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Panel Study of Tax Credits Customers: Telephone survey 2013

**Digital services, experience of the tax credits system
and the transition to Universal Credit**

HM Revenue and Customs Research Report 319

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NatCen Social Research

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Contents

Acknowledgements.....	1
Research summary	2
1 Introduction	5
1.1 Background.....	5
1.2 Reporting conventions	5
2 Digital services	7
2.1 Internet use	7
2.1.1 Customers' internet use.....	7
2.1.2 Use of multiple devices.....	10
2.1.3 Use of online banking	10
2.2 Current digital interaction with HMRC	12
2.2.1 Use of HMRC website	12
2.2.2 Customer appetite for making and managing claims online	12
2.3 Future digital interaction with HMRC.....	15
2.3.1 Likelihood of using different digital services	15
2.3.2 Comfort with using different digital services	16
2.3.3 Overall openness to digital services	16
3 Experience of the tax credits system	18
3.1 Understanding of the tax credits system	18
3.1.1 Understanding of specific rules.....	18
3.1.2 Overall understanding.....	19
3.2 Making new claims for tax credits	20
3.3 Renewing tax credits claims.....	20
3.3.1 Late renewal of claims	21
3.4 Calling the HMRC helpline when claiming and renewing.....	22
3.5 Reporting changes of circumstances	23
3.5.1 Late reporting of changes of circumstances	23
3.5.2 Failure to report a change of circumstances.....	23
3.5.3 Contacting HMRC after reporting a change.....	23
3.6 Overpayments.....	24
3.6.1 Overpayment status.....	24
3.6.2 Responding to an overpayment.....	24
3.6.3 Disputing overpayments	24
4 Transition to Universal Credit	25
4.1 Awareness and understanding of Universal Credit	25

4.1.1 Awareness of Universal Credit	25
4.1.2 Understanding of Universal Credit	26
4.2 Financial management.....	27
4.2.1 Running out of money before the end of the week or month	27
4.2.2 Problems with debt in the past 12 months	29
4.2.3 Saving tax credits awards	29
4.2.4 What tax credits awards are spent on	30
5 Conclusions	31
5.1 Digital services	31
5.2 Transition to Universal Credit	31
Appendix A Tax Credits Customers	32
Tax credits customer characteristics	32
Work	33
Income	35
Household composition	35
Childcare use	36
Appendix B Tables	40
Appendix C Logistic regression tables	82
Appendix D Distribution of key customer characteristics	85
Appendix E Test questions and answers	87

List of Tables

Table 3.1	Percentage of customers answering each question correctly.....	18
Appendix Table B.1	Internet use	40
Appendix Table B.2	Internet use by annual household income	40
Appendix Table B.3	Internet use by first language.....	40
Appendix Table B.4	Internet use by age	40
Appendix Table B.5	What customers said they used the internet for.....	41
Appendix Table B.6	Why customers said they did not use the internet	41
Appendix Table B.7	Devices customers said they used to access the internet	41
Appendix Table B.8	Device customers said they used most often to access the internet	42
Appendix Table B.9	Use of a personal computer or laptop to access the internet by annual household income	42
Appendix Table B.10	Use of a personal computer or laptop to access the internet by age	42
Appendix Table B.11	Use of a tablet to access the internet by annual household income	43
Appendix Table B.12	Use of a tablet to access the internet by first language	43

Appendix Table B.13	Use of a tablet to access the internet by age.....	43
Appendix Table B.14	Use of a smartphone to access the internet by age.....	43
Appendix Table B.15	Use of multiple devices to access the internet.....	44
Appendix Table B.16	Device most frequently used by those who use a computer, smartphone and tablet	44
Appendix Table B.17	Use of online banking by annual household income.....	44
Appendix Table B.18	Use of online banking by age.....	44
Appendix Table B.19	Devices customers said they used to access online banking	45
Appendix Table B.20	How often customers said they used online banking.....	45
Appendix Table B.21	Whether customers said they used the HMRC website when making a new claim	45
Appendix Table B.22	Reason for not using the HMRC website when making a new claim.....	45
Appendix Table B.23	Information sought from the HMRC website when making a new claim.....	46
Appendix Table B.24	Willingness to use online services to make a new tax credits application, renew an existing claim or report a change of circumstance	46
Appendix Table B.25	Reasons why customers would not use online services to make a new tax credits application, renew an existing claim or report a change of circumstance	47
Appendix Table B.26	Overall willingness to use online services.....	47
Appendix Table B.27	Customer willingness to manage aspects of their tax credits claim online by income	47
Appendix Table B.28	Customer willingness to manage aspects of their tax credits claim online by age.....	48
Appendix Table B.29	Customer willingness to manage aspects of their tax credits claim online by understanding of tax credits system	48
Appendix Table B.30	Customer willingness to manage aspects of their tax credits claim online by use of online banking.....	48
Appendix Table B.31	Reported likelihood of using different online services.....	49
Appendix Table B.32	Reported comfort in potentially using different online services.....	49
Appendix Table B.33	Whether customers would be happy for HMRC to make contact via email with queries about renewal or changes of circumstances	49
Appendix Table B.34	Preferred method of receiving confirmation from HMRC that information relating to their claim had been received	50
Appendix Table B.35	Overall customer openness to digital services.....	50
Appendix Table B.36	Customer openness to digital services by annual household income	50
Appendix Table B.37	Customer openness to digital services by age	51
Appendix Table B.38	Customer openness to digital services by use of online banking ...	51
Appendix Table B.39	Percentage of customers answering each question correctly.....	52
Appendix Table B.40	Overall estimated understanding of tax credits rules	52
Appendix Table B.41	Understanding of tax credits rules by annual household income....	53

Appendix Table B.42	Understanding of tax credits rules by first language	53
Appendix Table B.43	Understanding of tax credits rules by age.....	53
Appendix Table B.44	Understanding of tax credits rules by working status.....	54
Appendix Table B.45	How easy customers found it to make a new claim	54
Appendix Table B.46	Whether customers said they called the Tax Credits Helpline for assistance when making a new claim.....	54
Appendix Table B.47	Whether customers said they called the Tax Credits Helpline after submitting a new claim.....	54
Appendix Table B.48	Whether they called the Tax Credits Helpline during the application process by reported ease of making a new claim.....	55
Appendix Table B.49	How customers said they usually renew their claim for tax credits.....	55
Appendix Table B.50	How confident customers said they were in what to do during the last renewal.....	55
Appendix Table B.51	Whether customers said they had called the Tax Credits Helpline after submitting a renewal.....	55
Appendix Table B.52	Whether they called the helpline after renewal by reported confidence that they know what to do during renewal process.....	56
Appendix Table B.53	Whether customers said they had ever renewed a claim late	56
Appendix Table B.54	Why customers said they had renewed late	56
Appendix Table B.55	Why customers said they called the Tax Credit Helpline after submitting claim	57
Appendix Table B.56	Why customers said they called the Tax Credits Helpline after submitting a renewal	57
Appendix Table B.57	Whether customers said they had reported a change of circumstances in the last year.....	57
Appendix Table B.58	When customers said they typically reported changes of circumstances	58
Appendix Table B.59	When customers said they typically reported changes of circumstances by age	58
Appendix Table B.60	When customers said they typically reported changes of circumstances by working status	58
Appendix Table B.61	When customers said they typically reported changes of circumstances by understanding of tax credits rules	58
Appendix Table B.62	Whether customers said they have ever not reported a change of circumstances	59
Appendix Table B.63	Whether customers contacted HMRC after reporting a change of circumstances	59
Appendix Table B.64	Method of contacting HMRC after reporting a change of circumstance.....	59
Appendix Table B.65	Number of times customer contacted HMRC after reporting a change of circumstances	59
Appendix Table B.66	Current customers overpayment status	60
Appendix Table B.67	What customers said they did when they discovered they had received an overpayment.....	60

Appendix Table B.68	Whether customers said they had appealed or disputed their overpayment	60
Appendix Table B.69	How customers said they had appealed or disputed their overpayment	61
Appendix Table B.70	Whether customers were aware of Universal Credit.....	61
Appendix Table B.71	Whether customers were aware that there may be changes to the way tax credits are administered	61
Appendix Table B.72	Overall customer awareness of Universal Credit or of possible changes to tax credits	61
Appendix Table B.73	Overall customer awareness of Universal Credit or general changes to tax credits by age	62
Appendix Table B.74	Overall customer awareness of Universal Credit or general changes to tax credits by receipt of other benefits	62
Appendix Table B.75	Overall customer awareness of Universal Credit or general changes to tax credits by understanding of tax credits rules	62
Appendix Table B.76	Whether customers think Universal Credit will affect them.....	63
Appendix Table B.77	Whether customers were able to identify DWP as the department administering Universal Credit	63
Appendix Table B.78	Department customers thought would be administering Universal Credit	63
Appendix Table B.79	Whether customers thought changes to tax credits will affect them	64
Appendix Table B.80	Whether customers found they ran out of money before the end of the week or month	64
Appendix Table B.81	Whether found they ran out of money before the end of the week or month by annual household income	64
Appendix Table B.82	Whether found they ran out of money before the end of the week or month by receipt of other benefits.....	65
Appendix Table B.83	Whether found they ran out of money before the end of the week or month by whether have had trouble with debt in last 12 months	65
Appendix Table B.84	Whether found they ran out of money before the end of the week or month by frequency of tax credits payments	65
Appendix Table B.85	Whether found they ran out of money before the end of the week or month by whether ever had an overpayment.....	66
Appendix Table B.86	Whether customers found they ran out of money by how they budgeted	66
Appendix Table B.87	How frequently customers said they ran out of money before the end of the week or month	66
Appendix Table B.88	Whether customers said they had trouble with debts in past 12 months	67
Appendix Table B.89	Whether customers said they had trouble with debt by annual household income	67
Appendix Table B.90	Whether customers said they had trouble with debt by working status	67

Appendix Table B.91	Whether customers said they had trouble with debt by how they budgeted	67
Appendix Table B.92	Whether customers said they had trouble with debt by frequency of tax credits payments	68
Appendix Table B.93	Whether customers said they had trouble with debt by whether ever had an overpayment	68
Appendix Table B.94	How often customers said they had trouble with debt in ....preceding 12 months	68
Appendix Table B.95	Whether customers said they save part of their tax credits award .	68
Appendix Table B.96	Proportion of customers who said they saved part of their tax credits award by age	69
Appendix Table B.97	How much of their tax credits award customers said they saved ...	69
Appendix Table B.98	What tax credits customers said they spent their tax credits payments on	70
Appendix Table B.99	What tax credits customers said they spent most of their tax credits payments on	71
Appendix Table B.100	Type of tax credits customers said they received	71
Appendix Table B.101	Frequency of tax credits payments	71
Appendix Table B.102	Gender of panel study respondents.....	72
Appendix Table B.103	Age of panel study respondents	72
Appendix Table B.104	Whether panel study respondent was working	72
Appendix Table B.105	Whether panel study respondent said they were self- employed in at least one of their jobs.....	72
Appendix Table B.106	Household working status.....	73
Appendix Table B.107	Whether customers were interested in working more hours	73
Appendix Table B.108	What customers said was preventing them from working more hours	73
Appendix Table B.109	Why customers said they were not interested in working more hours	74
Appendix Table B.110	Why customers said they did not work	74
Appendix Table B.111	Annual household income.....	75
Appendix Table B.112	Whether customers said their household income tended to vary from month to month or week to week.....	75
Appendix Table B.113	Presence of eligible children in household.....	75
Appendix Table B.114	Number of children aged 0-15 in a household	76
Appendix Table B.115	Whether customers said they used childcare in the past year.....	76
Appendix Table B.116	Whether customers said they used registered or approved childcare.....	76
Appendix Table B.117	Formal childcare providers customers said they had used in the past year	76
Appendix Table B.118	Number of children using formal childcare.....	77
Appendix Table B.119	Informal childcare providers customers said they had used in the past year	77
Appendix Table B.120	Type of childcare used.....	77

Appendix Table B.121	Type of childcare used by annual household income	78
Appendix Table B.122	Type of childcare used by first language	78
Appendix Table B.123	Type of childcare used by age	78
Appendix Table B.124	Type of childcare used by household type.....	79
Appendix Table B.125	Number of hours of childcare per week that tax credits customers said they used during term time	79
Appendix Table B.126	Whether customers said their childcare hours change during school holidays.....	79
Appendix Table B.127	Number of hours of childcare per week that tax credits customers said they used during school holidays	80
Appendix Table B.128	Whether customers said their or their partner's employer offered help with childcare costs	80
Appendix Table B.129	Whether customers said their or their partner's employer had a nursery at workplace.....	80
Appendix Table B.130	Whether customers said they used childcare vouchers.....	80
Appendix Table B.131	Whether customers said they used free early education	81
Appendix Table B.132	Whether customers said they used free early education by childcare type	81

List of Figures

Figure 2.1	Why customers said they did not use the internet	8
Figure 2.2	Devices customers said they used to access the internet	9
Figure 2.3	Device most frequently used by those with a computer, smartphone and tablet	10
Figure 2.4	Device customers said they used to access online banking.....	11
Figure 2.5	What information customers said they sought on the HMRC website.....	12
Figure 2.6	Willingness to use online services to make a new tax credits application, renew an existing claim or report a change of circumstances	13
Figure 2.7	Reasons customers would not use online services to make a new tax credits application, renew an existing claim or report a change of circumstance	14
Figure 2.8	Likelihood of using different online tax credits services	15
Figure 2.9	Reported level of comfort with different online tax credits services	16
Figure 3.1	Understanding of tax credits rules by first language	20
Figure 3.2	Why customers said they renewed late	21
Figure 3.3	Reasons customers said they called the Tax Credit Helpline after making a claim or after their last renewal	22
Figure 4.1	Awareness of Universal Credit or of possible changes to tax credits	25
Figure 4.2	Whether customers found they ran out of money by how they budgeted	28

Figure 4.3	How frequently customers said they ran out of money before the end of the week or month .....28
Figure 4.4	Proportion of customers who said they saved part of their tax credits award by age .....29
Figure 4.5	What tax credits customers said they spent tax credits payments on .....30
Figure A.1	Age of tax credits customers.....33
Figure A.2	Household working status.....33
Figure A.3	Why customer said they did not work .....34
Figure A.4	Household income .....35
Figure A.5	Formal childcare providers customers said they used in the past year .....36
Figure A.6	Informal childcare providers customers said they used in the past year .....37
Figure A.7	Number of hours of childcare per week that tax credits customers said they used during term time.....38
Figure A.8	Number of hours of childcare per week that tax credits customers said they used during school holidays39

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Research summary

HM Revenue & Customs (HMRC) commissioned the first wave of the Panel Study of tax credits customers in 2008 to collect data on a sample of tax credits customers. The survey has been used to improve understanding of customers by tracking their experiences, attitudes and behaviours over time. This enables HMRC to ensure that policy and operational developments take account of customer experience.

This report covers findings from the latest wave of the Panel Study, focusing mainly on two areas: future digital services, and tax credits customers' current understanding of the tax credits system. Appendix A also includes a chapter describing the key characteristics of tax credits customers¹. The study involved 987 telephone interviews with a representative sample of tax credits customers. The research was carried out by NatCen Social Research and was commissioned by HMRC.

Digital services

In line with the government's Digital Strategy, HMRC is moving towards making the tax credits system 'digital by default' where customers will be able to apply and manage their tax credits claims online. It is therefore important to understand how tax credits customers currently use the internet and what kind of online services they would like to see in the future.

Internet use

The internet is used widely by tax credits customers: 87 per cent said they used the internet outside work and for a range of purposes: general browsing; sending and receiving emails; shopping; online banking and social networking.

However, the following groups were least likely to say they used the internet:

- Customers with household incomes below £26,000 per year;
- Customers aged 40 years or older; and
- Those with English as a second language.

Customers who did not use the internet reported a range of barriers: a lack of knowledge about the internet (40 per cent) or computer equipment (30 per cent), a preference for talking to others (10 per cent), and financial barriers (six per cent).

Customers said they used a range of devices to go online, the most common being personal computers or laptops (90 per cent) followed by mobile phones (64 per cent). Almost two-thirds of customers (65 per cent) used more than one device to access the internet.

Nearly three-quarters (72 per cent) of customers who used the internet said they used online banking services. This was more prevalent among higher income customers and those aged 30 to 39. The largest proportion of customers (80%) who said they used online banking used a personal computer or laptop to access their online accounts.

Appetite to manage tax credits claims online

A large proportion of tax credits customers were willing to use online services to manage different elements of their claims:

- 76 per cent of recent claimants said they would have been happy to submit a new claim online if they were able to;

¹ This data was collected to complement current administrative data held by HMRC.

- 72 per cent of those who had renewed a claim said they would have renewed online if they were able to; and
- 71 per cent of those who had reported a change in the preceding twelve months said they would have reported a change in circumstance online if they were able to.

Overall three quarters of current tax credits customers (74 per cent) were willing to manage all or some aspects of their tax credits claim online.

The following types of customers were less willing to manage their claims online:

- Those with lower household income, with willingness decreasing with income;
- Customers aged 40 years or older;
- Those with lower levels of understanding of the tax credits system; and
- Those who did not use online banking.

Those customers not willing to use online services to make and manage tax credits claims cited a number of different reasons for this, including: preferring to talk to someone, a lack of confidence in using the internet, and having always managed their claim by post or phone.

Understanding the Tax Credits System

Making new claims for tax credits

Two-thirds of new claimants (those who had made a claim since September 2011) said they had found it easy to make a new claim.

Twenty-nine per cent of those customers said they called the helpline after submitting their claim. Post-application follow-up calls were typically made to check on progress (38 per cent) or change information on the application (35 per cent).

Thirty-eight per cent of customers making a new claim said they used HMRC's website during the application process. They were seeking a variety of different types of information, the most frequently cited being 'tax credits eligibility criteria' (32 per cent) and 'information about how to calculate household income' (26 per cent).

Renewing tax credits claims

The majority of renewals customers (88 per cent) felt confident that they knew what was required during the renewal process.

Nearly a quarter (23 per cent) of renewals customers said they called the helpline after having renewed. The most common reasons cited for calling were to change information (46 per cent) on their renewal, or to check it had been received (24 per cent).

Reporting changes of circumstances

A quarter of customers who said they had reported a change of circumstance in the previous twelve months said they contacted HMRC after reporting the change. The contact was predominantly by phone with nearly half of this group making two or more calls.

Transition to Universal Credit

Awareness of Universal Credit

The proportion of tax credits customers who were aware of Universal Credit increased in the past year from 24 per cent to 38 per cent. A further quarter (23 per cent) said they were aware that there may be changes to the way tax credits are administered but not specifically of Universal Credit. Overall, 61 per cent of customers were aware that tax credits would be changing.

Some tax credits customers were more likely than others to have heard of the term 'Universal Credit'²:

- Older customers;
- Those receiving other benefits besides tax credits; and
- Those with higher levels of understanding of the tax credits system.

Understanding of Universal Credit

Customers who had heard of Universal Credit did not generally have a great depth of understanding of the new benefit. Only one quarter of customers who were aware of Universal Credit (24 per cent) were able to correctly identify that the Department for Work and Pensions is the government department responsible for administering Universal Credit. This is similar to the previous year when 22 per cent of customers who were aware of Universal Credit correctly identified the Department for Work and Pensions.

Running out of money before the end of the week or month

Monthly benefit payments under Universal Credit will put greater emphasis on individual financial management, which makes it important for HMRC to understand how tax credits customers manage their finances.

Nearly two-thirds (62 per cent) of tax credits customers said they ran out of money by the end of the week or month.

Problems with debt in the past 12 months

A quarter (26 per cent) of tax credits customers said they had had problems with debts in the past year. A range of factors were identified that increased the risk of having had problems with debt:

- Lower household income;
- Not working;
- Receiving tax credits weekly;
- Having experienced an overpayment; and
- Budgeting on a daily basis.

Saving tax credits awards

Only a minority (13 per cent) of tax credits customers said they saved a part of their tax credits award. The likelihood of saving varied by age with younger age groups being more likely to say they save.

Overpayments

One-fifth (21 per cent) of tax credits customers said they were currently paying back an overpayment. A further 29 per cent said they had had an overpayment in the past. The most commonly reported reaction (68 per cent) to finding out about an overpayment was to call the Tax Credits Helpline.

² All the differences cited in the text or presented in the charts are statistically significant at the 0.05 level.

1 Introduction

1.1 Background

This report presents findings from wave six of the Panel Study of tax credits customers. The study was conducted by NatCen Social Research on behalf of HM Revenue & Customs. The first wave of the Panel Study was carried out in 2008. This report is based on the results from the 2013 wave of the study involving telephone interviews with 987 tax credits customers. This represented a response rate of 53 per cent. Half of the respondents had been interviewed in previous waves of the study; the remaining respondents were interviewed for the first time. New customers were included in the study to account for attrition and to ensure that the sample remained representative of all current tax credits customers.

The focus of this wave of the Panel Study is tax credits customers' current understanding of the system and perceptions of digital delivery. Survey questions were refreshed this year to reflect this and as such comparisons to data from previous waves are, in the main, not possible. This will be a feature in any future panel survey reports. More information about the methodology can be found in a separate technical report.

In April 2003 the Government introduced Working Tax Credit (WTC) and Child Tax Credit (CTC). Child Tax Credit is paid to families with dependent children (children aged under 16 or 16-19 and in certain types of non-degree level education and training). Working Tax Credit is paid to people whose annual income is below a designated minimum level, and is calculated based on the hours they work. In December 2013, 4.6 million families, containing 7.7 million children, were tax credits recipients or were receiving the equivalent child support through benefits³.

Three of HMRC's key strategic objectives in relation to the tax credits system are:

- Reducing tax credits error and fraud by helping customers to get their claim right first time;
- Stopping tax credits and moving customers to Universal Credit effectively; and
- Working to support the digital delivery of the welfare system.

A clear understanding of tax credits customers is vital to delivering these objectives successfully. This report provides research evidence to facilitate an understanding of the current views of tax credits customers.

