests.

3.7   Some people still expressed opposition, as a matter of principle, to compulsory use of online services, especially for certain groups, such as pensioners. A few people were concerned about the security of HMRC online services and told us that VAT returns may contain price-sensitive information. HMRC have assured us that they take security and taxpayer confidentiality very seriously, and all their online filing services for tax incorporate industry best practices to ensure that transacting online with these systems is both safe and secure.

3.8   There was criticism of the HMRC website. The site contains a huge amount of information, but in places it is difficult to navigate and the search engine does not work well. Some of the material is out of date and some links do not work. HMRC have told us that one of the underlying problems is the outdated architecture of the site, which means that moving a single page can cause knock-on problems and broken links. They are planning major improvements to their website and have commissioned an independent review, which will focus specifically on customers' experience of using the site. In the short term they plan to adopt customer suggestions about dating pages and highlighting changes to guidance.

3.9   Although not directly related to online services there was widespread criticism of the service provided by HMRC Contact Centres. We were told that it is often difficult to get through on the telephone at peak times and that advisers could not always answer questions straight away or sometimes gave incorrect advice. This problem is clearly more acute for agents and employers who have more complex queries.

3.10   HMRC acknowledges that at very busy peak times meeting the demand is challenging, and told us that it is actively planning its services to support specialised customer needs, including further consideration of how the particular needs of agents should be met.

4 The international picture

4.1 As part of our review we spoke to and visited a number of overseas tax authorities. We also met with members of the OECD Centre for Tax Administration. The information we gathered is covered in more detail in Appendix 3.

4.2 Under many tax systems individuals are due a substantial refund when they make their tax return. This can act as an inherent incentive for online and early filing - because refunds are processed quicker. The UK system where employees' allowances are included in their code, and in most cases the right amount of tax is collected during the year, may be fairer but does not encourage online filing in the same way. Other incentives may have a role to play. A number of overseas authorities allow extra time for online filing and some offer modest financial incentives.

4.3 The range of online services offered by HMRC is comparable to the best overseas tax authorities. However, some countries are achieving far higher levels of take-up and appear to offer better performing, more resilient services than HMRC. We believe that the UK's ability to deliver well-performing, well-used government online services is vital to its international credibility and global competitiveness. It will also be an underpinning element in realising the Government's transformational vision[9] of customer-orientated public services enabled by technology.

4.4 We identified a number of common features that have contributed to high levels of online filing. An increasing number of countries are requiring use of online services by business, and a few also require individuals to file online or via an agent or other intermediary.

4.5 Most countries have a single identifier for individuals used for all tax matters. Many also have a single business identifier. This and comprehensive reporting of income and deductions by third parties (using the unique citizen number) facilitates better use of the data and makes it possible for the tax authorities to offer a better service to the customer by pre-populating returns with information already held from other sources.

4.6 Countries with high take-up of online services attribute a large degree of their success to working with agents and software developers. Some countries manage the peak filing periods by agreeing staggered filing patterns with agents.

4.7 In the course of this review, we have been struck by the unusual length of UK filing deadlines for individual and corporate returns. The OECD told us that the

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[9] *Transformational Government, Enabled by Technology*, Cabinet Office, November 2005

average deadline for an individual's tax return is four months, in the UK it is ten months. For companies the average is 5 months, in the UK it is 12 months. These long deadlines have restricted the scope of HMRC to offer additional time as an incentive for online filing or to work co-operatively with agents to spread the workload.

5   Electronic strategy

5.1   Our view is that online services have the potential to offer significant benefits to businesses, citizens and government.

5.2   For the customer, online services can provide greater certainty, integral validation and help, faster completion of the filing task and faster repayments. However, to maximise the benefits the services need to be customer-focused, designed to meet the needs of the users, and reliable.

5.3   Increased use of HMRC online services will enable savings to be made on high volume, low value tasks such as data entry and error correction. Basic processing alone of an individual's paper SA return costs over £8 more than the equivalent online return. Use of software and online services will promote cleaner data and underpin wider savings both for HMRC and for businesses.

