



# SME tax compliance cost

A qualitative investigation to identify steps Inland Revenue could take to reduce effort and compliance cost of SMEs

*Prepared for:*  
Linda Oliver & David Udy

*Prepared by:*

Penny Salmon and Research NZ

National Research and Evaluation Unit

November 2014

# A qualitative investigation to identify steps Inland Revenue could take to reduce effort and compliance cost of SMEs

## Disclaimer

The views, opinions, findings, and conclusions expressed in this report do not necessarily reflect the views of Inland Revenue.

Inland Revenue has made every effort to ensure that the information contained in this report is reliable, but does not guarantee its accuracy or completeness and does not accept any liability for any errors.

The information and opinions contained in this report are not intended to be used as a basis for commercial decisions and Inland Revenue accepts no liability for any decisions made in reliance on them.

The material contained in this report is subject to Crown copyright protection unless otherwise indicated. The Crown copyright protected material may be reproduced free of charge provided it is reproduced accurately and not used in a derogatory manner or in a misleading context. Where the material is being published or issued to others, the source and copyright status should be acknowledged. The permission to reproduce Crown copyright protected material does not extend to any material in this report that is identified as being the copyright of a third party. Authorisation to reproduce such material should be obtained from the copyright holders.

© Crown copyright 2012

ISBN: 978-0-478-41835-4

## Acknowledgements

The National Research and Evaluation Unit (R&E), Inland Revenue, is immensely grateful to Research NZ for this work.

R&E is also appreciative of the efforts of policy experts and analysts from Inland Revenue who have contributed to this work.

Finally, the members of the project's advisory group from:

- the Ministry of Business, Innovation and Employment
- Chartered Accountants Australia and New Zealand
- Business New Zealand
- the School of Management, Massey University

who through their expertise provided guidance to the project and helped shape the report into its current version, are also acknowledged.

To all, a big thank you.

---

## Table of Contents

<b>Executive summary .....</b>	<b>1</b>
<b>Section 1. Purpose, objective and methods .....</b>	<b>6</b>
<b>Section 2. Detailed results.....</b>	<b>9</b>
<b>Detailed findings: Stage 2 .....</b>	<b>19</b>
<b>Appendix A: Stage 1 – Interview guide .....</b>	<b>26</b>
<b>Appendix B: Stage 2 – Interview guide.....</b>	<b>32</b>
<b>Appendix C: Stage 1 – Quick reference guide – Issues and suggested solutions .....</b>	<b>36</b>
<b>Appendix D: Stage 2 – Practical suggestions rating .....</b>	<b>43</b>
<b>Appendix E: Stage 2 – The 44 suggestions in descending order by “must have” .....</b>	<b>49</b>
<b>Appendix E: Stage 2 – The 44 suggestions in descending order by “must have” .....</b>	<b>54</b>

## Executive summary

This report outlines the results of a qualitative study that was undertaken with SMEs to identify practical ideas and suggestions that would help them interact more efficiently and effectively with Inland Revenue, reduce the effort and stress in doing so, and be more tax compliant as a result.

### Purpose

The integrity of the New Zealand tax system is based on individuals and businesses meeting their tax obligations on time and in full. While a small minority wilfully abuse this responsibility, most are respectful and compliant. However, changes to tax policy over time have added to the effort and cost of complying and this has been a major political issue for businesses in particular.

Consequently, when the present Government came into term, it set the goal of cutting the effort and cost of businesses dealing with government agencies, departments and ministries as one of its major priorities. Known as the Result Area 9 (R9) objective, this specifically aims to reduce the effort and cost that businesses incur in dealing with the public sector by 25% between 2012 and 2017. As Inland Revenue is one of the agencies that account for a significant component of the “cost of compliance”, this objective is of particular concern to the organisation.

Against this background, Inland Revenue is conducting or involved in a number of research projects that are either monitoring the cost of compliance for businesses (eg, the 2013 SME Cost of Compliance Survey) or identifying opportunities to reduce these costs (eg, R9 Longitudinal Panel Survey). The results of the recent SME Cost of Compliance Survey point to the fact that approximately 16% of SMEs find the effort and cost of dealing with Inland Revenue “highly stressful”.

With this in mind, the purpose of this qualitative study was to identify, from the perspective of small and medium sized businesses (SMEs), what practical steps Inland Revenue could take to reduce the effort and cost of compliance for these and other businesses. This involved, among other areas of investigation, identifying the particular situations or “pain points” that made dealing with Inland Revenue challenging and difficult.

### The qualitative study

The qualitative study was undertaken in two stages during May and June 2014:

1. Stage 1 was exploratory in nature and aimed to generate practical suggestions that would make meeting SMEs’ taxation obligations and other compliance obligations easier (ie, require “less effort”).
2. Stage 2 focused on identifying which of the practical suggestions outlined in Stage 1 would deliver the most value to SMEs.

Twenty-five SME business owners were carefully recruited from the study, based on the results of the 2013 SME Cost of Compliance Survey and the RA9 Longitudinal Panel Survey, with the emphasis placed on those who were “highly stressed”. These participants were interviewed in both stages of the study.

### The main findings

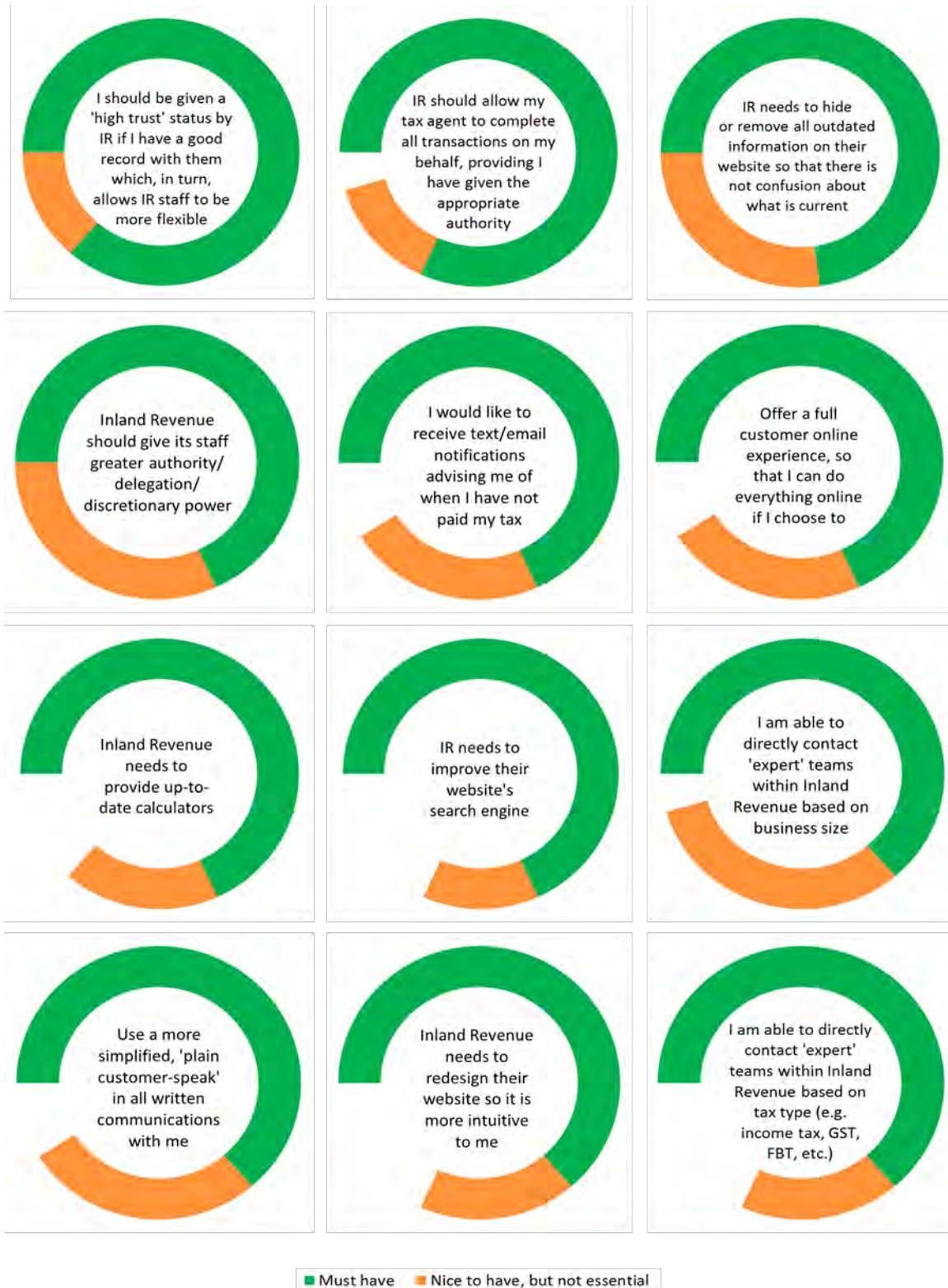
1. Confirming the results of earlier research, Inland Revenue was repeatedly listed as an agency requiring “a lot of effort” to deal with.
2. The following issues and situations were identified as those which made dealing with Inland Revenue difficult (ie, “pain points”):
  - making an incorrect payment
  - making a late payment
  - being significantly in arrears
  - being owed a refund
  - payments being made, but not registered by Inland Revenue
  - SMEs wishing to close down their company
  - Inland Revenue making changes to policy, to calculation rates, to the presentation of information it provides (eg, statements) or to the way SMEs prefer to deal with the agency (eg, the migration from paper to online environment).

- 
3. These pain points were exacerbated and made more difficult for SMEs as follows:
- when they attempted to contact Inland Revenue and experienced access-related issues
  - the attitude, helpfulness and proactivity of Inland Revenue staff
  - difficulties experienced understanding both verbal and written communications
  - difficulties accessing and then understanding information, particularly on the Inland Revenue website
  - fairness-related issues and issues to do with the parity of the Inland Revenue-customer relationship.
4. Given these pain points, 44 practical ideas and suggestions were made that would alleviate the effort of dealing with Inland Revenue, with the overarching theme being a desire for Inland Revenue to become more “customer-oriented” and “customer-centric”<sup>1</sup>. These may be categorised under the following headings:
- understanding the customer
  - improving access
  - improving communications
  - suggestions in relation to Inland Revenue staff
  - suggestions in relation to myIR
  - improving Inland Revenue’s website
  - authorising tax agents
  - Inland Revenue’s “value proposition”.
5. Twelve of the suggestions were frequently identified as “must haves” and are displayed in green in the figure overleaf. The yellow represents participants who considered the suggestions were “nice to have, but not essential”, while the gap represents participants who considered them as “not really of interest or use to me”.

---

<sup>1</sup> Please refer to Appendix C for a full list of the suggestions and the issues and problems that gave rise to them.

Figure 1: The Top 12 most “valued” suggestions



6. The 12 main suggestions can be classified into the following themes: simplification, relationship/trust/discretion and communication with experts.
7. One particular suggestion was identified as delivering the most “value” to SMEs more than any other; namely, “Inland Revenue should give customers a ‘high trust’ status if they have a good record which, in turn, allows Inland Revenue staff some discretion in dealing with these customers”.

When participants were asked to explain this selection, the general comment they made was that this epitomised an organisation that was “customer-centric”, ie, it respected and valued its customers. More specifically, when they were asked how Inland Revenue would treat a “high trust” customer:

- participants considered that Inland Revenue would basically give them the “benefit of the doubt” and provide them with some flexibility in the event that they had, for example, filed late or made an incorrect payment. Participants envisaged Inland Revenue viewing the customer’s filing and payment history, seeing that the current situation was out of the ordinary, contacting them to advise them of the situation and assisting them to address it
- when participants were asked how customers would earn a “high trust” status, they considered that this would be on the basis that they had been compliant (ie, they had filed and made correct payments on time) for anywhere between one to ten years.

8. Other suggestions rated in the Top 12 included the following:

- “Inland Revenue should use more simplified, ‘plain customer-speak’ in all written communications with me.”

When participants were asked what more simplified, “plain customer-speak” written communications would look like, they referred to the communication getting straight to the point, using simple words, short sentences and fewer acronyms. Importantly, they described it as being less threatening and less arrogant in its tone.

- “Inland Revenue needs to redesign its website so it is more intuitive to me.”

When participants were asked what an intuitive Inland Revenue website would look like, they referred to a website that had a simple, clean looking home page, obvious “go-to” sections for particular types of customers and super-fast search functionality.

- “I am able to directly contact ‘expert’ teams within Inland Revenue based on business size.”

When participants were asked what it would be like contacting Inland Revenue with “expert teams” based on business size, they referred to the fact that they could easily access teams of staff who understood what it was like to be the owner of a small business, including the financial cost and time commitment required to be compliant with Inland Revenue and other government agencies.

- “I am able to directly contact ‘expert’ teams within Inland Revenue based on tax type (eg, income tax, GST, FBT).”

When participants were asked what it would be like contacting Inland Revenue with “expert teams” based on tax type, they imagined dealing with staff who could communicate with them in lay terms and provide them with a clear and unequivocal solution to any issue or problem they had.

9. Additional practical ideas and suggestions rated in the Top 12 were as follows:

- “Inland Revenue should allow my tax agent to complete all transactions on my behalf, providing I have given the appropriate authority.”

When participants were asked what it would be like if Inland Revenue allowed their tax agent to complete all transactions on their behalf, they imagined any issues or problems they had would be quickly and effectively resolved.

- “Inland Revenue needs to offer a full online customer experience, so that I can do everything online if I choose to.”

When participants were asked what it would be like if Inland Revenue offered a full online customer experience, they imagined that any business they wished to do involving Inland Revenue could be done online, rather than the current situation in which this is not entirely possible.

- “Inland Revenue needs to hide or remove all outdated information on their website so that there is no confusion about what is current.”

This was a “no-brainer” for participants who could not understand why Inland Revenue would want to have outdated information on its website, given that this had led them to make mistakes on some occasions or question the currency of information they were viewing, thereby leading to inaction.

- “Inland Revenue needs to improve its website's search engine.”

This was also a “no-brainer” for participants given the fact that many use Inland Revenue’s

website as an information website, as well as a transaction website.

- “Inland Revenue should give its staff greater authority/delegation/discretionary power (eg, ability to override automatically generated letters).”

This suggestion was perceived as enabling Inland Revenue staff to override Inland Revenue systems that were inappropriate given the circumstances, thereby also being more cost-effective for Inland Revenue. In part, this suggestion also relates to the suggestion that was most frequently identified as being valued; the “high trust” suggestion.

- “I would like to receive text/email notifications advising me when I have not paid my tax.”

This suggestion was seen as reflecting an organisation that is truly customer-centric.

