



HM Revenue
& Customs

Research report

Tax Credits: New Guidance Notes

Usability Testing ii (customer requirements to support Tax Credits Renewals 2015)

Ipsos MORI Social Research Institute

March 2015

Tax Credits: New Guidance Notes***About Benefits and Credits (B&C) Design & Customer Engagement***

Design & Customer Engagement is part of the Benefits and Credits business area in HMRC. We work collaboratively with colleagues in the HMRC Universal Credits Programme, across B&C and the wider HMRC to incorporate customer centric design principles by:

- Ensuring customer understanding sits at the heart of processes, products and procedures
- Represent customer needs and seek to influence their behaviour in order to ensure the best possible experience of HMRC
- Ensure HMRC plans and processes are compliant with equality legislation

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Tax Credits: New Guidance Notes

Introduction and background

Each year in June, millions of people in receipt of Tax Credits are asked by HM Revenue and Customs (HMRC) to renew their claim by completing and posting a form, responding online or calling the helpline. HMRC provide guidance notes (as part of the renewals pack) to support this process. Customers required to renew their claim on an annual basis receive a pack that contains an Annual Review (TC603RR), Annual Declaration (TC603D) and Guidance Notes (TC603RD). If a customer is not required to reply, to renew their claim, they will be sent a shorter version of the Guidance Notes (TC603R). For a more detailed explanation of the purpose of each of these, see Appendix A.

This research study aimed to explore overall responses to the new (prototype) guidance with a range of tax credits customers – considering both the content of the guidance and the overall ‘look and feel’. Specifically, the research aimed to explore:

- How far the Guidance Notes meet the needs of customers;
- How clear and easy they are to understand;
- How far customers use the Notes rather than writing to or telephoning HMRC; and
- How effective they are at driving traffic to the website (for renewals).

Earlier versions of the Guidance Notes (TC603RD) and the short version of the Guidance Notes (TC603R) were tested by Ipsos MORI in December 2014. The findings from the first round of research were used to develop the Guidance Notes (hereafter referred to as Notes) tested as part of this research. There are consistencies with the findings from the first round of research and these have been highlighted throughout this report.

Sampling and methodology

Ipsos MORI conducted 20 depth interviews and one group discussion (with nine participants) in London between 29th January and 6th February 2015. The depth interviews explored the design and content of the Notes and the group discussion focused specifically on design. Participants were recruited to include a cross section of tax credits customers including:

- Those with and without children (including those who received the childcare element of Working Tax Credit);
- Those receiving the Disability Element of Working Tax Credit, or extra Child tax Credit for a disabled child;
- Those claiming as a couple and as a single claimant;
- A range of ages;
- With varying ‘digital confidence’ levels;

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- With and without recent renewals experience and/or a current claim; and
- Employed and self-employed claimants.

A full breakdown of the sample profile is included at Appendix B.

Participants were recruited by specialist recruiters using free-find methods. A purposive sampling approach was adopted, whereby key quotas were set and participants were recruited according to these using a screening document. The interview data were fully analysed using a robust inductive approach, as part of which the data were synthesised thematically and interrogated for patterns and relationships.

Overall responses and views

Initial responses to seeing the prototype Guidance Notes (TC603RD)

As with the first round of research awareness of the annual renewal process was high. Recognition of the three parts of the pack was also high and the purpose of each tended to be clear. Participants quickly identified the overall purpose of the pack:

'Renew your tax credits by 31 July... it is clear what they want you to do and when by.'

(Single, female claimant receiving Child Tax Credit)

Overall, the notes were received positively; the use of colour throughout was welcomed because it made the document accessible and prevented it from looking *'boring'* yet an appropriately official tone was achieved. The option of renewing online stood-out and was welcomed. However, on first glance the pack could feel overwhelming and *'daunting'* due to the volume of information; when participants felt daunted they reported being more likely to delay renewing their claim. Making the pack feel less overwhelming was identified as key to ensuring people renewed quickly. Those with described their lives as busy, for example those with childcare responsibilities, felt it was especially important that the pack does not overwhelm. In keeping with this, initial responses to the shorter Notes (TC603R) were more favourable, with participants suggesting they would be more likely to take any necessary action quicker due to their length. Despite initial responses, both versions of the Notes were clear and easy to understand on close reading.

Use and usability

The purpose of each item in the pack was clear and easy to identify, especially amongst those experienced at renewing their claim. However, those with less experience reported some confusion. The terminology *'Declaration'* and *'Annual Review'* were not always immediately understood. For example, *'Declaration'* was interpreted as HMRC making a

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declaration, and therefore no action was required by the individual. While this was clear on closer reading, participants suggested 'Declaration *form*' and 'Annual Review *letter*' could assist clarity.

