

## **Appendix B: Screener's Guide for the "Federal Tax Liens, the General Public and Credit Report Considerations" Focus Group**

Hello, my name is \_\_\_\_\_ and I am an employee of the Internal Revenue Service. I am recruiting approximately 20 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 how notices of federal tax lien and tax liabilities affect taxpayers, their credit report and their ability to meet future financial obligations.

First, may I ask you a qualifying question?

Question #1: Do you have a client(s) who has received a Notice of Federal Tax Lien in the last two years or who have any federal tax liabilities that remain unpaid?

If the answer is yes, then ask Question #2

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

Question #2: Would you be interested in providing input about how federal tax liens or tax liabilities impact your clients and their credit circumstances?

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

We would like to invite you to participate in the focus group titled "**Federal Tax Liens, the General Public and Credit Report Considerations**" with about nine other tax practitioners. Again, we want to hear your opinions, views and ideas. The session should take approximately two 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 1545-1349. 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 "Federal Tax Liens, the General Public and Credit Report Considerations" 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 know how notices of federal tax lien and tax liabilities affect taxpayers, their credit report and their ability to meet future financial obligations. Through our discussion today, we would like to gather your opinions, experiences, and suggestions so we can provide this information to the SB/SE Collection Division.

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 what it is. 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:

- We have arranged this room 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 answers and there are no wrong answers. Everyone's opinion is valuable so I'd like everyone to participate. If you find yourself having a totally different opinion from the rest of the group, I need to hear it because there may be a sizable portion of tax practitioners who share your opinion.
- 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 or other identifying information will be used in the report.** Once the report is written, the tape is destroyed.

We will be here no more than two 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 silence your cell phones.

**We are required by law to report to you the OMB control number for this public information request.** That number is 1545-1349.

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(\*\*NOTE TO MODERATOR: the purpose of this focus group is to discuss perceptions about federal tax liens (statutory lien and the public notice of federal tax lien) and their impact on the taxpayer, their credit report, and economic circumstances. If the discussion starts to gravitate towards IRS systemic problems, policies, or processes, direct it back on point as soon as possible.)

**WARM UP**

Please tell us your first name (only), how long you have been in business and the types of clients you represent (individual or business).

(Note: Go around the table)

**TAX LIABILITIES**

We are here to talk about collection issues relating to federal tax liabilities, associated federal tax liens, and to discuss what impact they have on your clients. I'd like to begin our discussion by getting some background information about your clients and the types of taxes they owe.

What are the income levels of the clients you serve?

**PROBE:**

*Low - \$0 - \$50,000*

*Medium- \$50,000 - \$150,000*

*High - \$150,000 and up*

*(Probe Source –Publication 505)*

What are the sources of your client's tax liabilities?

**PROBE:**

*Audit assessments*

*Balance Due from returns filed*

*Other*

Tell me how they have tried to resolve their liabilities.

**PROBE:**

*Installment Agreement*

*Offer in Compromise*

*Refund offset*

*Abatement*

*Haven't tried to resolve*

*Statute expiration*

How are these methods working for them?

## **FEDERAL TAX LIEN**

I'd now like to focus the discussion on the perceptions you have about the federal tax lien and what impact(s) it has had on your clients.

What is your familiarity with the two types of federal tax liens – the statutory lien and the public notice of federal tax lien?

**PROBE:**

When does a '*statutory*' lien arise (at assessment / demand for payment)?

Is the statutory lien known by any other names (the *silent* lien)?

Is the statutory lien enforceable?

Does a '*notice*' have to be recorded? (The "notice" is the public record of the statutory lien, aka the notice of federal tax lien)

**(Note to co-moderator:** please note the participant's awareness of the distinction between the two types of liens)

What is the general perception of the public notice of federal tax lien?

**PROBE:**

*Does it get your client's attention?*

*Do your clients feel it is fair?*

*Do your clients know how long it is valid?*

What are some ways the public notice of federal tax lien has had an impact on your clients?

**PROBE:**

*ability to borrow*

*ability to obtain or keep employment*

*federal employment*

*government contracts*

*sell property*

*meet living expenses*

Which types of clients are most affected by the filing of the notice of federal tax lien? Why?

**PROBE:** *Personal or Business?*

If business, what type of industry are they in?

