

Hello, my name is _____ and I am an employee of the Taxpayer Advocate Service (TAS). I am recruiting tax practitioners to participate in a focus group that we will be holding at this tax forum. The Taxpayer Advocate Service wants to hear your thoughts, experiences, and opinions in a group discussion about income tax refunds- including the when refunds are sent. Participation is voluntary and will take no more than 80 minutes. Are you interested in participating in a discussion on this topic?

1. Do you prepare individual returns?

Yes (*invite participant – try to get a mix of experience levels*)
No (*thank them for their time but do not invite to participate*)

2. Do your clients receive Federal Tax refunds?

Yes (*invite participant – try to get a mix of experience levels*)
No (*thank them for their time but do not invite to participate*)

3. In the last few years, have you had an issue where your client’s refunds were delayed?

Yes (*invite participant – try to get a mix of experience levels*)
No (*thank them for their time but do not invite to participate*)

4. Are you interested in sharing your opinions about the timing of refunds?

Yes (*invite participant – try to get a mix of experience levels*)
No (*thank them for their time but do not invite to participate*)

For all groups, obtain a mix of preparers for each group (gender, age, type of preparer).

Place the preparer’s name on the list and hand them a focus group flag to attach to their badge (to identify them as a Focus Group Participant). Remember to give the participant a reminder card with the time and location of the focus group.

Thank you for agreeing to participate and sharing your opinions!

The Paperwork Reduction Act requires that the IRS display an OMB control number on all public information requests. The OMB Control Number for this study is 1545-1349 Also, if you have any comments regarding the time estimates associated with this study or suggestions on making this process simpler, please write to the, Internal Revenue Service, Special Services Section, SE:W:CAR:MP:T:M:S Room 6129, 1111 Constitution Ave. NW, Washington, DC 20224.

Taxpayer Advocate Service Timing of Tax Refunds – Moderator’s Guide 2016 Tax Forums

Precursory Language: (5-10 minutes includes: introduction, purpose statement, focus group interviewing / moderating, ground rules and warm-up)

Introduction

Hi! My name is _____ and I work for the Taxpayer Advocate Service, an independent organization within the IRS. The Taxpayer Advocate Service (TAS) helps practitioners and taxpayers resolve problems with the IRS and recommends changes that will prevent problems. I would like to welcome you to this focus group and thank you for your participation.

Purpose Statement

TAS values your opinion and wants to gather your thoughts and perceptions on the issue of timing of tax refunds, currently and future changes. This focus group is one of several focus groups convened at each of the five tax forums. Our discussion today will last no more than 80 minutes, and we will explore your thoughts and views concerning the timing of tax refunds. We want to discuss what your expectations are when you file a tax return for a client, whether you feel the status quo is working, and how pushing back the timing of when refunds are issued may impact you or your clients.

Focus Group Interviewing & Moderating

I would like to start out with a show of hands from those of you who have participated in a focus group before....Thanks! For those of you who don't know, a focus group is simply a qualitative research tool that uses a group of people gathered together to brainstorm views, ideas, and opinions about a certain topic.

As the moderator, my job is to: help guide the flow of conversation, make sure everyone’s comments are heard, and ensure questions about various topics areas are covered during our session. I will make sure that each of you has an opportunity to share your thoughts and experiences as we work through our questions.

Ground Rules

Let's go over some ground rules:

- **There is no right or wrong answer.** Everyone’s opinion is valuable so I’d like everyone to participate. If you find yourself having a different opinion from the rest of the group, I need to hear it, because you represent a number of people in the real world who don’t happen to be here to support your view. I also ask that

we respect the opinion of everyone, even if we strongly disagree. We are not here to reach an agreement or make any final decisions.

- We will be here approximately 80 minutes. I will be **watching our time and directing our conversation**. At times, I may need to interrupt the conversation and move on to a different topic since our time is limited and we have a lot of material to cover.
- Please **speak loudly and clearly, one-at-a-time**, and avoid side conversations.
- We will be **recording this session**, because it's hard to listen to your comments and capture everything, since we are conducting similar groups in four other cities. We will write a report summarizing the groups and the recordings will be used to refresh our memories and to make sure that we accurately present your ideas and opinions in the report. **(No names will be used in the report)** Once the report is written, the recordings are destroyed.
- There will be **no formal break**; however, if you need to stretch, go to the restroom, or walk around a little, please feel free to do so but please come back quickly. Your comments are very important to us.
- Please **silence any cell phones** and/or other devices.
- One last item, as a government agency we are required to obtain approval to gather information from you. The Office of Management and Budget approved this research effort. The Paperwork Reduction Act requires that the IRS display an OMB control number on all public information requests. The OMB Control Number for this study is **1545-1349**. Also, if you have any comments regarding the time estimate associated with this study or suggestions on making this process simpler, please write to the Internal Revenue Service, Special Services Section, SE:W:CAR:MP:T:M:S Room 6129, 1111 Constitution Ave. NW, Washington, DC 20224.