1.2 Reporting conventions

The information presented in this report uses data from the Panel Study that has been weighted using cross-sectional weights to take account of technical issues such as sample design and non-response. The use of cross-sectional weights ensures that the data matches the overall tax credits population as closely as possible (based on type of tax credits received and length of claim). The distribution of tax credits recipients on other characteristics was not included, so it was not possible to check how representative the sample was for other characteristics. Full details on the weighting can be found in the accompanying technical report.

The majority of tables in the report relate to questions with mutually exclusive responses, for example where customers went first for help and advice about tax credits. In these tables the percentages will generally sum to 100; however, there may be some instances where

³ HM Revenue & Customs (2013) Child and Working Tax Credits Statistics December 2013.
<http://www.hmrc.gov.uk/statistics/prov-main-stats/cwtc-dec13.pdf>

percentages will not sum to exactly 100 per cent because of rounding. In addition where the survey question allowed multiple responses, (i.e. the tax credits customer could choose a number of responses rather than just one) the percentages may not sum to 100. Some respondents did not respond to all questions. As a result, the unweighted sample size for tables and figures that refer to all tax credits customers can be smaller than the total number of interviews (987).

The tables use the following notations:

Base The unweighted count is the base presented in all tables.

0 Percentage value is greater than 0, but less than 0.5, which is rounded down.

Frequencies based on less than 50 cases are not robust and have not been included in the report.

Statistical significance was tested using logistic regression for complex samples.⁴

All the differences cited in the text or presented in the charts are statistically significant at the 0.05 level.

The report includes some cross-tabulations that present the findings by key customer characteristics. It should be noted that some of the characteristics used in this report are related to each other as well as to the outcome that is being tested. This means that a statistically significant relationship between two variables could in fact be affected by a third variable. It is possible to untangle relationships between three or more variables by using multivariate analysis techniques, and this has been done for two key questions in the digital services chapter. The remaining cross-tabulations present statistically significant relationships between two variables only.

⁴ PASW 18 does not include a Chi-square procedure for complex samples. Equivalent analysis can be performed with the logistic regression command and specifying only one independent variable (break variable).

2 Digital services

The Government Digital Strategy⁵ sets an objective to all government departments to offer as many services as possible online in a way that makes it a preferable channel of communication for customers over and above other methods. HMRC is looking to deliver as many services digitally as possible, including tax credits. To do this effectively, it is important that HMRC understand how aware and well prepared customers are. This includes building a picture of customers' capability and willingness to use online tax credits services, as well as exploring how ability and attitudes vary across the customer group. This chapter focuses on customer behaviours and attitudes to digital services.

2.1 Internet use

In order to understand customers' ability to use the internet to manage their tax credits claim it is important to understand how they currently use the internet, and any intra-population differences in internet usage.

2.1.1 Customers' internet use

The internet was widely used by tax credits customers - 87 per cent said they used the internet outside work (Appendix B Table B.1). However there were some significant differences within the customer population. Specifically, online activity differed by (Appendix B Tables B.2 – B.4):

- **Household income.** Households with an income of less than £26,000 per year were significantly less likely to say they used the internet outside work;
- **First language.** Those who spoke English as a second language were significantly less likely to report using the internet outside work than those who spoke it as a first language;
- **Age.** Customers belonging to the two oldest age groups (40-49 and 50 or over) were significantly less likely than younger customers to report using the internet.

Those who said they used the internet outside work did not vary significantly by employment status or whether the customer received other benefits, once other characteristics have been accounted for.⁶

Those customers who said they used the internet did so for a variety of purposes (Appendix B Table B.5). The most commonly reported uses were general browsing (94 per cent), communicating by email (89 per cent) and shopping (77 per cent).

Of particular interest from the perspective of customers' willingness to manage financial information online is the proportion using online banking: seventy-two per cent used the internet for this purpose.

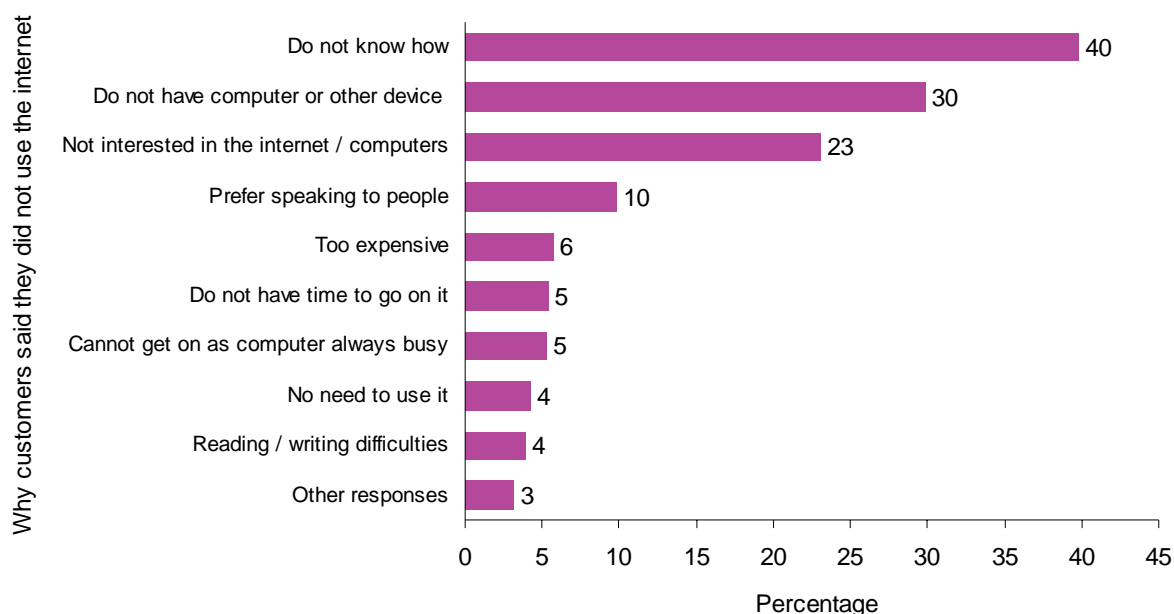
⁵ Cabinet Office (2013) *Government Digital Strategy*. Available at <https://www.gov.uk/government/publications/government-digital-strategy/government-digital-strategy>

⁶ Customer characteristics are often related not just to a behaviour or view but also to one another. For instance, customers receiving Working Tax Credits are also more likely to have lower household income than the rest. Because of this potential link, analysing relationships one by one may not reveal the independent effect of a particular characteristic. The combined effect of several characteristics can be considered together by using multiple logistic regression. The results are presented in Appendix C Table C.1.

Of the 13 per cent of customers who said they did not use the internet outside work, the largest proportion (40 per cent) reported a lack of know-how as preventing them from doing so (Figure 2.1). This was followed by not having a computer or other internet-enabled device (30 per cent).

Figure 2.1 Why customers said they did not use the internet

Base: All tax credits customers who do not use the internet



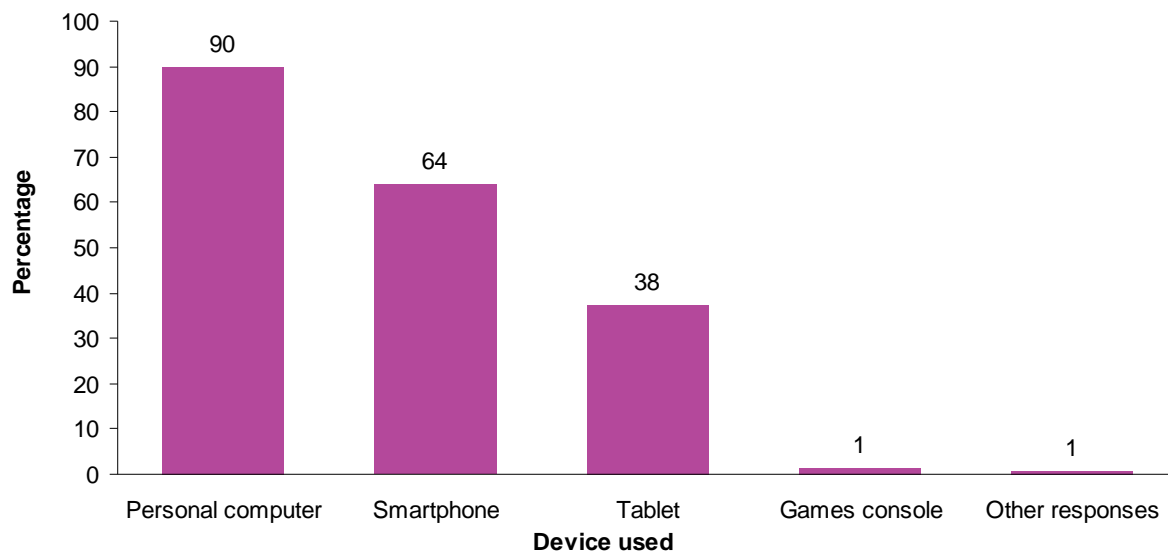
Unweighted base: 136

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

When asked to list all the devices they use to access the internet, the majority of customers (90 per cent) reported using a personal computer or laptop (Figure 2.2). A large proportion of tax credits customers (64 per cent) also said they had internet access via a smartphone. Tablets and other devices were reported less commonly.

Figure 2.2 Devices customers said they used to access the internet

Base: All tax credits customers who said they used the internet



Unweighted base: 851

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Looking at within population differences in the use of different devices of customers who said they used the internet reveals a number of significant relationships between use and customer characteristics (Appendix B Tables B.9 – B.14).

Personal computer and laptop use

- **Household income.** Customers in higher income groups were more likely than those in lower income groups to say they used a personal computer or laptop to access the internet;
- **Age.** Older customers were more likely to say they accessed the internet using a personal computer or laptop than those in the younger age group;

Whether English was the customer's first language and employment status were not related to likelihood of using a personal computer or laptop.

Smartphone use

The only significant difference for reported smartphone use was by age. The reported use ranged from 84 per cent among the under 30s, to 33 per cent among those aged 50 and over. Smartphone use did not vary by income, whether English was the customer's first language or employment status.

Tablet computer use

- **Household income.** Customers with higher household incomes were significantly more likely than those in lower income bands to say they accessed the internet using a tablet.
- **First language.** Customers who spoke English as a second language were significantly less likely to report using a tablet to go online than those who spoke English as a first language or were bilingual.
- **Age.** Younger customers' were significantly more likely to report using a tablet to access the internet than those in the older age groups.

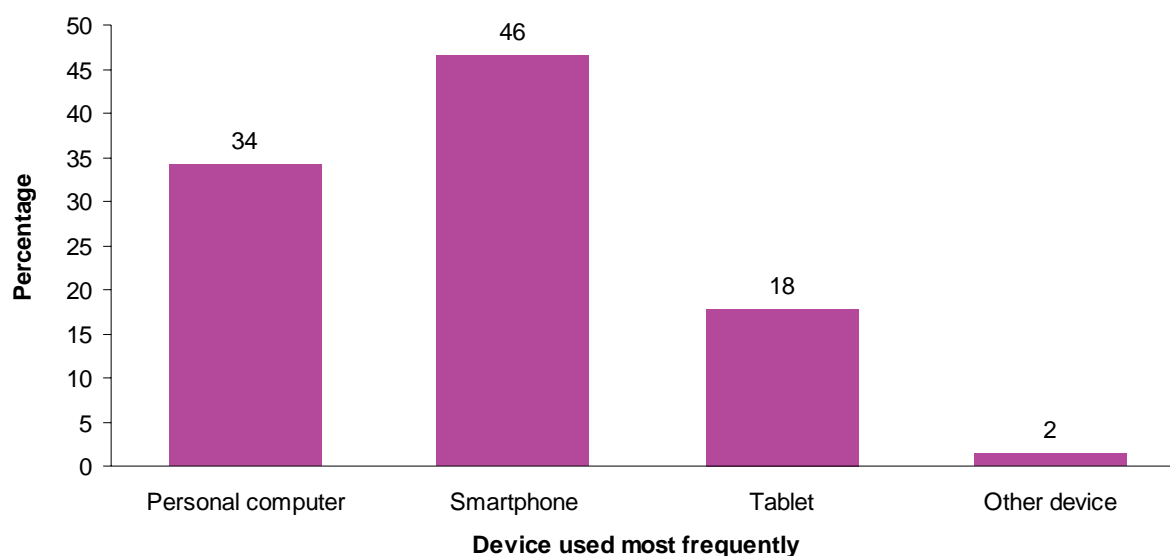
Using a tablet computer did not vary by employment status.

2.1.2 Use of multiple devices

Two thirds of customers (65 per cent) used more than one device to access the internet (Appendix B Table B.15). Where customers used a personal computer, smartphone *and* tablet to access the internet they tended to use smartphones most often (Figure 2.3)

Figure 2.3 Device most frequently used by those with a computer, smartphone and tablet

Base: All tax credits customers who accessed the internet with a personal computer, smartphone and tablet



Unweighted base: 218

2.1.3 Use of online banking

Also important for any movement towards an online system is how secure customers feel using the internet, especially in terms of managing financial information online. Current use of online banking gives a good indication to what extent customers are prepared to manage their claims online.

Nearly three-quarters of customers who reported using the internet (72 per cent) said that they used it for online banking (Appendix B Table B.5), however, there were significant within group differences by income and age (Appendix B Tables B.17 – B.18):

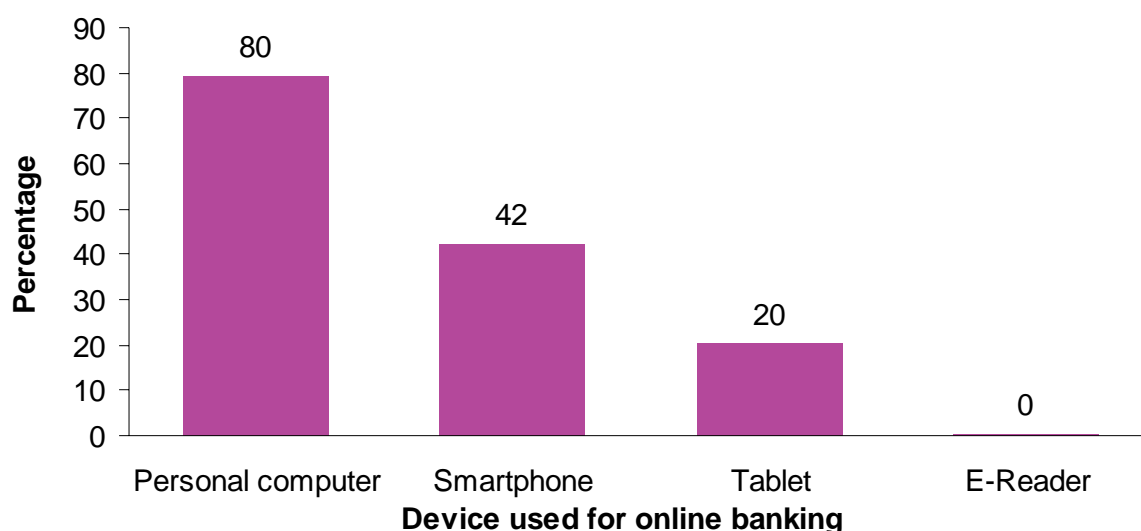
- **Household income.** Those with an income of £10,399 or less were less likely to say they used online banking than those in the highest group.
- **Age.** Differences by age group were less linear, with those aged 30-39 being the most likely to report using internet banking, and those aged 50 and over the least likely.

Reported use of online banking did not vary significantly by first language, work status, receipt of other benefits, understanding of tax credits rules⁷, budgeting behaviour, whether the customer ever ran out of money at the end of the week or month or whether they had ever been in debt.

Customers who said they used online banking used a range of devices to access services. As with general internet use, the largest proportion (80 per cent) used a personal or laptop computer to access online accounts (Figure 2.4).

Figure 2.4 Device customers said they used to access online banking

Base: All tax credits customers who said they used online banking



Unweighted base: 603

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Customers using online banking said they did so frequently: in most cases once a week or more (61 per cent) (Appendix B Table B.20). Seventeen per cent of customers who used online banking said they accessed banking services online every day and very few (two per cent) said they used online banking services less than once a month.

⁷ This was assessed via the application of a short test during the interview with customers. The results of this are reported in full in section 3.1 of this report

2.2 Current digital interaction with HMRC

In order to design the new digital services that customers would prefer to use over other methods it is important to take into account how customers currently interact with the tax credits system via online services.

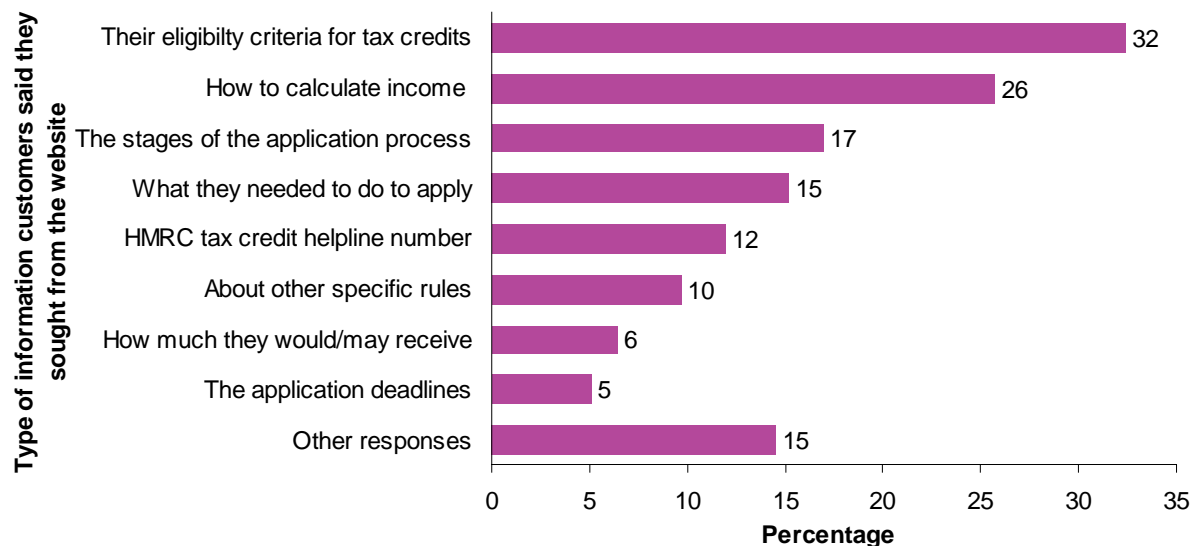
2.2.1 Use of HMRC website

Of customers who had made a new claim for tax credits since September 2011, 38 per cent said they had used the HMRC website when making that claim (Appendix B Table B.21). The customers who said they had not used the website were asked to give reasons why they had not used the website when making their application. The most commonly reported reason was that the customer did not need to use the website (60 per cent) (Appendix B Table B.22). A minority of customers said that they could not access (seven per cent), or did not like using the internet (12 per cent); while only three per cent did not know about the HMRC website.

Customers who said they had used the HMRC website when making a claim were seeking a variety of different types of information (Figure 2.5). The high proportion of 'other responses' reflect an additional wide range of other personally specific responses given by customers, which could not be organised into specific categories.

Figure 2.5 What information customers said they sought on the HMRC website

Base: All tax credits customers who said they used the HMRC website when making a new claim since September 2011



Unweighted base: 84

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

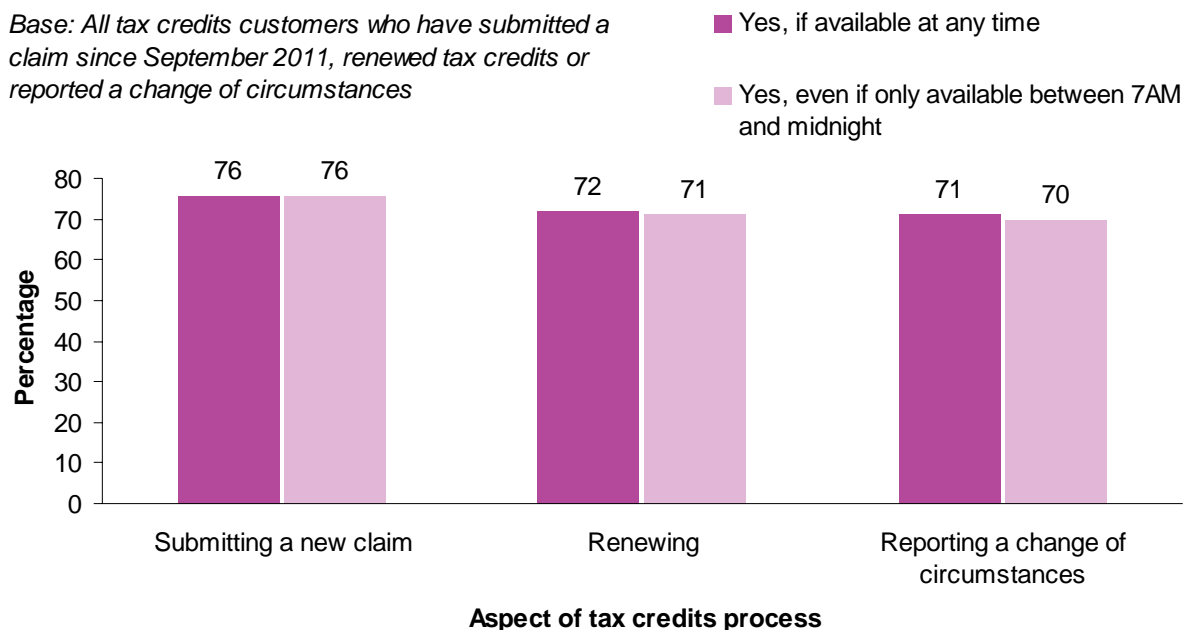
2.2.2 Customer appetite for making and managing claims online

A large proportion of tax credits customers were willing to use online services to manage different elements of their claims. Seventy-six per cent of customers who had made a new

claim since September 2011 said that they would have submitted their claim online rather than by post had they been able to. Likewise, 72 per cent of customers who had recent experience of renewing their tax credits claim and 71 per cent of customers who had recently reported a change of circumstance said they would have completed the process online given this option. These figures remained high even when the possible hours for online applications / renewals / reporting were restricted to 7 AM until midnight (Figure 2.6).

