

## Appendix B

Office of Management and Budget (1545-1349)  
Summary of Projects Submitted for Approval and Results of Data Collections  
(2014-2017)

**Document Control #:** SOI-462 **Re:** Adjustments Amended Returns

**Participants:** 16 (13 Requests)

**Data Collection Began:** 4/14 **Data Collection Ended:** 4/14 **Burden Hours:** 11

**Cost:** \$10,716 **Response Rate:** 81 %

**Purpose:** The objective of this task was to do qualitative research on the CAS Amended Return processes. The key goal of this research was to determine whether or not changes were needed to improve the Amended Return processes.

**Findings:** Feedback about the *Where's My Amended Return Tool* suggests that focus group participants from both groups would have liked to use this tool during their amended return process.

**Actions Taken/Lessons Learned:** A report was share with CAS decision makers for consideration.

**Document Control #:** SOI-463 **Re:** Taxpayer Experience Pre-Test

**Participants:** 28 (84 Requests)

**Data Collection Began:** 8/14 **Data Collection Ended:** 8/14 **Burden Hours:** 29

**Cost:** \$4,000 **Response Rate:** 33%

**Purpose:** The purpose of this task was to conduct a cognitive test of the Taxpayer Experience Survey.

**Findings:** The survey was found to be understandable and was approved for fielding.

**Actions Taken/Lessons Learned:** The survey was found to be understandable and was approved for fielding.

**Document Control #:** SOI-464 **Re:** Practitioner Priority

**Participants:** 10 (120 Requests)

**Data Collection Began:** 4/14 **Data Collection Ended:** 4/14 **Burden Hours:** 19

**Cost:** \$10,716 **Response Rate:** 8%

**Purpose:** The objective of this task was to do qualitative research on the CAS PPS offerings. The key goal of this research was to determine whether or not changes are needed to improve the PPS processes.

**Findings:** The last question in the focus groups asked participants what, if anything, the IRS could do to improve services. Participants made several suggestions—some of the suggestions were new and some had been mentioned earlier.

**Actions Taken/Lessons Learned:** The suggestions were share with the PPS management team for consideration.

**Document Control #:** SOI-465 **Re:** Taxpayer Advocate Focus Groups

**Participants:** 12 (314 Requests)

**Data Collection Began:** 5/15 **Data Collection Ended:** 5/15 **Burden Hours:** 28

**Cost:** \$13,177 **Response Rate:** 4 %

**Purpose:** The goal of the focus groups is to gather input from the taxpayers who have had IRS problem and came to TAS for assistance. We will be asking each taxpayer about their experience with TAS to determine what is important to them and what they expect from their interaction with TAS. The taxpayers will be identified by those who did receive relief, did not receive relief and were either satisfied or dissatisfied. The specific business questions to be explored by the focus groups are: 1. Understanding of advocacy and the role of the "Case Advocate", 2. Expectations when they came to TAS, 3. Expectations changing while working with TAS, and if so why, and 4. Thoughts about how TAS can improve its communications and service to better meet expectations.

**Findings:** In response to questions regarding what taxpayers expected, TAS learned: most were unsure of what to expect from TAS, many hoped that TAS would be able to clarify their problem and intercede on their behalf with the IRS, many based their expectations on information they had found on the IRS website and many expected their Advocate to maintain communication and give updates about the status of their

problem. In response to questions regarding initial communication, TAS learned: Overall, taxpayers had good first impressions of their Advocate, many suggested that Advocates should make it clear what is expected from the taxpayer throughout the TAS process, a few taxpayers felt that their Advocate did not seem committed to getting their problem solved and some didn't know their case was closed. In response to questions regarding the overall experience, TAS learned: most didn't remember whether or not the advocate had explained their rights, most felt that the Advocate met or exceeded expectations while working to resolve their problem and most felt their opinions of the IRS were unchanged. **Actions Taken/Lessons Learned:** TAS employees listened to the focus groups as they were being conducted. Notes taken were shared with TAS management including the TAS executives. The recordings of the focus groups were shared with the Field Advocacy Directors. TAS learned that there are opportunities to improve our communications with taxpayers especially in explaining what TAS can do and has done with their case.

**Document Control #:** SOI-466

**Re:** TES Focus Groups

**Participants:** 21 (120 Requests)

**Data Collection Began:** 5/14 **Data Collection Ended:** 5/14 **Burden Hours:** 28

**Cost:** \$14,000 **Response Rate:** 20%

**Purpose:** The objective of this task was to do follow-up research on the Taxpayer Experience Survey.

**Findings: Reassure taxpayers that the bank information provided can only be used for its intended purpose.** Some participants were reluctant to provide banking information out of concern that this information could be used to collect funds at a future date. Taxpayers and tax preparers should be informed about what the IRS can and cannot do with taxpayer banking information.

**Actions Taken/Lessons Learned:** Consider ways to notify taxpayers that the refund has been deposited and the amount, and/or clearly identify the transaction record as a deposit from the IRS. Many respondents noted that because this is an infrequent transaction with an uncertain timeframe and a potentially uncertain amount (as compared to the regularity of wage or social security deposits) they preferred the confirmation of receipt that a paper check provides.

**Document Control #:** SOI-467

**Re:** ACA Toll Free Focus Groups

**Participants:** 120 (1,680 Requests)

**Data Collection Began:** 6/14 **Data Collection Ended:** 8/14 **Burden Hours:** 326

**Cost:** \$94,287 **Response Rate:** %

**Purpose:** The study provided insight into the taxpayer experience of calling the ACA automated toll-free line.

**Findings:** Participants were confused about the structure and content of the ACA automated toll-free line. Recommendations for improvement have been provided based on taxpayer feedback.

**Actions Taken/Lessons learned:** Many participants expressed a desire to speak with a live assistor, rather than the automated line, but understood that there are constraints. If the automated line were the only option, they provided feedback for making the automated line a better experience.

**Document Control #:** SOI-468

**Re:** TAS Focus Group

**Participants:** 91 (663 Requests)

**Data Collection Began:** 7/14 **Data Collection Ended:** 8/14 **Burden Hours:** 108

**Cost:** \$16,270 **Response Rate:** 60%

**Purpose:** Effectiveness of IRS's Math Error Notices & Statutory Notices of Deficiency-IRS uses many different notices to inform taxpayers about changes made to their tax returns and how the taxpayer should respond to the changes. TAS wanted to learn more about these notices, whether they clearly explained the changes to the return and the actions to take to contest any modifications, how preparers and taxpayers interpret the notices, and suggestions for improving this process. The feedback would likely be used along with other information, to describe the process and its strengths and weaknesses in TAS's Annual Report to Congress. Power of Attorney (POA) Delegations-TAS has an interest in tax practitioner's thoughts, experiences, and ideas about how the IRS handles taxpayer's power of attorney delegations. Specifically TAS wanted to know which methods practitioners were submitting POAs; whether the IRS recognized the

delegation; if IRS sent all appropriate correspondence; ramifications of IRS's failure to notify the POA of record, and how practitioners rate the quality of service.

