

1040-ES SOLE PROPRIETORS SURVEY
300 Sole Proprietors
Spring 2008

INTRODUCTION

Hello. My name is _____ with KRC Research, an independent market research company. I am calling on behalf of the Financial Management Service, a bureau of the U.S. Department of the Treasury. May I speak with _____?

We are conducting an opinion survey of how sole proprietors pay their federal income taxes. The survey will take about 15 minutes to complete.

This is NOT a sales call. This call is for research purposes only. All of your individual responses will remain completely private and will not be shared with the Internet Revenue Service, Treasury, or anyone else, nor will they be linked to you. This survey should take about 15 minutes of your time.

If you have any comments regarding this interview, please reference OMB Control Number 1510-0074 and send your comments to Melanie Rigney, Financial Management Service, 401 14th St. SW, Room 521B, Washington, DC 20227.

IF NEEDED:

IF RESPONDENT EXPRESSES CONCERN AT ANY POINT DURING THE INTERVIEW, REASSURE THEM THAT YOU DO NOT WORK FOR THE GOVERNMENT. YOU ARE WORKING FOR AN INDEPENDENT RESEARCH COMPANY. THEIR ANSWERS WILL BE KEPT COMPLETELY CONFIDENTIAL AND THEIR INDIVIDUAL RESPONSES WILL NOT BE SHARED WITH ANYONE OR LINKED TO THEM.

IF RESPONDENT WANTS A PHONE NUMBER TO CALL TO VERIFY THIS IS A LEGITIMATE SURVEY: MELANIE RIGNEY AT 202-874-6763.

SCREENER

1 Which of the following best describes your business or company? (READ LIST)

	Sole proprietorship.....	1
TERMINATE	Partnership.....	2
TERMINATE	Limited Liability Corporation (LLC).....	3
TERMINATE	“S” Corporation.....	4
TERMINATE	“C” Corporation.....	5
TERMINATE	Publicly held corporation.....	6
TERMINATE	Franchise.....	7
TERMINATE	Other (specify) _____(VOL).....	8
TERMINATE	Don’t know/refused (VOL).....	9

2 Which of the following best describes your involvement in the decision on how your self-employment or sole proprietorship income taxes are paid? (READ LIST)

- CONTINUE** I am the primary decision maker..... 1
- CONTINUE** I have a great deal of influence on the decision..... 2
- TERMINATE** I have some influence on the decision..... 3
- TERMINATE** I am not involved in the decision..... 4
- TERMINATE** Don't know/refused (VOL)..... 9

3 Do you pay federal income taxes using a 1040-ES form, also known as a quarterly estimated tax form?

- Yes..... 1
- TERMINATE** No..... 2
- TERMINATE** Don't know/refused (VOL)..... 9

4 And do you mail in your 1040-ES along with your estimated tax payment, or do you pay by some other method?

(IF SOME OTHER METHOD:) How do you pay your estimated taxes? **[DO NOT READ RESPONSES. RECORD DATA TO DETERMINE INCIDENCE OF EFTPS USERS.]**

- Mail a 1040-ES..... 1
- TERMINATE** EFTPS (the Electronic Federal Tax Payment System)..... 2
- TERMINATE** Other method..... 3
- TERMINATE** Don't know/refused (VOL)..... 9

CURRENT PRACTICES

5 Generally, do you make a single 1040-ES payment annually or do you make more than one payment per tax year?

- One payment..... 1
- More than one payment..... 2
- Don't know/refused (VOL)..... 9

6 How satisfied are you with making 1040-ES paper payments– very satisfied, somewhat satisfied, neither satisfied nor dissatisfied, somewhat dissatisfied, or very dissatisfied?

