HM Revenue & Customs

KANTAR

Research report 597

Exploring awareness and understanding of CGT obligations on the sale of a residential property

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Contents

Executive summary

This research sought to help HMRC understand how best to raise awareness of and compliance with Capital Gains Tax (CGT) obligations for the sale of a residential property. The study comprised three phases:

- **Phase 1**: 20 in-depth interviews with those that had declared CGT (face-to-face and by telephone)
- **Phase 2:** 8 in-depth interviews engaging those that had not declared CGT (all but one completed by telephone)
- **Phase 3:** 9 in-depth interviews with accountants to provide further insight into client attitudes and awareness.

Key findings are summarised below, against each of the study's research aims.

Customers' awareness of how property disposals are taxed and why customers fail to declare CGT on property:

- A combination of contextual, process and attitudinal drivers all contributed to why sellers had not declared
- While awareness (or more accurately, understanding) of CGT played a role, it was not the only factor driving non-compliance
- Experienced sellers were more likely to be aware of property taxes and use their knowledge to proactively minimise and / or avoid tax
- The less experienced used the perceived complexity of both CGT and their personal circumstance to plausibly deny needing to engage with the process of declaring

What prompts individuals to consider whether CGT is due:

- Key prompts included: Self-Assessment forms; accountants or solicitors; estate agents and via property management websites/forums
- Those who discovered CGT prior to the sale going through or habitually checked and engaged with property taxes were more receptive to prompts
- For the less engaged and those less predisposed to paying, these prompts, which are not fully integrated into the selling process, could be easily avoided or ignored

Channels and sources of information on CGT that customers used:

- Key sources included: solicitors, accountants, estate agents, online forums / advice web-pages about 'CGT'
- Property sellers recognised that information on CGT was not always readily available and often relied on them proactively seeking it out
- Accountants pointed out that solicitors, accountants and estate agents play a key role in the sales process but do not always mention CGT to sellers

The findings from the research suggest some ideas for HMRC to increase awareness of and improve compliance with CGT, including:

- **Address complexity:** continue to provide easy to engage with guidance as early as possible in the sales process, including tangible 'how to' and case-study examples
- **Improve the process:** integrate prompts about CGT from the start of the property sale journey (for example, on completion statements) as well as across other key

touchpoints during the property sale journey via accountants, solicitors, and estate agents

- **Change attitudes:** customer attitudes towards CGT compliance may be influenced by optimising the current process, communicating about paying tax as a legal and moral obligation needed to fund vital public services and raising awareness of the consequences of not paying CGT (via press or cases that have been prosecuted)

1. Introduction

1.1 Background and aims

Capital Gains Tax (CGT) is a tax on the profit (or “gain”), when an asset that has increased in value is sold or disposed of. CGT is charged on net gains made in a tax year to 5th April, after deducting the annual tax-free allowance, which is currently £12,000 for individuals. Where a property that has been used exclusively as someone’s main residence is disposed of, Private Residence Relief (PRR) usually applies in full, meaning there is no tax to pay.

Individuals can report and pay CGT via either the real-time CGT Service, or via annual Self-Assessment (SA) tax returns. HMRC were interested in the reasons customers may or may not pay CGT on the sale of a second property, and they suggested several hypotheses to explain why these customers may not pay CGT, including:

- Lack of awareness of CGT
- Misunderstanding about how the personal tax allowance operates
- Perception that CGT is ‘unfair’
- Lack of understanding about whether residential property is liable to CGT or where PRR is applicable
- Normalisation of ‘gaming’ the residential property system

The overall aim of this research was to help HMRC understand why CGT is not always paid and identify the potential attitudinal and behavioural levers which could be used to improve compliance. More specifically this research sought to:

- Understand customers’ awareness of how property disposals are taxed
- Explore what prompts individuals to consider whether CGT is due
- Identify the channels and sources of information on CGT that customers use

1.2 Method

The study took a multi-phased approach to understand property sale journeys and drivers of compliance and non-compliance. A qualitative approach was undertaken to provide in-depth insight into customers’ attitudes and behaviours towards declaring CGT. Participants were purposively selected to provide insight into a wide range of experiences, and thus this study does not seek to be representative of the wider population.

This research engaged two groups of individuals who had disposed of a residential property which was not their main residence in 2016-17 where it appeared that CGT would be due. Phase 1 comprised 20 in-depth interviews with those that had declared a gain, and Phase 2 comprised 8 in-depth interviews with those that had not declared a gain. Phase 1 and Phase 2 interviews were conducted either face-to-face in the participant’s home or by telephone, depending on the participant’s preference. Participants in both groups were recruited from HMRC-provided sample.

