

# Awareness and Impact of the Employment Allowance – Research with small employers

HM Revenue and Customs Research  
Report 368



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# Key Findings

Qualitative and quantitative research was undertaken amongst businesses with fewer than 50 employees to understand: employers' awareness and knowledge of Employment Allowance; their experiences of claiming the allowance; the impact of the allowance; and any issues around not claiming the allowance.

## Profile of claimants and non-claimants

- Seven in ten (69%) eligible businesses with fewer than 50 employees had claimed Employment Allowance at the time of this research (November 2014).
- Views of the scheme were very favourable and most (76%) claimants would recommend the scheme to other employers.
- Non-claimants were more likely to be micro businesses (<5 employees).

## Awareness and knowledge

- Awareness of Employment Allowance is high amongst both claimants and non-claimants. Concerns around eligibility were the most common reason for businesses that were aware of the allowance not claiming it.
- Knowledge that Employment Allowance is available in future years is low, amongst both claimants and non-claimants who are aware of the allowance.
- Knowledge that their claim will roll-over automatically is lower still.

## Experience of dealing with Employment Allowance

- Most businesses who made the claim themselves thought it was easy.
- Two in three claimants sought information or support about claiming the allowance. Typically this was for queries around eligibility and the application process.
- One in five contacted HMRC by telephone, and this was more likely to be because they required help with a technical problem, or to check that they had applied successfully.

## Impact and views of the scheme

- A quarter of claimants have or intend to use the monies for a specific purpose.
- Three quarters of claimants would recommend the scheme to other employers.

# 1. Executive summary

## 1.1. Introduction

Since April 2014, all eligible employers have been entitled to claim the Employment Allowance to reduce their overall liability for Class 1 secondary National Insurance Contributions (NICs) by up to £2,000.

Employers can claim Employment Allowance through their regular payroll process. It is delivered through standard payroll software, including HMRC's Basic PAYE tools (BPT), and HMRC's Real Time Information (RTI) system. The process is simple and is not expected to lead to an increase in administrative costs.

Once an employer has claimed the allowance, it will be automatically carried forward to future years. However, employers need to check that they are still eligible, as HMRC have the authority to reclaim monies if the employer is no longer eligible.

The aims of this research were to understand:

- **Awareness and knowledge of Employment Allowance**
- **Experiences of claiming Employment Allowance**
- **The impact of Employment Allowance**
- **Issues associated with not claiming Employment Allowance**

Almost all employers are eligible for the allowance but as the policy behind its introduction is aimed at supporting small business, the focus of this research was on **employers with fewer than 50 employees**. To fulfil all of the objectives it covered employers that are currently claiming the allowance and eligible employers who are not claiming.

The research involved quantitative and qualitative research among small employers. The qualitative research looked in more depth at issues that emerged from the quantitative survey especially around employers' experience of making a claim.

The quantitative research consisted of two waves of research. The first wave interviewed 1,031 small employers who had claimed the Employment Allowance; the second wave interviewed 500 non-claimants who were eligible for the Employment Allowance. Several sections of the questionnaire were asked to both claimants and non-claimants.

The qualitative research comprised 20 follow up telephone interviews - 10 interviews with claimants and 10 interviews with non-claimants of the Employment Allowance.

## **1.2. Profile of claimants and non-claimants**

Seven in ten (69%) eligible businesses with fewer than 50 employees have taken up Employment Allowance at the time of the research<sup>1</sup>. Take-up was lower (59%) amongst micro businesses (with fewer than 5 employees).

## **1.3. Awareness and knowledge**

There is a high level of awareness of Employment Allowance with 89% of all eligible small businesses having heard of Employment Allowance; this includes two in three (65%) of non-claimants. Among the non-claimants, awareness was higher among employers with 10 or more staff (75%).

Perceived lack of eligibility was the main reason for not claiming among those aware, but there were also concerns about the application process. Four in ten eligible non-claimants had concerns over eligibility – 30% did not think they were eligible, and a further 10% were not sure about their eligibility. The qualitative research found that doubts over eligibility stemmed from three main sources. First, participants made incorrect assumptions about the types of employers who were eligible based on the value of the allowance. Very small employers believed they were not eligible because they assumed that they would need to pay at least £2,000 NICs in order to claim the allowance. Secondly, employers also made assumptions about the purpose of the allowance and this influenced who they thought the allowance was designed for and hence eligibility. Third, employers assumed they had not fully understood restrictions on eligibility, they found it difficult to believe that the allowance was available to almost every business and consequently believed they had misunderstood exclusions. When they learnt more about the eligibility criteria during the depth interviews, these employers said that there should be a stronger message from HMRC that all employers (with minimal exclusions) were eligible.

Claimants were most likely to have heard about the scheme from accountants or payroll agents, with three in ten (30%) mentioning this source. Interviews among non-claimants took place between November 2014 and January 2015 following the second Employment Allowance advertising campaign, therefore it is not surprising to find that non-claimants were most likely to say they had heard about the scheme from a TV ad (20% compared to 5% of claimants).

Among the minority of small employers who had not heard of the Employment Allowance, the preferred method of contact was a letter or email from HMRC (69%).

One in five (20% claimants, 21% non-claimants) know that the Employment Allowance is available in future years. Very few were aware that Employment Allowance rolls over automatically in future years (six per cent of claimants and two per cent of non-claimants). Almost half (46%) of non-claimants said they were likely to claim Employment Allowance this tax year. This increased to 55% when informed that the Employment Allowance claim rolls over and applies to future years. The proportion of non-claimants saying they would apply for the allowance increased significantly to six in ten (59%) if the allowance amount was increased to £2,500 per year. The smallest non-claimants (those with fewer than five employees) were least likely to say that they would claim in the future, no matter the value suggested.

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<sup>1</sup> <https://www.gov.uk/government/collections/employment-allowance-take-up-statistics>

#### **1.4. Experience of dealing with Employment Allowance**

Half of employers made the claim themselves; businesses with five or more employees were more likely to have claimed the allowance themselves (63%) compared to businesses employing up to four staff (41%).

Employers found the process of claiming Employment Allowance simple - eight in ten (82%) employers making the claim themselves thought that it had been easy to do and just 4% thought it had been difficult. When asked what worked well about the process, six in ten (57%) employers mentioned having to just tick the box or using the indicator on the software.

Most employers found that the process of claiming the allowance worked well and just one in ten had experienced any problems or issues. The majority of employers could not think of any improvements HMRC should make to make it easier for them to claim Employment Allowance. About one in three (35%) claimants suggested improvements, typical responses included providing more information (9%), sending letters/information packs (4%), clearer explanation of eligibility and the claims process (3%) and better advertising/more publicity (3%).

Two thirds (64%) of claimants sought information or support about claiming Employment Allowance (Figure 6.3). HMRC/gov.uk was the most popular source of support (38%), followed by the employers' payroll software provider (32%) and their accountant or payroll bureau (30%).

Claimants seeking information or support typically had queries about eligibility and the application process (Figure 6.4). Around four in ten (44%) employers sought information about eligibility and information about the allowance itself (42%). Three in ten (30%) wanted advice on how to apply, while a quarter (26%) simply wanted to check whether they had applied successfully and to verify information on the internet (26%).

The majority (68%) of employers seeking advice or information from HMRC had done so online, with smaller proportions accessing information via the post (28%), email (22%) and the phone (20%). Of those that had used the HMRC website, nine in ten (93%) found the guidance provided useful, with half (50%) saying it was very useful.

#### **1.5. Impact and views of the scheme**

Just over half (53%) of employers claiming Employment Allowance said that the monies would be absorbed into the general revenues and expenditure of the business, with a quarter (27%) intending to use it for a specific purpose. Of the employers that have used or plan to use the monies from the Employment Allowance for a specific purpose, a third (34%) plan to use it to take on additional staff. Other uses or intended uses included to use it for capital investment (36%), non-capital investment (27%) and wage increases (25%).

Of those intending to use the allowance for a specific purpose; most (74%, equivalent to 20% of all claimants) said that the reinvestment would have happened even if the allowance didn't exist. Under a third (22% or 6% of all claimants) would not have made any reinvestment in the near future without Employment Allowance and a further (7% or 2% of all claimants)<sup>2</sup> would have made some, but not all the investment.

Three in four (76%) small employers who had claimed Employment Allowance would recommend the scheme to other employers.

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<sup>2</sup> The numbers do not add up exactly due to rounding

## 2. Introduction

### 2.1. Background

To support its strategy to encourage business growth, the Government used the March 2013 Budget announcement to introduce an annual 'Employment Allowance' of up to £2,000 for all businesses, charities and Community Amateur Sports Clubs (CASCs). Since April 2014, all eligible employers have been entitled to claim the allowance to reduce their overall liability for Class 1 secondary National Insurance Contributions (NICs).

The costs of employment are amongst the biggest for small businesses. The allowance aims to reduce the barriers faced by small businesses, charities and CASCs that wish to grow, by supporting them with these costs.

Employers can claim Employment Allowance through their regular payroll process. It is delivered through standard payroll software, including HMRC's basic PAYE tools (BPT), and HMRC's Real Time Information (RTI) system. The process is simple and is not expected to lead to an increase in administrative costs. An employer must signify his intention to claim by completing the yes/no indicator on their RTI Employer Payment Summary (EPS). The allowance is then offset against each monthly Class 1 secondary NICs payment to HMRC until the allowance is fully claimed or the tax year ends. For employers that still submit their returns to HMRC on paper, there is a paper process which mirrors the IT procedures. Once an employer has claimed the allowance, it will be automatically carried forward to future years. However, employers need to check that they are still eligible, as HMRC have the authority to reclaim monies if the employer is no longer eligible.

### 2.2. Research aim and objectives

The aims of this research were to understand:

- **Awareness and knowledge of Employment Allowance:** the level of awareness among small employers, how employers became aware, their level of understanding of how it works in principle and preferred communications channels;
- **Experiences of claiming Employment Allowance:** how and when small employers claimed and how easy or difficult was it, what factors contribute to positive and negative experiences, whether any barriers were overcome, and how, what role payroll software providers and/or agents play, what guidance if any is used and how useful it was and what improvements if any could be made to the claiming process;
- **The impact of Employment Allowance:** why employers claimed, how employers have benefited from a reduction in their costs, ways in which the allowance has stimulated business growth/employment, whether any additional administrative costs have been incurred; and
- **Issues associated with not claiming Employment Allowance:** the barriers to claiming, if they have postponed claiming the allowance, why, the most effective ways of raising awareness and/or informing non-claimants and actions HMRC could take to encourage or facilitate a claim in the future.

Almost all employers are eligible for the allowance<sup>3</sup> but as the policy behind its introduction is aimed at supporting small business, the focus of this research was on **employers with fewer than 50 employees**. To fulfil all of the objectives it covered employers that are currently claiming the allowance and those that are not.

### **2.3. Methodology**

The research involved quantitative and qualitative research among small employers (those with fewer than 50 employees).

#### **2.3.1. Quantitative research**

The quantitative research consisted of research among 1,031 small employers who had claimed the Employment Allowance ("claimants") and 500 small employers who had not claimed the Employment Allowance ("non-claimants"). Interviews with claimants were conducted between 15<sup>th</sup> September and 10<sup>th</sup> October 2014, interviews with non-claimants were conducted between 24<sup>th</sup> November 2014 and 6<sup>th</sup> January 2015. There was considerable overlap in the questions asked of claimants and non-claimants. The research was conducted using Computer Assisted Telephone Interviewing (CATI). Non-claimants were asked a series of screening questions to establish that they were eligible for the Employment Allowance<sup>4</sup>. Only those who were eligible were interviewed.

The sample frame was provided by HMRC. It was comprised of businesses who had claimed the Employment Allowance and eligible businesses who had not claimed the Employment Allowance at the time the sample was drawn.

Data were then weighted back to population figures provided by HMRC.

The individual interviewed on behalf of the employer was typically the owner or manager in the smallest firms (those with less than five employees) and the finance director or manager in slightly larger businesses or charities. The rationale behind choosing the decision maker in the business was that they would have oversight of the reasons for applying, and have a clear idea of any potential usage of the monies claimed.

These individuals could direct interviewers to the payroll manager or equivalent during the interview, if they actually made the claim and thus could talk in more detail about the claims process.

#### **2.3.2. Qualitative research**

The qualitative research comprised 20 follow up telephone interviews. There were 10 interviews with claimants and 10 interviews with non-claimants of the Employment Allowance to further explore the findings of the surveys.

The recruitment criteria for the qualitative interviews with claimants included: use of Employment Allowance, awareness of the automatic roll-over feature and difficulty making a claim. The sample criteria for the interviews with non-claimants included: barriers to making a claim, and likelihood to claim in the future.

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<sup>3</sup> Employment Allowance is available for businesses or charities paying Class 1 National Insurance. Businesses are excluded if they only employed someone for personal, household or domestic work, if they are a public body or a business doing more than half of their work in the public sector or if they are a service company with only deemed payments of employment income under 'IR35 rules'. For more information see: <https://www.gov.uk/government/publications/employment-allowance-more-detailed-guidance>

<sup>4</sup> Non-claimants were asked to confirm the proportion of their business providing public services, that they did not solely employ those providing domestic services and that they had not yet claimed the Employment Allowance

Fieldwork was undertaken between 24 November 2014 and 05 December 2014 (with claimants) and 19 January 2015 and 30 January 2015 (with non-claimants), with interviews taking 30 minutes. All interviews were digitally recorded and analysed using 'Matrix Mapping', TNS BMRB's proprietary approach to the fine-grain analysis of qualitative material.

#### **2.4. Reporting notes**

Where percentages shown in charts or tables do not total to exactly 100% (or where they do not exactly total to a summary statistic given, such as agree/disagree) this will be due to rounding to the nearest whole number, or due to the exclusion of those who said "don't know".

Where the results for one group of respondents are compared against the results for another group, any differences stated are statistically significant at the 95% probability level, unless otherwise stated.

Interviews were conducted only amongst employers; the views of third parties (e.g. external payroll organisations) acting on behalf of employers were not covered.

It should be noted that there is the relatively high proportion of employers giving "don't know" responses in the data. Those employers who use third party help with payroll were much more likely than those carrying out payroll activity completely in-house to say that they do not know the answer to a question in the research.

### 3. Profile of claimants and non-claimants

This chapter looks at the characteristics of employers involved in this survey, comparing those claiming Employment Allowance to those who are not. At the time of the research, seven in ten (69%) eligible businesses with fewer than 50 employees have taken up Employment Allowance<sup>5</sup>.

Non-claimants were more likely to be smaller, 69% having fewer than five employees, compared to 59% of claimants. They were also slightly more likely to be older businesses – three quarters had been running for five years or more, compared to 69% of claimants’ businesses. Aside from this, claimants’ and non-claimants’ businesses had broadly similar characteristics (Figure 3.1).

**Figure 3.1 Profile of Claimants and Non-Claimants**

	Claimants	Non-Claimants
<b>Age of Business</b>		
Less than a year old	3%	3%
1-2 years old	9%	7%
2-5 years old	17%	16%
5-10 years old	17%	22%
More than 10 years old	52%	53%
<b>Size of Business</b>		
1 to 4 employees	59%	69%
5 to 9 employees	21%	15%
10 to 49 employees	20%	16%
<b>Profit/Non-Profit</b>		
Profit businesses	94%	91%
Non-profit/charities	6%	9%
<b>Business Sector</b>		
Production	20%	20%
Services	73%	68%
Other	6%	8%

Just under half (46%) of claimants and non-claimants performed all payroll tasks in-house and around two fifths (45% of claimants and 41% of non-claimants) totally outsourced the role.

Under half of claimants (45%) used commercial payroll software and a quarter (27%) HMRC Basic Pay Tools. Under half of non-claimants (45%) use commercial payroll software and one in five (19%) use HMRC Basic PAYE tools. One in three (32%) non-claimants did not know what software they used. The proportion of don’t know responses was highly related to agent usage. Four per cent of non-claimants who performed all payroll tasks in house did not know which payroll software was used; this rises to 63% who outsource all payroll tasks.

