Taxpayer Service in Other Countries

INTRODUCTION

As the National Taxpayer Advocate has repeatedly demonstrated, tax administrations in different countries can learn from each other with respect to a wide range of issues, such as:

- Enhancing voluntary compliance;[1]
- Devising remedies for violations of taxpayer rights;[2]
- Adopting a Taxpayer Bill of Rights;[3]
- Selecting accounts to audit;[4] and
- Creating the appropriate geographical footprint.[5]

While increased reliance on online delivery of taxpayer services is common, the taxpayer-centric procedures adopted by some tax administrations emerge as standards of "best practice."

DISCUSSION

A survey of taxpayer services in other jurisdictions reveals the widespread belief that effective taxpayer service enhances voluntary compliance.[6] The Organisation for Economic Cooperation and Development (OECD) reports indicate, among other things, that an expanded role of tax administrations, accompanied by reductions in resources, has often resulted in a shift to online services, but with an inadequate understanding of taxpayer preferences.[7] Effective taxpayer service requires multiple service channels.[8] Customer service in non-tax areas of government and in private industry is becoming more digital, but personal contact remains a pillar of service delivery.[9]

1 National Taxpayer Advocate 2007 Annual Report to Congress, vol. 2, 138-80 (Marjorie E. Kornhauser, *Normative and Cognitive Aspects of Tax Compliance: Literature Review and Recommendations for the IRS Regarding Individual Taxpayers*).

2 National Taxpayer Advocate 2012 Annual Report to Congress, vol. 2, 131, 138-40 (Research Study: *Options for Expanding the Remedies to Address Taxpayer Rights Violations*).

3 National Taxpayer Advocate 2013 Annual Report to Congress 5, 9-10 (Most Serious Problem: *The IRS Should Adopt a Taxpayer Bill of Rights as a Framework for Effective Tax Administration*).

4 National Taxpayer Advocate 2014 Annual Report to Congress 112, 120-21 (Most Serious Problem: *The IRS Does Not Sufficiently Incorporate the Findings of Applied and Behavioral Research into Audit Selection Processes as Part of an Overall Compliance Strategy*).

5 National Taxpayer Advocate 2014 Annual Report to Congress 31, 37 (Most Serious Problem: *The Lack of a Cross-Functional Geographic Footprint Impedes the IRS's Ability to Improve Voluntary Compliance and Effectively Address Noncompliance*).

6 *See, e.g.*, Behavioural Insights Team, *EAST: Four Simple Ways to Apply Behavioural Insights*, 4 (2014); Yassie Hodges, *Taxpayer Services, in* Detailed Guidelines for Improved Tax Administration in Latin America and the Caribbean 105, 105 (U.S. Agency for Int'l Dev. (USAID), Aug. 2013); Swedish Tax Agency, *Right From The Start: Research and Strategies*, 92, 126 (2005).

7 Organisation for Economic Cooperation and Development (OECD), *Tax Administration 2015: Comparative Information on OECD and Other Advanced and Emerging Economies* (2015); OECD, *Increasing Taxpayers' Use of Self-Service Channels* 28-32, 65 (2014).

8 See, e.g., Aurélie Barnay *et al.*, McKinsey & Company, *Tax Myths: Dispelling Myths About Tax Transformation in Rapidly Growing Economies*, 5 (McKinsey Ctr. for Gov't, 2015).

9 *See, e.g.*, Daniela Engel, *et al.*, *Self-Services - Do Not Leave Your Customers Alone with the Technology* 317, 317 (Wirtschaftsinformatik Proceedings, Paper 22, 2015); Julia Klier, Regina Pfleger & Lea Thiel, *Just Digital or Multi-Channel? The Preferences of E-Government Service Adoption by Citizens and Business Users* 180, 186-87 (Wirtschaftsinformatik Proceedings, Paper 13, 2015); Stefan Biesdorf & Florian Niedermann, *Healthcare's Digital Future* (McKinsey & Co.), July 2014.

LITERATURE REVIEW

1. **Accenture**, *eGovernment Leadership: High Performance, Maximum Value*, 23–26 (2004).

   "[S]urvey of citizens' attitudes and use of eGovernment in 12 different countries: Australia, Belgium, Canada, France, Germany, Ireland, Italy, Singapore, Spain, Sweden, the United Kingdom and the United States … respondents included only regular Internet users. … Those citizens who use eGovernment overwhelmingly do so for informational purposes. Transactional use is higher in high-penetration countries but it is still quite low in comparison to informational use. … Among the transactional services listed in our survey, filing taxes was the service most likely to have been used by citizens. Those that have filed online generally have had a positive experience."

2. *Agile Delivery: Writing User Stories*, GOV.UK, https://www.gov.uk/service-manual/agile-delivery/writing-user-stories (last visited Nov. 1, 2016).

   The Digital Service Standard also requires that "[t]o pass point 1 (understand user needs) [of the Digital Service Standard] in your service assessments, you'll need to show how you're using user stories to understand user needs for your service. To pass point 4 (use agile methods) you'll need to show how you've adopted agile tools and techniques, including working with user stories. To pass point 5 (iterate and improve frequently) you'll need to show how you prioritise your user stories and move them quickly and smoothly from research to production."

3. **AIMTech Research Group**, Leeds Univ. Bus. Sch., *Benefits Express*, 22 (2005), http://publicsectornomads.com/wp-content/uploads/2012/06/HaltonBoroughCouncilBenefitsExpressCS.pdf.

   This project describes a "Benefits Bus" that visited local neighborhoods and assisted residents in signing up for government benefits. A walk-in visit to the bus was followed by an in-home visit, where employees from the Benefits Division assisted in completing the benefit application form, gathering supporting documentation (conserved using digital cameras), updating in real time the person's claim on the benefit system, and letting the "customer" know the amount of benefit they would receive. The service produced an 80 percent reduction in correspondence and the paper-based system was virtually removed. One manager described the experience as follows:

   "… someone comes and does the work for you and your benefits are turned around in days instead of, in some cases, in months. There is an irony in that this flies in the face of most of the government initiatives in terms of modifying services, which is based on the Internet and a self-help basis. Benefits are complicated and those who are most in need probably cannot complete the form themselves. We have introduced a service which is resource intensive but it satisfies the citizen."

4. **Aurélie Barnay *et al.***, McKinsey & Company, *Tax Myths: Dispelling Myths About Tax Transformation in Rapidly Growing Economies,* 5 (McKinsey Ctr. for Gov't, 2015).

   "Best-in-class tax administrations are taking a different approach to digitization. Going digital is no longer about making digital channel usage mandatory for 100 percent of citizens — it is about improving the taxpayer experience one segment or service at a time."

5. **The Australian Gov't the Treasury**, *Better Tax System, Better Australia*, at iii (March 2015).

   The Australian Taxation Office presented the public with a description of the existing tax system and invited submission and suggestions so that it could reconsider and work with the Australian people "*to create a better tax system that delivers taxes which are lower, simpler, fairer*."

6. **Australian Taxation Office (ATO)**, *Taxpayers' Charter, What You Need to Know*, 4 (2010).

   The charter is framed in terms of services taxpayers can expect: *e.g.*, "Offer you professional service and assistance" which means "we: help you understand your rights and entitlements in our dealings with you … provide advice and information in a way that meets your needs where possible."

7. **Behavioural Insights Team**, *EAST: Four Simple Ways to Apply Behavioural Insights*, 4 (2014), http://www.behaviouralinsights.co.uk/wp-content/uploads/2015/07/BIT-Publication-EAST_FA_WEB.pdf.

   "If you want to encourage a behaviour, make it Easy, Attractive, Social and Timely (EAST). These four simple principles for applying behavioural insights are based on the Behavioural Insights Team's own work and the wider academic literature."

