



Survey results: Protocol on HMRC Contact with Agents and their Clients Report by the Chartered Institute of Taxation and the Association of Taxation Technicians

1 Introduction

- 1.1 This report has been prepared by the Chartered Institute of Taxation (CIOT) and the Association of Taxation Technicians (ATT) following an online survey (*HMRC Protocol: Contact with Agents and their Clients*) conducted by the two bodies.
- 1.2 By agreement, the survey was promoted by the six agent bodies represented on Agent Engagement Group (AEG) Protocol sub-group and one other representative body. This report has been provided to the five other bodies but only CIOT and ATT have been involved in its preparation.
- 1.3 The survey was designed to establish:
 - a. how agents understand the current practice of HM Revenue & Customs (HMRC) in relation to direct contact between HMRC and the agents' clients; and
 - b. what agents wish to see incorporated in the proposed protocol governing such contact.
- 1.4 **In total, 1,123** individuals (members) submitted responses to the survey. An analysis of their memberships is included as the final section of the Appendix to this report.
- 1.5 Further details of the survey and its results are set out in the analysis that forms the Appendix to this report. The cross-references in this report are to the section numbers in that analysis and are shown in square brackets.

2 Survey results

- 2.1 The responses received from members show that nearly all of the respondents act as agents in a business capacity. Many work in more than one capacity and a significant minority also act for friends and family or in a voluntary capacity [App.Q1]. They work in practices of widely differing sizes [App.Q2] and collectively have

experience across the range of taxes [App.Q3]. Several of them belong to more than one relevant membership body [App.Q12].

- 2.2 There is a wide divergence of understanding between members of the significance of the form 64-8 authority. Fewer than 40% have the same view as HMRC and more than 20% say that they do not know what to expect from HMRC [App.Q4]. There is also evidence of differing understandings and practices within HMRC. In part, these uncertainties may be attributable to historic practices within HMRC's legacy departments, including the apparent historic practice in (what was) the Inland Revenue of treating the 64-8 as a general authority to communicate substantially with the agent.
- 2.3 Members do appreciate that there are occasions when HMRC may need to make direct contact with one of their clients. In four of the five illustrative situations presented in the survey, the majority of members recognise that direct contact is either fully appropriate or appropriate subject to conditions [App.Q5].
- 2.4 By contrast, over 60% of members consider 'nudge' letters to be either totally unacceptable or only acceptable in very limited circumstances. The expansion of 'nudge' letters from mere tax reminders to more technical issues is clearly causing problems. This marked variation in the acceptability of direct contact points to the need for the protocol to clearly identify the relevant circumstances and conditions for such contact. Members emphasise that direct contact can breach HMRC's commitment in *Your Charter* to "respect your representative's right to act for you and deal with them appropriately".
- 2.5 In terms of what might make nudge letters more acceptable, very few members see any merit in HMRC providing advance notification without specific client identification [App.Q6]. Almost 30% of members favour simply being copied in at the time of issue of a nudge letter (as long as they receive the copy letters no later than their clients) but almost 50% of members consider that advance notification with client identification would work better for all concerned. Within the group favouring advance specific identification, there is a divergence of opinion with slightly more than half of that group indicating they would prefer to be given the opportunity to report back to HMRC. This is an idea that merits consideration.
- 2.6 Members' comments [App.Q6.3] overwhelmingly indicate that bypassing agents:
- confuses clients;
 - undermines the client-agent relationship;
 - causes more work for agents (often unbillable); and
 - (at best) brings only very short-term benefits to the Exchequer with possible long term costs.
- 2.7 Almost two thirds of members identify 'finding tax confusing and not wanting to make mistakes' as the reason that their clients appoint agents [App.Q7]. While far fewer members identify 'citizenship responsibility' as a factor in their appointment, the end result in terms of tax yield of 'not wanting to make mistakes' is likely to be very similar to the wish to fulfil those responsibilities.
- 2.8 HMRC consider that their digital strategy will enable taxpayers to do more for themselves. Members were asked what implications this might have for the client-agent relationship. 60% of members do not anticipate that the strategy will alter the relationship significantly [App.Q8]. Almost the same number consider that parallel contact with HMRC will only work if the agent is automatically copied with anything sent to HMRC by their client. Others comment that it will only work if the agent has

complete access to what the client has access to within HMRC. Attention will also be required to terms of engagement in order to closely define respective responsibilities.

