

# MIGRANTS AND TAXES

Challenges of fiscal inclusion in the digital age

02 September 2022

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## EXECUTIVE SUMMARY

Tax and migration are profoundly interlinked in contemporary British society. In migration debates, the fiscal balance is often used to distinguish between 'good migrants', welcomed for their ability to contribute fiscally, and those castigated for 'scrounging'. Tax payments are also part of an everyday infrastructure of citizenship. Paying tax and national insurance contributions is the gateway to accessing benefits and securing a pension. In the post-Brexit context, a record of tax contributions is the simplest way for EEA citizens and their family members (henceforth EU+) to demonstrate residence, and secure status in the UK under the EU Settlement Scheme (EUSS). And yet, despite the symbolic and practical significance of taxation, we know very little about how migrants navigate the tax system in the UK.

**About this project.** The Taxing Migrants project brought together the expertise of front-line advisors from the Work Rights Centre with scholars of migration and tax at the University of Oxford (OSGA/COMPAS). Building on two focus groups, we set out to:

- exchange knowledge about how migrants understand the UK tax system;
- investigate how the COVID-19 pandemic impacted their ability to navigate it;
- uncover how migrants use their taxpayer status to negotiate their relationship to employers and the host country.

**Three important conclusions** emerged from this exercise.

1. While the UK Government has taken a digital first approach in its provision of public services, barriers of English, IT literacy, and differences in tax cultures have left many migrants unable to navigate the UK's tax system independently.
2. The lack of professional support, coupled with the urgency of securing EUSS status before the 30 June 2021 deadline, created a perfect storm where the fiscally excluded were pushed into the arms of for-profit consultants.
3. Relying on an unregulated industry of self-styled, for-profit accountants who offer advice with little accountability, migrants are vulnerable to data and identity theft, mis selling, and fraud.

**Recommendations.** While more research is needed to understand migrants' fiscal inclusion, several recommendations emerge.

- Start a HMRC vulnerable user group, to learn from third sector advisers.
- Institute a HMRC line for charity advisers, to save time and facilitate information sharing.
- Treat charities as partners, not contractors, to tackle the problem of fiscal exclusion at scale.
- Reach out to migrants with information on their rights as consumers of financial and tax advice, and provide clear means to report bad advice.

## WHY FISCAL INCLUSION MATTERS

For many EU+ migrants to the UK, fiscal contributions constitute the gateway to state protection. Take benefits, for instance.<sup>1</sup> With the exception of people who acquired indefinite leave to remain in the UK, EU+ citizens who wish to claim means-tested benefits such as Universal Credit must first pass a 'right to reside' test. Somewhat misleadingly named, the 'right to reside' test effectively builds work and tax-contribution requirements into the eligibility criteria. The simplest way to pass it is by being in, or having a recent history of "genuine and effective work" - which is in turn demonstrated with a record of national insurance contributions.<sup>23</sup> Simply put, in order to claim low-income benefits in the UK, EU+ migrants must first be working tax contributors.

A similar connection between fiscal contribution and state protection is evident in the EU Settlement Scheme (EUSS) introduced to give EU+ citizens a status after Brexit. On the 31st of December 2020, the UK officially ended its free movement agreement with the European Union. EU+ migrants who arrived before that date and wished to continue living in the UK were given until the 30th of June 2021 to apply to the EUSS.<sup>4</sup> While legally the scheme was open to all those who were in the UK before the end of free movement, in practice a record of tax contributions was the simplest way to evidence that. Applicants with a continuous history of tax payments could get a reply in a matter of days. For those with patchier records, an answer from the EUSS could take months, during which they would struggle to affirm the right to work, rent, and claim benefits in the UK.<sup>5</sup> When we talk about fiscal infrastructures therefore, we are referring to the very real ways in which tax connects migrants and state protection.

Tax also mediates the relationship between migrants and the host society. Tax payments are an important part of the way we think about, and exercise, our rights as members of a community.<sup>6</sup> Politicians and the media often invoke "the taxpayer" as an idealised type of citizen, who has paid her dues and thus deserves, in exchange,

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<sup>1</sup> EU+ refers to people from the EU, Switzerland, Norway, Iceland or Liechtenstein, and their eligible family members.

<sup>2</sup> Pier-Luc Dupont, Bridget Anderson, and Dora-Olivia Vicol, "Working for Benefits: Deservingness and Discrimination in the British Social Security System," *ETHOS - Towards a European Theory of Justice and Fairness*, 2019, 56.

