



IFF Research

High Income Child Benefit Charge: awareness, understanding and decision- making processes

Prepared for HMRC by IFF Research

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1 Executive Summary

Background and Methodology

- 1.1 The High Income Child Benefit Charge (HICBC) was introduced in January 2013. Individuals with income over £50,000 are liable to pay an income tax charge on Child Benefit payments they or their partner receive. This research explores awareness and understanding of HICBC and is based on the analysis of 45 qualitative interviews with families. Whilst the research aimed to get a wide range of perspectives, its qualitative nature means that findings are not statistically representative of the wider population.

Awareness and understanding of the HICBC

- 1.2 Respondents generally had a good understanding of most aspects of Child Benefit, but lower knowledge of the HICBC and very limited awareness of the other benefits of claiming beyond receipt of payments; that is, a claimant's eligibility to receive National Insurance credits which count towards the State Pension and the automatic notification of the child's National Insurance number when they reach 16.
- 1.3 Awareness and understanding of HICBC was higher amongst those who were claiming Child Benefit at the point when the charge was introduced, as this group generally recalled the communications campaign conducted at that time, as it was relevant to their situation. However, the messages publicised when the charge was introduced were misinterpreted by some to mean that they were no longer entitled to claim Child Benefit.
- 1.4 Awareness was lower amongst those who became parents after the introduction of the charge, and those who had a child prior to 2013 but whose income increased above the £50,000 threshold after 2013.

Decision making around claiming Child Benefit and the HICBC

- 1.5 Respondents who claimed Child Benefit and received payments usually did so through an ongoing claim which was in place before the HICBC was introduced. Whilst some of these respondents paid HICBC via self-assessment tax returns, a minority were not aware that they were liable for the charge.
- 1.6 Some respondents held the view that it was HMRC's responsibility to inform them of their liability for the charge, as and when their income fell within the threshold, as opposed to the individual knowing the requirement and actively volunteering this information.
- 1.7 The group who opted-out of receiving payments tended to do so to avoid the administrative burden of completing a tax return. Low awareness of the other benefits of claiming meant that this aspect rarely played a part in decisions to opt out.
- 1.8 The most common misconception held by respondents was that individuals are not eligible to claim Child Benefit if their income is over the £50,000 HICBC threshold, as 'claiming' is perceived to be synonymous with receiving payments. Some respondents were under the misapprehension that Child Benefit as a whole is "means-tested" and therefore no longer viewed it as a universal benefit.



- 1.9 Many respondents were not aware of the possibility of claiming and then opting-out of receiving payment, assuming that this was the same as not claiming. This was even the case amongst those respondents who had opted out; they tended to see themselves as non-claimants.

HICBC Communications

- 1.10 Respondents found the terminology used in communication materials to be confusing. In addition to misunderstanding the meaning of 'claiming', they did not understand the distinction between 'opting-out' and 'stopping' a claim. Furthermore, the use of the word 'charge' had negative associations, with some respondents concerned that being liable for the charge was evidence that they should not have been receiving Child Benefit payments.
- 1.11 Respondents were shown copies of online and paper communication materials provided by HMRC. Respondents held positive views about the information available about the HICBC on the GOV.UK website, finding it to be concise and sufficiently easy to understand. Information provided on the Child Benefit claim form and supporting materials was felt to be more difficult to engage with due to the volume of information.



