

# THE BEHAVIOURAL INSIGHTS TEAM ◆

IN PARTNERSHIP WITH



Cabinet Office

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## Behavioural Economics and Public Policy: Nudging in the Philippines

**Anish Mehta**

Senior Advisor, International Programmes, BIT

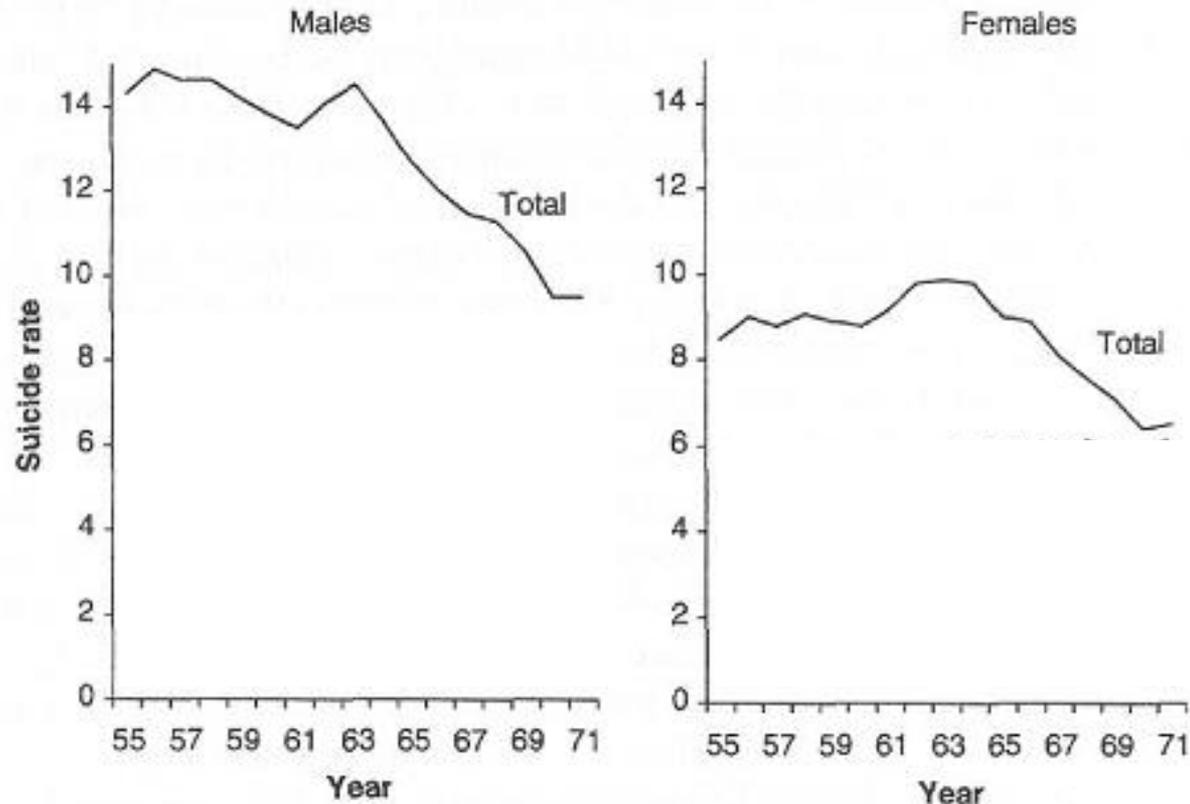
# What are behavioural insights?

