



Research report

VAT Registration Transformation: User Testing Research

Additional usability testing for the One Click
service

BT SME Programme

January 2013

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BT SME Programme

The 'BT SME Programme' is part of the wider Business Tax Change programme within HMRC and aims to improve the way HMRC engages with business customers, helping them 'get it right first time'. The Programme will deliver improved online channels that will:-

- enable business customers to self serve
- design out error through simplification of rules and processes
- provide educational support.

The aim is to minimise unnecessary customer contact, ultimately benefitting both the customer and HMRC.

The Programme is aligned with HMRC's Business Customer Segmentation and Customer Centric strategies.

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Who did the work (research agency)

The research was conducted by Opinion Leader, a market and opinion research company based in central London.

Background and objectives

VAT Registration Transformation (VRT) forms a part of a wider government initiative to streamline business registrations into one online process. It will provide benefits to HMRC and customers by:-

- automating the registration of those businesses who present no risk of fraud
- reducing the amount of time it takes to issue VAT Registration Numbers
- streamlining the deregistration process
- providing businesses with the ability to make changes to their business details.

Moreover, this automation will remove any subjective judgement of risk, reduce the potential for human error and make the process more consistent overall.

As part of the development of VRT, HMRC commissioned Opinion Leader to carry out user testing to help make sure that the final product met the requirements of SMEs when registering or deregistering for VAT. This would increase the take up of the new online product.

Specifically the objectives of the research were to understand:

- how easy or difficult SMEs find using the online product
- if users experience difficulties at any stage
- whether the terminology used is understood; and
- whether any changes need to be made to improve the product.

When the research took place

The research took place across two waves looking at distinct areas of the new tool, the first occurring before the service went live and the second after. The first wave took place between 26th August and 6th September 2012 and looked at VAT Registration and notification of an Option to Tax.

The second wave took place between the 5th and 6th December 2012, this looked at deregistering from VAT and the transfer of a going concern. All interviews were conducted in London.

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Methodology and sample

Wave one (26 August 2012 – 6 September 2012): In the first group, participants who had either started a small business or intended to do so in the future were presented with a scenario and asked to go through the process of registering that business for VAT. There were ten interviews in group one, with four participants undertaking a simple VAT registration scenario and six using a longer scenario where the business had to notify an Option to Tax. Interviews involving the simple VAT registration scenario lasted one hour. The longer Option to Tax interviews lasted an hour and a half.

Profile of those undertaking wave one interviews

Scenario	Gender	Ethnicity	Online Experience	VAT Registered	English as second language
Option to Tax	Female	Asian	Not very much	No	No
Option to Tax	Male	Mixed	A fair amount	Yes	No
Option to Tax	Female	White	A fair amount	Yes	No
Option to Tax	Male	White	A fair amount	Yes	No
Option to Tax	Male	White	A great deal	Yes	No
Option to Tax	Female	Black	A fair amount	Yes	Yes
VAT registration	Female	White	Not very much	No	No
VAT registration	Female	White	Not very much	No	No
VAT registration	Male	White	None at all	No	No
VAT registration	Female	White	A fair amount	No	No

Wave two (5 and 6 December 2012): In the second group, a smaller number of interviews were undertaken. Five current SMEs were interviewed; completing scenarios that asked them to deregister a fictional business. In this group, each participant completed two 20 minute scenarios each, one asking them to deregister the business as it fell beneath the VAT deregistration threshold and one asking them to transfer the business as a going concern (TOGC).

Profile of those undertaking wave two interviews

Gender	Ethnicity	Online Experience	VAT Registered	English as second language	Age Band
Male	White	All the time	Yes	No	55+
Male	White	All the time	Yes	No	16-34
Male	White	Fairly regularly	Yes	Yes	55+
Male	White	All the time	Yes	No	35-54
Male	White	All the time	Yes	Yes	35-54

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Main findings

Consistent across both waves:

