

# Dealing with the tax obligations of older people

## Methodology

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# Methodology

This report examined:

- the Income Tax obligations of older people;
- their compliance record;
- how changes in circumstances affect their tax obligations; and
- the Department's help.

In the report we defined older people as people of State Pension age, currently 60 and over for women, and 65 and over for men.

The main elements of our fieldwork which took place from November 2008 to April 2009 were:

Selected method	Purpose
<p><b>1 Review of key documents</b></p> <p>We reviewed documents from:</p> <ul style="list-style-type: none"> <li>• the Department including research to understand the reasons older people contact it and the opportunities to reduce the level of contact and evaluations on different ways of working to process tax forms; and</li> <li>• other organisations, such as TaxAid, the Low Incomes Tax Reform Group, the Audit Commission on preparing for an ageing population, the Henley Centre Headlight Vision research on connecting with citizens, the Government strategy documents on preparing for an ageing society, ONS reports on pensioner trends and an ageing population and DWP Pensioners' incomes series.</li> </ul>	<p>To understand the opportunities open to the Department to improve efficiency.</p> <p>To understand the issues other organisations are dealing with in helping older people with their tax affairs, to reflect the Government's strategy on preparing for an ageing society, good practice in dealing with older people and key trends in data on an ageing population.</p>
<p><b>2 Analysing the Department's data</b></p> <p>We analysed the Department's data on:</p> <ul style="list-style-type: none"> <li>• taxpayers' compliance levels on Income Tax and quality monitoring results for Pay As You Earn (PAYE) processing, comparing the results for older people with other taxpayers; and</li> <li>• customer satisfaction, customer contact and the Department's costs. We examined the results of the Department's Customer Satisfaction Survey – an annual survey of 18,000 customers from 13 different customer groups – looking specifically at the service received by older people compared with other taxpayers. We also analysed the Department's customer contact and cost data to estimate the cost of dealing with contacts from older people compared with other taxpayers.</li> </ul>	<p>To understand how compliant older people are as a group and the extent to which they are affected by errors in PAYE. To assess the extent to which older people are satisfied with the service provided by the Department and whether they find forms easy to understand. To identify whether older people are more/less likely to contact the Department than other taxpayers and how the costs of dealing with their enquiries compare on average with the costs for other taxpayers.</p>

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### Selected method

### Purpose

#### 3 Focus Groups with front line staff

We held focus group meetings with 25 of the Department's front-line staff dealing with post, telephone calls and face-to-face meetings with taxpayers. The focus groups, two in London and one in Manchester involved 7-10 participants at each with wide ranging experience in dealing with enquiries from older people. The focus groups discussed the type of enquiries from older people and estimated the time it takes to resolve their enquiries compared to taxpayers in general. They also discussed what triggers enquiries from older people, the challenges for staff when dealing with enquiries, staff training and ideas for improvements. The focus groups took place during February and March 2009 and lasted about three hours each.

To identify the main issues that older people contact the Department about, the time it takes on average to deal with an enquiry from an older person and to explore ways in which the level of contact could be reduced.

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#### 4 In depth interviews and focus groups with older people

We commissioned market research consultants FDS International to conduct face-to-face depth interviews with 32 older people and to follow these up with focus groups. They recruited and interviewed eight people each for the following case study groups:

- taking a pension for the first time (four approaching pension age and four recently retired);
- becoming entitled to age related tax allowances;
- moving in and out of part time work; and
- needing care (including two directly employing a carer and one in a care home).

In the interviews, FDS International explored the experiences of older people on complying with their tax obligations when there are changes in circumstances and who had contacted the Department in the past 12 months. The interviews took place during February 2009 and lasted between 45 minutes and an hour.

FDS International also held three focus groups with people taking a pension for the first time, people becoming entitled to the age related tax allowances and people moving in and out of part time work (six participants in each) and four depth interviews with people needing care. The participants were a combination of new participants and people previously interviewed. The focus groups lasted between two and a half and three hours and the interviews between 45 minutes and an hour. They took place during March 2009 at venues convenient and accessible for participants.

FDS International recruiters identified participants using a combination of panel recruitment, in-street/doorstep recruitment and seeking referrals.

We used this qualitative evidence to inform each of our case studies and triangulate with findings from desk research carried out by us, research by the Department and the views of taxpayer representative groups.

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The aim was to understand older people's experiences of contacting and communicating with the Department and other public sector organisations such as the Department for Work and Pensions, and whether the Department provides appropriate help and support.

To explore in further detail the themes emerging from the interviews and possible solutions to issues identified.

