



Evaluating the Effectiveness of Publishing Details of Deliberate Defaulters

March 2018

HMRC Research Report: 499

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<https://www.gov.uk/government/organisations/hm-revenue-customs/about/research>

Contents

1.	About PDDD.....	4
	1.01 Glossary.....	4
	1.02 Background, aims and use of PDDD.....	5
2.	Executive Summary.....	7
	2.01 Research Aims.....	7
	2.02 Methodology.....	7
	2.03 Key findings.....	7
3.	Introduction and methodology.....	9
	3.01 Research context.....	9
	3.02 Research aims and objectives.....	9
	3.03 Research methodology.....	10
	3.04 Structure of this report.....	12
4.	A framework for evaluating the PDDD programme.....	13
5.	The tax environment.....	14
	5.01 Businesses, individuals and defaulters – views on the tax environment.....	14
	5.02 The general public – views on the tax environment.....	15
6.	Delivery of the PDDD policy.....	17
	6.01 Fairness in delivery: at an overall level.....	17
	6.02 Fairness in delivery: policy criteria.....	18
7.	Impact of the PDDD policy.....	21
	7.01 Overarching themes.....	21
	7.02 Defaulters: impact and behaviour change.....	22
	7.03 Businesses and individuals with the potential for publication if they deliberately default: impact and behaviour change.....	24
	7.04 General public: impact and behaviour change.....	26
8.	Views on improving the effectiveness of the PDDD policy.....	28
	8.01 Current viewing/ use of the PDDD lists.....	28
	8.02 Increasing the utility of PDDD.....	28
	8.03 Increasing the visibility of PDDD.....	28
9.	Appendices.....	31
	9.01 Appendix 1: discussion guides and questionnaires.....	31
	9.02 Appendix 2: quantitative data.....	68

1. About PDDD

1.01 Glossary

Consequence of intervention	The potential resulting consequences of a tax intervention (see below), which could include paying the tax owed, paying interest and/or fines and publication (see below)
Defaulters	For the purposes of this report, ‘defaulters’ refers to individuals and businesses that are deemed to have deliberately defaulted on their tax obligations and have had their details published under the PDDD programme.
Deliberate default	<p>A deliberate default is when a person has incurred a penalty for a deliberate, or deliberate and concealed:</p> <ul style="list-style-type: none"> ▪ inaccuracy in a return or other document, ▪ failure to comply with certain obligations to do something, or ▪ VAT or Excise Duty wrongdoing. <p>In this report, we refer to any inaccuracy, failure, omission or wrongdoing that gives rise to a relevant penalty as a deliberate default. We call a person who incurs a relevant penalty a deliberate defaulter.</p>
Formal Representation	The opportunity to present HMRC with reasons why their details should not be published.
Intervention	The investigation by HMRC officers into a possible default
PDDD	‘Publishing details of deliberate defaulters’, the name given to the policy aimed at reducing the incidence of deliberate defaulting.
Publication	The act of publishing the details of a deliberate defaulter on the gov.uk website ¹ .
Potential Lost Revenue Threshold	The amount of tax on which an individual or business has defaulted on at which publication becomes a possible consequence (currently set at £25,000).

¹<https://www.gov.uk/government/publications/publishing-details-of-deliberate-tax-defaulters-pddd/current-list-of-deliberate-tax-defaulters>

1.02 Background, aims and use of PDDD

The aim of PDDD is to act as a deterrent to individuals and businesses from deliberately defaulting on their tax obligations. This is set out by HMRC as follows:

‘We believe that the possibility of having their details published will deter people from becoming deliberate defaulters. We also believe that it will encourage deliberate defaulters to come forward and put their tax affairs in order. By coming forward, deliberate defaulters may be able to avoid having their details published.’²

To be classified as a deliberate defaulter, the following definition is used:

‘A deliberate default is when a person has incurred a penalty for a deliberate, or deliberate and concealed

- *inaccuracy in a return or other document,*
- *failure to comply with certain obligations to do something, or*
- *VAT or Excise Duty wrongdoing.*

In this guidance, we refer to any inaccuracy, failure, omission or wrongdoing that gives rise to a relevant penalty as a deliberate default. We call a person who incurs a relevant penalty a deliberate defaulter.’³

Deliberate defaults are identified through the process of compliance checks undertaken by an HMRC officer. Where an inaccuracy, failure, omission or wrongdoing is uncovered, this is investigated further. The individual or business under investigation may be asked to provide additional information and/or assistance with the process. Providing HMRC with information and assistance when requested can help to reduce any penalty imposed – this is described by HMRC as ‘quality of disclosure’ or ‘telling, helping and giving’. Being fully open can result in what is known as a ‘maximum penalty reduction’.

If, after the inaccuracy, failure, wrongdoing or omission has been investigated and the individual or business is deemed *not* to have provided the necessary information or helped HMRC with the investigation in an appropriate way (and therefore do not qualify for the ‘maximum penalty reduction’), they may qualify for having their details published.

In order to satisfy all of the conditions for having their details published, HMRC must be able to answer ‘yes’ to each of the following five questions:

- Is this a relevant penalty i.e. a deliberate or deliberate and concealed inaccuracy in a return or other document, failure to comply with certain obligations to do something or VAT or Excise Duty wrongdoing?
- Does this relevant penalty relate to a PDDD period i.e. an inaccuracy in a return or other document for a tax period beginning on or after 1st April 2010 or a failure or wrongdoing that occurred on or after 1st April 2010?

² Taken from HMRC factsheet CC/FS1a: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/473400/CC-FS13_10_15.pdf

³ <https://www.gov.uk/hmrc-internal-manuals/compliance-handbook/ch190500>

- Was this relevant penalty found as a consequence of an investigation (for this policy, an investigation includes any check by an officer of HMRC into a person's tax affairs)?
- Is this relevant penalty a qualifying relevant penalty (for this policy, qualifying relevant penalties means relevant penalties on which the maximum reduction has not been given for the quality of disclosure)?
- Does the qualifying potential lost revenue (PLR) exceed £25,000 (for this policy, qualifying PLR means the total PLR relating to qualifying relevant penalties)?

From the start of the process, when an inaccuracy, failure, wrongdoing or omission is identified, individuals and businesses are provided with communications outlining the process described above and the possible penalties and outcomes.

If, at the end of the intervention, they are unhappy with or disagree with the outcome, there is the opportunity to make a formal representation against having one's details published. Details of this and all other aspects of the process/rules can be viewed via the following link: <https://www.gov.uk/hmrc-internal-manuals/compliance-handbook/ch191040>

It should be noted that a precondition of being classified as a deliberate defaulter and having one's details published is that HMRC has evidence that the inaccuracy, failure, omission or wrongdoing was deliberate at the time of submission. In this report, there are examples of defaulters interviewed that take issue with being classified as deliberate defaulters and having their details published; this is due to a difference of opinion in the context of HMRC's definition of 'deliberate', where defaulters may dispute that the action was deliberate at the time of submission.

2. Executive Summary

2.01 Research Aims

The research sought to enhance HMRC's evidence base on the Publishing Details of Deliberate Defaulters (PDDD) programme. PDDD is one of the approaches aimed at reducing the incidence of deliberate defaulting. The research aimed to provide evidence on:

1. **The impact the PDDD programme has on those that have been named;**
2. **Whether PDDD serves as an effective deterrent to businesses and individuals that have the potential to be named if they deliberately default;**
3. **Awareness and understanding of PDDD among the general public.**

In meeting these aims, the research sought to provide insight and direction on:

- **How well the PDDD programme is currently performing;**
- **What would make the programme more effective in deterring deliberate non-compliance.**

2.02 Methodology

The research comprised:

- Eight depth interviews with defaulters;
- 10 discussion groups with both businesses and individuals that have the potential to have their details published if they deliberately default;
- An omnibus survey of 1,913 members of the general public.

2.03 Key findings

Overall, the research found no strong evidence that PDDD is an effective deterrent to defaulting on one's tax obligations, either for businesses and individuals that submit their own tax returns and therefore have the potential to deliberately default or for those that have actually defaulted in the recent past. In comparison to interventions and potential fines, it was felt to have considerably less tangible impact.

Among the general public, awareness of PDDD was relatively low, with only just over a quarter (28%) aware of the policy. Findings related to the research objectives for each of the key audiences were as follows:

What impact has the PDDD programme had on those that have been named?

- For those that have been named, the greatest impact on their lives and businesses is reported to be the process of the intervention and the subsequent financial penalties. Some of the defaulters were not actually aware that their details had been published.
- Of those that were aware of publication, some were angry or felt residual shame about having had their details published. But overall, defaulters found it very difficult

to disentangle the effect of publication from the intervention itself and other consequences (mainly financial penalties). As a result, nobody felt publication had affected them specifically in any significant or material way.

Does PDDD serve as an effective deterrent to businesses and individuals who have the potential to be named if they deliberately default?

- Due to a very limited awareness of publication, PDDD was not seen as an effective deterrent against defaulting on tax obligations. This must also be seen in the context that nobody appeared to be expecting to default at any point in the future, and therefore did not see it as relevant to them.
- In terms of perceived impact, it was not expected to have any adverse effect on individuals. Some felt it may affect the willingness of people to deal with businesses whose details have been published, if the list and its purpose was more widely publicised.

What is the general public's awareness/ understanding and expectations of PDDD?

- Publication was the least well-known consequence of an intervention that HMRC has in tackling tax evasion, with fewer than one in three (28%) aware of it, compared to 70% being aware of fines/penalties.
- 59% of members of the public felt that publication could be either moderately or very effective at preventing people from defaulting, and 57% felt it could be moderately or very effective at preventing those that have already done so from doing so again.
- Less than half (43%) of the general public claimed they may avoid using businesses that have had their details published. However, the stated impact of publishing individuals' details was much less – only 13% said they would stop socialising with somebody that had had their details published.

There were concerns arising from the defaulter audience where some felt strongly that they had not 'purposefully' or 'deliberately' defaulted. Some feel that as they had not *actively* intended to default, they should not be included in the list of 'deliberate' defaulters. In these cases, defaulters had a difference of opinion to HMRC with regards to how the inaccuracy, failure, omission or wrongdoing arose and whether it was deliberate (please see the final paragraph on page three for more detail).

Conversations with all target audiences about how to improve the power and performance of PDDD suggested that giving the PDDD list greater publicity and giving it some form of tangible utility could help it to be a more powerful deterrent. One example given was to develop it as a way to check the suitability of clients and suppliers as organisations to do business with (in the manner of a credit check). Other suggestions included making the list more visible, by publishing details in (for example) local newspapers or trade publications.

3. Introduction and methodology

3.01 Research context

Under the Publishing Details of Deliberate Defaulters (PDDD) programme, HMRC is able to publish the names of customers penalised under civil procedures for deliberately defaulting on certain tax obligations (with a value of £25,000 and over). The PDDD legislation applies to individuals and businesses, and is applicable for any of the following:

- A deliberate inaccuracy in the person's return or other document;
- Deliberately supplying false information to, or withholding information from, a person with the intention of that person's return being inaccurate;
- Deliberately failing to comply with certain obligations;
- Deliberately issuing a tax invoice charging VAT when the person was not authorised to do so;
- Deliberately putting a product to a use that attracts a higher rate of excise duty;
- Deliberately supplying a product knowing that it will be put to a use that attracts a higher rate of excise duty;
- Deliberately handling goods that are subject to unpaid excise duty.

HMRC has been publishing names under the programme since 2013, and names are published for a maximum of 12 months. HMRC publishes new names on a quarterly basis.

Full details on the background, aims and process of PDDD can be found in section 1 of this report.

3.02 Research aims and objectives

The research sought to provide evidence on:

1. The impact the PDDD programme has on those that have been named

Establishing whether the PDDD programme provides an effective sanction.

Identifying the impact (if any) on the taxpayer's business/ personal life and whether the programme has deterred/ will deter future non-compliance.

2. Whether PDDD serves as an effective deterrent to businesses and individuals who have the potential to be named if they deliberately default

Investigating the awareness, understanding and potential impact of the programme on behaviour.

Establishing how businesses and individuals react to others being 'named'.

3. Awareness and understanding of PDDD among the general public

Capturing representative views of the public on the perceived fairness, proportionality, and effectiveness of the programme.

Generating insight on how the programme could be improved.

In meeting these aims, the research sought to provide insight and direction on:

- **How well the PDDD programme is performing** currently with the different types of audiences (both businesses and individuals) that it seeks to address.
- **What would make the programme more effective** in deterring deliberate non-compliance and catalyse confidence in the taxation regime/ enforcement of tax regulation and HMRC itself.

3.03 Research methodology

The research comprised of three elements, each with the different audience groups:

1. **Defaulters:** those that have been named as part of PDDD.
2. **Businesses and individuals:** those that have the potential to be published if they deliberately default.
3. **The General Public:** adults aged 18+ within Great Britain.

Defaulters

- A total of **eight qualitative interviews** were conducted between 24th October and 17th November 2017. These were primarily face-to-face with an average interview length of 60 minutes. Five were conducted with individuals, three with businesses.
- The interviews were recruited from a sample of individuals and businesses provided by HMRC whose details were published between December 2016 and July 2017.
- We did not interview any individual or business that gave a full disclosure at the start of the intervention, and therefore was exempt from having their details published.
- It should be noted that recruitment was challenging with this group. The research team has hypothesised that those most likely to agree to take part were those that had a difference of opinion to HMRC about how the default arose, as they felt they had not committed any wrongdoing (see the final paragraph on page three for more detail). As such, the research may be missing a range of responses from those who would have agreed that their behaviour was deliberate.

