



*Research report*

# VAT Leaflet Testing

Qualitative research to optimise communications about VAT changes

**Business Customer Unit, HMRC**

## *About the Business Customer Unit (BCU)*

Business Customer Unit (BCU) is part of Business Tax responsible for ensuring businesses pay the right amount of tax whilst improving our customer's experience and the overall UK business environment.

The BCU role is to help colleagues make customer focus a reality by understanding our Business Customers needs better and using that understanding to design better products, processes and service delivery.

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## *Research requirement (background to the project)*

From April 2010, most VAT customers (all those with >£100k turnover and all newly registered VAT traders) will be required to file their VAT returns online and pay electronically.

A key method of communicating to VAT traders will be the proposed **VAT leaflet**, which will be mailed to all VAT traders. This leaflet needs to give customers all the information they require to make this transition. Additionally, it is also needed to establish which vehicles and messages are best for alerting customers to the forthcoming deadlines.

## *Who did the work (research agency)*

Wardle Mclean Strategic Research Consultancy, a specialist communications qualitative research agency.

## *When the research took place*

The research took place during March 2009.

## *Method, Data and Tools used, Sample*

Five mini-group discussions were conducted (each lasting up to 60 minutes) amongst filers of VAT returns.

All respondents were responsible for VAT within small businesses with fewer than 50 employees. All were filing their VAT returns themselves (not using 3rd party) and they were not filing VAT returns online. There was a spread of respondents across segments with a bias towards those who are likely to have more problems with filing online (Traditionalists, Insecure Sceptics and Nervous Enthusiasts).

The research took place in London and Manchester.

## *Main Findings*

Although no respondents were filing their VAT returns online currently, many were already aware that they would have to do so in the future (though they did not know the exact date).

The barriers to online filing were primarily to do with a perceived lack of need and the lack of desire to change their current habits. Most had little problem filing a paper return at the moment and some less confident customers actually felt more 'at home' with a paper return. It was hard for many to readily identify a benefit to changing their method of filing returns, though the more computer literate did imagine that it might end up being easier.

Despite their lack of desire to change, most respondents nevertheless felt that change was inevitable and they were willing to comply when it became necessary. Even the less confident thought that it would not be difficult, once they had got used to it.

The leaflet examined in the research successfully informed customers about the forthcoming changes and did so in a concise and comprehensive way. Its straight-forward approach gave the impression that it would be a simple and positive process. However 2 additional pieces of information were recommended to be included in the leaflet to reassure them further:

- Information that the online form was the same as the paper form (very motivating)
- Reassurance about the overall security of the website

Further, it was judged that making the leaflet shorter would not lessen its impact and in fact, would be more likely to increase impact. As a result some recommendations were made for shortening the copy in the leaflet: the opening paragraph could be shortened, information about the possible 2012 changes could be excluded as it was too vague and too early to be talking about this; information about having 'extra time' was lengthy to explain and was a 'bonus' that could be discovered later; information about PIN activation was not needed as it confused respondents, and in-depth details about payment options were also not necessary at this stage.

Whilst the impact of the leaflet was good, many still felt that they would be unlikely to file online until the deadline arrived. In order to encourage early adoption of online filing, it was recommended that the leaflet took less of an apologetic tone, especially when the news contained in it was not considered bad for most and was even welcomed by some. The leaflet needed to be more positive in its tone (e.g. 'now's your chance to file online').

The messages that were examined on the envelope and VAT return itself worked well. The envelope messages stood out if they were short and informative. Ideally the envelope would also have a website address printed on it, for accessing further information.

Of the messages examined on the envelope the best one was judged to be: 'Countdown to 2010. Compulsory online filing', as it was concise and likely to catch the reader's attention.

Messages on the VAT return itself stood out well when they were in colour, but got somewhat lost when they were in black print. Of the messages on the form that were examined the best one was judged to be: 'From April 2010 businesses with an annual turnover of £100,000 or more must file their

VAT returns online and pay electronically'. Again this was succinct and contained all the key information needed.