- 2.9 Asked about what the new protocol should look like, almost 75% of members wish it to be brief [App. Q9]. Within that group, two-thirds wish the protocol to stipulate that the agent should be contacted first except in limited defined circumstances; the other third consider that as a minimum it should state that agents should be copied with all correspondence (again subject to defined limited exceptions). The other 25% wish the protocol to be more comprehensive.
- 2.10 In terms of detailed provision, almost 90% of members consider that the protocol should stipulate that all correspondence from HMRC to a client should indicate whether or not it has been copied to the client's agent [App.Q10]. At least 75% also support specific reference in the protocol to:
- the Charter;
 - the application of the protocol equally to telephonic and electronic contact; and
 - an obligation to specify in HMRC correspondence to an agent whether or not it has been copied to their client.

The strong support for all these features within the protocol suggest that members are prepared to compromise on brevity (2.9 above).

- 2.11 In relation to the wider question of the agent authorisation process, over 80% of members consider that it should be possible for a client (if they so choose) to provide agent authorisation on a blanket basis in relation to their tax affairs [App.Q11]. Almost a half of members consider that it should be possible to specify how HMRC contact either the agent or the client or both on a range of matters. A half also consider that it should be possible for the process to cater for multiple agents and temporary agent situations, including more than one agent for each tax or for different periods or pieces of work.
- 2.12 The overall message from members is that the process should be as flexible as possible. Modern technology should enable much greater flexibility than the 64-8 process.
- 2.13 Only a small minority of members indicate that the authorisation process should enable restriction of authority to specific individuals within a firm [App.Q11], presumably because the firm rather than the individuals are usually appointed to act. There is however a real issue for some firms, especially larger firms, in relation to clients whose tax affairs require enhanced security within the agent's office. We understand that HMRC may be able to accommodate the requirement for such a detailed level of authorisation. The point is likely to become of increasing significance.
- 2.14 Going direct to clients is essential in some situations, for example in relation to statutory notices and seeking payment of tax. It is also understandable in certain other situations. However, outside of these two classes of situation, it has the potential to undervalue and undermine the value of the work of agents. Clients sometimes feel as if they are unrepresented if contacted direct by HMRC, despite paying for an adviser. This causes problems not only for clients and the agent, but also because of the resentment and confusion it causes for HMRC.
- 2.15 This issue of undermining agents' work was one of the main drivers for forming the Compliance Reform Forum in 2006/07 and arises periodically. There seems to be a

strong appetite to develop a lasting protocol that will work for HMRC, agents and their clients. This is particularly important at a time when HMRC's resources are being stretched.

3 Next steps

- 3.1 This report is being presented to HMRC in advance of a meeting of the AEG Protocol sub-group to be held on Monday 9th December 2013. We hope that it will assist discussion at that meeting and in the subsequent formulation of the protocol.
- 3.2 Please address any questions concerning this report to: technical@ciot.org.uk.

4 The Chartered Institute of Taxation

- 4.1 The Chartered Institute of Taxation (CIOT) is the leading professional body in the United Kingdom concerned solely with taxation. The CIOT is an educational charity, promoting education and study of the administration and practice of taxation. One of our key aims is to work for a better, more efficient, tax system for all affected by it – taxpayers, their advisers and the authorities. The CIOT's work covers all aspects of taxation, including direct and indirect taxes and duties. Through our Low Incomes Tax Reform Group (LITRG), the CIOT has a particular focus on improving the tax system, including tax credits and benefits, for the unrepresented taxpayer.

The CIOT draws on our members' experience in private practice, commerce and industry, government and academia to improve tax administration and propose and explain how tax policy objectives can most effectively be achieved. We also link to, and draw on, similar leading professional tax bodies in other countries. The CIOT's comments and recommendations on tax issues are made in line with our charitable objectives: we are politically neutral in our work.

The CIOT's 17,000 members have the practising title of 'Chartered Tax Adviser' and the designatory letters 'CTA', to represent the leading tax qualification.

4.2 The Association of Taxation Technicians

- 4.3 Founded in 1989, the Association of Taxation Technicians (ATT) is a charity and the leading professional body for those providing UK tax compliance services and related activities. Our members are qualified by examination and practical experience to assist individuals and businesses in complying with their tax obligations.