**Findings:** Math Error Notice-The practitioners were aware of why the IRS issues math notices (for return accuracy) and believe that the IRS has the authority to make such adjustments in processing to achieve that accuracy. Some practitioners believe the IRS is overstepping their statutory authority in making some changes and not giving the taxpayer the opportunity to discuss the change. Practitioners stated the taxpayers rely on them to respond to the IRS concerning the math error notices, but the majority of taxpayers wait until after the deadline before involving the practitioner, some even waiting until preparing next year's return. Practitioners noted missing the deadline causes a more lengthy process to get the IRS to accept changes. The majority feel the notice is clear and understandable, especially to them. The practitioners stated if changes were made and they disagreed, they would file a 1040X (amended return) in response. Overall the process for math error notices is working well however, practitioners would like to see IRS acknowledge correspondence received, involve the practitioner from the beginning if the "check box" is completed, and hire more employees to deal with the correspondence. Statutory Notice of Deficiency (SNOD)-Practitioners indicated they understood the importance of the SNOD, referring to it as the 90-day letter and stated the IRS needs to issue it before they can assess additional tax. They all agreed that taxpayers do not understand the importance of the SNOD nor the need to take care of it immediately. The certified letter gets their attention, but many don't act upon it. Practitioners stated they get the SNOD from the client (unless they already have a power of attorney) either after the 90 days have expired or just before the expiration date. Once they are involved they try to work with the IRS submitting information, requesting transfer to Appeals or petitioning tax court, depending on time left on the SNOD. A few indicated they will file audit reconsideration after assessment rather than go to tax court. Many practitioners didn't know they could involve Appeals before tax court. Others informed the group that IRS seems to want to settle with their client after they file for tax court. The overwhelming suggested improvement: the IRS needs to acknowledge correspondence and respond since the timeframe is short. IRS should have designated personnel to handle all the correspondence to facilitate resolution. Power of Attorney Delegations-The majority of practitioners fax their POAs to the CAF unit, though they preferred using E-Service (no longer available). Several will fax it to the IRS employee they are working with; some still mail the form to the IRS. Regardless of the method the majority of the practitioners state they have to submit it multiple times before it is acknowledged, if at all. Practitioners overwhelmingly request that IRS bring back E-Services. The majority of the participants indicated that the IRS honor's their POA, but when they don't, there is no rhyme or reason to it. They could not see a pattern by unit or method submitted. A common complaint was that the IRS would say the POA isn't on the system, when in a previous phone call it was acknowledged. The practitioners overwhelmingly said they contact the IRS unit/employee if they were not sent correspondence that a client received. Practitioners noted delays in resolution and in some cases costing taxpayers money due to the lack of notification. All of the practitioners indicated they understood the differences in authority depending on their status and the difference between a POA and check box authority. Many noted the IRS did not seem to know the difference. They requested better training for IRS employees as they are not consistent in their acknowledgment of the different authorities. Very few practitioners knew the procedures for IRS to bypass their power of attorney, and none had been involved in a bypass. In grading the IRS on their handling of POAs, about a third of participants gave the service a "C", nearly half would give a grade of "A" or "B" and the remaining thought the IRS deserved lower than a "C". Overall the practitioners feel service would be better if the IRS would bring back the E-Services.

**Actions Taken/Lessons Learned:** Lessons learned: Recruiting – Due to our reduced budget, there was no dedicated recruiter at the forums and we needed to find ways to maximize recruiting efforts. The focus group coordinator arrives at the forum site early on Monday and starts recruiting Monday afternoon, rather than Tuesday morning. We recognized that many practitioners arrive and check in Monday afternoon and they are open to discuss participation in focus groups. This practice recruited an average of 10 practitioners per site, reducing the recruiting needed on Tuesday morning. Scheduling-Scheduling TAS Focus Groups during the lunch break enhances recruitment potential and allows participants the opportunity to attend education sessions for CPE credits. Actions taken – 2014-We kept timeframes to 60 minutes, enabling us to capture the requested information, without creating a hardship for participants. Participants appreciated the shortened timeframe.

**Document Control #:** SOI-469 **CANCELLED** **Re:** Form 8863 Education Usability Study

**Participants:** N/A

**Data Collection Began:** N/A **Data Collection Ended:** N/A **Burden Hours:** N/A

**Cost:** \$ N/A **Response Rate:** N/A %

**Purpose:** One-on-one sessions to gather input from Taxpayers and tax practitioners to determine their reaction to Form 8663 and its' instructions and Form 1098T. This information will assist in developing clear tax products that assist taxpayers in voluntarily meeting their tax obligations and reporting their business income accurately.

**Findings:** N/A

**Actions Taken/Lessons Learned:** N/A

**Document Control #:** SOI-470

**Re:** Out of Scope Focus Groups

**Participants:** 128 (5,185 Requests)

**Data Collection Began:** 9/14 **Data Collection Ended:** 10/14 **Burden Hours:** 156

**Cost:** \$43,997 **Response Rate:** 3%

**Purpose:** The findings from this research will allow the IRS to make improvements to current and future service channels for 'out of scope' issues as well as to improve the advertising surrounding these service channels. In turn, this will improve level of service, facilitate voluntary compliance, and reduce taxpayer burden by incorporating taxpayer perspectives and improving all Service interactions through: Ensuring operational decisions are made only after considering the views of affected taxpayers; Using focus groups, comprehension testing, usability testing, and other research methods both to improve current and before rolling out new services and processes; Facilitating voluntary compliance for taxpayers with issues that are deemed 'out of scope'.

**Findings:** Generally, session participants liked the ease of use and security with the Where's My Refund and Get Transcript online tools, but made suggestions to simplify the web pages and improve links surrounding accessing the tools. They found Interactive Tax Assistant online tool to be more difficult to find, and suggested simplification of web page layout and language. Last, offered various specific formatting and content changes for the CP14 and CP87A notices.

**Actions Taken/Lessons Learned:** RG2 has followed up with customers in both AM and Online Services to determine and then document operational impacts of this research. AM used WIRA's notice findings to shape changes to notice language and Online Services used WIRA's research on the Get Transcript online tool to strengthen their decision to make changes to the IRS.gov surrounding marketing the tool as a way for taxpayers to verify account payments.

**Control # and Name:** SOI-471

**Re:** Where's My Refund Usability Test

**Participants:** 40 (40 Requests)

**Data Collection Began:** 8/14 **Data Collection Ended:** 8/14 **Burden Hours:** 102

**Cost:** \$90,000 **Response Rate:** 0%

**Purpose:** To allow the IRS to better understand how taxpayers use and relate to the Where's My Refund interactive online tool. This tool is used by taxpayers to check their refund status after filing their tax return

**Findings:** Participants found the WMR tool easy to locate and simple to use; they also perceived it to be helpful.

**Actions taken or lessons learned:** No major usability issues were found; however, the tool could benefit from some minor changes.