As with the first round of research, on first seeing the pack participants reported that the text size was too small, and there was too much text on the page; this contributed to feeling overwhelmed. The main body of the notes was felt to be text heavy, with certain sections, 'About your children' and 'Your income' (pages 6-9), feeling especially cramped.

Participants anticipated using the Notes in two different ways: reading from cover-to-cover before completing their Declaration or consulting as a reference if they got stuck while completing. The Notes were less likely to be read from cover-to-cover when the renewals process was perceived as straightforward; in these cases participants were more likely to consult them only if they got stuck. When participants had successfully renewed over the phone in the past they were inclined to use this channel again, and therefore did not feel they needed to read the Notes at all as they could ask the advisor any questions. Those with less experience of renewing were more likely to read the Notes before completing their Declaration, especially if there had been a change in circumstance during the award period. Participants who generally liked administration and forms were also more likely to read the notes from cover-to-cover first.

Content

Importantly, the content was clear and well understood when read closely, despite any initial feelings of being overwhelmed. Participants felt it was important that comprehensive guidance was available for those who lacked confidence in dealing with HMRC, or who were inexperienced in renewing their claim. Participants therefore valued what they perceived to be easy to understand and accessible language. Confusion reported tended to relate to sign posting issues, or to very specific issue relating to content (these specific issues are covered in the subsequent relevant sections).

Sign posting

After a period of familiarisation participants were able to navigate between different pack items and could identify the relevant parts of the Notes. However, navigating between different items within the pack was initially difficult. It was not always clear which parts of the Notes referred to which parts of the pack; the same numbering system (1,2,3,4) was used in the Declaration and in the Notes, yet the content did not match up. For example, the Declaration starts with '1. Certain benefits' yet, part 1 of the Notes ('About you') is unrelated to this. Additionally, it was easy to miss when readers were required to refer to the Annual

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Review. Addressing signposting between documents was identified as something that could help overcome feeling overwhelmed when first looking at the pack.

Front cover: Prototype Guidance Notes (TC603RD)

Key messages

The front cover was a popular feature of the Notes; participants clearly understood the key messages being communicated –the Notes provided guidance on how to renew your tax credits claim, deadline, that it is ‘quick and easy’ to renew online, there are ‘3 easy steps’ to renewing your claim and the consequences of missing the deadline (payments being stopped and having to pay money back). The text ‘*It’s time to renew your tax credits*’ was well received and described as helping to make the purpose especially clear.

Design features

The understanding of the key messages was enhanced by the design features, for example the different font sizes and bold text helped highlight important parts (‘*It’s time to renew*’ and the large font size of ‘*Make sure you renew your tax credits by 31st July*’). The use of colour was welcomed because it assisted further with clarity and made the page accessible. The use of turquoise/green for steps A, B, C was associated with ‘green for go’ and the red text box was described as highlighting the importance of the deadline. The choice of colours was felt to be gender neutral and therefore non-exclusive, with wide appeal.

However, it was unclear to participants that the two images on the front cover were screen shots of the Annual Review and Annual Declaration because they were too small to see clearly. Participants were able to deduce what the images were from the contents of the pack once they considered this more closely, but felt they should either be made bigger or be omitted.

Renewing online

References to online services on the front cover were observed spontaneously by participants, the text ‘*It is quick and easy to renew online*’ and the web addresses for renewing tax credits at the bottom and middle of the cover were all noticed. It was clear to participants that HMRC were encouraging people to renew online. The option of renewing online was welcomed by participants, especially those who conduct other affairs, like personal banking, online. This group of participants said they would prefer to renew online. However, the references on the front page could lead participants to erroneously assume the Notes were designed just for renewing online. While this became clearer upon closer inspection, a suggestion amongst participants was for other channels of renewal to be referenced on the front cover.

Tax Credits: New Guidance Notes**Steps A, B, C**

That there are three steps to renewing your claim: A, B, C was noted. The three steps were popular as a concept because it made the process seem easy, with one participant stating: *'it's as easy as A, B, C'*. However, participants were in some instances disappointed when they turned the front page and perceived the process as more complicated than 'three easy steps', as explored below.