The primary objective of the Association is to promote education and the study of administration and practice of taxation. One of the key aims is to provide an appropriate qualification for individuals who undertake tax compliance work. Those who meet the membership requirements have their qualification recognised by use of the title of 'Taxation Technician' and the designatory letters 'ATT'.

The Association has over 7,400 members and Fellows together with over 5,000 registered students.

The Chartered Institute of Taxation

The Association of Taxation Technicians

2 December 2013

Appendix

Detailed survey results

- a. **Structure of the survey**
- b. The survey was conducted from Monday 18 to Monday 25 November 2013.
- c. The member bodies that participated are indicated in section 12 below.
- d. All questions in the survey were mandatory.
- e. In many of the questions, members were able to select more than one of the possible responses. Only in questions 2 and 9 did the number of votes have to equal the number of members responding.
- f. A number of the questions included a facility for members to add comments.
- g. For each question we show below the survey wording and result and then (as appropriate):
 - a. Make key observations;
 - b. Highlight pertinent comments from members;
 - c. Identify key messages and action points.

Responses to survey questions

- 1 **Q1. In what capacities do you (or your firm or employer) act as agent for clients (whether taxpayers or benefit claimants)? (Please tick all that apply.)**

1.1 Responses

	Responses	% of Total Responses	% of Responding Members
Business (ie paid for) capacity	1079	71.50%	96.08%
Voluntary (ie unpaid for) capacity	132	8.75%	11.75%
Friends and family	283	18.75%	25.20%
Other	15	1.00%	1.34%
Totals	1509	100%	Not applicable

1.2 Observations

- a. The majority of members who responded act in a business capacity.

- b. The 1,123 members returned 1,509 responses so a significant minority act in two or more capacities, with many also acting for friends and family or in a voluntary capacity.

1.3 Members' Comments

- a. 7 members in industry and commerce noted that they had 'in-house' roles and adapted their responses to the survey accordingly.
- b. 1 member noted that they acted under a Lasting Power of Attorney.

1.4 Key messages

- a. The experience of most members comprises or includes working for clients on a fee-paid basis.
- b. Responses have been received from members who act in various capacities and responses for all capacities have been included in this report.

2 Q2. Approximately how many clients do you (or your firm or employer) act for?

2.1 Responses

	Responses	Percentage
Up to 100	328	29.21%
100 to 500	350	31.17%
500 to 2,000	223	19.85%
Over 2,000	222	19.77%
Totals	1123	100.00%

2.2 Observations

- a. The members who responded work in practices of different sizes with just over 60% having no more than 500 clients.
- b. The spread of practice size gives confidence in the relevance of the results.

3 Q3. In relation to which taxes or issues do you act for clients? (Please tick all that apply.)

3.1 Responses

	Responses	Percentage of Responding Members
Income Tax & CGT (including Trusts)	1065	94.84%
Corporation Tax	887	78.98%
VAT	880	78.36%
Inheritance Tax	634	56.46%

PAYE & NIC	886	78.90%
Construction Industry Scheme	606	53.96%
Tax credits and benefits receivable	274	24.40%
Debt management	280	24.93%
Other	25	2.23%
Totals	5537	Not applicable

3.2 Observations

Responding Members work in practices with broad experience across the taxes.

3.3 Members' Comments

Members indicated that they also acted for clients in relation to:

- a. Settlement negotiations
- b. Machine Game Duty
- c. SDLT
- d. Import Duty
- e. Insurance Premium Tax
- f. ATED

3.4 Key messages

The range of experience gives confidence that the responses are of general relevance across the taxes.

4 Q4. What is your understanding of the significance of a form 64-8 authority? (Please tick any that apply.)

4.1 Responses

	Responses	Percentage
HMRC will always contact the agent rather than their client.	189	10.71%
HMRC will issue statutory notices to the client but always copy the agent into the notice.	468	26.51%
HMRC can share information with the agent but it does not prevent HMRC from making direct contact with the client.	668	37.85%
I no longer know what to expect from HMRC.	387	21.93%
Other	53	3.00%
Totals	1765	100.00%

4.2 Observations

- a. There is a lack of either a clear or a consistent understanding of the significance of the form 64-8. Fewer than 40% of Responding Members identified that the 64-8 gave HMRC authority to communicate with the agent but without

preventing HMRC from making direct contact with the client.

