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Understanding customer errors in tax credits

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Katrina Leary, Patricia Pinakova and Michael Gibson

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Glossary and abbreviations

| Term | Definition |
|---------------------------------|---|
| Benefits in Kind | Benefits in kind are benefits which employees or directors receive from their employment but which are not included in their salary cheque or wages such as company cars, private medical insurance paid for by the employer and cheap or free loans. |
| Child Tax Credit | Child Tax Credit (CTC) is paid by HM Revenue and Customs (HMRC) to support families with children. It is paid in addition to child benefit and can be claimed irrespective of working situation. |
| Jobseeker's Allowance | Jobseeker's Allowance (JSA) is an unemployment benefit that can be claimed by customers whilst looking for work, there is a maximum cap and the amount depends on age, income and savings. |
| PAYE | PAYE is HM Revenue and Customs' (HMRC) system to collect Income Tax and National Insurance contributions from employment and wages. |
| Self-Assessment | Self-Assessment is a system HM Revenue and Customs (HMRC) uses to collect Income Tax. Tax is usually deducted automatically from wages, pensions and savings. People and businesses with other income must report it in a tax return. |
| Social Security Benefits | Social security benefits are a form of financial support for a variety of circumstances, such as retirement, bereavement, disability, or being out of work. Examples include Employment and Support Allowance (ESA), Income Support and Carer's Allowance. |
| Tax credits | Tax credits are a flexible, responsive financial benefit comprised of Working Tax Credit (WTC) and Child Tax Credit (CTC) available to eligible UK residents. The amount of financial support individuals and families are entitled to depends on a range of different circumstances including income, hours worked and number of children. |
| Universal Credit | Universal Credit (UC) is a single monthly payment for people in or out of work. It replaces six existing benefits and tax credits ¹ |
| Working Tax Credit | Working Tax Credit (WTC) is paid by HM Revenue and Customs (HMRC) to support people who work and are on a low income – irrespective of their location or type of employment. |

¹ Housing benefit, Child Tax Credit, Income support, Working Tax Credit, Income-based Jobseeker's Allowance, Income-related Employment and Support Allowance

Executive Summary

Tax credits are a flexible and responsive system of financial support for families. Tax credits awards are provisional and need to be finalised and renewed at the beginning of each financial year. The accuracy of these awards relies on the customer reporting any relevant changes of circumstances during the award period so that the claim can be adjusted and the correct amount of support is provided.

Changes or inaccuracies that are not reported before claims are finalised are categorised as error and fraud which result in losses either for the Exchequer or the claimant. In 2016-17, error and fraud resulted in estimated losses of £1.32bn. Losses specific to the misreporting of income and work and hours has been increasing year on year, with an estimated £660m loss in 2016/17².

In February and March 2018, Ipsos MORI conducted 52 in-depth interviews with tax credits customers with work hours or income errors to understand why some customers do not fully comply with the requirements for reporting and managing their claim. All customers interviewed had a compliance intervention and a subsequent amendment to their claim and a resulting over or underpayment. The key findings are:

- Customers had little understanding of their claim management responsibilities and filled gaps in their knowledge with assumptions rather than look for information or ask for advice. When these assumptions led to errors, they still believed that their interpretation was correct and that HMRC must be wrong.
- They only thought about claim management during the renewal period and had limited (mostly reactive) contact with HMRC throughout the year. They did not identify this lack of engagement as a barrier to managing their claim and did not understand the impact misreporting might have.
- Lack of awareness of the provisional nature of their claim meant that customers struggled to understand how changes impacted on their award or what they needed to report, for example, types of income, average or actual working hours or working fewer than the qualifying number of hours.
- The nature of working patterns and habits has started to change more broadly in society – customers often work unstable/flexible hours either due to employers' demand or changing personal circumstances which has impact on their personal and working lives as well as the way they manage their claim.
- Those on zero hours contracts faced frequent changes to their working pattern, which made reporting changes on a regular basis challenging. The frequency of changes these customers experienced meant that the phrase 'change of circumstances' was not meaningful for them as it implied that their circumstances were or could be stable.
- Whilst working hours errors were often caused by instability in working patterns, income-related errors were more likely to be caused by limited knowledge and awareness of responsibilities.

² <https://www.gov.uk/government/statistics/child-and-working-tax-credits-error-and-fraud-statistics-2016-to-2017>

- Customers with income errors generally did not understand the impact that different types of income, particularly any benefits they received, could have on their tax credits award.
- Customers who had not reported ending their current employment did this because they either assumed HMRC would find out through PAYE data or they deliberately delayed reporting until they found new work or claimed an out of work benefit to ensure they continued to have a source of income during the transitional period.
- There were many different barriers to reporting and as most of these were rooted in customers' attitudes, they are likely to be challenging to change. A common attitude held by customers was that the error was not their fault and therefore there was no need for them to change the way they managed their claim. Some customers were comfortable with receiving overpayments and saw having changes made to their award in-year as preferable to needing to contact HMRC on a regular basis.
- Customers suggested some areas for support such as SMS text service or email communication so that they could receive information or reminders from HMRC. Overall, customers adopted a passive approach to their claim management and felt that the best way of avoiding errors would be for HMRC to take responsibility for managing their claim by using PAYE and Self-Assessment data to ensure they receive the correct award.

Introduction

Tax credits are a flexible and responsive system of financial support for families. Tax credits awards are provisional and need to be finalised and renewed at the beginning of each financial year. The accuracy of these awards relies on the customer reporting any relevant changes of circumstances during the award period so that the claim can be adjusted and the correct amount of support is provided.

If these changes are not reported immediately, then the customer may receive an under, or more commonly, an overpayment which then becomes a debt which needs to be recovered by HMRC. Error and fraud related to misreporting of income has increased, while work and hours has decreased between 2015-16 and 2016-7. In 2016-17, error and fraud within the tax credits system favouring the claimant was estimated at £1.32bn. Losses specific to the misreporting of income and work and hours combined have been increasing year on year, with an estimated £660m loss in 2016/17³.

An HMRC review of error and fraud relating to income identified errors of non-reporting and misreporting of main income sources, rents and dividends, benefits in kind and other social security benefits. Analysis of work and hours error and fraud identified that these issues align to erroneous employment, inaccurate reporting of hours worked and incorrect reporting of employment start and/or end dates. The majority of errors were linked to employed rather than self-employed customers.

Although this analysis has allowed HMRC to understand what errors customers have made it could not fully explain why errors happen or provide recommendations for how they could be prevented. This research intended to answer these questions.

Objectives

This research aimed to provide HMRC with greater understanding of why some tax credits customers do not fully comply with the requirements for reporting their work and hours and/or income. The objectives of the research were:

- To understand how tax credits customers manage their claim in relation to income and working hours (focusing on drivers behind their thoughts and behaviours).
- To identify any aspects of the tax credits claim management process which customers do not understand or misinterpret.
- To identify areas where HMRC can support customers to accurately manage their tax credits claim in the future.

Methodology

In order to answer these research questions, Ipsos MORI conducted 52 in-depth interviews with tax credits customers whose claims were amended by HMRC in 2017 due to an income or a work and hours error. The interviews were conducted with customers who had made different types of errors, including:

3 <https://www.gov.uk/government/statistics/child-and-working-tax-credits-error-and-fraud-statistics-2016-to-2017>

- 26 interviews with work and hours error customers. Within this, 10 interviews were conducted with customers who had not reported an end date for work on time and 16 interviews were conducted with customers who had inaccurately reported their working hours.
- 26 interviews with income error customers. Within this, 19 interviews were conducted with customers who had inaccurately reported their main source of income. Four interviews were conducted with customers who had not reported or inaccurately reported income from taxable social security benefits. Three interviews were conducted with customers who had not reported or inaccurately reported income from dividends taken from their own company.
- A number of quotas were put in place to ensure that we spoke to a range of relevant HMRC customers. These included: type of tax credits claimed; type of employment, sources of income, household income, length of time claiming tax credits, gender, household structure and age.

Interviews took place in February and March 2018. 32 interviews were conducted face-to-face and 20 by telephone, 40 were single and 12 were interviews conducted in pairs. Interviews took between 45 minutes and one hour. A semi-structured discussion guide was used to ensure all relevant topics and key issues were explored consistently, while also enabling the interviewer to delve deeper into any issues of particular importance for the participant(s).

As is common practice in qualitative research a cash incentive was offered to encourage participation and as a gesture of appreciation for participants' time and contribution to the research. An incentive of £30 was given to individual participants and £50 for paired interviews.

A more detailed outline of the methodology, including sample quotas and research materials is included in the Appendix.

Interpreting qualitative data

Qualitative research is illustrative, detailed and exploratory. It offers insights into the perceptions, feelings and behaviours of people rather than quantifiable conclusions from a statistically representative sample. Owing to the small sample size and the purposive nature with which it was drawn, findings cannot be considered to be representative of the views of tax credits customers or specific types of customers. This research has been designed to explore the breadth of views and experiences rather than the prevalence of them.

1 Claim management

This chapter sets out how customers approached managing their tax credits claim. It explores how customers managed their claim during the renewal period and throughout the year and understanding of their tax credits claim.

1.1 Understanding of responsibilities

Overall, customers had little to no understanding of what claim management entailed. They associated most of their responsibilities with the renewal period and only had minimal engagement with their claim or HMRC throughout the year. Those who had been claiming tax credits for several years saw renewal as an automatic process where all they had to do was to check that their circumstances are correct⁴. They felt that they were fully aware of how this process worked, described it as easy and often did not review or read any supporting information or details they received with their renewal pack.

This passive approach and lack of engagement led to confusion around key aspects of the tax credits system and customers' responsibilities. One of the main areas customers found difficult to understand was the provisional nature of their claim. From the start of their claim, customers assumed that their award was set for the year and so did not understand why they needed to report changes of circumstances or how these changes might impact their claim.

"You just assume like, it will be April to April, no one had taken the time to go through it to make sure I understood it properly so I had just assumed that it wouldn't matter what was happening week-to-week."

Hours error, part time employee

Lack of awareness and understanding of responsibilities meant that customers did not recognise the barriers they had to reporting or managing their claim. They assumed that they did not have to report any changes throughout the year and therefore did not consider what challenges they might face if their circumstances meant reporting changes on a frequent basis, such as having to report changes to hours on a weekly basis.

1.2 Contact with HMRC

Customers often had limited contact with HMRC throughout the year and the contact they had was mostly reactive. They tended only to contact HMRC when prompted to do so, for example, when they received a letter asking them to get in touch. Unless explicitly asked, customers did not tend to contact HMRC even when they had questions or concerns such as how an overpayment had occurred or why their award had been amended.

