

Tax credits: income, work and hours

HM Revenue and Customs Research Report 110

**Suzanne Hall
Brian McIntosh
Nathan Burrough**

Ipsos MORI Social Research Institute

July 2010

Disclaimer

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

© Crown Copyright 2011 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, February 2011

<http://www.hmrc.gov.uk/index.htm>

Acknowledgements

Many thanks to Megan Gray and Lindsey Jarvis at HMRC for advice and guidance throughout this project.

Thanks also to our many colleagues at Ipsos MORI who helped with recruitment, fieldwork and analysis, especially Tim Martin and Saralyn Chaloner in our Manchester office; Jason Davis and Neil Wykes in Edinburgh; and, Clare Mansfield in London.

Glossary of abbreviations

HMRC	Her Majesty's Revenue and Customs
PAYE	Pay As You Earn
JCP	Jobcentre Plus
TCO	Tax Credit Office

Table of contents

Concise Findings	i
Executive Summary	iii
Chapter 1 – Introduction	1
1.1 Context of the research.....	1
1.2 Research objectives.....	2
1.3 Research methodology.....	2
1.4 Sampling and recruitment.....	3
1.5 Interviews and research materials.....	4
1.6 Presentation of findings.....	4
Chapter 2 – Research participants and their understanding of tax credits ... 6	
2.1 Specific working situations and other personal factors that appear to lead to difficulties with tax credits processes.....	6
2.1.1 Working variable hours.....	7
2.1.2 Temporary and multiple jobs.....	7
2.1.3 Seasonal work.....	7
2.1.4 Migrant workers and those speaking English as a second language.....	7
2.1.5 Overtime.....	7
2.1.6 Self-employed.....	8
2.1.7 Experiencing significant changes in household composition.....	8
2.1.8 Joint claimants.....	9
2.1.9 Disabled and long-term sick claimants.....	10
2.2 A general typology of tax credits customers.....	10
2.2.1 Overall financial confidence.....	11
2.2.2 Dependency on tax credits assistance.....	12
2.2.3 Description of the typology.....	12
2.3 Understanding of and attitudes towards the tax credits system.....	14
2.3.1 Understanding of the tax credits system.....	14
2.3.2 Attitudes to tax credits.....	16
Chapter 3 – New customers’ experiences of claims form 18	
3.1 Ease of Completion.....	18
3.2 Ease of providing HMRC with relevant information.....	19
3.3 Completing the Form - Section 4 and Section 5.....	20
3.3.1 Section 4.3: How many hours a week do you normally work?.....	20
3.3.2 Section 4.4: If you have stopped claiming or will stop claiming.....	21
3.3.3 Section 4.5: If you are aged 50 or over.....	22
3.3.4 Sections 4.6 to 4.11: ‘Employment details’ section.....	22
3.4 Income Details.....	24
3.4.1 Section 5.1: If you are receiving or have recently claimed any of the following... ..	25
3.4.2 Section 5.2: Information Text.....	26
3.4.3 Sections 5.2 to 5.5: ‘Your Income’ section.....	27
3.4.4 ‘Other Income’ and ‘Estimated Income’ section.....	30
Chapter 4 – Understanding and experience of the renewal process 32	
4.1 Customers’ understanding of the renewals process.....	32
4.2 Understanding and checking the annual review form.....	34
4.3 Completing the declaration form.....	34
4.3.1 Before You Start.....	34
4.3.2 Part 1: Certain Benefits.....	35
4.3.3 Part 2: Income.....	35
4.3.4 Part 3: Personal Circumstances.....	36
4.4 Attitudes to renewing by telephone.....	36

4.5	Autorenewals.....	37
Chapter 5 - Help and Support		38
5.1	Introduction.....	38
5.2	Formal Support Mechanisms	38
5.2.1	HMRC Guidance booklet.....	38
5.2.2	The telephone helpline.....	40
5.2.3	HMRC Enquiry Centres.....	42
5.2.4	Jobcentre Plus.....	42
5.3	Informal Support Mechanisms.....	42
5.3.1	Friends, family and colleagues.....	43
5.3.2	Employers.....	43
5.3.3	Accountants.....	43
6.1	Help and support delivered by HMRC.....	44
6.2	Making it easier for customers to meet their obligations.....	45
Appendices.....		47
	Discussion Guide: Long Term Claimants.....	47
	Discussion Guide: New Claimants.....	72
	Discussion Guide: Scenarios.....	91

Concise Findings

Background and objectives

- A qualitative study with tax credits customers designed to explore their understanding of and difficulties faced when reporting income, working status and hours worked for tax credits purposes.
- 55 face-to-face qualitative interviews conducted with a wide variety of tax credit claimants, including both long term and new customers.

Personal factors that impact on tax credit claims

Engagement and understanding of the system were both influenced by the following factors (which are not ranked in any particular order);

- Complex working patterns such as variable hours;
- Temporary contracts and multiple employment during the year;
- Seasonal work;
- Being a migrant worker or having English as a second language;
- Working overtime;
- Self-employment;
- Experiencing significant changes in household composition;
- Joint claims; and
- Claimants with a disability or long term illness.

Views of the new claims pack

Section 4 and 5 of the application form caused a number of problems that led to mistakes (full question wording can be found in the Tax Credit Claim Form in the appendices);

- Section 4.3: Customers were uncertain how to best present their hours. Those working variable or flexible hours in particular found it hard to say what they 'usually' work;
- Section 4.4: Terminology in this section was considered complex and confusing. The explanation text is very long rather than clear and systematic;
- Section 4.8, 4.10 and 4.11: Customers did not know how to find this information. Some were unclear what was being asked for, while those who understood, failed to know where to find the information;
- Section 5.2: The introductory paragraph was often ignored and the terminology used was considered to be confusing ; and
- Section 5.6: Application of the £300 deduction calculation was considered confusing.

Views of the renewal process

- More engaged and experienced customers found completing the annual declaration form straightforward. They understood the importance of using their P60 to do this.
- Experienced customers did not usually read the first page of the Annual Declaration form as they felt they already knew what was required of them. There was no evidence that this led directly to mistakes being made.
- The annual renewal form posed few problems, but very little attention was paid to checking it.

Sources of help and support used by customers

- Help and support to manage a claim is vital, but use of the guidance booklet was low, even though perceptions of it were broadly positive. The exception to this were those who most needed help who tended to find the guidance daunting and inaccessible.
- The telephone helpline was generally viewed positively, particularly by those with low levels of numeracy and literacy.
- Jobcentre Plus was seen as the natural place to seek assistance if customers had previous or ongoing relationships with staff.
- Informal sources, including friends, family and colleagues, were used as a 'first port of call'. In many cases, however, the information received was either negative or inaccurate.
- Self-employed customers commonly had an accountant and often used them to complete and manage their claim.

Suggestions for improvements

Two distinct types of recommendations for improvement were made by customers;

- Improvements to help customers meet their obligations by training telephone helpline staff to a higher level or by creating subject matter experts.
- Improvements to help customers take greater control of their claim by addressing the language, layout, and integration of guidance in the application form.

Executive Summary

Background and objectives of the research

This report details findings from a qualitative study with tax credits customers designed to explore their level of understanding and any difficulties in reporting their income, their working status (e.g. full-time or part-time) and the number of hours worked for tax credits purposes.

Ipsos MORI conducted 55 face-to-face in-depth interviews with a sample of long-term and new tax credits recipients to explore a full range of views and experiences among those in a range of work situations, differing household structures, characteristics and incomes. Interviews involved a broad discussion around customers' attitudes to tax credits and financial management, as well as more detailed cognitive testing of the income and work sections of the tax credits forms.

Personal factors have an impact on tax credits claims

The key issues that influenced how well participants engaged and understood the tax credits system were;

- Complex working patterns such as variable hours;
- Temporary contracts and multiple employment during the year;
- Seasonal work;
- Being a migrant worker or having English as a second language;
- Working overtime;
- Self-employment;
- Experiencing significant changes in household composition;
- Being part of a joint claim; and
- Whether they had a disability or long-term illness.

A typology of tax credits customers

By exploring attitudes and behaviours of claimants this research suggested a typology which divided customers into four groups based around the two axes of overall financial confidence or acumen and the degree of dependency on tax credits.

Within this typology, the “**organised and engaged**” group were confident dealing with their finances, and depended on their tax credits, so engaged positively with the system. The other group of customers who demonstrated financial competence were those termed “**complacent**”, who were financially organised but did not depend on their tax credits award and saw the money as a ‘nice to have’. The third group, classified as “**disinterested**” **group** also tended not to rely on their tax credits award but lacked financial confidence and so disengaged from the tax credits system sometimes leading to errors in their claim.

Finally, those who lacked confidence financially *and* depended on their tax credits award were termed as “**at risk**” of making errors in their claims as they did not have a good understanding of what was required of them by HMRC and why. They appeared to be at highest risk of making errors in their claims.

Customers’ understanding of the tax credits system

While most customers felt they understood how the tax credits system worked, the details of eligibility criteria and the purpose of the tax credits system were not understood, nor were all rules around reporting changes in circumstance and the £25,000 income disregard.

Customers’ views of making a new claim¹

‘At risk’ customers were the most likely to struggle because of the general problems they had with ‘official paperwork’, whilst all other customers found the process less problematic and were usually capable enough to be able to gather the required information and documentation (such as P60s) to complete the form accurately. However, having the correct information or knowledge, did not always translate into an accurate application and customers who worked variable hours or multiple jobs were susceptible to making errors, regardless of which group within the typology they tended towards.

Completing work details (Section 4) on the application caused a number of specific problems for applicants. Customers who worked variable hours struggled to work out how many hours a week they usually worked. There were also issues with overly complex and confusing terminology and finding specific information requested (e.g. PAYE tax reference, payroll number and employer’s pay office address).

There were other problems in providing income details (Section 5) with customers not reading the introductory text that explained questions, struggling where the list of benefits was not comprehensive, and again being confused by terminology such as ‘taxable social security benefits’. Errors also occurred as a result of customers misreading the form, such as salary details being entered incorrectly and in the wrong sections.

Customers’ views of the renewal process

Those in the ‘organised and engaged’ and ‘complacent’ categories generally found completing the annual declaration form straightforward because of their familiarity with the process (e.g. understanding the importance of using their P60 to complete the form) and

¹ Materials used in interview included the Tax Credits application form for 2009 and the revised accompanying guidance notes for 2010

their tendency to have more stable circumstances. However, those in the 'at risk' group were more likely to struggle as they did not have the relevant information to hand or had worked multiple or seasonal jobs over the last 12 months.

The annual renewal form posed few problems, though very little attention was paid to checking it; those from the 'complacent' and 'disinterested' groups often took no more than a cursory glance at the information provided while only the 'organised and engaged' were likely to check the information thoroughly.

Sources of help and support used by customers

While all customers spoke of the importance of help and support in managing their claim, few actually used the guidance booklet. Typically, 'complacent', 'disinterested' and 'organised and engaged' customers were happy with the guidance but rarely used it, while those deemed as being 'at risk' needed the guidance, but found it daunting and inaccessible.

The telephone helpline was generally viewed positively, particularly by those with low levels of numeracy and literacy. Staff were considered to be both helpful and knowledgeable which in turn meant they were trusted.

Face-to-face support was less widely used but considered helpful, particularly Jobcentre Plus for those in receipt of other benefits (many of whom were also in the 'at risk' group).

Informal sources of help and support such as friends, family and colleagues were often used as a 'first port of call' for information although their information was sometimes either negative or inaccurate. Some customers were offered assistance from their employer in claiming, more commonly in small workplaces.

Self-employed customers with an accountant often used them as support to complete and manage their claim. The main risk associated with this however, was that customers became disengaged from the process and failed to build an understanding of how the tax credits system worked.

Suggestions for improvements

Recommendations for improvement were split into those that could be delivered by HMRC and those that would make it easier for customers to meet their obligations. Customers felt the telephone helpline could be improved by providing greater training for staff or alternatively creating subject matter experts. This would increase customer confidence and satisfaction in the service, but could also increase reliance.

Alternatively, to help customers take greater control of their claim, the language, layout, and integration of guidance could be addressed e.g. by highlighting the difference between the numerous forms.

Chapter 1 – Introduction

Summary Box - Introduction

This report details findings from a qualitative study with tax credits customers designed to explore their level of understanding and difficulty experienced in reporting their household income, working status and the number of hours worked (i.e. their income, work and hours) for tax credits purposes.

To do this, Ipsos MORI conducted 55 in-depth interviews with a range of customers. The interviews were held with both long-term (i.e. those who had been through the renewals process) and new customers, who had a range of work situations (including the self employed), differing family structures and household incomes. In addition, interviews were conducted with migrant workers and people who were affected by a long term health condition or disability. Interviews involved a broad discussion around customers' attitudes to tax credits and financial management, as well as more detailed cognitive testing of the income and work sections of the tax credits forms.

The interviews were all conducted face-to-face to enable moderators to observe customer behaviour, to create as realistic a scenario as possible when it came to asking participants to complete the forms and to allow for the use of stimulus material. This ensured that we received detailed feedback which was analysed rigorously in regular debriefing and coding sessions held among the project team.

This report contains findings from qualitative research among the tax credits customer population undertaken by Ipsos MORI Social Research Institute on behalf of HM Revenue & Customs (HMRC). In this introductory section we set out:

- The context of the research;
- The research objectives;
- The methodology used to conduct the research;
- The sampling and recruitment process;
- Details of the interviews and research materials; and
- How the findings are presented.

1.1 Context of the research

Working Tax Credit & Child Tax Credit were introduced in 2003 with three overarching aims:

- To provide adequate financial incentives to work;
- To reduce child poverty; and
- To increase financial support for all families.

They were designed to be flexible and responsive to customers' lives. Consequently customers should report changes in their circumstances as and when they happen so their claims can be adjusted immediately where applicable. However, this can cause overpayments or underpayments if procedures are not followed correctly or if customers are

unclear of what they need to do. Errors in income, work and hours, were estimated to cost HMRC £510m in 2007/08. HMRC therefore wishes to discover sources of error related to income, work and hours as part of its overall aim of reducing tax credits error and fraud to no more than 5% of entitlement by March 2011.

1.2 Research objectives

The overall aim of the research was to explore understanding of the income and work details sections on both the initial tax credits claim form and renewals documents and to test these sections 'cognitively'² to determine detailed levels of understanding and common sources of error. It also aimed to help HMRC to understand which types of customers encounter specific problems, and to inform the development of forms and processes to reduce customer error. Specifically, the following objectives were addressed by this research;

- Exploring overall customer understanding of the tax credits system;
- Investigating understanding of key concepts, questions, and processes, which allow a judgment on whether the forms are meaningful to the participants; and probe on their understanding of specific terms and language used;
- 'Cognitively testing' materials relating to the income and work sections of both the claims form and the renewals form and exploring participants' understanding of materials, such as written information or forms; and
- Identifying customer perceptions of the various available sources of help and support.

1.3 Research methodology

HMRC identified two key customer groups for the research: 'new customers' who had been claiming tax credits for under a year and therefore had not gone through the renewals process; and 'long-term customers' who had been claiming for more than a year and had been through the renewals process at least once.

A qualitative approach was used to discuss issues in detail with participants and gain insights into people's backgrounds, opinions and behaviours. Ipsos MORI conducted 55 'in-depth' interviews face-to-face in customer's homes between 22 February and 25 March 2010 in Birmingham, Manchester and Liverpool. The key aims were to:

² Cognitive testing is a qualitative technique which allows researchers to explore participants' understanding of materials, such as written information or forms. We tested the materials associated with both the claiming and renewals process

- Observe important signals given through body language, such as confusion over specific aspects of the forms;
- Create realistic settings for customers to complete their forms;
- Establish a good level of trust between interviewers and participants which was important when the discussion touched on sensitive issues such as household finances; and
- Use appropriate visual stimulus materials including copies of official HMRC forms, guidance documents and illustrative paperwork such as a P60.

1.4 Sampling and recruitment

The sample for all groups was provided by HMRC from its administrative records of tax credits customers. Participants were then contacted by letter in which they were given the opportunity to opt out, followed by recruitment for interviews by telephone. The following table outlines the profile of the achieved sample.

Achieved sample profile

Claim Type				
15 new customers			40 long-term customers	
Work Status				
5 FT, new claim	16 FT, old claim	21 Part-time	5 not working	8 self-employed
Family Structure				
16 single, no children	14 lone parent family	6 couple, no children	19 couple with children	
Earnings				
18 x £0-10k	22 x £11-25k	8 x £26-40k	7 x £41k +	
Renewal Type				
14 by telephone			26 by paper form	
Age				
19 x 16-34yrs		17 x 35-50yrs		19 x over 50

Across the sample shown above, further sub-groups were also covered:

- Eight migrant workers, two of whom were recent migrants;
- Six people who had more than one job;
- Ten people who worked variable hours;
- Eight people who had changed jobs recently, and
- Nine people who were affected by a long-term health condition or disability.

1.5 Interviews and research materials

All interviews were conducted by skilled qualitative and cognitive testing researchers with experience in conducting research into tax credits. Interviewers used semi-structured³ discussion guides to ensure the same key topics were covered in all the interviews. Interviews lasted between one to one and a half hours, and an incentive of £30 cash was paid (or £50 for a paired or filmed depth interviews). All discussion guides are included in the Appendix.

In 19 households, where respondents were in a couple and made joint financial decisions, a paired 'in-depth' interview was conducted with both individuals.

1.6 Presentation of findings

This report is structured into six chapters and an annex:

Chapter 1 is the **introduction** to the report.

Chapter 2 describes the **customers' profile** and explores their **understanding of the tax credits system**.

Chapter 3 looks at **new customers experiences of claims form**.

Chapter 4 examines **customers' attitudes to the renewals process**.

Chapter 5 uncovers the sources of **help and support** used by customers.

Chapter 6 details **suggestions for improvements** to the forms and the support offered to customers.

The **annex to this report** and **includes all the interview materials** used.

It is important to note that findings in this report are not statistically representative of the views of all tax credits customers. Qualitative research is designed to be illustrative and exploratory and provides insight into the perceptions, feelings and behaviours of people rather than conclusions from a robust, quantifiable valid sample. The perceptions of participants make up a considerable proportion of the evidence in this study, and it is important to remember that although such perceptions may not always be factually accurate, they represent the truth to those who relate them.

³The interviews followed a discussion guide (see Appendix) agreed with HMRC, but interviewers were free to use their discretion to explore related emerging issues in the course of discussions or focus on areas that were particularly relevant to that customer.

Throughout the report, quotes from participants are used to illustrate points. It is important to remember that the views expressed in these do not always represent the views of the group as a whole, rather they are reflective of, at least, a small number of participants.

Chapter 2 – Research participants and their understanding of tax credits

Summary Box: Understanding of tax credits

Specific working circumstances and other personal factors that caused difficulties on tax credit claims are highlighted below, in no particular order:

- Complex working patterns such as variable hours;
- Temporary contracts and multiple employment during the year;
- Seasonal work;
- Being a migrant worker or having English as a second language;
- Working overtime;
- Self-employment;
- Experiencing significant changes in household composition;
- Being part of a joint claims; and
- Whether they have a disability or long-term illness.

A typology of tax credits customers was developed based on financial confidence and dependency on tax credits.

The four groups established within this typology were classified as;

- **'organised and engaged'** - those who were confident when dealing with their finances and depended on tax credits, so positively engaged with the system.
- **'complacent'** - these customers were financially organised, but did not depend on their tax credit award.
- **'disinterested'** - those who also tended not to rely on their tax credit award but lacked financial confidence and so disengaged from the tax credits system.
- **'at risk'** - those who lacked confidence financially *and* depended on their tax credits award. This group did not have a good understanding of what was required of them by HMRC and why, and were at highest risk of making errors.

Customers reported a high level of understanding of the tax credits system but this did not bear out under detailed questioning. Reporting changes in circumstance caused the most confusion; with some claimants stating they would not report certain changes or would leave reporting until renewals.

In this chapter we describe how different aspects of peoples' lifestyles and circumstances

had an impact upon their understanding and approach to tax credit claims. It covers:

- Specific working situations and other personal factors that appear to lead to difficulties with tax credit processes;
- A general typology of tax credits customers; and
- How this typology relates to understanding and attitudes to the tax credits system.

