Revenue
Delivering Public Service for the Future

Transforming revenue agencies: Evolving digital strategies to meet taxpayer expectations

Accenture Global Taxpayers Survey 2014 Report

High performance. Delivered.
Digital technologies are rapidly transforming almost every aspect of citizens' lives. While many private sector firms are racing to deliver the advantages digital technology can offer their customers, many public service organizations are lagging behind. The Accenture Global Taxpayers Survey 2014 examines the digital maturity of national revenue agencies in nine countries (Australia, France, Germany, Indonesia, New Zealand, Singapore, Sweden, the United Kingdom and the United States) and assesses the extent to which they are fulfilling the digital demands of their taxpayers and delivering public service for the future.

It suggests that the digital maturity of taxpayers has advanced beyond that of revenue agencies, and that they are ready to embrace a digital government.

The management of tax affairs involves complex processes and a need for tight security measures appropriate to handling such sensitive and personal information.

Yet surprisingly, our survey demonstrated that most taxpayers are not deterred by such concerns—a majority (85 percent) of the customers who participated in the survey said they would be willing to use an online tax account to manage their affairs. Our survey also showed that digital security is not the primary concern of customers when dealing with revenue agencies online – the biggest barrier cited by survey respondents to using digital channels was actually the simplicity of the service rather than fears over protection of their data.

National revenue agencies now face the very real challenge of enhancing their digital offerings to meet taxpayer demands.

This report provides insights that can help revenue agencies understand the digital expectations of the taxpayers they serve in order to deliver public service for the future.
People are becoming more digitally engaged as the use of smartphones, tablets, and even wearable consumer electronics becomes commonplace. To illustrate the extent of this proliferation, the number of mobile cellular subscriptions worldwide is predicted to reach almost seven billion by the end of 2014.(1)

Many private sector firms are reacting rapidly to these changes in customer behavior and are beginning to offer sophisticated digital services, enabling interactions with customers anytime, anywhere using any device. Online banking provides an excellent example of how digital can transform the customer experience: customers today are able to manage almost every aspect of their accounts without the need to visit a local branch in person—a complete transformation of customer management in the sector. According to our survey results, over nine in ten taxpayers (91 percent) we surveyed in each country are using online banking services.

Taxpayers expect similar levels of innovation and quality of service from their revenue agencies, increasing the need for digital government services, yet those agencies are struggling to meet these expectations, continuing to provide increasingly outdated models of engagement.

Indeed, there is a global appetite for digital tax services and taxpayers have made it clear that digital is their preferred method of interaction with revenue agencies. (See Figure 1). Eighty eight percent of survey respondents say they want to receive reminders through digital channels, opting for digital channels ahead of non-digital and just 13 percent said they wanted to complete and return forms via non-digital channels. More than six in ten (62 percent) of the taxpayers surveyed are already using digital channels to contact their revenue agency, suggesting a clear preference for digital where it is available. This figure was highest in Singapore, at 86 percent, while German taxpayers scored lowest, at just 46 percent.

However, in many cases, digital contact made by taxpayers currently involves the use of unsophisticated channels such as email (39 percent) or online forms (45 percent). In fact, more than half (51 percent) of the taxpayers we surveyed were contacted by revenue agencies only via non-digital channels.

Revenue agencies need to transform their models of engagement to meet the expectations of digital citizens. Meeting taxpayer service expectations is widely understood to be one of the drivers of voluntary compliance, the key measure of any revenue agencies success.

Figure 1: Are you interested in using an online tax account?

United States
YES 82% | NO 18%

Germany
YES 83% | NO 17%

France
YES 88% | NO 12%

United Kingdom
YES 81% | NO 19%

Sweden
YES 84% | NO 16%

Singapore
YES 93% | NO 7%

Indonesia
YES 93% | NO 7%

New Zealand
YES 83% | NO 17%

Australia
YES 79% | NO 21%

The relationship between revenue agencies and taxpayers stands to be undermined if agencies fail to meet taxpayer service expectations. 70 percent of customers believe that today’s revenue agencies have to offer online services and apps in the same way that banks do, and expressed frustration with those failing to deliver this. This feeling was most prevalent in Indonesia, where 87 percent were of this opinion, while the most impressive response to this question was in Sweden, where just 59 percent said the same.

The level of digital offering from many revenue agencies simply isn’t broad or sophisticated enough to match taxpayer needs. Taxpayers want much more than basic digital services such as interaction via email.

For example, four-fifths (81 percent) of respondents said they would be interested in using a Virtual Digital Assistant – an enhanced search feature that attempts to answer customer questions as an agent would – to improve self-service, while 62 percent would like a live online-chat service to assist them outside business hours. (See Figure 2).