<sup>5</sup> <https://www.gov.uk/government/collections/employment-allowance-take-up-statistics>

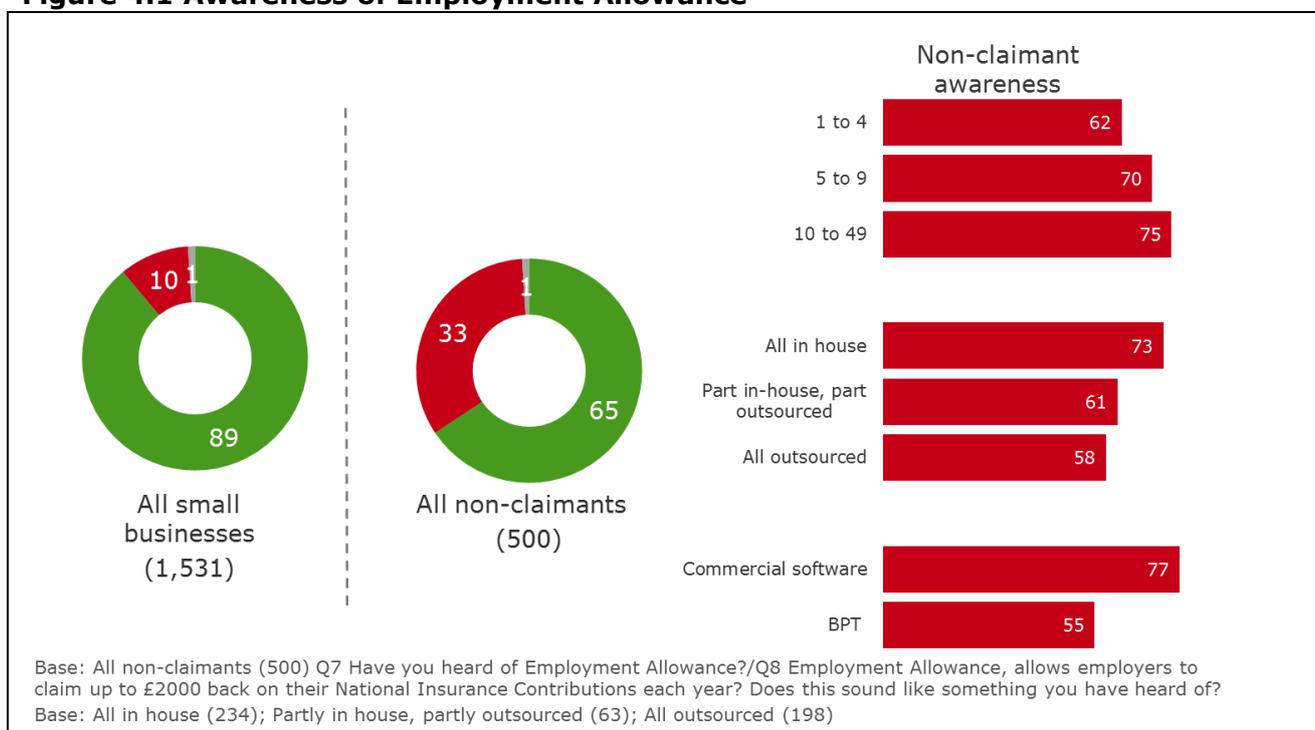
## 4. Awareness and Knowledge

This chapter examines how employers found out about the Employment Allowance and their levels of knowledge about it. Comparisons will be drawn between claimants and non-claimants as well as by key demographics.

### 4.1. Awareness of Employment Allowance and reasons for not claiming

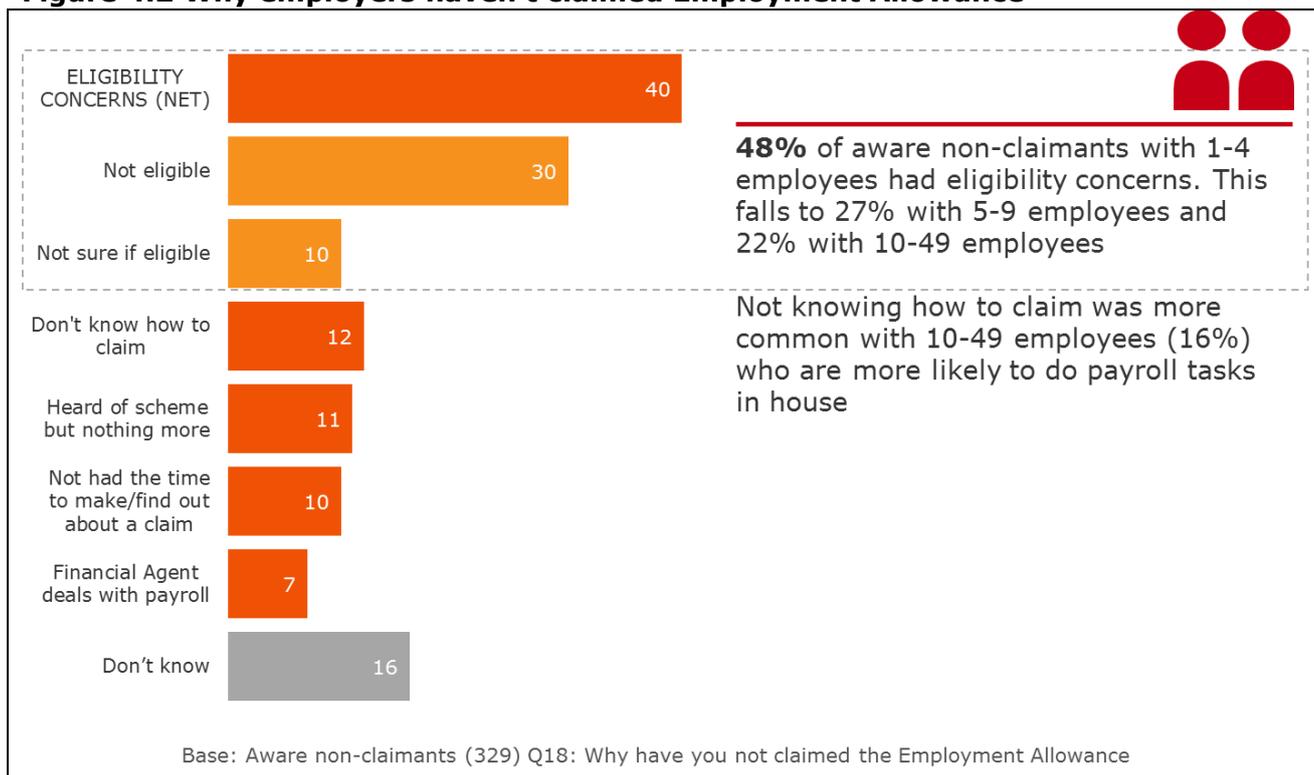
After prompting, nine in ten (89%) employers had heard of the Employment Allowance (Figure 4.1).

**Figure 4.1 Awareness of Employment Allowance**



Awareness of the allowance among non-claimants was around two thirds (65%). It was lowest among the smallest businesses (up to four employees, 62%) and employers that outsourced all their payroll services (58%). Those aware of Employment Allowance but had not claimed it were asked why this was the case. Perceived lack of eligibility was the main reason given, particularly among the smallest businesses (Figure 4.2).

**Figure 4.2 Why employers haven't claimed Employment Allowance**



All non-claimants were screened for eligibility at the start of the questionnaire, yet two fifths (40%) said that they had not claimed it due to concerns over eligibility. Smaller employers were more concerned about eligibility. It was higher at nearly half (48%) of non-claimants with up to four employees.

A further 12% of non-claimants said that they didn't know how to claim. Other reasons employers gave for not claiming the allowance were that they had heard of the scheme but nothing more (11%), they didn't have the time to make or find out about a claim (10%) and a financial agent deals with payroll (7%).

In the qualitative research, there were found to be three misperceptions that impacted on whether an employer believed that they were eligible or that the allowance was intended for employers like them.

First, participants made incorrect assumptions about the types of employers who were eligible based on the **value** of the allowance. Very small employers believed they were not eligible because they assumed that they would need to pay *at least* £2,000 NICs in order to claim the allowance. This was in contrast with employers who were paying higher salaries, for whom the amount appeared low in comparison to their employers' national insurance contributions. Consequently these employers believed that the allowance was designed for businesses with lower turnover/salaries. As the amount was similar to other schemes (e.g. Youth Contract Wage Incentive) employers in some cases also made assumptions about conditions that may be applied – for example one believed they would be required to employ an apprentice if they applied for the allowance.

*"I always assumed it would be something for lower-paid employees, rather than the sort of people that are earning £60-, £70-, £80,000 a year. ... It was purely my view on it that I felt*

*that the salaries that we commanded, we wouldn't be eligible for it. But, I mean, if we are, then all well and good.*" (Non-claimant, 1-4 employees, believed ineligible)

Second, employers also made assumptions about the **purpose** of the allowance and this influenced who they thought the allowance was designed for and hence eligibility. Employers taking part in the qualitative research largely believed that the purpose of the allowance was to support growth and employment. In some cases non-claimants had therefore assumed that the allowance was only available for employers that were looking to grow their business. *"For me, it seems more of an incentive ... for growth within the company, to take more people on."* (Non-claimant, 1-4 employees, believed ineligible)

Micro-employers that were not intending to grow their business sometimes assumed that employing a new member of staff or apprentice would be a condition of the allowance and therefore assumed they would be unable to claim. This type of employer often also did not think of themselves as 'employers' - where a business comprised a husband and wife for example, they did not always recognise that they had 'real' employees (i.e. someone outside their immediate family) and therefore disregarded the allowance.

Third, employers assumed they had not fully understood **restrictions** on eligibility, they found it difficult to believe that the allowance was available to almost every business and consequently believed they had misunderstood exclusions. In one case for example, an employer believed they were ineligible for the allowance because they employed one domestic worker, in addition to their regular staff.

*"I was surprised that it was being done at all, 'free money', a way for us to save money."* (Claimant, 5-9 employees, plan to use Employment Allowance for a specific purpose)

In other cases, individuals believed their NI contributions were either too high, too low or that there would be other conditions (as described above).

*"I know we were not allowed to claim, because one of our employees is a cleaner for the shareholders and it clearly says in the exemptions that if you employ cleaners or au pairs that benefit the owners of the company, you can't make the claim."* (Non-claimant, 1-4 employees, believed ineligible)

Employers were nervous about claiming money they were not entitled to and having to pay this back or did not want to waste time researching the allowance when they felt certain they would not be eligible. Interestingly, employers very quickly decided that the Employment Allowance was not for them – and stuck to that belief.

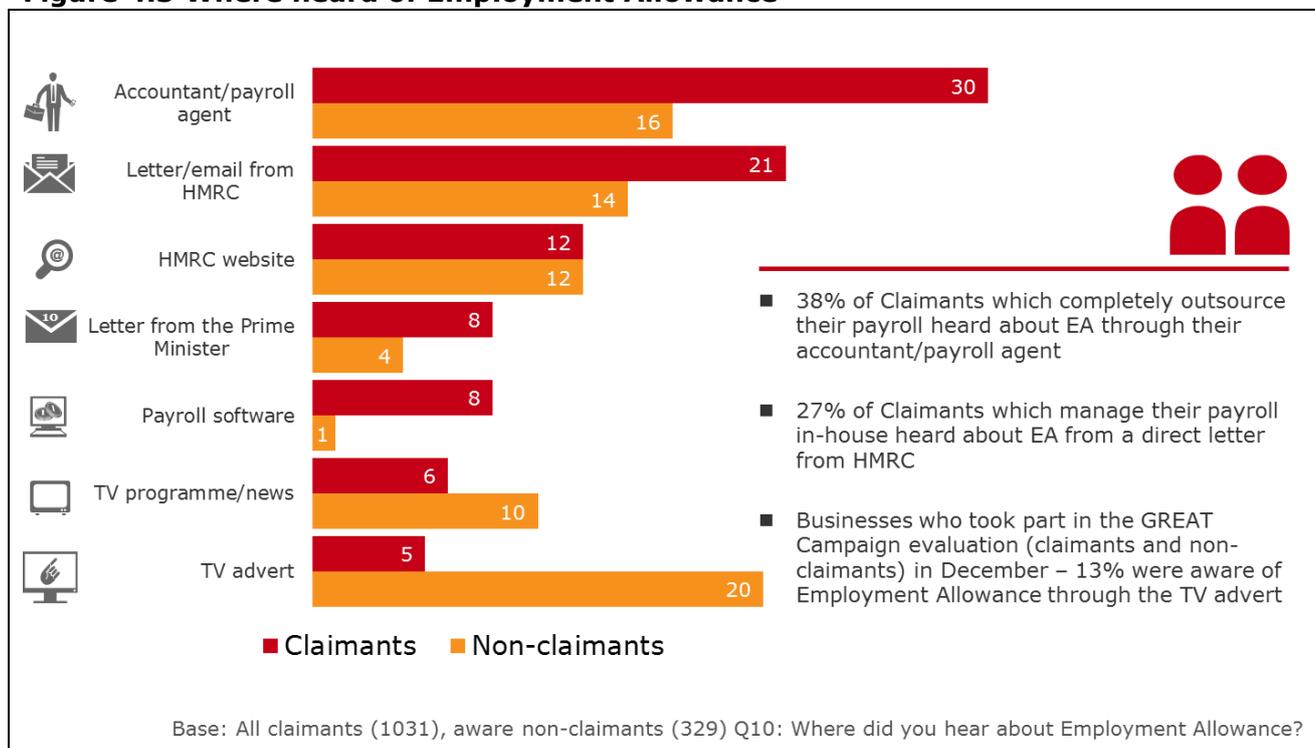
*"I will gladly claim anything that I felt I was entitled to, but I'm frightened to death of claiming more than I'm entitled to. I would rather have a clear conscience."* (Non-claimant, 5-9 employees, believed ineligible)

*"If I'm convinced I'm right [that the business is not eligible], it's not something I'll make a priority to do."* (Non-claimant, 1-4 employees, believed ineligible)

## 4.2. Where heard of Employment Allowance

Claimants were most likely to have heard about the scheme from accountants or payroll agents, with three in ten (30%) mentioning this source. This increased among claimants that completely outsource their payroll to four in ten (37%). One in five (21%) claimants said they had heard about Employment Allowance via a direct letter or email from HMRC, rising to 27% among those who manage their payroll in-house.

**Figure 4.3 Where heard of Employment Allowance**



Interviews among non-claimants took place following an Employment Allowance advertising campaign. Non-claimants were most likely to say they had heard about the scheme from a TV ad (20% compared to 5% of claimants) and were less likely to have heard from a variety of sources than claimants. Non-claimants were less likely to have heard from a professional source (16% from accountant or payroll agent). By way of comparison, one in ten (9%) businesses (claimants and non-claimants) taking part in the GREAT Campaign evaluation in December 2014 said they had heard of Employment Allowance via a TV ad.

In the qualitative research, **claimants** had often heard about the Employment Allowance from **multiple sources**, whereas non-claimants could only remember having heard about the allowance from one or two sources. For example:

### Claimants sources:

- Accountant/business associate
- Letter or email from HMRC
- HMRC/Gov.uk website
- Payroll software
- March 2013 Budget announcement

Non-claimants sources:

- TV/radio advert
- Employee(s)
- HMRC Employment Allowance survey

Hearing about Employment Allowance from multiple sources reassured claimants that the allowance was relevant to them. In particular, being notified by HMRC directly or seeing the option to make a claim within payroll software confirmed eligibility for claimants who were already aware of the allowance through the budget announcement or a business associate.

*"I heard about it from a landscaper who sometimes does some work for us. ... That was good because when our software package prompted us to [claim], I'd already looked into it and then obviously I saw lots in the media about it as well."* (Claimant, 10-49 employees, used Employment Allowance for a specific purpose)

Claimants of the allowance tended to be better connected than non-claimants, in that they had an accountant or a network of business associates that inform them of relevant changes to tax law or relevant support. They also tend to keep abreast of changes independently, by checking HMRC's website or the budget announcements. Consequently, claimants tended to believe that awareness must be high amongst employers as it seemed to them to be well-known and publicised, whereas non-claimants could only vaguely remember hearing about the allowance.