5.4   In 1998 the US government set the IRS a goal of 80% of returns filed online by 2007. The IRS told us that, although they are unlikely to achieve this target in the near future, the goal and the accompanying policy statement had been very helpful in providing the driver for the major changes needed to achieve high take-up rates. **We recommend that government should set an aspirational goal for HMRC that it should aim for universal electronic delivery of business tax returns by 2012. HMRC should also aim for universal electronic delivery of individuals' tax returns from IT literate groups by the same date.**

5.5   There will be a variety of ways of achieving that goal, but we think that as a principle HMRC should only require use of an online service where the particular service meets the needs of the main users and it has been tested to show that it can meet demand, and provide a good customer experience, at the peak times. Equally, compulsory requirements for online filing should take account of the IT abilities of the main users.

5.6   **We also recommend that HMRC should bench mark customer satisfaction with their online services against commercial online services and seek to learn from best practice.**

5.7   Most businesses, including tax agents, use IT on a day-to-day basis in their work. However, there is still some reluctance within these groups to use Government online services. Recent European research shows that only 36% of UK businesses used public sector websites compared with 94% in Finland, 90% in Sweden and 70% in Greece. Many of the people we spoke to told us that they do not perceive sufficient benefit from online services to make the move without compulsion or incentives, but equally they did not think that use of the services would cause them significant difficulty or expense, provided that the software and systems are fully available and robust.

5.8   A relatively small number of businesses have no need for IT and do not use an agent. Equally some individuals who complete their own returns may not have IT skills or equipment. **Taking account of this, our view is that the**

Government's medium-term approach should be to require online filing by agents and by businesses, with an exception for the smallest businesses. That exception should be reviewed in the run up to 2012, taking account of internet penetration and IT skills among the UK SME population at that time. Technology literate individuals should also be encouraged to file online by means of incentives such as longer filing periods.

Public access to the internet

5.9   We also recommend that HMRC should work with other public and voluntary organisations to ensure that access to the internet, and appropriate assistance with using IT, are available locally, for example at libraries and UK Online centres, for taxpayers who wish to file their returns online but do not own a computer.

Electronic payment

5.10   HMRC accepts a range of electronic payment methods, including BACS direct credit, CHAPS, Billpay (debit card payments initiated via the HMRC website) and direct debit. Electronic payment is more efficient and more secure than cheque or cash payment. HMRC provide some incentives for electronic payment, such as extra time to pay, but in many cases the payment rules mean that cheque payment still offers a cashflow advantage for the taxpayer.

5.11   **We recommend that HMRC should review the payment rules for the different methods of payment and different types of taxes and consider what changes should be made to harmonise the rules.**

5.12   **We also recommend that HMRC should provide an electronic payment facility on their website which would allow taxpayers to set up a future electronic payment.** This would enable taxpayers to complete the filing and payment tasks in a single session.

Software generated paper SA return forms

5.13   During 2004-05 HMRC accepted almost 3 million software generated paper 'substitute' SA returns. These are returns prepared – almost exclusively by agents – on computers, and then printed out and sent to HMRC on paper. The re-keying of these returns is wasteful and introduces manual errors that reduce the quality of the clean data produced by the software product. As part of a strategy for moving agents to online filing, **we recommend that HMRC should stop accepting SA returns on paper substitutes, from April 2008 for 2007-08 and subsequent returns**. However, there are a number of improvements which will be needed to address agents' needs and the reasons why these returns are not currently being filed online. We deal with these in the Chapters 6 and 8.

Filing periods

5.14   We have come to the conclusion that the unusual length of time allowed in the UK between the end of the return period and the deadlines for SA and

company tax returns is unhelpful. Some taxpayers may experience more difficulty in completing their returns because the information needed is no longer to hand, and it may have the knock-on effect of making enquiries more difficult because events are not fresh in the taxpayer's mind.

5.15   **We recommend that consideration should be given to reducing the filing periods for SA and company tax returns and that HMRC should offer extra time for online filing of SA returns.**

5.16   **For companies we endorse the recent joint consultation by HMRC and Companies House about alignment of filing periods.** This is covered in more detail in chapter 7.