Figure 2.6 Willingness to use online services to make a new tax credits application, renew an existing claim or report a change of circumstances

Base: All tax credits customers who have submitted a claim since September 2011, renewed tax credits or reported a change of circumstances



Unweighted base: If always available: submitting a new claim = 231, renewing = 902 and reporting a change of circumstance = 500

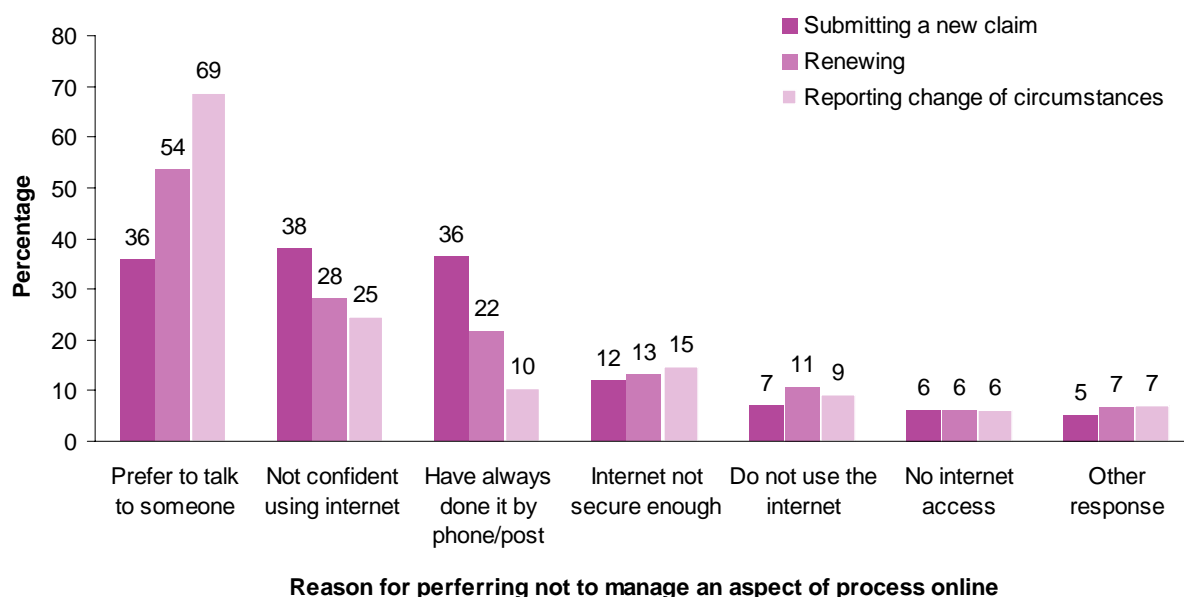
Limited availability: submitting a new claim = 174, renewing = 633 and reporting a change of circumstance = 350

Those customers who said they were not willing to use online services to make and manage tax credits claims reported a number of different reasons for this (Figure 2.7). The most common reasons differed according to whether the customer was discussing making a new claim, renewing an existing claim or reporting a change in circumstance:

- The most commonly reported reasons among those submitting a new claim was a lack of confidence in using the internet (38 per cent), a preference for talking to someone about the claim and having always done it by post / phone (both 36 per cent);
- For renewing an existing claim the most commonly reported reason for not wanting to use an online service was ‘wanting to talk to someone’ about the renewal (54 per cent);
- This preference for speaking to someone in person was even more dominant for reporting a change of circumstances – 69 per cent of customers gave this as the reason they would not want to report online;
- Concerns about online security and not having access to / not using the internet were less commonly reported.

Figure 2.7 Reasons customers would not use online services to make a new tax credits application, renew an existing claim or report a change of circumstance

Base: All tax credits customers who said they would not submit a claim, renew or report a change online



Unweighted base: submitting a new claim = 56, renewing = 265 and reporting a change of circumstance = 150

When willingness to make a new claim, renew an award and report changes in circumstance online were combined into a single variable, a majority of current tax credits customers (69 per cent) were willing to manage all these elements of their tax credits claim online (Appendix B Table B.26)⁸. A quarter of customers (26 per cent) were not willing to manage any element of their claim online. Very few customers (six per cent) were only prepared to manage some elements of their claim on the internet. This means that 75 per cent of customers were willing to manage all or some elements of their tax credits claim online.

Sub-group analysis of customers' willingness to manage all, some or no aspects of their tax credits claim online revealed a number of significant associations (Appendix B Tables B.27 – B.30):

- **Household income.** Customers reporting higher household incomes were significantly more likely to express a preference for online claim management than those reporting lower household incomes.
- **Age.** Those in the youngest two age groups were significantly more likely to express a preference for online claim management than those in older age groups.
- **Understanding of tax credits rules.** Customers with higher understanding were significantly more likely to express a preference for online claim management than those with lower understanding.
- **Use of online banking.** Finally, those customers who said they used the internet for banking and were therefore willing to manage financial information online were also

⁸ Overall willingness was assessed on customers' willingness to manage the aspects of their claim they were asked about i.e. if they were only asked about submitting their new claim online and they were willing to do so then, for the purpose of this analysis, they are categorised as 'willing to manage all aspects of their claim online'. New claimants were only asked about willingness to submit a new claim online; renewals customers were only asked about willingness to renew online, unless they declared having previously reported a change of circumstance, in which case they were also asked about that.

significantly more likely to have a preference for managing their tax credits claims online.

Willingness to manage all aspects of a tax credits claim online did not vary by whether English was the customer's first language, employment status or receipt of other benefits.

2.3 Future digital interaction with HMRC

This section considers customers' appetite for using different online tax credits services including a smartphone or tablet app, signing up for email communication from HMRC, using a tax credits account page and requesting renewal notices by email.

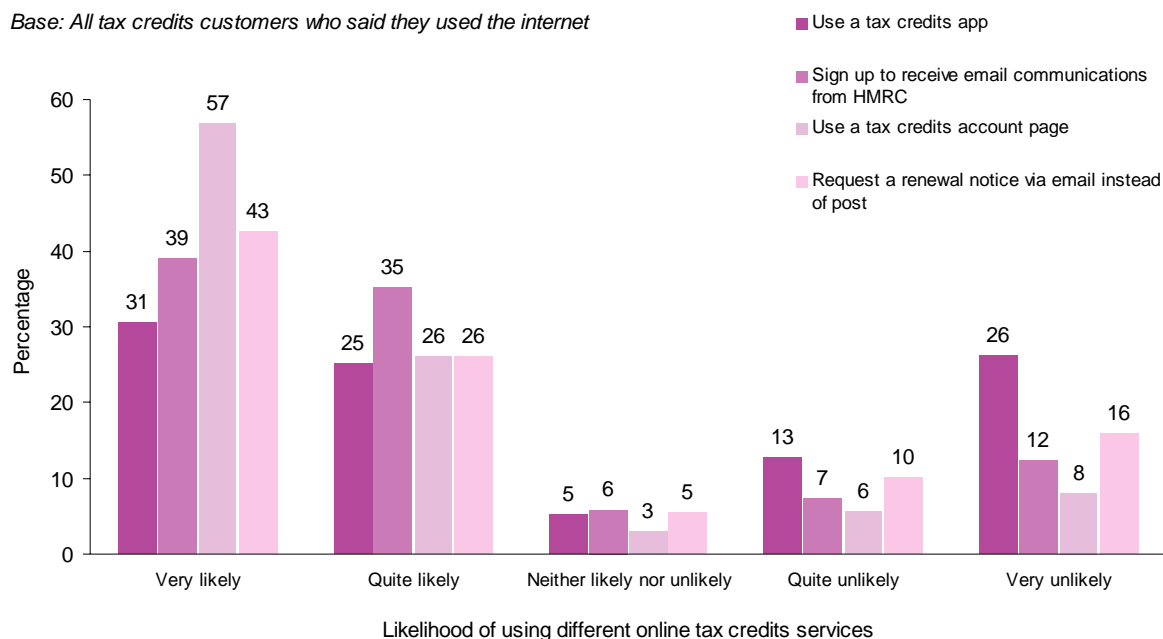
2.3.1 Likelihood of using different digital services

Customers' likelihood of using different services is presented in Figure 2.8. It shows that although customers were generally positive about their likely use of online tax credits services, there was considerable variation between the different types of service.

- **A tax credits app.** Whilst 31 per cent of customers said they would be very likely to use such a service, more than a quarter of customers (26 per cent) said they were very unlikely to use it;
- **Signing up to receive emails from HMRC.** Nearly three-quarters of customers (74 per cent) said they would be very or quite likely to sign-up for an email service;
- **A tax credits accounts page.** This particular service received the strongest positive response, with 82 per cent of customers stating that they would be very or quite likely to use it;
- **Requesting a renewal notice via email.** Large proportions of customers felt they would be very (43 per cent) or quite likely (26 per cent) to use such a service, however, there were also quite substantial numbers who had more negative views – 16 per cent felt they would be very unlikely to use it.

Figure 2.8 Likelihood of using different online tax credits services

Base: All tax credits customers who said they used the internet



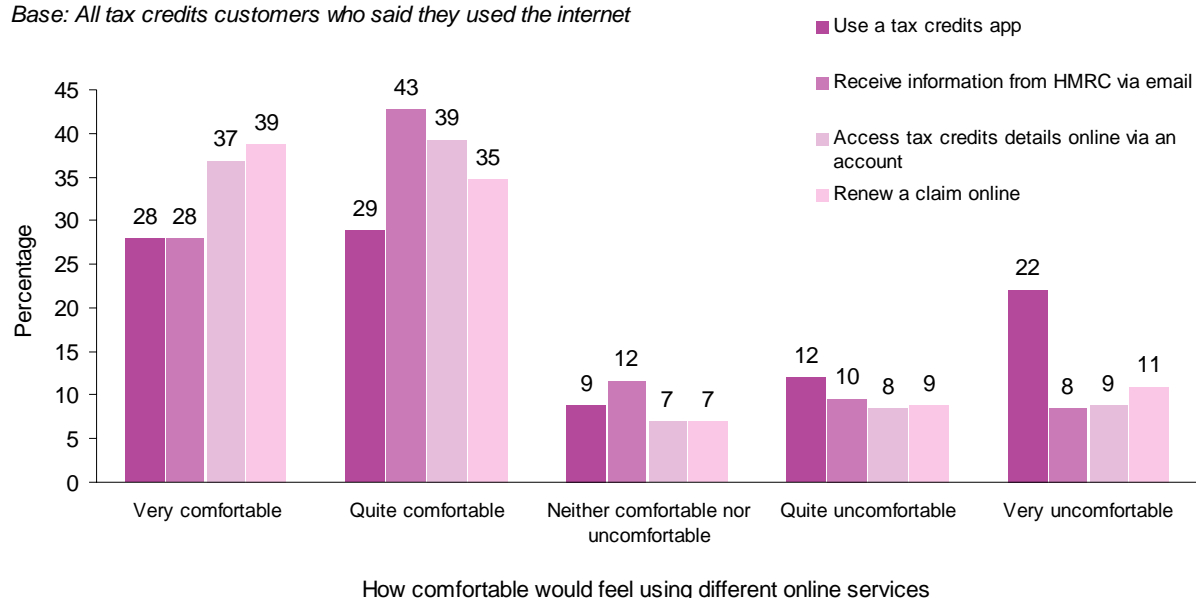
Unweighted base: 844

2.3.2 Comfort with using different digital services

Customers were asked how comfortable they would be using the first three of these same online services. The results displayed in Figure 2.9 provide a similar distribution of results. Customers were also asked about how comfortable they would be renewing their claim online and the majority said they would be very or quite comfortable (74 per cent).

Figure 2.9 Reported level of comfort with different online tax credits services

Base: All tax credits customers who said they used the internet



Unweighted base: 839

Additionally approximately three-quarters of customers who said they used the internet outside work (73 per cent) would be happy to receive queries from HMRC by email (Appendix B Table B.33). This is considerably higher than the proportion of customers who cited 'email' as their preferred method of being contacted by HMRC with confirmation that information had been received (Appendix B Table B.34). Whilst 'email' was the most popular method (39 per cent), a very similar proportion (38 per cent) preferred a letter.

2.3.3 Overall openness to digital services

Customers' responses to the questions on likely use of digital services were combined into a single measure, called 'openness to digital services'.⁹ Nearly a third of customers who said they used the internet (31 per cent) were open to using all of the digital services they were asked about (Appendix B Table B.35). Only a small minority (five per cent) were not willing to use any of the services. The majority of customers (64 per cent) had mixed views about using new methods to manage tax credits claims and communicate with HMRC, being likely to use some services but not others. Overall 95 per cent of tax credit customers who

⁹ This was a three category derived variable created to show overall openness using future digital services. The categories were as follows:

- 1) Open to digital services: those customers who answered 'very or quite likely' and 'very or quite comfortable' to all future services questions and would be happy to receive email queries from HMRC;
- 2) Less open to digital services: those customers who answered 'very or quite unlikely' and 'very or quite uncomfortable' to all future services questions and would not be happy to receive email queries from HMRC;
- 3) Mixed views: included those customers who were more likely to use/comfortable using some services and not others.

reported they used the internet said that they would be open to using at least one of the suggested digital services.

When this measure of ‘openness to digital services’ was explored in reference to different customer characteristics using logistic regression, a number of significant differences were revealed (Appendix C Table C.2, Appendix B Tables B.36 – B.38):

- **Household income.** Customers reporting higher household incomes were significantly more likely to be open to all digital services than those reporting lower household incomes;
- **Age.** Younger customers were significantly more likely to be open to digital services than their older counterparts;
- **Use of online banking.** Customers who currently use online banking services were also significantly more likely to be open to new methods of online claim management.

Whether English is a first language, employment status, highest educational qualification, receipt of other benefits and understanding of tax credits rules were not related to being open to digital services when other characteristics were taken into account.

3 Experience of the tax credits system

HMRC is committed to minimising levels of error and fraud in the tax credits system to no more than five per cent of entitlement. Central to achieving this is supporting customers to get their claim right the first time. This chapter looks at factors which may affect the accuracy of customers' claims. It will also identify those groups who may need particular support.

3.1 Understanding of the tax credits system

To create a measure of overall levels of customer understanding about the tax credits system, customers were presented with a range of statements about the tax credits system and asked to say whether they believed them to be 'true' or 'false'. So comparisons within the sample could be made, customers were then categorised into groups depending on their overall understanding of a small number of tax credits rules¹⁰.

3.1.1 Understanding of specific rules

Customers' understanding of different rules varied. Customers were most aware of the implications of receiving a tax credits overpayment and least aware of the status of regular overtime when calculating how many hours they worked (Table 3.1). Awareness was generally lower around rules that affect some tax credits customers, but not others (e.g. those with children or childcare costs).

Table 3.1 Percentage of customers answering each question correctly ¹¹	
<i>Base: All tax credits customers (unless otherwise stated)</i>	%
If you receive a tax credits overpayment HMRC can reduce your award until the money is paid back (True)	92
If you are in a partnership but you haven't reported it to HMRC you could be liable to pay back your entire tax credits award (True)	88
Joint claims include partners who live together, not just those who are legally married or in a civil partnership (True)	84
When a partner moves into your home you can wait up to six months before you report it to HMRC (False)	80
If your child is 16 or over and leaves education you can still claim Child Tax Credits (False)	71**
You don't need to calculate your exact childcare costs, you only need to give HMRC a rough estimate (False)	63*
You can get 100% of your childcare cost paid for by tax credits (False)	58*
Regular overtime does not count towards the minimum hours you need to work to receive tax credits (False)	55
<i>Unweighted base (unless otherwise stated)</i>	982

*These questions were only asked to those receiving Working Tax Credits so the base size was lower (n=583)

**This question was only asked to those receiving Child Tax Credits so the base size was smaller (n=769)

¹⁰ The statements did not cover the full range of rules tax credits customers may be subject to and this analysis should not therefore be regarded as a definitive assessment of customer understanding of tax credits. Instead it can be used to identify areas of the tax credits system about which customers may know less, and also to identify some customer groups with lower levels of understanding and awareness than others.

¹¹ These are general statements about the tax credits system. Whilst some of the statements are absolute, others are generally 'true' or 'false' (and the analysis has been conducted on that basis) but the correct answer could vary depending on the customer's circumstances. See Appendix E for more details.

3.1.2 Overall understanding

All customers were asked between six and eight questions depending on which tax credits they were in receipt of, as some questions were only relevant for those in receipt of Child or Working Tax Credit. To achieve a measure of 'overall understanding', which would allow analysis of tax credits customers within the sample, individual scores were calculated which gave a percentage score based on the number of questions answered correctly. Five customers did not answer the test questions and were therefore excluded from the analysis. All other customers gave responses for all of their assigned questions with 'don't know' responses being coded as incorrect.

These individual scores were then grouped into high, medium or low scores:

- High: 75 per cent correct answers or higher;
- Medium: Less than 75 per cent but more than 50 per cent; and
- Low: 50 per cent or less.

The majority of tax credits customers (62 per cent) had a higher level of understanding of this selection of tax credits rules with just over two-thirds (38%) having a lower understanding (Appendix B Table B.40).

There were significant variations in levels of understanding by the following characteristics (Appendix B Tables B.41 – A.44):

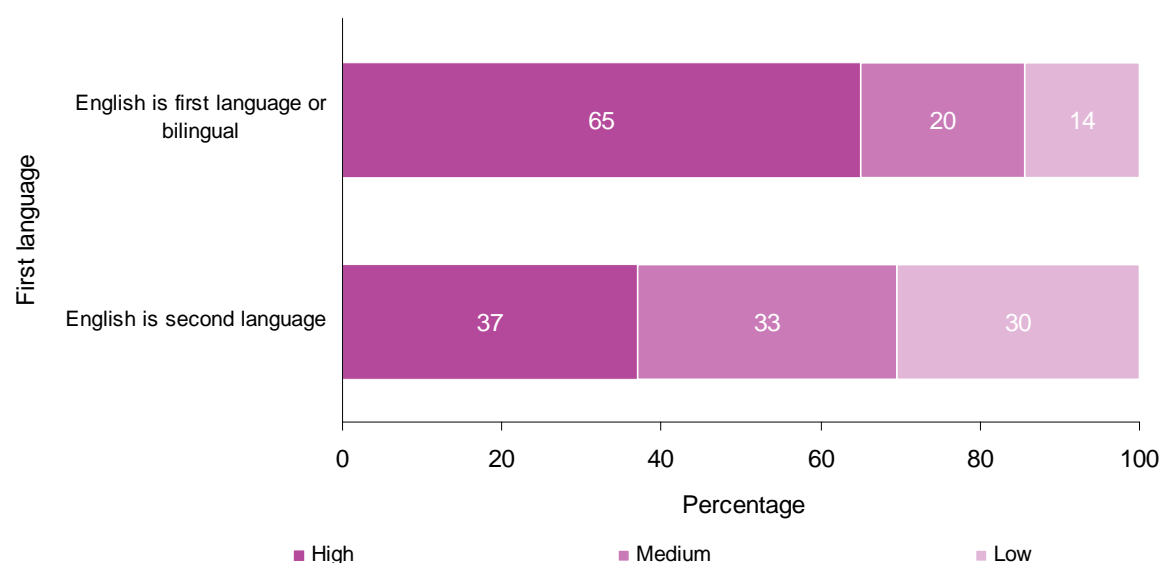
- **Household income.** Those with the lowest household incomes were least likely to have high levels of understanding of tax credits rules, with those with middle household incomes most likely to have a high understanding. The differences between the proportions with a low understanding were not statistically significant.
- **First language.** Those with English as a second language were significantly less likely to have high understanding of tax credits rules and significantly more likely to have a lower understanding¹² when compared to those with English as a first language (Figure 3.1).
- **Age.** Understanding of tax credits rules was lower in the higher age groups, with those aged over 50 having the lowest levels of understanding.
- **Working status.** Those working part time had the highest levels of understanding of tax credits rules when compared to both those working full time and those not working. Those working full time and those not working had similar levels of understanding.

Understanding of the system did not vary between those customers who received other benefits and those who did not.

¹² A 'lower understanding' of tax credits rules includes customers categorised in the 'medium' and 'low' level of understanding groups.

Figure 3.1 Understanding of tax credits rules by first language

Base: All tax credits customers



Unweighted base: 973

3.2 Making new claims for tax credits

The majority of recent claimants found it easy to make a new claim (67 per cent). Just three per cent of customers who had made a new claim since September 2011 reported finding this process very difficult (Appendix B Table B.45).

More than a third of recent claimants phoned the Tax Credits Helpline for help with the process before submitting a new claim (36 per cent) (Appendix B Table B.46), and 29 per cent called the helpline to discuss their application after submitting it (Appendix B Table B.47). The most common reasons for calling after application submission was to 'check on progress with the application' (38%) and to 'change information on the application' (35%).

The likelihood that a customer said they had called the Tax Credits Helpline while preparing their application was significantly related to how easy they found the claim process to be (Appendix B Table B.48). Specifically, just 19 per cent of those who found the process very easy called the helpline during that process, compared to nearly half (46 per cent) of those who found the process more difficult.

However, there was no significant relationship between how difficult customers found the application process and whether they called the helpline **after** submitting their application.

3.3 Renewing tax credits claims

Customers who had experience of renewing their tax credits claim were asked about how they currently managed that renewal process.

When asked about their most recent renewal, most customers who said they had renewed reported that they did so by either calling the Tax Credits Helpline (51 per cent) or by posting

back a paper form (46 per cent). The remaining three per cent said that they did not need to contact HMRC (Appendix B Table B.49).¹³

Overall, customers' confidence in knowing what to do during the last renewal was high, with 88 per cent of renewals customers feeling confident or very confident (Appendix B Table B.50). Just seven per cent of those customers reported feeling 'not very confident' or 'not at all confident' in knowing what to do during their last renewal.

