

The publication of the backlog report marked an important milestone in providing a detailed assessment of the current position and the actions being taken to recover the service. Our immediate priority remains the recovery of core operations and the restoration of timely and reliable services for taxpayers.

As we move through recovery, we are working with colleagues in Digital and Technology to develop a longer-term strategy for the future of Revenue Service. While many of the topics raised in the questions are relevant considerations for the future, it would be premature to make commitments on specific initiatives before recovery work has been completed, a longer-term roadmap has been developed, and funding decisions have been agreed.

That said, we are not standing still. Alongside recovery activity, we have identified a range of opportunities to improve both customer experience and operational efficiency. The direction of travel includes greater self-service, enhanced portal functionality, improved access to customer information and account visibility, clearer statements, increased automation and reduced manual processing, better communications, and enhanced digital services for taxpayers and agents.

We are currently developing proposals for the next phase of service improvement. These proposals remain subject to business case approval, prioritisation and funding decisions, but they demonstrate our commitment to delivering continuous improvement while maintaining a clear focus on recovery and service stability.

We welcome continued engagement with Chamber and other stakeholders. The sequencing set out in the backlog report reflects our view that rebuilding confidence in the service must start with recovering core operations and restoring reliability.

Given the history and current position, I hope you will appreciate that making firm public commitments on future developments at this stage, even where the ideas themselves are sensible and worthy of consideration, would not be sensible while we focus on recovery. However, it is not lost on us that many of the improvements being discussed, such as better digital services, improved account visibility, greater automation and more efficient interactions with taxpayers and agents, are closely aligned with our longer-term ambitions and our ability to sustain recovery and improve service performance over time.

One of the key lessons from recent experience is the importance of ensuring that plans are fully developed, properly funded, realistically sequenced and deliverable before

public commitments are made. To do otherwise would risk repeating the mistakes of the past.

1. Personal self-assessment: *Is the Revenue Service actively considering moving towards a personal self-assessment model with more exception-based processing? If so, what would be required to make that possible?*

There are currently no plans to move to a personal self-assessment model. Any such change would have significant customer, policy and operational implications and would require careful consideration before any decision could be made.

While the Revenue Service can automatically assess many straightforward tax returns, moving to a full self-assessment model would represent a significant change for taxpayers. Under the current system, taxpayers are required to provide a complete and accurate declaration of their income, from all sources, with the Revenue Service responsible for determining the tax due and issuing an assessment.

In considering any future move to self-assessment, a number of important factors would need to be taken into account:

- Changes to introduce a self-assessment system would likely require significant changes to the Income Tax Law. The current system is built around the Director issuing tax returns, reviewing completed returns, and issuing official tax assessments, along with all the processes that support these activities.
- The Revenue Service already has the capability to automatically assess straightforward personal tax returns and route more complex cases for manual review. In addition, around 10,000 customers with very simple tax affairs are currently assessed without needing to complete a Personal Tax Return. This reflects an existing risk-based approach, under which customers with simpler tax affairs can benefit from a more streamlined process.
- For customers who are required to complete a Personal Tax Return, both the online and paper forms have been designed to help them provide accurate information. Once a return is submitted, our systems apply risk-based checks and, for straightforward cases, automatically calculate the tax due and issue an assessment without manual intervention.
- As outlined in the recently published backlog report, automated assessments were paused for the 2024 and 2025 tax years while improvements were made to

the employer returns process to ensure the data used was complete and accurate. This was a precautionary decision and was not due to any limitation in the automated personal tax assessment process itself.

Looking ahead, the Revenue Service will continue to explore opportunities to increase the number of taxpayers who can benefit from simplified and automated processes, while maintaining confidence in the accuracy of assessments and ensuring appropriate safeguards remain in place.

Our current priority is to stabilise services, complete recovery activities and improve existing processes. While future policy changes may be considered as part of the Revenue Service's longer-term strategy, no decisions have been made and no timetable has been set for considering any such changes.