- “Inland Revenue needs to provide up-to-date calculators.”

This suggestion relates to the earlier suggestion of ensuring all information on the Inland Revenue website is current.

Therefore, quantifying the results of this qualitative study is recommended. Quantification would allow the results to be examined across a representative sample of SMEs, as well as allow the segmentation referred to in this report to be verified. This segmentation recognises that certain practical suggestions may be of more “value” to some SMEs than others.

2. The focus groups were a reminder of the important dependency that some SMEs have on their accountant or tax agent.

Therefore, we recommend the equivalent of this qualitative study is completed with accountants and tax agents who primarily provide taxation services to SMEs.

## Conclusions and recommendations

While the original 44 practical ideas and solutions would involve Inland Revenue both simplifying and making changes to policies, systems and processes, the Top 12 suggestions predominantly involve change.

While these changes may not currently fit into Inland Revenue’s current business plans and/or require significant investment, it should be remembered that, as far as participants are concerned, the suggestions they made were reasonable rather than unrealistic suggestions. Importantly, they reflect a standard of customer service that they have already experienced with some government agencies, departments and ministries (eg, New Zealand transport Agency), as well as private sector organisations in general (eg, banks). In other words, they are a benchmark that they ideally would like Inland Revenue to meet.

Two recommendations for further research result from the current study:

1. Given that this study was conducted on a qualitative basis, with a non-representative sample of SMEs (ie, the emphasis was deliberately placed on those who were “highly stressed”), the practical ideas and suggestions appearing in the Top 12 need to be regarded as indicative rather than conclusive, and that the original 44 suggestions are all important to consider given how they were initially identified.

## Section 1. Purpose, objective and methods

In this section of our report we outline the purpose, objectives and the methodology used to complete this study, beginning with a brief overview of the background relevant to the project.

### Background

Result Area 9 (R9) aims to reduce the cost of businesses dealing with government agencies by 25% between 2012 and 2017.

As Inland Revenue is one of the agencies that accounts for much of the dealings that businesses have with the public sector, Inland Revenue is conducting or is involved in a number of research projects that are either monitoring the cost of compliance for businesses (eg, 2013 SME Cost of Compliance Survey) or identifying opportunities to reduce these costs (eg, RA9 Longitudinal Panel Survey).

### Purpose and objectives

The study that is the subject of this report (ie, the SME Tax Compliance Qualitative Project) is a further project relating to the achievement of R9.

The purpose of this study was to identify, from the perspective of small and medium sized businesses (SMEs), what practical steps Inland Revenue could take to reduce the effort and cost of compliance for businesses. This included, not only identifying those steps that Inland Revenue could take internally, but also identifying those steps that Inland Revenue could take with other government agencies given their dealings with businesses.

To identify these practical steps, this research had the following information objectives:

1. To provide an understanding of how businesses currently approach the task of meeting their taxation obligations, as well as their other compliance obligations.
2. To identify the specific “pain points” for businesses when dealing with Inland Revenue and other government agencies—the one-offs (eg,

registration) as well as the ongoing or recurring (eg, taxation-related)

3. To provide an understanding of why these are pain points for businesses
4. To collect, for consideration, any ideas or suggestions that businesses have that would make meeting their taxation obligations easier (eg, simplifying, changing and/or eliminating processes), as well as their other compliance obligations
5. To establish businesses’ reactions to ideas generated by previous research (eg, the Maven research funded by MBIE).

### Methodology

To meet these information objectives, the research was completed on a qualitative basis and conducted in two stages:

1. Stage 1 was exploratory in nature and aimed to generate practical suggestions that would make meeting SMEs’ taxation obligations and other compliance obligations easier (ie, require “less effort”) (points 1 to 4 on page 5 of this report).
2. Stage 2 focused on identifying which of the practical suggestions outlined in Stage 1 that would deliver the most value to SMEs (points 4 and 5 on page 2 of this report).

#### Stage 1

Four focus groups were completed in Auckland (two) and Wellington (two) between 30 April and 7 May 2014, involving a total of 25 participants.

Because of the interest in identifying what SME business owners felt were the practical steps that Inland Revenue could take to reduce owners’ effort in meeting their tax obligations and dealing with Inland Revenue, participants in the focus groups were recruited on the basis of either the time spent on tax-related matters or on the basis of the stress that this created for them.

Furthermore, the emphasis was placed on those owners who considered themselves to be highly stressed. Two of the focus groups were recruited on this basis, with one comprising small businesses with either zero or up

to 19 employees and the other with 20 or more employees.

The other two focus groups were recruited on the basis that they considered themselves to have low or moderate levels of stress and would therefore provide a comparative viewpoint, as well as an appreciation of what they had done to make their tax obligations manageable. Therefore, one of these was recruited on the basis that it spent an above average number of hours on meeting their business's tax obligations, while the other was recruited on the basis that it spent a low to moderate number of hours.

All participants were the owners or part-owners of SME enterprises who identified themselves as the person mostly responsible for tax matters for that business (although this does not necessarily mean they personally had day-to-day responsibility, ie, they actually calculated the tax, filed or made the payments).

The focus groups lasted between 75 and 90 minutes and were facilitated by two members of the research team.

Given the work commitments of participants, three of the focus groups were arranged as breakfast sessions and one as a lunchtime session.

It is important to note that, at the time participants were recruited, they were told their focus group would last 60 minutes. The fact that all focus groups ran significantly over this time is a reflection of the amount of discussion that characterised each group. Many participants described their focus group as a liberating or therapeutic session.

Participants were recruited from the panel established for the R9 Longitudinal Panel Survey. At the time of recruitment, qualifying questions were asked to verify the characteristics of each and every participant against the recruitment criteria.

Table 1 shows the number of participants for each of the four focus groups.

**Table 1: Demographic description of focus groups**

Base =	Focus groups				
	Total n=25	Group 1 <sup>a</sup> n=4	Group 2 <sup>b</sup> n=7	Group 3 <sup>c</sup> n=8	Group 4 <sup>d</sup> n=6
<b>Gender</b>					
Male	17	4	5	3	5
Female	8	0	2	5	1
<b>Business activity</b>					
Hospitality	2	1	0	0	1
Construction	8	2	1	2	3
Finance	4	0	1	3	0
Arts and recreation	1	1	0	0	0
High tech and innovation	2	0	0	1	1
Manufacturing	1	0	0	1	0
IT	2	0	2	0	0
Primary industries	1	0	1	0	0
Security	1	0	0	0	1
Other	3	0	2	1	0
<b>Stress level</b>					
Low stress	8	0	0	3	5
Moderate stress	13	3	4	5	1
High stress	4	1	3	0	0
<b>Region</b>					
Wellington	10	4	0	0	6
Auckland	15	0	7	8	0

Note: This table contains frequencies.

a Respondents in Group 1 were Wellington-based small businesses with moderate to high stress.

b Respondents in Group 2 were Auckland-based small and medium businesses with high stress.

c Respondents in Group 3 were Auckland-based medium and large businesses with low to moderate stress and high compliance hours.

d Respondents in Group 4 were Wellington-based small businesses with low stress.

## **Stage 2**

Participants who attended the first round of focus groups were also asked to participate in a second round of focus groups. Twenty-one of the 25 participants who were involved in the first stage attended these focus groups.

Between the two rounds of research, the practical ideas and suggestions generated as a result of the first stage were reviewed by Inland Revenue, resulting in 44 suggestions being taken into Stage 2.

Four focus groups were completed for this second stage, in Auckland (two) and Wellington (two), between 10 June and 18 June 2014. A copy of the interview guide used in this stage can be found in Appendix B.

## Section 2. Detailed results

To reiterate, the purpose of Stage 1 was to explore the dealings SMEs have with Inland Revenue and other government agencies, as well as to generate practical ideas and suggestions that would make meeting their taxation obligations and other compliance obligations easier (ie, require “less effort”).

To do this, the focus groups were conducted as follows:

1. Participants were first asked for their general views about the effort involved in dealing with government agencies.
2. Once their general views had been collected, participants were asked to describe and rate the level of effort required on their part to deal with Inland Revenue and other government agencies.
3. Participants were then asked to explain the reasons why they felt it took “a lot of effort” to deal with Inland Revenue.
4. To conclude the discussion, participants were asked to provide any practical ideas and suggestions they could think of that would help make dealing with Inland Revenue easier.

The following sub-sections outline the research results to Stage 1.

### A SME-derived definition of “effort” in the context of dealing with government agencies

Irrespective of the characteristics of the focus group (ie, irrespective of whether the group was a “highly stressed” group or one that had low to moderate stress), when the discussion about the effort of dealing with government agencies commenced, the discussion typically centred on:

1. the emotional stress and frustration of doing so

*Interviewer: So when we talk about stress, what is it?*

*Frustration.*

*Absolute frustration.*

*Frustration.*

2. (to a lesser extent) the time and process involved in (unnecessarily) dealing with government departments.

*I think of it as a time issue. To be fair it's not really me who spends the time, but we have a finance manager who spends a good chunk of her time ensuring that we meet all of our IRD compliance obligations.*

In comparison, the discussion hardly ever focused on the direct or indirect financial costs of dealing with government departments (ie, the cost of the time spent by staff or the cost of employing accountants or tax agents), or the cost of the lost opportunities of doing so.

### Government departments requiring “a lot of effort”

Again, irrespective of the characteristics of the focus group and without hesitation, participants in all focus groups listed Inland Revenue as one of the government departments they had recently dealt with that required “a lot of effort”. Note the frequency with which Inland Revenue was mentioned in this regard, in comparison to other government departments, in Table 2.

At the other extreme, the New Zealand Transport Agency (NZTA) was the government department that participants had recently dealt with that was most frequently listed as requiring “not much effort”.

Care must be taken when interpreting these results, given that a small number of carefully selected participants were involved in this qualitative study. At best, the results are indicative rather than conclusive and would need to be verified by benchmarking against other quantitatively based research.

**Table 2: Level of stress dealing with government departments**

	Level of stress		
	Not much effort	Moderate effort	A lot of effort
Inland Revenue	5	8	12
ACC	10	11	4
Customs	3	0	2
Ministry of Business, Innovation and Employment	6	5	2
Statistics New Zealand	4	6	2
New Zealand Transport Agency	10	2	1
Department of Internal Affairs	2	2	0
Ministry for Primary Industries	3	0	0
New Zealand Trade and Enterprise	0	1	0
Other central government agencies	2	0	2
Local government	2	5	6
Other	0	0	0

Note: This table contains frequencies.

Importantly, note that participants listed some agencies, departments and ministries as requiring both “a lot of effort” and “not much effort”. This applied, for example, to Inland Revenue and ACC. When asked to clarify why this was the case, it became clear that:

1. the government department would be listed as requiring “not much effort” to deal with when the reason for the interaction was “business as usual” and there were no related issues or problems

*My business is at the stage where everything ticks over and runs itself. There aren't any changes to my employees' wages as it's the standard 40 hours per week, so I don't really run into any problems.*

2. on the other hand, the government department would be listed as requiring “a lot of effort” to deal with primarily when the reason for the interaction related to an issue or problem (see “pain points” section below).

*Only if you change anything. If you change [the] wages [...], or if they (IR) change what they want, the student loan or child support, or whatever, then you've got problems. If you don't change anything and they don't change anything, then it's fine. But as soon as you have a difference there just seems to be a major [problem] and that seems to take months.*

*We're at that level [a 1 out of 10 effort rating] because we don't have problems. I do concur though, that if you [...] have a problem and you have to ring them up, then your problems start.*

## Why does dealing with Inland Revenue require “a lot of effort”? (“pain points”)

A thorough investigation of participants' dealings and interactions with Inland Revenue was completed as part of discussion during the focus groups. This enabled the clear identification of their “pain points” or the events and situations which give rise to their dealings and interactions with Inland Revenue being stressful and frustrating.

Overall, the process of calculating, filing and paying tax was not difficult or problematic for participants when this occurred correctly and in a timely fashion. This was especially the case for those participants who used proprietary software packages and/or were assisted by an accountant or tax agent.

However, major “pain points” arose when this process or stages in the process did not occur correctly or in a timely fashion and participants dealt and interacted with Inland Revenue as a result of:

1. having made an incorrect payment (ie, paid less tax than they should have, perhaps because tax codes had changed and they were not aware of the changes, or simply because they had made an incorrect calculation)

*It's either easy or it gets very difficult, very quickly, if you have to deal with an exception, or you get a letter six weeks later for a mistake that happened last cycle. So you have to go back and dig all the stuff out blah blah blah and that's a hassle.*

2. having made a late payment (and were therefore being charged interest based on the time that had elapsed between when the tax was due and when they paid)

*Last year was just a disaster, I was late sending in my return. [I was charged] \$600 or something for provisional tax that was not paid on time because I had use of their money. Well actually I hadn't filed the return, so I didn't have use of their money because I didn't think I had anything to pay because it was a new company, we'd just opened. It had only been open for two months and I'm suddenly due for provisional in advance, which we didn't know we were going to earn because we didn't have the company. I'm thinking, hello! I said to my husband, look I'm just paying it, I'm not going to worry about the \$600, because it's just too stressful. They want it that's fine, give it to them. But it was so annoying that, as a new company, we didn't know it was going to be due for it, I was late returning it.*

3. being significantly in arrears (as a result of having made incorrect, late or no payments and were therefore being charged interest as well as the tax owed)

*One of our employees has got tax arrears and he's on a payment plan. Now we as a company screwed up, we missed one of those payments. We did it out of his pay, but we forgot to pay Inland Revenue. His entire accounts were frozen within a matter of a day, I think. He was in the process of looking at buying a house and everything was completely frozen and that was that. It took us several days to sort this out with Inland Revenue. It was our cock-up, not his. Why is he being punished for starters, secondly, why was there not a simple phone call, you know, "you've missed a payment"? Seeing that you've made all these other payments, you've missed one payment, what's the story? But, they were flexing their muscles, making an example and wallop.*

*I just recently got involved with consulting on a business that's in a lot of trouble due to staff incompetence and possibly theft. Trying to deal with IRD, because these people got into arrears with GST, etc. I've found the whole thing absolutely quite horrible. There doesn't seem to be any specific group that actually targets businesses in trouble to in actual fact assist them a lot more. Because you know when a business*

*gets into the crap, as we all know, there's a lot of areas that add to that stress, like with being in arrears and all of that sort of carry on. I don't think that the [staff], as much as I think that they're empathetic in some regards, I don't think that they're actually qualified or skilled enough to actually offer the proper assistance that's needed.*

4. being owed a refund (ie, filed for a refund with long stand-down periods and no notification as to when it will be received).

