



HM Revenue
& Customs

Research report 540

Annual Tax Summary

Quantitative research to understand recall,
engagement and use of the Annual Tax Summary

March 2019

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1. Executive Summary

This research was conducted with Pay As You Earn (PAYE) and Self Assessment (SA) customers¹. It explored responses to the Annual Tax Summary (ATS), specifically examining recall of and attitudes towards the ATS as well as how customers would prefer to receive this information in the future.

There are differences in recall between the two customer groups: over half (54%) of PAYE customers remember receiving an ATS through the post compared with a third (33%) of SA customers who recall having seen an online version. Amongst PAYE customers those from the ABC1 socio-economic groups are more likely to recall the ATS than those in socio-economic groups C2DE. These differences between demographic groups were present throughout the findings.

One third of customers who remembered receiving the ATS read all of it. SA customers – who have to actively engage to see the ATS by viewing it through their Personal Tax Account (PTA)² – were indicatively more likely to read it in greater detail, whereas PAYE customers were more likely to have glanced at it. The piece of information customers who had read the ATS were most likely to remember it showing was how much tax they had paid.

A clear majority find the information in the ATS valuable. When shown an example ATS, over seven-in-ten customers agree that the information in the ATS on how much tax they had paid and how it was calculated is useful. Seven-in-ten agree that the breakdown on how the government spends their tax is useful. A majority of customers find the information on the ATS clear and over seven-in-ten feel that receiving an ATS makes the tax system more transparent.

When it came to a future method of delivery, the majority of customers would prefer to receive the ATS through the post than have an online version. Customers over 55, those in socio-economic group C2DE or those without formal educational qualifications were most likely to prefer post. These groups were also most likely to say they wouldn't access an online version should it be the only option available.

¹ PAYE customers are employees paying income tax and National Insurance Contributions (NICs) via PAYE. SA customers are self-employed who file a Self Assessment return to declare their income and expenses to HMRC once a year.

² The Personal Tax Account (PTA) is an online service administered by HMRC that allows people to view information and make transactions relating to their tax and national insurance contributions, and any child benefit or tax credits they receive, in one place. The Self Assessment return can be accessed and completed through this account.

When presented with only digital options for future delivery, over half of customers said they would prefer the current digital option. A minority said they would prefer the information to be accessed using an online calculator (16%) or an animation (7%), while 16% said they would not look online at any of these options.

2. Introduction

2.1 Background

The Annual Tax Summary (ATS) was announced in the 2012 Budget and introduced for the first time in 2014 showing details for the 2013-14 tax year. The ATS has the aim of making the tax system more transparent by helping customers to see how their tax is calculated and how this has been spent. It shows how their income tax and National Insurance contributions has been calculated, their tax rates and how this has contributed to UK spending.

Currently, PAYE customers receive their ATS in the post. SA customers can access it through their Personal Tax Account (PTA), although, only a small proportion access it each year. Research carried out shortly after the introduction of the ATS showed that customers found the ATS useful, both to see how much tax they were paying and how their contribution was being spent. However, relatively few SA customers access their ATS through the PTA. HMRC needed to understand customer attitudes towards the ATS in more detail.

2.2 Research Aims

Research was needed to understand recall and use of the ATS; perceptions of positive impact on the transparency of the tax system and demand for the ATS in the future. The objectives for this research were to understand:

- Recall and use of the ATS:
 - The proportion of SA and PAYE customers who recall receiving / seeing the ATS.
 - What SA and PAYE customers do with their ATS after receiving it.
 - How useful customers find the ATS.
- Attitudes towards the ATS:
 - The proportion of customers who believe that the ATS makes the tax system more transparent.
 - The proportion of customers who want to continue to receive an ATS.

- The proportion of customers who would prefer to continue to receive the ATS by post and the proportion who would prefer to receive it online.
- If the ATS is to be sent online what format customers would prefer.

2.3 Method and sample

The research comprised a survey of 1,495 HMRC customers; 782 PAYE and 713 Self Assessment, conducted over three waves and taking place between 2nd November and 2nd December 2018.

Fieldwork dates	N = Self Assessment	N = PAYE
2 - 18 Nov	229	782
9 - 26 Nov	251	-
16 Nov - 2 Dec	233	-
Total interviews	713	782

This study was conducted as part of a nationally representative survey carried out on a face-to-face omnibus, reaching a sample of approximately 2,000 British adults per wave using random location sampling.