*"Any employer who doesn't know about it [Employment Allowance] already must have their head in the sand."* (Claimant, 10-49 employees, used Employment Allowance for a specific purpose)

*"I had sort of vaguely heard about it but I didn't think it really applied to me."* (Non-claimant, 1-4 employees, not had the time to make claim/find out how to make claim)

Non-claimants, on the other hand, had only heard about the allowance through the TV/radio advertising or in one instance a participant said their employee had mentioned the allowance but this had not prompted them to investigate further; in some cases they only became aware after being contacted to take part in this research. Importantly they had not been told directly, by a professional or reliable source such as an accountant or HMRC and had not seen signposting to claim the allowance in their payroll software. They said they would have expected to hear about the allowance from HMRC directly, had they been eligible. When they learnt more about the eligibility criteria during the depth interviews, these employers said that there should be a stronger message from HMRC that all employers (with minimal exclusions) were eligible.

*"[HMRC should say] that everyone can apply – small businesses included."* (Non-claimant, 10-49 employees, not sure if eligible)

*"Maybe besides the adverts on the radio they could post something out to individual employers, rather than leaving it to the individual to do their homework."* (Non-claimant, 1-4 employees, believed ineligible)

### **4.3. Informing non-claimants**

As shown in section 4.1, almost nine in ten (89%) of small employers had heard of Employment Allowance, the campaign to raise awareness has reached most of the population. Those who were unaware of Employment Allowance were asked what the best way to inform them about it would be. A letter or email from HMRC was by far the most common response among this group, suggested by seven in ten (69%) non-claimants, rising to 78% of employers that manage their payroll in-house and falling to 65% that completely outsource the service. Other ways to inform businesses about Employment Allowance included via an accountant or payroll agent (10%, falling to 4% of employers that outsource any or all payroll work), the HMRC website and TV advert (4% respectively).

### **4.4. Knowledge of the Employment Allowance**

The research also looked at what employers aware of Employment Allowance knew about it: specifically what employers had heard about it; whether they knew how to claim it; how much it is worth; how they receive it and whether they think it's just available this year or in future years. As well as finding out about knowledge, it would also seek to understand if claimants and non-claimants had any false understanding of what the Employment Allowance offer involved such as being only available for new or small employers, being for a value other than £2,000.

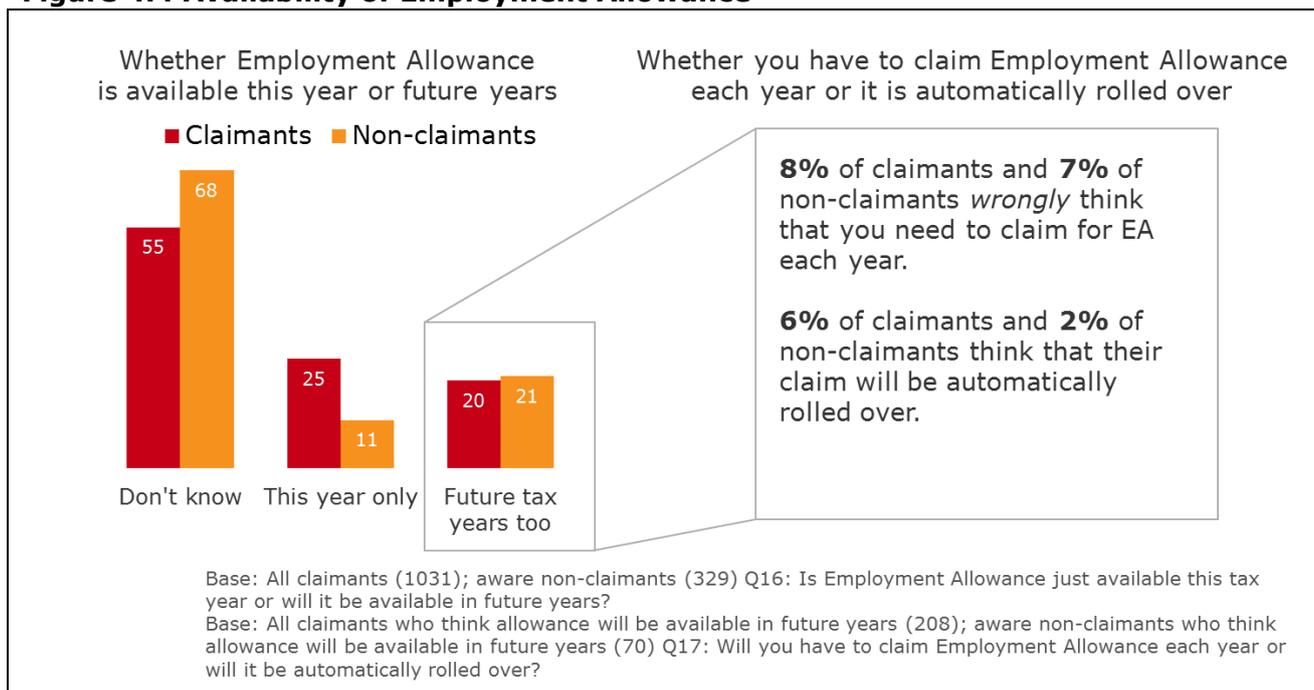
Generally employers either knew the correct responses, or gave a 'Don't Know' response rather than providing an incorrect answer. It does not appear as if any misunderstandings are discouraging employers from claiming the Employment Allowance.

Employers aware of Employment Allowance were asked to describe what they know or have heard about it. As might be expected claimants were more informed about the scheme than non-claimants, with around two fifths (42%) spontaneously saying they could claim up to £2,000 of NI, rising to over half (54%) of claimants who managed their payroll in-house compared to 31% of non-claimants. One in five (19%) claimants said they didn't know anything about Employment Allowance compared to two in five (42%) non-claimants. Other responses included 'claim back employers NI' (22% of claimants, 16% of non-claimants), 'only available for small employers' (6% of claimants, 3% of non-claimants).

Knowledge of how to claim Employment Allowance is low, just over half (55%) of claimants and a quarter (23%) of non-claimants said they knew what to do.

Those aware of the Employment Allowance were asked whether they thought it was just available this tax year or in future years (Figure 4.3). Just one in five (20%) claimants and non-claimants (21%) knew that the allowance was available in future years, while the majority (55% of claimants and 68% of non-claimants) of both groups were unable to say.

**Figure 4.4 Availability of Employment Allowance**



Employers that knew Employment Allowance was available in future years were asked if they would have to claim it each year or if it would be automatically rolled over. When looking at this in the context of all who were aware of the Employment Allowance, just 6% of claimants and 2% of non-claimants thought that their claim would be automatically rolled over. Non-claimants were more likely to wrongly believe that their claim will not be automatically rolled over.

Employers taking part in the qualitative research had not given much thought to any aspects of the Employment Allowance. When prompted, they assumed the allowance was a 'one off' either because a) they believed it might have been introduced to encourage election support or b) that it would most likely be stopped following a change in Government. However, they did not seem to have thought much about this before being asked.

*"It's election year this year [and] HMRC doesn't have a good record with people."* (Non-claimant, 10-49 employees, not had the time to make claim/find out how to make claim)

As discussed in section 6.1 on use of the allowance, learning that the allowance would be available year on year encouraged employers to invest monies in their business sooner, because they could build the amount into their budgets, rather than wait to year-end to check they have a surplus.

*"It would be useful to know [if the Employment Allowance is available in future years] because I'm setting the budget for next year. That [Employment Allowance] would reduce my figure for NI by £2k."* (Claimant, 5-9 employees, absorbed Employment Allowance into general revenues)

Consequently, learning that the allowance is available in future years and automatically rolls over may both drive perceived value and additionality as employers can plan to use the money straightaway and think about future uses over time.

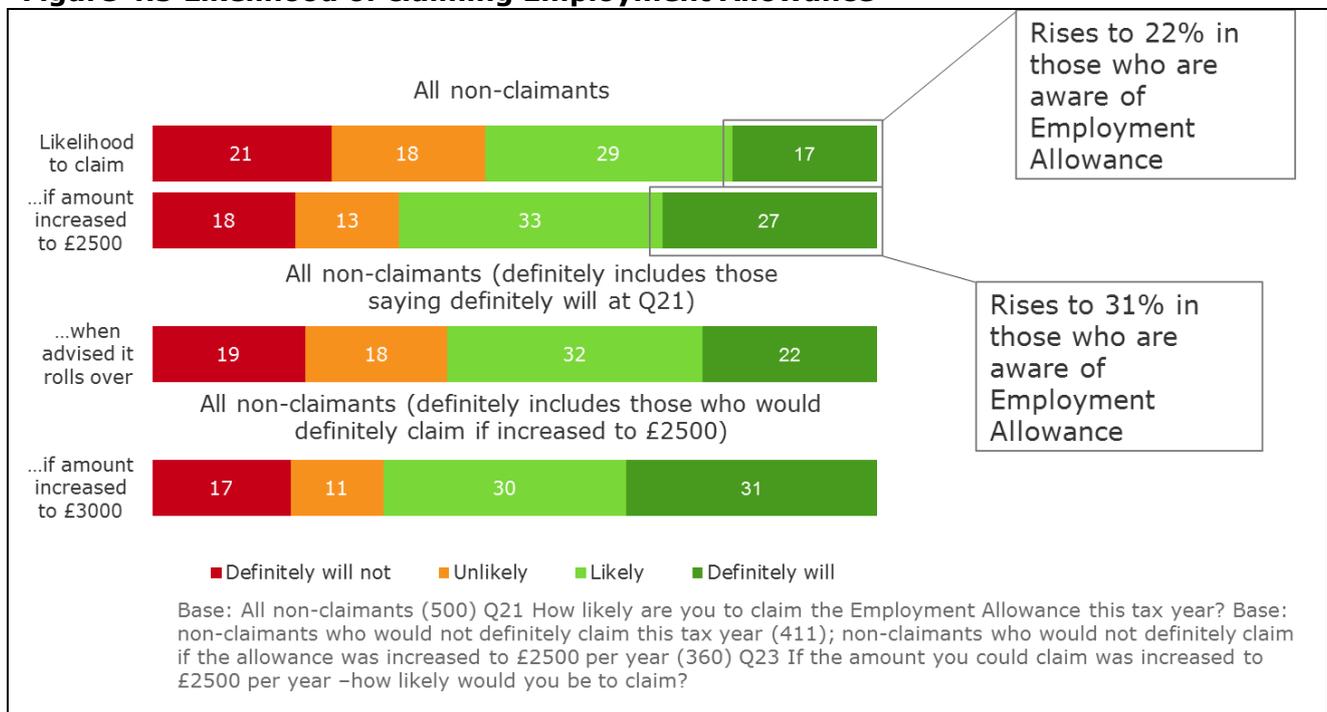
*"It is brilliant. I thought it was a one-off thing. ... I start to think about what to invest in further. ... It means you can continue to grow, provide more training or better infrastructure."*  
 (Claimant, 10-49 employees, used Employment Allowance for a specific purpose)

#### 4.5. Likelihood of claiming Employment Allowance

Almost half (46%) of non-claimants said they were likely to claim Employment Allowance this tax year (Figure 4.4). Non-claimants who were aware of Employment Allowance were more likely than overall to say they would definitely apply (22% vs. 17% overall).

The proportion of non-claimants saying they would apply for the allowance increased significantly to six in ten (59%) if the allowance amount was increased to £2,500 per year. Again those aware of Employment Allowance were more likely than overall to say they would definitely apply (31% vs. 27% overall).

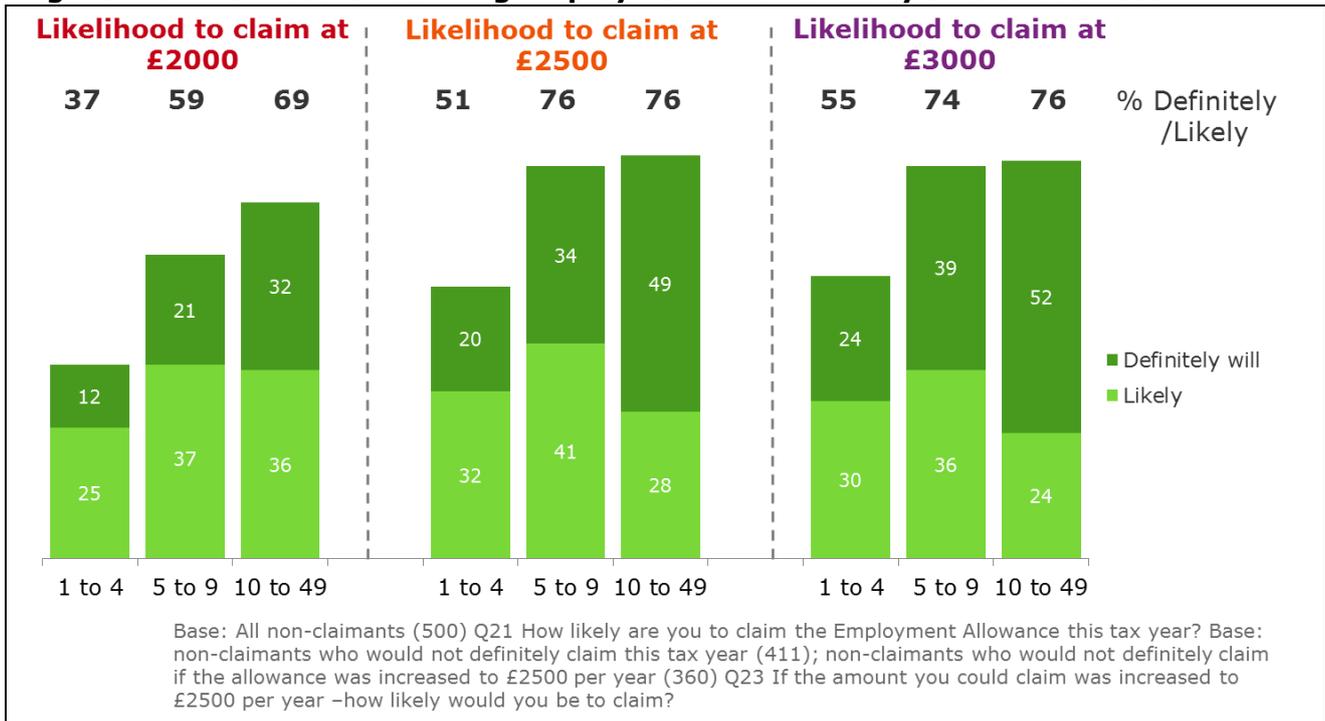
**Figure 4.5 Likelihood of claiming Employment Allowance**



There was no further significant increase in uptake among non-claimants if the allowance was increased to £3,000 per year. However, the proportion who said that they would definitely claim increased to 31%. Providing a little bit more knowledge to claimants about Employment Allowance increases the claimed future take up rate. When advised that the Employment Allowance would automatically roll over to future years the proportion who claimed they would be likely to claim was 54%.

Small businesses with up to four employees were less likely than businesses employing more than four staff to say they would claim Employment Allowance at any amount (Figure 4.5). This reflects the higher level of doubt over eligibility among the smallest businesses and lower levels of engagement with the payroll process as the smallest businesses are more likely to outsource their payroll.

**Figure 4.6 Likelihood of claiming Employment Allowance by size of business**



Over a third (37%) of non-claimants employing up to four staff said they would be likely to claim Employment Allowance at £2,000 this tax year compared to seven in ten (69%) non-claimants employing more than 10 staff.

The small number of non-claimants in the qualitative research who believed they were eligible for Employment Allowance but had not claimed said they had every intention of making a claim, but had not done so yet because:

- There was no deadline and therefore no perceived urgency to make a claim., Consequently claiming the allowance was something they intended to do but had not yet made time for;
- They wrongly assumed that the Employment Allowance was deducted from the employees' contribution, not the employers' - , consequently making the claim was not a priority, although these participants said they wanted their employees to benefit

*"I don't know why I haven't claimed yet. I intend to but it's not a priority."* (Non-claimant, 10-49 employees, not had the time to make claim/find out how to make claim)

*"If it was right in your face, 'would you like to have a £2,000 reduction in your annual bill', most people would click on it and say 'yes!'"* (Non-claimant, 1-4 employees, not had the time to make claim/find out how to make claim)

On the whole, non-claimants who took part in this research said that they were likely to make a claim, once they were convinced that they were eligible. However, they delayed making a claim or investigating further simply because they were too busy. While they did not expect the process would be particularly challenging, it was not immediately clear how they could make a claim (i.e. they had not seen an option in their payroll software) and this led to delays and employers being put off learning how to make a claim.