2.1 Specific working situations and other personal factors that appear to lead to difficulties with tax credits processes

This section outlines the specific working situations and other personal factors which would appear to lead to difficulties for people in engaging with the tax credits process.

2.1.1 Working variable hours

Many participants had complex work patterns, for instance not working fixed hours and/or undertaking different amounts of paid work each week. This tended to make it more difficult to complete their income, work and hours accurately on the initial application. Some gave an estimate of their weekly hours, some reported the average hours they worked each week, whilst others recorded the number of hours they had worked the previous week. These customers typically understood the link between the wages they were paid and the size of their tax credits award, however this did not always mean that they understood their responsibility to inform HMRC of these, sometimes weekly, changes. Rather, there was a strong sense that variable working hours would 'even themselves out' over the year.

2.1.2 Temporary and multiple jobs

The notion of an annual income meant little to customers who worked temporary or multiple jobs. They also found it more difficult to confirm their annual income without a P60, as there were multiple jobs to include. This led to difficult calculations or income being overlooked. Similar to those working variable hours, the obligation to inform HMRC of these frequent changes in income was seldom met. Amongst the small number of '**organised and engaged**' customers who worked temporary or multiple jobs, it was only those who retained *all* of their P60s that were able to cope with these circumstances.

2.1.3 Seasonal work

As well as encountering similar issues to those who held temporary and multiple jobs, seasonal workers found reporting their income more complicated as they tended to think of their employment in periods (e.g. summer to summer) rather than the financial year.

2.1.4 Migrant workers and those speaking English as a second language

The issues surrounding variable hours and temporary or seasonal contracts were particularly prevalent among migrant workers. In addition, language barriers meant they had to translate forms from English in order to understand them. While these customers were grateful for the tax credits system, they reported that they often had to guess at what was being asked as they did not entirely understand the terms being used.

2.1.5 Overtime

More widely, many customers were in jobs where they were or could do occasional paid overtime. This caused issues in reporting changes to HMRC as some were aware that the forms asked them only to record work and earnings in a 'normal week', whilst others felt so removed from the tax credits process that they failed to even consider reporting it. Overtime

was regarded as exceptional (even when it was undertaken regularly) and most participants felt this absolved them of the responsibility to report this additional income to HMRC.

2.1.6 Self-employed

Customers who had assistance from accountants were almost exclusively self-employed; each using their accountant in a slightly different way. Accountants had the requisite information to hand as well as bringing an expertise to the process. One couple stated that by themselves, they did not have confidence to complete the form accurately, so used their accountant. If this resource had not been available, they would have struggled, possibly making errors in the process. Another couple calculated their invoices and then passed this on to their accountant with receipts and expenses to calculate their total income.

"I'm no good at that so I just give everything to [the accountant] and he sorts it out"

Paired depth, long-term customer, Birmingham

Overall, it was clear that self-employed customers found it difficult to get a clear understanding of their annual income for the purposes of claiming tax credits. Due to the various calculations and deductions required, they considered this too complicated to undertake themselves. Having access to an accountant was therefore key in making this process more straightforward for them.

2.1.7 Experiencing significant changes in household composition

Significant changes in a household, such as a break-up or a new partner moving in, can affect income levels and therefore needs to be reported to HMRC. Often, however, these changes were not straightforward and it was difficult for customers to be specific about exactly when the changes occurred or to report them within the specified time limit. Due to this uncertainty, as well as the associated stresses of the change, participants often delayed dealing with their tax credits claims, potentially leading to an over or underpayment.

Furthermore, following a break-up, one party may be left to manage their tax credits for the first time. In the research, this situation predominantly, though not exclusively, applied to women. We found cases where a lack of confidence and knowledge led to errors on the work and income sections of the forms, as highlighted in the case study below.

Case study: The impact of a household break-up

Joanna lived in the suburbs of Birmingham with her son, aged 26 years old. She described having to make a number of changes to her life when she and her husband separated five years ago. She stated that he always used to complete the paperwork which related to their finances – it was not something that she had to worry about or pay attention to as he took responsibility for it all.

Therefore, when her husband left, she not only struggled financially due to her low income, but she also found it difficult to work out what her obligations to HMRC were. Additionally, she stated that dealing with HMRC was not her priority at this stressful time. By the time Joanna felt able to call HMRC to inform them about the change in her circumstances, she had already received an overpayment of £800. She felt this was unfair and as though she was being penalised for having been through a difficult time in her personal life.

It was only after having handled her tax credits claim on her own for five years that she was starting to feel comfortable with what she needed to do, and when.

Becoming pregnant was also considered to be a change to household composition that complicated tax credits claims. With a variety of related changes occurring (working hours, income, household composition), some claimants found that HMRC staff were unsure of the impact this change would have on a customer's award and this in turn not only frustrated customers, but also damaged their confidence in HMRC.

Most changes to household composition are not reported within the required one month period. In fact, there was some evidence of some customers who chose not to report a new relationship, instead using the system to increase their short-term income. This 'extra' money was either used to cover lost income in a break-up, or cover increased costs, such as increased council tax or new furniture when a partner moves in.

2.1.8 Joint claimants

In households where joint claims were made there was more potential for errors on the income and work sections of the forms, because the forms were usually completed, and the claim managed, by one person alone. This was evident in many paired interviews where customers told us in advance that they completed their forms together, but it soon became apparent that one person took a dominant role, while the other performed a checking function at most. In these cases the accuracy of the information relied on couples communicating effectively. However, information sharing was poor in many households. The person completing the form did not always use their partner's P60 or know the precise details of their partners' earnings or hours and so tended to put estimates on the forms, hoping that over the course of the year their figures would 'balance out'.

Information sharing in joint claims was also complicated by the fact that the household received two copies of all the relevant forms. Although only one form was usually completed, customers were unsure *why* they received two award notices or renewal packs for a joint claim and said that this did little to foster a sense of joint responsibility or information sharing⁴.

"I know it sounds flippant but why can't they do all this [filling in figures they know] themselves...would save loads of money...all this paperwork being sent out in duplicate to husband and wife must be costing them a fortune"

Female, long-term customer, Manchester

2.1.9 Disabled and long-term sick claimants

A small number of disabled and long-term sick customers also reported struggling to complete the initial application process. Receiving disability benefits appeared to confuse matters, in particular, the completion of the work and income sections. These customers were unsure of the relationship between the different streams of income they received and were unsure of what the impact Disability Living Allowance would have on their tax credits claim and vice versa. More generally, the language and phrasing used was felt to be difficult to understand and, in one case, the text stating *'are you still classed as disabled'* was cited as being unclear and confusing.

Disabled and long-term sick customers relied on formal and informal face-to-face help and support, either from Jobcentre Plus, local disability charities or friends and family. The perceived complexity of the application meant that this personal support was deemed most appropriate in these cases. The ability with which helpline staff dealt with queries on this topic was reported as a concern and this was another reason why face-to-face services were used more extensively. On prompting disabled customers, none were aware of the term 'disadvantage test'.

2.2 A general typology of tax credits customers

As well as customers' personal circumstances, their behaviours and attitudes strongly influenced how they approached both making and managing their tax credits claim. To help with understanding how these attributes influence behaviours, we have developed a typology of customers. The typology is structured around two axes - financial confidence and level of financial dependence on tax credits.

⁴ This duplication has subsequently been addressed by HMRC.

2.2.1 Overall financial confidence

Financial confidence refers to customers' understanding, views and behaviours towards their finances, which varied substantially.

At the one extreme, some customers lacked financial acumen altogether and freely admitted that they struggled to manage their household finances. Furthermore, they were often unable to tell us how much their tax credits award was – they simply did not pay enough attention to their finances to know this information. These customers tended to be comfortable with debt; indeed many had large debts and were currently paying back loans, credit card bills and catalogue purchases.

This lack of attention to finances appeared to have two distinct drivers. Firstly a lack of confidence with official paperwork and financial matters (particularly among those on low incomes) was common. For instance, those that had claimed other benefits had an impression that *all* government forms were confusing and required specialist help in order to complete them. The second driver was low levels of literacy and numeracy. They felt that dealing with such matters was beyond their capability.

At the other end of the spectrum, some customers demonstrated sophisticated budgeting techniques. In some cases these customers had low household incomes and were forced to budget out of necessity. Typically these customers put lots of time into dealing with financial matters and had organised filing systems in which they kept relevant paperwork.

“When I looked for the renewals forms, my P60 was right next to them...I keep all the forms for about a year, until next year's details come through”

Male, long-term customer, Liverpool

However it should not be assumed that these budgeting mechanisms meant that such customers found dealing with their finances an easy task; indeed, they still spoke of how the language around finance was confusing and, to an extent, off-putting. Rather, financial confidence was a skill they felt they had acquired through practice and by seeking help.

Case study: The organised customer

Michelle was a long-term customer and lived with her two teenage sons. She worked 9.5 hours a week at a school and also did voluntary work at the same school. She attended college one evening a week where she was training for an NVQ to be a teaching assistant. She had been **claiming Child Tax Credit for the last five years with no problems at all**. She filled in the renewals forms by paper every year as soon as she received it. It took her about **15 minutes** once she sat down with a mug of coffee and a cigarette. Michelle appeared to have a very clear understanding of what she needed to do and was on top of all her paperwork. She liked to be **in control and confront any potential problems straightaway**.

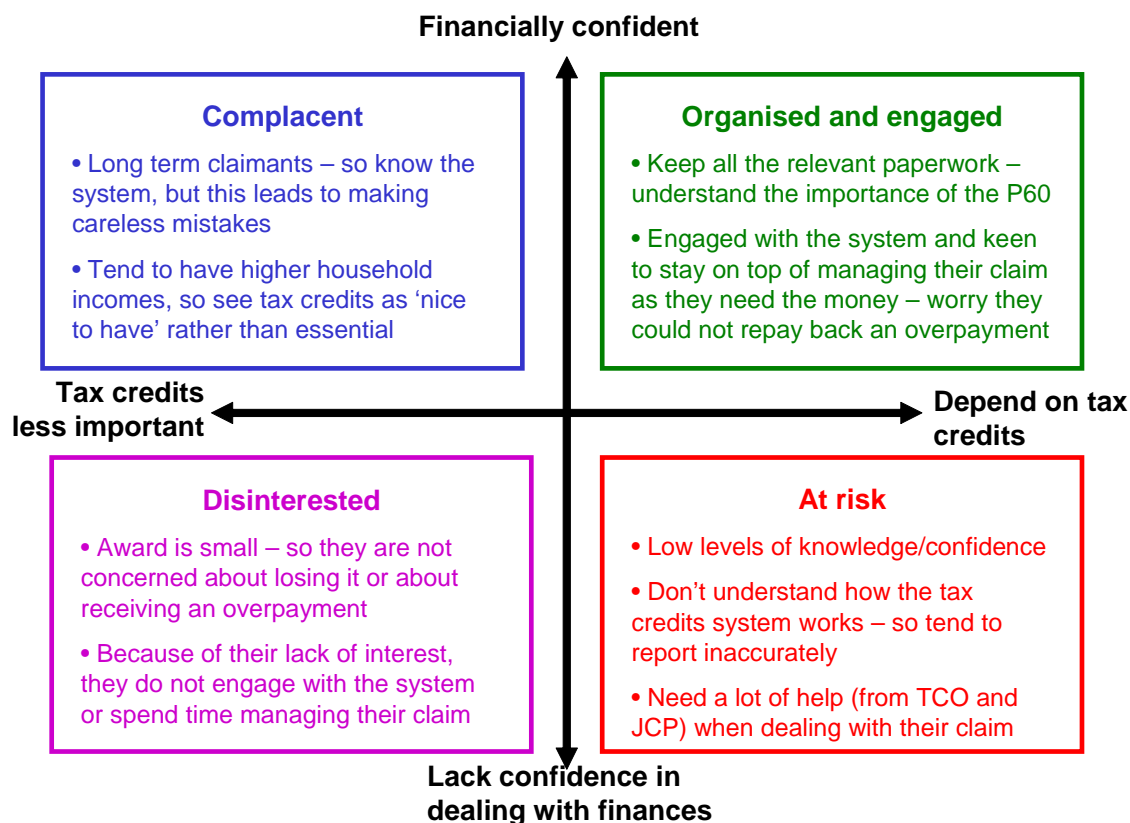
Michelle had a filing system for all her domestic paperwork. She had a separate lever arch folder for all tax credits correspondence which she filed in date order. She was able to locate all her relevant documents with both confidence and ease.

2.2.2 Dependency on tax credits assistance

The second axis of the typology is the extent to which customers are financially dependent on their tax credits. For those who had higher household incomes, their tax credits enabled them to cope better with unexpected financial shocks (such as paying bills that were larger than expected or funding essential repairs to their home). These customers typically saw their tax credits award as a welcome, but not essential, additional stream of income. This was compounded by the fact that their award was usually quite small, to the extent that some said they would not really miss it were they no longer eligible to make a claim. At the other extreme, some customers were hugely dependent upon their award and simply would not be able to cope without it. In these cases, tax credits represented a significant proportion of customers' total income.

2.2.3 Description of the typology

Using the two axes described above the customer typology is summarised in the chart overleaf.



Typically, those classed as '**organised and engaged**' were on low incomes and therefore quite dependent on tax credits. They therefore believed it was important to actively manage their claim to avoid any overpayments which they might struggle to repay. Thus they developed a systematic approach to managing their claim, keeping thorough and detailed files to assist in managing their claim, whilst also taking care to read all tax credits guidance and using the helpline for clarity and reassurance. They kept in regular contact with HMRC, often to the point where they *over-reported* changes in all their circumstances.

The group of customers classed as '**complacent**' were also considered financially confident. While they understood how to manage their money, this group tended to have higher household income and were subsequently less dependent on their tax credits award. It was therefore seen as a welcome additional extra rather than an essential income stream. This group were confident that they understood the tax credits process, due to commonly being long-term claimants, and did not feel that they needed help to manage their claim. However, this perceived high level of knowledge about the tax credits system, combined with the fact that this group did not rely on their award led to complacency and small errors being made during the renewals process.

Similar to the 'complacent' customer group, there was another group who tended to have higher household incomes and not to rely on their tax credits award. They lacked confidence and experience in dealing with financial matters and have consequently been labelled as '**disinterested**'. This group were largely disengaged from the tax credits system, doing only the minimum needed to receive their award. As they were only receiving a small award, they felt they could easily pay back an overpayment should one occur. Even though most were long-term customers, they lacked both a thorough understanding of their responsibilities in managing their claim, and received the majority of guidance from friends. Both of these factors lead to errors, details of which are discussed in more detail in chapters 3 and 4.

The final group of customers comprised those who lacked confidence in dealing with their finances and the tax credits system in particular, but also those who relied on the money they received from their award. This group have been termed as being '**at risk**'. Typically, they tended to be on low incomes, have unstable personal circumstances, be in unskilled employment and to have spent time on other benefits (such as Jobseeker's Allowance or Income Support) in the recent past. The lack of confidence, coupled with their reliance on the money they received via the tax credits system, led them to actively seek sources of help and advice when completing their claim form or handling the renewals process, such as the helpline and staff at Jobcentre Plus. However, in many instances, this help and support still did not prevent them from making errors due to their low level of knowledge and understanding about what was required of them by HMRC and why.

2.3 Understanding of and attitudes towards the tax credits system

In the final section of this chapter we briefly describe customers' understanding of the tax credits system and their attitudes towards it in relation to the above typology.

2.3.1 Understanding of the tax credits system

Spontaneously, many interviewees, particularly in the '**complacent**' and '**organised and engaged**' typologies, felt they had a good understanding of how the tax credits system worked and, specifically, what was required of them to manage their claim accurately. However, these self-reported levels of understanding were not always demonstrated when discussing specific aspects of the tax credits system. For example many participants across all typology groups lacked understanding of the eligibility criteria. Some thought that they were only for those on very low incomes such as those only in receipt of the National Minimum Wage, while others believed that only those with children were eligible to claim.

"I heard about them from a mate at work who earns a similar amount to me. I had heard about them some time ago, but hadn't done anything about it – I thought I earned too much"

Male, new customer, Liverpool

Awareness of the £25,000 income disregard⁵ was very low. However, despite this lack of knowledge, customers generally appeared to manage their award in line with the regulations set out by the income disregard rule. For example, customers who did not report changes to their income that were less than £25,000 within year, did not do so due to their awareness of the rule, but rather because of other factors, such as a lack of engagement with the system or a chaotic lifestyle. The small number of people who were aware of the £25,000 disregard came from the **'organised and engaged'** group. However, even they lacked an understanding of what it meant, and how it should be applied to the management of their claim. In fact, it was typically these customers that chose to over-report *any* changes in circumstances due to concerns about receiving an overpayment.

There was also a lack of understanding in all typology groups about why HMRC needed customers to provide so much information about their working situation. In particular, there was a strong tendency to think that HMRC already had the information it needed (i.e. employment details as a result of their paying tax) and this led some customers to omit information if they do not have it easily to hand.

When discussing the case studies⁶ about changing circumstances in income and work (which can be found in the appendix to this report), participants often said that they knew they should report the hypothetical changes to HMRC, but most (with the exception of the **'organised and engaged'**) would wait until the renewals period to do this. There was little imperative to report these changes sooner as customers were under the impression that the change would not affect their award until this point.

"What's the point, they're not going to do anything before renewal anyway?"

Female, long-term customer, Liverpool

This misconception was most prevalent when discussing scenarios that dealt with changes to hours worked and receiving a bonus. Participants felt that it was sufficient to inform HMRC about changes to income only, as the level of the award was decided in accordance with the income received, not the hours worked. Changes regarding overtime and bonuses

⁵ The term 'disregard' or 'income disregard' was not used during the interviews. Instead customers were asked whether they understood the rules around reporting income and then probed on this.

⁶ These case studies represented a number of fictitious scenarios used as a research tool to elicit an underlying opinion or belief that might not have been expressed had the customer him/herself been the focus.

were considered to be 'one-offs' and if changes to the award were required, they felt these could be made when prompted for information at renewal. Generally however, there was an assumption that the impact on future payment would be minimal, regardless of the amount of overtime worked or size of bonus received. Also, they thought that over the course of a year, changes in circumstances would 'balance out' and, therefore, it was not essential to report every single change. They felt that on providing HMRC with information at renewal, the balance of payment would be brought back into equilibrium for the coming year.

More positively, there was good understanding in all groups of both when the renewal process took place (even among new customers) and what the purpose of it was; that it was to check they had received the right money for the previous year and that they would continue to be paid the right amount for the coming year.

"It makes sure the information they hold is correct and that they are giving you the right amount of tax credit"

Paired depth, long-term customer, Liverpool

2.3.2 Attitudes to tax credits

Customers in all typology groups were positive about the principles underpinning the tax credits system; that it was designed to help make employment pay for households with low average incomes. Indeed, a few had been surprised at how generous the system was and, prior to claiming, had not considered that they would be eligible. For some, the money they received made a real difference; it enabled them to stay in work or take up work, even though they were on a low wage. Others described how money was put towards childcare costs and thereby helped them to return to work or take on more hours. A small number used the money to fund essential purchases, such as utility bills, rent or mortgage payments. There was a sense for these customers that while tax credits did not make them financially comfortable, they did at least afford them a certain standard of living which otherwise would have been impossible.

"Working Tax Credit is the foundation of your money...and an economical way of helping people into work. It's one of the best things that the Government has done"

Male, long-term customer, Liverpool

More negatively, some customers were disturbed about the risk of overpayment and sometimes doubted whether they could control whether or not this happened. Those who had experienced an overpayment (or knew someone who had) spoke of how tax credits did not always help people financially, but could make the situation worse by expecting them to

pay back sums of money⁷.

⁷ For a more detailed analysis of this issue, please see the report *Customer Experiences of Tax Credit Overpayments*, HM Revenue and Customs Research Report 113 (2011).

