

OMB Survey Clearance Package
Survey of Taxpayers Receiving CP 521 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 CP 521 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 CP 521 notice or consider sending out electronic reminders instead.

Objectives of data collection

The CP 521 notice is sent to a taxpayer to remind him or her of an upcoming due date for payment in accordance with his or her installment agreement with the IRS. The notice, on its first page, shows the current balance, including amounts originating from penalty and interests. The second and third pages discuss penalty and interest, the consequences for paying late, and the reasons why a taxpayer may be cleared of a penalty.

The Commissioner-chartered Taxpayer Communications Taskgroup (TACT) has suggested replacing the CP 521 notice with a more cost-efficient alternative. Such an alternative reminder of an upcoming payment may take the form of an e-mail, postcard, annual payment book, recorded telephone message, or access to a secure website containing monthly statements. Before finalizing that suggestion, however, TACT has sought qualitative data from 2009 recipients of this notice to assess how actual CP 521 recipients react to receiving that communication. Specifically, TACT is interested in the answers to the following questions: Do taxpayers find the CP 521 valuable? Do they appreciate receiving the notice? What information in the notice do they find useful? Do taxpayers who make payments via a certain method (i.e., direct debit or electronically) prefer to be reminded of upcoming payments via an electronic method as well?

The brief questionnaire WIRA intends to include with the mailing of the CP 521 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 entering into an installment agreement with the IRS, receive a CP 521 notice before each month's payment due date. The IRS mailed out more than 20.2 million of these notices in 2008. Assuming the average taxpayer received 12 copies of the notice in 2008, a notice volume of 20.2 million translates into a population count of approximately 1.7 million for 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 June 15, 2009, with processing cycle 24.

Data to be collected

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

Category 1: General information

Data: Responses about how the taxpayer makes payments, his/her satisfaction with his/her current payment plan, and his/her awareness of an offer currently available.

Category 2: Opinion of the notice

Data: Response about whether the notice was valuable to the taxpayer.

Category 3: Future of the notice

Data: Responses about how the taxpayer would prefer to receive the monthly reminder and how he/she would react to news of a financial incentive.

How will the data be used

The data will be used to determine how valuable the current notice is to taxpayers who make monthly payments as part of their installment agreements with the IRS. Currently, TACT theorizes that since some of these notice recipients make automatic payments electronically, they may not find it necessary to receive a monthly statement by mail. Thus, survey data will be used

to judge whether taxpayers value receiving the notice and if, in their opinion, another form of reminder may be more useful.

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 CP 521 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 asks questions. 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>
General information	3
Opinion of the notice	1
Future of the notice	2
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 replace the CP 521 notice with another form of communication in its effort to make its contact 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. Currently paying off debt to the Department of Treasury through an installment agreement.
2. Received a CP 521 notice in 2009.

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 \$3,900.

VII. Appendix

1. Survey