- b. Historically, the Inland Revenue (as it then was) appeared to accord a wider significance to the 64-8 than its actual wording required and seemed in practice to work on the basis that the agent was the first point of contact in almost all cases. That may account for some of the confusion on this issue.

4.3 **Members' Comments**

The 53 comments received included the following:

- a. *'It's a mess and there are many different approaches from HMRC, eg with VAT and PAYE on same 64-8';*
- b. *'I have had HMRC contacting client saying that it is their duty to speak to them as the agent 'only does tax returns and accounts doesn't he';*
- c. *'HMRC will usually contact the agent unless they are formally required to contact the client';*
- d. *'I know that they should always contact us in the first instance';*
- e. *'64-8 processes seem to vary across the taxes and whether on paper or online';*
- f. *'I thought HMRC always dealt with the taxpayer through their agent but this has not been the case of as late, resulting in client feeling unrepresented, and the agent feeling undermined, and even to not trusting HMRC';*
- g. *'HMRC will not contact client without agent's knowledge';*
- h. *'HMRC will not correspond with the agent without a 64-8. Even with a 64-8 HMRC will respond to the client without copying the agent in, even when the agent wrote the initial letter. HMRC's practice is inconsistent';*
- i. *'We rarely get the things we used to!'*

4.4 **Key messages**

- a. Whatever the words of the 64-8 say, the significance of the form is not clearly understood by many agents as HMRC practices have changed.
- b. There is also evidence of inconsistency in HMRC's observance and application of the authority.
- c. Fewer than 40% of Responding Members have an understanding of the 64-8 that aligns with that of HMRC.

5 Q5. HMRC consider that direct contact with represented taxpayers is essential in some situations. How acceptable do you see direct contact in each of the following situations?

5.1 Results

	Fully acceptable	Acceptable subject to conditions	Acceptable in very limited circumstances	Totally unacceptable	Response Total
HMRC is issuing a statutory notice to the client.	617 (54.94%)	345 (30.72%)	89 (7.93%)	(72) (6.41%)	1123 (100%)
Agent has not responded to HMRC within an indicated time-frame.	319 (28.41%)	518 (46.13%)	228 (20.30%)	58 (5.16%)	1123 (100%)
VAT/PAYE/NI C/CIS matters	146 (13.00%)	462 (41.14%)	346 (30.81%)	169 (15.05%)	1123 (100%)
As part of an 'educational' or 'nudge' process (for example to alert taxpayers to possible errors in returns or that their behaviour is different to the norm.	106 (9.44%)	332 (29.56%)	381 (33.93%)	304 (27.07%)	1123 (100%)
HMRC suspects that the client's security has been compromised.	630 (56.10%)	322 (28.67%)	128 (11.40%)	43 (3.83%)	1123 (100%)

5.2 Observations

- a. There are wide variations in acceptability of direct contact across the five illustrative situations.
- b. Statutory notices and compromised security scored the highest levels of full acceptability; nudge letters scored the highest level of unacceptability.
- c. There is a significant clustering across the combination of 'Acceptable subject to conditions' and 'Acceptable in very limited circumstances'. Except in relation to nudge letters, the responses are weighted towards acceptance with conditions.
- d. Over 60% of Responding Members consider direct contact nudge letters to be either acceptable in very limited circumstances or totally unacceptable.

5.3 Members' Comments

- a. *'We consider it a dangerous move on the part of HMRC to go directly to clients without including the agent. It also does no good for the relationship between agents and HMRC. Going directly to clients might expedite a situation, but including the agent on the communication is the decent thing to do';*
- b. *'Direct contact with a client should not take place unless there are truly exceptional circumstances such as compromised security on an online account or the agent is not responding within a suitable timescale and the client may be unaware of that. Any other direct contact is likely to undermine the agents relationship with the client and with HMRC and prove counterproductive';*
- c. *'HMRC's recent behaviour is very unprofessional in relation to the Charter to contact with tax payers. In effect it appears to be bullying techniques';*
- d. *'HMRC cannot possibly manage the tax system without agents. They should therefore be doing everything possible to facilitate interaction with agents, and not cut them out of the loop unless there is a suggestion of criminality on the part of the agent (rare)';*
- e. *'HMRC's recent behaviour has been unacceptable. It has ignored long standing practice and the commitments in the Form 64-8 and Your Charter in relation to contact with tax payers. When challenged it has offered weak and unconvincing justifications';*
- f. *'Direct contact with the client must always complement the role that agents play and never seek to undermine them. A warning phone call to an agent where HMRC are awaiting a response and there has been an unreasonable delay should be a minimum courtesy';*
- g. *'We have had distress caused to a client by a HMRC officer's inappropriate direct contact'.*

