

Research report

SA316 Customer Testing

Small scale qualitative customer testing of both the existing and proposed new variants of the SA316 to establish whether the product achieves its key objectives and determine where improvements can be made.

Personal Tax Customer and Strategy (Mass Market)

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SA316 Customer Testing***About Personal Tax Customer & Strategy (PT C&S)***

Personal Tax Customer & Strategy works with colleagues in Personal Tax and across HMRC to help develop our approach to implementing the customer centric business strategy. We use customer insight to help PT design, deliver and operate services for individual customers which:

- improve customer experience
- maximise tax yield
- serve willing and able customers at the lowest possible cost to them and us
- ensure that those who need help get the support they need, when they need it.

PT C&S also has a corporate role, to manage the relationship with the voluntary and community sector on behalf of HMRC

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Who did the work (research agency)

The survey was conducted by Opinion Leader, a full service market and opinion research company based in central London.

When the research took place

Three different groups of customers were surveyed, one on 3 November and the other two on 8 November 2011. Further details concerning the groups and the methodology are provided below.

Background and objectives

Notifying customers that they are required to complete a Tax return and identifying the correct return for them to file are essential to achieving willing compliance that is as free as possible of omissions and errors and is straightforward for taxpayers.

The Self Assessment notification letter (SA316) has been in use for many years. It runs to two pages and contains a lot of detail. Over the years, it has grown incrementally as progressively more content has been added. As a result, anecdotal evidence suggests that the current letter could be made simpler to understand as important points can easily be missed. HMRC wants the letter to be more readily and better understood. They also want to encourage customers to file on time, preferably online, and to avoid the consequences of non-compliance, which are penalties for customers and enforcement activity for HMRC.

To achieve these objectives, HMRC designed two new versions of the letter and put them out for testing. The research objectives were to:

- Test customer reactions to the current version and the two new options of the SA316, to:
 - o determine which was the optimal one
 - o identify features from different versions that could be combined in a single 'best' version
 - o collect new ideas for improving the letter
 - o examine what aspects of each letter customers thought worked well or did not.
- Highlight any insights about customers' attitudes to the SA316 letter, compliance vs. noncompliance, filing online and other matters relevant to the effectiveness of communications about the Self Assessment (SA) process. The research was not intended to address broad attitudes about paying tax.

The suggestions following the research include:

- Analysis of the consumer testing process for each version of the letter
- Recommendations for improving the SA316 notification form drawn from customers' evaluations and comparisons of the three versions tested.

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Methodology and sample

A focus group methodology was used with three groups each of which was recruited to include different types of participant:

- **Group 1** -Customers past State Pension Age (SPA), some still working either full- time or part-time including some who were currently filing SA returns and others who were likely to file via SA in the future.
- **Group 2** -Employees, some of whom were paying only via PAYE but were likely to file SA in the future while others were paying both via PAYE and SA.
- **Group 3** -Business people and those who are self employed including some who are likely to file by SA in the future.

Each group consisted of seven or eight participants. The meetings lasted an hour and a half and were hosted by senior project executives from Opinion Leader.

The main topics that were discussed were:

1. Attitudes and awareness of Self Assessment.
2. Response to the current letter. Does it achieve its main goal of informing people that they need to complete an SA return and the four subsidiary purposes: deadlines for filing, consequences of noncompliance, how to fill in an SA form and the merits of filing online?
3. Responses to the new options – looking at format, content, clarity, and achieving HMRC's main and subsidiary purposes.
4. Comparison of all three versions. Which is best in terms of headings, referencing the tax year, penalties for late filing and benefits of filing online?
5. Specific questions for employees only paying tax through PAYE and / or SA.
6. Specific questions for business partners about the clarity and usefulness of information for partners.

SA316 Customer Testing***Main findings*****Ten suggestions for making the SA 316 more effective**

The current version of SA316 was the least liked of the three variants tested whilst Option 2 was preferred by most contributors.

Ten consensus recommendations emerged following the group discussions.

1. Confine the letter to a single side - The reverse side of the current version was commonly not noticed unless it was pointed out.

2. Adopt a helpful tone of voice - Participants agreed they would read the letter because of its official look and HMRC letterhead. The tone did not have to be threatening. It should be non-confrontational without any presumption of non-compliance. Option 2 was preferred because the tone was one of helping taxpayers get things right.

3. Stress completion or preparation of the tax form in the main title - “It’s time to complete” was preferred to “It’s time to think about....” This was felt to be too vague and inconsistent with the weightiness of this official document. Given the gap between receipt of the letter and the deadline for filing, an alternative wording for the headline might be “It’s time to prepare”

4. Plan the layout around a larger font with more white space than at present The text should be less densely packed than in the current version. Option 2 best met participants’ preferences.

5. Enhance clarity - Participants felt that the following points were most clearly explained in Option 2.

- Dates of the tax year to which the letter applied.
- Penalties as these were easy to understand and set out clearly.
- How to get help.

By contrast, information and instructions for partnerships, trusts and estates were clearest in Option 1, as this comprised a section with a bold sub-heading.

The things that sometimes confused participants included:

- Why is this letter being sent to me? Participants wanted the circumstances that caused the letter to be sent to them explained.
- Expressions of deadlines that were not a specific date (“or three months after the date of this notice if that’s later”). Participants found it difficult to interpret these words.
- Having to go online and print out a paper form.
- Penalties expressed as a percentage of tax owed. This had less impact than when set out as absolute amounts.

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6. Highlight and separate topics to enhance clarity, readability and impact

Separate, sub-headed sections were called for to:

- Provide information to those wanting to file online and those filing by post.
- Summarise key dates and deadlines.
- List the advantages of filing online.
- Set out penalties, step by step, as they mounted.
- Provide information needed by those filing as partners and for trusts or estates.
- Show how to get help

7. Timing of the letter relative to filing deadlines is broadly acceptable

The long lead time between receiving the letter in April and deadlines in October or January was recognised. However, there was little interest in scaling it back even though some thought it might encourage procrastination. April was also seen by others as the best time for the letter to go out because it coincided with receipt of key tax documents for those subject to PAYE. (e.g. P60 and P11D forms).

8. The default or preferred channel for notices/ reminder communications remains hard copy by post - Email, postal and text messages were all suggested. However, hard copy notifications or reminders by post were generally preferred. Many felt that other channels were not secure enough for such communications or could easily be confused with junk mail which people were used to ignoring.

9. How to access help should be featured in the letter - Participants wanted this to be prominently set out in the letter, with provision for those wanting information by phone and online. Option 2 was generally thought to have done this well.

10. Customers had some concerns about online security - There were doubts about online security, which were partly offered as an explanation for the unwillingness of some to file online.