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## **Submission for OMB Clearance**

Focus Group Screener and Guideline for Internal Revenue Service (IRS) Taxpayer Segmentation Study

OMB Number: 1545-1349

SOI Control # SOI-392C

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## I. Introduction

### Background

The majority of tax administrations around the world, including IRS, use taxpayer segmentation to improve the performance of their examination, collection, and services functions. However, detailed and extensive segmentation research can also be a huge driver of performance, allowing the tax administration to vary the type of message, the particular tone of the message, or the method of communicating that message to particular taxpayer groups defined by the segmentation work. A broad study, such as the one performed for Her Majesty's Revenue and Customs, is an example of a broad-based segmentation study. While IRS already conducted a broad segmentation study, the data is over ten years old. As a result, an updated segmentation study, including both demographic and psychographics, is needed.

In an effort to enhance and maintain future taxpayer services and compliance, IRS seeks to develop a broad segmentation study that would inform IRS of taxpayer behavior and provide a better understanding of their needs and preferences.

The goal is to drive the insight gained from segmentation through the agency so that it permeates IRS organization. Each Business Operating Division (BOD) may find that it will concentrate on specific groups and drill down into those segments.

This segmentation work would include the development of personas to make the segments come alive within the organization. Creating personas that have descriptive personalities will assist IRS in designing and developing more effective services and communication programs to better serve the taxpayers and drive compliance.

This effort will begin by answering questions about taxpayers' behavior and their needs and preferences. Taxpayers are defined as individual taxpayers (W&I), large and mid-size businesses, small business/self employed, and tax exempt/government entities. For example:

1. How do taxpayers relate to taxes in general and view the importance of tax compliance?
2. What are taxpayers' needs and preferences in relation to interacting with IRS?
3. How do taxpayers prefer to communicate?

Through this engagement, IRS will get answers to these and other related questions. It can design, evaluate, and target services and compliance efforts in a manner that will result in a more effective communication with the taxpayer and drive compliance.

### Objectives for Data Collection

The objectives of the focus group research are to elicit perceptions, feelings, beliefs, associations, and attitudes from taxpayers about and around paying taxes and interacting with IRS. Using a series of projective, interactive, and ask-and-answer techniques, the goal of these groups will be to derive a set of likely contexts, behavioral inhibitors/facilitators, psychographic motivations, goals, and emotional states that affect (impede or promote) taxpayer compliance. This information will then be used to inform and guide the development of a quantitative survey instrument.

Forrester and the Definitive Insights team have conducted several such focus groups on behalf of IRS in the past, and have found them to provide incredibly fertile ground for insight development.

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## II. Methodology

### Who Is Conducting Research

The IRS has contracted with Forrester Research to conduct the research. Forrester Research is partnered with Definitive Insights (DI) to conduct focus groups as qualitative research in understanding taxpayer behaviors and attitudes pertaining to compliance with the IRS.

### Sample Design

Forrester Research will conduct eight, two-hour focus groups with eight to ten participants each in four geographically diverse US locations (for a total of 64 to 80 focus group participants across the series).

All of the focus groups will consist of taxpayers. All participants will be between the ages of 18-74 who filed a tax return for the 2009 tax year.

The groups will include a mix of types of returns filed (IMF-only or IMF & BMF), filing methods used (electronic, paper), filing status (single, married filing separately or jointly, head of household), preparation of return (use tax preparer or not), prior contact with the IRS, and non-compliant behaviors. These groups will also reflect a representative mix for each geographic location of demographics, such as gender, age, race/ethnicity, education, income, etc.

All participants in the research will be recruited from local databases maintained by the focus group facility / recruiter in each location, and offered a cash incentive as a token of appreciation for their time.

Focus group participants will be contacted via telephone to be screened as a good fit for participating in the focus groups. Those taxpayers who pass the screener will be invited to participate in a two-hour focus group at a location to be determined.

The eight (8) focus groups will be moderated by Definitive Insights using a series of questions from a prepared guideline (See section VI: Attachment B).

### Data to Be Collected

Data from the focus groups will be qualitative in nature. The focus groups will consist of a series of discussion questions designed to meet the objectives stated above and elicit customer expectations and attitudes on compliance with the IRS. Please see the attached screener and guideline (see Attachments A and B) for the details of the focus group screener and guideline.

### How Data Will Be Used

Data from this research will be the “voice of the customer” about and around paying taxes and interacting with IRS. Findings from the focus groups will be used to inform the survey instrument that will be used to segment the W&I taxpaying population. Ultimately, findings from the segmentation will enable the development of recommendations for messaging process improvement to enhance compliance.

