

Office of Management and Budget (OMB)

Clearance Package

Internal Revenue Service (IRS)

2009 Nationwide Tax Forums

Focus Groups for the

Small Business/Self-Employed Operating Division

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Background

The mission of the IRS Small Business/Self-Employed (SB/SE) operating division is to provide SB/SE customers with top-quality service by educating and informing them of their tax obligations, developing educational products and services, helping them understand and comply with applicable laws, and to protect the public interest by applying the tax law with integrity and fairness to every taxpayer.

The Communication, Liaison and Disclosure Division (CLD) within SB/SE is committed to supporting this mission by developing and implementing integrated communication plans to address ongoing and emerging taxpayer and practitioner issues. These plans identify key messages as well as appropriate products and delivery channels which leverage stakeholder groups to communicate SB/SE messages to taxpayers. CLD fosters partnering relationships with the practitioner community as a means of enhancing taxpayer satisfaction with SB/SE products and procedures.

The Nationwide Tax Forums sponsored each year by the IRS offer a unique opportunity for CLD to solicit the opinions, experiences, and ideas of tax practitioners about important issues for taxpayers and for the IRS. CLD has identified four topics in SB/SE this year that would benefit from practitioner input. They are:

- Surviving an IRS Audit (Audit)
- Effects of Federal Tax Liens during Foreclosures, Sales, or Refinancing (Liens)
- Improving Customer Satisfaction in the Offer in Compromise Program (OIC)
- Your Clients and the Economy – How Can the IRS Help? (Economy)

Objectives

The purpose and research objectives for each of the four topics identified in the Background section are presented here by topic area.

Surviving an IRS Audit

The Examination function within SB/SE is faced with the problem of how to effectively bridge the gap between taxpayers' expectations and IRS practices during the audit process.

The IRS and tax practitioners have common goals and mutual responsibilities in tax administration. Since many tax practitioners assist taxpayers through the audit process, their input is essential to identifying what actions the IRS can take to improve the audit process. SB/SE Exam is developing a DVD geared towards better preparing taxpayers about what to expect during the audit process. Exam would like to know what practitioners think their clients should know about the audit process.

The objective of this project is to:

- Learn what tax practitioners think small business taxpayers need to understand and expect from the IRS during the face-to-face audit process.

Effects of Federal Tax Liens during Foreclosures, Sales, and Refinancing

This initiative is designed to gauge awareness of the new legislation and the processes related to foreclosures, discharges and subordination when there is a federal tax lien filed against a taxpayer's assets. SB/SE Collection believes that practitioners are not aware of how they can get the IRS involved in the aforementioned situations involving a federal tax lien. Practitioner insight will provide SB/SE Collection with information about what processes are working, what improvements can be made to the federal tax lien program, and how can the IRS better explain to practitioners the actions to take during the time it takes to get a lien released. The goal is to increase understanding and reduce practitioner, taxpayer, and third party burden in the federal tax lien program when taxpayers are in foreclosure, sale, or refinancing.

The objectives of this project are to:

- Understand how practitioners handle a lien on a taxpayer's asset that is in foreclosure, sale, or refinancing.
- Gather practitioner suggestions on how to improve the lien process.

Improving Customer Satisfaction with the OIC Process

SB/SE Collection is committed to an ongoing process to monitor the OIC program and the impact of changes to it. SB/SE Collection must continue to identify ways to improve the program for small business taxpayers and for the IRS. Clear communication, timeliness, and fair and courteous treatment of taxpayers are critical components of good customer service in the OIC program. Collection is faced with the problem of determining whether taxpayers who have submitted an offer in compromise feel that they have received good customer service. Understanding the taxpayers' perspective on whether the OIC program is working well for them is essential to Collection for deciding whether forms, instructions, letters, or procedures should be changed to better serve small business taxpayers.