*The Government doesn't want to part with the money, so the Government sits on it for 10 weeks. Meanwhile you're stressing because you're owed a 20 grand refund because you've overpaid prov. tax, you thought you were going to have a better year than you did. You need that 20 grand because you're in overdraft. They won't release it.*

*The thing is that they will tell you 10 weeks and if you're not vigilant, they won't do anything after 10 weeks.*

A number of other events or situations also caused stress and frustration, including when:

1. payments are made, but not registered by Inland Revenue

*I sent a cheque the other day for our PAYE and then got a note saying that it hadn't been allocated. They'd banked the cheque. But it was attached to the allocation form. I mean how can you just detach something, bank it and not action the piece of paper that went with it?*

2. SME owners wish to close down their company

*We're currently winding up the company and dealing with IRD because we have a GST problem, we didn't get enough money from the sale, so that's an interesting circumstance, the penalty tax keeps going up each day and I'm saying, well good who's going to pay that?*

*When you're winding up a company, or a partnership, or something like that, they stuff it up every time. Their error rate is 100 percent and has been over the last three years. I mean because I have bands and partnerships of groups of musicians that come and go all the time, so I'm forever winding up companies and winding*

*up partnerships. They have never got one right in three years.*

- Inland Revenue makes changes to policy, to calculation rates, to the presentation of information it provides (eg, statements) or to the way SMEs prefer to deal with the agency (eg, the migration from paper to online environment).

*IR need to reverse their policy of not sending anything out. Their attitude right now is if you want an IR10 or something like that, "oh just download it". Not everyone has got a printer and why should I use my printer ink to download heaps and heaps and heaps of paperwork that they used to send out. The Government made a very big point about making things simpler for us, so now the IRD has reversed that by not sending out information.*

In addition, dealing with certain tax types was considered to cause more issues and problems than other tax types. In this regard and with some regularity, participants mentioned child support, KiwiSaver and PAYE as the tax types that were especially problematic for them.

*Well [...] when it comes to ECST, they didn't explain exactly what we had to do in the first place and we spent a year doing it wrong, and now it's taken us a year to sort it out.*

*We have child support for some of our staff. I mean like this week is a classic, I've had three letters and one phone call with three different amounts.*

Many participants were incensed by their issues and problems with these tax types, given that they saw themselves collecting these taxes on behalf of Inland Revenue for the government, with no real benefit or recompense to themselves.

*Yes, because you've got so much compliance that we have to do now that you've got KiwiSaver, you've got student loans and if anyone owes child support, etc. The amount of work that we have to do personally in order to comply is just ridiculous. The onus isn't on the person that's actually at fault, or in arrears, or whatever.*

*We essentially work for the Crown basically. If you pay GST you work for the Crown.*

*Yes, I think that's the nub of it is that we become agents of IRD, unpaid agents of IRD.*

By way of summary, Table 3 summarises the extent to which certain tax types/matters were considered to create issues and problems for participants, and shows the frequency with which certain events and situations were identified as "pain points".

Once again, care must be taken when interpreting these results. The results are indicative rather than conclusive and would need to be verified by benchmarking against quantitative research.

**Table 3: Level of stress dealing with different tax types/matters**

	Level of stress		
	Not much effort	Moderate effort	A lot of effort
PAYE	8	8	3
GST	15	6	3
Income tax/provisional tax	8	6	5
FBT	3	5	0
KiwiSaver	13	5	1
Student loan repayments	10	4	2
Child Support	4	3	4
Other (eg, incorrect/late payment arrears, refunds)	0	3	5

Note: This table contains frequencies.

## What makes SMEs different in terms of their attitudes to dealing with government departments?

Both the 2013 SME Cost of Compliance Survey and the R9 Longitudinal Panel Survey contain results which show that SMEs differ on the basis of the level of stress and/or hours they spend meeting their tax obligations and dealing and interacting with Inland Revenue. As explained earlier, it is on the basis of these differences that participants were recruited for the focus groups.

As a result of the discussion during the focus groups we believe we have an enhanced understanding of the reasons for these differences and it is possible to group SMEs into distinct segments. We believe the two key dimensions which account for the differences between SMEs are as follows:

1. the sophistication of SMEs' accounting and payroll methods and/or systems, which is a reflection of and/or manifests itself in terms of their financial literacy and, therefore, their knowledge and level of confidence with taxation matters, including whether they have and make use of a myIR account and how they use accountants and tax agents
2. the complexity and/or variability of their business and the impact this has in terms of their taxation obligations. In this regard, the size of the business appears to be an important discriminating factor in many, although not all cases (ie, there are exceptions).

For example, a small business that has a stable level of business will likely have relatively simple taxation obligations, as well as being able to meet them easily because they change minimally between taxation periods.

In contrast, a larger business and particularly one that experiences reasonably significant changes in terms of revenue flows (debtors), expenses (creditors) and resource use (eg, staff) will potentially have complex taxation obligations to meet and have difficulty meeting them.

By cross-referencing these two dimensions, four segments are created and these are shown in Figure 2. Based on the focus group discussion, participants who regarded dealing with Inland Revenue as stressful and frustrating are more likely to be found in the bottom left-hand segment; that is, their level of sophistication is low and they have a complex and/or a changeable business situation.

Figure 2: Segmentation

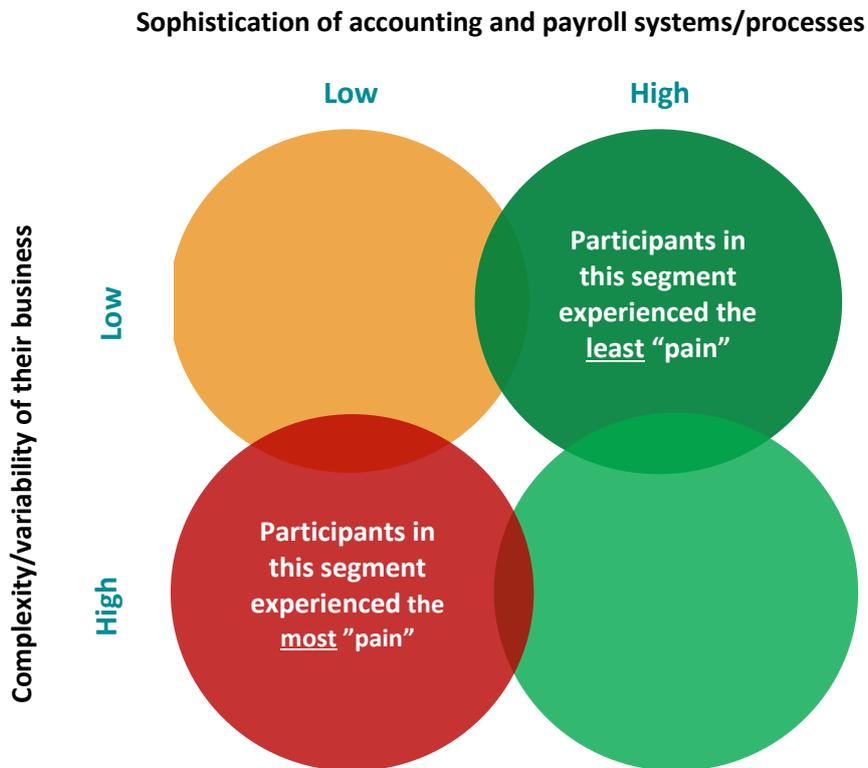


Figure 3 presents personas to enable the reader of this report to “visualise” the types of SMEs likely to be found in the two extreme segments of this segmentation. It is important to note that these are illustrative only and that there will therefore be exceptions. For example, not all tradespeople will be found in the segment experiencing the “most pain”.

**Figure 3: Personas of participants who experienced the “most” and “least” pain**



**Participants experiencing the “most” pain**

- *Unsophisticated accounting and payroll system/processes*
- *Highly variable business*

**Characteristics:**

Self-employed people or small businesses who typically do their “own books” and have little time to do so. They have limited understanding of their compliance obligations and find it difficult to keep up with policy changes. They like to keep their accounting and payroll methods simple (eg, use a spreadsheet or analysis book). They tend to go through (or be going through) periods of change (eg, start-up businesses, businesses winding down, businesses that experience seasonal fluctuations in turnover and staff). For example:

- small restaurant/café owners
- tradespeople
- smaller retailers.

**Participants experiencing the “least” pain**

- *Highly sophisticated accounting and payroll systems/processes*
- *Stable business*

**Characteristics:**

Small and medium sized businesses that are well-established (ie, have been operating for five or more years). They tend to employ someone in-house to deal with the accounts and payroll administration. They use external accountant services when required. For example:

- professional firms (eg, lawyers)
- software developers
- larger retailers.

It is also important to note that the segment in which a SME might be placed (and, therefore, their position in the figure) will reflect their current situation, ie, it is possible that a SME may, over time, move between segments.

In fact, it is clear from the discussion during the focus groups that, as a result of some of the contact and interaction that some participants have had with Inland Revenue, they have moved into the top right-hand segment. That is, they have taken steps to reduce their stress and frustration by purchasing proprietary software packages and/or made greater use of their accountant or tax agent.

*Well I think the other thing is that you use accountants, the accountant acts also as a buffer for you at the end of the day if a situation becomes quite complicated, I've always found it's easier to say to them, "right you need to sort that out and get back to me". They seem to make faster tracks in with the IRD in dealing with things than if I try to do it personally. So hence, why, I would prefer to always go through the accountants.*

*I prefer sometimes just to email my accountant, or ring my accountant and say what's the answer to this, rather than you know, even if they sent me a bill for quarter of an hour, or whatever, or add it to the yearly bill, I don't mind, because then I know. Sort of, I trust them, as the book of knowledge for Inland Revenue, rather than me sitting on the phone just to answer a simple question.*

## Some practical suggestions that would relieve the effort required to deal with Inland Revenue

Having identified the events and situations that resulted in the most stress and frustration for participants, a considerable part of the discussion was devoted to discussing what practical steps Inland Revenue could take that would ease the effort that participants felt was involved in dealing with the agency.

In the first instance, the practical changes that participants suggested have been categorised between:

- those that relate to “high-level” issues or problems, and
- those that relate to truly practical issues or problems.

### “High-level” issues

The over-arching issue or problem that participants repeatedly mentioned in the focus groups, which in their opinion made it difficult to deal and interact with Inland Revenue, was the fact that Inland Revenue is not “customer-oriented”.

*There's nothing personal about it. You're fighting a machine at all times. You might have a voice on the other end, but you're fighting a machine. You are guilty until proven innocent at all times. There's no comment, or anything that's personal about it. The first thing about customer service is to be one on one with your client.*

*Like it's interesting at the start where you said that you're doing [research] for the “customers”. When you ring Inland Revenue they don't treat you like a customer, they treat you like criminals.*

Therefore, participants suggested that Inland Revenue needed to become customer-centric, and that it needed to “change its culture” to do so.

*Well there has to be a way that they can be seen to be more user friendly, more advisory as opposed to adversary.*

Inland Revenue's lack of customer-orientation underpinned all the practical issues or problems that participants identified in the focus groups. Therefore, the following practical ideas and suggestions for change reflect an organisation that has experienced a culture change and is truly customer-centric.

### Practical issues

In this subsection of the report, we list each issue or problem identified by participants when dealing with Inland Revenue and the practical ideas and suggestions for change they provided that would, in their opinion, alleviate the issue or problem. These need to be considered in relation to the events and situations (“pain points”) listed earlier in this report as occurring, which resulted in participants' dealings and interactions with Inland Revenue being stressful and frustrating.

The table in Appendix C provides a quick reference guide to the practical ideas that were suggested by participants in the focus groups. Note that the table identifies the issue or problem (first column), lists the related practical suggestion as identified by participants (second column) and then classifies the suggestion as

involving simplification (S), change (C) or elimination (E). The fourth column indicates if the same suggestion was also made in the Maven research.

### 1. Access-related issues or problems

**Specific issue:** Difficulty accessing Inland Revenue by telephone due, for example, to call centre operating hours; difficulty accessing Inland Revenue by telephone during heavy traffic periods; and being shifted from “pillar to post”. Access issues are complicated by a “frustrating call-back system”.

- *Suggested practical change:* Extend operating hours for call centre; employ more call centre operators during heavy traffic periods; allow customers to call-back using cell phones; and have a Customer Management System (CMS) that contains real-time information on recent contact history and other significant issues (eg, taxed owed).

**Specific issue:** Customers not being able to access their complete history with Inland Revenue, centrally from one source and, in turn, their forward tax obligations.

- *Suggested practical change:* Expand myIR to show historical interactions and transactions; link myIR to CMS; and provide customers with a calendar showing their tax obligations for the year; and provide customers with the status of all their relevant tax types.

### 2. Staff-related issues or problems

**Specific issue:** Inland Revenue staffs’ apparent lack of knowledge/expertise and, therefore, their inability to provide effective solutions in a timely manner, and their tendency to provide different or mixed messages/information. Complicating this is the fact that staff do not have the complete customer picture.

- *Suggested practical change:* Inland Revenue staff training that focuses on understanding and meeting the needs and expectations of customers (ie, an “outside-in” approach); creating “expert teams” or account managers dedicated to businesses of different sizes, including being able to email a named person); and providing a CMS to Inland Revenue staff so they have a complete picture of the customer’s situation.

**Specific issue:** Inland Revenue staffs’ apparent lack of proactivity.

- *Suggested practical change:* Inland Revenue staff training that encourages them to focus on encouraging and enabling compliance rather than being reactive and punitive; staff training that encourages staff to identify potential issues and problems for customers and contacting them accordingly to assist in their resolution; an improved notification system that alerts staff to potential issues and problems for customers; and an improved notification system that enables staff

to manage customers’ expectations (eg, in relation to when refunds can be expected).

**Specific issue:** Inland Revenue staffs’ apparent lack of empathy.

- *Suggested practical change:* Change Inland Revenue staff recruitment policies to employ persons with excellent customer service skills; set expectations of high customer service at Inland Revenue staff training; and adopt a policy of rewarding Inland Revenue staff who demonstrate excellent customer service.

**Specific issue:** Inland Revenue staff appear to “hide” behind legislation/policy, and presume that customers are guilty rather than innocent.

- *Suggested practical change:* Inland Revenue staff are empowered to make decisions rather than use legislation/policy as an excuse not to do so; Inland Revenue staff become more accountable for their actions; Inland Revenue staff are given training on the legislation/policy so they understand in which situations they can provide a degree of flexibility to the customer; and Inland Revenue provides customers with a “high trust” status if they have a clean history and record.

### 3. Communications-related issues and problems

**Specific issue:** Inland Revenue staff use Inland Revenue-speak in their verbal discussions with customers, making it difficult for them to understand.

