



Businesses and Tax – The Perils of Perception

October 2015



Ipsos MORI

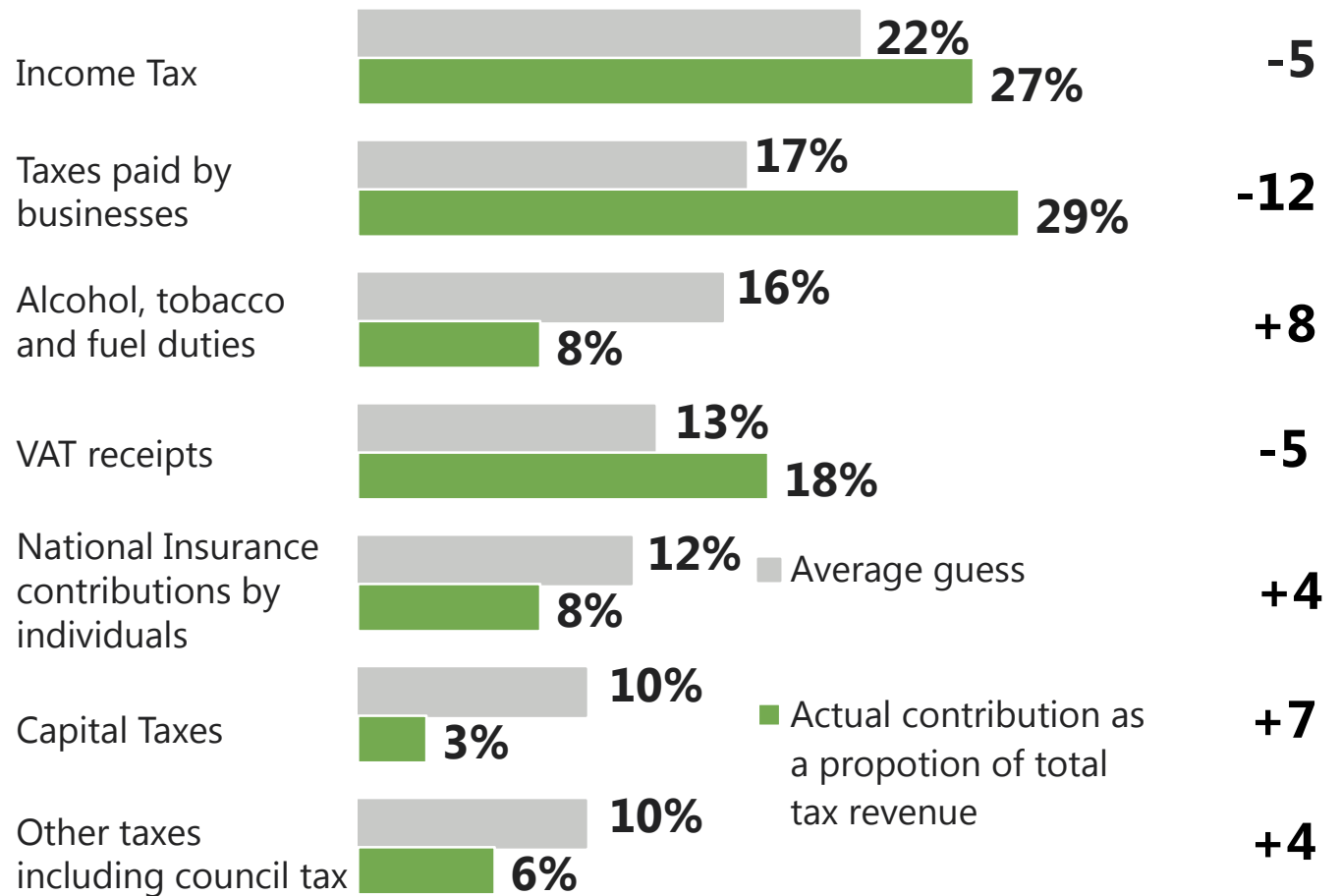


Business contributes the largest proportion of tax of any group of tax payers (29%), yet people massively underestimate this contribution (average guess is 17%)

Perception Gap

Q

In the last year (2014-2015), total government tax revenues were £602bn. To the best of your knowledge, what proportion of this total revenue do you think was generated by each of the following types of taxes?



