

ACCA Members Survey:

Self-Assessment March 2003

ACCA is the largest and fastest-growing international accounting body, with over 300,000 students and members in 160 countries. ACCA has an extensive network of 70 staffed offices and other centres around the world. ACCA's mission is to provide quality professional opportunities to people of ability and application, to be a leader in the development of the global accountancy profession, to promote the highest ethical and governance standards and to work in the public interest.

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In February 2003, ACCA sent out a brief questionnaire to a cross-section of its members working with taxation to find out more about their, and their clients', experience of Self-Assessment. Similar surveys have been conducted each year since the introduction of Self-Assessment in 1997.

We were keen to compare the results of each survey to see if there had been any improvement in our members' experiences. This would enable us to maintain an informed illustration of the impact of Self-Assessment on our practising members and to monitor the system's progress. The 2003 Report compares this years results with the previous two years.

KEY FINDINGS

96% of respondents experienced problems because of Inland Revenue system failures or errors on their part.

57% of respondents received their latest enquiry 3 weeks or less before 31 January.

8% of respondents filed their returns via the Internet, up 3% from last year.

72% of respondents had to spend extra time on their clients' returns because of the Inland Revenue's failures or errors.

Of those who did spend extra time on returns because of Inland Revenue failures/errors, 57% had to write off all extra costs generated while only 12% recovered all costs from their clients.

16% of respondents had been late with some of their returns, with 29% being late with some of their payments.

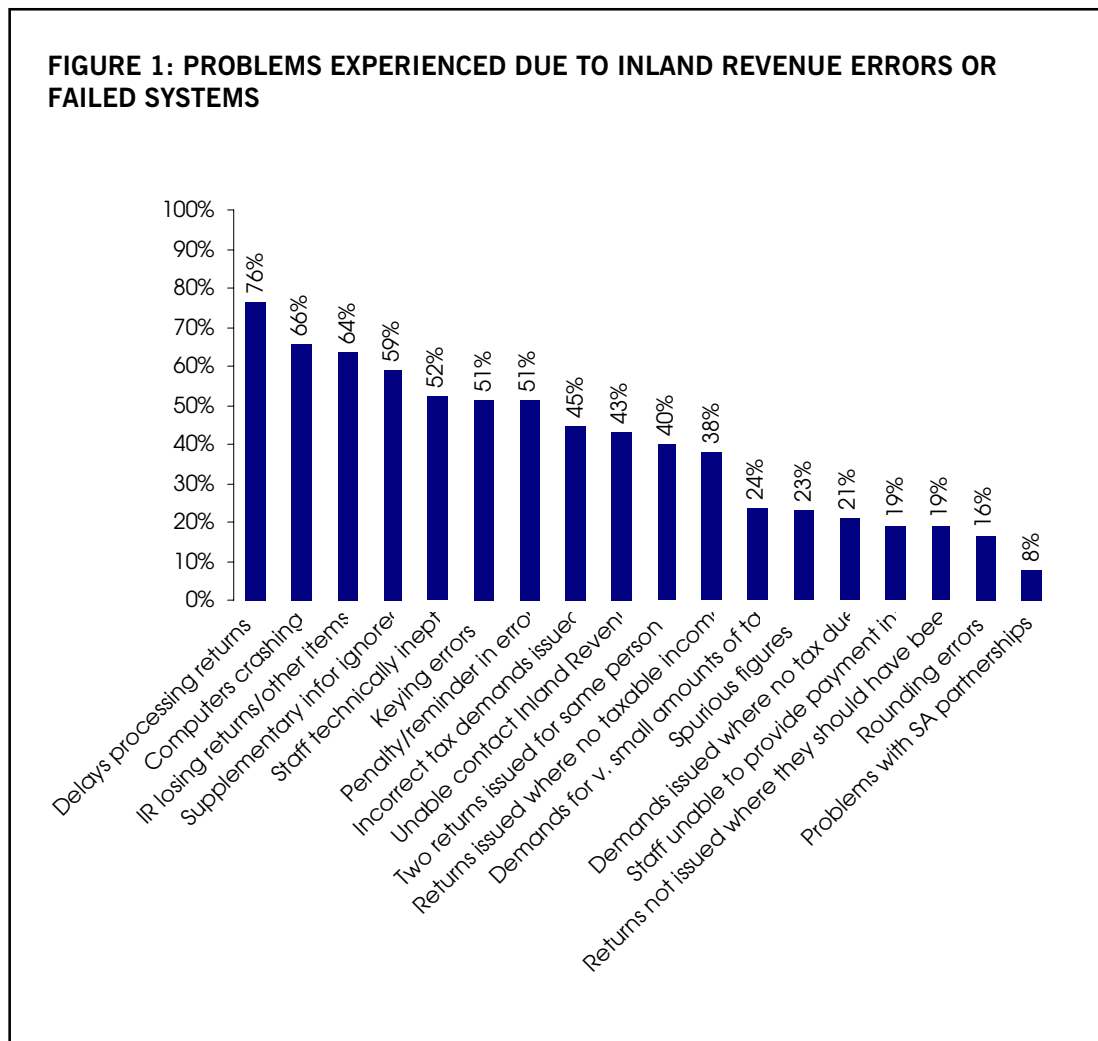
35% of respondents thought that the surcharges were unreasonable.