Bridging the digital divide is an opportunity that could deliver significant benefits for revenue agencies. Firstly, it could elevate the customer relationship. Organizations increasingly use a strong online presence as an essential part of creating positive recognition for their brand. Positive taxpayer perceptions are an important driver of voluntary compliance. Secondly it could directly impact tax compliance. In the commercial world customer service and sales messages are vital to engaging with customers online. Taxpayer engagement online could offer a similar opportunity to deliver service with tailored compliance messaging.

**Figure 2: Taxpayers want an enriched online experience**

- **81%** would consider using a Virtual Digital Assistant to enhance self-service.
- **78%** want the revenue agency to pre-fill forms, saving them time and helping them to remain compliant.
- **64%** of taxpayers desire a tailored website, helping them to find the information they require.
- **62%** of taxpayers want a live online-chat service to assist them outside business hours.
The “digital first” model

Where revenue agencies are providing digital services, one of the biggest barriers to taxpayers becoming more engaged with those channels is the fragmented nature of their delivery. Our survey shows that almost all taxpayers want to manage both simple and complex tax events online. (See Figure 3).

Unfortunately, communication through different channels is not seamless in any of the countries we studied, indicating that the move towards digital government is far from complete. Our data reinforces this: 34 percent of online searches to seek clarification on tax affairs ended up with a phone call, while 22% of users of online services phoned the revenue agency to start with but then switched to online channels.

The frustration for taxpayers is that despite a willingness to complete entire processes online, they are often unable to do so. Overall, 56 percent of taxpayers had to resolve a tax query through a combination of phone and online channels, while 45 percent were unable to submit documents to their national revenue agency without resorting to phone contact at some stage.

Taxpayers are keen on an improved experience and are open to a variety of solutions. Overall, nearly two-thirds (64 percent) of respondents said that they wanted a tailored website displaying information according to personal needs, while 38 percent expressed a willingness to learn about regulations and new revenue agency services via YouTube and online tutorials.

The message is clear; revenue agencies are falling behind taxpayer expectations. A new user-centric approach could improve online engagement and online self-management and help revenue agencies to re-allocate resources where they are no longer needed.

Figure 3: Taxpayers want a “central digital hub”

Taxpayers 1st contact channel preference in different scenarios

<table>
<thead>
<tr>
<th>Digital Channels</th>
<th>In person at tax office</th>
<th>Post</th>
<th>Call Center (speak to advisor / agent)</th>
<th>Call Center (automated service)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Simple events</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reminders</td>
<td>88%</td>
<td>9%</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Complete and send back simple form</td>
<td>87%</td>
<td>6%</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Your account details</td>
<td>85%</td>
<td>5%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Request or find a simple form</td>
<td>85%</td>
<td>5%</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>Status of process</td>
<td>80%</td>
<td>6%</td>
<td>10%</td>
<td>2%</td>
</tr>
<tr>
<td>Request tax refund</td>
<td>74%</td>
<td>11%</td>
<td>10%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Complex events</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Request or find a complex form</td>
<td>78%</td>
<td>8%</td>
<td>5%</td>
<td>9%</td>
</tr>
<tr>
<td>Complete and send back a complex form</td>
<td>77%</td>
<td>11%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Answer an inquiry from tax office</td>
<td>73%</td>
<td>8%</td>
<td>6%</td>
<td>13%</td>
</tr>
<tr>
<td>Information requests</td>
<td>70%</td>
<td>10%</td>
<td>2%</td>
<td>17%</td>
</tr>
<tr>
<td>Initiate an official process with revenue agencies</td>
<td>62%</td>
<td>16%</td>
<td>5%</td>
<td>15%</td>
</tr>
<tr>
<td>Resolve an issue you have</td>
<td>55%</td>
<td>14%</td>
<td>3%</td>
<td>26%</td>
</tr>
</tbody>
</table>

4
Simplicity over security

There is a great deal of sensitivity around confidential tax information in many countries, and this is certainly one of the factors that have slowed the pace of transition to digital government among revenue agencies.

It is of great significance therefore that our survey defies expectations here. According to our survey, security concerns do not constitute the barrier to digital adoption that many revenue agencies fear—taxpayers are actually more focused on the ease of using digital services.

While protecting tax information remains an important aspect of using digital channels, with nearly two-thirds (65 percent) of taxpayers prioritizing this, the top priority, cited by three-quarters (74 percent) of respondents, is that digital services be simple and easy to use. (See Figure 4). Achieving such simplicity should be a key focus of becoming a digital revenue agency, not least because a simplistic easy to use service will encourage tax compliance.