Customers relied on written communication from HMRC to understand their claim but they did not always fully read or understand these letters. Some mentioned that letters they received from HMRC were too technical and difficult to understand and some said they needed to call the helpline to find out what they needed to do. Views

⁴ Customers whose circumstances are correct or those on auto-renewal and not selected for intervention usually have no contact from HMRC with regards to their renewal. They could, however, be contacted for other reasons.

on the tax credits helpline were generally positive although customers did complain of long waiting times and of not always getting clarity on their question or problem.

"Normally I just ring them up because I don't really understand the letters much. Worrying if I'm filling in the wrong thing. So, I normally just phone them up."

Income error, full time permanent employee

Awareness of digital services was low. Those who used their online account found it helpful and easy to use; however, some noted technical difficulties and issues with accessing their account. Also, there were customers who lacked digital or IT skills or access and thus relied on other forms of support and contact methods.

2 Income, work and hours errors

This chapter discusses the errors customers made in relation to income, work and hours in more detail. It looks at the specific circumstances and factors contributing to inaccurate reporting and errors including specific examples and case studies.

Customer errors were divided into three broad categories: working hours, start and end dates, and income.

2.1 Working hours errors

There were two main causes of misreporting working hours: frequent changes and confusion about reporting guidelines. Customers we spoke to, particularly those on zero hours contracts, faced instability through irregular working patterns and changes beyond their control. These customers were not always given the minimum number of qualifying hours per week by their employer and felt there was little they could do to make sure they qualify for their tax credits claim. Customers who had caring responsibilities, those who had to take time off to care for sick children and those who were not fit to work themselves also faced challenges to working the required number of qualifying hours a week. These fluctuating changes and lack of control created barriers to reporting.

The second most prevalent cause of work and hours errors was a lack of understanding of rules and guidelines for reporting. Customers did not know what hours to report, when or why and made their own assumptions on what they thought was the correct thing to do. Those who were self-employed or working in jobs without defined shifts, such as foster carers, found it very difficult to calculate their hours and were not clear on what activities and tasks they should include. Customers assumed they needed to report an average rather than the actual number of hours they worked and were not aware that they were not eligible to claim if they worked under the qualifying number of hours (even for just one week). Customers generally assumed that if they did not do enough hours one week, they could just do more hours the following week to bring their average hours to over the minimum number of qualifying hours per week or considered their hours to be stable (such as working differing amounts of hours on alternative weeks that averaged out to the minimum number of qualifying hours) and did not think that their circumstances changed.

The specific error types are discussed in more detail below.

Zero hours contracts

Hours errors customers on zero hours contracts faced instability in their working lives and often had little to no control over their hours. While they were aware that they needed to work a minimum number of qualifying hours per week, sometimes this was not possible either because they were not given enough hours or were sent home early due to lack of demand (e.g. hospitality industry). These customers assumed that they would be able to balance the difference and make up the missing hours over a month or a year. Some also believed that their claim would not be impacted if their hours changed due to circumstances beyond their control.

Customers were confused about when they needed to report their work hours. Their hours often varied daily and they assumed that they did not have to inform HMRC of this on a week to week basis; instead, they reported their average weekly or monthly hours and then tried to work towards this average. Customers felt that they had not been provided with straightforward guidelines for how to report frequent changes in working hours leading to many misconceptions based on what they thought would be fair or reasonable.

The case studies below outline some of the different circumstances customers on zero hours contracts faced.

Example: Lack of hours due to lack of demand

Customer working on a zero hours contract in a cinema.

His hours changed according to how busy the cinema was which meant he sometimes worked less than 16 hours per week. He knew he had to work a minimum number of qualifying hours a week (in his case 16 hours) but assumed that this was calculated monthly so if he didn't have many hours one week, he would try to get more the next.

After the error, he approached his employer and negotiated a fixed hours contract.

"I couldn't always get the hours but I made sure I do 64 every month, I knew I needed to do that."

Example: Customer only finding out working hours a day in advance

Lone parent working on a zero hours contract for an agency.

The customer had no control over her hours and had to check daily to see whether there was any work available for her the next day. She tried to work the minimal number of qualifying hours (in her case 16) but sometimes there were not enough hours available for her. She accepted that her award would keep changing because she worked different hours and did not see any way of being able to change her situation to prevent these issues.

"They always send me a letter informing me that something will go up or something will go down and that's fine."

Overtime

Hours errors were also caused by customers working overtime. Customers did not realise the impact overtime might have on their claim. They often worked only a small amount of overtime such as 15-30 minutes at a time and thus did not consider it a substantial change in their hours.

Customers felt that some jobs such as shop assistant roles demanded overtime sometimes as they would not be able to finish their shift mid-transaction. Others felt under pressure from their employer and did not want to be seen as 'inflexible or not keen' thus did not think they could refuse to work overtime.

These customers often did not realise that the higher number of hours worked or the additional income from these hours might have an impact on their WTC award.

Irregular working patterns

Customers with irregular working patterns often had little control over their working hours and felt that the tax credits system did not accommodate their circumstances. Working hours for some jobs, such as carers, were often affected by external factors; for example, if a patient was admitted to a hospital for a week, the carer was not able to work their full hours but was also not able to care for another patient and ensure they worked the minimum required hours.

Parents with young children or those caring for other relatives (not in a carer's capacity) often had to be flexible or miss work if their children were unwell or unable to go to school. The ill health of tax credits customers we spoke to also led to errors in cases where they had cut back their hours in a period of poor physical or mental health or had not worked at all for a few weeks. Those who had experienced a mental health problem said that they had found it difficult to think about or engage with their tax credits claim during this time.

Example: Carer working different hours on a bi-weekly basis

Lone parent, on zero hours contract who works as a carer,

Her hours changed bi-weekly, she worked 14 hours one week and 20 hours the next. As these hours were regular, she did not recognise these as changes in circumstances and assumed it is ok as long as her hours averaged at least at the minimum number of qualifying hours (in her case 16 hours per week).

On occasions where her client was taken to a hospital for a week or two, her hours dropped further but she was not able to increase them or work more as she had to remain available for her client.

Although she received an overpayment, she did not recognise this as an error as she felt that the circumstances were beyond her control.

Example: Customer with caring responsibilities and mental health issues

Lone parent working on zero hours contract in a restaurant.

The customer had a lack of control over her hours, caring responsibilities for her son and a mental health condition. She worked irregular hours and dropped below the minimum number of qualifying hours in some weeks but did not know she needed to report.

“Something needs to change in the rules, if something occurs at work and there's proof it's not your fault, that you couldn't work, it shouldn't be a factor, it's something [HMRC] should take seriously.”

2.2 Work end-date errors

Customers with work end-date errors were aware that they would become ineligible for WTC when they stopped working but did not report the change to HMRC because they were either confused about the rules or were worried about the impact of losing two sources of income at the same time.

Customers had limited awareness of how much time they had to find a new job before their WTC would end which created confusion around the deadlines for reporting. There was also confusion around whether customers actually needed to report such a change, as they assumed HMRC would know they had stopped working through the PAYE system information. There was a feeling that HMRC would either already know they were out of work or would find out soon, and so they did not see much need for them to report the changes or did not prioritise reporting and said they forgot. These customers wanted HMRC to take responsibility for checking their eligibility and stopping their claim when needed.

“HMRC tells the child maintenance people if I start or leave work so it shouldn't be asking too much for them to do the same with tax credits, I forgot but I shouldn't have needed to tell them anyway.”

End date error, part-time employee

Customers who faced financial difficulties after leaving work were reliant on their tax credits payments and this meant that they decided to delay reporting until they found a new job or made a claim for an out-of-work benefit because they feared the consequences if their claim was stopped. These customers were aware that they will receive a large overpayment debt when the change is reported to HMRC but they were comfortable with facing this overpayment if it meant a stable source of income in the meantime.

2.3 Income

Lack of understanding was the main cause of income-related errors. Customers did not know what types of income to report and why.

Customers with income errors generally did not understand the impact that different types of income, particularly any benefits they received, could have on their tax credits award. Those whose errors related to charitable donations or private pension contributions felt that the system did not account for their situation and there was no clear opportunity for them to report these changes.

Self-employed customers were generally very confused about what they needed to report and when, what their tax credit claim was based on and about the link between the tax credits and Self-Assessment systems.

There was also some confusion in how customers understood and viewed the errors they were contacted about, with some believing the error had been caused by working more hours rather than earning more money.

Changes in main income

Lack of understanding of the provisional nature of the claim was one of the main issues causing errors in misreporting main income. Customers assumed that from the start of their claim period each year, their award was set for the year and thought they did not need to report changes of income until the next renewal period. Some customers, who were typically self-employed, believed that their award was based on the previous year's income and the amount they received would not change. They were therefore surprised when they received an over or underpayment and did not understand why.

"I don't need to report anything until the end of the year do I. Because I don't know how much I've earned until I do my tax return. I don't legally have to tell them anything because I am self-employed. If I told them when things happened then it would all be estimated so I don't."

Income error, self-employed

Self-employed customers have the obligation to inform HMRC whenever their circumstances change as well as an additional requirement to confirm their actual income once they complete their Self-Assessment (SA) at the end of January. Some customers managed their finances themselves whilst other used agents or other informal sources of help but regardless of this, there was a general lack of awareness of how the tax credits and SA systems related to one another or what their responsibilities were as claimants.

Those who were not using an agent tended to say they struggled with managing their tax and found it very difficult to calculate their income. They were also unaware of what figures they should report (for their tax credits claim or Self-Assessment) and why. They had no awareness of the specified dates⁵ for reporting their income and assumed they only need to confirm their details during the renewal period. Those who used agents tended to rely on their advice and recommendations, and although agents were mostly aware of their tax credits claim, they did not discuss any reporting responsibilities with customers so they assumed there were none.

PAYE customers who did not report a change in employment income assumed that HMRC would be able to see this change in their payslip and so did not see any need to report them. Similar assumptions were made about receiving work related bonuses, customers did not see them as a source of income or assumed that their claim is automatically updated with their PAYE details.

⁵ Customers are expected to confirm details in the renewal pack they receive when finalising their award by 1SD (1st specified date which is usually 31st July). SE customers are also expected to file their return to Self-Assessment (SA) by the following 31st January. This is known as the 2nd specified date (2SD). Once a self-employed customer has filed their SA return HMRC expects them to contact tax credits and report their actual income straight away.

Example: Self-employed, income error customer (child minder)

Lone parent, self-employed working as a child minder.

