



Ipsos MORI  
Social Research Institute

May 2017

# Understanding Employment Intermediaries responses to the new reporting requirement

HM Revenue and Customs Research Report 566

Trinh Tu and Ralph Halliday

## Disclaimer

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

© Crown Copyright 2020

Copyright in the typographical arrangement and design rests with the Crown. This publication may be reported free of charge in any format or medium provided that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright with the title and source of the publication specified.

Published by HM Revenue and Customs, September 2020  
[www.hmrc.gov.uk](http://www.hmrc.gov.uk)

# Contents

<b>Glossary</b> .....	<b>1</b>
<b>Executive summary</b> .....	<b>2</b>
<b>1 Introduction</b> .....	<b>4</b>
1.1 Background.....	4
1.2 Aims and objectives.....	5
1.3 Methodology .....	5
1.4 Interpretation of findings.....	6
<b>2 Characteristics of intermediaries</b> .....	<b>7</b>
2.1 Filers.....	7
2.2 Non-filers .....	8
2.2 Tax obligations and use of accountants and tax agents .....	9
<b>3 Knowledge of the reporting requirement</b> .....	<b>10</b>
3.1 Overall awareness of the reporting requirement .....	10
3.2 Detailed knowledge about the reporting requirement .....	10
3.3 Information sources for the reporting requirement .....	11
<b>4 The reporting process</b> .....	<b>13</b>
4.1 Ease of registering for the reporting service and creating a report .....	13
4.2 Incidence of validation errors .....	13
4.3 Use of guidance pages on GOV.UK .....	14
<b>5 Drivers and barriers to compliance</b> .....	<b>15</b>
5.1 Reasons for variation in compliance behaviour among filers .....	15
5.2 Non-filers reactions to the requirement .....	17
<b>6 Knowledge and impact of penalty regime</b> .....	<b>18</b>
6.1 Attitudes towards the penalty regime.....	18
6.2 Understanding of the penalty regime .....	19
6.3 Experience of penalties and impact on behaviour .....	20
6.4 Impact of the reporting requirement on intermediaries' business model .....	20
<b>7 Conclusions</b> .....	<b>22</b>
<b>Technical annex</b> .....	<b>23</b>

## List of figures and tables

<b>Table 1.1: Summary of filing patterns</b> .....	6
<b>Figure 2.1: Reported turnover for filers</b> .....	7
<b>Table 2.1: Number of clients and workers placed by filers</b> .....	8
<b>Figure 2.2: Reported turnover for non-filers</b> .....	8
<b>Table 2.2: Number of clients and workers placed by non-filers</b> .....	9
<b>Figure 3.1: Overall awareness of the Employment Intermediaries reporting requirement</b> .....	10
<b>Figure 3.2: Detailed knowledge of the Employment Intermediaries reporting requirement</b> .....	11
<b>Figure 3.3: How filers first found out about the reporting requirement</b> .....	12
<b>Figure 4.1: Ease of registering for the reporting service and creating a report</b> .....	13
<b>Figure 4.2: Incidence of validation errors</b> .....	14
<b>Figure 4.3: Use of guidance pages on GOV.UK</b> .....	14
<b>Table 5.1: Summary of filing patterns</b> .....	15
<b>Figure 5.1: Enablers to consistent compliance behaviour</b> .....	16
<b>Figure 5.2: Difficulties reported by filers in meeting the reporting requirement</b> .....	16
<b>Figure 5.3: Reasons for inconsistent filing patterns among partially compliant filers</b> .....	17
<b>Figure 6.1: Attitudes towards penalties</b> .....	18
<b>Figure 6.2: Attitudes towards penalties</b> .....	19
<b>Figure 6.3: knowledge of penalty regime</b> .....	19
<b>Figure 6.4: incidence of receiving penalties and reported impact on filing behaviour</b> .....	20
<b>Figure 6.5: changes to business model as a result of the reporting requirement</b> .....	21
<b>Table A1: Breakdown of sample used and response rates</b> .....	25

# Glossary

<b>Construction Industry Scheme (CIS)</b>	The Construction Industry Scheme (CIS) is a tax deduction scheme which involves tax being deducted at source from payments which relate to construction work. CIS does not apply to payments made to employees, since payments to employees are covered by the Pay As You Earn (PAYE) system of deduction of tax at source.
<b>Employment intermediary</b>	A company or business that supplies the services of workers to clients.
<b>End-client</b>	A business holding a contract with an employment intermediary, engaging workers on a temporary basis, often for specific tasks.
<b>Fully compliant filers</b>	Employment intermediaries who filed a report on time in <b>all</b> five quarters between 6 April 2015 to 5 July 2016.
<b>Non-filers</b>	Employment intermediaries who did <b>not file any</b> report in the past five quarters between 6 April 2015 to 5 July 2016. This sample comprised intermediaries who were registered as employment agencies* for VAT or part of the Construction Industry Scheme (CIS). *Based on Standard Industrial Classification (SIC) codes 78109 (other activities of employment placement agencies) and 78200 (temporary employment agency activities).
<b>Partially compliant filers</b>	Employment intermediaries who have filed late or not at all in <b>some</b> quarters between 6 April 2015 to 5 July 2016.
<b>PAYE (Pay as You Earn)</b>	A tax strategy applied to those who are engaged in work, typically as an employee. It ensures that both the worker/employee and the employer are paying the correct amount of tax.
<b>Penalty regime</b>	The fines and sanctions associated with the non-compliance of the reporting requirements.
<b>Workers/contractors</b>	Someone contracted by a company to carry out work, but not via a limited liability company or as an employee.
<b>Umbrella company</b>	A company that acts as an employer for contractors who work under a fixed term contract. Employment intermediaries offer contracts to the umbrella company as this reduces liability. Invoices are issued to the client and umbrella companies typically pay workers via PAYE.
<b>WWW.GOV.UK</b>	Website used to access online government services, including the employment intermediaries reporting requirement.

# Executive summary

Ipsos MORI Social Research Institute was commissioned by Her Majesty's Revenue and Customs (HMRC) to conduct research to understand employment intermediaries' knowledge of the Employment Intermediaries Reporting requirement, introduced in April 2015, and the factors influencing compliance behaviours.

Employment intermediaries are companies or businesses that supply the services of workers to clients, for example, employment agencies. Based on the Employment Intermediaries Reporting requirement, employment intermediaries must return details of all workers they place with clients where the intermediary does not operate Pay As You Earn (PAYE) on the workers' payments. The return is a report (or reports) that must be sent to HMRC at least once every three months, including for quarters when an intermediary has not supplied workers. They must use HMRC's report template<sup>1</sup> to create the reports which they must upload using an online service<sup>2</sup>. Intermediaries might receive a penalty if they do not send HMRC the required information by the deadline.

Research findings are based on a telephone survey of 670 employment intermediaries conducted between 30 January and 24 February 2017. The sample comprised:

- 484 interviews with intermediaries who have filed a report on time in the five quarters before the research (**fully compliant filers**) and those who have filed late or not at all in some quarters (**partially compliant filers**). The five quarters were between 6 April 2015 to 5 July 2016.
- 186 interviews with intermediaries who were within scope of the requirement but had not filed any report in the past five reporting quarters. **Non-filers** comprised intermediaries who were registered as employment agencies<sup>3</sup> for VAT or part of the Construction Industry Scheme (CIS).

## Awareness and understanding of the reporting requirement

At the time of the survey, **overall levels of knowledge of the reporting requirement was high among fully and partially compliant filers alike, but very low among non-filers**: 83% of filers reported knowing at least a fair amount about the requirement compared with 2% of non-filers. Overall, eight in ten non-filers (82%) had **not** heard about the reporting requirement and 15% had heard about it but knew very little or nothing.

In terms of potential channels for raising awareness of the requirement among non-filers, 72% non-filers reported that they rely on accountants and tax agents to keep up-to-date with HMRC rules and regulations. However, findings suggest that awareness levels among accountants and tax agents serving these types of businesses may also need to be raised. Other potential communications channels for raising awareness among non-filers include the GOV.UK website and HMRC newsletters and emails (48% and 43% of non-filers use these information sources).

**Filers who were aware of the requirement had good knowledge about specific aspects of it.** Around nine in ten were aware of: (i) the requirement to provide details of workers to HMRC via quarterly report; (ii) to give HMRC non-PAYE workers' details; (iii) to report workers placed with end-clients and not with other intermediaries; (iv) penalties for incorrect or late filing; and (v) the reporting period. However, there is **scope to increase knowledge**

<sup>1</sup> <https://www.gov.uk/government/publications/employment-intermediaries-report-template>

<sup>2</sup> <https://www.gov.uk/send-employment-intermediary-report>

<sup>3</sup> Based on Standard Industrial Classification (SIC) codes 78109 (other activities of employment placement agencies) and 78200 (temporary employment agency activities)

**on the requirement to submit nil returns and to tell HMRC if the business permanently stops supplying workers.** This could be done via the guidance pages on GOV.UK, which the majority of filers use and find helpful.

## The reporting process

**The majority of filers found registering for the reporting service easy;** fully compliant filers found the process easier than partially compliant filers (80% compared with 67%). Whilst most filers found creating a report in the right format easy (63% of fully compliant filers and 55% of partially compliant filers), around three in ten in both groups reported that they found it difficult.

**Reported incidence of validation errors was high among both groups of filers:** 78% of fully compliant filers and 66% of partially compliant filers had received a validation error when they tried to submit a report. Validation errors can be corrected and do not necessarily prevent submitting a report, but may make the process more time consuming. Fully compliant filers experienced a higher incidence because they have more workers to report and also because they have submitted more frequently. This suggests a need to investigate the reasons for validation errors and provide further guidance.

## Drivers and barriers to reporting behaviours

Filers who **consistently file reports on time** attribute their success to having knowledge of the requirement, which has enabled them to prepare for it (cited by 39%). Fully compliant filers also have resources in place to help meet their obligations on time: 20% have dedicated staff to do the reports and 16% have software for the process. This suggests that intermediaries may benefit from more information on software to help them compile the reports.

In contrast, filers who filed a report **late or not at all at least once** reported that they simply forgot (18%). Others reported they had problems uploading the report (9%), staff shortage (8%), or that they did not know they had to comply (8%). These findings suggest that compliance could be increased by sending intermediaries reminders of the deadlines, as well as looking into why filers are experiencing difficulties uploading their reports.

The majority of non-filers who had heard about the reporting requirement **for the first time** in the survey reported that it would be easy for their business to submit the reports to HMRC each quarter (60% easy; 27% difficult). Reasons for difficulties envisaged were a lack of time and dedicated staff, and too many workers' details to collect.

## Penalties and the impact on business models

**The vast majority of filers (97%) were aware that there were penalties for incorrect or late filing.** However, when probed on specific features of the penalty regime, levels of understanding varied. In particular, less than half (43%) knew that *penalties were not fixed at £250 regardless of the number of errors*. It is important to raise levels of understanding about the penalty regime because **the majority of filers and non-filers believe that penalties result in higher compliance:** 62% of filers and 59% of non-filers agreed that *'many businesses would probably not comply if there was not a penalty regime'*. Indeed, 66% of partially compliant filers who reported that they have received a penalty for late or non-filing said it had made them more likely to submit on time.

At the time of the survey, the majority of filers, 70% had not made changes to how their business supply workers as a result of the Employment Intermediaries reporting requirement. The most common changes were operating PAYE on more workers (13%) and increased use of umbrella companies (11%).

# 1 Introduction

This report presents the findings of research to understand employment intermediaries' knowledge of the Employment Intermediaries Reporting requirement, introduced in April 2015, and the factors influencing compliance behaviours. The research was undertaken by Ipsos MORI Social Research Institute on behalf of Her Majesty's Revenue and Customs (HMRC).

