

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

**Title: *Form 94x e-file Initiative***

**A. JUSTIFICATION**

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

The SB/SE Employment Tax Strategy team is looking for ways to increase the e-file rates for Employment Tax returns (94x Family of Returns) and to identify barriers that are preventing tax practitioners or their clients from e-filing their employment tax returns. The proportion of returns that were electronically filed during tax year 2014 was low. Of the 24.1 million Form 941's filed, only 8 million were e-filed. Focus group feedback may provide insights on implementing or marketing the program to make it more appealing to practitioners and taxpayers.

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

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

The market segment of interest for this research consists of the tax practitioners. The objectives for the Form 94x e-file initiative focus group are:

- Solicit information concerning awareness of and experience with filing employment tax returns electronically,
- Determine what works well and what does not work,
- Solicit suggestions for improving and marketing the Form 94X e-file program

We hope to impact our market segment by using the results of the focus groups to make recommendations to improve the Form 94X e-file initiative. Specifically, we want to know:

- Barriers to e-filing 94X returns
- Ideas about the new electronic signature methods
- Insights on implementing or marketing the program to make it more appealing to practitioners and taxpayers

**3. Consideration Given to Information Technology**

The focus groups will be conducted face-to-face during the IRS Nationwide Tax Forums. Conducting face-to-face focus groups allows group interaction which can help elicit in-depth thoughts and discussions. There's also opportunity to probe participant responses and can yield richer data than surveys. Face-to-face focus groups also give the moderator more opportunity to

read nonverbal cues and use nonverbal cues to control the flow of discussion than in telephone focus groups.

#### **4. Duplication of Information**

The focus group will provide valuable information that is not available in any internal IRS data source.

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

N/A

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

SB/SE initiatives fall under the IRS' goal to "improve service to make voluntary compliance easier, and enforce the law to ensure everyone meets their obligation to pay taxes." If the focus group is not approved, SB/SE will not have the necessary data to recommend steps to increase employment tax e-filing rates, which currently stands at roughly 35%. This will also cause SB/SE to be less effective as it will not have the data to know if the new electronic signature methods need improvement or if the Form 941 e-file program needs to be marketed better to service these populations.

#### **7. Special Circumstances**

There are no special circumstances. The participation in the focus group and the information collected will be voluntary.

#### **8. Consultations with Persons Outside the Agency**

N/A

#### **9. Payment or Gift**

No honorarium or non-monetary incentives will be given to the participants.

#### **10. Confidentiality:**

The IRS will apply and meet fair information and record-keeping practices to ensure privacy to the extent allowed by law and protection of all taxpayers to the extent allowed by law. 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.

The focus group questions do not request tax return or taxpayer information. Focus group participants will not be identified in any of the documents or files used for this project. We will limit and control the amount of information we collect to those items that are necessary to accomplish the research objectives. 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.

**11. Sensitive Nature**

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

**12. Burden of Information Collection**

In each of the five cities (see Appendix A), we will conduct one 2 hour focus group with a maximum of 10 participants.

The estimated time to *screen* a person is 3 minutes. Based on past experience, we will assume that 60 people will be screened for each focus group before 20 invitations are issued (60 people x 3 min/60 x 5 forums = 15 hours). We will assume that 20 invitations will be issued to ensure that 10 people will be present for each focus group.

The estimated time for *participating* in the focus group is 2 hours (10 participants x 120 minutes/60 x 5 forums = 100 hours). The total burden hours estimated is **115 burden hours (15 + 100)**.

Screening and participant burden for the Form 94x e-file focus groups

Type of Collection	Participation	Response Time (minutes per person)	Total Burden (Hours)
Screening potential focus group participants	300	3 minutes	15 hrs.
Participants who attend the focus group	50	120 minutes	100 hrs.
<b>Grand Total (column 4)</b>			<b>115 hrs.</b>

**13. Costs to Respondents**

Not Applicable.

**14. Costs to Federal Government**

The total estimated cost of conducting the focus group in four of the five cities is \$10,136.<sup>1</sup>

**15. Reason for Change**

Not applicable.

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

At the completion of the five Tax Forums, the focus group responses will be released in a report as summary observations and categorized by the topic of discussion in the moderator’s guide. The report will not contain any individually identifying information such as name, address, or taxpayer / practitioner identification number. The moderator ensures that tax practitioners participating in the focus group are guaranteed anonymity. Upon completion of data collection

<sup>1</sup> No expenses will be incurred in Denver, CO because there are locally trained moderators.

and delivery of the report, the focus group data will remain on a secured IRS server for three years.

#### **17. Display of OMB Approval Date**

Not applicable

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

These activities comply with the requirements in 5 CFR 1320.9.

#### **19. Dates Collection of Information will Begin and End**

Data collection will begin during the week of July 7, 2015 and end during the week of September 1, 2015.

### **B. STATISTICAL METHODS**

#### **1. Universe and Respondent Selection**

Focus group participants are screened and selected from the tax practitioners attending the 2015 IRS Nationwide Tax Forums.

#### **2. Procedures for Collecting Information**

Trained focus group moderators from Small Business/Self-Employed Finance, Research & Strategy will screen and invite tax practitioners using a screener's guide approved by the SB/SE business unit. There will be two focus group moderators in each focus group. One moderator will conduct the focus group using a moderator guide approved by the SB/SE business unit and the second moderator will be documenting the participants' responses and possibly non-verbal expressions (excitement, head nods, doubt, etc).

#### **3. Methods to Maximize Response**

The moderator's guide contains open ended questions to obtain candid opinions and suggestions about the topic of discussion. Additionally, some of the questions contain probes to be used by the moderator if responses are minimal. The probes also serve as memory joggers for the focus group participants.

#### **4. Testing of Procedures**

The screener and moderator guides were developed with the assistance of the SB/SE business unit. If changes are made to the moderator guide, they will be minimal. Revising a question to make it understandable is one example of a potential change.

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

For questions regarding the study or moderator guide or methodology, contact:

Debbie A. Cortez  
SB/SE, Lead Social Scientist  
303-603-4732  
[debbie.a.cortez@irs.gov](mailto:debbie.a.cortez@irs.gov)