The customer's income changed frequently (with changes in the number of children she cared for) and she believed her award was based on previous years' earnings and thus did not understand the impact of changes to her income during the year.

She has experienced large over and underpayments but has not questioned why or tried to understand how the errors occurred. Although her tax credit payments have currently stopped and she has been told she owes £8,000 in overpayments, she has not contacted HMRC about this and is waiting for them to resolve it for her.

"I got overpayments or underpayments every year, they're always making mistakes but I never had my payments stopped before."

Social security benefits

Customers were very confused about the impact of other benefits and social security benefits on their tax credit claim. Customers had no awareness of which benefits are non-taxable or taxable and what this would mean for their claim. Some were aware of the need to report certain benefits such as the Carer's Allowance but had limited knowledge of any other social security benefits that might apply.

Customers also assumed that government departments share information on customers' entitlements and so they thought HMRC would automatically be aware of any other payments they received and would update their details automatically.

Allowable deductions from income (charitable donations, private pensions)

There were some, very specific circumstances that could not be reported separately on the renewal form such as private pensions or charitable contributions and thus customers received repeated enquiries about these payments year on year and felt that the system did not account for their circumstances. Some of these customers knew they had to report these but did not know how, leading to re-occurring issues and errors.

Example: Customer with charitable donations

Self-employed couple who made regular Gift Aid donations.

They felt that there was no opportunity to record charitable donations on the tax credits renewals form which always resulted in an error. This situation repeated every year so during every renewal they have had to keep repeating the same information and explaining their circumstances to HMRC and were not able to record this accordingly.

They felt that HMRC should accommodate their needs or make a record of their previous correspondence to save repeating the same information over and over.

Dividends

Company directors had no awareness of the need to report their dividends during the award period. They assumed that they only needed to report their income at the end of the SA financial year and during the renewal period. Dividends were often awarded on an ad hoc basis depending on the financial performance of the business and customers were not able to confirm the final amount of dividends taken until the end of their business's financial year. For some businesses, their financial year did not align with SA financial year making reporting changes accurately challenging. This group assumed they do not have to report each individual payment taken.

Finances were often managed by agents and business owners relied on the information and advice provided by them. Although agents tended to be aware of the tax credits claim, they were not involved in the claim management, the customer just took the information they provided and reported figures to HMRC during the renewal period.

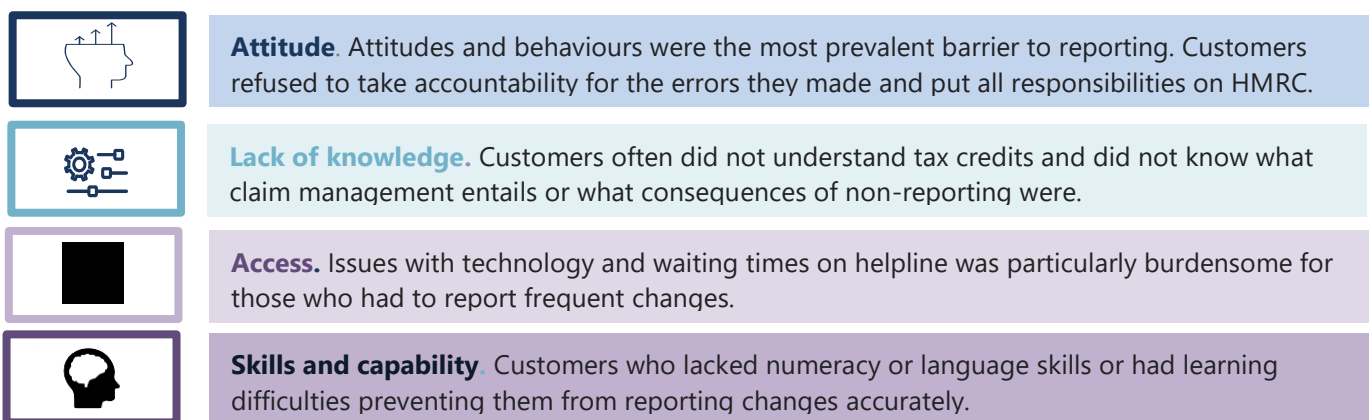
"Well, because dividends aren't guaranteed, it depends on the profit of the company, it's very difficult to say, OK, I receive..., if it's a good month, I might be able to take some money that allows us to have a luxury of some more food or whatever. It's a case of at the end of the financial year when we can see it's all tallied up and said, right, OK, I've received this amount"

Income error, director

3 Barriers to reporting

This chapter explores the barriers customers faced when reporting changes in their hours, work dates or income. It talks about four broad types of barriers as outlined in figure 3.1 below. Whilst some of the access or skills barriers can potentially be addressed, most were rooted in customers' attitudes which could be more challenging to change. The individual barriers customers faced are discussed in more detail throughout the section.

Figure 3.1: Barriers to reporting



3.2 Attitude

Customers' attitudes were the most significant barrier to reporting and managing their claim accurately. Despite some knowledge, access and skills challenges, most did not perceive claim management as difficult. Customers were either not able to identify the barriers they faced or did not understand the impact misreporting might have on their claim and adopted a very passive approach to claim management and reporting.

As discussed, this was mostly caused by misconceptions and lack of understanding of the system, particularly the provisional nature of the claim. This passivity meant that even after multiple issues with their claim and sometimes substantial financial difficulties caused by overpayments, customers were not able to recognise how to fulfil their responsibilities. The different types of attitudes and reasoning are discussed below.

Belief that 'HMRC is wrong'

Customers who disagreed with HMRC's decision related to their claim and error had made their own interpretation of the rules and circumstances and believed they were in the right. These customers were usually aware of the error but refused to accept any responsibility for it or were convinced that HMRC assessed their situation incorrectly.

Customers who had made no attempt to report the change but felt they should not take responsibility for the error sometimes believed that their assumptions about the system were correct and HMRC was simply thinking about their situation in the wrong way. Third parties sometimes played a significant role in forming these views for customers who would trust them and their judgement more than HMRC, regardless of the individual's or organisation's experience of dealing with tax credit claims.

Customers who were lone parents, or had caring responsibilities or were in vulnerable situations sometimes felt powerless and overwhelmed by their responsibilities. They felt that they were already doing enough and HMRC should be more considerate of their circumstances. Similarly, those on zero hours contracts felt that they had little or no control over their hours and thus should not be penalised for not reporting changes or working less than the qualifying number of hours a week. These customers believed that the assumptions they made were correct, HMRC was going to review their case and backdate the payments they believed they were entitled to.

"I'm confident that I will get all the money backdated. They will review and see my hours across the year and accept that on average, I worked 16 hours so there isn't a problem, they just haven't accepted that yet."

Hours error, part-time employee

Feeling it is 'too much hassle'

Customers who experienced frequent changes in working hours or income sometimes felt that reporting every change would be too burdensome and that it would be easier to deal with overpayments or underpayments than contact HMRC every week or month.

These customers tended to think that the impact of each change would be minor and not worth the time it would take them to contact HMRC. Some worked long hours or had caring responsibilities and felt they had limited time for any claim management responsibilities.

"I'm not the problem here, they just make it too complicated and the way they look at hours doesn't make sense, they should just change it."

Hours error, zero hours contract

Some did not believe that their claim would be significantly impacted or that any under or overpayment would be substantial enough to impact on their lives which meant they preferred to do nothing and instead accept any changes in payments afterwards. They did not try to understand why errors occurred and did not query why they were over or underpaid, they usually just accepted HMRC's decision and any relevant consequences.

Others, particularly those who experienced over or underpayments multiple times became used to the adjustment and assumed that they do not need to report any changes as they thought HMRC would find out anyway and amend their claim during the renewal period. These customers tended to be less financially reliant on their tax credits payments and thus did not worry too much if the amount changed.

Fear of losing income

This attitude only applied to customers who had not reported leaving their job. These customers were aware of the need to report this change but worried about how they would cope without their tax credits payments and decided not to report changes until later (for instance when they found a new job).

These customers tended to have a history of being overpaid and this meant they viewed overpayments as normal and not something to worry about. They would rather deal with an overpayment debt in the future than attempt to cope without tax credits in the short-term.

"I haven't told them because I know my money will be stopped and I can't live without it. When you cannot feed yourself, or take care of your children properly then you will not do anything that means you will have less money. If this means problems for me in a few months' time then I will deal with that when it comes."

End date error, zero hours contract

Stability/instability

To some customers, stability in their tax credits claim was more important than accuracy. These customers were comfortable with being under or overpaid and thus did not see the importance of reporting changes of circumstances to HMRC. They preferred stable payments to avoid uncertainty and help them plan and budget and were happy to accept the consequences afterwards.

"I would prefer that if I tell them the changes the award should just stay the same."

Hours error, zero hours contract, part-time

Customers put responsibility on HMRC

Customers consistently refused to take ownership of their claim and errors and put responsibility for their claim management on HMRC. Although they realised that the error occurred as a result of misreporting on their side, they often concluded that HMRC should have access to all of their details and should take ownership of updating their claim accordingly.

“HMRC has my wages, my income, so they should be able to work it out, why do I have to ring every time to tell them I worked over time this week - it's just an inconvenience, nuisance, we don't need this and it never makes enough difference to make it worthwhile.”

Income error, part-time employee

Refusal to take ownership was one of the most common attitudinal barriers, and customers had limited understanding of the system and thus made their own conclusions on what was correct or accurate. Some assumed that the system was automatic and able to immediately identify any changes (such as changes in income); others felt that their circumstances were too complex and as they were working, they already were doing the best they could and thus deserved WTC payments and should not have been penalised for any changes.

There were also customers who felt that as HMRC are making payments to them, it is HMRC's responsibility to make sure that the amounts paid out are correct. Customers felt that HMRC should have the information about their income, working hours and other benefits in-kind, and should therefore be able to amend their claim automatically.

Customers also said that they often ignored letters or information sent to them and so might have missed important details from HMRC. One of the reasons was that they were unaware of any changes they might need to report or the impact they might have on their claim; they were therefore confident that they were managing their claim correctly and that they did not need additional advice (such as the information sent with the renewal pack). Although they said that they were not aware of their responsibilities or the rules and guidelines and felt this lack of awareness was not their fault, they also noted that they did not read any information sent to them by HMRC.

3.3 Lack of knowledge and understanding

There were many misconceptions and gaps in knowledge about tax credits and claim management. As outlined in chapter 1.1, customers had limited awareness of what changes needed to be reported or what the criteria in relation to income and hours were. Even if some were aware of the need to report changes, they did not understand the consequences and impact on their claim if they did not do this.

