

## Satisfaction with Inland Revenue

November 2019

Conducted for Chartered Accountants ANZ & TMNZ by Colmar Brunton





## **Background**



Every year since 2010
Colmar Brunton has been commissioned by
Chartered Accountants
ANZ and Tax
Management NZ to assess member satisfaction with Inland Revenue (IR).



#### **OVERALL OBJECTIVE**

The overall objective of the research is to understand members' experiences with IR and identify areas for improvement. A secondary objective is to understand members attitudes and preferences on topical issues at the time.



#### **SURVEY QUESTIONS**

The 2019 survey repeats most of the questions from earlier measures and also includes sections on IR's Business Transformation Release 3 and Release 4 and engaging IR on tax positions.

### Method



**171** Interviews

171 New Zealand members of Chartered Accountants ANZ completed an online survey. Members were screened to exclude those who had no tax responsibilities.



**16 Sep – 29 Oct** 

The survey was open for members to complete between the  $16^{th}$  of September and the  $29^{th}$  of October, 2019.



**±7.5**% Margin of error

The maximum margin of error (at the 95% confidence interval) on the overall sample size of 171 is:  $\pm 7.5\%$ .



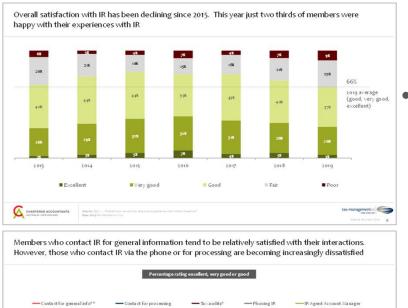
CAs / ACAs

Results from the recent surveys presented here are based on both CAs and ACAs. Results from 2012 are based only on CAs.

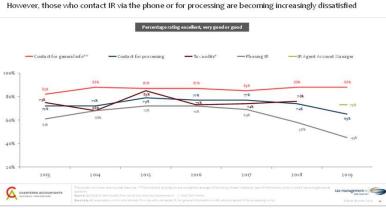




### Experiences



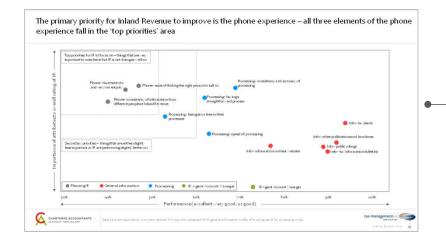
Members' overall rating of Inland Revenue has declined for the second straight year. Seventy-eight percent of members rated Inland Revenue as good or better in 2017, this has dropped to 66% in 2019.



The decline in overall satisfaction seems to be driven by declines in satisfaction with contacting IR for processing and phoning IR. More specifically, the accuracy of processing (declined 15 percentage points) and the ease of finding the right person on the phone (declined 11 percentage points).



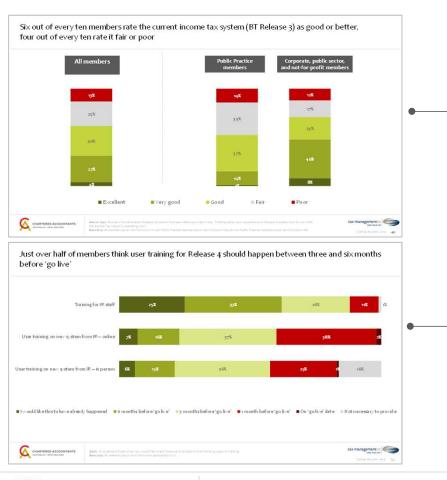
### Experiences



Improving the phone experience is the top priority for members. Members seemed to be particularly concerned about the time it took to speak to someone, the knowledge of the staff – and having more technical staff available.

Improving the accuracy of processing is a secondary priority for improvement.

#### **Business Transformation**



Inland Revenue's Business Transformation Release 3 is polarising – 6 out of every 10 rate it good, very good, or excellent, while four out of ten rate in fair or poor.

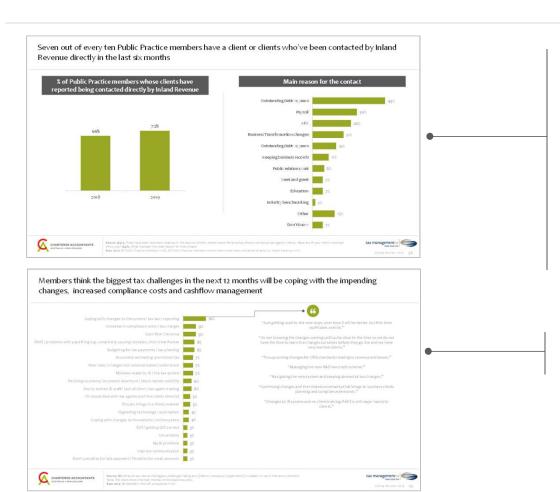
Members main reasons for being favourable are: having all the information they need in one place and the website being easy to use.

Members main concerns are the navigability of website (difficult to find things or require too many clicks), the speed of IR's responses and processing times, and getting known errors fixed.

Members know little about Release 4. However, they do have opinions on when user training should take place – around half would like it to take place between 3 and 6 months before release.



### Direct contact and challenges in the next 12 months



Nearly three quarters of Public Practice members have had a client or clients directly contacted by Inland Revenue.

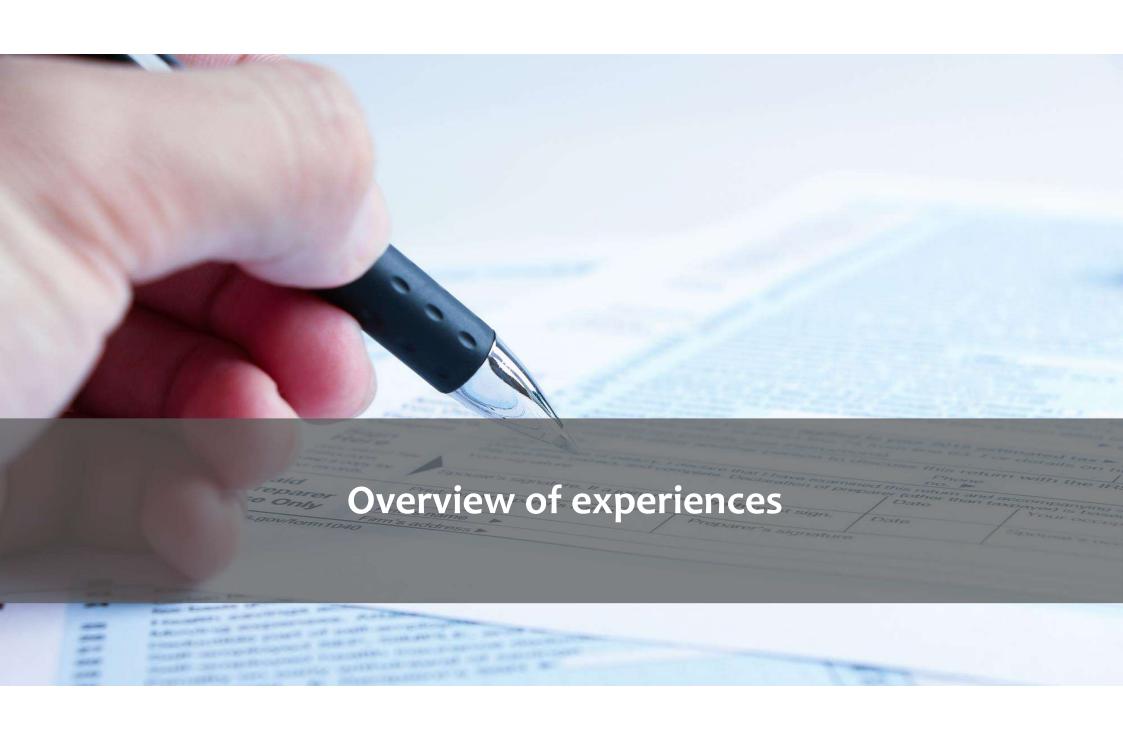
Most (82%) Public Practice members whose clients have been contacted say the direct contact has a negative impact on their client relationship. Specifically it confuses clients, makes clients doubt their accountant, and it makes more work for members. For example:

"It's caused our clients to question us a lot more, and required us to spend a lot of time justifying and explaining things to our clients."

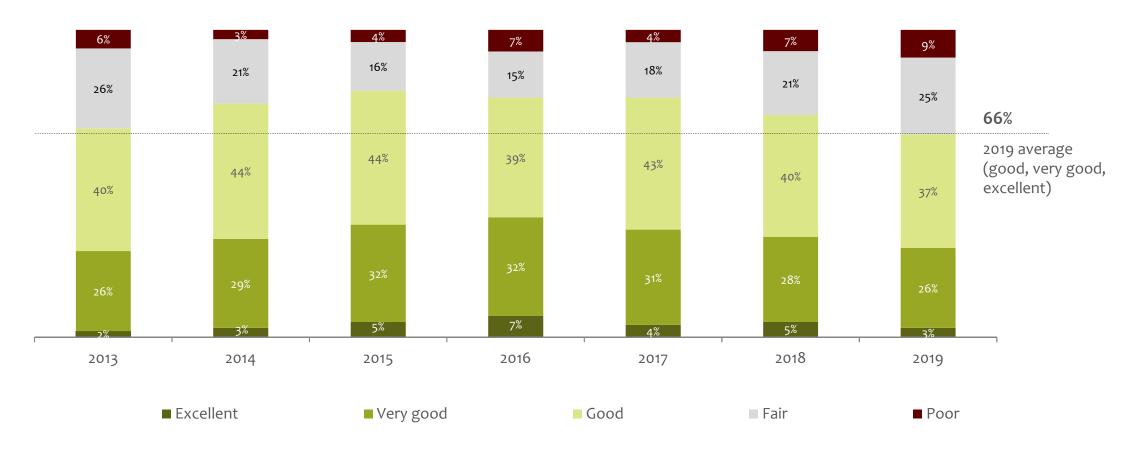
"Yes, clients are getting confused and upset with correspondence directly received from Inland Revenue. Most clients have a tax agent so that we can handle the interaction with the Inland Revenue for them. They don't want to be contacted by them."

Members think the greatest challenges for them and their clients will be coping with impending changes, increases in compliance costs, and cash flow.





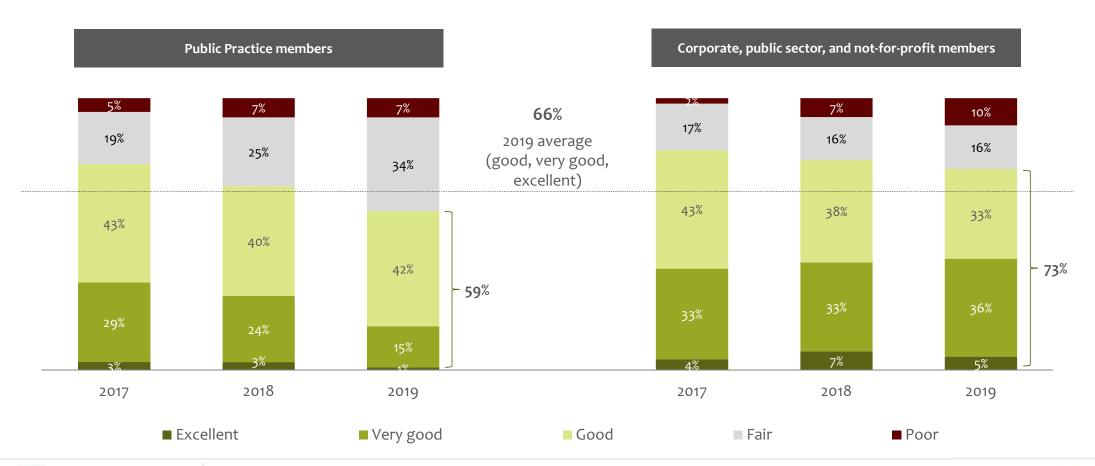
## Overall satisfaction with IR has been declining since 2015. This year just two thirds of members were happy with their experiences with IR