8. **Ben McLannahan**, *'Robo-advisers' Try to Calm Investor Nerves*, Financial Times (Feb. 1, 2016).

   "Automated investment services have expanded rapidly in the US in recent years, attracting mostly younger customers with the promise of managing pots of their money at a fraction of the cost of a human being. Yet almost all of that growth has been achieved in a gently rising market — prompting some traditional rivals to predict that once prices drop and tensions rise, clients will no longer be happy to be guided by software. Charles Schwab, which has raced to about $5.3bn in assets under management since launching its robo service last March, says that it has asked staff to work longer hours to cope with a roughly one-third increase in calls from customers since December. Online chats have picked up too, as customers have sought advice on rebalancing portfolios and optimising tax bills amid the rougher environment of the past few weeks. 'There are times when people just want to talk — even if it's just to reinforce that they're doing the right thing,' said Tobin McDaniel, San Francisco-based president of Schwab Wealth Investment Advisory, which offers robo services to clients with at least $5,000 to invest. 'Without access to a professional when the market gets choppy, there's a risk that some investors might make emotional decisions that they'll regret later.'"

9. **Claimant Compliance Manual (CCM) 15710**, *Undisclosed Partners: Recovery of Overpayments from 18 January 2010 – Overview of different scenarios* (July 26, 2016), (UK equivalent of the Internal Revenue Manual (IRM)).

   Her Majesty's Revenue & Customs (HMRC) does not always seek to recover all of an erroneously claimed family credit, even though "the strict legal position" is that the claim was invalid from the outset. Moreover, according to the UK Department for Work and Pensions, *Guidance, Universal Credit and Your Claimant Commitment,* taxpayers seeking the Universal credit, which is administered by the Department for Work and Pension, agree to a Claimant Commitment, which in most cases

"will be drawn up during a conversation with your work coach at your local job centre" and is regularly reviewed and updated. If the taxpayers are a couple, the couple nominates the "carer."[10]

10. **Daniela Engel *et al.***, *Self-Services - Do Not Leave Your Customers Alone with the Technology* 317, 317 (Wirtschaftsinformatik Proceedings, Paper 22, 2015).

    Per Abstract, "self-service technologies (SSTs) allow integrating customers as active participants into companies' business processes and thereby are expected to generate not only more efficient processes but also positive effects on customer satisfaction. As some customers do not consider their integration as an improvement and others are not able to use the SSTs, companies have to provide personal support offering direct response, assurance and social interaction."

11. **Daniela Yu & John H. Fleming**, *How Customers Interact With Their Banks*, Gallup Bus. Journal (2013), http://www.gallup.com/businessjournal/162107/customers-interact-banks.aspx?version=print.

    "Customers have preferences for how they interact with a bank to meet various banking needs. To withdraw cash, one customer may prefer a face-to-face transaction with a live teller in a branch location while another customer may prefer to visit an ATM. To better understand these channel preferences and how they affect customers' engagement with their bank, Gallup conducted a nationwide retail banking study that explored which channels customers prefer to use for 14 of their most common banking needs …. When banks migrate customers from channels they prefer to use to channels they don't, they may lower those customers' engagement with the bank …. When customers can't use the channel they prefer for a banking transaction, they are less satisfied with their experience than customers who used their preferred channel to meet their banking needs; they are also less engaged with the bank overall than customers who used their preferred channel. We observed significant declines in channel satisfaction for 12 of the 14 banking activities and significant declines in overall customer engagement for six of the 14. Highly emotional, complex, and expensive transactions, such as when customers open or close an account, apply for a loan, and seek financial advice, saw more decline in both channel satisfaction and overall engagement compared with other types of transactions."

12. **Dep't of Econ. & Soc. Affairs**, U.N., *E-Government Survey 2012*, 5 (2012).

    "Citizens have diverse needs and demands for services; therefore it is no longer sustainable for governments to utilize one preferred way of service provision over the other. It is now ever more essential that governments exploit all possible delivery channels in order to reach out to as many people as possible, no matter how poor, illiterate or isolated."

13. **Digital by Default Service Standard**, gov.uk, https://www.gov.uk/service-manual/digital-by-default (last visited Nov. 1, 2016).

    This site requires all new digital services from the UK government to meet the following 18 requirements before they will appear on GOV.UK:

    - "Understand user needs: Understand user needs. Research to develop a deep knowledge of who the service users are and what that means for the design of the service.

10 *Guidance: Universal Credit and Your Claimant Commitment*, gov.uk, https://www.gov.uk/government/publications/universal-credit-and-your-claimant-commitment-quick-guide/universal-credit-and-your-claimant-commitment (last updated Apr. 11, 2016).

- Do ongoing user research: Put a plan in place for ongoing user research and usability testing to continuously seek feedback from users to improve the service.
- Have a multidisciplinary team: Put in place a sustainable multidisciplinary team that can design, build and operate the service, led by a suitably skilled and senior service manager with decision-making responsibility.
- Use agile methods: Build your service using the agile, iterative and user-centred methods set out in the manual.
- Iterate and improve frequently: Build a service that can be iterated and improved on a frequent basis and make sure that you have the capacity, resources and technical flexibility to do so.
- Evaluate tools and systems: Evaluate what tools and systems will be used to build, host, operate and measure the service, and how to procure them.
- Understand security and privacy issues: Evaluate what user data and information the digital service will be providing or storing and address the security level, legal responsibilities, privacy issues and risks associated with the service (consulting with experts where appropriate).
- Make all new source code open: Make all new source code open and reusable, and publish it under appropriate licences (or provide a convincing explanation as to why this can't be done for specific subsets of the source code).
- Use open standards and common platforms: Use open standards and common government platforms where available.
- Test the end-to-end service: Be able to test the end-to-end service in an environment identical to that of the live version, including on all common browsers and devices, and using dummy accounts and a representative sample of users.
- Make a plan for being offline: Make a plan for the event of the digital service being taken temporarily offline.
- Make sure users succeed first time: Create a service which is simple to use and intuitive enough that users succeed the first time.
- Make the user experience consistent with GOV.UK: Build a service consistent with the user experience of the rest of GOV.UK including using the design patterns and style guide.
- Encourage everyone to use the digital service: Encourage all users to use the digital service (with assisted digital support if required) alongside an appropriate plan to phase out non-digital channels and services.
- Collect performance data: Use tools for analysis that collect performance data. Use this data to analyse the success of the service and to translate this into features and tasks for the next phase of development.
- Identify performance indicators: Identify performance indicators for the service, including the 4 mandatory key performance indicators (KPIs) defined in the manual. Establish a benchmark for each metric and make a plan to enable improvements.
- Report performance data on the Performance Platform: Why you should report data and how you'll be assessed.
- Test with the minister: Test the service from beginning to end with the minister responsible for it."

14. **Francesc Pedró**, *Trusting the Unknown: The Effects of Technology Use in Education, in* The Global Information Technology Report 2012: Living in a hyperconnected world 135, 145 (Soumitra Dutta & Beñat Bilbao-Osorio eds. 2012).

    "[I]t is easy to conclude that technology policies in education are far from being based on evidence. … [P]olicymakers may be trusting an unknown. However, they may be doing it for a reason: by prioritizing access to technology they convey a very simple message — that they are using taxpayers' money to modernize schools in a way that can be actually seen and touched. What use schools and teachers make of this modernization opportunity it [sic] is a different issue that can be addressed only if more powerful accountability systems are in place."

15. **GMC Software**, *The End of the Banking Autocracy: Why Banks Must Understand and Value Their Customers to Bring Back Trust*, 4 (2015).