Though there was an increase in those noting improvement this year, 37% felt that no real improvement had been made, 34% still found problems with the system and 6% found it was still chaotic.

Respondents felt that the self-assessment could be improved by dramatically simplifying the system, increasing staff training and improving the Inland Revenue's own performance levels.

FAILURES OR ERRORS ON THE PART OF THE INLAND REVENUE

We asked respondents whether they had experienced any problems due to failures in Inland Revenue systems or errors on their part. In each annual survey we suggested a number of problems which our members had already brought to our attention. Results are shown in Figure 1.



The types of problems experienced were:

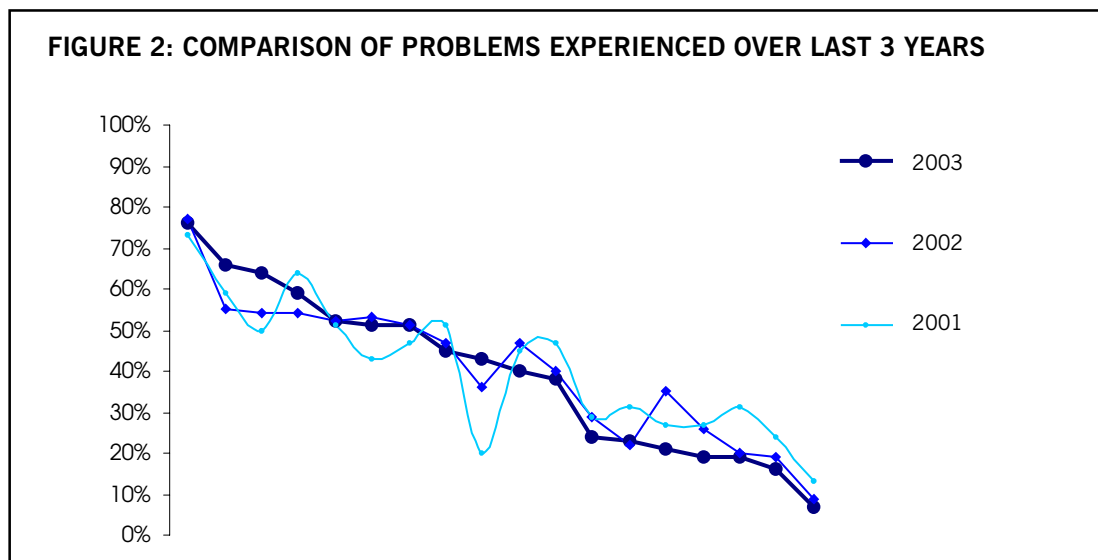
- Delays in processing returns (76%)
- Inland Revenue computers crashing or otherwise out of use (66%)
- Inland Revenue losing returns or other items (64%)
- Supplementary information provided on the return being ignored (59%)
- Keying errors (51%)
- Inland Revenue staff unable to deal with technical queries (52%)
- Late filing penalty/reminder notices issued where return submitted on time (51%)
- Incorrect tax demands issued (45%)
- Not able to contact Inland Revenue staff (43%)
- Two returns issued for the same person (40%)
- Returns issued where there was no taxable income (38%)
- Demands for very small amounts of tax (e.g. less than £1) (24%)
- Demands are correct, but breakdown shows spurious figures (23%)
- Demands issued where there was no tax due (21%)
- Inland Revenue staff unable to provide payment information (19%)
- Returns not issued in cases where they should have been (19%)
- Rounding errors (16%)
- Particular problems with Self-Assessment for partnerships (8%)

Other problems listed included:

- Inland Revenue staff in new call centre districts uncontactable
- Returns revised incorrectly by the Inland Revenue
- Amounts repeatedly allocated to the wrong period of accounts
and
- Queries on coding notices answered incorrectly.

