OMB Clearance Package
Interview of Taxpayers to Evaluate Decision Points,
Wage and Investment Division of the Internal Revenue Service

I. Introduction

Background/overview

The Wage and Investment Division (W&I) of the Internal Revenue Office (IRS) serves approximately 123 million customers accounting for 94 million returns[1]. These are taxpayers filing a 1040 tax return with no accompanying Schedules C, E, F, or Form 2106 and no international activity. Almost all of the income for this group is reported by third parties, and the vast majority of taxes are collected through third party withholding. Most of these taxpayers deal with the IRS only when they file their returns.

With the ultimate IRS goal of increasing taxpayer compliance by offering better service to taxpayers, Wage and Investment Research and Analysis (WIRA) is seeking the "voice of the taxpayer". One of the best ways to do this is through a interview with a cross sequential research design. A cross sequential research design combines aspects of cross sectional and longitudinal design. This design will allow WIRA to better understand if process differences obtained in the interviews are taxpayer or cohort specific or specific to the life event or decision point. As this is a pilot, one purpose of this project is to develop and refine the interviews and scoring system with the goal of using the interviews as a data collection instrument for the long-term research goal of having these interviews occur on a regular basis.

For the current project, WIRA, along with contract support from Concentrance Consulting Group (Concentrance), has developed and will conduct in-depth, face-to-face interviews with 75- 80 taxpayers to uncover the behaviors, actions taken, and processes used to complete and file their taxes. The interviews will also look at how life events impact the taxpayer's process. These interviews will be conducted after the 2009 filing season. WIRA is also proposing a longitudinal component to the current project such that a subsection of the original participants will be re-interviewed the following year. It is expected that 25-30 of the original participants will be re-interviewed shortly after the 2010 filing season. These one-on-one structured interviews will inquire about pre-filing, filing, and post-filing activities. Through a cross sequential research design, W&I will gain a better understanding of the correlation between life events and the decisions taxpayers make with regard to meeting their tax obligations.

Objectives of Data Collection

The overall objective of this project is to gain a better understanding of the overall process individual taxpayers go through to meet their tax obligations and how life events impact this process. This objective is the first step in a series of long term research efforts to understand how individuals handle unique or new (for them) but common tax events, such as buying a house, moving, having a child, buying stock, receiving 401K distributions, etc.

[1] W & I Mission & Goals Webpage, in the Customer Base section, 2009.

II. Methodology

Sample Design

The population will consist of taxpayers between the ages of 18 and 80. Initially, 75-80 taxpayers will be interviewed the first year and 25-30 participants will be selected to be re-interviewed the following year. Half of all participants must have experienced a life event with tax implications in the past year. Moreover, participants must have filed either a 1040EZ, 1040, or 1040A without accompanying Schedules C, E, F or 2106 and must not have reported any international activity. The participants will equally represent the three filing methods: self-prepared paper, self-prepared software and paid preparer. The sample will include people in four cities across the country which will reflect the regions across the country. The four cities are Atlanta, GA, Philadelphia, PA, Kansas City, MO, and Long Beach, CA. The selected cities are representative of the four regions of the country as identified by the U.S. Census Bureau.

Data Collection Date

This data will be collected between May 1, 2009 and June 30, 2009 for the 2009 filing season. The 25-30 follow-up interviews will take place between May 1, 2010 and June 30, 2010 for the 2010 filing season.

Data to be collected

This is a qualitative study in which taxpayers will be interviewed to gain an understanding about their tax process and any life events that shape their filing behaviors. A few demographics will be collected during recruitment. Please refer to the screener and interview guide in the appendix for further information.

How data will be used

The data collected in this study will be used to help the IRS better understand taxpayer needs, preferences, behaviors, and the tax filing process from the taxpayer's perspective. Thus, it will help influence IRS decisions concerning taxpayer service needs, outreach, and education.

