

*Research report*

# Self Assessment Notice to File (SA316) – Customer testing

Small scale qualitative customer testing of  
tailored SA316 variants

Personal Tax Customer and Strategy (Mass Market)

**October 2012**

Behavioural Evidence & Insight Team

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**Self Assessment Notice to File (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
- 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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## Self Assessment Notice to File (SA316)- Customer Testing

### *Research requirement (background to the project)*

Eighty percent of people successfully file online but there are still circa 2 million customers who file their Self Assessment tax return by paper. Research and analysis suggests that amongst these 2 million there are customers who have a capability to file online and, therefore, could be encouraged to file their tax return online. HMRC is embarking on a programme whereby communications will be tailored to the needs, abilities and motivations of its customers. HMRC want to tailor the SA316 (Notice to File a Tax Return) to encourage some paper filers to file online. Moving customers to online can give a better customer experience and reduces HMRC costs.

HMRC also want to make the SA316 more relevant and understandable to New to SA customer groups. This will reduce costs for HMRC and improve customer experience. Previous research conducted for HMRC by Opinion Leader revealed that having a “one size fits all” SA316 (Notice to File a Tax Return) undermined the clarity of the message to those who were new to Self Assessment filing. Communications about Self Assessment that lack clarity increase the likelihood of customers filing late or not at all and increase the demands on HMRC contact centres.

To this end, rather than (as happened previously) issuing one generic SA316 to all customers a number of different versions of the SA316 letter were developed for customer testing prior to roll out. Opinion Leader was commissioned to evaluate tailored versions of the SA316 for three target groups and asked to create ideal versions for each target group:-

1. Channel Migration – encouraging paper filers that have a capability to file online
2. New to Self Assessment (SA) – Pensioners
3. New to SA – SMEs

### *When the research took place*

Thirteen focus groups were conducted between 29<sup>th</sup> August and 17<sup>th</sup> September in Leeds, London and Birmingham.

### *Who did the work (research agency)*

Opinion Leader, a research agency based in central London, conducted the research.

### *Method, Data and Tools used, Sample*

13 focus groups were conducted representing two or three focus groups per sub-category of customers. Each focus group lasted 1.5 hours and included 6-8 participants.

### **Recruitment approach**

Opinion Leader adopted a mix of list based recruitment and free-find recruitment for this project. HMRC provided lists for all of the target groups and these were used to recruit

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participants for all of the focus groups apart from the Vulnerable<sup>1</sup> pensioner group. The focus groups with paper and online filers were exclusively recruited using HMRC lists.

The sample structure is outlined below:-

New to SA pensioners- Able- 2 focus groups  
New to SA pensioners- Needs Help- 2 focus groups  
New to SA Pensioners- Vulnerable- 2 focus groups  
New to SA SMEs- 3 focus groups  
Paper filers with online capability  
Paper filers with low online capability  
Online filers who had switched from paper filing last year x online capability  
Online filers who had switched from paper filing last year x low online capability

**Additional recruitment criteria - New to SA pensioners**

- Vulnerable customers to have income under £17k

**Additional recruitment criteria – New to SA SMEs**

- Mix of size of company and industry
- Mix of represented and unrepresented
- Mix of incomes, ages etc

**Additional recruitment criteria – Channel shift**

- Mix of Main Tax Return (MTR) and Short Tax Return (STR) in each group
- Range of online capability
- Mix of incomes, include some with income under 17K

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<sup>1</sup> The HMRC customer segmentation organises personal tax customers into five segments based on their abilities and attitudes towards tax – the five segments are Willing and Able; Willing but Needs Help; Unaware; Potential Rule Breakers; and Rule Breakers. The segmentation was built on four key dimensions, which were:

- awareness (of one's obligations);
- motivation (to comply with one's obligations);
- ability (to comply with those obligations);
- opportunity (to not comply).

For the purposes of this research Able Pensioners refers to customers (60 plus) in all segments excluding "Willing but Needs Help; Vulnerable refers to customers aged 60 plus with an income of less than £17,000.