Warm-Up / Introductions

Some colleagues are assisting me today so I can focus on our discussion. Let's begin our discussion by going around the table and introducing ourselves. Please share with the group:

- your first name
- how long you have been in practice;
- the average number of returns you prepare per year; and
- what types of returns you primarily prepare.

Now that we have a little background on everyone, let's turn our discussion to the timing of tax refunds. We want to look at when tax refunds are issued and how that date may have implications – positive and negative.

Main Topic Discussion

Refund fraud is a big issue facing IRS. Fraudsters use various techniques to obtain refunds that they are not owed, including: identity theft, falsifying documents, and such. Efforts taken by the IRS to combat refund fraud ultimately affect taxpayers and tax preparers; today, we would like to discuss how IRS combats refund fraud how these efforts affect you and your clients.

Typically, the IRS delivers refunds to taxpayers within a week or two of filing tax returns via direct deposit into bank account or loaded onto prepaid debit card; a little longer if the taxpayer requests a paper check. Quite often, refunds are issued before the IRS has an opportunity to verify income and withholding against information returns filed with the IRS.

What was your experience this filing year with IRS issued refunds – were they delivered timely or did some of your clients experience unexpected delays?

Probe:

How often do you encounter unexpected delays involving your clients' tax refunds?

Have you noticed a correlation between the size of your clients' refunds (in relation to their income) and the urgency with which they want or need it back?

Is there a certain threshold for size of refund (again, in relation to income) that creates the urgency or concern?

Do clients' share with you what sort of things or services they need their tax refunds for?

Probe:

Among your clients, how many rely on tax refund money to fund major life events? *(What percentage of clients)*

How many use their refunds to pay bills or living expenses such as utilities?

Do you think they use the tax refund as a sort of "forced savings"?

What typically caused these refund delays and how extensive are they? How do your clients cope with these delays?

What impact would IRS plans for taxpayer service in the future have on your clients (more online interaction, but reduced phone and in-person availability) ability to investigate a delayed refund?

Probe:

How would more online interaction affect the ability to check on status or validate actions have been taken?

What, if any, security concerns would you have if the IRS moved to more online interaction?

What concerns would you have if the IRS changed the refund process to match documents before releasing refunds? (This change would most likely delay refunds until the end of the filing season so IRS can catch multiple returns filed per SSN.)

Probe:

What would you/your clients think of this delay? How does it impact your customers?

How do you think your clients' lives would be impacted, if at all, if tax refunds were delayed until the end of the filing season (that is, starting after April 15)?

Two months after the tax filing deadline (that is, starting after June 15)?

If you/your clients knew that the IRS would not issue tax refunds until the summer, do you think your clients would change the amount of tax withholding or estimated payments to minimize the expected refund?

Probe:

Or do you think it is more likely that your clients would simply shift paying for major life events by two or three months?

What would be needed to obtain your / your clients support of delaying tax refund payments?

Probe:

If it could be shown that the federal government could substantially cut down on tax refund fraud by waiting until it can complete information return/document matching, would this make a difference in your reaction to the IRS delaying the issuance of refunds?

Your clients' reactions?

We are running out of time, but I want to give you a chance to introduce some ideas for how the IRS might reduce refund fraud. Please consider how the IRS might be able to implement these changes and what impact this might have on your clients and practice.

What suggestions do you have for the IRS to combat refund fraud?

Probe:

How easy or difficult would it be to implement your suggestion?

What impact would this have on your clients?

What impact would this have on your practice, if at all?

Wrap-up Language & Question: (5 minutes includes closeout language and one question to ensure that we did not omit any topics or areas that participants feel should have been covered.)

I want to thank you for your thoughts and comments today. Before we close, I want to give everyone one last opportunity to share any additional feedback they have pertaining to the timing of tax refunds.

Quickly, summarize topics covered and ask the following:

Are there any topic areas that we - as a group - should have covered, but did not?

Note: proceed around the room one more time.