*"People are far more organised than I am. ... Obviously this has been around for some time and I've not really looked into it in any detail or looked at how to set the software up in order to make the claim."* (Non-claimant, 1-4 employees, not had the time to make claim/find out how to make claim)

## 5. Experience of dealing with Employment Allowance

The research also examined employers' experience of claiming Employment Allowance including when they first claimed, who made the claim, ease of making it and whether there were any problems, suggested improvements to the process and sources of information or support used.

### 5.1. Timing of the claim

Overall just under half (46%) of employers claiming Employment Allowance had done so in April 2014, one in ten (13%) claimed after April and just under four in ten (37%) didn't know when the claim was made. The majority (64%) of employers making the claim themselves did so in April 2014, while over half (55%) whose agent made the claim didn't know when it was made.

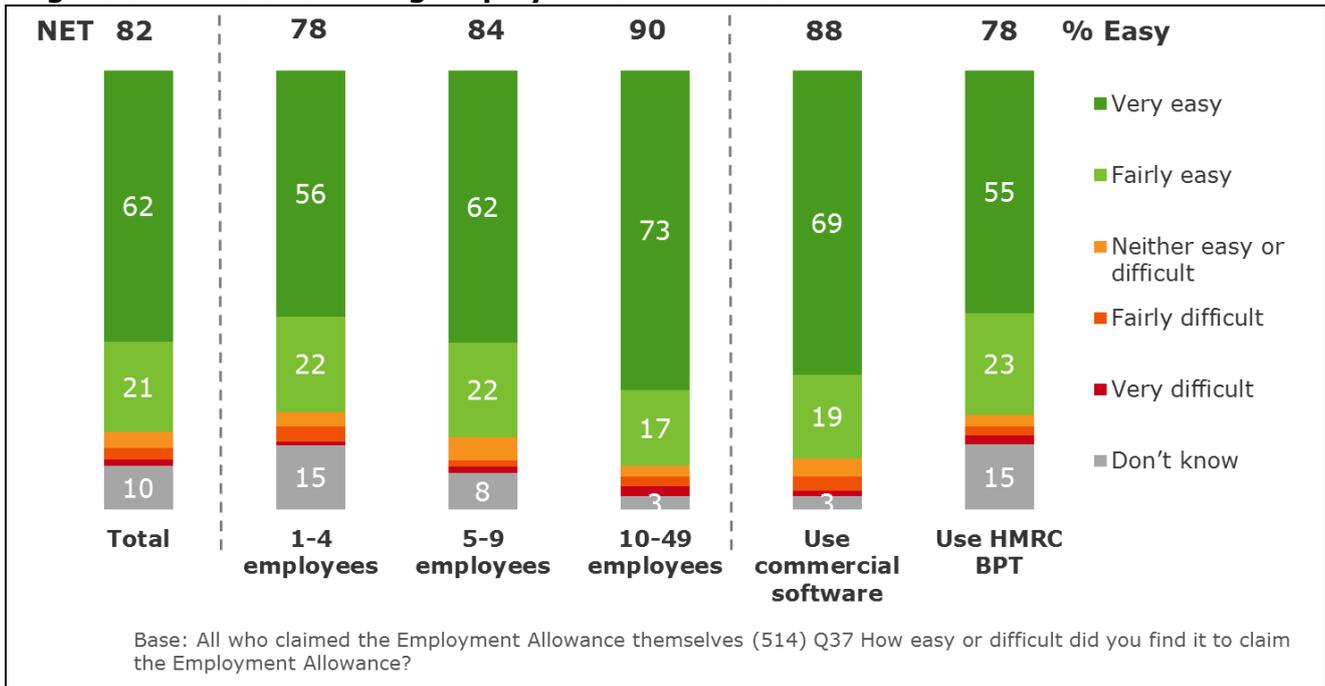
Employers that had claimed the allowance after April 2014 were asked why they had not done so at the start of the tax year, a quarter (27%) said that they hadn't heard of the allowance, small proportions of employers said it took some time to find out how to claim (7%), they didn't have staff or national insurance to pay at the start of the year (6%), they didn't have time at the start of the year (5%) and they only claimed when they made their first NI payment (2%).

Half of employers made the claim themselves, businesses with five or more employees were more likely to have claimed the allowance themselves (63%) compared to businesses employing up to four staff (41%).

### 5.2. Ease of making the claim

The process of claiming Employment Allowance appears to be simple, eight in ten employers making the claim themselves (82%) thought that it had been easy to do and just 4% thought it had been difficult (Figure 5.1).

**Figure 5.1 Ease of claiming Employment Allowance**



Small businesses employing 10 to 49 staff and employers that used commercial payroll software were most likely to say that they had found it easy to claim the allowance (90% and 88% respectively).

Employers that had made the claim themselves were asked to state what worked well or was easy about making the claim. Six in ten (57%) employers mentioned having to just tick the box or using the indicator on the software and 15% said the ease of making the claim via the payroll system.

Most employers found that the process of claiming the allowance worked well and just one in ten (11%) had experienced any problems or issues. No consistent pattern emerged from these problems, they were typically around checking eligibility and the method of applying - finding out how to apply (1%), determining if eligible (1%), didn't have the correct software to apply (1%) and checking if the claim had been successful (1%).

In the qualitative research, the simplicity of the process, described as simply ticking a box or clicking a button, reaffirmed eligibility for claimants. Employers that were aware of the allowance but not certain of eligibility said that being easily able to claim through the software reassured them that they must be eligible..

*"I could claim by clicking a box basically. ... I [then] read all the criteria and thought 'Okay, we're eligible'."* (Claimant, 5-9 employees, thinking of using Employment Allowance for a specific purpose)

**Non-claimants** on the other hand had not seen any notifications or signposting to make a claim via their payroll software and consequently continued to assume that the allowance was not designed for employers like themselves. In some cases, non-claimants had heard that they would be able to claim through their payroll software and then experienced difficulties doing so. This was potentially because they had not updated their software or read messages from

their software providers. Where there was no clear option to make a claim through their payroll software, this reinforced their existing doubts about eligibility and therefore they gave up quickly.

*"I found it quite difficult to work out where I had to make the necessary adjustments."* (Non-claimant, 5-9 employees, not sure if eligible)

*"Although I was informed by my accountant, there was nothing ... I could see on how to actually do it. ... In fact, it was so difficult that I wondered whether my accountant was right."* (Claimant, 1-4 employees, used Employment Allowance for a specific purpose)

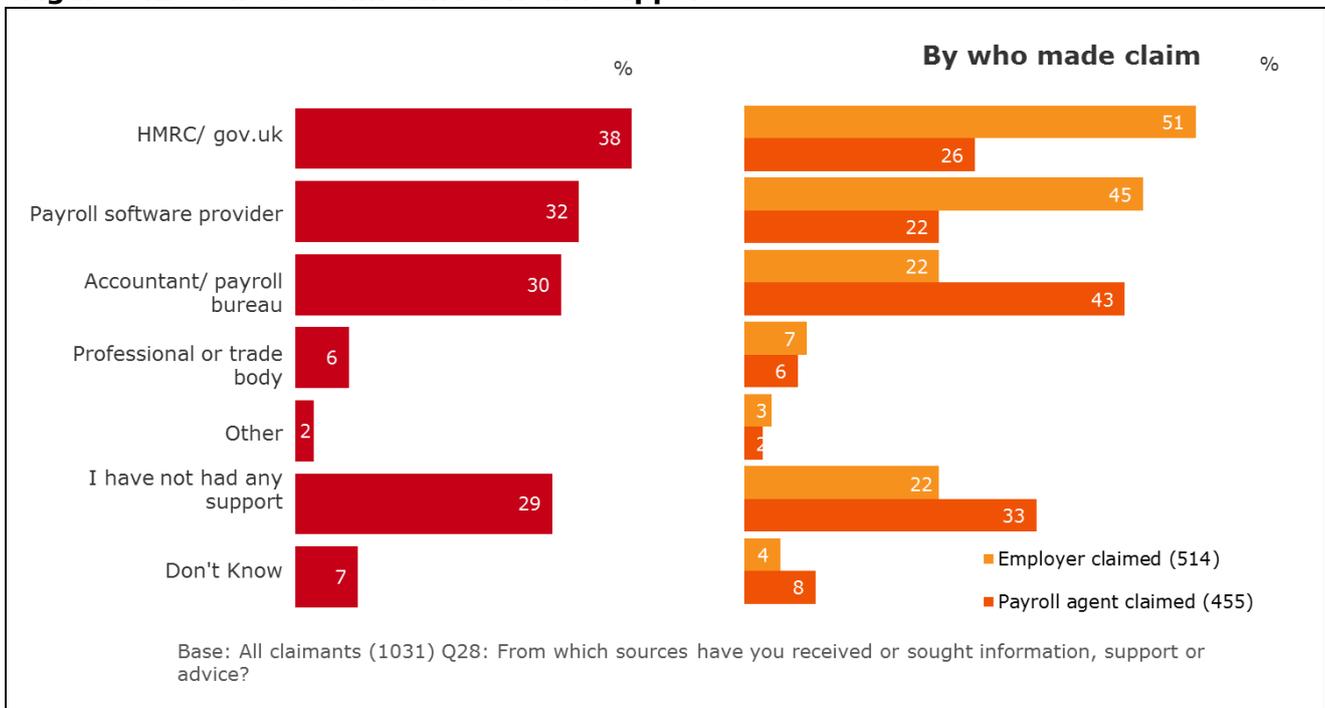
Only claimants who were certain they were eligible, having heard about the allowance through a number of reliable sources (e.g. accountants, HMRC), were motivated to spend time overcoming any difficulties claiming via the software.

The majority of employers could not think of any improvements HMRC should make to make it easier for them to claim Employment Allowance. Among employers suggesting improvements (35%), typical responses included providing more information (9%), sending letters/information packs (4%), clearer explanation of eligibility and the claims process (3%) and better advertising/more publicity (3%).

### 5.3. Information and support

Two thirds (64%) of claimants sought information or support about claiming Employment Allowance (Figure 5.2). HMRC/gov.uk was the most popular source of support (38%) across all channels of support used, followed by the employers' payroll software provider (32%) and their accountant or payroll bureau (30%).

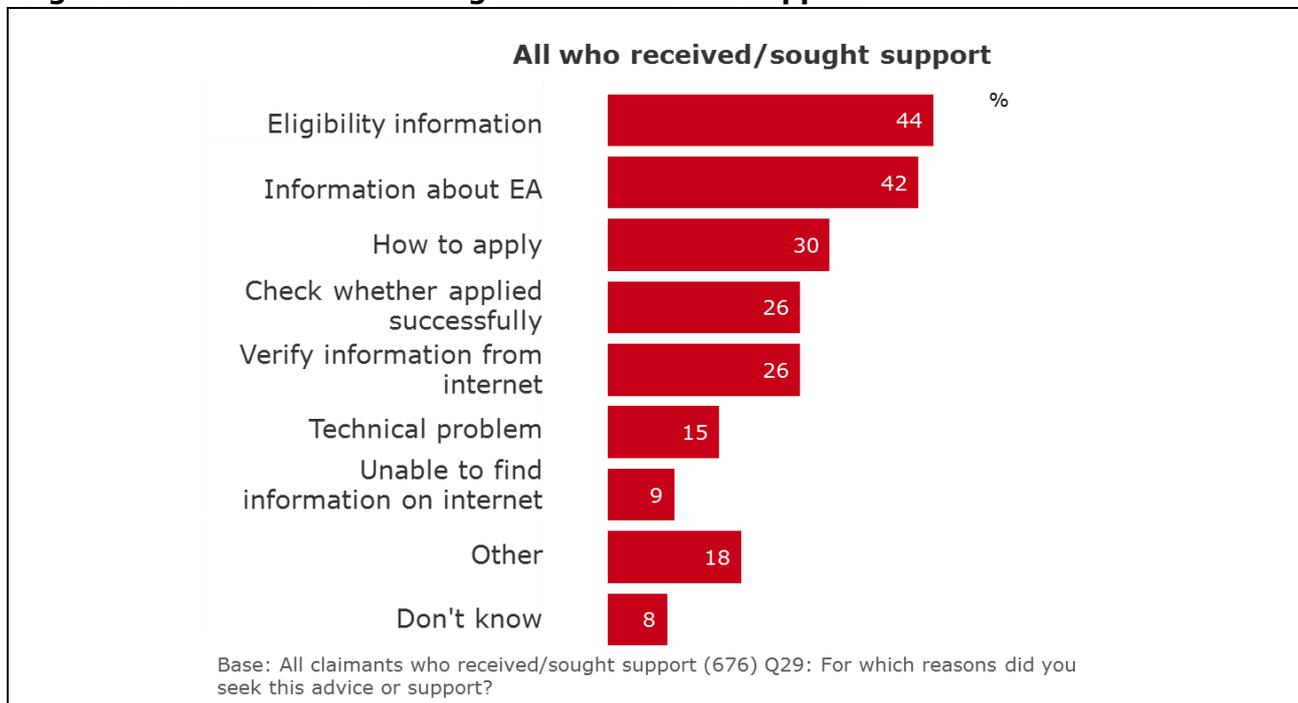
**Figure 5.2 Sources of information and support**



Claimants seeking information or support did so for reasons typically around eligibility and the application process (Figure 5.3). Around four in ten (44%) employers sought information about

eligibility and information about the allowance itself (42%). Three in ten (30%) wanted advice on how to apply, while a quarter (26%) simply wanted to check whether they had applied successfully and to verify information on the internet (26%). There is not currently an automated system to confirm that business applications have been received and a decision will be made. If this was introduced it may help cut down unnecessary contact with HMRC.

**Figure 5.3 Reasons for seeking information and support**



The majority (68%) of employers seeking advice or information from HMRC had done so online, with smaller proportions accessing information via the post (28%), email (22%) and the phone (20%). Exploring employers' reasons for seeking advice or support from HMRC a little further, those who telephoned HMRC were more likely than employers using the other contact methods to be requiring help with a technical problem (48% who contacted HMRC by telephone, compared with 11% who used other methods of contact) and to be checking whether they had successfully applied for the allowance (49% who contacted HMRC by telephone, compared with 26% who used other methods of contact).

Of those that had used the HMRC website, nine in ten (93%) found the guidance provided useful, with half (50%) saying it was very useful.

## 6. Impact and Views of the Scheme

As well as focusing on employers' experience of claiming Employment Allowance, the research also explored employers' feedback on the impact of the scheme. This chapter examines whether employers used the allowance for a specific purpose, perceived benefits and drawbacks of the scheme, whether any changes would encourage employers to claim and likelihood of recommending the allowance to other employers.

### 6.1. Use of Employment Allowance

When it came to usage of the Employment Allowance, just over half (53%) of employers claiming Employment Allowance said that the monies would be used as part of the general revenues and expenditures of the business. A quarter (27%) of claimants were intending to use it for a specific purpose:

- 13% of claimants used or would use it all for specific purpose
- 10% of claimants were thinking of using it for a specific purpose
- 4% of claimants would use some for a specific purpose and some would be absorbed into the general revenues and expenditures of the company.

Sixteen per cent reported that they did not know what they would use it for.

Table 6.2 shows what employers were planning on using the Employment Allowance for. This is shown for employers planning to use the Employment Allowance for a specific purpose, and also to understand the wider impact for businesses, as a proportion of claimants and as a proportion of small businesses. Fifteen per cent of claimants intended to use the Employment Allowance for staffing needs, most commonly for taking on additional members of staff (9% of claimants), or increasing staff wages (7%). One in ten (10%) claimants were intending to use the Employment Allowance for capital investment and seven per cent for non-capital investment.

**Table 6.1 Intended usage of Employment Allowance**

	% of claimants who intend on using the Employment Allowance for a specific purpose	As a % of claimants	As a % of small businesses
<b>Staff (net)</b>	<b>56%</b>	<b>15%</b>	<b>11%</b>
<i>Additional members of staff</i>	34%	9%	7%
<i>Wage increases</i>	25%	7%	5%
<i>Increasing hours of staff</i>	17%	5%	3%
<i>Making temporary contracts permanent</i>	12%	3%	2%
<b>Investment (net)</b>	<b>50%</b>	<b>14%</b>	<b>9%</b>
<i>Capital Investment</i>	36%	10%	7%
<i>Non-capital investment</i>	27%	7%	5%
<i>Unweighted base</i>	281	1,031	1,531

Employers who said they had or intended to use Employment Allowance for a specific purpose were asked whether they would have done this without the allowance. Table 6.2 shows this for employers who intended to use the monies for a specific purpose, and, to understand reinvestment on a wider level, as a proportion of claimants and as a proportion of small businesses. One in five (20%) claimants said that the reinvestment would have happened even if the allowance didn't exist, 2% would have made some, but not all the reinvestment in the future and 6% would not have made any reinvestment in the near future without Employment Allowance<sup>6</sup>.

