



# HM Revenue & Customs

## HM Revenue & Customs Research Report No.27

### Survey to establish awareness and take-up of the VAT Cash Accounting Scheme (CAS)

#### Key findings

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**Presented to:**  
HM Revenue & Customs

**Originator:**  
FDS International

**Date:** 31<sup>st</sup> October 2006

# Presentation Structure

- Background
- Methodology
- Sampling
- Awareness and take-up
- Conclusions

# Background/Objectives

- CAS available to all VAT registered businesses with turnover less than £660,000
- Allows businesses to account for their VAT on receipt of payment, rather than issuing of invoice
- HMRC wishes to measure awareness and take-up of VAT Cash Accounting Scheme (CAS)

# Methodology and Sample

- Sample drawn from tax returns March 2006
- Sample split proportionally by business sector
  - Manufacturing
  - Construction
  - Wholesale retail & repairs
  - Real estate, renting & business activities
  - Others
- Mail-out sent to 4,500 business, warning of study
- 1,500 interviews, carried out between 22 September – 18 October 2006
- Sample split evenly by turnover and weighted back to universe
- 4-5 minute questionnaire, carried out using Computer Assisted Telephone Interviewing (CATI)

# Text of notification letter (for the record)

Dear Sir/Madam

## VAT Research

I am writing to ask for your assistance. HM Revenue & Customs is currently conducting research into the way small and medium sized businesses manage their VAT liability. To achieve this we have commissioned FDS International, an independent market research agency, to undertake a study on our behalf.

From 2nd October you may be contacted by an FDS interviewer on the telephone. The interview is very short, lasting approximately three minutes, and will include general questions about your company. It will not explore any personal or sensitive accounting issues and you need not prepare anything in advance of taking part in the survey.

As with all HMRC research, interviews will be conducted in strict accordance with the Market Research Code of Conduct, ensuring your responses are kept anonymous unless you give your express permission for your answers to be attributed to you and your company.

If you do not want to be contacted in relation to this study please send an email, quoting your reference number 7268/Serial' as the subject line, to [hmrcoptout@fds.co.uk](mailto:hmrcoptout@fds.co.uk) by 2nd October to register your wish.

HMRC work is heavily dependent on research such as this to ensure we deliver high quality services that are relevant to your business. If you are invited to participate, I very much hope you will be able to spare the time to take part.

Yours sincerely



**Ellen Springall**  
Principal Research Officer

# Interview quotas

## 500 interviews per turnover band – split by business sector

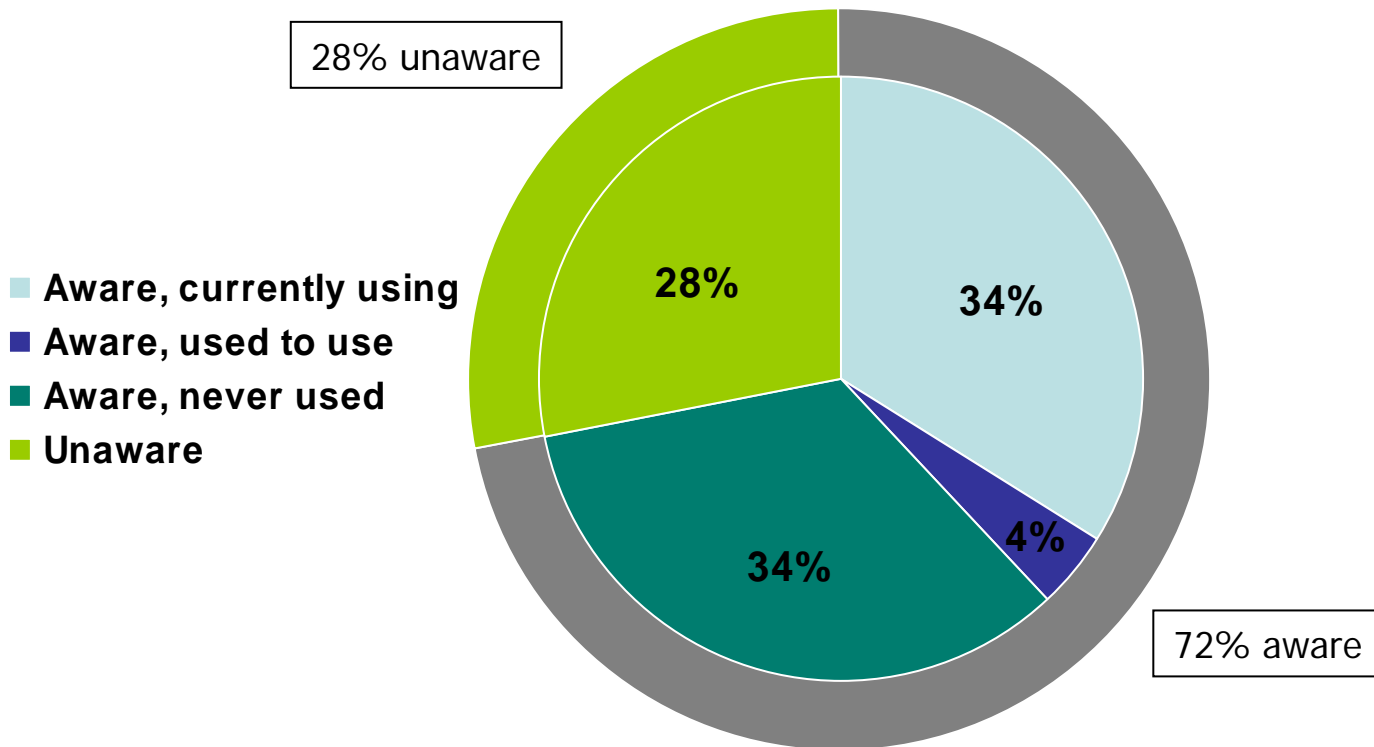
Turnover	Sector					Total
	Real estate, renting & business activities	Manufacturing	Wholesale retail & repairs	Construction	Others	
<100k	247	53	50	96	54	500
100k-300k	247	53	50	96	54	500
300k-660k	247	53	50	96	54	500
Total	741	159	150	288	162	1500

