

**OMB SUPPORTING STATEMENT
INTERNAL REVENUE SERVICE
IRS TAXPAYER BURDEN SURVEYS
TIRNO-10-Q-00152**

PART B - JUSTIFICATION

1. Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection methods to be used.

The suite of burden surveys recognizes differences between taxpayers (individuals, corporations, partnerships, tax-exempt organizations, trusts, estates, employers, and information document issuers). However, across all the surveys, the data are captured in an internally consistent manner (in terms of time and money). Some populations are explicitly excluded from the survey population. This includes minors, deceased taxpayers, and in most circumstances, taxpayers that have international addresses, including active duty military serving overseas.

Tables 1 – 12 below show the potential respondent universe (population count), stratification plan, and sample allocations for each survey and special study for which a sampling plan exists as of the date this request was submitted. When sub-populations vary considerably, it is advantageous to sample each subpopulation (stratum) independently. Stratification is the process of grouping members of the population into relatively homogeneous sub-groups before sampling. The strata should be:

- Mutually Exclusive. Members must be assigned to only one stratum, and
- Collectively Exhaustive. No members can be excluded.

Table 1 – 2019, 2020, and 2021 Individual Taxpayer Burden Surveys

Strata		Population Count	Sample Allocation
Preparation Method	Complexity		
Used a Paid Professional	Low	9,758,524	2,218
Used a Paid Professional	Medium-Low	22,015,186	4,382
Used a Paid Professional	Medium	15,372,213	3,912
Used a Paid Professional	Medium-High - Simpler	6,496,505	1,546
Used a Paid Professional	Medium-High - Moderate	4,455,117	1,266
Used a Paid Professional	Medium-High - Difficult	5,235,768	2,486
Used a Paid Professional	High-Simpler	4,333,619	1,324
Used a Paid Professional	High-Moderate	2,500,073	1,302
Used a Paid Professional	High-Difficult	4,446,633	3,636
Self-Prepared by Hand	Low	1,277,493	1,526
Self-Prepared by Hand	Medium-Low	1,581,900	846
Self-Prepared by Hand	Medium	932,670	844
Self-Prepared by Hand	Medium-High	525,801	790
Self-Prepared by Hand	High	201,726	806
Self-Prepared by Software	Low	13,352,100	2,018
Self-Prepared by Software	Medium-Low	21,713,432	4,002
Self-Prepared by Software	Medium	11,570,065	3,040
Self-Prepared by Software	Medium-High	7,571,992	2,130
Self-Prepared by Software	High	1,681,784	948
VITA Prepared	ANY	3,421,941	978
			40,000

Table 2 - 2019 Individual Taxpayer Compliance (Post-Filing) Burden Survey

Strata			Population Count	Sample Allocation
Post Filing Issue Complexity	Return Complexity	Preparation Method		
Appeal	Other than High	Other than Assisted	2,552	1,363
Exam - High	Other than High	Other than Assisted	4,548	1,363
Appeal	High	Assisted	8,294	1,363
Exam - Medium	Other than High	Other than Assisted	10,168	1,363
Collection - High	High	Unassisted	17,175	1,363
Collection - High	Low	Unassisted	23,015	1,363
Amended	High	Unassisted	27,091	1,363
Amended	Low	Unassisted	32,183	1,363
Exam - High	High	Assisted	65,083	1,363
Coll - High	Low	Assisted	74,933	1,363
Exam - Low	High	Unassisted	90,776	1,363
Exam - Medium	High	Assisted	92,153	1,363
Exam - Low	Low	Unassisted	132,179	1,363
Coll - High	High	Assisted	193,443	1,363
Amended	Low	Assisted	257,990	1,363
Coll - Low	High	Unassisted	308,263	1,363
Coll - Low	Low	Unassisted	386,219	1,363
Amended	High	Assisted	472,121	1,377
Exam - Low	Low	Assisted	1,459,608	1,363
Exam - Low	High	Assisted	2,055,678	1,363
Coll - Low	Low	Assisted	2,361,685	1,363
Coll - Low	High	Assisted	4,037,175	1,363
				30,000