2 Introduction

Background

- 2.1 In January 2013, the High Income Child Benefit Charge (HICBC) was introduced, meaning that individuals with an adjusted net income¹ over £50,000 who receive Child Benefit, or whose partner receives Child Benefit, are liable to pay a tax charge if they continue to receive Child Benefit payments.
- 2.2 The tax charge is equal to 1 per cent of the total Child Benefit received for every £100 earned over £50,000. For those with an annual income in excess of £60,000, the tax charge is equal to 100 per cent of Child Benefit payments received.
- 2.3 Claimants who think they or their partner may be liable to pay the High Income Child Benefit Charge may choose to:
 - a) Claim Child Benefit, receive Child Benefit payments, and pay the applicable HICBC through a Self-Assessment tax return, or
 - b) Claim Child Benefit, but opt out of receiving Child Benefit payments.
- 2.4 In addition, some individuals decide not to claim Child Benefit at all, rather than claiming and opting out of receiving payments, but this is not an option individuals are encouraged to take.
- 2.5 Even if the short-term financial gain of claiming Child Benefit is negligible or nil, there are auxiliary advantages to claiming Child Benefit. These are:
 - qualifying for National Insurance credits which count towards the State Pension;
 - qualifying for other benefits, such as Guardian's Allowance; and
 - juvenile registration, that is, the process whereby children are automatically allocated a National Insurance number shortly before their 16th birthday.
- 2.6 The automatic assignment of National Insurance numbers (NINo) to juveniles means that young people receive their number at the time they need it for employment, reducing the need for HMRC to create temporary NINos. They will also have their NINo when registering to vote or accessing other government services such as DVLA. Without this automatic assignment, an individual would need to make a formal application for a number in person to DWP which may require a formal interview and identity checks.
- 2.7 Government publishes information about the options for claiming Child Benefit on the Child Benefit claim form and the Gov.uk website. Some families have decided not to claim Child Benefit at all following the introduction of the charge. There is also evidence from a 2016 survey of claimants to suggest that knowledge of the HICBC and understanding of its operation is limited.²

Research Objectives

- 2.8 HMRC has a responsibility to ensure that the Exchequer receives the tax that is owed from those who are required to pay it. It is also important that high-income families are making informed decisions

¹ For further information please see: <https://www.gov.uk/guidance/adjusted-net-income>

² <https://www.gov.uk/government/publications/child-benefit-customer-survey>



about whether or not to opt out of receiving payments. In this context, this research aimed to understand:

- What level of awareness and understanding do high income families have of HICBC?
- What factors are considered by higher income families in decisions around whether to claim Child Benefit?
- How effective are HMRC's communications about HICBC?

Methodology

2.9 The findings in this report are based on qualitative research. Qualitative research is used to capture a range of views and experiences and explore why people hold a particular view, not to estimate or quantify how many people hold those views. Findings, or any verbatim quotes included, cannot be taken to statistically represent the views of all individuals in similar circumstances.

2.10 Forty-five qualitative interviews were conducted between 4th April and 15th June 2018 with parents of children aged under 16 (or aged under 20 and in full-time education). Participants were screened to ensure that at least one adult in the household had an annual income before tax of £50,000 or higher.

2.11 An in-depth, semi-structured interviewing approach was employed to allow researchers to explore experiences in detail, respond to the feedback of the participant and tailor their questions accordingly. The full discussion guide and stimulus materials can be found in the Appendices H and I.

2.12 Forty-two of the interviews were conducted face-to-face and three were carried out over the phone, with interviews lasting approximately 60 minutes. Thirty-seven interviews were conducted with individual participants while, for the other eight, couples were interviewed together.

Participant Profile

2.13 Three different groups of families were interviewed:

- The first group, referred to in this report as '*HICBC-liable*', were receiving Child Benefit payments and were therefore liable to pay the tax charge through their self-assessment tax return.
- The second group, '*Opt-outs*', were claiming Child Benefit but had opted out of receiving payments.
- The final group, '*Non-claimants*', said that they had not made a Child Benefit claim.

2.14 To ensure the experiences of those who already had children when the HICBC was introduced were represented alongside those who had their first child after it was introduced, interviews were obtained with a mix of families whose eldest child was born in 2012 or before (prior to the HICBC introduction) and those whose eldest child was born 2013 and after (following the HICBC introduction).

2.15 The profile of interviews conducted, split by claim group and age of eldest child can be found in Appendix A, Table 1.



Table 1 Participant profile by claim group and age of eldest child

	Eldest child born in 2012 or before	Eldest child born in 2013 or later	Total Interviews
HICBC Liable	12	7	19
Opt Out	13	3	16
Non-claimant	7	3	10
Total Interviews	32	13	45



3 Awareness and Understanding of Child Benefit and High-Income Child Benefit Charge

Awareness and understanding of Child Benefit

- 3.1 Overall awareness of Child Benefit was high amongst respondents. The possibility of claiming Child Benefit as a parent was regarded as 'common knowledge', as it is a longstanding benefit that has been in place for decades. Most respondents held a shared understanding that Child Benefit is financial support provided by the state to help families with raising their children.