5.17   **For SA taxpayers, we recommend that for 2007-08 and subsequent, returns the filing period for paper returns should be reduced to six months - the new deadline should be 30 September - and the filing period for online returns should be reduced to eight months - the new deadline should be 30 November.**

5.18   **HMRC already offers VAT traders an extra 7 calendar days to submit their VAT returns online. We think this is a good incentive for online filing and should be continued, at least until April 2010.**

Businesses and employers

5.19   For businesses and employers we recommend:

VAT

- **Large, medium-sized (those with turnover above £5.6 million a year) and newly registering traders should be required to file their VAT returns online, and make payments electronically, for accounting periods starting after 31 March 2008.**

- **All traders with an annual turnover in excess of £100,000 should be required to file their VAT returns online, and make payments electronically, for accounting periods starting after 31 March 2010.**

Paper filing will remain an option for traders with turnover below £100,000 but the Government should review the need for this exception in the run up to 2012.

CT

- **All companies should be required to file their company tax returns online, using XBRL[10], and make payment electronically, for returns due after 31 March 2010.**

We are recommending that the measure for companies should be deferred until 2010 because we believe that there are significant improvements that need to be made to the CT Online service to maximise the benefits for users and for HMRC.

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[10] Extensible Business Reporting Language - an XML-based format for financial reporting.

PAYE

- **Large and medium-sized employers (those with 50 or more employees) should be required to file in-year forms (P45 and P46) online from 1 April 2008.**

- **Small employers (those with fewer than 50 employees) should be required to file in-year forms (P45 and P46) online from 1 April 2010.**

These recommendations build on the measures for end-of-year returns recommended by the Review of Payroll Services.

Data quality

5.20   Improving the accuracy of data exchanged with HMRC will be one of the keys to increasing efficiency and reducing the time that HMRC and its customers have to spend on error correction. Use of software and online services can do much to maintain the quality of data and ensure that manual processes, such as re-keying, do not corrupt it. However, significant improvements to data quality will also need improved processes within HMRC and within customer organisations, such as employers, to identify and correct 'dirty data'.

5.21   HMRC has recently set up a Data Quality Programme to address these issues. We believe that this work should be given a higher profile and taken forward in a collaborative way working with employers that have expertise in data quality improvement.

5.22   **We recommend that HMRC should establish a Taxpayer Data Standards Forum, with membership drawn from a cross section of employers and chaired by an independent external person.** The forum should be tasked, over a 1-2 year period, with identifying and disseminating best practice for cleaning data and maintaining quality.

6 Working in partnership

with agents, software developers and other intermediaries

Agents

6.1 Our view is that HMRC could and should work more collaboratively with tax agents (including payroll intermediaries). Agents tend to prepare the more complex returns and it is clear to us that they add value and correct mistakes that HMRC would otherwise have to pick up.

6.2 Agents prepare significant proportions of the tax returns received by HMRC. They have played an important role in helping employers make the transition to online filing and will be key to the success of new measures to increase the use of online services. Some agents are already using online services, but others will need to learn how to use the services and understand the options.

6.3 **We recommend that HMRC should offer workshops on online services, possibly in partnership with software developers, in the run up to the implementation of our recommendations.**

6.4 **We also recommend that HMRC should offer an agent registration scheme. This could enable potential clients to identify agents that are registered for and using HMRC online services. Agents that apply for the scheme could be required to abide by a Code of Practice.**

6.5 A theme from our discussions with agents was the lack of co-ordinated consultation. Agents often felt that where they were consulted, HMRC 'listened but they did not hear'. It is clear to us that HMRC does have a number of regular consultation forums but equally it seems that ordinary agents do not have a clear route to make their views known and that HMRC do not always respond to representations in a coherent way.

6.6 **We recommend that HMRC should consider offering agents a regular email newsletter, which could update them on developments relating to online services and respond to common queries.**

6.7 **We also recommend that HMRC should provide a list of consultation forums on their website, details of the matters which are considered by each group and how to contact members of those groups.**

6.8   Agents also told us the enquiry windows for SA and company tax returns, which run for 12 months from the filing deadline, act as a disincentive to early filing. They say that if they file early they feel that they are leaving their clients exposed to the risk of an enquiry for longer, and **they suggested that the enquiry window should be linked to the date that the return is submitted. We recommend that HMRC should adopt this suggestion.**