Just under a quarter of tax credits customers who had renewed a claim (23 per cent) said they had called the Tax Credit Helpline to discuss their renewal post-submission (Appendix B Table B.51). The likelihood that a customer said they had called after submitting their renewal documents was significantly related to how confident they said they were during their last renewal. Just 20 per cent of those customers who felt very confident in the renewal process reported that they had called the helpline compared with 39% who were fairly or very unconfident (Appendix B Table B.52).

3.3.1 Late renewal of claims

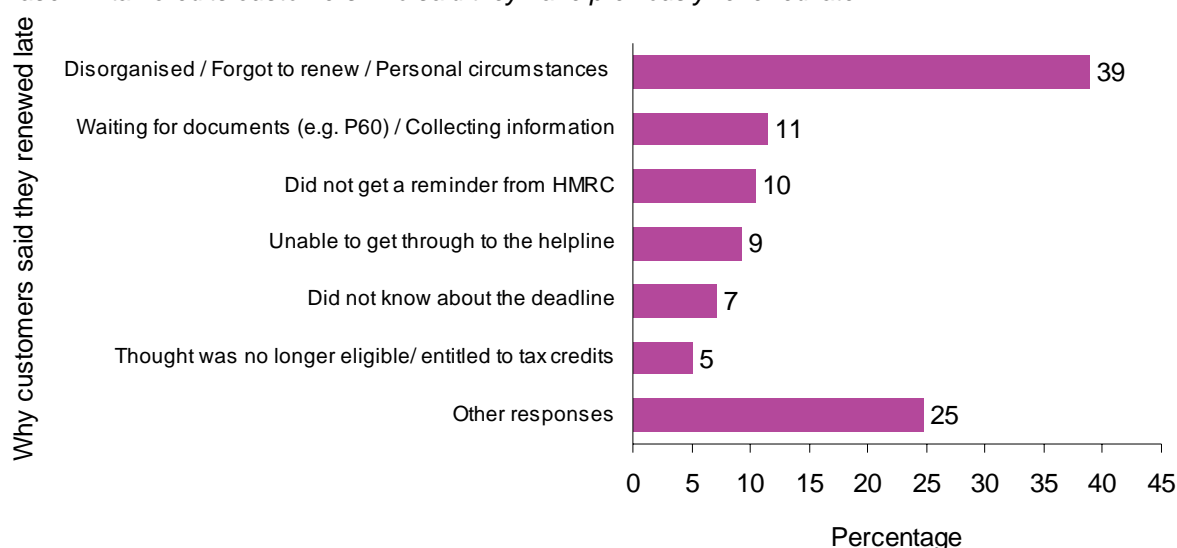
Customers who do not renew their tax credits claims on time (by 31st July each year) are at risk of receiving overpayments or having their payments stopped. Understanding those who are most at risk of late renewal will enable HMRC to target support where it is needed most.

All tax credits customers were asked if they had ever renewed their tax credits claim late. Across all tax credits customers, nine percent reported that they had renewed late at least once (Appendix B Table B.53). This was not found to vary significantly by household income, whether English was a first language, age, employment status, receipt of other benefits, or understanding of tax credits rules.

Those who had renewed claims late identified a number of reasons why this was the case (Figure 3.2):

Figure 3.2 Why customers said they renewed late

Base: All tax credits customers who said they have previously renewed late



Unweighted base: 84

¹³ Although questions on the renewal process were only asked of customers where the HMRC sample data indicated the customer had previously renewed, eight per cent of those customers said they have never renewed their claim. It is possible that this group includes those on auto-renewal who do not need to take any action if their details on the award notice were correct.

Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100.

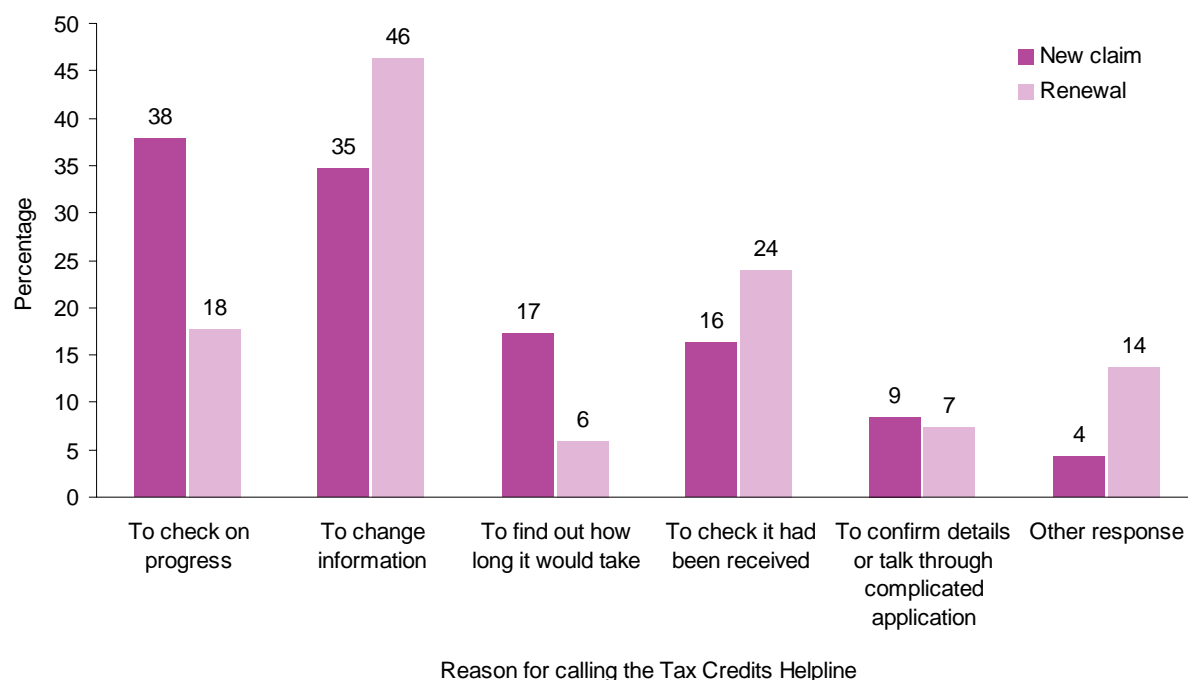
Most commonly customers said they had renewed late because they had been disorganised or had forgotten to renew (39 per cent of customers who had renewed late). Sometimes this was due to specific personal circumstances at the time of renewal. The high proportion of 'other responses' reflect an additional wide range of other personally specific responses given by customers, which were not large enough to be organised into specific categories.

3.4 Calling the HMRC helpline when claiming and renewing

The reasons customers gave for making follow-up calls to the helpline after the submission of both new claims and renewals are displayed in Figure 3.3.

Figure 3.3 Reasons customers said they called the Tax Credit Helpline after making a claim or after their last renewal

Base: All tax credits customers who reported contacting the helpline after completing each activity



Unweighted base (New claims): 67

Unweighted base (Renewals): 205

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Those making new claims most frequently contacted the helpline to check on the progress of their claim (38 per cent). Those renewing claims most frequently contacted the helpline to change information on their renewal (46 per cent) with over one third of those making new claims also doing this (35 per cent).

3.5 Reporting changes of circumstances

Tax credits are designed to be flexible and responsive to changes in customers' circumstances. Changes can happen frequently and throughout the year; 53 per cent of customers said they had reported at least one change in the past year (Appendix B Table B.57).

3.5.1 Late reporting of changes of circumstances

Guidance published on the HMRC website tells customers that all changes should be reported as soon as they happen, or within a maximum of one month¹⁴. The majority of customers (92 per cent) stated that they report changes of circumstances within one month, with only eight per cent saying that they waited for longer than this, or waited until renewal to report changes (Appendix B Table B.58).

There was significant variation in the late reporting of changes of circumstances by the following characteristics (Appendix B Tables B.59 – B.61):

- **Age.** Customers aged 40 years and over were significantly more likely to state that they reported changes of circumstances later when compared to those in lower age categories.
- **Working status.** Those working full time were significantly more likely to wait over one month to report changes of circumstances than those working part time or those not working. Up to 12 per cent of customers who were working full time were potentially reporting changes late.
- **Understanding of tax credits rules.** Those with the highest level of understanding of the rules were most likely to report changes of circumstance within one month whereas those with the lowest understanding were least likely to report them within one month.

Late reporting of changes of circumstances was not related to household income, first language or being in receipt of other benefits.

3.5.2 Failure to report a change of circumstances

In addition to reporting changes late it is also known that some customers fail to report changes altogether, for a range of reasons¹⁵. To unpack this further all customers were asked whether they had ever not reported a change.

Overall five per cent of customers told us that they had not reported a change at least once (Appendix B Table B.62). This figure did not vary significantly by household income, whether English was a first language, age, employment status, receipt of other benefits, or understanding of tax credits rules.¹⁶

3.5.3 Contacting HMRC after reporting a change

Twenty-six per cent of tax credits customers who had reported a change of circumstance in the preceding 12 months said they contacted HMRC after reporting the change of circumstance (Appendix B Table B.63). Of these customers, 98 per cent did so by calling the Tax Credits Helpline (Appendix B Table B.64). A little under half of this group of customers

¹⁴ HM Revenue & Customs (2014) *Tax credits: changes you need to report and when*. Available at <http://www.hmrc.gov.uk/taxcredits/keep-up-to-date/changes-affect/how-when-report.htm>

¹⁵ Thomas, A. et al. (2011) *Tax Credits and Reporting Changes in Household Composition*, HM Revenue & Customs Research Report 109

¹⁶ This five percent of customers were asked which changes they had failed to report and why they had failed to report them but because these questions were answered by fewer than 50 customers the results cannot be considered reliable and are therefore not reported.

(44 per cent) contacted HMRC more than once to follow up a reported change of circumstances (Appendix B Table B.65).

3.6 Overpayments

Overpayments occur when customers are paid more in tax credits than they are entitled to. Once an overpayment has been discovered, HMRC can recover it by asking the overpayment to be paid back either through deductions in the customer's tax credits award or by a temporary suspension of payments. HMRC want to understand how customers react and respond to overpayments and how these can best be managed in the future.

3.6.1 Overpayment status

All customers were asked if they currently had, or had ever had an overpayment. Half of all customers said they had experienced overpayments with 21 per cent saying they were currently paying one back, and 29 per cent saying they had had one in the past (Appendix B Table B.66).

3.6.2 Responding to an overpayment

Customers with experience of overpayments were asked how they responded when they were notified of the overpayment. Over two-thirds of customers (68 per cent) reported that they telephoned the Tax Credits Helpline when they were notified of their overpayment (Appendix B Table B.67). Just 29 per cent of customers reported not taking any specific action on notification when informed of their overpayment.

3.6.3 Disputing overpayments

Customers who had experienced overpayments were also specifically asked if they had appealed or disputed the overpayment. Of those customers, 15 per cent said that they had (Appendix B Table B.68).

The majority of customers (84 per cent) who reported that they had disputed or appealed the overpayment said they contacted the HMRC Tax Credits Helpline in first instance, with around one fifth (19 per cent) contacting HMRC in another way (Appendix B Table B.69). A small minority of customers said they sought to appeal or dispute the overpayment via other routes.

4 Transition to Universal Credit

The introduction of Universal Credit represents the most significant change to the benefits system in 60 years and will incorporate a range of key changes¹⁷. Previous waves of this panel study found that awareness of Universal Credit among tax credits customers was relatively low, and many of those who were aware were unsure if or how it would affect them. It is therefore important for HMRC to continue to monitor customer awareness to help inform the communications and processes that they will use to effectively transition tax credits customers to Universal Credit.

Customers who participated in the previous wave of the study had previously been asked about Universal Credit. They would have heard about Universal Credit because of their participation in the previous wave of the study and as such their reported awareness in this wave would not be representative of tax credits customers as a whole. The analysis in this section is therefore based only on those who were added as part of this wave's boost sample. The results are weighted to ensure they remain representative of the wider tax credits customer population.

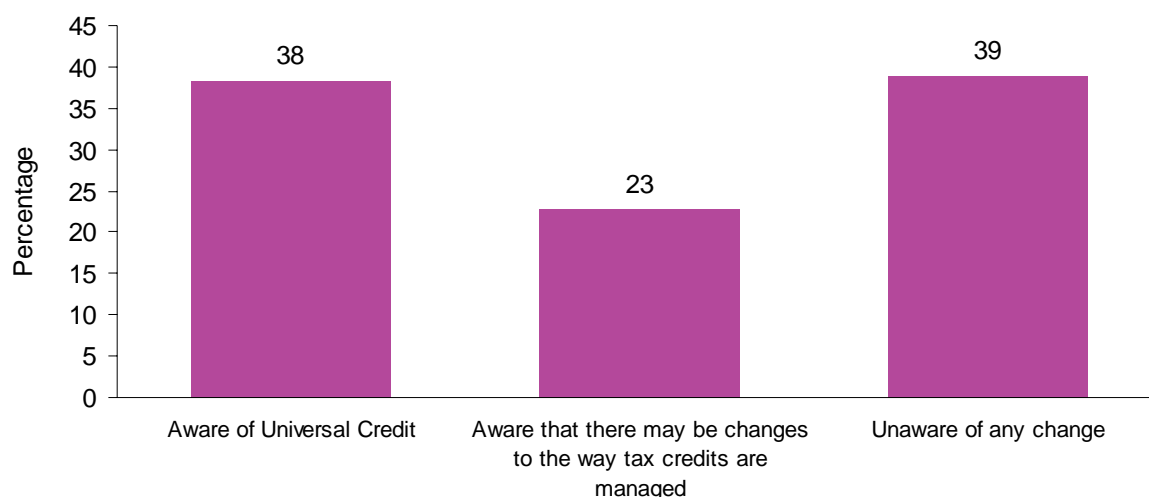
4.1 Awareness and understanding of Universal Credit

4.1.1 Awareness of Universal Credit

Customers were first asked if they were aware of Universal Credit, irrespective of whether they had any further knowledge or understanding of it (Appendix B Table B.70). Those who were not aware of Universal Credit were then asked if they were aware that there may be changes to the way tax credits are managed (Appendix B Table B.71). Levels of awareness are shown in Figure 4.1.

Figure 4.1 Awareness of Universal Credit or of possible changes to tax credits

Base: All tax credits customers



Awareness of Universal Credit or changes to the way tax credits are managed

Unweighted base: 424

Note: respondents who had been asked similar questions in previous waves, which could influence their response, have been excluded from these analyses.

¹⁷ Universal Credit will eventually replace: Income-based Jobseeker's Allowance, Income-related Employment and Support Allowance, Income Support, Working Tax Credit, Child Tax Credit and Housing Benefit.

Thirty-eight per cent of tax credits customers were aware of Universal Credit whilst a further 23 per cent were aware that changes were planned. While the awareness of Universal Credit is not high, it is substantially higher than a year ago, when only 24 per cent of customers had heard the term 'Universal Credit'.

Awareness of Universal Credit and possible changes to the way tax credits are administered varied by the following characteristics (Appendix B Tables B.73 – B.75):

- **Age.** Awareness of Universal Credit increased with age from 25 per cent among customers aged less than 30 years, to 57 per cent among those aged 50 years or more. Those in younger age groups were instead statistically more likely to be unaware of any change than those in older age groups. The differences in general awareness of a change were not statistically significant.
- **Receipt of other benefits.** Those in receipt of other benefits in addition to tax credits were more likely than those just in receipt of tax credits to be aware of Universal Credit (at 45 per cent and 32 per cent respectively). The differences in the levels of general awareness of a change and non-awareness of changes were not statistically significant.
- **Understanding of the tax credits rules.** Those with lower levels of understanding of tax credits rules were significantly less likely to be aware of any change than those with higher levels of understanding.

Awareness of Universal Credit or possible changes to the way tax credits are administered was not related to household income or employment status.

4.1.2 Understanding of Universal Credit

As well as measuring awareness of planned changes to the benefits system it is also important to gauge customers' levels of understanding of planned changes.

Just under half (48 per cent) of tax credits customers who had heard the term 'Universal Credit' thought it would affect them with the others either thinking it would not (28 per cent) or not knowing if it would affect them (24 per cent) (Appendix B Table B.76). Tax credits are one of the benefits which will become part of Universal Credit so all tax credits customers who are claiming tax credits at that point will be affected by this change.

Customers who were aware of Universal Credit were asked if they knew which department would be administering the new benefit and, if so, to identify which department it would be. Only one quarter (24 per cent) of customers who were aware of Universal Credit were able to correctly identify that it would be the Department for Work and Pensions (DWP) (Appendix B Table B.77). This is similar to last year when 22 per cent of customers who were aware of Universal Credit were able to correctly identify DWP¹⁸. The other departments identified by those customers included HM Revenue and Customs (five per cent) or the JobCentre Plus (two per cent). The majority of customers (66 per cent) who were aware of Universal Credit said they did not know which department would be administering it (Appendix B Table B.78).

Of those who were only aware that there may be changes to the way tax credits are administered, half (51 per cent) thought these changes would affect them (Appendix B Table

¹⁸ Payne, C., Griggs, J., Silvester, H. & Toomse-Smith, M. (2013) *Panel Study of Tax Credit Customers: Telephone Survey 2012. Reducing Error and Fraud, and the Transition to Universal Credit*. HM Revenue & Customs Research Report No 251

B.79). The remaining 49 per cent either thought that they would not be affected by the changes (21 per cent) or did not know if they would be affected (28 per cent).

4.2 Financial management

HMRC are also interested in understanding how tax credits customers manage their finances and whether there are particular groups who may benefit from extra help. This is of particular importance given the planned transition to Universal Credit which will put a greater emphasis on individual financial management, with all payments being made monthly and to customers themselves rather than to others (e.g. landlords in the case of Housing Benefit).

4.2.1 Running out of money before the end of the week or month

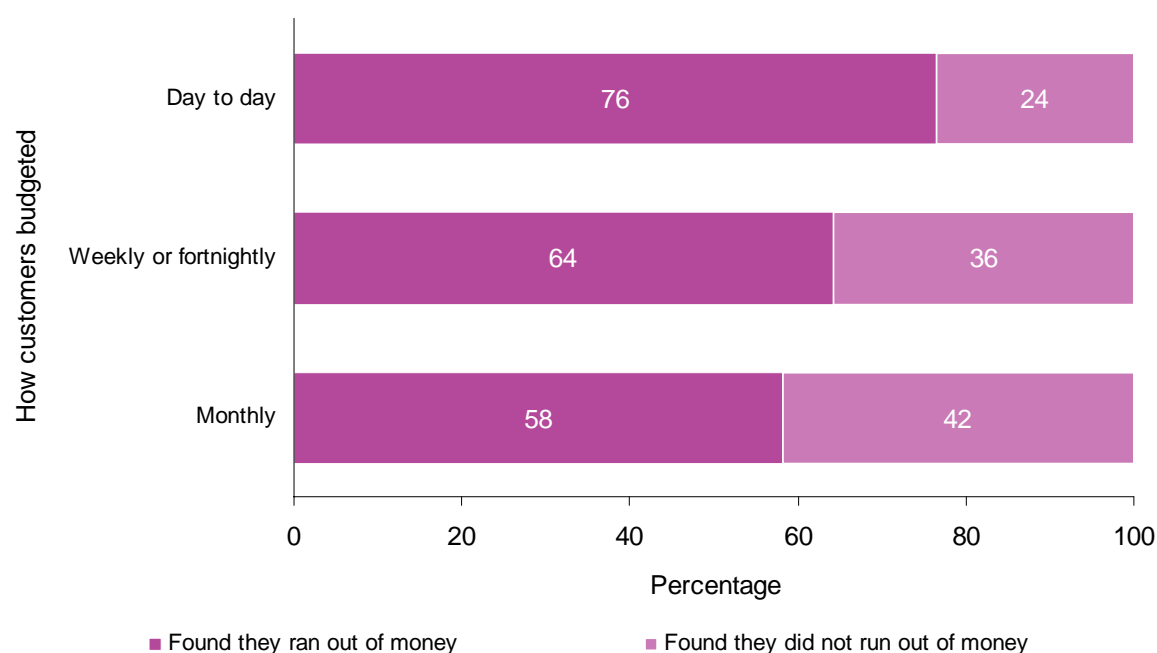
Customers were asked if they ever ran out of money before the end of the week or month; 62 per cent of customers said that they did (Appendix B Table B.80). This figure varied significantly by the following characteristics (Appendix B Tables B.81 – A.86):

- **Household income.** Customers reporting lower household incomes (under £25,999) were more likely to report running out of money.
- **Receipt of other benefits.** Those also in receipt of other benefits were more likely to report running out of money than those who only received tax credits.
- **Debt problems.** Customers who had experienced trouble with debt in the last 12 months were more likely to report running out of money than those who had not.
- **Frequency of tax credits payments.** Customers who received their tax credits every week were more likely to report running out of money than those who received their payments every four weeks.
- **Experience of overpayment.** Those who had experienced an overpayment were more likely to report running out of money than those who had not.
- **How they budgeted.** Those who reported that they budgeted day to day were most likely to report running out of money before the end of the week or month (76 per cent). Those who budgeted monthly were least likely to report running out of money with 58 per cent of these customers reporting that this was the case (Figure 4.2).

Running out of money did not vary by whether English was a first language, age and employment status.

