



HM Revenue
& Customs



Research report 633

Understanding perceptions of the statutory review process

Qualitative research with customers and tax agents who took an appealable tax decision directly to the Tribunal, without first requesting or accepting a statutory review

Ipsos MORI

Katrina Leary, Kelly Maguire and Iona Gallacher

November 2021

Disclaimer: The views in this report are the authors' own and do not necessarily reflect those of HM Revenue & Customs.

© Crown Copyright 2022

Copyright in the material, typographical arrangement and design rests with the Crown. This publication may be re-used free of charge in any format or medium, and provided that it is reproduced accurately and not used in misleading context, under the terms of the Open Government Licence (OGL) www.nationalarchives.gov.uk/doc/open-government-licence/version/3/. The material must be acknowledged with the title and source of the publication specified.

Published by HM Revenue and Customs, March 2022 www.gov.uk/hmrc

Contents

1. Acknowledgements.....	4
2. Glossary and abbreviations	4
3. Executive summary.....	7
4. Introduction	11
4.1 Background.....	11
4.2 Research Aims.....	12
4.3 Method.....	12
4.4 Interpreting qualitative data	14
4.5 Structure of the report.....	15
5. Findings	16
5.1 Awareness and perceptions of statutory reviews	16
5.2 Why customers and tax agents decided to go to Tribunal	19
5.3 Reactions to information about statutory reviews	24
5.4 How to encourage take-up of statutory reviews	28
6. Conclusions.....	32

1. Acknowledgements

Ipsos MORI would like to thank the customers and tax agents who participated in the research. We greatly appreciate the support of HMRC in explaining key processes and sharing their invaluable expertise throughout the project.

2. Glossary and abbreviations

Term	Definition
Alternative Dispute Resolution (ADR)	If a customer disagrees with certain tax decisions they can request ADR. An HMRC mediator will work with the customer and the original decision-maker who made the tax decision to try to resolve the matter. ADR can still take place after the appeal has been notified to the Tribunal ¹ .
Agent	An agent is an expert or specialist appointed by an individual or a business to advise them on their financial or tax affairs. They are referred to as 'tax agents' throughout the report.
Appealable tax decisions	An appealable decision is a formal decision issued in writing by HMRC, against which the customer has a legal right to dispute through the review and appeals process.
Capital Gains Tax (CGT)	Capital Gains Tax is tax payable on the profit from the sale of non-inventory assets, including stocks, bonds, real estate and property ² .
Corporation Tax (CT)	Corporation Tax (CT) is a tax on profits payable by limited companies, foreign companies with a UK branch or office, or clubs, cooperatives, or other unincorporated associations (e.g. a sports club) ³ .
Customer	A customer of HMRC is anyone who is required to file a return, pay tax, or engage with HMRC services, either as an individual or a business.
Direct taxes	Direct taxes are levied on the income or profits of the person or business liable for the tax. Examples include: <ul style="list-style-type: none">▪ Capital Gains Tax (CGT)▪ Corporation Tax (CT)▪ Income Tax (IT)▪ National Insurance Contributions (NIC)▪ Pay-As-You-Earn (PAYE)

¹ For more information on ADR, please see: <https://www.gov.uk/guidance/tax-disputes-alternative-dispute-resolution-adr>

² For more information on Capital Gains Tax, please see: <https://www.gov.uk/capital-gains-tax>

³ For more information on CT, please see: <https://www.gov.uk/corporation-tax>

High Income Child Benefit Charge (HICBC)	The High Income Child Benefit Charge (HICBC) is payable by the higher-earning partner of a couple in receipt of Child Benefit where either partner's income exceeds £50,000 per annum. Once they reach this level of earnings, they have to start paying back their Child Benefit ⁴ .
Indirect taxes	Indirect taxes are charged on goods and services, including: <ul style="list-style-type: none"> ▪ Value Added Tax (VAT) ▪ Customs duty
Income Tax Self Assessment (ITSA)	Self Assessment is a system HMRC uses to collect Income Tax from people with income (which has not been subjected to automatic deductions, e.g. wages, pensions and savings). Individuals fill in a Self Assessment return to report their annual income to HMRC, and then HMRC calculates their tax bill ⁵ .
National Insurance (NI)	National Insurance (NI) contributions are charged on income and help fund some state benefits including the state pension, statutory sick pay and unemployment benefits ⁶ .
Original decision-maker	The HMRC officer who made the appealable decision.
Pay As You Earn (PAYE)	Pay As You Earn (PAYE) refers to income tax automatically deducted from employee salaries ⁷ .
Penalty or non-penalty cases	Penalty cases include where the customer has filed late, paid late or made an error on a return. Non-penalty cases include tax assessments, liability decisions and refused claims.
Personal Tax Account (PTA)	An online HMRC account that customers can use to manage their tax affairs.
Represented customers	Customers who used a tax agent to handle the appealable tax decision on their behalf.
Review and appeals process	If a customer does not agree with an appealable tax decision they have options to dispute it through a statutory review and/or appealing to the Tribunal.
Review officer	A review officer works within the Solicitor's Office and Legal Services (SOLS) business area of HMRC. If a customer chooses a statutory review the review officer, who is independent of the original decision-maker, will review the appealable tax decision.
Solicitor's Office and Legal Services (SOLS)	The Solicitor's Office and Legal Services (SOLS) is a business area of HMRC which handles reviews and appeals.

⁴ For more information on HICB, please see: <https://www.gov.uk/child-benefit-tax-charge>

⁵ For more information on ITSA, please see: <https://www.gov.uk/self-assessment-tax-returns>

⁶ For more information on NI, please see: <https://www.gov.uk/national-insurance>

⁷ For more information on PAYE, please see: <https://www.gov.uk/income-tax/how-you-pay-income-tax>

Statutory review	A statutory review is carried out by a review officer in SOLS. They impartially review the appealable tax decision made by the original decision-maker and can uphold, vary or cancel it. HMRC may offer customers a statutory review, in which case they have the option to accept or reject it. Customers can also request a statutory review themselves if it has not been offered to them (direct taxes only).
Tribunal	The Tribunal is independent of HMRC. The Tribunal hear and determine appeals.
Unrepresented customers	Customers who disputed the appealable decision on their own, without using a tax agent.
Value Added Tax (VAT)	Value Added Tax (VAT) is a transaction tax placed on almost all goods and services. VAT is percentage based so the more expensive something is, the more tax the consumer pays ⁸ .

⁸ For more information on VAT, please see: <https://www.gov.uk/vat-rates>

3. Executive summary

HMRC commissioned Ipsos MORI to undertake research on customer perceptions of the statutory review process.

This report covers findings from 60 in-depth qualitative interviews with HMRC customers and tax agents, to explore the reasons why they appealed a tax decision directly to the Tribunal rather than first accepting or requesting a statutory review.

An appealable tax decision is when HMRC deems that a customer has not complied correctly with their tax obligations (e.g. they may have submitted a tax return late or incorrectly). The customer, or their tax agent, has the right to dispute the decision through the review and appeals process – either by accepting or requesting a statutory review or appealing to the Tribunal.

A statutory review is undertaken by a review officer within the Solicitor's Office and Legal Services (SOLS) business area of HMRC. Review officers are independent of the original decision-maker and act as a second pair of eyes when reviewing the tax decision. They can uphold, vary, or cancel the original tax decision. If the customer, or their tax agent, disputes the outcome of a statutory review, they can still appeal to the Tribunal.

Approximately two-thirds (65%) of HMRC customers who dispute their appealable tax decision choose to appeal to the Tribunal, without first requesting or accepting a statutory review. HMRC believe that statutory reviews can be beneficial for the customer as they are more time and cost-effective than Tribunals. In addition, when customers *do* accept or request a statutory review first, three-quarters (75%) do not later appeal to the Tribunal.

