Survey of Small and Medium Sized Business Customers 2008: Results and Analysis

Revenue

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i   Executive Summary

Revenue's Research and Analytics Branch carried out a postal survey[1] of just over two thousand Small and Medium sized Enterprises (SME) during the period December 2008 to February 2009. A similar survey was conducted between April and July 2006.

The purpose of the survey was to quantify a number of aspects relating to three areas:

> ➢ Usage and satisfaction with the customer service provided by Revenue;
>
> ➢ Identification of the factors that influence taxpayers' compliance; and
>
> ➢ Difficulties paying taxes encountered in the twelve months prior to the survey.

There was a high response rate of about 62% guaranteeing a statistically representative sample. The results are described in this report. Where relevant, the report also includes a direct comparison between the results of this survey (which will be referred to as SME08) and the survey conducted in 2006 (which will be referred to as SME06). Further analysis was also carried out using data mining techniques to improve Revenue's understanding of the SME population.

Key Findings

Customer Service

High satisfaction levels expressed in the results indicate that the SME sector has a positive attitude towards Revenue. Customer satisfaction with service delivery both at the overall level and specific to various communication channels is high. More than **87%** of respondents are either *very satisfied* or *satisfied* with overall customer service delivery. This represents a slight increase in comparison with 84% recorded in SME06.

In general, a shift from non-electronic to electronic channels of contact is recorded in comparison with what was found in SME06. However, the *telephone* channel is once again largely the most common method of contact and its usage has increased.

High percentages of satisfaction with the service received were recorded for all channels of contact, particularly *telephone*, *ROS*, the *website* and *calling in person* with at least **84%** of cases either *satisfied* or *very satisfied* with their experience of these channels. However, when compared to SME06, all the channels except for *calling in person* show a slight decrease in satisfaction levels.

Factors that Influence Compliance

Taxpayers' compliance appears to be highly influenced by factors related to civic responsibility. Factors such as: *doing the 'right thing'*; *because it is the law*; *presumption from Revenue that you have been honest*; were indicated as having a strong influence on compliance. The factor *concern at having to pay interest charges for late payment of tax* is indicated as the most influential within those relating to concern regarding the use of Revenue sanctions. Other factors related to Revenue's

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[1] Copies of the survey questionnaire and of the cover letter are given in Appendix 1 and 2 respectively.

compliance programme, such as *Concern that Revenue will obtain a court judgment against you for failure to pay tax and publish details of that judgment* and *Concern that you will be audited by Revenue,* are very influential for a sizeable fraction of the respondents.

Difficulties Paying Taxes

Nearly a quarter of respondents indicated that they had encountered difficulties paying tax in time and/ or in full in the twelve months prior to the survey. The majority of them had *temporary cash flow problems*, while a minority indicated *ongoing financial problems* or *lack of awareness/ understanding of payment obligation*.

1   Introduction

Revenue's Research and Analytics Branch (RAB) conducted a postal survey of Small and Medium sized Enterprises (SME) between December 2008 and February 2009. More than two thousand survey forms were issued. A response rate of about 62% was achieved, with an effective sample of 1,246 cases. This response rate allows robust conclusions to be drawn about Revenue's SME customer base. The results obtained (SME08) are compared, where relevant, with those of a similar survey carried out in 2006 (SME06).

1.1   Objectives

The survey was conducted to try to quantify a number of aspects relating to SME customers. The three broad areas covered by the questions in the survey were '*Customer Service*', '*Factors that influence Compliance*' and '*Difficulties encountered paying taxes*'. This report focuses on five themes that can be explored within these areas with the evidence gathered from the survey. These are:

> ➢ Customer satisfaction with the service from and experience of Revenue;
>
> ➢ Communication channels between customers and Revenue;
>
> ➢ Administrative burden on small and medium sized businesses;
>
> ➢ Factors that influence compliance; and
>
> ➢ Difficulties encountered paying taxes.

There are interrelations between these themes, which are also explored. Certain demographic information about respondents was also added to the analysis, such as geographic location, case size and economic sector.

1.2   A Note on the Methodology Used in the Survey

1.2.1   Objectivity and Confidentiality of the Survey

As the survey was conducted directly by Revenue's RAB, a number of steps were taken to ensure objectivity and assure confidentiality to respondents.

> ➢ A covering letter was issued with each survey (see Appendix 2), which invited the customer to participate: the survey was entirely voluntary.
>
> ➢ The covering letter explained the reasons for conducting the survey, explained that the RAB[2] of the Revenue Commissioners was conducting it, and that all responses would be treated confidentially. These points were repeated on the survey form itself. The data from respondents was captured and analysed by the RAB, and is only accessible to the branch.
>
> ➢ Contact names and telephone numbers for RAB staff members were clearly provided in the covering letter. Respondents were advised to contact the RAB if clarification regarding any aspect of the survey was required.
>
> ➢ The questions were worded in a neutral way so as to minimise bias in the responses of the respondents.

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[2] The Research Unit has since been renamed Research and Analytics Branch

➢ Where appropriate, the option of giving a 'No Opinion' answer was provided. A minority of cases used this option.

➢ Comment boxes were offered throughout the survey.

1.2.2 Target Population

The main objectives of the survey were to measure customer service satisfaction levels and factors that influence SME compliance. Therefore, a key consideration of the design of the survey was to maximise the chances of the business owner receiving and completing the survey. To this end, the sample was drawn at random from businesses that had recently filed a VAT return (VAT3) and whose annual VAT obligations ranged below ~€36,000. The resulting sample of ~2,000 cases represents some 160,000 cases.

In addition, the survey was sent as a single correspondence from the RAB, directly to the business address. This sample targeting was successful, in that 81% of respondents were owners of the business.

1.3 A Note on the Results in this Report

The questions asked in the survey often allowed respondents to indicate more than one category as a response. Thus categories are not mutually exclusive in many instances. This needs to be borne in mind when considering percentages and total figures quoted in this report. In addition, most results using percentages have been rounded for clarity.

1.4 Acknowledgement

The RAB would like to thank all those who responded to the survey. The information produced will be used to review and improve Revenue's service to its business customers.

2   Customer Satisfaction with Revenue

Revenue invests considerable resources in maintaining and improving customer service delivery. It is critical that Revenue measures usage and reviews satisfaction levels with the service and experience it provides to its customers. Thus, one of the main focuses of this survey was an attempted quantification of customer satisfaction for small and medium sized businesses and to compare, where relevant, the current results (SME08) to those of the survey carried out in 2006 (SME06).