**PROBE:** *Health, financial, real estate, manufacturing, legal*

What are some ways the public notice of federal tax lien has an impact on the type of industry the taxpayer's are in? **(Note to Moderator: ask for specific examples)**

I have one last question in this section about the public notice of federal tax lien. Last year at the tax forums, we asked focus group participants if they had encountered any situations with the notice of federal tax lien and home foreclosures.

Have any of your clients experienced this situation in the last year?

*(If participants indicate they have clients who had a foreclosure, ask them to tell the group about their experiences)*

### **ECONOMIC CIRCUMSTANCES AND IMPACTS ON CREDIT REPORTING**

What kinds of circumstances or issues have a negative affect on your client's credit report?

(Flip chart responses)

**PROBE:**

*late payments*

*missed payments*

*bankruptcies*

*judgments*

*repossessions*

*lack of credit*

*notice of federal tax lien*

*divorce*

*identity theft*

Of the examples you've listed, which ones have the greatest impact on your client's credit rating?

**(Note to moderator: ask participant's to rate the top three issues)**

Is the credit rating number assigned by credit agencies important to your clients? Why or why not?

Do you believe that the public notice of federal tax lien can impact your client's credit report? How?

**PROBE:**

*credit score*

*length of time on the credit report*

*ability to borrow*

*interest rates*

*insurance rates*

*employment prospects*

*impair or impede sale of property*

**FUTURE COMPLIANCE:**

We talked about tax liabilities, tax liens and economic circumstances which impact a credit report. Now I'd like to get your thoughts about how these topics might play a part in your client's future tax compliance.

How do you think the notice of federal tax lien can impact your client's tax compliance decisions?

Do you have any ideas or suggestions on how to encourage overall voluntary compliance?

What are some other ways IRS can help your clients remain in compliance?

**NATIONAL TAXPAYER ADVOCATE'S REPORT TO CONGRESS**

By law<sup>1</sup>, the National Taxpayer Advocate must submit a report to Congress each year. The annual report lists 20 of the most serious problems encountered by taxpayers. The report recommends how to resolve these issues and it offers suggestions on how the IRS can improve customer service and reduce taxpayer burden.

By a show of hands, how many of you are familiar with the annual report to Congress that the National Taxpayer Advocate submitted in December 2009?

*Note to Moderator: Record Count. If none of the participants indicate they know about the report, this is a significant finding and should be duly noted. Move to the next section.*

For those of you that raised your hand, how did you hear about the report?

**PROBE:**

*Read it*

*Associate*

*News media*

*Professional publication*

*Websites*

What issues mentioned in the 2009 report are you aware of?

**PROBE:**

*Taxpayer Service*

*Exam*

*Collection: NFTL, Credit ratings, Credit bureaus, Future compliance*

**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.

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<sup>1</sup> Section 7803(c)(2)(B)(ii) of the Internal Revenue Code

## **Appendix D: Screener's Guide for "Allowable Living Expense Effectiveness and Impact" Focus Groups**

Hello, my name is \_\_\_\_\_ and I am an employee of the Internal Revenue Service. I am recruiting tax practitioners to participate in one of the focus group interviews that will be held during this tax forum. Management at IRS has asked me to conduct the interviews at this forum to gather ideas and opinions about your experiences with the Allowable Living Expense Standards.

First, may I ask a few qualifying questions?

Question #1 – Do you have small business clients?

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

Question #2 – Have you assisted any of your clients by using the Allowable Living Expense table in the last 2 years?

If the practitioner indicates that s/he has experience with assisting her/his clients by using the Allowable living Expense Standards in the last two years then invite the practitioner to participate in the focus group.

We would like to invite you to participate in the focus group on "Assessing the Impact of the Allowable Living Expense Standards for Taxpayers" 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 \_\_\_\_\_.

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 1545-1349. 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:

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## Appendix E: Moderator's Guide for "Allowable Living Expense Effectiveness and Impact" Focus Groups

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-Employment Division of the IRS is requesting your feedback on the allowable living expense standards. We would like to gather your opinions, experiences and suggestions with the allowable living expense standards to assist us in this effort.