**Control # and Name:** SOI-472

**Re:** CCE Focus Groups

**Participants:** 21 (351 Requests)

**Data Collection Began:** 9/14 **Data Collection Ended:** 10/14 **Burden Hours:** 12

**Cost:** \$3,637 **Response Rate:** 5%

**Purpose or Objective:** The focus group will be conducted to concentrate on the 'Customer Service Experience and Alternative Channels of Communication' for the Reporting Compliance Program (CCE). We would like to know the taxpayers' experience when calling the IRS (i.e., expectations, wait time, what

was confusing, what would improve their experience, etc.). The information collected will help the IRS provide better service to customers. We want to make sure that we have captured the key factors that drive taxpayer satisfaction with interactions with IRS Reporting Compliance staff.

**Findings:** All of the participants indicated that they did not like automated telephone lines. They noted the main reasons for their dislike of automated lines were due to multiple transfers as well as the fact that automated phone lines do not cater to their specific case needs. Most participants indicated that they did not like the idea of an automated frequently asked questions feature. A few participants said they would visit a website that displayed frequently asked questions, however. Participants also agreed that they would like an online feature that allowed them to check the status of their audit case. Most participants said that they would use email if contact information for the IRS were made available to them. Participants agreed that their audit letters were consistent in their messages, although there were some discrepancies with deadlines listed in the letters. Participants also noted some ways that the IRS could avoid having people call the toll-free line, which included having an assigned IRS employee to their audit case and being able to check the status of their case online. About half of the participants said that an online educational video explaining their audit enclosures would be useful and the other half said that it would not be useful. Participants suggested ways that the IRS could improve their services, which included having an online system to check the status of their audit, having a designated point of contact at the IRS for their case, as well as making deadlines more consistent.

**Actions Taken\Lessons Learned:** AUR/CCE continues to actively monitor the findings as legislated.

**Control # and Name:** SOI-473

**Re:** ACS/CSCO Focus Groups

**Participants:** 15 (187 Requests)

**Data Collection Began:** 10/14 **Data Collection Ended:** 10/14

**Burden Hours:** 21

**Cost:** \$6,813

**Response Rate:** 8%

**Purpose or Objective:** The purpose of the groups was to understand taxpayer perception of service provided by the CSCO collection notice operation and by ACS and to better understand high leverage items on the satisfaction surveys.

**Findings:** Complaints about the wait time on the phone and receiving multiple, redundant mailed notices from the IRS. IRS representatives do not seem knowledgeable about tax law or procedures, making it difficult to resolve issues quickly. Most said they'd want email contact with the IRS while a few were concerned about security or about getting confirmation the email was read. Suggestion raised that each person be assigned a case number or other method for easily finding and tracking an individual case without revealing personal information.

**Actions Taken\Lessons Learned:**

ACS/CSCO continues to actively monitor the findings as legislated.

**Control # and Name:** SOI-474

**Re:** Individuals Living Abroad

**Participants:** 48 (152 Requests)

**Data Collection Began:** 9/14 **Data Collection Ended:** 11/14

**Burden Hours:** 61

**Cost:** \$0

**Response Rate:** 0%

**Purpose:** The purpose of the focus groups were to gain a better understanding of how taxpayers determine whether they have a filing obligation and how they choose to file, their awareness of tax provisions specific to international taxpayers, and their experiences using information and services provided by the IRS

**Findings:** Many of the participants were not aware of their U.S. tax filing requirements. In fact, a couple of participants were learning about the requirements during the focus group. This is likely a reason for half of the participants never filing a U.S. tax return from outside of the continental U.S. However, some participants were aware of the requirements but were behind on their taxes as they learned of their requirements in recent years. These participants went on to say that filing from outside the continental U.S. can be very time consuming and contributes to the delay in filing. When participants were asked why they did not file U.S. tax returns, many stated they did not think it was necessary because they were living outside of the U.S., paying taxes in the country they are currently living, and not earning money in the U.S. There were a couple of participants who consulted accountants about filing U.S. taxes and were told they did not need to file. Most participants do not actively seek out information on U.S. taxes regardless of whether they have ever filed a U.S. tax return from outside the continental U.S. Those that do actively seek

this information either go directly to the IRS website or, more commonly, conduct a Google search about a specific topic to obtain the information they need. A couple of participants who had consulted accountants expected their accountants to tell them if they needed to file a U.S. return.

**Actions Taken/Lessons Learned:** During the international non-filer focus groups, WIRA learned that the initial survey solicitation primed non-filers to begin thinking about their U.S. tax obligation, and some individuals began researching their filing requirement through online resources. This discovery has prompted WIRA to initiate a new line of research that utilizes nudge theory to influence international non-filer behavior. Nudge is a behavioral science concept that employs indirect suggestions to achieve non-forced compliance. WIRA has recently discussed submitting a proposal for Research, Applied Analytics, and Statistics (RAAS) funds, which is awarded on an annual basis. The research study will explore the efficacy of sending international non-filers an informational postcard to influence behavior.

**Control # and Name:** SOI-475

**Re:** Appeals Tax Professional

**Participants:** 11 (49 Requests)

**Data Collection Began:** 10/14

**Data Collection Ended:** 10/14

**Burden Hours:** 16

**Cost:** \$17,976

**Response Rate:** %

**Purpose or Objective:** To develop a better understanding of the tax professional experience in Appeals. To assist the IRS in developing an understanding of the service needs and preferences of these tax professionals and their clients.

**Findings:** Participants were familiar with the acknowledgement letter but opinions varied on whether they thought the letter was clear. Some of the examination customers felt the letter was received too late when requesting information within a short timeframe. Many participants expressed dissatisfaction with the length of the appeal, saying there were unexplained delays in the process. Opinions were mixed on whether they thought the Appeals Officer was impartial and took an independent look at the case. Some said many Appeals Officers were previously Revenue Agents and take that approach to looking at a case. However, most did think their Appeals' Officer was knowledgeable.

**Actions Taken/Lessons Learned:** Appeals had four employees monitor the focus groups in order to obtain first-hand information. Appeals have also thoroughly reviewed the analysis and report provided by the third-party vendor. The results and highlights of the focus groups have been shared with the Chief Appeals and all executives. Appeals plan to continue to improve communication avenues by creating documentation that is user-friendly to both taxpayers and the tax professional community. We also will address face-to-face communication procedures, as well as the length of the Appeals process. We have reviewed every response to focus group questions and will take appropriate action to improve areas deemed to be in need of improvement

**Control # and Name:** SOI-476

**Re:** Tipping Usability Testing

**Participants:** 36

**Data Collection Began:** 11/14

**Data Collection Ended:** 11/14

**Burden Hours:** 33

**Cost:** \$ 51,615 **Response Rate:** %

**Purpose or Objective:** Conduct cognitive and usability testing of a prototype web-based consumer tipping survey. The goals of the cognitive test of the survey were to: (1) determine the optimal design for the survey (i.e., grouping categories as one item or breaking them out into separate items), (2) identify and repair problematic survey language and instructions, and (3) ensure the response options accurately captured respondents' tipping behaviors and service-related expenditures. These goals aim to optimize the user experience and statistical reliability and validity of the survey. The two goals in the usability testing phase: (1) test the survey on multiple devices to ensure that respondents are able to complete the survey on common web-based devices and (2) examine responses across different recall periods in order to make a recommendation about the recall frame used for the pilot study.

