Evaluation of Taxpayer Decision Points for the Wage & Investment Division of the Internal Revenue Service

Final Interview Guide

March 4, 2009

Point of Contact: Karmen W. Carr

Contact Number: 202-223-8877

1220 19th Street, NW, Suite 502

Washington, D.C. 20036

Interviewee Alias/Code:	Interviewed By:
Location:	**Date:**

Facilitator Opening:

Thank you for participating in our study. We would like to talk to you today about your experiences as a taxpayer with regards to preparing and filing your federal tax returns. The goal of the study is to facilitate taxpayer outreach and education.

If it is okay with you, I will be tape recording our conversation. The purpose of this is so that I can get all the details but at the same time be able to carry on an attentive conversation with you. I assure you that all your comments will remain private.

Do you have any questions before we begin?

(Note to interviewer: for all questions probe for the participant's definition of terms e.g. What is meant by 'filing?')

Section I: Filing

A) Understand Process:

1) How did you prepare your federal taxes this year?

    (Note to facilitator: potential answers may include the following: self-prepared software, self-prepared paper, paid preparer, non-paid preparer. If the interviewee's response is unclear, please clarify whether they engaged an accountant or tax preparation service, prepared their return themselves on paper, prepared their return themselves via software, or had someone else prepare their taxes for them such as a family member or other free service. If VITA or free tax service, ask about how they learned of that service.)

    a) Why did you choose to prepare your taxes this way?

        (Note to facilitator: if interviewee is having difficulty answering, suggest the following: "Examples may include minimizing your time, maximizing your refund, making sure your return is accurate, cost involved")

    b) Have you always prepared your taxes this way?

        i) IF NO: When did your preparation method change?

            (1) Why did you make the change?

2) What options did you consider for how you would prepare your federal taxes?

    a) How did you compare these options? What factors did you consider?

    b) What were the benefits and drawbacks of these options?

    c) How did you assess costs?

        (Note to facilitator: if interviewee is having difficulty answering, suggest the following: "Did you assess the costs based on time, refund amount, monetary cost, risk of inaccuracy, or some other factor?)

    d) How did you become aware of these options?

3) Did you file an extension?

Section I: Filing

- a) Have you filed an extension in past years?
- b) Why did you file an extension?

4) IF PREPARER:
   - a) What type of preparer did you use?
     (Note to facilitator: probe for the following options – HR Block, accountant, etc.)
     - i) What credentials did your preparer have?
     - ii) Why did you choose this preparer?
     - iii) Describe your interaction with your preparer.
     - iv) Did you pay your preparer? IF YES, How did you pay your preparer? (Note to facilitator: If the interviewee's response is unclear, probe to understand if the payment was taken out of their refund amount)
   - b) Beyond preparing this year's tax return, what additional services does your preparer provide? Did you take advantage of those services?
     - i) Did you and your preparer talk about next year's federal taxes?
       - (1) IF YES, what did you discuss?
     - ii) How involved were you in the process of preparing and filing your federal tax return?
       (Note to facilitator: probe to understand if the taxpayer viewed these experiences as a learning opportunity)
   - c) How did your preparer file your tax return with the IRS?
     - i) Has how your return is filed changed?
       - (a) IF YES, how and when has this changed?
     - ii) Why did your preparer file your return in this way?
     - iii) In what month did your preparer file your return?
   - d) Referring back to the life events we have discussed, how did your preparer assist you in identifying those federal tax implications of the life events you have experienced?

5) IF SELF-PREPARED:
   - a) How did you send your tax return to the IRS this year?
     - i) Why did you send your return in this way?
     - ii) What month did you send it in?
     - iii) Has this changed?

6) If you had the opportunity to use a professional accountant or service at no cost to you, would you choose to use such an accountant or service?

Section II: Pre-Filing

A) Understand Process:

1) Can you tell me about the process you follow before you begin working on your tax return?
   (Note to facilitator: if the interviewee is having difficulty answering, suggest the following: "Examples might include conducting research, planning or asking friends/family if they can recommend a tax preparer").
   a) Is there anything else you do with regard to your taxes?
      i) IF YES: Can you describe that?

2) When do you start thinking about your federal taxes?
   a) Why do you start thinking about your taxes at this time?
      (Note to facilitator: procrastination may show attitude towards taxes or IRS)
   b) Have you always started thinking about your taxes at this time?

3) What tax-related records do you keep?
   a) Where do you keep them?
   b) What other financial information do you keep together with your tax documents?

4) Where do you get information about federal taxes?
   (Note to facilitator: if interviewee is having difficulty answering suggest the following: "Examples of information you might seek may include tax laws, tax related issues, tax form instructions")
   a) Why do you use these sources (or methods)?
   b) Have you always used these sources (or methods)?
   c) Have the sources (or methods) you use changed overtime?
      i) IF YES: What changes occurred? How have they changed? What prompted the changed? When did the change(s) occur?

5) Do you discuss your tax return with you spouse or with other family members?

6) Who, if anyone, have you talked to about your federal taxes?
   a) Why have you consulted with this person(s)/source(s)?
   b) Have you always consulted with this person(s)/source(s)?
      i) IF YES: Why have you always consulted with this person(s)/source(s)?
      ii) IF NO: Who is the different person(s)/source(s)?
         (1) Why did you stop consulting the different person(s)/source(s)?

7) Have you ever felt unclear/uncertain about a tax issue?
   a) IF YES: What did you do?
      i) What was the outcome?
      ii) Would you do anything differently?

8) Do you do any financial planning?
   a) IF YES: Can you describe those financial planning activities?
   b) How does this differ from your tax planning?
      i) IF YES: How so?

Section II: Pre-Filing

9) What strategies do you use to handle your federal taxes?