Chapter 3 – New customers' experiences of claims form

Summary Box: Attitudes to the claims form – New customers

'At risk' customers were the most likely to struggle with the process because of the general problems they have with 'official paperwork', whilst the other groups found the process less problematic and were usually capable enough to be able to gather the required information from their P60 to complete the form accurately. However, having the correct information or knowledge, did not always translate into an accurate application and customers who worked variable hours or multiple jobs were most susceptible to making errors.

Section 4 of the application form caused a number of specific problems for applicants. Customers working variable hours were often uncertain as to how best to present their hours in section 4.3 of the form. The terminology used in section 4.4 of the form was identified as overly complex and confusing and many customers did not know where to find the specific information requested for sections 4.8, 4.10 and 4.11.

Section 5 also created a number of specific problems. At section 5.1, a number of customers did not read the text fully which led to errors being made. In addition some customers stated that some of the benefits they claimed were not listed.

Similarly, at section 5.2, a number of customers ignored the introductory paragraph and went straight on to complete the question on income, which inevitably led to mistakes. The terminology used in this section caused concern; phrases such as 'taxable social security benefits' led to confusion over what specific benefits this was referring to. There were also fundamental errors as a result of customers misreading the form, such as entering salary details incorrectly and in the wrong sections. In addition there was confusion about how to interpret and apply the £300 deduction calculation.

Sources of error when applying for Child Tax Credit and Working Tax Credit are often attributable to mistakes or misunderstandings made when completing the original claim form. The purpose of this chapter is to report on the findings from the stage of the interviews that cognitively tested the tax credits claims form, as well as to identify specific parts of the form where mistakes, misunderstandings and points of confusion emerged. Discussion focuses upon parts 4 and 5 of the claims form, which ask customers about their work details and income respectively.

3.1 Ease of Completion

Customers differed in how easy they felt the claims form was to complete. The form was most likely to be difficult to complete for those in the 'at risk' group. They were often quite open in acknowledging that form-filling generally was something that they felt uncomfortable with, or that they lacked experience in filling out 'official' paperwork.

'Organised and engaged', 'complacent' and 'disinterested' customers who completed the form themselves, or with their partners, tended to be more comfortable with the process. Against their expectations of a benefits-related form, they felt that the form was relatively straightforward to complete. Within this group, many customers had sought some form of advice or had checked certain details prior to completing the application, but this was due to anxiety or concerns about filling in forms generally or more specifically, to the tax credits application.

"I guess for that income details the only thing would be obviously because I am just starting a job, then I wouldn't actually put anything I guess at the moment...I mean it [the form] gives you short little bursts on what you are supposed to put in on each little bit so, don't include that, do include this, so, yes, that's pretty straightforward... So I would phone them and tell them about my job situation and then sign and date the bottom"

Paired depth, long-term customers, Birmingham

Many had previous experience of claiming state financial assistance. In comparing their experiences, they were able to, in effect, benchmark the tax credits process. In the main, it was felt that the process of claiming tax credits was more complicated than for other benefits. However, much of this came from the fact that they perceived there to be less support available to help with tax credits claims. For instance, customers compared how when claiming Jobseeker's Allowance, the forms were completed with the aid of Jobcentre Plus staff, whilst claiming tax credits was felt to be a more solitary and, in some cases, daunting process. However the types of questions asked on the tax credits claim form were felt to be less invasive and emotionally demanding than those on other benefit claim forms.

3.2 Ease of providing HMRC with relevant information

Overall, there were relatively few barriers to providing HMRC with the financial information needed to process claims. Many customers identified the P60 form as a key document for filling in the relevant sections of the tax credits claims form. Those from the 'organised and engaged' or 'complacent' groups tended to use the information contained on the P60 with much greater confidence than those from the 'at risk' or 'disinterested' groups. However, as identified later in the chapter, simply having the relevant documents to hand did not automatically translate into accurate completion of the form itself.

Customers who worked variable hours and/or had more than one job tended to find information more difficult to locate than those with more stable circumstances as they needed to find multiple pieces of paperwork. Whether or not they managed to do this was dependent on their typology group. The 'organised and engaged' managed to locate the information they needed, though the process did take them a great deal of time and was something that they had to work hard at. However, for the other groups, pulling together

numerous pieces of information proved problematic. While the 'at risk' recognised they needed help and engaged proactively with HMRC in seeking this out, they did not always necessarily understand the information they received and so found calculating their annual income difficult. The 'complacent' and 'disinterested' were both liable to make mistakes when they calculated their annual income as they were less concerned about the ramifications of providing inaccurate information.

More generally, those in the 'at risk' group found it hard to understand why they needed to provide HMRC with information based on the previous year, running from April to April. However, they generally queried this with helpline staff as their tax credits claim was important to them and, for the most part, managed to provide HMRC with information for the right period (although this was not necessarily accurate).

3.3 Completing the Form - Section 4 and Section 5

The remainder of this chapter provides a detailed account of the issues, problems and errors customers encountered whilst completing the claim form. It is important to highlight at this stage that whilst completing the forms, the vast majority of customers, especially those identified as 'complacent', 'disinterested' or 'at risk', did not take the option of referring to the guidance materials they were provided with⁸.

Section 4 of the form requires applicants to disclose information about work details, and specifically about paid work that they, and if relevant, their partner, undertake. No customers reported any problems in completing sections 4.1 or 4.2.

Keys issues identified from the rest of Section 4 were:

- Customers working **variable hours** were uncertain as how best to present this information;
- Terminology used in section 4.4 was identified as **overly complex and confusing**; and
- Many customers **did not know where to find information** for sections 4.8, 4.10 & 4.11.

3.3.1 Section 4.3: How many hours a week do you normally work?

Customers who worked stable or consistent hours unquestionably found this section straightforward and reported no problems in recording how many hours they 'usually' worked. However, for those working variable or flexible hours there was an element of confusion over which figure to use and, as a consequence, they were more likely to be at

risk of making errors. The most common response was for the customer to simply make a subjective decision on what they felt they *should* report. In doing this, many customers referred back to their contract of employment and took the information from there. However, there could often be a great deal of disparity between what they were *contracted* to work and what they *usually* worked (as required by HMRC) which in turn led to mistakes being made.

To illustrate this point further, one self-employed customer, whose job involved caring for others, stated that she could work anything between 15 to 29 hours a week, depending on client numbers. Given this variability, when completing this section she wrote in the hours that she had done for that particular week, because she felt that there was no average or typical week. Similarly, another customer who worked variable hours stated that they would give a figure that 'felt about right', because of the fluctuating hours of their work. Others chose simply to leave this section blank as they could not determine how best to calculate what they 'usually' worked since it varied so much.

It is also important to highlight that, despite having an instruction guiding them towards the notes on how to accurately input this information, customers did not refer to the guidance document to do this, and as such the instruction was either overlooked or ignored.

3.3.2 Section 4.4: If you have stopped claiming or will stop claiming

A number of customers drew attention to the overly complex nature of the text included in this section, especially after the bullet points.

The image shows a screenshot of a form section titled "4.4 If you have stopped claiming or will stop claiming:". Below the title are four bullet points: "Income Support, or", "income-based Jobseeker's Allowance, or", "income-related Employment and Support Allowance, or", and "Pension Credit". Below the bullet points is a paragraph: "because in the last 3 months you started work, or changed your hours so that you no longer qualified for these benefits, or you will start work in the next 7 days, enter the date you started work, when your hours changed or when you are due to start work". At the bottom of the form section are four date input fields: "D D M M Y Y Y Y". To the right of the form section is a callout box with a large arrow pointing to the paragraph, containing the text: "Claimants found this paragraph confusing and overly- complex for the information that was required in this section".

⁸ A more detailed discussion around the use (and non-use) of guidance is provided later in chapter 5.

This confusion often led to a lack of understanding as to what information HMRC wanted included here. One male customer, who had recently returned to work after a period of unemployment found the inclusion of both '3 months' and 'next 7 days' particularly difficult to comprehend due to the way in which the paragraph was worded and the multiple scenarios presented within one continuous body of text.

"It says if you have stopped claiming or will stop claiming income support or whatever it is, right, because in the last three months, I mean, what are they actually saying to you? What are they actually asking you? I fill this [section 4.4] in for now...or was it when I started work a couple of months ago? To me that question is unclear. I did have Jobseekers Allowance and all this, but I am at work now and I am thinking to myself do they want the date that I started work even though I have been on the phone to them and told them what's what. To me, it's a funny question"

Male, new customer, Birmingham

A common response, especially amongst those from the 'at risk' group, was either to leave the section blank or to 'guess' what the question was asking and answer it as best they could. Although it was often assumed that this section was asking for a 'return to work date' (after a period of unemployment), having reached this conclusion some customers were still not confident that they had entered the correct information.

3.3.3 Section 4.5: If you are aged 50 or over

On the whole, customers found section 4.5 unproblematic (full question wording can be found in the Tax Credit Claim Form in the appendices). However, the wording of this section caused confusion for one customer. He was aged over 50 and had previously been claiming income support after a period of unemployment. He looked over this section before stating that the way in which it was worded was 'overly convoluted', rather than simply asking a straightforward question. As a consequence, he ignored this section.

3.3.4 Sections 4.6 to 4.11: 'Employment details' section

Sections 4.6 and 4.7 posed no problems for any of the employed customers where they were asked to complete information relating to number of jobs and employer's name (full question wording can be found in the Tax Credit Claim Form in the appendices). Some difficulties did arise, however, from sections 4.8 through to 4.11.

Claimants think...

4.8 **Your employer's PAYE tax reference**
 Look on your latest payslip for this, see Notes, page 11

/

4.9 **Your payroll number, if you have one**
 Look on your latest payslip for this

4.10 **Employer's pay office address**
 Postcode
 Building number
 Rest of address, including building name

4.11 **Employer's pay office phone number in full**

Is this my tax code?

Is this my job address?

HMRC can find this themselves if they need it

I don't know this information so I will leave these sections blank..

As the diagram above highlights, a number of customers were confused about how to fill in the details requested from section 4.8 through to 4.11. These issues were primarily down to customers being unfamiliar with being asked such questions and therefore either not having this information to hand or not knowing where they would find it. A common approach was to leave these sections blank and presume that if this information was needed, HMRC could re-contact the applicant or contact the employers directly.

Customers from the 'organised and engaged' group tended to have a greater familiarity with terminology such as "PAYE tax reference", as well as knowing where this information could be found, either by themselves or by knowing who to ask. However, for others there was confusion over what section 4.8 was actually requesting. Several customers, despite having their pay slips in front of them, could not locate this information on their documents and were therefore unable to complete this section on the form, even on being instructed that this information was on their pay slip.

In some circumstances the information required was not available on the claimants' payslip. This led to confusion over what information should be placed in this box, with more than one person questioning whether 'PAYE tax reference' was actually their tax code. However, since the boxes were not formatted in a way that suggested this was the correct option,

some were put off and chose to leave it blank instead.

Similarly, a number of new customers made reference to not knowing what their employer's pay office address (4.10) or pay office phone number (4.11) was, or where they would be able to get such details. This was not information that customers had to hand, and as with earlier parts of this section the common response was to leave them blank, presuming that HMRC would know where to get the information if it was needed.

3.4 Income Details

Part 5 of the new claim form asks for a number of details related to income obtained through various benefits and employment. Cognitive testing of this element of the form revealed a number of potential error points.

Key issues identified in Section 5 were:

Benefits (section 5.1)

- A number of customers **did not fully read the text** introducing this section leading to errors and mistakes; and
- Some of the **benefits the customers claimed did not match those** listed, leading to confusion as to how best to disclose this information.

Income (section 5.2)

- A number of customers **ignored the introductory paragraph** and went straight to the section on income;
- **Terminology** such as 'taxable social security benefits' **led to confusion** over what benefits this referred to;
- **Misreading the form** led to some customers making **fundamental errors** such as entering salary details incorrectly and in the wrong sections; and
- There was also some evidence of **behaviour that could potentially lead to underpayments** demonstrated in this section.

Other Income

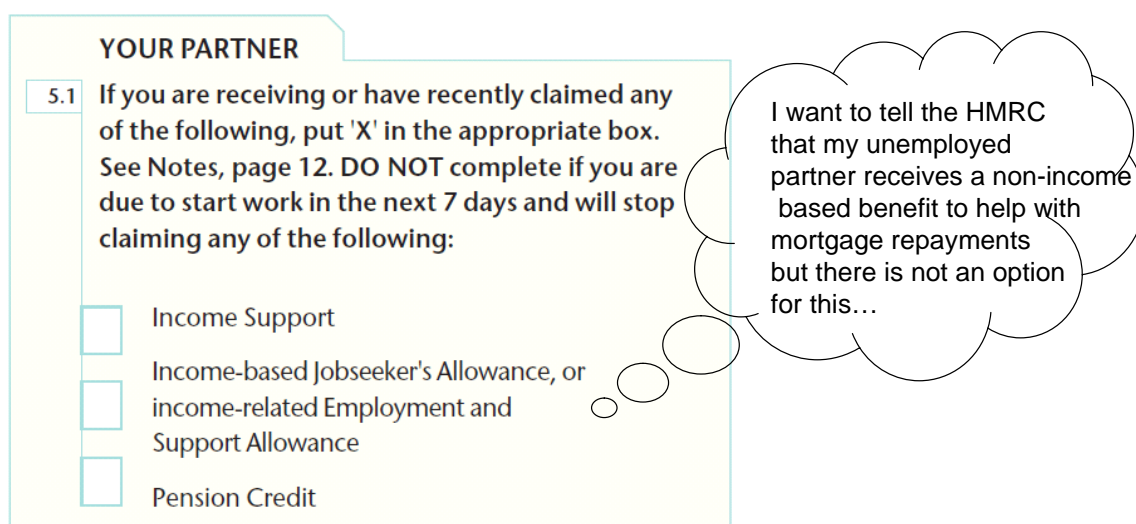
- Some **ambiguity over the terminology** and terms used within the text; and
- Lack of clarity about the **£300 deduction** and how this works in practice.

One of the key, recurring themes of this section, was the lack of attention paid by customers to the instruction provided alongside the questions. Rather than reading the section thoroughly, many seemed to 'scan' the form for the parts they felt they needed to fill out.

This was particularly prevalent amongst those identified as either being 'complacent' or 'at risk'. In picking out and focussing on key words, much of the instructional information on the form was overlooked and this in turn, placed customers in danger of providing inaccurate information that could potentially lead to an over- or under payment.

3.4.1 Section 5.1: If you are receiving or have recently claimed any of the following...

One particular example of this 'scanning' can be illustrated by an 'at risk' customer, who up until recently had been claiming benefits but had subsequently returned to work, and who filled in both this section and included the salary from his new job. When asked why he had done this, the customer indicated that, when going through the form, he had only paid attention to the text that stated, "if you are receiving or have recently claimed any of the following put an X in the appropriate box" and ignored the text in the following sentence.




How certain types of benefit-based income should be reported was an issue, especially when a benefit being claimed was omitted from the list of benefits provided on the claim form. For example, one woman found it difficult to know how she should disclose her husband's circumstances. Whilst she was working, her husband had been made redundant and he was no longer eligible to claim any income-related benefits. However, he was in receipt of mortgage interest payment benefit. These customers felt that there was nowhere on the form that could accommodate this information and were hesitant to record it under any of the 'other benefits' options as they felt that would be inaccurate. As a consequence they found completing the form more difficult than they had anticipated and this is illustrated in diagram above.

A further issue related to the *text* content in section 5.1 was the sense that it could be simplified to enhance the clarity around exactly what was required.

3.4.2 Section 5.2: Information Text

Prior to section 5.2 there is a paragraph instructing customers how to, amongst other things, calculate their income. This was overlooked by a number of customers. However, where this was read, a number of phrases were highlighted as being difficult to understand due to a lack of technical knowledge.

 In the rest of this PART give details of your income for the year 6 April 2008 to 5 April 2009. There is no need to include pence in the figures you give – round down to the nearest pound. If you want more help working out your income see Notes, pages 12 to 17. If you (or your partner if you have one) made a trading loss, or paid gross pension contributions or made Gift Aid payments, phone the Helpline for working sheet TC825 to help you work out your income before you make any entries in boxes 5.2 to 5.6.

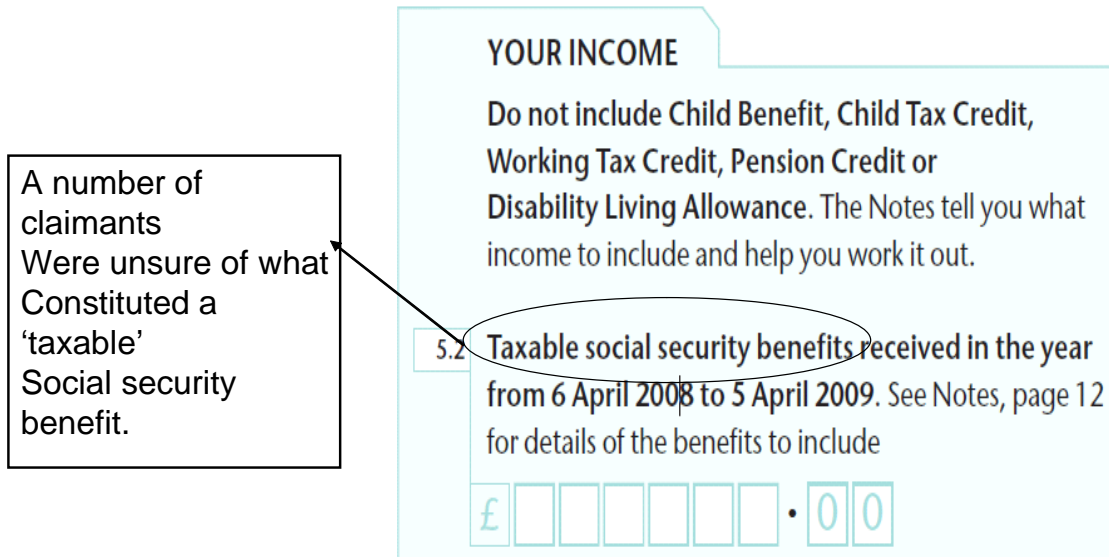
A number of claimants did not fully understand what these terms referred to or what they meant in practice.

The phrase 'round down to the nearest pound' caused a degree of confusion as some customers were not sure what this involved in practice. One participant who found this term problematic also made an error on entering her income details due to scan-reading the form. When it came to entering her annual income she actually included her hourly rate as she failed to read the question properly. In addition to this error, and influenced by the confusion she had over the "rounding down" terminology, the inclusion of the term '*do not include pence in the figures you give*' meant she proceeded to round down her hourly rate to £6.00 rather than £6.20, before trying to calculate her annual income.

Other words which caused confusion were 'gross' and 'Gift Aid payments'. However, this confusion was more one of frustration rather than one that led to actual errors being made. These issues are highlighted in the diagram above.

3.4.3 Sections 5.2 to 5.5: 'Your Income' section

Further issues around terminology emerged when examining sections 5.2 and 5.3. One related to the use of the term 'taxable social security benefits'. A number of customers stated that they were unsure what these were, and the term was therefore confusing.



"The way it's got like "don't include all your other things" I don't know just, and the 'taxable benefits received' now what's that? Taxable. I don't know what that is... That's why I don't like reading these things, it's just... I don't get them"

Female, new customer, Liverpool

"Does that mean if you get them working I get benefits...? I wouldn't get the security benefits if you were working? It's very confusing. Unless it's disability living allowance or something, I don't know"

Female, long-term customer, Liverpool

Even when the application form advised to use the guidance notes, very few customers actually did this during the cognitive testing process⁹. This issue around terminology is highlighted in the diagram above.

There was also further evidence of form 'scanning' in this section. This gave rise to two consequences. The first led to salary information being inserted into the incorrect sections and the second, wrong information being entered in the correct section. A number of customers who made this first mistake ended up entering details of their salary in section 5.2. These errors were not picked up by customers until probed on completion of the form as illustrated in the case study below.

⁹ Use of the guidance notes are discussed in detail in chapter 5 of this report.

Case study: The consequences of form scanning

Martin and his wife jointly claimed Working Tax Credit. Although his wife was the main claimant, Martin filled out the forms on behalf of both of them as his wife disliked any type of form filling. Martin stated that he was not keen on the process either.