How will the data be analyzed

The data will be coded by both WIRA and Concentrance, it will then be analyzed by Concentrance. They will provide the analysis and findings to WIRA in a written report. Since the data resulting from the interviews will be qualitative in nature, the analysis will consist of a report of feedback concerning behaviors reported during the tax process. The demographic data will be tabulated and the results will be reported.

Who is conducting the research

Concentrance and WIRA are conducting the research.

Location-Region/city and facilities
Interviews will be conducted in four cities across the U.S. Each city will be in one of the four regions of the country, as specified by the U.S. Census Bureau. The cities are: Atlanta, GA, Philadelphia, PA, Kansas City, MO, and Long Beach, CA. The facilities will be determined by Concentrance.

Honorarium
The honorarium will be $100 to each first-time participant in all the selected cities except Long Beach, CA. The honorarium in Long Beach, CA will be $150 for first-time participants to adjust for higher costs in California. The honorarium amount for individuals that are selected for and participate in follow-up interviews will be increased to $150 and $200 respectively. The honorarium amount is typical for the amount of time involved in participation and the sensitive nature of the topic.

Recruitment efforts
Concentrance will recruit participants for this study utilizing a subcontractor, Hebert Research. Hebert research maintains a database that has a wide variety of demographic, behavioral, and geographical characteristics. Concentrance will provide Hebert with pre-determined criteria to select interviewees for pre-screening and recruitment. Using their database, Hebert will create a sample of potential participants based upon a preset distribution of age, income, location and marital status. From this population, they will randomly contact and recruit participants for the study. Hebert will conduct pre-screening interviews and then provide Concentrance with a list of 75-80 interviewees for this study. The interviews will be conducted by Concentrance.

Efforts to not duplicate research
We are unaware of any previous research in which interviews on this subject have been conducted. There is no known overlap.

III. Participant's Criteria

In order to participate in this study, participants must meet the following criteria:
- Filed a 2008 tax return
- Must be knowledgeable of their taxes
- Between the ages of 18 and 80
- A resident of the area where the interview is being held
- Must not be an IRS employee
- A participant cannot be a Certified Public Accountant
- Participants cannot have been either self-employed or the sole proprietor of a business in 2008
- They cannot have had any income from fishing or farming in 2008
- Unable to have received any income or loss form: rental real estate, royalties, partnerships, S corporations, estates, trusts, or REMICS

IV. Privacy, Security, Disclosure

The data returned to WIRA will not have any form of identifying information relating specific records to individual taxpayers. Participants will be recruited and pre-screened by the research firms, which already have access to their information. At no point and time will the Contractor or WIRA have direct access to any of the participant's identifying information. Nonetheless, Research personnel will ensure that privacy and security of the aggregated results will receive utmost attention.

V. Burden Hours

A breakdown of the burden hours is listed below:

Respondent Burden for Recruitment

A	Estimated Total Contacts Needed to Qualify Targeted Number of Interviews	850
B	Average Burden per Respondent (Minutes)	4
C	Total Annual Burden for Qualification (Minutes) (A*B)	3,400
D	Target Number of interviews	110
E	Average Burden per Respondent (Minutes)	4
F	Total Annual Burden for Scheduling (Minutes) (D*E)	440
G	Total Respondent Burden for Recruitment (Hours) ((C+F)/60)	64

Respondent Burden for Interviews: 1st Year

A	Number of Respondents	80
B	Average Burden per Respondent (Minutes)	75
C	Total Annual Burden for Interviewing (Minutes) (A*B)	6,000
D	Total Respondent Burden for Interview (Hours) (C/60)	100

Respondent Burden for Interviews: 2nd Year

A	Number of Respondents	30
B	Average Burden per Respondent (Minutes)	75
C	Total Annual Burden for Interviewing (Minutes) (A*B)	2,250
D	Total Respondent Burden for Interview (Hours) (C/60)	38

Estimated Total project burden hours **202 hours**

VI. Estimated Costs

The total estimated cost associated with this study is $331,000.

VII. Attachments

A. Pre-Screening Questionnaire
B. Interview Guide