

Attachment A: Draft Pre Note Survey Solicitation Letter

MEMORANDUM FOR LARGE AND MID-SIZE BUSINESS COMMUNITY

FROM: Robert Trujillo
Director, Program Quality and Assurance

SUBJECT: Customer Preferences Survey

The IRS Restructuring and Reform Act of 1998 (RRA'98) established several mandates for the Internal Revenue Service (IRS) to fulfill. One of those mandates was to survey our customers to determine their level of satisfaction with the IRS's overall job performance, and to solicit ideas for the improvement of our services.

The Large and Mid-Size Business Division (LMSB) of the IRS is polling taxpayers to obtain feedback on overall performance with recently closed examinations. LMSB is not contacting taxpayers directly but is utilizing the contractual services of Pacific Consulting Group who is acting on behalf of LMSB and all information conveyed will be confidential. Below is the log-in information to complete this survey online.

Web site: INSERT WEBLINK HERE
User Name: (INSERT UNIQUE ID HERE)
Password: (INSERT UNIQUE PASSWORD HERE)

If you have any questions about the validity and objectives of this study, please contact Jim Morton, at (404) 338-7127 or jim.morton@irs.gov. He will be more than happy to discuss the process with you. If you have difficulty accessing the survey, please contact Elaine Chan, at 650.327.8108 or (SURVEY EMAIL ADDRESS)

Please take the time to participate in this study and use this opportunity to be candid about our performance. Thank you in advance for your interest in improving our services.

Attachment B: Draft Scripted Survey Questionnaire

[IRS LMSB Conjoint 2010]

[DISPLAY]

Welcome to the IRS Large and Mid-Sized Business Taxpayer Preferences Survey. Your responses will help the IRS discover ways to improve the level of service they provide to businesses such as yours. No personal identifying information will be passed along to the IRS. The answers you give will be presented in aggregate form. Neither the IRS nor anyone else will know who you are or your individual responses. We do this so that you can be comfortable in telling us what you really think. We hope that you will find this survey interesting.

As part of its continuing effort to improve the audit process, the IRS is conducting ongoing research to understand customer satisfaction with the audit. The voluntary survey takes about 30 minutes to complete. Your individual responses will be kept completely anonymous, and the results will be presented to LMSB only in aggregate form. If you have any questions about this survey, please e-mail the survey coordinator at: wtang@pcgfirm.com.

Our contract with IRS-LMSB authorizes us to collect taxpayer specific information. Therefore responding to the survey is not an unauthorized disclosure of taxpayer information. Prior to taking the survey, if you would like to verify the authenticity of the survey request, you may contact Jim Morton, LMSB Program Analyst by phone (404-338-7127) or by email (jim.morton@irs.gov).

If you feel that you are not the right person in your organization to take the survey, please forward the survey invitation letter you received to the person who can better answer questions about the audit.

The Paperwork Reduction Act requires that the IRS display an OMB control number on all public information requests. The OMB Control Number for this study is 1545-1432. Also, if you have any comments regarding the time estimates associated with this study or suggestions on making this process simpler, please contact the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224.

Thank you very much for your responses.

For most of the questions in this survey, there are no right or wrong answers. We are simply interested in your opinions.

[RADIO]

[PROMPT IF SKIP]

1. Are you an executive who is familiar with your company's taxes?

- Yes (Continue)
- No (Terminate)

[PROMPT IF SKIP]

(If terminate) Thank you for your time. Unfortunately, you are not eligible for this survey.