Businesses and individuals

- 10 mini focus groups were conducted across 4 locations between 6th and 16th November 2017.
 - The four locations were London, Plymouth, Birmingham and Sheffield.
- Each group had between three and five participants, with the following mix of businesses and individuals:

Group composition	Number of mini-groups
Individuals	2
Sole traders & micro businesses (1-9 employees)	5
Small (10-49 employees) and medium businesses (50-249 employees)	3

- All participants had the *potential* to default and therefore the potential to be published for the following reasons:
 - Individuals were required to have a proportion of their total income not taxed at source i.e. through PAYE, and were required to personally manage or jointly manage their tax affairs.
 - Business participants were required to be at least jointly responsible for their business' tax affairs and decision making, and to have their total personal income not taxed at source i.e. through PAYE.
- Businesses were spread across a range of sectors:
 - Construction;
 - Catering (incl. restaurants/ takeaways);
 - Transportation (e.g. taxi firms, haulage firms);
 - Professional Services (e.g. accountancy, legal services);
 - Wholesale;
 - Retail.

Qualitative research was employed to provide depth of insight through exploring the experiences of a relatively small sample. As such, it should not be generalised or be taken to represent the views of the majority.

The General Public

- **1,913 face-to-face interviews**, on a nationally representative consumer omnibus. Fieldwork was conducted between 24th November and 5th December 2017.
- Certain statistics are used throughout this report to describe the findings; any additional data not presented in the main body of the report can be seen in Appendix 2.

The **discussion guides** used for the defaulters and the businesses and individuals are provided as Appendix 1, as well as the **omnibus questionnaire** for the general public.

3.04 Structure of this report

This report is a summary of the findings:

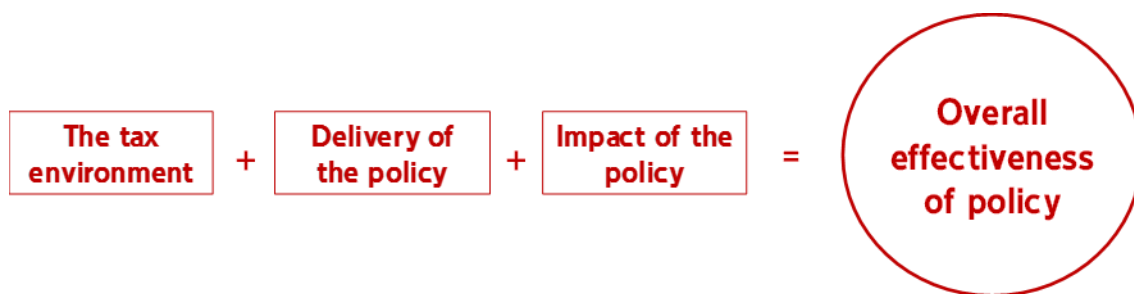
- Chapter 4 outlines the framework used to evaluate the PDDD programme;
- Chapter 5 provides context to the research, detailing perceptions of tax evasion and awareness of the PDDD policy;
- Chapter 6 provides an evaluation of the delivery of the PDDD programme;
- Chapter 7 details the impact of PDDD on those named under the programme;
- Chapter 8 summarises recommended improvements to increase the effectiveness of PDDD.

4. A framework for evaluating the PDDD programme

Over the course of the research it became clear that there are many things that feed in to the perceived overall impact of a policy, from views on the legislative regime more broadly through to the ultimate outcomes for the individuals affected by the policy, whatever they may be.

These themes were consolidated into a framework; the findings, and the contents of this report, are organised around this framework.

Overview of policy evaluation framework



The tax environment considers:

- The perceived fairness of the tax regime
- How evasion is understood (vs. avoidance)
- Awareness of the circumstances that comprise 'deliberate default'
- Awareness of PDDD

Delivery assesses:

- Whether the conditions for defaulting are felt to be correctly communicated and applied
- The term 'deliberate', and perceptions of what comprises deliberate
- Whether interventions and the consequences of interventions are communicated effectively

Impact explores the:

- Relative impact of the range of interventions and consequences of interventions
- Overall impact/ behaviour change potential

By evaluating across these three pillars, we can assess the overall perceived effectiveness of the PDDD policy.

5. The tax environment

5.01 Businesses, individuals and defaulters – views on the tax environment

Among businesses, individuals and defaulters, there was a broad spectrum of views on the ‘fairness’ of the tax regime. Tax evasion was generally viewed as a ‘bad thing’, but people can be willing to forgive minor infractions.

There are several factors at play:

- **Many are willing to pay the tax they owe, but views do vary**

Many of those we spoke to were very positive about tax and actively want to pay their share. But this view was not shared by everybody and there are those that would avoid it if they could.

There were also those that feel that their tax is not wisely spent, and so may object to paying it in this context.

- **Few saw the administration of the tax system as a level playing field**

Press reports about the privileged and large corporates avoiding/ evading tax was seen as deeply unfair by many. Participants perceived no real distinction between avoidance and evasion – the terms were used interchangeably, which appeared to exacerbate the feeling that the privileged and large corporates are able to ‘get away with’ more than anybody else (i.e. tax avoidance is relatively high profile in the media, and so much more visible than any tax evasion among the wider population).

- **But opportunistic tax evasion was viewed differently to systematic evasion**

When pushed on the morality question, many agreed that occasional or accidental tax evasion is something that may be seen as an opportunity well taken, while systematic and premeditated tax evasion is something that was generally seen as criminal and should be effectively punished.

While understanding of HMRC’s toolkit of available consequences of interventions was mixed among businesses, individuals and defaulters, all were generally aware of fines.

Many spontaneously referred to fines and prosecution as the negative or punitive consequences of tax evasion. Paying back the tax one owes tended not to be disaggregated from financial penalties and was largely assumed to be an implicit part of any intervention. Some felt that the intervention is a punishment in itself (especially those with experience of or who know those that have been involved in an intervention). Publication was named spontaneously by very few, although recognised by some (in the guise of ‘naming and shaming’) once prompted.

Among businesses, individuals and defaulters, publication was seen as a consequence of defaulting, rather than an intervention or punishment.

During conversations about interventions and the consequences of interventions, there was a sense that publication is not seen as an active deterrent, more an unfortunate consequence, i.e. the intervention and fine (and potentially prosecution) will have the

greatest impact on a defaulter, whereas publication was seen more as an unfortunate additional outcome.

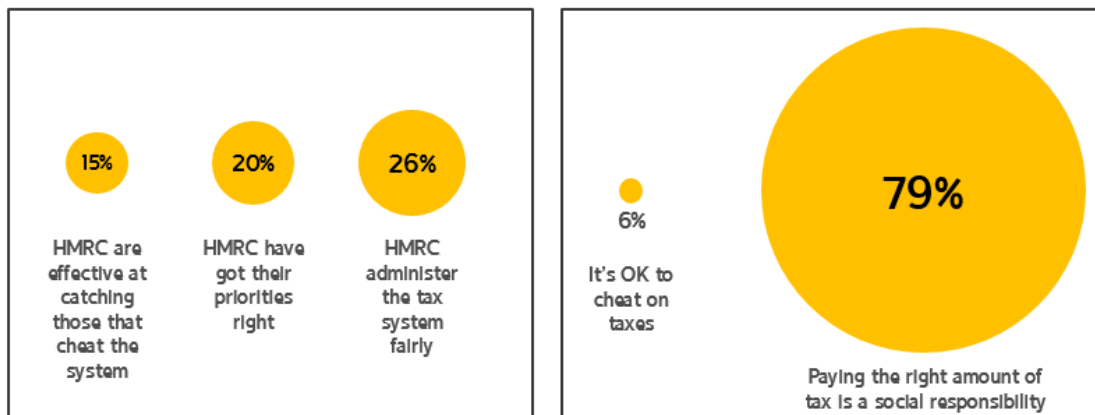
Some defaulters, businesses and individuals, identified the potential ‘shaming’ impact of publication, but it is not given much weight (more on this in 7.02.1). Some saw publication as the consequence of bankruptcy or being struck off the company director list, i.e. it was confused with other instances of details being published and not tied specifically to tax defaulting.

5.02 The general public – views on the tax environment

The general public echoed the views of businesses, individuals and defaulters about the perceived fairness of the tax regime.

The vast majority (79%) agreed that paying the correct taxes is the right thing to do. That said, how fairly HMRC administers the tax system, and HMRC’s fairness and success in catching those that cheat the system, were areas that were less well supported (only 26% and 15% in agreement respectively).

Chart 1. *Perceptions of tax among the general public*

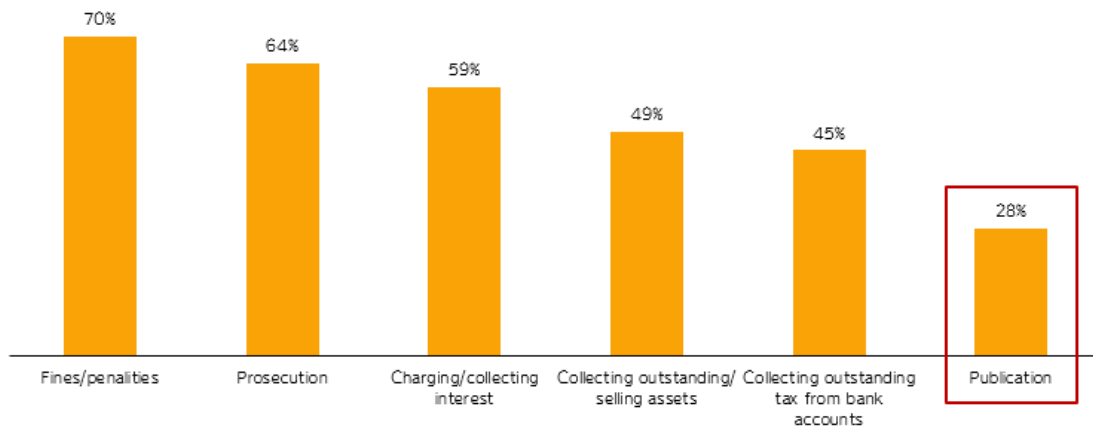


Thinking about what you know and feel about HMRC, and your attitudes towards tax, please can you tell me to what extent you agree or disagree with each of the following statements. Please use a scale of 0 to 10, where 0 is strongly disagree and 10 is strongly agree. (Base: 1,913, top 3 box agreement reported).

Fewer than one in three members of the public (28%) were aware of publication as a potential consequence of an intervention.

This is the lowest level of awareness for any consequence within HMRC’s toolkit. Fines/penalties had the highest levels of awareness, with seven in ten (70%) aware of this consequence.

Chart 2. Awareness of consequences of interventions among the general public



I'm going to read a list of consequences for businesses and individuals that deliberately do not declare some or all of the income they've earned. I'd like you to tell me which ones you are currently aware of that HMRC can use. (Base: 1,913, percentage aware of each intervention reported).

6. Delivery of the PDDD policy

6.01 Fairness in delivery: at an overall level

There was a perception among businesses, individuals and defaulters that HMRC’s approach to tackling tax evasion may be unfair, with HMRC disproportionately targeting small and medium businesses.

The belief that HMRC targets smaller businesses was relatively pervasive among this community, and arose as a result of several key, and related, factors. Firstly, an explicit distinction tended not to be made between tax evasion and tax avoidance. This is important due to the prevalence of recent highly-publicised cases of tax avoidance by large organisations and wealthy individuals.⁴ This created a perception that these types of businesses/ people can get away with ‘dodging’ their tax while others cannot. In addition, some smaller businesses had personal experience of or knew people that have been investigated by HMRC, which for them added to the sense that HMRC disproportionately targets smaller businesses.

“It’s probably easier to pick off dozens and dozens of small businesses than it is to try and get one big one. As individuals, I doubt very much if we’ve got top accountants and lawyers and barristers on our books, whereas a major company will just go, ‘Deal with the barristers, deal with the solicitors.’... With us, they know they’re not going to get a fight because we haven’t got the money behind us to put up a fight, so they will continue to hit the smaller businesses.”

Business

“When we had our first [intervention]... my accountant said, ‘They will expect to find something. They’ve got to pay for their visit.’... That’s wrong.”

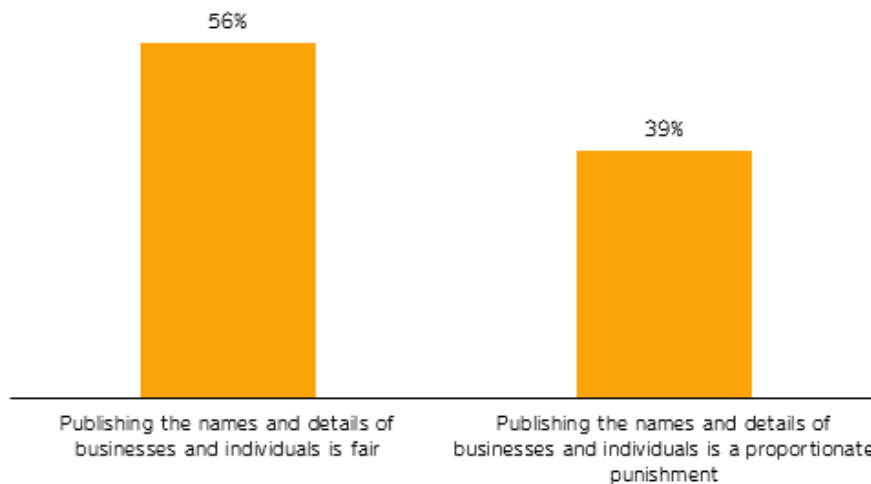
Business

The general public had mixed views on the perceived fairness and proportionality of publication.

Just over half of the general public (56%) felt publication is fair. Only two in five (39%) felt that publication is a proportionate punishment.

