

# **Indirect Taxes National Statistics Survey**

# **ANALYSIS**

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# **Indirect Taxes: National Statistics Survey Analysis**

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# Summary

In November 2009, HM Revenue & Customs proposed changes to their [National Statistics for the Indirect Taxes](#). The Indirect Taxes are:

Aggregates Levy, Air Passenger Duty, Beer & Cider Duties, Betting, Gaming & Lottery Duties, Climate Change Levy, Hydrocarbon Oils Duties, Insurance Premium Tax, Landfill Tax, Made Wine Duties, Spirit Duties, Tobacco Duties, Value Added Tax & Wine of Fresh Grape Duties

HM Revenue and Customs ran a user consultation on these proposed changes from 4 January 2010 to 5 April 2010 and this document presents an analysis of the findings along with recommendations.

The proposed changes and a summary of the findings:

- **Moving the bulletins from a monthly to a quarterly publication:**

There was a strong opposition to this change and so we recommend it not go ahead.

- **Removing the seasonally adjusted VAT data:**

There was little opposition to this change and so we recommend it go ahead.

- **Combining the various alcohol bulletins into one:**

There was virtually no opposition to combining the alcohol bulletins into one (keeping the data unchanged), and so we recommend it go ahead.

- **Additions to the bulletins:** including interpretations of the data (in graph or text form); including a longer time series; including historical data:

All additions to the bulletins were well received. Our recommendation is that the most popular addition of 'annual historical data back to when available' be included in the bulletins, as soon as there is the resource available to do so.

- **Dropping the factsheets** (except for VAT and Alcohol):

A number of respondents use the tobacco factsheet and so we recommend it continue. Some respondents use the betting, gaming & lottery factsheet but it is inconclusive whether or not updating it is a wise use of resources. The rest of the factsheets should be dropped as there seems to be little demand for them.

# Main Analysis

## Background

In November 2009, in the division Knowledge, Analysis & Intelligence (KAI) at HM Revenue & Customs, the Project Group was approached by the Indirect Taxes Team to carry out a user consultation on the National Statistics they produce. The consultation took the form of an online survey that can be found [here](#).

Please be aware that the survey has been left open to the end of 2010, to give users who missed the consultation period a chance to feed their opinions to the Indirect Taxes Team. While the survey is open, all responses will be looked at and considered, however the findings presented here are based on the responses made between 4 January 2010 and 5 April 2010.

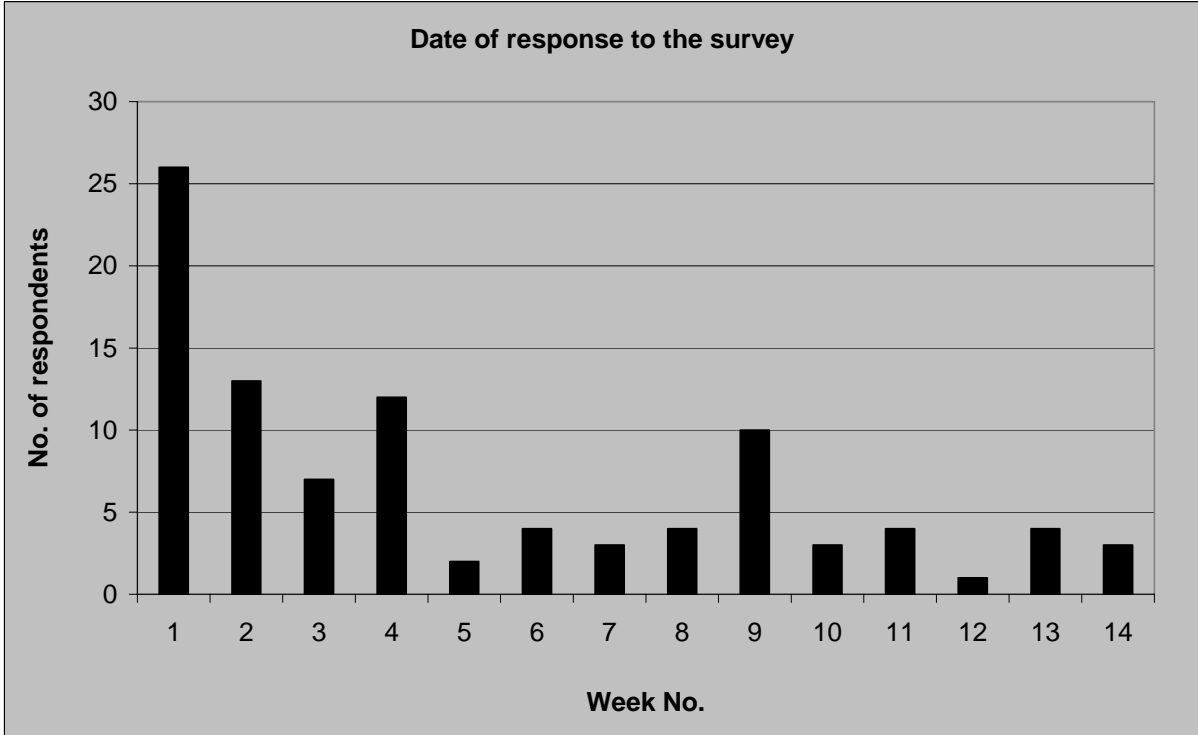
Here we, the Project Group, present an analysis of the findings and make recommendations to the Indirect Taxes team, on how to act upon the results.

