

OMB CLEARANCE PACKAGE  
SURVEY OF INDIVIDUALS LIVING ABROAD:  
AWARENESS, NEEDS, AND PREFERENCES  
*September 22, 2010 – September 21, 2011*

## I. Introduction

### Background/Overview

The fast pace of change in the global economy requires an equally fast pace of change within the Internal Revenue Service (IRS). The IRS must strategically manage resources, associated business processes, and technology systems to effectively and efficiently meet international service and enforcement missions. To achieve this, the IRS will modernize information systems, use data to make informed decisions and allocate resources, and expand online tools and service available for international taxpayers.

To accomplish these goals, the IRS has developed a Multi-year Plan for Service-Wide International Tax Administration and formed the International Planning and Operations Council. Wage & Investment Research & Analysis (WIRA), in support of the strategic initiatives of this plan, is working with the newly formed Large Business and International (LB&I) to increase IRS knowledge regarding taxpayers living abroad.

LB&I is responsible for providing tax information and assistance services to U.S. taxpayers residing abroad, entities conducting business abroad, and non-U.S. citizens that have a U.S. filing requirement. Specific strategies employed by LB&I include:

- Increase compliance among U.S. citizens living abroad and non-citizens who have a U.S. filing requirement.
- Improve the ability to address complex reporting, filing and payment avoidance tactics in a global environment.
- Identify fraud and develop referrals, apply penalties where appropriate.
- Leverage available technology; identify and secure new technology.

WIRA's mission is to inform valued operational change. WIRA's business model is based on:

- Moving from descriptive to predictive explanatory analysis.
- Grounding work in outcomes and performance measures.
- Relationship management.

WIRA and LB&I collaborated on the similar *IRS Survey of International Taxpayers* which was completed by 8,148 survey respondents (5,641 by mail and 2,507 online) from July 27 and October 2, 2009.

### Objectives of Data Collection

The purpose of this task is to assist the IRS in developing a more thorough understanding of international taxpayers' experiences with, preferences and expectations for, and preferred alternatives to an IRS international telephone line. In addition to international taxpayers in general, other specific populations of interest include expatriates and non-resident aliens. The IRS is particularly interested in receiving information/feedback from U.S. taxpayers living in Mexico, Canada, United Kingdom, Germany, Italy, Philippines, Australia, France, Israel, and Spain.

The primary objective of this survey is:

1. To gain insight from international taxpayers on the current IRS international telephone line, a proposed toll-free IRS international telephone line, and alternatives to IRS telephone lines.

## **II. Methodology**

### **Sample Design**

WIRA will randomly select a sample of 4,500 filers, 1,000 non-filers, and 500 expatriates living outside of the U.S. for a total of 6,000 survey recipients. This sample will be provided to ICF Macro as well as the print contractor to implement the mail survey. ICF Macro will use a four-wave mail survey with web component (as an option for survey recipients to respond in lieu of mail). The web component will be used as an attempt to increase the response rate.

### **Data Collection Date**

To maximize effectiveness of the survey, WIRA anticipates fielding this survey between May 9, 2011 and July 29, 2011.

### **Data to be Collected**

Several categories of data will be collected:

1. Demographic data such as employment status, education, and internet usage.
2. Awareness of both IRS and non-IRS resources and services related to international taxpayers.
3. Behavioral data involving the use of both IRS and non-IRS resources services for determining and meeting tax obligations.
4. Satisfaction with IRS and non-IRS resources and services used.
5. General tax information such as preparer information and method by which the international taxpayer last filed his or her tax return.

**Purpose of the Survey (i.e., How Data will be Used?)**

This survey will provide the IRS and more specifically LB&I with information regarding the needs, preferences, and behaviors of taxpayers living abroad. In particular, the survey has been designed to develop a more thorough understanding of international taxpayers' experiences with, preferences and expectations for, and preferred alternatives to an IRS international telephone line. This information will help identify opportunities for service enhancement, targeted outreach, and education of international taxpayers in addition to helping the IRS target resource allocation. Information from the survey will not be used to justify a change in agency policy or enforcement without proper statistical follow-up and justification behind the need for a change.

**How Data will be Analyzed**

Analysis of the data will be conducted by the contractor, ICF Macro, and researchers within WIRA. Data analysis will include basic and advanced statistical techniques including descriptive statistics, Analysis of Variance (ANOVA), segmentation, and driver/leverage analysis. The analysis will be conducted using standard statistical software such as SAS and SPSS.

**Who is Conducting the Research/Where?**

ICF Macro in conjunction with WIRA will be conducting the research. ICF Macro will be responsible for the data collection task. ICF Macro's subcontractor, Scantron, will receive and manually enter mailed survey responses and will provide a file to ICF Macro for analysis and reporting. ICF Macro will host the online survey in their cleared Burlington, VT facility.

**Recruitment Efforts**

WIRA will provide the contractor with 6,000 international taxpayer names and addresses.

**Stipend**

Participants are volunteers and no stipend will be offered or paid.

**Efforts to Not Duplicate Research**

To WIRA's knowledge, this is currently the only survey the IRS is conducting on the needs, preferences, and behaviors of international taxpayers. The depth of information to be garnered from the *Survey of Individuals Living Abroad* has not been achieved from any other past IRS survey.

### III. Participant Criteria

The population for this study consists of individuals living abroad who IRS data indicates may have or had a U.S. federal tax filing requirement/obligation.