# Weighting to universe proportions

Turnover	Sector					Total
	Real estate, renting & business activities	Manufacturing	Wholesale retail & repairs	Construction	Others	
<100k	440 (29%)	73 (5%)	67 (4%)	157 (10%)	103 (7%)	840 (56%)
100k-300k	192 (13%)	56 (4%)	58 (4%)	107 (7%)	46 (3%)	459 (31%)
300k-660k	71 (5%)	34 (2%)	33 (2%)	42 (3%)	21 (1%)	201 (13%)
Total	703 (47%)	163 (11%)	158 (11%)	306 (20%)	170 (11%)	1500 (100%)

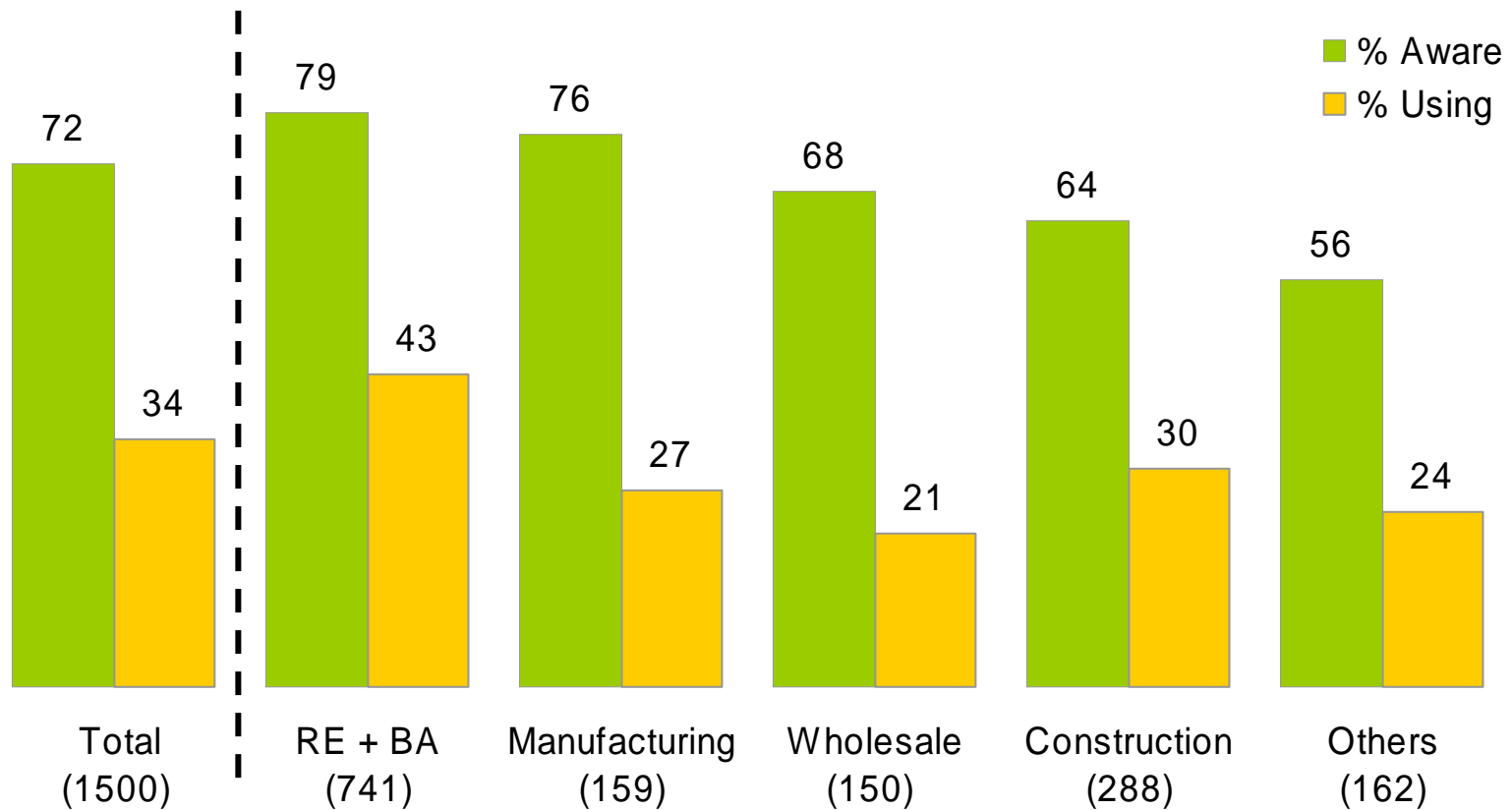
Awareness and take-up

# Almost three-quarters aware of CAS – a third currently on the scheme



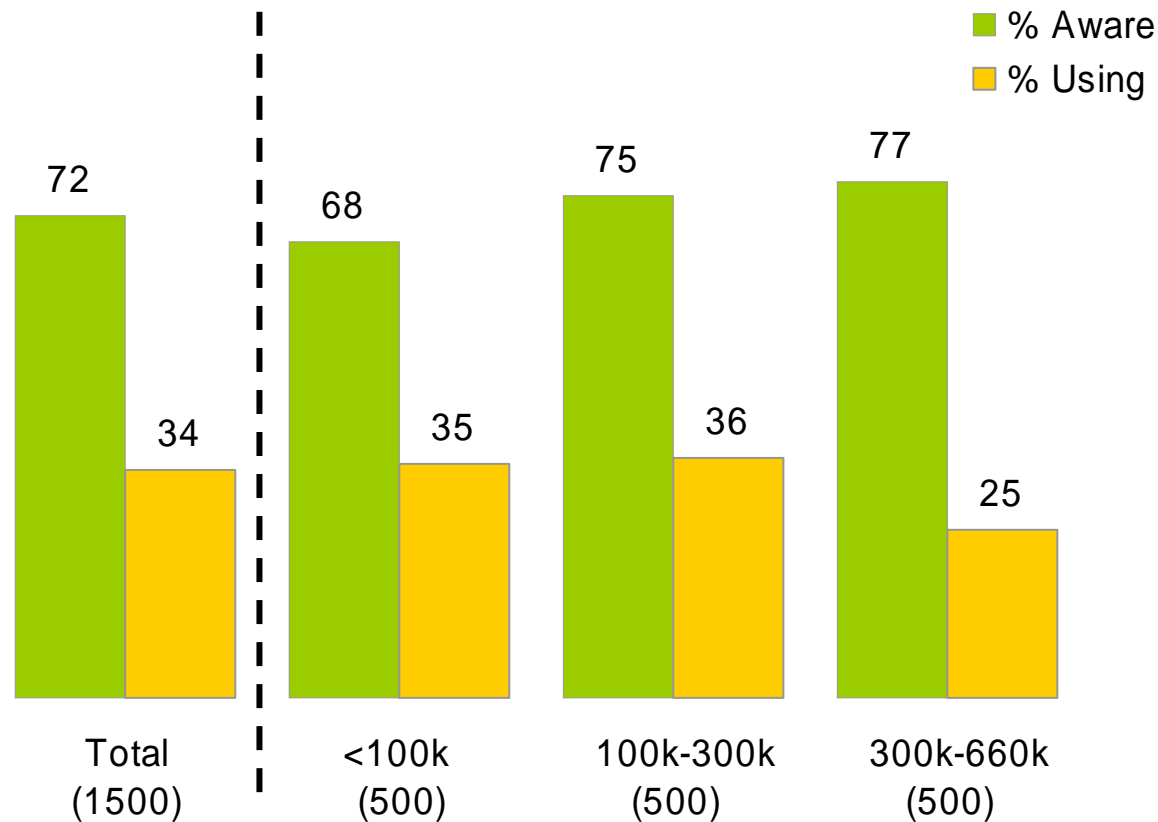
Base: All respondents (1,500)

