

Office of Management and Budget Clearance Package

2007 IRS Nationwide Tax Forum Focus Groups:

Draft Form 990 Redesign – Core Form

Internal Revenue Service
Tax Exempt and Government Entities Division

June 29, 2007

Introduction

Background

On June 14, 2007, the IRS Tax-Exempt & Government Entities (TEGE) Exempt Organizations (EO) released for public comment a draft redesigned Form 990 (Return of Organization Exempt from Income Tax). This is the primary return of many public charities and other exempt organizations. The form has not been redesigned since 1979, and is filed annually by over 300,000 public charities or other types of non-charitable exempt organizations. TEGE hopes to implement this new form for tax year 2008 (i.e., returns filed in 2009).

The tax-exempt sector is diverse as to size and types of organizations and sources of revenues. Since the Form 990 was last redesigned in 1979, the tax-exempt sector has undergone tremendous growth and experienced significant change in virtually all aspects of operations. The draft redesigned form seeks to enhance transparency, promote tax compliance, and minimize burden on the filing organization.

The IRS is providing a 90-day comment period regarding the discussion draft. Comments are due September 14, 2007. The comment period is driven by the development cycle for the Modernization and Information Technology Services (MITS) office to implement systems changes for the 2009 filing season.

The IRS Nationwide Tax Forums are the IRS' most significant outreach programs to the tax professional community. The 2007 IRS Nationwide Tax Forums will be held in six cities across the nation during July, August and September. These forums provide an excellent opportunity to collect customer opinions and attitudes from practitioners on the redesigned draft Form 990.

Objectives of Data Collection

TEGE specifically seeks to explore reactions of TEGE customers regarding a number of aspects of the draft form and certain reporting requirements for the sector. Furthermore, this study will identify key compliance issues for TEGE customers that will use the new form in 2009.

Methodology

Sample Design

A focus group is a qualitative research technique. Data cannot be statistically projected to a universe of respondents. This study will take place at a voluntary IRS customer event.

Participants for the study will be determined as they approach the TEGE EO exhibit booth and are screened for participation. The attendees of the Tax Forums are primarily practitioners, e.g., return preparers, the majority of whom are enrolled agents or sole practitioner CPAs that prepare the Form 990 as part of their normal tax practice.

For the past two years, over 3,000 people have approached the EO exhibit booth at the tax forums. This presents a unique opportunity to obtain feedback from a diverse group of end users of the redesigned form.

Data to be Collected

Attachment 3, "Moderator's Guide," contains topics for discussion and outlines the type of information that will be collected from participants. Primarily, TEGE seeks to obtain practitioner reactions to the proposed changes to the form, and the impact on compliance and taxpayer burden.

How Collected and Used

Each focused group discussion will be captured on audiotape, and note-takers will be present in the room. The audiotapes will be reviewed and summarized by TEGE EO staff working on the form redesign. The findings will be reviewed and considered by TEGE and incorporated into a final, modified Form 990.

Dates Collection Begin/End

The 2007 tax forums are held in six cities throughout the United States, between July 17 and September 20. TEGE will hold focus groups in all six. The forums run from Tuesday to Thursday in each location. TEGE will screen candidates for participation on Tuesdays in each location, and focus groups will be held on Wednesdays. The following table displays the specific dates.

Data Collection Dates

<u>Recruiting</u>	<u>Focus Groups</u>
Tuesday July 17, 2007	Wednesday July 18, 2007
Tuesday July 31, 2007	Wednesday August 1, 2007
Tuesday August 21, 2007	Wednesday August 22, 2007
Tuesday August 28, 2007	Wednesday August 29, 2007
Tuesday September 11, 2007	Wednesday September 12, 2007
Tuesday September 18, 2007	Wednesday September 19, 2007

Who is Conducting the Research

The TEGE EO Form 990 Redesign Team requests this research. The moderator's and screener's guides were developed by TEGE Research & Analysis staff with the assistance of EO the Redesign Team.

The focus groups will be moderated by trained IRS facilitators assisted by TEGE EO staff.

