

Moderator's Guide

**2016 IRS Nationwide Tax Forum Focus Groups:  
Reducing EITC Improper Payments**

Moderator's Guide

**I. Welcome and Introductions:**

**A. Introduction of the moderator.**

Good morning/afternoon. My name is <insert first name> and I will be your moderator for this session. I work for the Internal Revenue Service as a social scientist. Today I will be asking for your input about the instructions related to the Earned Income Tax Credit or EITC. Specifically, we will be discussing the three most common inadvertent and intentional errors that cause taxpayers to make improper payments.

**B. What is a moderator?**

Before we begin, I want to let you know that I'm not an expert on EITC. My job as a moderator is to:

- Help guide the flow of conversation
- Make sure everyone's comments are heard
- Ensure that questions about various aspects of the topic are covered

You will see me referring to this outline during our session. The outline includes all issues I need to raise with the group, and helps me keep the discussion on track. It is important that we cover all the issues. Therefore, I may have to break off the conversation in order to move on to another area in the guide.

**C. Ground Rules**

Before we begin, I'd like to review some ground rules for today's discussion.

- For the IRS to speak with the public, we are required to have approval from the Office of Management and Budget. Their approval number for this project 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: IRS Special Services Section, 1111 Constitution Avenue, NW, SE:W:CAR:MP:T:M:S - Room 6129, Washington, DC 20224. [Moderator: Post this bullet on newsprint/white board for each session. There are no known risks to you for taking part in this focus group session. All the data the IRS collects will be kept private to the extent allowed by law. Your name will never be linked to your comments, nor will it appear in any written reports or publications.

- Please speak just one at a time so everyone has a chance to participate.
- Don't engage in side conversations-- we need for everyone to hear what the others are saying and for everything that's said to be heard.
- Sometimes I'll go around the table and ask everyone for their input. At other times, I will just open a topic for general discussion.
- Participation -- we would like to hear from everyone in the group, but you don't have to answer every question.
- There is no right or wrong answers in today's discussion. We expect to hear differences in how people see things, and we need to know about these differences.
- Feel free to disagree. The purpose of a group session is for us to learn things in group interchanges that we don't get out of one-on-one discussions. If someone says something you disagree with, please let us know.
- If anyone needs to use the restroom, they are located (specify). There is no need to stop the discussion.
- Your participation is voluntary; therefore, at any point in time you may leave the room.
- If you have a cell phone, please turn it off or set to vibrate.
- The session will last one hour.

#### **D. Introduction of Participants:**

*First, I'd like each of you to introduce yourself using your first name only, and tell us where you are from.*

#### **II. Discussion**

As I mentioned at the start of the session, our goal today is to reduce the amount of inadvertent and intentional errors that cause taxpayers to make improper EITC payments. We want taxpayers and tax professionals to better understand the income, qualifying child, and filing status requirements for receiving the credit. We will explore the barriers to this understanding.

We are going to talk about each requirement, starting with income.

### **A. EITC Filing**

- What is the typical EITC filing process for your clients, do they come in wanting to file for EITC, or is this something you suggest during the process of completing their return?
  - Probe: Are most clients aware of EITC and the associated qualifications?
  - Probe: What types of questions do clients typically have regarding EITC qualifications?
  - Probe: How could the IRS better communicate the EITC qualifications with taxpayers?
- Where do you think most taxpayers make mistakes in understanding the income, filing status or qualifying child qualifications?

### **B. Incorrectly Claiming a Qualifying Child**

To determine whether a child is a qualifying child for EITC, there are four “tests”: Relationship, Age, Residency, and Joint Return.

#### Relationship

- (Review) Your son, daughter, adopted child, stepchild, foster child or a descendent of any of them such as your grandchild
- Brother, sister, half-brother, half-sister, step brother, step sister or a descendant of any of them such as a niece or nephew
- (Unintentional) Is there anything about the relationship qualifications that may be confusing to taxpayers?
  - Would questions about relationship eligibility prevent a taxpayer from claiming EITC?
- (Intentional) Do you feel that taxpayers may provide/enter incorrect information on their tax return in order to obtain EITC?
  - Probe: What type(s) of incorrect information do taxpayers provide to meet the relationship qualifications?

- What could the IRS do to prevent taxpayers from misreporting their relationship qualifications?
- Age
  - (Review) At the end of the filing year, your child was younger than you (or your spouse if you file a joint return) and younger than 19
  - At the end of the filing year, your child was younger than you (or your spouse if you file a joint return) younger than 24 and a full-time student
  - At the end of the filing year, your child was any age and permanently and totally disabled
- (Unintentional) Is there anything about the age qualifications that may be confusing to taxpayers?
  - Would questions about age eligibility prevent a taxpayer from claiming EITC?
- (Intentional) Do you feel that taxpayers may provide/enter incorrect information of their tax return in order to obtain EITC?
  - Probe: What type(s) of incorrect information do taxpayers provide to meet the age qualifications?
- What could the IRS do to prevent taxpayers from misreporting their age qualifications?