(If Continue, go to Q2)

Demographic Questions

[RADIO]

2. What is your job title?

- CEO
- CFO
- Chief Tax Officer
- Other (please specify)_____

[RADIO]

3. How long have you worked for your current company?

- Less than one year
- Well
- Not well

[RADIO]

4. Which of the following industry best describes your company's business? [Select one option]

- Communications, Technology, and Media
- Financial Services
- Heavy Manufacturing and Transportation
- Natural Resources and Construction
- Retailers, Food, Pharmaceuticals, and Healthcare

[RADIO]

5. What is your company's level of assets? [Select one option]

- Less than \$10 million
- \$100 million - \$149 million
- \$150 million - \$199 million
- \$200 million - \$249 million
- \$250 million - \$499 million
- \$500 million - \$1 billion
- More than \$1 billion

[DISPLAY]

The IRS is interested in dealing with taxpayers in a fair, balanced, informed, open and consistent manner. In doing so, taxpayers would be encouraged to be more transparent and provide information beyond their statutory obligations. The new “enhanced relationship” based on mutual trust would theoretically result in more relevant information being provided on a timely basis to the tax authorities leading to more rapid risk assessment and resolution.

[RADIO]

6. First, we’d like you to characterize your organization on three criteria. Please select the definition from the following list that best fits your circumstance.

a. Transactions that have a material effect

Taxpayer discloses *all* transactions that have a material effect

- Taxpayer discloses *most* transactions that have a material effect
- Taxpayer *does not* disclose transactions that have a material effect

b. Proposed tax positions

- Taxpayer *usually* discloses proposed tax positions
- Taxpayer *sometimes* discloses proposed tax positions
- Taxpayer *does not* disclose proposed tax positions

c. Identification of uncertain tax positions

- Taxpayer *usually* identifies the tax positions that are uncertain
- Taxpayer *sometimes* identifies the tax positions that are uncertain
- Taxpayer *does not* identify the tax positions that are uncertain

Description of Factors

[DISPLAY]

We are going to ask you to think about criteria that would encourage taxpaying organizations to provide information beyond statutory obligations. Before we do that, we want to explain a few terms that will be used.

[RADIO]

7. **<in yellow>Published Guidance </in yellow>** means published regulations, guidelines and rulings explaining tax code.

7a. Published guidance ranges from regulations to revenue rulings. How pleased would you be if published guidance was limited to regulations only?

	Very Displeased	Somewhat Displeased	Neutral	Somewhat Pleased	Very Pleased
x					

[RADIO]

8. **<in yellow>Exam Length </in yellow>** means the length of time from when the audit begins to the time a case is closed.

[NUMBER BOX 1-999]

[IF Q5 < \$1B (CIC) ASSETS, ASK 8A; OTHERWISE, SKIP TO 8B]

8a. Exam length usually ranges from 4 months to 18 months. How pleased would you be if the return preparation time was 9 months?

Exam Length	Very Displeased	Somewhat Displeased	Neutral	Somewhat Pleased	Very Pleased
9 months					

[NUMBER BOX 1-999]

[IF Q5 = OR > \$1B ASSETS, ASK 8B; OTHERWISE, SKIP TO Q9]

8b. Exam length usually ranges from 15 months to 36 months. How pleased would you be if the return preparation time was 24 months?

Exam Length	Very Displeased	Somewhat Displeased	Neutral	Somewhat Pleased	Very Pleased
24 months					

[RADIO]

9. **<in yellow>Reserves </in yellow>** means the amount of money an organization sets aside as a contingent liability. Freeing up reserves for contingent tax liability allows an organization to invest the money elsewhere (capital, R&D, acquisitions, etc.).

[NUMBER BOX]

10a. Reserves range from \$ million to over \$100 million for a single tax year audit. How pleased would you be if the personnel costs were \$50 million?

Reserves	Very Displeased	Somewhat Displeased	Neutral	Somewhat Pleased	Very Pleased
\$50 million					

[RADIO]

10. **Tiered Issues** are issues that are categorized into three tiers: Tier are of high strategic importance to the IRS and have significant impact on one or more Industries.

- Tier I includes recognized abusive and listed transactions as well as other “high-risk” transactions and issues that represent the IRS’s highest compliance priorities.
- Tier II issues reflect areas of potential high non-compliance and/or significant compliance risk to the IRS or an Industry. Tier II includes emerging issues, where the law is fairly well established, but there is a need for further development, clarification, direction and guidance on the IRS’s position.
- Tier III issues are those issues that represent the highest compliance risk for a particular industry, and which require unique treatment for an industry.

