

Summary: Intervention & Options

Department /Agency:
HM Revenue & Customs

Title:
Impact Assessment of HMRC Charter

Stage: **Implementation**

Version: 1

Date: 15 December 2009

Related Publications: "Your Charter: Consultation Responses Document July 2009"
<http://www.hmrc.gov.uk/consultations/index.htm>

Available to view or download at:

<http://www.hmrc.gov.uk/better-regulation/ia.htm>

Contact for enquiries: Charter Team

Telephone: 020 7147 2365

What is the problem under consideration? Why is government intervention necessary?

The Government commissioned HM Revenue and Customs (HMRC) to work with stakeholders to develop a Charter for HMRC in January 2008. HMRC responded with two well received formal consultations and wide ranging informal stakeholder and staff engagement to find out what various groups would find useful in the Charter. The Department published a proposed Charter in July 2009 and after testing it with some staff and members of the public published Your Charter for use by all those who deal with HMRC.

What are the policy objectives and the intended effects?

The Charter is intended to be a simple, single document which explains to all of our customers: the values and principles of HMRC; their rights and obligations when dealing with HMRC; what to do if HMRC fails to meet its obligations; and where to find out further information on these issues. Its core objectives are to provide:

1. clarity in the relationship between HMRC and its customers, taxpayers, agents and representatives;
2. an improved relationship between HMRC customers and HMRC based on better mutual understanding; and
3. a single simple summary of rights, responsibilities and how to complain.

What policy options have been considered? Please justify any preferred option.

Option 1: A one-page stand-alone high level document;

Option 2: Option 1 with detailed explanatory notes for the statements on the top page;

Option 3: A Charter based totally on the HMRC Vision.

Option 2 was chosen as it was based on what stakeholder groups and the public said they want. It combines the best of options 1 & 3 (explains what the high level statements in option 1 mean and captures the spirit and intent of the Vision without using its language).

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

Autumn 2010.

Ministerial Sign-off For final Impact Assessment:

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) the benefits justify the costs.

Signed by the responsible Minister:



Date: 15 December 2009

Summary: Analysis & Evidence

Policy Option: 2	Description: Impact Assessment of HMRC Charter
-------------------------	---

COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups' There are no costs for customers. There is a transitional cost for HMRC including printing, and modification of training materials for induction and core customer service courses to include the Charter. There will also be minimal cost to run the secretariat for the Advisory Committee that will monitor the review of the Charter.		
	One-off (Transition) Yrs			
	£ 50,000			
	Average Annual Cost (excluding one-off)			
	£ Negligible		Total Cost (PV)	£ 50,000
Other key non-monetised costs by 'main affected groups' There are no other burdens associated with the Charter. It may be reproduced by some organisations (especially third sector and agents) but that will be optional and the cost will be minimal.				

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups' Monetised benefits are small and have not been quantified. They would accrue only if the added clarity of relationship reduced total contact volumes. This is expected to be marginal.		
	One-off Yrs			
	£ Not quantified			
	Average Annual Benefit (excluding one-off)			
	£ Not quantified		Total Benefit (PV)	£ Not quantified
Other key non-monetised benefits by 'main affected groups' Key stakeholder groups see the Charter as a good tool to help in improve the relationship HMRC has with taxpayers and members of the public. It is expected that this improved clarity of rights and responsibilities will lead to improvements in customer satisfaction and HMRC's reputation.				

Key Assumptions/Sensitivities/Risks Key risk is that staff fail to deliver on the promise of the Charter. The risk is mitigated by the embedding process which HMRC is currently undertaking and the challenge that will come from the external Advisory Committee which will monitor delivery and oversee the review of the Charter.

Price Base Year 2009	Time Period Years: Indefinite	Net Benefit Range (NPV) £ Not quantified	NET BENEFIT (NPV Best estimate) £ Not quantified
-------------------------	----------------------------------	--	--

What is the geographic coverage of the policy/option?	UK			
On what date will the policy be implemented?	Autumn 2009			
Which organisation(s) will enforce the policy?	HMRC			
What is the total annual cost of enforcement for these organisations?	£ 0			
Does enforcement comply with Hampton principles?	N/A			
Will implementation go beyond minimum EU requirements?	N/A			
What is the value of the proposed offsetting measure per year?	£ 0			
What is the value of changes in greenhouse gas emissions?	£ 0			
Will the proposal have a significant impact on competition?	No			
Annual cost (£-£) per organisation (excluding one-off)	Micro 0	Small 0	Medium 0	Large 0
Are any of these organisations exempt?	No	No	No	No

Impact on Admin Burdens Baseline (2005 Prices)			(Increase - Decrease)
Increase of £ 0	Decrease of £ 0	Net Impact	£ 0

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Evidence Base (for summary sheets)

In January 2008, the Government announced that HMRC would work with interested parties to begin the process of developing a Charter, which would set out taxpayers' rights and responsibilities in a single accessible document. Budget 2008 confirmed that the Government is committed to ensuring that the tax system is useable and accessible for all taxpayers and that a Charter could play an important role in delivering that.

