

Supporting Statement
OMB Information Collection (ICR) Approval Request to Conduct
Cognitive-Psychological Research (OMB# 1545-1349)

Barriers for Timely and Accurate Tax Return Filing

A. JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary

The Internal Revenue Service (IRS) enlists a balanced measurement system consisting of business results, customer satisfaction and employee satisfaction. This initiative is part of the Service-wide effort to maintain a system of balanced organizational performance measures mandated by the IRS Restructuring and Reform Act (RRA) of 1998. This is also a result of Executive Order 12862 that requires all government agencies to survey their customers.

The Nationwide Tax Forums sponsored each year by the IRS offer a unique opportunity to solicit the opinions, experiences, and ideas of tax practitioners about important issues for taxpayers and for the IRS.

The Automated Underreporter (AUR) process identifies income reported on information returns which was not reported on a taxpayer's income tax return. A copy of the information return is sent to taxpayers when they are sent to IRS, so the taxpayer should know the same information as the IRS. Leadership of AUR would like to ask the preparer community about potential causes or ways to improve voluntary, timely and accurate filing compliance.

2. Purpose and Use of the Information Collection

The market segment of interest for this research consists of practitioners attending the 2020 Nationwide Tax Forum who have helped at least 3 clients with an IRS letter or notice asking about potential unreported income in the past two years.

3. Consideration Given to Information Technology

The focus groups will be conducted face-to-face during the 2020 IRS Nationwide Tax Forums. If the 2020 IRS Nationwide Tax Forums are converted to a virtual setting due to COVID-19, SB/SE Research will also convert focus groups to a virtual setting. Conducting face-to-face focus groups allows interaction which can help elicit in-depth thoughts and discussions. There is also opportunity to probe participant responses and can yield richer data than paper or electronic surveys. Face-to-face focus groups also give the moderator more opportunity to read and use nonverbal cues to control the flow of discussion.

4. Duplication of Information

The focus group sessions will provide valuable information that is not available in any internal IRS data source.

5. Reducing the Burden on Small Entities

Small entities are not included in this collection of information.

6. Consequences of Not Conducting Collection

SB/SE initiatives fall under the IRS' goal to "improve service to make voluntary compliance easier, and enforce the law to ensure everyone meets their obligation to pay taxes." If the focus group is not approved, SB/SE will not have the necessary data to help further understand and develop different methods of identifying and bringing nonfilers into compliance.

7. Special Circumstances

There are no special circumstances relating to this request. The participation in the focus group and the information collected will be voluntary.

8. Consultations with Persons Outside the Agency

No one outside of the IRS will be consulted.

9. Payment or Gift:

No honorarium or non-monetary incentives will be given to the participants.

10. Confidentiality:

The IRS will apply and meet fair information and record-keeping practices to ensure privacy to the extent allowed by law and protection of all taxpayers to the extent allowed by law. This includes criteria for disclosure – laid out in the Privacy Act of 1974, the Freedom of Information Act, and Section 6103 of the Internal Revenue Code – all of which provide for the protection of taxpayer information as well as its release to authorized recipients.

The focus group questions do not request tax return or taxpayer information. Focus group participants will not be identified in any of the documents or files used for this project. We will limit and control the amount of information we collect to those items that are necessary to accomplish the research objectives. We will carefully safeguard the security of data utilized as well as the privacy to the extent allowed by law of the focus group participants.

11. Sensitive Nature

No questions will be asked that are of a personal or sensitive nature.

12. Burden of Information Collection

A total of six focus groups, one in each of six cities (Dallas, TX; New Orleans, LA; Atlanta, GA; National Harbor, MD; San Diego, CA; and Orlando, FL) will be conducted with no more than 10 participants per session. The total burden hours estimated is 78 burden hours.

The estimated time to screen a person is 3 minutes. Based on past experience, we will assume that 60 people will be screened at each site (60 people x 6 sites = 360 people) before 20 invitations are issued. We will assume that 20 invitations will need to be issued to ensure that 10 people will be present for each focus group. The burden for screening potential participants is 18 hours (360 people x 3 min screening / 60 min).

The estimated time for participating in each of the focus group is 1 hour. We will assume a maximum number of 10 participants in each of the six focus groups. The total participation burden is 60 hours (60 participants x 60 minutes / 60 minutes).

| Type of Collection | Participation | Response Time (minutes) | Total Burden (hours) |
|---------------------------------|---------------|-------------------------|----------------------|
| Potential Respondents Contacted | 360 | 3 | 18 |
| Expected Participants | 60 | 60 | 60 |
| Grand Total Burden | | | 78 |

13. Costs to Respondents

There is no dollar cost to respondents. The total estimated annual cost burden to respondents is \$1,948.44. The surveys take place across the United States with all cross-sections of society. This estimate was created using the mean hourly wage for all occupations (\$24.98) from the BLS May 2018 National Occupational Employment and Wage Estimates - United States.

14. Cost of Federal Government

The total estimated cost allocation for this specific topic is \$6,000.

15. Reason for Change

No change is being requested. This is a new request.

16. Tabulation of Results, Schedule, Analysis Plans

At the completion of the six Tax Forums, the focus group responses will be released in a report as summary observations and categorized by the topic of discussion in the moderator’s guide. The report will not contain any individually identifying information such as name, address, or taxpayer / practitioner identification number. The

moderator ensures that tax practitioners participating in the focus group are guaranteed anonymity. Upon completion of data collection and delivery of the report, the focus group data will remain on a secured IRS server for three years.

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

Data collection will begin July 13, 2020 and end September 17, 2020.

B. STATISTICAL METHODS

1. Universe and Respondent Selection

Focus group participants are screened and selected from the tax practitioners attending the 2020 IRS Nationwide Tax Forums.

2. Procedures for Collecting Information

Trained focus group moderators from SB/SE Research will screen and invite tax practitioners using a screener's guide approved by the SB/SE business unit. There will be two focus group moderators in each focus group. One moderator will conduct the focus group using a moderator guide and the second moderator will be documenting the participants' responses and possibly non-verbal expressions (excitement, head nods, doubt, etc.).

3. Methods to Maximize Response

The moderator's guide contains open ended questions to obtain candid opinions and suggestions about the topic of discussion. Additionally, some of the questions contain probes to be used by the moderator if responses are minimal. The probes also serve as memory joggers for the focus group participants.

4. Testing of Procedures

The screener and moderator guides were developed with the assistance of the SB/SE business unit. If changes are made to the moderator guide, they will be minimal. Revising a question to make it understandable is one example of a potential change.

5. Contacts for Statistical Aspects and Data Collection

For questions regarding the study or focus group questions or methodology, contact:

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