- Very satisfied..... 1
- Somewhat satisfied..... 2
- Neither satisfied nor dissatisfied..... 3
- Somewhat dissatisfied..... 4
- Very dissatisfied..... 5
- Don't know/refused (VOL)..... 9

7. I'm going to read you a list of things that are true of mailing in your 1040-ES payment to the IRS. These things might be important to some sole proprietors and unimportant to others. Please tell me how important each of these items are to you personally. Please use a scale of 0 to 10 where 0 means the item is not important at all to you and 10 means it is very important. You can choose any number between 0 and 10.

Not important	Extremely important	Not sure (VOL.)
0 1 2 3 4 5 6 7	8 9 10	99

- A. You can wait until late on the due date to have your 1040-ES payment postmarked.
 - B. You keep use of your money for several days until the IRS cashes the check.
 - C. Your canceled check is proof your payment was received.
8. When you make a 1040-ES payment, do you usually prepare the form yourself or do you use a tax preparer?
- Prepare it yourself.....1
 - Tax Preparer.....2
 - Other (RECORD).....3
 - Don't know/refused (VOL).....9
9. Which of the following best describes the technology capabilities of your sole proprietorship? (READ LIST)
- You have both computer and Internet access.....1
 - You have computers but not Internet access.....2
 - You have neither computers nor Internet access.....3
 - Don't know/refused (VOL).....9
10. **(IF HAVE COMPUTER AND INTERNET ACCESS: Q9=1)** How often do you use the internet for business purposes, such as paying your company's bills, banking, filing tax returns or making tax payments? (READ LIST)
- Often1
 - Sometimes.....2
 - Rarely.....3
 - Never.....4
 - Don't know/refused (VOL).....9

11. **(IF HAVE COMPUTER AND INTERNET ACCESS: Q9=1)** Which of the following activities have you conducted ONLINE for your sole proprietorship? (READ AND RANDOMIZE LIST. ACCEPT MULTIPLE RESPONSES.)

Pay bills	1
Banking (transfer funds, review account statements, etc.).....	2
Filed tax returns.....	3
Made tax payments.....	4
Made investments (purchases or trades).....	5
Made purchases (bought goods or services).....	6
Other (Specify) (VOL).....	7
None (VOL).....	8
Don't know/refused (VOL).....	9

Electronic Federal Tax Payment System (EFTPS)
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12. Are you aware that you can pay your 1040-ES payments electronically by telephone or online? (DO NOT READ ANSWER CHOICES.)

	Yes, aware.....	1
SKIP TO Q17	No, not aware.....	2
SKIP TO Q17	Don't know/refused (VOL).....	9

13. **(IF AWARE: Q12=1)** What electronic payment options for 1040-ES payments are you aware of? (DO NOT READ. PROBE FOR MULTIPLE RESPONSES. RESPONDENT MUST SAY "EFTPS" OR "ELECTRONIC FEDERAL TAX PAYMENT SYSTEM" TO COUNT AS PUNCH 1.)

EFTPS, Electronic Federal Tax Payment System.....	1
Electronic Funds Withdrawal.....	2
System offered by my financial institution	3
Tax preparation software.....	4
By credit card.....	5
Other (Specify) _____.....	6
None.....	7
Don't know/refused.....	9

14. **(IF Q13=1 DO NOT READ PUNCH 5 IN Q14)** How familiar are you with EFTPS, the Electronic Federal Tax Payment System, as a way to make your 1040-ES payments? Are you... (READ RESPONSES.)

	Very familiar.....	1
	Somewhat familiar.....	2
	Not very familiar.....	3
	Heard the name only.....	4
GO TO Q17	Never heard of it.....	5
GO TO Q17	Don't know/refused (VOL).....	9

ASK Q15-Q16 ONLY IF Q14=1, 2, 3, 4 OR Q13=1

15. Where did you hear about EFTPS? (DO NOT READ LIST. ACCEPT MULTIPLE RESPONSES. PROBE FOR UP TO THREE RESPONSES.)

	Bank/financial institution.....	1
	EFTPS.gov.....	2
	Financial Web site(s).....	3
	Friends/colleagues/family.....	4
	Government Web site(s).....	5
	IRS	6
	Magazine or newspaper article.....	7
	Professional organization(s).....	8
	Small Business Administration.....	9
	Tax preparer/accountant.....	10
	Other (specify) _____.....	11
	Don't know/refused.....	99

