



HM Revenue
& Customs

Unclassified

Research report

Scottish Rate of Income Tax Campaign Evaluation

Pre & Post Campaign 2016

Corporate Communications - Marketing

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Behavioural & Customer Insight Team

Scottish Rate of Income Tax campaign evaluation – 2016

About Marketing

The Marketing team plan and deliver integrated campaigns and products to enhance awareness of HM Revenue & Customs (HMRC) products and services, to influence our customers' behaviours and help deliver HMRC strategic objectives.

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Research requirement (background to the project)

The Scotland Act of 2012 introduced the Scottish rate of Income Tax (SRIT). SRIT was implemented in April 2016, meaning that taxes in Scotland now have two components:

- the tax set by the UK Parliament which goes towards the UK budget
- another element set by the Scottish Parliament and which goes towards the Scottish budget

The Scottish Rate of Income Tax is 10%, regardless of income; the UK rate paid in Scotland is correspondingly reduced, so that Scottish taxpayers pay the same overall rate of income tax as people in the rest of the UK. HMRC collects the Scottish Rate on behalf of the Scottish Government.

As this represents a substantial change to income tax, HMRC launched a campaign in early February 2016, including press and online elements, to inform Scottish taxpayers of the change and their obligations. In addition, a letter from HMRC was sent to residents, and there was an announcement of the rate as part of the Scottish Budget in December 2015.

The introduction of the Scottish Rate affects all Scottish taxpayers, defined as anyone whose main residence is in Scotland. Most people need not take any action; however, a few groups, identified by HMRC, were required to update their main address. The campaign was therefore aimed at the following target groups:

- students enrolled at a Scottish University – many students keep their parents' address as their main residence, even if they are living the majority of the year away at university
- those living on the England / Scotland Border
- those who have recently moved house – within, into or out of Scotland

The campaign objectives were:

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- inform target groups of the need to update their main address before the introduction of the SRIT
- reassure most Scottish taxpayers that they do not need to take any action

When the research took place

GfK was commissioned to measure the effectiveness of the Scottish Rate of Income Tax communication campaign. The research programme used a pre/post campaign research design:

- The pre-wave ran between 12th and 24th January 2016.
- The post-wave research ran between 3rd and 17th March 2016.

Who did the work (research agency)

The research was conducted by GfK UK.

Method, Data and Tools used, Sample

Respondents completed the survey themselves, via Computer Assisted Web Interviewing. Due to the low penetration of each target group in the population, different sampling methods were used for each. Students were recruited through the Youthsight Student Panel, Border residents through a blend of online panels, and recent movers were identified through Royal Mail lists of people who had had their mail redirected. To be eligible, movers and Border residents had to be UK taxpayers.

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The table below shows the number of interviews achieved at the pre- and post-waves, for each target group:

Target group	Number of interviews	
	Pre-wave	Post-wave
Students	182	200
Recent movers	126	218
Border residents	180	150

The pre-wave was designed to establish baseline levels of awareness of the impending changes. The pre-wave ran prior to the press/online communications campaign, but coincided in timing with the HMRC official letter notifying residents of the change. In addition, the Scottish Budget announcement of the Scottish Rate of Income Tax took place on 16th December 2015, and this was accompanied by significant news and press coverage. The results at the pre-stage were, consequently, not a completely 'clean' measure of pre-campaign awareness.

The post-wave focused in more detail on recognition of the campaign material, and additionally on call to action and the impact of the campaign on awareness and understanding of the changes.

Because the three groups are so different, it is not appropriate to combine them into a 'total' sample. Results are therefore shown for the three groups separately throughout this report. Differences in response between groups, or from wave to wave, were significance tested using one-tailed tests at the 95% level of significance. Significant differences are noted in the commentary.

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Main Findings**Awareness of change to income tax in Scotland**

Around one fifth of students, over a third of recent movers and almost half of Border residents were spontaneously aware of the change to income tax at the pre-wave. This awareness either remained steady or declined at the post-wave, depending on target group. The high level of awareness at the pre-wave is likely to have been caused by coverage of the issue in the media associated with the announcement of the rate in the Scottish Budget, and it appears that as recall of this coverage declined, awareness of the rate also declined. In particular, there was a directional post-wave decline in the proportion of students who recalled hearing about the change from TV news, and in the proportion of Border residents who recalled hearing about it in the press).