In an encouraging finding for revenue agencies, the majority of taxpayers in the countries we studied expressed significant trust that national revenue agencies would keep their data safe. Overall, 71 percent of respondents signalled a high level of trust in their national revenue agency to protect personal data with the best security available. In some countries, such as Singapore and Indonesia, taxpayer trust runs even deeper, with 84 percent and 79 percent respectively reporting a high level of trust in their national revenue agency. (See Figure 5). This should act as a further motivation for revenue agencies to make the transition towards digital channels.

There is a clear opportunity for revenue agencies to leverage this high level of trust to roll out more digital services, with the main focus on making them user-friendly. One measure that can help to combine both security and ease of use is to enable customers to access online tax accounts by using their government ID, for those countries that have ID systems. Almost two-thirds (62 percent) of taxpayers in the survey would like their revenue agency to offer this facility.

Moving forward, revenue agencies must be mindful that simplicity is the key to success. For example, in Sweden, one of the stronger performing countries in the survey, keeping tax information private and secure was a top priority for just 49 percent of respondents, while 77 percent said that ensuring that services are simple and easy to use was an important characteristic.

Figure 4: Taxpayers want simplicity
Top three priorities of customers to use digital channels

<table>
<thead>
<tr>
<th>Priority</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Resolves my request the first time</td>
<td>74%</td>
</tr>
<tr>
<td>2. Keeps my information private and secure</td>
<td>65%</td>
</tr>
<tr>
<td>3. Simple and easy to use</td>
<td>57%</td>
</tr>
</tbody>
</table>

Figure 5: Taxpayers trust revenue agencies on security and privacy

- On average 90% of customers trust revenue agencies will protect personal data with the appropriate security measures.
- Overall, only 23% of taxpayers would be strongly concerned about security and privacy if using an online tax account.
- Overall, only 18% of taxpayers object that the revenue agency monitors their online activity, but sentiment varies across countries.
Accenture’s Global Taxpayers Survey 2014 provides new data suggesting that taxpayers around the world possess the appetite, readiness and trust required to become truly digital customers of revenue agencies.

In response, revenue agencies need to bridge the digital maturity gap with their citizens.

Our survey, along with our extensive experience working with public service organizations, suggests the following key steps revenue agencies must now take on their journey towards becoming digital organizations and delivering public service for the future.

**Key steps ahead**

**Understand citizen preferences**

A change in approach is needed from revenue agencies. Our survey clearly indicates a growing disparity as agencies prioritize traditional modes of communication (with 73 percent of our respondents reporting contact from revenue agencies via letters in the post), while taxpayers’ needs are better met by more sophisticated digital interactions.

**Seamless and simple service**

For taxpayers, the most important characteristic of digital services is simplicity. At present, the digital experience is being disrupted because taxpayers cannot complete processes online, or their preferred contact channels are unavailable. Revenue agencies can offer taxpayers the flexibility to access accounts through various devices, including smartphones and tablets. In addition, they should consider how digital tools such as online-chat services, Virtual Digital Assistants and web tutorials could improve the effectiveness of their channels.

**Rethink taxpayer interaction with a digital mindset**

Taxpayers want revenue agencies online to act as a central digital hub for both accessing information and contact. Customers’ desire to manage both simple and complex tax compliance issues online means that revenue agencies must deliver more guidance, information and services through digital channels, making these channels their first port of call.

For those revenue agencies that can make the leap to becoming digital, the potential benefits are clear. They have the opportunity to transform their customer relationships, and to increase the efficiency of processes and relieve pressure on resources. This, in turn, would encourage greater tax compliance and boost revenue collection—delivering public service for the future.
About Delivering Public Service for the Future

What does it take to deliver public service for the future? Public service leaders must embrace four structural shifts—advancing toward personalised services, insight-driven operations, a public entrepreneurship mindset and a cross-agency commitment to mission productivity. By making these shifts, leaders can support flourishing societies, safe, secure nations and economic vitality for taxpayers in a digital world—delivering public service for the future.

About the research

The Accenture Global Taxpayers Survey was conducted in December 2013 among 5,000 taxpayers aged 18- to 69 years who had contact with the national revenue agency in their country, or said they would consider contacting this revenue agency if necessary. The online survey was executed by Market Knowledge Online (MKO) in nine countries: Australia, France, Germany, Indonesia, New Zealand, Singapore, Sweden, the U.K. and the U.S. We surveyed 500 taxpayers in each country, apart from in the U.S. where the sample was 1,000. Respondents were surveyed in their local languages, with English used in Singapore. Respondents included employees, the self-employed, and small business owners.

About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with more than 305,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world’s most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US$30.0 billion for the fiscal year ended Aug. 31, 2014. Its home page is www.accenture.com.