# 1. We are influenced by others

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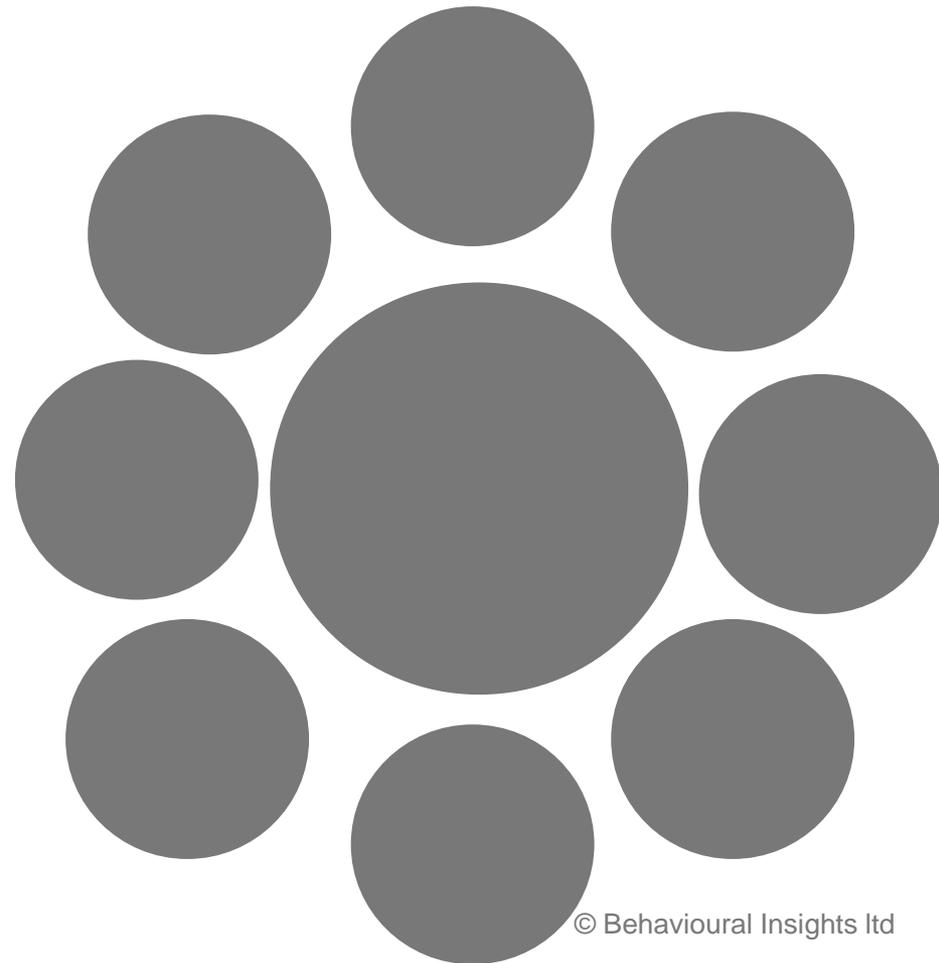
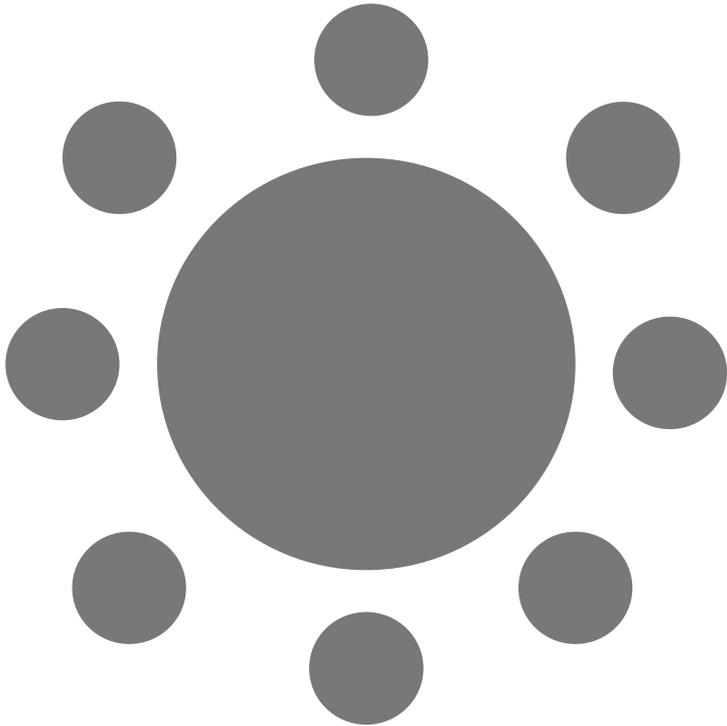
## 2. Small frictions have big impacts



**Fig. 16.2** Rates of suicide per 100,000 in males and females in England and Wales between 1955 and 1971, overall, involving carbon monoxide and not involving carbon monoxide (adapted with permission from Kreitman 1976).

### 3. Framing matters

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### 3. Framing matters

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# Behavioural insights and tax: high level story

# Most policy concerns behaviour...



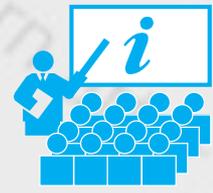
Over 1 million people  
in the UK still fail to  
pay tax on time



**Criminal sanctions**



**Financial penalties**



**Communication**

# Example 1: We are influenced by others

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030006:00000011:001

999

YVONNE STANYER  
ROOM 201  
KELSALL HOUSE  
STAFFORD COURT  
STAFFORD PARK  
TELFORD  
TF3 3BD

#### Debt Management & Banking

Mr R Harding  
HMRC London South  
2nd Floor Southern House  
Wellesley Grove  
Croydon Surrey  
CR9 1WW

Dear Sir/Madam

Please pay £999999999999.99

Nine out of ten people pay their tax on time.

Our records show that your Self Assessment tax payment is overdue.