**Findings:** Cognitive testing: Two alternative versions of the questionnaire were tested and subjects demonstrated a clear preference for version 2 (breaking out service categories into separate items). In addition, numerous improvements in survey language were identified and subjects provided useful insight into their thought processes in tipping occasions. Usability testing: Participants indicated their device preferences between smartphone, tablet, and PC (PC preferred). Other improvements to survey language were identified, there was considerable participant confusion about non-monetary tips, and several new

tipping situations were added. This research determined that a 1 day recall period was likely to provide the most accurate data v. 3- and 5-days.

**Actions Taken/Lessons Learned:** The participant confusion about non-monetary tips prompted additional questions from this category to be dropped. The pilot study survey design is being addressed in coordination with the data panel vendors.

**Control # and Name:** SOI-477

**Re:** Taxpayer Experience Pre-test

**Participants:** 28 (84 Request)

**Data Collection Began:** 3/15      **Data Collection Ended:** 12/15

**Burden Hours:** 29

**Cost:** \$4,000

**Response Rate:** 33%

**Purpose:** The purpose of this task was to conduct a cognitive test of the Taxpayer Experience Survey.

**Findings:** The survey was found to be understandable and was approved for fielding.

**Actions Taken/Lessons Learned:** The survey was found to be understandable and was approved for fielding.

**Control # and Name:** SOI-478

**Re:** TES Focus Groups

**Participants:** 51 (111 Requests)

**Data Collection Began:** 2/15      **Data Collection Ended:** 2/15

**Burden Hours:** 53

**Cost:** \$14,000

**Response Rate:** 46%

**Purpose or Objective:** The objective of this task was to do follow-up research on the Taxpayer Experience Survey.

**Findings:** Most participants looked online for information about taxes, using either the IRS website or search engines. Other common sources of information about taxes were accountants or tax preparers, friends or family, or other IRS sources such as forms or publications.

**Actions Taken/Lessons Learned:** Continue to provide services on IRS.gov to help individuals determine their filing requirement. Continue to encourage non-filers (and filers) to check any tax information they get from family and friends on IRS.gov or with a tax professional source.

**Control # and Name:** SOI-479

**Re:** Field Assistance Focus Group

**Participants:** 16 (36 Requests)

**Data Collection Began:** 5/6/15

**Data Collection Ended:** 5/7/16

**Burden Hours:** 98

**Cost:** \$ 10,588

**Response Rate:** 70%

**Purpose or Objective:** Improving service to taxpayers requires ongoing assessment of service delivery, by which we mean conducting customer-based research in addition to evaluating internal operations. W&I Research will collect, analyze, and interpret information gathered through this clearance to identify strengths and weaknesses of services provided at local IRS offices and make improvements in service delivery based on feedback. The solicitation of feedback will target why taxpayers visit Taxpayer Assistance Centers (TACs) rather than use other service channels as well as Facilitated Self Assistance (FSA). Responses will be assessed to plan and inform efforts to improve or maintain the quality of service offered to the public. If this information is not collected, vital feedback from customers and stakeholders on W&I's services may be unavailable.

**Findings:** Most of the participants tried the 1-800 line but was unable to access a representative and had a long wait time. Most participants are very comfortable using computers and the internet. Many participants used the IRS website, although they commented that the website is confusing and hard to navigate. One segment of participants simply prefers visiting an IRS office; they prefer to talk to a person face-to-face and the office is convenient for them. Other participants visit the office, because they can't resolve their issue through other channels.

**Actions Taken/Lessons Learned:** From this focus group we have learned that in TAC offices we need to improve waiting times, keep the office open, and employ a screening process to redirect people to the correct line based on their issue/needs. On the 1-800 line we need to reduce waiting times, make it easier to navigate the automated system to reach a representative and provide representatives with additional training to answer more complex questions. On the website we need to make it easier to navigate, provide clear, detailed instructions with steps needed to resolve different types of issues, provide a video presentation of what they can expect to get resolved via the online tools and next steps should they need to take additional

action or follow up, simplify language and provide definitions for confusing words and include an FAQs page with categories.

**Control # and Name:** SOI-480 **Re:** AUR Reporting Focus Group  
**Participants:** 6 (24 Requests)  
**Data Collection Began:** 6/15 **Data Collection Ended:** 6/15 **Burden Hours:** 7  
**Cost:** \$ 12,552.76 **Response Rate:** 25%  
**Purpose or Objective:** The purpose of this study was to ascertain how well recipients understood the overall message of the letters (notices) from the IRS.  
**Findings:** Most but not all participants understood the purpose of the letters and why the IRS would send.  
**Actions Taken/Lessons Learned:** Participants found the tone of Letter A to be informational and lengthy.

**Control # and Name:** SOI-481 **Re:** Filing and Compliance Groups  
**Participants:** 27 (81 Requests)  
**Data Collection Began:** 7/15 **Data Collection Ended:** 7/15 **Burden Hours:** 26  
**Cost:** \$7,042 **Response Rate:** 25%  
**Purpose or Objective:** The objective of the study was to help the IRS make improvements to the Online Payment Agreement system.  
**Findings:** Most participants had contact with the IRS to resolve issues with unpaid taxes. Some had resolved their issue at the time of the focus groups and others were still waiting for a resolution or were getting notices that were no longer relevant. Several participants had set up payment agreements.  
**Actions Taken/Lessons Learned:** Many participants had never used the Online Payment Agreement tool prior to the focus groups. Of those who had, most had trouble setting up a payment agreement through the online tool because the tool was too confusing or because they couldn't access it.

**Control # and Name:** SOI-482 **Re:** 94x e-file Initiative  
**Participants:** 53 (116)  
**Data Collection Began:** 7/8/15 **Data Collection Ended:** 9/2/15 **Burden Hours:** 106  
**Cost:** \$6,982 **Response Rate:** 46 %  
**Purpose or Objective:** There were three objectives: Identify barriers to e-filing Form 94X returns, Determine awareness of the new electronic signature methods, and Solicit suggestions for marketing the Form 94X e-file program.  
**Findings:** The four top barriers to e-filing Forms 94X were that the procedures are difficult and complex, timing is problematic because you can't e-file prior quarters, obtaining the 10-digit code for e-filing is difficult and time consuming, and client's won't pay to e-file. The majority of the participants were unaware of the new signature methods and were unfamiliar with Form 8879-EMP and Form 8453-EMP. The participants suggested making employment tax e-filing free, schedule conference calls for payroll professionals, and use existing technology to communicate with them. Other suggestions included: adding a user-friendly direct portal on IRS.gov so they can avoid using a third party to transmit their employment tax returns and updating EFTPS® so they can process payments until midnight of the due date.  
**Actions Taken/Lessons Learned:** The client was in the process requesting funding for a new, fully automated 94x Online Signature PIN system that would issue the PIN in real time vs. 45-days. They are also exploring the feasibility of adding 94x e-file on EFTPS®.

