

**OMB SUPPORTING STATEMENT
INTERNAL REVENUE SERVICE
IRS TAXPAYER BURDEN SURVEYS
TIRNO-10-Q-00152**

**The Supporting Statement for OMB 1545-2212
Update**

IRS Taxpayer Burden Surveys

Additional Surveys Covered Under This Clearance Request.

Individual Taxpayers

2013 Individual Taxpayer Burden Survey (Data collection 5/1/2014-5/31/2016)
2014 Individual Taxpayer Burden Survey (Data collection 5/1/2015-5/31/2016)
2014 Taxpayer Compliance Burden Survey (Data collection 8/1/2015- 11/13/2015)
2015 Individual Taxpayer Burden Survey (Data collection 5/1/2015-6/31/2017)

Entity Taxpayers

2014 Tax-Exempt Organization Burden Survey (Data collection 11/22/2013-9/24/2014)
2014 Small Tax-Exempt Organization Burden Survey (Data collection 2/1/2014-4/31/2014)
2014 Business Compliance Burden Survey (Data collection 8/1/2015-11/13/2015)
2015 Business Taxpayer Burden Survey (Data collection 5/1/2016-7/31/2018)

Other

2013 Information Return Burden Survey (Data collection 5/1/2014-5/1/2015)
2013 Employment Tax Burden Survey (Data collection 5/1/2014-5/1/2015)

A. Justification

1. Circumstances Making the Collection of Information Necessary.

The IRS Taxpayer Burden Surveys are designed to gather statistically representative taxpayer data that allow the IRS to estimate taxpayer compliance burden as well as to understand how and why taxpayer burden changes over time. Because tax law is ever-changing, IRS regulations are regularly issued and updated, and tax-filing technology continues to improve, an ongoing survey effort is necessary to inform the IRS of the impact of these changes on taxpayer burden. The suite of burden surveys recognizes differences between taxpayers (individuals, corporations, partnerships, and tax-exempt organizations). However, across all of the surveys, the data are captured in an internally consistent manner (in terms of time and money). The survey data are not viewed discretely, but rather used as inputs to improve its Taxpayer Burden Model (discussed below).

Unlike the more common customer satisfaction surveys, the success of the IRS Taxpayer Burden Surveys depends significantly on being able to cross walk results back to previous surveys. By doing so, the Taxpayer Burden Model can assist the IRS and policy makers in determining the sources of changes to taxpayer burden. Although it may be possible to combine certain questions or it may be deemed beneficial to split an existing question into two or more specific questions, we strive to ensure comparability across successive data collection efforts.

Individual Taxpayers

Each year, individual taxpayers in the United States submit more than 140 million tax returns to the Internal Revenue Service (IRS). The IRS uses the information in these returns, recorded on roughly one hundred distinct forms and supporting schedules, to administer a tax system whose rules span thousands of pages. Managing such a complex and broad-based tax system is costly but represents only a fraction of the total burden of the tax system. Equally, if not more burdensome, is the time and out-of-pocket expenses that citizens spend in order to comply with tax laws and regulations.

The IRS has conducted prior surveys of individual taxpayers in 1984 (OMB 1545-0802), 1999 (OMB 1545-1688), 2000 (W&I taxpayers OMB 1545-1688, Self-employed taxpayers OMB 1545-1740), 2007 (OMB 1545-1349), 2010, 2011 and 2012 (this OMB Control Number). A 2012 Taxpayer Compliance Burden Survey was conducted under this OMB Control Number.

Entity Taxpayers

The purpose of the IRS entity surveys is to provide Congress and the President with accurate estimates of the costs incurred by corporations, partnerships, limited liability companies, tax-exempt organizations, and government entities in complying with federal rules and regulations. The IRS has conducted Business Taxpayer Burden Survey in 2009 (OMB 1545-1432) and 2012 (this OMB Control Number). The IRS also conducted the 2010 Tax Exempt Organization Burden Survey under this OMB Control Number.