    Consumers in the UK, Germany, France and the U.S. were studied to see what their preferences are with respect to channels for receiving bank services. "The research reveals that there is no one-size-fits-all answer to communicating with customers, who demand more choice, and also want a service/relationship that is in their favor. Banks must start asking consumers what they want rather than demonstrating autocratic tendencies and deciding for them. The gap between what consumers want and what the banks deliver is evident and it must be closed. The plea from consumers is an emphatic: customer experience first, please."

16. **Hugh Son & Margaret Collins**, *The Rich Are Already Using Robo-Advisers, and That Scares Banks*, Bloomberg Business (Feb. 5, 2016), http://www.bloomberg.com/news/articles/2016-02-05/the-rich-are-already-using-robo-advisers-and-that-scares-banks.

    This article reports an increased use of "Robo-advisers, which use computer programs to provide investment advice online typically charge less than half the fees of traditional brokerages … [c]ustomers want both the slick technology and the ability to speak to a person, especially in volatile markets like now, Jay Welker, president of Wells Fargo's private bank, said in an interview."

17. **IBM**, *Tax Administration 2025: What is the Global Outlook for the Next Decade?,* 19 (2015).

    "Tax administrations will develop better understandings of the relationship between the services domain and the compliance domain and how each can best be used to maximize revenue. While agencies have always understood that taxpayer services contribute to compliance, they have not been very effective in measuring this or the relative value of various service channels. Agencies now understand themselves to be social engineering agencies, not in the manipulative sense of the term, but in the sense of better understanding individual taxpayers and groups of taxpayers and tailoring services and enforcement efforts to better facilitate compliance and maximize revenue. To do this and make effective use of their big data projects, agencies will not only have statisticians and economists on staff, but also social scientists. Perhaps as many as a dozen tax agencies already have taken this step and more will certainly follow."

18. **Joshua D. Rosenberg**, *A Helpful and Efficient IRS: Some Simple and Powerful Suggestions*, 88 Ky. L.J. 33, 35-36 (1999-2000).

    "Rather than simply stand by and wait for potential customers to make choices, successful retailers create an environment that affirmatively encourages some choices (*i.e.*, the choices that are most

profitable for the store) and discourages others. … In many ways, our tax collection system *has* resembled a poorly run retail operation: 'customers' typically feel like they have been left on their own to ferret out where to go and what to do. Their available choices often appear unclear and confusing; while attempting to figure out how to do the 'right' thing (pay what they owe), they are met with numerous temptations to do wrong (cheat or exaggerate, at least a little). They end up frustrated, and often engage in behaviors that are frustrating to the IRS, if not downright illegal." (emphasis in original, fn refs. omitted).

19. **Julia Klier, Regina Pfleger & Lea Thiel**, *Just Digital or Multi-Channel? The Preferences of E-Government Service Adoption by Citizens and Business Users* 180, 186-89 (Wirtschaftsinformatik Proceedings, Paper 13, 2015).

This case study of 500 citizens and 500 business users of the German Federal Employment Agency shows that citizens prefer having multiple service channels, although the mix of channels they prefer may vary with the service they are using. "For instance, 43% of the surveyed citizens prefer the online channel for searching for jobs and participating in learning courses, 34% prefer it for managing job applications. For administrative (transaction) services like arranging appointments and contacting employers there is a lower digital adoption preference with 15% respectively [sic] 12% than for the other transaction services. For these services, telephone is the preferred channel: 66% of all citizens prefer to arrange appointments and 39% prefer to contact employers by phone. For service requests, online adoption preferences account for solely 10% (signing on for unemployment) respectively [sic] 14% (signing on for unemployment benefits), indicating just minor interest in digital services. In fact, for service requests and even more for counseling services citizens rather prefer to interact with the German Federal Employment Agency in person." Moreover, "The channel preferences are just slightly shifted towards online for those citizens using the internet daily. For instance, 74% (instead of 43% of all citizens) prefer to search for jobs online, and 64% (instead of 43%) indicate to prefer participating in learning courses online. Also dissatisfaction with the online services of the Federal Employment Agency cannot be seen as a conclusive explanation for low digital adoption preferences. In fact, almost two third of the surveyed citizens assess the online services of the Federal Employment Agency as very or entirely understandable (68%), visually appealing (67%), easy to find (67%), and easy to operate (64%)." Similar analysis of business users led to the conclusion "[t]hus, similar to our results on citizens, we see a strong preference of business users for a multi-channel offering rather than an online preference for any service. Both business users and citizens deliberately choose subjective suitable channels for different services." E-services should be used to supplement existing offline services.

20. **Karen Taylor**, Deloitte Centre for Health Solutions, *How Digital Technology is Transforming Health and Social Care*, 15 (2015).

Technology-enabled care reduces cost and paperwork associated with healthcare and also increases patient face-time and the number of patients seen. The report cites a Patientview Survey, *What Do Patients and Carers Want From Health Apps? Results of a Global Survey of 1,130 People with a Long-Term Condition and Their Carers*, which showed that 91 percent of respondents' main interaction with healthcare technology was simply through an internet browser, but they would like to use different technologies in conjunction with their health care provider.

21. **Martina K. Schmidt, Micha Bergsiek & Marina Kolesnikova**, *Customer Preferences of Financial Services Across the US, Germany and Russia*, 2009 J. Int'l Bus. & Cultural Studies 5, 7.

    Per Abstract, "[t]his study investigates the differences in customer preferences across the US, Germany and Russia within the financial services industry … The study uses data obtained from a survey of a total of 600 respondents. We find that important differences and similarities in preferences across the respondents of the three countries exist. For example, trust in the institution, stability, financial conditions, and performance rank among the most important attributes in all three countries. However, technologically related attributes, such as online-banking are unimportant in Russia. Some interest exists in all three countries for innovative services that financial institutions may benefit from offering." The report notes "[t]he survey also investigates the type of contact a person prefers to have with the representative. The corresponding question is: 'How do you prefer to communicate with your representative?' The possible answers are 'face-to-face', 'by phone', or 'via e-mail'. As Chart 3 demonstrates, the answers were quite evenly distributed across the three different possibilities for the U.S. survey. The percentages are 38.3% for 'face-to-face' contact, 32.2% for 'phone' contact and 29.5% for 'email' contact. The results for the German and Russian surveys are creating a very different picture. Almost two thirds of the German subjects (65.5%) and even three quarters (74.6%) of the Russian subjects chose the 'face-to-face' contact as the preferred way to communicate with their representative."

22. **Matthew Mui, PwC, World Bank Grp.**, *China: Improving Communication Between Tax Authorities and Tax Payers*, 89, 93 (2014).

    "In the early stages of China's tax reform, taxpayer services in China were neglected due to insufficient manpower, poor use of technology and inadequate funding. In 1997, taxpayer services were recognized by the State Council as the foundation of an efficient tax collection and administration system. In 2001, TCAL [Tax Collection and Administration Law] and its detailed implementation rules provided the legal basis for the optimization of taxpayer services. As a result, the Chinese tax authorities now appreciate fully that taxpayers are not simply required to pay taxes, but that they deserve to receive assistance from the tax authorities in understanding and meeting their tax obligations."

23. **Michael D'Ascenzo AO**, *Modernising the Australian Taxation Office: Vision, People, Systems and Values*, 13 eJournal of Tax Research, 361 (2015).

    When confronted with a "major new tax and the difficulties associated with its implementation [which] reduced community confidence in the ATO," the ATO "initiated a 'Listening to the Community' program which coalesced around three key objectives:

    - Improved compliance;
    - Increased service and certainty; and
    - Making people's experience 'easier, cheaper and more personalized'."