Those surveyed were asked *'In general, how would you rate your <u>overall </u>satisfaction with the service you get from Revenue?'* Almost **87%** of those who responded[3] to the question were either *satisfied* or *very satisfied* with their experience of Revenue. In SME06, an overall satisfaction of 84% was recorded. The results are presented in Figure 1.
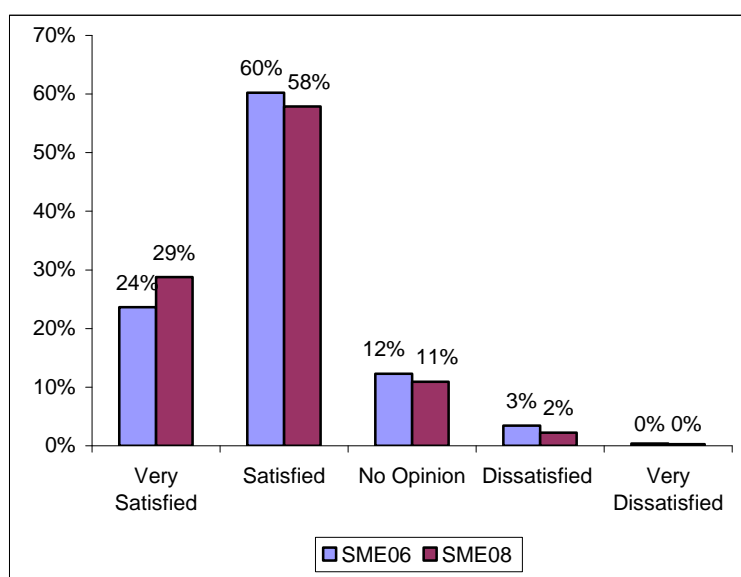
Figure 1: Overall satisfaction ratings of service received from Revenue.

The comparison with SME06 shows an increase in overall satisfaction levels recorded in the *very satisfied* category while all the other categories show very slight differences.

Some respondents provided positive comments about their experiences of Revenue. Examples are listed below:

'Very happy with the Revenue service.'

'Best improved service in public service. Keep it up.'

'I am very pleased with dealing with Revenue. The era of technology is taking over but I still like to pick up the phone and talk to someone.'

2.1   Satisfaction Rates across Geographic, Economic and Case-Size Categories

An analysis was conducted to see if there was any variation within the sample regarding satisfaction levels when the sample was split into groups using various factors. This was done using contingency tables and appropriate tests of association.

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[3] ~97% of respondents answered this question.

These tests calculated the independence of the variables in the analysis, and found that there were no statistically significant differences among the respondents' satisfaction rating when split by *region*, *district*, *case-size* or *economic sector*. These results are very encouraging from a customer service point of view. They suggest that Revenue is providing a good service to the clear majority of small and medium sized businesses, regardless of geographic location, economic sector or size of the business.

2.2 'Dissatisfied' and 'No Opinion' Cases

The categories of respondents who expressed no opinion and those who were dissatisfied represent a small minority of the total. Some examples of comments given by respondents that indicated dissatisfaction are given below.

'Telephone very slow to be answered and not open in the evening after 7pm when I have time to make the calls'.

'It would be most helpful if the correspondences from Revenue would by simplified and easier to understand.'

'Waiting on the phone to be answered.'

'Long phone calls/ long delays to get to the right section.'

3   Communication Channels between Customers and Revenue

The survey posed questions regarding usage rates and satisfaction levels for several channels of contact between SME customers and Revenue. The current results (SME08) are compared to those of the survey carried out in 2006 (SME06).

3.1   Usage Rates of Contact Channels

Those surveyed were asked if and how many times they contacted Revenue in the twelve months prior to the survey. Respondents were given a list of possible channels of contact and asked to select as many as applicable. The options offered were: *telephone*, *ROS*, *letter/fax*, *e-mail*, *calling in person* and *website* (www.revenue.ie). For each channel a list of options for number of times used was provided: *never, once, 2 to 3 times, 4 to 6 times* and *more than 6 times*.

The most commonly utilised method was *telephone*, followed by *ROS* and the *website*. *Letter/ fax*, *calling in person* and *e-mail* were less frequently used.
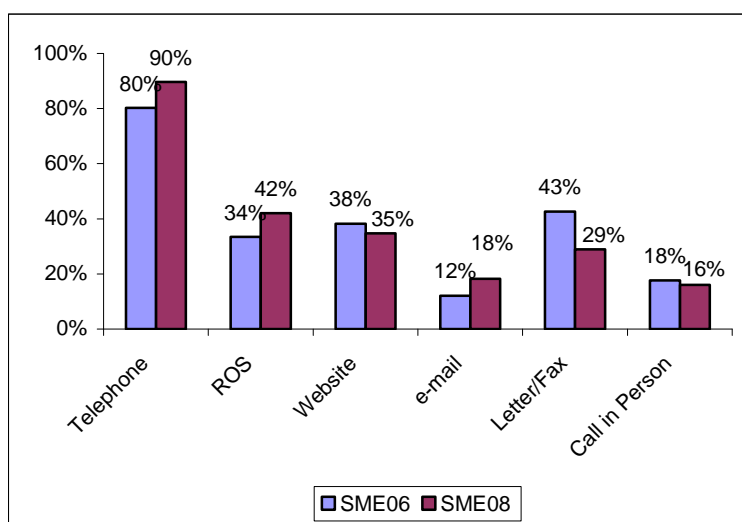

Figure 2: Number of cases per contact channel used once or more in last year[4]

Figure 2 presents the comparison between the distribution of the contact events of SME08 and those of SME06. The figures indicated refer only to the respondents that contacted Revenue. It must be noted here that a direct comparison of the proportions in the two surveys is not rigorous, because the channel of communication questions in SME06 excluded *ROS* as there was a dedicated *ROS* section on the SME06 questionnaire.

In both surveys, the *telephone* is the most common channel of contact. Moreover, its usage has increased, together with that of *ROS* and *e-mail*. Electronic channels of contact such as *ROS, e-mail* and the *website* are considerably less resource intensive for Revenue than non-electronic channels. Promotion of their usage is a key element of Revenue's Statement of Strategy. Figure 2 shows a general shift of usage from non-electronic to e-channels. This very positive output comes as the result of a policy dedicated to improve e-service facilities and increase their take-up.

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[4] Percentages are based on each channel as proportion of respondents to this question. Respondents could choose more than one channel in response.

While the usage of the *website* shows a decrease, the timing of the survey might not have captured the impact of Revenue's redesigned website, which was launched in December 2008. The new website has been designed to make accessing information and services as easy and intuitive as possible. Information and services are now gathered in logical clusters. The content is extensively cross-referenced and navigation and search facilities have been substantially improved.