Table 3 - 2021 Tax-Exempt Organization Burden Survey

Strata		Population Count	Sample Allocation
Preparation Method	Total Revenue		
Self-Prepared	Less than \$5,000	31,081	832
Self-Prepared	\$5,001 - \$100,000	81,248	705
Self-Prepared	\$100,001 - \$1,000,000	48,578	1,490
Self-Prepared	\$1,000,001 or more	18,489	767
Used a Paid Professional	Equal to zero	6,273	573
Used a Paid Professional	\$1 - \$5,000	16,889	465
Used a Paid Professional	\$5,001 – 50,000	80,604	590
Used a Paid Professional	\$50,001 - \$100,000	69,488	1,110
Used a Paid Professional	\$100,001 - \$500,000	134,164	3,588
Used a Paid Professional	\$500,001 - \$1,000,000	41,783	1,085
Used a Paid Professional	\$1,000,001 - \$5,000,000	55,838	4,732
Used a Paid Professional	\$5,000,001 - \$10,000,000	12,481	1,043
Used a Paid Professional	\$10,000,001 or more	19,014	3,020
			20,000

Table 4 – 2019 Information Return Burden Survey

#	Clients	Types	Forms		Allocation
1	500 or Less	Filed 1 Type	F1099MISC - Rent and NonEmp Comp	877,910	989
2	500 or Less	Filed 1 Type	F1099MISC - Rent	290,278	395
3	500 or Less	Filed 1 Type	F1099MISC - NonEmp Comp	3,926,013	3,757
4	500 or Less	Filed 1 Type	F1099MISC - No Rent or No Emp comp	180,426	395
5	500 or Less	Filed 1 Type	F1098	49,799	1,055
6	500 or Less	Filed 1 Type	F1099INT	92,999	1,055
7	500 or Less	Filed 1 Type	F1099R	39,929	1,055
8	500 or Less	Filed 1 Type	F1099DIV	23,433	1,055
9	500 or Less	Filed 1 Type	F1098T	13,121	659
10	500 or Less	Filed 1 Type	F1099S	8,728	330
11	500 or Less	Filed 1 Type	F1042S	7,384	1,055
12	500 or Less	Filed 1 Type	F1099B	1,193	791
13	500 or Less	Filed 1 Type	F1099C	1,319	264
14	500 or Less	Filed 1 Type	F1099K	154	330
15	500 or Less	Filed 1 Type	F5498	79	227
16	500 or Less	Filed 2 or More Types	MISC No Int No Div	69,160	527
17	500 or Less	Filed 2 or More Types	MISC No Int Div	30,382	527
18	500 or Less	Filed 2 or More Types	MISC Int	207,819	659
19	500 or Less	Filed 2 or More Types	No MISC No Int	3,631	527
20	500 or Less	Filed 2 or More Types	No MISC Int B	4,323	527
21	500 or Less	Filed 2 or More Types	No MISC Int No B	2,821	527
22	More than 500	Filed 1 Type	Form 1099-MISC	7,307	659
23	More than 500	Filed 1 Type	Not Form 1099-MISC	1,454	659
24	More than 500	Filed 2 or More Types	Form 1099-MISC	9,768	1,318
25	More than 500	Filed 2 or More Types	Not Form 1099-MISC	2,464	658
					20,000

Table 5 – 2020 Trust and Estate Income Tax Return

Strata		Population Count	Sample Allocation
Form 1041 Type	Complexity		
Complex trust or Generation-Skipping Trust	Low	1,750,000	4,502
	High		3,001
Simple Trust or Taxable Grantor Type Trust	Low	750,000	2,487
	High		1,658
Non-taxable Grantor Type Trust	Low	500,000	2,055
	High		1,370
Decedent's estate	Low	400,000	1,717
	High		1,145
Qualified Disability Trust	ANY	25,000	689
Non-Exempt Charitable and Split Interest Trust	ANY	7,500	689
Bankruptcy Estate	ANY	750	688
			20,000