### How Data Will Be Analyzed

Since the data will be qualitative in nature, the moderator of the focus groups will synthesize impressions and key learnings gained from the focus groups. Transcripts of each focus group session will be prepared and analyzed by the moderator in order to provide the IRS with accurate verbatim feedback from

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participants in order to facilitate understanding of the voice of the customer regarding their attitudes about paying taxes, the IRS, and compliance.

## **Data Collection Date**

Focus group participants will be recruited for approximately two-three weeks after OMB approval is received. Focus groups will be administered for approximately two weeks after recruitment. Ideally, recruiting will take place during January, 2011, and focus groups will be administered during February, 2011.

## **Location**

The Focus Group Interviews will be conducted in four (4) cities in the United States in order to obtain a participant group which represents a diverse demographic and socio-economic population, and that is likely to provide a good mix of relevant recruitment criteria (*see Section III for summary of recruitment criteria*). At this time, the actual locations are to be determined based on availability and travel logistics after OMB approval has been received.

The focus group sessions will be conducted in a professional focus group facility in each location that includes a respondent discussion room equipped with a one-way mirror, an observation room, and audio- and video-taping capabilities.

## **Cost of Study**

The approximate cost of this study is **\$187,656.67**. This number includes recruitment costs, labor costs, participant stipend, and other direct costs.

## **Stipend**

A \$100 cash stipend will be provided to each focus group participant. The purpose of the stipend is to encourage participation, and to thank respondents for sharing their time and contributions to the discussion. A stipend of this amount is typical when conducting focus groups with populations that may incur child care and/or transportation expenses to attend the discussion, and is in line with the industry standard.

## **Recruitment Efforts**

All participants will be recruited via phone by the professional focus group facility, and qualified for participation using a short screening survey instrument.

Twelve participants will be recruited for each group, to ensure a minimum number of eight-to-ten participants per group.

Recruitment will begin as soon as possible after receiving OMB approval. The recruiting facility will keep track of recruitment burden hours. Participants will receive a confirmation letter in advance of the focus group discussion date, and will be reminded via telephone the day prior to the focus group session in order to ensure participation.

## **Expected Response Rate**

The expected response rate for the focus group recruitment is **5%**. This means that **1753** potential respondents will be screened for qualification, which will ultimately result in **88** recruited participants

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## **Methods to Maximize Response Rate**

Forrester/DI will strive to maximize response and cooperation rates among those selected for screening as well as those who are recruited. Potentially qualifying respondents will be targeted from the focus group recruiters' databases based on demographic or other potentially qualifying criteria as possible. Once recruited, respondents will receive a confirmation letter with maps and directions to the facility, and a reminder call the day before the scheduled group date.

## **Efforts to Not Duplicate Research**

The goal of the research is to build upon the foundation already laid by previous research efforts. While some similar questions and answer option lists may be used in the current research in order to ensure continuity of data across studies, the research design team has reviewed previous segmentation research conducted in the past by the IRS in order to avoid duplication of the research.

## **Test Structure/Design**

Each focus group will take no more than two hours (120 minutes). Prior to the testing session, participants will be asked to read and sign a privacy and permission to be recorded statement (Attachment D).

An outline of the areas of discussion for the taxpayer focus groups is below. The full moderator's guides are available in Attachments A & B.

### **Section 1: Introduction**

- Moderator introduces self, topic of discussion, and ground rules (audio/video taping, presence of viewers, privacy, anonymity, etc.)
- Respondents introduce themselves

### **Section 2: Psychographic Foundations of Compliance / Non-compliance**

- Elicit top-of-mind associations with taxes
- Explore attitudes about taxes: (burden vs. duty; the "right thing to do" vs. necessity to avoid penalty; fairness)
- Explore extent of focus/awareness of taxes

### **Section 3: Taxpaying Behaviors**

- Understand typical taxpaying behaviors (types of returns / schedules filed, complexity, use of professional help, filing method, filing time, routines / preparations / technologies and tools used, assessment of expertise in tax issues)

### **Section 4: Prior Experience with / Expectation of IRS**

- For those with prior contact, will ask about expectations prior to contact, and actual assessment of experience
- For those without prior contact, will ask about expectations and needs for contact with IRS
- Areas of exploration / assessment include:
  - o Channel, who initiated, stage of filing process, complexity of issue, use of technology/tools, problems with interactions / suggested improvements/ideal, overall impressions

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**Section 5: Exploration of Compliance**