Nine out of ten people pay their tax on time.

It is easy to pay. Please call the phone number above to pay by debit card, credit card, or Direct Debit.

You can also pay using internet and telephone banking. For more information on when and how to pay, go to [www.hmrc.gov.uk/payinghmrc](http://www.hmrc.gov.uk/payinghmrc)

If you don't believe that this payment is overdue, please contact us on the number above.

If you have already paid, thank you. If not, please act now.

Yours faithfully

Officer of Revenue and Customs

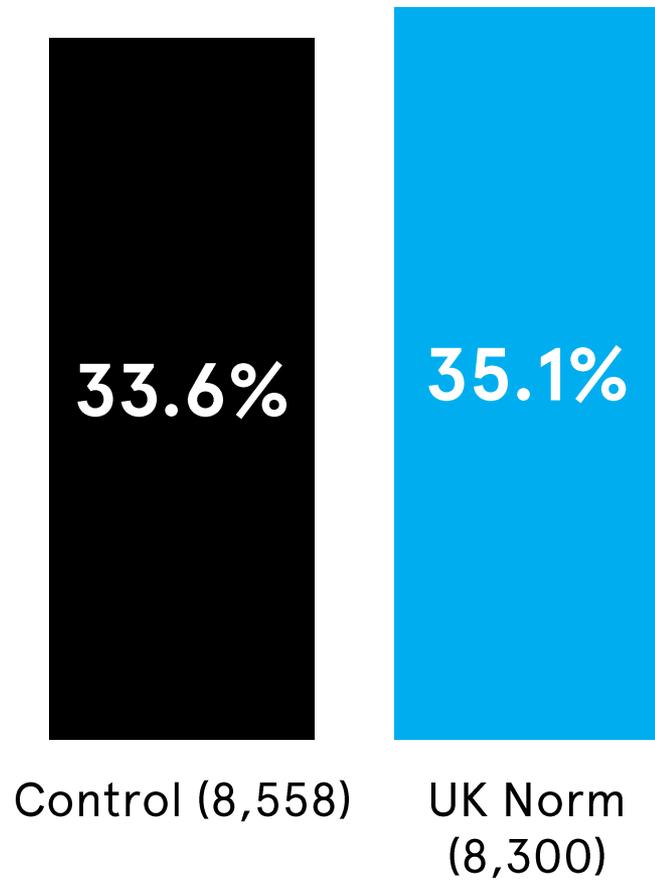
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HMRC 10/10



## Example 1: We are influenced by others

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# Example 2: Small frictions have big impacts

**HM Revenue & Customs**

HM Revenue & Customs  
Tax Return Initiative Team  
2nd Floor  
Holland House  
20 Oxford Road  
Bournemouth  
BH4 1ZZ

Phone 0345 601 6818  
Monday to Friday 9am to 5pm

www.hmrc.gov.uk

«CustomerName»  
«Address1»  
«Address2»  
«Address3»  
«Address4»  
«Address5»  
«Postcode»

Date «Date\_of\_issue»  
Our ref TR1 RB1814 «Ref»  
Your ref Please quote your National Insurance number when you contact us.

Dear «Salutation»

**This is your last chance to make sure your tax affairs are up to date before we take action.**

To resolve this, visit our website at: [www.hmrc.gov.uk/campaigns/rt1form.pdf](http://www.hmrc.gov.uk/campaigns/rt1form.pdf) or contact us on 0345 601 6818.

You are one of the few people who still need to submit their late tax returns for 2009-10 or earlier.

Previously we assumed this was an oversight, but if you fail to send us your outstanding tax returns by 2 October 2012, we will treat it as an active choice.

Although I fully expect you to send in your returns before 2 October 2012, you may be interested to know what happens to those who decide not to. We may estimate the amount of tax they owe for each year and enforce payment by taking them to court or by asking a debt collection agency to collect it for us. Alternatively we may refer such cases for Criminal Investigation with a view to prosecution.

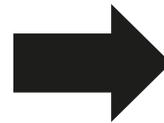
If you have recently submitted your returns you need take no further action.

Yours sincerely  
*M. Wilson*  
Dr Marian Wilson  
Campaign Deputy Director

Information is available in large print, audio and Braille formats.  
Text Relay service prefix number – 19001

RG14H TR1 RB1814 HMRCDW15

Webpage



**HM Revenue & Customs**

Home Contact us About us Jobs Accessibility Feedback Help

Search Tax experts & advisers

individuals & employees employers businesses & corporations

HMRC campaigns

You are here: Home > HMRC campaigns > Tax Return Initiative

**In this section:**

- What are HMRC campaigns?
- Direct Selling campaign
- a-marketplaces campaign
- Tax Return Initiative**
- Campaign news and updates

**Tax Return Initiative**

The Tax Return Initiative closed on 2 October. If HM Revenue & Customs (HMRC) have sent you a Self Assessment tax return or notice to complete a return for 2009-10 or earlier and you have not yet taken any action this guide explains what you need to do.