Page 2**Steps A, B, C**

There was confusion about what the individual steps outlined in the flow diagram related to when reviewing page 2; this confusion undermined the concept of 'A, B, C' being manageable and easy. Participants felt the steps would be more meaningful if they were linked to sections of the Notes directly, for example a participant explained:

'A,B,C is just pointless...you need something under it...A - check your personal circumstances, B - check changes, C, check income or something'

(Single, female claimant receiving Child Tax Credit)

Additionally, the use of tick boxes on page 2 for Steps A, B, C was felt unnecessary, and potentially confusing; it was unclear when and why you would tick the boxes because the steps seemed to flow into one another rather than being distinct steps, a suggestion was to remove the tick boxes here to avoid this confusion.

Documents you may need box

Participants welcomed the 'Documents you may need' box as they felt this would act as a useful reference. The tick boxes made more sense here compared to the step A,B,C boxes, because it related to documents rather than processes. However, there was a degree of misunderstanding with participants incorrectly assuming they needed to send their documents to HMRC. Participants suggested that it should be clearly stated within this box that documents should not be sent to HMRC.

'How to complete' and 'Once you've renewed'

Sections on 'How to complete' and 'Once you've renewed' were both clear, and customers liked the idea of receiving a text to confirm receipt (this was spontaneously reported); it was reassuring to know HMRC had received their renewal, and participants felt this meant they would not have to spend time and money contacting HMRC.

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Contents page

The contents page worked well overall. It was described as very useful in aiding ease of navigation, and was generally liked. It helped customers identify relevant parts and skip over less relevant sections. The colour scheme used in the contents page also helped the different sections to stand out.

Signposting to the Declaration was initially unclear from first looking at the contents page. The miss-match between numbering system in the contents page and Declaration was confusing and could lead participants to turn to the wrong page. For example, if you wanted guidance on completing 'Part 1. Certain benefits' section of the Declaration, from looking at the contents page participants incorrectly assumed they needed to look at '1. About you' in the Notes (rather than 'Box 1.1. Certain benefits' under part 4). Participants suggested using a different system of labelling in the guidance notes or ensuring content matches up. 'Completing your Annual Declaration' was felt to be the most important section, but was overlooked on first glance in the contents page. A view amongst participants was this section should appear first in the Notes, with subsequent sections appearing after. However, it should be noted that such a change could undermine the current logic of the sequential order (which follows the process a tax credits renewal customer would take when renewing their claim).

Checking your personal circumstances and any changes

The content of these sections was very clear and well understood. Signposting between the pack and relevant sections in the Notes was not always immediately clear, but was after closer reading. Similarly, participants were able to navigate relevant parts within the Notes, however, it was felt that more could be done to assist ease navigation. Suggestions included using more text boxes and a larger font or colour for sub-headings, such as 'Where you live' or 'Disability – adults'. Another suggestion was to extend the colour-coding of the contents page to headings and sub-heading within sections (for example 'About you' 'Single and joint claims' etc. would all be green).

As previously mentioned, this section of the Notes was initially identified as being text heavy – particularly 'About your children' and 'Your income' (pages 6-9). Features which were perceived to break up the text, such as text boxes, the use of blue text and mouse icons, were popular because they helped make the document feel less daunting and more accessible. Related to this, the function of these features was also well received; the examples provided in the text boxes were identified as helpful practical illustrations that could assist renewing your claim. Similarly, the mouse icons encouraged participants to check anything they were unsure of online.

Another cause of confusion was the use of search terms, for example TC956, which were not always immediately understood and acronyms, such as WTC, Working Tax Credits. As readers of the Notes would most likely read sections in isolation, it was felt that constituent parts should make sense as stand-alone pieces as far as possible. To help achieve this, participants suggested search terms could be clearly labelled as search terms to avoid

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confusion. In a similar vein, terms that use acronyms could be explained more frequently (possibly at the beginning of each section).

Stating the renewal period on each page of the Notes was suggested in case the document is kept for reference, but subsequently becomes out of date.

About you (pages 4 -5)

It was unclear which part of the pack this section related to, the references to Annual Review were overlooked throughout. The use of colour and text to white space ratio made this section accessible and easier to read (compared to pages 6-9). Language was occasionally deemed to be insensitive, for example 'your partner died' (on page 4) was identified as too direct. Additionally some of the language was felt to be unclear and inefficient, for example it was said that the sentence in the example box on page 4 could have been more succinct: *'One of the most common reasons people needed to pay back money is because they should have told us they were living with somebody.'*

About your children, your income (pages 6-9)

These pages looked more dense and cramped compared to pages 4-5 and it was easy to overlook when sub-sections changed generally (for example Childcare Costs on p7). The demarcation between sub-sections was unclear in these pages because the bullet points appeared to merge into one another, because there are more bullet points at the same level compared to pages 4-5. Participants would also welcome greater use of colour in headings over these pages to help break up the text.

