

SUPPORTING STATEMENT
Paperwork Reduction Act Information Approval Request
To Conduct Focus Groups & In-Depth Interviews Among Tax Preparers
Regarding The Registered Tax Return Preparer (RTRP) Initiative

A. JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary

Executive Order 12862 directs Federal agencies to provide service to the public that matches or exceeds the best service available in the private sector. In order to work continuously to ensure that our programs are effective and meet our customers' needs, the Internal Revenue Service (hereafter, "the Return Preparer Office") seeks to obtain OMB approval of an information collection request to collect qualitative feedback on our service delivery. By qualitative feedback we mean information that provides useful insights on perceptions and opinions, but are not statistical surveys that yield quantitative results that can be generalized to the population of the study. This collection of information is necessary to enable the Return Preparer Office to gather customer and stakeholder feedback in an efficient, timely manner, in accordance with our commitment to improving service delivery. These collections also allow for ongoing, collaborative and actionable communications between the Return Preparer Office and its customers and stakeholders.

We are requesting OMB approval to hold focus groups and one-on-one telephone interviews to help the IRS better market the new Circular 230 requirement for certain tax return preparers to take and pass the Registered Tax Return Preparer (RTRP) test. The IRS has projected approximately 340,000 return preparers will have to take and pass this test by December 31, 2013, however, since the test was rolled out in November 2011, approximately 11,000 have taken the test to date. Since only a small number of return preparers have tested to date, IRS is concerned that too many return preparers will wait until the last minute which will impact seating capacity and may cause many to be unable to schedule an appointment and miss the testing deadline. The purpose of the focus groups and telephone interviews is to help the IRS better understand why tax professionals are not scheduling to test now and to develop a course of action to meet our objectives and maintain the integrity of the test. Working within this limited window of opportunity, anything you could do to expedite the approval process would be greatly appreciated.

2. Purpose and Use of the Information Collection

The IRS Return Preparer Initiative is an effort by the Internal Revenue Service (IRS) to regulate the tax return preparation industry in the US. The purpose of the initiative is to improve taxpayer compliance and service by setting professional standards for and providing support to the tax preparation industry. Starting January 1, 2011, the initiative requires all paid federal tax return preparers to register with the IRS and to obtain an identification number, called a Preparer Tax Identification Number (PTIN). The multi-year phase-in effort calls for certain paid tax return preparers to pass a competency test and to take annual continuing education courses. The ethics provisions found in Treasury Department's Circular 230 are extended to all paid tax return preparers. Preparers who have their PTINs pass the test and complete education credits will have a new designation: *Registered Tax Return Preparer*. The testing requirement for certain paid tax return preparers started in November 2011. To date, approximately 11,000 have taken the test, with over 338,000 still needing to pass before the deadline of December 31, 2013. RPO is concerned about the small number who has taken the test – even with a marketing campaign and IRS communications supporting the Initiative – and concerned that many Preparers will wait until the last minute, creating excessive volume for the testing contractor.

The IRS will be conducting 3 focus groups among Tax Preparers who have not taken the test, held in 2 regions, still to be determined, with remote viewing available at all sites. The IRS will also be conducting 15 one-on-one or in-depth telephone interviews among Tax Preparers who have already taken the test. The purpose of these focus groups and in-depth interviews is to gather vital information needed to inform RPO of why there seems to be such a lack of urgency from the Tax Preparer community to take the test. Information gathered from this research may be used to drive and support future marketing campaigns or outreach efforts. Fielding the research as soon as possible after OMB approval would allow RPO to respond to this community as soon as possible.

The information collected here will be used internally and not for the purpose of substantially informing influential policy decisions¹; the information will be qualitative and is not designed or expected to yield statistically reliable results or used as though the results are generalizable to the population of study; collections are voluntary, low-burden, low-cost, non-controversial and do not raise issues of concern to other Federal agencies. With the exception of information needed to provide remuneration for research participants, personally identifiable information (PII) is collected only to the extent necessary and is not retained (“personally identifiable information”, in this case, being identification of Taxpayers’ names and addresses and phone numbers only for the purpose of recruiting them into the research).

3. Consideration Given to Information Technology

If appropriate, the Return Preparer Office collects information electronically and/or uses online collaboration tools to reduce burden. Data collection here, however, will be qualitative and in-person.

4. Duplication of Information

No similar data are gathered or maintained by the Return Preparer Office or are available from other sources known to the Return Preparer Office.

5. Reducing the Burden on Small Entities

Aside from tax prep firms, no small businesses or other small entities will be involved in these efforts.

6. Consequences of Not Conducting Collection

Without these types of feedback, the Return Preparer Office will not have timely information to adjust its services.

7. Special Circumstances

There are no special circumstances. The information collected will be voluntary and will not be used for statistical purposes.

8. Consultations with Persons Outside the Return Preparer Office

Not applicable.