- Definition of compliance / associations with taxpaying
- Identify types of compliance problems (Structural vs. Functional, Willful vs. Accidental)

**Section 6: Linkage of compliance with process issues**

- Discussion of barriers and unmet needs that create risks for compliance
- Identify process improvements that would aid compliance
- Identify IRS behavior/process area improvements that would aid compliance

**Section 7: Closing**

- Elicit final suggestions / recommendations from participants
- Address any additional questions from observers



### III. Participant Criteria

The target population for the focus groups is the universe of people who are W&I taxpayers, between the ages of 18-74, who have filed a tax return for the 2009 tax year. Please refer to the attached focus group screener (Appendix A) for more specific qualification criteria. A summary is below:

<b>Participant Criteria – Taxpayer Groups</b>	
<b>Must not work in tax preparation, market research, or management consulting</b>	100%
<b>Must have filed (or plan to file) a tax return in 2010 (for the 2009 year)</b>	100%
<b>Gender</b>	Geographically representative mix
<b>Race/Ethnicity</b>	Geographically representative mix
<b>Age</b>	Geographically representative mix; minimum age 18, maximum age 64
<b>Income</b>	Geographically representative mix
<b>Education</b>	Geographically representative mix
<b>Type of filer (IMF, IMF/BMF)</b>	Mix
<b>Use of tax preparer</b>	Mix
<b>Filing status (Single, Married filing separately or jointly, Head of Household)</b>	Mix
<b>Filing method (electronic, paper)</b>	Mix
<b>Prior contact with IRS</b>	Mix
<b>Non-compliant behaviors</b>	Mix (had a problem with prior taxes or received a notice from IRS – variety of reasons)
<b>Past Focus Group participation</b>	Must not have participated in a focus group within the past 3 months

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## IV. Privacy, Security, Disclosure, Anonymity

We will protect the privacy of participants in the focus group sessions by not using names in our reports or transcripts. Any respondent profile information made available to observers during the focus group sessions will include participant first names only; additionally, no contact information will be included. We will also control official access to the information and will not allow public access to the information. The screening questionnaires and any data collected during the focus groups (audio and video recordings, transcripts, and any moderator notes) will be stored in a secure location for one year, and then destroyed.

All participants will be informed of the use of audio and video taping at the beginning of the session. They will also be assured of their privacy and anonymity – that their identity will not be connected to any of their comments. They will sign a privacy agreement as part of their participation in the research (see Attachment C).

The IRS will ensure compliance with 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. 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.

Anonymity will be safeguarded. During the data collection process, 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. Anonymity is assured by virtue of agency policy. The terms of IRS's contract with the data collection requires that the anonymity of any data be maintained.

## V. Burden Hours

The estimated time to complete the participant screening is approximately 10 minutes per person screened. The estimated time to complete each focus group is two hours (120 minutes).

We anticipate that approximately 5% of taxpayers contacted for this study will qualify; therefore, we will need to screen approximately 1753 taxpayers to get 88 taxpayer recruits.

Total number of potential participants screened: 1753  
Estimated time to complete screening: 10 minutes  
**Estimated participant screening burden: 290 hours**

Estimated number of focus group participants: 88  
Focus group participation time: 2 hours  
Estimated participant travel time to and from site: 30 minutes  
**Estimated participation burden: 200 hours**

**Total Burden (screening and study participation): 490 hours**

## VI. Attachments

### Attachment A: Focus Group Screener

**Forrester IRS Segmentation Focus Group Research (DI# 10-1050)**  
**SCREENER FOR TAXPAYERS**

**GROUPS:** 2 groups per market

**RECRUIT:** Recruit 12 for 8-10 to be seated per group

**INCENTIVE:** \$xxx

**LENGTH:** 2 hours per group

**GROUP DATES / TIMES:**

City	Day / Date	Time	Group Type
City 1 - TBD	TBD pending OMB approval	5:30pm	Taxpayers
City 1 - TBD	TBD pending OMB approval	7:45pm	Taxpayers
City 2 - TBD	TBD pending OMB approval	5:30pm	Taxpayers
City 2 - TBD	TBD pending OMB approval	7:45pm	Taxpayers
City 3 - TBD	TBD pending OMB approval	5:30pm	Taxpayers
City 3 - TBD	TBD pending OMB approval	7:45pm	Taxpayers
City 4 - TBD	TBD pending OMB approval	5:30pm	Taxpayers
City 4 - TBD	TBD pending OMB approval	7:45pm	Taxpayers