<sup>3</sup> Other eligibility criteria and routes into eligibility apply for niche cases. See Walker, R. (2022) *Migrants and Benefits*. CPAG.

<sup>4</sup> Late applications are still accepted in cases where applicants had 'reasonable grounds' to miss the deadline.

<sup>5</sup> Dora-Olivia Vicol and Emma McClelland, "Lives on Hold:" (London: Work Rights Centre, 2021), <https://www.workrightscentre.org/media/1174/lives-on-hold.pdf>.

<sup>6</sup> Nicolette Makovicky and Robin Smith, "Introduction: Tax Beyond the Social Contract," *Social Analysis* 64, no. 2 (June 1, 2020): 1–17, <https://doi.org/10.3167/sa.2020.640201>.

to hold the government to account.<sup>7</sup> Similarly, supporters (and critics) of migration stake their arguments on migrants' net tax contribution – and indeed, migrants themselves use their taxpayer status to challenge stereotypes, and assert their right to be included in the host country. Finally, paying tax is also a matter of what social scientists call moral economy: ideas about what is fair, equitable, and socially responsible behaviour on the part of citizens and the state. Migrants, as well as British citizens, reflect upon who should (or should not) pay tax, how much, and the quality of services they get in return. These reflections tell us a lot about how people think the government budget should be distributed and who should benefit.

Despite the practical and cultural importance of tax, anecdotal evidence suggests that migrants can struggle to become, and to affirm their rights as, taxpayers in the UK. Influenced by personal attitudes towards taxation, or the more practical challenge of navigating the digital format of tax payments in the UK, constrained by tax cultures formed in countries of origin, or levels of education and digital literacy, many migrants face what we call **a fiscal inclusion challenge** - the challenge of paying tax, and accessing the state protections that come with taxpayer status.

## PAYING TAX IN THE DIGITAL AGE

A significant part of the fiscal inclusion challenge is constituted by the UK government's move towards digital services. Ever since 2011, the government committed to being 'digital by default, with a view to save money, centralise information, and improve user experience. A new Government Digital Services unit was created within the Cabinet Office to deliver on this commitment, and just one year later the GDS launched Gov.uk to provide a single point of access to government services.<sup>8</sup>

A similar turn to digital delivery is visible at local government level. From 2000 to 2005, £670 million were allocated to the Local Government Online programme to help councils improve customer experience and increase savings.<sup>9</sup> In line with the

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<sup>7</sup> Bridget Anderson, "Immigration and the Worker Citizen," in *Citizenship and Its Others*, ed. Bridget Anderson and Vanessa Hughes (Basingstoke: Palgrave Macmillan, 2015), 41–57.

<sup>8</sup> House of Commons Science and Technology Committee, "Digital Government," Eighteenth Report of Session 2017–19 (London: House of Commons Library, 2019), <https://publications.parliament.uk/pa/cm201719/cmselect/cmsctech/1455/1455.pdf>.

<sup>9</sup> LGA, "Transforming Local Public Services Using Technology and Digital Tools and Approaches" (Local Government Association), accessed September 8, 2021, <https://www.local.gov.uk/sites/default/files/documents/transforming-public-servi-80e.pdf>.

approach of central government at the time, the digital was seen as a means of transforming service delivery entirely, with a view to make them “personalised, flexible, cost-efficient and save people time”.<sup>10</sup> Digitalisation acquired new urgency after the financial crisis, when councils were required to make unprecedented cuts. With funding for local government reduced by as much as 33 per cent in real terms over the course of the 2010 Spending Review, and a further 10 per cent in 2015/16, digitalisation became a strategic cost saving mechanism.<sup>11</sup>

Today, people in the UK pay their taxes, claim benefits, apply for housing and, in the case of EU+ migrants, prove their immigration status online. For the first time, the EUSS abolished physical proof of status altogether, requiring EU+ nationals to prove their right to work, rent, and study in the UK digitally, by providing their employers, landlords, and educational institutions not with a document, but with a share code. While the UK has not had ID cards since WWII, the Home Office has stated its intention to extend the use of digital identification in the future.<sup>12</sup>

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<sup>10</sup> HM Government, “Putting the Frontline First: Smarter Government,” GOV.UK, 2009, <https://www.gov.uk/government/publications/putting-the-frontline-first-smarter-government>.

<sup>11</sup> LGA, “Transforming Local Public Services Using Technology and Digital Tools and Approaches.”

<sup>12</sup> Home Office and UKVI, “New Plan for Immigration: Legal Migration and Border Control Strategy Statement (Accessible Web Version),” GOV.UK, 2021, <https://www.gov.uk/government/publications/new-plan-for-immigration-legal-migration-and-border-control/new-plan-for-immigration-legal-migration-and-border-control-strategy-statement-accessible-web-version>.