### The decline in satisfaction is steeper amongst the Public Practice members

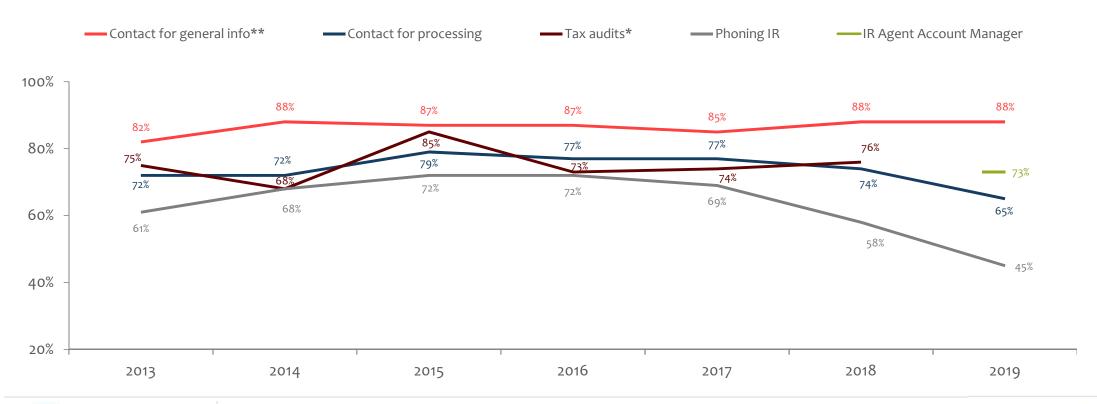






Members who contact IR for general information tend to be relatively satisfied with their interactions. However, those who contact IR via the phone or for processing are becoming increasingly dissatisfied

#### Percentage rating excellent, very good or good





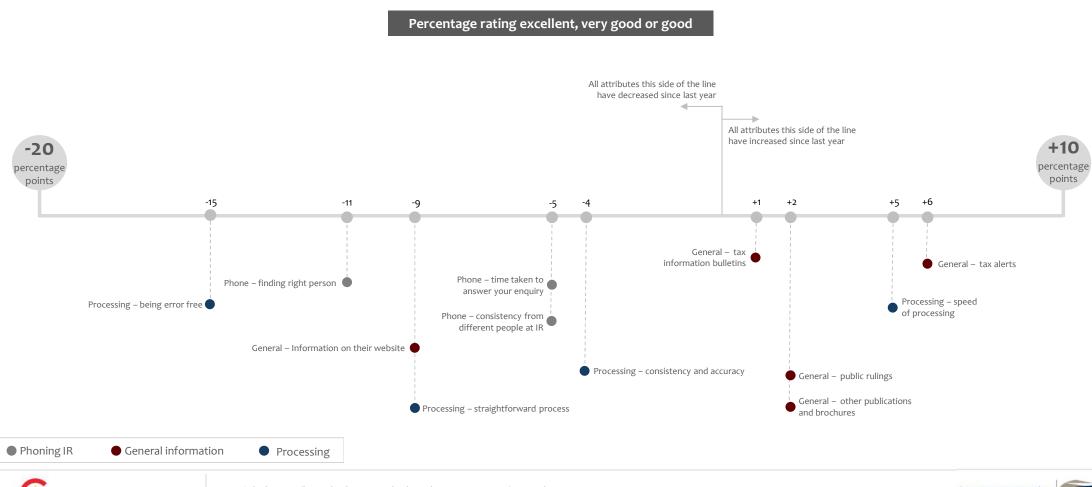
\*Tax audits not shown due to small base size. \*\*The 2018 and 2019 figures are a weighted average of the rating of each individual type of information, prior to 2018 it was a single overall question.

Source: Q5/12/23/32. And overall, how would you rate your experience in . . .? Excl. Don't know.

Base 2019: All respondents n=171, who phoned IR n=129, who contacted IR for general information n=132, who contacted IR for processing n=130.

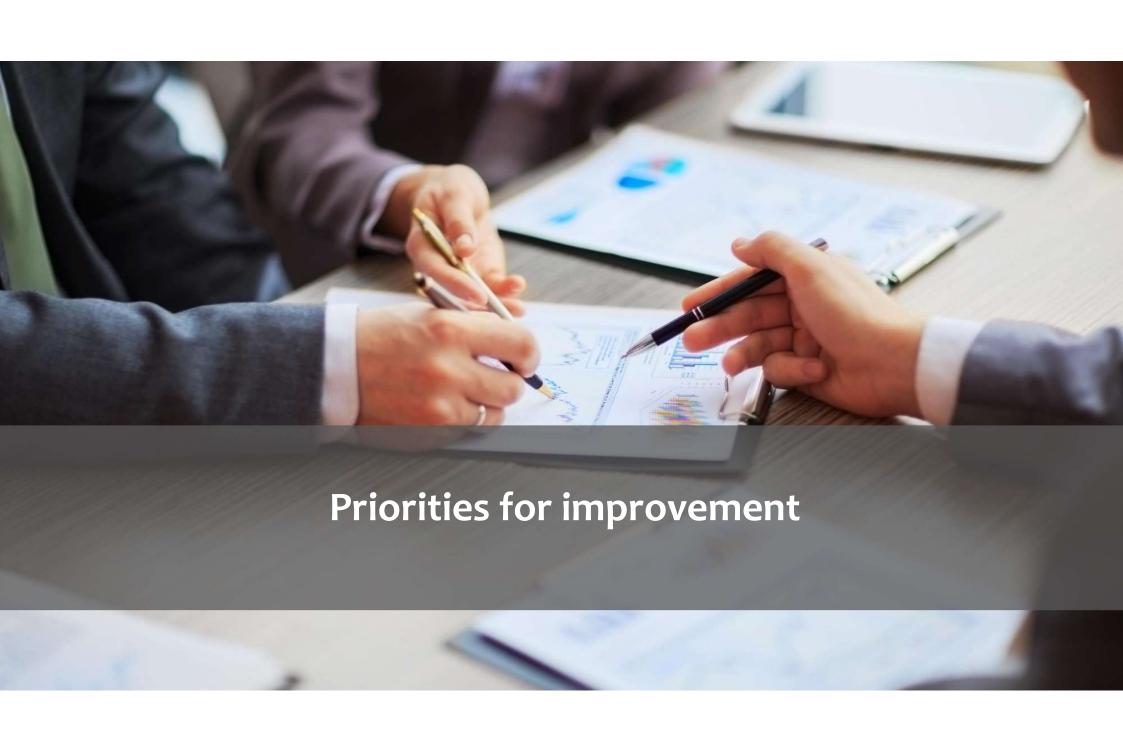


Ratings for most of the individual components of phone and processing interactions have declined. Those related to accuracy and ease of accessing people and information have declined the most.

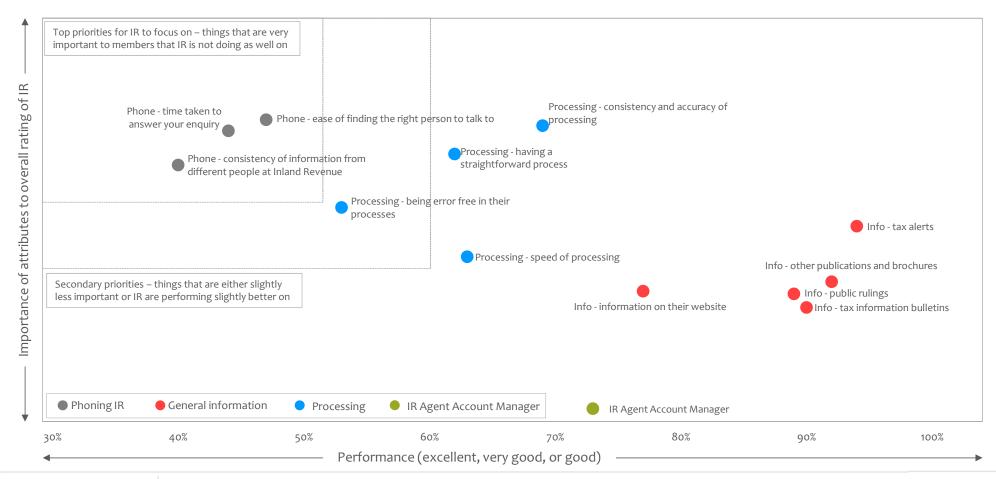




tax managementnz

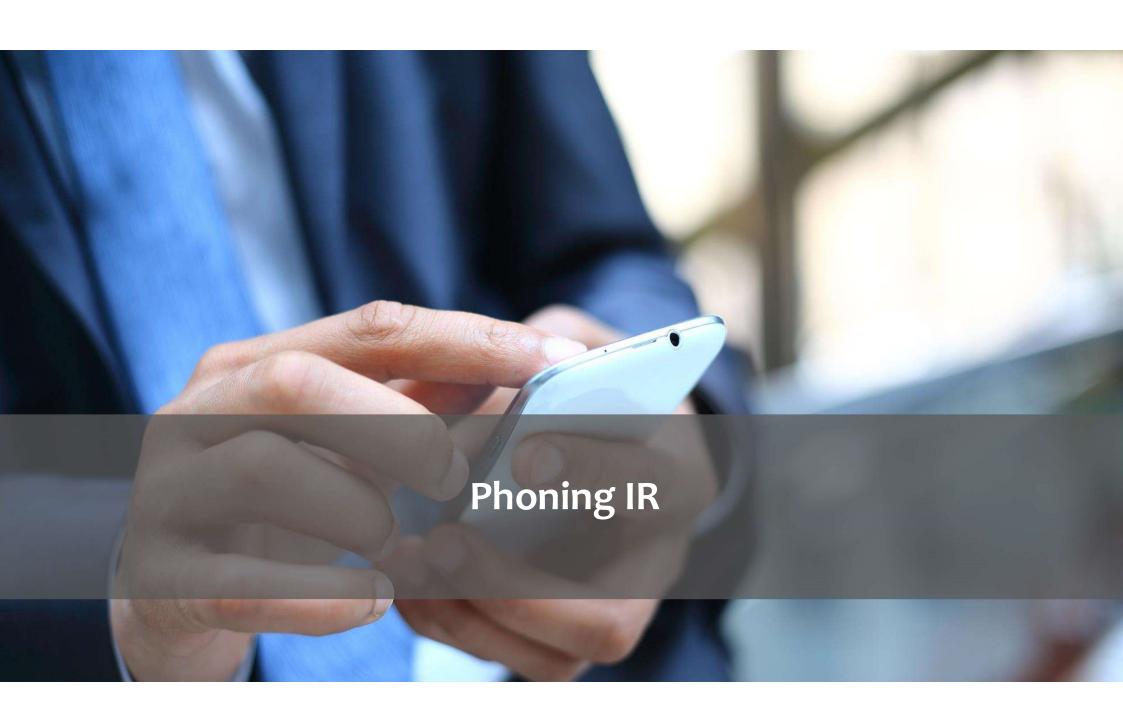


# The primary priority for Inland Revenue to improve is the phone experience – all three elements of the phone experience fall in the 'top priorities' area

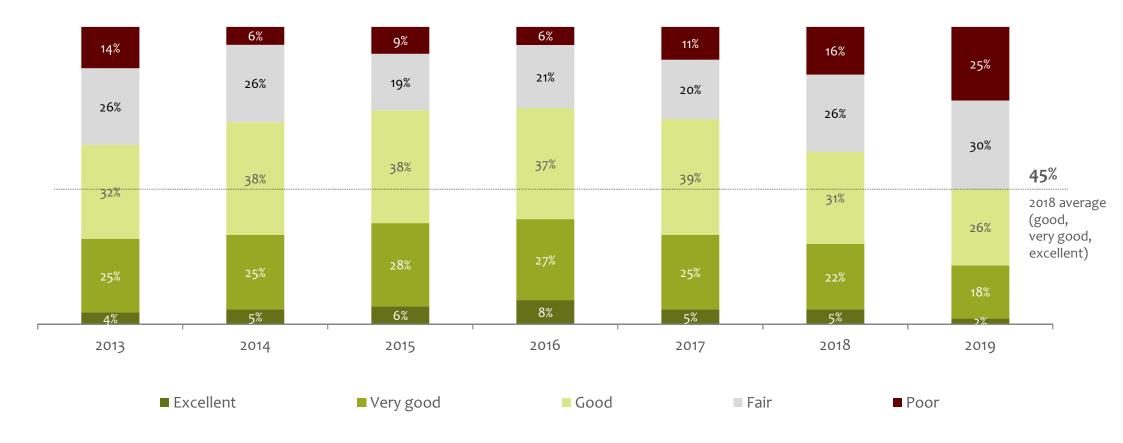








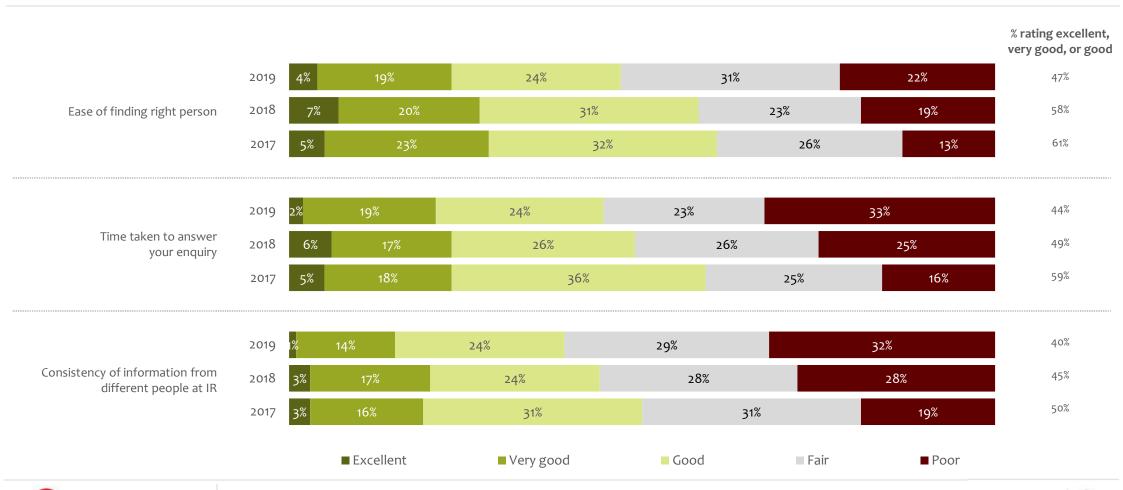
There has been a 27 percentage point decline in satisfaction with phoning Inland Revenue since its peak in 2016