Following this, HMRC consulted with a wide range of external groups, publishing an initial formal consultation on 19 June 2008 for 12 weeks ending on 11 September 2008. This provided an overview of what stakeholders and the public expected the Charter to contain.

HMRC published a formal response to the initial consultation alongside the 2008 Pre-Budget Report, committing to consult again on the detail of the proposed Charter. The Government also announced that legal underpinning for the Charter would be provided in Finance Bill 2009.

On 3 February 2009 HMRC published the second consultation document and the first Impact Assessment for the Charter. The consultation closed on 12 May 2009. The responses to the consultation showed that the majority of HMRC's stakeholders were dissatisfied with the draft Charter proposed in the second consultation.

Taking on board the feedback received from the second consultation, HMRC published a formal response document on 20 July 2009 incorporating a significant revised Charter. This new draft was widely welcomed by stakeholders. HMRC also tested the draft with some members of the public and staff and on the strength of feedback received the Department has formally adopted it as the Charter for all those who deal with HMRC.

Finance Act 2009 requires HMRC to have and maintain a Charter. It also requires the Department to make an annual report on how it is performing against the Charter. To aid its work in this area the Department has also set up an Advisory Committee, made up of mainly external stakeholders, to monitor the delivery and oversee the review of the Charter. This Committee held its first meeting leading up to the launch of the Charter on 11 November 2009.

The Charter can be found on HMRC's website at www.hmrc.gov.uk/charter.

Costs:

There are no costs for customers. There is only a transitional cost of £50,000 for HMRC to set up and run the secretariat for the Advisory Committee that will monitor the review of the Charter. It will also ensure there is resource for printing and modification of materials to include the Charter. There will be a minimal cost to the department in the future to ensure the Charter continues to reflect customer needs and changes in HMRC service processes, and guidance.

Benefits:

The Charter is a clear demonstration of the Government and HMRC's willingness to listen and take on board views from stakeholders.

It has the following benefits for businesses and individuals who deal with HMRC, none of which are quantifiable.

One Charter for HMRC: A charter for the individuals, businesses and advisors interacting with HMRC brings together the rights and responsibilities of these groups into a single document, in an easy to understand form providing an important communication tool to help them in dealing with HMRC. The chosen format allows the Charter to operate at different levels of detail providing a choice to its users – those who prefer the single one pager do not need to look at the lower level detail but for those who need more detail, it is easily available.

Simplicity: The Charter sets out in plain language the rights and obligations of all in relation to their affairs with HMRC, making this information more accessible and easier to understand.

Better service at reduced cost: The Charter is aimed at improving the relationships between the Department and the public, and is a part of HMRC's efforts to deliver a better service at reduced cost. The clarity of rights and obligations provided in the Charter will reduce the need for both HMRC and its customers to resort to expensive settlement of disputes through Tribunals.

Specific Impact Tests:

Competition assessment: The Charter is designed for use by everyone who interacts with HMRC, and so should have no impact on competition.

Small Firms: HMRC has made sure that small firms, vulnerable groups and the 'seldom heard' were directly engaged throughout the consultation process to understand what issues they have and how the Charter could be helpful to them. This was done through market research, workshops and various forums that represent businesses and representative bodies in addition to the formal consultation. The Charter will provide small firms with clarity on what they can expect from HMRC but the aim is that it will do more by making it easier for them to interact with HMRC.

Legal Aid: The Charter is designed to help improve relationships and to help eliminate the need and/or desire for individuals or organisations to resort to legal action. This test is not applicable.

Sustainable Development: The Charter is designed to help improve relationships hence this test is not applicable.

Carbon Assessment: The Charter is focused on helping HMRC to improve its relationships with stakeholders, and should have no impact on carbon emissions.

Other Environment: The Charter has no environmental impact.

Health Impact Assessment: The Charter has no health impact; its aim is to improve relationships between HMRC and the individuals and organisations that come into contact with it.

Race: HMRC held a number of focus groups for customers from ethnic minority groups to ensure that issues concerning them are taken on board in drafting the Charter.

Disability: HMRC has published the Charter in Braille, British Sign Language (BSL) DVD and large print. The consultations on the Charter were tested with Disability groups and published in Braille and large print as well as in a CD format for customers with various disabilities. Groups representing disabled customers were also involved in the direct engagement events held by HMRC Regarding the BSL DVD the Royal Association for Deaf People said: "... the DVD was good, clear and easy on the eye. A joy to watch".

Gender: The engagement process has been open and had representation from all genders. There is no specific focus on a particular gender within the Charter.

Human Rights: The Charter is not intended to replace any existing legal protections for taxpayers and / or customers.

Rural Proofing: The Charter will apply to everyone dealing with HMRC across the UK and will be available in various channels and through various community groups.

Specific Impact Tests: Checklist

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	Yes	No
Sustainable Development	Yes	No
Carbon Assessment	Yes	No
Other Environment	Yes	No
Health Impact Assessment	Yes	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	Yes	No
Rural Proofing	Yes	No