

RESPONDENT INFORMATION

RESPONDENT ID#... ..1-5

SAMPLE TYPE: **Software Vendors** (n=as many as possible from a list of about 50).....1 ...00

PROJECT-FIELD TEAM NOTES:

IRS APPEND FROM LATEST (2010) INDIVIDUAL 1040 RETURN DATA: # returns e-filed, # vendor-controllable ERCs

RECORD DATE, TIME & DISPOSITION OF EACH INTERVIEW ATTEMPT:

		Refused After One Attempt	Refused After Repeat Attempt	Referred To Another Person (Start Over)	Respondent Unavailable	Appoint- ment Set	Partial Data Collected But Resp. Will Not Complete	Com- plete/ All Data Collected	
1	DATE: _____ TIME: _____ (am) (pm)	1	2	3	4	5	6	7	...00
2	DATE: _____ TIME: _____ (am) (pm)	1	2	3	4	5	6	7	...00
3	DATE: _____ TIME: _____ (am) (pm)	1	2	3	4	5	6	7	...00
4	DATE: _____ TIME: _____ (am) (pm)	1	2	3	4	5	6	7	...00
5	DATE: _____ TIME: _____ (am) (pm)	1	2	3	4	5	6	7	...00
6	DATE: _____ TIME: _____ (am) (pm)	1	2	3	4	5	6	7	...00
7	DATE: _____ TIME: _____ (am) (pm)	1	2	3	4	5	6	7	...00
8	DATE: _____ TIME: _____ (am) (pm)	1	2	3	4	5	6	7	...00
9	DATE: _____ TIME: _____ (am) (pm)	1	2	3	4	5	6	7	...00
10	DATE: _____ TIME: _____ (am) (pm)	1	2	3	4	5	6	7	...00

INTERVIEWER _____ ...00

Introduction

Hello, I'm _____ of Russell Research, an independent national research firm. The Internal Revenue Service recently mailed you a request to participate in an important survey of risks in the electronic tax administration landscape. (IF ASKED "WHAT RISKS?", REPLY WITH "RISKS TO PREPARERS, TAXPAYERS, SOFTWARE VENDORS, STANDARDS OF TAX ADMINISTRATION, ETC.") In that mailing, the IRS included a paper survey and asked you to complete the survey in advance of a call from Russell Research. I am calling today to collect your responses from the paper survey you received.

Please keep in mind that all of your responses will be completely anonymous. Our call today to collect responses should take about 20 minutes of your time. Do you have your completed survey to refer to during this call? (IF "YES", GO TO Q1. IF "NO"/"HAVEN'T COMPLETED IT YET"/ETC., ASK...)

- May I schedule an appointment for a convenient day and time to call you back, when you would have your survey completed? (IF "YES", RECORD APPOINTMENT TIME IN BOX ABOVE. IF "NO"/"DO NOT WANT TO PARTICIPATE"/ETC., ASK...)
- The IRS asks that you consider the importance of this survey and would appreciate your time and help with it. Can we set an appointment for about a week from now to give you time to complete the survey? (IF "YES", RECORD APPOINTMENT TIME IN BOX ABOVE. IF STILL "NO"/"DO NOT WANT TO PARTICIPATE"/ETC., CLOSE WITH...)
- Government survey procedures require us to contact you again at a later date to see if you then might be willing to help. Please know that this survey is extremely important and that we are merely following Government survey procedures when we call on you again. (MAKE ONLY ONE MORE ATTEMPT TO CONVERT THIS PERSON TO COMPLETION, THEN THANK THEM FOR THEIR TIME AND RECORD AS "REFUSED AFTER REPEAT ATTEMPTS" IN BOX ABOVE.)

Start of Survey for Those Agreeing to It

(START SURVEY AMONG THOSE AGREEABLE BY READING THIS...) First, thank you very much for agreeing to help the IRS by participating in the survey. We are required by law to provide you the Office of Management and Budget Control Number for this information request. That number is 1545-1432. In addition, if you have any comments about the time estimate to complete the survey or ways to improve the survey, you can write to the IRS. Would you like the address? (IF YES, ADDRESS IS...) IRS Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224. CONTINUE WITH: Please keep in mind that this survey is focused only on Federal individual tax returns using the 1040 family of forms. State, business, and information returns are out of scope. Now that you have your notes and responses from the paper copy of the survey the IRS sent you, let's begin.