5.4 Key messages

- a. In four of the five illustrative situations, the majority of Responding Members recognise that it is either fully appropriate or appropriate subject to conditions. The protocol accordingly needs to identify the relevant conditions.
- b. The one situation where the majority of Responding Members consider direct contact much less acceptable is nudge letters. Particular attention is required to this within the protocol.

6 Q6. HMRC consider that their direct contact to 'nudge' taxpayers into compliant behaviour is successful. Which of the following modifications would you like to see HMRC adopt in relation to a represented taxpayer? (Please select one response. You can give reasons for your choice below.)

6.1 Results

	Responses	Percentage
None. It is up to HMRC what they want to do.	10	0.69%
Simply copy the agent in at the same time as contacting their client(s).	416	28.55%
Advance notification to all agents of the category of nudge targets but without any indication whether the agent has any such client(s).	90	6.18%
Notify all agents of target category but not client names and give agents the opportunity to identify relevant clients and report back to HMRC within a defined time-scale.	55	3.77%
Advance notification to agent of the specific nature of the 'nudge' and the name of the target client(s).	334	22.92%
Identify target client(s) to agent and ask agent to review the particular point with their client(s) and report back to HMRC.	360	24.71%
Other	192	13.18%
Totals	1457	100%

6.2 Observations

- a. Although members were asked to select a single response, a number selected more than one.
- b. Responding Members showed relatively little enthusiasm for advance notification without client identification (with or without a report-back opportunity).
- c. The single most popular option was the same time copy but almost half (47.63%) of the Responding Members favoured advance notification with client names with that group being split almost equally on whether the agent should be asked to review and report on the nudge point in question.

6.3 Members' Comments

The 192 comments received included the following:

- a. *'We try to 'nudge' clients ourselves and know our clients';*
- b. *'Clients pay us to manage their affairs. If they receive 'nudge' letters they assume there is a problem that we have not dealt with. They panic and lose confidence in their agent plus extra time is wasted in the client passing on details etc, which they could be charged for';*
- c. *'The whole agent/client relationship is based on trust and knowledge. If HMRC are now wishing to (ignore) that relationship and not allow the agent a prior input*

into the perceived 'nudge' area there will no longer be any point in the relationship. Agents will become form fillers on behalf of their clients';

- d. *'The nudge may not be necessary and it just worries the client';*
- e. *'HMRC may think their so called 'nudge' letters are effective. However, we noticed that some of the 'nudge' letters have contained inaccuracies and exaggerations and these features plus the ignoring of forms 64-8 have undermined agent and taxpayer confidence in HMRC's willingness to take seriously their commitments in Your Charter and indeed its integrity as an organisation. This seems a classic ignoring of long term damage for short term gain. The best approach would be for HMRC to contact the agent to warn of the issue of 'nudge' letters, accept feedback on the content and then to write to the agents asking them to copy their clients in the usual way';*
- f. *'Clients use tax agents to handle their affairs so most will pass the nudge letter on, so why not contact the agent instead - it saves time and effort by HMRC';*
- g. *'I do not believe that nudges should be applied at all, especially in cases where an agent has already reviewed the situation in preparing the accounts. The nudges seen so far by my clients have been quite general, such as estimates used in accounts for use of home or private use.... In every case this has occurred for my own clients, not one has had anything out of the ordinary in their accounts..... Where 'specific nudges' are identified that require explanation, these are covered by the enquiry rules which carry the relevant protections for clients and are perfectly adequate for dealing with any issues';*
- h. *'In my experience, correspondence sent directly to a client is hardly ever given to us as their agent as they expect that we should of received copies or already be aware of the issue';*
- i. *'We see it as part of our duties to our clients to ensure that their record keeping is adequate. Any queries HMRC have will most likely have been addressed by ourselves. There are clients however who will not comply with the standard of record keeping necessary for a business - a nudge on these clients would be welcome to make them compliant';*
- j. *'HMRC may well be 'nudging' the client about something we have already considered and thus the nudge can undermine our relationship with the client';*
- k. *'Advance notice is essential rather than a copy, as arrival times for HMRC post can easily vary by a week and so we do get worried clients calling us because they get their letter several days before our copy arrives'.*