"It's a top up basically so you can provide adequately for your child."

ST13, Opt-Out

- 3.2 Respondents demonstrated a good understanding of the amount of Child Benefit that is paid on behalf of each child and demonstrated an awareness that it is possible to continue to claim Child Benefit for a child past the age of 16 if they remain in full-time education or approved training.

- 3.3 There was also broad awareness of the existence of an income threshold related to Child Benefit, with some respondents misunderstanding Child Benefit as a whole to be "means-tested". From a respondent perspective, this meant some individuals no longer considered Child Benefit to be a universal benefit and sometimes stated that it was only for lower-income families.

[On who can claim] "I think everybody should but it has changed now, it's low income people"

MB02, Opt-Out

Awareness and knowledge of the High Income Child Benefit Charge

- 3.4 Despite awareness of some form of income threshold for the High Income Child Benefit Charge, understanding of the specific operation of the HICBC was limited. Most respondents knew that, above a certain income threshold, claimants could choose to receive no payments, or, if payments continued to be received, then they must be repaid to HMRC.

- 3.5 Some respondents were aware that income thresholds related to the HICBC were based on the individual incomes, rather than household income, although there was a minority of respondents who were unaware that this was the case.

- 3.6 Whilst not all respondents were aware of the specific level of the income threshold, many mentioned, without prompting, an approximate level of between £50,000 and £60,000, with some acknowledging that a 'sliding scale' of eligibility payment operated around this threshold. However, very few were able to specify the mechanics of how the sliding scale operated.

"Well, we knew there was a gradual decrease in benefit and when we looked at it I think we decided for what we'd get back it wasn't worth it, so we didn't bother."

DO02, Opt-Out

- 3.7 It does not have to be the individual that receives the Child Benefit payments who is then liable to pay the HICBC (liability will always be with the higher earning partner). Few respondents knew that this was the case but generally they did not feel that this was a particularly important issue to them. They



viewed their incomes as 'joint' and hence felt that it did not matter too much which partner was technically liable to pay the charge.

- 3.8 Respondents whose eldest child was born before the introduction of the charge usually had a greater level of understanding of the HICBC than those whose first child was born after the introduction of the charge, with the former group tending to make reference to the media activity that took place around the time that it was introduced.

"The whole change in the CB system was big news at the time."

JJ04, Opt-Out

- 3.9 HICBC-liable respondents who were claiming at the point of the introduction of the charge had the highest overall understanding of the charge, including knowledge of how the tax charge is tapered when an individual's income is between £50,000 and £60,000 and methods of making repayments.

"If you're earning up to 50k, you don't have to do anything but between 50 and 60, you'll have to pay a proportion of it back [...] Anything above 60, basically you'll pay it all back."

DO03, HICBC Liable

- 3.10 In contrast, a minority of HICBC-liable respondents who had started claiming after the introduction of the charge in 2013 (or later) were unaware of the charge until the point of interview and had not made any plans to repay the HICBC.

- 3.11 Other claimants belonging to the HICBC-liable group employed an accountant to manage their finances and were unsure about the details of any HICBC payments due to a lack of familiarity with the specifics of their Self-Assessment return. These respondents generally assumed that their accountant would have made appropriate choices about the HICBC on their behalf.

"Ultimately I put my trust in the accountant and if they're not putting it on the self-assessment form [...] I know ignorance is no excuse when it comes to HMRC [...] but the accountant has never asked me anything"

EK03, HICBC Liable

Awareness of the non-monetary benefits of claiming

- 3.12 There were generally low levels of awareness and understanding of the non-monetary benefits of claiming Child Benefit. Respondents did not usually hold any understanding that a non-working parent will receive National Insurance credits towards their pension if they are the person claiming Child Benefit. Only a few respondents were aware that making a Child Benefit claim meant their child would be allocated a National Insurance number automatically.

"We didn't realise there were other advantages. We just thought it was about receiving the money and paying a proportion of it back."

