



HM Revenue
& Customs

Research report

Transferable Tax Allowance for Married Couples and Civil Partners

Research to test possible communication messages to encourage couples to check eligibility and/or register early, and reactions to the application process

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About Personal Tax Customer, Product & Process (PT CP&P)

Personal Tax Customer, Product & Process 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 CP&P also has a corporate role, to manage the relationship with the voluntary and community sector on behalf of HMRC

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Research requirement (background to the project)

The Transferable Tax Allowance for Married Couples and Civil Partners (TAMC) is launching in April 2015. Couples who are married or in a civil partnership are eligible if where one earns £0-10,600 and the other earns £10,600- £42,385, i.e. where the lower earner is not using up all of their personal tax allowance.

4.1 million couples will be eligible for the allowance which results in the higher earner paying up to £212 less tax per annum. To benefit, the lower earner has to transfer a fixed proportion of 10% of their personal allowance to the higher earner.

The process will be 'digital by default'¹ and as part of it the applicant (the lower earner) has to go through the Verify process.

HMRC are keen to stagger demand in the early stages to ensure that their internal processes are given a chance to bed in and do not become overwhelmed.

Previous research with eligible couples had highlighted several barriers to uptake:

- Application process was assumed to be complex, as with other government/tax related processes
- Concerns about the idea of applying online (poor service design, security, lack of support)
- Fear of mistakes or penalties (Tax Credit experience)
- The benefit might not be tangible
- Possibility that the policy has 'catches' to minimise the benefit for most

Finally the application process itself is untested and HMRC were keen to understand what communication and support couples might need and what is the best way to provide it, to minimise telephone contact with HMRC

Communications are planned with the objectives of:

- Encouraging couples to sign up for TAMC
- Encouraging couples to register early for TAMC

When the research took place

The research took place between the 4th November and 15th December 2014.

Who did the work (research agency)

The research was undertaken by Jigsaw Research. The team was Hazel Fletcher, Ann Morgan, Steve Banks and Luke Perry.

¹ GOV.UK Verify is the new way for you to prove who you are online, so you can use services on GOV.UK safely.

Method, Data and Tools used, Sample

- A programme of qualitative research was undertaken with TAMC eligible couples
 - 32 x paired depth face-to-face interviews; 10 x young family, 10 x pensioner, 12 x other
 - 6 x group discussions; 2 x young family, 2 x pensioner, 2 x other
- An omnibus survey was also undertaken with TAMC eligible adults
 - 425 x face-to-face interviews with a representative sample of TAMC eligible adults

Main Findings

How do couples respond to the transferable tax allowance policy and what messages have most potential to encourage couples to visit GOVUK to check eligibility?

Many couples respond positively to the policy and it seems likely that take-up will be high

- After only limited exposure to the policy (in the quantitative survey) 42% of those eligible recognise that it is aimed at them and 36% say they would definitely apply
- From the qualitative research, where couples have longer to assimilate the policy, almost all believed they would apply for the tax transfer

Around one fifth (19%) of people felt that they and their spouse/civil partner would not apply for the following reasons

- Not worth it – too little money
- Income fluctuate/not sure what income will be
- Application process would be complicated

Different people respond to different messages so it will be important to use a range in the campaign; overall the strongest messages in encouraging people to check eligibility are:

- You could save £210 Tax in less time than it takes to renew your car or house insurance online. You've nothing to lose
- Do you or your spouse/ civil partner have an income of less than £10,500 per year? If so, you may be entitled to £210 off your tax bill
- More than 4million married couples/civil partners are entitled to £210 off their tax bill. Are you one of them?
- Saving £210 on your tax bill could not be simpler. Sign up for the new transferable tax allowance and be £210 better off. You are entitled to it so don't miss out.

It will be important to include the full eligibility criteria on all communications. The most

effective campaign is likely to use messages that are short, straight talking, stress the ease & speed of the process and make the eligibility criteria extremely clear.

How likely are couples to register early for the transferable tax allowance and what messages have the most potential to encourage couples to sign up early for the transferable tax allowance?

It seems likely that some will naturally choose to register early and others will naturally not. Just under half (46%) of those who felt they would apply for the transferable tax allowance felt they were definitely or very likely to register early.

From the qualitative research motivations to register early or not were mainly personality led with a proportion liking the idea of getting things sorted/off the list, etc. and a proportion preferring to wait until a new service had time to bed in before using it themselves. The messages that really created an imperative to register early were those that offered an explicit benefit to the couple, especially those who like to be first/get ahead, or who just don't want to get caught up in a bottleneck:

- Be first in the queue to get £210 off your tax bill. The new transferable tax service is launching soon. You can register in less time than it takes to make a cup of tea.
- From April 2015 more than 4 million married couples/civil partners are entitled to pay £210 less tax. If you register early you can beat the rush and help us manage the queue. Leave us your email and we'll get in touch when it's your turn to apply.

How do couples respond to the application process, including early registration and what steps can HMRC take to minimise unnecessary contact during the application process

Most couples anticipate no problems with the application process. The Verify element raises most concerns.

Generally people struggle to imagine that they may have any need to contact HMRC about TAMC; the policy is easy to understand and it appears that it will be very straightforward to apply.

Any potential contact can be minimised by:

- Reassuring customers at each stage of the application process that their transaction has been successful and informing them of next steps and timescales for these; this should be via immediate email to the transferor
- Publishing a list of FAQs at the Eligibility Checker to pre-empt some of the most common queries which are likely to be around eligibility and/or future changes in circumstances.

How is low digital capability likely to impact on uptake of transferable tax allowance?

The majority of TAMC eligible people are active and confident online. However, just under one in ten (9%) are not online and a further one fifth (18%) would not be willing to deal with their tax affairs online.

Many acknowledge that online is the way of the world now and that it is not really possible not to engage with/on the internet.

Commonly there is a division of labour within the couple where one partner is acknowledged to be more 'online savvy' than the other and/or takes the lead on tax/financial admin (and this is often the lower earner) and so the expertise is there within the couple to undertake the application online many cases

In couples where neither is comfortable online some will seek help/support from friends/family members who are comfortable online.

Inevitably some will not apply; although only 2% of those who did not think they would apply cited the online application process as a reason

An automated telephony service is not a popular alternative to online, with only around 1 in 5 of those less digitally or confident or not online at all willing to use it.

What communications channels can HMRC use to communicate with eligible couples about the transferable tax allowance and to what extent might couples help 'spread the word' about the tax allowance?

Key channels to raise awareness of transferable tax allowance are TV, national and local radio, newspapers (broadsheet, tabloid and free) and news/current affairs websites. Customers also mentioned poster ads in places where waiting (e.g. train/bus/tube stations) as a good way of reaching them.

Couples seeking further information about TAMC are likely to turn to the internet and so GOV.UK and HMRC websites are the optimum sites for providing information about the policy

Many of the couples taking part in the qualitative research felt they were very likely to talk to friends or family about the transferable tax allowance. However, although around two thirds are active on social media sites, there is little evidence that couples are likely to share information about transferable tax allowance using this channel.