

# **Panel Study of Tax Credits Customers: Telephone survey 2014**

**Understanding the tax credits system, customer experience and digital services**

**HM Revenue and Customs Research Report 359**

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# Research summary

## Introduction

HM Revenue & Customs (HMRC) commissioned the first wave of the Panel Study of Tax Credits Customers in 2008 and a wave of interviews has been carried out each year since. The survey has been used to improve understanding of tax credits customers by tracking their experiences, attitudes and behaviours over time.

This report covers findings from the latest wave of the study, focusing on: customers' understanding of the tax credits system, their experience of interacting with that system and the role of digital services in current and future tax credits claims. The study involved 1020 telephone interviews with a representative sample of tax credits customers.

## Understanding the system

HMRC is committed to minimising levels of error and fraud in the tax credits system. Central to achieving this is supporting customers to provide the required information, and to ensure it remains accurate through the timely reporting of changes of circumstance. Achieving these aims relies upon ensuring customers understand the tax credits system and their role in managing their claims, as well as the system being sufficiently transparent.

### **Reporting changes of circumstance and failing to report changes of circumstance**

Changes of circumstance were common amongst tax credits claimants, with half of all customers (53 per cent) reporting a change to HMRC in the past year. The majority (92 per cent) of those who reported a change to HMRC did so within the required one month time period. Ninety-five per cent of customers said that there had never been a time when they had failed to report a change of circumstance.

### **Renewing late**

The majority of customers who had ever renewed their claim said that they did so on time. Only eight per cent of customers said that they had ever renewed a claim late. Being 'disorganised' or relying on HMRC's reminder to prompt them to renew were the most common causes of late renewals.

### **Understanding of joint claims**

Eleven per cent of all tax credits customers said that they had needed to find out about joint claims in the last two years. Seventy-nine per cent of this group said that it was easy to understand the rules surrounding joint claims. When all customers were presented with scenarios, and asked whether the claim should be a joint or single one, 46 per cent of customers answered four or five (of the five) questions correctly.

### **Awareness of Universal Credit**

Overall awareness of Universal Credit rose to 45 per cent in this year's survey (seven percentage points higher than in 2013). Despite the increase, 41 per cent of customers were unaware of any change to the system. Amongst customers who had heard of Universal Credit, only a third (36 per cent) believed that its introduction would have an impact on them.

## Customer experience

One of HMRC's core objectives is to improve customer experience, and to do this by ensuring systems are as straightforward as possible and place minimal burden on their customers. A better customer experience may encourage more timely and accurate provision of information, thereby ensuring a more efficient system. Understanding their customers' experience of tax credits will enable HMRC to respond appropriately to their needs – and this is particularly important as the system evolves.

### **Making a claim**

Sixty per cent of tax credits customers found it easy to complete an application form for a new claim and less than half of customers called the Tax Credits Helpline for help with the application before (36 per cent) or after (40 per cent) submitting their claim.

### **Renewals**

A large majority of customers (85 per cent) were confident that they knew what to do during the last renewal process, with a quarter of customers (24 per cent) calling the helpline after submitting a renewal. Those who renewed online were 14 percentage points more likely to call the helpline than those who did not renew online.

Two-thirds of customers (67 per cent) used the renewal guidance notes provided by HMRC. Eighty-eight per cent of the customers who used the guidance notes found them clear and 86 per cent said that they helped them with the renewal process.

### **Reporting changes of circumstance**

More than half all tax credits customers (53 per cent) reported a change in circumstances to HMRC in the preceding 12 months, and 28 per cent said that they contacted HMRC to check if their reported change had been dealt with (most via The Tax Credits Helpline).

Forty-six per cent of customers felt that HMRC should remind them to report a change of circumstances. The most popular method of encouraging customers to report changes throughout the year was reminder letters from HMRC.

Over half of all customers (51 per cent) felt that it was sometimes acceptable for HMRC to impose a financial penalty on people who failed to report changes of circumstance on time. Customers who had reported a change late themselves were less supportive of a penalty than those who reported on time.

### **Overall customer experience**

Overall, 79 per cent of customers reported finding their experience of dealing with tax credits to be 'easy'. Those whose first language was English were more likely to be in this group, as were those who found HMRC's renewals guidance clear (or who said they did not need to use it).

## Digital services

In line with the Government's Digital Strategy, HMRC is moving towards making the tax credits system 'digital by default', enabling customers to apply for, and manage, their tax credits claims online. The 2014 renewals period saw the introduction of the online tax credits renewal process. It is therefore important for HMRC to understand how tax credits customers currently use the internet, how easy they found the new online services to use and what kind of future online services they would welcome.

### Internet use

Eighty-seven per cent of tax credits customers used the internet outside work. However, internet use differed significantly within the overall customer group, with customers in higher income groups, those for whom English was a first language and those aged under 40, being more likely to report using the internet outside work. More than three-quarters (77 per cent) of customers who used the internet said they used online banking services.

The 13 per cent of customers who did not use the internet reported a range of barriers. A lack of know-how (39 per cent) and not having the required computer equipment (32 per cent) were the most commonly reported.

A third of customers said that they used new online services at the first opportunity, with a further 31 per cent waiting to see if others use them.

### Use of GOV.UK

Thirty-eight per cent of customers had used the GOV.UK website when making a tax credits claim. They searched for a range of information, most frequently the eligibility criteria for tax credits (29 per cent) and how to calculate income (28 per cent). Ninety per cent of customers were able to find some or all of the information which they were searching for.

### Online renewals

2014 saw the introduction of the tax credits online renewal process. For their most recent renewal eight per cent of customers attempted to renew online, just over half attempted to call the HMRC helpline to renew their claim and 42 per cent filled in a paper form. Most customers who attempted to renew online completed the process via that channel.

Eighty-five per cent of customers using the online renewal process found it very easy (38 per cent) or fairly easy (46 per cent) to use. Ninety-two per cent would go online again for a future renewal. Nearly half of those customers who attempted to renew online felt that they had renewed earlier than they would have done had they used another method.

Fifty-nine per cent of customers knew that they had the option of renewing their claim online. Those who were aware of the option, but chose not to use it, most commonly said that this was because they preferred to talk to someone (35 per cent), and/or preferred to renew by phone or post (30 per cent). More than three-quarters of customers who had not been aware that they could renew their claim online said they would use this method in the future.

### New digital services

A quarter of customers said they would choose to receive information about tax credits from HMRC via Facebook and/ or Twitter. Customers showed a preference for receiving

information via Facebook (19 per cent), rather than Twitter (one per cent) or both social networking sites (four per cent).

The introduction of new online identity checks, such as asking customers to enter their passport or driving licence number, would make 48 per cent of customers less likely to use online tax credits services. Two-thirds of customers who said they would be less likely to use online tax credits services were concerned that the system would not be secure enough.

### **Willingness to make and manage tax credits claims online**

A large proportion of tax credits customers were willing to use online services to manage different elements of their claims. Sixty-eight per cent of customers would choose to report a change of circumstance online if they were able to, and 75 per cent would have submitted their tax credits claim online rather than by post had they been able to. Overall three-quarters of current tax credits customers (72 per cent) were willing to manage one or more aspects of their tax credits claim online.

# 1 Introduction

## 1.1 Background

In April 2003 the Government introduced Working Tax Credit (WTC) and Child Tax Credit (CTC). Child Tax Credit is paid to families with dependent children - children aged under 16 or children aged 16-19 who are in certain types of non-degree level education and training (non-advanced education). Working Tax Credit is paid to people whose annual income is below a designated minimum level, and is calculated based on the hours they work. In December 2014, 4.5 million families, containing 7.6 million children, were tax credits recipients.<sup>1</sup>

Three of HM Revenue & Customs' (HMRC's) key strategic objectives in relation to the tax credits system are:

- Reducing tax credits error and fraud by helping customers to get their claim right first time;
- Stopping tax credits and moving customers to Universal Credit effectively; and
- Working to support the digital delivery of the welfare system.

A clear understanding of tax credits customers is vital to delivering these objectives successfully. The Panel Study of Tax Credits Customers provides research evidence to facilitate that understanding.

This report presents findings from wave seven of the Panel Study. The study was conducted by NatCen Social Research on behalf of HMRC. The first wave of the Panel Study was carried out in 2008. This report is based on the results from the 2014/15 wave of the study involving telephone interviews with 1020 tax credits customers. This represented a response rate of 45 per cent. Half of the respondents had been interviewed in previous waves of the study; the remaining respondents were interviewed for the first time. New customers were included in the study to account for attrition and to ensure that the sample remained representative of all current tax credits customers. More information about the methodology can be found in a separate technical report.

## 1.2 Reporting conventions

The information presented in this report uses data from the Panel Study that has been weighted using cross-sectional weights to take account of technical issues such as sample design and non-response. The use of cross-sectional weights ensures that the data matches the overall tax credits population as closely as possible (based on type of tax credits received and length of claim). The distribution of tax credits recipients on other potentially important characteristics was not known, so it was not possible to check how representative the sample was for these other characteristics. Full details on the weighting can be found in the accompanying technical report.

The majority of tables in the report relate to questions with mutually exclusive responses, for example where customers went first for help and advice about tax credits. In these tables the percentages will generally sum to 100; however, there may be some instances where percentages will not sum to exactly 100 per cent because of rounding. In addition, where the

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<sup>1</sup> HM Revenue & Customs (2014) Child and Working Tax Credits Statistics, Geographical Analysis, December 2014. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/388746/cwtc-geog-dec14.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/388746/cwtc-geog-dec14.pdf)

survey question allowed multiple responses (i.e. the respondent could choose a number of responses rather than just one), the percentages will not sum to 100. Some respondents did not respond to all questions. As a result, the unweighted sample size for tables and figures that refer to all tax credits customers can be smaller than the total number of interviews (1020).

The tables use the following notations:

Base The unweighted count is the base presented in all tables.

0 Percentage value is greater than 0, but less than 0.5, which is rounded down.

Frequencies based on less than 50 cases are not robust and have not been included in the report.

Statistical significance was tested using logistic regression for complex samples.

**All the differences cited in the text or presented in the charts are statistically significant at the 0.05 level.**

The report includes some cross-tabulations that present the findings by key customer characteristics. It should be noted that some of the characteristics used in this report are related to each other as well as to the outcome that is being tested. This means that a statistically significant relationship between two variables could in fact be affected by a third variable. It is possible to untangle relationships between three or more variables by using multivariate analysis techniques such as logistic regression. This approach looks at the association of one factor with an outcome of interest whilst controlling for other factors included in the analysis. This technique has been used for three key questions. The remaining cross-tabulations present statistically significant relationships between two variables only.

## 2 Understanding the tax credits system

HMRC is committed to minimising levels of error and fraud in the tax credits system. Central to achieving this aim is supporting customers to provide the required information, and to ensure it remains accurate through the timely reporting of changes of circumstance. Achieving these aims relies upon ensuring customers understand the tax credits system and their role in managing their claims, as well as the system being sufficiently transparent. Customer awareness and understanding is of particular importance during the ongoing migration of tax credits customers to Universal Credit when individual claimants will need to make a new claim for Universal Credit.

This section explores customer awareness of, and behaviour towards, the tax credits system and their main responsibilities within it, in particular, reporting changes of circumstance and renewing on time. It also considers how well customers understand the rules regarding making joint claims. Finally, it examines levels of customer awareness of the transition to Universal Credit, and considers how this awareness has changed over time.

### 2.1 Reporting changes of circumstance

Changes of circumstance can happen frequently and throughout the year. Tax credits are designed to respond to these changes as they happen. While this flexibility is a key benefit of the tax credits system, it also increases the risk of error and fraud through late reporting of changes of circumstance, or failure to report. Customers were asked whether they had ever reported a change, why they did not report changes and how long it would normally take them to report.

#### 2.1.1 Late reporting of changes of circumstance

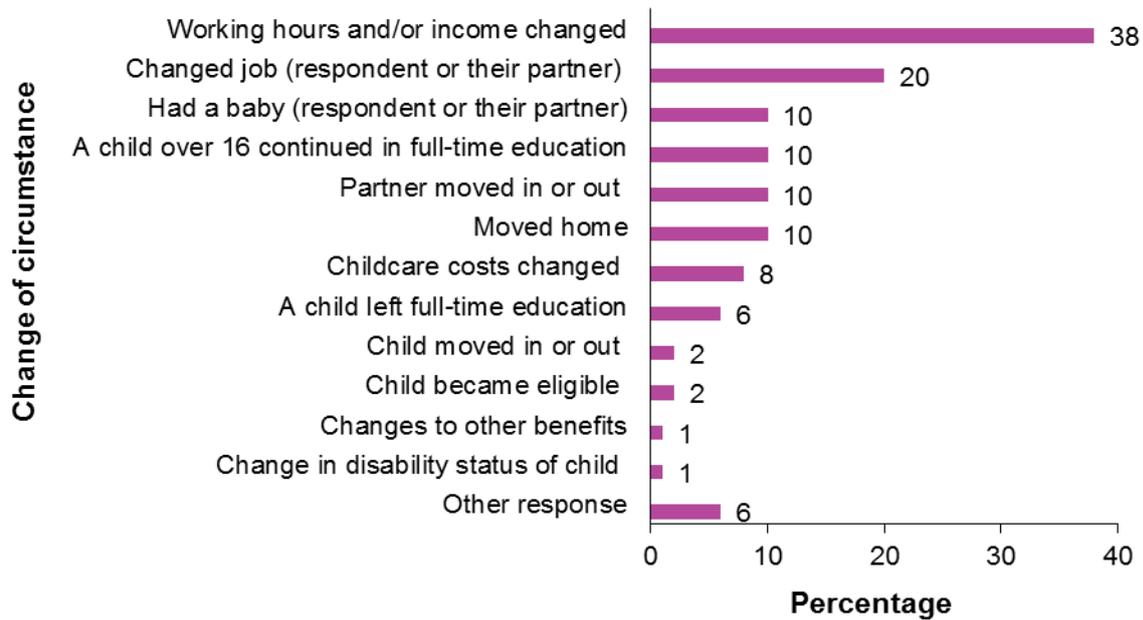
A little over half of tax credits customers (53 per cent) had reported a change of circumstances in the past year (Appendix B Table B.1). Most commonly this change was connected with different working hours and/or income, with 38 per cent citing a change of this nature. One in five customers (20 per cent) mentioned a change of job. Sometimes changes were connected to the birth of a child, moving house or a child over 16 continuing in full-time education<sup>2</sup> (Figure 2.1).

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<sup>2</sup> The changes that should be reported include changes to address, bank details, employment status, job, number of hours worked, income, marital status, family make-up, childcare arrangements, disability status, whether living in the UK, and their right to reside in the UK. Customers were not presented with this information when asked questions about reporting changes of circumstance.

Figure 2.1 What was the change of circumstance customers reported

Base: All tax credits customers who have informed HMRC of a change of circumstance



Unweighted base: 526

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100.

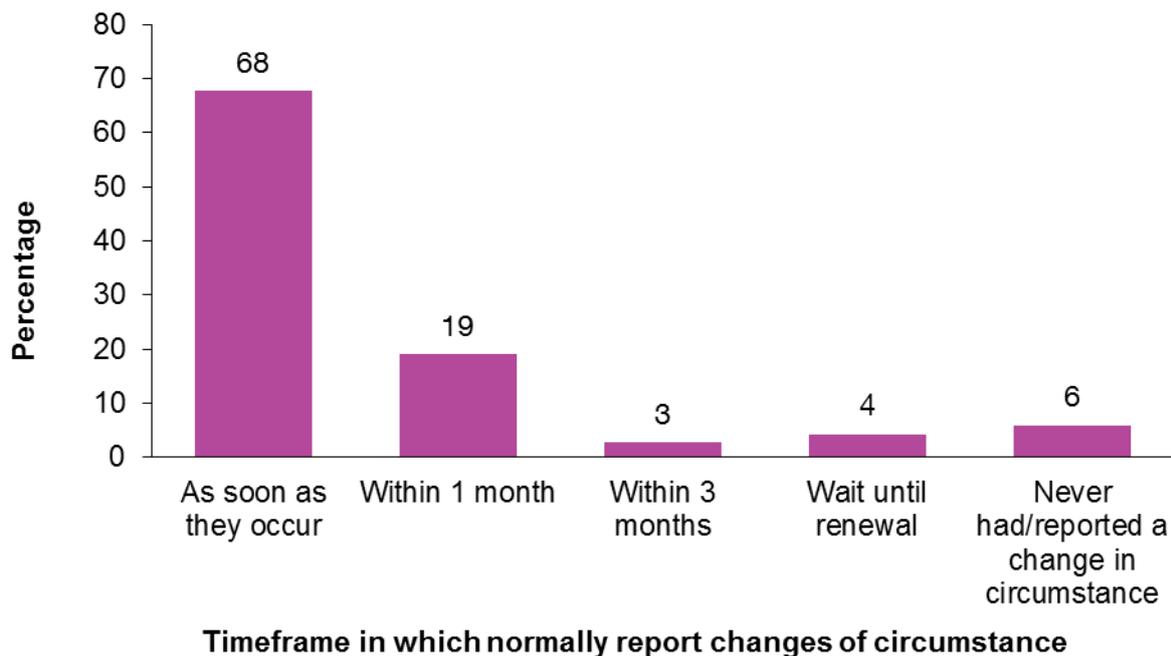
Guidance published on the GOV.UK website tells customers that all relevant changes of circumstance should ideally be reported as soon as they happen, but that the vast majority must be reported within one calendar month.<sup>3</sup>

Customers were asked when they normally reported changes of circumstance to explore why some customers might take longer to report than others. Sixty-eight per cent of customers said that they usually reported changes of circumstance as soon as they occur, whereas 19 per cent did so within one month. Only seven per cent said that they reported changes longer than a month after the change occurred, but within three months, or that they waited until renewal (Figure 2.2).

<sup>3</sup> GOV.UK, <https://www.gov.uk/changes-affect-tax-credits>, accessed 18<sup>th</sup> February 2015.

Figure 2.2 When normally report changes of circumstance

Base: All tax credits customers



Unweighted base: 1008

These responses were grouped into two broader categories for further analysis:

- Those who report changes of circumstance within one month
- Those who report them in more than one month.

A clear majority (92 per cent) of customers who had reported a change to HMRC fell into the category of those who report changes of circumstance within one month. Only eight per cent of customers took longer than one month to report (Appendix B Table B.2).

Exploration of differences by customer characteristics showed the following groups to be more likely to report changes of circumstance within one month:

- **Younger age groups.** Those in younger age groups were generally more likely to report changes of circumstance within a month than older customers (Appendix B Table B.3).
- **Not working.** Those who said they were not working were significantly more likely to report changes within one month than those who were working. (Appendix B Table B.4).
- **Households with eligible children.** Customers who lived in households with children were more likely to say that they usually reported changes within the required timeframe than those without children (Appendix B Table B.5).

No statistically significant differences were found between length of time taken to report changes of circumstance and household income or main language.

The finding that younger age groups were more likely to report changes within one month was confirmed in multivariate analysis (logistic regression) which controls for other factors

included in the analysis. This analysis also confirmed that households with eligible children were more likely to report changes early. Households with lower incomes were also more likely to report on time (working status was not statistically significant) (Appendix C Table C.1).

## 2.1.2 Failure to report changes of circumstance

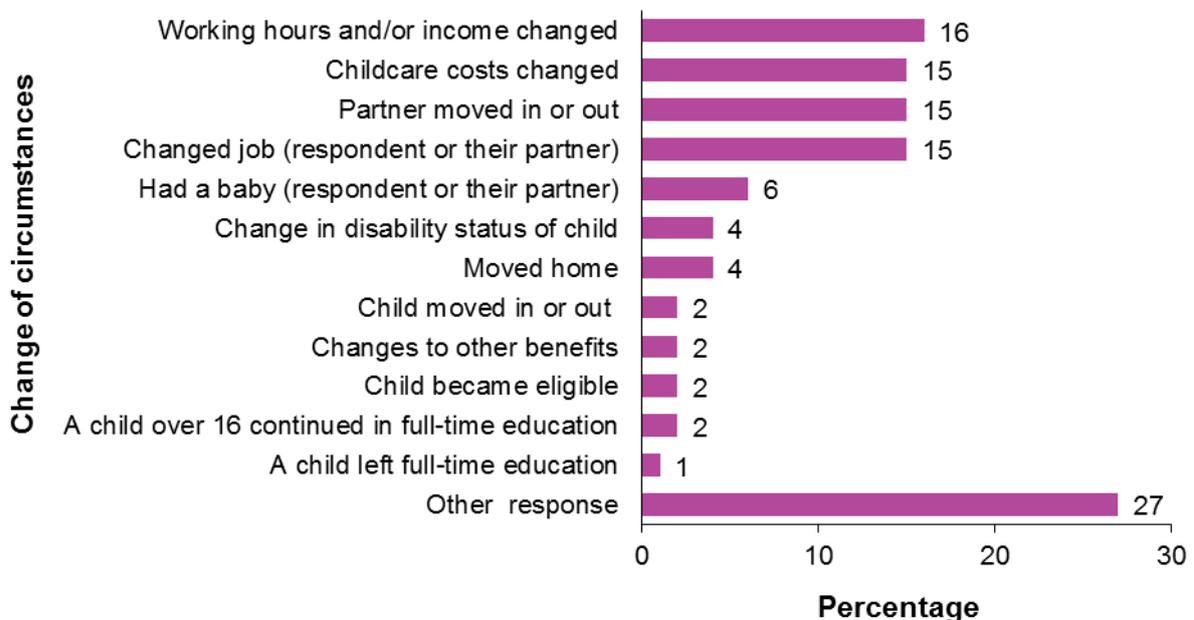
It is known that sometimes customers fail to report changes altogether. This might happen for a range of reasons. To better understand how widespread failure to report is, and what factors lead to it, all tax credits customers were asked whether they had ever failed to report a change of circumstance to HMRC for any reason. Five per cent reported to have done so at some point (Appendix B Table B.6).

