

Supporting Statement
OMB Information Collection (ICR) Approval Request to Conduct
Customer Satisfaction Research (OMB #1545-1432)

Title of Research: Taxpayer Interactions and Compliance Attitudes

A. JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary

The Taxpayer Advocate Service (TAS) is an independent organization within the IRS. It is headed by the National Taxpayer Advocate. The mission of TAS is to help Taxpayers resolve problems with the IRS and to recommend changes to prevent the problems.

Recent behavioral research suggests that taxpayers having a negative experience with a tax agency can result in lower voluntary compliance. Events that could result in a negative experience include interacting with the tax agency, either as a recipient of a tax audit or as a victim of ID Theft. In recent years, the number of improper tax refund cases linked to theft of taxpayer information has skyrocketed. The impact of this experience on otherwise compliant taxpayers whose IDs were stolen has not received much research attention.

2. Purpose and Use of the Information Collection

This survey study aims at providing empirical support for the hypothesized relationship between taxpayers' interactions with the tax agency and compliance attitudes and behavior. This survey will ask taxpayers about their recent interactions with IRS and their views and attitudes toward compliance. TAS will use the data collected in this survey to determine if taxpayers' interactions with IRS resulted in a change in their views on the tax agency's trustworthiness and legitimacy and subsequent compliance behavior.

3. Consideration Given to Information Technology

TAS's contractor will administer the survey to taxpayers by telephone, with taxpayers randomly selected for potential inclusion in the survey drawn from the population of tax filers for tax year 2014. This sample will incorporate cell phone numbers as well as landline telephone numbers in their typical proportions. Note: to assure compliance with the FCC's interpretation of the 1991 Telephone Consumer Protection Act (TCPA), all numbers will be screened by software that will determine which are cell phones and which are landlines, with each type of phone subsequently dialed on telephones that are compliant with the TCPA.

4. Duplication of Information

As noted earlier, the data collected in this survey will enable TAS to investigate how taxpayers' interactions with IRS influence their views toward the agency's degree of trust and legitimacy as well as their subsequent compliance behavior. This information is not available from existing data sources.

5. Reducing the Burden on Small Entities

This is a survey of individual taxpayers and not small business or other small entities, per se. Schedule C filers will be involved in the survey if: (a) they are taxpayers responding as individuals and (b) if they meet individual screening criteria and agree to participate. In addition, TAS will minimize the burden on all respondents by reminding them that participation in the survey is voluntary.

6. Consequences of Not Conducting Collection

Without the data collected in this survey, TAS and the National Taxpayer Advocate will not be able to quantify the impact of negative interactions with the IRS on the attitudes and compliance behavior of taxpayers, including victims of ID Theft.

7. Special Circumstances

There are no special circumstances relating to this request.

8. Consultations with Persons Outside the Agency

Pacific Consulting Group, Inc. and Brian Erard and Associates were consulted for study design and data collection decisions.

9. Payment or Gift: No payment or gift will be provided for this survey.

10. Confidentiality:

TAS will provide privacy to the extent allowed by law. Personal or sensitive information will not be disclosed. Random digit dialing will be used to recruit survey respondents. Data security and limited use are contractually required of the vendor. All appropriate privacy requirements and background clearances will be obtained and followed. TAS will also control official access to the information and will not allow public access to the information. TAS will not ask for any information that could be used to identify the survey respondents.

The data returned to IRS will have no identifying information relating specific records to individual Taxpayers. Information access will be tightly controlled. TAS will apply fair information and record-keeping practices to ensure protection of all Taxpayers. The criterion for disclosure laid out in the Privacy Act, the Freedom of Information Act, and section 6103 of the Internal Revenue Code, provides for the protection of Taxpayer information as well as its release to authorized recipients.

TAS will limit and control the amount of information collected to those items that are necessary to accomplish research objectives. TAS will protect the privacy of the survey respondents by not using names in any reporting to the extent allowed by law. Data will be maintained according to required record management guidelines.

11. Sensitive Nature

Sensitive questions will be minimized and respondents will always be given the option of declining to answer a question if answering makes them uncomfortable. The only potentially sensitive questions relate to past taxpayer interactions with the IRS, which taxpayers may or may not consider sensitive.