## 1.1 Background

Working trends have changed in recent years and many people use an employment intermediary to help them find work. There are different types of intermediaries, the most common are employment agencies. These provide people with regular work and give them the flexibility to accept or decline work as they wish. Businesses increasingly use intermediaries to get skilled staff at short notice for temporary engagements, so employment intermediaries play an important role in contributing to the UK economy.

In recent years HMRC has observed growth by some intermediaries in:

- helping to create false self-employment
- supplying UK workers from an offshore location

Both of these methods have been used to reduce employment taxes and avoid having to fulfil their legal employment rights and obligations.

The Employment Intermediaries Reporting, introduced in April 2015, requires employment intermediaries to return details of all workers they place with clients where the intermediary doesn't operate Pay As You Earn (PAYE) on the workers' payments. The intermediary that has the contract with the client is responsible for sending the report (or reports). If the intermediary supply workers to another intermediary that has the contract with the client, they don't have to send a report. They will have to provide details of the workers they supply to the intermediary with the contract.

The return is a report (or reports) that must be sent to HMRC at least once every three months. Intermediaries can decide how frequently they upload and send their reports. This could be weekly, monthly, quarterly, or as frequently as an intermediary would like, within the three-month time frame. They must use HMRC's report template<sup>4</sup> to create the reports which they must upload using an online service<sup>5</sup>. Where an intermediary has not supplied workers in a specific quarter, they must file a 'nil report' by the deadline date. Where the business is no longer an intermediary, they must tell HMRC.

Intermediaries must send their report, or reports, by each reporting period's deadline or they may receive a penalty. The deadline is one calendar month from the end of the reporting period. The amount of the penalty is based on the number of offences in a 12-month period. The amounts are: £250 - first offence; £500 - second offence; and £1,000 - third and later offences.

<sup>4</sup> <https://www.gov.uk/government/publications/employment-intermediaries-report-template>

<sup>5</sup> <https://www.gov.uk/send-employment-intermediary-report>



If they submit a late report, but at least 12 months have passed since the last time they were late, it will be treated as a first offence. If they submit a report that is incorrect, penalties may apply. Where there is a continued failure to send reports, or where reports are frequently sent in late, a daily penalty of up to £600 can be applied. There is a right of appeal for these penalties.

## 1.2 Aims and objectives

The aim of this study was to measure employment intermediaries' knowledge of the reporting requirement and to understand the likely factors affecting compliance behaviour, including the penalty regime. The research builds on qualitative research undertaken by Ipsos MORI on behalf of HMRC in 2016, to understand how employment intermediaries responded to the new requirements for reporting information on their workers, and to gain insight into levels of awareness and the impact of the penalty regime on behaviour<sup>6</sup>.

The specific research objectives were to understand:

- Levels of awareness and understanding of the reporting requirement and penalty regime;
- Drivers and barriers to reporting behaviour including reasons for variable patterns of filing;
- Impact of the reporting requirement on intermediaries' business models; and
- Strategies HMRC can employ to increase intermediary compliance with the reporting requirement.

## 1.3 Methodology

The research comprised a random probability telephone survey of 670 employment intermediaries: 484 intermediaries who have filed a report in all five quarters between 6 April 2015 and 5 July 2016, and 186 intermediaries who had not filed any report in this period. Filers comprised those who have filed on time in every quarter (referred to as **fully compliant filers** in the report) and those who have filed late or not at all in some quarters (referred to as **partially compliant filers**). Table 1.1 summarises the different filing patterns in the sample,

Non-filers comprised intermediaries who were registered as employment agencies<sup>7</sup> for VAT or part of the Construction Industry Scheme (CIS). These were selected because businesses in these industries were most likely to be involved in the supply of workers, and therefore be required to meet the reporting requirement. These businesses were screened at the start of the survey to establish that the reporting requirement applied to their business as set out in section 1.1: (i) that they supplied workers to end-clients as opposed to another employment intermediary; (ii) that they did not operate PAYE for some/all of workers placed, and (iii) some/all of the workers were UK residents and doing work in the UK or for a UK registered business.

<sup>6</sup><https://www.gov.uk/government/publications/reporting-requirements-for-employment-intermediaries>

<sup>7</sup> Based on Standard Industrial Classification (SIC) codes 78109 (other activities of employment placement agencies) and 78200 (temporary employment agency activities)

**Table 1.1: Summary of filing patterns**

Filing pattern	% of filers	Number of filers
<b>Fully compliant filer - on time every quarter, in the past five quarters<sup>8</sup></b>	<b>39%</b>	<b>188</b>
<b>Partially compliant filer<sup>9</sup> - have filed late or not at all in some quarters</b>	<b>61%</b>	<b>296</b>
Submitted late at least once	38%	182
Not submitted at least once	31%	148
Submitted in an earlier period and then stopped	5%	24
Started submitting in later periods	4%	19
<b>Total filers</b>	<b>100%</b>	<b>484</b>

Data for the filer sample has been weighted to reflect the proportion of fully and partially compliant filers in the population according to HMRC's administrative data. The non-filer sample is unweighted and, therefore, not representative of this population. This, combined with the different sample sources used for non-filers means that **findings for filers and non-filers are not directly comparable**.

Survey fieldwork took place between 30 January and 24 February 2017. Interviews were conducted with the person in the business responsible for tax compliance. The response rate was 46% among filers and 40% among non-filers.

## 1.4 Interpretation of findings

This report only comments on sub-group differences that are statistically significant at the 95% level of confidence. Statistical significant calculations for the filer sample are based on the effective sample size - that is the sample size once the effect of design and non-response weighting is taken into account.

There are limitations to subgroup analysis for the non-filer sample due to the low level of awareness of the Employment Intermediaries Reporting requirement. This means that very few non-filers were asked detailed follow-up questions about the requirement.

<sup>8</sup> The reporting quarters were: Q1 (6 April 2015 to 5 July 2015); Q2 (6 July 2015 to 5 October 2015); Q3 (6 October 2015 to 5 January 2016); Q4 (6 January 2016 to 5 April 2016); and Q5 (6 April to 5 July 2016).

<sup>9</sup> The "partially compliant" categories are not mutually exclusive, and therefore will not sum to 100%.

## 2 Characteristics of intermediaries

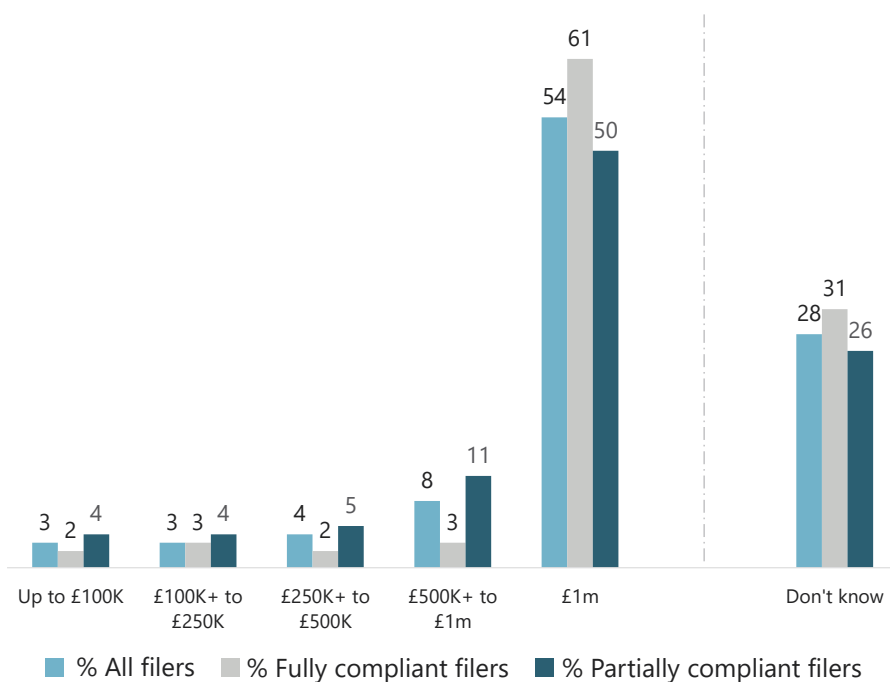
This chapter provides an overview of key characteristics of filer and non-filer intermediaries to provide context for the rest of the report. Data for filers have been weighted to be representative of this population whilst data for non-filers is unweighted (and is therefore not representative of the non-filer population).

The key finding in this chapter is that filers tended to be larger operations than non-filers: they have higher turnover, more end-clients and place more workers with those end clients. As we see in later chapters, these differences are important in explaining why filers were at least partially compliant whilst non-filers were not: they were more aware that the reporting requirement applied to their business.

### 2.1 Filers

On average, intermediaries who have filed a report were larger than those who had not. Over half (54%) of filers reported an annual turnover of £1 million or above, including 28% reporting a turnover above £5 million (Figure 2.1). Fully compliant filers reported higher turnover (£1 million+) than partially compliant filers.

**Figure 2.1: Reported turnover for filers**



Base: All filers (484); Fully compliant filers (121); Partially compliant filers (363)

Linked to their larger turnover, filers tended to have large client bases with three-in-five (58%) reporting that they had 21 or more clients over the past 12 months (Table 2.1). Filers were also more likely than non-filers to have placed a larger number of workers, with over half (54%) reporting that they placed over 100 workers with end-clients. Fully compliant filers were more likely to have larger client bases than partially compliant filers, with nearly two-thirds (63%) of fully compliant filers having 21 or more clients, compared with over half (54%) of partially compliant filers.

Filers were more likely than non-filers to supply workers to businesses in transport and storage (18% vs 4%), professional, scientific and technical activities (15% vs 3%) and human health and social work (12% vs 4%). This reflects the sample make-up for non-filers, half of which comprised businesses on the CIS register (52% of non-filers reported that they supply workers in the construction industry compared with 22% of filers).

**Table 2.1: Number of clients and workers placed by filers**

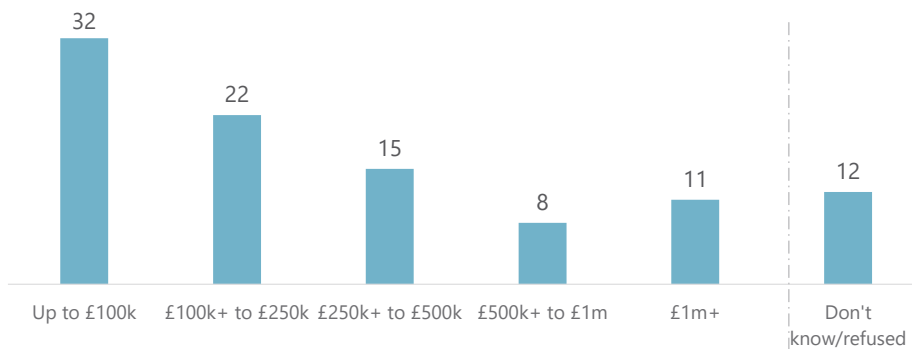
	All filers	% of fully compliant filers	% of partially compliant filers
<i>Base:</i>	484	121	363
<b>Number of different end-clients the business has supplied workers to in the last 12 months</b>			
Up to 10	20	13	24
11-20	17	19	15
21+	58	63	54
Don't know	6	5	6
<b>Number of workers placed with end clients in the past 12 months</b>			
Upto 19	13	9	15
20-99	23	21	24
100+	54	59	52
Don't know	11	12	9

## 2.2. Non-filers

Intermediaries who were non-filers had smaller operations than filers: 77% reported a turnover £1 million or less (Figure 2.2). Two-thirds (67%) had up to 20 clients in the last year, and a similar proportion (65%) reported that they placed under 20 workers with end clients in the same period (Table 2.2).