6.9   We are aware that the *Review of HMRC Powers*[11] is looking at the whole range of HMRC's powers relating to inspections and enquiries and it is possible that there will be more radical changes to the way HMRC audits returns. Our recommendation about enquiry windows should not preclude that. However, **we recommend that any new rules relating to the timing of queries about a return should be designed with the same aim: to encourage early filing by linking the date at which the taxpayer has certainty, and knows that their return will not be queried, to the date on which the return was submitted.**

Software developers

6.10   HMRC already publishes software schemas and notes for software developers to enable them to include functionality for online filing. However, we feel that HMRC could do more to work co-operatively with software vendors. **We recommend that test services should be provided for all services and at least 6 months before the implementation of major changes to tax returns or the online service.**

6.11   We also recommend that HMRC should share more of the risk rules used to select cases for enquiry with software developers. We were told that some software developers already include functionality within their products, which warns the user that certain items within their return may attract an enquiry. At the moment these factors are identified by software developers on a trial-and-error basis and may, in some cases, be misleading. **We think it would be helpful if HMRC were more open with software developers about the actual risk rules applied.** This would enable taxpayers and their agents to provide explanations, where appropriate, for unusual items, and it might help them avoid the more common errors.

6.12   Software developers need a route to contact HMRC with technical issues and to get a quick resolution of their queries. Some overseas tax authorities provide an online forum for software developers, where they can get assistance from the technical specialist within the tax authority and share information with other developers. **We recommend that HMRC should discuss this idea with the software developer bodies to see if it could offer an opportunity for enhanced collaboration between HMRC and developers.**

6.13   We spoke to software developers who told us about recent technology developments which could offer ways of improving the quality, consistency and efficiency of issuing standard letters to taxpayers, and more flexible ways of providing customers with the means to complete their returns.

6.14   **We recommend that HMRC should look closely at how it both produces standard letters and provides online forms, to see if it can do so at lower cost while still giving customers a good experience.**

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[11] *HM Revenue and Customs and the Taxpayer: Modernising Powers, Deterrents and Safeguards* is available from www.hmrc.gov.uk

6.15   HMRC currently offers free online forms for all its online services. Most other countries take the same approach but the IRS has chosen to stay out of the software market and has negotiated with the software industry for the industry to offer free software to certain groups. In the future, as online filing becomes the norm, we think that HMRC, working with the industry, should consider this approach and whether it might be better to leave software provision to the industry and focus HMRC resources on the infrastructure for exchanging electronic data with customers, agents and other intermediaries.

Other intermediaries

6.16   HMRC is in the early stages of some work with intermediaries. This work could lead to intermediaries developing and offering innovative methods to enable their customers to meet their tax obligations.

6.17   We endorse this work and believe that HMRC should continue to explore opportunities such as these for organisations to interact with it electronically in ways which are convenient for its customers and efficient for all. This fits with the Government's vision for a mixed economy[12] and, by encouraging competition with its delivery of online services, HMRC could enable organisations from the private and voluntary sectors to provide alternatives to their own online services.

6.18   This approach would make use of the organisations' customer knowledge and could enable the relatively rapid delivery of fully integrated, customer-focused, services. It could also offer an opportunity to mitigate risk from HMRC's delivery of online services.

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[12] Policy framework for a mixed economy in the supply of government e-services: a consultation document, Office of the e-Envoy, May 2003.

7 Working with other parts of government

7.1 We also identified a number of other opportunities for HMRC, and other Government departments, to reduce the regulatory burden on businesses by working together.

Department of Trade and Industry and Companies House

7.2 Both Companies House (an executive agency of the DTI) and HMRC require companies to submit accounts, but the deadlines are different. **We endorse the recent joint consultation issued by HMRC and Companies House about aligning those deadlines. We also recommend that they should work towards providing a joint filing facility so that companies and their agents only have to submit the same information once.** The data needed by each organisation could then be extracted from the single submission.