9a. Tiered issues range from Tier 1 to Tier III. How pleased would you be if the audit was limited to Tier II issues?

Tiered Issue	Very Displeased	Somewhat Displeased	Neutral	Somewhat Pleased	Very Pleased
Limited to Tier II					

[RADIO]

11. **Personnel costs** means the cost to your organization of retaining staff to work through an audit cycle. This includes full-time, part-time or contract staff.

[NUMBER BOX 0-100]

10a. Personnel costs range from \$100,000 to over \$1 million for a single tax year audit. How pleased would you be if the personnel costs were \$500,000

Personnel Costs	Very Displeased	Somewhat Displeased	Neutral	Somewhat Pleased	Very Pleased
\$500,000					

Practice Question

[RADIO]

Please answer the following practice question to make sure we are explaining the task clearly.

11. Imagine that your organization is being audited. You have narrowed your choices down to two choices. Assume that the only difference between the two audit types is the exam length. One choice results in 12 months audit length.

The other choice results in an audit length of 24 months. Please select the option that you prefer based on the return preparation time.

Audit	Audit
Audit Length 12 months	Audit Length 24 months
*	*

[RADIO]

[IF Q11=24 MONTHS]

11a. The question was not clear. You chose to spend more time with your organization’s tax audit. Are you sure that you want to spend more time on your organization’s audit? Select one answer only

- Yes, I'm sure that I want to choose the option where the exam length is longer
- No, I'm not sure. Ask the question again.

[RADIO]

[IF Q11A=NO then show Q11B]

11b. Imagine that your organization is being audited. You have narrowed your choices down to two choices. Assume that the only difference between the two audit types is the exam length. One choice results in 12 months audit length. The other choice results in an audit length of 24 months. Please select the option that you prefer based on the return preparation time.

Audit	Audit
Audit Length 12 months	Audit Length 24 months
*	*

Choice Tasks for Preferred Tax Audit Method

[DISPLAY]

The questions on the next 10 screens will have additional factors to consider. Each screen will show you three types of audits (one in each column). The three approaches on each of the next ten screens will have different characteristics. Please compare all three approaches on each screen carefully and choose the one you MOST prefer on each screen.

Your actual experience will likely differ from the specifics we will show you. There is no right or wrong answer. We are only interested in how you would react to the different methods and characteristics.

[RADIO]

[PROMPT IF SKIP]

[CREATE HYPERLINK AND MOUSEOVER FOR TEXT IN THE FIRST COLUMN. CONTENT FROM Q7 TO Q10]

[PROGRAMMING NOTE: NEED TWO CONJOINT TABLES FOR VARYING EXAM LENGTH RANGES: ONE FOR ASSETS <\$1B AND ONE FOR ASSETS =>\$1B]

Q12-21. Which of the following three audit types would you MOST prefer for completing a tax audit?

Preparation and Filing Method	AUDIT1	AUDIT2	AUDIT3
<u>Published Guidance</u>	x	y	x
<u>Exam Length</u>	x months	x months	x months
<u>Reserves</u>	\$xxx	\$xxx	\$xxx
<u>Tax Certainty</u>	Yes	No	Yes
<u>Tiered Issues</u>	I	III	II
<u>Personnel Costs</u>	\$xxx	\$xxx	\$xxx
	*	*	*

CLOSING COMMENTS

[TEXT BOX]

22. How else can the IRS encourage taxpayers to be more transparent and provide information beyond your organization's statutory obligations?

[TEXT BOX]

23. Do you have any final comments about how the IRS can achieve an enhanced relationship with taxpayers?

[RADIO]

24a How difficult was this survey to complete?

- Not at all difficult
- Not very difficult
- Somewhat difficult
- Very difficult

[TEXT BOX]

[IF Q24A=3 OR 4]

24b What was particularly difficult for you?

[DISPLAY]

You have reached the end of the survey. Thank you for participating in this research.
Your feedback is very valuable.