**Taxpayer Recruitment Guidelines**

- Must not work in tax preparation, market research, or management consulting
- Must be between 18 years old and 74 years old – **SEEK GOOD MIX OF AGE**
- Must have filed (or plan to file) a tax return in 2010 (for the 2009 year)
- Seek representative (based on local area) mix of:
  - o Income
  - o Gender
  - o Age
  - o Race / Ethnicity
  - o Education
- Seek mix of:
  - o Filing status – individual, joint return, etc.
  - o Method of filing – electronic, mail
  - o Preparation of return – use tax preparer or not
  - o Type of returns filed – personal, business
  - o Those who have had contact with the IRS

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- o Those who have had a non-compliant behavior (had a problem or received a notice from the IRS)
- Must not have participated in a focus group in the last 3 months

**Forrester IRS Segmentation Focus Group Research (DI#10-1050)**

**CONTACT / RECRUITMENT INFORMATION FOR TAXPAYERS**

NAME			
ADDRESS			
CITY		STATE	ZIP
PHONE – DAY	EVENING	CELL	
EMAIL ADDRESS:			
RECRUITED BY:		DATE RECRUITED:	
CONFIRMED BY:		DATE CONFIRMED:	
Location	Group Type	Date / Time	CHECK IF ATTENDING
City 1	Taxpayer	TBD @ 5:30pm	( )
City 1	Taxpayer	TBD @ 7:45pm	( )
City 2	Taxpayer	TBD @ 5:30pm	( )
City 2	Taxpayer	TBD @ 7:45pm	( )
City 3	Taxpayer	TBD @ 5:30pm	( )
City 3	Taxpayer	TBD @ 7:45pm	( )
City 4	Taxpayer	TBD @ 5:30pm	( )
City 4	Taxpayer	TBD @ 7:45pm	( )

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## INTRODUCTION

Hello, my name is \_\_\_\_\_, and I'm with \_\_\_\_\_, a market research firm. Today we are speaking with taxpayers in the US, and we would like to include your opinions. Let me assure you that this is not a sales call, and no sales call will result from our conversation. May I continue with my questions?

1. Yes → **Begin screening questions**
2. No → **THANK AND TERMINATE**

## SCREENING QUESTIONS

S1. Are you, or any member of your household, employed in any of the following businesses or industries? **[READ LIST]**

1. Market Research → **TERMINATE**
2. Management Consulting → **TERMINATE**
3. Tax preparation → **TERMINATE**
4. None of the above → **CONTINUE**

S2. Which of the following best describes your federal tax filing status in the US for the 2009 fiscal year? **(RECRUITER NOTE: Filed in 2010 for 2009 year) [READ LIST; SELECT ALL THAT APPLY]**

1. You personally filed or will file one or more US tax returns **[MINIMUM 50% PER GROUP]**
2. You had or will have a tax professional file one or more US tax returns for you **[MAXIMUM 50% PER GROUP]**
3. You were or will be declared as a dependent on someone else's tax return → **THANK AND TERMINATE**
4. You did not or do not plan to file any tax returns in the US for 2009 → **THANK AND TERMINATE**

**[MUST ANSWER 1 OR 2 ABOVE TO CONTINUE; SEEK MIX OF SELF-FILERS VS. HAD PROFESSIONAL HELP FILING]**

S3. What type of tax return did you (or your tax preparer) file for 2009? **[READ LIST, SELECT ALL THAT APPLY]**

1. Individual / Personal
2. Business → **TERMINATE IF ONLY RESPONSE**
3. Neither → **THANK AND TERMINATE**

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**[ALL MUST BE INDIVIDUAL/PERSONAL FILERS; SEEK MIX OF INDIVIDUAL-ONLY AND INDIVIDUAL & BUSINESS FILERS]**

**[ASK IF S3=1 (INDIVIDUAL RETURN); OTHERWISE, SKIP TO S5]**

S4. And what was your filing status for your 2009 individual tax return? **[READ LIST; SELECT ALL THAT APPLY]**

1. Single
2. Married, Filing Separately
3. Married, Filing Jointly
4. Head of Household
5. Dependent on someone else's return → **THANK AND TERMINATE**
6. Other **[SPECIFY]** \_\_\_\_\_ → **HOLD FOR CLIENT APPROVAL**
7. Don't know → **THANK AND TERMINATE**

**[SEEK MIX OF FILING STATUS]**

S5. Which tax form(s) did you (or your tax preparer) complete for the year 2009? **[READ LIST; SELECT ALL THAT APPLY]**