Base: 1097 GB adults 16-75

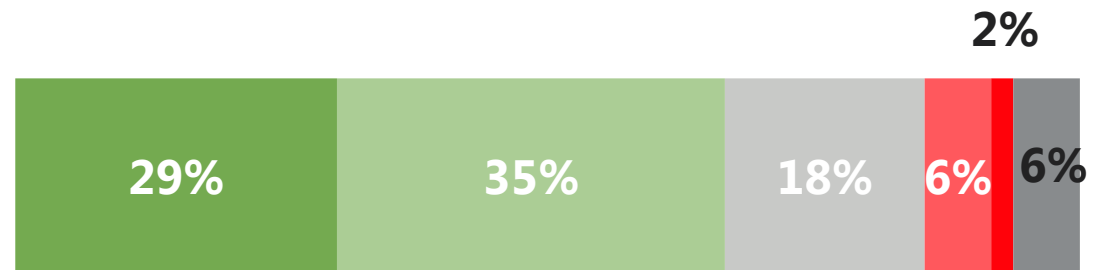
Source: HMRC and OBR 2015

The majority think business doesn't pay their fair share of tax and don't care that people think they don't

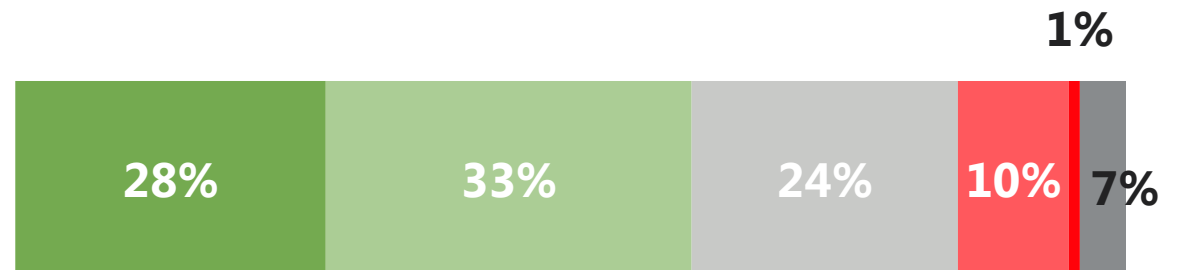


To what extent do you agree or disagree with the following statement:

Businesses don't care whether the public think they pay their fair share of tax or not



Business does not pay its fair share of tax



■ Strongly agree
 ■ Agree
 ■ Neither agree nor disagree
 ■ Disagree
 ■ Strongly disagree
 ■ Don't know

Base: 1097 GB adults 16-75

And we estimate that over a third of businesses have not paid the full amount of tax they should in the past year - compared to thinking just over a quarter of individuals have done the same

Q

Out of every 100 businesses, how many do you think have not paid the full amount of tax they should on their profits, their purchases or other tax responsibilities in the last year?

Q

Out of every 100 people, how many do you think have not paid the full amount of tax they should on either their income or their purchases in the last year?

Average guess:

36%

of **businesses** did not pay the full amount of tax they owe in the last year

Average guess:

28%

of **individuals** did not pay the full amount of tax they owe in the last year

Base: 1097 GB adults 16-75



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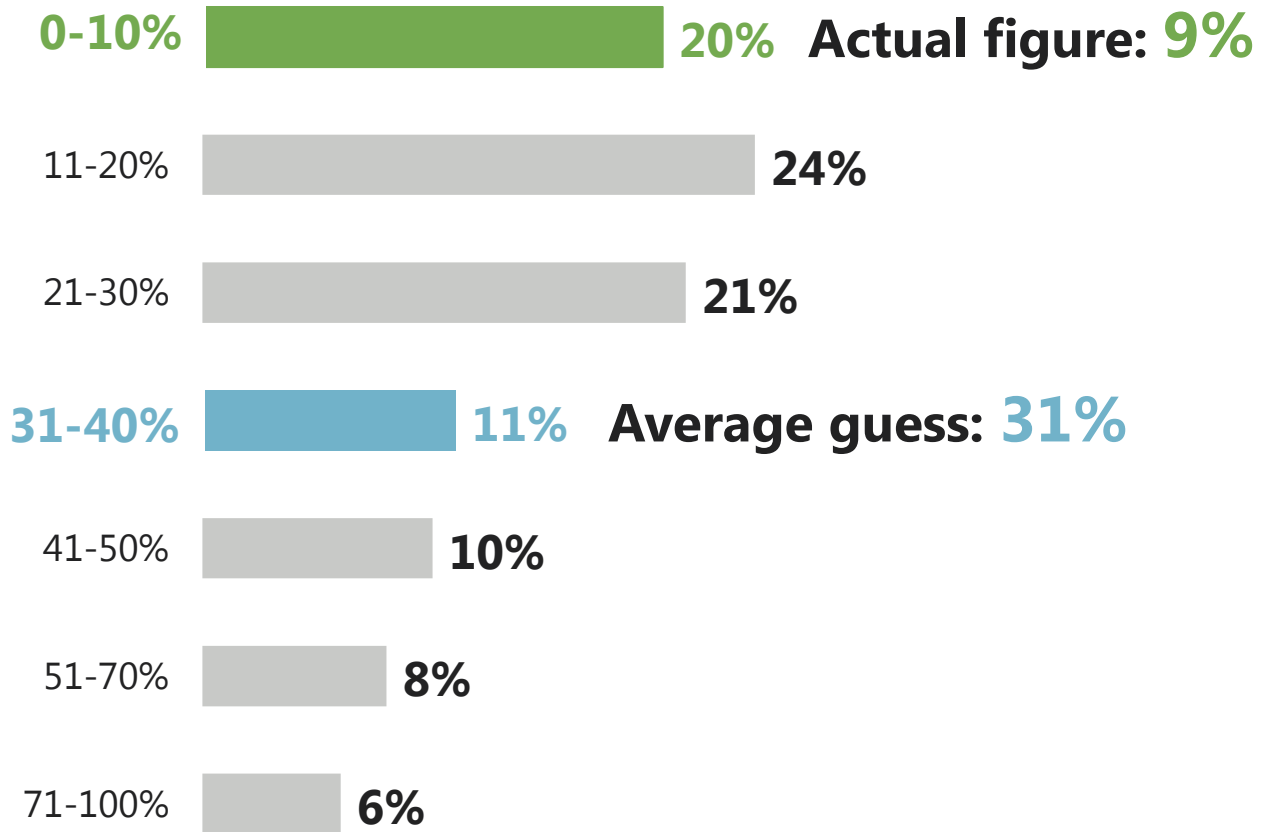


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And on average we think nearly a third of Corporation Tax goes unpaid –when the actual figure is 9%



What do you think is the latest estimate of the Corporation Tax gap? That is, what percentage of Corporation Tax that the government expects to be paid is not actually paid?