Before we start, I want to make sure that you have helped a client calculate their proposed tax payment using the current allowable living expense standards. Has anyone not helped a client calculate their proposed tax payment using the current allowable living expense standards? **(Please excuse any participant from the focus group that has not used the ALE standards.)** 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 perceptions, ideas, experiences and opinions from a group of individuals with a common characteristic or experience by means of directed discussion. Your common characteristics are your experiences calculating taxpayers' proposed tax payments using the current allowable living expense standards and you are all practitioners. The IRS has arranged this room during this conference for you to speak with us.

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 your conversation. My co-moderator will be the note taker. Because it's hard to listen to your comments and capture everything, we will also record this session. The recording 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 recording is destroyed.

You will be here about two hours. Please turn off/silence cell phones and/or beepers.

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 (not mine) are very important to our client.

We are required by law to report to you the OMB control number for this public information request. That number is **1545-1349**.

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### **Warm Up (background)**

The standards for the Allowable Living Expenses (ALE) were originally created on the premise that tax debtors must be allowed a fair amount of basic necessary living expenses while repaying their tax debt, but no more than what an average citizen spends, barring special circumstances. The standards were changed in 2007 to help eliminate the need for substantiation of basic living expenses in many situations. The standards are updated each year with the most current consumer expenditure data. You are here to talk about how those changes are affecting you as well as your taxpayers.

So let's begin! I want you to give me your first name only, how long you've been in business, number of calculations you've made using the allowable living expense standards over the last two years and what types of returns you prepare. Note: Go around the table **(Let participants know that this will be the only time you will go around the table. The rest of the group's time will be their discussion time.)**

### **General Questions**

What types of taxpayers do you see using the allowable living expense (ALE) standard?

*Probe*

*Individual wage earners*

*Self employed*

*Small business owners*

Is there one type of taxpayer more prevalent than the others needing your help with it?

If so, which one(s)?

### **Fairness**

Do you feel the ALE standards promote fairness among all economic levels?

What are your reasons for saying they are fair or not fair?

What do you think of the instructions on how to use the standards and tables on the IRS website?

Probe:

*easy to understand*

*specific clarifications which would be helpful*

What do you think of the instructions on how to **apply** the standards on the IRS website?

Is IRS applying the standards in a consistent manner among all economic levels?

*Probe:*

*Reasons for or against (Stay away from leading the group in any certain direction)*

Where else do you get help on the standards?

*(list on flipchart)*

How do feel about these sites as compared to the IRS website?

What do you think might make the standards easier to use?

### **2007 Changes**

**(Provide the handout and give the practitioners a couple of minutes to look it over)**

Did the 2007 change in Local Housing and Utilities Standard eliminate the need for verification of housing and utility expenses in the majority of your cases?

If not, what are the particular areas or items you still need to send in documentation?

*Probe:*

*Higher vs. lower income taxpayers*

*Business owners vs. wage earners*

Did the 2007 change in Local Transportation Standard eliminate the need for verification of transportation expenses in the majority of your cases?

If not, what are the particular areas you still need to send in documentation?

*Probe:*

*Higher vs. lower income taxpayers*

*Business owners vs. wage earners*

Has the addition of the minimum Out-of-Pocket Health Care standard eliminated the need for verification of these expenses in the majority of your cases?

If not, what are the particular areas you still need to send in documentation?

*Probe:*

*Higher vs. lower income taxpayers*

*Business owners vs. wage earners*

**(Moderator setup)** The IRS employee may determine that the facts and circumstances of a taxpayer's situation indicate that using the standards is inadequate for the taxpayer to provide for basic living expenses, and may allow for actual expenses.

Do employees deviate from the standards when the taxpayer has justified and documented the need for more than the standard allowable amount?

*Probe:*

*Revenue officers*

*Employees at walk-in sites*

*Call centers*

What type of expenses are they having you verify?

### **Future Changes**

**(Have participants refer back to the guide)**

For future revisions of the Allowable Living Expenses, are there additional basic living expense items that are not already included in the National Standards?

*(Do not lead the group in any certain direction.)*

*(List on Flip Chart)*

*Probe:*

*Food,*

*Housekeeping supplies,*

*Apparel and services,*

*Personal care products and services, and*

*The miscellaneous allowance.*

Do you believe the allowable living expense standards accurately depict taxpayer's expenses?

What are your reasons for thinking they do or don't?

Would you prefer to use actual expenses (which would include providing appropriate documentation and substantiation) for any of the expenses currently covered by the standards?