7.3 This will take some time and to maximise the benefits the accounts and all other documentation will need to be submitted as machine-readable data. HMRC is developing enhancements to its CT Online service, which will enable accounts and computations to be submitted in XBRL rather than PDF. Our view is that HMRC should not require online submission of company tax returns until XBRL has been implemented and has bedded down. We also think that other improvements will be needed before the CT service meets the needs of agents. **We therefore recommend that HMRC should defer requirements for online filing by companies to 2010 and that they should aim to provide a joint filing facility before that time.**

Department for Work and Pensions

7.4 We were disappointed that HMRC have still not implemented a NINO Tracing and Verification system for employers as we recommended in our 2001 Review. This undermines the quality of data that an employer is capable of providing to HMRC and increases work both for the employer and for HMRC. By contrast, we were pleased to hear of the increased profile that data quality has in HMRC since our last report. We were told that its new Data Quality Programme, mentioned in chapter 5, was starting to deliver results in data cleansing, alone or with pilot employers, as well as addressing some of the root causes of poor data quality. We will be interested to see how fast these intentions translate into measurable outcomes.

7.5 Employers told us that one of the underlying problems is the length of time it takes for an adult applicant, such as an EU citizen newly arrived in the UK, to obtain a NINO for work purposes. This may, in part, be a perception based on

substantial past backlogs and in some cases will be caused by visitors not applying promptly for a NINO.

7.6   We understand that DWP and HMRC are working with UK Visas and the Identity Card Programme on the scope to use biometric visa and ID card identity checks instead of the DWP NINO identity interview. This sounds like a good example of cross-departmental problem solving. However, it is not yet clear that it will result in the position where employers can expect every employee to have a NINO identifier when they are first engaged. That is what is needed to enable HMRC to improve its data matching, efficiency and customer service by using the NINO for all purposes relating to that individual. We also note the Government's intention to examine the case for wider use of the NINO as a key identifier across Government. This would increase the need for fast, reliable allocation and tracing of NINOs.

7.7   We appreciate the need to do detailed identity checks when someone applies for a NINO that could be used to claim benefits, but we do not believe that the time needed for these checks should delay the issue of NINOs required only for work (i.e. to pay the Government money). If a person issued with a work-related NINO later wanted to claim benefits the identity checks could be done at that stage.

7.8   We recommend that HMRC work with DWP to speed up the issue of adult work related NINOs both through links with other departments and through exploring this 'work-related NINO' idea.

Business identifier

7.9   More widely we believe that the key to offering enhanced and joined up services from HMRC, and across government, is a single business identifier, used for all types of tax and for other interactions with government. This would enable more sharing of data and could reduce the amount of duplicate information that a business needs to provide to government.

8   The building blocks

What needs to be in place to support requirements to file online

8.1   The most important thing that HMRC needs to do, to improve online services, is to focus on building robust services that can cope with high-volume usage at peak times. We know that this is a consistent message from current and potential users. Many of the respondents to HMRC's small business consultation, *Working Towards a New Relationship*, launched at Budget 2005, told the department that they wanted it to concentrate on getting the current systems working well rather than 'grand plans' for new or enhanced services. Partly for this reason, and partly because the vast majority of businesses now have the equipment and skills to file online, we are not recommending further financial incentives to encourage voluntary take-up of online services. We consider that the funds and IT resources available for online services should be focused on improving the existing services so that they better meet customers' needs.

8.2   The current problems are not simply a matter of scale. Our understanding is that the architecture underpinning some of the online services is now outdated and extra capacity cannot simply be bolted on. HMRC already has work in progress to rebuild the portal through which users access 'view' services and the HMRC free software. They tell us that they are currently making substantial investment to ensure the infrastructure has the capacity to meet demand, and are confident that they will be able to deliver sufficient capacity by 2008 to manage the loads that our recommendations will bring. We are encouraged by the improved performance of the SA Online service during the January 2006 peak filing period.

8.3   We asked for an independent view of HMRC plans. The eGovernment Unit (eGU) of Cabinet Office told us that the plans are technically sound and sensible but they were concerned about the plans for testing the infrastructure. Their view was that HMRC could learn from industry best practice in this area.

8.4   **We recommend that as part of their work to deliver robust, high-capacity, services HMRC should build in more rigorous testing. Each of the services should be capacity tested at least a year before our recommendations are implemented and if any tests are not successful the measures relating to that service should be deferred**.

8.5   HMRC capacity to deliver service enhancements is limited. We felt that the picture across the department was one of an overstretched IT provision and we believe this unlikely to change over the next 5 years. The funding available for online services is also limited. However, there are some relatively small changes, many of which are already planned and not all of them involving HMRC IT, which could improve the services for agents and other users.

