

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

**Interest Abatement & Civil Penalties and Reasonable Cause Relief**

**A. JUSTIFICATION**

**1. Circumstances Making the Collection of Information Necessary**

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

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

IRS is receiving interest abatement requests under 6404(e)(1) that do not meet the criteria for unreasonable error or delay by the IRS. There appears to be a misunderstanding of what qualifies under 6404(e)(1). This project will help the Office of Servicewide Interest (OSI) gain insight into practitioner knowledge and application of interest abatement. In addition, the Office of Servicewide Penalties (OSP) wants to gather ideas and suggestions on how to decrease the number of submissions for relief from civil penalties that are based on incorrect application of the reasonable cause standards. Increased understanding of practitioner and taxpayer experiences and beliefs in this complex area of law will assist this effort.

**2. Purpose and Use of the Information Collection**

The market segment of interest for this research consists of practitioners attending the 2021 IRS (Virtual) Nationwide Tax Forum who have worked with taxpayers directly.

**3. Consideration Given to Information Technology**

Due to COVID-19, the focus groups will be conducted virtually during the 2021 IRS Nationwide Tax Forums. Conducting virtual focus groups allows for interaction which can help elicit in-depth thoughts and discussions. There is also opportunity to probe participant responses and can yield richer data than paper or electronic surveys. Virtual focus groups also allow us to reach a wider pool of potential participants, as we can recruit from the entire population of registered participants at the 2021 (Virtual) Nationwide Tax Forum.

**4. Duplication of Information**

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

**5. Reducing the Burden on Small Entities**

Small entities are not included in this collection of information.

**6. Consequences of Not Conducting Collection**

SB/SE initiatives fall under the IRS goal, “Collaborate with external partners proactively to improve tax administration” and “Drive increased agility, efficiency, effectiveness and security in IRS operations.” If the focus group is not approved, SB/SE will not have the necessary data to help improve communication and education, including irs.gov content, regarding unallowable requests for reasonable cause relief of civil penalties. In addition, information gathered in these focus groups will help provide specific outreach and services to address practitioners misunderstanding of what situations qualify as interest abatement.

**7. Special Circumstances**

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

**8. Consultations with Persons Outside the Agency**

No one outside of the IRS or IRS contractors will be consulted.

**9. Payment or Gift:**

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

**10. Confidentiality:**

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

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

**11. Sensitive Nature**

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

**12. Burden of Information Collection**

A total of five focus groups will be conducted with 10 participants per session. The total burden hours estimated is 65 burden hours.

The estimated time to screen a person is 3 minutes. Based on past experience, we will assume that 60 people will be screened for each session (60 people x 5 sessions = 300 people) before 20 invitations are issued. We will assume that 20 invitations will need to be issued to ensure that 10 people will be present for each focus group. The burden for screening potential participants is 15 hours (300 people x 3 min screening / 60 min).

The estimated time for participating in each of the focus group is 1 hour. We will assume a maximum number of 10 participants in each of the five focus groups. The total participation burden is 50 hours (50 participants x 60 minutes / 60 minutes).

Type of Collection	Participation	Response Time (minutes)	Total Burden (hours)
Potential Respondents Contacted	300	3	15
Expected Participants	50	60	50
<b>Grand Total Burden</b>			<b>65</b>

**13. Costs to Respondents**

There is no dollar cost to respondents. The total estimated annual cost burden to respondents is \$1,671.80. The surveys take place across the United States with a cross-section of individuals. This estimate was created using the mean hourly wage for all occupations (\$25.72) from the BLS May 2019 National Occupational Employment and Wage Estimates - United States.

**14. Cost of Federal Government**

The total estimated cost allocation for this specific topic is \$0 (no travel costs due to focus groups being conducted virtually).

**15. Reason for Change**

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

**16. Tabulation of Results, Schedule, Analysis Plans**

At the completion of the Tax Forums, the focus group responses will be released in a report as summary observations and categorized by the topic of discussion in the moderator's guide. The report will not contain any individually identifying information such as name, address, or taxpayer / practitioner identification number. The moderator ensures that tax practitioners participating in the focus group are guaranteed anonymity. Upon completion of data collection and delivery of the report, the focus group data will remain on a secured IRS server for three years.

#### **17. Display of OMB Approval Date**

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

#### **18. Exceptions to Certification for Paperwork Reduction Act Submissions**

These activities comply with the requirements in 5 CFR 1320.9.

#### **19. Dates Collection of Information will Begin and End**

Data collection will begin July 20, 2021 and end August 19, 2021.

### **B. STATISTICAL METHODS**

#### **1. Universe and Respondent Selection**

Focus groups participants will be recruited by the contractor in charge of the 2021 IRS Nationwide Tax Forum communications. Potential participants will be screened by reviewing and agreeing to the focus group screener requirements. SB/SE Research will schedule and confirm the participants for each focus group session, rescreen the participants in each of the online group sessions, moderate the focus groups, and capture responses.

#### **2. Procedures for Collecting Information**

SB/SE Research will schedule and confirm the participants for each focus group session. Trained focus group moderators from SB/SE Research will rescreen the participants in each of the online group sessions, moderate the focus groups, and capture responses. There will be a trained focus group moderator and one to two co-moderators in each focus group. One moderator will conduct the focus groups using a moderator guide and the other moderators will be documenting the participants' responses. SB/SE Research will also analyze responses and provide a final report for the customer.

#### **3. Methods to Maximize Response**

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

#### **4. Testing of Procedures**

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

#### **5. Contacts for Statistical Aspects and Data Collection**

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

Debbie Schmidt, SB/SE, Research Chief Team 6  
Phone: 954-991-4364, Email: Debbie.Schmidt@irs.gov