Base: 1097 GB adults 16-75

Source: HMRC 2014



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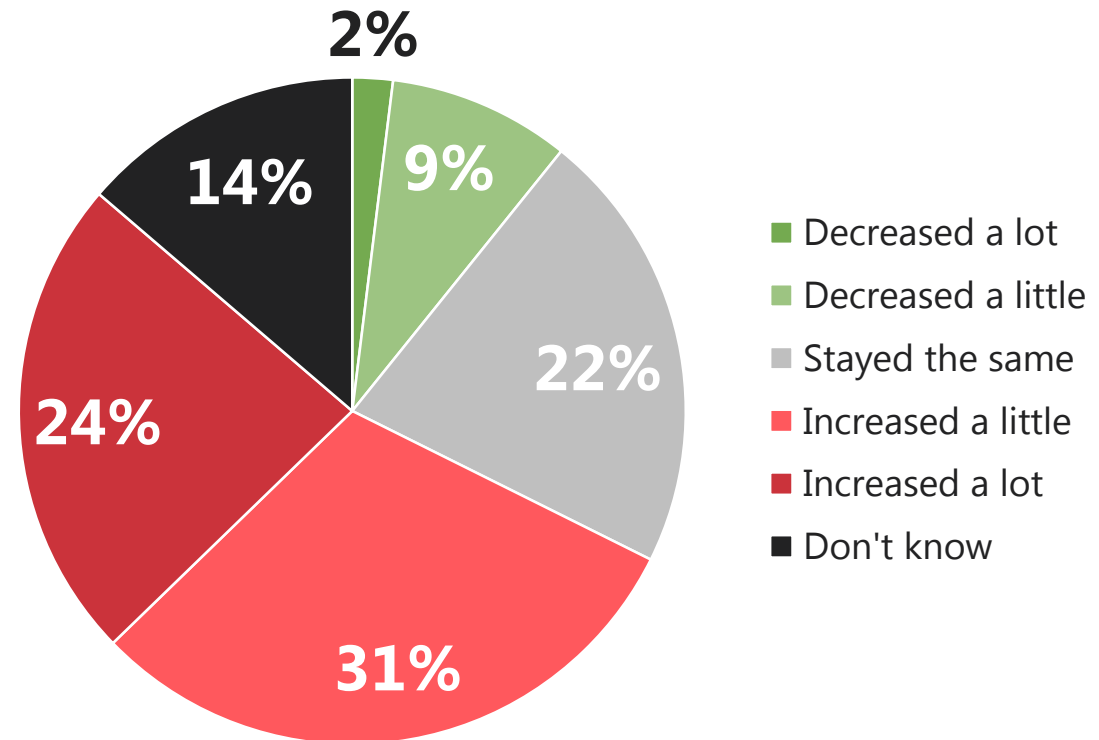


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And we (wrongly) think the Corporation Tax gap is getting bigger—over half think the gap has increased, when it has actually decreased from 13% in 2005 to 9% in most recent figures



And do you think the Corporation Tax gap has increased, decreased or stayed the same over the last 10 years?



Base: 1097 GB adults 16-75



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We think it's Government's responsibility to ensure businesses pay the right amount of tax and it is not doing enough to prevent Corporate Tax avoidance

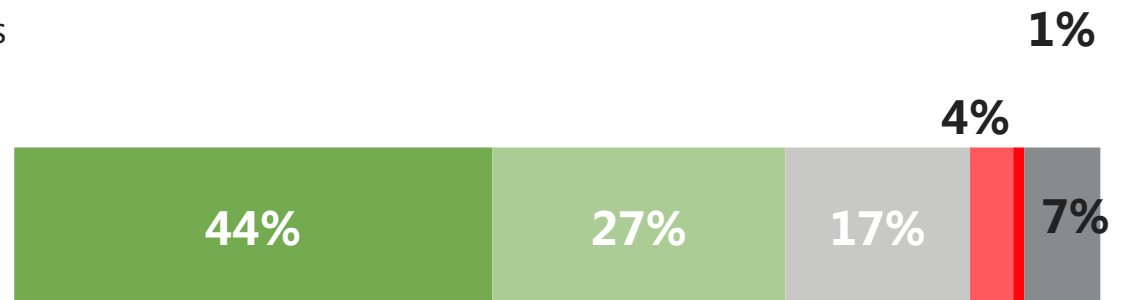


To what extent do you agree or disagree with the following statement:

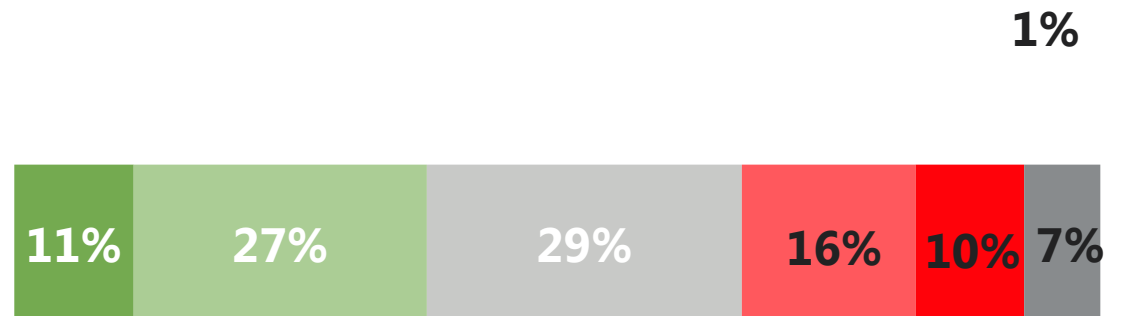
It is the government's responsibility to ensure that businesses pay the right amount of tax by making the rules clear, enforcing them and closing loopholes