INTERVIEWER/ONLINE PROGRAMMER: KEEP IN MIND THAT, WITH THE SURVEY HAVING BEEN SENT TO THE RESPONDENT BY IRS IN PAPER FORM WITHOUT ANY RESPONSE CHOICES RANDOMIZED, RESPONDENT HAS PRE-ANSWERED QUESTIONS WITH RESPONSES IN EXACTLY THE ORDER SHOWN HERE. STILL, READ ALL CHOICES TO GUIDE RESPONDENT IN PROVIDING ANSWERS.

General

- Please estimate the number of tax returns that your firm files by each of the following customer types. (READ CHOICES & ENTER NUMBER FOR EACH ITEM.)**

	# RETURNS
Taxpayers.....	_____
Tax Professionals who are not Franchisees.....	_____
Tax Professionals who are Franchisees.....	_____
White label customers (e.g., for others to brand as their own and resell).....	_____
(DO NOT OFFER AS CHOICE, BUT CLICK IF:) Do not make or sell tax preparation software.....x	

IF RESPONDENT DOES NOT MAKE OR SELL TAX PREPARATION SOFTWARE, THANK AND CLOSE.

ASK Q2 ONLY OF VENDORS WITH "1" OR HIGHER FOR "TAXPAYERS" IN Q1.

- How do your taxpayer customers initially install your software? Please estimate the proportion of taxpayer software installed in 2010 by each of the following methods. Do not include subsequent software updates. (READ CHOICES & ENTER PERCENT RESPONSE FOR EACH ITEM; MUST TOTAL 100%.)**

	PERCENT
Online only (e.g., Software-as-a-Service/SaaS, web client).....	_____
Download and install onto user's computer.....	_____
Install from physical media onto user's computer.....	_____

ASK Q3 THROUGH Q4 ONLY OF VENDORS WITH "1" OR HIGHER FOR EITHER OF THE "TAX PROFESSIONAL" ANSWERS IN Q1.

3. How do your tax professional customers initially install your software? Please estimate the proportion of tax professional software installed in 2010 by each of the following methods. Do not include subsequent software updates. (READ CHOICES & ENTER PERCENT RESPONSE FOR EACH ITEM; MUST TOTAL 100%)

PERCENT

Online only (e.g., Software-as-a-Service/SaaS, web client)....._____

Download and install onto user's computer....._____

Install from physical media onto user's computer....._____

4. In what ways does your firm’s tax professional software allow users to transmit (e-file) their clients’ returns? Can they...(READ CHOICES & CLICK ALL THAT APPLY.)

- Use your firm’s transmission (e-file) capability built into the software.....
- Use another firm’s transmission capability (PROBE) Whose? _____
- Use your firm’s software to create a return file but transmit it directly to IRS themselves.....
- Other (SPECIFY) _____

ASK ALL:

5. Following are some definitions which we would like you to keep in mind when answering subsequent questions. Let’s carefully review these definitions.

Accuracy....Software correctly applies tax law, correctly represents the taxpayer’s tax liability, and correctly formats return.

Reliability. .Software and transmission (e-file) systems are available and operating consistently.

Security.....Reasonable safeguards protecting personally identifiable information (PII).

Privacy.....Appropriately use and disclosure of personally identifiable information (PII).

Burden.....Tax law, guidance, filing requirements, process, tools, and information present a challenge in bringing software to market.

Based upon the above definitions, how would your firm rank the following risks to tax administration due to the use of tax software, where 1 is the greatest risk and 5 is the least? (LET RESPONDENT OFFER RANK FOR EACH ITEM. ENTER RANK.)

	RANK
Accuracy.....	_____
.....	_____
Burden.....	_____
Privacy.....	_____
.....	_____
Reliability.....	_____
.....	_____
Security.....	_____
.....	_____

Security

6. How does your firm manage its security program? Is it...(READ CHOICES & CLICK ONLY ONE ANSWER.)

- Managed by designated security lead (e.g., Chief Information Security Officer).....
- Managed by committee (e.g., personnel from security, compliance and legal).....
- No security program.....
- Other (SPECIFY) _____

7. How often do you review and update your internal security policies (e.g., standards, controls)? Do you...
(READ CHOICES & CLICK ONLY ONE ANSWER.)