6.4 **Key messages**

- a. By-passing agents will very rarely produce a better result for HMRC, especially in the long run, than working with the agent.
- b. There is a strong case for client-specific advance notification to agents.

7 Q7. Please rank in order of significance (by dragging the text up or down so that the most significant is listed first) the following possible reasons which you think your clients have for appointing an agent.

7.1 Results

Ranking	1st	2nd	3rd	4th	5th	Total
They see getting their tax right as part of their citizenship responsibilities and want to fulfil their obligations.	176 (15.67%)	135 (12.02%)	199 (17.72)	254 (22.62%)	359 (31.97%)	1123 (100%)
They want to do everything possible to minimise their tax liabilities.	120 (10.69%)	241 (21.46%)	193 (17.19%)	248 (22.08%)	321 (28.58%)	1123 (100%)
They find their tax affairs confusing and don't want to make mistakes.	703 (62.60%)	238 (21.19%)	126 (11.22%)	46 (4.10%)	10 (0.89%)	1123 (100%)
They like having someone explain their tax to them.	51 (4.54%)	349 (31.08%)	356 (31.70%)	257 (22.88%)	110 (9.80%)	1123 (100%)
They like having a buffer between themselves and HMRC.	73 (6.50%)	160 (14.25%)	249 (22.17%)	318 (28.32%)	323 (28.76%)	1123 (100%)
Totals	1123 (100%)	1123 (100%)	1123 (100%)	1123 (100%)	1123 (100%)	

7.2 Observations

- a. Almost two thirds of Responding Members identified 'tax affairs confusing' as the most significant factor for appointing an agent.
- b. Looking at the first two rankings of members in aggregate (without weighting), the order is:

1. 'Confusing'	941 votes	41.90%
2. 'Explain'	400 votes	17.81%
3. 'Minimise'	361 votes	16.07%
4. 'Citizenship'	311 votes	13.85%
5. 'Buffer'	233 votes	10.37%
Total	2246 votes	100%

7.3 Key messages

- a Agents are largely appointed in order to explain and interpret a confusing system (both legislation and administration) to their clients.

- b Although the abstract concept of citizenship may not be a driving factor, the desire not to make mistakes produces much the same result for the Exchequer.

8 Q8. HMRC consider that their digital strategy will enable taxpayers to do more for themselves. What implications would that have for your relationship with your clients? (Please tick all that apply and use the 'other' box if you wish to add further implications.)

8.1 Results

	Responses	Percentage	% of Responding Members
Some may decide to do everything themselves.	272	12.94%	24.22%
I would not act for anyone who was also trying to do things for themselves as that could lead to error and confusion.	395	18.79%	35.17%
This would only work if the agent was automatically copied into what the client sends to HMRC.	630	29.97%	56.10%
I would not expect my clients to want to do more for themselves.	674	32.07%	60.02%
Other	131	6.23%	11.67%
Totals	2102	100%	Not applicable

8.2 Observations

- a. A majority of Responding Members consider that it would be essential for them to be copied with anything that their client sent direct to HMRC.
- b. 60% of Responding Members do not anticipate that HMRC's digital strategy will alter their relationship with their clients.