Government is not doing enough to prevent corporate tax avoidance



Government should offer incentives, allowances and deductions as part of the tax system to enable businesses to reduce their tax bill



■ Strongly agree
 ■ Agree
 ■ Neither agree nor disagree
 ■ Disagree
 ■ Strongly disagree
 ■ Don't know

Base: 1097 GB adults 16-75



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And this negative perception matters. Although paying the full amount of tax owed is not the most important quality in forming a positive view of business....

Q

In your opinion, which two or three of these qualities are most important in forming a positive view of a business?



Base: Split sample 548 GB adults 16-75



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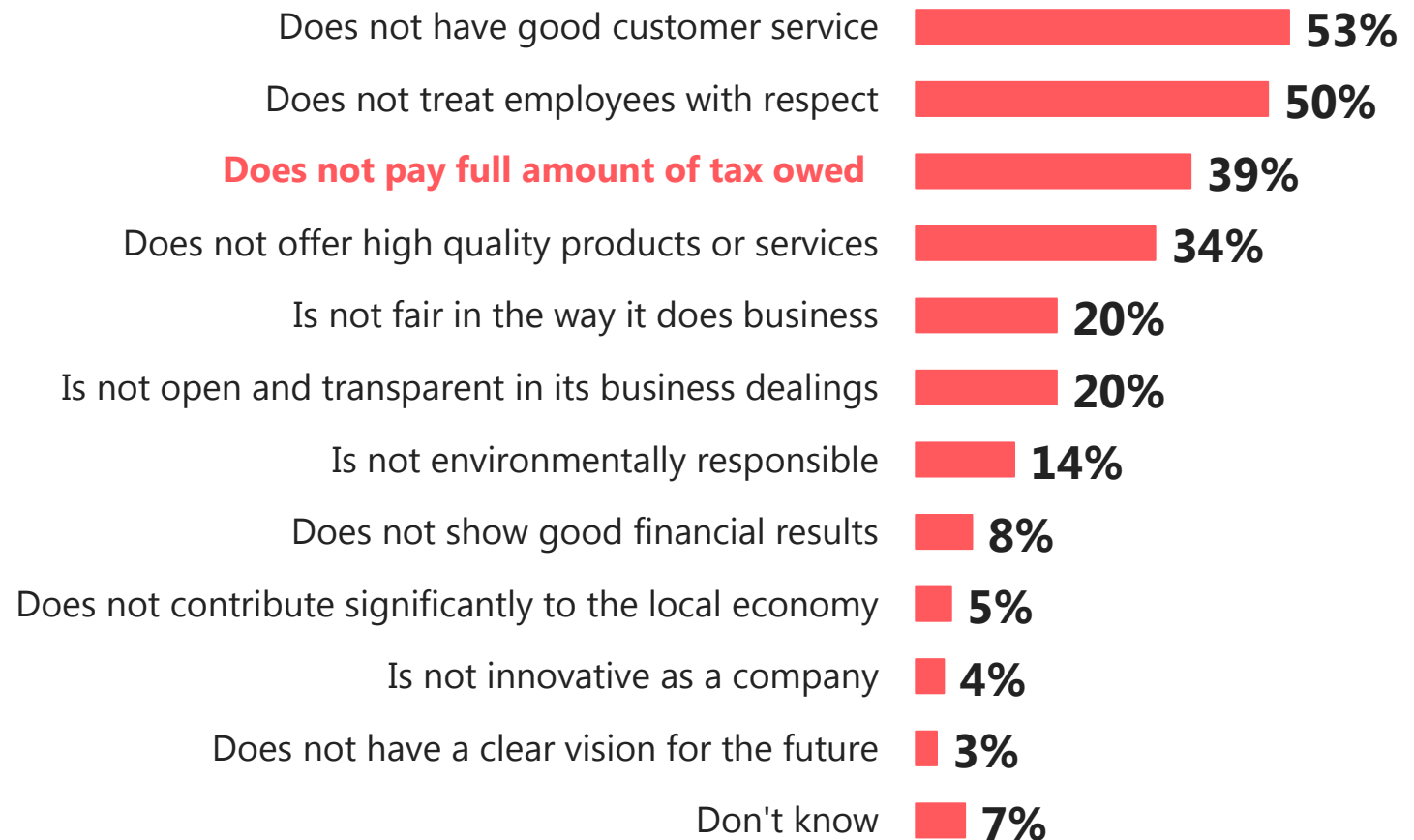


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...it is one of the top three factors which could damage a business reputation –just after poor customer service and treating employees badly



In your opinion, which two or three of these qualities are most important in forming a negative view of a business?