The nature of the changes that had not been reported varied. Most commonly the changes that were left unreported were connected with working hours and/or income changes (16 per cent), changing childcare costs (15 per cent), a change of job (15 per cent) or a partner moving in or out (15 per cent). There was a high proportion of other responses to this question, which reflects an additional wide range of responses specific to individual customers. These other individual responses have been grouped under this category since they could not be placed in existing response options (Figure 2.3).

When asked about the reasons for not reporting a change, most often tax credits customers said that they did not know they had to report it (26 per cent) or they were disorganised or forgot to do it (23 per cent) (Appendix B Table B.7).

**Figure 2.3** Changes of circumstances customers failed to report

*Base: All tax credits customers who have not reported a change of circumstance to HMRC*



*Unweighted base: 51*

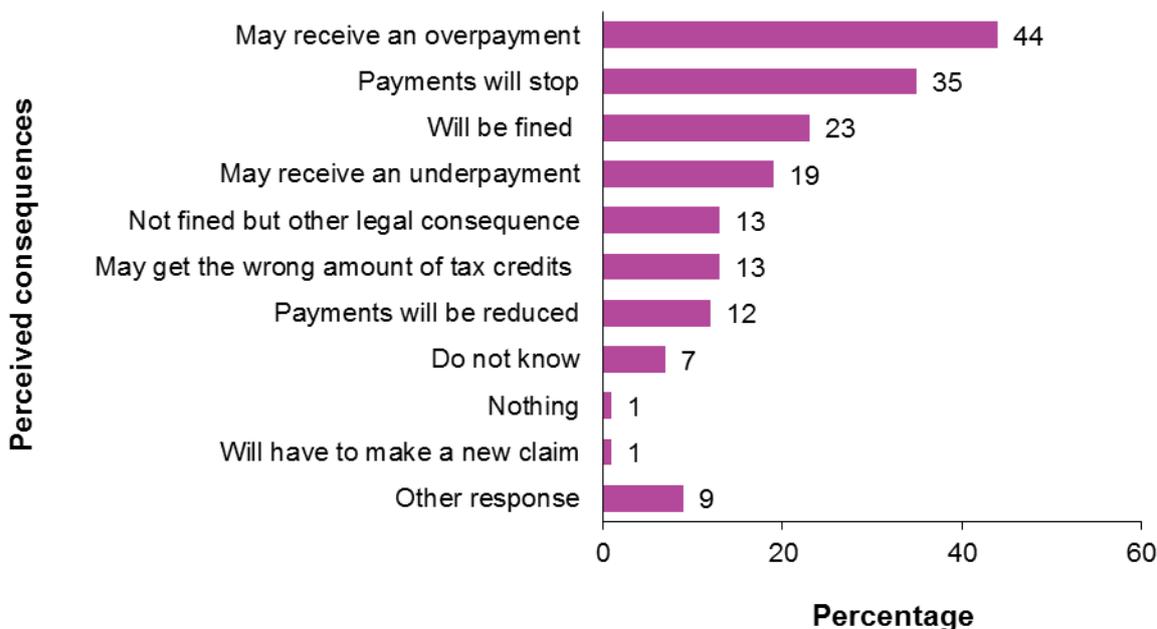
Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100.

Further to this, all customers were asked what they thought would happen as a result of failure to report a change. Just under half of customers (44 per cent) thought that failure to

report changes of circumstance on time would result in receiving an overpayment. Other frequently cited consequences were payments stopping or being fined (Figure 2.4).

**Figure 2.4** What could happen as a result of failure to report changes of circumstance

Base: All tax credits customers



Unweighted base: 1019

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100.

## 2.2 Renewing tax credits claims

Customers who do not renew their tax credits claims on time (by 31<sup>st</sup> July each year unless otherwise stated in the renewal pack) run a risk of having their payments stopped.<sup>4</sup>

### 2.2.1 Late renewal of claims

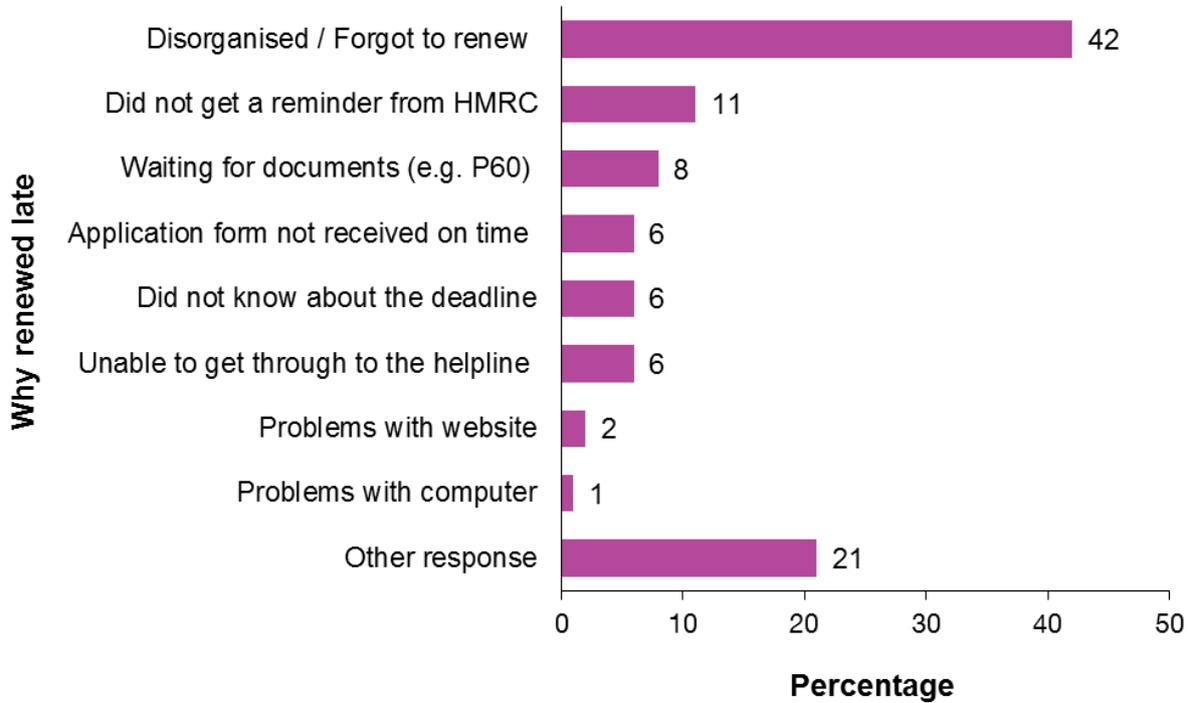
All tax credits customers were asked whether they had ever renewed their claim late for any reason. Eight per cent of customers said that there had been an occasion when they had not managed to renew their tax credits claim on time. This meant that the majority of customers, 92 per cent, had always renewed their claim on time (Appendix B Table B.8). There was no statistically significant variation across different groups of customers.

The most common reason for failing to renew on time was being ‘disorganised / forgetting to do it’ (42 per cent). The second most commonly reported reason was not receiving a reminder from the HMRC (11 per cent). The 21 per cent of other responses to this question reflects an additional range of personally-specific responses given for late renewal, which could not be organised into categories (Figure 2.5).

<sup>4</sup> HMRC, <https://www.gov.uk/renewing-your-tax-credits-claim>, accessed 18<sup>th</sup> February 2015

Figure 2.5 Why customers said they renewed late

Base: All tax credits customers who said they have previously renewed late



Unweighted base: 75

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

No statistically significant relationship was identified between the method tax credits customers used to renew their claim (by phone, online or by filling in a form) and whether they renewed late.

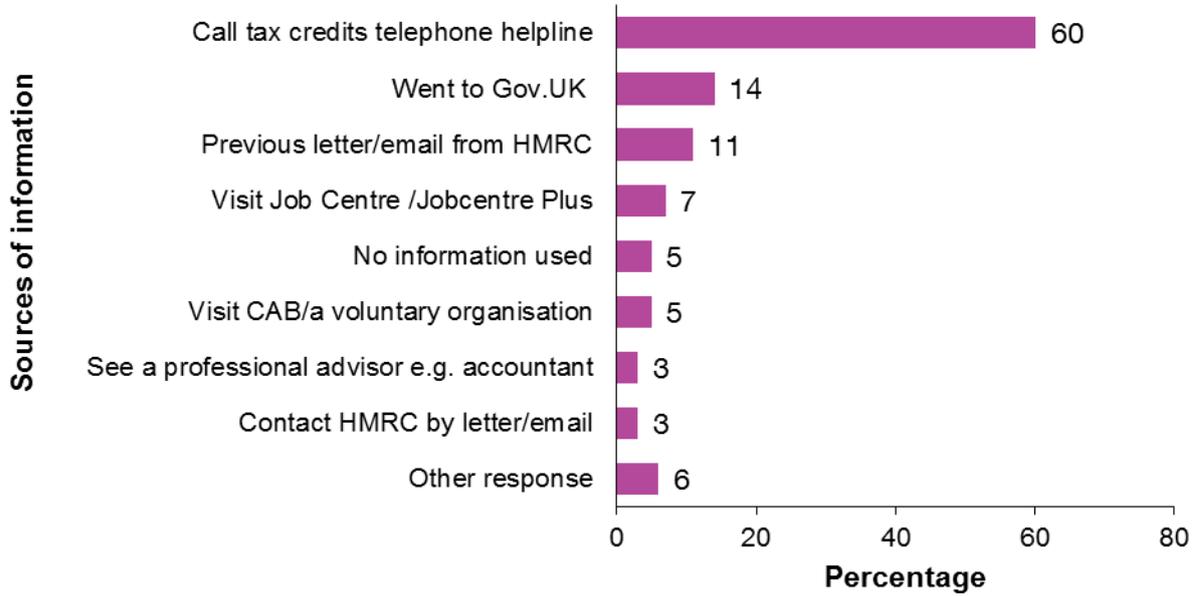
## 2.3 Understanding joint claims

HMRC is committed to minimising levels of error and fraud in the tax credits system. To achieve this, it is essential that customers' claims are correct when submitted. This section looks at whether customers understood the circumstances in which they would need to make a joint or single claim; it also identifies those groups who may need particular support.

Firstly, all tax credits customers were asked whether they have needed to find out whether a claim should be made as a couple or as an individual in the last two years. Eleven per cent of customers said that they needed to find out about this (Appendix B Table B.9). The main source of information these customers turned to was the Tax Credits Helpline, which 60 per cent of them called. Only 14 per cent reported that they had used the GOV.UK/ HMRC website (Figure 2.6).

Figure 2.6 What did to find out about joint claims

Base: All tax credits customers who in the last two years have needed to find out whether a claim should be made as a couple or an individual

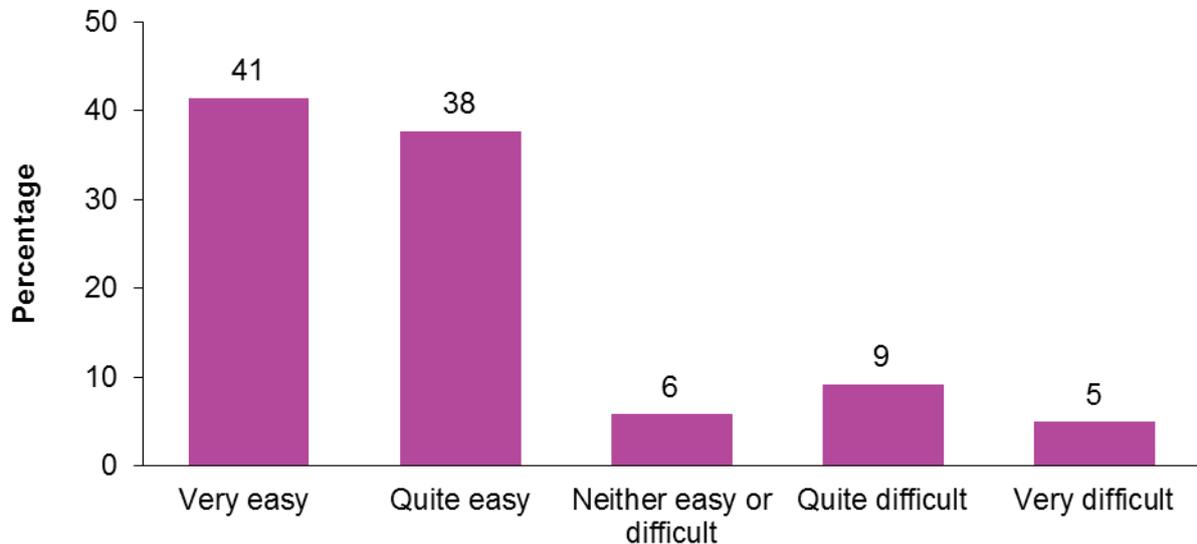


Unweighted base: 87

Tax credits customers who needed to find out information about joint claims over the past two years were then asked to assess how easy or difficult they found it to understand whether a claim needed to be made as a couple or as single people. Seventy-nine per cent of them said that they found it either 'very easy' or 'easy' (Figure 2.7).

Figure 2.7 How easy to understand whether need to claim as a couple

Base: All tax credits customers who needed to find out whether to claim as a couple or an individual



#### How easy to understand whether needed to claim as a couple

Unweighted base: 85

According to HMRC guidelines, tax credits customers must make a joint claim if:<sup>5</sup>

- They are married or in a civil partnership (and not permanently or legally separated)
- They live with a partner as though they are married or in a civil partnership
- They are temporarily living away from one another, e.g. looking after a relative or working abroad for the government for less than 8 weeks.

Customers might also need to make a joint claim if they and their partner are not married or in a civil partnership, but:

- Sometimes live in the same house
- Have a joint financial agreement
- Have dependent children.

To establish a measure for overall understanding of joint claims, all customers were presented with a number of scenarios and asked to determine whether the claim in the scenario should be made as a couple or as single people (Appendix B Tables B.10, B.11, B.12, B.13, B.14).

It should be borne in mind that this is a complex area. For the purposes of this research only some relatively straightforward scenarios were devised in order to test general understanding of joint claims. However whether someone should make their tax credits claim as a single person or as a couple is determined by their individual circumstances.

<sup>5</sup> GOV.UK, <https://www.gov.uk/claim-tax-credits/joint-claims>, accessed 18<sup>th</sup> February 2015

These responses to the scenarios were then combined into two groups for further analysis:

- Those who had answered four or five scenarios correctly (out of total of five)
- Those who had answered less than four scenarios correctly (out of total of five)

Divided into the two groups, 46 per cent of customers answered four or five questions correctly whereas 54 per cent answered less than four questions correctly (Appendix B Table B.15).

Customers understanding of the rules surrounding joint claims varied significantly depending on the particular question (Table 2.1) The scenario customers most frequently answered incorrectly was the scenario in which a couple had recently separated but still live in the same house, both pay the mortgage and pay for household bills and shopping together (Table 2.1, Scenario 4). Only eight per cent of customers knew that the claimants in this scenario should claim as single people.

Customers also struggled with the scenario in which an ex-partner was providing financial support for their child via the claimant (Table 2.1, Scenario 3). In this case the claim should be made separately. Only 62 per cent of customers answered this correctly. Similarly, only 66 per cent of customers knew that if a claimant's partner has moved in permanently, the claim should be made as a couple, regardless of whether the partner contributes to the bills or shopping (Table 2.1, Scenario 1).

Table 2.1 Scenarios for joint claims questions: proportion answered correctly	
Base: All tax credits customer	Answered correctly
	%
<b>Scenario 1.</b> A claimant's partner has moved in with them on a permanent basis but doesn't contribute to bills or shopping ( <i>Claim as a couple</i> )	66
<b>Scenario 2.</b> A couple are dating but live separately and don't regularly stay overnight in the same house together ( <i>Claim as single people</i> )	89
<b>Scenario 3.</b> The claimant's ex-partner provides financial support for their child to the claimant ( <i>Claim as single people</i> )	62
<b>Scenario 4.</b> A couple have recently separated. They both still live in the same house, both pay the mortgage and pay for household bills and shopping together ( <i>Claim as single people</i> )	8
<b>Scenario 5.</b> A claimant who has recently married or entered into a civil partnership ( <i>Claim as a couple</i> )	89
<i>Unweighted base</i>	1019

There was statistically significant variation in the understanding of joint claims by the following characteristics:

- **English as main language.** Customers whose first language was English or who were bilingual were significantly more likely to answer four or five questions correctly (51 per cent did) than those who spoke English as their second language (21 per cent) (Appendix B Table B.16).

- **Level of education.** Customers educated to at least GCSE level were more likely to answer four or five questions correctly than those with ‘other’ or no qualifications (Appendix B Table B.17).

There was no significant relationship between understanding of when to make a joint claim and levels of household income, age or employment status.

## 2.4 Universal Credit

The introduction of Universal Credit represents the most significant change to the benefits system in 60 years. It will streamline the benefits system by incorporating a range of key benefits and tax credits into one payment. Previous waves of this Panel Study found that awareness of Universal Credit among tax credits customers was relatively low, and many of those who were aware were unsure if or how it would affect them.<sup>6</sup> For effective implementation of the system it is important for HMRC to continue to closely monitor customer awareness. This will give HMRC an indication of where to target support to ensure a smooth transition for tax credits customers to Universal Credit.

Customers who participated in the previous wave of the study had previously been asked about Universal Credit and therefore would have heard about it. Because of this, their reported awareness in this wave would not be representative of tax credits customers as a whole. Given this, the analysis is based only on those who were added as part of this wave’s boost sample. The results are weighted to ensure they remain representative of the wider tax credits customer population.

Tax credits customers were first asked whether they had heard of Universal Credit. Nearly half of customers (45 per cent) said that they had heard of Universal Credit (Appendix B Table B.18). Trend data shows that awareness of Universal Credit increased from a quarter of customers in 2012 (24 per cent),<sup>7</sup> to 38 per cent in 2013<sup>8</sup> and increased again to 45 per cent in 2014. Similarly to wave 6 in 2013, three groups were created for further analysis (Appendix B Table B.19):

- Those aware of Universal Credit (45 per cent)
- Those aware that there may be changes to the way tax credits are managed (13 per cent)
- Those unaware of any change (41 per cent)

Looking more closely at the 45 per cent of customers aware of Universal Credit (Appendix B Table B.20):

- 36 per cent think that Universal Credit will have an impact on them
- 35 per cent think it will not have an impact on them
- 29 per cent do not know whether it will have an impact on them

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<sup>6</sup> Payne, C., Griggs, J., Silvester, H. & Toomse-Smith, M. (2014) *Panel Study of Tax Credit Customers: Telephone Survey 2013. Digital services, understanding the tax credits system and the transition to Universal Credit.* HM Revenue & Customs Research Report 319

<sup>7</sup> Payne, C., Griggs, J., Silvester, H. & Toomse-Smith, M. (2013) *Panel Study of Tax Credit Customers: Telephone Survey 2012. Reducing error and fraud, and the transition to Universal Credit.* HM Revenue & Customs Research Report No 251

<sup>8</sup> Payne, C., Griggs, J., & Toomse-Smith, M. (2014) *Panel Study of Tax Credit Customers: Telephone Survey 2013. Digital services, experience of the tax credits system and the transition to Universal Credit.* HM Revenue & Customs Research Report No 319

Those who had not heard of Universal Credit were asked whether they were aware that there may be changes to the way tax credits are managed over the next few years. Seventy-five per cent were not aware of such changes (Appendix B Table B.21).

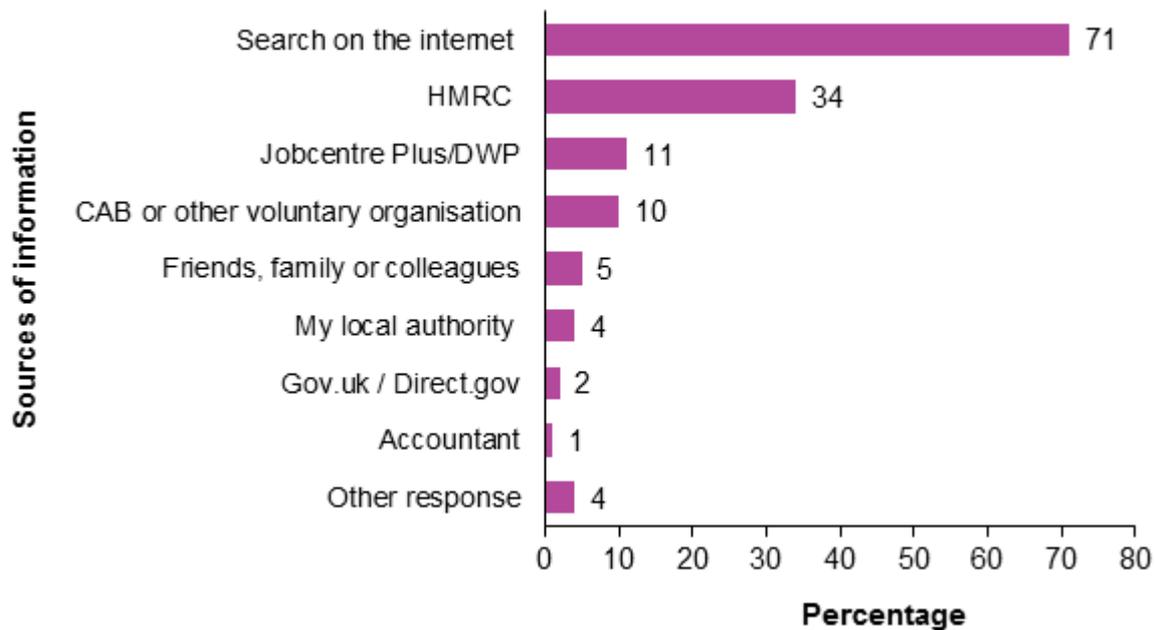
The following groups of customers were more likely to be aware of Universal Credit than others:

- Those with higher levels of education (Appendix B Table B.22)
- Those whose first language is English (Appendix B Table B.23)

Tax credits customers were then asked which sources of information they would turn to, to find out more about Universal Credit. Two-thirds (71 per cent) of customers said that the internet was the most likely source of information they would use. HMRC was cited as a source of information by just over a third (34 per cent) of customers (Figure 2.8).