- Update quarterly.....
- Update semi-annually.....
- Update annually.....
- Do not update.....
- Do not have security policies.....

14. **What is the acceptable recovery time for unplanned service outages? Using the scale provided in the paper survey sent to you, please indicate the acceptable recovery time for each of the outage types below. (READ CHOICES & CLICK ONLY ONE ANSWER PER ITEM.)**

	2-6	1 or more	Less than 1 hour	1-8 Hours	9-24 Hours
	<u>Days</u>	<u>Weeks</u>			
Preparation outage (i.e., customers can't use software to complete return).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transmission outage (i.e., customers can't e-file completed returns with IRS).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Download outage (i.e., customers can't download software or updates).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customer service outage (i.e., customers can't use online or phone help)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Accuracy

15. **How many test cases do you run to validate software accuracy (e.g., correctly applies tax law, correctly represents the taxpayer's tax liability) for each of the following types of software? (READ CHOICES & ENTER NUMBER FOR EACH ITEM, EVEN IF "0".)**

	<u>NUMBER</u>
<u>Taxpayer</u> software.....	_____
<u>Tax professional</u> software.....	_____

16. **For your preparation software, which of the following types of testing do you perform? (READ CHOICES & CLICK ALL THAT APPLY.)**

- Integration.....
- Performance.....
- Quality Assurance.....
- Regression.....
- System.....
- Unit/application.....
- Usability.....
- Other (SPECIFY) _____
- Do not perform testing.....

17. **For your transmission (e-file) capability, which of the following types of testing do you perform? (READ CHOICES & CLICK ALL THAT APPLY.)**

- Integration.....
- Performance.....
- Quality Assurance.....
- Regression.....
- System.....
- Unit/application.....
- Usability.....
- Other (SPECIFY) _____
- Do not perform testing.....

18. How do you notify customers of software updates? Do you... (READ CHOICES & CLICK ALL THAT APPLY.)

- Email instructions on updating the software.....
- Post notice on the firm and/or product website.....
- Message through social media (e.g., Twitter).....
- Trigger the tax software to automatically install and activate update.....
- Prompt within the software to install and activate update.....
- Distribute software updates for scheduled installation.....
- Use remote access to install and activate update
- Stop accepting returns from older software products.....
- Other (SPECIFY) _____
- Do not notify customers of product updates.....

19. From January 15 to April 15, 2010, how many times did you update your software? (ENTER NUMBER, THEN ASK Q20 IF 1 OR MORE.)

NUMBER

Any reason (total number of updates)..... _____

20. Given that a software update can be driven by more than one reason, how many of these updates were due to...(READ CHOICES & ENTER NUMBER FOR EACH ITEM, EVEN IF "0". NOTE THAT ONE UPDATE CAN BE DUE TO MULTIPLE REASONS, SO IT IS OK TO HAVE 'DOUBLE COUNTING' AMONG REASONS, BUT NO ITEM SHOULD EXCEED THE TOTAL NUMBER IN Q19.)

NUMBER

- Final forms/instructions released by IRS..... _____
- Customer feedback (e.g., user interface design changes)..... _____
- New functionality..... _____
- Bug fixes to existing functionality..... _____
- Business rule updates (e.g., calculations)..... _____
- Other (SPECIFY) _____
- Other (SPECIFY) _____
- Other (SPECIFY) _____

Privacy

21. How does your firm manage its privacy program? Is it...(READ CHOICES & CLICK ONLY ONE ANSWER.)

- Managed by designated privacy lead (e.g., Chief Privacy Officer).....
- Managed by designated security lead (e.g., Chief Information Security Officer).....
- Managed by committee (e.g., personnel from security, compliance and legal).....
- No privacy program.....
- Other (SPECIFY) _____

22. How often do you review and update your internal privacy policies (e.g., classifying PII, acceptable usage)?
(READ CHOICES & CLICK ONLY ONE ANSWER.)

Update quarterly.....

Update semi-annually.....

Update annually.....

Do not update.....

Do not have policy.....

Risks

The next series of questions is going to focus on future situations. Consider all your software products and all your customers. We are going to ask for your opinion regarding the chance of these potential situations occurring and the proportion of returns that would be affected if they were to occur.