Base: Split sample 549 GB adults 16-75



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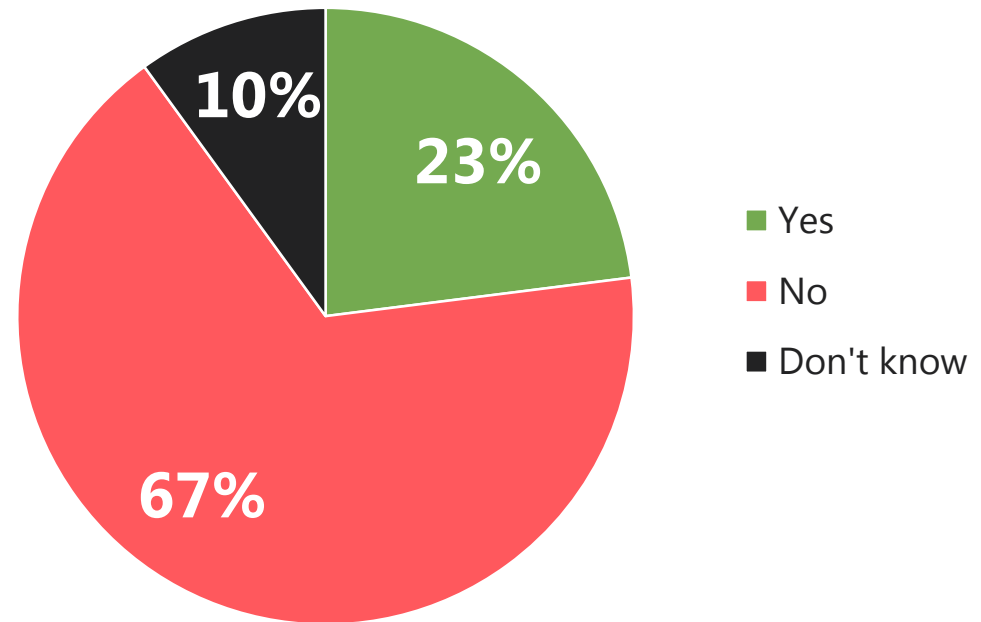


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And this distrust can translate into action—nearly a quarter of people say they have avoided a company because they have not paid the full amount of tax they owe



In the last 12 months have you boycotted a product or service specifically because the company making or providing it has not paid the full amount of tax they owe?