This study also included 9 in-depth interviews with accountants to provide further insight into customer awareness, attitudes and perceptions of CGT (Phase 3). All Phase 3 interviews with accountants were conducted by telephone. See Appendices A and B for more detail on the methodology and sample for each phase.

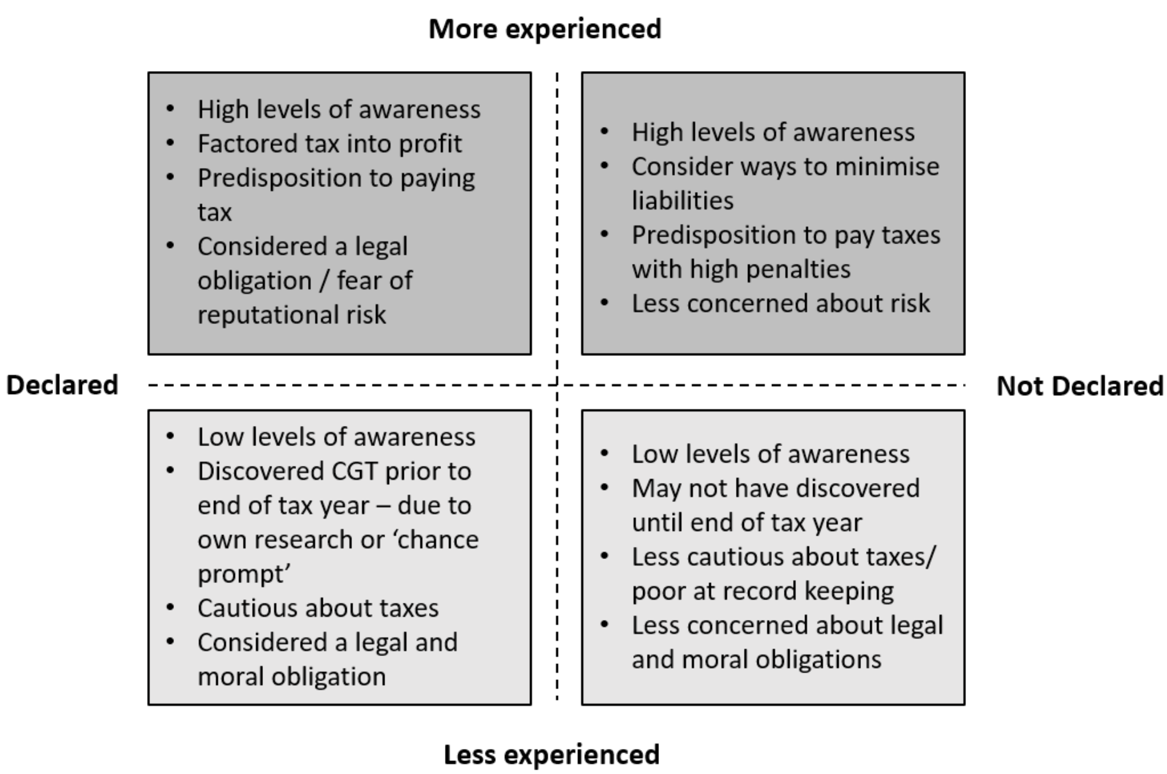
During the interviews with those that had not declared (Phase 2), there was some resistance to questioning about property tax and some participants gave vague or evasive responses. In addition to this, participants were not asked to share physical documentary evidence related to their property sale. This meant that it was challenging for the researcher to gather all the relevant details surrounding the participant's disposal of a property, and so it cannot be determined whether CGT was due in any particular case.

2. Factors driving declaring behaviour

This research identified three key factors which influenced the behaviour of both those who declared and did not declare CGT. These key factors were:

- **Context:** factors related to an individual's personal circumstances
- **Process:** factors related to the property sale journey and the prompts (or lack thereof) that nudge individuals towards paying CGT
- **Attitude**: factors related to an individual's views on CGT or tax more broadly

For both audiences (declared and non-declared), these three factors influenced the property sale journey in different ways, with the main differentiator within each audience being the individual's level of financial or property sales experience. There were key differences between those who were more experienced (for example, 'professional' landlords with large property portfolios) and those who were less experienced (for example, people who had invested in a single property as a 'nest egg'). More experienced non-declarers used their understanding of tax and CGT to minimise their liabilities, while less experienced non-declarers were less aware and may not have been expecting to pay CGT or found out later in the property sale journey. The figure below summarises key differences between participants that had declared and not declared, and between levels of experience.



2.1 Those that had declared a gain

This section briefly describes factors driving those that had declared CGT, before going into a deep dive on factors driving those that had not declared in Section 3.