1. 1040EZ
2. 1040A
3. 1040 (Individual)
4. 941 (Employers Quarterly Tax Return) **[MUST BE A BUSINESS FILER IN S3]**
5. 940 (Employers Annual Federal Unemployment Tax) **[MUST BE A BUSINESS FILER IN S3]**
6. 1065 (Return of Partnership Income) **[MUST BE A BUSINESS FILER IN S3]**
7. 1120 (Corporation Income Tax Return) **[MUST BE A BUSINESS FILER IN S3]**
8. Other **[SPECIFY]** \_\_\_\_\_
9. Not sure

**[SEEK MIX OF RETURNS FILED, AS POSSIBLE ]**

S6. Which schedules did you (or your tax preparer) complete for the year 2009? **[READ LIST; SELECT ALL THAT APPLY]**

1. Schedules A&B – Itemized Deductions and Interest and Ordinary Dividends
2. Schedule C – Profit or Loss from Business
3. Schedule D – Capital Gains and Losses
4. Schedule EIC – Earned Income Credit
5. Schedule SE – Self-Employment Tax
6. Other **[SPECIFY]** \_\_\_\_\_
7. Did not file any schedules

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8. Not sure

**[SEEK GOOD MIX OF SCHEDULES]**

S7. What method did you (or your tax preparer) use to file your 2009 federal tax return(s)?

**[READ LIST IF NECESSARY]**

1. Electronic (e-file)
2. Paper (mail)
3. Phone
4. IRS Walk-in center
5. Other
6. Not sure

**[SEEK GOOD MIX]**

S8. Have you ever had a problem with your tax return(s), in the last 5 years?

1. Yes
2. No
3. Not sure

**[SEEK MIX OF THOSE WHO HAVE HAD A PROBLEM VS. NOT]**

**[ASK IF S8=1(YES)]**

S9. Which of the following best describes the problem? **[READ LIST; SELECT ALL THAT APPLY]**

1. There was a balance due that was not paid in the original filing
2. There was a computational error
3. Forms were filed incorrectly
4. Some forms that needed to be filed were not submitted at all, or not submitted on time
5. There was an overpayment that went undetected at time of original filing
6. You were unable to complete the forms or make payments before the tax filing deadline
7. Other **[SPECIFY]** \_\_\_\_\_

**[SEEK MIX OF TYPES OF PROBLEMS]**

S10. Other than for informational purposes only, have you, personally, contacted the IRS at any time in the past 3 years?

1. Yes
2. No

**[SEEK MIX OF THOSE WHO HAVE CONTACTED THE IRS VS. NOT]**

S11. Have you, personally, received a notice from IRS at any time in the past 3 years?

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1. Yes
2. No
3. Not sure

**[SEEK MIX OF THOSE WHO HAVE RECEIVED NOTICE FROM THE IRS VS. NOT]**

**[ASK IF S11=1 (YES)]**

S12. Which of the following types of tax notice(s) did you receive? **[READ LIST; SELECT ALL THAT APPLY]**

1. Notice to inform you that there was an error in computation on your individual tax return. This resulted in a balance due, an overpayment, or an even balance.
2. Notice to inform you of a balance due.
3. Notice to inform you that IRS intends to Levy
4. Notice to request verification for unreported income, payments, or credits.
5. Other **[SPECIFY]** \_\_\_\_\_
6. Not sure

**[SEEK MIX OF TYPES OF NOTICES RECEIVED]**

**INTERVIEWER:** My next few questions are for classification purposes only.

S13. Which of the following categories includes your age? **[READ LIST]**

1. Under 18 → **THANK AND TERMINATE**
2. 18-24
3. 25-34
4. 35-44
5. 45-54
6. 55-64
7. 65-74 → **MAX 3 PER GROUP**
8. 75 or older → **TERMINATE**

**[SEEK GOOD MIX OF AGE]**

S14. Which of the following categories includes your total annual income before taxes in 2009? **[READ LIST]**

1. Less than \$20,000
2. \$20,000 - \$34,999
3. \$35,000 - \$49,999
4. \$50,000 - \$74,999
5. \$75,000 - \$99,999

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- 6. \$100,000 - \$124,999
- 7. \$125,000 - \$149,999
- 8. \$150,000 or more
- 0. **[REFUSED – DO NOT READ] → TERMINATE**  
**[SEEK REPRESENTATIVE MIX OF INCOME]**

S15. Are you of Hispanic or Latino origin?

