

Appendix B: Screener Guide for the “Surviving the IRS Audit” Focus Group

Hello, my name is _____ and I am an employee of the Internal Revenue Service. I am recruiting approximately 10 tax practitioners to participate in one of the focus group discussions that will be held during this tax forum. Management at the IRS has asked me to gather ideas and opinions about what you think small business taxpayers should know about the audit process.

First, may I ask you a qualifying question?

Question #1: Have you assisted any of your small business clients with a face-to-face audit either with a revenue agent (field) or a tax compliance officer (office) in the last two years?

If the answer is yes, then invite the practitioner to participate in the focus group.

If the answer is no, thank the practitioner for stopping to talk with you.

We would like to invite you to participate in the focus group titled ‘Surviving the IRS Audit’ with about nine other tax practitioners. Again, we want to hear your opinions, views and ideas. The session should take approximately 2 hours and will be held on __ (day) __ at __ (time) __ in Room _____.

The Paperwork Reduction Act requires that the IRS display an OMB control number on all public information requests. The OMB Control Number for this focus group is 1545-1432. We estimate the time required to be two hours. Also, if you have any comments regarding the time estimates associated with this study or suggestions on making this process simpler, please write to:

Internal Revenue Service
Tax Products Coordinating Committee
SE:W:CAR:MP:T:T:SP
1111 Constitution Ave. NW
Washington, DC 20224

Appendix C: Moderator's Guide for the "Surviving the IRS Audit" Focus Group

Hi! My name is _____ and I'm a focus group moderator from the Internal Revenue Service. This is my co-moderator _____.

The Examination function of the Small Business/Self-Employed Division of the IRS wants to understand how to better prepare small business taxpayers for an IRS audit. We would like to gather your opinions, experiences, and suggestions with the audit process to assist us in this effort.

Before we start, let me ask how many of you have ever participated in a focus group before? For those of you who have not, let me explain. A focus group is research tool used to gather ideas and opinions from a group of individuals with a common characteristic or experience by means of directed discussion.

We have some ground rules that I would like to go over:

The IRS has arranged this room during this conference for you to speak with us. We only need to know your first name in order to keep the discussion moving.

There are no **right or wrong answers**. Everyone's opinion is valuable so I'd like everyone to participate. Please speak one-at-a-time, loudly, and clearly.

I will be watching our time and directing our conversation. My co-moderator will be the note taker. Because it's hard to listen to your comments and capture everything, we will also tape this session. The tape will only be used to refresh our memory and to ensure that we convey your ideas and opinions accurately in the report. **NO NAMES WILL BE USED IN THE REPORT.** Once the report is written, the tape is destroyed.

We will be here about 2 hours. Please turn off or silence any cell phones. There will be no formal break; however, if you need to stretch, go to the restroom, or walk around a little, please feel free to do so but please come back quickly. Your comments are very important to us.

We are required by law to report to you the OMB control # for this public information request. That number is 1545-1432.

Warm Up

Let's begin! Please give me your first name only, how long you've been in business and what types of returns you prepare. Note: Go around the table.

Audit Process

To start off today's discussion; I'd like you to think about when a client comes into your office and tells you they are being audited. Describe for me the dialogue that takes place.

Probes: What do your clients say? How do you respond?

Roughly how many face-to-face field and/or office audits have you been involved in during the past two years? (*Record Counts*)

How would you rate your overall experience with the audit process?

Probes: Positive/Negative? What worked? What didn't work?

What were your client's expectations regarding the audit process?

What do you wish your clients had known about the audit process?

Probes: What to do when you get the audit letter?
How to prepare for an audit?
What are my taxpayer rights?

What parts of the audit process do you think create barriers for taxpayers? Why?

Probes: Preparing for the audit.
Length of the audit.
Owing more tax.

What should the IRS do if the taxpayer is uncooperative?

Probes: Does not provide records by the due date.
Postpones appointments.
Does not respond to letters or calls.

