



Research report

Personal Tax Summaries

Qualitative research to optimise the design and
delivery of Personal Tax Summaries

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Personal Tax Statements Research***About Personal Tax Customer Design Team***

Personal Tax Customer Design Team works with colleagues in Personal Tax (PT) 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

Personal Tax Customer Design Team 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	4

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Personal Tax Statements Research

Research requirement (background to the project)

In the 2012 Budget, the Chancellor announced the introduction of a Personal Tax Statement from 2014/15. Around 20 million taxpayers will receive a personalised summary of how their income tax and National Insurance (NI) has been calculated and how Government spent their money. This is divided between around 8 million Self Assessment customers and around 12 million customers who pay tax through PAYE.

These new statements, titled 'Annual Tax Summary' are a key aspect of the Government's plans to improve transparency of the personal tax system.

The aims and objectives of the Tax Summary are to:

- Make individual taxpayers more aware of and knowledgeable about how their tax and NI has been calculated by HMRC, the rates used in this calculation and how this contributes to public spending
- Ensure that, as a consequence of the Government putting tax and spending information in one place, taxpayers feel better informed to hold Government to account for its decisions on tax and public spending

In October 2012, HMRC commissioned research to test and iteratively improve the design and delivery options for Tax Summaries directly with likely recipients.

The research objectives were:

- To test and optimise a range of Tax Summary prototypes (including their design, style, content, level of detail, delivery format and mechanism) and to identify the factors that ensure tax payers:
 - Understand their purpose
 - Are engaged with their content
 - Find the information clear and comprehensive
- To assess the impacts of the different prototypes on customer understanding and behaviour
- To identify whether reactions to the prototypes vary amongst different customer groups (e.g. compliant versus rule breakers; Self Assessment customers versus PAYE; pensioners; those with multiple sources of income), and what opportunities this presents to maximise the impact of Tax Summaries
- To provide insight to inform the supporting communication about the Tax Summaries

Personal Tax Statements Research

When the research took place

Phase 1 fieldwork was carried out between 19th November and 7th December 2012.
Phase 2 fieldwork was carried out between the 18th and 28th March 2013.

Who did the work (research agency)

The research was carried out by Jigsaw Research.

Method, Data and Tools used, Sample

The research was carried out in two phases. Phase 1 tested a fairly comprehensive set of prototypes with a wide range of customer types. Phase 2 tested a smaller set of revised prototypes with two specific customer groups (pensioners and recipients of benefits in kind). In each phase, variants tested for each prototype were tailored to broad customer group circumstances.

This summary covers both phases.

In Phase 1 a total of 12 full focus groups, 4 mini groups and 17 individual depth interviews were carried out with a cross section of personal tax payers:

- Included those in Self Assessment and PAYE, from a mix of life-stages and socio-economic groups, and from all the HMRC attitudinal segments
- Included a mix of circumstances, including those with more complex tax affairs

Phase 2 consisted of 16 depth interviews, split between pensioners and customers with benefits in kind. The pensioner sample included a mix of working and non-working pensioners and was slanted to older pensioners aged 70+.

This is the second stage of research commissioned to inform the design of the Tax Summary product.

Main Findings

Overview

Overall reaction to the idea of the Tax Summary was very positive. There was a high degree of understanding of the purpose of the summary (greater government transparency) and very positive feedback on the design, layout, look, and feel of the Summary. The Summary was felt to be easier to understand than most HMRC communications customers have seen.

Personal Tax Statements Research

There was a spectrum of interest in and engagement with the tax calculation information contained in the Summary. Those with more complex affairs (e.g. customers with benefits in kind) were generally more interested in the Summary as it gave them information that wasn't easily accessible to them before. However, some Self Assessment (SA) customers liked the design of the Summary but felt that it only replicated information they already received (either from their SA statement or their agent or both). PAYE taxpayers with relatively simple affairs were often less engaged with their tax affairs generally, and they were less interested in the Summary overall for this reason, although they still found it useful.

HMRC wanted to ensure that the tax statement responded to all customers' needs, including those who may have more complex affairs such as pensioners and those with benefits in kind. Phase 2 of the research was therefore focused on exploring their reactions and levels of understanding in more detail. The research showed these customers found the tax calculation information clear and comprehensive, minimising their need to seek further information from HMRC.

