

# **OMB Clearance Package**

## **Focus Group Testing of IRS Forms 941X, 6251-EZ, and 8910**

### **Introduction**

The Tax Forms and Publications (TF&P) Office of the Internal Revenue Service (IRS), Wage and Investment division, creates tax forms, instructions, and related publications to enable taxpayers to understand and fulfill their filing and reporting obligations under the tax laws of the United States. Many of the provisions of the tax laws are complex. The forms, instructions, and publications developed by TF&P necessarily reflect this complexity and may be lengthy, complex, and difficult for taxpayers to understand.

TF&P has used focus groups, laboratory testing, and other methods in the past to determine the usability by taxpayers of various forms, instructions, and publications. These focus groups have resulted in the adoption of various specific suggestions for improvement to specific products. TF&P requires the continued use of such tools to improve the materials it produces.

### **Background**

TF&P has used focus groups in the past to determine the usability by taxpayers of various forms, instructions, and publications. These focus groups have resulted in the adoption of various specific suggestions for improvement to specific products. TF&P requires the continued use of such tools to improve the materials it produces.

### **Objectives of Research**

The objective of the focus groups is to gather input from taxpayers on Forms 941X, 6251-EZ, and 8910 to ensure that the instructions are clear and user friendly. Feedback from the focus group participants will be used to improve these forms.

The specific business questions to be explored by this project are—

- Participants' overall perceptions of Forms 941X, 6251-EZ, and 8910 and their accompanying instructions.
- Common errors participants make when completing Forms 941X, 6251-EZ, and 8910.
- Parts of the instructions and forms that participants find most and least helpful.
- Suggestions participants have for improving tax forms and instructions for Forms 941X, 6251-EZ, and 8910.

This information will assist the division in developing clear tax products that assist taxpayers in voluntarily meeting their tax obligations. To achieve these objectives, the service has developed test scenarios and plans to conduct a total of 24 focus groups, (6 per city, 2 per form) in 4 separate cities. Each focus group will consist of at least 8 participants, with 10 being the ideal number of participants. Upon arrival, participants will be re-screened to confirm their eligibility.

TF&P also expects to gain knowledge of participants' overall reaction to the revised instructions, discover what parts of the documents lead to error or misunderstanding, and to determine what in the documents taxpayers find most useful. TF&P also expects that taxpayers will provide specific suggestions for improvement to these draft documents. Upon completion of this project, Macro International Inc.'s (Macro's) moderator will submit a report of findings to TF&P to assist in finalizing the format and language of the forms and instructions.

## **Methodology**

### Sample design

The population for this study consists of taxpayers who file Forms 941X, 6251-EZ, and 8910 and are familiar with or prepare their own tax return. All participants must also have completed their own tax return last year. Although taxpayers that are paper filers are most desirable, the 100% percent self-prepared recruitment requirement can be met with a mixture of both paper and software self-preparers. The maximum number of participants per focus group will be 10. Screener guides have been prepared for professional recruiters to use to recruit participants for each of the focus groups (see Attachment 1).

The focus groups will be held in geographically dispersed cities in the country, with two groups for each form in each city. The cities are Jacksonville, FL; Denver, CO; Dallas, TX; and St. Louis, MO.

### Data collection date

Data will be collected in July and August 2008.

### Data to be collected

Data gathered will be taxpayers' reactions to Forms 941X, 6251-EZ, and 8910. Data will be gathered on the following:

- Ease of use
- Readability
- Overall content
- Usefulness

- Clarity of language
- Layout and organization
- Ease of navigation
- Type size and font
- Order of presentation
- Ease of locating information.

#### How the data will be used

The goal of a focus group is to solicit general opinions about a topic. An important aspect of focus groups is that they give rise to insights and solutions that may not be derived from other methods. Focus group interviews are qualitative research, meaning no statistical difference between groups can be determined. Specifically, they are a directed discussion with small groups of 6 to 12 people on a specific topic.

Experienced moderators from Macro will conduct the focus groups using the three moderator guides developed (see Attachment 2).

Audiotapes and scribes' notes will be used to assist with feedback documentation during the focus groups.

#### Who is conducting the research?

Macro will conduct the research for TF&P.

#### Location—region/city and facilities

Macro will conduct 24 focus groups (two per form) in the following cities:

- Jacksonville, FL
- Denver, CO
- Dallas, TX
- St. Louis, MO.

Facilities to conduct the focus groups will be provided by the vendor.

#### Stipend

The stipend will be \$75 per participant for a 2-hour session. The stipend is a reflection of the length of time required for participation in this study.

### Recruitment efforts

Using the three screener guides, a vendor will recruit participants for Forms 6251-EZ and 8910 and the American Payroll Association will recruit participants for Form 941X (see Attachment 1).

### Efforts to not duplicate research

Direct interaction with taxpayers through focus groups has been a research design used by the IRS for a number of years. The IRS has not tested the redesign of Forms 8910 or new Form 6251-EZ. Form 941X was focus tested last year. Based on the comments received during those sessions, the Form was revised and is being tested again. Since the all the Forms are either new or revised there is no duplication of research.

### Test structure/design

First, participants will look at the current Forms (941c, 6251, and 8910), including the layout and the instructions. Participants will be asked questions specific to the content, layout, and appearance. The participants then look at the revised/new Forms (941X, 6251-EZ, and 8910) and are asked similar questions. Following this portion of the testing session, participants will be presented with one or two scenarios and will fill out the current Forms 6251 and 8910 using these scenarios<sup>1</sup>. Next, the participants will use the same scenarios to fill out the revised Forms, or in the case of the 6251-EZ, the new form. Participants will be asked to compare the current and revised/new Forms and will be asked a series of questions on how useful the revised/new Forms were in completing the scenarios.