Figure 2.8 Sources of information to find out more about Universal Credit

Base: All tax credits customers



Unweighted base: 967

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100.

## 3 Customer experience

One of HMRC's core objectives is to improve customer experience. The department aims to do this by ensuring systems are as straightforward as possible and place minimal burden on their customers, while responding to their needs.<sup>9</sup> A better customer experience may encourage more timely and accurate provision of information, thereby ensuring a more efficient system. Understanding customers' interactions with the tax credits system, their experiences of making contact with HMRC and use of materials such as renewals guidance notes will enable HMRC to respond appropriately to customer needs. This is particularly important as the system evolves and relies more heavily on digital services.

The following chapter explores customer experience by looking firstly at customers' views of the processes surrounding making a new claim and renewing an existing one – including customers' use and opinions of the renewals guidance notes. It goes on to examine the ways in which customers report changes of circumstance and concludes with a measure of overall customer experience.

### 3.1 Making a claim

The majority of customers who had made a claim since July 2011 found it easy to complete the application form for a new claim (60 per cent). Just four per cent of claimants reported finding the process very difficult (Appendix B Table B.24).

More than a third of customers called the Tax Credits Helpline for help with their application *before* submitting a new claim (36 per cent) (Appendix B Table B.25) and 40 per cent called the helpline to discuss their application *after* submitting it (Appendix B Table B.26).

The likelihood that a customer had called the Tax Credits Helpline while in the process of completing the application form was significantly related to how easy they found the application to be. Specifically, 46 per cent of those who found the application form difficult to complete called the helpline for assistance compared with 28 per cent of those who found it easy (Appendix B Table B.27).

However, no statistically significant relationship was found between the likelihood that a customer had called the Tax Credits Helpline *after* submitting their claim and how easy they found the application form to complete.

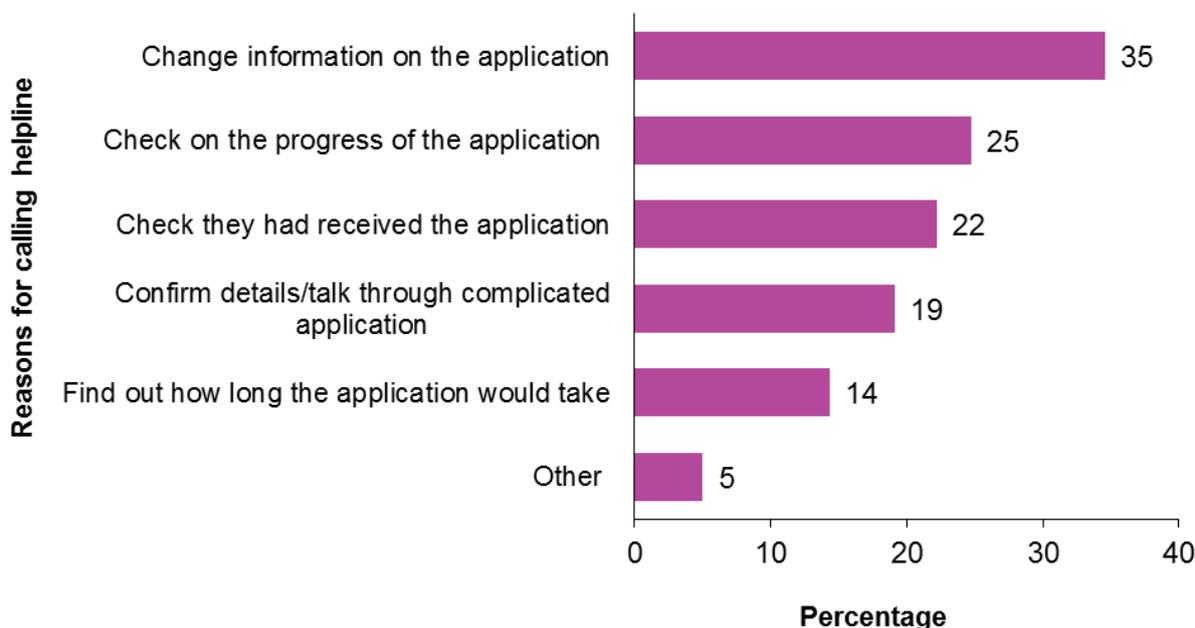
The most common reason given as to why customers called the helpline *after* submitting a claim was to change some of the information on the application (35 per cent). The next most frequently-cited reasons were to check on the progress of the application (25 per cent) and to check that HMRC had received the application (22 per cent); almost a fifth of claimants (19 per cent) called in order to confirm details or talk through a complicated application (Figure 3.1).

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<sup>9</sup> HMRC Revenue and Customs Customer survey, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/349467/report336.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/349467/report336.pdf), p. 2

Figure 3.1 Why customers called the helpline after submitting their claim

Base: All tax credits customers who called the helpline after submitting their claim



Unweighted base: 117

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100.

## 3.2 Renewals

### 3.2.1 Contact relating to renewals

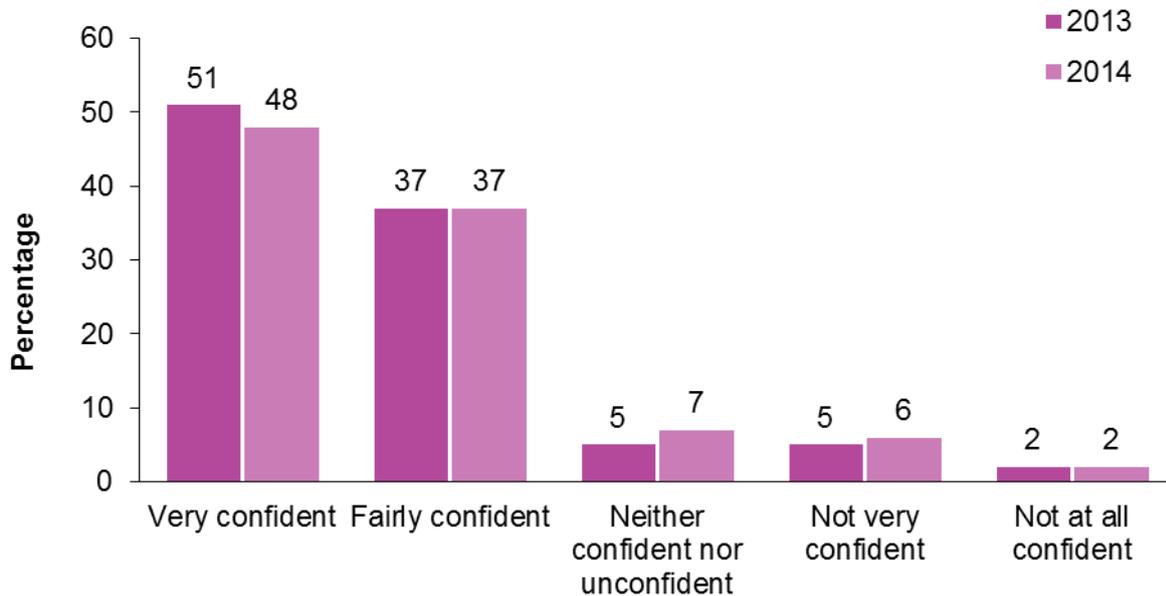
The majority of customers renewed their claim this year (94 per cent) (Appendix B Table B.28). For some in this customer group, the paper renewal form included pre-filled information about their household income. Ninety-one per cent of customers who renewed this year and filled in a paper application form<sup>10</sup> stated that their income information was displayed correctly on the form (Appendix B Table B.29).

Overall, customers' confidence in knowing what to do during the last renewal was high, with 85 per cent of customers reporting feeling confident. Just eight per cent of customers said that they did not feel confident. The proportion of customers who felt confident about what to do during renewal did not show a statistically significant difference from 2013-14 figures (Figure 3.2).

<sup>10</sup> This includes customers who attempted to renew their claim using the paper form, but completed it using another method.

**Figure 3.2** How confident customers were that they knew what to do during the last renewal process

Base: All tax credits customers who have ever renewed a tax credits claim



**Levels of confidence during the last renewal process**

Unweighted base 2013: 913  
 Unweighted base 2014: 938

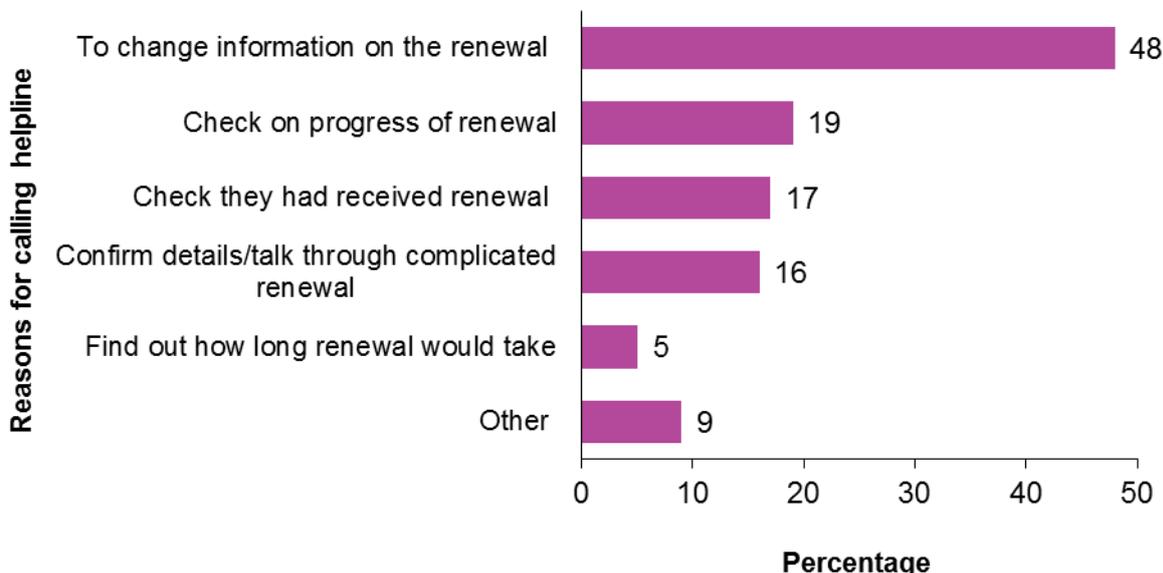
Just under a quarter of customers who renewed a claim (24 per cent) said they had called the Tax Credits Helpline to discuss their renewal post-submission (Appendix B Table B.30).

The likelihood that a customer said they had called the helpline after submitting their renewal was significantly related to whether they renewed online. Over a third of those who called the helpline (37 per cent) renewed online compared with just under a quarter of those who did not renew online (23 per cent) (Appendix B Table B.31).

The most common reason given for calling the helpline post renewal submission was to change some of the information on the renewal (48 per cent); 19 per cent called in order to check on the progress of renewal and 17 per cent called to check that the HMRC had received the renewal. Sixteen per cent of customers called the helpline to confirm details or talk through a complicated renewal (Figure 3.3).

**Figure 3.3 Why customers called the Tax Credits Helpline after submitting renewal**

*Base: All tax credits customers who used the Tax Credits Helpline after submitting their last renewal*



*Unweighted base: 216*

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100.

### 3.2.2 Renewals guidance notes

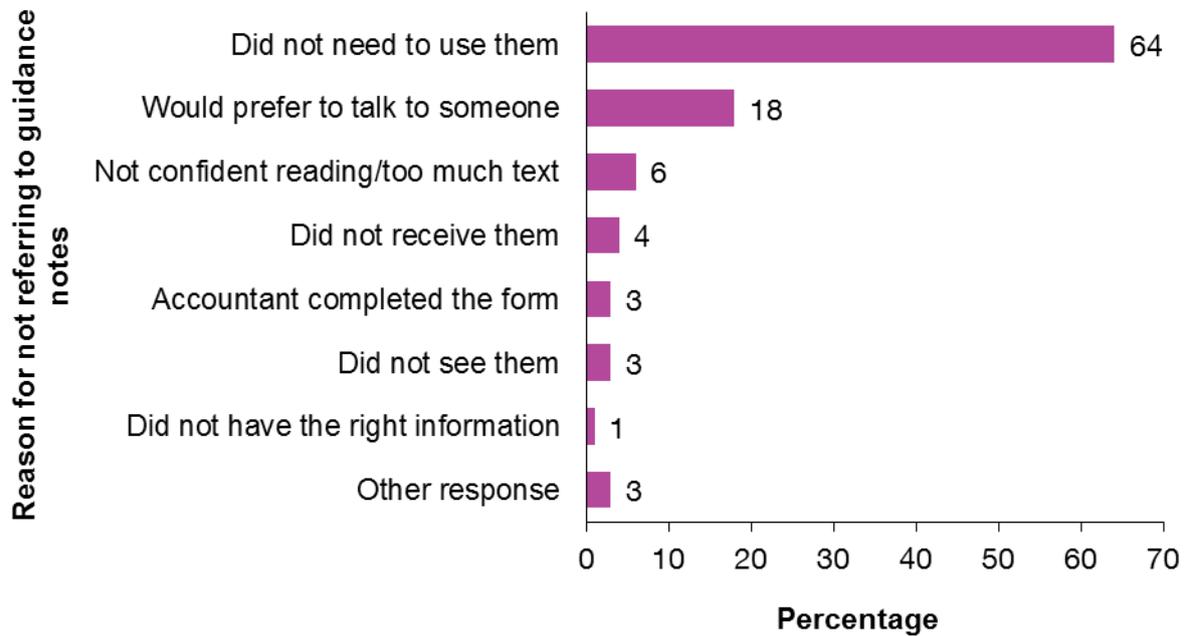
Renewals guidance notes are sent to claimants in their renewal packs on 30<sup>th</sup> June of each year. They provide claimants with step-by-step instructions on how to renew tax credits claims and when they need to be renewed by. They also give a breakdown of how different personal circumstances are handled, provide information on when to report changes of circumstance and give instructions on how to complete an annual declaration.<sup>11</sup>

Two-thirds of customers who renewed their claim this year used renewals guidance notes provided by HMRC (67 per cent) (Appendix B Table B.32). The majority of customers who did not refer to renewals guidance notes gave the reason that they did not need to use them (64 per cent), while almost a fifth (18 per cent) stated that they would prefer to talk to someone. Six per cent reported that they were not confident reading or that there was too much text in the guidance notes and four per cent did not receive the renewals guidance notes (Figure 3.4).

<sup>11</sup> HMRC Renewals Guidance Notes, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/354922/tc603rd-notes.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/354922/tc603rd-notes.pdf)

**Figure 3.4 Why customer did not refer to the renewals guidance notes**

*Base: All tax credits customers who did not refer to renewals guidance notes*



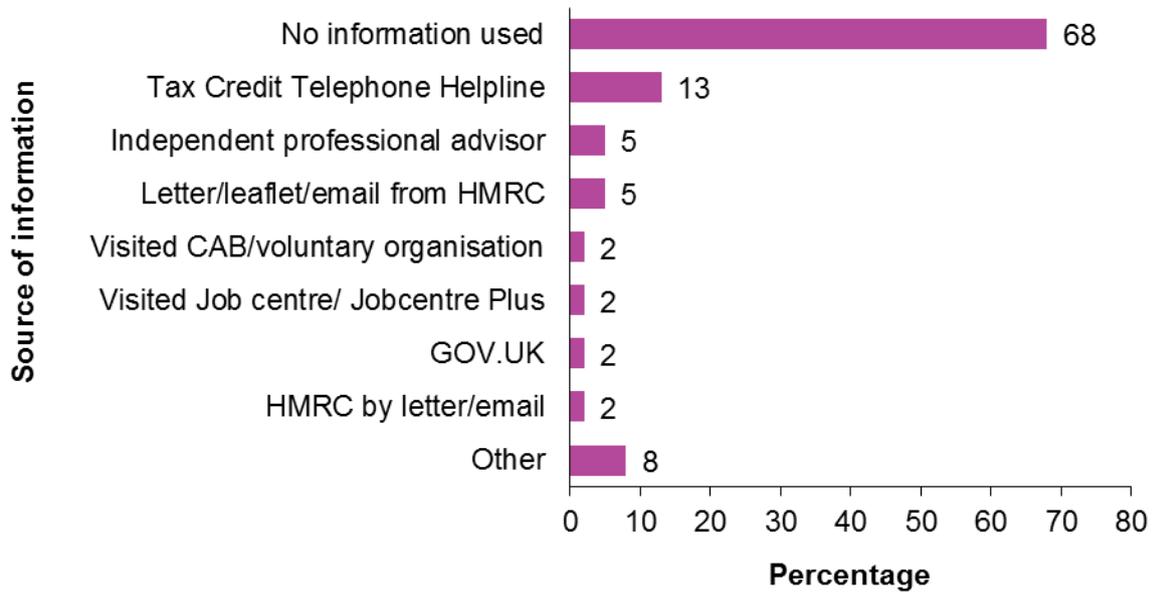
*Unweighted base: 291*

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Over two-thirds of customers who did not use renewals guidance notes reported not referring to any source of information (68 per cent) when renewing their claim. Thirteen per cent of customers said that they called the Tax Credits Helpline; five per cent reported that they had used a letter/leaflet/email previously received from HMRC and four per cent used the GOV.UK website or contacted HMRC by letter or email for information about renewal. Nine per cent of customers used sources of information external to the HMRC, such as an independent advisor, Jobcentre Plus or a voluntary organisation (Figure 3.5).

Figure 3.5 Sources of information used when renewing a claim

Base: All tax credits customers who did not refer to renewals guidance notes



Unweighted base: 293

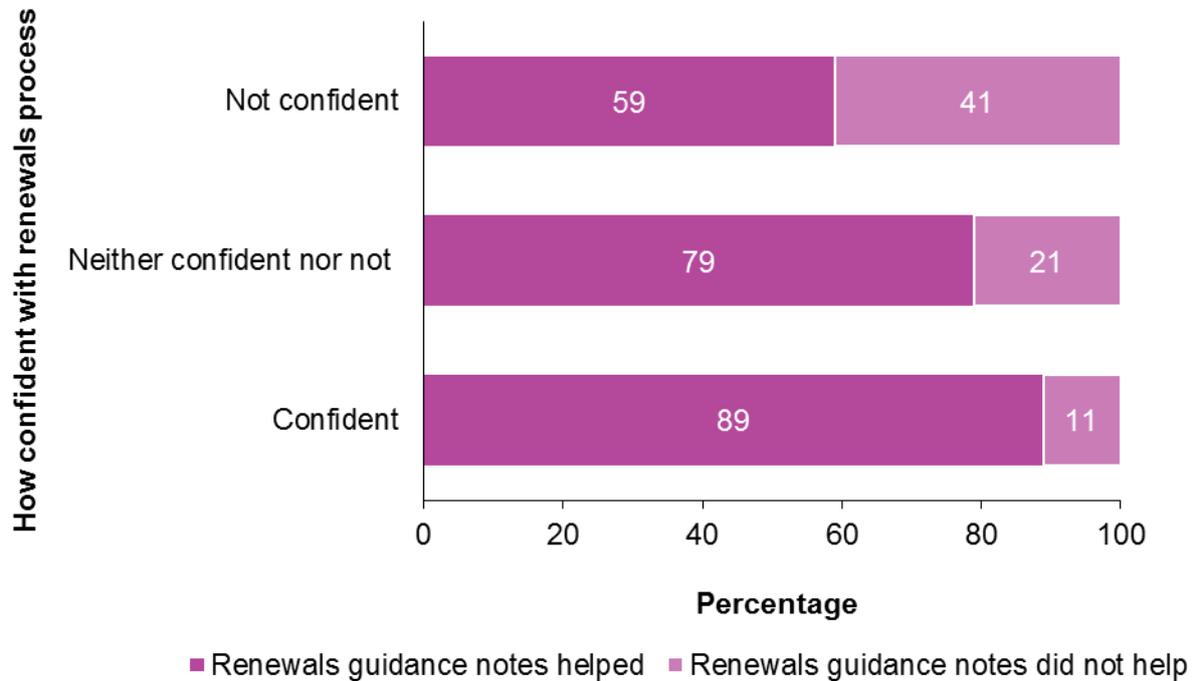
Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100.

The majority of customers who used renewals guidance notes when renewing their claim found them to be clear (88 per cent); just six percent reported finding them unclear (Appendix B Table B.33). When asked whether the renewals guidance notes helped with the renewal process, 86 per cent of customers stated that they did (Appendix B Table B.34).

The likelihood of a customer reporting that renewals guidance notes helped them with renewal was significantly related to how confident the customer felt that they knew what to do during the last renewal process: 89 per cent of customers who reported being confident when renewing their claim found that the guidance notes helped, compared with 59 per cent of those who were not confident (Figure 3.6).

**Figure 3.6** Whether renewals guidance notes helped with renewal by how confident with renewals process

*Base: All tax credits customers who used renewals guidance notes to renew their claim this year*



*Unweighted base: Not confident 39; Neither 32; Confident 502*

A small minority of customers who used renewals guidance notes thought that information they needed was missing from the notes (8 per cent) (Appendix B Table B.35).