### Residency

- (Review) Child must live with you (or your spouse if you file a joint return) in the United States for more than half of the year
- (Unintentional) Is there anything about the residency qualifications that may be confusing to taxpayers?
  - Would questions about residency eligibility prevent a taxpayer from claiming EITC?
- (Intentional) Do you feel that taxpayers may provide/enter incorrect information of their tax return in order to obtain EITC?
  - Probe: What type(s) of incorrect information do taxpayers provide to meet the residency qualifications?
- What could the IRS do to prevent taxpayers from misreporting their residency qualifications?

### Joint Return

- The child cannot file a joint return for the tax year unless the child and the child's spouse did not have a separate filing requirement and filed the joint return only to claim a refund.

- o Would questions about joint return eligibility prevent a taxpayer from claiming EITC?
- (Unintentional) Is there anything about the relationship qualifications that may be confusing to taxpayers?
  - o Probe: What type(s) of incorrect information do taxpayers provide to meet the joint return qualifications?
- (Intentional) Do you feel that taxpayers may provide/enter incorrect information of their tax return in order to obtain EITC?
  - o Probe: What type(s) of incorrect information do taxpayers provide to meet the joint return qualifications?
- What could the IRS do to prevent taxpayers from misreporting their joint return information?

### C. Misreporting Income

- (Review) To determine whether a taxpayer is eligible for EITC, the following income requirements must be met:
  - o Your tax year investment income must be \$3,400 or less for the year.
  - o You must not file Form 2555, Foreign Earned Income or Form 2555-EZ, Foreign Earned Income Exclusion.
  - o Your total earned income must be at least \$1.
  - o Both your earned income and adjusted gross income (AGI) must be no more than:

Filing Status	Qualifying Children Claimed			
	Zero	One	Two	Three or more
Single or Widowed	\$14,590	\$38,511	\$43,756	\$46,997
Married Filing Jointly	\$20,020	\$43,941	\$49,186	\$52,247

- (Unintentional) Is there anything about the relationship qualifications that may be confusing to taxpayers?
  - o Probe: Do taxpayers understand the terms earned income and adjusted gross income?
- (Intentional) Do you feel that taxpayers may provide/enter incorrect information of their tax return in order to obtain EITC?
  - o Probe: What type(s) of incorrect information do taxpayers provide to meet the income qualifications?
  - o Probe: Do you feel that self-employed taxpayers are more likely to misreport their income in order to claim EITC?
    - How can the IRS assure self-employment income is legitimate?
- What could the IRS do to prevent taxpayers from misreporting their self-employed income?

#### **D. Incorrect Filing Status**

- (Review) In order to qualify for EITC, filing status requirements must be met.
- Taxpayers with a filing status of married filing separately are not eligible to claim the EITC.
- (Unintentional) Is there anything about the filing status qualifications that may be confusing to taxpayers?
  - Probe: What type(s) of incorrect information do taxpayers provide to meet the joint return qualifications?
- (Intentional) Do you feel that taxpayers may provide/enter incorrect information of their tax return in order to obtain EITC?
  - Probe: What type(s) of incorrect information do taxpayers provide to meet the filing status return qualifications?
- What could the IRS do to prevent taxpayers from misreporting their filing status?
- **General**
  - In thinking about the EITC qualifications we just reviewed, are there ways the IRS could communicate the qualifications with taxpayers in order to improve compliance?
  - Are there additional data sources the IRS could utilize to assure compliance (i.e., school records for qualifying child residency requirements)?

#### **III. Closing**

Thinking about our discussion this morning/afternoon, is there anything else you would like to share regarding any of the topics we discussed.

*Thank you very much for coming and sharing your ideas with us—we really appreciate your time.*

Recruitment Script

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Recruitment Script

Hello, my name is \_\_\_\_\_. I work for the Internal Revenue Service and I'm recruiting tax professionals to participate in a focus group. May I speak with you for a couple minutes?

The purpose of the session is to gather information from tax professionals about how intentional and unintentional errors lead to improper payments and affect EITC participation. Additionally, we will discuss strategies and suggestions for reducing EITC errors.

The focus group is scheduled for one hour, and your input will inform potential changes to existing EITC questionnaires within tax-preparation software, and updates to the EITC Assistant on IRS.gov.

Your participation in the focus group is completely voluntary and is scheduled for <date>, <time>, and will be held at <location>.

Are you interested in participating?

*If the tax professional agrees to participate, provide a reminder sheet containing the focus group date, time and location.*

*If the tax professional does not agree to participate, thank them for their time.*

Focus Group Reminder

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Focus Group Reminder

Thank you for agreeing to participate in this EITC focus group. For your convenience, we have listed the date, time and location of the session below.

Focus group date: <date>

Focus group time: <time>

Focus group location: <location>