The 2003 results show 96% experienced problems due to Inland Revenue shortcomings. This represents a marginal improvement of 2% on 2002, with no significant reduction in the percentage experiencing difficulties since Self Assessment was introduced.

Figure 2 compares the last three years, showing delays in processing returns as the most common problem encountered every year.



INLAND REVENUE'S HANDLING OF ENQUIRIES

In 2003, we included for the first time a question relating to impressions of the Inland Revenue's treatment of enquiries. 68% of respondents found Inland Revenue conduct reasonable during the enquiry yet 57% received their latest enquiry notice less than 3 weeks before the 31st January deadline.

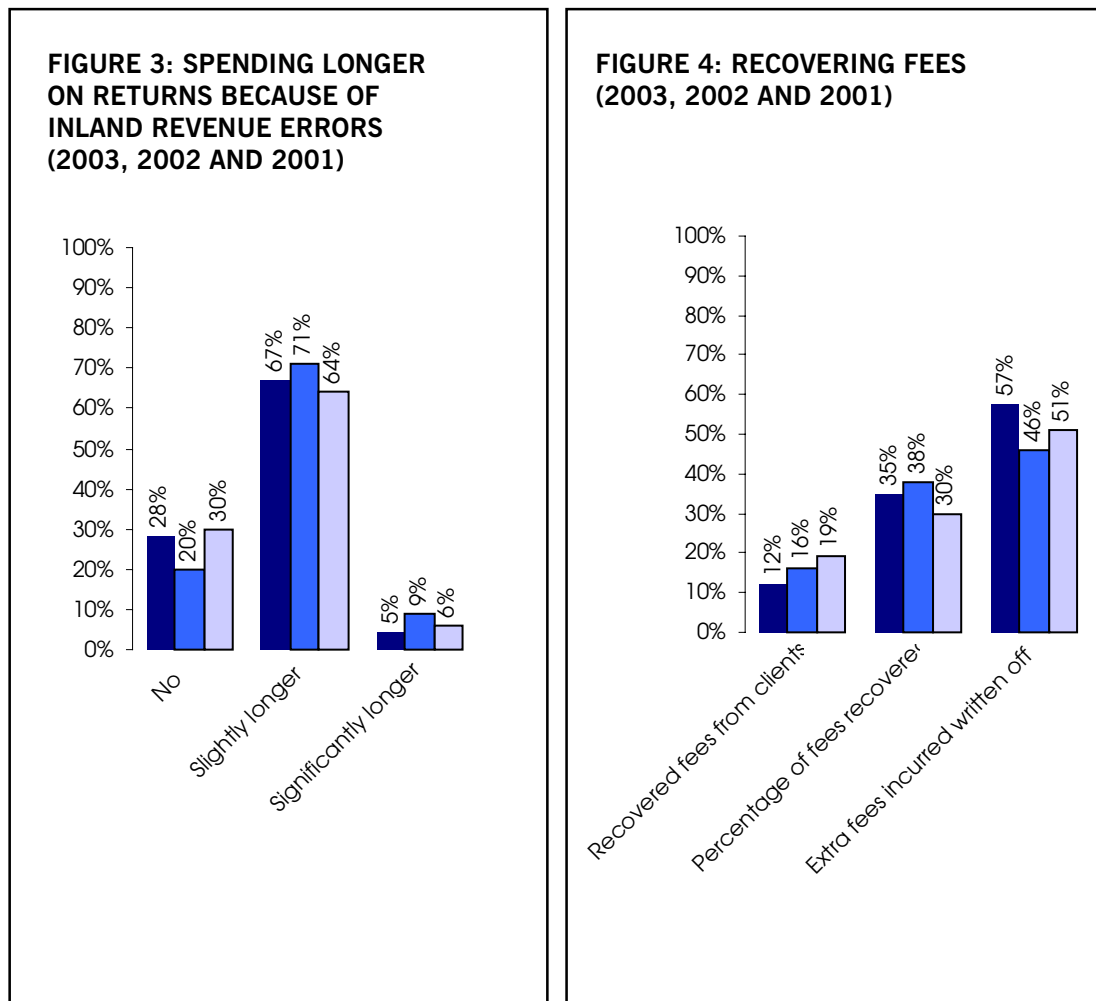
FILING RETURNS VIA THE INTERNET

8% of respondents used the Internet to file returns in 2003, an increase of 3% since the introduction of online filing in 2001. 63% of users were satisfied, though a slow, time-consuming system remained the most commonly cited problem. Other members were reluctant to try the site due to bad reports from friends and colleagues.

