



HM Revenue
& Customs

Research report

Tax Credits: New Guidance Notes

Usability Testing (customer requirements to support Tax Credits
Renewals 2015)

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Tax Credits: New Guidance Notes***About Benefits and Credits (B&C) Design & Customer Engagement***

Design & Customer Engagement is part of the Benefits and Credits business area in HMRC. We work collaboratively with colleagues in the HMRC Universal Credits Programme, across B&C and the wider HMRC to incorporate customer centric design principles by:

- Ensuring customer understanding sits at the heart of processes, products and procedures
- Represent customer needs and seek to influence their behaviour in order to ensure the best possible experience of HMRC
- Ensure HMRC plans and processes are compliant with equality legislation

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Tax Credits: New Guidance Notes

Introduction and background

Each year in June, millions of people in receipt of Tax Credits are asked by HM Revenue and Customs (HMRC) to renew their claim by completing and posting a form, responding online or calling the helpline. HMRC provide guidance notes (as part of the renewals pack) to support this process. Customers required to renew their claim on an annual basis receive a pack that contains an Annual Review (TC603RR), Annual Declaration (TC603D) and Guidance Notes (TC603RD). If a customer is not required to reply, to renew their claim, they will be sent a shorter version of the Guidance Notes (TC603R). For a more detailed explanation of the purpose of each of these, see Appendix A.

This research study aimed to explore overall responses to the new (prototype) guidance with a range of tax credits customers – considering both the content of the notes and the overall ‘look and feel’. Specifically, the research aimed to explore:

- How far the guidance notes meet the needs of customers;
- How clear and easy they are to understand;
- How far customers use the notes rather than writing to or telephoning HMRC, and;
- How effective they are at driving traffic to the website (for renewals).

Sampling and methodology

Ipsos MORI conducted 20 depth interviews and one group discussion (with five participants) in London between 19th November and 2nd December. The depth interviews explored design and content of the guidance notes and the group discussion focused exclusively on design. Participants were recruited to include a cross section of tax credits customers including:

- Those with and without children (including those who received the childcare element of Working Tax Credit);
- Those receiving the Disability Element of Working Tax Credit, or extra Child tax Credit for a disabled child;
- Those claiming as a couple and as a single claimant;
- A range of ages;
- With varying ‘digital confidence’ levels;
- With and without recent renewals experience and/or a current claim; and
- Employed and self-employed claimants.

A full breakdown of the sample profile is included at Appendix B.

Participants were recruited by Ipsos MORI’s specialist field team using free-find methods. A purposive sampling approach was adopted, whereby key quotas are set and participants are recruited according

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to these using a screening document. The fieldwork was fully analysed using a robust inductive approach, as part of which the data was synthesised thematically and interrogated for patterns and relationships.

Overall responses and views

Initial responses to seeing the prototype Guidance Notes (TC603RD)

Awareness of the annual renewal process was generally high, even among those not currently in receipt of tax credits and those without recent renewal experience. As such, recognition of the three parts of the pack was high, as was the ability to identify the purpose of each of the parts.

'It's just explaining the whole renewal procedure...telling me the sorts of things I need to declare...'
(21)

Overall response to the new Guidance Notes was positive – with participants suggesting they were clear, easy to navigate and well signposted. Importantly, they tended to be viewed more favourably than previous versions of the notes (where these were remembered from previous years). In some instances, the volume of information provided was initially identified as overwhelming at first glance, with participants suggesting the text appeared to become more dense and smaller as the notes progressed (in Step C). However, on closer inspection, the notes were found to be very clear and easy to understand. Certainly, initial responses to the shorter notes (TC603R) were more favourable – with participants suggesting they would be less *'put off'* from using these notes due to their length.

'People could find it quite daunting, the size of it. Although when you open it and start reading, it's straightforward'

(Single, male claimant receiving Disability Element of Working Tax Credit)

Usability

Participants very quickly understood that the notes presented information on three different Steps of the renewals process consecutively – Step A, B and C. Not only was this design easily and quickly understood, but participants also liked the concept and felt it made it easier to navigate the notes. When asked to compare the use of the terms Step A, B and C to the alternative numerically based format of Step 1, 2 and 3, the former was preferred, with people citing phrases such as *'it's as easy as A,B,C'*.