**The limits of digitalisation.** Despite the strategic importance of digitisation, significant limitations remain. Several surveys have captured this at the level of the general UK population.

Take internet connectivity. While the number of households with internet access has decreased substantially over the years, from 57% in 2006, to 96% in 2020, a significant minority of 4% of household in Great Britain still lack basic internet access.<sup>13</sup> The picture for household connectivity is mirrored by internet use at individual level. Though the number of adult internet users has been increasing over recent years, in 2018 there were still 5.3 million people, or a whole 10% of the UK adult population, who never used the internet, or did so longer than 3 months ago.<sup>14</sup>

The issue of digital illiteracy affects the services that users can engage with. While a whole 96% of adults had internet access, only 76% used internet banking, and 87% shopped online.<sup>15</sup> The figure is even starker for use of government services. A survey by the Department of Work and pensions into Universal Credit applications found that just over half (54%) of claimants were able to register their claim online unassisted. The rest needed help, or could not submit their claims online at all.<sup>16</sup> Even among those who managed to make an online claim, a third found it difficult, particularly where it came to verifying their identity online. Similarly, a survey by the Work Rights Centre on a sample of service users who needed immigration status under the EU Settlement Scheme (EUSS), found that as many as 42% were unable to show their status online using a digital share code, as the scheme requires.<sup>17</sup>

A significant limitation of the digitisation of government services is that digital exclusion disproportionately affects disadvantaged users, reinforcing existing inequalities of income, age, gender and ethnicity, as well as physical ability and mental health. Internet use statistics from 2020 indicate that while 99% of employed adults in the UK

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<sup>13</sup> ONS, "Internet Access – Households and Individuals, Great Britain - Office for National Statistics," 2020, <https://www.ons.gov.uk/peoplepopulationandcommunity/householdcharacteristics/homeinternetandsocialmediausage/bulletins/internetaccesshouseholdsandindividuals/2020>.

<sup>14</sup> ONS, "Exploring the UK's Digital Divide - Office for National Statistics," 2019, <https://www.ons.gov.uk/peoplepopulationandcommunity/householdcharacteristics/homeinternetandsocialmediausage/articles/exploringtheuksdigitaldivide/2019-03-04>.

<sup>15</sup> ONS, "Internet Access – Households and Individuals, Great Britain - Office for National Statistics."

<sup>16</sup> DWP, "Universal Credit Full Service Survey" (Lodon: Department for Work and Pensions, 2018), [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/714842/universal-credit-full-service-claimant-survey.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714842/universal-credit-full-service-claimant-survey.pdf).

<sup>17</sup> Dora-Olivia Vicol, "EUSS Digital-Only Status Remains an Issue for 2 in 5 EU Citizens," Work Rights Centre, 2022, <https://www.workrightscentre.org/news/euss-digital-only-status-remains-an-issue-for-2-in-5-eu-citizens>.

accessed the internet in the past three months, the figure was 90% for those who were economically inactive, and 71% for the retired.

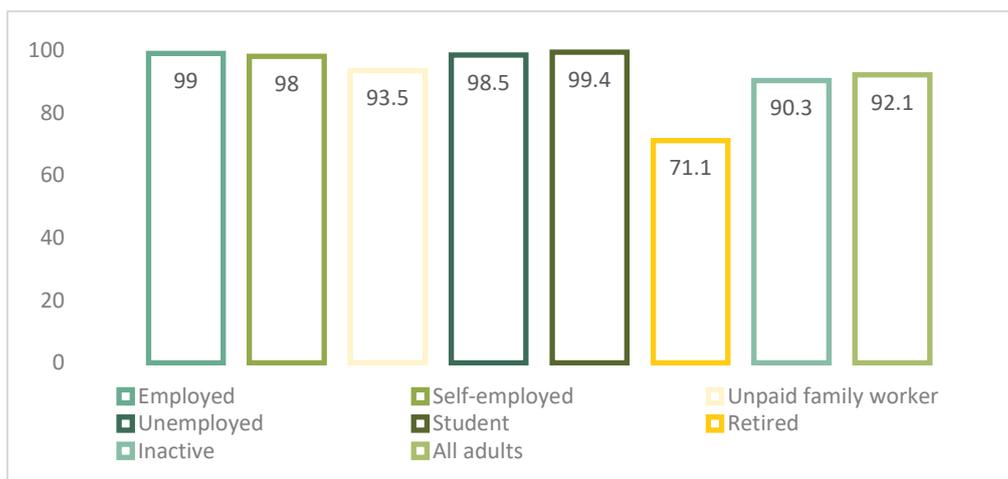


Figure 1 **Recent internet use by economic activity.** Source: ONS (2021) Internet users

Inequalities across social divisions become particularly significant where they intersect. Elderly adults, women from ethnic minority backgrounds who are economically inactive, and people with disabilities are at particular risk of being left behind in the internet age, or of becoming dependent upon the help of friends, consultants, and advisers.