During cognitive testing it became clear that Martin was making **multiple errors** throughout the form. When this was discussed he admitted that whilst going through the form he had simply jumped into giving answers having scanned through the application. As a consequence, Martin only picked up on key headings such as 'Your Income' and **did not read the instructional text** that accompanied the questions. He entered his and his wife's salary details in section 5.2 (incorrectly as he used post tax and deduction figures) and then overlooked 5.3 as the only text he picked up was, 'if you have more than one job in the year'.

Martin noted that **the form lacked simplicity** and this was, in part, a driver behind why he completed it in the manner that he did.

'At risk' customers who had made this error in section 5.2 failed to complete section 5.3 due to picking up on the phrase "*if you had more than one job in the year*" but reading no further. Whilst scanning the form, the appearance of this phrase led to these customers automatically to assume that the question was irrelevant to them and, as a consequence, they looked no further at the other instructions or information presented around this section. These issues are highlighted in the diagram below.

5.3 **Earnings as an employee from all jobs for the year 6 April 2008 to 5 April 2009.**
(If you were self-employed your income goes in box 5.5.)
Enter below your total earnings for the year, before tax and National Insurance contributions and other deductions are taken off. Look for the figure usually described as 'pay' or 'taxable pay' on your P60 Certificate of Pay and Tax. Take off certain pension contributions and Statutory Maternity Pay.
If you had more than one job in the year – one after the other or at the same time – we need information about your total pay from all of them.
For more help see Notes, pages 12 and 13

£ .

The second consequence of form-scanning related to the provision of incorrect information in the right place. Many customers were able to enter salary details correctly by using their P60 or payslip to enter the required information. However, some customers struggled, in

particular those working in multiple jobs or changing jobs frequently. In these cases, there was greater scope for errors to be made, either in the process of adding earnings together or through whole blocks of employment being omitted, perhaps due to an administrative error such as losing a P45 or P60.

One customer, filling out the form on behalf of his wife (main customer) and himself (partner), entered post deduction details for both of them. When discussing this error, he admitted that he had simply seen the heading of "Your income" and to him that meant 'take home' wages. Many customers felt that asking for pre-deduction income was difficult as they felt that it was not a common way to think about their income.

"To me, my wages is what I take home. I don't look at my wages as, say, 15 pounds, I look at them as what I'm actually bringing home every week than what I get paid for the year, not with all my tax and National Insurance added on top. I'm actually bringing that home. I'm bringing this amount home, that's what I've got here, you see"

Male, new customer, Birmingham

An additional problem was that, unless information was to hand, pre-deduction annual income was more difficult to calculate.

"So, for a year, it's 12 times, if it's monthly, 12 times that for the whole year, instead of thinking what do they usually give me, what I do earn, what salary, how much do I earn a month or week before. I mean, the last job I had, I was on over 300 pounds a week, right? But all I knew was, when I picked my money up it was 245 pounds, but I knew I'd have to pick up over 300 to get that, before tax and National Insurance, so to me, it's like, that top figure, you don't actually pick it up so I don't want to know that, I just want to know what I'm picking up"

Male, new customer, Birmingham

Furthermore, some customers adopted a pre-emptive approach when filling in their salary details. For example, one customer was aware that, during the year, he would be getting extra pay so added this to his annual salary figure, thus over-reporting his actual earnings in order to try and prevent any overpayment. When asked, he stated that this figure was just an estimate.

Neither section 5.4 nor 5.5 were considered difficult for applicants (full question wording can be found in the Tax Credit Claim Form in the appendices). Section 5.4 was generally ignored, once again largely due to the fact that the bold text indicated to most that this was not relevant to them. Due to the prevalence of skim reading, unless the customer specifically had a company car or received taxable vouchers, very few considered this question relevant to them. No errors related to its completion were found amongst those interviewed.

The self-employed were generally either very organised (keeping a ledger of all company expenditure and income for example), or more commonly employed an accountant.

Therefore, section 5.5 was either completed easily through inputting the information they had collated in their own records, or was referred to the accountant with minimal input from the customer.

3.4.4 'Other Income' and 'Estimated Income' section

As with other areas of the claims form, confusion around comprehension and terminology also presented themselves in the 'Other Income' section which in turn, led to errors being made in the information submitted.

OTHER INCOME

If you received any other income from 6 April 2008 to 5 April 2009 that you have not included at boxes 5.2 to 5.5, give details in box 5.6.

Do not fill in this box if your total other income is less than £300. If you are claiming as a couple it is your joint other income that counts.

You must use the working sheet in the Notes, page 17, to work out your total. Include any other income above £300, plus the full amount of any Adult Dependant's Grant and miscellaneous taxable income. See Notes, page 17.

For example, if your total other income is £421, only include £121 (£421 minus £300). Then add the full amount of any Adult Dependant's Grant or miscellaneous taxable income. So, if you have £50 miscellaneous income, enter £171 (£121 plus £50).

Other income includes:

- gross interest on savings, investments, and dividends include interest from any bank or building society (but not Individual Savings Accounts (ISAs) or other tax-free accounts)
- Social Security pensions and any other pensions
- Income from property or land in the United Kingdom that you let (but not if you let a furnished room in your home for £4,250 a year or less)
- trust income
- foreign income
- notional income.

5.6 Total other income
 £ [][][][][][][][][] . 0 0

Thought bubble 1: I am not quite sure What this means in Practice...

Thought bubble 2: What's the difference between miscellaneous taxable income and other income?

For those who read the provided text around the questions, one of the points raised was that the distinction between 'miscellaneous' and 'other' taxable income was not immediately clear and they were therefore unsure as to what fell into each category¹⁰. As an instruction, the text around this section was also identified as being confusing.

There was some confusion about the £300 deduction from 'other income' and what this meant in practice. When filling out the forms, one customer realised that he had not made this deduction from his original claim as he did not see the instruction telling him to do so. Similarly, another customer, through scanning the form, only saw the word 'pension' and

¹⁰ This was important as the other income only had to be reported if the total was over £300 whilst the

entered this figure, again without applying the deduction.

As this section was rarely applicable to the customers spoken to, there were few occasions when customers omitted information that perhaps should have been included. However, there was an example where one customer realised that she had received inheritance money that perhaps she should have reported.

Once again, the estimated income section did not cause widespread problems for customers (full question wording can be found in the Tax Credit Claim Form in the appendices). Most chose correctly to tick 'no', thinking that, to their knowledge, they had submitted the correct information. In some cases customers failed to see the point of the option, suspecting that a claim would not be processed until figures were actual. There was a minority of customers however who chose to tick yes. This group stated that they had made small adjustments, again acting in a pre-emptive way, to figures such as their income.

"Oh yes I would put yes because I just added a bit on this year. Overtime I would be expecting"

Male, new customer, Liverpool

Customers did not declare their income to be an estimate unnecessarily, in part due to the belief that this would delay their claim.

miscellaneous income had to be added on regardless.

Chapter 4 – Understanding and experience of the renewal process

Summary Box; Attitudes to the renewal process

Customers who were typically more organised, had more stable circumstances and were familiar with the process generally found completing the annual declaration form a straightforward task. They also understood the importance of using their P60 to fill in the form. However, customers were more likely to struggle with the form if they did not have the relevant information to hand or had worked in multiple jobs over the last 12 months.

The annual renewal form posed very few problems, though very little attention was paid to checking it. Those from the 'complacent' and 'disinterested' groups often took only a cursory glance at the information provided. Only the 'organised and engaged' were likely to check the information thoroughly as they did not want to risk losing their claim. 'At risk' customers relied on help from others if they were to engage with the form.

Those who had renewed a number of times no longer read the first page of the Annual Declaration form as they felt they already knew what was required of them; there was no evidence that this led directly to mistakes being made.

The telephone helpline was considered an appealing resource as it enabled customers, especially those less confident with official forms, to get instant reassurance and advice. There was a belief amongst customers that any errors in their submission would be picked up by staff and remedied immediately.

Autorenewal customers were almost exclusively categorised as 'disinterested' or 'complacent'. For these the renewal was so easy and straightforward, some did not even recall the autorenewal letter arriving.

There are various ways in which customers can renew their tax credits claims; through paper renewal, by telephone or by autorenewal. One of the key elements of renewal is the checking process, ensuring the accuracy of information that has been provided to HMRC. This chapter looks at the ease with which tax credits claims were renewed, as well as highlighting key issues around the processes, such as form completion, telephone renewal and autorenewals.

4.1 Customers' understanding of the renewals process

A key factor identified by customers relating to confidence in filling out the renewal form was **familiarity with the process**. Customers who had been renewing their claim in the same way over several years tended to say that as they were so used to the process, it did not take them long to complete it as they knew exactly what resources they needed (such as their P60), where this was located, and what information had to be provided. The confidence, competence and speed of completion claimed by these customers was confirmed during the cognitive testing phase of the interviews. In contrast, there were a

smaller number of customers who found the process more difficult. These customers tended to have less stable working circumstances, and lacked confidence. Those working variable hours, and those working in multiple jobs, found recalling or providing the information accurately more challenging (as discussed in chapter 2), especially when it came to reporting in-year changes.

Case study: Multiple changing circumstances

Helen lived with her partner and two children and worked part-time as a teacher. She used to work full-time, but has since changed her hours to accommodate looking after her youngest child. Helen stated several times that she **often got confused with tax credits due to the multiple changes she has had to her work life in the past year**. These included:

- **Moving from full-time to part-time employment**
- **Being on maternity leave**
- **Having an incremental pay rise**

These combined changes made Helen **reluctant to contact HMRC** again as she felt she would simply confuse both herself and HMRC further.

Helen also noted that teachers were accustomed to working to the academic year rather than the financial year. As a consequence of this, and in conjunction with having current tax credits payments based upon income from the previous year, Helen found it **difficult to keep track of the accuracy of the amount of credits she received**. She felt that, despite all these problems, her P60 would give HMRC all the information it needed and as a consequence, held off from informing them of any in-year changes as they happened.

For many of these customers there was a heavy reliance upon using their P60 as a means of letting HMRC know about in-year changes at renewal, as opposed to reporting them as they happened during the year. These customers tended to also state their confusion about what year their tax credits award was based on, as they found it difficult to keep track of what period their current claim was for and what impact, if any, changes in the current year would have upon their existing and future claims.

There were also a small number of customers who did not use their P60 to work out their earnings and, for these individuals, completing the declaration was much more difficult and complex given the recall needed for the multiple sources of income. Inevitably, these customers usually from the 'at risk' group, were more likely to make mistakes.

4.2 Understanding and checking the annual review form

As outlined in section 4.1 above, for a number of customers, the annual renewal form posed few problems. However, a recurrent theme to emerge from interviews was how little attention was actually given to accurately *checking* the form. Some customers, predominantly from the 'organised and engaged' group, claimed to check the review thoroughly; these customers needed the money and therefore did not want to risk mistakes that may lead to an overpayment. 'At risk' customers relied on help from others to enable them to engage with the form. Others from the 'complacent' and 'disinterested' groups took no more than a cursory glance at the information provided, largely because they did not fear losing their claim. This latter approach tended to be justified by the view that, because HMRC had sent out the form, the details contained within it would most likely be accurate and, as a consequence, no detailed checking was required. Customers who had not experienced any changes in circumstances in the previous year were less likely to make a thorough check of the Annual Review as they assumed that the details would not have changed and were therefore still correct.

Underpinning the issue of checking (discussed again in chapter 5) is that customers do not know how to effectively check their claim. They can check the details provided are correct, but this does not mean that they are able to check *how* their claim is calculated which is what they generally assume is required of them. As they cannot do this, they become less likely to engage with the process per se.

4.3 Completing the declaration form

4.3.1 Before You Start

Those who had renewed their claim on several occasions tended to no longer acknowledge the "Before you start" first page of the form. These customers were of the opinion that they already knew what was required of them. They tended to think that this information was provided for those who were new to the renewals process, and as a consequence felt that they would not get anything new by reading the yearly form. There was no evidence that not reading the front page of this document led directly to mistakes being made in the annual renewal form.

"It's a bit like a passport application. You presume you know what to do, and the layout is clear"

Female, long term customer, Birmingham

"I've done it so many times before - you know what is coming"

Female, long term customer, Birmingham

4.3.2 Part 1: Certain Benefits

A few customers pointed out that the wording of the heading 'certain benefits' in this section created a degree of ambiguity around what information should be included in this section and what particular benefits were excluded. The issues raised here were similar to those discussed earlier in sub-chapter 3.4.3 (discussing 'taxable social security') and sub-chapter 3.4.4 (discussing 'miscellaneous' and 'other taxable income'), where terminology used led to confusion amongst some customers.

4.3.3 Part 2: Income

This section of the annual renewal form required customers to disclose information about benefits and/or earnings (including company car and fuel, taxable vouchers and payments in kind). For those in employment (and in particular those working fixed hours), this section was identified as being clear and straightforward, with many customers referring to their P60 to complete the necessary details.

Customers who found this section of the form more difficult tended to be those who either did not have all the necessary information to hand (such as a P60) or who had worked in multiple jobs over the last 12 months. Others, for various reasons, were unfamiliar with official documents and processes (as discussed in sub-chapter 2.2.1), and as such were at risk of making potential errors in this section.

As with the initial application form, a number of customers suggested terminology in this section was confusing or that they did not understand what was meant. Most commonly, the phrases 'Taxable Social Security Benefits' and 'round down to the nearest pound' were queried. In terms of the latter, once again, one customer thought this meant she had to round down her *hourly* rate from £5.80 to £5. This particular example, as well as highlighting the general confusion and misconceptions around more technical and financial terminology, demonstrates the risks of misinterpretation. The use of such terminology, although correct, was often misunderstood and led to incorrect financial information being provided to HMRC.

There were a number of less common issues surrounding the completion of income figures that could lead to an over- or under payment:

- Confusion about how to accurately record maternity payments within this section;
- Taking net income and multiplying it by 12 to calculate annual salary; and


- Annotating the form to provide a commentary and calculations for HMRC. This was done when there was uncertainty about how to correctly complete the form in the belief that HMRC would be able to see how they had filled it out, and could contact them if there were errors.

4.3.4 Part 3: Personal Circumstances


One key issue emerged from this section. Perhaps due to the change from a two-column layout on page two to a one-column layout on page three, a number of customers did not, or nearly did not, complete part 3. Oddly however, there did not seem to be a problem with people completing the 'other income' section at the top of the same page. Customers tended to continue reading the form in this 'columned' way and therefore did not notice this compulsory section. As with the new customer form, this often occurred when people 'scanned' (as opposed to thoroughly reading) the form. Where part 3 was omitted, customers simply continued on to part four where they signed the declaration. There was no evidence that customers had experienced delays or problems from failing to complete this section in the past.

Changing Format Leads to Confusion

Two-column format



One-column format



Evidence of part 3 Being Overlooked Due to change Format of form

4.4 Attitudes to renewing by telephone

A further key observation to emerge from the cognitive interviews was how positive many people were about the telephone helpline. It was seen as a useful resource in completing forms, but also for getting advice from staff. For a number of customers, especially those

who were less confident in filling out forms, they found this means of renewing appealing. Primarily, this was because they got to speak to someone that could guide them through the information they needed to provide, as well as being able to get a sense of reassurance about the accuracy of their claim.

“Staff on the phone are really helpful. I would get scared if I had to complete the form. They explain everything, and I can ask them to repeat things over and over”

Female, long-term customer, Birmingham

When explored further it became clear that one of the key components behind this reassurance was the tendency to confer extensive expertise upon the helpline staff answering calls. Specifically, a common response mentioned was that if the customer made a mistake then this would be picked up by staff and remedied immediately. One example of this involved a customer who tended to get confused about the tax year her claim referred to, so she relied on calling HMRC to guide her through her claim.

4.5 Autorenewals

Autorenewal customers tended to fall into the ‘disinterested’ and ‘complacent’ customer groups. For these customers, renewal was identified as being easy and straightforward, but the fact that they did not need to engage with the process as much as others meant they were less likely to pay attention to the amount they were awarded. This attitude does, of course, pose the potential risk of leading to an over- or underpayment as many of these customers lacked the diligence to check their tax credits awards. However, because these customers often received such small claims or had such static circumstances, it was infrequently reported that their low input ended up causing customers significant problems.

Autorenewal customers were often so disengaged that they did not even recall the autorenewal letter arriving. They did however usually know that they were autorenewal customers, although they didn’t refer to themselves in this way. As they had this passive relationship, these customers were usually not aware of precise rules and instructions relating to the management of their claim. Instead they would choose to report large or significant changes in their circumstances as and when they occurred or perhaps as an afterthought (when their memory was jogged by HMRC correspondence or advert).

Chapter 5 - Help and Support

Summary Box: Help and Support

While all customers spoke of the importance of help and support in managing their claim, use of the guidance booklet was low. Typically, 'complacent', 'disinterested' and 'organised and engaged' customers were happy with the guidance but rarely used it, while those deemed as being 'at risk' customers needed the guidance, but found it daunting and inaccessible.

The telephone helpline was generally viewed positively, particularly by those with low levels of numeracy and literacy. Staff were considered to be both helpful and knowledgeable which in turn meant they were trusted.

Face-to-face help was less widely used, but was considered helpful. In particular, Jobcentre Plus was seen as the natural place for many customers to seek assistance given that they had previous relationships with staff.

Informal sources of help and support such as friends, family and colleagues were often used as a 'first port of call' for information. In many cases however, the information received was either negative or inaccurate. Some customers were offered assistance by their employer, most commonly in small workplaces. Self-employed customers with an accountant often used them as support to complete and manage their claim.

5.1 Introduction

A range of support options are available to customers and we found that customers used a variety of these, both formal and informal, to help manage their claim.

5.2 Formal Support Mechanisms

5.2.1 HMRC Guidance booklet

Very few customers consulted the guidance documents¹¹ due to the perception that its contents were weighty and inaccessible. Some were put off simply by the appearance of the document, stating that when confronted by an application form of such length, they would not have the time or inclination to also look through the guidance. The most inhibited customers came from the 'at risk' group.

"[The guidance document is] much easier than I would have thought (on looking at it for the first time)... That is one of the reasons probably why I put it off in the past. I would probably panic before I even started looking at it"

Male, new customer, Liverpool

For others, consulting instructions or guidance simply did not appear to be their normal approach. Instead, they worked through the application or renewal, not expecting to need to refer to the guidance, guessing at or assuming to know the interpretation of some questions.

¹¹ Guidance for customers renewing was the 2010 version. Guidance for new applicants was the 2009 version.

“No I really wouldn't, I'd just try and do it. Then I might look at the instructions”

Female, new customer, Liverpool

5.2.1.1 Who uses the guidance booklet?

Customers fell into three distinct groups of opinion regarding the guidance booklet. The first and largest group of people had very little interest in the guidance booklet, but did consider the help offered sufficient for their needs ('complacent', 'disinterested' and 'organised and engaged' customers). These customers tended to be long-term customers and, while they spoke of using the guidance booklet when they made their initial claim, they did not continue to use it as they did not believe that it was aimed at them. They felt that they understood their obligations sufficiently to know what was required of them, without help.

The second group needed help and assistance with their claim, but found the guidance booklets daunting and inaccessible ('at risk' customers). These customers often had low numeracy and literacy skills and/or were migrant workers with basic English skills. Therefore, the perception of overly formal language, technical terms, long sentences and complicated calculations contained in the guidance booklets were identified as particular barriers that made the guidance of limited use to these customers.

Furthermore, many of these customers were also out of work, new to work, or returning to work and therefore had little experience of, or exposure to, official documents such as P60s and were subsequently unaware of their importance or how they should be used. As a consequence the guidance was often therefore perceived as being no help at all and many of these people had sought alternative sources of help and support.

“I filled in a form, I went back, they helped me but because I haven't got a clue, it gets complicated”

Female, new customer, Liverpool

5.2.1.2 Feedback on the guidance booklet

Reaction to the layout and content of the guidance booklet was very mixed. There was no clear consensus as to how the guidance booklet could be best altered in order to benefit all customers. The most frequently suggested changes included:

- ***Increasing the use of signposting*** - There was a sense that increased signposting would be useful in directing customers to specific and necessary information.