The more engaged were more likely to read the Summary in detail, to scrutinise and check the tax calculation for accuracy, and if they did not fully understand the figures, to contact HMRC. The less engaged were unlikely to do this, and therefore unlikely to follow up with HMRC or their employer.

The spending information contained in the Tax Summary was also generally felt to be interesting and clear. Whether or not individual customers agreed or disagreed with the spending priorities and amounts shown, almost all appreciated being sent this information. A small minority may wish to complain about the spending figures presented.

Tax Calculation Information

Customers preferred the tax calculation to be shown in tabular form, with key information summarised and easy to find. Customers want the information presented to be comprehensive (e.g. to include all forms of income), and broken down (e.g. different pensions shown individually, income from different jobs shown individually, individual benefits in kind). However, customers also wanted information to be manageable and limited to 1 page. Some customer groups were open to the idea of sourcing additional information online, particularly those with complex affairs.

Presenting tax calculation information in a detailed table and in a summary of key information made it easy for customers to absorb key figures, whilst still providing a required level of detail.

Customers would ideally like HMRC contact details on the tax calculation but an email address would work well for all customers.

Personal Tax Statements Research

Government Spending information

Customers tended to prefer serious layout styles for the tax spend information. They found less formal styles tested, (e.g. using infographics) either difficult to understand or inappropriately trivial and rejected them on this basis.

The preferred layout for the spending information was a combination of table and pie chart. Most customers used the former to scrutinise the absolute spending amounts and the latter to gauge the relativities between the categories and aid comprehension. The pie chart also increased visual appeal and helped aid comparisons between the different spend priorities.

Customers were content with only larger spend categories being broken down into sub-category detail as they appreciated that the list needed to be kept to a manageable length. They wanted categories to be labelled meaningfully to aid comprehension, and welcomed signposting to a website for further breakdowns and information should they need it.

Optimal Design Summary

As well as testing different design options, various names, branding designs and tones of voice were also tested.

Whilst customers felt that a serious tone was important to convey credibility and authority, they found more direct, simple and jargon free language much easier to understand. They rejected legal jargon and technical terminology, which risked giving the impression that HMRC was trying to avoid taking responsibility.

The HMRC brand conveyed seriousness and is likely to play a big part in ensuring the statement will be opened and read.

Many PAYE customers liked the name 'Tax Statement', but SA customers and agents thought it risked confusion with the SA Statement. The name 'Tax Summary' was found to work better.

Optimal Delivery Summary

Most PAYE customers would like the statement to be a stand alone paper communication, especially in its first year. This would help introduce it as a new communication, would maximise the likelihood of the Summary reaching customers, regardless of life stage, and of it being opened, read and kept.

Personal Tax Statements Research

Although customers understood that it would be less expensive to send the Summary with another HMRC communication, they were resistant to the Summary being included with the P2 Notices of Coding. Sending them together risks confusing customers by implying the two documents are linked, and it was also noted that P2 Notices of Coding are not always issued to the same customers annually. Additionally, sending both documents together may risk diluting the impact of one or either of the documents.

Younger customers, those with a benefit in kind and SA customers who did not have an agent would welcome online delivery of the Tax Summary in second and subsequent years. It would save money, be better for the environment and would be in line with how they already organise their day to day activities.

Delivery to SA customers with agents is more complicated as many SA customers pass HMRC correspondence directly to their agents and never visit their online account. The agents in the sample also reported that they would feel obliged to check their clients' Tax Summaries. The research highlighted the critical importance of the agent community in the successful delivery of the Tax Statement and the need to engage fully with agents prior to roll out to ensure they are aware of the purpose of the Summary.

Customer Contact and Other Challenges

Customer contact levels are difficult to predict from qualitative research. The research shows that with some relatively minor final amendments the design of the Tax Summary is optimal to minimise contact related to poor understanding. However, some contact may be triggered if customers are concerned or don't fully recognise any of the figures in the statement, although customers implicitly assume the information to be correct. Some (more engaged) customers will review the figures shown as detailed earlier and perceived inaccuracies are likely to be the main driver of contact, from customers and agents.