**Control # and Name:** SOI-483 **Re:** Business Specialty Tax Telephone Line  
WITHDRAWN

**Control # and Name:** SOI-484 **Re:** TAS Tax Forum Focus Groups  
**Participants:** 166 (221)  
**Data Collection Began:** 7/16/15 **Data Collection Ended:** 9/13/15 **Burden Hours:** 201  
**Cost:** \$13,497 **Response Rate:** 75%  
**Purpose or Objective:** Practitioner Priority Telephone Services (PPS): TAS is interested in tax practitioner's thoughts, experiences and ideas about how IRS provides service to preparers. Particularly, we wanted to know the impact of recent changes in IRS service offerings and how the availability of services



impacts tax preparers. Appeals Judicial Approach and Culture (AJAC): Are Changes Working: The IRS Appeals function made several changes to the AJAC and CAP processes in the hopes of increasing Appeals independence and improving the effectiveness of the CAP process. TAS wanted to learn about practitioners' assessments of the changes. We wanted to get practitioners' assessments of current operations and compare them with Appeals interactions before the changes. Additionally we asked participants to assess the program, elaborate on their experiences and makes suggestions for any additional improvements. TAS Tax Toolkit and irs.gov: TAS has two primary external platforms for interaction with taxpayers. The Internet is one of the TAS's primary outreach tools as it allows TAS to provide pertinent information to taxpayers and tax practitioners at a relatively low cost and is available to our customers 24/7. This focus group observed users' experiences with TAS's internet tools e to identify and document common issues encountered during observations of typical users using the application, and to recommend changes or enhancements to an application's design, layout, labeling or flow based on these observations.

**Findings:** Practitioner Priority Telephone Services: Participants overall feeling toward IRS and the PPS is frustration and, to some extent, exasperation. It wasn't uncommon for participants to express feelings of abandonment in their partnership with the IRS, which in turn negatively affects their relationship with their clients. Participants attempt to help both their clients and the IRS; almost a type of mediator, but feel they need to be able to access the IRS to minimize costs for both their clients and the IRS. Some stated they were offended by their treatment: the IRS expects them to follow procedures and process to become a preparer (fees, fingerprinting and CPE credits) but the IRS doesn't seem to treat them as a valued partner. Majority of the participants would like to see a robust PPS and return of a full service E-Services to streamline practitioner processes. Appeals Judicial Approach and Culture (AJAC): Are Changes Working: Overall, participants haven't notice any significant improvement in dealing with Appeals. They indicated the changes aren't working as intended and there is a lack of consistency in applying the new process and policies. There was no difference seen in either examination or collection cases. There was a slight improvement in the timeliness of getting to see an Appeals officer. When asked about drawbacks to the new approach, the participants identified mostly the inexperienced hearing officers who aren't allowed to make decisions is now prevalent which is causing additional time and cost, which isn't fair to the taxpayer. Overwhelmingly the participants felt the hearing officers aren't interested in hearing them out and the perception is that the hearing officer rule in favor of the government the majority of the time. The participants did point out if you had all your documentation and met with an experienced officer, the outcome was better. The participants did have some suggestions for improvement including more training, assistance from a technical group, embrace the philosophy of mediation and develop a standard form for requesting appeals. TAS Tax Toolkit and irs.gov: Overall, the findings from the formal usability testing proved that the design and functionality of both web applications were acceptable from a usability perspective. The simple application design and navigation didn't present significant issues to participants. Most of the issues encountered were the result of a failure to understand the content. IRS terminology often confused users. Increase the visibility of homepage elements. Continue to offer multiple paths for navigation. Improve clarity on mission of TAS and organization of the site. Simplify description of who qualifies for the TAS assistance. Enhance the look and feel of the homepage. Enhance the homepage navigation.

**Actions Taken/Lessons Learned:** Usability testing began on Monday afternoon, which allowed participants to be less rushed for an optimal testing period. The computers were set up in the main registration/lobby area to increase visibility. Scheduling TAS Focus Groups during the lunch break enhances recruitment potential and allows participants the opportunity to attend education sessions for CPE credits. We kept timeframes to 60 minutes, enabling us to capture the requested information, without creating a hardship for participants. Participants appreciated the shortened timeframe.

**Control # and Name:** SOI-485

**Re:** Earned Income Tax Credit Preparer Software

**Participants:** 51 (220 Requests)

**Data Collection Began:** 7/15

**Data Collection Ended:** 9/15

**Burden Hours:** 60

**Cost:** \$5,200

**Response Rate:** 23%

**Purpose or Objective:** The project sought to provide greater specificity to help taxpayers determine whether they qualify to take the credit based on the four tests for qualifying child; Relationship, Age,

Residency, and Joint Return, and to develop suggestions for more robust EITC instructions and guidance which would better inform taxpayers regarding credit eligibility.

**Findings:** Participants indicated that the relationship test is the test most taxpayers have difficulty with, and the one that generates the greatest number of errors. Confusion often arises when a taxpayer is providing financial support for a child living in the home, but the child is unrelated to them through blood or marriage. Participants suggested utilizing ‘NOT’ statements within the IRS definition to clarify who is a qualifying child. Participants discussed at-length the definition of school as it pertains to “schools offering courses only over the Internet,” and were in agreement that the IRS may need to update the school definition to account for changing trends in education. Participants suggested a wording revision to the IRS Residency Test definition that would include the words, “live with you,” or something similar.

**Actions Taken/Lessons Learned:** The study recommended evaluating participant comments for possible inclusion in EITC questionnaires within tax-preparation software, the EITC Assistant on IRS.gov, and in other sources of EITC eligibility information, and developing additional language addressing the unique tax issues identified by focus group participants. It is unknown whether these actions were taken by the RICS program office.

**Control # and Name:** SOI-486

**Re:** e-Help Focus Groups

**Participants:** 17 (108 Requests)

**Data Collection Began:** 8/15

**Data Collection Ended:** 10/15

**Burden Hours:** 23

**Cost:** \$10,588

**Response Rate:** 25

**Purpose or Objective:** The E-Help Desk IVR phone survey currently conducted by Pacific Consulting Group used to measuring customer satisfaction has not been reviewed for several years. Three focus groups will be used to test potential changes to the survey. This research has two components. The first will utilize a screener to invite taxpayers who have participated in a prior E-Help Desk survey to participate in a telephone focus group to provide feedback. The second component will be conducting the E-help Desk telephone focus groups with those taxpayers.