HMRC commissioned this research to understand why customers do not accept or request a statutory review in the majority of cases, and what could increase future uptake of statutory reviews. Ipsos MORI conducted 60 in-depth interviews with customers (45) and tax agents (15) between January and March 2021. All participants had appealed to the Tribunal after receiving an appealable tax decision from HMRC between January 2019 and February 2020, without first accepting or requesting a statutory review.

Awareness and perceptions of statutory reviews (Section 5.1)

Tax agents' awareness and understanding of statutory reviews varied depending on the nature of their role. They ranged from dispute specialists who were in regular contact with HMRC to appeal tax decisions, through to accountants in smaller firms who provided general bookkeeping and payroll services, and were handling their first appealable tax decision. Tax agents who were aware of statutory reviews, including those who had used them in the past, were not always familiar with the term.

Customers generally had limited recall of the statutory review offer (included in the letter informing them of the tax decision). Some said they were sure that the letter did not mention the option to review, or that they had never received it.

Customers felt unsure of the steps they could take to appeal the tax decision and they described taking a wide variety of actions in response. Despite this confusion over the proper process, customers felt that they had been through some sort of a review and appeals process, but one that they had initiated (rather than HMRC) by querying the initial tax decision. They thought that querying was part of appealing the tax decision and, in some cases, considered this to be a review.

This lack of clarity over the correct process for appealing a tax decision led a number of customers to miss the 30 day deadline for appealing the decision, as they did not know that it had begun (or ended). Their limited understanding or recall of the initial letter that would have explained this deadline, meant that customers felt that they did not have a proper chance to discuss their case with HMRC and for it to be resolved without the need for escalation to the Tribunal.

Why customers and tax agents decided to go to Tribunal (Section 5.2)

Customers' and tax agents' decision-making was very different depending on whether they were aware or unaware of statutory reviews at the time of the tax decision. For customers and tax agents who were unaware of statutory reviews, the Tribunal was the only option they believed was available and so they did not make an active decision to go to the Tribunal. Those who were aware, by contrast, actively chose to go to Tribunal rather than take up a statutory review.

Despite the fact that customers who were unaware of statutory reviews at the time of the tax decision did not actively choose the Tribunal over the statutory review, they still had a variety of different motivations for challenging the tax decision:

- to prompt HMRC to reconsider their decision
- to provide a chance to discuss the case with HMRC
- to challenge a law they perceived as unfair (they hoped the Tribunal had the power to change the law)
- to benefit others who may be in a similar situation

By contrast, customers and tax agents who were aware of statutory reviews made an active choice to appeal to the Tribunal. These customers decided to appeal to the Tribunal over a statutory review because:

- they were following their tax agent's or a friend's advice
- they felt angry or confused by the initial decision and felt the Tribunal had the authority to help them seek redress
- they had reached an impasse with HMRC via correspondence, were frustrated with the lack of progress and appealed to the Tribunal in the hope of resolving the case
- they had questions about the independence of a statutory review

Tax agents had the following reasons for appealing to the Tribunal rather than

accepting or requesting a statutory review:

- as a means of forcing HMRC's hand to look at the case again, and hopefully cancel the decision before the case went to Tribunal
- where the tax decision was subjective, tax agents thought that the SOLS reviewing officer would be unlikely to undermine the judgement of the original decision-maker
- to provide an opportunity for discussion and dialogue
- to hold HMRC accountable for (incorrect) decisions

Reactions to information about statutory reviews (Section 5.3)

During the interviews, participants were provided with more information about statutory reviews, including the benefits of taking one over a Tribunal, and were then asked for their thoughts on what they had heard. How customers and tax agents perceived statutory reviews after hearing this information was shaped by three main factors:

- tax agents' previous experience of the review and appeals process – whatever had worked for them in the past was their preferred approach for the future
- customers' or tax agents' relationship with HMRC – the extent to which customers and tax agents had a favourable perception of statutory reviews was influenced by how satisfied they had been with their interaction with HMRC during their case
- customers' or tax agents' reasons for appealing the initial tax decision

Statutory reviews were of interest to those who had appealed because they wanted a chance to discuss their case, or they wanted to prompt HMRC to reconsider their decision. They saw no reason why a statutory review would not result in the same outcome as a Tribunal in these cases.

They were more sceptical of statutory reviews where they had appealed because they felt particularly aggrieved by the decision and wanted to hold HMRC accountable, they wanted to challenge a policy, or where they lacked confidence in the quality of the initial decision.

How to encourage take-up of statutory reviews (Section 5.4)

Customers wanted more dialogue with HMRC both before, and during, the reviews and appeals process. They had tried to engage with HMRC during these times to explain why they thought the tax decision was wrong or unfair but felt they had not had the opportunity to fully put their case forward. Providing this opportunity earlier in the process could prevent cases from reaching Tribunal stage.

Tax agents who had used statutory reviews in the past, had the decision upheld, but

then had the decision cancelled or varied at Tribunal had views that were more difficult to change. These tax agents wanted to see better quality decision-making by the officers making the initial tax decisions. Success rates showing that one-third of tax decisions (excluding penalties) are cancelled or varied at statutory review were not enough to convince the most sceptical tax agents, who needed to see their peers having more positive experiences before they could be persuaded of their merits.

Both customers and tax agents needed more information to improve their awareness and understanding of the overall review and appeals process and of statutory reviews in particular.

When the initial tax decision is issued, customers and tax agents wanted the letter to clearly explain the steps involved in the whole review and appeals process, including explaining what a statutory review is and how it differs to a Tribunal. The letter should clearly emphasise all time limits that apply during the review and appeal process and outline how the case could be escalated if the customer or tax agent disputed the outcome at each stage.

During the 30-day period in which the customer may accept the review offer, improving communication between HMRC and customers or tax agents could prevent cases from escalating to the Tribunal and improve perceptions of the statutory review. Customers and tax agents felt that more productive dialogue at this stage could avoid the need for a Tribunal in certain cases.

Both customers and tax agents felt that greater transparency in statutory review decisions could increase trust in the process, thereby making them more likely to take the option in the future. This could include raising awareness of the fact that HMRC publishes case outcomes in the annual report, and including information on how and why HMRC reached their decisions in statutory review cases.

Emphasising the aspects that statutory reviews have in common with the Tribunal could improve customer and tax agent perceptions of them. The aspects of the Tribunal that particularly resonated with customers and tax agents were independence, and fairness and openness in terms of reviewing existing evidence and accepting new evidence when reaching a conclusion.

The choice and channel that HMRC use to share this information was less important to customers and tax agents than clearly reinforcing the message at each stage of the process.

4. Introduction

HMRC commissioned Ipsos MORI to undertake research on customer perceptions of the statutory review process.

This section covers the background to the research, what the research aimed to find out, an overview of the methodology and an explanation of how the report is structured.

4.1 Background

4.1.1 An explanation of the review and appeals process

An appealable tax decision is when HMRC deems that a customer has not complied correctly with their tax obligations. For example, they may have submitted a tax return late, missed a payment deadline or HMRC considers they may have understated tax on their returns. They are 'appealable' tax decisions because the customer has the right to dispute the decision through the review and appeals process.

The review and appeals process varies slightly depending on whether the tax decision relates to direct taxes (e.g. Income Tax, Corporation Tax) or indirect taxes (e.g. VAT). Direct taxes have an additional step because the decision must first be appealed to HMRC, before a statutory review or the Tribunal. This first-stage appeal allows the customer the opportunity to provide new facts or arguments to HMRC and settle the matter in dispute by agreement.

For example, if the customer can provide a 'reasonable excuse' as to why the Self Assessment (SA) tax return was late, then the tax decision can be cancelled at this point. For indirect taxes, the customer can still provide new facts or arguments following the decision but there is no first-stage appeal.