Notwithstanding this, identifying which Step of the notes related to which element of the renewals pack was more problematic. For example, participants were unclear on which Step related to the Annual Review and which to the Annual Declaration. The ability to navigate easily between the notes and other elements of the renewals pack (Annual Review and Annual Declaration) was seen as crucially important – especially given that participants with more experience of renewing their claim

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were unlikely to read the notes cover-to-cover and would instead *'dip in and out'* of the notes as required.

'I would go straight to the form, and if I had a particular problem I would go to the page number in the notes that relates to that particular question and see what it says'

(Female employee aged 46, receiving Working Tax Credit as part of a couple claim).

Design

Layout and use of colour

In addition to the use of Step A, B and C, bold headings, sub-headings and bullet points aided navigation and allowed respondents to easily identify the parts of the notes that were most relevant to them. Navigation between documents was said to have been supported by using the same font. Participants liked that the same font had been used for headings in the notes as in the Annual Review, as it helped to tie these together. It was suggested colour could also be used in this way, for example, using the same shade of green as used in the notes pages in the other documents (Annual Review and Declaration).

The use of colour was identified as important. Participants called for greater use of bright colours, such as yellow, red, orange to help with the design of the notes, in order to draw attention to specific elements of the notes and to make them look more attractive. It was also suggested that the colours used could be varied to help draw attention to key points and the potential to use pictures was also suggested.

The use of bright colours was also mentioned as a way to signpost between the Notes and the Annual Review and Annual Declaration. Suggestions included colour coding the boxes on the Declaration with the relevant parts of the notes. For example, Box 1, Part 1.1 might be shaded in blue and the relevant section in Step C might be coloured to correspond with this.

Font

The font in Steps A and B was considered to be well-spaced and not too dense, which had the overall effect of making the notes approachable and easy to read. However, it was noted that the font size reduced and the text became denser in Step C and on the worksheets. This was thought to make these pages less appealing and more difficult to read.

Visual tools

The use of the side-bar icons received a mixed response. Although participants were generally in favour of using these, they were not always thought to stand out sufficiently and the message conveyed was not always clear. The icons used in Step A were not always noticed by participants on first viewing and as such it was suggested these could be emphasised. Importantly, they were said to

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clearly promote the use of online services and participants liked that they offered a specific website address which participants felt they were more likely to use.

The icons in Step B (the 30 days calendar and telephone icon) were said to stand out more clearly as the pictures were larger and bolder. However, although the message presented by the telephone icon was understood in terms of the need to inform HMRC of any changes, the telephone symbol itself caused confusion as the participants were unclear if they should phone HMRC and they questioned why a telephone number had not been included.

'Presumably that's a telephone symbol...I don't think it actually says how you go about notifying them...'

(Single, male claimant receiving Disability Element of Working Tax Credit)

Content

Overall the content was considered to be comprehensive and yet easy to understand – with the language seen as clear and easy to follow and with the key messages being understood. The paragraphs under 'how we define a couple' in Step A (page 2) were noted as an example of how the content was useful, well laid out and easy to read and understand, with a good use of bullet points and bold to aid understanding.

However, respondents did make suggestions for changes to wording and sentences in some parts of the notes to aid clarity. As an example, one respondent thought the following sentence in Step C (page 11) should be revised to make it clear that HMRC had not been in contact with their employer directly, but had used PAYE data: *Your employer has told us about your income from employment, payroll benefits in kind, and any occupational pensions you get.*

First page: Prototype Guidance Notes (TC603RD)

The wording on the front page of the new version of the notes was considered clear and the key messages were understood as being:

- The deadline for renewal is 31st July.
- The renewals process is separated into three and defined as Steps A, B and C.
- It is possible to renew online. Importantly, the website address on the bottom of the page was spontaneously noticed and said to give the impression that customers should use the website.

Page 2

While the information provided on page 2 was thought to be clear and helpful in terms of understanding the structure of the notes, this page was not always noticed without prompting from the interviewer. Moreover, it was felt this page did not contain much additional information to that covered

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on the front page and as such it was said this might be synthesised and included as part of the front page.

The most important message in relation to page 2 is that, ideally, participants would like to see a contents page or some form of index included here – both to help navigate the notes and to support navigation between the notes and the other documents (Annual Review and Annual Declaration).

Steps A and B

Overall, the information and messages outlined in Steps A and B were considered clear and the bold headings allowed the respondents to quickly and confidently navigate to the relevant information. This had the overall effect of making the information seem more manageable and usable. Respondents did suggest that more signposting could be included from Steps A and B in the notes to the Annual Review and Annual Declaration; either by name or by using page numbers or colour coding.

