Research report

VAT Registration Transformation research

Initial usability testing VRT prototypes for the One Click service

BT SME Programme

May 2012

Behavioural Evidence & Insight Team

BT SME Programme

The 'BT SME Programme' is part of the wider Business Tax Change programme within HMRC and aims to improve the way HMRC engages with business customers, helping them 'get it right first time'. The Programme will deliver improved online channels that will:-

- enable business customers to self serve

- design out error through simplification of rules and processes

- provide educational support.

 The aim is to minimise unnecessary customer contact, ultimately benefitting both the customer and HMRC.

The Programme is aligned with HMRC's Business Customer Segmentation and Customer Centric strategies.

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Research requirement (background to the project)

HMRC's 'One Click' Project will provide small and medium-sized enterprises (SMEs) with a single online point of access to all the services, help, information and guidance they need on tax and other matters. Various elements will combine to provide this service:

- a **new start-up hub, hosted on businesslink.gov and entitled "My New Business"**: a single point of access for new SMEs offering information and guidance they need

- an **Online Tax Registration Service (OTRS)**: a service which allows businesses to register for the four main business taxes and associated online services in one online visit

- a **Business Tax Dashboard (BTD)**, a single online statement summarising the business's tax position, with the ability to "drill-down" to further detail for each tax, for example to see returns submitted, assessments raised, payments made and so on

- the **VAT Registration Transformation (VRT)**: updated online VAT registration, as part of an overall streamlining of the process.

To build on previous research covering the context in which SMEs will use the new products and initial user testing, further usability testing research was commissioned to assess perceptions of OTRS, BTD and VRT. Each of these systems was to be tested separately.

The core objectives were to…

- gauge consumer understanding and perceptions of the products

- examine potential use and navigation

- assess reactions to the language used and how it affects user experiences

- explore perceptions of the help and support available when using the products

- identify areas of uncertainty or difficulties people encounter when using the product

- assess how the current versions might be improved in terms of design and usability

When the research took place

The research took place in two waves:

- Wave 1: May/June 2011

- Wave 2: March 2012

Who did the work (research agency)

Cragg Ross Dawson (CRD), qualitative research specialists, conducted this project on behalf of HMRC.

Method, Data and Tools used, Sample

The sample for the VRT work comprised 18 hour-long usability sessions in total, across two waves. The first wave comprised 12 sessions; the second wave comprised 6 sessions. Findings from Wave 1 informed development of the tool; the improved prototype was then tested in Wave 2.

Each usability session required respondents to use a prototype tool to perform a series of tasks as outlined in a specified scenario (allowing them to effectively role-play a potential user of the tool). Respondents narrated their initial impressions and comprehension of the tool before then going through it page by page to identify specific issues relating to language, tone, navigation and layout.

Stage 1 allowed respondents to use a limited working version of the prototype, working with one of two scenarios: Scenario A required respondents to register for Self Assessment and VAT using the tool; Scenario B required them to transfer a VAT registration number. In stage 2, a working version was not available so respondents used a PowerPoint 'walk-through' of a scenario which involved a company registering for VAT.

The sample as a whole contained an even split of recent start-ups (i.e. those businesses started in the past year) and potential start-ups (those actively planning to start a business). The sample included a broad spread of age, experience, business sector and IT literacy (though all were able and willing to use the internet to conduct transactions). Sessions in Stage 1 were split evenly across London, the Midlands and Leeds/Liverpool. For cost reasons, Stage 2 interviews were conducted in London only.

Main Findings

Factors common to all One Click tools

Across both waves, it was evident that the most influential factors on respondent ability to use VRT was their general understanding of business and taxation, their IT abilities (particularly their level of confidence) and their prior contact with HMRC (especially online services). Those representing planned start-ups were sometimes, but not always, less familiar with business taxes and HMRC; they were consequently slightly more likely to struggle.

VAT was widely thought to be a complex issue, even among those who seemed fairly familiar with it. Several struggled with key concepts, particularly the registration threshold and the idea of zero-rated goods. The language used was largely perceived as straightforward and direct, though in both waves respondents identified specific examples of jargon or overly complex terminology (but this had been addressed to a large extent by Wave 2). There was a general sense that the look and feel of the products was dull and uninspiring, though this was often thought an appropriate fit with both impressions of HMRC and the subject matter in general.