- 1. Yes
- 2. No
- 0. **[REFUSED – DO NOT READ] [TERMINATE]**

S15a. What is your race? **[READ LIST; SELECT ALL THAT APPLY]**

- 1. White
- 2. Black or African American
- 3. Asian
- 4. Native Hawaiian or other Pacific Islander
- 5. American Indian or Alaska Native
- 0. **[REFUSED – DO NOT READ] [TERMINATE]**  
**[SEEK REPRESENTATIVE MIX OF RACE/ETHNICITY]**

S16. What is the highest level of education you have had the opportunity to complete?

- 1. Less than high school
- 2. High school or GED
- 3. Some college or a 2-year college program
- 4. 4-year college graduate
- 5. Vocational or technical school
- 5. Some graduate school
- 6. Graduate degree
- 7. **[REFUSED – DO NOT READ] → TERMINATE**  
**[SEEK REPRESENTATIVE MIX OF EDUCATION]**

S17. **[RECORD GENDER BASED ON OBSERVATION]**

- 1. Male
  - 2. Female
- [RECRUIT GOOD MIX]**

S18. When was the last time you participated in a focus group?

1. Less than three months ago → **TERMINATE**
2. Three months ago or more → **CONTINUE**
3. Never → **CONTINUE**

**INVITATION TO PARTICIPATE**

Our company is in the opinion research business, and as a part of our research we frequently invite people like you to participate in focus groups. As you may know, during a focus group we ask people to give us feedback regarding experiences with products or services. The opinions we gather are then used by companies to help them best meet customer needs.

We will be conducting a focus group which will last approximately **2 hours**, and participants will receive \$xxx as a token of appreciation for their participation.

Would you be able to take part in a focus group on: **[READ APPROPRIATE DATE / TIME]**

City	Day / Date	Time
City	TBD	5:30pm
	TBD	7:45pm

- Yes → **CONTINUE**
- No → **THANK AND TERMINATE**

If you have a paper and pencil, I'd like to give you the address of the session location. The address is... **[READ ADDRESS OF FACILITY]**

Again, the session will be held on: **[RESTATE DATE AND TIME]**

We ask that you give us a call if you find that you are unable to attend the session. Our phone number is \_\_\_\_\_. Please **do not** send another individual in your place if you are unable to attend.

We will send you a confirmation letter that will verify the date, time and place of the meeting. We will also give you a reminder call the day of the session. May I please have your name, address and phone number? **[FILL IN CONTACT INFORMATION ON PAGE 2]**

## Attachment B: Focus Group Guideline

### DI-Forrester IRS Segmentation Research Focus Group Guideline FINAL 11-5-10

#### I. Introduction:

- A. Moderator introduction – Welcome and introduction
- B. Focus Group SOPs / Ground rules
  - a. Viewers in back room
  - b. Audio and video recording
  - c. Need everyone to participate / speak one at a time
  - d. No right or wrong answers; need range of opinions; you represent others who are not here
- C. Topic of discussion: Explore wants and needs around federal income taxes and dealing with the IRS
- D. Respondent introductions – Name, Occupation, Personal vs. Business taxpayers

#### II. Psychological Context: Taxes and Compliance *[Objective for this section: to determine the role, prominence and affective/cognitive associations with taxes, taxpaying, and the IRS in order to gauge pre-dispositions towards drivers and inhibitors of compliance]*

- When I say the word “taxes”, what comes to mind? What kinds of words, actions, tasks, emotions, things, etc. come to mind? **WRITE ON FLIP CHART, PROBE AS NECESSARY**
- I'd like to explore some of your attitudes about taxes in a bit more detail: **[IF NOT ALREADY MENTIONED, PROBE ON THE FOLLOWING]**
  - a. To what extent do you consider paying taxes to be a burden vs. a duty? What about them is burdensome? In what way are they a duty? How does the way you feel about them affect your behavior about them? (Do negative feelings make you more likely to do them right away, put them off, etc.?)
  - b. If I ask you to think about paying taxes as a continuum where paying taxes as the “right thing to do” is on one end and paying taxes as a necessity to avoid penalty is on the other end, where do you fit in? **[HAVE ON CHART; ASK RESPONDENTS TO PUT A MARK ON THE LINE TO REPRESENT THEMSELVES]** Why do you put yourself there? Do you think where you are is very different from others you know? In what way? What does your view about your position on this continuum mean in terms of your behaviors with regard to paying taxes?
  - c. Now I'd like to talk about the principle of fairness with regard to taxes – let's assume for the purposes of this conversation that taxes have to exist. Given their existence, do you think your taxes are fair? Are the taxes that others pay fair? If not, in what way are they unfair? What would make them fair? Is the IRS/government fair about taxes? Why/why not? How does this sense of fairness affect your approach to paying taxes?
- I'd like to understand a little bit more about the role of taxes in your life (extent of focus/awareness ongoing basis vs. annual task)
  - a. How aware of taxes are you? Are taxes something on your mind all the time, sometimes, or hardly ever? What kinds of things are you thinking about?
  - b. Are taxes more of an ongoing task, something you deal with regularly/periodically, or more of an annual task? What triggers your thinking about taxes? Is it specific kinds of situations (doing something that might have tax implications), in response to something (receiving W-2s, etc.) or times of year (it's March, and deadline is in April), etc.?