Figure 4.2 Whether customers found they ran out of money by how they budgeted

Base: All tax credits customers

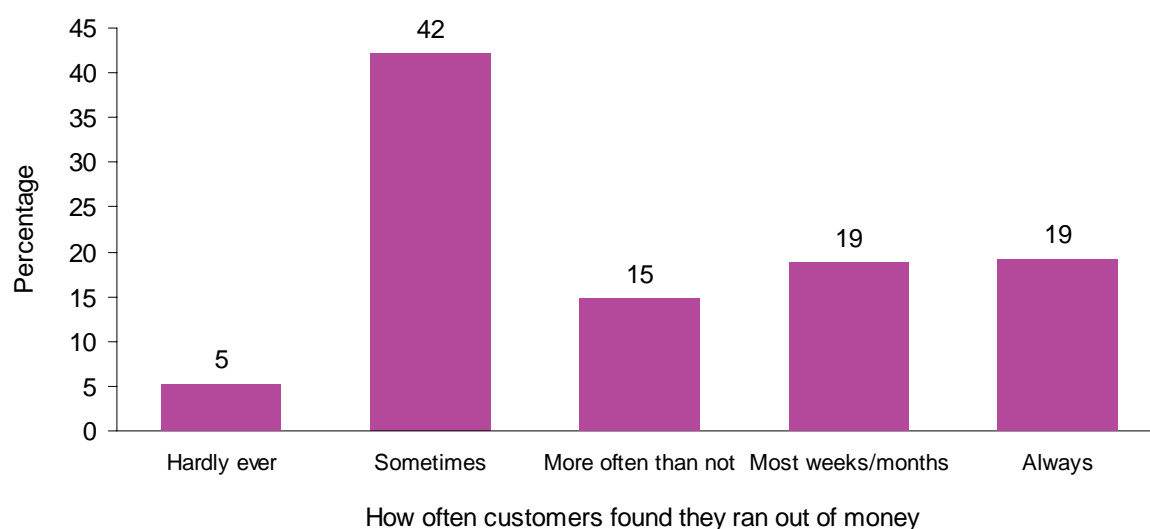


Unweighted base: 911

All tax credits customers who reported that they ran out of money before the end of the week or month were asked how frequently this tended to happen (Figure 4.3). Thirty-eight per cent of customers who said they ran out of money before the end of the week or month said that this happened either always or most weeks and months.

Figure 4.3 How frequently customers said they ran out of money before the end of the week or month

Base: All tax credits customers who tend to run out of money before the end of the week or month



Unweighted base: 606

4.2.2 Problems with debt in the past 12 months

One quarter (26 per cent) of customers said that they had experienced difficulty with debt that they had been unable to repay in the last 12 months (Appendix B Table B.88). This varied significantly by the following characteristics (Appendix B Tables B.89 – B.93):

- **Household income.** Customers reporting lower household incomes were more likely to report having had problems with debt.
- **Working status.** Customers who were not working were more likely than those who were working (either full or part time) to report having had problems with debt.
- **Frequency of tax credits payments.** Customers who received their tax credits every week were more likely to report having had problems with debt than those who received their payments every four weeks.
- **Experience of overpayment.** Those who had experienced an overpayment were more likely to report having had problems with debt than those who had not.
- **How they budgeted.** Those who reported that they budgeted day to day were most likely to report having had problems with debt (39 per cent). Those who budgeted monthly were least likely to report problems with debt with only 18 per cent of these customers reporting that this was the case.

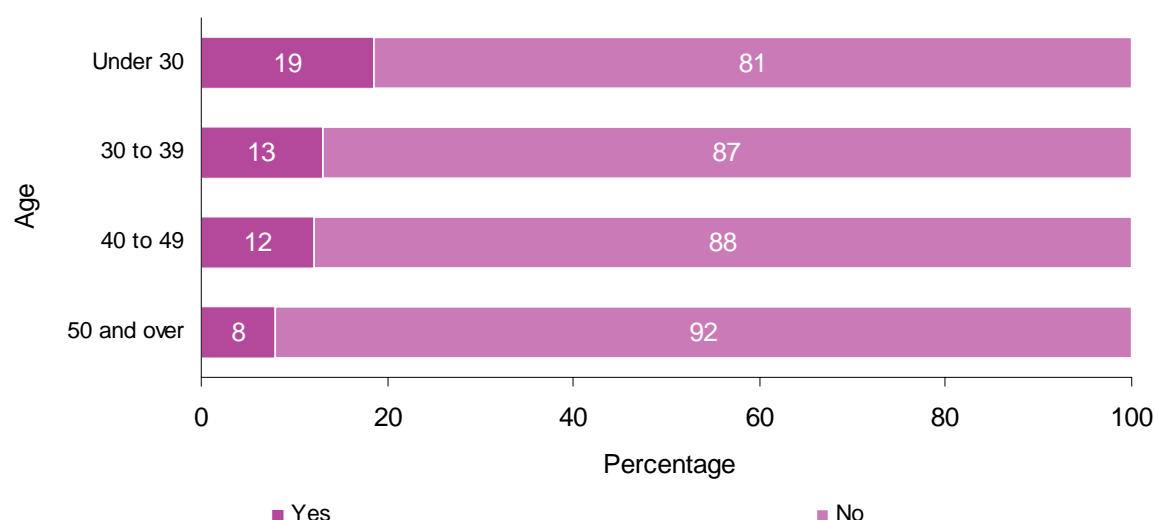
Experiencing problems with debt was not related to having English as a first language, age or being in receipt of benefits other than tax credits. All tax credits customers who reported having had problems with debt in the past 12 months were asked how often they had such problems. Customers were split quite evenly between those who said they had experienced problems with debt almost all of the time over the preceding 12 months (31 per cent), those who said they had experienced problems quite often (30 per cent) and those who said they had experienced them only sometimes (39 per cent) (Appendix B Table B.94).

4.2.3 Saving tax credits awards

Thirteen per cent of customers reported that they saved at least some of their tax credits award (Appendix B Table B.95). This varied significantly by age (Figure 4.4):

Figure 4.4 Proportion of customers who said they saved part of their tax credits award by age

Base: All tax credits customers currently in receipt of tax credits payments



Unweighted base: 952

A fifth (19 per cent) of the youngest tax credits customers reported that they saved at least part of their tax credits award with this figure decreasing as age increased to just eight per cent of those aged 50 years and over.

Likelihood of saving at least part of a tax credits award was not related to household income, whether English was a first language, employment status, receipt of other benefits and how they tended to budget.

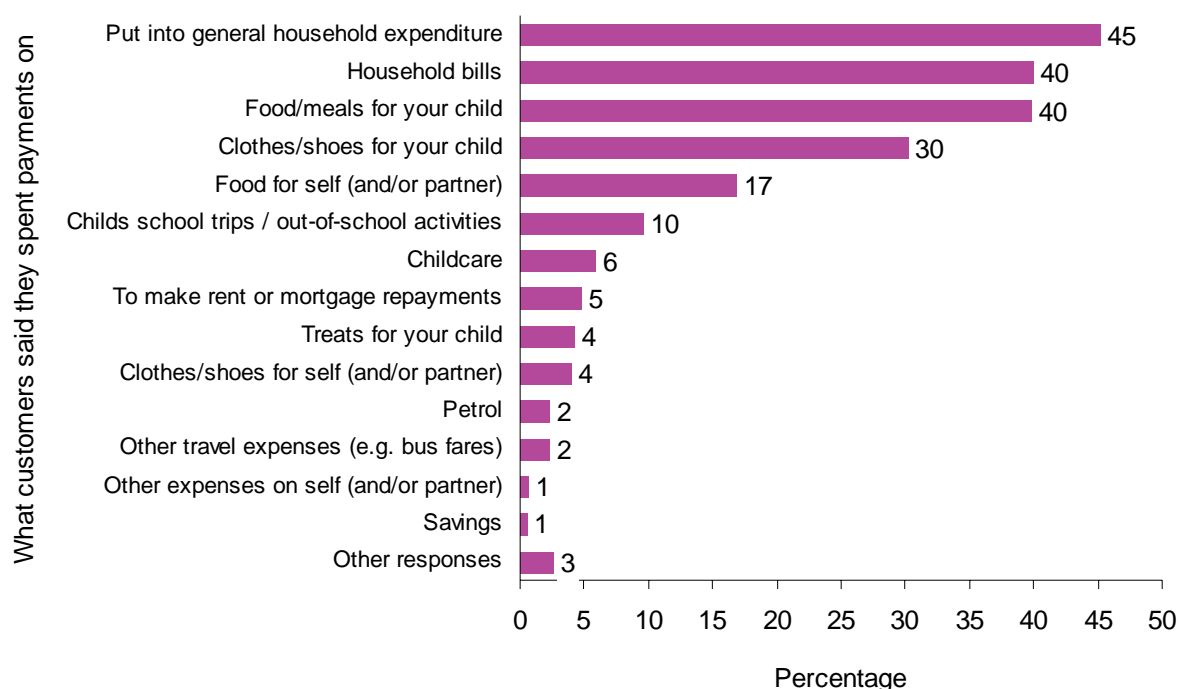
Most of those who did save part of their tax credits award saved one quarter (33 per cent) or less (56 per cent) (Appendix B Table B.97). Only one in ten (11 per cent) of those who saved a part of their award saved more than one quarter of it.

4.2.4 What tax credits awards are spent on

Tax credits customers were asked what they spent their tax credits payments on. Figure 4.5 shows nearly half of tax credits customers (45 per cent) said they used payments on general household expenditure. Using payments towards food or meals for a child or household bills was also commonly cited (both 40 per cent) as was buying clothes and shoes for a child (30 per cent). Other uses were much less common. There is a similar pattern in what customers spent most of their tax credits payments on (Appendix B Table B.99).

Figure 4.5 What tax credits customers said they spent tax credits payments on

Base: All tax credits customers who currently receive tax credits



Unweighted base: 955

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Note: Categories that were chosen by less than half per cent of respondents have been excluded.

5 **Conclusions**

5.1 Digital services

Nearly nine-in-ten tax credits customers said that they used the internet. Most common reasons for not using the internet were not knowing how to use it or not having a computer. Almost three-quarters of customers who said they used the internet said they used online banking. Online banking has some similarities with managing a benefit claim online as it involves interacting with an organisation (bank in this instance) in an electronic environment and having personal details accessible via the internet.

The majority of customers said they accessed the internet using a PC or a laptop, although almost two-thirds used a smartphone. The study showed that four-in-five customers said they used their PC or laptop to access online banking, followed by two-in-five who used a smartphone. Only one-in-five said they used a tablet.

Most tax credits customers were open to managing their claims online. Just over three-quarters would be willing to make an application online and slightly fewer than three-quarters would be open to renewing and reporting changes of circumstances online. The most commonly cited reasons for preferring to use traditional methods were a lack of confidence in using the internet as well as preferring to talk to someone and inertia (having always used traditional methods). Wishing to talk to someone was especially common for renewing and reporting a change of circumstances. Security concerns were not a major factor deterring customers from using digital services.

With regard to potential future digital services, nearly a third of customers were open to all digital services they were asked about directly, while nearly two-thirds had mixed views and were open to some services but not others.

5.2 Transition to Universal Credit

The proportion of customers who had heard the term 'Universal Credit' had increased from a quarter in 2012 to 38 per cent in 2013. A further quarter of customers had heard that there may be some changes to the way tax credits are administered. However, a little more than half of the customers who had heard of Universal Credit did not think it would affect them or were not sure whether they would be affected. Also only a third of customers who had heard of the new benefit could correctly identify the department that would be administering it as the Department for Work and Pensions.

Appendix A Tax Credits Customers

Tax credits customer characteristics

Tax credits customers can claim either Child Tax Credit, Working Tax Credit or both. Customers were distributed between these two benefits as follows (Appendix B Table B.100):

- 18 per cent said they received Working Tax Credit only;
- 42 per cent said they received Child Tax Credit only;
- 38 per cent said they received both Working Tax Credit and Child Tax Credit; and
- Two per cent said they did not receive tax credits payments because they were paying back an overpayment.

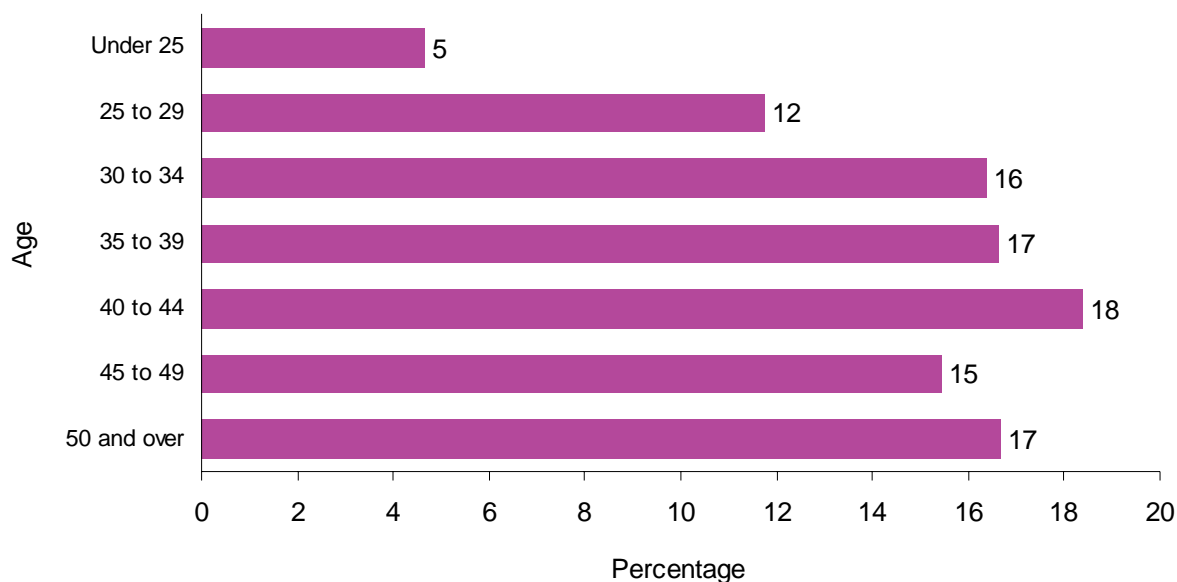
Slightly more than half of tax credits customers (55 per cent) said they received their payments every week, while 45 per cent received four-weekly payments (Appendix B Table B.101). Three-quarters (75 per cent) of respondents to the Panel Study¹⁹ were women and a quarter were men (Appendix B Table B.102).

Figure A.1 shows the age distribution of respondents. There are similar proportions of customers in five-year age groups for those aged 30 or over. There are fewer younger customers with five per cent aged under 25 and twelve per cent aged between 25 and 29.

¹⁹ A person who usually dealt with tax credits was chosen for an interview in couples. As a result these figures may be slightly different in the tax credits population as a whole.

Figure A.1 Age of tax credits customers

Base: All Panel Study respondents



Unweighted base: 979

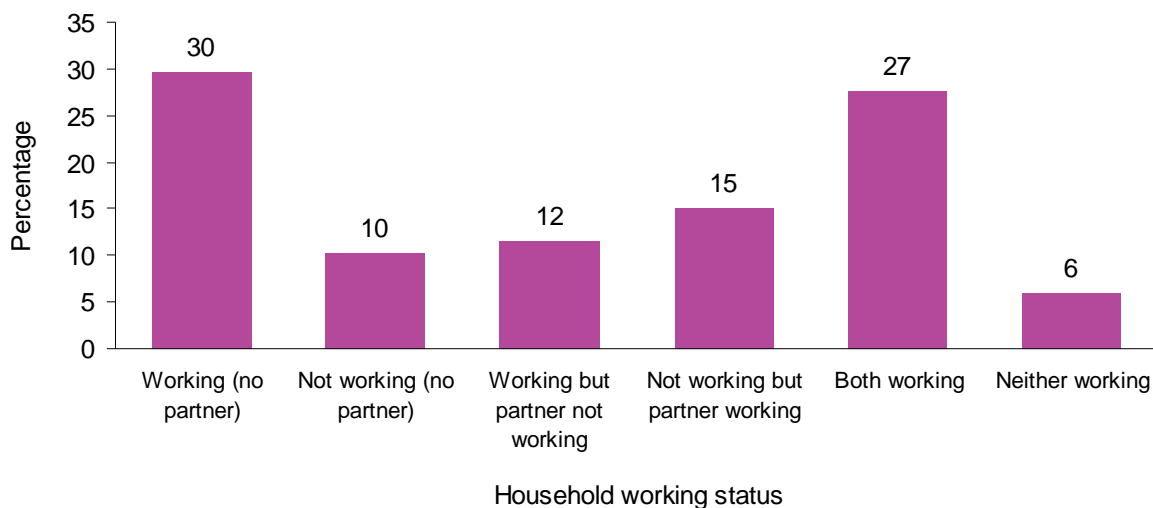
Work

Nearly seven-in-ten (69 per cent) customers reported that they were working (Appendix B Table B.104). Nearly a quarter (23 per cent) of those who were at work said they were self-employed in one or more of their jobs (Appendix B Table B.105).

Figure A.2 combines respondents' and their partner's work status to show a work status for the whole household.

Figure A.2 Household working status

Base: All tax credits customers



Unweighted base: 987

Thirty per cent of tax credits customers said they did not have a partner and were working. Single households where the adult did not work were much less common (ten per cent). Among the 60 per cent of all households who were couples, it was most common to see either both or one of the partners working (both 27 per cent of all tax credits customers) than neither working (six per cent of all tax credits customers).

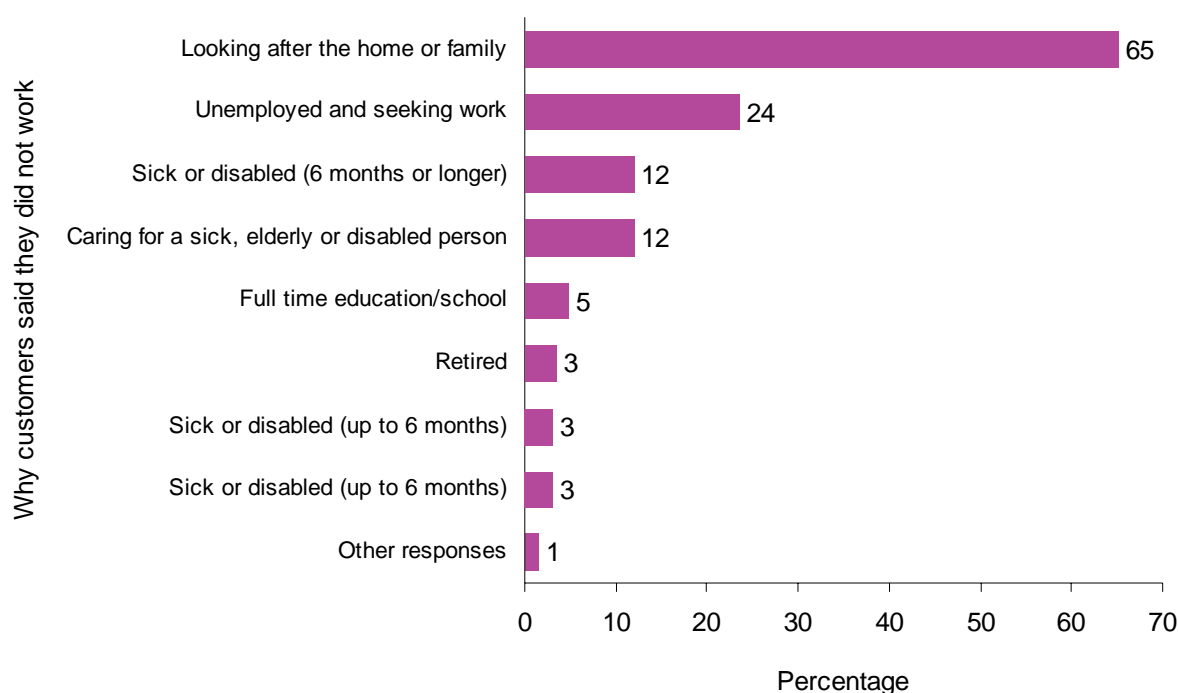
More than one third (37 per cent) of customers who worked said that they would be interested in working more hours (Appendix B Table B.107). The main reason why these customers said they did not already work more hours was that they had to work standard hours set by their employer (53 per cent) (Appendix B Table B.108). This was followed by varying demand for the services of self-employed customers (13 per cent) and by having caring responsibilities (12 per cent).

The customers who worked part time but were not interested in working more hours cited wanting to spend time with their family (41 per cent) and caring responsibilities (32 per cent) as the main reasons for not being interested in more hours (Appendix B Table B.109).

Nearly two-thirds (65 per cent) of respondents who did not work were looking after the home and family (Figure A.3). This was followed by being unemployed and looking for work (24 per cent), being sick or disabled or looking after an elderly, sick or disabled person (both 12 per cent).

Figure A.3 Why customer said they did not work

Base: All tax credits customers who were not working



Unweighted base: 291

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

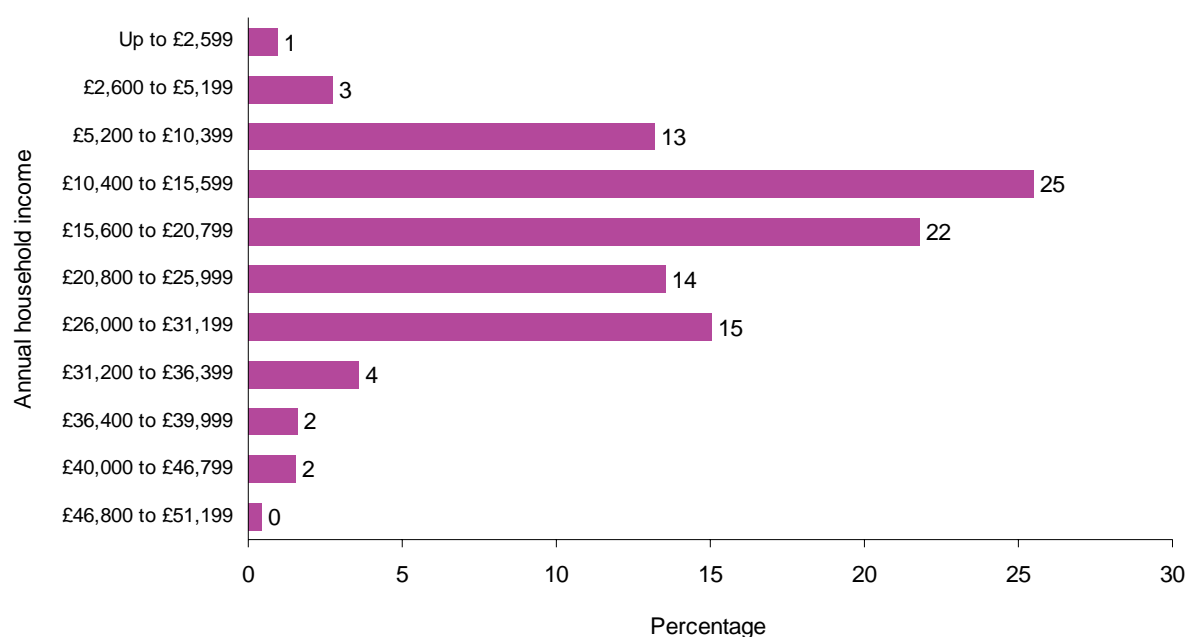
Income

Figure A.4 shows how the household income of tax credits customers was distributed. For a majority of households (89 per cent) the annual household income was between £5,200 and £31,199 with £10,400 to £15,599 being the most common category (25 per cent). Only a small proportion of customers received less than £5,200 a year (four per cent) or more than £31,200 a year (eight per cent).