The overall impression of the VRT service tended to be fairly positive, despite some problems related to language and/or misunderstanding. Several expressed surprise at the simplicity of the product and seemed keen to try it for real. Yet it is worth noting that users were provided with a certain amount of information in the scenarios which they might have to find out for themselves in reality, which may affect the service's ease of use.

Wave 1

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Most responded well to the prototype, regardless of the scenario they were using; Scenario B was possibly slightly easier to complete simply because it only involved one core task. That said, most respondents required assistance at some point, typically because they did not fully understand VAT. Also, almost all attempted to use non-functioning links which may have made navigation far harder, had they been working.

Progress through both scenarios was relatively smooth. Singled out for particular praise were the repeated use of the summary pages and the overall simplicity of the forms to fill in (though some struggled with individual parts of the forms). Yet various factors were likely to hinder progress:

- **Assumption of comprehension:** Several respondents complained that key questions assumed a better than average user understanding of VAT, indicated partly by the language used and partly by the type of question asked

- **Comprehension of VAT terminology:** unfamiliarity with and perhaps even fear of VAT meant that some found it difficult to complete certain screens which used VAT-specific phrasing. Phrases causing confusion included 'relevant acquisitions and supplies', 'zero rated', 'VAT Groups' and 'Transfer of Going Concern'

- **Over-provision of information/questions:** some screens, particularly early on, presented lengthy lists of technical information/options which were hard to engage with as a novice and could have been cut down or broken down into more digestible groups

- **Navigation difficulties:** navigation was primarily a problem in three situations:

  - when signposting (i.e. options and headings) was recessive or ambiguous

  - when text looked like a link but was not (e.g. underlined; in bold)

  - when users were unclear which stage in a scenario they had reached (a particular problem in Scenario A where users were unclear whether or not they had finished the SA registration)

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Overall, the prototype seemed to work largely as intended, but it was clear that in its current state, individual comprehension of VAT was potentially a significant obstacle to use. This seemed particularly important for questions focusing on more technical aspects (thresholds) or critical decisions (e.g. payment schemes) which could prove bewildering for some. It was clear that a comprehensive help facility would be required to make sense of the product., though it is worth noting that few noticed the help icons (as found in other One Click studies).

Wave 2

As before most responded positively to the prototype, though this time it seemed evident that a number of issues had been cleared up: navigation seemed less confusing, instructions were easier to follow, there was far less confusion over language and phrasing.

In comparison to Wave 1, problems were relatively infrequent and were typically a result of a general lack of understanding of VAT, a fear of getting the answers 'wrong' and some further issues surrounding language and phrasing. At times the combination of three could confuse or even effectively paralyse their progress. As before, most thought that easily identifiable help options would make progress far easier.

The critical issues in this wave of research were as follows:

- **Reason for registration:** The page asking users for their reason makes it clear that once they have selected the reason this cannot be changed, yet then provides a list of potential reasons that do not include what most see as the reason for registration in this case: going over the taxable threshold. The correct answer 'making or intending to make taxable supplies' is not intuitive to most people

- **Taxable turnover:** This was an unclear concept for many, and questions covering expectations of the turnover in set periods in the near future or recent past were felt to be confusing.

- **Registration summary:** the generally smooth experience meant that there was greater focus on, and criticism of, the summary page. Several criticised it for being repetitive, providing too much information and for not being clear about how to proceed.

- **Phrasing:** Some text was criticised as being overly wordy and complicated, when simpler phrasing would make things clearer (e.g. changing *'Do you expect that the VAT on purchases will regularly exceed the VAT on supplies, i.e. the business would claim VAT repayments on most VAT returns'* to '*Do you expect to claim VAT repayments on most VAT returns?'*

Yet such issues seemed minor in comparison to the core issues raised during Wave 1. Although it was difficult to tell for certain from only using screenshots of the prototype, respondents indicated that comprehension and navigation difficulties were far less of an issue. That said, the sticking points that do exist could still derail use of the service, particularly confusion over the reasons for registration: it may be worth phrasing this in the language that most people would use instead of more formally. Also, as in other One Click services, there is a clear need for a clearly highlighted and thorough help facility.