As above, customers also made assumptions based on their own judgement and assumed that HMRC held all relevant information on them and they therefore did not need to report any changes. This applied to income related changes in particular.

The word 'change' or 'change in circumstances' lost its meaning as some simply did not have stable hours or income. When changes in circumstances were regular and continual (as described in section 2.1), a fluctuating working pattern was the usual circumstance and thus these customers did not think that the phrase 'change of circumstances' was relevant to them

3.4 Access

Customers faced a few technological and logistical challenges when reporting changes. Waiting times when calling the helpline were frequently mentioned and some reported waiting for up to 30 minutes until they spoke to an advisor. Customers said that they were already busy with their work and personal commitments and did not always have the time needed to report changes. This meant that customers would sometimes delay reporting or not report at all if they believed the change would not have much of an impact on their claim.

“Sometimes it takes 25 minutes or 30 to get through them so if I could get through someone straight away that would make it easier.”

Hours error, zero hours contract, part time employee

This was a particular problem for customers who experienced frequent changes such as changes to working hours or income as they did not think it would be practical to call the helpline every week or two. Whilst some were aware of the option to report changes online and found this useful, not all customers had access to a computer or the internet, or the confidence and skills to use digital services.

3.5 Skills and capability

Customers faced a number of skills related barriers. Some lacked numeracy skills or had learning difficulties which meant they struggled to fill in forms or understand what information should be submitted and where or how to calculate their hours and income. They felt that a specialist advisor or easy read materials would help to break down and clarify the information required.

“Because I’m dyslexic sometimes the figures I don’t know how to write down so she’s [helpline advisor] been very polite and been like, so it’s 1, 2, and explains it that way. But then I’ve had others and they just want to get you off the phone, they’re just like, you can hear in their voices, you can tell they’re thinking “I’ve just told you, what don’t you understand?”

Hours error, part time, permanent employee

Customers also noted that the language used in letters and on the website was too technical and contained jargon which made them unclear and difficult to understand. Overall, they found the information too overwhelming which meant that they often chose not to read/engage with it and made their own assumptions.

“There’s so much information... it gets a bit overwhelming! Most scientists couldn’t answer those questions.”

Income error, full time, permanent employee

Customers experiencing depression or other mental health problems felt that, at times, managing their claim was too burdensome. They often found themselves in difficult and vulnerable situations and felt that they could not cope with any additional responsibilities or tasks at that time. These experiences also meant that they were often more liable to changes in working and lifestyle patterns such as needing to cut back hours for a few weeks when unwell or not being able to think about their reporting responsibilities during this time.

These customers were also more likely to react negatively to any communications about the error – they felt that HMRC was not compassionate with their circumstances and treated them as criminals whilst they faced other personal challenges.

“When I phoned the tax credit people they weren’t really that helpful. Or truthfully very friendly. They’re quite rude about it when you owe them money. They’re not very helpful, friendly or nice. It’s almost as if they treat you like you’re some criminal. It’s not our fault if they make a mistake.”

Income error, no longer working

English language barrier

Customers who did not speak English or had a poor level of English faced significant barriers to claim management and reporting. Their knowledge of tax credits or understanding of their responsibilities was extremely limited and they made no attempt to meet their claim management responsibilities outside of the renewal period.

Most of these customers had made their tax credits claim with the help of a third party (such as relative, friend, in some instances their young children) when they first came to the United Kingdom, but they were not aware of what claim management entailed. They relied on others to read any letters sent by HMRC and to tell them what, if anything needed to be done and would then ask someone to do this for them by post.

These customers did not question or query any under or overpayments they might have had, they simply accepted that it is their responsibility to understand the system but as they had no means of doing so, they were just happy with receiving any form of payments for the time being.

“They send you information and there is a helpline to advise you, if you do not understand, this is your problem, not theirs. If I get it wrong, then this is not the government’s job to help me. I am taking the money; it is my problem.”

Income error, employee on temporary contract

4 Outcomes

This chapter explores the impact of errors and intervention on customer behaviour. It looks at instances where customers’ attitudes and behaviour changed as well as potential implications on claim management.

4.1 Impact on customer behaviour

Changes of behaviour in response to an error were very limited. Customers tended to just accept the status quo and did not try to take more responsibility for their claim. The four main types of outcome are summarised in figure 4.1 below and discussed in more detail throughout this section.

Figure 4.1: Outcomes and impact on behaviour

| | |
|-------------------------|--|
| No change | Most have not changed their behaviour or claim management, mainly due to attitudinal barriers. |
| Stopped claiming | Some decided to stop claiming tax credits as they saw it as too much hassle and a somewhat limited reward. |
| Altered pattern | Some changed their working patterns as a result and requested a fixed contract or stopped working overtime to prevent further errors. |
| Changed attitude | Some increased their understanding of their responsibilities and attempted to meet these but this was mostly limited to the specific error they experienced. |

4.2 No change

Despite (sometimes several) experiences with errors, customers' behaviour remained mostly unchanged. Although they recognised the error and related consequences, customers were reluctant to adapt their approach to claim management. Most of this behaviour was rooted in the lack of understanding of the system, assumptions they made, and attitude towards HMRC and their claim. As discussed in section 3.4.1, some disagreed with HMRC's decision and assessment of their case and thus refused to change.

There was also a widespread expectation that HMRC should take ownership and responsibility for customers' claim management. Customers assumed that all government systems are connected and that HMRC had access to all of their details and relevant information and expected HMRC to amend their claims automatically. Lack of awareness and understanding of the provisional nature of the claim meant that even after the error, customers had very limited understanding of the impact of the error on their claim or assumed that the impact was not significant enough to warrant effort put into accurately reporting changes in circumstances.

"Well, you [HMRC] will see that there's more money coming in so what's the point."

Hours error, part-time employee

4.3 Stopped claiming

Customers who decided to stop claiming tax credits because of their error were often customers with lower value claims who were less financially dependent on the income received from their claim. They saw claim management and reporting of changes as too burdensome and time consuming and not worth the effort. Some reported changes previously but felt that being asked to provide details and evidence or having to deal with changes in payments was too troublesome. Some of these customers still did not understand the provisional nature of their claim, assumed that HMRC was not assessing their situation correctly and thus decided not to renew their claim.

"I don't know if I will even try and claim WTC....if there isn't an easier system in place, if they are going to do what they just done there and cut my money...I never thought they could cut my boy's money, because that's his money and it's my debt, not my son's...I was really angry. They said they had overpaid me, but it's a certain amount and they can't overpay you."

Hours error customers on zero hours contract.

4.4 Altered working patterns

The most common form of action taken by customers with errors in their hours was to ask their employer to put them on a fixed hours contract to ensure that they would always be able to work the minimum number of qualifying hours a week. While this led to a positive outcome for some customers who managed to secure more stability at work, this was not a possibility for all customers on zero-hour contracts.

Customers who had exceeded their hours sometimes stopped working overtime when possible to avoid potential increases in income leading to overpayments.

There were also examples of self-employed customers moving into permanent employment to avoid constant fluctuations and achieve greater stability of the income. Generally, it seemed that the main reason for this was to avoid having to deal with the Self-Assessment system rather than because of tax credits.

4.5 Changed attitude

A few customers changed their attitude and behaviour as a result of the error. They became aware of their responsibilities and took ownership of their claim. As with those who altered their working patterns, this was a very small proportion of the customers.

These customers understood why the error(s) occurred, accepted responsibility and were aware of the need and importance of reporting changes going forward. They were most likely to be those with relatively simple and straightforward cases and circumstances, such as those who did not know that they needed to report actual and not average hours and their hours were not changing frequently. Whilst they were aware of the need to report and the impact on their claim if they did not, this knowledge was often limited to the specific error they experienced and they might not be aware of any other circumstances they need to report so might end up misreporting again.

“I am a lot more aware now, any slight change I let them know. I am really good at it now.”

Hours error, part-time employee

5 Support

This chapter explores what support customers used, their experiences of this and suggestions they made for improvements or additional support in managing their claims. As discussed in chapter 1.1, customers generally described claim management as easy and most did not seek advice or support. Their approach was very passive and reactive and those who sought support only tended to do this when there were issues with their payments. Some sought help when they started claiming but this was more likely to be help from third parties or relatives.

Customers who used the HMRC website normally had specific questions about their claim but a lack of confidence in being able to find and understand information. This meant that most tended to call the helpline as they preferred to have someone talk them through the issue. Overall, those who sought help were satisfied with the support they received.

“It's not too hard if you've got someone decent on the phone, I find it awkward to do online, I need guidance so always used the helpline.”

Hours error, part-time, permanent employee

5.1 Third party support

Customers who had experienced problems with their tax credits or other benefit claims preferred to use help and support from third parties rather than from HMRC. These customers usually had an established relationship, previous positive experience or lack of awareness of other help available.

Customers mentioned going to various organisations such as Jobcentre Plus, Citizens Advice, local councils or charities for support. They helped them with specific aspects of the claim, some needed help with the applications whilst others needed help with understanding any communications they received. For example, one customer used Rainbow Centre, a charity, to help draft responses to HMRC and another customer used the Citizens Advice to help understand letters from HMRC.

"Citizens Advice are a very handy service. They know their stuff, they know what benefits you can claim... I would recommend them to anyone. They give a sense of security."

Income error, full-time employee

Some customers preferred to ask individuals such as family or friends for help and advice about their claim. The quality and accuracy of advice varied as some of these individuals were misinformed and not familiar with the system themselves and thus provided inaccurate information. Nevertheless, customers trusted their advice over any information they received from HMRC.

People whose native language was not English often asked friends or family for help with their claim or translation of letters and materials as their level of English was too poor to communicate with HMRC directly. One customer described paying for translations of any letters he received from HMRC whilst another asked her eight-year-old son to translate any communications for her. Despite the barriers they faced, they did not think they needed additional help or support and believed that it was their responsibility to manage their claim correctly.

5.2 Areas for support and improvement

Customers suggested a number of areas for improvement but ultimately, they still expected HMRC to take responsibility for their claim. The four broad categories included more accessible information; information on how claims are calculated; digital services; and support for specific customers.

Accessible information

A barrier identified by customers was that they found HMRC's language too complicated to understand which sometimes meant they decided not to read letters or information sent to them as a result. Customers wanted clear and simple information in layman's terms. Some mentioned that case studies would be helpful to provide real-life examples of how different changes of circumstances should be addressed.