In terms of the number of times that each method was used, the mode for *telephone*, *letter/ fax*, *website* and *e-mail* is *2 to 3 times* for each method, the mode for *ROS* is *more than 6 times,* while that for *calling in person* is *once*[5]. It is clear therefore that, being the most commonly used channel, there is a clear demand and requirement to continue providing the *telephone* service to business customers.

Indicative studies of customer contact volumes, using the data from the survey, suggest that for the ~580 respondents that made contact with Revenue in the twelve months prior to the survey, a minimum of ~2,200 contact events occurred. In SME06 the values were ~5,000 contacts for ~1,100 respondents. These figures do not include contacts through ROS and the website[6]. This level of contact by business customers has implications for Revenue, in terms of managing customer service demand and delivery.

Nearly 150 respondents indicated the reasons why they contacted Revenue and most related to seeking information.

3.3   Satisfaction with Channels of Contact

Respondents were asked to rate their satisfaction levels with the channels of contact using one of the options: *very satisfied, satisfied, no opinion, dissatisfied and very dissatisfied*. High percentages of satisfaction with the service received were recorded for all methods. For the *telephone*, *ROS*, the *website* and *calling in person*, there are at least **84%** of cases either *satisfied* or *very satisfied* with their experience of these channels. *Letter/ fax* and *e-mail* are slightly lower, just above **70%**. Overall, this represents a positive result for Revenue.

	% of Total Satisfied		No Opinion		% of Total Dissatisfied	
Channel of Contact	SME08	SME06	SME08	SME06	SME08	SME06
Telephone	84	85	3.0	5	13	10
ROS	95	N/A	2.1	N/A	3.0	N/A
Website	84	89	13	8	3.3	4
e-mail	71	80	14	14	15	6
Letter/ Fax	73	80	16	12	11	8
Call in Person	89	85	3.7	6	7.3	8

Table 1: Overall satisfaction with the channels of contact.

Table 1 presents the comparison between the overall satisfaction with the channels of contact for SME08 and SME06. In the table, *total satisfied* is calculated adding all respondents that indicated *satisfied* or *very satisfied* while *total dissatisfied* is calculated adding all respondents that indicated *dissatisfied* or *very dissatisfied*. All the channels except *calling in person* show a slight decrease in satisfaction levels. This does not apply to *ROS*, as satisfaction levels were not measured in SME06.

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[5] When cases that failed to answer the question or indicated a usage rate of 'Never' are eliminated.

[6] These events were not included because they are automated, therefore less resource demanding and are thus excluded in the comparison.

Nevertheless, respondents indicated very high satisfaction with *ROS*. About 50% of respondents that selected a preference for this channel were *very satisfied* while none of the respondents expressed that they were *very dissatisfied*. These results, together with the fact that the number of transactions conducted through *ROS* continues to grow, can be accredited to the many benefits that this service offers to customers.

Figure 3 shows a breakdown of the results for each channel of contact for SME08.
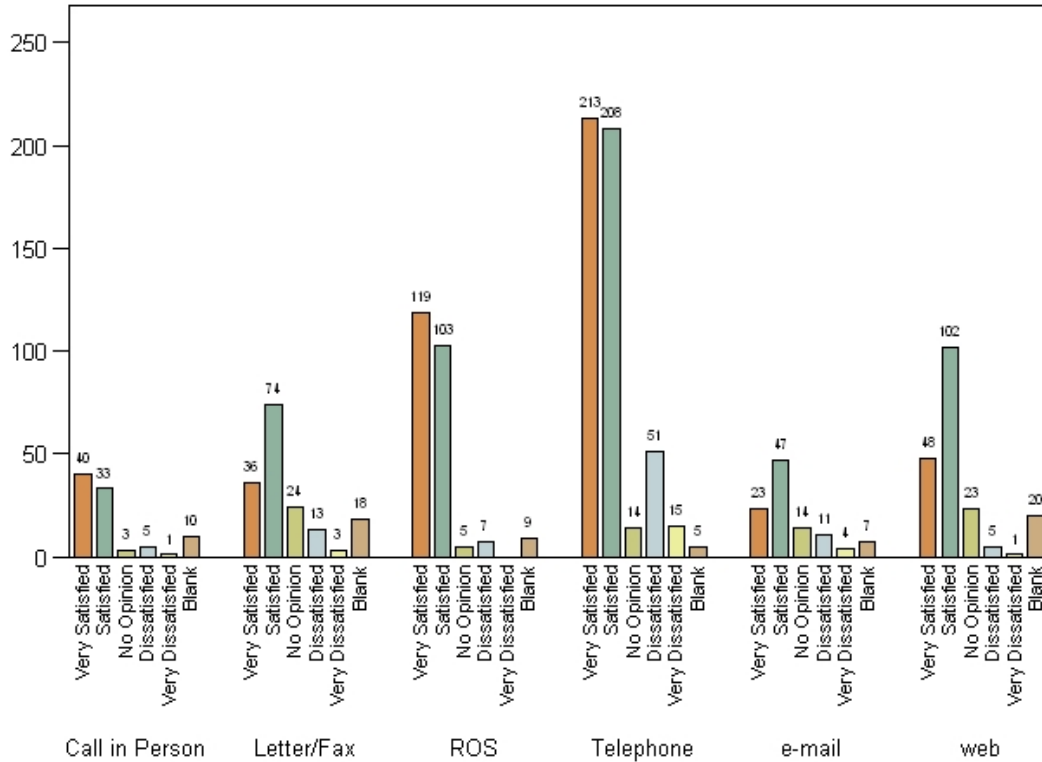
Figure 3: Satisfaction with channels of contact

A small number of cases in each question indicated a degree of dissatisfaction with the channel used. The comments provided by these respondents shed some light on the cause for dissatisfaction. The majority of negative comments arose in relation to the *telephone* service. The message from the comments appears to be that a number of respondents have experienced difficulties in getting through to staff and difficulties in getting the information sought. In addition, a number of comments indicate that there is a preference for a dedicated contact person to deal with queries.

4 Factors that Influence Compliance

4.1 Introduction

Revenue's self-assessment system and customer service charter are underpinned by the presumption of honesty of taxpayers. Dedicated and primarily risk based programmes are utilised to verify compliance. Where occasions of non-compliance are detected a range of appropriate sanctions can be applied.