### 3.3 Reporting changes of circumstance

HMRC pays tax credits to households across the UK. The amount of money provided to each household is calculated according to information provided by customers about their household circumstances and income. This information must be submitted at the beginning of the tax year and customers must report changes throughout the year.

Not reporting changes can result in overpayments (which have to be repaid) or underpayments. The changes that most often affect tax credits payments are those concerning income, number of hours worked, childcare and the number of people in living a household.<sup>12</sup>

<sup>12</sup> HMRC Tax Credits Renewals Corporate Report - issue briefing : <https://www.gov.uk/government/publications/issue-briefing-tax-credits-renewals/issue-briefing-tax-credits-renewals>

### 3.3.1 Contact relating to changes of circumstance

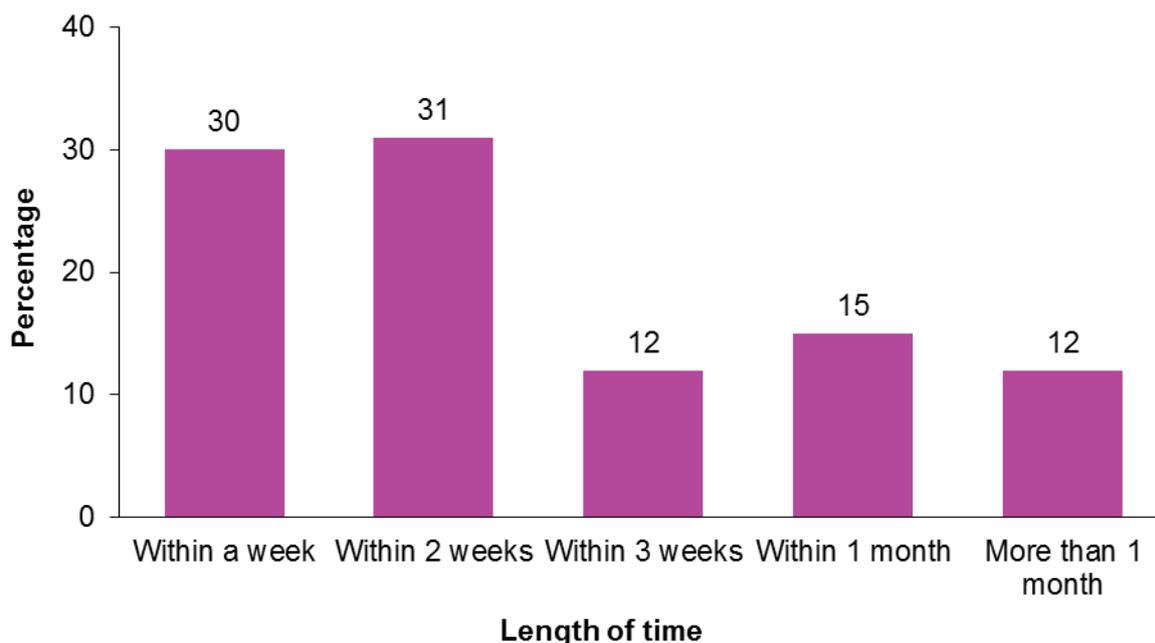
Tax credits are designed to be flexible and responsive to changes in customers' circumstances.<sup>13</sup> Changes can happen frequently and throughout the year and just over half of all tax credits customers (53 per cent) said that they informed HMRC of a change in circumstances relating to their tax credits claim in the past 12 months (Appendix B Table B.36).

Close to three quarters of these customers (72 per cent) stated that after reporting the change of circumstance they *did not* contact HMRC to check whether they had dealt with their change (Appendix B Table B.37).

When the 28 per cent of customers who *had* contacted HMRC were asked how long after they reported the change they made contact, 31 per cent said within two weeks and 30 per cent said within a week. Twelve per cent of customers said that they waited longer than one month (Figure 3.7).

**Figure 3.7 Time between reporting change of circumstances and contacting HMRC to check if tax credits claim updated**

*Base: All tax credits customers who had contacted HMRC to check if they had dealt with their reported change of circumstances*



*Unweighted base: 142*

The vast majority of customers who contacted HMRC to check if they had dealt with their change in circumstance said that they contacted HMRC by calling the Tax Credits Helpline (96 per cent), while two per cent did it in writing (Appendix B Table B.38). Just over two-thirds of customers contacted HMRC once (67 per cent), while just over a fifth (21 per cent) contacted them three times or more (Appendix B Table B.39).

<sup>13</sup> Payne, C Griggs, J and Toomse-Smith, M (2014) Panel Study of Tax Credits Customers: Digital services, understanding the tax credits system and the transition to Universal Credit p 22

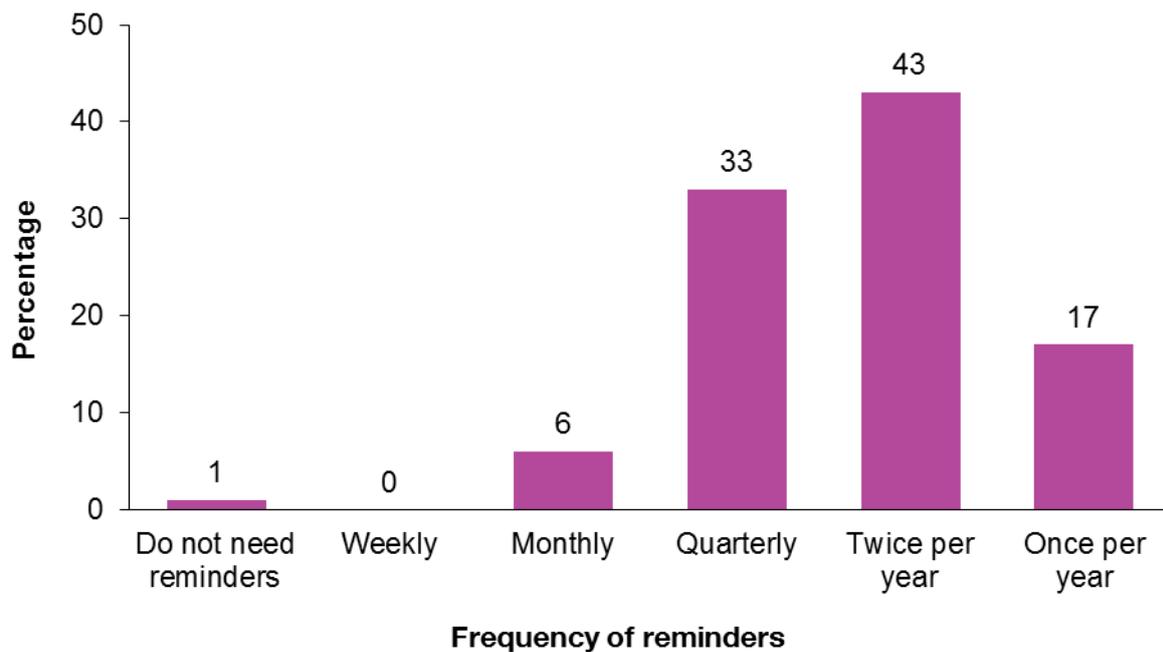
### 3.3.2 Remembering to report changes

When customers were asked whether there is anything in particular that reminds them to report changes of circumstance, 27 per cent said that there was (Appendix B Table B.40). When asked what it was that reminded them, just under two-thirds (64 per cent) said that they remembered by themselves; the next most popular answer was Radio/TV adverts from HMRC (19 per cent). Receiving renewal documentation and reminders sent by HMRC were both mentioned by 11 per cent of respondents (Appendix B Table B.41).

Just under half of participants (46 per cent) felt that HMRC should remind customers to report changes of circumstance (Appendix B Table B.42). The biggest proportion of respondents (43 per cent) felt that reminders should be sent twice per year, followed by one third of respondents (33 per cent) who thought that they should be sent quarterly and 17 per cent who felt that they should be sent annually (Figure 3.8).

**Figure 3.8** How often customers thought that HMRC should send out reminders about reporting changes of circumstance

*Base: All tax credits customers who said HMRC should remind them to report change of circumstances throughout the year*

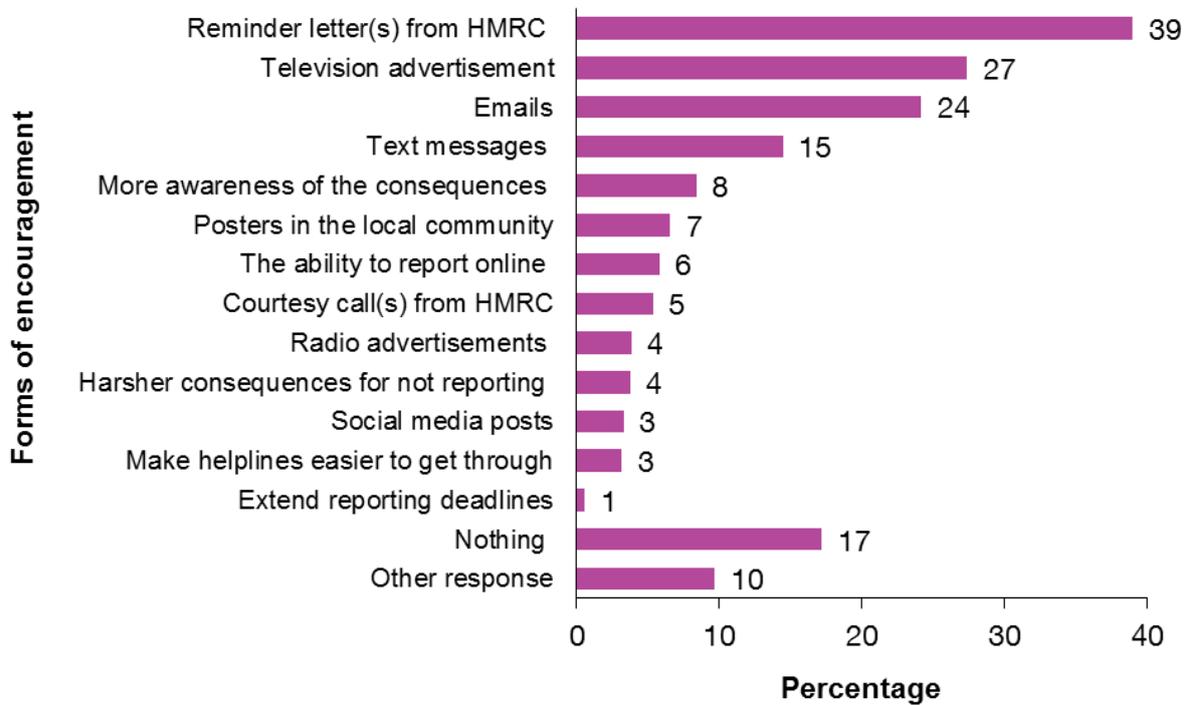


*Unweighted base: 436*

When asked what HMRC could do to encourage customers to report changes of circumstance as they happen throughout the year, most participants (39 per cent) cited reminder letters from HMRC; this was followed by television advertisements (27 per cent) and emails (24 per cent); 17 per cent said that there is nothing that HMRC could do and 15 per cent cited text messages (Figure 3.9).

Figure 3.9 What HMRC could do to encourage customers to report changes of circumstance as they happen

Base: All tax credits customers



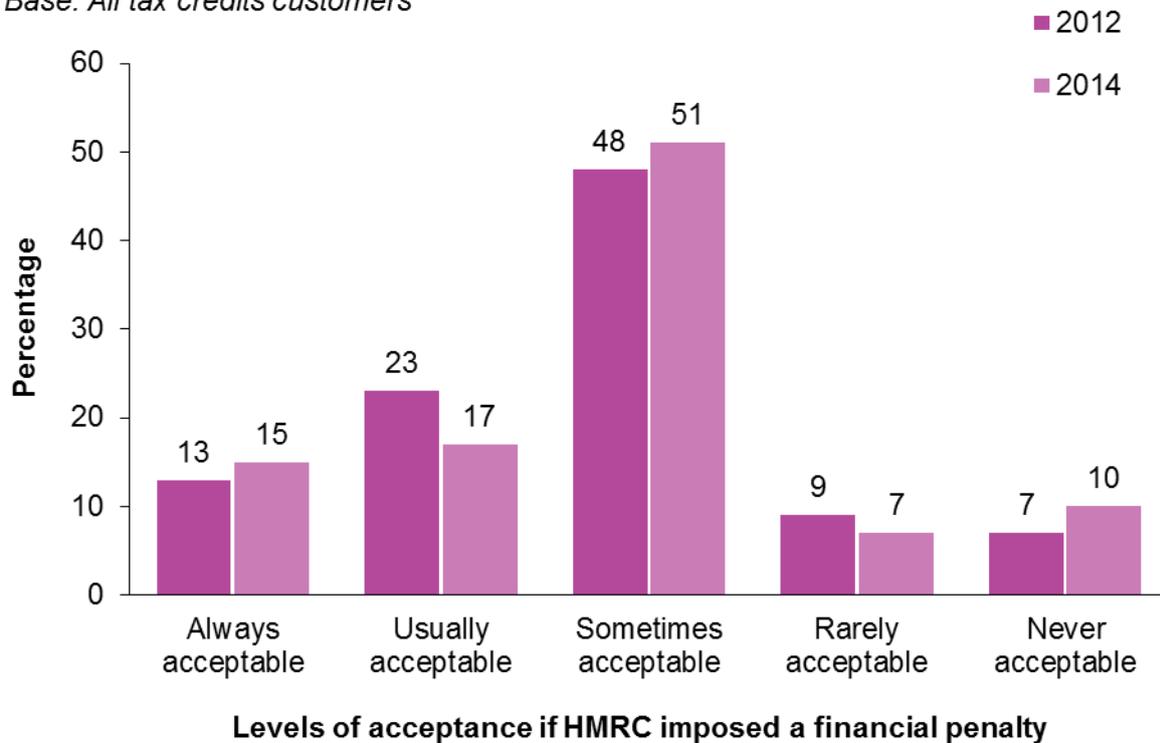
Unweighted base: 923

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100.

Just over half of all tax credits customers felt that it was *sometimes* acceptable for HMRC to impose a financial penalty on people who failed to report changes of circumstance on time (51 per cent); 32 per cent felt that it was always or usually acceptable compared with 17 per cent who did not feel that it was acceptable. These findings are similar to those in 2012, when just under half of tax credits customers (48 per cent) felt that it was *sometimes* acceptable to impose a financial penalty; 36 per cent felt that it was always or usually acceptable and 16 per cent stated that it was not acceptable (Figure 3.10). This difference is not statistically significant.

Figure 3.10 Acceptability of HMRC imposing a financial penalty for failure to report changes of circumstance on time: 2012 – 2014 comparison

Base: All tax credits customers



Unweighted base 2012: 975

Unweighted base 2014: 986

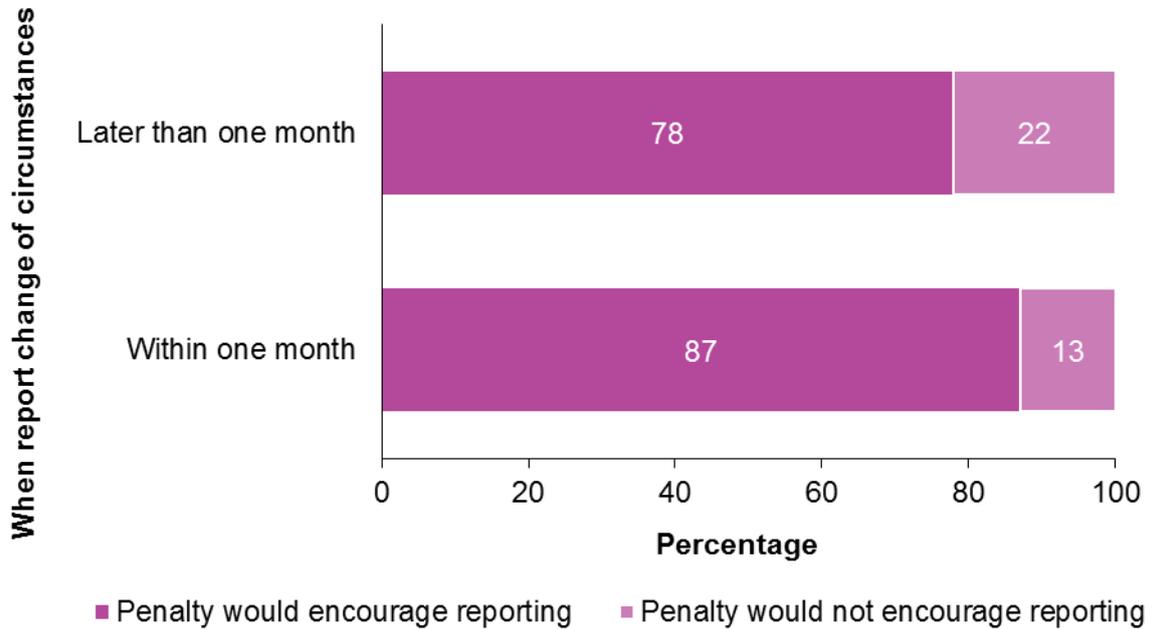
When asked whether they thought a penalty would encourage them to report changes of circumstance on time, 87 per cent of customers said that it would (Appendix B Table B.43); this is just a one percentage point reduction from 2012, when it was 88 per cent.

The likelihood of a customer saying that a penalty would encourage them to report changes of circumstance on time is significantly related to whether the customer has themselves ever failed to report a change of circumstances. Seventy-three per cent of customers who have ever failed to report a change said that a penalty would encourage them to report on time, compared with 87 per cent of those who have never failed to report a change (Appendix B Table B.44).

The likelihood of a customer thinking that a penalty would encourage them to report change of circumstance on time is also significantly related to *when* the customer usually reports changes of circumstance. A greater proportion of customers who reported changes of circumstance within one month felt that a penalty would encourage them to report (87 per cent) compared with those who took longer than one month to report (78 per cent) (Figure 3.11).

Figure 3.11 Whether a penalty would encourage reporting of change of circumstances on time by when usually reported change

Base: All tax credits customers



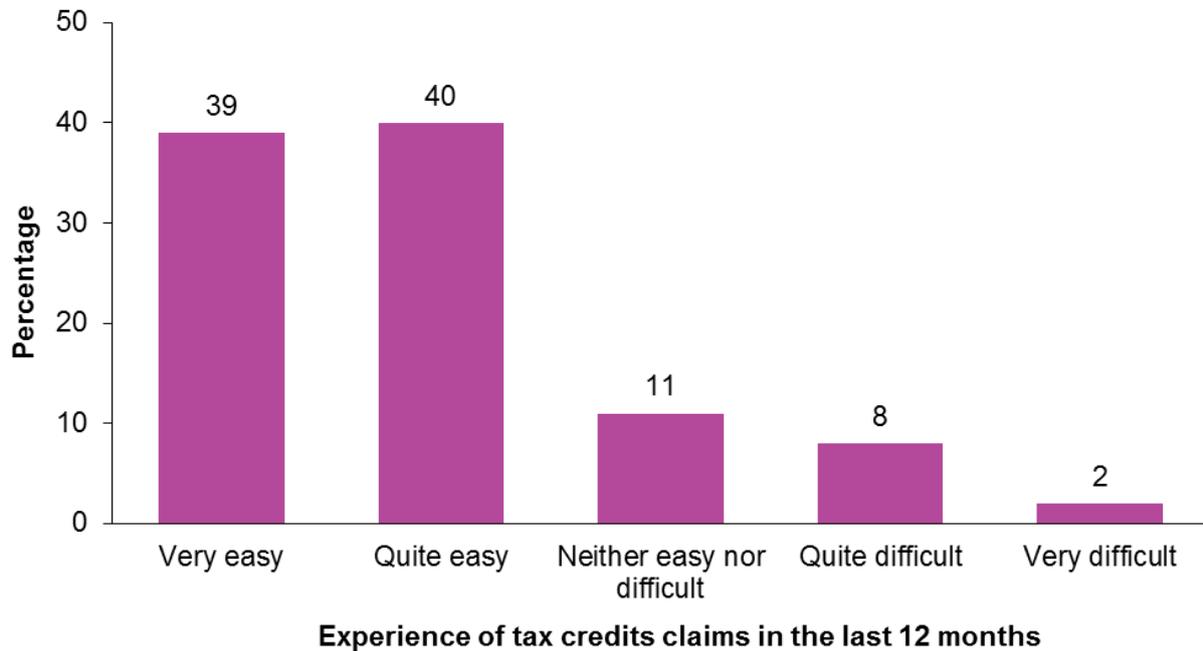
Unweighted base: Later than one month 72; Within one month 857

### 3.4 Overall customer experience

When asked how easy or difficult customers' experience of tax credits claims has been in the last 12 months, the majority of customers (79 per cent) said that it has been easy. Just 10 per cent reported finding it 'quite difficult' or 'very difficult' (Figure 3.12).

Figure 3.12 Customers' experience of tax credits claims in the last 12 months

Base: All tax credits customers



Unweighted base: 1015

Multivariate analysis (Appendix Table C.2) found a number of factors to be associated with whether a customer reported finding their tax credits claim 'very easy' or 'quite easy' over the last 12 months:

- **Main language.** Customers who spoke English as a first language, or were bilingual, were more likely to say they had found their tax credits claim easy than those who spoke English as a second language.
- **Use and clarity of renewals guidance notes.** Among customers who used the renewals guidance notes when renewing their claim, those who felt these notes were clear were more likely to find their experience of tax credits claims easy than those who did not. Customers who did not use renewals guidance notes at all were more likely to find their tax credits claim easy than customers who used them but did not find them clear.
- **Use of the Tax Credits Helpline.** Customers who called the Tax Credits Helpline with a query were less likely to have found their tax credits experience easy than those who did not.