16. Have you ever used EFTPS?

	Yes.....	1
	No.....	2
	Don't know/refused (VOL).....	9

17. Let's imagine it was no longer possible to pay your sole proprietorship's taxes by mailing in 1040-ES payments, but instead you would need to pay by phone or on the Internet. Which of the following statements comes closest to what your reaction would be in that situation? **(ROTATE.)**

	Frustrated because you have to learn a new system, or.....	1
	Excited because paying by phone or Internet is more convenient.....	2
	Neither (VOL).....	3
	Don't know/refused (VOL).....	9

Next I'm going to read you a statement about EFTPS or Electronic Federal Tax Payment System and then ask you some questions about it.

EFTPS is a free service of the Department of the Treasury. With EFTPS, you can make 1040-ES payments using the phone or the Internet. Payments can be made from anywhere 24 hours a day and can be scheduled in advance up to one day prior to the tax due date. Payment confirmation and records can be viewed online.

18. Based on this explanation and what you may already know about EFTPS, please give me your reaction to EFTPS. Please use a scale of 0 to 10 where 0 means your reaction is not favorable at all and 10 means your reaction is extremely favorable. You can choose any number between 0 and 10.

Not favorable at all											Extremely favorable	Not sure (VOL.)
0	1	2	3	4	5	6	7	8	9	10		99

You can enroll in EFTPS by using the Internet or by submitting a paper application. In either case, you provide your company name and taxpayer identification number and bank account information. Within 10 days, you will receive information in the mail that will permit you to make payments by phone or on the Internet.

19. Based on this description and what you may already know, I would like you to rate the enrollment process on a scale of 0 to 10 where 0 means it seems difficult and confusing and 10 means the process seems straightforward and easy. You can choose any number between 0 and 10.

Difficult											Easy	Not sure (VOL.)
0	1	2	3	4	5	6	7	8	9	10		99

20. Based on what you know or what I have told you about EFTPS, how likely would you be to enroll in EFTPS and use it to make your 1040-ES payments in the next year? (READ RESPONSES.)

Very likely.....	1
Somewhat likely.....	2
Neither likely nor unlikely.....	3
Somewhat unlikely.....	4
Very unlikely.....	5
Don't know/refused (VOL).....	9

21. Imagine you have decided to stop mailing your 1040-ES payments and instead are going to pay your business's federal taxes over the Internet. Which of the following systems would be your FIRST choice to make the payments, assuming they are all free of charge? (ROTATE. ACCEPT ONLY ONE RESPONSE.)

A Web site from your bank, credit union, or other financial institution.....	1
A third-party tax preparation Web site.....	2
EFTPS.....	3
Don't know/refused (VOL).....	9

21B. And which would be your second choice? **(ROTATE. DO NOT READ RESPONSE FROM Q22. ACCEPT ONLY ONE RESPONSE.)**

- A Web site from your bank, credit union, or other financial institution..... 1
- A third-party tax preparation Web site.....2
- EFTPS.....3
- Don't know/refused (VOL.).....9

22. Why did you pick **(FIRST CHOICE IN Q22)** as your first choice for making 1040-ES payments using the Internet? (OPEN-END. PROBE FOR UP TO THREE RESPONSES.)

23. If you were to use EFTPS to submit your 1040-ES payments electronically, you would receive confirmation that the payment is being processed. This confirmation could come either from (ROTATE: the IRS or your financial institution). Which would you prefer, to receive the confirmation from (ROTATE: the IRS or your financial institution)?