⁴ <https://www.theguardian.com/news/series/paradise-papers>

Chart 3. *Perceptions of the fairness of publication among the general public*



In order for HMRC to publish the names and details of those that deliberately do not declare some or all of their income, some specific criteria needs to be met. HMRC must have carried out an investigation and found evidence of deliberate attempts to evade tax and the business or individual needs to owe £25,000 or more in evaded tax to HMRC. Thinking about this, please can you tell me to what extent you agree or disagree with each of the following statements. Please think specifically about people that have deliberately not declared some or all of their income on purpose. Please use a scale of 0 to 10, where 0 is strongly disagree and 10 is strongly agree. (Base: 1,913, top 3 box agreement reported).

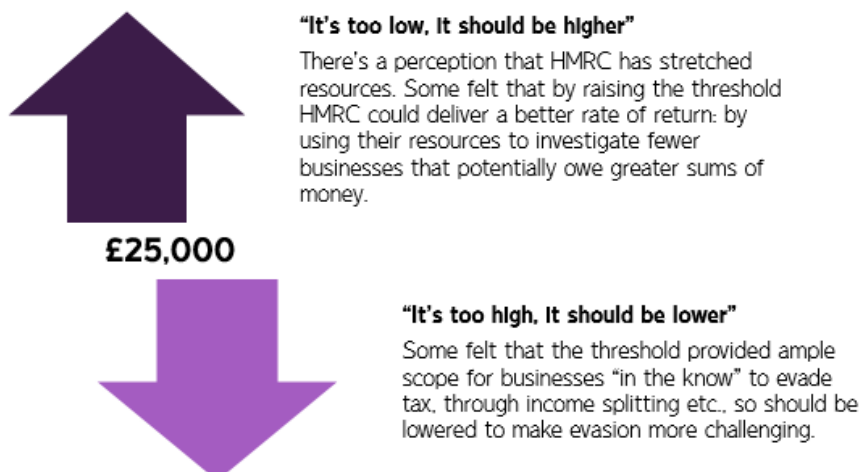
6.02 Fairness in delivery: policy criteria

6.02.1 The potential lost revenue threshold

The potential lost revenue threshold was perceived by businesses, individuals and defaulters to be arbitrary, and divided opinion.

Almost none of the businesses, individuals and defaulters (prior to their defaulting) were aware of the potential lost revenue threshold. Within this context, they could not discern how the number was arrived at. Some felt a tiered approach depending on business size/ turnover would be more appropriate or fair.

Perceptions of the potential lost revenue threshold among defaulters and those at risk



6.02.2 'Deliberate' defaulting

Defaulters struggled to identify with the term 'deliberate' and felt it did not fit with all defaulters' circumstances.

Among businesses, individuals and defaulters, the term 'deliberate' suggested 'hardened' or 'career' fraudsters, and came with the perception of those engaging in regular and knowing or wilful behaviour. This didn't necessarily fit with defaulters' perceptions of themselves or their circumstances:

- Some defaulters were clear that they are adept at managing financial affairs but did make occasional mistakes.
- Others were confused about their obligations, and even struggled to talk about it effectively (although they were aware and understood that ignorance is not a defence).

A number of the defaulters interviewed believed that they were neither wilful nor systematic offenders. Instead their defaulting behaviour arose from:

- A lack of understanding of the legal requirements.
- Poor book and/ or record keeping or not prioritising book and/ or record keeping.
- Error on the part of accountants/ bookkeepers.

Case Study 1: ignorance and poor record keeping

Business X was set up by multiple directors. The director responsible for tax had and has a very positive attitude towards paying their tax obligations and is opposed to those that avoid paying tax. The director responsible was inexperienced with tax when the business began, and did not realise the extent of record keeping required for mileage and petty cash.

The business was subject to a routine records check, having been sent a letter outlining the process in detail. The director felt that the HMRC investigator appeared 'very motivated' to find errors in their tax records. A shortfall of tens of thousands was found over a period of five years – and backdated tax and penalties amounted to double this – though the director was not entirely clear how this figure came about.

The director was clear that they were 'bang to rights', although felt HMRC could have shown more leniency. The director was not aware that the business details had been published.

There were some defaulters that felt HMRC were well within their rights, but that HMRC had not taken consideration of the wider context that had resulted in the defaulting behaviour (e.g. clients going bankrupt and owing money).

"Obviously, I'm no tax specialist, am I? I didn't know how the system works... I worked on paying them off, and I thought HMRC would be [more] lenient... but they weren't."

Defaulter

Regarding the publication process, not all of the defaulters were clear about their opportunity to make representations, and some struggled to communicate effectively with HMRC.

None of the defaulters spoke explicitly about the opportunity to make a formal representation⁵. For most, being caught up in the intervention itself was quite a stressful process, and felt that communication with HMRC was difficult and entirely on HMRC's terms i.e. the mode and frequency of communication was completely dictated by HMRC. One defaulter felt the communications process with HMRC was extremely challenging, and was still in dispute about the amount owed – a formal representation was not mentioned.

Case Study 2: contractor payment error

Business X was a successful company, with several hundred employees over a period of years. The business took and continues to take its tax obligations seriously and has not had any issues with tax in the past. One employee misinformed the business owner about their tax status, claiming that they were paying their tax direct to HMRC – although this information was not in line with HMRC records.

The business director responsible for this admits they should not have taken the employee at their word, labelling it a 'stupid mistake'. At the same time, they feel that the tax owed to HMRC has been paid; HMRC should be recovering this from the individual concerned, rather than the business.

Business X is still in dispute with HMRC as they feel all tax has now been paid (and this has been confirmed by some HMRC advisers) although the business is still being chased for an outstanding amount. They are angry that they have been published – business X did not set out to deliberately evade their tax responsibilities.

With regard to the process of advising defaulters that their details would be published, some state that they were made aware their details would be published as part of the documentation they received. There were also those who claim not to have been made aware prior to it happening. There were also examples of those who claimed not to be aware that their details *had* been published, even at the point of interview. These views show a difference of opinion to HMRC, as the process around publication includes communications about the possible penalties and outcomes (see page three for detail).

⁵ Details of the opportunity to make a formal representation can be found here:

<https://www.gov.uk/hmrc-internal-manuals/compliance-handbook/ch191040>

7. Impact of the PDDD policy

The package of consequences of interventions available to HMRC have the ability to *impact upon* a business or individual and/ or cause *behaviour change*. This section details the impact of the policy on, and behaviour change among, defaulters. It also details the perceived impact and behaviour change among businesses and individuals and the general public.

7.01 Overarching themes

Among businesses, individuals and defaulters, there's a perceived hierarchy to the various consequences of interventions and penalties, with publication felt to be least impactful.

Perceptions of the impact of HMRC's consequences of interventions among defaulters and those at risk



- **Publication**

Publication was felt by businesses, individuals and defaulters to have limited to no impact in comparison with interventions and other consequences of interventions. Most defaulters were unable to isolate specific and tangible consequences that occurred as a direct result of their details being published online.

- **Intervention**

The intervention was perceived to be a punishment in itself. It was felt to cause disruption to the day-to-day running of a business or an individual's life, and has the potential to cause a degree of stress and worry.

- **Paying back tax/financial penalties**

Paying back the tax owed was not disaggregated from financial penalties. These consequences of interventions can be damaging for a business, and potential outcomes can include bankruptcy and liquidation of the business amongst other things.

- **Prosecution and jail**

While those that had had their details published would not be prosecuted and vice versa, it was clear that many were aware that tax evasion *could* result in prosecution. This was felt to be the outcome that would have the largest and most damaging impact on someone's life or their business.

In the minds of all audiences, **publication does not equal publicising**. There are a number of factors that contribute to this perception:

1. **Limited awareness:** among businesses, individuals and defaulters (prior to their own publication), there was limited to no awareness of the PDDD policy.
2. **Limited utility:** at present, businesses, and particularly individuals, have limited reasons to seek out this information about suppliers/ clients. This is in part linked to limited awareness of publication, but also because the list of published names has little utility.
3. **Lack of external publication:** there are a limited number of external links redirecting users to the publication list (c. 50 at the time of the research). In addition, there is limited press activity or interest when the publication list is updated.
4. **Little context:** there is little context provided around the list. Some defaulters and also some businesses and individuals felt publication would be more powerful as a deterrent if those viewing the list understand *why* defaulters have been published.

7.02 Defaulters: impact and behaviour change

7.02.1 Impact

It is difficult to disentangle and understand the impact of publication in comparison to the intervention and subsequent penalties.

Most of those interviewed focused on the intervention and penalties as the tangible impacts of defaulting. That said, publication does have the ability to provoke a number of emotional responses from defaulters. One response was indifference: given the perceived lack of impact, some defaulters could not conceive that publication would negatively impact them in the future. In addition, some were not aware that their details had been published, again indicating a lack of impact. Others adopted the view that 'it's the least of my worries': while publication did feature on their radar, the impact of the other consequences e.g. fines meant publication was eclipsed and deprioritised.

"My accountant told me it was likely they would publish my details. He said, 'you can choose to get upset about that or not – personally I wouldn't.' He's right – it's nothing compared to what I've been through."

Defaulter

The defaulters we spoke to, however, generally experienced a strong emotional response. This is particularly the case for those that felt they (or their accountants) made mistakes, rather than being wilfully negligent/ defaulting 'deliberately'. While the impact of publication on this cohort appears to be limited, these defaulters were more likely to feel that publication *could* negatively affect them in the future (although they were unable to provide tangible examples of what this might be). For some, publication provoked feelings of a 'public' sense of shame. For those defaulters, prior to publication the situation could be limited to those that they wish to tell, but publication put it firmly in the public domain.

When they said, 'We're having no more negotiations, no more meetings, and this is what you owe and it will be published. I was quite upset about it. I said, 'Oh that means everybody will know'.

Defaulter

For most defaulters, the length of publication (12 months) was felt to be too long.

As most felt they (or their accountant) had made a mistake or mistakes, rather than were wilfully negligent ('deliberate'), any publication time period was felt to be too long.

In contrast to publication, the entire experience of being investigated, and the subsequent package of consequences, was felt to have a very detrimental impact.

In some situations, defaulters had not informed family members or friends they had been investigated and penalised, whereas some had only informed close family/ friends and professional advisors. On a number of occasions, the impact of the intervention and its outcome was emotional distress and pressure on familial relationships/ friendships (in some situations, leading to marital separation or divorce). However, defaulters could not isolate the specific impact of having their details published, and therefore perceived it to have little impact on their network of family, friends, or business associates.

Of those that ran businesses, publication again had very little perceived impact (especially when compared to the other measures e.g. fines which in some cases forced businesses into liquidation and/ or bankrupted individuals). Some businesses took proactive measures and actively discussed publication, and the broader intervention, with clients and suppliers to mitigate against potential negative consequences (e.g. reputational damage, loss of business etc.).

7.02.2 Behaviour change

On the whole, defaulters changed their behaviour as a result of the entire experience. **Defaulters did not attribute publication as a significant factor in causing this**, but rather their behaviour change was a result of the entire experience of the intervention and all the subsequent consequences. The range of changed behaviour was:

- **No change**
Some defaulters felt they were unfairly punished by HMRC for making a mistake, and are not deliberate defaulters. In that respect they did not feel like they had to make any changes to their behaviours.
- **Improved record keeping and processes**
Some felt the outcome was simply a result of poor record keeping or a misunderstanding of, or lack of knowledge about, specific requirements e.g. for how long a business is required to hold company records.
- **Changed accountant**
Many laid the blame for their situation with 'unprofessional' accountants (usually unchartered accountants) or bookkeepers, so they moved to a more professional accounting set-up.
- **Sold business or stopped any additional revenue streams (if an individual)**
Some defaulters did this with a view to undertaking a new business venture, or revenue stream.

- **Became an employee of a different organisation**

A number of defaulters found the entire experience emotionally and financially challenging, to the extent that they resolved not to run a business again.

7.03 **Businesses and individuals with the potential for publication if they deliberately default: impact and behaviour change**

7.03.1 **Impact**

Businesses and individuals questioned the impact of publication on a business or individual.

While most understood the purpose and aims of publication, they were undecided on whether it would actually have a meaningful impact, or whether it would generate feelings of shame among defaulters:

“So what? Who’s going to read that [list of names]? Unless you know what you’re looking for.”

Business

“They’ve got no shame because they’ve done what they’ve done. If you were that bothered and you had a conscience, you wouldn’t do it in the first place, would you?”

Business

Ultimately, for the majority of businesses and individuals, publication wouldn’t prevent them or turn them off from doing business with a defaulter.

“If they’re still trading and you get guarantees that the work you’re going to do for them, you’re going to get paid [for]...whatever happens their end, it’s kind of their business. It’s business for you, so why would you not trade with them?”

Business

Most businesses and individuals felt the length of publication (12 months) was irrelevant, given the low awareness of publication and the perceived lack of impact it creates. However, when prompted to give an opinion most felt that 12 months was too short, arguing that in the life cycle of a business, 12 months isn’t a very long time.

When pushed to think about what types of businesses publication could have more of an impact on, businesses and individuals were divided on their opinion.

Regarding business size, on the one hand some believed that smaller businesses, specifically within a local context might be more adversely affected. This opinion was due to the more direct link between the business and its customers or suppliers, meaning reputational damages may be greater or more immediately felt. However, others felt that the closer and more direct relationships might allow businesses to explain away or work with their customers and suppliers to overcome reputational damages. In addition, as some believe HMRC ‘targets’ small businesses, there was a residual sense of sympathy towards smaller businesses. This led some to believe that customers or suppliers would be more sympathetic towards smaller businesses, thus mitigating against any impact.

On the other hand, some believed larger businesses would be more adversely affected, as reputational damage may be more significant. Publication may affect whether some consumers choose a specific business (where there is an element of choice) or whether other organisations would want to do business with them. However, as there is a perception that tax evasion/ avoidance is relatively common among businesses of specific sizes⁶, some felt that publication appears to have a limited meaningful impact on large businesses.