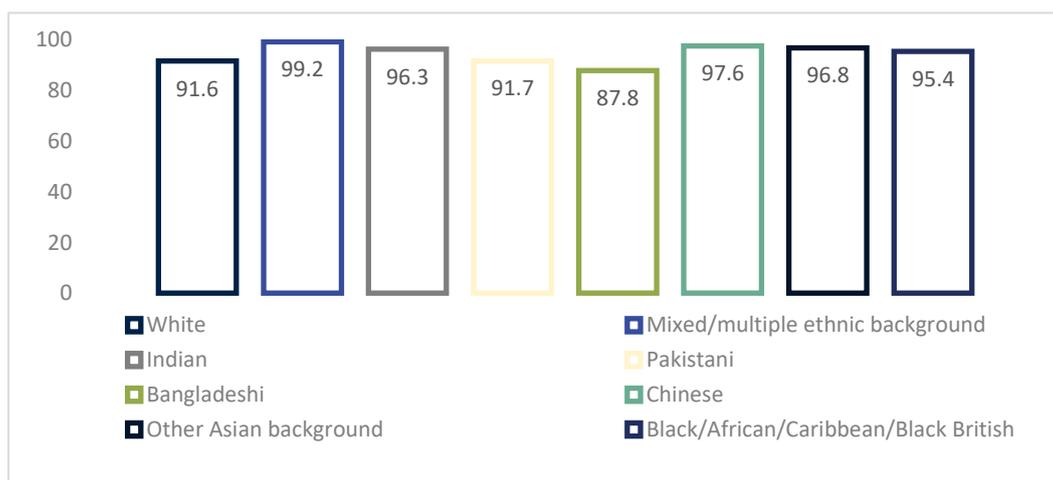


Figure 2. **Recent internet use by ethnic group.** Source: ONS (2021) Internet Users.

Despite the government commitment to digitalisation and the well-documented issue of digital exclusion, we know little about how it affects migrants. Charities and campaign groups warned the government against imposing a digital-only

immigration status, and documented the harm it caused.<sup>1819</sup> And yet, the intersection of digital and fiscal exclusion has remained virtually unexplored.

## RESEARCH QUESTIONS

This project was designed to document the experiences of Central and Eastern European migrants with UK digital fiscal infrastructures. Bringing together the expertise of front-line advisors from the Work Rights Centre with scholars of migration and tax at the University of Oxford (OSGA/COMPAS), we ran two focus groups to:

- exchange knowledge about how migrants understand the UK tax system;
- investigate how the COVID-19 pandemic impacted their ability to navigate it;
- uncover how migrants use their taxpayer status to negotiate their relationship to employers and the host country.

Due to the small sample size, findings from this study are not representative of all migrants. They mark the beginning of an area of inquiry, which will no doubt be nuanced through further research.

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<sup>18</sup> The3million, "A Physical Backup to Digital Status," 2020, [http://0d385427-9722-4ee6-86fe-3905bdbf5e6e.usrfiles.com/ugd/0d3854\\_a4d2c8cda1754402b594d74344a212e8.pdf](http://0d385427-9722-4ee6-86fe-3905bdbf5e6e.usrfiles.com/ugd/0d3854_a4d2c8cda1754402b594d74344a212e8.pdf).

<sup>19</sup> Kuba Jablonowski and Patrycja Pinkowska, "Vulnerability in the EU Settlement Scheme: Looking Back, Going Forward." (Law Centres Network, 2021), [https://www.the3million.org.uk/\\_files/ugd/cd54e3\\_aee8007104164a52a76d0e96ab0776e9.pdf](https://www.the3million.org.uk/_files/ugd/cd54e3_aee8007104164a52a76d0e96ab0776e9.pdf).

## BARRIERS TO FISCAL INCLUSION

For many new migrants, frontline advisers remarked, the UK tax system is a complex infrastructure which needs several layers of literal, and cultural, translation. On the simplest level, new migrants struggled to navigate the jargon and **digital nature of the system**. However, advisers also pointed to the deeper barriers related to **structures of (self-)employment**, which is prevalent in the UK but infrequent in countries of origin, and **fiscal cultures**, whereby countries differ significantly in what and how they tax.