Slightly more than a third of tax credits customers (35 per cent) said that their household income tended to vary from week to week or month to month (Appendix B Table B.112).

Figure A.4 Household income

Base: All tax credits customers



Unweighted base: 951

Household composition

Tax credits customers are eligible for Child Tax Credit when they have children aged 0-15 or children aged 16-19 who are in full time non-degree education. Using this definition of an eligible child, households were distributed as follows (Appendix B Table B.113):

- 69 per cent of customers had children aged 0-15;
- 12 per cent had children aged 0-15 and eligible children aged 16-19;
- Seven per cent only had eligible children aged 16-19; and
- 12 per cent did not have any eligible children.

The majority of households with children aged 0-15 had one or two children in this age group (43 per cent and 37 per cent respectively) (Appendix B Table B.114). Fifteen per cent of customers with children had three children aged 0-15 and only five per cent had four or more.

Childcare use

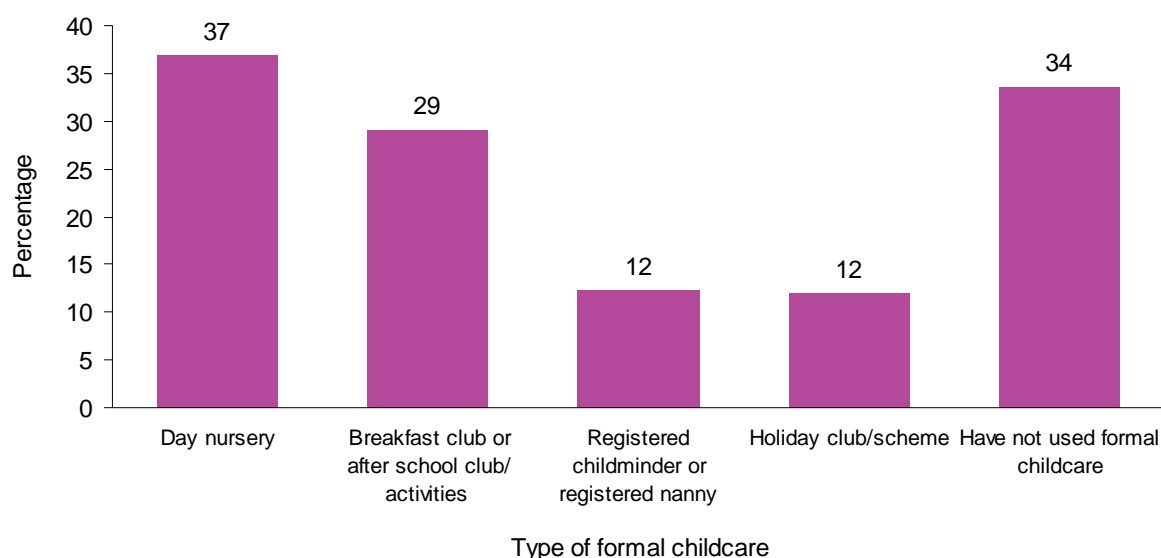
Tax credits customers who receive Working Tax Credit and who use registered or approved childcare for their children are entitled to the childcare element, which covers up to 70 per cent of childcare costs²⁰. It is therefore important to understand the patterns of childcare use among customers.

Nearly two-in-five (39 per cent) of tax credits customers with children aged 0-15 said that they had used either formal or informal childcare in the last 12 months (Appendix B Table B.115). More than half (59 per cent) of the customers who said they had used childcare reported using registered or approved childcare (Appendix B Table B.116).

Figure A.5 shows the type of formal childcare that tax credits customers used during the past year.

Figure A.5 Formal childcare providers customers said they used in the past year

Base: All tax credits customers with children aged 0-15 and who said they used childcare



Unweighted base: 299

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

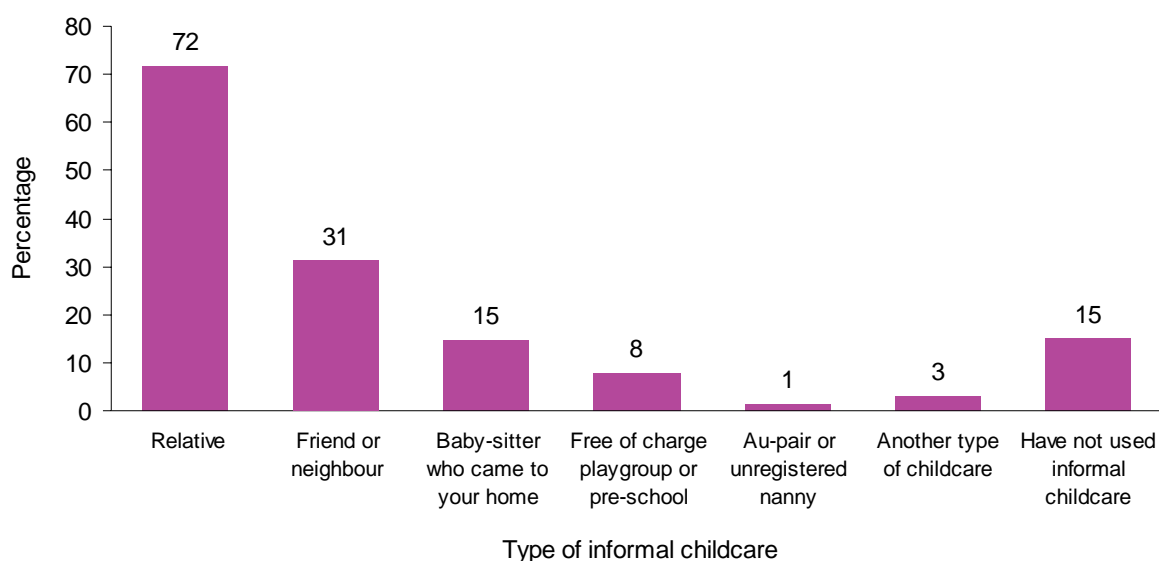
Nearly two-thirds of customers (64 per cent) who used formal childcare said that they were using it for only one child (Appendix B Table B.118). A quarter (23 per cent) said they used it for two children and only six per cent used it for three or more children. A further eight per cent of customers said that they did not use formal childcare for any of their children at the time of the interview, but they had used it in the past year.

Figure A.6 shows who provided informal childcare to tax credits customers in the past year. Nearly three quarters of customers (72 per cent) who had used childcare said they had childcare provided by a relative. Slightly less than a third (31 per cent) said they had used a friend or neighbour. Other types of informal childcare were much less common.

²⁰ The childcare element can help with up to 70 per cent of relevant childcare costs up to a maximum of £175 a week for one child and £300 a week for two or more children.

Figure A.6 Informal childcare providers customers said they used in the past year

Base: All tax credits customers with children aged 0-15 and who said they used childcare



Unweighted base: 299

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Looking at formal and informal childcare use together we can see that (Appendix B Table B.119):

- Five per cent of customers with children aged 0-15 said they used only formal childcare;
- 13 per cent said they used only informal childcare;
- 21 per cent said they used both formal and informal childcare; and
- 61 per cent had children aged 0-15 but said they used no childcare.

The following characteristics were related to using formal childcare (either on its own or in combination with informal childcare) (Appendix B Tables B.121 – A.124):

- **First language.** Customers with English as a first language or who were bilingual were more likely to say that they used formal childcare;
- **Age.** Customers aged over 50 were less likely to say that they used formal childcare. This is likely to be related to them having older children who do not need childcare.
- **Household type.** Single parents who worked and couples where both partners worked were more likely to say they used formal childcare.

Formal childcare use was not related to household income or receipt of other benefits.

Use of solely informal childcare was significantly related to household type: households with single parents who did not work, or couples where one partner did not work, were less likely to say that they used informal childcare.

- Not using childcare at all was related to:
- **Household income.** Those with lower household income were less likely to say that they used any type of childcare.
- **First language.** Customers who had English as a second language were less likely to say they used childcare than those with English as a first language.

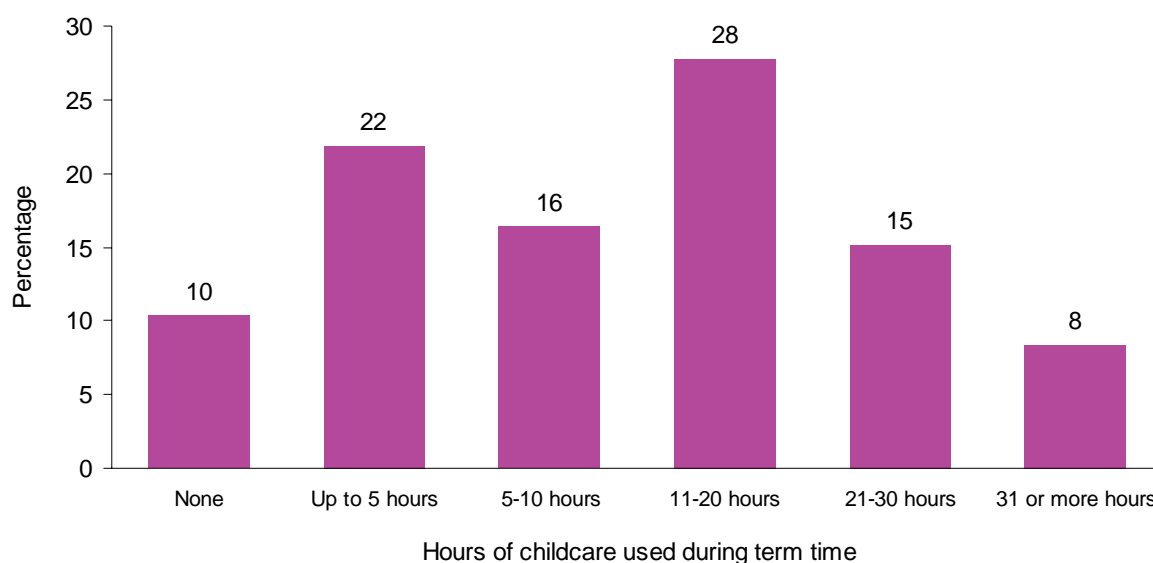
- **Age.** Customers aged 50 or over were less likely to say that they used any type of childcare.
- **Household type.** Single parents who did not work and couples where only one partner worked were less likely to say they used any type of childcare.

Childcare use was not related to receipt of other benefits besides tax credits.

Figure A.7 shows the hours of childcare that tax credits customers used during term time.

Figure A.7 Number of hours of childcare per week that tax credits customers said they used during term time

Base: All tax credits customers with children aged 0-15 and who said they used childcare



Unweighted base: 293

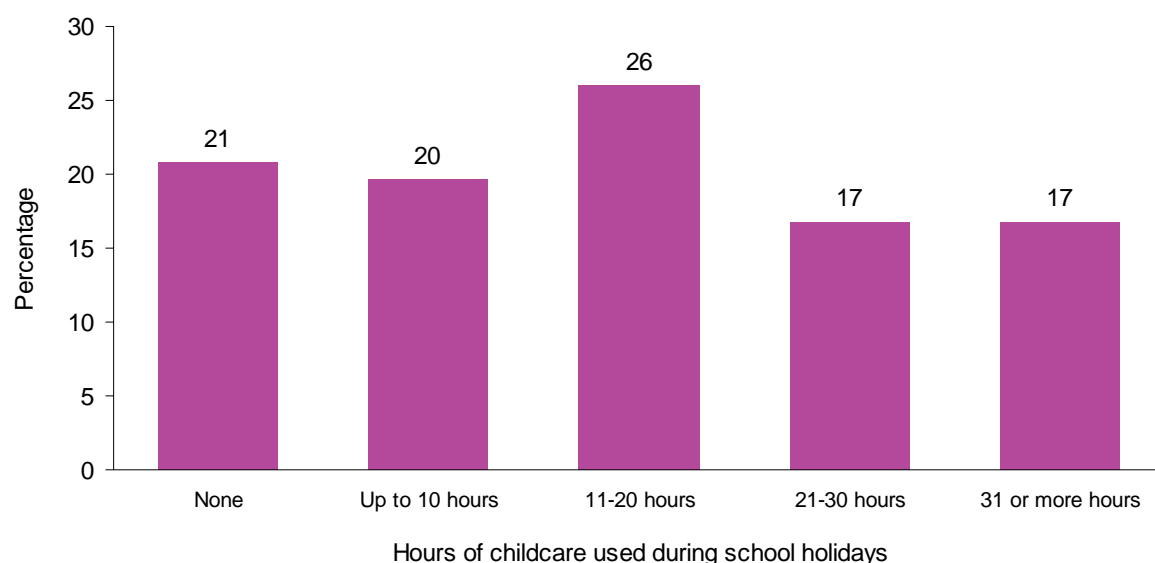
Two-thirds of customers (66 per cent) said they used childcare for up to 20 hours during term time with the most common category being 11-20 hours (28 per cent).

Almost three-in-five customers (59 per cent) who used childcare said that the number of hours of childcare that they used varied between term time and school holidays (Appendix B Table B.126). Whether the number of hours of childcare varied was not related to household income, first language, age, household income or receipt of other benefits.

The number of hours of childcare that customers said they used during school holidays is shown in Figure A.8. As with term time use, using childcare for between 11-20 hours a week was most commonly reported (26 per cent). However, there was more variation compared to term time use with both the proportion of customers not using any childcare and those using 31 hours or more being higher during school holidays (21 and 17 per cent respectively).

Figure A.8 Number of hours of childcare per week that tax credits customers said they used during school holidays

Base: All tax credits customers with children aged 0-15 and who said they used childcare



Unweighted base: 289

Employer support with childcare was not widely reported by tax credits customers who used childcare and who worked, or whose partner worked:

- Seven per cent of customers said that their own or partner's employer offered help to pay for the cost of childcare (Appendix B Table B.128); and
- Six per cent of customers said that their own or partner's employer had a nursery at the workplace (Appendix B Table B.129)²¹.

Only three per cent of customers who used childcare and who worked or whose partner worked said that they used childcare vouchers (Appendix B Table B.130).

Parents in England and Wales are entitled to 10-15 hours of free early education for 38 weeks of the year for three and four year olds. Two year olds in deprived families are also entitled to free early education²². Free early education should not be included in the childcare costs for tax credits, so it is important to know how widespread its use is among tax credits customers.

Overall eight per cent of tax credits customers who used childcare said that they had made use of free early education for two year olds, while a much larger proportion (50 per cent) said they had used free early education for three and four year olds (Appendix B Table B.131). The take up of free early education varied by whether customers said they used formal or only informal childcare with those using formal childcare (either on its own or in combination with informal childcare) being more likely to make use of the offer (Appendix B Table B.132). Take-up of free early education did not vary by household income, first language, age, household type or receipt of other benefits.

²¹ The numbers of customers having access to employer help and nursery were too low to analyse to what extent this support was taken up.

²² <https://www.gov.uk/free-early-education>

Appendix B Tables

Appendix Table B.1 Internet use

Base: All tax credits customers

	%
Uses internet	87
Does not use internet	13
Total	100
<i>Unweighted base</i>	987

Appendix Table B.2 Internet use by annual household income

Base: All tax credits customers

	Up to £10,399	£10,400 to £25,999	£26,000 or more
	%	%	%
Uses internet	83	86	95
Does not use internet	17	14	5
Total	100	100	100
<i>Unweighted base</i>	162	590	199

Appendix Table B.3 Internet use by first language

Base: All tax credits customers

	English is first language or bilingual	English is second language
	%	%
Uses internet	88	76
Does not use internet	12	24
Total	100	100
<i>Unweighted base</i>	878	95

Appendix Table B.4 Internet use by age

Base: All tax credits customers

	Under 30	30 to 39	40 to 49	50 and over
	%	%	%	%
Uses internet	93	93	85	75
Does not use internet	7	7	15	25
Total	100	100	100	100
<i>Unweighted base</i>	148	310	340	181

Appendix Table B.5 What customers said they used the internet for

Base: All tax credits customers who ever use the internet

	%
General browsing	94
To send or receive emails	89
Shopping	77
Online banking	72
To use social networking sites e.g. Facebook	71
<i>Unweighted base</i>	<i>849</i>

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Appendix Table B.6 Why customers said they did not use the internet

Base: All tax credits customers who do not use the internet

	%
Do not know how	40
Do not have computer or other device	30
Not interested in the internet / computers	23
Prefer speaking to people	10
Too expensive	6
Do not have time to go on it	5
Cannot get on as computer always busy	5
Reading / writing difficulties	4
No need to use it	4
Other responses	3
<i>Unweighted base</i>	<i>136</i>

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Appendix Table B.7 Devices customers said they used to access the internet

Base: All tax credits customers who said they ever used the internet

	%
Personal computer or laptop	90
Smartphone	64
Tablet	38
Games console	1
Other responses	1
<i>Unweighted base</i>	<i>851</i>

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Appendix Table B.8 Device customers said they used most often to access the internet

Base: All tax credits customers who said they ever used the internet

	%
Personal computer or laptop	57
Smartphone	31
Tablet	10
Other device	1
Total	100
<i>Unweighted base</i>	<i>847</i>

Appendix Table B.9 Use of a personal computer or laptop to access the internet by annual household income

Base: All tax credits customers who said they ever used the internet

	Up to £10,399	£10,400 to £25,999	£26,000 or more
	%	%	%
Uses personal computer or laptop	82	90	94
Does not use personal computer or laptop	18	10	6
Total	100	100	100
<i>Unweighted base</i>	<i>132</i>	<i>503</i>	<i>188</i>

Appendix Table B.10 Use of a personal computer or laptop to access the internet by age

Base: All tax credits customers who said they ever used the internet

	Under 30	30 to 39	40 to 49	50 and over
	%	%	%	%
Uses personal computer or laptop	81	89	93	95
Does not use personal computer or laptop	19	11	7	5
Total	100	100	100	100
<i>Unweighted base</i>	<i>139</i>	<i>287</i>	<i>284</i>	<i>134</i>

Appendix Table B.11 Use of a tablet to access the internet by annual household income

Base: All tax credits customers who said they ever used the internet

	Up to £10,399	£10,400 to £25,999	£26,000 or more
	%	%	%
Uses tablet	26	37	46
Does not use tablet	74	63	54
Total	100	100	100
<i>Unweighted base</i>	132	503	188

Appendix Table B.12 Use of a tablet to access the internet by first language

Base: All tax credits customers who said they ever used the internet

	English is first language or bilingual	English is second language
	%	%
Uses tablet	39	23
Does not use tablet	61	77
Total	100	100
<i>Unweighted base</i>	768	70

Appendix Table B.13 Use of a tablet to access the internet by age

Base: All tax credits customers who said they ever used the internet

	Under 30	30 to 39	40 to 49	50 and over
	%	%	%	%
Uses tablet	43	41	37	22
Does not use tablet	57	59	63	78
Total	100	100	100	100
<i>Unweighted base</i>	139	287	284	134

Appendix Table B.14 Use of a smartphone to access the internet by age

Base: All tax credits customers who said they ever used the internet

	Under 30	30 to 39	40 to 49	50 and over
	%	%	%	%
Uses smartphone	84	76	53	33
Does not use smartphone	16	24	47	67
Total	100	100	100	100
<i>Unweighted base</i>	139	287	284	134

Appendix Table B.15 Use of multiple devices to access the internet

Base: All tax credits customers who said they had ever used the internet

	%
Use one device to access the internet	35
Use multiple devices to access the internet	65
Total	100
<i>Unweighted base</i>	851

Appendix Table B.16 Device most frequently used by those who use a computer, smartphone and tablet

Base: All tax credits customers who access the internet with a personal computer, smartphone and tablet

	%
Personal computer or laptop	34
Smartphone	46
Tablet	18
Other device	2
Total	100
<i>Unweighted base</i>	218

Appendix Table B.17 Use of online banking by annual household income

Base: All tax credits customers who said they ever used the internet

	Up to £10,399	£10,400 to £25,999	£26,000 or more
	%	%	%
Uses online banking	61	72	79
Does not use online banking	39	28	21
Total	100	100	100
<i>Unweighted base</i>	132	502	188

Appendix Table B.18 Use of online banking by age

Base: All tax credits customers who said they ever used the internet

	Under 30	30 to 39	40 to 49	50 and over
	%	%	%	%
Uses online banking	69	79	70	62
Does not use online banking	31	21	30	38
Total	100	100	100	100
<i>Unweighted base</i>	139	287	282	134

Appendix Table B.19 Devices customers said they used to access online banking

Base: All tax credits customers who said they used online banking

	%
Computer or laptop	80
Smartphone	42
Tablet	20
E-Reader	0
<i>Unweighted base</i>	<i>603</i>

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Appendix Table B.20 How often customers said they used online banking

Base: All tax credits customers who said they used online banking

	%
Every day	17
Once or more a week	61
Once or more a month	21
Once or more per year	2
Less than once a year	0
Total	100
<i>Unweighted base</i>	<i>603</i>

Appendix Table B.21 Whether customers said they used the HMRC website when making a new claim

Base: All tax credits customers who said they had made a new claim since September 2011

	%
Yes	38
No	62
Total	100
<i>Unweighted base</i>	<i>232</i>

Appendix Table B.22 Reason for not using the HMRC website when making a new claim

Base: All tax credits customers who made a new claim since September 2011 and did not use the HMRC website

	%
I did not need to	60
I do not like using the internet	12
No particular reason	8
I don't have access to the internet	7
I did not know about the HMRC website	3
Other responses	15
<i>Unweighted base</i>	<i>143</i>

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Appendix Table B.23 Information sought from the HMRC website when making a new claim

Base: All tax credits customers who have made a new claim since September 2011 and used the HMRC website