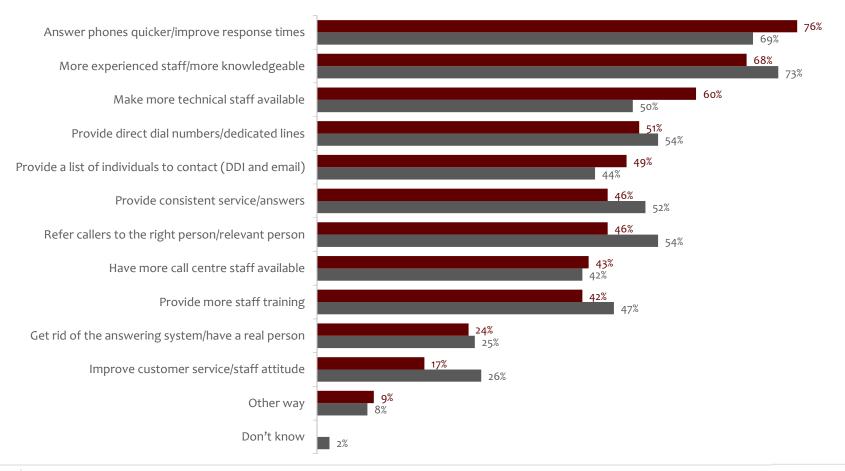
### Satisfaction with all aspects of calling IR have declined







# The top three most commonly suggested improvements include improving timeliness, upskilling staff and ensuring technically knowledgeable staff are available





**2018** 



### A selection of the 'other' comments about improving telephone contact



"Have a required response time to emails or phone messages."

"Greater use of IRD call back. Have IRD phone back rather than music on hold."

"Get back to us when you say you will."

"Answer your phones for PAYE queries so we don't have to call for Income Tax and be transferred in order to actually talk to someone! WEEKS of not be able to get through if we mention PAYE - 30+mins before we give up, or the phone system simply hangs up on us. FRUSTRATING and extremely unhelpful when trying to do our jobs as tax agents."

"Ensure they all speak English properly, and do not work from a "list of questions" but actually know what they are talking about."

"Be able to contact our tax agent to sort problem issues like we used to!"

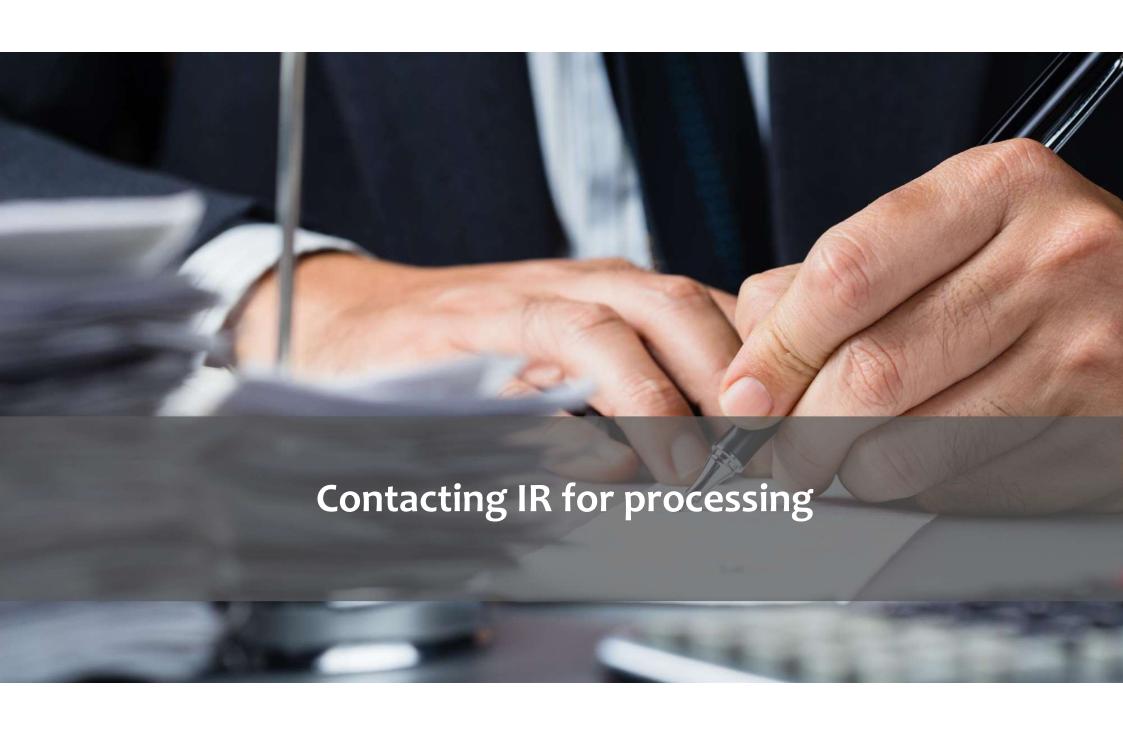
"When you send us a message (usually replying to have sent) include a button so we can reply and the message will go to the person we have been dealing with so we don't need to start again every time a message gets sent to us."

"Do not always get the option of a call back, sometimes have to ring half a dozen times before getting this option. Would be helpful if told unable to take the call before having to input all details."

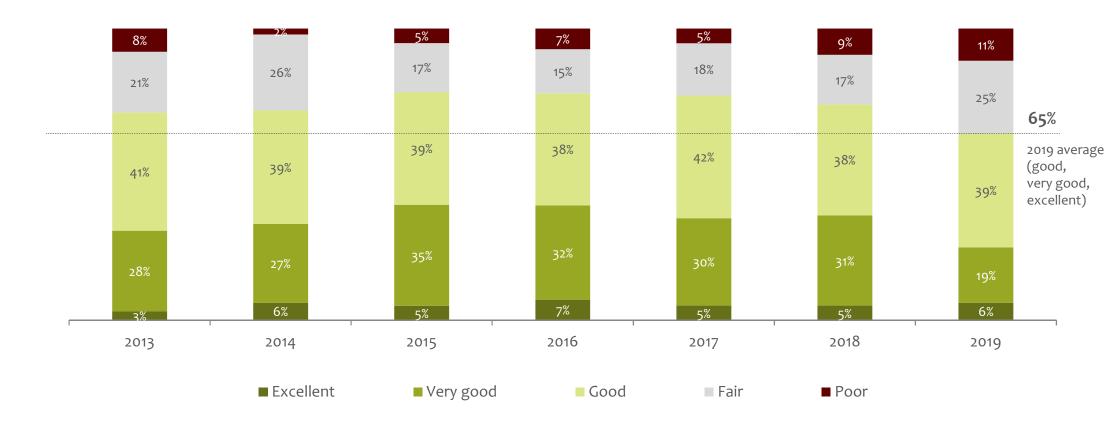
"Make better notes about what we have instructed you to do so that you do it the first time around instead of getting in contact multiple times to sort out one issue."







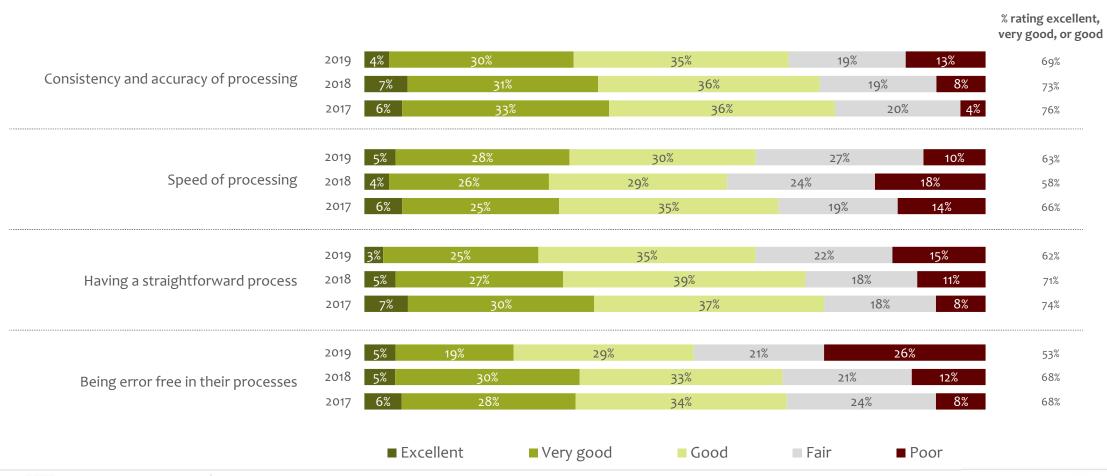
### Satisfaction with contacting IR for processing has declined slightly







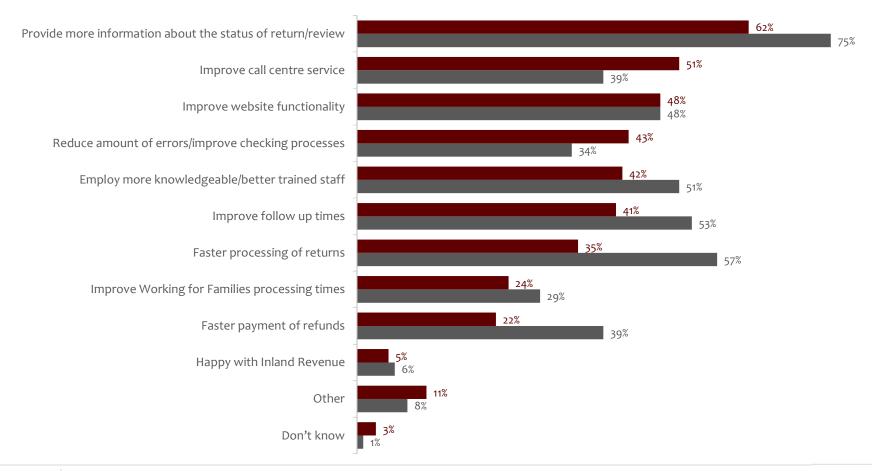
# The rating of IR being error free in its processes is the aspect of processing that has declined the most since last year







### This year members are more likely to suggest improvements to call centre services and checking processes (to reduce mistakes)





**2018** 

tax managementnz

Source: Q13. How could Inland Revenue improve the experience of Chartered Accountants contacting them about the processing of returns, assessments and payments?

### A selection of the 'other' comments about improving processing



"Faster allocating of payments to correct tax types."

"Having an Imputation Credit Account as part of the e-services portal like the old system. On numerous occasions we have asked IRD to transfer income tax refunds from a previous/current period to a current/future period and are told there is insufficient ICs when the details have just been filed. The IC Balance IRD staff were using were the year despite just filing the updated IC balance with the Tax Return. The question I have for IRD is what information are you receiving at the time a tax return is filed? If we can expect the and Imputation Credit Account to show in time then this will be helpful to both the IRD and Tax Agents."

"Have filed returns show under the client's account - some disappear into the ether and you wonder if in fact you filed them, despite it saying onetime processing and also no transactions for the same return. This doesn't make sense."

"Stop automatically moving money between tax types, or applying refunds to future returns that are not due yet."

"Read the e-file correspondence and follow the instructions in the e-file correspondence when processing the returns and refunds."

"Now that information is available on interest earnings, do not override our returns filed with the split of the joint earnings, but accept that what we are filing is correct (for instance)."