**Digital barriers.** Despite the UK government's strategic commitment to digitising state-citizen interactions, a significant number of the people who live and work in the UK grew up in countries where digital access is still patchy. If in 2020, 97% of households in the UK had internet access, the figures were significantly lower for countries in the South and East of Europe. Just 79% Bulgarian households, and 84% of households in Portugal had an internet connection.<sup>20</sup> The gap in digital skills is even wider, both within the UK, and across the EEA. While 74% of people in the UK reported having basic digital skills or above, in most countries across the CEE the figure was less than 50%.<sup>21</sup>

*The fact that you don't have anyone to speak to face to face is difficult; now with HMRC you have an online chat, but it doesn't work. Even if you speak English well you have to spend at least 45 min with the robot on the line to get through to a human. **Lora Tabakova***

**New structures of (self)-employment.** In addition to the lack of language proficiency and IT literacy, several frontline advisers remarked that migrants' lack of familiarity with self-employment left many puzzled with the fiscal system in the UK. As many as 15% of workers in the UK were self-employed in 2019. This is particularly high in the construction industry, which relies heavily on migrant labour, as well as in the service sector, which includes activities such as domestic cleaning.<sup>22</sup>

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<sup>20</sup> Eurostat, "Households - Level of Internet Access," 2020, [https://ec.europa.eu/eurostat/databrowser/view/isoc\\_ci\\_in\\_h/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/isoc_ci_in_h/default/table?lang=en).

<sup>21</sup> Eurostat, "Individuals' Level of Digital Skills (until 2019)," 2019, [https://ec.europa.eu/eurostat/databrowser/view/isoc\\_sk\\_dskl\\_i/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/isoc_sk_dskl_i/default/table?lang=en).

<sup>22</sup> ONS, "Coronavirus and Self-Employment in the UK - Office for National Statistics," 2020, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/coronavirusandselfemploymentintheuk/2020-04-24>.

For recently arrived migrants from the CEE, the prevalence of self-employment at the level of manual occupations was a novelty. Maria Sofronov, who advises Romanian beneficiaries, noted that in contrast to figures in the UK, *“in Romania the only self-employed people are lawyers, interpreters, and professionals in the knowledge economy, but seldom construction workers.”* Starting work in the UK, another adviser noted, was not just a matter of finding work, but also about grasping a new language of employment and taxation - a particular configuration of work, personal autonomy, and responsibility.

*We had to come up with a new word to capture self-employment, because in Bulgarian, we just don't have it. **Lora Tabakova***

**Different fiscal cultures.** Migrants' ability to navigate the fiscal infrastructure in the UK was thus shaped transnationally, by the fiscal system they had grown accustomed to in countries of origin. Advisors observed that certain countries in Central and Eastern Europe do not currently have an adequate and workable framework for taxing certain kinds of economic activity, such as small-scale agricultural work, personal services (such as cleaning or hairdressing), or casual manual labour. Migrants are often unaware that undertaking such economic activity in the UK requires registration as self-employed, or are intimidated by the process and requirements:

*In Romania registering for self-employment is a nightmare. It's very bureaucratic and based on certain professions and qualifications, and a ridiculous amount of paperwork. So what happens for people who work in agriculture - nobody knows how to tax that money.*

**Raluca Enescu.**

Growing up with cultures of sporadic taxation had the knock-on effect of limiting migrants' abilities to navigate everyday fiscal duties in the UK. It is important to consider the fact that in the UK formal self-employment comes with a series of quotidian bureaucratic duties: to keep a record of earnings and expenditure through invoices and receipts, to file tax returns at the end of the year, and to regularly monitor communication from the HMRC – in effect, this is about 'accounting for oneself'.<sup>23</sup> For migrants who had only ever undertaken informal manual work in countries of origin, advisers noted, the everyday practice of fiscal self-administration was overwhelming.

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<sup>23</sup> Dora-Olivia Vicol, "Into and out of Citizenship, through Personal Tax Payments: Romanian Migrants' Leveraging of British Self-Employment," *Social Analysis* 64, no. 2 (2020): 101–19.