The proposed changes to the National Statistics were:

- **Moving the bulletins from a monthly to a quarterly publication**
- **Removing the seasonally adjusted VAT data**
- **Combining the various alcohol bulletins into one**
- **Additions to the bulletins:** including interpretations of the data (in graph or text form); including a longer time series; including historical data
- **Dropping the factsheets** (except for VAT and alcohol)

Initially, internal customers from HM Treasury and HM Revenue & Customs were approached and notified of our proposition. Following this we created a survey for users in the public domain. We received a total of 96 responses, of which around 80% were filled out to the end. Both complete and incomplete responses are included in the analysis.

The graph below shows how many weeks after the survey went live that individuals responded and we can see that the majority of responses (around 60%) were made in the first month.



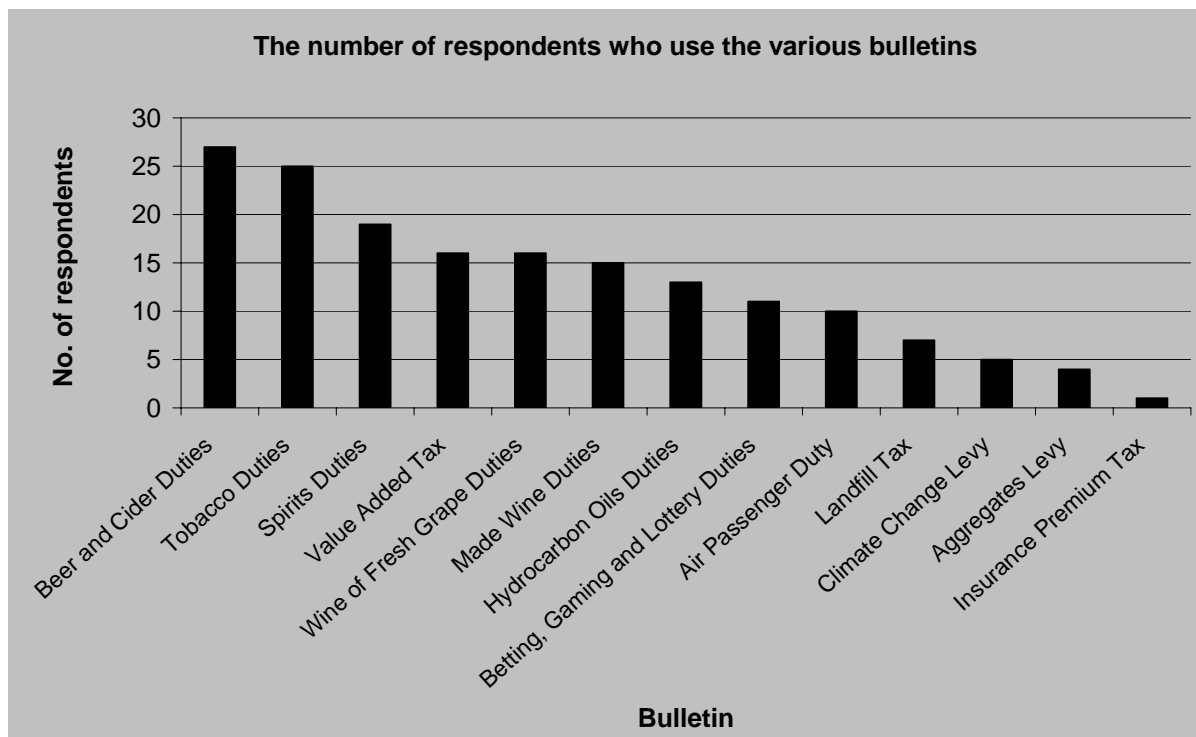
It is worth observing that after week 4, the number of responses received per week stayed fairly constant, except in week 9. This was due to the fact that at the beginning of week 9, we sent an email to known users reminding them about the survey.

## How our customers use the statistics

We asked a few questions to help us understand how and why respondents use the Indirect Tax statistics.