12. Burden of Information Collection

The total burden for this survey is 1,605 hours. This estimate assumes the average time to complete the survey is 20 minutes and a 40 percent participation rate (a similar 2012 survey yielded a 56 percent response rate, which we lowered due to changing phone survey participation dynamics). The time needed to determine participation is 3 minutes per completed call. We expect to contact up to 8,750 individuals (8,750 * 3 minutes / 60 minutes = 437.5 or 438 hrs.). Of the potential participants contacted 3,500 (3,500 * 20 minutes / 60 minutes = 1,167 hrs.) are expected to respond to the survey.

| Type of Collection | Participation | Response Time (minutes) | Total Burden (hours) |
|----------------------------------|---------------|-------------------------|----------------------|
| Contacted Potential Participants | 8,750 | 3 | 438 |
| Survey Respondents | 3,500 | 20 | 1,167 |
| Grand Total Burden | | | 1,605 |

13. Costs to Respondents

There is no cost to respondents resulting from the collection of information.

14. Cost of Federal Government

The estimated cost to the Federal government of this survey is \$193,188.45.

15. Reason for Change

No change is being requested. This is a new request

16. Tabulation of Results, Schedule, Analysis Plans

Pending OMB approval, the contractor will use the months of June and July for setup and training of field staff, questionnaire coding, look up telephone numbers of potential participants, and pre-testing using in-house staff. Assuming OMB approval in July, the contractor and sub-contractor will begin data collection and data validation. The total expected time spent in fieldwork will be 9 weeks. That will be followed by a 2-week period of data processing and tabulation, and then another 2 weeks for preparation of the final report and data set. Survey responses will be summarized and compiled into a final report that provides a summary of key data findings by topic. The anticipated delivery date is November 7, 2017.

Results will be tabulated and summarized using analyses such as standard frequency counts, cross-tabulations, and propensity score matching. Other appropriate analyses will be used as needed and results will be summarized and documented accordingly.

17. Display of OMB Approval Date

IRS is seeking approval to not display the expiration date for OMB approval, as this is a one-time, limited-duration collection

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

August 4, 2017 – October 10, 2017 (assumes OMB approval received in July). If not, data collection will take approximately six weeks from the start date.

B. STATISTICAL METHODS

The primary purpose of this collection is to gain knowledge about factors that influence taxpayers' compliance with tax laws..

1. Universe and Respondent Selection

The population of interest in this study includes all U.S. taxpayers but especially those who have interacted with the IRS in tax year 2014 regarding an audit or ID Theft case. The contractor will use screening questions to select respondents that meet the qualifying criteria.

2. Procedures for Collecting Information

Potential respondents in this survey will be contacted by trained and experienced telephone survey administrators. Potential respondents will be selected from a list of randomly selected, qualified taxpayers provided by TAS. Completed surveys will be roughly representative to the proportion of landlines and cell/mobile phones.

The vendor's telephone interviewing staff will screen survey candidates and identify potential respondents per the screening criteria (e.g., wage earner, ID Theft, or Schedule C filer, audited outcome or unaudited). The telephone numbers of potential respondents will be dialed up to 10 times in order to establish contact with a potential respondent, with most of these dialings resulting in non-contact (number busy, voice-mail, non-working, etc.). After

the first live contact with a potential respondent, interviewers will request their participation in the survey. If they agree, they will be screened for qualification and if qualified, interviewed at that time. If they do not agree/refuse, they will be re-contacted by a more senior interviewer who will also try to include them in the survey. If they then refuse again, this person will be recorded in call records as a refusal and not contacted again.

With the sample including 3,500 randomly-selected respondents, the normal yield of about 4-5% Spanish-speaking respondents should yield about 140-175 such respondents.

3. Methods to Maximize Response

The vendor will strive to maximize response and cooperation rates among those respondents they call by: (1) using up to 10 attempts at live contact; (2) and using more senior interviewers to try to convert refusals to completed surveys. Other factors promoting an increased response rate are: (1) the questionnaire length is being minimized to reduce respondent burden and (2) respondents are assured anonymity of their responses.

4. Testing of Procedures

Pending OMB approval, the contractor will use the months of June and July for setup and training of field staff, questionnaire coding, and pre-testing using in-house staff. Assuming OMB approval is received in July, the contractor will undertake a final round of internal testing (if needed) before beginning data collection in August.

5. Contacts for Statistical Aspects and Data Collection

Several contacts will be available for assistance with the statistical requirements. TAS Research will provide analysts with expertise in statistics to assist this effort. The contractor will provide experts with knowledge of statistics as well.

Primary Contact: Carol Hatch, TAS Research, Project Manager (PM) – 501 396-5954 or carol.m.hatch@irs.gov

Secondary Contact: Jeff Wilson, TAS Research, Government Task Manager (GTM) – 317 685-7673 or jeff.a.wilson@irs.gov