



# Business Taxpayer Burden Survey



Your experience matters to us.

**BTB**

OMB No: 1545-2212. This report is authorized under the Paperwork Reduction Act. Data collected will be shared with IRS staff, but your responses will be **used for research and aggregate reporting purposes only and will not be used for other non-statistical or non-research purposes such as direct enforcement activities**. The information that you provide will be protected to the fullest extent allowable under the Freedom of Information Act (FOIA). Public reporting burden for this collection of information is estimated to average 20 minutes, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to IRS Tax Products Coordinating Committee, 1111 Constitution Avenue, NW, Washington, DC 20224.

# Frequently Asked Questions

## What is the purpose of this survey?

The purpose of this survey is to measure what it costs business taxpayers to comply with federal tax rules and regulations. For most establishments, these costs are a combination of time spent and out-of-pocket expenses. Please be assured that you will not be asked about the income or other financial details of your business' tax return.

This questionnaire relates to the activities associated with federal income tax compliance activities during the most recent tax year as well as the preparation and filing of your 2012 federal income tax return. It does NOT include any other tax returns (i.e., employment, excise, information returns, state and local, etc.) filed for the same period. This includes any filings completed in the 12 months leading up to the filing of your business's 2012 federal income tax return.

## Who should complete this survey?

The individual most responsible for maintaining the financial records for your business or making the financial and tax-related decisions for your business should complete this questionnaire. You may need to consult with others in your organization to complete the survey and we encourage you to do so. This survey concerns the time and costs spent by your business, not the time and costs spent by your external service provider if you had one. Please do not forward this survey to your external service provider.

## Why was my business selected for this survey?

Your business was randomly selected from the millions of businesses that filed a federal tax return in 2012. If you own more than one business, please look at the address label of this mailing to see which business was randomly selected to receive this survey.

## What would the IRS like to know?

This survey includes questions regarding the following areas:

- Tax Preparation Methods and Activities
- Tax-Related Recordkeeping
- Gathering Materials, Learning About Tax Law, and Using IRS Taxpayer Services
- Time Spent on Tax-related Activities
- Fees Associated with Tax Compliance
- Demographics

## **How will my answers be used?**

Please be assured that your responses will be used for research and aggregate reporting purposes only and will not be used for other non-statistical or non-research purposes such as direct enforcement activities.

## **Why should I participate?**

While participation is voluntary, information about your business's tax preparation experience will help the IRS reduce taxpayer burden. We encourage you to take a few minutes of your time to participate. By doing so, you will make sure that businesses like yours are represented.

## **How long will this survey take?**

Public reporting burden for this collection of information is estimated to average 15 to 20 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

## **Who can I contact with questions?**

If you have questions about the content of this survey please call Sarah Bennett at Westat by phone at 1-888-450-8610 or send an email to [IRS-BTB@westat.com](mailto:IRS-BTB@westat.com). If you would like to speak to someone at IRS, please call Keith Fowler at the IRS at 513-518-4905 or send him an email at [Keith.Fowler@irs.gov](mailto:Keith.Fowler@irs.gov).

**We hope you will take the time  
to complete this important survey.  
Thank you.**

## TAX PREPARATION METHODS AND ACTIVITIES

This part of the survey collects general information about your business. Please answer all questions with reference to the most recent tax return year. The most recent tax year includes the 12 months leading up to the filing of your business's most recent federal income tax return.

1. Which of the following methods did your business use to prepare its most recent **federal** income tax return? Include activities done by owners, employees, and external service providers. **Check all that apply.**

Did your business use...

- A tax preparation service? (e.g., a CPA, accountant, bookkeeper, a tax lawyer, an enrolled agent, registered tax preparer)
- A tax advisory service?
- Accounting and/or financial software? (e.g., QuickBooks Pro, Peachtree Complete)
- Tax preparation software? (e.g., Turbo Tax<sup>®</sup>, TaxCut<sup>®</sup>, H&R Block At Home<sup>™</sup>, CCH, InSource, CORPTAX, custom software)
- Owners / employees of the business?
- Any other method(s)?