### Which bulletins are used

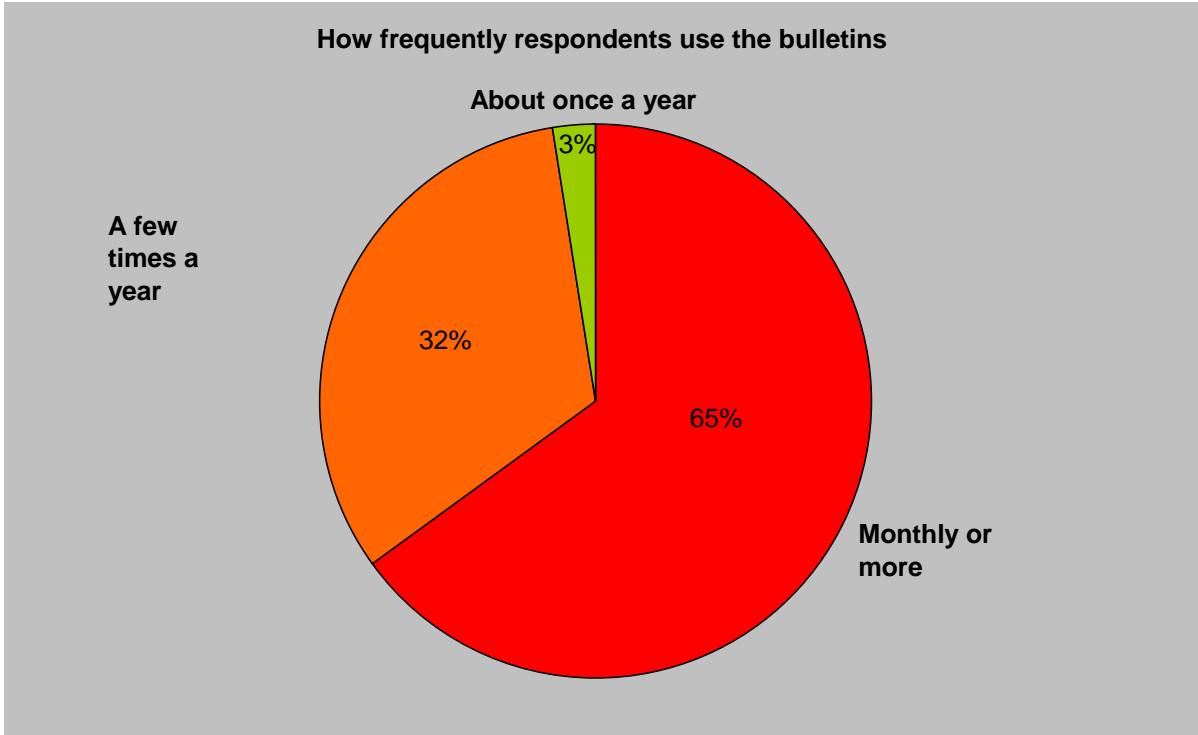
84 respondents stated that they use the bulletins. The graph below shows that although all bulletins are used, the level of use varies considerably. The tobacco, alcohol, hydrocarbon oils and VAT bulletins are used the most, whilst the climate change levy, aggregates levy and insurance premium tax bulletins are used the least.



N.B. The total of the columns in the graph above is higher than 84, as many respondents indicated that they use multiple bulletins.

### How frequently respondents use the bulletins

In the chart below, we can see that around two thirds of respondents use the bulletins monthly or more and that almost all respondents use the statistics at least a few times a year.