DELAYS CAUSED BY INLAND REVENUE ERRORS

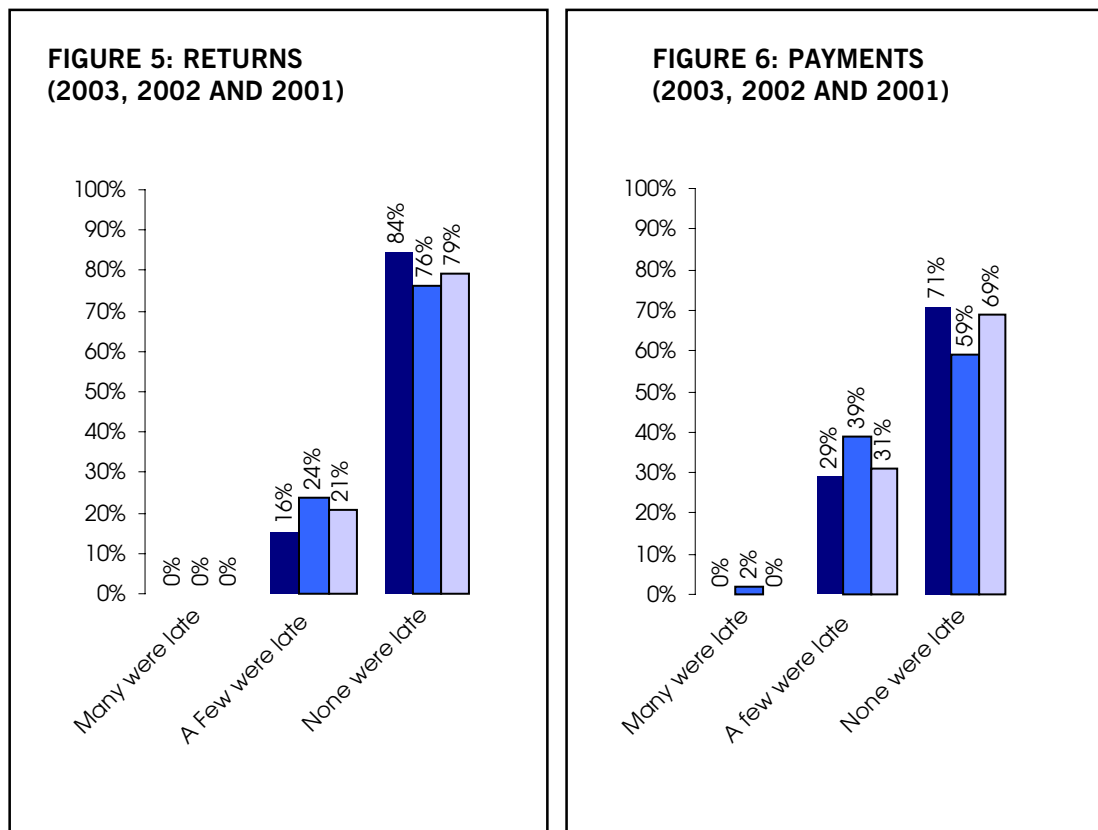
72% of respondents in 2003 had to spend more time on clients' returns as a result of Inland Revenue errors, as illustrated in Figure 3. This shows a small improvement on last year when 80% had reported spending longer on returns.

Of those who did have to spend longer on clients' returns, 57% wrote off extra fees incurred, 12% recovered these extra fees from their clients and 36% recovered a percentage of the fees. Figure 4 illustrates the results over the last three years.



DID YOU MEET THE DEADLINES?

