

OMB Survey Clearance Package
Survey of Taxpayers Receiving CP21C Notice

I. Introduction

Background/overview

The Taxpayer Communications Taskgroup (TACT), chartered by the IRS Commissioner, seeks to study and improve the clarity, accuracy, and effectiveness of the IRS's written communication with taxpayers. In pursuit of one of its goals, TACT has identified ways to reduce costs by eliminating needless correspondence. TACT's Correspondence Reduction workgroup seeks to "provide information that adds value from the taxpayers' perspective." To meet this objective, TACT has requested that Wage & Investment (W&I) Research & Analysis (WIRA) assess the value of the CP21C notice from the perspective of the taxpayers who receive it following the 2009 tax filing season. The results of this survey will guide policy makers in deciding whether to continue mailing the CP21C notice.

Objectives of data collection

The CP 21C notice is sent to taxpayers after the IRS makes an adjustment, at the taxpayer's request, to their tax accounts. The taxpayer can make such a request either by filing an amended return or submitting correspondence requiring a change to his/her tax account. For the taxpayer to receive the CP21C, the adjustment must have resulted in one of three outcomes: no balance due, a refund of less than \$1, or a balance due of less than \$5. The notice informs the taxpayer that he/she does not have to pay a sum an amount less than \$5. The notice also states that unless the taxpayer requests it, the IRS will not issue the taxpayer a check for an amount less than \$1.

The Commissioner-chartered Taxpayer Communications Taskgroup (TACT) has suggested eliminating the CP 21C notice as one way of making IRS written communication clearer and more effective. Before finalizing that suggestion, however, TACT has sought qualitative data from 2009 recipients of this notice to assess how actual CP21C recipients react to receiving that communication. Specifically, TACT is interested in the answers to the following questions: Do taxpayers find the CP21C valuable? Do they appreciate receiving the notice? Would they miss this notice if the IRS did not send it out? Or, to the contrary, do they think it a misuse of government resources?

The brief questionnaire WIRA intends to include with the mailing of the CP21C notices would provide the data needed to answer these questions. Consequently, should TACT proceed with this policy change, the taskgroup's decision will be data-driven.

II. Methodology

Sample design

This survey's population consists of taxpayers who, as a result of filing an amended return or submitting correspondence requesting an adjustment to tax, receive a CP21C notice in 2009. The population count was approximately 1.5 million in 2008. The survey will be mailed out along with the notice from the IRS's Detroit printing site. It will be sent to 30,000 taxpayers within the survey population.

Data collection date

Data will be collected within a six-week time period beginning July 6, 2009, following processing cycle 24.

Data to be collected

The data collected from the survey instrument can be organized across three categories.

- Category 1: Reason for receiving the notice
Data: Responses about why the taxpayer received the notice and about the taxpayer's request that initiated the notice.

- Category 2: Opinion on the notice
Data: Responses about whether the notice was valuable to the taxpayer and how satisfied the taxpayer was with the notice.

- Category 3: The future of the notice
Data: Responses about what the taxpayer would have done had he/she not received the notice and whether he/she would like to receive this notice in the future.

How will the data be used

The data will be used to determine how valuable the current notice is to taxpayers whose tax accounts fall into one of the following three outcomes: zero balance due, owe less than \$5, or are owed a refund of less than \$1. Currently, TACT theorizes that since the IRS adjusts the taxpayer's account at the taxpayer's request, notice recipients may not find it necessary to receive a confirmatory letter. Thus, survey data will be used to judge whether taxpayers appreciate receiving the notice and if, in their opinion, it has any value.

How will the data be analyzed

WIRA researchers will coordinate the analysis of all data.

Data analysis will consist of un-weighted and weighted frequencies, cross tabulations, and tests of significance. All analysis will be conducted using the statistical software packages SAS 9.1 for Windows (SAS Institute Inc., Cary, NC), SPSS 8.0 for Windows (SPSS Inc., Chicago, IL), and Microsoft Excel 2003 (Microsoft Corporation, Redmond, WA).