The coloured/greyed out number circles at the bottom of the pages were not spontaneously noticed. On prompting, participants identified the purpose of these circles was to indicate a change in section, for example the '1' circle was highlighted green for the 'About you' pages (4-5). While the function of this feature was welcomed in theory it was of limited success; participants reported overlooking when certain sections changed and consequently missing the content. The section change between 'About your children' and 'Your income' was identified as particularly difficult to spot. Positioning the coloured circles more prominently, either on the top of the page or along the side was suggested as something that could help.

Specific sections in these parts were identified as particularly useful to have, for example 'Full-time education' and 'Approved training'. The criteria for both were identified as inherently complex, with participants explaining they would not necessarily know the finer details and caveats. Therefore participants welcomed that comprehensive guidance was provided.

Tax Credits: New Guidance Notes***Completing your Annual Declaration and income working sheets*****Working sheets**

The purpose of the working sheets was not immediately obvious, even after closer reading; the term 'working sheet' was not understood. This general lack of understanding contributed to incorrect assumptions, for example that individuals were required to return the completed Working Sheets to HMRC. To overcome this, participants suggested clearly stating that the Working Sheets should be used with the Declaration. Another suggestion was for the explanation of the Working Sheets that is currently under 'Your income' could appear on the Working Sheets section as it is currently easy to miss. Participants reported being unlikely to use the Working Sheets; they were either irrelevant or had figures from other sources (for example, pay slips, p60s). However, participants did feel the Working Sheets seemed relatively straightforward to use in theory. Terms like 'notional income' and 'occupational pension' were not always understood by participants here. While this did not worry participants (they assumed terms they did not understand were irrelevant to them) a glossary of key terms was suggested.

Participants welcomed the use of text boxes on this page and felt the different colours (light grey for individual items, light blue/black for sub-totals and black for totals) helped make the purpose of each box clear. The general white space to text ratio on these pages were welcomed too, and contributed to making the Working Sheets feel accessible.

Completing your Declaration

This section was felt to be one of the most important, because it provides direct instructions on how to fill in your Declaration, which was perceived as the primary purpose of the pack. Additionally, those who were more experienced at renewing their claim reported being very familiar with the content of the earlier sections ('About you' 'About your children' and 'Your income'). Any specific guidance on completing the Declaration was identified as a priority for this group. Importantly, the content was generally felt to be clear when reviewed closely, and it was easy to navigate this section, for example a participant reported:

'Perfect, it's telling you exactly what you need to do.'

(Couple, female claimant receiving Working Tax Credit)

However, it is not immediately obvious that this section of the Notes gives guidance on how to fill in your Declaration from the title 'Completing your Annual Declaration (TC603D)'. As previously mentioned, participants suggested it was unclear what was meant by 'Annual Declaration' and the term TC603D was perceived as jargon, with limited meaning to participants. Clearly signposting that this section of the Notes is for completing the Declaration was suggested as an important revision here, and as previously explored, the addition of the word 'form' was identified as something which could greatly assist this.

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Participants attributed the ease of navigation to spacing of text, text to white space ratio and headings that clearly stood out through bold type face. While on first glance of the section (and when looking at the contents page), it was unclear what the box labels referred to, participants felt it was clear on closer reading (for example, that Box 2.1 Taxable social security benefits in the Notes refers to Box 2.1 in the Declaration). Further suggestions for improving this section related to clarifying specific points, for example it was unclear what the 'listed benefits' in Box 1.1 in the Notes referred to if looking at in isolation of the Declaration. Participants suggested adding in 'see Declaration' or re-stating the list in the Notes to avoid confusion. Participants also remarked that the language in this section sounded unnecessarily harsh, for example 'Only put X in the box...' and 'Don't put X in the box'. While this did not overly impact on clarity, participants reported they would welcome softer language and felt it could help maintain their engagement in the process.

How to renew your tax credits - back page

Participants reported that it is easy to miss this page, and tended not to notice it spontaneously. However, when directed to this page participants welcomed the different channels of renewals being presented, but felt this information should be provided earlier in the document in case this page was missed. The option of renewing online stood out, but some issues were observed:

- Renewing online looked like a heading on first glance;
- The post option has lots of information which could nudge participants to renew by post;
- The Declaration being in the pack made renewing by post feel more immediate;
- It was initially unclear that the guidance notes could be used in conjunction with online renewals.