**On this page:**

- What to do now
- Completing your tax returns
- Paying what you owe
- More useful links

**What to do now**

The next steps you take will depend on your circumstances.

**If you have notified HMRC**

You need to complete and submit your outstanding tax returns and pay what you owe or claim any repayment that is due immediately. Any penalty will still be lower than it will be if HMRC comes to you first.

**If you haven't notified HMRC**

Although the initiative closed on 2 October and it is now too late to take advantage of the terms available, it is still better for you to come forward before HMRC comes to you. Ring the Tax Return Initiative Helpline on Tel 0345 601 6818. Lines are open Monday to Friday 9 am to 6 pm.

If you decide not to come forward HMRC may:

- estimate the amount of tax you owe for each year
- enforce payment by taking you to court or asking a debt collection agency to collect it
- refer your case for criminal investigation

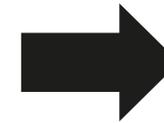
**Tools**

- Tax, interest and penalty calculator (up to 5 years) (PDF 45K)
- Interest and penalty calculator (up to 19 years) (PDF 27K)

**See also**

- Contact us for more information
- Campaigns forms
- Starting up in business
- Tax credits
- Feedback

Form



**HM Revenue & Customs**

How to fill in this form Non-mouse users Colours Zoom

**Tax Return Initiative 2009-10 and earlier**

Contents

About this form

**Commitment statement**

I want to register with the Tax Return Initiative and make my commitment to catch up and file my outstanding tax returns.

Please note: Agents can complete the commitment and register on behalf of their clients.

**Contact details**

Tax returns to complete

Tel HMRC

What to do now

I want to register with the Tax Return Initiative

Previous Next

HMRC Terms and Conditions Information on how about you © Crown Copyright

Direct to form



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Tax Return Initiative Team  
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BH4 1ZZ

Phone 0345 601 6818  
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«CustomerName»  
«Address1»  
«Address2»  
«Address3»  
«Address4»  
«Address5»  
«Postcode»

Date «Date\_of\_issue»  
Our ref TR1 RB1814 «Ref»  
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RG14H TR1 RB1814 HMRCDW15

## Example 2: Small frictions have big impacts

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■ Response Rate   ■ File rate



Extra click

Direct to form

Our tax trials  
brought  
forward  
**£210million** in  
12 months at  
almost no  
extra cost.

Dr D Halpern  
1 Plough Place  
London  
EC4A 1DE

030006 0000011 001 L001

030006 0000011 001  
YVWNE STANER  
ROOM 201  
KELSALL HOUSE  
STAFFORD COURT  
TELFORD PARK  
TF3 3BD

000

Dear Sir/Madam

Please pay £3099999999.99

Debt Management & Banking

Mr R Harding  
HMRC London South  
2nd Floor Southern House  
Wellesley Grove  
Croydon Surrey  
CR9 1WW

Phone 0845 300 7200  
[www.hmrc.gov.uk](http://www.hmrc.gov.uk)

Date of Issue 4 August 2011  
Reference REFERENCE NUMBER

Our records show that your Self Assessment tax payment is overdue.  
Nire out of ten people pay their tax on time.  
It is easy to pay. Please call the phone number above to pay by debit card, credit card, or Direct Debit.

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If you don't believe that this payment is overdue, please contact us on the number above.  
If you have already paid, thank you. If not, please act now.

Yours faithfully

Officer of Revenue and Customs

IDMSIDP

HMRC 10/10

## Example 3: Framing matters

# Guatemala

Country	2012 Tax revenue (% of GDP)
Guatemala	12%
Nicaragua	18%
Latin America	26%
World Average	32%

**SAT**  
SUPERINTENDENCIA DE ADMINISTRACIÓN TRIBUTARIA

ALERTA SAT-1

Acatenango, Chimaltenango

Guatemala, 26 de mayo de 2014

**Por favor presente su declaración del impuesto sobre la renta**

Estimado contribuyente:

**Hemos revisado nuestros archivos y encontramos que usted no ha presentado su declaración anual del Impuesto sobre la Renta correspondiente al año 2013.**

Si usted no declara, puede ser auditado y ser sujeto al procedimiento establecido por ley.

Por favor declare en un plazo de 10 días después de recibida esta alerta, lo cual será verificado.

- Para ello, visite: <http://declaraguate.gt> (Formulario SAT-1411)

Si usted no puede pagar el monto total ahora, podría ser posible que pague en cuotas, luego de preparar su declaración y acercarse a una oficina de la SAT.