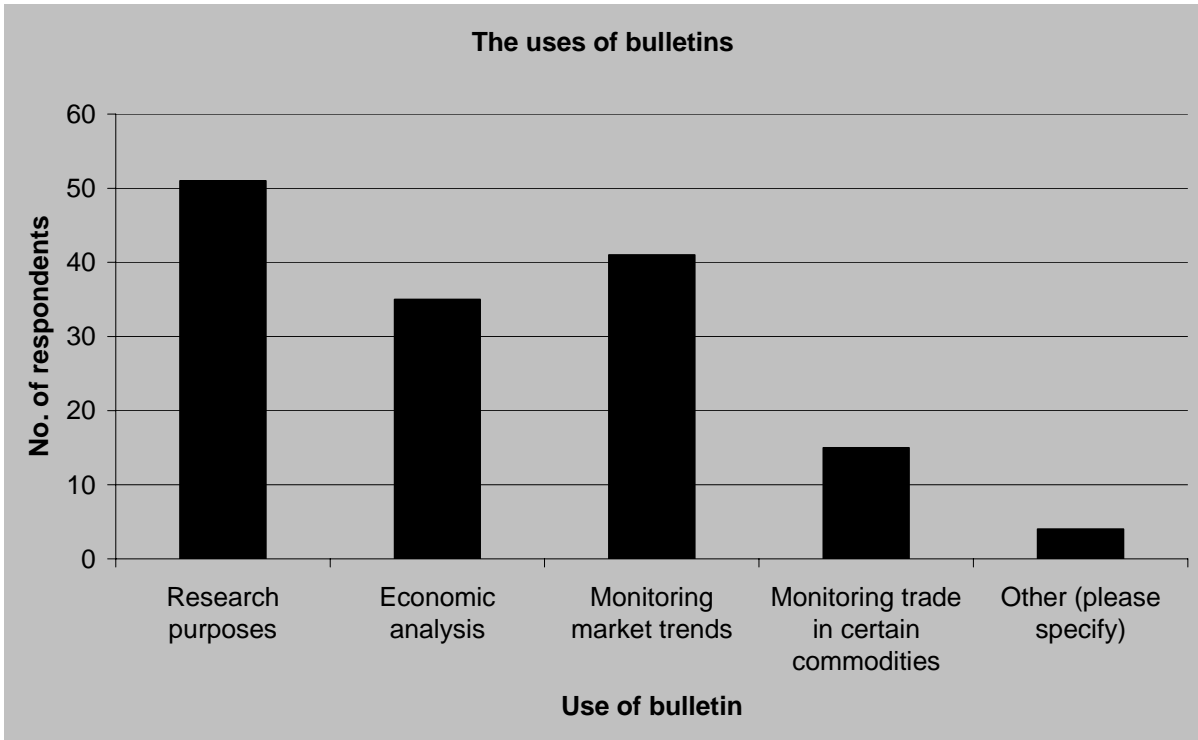


We must be careful in how we interpret this - since the survey ran for three months, only individuals that use the statistics at least a few times a year are likely to have been aware of the survey. However we can say that at least 75 individuals use the statistics a few times a year, of which 50 do so at least once a month.

To gauge the opinion of less frequent users, the survey has been left open until the end of 2010 and an update to the analysis can be made early in 2011.

**What respondents use the bulletins for**

As we can see in the chart below, the main uses are for research purposes, economic analysis and monitoring market trends.

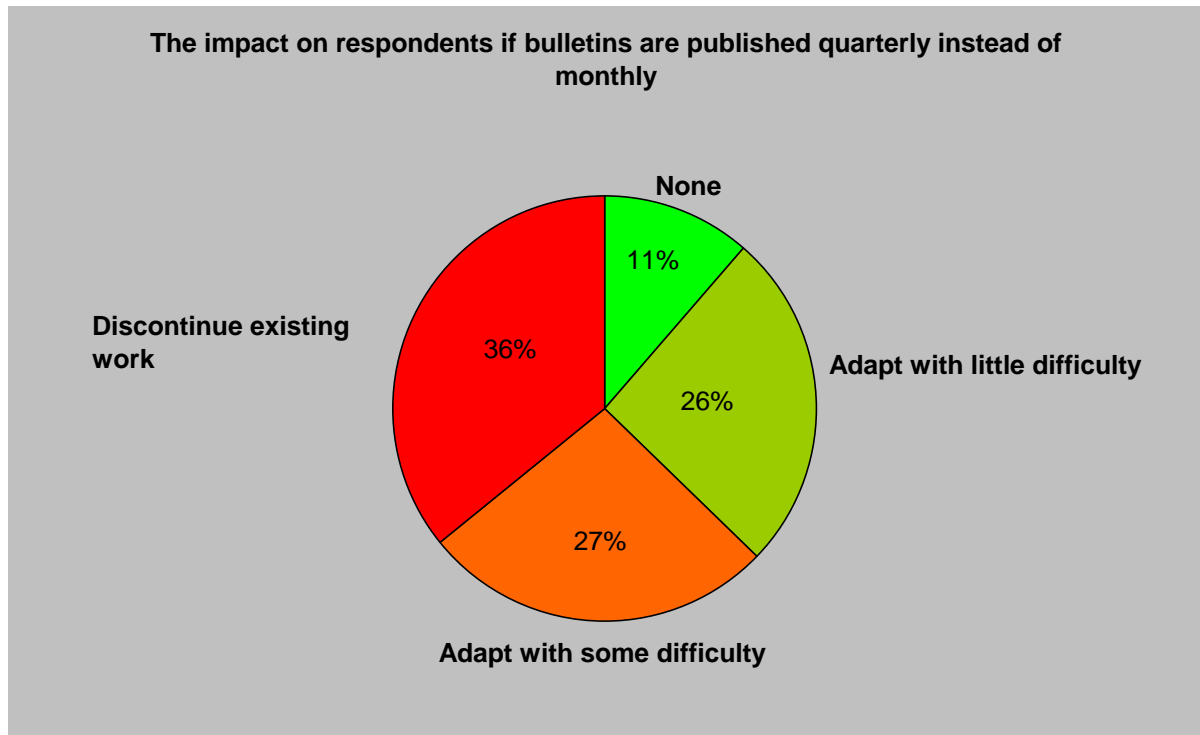


One respondent specified that they use the bulletins to assist in producing other National Statistics and some commented that the data in the bulletins was useful in tracking trends and seasonal fluctuations. Another respondent gave an example as to how they used the bulletins by saying that the data in the bulletins was useful in understanding the impact of the recession on the purchase of alcohol.