"Check other tax types / periods for obvious mis-matches before issuing unpaid notices."

"My main issue around timing is the website says it takes 15 working days for payments to show up on the account. That is ridiculously slow given everything should be automated."

"If there is something that holds up final processing, such as missing bank accounts, have a standard message that pings so that we can get the bank account added."

"Not issue refunds when transfers have been requested - this is a big issue; provide Student Loan balance information that we can access."

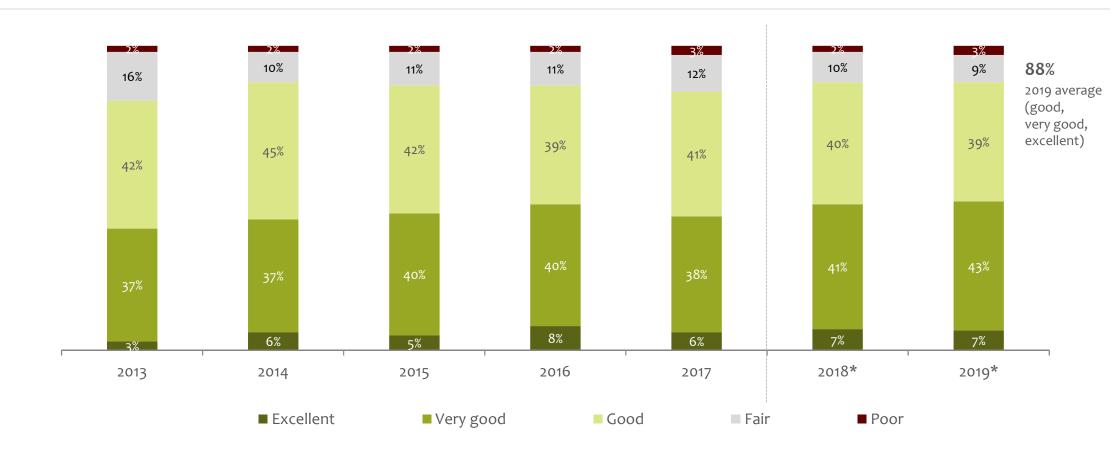








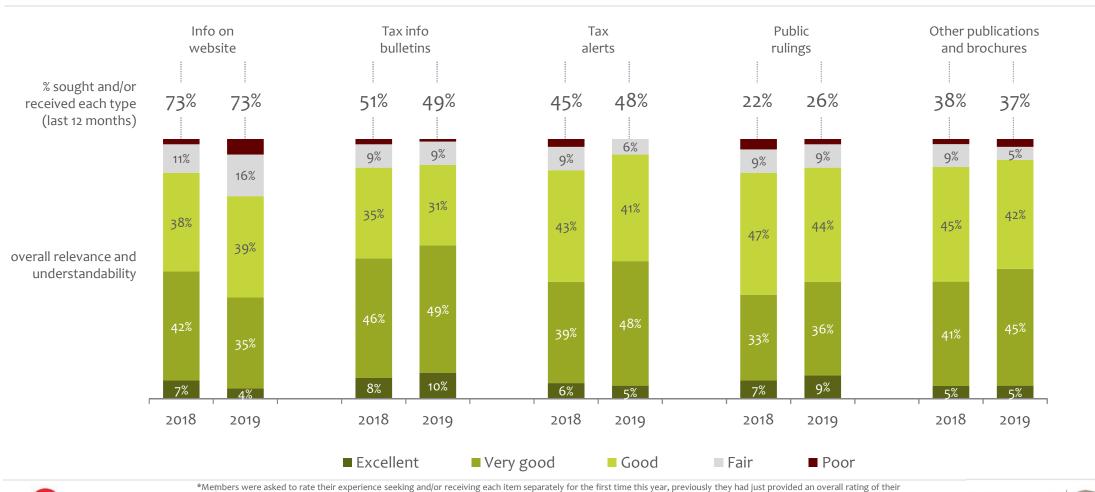
### The rating of information sought or received from IR is similar to last year







### The level of satisfaction with each type of information is high, although satisfaction with information on the website has declined nine percentage points\*\*

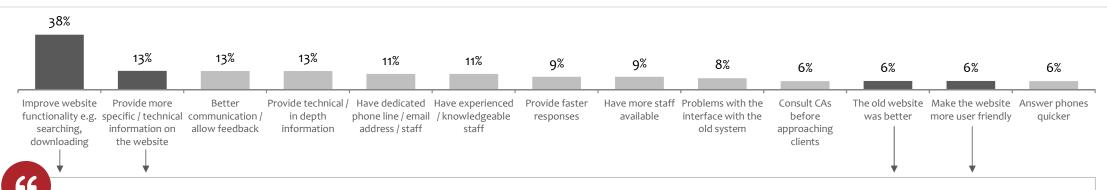




experience seeking and/or receiving - this is why there is no comparison to 2017. \*\*Based on the % excellent, very good, and good. Source: Q7. Which of the following sources of general information did you seek or receive from Inland Revenue in the last 12 months? Q8. Overall how would you rate the relevance and understandability of ... Excl. Don't know. Base % sought or received: All members n=171. Base % rating: Members who contacted IR for that type of information, website n=124, tax bulletins n=83, tax alerts n=82, public rulings n=45, other publications n=64.



### Members would like to see several improvements to the website – mostly this involves improving the search function but often it includes broader functions such as downloading, integration and a greater availability of information



"Improve your search engine on the website so it gives more relevant results. Some things are very hard to find as a result."

"Make the website easier to find stuff on and don't dumb all the explanations down, difficult to find more technical info."

"The information on the old website hasn't been carried over to the new one. Therefore good information on the old website is no longer available and harder to find on the new one, or is non existent."

"Actually have information on your site. We could find no answer to our query on the website - the pages linked in a loop with no information and promise that more information was available at another link."

"Revert to the old website. Can't find any information now and if you do, it is too generalised. It appears IRD have bought into the current thinking that a website is a shopfront and should look pretty. It is our first port of call for technical information, policy, procedures and forms/calculators."

"Website seems to have become less user friendly and less intuitive meaning harder to find what your looking for. When compared to other organisations web sites IRD site is now poor."

"Restore the links between the old website and the new to make it easier to find the guidance that used to be present. Keep ensuring that the guides are still present, particularly for returns and disclosures etc."

"More specific information for not for profits i.e. GST and fundraising - this is an issue that comes up regularly and it is hard finding specific information when GST is applicable."

"Trying to find relevant information on the website is difficult. it is okay to find the basics but trying to find an in-depth answer is difficult compared to previously."

Base 2019: All members who contacted IR for general information and rated the service good, fair or poor (excl. don't know) n=91

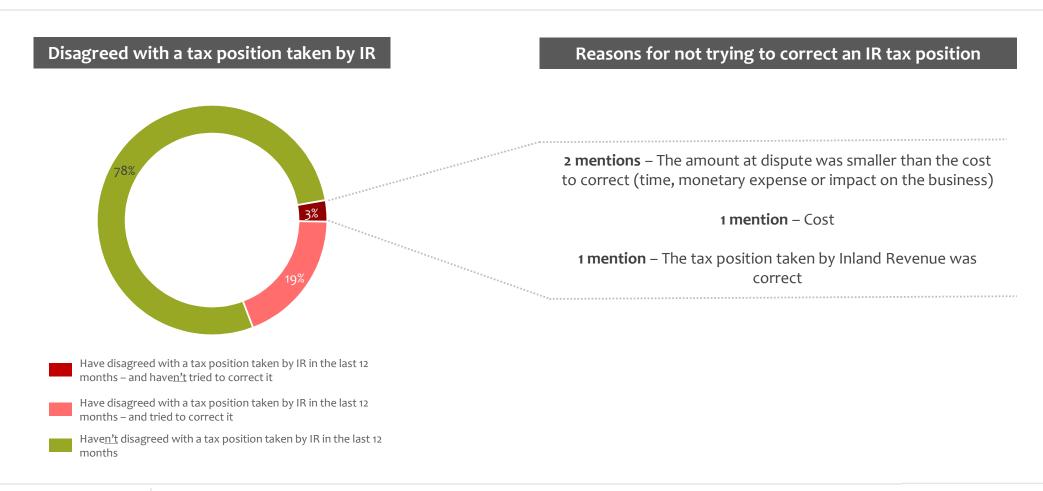
Results 5% and under in 2019 are not shown







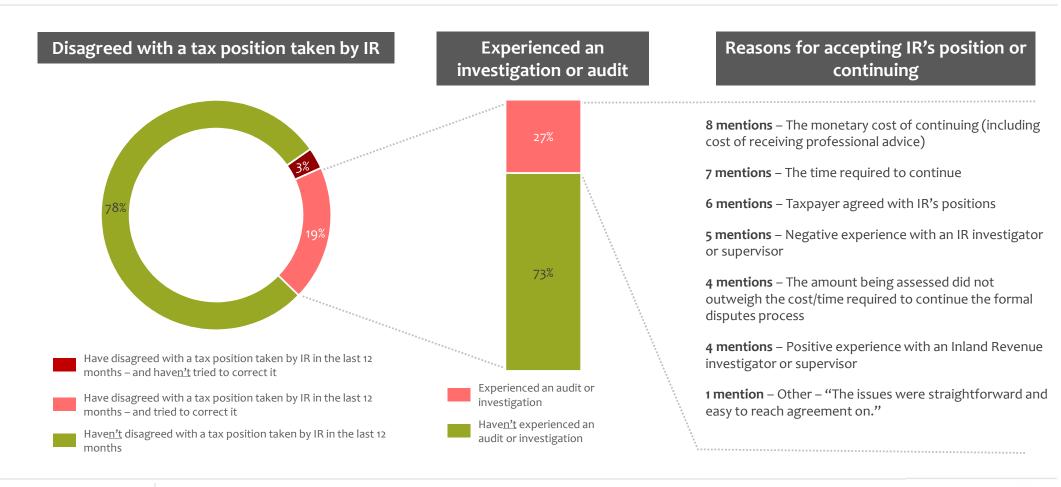
Three percent of members have disagree with a tax position taken by IR in the last 12 months and not tried to correct it







## Nineteen percent of members have disagreed with a tax position taken by IR in the last 12 months and tried to correct it







# Members think there are six main challenges for taxpayers when engaging in the audit process or investigations with IR

## The time and the costs involved (27% of members)

"Time compiling information for the IRD is costly to the client."

"Amount of time involved in gathering information, attending meetings, etc."

"Time taken for audits (and the stress) on already stretched accounting/management staff. Often despite extreme effort, genuine errors can happen (overpayments and underpayments) when stretched so some understanding of the practical day to day difficulties is needed."

## A lack of knowledge (16% of members)

"Understanding of what the IRD are wanting. Having the knowledge or confidence to talk with someone from IRD. It scares some people when they need to talk with someone from IRD. Availability of resources and time to talk with someone from IRD. Not always at a suitable time for everyone. Depends on certain commitments."

"They don't understand the core questions being asked of them... therefore they need tax agents support throughout the process."

"Understanding what the scope is."

# The power imbalance (10% of members)

"Huge mismatch of power, bullying /aggressive tone in correspondence, lack of individual person and phone number to contact."

"The adversarial nature of the investigations/audit process. Taxpayers are generally treated as if they are guilty of something and this causes unnecessary stress."

"Process can drag-on and sometimes the position espoused by IR is less commercial or overly weighted in favour of IR."







### [Cont.] Members think there are six main challenges for taxpayers when engaging in the audit process or investigations with IR

### Getting a clear explanation (10% of members)

"Clear expectations around timing, information required and the process."

> "Getting consistent information from the IRD each new person you deal with gives you a new set of incorrect information."

> > "Clarity on how process will operate and consistency of areas of investigation."

### Gaps in IR staff's knowledge (7% of members)

"Lack of knowledge on the part of IRD staff in some specialist areas."

"Lack of understanding and lack of experience of IRD staff. Number of different answers given."

"The technical ability and commercial knowledge of IRD investigators/auditors are a challenge."

### The complicated process (4% of members)

"Complicated law."

"IRD make the process more complicated than it needs to be and need go into unnecessary detail, dragging out the process."