8.3 Members' Comments

The 131 comments received included the following:

- a. *'HMRC's software and systems are utterly dreadful. The HMRC's aim is therefore thoroughly unrealistic. The strategy has the effect of being unfair on those taxpayers that use HMRC systems';*
- b. *'The very thrust of the digital strategy appears to ignore the existence of a very significant tranche of the taxpaying public who have absolutely no interest in, understanding of, or access to digital services who will never cope with such*

matters themselves. Perhaps in a generation's time things may be different but it is wholly wrong to see the disenfranchisement of a significant proportion of the population as in any way acceptable';

- c. *'People should be able to deal with their own tax affairs but most cannot understand it and are too busy trying to run their business and make a living to take the time to learn. They rely on people who can guide them through the maze. If a client wanted to do something for himself then he would have to be very clear on who was taking responsibility for what or else I would not take the risk of acting for him';*
- d. *'Agent should have full online access to ALL client records';*
- e. *'As a client, I know what I want to do for myself and what I want my agent to do. A digital strategy will not change this';*
- f. *'It's going to get very confusing eg if a client amends their tax code incorrectly themselves, how will we know?';*
- g. *'I would have to consider very carefully my terms of engagement. If clients do try to do more for themselves, this could lead to confusion - we and our client would need to clarify who was responsible for what. I would prefer for the client to agree not to deal themselves';*
- h. *'It can only lead to confusion. Too many cooks spoil the broth';*
- i. *'In my experience clients pay agents because they want to concentrate on their business not tax compliance';*
- j. *'Three-way communication is open to miscommunication. Where online forms re used it's not easy to copy data across to third parties, so having HMRC Online copy agents in is the most reliable way to avoid such confusion'.*

8.4 Key messages

- a. HMRC's digital strategy may not significantly reduce the reliance that clients place on their agents in respect of contact with HMRC.
- b. Any sharing of responsibilities would need to be very precisely defined in order to avoid error and confusion.
- c. Agents would need full access to everything that their client had access to.

9 Q9. How detailed would you like the protocol to be? (Please select one of the three responses or choose 'other' to give your own answer.)

9.1 Results

	Responses	Percentage
Very brief, stating that an authorised agent should always be contacted first subject to	489	43.54%

limited and clearly defined exceptions or specific written instructions from their client.		
Very brief, stating that an authorised agent should as a minimum be sent a copy of all correspondence sent by HMRC to their client subject to limited defined circumstances.	334	29.74%
A detailed description of when HMRC should contact agents and/or their clients that covered most foreseeable circumstances.	288	25.65%
Other (Please Specify)	12	1.07%
TOTAL	1123	100%

9.2 Observations

- a. Almost three-quarters of Responding Members would like the protocol to be very brief; the other quarter would prefer a more detailed document.
- b. The most popular option includes the presumption that an authorised agent will be contacted first, subject to defined exceptions.

9.3 Members' Comments

The 12 comments received included the following:

- a. *'My preference is the (copy correspondence) option. However, I know from my discussions with HMRC through Working Together that there is no money for HMRC to send all correspondence sent to taxpayers to their agents as well. The most important thing of all is that HMRC move to using email for their correspondence. Then agents can be easily copied in without incurring the printing and postage costs';*
- b. *'Somewhere between detailed and very brief'.*

9.4 Key messages

- a. The protocol should be as brief as possible.
- b. Consideration should be given to the protocol taking into account the possible future use of email or some form of secure electronic communication.

10 Q10. Which of the following points do you think should be specifically stated in the protocol? (Please tick all that apply.)

10.1 Results

	Responses	Percentage	% of Responding Members
All correspondence with a represented client should indicate prominently whether or not it has	1010	21.12%	89.94%

been copied to the authorised agent.			
Observance of the protocol is an essential part of HMRC's Charter obligations.	838	17.52%	74.62%
The protocol applies equally to electronic and paper correspondence.	998	20.87%	88.87%
Any telephone call concerning the tax affairs of a represented taxpayer should be made to the authorised agent if a written communication on the same subject would be dealt with in that way under the protocol.	949	19.85%	85.51%
All correspondence with an agent should indicate prominently whether or not it has been copied to their client.	987	20.64%	87.89%
Total	4782	100%	Not applicable

10.2 Observations

- a. All the suggested points for inclusion in the protocol received at least 75% support from Responding Members.
- b. Almost 90% of Responding Members consider that all correspondence from HMRC to a client should indicate whether or not it has been copied to the client's agent.

10.3 Key message

Responding Members strongly favour the inclusion of all of the above points within the protocol.

11 Q11. How do you think the agent authorisation process should be amended in order to fit with the eventual protocol and with changing circumstances? (Please tick all relevant answers and use the 'other' box to add any further thoughts.)