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**Self Assessment Notice to File (SA316)- Customer Testing*****Main Findings*****Overall response to the new letters**

The prototype versions of the letters were typically preferred to the current SA316 for the following reasons:

- The use of bullet points and having more white space on the letter resulted in letters which were easier to read and assimilate the information
- The tone of voice was perceived to be more appropriate, being perceived as more neutral and helpful than the current letter which some felt could be threatening
- The new letters were perceived to be more tailored to their circumstances by making the information more specific to them where appropriate (such as the opening paragraphs) and omitting information which was not relevant e.g. information on partnerships for pensioners and SMEs. This had the effect of making recipients more likely to think that the letter was aimed at them, which will potentially reduce the number of instances of people contacting HMRC and/or ignoring the letter.

Despite having an overall preference for the new letters there were some aspects of the current SA316 letter which participants generally preferred. The opening title 'It's time to complete your tax return' was felt to be friendlier than 'You need to complete your tax return'. However, it was felt to be less directive and action focussed than the latter statement and hence was a less suitable title. Participants typically also preferred more detailed information on how to file online and felt the current SA316 letter gave a helpful step-by-step guide.

Despite the increased level of personalisation of the letters, there was a desire amongst pensioners for even greater levels of personalisation. This was because pensioners are not necessarily expecting to have to complete a Self Assessment tax return and therefore want to know the specific reason why they personally need to file in this way.

**Response to the pensioner letters**

The biggest challenge for the SA316 for pensioners was to explain to them that they need to complete a tax return for the first time and why they now need to do this. There was a degree of uncertainty amongst pensioners who are new to Self Assessment about why they needed to file a return. Some pensioners did not think they needed to file a Self Assessment return, which would lead them to contact HMRC to find out why they had been sent a SA316. The opening paragraph on the new versions and the current SA316 was not deemed to provide sufficient clarity about why they needed to complete a tax return. Ideally, pensioners wanted to have the reason(s) why they personally needed to complete a Self Assessment form.

The alternative paragraph (or similar to) was preferred by all pensioner groups as it was felt to give a more inclusive explanation about why they needed to complete a Self Assessment form. *"We are sending you this letter because you now need to complete a Self Assessment tax return. We cannot calculate your tax automatically because we need to check your*

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*details. Please complete this so we can make sure you pay the right amount of tax. You now need to complete one because, for example, we believe your taxable income (including any pension income) is above a certain level or you may be entitled to age-related allowances. You may not have completed one before, but it is important you complete one now.”*

Pensioners also preferred the tone of this paragraph, which they felt, was friendlier and non-threatening than the current and new letters.

Overall, the new versions of the letters were preferred to the current letter in terms of:-

### Clarity & tone

- The information in the new letters was deemed to be more relevant to pensioners as it omitted information which was perceived to be irrelevant and confusing from the current letter e.g. information about partnerships.
- Being clearer in getting across that they needed to complete a Self Assessment tax return. The title was felt to be direct and clear -‘you need to complete a tax return’ and participants were in no doubt about what the letter was asking them to do. Having some examples of why they may need to complete a tax return was felt to explain to a greater extent than the current letter which was felt to offer no explanation about this.
- Pensioners were more sensitive to the tone of the letters than the other customer groups. The tone of the current letter was perceived to be more threatening and blunt. They also appreciated aspects which they felt had a softer tone for example ‘it is time to complete your tax return’ and using the word ‘please’.
- Vulnerable pensioners appreciated having additional help available from Voluntary & Community Sector (VCS). They particularly appreciated the non 0845 number as they felt this would be cheaper to call. Some also appreciated that the help would be independent. These pensioners also preferred the toned down penalties notification information which they felt was less intimidating than the information on the current letter.
- Whilst the information about how to file online was generally perceived to be clear, pensioners and those in the other segments felt that the information in the current SA316 on filing online was clearer for people filing for the first time since it was perceived to give a more step by step guide through the process.
- Participants agreed that there should be a separate letter for Vulnerable pensioners. The reasons for this were:
  - Vulnerable pensioners need additional help and help offered by the VCS is welcomed by some Vulnerable pensioners (it would be ideal to have a dedicated HMRC team for pensioners/Vulnerable pensioners and a free phone number)