Initial Contact & Preparation

Now, I'd like to focus on some questions dealing with the initial notification of the audit process and preparing for the audit.

What message(s) do you give your clients to help them deal with the emotions involved in an audit?

Probes: fear; 'gotcha; 'why me?'; 'guilty until proven innocent' mentality?

How can the IRS help the taxpayer overcome the fear factor (nervousness) of receiving the initial contact letter?

What do your clients do when they get a letter from the IRS?

Probes: What suggestions do you have to get clients to open and read letters from IRS even if they don't want to?

How can the IRS educate taxpayers on their options when they receive an audit letter?

Probes: How does a taxpayer know whether to seek out a preparer to represent them? Inform them of their obligations and rights?

What knowledge do your clients have about their taxpayer rights?

Probes: Can the IRS legally insist I bring all records?
How far back can they go?
Are there any limits to the IRS' rights to poke around my files?

How do you prepare your clients for an audit?

Probes: What do you need to do to get the required information and documentation from your clients?
Do you conduct an audit of your taxpayers?
How do you conduct an audit of your client's records?

How do you feel about your taxpayer being present during the audit?

Probes: Why would your taxpayer not want to be present?
Why would you not want the taxpayer present?
What barriers exist?
What suggestions do you have for what the IRS can do to get the representatives to buy in to the fact that taxpayer should be present?

How many of you have heard the term **Mutual Commitment Date**? (*Record count*)

****NOTE TO MODERATOR:** *If participants haven't heard of this term, ask if they recall a discussion among the taxpayer, power of attorney, and the examiner which covers the roles and responsibilities of each party involved in the audit and the estimated time needed to complete the audit.*

Probes: Is this conversation happening? How is it working?

Management Involvement

By a show of hands, how many of you have requested manager involvement during the audit process? (*Record count*)

For those of you, who have, tell me about your experience.

Probes: Were you told how to contact the manager?
Did the manager contact you?
Were you contacted in a timely manner?

For those of you who have not, why?

Communication and Delivery

How would you like education on tax issues rolled out to you and/or your clients?

What methods of delivery are effective for you?

How can the IRS best convey information about the audit process to taxpayers?

DVD

SB/SE is in the process of developing an informational DVD geared towards preparing the taxpayer for an audit.

What items do you think would be useful to include in the DVD to assist the taxpayer during an audit?

Probes: Initial Contact, Initial Appt, Tour of Business, Review of Records, Closing Conference

What do you think is the best method to distribute the DVD to taxpayers? To tax practitioners?

Probes: mail, website, other channels?

Conclusion

Are there any more comments or issues on the topics we've covered today that you'd like to discuss?

Thank you for all your help. As our partners in tax administration, your ideas and opinions are very important to us. Your participation here today is valuable and greatly appreciated.

Appendix D: Screener Guide for the "Effects of Federal Tax Liens during Foreclosures, Sales, or Refinancing" Focus Group

Hello, my name is _____ and I am an employee of the Internal Revenue Service. I am recruiting approximately 10 tax practitioners to participate in one of the focus group interviews that will be held during this tax forum. Management at the IRS has asked me to conduct the interviews at this forum to gather ideas and opinions about your experiences with the IRS and to solicit your input on how to improve service.

First, may I ask you a few qualifying questions?

Question #1 – Have you had clients who have had a Federal Tax Lien against their home?

If the answer is yes ask question #2. If the answer is no, do not invite participant.

Question #2 – Have any of these liens affected a sale, refinancing or foreclosure?

If the practitioner indicates that they have experience with clients who were adversely affected during a sale, refinancing or foreclosure because of a Federal tax lien, then invite the practitioner to participate in the focus group.

We would like to invite you to participate in the focus group on the tax lien process with about nine other tax practitioners. Again, we want to hear your opinions, views and ideas. The session should take approximately 90 minutes and will be held at _____ am/pm in Room _____.

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Appendix E: Moderator's Guide for the "Effects of Federal Tax Liens during Foreclosures, Sales, or Refinancing" Focus Group

Hi! My name is _____ and I'm a focus group moderator from the Internal Revenue Service. This is my co-moderator _____.