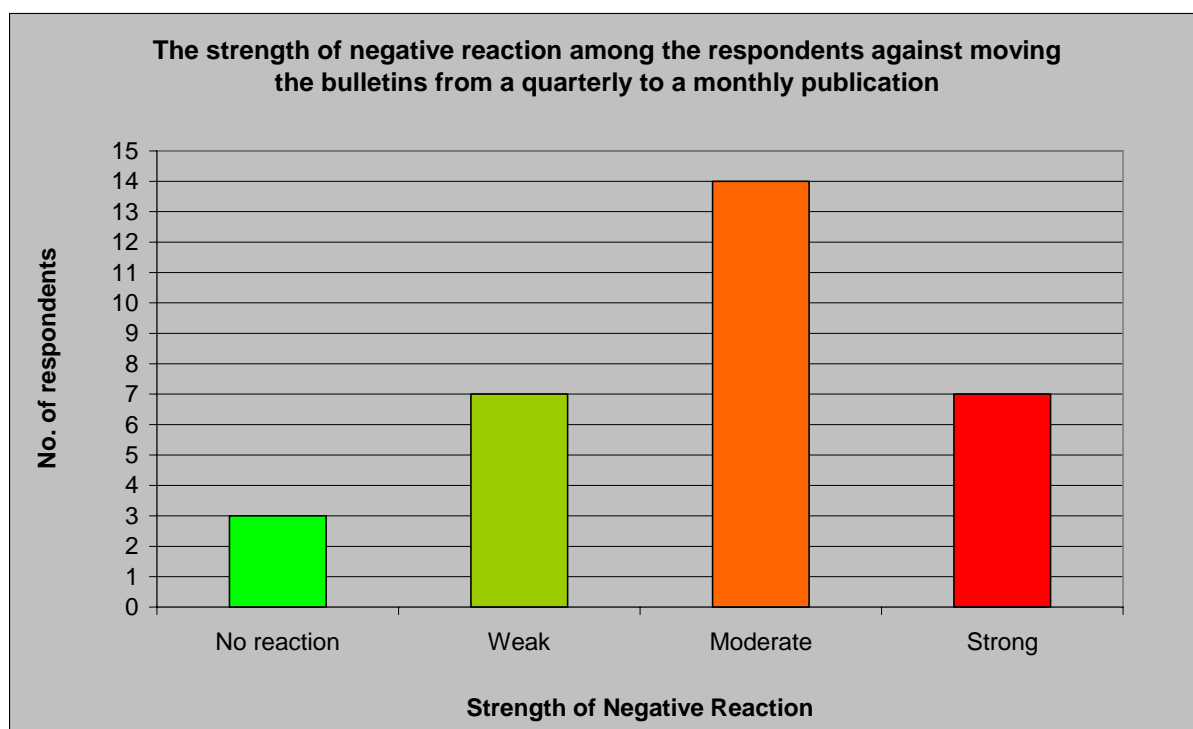
## Moving from a monthly to a quarterly publication of the bulletins

One of the questions in the survey asked about the impact of moving from a monthly to a quarterly publication. 71 respondents answered this question. Nearly 90% said that they would have difficulty in adapting and about a third mentioned that they would have to discontinue existing work.



The survey explained the reason behind this proposal: HM Revenue & Customs felt that month-to-month changes were generally too volatile to draw any valid meaning from; a move to quarterly publication would allow users to observe only genuine trends and would give users a better picture of what is actually happening in the data.

A space was provided for respondents to present any concerns on this proposed change. 31 respondents (40%) made comments, of which one was positive and thirty negative. The strength of the negative reaction varied between respondents, and the graph below illustrates this.



As can be seen from the graph, over two thirds have at least a moderate objection to this proposed change. A few reasons were given as to why monthly data is more beneficial than quarterly data. Firstly, the information provided is used for monitoring changes in the markets and the monthly bulletins provide early indications of the impacts from shocks and the effects of duty changes. Secondly, several respondents felt that moving to a quarterly publication would lead to a delay in their work, one even commenting that his work would benefit from a quicker delivery of monthly statistics.

There were a couple of particularly interesting comments – one respondent mentioned that they use the bulletins to quality assure data from other companies on a monthly basis. Another commented that alcohol consumption is sensitive to events such as religious holidays, the World Cup, etc. and hence quarterly analysis would provide less detail regarding the impact of such events.

### **Our Recommendation**

Considering that 50 respondents say they use the bulletins monthly or more and that 21 say they would be significantly affected by this change, going ahead with it would most likely result in an increase in the volume of work for HM Revenue & Customs through responding to separate requests. Furthermore, the strength of the concerns raised suggests that this change could significantly damage our relationship with our customers. Therefore we strongly recommend that the monthly publication of the bulletins be continued.

## **Removing the seasonally adjusted VAT data**

The survey asked a question on the impact of removing the seasonally adjusted VAT data. Nine respondents answered and of these, 3 stated that they would have to discontinue existing work. The remaining 6 did not mind if the seasonally adjusted VAT data was removed.

### **Our Recommendation**

There were few responses to this question and only a small number of people are against the change. This suggests that HM Revenue & Customs can remove this data and use the resources required to produce it more wisely elsewhere. The three respondents who indicated that they would have to discontinue existing work can always request the data separately should they require it. Therefore, we recommend that this change go ahead.