Wherever differences are discussed between respondent sub-groups they are statistically significant at the 95% confidence level (unless otherwise stated). This means that we can be 95% confident (i.e. 19 times out of 20) that the difference is a 'real' difference. All the findings in this report come from data weighted to a nationally representative population profile.

3. Findings

This report presents quantitative findings of PAYE and Self Assessment (SA) customer views on the ATS. This section explores how many customers recalled receiving their Annual Tax Summary (ATS), the extent to which they engaged with it, their attitudes towards the ATS, and preferences for receiving the ATS in the future.

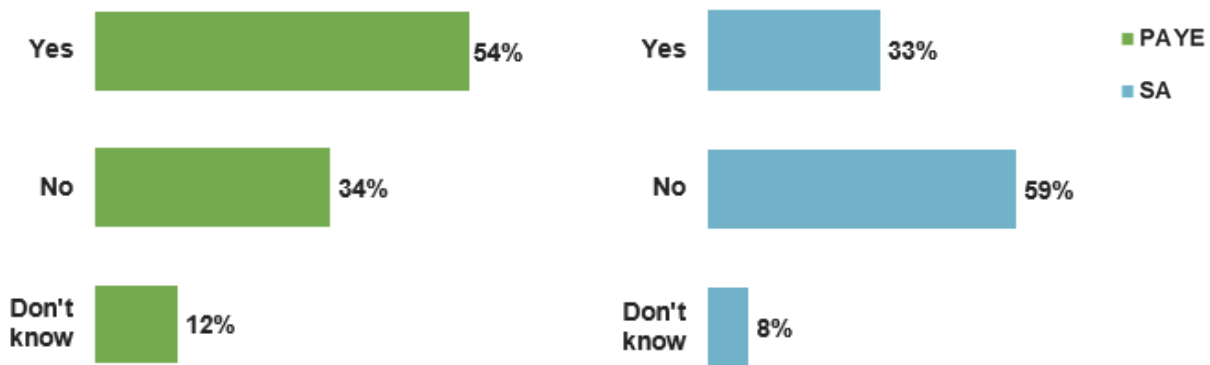
3.1 Recall and Engagement

This section outlines the proportions of PAYE and SA customers who recall receiving their ATS; the extent to which they read the document or webpage; and what information they remember the ATS showing.

Recall of the ATS

PAYE customers were more likely than SA customers to recall seeing the ATS. When prompted with the version of the ATS relevant to them³ over half (54%) of PAYE customers remembered receiving the ATS in the past 12 months compared with a third (33%) of SA customers who remembered seeing an online version over the same period.

Figure 3.1.1



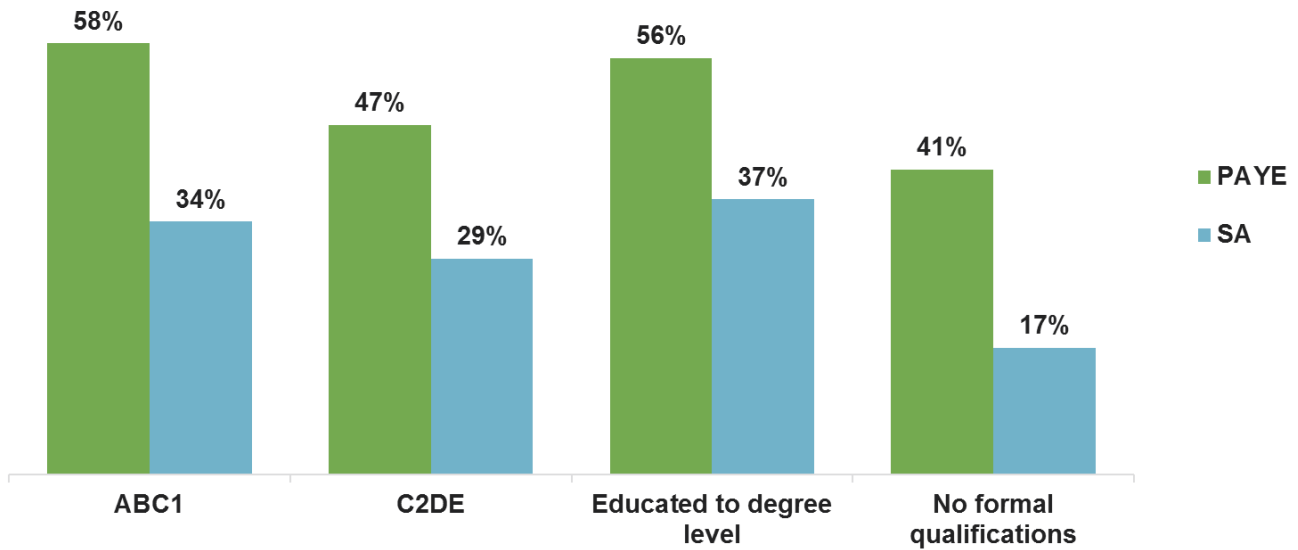
Q: Do you recall having received something like this from HMRC in the past 12 months? (PAYE customers n = 782) Q: Do you recall having seen something like this in the past 12 months? (SA customers n = 713)