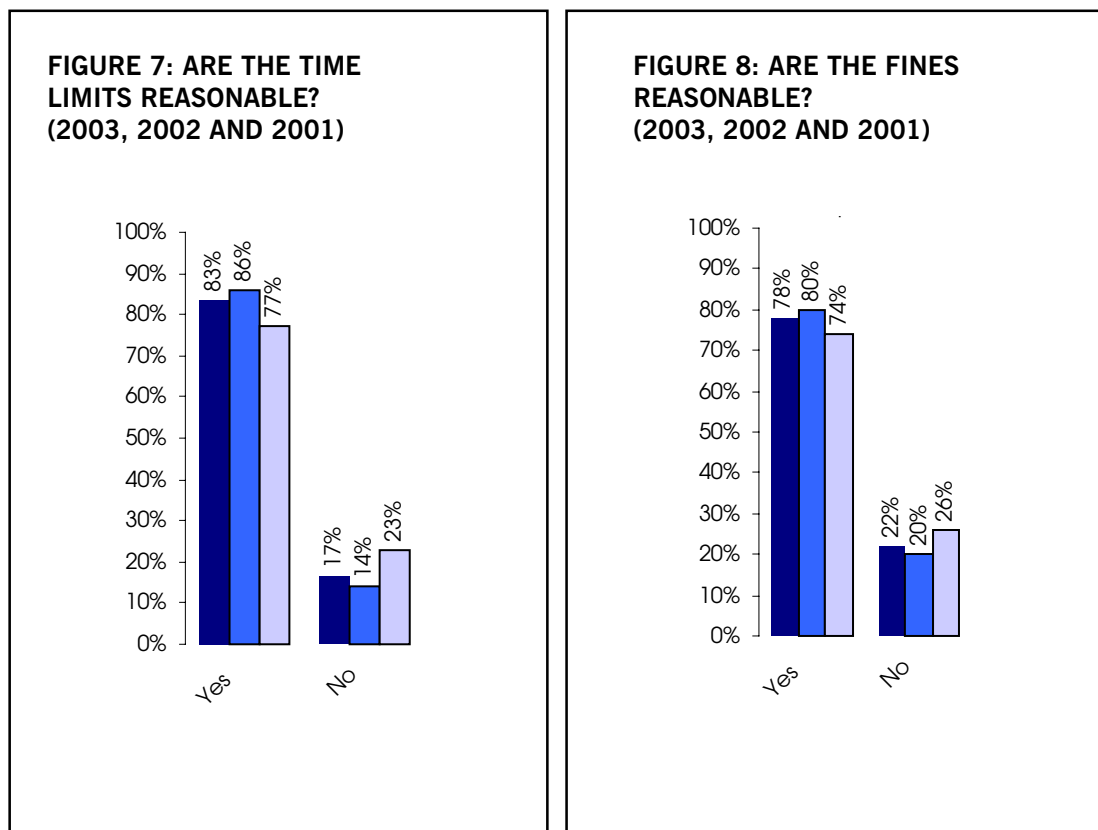
We asked whether our members had been late with their returns or payments as a result of Inland Revenue errors. The majority of respondents had not been late in either their payments or returns. 16% of respondents reported that some of their returns had been late while 29% had been late with some their payments, illustrated in Figures 5 and 6 below.