# Awareness and take-up highest for Real Estate, Renting and Business Activities



Base: All respondents

# Businesses with larger turnover have highest awareness of CAS, but lowest take-up



Base: All respondents

# Significantly higher awareness among Real Estate, Renting and Business Activities

Q: Are you aware of a VAT accounting method called the 'Cash Accounting Scheme'? (% Yes)

Turnover	Sector					
	Total	Real Estate, Renting & Business Activities	Manufacturing	Wholesale Retail & Repairs	Construction	Others
<100k	68	78	68	72	53	48
100k-300k	75	78	83	68	75	63
300k-660k	77	82	83	58	78	76

NB: Circled scores significantly higher than overall total, square scores significantly lower

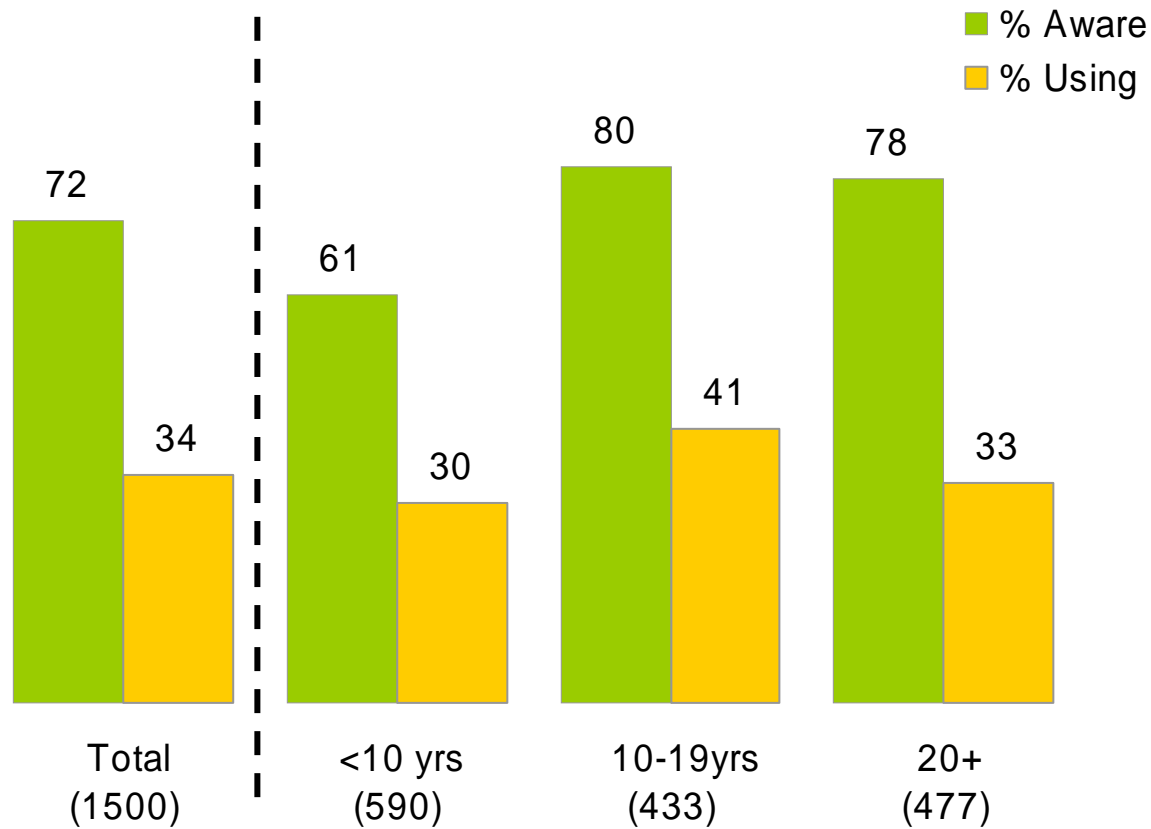
# Smaller firms in this sector are significantly more likely to use the scheme