Beyond that, we believe that HMRC needs to work in partnership with agents, software developers and other potential intermediaries, as we have outlined earlier, to consider how it can reduce the strain on the existing service provision.

8.6   Several agents told us that one of the problems with the SA Online service is that they cannot send attachments with the return. The facility has not been provided because HMRC do not require, or want, additional information to be sent with the return. They say that if they need additional information they will ask for it later. However, agents tell us that they need to send additional information with some returns to ensure that HMRC have a full picture. HMRC is now planning to add a facility to the SA Online service for sending attachments. We think this is essential, particularly as ELS (the Electronic Lodgement Service), which did have some capability for sending additional information, is to be withdrawn from April 2006.

8.7   **We recommend that HMRC should streamline the processes by which taxpayers authorise HMRC to disclose confidential information to their agents.** Slow and inconsistent processing of authorisation forms (such as the 64-8 for direct tax matters) causes considerable difficulties for agents. We are pleased to hear that HMRC have recently launched an electronic system for client authorisations, but the paper system will also need to be improved.

8.8   **We also recommend that agents should be able to file returns for clients who have not yet given HMRC authorisation to disclose.** They have always been able to do this for paper returns and the facility is now available for PAYE Online and planned for SA and CT Online. It is important that it is extended to all services as the need to obtain a client authorisation and wait for HMRC to process can delay the submission of the client's return online, or make it easier for the agent to send a paper return. Also, some taxpayers may only want to use an agent for the return filing task and will not want to set up an enduring authorisation.

8.9   Agents also told us that the legal requirements for some returns hamper electronic processes. In some cases the law envisages that the agent should obtain a client's approval of a return, before submitting it online, by printing a copy and asking the client to sign it.

8.10   **We recommend that HMRC should streamline and align the requirements for client approval of a return so that it may be done electronically in all cases**.

8.11   **Finally, we recommend that HMRC, working with the Government Gateway, should improve the facilities for managing the secure credentials required to access and use online services.** We think it would be helpful if customers, who use User ID and password authentication could change their User ID to something which is memorable for them. Some customers who already have a digital certificate, may want to use that to authenticate their online transactions instead of using a User ID and Password.

8.12   **We recommend that HMRC should continue to support digital certificates, but not compel customers to use one**.

8.13   **We also recommend that that HMRC and the Government Gateway should, working with agents, consider how the processes for delegating authority to file and access client data within large agent organisations could be improved, for example, by enabling bulk uploading and downloading of data.**

Appendix 1:
The review team

The review team was led by Lord Carter of Coles and included five members from the private sector:

Kamal Chopra	Chartered Accountant and sole practitioner
Paul Eagland	Tax partner of BDO Stoy Hayward
Jim Inglis	Owner of a small statistical consultancy
Robert Salter	Senior partner of Moore & Smalley, a Preston-based firm of accountants
David Walburn	Visiting Professor at London South Bank University

Appendix 2:
Terms of reference

To advise Ministers on measures to further increase the use of HMRC's key online services, in order to realise benefits for HMRC's customers and to ensure sustainable and efficient service delivery, whilst continuing to support compliance.

In particular, the review should:

- consider what measures could most appropriately be adopted to deliver the Government's aim of maximising the use of online services for income tax self-assessment, VAT, corporation tax and PAYE, taking into account the effectiveness of measures already adopted, as well as examining barriers to take-up;

- consult with stakeholders to understand how to maximise the potential benefits, taking into account the impact on them of any measures proposed, and their access to and readiness for online services;

- suggest a timetable for new measures to be introduced.

The review should make recommendations, to meet the goal set out above, by late Autumn 2005.

Note: The Review work was substantially completed in November 2005 but the Review Team decided to defer finalisation of our recommendations for a few months so that we could consider the progress of important enhancements that HMRC were making to their online services.

Appendix 3:
International comparisons

1. Governments worldwide over the last 5-10 years have increasingly been improving the use of modern technology systems for the delivery of services to citizens and businesses. We were very interested to see that while the UK had made substantial progress in online services, other countries have more sophisticated and more efficient systems in place. We gathered information on systems from other countries' tax administrations including the US, Australia, France, Italy, Austria, Estonia, Singapore and Iceland. We were keen to investigate these international comparisons to see what we could learn from their experiences. It became clear that online filing is widely regarded the way forward.