**Findings:** The following summarizes key findings of the main topic areas. For more complete quotes and details of each group’s discussion, please refer to Detailed Findings- Calling E-Help Desk -Reasons for Calling: Participants mostly called the E-help Desk for login issues or to follow up on the status of clients’ e-filed tax returns. Most participants call the E-help Desk several times a year and many had years of experience calling E-help. A couple of participants only had one experience with the E-help Desk. - Employee Authority: Participants felt that most E-help Desk representatives had the authority to solve certain issues. Several participants mentioned that newer representatives may not understand their authority to solve problems. Most participants seemed to understand that the E-help Desk could only answer questions or solve problems that fall within their department’s jurisdiction

**Actions Taken/Lessons Learned:** Login Requirements: Some participants felt that the security measures in place for IRS e-services were too restrictive. For example, participants felt that needing to update passwords twice a year was causing them to forget their passwords and so call the E-help Desk more often. While most participants understood the need for these security measures, some suggested that the IRS send an email or notify users when a password is about to expire. More Authority to Representatives: Several participants commented that representatives could only give general information and not specific details about why an e-filed return was rejected. Giving E-help representatives more authority to share details of an issue in certain cases could alleviate this.

**Control # and Name:** SOI-488

**Re:** Affordable Care Act Non-Compliance

**Participants:** 12,122 (153 Requests)

**Data Collection Began:** 11/15

**Data Collection Ended:** 2/16

**Burden Hours:** 141

**Cost:** \$48,177

**Response Rate:** 1%

**Purpose or Objective:** The findings from this research will help the IRS identify factors contributing to PTC-related errors on returns. The IRS will use the findings to plan, develop, and implement communication strategies and educational materials based on taxpayers’ and tax professionals’ experiences to correct common behaviors leading to these errors. This will lead to a reduction in self-preparers’ and tax professionals’ compliance burden as well as IRS downstream costs.

**Findings:** Taxpayer interviews revealed that self-preparers had little understanding of the Premium Tax Credit. They suggested the IRS implement increased PTC education, better resources to answer questions,

and improved quality of information on the 1095-A to mitigate PTC-related errors. Paid-practitioner interviews revealed practitioners observed their clients had little understanding of the Premium Tax Credit and that most first-year tax preparation mistakes will be corrected in subsequent years without IRS intervention.

**Actions Taken/Lessons Learned:** Using information gained from the interviews, IRS researchers will conduct focus groups with paid-practitioners to get more information about their experiences with PTC returns in the second year of filing, major issues facing the practitioner community, and well challenges they anticipate for the third filing season for PTC returns (calendar year 2017). In addition, the IRS will administer a survey to a large sample of self-preparers to analyze information gained from the interviews using inferential statistics.

**Control # and Name:** SOI-489

**Re:** Conjoint Survey

**Participants:** 1,604 (7,670 Requests)

**Data Collection Began:** 11/15

**Data Collection Ended:** 11/15

**Burden Hours:** 1,441

**Cost:** \$139,632

**Response Rate:** 21%

**Purpose or Objective:** The purpose of this survey is to update the TCM with targeted information to inform continued development of a web-first strategy. Specifically, the TCM predicts uptake of new or improved service channel options, including potential migration from more costly, traditional service channels (phone and Taxpayer Assistance Center (TAC)) and impact on those taxpayers currently using those channels. In conjunction with other IRS data currently available, the TCM can provide the ability to measure and compare potential service changes based on potential cost reduction and taxpayer impact from web-first strategy inclusion.

**Findings:** We found a high preference for Online Account service options over the other options currently available for all taxpayers and TAC users. Opportunities exist for facilitating access to other service channels via the appointment process due to high preference for non-TAC service options in the current state. Service fees for TAC provide small preference shifts to Online Account. Offering IRS2Go and/or web chat for some services mostly moves taxpayers from Online Account, but some from other service channels.

**Actions Taken/Lessons Learned:** Findings have been incorporated into analysis used for future service plans. However, specific actions taken cannot be shared at this point due to the Future State strategy not yet having been approved by the Commissioner.

**Control # and Name:** SOI-490

**Re:** Taxpayer Experience Pre-test

**Participants:** 28 (84 Requests)

**Data Collection Began:** 4/16

**Data Collection Ended:** 4/16

**Burden Hours:** 29

**Cost:** \$4,000

**Response Rate:** 33%

**Purpose:** The purpose of this task was to conduct a cognitive test of the Taxpayer Survey

**Findings:** The survey was found to be understandable and was approved for fielding.

**Actions Taken/Lessons Learned:** The survey was found to be understandable and was approved for fielding.

**Control # and Name:** SOI-491

**Re:** Taxpayer Experience Survey

**Participants:** 23 (180 Requests)

**Data Collection Began:** 3/16

**Data Collection Ended:** 3/16

**Burden Hours:** 29

**Cost:** \$14,000

**Response Rate:** 13%

**Purpose:** The objective of this task was to do follow-up research on the Taxpayer Experience Survey.

**Findings:** All respondents were aware of the Affordable Care Act and many referred to it as Obamacare. Most were aware of the requirement to report whether or not they had health insurance on their tax return. Generally, respondents remembered reporting that they had health insurance on their 2014 tax return.

**Actions Taken/Lessons Learned:** Increase awareness of the PTC through IRS.gov and other relevant sources.

**Control # and Name:** SOI-492

**Re:** Adjustments Amendment Return

**Participants:** 13 (16 Requests)

**Data Collection Began:** 3/16      **Data Collection Ended:** 3/16      **Burden Hours:** 13  
**Cost:** \$11,710      **Response Rate:** 81%

**Purpose:** The objective of this task was to do qualitative research on the CAS Amended Return processes. The key goal of this research was to determine whether or not changes were needed to improve the the Amended Return processes.

**Findings:** Participants frequently stated that they felt mistrust toward the IRS. Participants also expressed frustration that they were not given the benefit of the doubt when it came to resolving these issues.

**Actions Taken/Lessons Learned:** A report with conclusions and recommendations was created by FMG.

**Control # and Name:** SOI-493      ONGOING      **Re:** Demand Migration Interviews

**Participants:** (      )

**Data Collection Began:** 11/16      **Data Collection Ended:** 1/17      **Burden Hours:**

**Cost:** \$      **Response Rate:** %

**Purpose:**

**Findings:**

**Actions Taken/Lessons Learned:**

**Control # and Name:** SOI-494      **Re:** Injured Spouse Focus Groups

**Participants:** 11 (35 Requests

**Data Collection Began:** 8/16      **Data Collection Ended:** 8/16      **Burden Hours:** 18

**Cost:** \$11,710      **Response Rate:** 3%

**Purpose or Objective:** Fors Marsh Group (FMG) conducted two focus groups in August 2016, one with five participants ( $n = 5$ ) and the other with six participants ( $n = 6$ ), to gain a better understanding of why taxpayers are dissatisfied with the Injured Spouse Allocation process. FMG's research focused on concerns that Form 8379 filers have about obtaining information needed from Internal Revenue Service (IRS) customer service representatives (CSRs) regarding the Injured Spouse process and what to expect after filing. Findings are not generalizable to all dissatisfied taxpayers. The purpose of this research was to gather rich feedback from a small sample ( $n = 11$ ) and identify areas for IRS improvement.