Who is conducting the research

W & I Research and Analysis, Research Group 3, will be conducting the research.

Location - region/city and facilities

Because receipt of the notice is the result of an original taxpayer action and because of the random sampling from the survey population, the actual completion of this survey by participants could take place within any of the 50 states, Puerto Rico, or the U.S. Virgin Islands.

All survey coordination will take place at WIRA's Atlanta, Georgia offices. Survey recipients will return the postcard questionnaires directly to WIRA.

Physical location:

Peachtree Summit Building
401 W. Peachtree St. NW, Stop 12-WI
Atlanta, GA 30308

Methods to maximize response rate

The researchers will utilize the following strategies to maximize response rate:

1. The survey will be mailed in the same envelope as the CP21C notice so that taxpayers receive both items simultaneously. By synchronizing the delivery of the survey with the notice's mailing, we hope to make it as easy as possible for taxpayers to complete the survey.
2. The survey will be printed on a self-addressed, stamped postcard.

Expected response rate

Based on experience with previous WIRA surveys and utilizing the methods to maximize response rate listed above, a response rate of 50 percent is expected.

Using the above response rate, along with additional research findings from W&I Research Group 3, we expect the following total number of respondents:

Total survey population	30,000
Undeliverable mail subtraction (5%)*	(1,500)
Change of address subtraction (5%)*	<u>(1,500)</u>
Net survey population	27,000
Expected number of respondents (50%)	13,500

*W&I Research Group 3

Test structure/design

The data collection instrument for this project is a survey consisting of six individual items. Participants will receive the postcard-sized survey by mail in the same packaging as the notice about which the survey queries. Based upon the categories defined under “*Data to be collected*” above, the question breakdown is as follows:

<u>Category</u>	<u>Total Number of Questions</u>
Reason for receiving the notice	2
Expectations regarding notice	1
The future of the notice	2
Assessment of notice inserts	1
Total survey questions	6

Efforts to not duplicate research

Though a number of surveys already exist within the W&I division, they do not address the same subject. This survey will provide data relevant to this specific notice and will help W&I in deciding whether to eliminate the CP21C notice in its effort to make its communication with taxpayers more meaningful and effective.

III. Participants Criteria

To be included in the sampling plan for this survey, participants must have the following characteristics:

1. Filed either an amended return or submitted correspondence requesting an adjustment to tax following the 2009 filing season.
2. Received a CP21C notice in response.

IV. Privacy, Security, Disclosure

WIRA will ensure that the utmost scrutiny is given to privacy, security, and disclosure when describing the taxpayers that respond to this survey. Every precaution will be taken to assure the proper protection of the taxpayer's survey responses. The survey will be associated with only the amount of taxpayer data that is necessary to accomplish the objectives. We will limit and control the amount of information that we collect to those items that are necessary to accomplish the research objectives.

We will carefully safeguard the security of data utilized, as well as, the privacy of the taxpayers. Physical security measures include a locked, secure office. In addition, we will store printouts of sensitive data in locked cabinets, and shred them when no longer needed. We will accomplish data security at the C-2 level through the Windows NT operating system. Systems are password protected, users are profiled for authorized use, and individual audit trails will be generated and reviewed. We will apply fair information and record-keeping practices to ensure protection of all taxpayer information.

We will protect the privacy of the taxpayers that participate in the survey by not using names or any other personal identifiers in our report. We will control official access to the information and will not allow public access to the information. The survey and taxpayer data will be destroyed when we have completed the project 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.

V. Burden Hours

The estimated taxpayer burden will be 900 hours. This total is based upon the following estimates:

Time to read survey:	2 minutes
Time to complete and submit survey:	<u>2 minutes</u>
Total individual time:	4 minutes
Total estimated number of participants:	13,500
Total estimated taxpayer burden (Total individual time multiplied by total participants):	900 hours

The estimated time to complete and submit the survey is 2 minutes, but some variation in completion time can be expected.

VI. Cost

The estimated total cost for completing this survey (including postage) is \$3900.

VII. Appendix

1. Survey