24. **OECD**, *Building Tax Culture, Compliance and Citizenship: A Global Source Book on Taxpayer Education* 170, 172 (2015).

    The South African Revenue Service (SARS) has ten mobile tax units (MTUs) that were instituted after SARS determined that there was a need for a greater geographic footprint in rural areas. When it launched its first MTU in September of 2011 and another three in December of 2012, SARS

found that "A total of 77,367 taxpayers have visited the MTUs at 601 centres with an average of 128 taxpayers per location. Those visiting the MTUs did so to register as taxpayers, to submit returns, to check tax statuses and to reconcile companies' PAYE accounts." The report also notes that "Whilst e-filing allows for greater independence, 'taking tax to the people' has helped raise tax compliance since taxpayers seem more comfortable with face-to-face interaction."

25. **OECD**, *Co-operative Compliance: A Framework: From Enhanced Relationship to Co-operative Compliance* 13 (2013).

Increasing development of cooperative relationships with large businesses is "characterised by 'an engagement with taxpayers or other stakeholders to explore shared interests, including the resolution of material tax risks, early certainty, a level playing field, and reduction of costs.'"

26. **OECD,** *Increasing Taxpayers' Use of Self-Service Channels 28–32,* 65 (2014).

"[S]urvey responses indicated that, overall, the participating revenue bodies appear to have a somewhat limited understanding of the reasons why taxpayers contact them using different service channels, *i.e.* types of services sought through different channels … approximately half of the revenue bodies, while able to identify the most common services sought through different channels, advised that their responses were based on perceptions rather than evidence … revenue bodies, while generally showing a great commitment to increasing the use of online channels, in most cases collect limited data to understand what services are sought via online channels and have limited understanding of the reasons why taxpayers actually choose to use online services. Opposite results were received for the interactions occurring via the phone channel, in relation to which nine out of the 14 responding revenue bodies based their answers on evidence, and five out of 14 on perceptions … In the context of an almost universal focus on digitisation of service delivery, an understanding of what encourages or prevents taxpayers from taking up online channels is critical in driving both a successful channel shift and increased use of self-service channels." According to a cited Deloitte study, "it is not uncommon that organizations that invest heavily in digital service solutions typically experience initial high first-registration volumes, however as the time passes, their customers stop using the digital channels and switch back to traditional channels or stop interacting with them altogether … Providing taxpayers with in-channel help is therefore essential [virtual assistants, click to call, click to chat, or live chat options] … relatively few revenue bodies reported to be making inroads into online support tools …"[11]

27. **OECD**, *Managing Service Demand: A Practical Guide to Help Revenue Bodies Better Meet Taxpayers' Service Expectations* 23–30 (2013).

In light of the OECD's 2012 report, *Working Smarter in Revenue Administration - Using Demand Management Strategies to Meet Service Delivery Goals*, which identified shortcomings in the way in which tax administrations measured and managed demand for taxpayer services, this report provides practical advice on how those shortcomings may be addressed. The preferred approach begins with a preparation phase in which the revenue body must know the clients, understand the

11 In 2015, the OECD followed up on the 2014 report recommendations and found that from a menu of ten service categories, the five most frequently reported by revenue bodies as priority areas of development were: enhanced online filing services, new online applications (*e.g.*, to access accounts), increased functionality and information on websites, enhanced online payment services, and enhanced data capture from third parties. OECD, *Tax Administration 2015: Comparative Information On OECD And Other Advanced And Emerging Economics* 246 (2015). The 2015 report doesn't explain whether these plans were implemented after considering what drives taxpayer demand for various service channels.

costs and understand the policy environment, followed by an analysis phase in which the revenue body must identify demand, including the root cause of the interaction, a planning phase, and an implementation and evaluation phase.

28. **OECD**, *Tax Administration 2015: Comparative Information On OECD And Other Advanced And Emerging Economics* (2015).

This report covers a broad view of tax system administration in 56 countries. Among its findings:

a. Tax administration used in non-tax roles: "[T]he vast majority of revenue bodies reported one or more such roles, and this practice appears to have grown over the last decade. The most common roles reported are (1) Customs administration (21 revenue bodies); (2) Collection of non-tax debts (*e.g.*, student loans (eight revenue bodies); (3) Payments of benefits under various social/welfare programmes, some of which are integrated with elements of the tax system (12 revenue bodies); (4) Administration of collection of child support (i.e., overdue payments from non-custodial parents) (five revenue bodies); and (5) Administration of a property valuation function that, for some countries, is linked to the administration of real property taxes (18 revenue bodies)." (at 38, 41).

b. Staff reduction: Many countries have experienced or are in the process of implementing mandatory downsizing or staff reduction programs. For example, HMRC staffing levels have gone from 91,167 full-time employees (FTEs) in 2005 to 61,370 in 2015, and are projected to be 52,000 in 2016 (at 173 fig. 5.1); Australia expected to reduce staff by 900 FTEs by June 2014 and by another 2,100 by October 2014 (at 172 tbl. 5.1).

c. Resource allocation: Although the data needs to be handled with caution because "management-related factors" may create variations, almost all countries analyzed in the report dedicate a larger proportion of staff resources to "verification" (*i.e.*, "audit, investigation and other verification-related/compliance-improvement functions") and "[t]ax debt and related functions" than they do to "[o]ther tax operations" which includes "disputes and complaints, taxpayer services (*e.g.*, call centres)," (at 189 box 5.3, *see* Appendix). However, the U.S. dedicates a very low portion of staff hours to "[o]ther tax operations" (1.6 percent) compared to other countries (at 191 tbl. 5.7, *see* Appendix).

d. Service Delivery Channels: (at 211).

   i. "Many revenue bodies (over 40%) were unable to quantify the level of demand for this service channel [in-person inquiries] in 2012 and 2013, suggesting possible weaknesses in their knowledge of this service channel and ability to improve its efficiency."

   ii. "For revenue bodies where data are available, there are significant variations in the relative levels of in-person inquiries received, ranging from less than one inquiry per 100 citizens (Canada) to over 160 inquiries per 100 citizens (Portugal)." For the U.S., there were 2.06 inquiries per 100 citizens in 2013.

   iii. "A large number of revenue bodies reported 'telephony inquiries' volume information; … variations in rates may in part be explicable by differences in roles and the range of taxes administered by the revenue bodies concerned, for example: (1) some revenue bodies (*e.g.*, Canada, New Zealand, and Netherlands) have significant non-tax functions (*e.g.*, the administration of welfare-related responsibilities); and (2) some revenue bodies administer a broader array of taxes (*e.g.*, taxes on real property and motor vehicles)." Examples of volumes are 47.04 phone inquiries answered per 100 citizens in 2013 in

Canada, compared to 73.83 in New Zealand, 86.41 for the Netherlands, and 9.53 for the U.S. (at 212 tbl. 6.4, *see* Appendix).

iv. Australia, Colombia, Poland, Portugal, the UK and U.S. are among countries whose use of Interactive Voice Recognition (IVR) technology significantly increased, but 60% of revenue bodies' data suggests that this technology is not used for taxpayer service delivery purposes.

e. Performance Standards: (at 214 tbl. 6.5 & 216 tbl. 6.7).

i. Processing personal income tax returns with refunds: Estonia's standard for e-filed returns is 100% in five work days (unless inquiry is needed) and performance in 2013 was 100%. Canada's standard is 100% in an average of two weeks, and performance in 2013 was 1.6 weeks. The U.S. "goal" for e-filed returns is 5-21 days "which the IRS achieves for most returns filed electronically."