Table 6 – Tax Year 2019 Employment Tax Burden Survey

Primary Form	Strata			Population Count	Sample Allocation
	Number of W2s	Share with Benefits	Tips		
Form 941	1 to 4	None	ANY	1,846,642	2,604
	5 to 19	None	ANY	768,328	947
	20 to 99	None	NO	271,569	613
	100 to 299	None	NO	23,184	497
	300 to 999	None	NO	3,664	444
	Over 1000	None	NO	792	445
	1 to 19	Less Than 10%	NO	410,266	841
	20 to 99	Less Than 10%	NO	252,724	613
	100 to 299	Less Than 10%	NO	56,339	497
	300 to 999	Less Than 10%	NO	11,699	448
	Over 1000	Less Than 10%	NO	3,192	466
	1 to 19	Greater Than 10%	NO	167,492	841
	20 to 99	Greater Than 10%	NO	20,499	611
	100 to 299	Greater Than 10%	NO	10,684	496
	300 to 999	Greater Than 10%	NO	11,572	450
	Over 1000	Greater Than 10%	NO	4,839	469
	1 to 19	ANY	YES	82,030	841
	20 to 99	ANY	YES	90,295	613
	100 to 299	ANY	YES	14,041	496
	300 to 999	ANY	YES	2,198	441
Over 1000	ANY	YES	924	453	
Form 944	ANY	ANY	ANY	31,693	472
Form 943	ANY	ANY	ANY	75,426	402
					15,000

Table 7 – 2020 Estate Tax Burden Survey

		Population Count	Sample Allocation	
Tax Due	Part 2, Line 1 <= \$5 Million	5,879	2,807	
	Part 2, Line 1 > \$5 Million and <= \$10 Million	10,245	5,050	
	Part 2, Line 1 > \$10 Million	1,338	807	
	Part 2, Line 1 <= \$5 Million	Part 2 Line 2 > 0 and < 100	2,471	1,223
		Part 2 Line 2 >= 100	2,406	2,671
	Part 2, Line 1 > \$5 Million and <= \$10 Million	Part 2 Line 2 > 0 and < 100	981	668
		Part 2 Line 2 >= 100	5,609	2,807
	Part 2, Line 1 > \$10 Million	Part 2 Line 2 > 0 and < 100	296	630
Part 2 Line 2 >= 100		2,170	2,671	
No Tax Due	Part 2 Line 2) = 0 or "null"	541	668	
			20,000	

Table 8 – 2020 Gift Tax Burden Survey

Strata			Population Count	Sample Allocation
Tax Due	Part 2, Line 9 = 0	First-time filer	81,080	4,668
		Prior filer	79,547	4,668
	Schedule A, Part 4, line 11 = 0	First-time filer	1,505	1,355
		Prior filer	2,820	3,489
	Schedule A, Part 4, line 3 = 0	First-time filer	23,889	1,315
		Prior filer	29,254	2,515
No Tax Due	First-time filer		334	656
	Prior filer		1,135	1,334
				20,000

Table 9 – 2021 Nonfiler/Late-Filer Burden Survey

Strata	Population Count	Sample Allocation
Automated Substitute for Return (ASFR) Inventory	16,543	6,747
Substitute for Return (SFR) Exam	966	6,394
Non Substitute for Return (SFR)	167,419	6,860
		20,000

Table 10 – 2021 Excise Tax Burden Survey

Strata	Population Count	Sample Allocation
Non Patient Centered Outcome Research Fund Excise Taxes	1,761	3,000
Patient Centered Outcome Research Fund Excise Taxes	78,147	8,000
Excise Tax > 0, Paid into a Trust Fund	17,687	5,000
Excise Tax > 0, Not Paid into a Trust Fund	563	2,000
Excise Tax = 0	4,120	2,000
		20,000

Table 11 – 2021 Business Entity Special Survey

Strata	Population Count	Sample Allocation
Form 1120	1,774,426	3,655
Form 1120-S	4,265,196	8,786
Other Form 1120	36,324	575
Form 1065	3,390,363	6,984
		20,000

Table 12 – 2021 Pension Plan Burden Survey

Strata	Population Count	Sample Allocation
All 401k Plans, participant count <= 2	108,667	1,902
All 401k Plans, more than 2 participants have Automatic Enrollment	49,756	1,902
All 401k Plans more than 2 participants do not have Automatic Enrollment	439,634	1,902
All 403B Plans	14,410	1,902
All ESOP Plans	5,333	1,067
All Money Purchase Plans	12,262	1,902
All Target Benefit Plans	606	500
All Other Defined Contribution plans not in Strata 1-8	84,459	1,902
All Pay Related Plans	47,236	1,902
All Cash Benefit Plans	11,262	1,902
All Plans listed as both Pay Related and Cash Benefit	10,079	1,902
All Defined Benefit Plans not covered in Strata 9-11	4,065	813
Plans with both Defined Benefit and Defined Contribution features.	2,402	500
		20,000