**Figure 2.2: Reported turnover for non-filers**

**What was the approximate turnover of your business in the last financial year (2015/16)?**



Base: Non-filers (186)

**Table 2.2: Number of clients and workers placed by non-filers**

	<b>% of non-filers</b>
<i>Base:</i>	186
<b>Number of different end-clients the business has supplied workers to in the last 12 months</b>	
Up to 10	42%
11-20	25%
21+	31%
Don't know/refused	2%
<b>Number of workers placed with end clients in the past 12 months</b>	
Upto 19	65%
20-99	19%
100+	13%
Don't know/refused	3%

## 2.2 Tax obligations and use of accountants and tax agents

The large majority of filers – nine in ten – reported that they were liable for Corporation Tax, PAYE and VAT (89%, 93% and 94% respectively). Fewer non-filers reported that they were liable for Corporation Tax and PAYE (58% and 65% respectively), which is consistent with the smaller size of their operations compared to filers. Instead, non-filers were more likely to report they were liable for Business Income Tax (71% compared with 30%). There was no significant difference in VAT obligations between filers and non-filers with 87% of non-filers reporting they were liable for VAT (compared to 94% of filers).

Overall, the majority of filers and non-filers used an external paid accountant or tax agent to help with their accounts though use was higher among non-filers (Figure 2.3). This is because more filers had in-house accountants and tax agents, which is consistent with their larger size and operations. In contrast, non-filers were more reliant on informal help such as family, friends or colleagues.

## 3 Knowledge of the reporting requirement

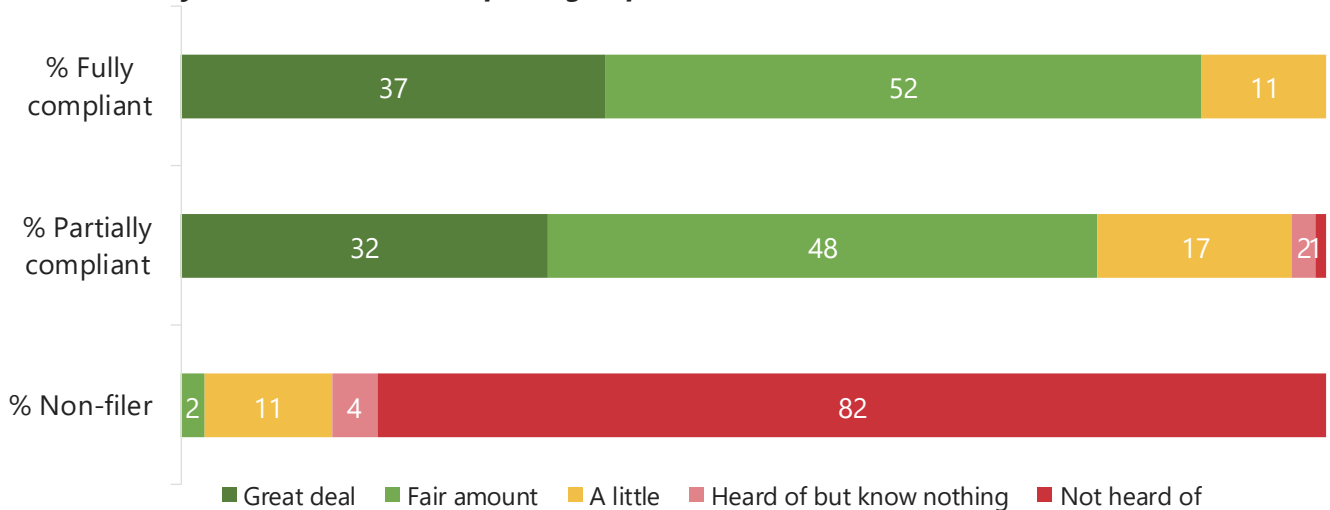
This chapter explores how far employment intermediaries understand the reporting requirement introduced in April 2015, and where they have obtained their information.

### 3.1 Overall awareness of the reporting requirement

The large majority of filers (83%) reported they know at least something about the employment intermediaries reporting requirement at the time of the survey interview. Fully compliant filers were slightly more knowledgeable than partially compliant filers (89% compared with 80%), which is consistent with differences in their filing behaviours (Figure 3.1). By contrast, more than eight in ten non-filers had **not** heard about the reporting requirement at all.

**Figure 3.1: Overall awareness of the Employment Intermediaries reporting requirement**

*How much did you know about this reporting requirement?*

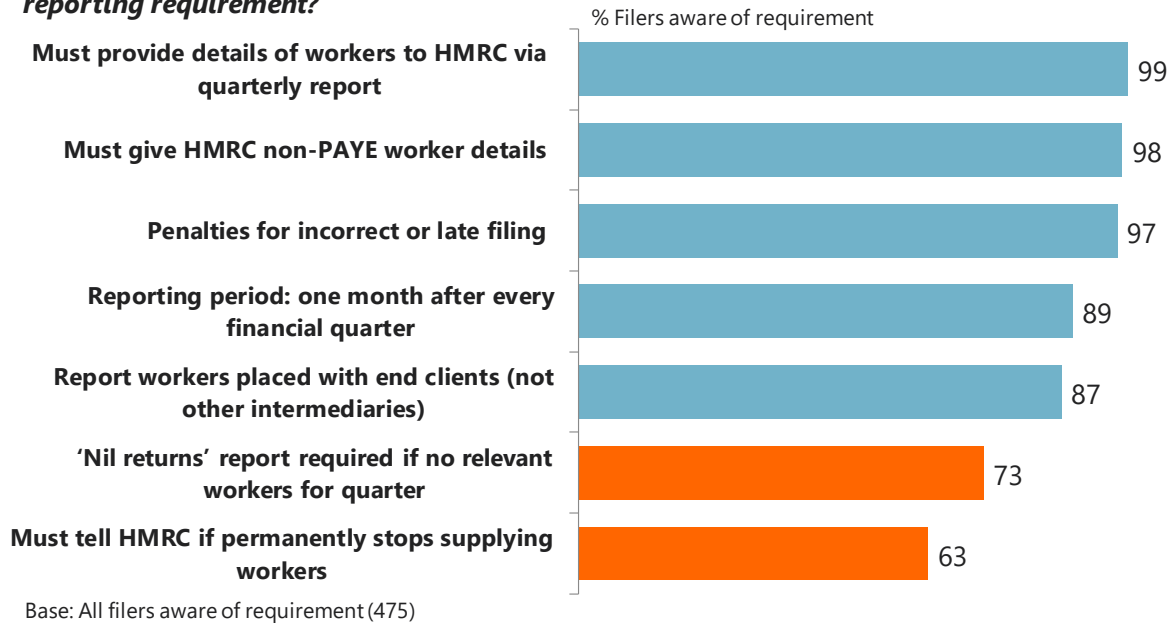


Base: Fully compliant filers (121); Partially compliant filers (363); Non-filers (186)

### 3.2 Detailed knowledge about the reporting requirement

Employment intermediaries who were aware of reporting requirement were asked follow-up questions to gauge their awareness of specific aspects of the requirement (Figure 3.2). Overall, half of filers (50%) reported that they were aware of all seven aspects of the requirement, and a similar proportion (49%) were aware of at least three aspects. Fully compliant filers were more likely than partially compliant filers to report that they were aware of all seven aspects (58% compared with 45%).

Among the 33 non-filers who were aware of the reporting requirement, 20 had heard of at least three aspects, three had heard of only one aspect and eight had not heard of any.

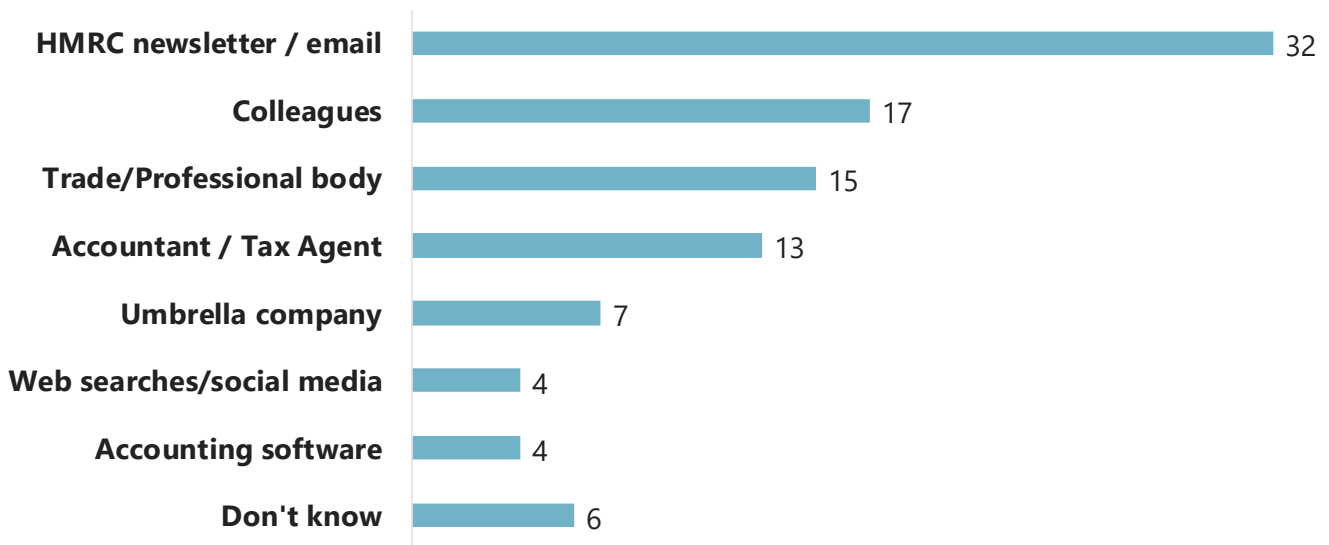
**Figure 3.2: Detailed knowledge of the Employment Intermediaries reporting requirement****Were you aware of the following aspects of the Employment Intermediaries reporting requirement?**

As can be seen in Figure 3.2, filers who were aware of the reporting requirement were familiar with most of the detailed aspects. Awareness levels were lower (though still accounting for the majority of filers) on the requirements to submit 'nil return' reports if there are no relevant workers for the quarter, and to tell HMRC if the business permanently stops supplying workers.

Most requirements were understood equally by fully and partially compliant filers, with the exception of knowledge of the reporting period. The overwhelming majority of fully compliant filers (95%) knew that the period ran for one month after every financial quarter compared with 85% of partially compliant filers. This could help explain why some partially compliant filers were not consistently filing on time or in every quarter.

### 3.3 Information sources for the reporting requirement

Among filers – both fully and partially complaint - HMRC is the most common initial source of information about the reporting requirement: 32% reported that they found out about the reporting requirement via the HMRC newsletters and emails (Figure 3.3). One in six found out about the reporting requirement from their colleagues or trade or professional bodies. Fully compliant filers were more likely to cite trade or professional bodies than partially compliant filers (18% compared with 12%). Fully compliant filers were significantly more likely than partially compliant filers to supply workers to the Professional, Scientific and Technical Activities sector, which might explain the variation in use of trade or professional bodies. Other than this, there were no significant differences in how fully and partially compliant filers found out about the reporting requirement.

**Figure 3.3: How filers first found out about the reporting requirement*****Where did you first hear about the Employment Intermediaries reporting requirement?***

Base: All filers aware of requirement (481)

In terms of potential channels for raising awareness of the reporting requirement among non-filers, 72% of non-filers reported that they rely on accountants and tax agents to keep up-to-date with HMRC rules and regulations. This suggests that accountants and tax agents serving these types of businesses may themselves be unaware of the reporting requirement. Other potential communications channels for raising awareness among non-filers include the GOV.UK website, HMRC newsletters and emails, and trade bodies (48%, 43% and 16% of non-filers reported that they use these information sources).