Q: *And are you currently using CAS? (% Yes)*

Turnover	Sector					
	Total	Real Estate, Renting & Business Activities	Manufacturing	Wholesale Retail & Repairs	Construction	Others
<100k	35	44	26	28	27	20
100k-300k	36	44	34	20	33	33
300k-660k	25	34	19	10	29	22

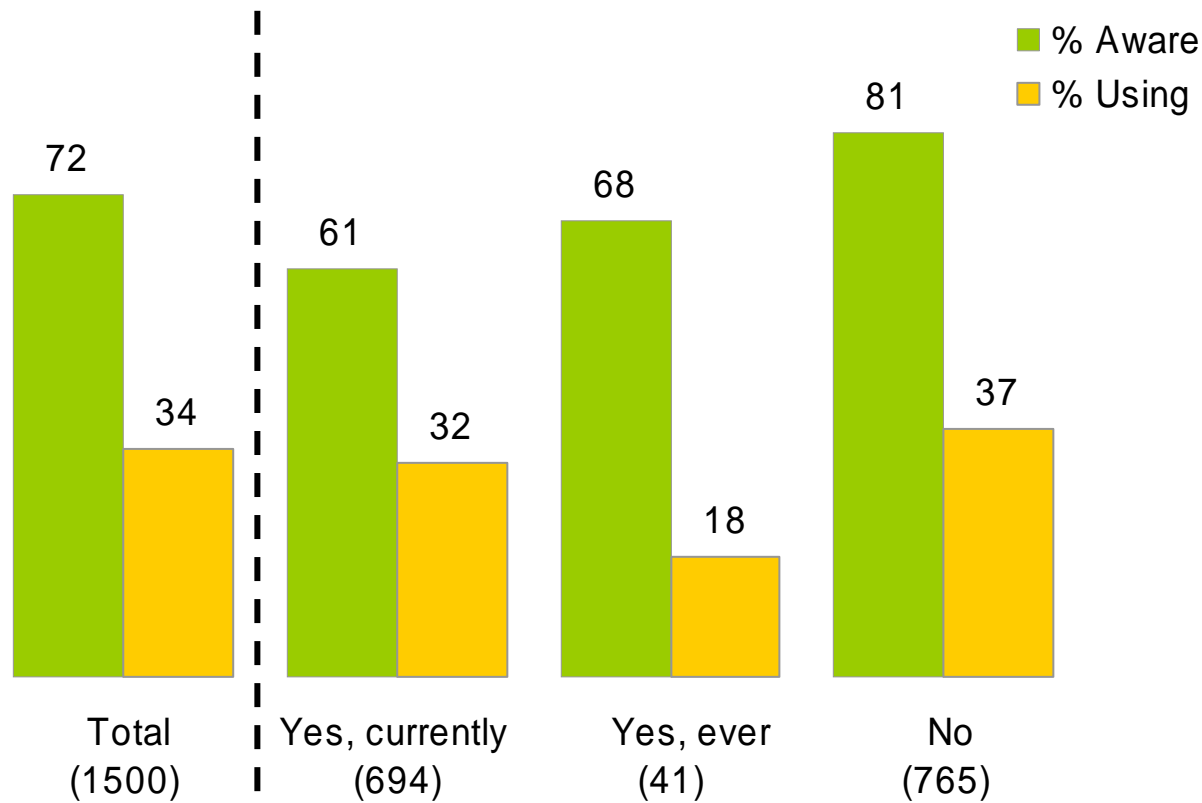
NB: Circled scores significantly higher than overall total, square scores significantly lower