Changes in tax regulations, tax administration, tax preparation methods, and taxpayer behavior continue to alter the amount and distribution of taxpayer burden. We intend to conduct updated surveys to better reflect the current tax rules and regulations, the increased usage of tax preparation software, increased efficiency of such software, changes in tax preparation regulations, the increased use of electronic filing, the behavioral response of taxpayers to the tax system, the changing use of services, both IRS and external, and related information collection needs. In the case of the Small Tax-Exempt Organization Burden Survey, we are collecting data for the first time. These data will be used as inputs for the creation of an econometric model that will allow the IRS to estimate compliance burden for the entire population and serve as a baseline for future surveys of this population.

The critical items on the survey concern respondents' time and cost burden estimates for complying with tax filing regulations or resolving a post-filing issue in the case of the taxpayer and business compliance burden surveys. Additional items on the survey will serve as contextualizing variables for interpretation of the burden items. These items include information regarding tax preparation methods and activities, tax-related recordkeeping, gathering materials, learning about tax law, using IRS and/or non-IRS taxpayer services, and tax form completion.

Other

The IRS has conducted one Employment Tax Burden Survey (OMB 1545-1349). We intend to conduct an updated survey to better reflect the current tax rules and regulations, the increased use of software, increased efficiency of such software, the expanded requirement to electronically file these documents, the introduction of required annual filing for certain small employers on Form 944, the behavioral response of taxpayers to the tax system, the changing use of external and IRS services for tax information, and related information collection needs.

The IRS has not conducted a survey of information return document issuers aside from questions regarding information returns provided by employers in OMB 1545-1349. The 2013 Information Return Burden Survey will allow the IRS to gather these data for the first time, which will be used as inputs for the creation of an econometric model that will allow the IRS to estimate compliance burden for the entire population serve as a baseline for future surveys of this population.

2. Purpose and Use of the Information Collection.

The IRS is developing improved methods for measuring, estimating, and modeling taxpayer burden. The data collected from this survey of individual taxpayers will be used as an input to a micro-simulation model that estimates taxpayer burden. The IRS will also publish the relevant updated burden estimates in tax form instructions to inform taxpayers. Three types of questions will be asked: questions framing the activities to be measured, burden measurement questions, and questions to better inform taxpayer needs related to their compliance burden.

The information collected via the IRS Burden Surveys will be used by IRS to support or achieve several important goals:

1. Fulfill its mission to provide top quality service to taxpayers.
2. Better understand taxpayer time and out-of-pocket cost burden.
3. Improve the accuracy and comparability of the information collection budget estimates it provides under the Paperwork Reduction Act (44 U.S.C. 3501 et seq.).
4. Provide data to be used in micro-simulation models to allow estimation of the impact of proposed legislation on taxpayer burden before the legislation is enacted.
5. Support ongoing analysis of the role of compliance costs in influencing taxpayer behavior and identifying taxpayer needs.
6. Provide information to the Executives and Operating Divisions for assessing the impact of programs on taxpayer burden.
7. Support the Operating Divisions and the Senior Advisor for Burden Reduction in their efforts to identify and implement burden reduction initiatives.
8. Support tax analysis in the Treasury Department Offices.
9. Assist the IRS in evaluating the effectiveness and associated impact on taxpayer costs and behavior of IRS initiatives.

The purpose of the surveys is to develop or update the Individual Taxpayer Burden Model (ITBM), Individual Compliance Burden Model (ICBM), Business Taxpayer Burden Model (BTBM), Business Compliance Burden Model (BCBM), Tax-Exempt Organization Burden Model (TEBM), and the Information Return Burden Model (IRBM). The IRS burden models are a mathematical representation of the compliance burden associated with pre-filing and filing activities, such as tax-related recordkeeping and return preparation that would not have been incurred in the absence of the federal tax system. Data from the ICBM and BCBM will be used to expand the scope of the ITBM and BTBM to include post-filing burden estimation. Data from the Employment Tax Burden Survey and the Information Return Burden Survey will be used to develop an econometric model that will serve as a mathematical representation of the compliance burden associated with preparing and submitting these documents to the IRS as well as the burden associated with providing information returns to taxpayers.