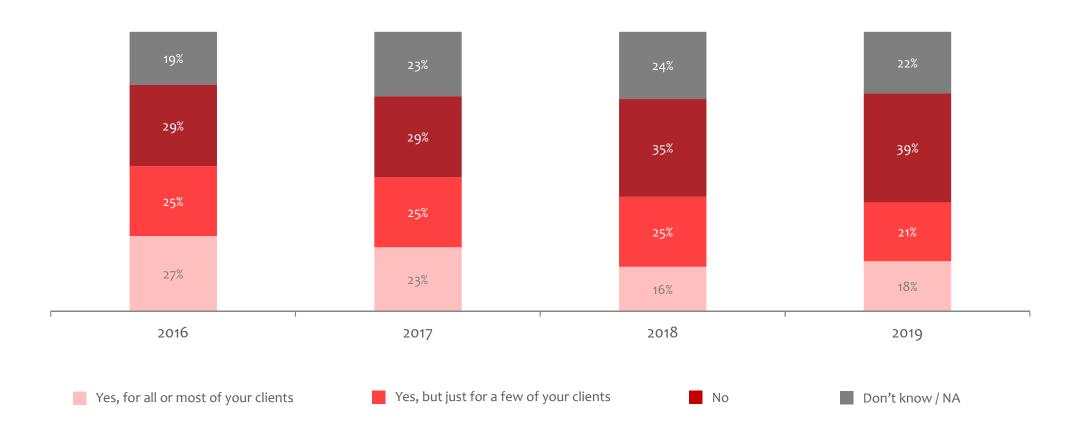








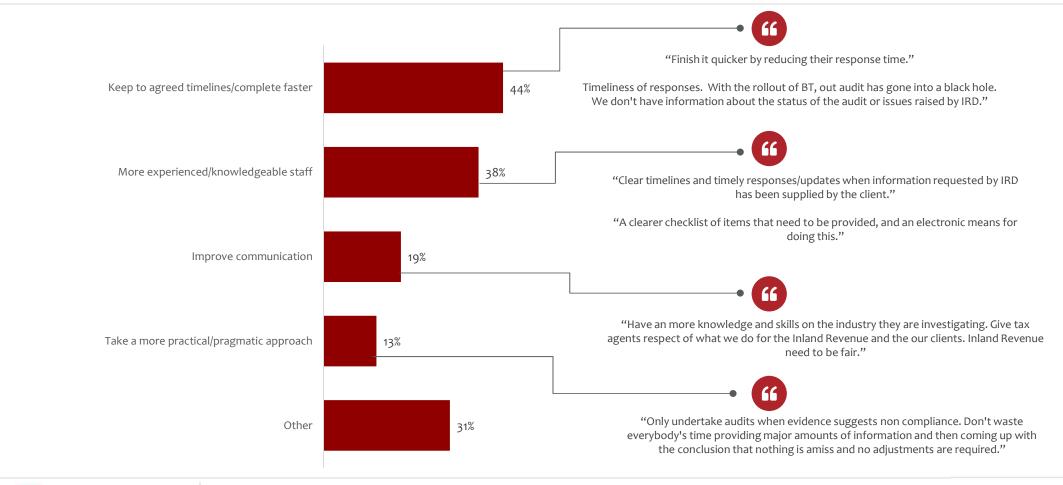
Each year fewer members think that the perceived frequency of audits affects their clients' compliance behaviour







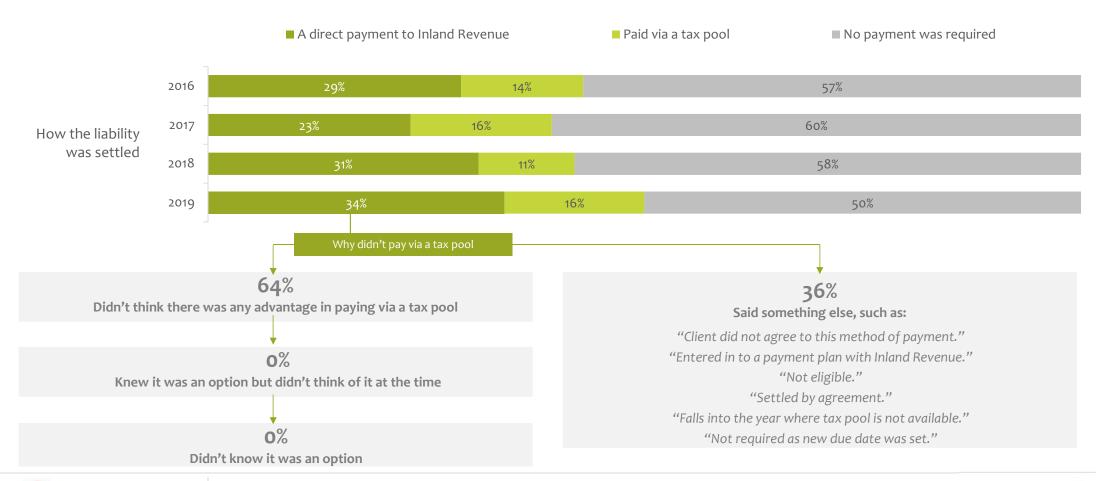
### Improving speed and communication (timelines, expectations etc) are the most common suggestions for improving audits







#### Sixteen percent of those whose most recent audit resulted in a liability settled via a tax pool



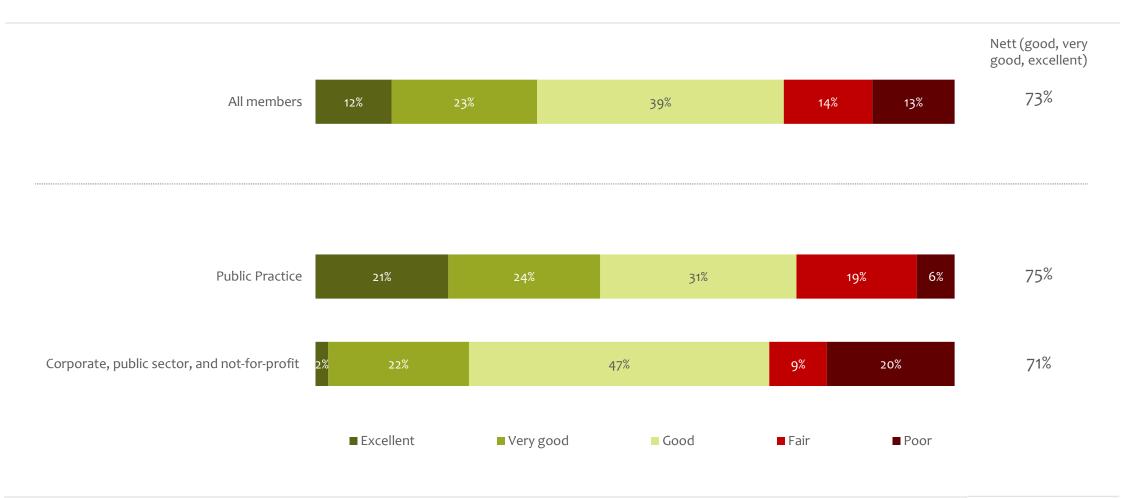


tax managementnz

Source: Q24a. If the most recent audit you've been involved in results in a liability, was the liability settled by... Q24b. What was your main reason for not making the payment via a tax pool?



#### Nearly three-quarters of members rate their account manager good or better

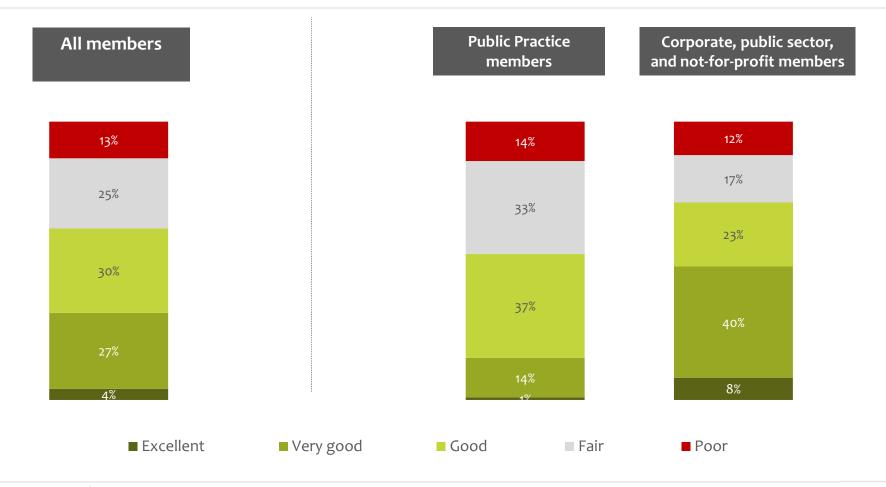








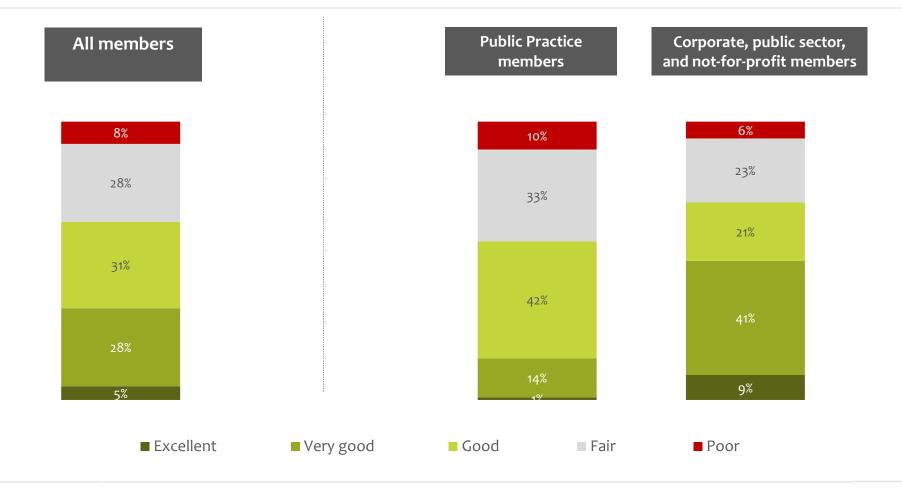
Six out of every ten members rate the current income tax system (BT Release 3) as good or better, four out of every ten rate it fair or poor







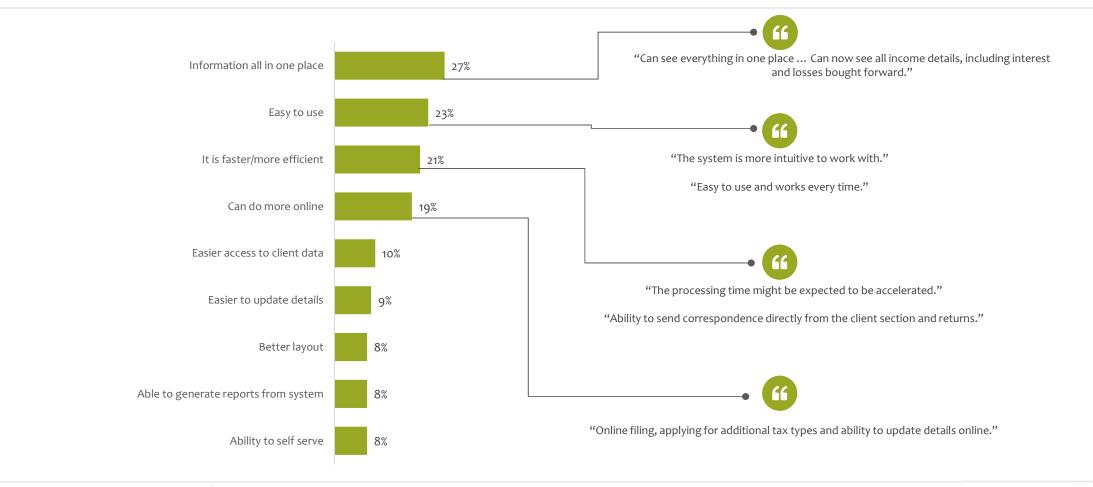
#### Members are generally more positive about the new system (START) than the old system (FIRST)







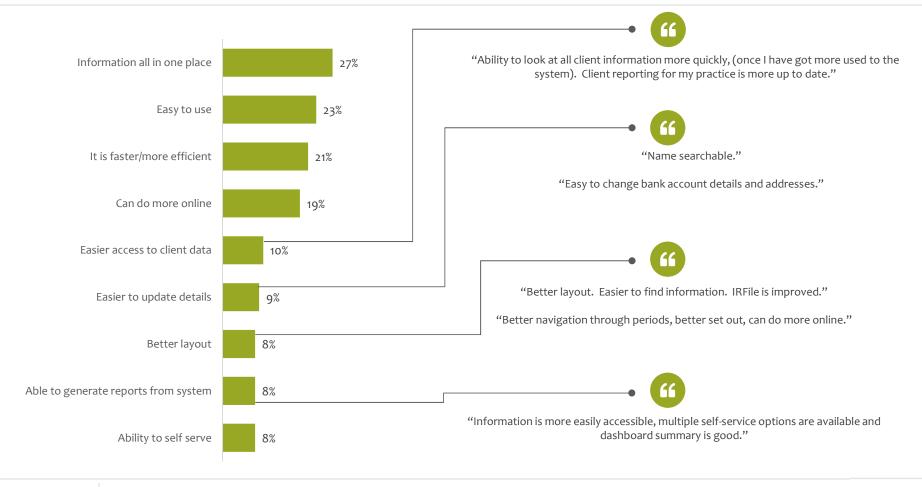
# Having all information in one place, ease of use, and speed are the main improvements of the new income tax system compared to the old