What are your reasons for choosing these actual expenses?

**Conclusion**

Are there any more comments or issues you'd like to discuss about this particular topic?

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 both become more effective. Your participation here today is valuable and greatly appreciated.

## **Handout for the "Allowable Living Expense Effectiveness and Impact" Focus Group**

### **Allowable Living Expense Standards**

The Allowable Living Expense Standards (ALE) were created on the premise that tax debtors must be allowed a fair amount of basic necessary living expenses while repaying their tax debt; but no more than what an average citizen spends.

As of October 1, 2007, The Allowable Living Expense standards rely solely on the Bureau of Labor Statistics (BLS) and other governmental expenditure figures which are based on surveys of actual consumer expenditures. The ALE Standards are updated each March with BLS data from the prior year. The expenses covered by the standards are shown below, and include common expenses not considered in prior versions, such as cell phone expenses and out-of-pocket health care costs.

#### **National Standards (income brackets were eliminated in 2007)**

- A. **Food, Clothing and Other Items** - These establish reasonable amounts for five necessary expenses and come from the BLS Consumer Expenditure Survey. Taxpayers are allowed the total National Standards amount monthly for their family size, without questioning the amounts they actually spend unless it exceeds the standard. The National Standards include:
- a. **Apparel and services:** Includes shoes and clothing, laundry and dry cleaning, and shoe repair.
  - b. **Food.** Includes all meals, home and away.
  - c. **Housekeeping supplies:** Includes laundry and cleaning supplies; other household products such as cleaning and toilet tissue, paper towels and napkins; lawn and garden supplies; postage and stationary; and other miscellaneous household supplies.
  - d. **Personal care products and services:** Includes hair care products, haircuts and beautician services, oral hygiene products and articles, shaving needs, cosmetics, perfume, bath preparations, deodorants, feminine hygiene products, electric personal care appliances, personal care services, and repair of personal care appliances.
  - e. **Miscellaneous:** Is a percentage of the other categories and is based on BLS data.
- B. **Out-of-Pocket Health Care Expenses (new standard in 2007)** - These establish reasonable amounts for out-of-pocket health care costs including medical services, prescription drugs, and medical supplies (e.g., eyeglasses, contact lenses). The table for health care allowances is based on Medical Expenditure Panel Survey data. Taxpayers and their dependents are allowed the standard amount monthly on a per person basis, without questioning the amounts they actually spend unless it exceeds the standard.

**Local Standards include:**

**A. Housing and Utilities (cell phone allowance added to utilities and household categories expanded from three to five) -**

Standards are established for each county within a state and are derived from Census and BLS data. The standard for a particular county and family size includes both housing and utilities allowed for a taxpayer's primary place of residence. Housing and Utilities standards include mortgage (including interest) or rent, property taxes, insurance, maintenance, repairs, gas, electric, water, heating oil, garbage collection, telephone and cell phone.

**B. Transportation (second car allowance equal to first car allowance) -**

The transportation standards consist of nationwide figures for loan or lease payments referred to as ownership costs, and additional amounts for operating costs broken down by Census Region and Metropolitan Statistical Area. Operating costs include maintenance, repairs, insurance, fuel, registrations, licenses, inspections, parking and tolls. If a taxpayer has a car payment, the allowable ownership cost added to the allowable operating cost equals the allowable transportation expense. If a taxpayer has a car, but no car payment only the operating cost portion of the transportation standard is used to figure the allowable transportation expense. There is a single nationwide allowance for public transportation for taxpayers with no vehicle.

If actual taxpayer expenses are less than the ALE amount, employees in most cases will allow:

National Standards for Food Clothing, etc: standard amount

National Standards for Out-of-Pocket Health Care Standards: standard amount

Local Standards for Transportation: actual expenses

Local Standard for Housing/Utilities: actual expenses

Other expenses may be considered if they meet the necessary expense test - they must provide for the health and welfare of the taxpayer and/or his or her family or they must be for the production of income. This is determined based on the facts and circumstances of each case.

## **Appendix F: Screener's Guide for the "Improving the Field Audit Process for Taxpayers" Focus Group**

Hello, my name is \_\_\_\_\_ and I am an employee of the Internal Revenue Service. I am recruiting 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 how to improve the audit process for taxpayers.

First, may I ask you a qualifying question?