- *Suggested practical change:* Inland Revenue staff are trained to use “customer-speak” and lay terms in all their verbal communications with customers.

**Specific issue:** Paper statements are difficult to understand.

- *Suggested practical change:* Simplify the language and structure of statements so they can be understood from a customer perspective; and use devices such as a “key” to aid comprehension.

**Specific issue:** Too many (automated) letters are sent; letters are contradictory; information in letters is inconsistent with the advice provided by staff; letters are generally difficult to understand, impersonal and in the extreme, meaningless.

- *Suggested practical change:* Simplify the language used in letters so they can be understood from a customer perspective; provide customers with the ability to select channels by which they receive notifications; make better/greater use of myIR as an information provision tool; use CMS to provide staff with a complete picture of the customer’s situation; and allow staff to have greater manual control over the automation of letters (so they can override them as necessary).

**Specific issue:** Complications arising between Inland Revenue, the customer and the customer’s tax agent,

despite the customer giving their tax agent authority to act on their behalf.

- *Suggested practical change:* Establish protocols for tax agents to communicate with Inland Revenue on behalf of customers; and allow tax agents with greater authority to act on behalf of their customer, providing the customer has given their consent.

**Specific issue:** Difficulties using Inland Revenue’s website, arising from an overload of information on the website; poor, fragmented structure and search functionality resulting in navigation issues. A number of specific issues relate to tax forms; namely, customers being able to easily find them, know they are current, being able to work on multiple forms and correctly save the information they record on forms.

- *Suggested practical change:* The website needs to have a more intuitive, customer-oriented structure; provide only current information, but if this is not possible, date stamp, dated information; provide all information on one page rather than across a number of different locations; have a smarter search engine, possibly facilitated through the use of indexes; and have forms designed for use from the customer perspective.

**Specific issue:** Individual customers having to use multiple myIR logins for multiple entities.

- *Suggested practical change:* Allow multiple entities to be managed through one myIR account.

**Specific issue:** Lack of complete online experience (eg, FBT filing is still completed on paper with a reference number; questions cannot always be answered online and as a result, customers revert to the telephone).

- *Suggested practical change:* Move to a complete online customer experience with Inland Revenue (ie, enable all returns to be completed and filed online with no need for paper; and all related communications online); and implement a Q&A online service that can help customers resolve issues and problems they might have (eg, a live chat service).

**Specific issue:** Customers’ lack of knowledge of Inland Revenue services (eg, myIR).

- *Suggested practical change:* Promote Inland Revenue’s services for customers (eg, myIR, notifications, secure email service, statement stopper); and provide more online tutorials and/or make those available more visible.

**Specific issue:** Customers’ lack of awareness/knowledge of policy and legislation changes leads to errors/mistakes.

- *Suggested practical change:* Provide easily found templates and up-to-date calculators on Inland Revenue’s website; for smaller SMEs (eg, turnover under \$500,000), provide a free, downloadable

accounting/payroll software package that automatically updates as changes are made (eg, to enable correct new ESCT calculations); provide more visible links to established payroll providers; and employ targeted communications to those affected by change, while also providing them with additional support.

#### 4. *Parity and fairness-related issues*

**Specific issue:** In general, there is a power imbalance, with the “rules” for businesses appearing much harsher and less flexible than those for Inland Revenue (eg, in terms of timeframes; and interest on refunds versus interest on penalties).

- *Suggested practical change:* Overall a culture change is required, but in the interim, a change in policies and practices is suggested (so that customers are alerted if there appears to be a problem and they are given the benefit of the doubt before being penalised; they are notified as to when their refunds will be paid and when they have been paid; and interest is paid on delayed refunds); and a change in the tone of communications is suggested (ie, less authoritative and draconian).

**Specific issue:** Employers are doing the government’s/ Inland Revenue’s work (eg, managing student loans, child support and KiwiSaver and are generally expected to take all the responsibility, with no benefit or gain).

- *Suggested practical change:* Eliminate employer responsibilities or pay/reward them for managing non-business-related tasks.

## Detailed findings: Stage 2

The purpose of Stage 2 was to identify which of the practical ideas and suggestions provided by participants in Stage 1 would deliver the most value to SMEs. To do this, a refined list of 44 practical suggestions was developed in consultation with Inland Revenue.

At a high level, these covered the following areas:

- understanding the customer
- improving access
- improving communications
- suggestions in relation to Inland Revenue staff
- suggestions in relation to myIR
- improving Inland Revenue’s website
- authorising tax agents
- Inland Revenue’s “value proposition”.

The 44 practical ideas and suggestions may be viewed in Appendix D.

To identify the suggestions that would deliver the most value, the focus groups progressed as follows:

1. By way of introduction and to provide context, participants were told that a key theme resulting from the first stage of research was a desire for Inland Revenue to be more “customer-oriented”. They were then asked to imagine a changed Inland Revenue and invited to describe what the “customer-centric” agency would look and feel like to interact with.
2. Participants were then presented with the 44 ideas and suggestions and invited to “prioritise” or “rate” them as a “must have”, “nice to have, but not essential” or “not really of interest or use to me”. When this task was completed, participants were invited to explain the suggestions they had prioritised as “must haves”, as well as the underlying themes that these represented.

## A “customer-centric” Inland Revenue

Not surprisingly, the responses to the general discussion about a changed, “customer-centric” Inland Revenue echoed the sentiments uncovered during the first stage.

Participants referred to an Inland Revenue that:

- understood and had a complete and current view of the customer
- reflected this with a website that was customer-oriented in terms of information provision and particularly its search functionality
- enabled customers or their nominated tax agent to have full access to Inland Revenue, at times and through channels that suited them
- provided customers with a full, online experience for those who wished to interact electronically
- had staff who communicated both verbally and in written terms in “customer-speak”, on a proactive and empathetic basis.

Overall, participants viewed a changed, “customer-centric” Inland Revenue as delivering true “value” to SMEs and drew comparisons with some other government agencies, departments and ministries (eg, ACC) or private sector organisations such as banks and suppliers (eg, trades suppliers).

*ACC, they are pleasant for a start off. Pleasant and polite. I’m not pushed around. They come across as actually caring about what you are saying. They understand what you are ringing about. IRD have no idea what we are talking about.*

*I must admit I’ve found ACC really good. Every year when I ring up and say, look can we spread the payments out over three months? And they say “yes, interest-free over three months, not a problem, I will send you a schedule”. They never say the payments start from this month; it always starts the next month. They never expect*

*it in like two days' time. And they are pretty quick, within a week your payment schedule is there.*

*Closest example of a government department that is easy to work with is the Companies Office. If you have a problem with renewing your company or you have a question, all you have to do now is ring them up and a) you get through to someone straight away, b) you speak to someone who is educated, who speaks English, who speaks to you without being patronising and, c) gets the question resolved within usually 2 to 3 minutes. I have found them extremely helpful. Of course it's a lot simpler than what you are doing with the IRD but there is an attitude that "we are here to help you". If the customer needs educating they will educate them. They are the total opposite of IRD.*

*The Auckland Council. Front line person has all the information in front of them. You can go to the website if you wish but they don't push you in that direction. They also give a reference number and people come back to you. Then they have people ring up a week later asking about the service you received.*

*There should be more data. Information on what you have been talking about. When you ring an IT company, you get a case number. The number brings up all of the data [history].*

*Our suppliers are great, they are to the point and concise. The bigger the organisation then the harder it is to get that point across simply. My best dealings have been with insurance companies and I think Vodafone, as long as you get a local call centre.*

*In our game, if we are getting information about price increases and that sort of thing, the likes of Mega or whoever it be, a lot of those guys come through our industry so it is written without the flowery words. Prices are going up and here is the date. If there is a reason, they put the reason. Simple. If it was written by the lawyer of that company we would probably have three pages explaining all the overseas ramifications of why the price of steel went up, instead of just telling us here it is, simple words, we don't need the other rubbish that goes with it.*

## Top 12 practical suggestions

Participants varied significantly in terms of the practical ideas and suggestions they identified as "must haves", with some participants identifying no more than about 12 suggestions at one extreme, while other participants identified as many as 25 suggestions at the other extreme. The full results for the 44 suggestions can be found in descending order in Appendix E and by theme in Appendix F.

Following the completion of the focus groups, the Top 12 suggestions that were most frequently selected as "must haves" were identified and categorised into the overarching themes that emerged in Stage 1, namely:

1. simplification
2. relationships/trusts/discretion
3. communication with experts.

### Simplification

Staff communicate both verbally and in written terms in "customer-speak", on a proactive and empathetic basis.

*Inland Revenue should use more simplified, 'plain customer-speak' in all written communications with me.*

When participants were asked what more simplified, "plain customer-speak" written communications would look like, they referred to the communication getting straight to the point, using simple words, short sentences and fewer acronyms. Importantly, they described it as being less threatening and less arrogant in its tone.

*It means they trust you, so when you ring IR don't treat you like you have just robbed the Bank in England. They are actually nice to you over the phone and they have more flexibility to say "yes" to things.*

*Cut out the rubbish stuff and write it as people talk. Write it is as we would talk it, not with all the bloody crap words that come into it. A lot of IR's stuff of course is written for them by lawyers so you start to get a bit of lawyer speak come into it. Then you send it out to some bloke who has just started out in business and he has finished his apprenticeship, he may be a brilliant builder or chippie or whatever, but he needs stuff to come in the same language as he talks. Not in legal speak. Because when you start to do that, he gets the fear that he's meant to somehow go and get a lawyer or someone else to actually understand it and reply back. Whereas, in fact he*

*doesn't. If it was written in normal plain English he could understand it and work with it.*

*When IR send you a letter or talk to you they will use all of these in-house words. Often I have to pull them up and ask them what something means in English, everyday language, so that I know what they are talking about. And that's the problem.*

*A lot of communications come and by the time you are down to the third paragraph, I don't know about you fellas, but you are sick of reading it so you don't worry about it. First thing is you discover, I don't actually owe them any money, I've actually just put it in the wrong column, bugger that I can't understand it. Chuck it on the desk and leave it. Everything is in abbreviations these days. You can sometimes get things totally wrong from reading abbreviations or IR will say, for example, what TAA means on the first page and then you might see it again three pages later and you have to go right back to see what it means. It means heaps to them but means sweet "eff a" to me.*

*My wife was upset by the tone of the letter and the aggressiveness of the letter. Which just said "you must pay up" but it was really, really aggressive.*

Reflect this with a website that is customer-oriented in terms of information provision and particularly its search functionality.

*Graphically speaking the website is confused, there's so much information on it, you've got to sit down and read the bloody thing just to find what you are looking for.*

*Your eyes first look at the picture. And then you have to spend quite some time to find the little PAYE text down the bottom.*

*The website has become very "top heavy", for example when you look up an IR10A, profit loss form, 5 pages of stuff comes up. It's become [unwieldy]. They should build another website alongside the current one and then one day get rid of it.*

"Inland Revenue needs to improve its website's search engine." This was also a "no-brainer" for participants given the fact that many use Inland Revenue's website as an information website, as well as a transaction website.

*I would like information on the IRD website, in canonical form, like gospel according to IRD, with the rules and things like what accountancy rules apply. You don't know what information is up-to-date. I would like the information in a structure so you can exactly see what the rules are without having to go through month-to-month finding out all of that.*

"Inland Revenue needs to redesign its website so it is more intuitive to me." When participants were asked what an intuitive Inland Revenue website would look like, they referred to a website that had a simple, clean-looking home page, obvious "go-to" sections for particular types of customers and super-fast search functionality.

*My experience with the IR website is that you seem to go here, there and everywhere. And it's not that clear that you've got the latest information. There's so much information on there. If you are not an expert in tax, it needs to guide you where to go.*

"Inland Revenue needs to hide or remove all outdated information on their website so that there is no confusion about what is current." This was a "no-brainer" for participants who could not understand why Inland Revenue would want to have outdated information on its website, given that this had led them to make mistakes on some occasions or question the currency of information they were viewing, thereby leading to inaction.

*It's just a bizarre thing to have dated information on a website. It's just crazy. I don't think my clients would like me to have outdated information on my website so why would IR be different?*

*Before I even go onto the website I've got this sort of mental picture of what it looks like and I think, oh god here we go. It's like I've got to go to Google first and search for a question about tax, and let Google search IR's website, rather than me go to their website and search. So the search engine through Google is more powerful than theirs."*

*The key is to be able to find what you want, which for me, is search engine driven. The actual*

*intuitiveness of the website doesn't really matter if you have a good search engine.*

"I would like to receive text/email notifications advising me of when I have not paid my tax." This suggestion was seen as reflecting an organisation that is truly customer-centric.

*Text/email notifications are all basics that should be doable and would make life easy.*

*I want confirmation that I have done something and if I've done it right.*

"Inland Revenue needs to offer a full online customer experience, so that I can do everything online if I choose to." When participants were asked what it would be like if Inland Revenue offered a full online customer experience, they imagined that any business they wished to do involving Inland Revenue could be done online, rather than the current situation in which this is not entirely possible.

*I don't like paper, I don't like the statements and things coming through. If I could just know it is all there online and it's easy, then I'd definitely do it like that.*

Inland Revenue needs to provide up-to-date calculators." This suggestion relates to the earlier suggestion of ensuring all information on Inland Revenue's website is current.

*Sometimes with income tax there is a time in-between years where the new calculator hasn't been put online. It's about March and April I think it is where you are finishing one year and starting the next and they may not have loaded the calculator for the new year you are coming into. They need to be more proactive about getting it loaded earlier.*

*My son was trying to calculate his tax return refund and he was getting different amounts, and so he was like, 'this is confusing'. Why have calculators that don't provide you with the right answers?*

### Relationship/trust/discretion

One particular suggestion was identified as delivering the most "value" to SMEs more than any other; namely, "Inland Revenue should give customers a "high trust" status if they have a good record which, in turn, allows Inland Revenue staff some discretion in dealing with these customers". When participants were asked to explain this selection, the general comment they made

was that this epitomised an organisation that was "customer-centric", ie, it respected and valued its customers. More specifically, they were asked how Inland Revenue would treat a "high trust" customer:

*It means that if you have got a "high trust" status, when you are a day or two late, instead of you having to ring and plead your case, IR just automatically remit the penalties and the interest. "Oh it's just a couple of days late for goodness sake, you know, clearly something has happened." His cats died, his wife is in hospital...so that to me is what the "high trust" status is, particularly around the penalties and interest.*

*If you have been in business for a few years and you've had dealings with the IRD which have always been upfront and transparent I think you should be on a "high trust" status. If you are dicey, then okay I can understand there's a problem.*

Participants considered that Inland Revenue would basically give them the "benefit of the doubt" and provide them with some flexibility in the event that they had, for example, filed late or made an incorrect payment. Participants envisaged Inland Revenue viewing the customer's filing and payment history, seeing that the current situation was out of the ordinary, contacting them to advise them of the situation and assisting them to address it.

