

Supporting Statement
Approval Request to Conduct Cognitive and Psychological
Research
(OMB #1545-1349)
Notice 940 (SP)
Why do I have to provide a Form W-4 to my Employer?

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 address the translation of Notice 940 in Spanish, TF&P seeks reaction and suggestions for improvement from individual and tax preparers. TF&P would like to use focus groups to determine the understandability for the Notice and receive specific suggestions for improvements. TF&P will use these suggestions to improve the Notice 940 (SP).

2. Purpose and Use of the Information Collection

The objective of these focus groups is to gather input from taxpayers and tax practitioners to determine their reaction to the Notice 940 (SP). The specific business questions to be explored by this project are:

- Participants' overall perception of the Notice 940 (SP)
- Participants understanding of the Notice 940 (SP)
- Parts of the Notice that participants find most helpful
- Specific suggestions participants have for improving Notice and its' translation

This information will assist the division in developing clear tax products that assist Limited English proficient taxpayers in voluntarily meeting their tax obligations. To achieve these objectives, the division plans to hire a vendor, ICF Macro, 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. Upon arrival, participants will be re-screened to confirm their eligibility.

TF&P also expects to gain knowledge of participants' reactions to the Notice to discover what parts of the documents lead to 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.

3. Consideration Given to Information Technology

Not Applicable

4. Duplication of Information

No similar data are gathered or maintained by the Agency or are available from other sources known to the IRS.

5. Reducing the Burden on Small Entities

Small business or other small entities will not be involved in these efforts.

6. Consequences of Not Conducting Collection

Without this type of feedback, IRS will not have timely information to improve TF&P's Notice 940 (SP) to meet the needs of our taxpayers. Improvement to the Notice 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

NA

9. Payment or Gift

We plan to offer \$75 for a 2 hour focus group session. Payment is being offered to the participants to compensate them-for their time to participate in the focus group and to ensure qualified participants attend the sessions

10. Confidentiality

The data returned to IRS will have no identifying information relating specific records to individual taxpayers. Nonetheless, IRS will ensure that privacy to the extent allowed by law and security of the aggregated results will receive the utmost attention. Public and official access to the information will be tightly controlled. The computer files containing this tabulated information will remain

password protected at all times. Data security approaching level C-2 will be accomplished using the Windows XP operating system.

Audiotapes used to record testing sessions will be destroyed when the project is completed and there is no further need for the data.

We will apply fair information and record-keeping practices to ensure protection of all taxpayers. 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 taxpayer information as well as its release to authorized recipients.

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 800 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 | 800 | 5 | 66.7 |
| Follow-up Phone Call | 96 | 1 | 1.6 |
| Travel to Focus Group Facility | 96 | 30 | 48 |
| Individual and Tax Practitioners | 80 | 120 | 160 |
| Totals | | 156 | 276.3 |

13. Costs to Respondents

No costs are anticipated.

14. Costs to Federal Government

The anticipated cost to the Federal Government to conduct this focus group is approximately \$95,000 a. These costs are comprised of: hiring a vendor to recruit participants, secure facilities, pay honorarium, moderate focus groups, 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 groups are conducted in accordance to the moderator's guide.

15. Reason for Change

This is a new request for an ICR.

16. Tabulation of Results, Schedule, Analysis Plans

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

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. Data Collection Dates

Data collection will begin July 10, 2012 and end July 30, 2012

B. STATISTICAL METHODS

1. Universe and Respondent Selection

The plan includes recruiting 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 |
| Individual | Must be an employee who files a W-4 form, Employee's Withholding Allowance Certificate |
| Tax Preparer | Self employed who prepare at least 25 returns for clients |
| Special characteristics | Individual and Tax Preparers should meet the following criteria: <ul style="list-style-type: none">• at least 18 years old• Participants must be fluent in reading and speaking Spanish. |

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

Information collected under this information collection will not yield generalizable quantitative findings; it can provide useful customer input, but it does not yield data about customer opinions that can be generalized.

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.