Please describe:

2. In addition to preparation of your business's **federal** income tax return, which of the following activities did your business engage in (as part of its internal operations rather than as services provided to clients) during the most recent tax year? Please check the corresponding box if the activity was performed by an employee of your business (including owners) and/or an external service provider. If **both** performed a particular activity, check "Both" for that activity.

Activity	Business Employee Only	External Service Provider Only	Both	Not Applicable
A. Bookkeeping?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Estimated income tax payments?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. Individual income tax preparation for owners or partners of your business?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. Pre-tax fringe benefits (e.g., pension plan, health care benefits)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Other than the activities already mentioned, did you engage in any additional tax-related activities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please describe:



## TAX-RELATED RECORDKEEPING

Please think about your business's recordkeeping activities, specifically tax-related recordkeeping. Tax-related recordkeeping includes all the activities your business did to create, maintain, and store records needed to complete its federal, state, and local tax returns. In this section we are going to discuss the records you maintain for federal income tax purposes.

3. Which of the following statements describe the accounting or bookkeeping system your business used during the most recent tax year? Did your business...

Did your business...	Yes	No	Don't know
A. Use an off-the-shelf accounting and financial software system such as QuickBooks Pro™ , Peachtree Complete, MYOB Business Essentials?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Use general recordkeeping software products such as Microsoft Office, Lotus, OpenOffice, etc.?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. Maintain a hard-copy ledger to record business transactions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. Did you use any other accounting or bookkeeping system during the most recent tax year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please describe:

## GATHERING MATERIALS, LEARNING ABOUT TAX LAW, AND USING IRS TAXPAYER SERVICES

Consider the tax-related materials your business gathered and how your business learned about tax laws in order to complete its federal tax return and comply with federal tax obligations.

4. During the most recent tax year, did you or others at your business obtain forms, publications, or other materials from:

Source	Yes	No	Don't know
A. The IRS website?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. An IRS walk-in office?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. By ordering them from the IRS either via mail or telephone?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. During the most recent tax year, did you or others at your business...

Activity	Yes	No	Don't know
A. Review IRS tax forms and publications in preparation for completing your business's federal tax return or in deciding to hire an external paid professional?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Attend tax seminars to learn about federal tax issues?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. Sometimes people contact the IRS for reasons other than obtaining forms and publications. During the most recent tax year, did you or others at your business (please exclude external service providers) interact with the IRS via any of the following channels for reasons OTHER than obtaining forms and publications? (Do not include form filing or making estimated payments.)

Activity	Yes	No	Don't know
A. Obtain e-file assistance from the IRS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Call the IRS Toll Free Tax Assistance Line	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. Go to an IRS walk-in site	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. Use the IRS website	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Correspond with the IRS via e-mail or regular mail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



## Time Spent on Tax-Related Activities

As mentioned in the FAQs, the purpose of this survey is to measure what it costs business taxpayers to comply with federal tax rules and regulations. For most establishments, these costs are a combination of time spent and out-of-pocket expenses (e.g., fees paid to external service providers, software costs). In the remaining sections we will ask for estimates of these costs.

The next three questions focus on the time spent on activities related to filing your business's federal tax return.

Think about all the time your business spent on tax-related recordkeeping, tax planning, gathering tax-related materials, learning about tax law, using IRS or non-IRS resources, completing, reviewing, and submitting your 2012 federal tax return, and calculating and depositing estimated tax payments.

**Please include:**

- Time spent on your federal income tax return as well as any associated forms, schedules, and worksheets that you completed or filed
- Time throughout the tax year as well as the tax filing season
- Time spent corresponding with your external service provider(s)

**Please do NOT include:**

- Time spent by your external service provider(s)
- Time spent on state or local income tax returns
- Time spent on employment tax returns and payroll activities
- Time spent on excise tax
- Time spent on foreign tax
- Time spent on information returns
- Time spent on individual income tax returns for owners, partners, or shareholders
- Time spent on retirement & pension-related activities

7. How many TOTAL hours did your business spend performing tax reporting compliance-related activities for the 2012 tax year? (e.g., tax-related recordkeeping, tax planning, gathering tax-related materials, learning about tax law, using IRS or non-IRS resources, completing, reviewing, and submitting your business's 2012 federal income tax return, and calculating and depositing estimated tax payments)

*We encourage you to consult your records or other employees in your business, if necessary. If these resources are unavailable, please provide your best, most accurate estimate.*

							:		
<b>Hours</b>							<b>Minutes</b>		





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7A. How would you distribute the hours reported in Question 7 across each of the following tax-related activities? (Parts A-F should add up to the total number of hours reported in Question 7.) Please note that these hours are for in-house staff only, not any external service providers.

