

**OMB Supporting Statement  
Bureau of the Fiscal Service/Treasury  
Electronic Tax Refund Motivation Research**

**Background and Objectives**

The Bureau of the Fiscal Services provides an overview of the final phase of primary research to determine how best to motivate taxpayers toward converting to electronic refunds from paper checks for their federal tax refund. The remaining population who has not converted to electronic tax refunds is particularly challenging. We will conduct research with two types of respondents: taxpayers who presently receive refunds via paper check and taxpayers who receive their refund via electronic funds transfer for comparison. It is particularly important to understand the underlying motivations of this population (those who receive refunds via paper checks) because they have been continually resistant to changing their behavior regarding receiving tax refunds electronically.

Purpose. The two main goals of the study are: 1) Identify with greater precision the demographic, behavioral and attitudinal delineators of those who choose to receive their tax refund by paper check, and 2) Identify the incidence and prevalence of major reasons people have for their behavior and related attitudes, across the range of taxpayers. This research will not be used for any policy change.

**Methodology**

Approach. This research will be conducted via an existing nationally representative cross-section sample (online KnowledgePanel). The KnowledgePanel utilizes probability-based recruitment beginning with an address-based sampling frame that includes cell phone only households and non-internet households (these are provided a netbook and free monthly ISP). This allows for projectable population estimates for the subsets of individuals who receive paper refund checks and have been identified as of special interest such as social security recipients, under/unbanked, and switchers (those who report they received an electronic tax refund in the past but then switched back to paper check refunds).

In all cases, participation will be voluntary and categorization of participants will be based on their self-reporting. There will be no personally identifiable information collected and no association with their tax returns.

Question focus. This round of research builds on results of the qualitative focus groups conducted in June 2014 that determined the attributes, benefits, emotions and values most associated with tax refunds. This phase will concentrate on understanding the relative strengths of paper checks versus electronic refunds and how best to articulate the most promising concepts and persuasive statements. The persuasive statements will target the intellectual bridges identified in the qualitative phase. Each statement will be rated against the metric of “to what degree this would cause you to switch to direct deposit refunds.”

The questions will focus on past and present tax filing behavior and form of tax refund for the past three years, use of tax professional, software, or online services, use of e-file, state refund method if applicable, use of direct deposit and online bill-pay, open ended question about why the target audiences chooses paper checks, a battery of tangible and emotional

reasons for tax refund payment forms, reaction to potential persuasive messages that describe motivating benefits of receiving tax refunds electronically, classification and demographic questions. For details, see the questionnaire that accompanies this document.

### Analysis.

The analysis will identify and quantify the specific tangible attributes and benefits of both paper and electronic refunds and their associated emotional and value meanings. Specifically:

- The sub-populations that choose to receive their refund by paper check described in terms of demographics, behaviors and attitudes that most make them hesitant to adopt electronic tax refunds
- Any sub-populations that fluctuate between paper and electronic delivery, and the reasons for the flux
- The primary drivers of the decision to receive paper checks.

The analysis will illuminate the most compelling barriers inhibiting switching to and maintaining a preference for electronic tax refunds, paired against the most compelling messages to induce the more desired behavior of receiving refunds electronically. A two-step analytical process will be used: 1) create clusters of respondents based upon similarities in knowledge, attitudes and behaviors in order to identify the key differentiators identifying important sub-segments of the non-electronic refund audience, and 2) Analyze the “whys” behind a preference for paper and/or a dislike of electronic refunds to determine which potential messaging option will motivate the greatest number within each sub-population to move toward electronic refunds. The research team will interpret and present the results to the full Research Workgroup, and will discuss recommendations and implications.

### **Estimated Burden Hours**

Total burden time will be approximately 650 hours. This time estimate is based on completing 2,600 15 minute interviews  $(2,600 \times 15 \text{ minutes}) / 60 = 650$ .

### Timing.

July – OMB Review

July – Finalization of questionnaire

Early to mid August – Data collection

Late August/Early September – Analyze and report on findings

### **Contact**

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