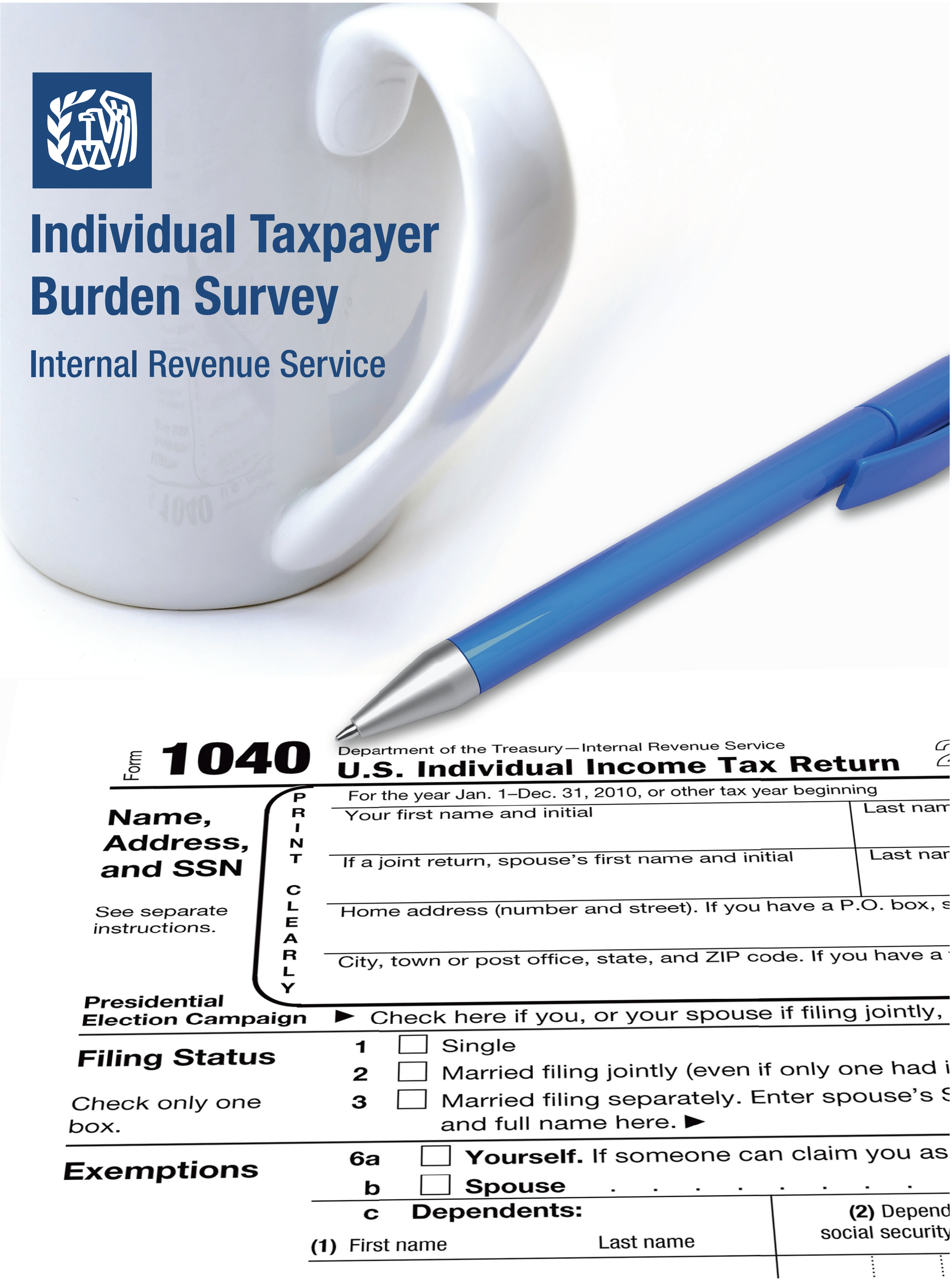
Individual Taxpayer Burden Survey

Internal Revenue Service



Privacy Act Notice for Individual Taxpayer Burden Model Data Collection

The Privacy Act of 1974 states that when we ask you for information, we must first tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if you do not provide it and whether or not you must respond under the law.