Activity	Hours	Minutes
A. Tax recordkeeping, including reconciling financial and tax records?	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	: <input type="text"/> <input type="text"/>
B. Tax planning?	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	: <input type="text"/> <input type="text"/>
C. Gathering materials, learning about tax law, and using IRS or non-IRS resources?	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	: <input type="text"/> <input type="text"/>
D. Calculating and depositing estimated income tax payments?	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	: <input type="text"/> <input type="text"/>
E. Completing and submitting your federal income tax return?	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	: <input type="text"/> <input type="text"/>
F. All other income tax related activities? Please describe:	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	: <input type="text"/> <input type="text"/>
<input type="text"/>		

7B. How would you distribute the hours reported in Question 7 across each of the different types of employees listed below? (Parts A-D should add up to the total number of hours reported in Question 7.) Please note that these hours are for in-house staff only, not any external service providers.

Types of Employees	Hours	Minutes
A. Owner(s) or executives?	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	: <input type="text"/> <input type="text"/>
B. In-house professionals or managers?	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	: <input type="text"/> <input type="text"/>
C. Clerical or administrative staff?	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	: <input type="text"/> <input type="text"/>
D. Other types of employees? Please describe:	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	: <input type="text"/> <input type="text"/>
<input type="text"/>		

7C. Average hourly pay rate for all individuals in your company responsible for federal income tax-related activities.

\$  .   
Dollars Cents

Don't Know



## FEES ASSOCIATED WITH TAX COMPLIANCE

Please think about how much money your business spent to comply with its tax obligations. Costs associated with tax compliance are a very important part of assessing burden, so please provide the most accurate estimate you can.

8. How much did your business pay all external service providers for tax and tax-related services received during the most recent tax year?

Tax and Tax-Related Services Received	Dollars	Cents
8A. Total fee paid to external service providers for tax and tax-related services.	\$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>
8B. Of the amount in 8A, how much was spent <u>exclusively</u> for federal income tax planning and return preparation?	\$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>
	<input type="checkbox"/> No money spent on external service providers	

9. How much money, if any, did your business spend during the most recent tax year on tax-specific software?

Note: Include any costs your business may have incurred for annual maintenance and updates.

Tax-Specific Software	Dollars	Cents
9A. Total money spent on all tax-specific software (e.g., Turbo Tax®, TaxCut®, H&R Block At Home™, CCH, InSource, CORPTAX, custom software).	\$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>
9B. Of the amount in 9A, how much was spent <u>exclusively</u> on federal income tax software?	\$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>
	<input type="checkbox"/> No money spent on tax-specific software	



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10. If applicable, how much money was spent on other business-related tax activities not included in questions 8 and 9 above for the most recent tax year? This may include money spent on electronic submission, photocopies, tax literature, transportation, postage, or IRS user fees.

*Do NOT include money your business spent on external paid professional, tax software, or employee compensation.*

Other Business-Related Tax Activities		Dollars	Cents
10A.	Total money spent on all other business-related tax activities.	\$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>
10B.	Of the amount in 10A, how much was spent <u>exclusively</u> for your business's most recent <u>federal income tax</u> return?	\$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>

## DEMOGRAPHICS

Finally, we have a couple of questions about your business.

11. On average, how many full-time and part-time employees, if any, did your business have during the most recent tax year? Please include partners or owners, but do not include any independent contractors. Independent contractors are workers who are not treated as employees for employment tax purposes.

- 11A. How many full-time employees?

Don't Know

- 11B. How many part-time employees?

Don't Know

12. In how many states did your business file state income tax returns during the most recent tax year?

 Number of states

Don't Know