Context

This research found that higher levels of awareness of and engagement with CGT may be related to specific occupations; for example, working in business or finance. Those that were less experienced or savvy, including people who had inherited a second property, tended to be less aware of their tax obligations. The more experienced were more likely to have factored CGT into the calculation of their profit earlier in the property sale journey, whereas those that were less experienced may not have discovered CGT until later in the process due to their own research or being prompted during the process.

> *"I've been selling properties for years now. I know what I'll need to pay tax wise and factored that into the profit I'll make."*
> *(Declared)*

Process

More experienced property sellers were generally aware of CGT and tended to habitually check on tax to stay up to date on their obligations. For example, 'professional' landlords described regularly checking property or landlord forums. The less experienced were more likely to find out about CGT later in the property sale journey, for example from a solicitor or an accountant, or at the end of the tax year via self-assessment forms. Those that were paying other related property taxes, such as inheritance tax and stamp duty, were also prompted to research other property taxes like CGT.

> *"I discovered CGT after filling in Inheritance Tax forms. It prompts you to work out whether you owe any other taxes and there's no way after that process I wanted to get anything wrong!"*
> *(Declared)*

As those who declared were largely aware of CGT prior to their sale going through, they felt they had enough time to plan and prepare, as well as clarify what was needed to make the calculation. Those that were already aware of CGT had factored this into their calculations of profit, which suggests that those who discovered or considered CGT later in the journey may feel more resistance to declaring.

Attitudinal

This research also unearthed attitudinal drivers that meant individuals either felt positively about paying tax, were risk averse, or viewed paying taxes as a legal obligation for which there was little leeway. Some individuals felt positively about paying taxes and felt it was a moral obligation to pay taxes and contribute to funding public services. Participants also cited concerns about getting into trouble and being fined by HMRC. These concerns were heightened for those with high profile jobs who feared reputational risks and felt they needed to be 'whiter than white'. Finally, participants felt that taxes were a legal obligation with minimal latitude for getting around paying.

“I pay it because it's legally required. I don't think I'd like to pay it on a voluntary basis.” (Declared)

This research also found that participants who had declared CGT were either previously aware of CGT (and thus were more prepared to pay) or were prompted somewhere in the property sale journey, which aligned with more positive attitudes towards or a tendency to paying tax.

3. Factors driving non-declaring behaviour

3.1 Overview

As with participants that had declared CGT, a key differentiator amongst participants that had not declared CGT (known hereafter as 'non-declared') was level of financial experience and savviness. Amongst the non-declared, there were sellers who were savvier about tax and properties and those who were less savvy. This distinction in experience and savviness manifested in different reasons for not declaring.

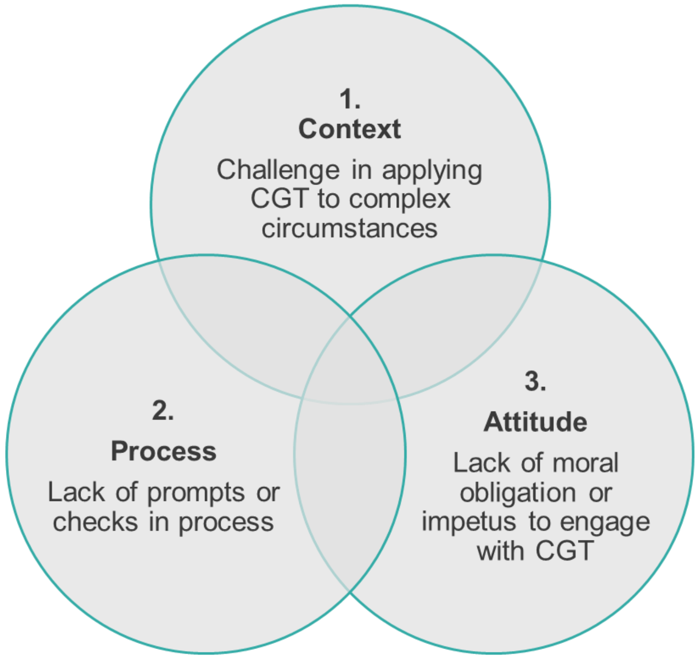
The more experienced sellers were more business minded, and tended to own, manage, and rent out multiple properties. As a result, they tended to be financially savvy and experienced with tax and regularly filing a Self-Assessment tax return. These participants were aware of CGT through direct experience or professional networks, such as landlord forums. Those that were more experienced and savvy about tax used the complexities of CGT and/or grey areas in the guidance to their advantage to proactively minimise the tax they paid. They tended to view CGT as a 'soft tax' with limited repercussions, and thus may have exploited the lack of prompts in the property sale process and lack of record checks (although this was not explicitly expressed).