Si tiene alguna consulta, contáctenos a través del teléfono 2329-7111. En ese caso haga referencia a su número de alerta: ALERTA SAT-1

Estaremos verificando cómo responde a esta carta.

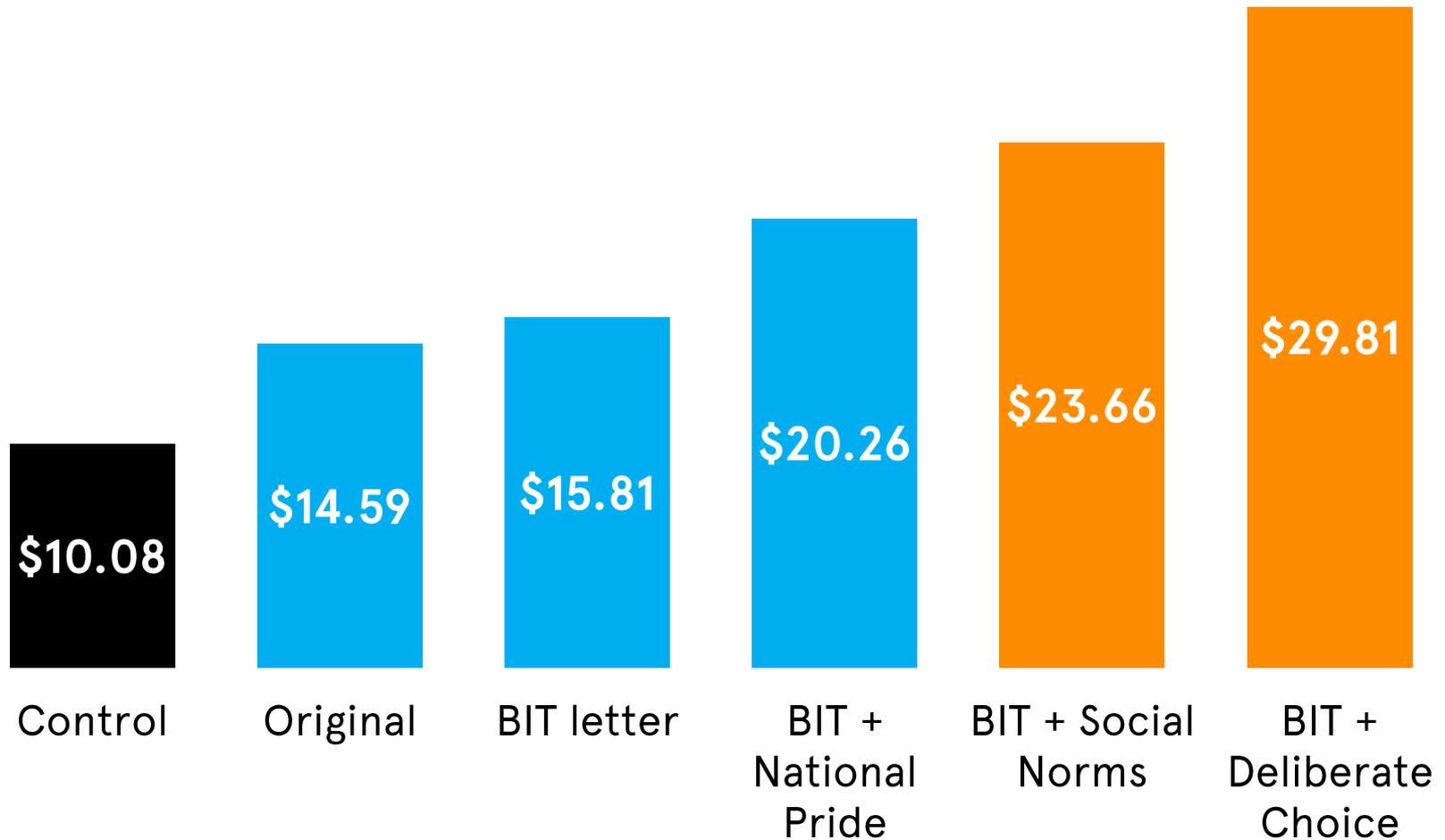
Atentamente,

  
Lic. César Alvarado López Pineda  
Director General Centro  
Superintendencia de Administración Tributaria

Base Legal: Artículos 98.112 y 146 del Código Tributario;  
Artículo 3 de la Ley Orgánica de la Superintendencia de Administración Tributaria.

