

**Office of Management and Budget
Clearance Package**

IRS Tax Forum Focus Group

Improvements to IRS Forms and Instructions

Treasury Inspector General for Tax Administration

May 1, 2008

TIGTA FOCUS GROUPS – IRS FORMS AND INSTRUCTIONS

Background

Annually, the Internal Revenue Service (IRS) sends over 7 million math error notices to taxpayers for mistakes on their tax returns. When IRS computers identify an error on a taxpayer's return, the return is routed to the Error Resolution function. An IRS employee makes changes to the return and communicates these changes by way of an IRS notice. Notices sent to taxpayers should clearly explain the taxpayers' errors and the changes the IRS made to their tax returns.

A prior Treasury Inspector General for Tax Administration (TIGTA) review determined that many taxpayers that are age 65 or over (seniors), taxpayers that have claimed the Earned Income Credit (EIC), and taxpayers that have computed self-employment tax have received repetitive math error notices (i.e., the taxpayers had received a notice addressing the same issue in the prior year). This condition may indicate that taxpayers do not understand or are repeatedly overlooking specific instructions provided by the IRS; taxpayers do not understand an area of tax law; or the current filing information available to the taxpayers, including notices, is inadequate. Some of these error notices may be the result of not understanding tax forms or publications. Unclear or inadequate tax information and notices create additional burden on taxpayers and often result in additional work and expense for the IRS. Some of the tax forms and publications may need additional clarification to prevent taxpayers from repeating the same mistakes each year. TIGTA recommended changes to forms and instructions many of which were not adopted by the IRS because it felt taxpayers' would react negatively or would not notice the change. TIGTA is now doing a follow up audit looking at the most frequently made mistakes year after year and determining whether unclear forms or instructions contribute to these errors.

Research Methodology

The IRS will hold the 2008 IRS Nationwide Tax Forums in six cities across the nation during July, August and September of 2008. The Tax Forums are held over three full days and consist of seminars lead by IRS management and other tax experts who provide current instruction on tax law, compliance and ethics.

Attendees can earn up to 18 continuing professional education (CPE) credits and learn about the latest tax laws, regulations and IRS products. The annual Tax Forums draw thousands of tax preparation professionals from all over the United States and last year, at the 2007 Tax Forums, drew over 14,800 attendees.

The Tax Forums will be an excellent opportunity to discuss potential changes and possible improvements to Federal tax forms and instructions with tax professionals that are extremely familiar with IRS tax products. It will provide a unique opportunity to collect opinions and ideas that may result in improvements

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to IRS forms and instructions that could lower the number of errors made by taxpayers, significantly reducing taxpayer burden.

TIGTA representatives plan to attend two of the six Nationwide Tax Forums (New York and Las Vegas) and conduct one focus group each day of the Forum, Tuesday through Thursday. The representatives plan to recruit 12 to 15 tax professionals each day to participate in the focus groups which will be held at lunch time and will last for 45 minutes.

To obtain recruits for the focus groups, TIGTA representatives will approach the tax professionals the day before the Forums begin at the registration reception. If necessary, participants might also be recruited prior to the start of the seminars. Because of the large number of tax professionals who attend the forums and the unique opportunity this will avail them to provide their opinions, it is believed that the anticipated number of participants needed for each focus group will be filled.

The focus groups will be moderated by TIGTA representatives and they will prepare a report summarizing the focus group discussion and findings. Neither the notes of the discussions nor the summary report will include participant names or any identifying information.

Tallies and Other Information

The following information will be gathered to satisfy OMB clearance requirements. It will be provided to OMB within 60 days after survey data collection operations are concluded:

1. FINDINGS: A brief summary of significant findings that were evidenced in the results.
2. ACTIONS TAKEN OR LESSONS LEARNED: A brief summary of any actions taken or lessons learned as a result of the findings.
3. TAXPAYER PARTICIPATION, SURVEYS:
 - a. Number of requests for taxpayer participation
 - b. Number of questionnaires returned or interview completed
4. DATE THE DATA COLLECTION BEGAN
5. DATE THE DATA COLLECTION ENDED
6. COST: This will include printing, postage, travel, overtime payments, payments to vendors, and any other costs incurred as a direct result of the survey (Regular salaries of TIGTA employees will not be included).

Estimated Burden Hours

Overall, TIGTA plans to conduct six focus groups with twelve to fifteen participants each. It is estimated that each group will last 45 minutes. Participants will experience minimal screening and no travel time. A total of 67½

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hours of burden is estimated (90 participants X 45 minutes per focus group = 4,050 minutes = 67½ hours).

Only the burden of those customers participating in the focus groups is calculated below since the amount of time required to refuse participation is minimal.

Estimated Study Cost

The cost of this study will be approximately \$5,600 in travel expenses for two TIGTA representatives to moderate and take notes at the two Forum locations. TIGTA is utilizing space at the conference facility so there is no location cost involved.

Study Contact

For questions regarding the study, contact:

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