ii. Resolving taxpayers' complaints: Australia's standard is 85% resolved in 21 days, with a 95% performance rate. The U.S. standard for the Taxpayer Advocate Service, an independent organization within the Internal Revenue Service, is reported as "initial action and initial contact for economic burden cases in three days, five days for each."[12]

iii. Answering telephone inquiries: The UK standard is handling 90% of calls, and performance is 79.4%. The Australia standard is 80% in five minutes (general public), and performance is 81%. The U.S. is 70% level of service and performance is 60.5%.

f. Service to Preparers: (at 262).

i. Over 60 percent do not regularly survey tax intermediaries on important aspects of tax administration;

ii. Over 40 percent have no laws or regulations governing the tax-related work of tax intermediaries;

iii. Almost 40 percent do not have formal consultative arrangements for engaging with representatives of tax intermediaries;

iv. 25 percent offer a comprehensive range of five specialist support services to intermediaries, with 60 percent offering two or less such services.

g. Planned Developments: (at 242).

i. "The most commonly reported priority areas for development were online filing (major taxes), other new online applications (*e.g.*, to access taxpayer accounts), website enhancements, online payments, and enhanced third-party data capture. Priorities for the planned use of digital mail products and integrated taxpayer accounts were also reported by the majority of revenue bodies."

ii. "Pre-filling has become a significant (and for some, transformational) element of revenue bodies' e-services strategy, particularly for the PIT, (personal income tax) with around 40% of revenue bodies reporting some use of such a service. In its most advanced form, (*e.g.*, as seen in Denmark and Sweden) pre-filling services have just about fully automated return preparation and assessment; some eight revenue bodies reported using

12 The referenced standard for the U.S. is actually that of the Taxpayer Advocate Service, an independent organization within the Internal Revenue Service. The IRS has no other standard for resolving taxpayer complaints.

a prefilling capability that generates fully completed tax returns for the majority of their PIT clients."

29. **OECD**, *Update on Voluntary Disclosure Programmes: A Pathway to Tax Compliance* 120 (2015).

Practical experience gained by 47 countries in relation to voluntary disclosure programs available to taxpayers who have been noncompliant in the past or have concealed foreign assets. For example, "HMRC has undertaken to provide a bespoke service to individuals within the LDF programme and will deal with enquires on a no-name basis to facilitate the making of a voluntary disclosure under that programme."

30. **Raju Budhia**, *Mechanism Implemented for Assisting Taxpayers in Remote Geographical Areas,* in Improving the Performance of the Tax Administration: Evasion Control and Taxpayer Assistance 175, 186-89 (46th Inter-American Ctr. of Tax Administrations (CIAT) Gen. Assembly, 2012).

The Chatham Islands, over 800 kilometers away from New Zealand, are home to 609 residents. "An Inland Revenue representative visits the island to assist with tax matters. The visits were three times a year due to high debt levels, but have become annual since these levels have dropped. The officer involved with the visits has noted that it has taken a long time to earn the trust and respect of the taxpayers. With this in mind, it is important that these regular visits are continued and the trust of the local people retained. The Chatham's are a close and private community so the regular presence of Inland Revenue has had a huge impact, not only for reducing debt but also in terms of their acceptance of Inland Revenue. The Inland Revenue representative keeps in regular contact with the Heartlands office and the local Chatham's Council sends their meeting details and the local community newsletter monthly, so Inland Revenue is aware of what is taking place on the island." The report also notes "In the modern world where connectivity is key, customers can be 'remote' in an urban environment due to their own personal circumstances or a catastrophic failure in urban infrastructure resulting from a disaster."

31. **Stefan Biesdorf & Florian Niedermann**, McKinsey & Co., *Healthcare's Digital Future*, 6 (July 2014).

"Health systems, payors, and providers often think they need to be innovative when designing their digital-service offerings. But the core features patients expect from their health system are surprisingly mundane: efficiency, better access to information, integration with other channels, and the availability of a real person if the digital service doesn't give them what they need."

32. **State Library**, New South Wales, *Mobile and Outreach Services*, 5, 10 (2015).

"Mobile libraries continue to play a vital role in communities throughout NSW [New South Wales], Australia and beyond. In rural and remote communities, where population density is low, maintaining a permanent building would be uneconomic, and where many government and commercial services have been discontinued, mobile libraries fulfil an important social need as a meeting place, and distribution point for local community information. In outer urban areas, mobiles often serve as an interim measure for residents of new suburbs that may eventually need a branch library." Related to mobile libraries are Pop-up libraries, aimed "to meet people where they are, not for them to have to come to the library. A Pop-up extends the reach of the library into the community, and can also function as a 'guerilla marketing' strategy. The Pop-up is becoming

a common sight throughout NSW as libraries continue to engage with their communities, foster a love of reading and promote their services and programs. They are appearing on the beach, in shopping malls and parks, at local festivals and fairs — in fact, wherever potential library users gather." (fn. ref. omitted).

33. **Swedish Tax Agency**, *Right From The Start: Research and Strategies*, 92, 126 (2005).

"Providing a good service to taxpayers increases trust in the Tax Agency, which demonstrably increases the commitment of taxpayers to doing the right thing" and "[m]aking things easier for taxpayers by providing good service and simple rules helps not only to keep taxpayers honest but can also help make the dishonest honest. Apart from the risk of detection, tax evasion results in costs of concealment of what is going on, of double accounting, and of the strain of looking over one's shoulder all the time in case the authority is standing there wondering what one is up to. If cheating means more complications, trouble and inconvenience than doing the right thing, taxpayers' behaviour can be influenced. It should be easy to do the right thing."

34. **Understanding Users Who Don't Use Digital Services**, GOV.UK, https://www.gov.uk/service-manual/user-research/understanding-users-who-dont-use-digital-services (last visited Nov. 1, 2016).

The Digital Service Standard is a set of 18 criteria to help government create and run good digital services. This site notes that "[t]o pass point 1 (understand user needs) [of the Digital Service Standard] in your service assessments you must show that you've researched the support needs of all your users, including those who don't use digital services. To pass point 2 (do ongoing research) you must show that you have an ongoing plan to: understand the support your users need to use the digital service; test the support you're providing to check that it's effective. As part of passing point 14 (encourage everyone to use the digital service), you must show you're only providing assisted digital support to users who need help to use your service, rather than users who just prefer non-digital channels." To help with understanding the support users need to use the digital service, the Government Digital Service (GDS) created 8 personas which represent users who are likely to need assisted digital support and encourages the use of these personas as a starting point for creating more specific personas. (*See* Appendix).

35. **Vilhelm Andersson**, *Mechanisms for Measuring the Quality of Service Provided to the Taxpayer and Results Achieved*, *in* IMPROVING THE PERFORMANCE OF THE TAX ADMINISTRATION: EVASION CONTROL AND TAXPAYER ASSISTANCE 167, 173 (46th CIAT Gen. Assembly, 2012).

Describes quantitative surveys in which the agency scans taxpayer experiences with various taxpayer service channels, usually four times during the year, followed by qualitative surveys to understand the underlying factors affecting taxpayer experiences. "What we think is efficient, may turn out not to be, and what we think is good service is not necessary so from the taxpayers perspective. We have understood the importance of not building our service based on our own internal view of reality."

36. **Yassie Hodges**, *Taxpayer Services, in* DETAILED GUIDELINES FOR IMPROVED TAX ADMINISTRATION IN LATIN AMERICA AND THE CARIBBEAN 105, 105 (U.S. Agency for Int'l Dev. (USAID), Aug. 2013).

"Taxpayer service plays a critical role in maximizing voluntary compliance by providing taxpayers with the information and assistance they need to enable them to meet their tax obligations. Taxpayer services curb compliance costs by providing programs that enable taxpayers to fulfill their

obligations more easily, thereby minimizing the need for the tax administration to expend more costly resources to enforce compliance. With effective public information, forms, and services, and by convincing non-compliant taxpayers that they can comply with relative ease, taxpayer services can also encourage and help accomplish greater voluntary compliance."