The IRS has a strong commitment to provide excellent customer service and, in that light, attempts to provide information that explains a taxpayer's responsibilities in easy to understand terms. We would like to get your ideas to help us with developing strategies to better equip small businesses to timely fulfill their tax obligations.

Before we start, let me ask how many of you have ever participated in a focus group before? For those of you who have not, let me explain. A focus group is a research tool used to gather ideas and opinions from a group of individuals with a common characteristic or experience by means of directed discussion.

We have some ground rules that I would like to go over:

- We only need to know your first name in order to keep the discussion moving.
- There are no **right or wrong answers**. Everyone's opinion is valuable so I'd like everyone to participate. Please speak one-at-a-time, loudly, and clearly.
- I will be watching our time and directing our conversation. My co-moderator will be taking notes. We will tape this session because it is hard to capture everything once the conversation gets moving. The tape will only be used to ensure that we convey your ideas and opinions accurately in the report. **(NO NAMES WILL BE USED IN THE REPORT)** Once the report is written, the tape is destroyed.
- I am not an expert on this subject. I will probably not be able to answer any questions you may have, but after the group, I can take your contact information and pass it on to an appropriate person, if you like.
- We will be here about 90 minutes. There will be no formal break; however, if you need to stretch, go to the restroom, or walk around a little, please feel free to do so but please come back quickly. Your comments are very important to us.
- Please turn off any cell phones and/or beepers.
- We are required by law to report to you the OMB control # for this public information request. That number is 1545-1432.

Warm Up

Let's begin! Please give me your first name only, and how many small business clients you have. *Go around the table.*

Background

The IRS is aware that Federal tax liens may create complex issues during sale, refinancing or foreclosure of assets. The IRS wants to obtain practitioner suggestions on how to better explain to practitioners the actions to take during the time it takes to get a lien released.

Today, we will discuss your opinions on what the IRS can do to better educate practitioners and taxpayers about Federal tax liens on an asset during sale, refinance, or foreclosure.

General Questions

What is a Notice of Federal Tax Lien (lien)?

How many of your clients have experienced a Notice of Federal Tax Lien?

What types of assets can be placed under a lien?

How do you explain a lien to your clients?

When is a lien placed on an asset?

- (10 days after failure to pay in full)

As a practitioner, when do you find that your client has an asset with a lien?

How did you find information about the lien?

Probes: IRS, State Recording Office, Online

Under what circumstances are your clients most concerned about having a lien?

Probes: Sale, Refinance, Foreclosure

How does a taxpayer get a lien released?

What is the lien release timeframe?

How long does it take to get a lien released?

What actions should you take during this timeframe?

What do you do when a lien cannot be released?

Subordinations and Discharges

What is a subordination?

By a show of hands, who has worked on a subordination request? (*Record Count*)

When would a taxpayer need a subordination?

What do you do to get a subordination?

(See Pub 783, no form, must write a letter of request, get an appraisal)

How long does the process take?

What do you do to get an expedited review?

(See Pub 4235)

What is a discharge?

By a show of hands, who has worked on a discharge request? (*Record Count*)

When would a taxpayer need a discharge?

(See Pub 784, no form, must write a letter of request)

How can the subordination/discharge process be improved?

Marketing & Education

Where do you find updated information about how to handle liens?

What information should be included in marketing and educational materials about liens?

Who should the information go to?

Probes: Tax practitioners, taxpayers, both

How should this information be distributed to practitioners?

Probes: Email, paper mailings, newspaper, televisions, IRS.gov, other websites, mail

How should this information be distributed to taxpayers?

Probes: Email, paper mailings, newspaper, televisions, IRS.gov, other websites, mail

Have your clients ever experienced an identify theft due to a lien?

Conclusion

Are there any more comments about Notices of Federal Tax Lien during a sale, refinance or foreclosure of an asset that you would like us to take back to IRS?

Are there any other issues you'd like to discuss?