Cost of Study

The estimated cost of this study is \$5000. This amount includes travel expenses for IRS moderators to travel to each of the six US locations. TEGE EO staff already attending the event will assist with recruiting and note taking.

Stipend

A monetary stipend will not be offered to participants.

Recruitment Efforts

Practitioners approaching the TEGE EO information booth will be asked to participate in the focus groups. TEGE expects, based on interest for TEGE EO seminars and workshops, that practitioners who prepare returns for exempt organizations will be interested in the redesigned form. Additional recruiting beyond the EO information booth will not take place.

Location and Facility

Seminar rooms are reserved for the purpose of conducting the focus groups at each of the tax forums. The locations and facility for each focus group are:

<u>Location</u>	<u>Facility</u>
Atlanta, GA	Hilton Atlanta, Club Room
Chicago, IL	Hilton Chicago, Conference Room 4B
Las Vegas, NV	All Suites Las Vegas, Room Palma B
New York, NY	Hilton New York, Hudson Suite
Anaheim, CA	Hilton Anaheim, Convention Center 208B
Orlando, FL	Disney's Coronado Springs, Coronado Ballroom B

Expected Response Rate

TEGE expects to have 10 participants for each focus group. Groups will be held with as many as 12 or as few as 8 participants.

Methods to Maximize Response Rate

Up to 20 persons will be recruited to attend each session. This will allow for a focus group discussion with at least 8 persons.

Test Structure/Design

The moderator's guide serves as a road map to the focused discussion. Moderators have a clear understanding of TEGE's true purpose, and can direct the discussion through the key issue areas. The guide has been approved by TEGE EO staff.

TEGE EO staff will attend each focus group, and meet with the moderator after each group to debrief and compare notes. If problems arise, modifications can be made to the moderator's guide for subsequent groups.

Efforts to not Duplicate Research

The subject matter for this study is a recently released, redesigned tax form. This form is the primary reporting requirement for many tax exempt organizations. The public comment period closes on September 14, 2007. The tax forums provide a unique opportunity to conduct focus groups because of the large practitioner attendance and because the IRS office of National Public Liaison coordinates all space and other logistics which TEGE may not have the time or resources to do. Because of MITS' systems development deadlines, TEGE will not be able to conduct such focus groups at the Tax Forums next year. As such, no other research will duplicate this study.

Participants Criteria

TEGE EO will recruit tax professionals with experience completing at least one Form 990. Furthermore, only persons that have previously reviewed the draft form 990 will be recruited.

Privacy/Disclosure/Confidentiality/Security Issues

Practitioners will be instructed to identify themselves by first name only during the focus groups. No identifying or taxpayer information will be collected.

The Paperwork Reduction Act Statement & OMB Control Number will be provided on reminder cards and posted during the focus groups.

Burden Hours

The IRS plans to conduct six focus groups with 10 participants each. It is estimated that approximately 40 persons will be greeted and screened to obtain 10 participants for each group. Total estimated public burden is 98 hours.

For persons dismissed for lack of interest or not meeting screening criteria, burden time is estimated at 1 minute. For persons meeting screening criteria and agreeing to participate in the group, initial burden time is estimated at 2 minutes. For persons attending each focus group, burden time is estimated at an additional 90 minutes.

Participants will not experience travel time for this study. The following chart details the total burden calculation.

Total Estimated Burden Hours

	<u>Number of Persons</u> (1)	<u>Number of Groups</u> (2)	<u>Time Estimate</u> (3) (Minutes)	<u>Total Burden</u> (4) (Hours) [(1)*(2)*(3)]/60
Contacted and dismissed*	40	6	1	4.00
Contacted and agreed Focus Group	20	6	2	4.00
Participants	10	6	90	<u>90.00</u>
				98.00

*Dismissed for lack of interest or did not meet screening criteria.

Study Contact

For questions regarding the study, contact:

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OMB Submission
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2007 Nationwide Tax Forums
Focus Groups
Attachment 3

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