DO02, Opt-Out

- 3.13 Amongst non-claimants of Child Benefit, the general perception was that Child Benefit, and therefore the HICBC, were not relevant to them as higher earners. As a result, they tended to have limited knowledge about all aspects of the benefits of claiming and compliance with the HICBC, although generally showed some awareness when prompted.



“Child benefit is purely financial and comes with other no other kind of benefit.”

SC01, Non-Claimant

HICBC terminology

3.14 Some of the terminology used in relation to Child Benefit and the HICBC leads to high income individuals making assumptions that are not accurate. These terms were:

- **Claiming:** A family can have a live claim for Child Benefit but not receive any payments because they have opted out of doing so. However, to most families, having a live claim is synonymous with receiving payments. This makes it very difficult to convey to individuals that it is possible to maintain a Child Benefit ‘claim’ even if they do not wish to receive payments.

“‘Claiming but not receiving payments’ - what does it mean actually? Registered but not receiving payments?... I would say it’s better to say ‘It’s important to register your child even if you’re not receiving payments’”

ST02, Opt-Out

- **Opting out:** Because individuals tend to see a live claim as one that involves payments, where they have ‘opted out’ they consider this to have been stopping their claim. Even those who had been through the opt-out process rarely understood that they had retained a live claim.
- **Charge (in High Income Child Benefit Charge):** Individuals tended to associate the word ‘charge’ with a penalty or fine for having done something wrong. This made some individuals assume that receiving Child Benefit payments and paying the HICBC was not an option that was an acceptable choice. For some respondents this was influential in their decision to opt out or not claim Child Benefit, to avoid what they perceived as the risk of being fined.



4 HICBC Decision-Making Process

Why do high income families claim Child Benefit payments?

4.1 Families taking part in the research who were receiving Child Benefit payments and hence were liable for HICBC had either first claimed before the charge was introduced or had an income below the HICBC threshold at the point when they first claimed.

4.2 The primary motivation driving their decision to claim was the feeling that they were entitled to this benefit. Many did not recall making a specific decision to claim Child Benefit, as it was felt to be “the norm”, and therefore not a decision that required much deliberation. Some did not know about the HICBC and hence did not know that they had a decision to make around whether to continue to claim once they became liable. Other than this, reasons for continuing to claim offered by this group included:

- Net financial gain: If the income of the highest earner was between £50,000 to £60,000, then some families had calculated that they would be better off by continuing to receive Child Benefit payments.
- Management of household finances: In these instances, payments of Child Benefit were made into the lower earner’s account, or a joint account, whilst the higher earner paid HICBC from their income.
- Protection in the event of income changes: Some families felt it was beneficial to have Child Benefit payments as a stable source of income in the event of other financial changes in the household.
- An allocated savings pot: Occasionally families found it convenient to put aside payments as savings dedicated to the child’s future. A handful mentioned saving payments during the year to accumulate interest before paying HICBC.
- HICBC is not an extra burden: The majority of those liable to pay the HICBC either already routinely completed a self-assessment return or employed an accountant, prior to the introduction of HICBC and therefore returning the charge did not require any additional effort.

“My accountant told me the amount that I had to pay back and I submitted the payment online. I think anything I have to pay to HMRC, I tend to do online. No issues. Nothing was unclear.”

DO05 HICBC Liable

4.3 There was also some indication that respondents above the top income threshold of £60,000 continued to claim and then make repayments for the full amount of HICBC because they had not fully understood that HICBC equated the entire value of their Child Benefit payments.

“We paid into the system all our lives... Let’s have a little bit back.”

JJ05, HICBC Liable

4.4 There was minimal evidence that the non-monetary benefits associated with Child Benefit motivated people to continue to receive payments, largely due to a lack of awareness of these advantages. A handful of claimants mentioned National Insurance credits and National Insurance numbers for their



children spontaneously, but it was rare for these factors to be specified in relation to their decision to maintain a claim / receive payments.

Why do families opt out of Child Benefit payments?

4.5 Where families had opted out of Child Benefit payments, there was limited understanding that they had maintained a live claim. From their perspective they had just chosen to stop their Child Benefit.

4.6 This was true for both those who claimed Child Benefit before the introduction of the HICBC, and respondents who started their claim later. Most of those interviewed who first claimed Child Benefit after the introduction of the charge received payments for a period before then opting-out when they became aware of the need to make repayments.