Cash incentives for online returns

2. Several revenue authorities have offered a cash incentive to the agent or individual taxpayer for online filing. Last year, French taxpayers were offered a €20 tax rebate to submit personal returns online and pay their taxes by bank order or via electronic payment. This incentive contributed to the increase in take-up of online returns to well over 3 million, compared with about 1.25 million in 2004.

3. Italian intermediaries who complete and submit an electronic return are paid €0.5 by the state (the vast majority of taxpayers use registered intermediaries of some kind). In other cases, taxpayers can take their return to their 'CIF' (a type of union co-operative) to get help in completing the return which is then submitted online. The CIF is paid €10 for each return. (the €10 is to cover the extra work in helping with completion). Self-filers can also go to any bank or post office who are obliged to provide the same service as an agent. The bank/ PO is paid according to the number of characters keyed, but the average is c.€5 per return. The Italian revenue authority has reported a take-up of 100% of personal returns.

4. The USA and Australian tax authorities offer a different type of monetary incentive by accelerating refunds of over-paid taxes. For example, in the USA, electronic returns can generate refunds within 8 days, where a paper return can take up to 46 weeks to process. Almost 80% of Australian and US filers receive refunds for personal tax returns so this timing incentive is of great value to the taxpayer. In Estonia, businesses can receive their VAT refunds faster if they file their returns online.

5. The Singapore Ministry of Finance have employed a different technique to drive take-up by encouraging electronic filing through a lucky draw (prize of $50,000, plus 2,000 prizes of $50 each) that is open to all who file electronically, either via the internet or phone. To persuade people to file early, more chances were awarded to those who filed earlier. Helping a friend, who had not filed electronically before, to file via the internet also attracted extra chances in the lucky draw. Five years into electronic filing the lottery is being withdrawn as having served its purpose to increase take-up.

Extra time for online returns

6. Another incentive we explored involved allowing online filers extra time to submit their returns. Although return filing dates for UK self-calculating taxpayers are generous by OECD country standards, we were keen to look at different international examples of this.

7. The tax authorities in both France and Singapore offer online filers an extension. In Singapore the due date for electronic filing of individual income tax returns via the internet or telephone is extended by three days. A re-file option is also available for which allows amended tax returns to be filed online if errors are discovered after submission.

8. In France taxpayers have been granted up to six weeks longer to file online. To overcome peak capacity issues a new system is being implemented to allow people to book a time slot to file. The Icelandic tax authority already has such a 'booking system' in place, where the agent enters into a type of contract agreeing to spread the filing load over a certain period i.e. X% has to be filed before the due date to allow Y% filing after that. The contract gives the agents an extra week to file.

9. We also examined the case in the USA - the IRS considered moving their filing date for electronic returns to 1 May, but agents resisted it, as they did not want their high-volume business activities to stretch on later than 15 April.

Arrangements and filing extensions for agents

10. Examining the practices of these international tax authorities has made it clear that many countries attach great importance to working in partnership with agents and intermediaries. And this has been a key to driving online take-up.

11. In Australia, Austria, the USA and Italy, this is partly the case because the vast majority of returns are submitted via an agent or intermediary, in contrast to the UK. However, we felt that the UK could learn from the collaborative attitude that these tax authorities take when dealing with intermediaries and online filing issues.

12. Some countries also provided incentives solely for tax agents. In Austria, registered agents are able to submit clients' returns on 5 different dates (which are later than the deadline for individuals filing on their own behalf) to spread out their workload over the year. In the USA, the IRS reward agents for submitting returns online by only providing additional agent services to those who use electronic filing. These services include applications for electronic filing, disclosure authorisations, transcript requests, electronic account resolution and a secure mailbox facility.

13. Registered tax agents in New Zealand can spread their return filing over the year rather than have it all occur during one peak period. Clients of registered tax agents have an automatic extension of time to file income tax returns.