"I always have to call up and ask them to explain as I can't understand what's going on, I think I understand something and know what it means but it's not what it means"

Income error, not working

Details of how claims are calculated

Providing information on how tax credits claims are calculated could help customers to see how their working hours or changes in income impact on their claim. Some also wanted a comprehensive step-by-step guide on how to fill in and calculate their hours and income, they were confused by the terminology and jargon and wanted a clear explanation of what they need to do in plain language.

Digital services

Customers who were already using or were open to using digital services, mentioned that additional digital services would make managing their claim easier. For example, a text SMS service to report changes in hours or an app to record timesheets that could then be submitted which would make reporting changes easier and more convenient. Some wanted an option to communicate with HMRC via email as they thought it would be quicker than sending letters or waiting on a helpline and allow them to keep a record of the communications for reference.

Tailored support for specific cases

Customers with specific cases (such as foster parents, carers or those paying into private pensions) felt that their situation did not fit the general rules and guidelines and were not accounted for by the system. They wanted advice tailored to their circumstances or profession such as specialised advisors or guides.

“I could really do with an expert to speak to in this industry to advise me. I would want to be able to book an appointment over the phone.”

Income error, self-employed

6 Conclusions

Customers with income or hours errors had little to no understanding of what tax credits claim management entailed. Reasons why some did not comply with the income, work and hours reporting requirements were complex but most were driven by inertia and refusal to take responsibility.

In addition, the nature of working patterns and habits has started to change – customers often worked unstable/flexible hours either due to their employers' demand or changing personal circumstances which impacted on their lives as well as the way they managed their claim

The two main causes of misreporting were instability of working/living patterns and lack of knowledge and understanding of the system. Whilst constant changes were more likely to cause working hours errors, limited understanding and knowledge were more likely to cause errors in reporting main or other sources of income. Customers had limited or, often no awareness of the provisional nature of their claim and therefore did not understand why they needed to report any changes or what the implications of non-reporting were. Whilst some of the barriers they faced can be addressed, most were rooted in their attitudes and misconceptions and thus could be more challenging to change.

Some of the suggested areas for improvement included clearer and simplified language and terminology, avoiding jargon, access to tailored advice for specific cases (such as carers or foster parents) or introduction of digital services such as apps, SMS text service or option to communicate via email.

Whilst these would help improve the service and make reporting changes easier in the future, one of the main barriers customers faced was their fluctuating schedules and lack of clear guidance on how these should be reported. One of the most challenging groups were customers on zero hours or agency contracts. Their schedules could change on a daily basis, they often did not know what their hours were until the day before, and they could be sent home if shifts were not busy. Some also had caring or childcare responsibilities, or were unable to work due to mental health issues or other unforeseen circumstances they had little or no influence on. Customers felt that these events were beyond their control and thus the system should be more flexible regarding circumstances. They also felt that reporting these frequent changes (often on a daily basis) was not feasible and too burdensome.

The phrase 'change of circumstances' itself often created a barrier. Whilst customers recalled that they should report changes of circumstances, they were not able to specify what these changes were or could be. The tone suggested that there was a stability in their lives despite their irregular work patterns and thus the word 'change' often lost meaning or the desired impact.

Irrespective of their error or circumstances, customers' attitudes could be the most challenging to address. Whilst there was a clear need to review the information provided and the channels used to communicate with customers, this alone will not prevent errors. A key expectation of customers was that HMRC should take responsibility and ownership of their claim. Even significant over or underpayments or resulting financial difficulties did not seem to have substantial impact on customers' view of this.

Appendix

A.1. Technical details

Sampling and recruitment

Recruitment was carried out by telephone using sample sourced from HMRC's records. Quotas were set on a range of variables including: **error type** (work and hours, income); **type of tax credits** (WTC; WTC and CTC; WTC, CTC and others); **employment type** (permanent contract, temporary contract, irregular hours, multiple jobs, self-employed).

The table below shows achieved interviews.

| Variable | Characteristic | Achieved interviews |
|------------------------------|--|---------------------|
| Work and Hours Errors | Inaccurate reporting of hours worked | 16 |
| | Inaccurate reporting of start and end dates | 10 |
| Income Errors | Misreporting of main income | 19 |
| | Misreporting/receiving of rent/dividends | 3 |
| | Misreporting/receiving of social security benefits | 4 |
| Type of tax credits | Working Tax Credit | 5 |
| | Working Tax Credit and Child Tax credit | 32 |
| | Working Tax Credit and Child Tax credit and other social security benefits | 15 |
| Employment type | Permanent contract | 20 |
| | Temporary contract | 2 |
| | Irregular hours | 15 |
| | Multiple jobs | 5 |
| | Self-employed | 10 |

It is important to note that recruitment of participants for this research was particularly challenging with higher than usual refusal rates, particularly from non-native English speakers whose level of English was too low to be able to participate. The proportion of customers with certain type of errors (such as those related to rental income or income from benefits in kind) was very small and thus these quotas were very challenging to fulfil. The recruitment approach was adjusted to reflect customers' situation (current or former) rather than the error type they experienced.

A.2. Interpretation and representation of qualitative data

Qualitative approaches are used to explore the nuances and diversity of views, the factors which shape or underlie them, and the ideas and situations in which views can change. The results are intended to be illustrative, not statistically representative.

Use of quotes

Verbatim comments have been included in this report to illustrate and highlight key points and common themes. Where verbatim quotes are used, they have been anonymised and attributed by sector and size.

A.3. Recruitment screener

Good morning/afternoon/evening, my name is . . . from Ipsos MORI, the independent social research company.

Q. You should have received a letter in the last few weeks telling you about some research we are conducting on behalf of Her Majesty's Revenue & Customs. Do you remember this letter?

<Recruiter note: If they do not remember the letter, read out:

Ipsos MORI, on behalf of HMRC are conducting an important piece of research to better understand how you manage your tax credits claim – including letting HMRC know about changes to the work you do and how much you earn. They are particularly interested in speaking to customers who have recently had a change made to their tax credits award. This study will help HMRC improve the service it provides to tax credits customers.>

<If YES> As you may remember from the letter, Her Majesty's Revenue & Customs have asked Ipsos MORI to speak to current tax credits customers who have recently had a change made to their tax credits award.

This study will help HM Revenue & Customs to make improvements to the service it provides to tax credits customers.

If you decide to take part in this study, your participation in it will be confidential. None of the information you share with us during the conversation will be reported back to HM Revenue and Customs in a way which reveals your identity. Taking part in this research will also not in any way affect any tax credits or other government benefits you may receive, either now or in the future.

Should you be selected to take part in the study, we will arrange for a member of the Ipsos MORI research team to interview you. The interview will last for around an hour and will be arranged at a time convenient for you.

We will conduct the interview either in your home or at a convenient nearby location (such as a café). To say thank you for your time and cover any expenses incurred we will offer you £30 in cash.

We need to check that we are speaking to the right people to take part in this research; therefore I would like to ask you some quick questions about yourself.

All information collected will be treated as strictly confidential and will not be passed to HM Revenue and Customs.

ASK ALL

Q1. **Would you be interested in taking part?**

SINGLE CODE ONLY

| | | |
|-----|---|----------|
| Yes | 1 | CONTINUE |
| No | 2 | CLOSE |

ASK ALL

Q2 **Do you or any members of your immediate family work in any of the following areas, either in a paid or unpaid capacity?**

| | | |
|----------------------------------|---|----------|
| Journalism/the media | 1 | CLOSE |
| Market Research | 2 | |
| Department for Work and Pensions | 3 | |
| HM Revenue and Customs | 4 | |
| No, none of these | 5 | CONTINUE |
| Don't know | 6 | |

ASK ALL

Q4 **Can I check, are you currently receiving tax credits payments? (these could be Working tax credits, Child tax credits or both)**

SINGLE CODE ONLY

| | | |
|------------|---|-------------------------------------|
| Yes | 1 | CONTINUE |
| No | 2 | SOFT CHECK, IF STILL NO CONTINUE |
| Don't know | 3 | CLOSE |

ASK ALL

Q5 **Can you tell me which types of tax credits you currently/used to receive?**

SINGLE CODE ONLY

| | | |
|------------------------------------|---|-------------------------------|
| Both Working and Child tax credits | 1 | RECRUIT TO QUOTA AND CONTINUE |
| Working tax credits only | 2 | |
| Child tax credits only | 3 | RECRUIT TO QUOTA AND CONTINUE |
| Don't know | 4 | CONTINUE |

ASK ALL

Q6. **For how many years have you been claiming/ did you claim tax credits?**

SINGLE CODE ONLY

| | | |
|-------------------|---|-------------------------------|
| Up to one year | 1 | RECRUIT TO QUOTA AND CONTINUE |
| 1 to 3 years | 2 | |
| More than 3 years | 3 | |
| Don't know | 4 | CONTINUE |

ASK ALL

Q7a **And is/was your tax credits claim a:**

SINGLE CODE ONLY

| | | |
|--|---|----------|
| Single claim (i.e. you applied as a single person) | 1 | CONTINUE |
| Joint claim (i.e. you applied with your partner as a couple) | 2 | CONTINUE |
| Don't know | 3 | CONTINUE |

ASK IF JOINT CLAIM, Q7=1

Q7b **And who is mostly responsible for managing your claim?**

SINGLE CODE ONLY

| | | |
|---------------------------------------|---|----------|
| Myself | 1 | CONTINUE |
| My partner | 2 | CONTINUE |
| We equally share the responsibilities | 3 | CONTINUE |

Work and Hours (Group 1) sample questions

ASK WORK AND HOURS (GROUP 1) ONLY:

Q8 **We understand from HMRC records that you were contacted during the last year about your tax credits claim. HMRC would have contacted you by post between (HRR dates/ HRCC dates – CHECK THE SAMPLE FILE) to let you know that your tax credits claim needed to be checked. The letter would have asked you to get in touch and send through some information about about your work such as when you started a new job or how many hours a week you work. Is this correct?**

SINGLE CODE ONLY

| | | |
|---------------------------|---|-------------------------------------|
| Yes | 1 | CONTINUE |
| No | 2 | SOFT CHECK, IF STILL NO THEN CLOSE. |
| Don't know/Can't remember | 3 | CONTINUE TO QUESTION 11 AND 12 |

ASK IF JOINT CLAIM (Q7=2), RECALL THE ERROR (Q8=1,2) AND GROUP 1

Q9 **Can I check did the query relate to your job or your partner's?**

MULTI CODE

| | | |
|--|---|----------|
| The error related to my work and hours | 1 | CONTINUE |
| The error related to my partner's work and hours | 2 | CONTINUE |
| Don't know | 3 | CONTINUE |

IF THERE WAS AN ERROR IN THE NUMBER OF HOURS THEIR PARTNER REPORTED Q9=2

For the rest of the questions, please answer on behalf of your partner.