Our legal right to ask for this information is 5 U.S.C. 301.

The primary purpose for requesting the information is to analyze the role of taxpayer burden in tax administration. We will also use the information to fulfill the IRS' obligations to the Office of Management and Budget and Congress for information required by the Paperwork Reduction Act, and to provide tax policy analysis support to the Office of Tax Analysis at the Department of the Treasury. We will also use the information provided to better understand taxpayer needs and burden reduction opportunities.

Tax information may be disclosed only as provided by 26 U.S.C. 6103. Providing the information is voluntary.

OMB No: 15XX-NEW. Expires XX-XX-XXXX. This report is authorized under the Paperwork Reduction Act. Data collected will be shared with IRS staff, but your responses will be used for research and aggregate reporting purposes only and will not be used for other non-statistical or non-research purposes such as direct enforcement activities. The information that you provide will be protected to the fullest extent allowable under the Freedom of Information Act (FOIA). Public reporting burden for this collection of information is estimated to average 15 to 20 minutes, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to IRS Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Avenue, NW, Washington, DC 20224.

Individual Taxpayer Burden Survey

The purpose of this survey is to provide Congress and the President with accurate estimates of the time and money taxpayers spend to follow federal tax rules and regulations. Tax administrators and policy makers use this information to reduce and manage taxpayer burden. By taxpayer burden, we mean all of the *time and money spent during the course of the year by you, your spouse, business employees, friends, or relatives* to complete your 2010 individual federal income tax return. Please do not include the time spent by a tax professional on your behalf. However, because we are interested in your costs, we will be asking about money you may have paid to a tax professional.

Most of the activities associated with the completion of your tax return occur when the return is prepared and filed. However, some tax activities, notably recordkeeping, tax planning, and researching tax law changes, may occur *throughout the year* and we ask that you consider all of this time and money when providing your responses. You may need to consult with others when completing this survey, and we encourage you to do so. However, please do not have your tax professional complete this survey for you. We are interested in your experiences.

The person in your household most involved in the completion of your 2010 individual federal income tax return should complete this survey. Your individual federal income tax return refers to Form 1040, 1040-A, or 1040-EZ, as well as any associated forms, schedules, and worksheets that you completed or filed. It does not include forms associated with state and local income taxes, partnerships, corporations, estates, employment taxes, excise taxes, or anyone else's individual federal income tax return.

We expect that it will take about 15 to 20 minutes to complete this survey. Your time may vary based on your individual experiences. Please be assured that you will not be asked about specific income or other financial information. All information you provide will be used for research purposes only.

While participation is voluntary, information about your tax preparation experience will help the IRS better understand how to reduce taxpayer burden. We encourage you to take a few moments of your time to participate. By doing so, you will ensure that households like yours are represented.

You will find answers to frequently asked questions on the inside of the back cover. If you have further questions about the content of this survey or would like to request a Spanish version, please contact Jocelyn Newsome at 1-888-848-0934 or send an email to IRStaxpayerburdensurvey@westat.com. If you would like to speak to someone at the IRS, please call the Communications & Liaison office at 202-622-6440 or send an email to *public_liaison@irs.gov.

Section A. General Questions about Your Taxes

The questions below ask about the ways in which you completed your 2010 federal income tax return.

1. How did you complete your 2010 federal income tax return?

Check all that apply.

- ☐ I did it myself using paper forms
- ☐ I used a tax preparation website, software, or mobile app (such as TurboTax, TurboTax SnapTax, TaxACT, or H&R Block At Home)
- ☐ I had expert assistance from someone such as a paid preparer, a paid professional (e.g., a bookkeeper, accountant, or lawyer), an employee of my business, or an unpaid volunteer

2. Why did you choose this method for completing your 2010 federal income tax return?

Check all that apply.