The review offer is made in the appealable tax decision for indirect taxes. The review offer is made in the 'view of the matter' letter (a letter issued by HMRC if the first-stage appeal doesn't resolve the matter) for direct taxes. The customer has two options: they can accept the review offer, or they can appeal to the Tribunal.⁹

- the statutory review is undertaken by a review officer within the Solicitor's Office and Legal Services business area of HMRC.
- review officers are independent of the original decision-maker and act as a second pair of eyes when reviewing the tax decision. Review officers uphold, vary or cancel the original tax decision.
- if the customer chooses a statutory review and disputes the outcome, they can still appeal to the Tribunal. Customers can also choose to appeal straight to the Tribunal without first accepting or requesting a statutory review.

⁹ Please note that for direct taxes, the customer can also request a review (rather than waiting for one to be offered) following the first-stage appeal

4.1.2 Background to the research

Approximately two-thirds (65%) of HMRC customers who dispute their appealable tax decision choose to appeal to the Tribunal, without first requesting or accepting a statutory review. Of those customers who do accept or request a statutory review first, three-quarters (75%) do not later appeal to the Tribunal. Therefore, HMRC wanted to better understand why most customers do not accept or request the offer of a statutory review in the majority of cases, and what could increase future uptake of statutory reviews.

HMRC data shows that the type of tax decision has an impact on whether a customer accepts or requests a statutory review. In 2018/2019, four in five (80%) statutory reviews were requested regarding automated late payment and late filing penalties. HMRC data shows that it is more likely that a customer will be represented at appeal than at statutory review.

Therefore, HMRC aimed to explore whether there are differences between represented and unrepresented customers, when opting for a statutory review.

HMRC believe a statutory review is more beneficial for the customer compared to an appeal to the Tribunal, as reviews are more time and cost-effective. Statutory reviews are typically concluded within a matter of months, whereas Tribunal cases may take considerably longer. The findings from this research will support the delivery of HMRC's strategy to build a trusted, modern tax administration system.

4.2 Research Aims

The research aimed to understand specific areas of the review process to get a full understanding of what could encourage take-up of statutory reviews in the future. Specifically, the research sought to understand:

- awareness and perceptions: Whether customers and tax agents were aware of statutory reviews and, if they were, to understand their perceptions
- barriers: If there were any barriers preventing customers and tax agents from using a statutory review
- enablers: What would make customers and tax agents more likely to request a statutory review in the future
- differences between groups: Why the uptake of statutory reviews differs depending on the type of case, for example, why statutory reviews are less likely to be requested or accepted by customers who are represented by a tax agent and for non-penalty cases (compared to penalty cases)

4.3 Method

The research involved 60 interviews lasting around 45 minutes, via phone or Microsoft Teams, between Monday 11 January and Wednesday 3 March 2021.

Ipsos MORI interviewed 15 tax agents and 45 customers who had appealed to the Tribunal after receiving an appealable tax decision from HMRC between January 2019 and February 2020, without first accepting or requesting a statutory review.

4.3.1 Sample design

Quotas were set for a range of criteria to ensure we included a good mix of eligible customers and tax agents. The final composition of the sample is outlined below.

Table 1: Tax agent sample composition

Criteria	Sub-categories	No. interviews (15)
Tax type (most recent relevant case)	Pay-As-You-Earn (PAYE) Tax	1
	Income Tax Self Assessment (ITSA)	5
	Value Added Tax (VAT)	6
	Corporation Tax (CT)	2
	Other direct taxes	-
	Other indirect taxes	1
Case type (most relevant recent case)	Penalty case	6
	Non-penalty case	9
Previous experience of appeals process	Experience of statutory review	-
	Experience of Tribunal	7
	Experience of both statutory review and the Tribunal	7
	No other previous experience of statutory review or the Tribunal	1

Table 2: Customer sample composition

Criteria	Sub-categories	No. interviews (45)
Tax type (most recent relevant case)	Pay-As-You-Earn (PAYE) Tax	-
	Income Tax Self Assessment (ITSA)	9
	Value Added Tax (VAT)	18
	Corporation Tax (CT)	1
	Other direct taxes	17
	Other indirect taxes	-
Use of tax agent	Use tax agent for relevant tax type	10
	Do not use tax agent for relevant tax type	35

Case type (most relevant recent case) ¹⁰	A non-penalty and a penalty decision	9
	A non-penalty decision only	13
	A penalty only (late filing or payment) decision	16
	A penalty only (other) decision	6
Tax payment size ¹¹	Low (£0-£1,000)	8
	Medium (£1,001-£10,000)	26
	High (£10,001+)	10
Case outcome at Tribunal	Successful	22
	Partially successful	6
	Unsuccessful	17
Where the decision was made	At Tribunal	15
	Not at Tribunal	30
Previous experience of review and appeals process	Experience of statutory review	-
	Experience of Tribunal	3
	Experience of both	-
	No other previous experience of either	42

4.4 Interpreting qualitative data

Qualitative approaches are used to explore the nuances and diversity of views, the factors which shape or underlie them, and the ideas and situations in which views can change. The results are intended to be illustrative of the range of views of customers and tax agents who have appealed to the Tribunal without accepting a statutory review. They are not intended to be statistically representative of these groups.

Verbatim comments have been included in this report to illustrate and highlight key points and common themes. Where verbatim quotes are used, they have been anonymised and attributed with the following characteristics:

- customers: customer, tax type, case outcome at Tribunal
- tax agents: tax agent, tax type, number of cases, previous experience of review and appeals process

The research only covered a certain number of tax types, which means some quote identifiers may look very similar. This does not necessarily mean that they were said by the same people, and we have aimed for a good spread across the interviews.

¹⁰ Includes one participant who did not know the case type, meaning the number of interviews adds to forty-four rather than forty-five.

¹¹ Includes one participant who did not know the tax payment size, meaning the number of interviews adds to forty-four rather than forty-five.

4.5 Structure of the report

The remainder of the report covers the following sections:

- awareness and perceptions of statutory reviews
- why customers and tax agents decide to go to Tribunal
- reactions to information about statutory reviews
- how to encourage take-up of reviews
- conclusions

Throughout the report we present the findings for customers and tax agents separately, with the exception of when findings for both groups are similar. Awareness of statutory reviews was a significant barrier (especially for customers), so much of the data on perceptions and decision-making in relation to statutory reviews is based on information presented to customers and tax agents during the interview. Because of this, we have split the findings by awareness and perceptions of statutory reviews at the time they received the tax decision and perceptions of statutory reviews after receiving further information from the interviewer.

5. Findings

This report presents qualitative findings about customers' and tax agents' awareness, understanding and perceptions of statutory reviews, as well as exploring their reasoning behind taking an appealable tax decision directly to the Tribunal, rather than first accepting or requesting a statutory review. The report also includes findings on how customers and tax agents can be encouraged to take-up statutory reviews in the future.

5.1 Awareness and perceptions of statutory reviews

This chapter explores tax agents' and customers' awareness and perceptions of statutory reviews at the time they received the tax decision. In this chapter we look at awareness of two distinct concepts:

1. awareness of the option to accept or request a statutory review, and what a statutory review involved; and
2. awareness of the overall review and appeals process. This encompasses all options open to customers to dispute an appealable tax decision, namely: discussing with the original decision-maker, a statutory review, and the Tribunal.

5.1.1 Tax agent awareness and perceptions

Tax agents' awareness of statutory reviews varied depending on their previous experience, and the nature of their role. The tax agents in the research ranged from dispute specialists who were in regular contact with HMRC to appeal tax decisions on behalf of their clients, through to accountants in smaller firms who provided general bookkeeping and payroll services, and were handling their first appealable tax decision.

Dispute specialists' awareness and understanding of the benefits and drawbacks of statutory reviews was very high. Their perceptions of statutory reviews, and in which situations to use them, were strongly influenced by their previous experiences. The more success they had with them in the past (tax decisions being cancelled or varied) the more positive they were about statutory reviews. This will be discussed in more detail in Section 5.2.2 and Section 5.3.

Tax agents who were aware of statutory reviews, including those who had used them in the past, were not always familiar with the term. They referred to statutory reviews as 'reviews', 'appeals' or 'mandatory reconsiderations', and through discussing what their experiences had involved, it was possible to determine that they were talking about statutory reviews.