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<sup>6</sup> The numbers do not add up exactly due to rounding

**Table 6.2 Whether investment would have happened without the Employment Allowance**

	% of claimants who intend on using the Employment Allowance for a specific purpose	As a % of claimants	As a % of small businesses
Yes	74%	20%	14%
Some, but not all	7%	2%	1%
No	22%	6%	4%
<i>Unweighted base</i>	<i>281</i>	<i>1,031</i>	<i>1,531</i>

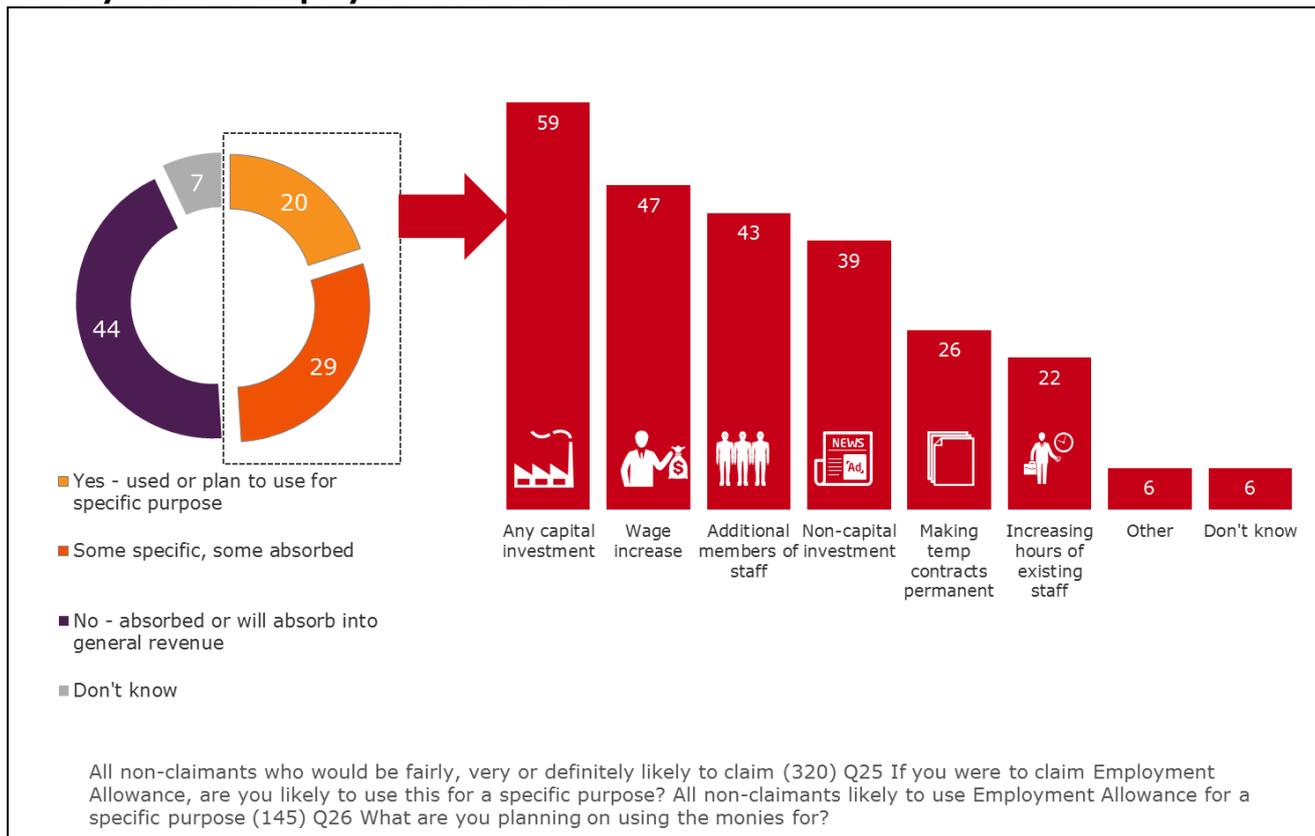
Table 6.3 shows investment that either would not have happened or would not have happened to the same extent without the Employment Allowance, showing additionality that can be attributed to the Employment Allowance. Six per cent of claimants were able to put money towards staff due to Employment Allowance and three per cent were able to put money towards investment (either capital or non capital investment).

**Table 6.3 Additional investment in the business created by the Employment Allowance**

	% of claimants who intend on using the Employment Allowance for a specific purpose	As a % of claimants	As a % of small businesses
<b>Staff (net)</b>	<b>22%</b>	<b>6%</b>	<b>4%</b>
<i>Additional members of staff</i>	12%	3%	2%
<i>Wage increases</i>	9%	2%	2%
<i>Increasing hours of staff</i>	8%	2%	1%
<i>Making temporary contracts permanent</i>	4%	1%	1%
<b>Investment (net)</b>	<b>13%</b>	<b>3%</b>	<b>2%</b>
<i>Capital Investment</i>	10%	3%	2%
<i>Non-capital investment</i>	6%	2%	1%
<i>Unweighted base</i>	281	1,031	1,531

Employers that had not claimed Employment Allowance but reported being likely to do so in the future were also asked how they would spend it. Just over four in ten (44%) said that the monies would be absorbed into the general revenue of the business and half (50%) intended to use it for a specific purpose.

**Figure 6.1 Where non-claimants would allocate monies from Employment Allowance if they claimed Employment Allowance**



For those who were planning on using it for a specific purpose, this was most commonly capital investment (59%), followed by wage increases (47%), additional staff (43%), non-capital investment (39%), making temporary contracts permanent (26%) and increasing hours of existing staff (22%).

Qualitative research found that employers claimed Employment Allowance before deciding how to use it. In some cases, employers then used the money to pay for ad hoc expenses rather than using the funds for a particular purpose. In other cases, employers were intending to use the allowance to invest in their business but they were cautious about spending it until they were certain they would have a surplus at the end of the year. Therefore, making employers aware that the allowance was not a one off was felt to be important in driving additionality (people using the allowance to grow or invest in their business).

When **non-claimants** were asked to consider how they could spend the allowance, they imagined using the funds to buy new equipment or employ part-time staff. As a result, the perceived value of the allowance increased as they could tie the allowance to a tangible benefit to the business. **Claimants** also said that having some guidance about how they could spend the allowance may also prompt businesses to use the allowance faster. However, it is important that any communications about the allowance do not imply that there are conditions (i.e. they have to use the allowance to take on a new member of staff) which may discourage some employers from making a claim.

*"I would think possibly new equipment for the office, upgrading computers, things like that. To be honest, we're so outdated at the moment."* (Non-claimant, 1-4 employees, believed

ineligible)

*"Maybe a letter should be issued by HMRC that goes to the Chief Executive confirming that they've had the money and suggest what they can use it for."* (Claimant, 5-9 employees, absorbed Employment Allowance into general revenues)

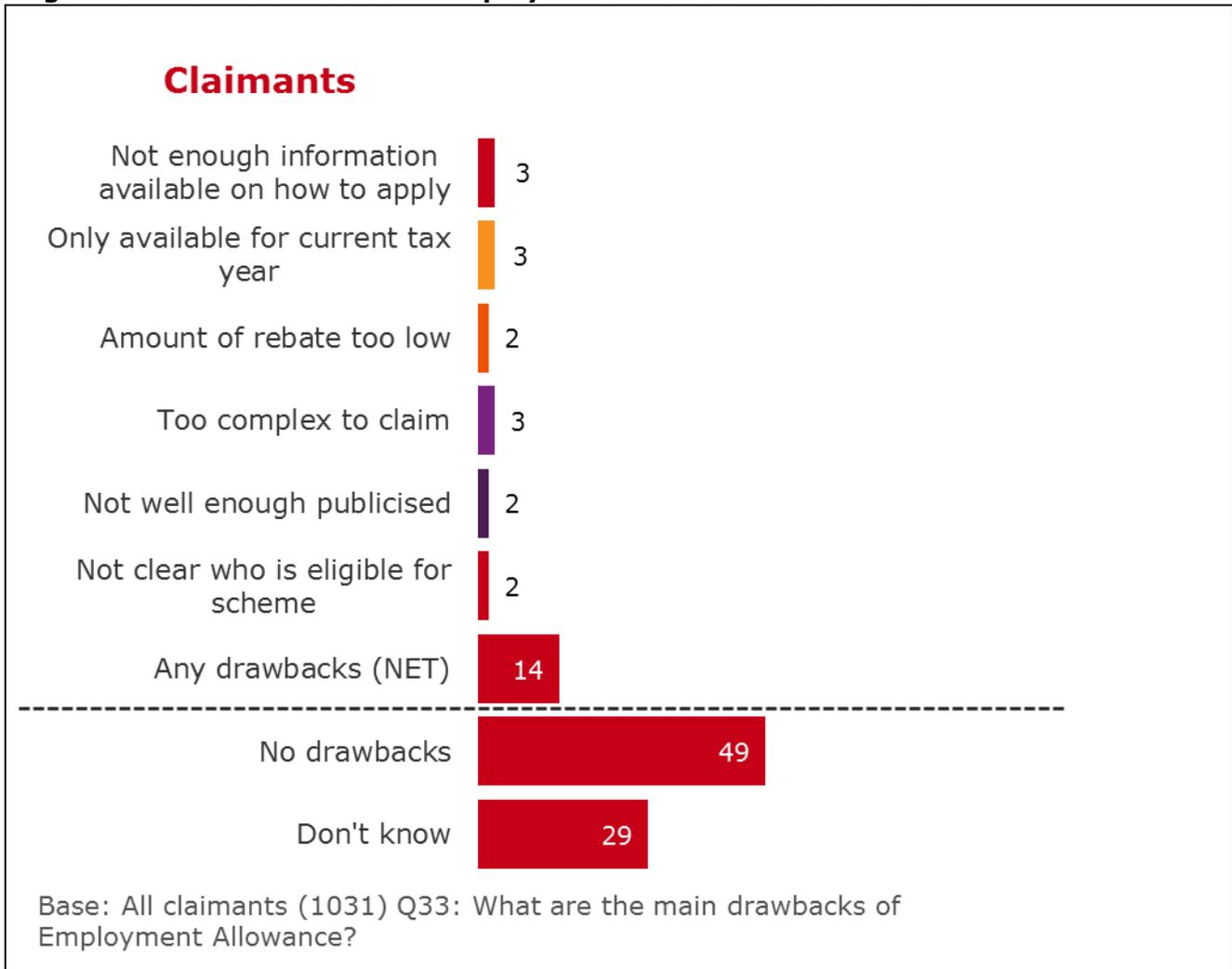
## **6.2. Benefits and drawbacks of Employment Allowance**

Two thirds (67%) of claimants spontaneously mentioned one or more of the benefits of Employment Allowance. Helping cashflow (34%) and reducing NI (30%) were the most common responses. Similar to the findings around the overall usage of Employment Allowance, one in ten (8%) claimants said that a benefit of the allowance was that it helped to fund recruitment.

Just over half (56%) of non-claimants aware of Employment Allowance saw a benefit in the scheme. In line with claimants they were most likely to consider the reduction in NI (22%) and helping cashflow (20%) as benefits, albeit at a lower level. Similar to claimants, eight per cent of non-claimants stated that helping to fund recruitment was a benefit of the Employment Allowance.

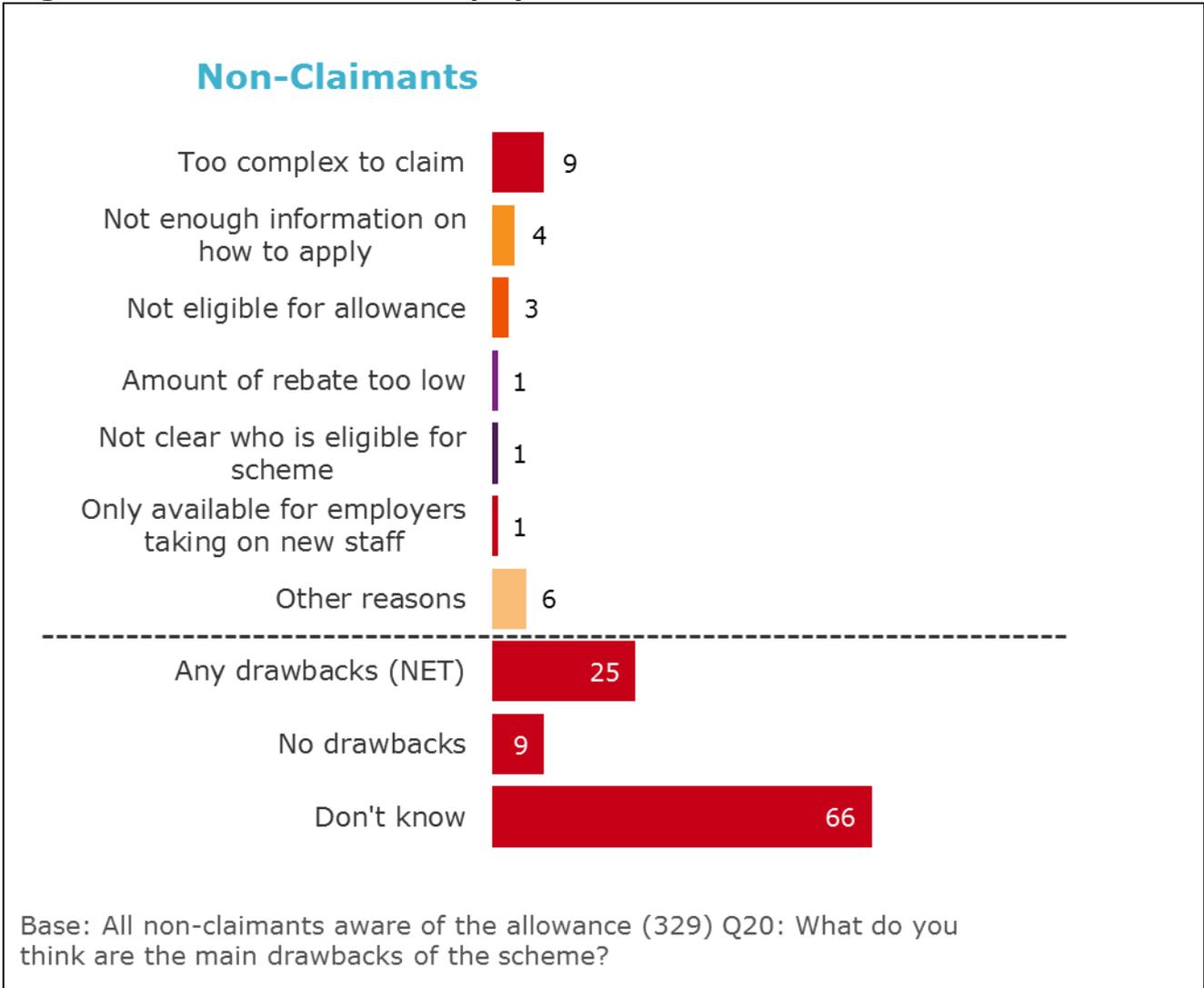
Three quarters of claimants either said there were no drawbacks (49%) or they didn't know what they were (29%). Three per cent of claimants said a drawback of the scheme was that it was only available for the current tax year. The other drawbacks mentioned by claimants had a similarly low level of responses.

**Figure 6.2 Main drawbacks of Employment Allowance - Claimants**



Looking at the perceived drawbacks of the scheme among non-claimants (figure 6.3), one in ten (9%) thought the complexity of making a claim was a drawback, and 4% thought that there wasn't enough information available on how to apply. Three quarters of non-claimants either said there were no drawbacks (9%) or "don't know" (66%).