## **Combining the various alcohol bulletins into one**

There were two questions in the survey about reducing the number of alcohol bulletins. The first question asked whether the respondent would prefer to see the alcohol bulletins combined into one bulletin. Of those who replied, only one was against the change. The second question asked whether the respondent would like to see the Wine of Fresh Grape bulletin and the Made Wine bulletin combined into one bulletin. Again, of those who replied, only one was against the idea.

### **Our Recommendation**

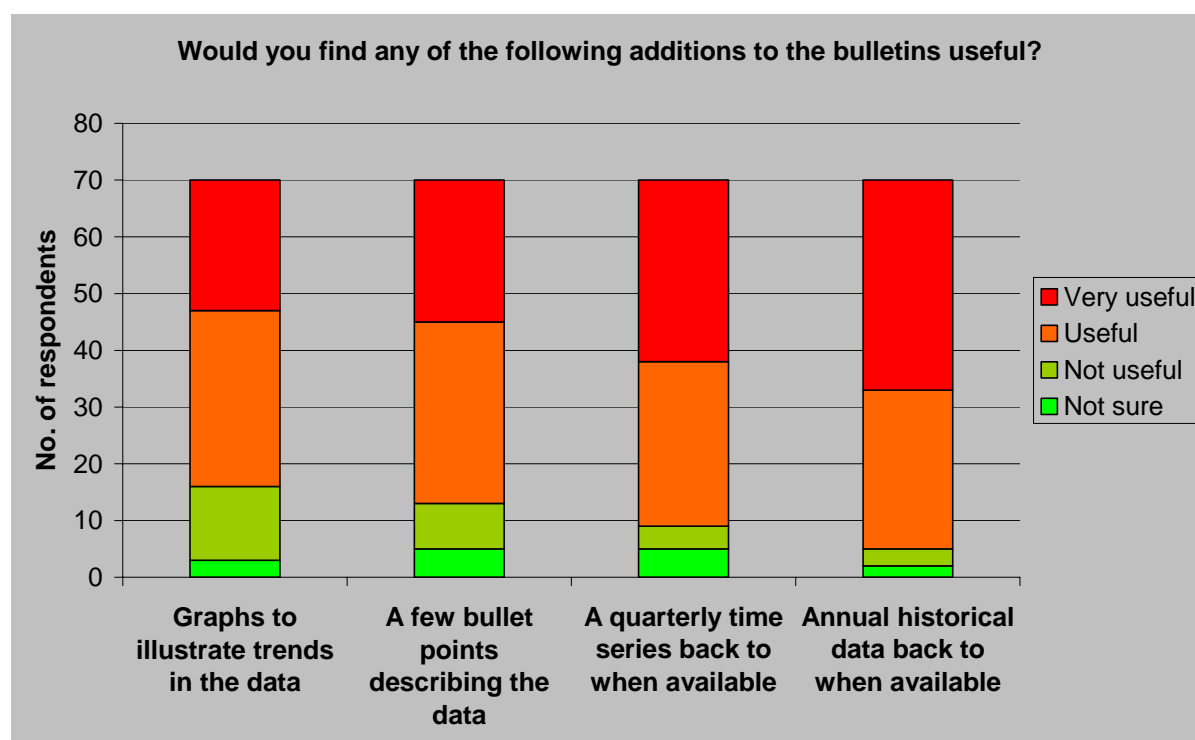
We recommend this change go ahead as there is virtually no opposition.

## Additions to the bulletins

The table below gives a breakdown of the different potential additions to the bulletins and how useful, if at all, respondents would find these additions.

Would you find any of the following additions to the bulletins useful?						
Type of addition	Not useful	Not sure	Useful	Very useful	Total Response Count	Percentage of respondents finding the additions useful
Graphs to illustrate trends in the data	13	3	31	23	70	77%
A few bullet points describing the data	8	5	32	25	70	81%
A quarterly time series back to when available	4	5	29	32	70	87%
Annual historical data back to when available	3	2	28	37	70	93%

As can be seen from the table, over 75% of respondents would find it useful to see these additions in the bulletins. The potential addition of including annual historical data back to when available was particularly well received with 93% of respondents thinking it would be useful.