> *"You can't really avoid Stamp Duty as it's built into the process. CGT you don't really hear much about which might mean people see it as one of those taxes which is often not applicable. It's probably not as much of a priority to police for the government."*
> *(Non-declared)*

Less experienced sellers typically bought properties to provide additional income for themselves and their families. They tended to be less financially savvy and experienced with tax, with limited previous experience of filing a Self-Assessment tax return or paying CGT. They tended to only engage with CGT at a surface level, if at all, and either did not understand CGT or see it as applicable, or they used the complexities of both CGT and their personal circumstances to plausibly deny the need to engage with or pay CGT. For example, they may not have kept records and so relied on rough estimates to justify why they hadn't made a gain.

> "*I know I spent about £17,000 on the property. Or it felt like a fortune at least. That's why there wouldn't be anything due to pay."*
> *(Non-declared)*

As with the declared audience, the drivers of not declaring or engaging with CGT could be divided into three categories: **context**, **process**, and **attitude** (see figure on next page). The next sections explore each of these categories and the related drivers in more detail.



3.2 Contextual drivers

All three participant groups[1] described CGT as a relatively complex tax, meaning the process of working out what was owed was not straightforward for either the declared or non-declared. The costs of buying, selling, or improving a property can be deducted from a gain[2]. Participants commonly cited issues or confusion around 'improvement works' and what could be deducted such as:

- What could be counted as improvement costs (as opposed to maintenance) on a rental property
- Whether sellers' personal labour costs could be deducted from gain
- Whether you could deduct improvement costs on a property which used to be a main residence

"We lived in the property for 15 years and spent a lot of money on it, before we started renting it out. I struggled to work out whether all of these costs counted. I also didn't have any of the receipts, so just took a bit of a guess."
(Declared)

No CGT will be due if full Private Residence Relief[3] (PRR) applies. Full PRR usually applies when a seller disposes of a home that has been used exclusively as their main residence for all the time they've owned it. Participants cited confusion around what constitutes a 'main residence' and working out whether PRR applies, such as:

- Whether an unoccupied property counts as a 'main residence' if the owner lives in a separate rental property

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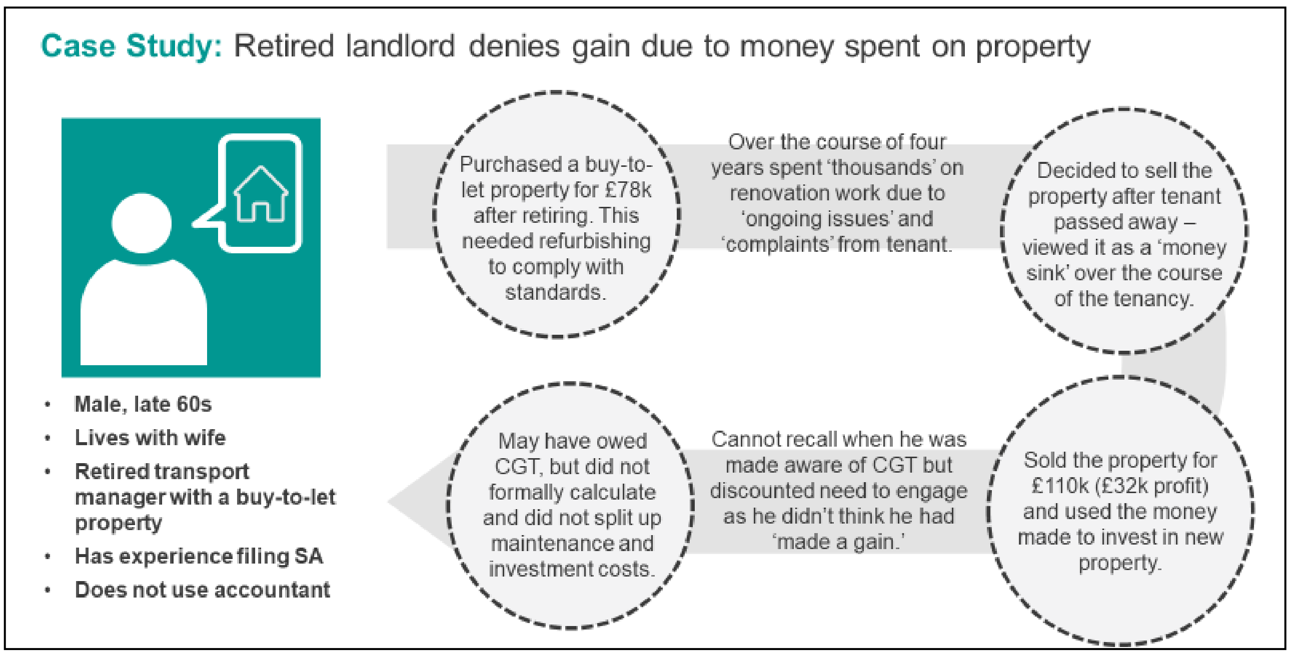
[1] Declared, Not Declared, and Accountants
[2] https://www.gov.uk/tax-sell-property/work-out-your-gain
[3] https://www.gov.uk/tax-sell-home