*it goes beyond [English and IT literacy]. It's about having a low level of bureaucratic literacy. People in working class positions don't have a culture of paperwork, and don't always get the point of invoicing, rather than getting their cash and going away. They're often able to use their smartphone for Facebook or WhatsApp, they may speak conversational English, but when it comes to filling a form on the gov website, that's terrifying. **Raluca Enescu.***

Migrants' abilities to navigate the materiality of tax payments in the UK were also vulnerable to interference from abusive landlords, who could intercept key communication from fiscal authorities. It is important to remember that the majority of clients who contacted the charity for advice were living in houses of multiple occupation, where kitchens, bathrooms, and at times even bedrooms were shared with other people. As many as 23% reported even sharing their bedroom with people other than their partner.<sup>24</sup> For those who sublet without a contract, landlords wielded a considerable amount of power, which could be abused to keep them invisible to authorities – and in doing so, to exclude them from essential fiscal infrastructures.

*I don't know how many people live in informally sublet or privately rented accommodation, where it isn't safe to receive mail. So I had someone today whose landlord took their NINO letter to use it for blackmail, or their own purposes. Once the landlord asked for an affair, in exchange for that NINO letter. In one case we had to allow the beneficiary to have their UTR sent to the charity. **Andrei Savitski***

## SUPPORTING THE FISCALLY EXCLUDED

The barriers which prevent migrants from engaging with the UK tax system are compounded by the fact that existing initiatives to support fiscal inclusion are a poor match for the scale of the problem. Advisers pointed to a gap between general initiatives for digital inclusion services, and the specific problem of fiscal inclusion, which could take hours of further work. The very fact that third sector organisations had to moderate interactions with the state was seen as a wider problem of migrant representation at the level of public authorities.

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<sup>24</sup> Work Rights Centre, "Our Clients' Issues," Work Rights Centre, 2020, <https://www.workrightscentre.org/impact/our-clients-issues>.

**Charities at the forefront of digital inclusion.** For many years third sector organisations have played a key role in preventing vulnerable individuals from becoming digitally excluded in the UK. In 2014, the Government's Digital Inclusion Strategy was premised on a partnership with Go ON UK, a digital skills charity.<sup>25</sup> Numerous charities and social enterprises have run digital inclusion programmes since. Some, such as the Good Things Foundation, make digital inclusion the core of their activity, with research, policy recommendations, and online learning resources. Others, such as Age UK and Action Foundation, run specific digital inclusion projects as part of a broader remit to support elderly adults and, respectively, migrants. However, many more third sector organisations find themselves supporting service users with digital skills ad hoc - without the funding that comes with digital inclusion projects, but simply as part of their work with vulnerable adults.

Charity advisers at the Work Rights Centre pointed to a gap between digital inclusion programmes, and the specific challenge of addressing fiscal exclusion. Supporting migrants to obtain a NINo, register for self-employment, or clarify convoluted tax situations was not just a matter of teaching them digital basics. Helping beneficiaries to create an email address or access payslips and online banking was just the beginning. The main part of the work consisted in explaining how personal digital accounts intersect with work and tax obligations, then supporting beneficiaries in contacting the HMRC, where the main available channel was a robot-enabled phone line, and in proving identity via the Government gateway. Advisers also had to moderate the psychological pressure of interacting with the state, in tense situations where what was at stake could be as significant as receiving Universal Credit or risking destitution. Finally, they faced the technical challenges of helping beneficiaries create accounts (such as personal tax accounts), managing accounts, and most frustratingly, retrieving them when vulnerable users were locked out.

*There's the element of proving your identity on the Government gateway account. You need a P60 or P45, a UK passport or driving licence - it's a two out of three. Most of our beneficiaries don't have these. Then you get to the credit questions; people don't remember when they started their bank account or phone contract. And they get very suspicious: why are you asking me about this, this has nothing to do with tax. So in a practical sense, for some people it's really hard. **Ana-Maria Cirstea.***

**The outsourcing of fiscal inclusion.** The gap between formal digital inclusion initiatives and the everyday demand for digital support is mirrored by an even wider gap

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<sup>25</sup> Cabinet Office and GDS, "Government Digital Inclusion Strategy," GOV.UK, 2014, <https://www.gov.uk/government/publications/government-digital-inclusion-strategy/government-digital-inclusion-strategy>.

between the supply and demand for fiscal inclusion. In 2020, the HMRC announced the introduction of a four-year grant programme worth a total of £4.98 million, to “help voluntary and community sector organisations provide advice and support to customers who need extra help understanding and complying with their tax obligations and claiming their entitlements”.<sup>26</sup> Migrants were a targeted group, together with people with disabilities or mental health issues, those on low income, carers, and the elderly.