There were some noted differences by sector. Some businesses and individuals believed that tax evasion is systemic and to be expected in specific sectors e.g. construction, tradesmen. As a result, they felt that publication would have little impact for businesses of this type. Others believed that sectors which involve vulnerable individuals or positions of care e.g. nursing/ care homes or professional services e.g. accountancy would be more likely to be affected by publication.

It is important to note that, despite these differences, most businesses and individuals felt that publication would have a minimal impact irrespective of business size, sector etc.

7.03.2 Behaviour change

Businesses and individuals questioned the role of publication in changing behaviour.

Amongst some businesses and individuals, there was a perception that perpetual defaulters simply know ways around detection, e.g. through liquidating a business and re-opening it under another name. In addition, the limited awareness of publication and the lack of use of the publication list by other businesses led to questions about the effectiveness of publication as a means of changing behaviour.

“I used to work for a man where he closed the business a number of times. That was because he owed people so much money. I don't think it was the taxman but it was certainly other businesses he owed money [to] so he'd close the company down, re-open it and do the same thing in a different name...A lot of people change names and identities, and company identities as well, though. So, I don't know whether [publication] would really stigmatise somebody very effectively. It's a good idea in some respects, but would it stigmatise them?”

Business

⁶ Examples such as the Paradise Papers story, as published by the Guardian, were referenced

7.04 General public: impact and behaviour change

7.04.1 Impact

Among the general public, just under three in five felt that publication was effective.

After being introduced to the concept and detail of PDDD, 59% of members of the public felt that publication is either moderately or very effective at preventing people from defaulting, and 57% felt it is moderately or very effective at preventing those that have already done so from doing so again.

Chart 4. *Perceived effectiveness of publication as a preventative measure among the general public*



How effective do you think publishing the details of individuals and businesses is at:

- Stopping those that have already done this from doing so again in the future?
- Preventing those that may be considering this from doing so?

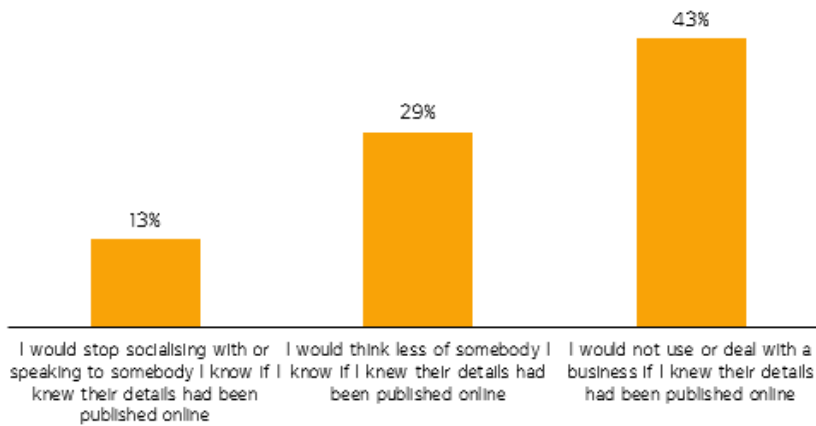
Base: 1,913

7.04.2 Behaviour change

The general public's views suggested that publication is much more likely to impact businesses.

Only one in ten (13%) felt they would stop speaking to somebody who had their details published, and three in ten (29%) stated they would think less of them, whereas just over four in ten (43%) claimed they would not use a business that had had its details published.

Chart 5. *Perceived impact of publication on behaviour among the general public*



In order for HMRC to publish the names and details of those that deliberately do not declare some or all of their income, some specific criteria needs to be met. HMRC must have carried out an investigation and found evidence of deliberate attempts to evade tax and the business or individual needs to owe £25,000 or more in evaded tax to HMRC. Thinking about this, please can you tell me to what extent you agree or disagree with each of the following statements. Please think specifically about people that have deliberately not declared some or all of their income on purpose. Please use a scale of 0 to 10, where 0 is strongly disagree and 10 is strongly agree. (Unweighted base: 1,913, top 3 box agreement reported).

8. Views on improving the effectiveness of the PDDD policy

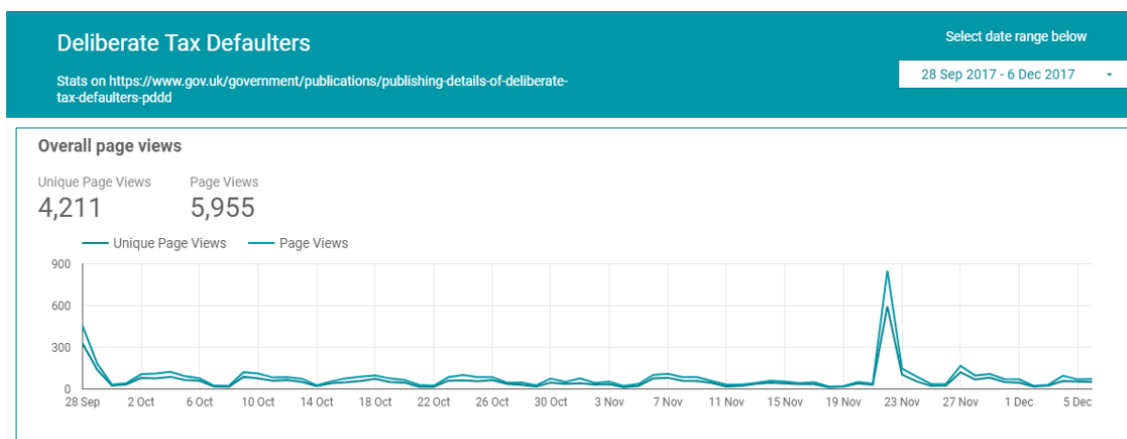
8.01 Current viewing/ use of the PDDD lists

Over a ten-week period, the PDDD listing was visited by 4,211 unique users.

This period ran from the batch of defaulters published on 28th September 2017 to the 6th December 2017. After a spike of just over 300 page views on publication of a new batch, unique page views settled down to approximately 100 per day during the week, with a downturn towards tens of views at the weekend. A further spike occurred on the 22nd November 2017.

While we cannot infer effectiveness from this data, it is included for context.

Page views over time for the list of defaulters published in September 2017



Participants were asked in the research to consider ways in which the effectiveness of PDDD could be improved. There were two main levers identified.

8.02 Increasing the utility of PDDD

Suggestions for improving the effectiveness of PDDD included giving it greater utility – or a tangible reason to view the list. Particularly for businesses groups, there was some appetite for using PDDD lists as a way of checking the suitability of clients and suppliers as organisations to do business with.

“Could it appear on their credit reports, like on a Dun & Bradstreet or on an individual report? Everybody uses that now, don’t they?”

Business

8.03 Increasing the visibility of PDDD

As well as giving the list a more defined purpose and utility for businesses, many felt that it would benefit from being given greater publicity and visibility.

To date, PDDD has had very low levels of awareness, and it appears that the current publication strategy has had limited impact. In order to act as a more effective deterrent, it is felt that:

- Publicising the list more widely would help to increase awareness levels
- Publishing details in more accessible/ relevant places may increase effectiveness as a deterrent

At the same time, there were questions as to whether people would *actually* take more notice of it in reality – hence the need for greater visibility *and* utility.

And while not a commonly heard view, it was felt by some that highlighting the policy in relevant places may help to increase its impact as a deterrent (e.g. in payroll and tax return software, at the point of submission).

“If people knew [about publication], it would stop a lot of people doing it... unless they know the consequences before, it might not deter them from doing it.”

Individual

“Your local paper, as you flick through it you’d think, ‘I know John. What’s he doing in the paper?’”

Individual

Views were sought on the most appropriate and impactful places for publication; responses were relatively consistent for businesses, individuals, defaulters and the general public.

- **Targeted local and trade press**

- Publishing details in the local press was felt the most effective way forward.
- Some likened it to the list of court appearances in local newspapers – increasing the likelihood that one knows the defaulter may create a more effective deterrent.
- Publishing in trade publications was also felt to be an effective method of shaming and creating a stronger deterrent.

- **National press**

- While some mentioned the national press as being appropriate, it was questioned whether people would actually go looking for the names of defaulters.
- And the practicalities around which specific publications it should appear in raised further questions.

- **Social media**

- Many felt that publishing defaulter details on social media would be a very effective way of shaming and increasing the power of the deterrent.
- But there were questions about the source of the publication, and it was felt unlikely that people would actually follow/ see the accounts from which names were published.

▪ **Outdoor media (e.g. billboards etc.)**

- There was some mention of outdoor media as an effective platform for publishing the details of defaulters.
- But practicalities were called into question on occasion.
- Cost and chosen location were felt to be the main issues.

These views were largely echoed by the general public, with trade magazines (59%) and local newspapers (63%) being viewed as the most effective locations compared to the current home on the gov.uk site (although the remaining options also scored relatively highly, from local billboards and posters at 53% to social media at 56%).

Chart 6. *Perceived effectiveness of alternative locations in which to publish the list of deliberate defaulters*



And finally, I'd now like to understand what you think would be more likely to stop individuals and businesses from deliberately not declaring some or all of their income, in order to minimise the tax they owe. I'm going to read out some suggestions, and I'd like you to tell me whether you think they'd be more or less effective than publishing the names, addresses and business details of individuals and businesses on the government's website.

(Unweighted base 1,913, percentage reporting much more or slightly more effective reported)

9. Appendices

9.01 Appendix 1: discussion guides and questionnaires

Businesses: Deliberate Defaulters Discussion Guide

Purpose: To explore the impact the publication policy has on those that have been named under the programme, by:

- Establishing whether the publication programme provides an effective sanction.
- Identify the impact (if any) on the taxpayer's business/ personal life and ultimately, whether the programme has deterred/ will deter future non-compliance.

Interviewer notes:

- Moderators to refrain from calling publication 'naming and shaming'; we want to explore whether this term arises spontaneously and also to explore whether naming does equal shaming.
- Moderators to use all the qualitative techniques at their disposal to get to the heart of behaviour drivers and motivations e.g. laddering, five whys etc.
 - o This is a sensitive and potentially upsetting subject area; moderators to probe with sensitivity.
- Use probes as needed to help explore relevant issues if they do not fall out on the natural conversation. Do not use all the probes – use own judgement.
- For your reference, example behaviours that constitute tax evasion are:
 - o Underreporting/ inaccurate recording of income, profits or gains, e.g.:
 - income splitting to avoid VAT registration
 - not processing entire income e.g. tips
 - o Overstating deductions or expenses
 - o Paying employees in cash to avoid payroll liabilities
 - o PAYE abuse (i.e. not payrolling employees, under declaration of benefits in Kind)
 - o Entering liquidation in order to evade paying tax
 - o Not flagging any money or taxable assets or hiding interest in offshore accounts
 - o Failing to make a return of income or gains subject to tax
 - o Failing to register for a tax when required to do so (e.g. VAT, despite taxable turnover being above the VAT registration threshold) i.e. knowingly submitting an inaccurate return or failing to register for tax when they know it's required by law

- Failing to make full disclosure or engage with HMRC early on,

Length of interviews: 60 minutes

- **Introductions: c. 2-3 minutes**

Discussion Flow:

- Introductions
- Explanation of the research:
 - To understand and explore what impact the publication of your business details had on your business and/ or personal life, and discuss the policy of publishing business details more broadly.
- Who is Quadrangle and our role, emphasise independence:
 - Interviewer is not employed by HMRC and is not a tax expert; it's an opportunity to give your views to government
- Provide assurances:
 - All the information will be anonymous/ confidential and will not be attributed to the business, nor used for the purposes of auditing
 - Quadrangle do not have any information on their tax affairs (i.e. they have not been selected for interview on the basis of any information held)
- MRS code of conduct and confirm voice recording
- Rules and engagement: no right or wrong answers, interested in honest and open feedback

- **Warm up: c. 5 minutes**

Purpose: To understand any contextual information/ business circumstance from the time of the HMRC investigation, and gain an understanding of the participant's role in decision making and tax compliance.

Discussion flow:

- Basic firmographics at the time of HMRC compliance investigation
 - Business age, number of employees, turnover, sector etc.
 - Type of customers (e.g. types of B2B or B2C customers)
 - Profile of staff (if applicable)
 - **PROBE:** stable/ transient workforce; seasonal impact on staff; non-standard working practices (e.g. weekends/ evenings/ zero-hour contracts)
 - Life-stage of the business (e.g. growing, steady/ established, in decline)
 - Main priorities and challenges at the time

- Respondents role in business
 - o Key responsibilities; discuss who the main decision makers in the business are

- **Tax management: c. 5 minutes**

Purpose: To understand the level of engagement in tax management and planning and how tax impacts the overall business decision making and activities

Discussion flow:

- Discuss tax management within the business at the time
 - o **Administration of taxes:** responsible for record keeping/ processing and submitting the required information to HMRC
 - o **Decision making:** around tax management and planning in the business
 - **PROBE:** in-house – what tax obligations were they responsible for in-house; who else did they work with to plan and manage their taxes (e.g. colleagues, networks etc.); establish whether there are any finance/ tax professionals within the business
 - **PROBE:** externally – capture type of agent and reason for using; agent responsibilities; how did they work with their agent to manage and plan their taxes e.g. level of involvement, influence on decision making; did use of the agent vary for certain activities or taxes e.g. payroll vs. VAT
 - o **Why:** explore reasons for managing tax in this way
- Explore the influence of tax on broader business decision-making
 - o Explore perceived relative importance of paying tax vs. business investments, paying suppliers etc.
 - o Relate back to the business challenges and priorities faced by the business at the time (to build a picture of where tax planning sits in relation to other business demands)
 - **PROBE:** impact on choice of payment methods, suppliers and sub-contractors used (N.B. likely to be less relevant to smaller businesses)

- **Journey mapping: c. 15-20 minutes**

Purpose: To understand the level of prior knowledge of publication and its consequences, and how the investigation unfolded.