"When the initial appeal was rejected, I got a letter saying that the case could be reviewed by an independent person within HMRC. It was a stage before Tribunal ... [when prompted] Yes, I think they might call it a statutory review. I found a form and it was titled 'request for review of decision' and you send the completed form

to the Solicitor's Office at a Newcastle address. So this clue is that you're now dealing with legal people, within HMRC, as opposed to a case officer."

- Tax agent, one case, CT, prior experience of statutory review and Tribunal

Some tax agents with low awareness of statutory reviews were familiar with other dispute remedies, such as Alternative Dispute Resolution (ADR) or the option to request a new case officer from the team that had issued the initial tax decision. These tax agents, who were less experienced with the appeals process, were unclear how these options differed from a statutory review.

5.1.2 Customer awareness and perceptions

Customers generally had low awareness of statutory reviews. They had limited recall of the statutory review offer in the letter informing them of the tax decision. Some said they were sure that the letter did not mention the option to review, or that they had never received it.

Even those who did recall an option for HMRC to review the decision, often after prompting, were unclear on the specifics or the benefits of a statutory review. Customers who were aware of statutory reviews at the time they received the tax decision formed opinions of what they involved based on very limited information. They had either read the description of a statutory review in the letter and been sceptical of the review's independence, or they were influenced by the recommendations of friends or their tax agents. In either case, they had done no further research to find out more about statutory reviews.

"[My friend] said don't bother with the statutory review, it's a waste of time. He went through it and had no end of trouble."

- Customer, HICBC, decided in taxpayer's favour prior to Tribunal

Represented customers (those using a tax agent to appeal the tax decision) were heavily reliant on their tax agents' advice. For example, they saw their tax agent as an expert, did not have time to appeal the decision themselves, and/or they were worried about the decision and needed reassurance from their tax agent to handle it. In some cases, the tax agent took over the case completely; these customers had particularly low awareness of the details of their case.

"No, I've never heard of that. I passed all the letters straight to my accountant without reading them. To be honest, I didn't think spending time trying to figure them out was a good use of my time. [Later in the interview] I didn't know there was a Tribunal case until after it had been resolved. I trusted the agent to just do what he needed to do to sort it out and he did, that is his job."

- Customer, ITSA, decided in taxpayer's favour prior to Tribunal

As well as low awareness of statutory reviews specifically, customers were confused about how the overall review and appeals process was meant to work in practice. Customers felt unsure of the steps they could take to appeal the tax decision and

they described taking a wide variety of actions in response, which suggests that there was a lack of clarity about the appeals process overall.

In addition, customers described being confused by the terminology used in HMRC communications, by their tax agents, and on GOV.UK relating to the review and appeals process: review, process review, peer review, statutory review, appeal, mandatory reconsideration, Alternative Dispute Resolution (ADR), and Tribunal. None of the customers in the research recognised the term 'statutory review'¹².

“I got a letter saying I could appeal to HMRC and if I disputed that appeal I could appeal that appeal and if I disputed that appeal, then I could go to Tribunal.”

- Customer, HICBC, decided in HMRC's favour at Tribunal

Despite this confusion over what the proper process was, customers did feel that they had been through some sort of a review and appeals process, but one that they had initiated – rather than HMRC – by querying the initial tax decision. Customers and tax agents queried the tax decision in several different ways: by phoning the HMRC helpline, writing letters to various departments, and initiating complaints. They thought that taking these steps was part of appealing the tax decision and, in some cases, considered this to be a review.

This lack of clarity over the correct process for appealing a tax decision led a number of customers to miss the 30-day deadline for appealing the decision, as they did not know that it had begun (or ended). As they had limited understanding or recall of the initial letter that would have explained this deadline, customers felt that they did not have a proper chance to discuss their case with HMRC and for it to be resolved without the need for escalation to the Tribunal.

“I probably would've accepted the review if it had been available, so someone could take a look at my case. I remember a phone call and [HMRC] saying 'well you didn't respond within the time' and I said, 'well I never received the letter' when they said they'd tried to contact me before. So, I suppose I went straight to Tribunal because I must have missed this 30 day deadline.”

- Customer, HICBC, decided in HMRC's favour at Tribunal

Despite thorough screening of participants to ensure that they had not accepted or requested a statutory review of the tax decision in question, a number of customers felt they may have had one more piece of information was provided about statutory reviews during the course of the interview. This reinforces the finding that customers lack clarity about the language used, as well as the different aspects of the review and appeals process.

¹² It is also worth noting that the initial letter sent to customers mentions a 'review' rather than a 'statutory review'

“I received a letter about appealing the decision and we decided to go for it – to the Tribunal. I’m not sure whether there was any other option on the letter, and I don’t recognise that term: ‘statutory review’. [After checking with a colleague] So it turns out we might have had one, though I’m not sure and I don’t recall it being referred to as a statutory review. I would maybe call it more of an appeal than a review.”

- Customer, VAT, decided in taxpayer’s favour prior to Tribunal

5.2 Why customers and tax agents decided to go to Tribunal

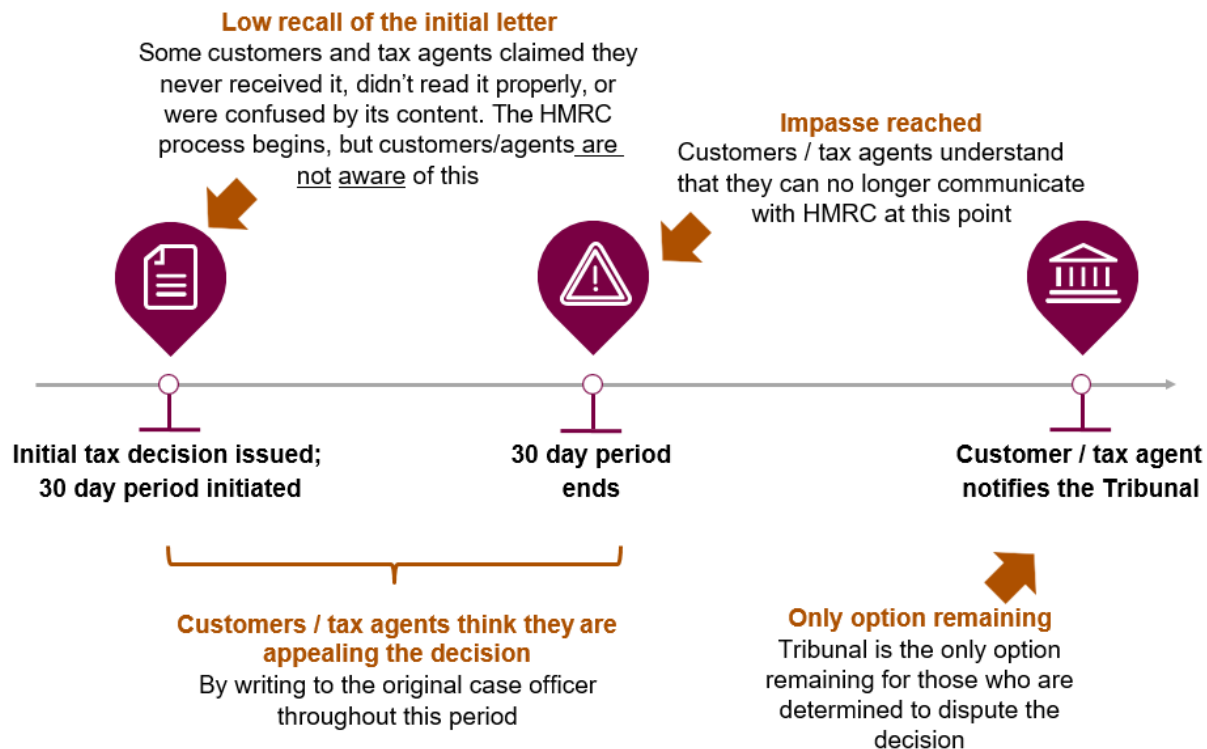
This chapter explores the reasons why customers and tax agents decided to take their appealable tax decision directly to the Tribunal, rather than first accepting or requesting a statutory review. The chapter focuses first on those who were unaware of the statutory review at the time it was available to them; and then on those who were aware.