- Calculating lettings relief and PRR when seller has both let out and lived in the property

Applying HMRC guidelines to complex, individual circumstances made working out CGT challenging, and non-declared participants appeared to have used these complexities or 'grey areas' to either avoid paying or plausibly deny owing CGT[4]. The more experienced used their understanding of the complexities to their advantage to minimise their tax liabilities; for example, by gifting properties to family members or changing property ownership to a partner in a lower tax bracket.

"I organised a deed in trust so the property would be in my wife's name."
(Non-declared)

For the less experienced, the complexities tended to drive participants to make inaccurate estimates or to disengage and avoid a calculation altogether. For example, participants included maintenance costs as property improvement costs, or included their own labour costs in order to offset their gain. They may not have had a thorough understanding or experience of calculating CGT, and, knowingly or not, used these rough or inaccurate calculations to plausibly deny they had a gain to report (see participant case study below).

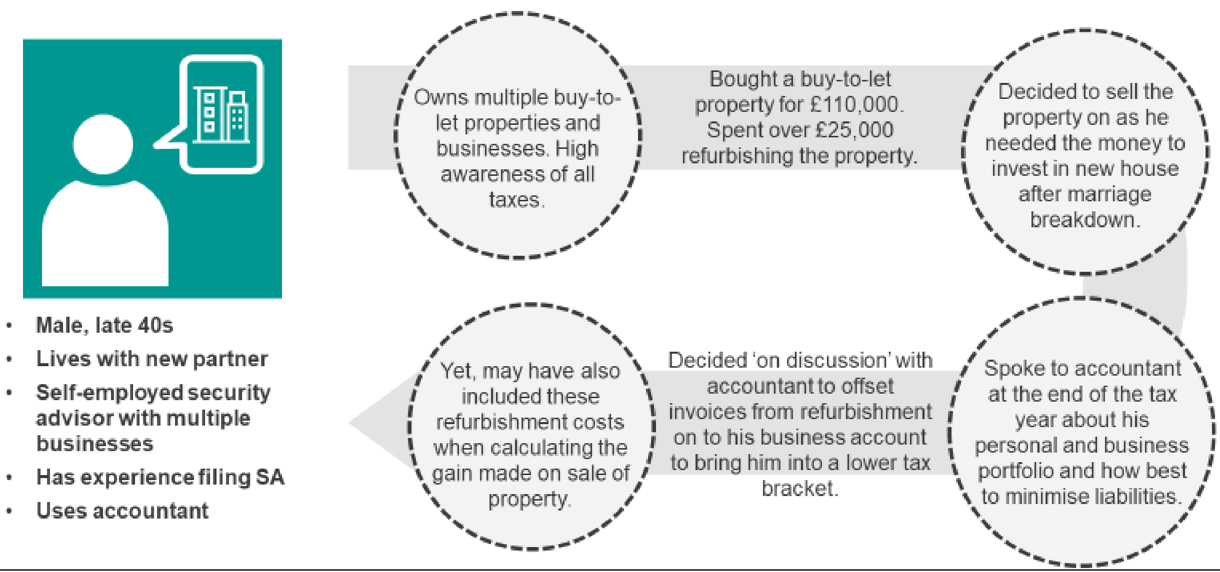


"There's no way I made any money off it. I don't need a calculator to tell me that."
(Non-declared)

[4] As discussed in Section 1.2, due to the nature of the interviews it's not possible to determine whether or not CGT was actually due.

The complexities around determining if CGT was owed and calculating the gain were drivers of non-declaring, with the more experienced proactively avoiding CGT and the less experienced more passively avoiding CGT. For instance, this research found instances where the more experienced may have gifted their property to a loved one, or only declared one income on a jointly owned property. In one case, a property seller appeared to have submitted property invoices twice – both to bring his income into a lower tax bracket and then again to offset expenses he paid on his property (see participant case study below).