The objectives of this project are to:

- Learn about the experiences tax practitioners have had with the changes made to the Offer in Compromise (OIC) program;
- Determine tax practitioners' opinions on the revised Form 656, Offer in Compromise;
- Determine the tax practitioners opinions on the OIC process; and
- Determine the tax practitioners' improvement suggestions on the OIC program.

Your Clients and the Economy – How Can the IRS Help?

The SB/SE Employment Tax division within SB/SE Collection Policy wants to know how severely the current economic climate is affecting compliance among small business taxpayers. Currently, there is no vehicle to solicit input from small business taxpayers on the specific struggles they face in meeting their tax obligations of paying timely and accurately filing returns.

When businesses are cutting back during a bad economy, small business taxpayers may be tempted to use payroll trust fund money to pay for business expenses rather than make the required deposits to the IRS. While the IRS sends a clear message about the consequences of not making the trust fund payments, it is not clear that the message is getting to small business taxpayers. The SB/SE Employment Tax office wants to ensure the content and method of delivery of important tax compliance information to small business taxpayers is appropriate.

The objectives are to:

- Discover ways to help small business taxpayers meet their tax obligations in the current economic environment.
- Determine how the IRS can better communicate tax compliance information to small business taxpayers.

Methodology

We propose conducting focus group interviews with tax practitioners to achieve the research objectives for the four focus group projects described above.

Focus group interviews are proposed because this technique will allow us to achieve the desired objectives, acquiring the opinion information required. As a type of group interview, focus groups use group interaction to stimulate relatively spontaneous responses to the supplied topics. The goal is to explore the feelings, opinions and beliefs people hold, and to learn how these feelings shape behavior. Focus groups provide insight and direction rather than quantitatively precise or absolute measures. They are useful for gathering information in a given field and generating hypotheses based on the participants' opinions. The main advantage focus groups offer is the opportunity to observe considerable interaction on a topic in a limited period of time. An important aspect of focus groups is that they give rise to insights and solutions that may not come about without them.

The market segment of interest for this research consists of tax practitioners and the small business taxpayers who are their clients. These are the entities that we hope to impact by using the results of the focus groups to affect changes related to the four focus group topics.

SB/SE Research will conduct focus group interviews at the 2009 IRS Nationwide Tax Forums. [Appendix A](#) provides the schedule of the tax forums, which are being held in six cities across the country between July and September 2009. One focus group will be conducted for each focus group topic in each of the six cities, for a total of 24 focus groups.

The SB/SE Research moderators conducting the focus groups will screen and recruit potential participants at the Nationwide Tax Forums. It is estimated that they will speak to approximately 60 individuals before inviting 20 of them to participate in a group. Approximately 20 invitations will be issued for each group. Past experience shows that eight to ten people out of the 20 invited will actually attend the focus group. Screening guides have been developed for the topics to ensure that all focus group participants have the experience to offer opinions on the topics. If a practitioner meets the criteria, they will be invited to participate in one of the focus groups. The screener guides are contained in the following appendices:

[Appendix B](#) - "Surviving the IRS Audit"

[Appendix D](#) - "Effects of Federal Tax Liens during Foreclosures, Sales, or Refinancing"

[Appendix F](#) - "Improving Customer Satisfaction in the OIC Program"

[Appendix H](#) - "Your Clients and the Economy – How Can the IRS Help?"

Each focus group will consist of eight to ten participants. The Audit and OIC sessions will be limited to two hours in duration. The Federal Tax Lien and Economy topics will be scheduled for 90 minute sessions. A moderator's guide has been developed for each focus group topic. The questions contained in the guides were developed in conjunction with the project customers to support the project objectives. [Appendix C](#) contains the moderator's guide for "Surviving the IRS Audit". [Appendix E](#) contains the moderator's guide for "Effects of Federal Tax Liens during Foreclosures, Sales, or Refinancing". [Appendix G](#) contains the moderator's guide for "Improving Customer Satisfaction in the OIC Program". [Appendix I](#) contains the moderator's guide for "Your Clients and the Economy – How Can the IRS Help?". One moderator will facilitate each group and one will take notes. The sessions will also be audio taped.