Thank you for all your help. As our partners in tax administration, your ideas and opinions are very important to us. We hope that by working together we can truly help you and your clients when it comes to tax management. Your participation here today is valuable and greatly appreciated.

Appendix F: Screener Guide for the "Improving Customer Satisfaction in the Offer in Compromise (OIC) Program” Focus Group

Hello, my name is _____ and I am an employee of the Internal Revenue Service. I am recruiting approximately 10 tax practitioners to participate in one of the focus group interviews that will be held during this tax forum. Management at the IRS has asked me to conduct the interviews at this forum to gather ideas and opinions about your experiences with the IRS’ Offer in Compromise (OIC) program and to solicit your input on how to improve service.

First, may I ask a few qualifying questions?

Question #1 – In the last two years, have you prepared any forms for the Offer in Compromise (OIC) program?

If the practitioner answers no, ask question #2:

Question #2 – In the last two years, have you had any experience with the OIC program?

If the practitioner indicates they have prepared any OIC forms or have had any experience with the OIC program to have an opinion and you feel that the practitioner shows experience to be able to participate, then invite the practitioner to participate in the focus group.

We would like to invite you to participate in the focus group on improving customer satisfaction in the OIC program with about nine other tax practitioners. Again, we want to hear your opinions, views and ideas. The session should take approximately 2 hours at _____ am/pm in Room _____.

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Appendix G: Moderator's Guide for the "Improving Customer Satisfaction in the Offer in Compromise (OIC) Program" Focus Group

Hi! My name is _____ and I'm a focus group moderator from the Internal Revenue Service. This is my co-moderator _____.

The IRS has a strong commitment to improve our service to customers and, in that light, we are seeking important information about the Offer in Compromise (OIC) program. The IRS would like to get your feedback to help us improve the OIC program with you.

Before we start, let me ask how many of you have ever participated in a focus group before? For those of you who have not, let me explain. A focus group is research tool used to gather ideas and opinions from a group of individuals with a common characteristic or experience by means of directed discussion.

We have some ground rules that I would like to go over:

The IRS has arranged this room during this conference for you to speak with us. We only need to know your first name in order to keep the discussion moving.

There are no **right or wrong answers**. Everyone's opinion is valuable so I'd like everyone to participate. Please speak one-at-a-time, loudly, and clearly.

I will be watching our time and directing our conversation. My co-moderator will be the note taker. Because it's hard to listen to your comments and capture everything, we will also tape this session. The tape will only be used to refresh our memory and to ensure that we convey your ideas and opinions accurately in the report. **NO NAMES WILL BE USED IN THE REPORT.** Once the report is written, the tape is destroyed.

We will be here about 2 hours. There will be no formal break; however, if you need to stretch, go to the restroom, or walk around a little, please feel free to do so but please come back quickly. Your comments are very important to us. Please turn off any cell phones and/or beepers.

We are required by law to report to you the OMB control # for this public information request. That number is 1545-1432.

Warm Up

Let's begin! Please give me your first name only, how long you've been in business and what types of returns you prepare. Note: Go around the table.

General Questions

You were asked here because you answered some earlier questions this week that you have prepared forms for the Offer in Compromise (OIC) program or you have had experience with the OIC program over the past two years. With the OIC program you may have had problems/concerns with the services you received from the IRS and expressed an interest in helping us improve the OIC program. I'd like to ask you some general questions to get started.

Who can tell me about the OIC program?

How often did you have contact with the OIC program over the past two years? (Go around the table)

How many of you are familiar with the changes made to the OIC program over the past two years? (Show of hands)

Probes: (flipchart)

Provide them a list of some of the changes (All could be used or select a few)

- Processability rules revised - Only three reasons why OIC is now returned not processable.
- Eliminated the two-quarter compliance rule for businesses filing an OIC
- Form 656, Offer in Compromise revised 02/2007 to include worksheets and checksheets.
- Time allowed to respond to a request for information was standardized and extended.
- Added a requirement to attempt a telephone contact to request any missing information before an offer is returned.
- A reasonable amount of time is now granted when a taxpayer requests an extension to comply.
- Taxpayers are given one opportunity to get current with estimated tax payments and federal tax deposits.
- Added an additional review of real property values before an offer is rejected.
- A letter advising the taxpayer of the options available to prevent the offer from defaulting is provided.
- Currently 92% of the offers worked in our Centralized sites (COIC) are closed within 0-6 months and 80% of the cases worked in the field are closed within 0-9 months.