Case Study: Multiple business and property owner offsets invoices twice



Across both groups it was also evident that additional personal challenges could also impact on participants' ability to accurately declare a gain. For instance, some sellers described how relationship breakdowns, financial difficulties and challenges related to their own businesses meant that selling their property was necessary. In these instances, property sellers may have already invested their profit elsewhere, or used it to offset debts, and therefore did not consider themselves as having made 'a gain.'

> *"I sold when my marriage was breaking down and I needed a place to go. I spent the money on a new property and had to obviously give my ex-wife her share."*
> *(Non-declared)*

3.3 Process drivers

As well as participants' individual circumstances driving behaviour, a lack of prompts and checks during the property sale journey and a reliance on self-reporting (both to accountants and HMRC) enabled either proactive or passive non-declaring. Where a participant was not aware of CGT, the process relied on the individual being prompted by an accountant, the Self-Assessment form, or somewhere else along the property sale journey by chance.

In some cases, individuals may have been prompted to consider CGT after the sale of the property when the property sale may not be top of mind; for example, when filing a Self-Assessment tax return, which also relied on the individual knowing they need to engage with the section that deals with CGT. Where an individual found out about CGT long after the sale of the property, as mentioned, they may have already used the money to pay off debts or invest in a new property, and so may have avoided calculating the potential gain altogether because they didn't have the means to pay CGT.

In some cases, participants found submitting records and evidence to be an opportunity to use the complexity of the guidelines to interpret allowable deductions in a way that was favourable to them (as discussed in Section 3.2), or, where participants had not kept records of expenditures, as an excuse for not engaging with CGT. This made assuring the accuracy of a gain calculation (or lack of calculation) a challenge, and, coupled with a lack of perceived checks by HMRC, meant that sellers felt able to game the system.

"I think it's unlikely that HMRC are going to have a look through all of the receipts to make sure they add up. Especially as there's no way you'd have all of them to hand."
(Non-declared)

Accountants too reported differences in the levels of checks they would go through with clients, with some even suggesting there was 'little' they could do to encourage compliance. Some accountants admitted that they might not always ask about disposal of a residential property (for example, on a client checklist) or otherwise have the means to find out if a client has sold a second residential property. Some accountants had limited knowledge or experience with CGT, meaning it was not top of mind for them either. As a result, accountants often relied on their clients to self-report and had to trust their clients would be truthful and provide accurate information.

"Non-compliance might be high. It's not built into systems and it's reliant on self-declaration. But there's limited things I can do as an accountant. I can't make people hand over all of the correct invoices. You have to rely on the relationships and trust you have with your client."
(Accountant)

3.4 Attitudinal drivers

The lack of prompts about CGT at key points in the property sale journey and the lack of systematic quality checks by accountants and HMRC may also allow individuals, particularly those motivated to avoid tax and who have more appetite for risk, to proactively or passively avoid paying CGT. In addition to this, this research suggests that CGT was seen as a relatively 'soft tax' in comparison to Stamp Duty Land Tax (SDLT) and Inheritance Tax, meaning that sellers hypothesised that it was unlikely they would be 'caught out' by HMRC for non-compliance. For instance, few participants were aware of any cases of someone being pursued for CGT non-compliance, which suggested there would be limited repercussions for not declaring. This, coupled with a lack of perceived checks and balances, increased the perception that CGT could be avoided.

"You don't really hear much about it. You can't avoid stamp duty and inheritance tax is always in the news. I'm not sure whether it's because it's just not as high a priority or there's little HMRC can do to make sure people pay it."
(Non-Declared)

"I've never really heard about a property seller being prosecuted for not paying CGT, and if I haven't then I'm not sure members of the public have either."
(*Accountant)*

4. Perceptions of current guidance

In Phase 2 and Phase 3, current HMRC guidance on CGT[5] and PRR[6], and the CGT online calculator[7] were tested with non-declared participants and accountants to gather views on their effectiveness at encouraging compliance.

While broadly speaking non-declared participants and accountants responded positively to the guidance available, there was some concern about how they would reach individuals and be applied in practice. For instance, the guidance available on GOV.UK was described as relatively simple, easy to engage with, and pitched at an 'entry level'. Yet some participants expressed concern over the extent to which people would be able to apply the guidance to complex cases, without 'how to videos' and case-study examples. Other participants pointed out that while the guidance was helpful, it was unlikely they would know to engage with them, without being prompted or referred by an accountant, solicitor or estate agent.

"It's all good, clear information. But I would need to know to look for it in the first place and I would need to make sure I had the information to hand."
(Non-declared)

The CGT guidance (see excerpts to the right) was described as relatively easy to engage with, with clear language that is ideal for those with limited knowledge. Participants reacted positively to the use of headings and links to help easily navigate content.