- ☐ Ease of use
- ☐ Time
- ☐ Familiarity with method
- ☐ Cost
- ☐ To ensure that my tax return was completed accurately
- ☐ To receive all of the deductions, credits, and refunds for which I was qualified
- ☐ To reduce the risk of audit
- ☐ Other

Please specify:

3. **How did you receive your refund or make a payment for your 2010 federal income tax return?**

Refund Method

- ☐ Direct deposit
- ☐ Check mailed from the IRS
- ☐ Received an early or immediate refund directly through a tax preparer or software provider for an additional fee, such as a Refund Anticipation Loan or Check (RAL or RAC) or Rapid Refund

Payment Method

- ☐ Credit or debit card
- ☐ Personal check
- ☐ Electronic funds withdrawal from checking/savings account
- ☐ U.S. Treasury's Electronic Federal Tax Payment System (EFTPS) ®

- ☐ Other *Please specify:* ____________________
- ☐ Did not make a payment or receive a refund

Section B. Recordkeeping

The following questions ask about the records you may have kept in order to prepare your 2010 federal income tax return. These records include forms you may have received from your employer or financial institution(s), as well as tax-related documents you may have kept.

4. <u>Whether or not you used them</u>, which of the following types of information did you keep for your 2010 federal income tax return?

Check all that apply.

- ☐ Wages and salaries or tips
  Such as W-2 forms, pay stubs, or timesheets
- ☐ Investment income
  Such as interest, dividends, capital gains or losses
- ☐ Retirement income
  Such as IRA distributions, pensions, annuities, or social security benefits
- ☐ Deductions from income
  Such as health savings accounts, IRAs, student loan interest, tuition, fees, or educator expenses
- ☐ Business income
  Such as income associated with a sole proprietorship, farm, rental real estate, royalties, a partnership, or an S-corporation
- ☐ Business expenses
  Such as car and truck expenses, supplies, utilities, legal and professional services, office expenses, depreciation, taxes & licenses, deductible meals & entertainment, or advertising
- ☐ Itemized deductions
  Such as medical and dental expenses, taxes (state and local, real estate, sales taxes including taxes on a new motor vehicle), home mortgage interest, charitable contributions, casualty and theft losses, or unreimbursed employee expenses
- ☐ Credits associated with dependents
  Such as child and dependent care expenses, earned income tax credit (EITC), child tax credit, or additional child tax credit
- ☐ Other tax related items

  Please specify: ____________________

5. Which of the following tax documents did you receive to complete your 2010 federal income tax return?

Check all that apply.

- ☐ Form W-2
  W-2 forms are year-end statements that are provided by employers to document the wages and withheld taxes of their employees.
- ☐ Form 1099
  Form 1099 reports interest income from a bank, dividends on stocks, Social Security income, statements from brokers on sales of stocks or bonds, or income earned as an independent contractor.
- ☐ Form 1098
  Form 1098 reports mortgage interest, tuition, or student loan interest paid.
- ☐ Schedule K-1
  Schedule K-1 is used by a Partnership or S-Corporation to report a partner/shareholder's distributed share of income.
- ☐ Form 5498
  Form 5498 reports contributions to retirement accounts such as IRAs and to medical savings accounts.
- ☐ Other

  Please specify: ____________

6. How did you keep or organize the records you used to prepare your 2010 federal income tax return?

Check all that apply.

- ☐ Stored records in a file folder or filing cabinet
- ☐ Stored records in drawer, box, or shoebox
- ☐ Entered information in a paper-based system, such as a ledger or notebook
- ☐ Stored information in a computerized system such as Excel, Quicken, MSN Money, or QuickBooks
- ☐ A paid professional such as a bookkeeper, accountant, or lawyer managed my records
- ☐ A third-party, such as a bank, financial institution or employer, maintained my records online
- ☐ Other

  Please specify: ____________

7. **Thinking about all of the records you kept for your 2010 federal income tax return, did you keep them for tax purposes only or were they also kept for business or personal reasons?**

   - ☐ I kept the records exclusively for tax purposes
   - ☐ I kept the records for tax and business/personal reasons

Section C. Tax Planning

The following section asks about any tax-related planning you may have done for your 2010 federal income tax return. Tax planning includes any strategies taxpayers use to reduce the taxes they owe, such as participating in a retirement account, making charitable donations, or buying or selling assets.