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- Vulnerable customers are more concerned by penalty information
- Vulnerable customers are less likely to file online and messages encouraging them to file online are less appropriate than for other segments
- Pensioners recognised the benefits of filing online for HMRC and for people who wanted to file online. They also recognised that the world was increasingly moving towards the internet as a way of communicating and interacting. They typically felt that people had a right to complete the form either online or on paper and resented feeling pressurised into filing online. A more subtle approach is likely to be better received by pensioners for example saying that ‘the majority of people file online’ or ‘most people file online’.
- Participants felt the online help site referred to was helpful but pensioners typically did not think that this was aimed at them since the headline mentioned company directors and higher income individuals.
- Pensioners were less satisfied with the telephone helplines than other customer groups in terms of time spent waiting on the phone before receiving help, the quality of help received and the cost of the call. Some participants expressed a preference for a freephone helpline number to be set up for this group, which is linked to a dedicated team that works solely on pensioner issues.

### Response to the SME letters

SMEs were aware they needed to complete a Self Assessment tax return, therefore, when they received a letter informing them about this they accepted it and wanted this information to be conveyed in a clear, straightforward way and have sources of help clearly signposted. Some were nervous about filing for the first time and would like to be reassured that the process is straightforward, particularly online, which tends to be SME’s preferred way of completing their return.

Overall, the new versions of the letters were preferred to the current letter in terms of:-

### Clarity and tone

- Participants typically felt that the new versions were more tailored to the needs of SME’s because they contained less information that was irrelevant to them, for example, information about partnerships. In addition, they included information specifically aimed at SMEs, for example, information about ceasing trading. This resulted in them being able to understand and assimilate the information better than they were able to in the current letter.
- Participants typically felt that the new letters clearly informed them that they needed to complete a Self Assessment tax return, preferably online. Some said that the letter would prompt them to think about the types of information that they should be collecting so that they could complete the tax return later, others would file the letter and file online, typically close to the deadline.

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- The new letters were straightforward and clear in terms of conveying the key pieces of information. The bullet point format aided understanding by being short and to the point. Having more white space on the letter compared to the current letter resulted in a feeling that the new letters were less cluttered and dense which aided understanding.
- SME's expressed an overall preference for option 1 letter. In this version, the information about penalties was felt to be in the right place i.e. in a more prominent position on the top right hand side of the letter compared to option 2 where it was considered less prominent. The information about why they needed to complete a tax return was considered clear.
- Participants expressed a slight preference for 'ceased' trading rather than 'stopped' trading as some felt this was the correct terminology and was widely understood.
- The information about deadlines was clear although some of those who were not paid via PAYE found the information about owing less than £3,000 to be confusing. Some felt that the 30th December 2013 deadline was not prominent enough and that it could be emboldened to make it more prominent.
- Whilst the information about how to file online was generally perceived to be clear, SMEs felt that the information in the current SA316 on "filing online" was clearer for people filing for the first time. They felt this gave a more step-by-step guide through the process, which is what people receiving the letter for the first time wanted.
- SMEs were happy to have messages encouraging people to file online and felt that having the '80% of people file online' message instead of "benefits of filing online" would both reassure people that filing online is straightforward and encourage more people to file this way. SMEs felt that the benefits of filing online were appropriate and that additional benefits of being able to amend their return before filing and having an additional 3 months to file would encourage more SMEs to file online.
- Participants expressed a preference for the title 'if you need more help' rather than 'further information and support' as they felt that this more clearly positioned the help available.
- Whilst some participants preferred the 'It's time to complete your tax return' title on the current SA316 letter as it was perceived to have a softer tone, others felt that the more direct 'you need to complete a tax return' was more appropriate as it encouraged people to take action.
- Some felt that referring to two websites (option 2) was confusing and would have preferred to have one website reference as in option 1. Participants were shown screen



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grabs of the websites that they would be directed to from the letters. They felt that the information shown on the website was targeted at them since it included the types of information that they would want to know more about e.g. an example of a completed Self Assessment form. They felt that there was a good range of information and help available on the websites and that the information was clearly set out. It was suggested that having a checklist of the information they would need to complete a Self Assessment tax return would be useful for people completing their tax return for the first time.