*Why can't an allowance be made if you are a couple days late? If you are a 5-star company, you should be allowed a week's leeway because they know that you've been trying really hard to get it right.*

*If you are 2 days late or something like that. You should be able to ring up and say, look guys, for the last 25 years I have done my GST's on time and you have just hit me with a \$250 late fee and interest, that's a bit tough isn't it? And they then have a look at your record, see you are a good client and say they will write it off.*

When participants were asked how customers would earn a "high trust" status, they considered this would be on the basis that they had been compliant (ie, they had filed and made correct payments on time) for anywhere between one to 10 years.

*I would say one year of PAYE and payments and returns being done on time. One time you miss it*

*by a couple of days then they should have some leniency there.*

*Full compliance. It's a bit like getting the no claims discount for life insurance or 5 years without claims for your car insurance. I think something similar with tax types, if you have been compliant with all of your tax types for 2 or 3 years then I think you should get "high trust" status. Being compliant would be defined as filing all of your returns on time and making all of your payments on time.*

*If you are a genuine customer and you've paid your taxes on time for a period, for I don't know...3 years? Then there should be a leniency given if something hasn't been complied with. Trust has several aspects to it. Time is one of them. If you have only been there 5 minutes then you can't be trusted. But if you have been operating a company for 10 years plus and you are still there, still doing what you should be doing, you make a mistake, you should be trusted that you are trying to do the right thing.*

"Inland Revenue should give its staff greater authority/delegation/discretionary power (eg, ability to override automatically generated letters)." This suggestion was perceived as enabling Inland Revenue staff to override Inland Revenue systems that were inappropriate given the circumstances, thereby also being more cost-effective. In part, this suggestion also relates to the suggestion that was most frequently identified as being valued; the "high trust" suggestion.

*I had an experience last year with a data entry error that caused us quite some grief. There was no written communication except for the penalties and standard threatening letters. I certainly spoke to someone on the phone that helped me [...] but I am not an accountant and I didn't really understand what was going on. It wasn't as simple as, "You haven't paid your employer deductions", it was "Error with provisional tax" and that was that. There had been a typo at IRD, but the IRD person on the phone was not important enough or high up enough to fix the error or stop the letters. We never got anything in writing saying that it was IRD's fault, all I got was verbal communication over the phone. When you keep getting demands for \$40,000, it was really quite stressful because we didn't have \$40,000. It took us some months to resolve the issue.*

*If you get an automatically generated letter that is incorrect and you tell them this is incorrect and you've stated why and show it is incorrect, well the staff should have authority to accept that and override the letter. Otherwise there is no point calling them if it is impossible for them to override an automatically generated letter.*

*It depends on the nature of the issue. There are some things you would think they could deal with relatively easily, that are fairly low level provided you could provide the evidence to support the position. There are things you can accept that the person may not be able to resolve but can take the action to get it sorted.*

"Inland Revenue should allow my tax agent to complete all transactions on my behalf, providing I have given the appropriate authority." When participants were asked what it would be like if Inland Revenue allowed their tax agent to complete all transactions on their behalf, they imagined any issues or problems they had would be quickly and effectively resolved.

*You are paying quite good money for a tax agent so they should be able to do everything. They act as a buffer so people like me don't have to engage with the IRD if they don't want to. If it is a minor matter then sure I'll engage. But generally I don't. I know for a fact that my accountant can get through to someone a hell of a lot quicker and get the problem expedited a hell of a lot faster than I can. So there's no point of me even trying.*

*One of the problems we run into is, Jo deals predominately with all the processing of the taxes, her name is down to be contacted and deal with everything, but yet IR still insist to come to me. Jo's the one processing it but they can't talk to her. I say, but the authorisation is there, and they say, no we can't. What's the point in authorising someone if IR refuse to deal with that person that's authorised?*

## Communication with experts

"I am able to directly contact 'expert' teams within Inland Revenue based on business size." When participants were asked what it would be like contacting Inland Revenue with "expert teams" based on business size, they referred to the fact that they could easily access teams of staff who understood what it was like to be the owner of a small business, including the financial cost and time commitment required to be compliant with Inland Revenue and other government agencies.

*I think the biggest difference is people who hire a lot of people who don't. Large businesses have a much more complicated tax regime to deal with.*

"I am able to directly contact 'expert' teams within Inland Revenue based on tax type (eg, income tax, GST, FBT)." When participants were asked what it would be like contacting Inland Revenue with "expert teams" based on tax type, they imagined dealing with staff who could communicate with them in lay terms and provide them with a clear and unequivocal solution to any issue or problem they had.

*Finding an expert where you've got a list of numbers, that person for GST, that's family support, or that's whatever, that would be fantastic*

## Differences between groups

As noted earlier, participants differed in terms of the number of practical ideas and suggestions they identified as "must haves". As a general observation, smaller SMEs were more likely to identify more of the suggestions than larger SMEs who were more selective.

Not surprisingly, participants who could be classified in the segment that experienced the "most pain" also tended to identify more suggestions as "must haves" than did those that could be categorised as experiencing the "least pain".

As noted earlier, given the qualitative nature of this study, these differences must be treated as indicative rather than conclusive.

## Less valued practical suggestions

By way of comparison, the following six practical ideas and suggestions were less frequently identified as being of value (ie, received the least "must have" ratings).

Statements relating to extending the call centre operating hours:

- Number 42 of 44: "I would like to be able to contact the call centre in the weekend outside of Sat 9am to 1pm."
- Number 41 of 44: "I would like to be able to contact the call centre on weekdays outside of Mon-Fri 8am to 8pm."

Participants most commonly rated these statements as "nice to have, but not essential". When participants were given the opportunity to explain their rating, most mentioned that the problem wasn't so much to do with extending the call centre's operating hours, it was more to do with being able to access a call centre operator with minimal delay during normal business hours.

*I think by 8pm everything is done and dusted, so to me it's a nice to have but not essential.*

*Well 8am to 8pm I think is actually quite good trading.*

*There have been a few times when I've rung them towards the later end of those operating hours and been on hold to then just being hung up on when 8pm comes around. Access is appalling. The service should be able to take my call within those hours. You can ring in the weekends but you can never get through.*

One participant suggested that Inland Revenue provide "live traffic" information on their website so that people could decide whether or not to call or wait.

*What would be really clever is if on their website they kept in real-time the number of people trying to call. We have "x" number of people calling us at the moment. Then you could actually see that, oh, now is not a good time to call.*

The exception to this view were participants who could see the benefits in extending the call centre hours, particularly those who do "hands-on" work during the day and only have time to manage their tax-related matters before or after working hours.

*It depends on your role, my role is mainly admin so when I am at work I'm doing this stuff and I'm not like, oh I have been painting cars all day so I'll ring IRD at night, when I'm in there I'm doing that so it is about what your role is.*

*I like to knock all of that stuff out in the morning so 6am [on weekdays] would be more beneficial.*

---

“I should not be penalised for non-compliance.” Most participants stated they would be pleased not to be penalised for non-compliance. However, they understand that Inland Revenue is a collection agent and needed to enforce some form of order, otherwise “no one would pay their taxes”.

*No one would ever comply.*

*If you don't pay on time, you should be penalised. You've got to pay your taxes, it's as simple as that. If you pay your taxes you've got roads etc.*

*There needs to be some check there to ensure that, well if I don't pay it, this is the result.*

*Penalising for non-compliance should be lined up with your track record. Related to trust.*

Other suggestions that were rated less frequently as being of value and received little discussion included:

- “I would use online tutorials and ‘how-to-guides’”
- “Inland Revenue should provide links to useful tax services”
- “I would like to receive text/email notifications advising me that a new statement can be viewed in my myIR account”.

## Appendix A: Stage 1 – Interview guide

### Inland Revenue – SME Tax Compliance Qualitative – Stage 1 (#4627)

#### **Purpose**

This discussion guide acts as an aide memoire to ensure that the focus groups with SMEs are conducted effectively and they have the opportunity to provide constructive feedback.

#### **Research objectives**

Inland Revenue is conducting or involved in a number of research projects that are either monitoring the cost of compliance for businesses (eg, 2013 SME Cost of Compliance Survey, R9 Longitudinal Panel Survey) or identifying opportunities to reduce these costs (eg, e-uptake research).

The purpose of this research is to complement previous research by identifying what **practical steps** Inland Revenue could take to reduce the cost of compliance for businesses. This includes not only identifying those steps that Inland Revenue could take itself but also identifying those steps that Inland Revenue could take with other government agencies, given their dealings with businesses.

To identify these practical steps, this research will need to:

1. provide an understanding of how businesses currently approach the task of meeting their taxation obligations, as well as their other compliance obligations
2. identify the specific “pain points” for businesses when dealing with Inland Revenue and other government agencies—the one-offs (eg, registration) as well as the ongoing or recurring (eg, taxation-related)
3. provide an understanding of why these are pain points for businesses
4. collect, for consideration, any ideas that businesses have that would make meeting their taxation obligations easier (through simplification, transformation and/or elimination of processes), as well as their other compliance obligations
5. provide an understanding of why these are pain points for businesses.

The research is being completed in two stages, with this first stage focused on points 1–4 above. **This interview guide** relates to this first stage.

---

## Introduction (5 minutes)

*Objective: To ensure respondents are fully informed and understand how the interviews will be conducted.*

Welcome.

Researcher introductions, timing and purpose of the focus group—to build on the information they have already provided about the effort involved in dealing with government agencies in the R9 Longitudinal Panel Survey:

- **with a particular focus** on dealing with and meeting their tax obligations with Inland Revenue
- that is, the cost and time, and other energy that goes into preparing for, filing and then paying (if a payment is due) income tax, GST, FBT and other types of tax
- What things make it difficult or easy to do this?
- At what point in the process is it challenging?
- Are there changes to the processes, which are obvious to businesses, that would make it less challenging?

**Obtain their consent** to record the discussion and explain that it is for the purposes of helping us analyse and report the results.

**Reassure confidentiality** (through the Code of Practice of the Research Association of New Zealand), and explain that responses will be reported collectively and will only be used for the purposes of the research (individuals' responses will not be identifiable in any reporting, unless consent is explicitly provided to do so).

## Background (5 minutes)

*Objective: Respondents briefly introduce themselves.*

Ask each respondent to briefly introduce themselves, including:

- the nature of their business (ie, business activity, self-employed or what number of employees)
- how long they've been in business (this business and others)
- their role in the business (eg, are they the owner or a manager, are they responsible for taxation matters and if they are, what specifically does this involve—oversight, preparation).

## General attitudes to dealing with government departments (15 minutes)

*Objective: To provide a context for the discussion about the challenges of meeting their tax obligations.*

Ask respondents for their views about the **effort** involved in dealing with government departments in general—in comparison, for example, to private sector organisations.

- Prompt on the following:
  - Which departments are, in their experience, **easy** to deal with (require little effort) and which are **difficult** to deal with (require a lot of effort)? (Get respondents to physically sort departments into three piles—the difficult, the easy, and the in-between.)
  - What makes a department difficult to deal with, ie, how do they define “effort”? Have they got any specific examples? (List the features raised on a whiteboard for all to see.)
  - What makes a department easy to deal with? Have they got any specific examples? (List the features raised on the whiteboard for all to see.)

**Focusing specifically on Inland Revenue**, where would they rank Inland Revenue on the “easy to difficult” scale?

- Prompt on the following:
  - For what particular reasons have they rated Inland Revenue in this way?
  - For those rating Inland Revenue as **difficult** to deal with:
    - is it because tax is a difficult subject topic in general; hard to get your head around (knowledge, mental energy)?
    - ... or is it because of the amount of **time** they have to spend on getting everything prepared and checked (including the paper work and the forms that one has to complete)?
    - ... or is it the **emotional stress** that comes with wondering whether what they have done is the right thing (confidence), resulting in a lot of anxiety and stress?
    - ... or is it because the tax system **keeps changing** on them?
    - ... or is it because of the **level of service and support** they get from Inland Revenue, and the way Inland Revenue treats them when they ask them a question or do something wrong?
    - ... or is it because it **involves money** and there’s never enough of it because they have to maintain their cash flow?
    - ... or is it because they don’t have any or few **appropriate systems or processes** in place to help them prepare their tax/meet their taxation obligations?
    - ... or is it that tax is a “**last-minute**” activity?
    - ...or is it that tax things **aren’t a priority**?
    - ... or is it because of some combination of these things?

(List the reasons raised on the board for all to see.)

## Meeting tax obligations (approx. 20 minutes)

*Objective: To ascertain how, in a practical sense, SMEs deal or manage their tax obligations (or don't).*

Ask respondents where they would place themselves on the “meeting their tax obligations” scale in general (ie, the tax compliance scale). Check their rating by asking them to confirm they have never missed a filing date, or misfiled and have had to make subsequent adjustments, etc.

- Irrespective of where they place themselves on the scale, ask them to:
  - ... explain **what they do to manage** their tax obligations in general (assuming they are managing):
    - For example, do they have special (real or mental) “tax accounts”?
    - ... or have they **studied up** on the subject (to improve their knowledge and confidence)?
    - ... or have they got **professional help**?
    - ... or have they **employed staff** who are experienced in dealing with tax matters?
    - ... or do **friends and family** help them?
    - ... or do they have **special systems and processes** in place (eg, informal as well as formal such as software packages)?
    - ... or some combination of these things?
  - **What other strategies** do they employ and are any of these on the margin of the law or outside the law (eg, income suppression)?
  - If the way they manage their tax obligations involves third parties, what in each case does this specifically involve?
  - List the tax coping/enabling factors raised on the whiteboard for all to see.

How much responsibility do respondents think that government agencies have to provide systems and processes for managing compliance compared to what businesses should be doing themselves to meet their compliance obligations?

- Do Inland Revenue’s systems and processes contribute negatively or positively to the amount of effort they make to meet tax obligations?

## Practical changes (approx. 20 minutes)

*Objective: To generate ideas for changes that would make it easier for SMEs to meet their tax obligations (eg, simplification, elimination, transformation).*

Ask respondents to identify, in their own words, how they group or compartmentalise the different types of tax they deal with:

- Do they do this in specific terms, eg, income tax, GST, FBT, student loans, RWT, PAYE?
- Or do they do this in general terms, eg, personal tax, business tax, tax relating to employees?