With a view to understanding SME compliance behaviour, those surveyed were asked to rate the influence that ten distinct factors have on compliance. They were asked the following question: *On a scale from 1 to 5 where 1 is low and 5 is high, how would you rate the influence of each of the following factors on whether you pay your correct taxes and duties honestly and on time?*

1. Concern at having to pay interest charges for late payment of tax;

2. Because it is the law;

3. Concern at having goods seized by the Revenue Sheriff for failure to pay tax;

4. Belief that other taxpayers are declaring and paying honestly;

5. Concern that a third party (e.g. a bank), owing money to you, will be ordered to pay that money over to Revenue;

6. The fact that Revenue presumes that you have been honest in your dealings with them;

7. Concern that Revenue will obtain a court judgment against you for failure to pay tax and publish details of that judgment;

8. Your personal belief that you should do the 'right thing';

9. Concern that you will be audited by Revenue; and

10. Concern that your name will be published on Revenue's Quarterly List of Defaulters (RQL).

4.2 Results

The distributions of the rating for each factor are presented in the following subsections. An analysis of the different answers to this question offers interesting insights into the mindset of respondents regarding factors that relate to *Civic Responsibility* or *Concern of Revenue Sanctions*. Of the total respondents, 1,196 (96%) took the opportunity to answer this question in part or fully. Where the respondents did not indicate any rating, a value of 0 was assigned to that case.

4.2.1 Factors Related to Civic Responsibility

It is evident from the distributions presented in Figure 4 that factors relating to civic responsibility play a very important role in determining SME tax compliance. Only one of the options: *Belief that other taxpayers are declaring and paying honestly*, was indicated as not being very influential. The other three factors were nearly unanimously indicated as very influential.
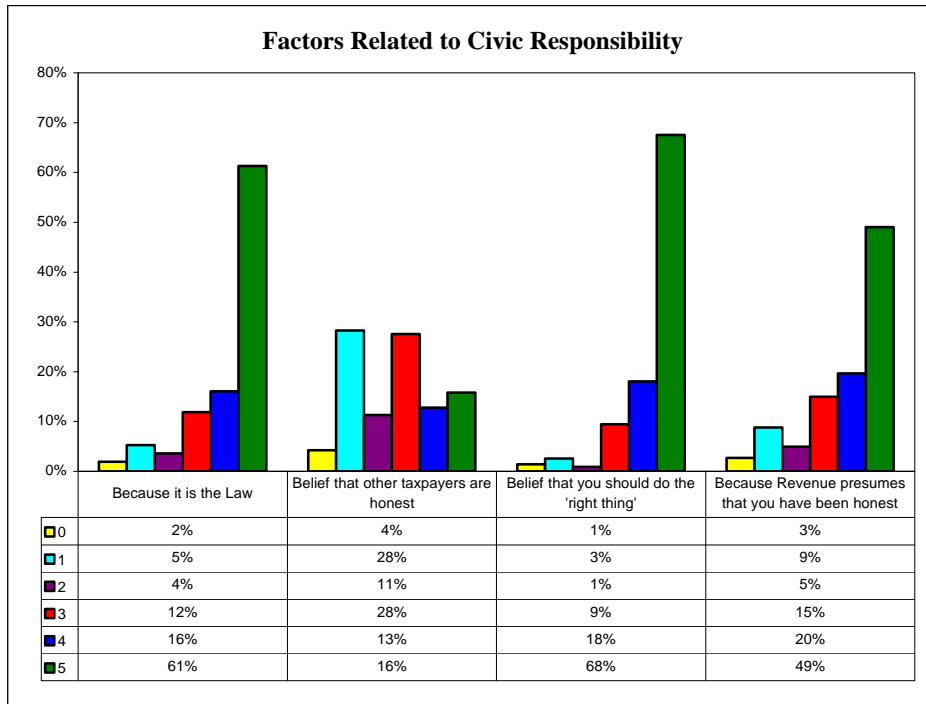
Factors Related to Civic Responsibility

	Because it is the Law	Belief that other taxpayers are honest	Belief that you should do the 'right thing'	Because Revenue presumes that you have been honest
0	2%	4%	1%	3%
1	5%	28%	3%	9%
2	4%	11%	1%	5%
3	12%	28%	9%	15%
4	16%	13%	18%	20%
5	61%	16%	68%	49%

Figure 4: Factors that influence compliance: Civic Responsibility.

4.2.2   Factors Related to Concern Regarding the Use of Revenue Sanctions

The distributions of the responses related to concern regarding the use of Revenue sanctions are presented in Figure 5.

Factors Related to Concern of Revenue Sanctions

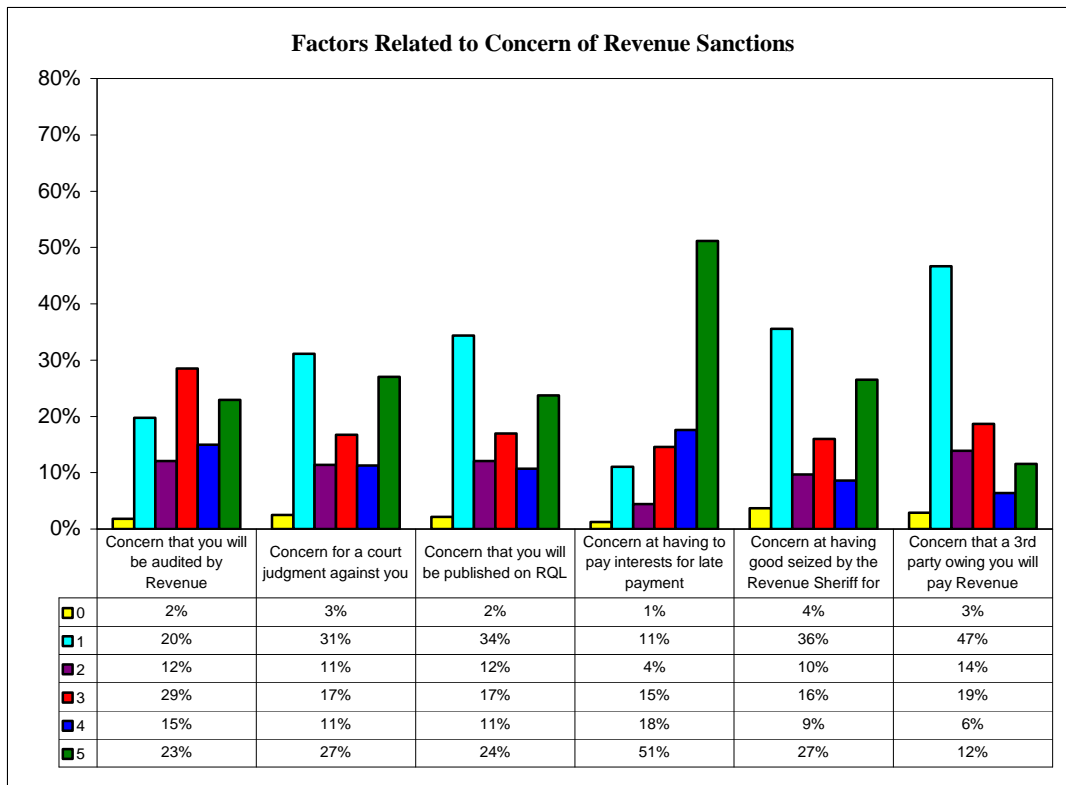|	Concern that you will be audited by Revenue	Concern for a court judgment against you	Concern that you will be published on RQL	Concern at having to pay interests for late payment	Concern at having good seized by the Revenue Sheriff for	Concern that a 3rd party owing you will pay Revenue
0	2%	3%	2%	1%	4%	3%
1	20%	31%	34%	11%	36%	47%
2	12%	11%	12%	4%	10%	14%
3	29%	17%	17%	15%	16%	19%
4	15%	11%	11%	18%	9%	6%
5	23%	27%	24%	51%	27%	12%