The ITBM was developed and deployed in 2005 and has since been periodically updated and expanded to cover other taxpayer types. The BTBM was developed in 2010 and deployed in 2013. The TEBM is under development. Work on the employment tax/information return burden model must wait until survey data is available and has been analyzed.

Information about the time and costs collected from the IRS taxpayer burden surveys allow for development of robust predictive models. This information is not available in the administrative tax return data so surveys are a critical input to the model. Each survey is linked to the matching administrative record to create the estimation data set. The administrative record includes selected items from the primary tax forms and various secondary forms and schedules.

Both the survey and administrative records are extensively reviewed and cleaned for memory recall,

administrative, or processing errors. The data receive further cleaning through the application of robust regression methods. Data missing as a result of incomplete responses or robust regression are imputed using multiple imputation techniques.

The micro-simulation models are used to develop baseline and what-if compliance cost estimates. These estimates are used to support recommendations to simplify the tax forms or schedules or provide better IRS instructions to the taxpayers. The models are also used to better understand the choices taxpayers make when preparing their tax returns (e.g., filing electronically, using a paid tax preparer). In addition, the models are used to provide the information reporting estimates to OMB related to the impact on the baseline compliance burden of proposed or recently enacted legislative or regulatory changes.

The models also help understanding the role of technological advancements in mitigating compliance burden, even as the tax law becomes more complex, because the tax preparer and tax software industries continue to develop innovative ways to help taxpayers comply with new tax laws and IRS regulations. The role of these preparation methods is represented in the model.

Advancements in electronic tax administration also play a role in reducing burden. OMB's burden reduction data calls have emphasized the relationship between technology and burden. Estimates generated by the burden model allow us to provide this information.

3. Consideration Given to Information Technology.

Data will be collected by using a mixed mode (i.e., mail, web-based, and telephone) data collection methodology. The primary methods of collecting the survey data will be via mail or web. All respondents will be offered the option of completing the survey online. The secure web survey will be posted online using a proprietary web survey delivery system developed by the survey contractor. The software allows participants to skip questions and complete the survey in more than one session (i.e., the respondent can leave the web survey and come back to finish it at a later time). Participant responses will be captured, stored and tracked in a response database which can then be used to update and extend the relevant burden model.

The mail survey will be created using TeleForm technology, a software system for intelligent data capture and image processing. The software extracts indexing information automatically from any document type through the use of multiple recognition engines. TeleForm reads hand print, machine print, optical marks, bar codes, and signatures. This will expedite the collection of responses from the mail survey and minimize error.

Follow-up prompting will make use of automated software that will manage telephone calls (both pre-recorded messages and prompts delivered by live interviewers) to respondents. A tailored survey management system will track cases throughout all modes of contact, including the survey invitation, prompting reminders, and data retrieval.

4. Duplication of Information.

To our knowledge, there is no duplication of information. This burden survey asks for information regarding how an individual, entity, or other taxpayer prepares and submits the relevant tax or information return. Information regarding the preparation method (use of a paid preparer, use of tax software, self preparation without assistance) and submission method (electronically filed, mail) are available from tax return data, but are asked on the survey in order to target questions about specific methods to respondents using those methods, thus reducing respondent burden.

5. Reducing the Burden on Small Entities.

These individual, entity, and other burden survey efforts will impact small businesses to the extent that some selected respondents are self-employed sole proprietors or small corporations, partnerships. Collecting information from these small businesses will enable the IRS to better understand what processes or tax items are particularly burdensome for small business and will support IRS efforts to target those items for burden reduction administratively, as well as in coordination with policymakers.

The surveys will be conducted using a mail-first or web-first initial contact method. All respondents, including those that are self-employed small businesses, will be given the option to take the survey using the mode that is the most convenient and least burdensome to them. We anticipate that providing the option to complete the survey using the web-based survey (as opposed to a CATI/telephone survey) will reduce the burden of completing the survey by allowing small businesses and other taxpayers to complete the survey at a time and place of their convenience.