Discussion flow:

- Explore **awareness and understanding of the measures used by HMRC** to discourage businesses from not paying the right amount of tax prior to their compliance check

- Explore their awareness of the policy i.e. were they aware there would be consequences for tax evasion, if so what did they think they would be?
 - **PROBE:** publication of business details, financial penalties, possibility of prosecution
 - **PROBE:** if they were aware, how did they know about the consequences e.g. press/ media, social media, agent etc.
 - **PROBE:** if they are not the individual responsible for tax management, do they have a view on that individual's awareness of the consequences?
- Explore their understanding of the specific behaviours or business criteria that would result in them being defined as deliberate defaulters
 - **PROBE:** what they thought the criteria for consequences was (e.g. size of tax liability, size of business etc.)
- Discuss the **perceived prevalence of tax evasion** in their sector, and the perceptions of HMRC's ability to tackle evasion effectively
 - How common do you think it is for businesses in your sector to evade tax, why/ why not?
 - **PROBE:** any friends/ business acquaintances that have been investigated and/ or being investigated?
 - How common do you think it is more generally among businesses or individuals, why/ why not?
 - How do you feel the situation might be different in your sector vs. others? Why do you say that?
 - How do you feel the situation might be different among businesses of different sizes? Why do you say that?
- Exploring **examples of publishing business details** for tax evasion or in other contexts
 - Have they heard of any examples of business details being published publicly for tax evasion? What happened? How do they feel about it?
 - Explore any examples of publication in other contexts; what are they? What do they think of them? How effective is publication in those other contexts?
- Discuss their **experiences of the investigation:** focus on the initial stages. *(interviewer note: for this and the following set of questions, while it is important to understand the context of the entire investigation, ensure the conversation remains focused on the impact of publication within that. Avoid more detailed conversations about other areas of the investigation).*
 - Explore how HMRC first engaged with the business and the initial process

- **PROBE:** Did they know/ understand why HMRC was conducting the investigation; why did they think HMRC was conducting the investigation at this point in time
 - **PROBE:** how did they feel, what did they think, who did they talk to about it at this stage etc.?
 - Explore the communications received
 - **PROBE:** their perceptions of how well the process was explained to them; clarity around timescales
 - **PROBE:** perceptions of the clarity of communications received at this point e.g. initial comms to inform them of the investigation, the Fact Sheet; did they feel like they understood the communications
 - **PROBE:** how did they feel, what did they think, who did they talk to about it at this stage etc.?
 - Explore awareness of the consequences at this stage
 - **PROBE:** their perceptions of how well HMRC communicated the consequences
 - **PROBE:** maximum penalty reduction
 - **PROBE:** were they made aware of the possibility of publication, penalties and prosecution
 - **PROBE:** if aware, what was most important/ concerning to them; why?
 - **PROBE:** if aware of publication did they know their details would be published for 12 months?
 - Explore why they didn't disclose at this stage
 - **THROUGHOUT:** explore how they felt
- Discuss their **experiences of the investigation:** focus on the later stages
 - Map out the investigation process – what HMRC did and what the participant did
 - **PROBE:** how did they feel, what did they think, who did they talk to about it at this stage etc.?
 - **PROBE:** impact of investigation on business whilst it was ongoing
 - **PROBE:** impact of investigation on them/ their family whilst it was ongoing
 - Explore how well they felt they were kept informed/ communicated to
- Explore what HMRC could have done better throughout the process/ any improvements
 - **PROBE:** communication (tone & frequency), timescales, availability of information, being kept informed

- **Impact of publication: c. 25-30 minutes**

Purpose: To understand the impact of publication on all aspects of their lives to help determine how effective a deterrent it is.

(interviewer note: ensure the discussion focuses on and unpicks the impact of publication both in itself and in combination with other factors)

Discussion flow:

- Discuss what happened after HMRC reached their decision
 - o Explore what the process was, including timescales
 - o **PROBE:** being named, the financial penalty Discuss how HMRC explained what was going to happen next
 - o Explore how they felt
- Discuss what the impact was on:
 - o **That business:** impact of day-to-day business finances and longer-term business finances, impact on reputation; impact on ability to continue trading; impact on staff
 - **PROBE:** any impact on licence requirements/ revocations
 - o **Their future employment:** ability to open new businesses (if applicable); ability to gain employment at another business that wasn't theirs (if applicable)
 - o **Their personal financial situation at the time:** impact on day-to-day financial situation; impact on 'bigger picture' financial situation (e.g. home-ownership, personal debts etc.)
 - o **Their future personal financial situation:** their ability to get credit etc.
 - o **Their networks:** impact on business contacts/ networks; impact on their family/ friends; impact on themselves (financial and mental/ physical health)
 - **PROBE:** Did they tell people, why/ why not? How did family and friends respond? Sympathetically or otherwise? What impacts did this have both practically and emotionally?
 - **PROBE THROUGHOUT:** what was the impact of publication vs. financial penalty/ possibility of prosecution; what impact did publication have specifically on each of these factors
- Sum up & map out the relative importance of each of the different penalties
 - o Impact of publication vs. financial penalty vs. possibility of prosecution
 - **PROBE:** what about the length of time of publication – is 12 months fair or too harsh?

- Relate back to the different areas of their life that were affected: what was affected the most; why?;
- Discuss how they've dealt with the consequences and what they've done next
 - Explore how it made them feel
 - **PROBE:** do they feel ashamed/ shame? Publication is sometimes colloquially known as 'naming and shaming' – is this accurate? Why, why not?
 - Explore who they've discussed it with e.g. family, business contacts/ networks, agents, solicitors etc.; why?
 - Understand what they did next e.g. started a new business, moved abroad etc.; why?
- Discuss perceived impact of publication on their attitudes:
 - Their attitudes towards tax
 - Their attitudes towards tax compliance
 - Their willingness to comply with their tax obligations
 - **PROBE THROUGHOUT:** what was the impact of publication specifically on each of these things vs. financial penalty/ possibility of prosecution
- Discuss perceived impact of publication on their behaviours:
 - Whether they do now comply with their tax obligations
 - **PROBE THROUGHOUT:** what was the impact of publication specifically on each of these things vs. financial penalty/ possibility of prosecution
 - If they've changed their behaviour, why?
 - **PROBE:** in what ways they've changed their behaviour e.g. tax administration (company systems & processes), tax decision making, use of an agent, information sources they consult, engagement with HMRC, do they now make upfront disclosures to HMRC etc.
 - **PROBE:** what's caused them to change their behaviour e.g. fear of getting caught again, inability to pay fines, being publicly named again
 - If not changed their behaviour, why?
 - Explore situations that might cause them to evade tax in the future
 - E.g. business or personal cash-flow problems, an increase in the threshold for punishment (i.e. higher than £25,000) etc.
- Explore whether they think publication has had an impact on the attitudes and behaviours of others in their network (incl. family, community, friends, acquaintances)? If yes, in what way?
- Explore perceptions of the effectiveness of the policy

- Discuss how effective they think being publicly named would be for other businesses:
 - Businesses of different sizes: e.g. small businesses (including family run businesses e.g. Bed and Breakfast) vs. larger businesses e.g. over 500 employees
 - Cash-heavy business vs. cash-light business
 - Businesses in different sectors e.g. Wholesale businesses vs. Restaurants/ cafes/ takeaways vs. businesses responsible for vulnerable people e.g. nursing/ care homes or sheltered accommodation
 - Persons with a professional status e.g. solicitors, accountants, health professionals or in public office
- Discuss how effective they think being publicly named would be for a business like theirs
- Discuss perceptions of how likely they feel other people are to be caught
- Are there any circumstances where it's in the interest of the public to know that someone has deliberately evaded tax?

- **Summary: c. 5 mins**

Purpose: To provide a concise synopsis of the perceived impact of publication of their business details, to assess the effectiveness of the programme for those at risk of defaulting

Discussion flow:

Sum up the impact of the publication of their business details (and the other consequences) on current compliance and potential future compliance/ compliant behaviours.

Individuals: Deliberate Defaulters Discussion Guide

Purpose: To explore the impact the publication policy has on those that have been named under the programme, by:

- Establishing whether the publication programme provides an effective sanction.
- Identify the impact (if any) on the taxpayer (in any form) and ultimately, whether the programme has deterred/ will deter future non-compliance.

Interviewer notes:

- Moderators to refrain from calling publication ‘naming and shaming’; we want to explore whether this term arises spontaneously and also to explore whether naming does equal shaming.
- Moderators to use all the qualitative techniques at their disposal to get to the heart of behaviour drivers and motivations e.g. laddering, five whys etc.
 - o This is a sensitive and potentially upsetting subject area; moderators to probe with sensitivity.
- Use probes as needed to help explore relevant issues if they do not fall out on the natural conversation. Do not use all the probes – use own judgement.
- For your reference, example behaviours that constitute tax evasion are:
 - o Underreporting/ inaccurate recording of income, profits or gains, e.g.:
 - income gained from property
 - o Not flagging any money or taxable assets or hiding interest in offshore accounts
 - o Failing to make a return of income or gains subject to tax e.g. capital gains tax, inheritance tax
 - o Failing to register for a tax when required to do so i.e. knowingly submitting an inaccurate return or failing to register for tax when they know it’s required by law
 - o Failing to make a full disclosure or engage with HMRC early on

Length of interviews: 60 minutes

- **Introductions: c. 2-3 minutes**

Discussion Flow:

- Introductions
- Explanation of the research:
 - o To understand and explore what impact the publication of your personal details has had on any area of your life, and to discuss the policy of publishing individuals’ details more broadly.

March 2018

- Who is Quadrangle and our role, emphasise independence:
 - o Interviewer is not employed by HMRC and is not a tax expert; it's an opportunity to give your views to government
- Provide assurances:
 - o All the information will be anonymous/ confidential and will not be attributed to them personally, nor used for the purposes of auditing
 - o Quadrangle do not have any information on their tax affairs (i.e. they have not been selected for interview on the basis of any information held)
- MRS code of conduct and confirm voice recording
- Rules and engagement: no right or wrong answers, interested in honest and open feedback

- **Warm up: c. 5 minutes**

Purpose: To understand any contextual information from the time of the HMRC investigation, and gain an understanding of the participant's role in decision making and tax compliance.

Discussion flow:

- About the individual and their circumstances
 - o Age; family circumstances; occupation; any other sources of income
 - o Recent life events that may have contributed to the tax issues at the time of investigation

- **Tax management: c. 5 minutes**

Purpose: To understand the level of engagement in tax management and planning and how tax impacts the overall business decision making and activities

Discussion flow:

- Discuss individuals' tax management
 - o **Understanding and experience:** their process for, and how confident are they in, record keeping/ processing and submitting the required information to HMRC
 - How much experience had they had of this in the past
 - o **Use of advisers/ agents:** around tax management
 - **PROBE:** personal management of affairs – what tax obligations did they take responsibility for (if any); who else did they work with to plan and manage their taxes (e.g. family/ friends etc.); establish whether they have any finance/ tax experience professionally

- **PROBE:** use of advisers/ agents – capture type of agent and reason for using; agent responsibilities; how did they work with their agent to manage and plan their taxes e.g. level of involvement, influence on decision making
 - **Why:** explore reasons for managing tax in this way
- Explore attitudes towards taxation in general
 - Explore perceived importance of tax as a system for funding the needs of UK infrastructure and society
 - Agreement in principle or otherwise?
 - Explore perceptions of how effectively taxes are used and whether they feel obliged to contribute to this

- **Journey mapping: c. 15-20 minutes**

Purpose: To understand the level of prior knowledge of publication and its consequences, and how the investigation unfolded.

Discussion flow:

- Explore **awareness and understanding of the measures used by HMRC** to discourage individuals from not paying the right amount of tax prior to their compliance check
 - Explore their awareness of the policy i.e. were they aware there would be consequences for tax evasion, if so what did they think they would be?
 - **PROBE:** publication of personal details, financial penalties, possibility of prosecution
 - **PROBE:** if they were aware, how did they know about the consequences e.g. press/ media, social media, agent etc.
 - **PROBE:** if they do not take responsibility for their own tax management and delegated all to an agent/ adviser, do they have a view on that individual's awareness of the consequences?
 - Explore their understanding of the specific behaviours that would result in them being defined as deliberate defaulters
 - **PROBE:** what they thought the criteria for consequences was (e.g. size of tax liability etc.)
- Discuss the **perceived prevalence of tax evasion** among individuals (specifically as opposed to businesses), and the perceptions of HMRC's ability to tackle evasion effectively
 - How common do you think it is for individuals to evade tax, why/ why not?
 - **PROBE:** any friends/ acquaintances that have been investigated and/ or being investigated?

- How common do you think it is more generally among businesses or individuals, why/ why not?
- Exploring **examples of publishing personal details** for tax evasion or in other contexts
 - Have they heard of any examples of personal details being published publicly for tax evasion (i.e. seen any reports in the media etc)? What happened? How do they feel about it?
 - Explore any examples of publication in other contexts; what are they? What do they think of them? How effective is publication in those other contexts?
- Discuss their **experiences of the investigation**: focus on the initial stages.
(interviewer note: for this and the following set of questions, while it is important to understand the context of the entire investigation, ensure the conversation remains focused on the impact of publication within that. Avoid more detailed conversations about other areas of the investigation).
 - Explore how HMRC first engaged with them and the initial process
 - **PROBE**: Did they know/ understand why HMRC was conducting the investigation; why did they think HMRC was conducting the investigation at this point in time
 - **PROBE**: how did they feel, what did they think, who did they talk to about it at this stage etc.?
 - Explore the communications received
 - **PROBE**: their perceptions of how well the process was explained to them; clarity around timescales
 - **PROBE**: perceptions of the clarity of communications received at this point e.g. initial comms to inform them of the investigation, the Fact Sheet; did they feel like they understood the communications
 - **PROBE**: how did they feel, what did they think, who did they talk to about it at this stage etc.?
 - Explore awareness of the consequences at this stage
 - **PROBE**: their perceptions of how well HMRC communicated the consequences
 - **PROBE**: maximum penalty reduction
 - **PROBE**: were they made aware of the possibility of publication, penalties and prosecution
 - **PROBE**: if aware, what was most important/ concerning to them; why?
 - **PROBE**: if aware of publication did they know their details would be published for 12 months?