## Example 3: Framing matters

Amount of tax received by letter sent (after 12 months)



# Behavioural insights and tax: Adding more nuance

# Example 1: We are influenced by others

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YVONNE STANYER  
ROOM 201  
KELSALL HOUSE  
STAFFORD COURT  
STAFFORD PARK  
TELFORD  
TF3 3BD

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Officer of Revenue and Customs

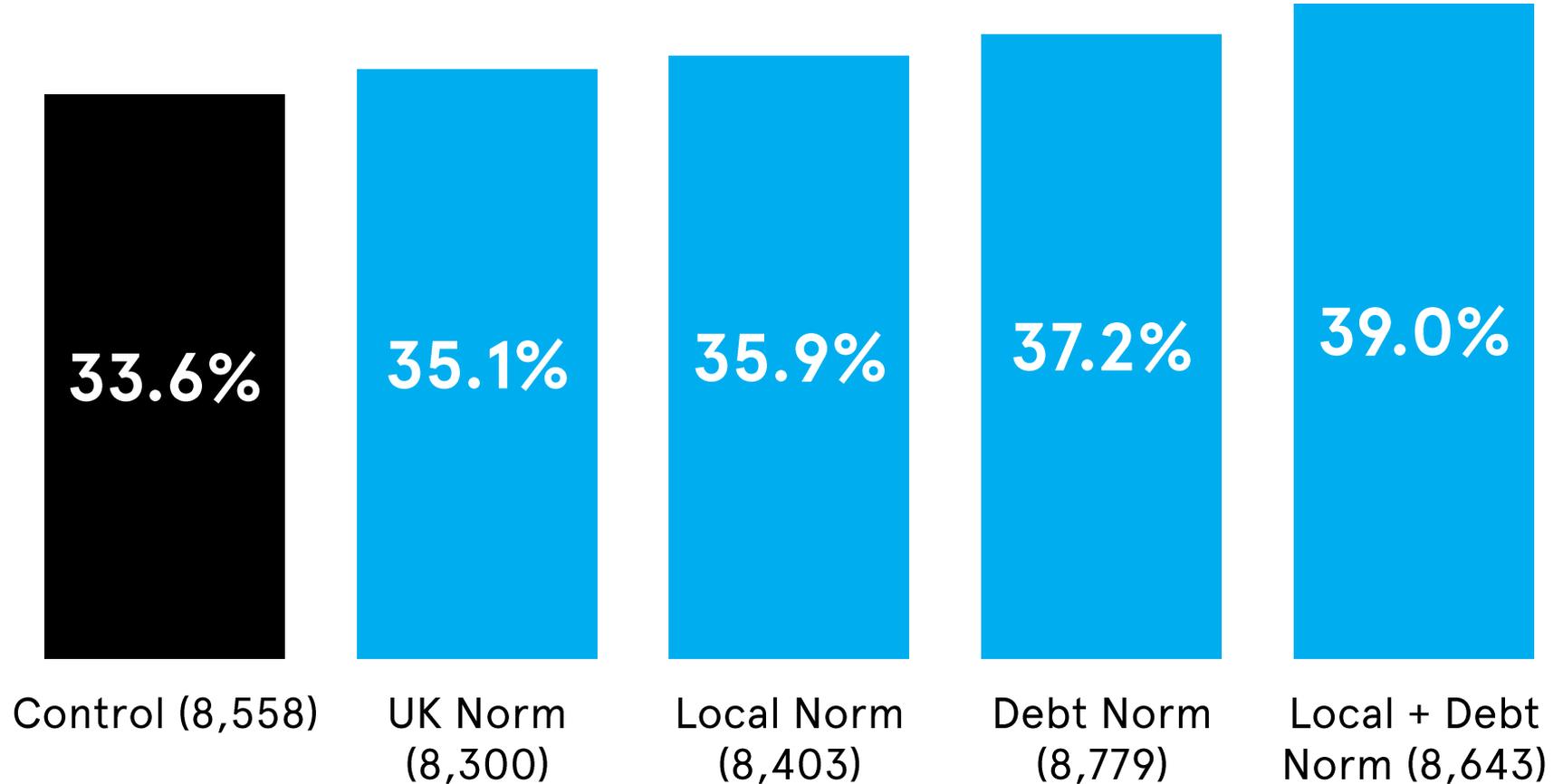
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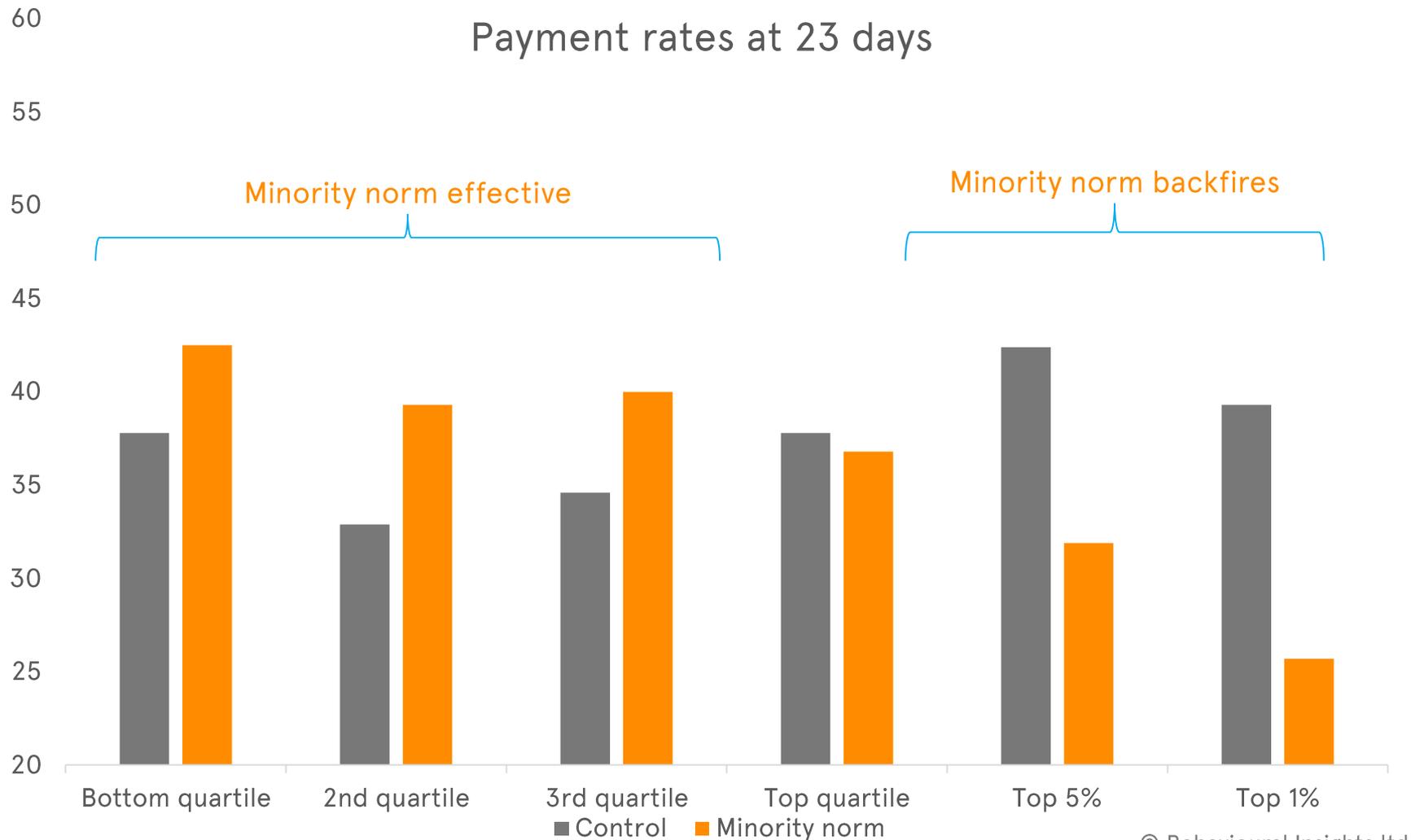
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# Examples continued: personalisation