Then ask them to rate the tax types using the “easy to difficult” scale (get respondents to physically sort the tax types into three piles—the difficult, the easy, and the in-between). Focusing on the tax types that are rated at the “**difficult**” end of the scale, ask respondents to explain what it is about these tax types that make them challenging. For example:

- is the difficulty **preparation-related** (including the sourcing and collation of all the necessary information and its reconciliation, the lead times involved)?
- ... or is it **related to filing** (including remembering that filing is due, getting around to it, the calculations involved, the completion of forms, the amount of (supporting) information that needs to be provided, the frequency of filing, the method of filing, issues with electronic filing as well as paper filing, filing confirmations)?
- ... or is **post-filing** (including making payments/receiving refunds, the methods involved in these, confirmations)?
- ... or the lack of or the shortcomings in their **level of organisation**?
- ... or the lack of or the shortcomings in their **systems and processes**?
- ... or is it generally **getting service and support** from Inland Revenue when there are issues (including matters to do with the availability of information that is easy to understand, channels of communication per se, hours of operation, accessibility, the experience and knowledge of staff, their attitude, multiple contact points versus a single contact point, lack of consistency versus a single voice, reactivity versus proactivity, levels of authority)?
- List the difficulties/problems raised on the whiteboard for all to see.

Then ask them to imagine what **practical changes** they would make to reduce the effort involved in meeting their tax obligations in relation to these “difficult” tax types.

- Are there changes they would make, or would most of the changes be required from Inland Revenue’s end?
- What specific things would they suggest Inland Revenue do to make meeting their tax obligations easier (seeking practical examples of changes to processes, systems, information, delivery of information, tools, etc)?

List the suggestions on the whiteboard for all to see. Ask respondents to rank the simple process changes in order of potential positive impact and explain why they have ranked particular changes first or second, etc.

---

## **Wrap-up (5 minutes)**

*Objective: To bring the focus group to a conclusion.*

Inform respondents about the second stage and invite them to participate.

Re-confirm the confidentiality aspects of the research.

*Thank respondents and close.*

## Appendix B: Stage 2 – Interview guide

### Inland Revenue – SME Tax Compliance Qualitative – Stage 2 (#4627)

#### Purpose

This discussion guide acts as an aide memoire to ensure that the focus groups with SMEs are conducted effectively and they have the opportunity to provide constructive feedback.

#### Research objectives

Inland Revenue is conducting or involved in a number of research projects that are either monitoring the cost of compliance for businesses (eg, the 2013 SME Cost of Compliance Survey, R9 Longitudinal Panel Survey) or identifying opportunities to reduce these costs (eg, e-uptake research).

The purpose of this research is to complement previous research by identifying what **practical steps** Inland Revenue could take to reduce the cost of compliance for businesses. This includes not only identifying those steps that Inland Revenue could take itself, but also identifying those steps that Inland Revenue could take with other government agencies, given their dealings with businesses.

To identify these practical steps, this research will need to:

1. provide an understanding of how businesses currently approach the task of meeting their taxation obligations, as well as their other compliance obligations
2. identify the specific “pain points” for businesses when dealing with Inland Revenue and other government agencies—the one-offs (eg, registration) as well as the ongoing or recurring (eg, taxation-related)
3. provide an understanding of why these are pain points for businesses
4. collect, for consideration, any ideas that businesses have that would make meeting their taxation obligations easier (through simplification, transformation and/or elimination of processes), as well as their other compliance obligations
5. establish businesses’ reactions to ideas generated by previous research (MBIE).

The research is being completed in two stages, with this first stage focused on points 1–4 above. **This interview guide** relates to the second stage, focused on point 5 above.

---

## Introduction (5 minutes)

*Objective: To ensure respondents are fully informed and understand how the interviewing will be conducted.*

Welcome, and thank respondents for returning to participate in the second stage of the research.

Introduce any Inland Revenue representatives who are in attendance.

Explain to respondents that the feedback they and others gave as a result of the first stage, and particularly their ideas for practical suggestions to make dealing with Inland Revenue less stressful and take less effort, were considered by Inland Revenue.

This second stage returns these practical suggestions to the table to:

- effectively rank them in order of their usefulness/value to small and medium sized businesses
- provide more detailed feedback in relation to some of them (in relation to which we are a little unclear at this stage).

**Obtain their consent** to record the discussion and explain that it is for the purposes of helping us analyse and report the results.

**Reassure confidentiality** (through the Code of Practice of the Research Association of New Zealand), and explain that responses will be reported collectively and will only be used for the purposes of the research (individuals' responses will not be identifiable in any reporting, unless consent is explicitly provided to do so).

## Background (5 minutes)

*Objective: Respondents briefly introduce themselves (again) (for the purposes of any attending Inland Revenue representatives).*

Ask each respondent, and Inland Revenue representatives, to briefly introduce themselves, including:

- the nature of their business (ie, business activity, self-employed or what number of employees)
- whether they deal with tax-related matters for their business on a day-to-day basis (as opposed to an accountant or tax agent), and what exactly this involves.

## General discussion about high-level suggestions raised by respondents participating in Stage 1 (15 minutes)

*Objective: To provide greater detail in relation to a number of high-level suggestions.*

Present the following high-level suggestions as the three that were consistently identified by respondents who participated in Stage 1:

- “Inland Revenue needs to change its culture”
- “Inland Revenue needs to become more customer-centric”
- “Inland Revenue needs to change its policies, processes and systems to better reflect the **needs of businesses**”.

In relation to these statements, ask respondents to describe:

- what a cultured changed Inland Revenue looks and feels like
- what it would be like to interact with from a customer point of view
- especially when there are issues needing to be resolved.

## Ranking of specific suggestions (approx. 30 minutes)

*Objective: To identify those suggestions that would have the most resonance with small and medium sized businesses.*

Give each respondent a copy of the scoring sheet that lists the 44 practical suggestions:

- Explain that these suggestions were the specific suggestions provided by respondents who participated in the first stage.
- We have simply grouped them under high-level headings.
- On an **individual** basis, ask respondents to rate each suggestion by putting a 1, 2 or 3 in the box by the suggestion:
  - 1 = “must have”
  - 2 = “nice to have, but not essential”
  - 3 = “not really of interest or use to me”.
- Explain that respondents can rate as many or as few suggestions with a 1, 2 or 3.

Following individual respondents rating the suggestions, encourage the **group to discuss** those suggestions that have been identified as “must have”.

- Begin by white boarding the “must have” suggestions to identify those that have been commonly identified for all to see.
- Depending on the “must have” suggestions that are listed on the board, explore the following:
  - 1. “Inland Revenue staff use a system that allows them to have a real-time, total picture of me and my business”.

Probe: What do customers imagine the real-time picture covering?

- 2–4. Customers are able to directly contact ‘expert’ teams within Inland Revenue based on business size/industry/tax type.  
Probe: What do customers expect the ‘expert’ teams will be like and do for them exactly?
- 5–6. Extend weekday call centre operating hours beyond Mon–Fri 8 am to 8 pm and weekend call centre operating hours beyond Sat 9 am to 1 pm.  
Probe: Do customers have views on what realistically the hours would be extended to?
- 11–18. Text/email notifications sent to customers reminding them/advising them ...  
Probe: What do customers envisage as the timeframes within which these notifications would be received?
- 21. Inland Revenue gives its staff greater authority/delegation/discretionary power (eg, ability to override automatically generated letters).  
Probe: Are customers able to provide other examples in which staff would be able to exercise their greater discretionary power?
- 22. Customers are given a ‘high trust’ status by Inland Revenue if they have a good record which, in turn, allows Inland Revenue staff more flexibility to work with these customers.  
Probe: On what basis do customers think Inland Revenue should give a customer a ‘high status’?
- 26. Inland Revenue enables customers to view historical transactions on their myIR account.  
Probe: How far back do customers think these historical transactions should go? What level of detail do they expect to see?
- 30. Centralise topic-specific information rather than have it spread across various parts of the website.  
Probe: Do customers have particular content in mind?
- 42. Customers are incentivised to meet their tax obligations and/or are not penalised for non-compliance/Customers are incentivised to assist with the collection of non-business related tax (eg, child support, KiwiSaver and student loans).  
Probe: What do customers think is a reasonable incentive?

### **Wrap-up (5 minutes)**

*Objective: To bring the focus group to a conclusion.*

Re-confirm the confidentiality aspects of the research.

***Thank respondents and close.***

## Appendix C: Stage 1 – Quick reference guide – Issues and suggested solutions

**Table A: High-level and specific issues or problems, and suggested solutions**

S: Simplification; C: Change; E: Elimination

High-level issue or problem	Solutions	Type of suggestion S/C/E	In Maven? Y: Yes
<b>1. General lack of customer-orientation</b>			
	<ul style="list-style-type: none"> <li>Change policies, processes and systems to better reflect the needs of businesses.</li> <li>Change culture to become more customer centric (eg, more supportive, available and accountable, less punitive).</li> </ul>	C C	
Specific practical issue or problem	Solutions	Type of suggestion S/C/E	In Maven? Y: Yes
<b>2. Access issues</b>			
<ul style="list-style-type: none"> <li>Difficulty accessing IR <b>over the phone:</b> <ul style="list-style-type: none"> <li>Not able to contact IR outside of working hours.</li> <li>Not able to get through to IR during heavy traffic periods.</li> <li>Dealing with a frustrating call-back system.</li> <li>Being shifted from pillar to post, until a person is reached who can answer query or solve problem.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Extend operating hours (ie, IR staff should be available when SMEs are doing their accounts).</li> <li>Have more staff working during heavy traffic periods.</li> <li>Have shorter call-back timeframes.</li> <li>Allow customers to be called back on their cell phone number.</li> <li>Have a Customer Management System (CMS) containing real-time information on recent contact history and other significant issues (eg, GST owing, income tax owing).</li> </ul>	C C C C C	Y

**Table A: High-level and specific issues or problems, and suggested solutions (continued)**

S: Simplification; C: Change; E: Elimination

High-level issue or problem	Solutions	Type of suggestion S/C/E	In Maven? Y: Yes
<ul style="list-style-type: none"> <li>Customers not able to access their <b>complete IR history</b> in one centralised place and, in turn, their forward tax obligations.</li> </ul>	<ul style="list-style-type: none"> <li>Expand myIR to provide up-to-date information on historical interactions and transactions:                             <ul style="list-style-type: none"> <li>Link myIR to the CMS so that Inland Revenue and the customer are “on the same page”.</li> <li>Show all tax obligations for the year “in one place” (eg, a <b>calendar</b>). Allow export to other (eg, Outlook) calendars.</li> <li>Show a “current status” for all relevant tax types on myIR/CMS (eg, for filing in progress, filed return, overdue tax).</li> </ul> </li> </ul>	<p>C</p> <p>S/C</p> <p>S/C</p> <p>S/C</p>	<p>Y</p>
<b>3. Staff issues</b>			
<ul style="list-style-type: none"> <li>Apparent lack of knowledge/expertise:                             <ul style="list-style-type: none"> <li>Staff unable to provide effective solutions in a timely manner.</li> <li>Staff provide different or mixed messages/information.</li> <li>Staff don’t have a complete customer picture/siloed (eg, too focused on the detail, only able to deal with one tax type).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Provide staff training that focuses on understanding and meeting the needs of customers (an “outside-in” approach as opposed to an “inside-out” approach).</li> <li>Expert teams or account managers dedicated to businesses of <b>different sizes</b>:                             <ul style="list-style-type: none"> <li>Being able to email a named person who will take responsibility to respond.</li> </ul> </li> <li>Have a CMS that gives staff members an overall view of the customer’s situation.</li> </ul>	<p>C</p> <p>C</p> <p>C</p> <p>S/C</p>	<p>Y</p>

**Table A: High-level and specific issues or problems, and suggested solutions (continued)**

S: Simplification; C: Change; E: Elimination

High-level issue or problem	Solutions	Type of suggestion S/C/E	In Maven? Y: Yes
<ul style="list-style-type: none"> <li>Apparent lack of proactivity.</li> </ul>	<ul style="list-style-type: none"> <li>Change of culture, attitude: proactively encouraging and enabling compliance rather than a reactive, punitive approach.</li> <li>Provide staff training with an emphasis on seeing the complete customer picture, being proactive and especially identifying and notifying potential problems for customers.</li> <li>Improve notification system so that staff can send notifications to manage customers' expectations (eg, when refunds can be expected) and allows them to alert IR staff and customers of important issues before the customer is punished for non-compliance (eg, GST not filed successfully or late payment).</li> <li>Send acknowledgements/receipt messages (eg, send an acknowledgement when a tax return has been filed) for peace of mind.</li> </ul>	<p>C</p> <p>S/C</p> <p>S/C</p> <p>C</p>	
<ul style="list-style-type: none"> <li>Lack of empathy.</li> </ul>	<ul style="list-style-type: none"> <li>Recruit staff with excellent customer service skills.</li> <li>Set expectations of customer service at training.</li> <li>Offer rewards for staff who demonstrate excellent customer service.</li> </ul>	<p>C</p> <p>C</p> <p>C</p>	<p>Y</p>
<ul style="list-style-type: none"> <li>Staff appear to hide behind legislation/policy.</li> <li>Customers are presumed to be guilty rather than innocent.</li> </ul>	<ul style="list-style-type: none"> <li>Staff are empowered and become more accountable for their actions; stop using legislation/policy as an excuse for not being able to help.</li> <li>Provide training so that staff members fully understand legislation/policy and when they can be flexible (eg, if there is a one-off late payment against a history of filing on time).                             <ul style="list-style-type: none"> <li>Give customers a "high trust" status if they have a clean history and record.</li> </ul> </li> </ul>	<p>C</p> <p>C</p> <p>C</p>	<p>Y</p>