Within both customer groups there were differences in recall between different demographic sub-groups. Amongst PAYE customers, those in socio-economic groups ABC1 (58%) were significantly more likely to recall the ATS than those in groups C2DE (47%). Similarly, those educated to degree level (56%) had higher recall than those without formal qualifications (41%). There were similar differences amongst SA customers: those educated to degree level were significantly more likely to recall the ATS (37%) than those without formal qualifications (17%).

As Figure 3.1.2 shows, PAYE customers least likely to recall the ATS are still more likely to do so than the most likely SA customers.

³ PAYE customers were shown the postal version of the ATS they receive once a year; SA customers were shown the online version they can access via their PTA.

Figure 3.1.2

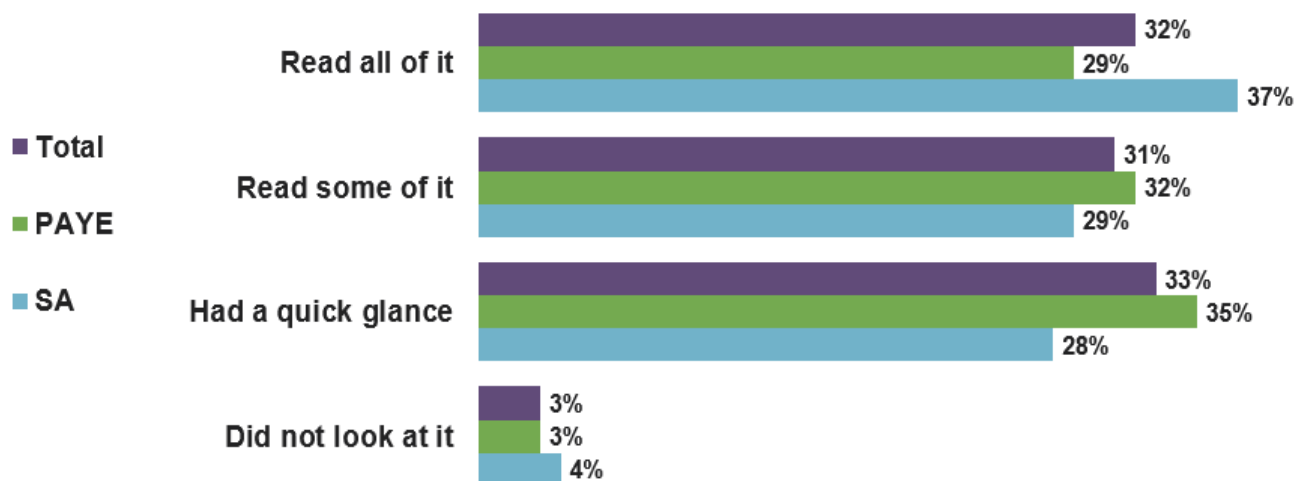


Q: Do you recall having received something like this from HMRC in the past 12 months? (PAYE customers ABC1 n = 467; C2DE n = 315; Educated to degree level n = 264; No formal qualifications n = 68) Q: Do you recall having seen something like this in the past 12 months? (SA customers ABC1 n = 556; C2DE n = 157; Educated to degree level n = 370; No formal qualifications = 40)

Engagement with the ATS

Engagement with the ATS was fairly even split, with around a third saying they had read all of it (32%), read some of it (31%) and had a quick glance at it (33%).