Provision of software/arrangements with software vendors

14. In several countries examined by the review, the tax authorities have very good working relationships with software developers, keeping in close touch and letting them have details of changes to requirements to forms well in advance. We found the relationship in the USA between the IRS and the commercial software industry particularly interesting.

15. In the USA, IRS practice has been to work co-operatively with the software vendors rather than competing in providing the means to e file. The IRS does not provide any electronic filing software, instead leaving the market completely open to the software companies. Through discussions with the industry, it emerged that the software companies also did not want IRS to offer a free service in their market place. Last year, the industry provided free internet filing software to identified groups (e.g. US military, those over a certain age, income under a certain limit), covering 78% of taxpayers, by creating a joint industry non-profit entity, the 'Free File Alliance'.

16. The web-based Free File products are commercial software, and include advertisements, but there are agreements about what products and services can be offered, and how they promote other services. Added-value services are also offered within the software. The IRS accredits software products and software vendors self-police their industry to maintain a standard of software and service. In contrast to this, the review team discovered that the Italian revenue authority provides free software for taxpayers to help with completion, thus providing some certainty for taxpayers who can also ask for help from local offices or call centres.

Appendix 4:
Costs and benefits

Overall Costs v Benefits

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Cumulative Build and Operate Costs	£63m	£88m	£108m	£126m	£143m	£161m	£178m
Cumulative Staff Savings Full Time Equivalents	–	1,634	1,853	2,398	2,412	2,444	2,445
Printing and Postage Savings	£0	£3m	£4m	£6m	£6m	£7m	£7m
Cumulative Savings	£0	£55m	£118m	£200m	£283m	£368m	£452m

These costs indicate the level of investment necessary to deliver the robust, customer-focused online services that will be essential to support our recommendations. UK taxpayers have increasingly high expectations of online services and much of this investment would be needed anyway if HMRC's online services are to perform at a level comparable with the best commercial services.

The staff savings indicated represent the direct savings from return and form processing alone. There will be further benefits from receiving taxpayer data in a clean interrogatable form, which will underpin the wider efficiencies which HMRC is targeted to make.

Benefits to customers will include greater assurance and convenience, savings on printing, photocopying and postage costs and reduced time spent on tax calculations and error correction.

Appendix 5:
Proposed timeline

April – June 2007	**PAYE Online** in-year forms functionality to be tested to confirm it has sufficient capacity to support the anticipated loads from the first phase of compulsory requirements to file returns online.
May – July 2007	**VAT Online** service to be tested to confirm it has sufficient capacity to support the anticipated loads from the first phase of compulsory requirements to file returns online.
Sept-Nov 2007	**SA Online** to be tested to confirm it has sufficient capacity to support the anticipated loads from the new filing dates and abolition of paper substitutes.
April 2008 onwards	Large and medium sized employers required to send **PAYE in-year forms** online.
April 2008 onwards	Paper substitute **SA return** forms no longer accepted for 2007-08 and subsequent returns.
May 2008 onwards	Large, medium sized and new **VAT traders** required to submit returns online, and pay electronically, for periods ending after 31 March 2008.
September 2008	New deadline for paper **SA returns**.
November 2008	New deadline for online **SA returns**.
May-July 2009	**VAT Online** service to be tested to confirm it has sufficient capacity to support the anticipated loads from the second phase of compulsory requirements to file returns online.
May-July 2009	**CT Online** to be tested to confirm it has sufficient capacity to support the anticipated loads from the compulsory requirements to file returns online.
April 2010 onwards	**Online CT filing** and use of XBRL required for returns due after 31 March 2010. Electronic payment of CT also required.
April 2010 onwards	Small employers required to send **PAYE in-year forms** online.
May 2010 onwards	Small **VAT traders**, with turnover > £100,000, required to submit returns online, and pay electronically, for periods ending after 31 March 2010.
2010-2012	Government to review the need for the exemption from online filing for **VAT traders** with turnover < £100,000.
2012	Date by which HMRC should aim for all business, and all IT literate individuals, to be filing returns online.

Appendix 6:
List of contributors

The views of all contributors were taken into account in considering the recommendations in this report, which do not necessarily reflect the views of individual contributors.

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British Bankers' Association

British Chambers of Commerce

British Computer Society

British Property Federation

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Candle Shop, John Reed

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Chartered Institute of Taxation

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