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**

[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
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?

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
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.?

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 <u>channel(s)</u> 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:* <u>Who initiated</u> 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.)

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]*

- 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 <u>top 3 pieces of advice</u> 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 **<u>[DATE]</u>** from **<u>[START TIME]</u>** to **<u>[END TIME]</u>.** 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 <u>$[INSERT INCENTIVE AMOUNT]</u> 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.

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