## **Sampling Plan**

Each focus group will have 10 participants. Research has demonstrated that this number of participants helps create the best group dynamics: the groups are sufficiently large to stimulate relatively spontaneous interaction, but small enough to give everyone sufficient opportunity to speak.

The three screener guides will be used to qualify and select focus group participants. Macro will gather qualitative data only, which will not be, nor presented to be, representative of the population.

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<sup>1</sup> Note: Focus group participants testing the revised 941X will not complete current Form 941c.

## Participants Criteria

To participate in the study, participants must have the following characteristics:

### Form 8910: Alternative Motor Vehicle Credit

- All participants (100%) must have prepared their own tax returns.
- Paper-and-pencil filers are preferred, but software users will be accepted if the recruiters cannot find enough individuals who filed using pencil and paper.
- Respondents must have either (1) ever purchased a new (not previously used) hybrid vehicle, or (2) plan to purchase a hybrid vehicle within the next 12 months. (Note to recruiters: If you are having difficulty recruiting participants, we can accept individuals who are planning to purchase a hybrid vehicle in the next year.)
- Participants should be of diverse age, gender, race/ethnicity, income, education, and filing status.

### Form 6251-EZ: Alternative Minimum Tax—Individuals

- Participants cannot own a business.
- Participants cannot have filed a Schedule C, Schedule C-EZ, Schedule E, or Schedule F.
- Participants must have filed a Form 1040 (Long Form), not a Form 1040A or Form 1040EZ
- Participants must have file a Schedule A, Itemized Deductions
- Participants must have filed a Form 6251.
- Participants must have prepared their own tax returns.
- Paper-and-pencil filers are preferred, but software users will be accepted if recruiters cannot find enough pencil-and-paper filers.
- Participants should be of diverse age, gender, race/ethnicity, income, education, and filing status.

### Form 941X: Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund

The American Payroll Association (APA) will recruit participants for these focus groups.

- Participants must work as a professional in the field of income tax preparation
- Participant must prepare Form 941, Employers Quarterly Tax Return, for their clients.

## Privacy, Security, Disclosure, Confidentiality

The data returned to IRS TF&P will have no identifying information relating specific records to individual taxpayers. Nonetheless, TF&P will ensure that privacy, security, and confidentiality of the aggregated results will receive the utmost attention. Public and official access to the information will be tightly controlled. The computer files containing this tabulated information will remain password protected at all times. Data security approaching level C-2 will be accomplished using the Windows XP operating system.

Audiotapes used to record testing sessions will be destroyed when the project is completed and there is no further need for the data.

We will apply fair information and record-keeping practices to ensure protection of all taxpayers. The criterion for disclosure laid out in the Privacy Act, the Freedom of Information Act, and section 6103 of the Internal Revenue Code, provides for the protection of taxpayer information as well as its release to authorized recipients.

## Estimated Burden Hours

The estimated time to complete the participant screening is 5 minutes. The estimated time for each reminder call is 1 minute, with each testing session lasting 2 hours. We estimate that 10 percent of the taxpayers contacted for the study will qualify and be willing to participate. Using this percentage, a total of 2,880 individuals will need to be screened to recruit the needed 10 participants (10 study participants and 2 back-up participants) for each focus group. We estimate that 48 people will be sent home because we will only need 240 to stay for the focus groups. Of those being sent home, we estimate 30 minutes of travel time.

Total number of potential participants screened	2,880
Estimated time to complete screening	5 minutes
Reminder phone calls	288 minutes
	(288 x 1 minute/call)
<b>Estimated participant screening burden (2,880 x 5 + 288 minutes)</b>	<b>244.8 hours</b>
Number of participants (240)	240
Time to conduct study	2.5 hours
Travel time (48 x .5 hours)	24 hours

**Estimated study burden  
(240 x 2.5 + 24)**

**624 hours**

**Estimated total project burden hours**

**868.8 hours**

## **Focus Group Arrangements**

Macro will manage every aspect of recruitment with the exception of those individuals recruited for Form 941X. APA will recruit these respondents. We will use professional recruitment firms in Jacksonville, FL; Denver, CO; Dallas, TX; and St. Louis, MO. All focus groups will be held in their respective facilities. Using the screener guides Macro provides, each firm will recruit 12 participants for each focus group with a goal of having 10 participants for each group.

- Each participant receives directions to the focus group room.
- Each participant is re-screened upon arrival at the facility to confirm eligibility.
- All materials are ready for use in the focus group session, including tables and chairs, newsprint, colored markers, note pads, calculators, pencils, and audiotapes.
- Complimentary refreshments appropriate to the time of day are available for the focus group participants.
- Audio equipment is operating properly.
- Honoraria to participants are distributed upon the completion of the session.
- Last names or other identifying information are NOT available to IRS personnel.

## **Estimated Costs**

The total estimated cost associated with this study is \$182,288.

## **Special Tallies and Other Information**

Within 60 days after the completion of the focus groups, Macro will provide the following information:

- 1) Findings
- 2) Actions taken or lessons learned
- 3) Number of requests or attempts for taxpayer participation
- 4) Number of focus group participants

- 5) Date the data collection began
- 6) Date the data collection ended
- 7) Actual burden hours
- 8) Cost
- 9) Transcripts and audiotapes.

**Attachments**

Attachment 1 Screener Guide and Reminder Call Script

Attachment 2 Moderator Guide