- Explore why they didn't disclose at this stage
- **THROUGHOUT:** explore how they felt
- Discuss their **experiences of the investigation:** focus on the later stages
 - Map out the investigation process – what HMRC did and what the participant did
 - **PROBE:** how did they feel, what did they think, who did they talk to about it at this stage etc.?
 - **PROBE:** impact of investigation on business whilst it was ongoing
 - **PROBE:** impact of investigation on them/ their family whilst it was ongoing
 - Explore how well they felt they were kept informed/ communicated to
- Explore what HMRC could have done better throughout the process/ any improvements
 - **PROBE:** communication (tone & frequency), timescales, availability of information, being kept informed
- **Impact of publication: c. 25-30 minutes**

Purpose: To understand the impact of publication on all aspects of their lives to help determine how effective a deterrent it is.

(interviewer note: ensure the discussion focuses on and unpicks the impact of publication both in itself and in combination with other factors)

Discussion flow:

- Discuss what happened after HMRC reached their decision
 - Explore what the process was, including timescales
 - **PROBE:** being named, the financial penalty
 - Discuss how HMRC explained what was going to happen next
 - Explore how they felt
- Discuss what the impact was on:
 - **Their personal financial situation at the time:** impact on day-to-day financial situation; impact on 'bigger picture' financial situation (e.g. home-ownership, personal debts etc.)
 - **Their future personal financial situation:** their ability to get credit etc.
 - **Their current and future employment:** implications for their current role; implications for any future roles
 - **Their networks:** impact on business contacts/ networks; impact on their family/ friends; impact on themselves (financial and mental/ physical health)

- **PROBE:** Did they tell people, why/ why not? How did family and friends respond? Sympathetically or otherwise? What impacts did this have both practically and emotionally?
 - **PROBE THROUGHOUT:** what was the impact of publication vs. financial penalty/ possibility of prosecution; what impact did publication have specifically on each of these factors
- Sum up & map out the relative importance of each of the different penalties
 - Impact of publication vs. financial penalty vs. possibility of prosecution
 - **PROBE:** what about the length of time of publication – is 12 months fair or too harsh?
 - Relate back to the different areas of their life that were affected: what was affected the most; why?;
- Discuss how they've dealt with the consequences and what they've done next
 - Explore how it made them feel
 - **PROBE:** do they feel ashamed/ shame? Publication is sometimes colloquially known as 'naming and shaming' – is this accurate? Why, why not?
 - Explore who they've discussed it with e.g. family, friends, agents, solicitors etc.; why?
 - Understand what they did next e.g. moved abroad etc.; why?
- Discuss perceived impact of publication on their attitudes:
 - Their attitudes towards tax
 - Their attitudes towards tax compliance
 - Their willingness to comply with their tax obligations
 - **PROBE THROUGHOUT:** what was the impact of publication specifically on each of these things vs. financial penalty/ possibility of prosecution
- Discuss perceived impact of publication on their behaviours:
 - Whether they do now comply with their tax obligations
 - **PROBE THROUGHOUT:** what was the impact of publication specifically on each of these things vs. financial penalty/ possibility of prosecution
 - If they've changed their behaviour, why?
 - **PROBE:** in what ways they've changed their behaviour e.g. approach to financial affairs, tax decision making, use of an agent, information sources they consult, engagement with HMRC, do they now make upfront disclosures to HMRC etc.
 - **PROBE:** what's caused them to change their behaviour e.g. fear of getting caught again, inability to pay fines, being publicly named again

- If not changed their behaviour, why?
- Explore situations that might cause them to evade tax in the future
 - E.g. personal cash-flow problems, an increase in the threshold for punishment (i.e. higher than £25,000) etc.
- Explore whether they think publication has had an impact on the attitudes and behaviours of others in their social network (incl. family, community, friends, acquaintances)? If yes, in what way?
- Explore perceptions of the effectiveness of the policy
 - Discuss how effective they think being publicly named would be for other people or businesses:
 - Businesses of different sizes: e.g. small businesses (including family run businesses e.g. Bed and Breakfast) vs. larger businesses e.g. over 500 employees
 - Individual renting out a room in their house
 - Businesses responsible for vulnerable people e.g. nursing/ care homes or sheltered accommodation
 - Persons with a professional status e.g. solicitors, accountants, health professionals or in public office
 - Discuss how effective they think being publicly named would be for a business like theirs
 - Discuss perceptions of how likely they feel other people are to be caught
 - Are there any circumstances where it's in the interest of the public to know that someone has deliberately evaded tax?
- **Summary: c. 5 mins**

Purpose: To provide a concise synopsis of the perceived impact of publication of their personal details, to assess the effectiveness of the programme for those at risk of defaulting

Discussion flow:

Sum up the impact of the publication of their personal details (and the other consequences) on current compliance and potential future compliance/ compliant behaviours.

Businesses: Discussion Guide

Purpose: To explore whether PDDD serves as an effective deterrent to customers whose details may be published if they deliberately default, by:

- Investigate the awareness, understanding and potential impact of the programme on behaviour.
- Establish how they react to others in their network being ‘named’.
- Establish levels of awareness/ impact/ perceptions of other ‘naming’ schemes.

Interviewer notes:

- Moderators to refrain from calling publication ‘naming and shaming’; we want to explore whether this term arises spontaneously and also to explore whether naming does equal shaming. Also refrain from using the term PDDD, unless participant spontaneously mentions this term
- Moderators to use all the qualitative techniques at their disposal to get to the heart of behaviour drivers and motivations e.g. laddering, five whys etc.
 - This is a sensitive subject area, and moderators should work on ‘giving respondents permission’ to disclose non-compliance attitudes. This will come largely from the way the moderator introduces concepts and delivers the questions.
- Use probes as needed to help explore relevant issues if they do not fall out of the natural conversation. Do not use all the probes – use own judgement.
- For your reference, tax evasion includes hiding entire income sources from the HMRC as well as manipulating the amounts of income. Below are example behaviours that constitute tax evasion:
 - Underreporting/ inaccurate recording of income, profits or gains, e.g.:
 - income splitting to avoid VAT registration
 - not processing entire income e.g. tips
 - Overstating deductions or expenses
 - PAYE abuse (i.e. not payrolling employees, under declaration of benefits in Kind)
 - Entering liquidation in order to evade paying tax
 - Failing to make a return of income or gains subject to tax
 - Failing to register for a tax when required to do so (e.g. VAT, despite taxable turnover being above the VAT registration threshold)
 - Inc. not flagging any money or taxable assets or hiding interest in offshore accounts

- **Introductions: c. 5 minutes**

Discussion Flow:

- Introductions
- Explanation of the research:
 - Explore the awareness and understanding of the consequences of tax evasion, and understand their perceptions of the effectiveness of the measures undertaken by HMRC (HM Revenue & Customs)
- Who is Quadrangle and our role, emphasise independence:
 - Moderator is not employed by HMRC and is not a tax expert; it's an opportunity to give your views to government
- Provide assurances:
 - All the information will be anonymous/ confidential and will not be attributed to the business, nor used for the purposes of auditing
 - Quadrangle do not have any information on them as a business other than what they told the recruiter
- MRS code of conduct and confirm voice recording
- Rules and engagement:
 - No right or wrong answers: it's an opportunity to give, anonymously and in strict confidence, your views to government
 - No right or wrong answers, interested in honest and open feedback, want to hear from everyone
 - Mobile phones switched off, drinks/ snacks/ toilets etc.
 - Running order

- **Warm up: c. 15 minutes**

Purpose: To understand the business circumstances and participant mindsets' and gain an understanding of the contextual influencers on behaviours.

Discussion flow:

- Roundtable of introductions and 'ice-breaker': each participant to introduce themselves and tell the group:
 - A little about their business (age & lifestage, number of employees, turnover, sector etc.)
 - What gets them out of bed in the morning (i.e. what do they love about their business)
 - What keeps them awake at night/ what they spend more time on than they should (i.e. key business challenges)

- Explore sentiment around the business's tax obligations in general
 - o Capture the extent to which they think it is acceptable for businesses to try and evade their tax liabilities
 - **PROBE:** whether they perceive it as fair/ not fair that the business has to pay certain taxes. Why/ why not? Does this vary by the different types of tax?
- Explore any general experiences with HMRC compliance checks (either direct experiences or anything they may have heard)
 - o *(If not already expressed)* Gauge how they feel about HMRC in general e.g. sympathetic, hostile, indifferent

- **Awareness and Understanding of PDDD: c. 30 minutes**

Purpose: To explore the extent to which tax evasion is seen as a risk; perceptions of the likelihood of being caught; awareness and understanding of publication

Interviewers notes: Please refrain from calling publication 'naming and shaming'; we want to explore whether this term arises spontaneously and also to explore whether naming does equal shaming

ROTATE ORDER of financial penalties, prosecution, and publication across groups

Discussion flow:

- Explore **awareness and understanding of the measures used by HMRC** to discourage businesses from not paying the right amount of tax
 - o UNPROMPTED AWARENESS: are there any measures that HMRC uses that they are already aware of?
 - o UNPROMPTED AWARENESS: what are the behaviours HMRC use to classify tax evasion:
 - **PROBE:** business size, size of tax bill, when debt was due, number of employees etc.
 - o Outline the behaviours that HMRC use to classify tax evasion and assess reaction:
 - Underreporting/ inaccurate recording of income, profits or gains,
 - Overstating deductions or expenses
 - PAYE abuse (i.e. not payrolling employees, under declaration of benefits in Kind)
 - Entering liquidation in order to evade paying tax
 - Not flagging any money or taxable assets or hiding interest in offshore accounts

- Failing to make a return of income or gains subject to tax
- Failing to register for a tax when required to do so (e.g. VAT, when eligible to pay it)
 - **PROBE:** their thoughts, feeling, attitudes towards it; is that perceived to be fair?
- Outline the conditions for penalties to be applied (fines, prosecution, publication)
 - For those that deliberately do not declare some or all of their income, some specific criteria needs to be met:
 - HMRC must have carried out an investigation and found evidence of deliberate attempts to evade tax and;
 - The business or individual needs to owe £25,000 or more in evaded tax to HMRC
- **PROBE:** their thoughts, feelings, attitudes towards criteria; is that perceived to be fair?

Explore awareness of punitive measures that can be used by HMRC against those that deliberately do not declare some or all of their income/ register for the appropriate taxes

- Financial penalties (which may be up to 50% again on top of tax owed?)
- Prosecution, potentially resulting in a jail sentence
- Publication of the individual's or business's details on the gov.uk website
- Any others?
- Flipchart all suggestions
- Probe on how they know of these punitive measures then explore each in detail (inc. any not mentioned)

Explore awareness of financial penalties

- What is known about current financial penalties, how have they heard about them?
 - **PROBE:** media/ press, social media, from agents/ financial advisors, friends/ colleagues etc.
- How much of a consideration are they, to what extent do they think financial penalties are enforced?

- How do they feel about it? How does it make them feel in relation to how they manage their tax?
- Do they perceive it to be fair, if not why not? What would be fair?

Explore awareness of prosecution

- How well are the potential implications of being caught evading - i.e. criminal proceedings and potential prison sentence – understood?
 - **PROBE:** media/ press, social media, from agents/ financial advisors, friends/ colleagues etc.
- What is the perceived likelihood of criminal proceedings/ a prison sentence resulting?
- How do they feel about it? How does it make them feel in relation to how they manage their tax?
- Do they perceive it to be fair, if not why not? What would be fair?

Explore awareness of the publication of business and individuals’ names online

- What are your perceptions of the extent to which this is done, how have they heard of it?
 - **PROBE:** media/ press, social media, from agents/ financial advisors, friends/ colleagues etc.
- How do they feel about it? How does it make them feel in relation to how they manage their tax?
- Why do you think that HMRC might do this? What does it achieve?
- Do they perceive it to be fair, if not why not? What would be fair?
- How do you feel about the length of publication (i.e. 12 months)?
 - **PROBE:** do they feel it is fair/ lenient/ harsh, and to what extent? Why, why not?
 - **PROBE:** If not felt to be fair, what would be fair? How do you feel about defaulters having the opportunity to make a case about why their details shouldn’t be published to the HMRC – is this fair/ necessary? Why, why not?

- Explore perceived **effectiveness of the measures used by HMRC** to discourage businesses from not paying the right amount of tax

- Discuss the relative importance of the three measures in discouraging businesses from not paying the right amount of tax (fines, prosecution, publication)
 - Which would have the greatest impact on them/ concern them the most?
 - Which would be less likely to have a realistic impact on them?

- Explore rational and emotional impact of each
 - Focusing on publication, how do they think they would feel when told that they *might* be named?
 - Focusing on publication, how do they think they would feel if they *were* named?
 - **PROBE:** angry, indifferent, remorseful etc.
 - **PROBE:** do they feel ashamed/ shame? Publication is sometimes colloquially known as ‘naming and shaming’ – is this accurate? Why, why not?
 - What impact do they think publication would have on: current business, their suppliers/ customers, their business networks, their family/ friends, themselves, their personal financial situation
 - Specifically how might it impact their use of suppliers/ related businesses if they knew their names had been published
 - How do they think other businesses might view them – how might it impact related businesses using them as a supplier
 - What impact could it have on people who are deliberately defaulting; is it effective in changing behaviour, why/ why not?
- Exploring **examples of publishing business details** for tax evasion or in other contexts
 - Have they heard of any examples of business details being published publicly for tax evasion? What happened? How do they feel about it?
 - Explore any examples of publication in other contexts; what are they? What do they think of them? How effective is publication in those other contexts?