ASK WORK AND HOURS (GROUP 1) AND RECALL THE ERROR (Q8=1,2) ONLY:

Q10 **And which of the following was query(ies) about?**

MULTI CODE

| | | |
|---|---|-------------------------------|
| The number of hours worked | 1 | RECRUIT TO QUOTA AND CONTINUE |
| The date you (your partner) started a new job | 2 | RECRUIT TO QUOTA AND CONTINUE |

| | | |
|--|---|--|
| The date you (your partner) left your job or stopped working for an employer | 3 | RECRUIT TO QUOTA AND CONTINUE |
| The employer/employment listed was incorrect | 4 | RECRUIT TO QUOTA AND CONTINUE |
| Other, please specify | 5 | CONTINUE |
| Don't know | 6 | SOFT CHECK, IF STILL DON'T KNOW THEN CLOSE. OTHER TYPES OF ERRORS IF CLARIFICATION IS NEEDED: <ul style="list-style-type: none"> - listing an employer that you didn't work for - Incorrect start and end dates- - Overstated hours |

ASK WORK AND HOURS (GROUP 1) ONLY:

- Q11 Thinking back to that time when you were contacted by HMRC, please can you tell me which of the following best described your <IF PARTNER MADE AN ERROR Q9=2: your partner's> working situation?**
IF DON'T REMEMBER BEING CONTACTED BY HMRC, Q8=3:
Which of the following best describes your working situation?
SINGLE CODE ONLY

| | | |
|---|---|----------|
| Working - Full-time | 1 | CONTINUE |
| Working - Part-time | 2 | CONTINUE |
| Not working – Unemployed; Looking after house/children; Invalid/disabled; Student, etc | 3 | CONTINUE |

ASK ALL WHO ARE WORKING Q11=1-2

- Q12 Which of the following best represents the type of work you <IF PARTNER MADE AN ERROR Q7=2: your partner does> do? Please select all that apply.**
MULTI CODE.

| | | |
|--|---|---|
| Employed on a permanent contract | 1 | RECRUIT TO QUOTA FOR GROUP 1, RECORD FOR GROUP 2 AND CONTINUE |
| Employed on a temporary/short term/agency contract | 2 | RECRUIT TO QUOTA FOR GROUP 1, RECORD FOR GROUP 2 AND CONTINUE |
| Employed on a contract with no fixed hours (e.g. zero hours contract) | 3 | RECRUIT TO QUOTA FOR GROUP 1, RECORD FOR GROUP 2 AND CONTINUE |
| Work for one employer only | 4 | RECRUIT TO QUOTA FOR GROUP 1, RECORD FOR GROUP 2 AND CONTINUE |
| Work for a number of employers, please specify the number | 5 | RECRUIT TO QUOTA FOR GROUP 1, RECORD FOR GROUP 2 AND CONTINUE |

| | | |
|----------------------|---|---|
| Self employed | 6 | RECRUIT TO QUOTA FOR GROUP 1, RECORD FOR GROUP 2 AND CONTINUE |
|----------------------|---|---|

ASK ALL WHO ARE WORKING Q11=1-2

Q12b **And can I just check, do either following describe the position/nature of the job you <IF PARTNER MADE AN ERROR Q7=2: your partner does> do? Please select all that apply.**
MULTI CODE.

| | | |
|--|---|---|
| I am <my partner is> a company director/managing director | 1 | RECRUIT TO QUOTA FOR GROUP 2, RECORD FOR GROUP 1 AND CONTINUE |
| I am <my partner is> a partner in a business | 2 | RECRUIT TO QUOTA FOR GROUP 2, RECORD FOR GROUP 1 AND CONTINUE |
| Neither of the above | 3 | CONTINUE |

Income (Group 2) sample questions

ASK INCOME (GROUP 2) ONLY:

Q13 **We understand from HMRC records that you were contacted during the last year about your tax credits claim. HMRC would have contacted you by post between (HRR dates/ HRCC dates) to let you know that your tax credits claim needed to be checked. The letter would have asked you to get in touch and send through some information about your household income. Is this correct?**
NOTE FORE RECRUITER: cases close from May-August/September

SINGLE CODE ONLY

| | | |
|---------------------------|---|--|
| Yes | 1 | CONTINUE |
| No | 2 | SOFT CHECK, IF STILL NO THEN CLOSE. |
| Don't know/Can't remember | 3 | CONTINUE TO Q15 |

ASK IF JOINT CLAIM (Q7=2) AND GROUP 2 AND RECALL THE LETTER/ERROR (Q13=1,2)

Q14 **Can I check did the query relate to your income, your partner's income, a social security benefit or a joint source of income?** MULTI CODE

| | | |
|---|---|----------|
| My income | 1 | CONTINUE |
| My partner's income | 2 | CONTINUE |
| A joint source of income | 3 | CONTINUE |
| Social security benefit (e.g. taxable income support or incapacity benefit) | 4 | CONTINUE |

| | | |
|------------|---|----------|
| Don't know | 5 | CONTINUE |
|------------|---|----------|

IF THERE WAS AN ERROR IN THE INCOME THEIR PARTNER REPORTED Q14=2

For the rest of the questions, please answer on behalf of your partner.

ASK INCOME (GROUP 2) ONLY:

Q15 **And which of the following was the query(ies) about?**

IF DON'T REMEMBER BEING CONTACTED BY HMRC, Q13=3:

Which, if any of the following types of income do you currently receive?

MULTI CODE

| | | |
|---|----|---|
| Main income/salary (including any pay increases or bonuses) | 1 | RECRUIT TO QUOTA AND CONTINUE |
| Income from renting a room or property, or land | 2 | RECRUIT TO QUOTA AND CONTINUE |
| Any dividends I <my partner> receive(s) / or I <my partner> pay myself <himself/herself> (e.g. from my limited company or through being shareholder(s)) IF CLARIFICATION IS NEEDED: A dividend is a payment made by a corporation to its shareholders, usually as a distribution of profits | 3 | RECRUIT TO QUOTA AND CONTINUE |
| Benefits in kind (e.g. company car or mileage) [SEE FURTEHR CLARIFICATION BELOW IF NEEDED] | 4 | RECRUIT TO QUOTA AND CONTINUE |
| Other social security benefits I claim (e.g. taxable income support or incapacity benefit)) [SEE FURTEHR CLARIFICATION BELOW IF NEEDED] | 5 | RECRUIT TO QUOTA AND CONTINUE |
| Income from a pension | 6 | RECRUIT TO QUOTA AND CONTINUE |
| Income from an investment | 7 | RECRUIT TO QUOTA AND CONTINUE |
| Income from a property | 8 | RECRUIT TO QUOTA AND CONTINUE |
| Income from business activities in other countries | 9 | RECRUIT TO QUOTA AND CONTINUE |
| Other, please specify | 10 | CONTINUE |
| Don't know | 11 | SOFT CHECK, IF STILL DON'T KNOW THEN CLOSE. |

If further clarification of benefits of kind is needed, prompt on the below:

| | | |
|--|---|----------|
| Employer pays any mileage allowance payments over the tax free approved amount | 1 | CONTINUE |
|--|---|----------|

| | | |
|---|----|----------|
| Employer pays for your <your partner's> running costs | 2 | CONTINUE |
| You <your partner> have a company car | 3 | CONTINUE |
| Employer pays for the car fuel | 4 | CONTINUE |
| Employer pays for your <your partner's> personal expenses | 5 | CONTINUE |
| Employer has given you <your partner> goods and assets for example gifts of food and drink | 6 | CONTINUE |
| Employer made payments on your <your partner's> behalf, for example if they paid your rent directly to your landlord | 7 | CONTINUE |
| Employer gave you vouchers or credit tokens, for example company credit cards (Don't include the cash equivalent of childcare vouchers if they are used to pay for registered or approved childcare.) | 8 | CONTINUE |
| Employer offers childcare provision | 9 | CONTINUE |
| Employer provides healthcare cover/insurance | 10 | CONTINUE |
| Other, please specify | 9 | CONTINUE |
| Don't know | 10 | CONTINUE |

If further clarification of social security benefits is needed, prompt on the below:

| | | |
|---|----|----------|
| Bereavement Allowance | 1 | CONTINUE |
| Contribution-based Employment Support Allowance | 2 | CONTINUE |
| Contribution-based Jobseeker's Allowance | 3 | CONTINUE |
| Carer's Allowance | 4 | CONTINUE |
| Incapacity Benefit paid after the first 28 weeks of incapacity (do not include Incapacity Benefit if you claimed before 1995 and have received it ever since) | 5 | CONTINUE |
| Incapacity Benefit paid after the first 28 weeks of incapacity (do not include Incapacity Benefit if you claimed before 1995 and have received it ever since) | 6 | CONTINUE |
| Taxable Income Support (this only applies if you were in a couple, and the person receiving Income Support was on strike) | 7 | CONTINUE |
| State retirement pension | 8 | CONTINUE |
| Statutory adoption pay (above the first £100) | 9 | CONTINUE |
| Statutory maternity pay (above the first £100) | 10 | CONTINUE |
| Statutory paternity pay (above the first £100) | 11 | CONTINUE |
| Statutory shared parental pay (above the first £100) | 12 | CONTINUE |
| Statutory sick pay | 13 | CONTINUE |
| Widowed parent's allowance (above first £300) | 14 | CONTINUE |
| Other, please specify | 15 | CONTINUE |
| Don't know | 16 | CONTINUE |

ASK INCOME (GROUP 2) ONLY:

Q16 **Thinking back to that time when you were contacted by HMRC, please can you tell me which of the following best described your <IF PARTNER MADE AN ERROR Q9=2: your partner's> working situation?**

IF DON'T REMEMBER BEING CONTACTED BY HMRC, Q13=3:

Which of the following best describes your working situation?