Step A was generally identified as referring to the Annual Review and particularly the second page. However, there was confusion about whether Step A contained instructions about everything that needed to be checked in the Annual Review or whether it was included purely as a reference document for things someone should consider. The purpose of Step B in the notes was generally understood as needing to tell HMRC about a change of circumstances, with changes they may have already told HMRC about being listed on the second page of the Annual Review, under Step B.

'For me personally that is about telling them about changes in circumstances, it states quite clearly'

(Female employee aged 48, receiving Working Tax Credit as part of a couple claim)

The key knowledge gap raised by participants related to *how* to report a change of circumstances. A couple of points of confusion were noted:

- Firstly, it was unclear whether changes needed to be entered into the Annual Declaration. Where participants held this view, it often resulted in them thinking they were not required to complete the declaration unless changes had occurred.
- Secondly, as previously noted, the telephone side-bar icons (in Step B) resulted in participants thinking they were required to call HMRC to report a change in circumstance.

Overall it was felt that Step B of the notes should clarify the purpose of the Annual Declaration and how to inform HMRC of any changes.

At first glance, the flow chart provided in Step A to explain the average weekly childcare costs (page 6) was perceived to be very complicated and this was said to have the effect of preventing people from reading it. However, once it was looked at in greater detail, the information provided was felt to be very straightforward and easy to follow, which led some to question why such a complicated table was required to convey a relatively simple message.

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Respondents said they would welcome increased use of text boxes and bullet points to depict key messages. The table provided to assist in calculating childcare costs (Step A, page 5) was considered to be particularly useful.

Step C and the income worksheets

Step C

Overall Step C was seen as less appealing in terms of the way it looked, with the text described as being more dense and less visually appealing, which it was thought might prevent some people from using it. That said, once people viewed it, the content and language was seen as being clear.

When navigating from the Annual Declaration to the notes, there was lack of understanding that only Step C related to the Annual Declaration and not to the entire document. This prompted suggestions that the Annual Declaration should include references to the number in Step C. Respondents found it easier to navigate from Step C in the notes to the Annual Declaration and the headings in Step C were identified as referring to specific boxes on the Annual Declaration.

Income worksheets

The clear, bold headings across the income worksheets enabled the respondents to identify the sheet(s) and income sources most relevant to them. The language was deemed easy to understand by those for whom the income types were relevant. However, participants did not generally think they would use the worksheets as typically they had one source of income that could be easily calculated by checking their P60 or self-assessment. It was suggested it might be of use to self-employed claimants or those with more complicated circumstances.

'Who really gets all this stuff? Not many people like miscellaneous income and adult dependent grant - who gets this stuff? Surely if you've got enough money to have a property and rent it out, you shouldn't be claiming this stuff'

(Self-employed female aged 30, receiving Childcare Element of Working Tax Credit)

There was also confusion about whether the worksheets might be an additional form that needed to be completed and returned to HMRC, alongside the Annual Declaration.

Finally, when asked about the use of Step A, B and C in relation to the worksheet headings – it was felt unhelpful to repeat these terms as part of the worksheet given that Step A, B and C formed the main framework of the document.

Back page – channels for renewal

The message to renew online and visit the website was noted and participants felt strongly that this behaviour was being encouraged. Notwithstanding this, pre-established preferences to use the

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helpline were largely undiminished. For the most part, where people had previously renewed by phone, they wanted to continue doing so. Tax Credits were an important source of income and participants feared making an error if they renewed without support. The helpline was seen as a good way to check issues and gain reassurance, again because people were mindful of the need to 'get things right'. Speaking to a telephone advisor was said to provide a more personalised service and this allayed concerns of receiving an overpayment. Usually, this group of participants were likely to have made errors when form-filling in the past, received an overpayment or have more complicated circumstances (for example work as an employee and on a self-employed basis).

'If I made a mistake I'd be in a pickle'

(Male aged 29, receiving Working Tax Credit as part of a couple claim)

Suggestions for how to encourage claimants to renew online were largely about making the process as simple as possible, while continuing to provide tailored and personalised reassurance. It was also suggested by those with concerns about online safety that more information about the security of the system could be provided and at this point, the benefits of immediate confirmation of renewal could be outlined.

Although the notes conveyed the general feeling of HMRC wanting customers to use online channels, participants did not tend to read the back page (page 16) without prompting. Also, to improve the clarity of the information on this page it was suggested that 'online' should be included as a title next to the mouse icon, to align with how the other icons are titled.

