

Office of Management and Budget (OMB)

Clearance Package

Internal Revenue Service (IRS)

2010 Nationwide Tax Forums

Focus Groups for the

Small Business/Self-Employed Operating Division

Table of Contents

Background.....	1
Objectives.....	1
Methodology.....	2
Burden Estimates.....	4
Cost Estimate.....	4
Privacy, Security and Disclosure Requirements.....	5
Tallies and Other Information.....	5
Appendix A: Schedule for 2010 IRS Nationwide Tax Forums.....	6
Appendix B: Screener’s Guide for the “Federal Tax Liens, the General Public and Credit Report Considerations” Focus Group.....	7
Appendix C: Moderator's Guide for the “Federal Tax Liens, the General Public and Credit Report Considerations” Focus Group.....	8
Appendix D: Screener's Guide for “Allowable Living Expense Effectiveness and Impact” Focus Groups.....	13
Appendix E: Moderator’s Guide for “Allowable Living Expense Effectiveness and Impact” Focus Groups.....	14
Appendix F: Screener’s Guide for the "Improving the Field Audit Process for Taxpayers” Focus Group.....	21
Appendix G: Moderator’s Guide for the "Improving the Field Audit Process for Taxpayers” Focus Group.....	22

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 three topics in SB/SE this year that would benefit from practitioner input. They are:

- Federal Tax Liens, the General Public and Credit Report Considerations
- Allowable Living Expense Effectiveness and Impact
- Improving the Field Audit Process for Taxpayers

Objectives

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

Federal Tax Liens, the General Public and Credit Report Considerations

The National Taxpayer Advocate's 2009 report to Congress indicates that the Notice of Federal Tax Lien has a disastrous affect on taxpayers. Research from previous National Tax Forum focus groups indicates otherwise. SB/SE Collection needs this topic to be reviewed again, in depth, for a better understanding of how the Notice of Federal Tax Lien and tax liabilities affect taxpayers.

SB/SE Collection would like to know what practitioners think about how the Notice of Federal Tax Lien affects their clients, their credit report, credit rating and the impact it has on future compliance. Collection would also like to know what other issues affect a taxpayer's credit and economic circumstances.

The objective of this project is to:

- Determine the financial impact of the Notice of Federal Tax Lien or tax liabilities on the taxpayer's economic circumstances and specifically how it affects the taxpayer's credit report.

Allowable Living Expense Effectiveness and Impact

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.

SB/SE would like to know how those changes are affecting practitioners as well as taxpayers.

The objectives of this project are to:

- Obtain practitioner's feedback on their opinions and perceptions on how the 2007 changes to the Allowable Living Expense table have impacted the collection of taxes.
- Determine what changes / expenses (if any) should be added to the ALE table.

Improving the Field Audit Process for Taxpayers

SB/SE Examination (Exam) is committed to improving service to taxpayers and is interested in learning about practitioners' experience with the audit process. SB/SE Exam is developing a new service experience in the audit process. Exam would like to get feedback from tax practitioners on how to improve the new service experience in the audit process.

The objectives of this project are to:

- Learn about tax practitioners' experience with the audit process; and
- Learn how to improve the new service experience in the audit process.

Methodology

We propose conducting focus group interviews with tax practitioners to achieve the research objectives for the three 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 three focus group topics.

SB/SE Research will conduct focus group interviews at the 2010 IRS Nationwide Tax Forums. [Appendix A](#) provides the schedule of the tax forums, which are being held in six cities across the country between June and September 2010. One focus group will be conducted for each focus group topic in each of the six cities, for a total of 18 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's guides are contained in the following appendices:

[Appendix B](#) - "Federal Tax Liens, the General Public and Credit Report Considerations"

[Appendix D](#) - "Allowable Living Expense Effectiveness and Impact"

[Appendix F](#) - "Improving the Field Audit Process for Taxpayers"

Each focus group will consist of eight to ten participants. The Federal Tax Liens, the General Public and Credit Report Considerations, Allowable Living Expense Effectiveness and Impact and Improving the Field Process for Taxpayers sessions will all be limited to two hours in duration. 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 "Federal Tax Liens, the General Public and Credit Report Considerations". [Appendix E](#) contains the moderator's guide for "Allowable Living Expense Effectiveness and Impact". [Appendix G](#) contains the moderator's guide for "Improving the Field Process for Taxpayers". One moderator will facilitate each group and one will take notes. The sessions will also be audio taped.

For each of the three 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).....	9 hours
Total estimated burden (time) for screening (six cities).....	54 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 18 focus groups. All three of the groups will last no longer than two hours.

Estimated number of participants for 2 hour focus groups (six cities).....	180
Total estimated participant burden (time) for all focus groups (six cities).....	360 hours
Total estimated participant burden (time) for all focus groups (six cities).....	360 hours

Total Burden Estimate

The total burden estimate in time is 414 hours.

Cost Estimate

The only cost, outside of normal salary, to conduct these projects is travel. We estimate \$1,530 for one SB/SE focus group moderator to attend one tax forum.

Hotel at \$165 for 4 nights.....	\$660.00
Per diem of \$60 for 3 full days and 2 travel days.....	\$270.00
Flight.....	\$600.00

To adequately recruit participants and conduct the focus groups, three 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 \$27,540.

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 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 Research will provide the following information to OMB within 90 days following the last focus group conducted in September 2010:

- 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 2010 IRS Nationwide Tax Forums

<u>City</u>	<u>Dates</u>
Atlanta, Georgia	June 22 - 24
Chicago, Illinois	July 13 - 15
Orlando, Florida	July 27 - 29
New York City	August 10 - 12
Las Vegas, Nevada	August 24 - 26
San Diego, California	August 31 - September 2