



Research report

RTI Letter & Helpsheet Test

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RTI Communication Test

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
- 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

Contents

Research requirement (background to the project)	3
When the research took place	4
Who did the work (research agency)	4
Method, Data and Tools used, Sample	4
Main Findings	5

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RTI Communication Test

Research requirement (background to the project)

From April 2013 HMRC will introduce a new way of reporting PAYE: Real Time Information. The structure of PAYE will remain unchanged, but it will change the way and frequency that companies send PAYE details to HMRC.

Companies will need to send details of payments to HMRC as they happen (each time a payment is made) rather than at the end of the year as previously.

There are a number of requirements that companies need to fulfil before they can start reporting PAYE in real time, and these will be communicated to those concerned via a letter and accompanying helpsheet.

Production and distribution of letters to employers involves significant resource and cost. It's essential that HMRC:

- gets the most value for money from their communications; and
- makes the most of the opportunity to ensure that customers are aware of RTI, able to make the necessary preparations, and require minimal further contact.

A research project was designed to test potential customer understanding of the content of the letter, the phrasing and language used, and the efficacy of the helpsheet.

When the research took place

The data was collected between the 20th and 27th of July 2012 and the findings were reported in August 2012.

Who did the work (research agency)

Holden Pearmain is a full service market research agency focusing on offering bespoke intelligent research. As well as offering expertise in innovative NPD techniques, they have extensive experience in customer research, branding, advertising effectiveness, communications, pricing and segmentation research.

RTI Communication Test

Method, Data and Tools used, Sample

A self-completion online survey was sent to respondents, working in companies with between 1-9 employees. Respondents needed to be responsible for the PAYE process within their company.

In the survey respondents were shown an RTI warm-up letter and the helpsheet that would accompany this communication.

A total of 159 completed online interviews were achieved.

Main Findings

Understanding the RTI Warm-up Letter & Helpsheet

As part of the hotspots survey task, respondents were asked to click on any parts of the letter that they found confusing or that are not completely clear. Then they were also asked to repeat the exercise for the Helpsheet. Almost two thirds (65%) did not have a problem with either the letter or the helpsheet, however there remained one third (35%) who had issue with either the letter, helpsheet or both documents.

Letter

Overall, almost 8 in 10 (78%) claimed that there were no areas of confusion in the letter. Those outsourcing some or most of their payroll were confused by the letter (26% finding one or more areas confusing) – probably because they have less involvement in the process than other groups; and those using customised off-the-shelf software were most likely to be confused (43% finding one or more areas confusing).

The sections of the letter that caused the highest level of confusion (5%) were:

- *“Update or acquire payroll software or use a payroll provider”* – more so with companies of 2-4 employees than other groups
- *“Align HMRC’s data with yours”* – more so for those who outsource all of their payroll

Confusion with both of these areas seems to be caused by the lack of additional information pertinent to payroll and specific to the questions that arise as you read the letter.

Directions of where to find more help – *“For details of these, please read our Getting ready to operate PAYE in real time internet page...”* - was deemed the most helpful section of the letter and as such half of the sample (50%) claimed that they would visit the website as a direct result of reading this letter.

