

A Mandate Awareness Study For Form 990-N

OMB Clearance Package

Introduction

Beginning in 2008, small tax-exempt organizations that previously were not required to file returns may be required to file an annual electronic notice, Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations not Required To File Form 990 or 990-EZ. This filing requirement applies to tax periods beginning after December 31, 2006. Organizations that do not file the notice will lose their tax-exempt status.

Small tax-exempt organizations, whose gross receipts are normally \$25,000 or less, are not required to file Form 990, Return of Organization Exempt From Income Tax, or Form 990-EZ, Short Form Return of Organization Exempt from Income Tax. With the enactment of the Pension Protection Act of 2006 (PPA), these small tax-exempt organizations will now be required to file electronically Form 990-N, also known as the e-Postcard, with the IRS annually. Exceptions to this requirement include organizations that are included in a group return, private foundations required to file Form 990-PF, and section 509(a)(3) supporting organizations required to file Form 990 or Form 990-EZ. In addition, this filing requirement does not apply to churches, their integrated auxiliaries, and conventions or associations of churches.

The IRS will mail educational letters starting in July 2007 notifying small tax-exempt organizations that they may be required to file the e-Postcard. The IRS is developing an electronic filing system (there will be no paper form) for the e-Postcard and will publicize filing procedures when the system is completed and ready for use.

The PPA requires the IRS to revoke the tax-exempt status of any organization that fails to meet its annual filing requirement for three consecutive years. Therefore, organizations that do not file the e-Postcard (Form 990-N), or an information return Form 990 or 990-EZ for three consecutive years, will have their tax-exempt status revoked as of the filing due date of the third year.

The Exempt Organizations Business Master File (EOBMF) shows that there are 650,000 organizations who would qualify for the mandate. However, TEGE suspects that many of these organizations are no longer in existence.

Objectives Of Research

The purpose of this Mandate Awareness Survey is to:

1. Determine awareness of the mandate and the source of that awareness.
2. Assess the impact of the mandate on organization interest in and usage/planned usage of 990-N Electronic Notice (e-Postcard).
3. Determine through diagnostic measures whether there are any perceived program issues/problems expected that might impact future usage – note: these would be problems with the program overall and not the Return specifically.
4. Results from this survey will be used to guide the TEGE in its marketing efforts.

Methodology

This study would be conducted via telephone methodology because of the availability of phone numbers for potential respondents and for the higher response rate expected with telephone sampling vs. alternative methods. The contractor is Russell Research, Inc., and all interviewing would be conducted from its national telephone interviewing center in Wayne, NJ, using its executive interviewing staff. Lists will be provided by the IRS for exempt organizations who would be expected to qualify for this new mandate. The contractor will screen through those lists on an nth sample, random basis and complete a total of 1,000 interviews with still-in-existence and mandate-qualified organizations, while maintaining records of organizations on the list that are no longer in existence or still in existence but not mandate-qualified on the \$25,000 receipts criteria. After completing all fieldwork, Russell will tabulate the data in total and, if sample sizes permit, key sub-groups of interest to TEGE, and prepare a report of findings.

Sample Design

A total of 1,000 interviews will be conducted in this study, with natural proportions of recipients of each of the classification groupings identified in the lists provided by the IRS.

Data Collection Date

If approved by OMB, the 1,000 interviews will be conducted in the period of late November and December, 2007.

Data To Be Collected

Data to be collected are detailed in the attached survey instrument/questionnaire.

How Data Will Be Used

Results will be used to meet the objectives set forth under "Objectives Of The Research".

How Data Will Be Analyzed

Analysis of the survey data will be conducted by Russell Research in total, and on broad classification areas (as would be identified by the appended data on the IRS-provided list).

Following are the confidence intervals (i.e., margin of error) for figures from the different possible analytical samples. We show rounded confidence intervals at the (least sensitive) 50% level as well as at the (more sensitive) 10% and 90% levels – all at the 95% confidence level (2-tailed testing):

	@50%	@10% or 90%
1. Total Existing, Mandate-Qualified Exempt Organizations (n=1,000).....	± 3%	± 2%
2. For any sub-group of n=500.....	± 4%	± 3%
3. For any sub-group of n=400.....	± 5%	± 3%
4. For any sub-group of n=300.....	± 6%	± 4%
5. For any sub-group of n=200.....	± 7%	± 4%
6. For any sub-group of n=100.....	± 10%	± 6%

Who Is Conducting Research

The research is being conducted by Russell Research, Inc.

Location

The research will be conducted from the national telephone interviewing facilities of Russell Research in Wayne, New Jersey.

Stipend

The survey consists of 12 minutes of interviewing. Therefore, no stipend is needed.

Expected Response Rate

The response rate for this study is expected to be approximately 55-65%.

Burden Hours

It is anticipated that about 50% of all of the organizations on the IRS lists would still be in existence and mandate-qualified, thus qualified for the survey. With this qualification level and the expected minimum of 55% response, a total of 3,636 organizations will have to be contacted in order to reach 1,000 organizations in which someone completes the full survey (leaving 2,636 as screenings-only and 1,000 as screening+full survey). The amount of time required for screening for the appropriate person should be about 1 minute. 1 minute x 3,636 screenings = 3,636 total minutes, divided by 60 minutes = 60.6 hours of screening time. Then, with the length of the main interview estimated to be no more than 12 minutes, 1,000 x 12 minutes = 12,000 total minutes, divided by 60 = 200.0 hours of interviewing time. Thus, **the total time burden required for this survey would be max 260.6 total hours.** Note: this figure does not include any contact time, per the understanding of OMB criteria for total burden.

Efforts To Not Duplicate Research

The IRS has no other surveys among exempt organizations of this size and filing situation, therefore, there is no duplication with other research.

Privacy, Security, Disclosures, Confidentiality

Russell Research has in place strict procedures for non-disclosure of respondent information, which have been a part of its work for the IRS since the late 1990's. In addition, not even the IRS will know the identity of survey respondents as this is shielded from all view beyond the staff at Russell Research (who are trained in and monitored for adherence to Government non-disclosure procedures).

Attachment 1

Questionnaire for the survey – a single questionnaire covering all target audiences.