What you pay it on

You may have to pay Capital Gains Tax if you make a profit ('gain') when you sell (or 'dispose of') property that's not your home, for example:

- buy-to-let properties
- business premises
- land
- inherited property

However, there was some concern that the guidance was not detailed enough to work out the intricacies of more complex cases. For example, participants wanted more information about deductible costs, which was an area of confusion (see Section 3.2). Participants also suggested 'how to' videos or visuals instead of written guidance.

Deduct costs

You can deduct costs of buying, selling or improving your property from your gain. These include:

- estate agents' and solicitors' fees
- costs of improvement works, for example for an extension (normal maintenance costs, such as decorating, do not count)

[5] https://www.gov.uk/tax-sell-property
[6] https://www.gov.uk/tax-sell-home
[7] https://www.tax.service.gov.uk/calculate-your-capital-gains/resident/properties/

Like the CGT guidance, non-declared participants and accountants described the PRR guidance (see excerpt to the right) as relatively easy to engage with and ideal for those with limited knowledge of tax. However, participants raised questions regarding how the relief will be ‘automatically’ applied and by who.

> **Private Residence Relief**
>
> You do not pay Capital Gains Tax when you sell (or ‘dispose of’) your home if all of the following apply:
>
> - you have one home and you’ve lived in it as your main home for all the time you’ve owned it
> - you have not let part of it out - this does not include having a single lodger
> - you have not used part of it for business only
> - the grounds, including all buildings, are less than 5,000 square metres (just over an acre) in total
> - you did not buy it just to make a gain
>
> You do not need to do anything. You’ll automatically get a tax relief called Private Residence Relief.
>
> If you do not meet all these criteria you may have to pay some Capital Gains Tax.

As discussed in Section 3.2, PRR was an area of confusion for participants, and reviewing the guidance raised some questions about more complex cases. For example, what happens to an individual who owns one home, but lives in a rental property full-time. To make the guidance clearer, participants requested example case-studies of property sellers where PRR was applicable.

The CGT calculator (see excerpts to the right) was seen as an easy, simple tool for quick calculations, but not a complete estimate. While helpful for quick calculations, participants felt that completing the questions required existing knowledge and understanding of CGT obligations. For example, participants felt a seller wouldn’t necessarily know how to work out the difference between improvements vs. repairs on a property, or what constitutes ‘tax losses’. Participants felt further examples of case studies and help text would help to clarify the more technical questions on the calculator.

> **Are you claiming any Capital Gains Tax losses from tax years before 2018/19?**
>
> These are unused losses that are covered by Capital Gains Tax and that you've already reported to HMRC.
>
> Yes No
>
> Continue

> **How much have you spent on improvements since you became the property owner?**
>
> Improvements are permanent changes that raise the value of a property, like adding extensions or garages. Normal maintenance costs don't count.
>
> If you owned the property with someone else, only enter your share of the improvement costs as agreed with your co-owner.
>
> Show me an example

5. Conclusions and ideas to increase compliance

The findings from this study point to further steps HMRC could take to increase compliance, particularly related to contextual and process-related drivers of non-declaring. Addressing the factors that make non-declarers see CGT as a 'soft tax' may in turn elicit a shift in attitudes about CGT, thereby also increasing compliance.

Address complexity – improve the accessibility and usability of HMRC guidance, for example:

- Retain simple, everyday language in guidance, with clear headings and links
- Include more examples, practical 'how-to' guidance and case-study examples
- Ensure guidance reaches property sellers before end of tax year; for example, promote integration with documentation related to sale
- Promote use of calculator / integrate with Self-Assessment tax returns and guidance for 'quick calculations'

Address tax process – improve the process to promote engagement with and declaration of CGT, for example:

- Integrate a prompt or reminder about CGT on a completion statement from a solicitor
- Include a prompt about CGT on land registry applications to change property ownership
- Consider providing accountants and solicitors with access to land registry or other client records on consent
- Encourage estate agents to include reminders and prompts when listing a new property

From April 2020, the payment window for CGT on residential properties will be due within 30 days of conveyancing, rather than at the end of the tax year.[8] Accountants we spoke to felt that the idea of paying within 30 days of conveyance might increase compliance. However, they raised some concerns about its implementation, namely:

- **The change won't address those who deliberately avoid declaring CGT**; for example, those that may be using property gain to reduce debts and therefore prioritise this over paying tax.
- **The shorter window for declaring may lead to rushed calculations and / or further inaccuracies**; for example, sellers may estimate or make up figures.