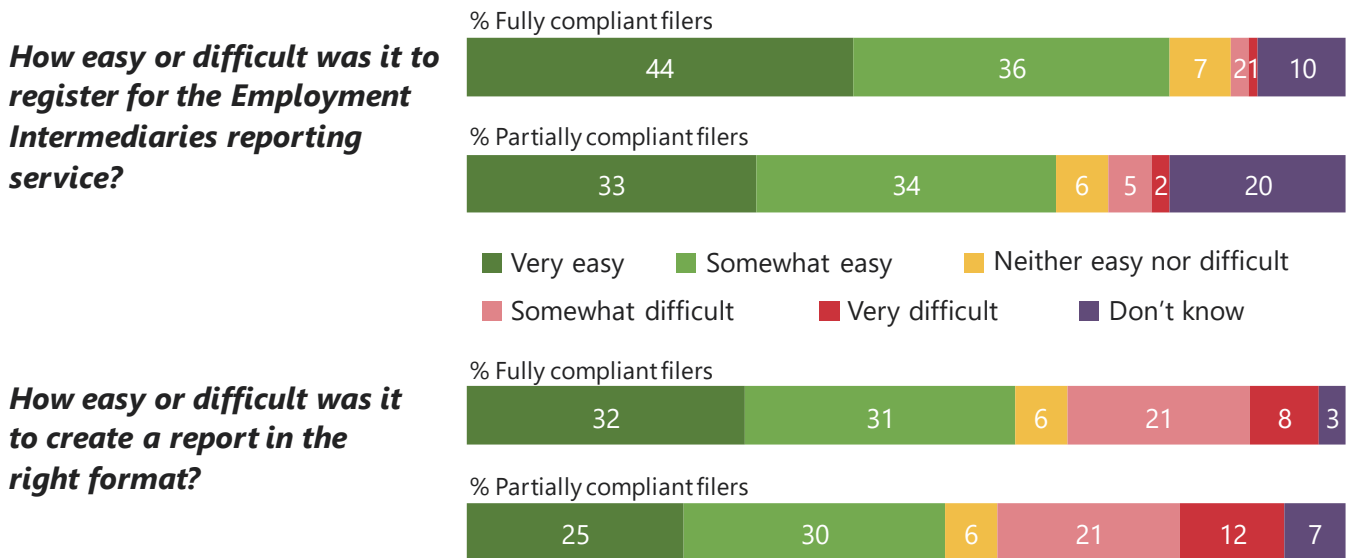
# 4 The reporting process

This chapter examines employment intermediaries’ (fully and partially compliant filers) experiences of the reporting process, from registration to report submission, and the usefulness of the advice provided by HMRC.

## 4.1 Ease of registering for the reporting service and creating a report

Generally, filers found it easy to register for the reporting service and create a report in the right format—though the latter was considered notably more difficult. Overall, 72% of filers reported they found it easy to register for the reporting service and 57% found it easy to create a report in the right format. Fully complaint filers found both processes easier than partially compliant filers, though both groups were equally likely to report that they found creating a report in the right format difficult (Figure 4.1).

**Figure 4.1: Ease of registering for the reporting service and creating a report**



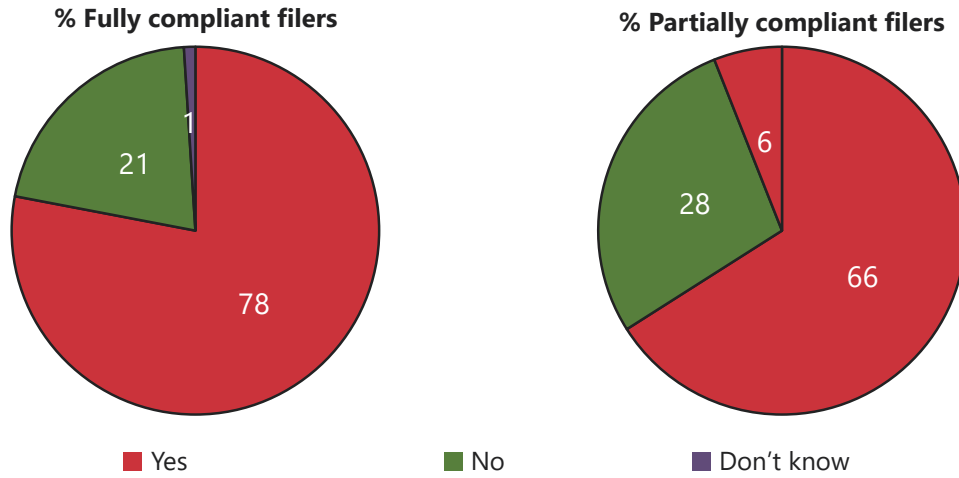
Base: Fully compliant filers (121); Partially compliant filers (363)

## 4.2 Incidence of validation errors

Validation errors are built into the reporting process to alert intermediaries to errors that they need to correct before the reports are submitted. Validation errors do not necessarily prevent submitting a report, but may make the process more time consuming. Seven in ten filers (71%) reported that they have experienced validation errors. Fully complaint filers were more likely than partially compliant filers to report such a problem (78% compared with 66%) (Figure 4.2). The higher incidence among fully compliant filers may be due to the greater number of workers’ details they must provide and the higher number of reports they have submitted (having complied in every quarter).

**Figure 4.2: Incidence of validation errors**

*When you submitted a report, did you receive any validation errors?*



Base: Fully compliant filers (121); Partially compliant filers (363)

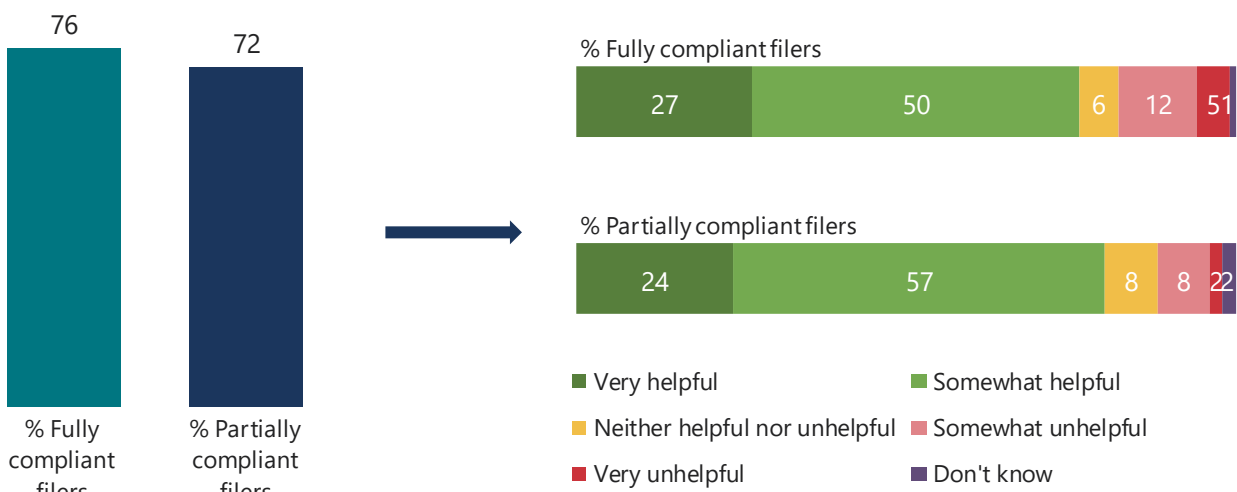
### 4.3 Use of guidance pages on GOV.UK

Nearly three quarters of filers (73%) reported that they have referred to the guidance pages on the GOV.UK website for advice about the reporting requirement, and found them to be helpful (78% of those that have referred to the guidance pages). Both fully compliant and partially compliant filers reported similar experiences (Figure 4.3).

**Figure 4.3: Use of guidance pages on GOV.UK**

*Have you visited any of the guidance pages on Gov.uk for advice about the Employment Intermediaries Reporting Requirements?*

*How helpful did you find the guidance pages?*



Base: Fully compliant filers (121); Partially compliant filers (363) Fully compliant filers who have visited GOV.UK (92); Partially compliant who have visited GOV.UK (260)

## 5 Drivers and barriers to compliance

This chapter examines some of the factors that cause intermediaries to comply fully, partially or not at all.

### 5.1 Reasons for variation in compliance behaviour among filers

Two in five filers in the survey have filed consistently on time in every quarter (Table 5.1). The remaining 61% have filed late and/or not at all in some quarters. Among this latter group, submitting late is more common than missing a submission.

**Table 5.1: Summary of filing patterns**

Filing pattern	% of filers	Number of filers
<b>Fully compliant filer - on time every quarter</b>	<b>39%</b>	<b>188</b>
<b>Partially compliant filer<sup>10</sup></b>	<b>61%</b>	<b>296</b>
Submitted late at least once	38%	182
Not submitted at least once	31%	148
Submitted in an earlier period and then stopped	5%	24
Started submitting in later periods	4%	19
<b>Total filers</b>	<b>100%</b>	<b>484</b>

The large majority of filers (84%) reported that their reason for complying with the reporting requirement is the same as for other HMRC obligations, in that it is a requirement that their business must comply with. One in ten (10%) complied because they did not want to receive a penalty.

Among fully compliant filers, knowledge and preparation were key **enablers** to consistent compliance behaviour (cited by 39% of fully compliant filers as the main reason why they have been able to file reports on time for every quarter) – Figure 5.1. Fully compliant filers also had resources in place to help meet their obligations on time: 20% had dedicated staff to prepare the reports and 16% had software to help with the process. This is because fully compliant filers tended to have more end-clients than partially compliant filers (see Chapter 2).

A small minority of fully compliant filers were motivated to file consistently on time in every quarter to avoid paying a penalty, whilst others were able to do so because the reports were deemed straightforward to produce, and/or the number of workers supplied to end-clients was small.

<sup>10</sup> The “partially compliant” categories are not mutually exclusive, and therefore will not sum to 100%.

**Figure 5.1: Enablers to consistent compliance behaviour**

**What would you say are the main reasons why you've been able to file reports on time for every quarter since the requirement was introduced?**

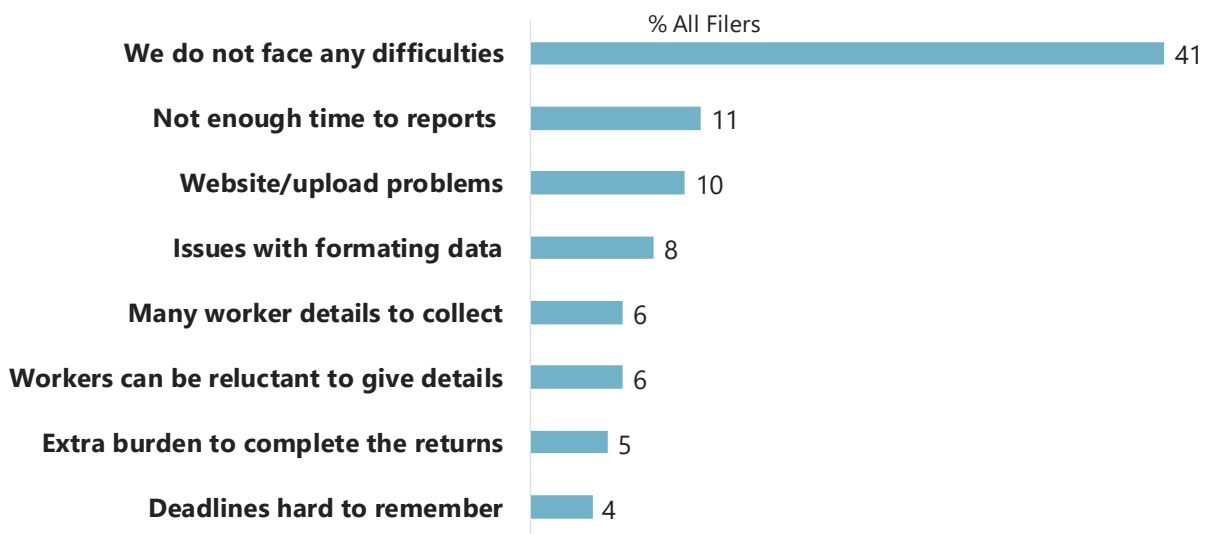


Base: Fully compliant filers (121)

Overall, 41% of filers say they do not face any difficulties in complying with the reporting requirements (Figure 5.2). The most commonly reported difficulties were a lack of time, problems with the website/uploading the reports and issues with formatting the data. Difficulties related to the volume of workers' details to collect and the reluctance of workers to give details were cited by a small minority of filers. Overall, partially and fully compliant filers experienced similar issues, with a couple of slight exceptions: fully compliant filers were more likely to cite extra burden in completing the reports (9% compared with 3%), because they had more end-clients and placed more workers, whilst partially compliant filers were more likely to report that they find the deadlines hard to remember (6% compared with 1%) which would explain why they have filed late or not at all in some quarters.