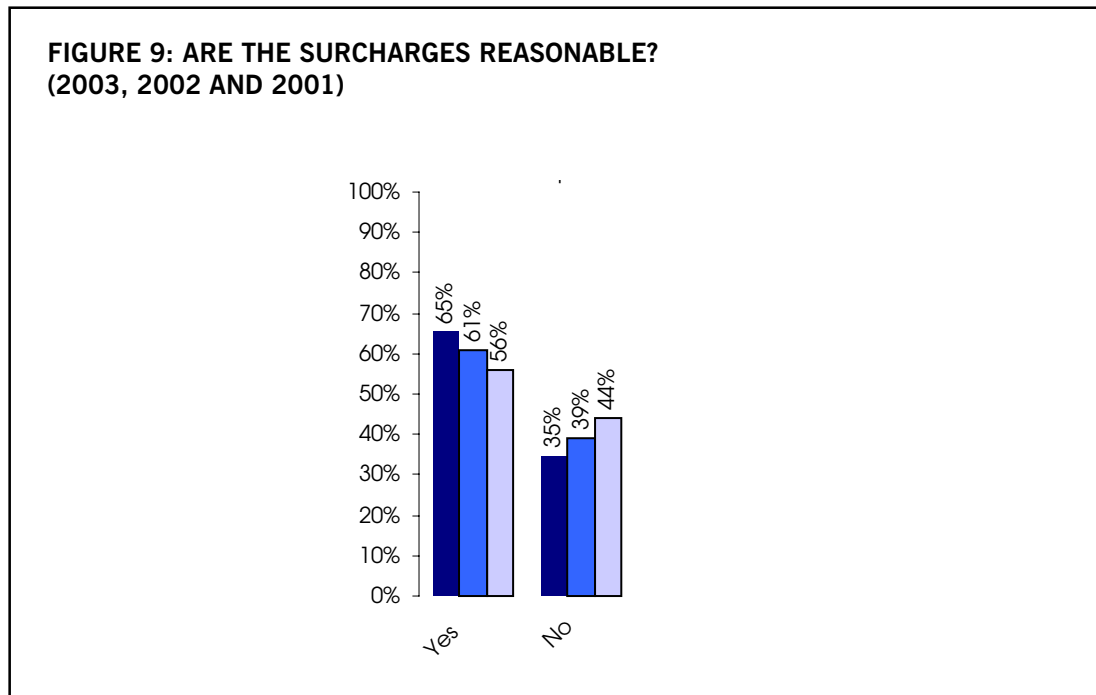


WERE THE TIME LIMITS AND PENALTIES REASONABLE?

We wanted to see what our members thought of the time limits given for Self-Assessment and whether they thought the related fines and surcharges were reasonable.

83% of respondents agreed that the time limits were reasonable (shown in Figure 7) and 78% thought that the fines were reasonable, as shown in Figure 8. Figure 9 shows that 65% agreed that the surcharges were reasonable, a small increase from 2002.





Since the introduction of Self-Assessment there has been a steady rise in the number of respondents agreeing with the fines, time-limits and surcharges. This would suggest that practitioners are gradually coming to terms with these aspects of self-assessment.

Strong comments were made with regard to the Inland Revenue's advertising of deadlines and surcharges. Practitioners felt that publicity needs to be more prominent for the surcharges and more timely with regard to the January deadline i.e. September advertising too early.

HOW DID THE SIXTH YEAR OF SELF-ASSESSMENT COMPARE WITH PREVIOUS YEARS?

We asked members to compare the sixth year of Self-Assessment with the first five years. 7% of respondents thought there had been a great improvement over the last year, while 17% noted that the initial teething troubles had now been resolved. 37% felt that no real improvement had been made and 34% still found problems with the system. 6% of respondents still found the system to be chaotic. This is illustrated in Figure 10.

On comparing these results with 2002, we see that 1% less respondents noted any improvement, while more respondents felt that no real improvement had been made. There has been only a 3% decrease in the number of respondents finding the system chaotic since 2001. This is illustrated in Figure 11.

FIGURE 10: HOW DOES 2003 COMPARE WITH PREVIOUS YEARS?

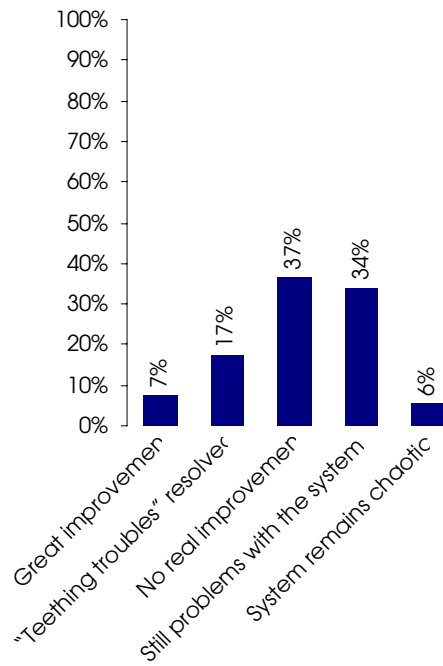
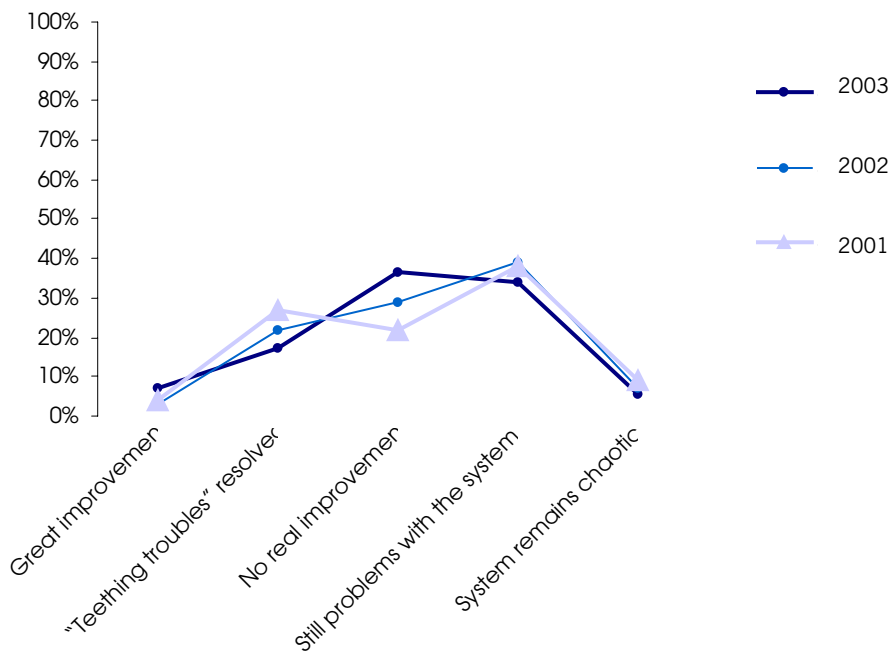


