

**Supporting Statement
Approval Request to Conduct Cognitive and Psychological
Research (OMB #1545-1349)**

**Form 8958, Allocation of Tax Amounts between Certain Individuals in
Community Property States**

A. JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary

The Tax Forms and Publications (TF&P) Office of the Internal Revenue Service (IRS), Wage and Investment division, creates tax forms, instructions, and related publications to enable taxpayers to understand and fulfill their filing and reporting obligations under the tax laws of the United States.

In order to gather taxpayer comments on the new Form 8958, Allocation of Tax Amounts between Certain Individuals in Community Property States, TF&P seeks reaction and suggestions for improvement. TF&P would like to use focus groups to determine the usability and understandability for the form and its' instructions, and receive specific suggestions for improvements. TF&P will use these suggestions to improve the Form 8958 and its' instructions.

2. Purpose and Use of the Information Collection

The objective of these focus groups is to gather input from taxpayers to determine their reaction to the Form 8958 and its' instructions. The specific business questions to be explored by this project are to:

- Participants' overall perception of the new Form 8958 and its' accompanying instructions
- Common errors participants make when completing Form 8958
- Parts of the form and instructions that participants find most helpful
- Specific suggestions participants have for improving Form 8958 and its' instructions

This information will assist the division in developing clear tax products that assist taxpayers in voluntarily meeting their tax obligations and reporting their business income accurately. To achieve these objectives, the division plans to hire a vendor, ICF Macro, to conduct a total of 8 focus groups, (2 per city) in 4 separate cities. Each focus group will consist of at least 8 participants, with 10 being the ideal number of participants. The focus groups will last 2 hours. Upon arrival, participants will be re-screened to confirm their eligibility.

TF&P also expects to gain knowledge of participants' reactions to the revised form to discover what parts of the documents lead to error or misunderstanding. Upon completion of this project ICF Macro will submit a report of findings to TF&P to determine improvements that could be made. The feedback received will not institute new policy, yet enable the Service to effectively meet taxpayer needs.

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3. Consideration Given to Information Technology

The focus groups will be administered in person during vendor led sessions.

4. Duplication of Information

No focus group testing of Form 8958 has been done in the past. There is no duplication of effort.

5. Reducing the Burden on Small Entities

N/A

6. Consequences of Not Conducting Collection

Without this type of feedback, IRS will not have timely information to improve TF&P's Form 8958 and its' instructions to meet the needs of our taxpayers. Improvement to the tax form and instructions should improve voluntary compliance and assist taxpayer in answering their tax questions.

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 Agency

N/A

9. Payment or Gift

IRS will provide a stipend of \$75 to each focus group participant to participate in a 2 hours session. IRS is offering an incentive to insure that qualified participants are

recruited that will be able to provide meaningful and actionable comments to the focus group sessions that will improve the form and make it easier for taxpayers to comply with the tax laws.

10. Confidentiality

All participants will be subject to the provisions of the Taxpayer Bill of Rights II during this study and the M&P will ensure that all participants are treated fairly and appropriately.

The security of the data used in this project and the privacy of taxpayers to the extent allowed by law 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 to the extent allowed by law of all taxpayers. 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.

We will carefully safeguard the security of data utilized as well as the privacy of the focus group participants to the extent allowed by law. 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.

The focus group sessions will be audio taped so that the vendor can use the tapes to prepare the report. No names will be associated with any information and data will be reported out in aggregate so that no response can be linked to any one particular individual.

11. Sensitive Nature

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

12. Burden of Information Collection

We expect to contact 900 potential participants to recruit 96 actual participants. We expect 10 participants to show for each focus group session. If more than 10 participants show at any session, they will be paid the honorarium and be told their participation is not required.

Category of Respondent	No. of Respondents	Participation Time (In Minutes)	Burden (In Hours)
Recruitment	900		75
Follow-up Phone Call	96	1	1.6
Individual, Small Business Taxpayers and Tax Practitioners	80	120	160
Totals			236.6

Estimated Response Rate: 10%

13. Costs to Respondents

N/A

14. Costs to Federal Government

The anticipated cost to the Federal Government to conduct this focus group is approximately \$91,000. These costs are comprised of: hiring a vendor to recruit participants, secure facilities, pay honorarium, moderate focus group, analyze data and prepare report. It also includes travel expenses for the vendor and IRS employees to travel to the focus group sites. IRS employees will serve as observers to ensure the focus group is conducted in accordance to the moderator’s guide.

15. Reason for Change

N/A

16. Tabulation of Results, Schedule, Analysis Plans

The vendor will prepare a report which will include the recommendations of the focus group participants. The recommendations will be shared with the program owner for follow-up action.

17. Display of OMB Approval Date

N/A

18. Exceptions to Certification for Paperwork Reduction Act Submissions

These activities comply with the requirements in 5 CFR 1320.9.

19. Data Collection Dates

Data collection will begin March 2013 and end April 2013.

B. STATISTICAL METHODS

1. Universe and Respondent Selection

The plan includes hiring ICF Macro to recruit 12 participants for each focus group with the expectation of 10 participants to show. The vendor will perform all recruiting based on the following criteria.

Demographics Chart

Gender	Mix
Race/Ethnicity	Mix
Filing Status	Mix,
Income	Mix
Age	Mix
Education	Mix
Individuals	Filed a 1040 for tax year 2011 or 2012
Tax Practitioner	Filed at least 25 or more Form 1040s for their clients in tax year 2011 or 2012

2. Procedures for Collecting Information

IRS plans to hire a vendor to conduct 8 focus groups for this project. A moderator's guide will be used by the vendor to obtain information from participants.

3. Methods to Maximize Response

To maximize response rate, we will hire a recruiting firm that is highly experienced in recruiting qualified participants for various types of focus groups. We will also offer an incentive to all qualified participants which should increase our response and participation rate.

4. Testing of Procedures

Pretesting will not be conducted.

5. Contacts for Statistical Aspects and Data Collection

The vendor hired by the IRS will perform all statistical analysis for this project.