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**III. Taxpaying Behaviors** *[Objective for this section: identify tax-related behaviors and determine their impact on compliance]*

- What types of returns and/or schedules do you file? Do you consider your taxes to be simple or complex? How has this changed over time? What makes a return simple? What makes it complex? How does this impact how/when/why you do your taxes?
- Do you use professional help to complete your tax return? Why/why not? Have you ever used professional help? What makes you decide to work with a professional or not? How does working with a professional tax preparer (or not) impact your tax paying behavior?
- Which filing method(s) do you use – paper vs. electronic? Why? How has this changed over time, and why? What are the advantages / disadvantages of the different methods? How does the method of filing impact your tax paying behavior?
- When do you typically file? Why? Do you have a “typical” time, or does it change from year to year? What drives this? What are the advantages / barriers for filing earlier rather than right at the deadline or after the deadline?
- Awareness / behaviors around taxes / tax implications
  - a. Do you think about tax implications? How often? Why / what kinds of things trigger this thinking?
  - b. What, if any, routines do you have based on tax implications? What are they and why? (e.g., collecting receipts, etc.)
  - c. What kinds of preparations do you make for tax time?
  - d. What kinds of technologies and tools do you use for taxes? What about for finances in general? (e.g., mobile applications, online banking, software tax prep programs, etc.)
- In general, what is your level of expertise in tax issues? Would you describe yourself as an expert, an intermediate, a beginner? What can someone do/feel confident about at each of these levels? How does this impact your feelings about taxes in general, and your behaviors for taxpaying specifically?

**IV. Prior Experience with / Expectations of IRS** *[Objectives for this section: to identify and explore both the stereotypes and the actual behaviors experienced around interacting with the IRS in order to understand how IRS behaviors impact taxpayer compliance]*

**NOTE:** For those who have interacted with IRS in the past, we will ask about expectations beforehand, and actual experience. For those who have not interacted with IRS, we will ask about expectations and needs.

**Moderator:** Now I'd like to better understand your wants, needs, and actual experiences in interacting with the IRS.

- *For those with a prior contact:* What channel(s) did you use to interact with the IRS? (Phone, online, in person, etc.) What were your expectations about these channels before you used them? Did you choose one over another because of any particular expectation?
- *For those who have not contacted:* What channels would you expect to use? (And what are your expectations for each channel?) What do you need?
- *For those with a prior contact:* Who initiated contact? (IRS or customer) What were your expectations for/feelings around this contact? (Nervous, Angry, Expected it to take a long time, not be correct, etc.)

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*For those who have not contacted:* would you ever initiate contact, or would you contact only in response to something from the IRS? Why? What would you expect the contact to be like?

- *For those with a prior contact:* When / at what stage did you have contact? (pre-filing, filing, post-filing)  
*For those who have not contacted:* At what stage of the filing process would you expect to be most likely to require contact? Would you have different needs for interaction with the IRS at these different stages of the filing process?
- *For those with a prior contact:* How complex was the issue or situation for which you had the contact? How did this affect your expectations for the outcome?  
*For those who have not contacted:* How would you expect the complexity of the issue to impact the outcome of a contact with the IRS?
- *For those with a prior contact:* What kinds of technologies and tools were used by you or the IRS in this situation? Was this helpful?  
*For those who have not contacted:* What kinds of technologies and tools do you use in other financial dealings? What are your expectations for what the IRS would or should use?
- *For those with a prior contact:* What was your overall impression of your experience: positive, negative? What were your expectations going in?  
*For those who have not contacted:* Would you expect a contact with the IRS to be positive or negative? Why?
- *For those with a prior contact:* Were there any problems with/during the interaction? What were they, and how could they have been improved?  
*For those who have not contacted:* What kinds of problems would you expect to encounter during a contact with the IRS? What is the ideal experience? (How would they act? What would they say? What would the process be / what tools would they use?)