**Figure 5.2: Difficulties reported by filers in meeting the reporting requirement**

**What difficulties do you face, if any, in meeting the reporting requirement?**



Base: All filers (484)

Focusing specifically on partially compliant filers, the most common reason cited by this group for filing late or not at all in some quarters, is because they forgot about the timescales (Figure 5.3). Around one in ten had problems uploading the reports. A lack of knowledge was also cited – both in terms of knowing that the business was required to comply and knowing exactly what compliance involved. A small minority also experienced resource constraints and under-estimating the amount of time required to comply. These findings suggest a need to provide partially compliant filers with more information and guidance on how to comply, including how to successfully upload reports. Partially compliant filers would also benefit from being reminded of the deadlines for submission.

**Figure 5.3: Reasons for inconsistent filing patterns among partially compliant filers**

***What were the main reasons why your business filed a report late or did not file a report in some quarters?***



## 5.2 Non-filers reactions to the requirement

Non-filers' awareness of the reporting requirement was low – 15% has heard about it at the time of the survey though knowledge was mainly superficial. Among this group (33 respondents), the main reason given for not submitting a report was because they did not think the requirement applied to them. Other less commonly cited reasons were that they were not aware that there was a penalty for not doing it, and that they did not know how to submit a report or what information HMRC wanted.

However, among non-filers who were only made aware of the reporting requirement for the first time in the survey, reactions to it were generally positive. Half (50%) thought that it would be easy for their business to provide the reports required to HMRC each quarter; 27% thought it would be difficult and the remaining were neutral or unable to comment. The reasons cited by those believing it would be difficult were a lack of time and of dedicated staff and/or IT system to produce the reports and too many workers' details to collect<sup>11</sup>.

<sup>11</sup> Percentages are not quoted because the base is small – only 41 respondents said the process would be difficult for their business.

# 6 Knowledge and impact of penalty regime

This chapter explores intermediaries' understanding of, and attitudes towards, the penalty regime, and the extent to which it impacts their reporting behaviour. The impact of the reporting requirement on intermediaries' administrative and operational model is also considered.

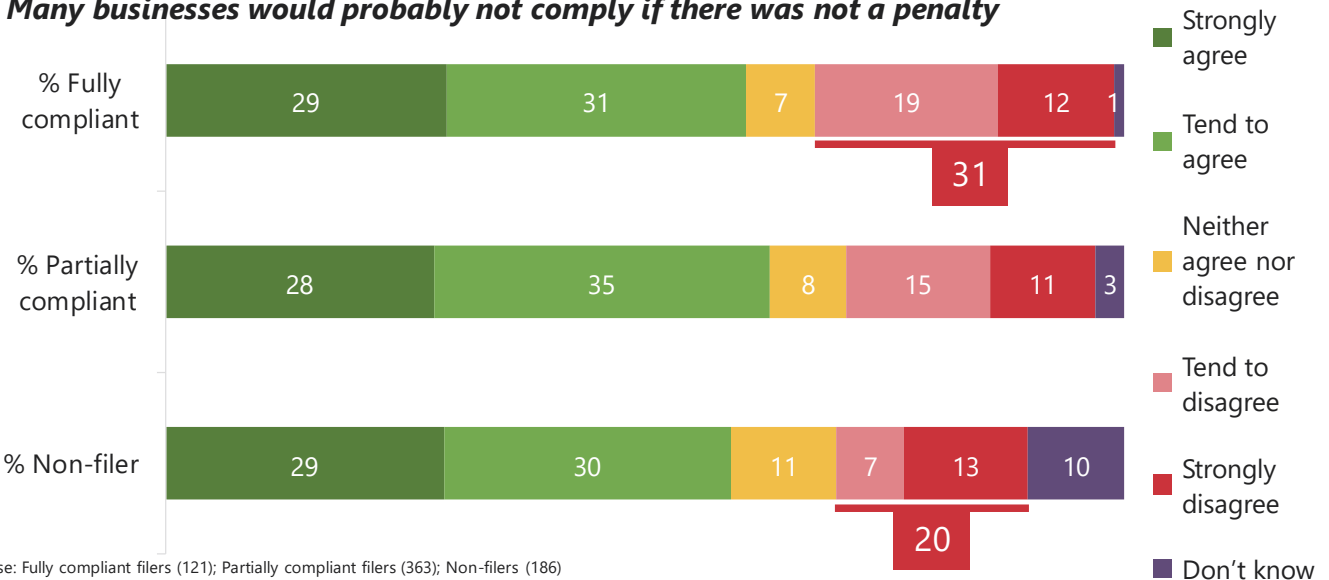
## 6.1 Attitudes towards the penalty regime

The majority of intermediaries were in agreement that a penalty regime encourages higher levels of compliance, with similar views shared by both filers and non-filers (Figure 6.1). However, fully compliant filers were more likely than non-filers to disagree that "many businesses would probably not comply if there was not a penalty".

**Figure 6.1: Attitudes towards penalties**

**How strongly do you agree with the following statement?**

**Many businesses would probably not comply if there was not a penalty**

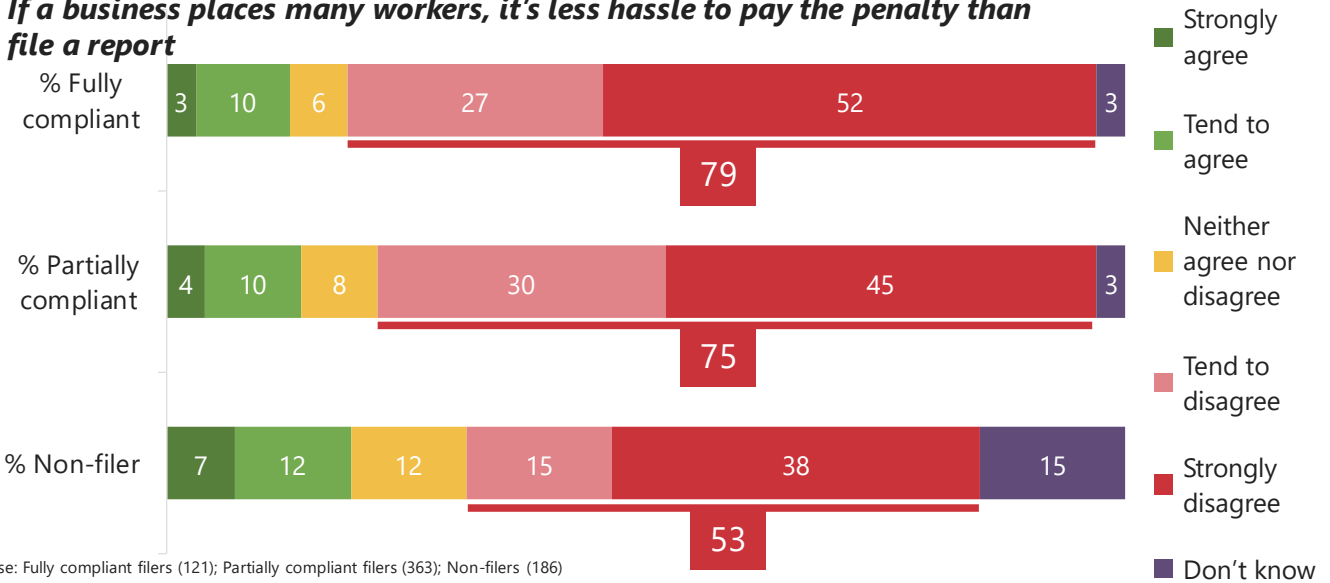


Similarly, intermediaries tended to feel that it was worth taking the time and effort to adhere to the reporting requirement, when weighed up against the possibility of receiving a penalty. The majority of filers disagreed that it's less hassle to pay a penalty if a business places many workers (Figure 6.2). Non-filers were less likely to share this view, and this may be linked to their very low knowledge of the penalty regime (just nine per cent of all non-filers were aware that there are penalties for incorrect or late filing).

**Figure 6.2: Attitudes towards penalties**

*How strongly do you agree with the following statement?*

***If a business places many workers, it's less hassle to pay the penalty than file a report***



## 6.2 Understanding of the penalty regime

As seen in chapter 3, the vast majority of filers were aware of the penalties attached to non-compliance of the reporting requirement. However, filers have inconsistent levels of understanding regarding a number of different aspects relating to how the penalty regime is applied (Figure 6.3). The aspect filers were most likely to correctly identify was that there is a penalty for correct but late reports. Fewer, though still accounting for a majority, knew that there are daily penalties for persistent non-filing. However, less than half were aware that penalties are not fixed at £250 regardless of the number of errors.

**Figure 6.3: knowledge of penalty regime (green box denotes the correct answer)**



Overall, filers struggled to correctly identify all aspects of the penalty regime, suggesting that they are not fully informed about how this applied. When responses are aggregated across all three measures of understanding, only a third (32%) of fully compliant filers and a fifth (21%) of partially compliant filers gave the correct answer to all

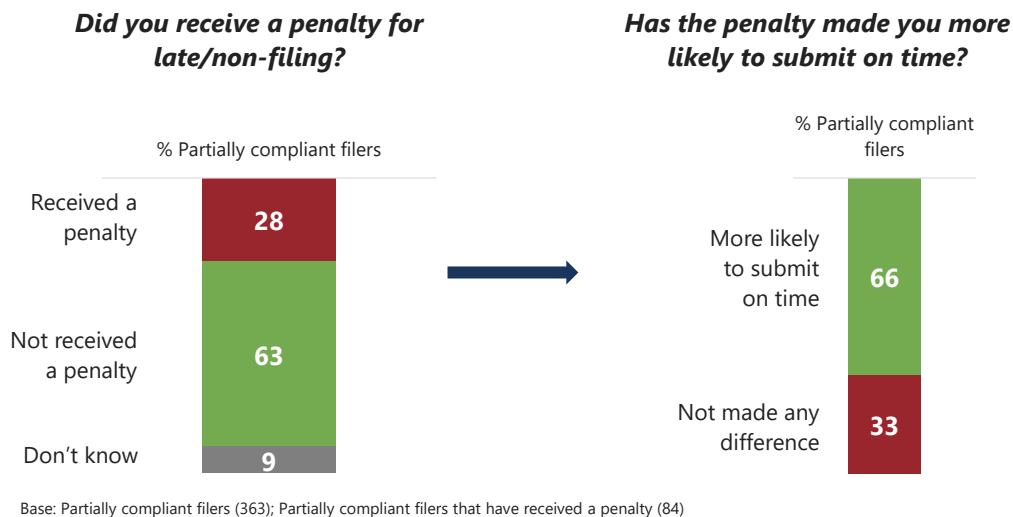
three aspects of the penalty regime. This suggests that it is not the specific details of the penalty regime that is driving compliance among filers.