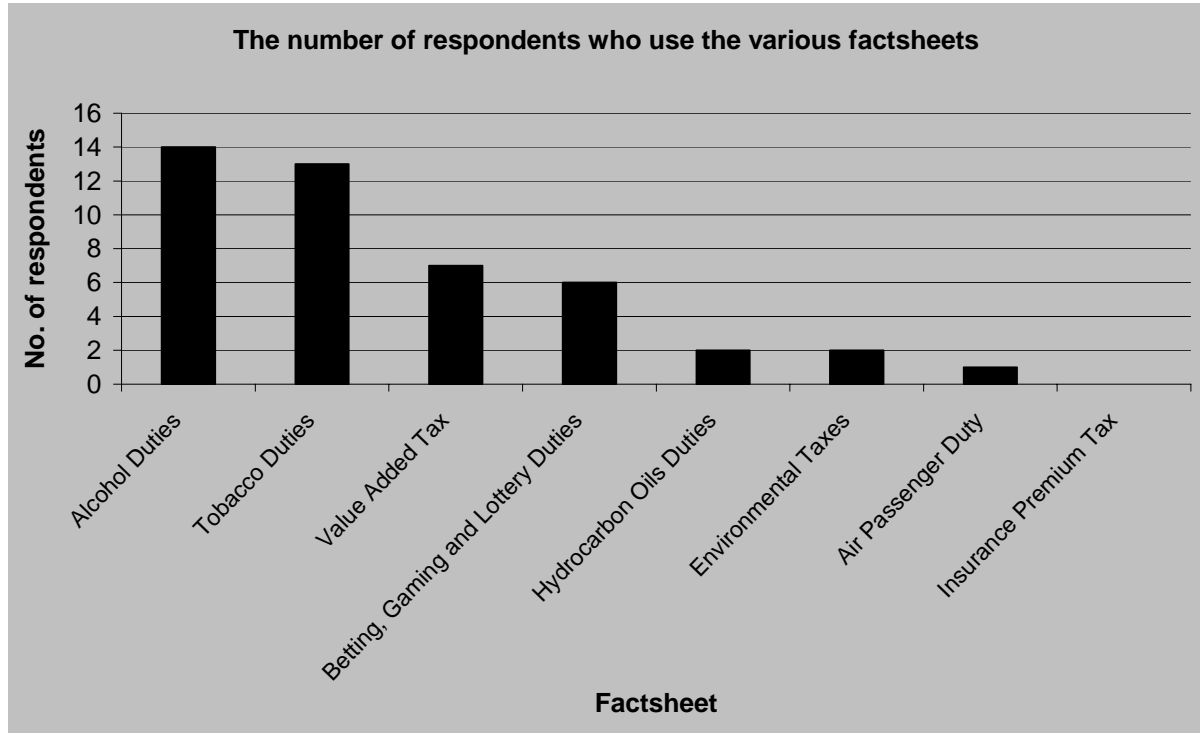


### Our Recommendation

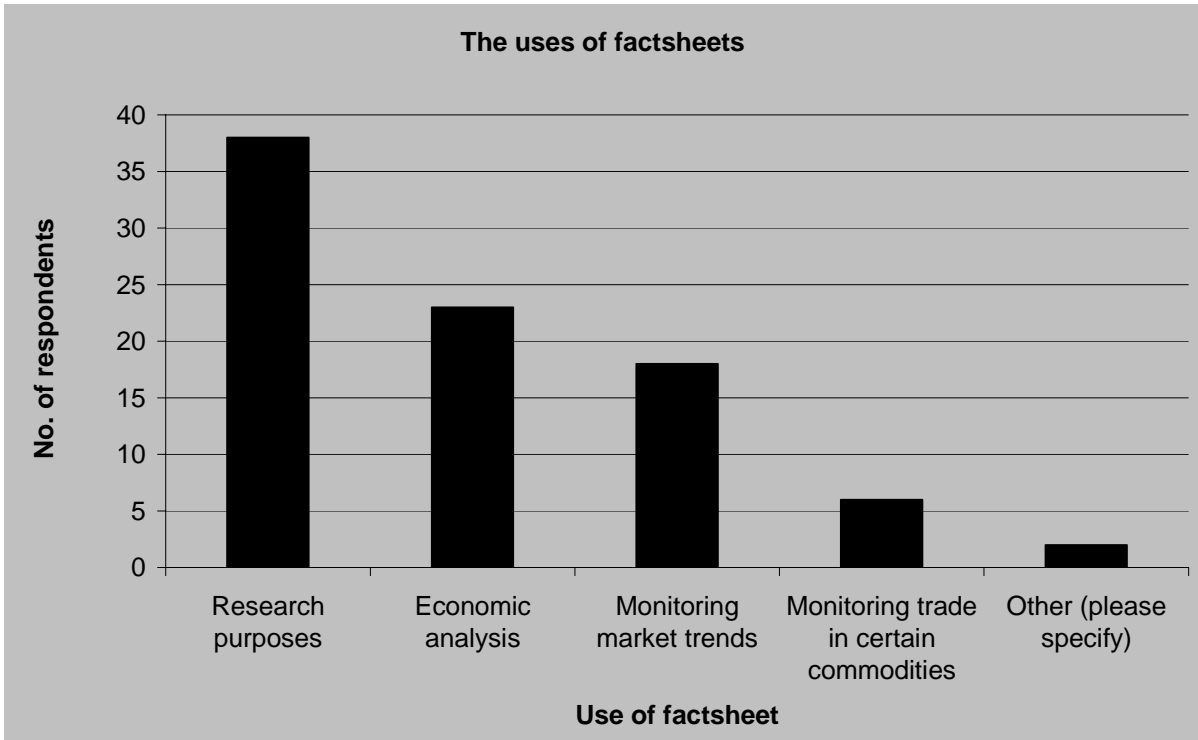
If there is the resource to implement these changes, we recommend they be made. If there is some but little additional resource available, we recommend the Indirect Taxes team consider adding at least the annual historical data back to when available. If there is no further resource available, we do not think it crucial to include these additions now; in this case, these findings should be revisited, should resources become available in the future.