Prototype Guidance Notes (TC603R): short version

The initial response to the shorter form was positive – it was identified as something participants would pick up and read because it appeared to be short, clear and easy to digest. It was said to be easy to navigate as a result of the clear headings and section numbering which ran from section 1 through to section 8.

Participants were asked to review the front page in detail: overall it was felt the key messages were clear, but that the design was a little cluttered with too much text which was distracting. The key points noted in relation to the messaging included:

- Participants were aware they **did not need to do anything** unless their circumstances had changed and the bulleted list of circumstances was said to be very clear and well laid out. It was suggested the request not to do anything might result in some customers being nervous, especially if they had previously been required to complete a Declaration form.
- The **30 day timeframe** was said to be very clear and the use of the side-bar icon helped to emphasise this. It is important to note however, that participants were less clear about what they should do if they exceeded the 30 days deadline and how they should contact HMRC.

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- The note on the **penalty of £3000** was widely noted and seen as worrying. Although it was thought this would galvanise people into action, participants also said it would encourage them to phone HMRC to gain reassurance.
- The **website address** was clearly noticeable and the mouse icon gave a clear impression that HMRC wanted all contact to be online.

In terms of design, the bold box was felt to be effective in helping to draw attention to the information. However it was suggested this might be brighter overall to stand out even further and to look more attractive. Moreover, it was felt that the key information here 'you don't need to do anything' was a little lost as this was not in bold and therefore likely to be missed.

Conclusion

The conclusive points following testing of the new prototype Guidance Notes with a range of Tax Credit customers are as following:

- The purpose of the renewals pack as a whole is easily recognised by customers.
- The content of the prototype Guidance Notes (TC603RD and TC603R) are thought to be comprehensive and the information provided is easily understandable.
- Steps A, B and C are liked as a way to distinguish between the different parts of the renewals process. However, navigation between the three parts of the pack could be signposted more clearly.
- Customers are easily able to identify the parts of the Guidance Notes that are most relevant to them because of the appropriate use of bold text and subheadings.
- On the whole, the new prototype Guidance Notes are considered to be visually appealing, particularly because of the use of icons. Steps A and B were preferred over Step C, as these are less dense.
- It was felt that the use of bright colours would further improve the attractiveness of the Guidance Notes and customers' ability to pick out the parts most relevant to them, as well as aid in navigating between the three parts of the pack.
- The information and prompts to encourage claimants to renew online are readily recognised. Nonetheless, former preferences to renew via the telephone helpline remain largely unchanged.

Tax Credits: New Guidance Notes***Appendix A*****Annual Review (TC603RR)**

The Annual Review (TC603RR) is a document which details the information that relates to the customer's claim, which is held by HMRC. It is divided into three steps: A, B and C. Step A relates to the details that HMRC held about the customer at the start of the award period; Step B details any changes in circumstance during the award period that the customer has informed HMRC of and Step C provides information for the customer about how to complete the Annual Declaration (TC603D).

Annual Declaration (TC603D)

The Annual Declaration (TC603D) is the form by which customers must declare their income, if they are required to do so and post back to HMRC by the renewals deadline. There are separate columns to declare income if a couple claim needs to be made. Alternatively they can make the declaration online or by telephone.

Guidance Notes (TC603RD and TC603R)

The TC603RD Guidance Notes accompany the Annual Review and Annual Declaration in the annual renewal pack for those customers who are required to reply. They provide comprehensive information about each of the three steps a customer must undertake in order to renew their Tax Credit claim.

The shorter version of the Guidance Notes (TC603R) is sent to Tax Credit customers that are not required to reply, with the TC603RR (but not TC603D). If there have been no changes, their claim is automatically renewed. However, if the customer's circumstances have changed, this version of the Guidance Notes includes information about what action to take.

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Appendix B

The sample profile that was achieved for this research is presented in the table below.

	Characteristic	Depth interviews	Group discussion	Total
Experience of renewals	Has renewed tax credits claim before	14	3	17
	Has not previously renewed tax credit claim	6	2	8
Type of tax credit customer	Currently claiming	18	5	23
	Not currently claiming	2	-	2
	Employed	13	1	14
	Self-employed	6	4	10
	Receives childcare element	5	-	5
	Receives extra Child Tax Credit for disabled child	3	-	3
	Receives disability element	1	-	1
Type of claim	Single	14	2	16
	Couple	6	3	9
Digital confidence	Yes	16	4	20
	No	4	1	5