- **Scenario testing: c. 25 minutes**

Purpose: To understand reactions to naming/ publication in a range of contexts, and the perceived effectiveness of publication in each instance, which will add as context for effective actions that could be taken to encourage compliance.

Discussion flow:

- Four examples of individuals/ businesses that have had their details published
- Example of publication online
- Mockup examples of headline on national newspaper, local newspaper and social media

- ROTATE AND DISCUSS THREE EXAMPLES IN EACH GROUP

- For each example explore:
 - Discuss the circumstances that led to the business being named: explore perceptions of how ‘justified’ the business was in not meeting their tax obligations
 - Explore perceptions of the effectiveness of the channel: who do you believe saw this, what impact do you think it’s had etc.
 - What types of business would this be most effective for?
 - Explore the perceived appropriateness of this approach
 - **PROBE:** how fair/ not fair is this perceived to be?

- **Improvements to PDDD: c. 10 minutes**

Purpose: To understand how to increase the impact of PDDD, to understand the levers that would enhance/ encourage compliant behaviour

Discussion flow:

- Explore impact if the details of businesses that evade tax were published through a broader range of channels e.g. providing lists in local newspapers, publications, outdoor hoardings, online, social media
 - **PROBE:** explore if/ why certain channels have a greater or lesser impact
- Explore impact of raising the criteria from £25,000 to a higher threshold
 - **PROBE:** what would the amount need to be? What if it were a proportion of turnover/ profit etc.; should it differ by business size/ tax liability
 - **PROBE:** does this impact on the perceived ‘fairness’ of the policy
- Explore impact if the frequency of publication increased e.g. moving to a monthly publishing process rather than the existing quarterly process
 - **PROBE:** would this have greater or lesser impact
- Explore reactions to PDDD receiving more publicity in general i.e. not just around the time of publication
- As a ‘business utility’ i.e. checking whether somebody is fit to do business with
 - **PROBE:** explore if/ why increased publicity will result in greater or lesser impact?
 - **PROBE:** what broader channels would be effective for this purpose?

- **Summary: c. 5 mins**

Purpose: To provide a concise synopsis of the perceived impact of publication of deliberate defaulters, to assess the effectiveness of the programme for those at risk of defaulting

Discussion flow:

Sum up the impact of publication (and the other consequences) on current compliance and potential future compliance/ compliant behaviours.

Individuals: Discussion Guide

Purpose: To explore whether PDDD serves as an effective deterrent to customers whose details may be published if they deliberately default,, by:

- Investigate the awareness, understanding and potential impact of the programme on behaviour.
- Establish how they react to others in their network being ‘named’.
- Establish levels of awareness/ impact/ perceptions of other ‘naming’ schemes.

Interviewer notes:

- Moderators to refrain from calling publication ‘naming and shaming’; we want to explore whether this term arises spontaneously and also to explore whether naming does equal shaming. Also refrain from using the term PDDD, unless participant spontaneously mentions this term
- Moderators to use all the qualitative techniques at their disposal to get to the heart of behaviour drivers and motivations e.g. laddering, five whys etc.
- This is a sensitive subject area, and moderators should work on ‘giving respondents permission’ to disclose non-compliance attitudes. This will come largely from the way the moderator introduces concepts and delivers the questions.
- Use probes as needed to help explore relevant issues if they do not fall out of the natural conversation. Do not use all the probes – use own judgement.
- For your reference, tax evasion includes hiding entire income sources from the HMRC as well as manipulating the amounts of income. Below are example behaviours that constitute tax evasion :
 - Underreporting/ inaccurate recording of income, profits or gains, e.g.:
 - income gained from property
 - Failing to make a return of income or gains subject to tax e.g. capital gains tax, inheritance tax
 - Failing to register for a tax when required to do so
 - Not flagging any money or taxable assets or hiding interest in offshore accounts

Length of groups: 90 minutes

- **Introductions: c. 5 minutes**

Discussion Flow:

- Introductions

- Explanation of the research:
 - Explore the awareness and understanding of the consequences of tax evasion, and understand their perceptions of the effectiveness of the measures undertaken by HMRC (HM Revenue & Customs)
- Who is Quadrangle and our role, emphasise independence:
 - Moderator is not employed by HMRC and is not a tax expert; it's an opportunity to give your views to government
- Provide assurances:
 - All the information will be anonymous/ confidential and will not be attributed to the individual, nor used for the purposes of auditing
 - Quadrangle do not have any information on them other than what they told the recruiter
- MRS code of conduct and confirm voice recording
- Rules and engagement:
 - No right or wrong answers: it's an opportunity to give, anonymously and in strict confidence, your views to government
 - No right or wrong answers, interested in honest and open feedback, want to hear from everyone
 - Mobile phones switched off, drinks/ snacks/ toilets etc.
 - Running order

- **Warm up: c. 15 minutes**

Purpose: To understand individual circumstances and participant mindsets' and gain an understanding of the contextual influencers on behaviours.

Discussion flow:

- Roundtable of introductions and 'ice-breaker': each participant to introduce themselves and tell the group:
 - A little about their life and professional status (age & lifestage, occupation, key responsibilities etc.)
 - Any other sources of income which is not taxed at source (i.e. rental income, income from freelance/ consultancy work etc.)
- Explore individuals' tax management
 - **Understanding and experience:** their process for, and how confident are they in, record keeping/ processing and submitting the required information to HMRC
 - How much experience had they had of this in the past

- **Why:** explore reasons for managing tax in this way
 - Explore sentiment around tax obligations in general
- Explore perceptions of how effectively taxes are used and whether they feel obliged to contribute
- Capture the extent to which they think it is acceptable for individuals to try and evade their tax liabilities
 - **PROBE:** whether they perceive it as fair/ not fair that individuals have to pay certain taxes. Why/ why not? Does this vary by the different types of tax?
- Explore any general experiences with HMRC (either direct experiences or anything they may have heard)
- *(If not already expressed)* Gauge how they feel about HMRC in general e.g. sympathetic, hostile, indifferent

- **Awareness and Understanding of PDDD: c. 30 minutes**

Purpose: To explore the extent to which tax evasion is seen as a risk; perceptions of the likelihood of being caught; awareness and understanding of publication

Interviewers notes: Please refrain from calling publication ‘naming and shaming’; we want to explore whether this term arises spontaneously and also to explore whether naming does equal shaming

ROTATE ORDER of financial penalties, prosecution, and publication across groups

Discussion flow:

- Explore **awareness and understanding of the measures used by HMRC** to discourage individuals from not paying the right amount of tax
- **UNPROMPTED AWARENESS:** are there any measures that HMRC uses that they are already aware of?
- **UNPROMPTED AWARENESS:** what are the behaviours HMRC use to classify tax evasion
- **PROBE:** employment in certain specific job sectors, omission of secondary income, hiding money, shares or other assets etc.
- Outline the behaviours that HMRC use to classify tax evasion and assess reaction:
 - Underreporting/ inaccurate reporting of income
 - E.g. income gained from property
 - Failing to make a return of income or gains subject to tax e.g. capital gains tax, inheritance tax

- Failing to register for a tax when required to do so
 - Not flagging any money or taxable assets or hiding interest in offshore accounts
- **PROBE:** their thoughts, feelings, attitudes towards it; is that perceived to be fair?
- Outline the conditions for penalties to be applied (fines, prosecution, publication)
 - For those that deliberately do not declare some or all of their income, some specific criteria needs to be met:
 - HMRC must have carried out an investigation and found evidence of deliberate attempts to evade tax and;
 - The business or individual needs to owe £25,000 or more in evaded tax to HMRC
- **PROBE:** their thoughts, feelings, attitudes towards criteria; is that perceived to be fair?

Explore awareness of punitive measures that can be used by HMRC against those that deliberately do not declare some or all of their income/ register for the appropriate taxes

- Financial penalties (which may be up to 50% again on top of tax owed?)
 - Prosecution, potentially resulting in a jail sentence
 - Publication of the individual's or business's details on the gov.uk website
 - Any others?
- Flipchart all suggestions
- Probe on how they know of these punitive measures then explore each in detail (inc. any not mentioned)

Explore awareness of financial penalties

- What is known about current financial penalties, how have they heard about them?
 - **PROBE:** media/ press, social media, friends/ colleagues etc.
- How much of a consideration are they, to what extent do they think financial penalties are enforced?
- How do they feel about it? How does it make them feel in relation to how they manage their tax?

- Do they perceive it to be fair, if not why not? What would be fair?

Explore awareness of prosecution

- How well are the potential implications of being caught evading - i.e. criminal proceedings and potential prison sentence – understood?
 - **PROBE:** media/ press, social media, friends/ colleagues etc.
- What is the perceived likelihood of criminal proceedings/ a prison sentence resulting?
- How do they feel about it? How does it make them feel in relation to how they manage their tax?
- Do they perceive it to be fair, if not why not? What would be fair?

Explore awareness of the publication of business and individuals names online

- What are your perceptions of the extent to which this is done, how have they heard of it?
 - **PROBE:** media/ press, social media, friends/ colleagues etc.
- How do they feel about it? How does it make them feel in relation to how they manage their tax?
- Why do you think that HMRC might do this? What does it achieve?
- How do you feel about the length of publication (i.e. 12 months)?
 - **PROBE:** do they feel it is fair/ lenient/ harsh, and to what extent? Why, why not?
 - **PROBE:** If not felt to be fair, what would be fair? How do you feel about defaulters having the opportunity to make a case about why their details shouldn't be published to the HMRC – is this fair/ necessary? Why, why not?
- Explore perceived **effectiveness of the measures used by HMRC** to discourage individuals from not paying the right amount of tax
- Discuss the relative importance of the three measures in discouraging individuals from not paying the right amount of tax (fines, prosecution, publication)
 - Which would have the greatest impact on them/ concern them the most?
 - Which would be less likely to have a realistic impact on them?
 - Explore rational and emotional impact of each
- Focusing on publication, how do they think they would feel when told that they *might* be named?
- Focusing on publication, how do they think they would feel if they were named?

- **PROBE:** angry, indifferent, remorseful etc.
- **PROBE:** do they feel ashamed/ shame? Publication is sometimes colloquially known as ‘naming and shaming’ – is this accurate? Why, why not?
- What impact do they think publication would have on: current employment, their broader networks (e.g. their family/ friends and professional contacts), themselves, their personal financial situation
 - How do they think friends, family and others they know might view them – how might it impact existing relationships
 - How do they think other businesses or the public might treat them as a businessperson/ professional? Might it make them less willing to use the individual’s services?
 - Specifically how might it impact *their* use of a business if they knew that the name of a business had been published
- What impact could it have on people who are deliberately defaulting; is it effective in changing behaviour, why/ why not?
 - Exploring **examples of publishing individual details** for tax evasion or in other contexts
- Have they heard of any examples of individual details being published publicly for tax evasion? What happened? How do they feel about it?
- Explore any examples of publication in other contexts; what are they? What do they think of them? How effective is publication in those other contexts?

- **Scenario testing: c. 25 minutes**

Purpose: To understand reactions to naming/ publication in a range of contexts, and the perceived effectiveness of publication in each instance, which will add as context for effective actions that could be taken to encourage compliance.

Discussion flow:

- Four examples of individuals/ businesses that have had their details published
- Example of publication online
- Mockup examples of headline on national newspaper, local newspaper and social media
- ROTATE AND DISCUSS THREE EXAMPLES IN EACH GROUP
- For each example explore:

- Discuss the circumstances that led to the individual being named: explore perceptions of how ‘justified’ the individual was in not meeting their tax obligations
- What types of individuals would this be most effective for?
- Explore perceptions of the effectiveness of the channel: who do you believe saw this, what impact do you think it’s had etc.
- Explore the perceived appropriateness of this approach
 - **PROBE:** how fair/ not fair is this perceived to be?

- **Improvements to PDDD: c. 10 minutes**

Purpose: To understand how to increase the impact of PDDD, to understand the levers that would enhance/ encourage compliant behaviour

Discussion flow:

- Explore impact if the details of individuals that evade tax were published through a broader range of channels e.g. providing lists in local newspapers, publications, outdoor hoardings, online, social media
- **PROBE:** explore if/ why certain channels have a greater or lesser impact
- Explore impact of raising the criteria from £25,000 to a higher threshold
- **PROBE:** what would the amount need to be? What if it were a proportion of turnover/ profit etc.
- **PROBE:** does this impact on the perceived ‘fairness’ of the policy
- Explore impact if the frequency of publication increased e.g. moving to a monthly publishing process rather than the existing quarterly process
- **PROBE:** would this have greater or lesser impact
- Explore reactions to PDDD receiving more publicity in general i.e. not just around the time of publication
- As a ‘business utility’ i.e. checking whether somebody is fit to do business with
- **PROBE:** explore if/ why increased publicity will result in greater or lesser impact?
- **PROBE:** what broader channels would be effective for this purpose?

- **Summary: c. 5 mins**

Purpose: To provide a concise synopsis of the perceived impact of publication of deliberate defaulters, to assess the effectiveness of the programme for those at risk of defaulting

Discussion flow:

Sum up the impact of publication (and the other consequences) on current compliance and potential future compliance/ compliant behaviours.

Omnibus Questionnaire

ATTITUDES TOWARDS TAX & HMRC

[ASK ALL, SINGLE CODE PER ROW, ROTATE ORDER OF STATEMENTS]

Q1 HM Revenue & Customs (HMRC) is the government’s tax, payments and customs department, and is responsible for collecting tax that is owed by businesses and individuals.

Thinking about what you know and feel about HMRC, and your attitudes towards tax, please can you tell me to what extent you agree or disagree with each of the following statements.