Figure 3.1.3



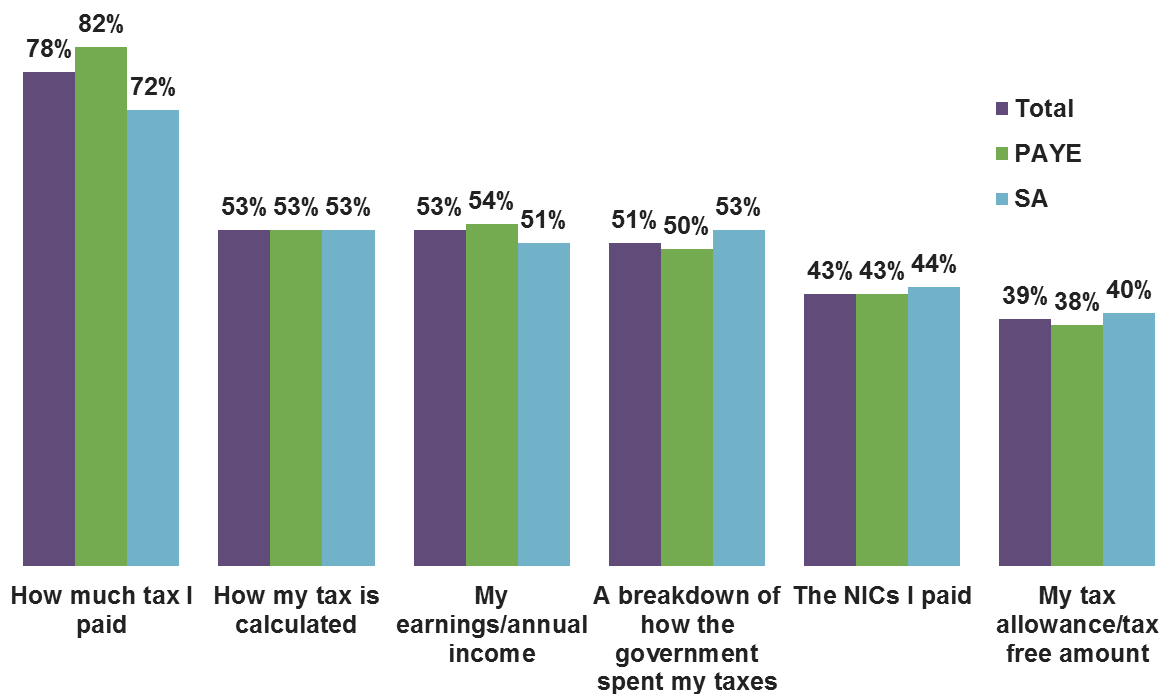
Q: Could you tell me which of the following best applies to you regarding when you received your Annual Tax Summary? (All customers who recalled n = 650 (PAYE customers n = 417) (SA customers n = 233))

As with recall, there is a relationship between engagement and socio-economic grade. ABC1 customers (35%) were more likely to have read all of their ATS than C2DE customers (25%). There is also a relationship between age and engagement: those aged 55 and over (43%) were significantly more likely to have read all of their ATS than the general population (32%).

Those who had read their ATS were then asked what information it contained. Almost nine-in-ten (88%⁴) were able to recall at least one detail. Customers were most likely to recall information on how much tax they had paid, with almost four-in-five (78%) stating this. Whilst this information was most likely to be remembered amongst both groups, PAYE customers (88%) were significantly more likely to remember this than SA (72%).

Over half of customers remembered the ATS containing information on how their tax was calculated (53%⁵), their annual earnings (53%) and a breakdown of how the government spent their taxes (51%). Recall of information on National Insurance contributions (43%) and tax-free allowance (39%) was lower.

Figure 3.1.4



Q: Thinking about when you received it, could you tell me any of the information it contained? (All customers who read n = 623 (PAYE customers n = 403) (SA customers n = 220))

⁴ Percentages in this paragraph are of the population that read their ATS, rather than of all customers.