### Channel Shift Response to the letters

The new letters were perceived to:-

- Have a balanced tone of voice, being perceived as being informative and helpful rather than the more threatening tone which some felt characterised the current SA316 letter.
  - Be effective in encouraging some of the paper filers with capability to file online to file online in the future and reinforced the decision made by online filers with capability to file online to continue to do so. Participants felt that the encouragement to file online to be a strong message in the letters, however they also recognised that the letter instructed them to file their tax return and would act accordingly.
  - Make participants aware(across all groups) that they needed to complete a Self Assessment tax return and that if they wanted to file on paper that they would either need to call HMRC to request a copy or print off a form from the website. None of the participants said that they would ignore the letter.
  - Encourage people to file online without feeling forced. The main aspect of the letter that encouraged this was the heading 'Why not join the 80% of people that already file online'. This encouraged people who were paper filers with a capability to file online to feel that it is the norm. It also gave some participants the impression that it was straightforward as the majority of people file in this way.
- Some of the paper filers with capability to file online were encouraged by the benefits of being able to calculate the tax that they owe or are owed and that they can make amendments online. Some of these participants said that they would get a copy of the paper form and fill it in alongside the online form or keep it as a safety net if they were unable to file online.
  - Being able to save the online form was an aspect of online filing that some of the paper filers with a capability to file online were unaware of. They thought that greater emphasis should be placed on this benefit, perhaps by boldening the word 'save'. This group and online filers with low capability to file online need to be reassured that online filing is easy and quick. Some participants thought that the benefits could also refer to the step-by-step online help as you fill in the form online as well as the fact that many people find it easier and quicker to file online. Some participants mentioned the environmental benefits of online filing and felt that this message could persuade some to file online.

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- Those with a preference for filing on paper typically accepted that they would have to download a copy of the form or phone up for a form. They recognised that transactions were moving online and whilst they would have preferred to receive a paper copy, they understood that HMRC are trying to reduce the proportion of people filing using this method.
- Most felt that the information about how to file online was clearer for first time users in the current SA316 letter as this included additional information about the process. Ideally participants wanted this to be presented as a step by step process i.e. step 1 sign up for Self Assessment online, step 2 once you have signed up we will send you an activation code.
- Some felt that having the information about filing on paper in the bottom right hand corner of the letter as it was in Option 2 would be more likely to encourage people to file online as this is the last piece of information people would typically read. Participants felt that the positioning of this information would not detract from people seeing the "how to get a paper return" paragraph and that they knew they would have to take action to obtain one i.e. download/phone up to get one.
- Whilst some participants preferred the 'It's time to complete your tax return' title on the default letter as it was perceived to have a softer tone others felt that the more direct 'you need to complete a tax return' was more appropriate as it encouraged people to take action.
- Participants appreciated the link to a demo on how to complete a tax return. While some of those who had not filed online before would use this, others felt that this could be too time consuming and would rather use the online help link. Having a range of help available sent a strong signal to participants that HMRC was there to help as well as to collect tax revenues. Participants appreciated this.
- The information included about whether their tax affairs were "complicated or straightforward" was not considered particularly useful since it was not perceived to be related to anything else in the letter. Participants typically did not make the connection between being told that their tax affairs were complex or straightforward and the type of tax return they completed. Some did not know whether they completed a short or long/main tax return. Some participants felt that this could result in them contacting HMRC in order to better understand which form they needed to complete and why.
- Some of the paper filers with a low capability to file online felt marginalised by the letter messages and did not want to feel pressurised to file online. This group typically felt that no letter or message would persuade them to file online and only a financial incentive would be effective in encouraging them to file online.