**Table A: High-level and specific issues or problems, and suggested solutions (continued)**

S: Simplification; C: Change; E: Elimination

High-level issue or problem	Solutions	Type of suggestion S/C/E	In Maven? Y: Yes
<b>4. Communication issues</b>			
<ul style="list-style-type: none"> <li>Staff use language customers don't understand in verbal discussions.</li> </ul>	<ul style="list-style-type: none"> <li>Use plain "customer speak" in all verbal communications.</li> </ul>	S	Y
<ul style="list-style-type: none"> <li>Statements can be difficult to understand.</li> </ul>	<ul style="list-style-type: none"> <li>Simplify the language and structure of statements where possible—provide a "key".</li> </ul>	S	
<ul style="list-style-type: none"> <li>Issues with letters/statements sent by IR:                             <ul style="list-style-type: none"> <li>Too many letters being sent.</li> <li>Many letters are automated, impersonal, meaningless and difficult to understand.</li> <li>Problems with conflicting information in multiple letters sent by IR on the same issue (ie, contradictory).</li> <li>Letters are often inconsistent with advice provided by staff (eg, staff members tell customers to "ignore" letters).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Have a CMS where customer information is centralised and in one place.</li> <li>Provide customers with the ability to select channels to receive notifications about, for example, changes to tax types, GST due dates (thereby potentially reducing written correspondence).</li> <li>Increase awareness amongst customers that they can "opt-out" of paper statements.</li> <li>Written communications should be simplified, have a clear purpose and use plain "customer speak".</li> <li>Instead of sending letters, all messages and transactions/payments should be clearly visible on myIR (eg, date received, processing time).</li> <li>Allow greater (manual) control over automated letters:                             <ul style="list-style-type: none"> <li>IR staff should be able to override unnecessary mail (ie, put a "stopper" on them).</li> <li>Ensure letters reflect what staff have advised customers.</li> </ul> </li> </ul>	<p>C</p> <p>C/E</p> <p>C</p> <p>S</p> <p>S/C</p> <p>C/E</p> <p>C/E</p> <p>S</p>	Y

**Table A: High-level and specific issues or problems, and suggested solutions (continued)**

S: Simplification; C: Change; E: Elimination

High-level issue or problem	Solutions	Type of suggestion S/C/E	In Maven? Y: Yes
<ul style="list-style-type: none"> <li>• Complications arising between IR, the customer and the customer’s tax agent (eg, tax agents not being able to resolve problems for the customer because of privacy issues, despite having been given the authority by their customers).</li> </ul>	<ul style="list-style-type: none"> <li>• Establish protocols for tax agents around communications, and provide guidelines on how they can help customers meet their compliance requirements.</li> <li>• Allow tax agents greater authority, with customer approval (eg, allow tax agents to make enquiries about their customer with their permission). Improved tracking of communications with each party using, for example, myIR and a CMS.</li> </ul>	<p>C</p> <p>C</p>	
<ul style="list-style-type: none"> <li>• Difficulty using the website.               <ul style="list-style-type: none"> <li>– Overload of information.</li> <li>– Can’t find anything easily (eg, forms).</li> <li>– Poor search functionality (Google is better).</li> <li>– Difficulty dealing with the fragmented nature of the website.</li> <li>– Poor structure of online forms (eg, “save” button too far away from body of form).</li> <li>– Unsure what rules/information/forms are current (ie, dated information).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Only publish current information and either remove or archive old information:               <ul style="list-style-type: none"> <li>– Use date stamps for quick identification of dated and current information.</li> </ul> </li> <li>• Website design should be less cluttered and have a more customer-oriented structure (ie, an “intuitive” layout).</li> <li>• Have a smarter search engine so that customers are taken to the correct page immediately:               <ul style="list-style-type: none"> <li>– Use indexes (eg, forms index).</li> </ul> </li> <li>• Have topic-specific information all on one page rather than in multiple places.</li> <li>• Have the “save” function more clearly displayed and an alert that prompts the customer if they have not saved (eg, “Are you sure you want to leave this page, you have not yet saved”):               <ul style="list-style-type: none"> <li>– Ensure all online forms have a saving function even if the form has not been completed.</li> </ul> </li> </ul>	<p>C/E</p> <p>S/C</p> <p>C</p> <p>S</p> <p>S/C</p> <p>C</p> <p>C</p>	

**Table A: High-level and specific issues or problems, and suggested solutions (continued)**

S: Simplification; C: Change; E: Elimination

High-level issue or problem	Solutions	Type of suggestion S/C/E	In Maven? Y: Yes
<ul style="list-style-type: none"> <li>Having to use multiple myIR log-ins for multiple entities (adds time, means having to remember details).</li> </ul>	<ul style="list-style-type: none"> <li>Allow multiple entities to be managed through one myIR account.</li> </ul>	S/C	
<ul style="list-style-type: none"> <li>Lack of complete customer online experience (eg, online FBT filing is still completed with a reference number needing to be provided by mail; questions cannot always be answered online, so customers revert to the telephone).</li> </ul>	<ul style="list-style-type: none"> <li>Move to a complete online customer experience with IR (ie, enable all returns to be completed and filed online with no need for paper, and provide all customer-specific communications/information online).</li> <li>Implement a Q&amp;A online service that can help with issues and problems (eg, live chat service).</li> </ul>	C  C	Y
<ul style="list-style-type: none"> <li>Customers' lack of knowledge of IR services (eg, myIR).</li> </ul>	<ul style="list-style-type: none"> <li>Promote IR's services for customers (eg, myIR, notifications, secure email service, statement stopper).</li> <li>Provide more online tutorials and/or make those available more visible.</li> </ul>	S/C/E  C	Y
<ul style="list-style-type: none"> <li>Customers' lack of awareness/knowledge of policy and legislation changes leads to them making errors/mistakes.</li> </ul>	<ul style="list-style-type: none"> <li>Provide templates and up-to-date calculators, with "how to" guides.</li> <li>Provide a downloadable, free payroll software package for smaller SMEs that automatically updates when there are changes (eg, to enable correct ESCT calculations).</li> <li>Provide links to already established free payroll providers (eg, providers using the IRD payroll subsidy).</li> <li>Employ targeted communications and provide additional support during times of change (eg, targeted to those customers affected by change), using myIR.</li> </ul>	S/C S/C  S/C  C	Y



## Appendix D: Stage 2 – Practical suggestions rating

### Practical suggestions that would make dealing with Inland Revenue less stressful and require less effort

1 = “must have”

2 = “nice to have, but not essential”

3 = “not really of interest or use to me”

#### Understanding the customer

1.	1	2	3	Inland Revenue staff to use a system that allows them to have a <u>real-time, total picture</u> of me and my business.
2.	1	2	3	I am able to directly contact “expert” teams within Inland Revenue based on <u>business size</u> .
3.	1	2	3	I am able to directly contact “expert” teams within Inland Revenue based on <u>industry</u> .
4.	1	2	3	I am able to directly contact “expert” teams within Inland Revenue based on <u>tax type</u> (eg, income tax, GST, FBT).

#### Improving access

5.	1	2	3	I would like to be able to contact the call centre on <u>weekdays</u> outside of Mon–Fri 8 am to 8 pm.
6.	1	2	3	I would like to be able to contact the call centre in the <u>weekend</u> outside of Sat 9 am to 1 pm.

1 = "must have"

2 = "nice to have, but not essential"

3 = "not really of interest or use to me"

**Improving communications**

7.	1	2	3	Use a more simplified, "plain customer-speak" in all <u>verbal</u> communications with me.
8.	1	2	3	Use a more simplified, "plain customer-speak" in all <u>written</u> communications with me.
9.	1	2	3	I would like for Inland Revenue 0800 numbers to accept calls from my cell phone.
10.	1	2	3	I would like Inland Revenue staff to be able to call me directly on <u>my cell phone</u> .
11.	1	2	3	I would like to receive text/email notifications reminding me of <u>tax due dates</u> .
12.	1	2	3	I would like to receive text/email notifications advising me of <u>unfiled returns</u> .
13.	1	2	3	I would like to receive text/email notifications advising me of when I have <u>not paid my tax</u> .

1 = "must have"

2 = "nice to have, but not essential"

3 = "not really of interest or use to me"

**Improving communications**

14.	1	2	3	I would like to receive text/email notifications advising me of when a <u>refund is due</u> and the <u>date it will be paid</u> .
15.	1	2	3	I would like to receive text/email notifications advising me that a <u>new statement</u> can be viewed in my myIR account.
16.	1	2	3	I would like to receive text/email notifications advising me that a <u>new communication</u> (eg, letter) has been attached to my myIR account.
17.	1	2	3	I would like to receive text/email notifications acknowledging <u>receipt/filing of a tax return</u> .
18.	1	2	3	I would like to receive all communications from IR through my myIR account (ie, <u>replacing all letters</u> ).
19.	1	2	3	I would only like to receive communications from IR that are <u>relevant to me</u> (eg, communications regarding <u>tax changes</u> should only be sent to me if I am affected by them).

1 = "must have"

2 = "nice to have, but not essential"

3 = "not really of interest or use to me"

**Suggestions affecting Inland Revenue staff**

20.	1	2	3	Inland Revenue should give its staff <u>greater authority/delegation/discretionary power</u> (eg, ability to override automatically generated letters).
21.	1	2	3	I should be given a " <u>high trust</u> " status by Inland Revenue if I have a good record with them which, in turn, allows Inland Revenue staff to be more flexible when working with me.

**Suggestions affecting myIR**

22.	1	2	3	I would like a <u>personalised tax calendar</u> on my myIR account, which lists my tax commitments.
23.	1	2	3	I would like to be able to <u>export</u> my personalised tax calendar on my myIR account to my other calendars (eg, Outlook).
24.	1	2	3	I would like to be able to <u>view my historical transactions</u> on my myIR account.
25.	1	2	3	My myIR account should show the " <u>current status</u> " for all the tax types that are relevant to me (eg, GST return due, GST filing in progress, GST return received, GST payment received, GST overdue).

1 = “must have”

2 = “nice to have, but not essential”

3 = “not really of interest or use to me”

**Suggestions affecting Inland Revenue website**

26.	1	2	3	Inland Revenue needs to hide or remove all outdated information on their website so that there is not confusion about what is current.
27.	1	2	3	Inland Revenue needs to date stamp information so that current information can be easily identified.
28.	1	2	3	Inland Revenue needs to redesign their website so it is more intuitive to me.
29.	1	2	3	Inland Revenue needs to improve their website’s search engine.
30.	1	2	3	<u>Centralise topic-specific information</u> rather than have it spread across various parts of the website.
31.	1	2	3	Offer a <u>full customer online experience</u> , so that I can do everything online if I choose to.
32.	1	2	3	Allow me to view and work in my sub-accounts through <u>one</u> myIR account (eg, if I have more than one company).
33.	1	2	3	I would like a “key” that allows current forms to be easily identified and downloaded.
34.	1	2	3	I would use a Q&A online service that helps me with my issues and problems (eg, online chat).
35.	1	2	3	I would use online tutorials and “how-to-guides”.
36.	1	2	3	I would like online tutorials and “how-to-guides” to be <u>more visible</u> on the website.

1 = "must have"

2 = "nice to have, but not essential"

3 = "not really of interest or use to me"

37.	1	2	3	Inland Revenue needs to provide up-to-date calculators.
38.	1	2	3	Inland Revenue should provide people like me with a free online payroll service.
39.	1	2	3	Inland Revenue should provide links to useful tax services.

**Suggestions affecting tax agents**

40.	1	2	3	Inland Revenue should allow my tax agent to complete all transactions on my behalf, providing I have given the appropriate authority.
-----	---	---	---	---

**Suggestions relating to Inland Revenue's "value proposition"**

41.	1	2	3	Inland Revenue should explain or promote to businesses the <u>benefits</u> of the New Zealand tax system.
42.	1	2	3	Inland Revenue should give me an incentive for meeting my tax obligations.
43.	1	2	3	I should not be penalised for non-compliance.
44.	1	2	3	I should be incentivised to assist with the collection of non-business related tax types (eg, child support, KiwiSaver and student loans).

## Appendix E: Stage 2 – The 44 suggestions in descending order by “must have”

<b>Table 1: The 44 suggestions in descending order by “must have”</b>	
	<b>Total</b>
<b>I should be given a “high trust” status by Inland Revenue if I have a good record with them which, in turn, allows Inland Revenue staff to be more flexible when working with me.</b>	
Base =	22
Must have	19
Nice to have, but not essential	3
Not really of interest or use to me	0
<b>Inland Revenue should allow my tax agent to complete all transactions on my behalf, providing I have given the appropriate authority.</b>	
Base =	22
Must have	18
Nice to have, but not essential	3
Not really of interest or use to me	1
<b>IR needs to hide or remove all outdated information on their website so that there is not confusion about what is current.</b>	
Base =	22
Must have	16
Nice to have, but not essential	6
Not really of interest or use to me	0
<b>Inland Revenue should give its staff greater authority/delegation/discretionary power (eg, ability to override automatically generated letters).</b>	
Base =	22
Must have	15
Nice to have, but not essential	7
Not really of interest or use to me	0
<b>Offer a full customer online experience, so that I can do everything online if I choose to.</b>	
Base =	22
Must have	15
Nice to have, but not essential	5
Not really of interest or use to me	2
<b>I would like to receive text/email notifications advising me of when I have not paid my tax.</b>	
Base =	22
Must have	15
Nice to have, but not essential	5
Not really of interest or use to me	2
<b>Inland Revenue needs to provide up-to-date calculators.</b>	
Base =	22
Must have	15
Nice to have, but not essential	4
Not really of interest or use to me	3
<b>Inland Revenue needs to improve their website's search engine.</b>	
Base =	22
Must have	15
Nice to have, but not essential	3
Not really of interest or use to me	4

<b>Table 1: The 44 suggestions in descending order by “must have” (continued)</b>	
	<b>Total</b>
<b>I am able to directly contact “expert” teams within Inland Revenue based on business size.</b>	
Base =	22
Must have	14
Nice to have, but not essential	7
Not really of interest or use to me	1
<b>Use a more simplified, “plain customer-speak” in all written communications with me.</b>	
Base =	22
Must have	14
Nice to have, but not essential	6
Not really of interest or use to me	2
<b>I am able to directly contact “expert” teams within Inland Revenue based on tax type (eg, income tax, GST, FBT).</b>	
Base =	22
Must have	14
Nice to have, but not essential	4
Not really of interest or use to me	4
<b>Inland Revenue needs to redesign their website so it is more intuitive to me.</b>	
Base =	22
Must have	14
Nice to have, but not essential	4
Not really of interest or use to me	4
<b>I should be incentivised to assist with the collection of non-business related tax types (eg, child support, KiwiSaver and student loans).</b>	
Base =	22
Must have	13
Nice to have, but not essential	7
Not really of interest or use to me	2
<b>I would like for Inland Revenue 0800 numbers to accept calls from my cell phone.</b>	
Base =	21*
Must have	13
Nice to have, but not essential	5
Not really of interest or use to me	3
<b>I would like Inland Revenue staff to be able to call me directly on my cell phone.</b>	
Base =	22
Must have	13
Nice to have, but not essential	4
Not really of interest or use to me	5
<b>Inland Revenue staff to use a system that allows them to have a real-time, total picture of me and my business.</b>	
Base =	22
Must have	12
Nice to have, but not essential	9
Not really of interest or use to me	1
<b>IR needs to date stamp information so that current information can be easily identified.</b>	
Base =	22
Must have	12
Nice to have, but not essential	9
Not really of interest or use to me	1
<b>Use a more simplified, “plain customer-speak” in all verbal communications with me.</b>	
Base =	22
Must have	12
Nice to have, but not essential	8
Not really of interest or use to me	2