APPENDIX

OECD, *Tax Administration 2015: Comparative Information On OECD And Other Advanced And Emerging Economics* 189, 191, 212, Table 5.7, *Staff usage (2013) by major tax functional groupings (% of total usage);* Box 5.3, *Categorisation of revenue body operations*, and Table 6.4, *Taxpayer services: Service demand ratios* (2015).

Table 5.7. **Staff usage (2013) by major tax functional groupings (% of total usage)**

Country	Total FTEs for all tax functions and support	Total staff usage on major tax functions as a share of total usage/1					
		Account management	Verification (incl. audit)	Tax debt collection	Other tax operations	Support: Human resources	Support: Other functions
OECD countries							
Australia	17 477	17.5	35.0	9.8	16.5	6.0	15.2
Austria	7 484	11.4	63.7	10.4	8.7	0.0	5.9
Belgium	19 485	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Canada	38 172	25.3	28.9	20.0	7.7	3.5	14.6
Chile /2	4 195	19.9	40.4	0.0	1.4	3.5	34.8
Czech Republic	14 272	60.2	19.0	5.8	15.1	0.0	0.0
Denmark	5 861	26.7	40.7	8.2	2.3	2.3	19.8
Estonia	983	1.0	67.0	10.1	10.1	0.6	11.2
Finland	5 072	38.3	38.9	9.5	2.5	2.0	8.9
France	66 964	43.3	15.3	10.1	12.3	18.9	0.0
Germany	110 494	39.5	39.6	6.8	9.5	3.6	0.9
Greece	8 000	56.3	25.0	10.0	3.8	2.5	2.5
Hungary	17 870	24.0	36.3	15.3	1.1	1.6	21.8
Iceland /2	240	6.7	65.4	0.0	10.0	0.8	17.1
Ireland /2	5 745	26.9	30.7	14.3	8.6	0.9	18.6
Israel	5 104	12.9	40.3	16.6	3.6	4.2	22.4
Italy /2	31 706	35.8	38.4	2.8	8.9	4.6	6.0
Japan /2	56 194	0.0	63.3	21.2	2.3	0.7	12.4
Korea /2	18 841	58.0	24.0	1.0	9.3	0.6	7.1
Luxembourg /2	984	22.2	42.1	17.1	12.3	2.3	4.0
Mexico	25 457	15.9	35.2	23.4	7.9	5.1	12.5
Netherlands	20 873	26.4	41.8	7.4	2.0	6.6	15.7
New Zealand	3 433	37.4	22.4	9.4	6.4	2.0	22.5
Norway	6 733	6.2	41.6	12.4	10.9	2.0	27.0
Poland	47 593	18.6	24.8	12.1	17.8	0.8	25.8
Portugal	10 066	53.0	16.8	18.8	2.5	2.1	6.7
Slovak Republic	6 813	40.3	22.9	4.2	8.9	1.8	22.0
Slovenia	2 365	6.2	57.6	18.5	3.5	1.4	12.9
Spain	22 402	32.1 /2	22.6	19.7	0.0	7.8 /3	17.8 /3
Sweden /2	7 877	0.0	32.5	0.0	36.1	0.0	31.5
Switzerland	925	9.2	25.4	7.9	56.4	1.1	0.0
Turkey	51 046	60.1	19.9	8.1	0.3	3.4	8.4
United Kingdom	53 205	33.4	42.7	12.0	3.6	1.8	6.5
United States	86 977	33.2	34.0	14.4	1.6	1.5	15.2
OECD ave. (unw.)		27.2	36.2	10.8	9.2	2.9	13.6
Non-OECD countries							
Argentina	16 901	19.8	36.1	7.2	12.1	2.1	22.7
Brazil /2	24 625	20.2	19.7	20.8	25.3	2.2	11.8
Bulgaria	7 672	25.3	42.0	9.8	9.4	1.3	12.1
China	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Colombia	5 244	8.9	26.0	17.1	20.0	2.8	23.1
Costa Rica	961	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Croatia	4 187	56.0	19.8	8.6	8.5	4.7	2.4
Cyprus	774	23.3	36.7	11.8	12.7	1.0	14.6
Hong Kong, China	2 588	58.8	9.3	17.2	2.0	0.1	12.5
India	41 357	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Indonesia	32 273	20.8	14.0	2.0	2.1	9.2	51.9
Latvia	3 091	46.5	25.9	8.1	2.0	1.3	16.1
Lithuania	3 476	38.8	28.7	6.7	14.3	0.9	10.5
Malaysia	9 005	9.1	37.9	23.6	15.1	2.0	12.2
Malta	736	14.3	12.9	4.9	60.9	1.5	6.1
Morocco	4 735	59.3	10.7	12.7	0.0	2.3	15.0
Romania	22 043	17.8	22.5	34.1	11.3	0.9	13.5
Russia	128 977	7.4	47.1	8.7	16.9	2.0	17.9
Saudi Arabia	1 589	16.6	35.9	10.2	12.5	18.4	6.4
Singapore /2	1 898	8.7	52.2	11.1	9.7	1.6	16.8
South Africa	11 864	49.3	16.6	9.3	8.6	2.5	13.7
Thailand	23 129	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

For notes indicated by "/ (number)", see Notes to Tables section at the end of the chapter, p. 197.
Source: Tax Administration 2015 survey responses.

Allocation of staff resources by functional groupings

Given the similarity in the taxes administered across surveyed countries, an obvious area of comparison concerns how revenue bodies allocate their total staff resources across the range of tax administration and support functions that must be undertaken to achieve organisational objectives. For this purpose, revenue bodies were requested to indicate the allocation of aggregate staff resources (in FTE terms) for tax administration purposes across six "functional groupings" that are described in Box 5.3. Table 5.6 provides an indication of the data gathered for just over 90% of surveyed revenue bodies on resource allocation (i.e. % of FTE by functional groups) in 2013. Given definitional issues, and the possibility of some inconsistencies in data compilation, the information presented needs to be interpreted with care.

Box 5.3. Categorisation of revenue body operations

For survey purposes, the following definitions were used:

A. ***Taxpayer account management***: Staff used (in FTEs) for all functions associated with maintaining taxpayers' records (e.g. registration, data processing, taxpayer accounting, filing, withholding tax administration, storage etc.)

B. ***Audit, investigation and other verification-related/compliance improvement functions:*** Staff used (in FTEs) for all functions associated with verifying (either through field visits, office interviews or in writing) the information contained in taxpayers' returns for all taxes administered, and specific "upfront" compliance improvement programmes (e.g. inspections and other record reviews)

C. ***Tax debt collection and related functions:*** Staff used (in FTEs) for all functions associated recovering unpaid taxes and outstanding tax returns etc.

D. ***Other tax operations:*** Staff used (in FTEs) for all other tax functions not covered by categories A, B, and C (e.g. disputes and complaints, taxpayer services (e.g. call centres).

E. ***Support: human resources:*** Staff used (in FTEs) for support functions associated with personnel, recruitment, and staff training and development-related services and work.

F. ***Support: other functions:*** Staff used (in FTEs) for all other support functions such as executive, corporate planning, public relations and communications, information technology services, accommodation, supply, security, internal assurance, public relations and finance functions.