Figure 5: Factors that influence compliance: concern regarding the use of Revenue sanctions.

The results indicate that *Concern at having to pay interest for late payment* is the most influential factor within those related to concern of Revenue sanctions. This might result from the fact that interest is consistently charged on late payments.

All the other factors show multi-modal distributions indicating that respondents were divided in relation to these factors. In particular, a significant fraction of respondents believe that the factors *Concern that Revenue will obtain a court judgment against you for failure to pay tax and publish details of that judgment* and *Concern that you will be audited by Revenue* have a strong effect on compliance.

5   Difficulty Paying Taxes

With the aim of determining the proportion of SMEs incurring financial difficulties as a consequence of the current economic downturn, the survey asked customers if they had experienced difficulties paying taxes in the twelve months prior to the survey. Four questions were asked in order to allow for quantification of the number of customers encountering difficulty in paying taxes on time and/or in full, the reasons for such difficulty and whether or not the customer contacted Revenue for advice regarding the difficulty.
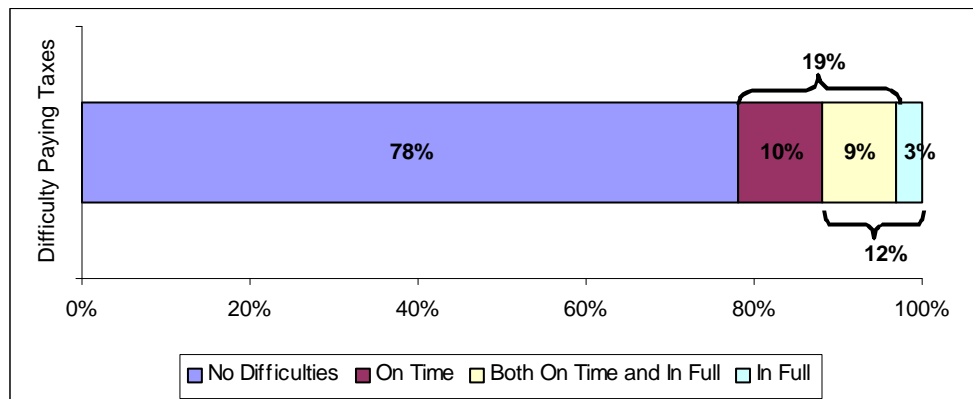

Figure 6: Distribution of the SMEs experiencing difficulties paying taxes on time and/ or in full.

The results, presented in Figure 6, show that in total 19% of the respondents had trouble paying on time, 12% had trouble paying in full and 9% of respondents experienced difficulties both paying on time and in full. On a positive note 78% of respondents indicated that they did not experience any difficulty.

Some of the respondents indicated the reasons for their difficulties paying taxes, which are summarised in Figure 7. Most of them indicated temporary cash-flow problems, while a minority indicated ongoing financial problems and/or lack of awareness/understanding of payment obligations.
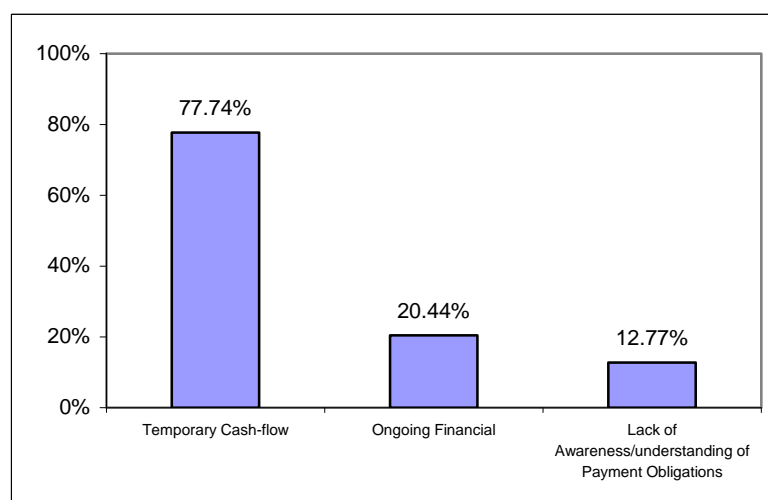

Figure 7: Reasons for difficulties in paying taxes. Percentages are based on total respondents to the question. The responses are not mutually exclusive.

Respondents who had experienced difficulties paying their taxes were asked if they had contacted Revenue to seek advice about their options. The results, presented in Figure 8, show that a large majority (82%) did not contact Revenue. When asked why not, respondents indicated mainly that they referred to their accountant or agent (~19%), that they did not realise contacting Revenue was an option they had (~17%) or that it was only a short delay (~10%).
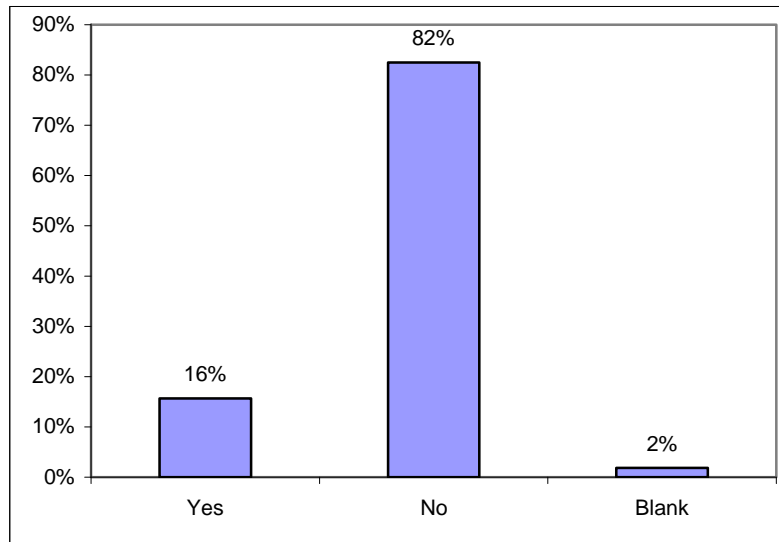
Figure 8. Distribution of respondents in difficulty that indicated if they contacted Revenue or not.

