

Improving the assignee tax return experience

A new approach to tax returns
ahead of HMRC's Making Tax
Digital initiative

A superior digital tax experience:

By 2020, the UK tax return process will be fully digital following the launch of HMRC's Making Tax Digital initiative. Online personal tax accounts will exist for all tax payers, and these will require third parties to submit income details of taxpayers into those accounts for verification by the taxpayer.

The new system will deliver a radically more automated and simplified approach towards tax compliance for a significant majority of our clients whilst also making tax compliance more challenging for those with complex tax affairs.

To give clients efficiencies where it counts, and high touch where it is needed, we have rethought the tax return process for assignees. We needed a radically different approach, with a twin track focus on end to end automation that is supported by bespoke human interaction where beneficial.

“An opportunity to use client feedback and digital tax to create a superior client experience”

A new philosophy

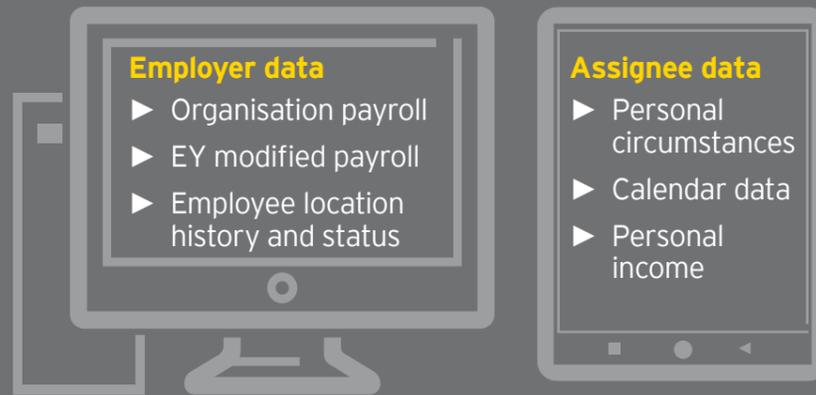
“New rules on tax residence, foreign income and pension contributions have significantly increased the complexity of the UK tax system for cross border employees in recent years. When we considered how we would apply this level of complexity to the supposed simplicity of Making Tax Digital we soon realised we had to follow the same approach as HMRC: automate the simple and accept that the complex needs the human touch more than ever.

As we developed a single process that supports both end to end automation and this high touch personal service we focused on a superior user experience as the key to success.”

Nicholas Yassukovich
EY

Introducing EY's new end-to-end automated tax process for assignees

Data capture



Apply client tax and policy rules

Our technology applies predetermined tax and business rules automatically to the data sets submitted by the assignees and collated from corporate payrolls. Determination of residence, tax treatment of compensation and calculation of tax reimbursement are automatically computed using our bespoke algorithms. The very same process identifies any missing information and recognises complex cases which are then escalated to our tax professionals. By developing our own AI for this process we have been able to increase timeliness and efficiency while maintaining quality and accuracy.

UK tax return preparation

- ▶ Automated 'straight through' processing for standard cases
- ▶ Manual preparation by a tax professional for complex cases, as identified by our AI
- ▶ Preparation of a simple, easy to understand transmittal letter containing technical detail for assignees who prefer more detail

2-click filing

- 1 Sent to Assignee**
- 2 Electronic filing with HMRC**

Making residence and domicile less taxing

One example of our changing approach is how we now determine UK residence and domicile:

- ▶ We ask fewer questions on residence and use natural language, i.e., not using terminology such as 'domicile'
- ▶ We combine the data from these organiser questions with tax residence information from earlier years and on-going calendar information
- ▶ We automatically calculate the tax residence and domicile for the current year using the above, and feed this into our algorithms for calculating taxable compensation



2-click filing

Clients have been benefiting from our 2-click filing since HMRC first introduced a move away from paper filing. When the return is correct and complete in our system, the first click packages the return into an electronic bundle with the letter, tax calculation, return and backing schedules which are automatically uploaded to our assignee portal.

The second click is when the assignee need only review and click on our portal for the return to be electronically filed with HMRC. This technology will be even more valuable with quarterly filing and digital tax accounts.



Making digital tax more human

A review of feedback on our Global Organiser showed that the most common source of user dissatisfaction came from asking people for data we do not need. When developing our new user experience, we have focused on this feedback and ensured that these frustrations are no longer possible, specifically by limiting required touch points. Having a flexible approach to capturing and processing data means the user can send across a variety of documents on the go from any device at any time.

Provided our team is supplied with the correct information, the only other touch point the user sees is one click at the end to confirm the tax form is accurate.

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