FIGURE 11: COMPARISON OF PROBLEMS EXPERIENCED OVER LAST THREE YEARS



We asked respondents whether they had any comments to make on the system's progress since its introduction in 1997 and for any reflections on this particular cycle.

Call Centres came under significant criticism, with difficulty in making contact, long hold times and under-trained staff who do not have access to paperwork being cited as the main causes of inefficiency.

The general accuracy of the Inland Revenue was again this year a cause for concern. Lost returns and keying errors caused significant delays, while the problem was compounded by difficulties in getting through to the Inland Revenue to resolve the issues.

As in previous years, respondents called for better trained and qualified Inland Revenue staff. Telephone and data-input staff were reported to be making simple keying errors, while finding staff with the technical knowledge to deal with queries had become near to impossible.

WHAT IMPROVEMENTS COULD BE MADE TO THE SYSTEM?

Out of the 64% of respondents who commented on the system, very few had anything positive to say about Self-Assessment this year.

Simplification

In previous years, the complexity of the Self-Assessment system had been a significant area of complaint from practitioners. In 2003, respondents still called for a major simplification of the system as a whole but particularly of the tax statements.

The statements of account remain in dire need of a thorough review. Practitioners complained that they found the statement to be extremely complicated and therefore inappropriate for use by the general public. In fact, it was noted that the Revenue's own staff often experienced difficulty in trying to understand the figures included on the statement. Respondents suggested that it would be useful if the statements of account were simplified dramatically and more user-friendly.

Inland Revenue Organisation

As with previous years respondents complained that the organisation of the Inland Revenue caused problems when dealing with even the most minor of enquiries. Difficulties in locating, or being able to speak personally to, processing staff added to the general burden of self-assessment with problems being compounded by delays in locating the relevant paperwork.

A suggestions which reappeared from 2002 is the allocation of taxpayers to portfolio holders so that one member of staff 'owns' a particular case, giving the tax payer and practitioner a single point of direct contact.

Again in 2003, Call Centres dealing with self-assessment enquiries were criticised by a large number of respondents who had phoned with technical queries. Competency of call-centre staff was called to question along with long waiting time and access to paperwork.

Training

The number of negative comments relating to Inland Revenue staff has increased significantly this year. The quality of staff dealing with day-to-day enquiries was reported to be extremely poor, with call-centre staff unable to resolve many of the issues put to them. One practitioner noted: "After their third degree questions to establish who you are, they cannot help you, and ask you to write in".

Respondents reported that they had no confidence in the accuracy of answers given to them by staff and that they had on occasion received incorrect advice.

Some respondents suggested that the Revenue may be under-staffed and that increasing the work-force might sort out the backlog and possibly reduce problems. Nevertheless, improved training for Revenue staff still remains key, along with an increase in the number of available staff with technical competence.

Advertising

It was suggested that the Inland Revenue should concentrate their advertising campaign on public awareness of deadlines and the individual's own responsibilities.

Respondents suggested that the system does not sufficiently encourage early pay and filing. The stick approach of fines and surcharges should be augmented with carrots, such as tax discounts or interest paid on the tax payment up until the deadline date.

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