



HM Revenue  
& Customs

## *Research report*

# PAYE Customer Views on P2 Prototypes

**Ipsos MORI**

**18th May 2015**

---

Customer views on P2 prototypes

*About PT Change*

PT Change is a “Directorate” within HMRC and is principally concerned with overseeing and bringing together a Portfolio of Programmes which will help transform HMRC business, led by customer understanding.

The PT Change Portfolio will deliver all the changes to processes, structure and systems needed to deliver better services to customers and enable savings from within HMRC.

*Contents*

Research requirement (background to the project).....3  
When the research took place .....3  
Who did the work (research agency) .....3  
Method, Data and Tools used, Sample .....4  
Main Findings .....5

© Crown Copyright 2015 - Published by Her Majesty’s Revenue and Customs.

Disclaimer: The views in this report are the authors’ own and do not necessarily reflect those of HM Revenue & Customs.

---

## Customer views on P2 prototypes

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

HMRC's P2 form is sent to customers to inform them of their tax code. A tax code relates to their tax free amount and how it is allocated against their income(s). This determines what tax a person has to pay on their taxable income. If someone has a change to their tax code, the P2 form is sent out. A change in tax code can be the result of various changes, such as someone moving into a different tax bracket, or having a change in their benefits in kind, such as being provided with a company car.

This research study aimed to explore PAYE customers' responses to new P2 prototypes. Ten versions of the prototypes were produced by HMRC, covering a range of different tax scenarios. Each group were shown two of these prototypes; a 'tax free amount P2' showing a person's tax-free allowance, and a 'tax estimate P2' which also includes an estimate of how much tax a person will be paying in the coming year. Responses to these forms were explored. Reactions to the idea of a personal online account were also tested. Specifically the research aimed to explore:

- ▶ Views on the overall look and feel of the forms
- ▶ Customers' ease of understanding – in terms of comprehension and clarity of the language used
- ▶ Customers' ability to understand the calculation information provided
- ▶ What customers said they would do on receipt of the form
- ▶ Suggestions for improving the form
- ▶ Views on the current P2 in comparison with the prototype P2 forms
- ▶ Customer overall responses to the forms

### *When the research took place*

Ipsos MORI conducted 10 focus groups with PAYE customers between 17th and 25th March 2015.

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

Ipsos MORI in collaboration with the HMRC project team.

3/E03, 100 Parliament St. London, SW1A 2BQ

---

## Customer views on P2 prototypes

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

Fieldwork was conducted in Manchester and London with five key groups of PAYE customers, who were each provided with P2 prototypes to match their situation:

- ▶ 60 plus years and who had received a P2
- ▶ Receive benefits in kind and had received a P2
- ▶ Receive multiple incomes and had received a P2
- ▶ Higher rate taxpayers who had received a P2
- ▶ An 'other' group of PAYE customers who tested the PAYE underpayment P2. This group included a mix of customers who had: received a P2, registered for self-assessment tax returns as well as PAYE, and those who had not received a P2<sup>1</sup>

Participants were recruited using free-find methods. A purposive sampling approach was adopted, whereby key quotas are set and participants are recruited according to these using a screening document. A full breakdown of the sample profile is available in the appendix.

Fieldwork was undertaken by specialist qualitative researchers at Ipsos MORI. All data was recorded securely and analysed using a rigorous inductive analytic approach – whereby data is synthesised into thematic headings and interrogated for patterns and themes. Qualitative research aims to understand the range of views and factors underpinning these. It does not seek to provide statistical or numeric information.

---

<sup>1</sup> 'Received a P2' refers to customers who had a change in circumstances in the last 2 years which will have affected their tax code, and a P2 would have been sent to them. 'Not received a P2' refers to customers who have not had any changes in circumstances in the last 2 years which have affected their tax code.

---

## Customer views on P2 prototypes

### *Main Findings*

The overall look and feel of the tax free amount P2 received positive feedback, with participants describing it as more 'friendly' and less intimidating than the current P2. However some changes need to be made to improve the form further:

- Whilst participants generally appreciated the idea of being given more explanation of how a tax code is worked out, they often found the explanations unclear or assumed too much knowledge.
- It was felt that the front page should include the key information: the tax free allowance, tax codes and what customers should do with them, as otherwise customers may mistake the P2 for a generic information form.
- Participants were also frustrated that no telephone number had been included, as they felt the website referred to in the P2 would only offer generic information and they wanted personalised help understanding the form. Participants also raised concerns about increasing digital exclusion for those who are unable to effectively use or access a computer.

The tax estimate P2 was initially preferred but further probing uncovered issues with it that could generate additional contact and confuse customers about what they are supposed to do:

- Participants did tend to find the estimate useful and the calculations intuitive. However if the information was wrong or not up-to-date, typically participants would try to inform HMRC (unless it was explained that they should not do so).
- Some also felt that the tax estimate obscured the point of the form which was to inform the customer of their tax codes, and get them to check them against payslips or P45s.
- Information on how much tax customers pay is also available to them through payslips and P60s and so the estimate was felt by some to be unnecessary.

Taken together, these practical considerations weigh in favour of the tax free amount P2 (with suitable adjustments made to aid clarity) better meeting the key objective of the P2,

---

### Customer views on P2 prototypes

which is to explain the tax code(s) and how they have been worked out, in order that customers can check them, and contact HMRC if anything is incorrect.

Several groups concluded from the practical considerations mentioned above that it would be sufficient for the tax estimate to be only available online, especially if it would be more up-to-date. By only providing a tax estimate online, this would also effectively serve to 'nudge' some participants into using their online account. It was suggested that the estimate could also function as a tax calculator to help people understand how work-related benefits or a wage change would affect their tax affairs.