4.7 A common reason for stopping payments was to avoid the perceived administrative burden of completing a Self-Assessment tax return. Particularly amongst those who had never done this before, there was a perception that this could be complicated or time consuming.

"I just thought it was too much hassle and, for what I was entitled to it, it was not worthwhile ..."

EK04, Opt-Out

4.8 There was also uncertainty about how the HICBC would be collected from them, with some respondents concerned that there might be changes to their tax code which could lead to errors in their tax payments.

"It has all the hallmarks of going wrong if you're not careful, paying it through Self-Assessment. If you have things like car allowance and benefits in kind as well as this, trying to do it all yourself you could end up with incorrect tax codes"

EK05, Opt-Out

4.9 Some respondents opted-out after receiving an unexpected HICBC bill after completing their Self-Assessment form, having not previously been aware that they were liable.

"It was over £1000 that we had to find... It was stressful at the time as we didn't know where we were going to find it from. It's like when you get a speeding ticket and threatening to be prosecuted, it's like that status"

EK05, Opt-Out

4.10 In addition to a lack of understanding about the tax payment mechanisms, many of those who opted out of receiving payments did so based on their misunderstanding that they were no longer entitled to receive the payments, due to their misinterpretation of the significance of the income threshold. Therefore, they viewed being liable for the charge as a penalty for continuing to claim, and as evidence that they were doing something non-compliant.

Why do families not claim Child Benefit?

4.11 Of those who did not claim Child Benefit, for all respondents, this choice was driven by the understanding that because their income was above the threshold, there would be no financial benefit to claiming. Several mentioned that their accountant had given them this impression, however many said that this was the message they received from the communications campaign at the point of the introduction of the HICBC.



“Because of my salary being so high, it just wouldn’t be worthwhile. I think that’s how my accountant explained it.”

DO04, Non-Claimant

4.12 Some of those considered ‘non-claimants’ had made different choices about claiming for their individual children. Claimants with a child born before the charge was introduced tended to have previously claimed on behalf of this child, opted-out when the charge was introduced, and then failed to claim at all for subsequent children. From their perspective this was in effect taking the same action for all their children i.e. simply not receiving payments. These individuals were not aware of the non-monetary benefits of claiming and did not realise there was any reason to claim if they are not eligible for any net financial payments.

“I’m not aware of any disadvantages of not claiming.”

DO04, Non-Claimant

Attitudes towards the non-monetary benefits of claiming

4.13 In the interviews, the non-monetary benefits of claiming i.e. ensuring that children automatically receive a NINo when they turn 16 and eligibility for National Insurance credits for a non-working partner if they are the Child Benefit claimant were explained, as very few respondents had any awareness of this aspect. Respondents held a mix of views about how valuable they considered these non-monetary benefits of claiming to be. A few respondents felt that it was important for their child to receive their NINo automatically, so this raised some concerns amongst non-claimants.

4.14 There was one non-claimant interviewed who said that, having been made aware of the link between claiming and National Insurance credits, they felt they should have made a different decision about claiming, and as a result would query their current position with HMRC.

“I have no pension and might have to rely on the state pension... I’m gutted I didn’t know this.”

SC07, Non-Claimant

4.15 For the majority of respondents, however, the non-monetary benefits were not seen as particularly compelling motivations to claim, regardless of whether they held an active claim at the point of interview. Several mentioned that there must be other ways to obtain a National Insurance number, so they were not convinced that claiming was necessary for that reason.

4.16 Many of the respondents were in couples where both partners worked, therefore their National Insurance contributions were accounted for by employment. For one respondent however, who was not in work, this benefit was seen as much more important to them, and several other claimants felt motivated by the interview to double check the status of their contributions. Conversely however, a handful of respondents voiced doubt about whether they would claim the state pension, so did not feel that the potential for obtaining National Insurance credits would influence their decision on whether to claim.

