



Research report

Awareness of 2009 online filing requirements amongst medium and large employers

Telephone survey amongst employers with 50+ employees

Ipsos MORI

About the Business Customer Unit (BCU)

Business Customer Unit (BCU) is part of Business Tax responsible for ensuring businesses pay the right amount of tax whilst improving our customer's experience and the overall UK business environment.

The BCU role is to help colleagues make customer focus a reality by understanding our Business Customers needs better and using that understanding to design better products, processes and service delivery.

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Research requirement (background to the project)

The 'Review of HMRC Online Services' published by Lord Carter of Coles in 2006 laid down some serious challenges for HMRC. As part of its recommendations, it called for universal electronic delivery of tax returns by businesses and IT literate individuals by 2012. For PAYE, employers with 50 or more employees will be required to file in-year returns online by April 2009.

The shift from paper to online filing of in-year PAYE will bring a number of advantages to the Department but will only be successful if businesses are aware of their obligations, understand the requirements placed on them and are willing to comply. The rationale behind this piece of research was two-fold; firstly, to measure the levels of awareness among employers of 50+ employees regarding the forthcoming change in legislation to in-year PAYE and, secondly, to identify which businesses are most vulnerable to non-compliance with this requirement. This information would be used to help inform HMRC's communication plans leading up to April 2009.

Who did the work (research agency)

Ispos MORI were commissioned by the HMRC to carry out the research and the team consisted of **Suzanne Hall** (Research Director) and **Louise Sullivan** (Project Manger and key client contact).

When the research took place

Fieldwork took place between 19th November and 5th December 2008 and final results were presented to HMRC on 15th December 2008.

Method, Data and Tools used, Sample

The research was quantitative and telephone interviews were carried out with a representative sample of businesses employing 50 or more employees. Full interviews were carried out with 801 businesses who were *not* currently filing in-year forms online and who did not use a third party to file their in-year PAYE forms. Interlocking quotas were applied to reflect the IDBR business size and Standard Industrial Classification sector profile. The full interview lasted 20 minutes and consisted of 46 questions (including the screener questions, demographic questions and checks on whether or not the business would be willing for their details to be forwarded to HMRC for possible follow-up research).

Partial interviews were completed with an additional 878 businesses that were already filing in-year PAYE forms online or using a third party to file on their behalf.

The questionnaire was used to identify three groups of vulnerable businesses: vulnerable unaware; vulnerable unable; and, vulnerable unwilling. The groups were defined as follows:

Vulnerable unaware

- Unaware of the change in legislation
- Not already filing online and not using a 3rd party to file in-year forms

Vulnerable unable

- Employers with multiple sites
- Not confident that their sites would file online from April 2009 OR have sites who file in-year forms but do not have access to the internet
- Not already filing online and not using a 3rd party to file in-year forms

Vulnerable unwilling

- Aware of the legislation but not intending to comply OR lack confidence in their software provider to provide online filing functionality and not considering other options
- Not already filing online and not using a 3rd party to file in-year forms

Main Findings

Four-fifths (79%) of all medium and large employers were aware of the pending legislation, and 82% of those currently filing paper in-year forms stated they were intending to start filing these forms online at some point in the future. Only 55% of businesses were aware of a penalty for filing paper in-year forms from April 2009.

Amongst medium and large employers who are currently filing paper in-year forms, 70% do not have any concerns about their organisation's ability to file in-year forms online from April 2009. Concerns that did exist varied widely; still awaiting relevant software (6%), not knowing what to do (3%), and getting used to a new system (2%) were the most commonly mentioned concerns.

Overall 14% of medium and large employers occupied one or more of the three vulnerable groups, with 12% classified as vulnerable unaware, 0.5% as vulnerable unable and 1% as vulnerable unwilling. There was very little overlap between the three groups.

Employers at the smaller end of the spectrum, employing between 50 and 99 employees, appeared to be the most vulnerable to non-compliance with the online filing requirement (17% of this group were classified as vulnerable). Vulnerability was fairly evenly split across the industry sectors, with accommodation and food service businesses marginally more likely to be classified as vulnerable (18%).

Vulnerable businesses were less likely to use commercial software for end of year PAYE filing (only 77% of the vulnerable group used commercial software, compared to 85% of those who don't yet file online but are not vulnerable). Vulnerable groups were also less likely to have regular contact with HMRC.

Despite being largely unaware of the requirement to file online from April 2009, 22% of the vulnerable group were nevertheless intending to start filing their in-year forms online from April 2009 or earlier.