26. Do you think the following may occur to your firm in the next two years? Using the scale provided in the paper survey sent to you, please rate the chance of occurrence from 1%, 25%, 50%, 75%, and 99%, with 1% being *Extremely Low Chance* and 99% being *Extremely High Chance*. (READ CHOICES & CLICK ONLY ONE ANSWER PER ITEM.)

		Extremely Extremely	Low	Low	Moderate
	High	High	Chance	Chance	Chance
	Chance	Chance	1%	25%	50%
	75%	99%			
Software error (e.g., improper tax law application, computation).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Software inconsistency (e.g., identical inputs result in different outputs).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Preparation outage (i.e., customers can't use software to complete return).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transmission outage (i.e., customers can't e-file completed returns with IRS).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Download outage (i.e., customers can't download software or updates).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customer service outage (i.e., customers can't use online or phone help).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improper use or disclosure of PII due to internal cause (e.g., insider theft, destruction).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improper use or disclosure of PII due to external cause (e.g., hacking and intrusion, malware, lost/stolen laptop).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lack of notice and consent (e.g., choice to opt in/out).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lack of transparency (e.g., written privacy policy).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

We talked about chance, now let's address effect.

27. If the following were to occur, what proportion of your firm's returns would be affected? Using the scale provided in the paper survey sent to you, please rate the proportion of returns affected from 1%, 25%, 50%, 75%, and 99%, with 1% being *Extremely Low Proportion* and 99% being *Extremely High Proportion*. (READ CHOICES & CLICK ONLY ONE ANSWER PER ITEM.)

		Extremely Extremely	Low	Low	Moderate
	High	High	Proportion	Proportion	Proportion
	Proportion	Proportion	1%	25%	50%
	75%	99%			
Software error (e.g., improper tax law application, computation).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Software inconsistency (e.g., identical inputs result in different outputs).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Preparation outage (i.e., customers can't use software to complete return).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transmission outage (i.e., customers can't e-file completed returns with IRS).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Download outage (i.e., customers can't download software or updates).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customer service outage (i.e., customers can't use online or phone help).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Improper use or disclosure of PII due to internal cause (e.g., insider theft, destruction).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improper use or disclosure of PII due to external cause (e.g., hacking and intrusion, malware, lost/stolen laptop).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lack of notice and consent (e.g., choice to opt in/out).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lack of transparency (e.g., written privacy policy).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Have tracking capabilities (e.g., incident ticket created and escalated)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>					
Categorize incident (e.g., severity, assessment)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>					
Use forensic techniques (e.g., system logs, intrusion detection logs)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>					
Have physical resources (e.g., redundant storage, standby systems, backup services)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>					
Document and preserve evidence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>					
Notify proper external agencies (e.g., comply with federal and/or state security breach notification laws)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>					
Assess damage and cost (e.g., valuation)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>					
Review and update policies after incident	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>					

Burden

31. How do you anticipate and accommodate the effects of late tax law changes in your software? Do you...
 (READ CHOICES & CLICK ALL THAT APPLY.)

- Code software to account for multiple legislative outcomes.....
- Quickly iterate software changes.....
- Consult IRS draft forms or instructions.....
- Contact IRS personnel for guidance.....
- Use information from industry and professional affiliations (e.g., CERCA, NACTP).....
- Use in-house legislative analysis.....
- Use third party legislative analysis (e.g., CCH, BNA).....
- Other (SPECIFY) _____

32. Consider the activities in the previous question. On average over the last two years, please estimate the full time equivalent hours directly associated with incorporating late tax law changes in your software. (READ & CLICK ONLY ONE ANSWER.)

- Less than 520 hours.....
- 520 to 1039 hours.....
- 1040 to 2079 hours.....
- 2080 to 4160 hours.....
- More than 4160 hours.....
- No hours.....

33. Using the scale provided in the paper survey sent to you, please rate your agreement that the following are sufficient...(READ CHOICES & CLICK ONLY ONE ANSWER PER ITEM.)

		Strongly	Strongly		
	Agree	Agree	Disagree	Disagree	Neutral
Bulletins.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tax forms, schedules, and instructions.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transmission file requirements.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E-file acknowledgements.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Error reject codes.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E-file privacy and security standards.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Additional Feedback

34. Please share any additional comments or concerns.

Closing

Thank you for taking the time to fill out our survey. We rely on your feedback to help us improve our services. Your input is greatly appreciated.