### 6.3 Experience of penalties and impact on behaviour

Nearly three in ten partially compliant filers (28%) reported that they had received a penalty for not submitting a report, or late filing; 63% had not (Figure 6.4). There was also a small number of non-filers (6%) who reported receiving a penalty, although these are likely to be cases where respondents answered the question referring to other penalties received from HMRC, unrelated to the reporting requirements. This is because, currently automatic penalties are triggered only for employment intermediaries who have already registered to file a return.

The penalty regime appears to have had a positive effect on the reporting behaviour of partially compliant filers: 66% of penalty recipients reported that they were more likely to submit on time as a result. However, it should also be noted that as many as a third claimed that it had made no difference to them.

**Figure 6.4: incidence of receiving penalties and reported impact on filing behaviour**



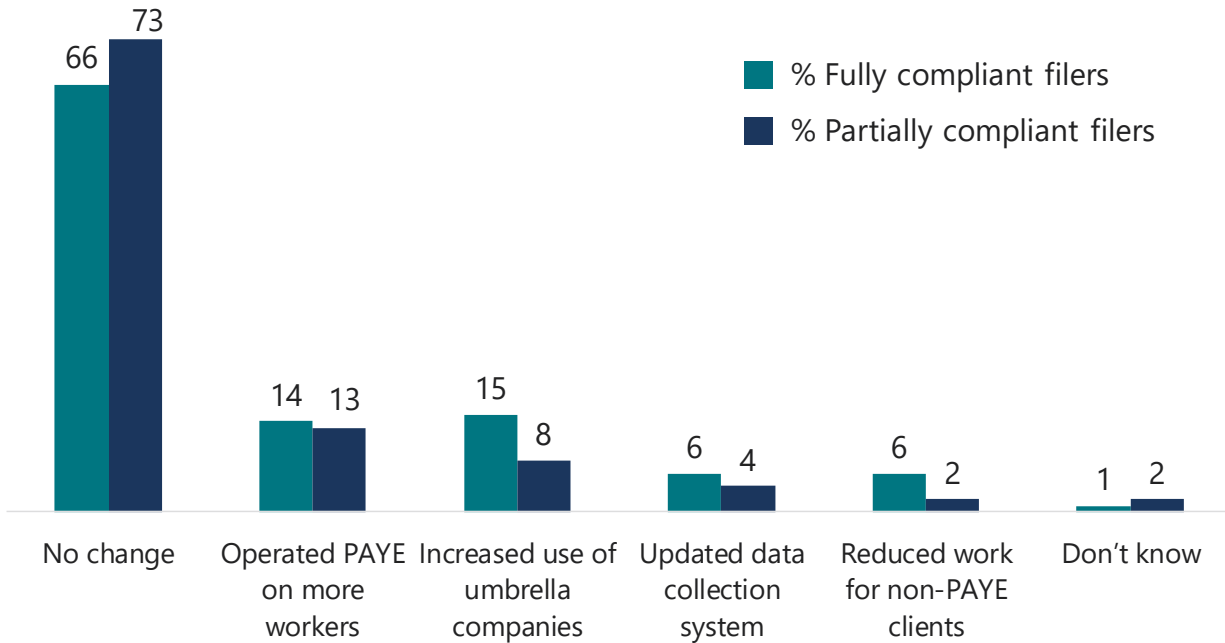
### 6.4 Impact of the reporting requirement on intermediaries' business model

The majority of filing intermediaries (73% fully compliant, 66% partially compliant) reported that they have not made changes to the way that they supply workers as a result of the reporting requirement, suggesting that they have been able to fit this around their current business model (Figure 6.5).



**Figure 6.5: changes to business model as a result of the reporting requirement**

***What changes, if any, has your business made to how you supply workers as a result of the Employment Intermediaries Reporting Requirement?***



Base: Fully compliant filers (121); Partially compliant filers (363)

Where intermediaries have made changes, the most common was increasing the number of workers that are contracted through PAYE, or by reducing the amount of work given to non-PAYE workers. A minority have increased their use of umbrella companies to help with the production of reports, or by updating data collection systems. Intermediaries who have placed between 100-499 workers were more likely to have made a change to how they supply workers compared with those supplying more or fewer workers.

## 7 Conclusions

The research found high levels of knowledge about the Employment Intermediaries Reporting requirement among intermediaries who were filing reports. The majority of filers found registering for the reporting service and creating reports easy.

Awareness of the requirement was very low among intermediaries who don't currently file any report; 82% of non-filers had not heard of the legislation and, among the small minority that had, knowledge of was mainly superficial. Non-filers tended to be much smaller in size than filers; placing significantly fewer workers with end-clients which would explain their lower levels of awareness of the requirement and its relevance to them. The findings strongly support the need to raise awareness of the requirement among this group, especially as findings from filers who had consistently filed on time suggest that having a detailed knowledge of the reporting requirement is a pre-requisite to consistent compliance behaviours.

The majority of non-filers rely on accountants and tax agents for advice on tax obligations so this is a potential channel for raising awareness. However, the findings suggest that accountants and tax agents used by non-filers may themselves lack knowledge about the Employment Intermediaries Reporting requirement. Thus awareness raising activities would need to extend to these groups too.

Whilst overall awareness and understanding of the reporting requirement is high among filers, there is scope to increase knowledge of the requirement to *submit nil returns* and to *tell HMRC if the business permanently stops supplying workers*. This could be achieved via the guidance pages on GOV.UK, which the majority of filers use for advice about the reporting requirement.

Similarly, whilst most filers were aware that there are penalties in place for incorrect and late filing, fewer were aware that there are *daily fines for persistent non-filing* or that *penalties are not fixed at £250 regardless of the number of errors*. Given that the majority of filers viewed penalties as a deterrent, raising awareness of these aspects of the penalty regime (alongside those aspects identified above) should help minimise variable filing patterns. This applies to non-filers too, the majority of whom agreed that many businesses would probably not comply if there was not a penalty.

Other issues raised by filers which warrant further consideration include:

- Sending an alert to remind intermediaries to file on time.
- Investigate the reasons for validation errors and provide further guidance on GOV.UK on how to minimise them.
- Review the website upload function, which a number of filers have reported that they have experienced difficulties.
- Provide information on relevant software to ease burden. Fully compliant filers cite this an enabler to consistent compliant filing behaviour.

# Technical annex

## Sample design

A telephone survey was undertaken with 670 employment intermediaries (121 which had filed a report on time in every reporting period, 363 which had filed a report late or not at all at least once, and 186 which had not filed any report). A census was undertaken with partially compliant filers. A representative sample of compliant fully compliant filers was selected based on turnover. The reporting quarters were: Q1 (6 April 2015 to 5 July 2015); Q2 (6 July 2015 to 5 October 2015); Q3 (6 October 2015 to 5 January 2016); Q4 (6 January 2016 to 5 April 2016); and Q5 (6 April to 5 July 2016).

HMRC does not have a list of non-filers as it is not possible to identify this group with certainty from administrative records. Thus a screening exercise was undertaken to identify employment intermediaries who were within scope of the reporting requirement but had yet to file a report. This sample comprised intermediaries who were registered as employment agencies<sup>12</sup> for VAT or part of the Construction Industry Scheme (CIS)<sup>13</sup>. These were selected because businesses in these industries were most likely to be involved in the supply of workers, and therefore be required to meet the reporting requirement. A representative sample of businesses were selected based on turnover. These businesses were screened at the start of the survey to establish that the reporting requirement applied to their business, that is:

- They supplied workers to end-clients, as opposed to another intermediary; and
- They did not operate PAYE for some/all of workers that they placed; and
- Some/all of the workers they placed were UK residents, and doing work in the UK or for a UK registered business).

The eligibility rate from screening was 29% (i.e. 71% businesses were screened out because they did not fulfil one or more of the eligibility criteria).

## Survey fieldwork

Prior to fieldwork, an advance letter was sent to all businesses selected for interview, providing them with information about the survey and an opportunity to opt-out. Telephone matching was also undertaken for leads without a valid telephone number.

<sup>12</sup> Based on Standard Industrial Classification (SIC) codes 78109 (other activities of employment placement agencies) and 78200 (temporary employment agency activities).

<sup>13</sup> The Construction Industry Scheme (CIS) is a tax deduction scheme which involves tax being deducted at source from payments which relate to construction work. CIS does not apply to payments made to employees, since payments to employees are covered by the Pay As You Earn (PAYE) system of deduction of tax at source.

The survey was conducted between 30 January and 24 February 2017. The questionnaire was piloted with 50 businesses in December 2016. The average survey interview length was 11 minutes. The adjusted response rate for filers was 46%, and 40% for non-filers, as shown in Table A1.

In interview, businesses from the non-filing sample were asked if they had filed a report; where businesses say they had done this (35 businesses) they were reassigned to the filer group, and asked questions relevant to that type of business. These businesses are included in the response rate calculations for their source sample.

Weighting was applied to the filing group to make it representative of the wider employment intermediary filing population. The non-filers group was not weighted as there was no population profile to weight it to.

**Table A1: Breakdown of sample used and response rates**

	Filer sample		Non-filer sample	
	N	%	N	%
Complete interviews	460	36	210	8
Refusals	226	18	391	15
Screened out	4	0	553	22
No outcome	314	25	777	31
Bad numbers	269	21	454	31
<b>Total sample</b>	<b>1,273</b>	<b>100</b>	<b>2,385</b>	<b>100</b>
Ineligible (screen out/complete +screen-out)		<b>1</b>		<b>72</b>
<b>Valid sample</b>	<b>994</b>		<b>531</b>	
<b>Co-operation rate (complete/(complete + refusal)</b>		<b>67</b>		<b>35</b>
<b>Unadjusted response rate (complete/all sample)</b>		<b>36</b>		<b>8</b>
<b>Adjusted response rate (complete/valid sample)</b>		<b>46</b>		<b>40</b>

## Questionnaire

### INTRODUCTION AND SCREENER

READ OUT TO ALL

**Hello, my name is ..... and I'm calling from Ipsos MORI, an independent market research company. Is this [(VAT/CIS COMPANIES/FILER SAMPLE=INSERT BUSINESS NAME) or (CIS SOLETRADERS SAMPLE=TITLE NAME SURNAME)]? IF NOT, CLOSE.**

#### IF SAMPLE – FILER:

**We are conducting a survey on behalf of Her Majesty's Revenue and Customs (HMRC).**

**We are looking to speak with businesses that supply workers to clients to understand their experiences of the Employment Intermediaries Reporting Requirement. This requirement was introduced in April 2015, and means that these businesses now need to provide HMRC with quarterly reports on workers they've placed with clients where they don't operate pay as you earn on these workers' payments.**

**The information gained from this research will help HMRC understand the experiences of companies who have submitted reports in response to this requirement.**

**ADD IF NECESSARY: The information gathered from this survey will be kept entirely confidential; it will not be possible to identify your responses and no personal information will be shared with any third parties, including HMRC.**

**I would like to speak to the person responsible for completing these reports for [(VAT/CIS COMPANIES/FILER SAMPLE=INSERT BUSINESS NAME) or (CIS SOLETRADERS SAMPLE=YOUR BUSINESS)].**

**ADD IF NECESSARY: HMRC records show that [(VAT/CIS COMPANIES/FILER SAMPLE=INSERT BUSINESS NAME) or (CIS SOLETRADERS SAMPLE=YOUR BUSINESS)] has filed at least one report for the employment intermediaries reporting requirement.**

IF SPEAKING TO RESPONDENT FOR THE FIRST TIME

**HMRC records show that [(VAT/CIS COMPANIES/FILER SAMPLE=INSERT BUSINESS NAME) or (CIS SOLETRADERS SAMPLE=YOUR BUSINESS)] has filed at least one report for the employment intermediaries requirement. Can I confirm that you are the person to speak to about these reports?**

#### IF SAMPLE = NON-FILER

**We are conducting a survey on behalf of Her Majesty's Revenue and Customs (HMRC).**

**We are looking to speak with businesses that supply workers to clients about their views and experiences of tax requirements that may affect them.**

**ADD IF NECESSARY: The information gathered from this survey will be kept entirely confidential; it will not be possible to identify your responses and no personal information will be shared with any third parties, including HMRC.**

**I would like to speak to the person who deals with requests for information from HMRC for [(VAT/CIS COMPANIES/FILER SAMPLE=INSERT BUSINESS NAME) or (CIS SOLETRADERS SAMPLE=YOUR BUSINESS)].**

Yes	1	PROCEED
No	2	ASK TO SPEAK TO PERSON RESPONSIBLE. RECORD THEIR CONTACT DETAILS
Don't know	-99	

## READ OUT TO ALL

**The survey will take around 10 minutes. Would now be a good time to ask your views?**

IF NO, ARRANGE FOR ALTERNATIVE TIME AND DATE FOR INTERVIEW AND BOOK APPOINTMENT.