Drawing on the information in Table 5.6, the key observations are as follows:

- Within most functional groupings there are some extreme "outlier" ratios reported that are perhaps best ignored for the purpose of detailed analysis as they are likely to result from limitations in available data, unusual organisational setups, and/or misinterpretation of the series requirements. Figure 5.4 displays the "average" allocations observed across functional groupings for OECD countries.
- ***Client account management functions:*** Significantly for this grouping, over one-third of revenue bodies (20) reported staff usage exceeding 30% of aggregate staff, including 11 where the ratio exceeded 40%. Of this latter group, seven reported IT expenditure less than 10% of total expenditure (or were unable to quantify the amount of IT expenditure incurred).

Table 6.4. Taxpayer services: Service demand ratios

(Table only includes revenue bodies that reported volumes of in-person inquiries received and/or phone inquiries answered.)

	In-person inquiries: No. dealt with per 100 citizens				Phone inquiries (excl. IVR/1): No. answered per 100 citizens				Factors that may be unduly influencing ratios*
Country	2010	2011	2012	2013	2010	2011	2012	2013	
OECD countries									
Australia	2.95	2.42	2.14	1.90	39.90	41.90	44.45	41.07	R
Austria	n.a.	n.a.	n.a. /2	n.a. /2	n.a.	42.20	54.57	57.85	N
Belgium	n.a. /2	n.a. /2	n.a. /2	n.a. /2	6.50	5.80	6.11	5.65	N
Canada	0.70	0.70	0.74	0.44	48.10	51.00	49.28	47.04	
Chile	13.72	14.17	15.71	15.30	4.90	4.87	4.97	4.45	N
Denmark	7.30	7.10	6.98	4.56 /2	n.a.	n.a.	48.48	49.46	
Estonia	23.80	22.30	15.33	12.37	18.50	19.20	16.92	16.54	
Finland	n.a.	n.a.	23.76	19.71	17.40	19.80	32.90	38.31	N
France /2	24.20	28.50	28.23	27.36	5.20	4.90	n.a.	n.a.	N
Greece	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	6.15	
Hungary	23.50	25.00	26.00	23.86	7.80	7.50	n.a.	n.a.	N
Iceland	13.30	23.30	n.a.	n.a.	43.00	43.00	n.a.	n.a.	
Ireland	19.30	18.00	16.78	14.64	38.10	38.60	32.70	53.16	N
Israel	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7.59 /2	7.94 /2	
Italy	16.10	17.10	15.65	15.91	3.30	3.30	n.a.	n.a.	N
Japan	3.30	2.90	3.04	3.07	4.00	4.00	4.16	3.94	N
Korea	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.00	2.99	N
Mexico	8.30	9.50	8.75	7.08	4.40	4.10	3.58	3.04	
Netherlands	5.30	5.90	4.80	2.93 /2	83.20	85.00	84.73	86.41	R
New Zealand	4.50	4.50	4.51	4.47	90.90	84.10	79.01	73.83	R
Norway	n.a.	n.a.	n.a.	n.a.	44.50	40.60	35.06	35.43	N
Poland	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.18	4.39	N
Portugal	141.00 /2	122.60 /2	152.24 /2	163.25 /2	6.70	9.20	11.42	15.86	N, P
Slovak Republic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.02	N
Spain	n.a.	n.a.	28.59	41.36	13.00	12.40	13.34	12.55	N, R
Sweden	14.90	16.00	20.01	23.01	47.80	46.80	17.02	14.23	N
Switzerland	n.a.	n.a.	n.a.	n.a.	25.60	25.60	n.a.	n.a.	
Turkey	n.a.	n.a.	n.a.	n.a.	0.40	0.70	n.a.	n.a.	N
United Kingdom	5.00	5.20	4.24 /2	3.20 /2	43.90	38.20	34.33	34.55	N
United States	2.10	2.10	2.18	2.06	11.90	11.10	9.81	9.53	
Non-OECD countries									
Argentina	n.a.	n.a.	n.a.	n.a.	< 1.00	< 1.00	0.78	0.99	N
Brazil	10.40	10.30	10.29	9.99	1.10	1.30	1.02	0.42	N
Bulgaria	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.14	3.71	
China	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.06	1.20	
Colombia	7.20	6.90	n.a.	n.a.	n.a.	n.a.	1.57	2.40	N
Costa Rica			1.25	1.34			1.87 /2	1.85 /2	N
Croatia			n.a.	n.a.			1.64	1.88	
Hong Kong, China	3.20	2.90	3.06	3.19	0.43	0.42	0.56	0.42	
India	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.09	0.17	
Indonesia			n.a.	n.a.			0.13	0.18	
Latvia	22.40	26.60	20.59	9.90 /2	5.70	10.50	19.61	19.80	
Lithuania	5.60	3.20 /2	n.a. /2	n.a. /2	22.60	20.60	21.67	22.56	
Malaysia	< 1.00	< 1.00	8.49	9.11	1.70	1.80	1.47	0.91	N, P
Malta	11.50	11.00	11.90	10.24	25.50	17.00	16.67	16.67	
Romania	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	5.72	4.90	N
Saudi Arabia	n.a.	n.a.	0.74	0.87	n.a.	n.a.	n.a.	n.a.	
Singapore	3.60	2.80	1.91	1.86	19.20	19.10	18.71	18.15	
South Africa	n.a.	n.a.	12.17	15.80	10.10	11.10	10.67	9.64	N
Thailand			n.a.	n.a.			0.93	0.98	N, P

* Legend: **P**: receives in-person payments; **R**: as significant non-tax roles; **N**: has relatively large office network given demographic factors.

Source: Tax Administration *2015 survey responses.*

APPENDIX

Understanding Users Who Don't Use Digital Services, https://www.gov.uk/service-manual/user-research/understanding-users-who-dont-use-digital-services, eight personas.

Gwen Living with dementia

"I don't want to leave my house, it's the only place I feel safe"

Age: 75
Job: retired
Digital inclusion scale: 1, never have, never will

About Gwen

Gwen was diagnosed with Alzheimer's disease 5 years ago and has cataracts in both eyes, which is currently manageable.

Gwen retired from her job as a dinner lady over 10 years ago, she has no children of her own and many of her friends have either died or moved away from the area. She has never needed to use a computer in any of her previous jobs.

Gwen realises that she is becoming more disoriented when she's out and about, and sometimes forgets where she is going. She's become frightened about leaving the house, but also frustrated and upset about becoming increasingly housebound and socially isolated. She also worries about being able to stay in her own home, as her health gets worse.

Barriers	
Digital literacy	No skills
Literacy	Reading is becoming a struggle
Content literacy	No longer understands complicated concepts
Finance	Can't afford the devices and the assistive technology that she requires
Accessibility	Losing the ability to learn / create connected thoughts
Connectivity	n/a

Mohammed Learned to read in Urdu

Age: 52
Job: taxi driver
Digital inclusion scale: 4, reluctantly online

About Mohammed

Mohammed and his family moved to the UK from Pakistan in the late 1980s. Mohammed started working as a taxi driver for a local cab firm, whilst Maryam, 42, stayed at home to bring up their 4 children. Two years ago Mohammed decided to become a self-employed taxi driver.

At home, they mostly speak Urdu and sometimes Arabic. Mohammed can speak English but finds reading and writing in English hard and Maryam's English is not very strong. They rely a lot on their two younger children Aziz, 14, and Yasmine, 9, who were born in Bradford and are both fluent English speakers. Their older children have both left home and work in London.

Mohammed has Type 2 diabetes, which has got progressively worse, and is recovering from a stroke. It's affected his speech and ability to walk, and he can no longer work as a taxi driver.

Both Mohammed and Maryam need Aziz to interpret and complete the forms for them and arrange appointments and telephone calls. As a minor in full-time education, this is not always easy or practical and Aziz sometimes struggles to understand 'official' government language.

They could seek wider support from their community, but for more personal matters they would rather not.

