

## OMB Summary for SOI – 1545-1349

1) **Purpose:** The Taxpayer Advocate Service (TAS) targeted two different groups of taxpayers to assess their knowledge and use of TAS services. Tax professionals and small business owners were asked to participate in a study that collected information via mail. The study attempts to gather information on the following:

### *Tax Professionals*

- Are tax professionals aware of TAS services?
- Are these professionals properly referring cases to TAS?
- Are tax professionals aware of the criteria that must be met in order for TAS to assist a taxpayer?
- How satisfied are tax professionals with any TAS services they have received.

### *Small Business Owners*

- Are small business owners (SBOs) aware of TAS services?
- Do SBOs know when it is appropriate to come to TAS for assistance?
- How satisfied are small business owners with any TAS services they have received?

## 2) **Findings:**

### *Tax Professionals*

Nearly half of the tax professionals have professionally prepared tax returns for 20 or more years. The largest group of tax professionals is made up of CPAs (40%), followed by “Unenrolled Agent” (23%) and Enrolled Agent (13%). The tax professionals had the following observations about the IRS and the Taxpayer Advocate Service:

- **Getting Problems Resolved with the IRS:** Over three of every four tax professionals said that less than one percent of their clients could not resolve a tax problem by using the normal IRS channels. On the other hand, about 1 in 15 tax professionals said that five percent or more of their clients had a tax problem that could not be resolved through the normal IRS channels.
- **Awareness of TAS:** Over three out of every four tax professionals were aware the IRS had an organization that helps taxpayers and had heard it called the Taxpayer Advocate Service. About two out of every three tax professionals who knew of TAS had heard about TAS via the IRS.gov or an IRS Form/Publication.
- **Referrals to TAS:** Over one out of every three tax professionals had referred at least one taxpayer to TAS for assistance or had worked with TAS on behalf of a taxpayer during the past year.
- **Why tax professionals contact TAS:** Over seven out of every ten tax professionals said they were motivated to contact TAS because TAS provided a prompt response or was able to cut through red tape. Approximately one out of every four tax professionals said they contacted TAS, or referred a taxpayer to TAS, because the IRS had not responded within 30 days or the taxpayer did not have the money needed to pay for tax assistance.
- **Getting information about how TAS can help:** The tax professionals said the top three sources of information were IRS.gov, tax publications, and seminars.

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- Advertising TAS services: A majority of the tax professionals said TAS should advertise its services year round.
- Satisfaction with TAS services: Nearly 80 percent of tax professionals said they were satisfied or very satisfied with TAS services during the past year.

### *Small Business Owners*

Over half of all small business owners (SBOs) said their firm had been in business 10 years or more. Just over 50 percent of the SBOs have no employees; over one-third of all SBOs have one to five employees. The SBOs had the following observations about the IRS and the Taxpayer Advocate Service:

- Who prepares your tax return: Over 8 out of every 10 SBOs had a professional tax preparer complete their business tax return.
- Getting information about tax law changes: Six out of every ten SBOs said they rely on their tax professional for getting information about tax law changes. About three out of every ten said they used IRS forms and instructions for getting tax information.
- Awareness of TAS: 87 percent of all SBOs were not aware of TAS.
- Trust of the IRS: Over half of all SBOs said they trust the IRS. Just under half of all SBOs believe the IRS correctly handles tax matters.
- The SBOs primarily became aware of TAS through their tax professional or an IRS letter/publication.
- Contacting TAS for help. About three percent of the SBOs had contacted TAS for help with a tax problem within the past year. Most the SBOs contacted TAS because they received an IRS notice about a tax problem. The motivation for contacting TAS is not very clear, although it appears the SBOs were looking to TAS to provide a prompt response to their problem.
- How to reach TAS: Nearly seven percent of the SBOs did not know how to contact TAS.
- Future contact with TAS: More than one of every five SBOs said they were likely or very likely to contact TAS in the future.
- Satisfaction with TAS services: 25 percent of the SBOs who had used TAS said they were satisfied or very satisfied with TAS services during the past year.

### 3) **Actions Taken / Lessons Learned:**

#### *Overall*

- Four wave survey design produced a better than expected response rate.
- The procurement process for survey printing and mailing was extremely cumbersome, as the IRS blanket procurement contract had expired and the project had to be bid independently. The entire procurement process lasted over two months. Future survey efforts must plan for this time lag.

#### *Tax Professionals*

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- Survey Question #8 (on why the tax preparer contacted TAS) allowed for only one response; however, from scanning the survey documents, several respondents listed multiple reasons (only the first was tabulated). For future iterations of this survey, this question would allow multiple responses.
- Survey Question #11 (on the most effective time for TAS to advertise its services) allowed for only one response; however, from scanning the survey documents, several respondents listed more than one time period (only the first was tabulated). For future iterations of this survey, this question would allow multiple responses.

### *Small Business Owners*

- Survey Question #8 (on why small business owners contacted TAS) allowed for only one response; however, from scanning the survey documents, several respondents listed multiple reasons (only the first was tabulated). For future iterations of this survey, this question would allow multiple responses.
- The survey sample was selected from most recently available IRS filing requirement data. Nevertheless, several respondents reported being out of business for a number of years. We will look for a new data source to select the sample from for future survey iterations.

4 & 5) Taxpayer participation in survey:

Survey	Number of Respondents
Tax Professionals	1,221
Small Business Owners	3,163

6 & 7) **Date data collection began/ended:** The data collection period began during the last week of October, 2008, and ended March 14, 2008. During this period, the IRS sent a total of four separate mailings.

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### 8) Response Rate<sup>1</sup>:

Group	Response Rate
Tax Professionals	62%
Small Business Owners	42%

9) **Actual Burden Hours:** The total number of burden hours associated with our data collection is 731 hours.

Group	Number	Time (min)	Total Time (min)	Total Time (hours)
Tax Professionals	1,221	10	12,210	203.5
Small Business Owners	3,163	10	31,630	527.2
<b>Total Burden</b>	<b>4,384</b>	10	43,840	<b>730.7</b>

10) **Cost** – Approximately \$18,010 was spent on expenses to conduct these surveys.

Group	Cost
Tax Professionals	\$4,250
Small Business Owners	\$13,760
<b>Total</b>	<b>\$18,010</b>

<sup>1</sup> Tax Professionals:  $1,221 / (2,000 - 34 \text{ (undeliverable)}) = 62\%$ .  
Small Business Owner:  $3,161 / (7,908 - 431 \text{ (undeliverable)}) = 42\%$ .