**Findings:** Many participants expressed a general sentiment they could not get detailed enough information online or over the phone to feel confident their Injured Spouse Allocation claim was being processed in a timely manner. Few participants said they received an adequate description of the Injured Spouse process. Most participants were concerned about the status of their claim, stating the CSR's response regarding the process taking about 12 weeks is inadequate. By providing filers access to specific online case information/updates as well as through CSRs, the IRS can educate taxpayers about the process, increase filers use of self-help options (reduce calls to the IRS), and potentially increase customer satisfaction overall and/or in areas related to CSR knowledge.

**Actions Taken/Lessons Learned:** At least one-half of focus group participants looked online for answers to their questions before calling the IRS. All focus group participants said they contacted the IRS to obtain the status of their Injured Spouse claim. If more information had been available online or was easier to find online, many said they would have likely *not* have called the IRS. Developing and implementing an online tool, similar to "Where's My Refund," with up-to-date information regarding where each Injured Spouse claim is in the process and a realistic case closure date would be advantageous to both filers and the IRS. When participants looked for answers online, many found, "Where's my Refund?" and thought it may contain information/update regarding their Injured Spouse claim. If a dedicated online claim status query tool is developed for Injured Spouse filers, the IRS may consider linking it with "Where's my Refund." The linkage may improve filer's understanding of these processes and their relationship. The Injured Spouse online tool would need to define each step/part of the Injured Spouse process, include personalized information so taxpayers would trust the update was specifically for their case, and display updated information regarding filer's estimated receipt of their case outcome.

**Control # and Name:** SOI-495

**Re:** Paid Preparer

**Participants:** 61 (736 Requests)

**Data Collection Began:** 6/16

**Data Collection Ended:** 6/16

**Burden Hours:** 86

**Cost:** \$40,379

**Response Rate:** 4%

**Purpose or Objective:** Wage and Investment Strategies and Solutions (WISS) sought and received OMB approval for Phase 1 of this study, the results of which gave the IRS a stronger understanding of causes of non-compliance with PTC. IRS researchers identified patterns and circumstances contributing to PTC-related errors on returns from the interview findings; but gaps in knowledge still exist, particularly where paid preparers are concerned. To achieve these objectives, the IRS will use information collected from the phone interviews conducted in Phase 1 of the study to inform the development of a focus group moderator's guide for sessions to be conducted with paid practitioners to fill gaps in knowledge and understanding not obtained in Phase 1 of the research study. IRS researchers did not obtain sufficient information from interviews with paid practitioners to confidently inform the development of a survey for that population. In order to fill those gaps, WISS researchers plan to conduct additional focus groups with these individuals to get more information about their experiences with PTC returns in the second year of filing and major issues facing the practitioner community, as well as challenges they anticipate for the third filing season for PTC returns (calendar year 2017).

**Findings:** Paid practitioners in 2016 experienced many of the same issues that impacted PTC return compliance in filing season 2015. Most of these issues were due to factors outside of practitioners' immediate control. Practitioners attributed issues to four major factors: (1) lack of understanding among their clients (taxpayers) regarding filing obligations and PTC reconciliation, (2) clients' lack of understanding of the need to report changes in income to the Marketplace and the process used to do so, (3) conflicting information on Forms 1095-A, and (4) lack of communication between family members in cases where a child is enrolled for Marketplace insurance by another family member. Practitioners stated the resolution process continued to be extremely burdensome for the taxpayers who did not comply with the PTC reconciliation requirements in filing season 2016. In addition, very few practitioners noticed improvements in the PTC return preparation process in 2016; and many expressed that their clients still did not understand the Letter 12C. Practitioners also faced several new challenges in filing season 2016. They attributed new issues to four major factors: (1) increased PTC reconciliation enforcement procedures by IRS, (2) confusion caused by the introduction of new insurance Forms 1095-B and 1095-C, (3) logistical issues with the Federal Marketplace, and (4) clients purposely underreporting income to avoid SRP penalties in 2015.

**Actions Taken/Lessons Learned:** In 2017, the IRS will build on the key messages and emphasize the requirement that taxpayers file Form 8962 and reconcile APTC using Form 1095-A information. Messaging also will stress taxpayers file electronically and reiterate that taxpayers who file without reconciling APTC will experience a delay in their refund. In addition, the IRS may need to add information that reminds taxpayers that Marketplace insurance constitutes Minimum Essential Coverage (MEC) and to check the full year coverage box if appropriate and contact their Marketplace to reinstate any APTC for TY 2017 if they filed and reconciled TY 2015 APTC. Not coincidentally, several changes in IRS messaging address practitioners' recommendations heard in the Phase 2 focus group sessions. This includes messaging to address non-compliance repercussions, such as refund delays and future APTC ineligibility, as well as the importance of reporting income and family size changes to the Marketplace.

**Control # and Name:** SOI-496

**Re:** Refund Timing/Future State

**Participants:** 112 (182 Requests)

**Data Collection Began:** 7/16

**Data Collection Ended:** 9/16

**Burden Hours:** 146

**Cost:** \$14,873

**Response Rate:** 62%

**Purpose or Objective:** Refund Timing: Refund fraud is a big issue facing the IRS and taxpayers. Efforts taken by the IRS to combat refund fraud often causes delays in releasing refunds. Starting this year the IRS will be holding refunds on Earned Income Tax Credit (EITC) and Additional Child Tax Credit returns (ACTC). The IRS is also moving up deadlines for information filing. TAS wanted to get the practitioners opinion on the changes to the timing of refunds and how other changes affects their clients and their practices. Future State: TAS was interested in tax practitioner's thoughts and opinions about the IRS's future state vision involving transitioning taxpayers from using current IRS services channels to communicating through online accounts. Specifically we wanted to know how the practitioners envision

the future state in terms of resolving their client's issues, benefits and drawbacks to online accounts, how they would incorporate the new features in their practice and concerns they may have.

**Findings: Refund:** Practitioners agree that to combat refund fraud some changes and delaying of refunds is needed. Matching the income and withholding before releasing refunds would have helped curb fraud, but will have a negative impact on clients who need the refundable credits to live/pay expenses. Several practitioners suggested the IRS has influenced taxpayers' expectations related to expedited refunds, encouraging electronically filing. Publicizing the changes is imperative from the practitioner's point of view. For those clients whose EITC refunds are a significant portion of their yearly income, practitioners recommend bringing back the advanced EITC, so they receive the money during the year. Practitioners had many suggestions to help combat refund fraud and how to help their clients. Future State: The practitioners were pleased that access to online accounts would be 24/7, seeing this as an opportunity to work on accounts when convenient. Practitioners expressed some common concerns for the program. Concerns about security, fraud and privacy with IRS electronic delivery systems were raised. Practitioners were concerned about the program leaving certain segments of taxpayers behind (poor, elderly, those with language barriers, those with limited internet access) as well as the approach having the potential to take preparers' livelihood away. Practitioners expressed cautious optimism for the IRS's future state initiative.