“Well they don’t seem like benefits to me. One of them, you have to be stay-at-home and not working. That doesn’t apply. “

KR01, Non-Claimant



5 Customer Experiences

Experiences of paying the High Income Child Benefit Charge

- 5.1 Amongst those who had paid the HICBC, most considered the process to be straightforward. This was largely due to one of two reasons: either, the respondent employed an accountant and so minimal effort was required on their part, or, the respondent was previously familiar with completing Self-Assessment tax returns for other reasons, so paying the HICBC did not present an additional challenge.
- 5.2 A few had more negative views of the process of paying the HICBC. Issues raised by some respondents included:
- A view that as HMRC held details of their income through PAYE, the process should be automatic, rather than requiring Self-Assessment.
 - Amongst those only completing a Self-Assessment tax return because of the HICBC, this requirement was an extra administrative burden on them.
 - A minority who reported that they had been unaware that they would have to make repayments until faced with an annual lump sum bill, and as a result experienced some difficulties raising the funds at short notice.

Experiences of opting-out of receiving Child Benefit payments

- 5.3 Respondents who opted-out of receiving payments either online, by post or directly via the claim form did not report any problems in doing so, although respondents tended to recall limited detail about the specific process.
- 5.4 A few opted out by telephone and a couple of individuals did report experiencing problems using this channel. Specifically, they mentioned that they continued to receive payments after phoning HMRC and therefore needing to get in touch with them on multiple occasions to resolve the matter.

“The thing is I told them after one or two payments and they kept paying me, I couldn’t get them to stop... I must have phoned them and I’m pretty sure they told me to put it in writing.”

MB02, Opt-Out



6 Communications

Preferred communications channels

- 6.1 The Bounty Pack, received after the birth of the child, was generally thought to be a good way to share information about Child Benefit and the High Income Child Benefit Charge (HICBC) with new parents. However, some felt that new parents might be too preoccupied in the days immediately following the birth of their child to fully digest the Child Benefit information contained in it and therefore some suggested that information about HICBC should be shared 6-8 weeks after birth to ensure that the information is properly understood.

“When you register a child’s birth, I think they should write to you and I think they should tell you what to do..”

MB92, Opt-Out

- 6.2 The GOV.UK website was thought to be a reliable source of information about Child Benefit and the HICBC but communicating information in this way relies on parents knowing that it is something that they need to find out about. Respondents felt that, if they were not liable for the HICBC when their child was born but their income increased subsequently, they would be unlikely to search proactively for information about tax charges that might be relevant. Some felt that HMRC have a responsibility to directly inform those liable to pay it.

“I would want HMRC to tell me ‘you have to pay this charge because you are earning X’ and that should be sent to me.”

JJ05, HICBC Liable

- 6.3 Emails and letters were both commonly mentioned as good channels to share such information about the HICBC and claimants’ responsibilities. A few felt that a radio or television advertising campaign would be an effective way to disseminate information, while others mentioned that they would be open to a communications campaign on social media such as Facebook.

- 6.4 Many respondents who became parents prior to the introduction of the charge recalled the media communications campaign conducted at that time, and several recalled receiving letters directly from HMRC, however their recollection of the information included in these materials tended to focus on their misunderstanding that they were not eligible to claim any longer.

“The information that they sent was fine; it explained everything - except for the benefits of opting out - as far as I recall, as I would have done that. It was useful but maybe not so clear. As far as I knew we weren’t entitled to [Child Benefit].”

SC07, Non-Claimant



Feedback on specific materials

- 6.5 At the end of each interview, participants were presented with a number of HICBC communications materials and each was discussed to evaluate the clarity of language, understanding of messages, as well as layout and design.

'Claiming Child Benefit payments' leaflet (Appendix D)

- 6.6 The 'Claiming Child Benefit payments' leaflet was generally thought to be clear and well laid out. Attention was largely drawn to the question at the top of the page, which was effective in conveying for whom the information below is relevant.

"The key takeaway is...you have it at the very top...do you earn more than £50k a year? If not don't read on. Fine."

EK02, HICBC Liable

- 6.7 However, there were some parts of the leaflet that were less clear or caused confusion. The section titled 'Protect your State Pension' was felt not to provide enough detail for readers to fully understand this advantage. For some, because there was no immediately clear link between National Insurance, State Pensions and Child Benefit the importance of claiming, even without payments, was lost.