# Those with longest experience of dealing with VAT more likely to have heard of CAS



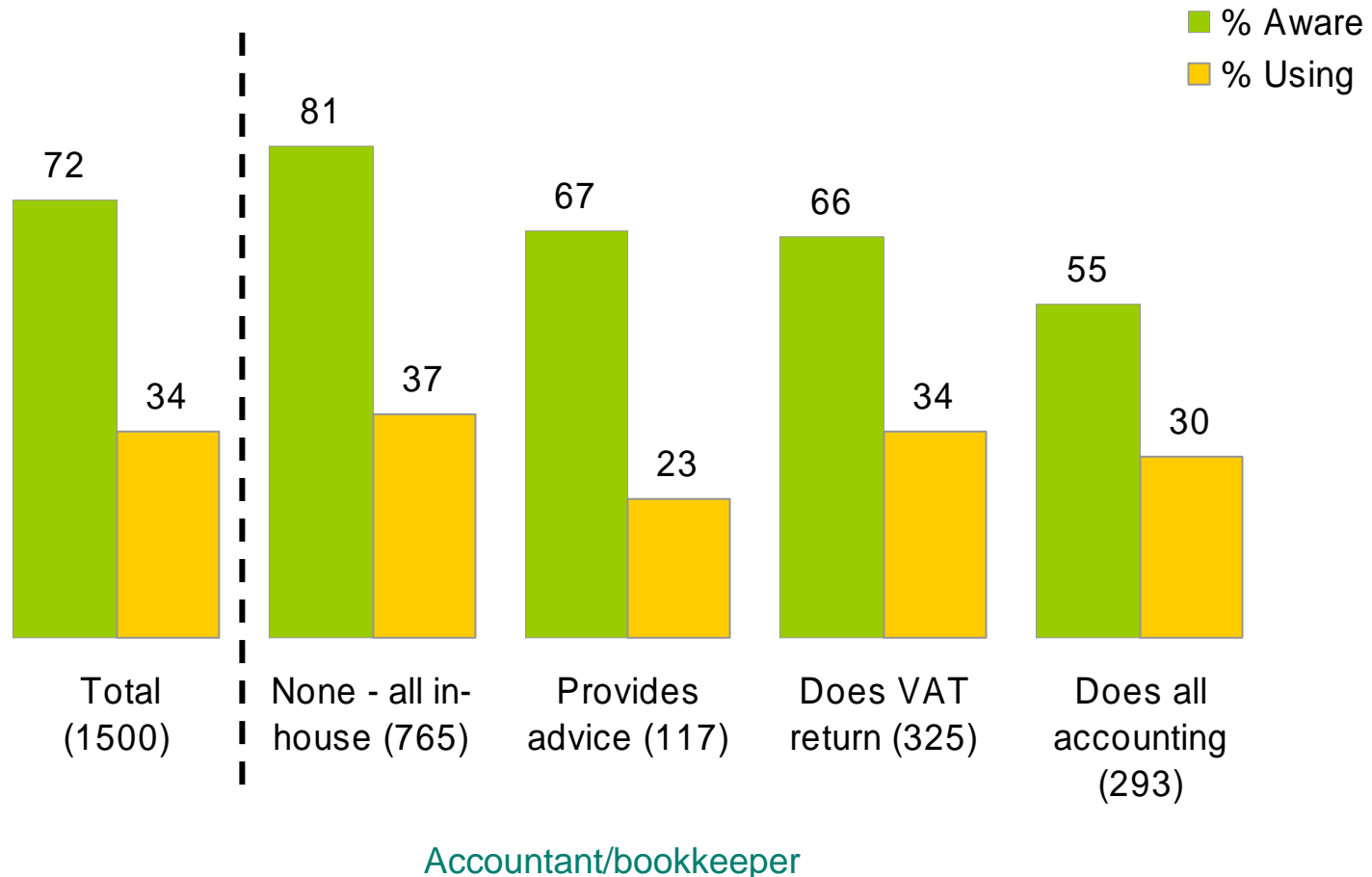
How long dealt with VAT

# Businesses with no outside VAT assistance much more aware of the scheme



Whether have any outside assistance with VAT

# Those using accountants/bookkeepers less likely to say they use the scheme



Base: All respondents

# Conclusions

# Conclusions

- Just under three-quarters of businesses are aware of the Cash Accounting Scheme
- Greater awareness from businesses with
  - larger turnover
  - no outside VAT assistance
  - those in the Real Estate, Renting & Business Activities sector

# Conclusions (cont.)

- At least one in three businesses are currently using the Scheme
- This figure may be greater if accountants/tax experts use the scheme without business decision-makers recalling this
- Greater take-up from businesses with
  - smaller turnover
  - those in the Real Estate, Renting & Business Activities sector



**HM Revenue  
& Customs**

## **VAT Cash Accounting Research Debrief**

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**Date:** 31<sup>st</sup> October 2006