	%
The eligibility criteria for tax credits	32
How to calculate income	26
The stages of the application process	17
What they needed to do to apply	15
HMRC Tax Credit Helpline number	12
About other specific rules	10
How much they would/may receive	6
The application deadlines	5
Other responses	15
<i>Unweighted base</i>	<i>84</i>

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Appendix Table B.24 Willingness to use online services to make a new tax credits application, renew an existing claim or report a change of circumstance

Base: All tax credits customers who have submitted a claim since September 2011, renewed tax credits or reported a change of circumstances

	Submitting a new claim	Renewing	Reporting a change of circumstances
	%	%	%
Yes, if available at any time	76	72	71
Yes, even if only available between 7AM and midnight	76	71	70
<i>Unweighted base (any time)</i>	<i>231</i>	<i>902</i>	<i>500</i>
<i>Unweighted base (between 7AM and Midnight)</i>	<i>174</i>	<i>633</i>	<i>350</i>

Appendix Table B.25 Reasons why customers would not use online services to make a new tax credits application, renew an existing claim or report a change of circumstance

Base: All tax credits customers who have submitted a claim since September 2011, renewed tax credits or reported a change of circumstances and would not use online services

	Submitting a new claim	Renewing	Reporting change of circumstances
	%	%	%
Prefer to talk to someone	36	54	69
Not confident using internet	38	28	25
Have always done it by phone/post	36	22	10
Internet not secure enough	12	13	15
Do not use the internet	7	11	9
No internet access	6	6	6
Other response	5	7	7
<i>Unweighted base</i>	<i>56</i>	<i>265</i>	<i>150</i>

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Appendix Table B.26 Overall willingness to use online services

Base: All tax credits customers

	%
Willing to manage all aspects of claim online	69
Willing to manage some aspects of claim online	6
Not willing to manage any aspect of claim online	26
Total	100
<i>Unweighted base</i>	<i>959</i>

Appendix Table B.27 Customer willingness to manage aspects of their tax credits claim online by income

Base: All tax credits customers

	Up to £10,399	£10,400 to £25,999	£26,000 or more
	%	%	%
Willing to manage all aspects online	61	68	75
Not willing to manage all aspects online	39	32	25
Total	100	100	100
<i>Unweighted base</i>	<i>157</i>	<i>572</i>	<i>195</i>

Appendix Table B.28 Customer willingness to manage aspects of their tax credits claim online by age

Base: All tax credits customers

	Under 30	30 to 39	40 to 49	50 and over
	%	%	%	%
Willing to manage all aspects online	75	76	64	55
Not willing to manage all aspects online	25	24	36	45
Total	100	100	100	100
<i>Unweighted base</i>	147	302	326	177

Appendix Table B.29 Customer willingness to manage aspects of their tax credits claim online by understanding of tax credits system

Base: All tax credits customers

	High	Medium	Low
	%	%	%
Willing to manage all aspects online	72	67	59
Not willing to manage all aspects online	28	33	41
Total	100	100	100
<i>Unweighted base</i>	602	206	147

Appendix Table B.30 Customer willingness to manage aspects of their tax credits claim online by use of online banking

Base: All tax credits customers who said they had ever used the internet

	Uses online banking	Does not use online banking
	%	%
Willing to manage all aspects online	81	53
Not willing to manage all aspects online	19	47
Total	100	100
<i>Unweighted base</i>	239	591

Appendix Table B.31 Reported likelihood of using different online services

Base: All tax credits customers who said they had ever used the internet

	Use a tax credits app	Sign up for emails from HMRC	Use a tax credits account page	Receive a renewal notice via email
	%	%	%	%
Very likely	31	39	57	43
Quite likely	25	35	26	26
Neither likely nor unlikely	5	6	3	5
Quite unlikely	13	7	6	10
Very unlikely	26	12	8	16
Total	100	100	100	100
<i>Unweighted base</i>	<i>844</i>	<i>844</i>	<i>844</i>	<i>843</i>

Appendix Table B.32 Reported comfort in potentially using different online services

Base: All tax credits customers who said they had ever used the internet

	Use a tax credits app	Receive info from HMRC via email	Access tax credits details online via an account	Renew a claim online
	%	%	%	%
Very comfortable	28	28	37	39
Quite comfortable	29	43	39	35
Neither comfortable nor uncomfortable	9	12	7	7
Quite uncomfortable	12	10	8	9
Very uncomfortable	22	8	9	11
Total	100	100	100	100
<i>Unweighted base</i>	<i>842</i>	<i>839</i>	<i>841</i>	<i>842</i>

Appendix Table B.33 Whether customers would be happy for HMRC to make contact via email with queries about renewal or changes of circumstances

Base: All tax credits customers who said they had ever used the internet

	%
Yes	73
No	27
Total	100
<i>Unweighted base</i>	<i>842</i>

Appendix Table B.34 Preferred method of receiving confirmation from HMRC that information relating to their claim had been received

Base: All tax credits customers who said they had ever used the internet

	%
Email	39
Letter	38
Text message	12
Both email and text message	11
Total	100
<i>Unweighted base</i>	<i>841</i>

Appendix Table B.35 Overall customer openness to digital services

Base: All tax credits customers who said they had ever used the internet

	%
Open to digital services	31
Mixed views	64
Less open to digital services	5
Total	100
<i>Unweighted base</i>	<i>845</i>

Appendix Table B.36 Customer openness to digital services by annual household income

Base: All tax credits customers who said they had ever used the internet

	Up to £10,399	£10,400 to £25,999	£26,000 or more
	%	%	%
Open to digital services	21	31	38
Mixed views	73	64	59
Less open to digital services	6	5	2
Total	100	100	100
<i>Unweighted base</i>	<i>131</i>	<i>500</i>	<i>186</i>

Appendix Table B.37 Customer openness to digital services by age

Base: All tax credits customers who said they had ever used the internet

	Under 30	30 to 39	40 to 49	50 and over
	%	%	%	%
Open to digital services	44	37	24	19
Mixed views	53	59	70	75
Less open to digital services	3	4	6	6
Total	100	100	100	100
<i>Unweighted base</i>	139	287	284	134

Appendix Table B.38 Customer openness to digital services by use of online banking

Base: All tax credits customers who said they had ever used the internet

	Uses online banking	Does not use online banking
	%	%
Open to digital services	36	20
Mixed views	62	69
Less open to digital services	2	12
Total	100	100
<i>Unweighted base</i>	598	245

Appendix Table B.39 Percentage of customers answering each question correctly ²³	
<i>Base: All tax credits customers</i>	
	%
If you receive a tax credits overpayment HMRC can reduce your award until the money is paid back (True)	92
If you are in a partnership but you haven't reported it to HMRC you could be liable to pay back your entire tax credits award (True)	88
Joint claims include partners who live together, not just those who are legally married or in a civil partnership (True)	84
When a partner moves into your home you can wait up to six months before you report it to HMRC (False)	80
If your child is 16 or over and leaves education you can still claim Child Tax Credits (False)	71**
You don't need to calculate your exact childcare costs, you only need to give HMRC a rough estimate (False)	63*
You can get 100% of your childcare cost paid for by tax credits (False)	58*
Regular overtime does not count towards the minimum hours you need to work to receive tax credits (False)	55
<i>Unweighted base</i>	982

*These questions were only asked to those receiving Working Tax Credits so the base size was lower (n=583)

**This question was only asked to those receiving Child Tax Credits so the base size was smaller (n=769)

Appendix Table B.40 Overall estimated understanding of tax credits rules	
<i>Base: All tax credits customers</i>	
	%
High	62
Medium	22
Low	16
Total	100
<i>Unweighted base</i>	982

²³ These are general statements about the tax credits system. Whilst some of the statements are absolute, others are generally 'true' or 'false' (and the analysis has been conducted on that basis) but the correct answer could vary depending on the customer's circumstances. See Appendix E for more details.

Appendix Table B.41 Understanding of tax credits rules by annual household income

Base: All tax credits customers

	Up to £10,399	£10,400 to £25,999	£26,000 or more
Understanding of tax credits rules	%	%	%
High	53	65	61
Medium	30	19	24
Low	17	16	15
Total	100	100	100
<i>Unweighted base</i>	<i>161</i>	<i>588</i>	<i>198</i>

Appendix Table B.42 Understanding of tax credits rules by first language

Base: All tax credits customers

	English is first language or bilingual	English is second language
Understanding of tax credits rules	%	%
High	65	37
Medium	20	33
Low	14	30
Total	100	100
<i>Unweighted base</i>	<i>878</i>	<i>95</i>

Appendix Table B.43 Understanding of tax credits rules by age

Base: All tax credits customers

	Under 30 years	30 to 39 years	40 to 49 years	50 years and over
Understanding of tax credits rules	%	%	%	%
High	71	67	63	43
Medium	17	19	22	32
Low	12	14	15	25
Total	100	100	100	100
<i>Unweighted base</i>	<i>148</i>	<i>310</i>	<i>340</i>	<i>181</i>

Appendix Table B.44 Understanding of tax credits rules by working status

Base: All tax credits customers

	Working full time	Working part time	Not working
Understanding of tax credits rules	%	%	%
High	58	67	61
Medium	25	17	24
Low	17	16	15
Total	100	100	100
<i>Unweighted base</i>	340	349	291

Appendix Table B.45 How easy customers found it to make a new claim

Base: All tax credits customers who have made a new claim since September 2011

	%
Very easy	24
Quite easy	43
Neither easy or difficult	18
Quite difficult	11
Very difficult	3
Total	100
<i>Unweighted base</i>	236

Appendix Table B.46 Whether customers said they called the Tax Credits Helpline for assistance when making a new claim

Base: All tax credits customers who have made a new claim since September 2011

	%
Yes	36
No	64
Total	100
<i>Unweighted base</i>	234

Appendix Table B.47 Whether customers said they called the Tax Credits Helpline after submitting a new claim

Base: All tax credits customers who have made a new claim since September 2011

	%
Yes	29
No	71
Total	100
<i>Unweighted base</i>	231

Appendix Table B.48 Whether called the Tax Credits Helpline during the application process by reported ease of making a new claim

Base: All tax credits customers who have made a new claim since September 2011

	Neither easy nor difficult/ difficult / very difficult	Easy	Very easy
	%	%	%
Called helpline	46	37	19
Didn't call helpline	54	63	81
Total	100	100	100
<i>Unweighted base</i>	74	102	56

Appendix Table B.49 How customers said they usually renew their claim for tax credits

Base: All tax credits customers who said they had ever renewed a claim

	%
Call the Tax Credits Helpline	51
Send back a form by post	46
No need to do either	3
Total	100
<i>Unweighted base</i>	902

Appendix Table B.50 How confident customers said they were in what to do during the last renewal

Base: All tax credits customers who said they had ever renewed a claim

	%
Very confident	51
Fairly confident	37
Neither confident nor unconfident	5
Not very confident	5
Not at all confident	2
Total	100
<i>Unweighted base</i>	913

Appendix Table B.51 Whether customers said they had called the Tax Credits Helpline after submitting a renewal

Base: All tax credits customers who said they had ever renewed a claim

	%
Yes	23
No	77
Total	100
<i>Unweighted base</i>	901

Appendix Table B.52 Whether they called the helpline after renewal by reported confidence that they know what to do during renewal process

Base: All tax credits customers who said they had ever renewed a claim

	Neither confident nor unconfident, fairly unconfident or very unconfident	Fairly confident	Very confident
	%	%	%
Called helpline	39	24	20
Did not call helpline	61	76	80
Total	100	100	100
<i>Unweighted base</i>	92	330	478

Appendix Table B.53 Whether customers said they had ever renewed a claim late

Base: All tax credits customers who said they have previously renewed a claim

	%
Yes	9
No	91
Total	100
<i>Unweighted base</i>	910

Appendix Table B.54 Why customers said they had renewed late

Base: All tax credits customers who have previously renewed late

	%
Disorganised / Forgot to renew / Personal circumstances	39
Waiting for documents (e.g. P60) / Collecting information	11
Did not get a reminder from HMRC	10
Unable to get through to the helpline	9
Did not know about the deadline	7
Thought I was no longer eligible/ entitled to tax credits	5
Other responses	25
<i>Unweighted base</i>	84

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Appendix Table B.55 Why customers said they called the Tax Credit Helpline after submitting claim

Base: All tax credits customers who have made a new claim since September 2011 and called the helpline after submitting the claim

	%
To check on progress with the application	38
To change information on the application	35
To find out how long the application would take	17
To check received the application	16
To confirm details / talk through complicated application	9
Other responses	4
<i>Unweighted base</i>	<i>67</i>

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Appendix Table B.56 Why customers said they called the Tax Credits Helpline after submitting a renewal

Base: All tax credits customers who have ever renewed a claim and used the helpline after submitting their last renewal

	%
To change information on renewal	46
To check received the renewal	24
To check on progress with renewal	18
To confirm details / talk through complicated application	7
To find out how long renewal would take	6
Other response	14
<i>Unweighted base</i>	<i>205</i>

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Appendix Table B.57 Whether customers said they had reported a change of circumstances in the last year

Base: All tax credits customers

	%
Yes	53
No	47
Total	100
<i>Unweighted base</i>	<i>979</i>

Appendix Table B.58 When customers said they typically reported changes of circumstances

Base: All tax credits customers who said they had ever reported a change of circumstances

	%
Within one month	92
More than one month	8
Total	100
<i>Unweighted base</i>	920

Appendix Table B.59 When customers said they typically reported changes of circumstances by age

Base: All tax credits customers who said they had ever reported a change of circumstances

	Under 30	30 to 39	40 to 49	50 and over
When report changes of circumstance	%	%	%	%
Within one month	94	95	88	90
More than one month	6	5	12	10
Total	100	100	100	100
<i>Unweighted base</i>	142	294	316	163

Appendix Table B.60 When customers said they typically reported changes of circumstances by working status

Base: All tax credits customers who said they had ever reported a change of circumstances

	Working full time	Working part time	Not working
When report changes	%	%	%
Within one month	88	92	95
More than one month	12	8	5
Total	100	100	100
<i>Unweighted base</i>	315	331	273

Appendix Table B.61 When customers said they typically reported changes of circumstances by understanding of tax credits rules

Base: All tax credits customers who said they had ever reported a change of circumstances

	High	Medium	Low
When report changes	%	%	%
Within one month	94	90	84
More than one month	6	10	16
Total	100	100	100
<i>Unweighted base</i>	576	204	138

Appendix Table B.62 Whether customers said they have ever not reported a change of circumstances

Base: All tax credits customers

	%
Yes	5
No	95
Total	100
<i>Unweighted base</i>	979

Appendix Table B.63 Whether customers contacted HMRC after reporting a change of circumstances

Base: All tax credits customers who said they had reported a change of circumstance in the preceding 12 months

	%
Yes	26
No	74
Total	100
<i>Unweighted base</i>	503

Appendix Table B.64 Method of contacting HMRC after reporting a change of circumstance

Base: All tax credits customers who said they contacted HMRC after reporting a change of circumstance in the preceding 12 months

	%
By calling the Tax Credits Helpline	98
In writing to HMRC	1
Other responses	1
Total	100
<i>Unweighted base</i>	130

Appendix Table B.65 Number of times customer contacted HMRC after reporting a change of circumstances

Base: All tax credits customers who said they contacted HMRC after reporting a change of circumstance in the preceding 12 months

	%
Once	56
Twice	24
Three times or more	20
Total	100
<i>Unweighted base</i>	127

Appendix Table B.66 Current customers overpayment status

Base: All tax credits customers

	%
Currently paying back overpayment	21
Had overpayment in past (but not currently)	29
Never had an overpayment	50
Total	100
<i>Unweighted base</i>	962

Appendix Table B.67 What customers said they did when they discovered they had received an overpayment

Base: All tax credits customers who said they had had an overpayment

	%
Contact the Tax Credits Helpline	68
Look online for help or guidance	2
Ask friends or family for help or guidance	2
Go to another organisation (e.g. Citizens Advice Bureau)	1
Contacted HMRC in another way	1
Ask about it at the JobcentrePlus	0
Other responses	3
No specific action	29
<i>Unweighted base</i>	470

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Appendix Table B.68 Whether customers said they had appealed or disputed their overpayment

Base: All tax credits customers who said they had had an overpayment

	%
Yes	15
No	85
Total	100
<i>Unweighted base</i>	463

Appendix Table B.69 How customers said they had appealed or disputed their overpayment

Base: All tax credits customers who said they had disputed an overpayment

	%
Contacted the Tax Credit Helpline	84
Contacted HMRC in another way	19
Look online for help or guidance	4
Went to another organisation (e.g. Citizens Advice Bureau)	3
Ask friends or family for help or guidance	1
Other	5
<i>Unweighted base</i>	<i>72</i>

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Appendix Table B.70 Whether customers were aware of Universal Credit

Base: All tax credits customers

	%
Yes	38
No	62
Total	100
<i>Unweighted base (new panel respondents only*)</i>	<i>424</i>

*Note: respondents who had been asked similar questions in previous waves, which could influence their response, have been excluded from these analyses.

Appendix Table B.71 Whether customers were aware that there may be changes to the way tax credits are administered

Base: All tax credits customers who were not aware of Universal Credit

	%
Yes	37
No	63
Total	100
<i>Unweighted base (new panel respondents only)</i>	<i>257</i>

Appendix Table B.72 Overall customer awareness of Universal Credit or of possible changes to tax credits

Base: All tax credits customers

	%
Aware of Universal Credit	38
Aware of some type of change	23
Unaware of any change	39
Total	100
<i>Unweighted base (new panel respondents only)</i>	<i>424</i>

Appendix Table B.73 Overall customer awareness of Universal Credit or general changes to tax credits by age

Base: All tax credits customers

	Under 30	30 to 39	40 to 49	50 and over
Awareness of changes to the benefits system	%	%	%	%
Aware of Universal Credit	25	37	39	57
Aware of a change	20	27	22	19
Unaware of any change	55	36	39	24
Total	100	100	100	100
<i>Unweighted base (new panel respondents only)</i>	76	131	155	62

Appendix Table B.74 Overall customer awareness of Universal Credit or general changes to tax credits by receipt of other benefits

Base: All tax credits customers

	Receive other benefits	Only receive tax credits
Awareness of changes to the benefits system	%	%
Aware of Universal Credit	45	32
Aware of a change	20	25
Unaware of any change	34	43
Total	100	100
<i>Unweighted base (new panel respondents only)</i>	198	225

Appendix Table B.75 Overall customer awareness of Universal Credit or general changes to tax credits by understanding of tax credits rules

Base: All tax credits customers

	High	Medium	Low
Awareness of changes to tax credits	%	%	%
Aware of Universal Credit	42	37	29
Aware of a change	26	15	22
Unaware of any change	32	48	48
Total	100	100	100
<i>Unweighted base (new panel respondents only)</i>	245	90	89

Appendix Table B.76 Whether customers think Universal Credit will affect them

Base: All tax credits customers who were aware of Universal Credit

	%
Yes	48
No	28
Don't know	24
Total	100
<i>Unweighted base (new panel respondents only)</i>	163

Appendix Table B.77 Whether customers were able to identify DWP as the department administering Universal Credit

Base: All tax credits customers who were aware of Universal Credit

	%
Yes	24
No	76
Total	100
<i>Unweighted base (new panel respondents only)</i>	163

Appendix Table B.78 Department customers thought would be administering Universal Credit

Base: All tax credits customers who were aware of Universal Credit

	%
Do not know	66
Department for Work and Pensions	24
HM Revenue & Customs	5
JobCentre Plus	2
Multiple departments identified	2
Other responses	1
Total	100
<i>Unweighted base (new panel respondents only)</i>	163

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Appendix Table B.79 Whether customers thought changes to tax credits will affect them

Base: All tax credits customers who were unaware of Universal Credit but aware of a general change to tax credits

	%
Yes	51
No	21
Don't know	28
Total	100
<i>Unweighted base (new panel respondents only)</i>	96

Appendix Table B.80 Whether customers found they ran out of money before the end of the week or month

Base: All tax credits customers

	%
Yes	62
No	38
Total	100
<i>Unweighted base</i>	976

Appendix Table B.81 Whether found they ran out of money before the end of the week or month by annual household income

Base: All tax credits customers

	Up to £10,399	£10,400 to £25,999	£26,000 or more
Whether run out of money before end of week or month	%	%	%
Yes	73	62	56
No	27	38	44
Total	100	100	100
<i>Unweighted base</i>	161	585	196

Appendix Table B.82 Whether found the ran out of money before the end of the week or month by receipt of other benefits

Base: All tax credits customers

	Receive other benefits	Only receive tax credits
Whether run out of money before end of week or month	%	%
Yes	66	58
No	34	42
Total	100	100
<i>Unweighted base</i>	471	502

Appendix Table B.83 Whether found they ran out of money before the end of the week or month by whether have had trouble with debt in last 12 months

Base: All tax credits customers

	Have had trouble with debt	Have not had trouble with debt
Whether run out of money before end of week or month	%	%
Yes	88	53
No	12	47
Total	100	100
<i>Unweighted base</i>	255	718

Appendix Table B.84 Whether found they ran out of money before the end of the week or month by frequency of tax credits payments

Base: All tax credits customers currently in receipt of tax credits payments

	Every week	Every four weeks
Whether run out of money before end of week or month	%	%
Yes	65	57
No	35	43
Total	100	100
<i>Unweighted base</i>	521	423

Appendix Table B.85 Whether found they ran out of money before the end of the week or month by whether ever had an overpayment

Base: All tax credits customers

	Have had an overpayment	Never had an overpayment
Whether run out of money before end of week or month	%	%
Yes	65	58
No	35	42
Total	100	100
<i>Unweighted base</i>	479	478

Appendix Table B.86 Whether customers found they ran out of money by how they budgeted

Base: All tax credits customers who budget

	Day to day	Weekly or fortnightly	Monthly
Whether run out of money before end of week or month	%	%	%
Yes	76	64	58
No	24	36	42
Total	100	100	100
<i>Unweighted base</i>	73	441	397

Appendix Table B.87 How frequently customers said they ran out of money before the end of the week or month