8. **Whether or not you did them, did you consider the tax implications of any of the following as part of your overall planning for your 2010 federal income tax return?**

   Check all that apply.

   - ☐ Buying or selling real estate, including purchasing a home to claim the first-time homebuyers credit or to deduct real estate taxes and mortgage interest
   - ☐ Participating in or maintaining a retirement account such as a 401(k), any type of IRA, or a pension plan
   - ☐ Investing in non-retirement tax-exempt or tax preferred investments or plans such as tax free bonds or education savings programs
   - ☐ Buying or selling other investments such as stocks, bonds, or other securities
   - ☐ Buying or disposing of assets such as equipment or supplies for a business, including any decisions made for section 179 accelerated depreciation expenses
   - ☐ Structuring your business, such as deciding whether to form a partnership, LLC, or corporation
   - ☐ Making charitable donations
   - ☐ Making energy efficient improvements to your home in order to claim an energy tax credit
   - ☐ Taking college or other educational classes in order to claim the American opportunity tax credit
   - ☐ Other

     Please specify: ____________
   - ☐ None of the above

9. <u>Whether or not you did them</u>, did you consider doing any of the following activities for your 2010 federal income tax return?

Check all that apply.

- ☐ Calculating tax withholding on Form W-4 when you started a new job
- ☐ Submitting a new Form W-4 to an existing employer to adjust your withholding
- ☐ Preparing estimated taxes
- ☐ Itemizing or claiming income deductions
- ☐ Claiming credits such as education credits, child tax credit, earned income tax credit, adoption credit, or residential energy credits
- ☐ Participating in a benefit plan such as a medical savings account (MSA), health savings account (HSA), flex savings, dependent care, or flexcare plans
- ☐ Other

  Please specify: __________
- ☐ None of the above

Section D. Resources Used to Complete Your Tax Return

You may have used a variety of resources when completing your 2010 federal income tax return. The next series of questions asks first about IRS resources and then about any other resources you may have used.

10. For each of the tasks listed below, which IRS resources (if any) did you use when completing your 2010 federal income tax return?

Check all that apply.

TASKS	IRS RESOURCES			
	IRS Toll Free Tax Assistance Line	IRS walk-in site	IRS website or IRS2GO mobile app	IRS correspondence, such as mail or email
Obtain general tax information	☐	☐	☐	☐
Obtain IRS forms, instructions, or publications	☐	☐	☐	☐
Obtain answers to specific questions about my return	☐	☐	☐	☐

☐ I did not use any IRS resources for these tasks.

11. For each of the tasks listed below, what non-IRS resources (if any) did you use when completing your 2010 federal income tax return?

Check all that apply.

TASKS	NON-IRS RESOURCES						
	Tax professional, such as tax preparer, accountant, lawyer, or volunteer	Friends or family	Tax preparation website, software, or mobile app	Non-IRS website, including social media and blogs	TV, newspapers, magazines, books, or guides	Library, post office, or community center	Seminars or classes
Obtain general tax information	☐	☐	☐	☐	☐	☐	☐
Obtain IRS forms, instructions, or publications	☐	☐	☐	☐	☐	☐	☐
Obtain answers to specific questions about my return	☐	☐	☐	☐	☐	☐	☐

☐ I did not use any of these resources for these tasks.

Section E. Completing Your Tax Return

The next questions ask about the ways in which you completed your 2010 federal income tax return.

12. Who (if anyone) helped you, however briefly, with your 2010 federal income tax return?

Check all that apply.