2. Software integration and automation: *Are there plans to introduce more direct integration with accounting and tax software, such as API filing or the ability to upload coded accounts, to reduce the manual data-entry burden currently faced by local accounting firms?*

We recognise the potential advantages of API integration, software interoperability, and the direct submission of structured data. These are sensible concepts and align with the broader direction of modern tax administration. However, delivering such capabilities would involve a substantial and complex programme of work, encompassing technology, operational processes, governance and funding considerations.

Accordingly, there are currently no plans to introduce direct software integration, API filing or the submission of coded accounts from third-party software. Our immediate focus remains on recovery and stabilisation, although these types of capability may be considered as part of the longer-term digital strategy for the Revenue Service.

3. Query management / case management systems: *Are there plans to introduce a modern customer ticketing or case-management system to help track, assign and manage incoming tax queries from members of the public and agents?*

The effective management of customer enquiries is an important part of delivering a reliable and responsive service. Our immediate priority is to recover current backlogs, restore service standards and establish stable operational processes.

The Revenue Service already has systems and processes in place to manage customer cases and enquiries. As part of recovery, we will be exploring opportunities to further enhance these capabilities, including greater automation in the creation, routing and tracking of customer enquiries.

We will continue to build on the technology and deliver process improvements to streamline workflows and improve the customer experience.

However, it would be premature to make commitments on specific technology solutions at this stage.

4. Statements and account visibility: *What is the target timetable for restoring accurate, consolidated account statements for agents and individual taxpayers?*

We recognise the importance of providing taxpayers and agents with clear, accurate and reliable account information. Improving statement accuracy and account visibility remains an important objective for the Revenue Service.

Our immediate priority is to complete the recovery programme and establish stable and reliable operational processes. Until that work has progressed further, we are not in a position to provide a target timetable for enhancements to statements or account visibility.

As recovery activities progress, we will be better placed to assess and prioritise future improvements in this area. This is something we are keen to review and develop further, but any changes must deliver genuine benefits for taxpayers and agents. Our focus will be on improving clarity, usability and customer understanding, and ensuring that any enhancements are carefully designed and implemented so that they simplify the customer experience rather than introducing additional complexity or confusion.

5. Roadmap: *Beyond clearing the current backlog, does the Revenue Service intend to publish a high-level rolling roadmap for digital improvements, for example covering the next 12 months and then providing an annual outlook, so businesses and agents have greater visibility of when key features are expected to go live?*

At present, our principal focus is on recovering services, clearing backlogs and completing existing improvement activities. Once the service has been stabilised, we will work with colleagues in Digital and Technology to develop a longer-term digital strategy for the Revenue Service.

As part of that work, we will consider how best to communicate future priorities and planned improvements to taxpayers, agents and other stakeholders. However, it would be premature to publish a formal roadmap or delivery timetable until priorities have been fully assessed, business cases developed, and funding agreed.

The Revenue Service engages with industry representative bodies, such as GSCCA, when developing and implementing significant changes. We recognise the importance of early stakeholder engagement and are continuing to strengthen our approach to communications and change implementation to ensure that affected groups are made aware of developments at the earliest appropriate stage.

As always, we are keen to avoid creating expectations around future initiatives before there is sufficient certainty that they can be delivered. The focus at this stage is therefore on developing robust and realistic plans rather than making commitments that may subsequently need to change.

6. Anything else you'd like to say?

We recognise the concerns expressed by businesses, taxpayers, agents and representative bodies regarding the impact that service delays and backlogs have had on customers. We welcome ongoing engagement with stakeholders, including the Chamber of Commerce, as we continue our recovery programme.

The publication of the backlog report was an important step in setting out the current position, the scale of the challenges being addressed and the actions being taken to resolve them. While significant work remains, our focus is on restoring a stable, reliable and effective Revenue Service that delivers improved outcomes for taxpayers, accountants and the wider community.

We are determined to learn from the experience of recent years. That means focusing first on delivering recovery, stability and measurable improvements in service performance before running the risk of over-promising by making premature commitments to complex future developments. There are a number of worthwhile opportunities for further modernisation that we want to explore, and work is underway to identify and assess those opportunities. However, we are equally conscious of the need not to overcommit or move faster than our ability to deliver. Our priority is to secure a solid foundation, rebuild confidence in the service and ensure that any future commitments are realistic, properly planned, appropriately funded and capable of being delivered successfully.