**V. Exploration of Compliance** [*Objectives for this section: To understand what the concept of compliance means to taxpayers and have them identify different types and levels of compliance*]

- A. What does “compliance” mean to you? What does it mean in regard to taxes/IRS?  
**[WRITE ON FLIP CHART]**
  - a. IF NOT MENTIONED, PROBE ON: filed on time/got extension, correct amount calculated, paid on time/payment arrangements
- B. What kinds of things can motivate or cause non-compliance? Are there different kinds of compliance, or non-compliance? What are they? **PROBE ON DIFFERENT TYPES, RECORD ON FLIP CHART:**
  - a. Structural (resources / ability to pay) vs. Functional (knowledge / education / language barriers)
  - b. Willful vs. Accidental
- C. In general, how compliant/non-compliant are you regarding taxes? Others you know?
- D. How should different kinds of non-compliance be treated differently?
- E. How can compliance be encouraged? Thinking back to our earlier discussion about taxes being “the right thing” to do, or being something you do to avoid a penalty – are these the only two levers that can be used to encourage greater compliance?

**VI. Linkage of compliance with process issues** [*Objectives for this section: To identify specific barriers, unmet needs, behaviors or parts of the process that increase the risks of non-compliance for taxpaying*]

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- What makes compliance difficult when it comes to taxpaying? (What are barriers or unmet needs that create risks for compliance)? For you, personally? For others?  
PROBE ON:
  - a. Structural barriers
  - b. Functional barriers
  - c. Accidental non-compliance barriers
  - d. Willful non-compliance barriers
- At what stage of the filing process do you think compliance problems are most likely to occur?
- What can the IRS do to foster better compliance?
  - a. By stage of filing process
  - b. By channel
  - c. By type of barrier

## **VII. Conclusion**

- A. What are the top 3 pieces of advice you'd give to the IRS about how it can encourage greater compliance from taxpayers? **[WRITTEN EXERCISE]**
- B. Check with back room for additional questions
- C. Thank and dismiss

## **Attachment C: Focus Group Attendee Confirmation Letter**

Dear Study Participant,

Thank you for agreeing to participate in our upcoming study about [SUBJECT]. We would like to assure you that there are no sales involved in this project we are only interested in your views and opinions.

This study will be held at **[FACILITY NAME]**. We are located at **[FACILITY ADDRESS]**. A map is attached. If you need help with directions please call us at **[FACILITY PHONE NUMBER]**.

You are scheduled to come to our facility for a research study on **[DATE]** from **[START TIME]** to **[END TIME]**. Refreshments and snacks will be provided. The study will begin on time so you must arrive 15 minutes early to check-in. **Late arrivals will not be paid!**

To Park: **[INSERT PARKING INSTRUCTIONS, INSTRUCTIONS ABOUT FINDING LOCATION WITHIN THE BUILDING, ETC.]**

If you arrive on time and participate in the study until the end of the session, you will receive **\$(INSERT INCENTIVE AMOUNT)** for your opinions.

If you wear glasses or contacts, bring them with you to the study. Please remember that friends, children and spouses cannot participate in the group with you. If you are unable to attend, please call us immediately at **[INSERT PHONE NUMBER]**. Please do not send someone in your place.

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I would like to stress the importance of your participation in this survey as we are only inviting a select few. Please call [FACILITY NAME] when you receive this invitation, or if you cannot attend, let us know at [FACILITY PHONE NUMBER].

Once again thank you,

[RECRUITER NAME]

[FACILITY NAME]

## **Attachment D: CASRO standards for Respondent Privacy**



## **Attachment E: Privacy Statement and Consent Form**

Welcome to [FOCUS GROUP FACILITY]. You are here to be interviewed regarding a number of topics of interest to our clients- the people who have hired us to host today's session.

The entire interview will probably be:

**OBSERVED (sight and sound)** – either locally from an adjacent room with a one-way mirror, remotely by way of non-public, electronic media, or both. Observers may include our clients, their agents and guests.

**RECORDED (audio and video)** – this record will be the property of our clients and will be theirs to use as they see fit. They will not use your voice or image in any public media without your written consent.

The subject and concepts presented in this research are proprietary and restricted to its sponsor.

In consideration of the amount received in this research, I hereby agree to respect, and to hold in strict confidence, the marketing and product ideas, concepts and material that are presented today by not disclosing them to anyone. In addition, I agree that any ideas that are generated as a result of this research will become the property of the sponsoring company.

### **PARTICIPANT SIGNATURE FOLLOWS**