Revenue has consistently encouraged business experiencing tax payment difficulties to engage early and proactively with Revenue in overcoming those difficulties. In the context of the particular payment difficulties for some businesses in the current economic climate, Revenue has taken particular steps to encourage timely engagement by customers.

6   Administrative Burden on Small and Medium Sized Businesses

The survey asked respondents about who maintains the records required for Revenue purposes, and how many hours per week they spend maintaining those records. No significant differences were found in comparison with SME06.

6.1   Who Maintains the Records?

The results are presented in Figure 9 and show that in the majority of cases, either an accountant or the person themselves maintains the records, with over 59% of respondents claiming that they use the services of an accountant, and ~ 47% doing it themselves[7].
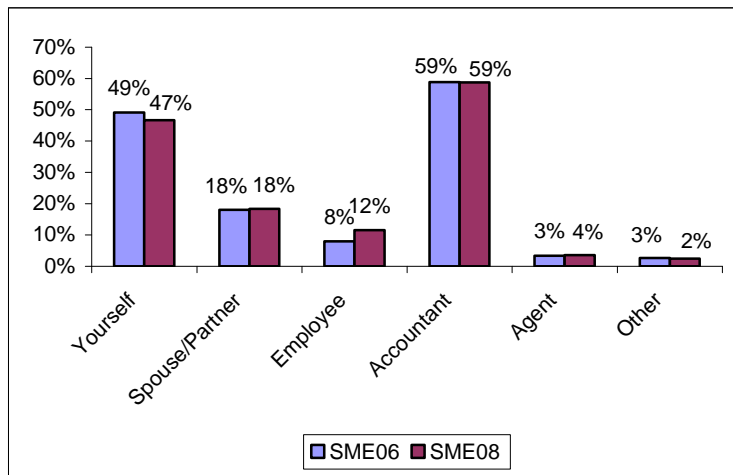

Figure 9: Maintenance of the records.

There was no statistically significant difference among the respondents' use of accountants when split by case size: the use of an accountant was not a function of the size of the business.

6.2   Time Spent on Maintaining Records.

Where respondents, their spouses or their employees maintained the records, the majority of cases spend 1 hour or less per week doing so. Just over 73% of respondents spend less than 2 hours a week on Revenue related records.

The comparison between the results obtained in SME08 and SME06, presented in Figure 10 shows that there is little difference in the distribution of time spent maintaining records in the two cases.

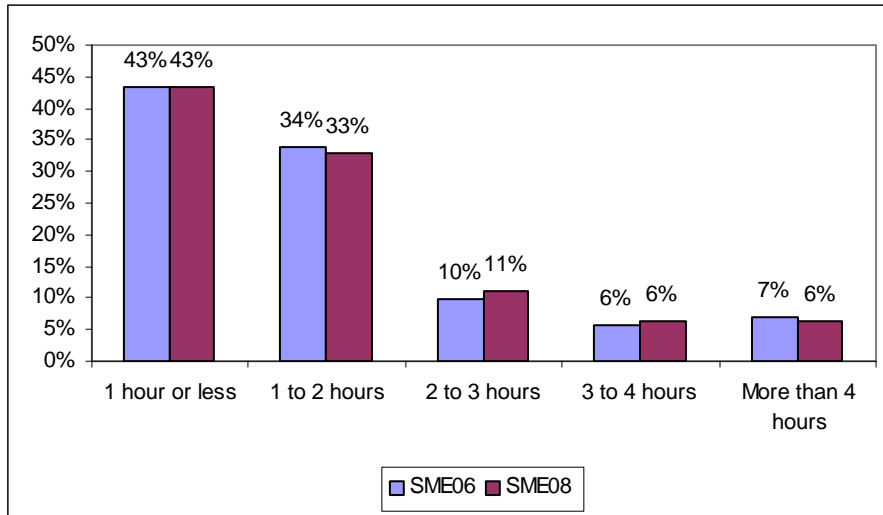[7] Respondents could choose more than one category in this question.

Figure 10: Time spent maintaining records per week.

6.3 Administrative Burden Aspects Raised.

Those surveyed were offered the opportunity to state what aspects associated with Revenue related matters they found most burdensome and why. Of the total respondents about 40% indicated several issues that have been categorised. It was found that most of the issues arise in relation to paperwork and VAT returns, as presented in the Table 2 below.

Categories	% of Total
Paperwork/ Forms/ Record keeping/ Receipts	55.5%
VAT/ VAT returns	47.1%
Length of time spent/ Time consuming/ Deadlines	18.6%
Telephone – holding times issues	8.4%
RCT/ Subcontractors	5.8%
PAYE	4.0%
Income Tax	3.4%
PRSI	3.4%
Difficulty understanding taxes	3.0%
Refunds/ Repayments	2.4%
P30/P35	2.2%
Other	10.6%

Table 2: Categories of issues that Respondents find most burdensome. (Not mutually exclusive)

7   Segmentation of the SME Customer Base

Revenue strategy includes the development of profiling and segmentation programmes to improve customer service and compliance operations. Segment profiling and cluster analysis are widely used techniques that allow a population to be divided into different groups of customers that are conceptually meaningful and share common characteristics. Segmentation analysis was therefore carried out to understand the responses to the survey in their context.

Segmentation of the SME customer population was carried out using the responses to most of the questions asked in the survey. Different clustering techniques were used to optimise the results according to general statistical considerations and common sense applied to the optimal choice of variables. The results represent an unsupervised natural characterisation of the responses to the SME survey and the profiles identified can be generalised to the overall SME population.

The analysis produced six different segments. The segments are mutually exclusive, that is, different segments share similar properties but can be separated from the others by one or more features. However, the cases belonging to a segment might not possess all the properties of that particular segment.

An overview of the different segments and their main features is given in Table 3.