1. All of the participants quickly found the HMRC homepage by typing HMRC in the 'search' function and were able to find the relevant links to the product from there.
2. The experience of using the site by both groups was positive. The tool is seen as functional, rather than exciting or engaging. However, this is what was expected from an HMRC service and users were happy with the consistency between this tool and other HMRC tools they have used in the past.
3. Busy SME's really appreciate the fact that HMRC is providing this service online which allows them to do business with the Department at a time which suits them, especially when they reported (sometimes inaccurate) beliefs about when other HMRC channels were open for business.
4. There is a marked tendency across all users to skim read the guidance and make quick assumptions about the information relevant to them. They look for key words as a pointer, meaning information needs to be clearly signposted across the service.
5. The main "Your HMRC" screen was too cluttered, making locating the right service hard for the user at first. A few respondents initially selected the wrong option here and only found the right area of the site through a process of trial and error.
6. Participants were positive about the registration summary pages, and the ability to check summaries of information and confirm their answers. They found the blue arrow and green tick symbols slightly counter-intuitive but in general understood the key and were able to use it to establish which parts of the product were completed properly. All liked the fact that they were able to check responses and go back to make amendments to individual sections.
7. There were some places where functionality of the site was felt to fall short of expectations built by other online commercial and service tools. For example, drop down boxes were only expected to appear if directly relevant to the option being selected. Some respondents felt uncomfortable leaving fields blank even if the field did not apply to them. These small issues had little impact on the overall user experience however.
8. Users did not find help buttons to be clear enough to be noticed on screen. The help text, when used, did not provide enough information to clarify the questions and explain what was required.
9. All users stated that, in addition to printing a hard copy or saving a digital copy of their confirmation details, they would expect an automated email from HMRC with confirmation details included.

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Specific findings wave one

1. In interviews, the majority of participants struggled with answering the questions about the time at which they exceeded, or expected to exceed, the VAT registration threshold. There was not enough explanatory information provided at this stage.
2. Users completing the Option to Tax scenario are told they can download PDF forms and complete them later, but most chose to download and complete at this point. In general, participants found the process of downloading, completing and re-uploading the PDF forms slightly confusing. Several stated they did not understand why they couldn't complete the whole process online.
3. All participants were able to complete the page where they are asked to provide details of the value of the taxable turnover using the information provided in the scenario. However, some were confused about whether they expected the VAT on purchases to regularly exceed the VAT on supplies, and stated they would use the help text in order to answer this question.
4. There were slight issues with the way some questions were worded. They made the process overly complicated, most notably on the "Reasons for Registration" page where the questions were reported to be written in mixed tenses.
5. There were two places where participants in the first group stated they might contact HMRC for help. Both related to questions about timings or estimating value; one, when users are asked to estimate when they might expect to exceed the taxable threshold; two, when asked to answer questions around 'zero rated' sales and whether or not VAT on purchases will regularly exceed that on supplies.
6. During the Partnership Registration exercise, when looking for signposts to the correct area of the site to complete these tasks, participants are generally looking for terminology suggesting 'Partnership', especially on the main 'Your HMRC screen' and the subsequent pages.

Specific findings wave two

1. Some of the exercises in the second wave were considered 'clunky'. The address change process in the second group of research could have been dealt with on one page instead of three, and the address search bar made more prominent to make the process smoother.
2. The main problem with terminology was found on the 'Your HMRC services' screen and the subsequent 'At a glance' screen. The five respondents consistently looked for the same words to guide them to the right place. For the deregistration scenario, they wanted 'Deregistration' to be as prominent an option as 'Registration' on the main screen. With the TOGC exercise, they were looking for language relating to a "move" or "change" as opposed to deregistering.
3. On the 'Summary' pages, it was felt that the changes that had been made should be at the top of the page, with further options displayed underneath, to make it clear what had been completed.

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4. On the 'Deregistration Details' page in the TOGC scenario, the questions seemed to jump back and forth between information about the old owner and the new, prompting one user to say that this could flow better.
5. Questions around timing were a problem. Users are provided with a Deregistration date, and asked if they want to delay their Deregistration until after this point. Users did not understand how the initial date had been calculated, were usually unclear about why they would choose to delay this date, and did not fully grasp the parameters within which they could do so. It was stated that more explanation could be provided around this.
6. Terminology was sometimes an issue. None of the five respondents understood what the term Option to Tax meant, nor had a clear idea of what the taxable turnover limit is. However users did acknowledge that in reality they would know the information that was pertinent for them and that this would be a smaller problem.