- **Tailoring the guidance to the individual's circumstances** - A number of customers perceived HMRC to hold existing information about their household composition, employment status and earnings, and, as a consequence, felt that HMRC could provide tailored customer guidance based on this information.
- **A summary copy of the guidance for those renewing** - Renewal customers who needed to use the guidance felt that this could be provided in a much more succinct, summary format to be used as and when necessary.
- **Integrating more of the guidance into the form** - A number of customers wondered whether it would be possible for HMRC to integrate guidance on to the form itself to reduce or remove the need for an additional booklet of guidance.

5.2.2 The telephone helpline

The attitude of customers towards the telephone helpline was predominantly positive and customers found speaking to someone they considered to be knowledgeable reassuring.

Most felt that helpline staff provided help to the best of their ability and, in the majority of cases, customers favoured speaking to someone in order to resolve a problem. They felt that a call provided an immediate answer to their query and was also likely to be correct. There was an assumption that if they 'got through' to the helpline staff and were not told of a problem or mistake immediately, then their information and claim would be accurate.

In addition to addressing specific problems, the helpline also appeared to have been used by many customers to check their initial eligibility for tax credits, often on the recommendation of friends, family or work colleagues.

"It was pretty easy. I just phoned up, phoned up and answered a few simple questions and then they sent me a form out saying that there was a chance I could claim something"

Male, new customer, Liverpool

5.2.2.1 Who uses the telephone helpline?

Customers with low literacy and numeracy levels

These customers tended to be the most satisfied users of the helpline and the most reliant on it. This group of customers tended to be those most 'at risk', including migrant customers, and were also the most trusting towards the information they received.

Customers with complex claims

Typically, these were customers who had more than one job, were migrant workers or, alternatively, had experienced a recent change in circumstances. Rather than coming away from a call with more information and a greater understanding of the tax credits system, some customers felt further confused and that their issue had not been resolved satisfactorily. As a consequence, some customers were reluctant to engage with HMRC about in-year changes again and instead held off informing them until they received their P60.

“Last time I spoke to them [HMRC] I was confused. They didn't seem too clear about it anyway. I mean they said that they found it confusing, the fact that you're always doing it based on the year before... Well she did try to explain it to me, but I couldn't really get my head round it and she said she was slightly confused by it, and then I spoke to a man as well, and he said he was a bit confused by it, the fact, I don't know if it's just because of my circumstances were awkward anyway”

Female, long-term customer, Birmingham

Case study: Helpline - Complicating circumstances

Sheena was single and lived alone with her two children: The youngest was in a combination of school and childcare whereas the older child was at secondary school. She worked for the council and had been in her job for about two years. She was contracted to work 25 hours a week and thought her TC claim was about £140 a week.

She contacted the HMRC helpline to let them know her use of childcare had changed. Sheena had moved from using a childminder, to using an after school club.

She described her experience of using the helpline to do this as being very disappointing. The call deteriorated when HMRC staff began to try and calculate how many weeks a year schools are on holiday. Neither she nor the member of helpline staff was sure of the answer and they both became increasingly confused.

Sheena came off the phone far from confident that what had been calculated and subsequently submitted was right. She was therefore also worried that her tax credits award would be incorrect.

Less engaged customers

When using the helpline, there was often a sense of frustration amongst these 'complacent' and 'disinterested' customers that it failed to meet their very specific requirements. They wanted to be able to talk through scenarios or make calculations based on changes to their circumstances. Because they did not have a clear understanding of the relationship between their hours or pay, and their tax credit payment, they felt unable to engineer their circumstances to maximise their income. Customers' believed that if they could increase their understanding it would enable them to make more informed and planned financial decisions, such as taking on extra hours at work. In order to facilitate this, there would have

to be clear communication from HMRC of any future changes, stressing that the alterations were directly relevant to claimants, and outlining what impact they would have on the individual customer.

This group often stated that they could not understand why award payments had changed or how they were calculated. They claimed that they felt there was insufficient transparency, but because their payments were typically small, these customers were resigned to accept HMRC's, or the individual helpline employee's, judgement. These customers often relied on informal checking mechanisms, such as comparing their current claim with previous years or against friends' who were perceived to have similar circumstances.

5.2.2.2 Feedback on the telephone helpline

Some customers felt that not all staff had the required knowledge or experience to deal with more complex claims or circumstances, and some did not feel that they received a level of service they deemed sufficient. Lengthy call waiting times were also mentioned as an issue. A number of customers were also unaware that they had to pay for the call, assuming instead the contact number was a free-phone number.

5.2.3 HMRC Enquiry Centres

There was limited reported use of HMRC enquiry centres, but where mentioned, they were generally viewed positively. There was a perceived need and desire to have face-to-face support available for older customers, as well as those with low literacy and numeracy levels, including those with English as a second language.

5.2.4 Jobcentre Plus

Those using Jobcentre Plus as a source of information fell into two distinct groups; those who *preferred* to speak to someone face-to-face and those that *needed* to speak to someone face-to-face. Jobcentre Plus was considered the natural place from which to seek assistance in applying for, or renewing their tax credits claim. These customers, frequently often from the 'at risk' or 'organised and engaged' typologies, usually had a history of contact with Jobcentre Plus and in some cases, a professional relationship with an existing staff member.

5.3 Informal Support Mechanisms

In addition to official sources of help, there were a number of other support mechanisms that customers used to gather information about the tax credits system.

5.3.1 Friends, family and colleagues

Friends, family and colleagues already claiming tax credits were often the natural 'first port of call' for customers, especially those deemed to be 'at risk' or 'organised and engaged'. However, in many cases, due to its informality, information received was either negative in tone about the tax credits process or was simply inaccurate.

5.3.2 Employers

Some customers chose to seek informal assistance from their employer on completing parts of the initial claim form. In one case, more formal work based assistance was offered. This occurred in a small charity where the majority of staff earned a low wage.

"My boss is quite...he knows bloody everything about everything to be honest with you, so he was like yes, that's 2 minutes and I was like oh right. So he just filled it in with me and I sent it away"

Female, new customer, Liverpool

5.3.3 Accountants

Customers with an accountant often used them as a key source of help and support to complete and manage their tax credits claim. Typically this applied to customers who were self-employed and therefore had an accountant to help them deal with their other obligations to HMRC, such as completing their annual Self Assessment return.

Chapter 6 – Suggestions for improvements

Summary Box: Suggestions for improvements

Suggestions for improvements fell into two types; those that could be delivered by HMRC and those that would make it easier for customers to meet their obligations.

For many customers, the telephone helpline provided the most effective way of receiving help, support and reassurance. However, the service does not provide a satisfactory service to all. Therefore, customers suggested staff either receive greater general training, or be encouraged to specialise so that queries could be dealt with by 'experts'. Some customers recognised that such changes could lead to an increase in customers' reliance on HMRC however, and to prevent this they suggested improvements to the guidance booklet, in particular tailoring it to match the situation of the customer.

Alternatively, to help customers take greater control of their claim, the language and layout of the forms and guidance booklet could be simplified. In addition, by integrating more guidance into the form there may be an increased *chance* of it being read. Finally, by highlighting the difference between the different forms, customers may begin to have a greater understanding of the system and begin to engage more with it.

Customers offered a number of suggestions around how they felt the tax credits process and the forms themselves could be improved. In this final chapter these are outlined, in addition to considering the practical impacts of these suggestions.

Two types of **recommendations for improvement** were offered by customers. These fell broadly into two categories: help and support that could be delivered by HMRC and changes that would make it easier for customers to meet their obligations themselves.

6.1 Help and support delivered by HMRC

For many customers, the **telephone helpline was an ideal way of getting the support they needed** to complete their forms accurately. Customers were able to ask direct questions and receive answers that were tailored to their circumstances. However, some reported receiving a poor service from the telephone helpline. Such experiences were not without consequence as they worked to disengage customers from the system, making it less likely that they would contact HMRC with queries in the future.

To remedy this, customers made two main suggestions. The first of these suggestions was **increased training for staff**. Customers felt this would increase uniformity in responses received and that staff would be able to be more efficient in dealing with complex enquiries. Some customers felt that training **specialist staff**, to deal with specific issues, would also be beneficial as this would ensure that customer calls could be directed to 'experts' who would be appropriately trained to answer questions around specific areas.

However, some customers felt that such changes could be counterproductive in that it could potentially serve to **increase customers' reliance on HMRC** when it comes to completing the relevant paperwork whilst others felt that mistakes would increase due to the assumption that HMRC would carry out accurate checks on information provided. Questions were also raised about the **potential financial burden for customers** given the cost of calling the helpline.

The second suggestion was that it would be helpful if HMRC was to **tailor the guidance booklet so it mirrored the situation of the customer it was sent to**. It was assumed that this could be achieved through using the management information and customer records that HMRC already holds. However, some did feel it would be difficult and expensive to do this and suggested a compromise of more tailored examples within the current guidance booklet.

6.2 Making it easier for customers to meet their obligations

When discussing potential improvements to the tax credits forms many customers were pragmatic. They realised that, given the current economic climate, HMRC may not have the money needed to implement wholesale improvements to the telephone helpline or to offer additional face-to-face advice.

However, the main way they felt this could be achieved was through a **simplification of the forms**, either when making a claim or completing the renewals process. As this report highlights, current design and wording, including confusing and unknown terminology and form layout, led to errors being made on all forms. This points to the need for **a simpler form which engages customers more effectively**.

Plenty of suggestions have been highlighted as to how this could be achieved in chapters 3 and 4 of this report. Suffice to say, if the forms were to be simpler then the language used would need to be changed, whilst ensuring that the meaning was not lost. It was **difficult for customers to suggest any alternative wording** given their lack of understanding in places, but by pointing out the sections they found problematic, the areas needing to be addressed and reworded have been highlighted in the report.

It is important to note, however, that **a simpler form would not necessarily mean a shorter form**. This research has demonstrated how infrequently the guidance documents were referred to. Thus, there is the potential **for embedding key sections from the guidance into the claims or renewals form** making the help offered harder to ignore. The

inclusion of examples or explanations at sections frequently misinterpreted or completed incorrectly could also prove beneficial. For example, by providing a clear example of when and how income should be 'rounded down to the nearest pound', or including a simple explanation of the difference between gross and net income may help reduce these common errors. However, potential problems with this approach were also highlighted, including the final size of the application and renewals form, the negative psychological impact this could have on customers (particularly those who are less confident in dealing with financial matters) and the prevalence of customers who only scanned text.

Highlighting the difference between the sets of forms, particularly with regard to the renewals pack and the award notice could also help customers to better understand what is required of them. This issue was particularly salient with regard to joint claims, where two sets of all relevant paperwork were previously received¹². This led to some of the correspondence being ignored or discarded, as customers failed to see the subtle differences in what was being sent to them. As noted in our recent study into overpayments¹³ this could be achieved by a simple modification such as sending the different forms on paper of varying colours, to visually send a signal that customers need to pay attention to *all* that they are sent.

Tax credits customers in this research tended to appreciate and agree with the principles underpinning tax credits policy and, moreover, actively wanted to get their claim right and manage it effectively. In this context, customers felt a few simple changes to the form in terms of its wording and layout could make all the difference to how accurately they completed the paperwork.

¹² This duplication has subsequently been addressed by HMRC.

¹³ *Customer experiences of tax credit overpayments*. HM Revenue and Customs Research Report 113 (2011)

Appendices

Discussion Guide: Long Term Claimants

HMRC

Cognitive testing to investigate sources of error related to income, working status and hours in the tax credits process

Discussion guide – Long-Term Claimants – FINAL

Objectives of the research

The key objective of the research is to investigate TC claimants' levels of understanding and comprehension around the *income details* and *work details* sections of the TC form as well as the Annual Review and Annual declaration form. In detail, we will:

- Investigate participants' understanding of the key concepts, questions and processes which will allow a judgement on whether the forms are meaningful; and,
- Probe on their understanding of specific terms and language used.

Interview sections	Topics covered	Timing
1. Introduction	The aim of this section is to explain who Ipsos MORI is, what the research is and the value of their participation. It is also important to confirm details about the participant.	Up to 5 minutes
2. Understanding of Tax Credits	The purpose of this section is to gain an understanding of the participants level of understanding of TC and their confidence in completing forms	Up to 10 minutes
3. Understanding the renewals process	This section will investigate participants' knowledge and behaviours regarding the renewals process. In this section we will also cognitively test the annual review form and begin cognitive testing of the annual declaration form.	Up to 20 minutes
4. Annual declaration form debrief	This section will give participants an opportunity share their experiences of checking the annual review form. including cognitive testing of the annual declaration form and the guidance notes	Up to 15 minutes
5. Reporting in-year changes	This section collects basic information on awareness of obligations and guidance when there are in-year changes.	Up to 10 minutes
6. Scenarios	Through the use of case studies, we will be able to ascertain how participants would respond in certain scenarios.	Up to 10 minutes
7. Conclusions and future changes	This section will highlight key messages and areas for improvement from the interview.	Up to 10 minutes

Timings	Key Questions	Notes and Prompts
Up to 5 minutes	<p>1. Welcome and introduction</p> <ul style="list-style-type: none"> ▪ Thank participant for taking part in the interview. ▪ Introduce yourself and Ipsos MORI. ▪ Introduce HMRC and the project and explain that their contribution is valuable to the research. ▪ Explain the structure of the interview. ▪ Confidentiality: reassure all participants that all comments are anonymous in our report. ▪ Ask for permission to tape record the interview and to transcribe for quotes. Explain that we may use some of their words as direct quotes but this will be anonymous and it will not be possible for other people to identify them from the information we use. ▪ IF WE ARE FILMING THE PARTICIPANT – Get the participant to sign the standard release form. <p><u>About you</u></p> <p>Can I just check:</p> <ul style="list-style-type: none"> • Can you just tell me a bit about you? PROBE: Where they live, who they live with, how long they have lived there, whether they have children? • MODERATOR NOTE: family status and childcare arrangements are important – as these might give us an indication as to how their hours might vary. Plus it is useful contextual information. • And what kind of work do you do at the moment? PROBE: For employer/s, number of employers, number of hours, how long they have been in each role, regularity of hours and income, sector, skills level, seasonality. 	<p>Welcome: orientates participant, gets them prepared to take part in the interview.</p> <p>Outlines the ‘rules’ of the interview (including those we are required to tell them about under MRS and Data Protection Act guidelines).</p> <p>NOTE: Use the introduction to gauge the register that should be used in the interviews. What is written here is a <i>guide</i> only – but the information provided here should set the tone for the rest of the interviews and indicate how the questions should be phrased (i.e. whether they are currently in or out of work). Try to avoid the use of technical language – unless the participant uses it themselves – and explain terms clearly.</p> <p>NOTE: We will have much of this information from the screener. However, please use this section to check the data and ascertain whether or not their personal</p>

Timings	Key Questions	Notes and Prompts
	<ul style="list-style-type: none"> • IF APPLICABLE: What about your partner – what kind of work do they do? • Have there been any changes since you last renewed your/ your partner's work status or income? What were these? PROBE – THIS WILL BE IMPORTANT AND WILL HELP FRAME THE INTERVIEW – IT WILL ALSO BE REFERRED TO LATER IN THE INTERVIEW. • Do you know how much your current tax credit claim is? PROMPT: Is it less than £100 a month, between £100 and £500 a month or more than £500 per month? <p>DISABLED RESPONDENTS ONLY</p> <p>Are you receiving the disability element or severe disability element of Working Tax Credit? IF YES CONTINUE. IF NO MOVE ON</p> <p>When you first reported your disability to tax credits how did you know you were eligible for the disability element of tax credits?</p> <p>Did you refer to the disadvantage test (condition 2 of the qualifying criteria) found in the tax credits notes and online? Why/ Why not?</p> <p>Did you understand the disadvantage test? What are your overall opinions of the disadvantage test and its appropriateness?</p> <ul style="list-style-type: none"> • If not understood – did you make further enquiries before deciding whether you were eligible for the disability element? If not, why not? 	<p>situation has changed since the point of recruitment. Make a note of key points here – understanding their work status will be key</p>
<p>Up to 1 minutes</p>	<p><u>2. Understanding Tax Credits</u></p> <ul style="list-style-type: none"> • Can you please tell me how long you have been claiming Tax Credits? NOTE – this should be more than one year. 	<p><i>In this section we explore participants' level of understanding of the principles behind and processes involved in claiming tax</i></p>

Timings	Key Questions	Notes and Prompts
	<ul style="list-style-type: none"> ○ Do you tend to speak to family and friends regarding yours/their tax credits? If so who/why/how often? What have others told you about their experiences? What kind of things do you discuss with them? PROBE Changes of circumstances, renewals, overpayments, other discouraging information. ○ How accurate do you think the information you receive from others is? Does this affect your view of tax credits? Does this affect how you interact with the tax credits system? PROBE: makes me interact with HMRC more/less because... <p>FOR REPLY REQUIRED CUSTOMERS, "COMPLETE DECLARATION" FOR AUTO RENEWAL CUSTOMERS, "CHECK REVIEW FORM"</p> <ul style="list-style-type: none"> ● When you renewed at the end of the last financial year, did you complete the annual declaration form/ check the review form yourself? PROBE: Did anyone help you do this? Who was this? Why did you turn to them for help? Which sections did you want help on? Why was this? ● Overall, do you remember how easy it was to complete your annual declaration form/ check your review form? PROBE: Why do you say this? What parts did you find hard? And which were easier? How did the form compare with other official forms you have completed/ had to check? ● Can you tell me how easy it was to complete/ check the sections on your work and income details? <p><i>Note: If participant indicates that the process was difficult or complicated, probe for more detail. For example:</i></p> <ul style="list-style-type: none"> ○ <i>What was the hardest part?</i> ○ <i>Why is it difficult / complicated?</i> ○ <i>And what was the easiest part?</i> ○ <i>Why did you find this easier</i> 	<p><i>credits.</i></p> <p><i>With these questions we investigate participants' experiences of first claiming TC. This information will form a useful and important context for information on experiences of renewals.</i></p>

Timings	Key Questions	Notes and Prompts
	<ul style="list-style-type: none"> ○ <i>What information did you need at this part? Did you have this to hand?</i> ● How much contact have you had with HMRC over the course of your claim? PROBE: Ask participant about frequency and channel. If claim began some years ago concentrate on contact within the last year or two. ● What was this contact about? To what extent did you get the help you needed? What else would it have been helpful for HMRC to tell you? Why do you say this? ● IF NOT MENTIONED ASK: How useful did you find the helpline specifically? Why do you say this? <ul style="list-style-type: none"> ○ <i>Moderator to probe on language used by advisor, help given, any extra information advisor supplied, advisor's knowledge of the subject area, advisor support and so on</i> ● IF THERE HAS BEEN A CHANGE OF CIRCUMSTANCES RECENTLY IN RELATION TO INCOME AND WORK ASK: You mentioned that your circumstances have changed recently. Could you tell me a bit more about this? PROBE: What happened and when did this happen? <ul style="list-style-type: none"> ○ Did you tell HMRC about this change? Why/why not? How easy was it for you to do this? <i>Moderator to probe on language used by advisor, help given, any extra information advisor supplied, advisor's knowledge of the subject area, advisor support and so on.</i> And what happened after this? ○ Have there been any other changes? Did you contact HMRC about that? Why/ why not? ○ Have there been any changes that you have not contacted HMRC about? Why/ why not? ● Can I just check – your circumstances in relation to work/ income haven't changed recently – is that right? 	<p><i>NOTE; Try and get detail on what the advisor asked, how much the customer understood, what extra support the advisor gave (if any), whether the customer thought the advisor could have helped more, whether the advisors knew what they were talking about and so on.</i></p> <p><i>NOTE: Probe here in relation to their awareness into reporting a change in circumstances, and how they do this.</i></p>