11.1

	Responses	Percent age	% of Responding Members
It should enable the client to authorise HMRC to contact their agent on all matters in connection with the client.	918	40.16%	81.75%
It should enable the client and agent to specify how HMRC contact either or both on a range of matters.	533	23.32%	47.46%

It should enable authorisation to be limited to specifically authorised individuals within a firm, for example by the use of a client code.	105	4.59%	9.35%
It should not be changed as agents know how it works.	134	5.86%	11.93%
It should cater for multiple agent and temporary agent situations, including more than one agent for each tax or for different periods or pieces of work.	548	23.97%	48.80%
Other	48	2.10%	4.2%
Totals	2286	100%	Not applicable

11.2 Observations

- a. Over 80% of Responding Members consider that a client should be able to authorise HMRC to contact their agent on all matters.
- b. Less than one eighth of Responding Members consider that the agent authorisation process should not be changed.

11.3 Members' Comments

The 48 comments received included the following:

- a. *'It should be completely electronic, eg allowing the agent to set up the authorisation and the client to go into the screen and authorise it. this can be done by sending emails or text messages with codes which are valid for a limited period of time';*
- b. *'I currently deal with only the partners of my firm. We have a tax and an employments law department that deal with individuals and trusts which have to be completely separate. It would not be appropriate for our tax or employment law department to see correspondence relating to their bosses' tax affairs';*
- c. *'Needs to be flexible. What suits one small business may not suit a large one and ditto re sizes of agents';*
- d. *'Clients should be 'grown up' enough to know what is expected of them, rather than 'my accountant deals with everything';*
- e. *'The multiple and temporary agent situation is vitally important - we have many clients who may have one firm dealing with compliance, another dealing with business structuring which impacts tax, and yet another dealing with payroll or VAT matters. As it stands, HMRC systems cannot satisfactorily cope. Neither are changing agent situations adequately catered for ie agent X is responsible for all years to 2012/13 but agent Y is acting from 2013/14, and HMRC may need to be corresponding with both re matters for years they are dealing with...*

HMRC's current system simply isn't fit for purpose'

- f. *'The problem of multiple agents needs to be addressed as some groups within HMRC will not talk to a person who does not have a 64-8. This creates practical problems in dealing with contentious cases where the tax return preparer is to remain in place but another agent, such as a solicitor, is brought in to resolve the contentious issue';*
- g. *'It should allow taxpayers to register for multiple entities rather than entity by entity - internal agent';*
- h. *'Having experience of dealing with both HMRC and the IRS on behalf of clients, the last thing that should be on HMRC's agenda is an IRS-type system where named individuals (rather than a firm) have to be on a power of attorney form for every little matter. It also means that if the named person is out, a new PoA has to be put in place before the IRS will speak with us. It should remain a firm based authority. The 64-8 process is far more efficient for all parties';*
- i. *'Agents who are authorised to file for clients should automatically be authorised to speak to HMRC about those filings. The present situation where PAYE and VAT refuse to speak to the filing agent is unacceptable'.*

11.4 Key message

The agent authorisation process should be converted to a fully electronic process (subject to exceptions for the digitally excluded) in order to provide much greater flexibility and cater for modern operating practices.

12 Q12. Please indicate which of the following professional bodies you belong to, ticking all that apply.

12.1 Results

	Responses	Percentage	% of Responding Members
Association of Accounting Technicians (AAT)	132	7.09%	11.75%
Association of Chartered Certified Accountants (ACCA)	104	5.59%	9.26%
Association of Taxation Technicians (ATT)	406	21.8%	36.15%
Chartered Institute of Taxation (CIOT)	656	35.23%	58.41%
Institute of Chartered Accountants in England and Wales (ICAEW)	235	12.6%	20.93%
Institute of Chartered Accountants of Scotland (ICAS)	83	4.46%	7.39%

Law Society of England and Wales or the Law Society of Scotland	10	0.54%	0.89%
Society of Trust and Estate Practitioners (STEP)	88	4.73%	7.84%
Chartered Institute of Management Accountants (CIMA)	25	1.34%	2.23%
Independent Certified Practising Accountants (ICPA)	106	5.69%	9.44%
Other	17	0.91%	1.51%
Totals	1862	100%	Not applicable

Bold text denotes bodies that participated in the survey.