This is because the decision-making for these two groups was very different. For customers and tax agents who were unaware of statutory reviews, the Tribunal was the only option they believed was available and so they did not make an active decision to go to the Tribunal. Those who were aware, by contrast, actively chose to go to Tribunal rather than take up a statutory review.

5.2.1 Customers and tax agents who were unaware of the statutory review at the time

Customers and tax agents who were either unaware of statutory reviews, or who lacked clarity about what the overall review and appeals process should look like from the start, were put on an inevitable path to the Tribunal, as shown in Figure 1 below.

Figure 1: Customers' and tax agents' initial confusion inevitably leads to the Tribunal



Customers and tax agents who were unaware of the option to accept or request a statutory review decided to go to the Tribunal as it was their only known option remaining to dispute the decision. They therefore did not actively choose the Tribunal over a statutory review. Tax agents who were unaware of statutory reviews at the time had a sole reason for continuing to appeal the tax decision: they were convinced that a clear error had been made, and appealed the tax decision as they were acting in their clients' best interests.

Despite the fact that most customers did not actively choose the Tribunal over the statutory review, they still had a variety of different motivations for challenging the tax decision:

- to prompt HMRC to think again: these customers appealed to the Tribunal as they felt HMRC were not considering their extenuating circumstances or reaching the 'correct' conclusion based on the evidence provided, and they felt that notifying the Tribunal might encourage HMRC to take another look at the case. This was mentioned primarily by those who were convinced a clear error had been made.

"The issue seemed to be going on and on, and I thought a Tribunal would bring things to a head. If we win, we win, if we lose – fine."

- Customer, CGT, decided in taxpayer's favour prior to Tribunal

- a chance to discuss the case: customers who felt that HMRC had not been open to discussion, or who had found it difficult to explain their circumstances, thought that the Tribunal would provide them with the opportunity to discuss their case face-to-face. Some described being quite shocked by the formality of the Tribunal and that they had not realised at the time they applied that the Tribunal meant taking HMRC to court.

“I felt I could say my piece at someone’s face at a Tribunal, rather than having to send an email to someone. It’s easier, I prefer to talk to people face-to-face. You could probably argue your case better.”

- Customer, HICBC, decided in HMRC’s favour at Tribunal

- to challenge a law: some customers thought the tax law was fundamentally unfair. They hoped, or assumed, that the Tribunal had the power to overrule the decision and prompt HMRC to change their processes, how they interpreted legislation or, in some cases, lead to a change in the legislation itself. This was particularly the case with unrepresented customers disputing the High Income Child Benefit Charge, who stated that they were unaware of the need to repay Child Benefit when their earnings exceeded a certain threshold¹³. They thought the overpayment penalties were unfair, and the way Child Benefit works should be reconsidered.

“I do have faith in the law. In the law at the level of people who are legal professionals and are accustomed to thinking about issues in a legalistic way and know what is a reasonable or unreasonable expectation. And I feel very strongly that all of the things that I complained about to HMRC have substance legally.”

- Customer, HICBC, decided in HMRC’s favour at Tribunal

- to benefit others: some customers wanted to take their case to Tribunal to ensure that lessons were learnt and others did not experience the same situation in the future.

“And as well as wanting to challenge it because I knew I was in the right, and they were in the wrong, I suppose I also did it because other people could be going through a similar situation with HMRC. And if they take a look at my case, they might take another look at theirs, too.”

- Customer, CGT, decided in HMRC’s favour at Tribunal

5.2.2 Customers and tax agents who were aware of the statutory review option

By contrast, customers and tax agents who were aware of statutory reviews made an active choice to appeal to the Tribunal. Customers had the following reasons for choosing the Tribunal over a statutory review:

- advice: represented customers were heavily reliant on their tax agent’s advice and had low awareness of the pros and cons of a statutory review versus a

¹³ Please refer to the Glossary for an explanation of the High Income Child Benefit Charge

Tribunal. They accepted what their tax agent recommended without much discussion, as they were paying for their tax agent's advice as a tax expert. From the tax agent interviews, we know that they recommend appealing to the Tribunal where they feel they have a greater chance of success, because they are more familiar with Tribunals, or because they have negative perceptions of statutory reviews.

- emotional response: some customers felt quite angry and/or confused by the initial decision made by HMRC. They presumed that the Tribunal had authority over HMRC, and the power to tell HMRC when they had done something wrong. They therefore appealed to the Tribunal to seek redress.
- relationship with HMRC: as shown in Figure 1 above, customers described reaching an impasse with HMRC via correspondence, with HMRC's tone feeling very final, suggesting there was no further scope for discussion. These customers described feeling frustrated with the lack of progress, running out of time or energy, and therefore appealed to the Tribunal in the hope of resolving the case.
- independence: for some customers, the information they were provided in the initial letter led them to believe that the Tribunal would provide them with a fairer hearing than a statutory review, as it was carried out by a body outside of HMRC.

Tax agents had the following reasons for appealing to the Tribunal rather than accepting or requesting a statutory review:

- strategy: tax agents with prior experience of the review process appealed to the Tribunal as a way to force HMRC's hand, reconsider the case, and hopefully settle prior to the Tribunal. Some agents were concerned that if they took a statutory review and the decision was upheld, then this could count against them at the Tribunal. Their worry was that the Tribunal might be more likely to uphold the decision if it had also been upheld at review.
- nature of the case: tax agents who specialised in indirect tax disputes (largely VAT) had the opinion that HMRC decisions left little room for discussion, and that there was no point challenging these decisions outside of Tribunal. In addition, tax agents explained that where the tax decision (regardless of tax type) had been subjective, open to interpretation, or a question of judgement on the part of the original decision-maker, they saw little point in accepting or requesting a statutory review. This was because they thought that the SOLS review officer would be unlikely to undermine the judgements of the original decision-maker.

"If it's a best judgement assessment, then I'd be less inclined to get a review because, in my experience, the reviewer is unlikely to overturn the original decision." - Tax agent, VAT, multiple cases, prior experience of statutory review and Tribunal

- need for dialogue: tax agents would also choose to appeal to the Tribunal where they felt they had reached an impasse with the original decision-maker. They appealed to the Tribunal as they felt a third party was required to reach a resolution.
- independence: as above with customers who had actively chosen Tribunal over statutory review, some tax agents explained that their suspicions over how independent statutory reviews were, drove their decision to appeal to the Tribunal. They explained that the Tribunal felt more independent as it sat outside of HMRC.
- to hold HMRC accountable: this was mentioned by tax agents who had felt that the original decision was unreasonable, were confident the decision would be cancelled, and wanted to hold HMRC to account by taking the case to Tribunal.

Tax agents' perceptions and decision-making relating to statutory reviews were strongly influenced by their previous experiences. Where tax agents had experience of tax decisions being upheld at statutory review, but later cancelled or varied at Tribunal, they felt there was little point using them, except for a few specific circumstances.

Tax agents explained that they would opt for a statutory review over a Tribunal where they were confident that the decision would be cancelled or varied, when they felt the original decision-maker had not followed the correct process, or if they wanted to buy extra time to prepare their case for the Tribunal.

5.3 Reactions to information about statutory reviews

Participants were shown the following information about statutory reviews, and were then asked for their thoughts on what they had heard.