Barriers	
Digital literacy	Low skills
Literacy	Can't read and write in English
Content literacy	Doesn't understand government, how it works, what he's entitled to
Finance	n/a
Accessibility	n/a
Connectivity	n/a

Cathy No time to learn

"I don't have the time for hobbies. And if I did I would do something I enjoy, not messing around with computers"

Name: Cathy
Age: 45
Job: full time carer
Digital inclusion scale: 3, willing and unable

About Cathy

Cathy's son, Charlie, has cerebral palsy and she has been his carer for 18 years. Her marriage to Charlie's father ended 14 years ago - he has very little contact with Charlie and no longer gives financial support.

Cathy was a shop manager before Charlie was born. She used email and basic accountancy software, but no longer feels confident with her digital skills.

Until he was 18, Charlie went to a special-needs school, which allowed Cathy to have a part time job and time to drop into her local Carers Centre. Now Charlie has finished school he's at home all the time. Cathy has had to give up her job and can rarely leave the house. She has become more socially isolated and even more dependent on several government payments.

Cathy has made mistakes in the past with filling in forms for financial support and is terrified that this might happen again. She takes her DWP benefit-related forms to her local Carers Support centre to make sure that she's filled them in correctly.

Barriers	
Digital literacy	Low skills
Literacy	Competent reader
Content literacy	Had become very good at understanding the ins and outs of what's available for a disabled child; struggling with the new challenge of dealing with a disabled adult
Finance	Can't afford new devices. Has old desktop PC and a feature phone
Accessibility	n/a
Connectivity	Slow broadband and no wi-fi

David Relearning everything

"Life has thrown me a right curve ball but I don't want to let that stop me getting on with my plans"

Age: 32
Job: unemployed
Digital inclusion scale: 2, was online but no longer

About David

When David was 18, he was involved in a car accident that left him physically disabled with speech difficulties.

David needs constant care and lives at home with his siblings who are his primary carers. His parents used to take care of him and support him, but both his parents died within the last 8 years. David's family have a lot of support through his social care worker.

When the accident happened, David had just got a place at Manchester University to study history. 12 years on, David has decided he would like to see if he could go to university to fulfil his dream of doing a degree. His family are encouraging, but also worried about who will care for him if he decides to live away from home, and how they would afford it.

Barriers	
Digital literacy	Relearning old skills
Literacy	Reading is OK but tiring
Content literacy	n/a
Finance	Can't afford the assistive technology that he requires
Accessibility	Requires equipment: joystick control, big keys keyboard.
Connectivity	n/a

Greg No internet near me

"Why would I spend £500 on a computer when I could buy 10 sheep?"

Age: 48
Job: farmer
Digital inclusion scale: 1, never have, never will

About Greg

Greg has been a sheep farmer in a geographically isolated uplands area for 20 years and comes from a farming background. Greg has seen a lot of changes in agricultural policy over the last 10 years and has increasingly become more dependent on the extra payments he gets from various farming schemes, to keep his farm running.

Greg's wife, Rose, died of cancer 5 years ago and since then he's suffered from bouts of depression, finding it difficult to reach out to get help and support from others.

Rose used to take care of the paperwork, using the old desktop computer, while Greg took care of the farm. When she became too ill to use the computer, Greg got rid of it as it reminded him too much of her in happier, healthier times.

Greg prefers to have someone check his forms to ensure he has not made mistakes, but since the local Post Office shut down there's no one to help him unless he drives two hours into the nearest major town.

One of Greg's farm labourers told him that computers and software packages have become much easier to use. He suggested that even without the internet, doing his paperwork on the computer would be much faster, so Greg should get a laptop.

Greg doesn't want to spend money on a new computer that could be spent on livestock or farm supplies. He knows he would need more training and doesn't have time to 'mess around' with computers.

Barriers	
Digital literacy	No skills
Literacy	Competent reader
Content literacy	Familiar with the ins and outs of farming life
Finance	n/a
Accessibility	n/a
Connectivity	No devices, no broadband connectivity in area

Sam lacks confidence, no access

"I struggle with reading and writing, let alone using a computer"

Age: 23
Job: casual labourer
Digital inclusion scale: 3, willing and unable

About Sam

Sam spent his early years in foster care homes and now moves around to find employment. He has learning difficulties, was diagnosed with ADHD when he was young and left school without any formal qualifications.

Sam manages to get by doing short, cash in hand jobs, including gardening, though it's hard to find regular work. He often goes through periods of depression and has difficulties sticking to appointments. Sam wants his own place but currently sleeps on a friend's sofa in a shared house.

Sam 'signs on' every fortnight but finds it very difficult to look for jobs online. He completed the short internet skills course at the Jobcentre but found it overwhelming. Combined with his low self-esteem Sam feels less confident about using the computers in the local library.

Sam needs a lot of support and a safe environment to be able to speak to people face to face.
He can't afford to call expensive phone numbers from his mobile phone and his lack of fixed abode and access to the Internet currently limits his chance to improve his circumstances.

Barriers	
Digital literacy	Low skills
Literacy	Poor reading
Content literacy	Familiar with benefits system
Finance	Can't afford new devices. Has a PAYG feature phone
Accessibility	Learning difficulties
Connectivity	n/a

Sarah Overcoming a bad start in life

"I worry that my lack of computer skills will make my dreams impossible"

Age: 37
Job: landscape gardener
Digital inclusion scale: 3, willing and unable

About Sarah

Sarah had health problems in her teens and early twenties, which badly affected her education. At 30, she was determined to get back into work and turn her life around, mostly for her son, Jack. Growing up, she always enjoyed helping her dad out in the garden, so with the help of her local Jobcentre advisor she applied for a job at the local garden centre.

Sarah started off as a checkout assistant but struggled with the technology - she had never used computers before and found it overwhelming. Unfortunately the garden centre closed down and she was made redundant.

Again, through the help of the Jobcentre she got a basic landscape gardening qualification. She applied for jobs but wasn't successful, so her advisor suggested that she start her own gardening business. He told her that she could get funding, tax breaks for working parents and help with building her business plan.

Sarah's history of illness and low confidence makes it hard for her to be optimistic. She's worried that she won't be able to set up a business on her own: she knows nothing about tax and doubts she could afford an accountant.

Barriers	
Digital literacy	Low skills
Literacy	Poor reading
Content literacy	Doesn't understand government, how it works, what she's entitled to
Finance	Can't afford devices. Has simple mobile phone.
Accessibility	Learning difficulties
Connectivity	No access at home

Teresa worried about her clients

"Will digital by default mean we can't help people who rely on paper?"

Age: 39
Job: service provider manager
Digital inclusion scale: 3, willing and unable

About Teresa

Teresa has worked for third sector service providers for 14 years, initially as an advisor, before being promoted to team lead and area manager.

She's seen lots of organisational changes over the last few years, including local government funding cuts, staff job losses and a greater reliance on volunteers. This has affected Teresa's morale and ability to deliver a good service, especially in the face of rising local demand for support.

Generally, Teresa is in favour of services going online, but she is deeply worried about how her team will support more vulnerable clients lacking the access or skills to go online themselves.

The support they provide is varied, including completing forms on behalf of the terminally ill. These sessions either happen at the client's home or a convenient community centre.

She's worried that her team might be unable to complete digital forms in households without internet access or adequate 3G. She also knows, from experience, that her clients prefer to have a paper trail of evidence when applying for services, so she feels being able to print forms is vital.

Barriers	
Digital literacy	n/a
Literacy	n/a
Content literacy	Confident - in an advisory role
Finance	Funds are tight but they manage at the moment. Worries about sustainability with an increasing workload and reliance on volunteer staff
Accessibility	n/a
Connectivity	No internet access, no coverage in some client's homes