6. Consequences of Not Conducting Collection.

The IRS compliance burden surveys are instrumental to estimating and tracking approximately 75 percent of the total information collection budget of the federal government. This reporting is required by Congress under the Paperwork Reduction Act. Further, IRS methodology and associated estimates of the monetized value of time derived from these studies has been used by OMB in estimating the overall monetized burden of all federal government information collections. Results from the surveys also support program evaluation and policy design for IRS and other Offices of the Department of the Treasury. These surveys are sent to taxpayers shortly after they submit their tax returns in an effort to minimize recall bias about this information filing process. Periodic updates of the survey are necessary in order to identify changes in the impacts of different drivers of taxpayer burden, allowing us to adjust the model and associated estimates appropriately over time. Failing to collect these data would limit the Government's ability to provide accurate current estimates of these costs.

Support of OMB Initiatives. A major program evaluation question for the Department of the Treasury specifically, and OMB generally, is estimating the extent to which Federal agency partnerships with third parties in the area of Electronic Tax Administration have generated productivity gains which in turn lower burden. A cross-sectional analysis can inform estimation of the impact of more taxpayers using technology-assisted methods but cannot speak to the extent to which such methods have become more productive over time as a result of government and third-party investments. Qualitative evidence discussed in the FY2010 Information Collection Budget point to the likely existence of significant burden reductions over the past decade from Treasury Department technology investments and industry partnerships. Such an analysis critically depends on time-series data as the point of the analysis is to estimate how productivity of a given information collection method changes over time. The 2013, 2014, and 2015 Individual Taxpayer Burden Surveys will inform this research by extending the time-series data collected on the 2010, 2011, and 2013 surveys and allowing more substantive comparison to earlier data collections.

Compliance burden reduction research. The IRS seeks to better understand taxpayer needs and how unmet needs affect tax preparation and filing behavior. A better understanding of compliance burden is foundational to this research because the costlier it is to submit information properly, the less likely it is to be submitted properly. Improperly submitted information is a major driver of IRS administrative costs and associated taxpayer post-filing burden. Better understanding this relationship informs both prioritization of information collection and identification of communications, services, and technology to lower the cost of a given information collection. The taxpayer burden surveys are a key component of this research plan.

Integrated reporting of taxpayer burden across taxpayer segments. Currently, individual and entity-level taxpayer burden is estimated using the ITBM or BTBM, respectively. Burden related to other tax or information returns is reported using a different methodology. This hinders integrated reporting across taxpayer segments and leads to inconsistent estimates for dual-use forms used by business entities or individuals and other types of taxpayers. To maintain the burden models and ensure that they reflect current

taxpayer burden in light of tax law and IRS administrative changes, surveys must be done at least every three years.

7. Special Circumstances.

There are no special circumstances. The collection of information is conducted in a manner consistent with the guidelines in 5 CFR 1320.6.

8. Consultations with Persons Outside the Agency.

Although the program is led and managed by the IRS, the IRS consults external stakeholders and survey research experts for input related to the program at key decision points. This research program and the associated data collections have been discussed with representatives of the following groups outside of IRS:

- Department of the Treasury, Office of Tax Analysis
- The survey vendor
- Enrolled Practitioners
- Stakeholder representatives to the IRS National Public Liaison, Information Reporting Program Advisory Committee, Internal Revenue Service Advisory Council, Reporting Agents Forum
- Academic, non-profit, and public sector tax policy-makers and researchers through the meetings of the National Tax Association and the IRS Research Conference

In response to the Federal Register notice (Vol. 78, No. 244), dated December 19, 2013, we received no comments during the comment period.

9. Payment or Gift.

No incentive will be provided to respondents of a Business, Tax-Exempt Entity, or Other category survey. Past survey response rates and professional judgment of our survey vendor indicate that an incentive is not necessary for surveys of corporations, partnerships, tax-exempt entities, and other established and legal entities.