## 4 Digital services

The Government Digital Strategy<sup>14</sup> set an objective to all government departments to offer as many services as possible online in a way that makes it a preferable channel of communication for customers over and above other methods. HMRC has already made considerable progress with the introduction of online renewals in 2014. This online service was used by an estimated 409,000 customers. However, the department is looking to extend 'digital by default' services to other areas within the administration of tax credits. It is extremely important that HMRC understands how aware and well prepared customers are for the introduction of further online services. This includes building a picture of customers' capability and willingness to use online tax credits services, as well as exploring how ability and attitudes vary across the customer group.

This chapter focuses on customer behaviours and attitudes to the internet and digital services. It begins with a consideration of customers' general internet use, as well as use of online banking. It explores customer interaction with the GOV.UK website and willingness to make greater use of the internet to make and manage tax credits claims. Finally it looks at customers' likely use of, and openness to, a range of possible future online tax credits services.

### 4.1 Internet use

In order to understand customers' ability to use the internet to manage their tax credits claim it is important to understand how they currently use the internet, and the sorts of services they access.

#### 4.1.1 Customers' internet use

The internet was widely used by tax credits customers - 87 per cent said they used the internet outside work (Appendix B Table B.45). However, there were some significant differences within the customer population; specifically online activity differed by (Appendix B Tables B.46, B.47 and B.48):

- **Household income.** Households with an income of less than £26,000 per year were significantly less likely to say they used the internet outside work.
- **First language.** Those who spoke English as a second language were significantly less likely to report using the internet outside work than those who spoke it as a first language or were bilingual;
- **Age.** Older customers, particularly those belonging to the oldest age group - 50 and over, were significantly less likely than younger customers to report using the internet.

Internet use did not vary significantly by customers' employment status.

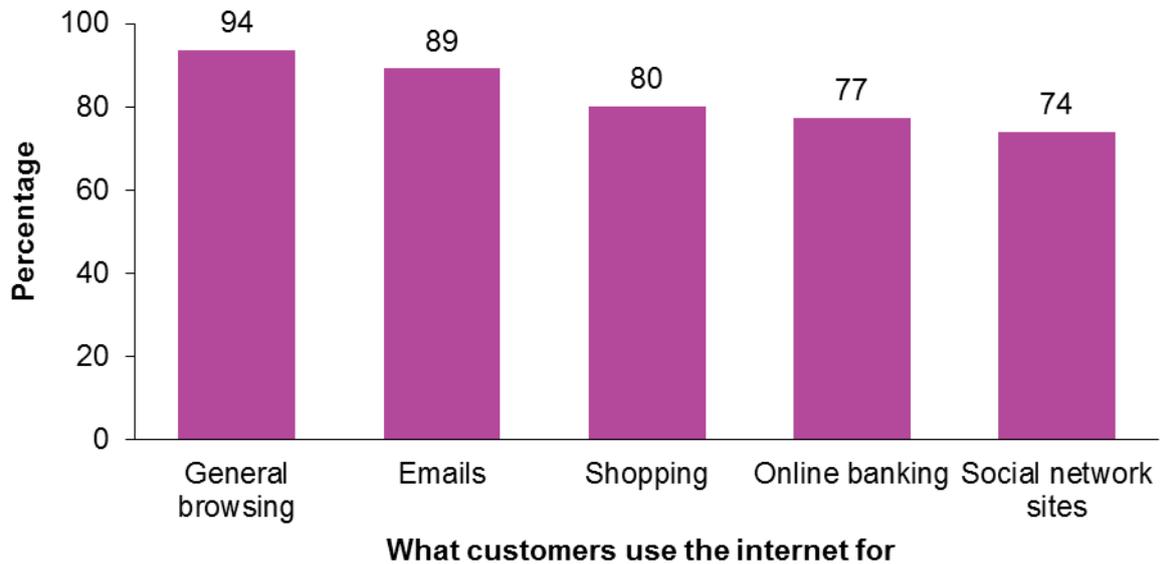
Those customers who said they used the internet did so for a variety of purposes (Figure 4.1). The most commonly reported uses were general browsing (94 per cent): communicating by email (89 per cent) and online shopping (80 per cent).

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<sup>14</sup> Cabinet Office (2013) *Government Digital Strategy*, available at <https://www.gov.uk/government/publications/government-digital-strategy/government-digital-strategy>

Figure 4.1 What customers use the internet for

Base: All tax credits customers who use the internet



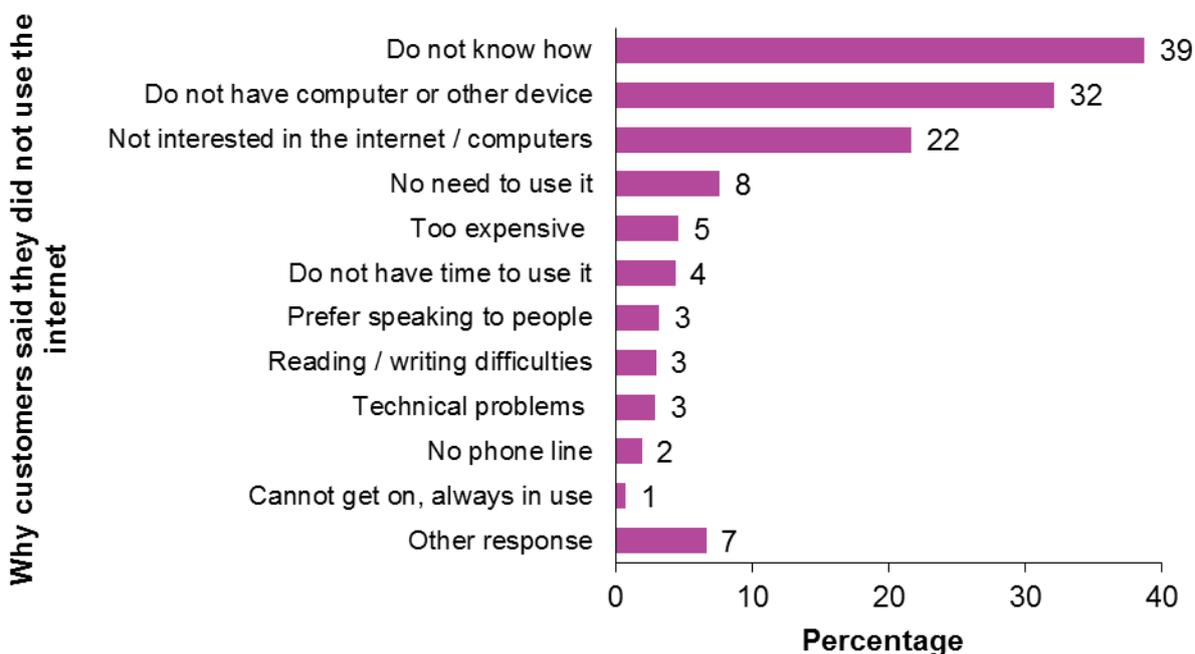
Unweighted base: 880

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100.

Of the 13 per cent of customers who said they did not use the internet outside work, the largest proportion (39 per cent) reported a lack of know-how as preventing them from doing so (Figure 4.2). This was followed by not having a computer or other internet-enabled device (32 per cent) and a lack of interest in the internet or computers (22 per cent).

Figure 4.2 Why customers did not use the internet outside work

Base: All tax credits customers who do not use the internet



Unweighted base: 139

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100.

### 4.1.2 Use of online banking

Indicative of whether customers would be willing to manage financial information online is the proportion using online banking (Figure 4.1) Seventy-seven per cent of those customers using the internet used it to access internet banking services. The majority of these customers used online banking services once a week or more often, with 21 per cent accessing internet banking every day (Appendix B Table B.49).

Use of online banking showed significant within group differences for a number of different customer characteristics (Appendix B Tables B.50, B.51, B.52, B.53), specifically:

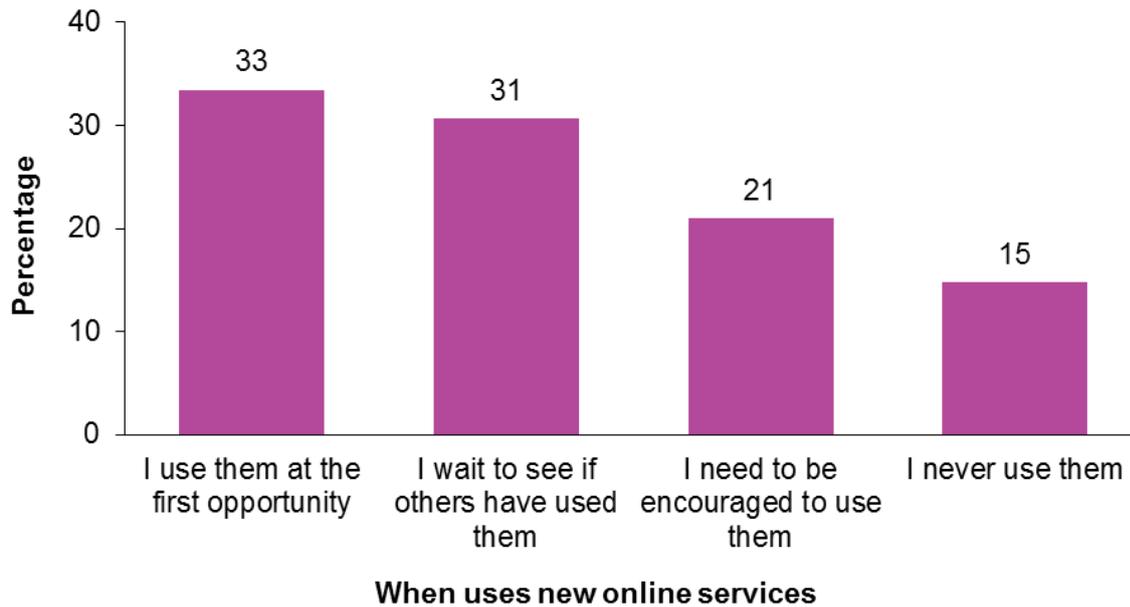
- **Household income.** Customers with household incomes of £26,000 or more were significantly more likely say they used online banking than those in the lower income groups.
- **Main language.** Those who spoke English as a second language were significantly less likely to use online banking.
- **Age.** Customers aged under 40 were the most likely to report using online banking, and those aged 50 and over the least.
- **Work status.** Customers working 16 hours or more per week were more likely to use online banking than those who were not working, or working less than 16 hours.

### 4.1.3 How quickly customers use new online services

Customers were asked to assess their own behavior when new services become available online. This offers an indication as to how open customers might be towards new digital services offered by HMRC. A third of customers described themselves as using new online services at the first opportunity (Figure 4.3), with a further 31 per cent saying that they would wait to see if others would use them. Just 15 per cent reported that they would never use them.

Figure 4.3 How quickly customers use new online services

Base: All tax credits customers who use the internet



Unweighted base: 857

This measure was regrouped into those who would use new services at the first opportunity (the early adopters) and those who would not. Exploring differences within the customer population revealed a number of significant relationships (Appendix B Tables B.54 and B.55):

- **Household income.** Households with higher annual incomes (£26,000 or more) were significantly more likely to say they used new online services at the first opportunity;
- **Age.** Customers aged between 30 and 39 were the most likely to be classified as ‘early adopters’. Those in the oldest age bracket (50 or over) were significantly less likely to fall into this group than other customers.

The early adoption of new digital services did not vary significantly by employment status or whether English was the customer’s first language.

## 4.2 Current digital interaction with HMRC

In order to design the new digital services that customers would prefer to use over other methods it is important to take into account how customers currently interact with the tax credits system via online services.

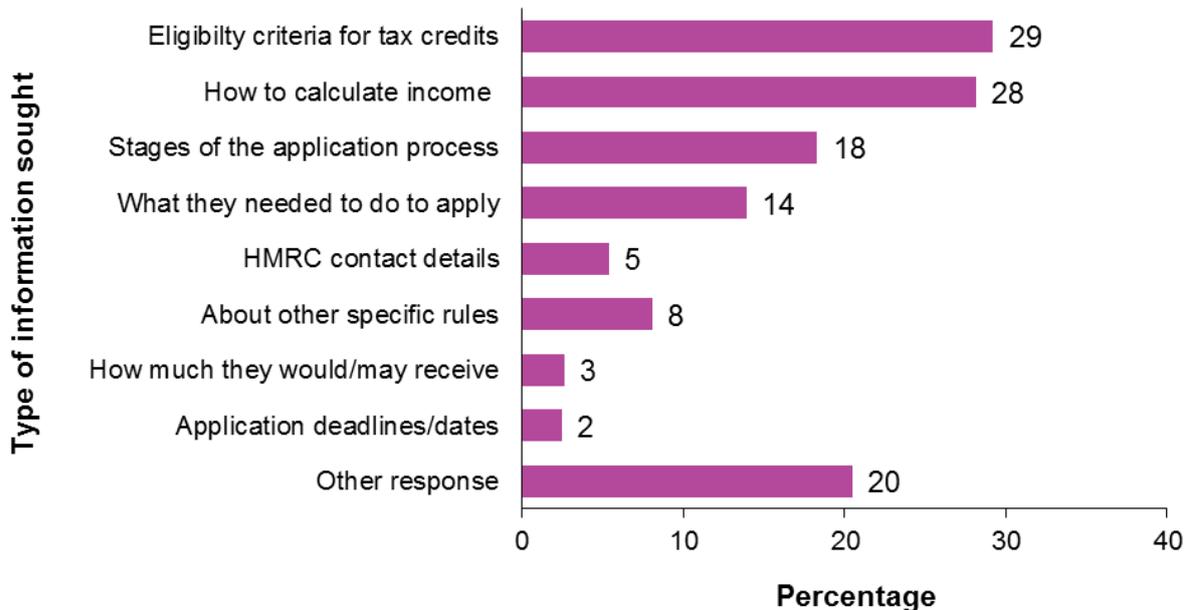
## 4.2.1 Use of the GOV.UK website

Customers who had made a new claim for tax credits since July 2011 were asked whether they had used the GOV.UK website when making that claim. Thirty-eight per cent reported that they had (Appendix B Table B.56).

Customers were seeking a variety of different types of information from the GOV.UK website (Figure 4.4), most frequently the eligibility criteria for tax credits (29 per cent) and how to calculate income (28 per cent). The high proportion of ‘other responses’ (20 per cent) reflect an additional range of personally-specific responses given by customers, which could not be organised into categories.

**Figure 4.4** Types of information sought from the GOV.UK website when making a new tax credits claim

*Base: All tax credits customers who said they used the GOV.UK website when making a new claim since July 2011*



*Unweighted base: 112*

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100.

Two-thirds of these customers were able to find all the information they were looking for on the GOV.UK website, and just under a quarter found some of the required information. Just ten per cent of customers reported being unable to find any of the information they wanted on GOV.UK (Appendix B Table B.57).

The 62 per cent of customers who had not used the website offered a large number of different reasons for this. The most commonly reported reason was that the customer did not need to use the website (42 per cent). This was followed by customers who were unable to offer a specific reason for not using GOV.UK when making their claim (14 per cent), preferring to complete a paper application (11 per cent) and a dislike of the internet (11 per cent) (Appendix B Table B.58).

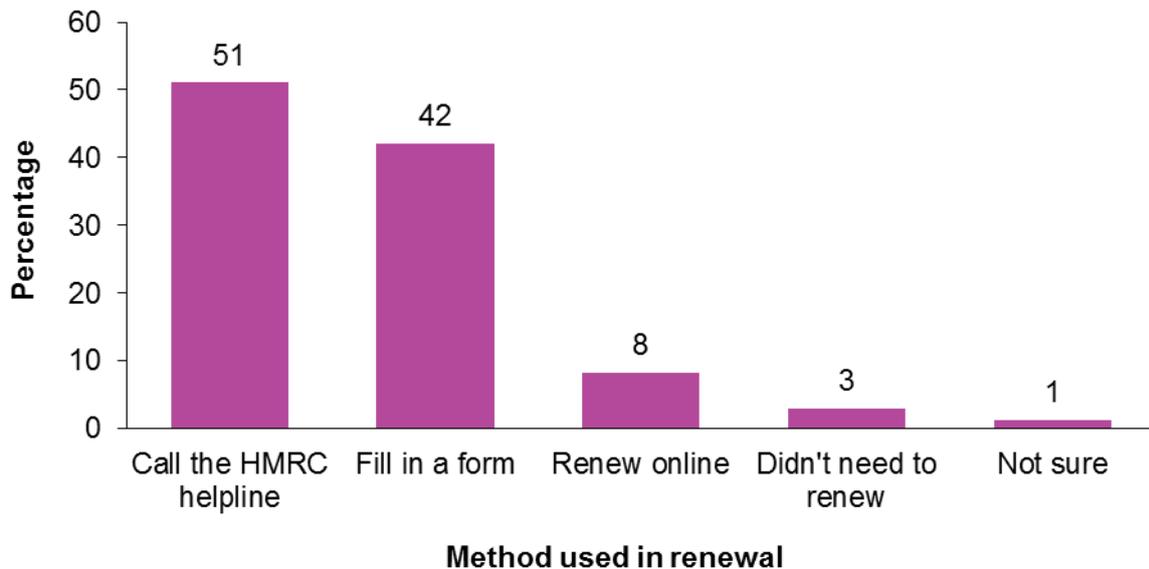
## 4.2.2 Use of the online renewals service

All tax credits customers who had ever renewed a claim (91 per cent), were asked what methods they had used when attempting to complete their most recent renewal. This was the first year in which customers were able to renew their claim online – a service initially only open to those who didn't have any changes of circumstance to make as part of their renewal, but then widened to almost all customers.

Just over half had attempted to call the HMRC helpline to renew their claim, 42 per cent had filled in a paper form and eight per cent attempted to renew online (the remaining four per cent did not need to renew, or weren't sure what method they had used) (Figure 4.5). The use of the online renewal service did not differ significantly by household income, main language spoken, age, work status, or how quickly customers adopted new online services.

**Figure 4.5** How customers attempted to renew their tax credits claim (most recent renewal)

*Base: All tax credits customers who have ever renewed a claim*



*Unweighted base: 939*

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100.

Responses were compared to establish which methods customers had used in conjunction with one another (for example, whether they had attempted to renew online and also attempted to renew using a paper form). This analysis shows that three per cent of customers who attempted to renew their claim online also attempted to renew by filling in a form; eight per cent of customers who attempted to renew by calling the HMRC helpline also attempted to renew by completing a paper form; and 18 per cent of customers who attempted to renew online also tried to renew by calling the HMRC helpline.

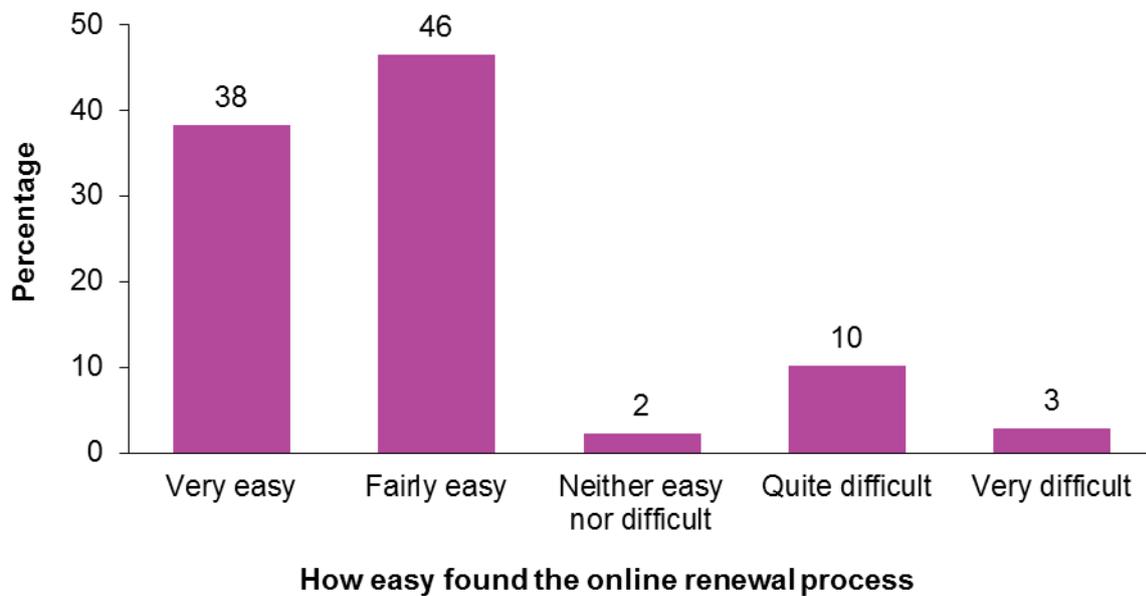
These figures closely match the methods used by customers to complete their most recent renewal. Forty-eight per cent of customers called the HMRC helpline (three percentage points lower than those who attempted to renew in this way) (Appendix B Table B.59). Forty-one per cent returned the postal form (one percentage point lower), and eight per cent completed their renewal online (the same proportion who attempted to renew in this way).

There was no statistically significant difference between which method customers used to complete their renewal and their overall customer experience.

Eighty-five per cent of customers using the online renewal process found it very easy (38 per cent) or fairly easy (46 per cent) to use (Figure 4.6). Ninety-two per cent would go online again for a future renewal (Appendix B Table B.60).