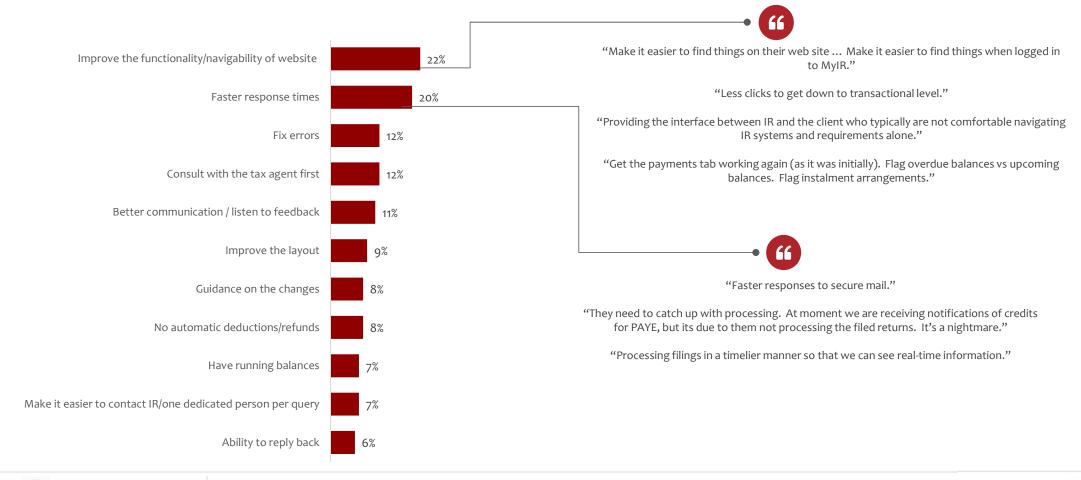
# [Cont.] Having all information in one place, ease of use, and speed are the main improvements of the new income tax system compared to the old







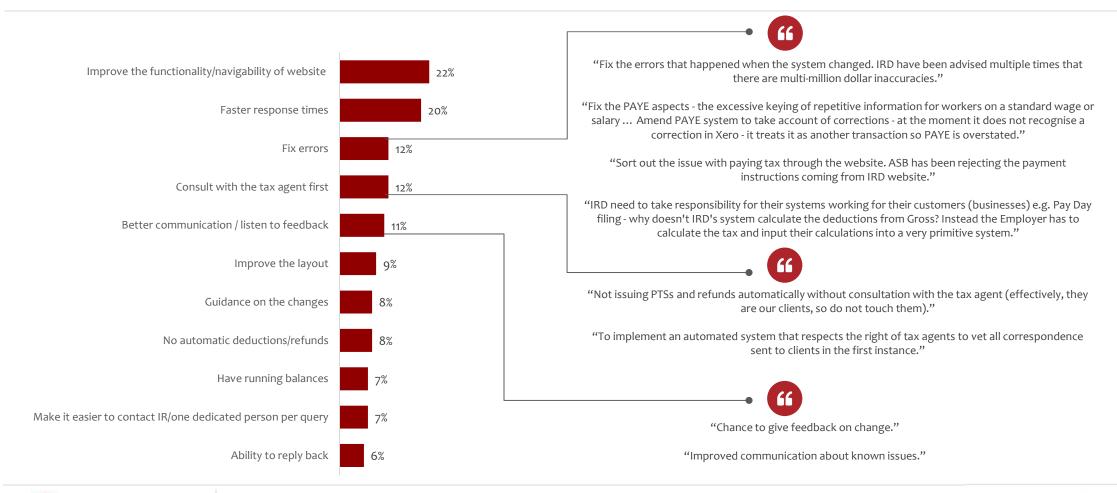
The main areas where members think the new income tax system could be improved are: the functionality of the website, the speed of response, fixing known problems, and consulting with the tax agent first before going to the client







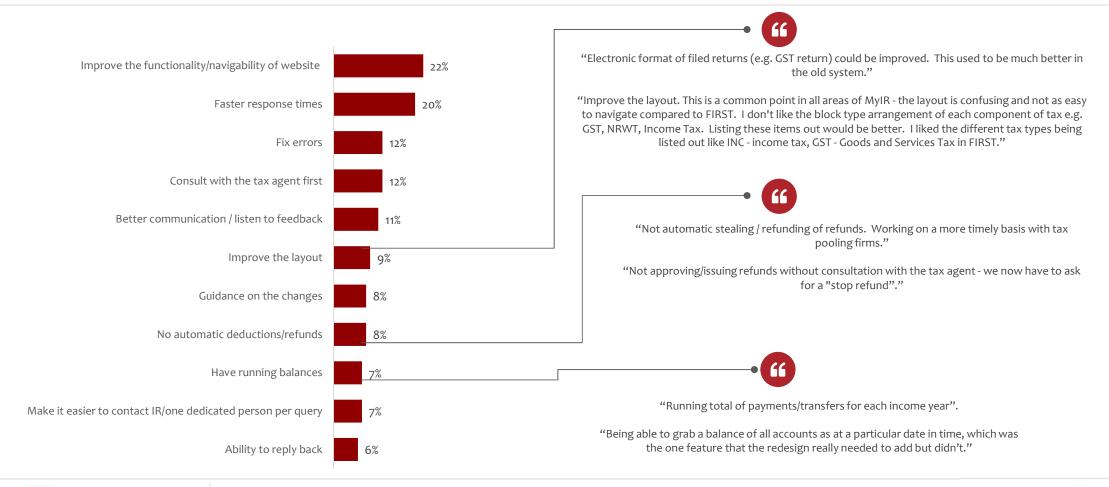
[Cont.] The main areas where members think the new income tax system could be improved are: the functionality of the website, the speed of response, fixing known problems, and consulting with the tax agent first before going to the client







[Cont.] The main areas where members think the new income tax system could be improved are: the functionality of the website, the speed of response, fixing known problems, and consulting with the tax agent first before going to the client







#### A selection of the 'other' comments about what would improve IR's new system for income tax



"Where there is PIE income, show the % that tax has been deducted at."

"Showing provisional tax instalments under 110% uplift i.e., what's due if return not filed?"

"The layout of period income transactions - have to add up yourself, not clear what is a payment or assessment ... Not having to re-link every client, verify every address and re- add a bank account which had been previously used for several years for a refund for every client."

"System cannot cope with overseas dividends that have 33% credits (i.e., banking dividends with NZ ICAs)."

"Make it clear that outstanding tax is not due now. Too many clients are paying the outstanding amount even if not due until several months later ... Clients often pay to wrong tax type or period, system should be able to search for an overdue amount before refunding a credit balance."

"Remove the need for all of us agents to re-link all of our existing clients to meet their changed Master Level Customer status as this is going to take days of our time to meet the change that they have unilaterally brought about. Surely they can automatically up-date existing client details."

"Have an ICA balance report instead of having to submit a nil return to confirm the opening balance held by IRD and then cancel out."

"When correspondence is attached to a tax return the system needs to put a hold on all the accounts connected to that taxpayer until someone has read the correspondence. Then if transfer requests are included in the correspondence put a "transfer pending" entry in the destination so that your system doesn't automatically send out requests for payment that will be dealt with by those transfers. You can put a delay of 10 weeks (IRD standard) on the transfer pending so that it disappears if the transfer isn't actioned within those 10 weeks."

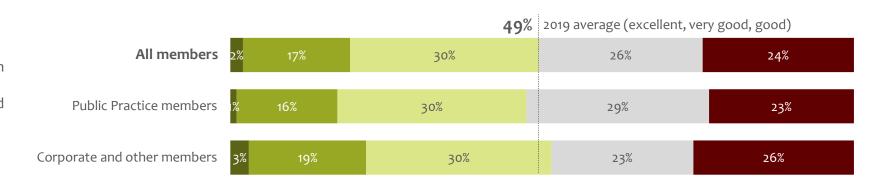
"In the income tax returns you need to create additional fields for transfer requests (might be possible when completing form online but also needs to be available to submit via third party e-filed tax returns). I.e. you shouldn't be limited to just one transfer within the return but multiple transfers and there should be an option to state what date the transfer should be dated (one of the options being "earliest possible")."



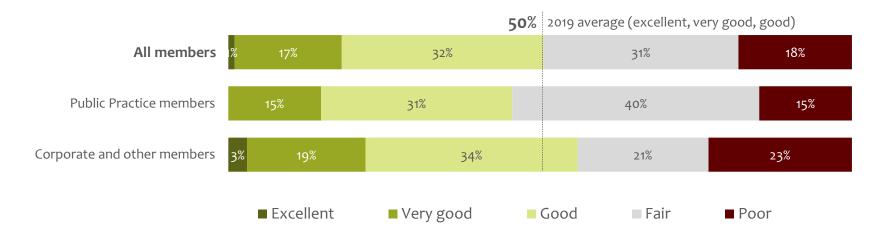


## Half the members rate the opportunities to provide feedback on the new system and IR's response the feedback as good or better, half rate it as fair or poor

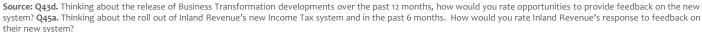
Thinking about the release of Business Transformation developments over the past 12 months, how would you rate opportunities to provide feedback on the new system?



Thinking about the roll out of Inland Revenue's new Income Tax system and in the past 6 months. How would you rate Inland Revenue's response to feedback on their new system?





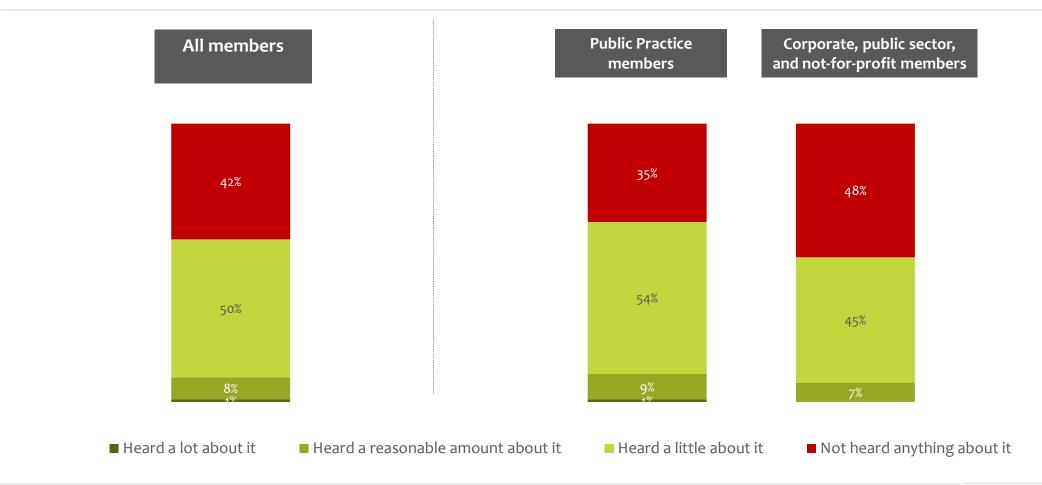


Base 2019: All members (excl. don't know) n=171, all Public Practice members (excl. don't know) n=85, all non-Public Practice members (excl. don't know) n=86.