SINGLE CODE ONLY

| | | |
|---|---|----------|
| Working - Full-time | 1 | CONTINUE |
| Working - Part-time | 2 | CONTINUE |
| Not working – Unemployed; Looking after house/children; Invalid/disabled; Student, etc | 3 | CONTINUE |

ASK ALL WHO ARE WORKING Q16=1-2

Q17 **Which of the following best represents the type of work you <IF PARTNER MADE AN ERROR Q7=2: your partner does> do? Please select all that apply.**

MULTI CODE.

| | | |
|--|---|----------|
| Employed on a permanent contract | 1 | CONTINUE |
| Employed on a temporary/short term/agency contract | 2 | CONTINUE |
| Employed on a contract with no fixed hours (e.g. zero hours contract) | 3 | CONTINUE |
| Work for one employer only | 4 | CONTINUE |
| Work for a number of employers, please specify the number | 5 | CONTINUE |
| Self employed | 6 | CONTINUE |

ASK ALL WHO ARE WORKING Q16=1-2

Q17b **And can I just check, do either following describe the position/nature of the job you <IF PARTNER MADE AN ERROR: your partner does> do? Please select all that apply.**

MULTI CODE.

| | | |
|--|---|---|
| I am <my partner is> the company director/managing director | 1 | RECRUIT TO QUOTA FOR GROUP 2, RECORD FOR GROUP 1 AND CONTINUE |
| I am <my partner is> a partner in a business | 2 | RECRUIT TO QUOTA FOR GROUP 2, RECORD FOR GROUP 1 AND CONTINUE |

| | | |
|----------------------|---|----------|
| Neither of the above | 3 | CONTINUE |
|----------------------|---|----------|

ASK ALL

Q18. Which of the following bands does your household income fall into?

SINGLE CODE ONLY

| | | |
|---|---|--|
| Less than £6,420 per annum (less than £535 per month / less than £123 per week) | 1 | RECRUIT TO QUOTA FOR GROUP 2, RECORD FOR GROUP 1 AND CONTINUE |
| £6,421 - £9,999 per annum (£535-£833 per month / £123-£192 per week) | 2 | |
| £10,000 - £19,999 per annum (£833-£1667 per month / £192-£385 per week) | 3 | |
| £20,000 - £29,999 per annum (£1,667-£2,500 per month / £385-£577 per week) | 4 | |
| £30,000 - £39,999 per annum (£2,500-£3,333 per month / £577-£769 per week) | 5 | |
| £40,000 - £49,999 per annum (£3,333-£4,167 per month / £769-£962 per week) | 6 | |
| More than £50000 per annum (more than £4,167 per month / £962 per week) | 7 | |
| Refused | 8 | CONTINUE |

ASK ALL

Q19 Which of the following best describes your household?

SINGLE CODE ONLY

| | | |
|--|---|-------------------------------|
| 1-parent family with child/ren, at least one child under 18 | 1 | RECRUIT TO QUOTA AND CONTINUE |
| 2-parent family with child/ren at least one child under 18 | 2 | CONTINUE |
| A couple, with no children or no children aged under 18 | 3 | RECRUIT TO QUOTA AND CONTINUE |
| Single person with no children, or no children aged under 18 | 4 | CONTINUE |
| Other (please specify) | 5 | CONTINUE |
| Not stated | 6 | CONTINUE |

ASK ALL

Q20 Would you be willing to take part in an interview with a member of the research team in your home?

INFORM PARTICPANT THAT THEY WILL RECEIVE £30 CASH FOR THIS

| | | |
|-----|---|---|
| Yes | 1 | RECRUIT – ARRANGE TIME AND DATE FOR FACE-TO-FACE INTERVIEW AND CONTINUE |
| No | 2 | CLOSE |

ASK THOSE WITH WHERE PARTNER'S ERROR WAS REPORTED Q9=2 OR Q14=2,3 AND THE PARTNER IS MAINLY RESPONSIBLE OR SHARES RESPONSIBILITY FOR MANAGING THE CLAIM (Q7b=2 or 3). IF THE RESPONDENT

MAINLY MANAGES THE CLAIM (Q7b=1) OR IS CONFIDENT ANSWERING ON BEHALF OF THEIR PARTNER, DO NOT OFFER PAIRED INTERVIEW UNLESS SPONTANEOUSLY SUGGESTED.

Q21 **We are also looking to conduct several paired interviews. Do you think that your partner would be interested and available to conduct this as a joint interview?**

INFORM PARTICPANT THAT THEY WILL RECEIVE A TOTAL OF £50 FOR THIS

| | | |
|-----|---|--|
| Yes | 1 | RECRUIT 12 INTERVIEWS AS PAIRED DEPTHS WITH AN EVEN SPLIT BETWEEN GROUPS 1 AND 2 |
|-----|---|--|

ARRANGE INTERVIEW

| | | |
|----|---|-------------------|
| No | 2 | ARRANGE INTERVIEW |
|----|---|-------------------|

ASK ALL

Q22 **Can I just check that the address we currently have for you is correct?**

CONFIRM CORRECT DETAILS IN COLUMNS xxx IN SAMPLE

| | | |
|-----|---|------------------|
| Yes | 1 | RECRUIT |
| No | 2 | CONTINUE TO Q234 |

ASK THOSE WHO CODE 2 AT Q23 [INCORRECT DETAILS]

Q23 **Can I ask for your current address?**

RECORD

ASK ALL

Q24 **Please record gender:**

| | | |
|--------|---|------------------|
| Female | 1 | RECRUIT TO QUOTA |
| Male | 2 | RECRUIT TO QUOTA |

THANK AND CLOSE

A.4. Discussion guide

| | |
|---------------------|---|
| Introduction | Timings and notes 5 mins |
|---------------------|---|

| | |
|---|--|
| <p>Welcome and introduction</p> <ul style="list-style-type: none"> ▪ Thank participant for taking part. ▪ Introduce self, Ipsos MORI. ▪ Role of Ipsos MORI – independent research organisation (i.e. independent of GOVERNMENT), gather all opinions: all opinions valid, no detail is too small. Remind that there are no right or wrong answers. Commissioned by HMRC to conduct the research. ▪ Explain that we will be talking about their tax credits claim and understanding how they manage their claim including letting HMRC know about changes to the work they do/income. ▪ Outline the research. We are speaking to 52 tax credits customers. ▪ Explain their role in the research: We want to understand how they manage their claim, report any changes to their work, hours or income and any barriers or challenges they might experience whilst doing so. This study will help HMRC improve the service it provides to tax credits customers. ▪ Confidentiality: reassure that all responses are anonymous and that information that can be linked back to individuals will not be passed on to anyone, including back to HMRC or any other Government Department. ▪ Reassure that their current or future tax credits claim will not be affected in any way by taking part in the research. ▪ Length: 60 minutes. ▪ Get permission to digitally record – transcribe for quotes, no detailed attribution. | <p>Welcome orientates participant, gets them prepared to take part in the interview.</p> <p>Outlines the 'rules' of the interview (including those we are required to tell them about under MRS and Data Protection Act guidelines).</p> |
|---|--|

| | |
|---|--|
| <p>Personal background and sources of income (ALL)</p> | <p>Timings and notes 10 mins</p> |
| <p>I'd like to start by learning a little about you.</p> <ul style="list-style-type: none"> • Can you just tell me a bit about you and your household? ▪ PROBE: How long have you lived here? Who do you live with? Do you have children? How old are they? • Are you working at the moment? What kind of work do you do? • Full time/part time? • Do you own your own business or work for an employer? • • If own a business: | <p>Warm up participant, allow them time to speak and gather some important context about their circumstances which you will refer to</p> |

| | |
|--|---------------------------------|
| <ul style="list-style-type: none"> • Is it a limited company? If yes, are you a company director? • If they work for an employer: • How many jobs do you have? Do you work for more than one employer? If yes, how long have you had multiple jobs? • How long have you been working in this job/ these jobs? • • Do you work the same number of hours each week or does it vary? • If working hours vary: how much do your hours change? what is the minimum and maximum number of hours, you might work in a week? What is the average number of hours you work every week? Does it change at all? If so, how? <ul style="list-style-type: none"> • • And how often do you usually get paid? • weekly, monthly, ad hoc? • • • For couples: What about your partner – what kind of work do they do? Do they work full time/ part time/self-employed? Repeat work/hours and income questions <p>Apart from the income you receive through the work you've just described and from tax credits, do you have any other types of income?</p> <p>Are you currently claiming any other types of social security benefits? USE SHOWCARD FOR BENEFITS</p> <ul style="list-style-type: none"> • How long have you been claiming this? <p>Do you or your partner receive any benefits in kind from your employer? USE SHOWCARD FOR BENEFITS IN KIND</p> <ul style="list-style-type: none"> • How long have you been receiving this? <p>Are you receiving any money from renting out any property or land? This could include renting a room, a whole property, a garage or any other land or space that you own.</p> <ul style="list-style-type: none"> • If yes, can you tell me a bit about this? What are you renting? How long have you been renting? • Do you receive dividend payments from a company or from any stocks or shares you hold? • If yes, can you tell me a bit about this? What do you receive dividends from? • If company director/ shareholder: | <p>throughout the interview</p> |
|--|---------------------------------|

| | |
|--|--|
| <ul style="list-style-type: none"> do you normally receive dividend payments from your company? <p>Do you or your partner complete a self-assessment tax return? (by self-assessment we mean SA for tax return)</p> <ul style="list-style-type: none"> How long have you been completing self-assessments? Who usually manages this process? (e.g. themselves, their partner, agent) <p>IF AGENT: Could you tell me a bit more about how you work with your agent? What tasks does he/she usually complete on your behalf? Are they aware that you claim tax credits? How involved are they in your tax credits claim?</p> | |
|--|--|

| Claiming Tax Credits (ALL) | Timings and notes 20 mins |
|---|--|
| <p>I'd like to move on to discuss your tax credits claim.</p> <p>What type of tax credits do you claim? CTC? WTC? Both?</p> <p>How long have you been claiming tax credits?</p> <p>Thinking back to when you first started your current tax credits claim, what were your circumstances at the time?</p> <ul style="list-style-type: none"> Was your working situation any different then? Were you in a different job? Did you have different working hours? What about your partner? Has your income changed over time? Has it increased or decreased? What caused this change? <ul style="list-style-type: none"> IF NO LONGER CLAIMING: When did you stop claiming Tax Credits? And what was the reason for ending your claim? <p>I'd now like to talk a bit more about your tax credits claim. What does managing your claim involve?</p> <p>What are your responsibilities?</p> <p>Can you tell me how you handle your renewal each year?</p> <ul style="list-style-type: none"> Who manages the renewal? How do you renew? What information do you need to provide when you renew? How easy or difficult is it for you to provide the information that HMRC needs to renew your claim? <p>What information about your work do you need to give HMRC?</p> <ul style="list-style-type: none"> Details about your job/s including paperwork like payslips | <p>Gather information on claim history, understanding of responsibilities and claim management behaviours.</p> |

- The number of hours you/ your partner work? How easy or difficult is it for you to do this?

For those with unstable working hours: how do you know what hours to report if they change throughout the year?

What information do you need to give HMRC about your household income?