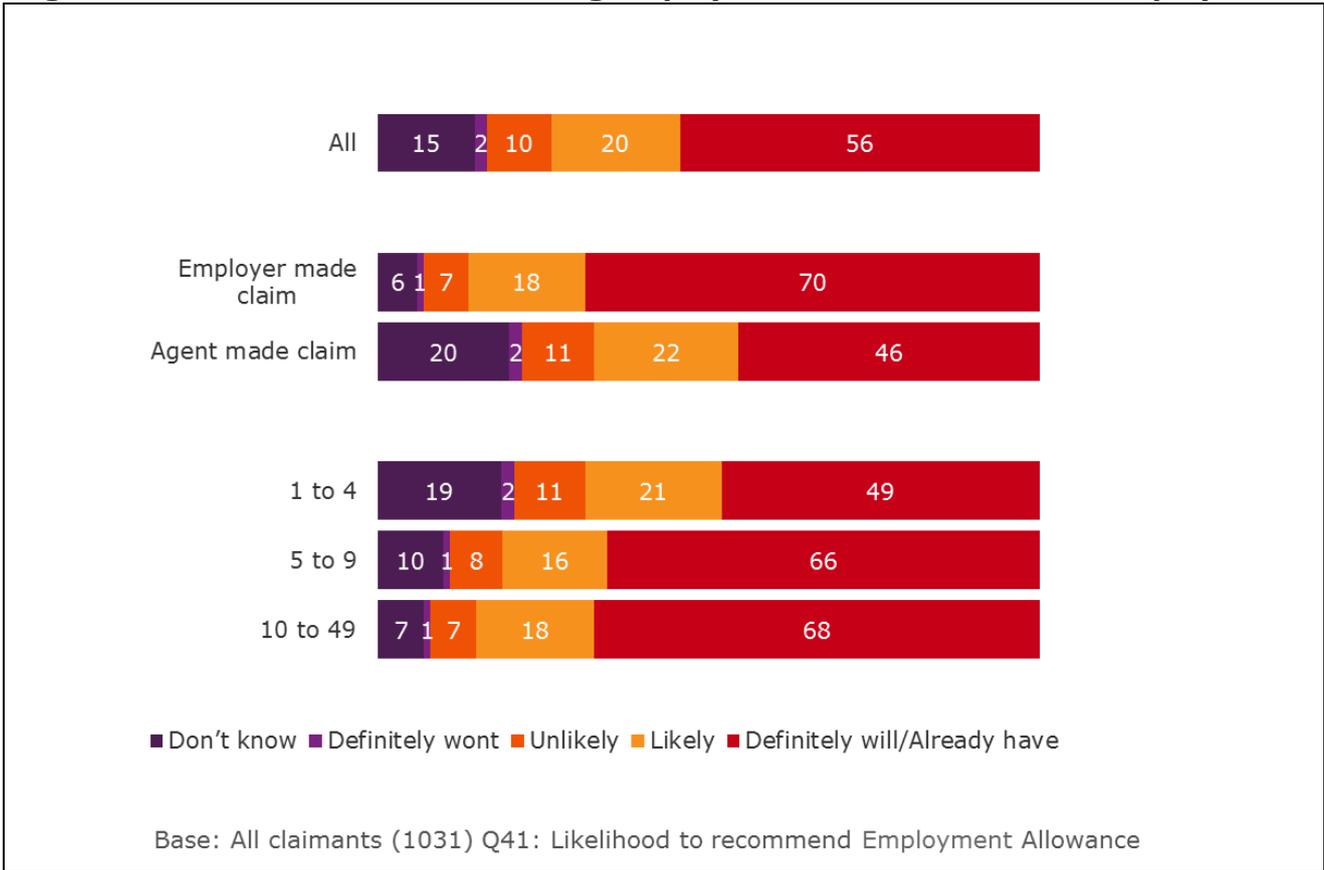
**Figure 6.3 Main drawbacks of Employment Allowance – Non-Claimants**



**6.3. Likelihood of recommending Employment Allowance to others**

Three quarters (76%) of claimants would recommend the scheme to other employers (Figure 6.4). Employers that have made the claim themselves (88%) and businesses employing ten or more staff (86%) were most likely to say they would recommend Employment Allowance.

**Figure 6.4 Likelihood of recommending Employment Allowance to other employers**



Employers who had no problems claiming the allowance were more likely to definitely recommend Employment Allowance (77%) than those who had problems (42%). Also claimants that had used the allowance for a specific purpose were more likely to definitely recommend Employment Allowance (65%) than those who would absorb the money within the business (55%). Knowing that Employment Allowance is available in future years does not have an impact on claimants' likelihood to recommend it to others.

## 7. Conclusions

The research found that awareness of Employment Allowance is high. Almost half of non-claimants who had heard of the Employment Allowance reported that they were likely to take it up in the tax year.

The process of claiming the Employment Allowance was viewed as easy, and the HMRC/Gov.uk website was viewed positively from those who used it for information or advice. The main reason for claimants suggesting that the process worked was the simplicity of claiming through the payroll procedure. There was no strong theme coming through when claimants were asked about potential improvements.

The research identified that the smallest businesses were less likely to have claimed or be aware of Employment Allowance. When they had claimed, they were less likely to be aware of the features of the Employment Allowance. These businesses are more likely than others to outsource some, or all, payroll to an external source.

While take up has been successful and awareness of the scheme is high, it has had relatively little impact on employment. Half of claimants absorbed all the money into the general revenues of the business, and of those who put the money to use, this often would have happened without the Employment Allowance. Some of this can be linked to the low levels of awareness that the Employment Allowance is available each year and claims roll over. The qualitative research suggested that if there was more awareness that it available in the future then companies could possibly have more confidence in Employment Allowance as they could factor it into their budgeting and planned investment. In the quantitative research, non-claimants reported higher likely take up of the Employment Allowance when they knew that it rolled over automatically into future years.

Among non-claimants (who had answered a series of screening questions to establish their eligibility) the main reason for not claiming was concern over eligibility. This was higher among the smallest employers. This was followed up in qualitative research. When those who were concerned about eligibility learnt more about the eligibility criteria during the depth interviews, they said that there should be a stronger message from HMRC that all employers (with minimal exclusions) were eligible.

## 8. Appendix 1 Questionnaire

### T1 : Intro1 : Intro1

Text

Good morning/afternoon/evening, my name is ....., and I am calling on behalf of TNS-BMRB, the independent social research company. We are carrying out a survey for Revenue and Customs about the dealings businesses have with them. The findings from the survey will be used by Revenue and Customs to improve services in the future

### T2 : Intro2 : Intro2 IF CLAIMANT

Text

We understand that your company has claimed the Employment Allowance. HMRC are interested in asking you about your views and experiences of Employment Allowance so that they can understand how well the system is working and identify issues

#### **IF <5 employees**

Please could I speak to the owner or senior manager?

#### **IF 5 to 49 employees**

Please can I speak to the Finance Director or manager

### T3 : Intro3 : Intro3

Text

IF SAY HAND ALL OVER TO AN ACCOUNTANT/AGENT/PAYROLL BUREAU – ask to speak to the most senior person that deals with the accountant/agent/payroll bureau

IF NECESSARY: You should have recently received a letter from HMRC about the study and requesting your help.(IF NECESSARY OBTAIN EMAIL ADDRESS AND RESEND LETTER)

IF CLAIMANT AND SAYS NOT AWARE THAT CLAIMING EMPLOYMENT ALLOWANCE: It is possible that your tax agent or bureau who do your payroll or PAYE may have claimed the allowance on your behalf , but we would still like to obtain your views

IF CLAIMANT AND SAYS NOT AWARE THAT CLAIMING EMPLOYMENT ALLOWANCE AND DOES NOT USE AGENT OR PAYROLL BUREAU FOR PAYE – well is there someone else in your business who deals with payroll and could have made the claim IF YES OBTAIN NAME AND TRANSFER; IF NO CLOSE INTERVIEW

IF NECESSARY - Revenue and Customs is responsible for collecting the bulk of tax revenue, as well as paying Tax Credits and Child Benefits, and protecting the UK's borders against illegal imports and exports.

We guarantee that all your answers will be kept confidential. Revenue and Customs will not be able to identify any individual or business from their answers.

**Q1 : Dclaim : Dclaim**

Single coded

To code if 'Claimant' or 'Non-Claimant'

- 1  1 - Claimant
- 2  2 - Non-Claimant

**Q2 : SCR1 : SCR1 CLAIMANTS AND NON CLAIMANTS**

Single coded

Can I just check, how many employees does your organisation have including yourself?

IF RESPONDENT UNSURE and EMPLOYEE NUMBERS IN SAMPLE:

Our records indicate that you have [sample information] employees, is that correct?

IF RESPONDENT IS STILL UNSURE:

CHECK If 50 or More – IF <50 ASK FOR ROUGH ESTIMATE- prompt with ranges

READ OUT

- 1  1 (i.e. Sole trader with no other employees)
- 2  2-4
- 3  5-9
- 4  10-19
- 5  20-49
- 6  50 - 99 (SCREEN OUT)
- 7  100-249 (SCREEN OUT)
- 8  250 + (SCREEN OUT)
- 9  50 or more but not sure exact number (SCREEN OUT)
- 11  Refused
- 10  don't know

*\*Position fixed*

**Q3 : DEM2 : DEM2 (CLAIMANTS AND NON CLAIMANTS)**

Single coded

Is your business set up as a charity or non-profit making organisation?

- 1  Yes
- 2  No
- 3  don't know

*\*Position fixed*

ASK ONLY IF Q2 : SCR1=1,2,3,4,5 and Q1 : Dclaim=2 and Q3 : DEM2=2,3

**Q4 : SCR2 : SCR2 Non Claimants**

Single coded

What proportion of your business is providing public services

IF SAYS VARIES –ASK FOR LAST FINANCIAL YEAR .  
IF UNSURE – PROBE WHETHER MORE OR LESS THAN HALF TURNOVER .

- 10  None
- 1  1 to 9%
- 2  10-24% (up to a quarter)
- 3  25-49% (up to a half)
- 4  50-90% (SCREEN OUT)
- 5  90%+(SCREEN OUT)
- 6  Not sure exact amount but under 50%
- 7  Not sure exact amount but at least 50% (SCREEN OUT)
- 9  Refused
- 8  don't know

*\*Position fixed*

ASK ONLY IF Q1 : Dclaim=2 and Q3 : DEM2=2,3

**Q5 : SCR3 : SCR3 Non Claimants**

Single coded

Are the people you employ only providing domestic services for you and your family for example nannies, carers, chauffeurs?

- 1  Yes (SCREEN OUT)
- 2  No

**Q6 : SCR4 : SCR4 (CLAIMANTS AND NON CLAIMANTS)****Single coded**

Thinking about payroll and paying staff - do you deal with it totally in house, or do you use someone outside of your business, such as an accountant or payroll bureau to deal with some or all of the work involved in PAYE and National Insurance

IF NECESSARY: In-house means done by the owner or an employee of your business. Outside of the business means someone who is not an employee.

- 1  All done in-house
- 2  Partly done within the business, partly outsourced
- 3  All done by someone outside of the business
- 4  don't know (DO NOT READ OUT)

*\*Position fixed*

ASK ONLY IF Q1 : Dclaim=2

**Q7 : EA1 : EA1****Single coded**

Have you heard of Employment Allowance?

- 1  Yes
- 2  No
- 3  don't know

*\*Position fixed*

ASK ONLY IF Q7 : EA1=2,3 and Q1 : Dclaim=2

**Q8 : EA1a : EA1a****Single coded**

Employment Allowance, allows employers to claim up to £2000 back on their National Insurance Contributions each year? Does this sound like something you have heard of?

- 1  Yes
- 2  No
- 3  don't know

*\*Position fixed*

ASK ONLY IF Q7 : EA1=1 or Q8 : EA1a=1 and Q1 : Dclaim=2

**Q9 : EA2 : EA2 (Non Claimants)**

Single coded

And can I just check are you already claiming Employment Allowance?

- 1  Yes -(IF NON CLAIMANT SAMPLE - THANK AND CLOSE)
- 2  No
- 3  don't know

*\*Position fixed*

ASK ONLY IF Q1 : Dclaim=1 or Q7 : EA1=1 or Q8 : EA1a=1

**Q10 : EA3 : EA3 (CLAIMANTS AND NON CLAIMANTS AWARE OF EA)**

**Multi coded**

**Where did you hear about the Employment Allowance?**

**PROBE: Where else?**

DO NOT PROMPT -

IF RESPONDENT SAYS RADIO, ASK WHETHER PROGRAMME OR ADVERTISING, FOR NEWSPAPER (ARTICLE OR ADVERTISING), TV (PROGRAMME OR ADVERTISING) AND SO ON. IF RESPONDENT SAYS ADVERTISING, PROBE FOR WHERE SEEN

- 1  TV - programme/news
- 2  TV - advert
- 3  Accountant/Payroll Company/ Professional Adviser
- 4  Radio – programme/news
- 5  Radio – advert
- 6  Magazine or newspaper article
- 7  Magazine or newspaper advert
- 8  Leaflet
- 9  Direct mail /Letter
- 10  Letter from the Prime Minister/David Cameron/Number 10
- 11  Letter/email from HMRC
- 12  HMRC / gov.uk website
- 13  HMRC Employer Bulletin
- 14  HMRC message via the payroll system
- 15  Professional/ Trade Association
- 16  From payroll software/software provider
- 17  Greatbusiness.gov.uk
- 18  Other website (SPECIFY)
- 19  Advertising on the internet
- 20  Google search
- 21  Twitter
- 22  LinkedIn
- 23  Facebook
- 24  Blogs
- 25  Posters/billboards
- 26  People talking about it/ Word of mouth
- 29  Budget announcement
- 28  don't know
- 30  other, namely...

*\*Exclusive \*Position fixed*  
*\*Open \*Position fixed*

ASK ONLY IF Q1 : Dclaim=1 or Q7 : EA1=1 or Q8 : EA1a=1

**Q11 : EA4 : EA4 (CLAIMANTS AND NON CLAIMANTS)**

Multi coded

What do you know or have you heard about the Employment Allowance

PROBE: What else have you heard about what the allowance covers, who is eligible and how you claim the allowance?

**DO NOT PROMPT**

- 1  Claim back/deduct employers national insurance
- 2  Claim up to £2000 off employers national insurance
- 3  All employers eligible (anyone with paid staff)
- 4  Only available for small employers
- 5  Only available for new businesses starting up
- 17  Only available to employers taking on new staff
- 6  Money deducted directly from amount of employer national insurance you have to pay
- 7  HMRC refund monies paid
- 8  Can't claim if work in public sector
- 9  Can't claim if supply public sector
- 10  Can't claim if employ domestic staff eg nanny, carer, chauffeur
- 11  Can only claim allowance for one PAYE scheme or company, or charity
- 12  Allowance Only available this tax year
- 13  Allowance not just for this year (available in future years too)
- 14  Claim automatically rolled over to future tax years
- 15  Other
- 16  don't know

*\*Exclusive \*Position fixed*

ASK ONLY IF Q7 : EA1=1 or Q8 : EA1a=1 or Q1 : Dclaim=1

**Q12 : EA5 : EA5 (CLAIMANTS AND NON CLAIMANTS)**

Single coded

Do you know how to claim Employment Allowance?

- 1  Yes
- 2  No
- 3  don't know

*\*Position fixed*

ASK ONLY IF Q12 : EA5=1

**Q13 : EA6 : EA6**

Single coded

How do you claim Employment Allowance?

- 1  Through Payroll software
- 2  Contacting HMRC
- 3  Separate Paper Claim
- 4  Separate Online Claim
- 5  Other (Specify)
- 6  don't know

*\*Position fixed*

ASK ONLY IF Q1 : Dclaim=1 or Q7 : EA1=1 and Q8 : EA1a=1

**Q14 : EA7 : EA7 (CLAIMANTS AND NON CLAIMANTS)**

Single coded

And how much is the Employment allowance worth (by this I mean how much Employers national insurance you can claim back a year)?

DO NOT PROMPT

- 1  Up to £500 per year
- 2  Up to £1000 per year
- 3  Up to £2000 per year
- 4  Up to £5000 per year
- 5  Other
- 6  don't know

*\*Position fixed*

ASK ONLY IF Q1 : Dclaim=1 or Q7 : EA1=1 or Q8 : EA1a=1

**Q15 : EA8 : EA8 (CLAIMANTS AND NON CLAIMANTS)**

Single coded

And how do you receive the Employment Allowance?