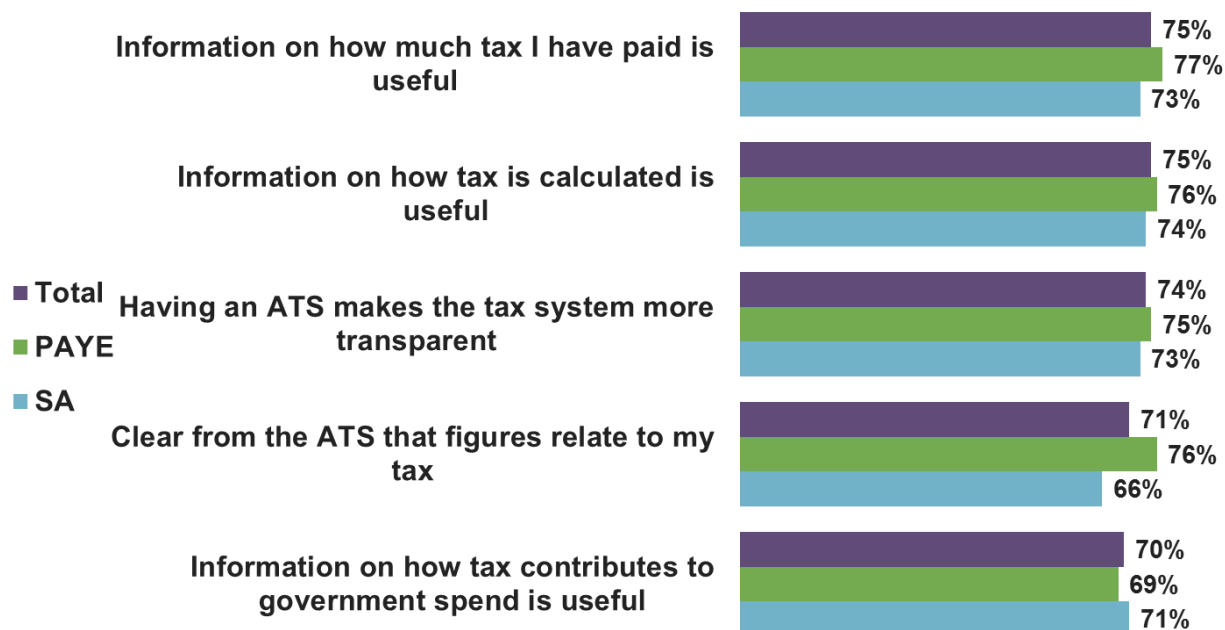
⁵ Percentages in this paragraph are of the population that read their ATS, rather than of all customers.

Level of engagement had an effect on how much information customers remembered. Over nine-in-ten (95%) of those who read the entire ATS recalled at least one detail from the list presented to them, compared with eight-in-ten (78%) of those who only had a quick glance at their ATS⁶. Those who read all of their ATS were significantly more likely to remember all of the detail from the ATS than those who had taken a quick glance at it.

3.2 Attitudes towards the current ATS

Respondents were shown the ATS design which they would receive, tailored to SA or PAYE customers⁷. The response to the ATS was positive, with a clear majority of customers finding the information useful, as shown in figure 3.2.1.

Figure 3.2.1 (% of customers that agree with the statement)



Q: Having seen the Annual Tax Summary now, to what extent do you agree or disagree on the following statements? (All customers = 1495 ((PAYE customers n = 782) (SA customers n = 713))

Usefulness of the information in the ATS

Three-quarters (75%) agree that information on how much tax they have paid is useful. The same proportion (75%) agree that the information on how their tax is calculated is useful, suggesting that customers do not differentiate between how their tax is calculated and how

⁶ Note that numbers in this paragraph are percentages of the population that reads their ATS, rather than percentages of all customers.

⁷ PAYE customers were shown the postal version of the ATS they receive once a year; SA customers were shown the online version they can access via their PTA.

much tax they pay. In both instances level of engagement had an impact. Customers, both SA and PAYE, who read all of the ATS were significantly more likely to agree (92% and 90% respectively) that they found the information useful than customers who gave the ATS a quick glance (77%).

Seven in ten (70%) customers agree that information on how their tax contributes to different areas of Government spending is useful, with little difference between PAYE (69%) and SA customers (71%). ABC1s are more likely to agree with this statement (72%) than C2DEs (65%). Customers who read all of their ATS were more likely to agree that the information on how their tax contributes to different areas of Government spending is useful (83%) when compared with those who quickly glanced at it (70%).

Clarity of the ATS

Seven in ten (71%) agree that it is clear from the ATS that the figures relate to their tax, with 76% of PAYE customers and 66% of SA customers in agreement. PAYE customers aged between 35-54 years are more likely to agree with this statement (85%) than those aged 18-34 years (74%) or those aged 55 and over (65%). Again, there was a relationship with engagement: customers who read all (94%), or some, of the ATS (90%) were more likely to agree than customers who had a quick glance (83%).