There are no studies that suggest that an incentive would improve the response rate for the Taxpayer Compliance Burden Survey. We do not have sufficient variance information to create an efficient enough sample design to conduct such a test of the Post-Filing population with our planned sample size without collapsing strata. Thus, no incentive will be offered in our initial Taxpayer Compliance Burden Survey, but we may revisit this design aspect in a subsequent study once we have good variance data for this population.

In the past 15 years, the survey industry has experienced a steady decline in response rates (e.g., Groves, Dillman, Eltinge, and Little, 2002; American Academy, 2013). In order to decrease nonresponse, incentives are often one technique used to encourage participation. Studies have consistently shown the inclusion of an incentive increases response rates, and that prepaid incentives are more effective than incentives that are contingent upon completion of the survey (e.g., Church, 1993; Petriola and Bhattacharjee, 2009; Dillman, 2009). Shettle and Mooney (1999) concluded that incentives in government surveys provide a “decided cost advantage” in improving response rates, without negatively impacting non-response bias, data quality, or respondent good will.

While studies have shown that marginal returns diminish as the incentive amount increases (James and Bolstein 1990; Shaw et. al. 2001; Teisl et. al. 2009), there is still no agreement on an “optimal” incentive amount. In fact, a study by Trussell and Lavrakas (2004) suggests that the optimal amount is variable and dependent upon an individual’s previous interactions with the organization sponsoring the survey. Given the unique relationship that individuals have with the IRS, the TY2010 Individual Taxpayer Burden

survey (ITB), previously approved, provided that half of the respondents receive a \$2 incentive, while the other half received no incentive.

The 2010 ITB protocol included an extensive experiment involving whether a small monetary incentive included with the first contact could improve the response rate. Based on the 2010 ITB final survey data, respondents who received the \$2 incentive had an overall higher response rate than those who did not.

Treatment	%Complete
Web First/With Incentive	42.78%
Web First/No Incentive	36.57%
Mail First/With Incentive	45.99%
Mail First/No Incentive	39.49%

For the 2011 ITB, all respondents received a \$2 incentive with the survey mailing (mail-first). The response rate for this survey was 47.31% similar to the equivalent Mail First/With Incentive treatment group in the 2010 ITB survey.

Based on the findings for the 2010ITB and 2011ITB surveys, each respondent in the ITB surveys will receive a \$2 incentive with the survey mailing. Incentives are offered to attract respondent interest. They will not be offered for non-response conversion.

[American Academy of Political and Social Science](http://www.socialsciencespace.com/2013/05/the-nonresponse-challenge-to-surveys-and-statistics/), “The Nonresponse Challenge to Surveys and Statistics” (May 13, 2013), <http://www.socialsciencespace.com/2013/05/the-nonresponse-challenge-to-surveys-and-statistics/>

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Petrolia, D.R. and Bhattacharjee, S., “Revisiting Incentive Effects: Evidence from a Random-Sample Mail Survey on Consumer Preferences for Fuel Ethanol”, *Public Opinion Quarterly*, 73:537-550 (2009).

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Teisl, M.F., Roe, B. and Vayda, M., "Incentive Effects on Response Rates, Data Quality, and Survey Administration Costs", *International Journal of Public Opinion Research* 18 (2005).

Trussell, N. and Lavrakas, P.J., "The Influence of Incremental Increases in Token Cash Incentives on Mail Survey Response: Is there an Optimal Amount?" *Public Opinion Quarterly* 68: 349-367 (2004).

10. Confidentiality.

Confidentiality is not provided to respondents, however, they are reminded that participation is voluntary and that the information collected will be used for research purposes only.

11. Questions of a Sensitive Nature.

The survey itself does not include questions that would commonly be considered private or sensitive in nature.

12. Burden of Information Collection.

Each ITB and TCB respondent will receive a prenote that will explain the purpose of the survey and ask them to respond which they may spend about one minute reading. Each potential respondent will participate only once. The potential response rate, which varies depending on the type of survey, is indicated in the burden estimate charts below.