## REASSURANCES TO USE IF NECESSARY:

You should have received a letter from HMRC explaining that Ipsos MORI would be contacting you about this survey. IF DID NOT RECEIVE THIS BUT WOULD LIKE TO, OFFER TO EMAIL IT & ARRANGE CALL-BACK.

It doesn't matter if you use an accountant/agent/tax advisor. We want to hear your views and not the views of agents/accountants.

The survey is not technical and you don't need any specific tax-related knowledge to take part.

Everything you say will be completely confidential. Please note that all survey responses will be combined.

It will not be possible to identify your responses, and no personal information will be shared with any third parties including HMRC.

Respondents' contact details were supplied to Ipsos MORI securely by HMRC.

If respondent wishes to confirm validity of survey or get more information about aims and objectives, they can call:

- MRS: Market Research Society on 0500396999
- Visit Ipsos MORI website: [www.ipsos-mori.com](http://www.ipsos-mori.com)
- Ipsos MORI Project Manager, Ralph Halliday on 0207 7347 3127.
- HMRC Project Manager, Nicole Ramshaw on 03000 570 392.

ASK IF SAMPLE =NON-FILER. ELSE GO TO A1

**Thank you for taking part. I'm going to start by checking a few details about your business.**

[ADD IF VAT/CIS COMPANIES/FILER SAMPLE = **If you have multiple businesses, please answer in relation to INSERT BUSINESS NAME**] **only.**

**S3a Since April 2015, has your business supplied the services of more than one worker to an end-client under a contract between your business and this client?**

Prompt if necessary: **An end client is the last business in the contractual chain (for example, not an agency or other intermediary business).**

Prompt if necessary for CIS: **For example, this could include providing subcontractors to an end-client to complete an assignment.**

## SINGLECODE

Yes	1	ASK S3B
No	2	THANK AND CLOSE
Don't Know	-99	THANK AND CLOSE

**S3b Did your business operate PAYE on these workers' payments? PROMPT TO CODE**

## SINGLECODE

Yes, we operated PAYE for all	1	THANK AND CLOSE
Yes, we operated PAYE for some	2	ASK S3C
No, did not operate PAYE for any	3	
Don't know	-99	THANK AND CLOSE

**S3c Were the workers you supplied UK residents? PROMPT TO CODE**

## SINGLECODE

Yes, some/all were	1	GO TO A1
No, none were UK residents	2	ASK S3D
Don't know	-99	THANK AND CLOSE

S3d **Were the workers you supplied doing work in the UK or for a UK-registered business?**  
SINGLECODE

Yes	1	ASK A1
No	2	THANK AND CLOSE
Don't know	-99	THANK AND CLOSE

**A: AWARENESS OF REQUIREMENT**

ASK ALL

The Employment Intermediaries Reporting Requirement came into effect in April 2015. It requires some businesses that supply workers to end clients to submit to HMRC quarterly reports about the workers they provide to end clients.

A1 **Before today, how much did you know about this reporting requirement? Would you say you . . .** READ OUT. REVERSE SCAE  
SINGLE CODE.

Know a great deal	1	
Know a fair amount	2	
Know a little	3	
Heard of but know nothing about it	4	
Not heard of it	5	IF SAMPLE=FILER ROUTE TO S1 AND REQUEST TO SPEAK TO
Don't know	-99	CORRECT PERSON ABOUT REQUIREMENT, OR THANK AND CLOSE

IF HAVE HEARD ABOUT THE REQUIREMENT (A1 = 1-4)

A2 **Where did you first hear about the Employment Intermediaries reporting requirement?**  
MULTICODE, PROMPT FROM LIST

HMRC newsletter / email	1
Accountant / Tax Agent	2
Trade body	3
Umbrella company	4
Another employment agency	5
Accounting software	6
Web searches/social media	7
Workers	8
Clients	9
Colleagues	10
Other (WRITE IN)	11
Don't know	-99
Refused	-98



## IF HAVE HEARD ABOUT THE REQUIREMENT (A1=1-4)

- A3 **And before today, were you aware of the following aspects of the Employment Intermediaries Reporting Requirement?**  
SINGLE CODE EACH.

- A. **Businesses supplying workers to end clients must provide HMRC with details of these workers if they are not operating PAYE for them**
- B. **Businesses must provide details of these workers to HMRC by completing a quarterly report**
- C. **The reporting period is open for one month after every financial quarter**
- D. **There are penalties for incorrect or late filing of the report**
- E. **If a business has not supplied any qualifying workers during a financial quarter, they must still submit a 'nil returns' report to HMRC.**
- F. **If a business permanently ceases to supply workers to clients they need to tell HMRC about this.**
- G. **Businesses need only report on workers they have placed with end clients, not those further down the supply chain**

Yes	1
No	2
Don't know	-99

## ASK IF SAMPLE = NON-FILER

- A4 **As far as you're aware, has [your business] submitted any quarterly reports in relation to the new requirement?**  
SINGLE CODE ONLY

Yes	1	(FILER SAMPLE)
No	2	(NON-FILER SAMPLE)

NOTE TO DP: IF A4 = 1, RE-CLASSIFY TO FILER FOR REST OF ROUTING

## IF AWARE OF PENALTY (A3D=1)

- A5 **The following statements are about the possible penalties businesses can receive if they do not comply with the Employment Intermediaries Reporting Requirement. Can you tell me whether you think they are true or false?**

SINGLE CODE EACH

- A. **Penalties are fixed at £250, regardless of the number of errors**
- B. **If you submit a report late, but it is correct, you won't get a penalty**
- C. **For persistent non-filing or incorrect filing, there are daily penalties**

True	1
False	2
Don't know	-99
Refused	-98

READ OUT TO ALL: [IF AWARE OF PENALTY (A3D=1): **The penalties are £250 for a first offence; £500 for a second offence and £1,000 for a third and later offences.**

EVERYONE ELSE: **There are penalties for not comply with the reporting requirements. The penalties are £250 for a first offence; £500 for a second offence and £1,000 for a third and later offences.**

A6 **How strongly do you agree or disagree with these statements?**

SINGLE CODE EACH. ROTATE STATEMENTS

- A. Many businesses would probably not comply if there was not a penalty**  
**B. If a business places many workers, it's less hassle to pay the penalty than file a report**

<b>Strongly agree</b>	1
<b>Tend to agree</b>	2
<b>Neither agree nor disagree</b>	3
<b>Tend to disagree</b>	4
<b>Strongly disagree</b>	5
Don't know	-99
Refused	-98

IF NON-FILER AND UNAWARE OF REQUIREMENT (A1=5 OR -99)

A7 **What methods do you use to keep up to date with HMRC rules and regulations?**  
PROMPT TO CODE  
MULTICODE OK

Gov.uk	1
HMRC newsletter / email	2
Accountant / Tax Agent	3
Trade body	4
Other (WRITE IN)	10
Don't know	-99
Refused	-98

**B: BEHAVIOURS AND ATTITUDES**

ASK ALL FILERS

B1 **How easy or difficult is it for [(VAT/CIS COMPANIES/FILER SAMPLE=INSERT BUSINESS NAME) or (CIS SOLETRADERS SAMPLE=YOUR BUSINESS)] to comply with the Employment Intermediaries requirement?**  
SINGLE CODE. REVERSE SCALE

<b>Very easy</b>	1
<b>Somewhat easy</b>	2
<b>Neither easy nor difficult</b>	3
<b>Somewhat difficult</b>	4
<b>Very difficult</b>	5
Don't know	-99
Refused	-98

ASK ALL FILERS

B2 **What were the main reasons why your business filed a report for the Employment Intermediaries requirement?**  
MULTICODE OK  
DO NO READ OUT. PROBE FULLY.

We comply with other HMRC/tax obligations, and treat this the same	1
We do not want to receive a penalty	2

It is one of my responsibilities at work to comply with regulations	3
It would damage our reputation if I were non-compliant	4
We do not want to get on HMRC's bad side	5
Other (WRITE IN)	6
Don't know	-99
Refused	-98

## ASK ALL FILERS

B3 **Have you visited any of the guidance pages on Gov.uk for advice about the Employment Intermediaries Reporting Requirements?**  
SINGLE CODE ONLY

Yes	1
No	2
Don't know	-99
Refused	-98

## ASK IF VISITED GOV.UK (B3=1)

B4 **How helpful did you find the guidance pages? Were they...**  
SINGLE CODE. REVERSE SCALE

Very helpful	1
Somewhat helpful	2
Neither helpful nor unhelpful	3
Somewhat unhelpful	4
Very unhelpful	5
Don't know	-99
Refused	-98

## ASK ALL FILERS

B5 **How easy or difficult was it to register for the Employment Intermediaries Reporting Service? Would you say it was...**  
SINGLE CODE. REVERSE SCALE

Very easy	1
Somewhat easy	2
Neither easy nor difficult	3
Somewhat difficult	4
Very difficult	5
Don't know	-99
Refused	-98

## ASK ALL FILERS

B6 **How easy or difficult was it to create a report in the right format? Would you say it was...**  
SINGLE CODE. REVERSE SCALE

Very easy	1
Somewhat easy	2
Neither easy nor difficult	3
Somewhat difficult	4
Very difficult	5
Don't know	-99
Refused	-98

## ASK ALL FILERS

B7 **When you submitted a report, did you receive any validation errors?**  
SINGLE CODE. REVERSE SCALE

Yes	1
No	2
Don't know	-99
Refused	-98

## ASK ALL NON-FILERS AWARE OF THE REQUIREMENT

B8 **What were the main reasons why your business did not file a report for the Employment Intermediaries requirement?**

MULTICODE OK  
DO NO READ OUT

We do not think the requirement applies to us	1
We weren't aware that there was a penalty/fine for not doing it	2
It's cheaper to pay the penalty than produce the report	3
It takes too long / too difficult to produce a report	4
We do not know how to submit a report /what information HMRC require	5
Our accountant/agent advised told us we did not have to do it	6
Other (WRITE IN)	7
Don't know	-99
Refused	-98

## ASK ALL FILERS

B9 **Which, if any, of the following do you use to help you prepare and submit the quarterly reporting requirement?**

MULTICODE OK

<b>Accountant / Agent</b>	1
<b>Umbrella company</b>	2
<b>Accounting software</b>	3
<b>Spreadsheets / Databases</b>	4
<b>Other specify</b>	5
Don't know	-99
Refused	-98