Please use a scale of 0 to 10, where 0 is strongly disagree and 10 is strongly agree.

INTERVIEWER NOTE: read out statements

ROWS

HMRC administer the tax system fairly	1
HMRC have their priorities right	2
HMRC are effective at catching those who cheat the system	3
It’s OK to cheat on taxes	4
Paying the right amount of tax is a social responsibility	5

COLUMNS

0 – strongly disagree	0
1	1
2	2
3	3
4	4
5	5
6	6

7	7
8	8
9	9
10 – strongly agree	10
Don't know – DO NOT READ OUT	99

AWARENESS OF PDDD

[ASK ALL, MULTICODE, ROTATE ORDER OF STATEMENTS]

Q2 For the majority of people in employment, tax is deducted from their salary before they receive it. However, some people, for example those that are self-employed, need to declare their income to HMRC and then pay the tax they owe.

In some instances, businesses and individuals deliberately do not declare some or all of their income, in order to minimise the amount of tax they pay. These are businesses or individuals that are doing this on purpose, rather than businesses or individuals that make genuine mistakes or misunderstand their tax requirements.

I'm going to read a list of consequences for businesses and individuals that deliberately do not declare some or all of the income they've earned. I'd like you to tell me which ones you are currently aware of that HMRC can use.

INTERVIEWER NOTE: read out statements and select the ones respondents are aware of

Publishing the name, address, and business details of an individual or business on the Government's website	1
Fining an individual or business	2
Prosecuting an individual or business, resulting in prison sentences	3
Charging and collecting interest on any outstanding tax owed	4
Collecting outstanding tax directly from the bank accounts of individuals or businesses	5

Collecting outstanding tax by selling the assets belonging to an individual or business e.g. car, home, business equipment etc.	6
None of the above – DO NOT READ OUT, ANCHOR AT BOTTOM	98

PERCEPTIONS OF PDDD: AS A DETERRENT 1

[ASK ALL, SINGLE CODE PER ROW]

Q3 HMRC can publish the names, addresses and business details of individuals and businesses that are found to be deliberately not declaring some or all of their income. As a reminder, they would be doing this to minimise the amount of tax they pay. The names and details of these individuals and businesses are published on the Government’s website.

We’d like to understand how effective you think publishing the details of individuals and businesses on the Government’s website is likely to be at preventing people like this from deliberately not declaring some or all of their income

How effective do you think publishing the details of individuals and businesses is at:

- stopping those that have already done this from doing so again in the future?
- preventing those that may be considering this from doing so?

INTERVIEWER NOTE: read out statements, but do not read out scale.

INTERVIEWER NOTE: If effective – prompt on ‘Very OR Moderately’.

ROWS

Stopping those that have already deliberately not declared some or all of their income from doing so <u>again</u> in the future	1
Preventing those that may be <u>considering</u> not declaring some or all of their income from doing so	2

COLUMNS

Very effective	1
Moderately effective	2
Not very effective	3

Not at all effective	4
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PERCEPTIONS OF PDDD: ATTITUDES TOWARDS PDDD AND IMPACT

[ASK ALL, SINGLE CODE PER ROW, ROTATE ORDER OF STATEMENTS]

Q4 I'm now going to tell you a bit more information about this and I'd like you to answer some questions.

In order for HMRC to publish the names and details of those that deliberately do not declare some or all of their income, some specific criteria needs to be met:

- HMRC must have carried out an investigation and found evidence of deliberate attempts to evade tax and;
- The business or individual needs to owe £25,000 or more in evaded tax to HMRC

Thinking about this, please can you tell me to what extent you agree or disagree with each of the following statements. Please think specifically about people that have deliberately not declared some or all of their income on purpose

Please use a scale of 0 to 10, where 0 is strongly disagree and 10 is strongly agree.

ROWS

Publishing the names and details of businesses and individuals is fair	1
Publishing the names and details of businesses and individuals is a proportionate punishment	2
I would stop socialising with or speaking to somebody I know if I knew their details had been published online	3
I would think less of somebody I know if I knew their details had been published online	4
I would not use or deal with a business if I knew their details had been published online	5

COLUMNS

0 – strongly disagree	0
1	1

2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9
10 – strongly agree	10
Don't know – DO NOT READ OUT	99

IMPROVING THE EFFECTIVENESS OF PDDD

[ASK ALL, SINGLE CODE PER ROW, ROTATE ORDER OF STATEMENTS]

Q5 And finally, I'd now like to understand what you think would be more likely to stop individuals and businesses from deliberately not declaring some or all of their income, in order to minimise the tax they owe.

I'm going to read out some suggestions, and I'd like you to tell me whether you think they'd be more or less effective than publishing the names, addresses and business details of individuals and businesses on the government's website.

ROWS

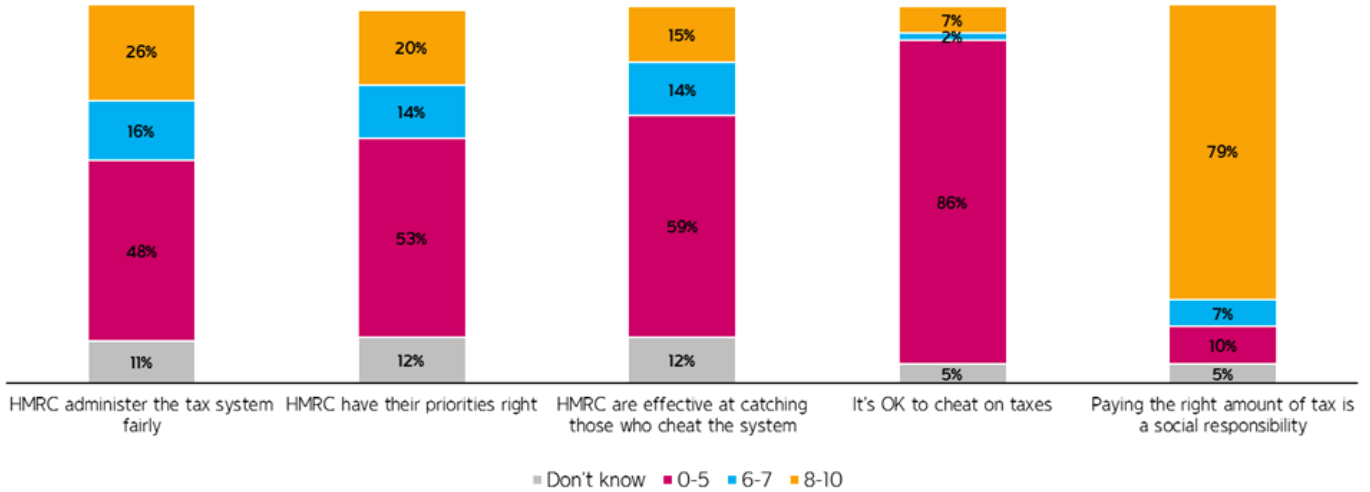
Publishing the names and details of individuals and businesses on social media e.g. Facebook, Twitter	1
Publishing the names and details of individuals and businesses in national newspapers e.g. The Times, The Guardian	2
Publishing the names and details of individuals and businesses in newspapers that are local to them or their business	3
Publishing the names and details of businesses in relevant trade magazines	4
Displaying the names and details of individuals and businesses on billboards or posters in their local area	5

COLUMNS

Much more effective	1
Slightly more effective	2
The same	3
Slightly less effective	4
Much less effective	5
Don't know – DO NOT READ OUT	99

9.02 Appendix 2: quantitative data

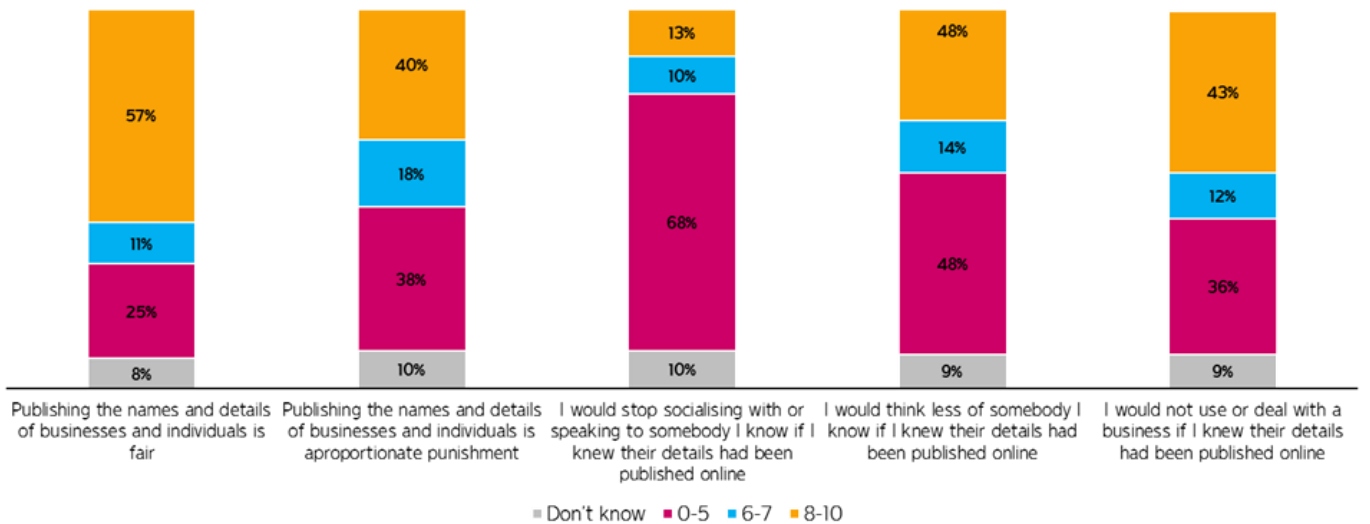
Perceptions of tax among the general public: complete scale



HM Revenue & Customs (HMRC) is the government's tax, payments and customs department, and is responsible for collecting tax that is owed by businesses and individuals. Thinking about what you know and feel about HMRC, and your attitudes towards tax, please can you tell me to what extent you agree or disagree with each of the following statements. Please use a scale of 0 to 10, where 0 is strongly disagree and 10 is strongly agree.

Base: 1,913

Perceptions of fairness and perceived impact of publication on behaviour among the general public



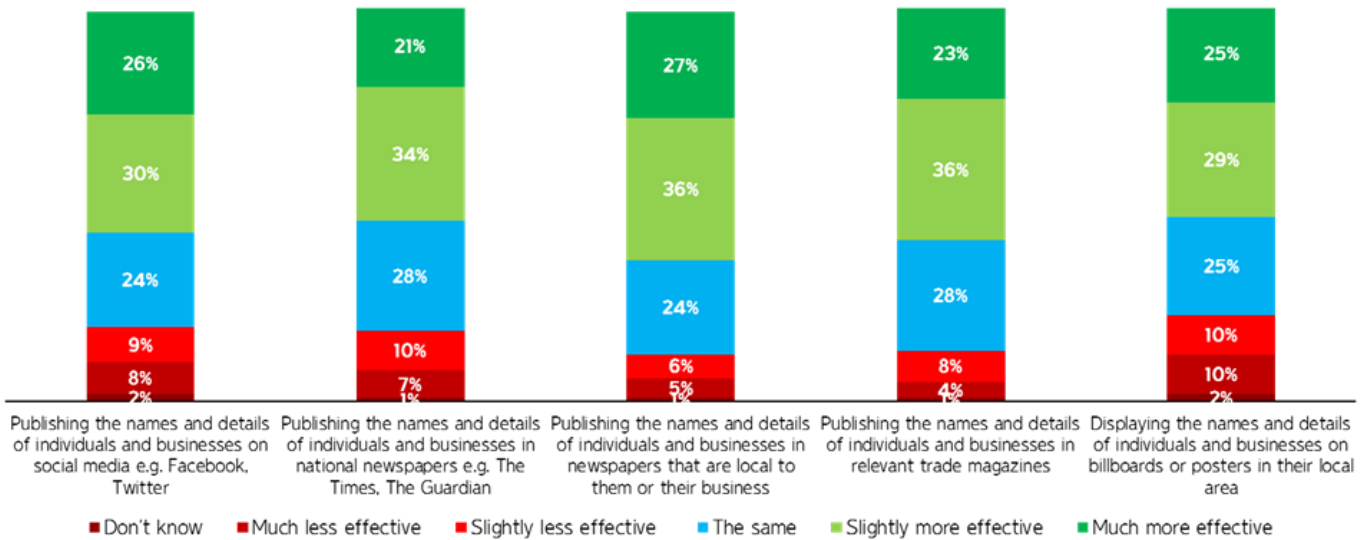
I'm now going to tell you a bit more information about this and I'd like you to answer some questions. In order for HMRC to publish the names and details of those that deliberately do not declare some or all of their income, some specific criteria needs to be met:

- HMRC must have carried out an investigation and found evidence of deliberate attempts to evade tax and;
- The business or individual needs to owe £25,000 or more in evaded tax to HMRC

Thinking about this, please can you tell me to what extent you agree or disagree with each of the following statements. Please think specifically about people that have deliberately not declared some or all of their income on purpose. Please use a scale of 0 to 10, where 0 is strongly disagree and 10 is strongly agree.

Base: 1,913

Perceived effectiveness of alternative locations in which to publish the list of deliberate defaulters



And finally, I'd now like to understand what you think would be more likely to stop individuals and businesses from deliberately not declaring some or all of their income, in order to minimise the tax they owe. I'm going to read out some suggestions, and I'd like you to tell me whether you think they'd be more or less effective than publishing the names, addresses and business details of individuals and businesses on the government's website.

Base: 1,913



Quadrangle Research Group
The Butlers Wharf Building
36 Shad Thames
London SE1 2YE
+44 (0)20 7357 9919
www.quadrangle.com