The HMRC grant funding raises important questions about the department's policy on fiscal inclusion. The grant is not only about offering additional advice and support for “HMRC customers who need extra help and cannot afford to pay for it”. It is also explicitly premised on outsourcing services to the third sector. As part of the grant agreement, voluntary organisations would have to take referrals from the HMRC's Extra Support teams. Specifically, they “would require the infrastructure and capability to handle in the region of 700 referrals per year and would be responsible for bringing individual cases to conclusion”. The Work Rights Centre did not bid for the grant. In the charity's view, outsourcing fiscal inclusion to the third sector is neither sufficient to address migrants' immediate needs for fiscal inclusion, nor equipped to address the structural barriers that prevent them from engaging with a digital state more generally.

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<sup>26</sup> HMRC, “HMRC Grant Funding 2021 to 2024 - Application Guidance,” GOV.UK, 2020, <https://www.gov.uk/government/publications/hmrc-grant-funding-application-guidance/hmrc-grant-funding-2016-to-2019-application-guidance>.

## TAX INTERMEDIARIES FOR PROFIT

Migrants' inability to navigate digital public services was seen to have spurred the growth of a vast for-profit advice industry advertising accountancy and consultancy services. From established firms employing qualified accountants, to sole-trading individuals operating as self-styled advisors, these intermediaries charge fees for services such as applying for a NINO, benefits, or fulfilling routine tax-return obligations. Collecting a significant amount of personal data, they retain access to, and often control over, their accounts. This leaves vulnerable migrants open to identity theft, as well as other types of fraud.

**The for-profit migrant advice industry operates in a grey regulatory space.** While immigration advice is regulated by the Office of the Immigration Services Commissioner, the landscape of financial regulation is more diverse. The Financial Services and Markets Act (2000) instituted the Financial Conduct Authority to oversee investment-related activities. The Financial Reporting Council regulates qualified auditors, accountants, and actuaries. Below the radar of regulators however, a vast market of self-styled accountants operate with little oversight over the quality of services provided, advisors' qualifications, standards of data-management, and ethical behaviour.

Front-line advisors from the Work Rights Centre believed that the reliance on for-profit advisors stemmed from a general lack of support available from local authorities and third sector organisations. Staffed by migrants and marketed to migrants, and marketed on the high street but also on social media groups, informal tax intermediaries responded to the acute demand for help with fiscal inclusion. In practice, their services covered anything from obtaining a NINo, to signing up for self-employment, and filing annual tax returns.

*People get to that point that they have to file their tax returns and don't know how to, and turn to relationships that they trust most: family, friends, or so-called accountants who are far away from that, actually. I've encountered lots of cases like this - and we get into a standoff with HMRC, we have to help figure out who paid what tax.*

**Ana-Maria Cirstea**

*Every self-employed person I know from Russia or Ukraine has one of those accountants; it's not community specific, it's very widespread; there's almost no way of enforcing good or ethical behaviour on these 'accountants'. **Andrei Savitski***

*I see this with Moldovans.. You don't have charities that provide support, but you get a lot of information exchanged on Facebook. You increasingly have Q&A's with experts, but it's still very informal and non-hierarchical, and only organised on Facebook. It's also interesting that people can use Facebook a little bit, but still be very digitally excluded. **Raluca Enescu.***

The proliferation of informal for-profit advice was a real worry for all charity advisers who took part in the project. They invoked the injustice inherent in the fact that the most vulnerable members of society had to pay for services such as getting a NINo, EUSS, Universal Credit or tax return. Beyond this, there were also instances where bad advice had left migrants vulnerable to mis selling, identity theft, and even exploitation.

*When people were required to apply for EUSS, a lot of the time they were still appealing to their accountants. Just the other day in a Romanian Facebook group I saw someone who was desperate because they had paid £200 for someone to make their application, but they just took the money and went. **Raluca Enescu***

*people give their whole lives, full access to accountants, who make up numbers, use their own bank accounts. Then they are reluctant to go to the police because he's scared. **Ana-Maria Cirstea.***

*I had a client who was working and getting paid in someone else's bank account, and paid £300 for it every month. "he's a good guy from my village, he charges other people more". **Raluca Enescu***

**Rule bending.** The use of street-level advisors had also led to examples of rule bending, as unregulated intermediaries responded to some migrants' desire to remain mobile, despite post-Brexit restrictions. The UK officially left the EU in January 2020, and free movement ended on the 31st of December 2020. While people with a close family connection already settled in the UK could continue to apply to the EUSS, anyone arriving from 1st of January 2021 would require a visa. Several advisers shared anecdotes where tax intermediaries were called upon to challenge this system.

