

## **Advancing E-File Phase II Conjoint Questionnaire**

### **OMB Clearance Package**

#### **Introduction**

#### **Background/Overview**

In 1998, Congress passed the IRS Restructuring and Reform Act establishing a goal of having 80% of tax returns filed electronically by 2007. This year, approximately 60% of Individual tax returns were filed electronically. Since 1998, there has been extensive research on both Taxpayers and Tax Practitioners and their attitudes toward and levels of satisfaction with electronic filing. Recently, the IRS (in *Advancing e-file Phase I*) conducted a review of this body of research and looked at Taxpayer/Preparer behavior and preferences, e-file progress and technology adoption theory, e-file experiences from States and other countries, and options to promote Federal e-filing of individual tax returns.

Key findings from that review and analysis were that:

- There is no silver bullet. An advancing e-file strategy must take into consideration many complex factors, and there is no quick fix or any single option approach for the IRS to convert remaining paper filers.
- The IRS cannot meet the goal without help. The multifaceted landscape of the US tax system, by its very nature, requires that the IRS rely on strong partnerships with third party partners, stakeholders, and Congress in order to advance e-file.
- Technology is secondary to motivating behavior. Even the most innovative technology would not help the IRS achieve the 80% goal unless it is grounded in a thorough understanding of the intricacies of filer behavior—their motivators, concerns and relative position on the technology adoption curve.

#### **Data Collection Objective**

The proposed Advancing E-File Survey will provide information about how taxpayers currently file their tax returns and how they trade off key factors that affect their decision to file by paper versus e-filing. The goal of this research is to assess the current customer filing preferences, the attributes that drive those preferences and to present additional choices that help advance the IRS's initiative for greater e-filing.

## **Methodology**

### **Survey Questionnaire**

The survey questionnaire will take approximately 30 minutes to complete. Individuals will be asked to determine relative preferences for individual attribute levels through a series of ratings of alternative combinations of attribute levels.

The objective of the study will be to ‘decompose’ the service alternatives into a common set of service attributes, and to measure relative importance of attributes in evaluating service alternatives.

Questions will cover the following areas:

- Filing Methods
- Variables that influence taxpayer choice of filing method
- Contexts or service needs – different types of returns
- E-Filing options/initiatives

### **Sample Design**

This is a one-time survey administered online with a goal to reach 2,000 individual taxpayers. The sample source is provided through a panel created to be representative of the US population. To achieve the maximum possible response rates the contractor will send an invitation to all potential participants and will offer to enter their names into a sweepstake contest managed by the contractor.

### **How Data Will Be Used**

The vendor will prepare a report that provides summary data and response rates. The data will also be used as input for a broader model that allows managers to test the customer adoption effect of different advancing e-file options.

### **Data Collection Dates**

Precise data collection dates are not yet known, pending OMB authorization, but the survey would ideally begin as early as the week of March 16<sup>th</sup> and span through March 31<sup>st</sup>.

### **Data to Be Collected**

Data to be collected are detailed in the attached questionnaire.

### **Who Is Conducting Research**

The research is being conducted by IRS contractor, Pacific Consulting Group

### **Expected Response Rate**

We will strive to achieve a 70% response rate based on comparable research conducted in the past.

### **Maximizing Response Rate Methods**

The dates will be set to maximize respondent availability (mid-week as opposed to early in the week or on Fridays). Multiple callbacks will be made to each household to maximize the response rate. Additionally, a follow-up phone reminder will also be made one day in advance of each session.

### **Efforts to Not Duplicate Research**

No other surveys that capture trade-off decisions among taxpayers on e-file initiatives are currently being conducted; thus there is no duplication with other research.

### **Participants' Criteria**

To qualify for this survey, participants will have needed to file a federal tax return either this year or in 2007.

### **Security, Disclosure, Anonymity**

The IRS will ensure compliance with Taxpayer Bill of Rights II. All participants will be treated fairly and appropriately.

The security of the data used in this project and the privacy of participants will be carefully safeguarded at all times. Security requirements are based on the Computer Security Act of 1987 and Office of Management and Budget Circular A-130, Appendices A7B. Physical security measures include a locked, secure office. Videos are stored in locked cabinets. Data security at the appropriate level has been accomplished. Systems are password protected, users profiled for authorized use, and individual audit trails generated and reviewed periodically.

The IRS will apply and meet fair information and record-keeping practices to ensure privacy protection of all participants. This includes criterion for disclosure—laid out in the Privacy Act of 1974, the Freedom of Information Act, and Section 6103 of the Internal Revenue Code—all of which provide for the protection of taxpayer information as well as its release to authorized recipients.

Anonymity will be safeguarded. During the data collection process, participants will not be identified to IRS personnel. In addition, no participant names will be mentioned in the reports or data files. Participants will be advised that comments will be videotaped. Anonymity is assured by virtue of agency policy. The terms of IRS's contract with the data collection requires that the anonymity of any data be maintained.

### **Burden Hours**

The research has been designed to minimize burden on the taxpayer. The time that a respondent takes to participate has been carefully considered and only the most important areas are being asked. The study is expected to take 30 minutes to complete, plus 1 minute to read the invitation note. This is based upon the questionnaire consisting of 30 closed-ended choice questions and one open-ended response opportunity.

The estimate for taxpayer burden of the survey is 1,070 hours. Details follow:

Sample

2,857 person sample x 1.5 minute = 71 hours

Respondents

2,000 respondents x 30 minutes = 1,000 hours

Grand Total of 1,070 hours of burden

Cost: \$234,000

**Attachments**

Invitation Text

Questionnaire