**Question #1: Have you represented any of your small business clients in a face-to-face audit with either a revenue agent (field) or tax compliance officer (office) in the last three 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 'Improving the Field Audit Process for Taxpayers' 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 \_\_\_\_\_.

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Washington, DC 20224

## Appendix G: Moderator's Guide for the "Improving the Field Audit Process for Taxpayers" 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 audit process. We are developing a new service experience for the audit process. The IRS would like to get your feedback to help us improve the audit process with you and assist us in developing the right solutions prior to launching the new service experience.

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:

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We are required by law to report to you the OMB control number for this public information request. That number is 1545-1349.

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## **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**

What type of tax professional are you? (CPA, Enrolled Agent, Unenrolled Agent, Attorney, or Other)

How many tax professionals work in your firm? (25 or fewer or more than 25)

How many times in the last 3 years have you represented a taxpayer in either a field or an office audit? (List counts for Field Audit or Office Audit)

## **Initial Contact and Preparation**

What are your thoughts on the IRS' initial communication regarding what to expect during the audit process? (List on flipchart)

- Type of communication

- Message in the initial communication

- Clarity of message in the initial communication

- Effectiveness of the message in the initial communication in assisting you with understanding what to expect at an audit

How do you and your client secure information to assist you with understanding what to expect at an audit?

What additional information could the IRS provide to help you and your client prepare for an audit?

## **Communication**

How often are you in communication with the IRS during the audit process?

How did you contact the IRS during the audit process? (List on flipchart and ask for a show of hands)

- Face-to-face

- Mail

- Telephone

- Other method

Which method do you prefer the IRS use to contact you? (Show of hands)

- Face-to-face

- Mail

- Telephone

### Other method

How do you resolve questions you may have during the audit process?  
(Probe: Other professionals, online, contact the IRS)

Which of the following communication methods would help make the audit experience easier?  
(List on flipchart and ask for a show of hands)

- E-mail
- Text messages
- Webinars
- Pod casts
- Face book or other social networking sites
- Password protected Web site
- Videoconferencing

How could the IRS use the communication methods you prefer to make the audit experience easier?

Would it enhance the audit process if you were able to exchange tax information using secure e-mail, secure Web site, video conferencing, or another method? If so, how?

What concerns, if any, do you have with using secure e-mail, secure Web site, video conferencing, or another method?

### **Length of Audit**

Can you describe your feelings about the amount of time you spend resolving an issue in the audit process?

What steps in the audit process took a long time? (List on flipchart)

- Initial contact
- Securing the records requested
- The initial appointment
- Examiner reviewing the books and records
- Closing conference

Of the steps that took a long time in the audit process, which step do you feel should be eliminated or streamlined? How?

- Initial contact
- Securing the records requested
- The initial appointment
- Examiner reviewing the books and records
- Closing conference

Are there any specific audit issues or line items you feel the IRS requests too much information or takes too long to process the paperwork?

### **Books and Records**

Previous focus groups have indicated that practitioners can face challenges in obtaining books and records from clients. Some common issues included the following: self-employment income; rental income; mileage and auto related expenses; and travel and entertainment expenses.

What is the most effective way to help taxpayers improve poor books and records? (List on flipchart)

- Record keeping software
- Track and organize receipts and records related to their tax return year-round
- Labeling and storing business receipts and records
- Periodic reminders
- Electronic/scanning of receipts
- Other methods

What kind of guidance do you provide your client on maintaining their books and records?

What additional types of tools or guidance would assist your client with maintaining their books and records?

### **New Service Experience for the Audit Process**

Now, we are going to show you some ideas for ways we could improve the audit experience. We have five concepts we are interested in finding out what you think. I am going to give you 2 minutes to review each concept. Please indicate on the handout how beneficial you think this service change would be. On a scale of 1 to 5 with 1 being no benefits and 5 being excellent benefits. (List on flipchart the scale and questions)

- Scale: 1 – No benefits  
2 – Fair benefits  
3 – Not ratable  
4 – Good benefits  
5 – Excellent benefits

- Questions: How did you rate the concept?  
Why did you give it that score?  
How would this service idea improve the audit process?  
Can you think of anything else that would make this service idea better?