- ☐ My spouse
- ☐ Other family members or friends
- ☐ Employee of my business
- ☐ Other

  Please specify:
- ☐ No one helped me

13. Which of the following <u>best</u> describes how you used IRS tax form instructions when completing your 2010 federal income tax return?

- ☐ Read most or all instructions
- ☐ Read instructions as needed
- ☐ Did not need to read instructions at all
- ☐ Because I used tax software or got help from a tax preparer, a family member, or friend, I did not need to read instructions
- ☐ Other

  Please specify:
- ☐ None of the above

14. Did you use a paid or volunteer professional, such as a tax preparer, bookkeeper, accountant, or lawyer, when completing your 2010 federal income tax return?

- ☐ Yes
- ☐ No→ **GO TO QUESTION 16**

15. **How did you work with your paid or volunteer professional when completing your 2010 federal income tax return?**

Check all that apply.

- ☐ Completed a tax questionnaire or worksheet for my paid or volunteer professional
- ☐ Provided records to my paid or volunteer professional
- ☐ Met with my paid or volunteer professional in person
- ☐ Communicated with my paid or volunteer professional by telephone or email
- ☐ Completed and reviewed my tax return with my paid or volunteer professional
- ☐ Other

  Please specify: ____________________

- ☐ None of the above

The next questions ask about any tax preparation website, software or mobile app you may have used when completing your 2010 federal income tax return.

16. **Did you use a tax preparation website, software, or mobile app, such as TurboTax, TurboTax SnapTax, TaxACT, or H&R Block At Home, to complete your 2010 federal income tax return?**

- ☐ Yes
- ☐ No ➔ **GO TO SECTION F**
- ☐ Don't know ➔ **GO TO SECTION F**

17. **Which of the following best describes how you used a tax preparation website, software or mobile app to complete your 2010 federal income tax return?**

- ☐ Followed the entire step-by-step computer-guided instructions
- ☐ Selectively used the step-by-step computer-guided instructions to address specific tax areas
- ☐ Directly entered information into the tax forms without using the step-by-step computer-guided instructions

18. Did you <u>electronically import</u> any of the following information into a tax preparation website, software or mobile app for your 2010 federal income tax return?

Check all that apply.

- ☐ Data from last year's tax preparation software
- ☐ Data from an accounting software package, such as Quicken, MSN Money, or QuickBooks
- ☐ Data from my W-2(s)
- ☐ Data from my 1098(s), 1099(s), Schedule K-1(s) or other information returns
- ☐ Data from my bank, brokerage, or other financial accounts
- ☐ Did not electronically import any information

Section F. Time Spent on Tax-Related Activities

The next questions focus on the time you spent on activities related to the completion of your 2010 federal income tax return.

Please include:

- *Time spent on your federal income tax return, including Forms 1040, 1040-A, or 1040-EZ, as well as any associated forms, schedules, and worksheets that you completed or filed*
- *Time throughout the tax year as well as the tax filing season*
- *Time spent by family, friends, or business employees, however briefly*

Please do not include:

- *Time spent on state or local income tax returns*
- *Time spent on anyone else's federal income tax return*
- *Time spent responding to IRS notices or correspondence*
- *Time spent amending your 2010 federal income tax return*
- *Time spent on partnerships (Form 1065), corporations (Form 1120 or 1120-S), estates (Form 706), gifts (Form 709), trusts (Form 1041), employment tax (Form 940, 941, 943, 944, 945), or excise tax (Form 720)*

19. How much time did you spend on the following activities for your 2010 federal income tax return?

If you did not spend any time on an activity, please enter a zero, as shown below:

_ _ 0 : _ _

Hours **Minutes**

Recordkeeping

Include time spent throughout the tax year:

- *Keeping track of tax-related information, such as records or receipts*
- *Collecting and organizing your tax-related records*
- *Making a special effort to obtain records or receipts*

Do not include time spent on non-tax related business or personal recordkeeping.