# Examples continued: sub-groups



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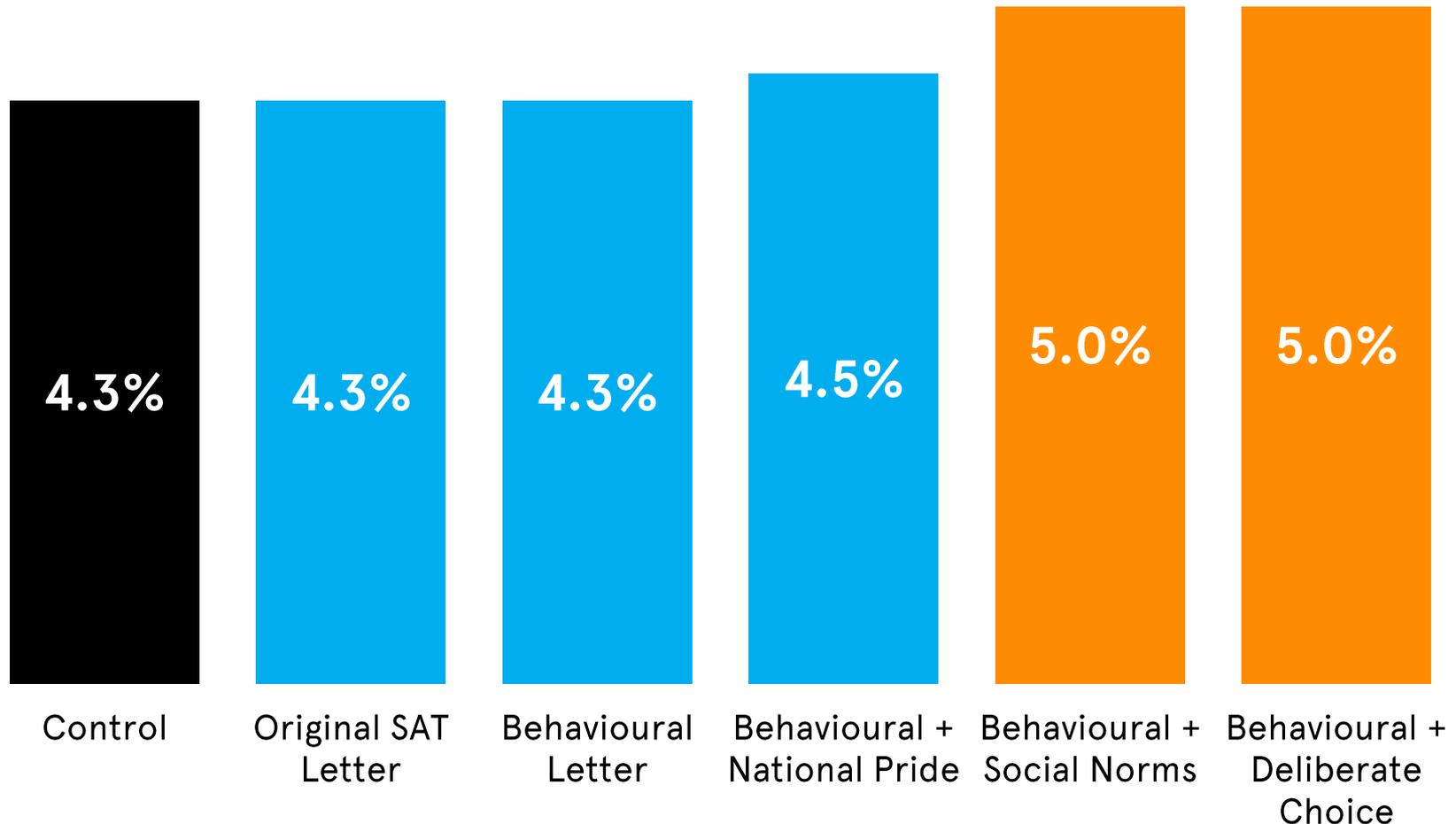
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Atentamente,

Base Legal: Artículos 98.112 y 146 del Código Tributario;  
Artículo 3 de la Ley Orgánica de la Superintendencia de Administración Tributaria.

# Examples continued: persistence over time

Percentage of taxpayers that **paid** their tax in 2014 by letter received the year before



# Behavioural insights outside of tax

# We are applying this approach internationally, including for complex challenges



Can texting timely advice improve maternal health outcomes?



Can friendly video feedback encourage TB patients to take their pills?



Can matched funding grants increase small business innovation?



Can this approach offer new insights to tackle the informal economy?

# Behavioural insights and the Philippines

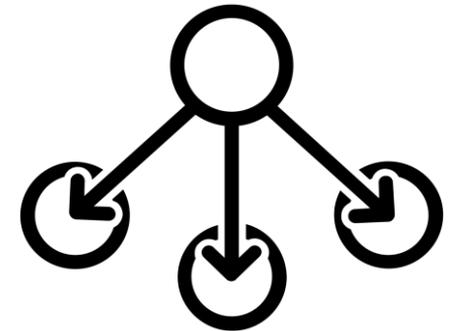
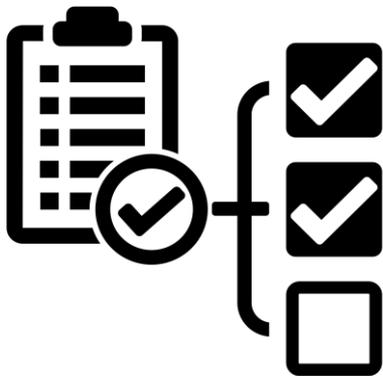
We now hope to develop a partnership here to build capacity in our approach

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1. Run specific projects

2. Peer-to-peer learning

3. Broader capacity building



# THE BEHAVIOURAL INSIGHTS TEAM.



## Behavioural Insights Team (BIT)

[www.behaviouralinsights.co.uk](http://www.behaviouralinsights.co.uk)

**Anish Mehta**

Senior Advisor, International Programmes

[anish.mehta@behaviouralinsights.co.uk](mailto:anish.mehta@behaviouralinsights.co.uk)