What employment income do you need to report?

- How easy or difficult is it to do this?

For self-employed customers: when do you / your agent normally complete your self-assessment?

- How you go about reporting your income from self-employment when you renew your tax credits claim?
- What does HMRC ask you to provide when you renew?
- How accurate is the income figure you provide in the renewals period? Do you need to provide an estimate?
- What do you need to do if the income figure you provided for your renewal is different to the figure declared in your SA?
- Has HMRC ever asked you about your SA income figure.
- What, if anything, does HMRC do about this?

Are there any other types of income you need to report to HMRC?

Are there any types of income you do not need to tell HMRC about for your tax credits claim?

Now I would like to discuss different types of income a tax credit customer might receive and your understanding of what a customer would need to tell HMRC about each of them.

- **BONUS:** If a tax credit customer received a bonus at work, would this affect their tax credit claim? Why/ why not? Would the size of the bonus matter here? How much would it need to be to report it to HMRC? Why this much? When would this need to be reported?
- **BENEFITS:** If a tax credit customer claims other benefit payments, would this affect their tax credit claim? Why/ why not? Is there a need to tell HMRC about other benefits? Any in particular? Are there any they do not need to know about? Why is this?
- **DIVIDENDS:** If someone received a dividend from their business, or from stocks and shares they held, would this affect their tax credits? Why/ why not? Can you think of any circumstances when someone might not need to report a dividend?
- **RENT:** If someone rents a room in their home, would this affect their tax credits? Why/ why not? Are there any

Please ensure that you focus on any income sources covered in the previous section that are relevant to the participant. If participants struggle with these questions, cover a couple then move on.

Note: a tax credits claim will not be affected if

situations you can think of when someone would not need to report rental income for their tax credits claim?

- **BENEFITS IN KIND:** If someone received a Benefit in Kind, how might this affect their claim? Would HMRC need to know about any of these? Which ones? Would you know what these amount to? How would you go about calculating a figure for this? How easy or difficult do you think this would be?

Now I'd like to discuss how you manage your claim throughout the year.

How much contact do you tend to have with HMRC about your tax credits claim outside of the renewal period?

- What do you need to contact them about?

Can you tell me what changes of circumstances in work or income a customer might need to report to HMRC?

- What types of change do you have to report? Are there any changes you don't have to report? Why?
- When are you meant to report changes?
- What happens if you don't report a change?

Have you ever needed to report a change in circumstances relating to your work or income to HMRC?

- What changes have you needed to report?
- How often have you reported changes?
- How do you do this? Online? Helpline?

Now I would like to discuss different changes in circumstance a tax credit customer might experience and ask you what, if anything, a customer might need to tell HMRC about each of them.

If a tax credits customer starts a new job, or leaves their job, how might this affect their tax credits claim?

- **In what circumstances would they need to report this to HMRC?**
- If they get another job very quickly – do they still need to tell HMRC?
- When would they need to report this? Why at that time?
- What would happen if they do not report this?
- Have you ever needed to report a change in employment? When did you report this to HMRC? What happened?

a customer starts a new job within 4 weeks of leaving their last job but changes to income or hours would need to be reported.

If someone's working hours change, how might this affect their claim? In what circumstances would they need to report this to HMRC?

- **In what circumstances would they need to report this to HMRC?**
- When would they need to report this? Why at that time?
- What would happen if they do not report this?
- Have you ever needed to report a change in working hours to HMRC? When did you report this to HMRC? What happened?

What if someone's hours changed every week? What would they need to do?

- Have you been in this situation? What did you do? What impact did this have on your claim?

Now thinking about income, how much would your income need to increase or decrease for you to report this to HMRC?

- Why?
- When would they need to report this? Why at that time?
- What would happen if they do not report this?
- Have you ever needed to report a change in income to HMRC? When did you report this to HMRC? What happened?
- Has HMRC ever asked you about your income

What if you started to receive a different type of income, for example, a benefit in kind, rent or a dividend, what would a customer need to do?

- Would you need to report this to HMRC as a change or wait until the renewal period?
- What types of new income would you need to report as a change?
- What types would you wait to report during your renewal?
- Why is this?

Thinking about when you have needed to report a change, have you ever had any barriers to doing this?

- What kind of barriers? Knowing what to report? Finding time to report? Trying to get in touch with HMRC?
- What did you do in this situation?

What does HMRC do when you report a change in circumstances?

- Does it make any difference to you claim for that year? How?

| | |
|--|--|
| <p>Have the rules about reporting changes changed during the time you have claimed tax credits?</p> <ul style="list-style-type: none"> • If so, how have they changed? • How did you come to know about this? <p>Where do you go for information or advice about your tax credit claim?</p> <ul style="list-style-type: none"> • If HMRC, how do you do this? Helpline? Gov.uk? • Apart from HMRC, where else would you go for support? Friends/ family? Other organisations? • Who do you normally find most helpful? | |
|--|--|

| Overview of the issue/error (GROUP 1 WORK/HOURS) FOR THOSE WHO RECALL BEING CONTACTED ABOUT A WORK/HOURS ERROR | Timings and notes 15 mins |
|---|--|
| <p>I understand from HMRC that they amended your tax credits award last year. Does that sound correct to you?</p> <p>If needed: HMRC would have contacted, you to say they believed your (or your partner's) work situation or working hours had changed and that this would affect the amount you would receive in tax credits?</p> <ul style="list-style-type: none"> • Does this sound familiar to you? <p>If they do not recall the amended payment:</p> <p>Thinking about everything we have discussed so far, can you think of any changes you experienced last year that might have caused your tax credits award to be amended?</p> <ul style="list-style-type: none"> • Had you started or ended a job? • Had your working hours changed? • Did you have unstable working hours that changed often? <p>Can you tell me why this might have meant your award needed to be changed?</p> <p>Had you reported these changes to HMRC? If not, why not?</p> <ul style="list-style-type: none"> • Were you aware that this needed to be reported? • Was there anything that prevented you from reporting the change? What could have helped you with this? <p>How could HMRC help prevent this from happening again?</p> <ul style="list-style-type: none"> • Is there any information or support they could provide? What? | <p>Please note that it does not matter if the customer does not remember this situation.</p> |

| | |
|---|--|
| <p>If they do recall the amended payment:</p> <p>Can you tell me what HMRC gave as the reason for amending your payments?</p> <ul style="list-style-type: none"> • New job/ leaving a job which had not been reported on time? • Changes to working hours? • Did HMRC contact your employer for this information <p>Had you expected HMRC to contact you about this? Why/ why not?</p> <p>What, if anything, did HMRC ask you to do?</p> <ul style="list-style-type: none"> • Contact them to confirm or provide information? • Did you do this? <p>What was the outcome?</p> <ul style="list-style-type: none"> • Can you remember how much of an impact this change had on the amount you received in tax credits? • What impact did this have on your finances? • How did you feel about it? <p>Had something like this ever happened to you before?</p> <ul style="list-style-type: none"> • When? • What can you remember about previous experiences of this? <p>How, if at all, did this affect the way you think about managing your claim?</p> <ul style="list-style-type: none"> • Are you doing anything differently now? Why yes/not? • What would make you report changes sooner? | |
|---|--|

| | |
|---|--|
| <p>Overview of the issue/error (GROUP 2 INCOME) FOR THOSE WHO RECALL BEING CONTACTED ABOUT AN INCOME ERROR</p> | <p>Timings and notes 15 mins</p> |
| <p>I understand from HMRC that they amended your tax credits award last year. Does that sound correct to you?</p> <p>If needed: HMRC would have contacted, you to say they believed your household income had changed and that this would affect the amount you would receive in tax credits?</p> <ul style="list-style-type: none"> • Does this sound familiar to you? <p>If they do not recall the amended payment:</p> <p>Thinking about everything we have discussed so far, can you think of any changes in income you experienced last year that might have caused your tax credits award to be amended?</p> | |

- Income reported at SA was different to income reported during the renewals period?
- A pay increase or bonus?
- Employer told HMRC they were earning a different amount
- Started to claim another benefit?
- Started to receive a Benefit in Kind?
- Received a dividend?
- Received income from rent?

Can you tell me why this might have meant your award needed to be changed?

Had you reported or tried to report these changes to HMRC? If not, why not?

- Were you aware that this needed to be reported?
- Was there anything that prevented you from reporting the change? What could have helped you with this?

How could HMRC help prevent this from happening again?

- Is there any information or support they could provide? What?

If they do recall the amended payment:

Can you tell me what HMRC gave as the reason for amending your payments?

- Income reported at SA was different to income reported during the renewals period?
- A pay increase or bonus?
- Started to claim another benefit?
- Started to receive a Benefit in Kind?
- Received a dividend?
- Received income from rent?

Had you expected HMRC to contact you about this? Why/ why not?

What, if anything, did HMRC ask you to do?

- Contact them to confirm or provide information?
- Did you do this?

What was the outcome?

- Can you remember how much of an impact this change had on the amount you received in tax credits?
- What impact did this have on your finances?
- How did you feel about it?

Had something like this ever happened to you before?

- When?

| | |
|---|--|
| <ul style="list-style-type: none"> • What can you remember about previous experiences of this? <p>How, if at all, did this affect the way you think about managing your claim?</p> <ul style="list-style-type: none"> • Are you doing anything differently now? Why yes/not? - What would make you report changes sooner? | |
|---|--|

| | |
|---|---------------|
| Conclusions (ALL) | 5 mins |
| <p>What do you think would make it easier for customers to manage their tax credits claim?</p> <p>And what would help them understand how to accurately report their circumstances (e.g. changes in income or work and hours)?</p> <p>Is there anything else that you wish to mention that we have not already discussed?</p> <p>Thank participant; explain the next steps (e.g. what HMRC will do with the findings).</p> <p>THANK AND CLOSE. Reassure about confidentiality.</p> | |

Katrine Leary

Associate Director
Katrina.leary@ipsos.com

Patricia Pinakova

Research Manager
patricia.pinakova@ipsos.com

Michael Gibson

Research Executive
Michael.gibson@ipsos.com

For more information

3 Thomas More Square
London
E1W 1YW

t: +44 (0)20 3059 5000

www.ipsos-mori.com
<http://twitter.com/IpsosMORI>

About Ipsos MORI's Social Research Institute

The Social Research Institute works closely with national governments, local public services and the not-for-profit sector. Its c.200 research staff focus on public service and policy issues. Each has expertise in a particular part of the public sector, ensuring we have a detailed understanding of specific sectors and policy challenges. This, combined with our methods and communications expertise, helps ensure that our research makes a difference for decision makers and communities.