Thank you for participating in our focus group! You have provided a lot of insight and we appreciate your willingness to share your knowledge with us. Please enjoy the rest of the forum.

Taxpayer Advocate Service Future State Vision – Moderator’s Guide 2016 Tax Forums

Precursory Language: (5-10 minutes includes: introduction, purpose statement, focus group interviewing / moderating, ground rules and warm-up)

Introduction

Hi! My name is _____ and I work for the Taxpayer Advocate Service, an independent organization within the IRS. The Taxpayer Advocate Service (TAS) helps practitioners and taxpayers resolve problems with the IRS and recommends changes that will prevent problems. I would like to welcome you to this focus group and thank you for your participation.

Purpose Statement

TAS values your opinion and wants to gather your thoughts and perceptions on the future state vision that the IRS has for taxpayer service. This focus group is one of several focus groups convened at each of the five tax forums. Our discussion today will last no more than 80 minutes, and we will explore your thoughts and views concerning the changes the IRS is envisioning. We want to discuss what your expectations of being able to handle your client’s tax obligations.

Focus Group Interviewing & Moderating

I would like to start out with a show of hands from those of you who have participated in a focus group before....Thanks! For those of you who don't know, a focus group is simply a qualitative research tool that uses a group of people gathered together to brainstorm views, ideas, and opinions about a certain topic.

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we respect the opinion of everyone, even if we strongly disagree. We are not here to reach an agreement or make any final decisions.

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Please share with the group:

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- how long you have been in practice;
- the average number of returns you prepare per year; and
- what types of returns you primarily prepare.

Now that we have a little background on everyone, let's turn our discussion to the future state of taxpayer service.

Main Topic Discussion

The technology world is rapidly evolving and these changes impact the way the IRS interacts with taxpayers. Items such as technology and user abilities/education/comfort level with the internet and interactive systems affect taxpayers' expectations for IRS services. The IRS is currently working on its vision of the organization for the future, known as the IRS Future State.

A key component of the Future State vision the IRS has described involves transitioning taxpayers from talking to IRS employees to communicating with the IRS through online taxpayer accounts. The IRS has published scenarios, referred to as vignettes, to show taxpayers' future interactions with the IRS. Such interactions include agreeing to audit or similar adjustments by checking a box in their online accounts without ever speaking to an IRS employee.

(Hand out vignettes)

The paper you just received is a copy of a couple of IRS's vignette. Please take a few moments to review the document and the proposed process. In a moment, we will discuss your thoughts on the envisioned future of IRS interactions. (Pass out both small business and individual vignettes)

Let's start out by discussing IRS's plan for the future, what do you think this proposed scenario will mean for you and your clients?

Probe:

What is your understanding of the proposal? Based on the proposal, how would you interact with the IRS in the future? Would that be the case for all issues or needs? What other options would be available?

Do you see the services you/your clients need reflected in the materials the IRS has published about the evolving future state vision? If not, what else would you like to see explained?

Are some taxpayers more reliant than others on the IRS for service (e.g., low income, disables, LEP)? What services do these taxpayers need and how should the IRS deliver these services? Why? Should the IRS specifically address this issue (some taxpayers need more help from IRS) in its planning and policies? If so, how?

How do you think the IRS should incorporate technology and taxpayers' needs into its plans for future service offerings?

Probe:

Do you prefer any particular delivery channels over others? How do your clients want to interact with the IRS? Does the tax issue or information needed impact how you/your clients want to interact with the IRS? If so, how?

What are your thoughts regarding whether online services should supplement or actually replace telephone and face-to-face services? Are all services and transactions equally suited to online delivery?

In which circumstances do you think online services will be most useful?

In which circumstances do you think online services will be least useful?

Of the taxpayers you represent/study /advocate for, are any particular service more important than others that these taxpayers must have in order to comply with the tax laws?

How would your clients want to use/receive this service (e.g. by phone, online)?

How do you think taxpayers will benefit by giving their preparers access to their online account?

Can you think of any drawbacks to providing the preparer access to the taxpayer's online account?

If you were given account access, how would you seek compensation for any additional time spent on the taxpayer's online account?

Would you build the cost into the preparation fees or charge based on the transaction conducted?

Should the taxpayer give the preparer blanket access to the account or should the taxpayer provide a check-the-box type authorization detailing exactly what types of transactions are authorized?

Do you foresee preparers by default checking off all such boxes without spending adequate time explaining each type of authorization to the taxpayer? If so, how do you prevent this from happening?