- Concept 1: Self Service Audit (Handout)  
Concept 2: E-Receipts Store & Share (Handout)  
Concept 3: Virtual Audit (Handout)

Concept 4: Audit Collaboration Tool (Handout)

Concept 5: Taxpayer Rating (Handout)

Concepts 1 – 5 handouts are in a separate Microsoft PowerPoint document (filename: Audit Process Focus Group Concept Boards 050610.ppt).

### **Overall Improvement Ideas**

If you could design the ideal audit experience (short of eliminating it all together!), are there any other ideas you have that you think we should explore?

### **Conclusion**

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

This has been an informative and helpful discussion. Thank you again for your participation in our focus group session.

## Concept Boards for the "Improving the Field Audit Process for Taxpayers" Focus Group

### Concept 1: Self Service Audit

#### "Self-Service Audit"

- If you have consistently met your filing requirements, your audit is limited to a few narrow issues and you have proper documentation, then you may be eligible for a "self-audit".



- You can avoid meetings at the IRS offices or with an examiner at your business. Instead, access a secure, authenticated site and view electronically submitted records. Then run through the questions and submit the audit on your own.



- This self audit has an easy to use web interface. You can access answers to questions specific to your issue. Or get help via online chat. Go back and review or change your entries. The site is full of tools, answers and guidance.



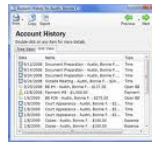
- Once you submit, hear back in 48 hours whether your audit results have been accepted. Pay any balance with PayPal or credit card.



## Concept 2: E-Receipts Store & Share

### “E-Receipts Store & Share”

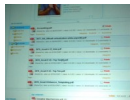
- For those who are unsure about what tax records to keep, or who jam every little receipt into a shoe box “just in case”, the IRS introduces E-Receipts Store & Share.
- Save time by figuring out what to keep via interactive tools that identify which records are needed to document personal or business activities that are tax related.
- Get organized by converting your records to electronic files. Store and organize your E-Receipt records online, and at tax time share them with your tax prep professional or download into your tax software.
- Convenient – compatible with your own technology, or use an IRS provided scanner, available at retail outlets nationwide, to convert your paper records to E-Receipts.
- So, return prep is easy. And in case of audit, you can electronically share your records with the agent to expedite the process.



### Concept 3: Virtual Audit

## “Virtual Audit”

- 40% of small business owners who are audited are asked to drive to an IRS office and sit with a tax officer to review their tax return, receipts and deduction claims.
- Now, if you have a good track record of filing taxes with the IRS and agree to respond quickly to IRS questions and document requests, you may be eligible for a virtual audit. Use simple videoconferencing and Skype technology to engage with your IRS office regarding your return. It’s free of charge, and you can sit in your office or home and avoid the driving time.
- The Virtual Audit allows for document sharing – so you and the officer can view a document at the same time. You can even point to certain line items, or the officer can highlight different documents ,while speaking.
- The officer will take notes throughout and these notes and all documents are accessible to you online, anytime and for years later.



## Concept 4: Audit Collaboration Tool

### "Audit Collaboration Tool"

- The audit process can be bewildering, frustrating and long. As a way of setting taxpayer expectations, collaborating on a way to work together, and planning a mutually agreeable timetable, the IRS offers the Audit Collaboration Tool.
- During the initial audit meeting, you and the Agent will agree on an approach, a timeline and roles for each of you, then enter this info into the Audit Collaboration tool. From then on, you can see the schedule, current case status, list of tasks and all notes on line. You can also set and receive reminders.
- Schedule your audit appointments on line, set communication preferences, see a list of documents required, and share them electronically.
- No more missed deadlines, or wondering what the next step is, or how long it will take. With the Audit Collaboration Tool, tracking the progress of your audit is as easy as a mouse click away.





## Concept 5: Taxpayer Rating

### "Taxpayer Rating"

- If you have consistently met your filing requirements, haven't been audited more than once over the last 5 years and your taxpayer rating may make you eligible for the new IRS expedited audit.
- An expedited audit will give you the several flexible options created to limit the amount of your time consumed by an IRS examination.
- All you have to do is complete your taxpayer profile online.
- By establishing a Tax Payer Profile, you'll also gain access to many helpful resources and tools including: your prior years returns (up to 5 years), electronic audit records, tax organizer tailored to your business/life situations and helpful tax tips for next year.