Figure 4.6 How easy customers found the online renewal process

Base: All tax credits customers who attempted to renew online



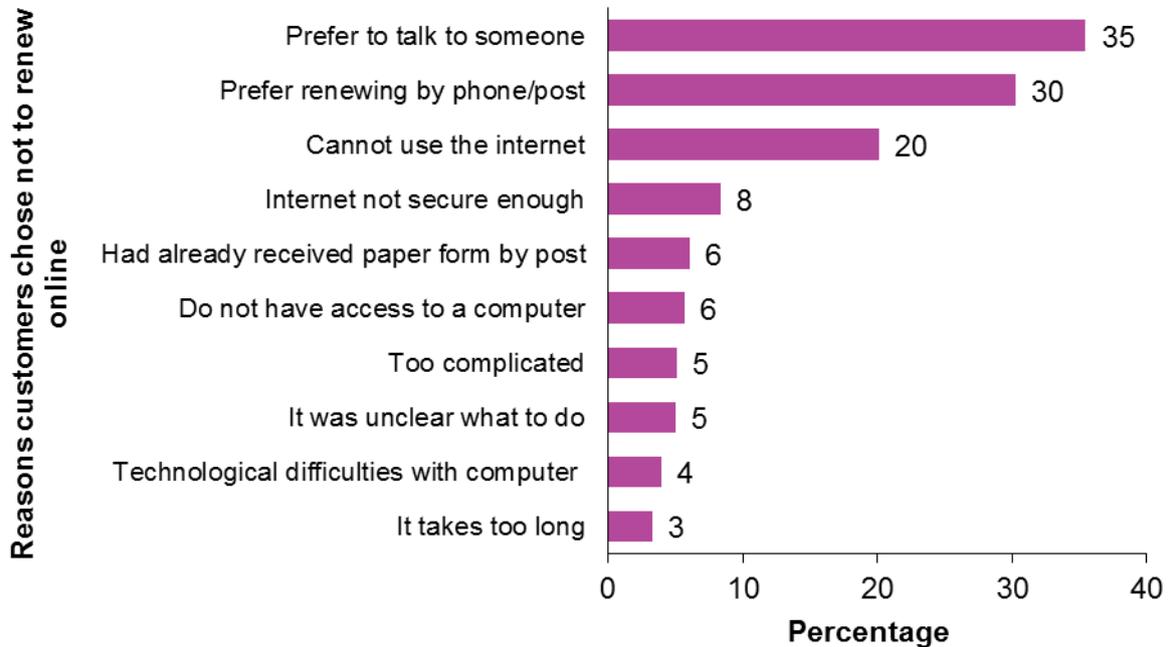
Unweighted base: 74

Nearly half of those customers who attempted to renew online felt that they had renewed earlier than they would have done had they used another method of renewal. Just seven per cent felt that they had renewed later (Appendix B Table B.61).

Overall awareness of the new online renewal process among those who had used other methods of renewal was moderate – 59 per cent of customers knew that they had the option of renewing their claim online (Appendix B Table B.62). Reasons given by customers who were aware of the option to renew online, but chose not to, showed some variation. The most commonly reported reasons were, preferring to talk to someone (35 per cent), and preferring to renew by phone or post (30 per cent) (Figure 4.7).

**Figure 4.7** Reasons customers who were aware of online renewal chose not to use it

Base: All tax credits customers who were aware of online renewal, but did not renew online



Unweighted base: 521

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100.

More than three-quarters of customers who had not been aware that they could renew their claim online said they would use this method should they need to renew their claim in the future (Appendix B Table B.63).

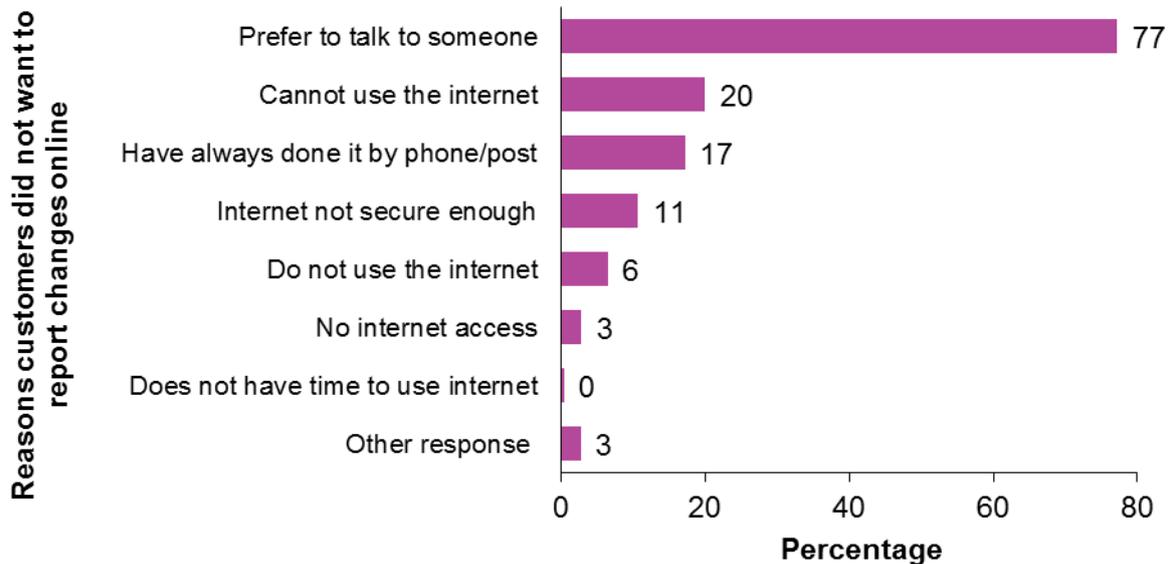
### 4.2.3 Reporting changes of circumstance online

When asked whether they would report a change of circumstances online if they were able to, 68 per cent of customers said that they would (Appendix B Table B.64). It should be borne in mind that customers were not asked whether they would take up this opportunity immediately. Moreover, despite a high level of awareness of online renewal, take-up during its first year has been fairly low.

The remaining 32 per cent of customers gave a number of reasons for not wanting to report changes online, but by far the most commonly reported was preferring to talk to someone (77 per cent) (Figure 4.8). Reasons connected to the ability to use the internet were considerably less dominant in terms of reporting changes of circumstance.

Figure 4.8 Reasons customers would choose not to report a change of circumstances online

Base: All tax credits customers who would not report a change of circumstances online



Unweighted base: 176

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100.

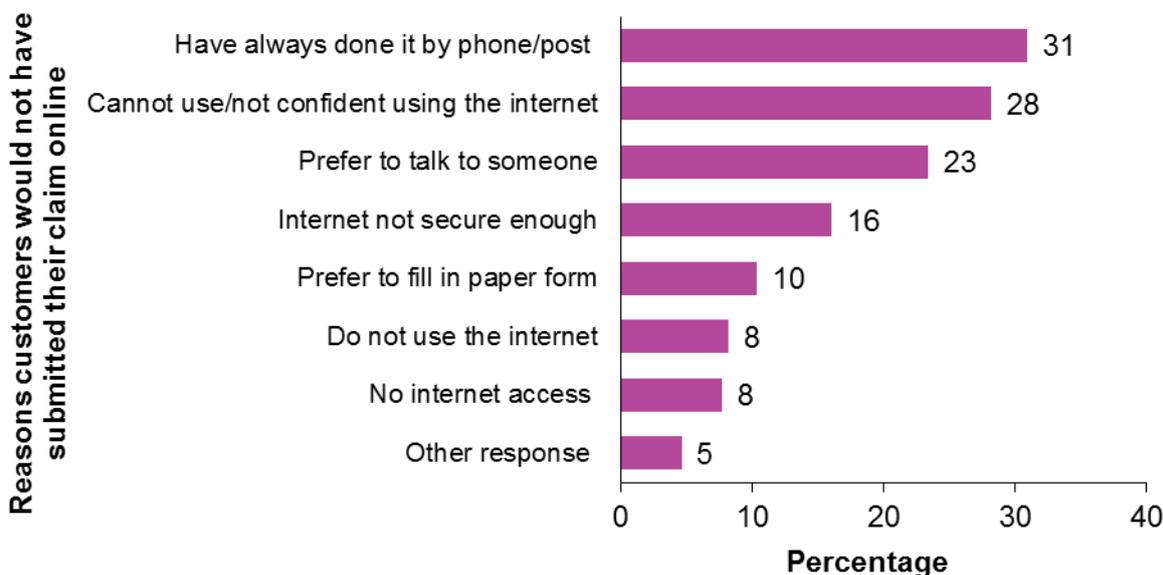
When customers who had ever not reported a change were asked what difference being able to report online would make, 58 per cent felt that they would be more likely to report and just two per cent, less likely (Appendix B Table B.65).

#### 4.2.4 Submitting a tax credits claim online

A similar proportion of customers (75 per cent) said they would have submitted their tax credits claim online rather than by post had they been able to (Appendix B Table B.66). The reasons the remaining 25 per cent of customers gave for preferring not to submit a claim online showed considerably more variation than for reporting changes of circumstance online. The most commonly reported reason was that they had always done it by phone or post (31 per cent), followed by not being confident using the internet (28 per cent). Preferring to talk to someone was only the third most common response to this question (23 per cent) (Figure 4.9).

**Figure 4.9** Reasons customers would not have submitted their claim online

*Base: All tax credits customers who had made a new claim since July 2011 and would not have chosen to make a claim online*



*Unweighted base: 80*

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

### 4.3 Future digital services

Despite a large proportion of customers being open to using digital services to manage their tax credits claim, just a quarter said they would choose to receive information about tax credits from HMRC via Facebook and / or Twitter (Appendix B Table B.67). Customers showed a preference for receiving information via Facebook (19 per cent), rather than Twitter (1 per cent) or both social networking sites (4 per cent).

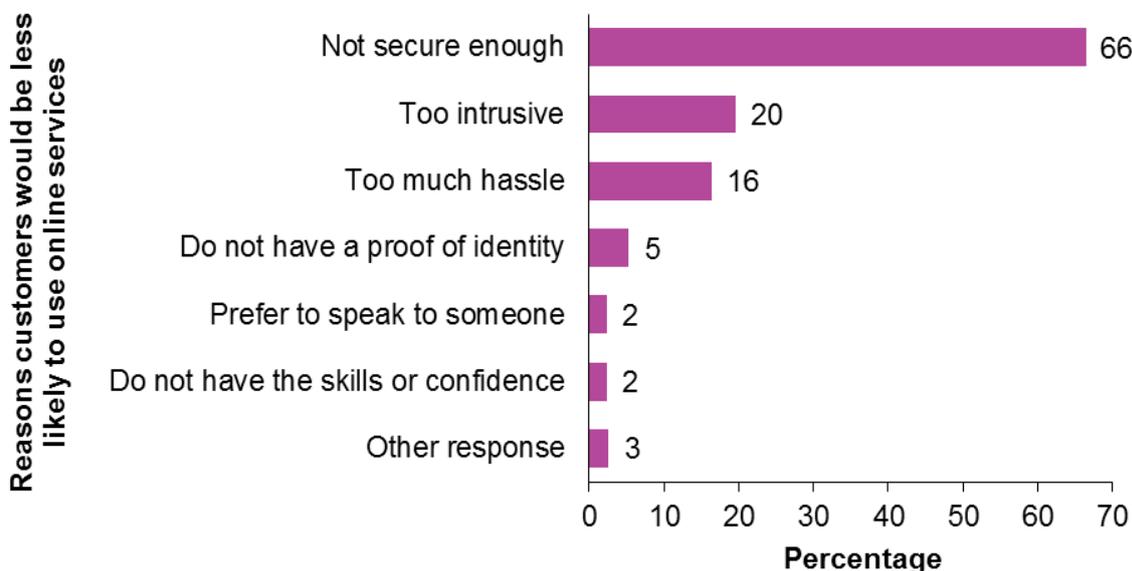
As the Government introduces new online services it is important that customers' security is protected. This means it may be necessary to introduce new online identity checks, which may involve asking customers to enter their passport or driving licence number, or asking someone else (such as a customer's bank) to confirm their identity.

The survey asked customers whether this kind of check might affect their use of online tax credits services. Forty-eight per cent of customers felt that these kind of identity checks would make them less likely to use government tax credits services online, 29 per cent said they'd be more likely to use them and 22 per cent said the checks wouldn't have an impact on whether they used them (Appendix B Table B.68). There were no statistically significant differences between which methods customers used to renew their claim and their expected response to additional identity checks.

Two-thirds of customers who said they would be less likely to use online tax credits services if new identity checks were introduced were concerned that the online system would not be secure enough. A further fifth said that the checks were 'too intrusive' and 16 per cent that they were 'too much hassle' (Figure 4.10).

**Figure 4.10** Reasons online identity checks would deter customers from using digital tax credits services

Base: All customers who use the internet and reported that identity checks will make them less likely to use online tax credit services



Unweighted base: 413

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

### 4.3.1 Customer appetite for managing claims online

A large proportion of tax credits customers were willing to use online services to manage different elements of their claims. As discussed above, 75 per cent of customers who had made a new claim since July 2011 said that they would have submitted their claim online rather than by post had they been able to. Likewise, 68 per cent of customers who had recently reported a change of circumstance said they would complete the process online given this option. Eight per cent of tax credits customers had used the online renewal system in 2014 and 78 per cent who had not been aware of the online renewal option said that they would use it next year.

When willingness to make a new claim, report changes in circumstance online and renew online (again)<sup>15</sup> were combined into a single variable, a majority of current tax credits customers (72 per cent) were willing to manage at least one aspect of their tax credits claim online (Appendix B Table B.69). Just over a quarter of customers (28 per cent) were not willing to manage any element of their tax credits claim online. However, there were some significant differences within the customer population; specifically willingness to manage some aspects of a tax credits claim online differed by:

- **Household income.** Households in the higher annual income categories were significantly more likely to be open to managing a claim online (see Appendix B Table B.70).

<sup>15</sup> This combined variable included customers who had renewed online in 2014 and had been asked whether they would do so again in the future, as well as those who had been unaware they could renew online in 2014 and had been asked whether they would choose to renew online next time.

- **Age.** Younger customers (particularly those aged 30-39) were more likely to express a willingness to manage one or more aspects of their claim online (see Appendix B Table B.71).

When this measure of willingness to manage tax credits claims online was explored in reference to different customer characteristics using logistic regression, a number of factors were found to be *independently* associated with being willing to deal with tax credits claims online (Appendix C Table C.3):<sup>16</sup>

- **Working status.** Customers who were in work were more likely to be willing to manage one or more aspects of their tax credits claim online.
- **Age.** Those aged under 40 were significantly more likely to express a willingness to manage aspects of their claim online.
- **Reporting changes of circumstance.** Timely reporting of changes of circumstance (i.e. reporting within one month) was also significantly related to a greater willingness to manage claims online.
- **Ease of application.** Those who found it easy to complete an application for tax credits were more likely to be open to online claim management.

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<sup>16</sup> An alternate logistic regression model, which included the methods customers used when trying to renew their claim, was also run. This second model suggested that those who renewed online were more likely to be open to managing one or more aspects of their tax credits claim online. This second model was not selected for the report as routing meant that the dependent variable (willingness to manage aspects of a tax credits claim online) was closely related to the independent variable (attempted to renew online).

## 5 Conclusions

### 5.1 Understanding the system

Tax credits customers are required to manage their claims by reporting any relevant changes of circumstance within one month and (unless exempt) completing an annual renewal. The majority of customers did not report any difficulties reporting changes of circumstances or renewing their claims on time. Yet a small proportion of claimants failed to do these things, most frequently because they 'forgot' or were 'disorganised'. In the case of renewals, customers who failed to renew on time, tended to be those who waited for renewal reminders or documents from HMRC before beginning the renewal process.

The basic rules governing joint claims were generally quite well understood among customers, but higher levels of complexity in personal circumstances caused many to get confused as to whether claims were supposed to be made as single people or as a couple.

Levels of awareness about the transition to Universal Credit have increased within the past year, despite some confusion about its possible impact on tax credits customers. Regardless of the increase, this group only comprised 45 per cent of the customer population. Furthermore, there remained a large proportion of customers who were unaware of any change (41 per cent) – this has not diminished since the last wave of the study.

### 5.2 Customer Experience

Customer experience of tax credits claims has mostly been a positive one. A large majority of customers reported finding their overall experience of tax credits claims easy, and when looking at individual aspects of customer experience, most customers had positive experiences / felt confident in managing their claims.

Despite high levels of confidence in different aspects of the tax credits process, including making a new claim, a sizeable proportion of customers still called the Tax Credits Helpline before and/or after submitting their application. Contacting the helpline was more common among customers who had struggled to complete the new claim form, and tended to be related to uncertainty around the application – correcting information supplied on the form and confirming receipt / checking on progress.

Similarly, despite high levels of confidence in what to do during claim renewal overall, customers who renewed online were more likely to call the helpline to discuss their renewal than those using other methods. This may simply reflect the fact that digital renewal is new to customers; however, it might also be indicative of higher levels of uncertainty around digital tax credits services. Two-thirds of customers used renewals guidance notes when completing their renewal and most found them clear and helpful. Those who completed renewals without them either felt they did not need the notes, or simply preferred to talk to another person.

Almost all customers (96 per cent) said that the Tax Credits Helpline was the method they used to check whether HMRC had dealt with their change of circumstances. With regards to remembering to report changes, just under half of customers felt that HMRC should remind customers to report and customers were divided on whether they felt it was acceptable to impose a financial penalty for failing to report changes.

## 5.3 Digital services

A large proportion of tax credits customers used the internet outside work, often for multiple purposes including online banking. Online banking is in many ways similar to managing a benefit claim online as it involves interacting with an organisation in an electronic environment and having personal details accessible via the internet.

The majority of tax credits customers said that they were open to managing one or more aspect of their claim online. This included the small proportion of customers (eight per cent overall) who had used HMRC's new online renewal service. Most of the customers who had not been aware of the new service felt that they would use it in the future. Similarly large proportions of customers were open to online reporting of changes of circumstance and to making tax credits claims online. The introduction of new identity checks may, however, impact negatively on customers' use of digital tax credits services, and there appears to be limited appetite for using social media (such as Facebook and Twitter) when interacting with HMRC.

The small proportion of customers who used the online renewals service also suggests that take-up of services may be slow, despite a general willingness to manage claims online. Moreover, tax credits customers may find it preferable to continue to use the claim management methods they have used previously and with which they are confident.

Those customers who were not open to using digital services (approximately a quarter of the customer population) tended to be those who preferred more personal methods of communication, such as talking to someone on the telephone, or to be less confident/comfortable with technology. Security concerns did not tend to be a major factor deterring customers from using digital services.

## Appendix A: Customer Profile

This section presents a picture of the characteristics of tax credits customers who took part in the survey. It focuses on aspects that are of particular relevance for tax credits claims and therefore of interest to the reader, such as household composition, age, work and income.

### Household composition

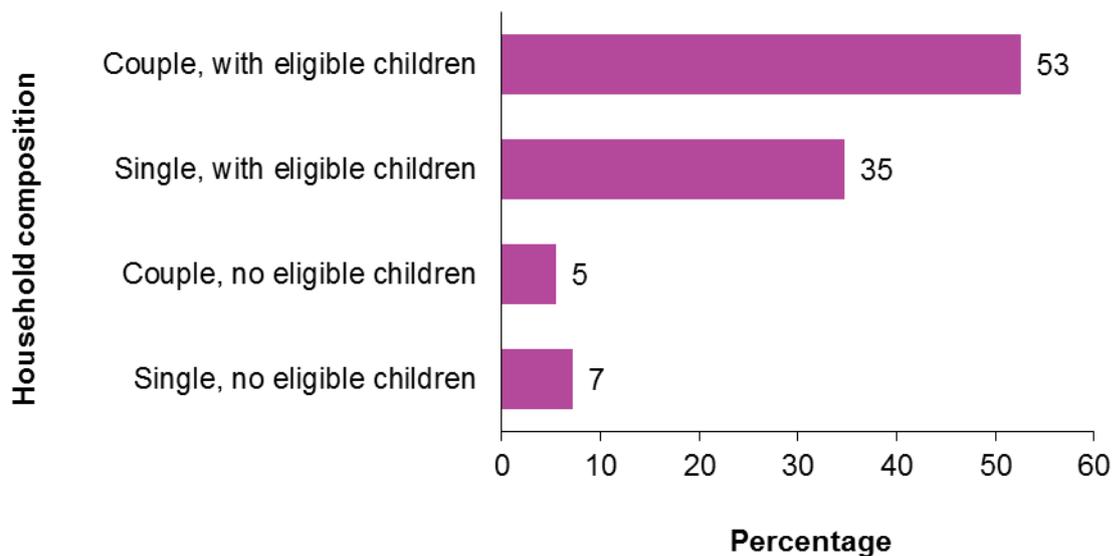
Tax credits customers are eligible for Child Tax Credit when they have children aged 0-15 or children aged 16-19 who are in full time non-degree education. Using this definition of an eligible child, households were distributed as set out below:

- Couple, with eligible children: 53 per cent
- Single, with eligible children: 35 per cent
- Couple, no eligible children: five per cent
- Single, no eligible children: seven per cent (Figure A.1)

Tax credits customers most commonly consisted of couples with eligible children with just over half (53 per cent) falling into this category.