<b>Table 1: The 44 suggestions in descending order by “must have” (continued)</b>	
	<b>Total</b>
<b>My myIR account should show the “current status” for all the tax types that are relevant to me (eg, GST return due, GST filing in progress, GST return received, GST payment received, GST overdue).</b>	
Base =	22
Must have	12
Nice to have, but not essential	8
Not really of interest or use to me	2
<b>I would like be able to view my historical transactions on my myIR account.</b>	
Base =	22
Must have	12
Nice to have, but not essential	7
Not really of interest or use to me	3
<b>Allow me to view and work in my sub-accounts through one myIR account (eg, if I have more than one company).</b>	
Base =	22
Must have	12
Nice to have, but not essential	6
Not really of interest or use to me	4
<b>I would like to receive text/email notifications advising me of unfiled returns.</b>	
Base =	22
Must have	10
Nice to have, but not essential	11
Not really of interest or use to me	1
<b>I would only like to receive communications from IR that are relevant to me (eg, communications regarding tax changes should only be sent to me if I am affected by them).</b>	
Base =	22
Must have	9
Nice to have, but not essential	11
Not really of interest or use to me	2
<b>Centralise topic-specific information rather than have it spread across various parts of the website.</b>	
Base =	22
Must have	9
Nice to have, but not essential	10
Not really of interest or use to me	3
<b>Inland Revenue should give me an incentive for meeting my tax obligations.</b>	
Base =	22
Must have	9
Nice to have, but not essential	8
Not really of interest or use to me	5
<b>I would like to receive text/email notifications reminding me of tax due dates.</b>	
Base =	22
Must have	8
Nice to have, but not essential	12
Not really of interest or use to me	2
<b>I would like to receive text/email notifications acknowledging receipt/filing of a tax return.</b>	
Base =	22
Must have	8
Nice to have, but not essential	11
Not really of interest or use to me	3
<b>I would use a Q&amp;A online service that helps me with my issues and problems (eg, online chat).</b>	
Base =	22
Must have	8
Nice to have, but not essential	11
Not really of interest or use to me	3
<b>I would like a “key” that allows current forms to be easily identified and downloaded.</b>	
Base =	22
Must have	8

<b>Table 1: The 44 suggestions in descending order by “must have” (continued)</b>	
	<b>Total</b>
Nice to have, but not essential	10
Not really of interest or use to me	4
<b>Inland Revenue should explain or promote to businesses the benefits of the New Zealand tax system.</b>	
Base =	22
Must have	8
Nice to have, but not essential	9
Not really of interest or use to me	5
<b>I would like to receive text/email notifications advising me of when a refund is due and the date it will be paid.</b>	
Base =	22
Must have	7
Nice to have, but not essential	13
Not really of interest or use to me	2
<b>I would like to receive text/email notifications advising me that a new communication (eg, letter) has been attached to my myIR account.</b>	
Base =	22
Must have	7
Nice to have, but not essential	13
Not really of interest or use to me	2
<b>I would like to be able to export my personalised tax calendar on my myIR account to my other calendars (eg, Outlook).</b>	
Base =	22
Must have	7
Nice to have, but not essential	11
Not really of interest or use to me	4
<b>I am able to directly contact “expert” teams within Inland Revenue based on industry.</b>	
Base =	22
Must have	7
Nice to have, but not essential	8
Not really of interest or use to me	7
<b>I would like a personalised tax calendar on my myIR account, which lists my tax commitments.</b>	
Base =	22
Must have	6
Nice to have, but not essential	14
Not really of interest or use to me	2
<b>I would like to receive all communications from IR through my myIR account (ie, replacing all letters).</b>	
Base =	22
Must have	6
Nice to have, but not essential	11
Not really of interest or use to me	5
<b>I would like online tutorials and “how-to-guides” to be more visible on the website.</b>	
Base =	22
Must have	6
Nice to have, but not essential	9
Not really of interest or use to me	7
<b>Inland Revenue should provide people like me with a free online payroll service.</b>	
Base =	22
Must have	6
Nice to have, but not essential	8
Not really of interest or use to me	8
<b>I would use online tutorials and “how-to-guides”.</b>	
Base =	22
Must have	5
Nice to have, but not essential	11
Not really of interest or use to me	6
<b>I should not be penalised for non-compliance.</b>	
Base =	22

<b>Table 1: The 44 suggestions in descending order by “must have” (continued)</b>	
	<b>Total</b>
Must have	5
Nice to have, but not essential	9
Not really of interest or use to me	8
<b>I would like to be able to contact the call centre on weekdays outside of Mon–Fri 8 am to 8 pm.</b>	
Base =	22
Must have	4
Nice to have, but not essential	10
Not really of interest or use to me	8
<b>I would like to be able to contact the call centre in the weekend outside of Sat 9 am to 1 pm.</b>	
Base =	22
Must have	4
Nice to have, but not essential	8
Not really of interest or use to me	10
<b>I would like to receive text/email notifications advising me that a new statement can be viewed in my myIR account.</b>	
Base =	22
Must have	3
Nice to have, but not essential	16
Not really of interest or use to me	3
<b>Inland Revenue should provide links to useful tax services.</b>	
Base =	22
Must have	3
Nice to have, but not essential	15
Not really of interest or use to me	4

This table contains frequencies.

\*Respondent did not provide a response.

## Appendix E: Stage 2 – The 44 suggestions in descending order by “must have”

**Table 1: Understanding the customer**

	Total
<b>Inland Revenue staff to use a system that allows them to have a real-time, total picture of me and my business.</b>	
Base =	22
Must have	12
Nice to have, but not essential	9
Not really of interest or use to me	1
<b>I am able to directly contact “expert” teams within Inland Revenue based on business size.</b>	
Base =	22
Must have	14
Nice to have, but not essential	7
Not really of interest or use to me	1
<b>I am able to directly contact “expert” teams within Inland Revenue based on industry.</b>	
Base =	22
Must have	7
Nice to have, but not essential	8
Not really of interest or use to me	7
<b>I am able to directly contact “expert” teams within Inland Revenue based on tax type (eg, income tax, GST, FBT).</b>	
Base =	22
Must have	14
Nice to have, but not essential	4
Not really of interest or use to me	4

This table contains frequencies.

**Table 2: Improving access**

	Total
<b>I would like to be able to contact the call centre on weekdays outside of Mon–Fri 8 am to 8 pm.</b>	
Base =	22
Must have	4
Nice to have, but not essential	10
Not really of interest or use to me	8
<b>I would like to be able to contact the call centre in the weekend outside of Sat 9 am to 1 pm.</b>	
Base =	22
Must have	4
Nice to have, but not essential	8
Not really of interest or use to me	10

This table contains frequencies.

**Table 3: Improving communications**

	<b>Total</b>
<b>Use a more simplified, “plain customer-speak” in all verbal communications with me.</b>	
Base =	22
Must have	12
Nice to have, but not essential	8
Not really of interest or use to me	2
<b>Use a more simplified, “plain customer-speak” in all written communications with me.</b>	
Base =	22
Must have	14
Nice to have, but not essential	6
Not really of interest or use to me	2
<b>I would like for Inland Revenue 0800 numbers to accept calls from my cell phone.</b>	
Base =	21*
Must have	13
Nice to have, but not essential	5
Not really of interest or use to me	3
<b>I would like Inland Revenue staff to be able to call me directly on my cell phone.</b>	
Base =	22
Must have	13
Nice to have, but not essential	4
Not really of interest or use to me	5
<b>I would like to receive text/email notifications reminding me of tax due dates.</b>	
Base =	22
Must have	8
Nice to have, but not essential	12
Not really of interest or use to me	2
<b>I would like to receive text/email notifications advising me of unfiled returns.</b>	
Base =	22
Must have	10
Nice to have, but not essential	11
Not really of interest or use to me	1
<b>I would like to receive text/email notifications advising me of when I have not paid my tax.</b>	
Base =	22
Must have	15
Nice to have, but not essential	5
Not really of interest or use to me	2

**Table 3: Improving communications (continued)**

	Total
<b>I would like to receive text/email notifications advising me of when a refund is due and the date it will be paid.</b>	
Base =	22
Must have	7
Nice to have, but not essential	13
Not really of interest or use to me	2
<b>I would like to receive text/email notifications advising me that a new statement can be viewed in my myIR account.</b>	
Base =	22
Must have	3
Nice to have, but not essential	16
Not really of interest or use to me	3
<b>I would like to receive text/email notifications advising me that a new communication (eg, letter) has been attached to my myIR account.</b>	
Base =	22
Must have	7
Nice to have, but not essential	13
Not really of interest or use to me	2
<b>I would like to receive text/email notifications acknowledging receipt/filing of a tax return.</b>	
Base =	22
Must have	8
Nice to have, but not essential	11
Not really of interest or use to me	3
<b>I would like to receive all communications from IR through my myIR account (ie, replacing all letters).</b>	
Base =	22
Must have	6
Nice to have, but not essential	11
Not really of interest or use to me	5
<b>I would only like to receive communications from IR that are relevant to me (eg, communications regarding tax changes should only be sent to me if I am affected by them).</b>	
Base =	22
Must have	9
Nice to have, but not essential	11
Not really of interest or use to me	2

This table contains frequencies.

\*Respondent did not provide a response.

**Table 4: Suggestions affecting Inland Revenue staff**

	Total
<b>Inland Revenue should give its staff greater authority/delegation/discretionary power (eg, ability to override automatically generated letters).</b>	
Base =	22
Must have	15
Nice to have, but not essential	7
Not really of interest or use to me	0
<b>I should be given a “high trust” status by Inland Revenue if I have a good record with them which, in turn, allows Inland Revenue staff to be more flexible when working with me.</b>	
Base =	22
Must have	19
Nice to have, but not essential	3
Not really of interest or use to me	0

This table contains frequencies.

**Table 5: Suggestions affecting myIR**

	Total
<b>I would like a personalised tax calendar on my myIR account, which lists my tax commitments.</b>	
Base =	22
Must have	6
Nice to have, but not essential	14
Not really of interest or use to me	2
<b>I would like to be able to export my personalised tax calendar on my myIR account to my other calendars (eg, Outlook).</b>	
Base =	22
Must have	7
Nice to have, but not essential	11
Not really of interest or use to me	4
<b>I would like to be able to view my historical transactions on my myIR account</b>	
Base =	22
Must have	12
Nice to have, but not essential	7
Not really of interest or use to me	3
<b>My myIR account should show the “current status” for all the tax types that are relevant to me (eg, GST return due, GST filing in progress, GST return received, GST payment received, GST overdue).</b>	
Base =	22
Must have	12
Nice to have, but not essential	8
Not really of interest or use to me	2

This table contains frequencies.

**Table 6: Suggestions affecting Inland Revenue website**

	<b>Total</b>
<b>Inland Revenue needs to hide or remove all outdated information on their website so that there is not confusion about what is current.</b>	
Base =	22
Must have	16
Nice to have, but not essential	6
Not really of interest or use to me	0
<b>Inland Revenue needs to date stamp information so that current information can be easily identified.</b>	
Base =	22
Must have	12
Nice to have, but not essential	9
Not really of interest or use to me	1
<b>Inland Revenue needs to redesign their website so it is more intuitive to me.</b>	
Base =	22
Must have	14
Nice to have, but not essential	4
Not really of interest or use to me	4
<b>Inland Revenue needs to improve their website's search engine.</b>	
Base =	22
Must have	15
Nice to have, but not essential	3
Not really of interest or use to me	4
<b>Centralise topic-specific information rather than have it spread across various parts of the website.</b>	
Base =	22
Must have	9
Nice to have, but not essential	10
Not really of interest or use to me	3
<b>Offer a full customer online experience, so that I can do everything online if I choose to.</b>	
Base =	22
Must have	15
Nice to have, but not essential	5
Not really of interest or use to me	2
<b>Allow me to view and work in my sub-accounts through one myIR account (eg, if I have more than one company).</b>	
Base =	22
Must have	12
Nice to have, but not essential	6
Not really of interest or use to me	4

This table contains frequencies.

**Table 6: Suggestions affecting Inland Revenue website (continued)**

	<b>Total</b>
<b>I would like a “key” that allows current forms to be easily identified and downloaded.</b>	
Base =	22
Must have	8
Nice to have, but not essential	10
Not really of interest or use to me	4
<b>I would use a Q&amp;A online service that helps me with my issues and problems (eg, online chat).</b>	
Base =	22
Must have	8
Nice to have, but not essential	11
Not really of interest or use to me	3
<b>I would use online tutorials and “how-to-guides”.</b>	
Base =	22
Must have	5
Nice to have, but not essential	11
Not really of interest or use to me	6
<b>I would like online tutorials and “how-to-guides” to be more visible on the website.</b>	
Base =	22
Must have	6
Nice to have, but not essential	9
Not really of interest or use to me	7
<b>Inland Revenue needs to provide up-to-date calculators.</b>	
Base =	22
Must have	15
Nice to have, but not essential	4
Not really of interest or use to me	3
<b>Inland Revenue should provide people like me with a free online payroll service.</b>	
Base =	22
Must have	6
Nice to have, but not essential	8
Not really of interest or use to me	8
<b>Inland Revenue should provide links to useful tax services.</b>	
Base =	22
Must have	3
Nice to have, but not essential	15
Not really of interest or use to me	4

This table contains frequencies.

**Table 7: Suggestion affecting tax agents**

	<b>Total</b>
<b>Inland Revenue should allow my tax agent to complete all transactions on my behalf, providing I have given the appropriate authority.</b>	
Base =	22
Must have	18
Nice to have, but not essential	3
Not really of interest or use to me	1

This table contains frequencies.

**Table 8: Suggestions relating to Inland Revenue’s “value proposition”**

	<b>Total</b>
<b>Inland Revenue should explain or promote to businesses the benefits of the New Zealand tax system.</b>	
Base =	22
Must have	8
Nice to have, but not essential	9
Not really of interest or use to me	5
<b>Inland Revenue should give me an incentive for meeting my tax obligations.</b>	
Base =	22
Must have	9
Nice to have, but not essential	8
Not really of interest or use to me	5
<b>I should not be penalised for non-compliance.</b>	
Base =	22
Must have	5
Nice to have, but not essential	9
Not really of interest or use to me	8
<b>I should be incentivised to assist with the collection of non-business related tax types (eg, child support, KiwiSaver and student loans).</b>	
Base =	22
Must have	13
Nice to have, but not essential	7
Not really of interest or use to me	2

This table contains frequencies.