Timings	Key Questions	Notes and Prompts
	<ul style="list-style-type: none"> If they had, what would you do? Why do you say this? Would there be any exceptions to this? Why do you say this? PROBE: See if they understand what changes need to be reported? See if they understand the impact each change would have on their award. 	
Up to 20 minutes	<p><u>3. Understanding the renewals process</u></p> <p>At the end of each financial year tax credit awards are finalised, do you recall being sent an annual review form and an annual declaration form (if applicable) in April 2009 for tax year April 2008 – March 2009?</p> <p><u>SHOW STIMULUS MATERIALS TC603R (annual review form) AND TC603D (annual declaration form) or just TC603R AUTO (auto renewal annual review form)</u></p> <p><u>Use 'Nil Award Form' if getting £0 Tax Credit. Use 'Family Element Form' if getting a Tax Credit payment</u></p> <p>What do you see as the purpose of the renewal process?</p> <p>PROBE for understanding that:</p> <ul style="list-style-type: none"> Tax credits payments have been worked out using estimated or previous year figures from the customer. The actual amount of Tax Credits the customer should have received that year can only be calculated when customers give their actual income and circumstances at renewal. This could mean the customer might not have been getting the right amount of money. [may reveal an 	<p><i>This section will start the cognitive testing of the forms involved in the renewal process. The opening questions are used by the moderator to determine the level of the participants' awareness of the renewal process and its importance.</i></p> <p><i>To help guide this section, the moderator will use the observational form (included as an appendix to this guide).</i></p>

Timings	Key Questions	Notes and Prompts
	<p>overpayment if change of circumstances / income not correctly reported] previous income figures given are considered an estimate until confirmed at finalisation.</p> <ul style="list-style-type: none"> • If don't renew, tax credits that are paid during the renewal period will become an overpayment and will have to be paid back by the customer. (NOT IN THE CASE OF AUTO RENEWALS). • If don't renew award ceases (NOT IN THE CASE OF AUTO RENEWALS). A new award will then be set up if they contact HMRC again after the renewal process has ended. <p>ASK 'REPLY REQUIRED CLAIMANTS' ONLY</p> <p>Do you have any experience of returning tax credit forms late/ notifying HMRC late? PROBE: Why did this happen? What were the consequences? What do you understand the consequences to be of late renewal?</p> <p>Do you know what the deadline for renewal is? PROBE: How do you know that? Where did you hear that?</p> <p>Are there any circumstances where you think you wouldn't have to renew your claim? PROBE: Why do you think this?</p> <p>What do you think the consequences of not renewing your tax credits claim on time are? PROBE: Why do you say that?</p> <p>ASK 'AUTO RENEWAL CLAIMANTS' ONLY</p>	

Timings	Key Questions	Notes and Prompts
	<ul style="list-style-type: none"> • Are there any circumstances you can think of where you would have to contact HMRC with regards to your review form? PROBE: Why do you think that is? • Do you know the deadline for reporting if your circumstances are different to those shown in the review form? PROBE: How do you know that? Where did you hear that? • What do you think the consequences could be for not informing HMRC about any change in time? <p>I would now like to talk in more detail about your experiences of completing the tax credits finalisation and renewals process</p> <p><u>ANNUAL REVIEW FORM</u></p> <p>Do you still have your most recent annual review form (you would have received this in April 2009 for tax year April 2008 – March 2009; however if you only have an older one this could be used too)?</p> <p>PROMPT PARTICIPANTS WHO DO NOT HAVE THEIR ANNUAL REVIEW FORM <u>WITH STIMULUS MATERIALS TC603R (annual review form for reply required claimants) or TC603R AUTO (auto renewal annual review form)</u></p> <p><u>Use 'Nil Award Form' if getting £0 Tax Credit. Use 'Family Element Form' if getting a Tax Credit payment</u></p> <p>Please could you tell me what you would usually do/ what you did when you</p>	

Timings	Key Questions	Notes and Prompts
	<p>receive(d) this form?</p> <p>Could you talk me through what you understand by the information in each section, and anything you might be unsure about?</p> <ul style="list-style-type: none"> • PROBE for understanding on: <p>What do you like about this form? What don't you like about this form?</p> <p>What do you think about the language on the form? What is it asking you to do?</p> <p>Would/ did you check that the figures and your circumstances quoted on the form are correct? How do you check them?</p> <p>Is there any more information/ guidance you need to ensure you feel confident that the details on the annual review form are correct?</p> <p>Overall, how easy it is for you to check the form yourself?</p> <p><u>ANNUAL DECLARATION FORM/ ESTIMATING INCOME</u></p> <p>ASK REPLY REQUIRED CLAIMANTS WHO COMPLETE BY FORM</p> <p><u>SHOW STIMULUS MATERIAL TC603D (annual declaration form) and the TC603RD Notes (annual declaration guidance notes)</u></p> <p>I would like to ask you to complete parts 1 to 3 of the Annual Declaration application form, in relation to your benefits, income and personal circumstances , as if you were renewing your claim today, using all the</p>	

Timings	Key Questions	Notes and Prompts
	<p>information that you would use for a real application. As you go through the form, I would like you to talk me through what you understand by the question and anything that you are unsure about. Once you have completed the form, we can talk in more detail about any issues you raise or areas of concern.</p> <p>THEN GO TO 4.a</p> <p>ASK REPLY REQUIRED CLAIMANTS WHO RENEW OVER THE TELEPHONE</p> <p><u>SHOW STIMULUS MATERIAL: TC603R (annual review form), TC603D (annual declaration form) and the TC603RD Notes (annual declaration guidance notes)</u></p> <p>I would like to ask you to take part in a simple role play with me, where I am the contact centre advisor and you are ringing to renew your award over the telephone. Please act like you would if you were renewing your claim today, using all the information that you would use for a real renewal. Throughout the telephone conversation please answer as you would on the day, once the role play is completed we can talk in more detail about any issues you raise or areas of concern</p> <p>INTERVIEWER: BEFORE BEGINNING PLEASE CHECK WHETHER CUSTOMER WOULD DO ANYTHING (GATHER ANY INFORMATION/CALCULATE ANY FIGURES) BEFORE RINGING THE HELPLINE</p> <p>ONCE THE CUSTOMER STATES THEY WOULD THEN MAKE THE CALL PLEASE REFER TO TELEPHONE SCRIPT</p> <p>THEN GO TO 4.b</p>	

Timings	Key Questions	Notes and Prompts
	<p>TO AUTO RENEWAL CLAIMANTS</p> <p><u>SHOW STIMULUS MATERIAL:TC603R Auto (annual review form for auto renewal claimants) and TC603R Notes (Auto renewal guidance notes)</u></p> <p>I would like to ask you to work through your annual review form, as if you were checking your claim today, using all the information that you would use for a real application. As you go through the form, I would like you to talk me through what you understand by the question and anything that you are unsure about. Once you have completed the form, we can talk in more detail about any issues you raise or areas of concern.</p> <p><i>NB: If Auto renewal participant ignores Step C completely ask why, and then ask them to go through this section also. DO NOT PROMPT TO COMPLETE UNTIL HAVE CONFIRMED WHETHER THEY WOULD IGNORE</i></p> <p>THEN GO TO 4.a</p> <p>NOTE:</p> <ul style="list-style-type: none"> • Do not answer questions from the participant on what information they need to put down on the form or give over the telephone. Instead, ask them what they think the question means and where they would go to look up the information if you were not there. • If the participant states that they would seek help from someone else or the helpline, ask specifically what help they would need and what questions they would ask. • Please be observant for transposing errors as this may be a common problem 	

Timings	Key Questions	Notes and Prompts
	<ul style="list-style-type: none"> If at any stage the participant explicitly states that they would refer to their: <u>P60/P45/P11D/P9D or Tax Return</u> but they do not have it to hand at present. Please give them the mock up of the form specified and ask them what sections would usually be relevant to them (that they would include in their tax credit claim) where they would include the figure and why. Then ask them to complete the section you are discussing with the example form, pretending the figures on the form relate to them. <p>Once the participant has completed the form, check through it to ensure all the relevant sections have been completed.</p>	
Up to 15 minutes	<p>4a. Annual declaration form/ review form debrief <u>FOR ALL REPLY REQUIRED PARTICIPANTS COMPLETING A DECLARATION FORM OR AUTO RENEWAL PARTICIPANTS (AND/ OR PARTNER)</u></p> <p>Once the participant has finished completing the form, talk about their experience picking up on any comments made or barriers faced while completing it. This will be individual to the participant, but may include:</p> <p>Overall</p> <ul style="list-style-type: none"> Overall, how easy did you find it to complete this/ these section(s) of the form? Were there any parts of this/ these section(s) that you found particularly difficult to complete? If so, what made it/ them difficult? <i>PROBE understanding of the question, vocabulary, layout of question, calculations, space for answer.</i> Were there any questions that you were unsure what was being asked of you? <i>If yes, probe on where uncertainty was e.g. vocabulary, where to find information, not understanding what the question was asking, not enough room on the form to complete the details etc.</i> 	<p><i>This section will continue the cognitive testing of the annual declaration form. We will ask detailed question of their awareness and understanding of each of the elements of the form, how they completed it and how this process might be improved. The section will also examine the usefulness of the guidance material and how this might be improved to help them</i></p>

Timings	Key Questions	Notes and Prompts
	<ul style="list-style-type: none"> • What information would you need to be able to answer the question? How would you go about getting this information? • In what way would you ask the question to make it more understandable? How would you ask the question? <p>ASK ALL REPLY REQUIRED PARTICIPANTS (AND/ OR PARTNER)</p> <ul style="list-style-type: none"> • Did you have to complete anything in section one about claiming other benefits? PROBE: Why was this? • How far did you understand what was being asked of you? <i>Ensure specific terms and language used are probed</i> <p>ASK ALL EMPLOYED RESPONDENTS (AND/ OR PARTNER) FOR WHOLE/ PART OF THE TAX YEAR</p> <ul style="list-style-type: none"> • How easy was it for you to record your income details (section 2)? PROBE: Particularly ask those who work flexible, seasonally, have multiple employers. • Did you have to complete your partners' details? How easy was this for you to do? Was it easy for you to get this information? • GO THROUGH ALL THE ELEMENTS OF INCOME ON THE FORM (2.1 to 2.3). EXPLORE EACH ELEMENT IN TURN • How far did you understand what was being asked of you? How easy did you find it to complete this section? <i>Ensure that specific terms and language used are probed.</i> What have you included in that amount? Why did you include that? What documents have you referred to? How did you calculate that figure? What sources of information have you used? Why have you used that? 	<p><i>Please note: currently contact centres do not give customers help in annualising a weekly wage, however this may be re-instated soon, specifically for customers reporting changes in their income, it would be useful to discover how useful this would be for customers and whether it is an common area of difficulty at present</i></p>

Timings	Key Questions	Notes and Prompts
	<ul style="list-style-type: none"> • Did you need to complete any of these sections on behalf of your partner? PROBE: How easy was it for you to find this information? Where did you go to find it? • Was any of the information you included an estimate? PROBE: Which bits? Why was this? What would you need to include more accurate figures? What do you think might be the result of including estimated information? What can be done about this? <p>PROBE ON ISSUES AROUND FLEXIBLE WORK, SEASONAL WORK, AND MULTIPLE EMPLOYERS</p> <p>IF APPLICABLE: REPEAT THE QUESTIONS HERE FOR THEIR PARTNER.</p> <p>ASK ALL THOSE THAT ARE SELF-EMPLOYED (OR PARTNER IS)</p> <ul style="list-style-type: none"> • How did you find completing the information about your income in Section 2.4? • PROBE: Did you understand how to calculate your earnings from your work? Was there anything difficult about doing this? How did you come to the figure you used? • GO THROUGH THE SOCIAL SECURITY BENEFITS AND SELF EMPLOYED ELEMENTS ON INCOME ON THE FORM (2.1 and 2.4). • How far did you understand what was being asked of you? How easy did you find it to complete this section? <i>Ensure that specific terms and language used are probed.</i> What have you included in that amount? Why did you include that? What documents have you referred to? How did you calculate that figure? What sources of information have you used? Why have you used 	<p><i>Probe fully at 2.1 & 2.4 using the accompanying notes</i></p>

Timings	Key Questions	Notes and Prompts
	<p>that?</p> <ul style="list-style-type: none"> • Did you need to complete any of these sections on behalf of your partner? PROBE: How easy was it for you to find this information? Where did you go to find it? • Was any of the information you included an estimate? Which bits? Why was this? What would you need to include more accurate figures? What do you think might be the result of including estimated information? What can be done about this? • IF SELF EMPLOYED RESPONDENT HAS COMPLETED SECTIONS 2.2 AND/ OR 2.3: PROBE why have you completed this information here? What is included in this figure? Where did you find this information? <p>ASK ALL REPLY REQUIRED RESPONDENTS (AND/ OR PARTNER)</p> <ul style="list-style-type: none"> • Why have you completed/ not completed part three of the declaration form? If they do have a change to report check whether or not it is a change that happened in the previous tax year • How far did you understand what was being asked of you? How easy did you find it to complete this section? <i>Ensure that specific terms and language used are probed.</i> • What did you do as a consequence of completing this section? PROBE THOSE WITH A CHANGE TO REPORT: Did you contact HMRC? How soon after completing the form? <p>ASK ALL AUTO RENEWAL PARTICIPANTS (AND/ OR PARTNER)</p> <ul style="list-style-type: none"> • Specifically did you follow the instructions in step C? What made you 	<p><i>Probe fully at 2.2 & 2.3 using the accompanying notes</i></p>

Timings	Key Questions	Notes and Prompts
	<p>decide to follow/not follow these? IF USED what were the benefits of using the step by step guide, how helpful was it? PROBE: Did you fully understand it? How far did you understand what was being asked of you? How easy did you find it to complete this section? <i>Ensure that specific terms and language used are probed.</i></p> <ul style="list-style-type: none"> • What did you do as a consequence of completing this step? PROBE THOSE WHO NEED TO REPORT: Did you contact HMRC? How soon after completing the form? • IF WOULD CONTACT HMRC: When would you contact them? Do you think it is important to contact them? What length of time would you consider ok? PROBE: Why do you say this? • Can you tell me why you did not use the step by step guide? PROBE: level of confidence in checking the form. Also probe on other behaviours – do they tend to read instructions when completing forms etc? <p><u>Guidance (FOR REPLY REQUIRED AND AUTO RENEWAL)</u></p> <p>ASK IF THE PARTICIPANT USED THE GUIDANCE (AND/ OR PARTNER)</p> <ul style="list-style-type: none"> • Specifically did you use the working sheets? What made you decide to use/not use this? IF USED what were the benefits of using the working sheet, how helpful was it? Did you fully understand it? • How easy did you find it to use the guidance and find out the information you needed? Were specific parts of the guidance easier to understand than others? • Did you find the guidance helped you to complete the form? Why do you say this? 	

Timings	Key Questions	Notes and Prompts
	<ul style="list-style-type: none"> • Were there any sections of the guidance that you didn't understand? If so, what is it that you did not understand? <i>Probe vocabulary, way in which the information is presented etc.</i> • Was there anything missing from the guidance that you would have liked more information on? If so, what information would you include? <p>ASK IF THE PARTICIPANT DID NOT USE THE GUIDANCE (AND/ OR PARTNER)</p> <ul style="list-style-type: none"> • Can you tell me why you did not use the guidance document? PROBE: level of confidence in completing the form. Also probe on other behaviours – do they tend to read instructions when completing forms etc? • Do you feel that any additional information was required to help you in completing the form? If so, what? How do you think that information should be provided? <i>Note if they comment that the guidance booklet is too big/off putting/to difficult to navigate etc.</i> • <u>Hand participant the guidance note.</u> What are your overall impressions of the notes? PROBE: To what extent does it contain useful information? What else do you think it needs to include? And how should this be presented? <p><u>4b. Renewing by telephone debrief – for all reply required participants who renew by telephone</u></p> <p>Once you have finished completing the role play, talk about their experience picking up on any comments made or barriers faced throughout the role play. This will be individual to the participant, but may include:</p> <p><u>Overall</u></p> <ul style="list-style-type: none"> • Overall, how easy did you find it to give the information requested over the 	

Timings	Key Questions	Notes and Prompts
	<p>telephone?</p> <ul style="list-style-type: none"> • Were there any details requested that you found particularly difficult to give? If so, what made them difficult? <i>Probe understanding of the question, advisor support, calculations, preparation.</i> • Were there any questions that you were unsure what was being asked of you? <i>If yes, probe on where uncertainty was e.g. where to find information, not understanding what the advisor was asking for.</i> • What information would you need to be able to answer the question? How would you go about getting this information? • In what way would you ask the question to make it more understandable? How would you ask the question? What extra support/advice would like from the advisor? <p>I would like to go through the answers you gave me in the role play: You told me:</p> <ul style="list-style-type: none"> • Your total taxable social security benefits – how did you come to this figure? • How much you earn – how did you come to this final figure? • Your total company benefits – how did you come to this figure? • How much your partner earns – how did you come to this figure? • Whether you receive any of the benefits outlined? • Other income to the household – how did you come to this figure? <p>GO THROUGH ALL FIGURES AND CONFIRM WHETHER PARTICIPANT INCLUDED THE INCOMES/ BENEFITS AS ADVISED ON THE FORM/ NOTES IN THE FIGURE THEY GAVE TO THE ADVISOR, WHY/ WHY NOT?</p> <p>CHECK WHETHER THEY INCLUDED ANYTHING THEY SHOULDN'T HAVE</p>	

Timings	Key Questions	Notes and Prompts
	<p><u>Guidance</u></p> <p>IF THE PARTICIPANT USED THE GUIDANCE BEFORE OR DURING THE TELEPHONE ROLE PLAY:</p> <ul style="list-style-type: none"> • Specifically did you use the working sheet? What made you decide to use/not use this? IF USED what were the benefits of using the working sheet, how helpful was it? Did you fully understand it? • How easy did you find it to use the guidance and find out the information you needed? Were specific parts of the guidance easier to understand than others? • Did you find the guidance helped you to give the correct information when renewing over the telephone? Why do you say this? • Were there any sections of the guidance that you didn't understand? If so, what is it that you did not understand? <i>Probe vocabulary, way in which the information is presented etc.</i> • Was there anything missing from the guidance that you would have liked more information on? If so, what information would you include? <p>IF THE PARTICIPANT DID NOT USE THE GUIDANCE BEFORE OR DURING TELEPHONE ROLE PLAY:</p> <ul style="list-style-type: none"> • Can you tell me why you did not use the guidance document before or during renewing on the telephone? PROBE: level of confidence in knowing income figures. Also probe on other behaviours – do they tend to read instructions when completing forms etc? 	