## ASK ALL FILERS

B10 **What difficulties do you face, if any, in meeting the reporting requirement? PROBE**

FULLY  
MULTICODE OK

We have many workers details to collect	1
Our workforce is constantly changing, so it is hard to keep all details up to date	2
We don't have an IT system in place to help produce the reports	3
We don't have dedicated staff to compile the reports	4
There isn't enough time to produce the reports	5
Our workers can be reluctant to give us their details	6

Umbrella companies can be slow to provide details about their workers	7
We had problems with the site and/or uploading the reports	8
Remembering when the deadlines are to submit the reports	9
We do not face any difficulties	10
Other (WRITE IN)	11
Don't know	-99
Refused	-98

READ OUT TO NON-FILERS NOT AWARE OF THE REQUIREMENT (SAMPLE = NON-FILER AND A5= 5 OR -99)

**The Employment Intermediaries requirement applies to businesses that supply workers to end-clients and do not operate PAYE on those workers. These businesses are required to submit quarterly reports to HMRC, providing details of these workers, including their full name, address, date of birth, national insurance number, and how much they were paid. The reports must be uploaded to HMRC's website.**

**B11 How easy or difficult do you think it would be for your business to provide these details to HMRC each quarter?**

SINGLE CODE. REVERSE SCALE

<b>Very easy</b>	1
<b>Somewhat easy</b>	2
<b>Neither easy nor difficult</b>	3
<b>Somewhat difficult</b>	4
<b>Very difficult</b>	5
Don't know	-99
Refused	-98

ASK THOSE WHO HAVE NOT HEARD OF REQUIREMENT AND THINK IT WOULD BE DIFFICULT TO COMPLY WITH (B11 = 4 OR 5)

**B12 Why do you think it would be difficult for your business to provide these details?**

MULTICODE OK

We have many workers details to collect	1
Our workforce is constantly changing, so it is hard to keep all details up to date	2
We don't have an IT system in place to help produce the reports	3
We don't have dedicated staff to compile the reports	4
There isn't enough time to produce the reports	5
Our workers can be reluctant to give us their details	6
Other (specify)	7
Don't know	-99
Refused	-98

<b>C: FULFILLING THE REQUIREMENT</b>
--------------------------------------

ASK IF FILED ON TIME IN EVERY QUARTER (SAMPLE = FILED EVERY QUARTER)

C1 **Our records show that [(VAT/CIS COMPANIES/FILER SAMPLE=INSERT BUSINESS NAME) or (CIS SOLETRADERS SAMPLE=YOUR BUSINESS)] has filed reports on time for every quarter since the requirement was introduced.**

**What would you say are the main reasons why you've been able to do this?**

MULTICODE OK

We were aware of the requirement before it was introduced and able to prepare for it	1
We don't supply many workers to end-clients so found it easy to do	2
We have had help from our tax agent/accountant	3
We have had help from umbrella company/ies	4
We did not want to receive a penalty	5
We have software which makes the job easier for us	6
We have dedicated staff who do the reports for us	7
The reports are straightforward to produce	8
Other (specify)	9
Don't know	-99
Refused	-98

ASK IF LATE OR NON FILER IN SOME QUARTERS (SAMPLE = LATER FILERS / NON-FILERS)

C2 **[IF SUBMITTED LATE IN SOME/ALL QUARTERS: our records show that your business has submitted a report late at least once.]**

**[IF SUBMITTED A REPORT IN EARLIER QUARTER THEN STOPPED: our records show that your business had previously submitted a report, but then stopped filing in later quarters.]**

**[IF DID NOT FILE IN EARLY QUARTERS, BUT SUBMITTED IN LATER PERIODS: our records show that you have submitted reports recently, but did not do so for quarters before this.]**

**What were the main reasons [why your business filed a report late] [why your business did not file a report in some quarters]?**

**[IF SAMPLE =NON FILER BUT RESPONDENT SAY THEY HAD FILED AT A4=1: our records show that your business did not submit a report in the earlier quarters. What were the main reasons why your business did not file a report in the previous quarters?]**

MULTICODE OK

We were unsure what we were required to do	1
The process took longer / was more work than expected, and we ran out of time	2
We did not know we had to comply with the requirement at the time	3
We thought that someone else in the supply chain would submit the report	4
We were happy to take a risk	5

We forgot about the timescales involved	6
We had problems uploading the report to the website	7
Other (WRITE IN)	8
<b>We have not filed a late report</b>	9
<b>We have never missed a report</b>	10
Don't know	-99
Refused	-98

ASK IF LATE OR NON FILER OR DID NOT FILE IN EVERY QUARTER

C3 **Did you receive a penalty from HMRC for [not filing] [for filing late]?**  
SINGLECODE

Yes	ASK AND RECORD NUMBER OF TIMES
No	
Don't know	-99
Refused	-98

ASK IF HAVE RECEIVED A PENALTY (C3=1)

C4 **When you first received the penalty notice, did you understand what it was for?**  
SINGLECODE

Yes	1
No	2
Don't know	-99
Refused	-98

ASK IF HAVE RECEIVED A PENALTY (C3=1)

C5 **Has the penalty made you more likely to submit the reports on time in the future or has it not made any difference?**  
SINGLE CODE ONLY

More likely to submit reports on time	1
Not made any difference to us	2
Don't know	-99
Refused	-98

ASK FILERS

**What changes, if any, has your business made to how you supply workers as a result of the Employment Intermediaries Reporting Requirement? Have you . . .**

C6 **Have you...?**  
MULTICODE OK

<b>Operated PAYE on more of the workers you supply to end-clients</b>	1
<b>Increased your use of umbrella companies</b>	2
<b>Reduced work for end-clients that do not put workers on PAYE</b>	3
<b>You have changed your practices in some other way (WRITE IN)</b>	4
<b>Not made any change</b>	5
Don't know	-99
Refused	-98

<b>D: CURRENT TAX PRACTICES</b>
---------------------------------

I would now like to ask you a few questions about your other taxes.

ASK ALL

D1 **Is [(VAT/CIS COMPANIES/FILER SAMPLE=INSERT BUSINESS NAME) or (CIS SOLETRADERS SAMPLE=YOUR BUSINESS)] liable for any of these UK taxes?**

MULTICODE  
READ OUT

<b>Corporation tax</b>	1
<b>PAYE</b>	2
<b>VAT</b>	3
<b>Business Income Tax or Self-assessment</b>	4
None of these	5
Don't know	-99
Refused	-98

ASK IF VAT OR PAYE

ASK ALL

D2 **Does anyone help you with your accounts and tax either paid or on an unpaid basis?**

PROMPT TO CODE. MULTI CODE OK CODES 1-3

INTERVIEWER: IF RESPONDENT IS THE IN-HOUSE ACCOUNTANT/BOOKKEEPER, PLEASE CODE 2

<b>Yes – external paid accountant or tax agent</b>	1
<b>Yes – in house paid accountant or bookkeeper</b>	2
<b>Yes – unpaid family/friend/colleague</b>	3
<b>No</b>	4
Don't know	-99
Refused	-98

<b>E: BUSINESS CHARACTERISTICS</b>
------------------------------------

READ OUT TO ALL

**We are nearing the end of the interview. I would like to ask you some final questions about [(VAT/CIS COMPANIES/FILER SAMPLE=INSERT BUSINESS NAME) or (CIS SOLETRADERS SAMPLE=YOUR BUSINESS)] to help us understand how different types of agencies are responding.**

ASK ALL

E1 **Which sector or sectors does [(VAT/CIS COMPANIES/FILER SAMPLE=INSERT BUSINESS NAME) or (CIS SOLETRADERS SAMPLE=YOUR BUSINESS)] supply workers or businesses to?**

MULTICODE OK

Agriculture, Forestry and Fishing	1
Mining and Quarrying; Electricity, Gas, Steam and Air Conditioning Supply; Water Supply, Sewerage and Waste Management	2
Manufacturing	3
Construction	4



Wholesale and Retail Trade	5
Transport and storage	6
Accommodation and Food Service Sector	7
Information and Communications	8
Financial and Insurance Activities (excluding holding companies)	9
Real Estate Activities	10
Professional, Scientific and Technical Activities	11
Administrative and Support Service Activities	12
Education	13
Human Health and Social Work Activities	14
Arts, Entertainment and Recreation	15
Public Administration and Defence	16
Extraterritorial organisations	17
Activities of households as employers	18
Other Service Activities	19
Other (WRITE IN)	20
Don't know	-99
Refused	-98

ASK ALL

E2 **For roughly how long has your business been operating?**  
WRITE IN NUMBER OF YEARS

NUMBER OF YEARS

ENTER NUMBER OF YEARS

Don't Know= -99

Refused= -98

E3 **In the past 12 months, approximately how many different end-clients has [(VAT/CIS COMPANIES/FILER SAMPLE=INSERT BUSINESS NAME) or (CIS SOLETRADERS SAMPLE=YOUR BUSINESS)] supplied workers to?**  
WRITE IN NUMBER OF CLIENTS

NUMBER OF CLIENTS

ENTER NUMBER OF CLIENTS

Don't Know= -99

Refused= -98

ASK IF DON'T KNOW OR REFUSED (CODE 2 OR 3) AT A4

E4 **If you had to estimate, how many end-clients would you say this was?**  
READ OUT BANDS

1 client	1
2-3 clients	2
4-6 clients	3
7-10 clients	4
11-15 clients	5
16-20 clients	6
21 or more clients	7
Don't know	-99
Refused	-98

ASK ALL

E5 **In the past 12 months, approximately how many workers has [INSERT BUSINESS NAME] placed with end-clients?**

<b>Workers</b>	<b>ENTER NO.</b>
Don't know	-99
Refused	-98

ASK IF DON'T KNOW OR REFUSED (CODE 2 OR 3) AT E5

E6 **If you had to estimate, how many workers would you say this was?**  
READ OUT BANDS

2-19 workers	1
20-99 workers	2
100-249 workers	3
250-499 workers	4
500-999 workers	5
1000-1999 workers	6
2000-3999 workers	7
4000+ workers	8
Don't know	-99
Refused	-98

ASK ALL

E7 **What was the approximate turnover of [INSERT BUSINESS NAME] in the last financial year (2015/16)?**

ADD IF NECESSARY: **Turnover is the total amount of money generated in the business from all sales of goods and services, before any deductions.**

ADD IF NECESSARY: **We only need a ballpark figure so please can you give us your best estimate.**

WRITE IN NUMBER IN POUNDS. PROBE FOR BEST ESTIMATE BEFORE CODING DK.  
REASSURE ABOUT CONFIDENTIALITY AND ANONYMISATION BEFORE CODING  
REFUSED

<b>WRITE IN NUMBER IN POUNDS</b>	
	1
Don't know	-99
Refused	-98

ASK IF DON'T KNOW OR REFUSED (CODE 2 OR 3) AT E7

E8 **Would you say it was? PROMPT FROM BANDS. SINGLE CODE ONLY**

<b>Up to £100,000</b>	1
<b>£100,001 - £250,000</b>	2
<b>£250,001 - £500,000</b>	3
<b>£500,001 - £1 million</b>	4
<b>£1 million - £2.5 million</b>	5
<b>More than £2.5 million- £5 million</b>	6
<b>More than £5 million - £10 million</b>	7
<b>More than £10 million</b>	8
Don't know	-99
Refused	-98

**Trinh Tu**

Research Director  
trinh.tu@ipsos.com

**Ralph Halliday**

Senior Research Executive  
ralph.halliday@ipsos.com

## For more information

3 Thomas More Square  
London  
E1W 1YW  
+44 (0)20 3059 5000  
[www.ipsos-mori.com](http://www.ipsos-mori.com)

**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.