_ _ _ : _ _

Hours **Minutes**

Tax planning

Include time spent throughout the tax year:

- *Researching strategies to reduce the taxes you owe*
- *Working with a tax professional (paid or volunteer) on tax planning*
- *Doing business tax planning related to your personal tax situation*
- *Calculating or changing withholding or estimated payments*

Do not include any time spent on financial planning that was not tax related.

Hours : Minutes

Gathering or purchasing materials

Include time spent:

- *Gathering IRS tax forms, instructions, or publications*
- *Selecting, buying, and installing tax preparation software or mobile app*
- *Selecting a tax preparation website*
- *Selecting a tax professional (paid or volunteer)*

Hours : Minutes

Completing and submitting your tax return

Include time spent:

- *Reading instructions and related materials*
- *Obtaining answers to general or specific questions about your return*
- *Completing and reviewing tax forms or worksheets, whether or not they were submitted*
- *Working with a tax professional (paid or volunteer) to complete your tax return*
- *Assembling and mailing your tax return*
- *Checking the status of your electronic submission*
- *Checking the status of your refund*

Hours : Minutes

20. **Taxpayers sometimes spend time on tax provisions before realizing they did not need to report on them. Did you spend <u>any</u> time on any of the following before realizing you did <u>not</u> need to report on them?**

Check all that apply.

- ☐ Itemized Deductions
- ☐ Child Tax Credit or Additional Child Tax Credit
- ☐ Earned Income Tax Credit
- ☐ Quarterly Estimated Taxes
- ☐ Alternative Minimum Tax
- ☐ Unreimbursed Business Expenses
- ☐ Depreciation or Amortization
- ☐ Education Deductions or Credits
- ☐ Credit for the Elderly or the Disabled
- ☐ Other

Please specify: __________

- ☐ No ➔ **GO TO SECTION G**

21. **Of the time you spent completing and submitting your tax return (reported in Question 19), how much of it did you spend on these tax provisions before realizing you did <u>not</u> need to report on them?**

☐☐ : ☐☐

Hours **Minutes**

- ☐ Don't know

Section G. Costs of Completing Your Tax Return

The next questions ask about the costs associated with the completion of your 2010 federal income tax return.

Please include:

- *Costs associated with your federal income tax return, including Forms 1040, 1040-A, or 1040-EZ, as well as any associated forms, schedules, and worksheets that you completed or filed*
- *Costs incurred throughout the tax year as well as the tax filing season*

Please do not include:

- *Costs associated with state or local income tax returns*
- *Costs associated with anyone else's federal income tax return*
- *Costs associated with responding to IRS notices or correspondence*
- *Costs associated with amending your 2010 federal income tax return*
- *Costs associated with partnerships (Form 1065), corporations (Form 1120 or 1120-S), estates (Form 706), gifts (Form 709), trusts (Form 1041), employment tax (Form 940, 941, 943, 944, 945), or excise tax (Form 720)*

22. How much did you pay for the following products or services to complete your 2010 federal income tax return?

If you had no costs associated with an activity, please enter a zero, as shown below:

$ __ __ , __ __ 0 . __ __

Paid preparer services *<u>Include</u> tax preparation or tax planning advice*	$ __ __ , __ __ __ . __ __
Tax preparation website or software *<u>Include</u> the purchase price as well as live advice fees* *<u>Do not</u> include any general purpose accounting software, such as Quicken, MSN Money, or QuickBooks*	$ __ __ , __ __ __ . __ __
Fees for an early or immediate tax refund *<u>Include</u> any fees paid directly to a paid preparer, website, or software provider for an early or immediate tax refund, such as a refund anticipation loan, check, or rapid refund*	$ __ __ , __ __ __ . __ __
Tax books, classes, or seminars	$ __ __ , __ __ __ . __ __
Postage or filing fees *<u>Include</u> costs associated with submitting your return, such as electronic filing fees, fees charged for paying your taxes by credit card, postage, faxes, or courier fees*	$ __ __ , __ __ __ . __ __

☐ **I did not have any costs associated with my 2010 federal income tax return.**
➔ GO TO SECTION H

23. <u>Of the costs you reported in Question 22</u>, was any of it associated with the completion of your state or local tax returns?