Timings	Key Questions	Notes and Prompts
	<ul style="list-style-type: none"> Do you feel that any additional information was required to help you in giving the correct information to the advisor? PROBE: If so, what? How do you think that information should be provided? <i>Note if they comment that the guidance booklet is too big/off putting/to difficult to navigate etc.</i> <u>Hand participant the guidance note.</u> What are your overall impressions of the notes? PROBE: To what extent does it contain useful information? What else do you think it needs to include? And how should this be presented? 	
Up to 10 minutes	<p><u>5. Reporting in-year changes</u></p> <p>I would now like to talk a little about your working life and how you go about reporting changes in your circumstances to HMRC. For example, you may report changes in your income, working hours or employment status to HMRC.</p> <p>Can you tell me after what events in your life you might need to notify HMRC of a change of circumstances which would affect your tax credits? Again, we're just talking about changes in relation to your income, working hours and employment status.</p> <p>PROMPT:</p> <ul style="list-style-type: none"> Change of income? <i>Probe on what size changes in income need to be reported, what size changes have an impact on their award, whether there are any circumstances when they would wait until renewal to report a change regarding income, furthermore whether changes in income/benefits outlined in the other income section are reported within year</i> <p><i>If income disregard mentioned (or respondent explains similar rules) probe,</i></p>	<p><i>In this section we investigate participants' knowledge and awareness of the processes around reporting changes of circumstance, and their experiences of reporting changes.</i></p> <p><i>Claimants' awards are initially based on</i></p>

Timings	Key Questions	Notes and Prompts
	<p><i>how does this work? What impact does it have on your claim this year? And what about next year? Why do you say that? Would this affect how you would report changes in your or your partner's income within the year?</i></p> <ul style="list-style-type: none"> ○ Change in hours? <i>Probe on what size change in hours need to be reported, what size changes have an impact on their award, whether there are any circumstances when they would wait until renewal to report a change regarding working hours</i> ○ Change in employment status? <i>Probe on what needs to be reported, what they expect the impact to be on their award, whether there are any circumstances when they would wait until renewal to report a change regarding employment status</i> ○ Change in household makeup? <i>Probe on whether there has been a change in the composition of the household (change from single to joint claim or vice versa) and whether they consider 'partners' income to be important to the claim</i> <p>Can you tell me how soon you need to inform HMRC of these changes after they occur?</p> <ul style="list-style-type: none"> ● If yes, how do you know this? ● If no, explore possible reasons <p>Can you tell me why it is important to update HMRC with changes of circumstances?</p> <ul style="list-style-type: none"> ▪ If think HMRC already knows. How would HMRC know this? [for any of above listed changes] 	<p><i>their previous year's income. They have to report their current year income (if different) or any in-year changes in income as soon as possible and their awards are then amended and finalised at the end of the financial year.</i></p> <p><i>The first £25,000 of any difference between their previous year and their current year's income, or any change in income is disregarded when calculating their final award and the claimants award is only adjusted according to this new income for their award in the next financial year. But claimants are still expected to inform HMRC of any change when it happens, as if left until renewal they may receive an overpayment for time in the renewal period when their award for the next financial year is incorrect.</i></p>

Timings	Key Questions	Notes and Prompts
	<ul style="list-style-type: none"> ▪ Are there any reasons/ circumstances why you would not report a change to HMRC? If so, what can HMRC do to make you more likely to report this change? ▪ What income matters when thinking about reporting to the HMRC? PROBE: Bonuses, one off payments, partners income/ bonuses etc., small increases in income? What are the limits? <p>Where did you gain the information you have regarding changes in circumstances relating to income, work and hours? PROBE: How much is from friends and family, how much is from official source such as the helpline?</p> <p>Does your knowledge or experience of informing HMRC about changes in your income, work and hours, and the impact this has on your award, influence whether you take up opportunities/ overtime or make changes in your employment now?</p> <ul style="list-style-type: none"> ○ For example, not increasing hours over the maximum needed for WTC ○ Ensuring income is not increased over limit to make claimant ineligible for tax credits ○ Not taking on employment if it would disqualify them of tax credits which would result in them earning less money. <p>Have you ever notified HMRC of a change of circumstances in relation to your (or your partners) income, working hours or employment status?</p> <ul style="list-style-type: none"> • What did you expect to happen when you reported a change? • What was the reality? What actually happened when you reported a change? 	

Timings	Key Questions	Notes and Prompts
	<ul style="list-style-type: none"> • If yes, how easy or difficult was it? Why? • What would have made this process easier? • Were you aware of what the impact of this change may be on your award? <p>Did you receive a revised award notice following this? If yes, why do you think this was sent?</p> <ul style="list-style-type: none"> • Did you check to ensure it was correct? How did you know the award had been amended correctly? Was the change in the amount of your award what you expected? • Did you check the circumstances were recorded correctly and/or award amount correct? • Did you use the award checklist? IF YES: how helpful was this? • If participant thought something was not correct on their revised award notice: Did you contact HMRC about the error? What happened? If not, why • <u>Can you tell me about any changes in circumstances where you would leave reporting the change until renewal rather than reporting it within year? Why/ why not? Do you think there would be any consequences to leaving this until renewal? Why/ why not?</u> <p>READ OUT: Are you aware that if your income increases by less than £25,000 within the tax credits year it will not affect your current year's award amount, it will only change your award for the next tax credit year?</p>	

Timings	Key Questions	Notes and Prompts
	<p>IF KNOWN: Does that affect the way you report income changes to tax credits/ HMRC? PROMPT: Are you less likely to report within the year? Are you more likely to report at renewal?</p> <p>IF KNOWN: Does that have any affect on the decisions you make about your income, work status and/ or working hours? PROBE: Why do you say that?</p> <p>IF NOT KNOWN: Now you know this do you think it may have an affect on the decisions you make about your income, working status and/ or working hours? PROBE: Why do you say that?</p>	
Up to 10 minutes	<p><u>6. Scenarios</u></p> <p>Please follow the scenario guide that is most in line with the participants circumstances (employed, unemployed, self-employed)</p>	<p><i>This section examines how participants would respond to hypothetical scenarios.</i></p>
Up to 10 minutes	<p><u>7. Conclusions and key messages</u></p> <p><i>Interviewer: Sum up what the participant has expressed about how easy it is to complete the work and income sections of the annual declaration form.</i></p> <ul style="list-style-type: none"> • If it was possible to change the way in which tax credits renewals were conducted, what would you change? <i>Probe: Change/ improve the information guidance; changes to the form; any preferred channel of contact e.g. ability to apply on-line, do it over the phone; ability to ask questions, helpline.</i> • IF state they would like HMRC to pre complete personal information (such as NI number etc.) PROBE: Why do you say that? Why do you think they don't currently do that? 	<p><i>This section will summarise the key messages from the research and will highlight any recommendations for change.</i></p>

Timings	Key Questions	Notes and Prompts
	<ul style="list-style-type: none">• What about the annual review form? Is there anything you would change?• If it was possible to change the way in which you completed the income and work sections of the annual declaration form, what would you change?• Why would this make such a difference? Is there anything else you would like to add? <p>THANK AND CLOSE.</p>	

Discussion Guide: New Claimants

HMRC

Cognitive testing to investigate sources of error related to income, working status and hours in the tax credits process

Discussion guide: **New Claimants – FINAL**

Objectives of the research

The key objective of the research is to investigate TC claimants' levels of understanding and comprehension around the *income details* and *work details* sections of the TC form as well as the Annual Review and Annual declaration form. In detail, we will:

- Investigate participants' understanding of the key concepts, questions and processes which will allow a judgement on whether the forms are meaningful; and,
- Probe on their understanding of specific terms and language used.

Interview sections	Topics covered	Timing
1. Welcome and Introduction	The aim of this section is to explain who Ipsos MORI is, what the research is and the value of their participation. It is also important to confirm details about the participant plus gather contextual information which can be used in later sections of the guide.	Up to 5 minutes
2. Understanding of Tax Credits	The purpose of this section is to gain an understanding of the participants' level of understanding of TC and their confidence in completing forms.	Up to 10 minutes
3. Filling in a Tax Credits application form – work and income sections	This exercise allows us to gain an understanding of the participants understanding and thought processes when completing the form.	Up to 15 minutes
4. Application form debrief	This section allows an opportunity to discuss the form overall and talk through any problem areas.	Up to 30 minutes
5. Understanding the renewals process	This section explores the participants understanding of the renewal process. What it is for, why it is done and what they perceive the consequences of not renewing to be?	Up to 5 minutes
6. Reporting in-year changes	This section collects basic information on awareness of obligations and guidance when there are in-year changes.	Up to 10 minutes
7. Scenarios	Through the use of case studies, we will be able to ascertain how participants would respond in certain scenarios.	Up to 10 minutes
8. Conclusion	This section will highlight key messages and areas for improvement from the interview.	Up to 5 minutes

Timings	Key Questions	Notes and Prompts
Up to 5 minutes	<p>a) <u>1. Welcome and introduction</u></p> <ul style="list-style-type: none"> ▪ Thank participant for taking part in the interview. ▪ Introduce yourself and Ipsos MORI. ▪ Introduce HMRC and the project and explain that their contribution is valuable to the research. ▪ Explain the structure of the interview. ▪ Confidentiality: reassure all participants that all comments are anonymous in our report. ▪ Ask for permission to tape record the interview and to transcribe for quotes. Explain that we may use some of their words as direct quotes but this will be anonymous and it will not be possible for other people to identify them from the information we use. ▪ IF WE ARE FILMING THE PARTICIPANT – Get the participant to sign the standard release form. <p><u>About you</u></p> <p>Can I just check:</p> <ul style="list-style-type: none"> • Can you just tell me a bit about you? PROBE: Where they live, who they live with, how long they have lived there, whether they have children? • <i>MODERATOR NOTE; Family status and childcare arrangements are important – as these might give us an indication as to how their hours might vary. Plus it is useful contextual information.</i> • And what kind of work do you do at the moment? PROBE: For employer(s), number of jobs, number of hours, how long they have been in each role, regularity of hours and income, sector, skills level, seasonality. • IF APPLICABLE: What about your partner – what kind of work do they do? 	<p><i>Welcome:</i> orientates participant, gets them prepared to take part in the interview.</p> <p><i>Outlines the ‘rules’ of the interview (including those we are required to tell them about under MRS and Data Protection Act guidelines).</i></p> <p>NOTE: Use the introduction to gauge the register that should be used in the interviews. What is written here is a <i>guide</i> only – but the information provided here should set the tone for the rest of the interviews and indicate how the questions should be phrased (i.e. whether they are currently in or out of work). Try to avoid the use of technical language – unless the participant uses it themselves – and explain terms clearly.</p> <p>NOTE: We will have much of this information from the screener. However, please use this section to check the data and ascertain whether or not their personal situation has changed since the point of recruitment. Make a note of key points here – understanding their work status will be key</p>

Timings	Key Questions	Notes and Prompts
	<ul style="list-style-type: none"> • Have there been any changes to your/ your partner's work status or income since you started claiming tax credits? What were these? PROBE – THIS WILL BE IMPORTANT AND WILL HELP FRAME THE INTERVIEW – IT WILL ALSO BE REFERRED TO LATER IN THE INTERVIEW. • Do you know how much your current tax credit claim is? PROMPT: Is it less than £100 a month, between £100 and £500 a month or more than £500 per month? <p>DISABLED RESPONDENTS ONLY</p> <p>Are you receiving the disability element or severe disability element of Working Tax Credit? IF YES CONTINUE. IF NO MOVE ON</p> <p>When you first reported your disability to tax credits how did you know you were eligible for the disability element of tax credits?</p> <p>Did you refer to the disadvantage test (condition 2 of the qualifying criteria) found in the tax credits notes and online? Why/ Why not?</p> <p>Did you understand the disadvantage test? What are your overall opinions of the disadvantage test and its appropriateness?</p> <ul style="list-style-type: none"> • If not understood – did you make further enquiries before deciding whether you were eligible for the disability element? If not, why not? 	
Up to 10 minutes	<p><u>2. Understanding Tax Credits</u></p> <ul style="list-style-type: none"> • Can you please tell me how long you have been claiming Tax Credits? NOTE – this should be a year or less. • When you made your original claim, did you complete the form yourself? PROBE: Did anyone help you complete it? Who was this? Why did you turn 	<p><i>This section of the form will provide useful contextual information. It will provide information on how they complete the form and what, if any, help they use when doing this.</i></p>

Timings	Key Questions	Notes and Prompts
	<p>to them for help? Which sections did you want help on? Why was this?</p> <ul style="list-style-type: none"> • Overall, do you remember how easy it was to complete your application form for Tax Credits? PROBE: Why do you say this? What parts did you find hard? And which were easier? How did the form compare with other forms you have completed? • Can you tell me how easy it was to complete the sections on your work and income details? <p><i>MODERATOR NOTE: see if they spontaneously know where this section is and turn to it to help them answer this question. If not, for your reference, it is Parts 4-5 of the form – show them the stimulus if needs be.</i></p> <p><i>Note: If participant indicates that the process was difficult or complicated, probe for more detail. For example:</i></p> <ul style="list-style-type: none"> ○ <i>What was the hardest part?</i> ○ <i>Why is it difficult / complicated?</i> ○ <i>And what was the easiest part?</i> ○ <i>Why did you find this easier</i> ○ <i>What information did you need to fill this part of the form in? Did you have this to hand?</i> <ul style="list-style-type: none"> • How much contact have you had with HMRC over the course of your claim? PROBE: Ask participant about frequency and channel. • What was this contact about? To what extent did you get the help you needed? What else would it have been helpful for HMRC to tell you? PROBE: Why do you say this? 	

Timings	Key Questions	Notes and Prompts
	<ul style="list-style-type: none"> • IF NOT MENTIONED ASK: How useful did you find the helpline specifically? Why do you say this? <ul style="list-style-type: none"> ○ Moderator to probe on language used by advisor, help given, any extra information advisor supplied, advisor’s knowledge of the subject area, advisor support and so on. • IF THERE HAS BEEN A CHANGE OF CIRCUMSTANCES RECENTLY IN RELATION TO INCOME/ WORK ASK: You mentioned earlier that your circumstances have changed recently. Could you tell me a bit more about this? PROBE: What happened and when did this happen? <ul style="list-style-type: none"> ○ Did you tell HMRC about this change? Why/ why not? How easy was it for you to do this? Moderator to probe on language used by advisor, help given, any extra information advisor supplied, advisor’s knowledge of the subject area, advisor support and so on. And what happened after this? ○ Have there been any other changes? Did you contact HMRC about that? Why/ why not? ○ Have there been any changes that you have not contacted HMRC about? Why/ why not? • Can I just check – your circumstances in relation to work/ income haven’t changed recently – is that right? • If they had, what would you do? Why do you say this? Would there be any exceptions to this? PROBE: See if they understand what changes need to be reported? See if they understand the impact each change would have on their award. 	<p><i>NOTE; Try and get detail on what the advisor asked, how much the customer understood, what extra support the advisor gave (if any), whether the customer thought the advisor could have helped more, whether the advisors knew what they were talking about and so on.</i></p> <p><i>NOTE: Probe here in relation to their awareness into reporting a change in circumstances, and how they do this.</i></p>
Up to 15 minutes	<p><u>3. Filling in a tax credit form</u></p> <p><i>“I would like to ask you to complete the income and work details sections of the Tax Credit application form, as if you were making a new claim today, using all the information that you would use for a real application. As you go through the form, I</i></p>	<p><i>This section will start the cognitive testing of the TC form. To help guide this section, the moderator will use the observational form (included as an appendix to this guide).</i></p>

Timings	Key Questions	Notes and Prompts
	<p><i>would like you to talk me through what you understand by the question and anything that you are unsure about. Once you have completed the form, we can talk in more detail about any issues you raise or areas of concern.”</i></p> <p>Give participant the ‘Tax Credit claim form’ and the complete set of ‘guidance notes’.</p> <p><i>Please complete the form:</i></p> <p>NOTE:</p> <ul style="list-style-type: none"> • Do not answer questions from the participant on what information they need to put down on the form. Instead, ask them what they think the question means and where they would go to look up the information if you were not there. • If the participant states that they would seek help from someone else or the helpline, ask specifically what help they would need and what questions they would ask. • Fill in the observation form (found in the appendix) while the participant completes the claim form. • Please be observant for transposing errors as this may be a common problem. • If at any stage the participant explicitly states that they would refer to their: P60/P45/P11D/P9D or Tax Return but they do not have it to hand at present. Please give them the mock up of the form specified and ask them what sections would usually be relevant to them (that they would include in their tax credit claim), where they would include the figure and why. Then ask them to complete the section you are discussing with the example form, pretending the figures on the form relate to them. <p>Once the participant has completed the form, check through it to ensure all the relevant sections have been completed.</p>	
Up to 30 minutes	<p>4. Application form debrief</p> <p>Once the participant has finished completing the two sections of the form, talk about</p>	<p><i>This section will continue the cognitive testing of the claim form. We will ask detailed question of their awareness and understanding of each</i></p>

Timings	Key Questions	Notes and Prompts
	<p>their experience picking up on any comments made or barriers faced while completing it. This will be individual to the participant, but may include:</p> <p>Overall</p> <ul style="list-style-type: none"> • Overall, how easy did you find it to complete these sections of the form? • Were there any parts of these sections that you found particularly difficult to complete? If so, what made them difficult? <i>PROBE for understanding of the question, vocabulary, layout of question, calculations, space for answer.</i> • Were there any questions that you were unsure what was being asked of you? <i>If yes, probe on where uncertainty was e.g. vocabulary, where to find information, not understanding what the question was asking, not enough room on the form to complete the details etc.</i> • What information would you need to be able to answer the question? <i>PROBE: How would you go about getting this information?</i> • In what way would you ask the question to make it more understandable? <i>PROBE: How would you ask the question?</i> <p><u>RECORDING WORK DETAILS</u></p> <p>ASK MIGRANT WORKERS - How easy was it to answer section 4.2?</p> <p>ASK ALL</p> <ul style="list-style-type: none"> • How easy was it for you to record your working hours (section 4.3)? <i>PROBE: Particularly ask those who work flexible, seasonally, have multiple employers. How far did you understand what the form was asking you to do? How did you come to your final answer? Why do you think this information is requested? What affect do you think it has on your tax credits?</i> 	<p><i>of the elements of the form, how they completed it and how this process might be improved. The section will also examine the usefulness of the guidance material and how this might be improved to help them.</i></p>

Timings	Key Questions	Notes and Prompts
	<ul style="list-style-type: none"> • Did you need to fill in section 4.4/ 4.5 on claiming other benefits or because you are 50+? ASK ALL: How did you come to the decision that you did/ did not need to complete this section? IF COMPLETED: How easy was this to do? Did you understand what was being asked of you? PROBE: <i>Ask about their understanding of specific terms and language used.</i> Why do you think this information was needed? • Did you have to complete your partners' details? How easy was this for you to do? Was it easy for you to get this information? When you completed the form for real, did you complete this information for them? IF PARTNER ANSWERED THIS PART FOR THEMSELVES ASK THEM SAME QUESTIONS AS ABOVE • How could these sections be improved? PROBE: Why would this make them easier to complete? <p>ASK ALL THOSE THAT ARE EMPLOYED (AND/ OR PARTNER) (section 4.6 to 4.11)</p> <ul style="list-style-type: none"> • And what about completing the information about you and your employer? How far did you understand what was being asked of you? <i>Ensure that specific terms and language used are probed.</i> • Did you understand what you needed to complete in the sections about your employer's PAYE tax reference? And your payroll number? Did you have this information to hand? How easy was it for you to find this? IF NO – Where would you go to find it? Why do you think this information is requested? • IF MORE THAN ONE EMPLOYER: How do you decide which of your employers to enter on the form? PROBE: Why do you think you can only enter one employee? • How could these sections be improved? PROBE: Would this make them 	<p><i>Probe at 4.5 for info on (as per accompanying Note):</i></p> <ul style="list-style-type: none"> • <i>Severe Disablement Allowance</i> • <i>Pension Credit</i> • <i>National Insurance Credits</i> • <i>A training allowance for government-run training like Work-Based Learning for Adults, or Training for Work</i> <p><i>Please note – it is important to remember here that HMRC request details of the claimants (and their partner's) income details from the PREVIOUS tax year. It needs to be monitored throughout that this is the information the customers is inputting.</i></p>

Timings	Key Questions	Notes and Prompts
	<p>easier to complete? Why do you say that?</p> <ul style="list-style-type: none"> • IF APPLICABLE: REPEAT THE QUESTIONS HERE FOR THEIR PARTNER <p>ASK ALL THOSE THAT ARE SELF-EMPLOYED (AND/ OR PARTNER) (section 4.12 & 4.13)</p> <ul style="list-style-type: none"> • How did you find completing the information about you – for instance, finding your tax reference and your start date (if no tax return sent)? How far did you understand what was being asked of you? <i>Ensure that specific terms and language used are probed.</i> • Did you have this information to hand? How easy was it for you to find this? IF NO – Where would you go to find it? • How could these sections be improved? PROBE: Would this make them easier to complete? Why do you say that? • IF APPLICABLE: REPEAT THE QUESTIONS HERE FOR THEIR PARTNER. <p><u>RECORDING INCOME DETAILS</u></p> <ul style="list-style-type: none"> • What about your income details – did you have to complete anything at section 5.1 about claiming other benefits? Why was this? • How far did you understand what was being asked of you? <i>Ensure that specific terms and language used are probed.</i> • What about the information you needed to include at section 5.2 (taxable social security benefits) - how easy was this for you to complete? How far did you understand what was being asked of you? <i>Ensure that specific terms and language used are probed.</i> 	<p><i>Probe at 5.2 for info on (as per accompanying Note):</i></p> <ul style="list-style-type: none"> • <i>Bereavement Allowance</i> • <i>Contribution-based Employment and Support Allowance</i> • <i>Carer's Allowance</i>