2. Describe the procedures for the collection of information.

We have two objectives in the design of the following protocols. The first is the efficient collection of the current sample; the second is to inform the design of future studies. The exact form of each of these contacts may vary somewhat, depending on whether any survey-related research is conducted during survey administration. Examples of such potential research are timing of mailings, messaging, shorter-length surveys, or response mode options.

Individual Taxpayer Burden Surveys (TY2019, TY2020 TY2021)

Contact	Description	Schedule
Contact 1: Pre-note	The pre-note is a hardcopy letter from an IRS official endorsing the survey and emphasizing the importance of the data collection effort. It notifies the respondent of selection for the survey, as well as provides information about the survey and assurances that there is no risk associated with participation. In addition, respondents will be given directions on how to view the survey on the taxstats website. Provided in English and Spanish.	Beginning of data collection period
Contact 2: Survey packet	<p>The survey packet consists of a paper-and-pencil questionnaire, a pre-addressed postage paid reply envelope, and a letter from the survey vendor indicating that the enclosed survey is the one referred to in the previously-received pre-note, and a reminder that completing the survey is voluntary. The paper survey also includes information on how the respondents may complete the survey on the web, if so desired.</p> <p>ITB only: A \$2 incentive will be enclosed in this mailing. The survey vendor letter states that the incentive is a token of appreciation.</p>	1 – 2 weeks after Contact 1 mails
Contact 3: Thank you/Reminder Letter	All respondents will be mailed a thank you/reminder letter. The letter will thank those who have already submitted a completed survey and ask those who have not responded to please do so.	3 weeks after Contact 2 mails
Contact 4: Survey packet	<p>Nonrespondents are sent the same packet as Contact 2.</p> <p>ITB only: No incentive is included. The survey vendor letter is replaced with a letter that does not mention an incentive.</p>	2 weeks after Contact 3 mails
Contact 5: Thank you/Reminder Letter or Phone call	<p>If no completed survey is received, nonrespondents will receive a follow-up thank you/reminder letter, similar to Contact 3.</p> <p>ITB only: Nonrespondents that have been matched to a phone number will receive an IVR prompt that will ask them complete and return the survey or call the survey vendor if the respondent has questions.</p>	2 weeks after Contact 4 mails
Contact 6: Survey packet	Nonrespondents are sent the survey packet, which provides a third copy of the paper-and-pencil questionnaire, a pre-addressed postage paid reply envelope, and a letter from the survey vendor asking for response. As with the first and second survey packets, the paper survey also includes information on how the respondents may complete the survey on the web, if so desired.	2 weeks after Contact 5 phone or letter follow-up

All Other Mixed Mode (Paper and Web) Surveys/Special Studies

Contact	Description	Schedule
Contact 1: Initial survey packet	The initial survey packet consists of a paper-and-pencil (TeleForm) survey, a letter from the IRS endorsing the survey, a letter from the survey vendor with instructions on completing the survey online, and a postage-paid return envelope.	Beginning of data collection period
Contact 2: Thank you/reminder Letter	All respondents will be mailed a thank you/reminder letter. The letter will thank those who have already submitted a completed survey and ask those who have not responded to please do so.	7 – 10 days after Contact 1 mails
Contact 3: Follow-up survey packet	All sampled organizations will receive a follow-up survey packet, which will include the paper-and-pencil (TeleForm) survey, a pre-addressed postage paid reply envelope, and a letter from the survey vendor asking for response. The letter will be tailored to acknowledge the earlier survey package sent to the respondent.	7 – 10 days after Contact 1 mails
Contact 4: Thank you/reminder Letter or Phone call)	If no completed survey is received, nonrespondents will either receive a follow-up thank you/reminder letter, similar to Contact 3, or if they have been matched to a phone number, an IVR prompt will ask them complete and return the survey or call the survey vendor if the respondent has questions.	7 – 10 days after Contact 2 mails
Contact 5: Survey packet	Nonrespondents are sent the survey packet, which provides a third copy of the paper-and-pencil questionnaire, a pre-addressed postage paid reply envelope, and a letter from the survey vendor asking for response. As with the first and second survey packets, the paper survey also includes information on how the respondents may complete the survey on the web, if so desired.	2 weeks after Contact 4 phone or letter follow-up