### IV. Estimated Burden Hours

#### Expected Response Rate

The expected response rate is 21 percent (ranging from 15 percent for non-filers and expatriates to 24 percent for filers). With regard to the low response rate, the IRS will assume that all data collected from this survey is **qualitative in nature**, and that no critical decisions will be made by this office solely from the analysis of data from this survey. The results from this survey are simply one piece of a larger set of information needed to assess the needs related to services provided by the IRS.

#### Methods to Maximize Response Rate

The expected response rate is based on lessons learned from the 2009 survey with the same population. The 2011 will continue to use four waves of mailing. In order to maximize the response rate, the IRS will utilize an extended fielding period that spaces out the mailings to accommodate the inconsistency in international mail delivery. The IRS is also replacing the reminder postcard with a letter, which allows the inclusion of each participant's unique password so he/she can take the survey immediately by web.

Based on the results of cognitively testing the survey communications with individuals who live or lived abroad, the letters have been rewritten in a way that the IRS believes will motivate individuals to complete the survey. Additionally, the pre-notification letter will invite participants to immediately complete the survey on the web.

#### Burden Hours

This research is expected to use a total of 564 burden hours.

The estimated time to complete the survey both mail and online is 10 minutes per participant. We assume a 21 percent response rate for the mail and online survey (ranging from 15 percent for non-filers and expatriates to 24 percent for filers).

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|---|-------------|
| 6,000 read the pre-notification letter @ 1min each      | = 100 hours |
| 6,000 read the cover letter @ 1min each                 | = 100 hours |
| 6,000 read the brief follow-up letter @ 30 seconds each | = 50 hours  |

6,000 read the follow-up letter @ 1 min each = 100 hours  
1,284 completed surveys @ 10 mins each = 214 hours

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### **Privacy, Disclosure and Security Issues**

The IRS will ensure compliance with the 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. Audiotapes are stored in locked cabinets. Transcription of audiotapes are stored in locked cabinets or shredded. Data security at the appropriate levels 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. Privacy will be safeguarded; 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 audio taped. Privacy is assured by virtue of agency policy.

Pursuant to the Federal Information Security Management Act (FISMA), Title III of the E-Government Act of 2002, P.L. 107-347, the contractor shall provide minimum security controls required to protect Federal information and information systems. The term 'information security' means protecting information and information systems from unauthorized access, use, disclosure, disruption, modification, or destruction in order to provide confidentiality, integrity and availability.

The contractor shall provide information security protections commensurate with the risk and magnitude of the harm resulting from the unauthorized access, use, disclosure, disruption, modification, or destruction of information collected or maintained by or on behalf of the agency; or information systems used or operated by an agency or by a contractor of an agency. This applies to individuals and organizations having contractual arrangements with the IRS, including employees, contractors, vendors, and outsourcing providers, which use or operate information technology systems containing IRS data. The contractor shall comply with Department of Treasury Directive TD P 85-01, Treasury Security Manual TDP 71-10, and Internal Revenue Manual 10.8.1 Information Technology Security Policy and Guidance. The contractor shall comply with IRS Internal Revenue Manuals (IRM) and Law Enforcement Manuals (LEM) when developing or administering IRS information and information systems. The contractor shall comply with the Taxpayer Browsing Protection Act of 1997 - Unauthorized Access (UNAX), the Act amends the Internal Revenue Code 6103 of 1986 to prevent the unauthorized inspection of taxpayer returns or tax return information. Contractors systems that collect, maintain, operate or use

agency information or an information system on behalf of the agency (a General Support System (GSS), Major or Minor Application with a FIPS 199 security categorization) must ensure annual reviews, risk assessments, security plans, control testing, a Privacy Impact Assessment (PIA), contingency planning, and certification and accreditation, at a minimum meet NIST guidance, if required by the IRS.

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The contractor shall be subject to at the option / discretion of the agency, to periodically test, (but no less than annually) and evaluate the effectiveness of information security controls and techniques. The assessment of information security controls may be performed by an agency independent auditor, security team or Inspector General, and shall include testing of management, operational, and technical controls of every information system that maintain, collect, operate or use federal information on behalf of the agency. The agency and contractor shall document and maintain a remedial action plan, also known as a Plan of Action and Milestones (POA&M) to address any deficiencies identified during the test and evaluation. The contractor must cost-effectively reduce information security risks to an acceptable level within the scope, terms and conditions of the contract. The contractor shall maintain procedures for detecting, reporting, and responding to security incidents, and mitigating risks associated with such incidents before substantial damage is done to federal information or information systems. The contractor shall immediately report all computer security incidents that involve IRS information systems to the IRS Computer Security Incident Response Center (CSIRC). Any theft or loss of IT equipment with federal information / data must be reported within one hour of the incident to CSIRC. Those incidents involving the loss or theft of sensitive but unclassified (SBU) data (i.e. taxpayer, PII) shall be reported to CSIRC, first-line manager, and Treasury Inspector General for Tax Administration (TIGTA). Based on the computer security incident type, CSIRC may further notify the Treasury Computer Security Incident Response Capability (TCSIRC) in accordance with TCSIRC procedures.

### **Attachments**

- Attachment 1 – Survey of Individuals Living Abroad
- Attachment 2 – Advance Letter (pre-note) about the Survey
- Attachment 3 – Cover Letter with the Survey
- Attachment 4 – Reminder letter
- Attachment 5 – Third Letter and Survey to Non-Respondents