Timings	Key Questions	Notes and Prompts
	<ul style="list-style-type: none"> • GO THROUGH ALL THE BENEFITS THAT SHOULD BE INCLUDED IN THIS SECTION 5.2 OUTLINED IN THE NOTES AND ENSURE ALL HAVE BEEN CONSIDERED BY THE CLAIMANT. IF NOT, WHY HAVE THEY NOT CONSIDERED THEM? • EXPLORE WHETHER THEY HAD ACCIDENTALLY INCLUDED ANY OF THE BENEFITS THAT THE NOTES OUTLINE SHOULD NOT BE INCLUDED. <p>ASK EMPLOYED RESPONDENTS (AND/ OR PARTNER) ONLY</p> <ul style="list-style-type: none"> • And section 5.3 (earnings as an employee from all jobs) – how easy was this for you to complete? PROBE: How far did you understand what was being asked of you? <i>Ensure that specific terms and language used are probed.</i> • GO THROUGH ALL THE INCOME THAT SHOULD BE INCLUDED IN THIS SECTION (5.3) OUTLINED IN THE NOTES AND ENSURE ALL HAVE BEEN CONSIDERED BY THE CLAIMANT. IF NOT, WHY HAVE THEY NOT CONSIDERED THEM? • EXPLORE WHETHER THEY HAD ACCIDENTALLY INCLUDED ANY OF THE INCOME THAT THE NOTES OUTLINE SHOULD NOT BE INCLUDED. • When filling out section 5.3, where did you get the information from? How easy was it for you to find? Which figure have you used for your pay/ income? PROBE: Do you know whether that is your net or gross pay? Why have you chosen that figure? • Where have you got that figure from? PROBE: Did you refer to your payslip/ P60/ P45? Why/ why not? 	<ul style="list-style-type: none"> • <i>Contribution based Jobseekers Allowance</i> • <i>Incapacity Benefit paid after the first 28 weeks of incapacity (NOT incapacity benefit claimed before 1995)</i> • <i>Taxable Income Support (this only applies if you were in a couple, and the person receiving Income Support was on strike)</i> <p><i>Probe at 5.3 for info on (as per accompanying Note):</i></p> <ul style="list-style-type: none"> • <i>Total pay from all your employed work, including any tips and gratuities and statutory sick pay</i> • <i>Payment from your employer because your job changed or ended (Don't include the first £30,000. Put any amount you got over that)</i> • <i>Taxable gains from security options you got because of your job, for example, company shares or bonds</i> • <i>Strike pay from your trade union</i> • <i>Payment for work you did in prison or on remand</i>

Timings	Key Questions	Notes and Prompts
	<ul style="list-style-type: none"> • How could these sections be improved? Why would this make them easier to complete? • IF APPLICABLE: REPEAT THE QUESTIONS HERE FOR THEIR PARTNER <p>ASK EMPLOYED RESPONDENTS (AND/ OR PARTNER) ONLY</p> <ul style="list-style-type: none"> • And what about details about other elements of your income, section 5.4? PROBE: GO THROUGH LIST IN OUTLINED IN THE NOTE • GO THROUGH ALL THE ELEMENTS OF INCOME THAT ARE LISTED ABOVE AND ON FORM. EXPLORE EACH ELEMENT IN TURN • How far did you understand what was being asked of you? <i>Ensure that specific terms and language used are probed.</i> What have you included in that amount? How did you calculate that figure? What sources of information have you used? • Did you need to complete any of these sections on behalf of your partner? PROBE: How easy was it for you to find this information? Where did you go to find it? • Where have you got that figure from? PROBE: Did you refer to your payslip/ P60/ P45/P11D/P9D? • How could this section be improved? Would this make them easier to complete? PROBE: Why do you say that? <p>ASK SELF-EMPLOYED RESPONDENTS (AND/ OR PARTNER) ONLY</p> <ul style="list-style-type: none"> • And what about details of your income from self-employment (section 5.5)? How far did you understand what was being asked of you? <i>Ensure that</i> 	<p><i>Probe at 5.4 for info on (as per accompanying Note):</i></p> <ul style="list-style-type: none"> • <i>Goods and assets your employer gave you (for example, gifts of food, fuel, cigarettes or clothes)</i> • <i>Payments made by your employer on your behalf (for example, payment of rent or utility bills)</i> • <i>Cash or non-cash vouchers and credit tokens (for example, a company credit card)</i> • <i>Mileage allowance. Including payments for using your own car</i> • <i>Company car</i> • <i>Car fuel benefit</i> • <i>Expenses payments made to you or on your behalf</i>

Timings	Key Questions	Notes and Prompts
	<p><i>specific terms and language used are probed.</i> What have you included in that amount? How did you calculate that figure? What sources of information have you used?</p> <ul style="list-style-type: none"> • Did you need to complete any of these sections on behalf of your partner? PROBE: How easy was it for you to find this information? Where did you go to find it? • Where have you got that figure from? PROBE: What paperwork did you refer to? e.g. Tax Return? • How could this section be improved? Would this make them easier to complete? PROBE: Why do you say that? <p>ASK ALL (AND/ OR PARTNER)</p> <ul style="list-style-type: none"> • And what about details about all other income (section 5.6)? PROBE: Ask participant about gross interest on savings, investments and dividends; social security pensions; income from property; gross trust income; foreign income; and notional income in turn. • GO THROUGH ALL THE ELEMENTS OF INCOME THAT ARE LISTED ABOVE, ON FORM AND IN THE NOTES. EXPLORE EACH ELEMENT IN TURN • How far did you understand what was being asked of you? <i>Ensure that specific terms and language used are probed.</i> What have you included in that amount? How did you calculate that figure? What sources of information have you used? • Did you include your partner's other income figure in this section? PROBE: How easy was it for you to find this information? Where did you go to find it? 	<p><i>Probe at 5.6 for info on (as per accompanying Note):</i></p> <ul style="list-style-type: none"> • <i>Gross interest on savings</i> • <i>Investments and dividends</i> • <i>Bonds</i> • <i>Foreign income (must be given in sterling)</i> • <i>Pensions (state, occupational and personal)</i> • <i>Property income – such as income from renting or leasing property or land</i> • <i>Rent a room income above the exemption limit (£4,250 per annum)</i> • <i>Notional income – income they could have received but did not take such as social security benefits</i> • <i>Gross trust income</i>

Timings	Key Questions	Notes and Prompts
	<ul style="list-style-type: none"> • Where have you got that figure from? PROBE: What paperwork did you refer to? e.g. bank statement? • How could this section be improved? Would this make it easier to complete? PROBE: Why do you say that? • Was any of the information you included an estimate (section 5.7)? Which bits? PROBE: Why was this? What would you need to include more accurate figures? What do you think might be the result of including estimated information? What can be done about this? • How could these sections be improved? Would this make them easier to complete? PROBE: Why do you say that? <p><u>Guidance</u></p> <p>IF THE PARTICIPANT USED THE GUIDANCE (AND/ OR PARTNER):</p> <ul style="list-style-type: none"> • How easy did you find it to use the guidance and find out the information you needed? • Did you find the guidance helped you to complete the form? PROBE: Why do you say that? • Were there any sections of the guidance that you didn't understand? If so, what is it that you did not understand? <i>Probe vocabulary, way in which the information is presented etc.</i> • Was there anything missing from the guidance that you would have liked more information on? If so, what information would you include? <p>IF THE PARTICIPANT DID NOT USE THE GUIDANCE (AND/ OR PARTNER):</p>	

Timings	Key Questions	Notes and Prompts
	<ul style="list-style-type: none"> • Can you tell me why you did not use the guidance document? PROBE: Is it because you are confident in completing the form correctly? <i>Also probe on other behaviours – do they tend to read instructions when completing forms etc?</i> • Do you feel that any additional information was required to help you in completing the form? If so, what? PROBE: How do you think that information should be provided? <i>Note: if they comment that the guidance booklet is too big/off putting /too difficult to navigate etc.</i> • <u>Hand participant the guidance notes</u>: Looking specifically at the sections on how to complete the work and income parts of the form, what are your overall impressions of it? PROBE: To what extent does it contain useful information? What else do you think it needs to include? And how should this be presented? 	
Up to 5 minutes	<p><u>5. Understanding the renewals process</u></p> <ol style="list-style-type: none"> a. Have you heard of the renewals process? What do you know about it? What about the renewals process? Why do you think that takes place? PROBE: Can you explain that to me please? b. At the end of the financial year tax credit awards are finalised: <u>SHOW STIMULUS MATERIALS TC603R (annual review form) AND TC603D (annual declaration form)</u> c. Do you understand why the award has to be finalised? PROBE: Can you explain that to me please? d. What do you think the consequences of not renewing your tax credits claim on time are? PROBE: Why do you say that? 	<p>IF ‘SINGLE TO JOINT’ INTERVIEW PLEASE NOW REQUEST FOR PARTNER TO JOIN INTERVIEW</p>

Timings	Key Questions	Notes and Prompts
	<p>e. Probe for understanding that:</p> <ul style="list-style-type: none"> o Tax credits payments have been worked out using estimated or previous year figures from the customer. The actual amount of Tax Credits the customer should have received that year can only be calculated when customers give their actual income and circumstances at renewal. This could mean the customer might not have been getting the right amount of money. [may reveal an overpayment if change of circumstances / income not correctly reported] previous income figures given are considered an estimate until confirmed at finalisation. o If don't renew, tax credits that are paid during the renewal period will become an overpayment and will have to be paid back by the customer. o If don't renew award ceases. A new award will then be set up if they contact HMRC again after the renewal process has ended. <p>f. Do you know what the deadline for renewal is? PROBE: How do you know that? Where did you hear that?</p> <p>g. Are there any circumstances where you think you wouldn't have to renew your claim? PROBE: Why do you think this?</p>	
Up to 10 mins	<p><u>6. Reporting in-year changes</u></p> <p>I would now like to talk a little about your working life and how you go about reporting changes in your circumstances to HMRC. For example, you may report changes in your income, working hours or employment status to HMRC.</p> <p>Can you tell me after what events in your life you might need to notify HMRC of a change of circumstances which would affect your tax credits? Again, we're just talking about changes in relation to your income, working hours and employment status.</p> <p>PROMPT:</p>	

Timings	Key Questions	Notes and Prompts
	<p><i>h. Change of income? Probe on what size changes in income need to be reported, what size changes have an impact on their award, whether there are any circumstances when they would wait until renewal to report a change regarding income, furthermore whether changes in income/ benefits outlined in the other income section are reported within year. If income disregard mentioned (or respondent explains similar rules) probe, how does this work? What impact does it have on your claim this year? And what about next year? Why do you say that? Would this affect how you would report changes in your or your partner's income within the year?</i></p> <ul style="list-style-type: none"> • <i>Change in hours? Probe on what size change in hours need to be reported, what size changes have an impact on their award, whether there are any circumstances when they would wait until renewal to report a change regarding working hours</i> • <i>Change in employment status? Probe on what needs to be reported, what they expect the impact to be on their award, whether there are any circumstances when they would wait until renewal to report a change regarding employment status</i> • <i>Change in household makeup? Probe on whether there has been a change in the composition of the household (change from single to joint claim or vice versa) and whether they consider 'partners' income and/ or working hours to be important to the claim</i> <p>Can you tell me how soon you need to inform HMRC of these changes after they occur?</p> <ul style="list-style-type: none"> • If yes, how do you know this? • If no, explore possible reasons 	<p><i>Claimants awards are initially based on their previous year's income. They have to report their current year income (if different) or any in-year changes in income as soon as possible and their awards are then amended and finalised at the end of the financial year. The first £25,000 of any difference between their previous year and their current year's income, or any change in income within the year is disregarded when calculating their final award and the claimants award is only adjusted according to this new income for their award in the next financial year. But claimants are still expected to inform HMRC of any change when it happens, as if left until renewal they may receive an overpayment for time in the renewal period when their award for the next financial year is incorrect.</i></p>

Timings	Key Questions	Notes and Prompts
	<p>Can you tell me why it is important to update HMRC with changes of circumstances?</p> <ul style="list-style-type: none"> ▪ If think HMRC already knows. How would HMRC know this? [for any of above listed changes] ▪ Are there any reasons/ circumstances why you would not report a change to HMRC? If so, what can HMRC do to make you more likely to report this change? ▪ What income matters when thinking about reporting to the HMRC? PROBE: Bonuses, one off payments, partners income/ bonuses etc., small increases in income? What are the limits? <p>Where did you gain the information you have regarding changes in circumstances relating to income, work and hours? PROBE: How much is from friends and family, how much is from official source such as the helpline?</p> <p>Does your knowledge or experience of informing HMRC about changes in your income, work and hours, and the impact this has on your award, influence whether you take up opportunities/ overtime or make changes in your employment now?</p> <ul style="list-style-type: none"> ○ For example, not increasing hours over the maximum needed for WTC ○ Ensuring income is not increased over limit to make claimant ineligible for tax credits ○ Not taking on employment if it would disqualify them of tax credits which would result in them earning less money. <p>Have you ever notified HMRC of a change of circumstances in relation to your (or your partners) income, working hours or employment status?</p> <ul style="list-style-type: none"> • What did you expect to happen when you reported a change? 	

Timings	Key Questions	Notes and Prompts
	<ul style="list-style-type: none"> • What was the reality? What actually happened when you reported a change? • If yes, how easy or difficult was it? Why? • What would have made this process easier? • Were you aware of what the impact of this change may be on your award? <p>Did you receive a revised award notice following this? If yes, why do you think this was sent?</p> <ul style="list-style-type: none"> • Did you check to ensure it was correct? How did you know the award had been amended correctly? Was the change in the amount of your award what you expected? • Did you check the circumstances were recorded correctly and/or award amount correct? • Did you use the award checklist? IF YES: how helpful was this? <p>If participant thought something was not correct on their revised award notice: Did you contact HMRC about the error? What happened? If not, why?</p> <p>READ OUT: Are you aware that if your income increases by less than £25,000 within the tax credits year it will not affect your current year's award amount, it will only change your award for the next tax credit year?</p> <p>IF KNOWN: Does that affect the way you report income changes to tax credits/ HMRC? PROMPT: Are you less likely to report within the year? Are you more likely to report at renewal?</p> <p>IF KNOWN: Does that have any affect on the decisions you make about your income, work status and/ or working hours? PROBE: Why do you say that?</p>	

Timings	Key Questions	Notes and Prompts
	<p>IF NOT KNOWN: Now you know this do you think it may have an affect on the decisions you make about your income, working status and/ or working hours? PROBE: Why do you say that?</p>	
<p>Up to 10 minutes</p>	<p><u>7. Scenarios</u></p> <p>Please follow the scenario guide that is most in line with the participants circumstances (employed, unemployed, self-employed)</p>	<p><i>This section examines how participants would respond to hypothetical scenarios.</i></p>
<p>Up to 5 minutes</p>	<p><u>8. Conclusions and key messages</u></p> <p><i>Interviewer: Sum up what the participant has expressed about how easy it is to complete the work and income sections of the TC form.</i></p> <ul style="list-style-type: none"> • If it was possible to change the way in which you completed the income and work sections of the form, what would you change? <i>Probe: Change/improve the information guidance; changes to the form; any preferred channel of contact e.g. ability to apply on-line, do it over the phone; ability to ask questions, helpline.</i> • IF state they would like HMRC to pre complete personal information (such as NI number etc.) PROBE: Why do you say that? Why do you think they don't currently do that? • Why would this make such a difference? Is there anything else you would like to add? <p>THANK AND CLOSE.</p>	<p><i>This section will summarise the key messages from the research and will highlight any recommendations for change.</i></p>

Discussion Guide: Scenarios

Case Study one – Marie Debrovnik – Employed

Marie is 32 years old and is currently working full time (28 hours per week) for Techno-lobby as a receptionist. Marie's annual income from her job at Techno-lobby is £11,345.

She lives with her long-term partner, Joseph who is currently working full time with Quick Fit

Marie has been receiving tax credits for two years and confirmed her annual income when she renewed her tax credits on 15th June 2009.

- a) In August Marie got promoted to Personal Assistant for her boss and her income was increased to £15,210 per annum
What does Marie need to tell HMRC (if anything)?
- b) Following her promotion Marie's hours also increased to 30 hours per week from the end of August onwards
What does Marie need to tell HMRC (if anything)?
- c) In December Marie received a Christmas bonus of £1,500 from her boss for excellent performance
What does Marie need to tell HMRC (if anything)?
- d) From January Techno-lobby ask Marie if she would be interested in doing some overtime. Marie agreed to do four hours overtime each week for the foreseeable future. This increased her wages by £500 per month.
What does Marie need to tell HMRC (if anything)?
- e) Marie split up with her long-term partner Joseph and he moves out of the family home.
What does Marie need to tell HMRC (if anything)?

For each stage please think about each of the following:

- o *Does she need to report anything to HMRC?*
- o *Why/why not?*
- o *When should she report this to HMRC? Why?*
- o *What impact will this have on her award this year? Next year?*
- o *Are there any circumstances when Marie would/would not have to report this to HMRC?*

Case Study Two – Marie Debrovnik – Unemployed

Marie is 32 years old and is currently unemployed. She lives with her long-term partner, Joseph who is currently working full time with Quick Fit

Marie has been receiving tax credits for two years and she renewed her tax credits on 15th June 2009.

- a) In July Marie got new job working full time (28 hours per week) for Techno-lobby as a receptionist. Marie's annual income from her job at Techno-lobby was £11,345.
What does Marie need to tell HMRC (if anything)?
- b) In August Marie got promoted to Personal Assistant for her boss and her income was increased to £15,210 per annum
What does Marie need to tell HMRC (if anything)?
- c) Following her promotion Marie's hours also increased to 30 hours per week from the end of August onwards
What does Marie need to tell HMRC (if anything)?
- d) In December Marie received a Christmas bonus of £1,500 from her boss for excellent performance
What does Marie need to tell HMRC (if anything)?
- e) From January Techno-lobby ask Marie if she would be interested in doing some overtime. Marie agreed to do four hours overtime each week for the foreseeable future. This increased her wages by £500 per month.
What does Marie need to tell HMRC (if anything)?
- f) Marie split up with her long-term partner Joseph and he moves out of the family home.
What does Marie need to tell HMRC (if anything)?

For each stage please think about each of the following:

- *Does she need to report anything to HMRC?*
- *Why/why not?*
- *When should she report this to HMRC? Why?*
- *What impact will this have on her award this year? Next year?*
- *Are there any circumstances when Marie would/would not have to report this to HMRC?*

Case Study Three – Marie Debrovnik – Self-employed

Marie is 32 years old and is currently working full time (28 hours per week) for Techno-lobby as a receptionist. Marie's annual income from her job at Techno-lobby is £11,345.

She lives with her long-term partner, Joseph who is currently working full time with Quick Fit

Marie has been receiving tax credits for two years and confirmed her annual income when she renewed her tax credits on 15th June 2009.

- a) In July, Marie decided to leave her job at Techno-lobby and start up her own business called Fast Craft. She intended to work approximately 28 hours per week.
What does Marie need to tell HMRC (if anything)?
- b) In September, Marie decided she needed to increase her hours of work to 30 per week.
What does Marie need to tell HMRC (if anything)?
- g) In December, due to the Christmas demand, Marie made an extra £4,500 compared to what she had estimated
What does Marie need to tell HMRC (if anything)?
- h) Unfortunately, from January, Marie did not meet her targets and needed to increase her income. She therefore took on a second job at her original employers, Techno-lobby, working 12 hours per months for a monthly income of £750 per month.
What does Marie need to tell HMRC (if anything)?
- i) Marie split up with her long-term partner Joseph and he moved out of the family home.
What does Marie need to tell HMRC (if anything)?

For each stage please think about each of the following:

- o *Does she need to report anything to HMRC?*
- o *Why/why not?*
- o *When should she report this to HMRC? Why?*
- o *What impact will this have on her award this year? Next year?*
- o *Are there any circumstances when Marie would/would not have to report this to HMRC?*