- Spontaneous awareness among **students** was 19% at the pre-wave, and remained fairly steady at 16% at the post-wave. When prompted, almost two in five had heard about the Scottish Rate of Income Tax. Reflecting the campaign's targeting of students, online media was a key source of information for them, with 19% of students saying they had heard about the rate online at the pre-wave and 16% at the post-wave. As mentioned earlier, there was a slight decline between waves in the proportion of students saying they had heard about the change from TV programmes (18% at pre-wave vs. 12% at post-wave).
- The proportion of **recent movers** who spontaneously said they knew about the change to the Scottish Rate of Income Tax stood at 38% at the pre-wave, and this did not change at the post-wave (37%). After prompting, awareness stood at around seven in ten, and this did not change significantly between waves (70% at pre-wave vs. 72% at post-wave).
- Awareness of the change diminished over time amongst **Border residents**: the proportion spontaneously aware fell from 46% at the pre-wave to 32% at the post-wave, and the proportion aware after prompting fell from 70% at the pre-wave to 59%

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at the post-wave. The proportion who said had heard about the change in newspapers/magazines fell over time (21% at pre-wave vs.11% at post-wave).

The official letter sent by HMRC was an important source of information before the campaign, with a quarter of Border residents (23%) and almost a third of recent movers (29%) citing the letter as the source of their awareness; however, spontaneous mentions declined significantly at the post-wave (11% by Border residents and 21% by recent movers). These findings reflect the timing of the delivery of the letters, and declines also contribute to the overall decline in awareness.

The vast majority of respondents thought that people in Scotland would not have to take any action as a result of the change, and this did not vary greatly between waves. (Post-wave figures: 46% of students, 49% of recent movers and 65% of Border residents.) Around a third of each target group didn't know whether people in Scotland would have to take any action. Those who believed people would need to do something mentioned updating their details with HMRC, or made comments about personal finances/increased taxes. (NB. base sizes are too small to show percentages.)

Awareness of campaign

At the post-wave, one in five students was spontaneously aware of any advertising, news or information about the change; though awareness was higher amongst recent movers (47%) and Border residents (37%). These levels of awareness are broadly in line with the pre-wave. When asked to describe what they had seen/heard, it was clear that many respondents were referring to news items or debates in the media, with very few respondents describing the campaign itself.

The most commonly recalled element of the campaign was the HMRC letter: which was recalled by a quarter of Border residents and recent movers, and one in eight students at the pre-wave. However, by the post-wave, levels of recall of the letter had diminished significantly: reflecting the timing of the despatch of the letter and the fieldwork. The

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proportions recalling the letter at each wave are as follows: Students: 12% pre-wave vs. 4% post-wave; recent movers: 24% vs. 15%; Border residents: 24% vs. 13%.

Other trends related to recall of the campaign are described below:

- The proportion of students recalling word of mouth/discussions with family/friends declined between waves amongst students (13% pre-wave vs. 8% post-wave)
- Recall of newspaper/magazine articles declined amongst students (7% pre-wave vs. 3% post-wave) and Border residents (17% pre-wave vs. 10% post-wave)
- Amongst Recent movers there was an increase in the proportion recalling campaign activity on TV (23% pre-wave vs. 37% post-wave), or radio (9% pre-wave vs. 15% post-wave). However, because of the decline in recall of the letter, these increases did not lead to an overall increase in levels of awareness of the campaign.

When shown the creative at the post-wave, 11% of students, 12% of recent movers and 16% of Border residents claimed to have seen it before.

Impact of campaign and call to action

All three groups generally agreed that the ad had told them something worth knowing, particularly students (74%), though levels were also high amongst recent movers (57%) and Border residents (48%). Around a half of students (46%) and Border residents (46%) said the ad clearly told them what to do: though levels were slightly lower amongst recent movers (38%). Recent movers were the most likely to say that the ad is aimed at people like them (46% vs. 29% students and 31% Border residents), though this result is unsurprising given that not all students and Border residents were likely to be affected by the change.

While the ad was not seen as particularly engaging or memorable (a quarter or fewer of all groups said that the ad stuck in their mind, or that they liked the ad), the proportions saying they were likely to take action as a result of seeing the ad were fairly high. Over half of students (60%) and recent movers (58%) said they intended to take action after seeing the

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ad: mainly checking if HMRC has their correct address and looking for more information about the change. Levels were unsurprisingly lower amongst Border residents, of whom 38% said they would take any action as a result of the advertising, presumably because the change is not relevant to them.