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Helpsheet

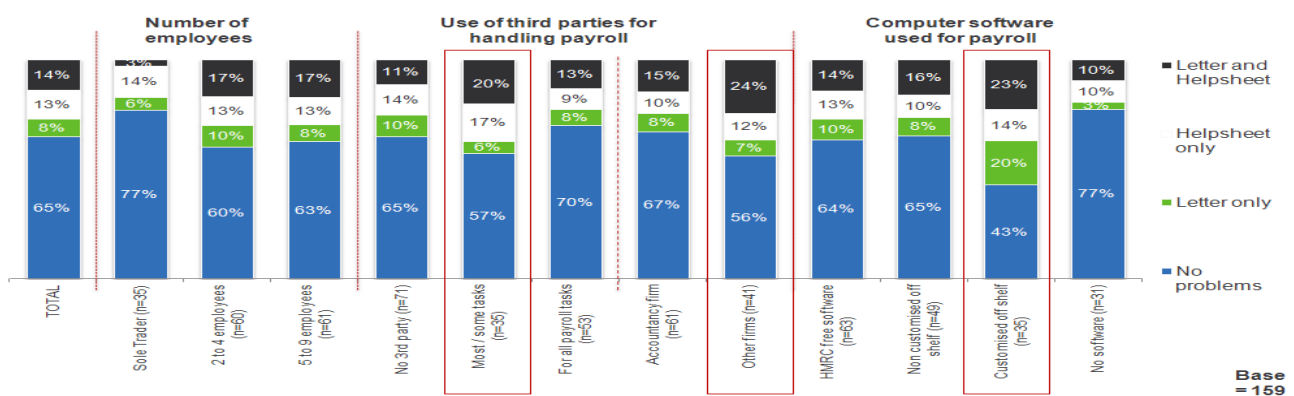
Almost three quarters (73%) of respondents claimed that there were no areas of confusion and the majority of the respondents (86%) said that they would look at the helpsheet when receiving this letter in real-life. Those not currently using software for payroll and those outsourcing some/most of the payroll claim to be the most confused with 8-10% indicating 3 or more areas confusing.

The 3 main areas of confusion were:

- Mention of 'hash'
- Use of the word 'portal'
- Confusion around the phrase 'first submission' - caused predominantly by uncertainty of what information is required and by whom, (particularly among those confused in the larger companies (5-9 employees) and those outsourcing some of their payroll)

Areas for improvement mentioned by some respondents include improving the clarity of the document, improving the amount of information within the document and reorganising the layout.

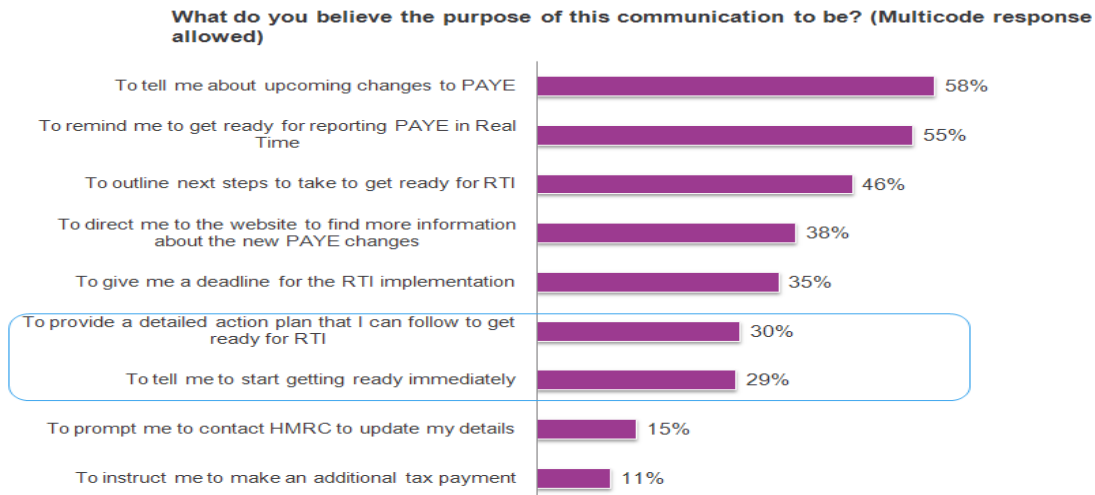
Levels of confusion with letter and helpsheet



Any level of confusion will inevitably lead to an increase in the rate of direct contact with HMRC (by phone or letter). Companies that currently either have no software, have customised the off-the-shelf software and those who outsource some / most of their payroll are the most likely to be contacting HMRC directly (phone / post) after receiving this communication.