As a result, accountants recommended that HMRC promote this change across multiple channels and are relatively more lenient in its first year of implementation.

Change attitudes – We know from other tax research that seven in ten people (71%) think tax avoidance is widespread, and 22% believe tax avoidance is 'acceptable in some

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[8] Under current law, in most cases CGT is payable on 31 January following the end of the tax year in which the property was disposed of.

circumstances'.[9] This suggests addressing the attitudinal drivers of non-compliance and changing perceptions of tax more generally and CGT in particular is likely to be challenging. Optimising the current process for declaring CGT may impact attitudes towards paying and encourage compliance. There are a number of changes to communications which may also help to address attitudinal barriers; for example:

- Frame paying CGT as the morally right thing to do, as a way to contribute to funding public services
- Emphasise that paying tax on a second property is a legal obligation, much like other taxes
- Emphasise that not declaring a gain could result in a number of financial repercussions and use case-studies as a way to evidence this
- Emphasise that not declaring could result in reputational risk or impact on ability to purchase property

[9] *Individuals, Small Business and Agents Customer Survey 2017*. HM Revenue & Customs, 12 July 2018. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/721604/488_HMRC_Individuals__Small_Business_and_Agents_Customer_Survey_2017_Report.pdf

Appendix A – Phase 1 and Phase 2 Methodology

Phase 1 (November 2018) comprised a combination of face-to-face and telephone in-depth interviews with participants that had declared a gain. **Phase 2** (January - February 2019) engaged participants that had not declared a gain, and interviews were conducted primarily by telephone (with one completed face-to-face). Both phases sought to engage a range of participants by method of acquisition for the second property, income band, and experience of filing a Self-Assessment (SA) tax return. Both phases also sought to include a mix of experience of using an agent for SA returns. See sample table below for additional detail.

	PHASE 1: DECLARED	PHASE 2: NOT DECLARED
TOTAL DEPTHS	**20**	**8**
Of which face to face	14	1
Of which by telephone	6	7
PRIMARY QUOTAS		
METHOD OF ACQUISTION		
Buy-to-let/investment property	13	5
Inherited	2	1
Second home	5	2
INCOME BAND		
up to £15, 000 per annum	6	1
£16, 001 - £32,000 per annum	4	1
£32, 001 £75,000 per annum	5	3
£75,0001 to £150,000 per annum	4	1
Over £150,000 per annum	-	-
Unemployed	1	2
Refused	-	-
Don't know	-	-
FINANCIAL EXPERIENCE		
Previously filed SA	18	6
Not filed SA before	2	2
SECONDARY QUOTAS		
USE OF AGENT		
Use an agent for SA returns	2	3
Do not use an agent for SA returns	18	1
Use an agent other than SA returns	-	4

Appendix B – Phase 3 Methodology

Phase 3 (March 2019) engaged accountants who had experience of working with clients that have sold a second property in the last three years. All depth interviews were conducted over the phone.

TOTAL DEPTHS	
Accountants	9
PRIMARY QUOTAS	
SIZE OF BUSINESS	
1-10 employees	3
11-19 employees	2
20+ employees	4
CGT Experience	
Dealt with client who sold second property in last 18 months	5
Has dealt with client who has disposed of a second property in past 3 years	4
CLIENT'S METHOD OF ACQUISITION	
Buy-to-let/investment property	4
Inherited	0
Second Home	5

Appendix C – Recruitment and challenges

There were several challenges experienced in carrying out this research relating to both the recruitment approach and the interview method for non-declared participants (Phase 2).

Over half of the available sample (n=226/430) had no telephone number, numbers were disconnected, or were otherwise screened out (see below for further detail).

Sample issue	Number (n / 430)
No telephone number listed in sample	101
Telephone number listed was disconnected	52
Telephone number did not belong to named contact	13
Telephone number listed had call barring	5
Telephone number belonged to agent of respondent	10
Respondent did not meet eligibility requirements for research (e.g. lived in property the whole time)	45
TOTAL	**226**

In particular, non-declared participants were difficult to recruit, and many never responded to phone calls after multiple follow up calls (n=75). Among those where contact was made, many respondents expressed concern over the purpose of the research, and there was a high number of refusals to take part (n=110) as well as dropouts during the fieldwork period (n=2).

Given the recruitment challenges, there are a number of recommendations for future research that seeks to engage these audiences in particular, but also for projects exploring non-compliance more generally:

- Review and confirm quality of sample prior to research to maximise usability of sample
- Consider alternative framing to research when inviting participants to take part in the research e.g. do not include HMRC letter-headed paper and describe research more generally
- Consider alternative approaches to face-to-face interview e.g. video conferencing to address participant concerns