Views on tax system transparency

In line with other prompted statements, almost three quarters (74%) of customers agree that the ATS makes the tax system more transparent. This high level of agreement is driven by customers in the ABC1 social grades (75%) who are significantly more likely to agree with this statement than those in the C2DE social grades (70%).

Engagement with the ATS affects views of its contribution to transparency, though customers did not need to read all of it to be influenced. Those who read all or some of their ATS (both 85%) were more likely to agree that the ATS makes the tax system more transparent than those who had a quick glance (75%). This is particularly the case with PAYE customers, with nine in ten (88%) who read some of the ATS agree that having the Annual Tax Summary makes the tax system more transparent, compared to 74% of PAYE customers that had a quick glance.

3.3 The ATS going forward

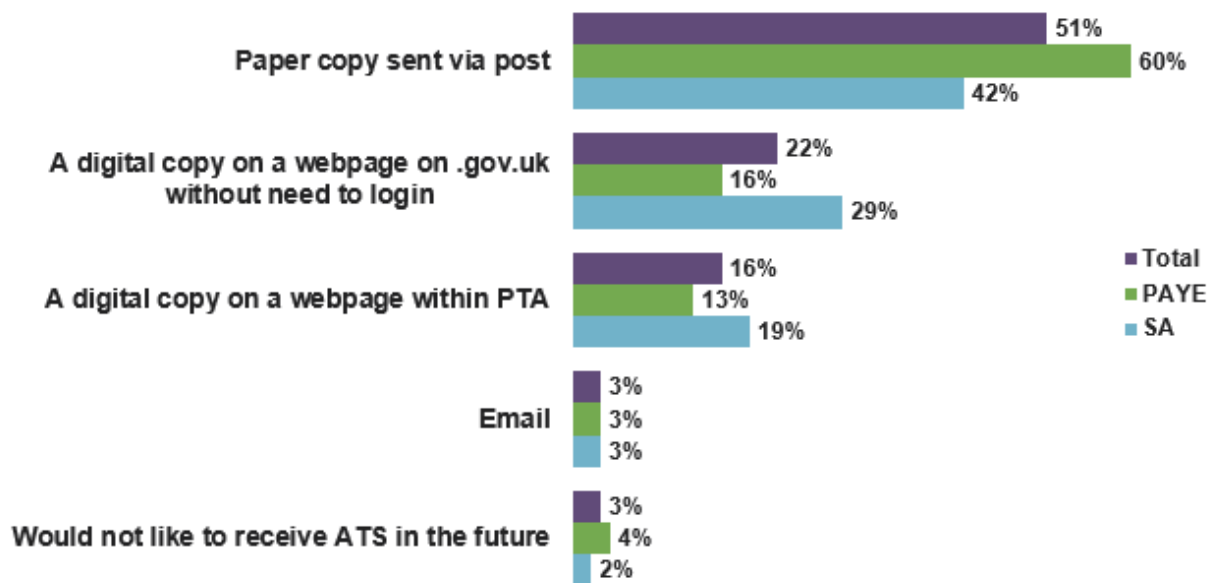
This section presents findings on how customers would like to receive or access their ATS in the future and how they would like information to be displayed online, should the ATS move to a digital only format.

Future method of delivery

Over half (51%) of all customers would prefer to receive the ATS through the post in the future, but, as figure 3.3.1 demonstrates, there were differences between the two customer groups. When the two digital copy options are combined, SA customers show a preference for a digital delivery. This suggests that there is a relationship between how customers would like to receive the ATS in the future and the version they currently receive.

Six-in-ten PAYE customers would prefer to receive their ATS by post, with only 28% preferring an online method of delivery. At least half of PAYE respondents in all demographic groups analysed stated that they would prefer a postal ATS.

Figure 3.3.1



Q: Thinking about the future, what would be your preferred method of receiving your Annual Tax Summary? (Base: all customers =1495; PAYE customers n = 782; SA customers n = 713)

Preference for a postal ATS was most common amongst both PAYE and SA customer subgroups most likely to have low engagement with the current ATS: those without formal qualifications (63%) and C2DEs (61%) and customers aged 55 and over (59%).