DO NOT PROMPT

- 1  Money deducted from amount of employers National Insurance you pay
- 2  Receive monies back from HMRC
- 3  Apply for a refund at the end of the tax year
- 4  Other
- 5  don't know

*\*Position fixed*

ASK ONLY IF Q1 : Dclaim=1 or Q7 : EA1=1 or Q8 : EA1a=1

**Q16 : EA9 : EA 9 (CLAIMANTS AND NON CLAIMANTS)**

Single coded

Is the Employment Allowance just available for this tax year or will it be available in future tax years?

DO NOT PROMPT

- 1  This year only
- 2  Future tax years too
- 3  don't know

*\*Position fixed*

ASK ONLY IF Q16 : EA9=2

**Q17 : EA9b : EA9b (CLAIMANTS AND NON CLAIMANTS)**

Single coded

And to the best of your knowledge, will you have to claim the allowance each year or will your claim be automatically rolled over in future tax years?

READ OUT

- 1  Claim each year
- 2  Automatically rolled over
- 4  don't know

*\*Position fixed*

ASK ONLY IF Q7 : EA1=1 or Q8 : EA1a=1

**Q18 : NC1 : NC1 (NON CLAIMANTS AWARE OF EA)**

**Multi coded**

Why have you not claimed the Employment Allowance  
PROBE what else has put you off claiming the allowance?

DO NOT PROMPT

IF RESPONDENT SAYS 'Too difficult' try to probe further

- 1  Don't know how to claim
  - 2  Heard of scheme but know nothing more about it
  - 3  Not eligible
  - 4  Not sure if eligible
  - 5  Not had the time to make claim/find out how to make claim
  - 6  These types of scheme always involve too much paperwork
  - 7  Amount can claim back is too small/Not worth it for amount involved
  - 8  If not eligible will want monies back
  - 9  Financial Agent deals with payroll
  - 10  Waiting for the end of the tax year to see if has enough National Insurance payments to make a claim
  - 13  Only available for small employers
  - 14  Only available for new businesses starting up
  - 15  Only available for employers taking on new staff
  - 16  other, namely...
  - 12  don't know
- \*Open \*Position fixed*  
*\*Exclusive \*Position fixed*

ASK ONLY IF Q7 : EA1=1 or Q8 : EA1a=1

**Q19 : NC2 : NC2 (NON CLAIMANTS AWARE OF EA)**

Multi coded

What are the main benefits of the Employment allowance?

IF NECESSARY PROBE: what else is good about this scheme? How else might it benefit your business?

DO NOT PROMPT

- 1  Will reduce amount of employer national insurance have to pay
- 2  Will pay no employer national insurance
- 3  It's very simple to claim the allowance
- 4  Allowance not just for this tax year/available in future years too
- 5  Claim automatically rolled over to next tax year (don't need to reapply)
- 6  Get allowance straight away (not delays waiting to receive the rebate)
- 10  Available for businesses of all sizes
- 11  Available for existing businesses, not just those starting up
- 12  Available for businesses, even if not taken on any new staff
- 9  other, namely...
- 8  don't know
- 7  NO benefits

*\*Open \*Position fixed*  
*\*Exclusive \*Position fixed*

ASK ONLY IF Q7 : EA1=1 or Q8 : EA1a=1

**Q20 : NC3 : NC3 (NON CLAIMANTS)**

**Multi coded**

And what do you think are the main drawbacks of the scheme?

PROBE what would stop you claiming the allowance? What (other) concerns do you have about applying for the allowance?

DO NOT PROMPT

- 1  Amount of rebate too low
- 2  Too complex to claim
- 3  Only available for current tax year
- 4  Not eligible for allowance
- 5  Not clear who is eligible for scheme
- 6  Not well enough publicised /not heard about scheme
- 7  Not enough information available on how to apply
- 8  Information on HMRC/ gov.uk website was not sufficiently clear/detailed
- 9  Will need to wait to get money back from HMRC
- 12  No Drawbacks
- 13  Can only claim for one scheme payroll scheme per company
- 14  Only available for small employers
- 15  Only available for new businesses starting up
- 16  Only available for employers taking on new staff
- 17  other, namely...
- 11  don't know

*\*Open \*Position fixed*  
*\*Exclusive \*Position fixed*

ASK ONLY IF Q1 : Dclaim=2

**Q21 : NC4 : NC4 ALL NON CLAIMANTS (AWARE AND UNAWARE OF EA)**

Single coded

From April 2014, employers have been able to claim up to £2000 back on the amount of employer National Insurance contributions per year through the Employment Allowance. You can take this up by selecting the option to claim the Employment Allowance on the software or form you use to submit your employers National Insurance payments. The allowance is claimed by reducing the amount you pay for your employers National Insurance contributions (up to £2000)

How likely are you to claim the Employment Allowance this tax year?

READ OUT

- 1  Definitely will
- 2  Very likely
- 3  Fairly likely
- 4  Fairly unlikely to claim
- 5  Not very likely to claim
- 6  Definitely will not claim
- 7  don't know

*\*Position fixed*

ASK ONLY IF Q21 : NC4=2,3,4,5,6,7 and Q1 : Dclaim=2

**Q22 : NC5 : NC5 (NON CLAIMANTS)**

Single coded

If you claim the allowance this tax year, your claim is automatically rolled forward to future tax years, so you don't need to apply each year.

Knowing this, how likely are you to claim the Employment allowance this Year?

READ OUT

- 1  Definitely will
- 2  Very likely
- 3  Fairly likely
- 4  Fairly unlikely to claim
- 5  Not very likely to claim
- 6  Definitely will not claim
- 7  don't know

*\*Position fixed*

ASK ONLY IF Q1 : Dclaim=2

**Q23 : NC5a : NC5a (NON CLAIMANTS)**

Single coded

If the amount you could claim was increased to £2500 per year –how likely would you be to claim?

READ OUT

- 1  Definitely would
- 2  Very likely
- 3  Fairly likely
- 4  Fairly unlikely to claim
- 5  Not very likely to claim
- 6  Definitely will not claim
- 7  don't know

*\*Position fixed*

ASK ONLY IF Q1 : Dclaim=2 & Q23 NC5a=2,3,4,5,6,7

**Q24 : NC5b : NC5b (NON CLAIMANTS)**

Single coded

If the amount was increased to £3000 per year - how likely would you be to claim?

READ OUT

- 1  Definitely would
- 2  Very likely
- 3  Fairly likely
- 4  Fairly unlikely to claim
- 5  Not very likely to claim
- 6  Definitely will not claim
- 7  don't know

*\*Position fixed*

ASK ONLY IF Q21 : NC4=1,2,3 or Q22 : NC5=1,2,3 or Q23 : NC5a=1,2,3 or Q24 : NC5b=1,2,3

**Q25 : NCmoney :**

Single coded

If you were to claim the Employment Allowance, are you likely to use this for a specific purpose (such as staffing or investing in the business?)

READ OUT

- 1  Yes, you will use this for a specific purpose
- 2  No, you will absorb into general revenues or expenditure
- 3  Some may go for a specific purpose and some may be absorbed into general revenues or expenditure
- 6  other, namely... *\*Open \*Position fixed*
- 4  don't know *\*Position fixed*
- 5  refused

ASK ONLY IF Q25 : NCmoney=1,3

**Q26 : NCMoney2 :**

Multi coded

What are you planning on using the monies for - will be used for...

READ OUT

**Random**

- 1  Taking on additional members of staff
- 2  Increasing hours of existing staff
- 3  Increasing wages of staff
- 4  To make temporary/contract/short term staff permanent
- 8  Any capital investment (such as equipment, machinery or IT)
- 9  Any non-capital investment (such as marketing or training)
- 5  other, namely... *\*Open \*Position fixed*
- 6  don't know *\*Exclusive \*Position fixed*
- 7  refused *\*Exclusive \*Position fixed*

ASK ONLY IF Q8 : EA1a=2,3 and Q1 : Dclaim=2

**Q27 : NC6 : NC6 (NON CLAIMANTS)**

Multi coded

What would be the best ways to inform you and other businesses like yours about the Employment Allowance?

DO NOT PROMPT

- 1  TV - advert
- 2  Accountant/Payroll Company/ Professional Adviser
- 3  Radio – advert
- 4  Magazine or newspaper article
- 5  Magazine or newspaper advert
- 6  Leaflet
- 7  Direct mail /Letter from HMRC
- 8  HMRC/ gov.uk website
- 9  HMRC messages via the payroll system
- 23  From payroll software/ software provider
- 10  Article/announcement in HMRC employer bulletin
- 11  Professional/ Trade Association
- 12  Other website (SPECIFY)
- 13  Advertising on the internet
- 14  Google search
- 15  Twitter
- 16  LinkedIn
- 17  Facebook
- 18  Blogs
- 19  Posters/billboards
- 20  People talking about it/ Word of mouth
- 21  Other (PLEASE SPECIFY)
- 22  don't know

*\*Exclusive \*Position fixed*

ASK ONLY IF Q1 : Dclaim=1

**Q28 : CL1 : CL1 (Claimants)**

**Multi coded**

From which, if any, of the following sources have you received or sought information, support or advice on Employment Allowance ?

READ OUT

IF NECESSARY: You may have received support or advice in the post, by email, on the internet or over the phone or in some other way.

- 1  HMRC/ gov.uk
- 2  Your payroll software provider
- 3  Your accountant or payroll bureau
- 4  Professional or trade body
- 5  I have not had any support
- 6  Other (Specify)
- 8  don't know

*\*Exclusive \*Position fixed*

ASK ONLY IF Q28 : CL1=1,2,3,4,6 and Q1 : Dclaim=1

**Q29 : CL2 : CL2 (Claimants)**

**Multi coded**

For which of the following reasons did you seek this advice or support

READ OUT

### Random

- 1  Wanted more information about the allowance
- 2  Wanted more information on how to apply
- 3  Wanted more information on whether eligible for allowance
- 4  Could not find information wanted on internet
- 5  To verify information obtained on internet
- 6  To obtain help with a technical problem
- 7  Check whether applied successfully
- 8  Other
- 9  don't know

*\*Position fixed  
\*Exclusive \*Position fixed*

ASK ONLY IF Q28 : CL1=1 and Q1 : Dclaim=1

**Q30 : CL3 : CL3 (Claimants)**

**Multi coded**

In which of the following ways have you received support or advice from HMRC?

READ OUT

**Random**

- 1  Over the phone
- 2  Via the Internet or online
- 3  By email
- 4  By post
- 5  Face to face
- 6  Other (specify)
- 7  don't know

*\*Exclusive \*Position fixed*

ASK ONLY IF Q30 : CL3=2 and Q1 : Dclaim=1

**Q31 : CL4 : CL4 (Claimants)**

**Single coded**

You said you sought information from HMRC via the GOV.UK website, how useful was the guidance provided by HMRC on the website? Was it ...

READ OUT

- 1  Very useful
- 2  Fairly useful
- 3  Not that useful
- 4  Not useful at all
- 5  don't know

*\*Position fixed*

ASK ONLY IF Q1 : Dclaim=1

**Q32 : CBEN : CBEN (All Claimants)**

**Multi coded**

What are the main benefits of the Employment allowance?

IF NECESSARY PROBE: what else is good about this scheme? How else might it benefit your business?

DO NOT PROMPT

- 1  Will reduce amount of employer national insurance have to pay
- 2  Will pay no employer national insurance
- 3  It's very simple to claim the allowance
- 4  Allowance not just for this tax year/available in future years too
- 5  Claim automatically rolled over to next tax year (don't need to reapply)
- 6  Get allowance straight away (not delays waiting to receive the rebate)
- 11  Available for businesses of all sizes
- 12  Available for existing businesses, not just those starting up
- 13  Available for businesses, even if not taken on any new staff
- 14  Helped cashflow
- 15  Helped fund recruitment
- 10  other, namely...
- 8  don't know
- 9  NO benefits

*\*Open \*Position fixed*  
*\*Exclusive \*Position fixed*

ASK ONLY IF Q1 : Dclaim=1

**Q33 : CDRAW : CDRAW (All Claimants)**

Multi coded

And what do you think are the main drawbacks of the scheme?

PROBE what problems have you encountered with claiming the allowance? What (other) concerns do you have about Employment Allowance?

DO NOT PROMPT

- 1  Amount of rebate too low
- 2  Too complex to claim
- 3  Only available for current tax year
- 4  Not clear who is eligible for scheme/rules on eligibility not clear enough
- 5  Not well enough publicised /should be publicised more widely
- 6  Not enough information available on how to apply
- 7  Information on HMRC website was not sufficiently clear/detailed
- 8  Will need to wait to get money back from HMRC
- 9  Didn't have relevant software to apply/had to use separate software to make application eg HMRC Business Payment Tool
- 11  Could only claim for one PAYE scheme/company/charity
- 19  Only available for one payroll scheme per company
- 16  Only available for small employers
- 17  Only available for new businesses starting up
- 18  Only available for employers taking on new staff
- 14  No Drawbacks
- 15  other, namely...
- 13  don't know

*\*Open \*Position fixed*  
*\*Exclusive \*Position fixed*

ASK ONLY IF Q1 : Dclaim=1

**Q34 : CL5 : CL 5 (Claimants)**

Single coded

When did you claim the Employment Allowance – please can you tell me what month you made the claim?

READ OUT IF NECESSARY

- 1  Before April 2014
- 2  April 2014
- 3  May 2014
- 4  June 2014
- 5  July 2014
- 6  August 2014
- 7  September 2014
- 8  After April 2014 but can't remember which month
- 9  Other
- 10  don't know

*\*Position fixed*

ASK ONLY IF Q34 : CL5=3,4,5,6,8 and Q1 : Dclaim=1

**Q35 : CL6 : CL 6 (Claimants)**

Multi coded

Why did you not claim Employment Allowance at the start of the tax year?

DO NOT PROMPT

- 1  Had not heard about it then
- 2  Did not have time to make claim at start of tax year
- 3  Took time to find out how to make claim
- 4  Only Claimed when made first payment of employers national insurance this year
- 5  Didn't have any staff employed earlier in tax year/no employer national insurance to pay earlier in tax year
- 6  Was waiting for a specific event when the money would come in handy
- 9  Deliberately waited until an event where the money would come in handy
- 7  Other
- 8  don't know

*\*Exclusive \*Position fixed*

ASK ONLY IF Q6 : SCR4=2,3 and Q1 : Dclaim=1

**Q36 : CL7 : CL 7 (Claimants)**

Single coded

Did you make the claim for employment allowance or did your payroll agent make it on your behalf?

IF NECESSARY: By payroll agent we mean anyone outside your business who deals with payroll

- 1  Employer made claim
- 2  Payroll agent on our behalf
- 3  don't know

*\*Position fixed*

ASK ONLY IF Q36 : CL7=1 and Q1 : Dclaim=1

**Q37 : CL8 : CL8 (Claimants)**

Single coded

How easy or difficult did you find it to claim the Employment Allowance?

READ OUT

- 1  Very easy
- 2  Fairly easy
- 3  Neither easy or difficult
- 4  Fairly difficult
- 5  Very difficult
- 6  don't know

*\*Position fixed*

ASK ONLY IF Q1 : Dclaim=1 and Q36 : CL7=1

**Q38 : CL9 : CL9 (Claimants)**

**Multi coded**

What worked well or was easy about making the claim?

DO NOT PROMPT

- 1  Just had to tick the box/ Used the indicator on the software
- 2  No need to provide any information to prove eligible
- 3  Made claim via payroll system- no separate claims process
- 4  Other
- 5  don't know

*\*Exclusive \*Position fixed*

ASK ONLY IF Q1 : Dclaim=1 and Q36 : CL7=1

**Q39 : CL10 : CL10 (ALL Claimants)**

**Multi coded**

What problems or issues did you encounter in making your claim?

DO NOT PROMPT

- 1  Trying to determine if I was eligible to apply
- 2  Finding out how to apply
- 3  Didn't have relevant software to apply/had to use separate software to make application eg HMRC
- 4  Business Payment Tool
- 5  Didn't realise could only claim for one PAYE scheme/company/charity
- 6  Checking if claim had been successful
- 7  Deduction was not automatically calculated
- 8  Other
- 9  No problems
- 10  don't know

*\*Exclusive \*Position fixed*

ASK ONLY IF Q1 : Dclaim=1

**Q40 : C12 : C12 (Claimants)**

Open

What improvements should HMRC make to make it easier for employers like you to claim the allowance?