	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Segment 6
Frequency – No of Cases	176	172	324	132	98	344
Use Accountant/ Agent	Yes / No	Yes	No	Yes	No	Yes
Owner Keeps Records	No	Yes / No	Yes	No	No	Yes / No
Spouse Keeps Records	Yes	No	No	No	No	No
Employee Keeps Records	No	No	No	No	Yes	No
Contacted Revenue	Yes / No	Yes / No	Yes / No	Yes	Yes / No	No
Difficulties Paying Taxes	No	Yes	No	No	No	No
Owner	Yes	Yes	Yes	Yes / No	Yes / No	Yes
Additional notes	Smaller Size Cases	Construction Sector	Real Estate/ Renting		Larger Size Cases	

Table 3: Description of the six segments identified with unsupervised clustering analysis.

Segment 1 (176): Smaller Size. Spouse/ Partner maintains the accounts: This segment includes those SMEs that indicated that the accounts were maintained by the spouse/partner of the business owner. They also indicated that they engage, in a smaller proportion of ~40%, with an accountant/ agent. In this segment, there is a higher proportion of smaller case size with respect to the original sample. Respondents in this segment did not encounter difficulties paying taxes. It seems that this segment includes small size SMEs, run by the family that are able to administer their obligations by themselves maintaining some contact with Revenue.

Segment 2 (172): Have difficulties paying tax: Respondents in this segment are characterised by the fact that they have experienced difficulties paying taxes on time and/or in full. They indicated that the main reasons for the difficulties are related to cash-flow problems. There is a high percentage of SMEs that belong to the construction sector in this segment (41% compared to 25% of the original sample).

Segment 3 (324): Do the accounts themselves: These respondents do the accounts by themselves and seldom ask the help of an accountant. They deal with Revenue directly, mainly by phone and are satisfied with the service. They had no difficulties paying taxes.

Segment 4 (132): Accountant deals with Revenue matters – they contacted Revenue. These respondents hired an accountant to deal with Revenue. Many of them are not owners of the business. However, the majority of them contacted Revenue directly using mainly the telephone and are satisfied with the service provided.

Segment 5 (98): Larger case size. Employee does the accounts: The respondents use an employee to do the accounts. They contact Revenue. They indicated no difficulties paying taxes.

Segment 6 (344): Did not contact Revenue: These customers did not contact Revenue as they mainly use an accountant to deal with all Revenue matters. They did not experience difficulties paying taxes neither on time nor in full.

Figure 11 presents a schematic of the SME customer population divided into the six segments that have been identified.
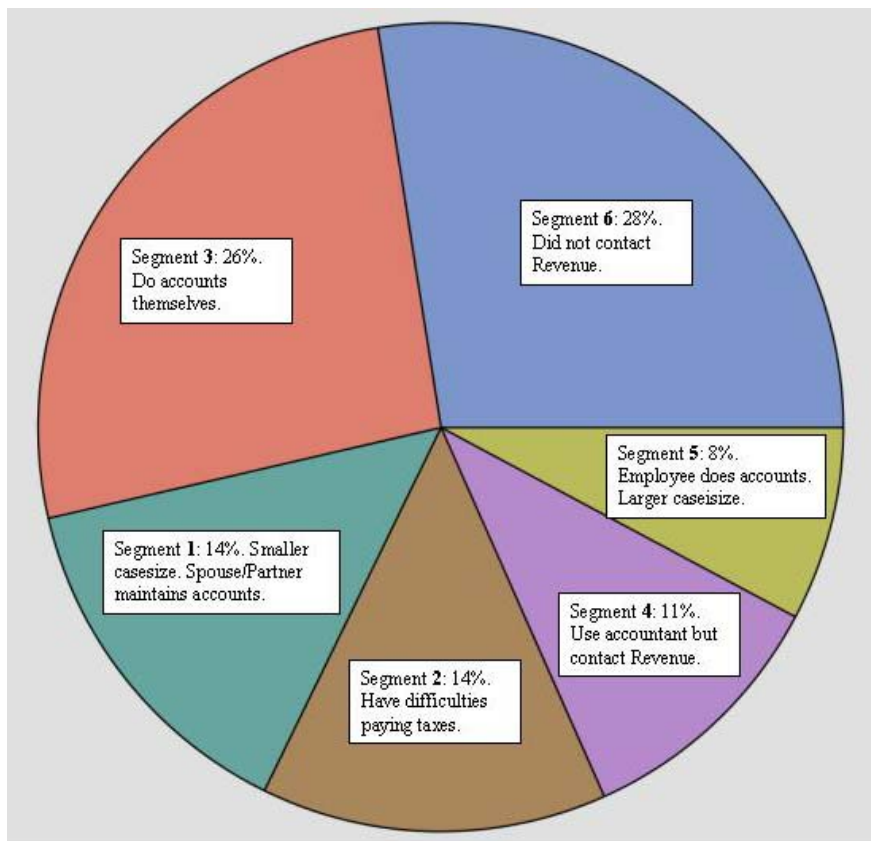

Figure 11: Segments of the SME population.

8 Conclusions

This survey allows robust quantification of customer satisfaction levels and factors that influence compliance by the SME sector, which represents a large section of Revenue's customer base.

Customer satisfaction with service delivery both at the overall level and specific to various communication channels is high. A marginal increase in overall satisfaction level was recorded in comparison with SME06. Regardless of the availability of electronic communication channels, the telephone remains the preferred method of contact between Revenue and its small and medium sized business customers. A general shift in the usage from non-electronic to electronic channels of contact is recorded in comparison to SME06.

The survey results point out that SME customer compliance is strongly influenced by factors related to civic responsibility. There is a clear indication that having to pay interest for late payment of tax also strongly influences compliance, suggesting that this is an effective Revenue compliance measure. A significant proportion of respondents indicated that other Revenue sanctions, such as *Concern that Revenue will obtain a court judgment against you for failure to pay tax and publish details of that judgment* and *Concern that you will be audited by Revenue*, have also a strong effect on compliance.

A significant proportion of respondents encountered difficulties paying taxes in the twelve month period prior to the survey and most of them because of cash flow problems. A relatively high proportion of these respondents belong to the construction sector.

The results associated with the length of time spent on Revenue related activities are very similar to SME06, indicating that no increase in the levels of administrative burden was registered.

The statistical analysis of the data collected highlights that the SME customer base can be divided into six segments with different characteristics. These segments allow for a 'bird's eye view' of the SME business population and its composition at the time the survey was conducted. The RAB firmly believes that this analysis not only allows Revenue to objectively assess and dramatically improve its knowledge of the SME customer base, but more importantly, it allows Revenue to tailor its policies on customer service and compliance, around the characteristics of the different profiles that can be identified, with the final goal of strategically and efficiently improving the quality of the services provided.