For each of the four topics, SB/SE Research will document the results of the focus groups from the six cities in a formal research report for the project customer. The findings section of the reports will summarize the responses for each question from the moderator's guide and SB/SE Research will offer summary observations and conclusions, if appropriate, based on the groups' results.

Burden Estimates

The estimate of taxpayer burden for this research is based on the approach described in the methodology section.

Screening Burden Estimate

For screening, we will assume that for each topic 60 people will be screened before 20 invitations are issued. We will assume that 20 invitations should be issued to ensure that ten people will be present for each focus group. Each screening contact will average three minutes.

For each of the six cities:

Estimated number of potential participants screened for one focus group.....	60
Estimated screening time per potential participant.....	3 minutes
Total estimated burden (time) for screening (one city).....	12 hours
Total estimated burden (time) for screening (six cities).....	72 hours

Focus Group Burden Estimate

For the focus group burden, we will assume a maximum number of ten participants in each focus group. In each of the six cities, we will conduct one focus group for each of the topics for a total of 24 focus groups. Two of the groups will last no longer than two hours with the remaining two groups lasting 90 minutes.

Estimated number of participants for 2 hour focus groups (six cities).....	120
Total estimated participant burden (time) for all focus groups (six cities).....	240 hours
Estimated number of participants for 90 minute focus groups (six cities).....	120
Total estimated participant burden (time) for all focus groups (six cities)	180 hours
Total estimated participant burden (time) for all focus groups (six cities).....	420 hours

Total Burden Estimate

The total burden estimate in time is 492 hours.

Cost Estimate

The only cost, outside of normal salary, to conduct these projects is travel. We estimate \$1,488 for one SB/SE focus group moderator to attend one tax forum.

Hotel at \$150 for 4 nights.....	\$600.00
Per diem of \$64 for 3 full days and 2 travel days.....	\$288.00
Flight.....	\$600.00

To adequately recruit participants and conduct the focus groups, four moderators are needed in each of the six cities. The total estimated cost of conducting the focus groups in all of the six cities is \$35,712.

Privacy, Security and Disclosure Requirements

SB/SE Research will ensure the privacy of those who participate in the focus groups. During the focus groups, no taxpayer identifying information will be obtained about the participants. First names only will be used to facilitate discussion. Audiotapes made during the focus groups will be used to document notes for the report and then will be destroyed. Research will apply fair information and record-keeping practices to ensure protection of privacy of all participants. The criteria for disclosure, as specified in the Privacy Act, the Freedom of Information Act, and Section 6103 of the Internal Revenue Code, provide for the protection of taxpayer information as well as its release to authorized recipients. SB/SE Research will ensure adherence to these standards, where applicable.

SB/SE Research will also ensure that security requirements are followed regarding the information obtained during the groups, according to the Internal Revenue Manual (IRM) 1.7 (Research and Analysis for Tax Administration) and applicable federal guidelines, including the Federal Information Security Management Act of 2002 (FISMA). The information will be stored on the SB/SE Research computer system located in a secured area. The information will be maintained in a restricted access folder, so that only those researchers participating in the project will have access to the information (either on paper or electronically).

The information SB/SE Research obtains from the focus groups will be used only for this research project. Once the project is complete, the information (paper and electronic) obtained for this project will be archived for one year and then destroyed.

Tallies and Other Information

SB/SE Communications will provide the following information to OMB within 90 days following the last focus group conducted in September 2009:

- Number of Tax Forum attendees screened for the focus groups in each of the six cities
- Number of Tax Forum attendees invited to participate in a focus group in each city
- Number of participants in each focus group in each city
- Dates and times of each focus group in each city

Appendix A: Schedule for 2009 IRS Nationwide Tax Forums

City	Dates
Las Vegas, NV	July 7 - 9
San Diego, CA	July 14 - 16
Orlando, FL	August 4 - 6
New York, NY	August 25 - 27
Dallas, TX	September 8 - 10
Atlanta, GA	September 22 - 24