- when HMRC makes an appealable tax decision, customers have the right to dispute that decision, either by going directly to the Tribunal or by requesting or accepting a statutory review of the decision.
- the statutory review is undertaken by a review officer within the Solicitor's Office and Legal Services (SOLS) business area of HMRC. Review officers are independent of the decision-maker and act as a second pair of eyes when reviewing the tax decision. Review officers can uphold, vary or cancel the original decision.
- if a customer disagrees with the conclusion of the statutory review, they can still take the case to the Tribunal. An appeal to the Tribunal is more costly for both the customer and HMRC and usually takes much longer than the statutory review.
- for example, statutory reviews are typically concluded in two months and appeals against automated penalties typically take 6-9 months to resolve, whilst Tribunal cases may take considerably longer to conclude. For statutory reviews (excluding automated penalties) two-thirds of cases are upheld, one-third are cancelled/varied.

How customers and tax agents perceived statutory reviews after hearing this information were shaped by three main factors:

- tax agents' previous experience of the review and appeals process: whatever had worked for them in the past was their preferred approach for the future. This meant that those with fixed ideas about which cases were best suited to statutory reviews and which to Tribunals were unlikely to be swayed by information provided by HMRC.
- customers' or tax agents' relationship with HMRC: the extent to which customers and tax agents had a favourable perception of statutory reviews was influenced by how satisfied they had been with their interaction with HMRC during their case. For example, those who had felt frustrated by protracted back and forth with HMRC and by what they perceived as HMRC being unwilling to discuss the case openly, were less inclined to engage with HMRC in the future by taking a statutory review. Instead, they preferred to deal with a new, third party, in the form of the Tribunal hearing.
- customers' or tax agents' reasons for appealing the decision: where customers and tax agents wanted a chance to discuss their case, or they wanted to prompt HMRC to reconsider their decision, then they were more open to using a statutory review in the future – as based on the information shown, they saw no reason why a statutory review would not result in the same outcome as a Tribunal. However, where customers and tax agents felt particularly aggrieved

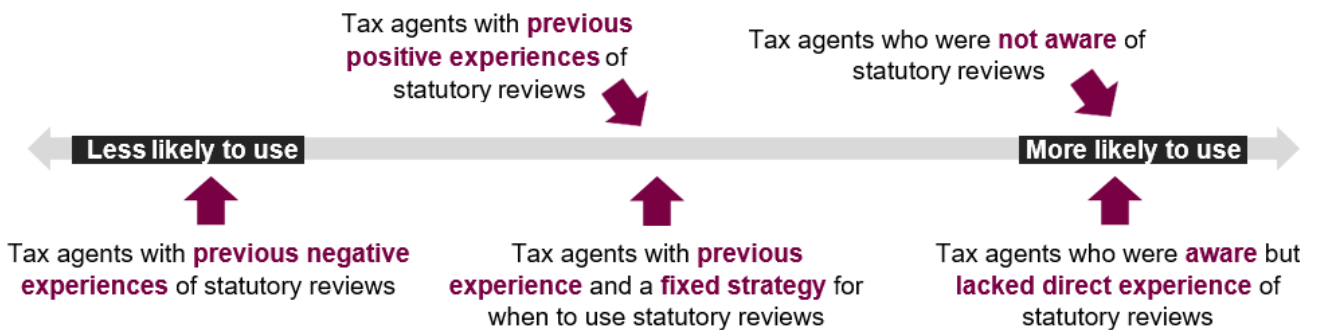
by the initial decision and wanted to hold HMRC accountable, where they wanted to challenge a policy, or where they lacked confidence in the quality of the initial decision, then they maintained that the Tribunal was the only way to get a fair outcome, despite the information shown.

The following sections provide more detail on tax agent and customer perceptions after they had read the information on statutory reviews.

5.3.1 Tax agent reactions to further information on statutory reviews

Tax agents' reactions to the information on statutory reviews were shaped by the extent of their previous experience with the process, as shown below in Figure 2.

Figure 2: Tax agents' reactions to further information and likely take up of statutory reviews



Tax agents with previous negative experiences of statutory reviews had views that were more difficult to change. They were sceptical about their independence given their lack of success with statutory reviews in the past. These tax agents needed proof of independence which, for them, was not simply more information from HMRC, but seeing their colleagues and peers having greater success at statutory review.

"[The statutory review] didn't give any reasons at all for the decision apart from saying, 'this is my view and I'm upholding the decision-maker's view.' So, you know, I think, had it been a better quality reviewing officer, I would have understood HMRC's position better. And I've now had to appeal it to Tribunal, and now they seem to be taking it seriously, and they're now, sort of, reconsidering several points of it. So, yes, I would have better to cut out the statutory review, wouldn't I?"

- Tax agent, multiple cases, VAT, prior experience of statutory review and Tribunal

Tax agents with previous positive experiences of statutory reviews agreed with the information provided and did not change their minds about the usefulness of statutory reviews. Similarly, tax agents with previous experience and a fixed strategy for when to use statutory reviews were unlikely to change their approach based on the information

shown alone; they explained that they would continue to use statutory reviews in certain situations, and Tribunals in others.

“I stand by the fact that if you feel strongly enough that your case is justified and HMRC is incorrectly handling the enquiry, then I would direct the client to opt for a Tribunal. This provides the opportunity for the Tribunal to slap HMRC's wrist and the matter is legally and publicly reported. I would only recommend going for a statutory review if dealings with HMRC had been proceeding with appropriate consideration to the client and there was some hope that some middle ground could be found. If HMRC insists they are the only people who are correct there would be no point in going for a statutory review.”

- Tax agent, two cases, ITSA, prior experience of statutory review and Tribunal

Tax agents who were not aware of statutory reviews were more likely to use them in the future. From the information provided, they thought that statutory reviews seemed easier, quicker and cheaper than Tribunal, with relatively good odds of success. All tax agents who were not previously aware of statutory reviews explained that they would at least consider them in the future after reading more about them. For some tax agents, the information helped to overcome their initial concerns over the independence of the statutory review.

“It does make it sound like there would be scope for compromise and that the whole process would take less time than a Tribunal. That took six months to hear what was a very clear and straightforward case.”

- Tax agent, one case, ITSA, prior experience of statutory review and Tribunal

Tax agents who were aware but lacked direct experience of statutory reviews included those who recalled the letter outlining both appeal options (statutory review and Tribunal), as well as those who may have used a statutory review in the past (some were unclear whether it had been a statutory review or not). The information helped persuade these tax agents that statutory reviews were a viable alternative, or addition to, Tribunal and that cases could be resolved more quickly.

5.3.2 Customer reactions to further information on statutory reviews

Customers had made the decision to go to Tribunal either without knowing about statutory reviews at all, or on the basis of very limited advice or perceptions of what they involved. The further detail provided during the interviews was the most information that customers had seen or heard about statutory reviews. Certain types of customers were more or less likely to opt for a statutory review in the future, determined by the nature of their experiences with the initial tax decision. These customers are discussed below.

Some customers were very receptive to statutory reviews after learning more about them. Customers who wanted the opportunity to discuss their case further with HMRC

before going to Tribunal thought that the statutory review might be more collaborative, and would offer them the chance to put forward more evidence, explanation, and their viewpoint to HMRC. Others who were receptive to the idea of a statutory review were customers who had not anticipated how formal the Tribunal would be and who wanted to avoid it in the future. These customers were encouraged to take a statutory review in the future, as it seemed like a quicker, cheaper and a more informal option than the Tribunal.

“It just sounds really scary and official and it’s a lot more money. You hear the word ‘court’ and you think of people going to court and going to prison. [Statutory review] obviously sounds serious, but I think people need to be made aware that it’s not a court. It can be sorted out quicker, in an easier way, and just make you aware that you don’t need to go to court.”

- Customer, ITSA, decided in HMRC’s favour at Tribunal

However, some customers were unconvinced that a statutory review could provide a viable alternative to Tribunal. Customers who had felt aggrieved by the tax decision, or frustrated with the progress of discussions with the original decision-maker explained that they would choose a Tribunal in the future as they wanted to avoid protracted discussion with HMRC.

As discussed in Section 5.1.2, a number of customers believed that they may have had a statutory review before taking their case to the Tribunal. The information did not change their perceptions of the statutory review if the decision had been cancelled or varied at Tribunal.

