

SUPPORTING STATEMENT
Paperwork Reduction Act Information
Approval Request to Conduct Tax Practitioner Focus Group on Education Credits

The IRS's Return Integrity and Correspondence Services (RICS), Earned Income Tax Credit (EITC) Office is seeking approval to conduct Tax Practitioner Focus Groups on Education Credits at the Nationwide Tax Forums.

A. JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary

There is known noncompliance around Education Credits. The IRS data shows that taxpayers who claim Education Credits on their tax returns use paid preparers 85% of the time. At this time, we do not have qualitative assessments of the types and quality of communication that tax preparers have with their clients during the initial tax preparation phase. We need information regarding what tools they use and how they determine their client's eligibility for education credits.

We also do not have qualitative assessments to understand what barriers preparers encounter and how the IRS can improve communication channels to increase understanding and compliance around these education credits.

2. Purpose and Use of the Information Collection

The primary goal of these discussions is to supply the IRS with information on how preparers and taxpayers interact to determine eligibility for education credits, if and how preparers use the tools available to them, and what challenges preparers face. The IRS will use this information to develop strategies to enhance policies, procedures, and communication among the IRS, third-party tax preparers and taxpayers.

The RICS, EITC Office also expects to capture participants' reactions to the revised Form 8863, *Education Credits (American Opportunity and Lifetime Learning Credits)*. The IRS will use their feedback to develop preparer education and outreach to support accurate completion of the form.

Upon completion of this project, the RICS, EITC Office will submit a report of findings to the Wage & Investment Commissioner, RICS, EITC Office Executive, Acting Chief, Program Evaluation and Stakeholder Engagement, and the Office of Management and Budget. The feedback will enable the IRS to effectively meet taxpayer and preparer needs and enhance administration of this credit.

3. Consideration Given to Information Technology Sample Design

N/A

4. Efforts Not to Duplicate Research

This focus group is the first national, qualitative data collection effort that the IRS has conducted with third-party tax preparers to learn about their communication experiences with taxpayers and the IRS with regard to education credits.

Separate focus group testing of the revised Form 8863 is being conducted with taxpayers and preparers.

5. Reducing the Burden on Small Entities

The Education Credits Focus Group has been designed to minimize burden. The time that a tax practitioner takes to participate in these sessions has been carefully considered and only the most important areas are being discussed.

6. Consequences of Not Conducting Collection

If the data is not collected, the RICS, EITC Office will not be able to measure qualitative data that would have been collected during these focus groups to help identify communication issues among tax preparers and taxpayers. The ability to understand why the errors are made around education credits will not be compiled and not help improve tax compliance issues surrounding the education credits.

7. Special Circumstances

There are no special circumstances.

8. Consultations with Persons Outside

N/A

9. Payment of Gift

N/A

10. Confidentiality

All participants will be subject to the provisions of the Taxpayer Bill of Rights II during this study and the RICS, EITC Office will ensure that all participants are treated fairly and appropriately.

The security of the data used in this project and the privacy of taxpayers 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 A & B. Physical security measures include a locked, secure office. Notes are stored in locked cabinets or shredded. Data security at the C-2 level is accomplished via the Windows NT operating system. 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 taxpayers to the extent allowed by law. This includes criteria 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.

These focus groups will not contain tax return or taxpayer information. Participants will not be identified in any of the documents or files used for this project. We will limit and control the amount of information we collect to those items that are necessary to accomplish the research questions. We will carefully safeguard the security of data utilized as well as the privacy of the survey respondents. We will apply the fair information and record-keeping practices to ensure protection of all survey respondents. 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 information as well as its releases to authorized recipients.

11. Sensitive Nature

No questions will be asked that are of personal or sensitive nature.

12. Burden of Information Collection

The RICS, EITC Office Focus Groups have been designed to minimize burden. The time that a respondent takes to participate has been carefully considered and only the most important areas of the Education Credits are being discussed.

Time to screen participants will run approximately 2 minutes and the focus groups will run no longer than 60 minutes. No travel will be incurred given the tax practitioners will already be at the National Tax Forums.

The RICS EITC Office plans to conduct a total of 6 focus groups, in 6 separate cities during the 2012 Nationwide Tax Forums. We would like to recruit a total of 90 actual participants for all 6 Focus Groups. Each focus group will consist of approximately 15 recruited participants. Standardized questions will be asked to all focus groups participants.

We expect to contact 60 potential participants at each of the 6 Tax Forums to have response rate of 50%.

Category of Respondent	No. of Respondents	Participation Time	Burden (in hours)
Total Screened	180	2 minutes	6
Total Participants	90	60 minutes	90
Total			96

13. Costs to Respondents

N/A

14. Costs to Federal Government

N/A

15. Reason for Change

N/A

16. Tabulation of Results, Schedule, and Analysis Plans

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 focus group. The results from these sessions are simply one piece of a larger set of information needed to assess the needs related to services provided by the IRS. The IRS will hold the identities of respondents private to the extent permitted by law.

17. Display of OMB Approval Date

N/A

18. Exceptions to Certification for Paperwork Reduction Act Submissions

These activities will comply with the requirement in 5 CFR 1320.9.

19. Dates collection will begin and end

June 19, 2012 – August 30, 2012

B. STATISTICAL METHODS

Data collection methods and procedures will be consistent. However, the primary purpose of these collections will be for internal management purposes. There are no plans to publish or otherwise release this information.

1. Universe and Respondent Selection

Universe and respondent selection are tax preparers that are attending 2012 Nationwide Tax Forums.

2. Procedures for Collecting Information

The RICS, EITC Office plans to conduct a total of 6 focus groups, in 6 separate cities during the 2012 Nationwide Tax Forums. Each focus group will consist of approximately 15 participants. Standardized questions will be asked to all focus groups.

As tax practitioners are walking past the focus group booth IRS recruiters ask if they are interested in participating in a focus group or they can sign up on their own. The estimated time to complete the participant screening is two minutes and the estimated time for each focus group attendee is 1 hour. We assume 50% percent of screened participants will actually participate in the groups.

3. Methods to Maximize Response

All participants will be given paperwork with focus group meeting logistics, including date, time, location and OMB Control Number. We will encourage participation during our recruiting efforts at the Tax Forums.

4. Testing of Procedures

Pretesting will not be conducted.

5. Contacts for Statistical Aspects and Data Collection

For questions regarding the study, questionnaire design or statistical methodology, contact:

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Attachments – in separate document

Moderator's Guide
Recruiter/Screening Guide
Consent Form

The Paperwork Reduction Act requires that the IRS provide an OMB control number relating to all public information requests along with the address where you can send comments regarding the education credits focus group. The OMB number for this focus group is 1545-1349. If you have any comments regarding this focus group, please write to: IRS, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, Room 6526, 1111 Constitution Avenue, NW, Washington, DC 20224.