RTI Communication Test

Purpose of the communication



In addition to marking any areas of confusion on the letter itself, respondents were also asked about their understanding of the main purpose of the communication.

The main purpose of the letter perceived by respondents is in the information that it is providing. Over half of those interviewed (58%) identify the main purpose to be 'To tell me about upcoming changes to PAYE' – only one third (29%) correctly identify the purpose of the letter to be to initiate some level of action and preparation for RTI within their company.

Call to action

Almost two thirds (65%) of respondents claim they would take action within a month of receiving the letter. Those currently not outsourcing any of their payroll are least committed, with 13% claiming they 'don't know' when they would start taking action.

7% would read the letter but then do nothing as they don't believe that it is relevant to them or their business.

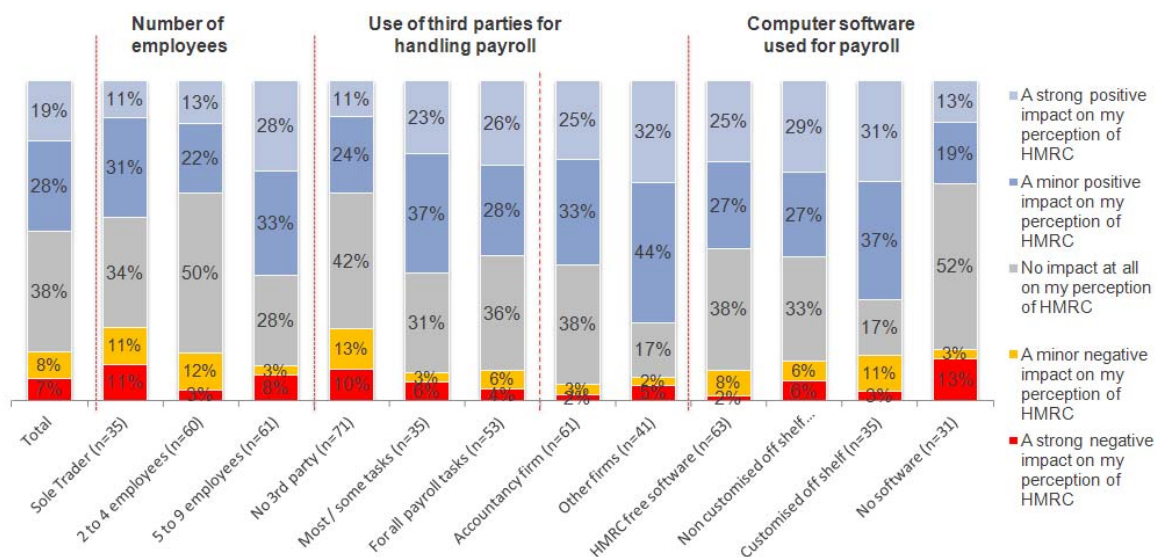
Respondents claim that their first point of call would most likely be the website mentioned in the letter, with 50% claiming that they'd visit the HMRC website. This compares favourably to other studies such as the Child Benefit letter which scored only 38% for this measure.

RTI Communication Test

Most of those asked (85%) were confident that their action on receiving the letter would be correct and this was consistent across all the groups in the study. This is comparable to previous studies with measures of between 85% and 89% confident in their action following the HMRC communication.

However although these measures are positive, it is clear that the urgency of action is not yet being communicated as effectively as it could be - only half those asked agreed that it was conveying a strong sense of urgency.

Implication on perceptions of HMRC



It is important not only to understand the efficacy of the communication but also the impact it will have on the perception of HMRC in general. Overall, 17% of those interviewed claim that the communication has had a negative impact on their perception of HMRC. This level of negative impact is comparable to other HMRC communications which have been studied such as the P800 and the Child Benefit Form and letter tests. However the negative impact grows to almost one quarter among companies with only one employee (24%) and those processing payroll in-house, not using a 3rd party to handle payroll (23%).