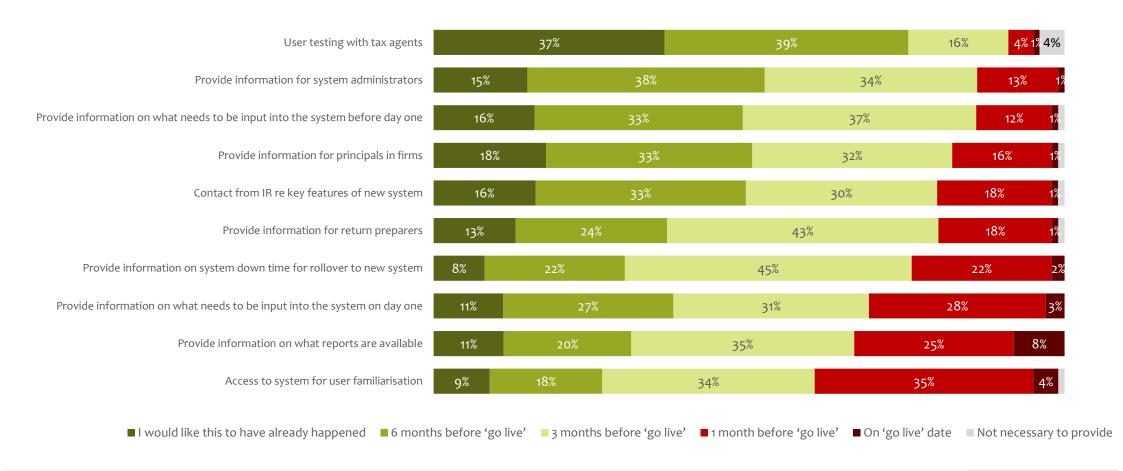
#### Very few members know much about the next stage of IR's business transformation







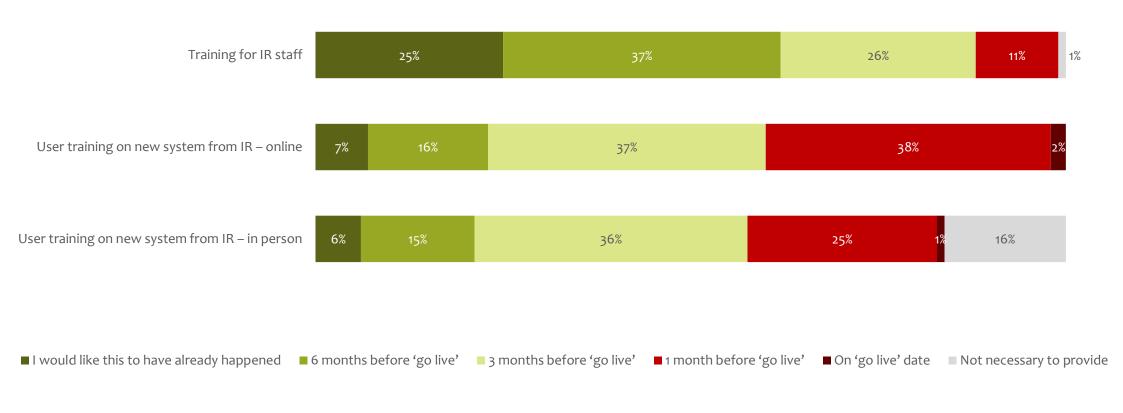
#### Members think that user testing with tax agents should be the first step in the roll out of Release 4







Just over half of members think user training for Release 4 should happen between three and six months before 'go live'

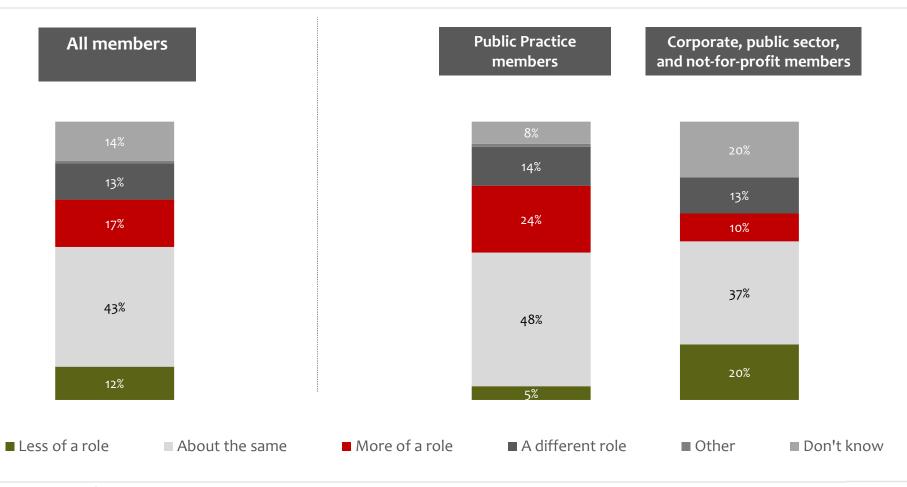






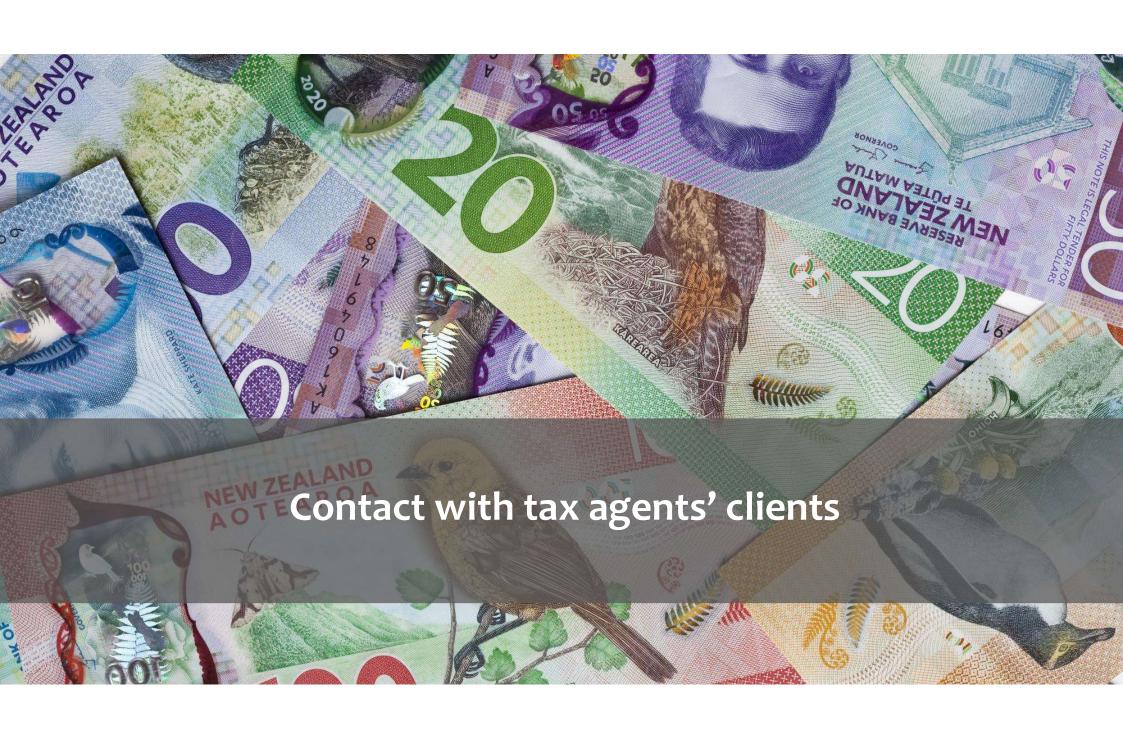


The proportion of members who think the role of tax agents will change (in some way) under the new tax administration system is about the same as the proportion who think the role of tax agents won't change



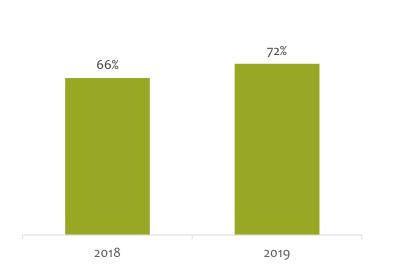


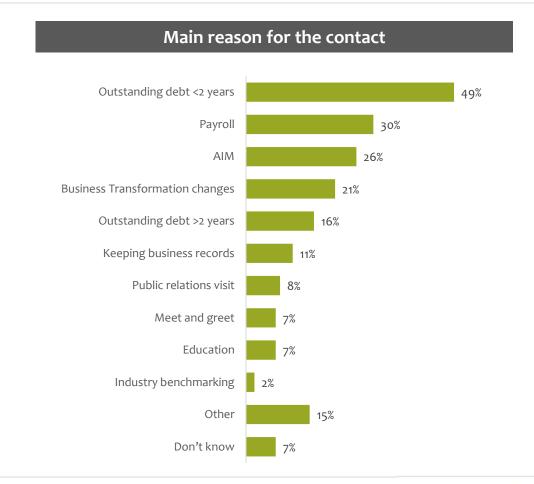




Seven out of every ten Public Practice members have a client or clients who've been contacted by Inland Revenue directly in the last six months

% of Public Practice members whose clients have reported being contacted directly by Inland Revenue

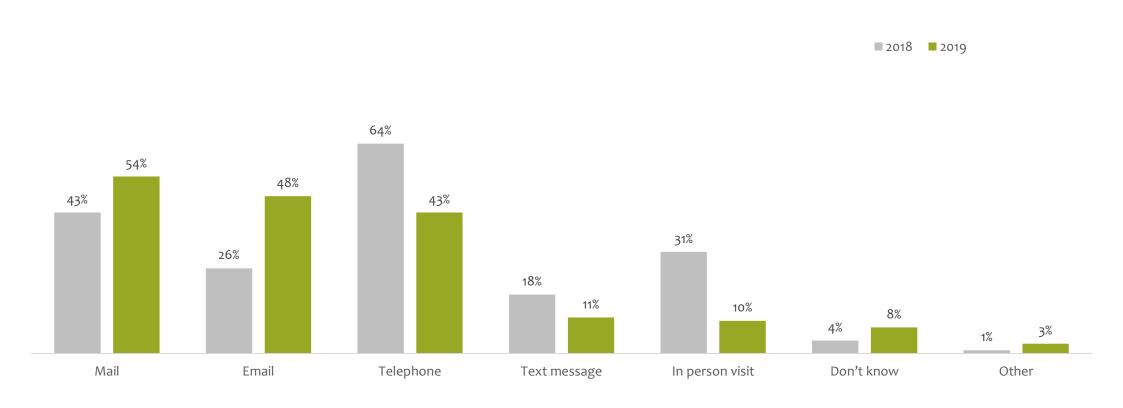








### Inland Revenue appears to have shifted its method of contact to written from telephone







## Contact directly from IR to the client is not well received, it confuses clients and creates additional work for the agents, the clients and IR. Some think the contact from IR is not genuine but a scam.



"Very confused and worried clients, who are upset and don't understand what has happened - couldn't understand why they got contacted directly rather than through us."

"It's caused our clients to question us a lot more, and required us to spend a lot of time justifying and explaining things to our clients."

"Yes, clients are getting confused and upset with correspondence directly received from Inland Revenue. Most clients have a tax agent so that we can handle the interaction with the Inland Revenue for them. They don't want to be contacted by them."

"Yes. It makes us look like we don't have it sorted. It causes inefficiencies, unnecessary overpayments and suspicion between clients and tax agents. Sometimes the contact is due to a Secure Mail not being processed. Very Frustrating."

"Clients ringing in a panic, feeling like we haven't been doing our job because IRD is contacting them- particularly if the contact is wrong, or irrelevant e.g. provisional tax that we've advised the client not to pay."

"In some instances I have appreciated the back up however in other cases it has eroded client confidence and goodwill."

"Most clients thought it was a spam email, others it confused, and only after I had talked them through it did they realise that I would have already told them about it had I thought it applied. It did not enhance my relationship with my clients."

"I am finding clients are confused especially with the AIM contact as they think they no longer need an accountant and that the IRD is going to do everything for them. A couple of clients contacted are still writing cheques so not sure how its going to go for them."

"Yes, we have been blamed for IRD errors, or continued communications from IRD about matters which we have addressed and resolved with IRD (free of charge to the client because they don't want to pay for it)."

"Significantly undermined the relationship with our clients, they think that we have been remiss in some process when we have not, and either it is part of our normal activity and we have it scheduled to communicate with them at the appropriate time or the information that Inland Revenue has provided is incorrect and is taking us time to resolve which the client does not want to pay for understandably. A lose lose all round."