9. Payment or Stipend

Since this research consists of in-person focus groups, the Return Preparer Office is providing a focus group respondent stipend of up to \$75, with only \$40 in the case of the telephone in-depth interviews, because the RPO is requesting participation from specific types of respondents and not just the general public. By “specific types of respondents”, we are referring to discrete cells of Individual Tax Preparers, including Tax Preparers who have not taken the Registered Tax Return Preparer Test and Tax Preparers who have taken the test. Also, the expected participation time for the stipend section is 1.5 hours which is longer than the standard 1 hr.

10. Confidentiality

There is no confidentiality pledge being used in this research. The information collected here will be used internally and not for the purpose of substantially informing influential policy decisions²; the information will be qualitative and is not designed or expected to yield statistically reliable results or used as though the results are generalizable to the population of study; collections are voluntary, low-burden, low-cost, non-controversial and do not raise issues of concern to other Federal agencies. Responses will be kept private to the extent allowed by law. With the exception of information needed to provide remuneration for research participants, personally identifiable information (PII) is collected only to the extent necessary and is not retained (“personally identifiable information”, in this case, being

¹ As defined in OMB and the Return Preparer Office Information Quality Guidelines, “influential” means that “an agency can reasonably determine that dissemination of the information will have or does have a clear and substantial impact on important public policies or important private sector decisions.”

² As defined in OMB and the Return Preparer Office Information Quality Guidelines, “influential” means that “an agency can reasonably determine that dissemination of the information will have or does have a clear and substantial impact on important public policies or important private sector decisions.”

identification of Taxpayers' names and addresses and phone numbers only for the purpose of recruiting them into the research).

11. Sensitive Nature

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

12. Burden of Information Collection

Telephone interviewing will be used to screen for qualified interview participants, with those qualifying then being interviewed in person in a focus group setting or during the same phone call. The response rate for this study is expected to be about 45%, based upon past research among this audience.

Type of Collection	No. of Respondents	Time (minutes)	Total Hours
Screening Of FG Participants	87 For FGs	5 Minutes/60	7.25
Screening Of IDI Participants	34 For IDIs	5 Minutes/60	2.83
Participation In FGs	39 FG participants	90 Mins For FGs/60	58.5
Participation In IDIs	15 IDI participants	30 Mins For IDIs/60	7.5
TOTAL BURDEN HOURS			76.08

13. Costs to Respondents

No costs are anticipated.

14. Costs to Federal Government

The anticipated cost to the Federal Government is approximately \$39,578 annually. These costs are comprised of: interview document development, travel costs, respondent incentives, and facility costs, moderating/telephone interviewing costs, analysis, and reporting.

15. Reason for Change

Not applicable. This is a new request for an ICR.

16. Tabulation of Results, Schedule, Analysis Plans

Feedback collected under this information collection request provides useful information, but it does not yield data that can be generalized to the overall population. Findings will be used for general service improvement. The Return Preparer Office will disseminate the findings when appropriate, strictly following the Return Preparer Office's "Guidelines for Ensuring the Quality of Information Disseminated to the Public.", and will include specific discussion of the limitation of the qualitative results discussed above.

17. Display of OMB Approval Date

We are requesting no exemption.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

These activities comply with the requirements in 5 CFR 1320.9.

19. Dates Collection Begins And Ends

Collection of information is expected to begin in September 2012 and end in October 2012.

B. STATISTICAL METHODS

The primary purpose of these collections will be for internal management purposes.

1. Universe and Respondent Selection

Respondents participating in the 3 Focus Groups will be Professional Tax Return Preparers who have not yet taken the RTRP test (conducted in East Rutherford NJ and a second city to be determined) and 15 Telephone IDIs/In-Depth Interviews among Tax Return Preparers from across the country who have taken the RTRP test. Since the sample is a self-selected, convenience, and quota sample (with respondents selected to cover a broad range of Professional Tax Return Preparers), results will not be extended to the Return Preparer universe or be used to generalize the data beyond the scope of the sample.

2. Procedures for Collecting Information

Potential respondents for the research would be screened by telephone and asked to either come to a focus group facility (in the case of the focus groups) or to participate in a telephone in-depth interview (in the case of the telephone IDIs). The focus groups will take about 90 minutes and the IDIs about 30 minutes. All potential respondents will be pre-identified by the Return Preparer Office and then divided into lists appropriate to each of the cells. Each list will be nth-selected by the Return Preparer Office from its Preparer database. The contractor will then sample within each list for willing respondents qualified for that cell by following an nth pattern of selection that will assure an opportunity for all on each list to participate and further assure the randomness of the respondent selection process.

3. Methods to Maximize Response

Information collected under this information collection request will not yield generalizable quantitative findings.

4. Testing of Procedures

Pretesting is done with internal staff of 2-3 people.

5. Contacts for Statistical Aspects and Data Collection

Statistical expertise for this study has been provided by the contractor, along with the following Return Preparer Office personnel:

Karen Masken
Return Preparer Office
Office of the Director, Technical Advisor
202.874.4321