Should the taxpayer receive a notification every time the preparer has taken an action on the account? If not, how often should the taxpayer receive a notification of a preparer's action on the account?

Do you think the IRS should limit account access to Circular 230 preparers (attorneys, CPAs, enrolled agents, enrolled retirement plan agents and enrolled actuaries with a valid PTIN) and Annual Filing Season Program – Record of Completion holders?

Please describe how such limitations would impact taxpayers?

Wrap-up Language & Question: (5 minutes includes closeout language and one question to ensure that we did not omit any topics or areas that participants feel should have been covered.)

I want to thank you for your thoughts and comments today. Before we close, I want to give everyone one last opportunity to share any additional feedback they have pertaining to the future state of the IRS.

Quickly, summarize topics covered and ask the following:

Are there any topic areas that we - as a group - should have covered, but did not?

Note: proceed around the room one more time.

Thank you for participating in our focus group! You have provided a lot of insight and we appreciate your willingness to share your knowledge with us. Please enjoy the rest of the forum.

Individual taxpayer experience of the future (we will pass out the associated PDF files)

Imagine Jane is an individual taxpayer who works as a teacher at a local middle school. Having no previous teaching experience, Jane's income is low. Her son turned 19 years old this year and lives with her part time.

Jane has historically used a tax preparer to file her taxes, but this year she's switching to a third-party application that her new neighbor recommended. Since Jane is filing her own taxes for the first time, she's unfamiliar with many tax laws.

Jane's tax journey:

Pre-filing:

- Jane's friend informs her that the IRS recently established secure online accounts. Jane decides to go to IRS.gov to create her online account.
- Once she completes her profile, she's directed to a dashboard that provides her with personalized notifications and guidance.
- She sees a notification that she should review her Earned Income Tax Credit qualifications this year and clicks on a link to review the guidance.
- Later, Jane receives a memo from her school district explaining tax deductions for schools supplies based on information the district received from an IRS outreach program.

Filing:

- Jane uses the third-party tax software to download her previous year's tax information from the IRS and to enter current-year information. She sees that she's owed a refund.
- Jane receives a digital notification from the IRS confirming the receipt of her return, which is being processed.

Post-filing:

- Later, Jane receives a digital notification that she may not qualify for an EITC since the IRS doesn't have record of her son being a full-time student. The notification asks her to validate and self-correct as necessary.
- She talks to her son and determines that he doesn't take enough credits to be considered a full-time student. As a result, Jane isn't eligible for the EITC.
- Jane logs onto her account, clicks on the notification, updates and resubmits her return instantly. As a result, she now owes taxes.
- Jane chooses an IRS installment plan that she can use to pay off her balance.
- Jane receives a digital notification that her return has been processed and approved.
- Jane monitors her payment plan throughout the tax year. She receives payment reminders through her IRS online account and is notified when she has met her tax obligation.

Small business taxpayer experience of the future

Imagine Bennett is a small business taxpayer and sole proprietor of Method Learning, an education software company. Bennett has a good understanding of what he needs to provide to the tax representative he uses to prepare his return (Schedule-C). But he isn't sure of the details of some tax laws, and he isn't up-to-date on recent additions to the tax code.

Bennett's tax journey:

Pre-filing:

- Bennett attends a small business conference and learns he can set up an online account with the IRS.
- He sets up his IRS account and designates his tax representative to receive third-party access.
- Bennett and his tax representative are notified through his online account that he missed an employment tax payment.
- Bennett makes the employment tax payment electronically using the IRS app on his mobile device.
- Later in the year, Bennett doesn't know if a recent legislative change will affect his taxes, and he calls his tax representative for guidance.
- Having already received tailored digital communication from the IRS, Bennett's tax representative clarifies the tax law questions for him.

Filing:

- Bennett's tax representative electronically files the return and both get notification that the IRS received it.
- Later, Bennett and his tax representative receive a digital notification that he has a higher likelihood of being examined because of an unusually high increase in his other expenses.

Post-filing:

- Bennett reviews his expenses, makes no changes and receives his refund. In a couple of months, Bennett and his representative are notified that Bennett will undergo a limited-issue exam based on his business expenses.
- An agent from across the country conducts the examination virtually. Using his online account, Bennett both gives and receives the necessary information electronically. Ultimately, the agent proposes a tax adjustment based on changes to Bennett's expenses.
- Bennett and his preparer agree with the proposed changes and make the payment electronically.