**Actions Taken/Lessons Learned:** Starting the recruitment on Monday afternoon, when the practitioners were checking in and getting their schedules, was very productive. Scheduling TAS Focus Groups during the lunch break enhanced recruitment potential and allowed participants the opportunity to attend education sessions for CPE credits. We kept timeframes to 60 minutes, enabling us to capture the requested information, without creating a hardship for participants. Participants appreciated the timeframe.

**Control # and Name:** SOI-497

**Re:** ACA Premium Tax Credit

**Participants:** 23 (200 Requests)

**Data Collection Began:** 7/16

**Data Collection Ended:** 7/16

**Burden Hours:** 27

**Cost:** \$0

**Response Rate:** 11.5 %

**Purpose or Objective:** Wage and Investment Strategies and Solutions (WISS) sought and received OMB approval for Phase 1 of this study, the results of which gave the IRS a stronger understanding of causes of non-compliance with PTC. IRS researchers identified patterns and circumstances contributing to PTC-related errors on returns from the interview findings; but gaps in knowledge still exist, particularly where paid preparers are concerned. To achieve these objectives, the IRS will use information collected from the phone interviews conducted in Phase 1 of the study to inform the development of a focus group moderator's guide for sessions to be conducted with paid practitioners to fill gaps in knowledge and understanding not obtained in Phase 1 of the research study. IRS researchers did not obtain sufficient information from interviews with paid practitioners to confidently inform the development of a survey for that population. In order to fill those gaps, WISS researchers plan to conduct additional focus groups with these individuals to get more information about their experiences with PTC returns in the second year of filing and major issues facing the practitioner community, as well as challenges they anticipate for the third filing season for PTC returns (calendar year 2017).

**Findings:** Paid practitioners in 2016 experienced many of the same issues that impacted PTC return compliance in filing season 2015. Most of these issues were due to factors outside of practitioners' immediate control. Practitioners attributed issues to four major factors: (1) lack of understanding among their clients (taxpayers) regarding filing obligations and PTC reconciliation, (2) clients' lack of understanding of the need to report changes in income to the Marketplace and the process used to do so, (3) conflicting information on Forms 1095-A, and (4) lack of communication between family members in cases where a child is enrolled for Marketplace insurance by another family member. Practitioners stated the resolution process continued to be extremely burdensome for the taxpayers who did not comply with the PTC reconciliation requirements in filing season 2016. In addition, very few practitioners noticed improvements in the PTC return preparation process in 2016; and many expressed that their clients still did not understand the Letter 12C. Practitioners also faced several new challenges in filing season 2016. They attributed new issues to four major factors: (1) increased PTC reconciliation enforcement procedures by IRS, (2) confusion caused by the introduction of new insurance Forms 1095-B and 1095-C, (3) logistical issues with the Federal Marketplace, and (4) clients purposely underreporting income to avoid SRP penalties in 2015.

**Actions Taken/Lessons Learned:** In 2017, the IRS will build on the key messages and emphasize the requirement that taxpayers file Form 8962 and reconcile APTC using Form 1095-A information. Messaging also will stress taxpayers file electronically and reiterate that taxpayers who file without reconciling APTC will experience a delay in their refund. In addition, the IRS may need to add information that reminds taxpayers that Marketplace insurance constitutes Minimum Essential Coverage (MEC) and to check the full year coverage box if appropriate and contact their Marketplace to reinstate any APTC for TY 2017 if they filed and reconciled TY 2015 APTC. Not coincidentally, several changes in IRS messaging address practitioners' recommendations heard in the Phase 2 focus group sessions. This includes messaging to address non-compliance repercussions, such as refund delays and future APTC ineligibility, as well as the importance of reporting income and family size changes to the Marketplace.

**Control # and Name:** SOI-500

**Re:** EITC Improper Payments

**Participants:** 45 (215 Requests)

**Data Collection Began:** 7/16 **Data Collection Ended:** 8/16

**Burden Hours:** 52

**Cost:** \$ 3,200 **Response Rate:** 21%

**Purpose or Objective:** Wage and Investment Strategies and Solutions (WISS) partnered with the Return Integrity and Compliance Services (RICS) office to conduct focus groups with tax preparers to explore how intentional and unintentional errors lead to improper payments and affect participation. The groups also focused on developing suggestions for error remediation. The findings will guide RICS in its efforts to reduce the occurrence of EITC errors.

**Findings:** Participants indicated the primary cause of unintentional errors among taxpayers was confusion with EITC rules, specifically the relationship test for qualifying children. Taxpayers who provide financial support for a child living in the home, but unrelated to them through blood or marriage, is the most common source of this type error. Focus group participants also feel the inundation of advertising and messages about EITC can create an expectation of credit entitlement. Participants stated that taxpayers use the Schedule C for fictitious businesses to both under and overstate income to maximize the EITC. As an understated vehicle, taxpayers will create false business expenses that have the effect of lowering their adjusted gross income. Taxpayers without income will use the Schedule C to create income from a fictitious business.

**Actions Taken/Lessons Learned:** The researchers recommended a thorough evaluation of the focus group comments and suggestions by the program office to determine their feasibility or appropriateness for implementation. It is unknown whether these actions were taken by the RICS program office.

**Control # and Name:** SOI-501

**Re:** Taxpayer Use of Paper Products

**Participants:** 11 (426 Requests)

**Data Collection Began:** 7/16 **Data Collection Ended:** 9/16

**Burden Hours:** 35

**Cost:** \$125,000 **Response Rate:** 2.58%

**Purpose or Objective:** The objective of this study is to examine factors influencing taxpayers' decisions to obtain IRS paper products at TACs. By surveying those taxpayers (as well as conducting follow-up focus groups), this project seeks to focus on taxpayers who opt to obtain forms and publications directly from IRS offices rather than utilizing IRS.gov.

**Findings:** This research examined the previous experiences and/or impediments, which may have caused 11 taxpayers to move away from more cost-effective online service channels for their paper product needs. The data captured include their paper product needs, prior online service experience, and why they decided to travel to an IRS office. Some taxpayers indicated a behavioral preference for obtaining forms in person, while others indicated problems experienced when attempting to obtain forms online and /or ordering over the phone.

**Actions Taken/Lessons:** The data collected allow the Agency to formulate recommendations for enhancements to more cost effective service channels to better meet the needs of taxpayers with form and publication needs. In turn, the information informs cost-effective distribution strategies for the Agency, as well awareness and education strategies. Impediments and prior experiences of difficulty relating to online and phone ordering was shared in order to better highlight drivers of IRS office contacts for forms and publications.

## Summary of Ongoing Information Collection Activities (2014-2017)

### Control # and Name:

### Subject:

SOI-487	Virtual Service Delivery Focus Groups
SOI-498	Affordable Care Act Tax Forum Focus Groups
SOI-499	Federal Tax Deposit Focus Groups
SOI-503	Correspondence Campus Exam
SOI-504	Taxpayer Experience Focus Groups
SOI-505	Taxpayer/Third Party Transcript FG/Interviews
SOI-506	Third Party Refund Status Cognitive Survey