    (Note to facilitator: if the interviewee is having difficulty answering, suggest the following: "Examples might include selling stock on 12/31 to claim a loss, purchasing a home instead of renting, choosing between an ordinary 401K or a Roth 401K")

    a) Where did you learn about these strategies?
    b) How are they working out?

B) Decision Points:

1) Did you experience any major life events in 2008?

    (Note to facilitator: if the interviewee is having difficulty answering, proceed to Question 2) "Did you experience any of the following?")

    a) IF YES: What were the events?
        i) Did/will any of these events affect your finances?
            (1) IF MULTIPLE EVENTS: Which events will affect your finances?
        ii) Will these events affect your federal tax planning or federal taxes in general?
            (1) IF MULTIPLE EVENTS: Which events will affect your federal tax planning or federal taxes in general?
            (2) How will these events affect your federal tax planning or federal taxes in general?
            (Note to facilitator: if interviewee is having difficulty answering suggest the following: "Potential effects may include form changes, itemized deductions, or a change in filing status")

2) Did you experience any of the following?

    (Note to facilitator: read from the following list and skip any events already mentioned in Q1)

    a) Change your marital status(married, divorced, widowed)
    b) Have your first child
    c) Move over 50 miles for a job
    d) Purchase or sell a home
    e) Retire
    f) Experience a disability or major illness
    g) Receive an inheritance
    h) Earn, for the first time, income over $100,000 (jointly or separately)
    i) Purchase or sell stock for the first time
    j) Receive dividends from stocks for the first time
    k) Receive a 401(k) distributions for the first time
    l) Hire household help for the first time
    m) Lose a job
    n) File for bankruptcy or have a credit charge-off or a settlement
        i) IF YES TO ANY OF THE ABOVE: Were there any other federal tax implications resulting from the events above?
            (1) What were they?
            (2) How did you learn about these implications?

Section II: Pre-Filing

When did you start doing research?

(4) Where would you go for information on how your federal taxes may be affected by life events?

(5) What information would you be looking for?

Section III: Post-Filing

A) Understand Process:

1) In past years, do you usually owe taxes or receive a refund?
    a. Have you ever set up an installment agreement with the IRS?
    b. How did that work for you?
    c. How did you know you could set up an installment agreement?

2) Does your expectation of receiving a refund or owing taxes cause you to change your tax filing activities?
    a. IF YES: How so?

3) This year, did you owe taxes or did you receive a refund?
    a. IF OWED:
        i. How was your payment sent to the IRS?
        ii. Were your taxes paid before April 15?
            1. In what month was your payment sent?
        iii. Why was your payment submitted at that time?
    b. IF RECEIVED A REFUND:
        i. IF SELF-PREPARED:
            1. Did you receive the size of refund you were expecting?
                a. IF NO: How was it different from what you were expecting?
                    i. Do you know why it was different than you expected?
        ii. IF PREPARER:
            1. Did you receive your refund at the time you filed?

    (Note to facilitator: the answer to this question will be compared to the answer to question 10 of this section)

            2. Did you receive the amount you expected from the refund?

4) What happened after you (or your preparer) sent in your return? How did you handle it? Would you handle it differently in the future?

5) Do you feel confident in the accuracy of your returns?
    a. Why do you feel this way?
    b. Have there been other years when you felt more or less confident in the accuracy of your returns?
        i. Could you explain?
    c. IF NO: What would make you more confident in the accuracy of your returns?

Section III: Post-Filing

   d. IF YES: What would make you even more confident in the accuracy of your returns?
   e. How did the outcome of this year's federal taxes affect your confidence?

6) Do you intend to do anything differently next year?
   a. Will you use the same preparation method?
      i. Why (or why not)?
7) Will you or have you experienced any life events that might affect your federal taxes for next year?
   a. IF YES: How do you expect this/these event(s) will impact your taxes?

8) Describe what you do with tax returns from previous years? (i.e., Do you keep them? If so, how)

9) Have you ever received an advance on a refund or a loan on a refund?
   a. IF YES, did you get what you expected in terms of proceeds from the refund?
      i. How did you feel about the service you received?

Section IV: IRS Specific

1) Have you ever contacted the IRS?
   a. IF YES: Please describe.

2) Has the IRS ever contacted you (this includes notices and letters)?
   a. IF YES: How did they contact you?
   b. Why did they contact you?
   c. What was the result of this contact? IF AUDIT – describe the process? How happy were you with how your audit was handled?

3) Are you aware of any services or resources offered by the IRS?
   a. IF NO:
      i. What services would you expect the IRS to offer?
      ii. Would you use these services or resources if offered by the IRS?
      iii. Are you aware of any resources offered by the IRS?
         1. IF YES: Can you describe these resources?
   b. IF YES:
      i. What services or resources are you aware of?
         1. Have you ever used any of these services or resources?
            a. IF YES: What was your level of satisfaction with the services or resources you used?
            b. IF NO: Why have you not used any of these services or resources?
      ii. Are there any other services or resources you would like to see the IRS offer?

Section IV: IRS Specific

4) What could the IRS do/change to get you to use these services (or resources)?

5) In your opinion, what are the taxes we pay used for?

6) What are your feelings about the IRS's role in taxation?

7) Do these feeling affect your decisions with regards to your taxes?

8) Is there a particular experience pertaining to your taxes that you would like to share?

Thank you for your time. Would you like to participate in the follow-up study next year? If you have any questions you can reach us at the following number.

The Paperwork Reduction Act requires that the IRS display an OMB control number on all public information requests. The OMB Control Number for this study is 1545-1349. Also, if you have any comments regarding the time estimates associated with this study or suggestions on making this process simpler, please write to the, Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224.