PROBE FULLY FOR ANSWERS

IF RESPONDENT SAYS 'NO IMPROVEMENTS, CODE AS NULL  
IF RESPONDENT DOES NOT KNOW, CODE AS DONT KNOW

1  don't know

*\*Exclusive \*Position fixed*

ASK ONLY IF Q1 : Dclaim=1

**Q41 : C13 : C13 (Claimants)**

Single coded

How likely would you be to recommend the Employment Allowance to other employers?

READ OUT

- 1  Definitely would/Already have
- 2  Very likely
- 3  Fairly likely
- 4  Fairly unlikely to recommend
- 5  Not very likely to recommend
- 6  Definitely will not recommend
- 7  don't know

*\*Position fixed*

ASK ONLY IF Q1 : Dclaim=1

**Q42 : C14 : C14 (CLAIMANTS)**

Single coded

Thinking about the monies saved from the Employment Allowance, have or do you plan on using this money for a specific purpose (such as staffing or investing in the business)?

READ OUT

- 1  Yes, you have used or plan on using it for a specific purpose
- 2  No, you have absorbed or will absorb it into general revenues or expenditure of the business
- 3  Some has or will go to a specific purpose, the rest will be absorbed into general revenues or expenditure
- 4  You are thinking of using some or all for a specific purpose, but have not yet fully decided
- 5  other, namely... *\*Open \*Position fixed*
- 6  don't know *\*Position fixed*
- 7  Refused *\*Position fixed*

ASK ONLY IF Q1 : Dclaim=1 and Q42 : C14=1,3,4

**Q43 : C14B : C14B (CLAIMANTS)**

Multi coded

What (have or are you planning on using/ do you think you will use) the monies for – (will it/do you think it will) be used for...

READ OUT

**Random**

- 1  Taking on additional members of staff
- 2  Increasing hours of existing staff
- 3  Increasing wages of staff
- 4  To make temporary/contract/short term staff permanent
- 5  Any capital investment (such as equipment, machinery or IT)
- 6  Any non-capital investment (such as marketing or training)
- 7  other, namely... *\*Open \*Position fixed*
- 8  don't know *\*Exclusive \*Position fixed*
- 9  refused *\*Exclusive \*Position fixed*

ASK ONLY IF Q1 : Dclaim=1

**Q45 : CL16 : CL16 (Claimants)**

**Single coded**

Would you have (ANSWER FROM CL14) in the near future without the Employment Allowance?

- 1  Yes, would have done so
- 2  No
- 3  don't know

*\*Position fixed*

**Q46 : CL17 :**

**Multi coded**

You have said that you would not have (ANSWER FROM CL14B) without the employment allowance.

Is that...?

- 1  No, it would not have happened at all.
- 2  No, it would not have happened so quickly
- 3  No, it would have been a smaller change
- 5  other, namely...
- 4  don't know

*\*Open \*Position fixed*

*\*Exclusive \*Position fixed*

**T4 : DEM INTRO : DEM INTRO**

**Text**

To finish off, just a few questions about your business. These will be used for analysis purposes only.

**Q47 : DEM1 : DEM1 (CLAIMANTS AND NON CLAIMANTS)****Single coded**

For how long has this business been trading, or charity been operating?

READ OUT IF NECESSARY

- 1  Less than a year
- 2  More than 1 up to 2 years
- 3  More than 2 up to 5 years
- 4  More than 5 up to 10 years
- 5  More than 10 years
- 7  Refused
- 6  don't know

*\*Position fixed*

**Q48 : DEM9 : DEM9 (Claimants and Non claimants)****Multi coded**

Do you use commercial payroll software that has been customised for your business, is it off the shelf, or do you use HMRC's Basic PAYE tools?

READ OUT

- 1  Commercial software – customised to my business
- 2  Commercial software – off the shelf
- 3  Use HMRC Basic PAYE Tools (BPT)
- 4  Other (specify)
- 5  None of these
- 6  don't know

*\*Exclusive \*Position fixed*

ASK ONLY IF Q48 : DEM9=1,2

**Q49 : DEM10 : DEM10 (Claimants and Non claimants)**

Multi coded

Did your commercial software/software provider make you aware of the process of claiming Employment Allowance during your National Insurance return?

READ OUT IF NECESSARY

- 1  Software provider made me aware
- 2  Software program made me aware
- 3  None of these
- 4  don't know

*\*Exclusive \*Position fixed*

**Q50 : Q55 : DEM\_SIC**

**Single coded**

Which of the following categories best describes the business or activities of your organisation?

READ OUT

**Random**

- 1  Professional, Scientific and Technical Activities
- 2  Wholesale and Retail trade; Repair of Motor Vehicles and motorcycles
- 3  Construction
- 4  Information and Communication
- 5  Accommodation and Food Service Activities
- 6  Manufacturing
- 7  Administrative and Support Service Activities
- 8  Transportation and Storage
- 9  Agriculture, Forestry and Fishing
- 10  Arts, Entertainment and Recreation
- 11  Real Estate Activities
- 12  Human Health and Social Work Activities
- 13  Education
- 14  Financial and Insurance Activities
- 15  Water Supply;Sewerage, Waste Management and Remediation activities
- 16  Mining and Quarrying
- 17  Other Service Activities
- 18  Electricity, Gas, Steam and Air Conditioning Supply
- 19  Public Administration and Defence; Compulsory Social Security
- 20  other, namely... *\*Open \*Position fixed*
- 21  don't know *\*Position fixed*

**Q51 : DEM3 : DEM3 (CLAIMANTS AND NON CLAIMANTS)**

**Single coded**

Compared to this time last year, would you say that the size of your company is larger, the same or smaller now than it was this time last year?

- 1  Larger
- 2  The Same
- 3  Smaller
- 4  don't know *\*Position fixed*

**Q52 : DEM4 : DEM4 (CLAIMANTS AND NON CLAIMANTS)****Single coded**

Looking forward to this time next year, would you say that the size of your company will be larger, the same or smaller than it is now?

READ OUT

- 1  Larger
- 2  The Same
- 3  Smaller
- 4  don't know

*\*Position fixed*

**Q53 : Q62 : DemCflow****Single coded**

Would you say that the amount of cash available to the business is more, the same or less than it was this time last year?

If necessary: this does not include any potential loans or overdrafts from the bank

- 1  More
- 2  The Same
- 3  Less
- 4  don't know

*\*Position fixed*

**Q54 : REC1 : REC1 (Claimants and Non claimants)****Single coded**

HM Revenue and Customs will shortly be conducting some further research on the Employment Allowance. Would you be happy for someone from TNS BMRB to re-contact you and invite you to participate in this research?

- 1  Yes
- 2  No

**Q55 : REC2 : REC2 (Claimants and Non claimants)**

Single coded

In order to fully evaluate the Employment Allowance, HMRC would like to be able to link your answers to other Employment Allowance information they hold about you to further understand the employer experience. Is it okay to pass on your answers in a way that will allow HMRC to identify you in order to do this?

- 1  Yes
- 2  No

## 9. Appendix 2 Claimants topic guide

### ● Introductions and Background – 3 minutes

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- Thank you for agreeing to take part in this research looking at employers' experiences of claiming Employment Allowance and how employers have used it
- About TNS BMRB – independent research agency
- Confidentiality / anonymity
- Following MRS guidelines
- Agreement to record the interview
- Length of interview: approx. 30 minutes
  
- Organisation (age, size and sector) and role
- Who in the business mainly deals with payroll?
- How regularly do you run your payroll(s)?
- What payroll software do you use?

*Researcher note: Explore role of payroll agent/bureau if relevant.*

### ● Motivations for Claiming Employment Allowance – 5 minutes

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- How did you first hear about Employment Allowance?
  - What did you first remember hearing about Employment Allowance and from whom?
  - What stuck in your mind and why?
  - How much thought did you give to making a claim and why?
  - What, if any, reservations did you have?
  - Any contact with a payroll agent/bureau?
  
- When deciding whether to claim, what more information or support did you need?
  - Where did you go for information / support? Why?
  - Why did you seek / need this?
  - How easy or difficult was it to access this?
  - How useful was this?
  
- What could HMRC learn about what people need to be told about the allowance when deciding whether to make a claim?

## • Experience of Claiming Employment Allowance – 5 minutes

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- **Survey question:** When asked ‘how easy or difficult did you find it to claim the Employment Allowance?’ you said [X]
  - Can I ask why you gave this answer in the survey?
  - What were you thinking about when you gave this answer?
  - Did anyone, such as a payroll agent/bureau, assist you with your claim?
- What were your expectations of claiming Employment Allowance? Why?
  - How did this compare with your experience?
- What improvements, if any, could be made to the claim process?

## • Perceived Value of Making a Claim – 10 minutes

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- **Survey question:** When asked ‘has business or does business plan on using [the Employment Allowance] for a specific purpose?’ you said [X]
  - [If used or plan on using the Employment Allowance for a specific purpose:]
    - What did you spend the allowance on?
    - To what extent was this planned from the start or did you change your mind about how to use the money as time went on?
    - How much thought went into how you would spend the money?
      - Was this something you were already thinking about investing in?
      - Did your plans change at all? If so, when and why?
    - How has this spending affected your business?
    - Would you have spent this money anyway, without Employment Allowance?
    - How do you feel about the value of the Employment Allowance to businesses like yours?
  - [If absorbed or plan on absorbing the Employment Allowance into general revenues:]
    - How much did you think about how you would use the Employment Allowance when you first made the claim?
    - Did your plans change at all? If so, when and why?
    - How has this money affected your business?
    - To what extent have you noticed the saving and how do you feel about the allowance as a result?
    - How do you feel about the value of the allowance to businesses like yours?

*Researcher to read out key design features of Employment Allowance.*

- Explore views on key features of the allowance, using probes below:
  - Value - £2,000
    - When did you learn about the value of the Employment Allowance?

- Was this something you knew when first claiming the Employment Allowance or after you had made the claim?
- Were you surprised about the value of the Employment Allowance?
  - In what way?
- Deducted from next NI bills
  - Was this what you had expected when first applying for the Employment Allowance?
  - How well this works as a method of receiving the Employment Allowance?
  - To what extent you noticed the first deduction?
  - Any issues or reservation you have about this payment method?
- Available every year
  - [If aware:] When did you learn that the Employment Allowance is available every year?
  - To what extent this (has) changed your views about how you could use the Employment Allowance?
  - How much did/does this effect your perception about the value of the Employment Allowance?
- Automatically rolled over
  - [If aware:] When did you learn that the Employment Allowance automatically rolls over every year?
  - How has this affected your views about the value of the Employment Allowance and how you might use it in the future?
- Easy to claim via payroll software
  - To what extent do you agree the process is easy? Why / why not?
  - How much does this affect your views about the value of the Employment Allowance to businesses like yours?
- How would you rank these features in order of value to your business?
- What do you consider to be the main benefits of the Employment Allowance for businesses like yours?
- What (if anything) would you like to see changed about the process of claiming the Employment Allowance?
- What could HMRC learn about telling people about Employment Allowance?
  - What should they tell people to encourage other employers to claim it?
  - What channels would be best for contacting employers?
    - Spontaneous and then probe on:
      - TV
      - Newspapers / Magazines (which ones?)
      - Trade press (which ones?)
      - Online (what websites?)
      - Payroll agents/bureaus
  - Have you seen any advertising for the Employment Allowance recently?
    - What you liked / did not like?

- What was missing?

## ● Promoting the Employment Allowance to Others – 5 minutes

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- Prior to this discussion, had you ever told others about Employment Allowance?
  - [If no:] Why is this?
  - [If yes:] What did you say about it and to whom?
- What have other employers told you about Employment Allowance?
- Are you more likely now to tell others about Employment Allowance?
  - [If no:] Why is this?
  - [If yes:] What would you say about it and to whom?

## ● Thank and Close – 2 minutes

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- Anything else you would like to add about Employment Allowance?

Thank and Close

## 10. Appendix 3 Non Claimants topic guide

### ● Introductions and Background – 3 minutes

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- Thank you for agreeing to take part in this research looking at employers' views about the Employment Allowance
- About TNS BMRB – independent research agency
- Confidentiality / anonymity
- Following MRS guidelines
- Agreement to record the interview
- Length of interview: approx. 30 minute
  
- Organisation (age, size and sector) and role
- Who in the business mainly deals with payroll?
- What payroll software do you use?
- Will you have a NICs liability this year

### ● Views about the EA - 10 minutes

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- How did you first hear about Employment Allowance?
  - What do you first remember hearing about Employment Allowance and from whom?
  - What stuck in your mind and why?
  - How much thought did you give to making a claim and why?
  - What, if any, reservations did you have?
  - If employer uses an agent for some of the payroll - To what extent do you rely on your accountant / payroll agent to keep on top of these kinds of changes? To what extent do you leave it to them to make these sorts of decisions? Could they have claimed without you noticing?
    - How would you have known if they had made a claim?
- What do you know about the policy behind the allowance?
  - What type of business it aimed towards?
  - Is it a one off relief or ongoing (can be claimed every year)
- What types of employer do you think claim the employment allowance?
  - Prompt participants to describe how they would come across in a professional capacity, their personality, is that the type of person you would get on with?
- Would you encourage a friend to claim
  - Why / why not?
  - What would you tell them to encourage them or put them off

- Probe on:
  - What is it
  - What's it for
  - Why the Government is offering the allowance
- Researcher to pick up on any interesting language and probe further on why they used that word / turn of phrase

## ● Barriers to making a claim – 5 minutes

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- Why have you not made a claim so far
- How much time have you spent looking into how to make a claim
- Did you notice an option to “claim Employment Allowance” through your payroll software?
  - If yes, why didn't you claim the Employment Allowance?
- If applicable, did you / would you call the HMRC Employers Helpline to find out more about applying?
  - Why / why not
- Thinking back to when you first heard about the allowance, why you didn't claim straight away
  - What could HMRC say to people to get them to claim straight away
- What do you know about the eligibility criteria for EA?
  - What makes you think that
- What do you know about what happens once you've made a claim
 

Probe on:

  - How employers receive the allowance
  - If employer is not aware, explain that the employers reduce their ER NICs payments each month up to the value of £2000
  - Explore how this effects how they feel about claiming the allowance
- How much time did you spend checking eligibility
  - Why
  - Where did you look for information / where would you expect to find this information
  - Did you / would you call HMRC's Employer's Helpline to find out more about eligibility
    - Why / why not

*If participants believe they are not eligible, explain that the EA is available to all employers as long as they don't primarily work for the public sector or only employ someone to do domestic work in your home. If relevant, explore why their expectations of eligibility differ*

## ● Intention to claim in the future– 5 minutes

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In the survey you said that you were / were not likely to claim in the future

- Why did you give that answer? Are you aware the EA is up to £2000 off ER NICs every year?

For people who said they were likely to claim:

- What have you done since the survey
  - What prompted you to claim? Have you reduced your NICs payment to HMRC as a result?
  - OR
  - What do you think HMRC needs to do to get you to claim now and not put it off

For those who said they were unlikely or definitely wouldn't claim

- Why not
- Explore spontaneous responses and then probe on:
  - Is it because you are unsure what you have to do after you have claimed it, to access the benefit of the relief? You don't want to claim without knowing what it entails?
  - Is it because your employer National Insurance liability is small and so the benefit from claiming is small?
- How much more would the level of the Allowance (currently up to £2,000) have to be to encourage you to claim it?
- What could HMRC do to encourage more businesses like you to claim the allowance

Have you seen the recent TV ads about the Employment Allowance?

- What did you learn about the employment allowance? What stood out to you?

Explore spontaneous and then probe on

- Were you clearer about the benefits resulting from claiming the Allowance?
- Were you clearer about where to go to find out more?
- Why did you not make a claim having seen the ads

## • Using the allowance for a specific purpose

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What would you spend the allowance on if you do decide to apply?

- How much thought did you give to how you would use the money
- Has this effected how you feel about the allowance

## • Thank and Close – 2 minutes

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- Anything else you would like to add about Employment Allowance?

**Thank and Close**