What is your overall opinion of the changes made by the IRS to the OIC program?

Probe: Why do you feel that way?

The Revised Form 656

Let's talk about the application first. I have provided copies of the revised Form 656. Pass out revised Form 656 (see Handout 1) – give respondents 5 minutes to look it over. The Form 656, Offer in Compromise, was revised in February 2007.

What do you think of the Form 656?

Probes: How well did you understand it?

Does it tell you what you need to know for the process?
Is the form easier to complete?

What do you think of the instructions that are provided in Form 656?

Probes: How well did you understand them?
Do they tell you what you need to know for the process?
What do you think of the step-by-step format?

What do you think of the checklist that is provided in Form 656?

Probes: How well did you understand it?
Did it tell you what you need to know for the process?
Does the checklist help you complete the Form 656 faster or does it slow you down?

What would you like to see done differently in the Form 656?

Probes: Form
Instructions
Checklist

The OIC Process

We've talked about the application, now let's talk about the process itself – what happens after you send in the application.

Overall, what do you think of the OIC process?

How do you think the OIC changes over the past two years have impacted you and the program?

Probes: What do you think of the submission process? (Understanding that not all taxpayers qualify for an OIC)
Did the actions taken by the IRS during the OIC process improve?
Did the IRS response to inquiries during the OIC process improve?
If not, why not?

We've talked about how you feel overall, let's continue that same type of discussion focusing on the major steps.

Probes: (flipchart)
Application process
Submission process
IRS acknowledgement receipt of application
Contacts with IRS representatives
Correspondence and notification from the IRS
Negotiating with the IRS on an Offer
Requesting an extension on an Offer
Final decision on the Offer (Offer process only, not including Appeals)
Final Outcome of the Offer (Appeals process)

Tell me about your experiences and opinions at the different steps along the way.

Probes: How was the timing and length of time needed?

How did you feel about how the IRS personnel acted?

How did you feel about the decision made?

How did you feel about the final outcome?

How would you describe the best of the program - the big barriers and the things that helped the most?

What do you feel are the biggest barriers to submitting an offer?

What do you feel are the biggest barriers to having a successful offer?

Communication Process

How do you get/receive information about the OIC process?

Probes: (flipchart)

e-mail (from whom)

fax (from whom)

walk-in (face-to-face)

telephone (from whom)

irs.gov

mail/correspondence

For those who use www.irs.gov, what did you think of the information?

Given the information that's on these various sources, what do you think of it?

Probes: Too much?

Too little?

Clear?

Unclear?

What would you like to see?

How can the IRS improve our communication about the OIC program?

Overall Improvement Ideas

Knowing that not all taxpayers will qualify for an accepted offer, what would make the OIC program better for you and your clients, other than what we've discussed?

Conclusion

Are there any more comments about the OIC process that you would like to further discuss before we end this session?

Thank you for all your help. Your participation here today was valuable and greatly appreciated.

Appendix H: Screener Guide for the "Your Clients and the Economy – How Can the IRS Help?" Focus Group

Hello, my name is _____ and I am an employee of the Internal Revenue Service. I am recruiting approximately 10 tax practitioners to participate in one of the focus group interviews that will be held during this tax forum. Management at the IRS has asked me to conduct the interviews at this forum to gather feedback and suggestions on how the IRS can assist small business taxpayers in the current economic environment.

First, may I ask you a qualifying question?

Question #1: Do you have small business clients who are struggling to meet their tax obligations as a result of the current economic climate?