Given their experience of the statutory review upholding the decision of the original case officer, these customers were inclined to appeal to a Tribunal again in the future, if relevant.

Beyond the specific experiences of these customers, whether or not the information provided encouraged customers to consider statutory reviews in the future seemed to come down to individual preferences and interpretations of the information. Customers explained that they would choose whichever option – statutory review or Tribunal – they felt would give them the following:

- a fair hearing by an independent party
- a chance for discussion and dialogue
- the quickest, simplest route to resolution

5.4 How to encourage take-up of statutory reviews

This chapter explores the ways that HMRC could encourage customers and tax agents to use statutory reviews in the future, rather than first appealing to the Tribunal to dispute an appealable tax decision.

It explores ways in which the entire review and appeals process could be improved based on customer and tax agent experiences. It also explores how HMRC communications about the review and appeals process could be improved to increase awareness. In the interviews, we showed customers and tax agents an example of the letters that HMRC send when issuing an appealable tax decision, and explored:

1. recall of the options given in the letter
2. Thoughts about the information provided in the letter and how this could be improved.

5.4.1 How to improve awareness and perceptions of the statutory review

Customers were keen for more dialogue with HMRC both before, and during, the reviews and appeals process. Most customers reported that they had tried to engage with HMRC during these times, either by letter or phone, to explain why they thought the tax decision was wrong or unfair. They often felt that HMRC did not take their reasoning or evidence into consideration, which led to feelings of frustration. They wanted the opportunity to put forward their case and to be heard. Providing this opportunity earlier in the process could prevent cases from reaching Tribunal stage.

When disputing a direct tax decision, customers can provide new facts or arguments in a 'first-stage-appeal'. For indirect taxes, the customer can still provide new facts or arguments following the decision but there is no first-stage appeal. This finding suggests that indirect taxes may benefit from additional time to discuss with the original decision-maker, before moving to the formal review and appeals process.

Tax agents were sceptical of statutory reviews where they had upheld the initial tax decision, but then the decision had been cancelled or varied when the case was taken to Tribunal.

These tax agents wanted to see better quality decision-making by the officers who made the initial tax decision. They suggested actions to enable officers to make more accurate decisions, including improved training, improved hiring, and oversight or sign-off on their decisions.

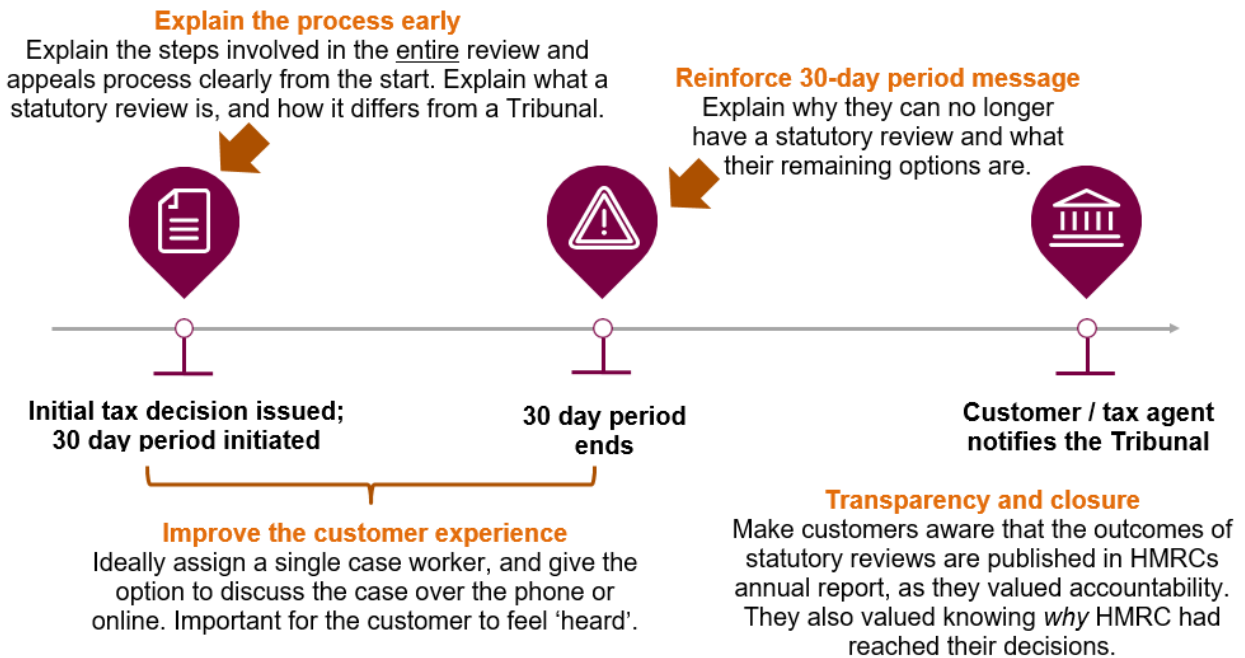
However, success rates showing that one-third of tax decisions (excluding automated penalties) are cancelled or varied at statutory review were not enough to convince the most sceptical tax agents to take them up in the future. They needed to see other tax agents having positive experiences, which in practice means seeing statutory reviews cancelling or varying tax decisions more regularly.

“The problem is not the communications but the process itself. No matter how many ways you make the process look good on paper, if that credibility [among professionals] is not there, people are not going to take it up. You are not going to have agents recommending a statutory review.”

- Tax agent, multiple cases, PAYE, prior experience of Tribunal

As discussed in Section 5.2.1, initial confusion after receiving an appealable tax decision put many customers and some tax agents on an inevitable path to the Tribunal. Therefore, raising awareness and reinforcing each stage of the process throughout is key to encouraging uptake of statutory reviews, and avoiding customers and tax agents going straight to the Tribunal.

Figure 3: Encouraging uptake of statutory reviews



When the initial tax decision is issued, explaining the steps involved in the entire review and appeal process clearly could help increase awareness. This might include explaining what a statutory review is and how it differs from a Tribunal. It would be beneficial to do this early on before customers' and tax agents' experience of the process could potentially influence their view of a statutory review and how likely they are to succeed at one.

Within the 30-day period after the initial tax decision, improving communication could prevent cases from going further and improve perceptions of statutory reviews. As discussed earlier, customers found their communications with HMRC frustrating, so

allowing further dialogue between customers/tax agents and the original decision-maker could improve the process.

This could also include providing more information about customers' options for communicating with HMRC during the process.

For example, customers and tax agents without prior experience of statutory reviews were not aware that late appeals (after the 30 day period had ended) can be accepted by HMRC, where the customer has a reasonable excuse for the lateness. Nor were they aware that, for indirect taxes, it is possible to extend the period in which the statutory review offer can be accepted to give the customer the opportunity to continue discussions with the original decision-maker. Explaining this clearly from the outset could help customers and tax agents to understand that going to the Tribunal is not always their only option, and could prevent them attempting to initiate their own reviews by writing letters of complaint or calling helplines.

Both customers and tax agents said that transparency of statutory review decisions would increase trust in the process and make them more likely to take this option in the future.

There was no awareness that HMRC publish outcomes of statutory reviews in the annual report, so improving awareness of this could also increase levels of trust. Tax agents said that they would also want to see information on *why* HMRC reached their decision in statutory review cases as this would increase transparency and also provide useful information about how HMRC interpret legislation.¹⁴

5.4.2 How to describe statutory reviews

By explaining the process clearly in HMRC communications, customers will better understand how they should engage with HMRC to appeal tax decisions.

- language: Explain the whole review and appeals process in Plain English, without technical jargon, to avoid confusion over what each stage involves.
- process: Set out the different stages clearly, how they differ from one another, and that one stage is an escalation of another. Make it clear that having a statutory review will not influence the outcome at Tribunal if they later decide to take this option.
- tone: Communications could be more conciliatory or collaborative to make people feel like HMRC are willing to listen, and therefore that they have a chance of success at statutory review.