*This is where we come to accountants again. Some are clear and say that you can't apply after the deadline. Then there's the "creative accountants" who think they can falsify contracts, tenancy agreements, or payslips [for] people who were not eligible at all. It rarely works. It's just another form of exploitation by bogus accountants, that risks damaging the credibility of legitimately late applications. **Ana-Maria Cirstea***

## RECOMMENDATIONS AND CONCLUSIONS

This report has shown that fiscal inclusion poses a significant challenge to migrants, their advisers, and the government alike. Despite the government's ambition to usher in an age of digital service, for a section of the UK's migrant population, digital fiscal infrastructures remain inaccessible. Barriers of language, digital literacy, and fiscal culture, coupled with the poor availability of fiscal inclusion initiatives, push migrants into the hands of paid-for, but often unregulated consultants, whose advice ranges from amateur to predatory.

To prevent vulnerable migrants from becoming dependent upon paid-for tax advisers, the fiscal inclusion challenge merits urgent attention from academics and policy makers alike. We need more primary research with migrants to understand the main barriers to navigating fiscal structures, and how to mitigate them. We need a more nuanced look at how different migrant groups experience British fiscal infrastructures, and the roles of education, English, and time spent in the UK. This study was one of the first to examine the concept of fiscal inclusion. It should not be the last. While further research is needed, there are already measures that policymakers could take to address the challenge of fiscal inclusion.

- **Start a HMRC vulnerable user group**, to learn from the experiences of frontline advisers like the Work Rights Centre, capture the particular barriers encountered by migrants, and prototype means of mitigating them.
- **Institute a HMRC charity advice line**, to increase the capacity of registered advisers to provide timely, quality advice. A possible model for this is the Home Office sponsored EU Resolution Centre, which was instituted after the launch of the EUSS. With a dedicated line for advisers, the EURC model enabled faster information sharing and case updates, even at extremely busy times.
- **Treat registered civil society organisations as partners, not contractors.** The current HMRC approach appears to be to outsource fiscal inclusion to third sector organisations. But shifting the problem to a few contracted organisations does not constitute a sustainable solution for the millions of people who struggle to access the tax system all across the UK. A more sustainable solution would treat civil society organisations as partners to work with, learn from, and include in making fiscal infrastructures accessible by default.
- **Give migrants the means to protect their fiscal data and report bad advice.** Many migrants turn to street-level accountants due to the barriers mentioned here. But long-term dependence on accountants is also reproduced by a lack of awareness of data rights, and rights as consumers of financial advice. Government departments like the HMRC and DWP could plug this gap of knowledge and security, by reaching out to vulnerable communities with information on their rights, and support to report bad advice.

## ABOUT WORK RIGHTS CENTRE

Work Rights Centre is a registered charity with a mission to end in-work poverty. We do this by helping people exit precarious work conditions, and by supporting them to improve their professional mobility with employability advice and civic training. The charity was founded in 2016. Ever since, we have advised over 3,000 people, helped recover over £150,000 in unpaid wages and fees, and supported hundreds more to make job applications and secure their status after Brexit by applying to the EUSS. You can support their work here <https://www.workrightscentre.org/support-us>

## ABOUT THE OXFORD SCHOOL OF GLOBAL AND AREA STUDIES

Oxford University's School of Global and Area Studies (OSGA) boasts the largest community of Area Studies scholars anywhere in the world. We have research and teaching programmes dedicated to Africa, China, Latin America, the Middle East, Japan, Russia and Eastern Europe, and South Asia. Upon completion of their degrees, our superbly trained UK, EU and overseas graduates take up high profile posts in international agencies, global NGOs, international governments, the diplomatic service of various countries, the military, media and journalism, business consultancy, banking, and law.

## ABOUT COMPAS

The University of Oxford's Centre on Migration, Policy and Society (COMPAS) conducts high quality research, develops theory and facilitates knowledge exchange in the field of migration. Based at the Centre on Migration, Policy and Society (COMPAS) at the University of Oxford, the Migration Observatory provides impartial, independent, authoritative, evidence-based analysis of data on migration and migrants in the UK, to inform media, public and policy debates, and to generate high quality research on international migration and public policy issues.

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**Published:** 02 September 2022

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**Acknowledgements.** Many thanks to the team of advisers for generously sharing their insights. This project was funded by an ESRC IAA KE Dialogues grant (2106-DIAL-674).

**Cite:** Vicol, D.O., Makovicky, N (2022) Migrants and Taxes: challenges of fiscal inclusion in the digital age [Available online] <https://www.workrightscentre.org/news/migrants-and-taxes>