Appendices

Appendix 1: Revenue Customer Survey 2008 Questionnaire

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Revenue Customer Survey 2008

The information you provide in response to this survey will help us to review and improve our service to business customers. Your answers will be treated in strictest confidence.

Part 1: Customer Service

1. In your business, who maintains the records required for Revenue purposes? Please tick ☑ as many as are applicable.

Yourself ☐	Spouse/Partner ☐	Employee ☐
Accountant ☐	Agent ☐	Other ☐

If Other - please specify: _____

2. If you, your spouse/partner or your employee maintain the records, please estimate how many hours per week it takes to deal with Revenue related matters? Please tick the ☑ appropriate box.

1 hour or less ☐	1 to 2 hours ☐	2 to 3 hours ☐
3 to 4 hours ☐	More than 4 hours ☐	

3. When dealing with Revenue related matters, which aspect do you find most burdensome and why?

4. Did you contact Revenue in the last 12 months?   Yes ☐   No ☐
   If 'No', please go directly to Question 9 overleaf.

5. If you contacted Revenue in the last 12 months, how many times did you use the following methods of contact? Please ☑ tick as many as are applicable.

Method of Contact	Never	Once	2 to 3	4 to 6	More than 6
Telephone	☐	☐	☐	☐	☐
Revenue On-line Service (ROS)	☐	☐	☐	☐	☐
Letter/Fax	☐	☐	☐	☐	☐
Email	☐	☐	☐	☐	☐
Calling in person to a Revenue Public Office	☐	☐	☐	☐	☐
www.revenue.ie	☐	☐	☐	☐	☐

6. If you contacted Revenue in the last 12 months, please state the reason(s) for your contact.

7. If you contacted Revenue in the last 12 months how would you rate your satisfaction with the service you received? Please ☑ tick the appropriate box/boxes.

Method of Contact	Very Satisfied	Satisfied	No Opinion	Dissatisfied	Very Dissatisfied
Telephone	☐	☐	☐	☐	☐
Revenue On-line Service (ROS)	☐	☐	☐	☐	☐
Letter/Fax	☐	☐	☐	☐	☐
Email	☐	☐	☐	☐	☐
Calling in person to a Revenue Public Office	☐	☐	☐	☐	☐
www.revenue.ie	☐	☐	☐	☐	☐

8. In Question 7, if you indicated dissatisfaction with the service you received when you contacted Revenue, please tell us the reason(s) for your dissatisfaction.

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9. In general, how would you rate your <u>overall</u> satisfaction with the service you get from Revenue? Please ☑ tick the appropriate box.

Very Satisfied ☐   Satisfied ☐   No Opinion ☐   Dissatisfied ☐   Very Dissatisfied ☐

The second part of the survey relates to factors that influence compliance. The information you provide will help to inform Revenue's understanding of the issues that influence taxpayer behaviour in relation to compliance.

Part 2: Factors That Influence Compliance

10. On a scale of 1 to 5 where 1 is low and 5 is high, how would you rate the influence of each of the following factors on whether you pay your correct taxes and duties honestly and on time? Please circle your rating in each case.

	Low				High
Concern at having to pay interest charges for late payment of tax	1	2	3	4	5
Because it is the law	1	2	3	4	5
Concern at having goods seized by the Revenue Sheriff for failure to pay tax	1	2	3	4	5
Belief that other taxpayers are declaring and paying honestly	1	2	3	4	5
Concern that a third party (e.g. a bank), owing money to you, will be ordered to pay that money over to Revenue	1	2	3	4	5
The fact that Revenue presumes that you have been honest in your dealings with them	1	2	3	4	5
Concern that Revenue will obtain a court judgment against you for failure to pay tax and publish details of that judgment	1	2	3	4	5
Your personal belief that you should do the 'right thing'	1	2	3	4	5
Concern that you will be audited by Revenue	1	2	3	4	5
Concern that your name will be published on Revenue's Quarterly List of Defaulters	1	2	3	4	5

11. Over the last 12 months did you encounter the following: Yes   No

Difficulty in paying your taxes on time?   ☐   ☐

Difficulty in paying your taxes in full?   ☐   ☐

12. If you answered 'Yes' in Question 11, did the difficulty/difficulties arise because of: Yes   No

Temporary cash-flow problems   ☐   ☐

Ongoing financial problems   ☐   ☐

Lack of awareness/understanding of payment obligations   ☐   ☐

Other   ☐   ☐

If Other, please specify: _____

13. If you answered 'Yes' in Question 11, did you contact Revenue to seek advice about your options?   Yes ☐   No ☐

14. If you answered 'No' to Question 13, please tell us why you did not contact Revenue to seek advice about your options.

[   ]

15. Finally please indicate if you are the owner of the business: Yes ☐   No ☐

If 'No', please state your position/role in the business: _____

If you would like to add a comment on any aspect of this survey, or suggest service improvements or additional services you would like to see provided by Revenue, please do so here:

[   ]

Thank you for taking the time to complete this survey. Your individual responses will be treated in <u>strictest confidence</u> and will not be made known to your local Revenue Office.

Please return your completed survey using the enclosed Freepost envelope.   Revenue

Appendix 2: Sample of Covering Letter Issued with Survey

Dear Customer,

The Research Unit of the Revenue Commissioners is conducting a survey of small and medium sized business customers. The purpose of the survey is to assess Revenue's customer service and to inform our understanding of the factors that influence compliance. We would like to invite you to participate by completing the enclosed questionnaire. We have selected your business from a random sample of customers who recently filed a VAT 3 return.

The survey should take no more than ten minutes to complete and should ideally be completed by the owner of the business. Your answers will be treated in strictest confidence and the information you provide will be used to review and improve Revenue's service to business customers.

If you would like to clarify any aspect of the survey please contact any of the following in the Research Unit:

Duncan Cleary	Tel: 01 674 8951[8]	Email: dcleary@revenue.ie
Mary Dwyer	Tel: 01 674 8218	Email: mdwyer@revenue.ie

Please return the completed questionnaire using the Freepost envelope enclosed.

We appreciate your views and look forward to your response by Friday the 12th of December.

Many thanks for your assistance,

Yours Sincerely

Lian Gallgher

_____
Liam Gallagher
Principal Officer

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[8] These telephone numbers have changed to 01 425 1414 and 01 425 1413 respectively.