All Web-Only Surveys

Contact	Description	Schedule
Contact 1: Initial packet	The initial packet consists of a letter from the IRS endorsing the survey and instructions for completing the survey online	Beginning of data collection period
Contact 2: Thank you/reminder Letter	All respondents will be mailed a thank you/reminder letter. The letter will thank those who have already submitted a completed survey and ask those who have not responded to please do so.	7 – 10 days after Contact 1 mails
Contact 3: Thank you/reminder Letter	All nonrespondents will be mailed a reminder letter with instructions for completing the survey online.	7 – 10 days after Contact 2 mails
Contact 4: Thank you/reminder Letter	All nonrespondents will be mailed a reminder letter with instructions for completing the survey online.	7 – 10 days after Contact 3 mails

Web survey. The secure web survey will be posted online using a proprietary web survey delivery system developed by our contractor. The software easily accommodates different question formats, including open-ended response fields. It also allows participants to skip questions and complete the survey in more than one session (i.e.,

the respondent can leave the web survey and come back to finish it at a later time). Development and testing of the web survey will follow well-established, documented best methods.

Paper-and-pencil survey. The paper-and-pencil mail survey will be designed to be user friendly, easy to navigate, and with clear and simple instructions. The survey will be created using TeleForm technology, a software system for intelligent data capture and image processing. The software extracts indexing information automatically from any document type through the use of multiple recognition engines. TeleForm reads hand print, machine print, optical marks, bar codes, and signatures.

Data storage and usage. Response data will be stored and tracked in a response database which can then be used to update and extend the IRS compliance burden model. In addition, a tailored Survey Management System will track cases throughout all modes of contact, including mail, telephone, and IVR.

Focus groups. Focus groups allow the IRS to speak directly to industry stakeholders and taxpayers regarding the primary drivers of burden to inform survey instrument design. They are extremely important to the design of a new survey because they offer the opportunity to increase and validate the understanding of the burden incurred by the relevant population as well as to develop and test meaningful survey questions.

3. Describe methods to maximize response rates and to deal with issues of non-response.

The survey instrument design and administration protocol are informed by currently-accepted best practices that support survey response rates, such as including official IRS letter as a pre-note, item formatting, and survey length. IRS conducted survey research during prior burden survey administrations, such as the incentive studies discussed in Section A9, that have also provided important insight.

Upon completion of each survey data collection, we will conduct a nonresponse bias analysis. This analysis will use a raking technique to control for the difference between the characteristics of those who respond and those who do not. The process is further outlined in the paper “Response Mode and Bias Analysis in the IRS’ Individual Taxpayer Burden Survey”, by J. Michael Brick, George Contos, Karen Masken, and Roy Nord.

4. Describe any tests of procedures or methods to be undertaken.

To ensure that the collection of information is not burdensome and that the questions are clearly written and will produce accurate and valid results, the IRS will conduct cognitive testing for any new or revised survey instrument. Cognitive testing is a well-established qualitative research method intended to identify problems respondents have with comprehension of survey questions (Willis 2005)¹. The testing will be conducted with taxpayers in the Washington, D.C. area. Respondents will be recruited according to specific criteria (e.g., filing status, complexity of return, and filing method). Efforts will be made to recruit respondents who are demographically representative of the population being surveyed.

In addition, at the outset as well as after each interaction of testing, the instrument will undergo extensive review by the IRS, the contractor, and stakeholders.

¹Willis, G.B. (2005). *Cognitive Interviewing: A Tool for Improving Questionnaire Design*. Thousand Oaks, CA: Sage Publications.

5. Provide the names and telephone numbers of individuals consulted on statistical aspects of the design and the name of the agency unit, contractor(s), grantee(s), or other person(s) who will actually collect and/or analyze the information for the agency.

IRS Research, Applied Analytics, and Statistics and Treasury Office of Tax Analysis

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APPENDIX A – Citations

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