

**SUPPORTING STATEMENT for Paperwork Reduction Act Information  
Approval Request to Conduct Cognitive and Psychological Research**

**Internal Revenue Service (IRS)**

**IRDM: Changes and Effects of Basis Reporting  
June – August 2012**

**A. JUSTIFICATION**

**1. Circumstances Making the Collection of Information Necessary**

Executive Order 12862 directs Federal agencies to provide service to the public that matches or exceeds the best service available in the private sector. In order to work continuously to ensure that our programs are effective and meet our customers' needs, the Small Business/Self Employed Division (SBSE) of the Internal Revenue Service (IRS) seeks to obtain OMB approval for a public information request to collect qualitative feedback on our service delivery. By qualitative feedback we mean information that provides useful insights on perceptions and opinions, but are not statistical surveys that yield quantitative results that can be generalized to the population of study.

Passed by Congress in 2008, Section 403 of the Energy Improvement and Extension Act of 2008 amended the Internal Revenue Code to mandate, beginning in 2011, that every broker required to file a return with the IRS reporting gross proceeds from the sale of a covered security, additionally report a customer's adjusted basis in the security and whether any gain or loss on the sale is classified as short-term or long-term.

SBSE is seeking feedback and suggestions from tax practitioners to help identify barriers and ways to improve the implementation of recent changes regarding basis reporting (Internal Revenue Code Section 6045(g)). This includes determining the appropriate procedures, language in the instructions, challenges with filing requirements, and understanding the impact on taxpayer burden.

The objectives are:

- To learn about the experiences tax practitioners have had with Form 8949, Form 1099-B, and Schedule D, both successful and unsuccessful,
- To learn how tax practitioners prefer to receive information on tax law changes, tax forms, or other IRS products.

**2. Purpose and Use of the Information Collection**

The mission of the IRS SBSE operating division is to provide SBSE customers with top-quality service by educating and informing them of their tax obligations, developing educational products and services, helping them understand and comply with applicable laws, and to protect the public interest by applying the tax law with integrity and fairness to every taxpayer.

The Communication, Liaison and Disclosure Division (CLD) within SBSE is committed to supporting this mission by developing and implementing integrated communication plans to

address ongoing and emerging taxpayer and tax practitioner issues. These plans identify key messages as well as appropriate products and delivery channels which leverage stakeholder groups to communicate SBSE messages to taxpayers. CLD fosters partnering relationships with the tax practitioner community as a means of enhancing taxpayer satisfaction with SBSE products and procedures.

The Nationwide Tax Forums sponsored each year by the IRS offer a unique opportunity for CLD to solicit the opinions, experiences, and ideas of tax practitioners about important issues for taxpayers and for the IRS.

### **3. Consideration Given to Information Technology Sample Design**

The questions in the moderator's guide will be asked in person to tax practitioners who were invited to attend the focus group during the National Tax Forums at six different locations around the country.

### **4. Efforts Not to Duplicate Research**

This is the only study conducted by SBSE to evaluate the changes and effects of the basis reporting requirements with tax practitioners.

### **5. Reducing the Burden on Small Entities**

N/A

### **6. Consequences of Not Conducting Collection**

SBSE would like to evaluate the changes and effects of the basis reporting requirements with tax practitioners. They will need to collect information on the program in order to assess the impact on taxpayers burdened from the tax law changes within IRC section 6045(g) and to determine if there are ways to improve the instructions, forms, or communication. These focus groups constitute the most effective way to gather this information. Without this information SBSE will be unable to properly assess and make improvements.

### **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 IRS**

N/A

### **9. Payment of Gift**

N/A

### **10. Confidentiality**

No Personally Identifiable Information (PII) will be collected during the focus group. Moderators will inform the focus group participants that no names will be used in the final report. Also, the report prepared for SBSE will not have any identifying information relating to specific records to tax practitioners allowing the tax practitioners to remain anonymous to the extent allowed by law. Nonetheless, SBSE will ensure that the 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 the focus group 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 tax practitioners. 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 personal or sensitive nature.

**12. Burden of Information Collection**

A screening protocol and moderator’s guide will be used to collect information from respondents. The annual burden hours requested (138) are based on the number of collections we expect to conduct over the requested period for this clearance.

Category of Respondent	No. of Respondents	Participation Time (in minutes)*	Burden (in hours)
Screening	360	360x3/60	18
Focus Groups	60	60x120/60	120
<b>Totals</b>			<b>138</b>

**Estimated Response Rate: 17%**

**13. Costs to Respondents**

N/A

**14. Costs to Federal Government**

The estimated annual cost to the Federal government is \$9,180 for moderators to travel to the six cities where the National Tax Forums will be held to conduct the focus groups.

**15. Reason for Change**

N/A

**16. Tabulation of Results, Schedule, and Analysis Plans**

Feedback collected under this information collection provides useful information, but it does not yield data that can be generalized to the overall population. Findings will be used for general service improvement, but are not for publication or other public release. The information gathered during the focus group discussions will be summarized to identify common themes. These themes are all that will be reported out to SBSE.

Although SBSE does not intend to publish its findings, the IRS may receive requests to release the information (e.g., congressional inquiry, Freedom of Information Act requests). SBSE will disseminate the findings when appropriate, strictly following "Guidelines for Ensuring the Quality of Information Disseminated to the Public.", and will include specific discussion of the limitation of the qualitative results discussed above.

**17. Display of OMB Approval Date**

N/A

**18. Exceptions to Certification for Paperwork Reduction Act Submissions**

These activities comply with the requirement in 5 CFR 1320.9.

**19. Dates collection will begin and end**

Data collection will begin June 19th, 2012 and end August 30th, 2012.

**B. STATISTICAL METHODS**

Information collected from these focus groups 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 to the population. Data will be collected by the use of a moderator's guide. The primary purpose of this collection will be for internal management purposes; there are no plans to publish or otherwise release this information.

**1. Universe and Respondent Selection**

The activities under this clearance will not involve samples. The respondents invited to participate in the focus groups will need to meet specific criteria related to certain services. Results will not be used to make statements representative of the universe of study, to produce statistical descriptions (careful, repeatable measurements), or to generalize the data beyond the scope of the sample.

**2. Procedures for Collecting Information**

The information will be collected using established Focus Group techniques. These are structured conversations with a group of eight to 12 people using a series of guided questions. The respondents answer the questions and expand upon the topic provided to them. The information is recorded by a moderator present at the time the group is held. The groups are also recorded for later transcription. Tapes are destroyed once the transcriptions are completed.

**3. Methods to Maximize Response**

SBSE has enhanced protocols to maximize the response rate during the screening process. We will invite approximately twice the number of necessary respondents for each group. Historically, this has ensured that we have the proper number of respondents for each group.

**4. Testing of Procedures**

Pretesting will not be conducted.

**5. Contacts for Statistical Aspects and Data Collection**

For questions regarding the study, questionnaire design or statistical methodology, contact:

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404-338-8319

**Attachment**

Screener's Guide  
 Moderator's Guide