If the answer is yes, then invite the practitioner to participate in the focus group.

If the answer is no, thank the practitioner for stopping to talk to you.

We would like to invite you to participate in the focus group titled 'Your Clients and the Economy – How Can the IRS Help?' with about nine other tax practitioners. Again, we want to hear your opinions, views and ideas. The session should take approximately 90 minutes and will be held at __ (time) __ am/pm on __ (day) __ in Room _____.

The Paperwork Reduction Act requires that the IRS display an OMB control number on all public information requests. The OMB Control Number for this focus group is 1545-1432. We estimate the time required to be 90 minutes. Also, if you have any comments regarding the time estimates associated with this study or suggestions on making this process simpler, please write to:

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Appendix I: Moderator's Guide for the "Your Clients and the Economy – How Can the IRS Help?" Focus Group

Hi! My name is _____ and I'm a focus group moderator from the Internal Revenue Service. This is my co-moderator _____.

The Small Business/Self-Employed Division of the IRS wants to help small business taxpayers avoid tax problems and remain in compliance in the current economic environment. We would like to gather your opinions, experiences, and suggestions to assist us in this effort.

Before we start, let me ask how many of you have ever participated in a focus group before? For those of you who have not, let me explain. A focus group is research tool used to gather ideas and opinions from a group of individuals with a common characteristic or experience by means of directed discussion.

We have some ground rules that I would like to go over:

The IRS has arranged this room during this conference for you to speak with us. We only need to know your first name in order to keep the discussion moving.

There are no **right or wrong answers**. Everyone's opinion is valuable so I'd like everyone to participate. Please speak one-at-a-time, loudly, and clearly.

I will be watching our time and directing our conversation. My co-moderator will be the note taker. Because it's hard to listen to your comments and capture everything, we will also tape this session. The tape will only be used to refresh our memory and to ensure that we convey your ideas and opinions accurately in the report. **NO NAMES WILL BE USED IN THE REPORT.** Once the report is written, the tape is destroyed.

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We are required by law to report to you the OMB control # for this public information request. That number is 1545-1432.

Warm Up

Let's begin! Please give me your first name only, how long you've been in business and what types of returns you prepare. Note: Go around the table.

Effect of the Economy

What effects do you think the economy is having on the small business taxpayer in regards to meeting their tax obligations?

Probes: Individual Income Tax
Estimated Taxes Payroll Taxes
Payroll Taxes (NOTE TO MODERATOR: make sure this topic comes out in the discussion. If not, specifically probe for payroll trust fund taxes as a lead-in to the next question)**

What can the IRS do to prevent small business taxpayers from using payroll trust fund monies to pay for business operating expenses?

What actions can the IRS take to help small business taxpayers to meet their tax obligations?

How well do you think small business taxpayers understand their options if they are unable to meet their tax obligations?

Probes: Know they owe taxes and cannot pay
Receive a notice in the mail
Contacted by a Revenue Officer

Communication

Content

What key messages do you think the IRS communicates to small business taxpayers?

Probes: Paying on Time
Filing on Time
Trust Fund Responsibilities

****NOTE TO MODERATOR: If only broad (general) key messages are shared, make sure you probe to move the discussion towards messages aimed at small business tax compliance.**

How effective are the messages?

Probes: Are they understandable? (Do they understand the term trust fund?)
Do they convey the consequences for not complying?

What suggestions do you have to improve the content of these messages?

What other messages should be conveyed to small business taxpayers?

Method of Delivery

What methods should the IRS use to communicate income tax obligations to small business taxpayers?

Probes: marketing campaigns, IRS website, publications, notices, contact with a revenue officer

How effective are these methods at reaching the small business taxpayer?

How can the IRS expand its reach to more small business taxpayers?

Probes: Facebook, Twitter, YouTube

Conclusion

Are there any more comments or issues about the topics we've covered today that you'd like to discuss?

Thank you for all your help. As our partners in tax administration, your ideas and opinions are very important to us. Your participation here today is valuable and greatly appreciated.