Base: 1097 GB adults 16-75



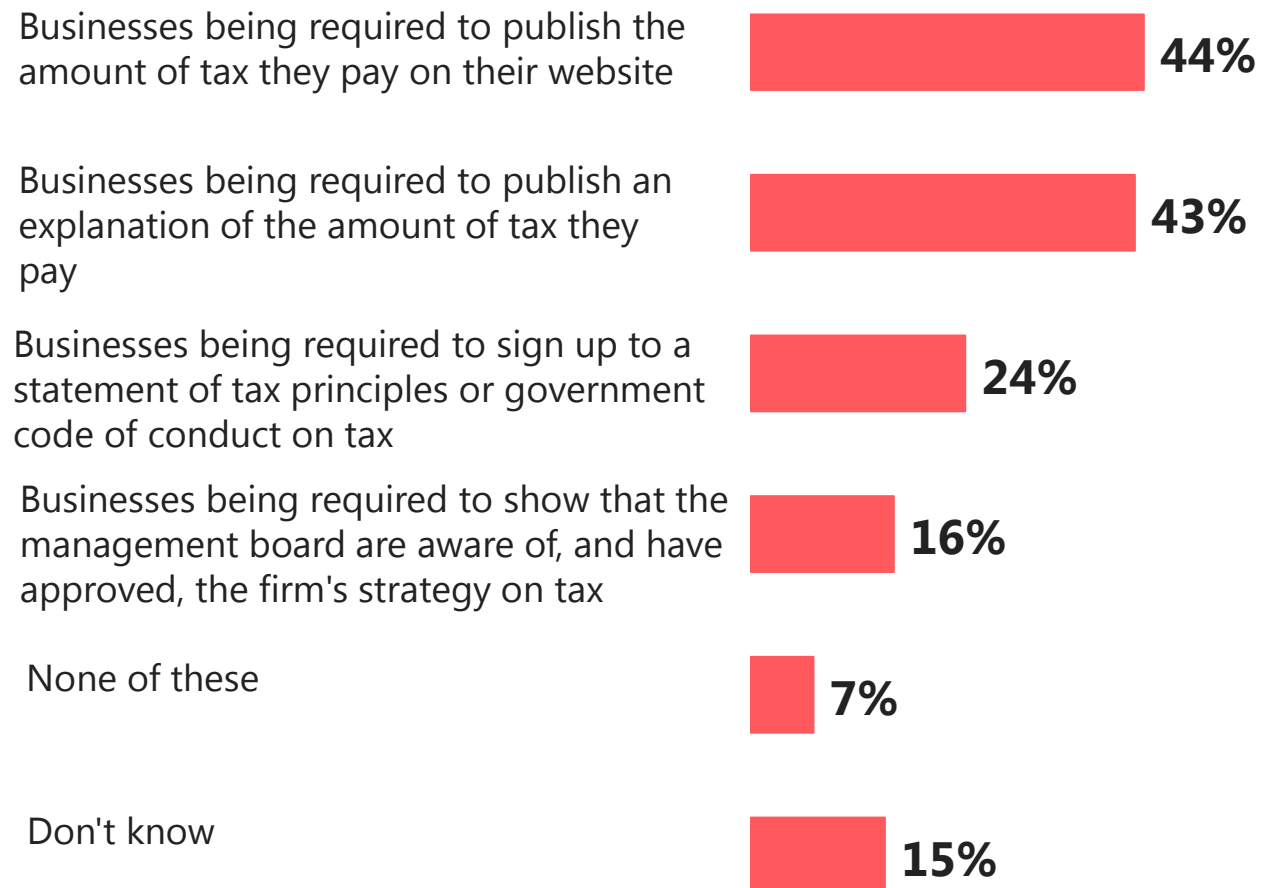
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How can business tackle these misperceptions? Publishing the amount of tax paid on company websites and providing explanations could increase trust



Which one or two of these, if any, would most increase your trust in businesses as responsible tax payers?



Base: Split sample 549 GB adults 16-75



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Notes on the data

Interviews were conducted using i:Omnibus – Ipsos MORI's online panel. All questions include all respondents unless otherwise states (1,097 GB adults aged 16-75)

Where an amount is asked, respondents were asked to write an exact value (unless specified). The banding has been added at the analysis stage for ease of interpretation

Where responses do not sum to 100, this is due to rounding

Where specified, averages refer to the mean value (that is, the sum of the numerical values of each response divided by the total number of responses)

Sources

Total government tax revenue in the year 2014-2015 contributions as a proportion of total revenue by type of tax are sourced from HMRC Tax and NIC Receipts (published September 2015) and Office for Budget Responsibility Summer Budget Economic and Fiscal Outlook (published July 2015):

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/461721/Aug15_Receipts_Bulletin_v1.pdf

<http://budgetresponsibility.org.uk/economic-fiscal-outlook-july-2015/>

Different taxes are grouped into six categories: Income Tax; National Insurance contributions by individuals; VAT receipts; Capital Taxes (including Capital Gains Tax, Inheritance Tax and stamp duties), Alcohol, Tobacco and Fuel duties; Taxes paid by businesses (including Corporation Tax, business rates and Employer's National Insurance).

Corporation Tax gap estimates (and historical estimates) are drawn from HMRC's Measuring Tax Gaps 2014 edition:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/364009/4382_Measuring_Tax_Gaps_2014_IW_v4B_accessible_20141014.pdf

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