It was felt that it could be helpful if the instructions for completing the Declaration (using black ink, writing inside the boxes) came earlier as participants might start completing the Declaration before reading this page.

While this page was not necessarily noticed spontaneously, it was still felt important for online renewal to be highlighted as an option on the back page. Participants highlighted that people would likely read the Notes in different ways, with some possibly turning to the back page in the first instance.

Prototype Guidance Notes (TC603R): short version

Initial response to the shorter notes was more favourable primarily due to the length— at first glance this document was felt to be less daunting and as a result participants felt the process was likely to be easier and something they might undertake more quickly.

The messages on the front page were said to be very clear. Participants clearly understood what was required of them; make sure you tell HMRC of any changes, but no action is

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required if there have not been any changes. Participants also observed there were three key steps to this process, (step A - check personal details, step B – check any changes made are correct and step C – complete your Annual Review). It was said that the penalty £3000 fine could incentivise action and participants said they would be compelled to respond sooner because of this. The following specific points related to the front cover were reported:

- Participants understood that did not need to do anything unless circumstances had changed;
- The boxes on front helped to draw out the information;
- The picture on the front cover was too small to see and regarded as irrelevant;
- However, participants felt a deadline for renewing should appear on the front cover;
- The list of circumstances you needed to review in the inside pages was clear – the bullets, use of blue text helps to break-up the page and make it easy to read.

Conclusion

To conclude, the key points following testing of the new prototype Guidance Notes with a range of Tax Credit customers:

- The content and key messages were clear and well understood – renew your claim before the deadline.
- The pack, including the notes, felt daunting because of the volume of information provided. Addressing this was identified as a key priority because feeling daunted meant participants were more likely to put off renewing their claim.
- Suggestions for overcoming initial feelings of being daunted included:
 - Design and lay-out: the use of colour and large text helped break up the text, but even more colour and text would help;
 - Penalty: the penalty on the short Notes made participants more likely to respond quickly, and wondered if anything equivalent could be used on the long Notes.
- As with the previous round of research, the Notes were less likely to be read from cover-to-cover when the renewals process was perceived as straightforward; in these cases participants were more likely to consult them only if they got stuck.
- When participants had successfully renewed over the phone in the past they were inclined to use this channel again, and therefore did not feel they needed to read the Notes at all as they could ask the advisor any questions.
- Given people would most likely use the notes as a reference individual sections should make sense as stand-alone parts in isolation of the document (e.g. Working Sheets, Your income).
- It was clear to participants that HMRC encouraged online renewals, and this channel of renew was popular amongst participants. It was felt important that references to renewing online were made on individual sections as far as possible (for example the back page) to maximise the impact of this.

Tax Credits: New Guidance Notes***Appendix A*****Annual Review (TC603RR)**

The Annual Review (TC603RR) is a document which details the information that relates to the customer's claim, which is held by HMRC. It is divided into three steps: A, B and C. Step A relates to the details that HMRC held about the customer at the start of the award period; Step B details any changes in circumstance during the award period that the customer has informed HMRC of and Step C provides information for the customer about how to complete the Annual Declaration (TC603D).

Annual Declaration (TC603D)

The Annual Declaration (TC603D) is the form by which customers must declare their income, if they are required to do so and post back to HMRC by the renewals deadline. There are separate columns to declare income if a couple claim needs to be made. Alternatively they can make the declaration online or by telephone.

Guidance Notes (TC603RD and TC603R)

The TC603RD Guidance Notes accompany the Annual Review and Annual Declaration in the annual renewal pack for those customers who are required to reply. They provide comprehensive information about each of the three steps a customer must undertake in order to renew their Tax Credit claim.

The shorter version of the Guidance Notes (TC603R) is sent to Tax Credit customers that are not required to reply, with the TC603RR (but not TC603D). If there have been no changes, their claim is automatically renewed. However, if the customer's circumstances have changed, this version of the Guidance Notes includes information about what action to take.

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Appendix B

The sample profile that was achieved for this research is presented in the table below.

	Characteristic	Depth interviews	Group discussion	Total
Experience of renewals	Has renewed tax credits claim before	6	7	13
	Has not previously renewed tax credit claim	14	2	16
Type of tax credit customer	Employed	16	7	23
	Self-employed	4	2	6
	Receives childcare element	3	5	8
	Receives extra Child Tax Credit for disabled child	3	-	3
	Receives disability element	3	1	4
Type of claim	Single	12	6	18
	Couple	8	3	11
Digital confidence	Yes	18	9	27
	No	2	-	2