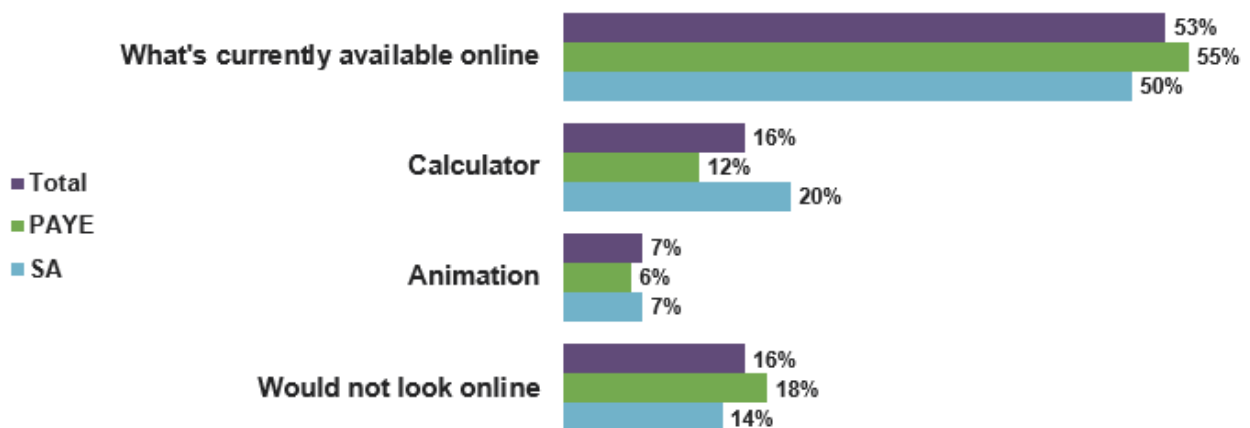
Design preferences for an online ATS

Customers were asked about their preference for how the ATS could be displayed online in the future and shown an example of the current digital ATS and a description of what the calculator and animation could look like. In response, over half (53%) of customers expressed a preference for the current ATS online version. This design was preferred amongst all subgroups, including customers who recalled the ATS (57%) and those who did not (50%).

Almost one-in-six (16%) customers preferred the option of a calculator, where they would input their tax paid to see the how this was calculated and the breakdown of government spending, without the need to login or verify their identity.

Only a small proportion (7%) of customers would prefer an animation showing their ATS online. A full outline of preferences for future design of a digital ATS is shown in figure 3.3.2 below.

Figure 3.3.2



Q: If an Annual Tax Summary were to be sent online, how would you prefer this to be displayed? (All customers n = 1495 (PAYE customers n = 782) (SA customers n = 713))

As figure 3.3.2 shows, when presented with only digital options, over one in six (16%) customers would not look at their ATS online. This was most common amongst those aged 55 and over (26%). PAYE customers in this age group were particularly averse to looking online (34%). Just under one in four (23%) C2DE customers, who were less likely to engage with the ATS, say they would not look online, compared to one in eight (12%) ABC1 customers.

4. Conclusions

Recall and use of the ATS

- Recall of the ATS is highest amongst PAYE customers, with over half stating they remember receiving it in the past twelve months. This drops to a third for SA customers.

- Engagement with the ATS was fairly evenly split. About a third said they glanced at it, read most of it or read all of it. SA customers are directionally more likely to have read all of it than PAYE customers.
- Over half recalled the ATS showing how their tax was calculated, information on their annual earnings and how the government spent their taxes, and around four in ten recalled information on NICs or their tax-free allowance.

Attitudes towards the ATS

- Overall, customers were positive towards the information included in the ATS. At least seven-in-ten customers agree that the information in the ATS on how much tax they have paid; how tax is calculated and how their tax contributes to government spend is useful.
- Over seven-in-ten agreed that the ATS makes the tax system more transparent. Those in ABC1 were most likely to believe this.

The ATS going forwards

- When given options for future delivery of the ATS, over half would prefer to receive the ATS via post. This was most common amongst PAYE customers who currently receive their ATS in the post, rising to six in ten. Those educated to degree level were the only group to prefer a digital version versus the post. ABC1s, full time workers and those aged 18-34 were warmest to a digital version though they still preferred post.
- Should the ATS be available exclusively online, the majority of customers would prefer the current design.
- Almost one in five would not look at a digital version if it was the only version available to them. Those who were least likely to look online were also those who were least likely to engage with the current ATS: C2DEs, those with no formal qualifications or those aged 55+.