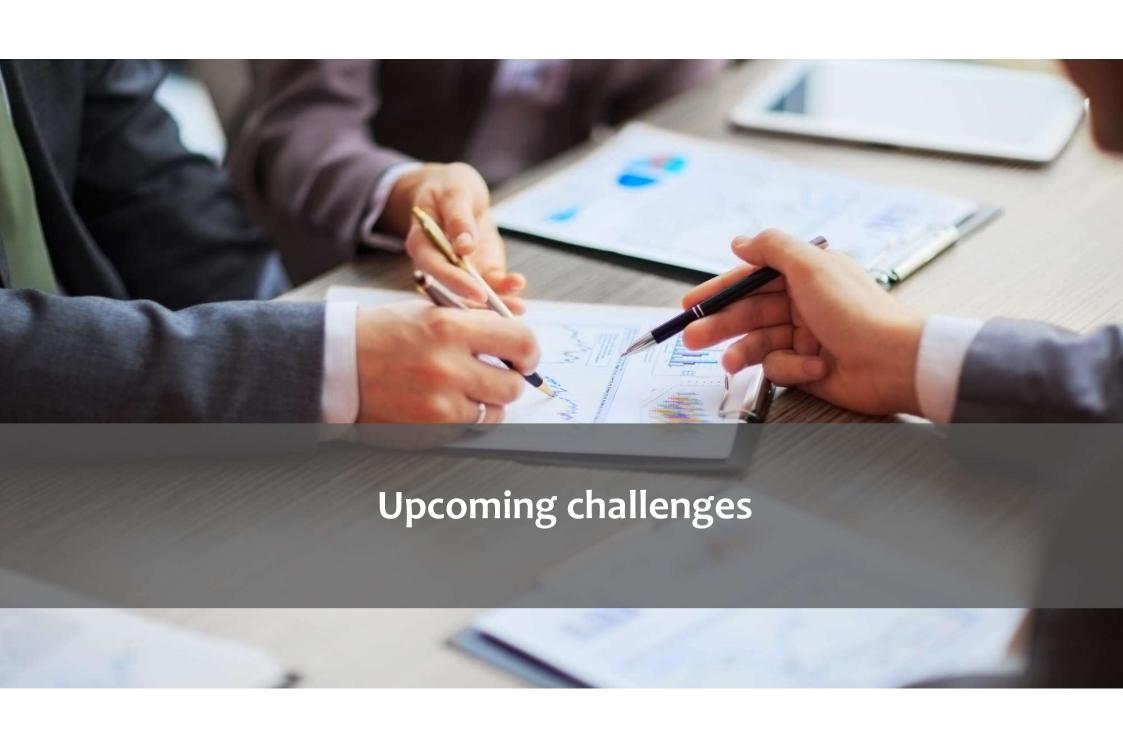
"Clients expect us to see what they see when they log into MyIR and to know everything IR has been in touch with them about. It undermines our relationship with our clients if IR contacts our clients directly.

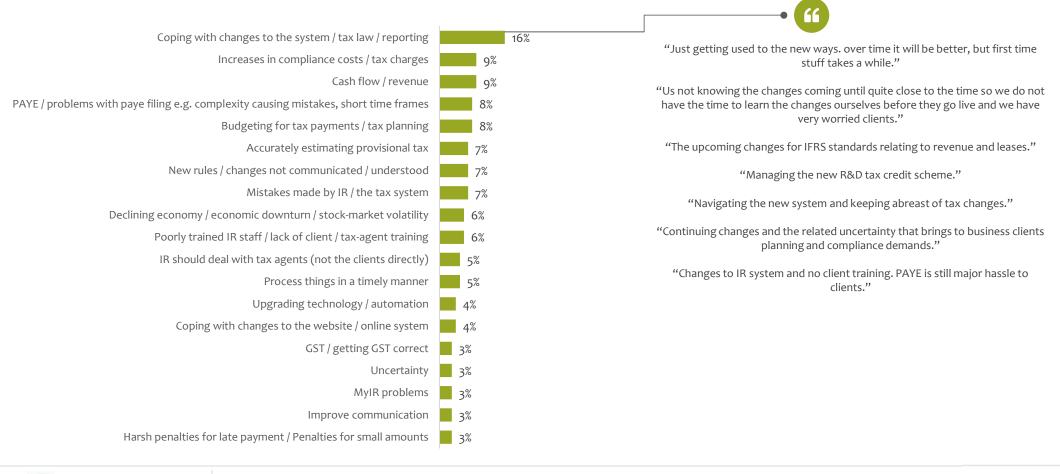
IR needs to be aware that a lot of taxpayers don't understand jargon and rely on us to assist them with all communication with IR. It is much easier for you if you communicate through tax agents."

 $\hbox{``It hasn't affected my relationship with my clients but they weren't happy with IR contacting them directly."}\\$ 



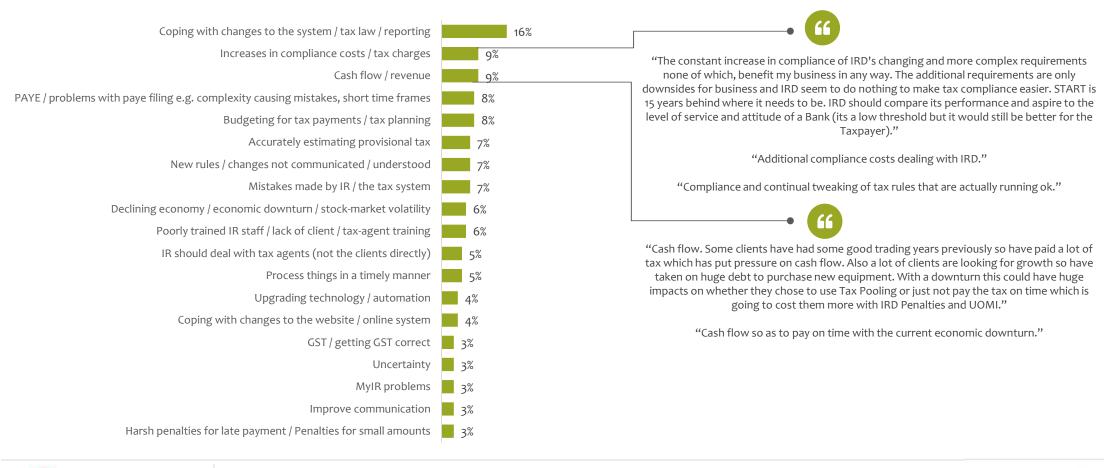






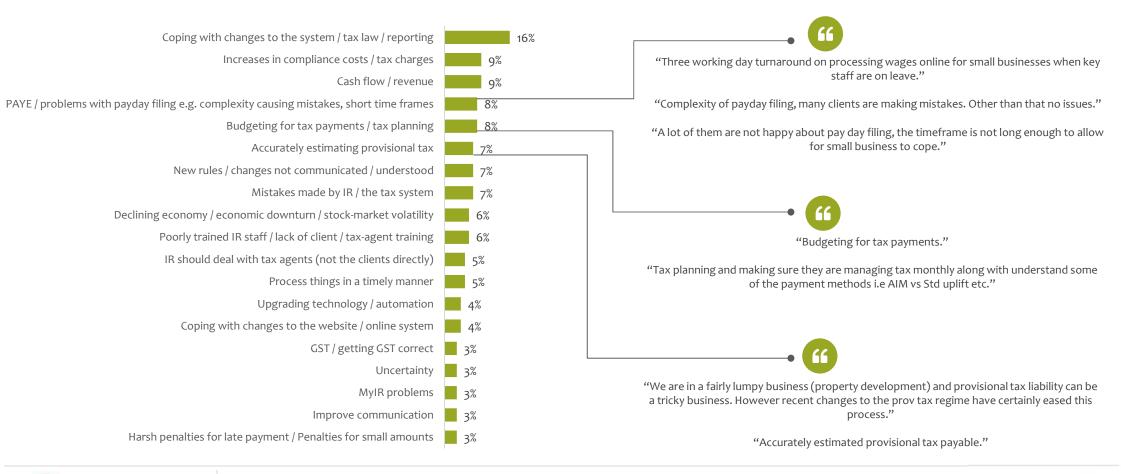






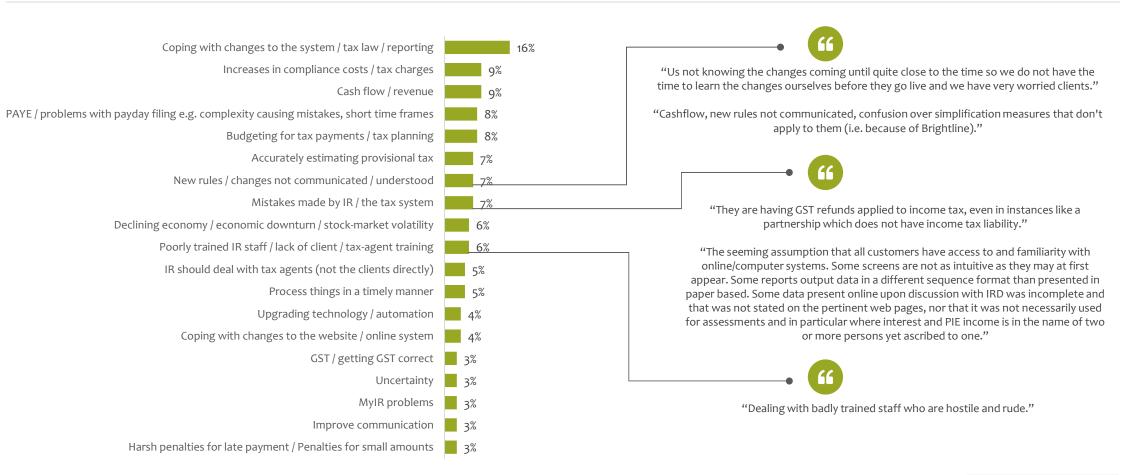






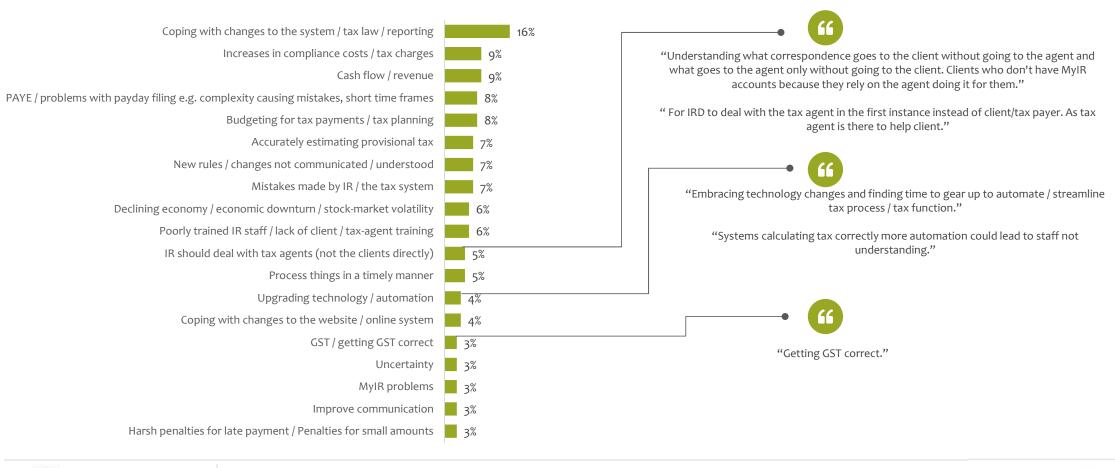
















Slightly more members think Inland Revenue is prepared for the main challenges members see facing themselves and their clients, than think Inland Revenue is unprepared

#### Preparedness to face challenges

Don't know

Unprepared

#### Steps IR should take to address these challenges



"Be honest with communications... simplification is not for everybody. Increase access to account managers. Get tax agent input."

"Having technical staff that understand the new IT system and how it calculates and assesses tax."

"Engage with Business and understand how they operate. Then treat Business as a customer with IRD taking responsibility for implementing processes that reduce Businesses compliance cost.

e.g. IRD should be grateful that Businesses collect their PAYE tax for them not penalize Business by implementing Pay Day filing without a satisfactory IRD system to take the additional data into their system."

"Release their changes for tax agents only for the first few months in an environment where we can learn first so we can get ahead of the game before rolling it out for everyone."

"Need to upskill staff and have adequate resourcing to move audits through in a timely manner so business is not negatively impacted."

"Better system testing and engage wider community including software provider and users."

"More international tax expertise within the department."

"Training on staff; more hotlines; get tax agent to test the system a few months earlier."

"Value their senior staff more, employ more senior / technical staff, provide better access for us to the appropriate people, value the role tax agents play in encouraging compliance."



Very prepared

Very unprepared





### Sample details

	2013	2014	2015	2016	2017	2018	2019
CA	304	385	377	444	377	308	163
ACA	58	53	48	37	39	36	7
Provisional CA	0	0	0	0	0	0	1
Public Practice	181	247	224	264	215	193	85
Corporate	120	132	145	149	134	113	57
Not for profit	23	21	14	30	21	10	12
Other	17	24	21	11	18	16	9
Not employed	0	0	0	0	0	0	0
Public Sector	21	14	21	27	27	12	8
Total	362	438	425	481	416	344	171





For further information please contact:

#### MICHAEL DUNNE OR EMMA STRATTON

Colmar Brunton, a Millward Brown Company Level 9, Lambton Quay House | 101 Lambton Quay | Wellington PO Box 3622, Wellington 6140

Phone (04) 913 3004 www.colmarbrunton.co.nz