- ☐ Yes
- ☐ No
- ☐ Don't know

Section H. Your Overall Experiences Completing Your Tax Return

The next questions ask about your experiences completing your 2010 federal income tax return.

24. Regardless of whether you received help from someone else like a tax preparer or friend, how comfortable did you feel completing your 2010 federal tax return?

- ☐ Very comfortable
- ☐ Comfortable
- ☐ Somewhat comfortable
- ☐ Not comfortable

25. Compared to other taxpayers, how would you evaluate your knowledge, skills, and abilities in completing your 2010 federal income tax return?

- ☐ Better than most taxpayers
- ☐ About the same as most taxpayers
- ☐ Not as good as most taxpayers

26. **When completing their tax return, some people may be concerned that the information they provide is incomplete or that it may be processed inaccurately by the IRS. At the time you completed your 2010 individual federal income tax return, how concerned were you that…**

	Not at all concerned	A little concerned	Somewhat concerned	Very concerned
Your tax return was completed accurately?	☐	☐	☐	☐
You would receive all of the deductions, credits, and refunds for which you were qualified?	☐	☐	☐	☐
Your tax return would be processed accurately?	☐	☐	☐	☐
You would be audited?	☐	☐	☐	☐

27. **Did you have to make a special effort, beyond what you expected, to complete your 2010 federal income tax return?**

☐ Yes ➔ *Please describe:*

☐ No

Section I. Demographic Items

The next series of questions ask about your background.

28. What is your gender?

- ☐ Male
- ☐ Female

29. What is the highest level of education that you have completed?

- ☐ Less than a high school diploma
- ☐ High school graduate or GED
- ☐ Some college
- ☐ College graduate
- ☐ Advanced degree

30. Tax forms may be difficult, especially if English is not your primary language. Do you feel that you had any language limitations that made completing your 2010 federal income tax return more difficult?

- ☐ Yes
- ☐ No

31. How many state returns did you file? Do not include state income tax returns you may have filed on behalf of others.

- ☐ 0
- ☐ 1
- ☐ 2
- ☐ 3
- ☐ 4 or more

32. Finally, please share any suggestions you have for how the IRS could improve services or reduce taxpayer burden.

Thank you for completing our survey.

Frequently Asked Questions

What is the purpose of this survey?

The purpose of this survey is to provide Congress and the President with accurate estimates of the time and money taxpayers spend to follow federal tax rules and regulations. Tax administrators and policy makers use this information to reduce and manage taxpayer burden.

Who should complete this survey?

The person in your household most involved in the completion of your 2010 individual federal income tax return should complete this survey.

How will my answers be used?

Your responses to the survey will make it possible for the IRS to update estimates of the amount of time and money people spend preparing their tax returns each year. The IRS uses this information to learn how to reduce taxpayer burden. All information you provide will be used for research purposes only.

Why should I participate?

While participation is voluntary, information about your tax preparation experience will help the IRS better understand how to reduce taxpayer burden. We encourage you to take a few moments of your time to participate. By doing so, you will ensure that households like yours are represented.

How long will this survey take?

It will take about 15 to 20 minutes to complete this survey. Your time may vary based on your individual experiences.

Can I take this survey in Spanish?

Yes. Please call 1-888-848-0934 or send an email to IRStaxpayerburdensurvey@westat.com for a Spanish version of this survey.

Who can I contact with questions?

If you have questions about the content of this survey, please contact Jocelyn Newsome at 1-888-848-0934 or send an email to IRStaxpayerburdensurvey@westat.com. If you would like to speak to someone at the IRS, please call the Communications & Liaison office at 202-622-6440 or send an email to *public_liaison@irs.gov.