

Supporting Statement
Information Collection Request (ICR) Approval Request to Conduct Cognitive & Psychological Research – Focus Groups/Interviews (OMB# 1545-1349)

Title: 2020 Latino Tax Professionals Association Focus Groups: Assessing the implementation and communication of credits and due diligence requirements within the Tax Cut and Jobs Act of 2017

Wage & Investment Division
Wage & Investment Strategies & Solutions (WISS)

A. JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary

Signed into law on December 22, 2017, the Tax Cuts and Jobs Act (TCJA) represented the largest tax overhaul since the Tax Reform Act of 1986. The sweeping nature of this legislation impacts multiple IRS operations including the Refundable Credits Program Management (RCPM) office which is part of Return Integrity and Compliance Services (RICS). RCPM communicates policy, procedures and guidance on Earned Income Tax Credit (EITC) and other pre-refund credits and manages the administration of refundable credits through encouraging eligible taxpayers to apply for the credits and reducing the number of claims paid in error. Additionally, RCPM is responsible for communicating and monitoring tax preparer due diligence requirements.

RCPM was affected by three provisions within TCJA; (1) increases in the child tax credit, (2) a new credit for dependents not eligible for the child tax credit, and (3) new due diligence requirements for head of household filing status. Each provision required the development of new policies and procedures, along with communication strategies to alert taxpayers and tax preparers of coming changes.

To assess the effect of the new credit and due diligence requirements of TCJA, RCPM has partnered with Wage and Investment Strategies & Solutions (WISS) to conduct focus groups with tax preparers during the 2020 Latino Tax Professionals Conference. The focus groups will seek to gather information across four broad areas: communication, understanding new requirements, implementation, and taxpayer reaction.

2. Purpose and Use of the Information Collection

The purpose of this project is to gather information from Latino tax professionals regarding new credit and due diligence requirements of TCJA. Participants will provide input on communication strategies, understanding new requirements, implementation of new provisions, and taxpayer reaction. Focus group findings will be utilized and distributed by RCPM as part of their ongoing effort to provide the most up-to-date and accurate resources on refundable credits and due diligence.

3. Consideration Given to Information Technology

Data collection for this project will be completed through conference call focus groups coinciding with the Latino Tax Professionals Conference, October 27-29, 2020, which is also taking place virtually.

4. Duplication of Information

This focus group project will provide valuable information that has not been collected during previous focus group projects and is not available in any internal IRS data source.

5. Reducing the Burden on Small Entities

Participants for this project will be recruited from individual attendees at the 2020 Latino Tax Professionals Conference. No small entities will be contacted or recruited for participation in these focus groups.

6. Consequences of Not Conducting Collection

If the requirement is not approved, RCPM will not receive valuable feedback from tax preparers regarding the implementation of new tax law. As such, RCPM will not know what information is beneficial in helping tax professionals meet the needs of their clients, or what additional information may help make the process of claiming refundable credits less burdensome.

7. Special Circumstances

There are no special circumstances. The information collected will be voluntary. The findings from this project could be used in making management decisions regarding the inclusion of additional information on the IRS website, and within Publication 4687: *Paid Preparer Due Diligence*, and Form 8867: *Paid Preparer's Due Diligence Checklist*.

8. Consultations with Persons Outside the Agency

This project is being completed in partnership with the RICS office. There will be no consultation with persons outside the agency.

9. Payment or Gift

There will be no incentives given for participating in the focus groups.

10. Confidentiality

The IRS will apply and meet fair information and record-keeping practices to ensure privacy 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.

Focus group participants will not be identified in any of the documents or files used for this project. The IRS will limit and control the amount of information we collect to those items that are necessary to accomplish the research questions. 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

The focus group will be designed to minimize burden on participants, with each session lasting 60 minutes.

Participant recruitment will take place among attendees at the Latino Tax Professionals Conference. We anticipate a 10% recruitment acceptance rate, thus we will talk to 240 conference attendees, to fill 24 total participant spots (6 attendees for each of four focus group sessions).

The contact time needed to recruit for participants could take up to two minutes, with the resulting burden being $240 \times 2 \text{ minutes} = 480 / 60 \text{ minutes} = 8 \text{ burden hours}$.

For participants, total participation time in focus groups is 60 minutes. The time burden for participants is $24 \times 60 = 1,440 / 60 \text{ minutes} = 24 \text{ burden hours}$.

The total burden hours for the focus group is $8 + 24 = 32 \text{ burden hours}$

Category of Respondent	No. of Respondents	Participation Time (in minutes)*	Burden (in hours)
Soliciting Potential Participants	240	2	8
Expected participants	24	60	24
Totals			32

Estimated Response Rate: 10%

Total Burden Estimate = 32 hours

13. Costs to Respondents

There is no dollar cost to respondents. The total estimated annual cost burden to respondents is \$799.36. The surveys take place across the United States with all cross-sections of firms that represent IRS contractors (e.g. large firms, small firms to multiple socioeconomic designations, etc.). 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 to Federal Government

The estimated cost is \$0.00. There is no travel for this project. All focus group sessions will be conducted using a conference phone line.

15. Reason for Change

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

16. Tabulation of Results, Schedule, Analysis Plans

This project will use a constant comparison analysis to analyze focus group data. This analysis initially groups data into smaller units and identifies each with a unique descriptor or code. Next, codes are placed into broader categories with the final goal of uncovering overall themes.

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 occurring between October 27, 2020 and November 4, 2020.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

These activities comply with the requirements in 5 CFR 1320.9.

19. Dates collection will begin and end

October 27, 2020 through November 4, 2020

B. STATISTICAL METHODS

1. Universe and Respondent Selection

Focus group participants will be solicited from individuals attending the 2020 Latino Tax Professionals Conference.

2. Procedures for Collecting Information

A WISS researcher will serve as the moderator for the focus group sessions. A RICS or other IRS employee will serve as a note taker/scribe for the sessions.

3. Methods to Maximize Response

The focus group sessions will be limited to one hour in length, and the session topic will be clearly communicated to potential participants to maximize participation. Participants will be assured anonymity of their responses, thus being free to express their thoughts and opinions.

4. Testing of Procedures

Focus groups are an established and tested qualitative research method. Questions contained within the moderator's guide will be reviewed by the RICS program office to assure the included topics meet the stated project goals. Only minor changes to the moderator's guide are expected following submission of this supporting statement.

5. Contacts for Statistical Aspects and Data Collection

For questions regarding the study or the research and statistical methodology, contact:

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