

Office of Management and Budget (OMB)

Clearance Package

Internal Revenue Service (IRS)

2008 Nationwide Tax Forums

Focus Groups for the

Small Business/Self-Employed Operating Division

Internal Revenue Service
Small Business/Self-Employed Research
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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

Appendices

Appendix A: Schedule for 2008 IRS Nationwide Tax Forums.....	A-1
Appendix B: Screener Guide for the “Improving Communication – Field Exam Audit Process” Focus Groups.....	B-1
Appendix C: Moderator's Guide for the “Improving Communication – Field Exam Audit Process” Focus Group.....	C-1
Appendix D: Screener Guide for the "Correspondence Examinations – How Can We Improve the Process?" Focus Groups.....	D-1
Appendix E: Moderator's Guide for the "Correspondence Examinations – How Can We Improve the Process?" Focus Group.....	E-1

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 Nationwide Tax Forums sponsored each year by the IRS offer a unique opportunity for the various functions within SB/SE to solicit the opinions, experiences, and ideas of tax practitioners about important issues for taxpayers and for the IRS. The Exam Audit Process Team (EPIC) and the Campus Compliance Exam function within SB/SE have identified two topics this year that would benefit greatly at this time from practitioner input. They are:

- "Improving Communications – Field Exam Audit Process"
- "Correspondence Examinations - How Can We Improve the Process?"

These initiatives are in process and changes based on practitioner input could be made at this time to improve service to practitioners and taxpayers.

Both the Exam Audit Process Team (EPIC) and the Campus Compliance Exam function within SB/SE are faced with several challenges in administering their field exam audit and correspondence audit programs. EPIC analyzed initial research conducted using all Field Exam audit performance measures and business results and identified opportunities to improve the audit process. They would like to improve the efficiency and effectiveness of the current field exam process.

Campus Compliance Services received feedback from external stakeholders which indicates the lengthy timeframes involved, the burden placed upon taxpayers, and communication are the biggest barriers in the correspondence examination process. The IRS must continually monitor the process and the impact of changes to it and must also identify more ways to improve the program, if necessary, for taxpayers and for the IRS.

Objectives

The research objectives for each of the two areas discussed in the Background section are presented here by topic area.

Field Exam Audits

Field Exam audits are conducted by revenue agents (examiners) in the field offices. Many Field Exam audits are conducted with tax practitioners representing the taxpayers. The nationwide tax forums provide the EPIC Team an opportunity to obtain tax practitioners' input about preparing taxpayers for an audit and what the practitioners want the Service to tell their clients. Initial research conducted using all Field Exam performance measures and business results identified opportunities to improve the audit process by improving the efficiency and effectiveness of the current Field Exam process.

The objectives are understanding taxpayers' expectations on:

- Communications within the Field Exam Audit process;
- Length of the audit; and
- Quality of the experience.

Correspondence Examinations

Correspondence examinations are handled through Campus Compliance Services (CCS). CCS is faced with the problem of not knowing how taxpayers who have gone through the correspondence audit process feel about their experience. Currently, there is no vehicle to solicit input from taxpayers on whether the IRS is providing good customer service and an adequate resolution to their case. Since many practitioners assist taxpayers through the process, their insight is essential to CCS for deciding whether letters or procedures should be changed to better serve taxpayers.

The objectives are:

- To learn about the experiences tax practitioners have had with the correspondence examination program, both successful and unsuccessful; and
- To determine tax practitioners' opinions and improvement suggestions on the correspondence exam program.

Methodology

We propose conducting focus group interviews with tax practitioners to achieve the research objectives for the two focus group projects described above concerning "Improving Communications – Field Exam Audit Process" and "Correspondence Examinations - How Can We Improve the Process?"

Focus group interviews are proposed because this technique would 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 overt 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 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 taxpayers who are their clients. These are the entities that we hope to impact by using the results of the focus groups to effect changes concerning the focus group topics.

SB/SE Research will conduct focus group interviews at the 2008 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 2008. One focus group will be conducted for each focus group topic in each of the six cities, for a total of 12 focus groups.

The SB/SE Research moderators conducting the focus groups will screen potential participants at the Nationwide Tax Forums. The first two days of the tax forum will be used to screen and recruit potential participants. 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, since past experience shows that 8 to 10 people out of those 20 invited will actually come to the Tax Forum 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. [Appendix B](#) contains the screener guide for "Improving Communications – Field Exam Audit Process" topic. [Appendix D](#) contains the screener guide for "Correspondence Examinations – How can we improve the process?"

Each focus group will consist of 8 to 10 participants and will 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 support the objectives. [Appendix C](#) contains the moderator's guide for "Improving Communications – Field Exam Audit Process" topic. [Appendix E](#) contains the moderator's guide for "Correspondence Examinations – How can we improve the process?" topic. One moderator will facilitate and one will take notes during each group. The sessions will also be taped (audio).

For each topic, SB/SE Research will document the results of the focus groups from the six cities in a formal research report for the EPIC Team and Campus Compliance Services within SB/SE. 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 60 people will be screened before 20 invitations are issued. We will assume that 20 invitations should be issued to ensure that 10 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).....	6 hours
Total estimated burden (time) for screening (six cities).....	36 hours

Focus Group Burden Estimate

For the focus group burden, we will assume a maximum number of 10 participants in each focus group. In each of the six cities, we will conduct one focus group for each of the topics. This is a total of 12 focus groups and each group will last no longer than two hours.

Estimated number of participants for all focus groups (six cities).....	120
Maximum time per focus group.....	2 hours
Total estimated participant burden (time) for all focus groups (six cities).....	240 hours

Total Burden Estimate

The total burden estimate in time is 276 hours.

Cost Estimate

The only cost, outside of normal salary, to conduct this project is travel. We estimate \$1,428 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, two moderators are needed in each of the six cities and a third moderator will be needed in four of the cities having the greatest attendance based on historical rates. The total estimated cost of performing the focus groups in all of the six cities is \$22,848.

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 survey 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 in September 2008:

- 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