## Dropping the factsheets (except for VAT and Alcohol)

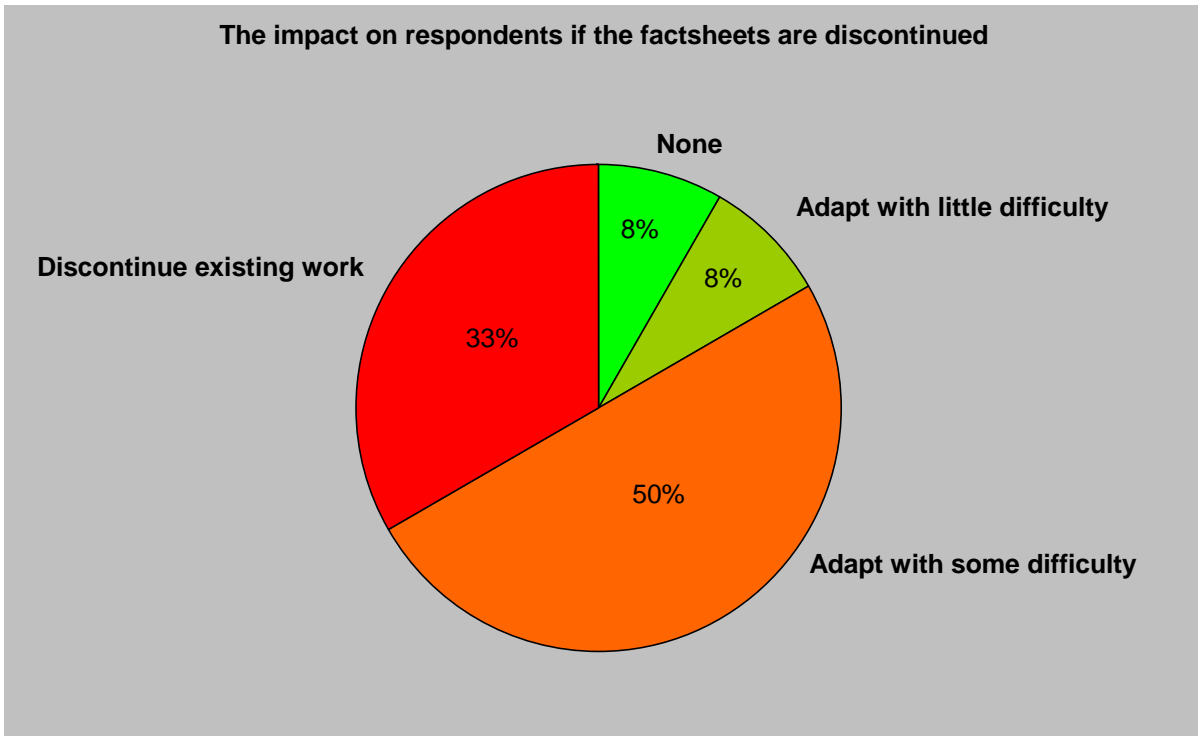
The graph below shows which factsheets are used. All factsheets, apart from Insurance Premium Tax, are used and the Alcohol and Tobacco factsheets are used the most often.



The level of response suggests that the factsheets are used about half as often as the bulletins. Of the 45 who responded, 84% use the factsheets at least a few times a year. As we can see in the chart below, the most popular use of factsheets is for research purposes.



The survey asked a question on what impact dropping the factsheets would have upon respondents. There were 24 replies, out of which 22 said they would find working without the factsheets difficult. Notably, 8 said that they would have to discontinue existing work if the production of the factsheets is stopped.



The next question asked whether respondents would like to see any of the detailed factsheet information put in the bulletins, if the factsheets are discontinued. Six respondents commented that they find the historic and background data in the factsheets very useful. It

should be noted that these respondents were mainly users of the tobacco and betting, gaming & lottery factsheets. One respondent commented that the low level of factsheet use may be due to a lack of regular updates.

### **Our Recommendation**

It is interesting to note that more respondents said they use the Tobacco factsheet than VAT factsheet. So if we continue to produce the Alcohol and VAT factsheets, we should continue to produce the Tobacco factsheet. As we can see in the first bar chart, six respondents use the Betting, Gaming and Lottery factsheet, so whether or not we drop this factsheet is subject to further discussion. We recommend that the production of the remaining factsheets be discontinued as there seems to be little demand for them. There were only six requests detailing what data users would like moved from the factsheets to the bulletins and so these users can request this data separately.