Estimated time to complete the surveys is based on results from prior cognitive interviews. We estimate that it will take approximately the same time to complete the mail, web and phone versions of the questionnaire. The content included in each instrument will be the same.

The total annual burden estimates for the covered surveys is as follows:

TY 2013 Surveys	6,493.17 hours
TY 2014 Surveys	10,969.67 hours
TY 2015 Surveys	6,233.33 hours

The estimated burden for each survey is itemized below:

2013 Individual Taxpayer Burden Survey

Activity	Number of Respondents	Frequency of Response	Average Time	Annual Hour Burden
Reading prenote & reminder postcards	20,000	1	1 minute	333.33
Survey Completion	10,000	1	15 minutes	2,500.00
Total				2,833.33

2013 Information Return Burden Survey

Activity	Number of Respondents	Frequency of Response	Average Time	Annual Hour Burden
Cognitive Testing*	18	1	60 minutes	18
Reading invitation letter and postcards	15,000	1	1 minute	250

Survey Completion	7,500	1	15 minutes	1,875
Total				2,143

2013 Employment Tax Burden Survey
(fielded in conjunction with the 2013 Information Return Burden Survey)

Activity	Number of Respondents	Frequency of Response	Average Time	Annual Hour Burden
Reading invitation letter and postcards	10,000	1	1 minute	166.67
Survey Completion	5,000	1	15 minutes	1,250.00
Total				1,416.67

2013 Focus Groups (Information Return Burden and Employment Tax Burden Surveys)

Activity	Number of Respondents	Frequency of Response	Average Time	Annual Hour Burden
Answering screener questions	250	1	1 minute	4.17
Participating in the focus group	96	1	60 minutes	96.00
Total				100.17

2014 Individual Taxpayer Burden Survey

Activity	Number of Respondents	Frequency of Response	Average Time	Annual Hour Burden
Reading prenatal & reminder postcards	20,000	1	1 minute	333.33
Survey Completion	10,000	1	15 minutes	2,500
Total				2,833.33

2014 Tax-Exempt Organization Burden Survey

Activity	Number of Respondents	Frequency of Response	Average Time	Annual Hour Burden
Reading invitation letter & reminder postcards	15,000	1	1 minute	250
Survey Completion	7,500	1	15 minutes	1,875
Total				2,125

2014 Taxpayer Compliance Burden Survey

Activity	Number of Respondents	Frequency of Response	Average Time	Annual Hour Burden
Reading invitation letter & reminder postcards	16,000	1	1 minute	266.67
Survey Completion	4,800	1	15 minutes	1,200.00
Total				1,466.67

2014 Small Tax-Exempt Organization Burden Survey

Activity	Number of Respondents	Frequency of Response	Average Time	Annual Hour Burden
Reading invitation letter & reminder postcards	15,000	1	1 minute	250

Survey Completion	7,500	1	5 minutes	625
Total				875

2014 Business Compliance Burden Survey

Activity	Number of Respondents	Frequency of Response	Average Time	Annual Hour Burden
Cognitive Testing*	27	1	60 minutes	27.00
Reading invitation letter & reminder postcards	25,000	1	1 minute	416.67
Survey Completion	12,500	1	15 minutes	3,125.00
Total				3,568.67

2014 Focus Groups (Business Compliance Burden Survey)

Activity	Number of Respondents	Frequency of Response	Average Time	Annual Hour Burden
Answering screener questions	300	1	1 minute	5
Participating in the focus group	96	1	60 minutes	96
Total				101

2015 Individual Taxpayer Burden Survey

Activity	Number of Respondents	Frequency of Response	Average Time	Annual Hour Burden
Reading prenote & reminder postcards	20,000	1	1 minute	333.33
Survey Completion	10,000	1	15 minutes	2,500.00
Total				2,833.33

2015 Business Taxpayer Burden Survey

Activity	Number of Respondents	Frequency of Response	Average Time	Annual Hour Burden
Reading invitation letter & reminder postcards	24,000	1	1 minute	400
Survey Completion	12,000	1	15 minutes	3,000
Total				3,400

The annual burden cost to respondents is estimated to total \$138,629 (6,493.17 hours x \$21.35) for 2013, \$234,202 (10,969.67 hours x \$21.35) for 2014, and \$133,082 (6,233.33 hours x \$21.35) for 2015. This estimate is derived using \$21.35, the May 2013 average wage rate from the Bureau of Labor and Statistics Occupational Employment Statistics Survey.