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**Selected method****Purpose****5 Usability testing**

We tested the usability of the Department's forms and website.

For the forms, we employed a freelance financial researcher, to assess the usability of 31 of the Department's forms which may be completed by older people. They evaluated the forms against a checklist<sup>1</sup> of criteria developed by the London School of Economics (LSE) on behalf of the NAO for our earlier report on Difficult Forms<sup>2</sup>. LSE updated the checklist to include an element to evaluate online forms.

To evaluate how easy it is to complete the Department's forms and what improvements could be made.

Each form was scored to indicate how easy or difficult it is to use and complete. The evaluation also identified good practices in the design of forms and their associated guidance and what makes them difficult to complete and how this can be resolved.

We tested the Department's and Directgov's websites by carrying out a general review of them including whether they meet best practice guidelines set by the Cabinet Office, accessibility best practice guidelines set by Government and recommended by the Royal National Institute for the Blind. We also assessed the prominence of the Department's website using search engines such as Google.

To assess whether it is easy for older people to find information on the websites that would help them meet their tax obligations.

For user testing, 10 taxpayers were split into three groups – people approaching pension age, pensioners and pensioners working part-time, performed nine tests which involved obtaining answers to typical queries for their grouping. The tests included finding guidance, forms and tax allowance information, understanding tax obligations and PAYE tax codes, reclaiming overpaid tax, obtaining a tax office telephone number, obtaining forms in alternative formats for blind and partially sighted taxpayers and access to translator services. We recorded quantitative data (such as time taken and routes taken) as well as qualitative data (problems encountered, level of user satisfaction).

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<sup>1</sup> National Audit Office *Improving and reviewing government forms: a practical guide* December 2003.

<sup>2</sup> *Difficult Forms: How government agencies interact with citizens*, Report by the Comptroller and Auditor General HC 1145, 2002-03.

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### Selected method

#### 6 Comparisons with other tax authorities

We employed RAND Europe to review published literature and consult with contacts at four tax authorities to identify how they provide help and support to older people when their circumstances change and identify good practice which the Department could adopt.

We selected four tax authorities that were comparable to the Department in terms of the tax system, the organisation of the tax authority, pension provision and tax obligations.

The review included the Canada Revenue Agency, the Netherlands Tax and Customs Administration, the Australian Taxation Office and the Swedish Tax Agency. The review took place between January and March 2009. In each country, RAND Europe used template questions and data requests developed from NAO requirements and initial desk research. RAND Europe populated the templates using a combination of literature review and interviews. Areas covered included:

- the organisation of the tax authority in dealing with older people as taxpayers and their compliance;
  - how tax authorities understand the needs of and communicate with tax paying older people; and
  - costs to tax authorities of dealing with older people.
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### Purpose

To understand how other tax authorities deal with older people and their tax obligations and the issues that arise. The practices other tax authorities adopt in dealing with older people and whether there are any lessons for HM Revenue & Customs and the level of contact with older people on their tax obligations and how this compares with HM Revenue & Customs.

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**Selected method****7 Obtaining stakeholders' views**

We consulted representative groups such as TaxHelp for Older People, TaxAid and the Low Incomes Tax Reform Group, examining their case statistics and case files. TaxHelp for Older People is a registered charity providing free tax advice to older people on low incomes across the UK. TaxAid and Low Incomes Tax Reform Group are also charities which provide free independent and confidential advice to individuals on low incomes.

We consulted several organisations involved with older people needing care. We met with Counsel and Care, the Local Government Association, Age Concern and the National Centre for Independent Living. We also contacted Help the Aged and Carers UK.

We set up an advisory panel to draw on the experience and expertise of a range of organisations with an interest in the subject. The panel met twice, once when we were in the early stages of fieldwork to test our proposed approach to the study and later when we presented our initial findings to them. We also consulted with them on the draft report. The organisations represented on the panel were:

TaxAid

Low Incomes Tax Reform Group

TaxHelp for Older People

Age Concern and Help the Aged

Citizens Advice

Life Academy

The Pension, Disability and Carers Service (Department for Work and Pensions)

Counsel and Care

Institute of Payroll Providers

The Pensions Advisory Service

Representatives from HM Revenue & Customs also attended the meetings

We are very grateful for their input.

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**Purpose**

To gain further insight into tax issues relevant to our case study groups, and to identify examples of good practice the Department could draw on.

To provide a wider body of expertise and knowledge that the NAO study team could draw on and obtain views on our emerging findings, conclusions and recommendations.