Figure A.1 Household composition

Base: All tax credits customers



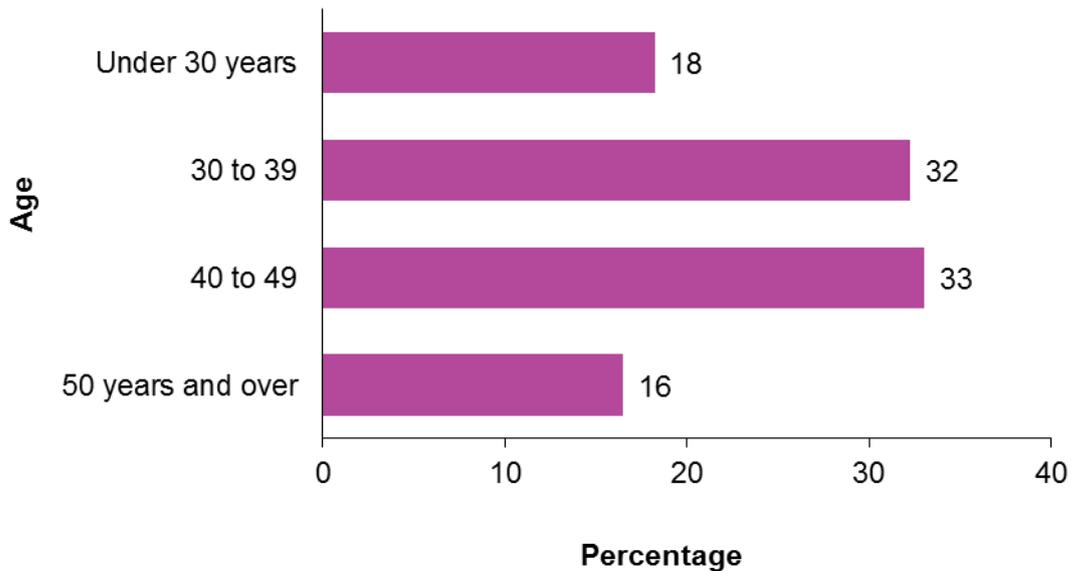
Unweighted base: 1020

## Age

Of the four age ranges, most customers (65 per cent) were in the middle age brackets, aged 30 to 49. Eighteen per cent were aged under 30 while 16 per cent were aged 50 or over. Figure A.2 shows this age distribution of customers.

Figure A.2 Age of customer

Base: All tax credits customers



Unweighted base: 1017

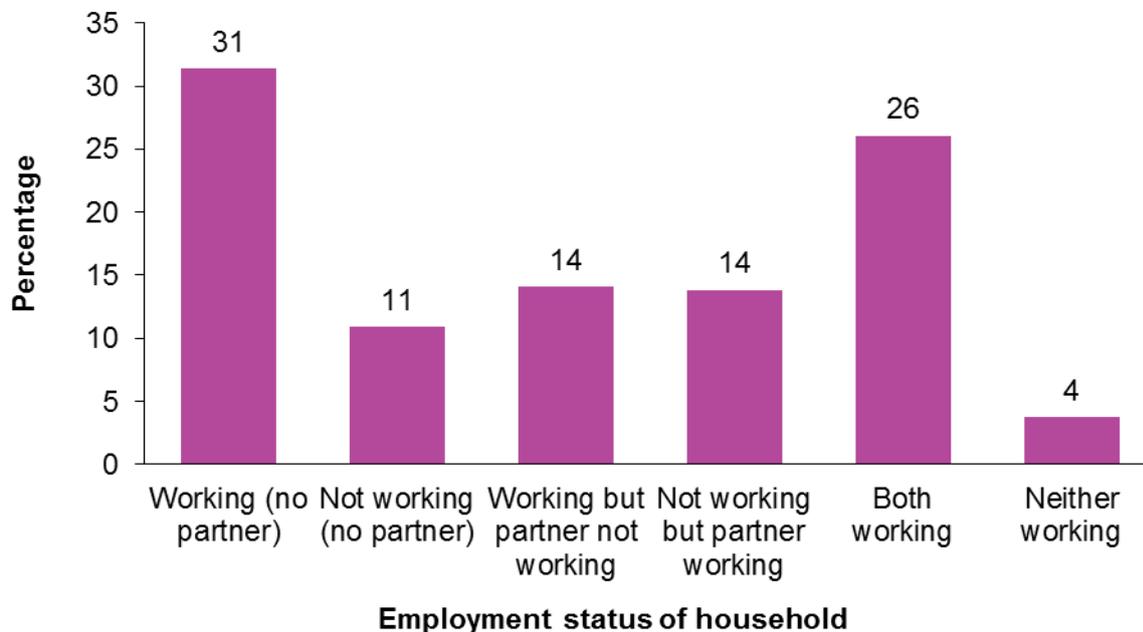
## Employment status

A third (34 per cent) of customers reported that they were working full-time (30 hours or more), whereas just over a third (35 per cent) said that they were working less than 29 hours per week. Thirty per cent of customers said that they are not working (Appendix Table B.72). Nearly a quarter (24 per cent) of those who were at work said that they were self-employed in one or more of their jobs (Appendix Table B.73).

To create a measure for the overall household working status, data on the customer's work status was combined with that of their partner (Figure A.3). This enabled better understanding of the circumstances of those who took part in the survey.

Figure A.3 Household working status

Base: All tax credits customers



Unweighted base: 1020

Most frequently, tax credits customers' belonged to households of just one working adult - no partner (31 per cent). Only 11 per cent of tax credits customers said they were not working and did not have a partner. Among the 54 per cent of couple households, it was most common for someone in the household to be working – either one or both adult household members. Overall 26 per cent of tax credits claimants belonged to households where both partners were working. Just four per cent of tax credits claimants said that they lived in a household where no one was working.

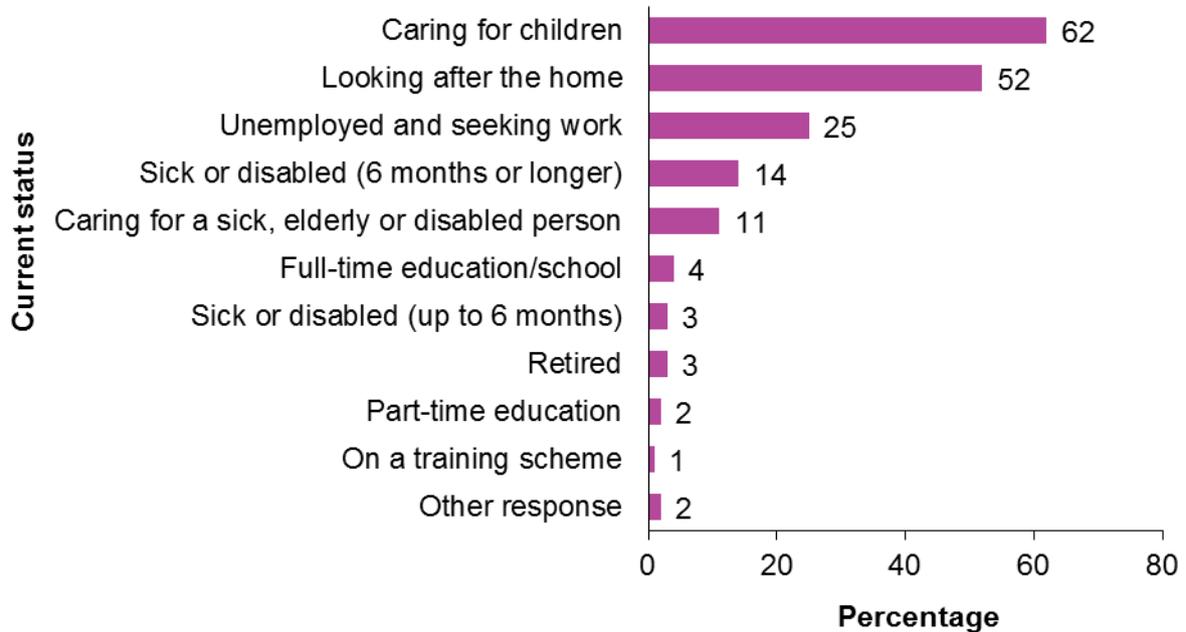
More than a third (37 per cent) of customers who worked said that they would be interested in working more hours (Appendix Table B.74). The most frequent reason customers gave for not already working additional hours was that they had to work the standard hours set by their employer (41 per cent) (Appendix Table B.75). This was followed by being restricted by caring responsibilities (22 per cent) and varying demand faced by those who were self-employed (14 per cent).

The customers who worked part-time but were not interested in working more hours most frequently said that this was due to caring responsibilities (40 per cent) and because they wanted to spend more time with their family (36 per cent) (Appendix Table B.76).

Nearly two-thirds (62 per cent) of respondents who did not work said that this was because they were caring for children (Figure A.4). This was followed by looking after the home (52 per cent), being unemployed and seeking work (25 per cent), and being unable to work as they had an illness or disability (14 per cent).

Figure A.4 Why customers said they did not work

Base: All tax credits customers who are not currently employed



Unweighted base: 290

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

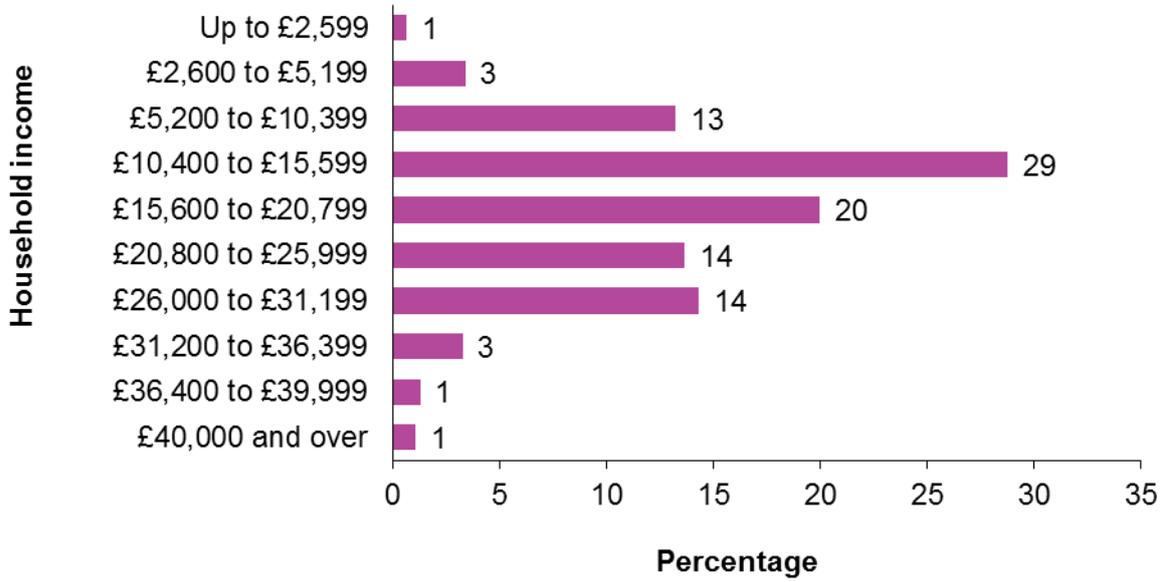
## Income

The value of a customer's tax credits award is based on their household income. Figure A.5 shows how the household income of tax credits customers was distributed. For the majority of households (90 per cent), annual household income fell between £5,200 and £31,199. The largest proportion of customers reported household incomes of between £10,400 and £15,599 (29 per cent). Just nine per cent of customers reported incomes at the either end of the income spectrum - receiving less than £5,200 a year (four per cent) or more than £31,200 a year (five per cent).

Less than half of tax credits customers (42 per cent) said that their household income varied from week to week, or month to month (Appendix Table B.77). The most common reason for this variation was that they were self-employed and that demand for their work varied (41 per cent) or their working hours varied (35 per cent) – impacting on income (Appendix Table B.78).

Figure A.5 Household income

Base: All tax credits customers



Unweighted base: 968

## Appendix B: Tables

Appendix Table B.1 Whether informed HMRC of a change of circumstance in the last 12 months

<i>Base: All tax credits customers</i>	
	%
Yes	53
No	47
Total	100
<i>Unweighted base</i>	1011

Appendix Table B.2 When reported a change of circumstance

<i>Base: Tax credits customers who reported a change</i>	
	%
Within one month	92
More than one month	8
Total	100
<i>Unweighted base</i>	946

Appendix Table B.3 When reported a change of circumstance by age

<i>Base: Tax credits customers who reported a change</i>				
	<b>Under 30</b>	<b>30 to 39</b>	<b>40 to 49</b>	<b>50 and over</b>
	%	%	%	%
Within one month	98	93	91	88
More than one month	2	7	9	12
Total	100	100	100	100
<i>Unweighted base</i>	153	299	328	164

Appendix Table B.4 When reported a change of circumstance by work status

<i>Base: Tax credits customers who reported a change</i>		
	<b>Working</b>	<b>Not working</b>
	%	%
Within one month	91	95
More than one month	9	5
Total	100	100
<i>Unweighted base</i>	669	274

### Appendix Table B.5 When reported a change of circumstance by household composition

*Base: All tax credits customers*

	Single, no eligible children	Couple, no eligible children	Single, with eligible children	Couple, with eligible children
	%	%	%	%
Within one month	85	80	95	93
More than one month	15	20	5	7
Total	100	100	100	100
<i>Unweighted base</i>	66	50	331	499

### Appendix Table B.6 Whether there has been a time when customer has not reported a change of circumstance to HMRC

*Base: All tax credits customers*

	%
Yes	5
No	95
Total	100
<i>Unweighted base</i>	1011

### Appendix Table B.7 Why did not report a change of circumstance

*Base: All tax credits customers who did not report a change*

	%
Did not know that I had to	26
Just forgot/ disorganised	23
Too stressed to report	12
Did not think about reporting the change when it occurred	7
I have not got round to it	7
Would not affect amount of Tax Credit award	5
It is not a permanent change	5
HMRC should already know about this change from another source	4
Change too small to bother reporting	4
Unable to report online	2
Have more important things to get sorted first	2
Too much of a burden	2
Other response	22
<i>Unweighted base</i>	51

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

## Appendix Table B.8 Whether customer has ever not managed to renew on time

<i>Base: Tax credits customers who had ever renewed a claim</i>	
	%
Yes	8
No	92
Total	100
<i>Unweighted base</i>	936

## Appendix Table B.9 Whether ever needed to find out about joint claims

<i>Base: All tax credits customers</i>	
	%
Yes	11
No	89
Total	100
<i>Unweighted base</i>	1004

Appendix Table B.10 Whether should claim as a single person or a couple:  
knowledge test scenario 1

<i>Base: All tax credits customers</i>	
	%
	A claimant's partner has moved in with them on a permanent basis but doesn't contribute to bills or shopping
	%
Claim as single people	14
Claim as a couple	66
I don't know	19
<i>Unweighted base</i>	1019

Appendix Table B.11 Whether should claim as a single person or a couple:  
knowledge test scenario 2

<i>Base: All tax credits customers</i>	
	%
	A couple are dating but live separately and don't regularly stay overnight in the same house together
	%
Claim as single people	89
Claim as a couple	3
I don't know	8
<i>Unweighted base</i>	1019

Appendix Table B.12 Whether should claim as a single person or a couple:  
knowledge test scenario 3

<i>Base: All tax credits customers</i>	
	The claimant's ex-partner provides financial support for their child to the claimant
	%
Claim as single people	62
Claim as a couple	11
I don't know	27
<i>Unweighted base</i>	<i>1019</i>

Appendix Table B.13 Whether should claim as a single person or a couple:  
knowledge test scenario 4

<i>Base: All tax credits customers</i>	
	A couple have recently separated. They both still live in the same house, both pay the mortgage and pay for household bills and shopping together
	%
Claim as single people	8
Claim as a couple	73
I don't know	18
<i>Unweighted base</i>	<i>1019</i>

Appendix Table B.14 Whether should claim as a single person or a couple:  
knowledge test scenario 5

<i>Base: All tax credits customers</i>	
	A claimant who has recently married or entered into a civil partnership
	%
Claim as single people	1
Claim as a couple	89
I don't know	9
<i>Unweighted base</i>	<i>1019</i>

## Appendix Table B.15 Joint claim knowledge test score

<i>Base: All tax credits customers</i>	
	%
4 or 5 correct answer	46
Less than 4 correct answers	54
Total	100
<i>Unweighted base</i>	1019

## Appendix Table B.16 Knowledge of joint claims by first language

<i>Base: All tax credits customers</i>		
	English is first language or bilingual	English is second language
	%	%
4 or 5 correct answers	51	21
Less than 4 correct answers	49	79
Total	100	100
<i>Unweighted base</i>	875	141

## Appendix Table B.17 Knowledge of joint claims by education

<i>Base: All tax credits customers</i>					
	First or higher degree or equivalent	A-level or equivalent	GCSE equivalent	Other	None
	%	%	%		%
4 or 5 correct answers	49	54	49	34	31
Less than 4 correct answers	51	46	51	66	69
Total	100	100	100	100	100
<i>Unweighted base</i>	199	249	338	78	146

## Appendix Table B.18 Whether customer had ever heard of Universal Credit

<i>Base: All tax credits customers (boost sample only)</i>	
	%
Yes	45
No	55
Total	100
<i>Unweighted base</i>	455

Appendix Table B.19 Awareness of Universal Credit	
<i>Base: All tax credits customers from boost sample</i>	
	%
Aware of Universal Credit	45
Aware of some type of change	13
Unaware of any change	41
Total	100
<i>Unweighted base</i>	455

Appendix Table B.20 Whether customers think Universal Credit will affect them	
<i>Base: All tax credits customers who were aware of Universal Credit (boost sample only)</i>	
	%
Yes	36
No	35
Don't know	29
Total	100
<i>Unweighted base</i>	207

Appendix Table B.21 Whether aware of changes to the way tax credits are managed	
<i>Base: All tax credits customers who were not aware of Universal Credit</i>	
	%
Yes	25
No	75
Total	100
<i>Unweighted base</i>	245

Appendix Table B.22 Awareness of Universal Credit by education					
<i>Base: All tax credits customers</i>					
	<b>First or higher degree or equivalent</b>	<b>A-level or equivalent</b>	<b>GCSE equivalent</b>	<b>Other</b>	<b>None</b>
	%	%	%		%
Aware of Universal Credit	59	50	44	45	28
Aware of some type of change	9	12	15	16	16
Unaware of any change	32	37	40	39	57
Total	100	100	100	100	100
<i>Unweighted base</i>	81	115	149	31	76

## Appendix Table B.23 Knowledge of Universal Credit by first language

*Base: All tax credits customers*

	<b>English is first language or bilingual</b>	<b>English is second language</b>
	<b>%</b>	<b>%</b>
Aware of Universal Credit	49	28
Aware of some type of change	12	21
Unaware of any change	39	51
Total	100	100
<i>Unweighted base</i>	<i>374</i>	<i>81</i>

## Appendix Table B.24 How easy customers found it to complete the application form for a new claim

*Base: All tax credits customers who applied for tax credits after July 2011*

	<b>%</b>
Very easy	23
Quite easy	37
Neither easy or difficult	21
Quite difficult	14
Very difficult	4
Total	100
<i>Unweighted base</i>	<i>313</i>

## Appendix Table B.25 Whether called tax credits helpline for help with application before submitting claim

*Base: All tax credits customers who applied for tax credits after July 2011*

	<b>%</b>
Yes	36
No	64
Total	100
<i>Unweighted base</i>	<i>312</i>

**Appendix Table B.26 Whether called tax credits helpline to discuss application after submitting claim**

*Base: All tax credits customers who applied for tax credits after July 2011*

	%
Yes	40
No	60
Total	100
<i>Unweighted base</i>	<i>308</i>

**Appendix Table B.27 Whether called helpline before submitting claim by ease of application process**

*Base: All tax credits customers who applied for tax credits after July 2011*

	<b>Applying was easy</b>	<b>Applying was neither easy nor difficult</b>	<b>Applying was difficult</b>
	%	%	%
Customer called helpline	28	50	46
Customer did not call helpline	72	50	54
Total	100	100	100
<i>Unweighted base</i>	<i>193</i>	<i>63</i>	<i>54</i>

**Appendix Table B.28 Whether customers renewed their claim this year**

*Base: All tax credits customers who have ever renewed a claim*

	%
Yes	94
No	6
Total	100
<i>Unweighted base</i>	<i>936</i>

**Appendix Table B.29 Whether income information displayed correctly on renewal form at last renewal**

<i>Base: All tax credits customers who renewed their claim this year using a form</i>	
	%
Yes	91
No	7
Didn't notice the information	2
Information was not on the form	0
Total	100
<i>Unweighted base</i>	<i>366</i>

**Appendix Table B.30 Whether called the Tax Credits Helpline after submitting renewal**

<i>Base: All tax credits customers who said they had ever renewed a claim</i>	
	%
Yes	24
No	76
Total	100
<i>Unweighted base</i>	<i>921</i>

**Appendix Table B.31 Whether called helpline after submitting last renewal by whether renewed online**

<i>Base: All tax credits customers who have ever renewed a claim</i>		
	<b>Renewed online</b>	<b>Did not renew online</b>
	%	%
Yes	37	23
No	63	77
Total	100	100
<i>Unweighted base</i>	<i>72</i>	<i>848</i>

**Appendix Table B.32 Whether used renewals guidance notes**

<i>Base: All tax credits customers who said they renewed their claim this year</i>	
	%
Yes	67
No	33
Total	100
<i>Unweighted base</i>	<i>870</i>

**Appendix Table B.33 Clarity of renewals guidance notes**

<i>Base: All tax credits customers who used renewals guidance notes to renew their claim this year</i>	
	%
Very clear	48
Quite clear	40
Neither clear nor unclear	7
Quite unclear	5
Very unclear	1
Total	100
<i>Unweighted base</i>	<i>574</i>

**Appendix Table B.34 Whether renewals guidance notes helped with renewal process**

<i>Base: All tax credits customers who used renewals guidance notes to renew their claim this year</i>	
	%
Yes	86
No	14
Total	100
<i>Unweighted base</i>	<i>574</i>

**Appendix Table B.35 Whether there was any information that customer needed that wasn't included in the renewals guidance notes**