*The FY2013 Information Return Burden Survey, FY2014 Business Compliance Burden Survey, and 2015 Trust Return Burden Survey will be the first attempt to collect information regarding the compliance burden for these groups. To better inform our survey efforts and to ensure adequate feedback from relevant survey strata during the cognitive testing phase, we are requesting additional respondents for testing these surveys.

13. Annual Cost to Respondents.

There are no capital/start-up or ongoing operation/maintenance costs associated with collection of

taxpayer burden information.

14. Cost to the Federal Government.

The estimated annualized cost to the Federal government for administering these surveys is estimated to be:

2013 Burden Surveys \$2,000,000.

- Employee labor and materials (for developing the surveys, including developing, printing, storing forms, developing computer systems, screens, or reports to support the collection, travel costs, labor and materials for collecting the information, analyzing, evaluating, summarizing, and/or reporting on the collected information): \$200,000.
- Cost of contractor services: \$1,800,000.

2014 Taxpayer Burden Surveys \$3,300,000.

- Employee labor and materials (for developing the surveys, including developing, printing, storing forms, developing computer systems, screens, or reports to support the collection, travel costs, labor and materials for collecting the information, analyzing, evaluating, summarizing, and/or reporting on the collected information): \$300,000.
- Cost of contractor services: \$3,000,000.

2015 Taxpayer Burden Surveys \$2,100,000.

- Employee labor and materials (for developing the surveys, including developing, printing, storing forms, developing computer systems, screens, or reports to support the collection, travel costs, labor and materials for collecting the information, analyzing, evaluating, summarizing, and/or reporting on the collected information): \$300,000.
- Cost of contractor services: \$1,800,000.

15. Reason for Change.

The survey scope is also expanded to include burden associated with employment tax returns and information return documents. These burden categories represent a continuation of IRS's strategy to gather taxpayer burden data for all types of tax returns and information reporting documents. These surveys will allow development of an associated model supporting subpopulation estimates and what-if analyses for these entities, similar to that currently provided in support of the 1545-0074 and 1545-0123 reporting. This will further allow consolidated reporting of forms by taxpayer type along the lines of 1545-0074 and 1545-0123, improving the ability of IRS, Treasury and OMB to management the associated information collections.

16. Tabulation of Results, Schedule, Analysis Plans.

Upon conclusion of data collection for each survey, IRS staff will then use the results to develop updated estimates of compliance burden for the relevant taxpayer segments. Detailed results from the survey will be used to update the estimated relationships between taxpayer burden and taxpayer filing attributes. These estimates will then be used to update the micro-simulation model that provides taxpayer burden estimates and other tax-related information.

In addition, the IRS uses the survey results and micro-simulation model to estimate the changes in taxpayer

burden resulting from changes in tax law and/or administrative regulations. IRS will use the results of the model to update our model producing annualized burden estimates, which are necessary for compliance with the information collection budget and associated public reporting. Burden estimates (OMB No. 1545-0074) based on TY 2010 and TY 2011 individual taxpayer burden surveys will be used for the TY 2012 and TY 2013, respectively. Corresponding taxpayer-level estimates of burden for business and tax-exempt taxpayers is envisioned beginning with TY 2012 or 2013, subject to OMB approval once survey results are available. Further publication of results is planned in tax research publications, internal IRS program evaluation documents, and Department of Treasury tax policy analysis.

17. Display of OMB Approval Date.

The bureau will comply with requirements to display the expiration date for OMB approval of the information collection on all instruments under this OMB number.

18. Exceptions to Certification for Paperwork Reduction Act Submission.

Not applicable. No exceptions are believed to exist.