Base: All tax credits customers who found they ran out of money before the end of the week or month

	%
Always	19
Most weeks/months	19
More often than not	15
Sometimes	42
Hardly ever	5
Total	100
<i>Unweighted base</i>	606

Appendix Table B.88 Whether customers said they had trouble with debts in past 12 months

Base: All tax credits customers

	%
Yes	26
No	74
Total	100
<i>Unweighted base</i>	978

Appendix Table B.89 Whether customers said they had trouble with debt by annual household income

Base: All tax credits customers

	Up to £10,399	£10,400 to £25,999	£26,000 or more
Whether had any problems with debt in last 12 months	%	%	%
Yes	38	26	20
No	62	74	80
Total	100	100	100
<i>Unweighted base</i>	160	586	197

Appendix Table B.90 Whether customers said they had trouble with debt by working status

Base: All tax credits customers

	Working	Not working
Whether had any problems with debt in last 12 months	%	%
Yes	24	31
No	76	69
Total	100	100
<i>Unweighted base</i>	688	288

Appendix Table B.91 Whether customers said they had trouble with debt by how they budgeted

Base: All tax credits customers

	Day to day	Weekly or fortnightly	Monthly
Whether had any problems with debt in last 12 months	%	%	%
Yes	39	31	18
No	61	69	82
Total	100	100	100
<i>Unweighted base</i>	72	442	398

Appendix Table B.92 Whether customers said they had trouble with debt by frequency of tax credits payments

Base: All tax credits customers

	Every week	Every four weeks
Whether had any problems with debt in last 12 months	%	%
Yes	32	19
No	68	81
Total	100	100
<i>Unweighted base</i>	521	425

Appendix Table B.93 Whether customers said they had trouble with debt by whether ever had an overpayment

Base: All tax credits customers

	Have had an overpayment	Never had an overpayment
Whether had any problems with debt in last 12 months	%	%
Yes	30	22
No	70	78
Total	100	100
<i>Unweighted base</i>	480	479

Appendix Table B.94 How often customers said they had trouble with debt in preceding 12 months

Base: All tax credits customers who said they had trouble with debt in past 12 months

	%
Almost all of the time	31
Quite often	30
Only sometimes	39
Total	100
<i>Unweighted base</i>	255

Appendix Table B.95 Whether customers said they save part of their tax credits award

Base: All tax credits customers currently in receipt of tax credits payments

	%
Yes	13
No	87
Total	100
<i>Unweighted base</i>	954

Appendix Table B.96 Proportion of customers who said they saved part of their tax credits award by age

Base: All tax credits customers currently in receipt of tax credits payments

	Under 30	30 to 39	40 to 49	50 and over
Whether ever save any of their tax credits award	%	%	%	%
Yes	19	13	12	8
No	81	87	88	92
Total	100	100	100	100
<i>Unweighted base</i>	<i>146</i>	<i>301</i>	<i>330</i>	<i>175</i>

Appendix Table B.97 How much of their tax credits award customers said they saved

Base: All tax credits customers who said they saved part of their tax credits award

	%
More than one quarter	11
One quarter	33
Less than one quarter	56
Total	100
<i>Unweighted base</i>	<i>113</i>

Appendix Table B.98 What tax credits customers said they spent their tax credits payments on

Base: All tax credits customers who currently receive tax credits

	%
Put into general household expenditure	45
Household bills	40
Food/meals for your child	40
Clothes/shoes for your child	30
Food for self (and/or partner)	17
Childs school trips / out-of-school activities	10
Childcare	6
To make rent or mortgage repayments	5
Treats for your child	4
Clothes/shoes for self (and/or partner)	4
Petrol	2
Other travel expenses (e.g. bus fares)	2
Other expenses on self (and/or partner)	1
Savings	1
Childs savings	0
To pay off debts	0
To help support my/my partners business	0
Family trips/holidays	0
Other responses	3
<i>Unweighted base</i>	<i>955</i>

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Appendix Table B.99 What tax credits customers said they spent most of their tax credits payments on

Base: All tax credits customers who currently receive tax credits

Item of expenditure	%
Put into general household expenditure	35
Food/meals for child	23
Household bills	21
Clothes/shoes for child	5
Childcare	5
Food for self (and/or partner)	3
To make rent and mortgage repayments	2
Childs school trips / out-of-school activities	2
Other travel expenses (e.g. bus fares)	1
Savings	0
Petrol	0
To help support own/partners business	0
Treat for child	0
Childs savings	0
To pay off debts	0
Clothes/shoes for self (and/or partner)	0
Other expenses on self (and/or partner)	0
Other answer	1
Total	100
<i>Unweighted base</i>	<i>955</i>

Appendix Table B.100 Type of tax credits customers said they received

Base: All tax credits customers

	%
Working Tax Credit	18
Child Tax Credit	42
Both	38
Neither	2
Total	100
<i>Unweighted base</i>	<i>985</i>

Appendix Table B.101 Frequency of tax credits payments

Base: All tax credits customers currently in receipt of tax credits payments

	%
Every week	55
Every four weeks	45
Total	100
<i>Unweighted base</i>	<i>949</i>

Appendix Table B.102 Gender of tax credits customers	
<i>Base: All tax credits customers</i>	
	%
Male	25
Female	75
Total	100
<i>Unweighted base</i>	987

Appendix Table B.103 Age of tax credits customers	
<i>Base: All tax credits customers</i>	
	%
Under 25	5
25 to 29	12
30 to 34	16
35 to 39	17
40 to 44	18
45 to 49	15
50 and over	17
Total	100
<i>Unweighted base</i>	979

Appendix Table B.104 Whether the tax credits customer was working	
<i>Base: All tax credits customers</i>	
	%
Was working	69
Was not working	31
Total	100
<i>Unweighted base</i>	987

Appendix Table B.105 Whether the tax credits customers said they were self-employed in at least one of their jobs	
<i>Base: All tax credits customers who were working</i>	
	%
Employed	77
Self-employed	23
Total	100
<i>Unweighted base</i>	696

Appendix Table B.106 Household working status

Base: All tax credits customers

	%
Working (no partner)	30
Both working	27
Not working but partner working	15
Working but partner not working	12
Not working (no partner)	10
Neither working	6
Total	100
<i>Unweighted base</i>	987

Appendix Table B.107 Whether customers were interested in working more hours

Base: All tax credits customers who had a paid job

	%
Interested in working more hours	37
Not interested in working more hours	63
Total	100
<i>Unweighted base</i>	691

Appendix Table B.108 What customers said was preventing them from working more hours

Base: All tax credits customers who said they would like to work more hours

	%
Have to work the standard hours set by their employer	53
They are self-employed and it depends on demands for their services	13
Have caring responsibilities	12
Want to spend time with their family	10
Financial reasons	3
Health reason	3
Currently looking for a job with more hours	2
Because they are able to claim towards childcare through tax credits	2
Because they are able to claim tax credits	2
Do unpaid work or study	1
Other responses	9
<i>Unweighted base</i>	256

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Appendix Table B.109 Why customers said they were not interested in working more hours

Base: All tax credits customers who said they would not like to work more hours

	%
Want to spend time with their family	41
Have caring responsibilities	32
Health reasons	10
Have to work the standard hours set by their employer	8
Do unpaid work or study	5
Childcare costs	5
Because they are able to claim towards childcare through tax credits	3
Because they are able to claim tax credits	2
Already work full time across their multiple jobs	2
Financial reasons	2
Other responses	11
<i>Unweighted base</i>	<i>203</i>

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Appendix Table B.110 Why customers said they did not work

Base: All tax credits customers who were not working

	%
Looking after the home or family	65
Unemployed and seeking work	24
Sick or disabled (6 months or longer)	12
Caring for a sick, elderly or disabled person	12
Full time education/school	5
Retired	3
On a training scheme	3
Sick or disabled (up to 6 months)	3
Other responses	1
<i>Unweighted base</i>	<i>291</i>

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Appendix Table B.111 Annual household income

Base: All tax credits customers

Annual household income	%
Up to £2,599	1
£2,600 to £5,199	3
£5,200 to £10,399	13
£10,400 to £15,599	25
£15,600 to £20,799	22
£20,800 to £25,999	14
£26,000 to £31,199	15
£31,200 to £36,399	4
£36,400 to £39,999	2
£40,000 to £46,799	2
£46,800 to £51,199	0
Total	100
<i>Unweighted base</i>	<i>951</i>

Appendix Table B.112 Whether customers said their household income tended to vary from month to month or week to week

Base: All tax credits customers

	%
Household income tends vary	35
Household income tends not to vary	65
Total	100
<i>Unweighted base</i>	<i>981</i>

Appendix Table B.113 Presence of eligible children in household

Base: All tax credits customers

	%
Have children aged under 16 only	69
Have children aged 0-15 and eligible children aged 16-19	12
Have eligible children aged 16-19 only	7
Have no eligible children	12
Total	100
<i>Unweighted base</i>	<i>987</i>

Appendix Table B.114 Number of children aged 0-15 in a household

Base: All tax credits customers with children aged 0-15

Number of children	%
One	43
Two	37
Three	15
Four or more	5
Total	100
<i>Unweighted base</i>	<i>778</i>

Appendix Table B.115 Whether customers said they had used childcare in the past year

Base: All tax credits customers with children aged 0-15

	%
Used childcare	39
Did not use childcare	61
Total	100
<i>Unweighted base</i>	<i>770</i>

Appendix Table B.116 Whether customers said they used registered or approved childcare

Base: All tax credits customers with children aged 0-15 and who said they used childcare in the past 12 months

	%
Use registered childcare	59
Do not use registered childcare	41
Total	100
<i>Unweighted base:</i>	<i>299</i>

Appendix Table B.117 Formal childcare providers customers said they had used in the past year

Base: All tax credits customers with children aged 0-15 and who said they used childcare in the past 12 months

	%
Day nursery	37
Breakfast club or after school club/ activities	29
Registered childminder or registered nanny	12
Holiday club/scheme	12
Have not used formal childcare	34
<i>Unweighted base:</i>	<i>299</i>

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Appendix Table B.118 Number of children using formal childcare

Base: All tax credits customers with children aged 0-15 and who had used formal childcare in the past 12 months

	%
None	8
One	64
Two	23
Three or more	6
Total	100
<i>Unweighted base</i>	<i>200</i>

Appendix Table B.119 Informal childcare providers customers said they had used in the past year

Base: All tax credits customers with children aged 0-15 and who said they used childcare in the past 12 months

	%
Relative	72
Friend or neighbour	31
Baby-sitter who came to your home	15
Free of charge playgroup or pre-school	8
Au-pair or unregistered nanny	1
Another type of childcare	3
Have not used informal childcare	15
<i>Unweighted base:</i>	<i>299</i>

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Appendix Table B.120 Type of childcare used

Base: All tax credits customers with children aged 0-15

	%
Use formal childcare only	5
Use informal childcare only	13
Use both formal and informal childcare	21
Have children but do not use childcare	61
Total	100
<i>Unweighted base</i>	<i>770</i>

Appendix Table B.121 Type of childcare used by annual household income

Base: All tax credits customers with children aged 0-15

	Up to £10,399	£10,400 to £25,999	£26,000 or more
Childcare use	%	%	%
Use formal childcare only or both formal and informal	19	25	32
Use informal childcare only	8	12	16
Have children but do not use childcare	73	63	52
Total	100	100	100
<i>Unweighted base</i>	108	455	181

Appendix Table B.122 Type of childcare used by first language

Base: All tax credits customers with children aged 0-15

	English is first language or bilingual	English is second language
Childcare use	%	%
Use formal childcare only or both formal and informal	28	9
Use informal childcare only	13	9
Have children but do not use childcare	59	82
Total	100	100
<i>Unweighted base</i>	683	83

Appendix Table B.123 Type of childcare used by age

Base: All tax credits customers with children aged 0-15

	Under 30	30 to 39	40 to 49	50 and over
Childcare use	%	%	%	%
Use formal childcare only or both formal and informal	26	36	20	9
Use informal childcare only	11	16	11	7
Have children but do not use childcare	63	48	69	84
Total	100	100	100	100
<i>Unweighted base</i>	145	283	270	71

Appendix Table B.124 Type of childcare used by household type

Base: All tax credits customers with children aged 0-15

	Single and working	Single and not working or couple and neither respondent nor partner working	Couple, one working	Couple, both working
Childcare use	%	%	%	%
Use formal childcare only or both formal and informal	38	14	11	37
Use informal childcare only	16	8	7	17
Have children but do not use childcare	46	78	82	45
Total	100	100	100	100
<i>Unweighted base</i>	201	128	212	229

Appendix Table B.125 Number of hours of childcare per week that tax credits customers said they used during term time

Base: All tax credits customers with children aged 0-15 and who said they used childcare

	%
None	10
Up to 5 hours	22
5-10 hours	16
11-20 hours	28
21-30 hours	15
31 or more hours	8
Total	100
<i>Unweighted base</i>	293

Appendix Table B.126 Whether customers said their childcare hours change during school holidays

Base: All tax credits customers with children aged 0-15 and who said they used childcare

	%
Childcare hours change during term time	59
Childcare hours do not change during term time	41
Total	100
<i>Unweighted base</i>	295

Appendix Table B.127 Number of hours of childcare per week that tax credits customers said they used during school holidays

Base: All tax credits customers with children aged 0-15 and who said they used childcare

	%
None	21
Up to 10 hours	20
11-20 hours	26
21-30 hours	17
31 or more hours	17
Total	100
<i>Unweighted base</i>	289

Appendix Table B.128 Whether customers said their or their partner's employer offered help with childcare costs

Base: All tax credits customers with children aged 0-15 who use childcare and who work or whose partner works

	%
Yes	7
No	93
Total	100
<i>Unweighted base</i>	266

Appendix Table B.129 Whether customers said their or their partner's employer had a nursery at workplace

Base: All tax credits customers with children aged 0-15 who use childcare and who work or whose partner works

	%
Yes	6
No	94
Total	100
<i>Unweighted base</i>	270

Appendix Table B.130 Whether customers said they used childcare vouchers

Base: All tax credits customers with children aged 0-15 who use childcare and who work or whose partner works

	%
Yes	3
No	97
Total	100
<i>Unweighted base</i>	270

Appendix Table B.131 Whether customers said they used free early education

Base: All tax credits customers with children aged 0-15 and who said they used childcare

	%
Had made use of an offer for free early education for two year olds	8
Had made use of an offer for free early education for three and four year olds	50
Had not made use of an offer for free early education	49
<i>Unweighted base</i>	299

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Appendix Table B.132 Whether customers said they used free early education by childcare type

Base: All tax credits customers with children aged 0-15 and who said they used childcare

	Use formal childcare or both formal and informal childcare	Use informal childcare only
Whether have used free early education	%	%
Has used free early education	58	39
Has not used free early education	42	61
Total	100	100
<i>Unweighted base</i>	200	95

Appendix C Logistic regression tables

Table C.1: Internet Use

Appendix Table C.1 Factors affecting whether customers had used the internet						
Variable	Category	B	Std. Error	Hypothesis Test		
				t	df	Sig.
Household income	Up to £10,399 per annum	-1.210	.394	-3.070	572.000	.002
	£10,400 to £25,999 per annum	-.966	.358	-2.697	572.000	.007
	£26,000 or more per annum*	.000	.	.	.	.
Whether English is first language or bilingual	English is first language or bilingual	1.035	.280	3.702	572.000	.000
	English is second language*	.000	.	.	.	.
Age of main customer	Under 30 years	1.540	.437	3.523	572.000	.000
	30 to 39 years	1.456	.333	4.370	572.000	.000
	40 to 49 years	.596	.254	2.344	572.000	.019
	50 years and over*	.000	.	.	.	.
Employment status of main customer	Working 30 hours or more	.265	.283	.935	572.000	.350
	Working 16-29 hours	.044	.274	.159	572.000	.874
	Working less than 16 hours	-.129	.420	-.307	572.000	.759
	Not working*	.000	.	.	.	.
Receives any other state benefits	Yes	.139	.212	.655	572.000	.513
	No*	.000	.	.	.	.

* Reference category

Grey highlighting depicts the non significant factors.

Table C.2: Openness to online services

Appendix Table C.2 Factors affecting customer openness to online services						
Variable	Category	B	Std. Error	Hypothesis Test		
				t	df	Sig.
Household income	Up to £10,399 per annum	-.843	.286	-2.941	510.000	.003
	£10,400 to £25,999 per annum	-.276	.196	-1.408	510.000	.160
	£26,000 or more per annum*	.000	.	.	.	.
Employment status of main customer	Working 30 hours or more	-.122	.222	-.548	510.000	.584
	Working 29 hours or less	-.028	.217	-.129	510.000	.897
	Not working*	.000	.	.	.	.
Age of main customer	Under 30 years	1.156	.296	3.906	510.000	.000
	30 to 39 years	.728	.273	2.667	510.000	.008
	40 to 49 years	.225	.289	.776	510.000	.438
	50 years and over*	.000	.	.	.	.
Whether English is first language or bilingual	English is first language or bilingual	-.311	.303	-1.026	510.000	.305
	English is second language*	.000	.	.	.	.
Receives any other state benefits	Yes	-.158	.178	-.886	510.000	.376
	No*	.000	.	.	.	.
Uses online banking	Yes	-.772	.201	-3.846	510.000	.000
	No*	.000	.	.	.	.
Highest educational qualification	First or higher degree or equivalent	-.205	.335	-.614	510.000	.539
	A-level (A-C) or equivalent	-.156	.334	-.467	510.000	.641
	GCSE (A-C) or equivalent	-.503	.336	-1.499	510.000	.135
	GCSE (D-G) or equivalent	-.339	.459	-.739	510.000	.460
	Other	.154	.383	.403	510.000	.687
	None*	.000	.	.	.	.
Test score ranking	High score (75% and above)	.142	.307	1.215	510.000	.225

		.307	.253	.463	510.000	.644
	Low score (50% and below)*	.142	.307	.	.	.

* Reference category

Grey highlighting depicts the non significant factors.

Appendix D Distribution of key customer characteristics

Appendix Table C.1 Key customer characteristics	
<i>Base: All tax credits customers</i>	n
Gender	
Male	245
Female	742
Age	
Under 30	148
30-39	310
40-49	340
50 and over	181
Unknown	8
First language	
English as first language or bilingual	878
English as a second language	95
Unknown	14
Type of tax credits received	
Working Tax Credit	189
Child Tax Credit	377
Both	397
Neither (currently paying back an overpayment)	22
Unknown	2
Main respondent employment status	
Working 30 hours or more	341
Working 29 hours or less	353
Not working	291
Unknown	2
Annual household income	
Up to £10,399	162
£10,400 to £25,999	590
£26,000 or more	199
Unknown	36
Receipt of other benefits	
Receive other benefits	473
Only received tax credits	505
Unknown	9
Highest educational qualification	
First or higher degree or equivalent	196

A-level (A-C) or equivalent	228
GCSE (A-C) or equivalent	266
GCSE (D-G) or equivalent	72
Other	74
None	131
Unknown	20
<i>Total</i>	<i>987</i>

Appendix E Test questions and answers

{Asked to all tax credits currently in receipt of Working Tax Credit}

Question 1

Firstly; you can get 100% of your childcare costs paid for by tax credits, do you believe this to be... READ OUT...

1. True;
2. or False?

The statement is **false**. The childcare element can help with up to 70 per cent of relevant childcare costs up to a maximum cost of £175 a week for one child and £300 a week for two or more children.

{Asked to all tax credits customers}

Question 2

Regular overtime does not count towards the minimum hours you need to work to receive tax credits, do you believe this to be ... READ OUT...

1. True;
2. or False?

The statement is **false**. When considering entitlement it is the number of hours the claimant *normally* works that is important. It could be true if the overtime is not normal but we refer specifically to *regular* overtime and it is therefore false.

{Asked to all tax credits customers}

Question 3

If you receive a Tax Credit overpayment HMRC can reduce your award until the money is paid back, do you believe this to be ... READ OUT...

1. True;
2. or False?

This statement is **true**. There are fixed rates of recovery in law and is dependent on the basis of the ongoing award.

{Asked to all tax credits customers}

Question 4

When a partner moves in to your home you can wait up to 6 months before you report it to HMRC, do you believe this to be ... READ OUT...

1. True;
2. or False?

This statement is **false**. This is a 'must tell' change of circumstances that claimants are advised to notify HMRC of immediately. The law allows claimants one month to notify HMRC.

{Asked to all tax credits customers}

Question 5

Joint claims include partners who live together, not just those who are legally married or in a civil partnership, do you believe this to be.... READ OUT

1. True;
2. or False?

This statement was treated as **true**. Strictly speaking it is only true if the partners are living together 'as husband and wife' but in the context of the question we have treated this as true.

{Asked to all tax credits customers}

Question 6

If you are in a partnership but you haven't reported it to HMRC you could be liable to pay back your entire tax credits award, do you believe this to be.... READ OUT

1. True;
2. or False?

This statement was treated as **true**. Again it is only true if the decision is that the partnership is akin to living together as husband and wife (as per question 5) and has been for the entire period of the tax credits award. Otherwise claimants would just be liable to pay back the amount of tax credits received since they have been living together as husband and wife as any award as a single person prior to this has been made in the correct capacity and therefore there is no overpayment or associated liability.

{Asked to all tax credits currently in receipt of Working Tax Credit}

Question 7

You don't need to calculate your exact childcare costs, you only need to give HMRC a rough estimate, do you believe this to be.... READ OUT

1. True;
2. or False?

This statement is **false**. For the calculation of entitlement to be accurate an accurate report of average weekly childcare charges must be provided.

{Asked to all tax credits currently in receipt of Child Tax Credit}

Question 8

If your child is 16 or over and leaves education you can still claim Child Tax Credit, do you believe this to be ... READ OUT...

1. True;
2. or False?

This statement was treated as **false**. The statement could be true if the young person is on an approved training course. In addition, CTC usually remains payable for a child up to and including 31 August following their 16th birthday or another 20 weeks if the young person, having left education, has registered with the careers service (or Connexions or equivalent in N Ireland etc) or the Ministry of Defence if waiting to join the Armed Forces. However, it would generally be false.

References

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