"It's important that you still claim Child Benefit for your child.' Why? It doesn't actually say why – there should be a better link to why it is important to continue to claim."

SC01, Non-Claimant

- 6.8 It was pointed out by some that key information is missing from the leaflet such as: what exactly the charge is, how the charge is paid, as well as information about the sliding scale from £50k-£60k.

'Getting your claim right' booklet (Appendix E)

- 6.9 Although the information contained within this booklet was generally understood, there was a prevailing view that there was too much information on the Introduction page and some expressed a reluctance to read it in its entirety, if at all. Participants would have preferred a simpler summary of the necessary information on this page, with more detail available on the website.

- 6.10 Several participants spontaneously suggested that visual illustration of the information, such as a flowchart or infographic, would be less daunting and easier to follow.

"Do you earn x? Yes, these are your options...' If it's broken down into sections, then you don't need to read everything. This would reduce worry of claiming something you're not entitled to."

ST03, Opt-Out

Child Benefit claim form (Appendix F)

- 6.11 Participants generally preferred the information presented at the beginning of the claim form to the 'Getting your claim right' booklet.

"It's actually informing you of the steps you need to take rather than just telling you 'this is what it is'."

EK04, Opt-Out



- 6.12 There were, however, still some participants who felt that the information in this form was excessive. Some found it confusing and mentioned that they would need to read the pages more than once to properly comprehend the HICBC. That said, there was some understanding that a minimum amount of technical detail is required to properly explain the policy.

"I think that first page is very wordy but if you're trying to claim money you would expect that you need to get all the information you can."

RF01, HICBC Liable

GOV.UK HICBC page (Appendix G)

- 6.13 On the whole, the HICBC pages on GOV.UK received the most positive feedback of all the communications materials presented. Participants generally felt that it was clearly laid out with sufficient, but not excessive, detail.

- 6.14 However, there were a couple of sections in these pages which confused some respondents. The meaning of the term '*Adjusted Net Income*' was not obvious and some participants felt that more detail would be helpful here. Also, the heading 'Stop your Child Benefit' was commonly interpreted to mean stopping the Child Benefit claim entirely, rather than purely opting out of receiving payments.

"Am I stopping my claim completely or am I just stopping my payments?"

ST08, HICBC Liable

HICBC online calculator (Appendix H)

- 6.15 Of those who recalled using the calculator in the past, it was felt to be straightforward and easy to use. Those who had not used it could see how it could be particularly useful for families with a highest individual income of between £50,000 and £60,000, although of less help for those with an income over £60,000, as this group tended to understand that they would be required to repay any Child Benefit monies received.

"If it prevents sitting on the phone on hold for half an hour then yes! [would use the calculator]"

EK02, HICBC Liable

- 6.16 Some participants questioned exactly how easy it would be to have all the necessary information on hand and one participant suggested the additional of hover-over boxes to show where relevant details can be found on a P11D or P60.

- 6.17 It was mentioned by some that, for those who use the calculator and find that there is little or no financial benefit to receiving payments, it would be helpful to include information about the importance of submitting a claim for Child Benefit anyway, even if they then opt out of receiving payments or choose to pay the whole amount back through the HICBC.

Summary of views on communications

- 6.18 The HICBC communications materials are generally reasonably effective, in particular the GOV.UK pages. Individuals feel that the explanation of the HICBC would lend itself well to a flow-chart or decision-tree diagram and feel that this would improve the materials by reducing the volume of written information presented. There is also scope to clarify the terminology used, particularly the meaning of 'opting-out'. However, as the GOV.UK site is primarily a route for information-giving rather than



awareness-raising, if parents are to be persuaded to opt-out rather than not claim then this may require direct communication from HMRC (for example, by letter or e-mail).

7 Final Reflections

- 7.1 Returning to the objectives of the research, the findings have demonstrated that most high-income families have a reasonable understanding that there is a mechanism that means they might not be able to retain the full value of Child Benefit payments. Most individuals talk about this as not being 'eligible' for Child Benefit once a certain income level is reached. Some respondents indeed misunderstood the nature of the HICBC to the extent that they thought the requirement to pay the charge was a form of 'penalty' for claiming Child Benefit.