Emphasising the aspects that statutory reviews have in common with the Tribunal could improve perceptions of them. Some elements of the Tribunal resonated with

¹⁴ Statutory review conclusions contain sensitive customer information which cannot be shared with third parties. The reasons for upholding, cancelling or varying a decision are shared with the customer and their agent if the agent is authorised. Many tribunal decisions are published which give customers the opportunity to see examples of how HMRC interpret legislation

customers, so it could be beneficial to emphasise those that are similar to a statutory review.

- fair and open: explain that the statutory review is a fair re-consideration of the circumstances surrounding the original tax decision, and that it will take reasoning and extenuating circumstances into account. The statutory review will consider whether the original decision-maker interpreted the evidence available correctly when making their decision.
- new evidence: as well as explaining that statutory reviews re-examine the decision-maker's interpretation of available evidence, explain that the review offers a chance for customers to provide new evidence to explain their case. Emphasise that the bulk of cases are settled because of new evidence.
- independence: emphasise that the review is impartial and carried out by a team unrelated to the original decision-maker who issued the tax decision. This could be demonstrated by success rates of statutory reviews overturning the original tax decision, but this needs to be balanced against undermining the original decision.

The description of SOLS is also important. For some, the terms 'solicitors' and 'legal services' gave a positive impression that review officers would be more experienced or fairer than compliance caseworkers (like the original decision-maker), whose primary role is seen by customers to be to collect tax. Some customers and tax agents thought this would also mean that their case would be being reviewed by someone with legal expertise¹⁵.

Customers and tax agents interpreted this in one of two opposing ways: some saw this as a positive, as they would be dispassionate and review the decision to the letter of the law.

Others thought that they would be solicitors acting in HMRC's interest, and again called the independence of the process into question. Tax agents who were more experienced with statutory reviews also questioned whether the description of SOLS could be misleading:

"Although they might badge themselves as the solicitor's office, they're based anywhere in the country and so wouldn't be in a dedicated office where they would confer with solicitors. They might confer with other rank and file officers. That creates a slightly different image doesn't it? You know, because if you're saying they're all solicitors' offices, you think they're all down in London sitting round saying, 'Oh this is a difficult decision, what do you think about it?' That's not how it works."

-Tax agent, multiple cases, VAT, prior experience of statutory review and Tribunal

¹⁵ SOLS is comprised of tax, legal and operational delivery professionals in HMRC and are responsible for all litigation, legal advice and legal aspects of legislative work. Whilst SOLS' reviewing officers have specialist skills, they are tax, rather than legal, professionals.

The choice of channel that HMRC use to share information is less important than reinforcing the key messages clearly, but customers should be reminded about the statutory review option at any possible opportunity.

- letter or email: make the review and appeals options stand out from the tax decision. Only include the essential information in a cover letter, then signpost to further details in an appendix or online.
- online: those that looked online were only aware of the Tribunal option. Make the option of a statutory review clearer online.
- phone: a phone call would give HMRC a chance to explain the customer's options, reminding them of the letter, and would give customers them a chance to ask any questions and clarify and confusion.
- convey urgency: some tax decisions that were sent via the Personal Tax Account (PTA) were missed, as customers assumed the message wasn't urgent. Customers could be reminded of the tax decision through a text message.

6. Conclusions

Customers generally had low awareness and understanding of statutory reviews. They reported that they had either never heard of the option to ask HMRC to review the decision, or they had formed a view of statutory reviews at the time that was based on very little information.

Customers, and tax agents without previous experience of appealing tax decisions, lacked clarity over what the overall review and appeals process should look like from start to finish. Many customers and tax agents felt that they had initiated a process of appeal by writing, calling, or filing a complaint with HMRC, but this process was not aligned with HMRC's internal processes for handling reviews of appealable tax decisions.

Tax agents' awareness and understanding of statutory reviews was mixed and depended on the nature of their role (whether they provided general bookkeeping and accounting services, or were dispute specialists). For those with previous experience of appealing tax decisions, their perceptions of statutory reviews were shaped by these previous experiences. Where they had had decisions upheld at statutory review, that had subsequently been cancelled or varied at Tribunal, tax agents were more sceptical of the usefulness and independence of statutory reviews.

Customers and tax agents had different reasons for appealing their tax decisions at Tribunal, depending on whether or not they were aware of the option to request or accept a review at the time.

Customers and tax agents who were not aware of statutory reviews appealed to the Tribunal as they believed it was the only option open to them once the 30-day deadline had passed.

Therefore, they did not make an active decision to choose the Tribunal over a statutory review. Despite this, customers had numerous, secondary reasons for wanting to appeal at Tribunal, including:

- to encourage HMRC to reconsider the case
- to challenge an existing policy or law
- to benefit others in a similar situation
- to provide a chance to discuss the case

Tax agents who were not aware of statutory reviews at the time of the tax decision appealed to the Tribunal as they believed they were acting in their client's best interests. Meanwhile, tax agents who were aware of statutory reviews at the time of the tax decision chose Tribunal over a statutory review:

- as a strategy to encourage HMRC to take a look at the case, and resolve the decision prior to Tribunal
- because they lacked confidence in the independence and fairness of the review
- because they felt there was a lack of dialogue between themselves and HMRC and they thought a Tribunal would provide more scope for discussion
- to hold HMRC accountable for making an unfair decision
- because the case was subjective and they felt that a reviewing officer would be likely to side with the original decision-maker

Customers who had been aware of statutory reviews at the time, but lacked any real depth of understanding of what they involved, were strongly influenced by the recommendations of their tax agents, or friends / colleagues who told them that they would have a better chance of having the decision cancelled at Tribunal.

For both customers and tax agents, the most important elements of the review and appeals process were the independence of the review officer, feeling like they were having a fair hearing and a chance to put forward their case, and to get the decision resolved as quickly and as simply as possible. To encourage greater take-up of reviews in the future, both customers and tax agents needed:

- a detailed, clear, explanation of what the review and appeals process should look like from start to finish, including how to escalate the decision
- an early explanation of the process – included with the initial letter explaining the tax decision
- reminding customers of where they are in the process at each step
- an objective explanation of the purpose of both a statutory review and the Tribunal, how they differed, and the relative benefits and drawbacks of each

Some customers and tax agents found statistics (such as the average cost, duration, and the proportion of cases that are upheld, cancelled, or varied at both statutory review and Tribunal) helpful to see the merits of the statutory review over a Tribunal. However, the most sceptical tax agents, with a lot of negative experiences with statutory reviews, remained unconvinced that they could consistently be used as a viable alternative to the Tribunal. These tax agents needed to see statutory reviews being used more regularly by their peers, and for them to be having success through tax decisions being cancelled or varied on a more regular basis before they could be persuaded to use them more readily in the future.

Ipsos MORI's standards and accreditations

Ipsos MORI's standards and accreditations provide our clients with the peace of mind that they can always depend on us to deliver reliable, sustainable findings. Our focus on quality and continuous improvement means we have embedded a 'right first time' approach throughout our organisation.

ISO 20252

This is the international market research specific standard that supersedes BS 7911/MRQSA and incorporates IQCS (Interviewer Quality Control Scheme). It covers the five stages of a Market Research project. Ipsos MORI was the first company in the world to gain this accreditation.

ISO 27001

This is the international standard for information security designed to ensure the selection of adequate and proportionate security controls. Ipsos MORI was the first research company in the UK to be awarded this in August 2008.

ISO 9001

This is the international general company standard with a focus on continual improvement through quality management systems. In 1994, we became one of the early adopters of the ISO 9001 business standard.

Market Research Society (MRS) Company Partnership

By being an MRS Company Partner, Ipsos MORI endorses and supports the core MRS brand values of professionalism, research excellence and business effectiveness, and commits to comply with the MRS Code of Conduct throughout the organisation.

Data Protection Act 2018

Ipsos MORI is required to comply with the Data Protection Act 2018. It covers the processing of personal data and the protection of privacy.