<i>Base: All tax credits customers who used renewals guidance notes to renew their claim this year</i>	
	%
Yes	8
No	92
Total	100
<i>Unweighted base</i>	<i>561</i>

**Appendix Table B.36 Whether informed HMRC of a change in circumstances in the past 12 months**

<i>Base: All tax credits customers</i>	
	%
Yes	53
No	47
Total	100
<i>Unweighted base</i>	<i>1011</i>

**Appendix Table B.37 Whether contacted HMRC to check if they had dealt with customers' reporting of change of circumstances**

*Base: All tax credits customers who said they had reported a change of circumstance in the preceding 12 months*

	%
Yes	28
No	72
Total	100
<i>Unweighted base</i>	<i>525</i>

**Appendix Table B.38 How got in contact with HMRC to check if they have updated change in circumstances**

*Base: All tax credits customers who had contacted HMRC to check if they had dealt with their reporting of change of circumstances*

	%
By calling HMRC tax credit helpline	96
In writing to HMRC	2
Other response	2
Total	100
<i>Unweighted base</i>	<i>144</i>

**Appendix Table B.39 How many times respondent contacted HMRC to check if they had dealt with their most recent change of circumstances**

*Base: All tax credits customers who had contacted HMRC to check if they had dealt with their reporting of change of circumstances*

	%
Once	67
Twice	12
Three times or more	21
Total	100
<i>Unweighted base</i>	<i>137</i>

**Appendix Table B.40 Whether there is anything in particular that reminds customer to report changes**

<i>Base: All tax credits customers</i>	
	%
Yes	27
No	73
Total	100
<i>Unweighted base</i>	1003

**Appendix Table B.41 What reminds customers to report changes**

<i>Base: All tax credits customers who said that there are particular things that remind them to report changes</i>	
	%
Receiving renewal documentation	11
Reminders sent by HMRC	11
Radio/TV adverts from HMRC	19
Friends and family	4
Remember by myself	64
Other	6
<i>Unweighted base</i>	272

*Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100*

**Appendix Table B.42 Should HMRC remind respondents to report changes of circumstance**

<i>Base: All tax credits customers</i>	
	%
Yes	46
No	54
Total	100
<i>Unweighted base</i>	996

### Appendix Table B.43 Do customers think that a penalty would encourage them to report changes on time

<i>Base: All tax credits customers</i>	
	%
Yes	87
No	13
Total	100
<i>Unweighted base</i>	993

### Appendix Table B.44 Whether a penalty would encourage customer to report change of circumstance on time by whether customer had ever not reported change of circumstance

<i>Base: All tax credits customers</i>		
	<b>Yes</b>	<b>No</b>
	%	%
Penalty would encourage reporting	73	87
Penalty would not encourage reporting	27	13
Total	100	100
<i>Unweighted base</i>	49	942

### Appendix Table B.45 Internet use

<i>Base: All tax credits customers</i>	
	%
Uses internet	87
Does not use internet	13
Total	100
<i>Unweighted base</i>	1019

### Appendix Table B.46 Internet use by annual household income

<i>Base: All tax credits customers</i>			
	<b>Up to £10,399</b>	<b>£10,400 to £25,999</b>	<b>£26,000 or more</b>
	%	%	%
Uses internet	75	89	94
Does not use internet	25	11	6
Total	100	100	100
<i>Unweighted base</i>	168	608	191

### Appendix Table B.47 Internet use by first language

*Base: All tax credits customers*

	English is first language or bilingual	English is second language
	%	%
Uses internet	88	81
Does not use internet	12	19
Total	100	100
<i>Unweighted base</i>	875	140

### Appendix Table B.48 Internet use by age

*Base: All tax credits customers*

	Under 30	30 to 39	40 to 49	50 and over
	%	%	%	%
Uses internet	90	93	86	74
Does not use internet	10	7	14	26
Total	100	100	100	100
<i>Unweighted base</i>	163	317	351	185

### Appendix Table B.49 How often customers said they used online banking

*Base: All tax credits customers who use online banking*

	%
Every day	21
Once or more per week	59
Once or more per month	18
Once or more per year	1
Less than once per year	1
Total	100
<i>Unweighted base</i>	671

### Appendix Table B.50 Online banking by annual household income

*Base: All tax credits customers who use the internet*

	Up to £10,399	£10,400 to £25,999	£26,000 or more
	%	%	%
Uses online banking	67	76	89
Does not use online banking	33	24	11
Total	100	100	100
<i>Unweighted base</i>	124	537	179

## Appendix Table B.51 Online banking by first language

*Base: All tax credits customers who use the internet*

	English is first language or bilingual	English is second language
	%	%
Uses online banking	79	64
Does not use online banking	21	36
Total	100	100
<i>Unweighted base</i>	765	112

## Appendix Table B.52 Online banking by age

*Base: All tax credits customers who use the internet*

	Under 30	30 to 39	40 to 49	50 and over
	%	%	%	%
Uses online banking	80	82	74	69
Does not use online banking	20	18	26	31
Total	100	100	100	100
<i>Unweighted base</i>	148	294	300	136

## Appendix Table B.53 Online banking by work status

*Base: All tax credits customers who use the internet*

	Working 30 hours or more	Working 16-29 hours	Working less than 16 hours	Not working
	%	%	%	%
Uses online banking	80	84	73	69
Does not use online banking	20	16	27	31
Total	100	100	100	100
<i>Unweighted base</i>	318	256	62	242

## Appendix Table B.54 Use of new online services by annual household income

*Base: All tax credits customers*

	Up to £10,399	£10,400 to £25,999	£26,000 or more
	%	%	%
Early service adopters	25	33	41
Others	75	67	59
Total	100	100	100
<i>Unweighted base</i>	120	527	172

**Appendix Table B.55 Use of new online services by age**

*Base: All tax credits customers*

	<b>Under 30</b>	<b>30 to 39</b>	<b>40 to 49</b>	<b>50 and over</b>
	%	%	%	%
Early service adopters	35	39	31	24
Others	65	61	69	76
Total	100	100	100	100
<i>Unweighted base</i>	145	285	293	132

**Appendix Table B.56 Whether customers used the GOV.UK website when making a new claim**

*Base: All tax credits customers who had made a new claim since July 2011*

	%
Yes	38
No	62
Total	100
<i>Unweighted base</i>	313

**Appendix Table B.57 Whether customers found the information they were looking for on the GOV.UK website**

*Base: All tax credits customers who had made a new claim since July 2011 and used the GOV.UK website when making a claim*

	%
Yes, all of it	67
Yes, some of it	23
No	10
Total	100
<i>Unweighted base</i>	117

### Appendix Table B.58 Reason for not using the GOV.UK website when making a new claim

*Base: All tax credits customers who made a new claim since July 2011 and had not used the GOV.UK website when making a claim*

	%
I did not need to	42
No particular reason	14
Prefer to complete paper application	11
I don't like using the internet	11
Prefer to talk to someone	9
I don't have access to the internet	9
I did not know about the GOV.UK website	6
Accountant deals with claims	1
Other response	5
<i>Unweighted base</i>	<i>192</i>

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

### Appendix Table B.59 Method used to complete most recent renewal of a tax credit claim

*Base: All tax credits customers who have ever renewed a claim*

	%
Called the HMRC helpline	48
Sent back a form by post	41
Renewed online	8
Didn't need to renew	3
Total	100
<i>Unweighted base</i>	<i>927</i>

### Appendix Table B.60 Customers who renewed online and would use the same method next time

*Base: All tax credits customers who attempted to renew online*

	%
Yes	92
No	8
Total	100
<i>Unweighted base</i>	<i>74</i>

Appendix Table B.61 Whether renewing online made a difference to when renewed	
<i>Base: All tax credits customers who attempted to renew online</i>	
	%
Yes - renewed earlier than would have done	44
Yes - renewed later than would have done	7
No	49
Total	100
<i>Unweighted base</i>	72

Appendix Table B.62 Whether customer was aware they could renew online	
<i>Base: All tax credits customers who did not renew online</i>	
	%
Yes	59
No	41
Total	100
<i>Unweighted base</i>	860

Appendix Table B.63 Customers who were not aware of online renewal and would renew online next time	
<i>Base: All tax credits customers who were not aware they could renew online</i>	
	%
Yes	78
No	22
Will not renew	1
Total	100
<i>Unweighted base</i>	327

Appendix Table B.64 Whether customer would report a change of circumstances online if able to	
<i>Base: All tax credits customers who have reported a change of circumstances in the last 12 months</i>	
	%
Yes	68
No	32
Total	100
<i>Unweighted base</i>	522

### Appendix Table B.65 Whether being able to report changes of circumstance online would make a difference to reporting

*Base: All tax credits customers who had ever not reported a change of circumstances*

	%
More likely to report change	58
Less likely to report change	2
No difference	40
Total	100
<i>Unweighted base</i>	<i>50</i>

### Appendix Table B.66 Would have submitted tax credits claim online rather than by post if able to

*Base: All tax credits customers who said they had made a new claim since July 2011*

	%
Yes	75
No	25
Total	100
<i>Unweighted base</i>	<i>310</i>

### Appendix Table B.67 Would sign up to alerts on Facebook and / or Twitter

*Base: All tax credits customers who use the internet*

	%
Yes, both	4
Yes, Facebook	19
Yes, Twitter	1
No	76
Total	100
<i>Unweighted base</i>	<i>877</i>

### Appendix Table B.68 Effect of using online identity checks on customers' use of online services

*Base: All tax credits customers who use the internet*

	%
More likely to use online services	29
Less likely to use online services	48
No impact	22
Total	100
<i>Unweighted base</i>	<i>850</i>

## Appendix Table B.69 Willingness to manage tax credits claim online

*Base: All tax credits customers who had answered one or more of the digital tax credits services questions<sup>17</sup>*

	%
Willing to manage at least one aspect of tax credits claim online	72
Not willing to manage any aspect of tax credits claim online	28
Total	100
<i>Unweighted base</i>	790

## Appendix Table B.70 Willingness to manage tax credits claim online by annual household income

*Base: All tax credits customers who had answered one or more of the digital tax credits services questions*

	Up to £10,399	£10,400 to £25,999	£26,000 or more
	%	%	%
Willing to manage aspect(s) of the tax credits claim online	65	71	82
Not willing to manage any aspect of the tax credits claim online	35	29	18
Total	100	100	100
<i>Unweighted base</i>	129	472	150

## Appendix Table B.71 Willingness to manage tax credits claim online by age

*Base: All tax credits customers who had answered one or more of the digital tax credits services questions*

	Under 30	30 to 39	40 to 49	50 and over
	%	%	%	%
Willing to manage aspect(s) of the tax credits claim online	77	80	68	55
Not willing to manage any aspect of the tax credits claim online	23	20	32	45
Total	100	100	100	100
<i>Unweighted base</i>	143	260	257	128

<sup>17</sup> All customers who answered one or more of the following questions are included in the base: (If attempted to renew tax credits online this year) whether the customer would use the same method for their next renewal; (if not aware of online renewal) whether the customer would choose online renewal next time; whether the customer would report changes of circumstance online; whether they would have submitted their tax credits claim online rather than by post had they been able to.

### Appendix Table B.72 Employment status

<i>Base: All tax credits customers</i>	
	%
Working 30 hours or more	34
Working 16-29 hours	28
Working less than 16 hours	7
Not working	30
Total	100
<i>Unweighted base</i>	<i>1017</i>

### Appendix Table B.73 Whether self-employed

<i>Base: All tax credits customers</i>	
	%
Currently self-employed in at least one job	24
Not currently self-employed in any job	76
Total	100
<i>Unweighted base</i>	<i>730</i>

### Appendix Table B.74 Whether interested in working more hours

<i>Base: All tax credits customers who currently have a paid job</i>	
	%
Yes	37
No	63
Total	100
<i>Unweighted base</i>	<i>726</i>

### Appendix Table B.75 Factors preventing customers from working more hours

<i>Base: All tax credits customers who currently have a paid job</i>	
	%
Have to work the standard hours set by their employer	41
Have caring responsibilities	22
Self-employed and hours depend on demand	14
Want to spend time with family	9
Financial reasons	5
Health reasons	4
Able to claim tax credits	3
Able to claim childcare costs through tax credits	3
Childcare costs	3
Because they do unpaid work or study	2
Currently looking for a job with more hours	1
Other response	11
<i>Unweighted base</i>	<b>263</b>

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

### Appendix Table B.76 Why customers who work part-time are not interested in working more hours

<i>Base: All tax credits customers who work part-time</i>	
	%
Caring responsibilities	40
Want to spend time with their family	36
Health reasons	9
Have to work the standard hours set by their employer	8
Want more free time	7
Unpaid work or study	5
Financial reasons	5
Able to claim childcare costs through tax credits	5
Able to claim tax credits	2
Childcare costs	2
Already work full-time across their multiple jobs	1
Other response	6
<i>Unweighted base</i>	<b>198</b>

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

Appendix Table B.77 Whether income varies from week to week or month to month

<i>Base: All tax credits customers</i>	
	%
Yes	42
No	58
Total	100
<i>Unweighted base</i>	<i>1007</i>

Appendix Table B.78 Reason household income tends to vary

<i>Base: All tax credits customers who said their income tends to vary</i>	
	%
Self-employed and demand for their work varies	41
Working hours vary (contracted change – not overtime)	35
Can sometimes do some overtime	13
On a temporary / seasonal contract	3
Job involves commission	3
Depends on whether receive a bonus	1
Other response	16
<i>Unweighted base</i>	<i>430</i>

Note: Respondents were able to give more than one response to this question and therefore the sum of the percentages may be greater than 100

## Appendix C: Logistic regression tables

Appendix Table C.1 Factors associated with reporting changes of circumstance within one month

Variable	Category	B	Std. Error	Hypothesis Test		
				t	df	Sig.
Total annual household income 3 bands	Up to £10,399 per annum	2.886	.847	3.407	510	.001
	£10,400 to £25,999 per annum	1.346	.428	3.147	510	.002
	£26,000 or more per annum*	.000				
Working status	Working	-.561	.531	-1.055	510	.292
	Not Working*	.000				
Age group of main respondent (4 bands)	Under 30 years	2.097	.856	2.449	510	.015
	30 to 39	.588	.567	1.037	510	.300
	40 to 49	.159	.523	.304	510	.762
	50 years and over*	.000				
English as first language	English is first language or bilingual	.159	.493	.322	510	.748
	English is second language*	.000				
Highest educational qualification	First or higher degree or equivalent	-.653	.672	-.972	510	.332
	A-level or equivalent	-.067	.714	-.094	510	.925
	GCSE equivalent	.065	.708	.092	510	.927
	Other	-.759	.826	-.919	510	.359
	None*	.000				
Household type	Single, no eligible children	-1.008	.695	-1.451	510	.147
	Couple, no eligible children	-1.806	.696	-2.593	510	.010
	Single, with eligible children	-.033	.444	-.074	510	.941
	Couple, with eligible children*	.000				
Completed form for renewal	No	2.044	.606	3.374	510	.001
	Yes*	.000				
Called helpline for renewal	No	.564	.593	.951	510	.342
	Yes*	.000				
Online for renewal	No	1.683	.724	2.323	510	.021
	Yes*	.000				
Guidance notes usage	Did not renew in last year	.093	1.341	.069	510	.945
	Did renew but did not use guidance notes	-1.093	.830	-1.316	510	.189
	Felt guidance was clear	-.911	.773	-1.178	510	.239
	Did not feel guidance was clear*	.000				
Ease of completing application	Very easy	-.013	.687	-.019	510	.985
	Quite easy	1.139	.553	2.060	510	.040
	Neither	-.279	.783	-.356	510	.722
	Quite / Very difficult	-.798	.551	-1.448	510	.148
	Did not make a new claim*	.000				

Willingness to deal with tax credits online	No	- .735	.442	-1.666	510	.096
	Yes*	.000				

\* Reference category

Note: Grey highlighting depicts the non-significant factors.

Appendix Table C.2 Factors associated with finding tax credits claims very or quite easy

Variable	Category	B	Std. Error	Hypothesis Test		
				t	df	Sig.
Total annual household income 3 bands	Up to £10,399 per annum	.189	.351	.538	683	.591
	£10,400 to £25,999 per annum	.425	.252	1.688	683	.092
	£26,000 or more per annum*	.000				
Age group of main respondent (4 bands)	Under 30 years	-.504	.415	-1.215	683	.225
	30 to 39	-.279	.355	-.787	683	.432
	40 to 49	-.561	.344	-1.630	683	.104
	50 years and over*	.000				
English as first language	English is first language or bilingual	.518	.269	1.928	683	.054
	English is second language*	.000				
Highest educational qualification	First or higher degree or equivalent	-.173	.349	-.497	683	.620
	A-level or equivalent	.014	.347	.041	683	.967
	GCSE equivalent	-.103	.340	-.304	683	.761
	Other	-.619	.411	-1.508	683	.132
	None*	.000				
Household type	Single, no eligible children	-.182	.422	-.430	683	.667
	Couple, no eligible children	-.144	.497	-.289	683	.772
	Single, with eligible children	.067	.234	.286	683	.775
	Couple, with eligible children	.000				
Completed form for renewal	No	.343	.341	1.006	683	.315
	Yes*	.000				
Called helpline for renewal	No	.099	.349	.283	683	.778
	Yes*	.000				
Online for renewal	No	.349	.435	.802	683	.423
	Yes*	.000				
Guidance notes usage	Did not renew in last year	-.038	.418	-.091	683	.928
	Did renew but did not use guidance notes	1.541	.353	4.361	683	.000
	Felt guidance was clear	1.563	.331	4.719	683	.000
	Did not feel guidance was clear*	.000				
Called helpline with query	Yes	-.734	.210	-3.505	683	.000
	No*	.000				

\* Reference category

Note: Grey highlighting depicts the non-significant factors.

Appendix Table C.3 Factors associated with customers' willingness to manage one or more aspects of their tax credits claims online

Variable	Category	B	Std. Error	Hypothesis Test		
				t	df	Sig.
Total annual household income 3 bands	Up to £10,399 per annum	-.323	.366	-.880	571	.379
	£10,400 to £25,999 per annum	-.267	.292	-.913	571	.362
	£26,000 or more per annum*	.000	.	.	.	.
Working status	Working	.570	.212	2.686	571	.007
	Not Working*	.000	.	.	.	.
Age group of main respondent (4 bands)	Under 30 years	.750	.374	2.005	571	.045
	30 to 39	.883	.331	2.668	571	.008
	40 to 49	.389	.296	1.312	571	.190
	50 years and over*	.000	.	.	.	.
English as first language	English is first language or bilingual	-.012	.286	-.042	571	.967
	English is second language*	.000	.	.	.	.
Highest educational qualification	First or higher degree or equivalent	.577	.354	1.631	571	.103
	A-level or equivalent	.421	.338	1.243	571	.214
	GCSE equivalent	.338	.308	1.098	571	.273
	Other	-.504	.389	-1.296	571	.196
	None*	.000	.	.	.	.
Household type	Single, no eligible children	-.644	.404	-1.593	571	.112
	Couple, no eligible children	-.060	.465	-.129	571	.897
	Single, with eligible children	-.311	.238	-1.304	571	.193
	Couple, with eligible children*	.000	.	.	.	.
Guidance notes usage	Did not renew in last year	-.010	.448	-.022	571	.982
	Did renew but did not use guidance notes	-.230	.404	-.570	571	.569
	Felt guidance was clear	.274	.400	.683	571	.495
	Did not feel guidance was clear*	.000	.	.	.	.
Speed of reporting of change of circumstance	No change of CoC to report	-.151	.537	-.280	571	.779
	As soon as they occur	.396	.356	1.112	571	.267
	Within 1 month	1.258	.420	2.998	571	.003
	Longer than 1 month*	.000	.	.	.	.
Ease of completing application	Very easy	.926	.358	2.590	571	.010
	Quite easy	.762	.282	2.704	571	.007
	Neither	.486	.413	1.178	571	.239
	Quite / Very difficult	-.323	.326	-.991	571	.322
	Did not make a new claim*	.000	.	.	.	.379

\* Reference category

Note: Grey highlighting depicts the non-significant factors.

## Appendix D: When to make a joint claim - Questions and answers<sup>18</sup>

*Should this be a claim as a single person or a couple...*

*A claimant's partner has moved in with them on a permanent basis but doesn't contribute to bills or shopping?*

READ OUT

1. *Claim as a single person*
2. *Claim as a couple (CORRECT RESPONSE)*
3. *I don't know*

{Ask All}

\* **UnDePa2**

*A couple are dating but live separately and don't regularly stay overnight in the same house together?*

READ OUT

1. *Claim as single people (CORRECT RESPONSE)*
2. *Claim as a couple*
3. *I don't know*

{Ask All}

\* **UnDePa3**

*The claimant's ex-partner provides financial support for their child to the claimant?*

READ OUT

1. *Claim as a single person (CORRECT RESPONSE)*
2. *Claim as a couple*
3. *I don't know*

{Ask All}

\* **UnDePa4**

*A couple have recently separated. They both still live in the same house, both pay the mortgage and pay for household bills and shopping together?*

READ OUT

1. *Claim as single people (CORRECT RESPONSE)*
2. *Claim as a couple*
3. *I don't know*

{Ask All}

\* **UnDePa5**

*A claimant who has recently married or entered into a civil partnership?*

READ OUT

1. *Claim as a single person*
2. *Claim as a couple (CORRECT RESPONSE)*
3. *I don't know*

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<sup>18</sup> It should be borne in mind that this is a complex area. For the purposes of this research only some relatively straightforward scenarios were devised in order to test general understanding of joint claims. However whether someone should make their tax credits claim as a single person or as a couple is determined by their individual circumstances.