- The IRS..... 1
- Your financial institution.....2
- Wouldn't matter (VOL.).....3
- Both (VOL.).....4
- Don't know/refused.....9

MESSAGE TESTING

Now I'm going to read you reasons some people say making payments through EFTPS is better than mailing in a 1040-ES payment. After I read each statement, please tell me whether the statement makes you much more likely, somewhat more likely, somewhat less likely, or much less likely to use EFTPS. (RANDOMIZE.)

		Much more likely	Somewhat more likely	Somewhat less likely	Much less likely	DK (vol.)
24.	EFTPS gives you more control over the tax payment process. You don't have to worry about a paper check being misplaced or lost in the mail.	1	2	3	4	9
25.	You'll feel at ease with EFTPS because you receive immediate confirmation that your payment instructions were received. You can also easily retrieve the exact details about your payment history.	1	2	3	4	9
26.	You'll feel at ease with EFTPS because it's flexible. EFTPS is available 24 hours a day, year-round and you can speak to someone live over the phone if you have questions.	1	2	3	4	9
27.	You'll feel more confident with EFTPS because it is accurate and helps you avoid penalties. Non-EFTPS users are 31 times MORE likely to be assessed a penalty for errors or late payments than EFTPS users.	1	2	3	4	9

		Much more likely	Somewhat more likely	Somewhat less likely	Much less likely	DK (vol.)
28.	EFTPS puts you a step ahead because it's more efficient. You can plan ahead and schedule the exact time you wish to make payments.	1	2	3	4	9
29.	You'll be more secure with EFTPS because it is a safe way to pay your federal taxes, protect your privacy, and safeguard your payments. EFTPS has a proven track record in processing more than 17 trillion dollars and 700 million transactions.	1	2	3	4	9
30.	You'll be more secure with EFTPS because it is a safe way to pay your federal taxes, protect your privacy, and safeguard your payments. EFTPS protects your personal information using three unique pieces of information you provide — your four digit PIN, nine digit TIN, and for EFTPS online, an Internet password.	1	2	3	4	9
31.	EFTPS gives you a sense of accomplishment because it's good business. EFTPS is a powerful organizational tool for your business that will improve your recordkeeping and help you focus on building your business.	1	2	3	4	9

32. After hearing these statements and based on what you know about EFTPS, how likely would you be to use EFTPS? (READ RESPONSES.)

- Very likely..... 1
- Somewhat likely..... 2
- Neither likely nor unlikely..... 3
- Somewhat unlikely..... 4
- Very unlikely..... 5
- Don't know/refused (VOL)..... 9

33. Based on what you know or what I have told you about EFTPS what do you think would be the ADVANTAGES of using EFTPS to pay your 1040-ES payments? (OPEN-END. PROBE FOR UP TO THREE RESPONSES.)

34. Based on what you know or what I have told you about EFTPS what do you think would be the DISADVANTAGES of using EFTPS to pay your 1040-ES payments? (OPEN-END. PROBE FOR UP TO THREE RESPONSES.)

DEMOGRAPHICS

I have a few more questions to make sure we're talking to a variety of sole proprietors.

35. What kind of business is your sole proprietorship?

- (Specify): _____
- Don't know/refused (VOL)..... 99

36. Have you personally ever served in the U.S. military? (IF NEEDED: such as the Armed Forces, Military Reserves, or National Guard?)

- Yes..... 1
- No..... 2
- Don't know/refused (VOL)..... 9

37. Was your sole proprietorship's income the last tax year above or below \$35,000? (DO NOT READ LIST.)

- Below \$35,000.....1
- Above \$35,000.....2
- Don't know/refused (VOL).....9

38. GENDER: RECORD

- Male 1
- Female 2

39. How would you describe your main racial or ethnic heritage? (DO NOT READ)

- White/Caucasian.....1
- Black/African American.....2
- Latino/Hispanic.....3
- Asian/Pacific Islander.....4
- American Indian/Native American.....5
- Other.....6
- Don't know/refused (VOL.).....9

39. REGION: RECORD MARKET FROM SAMPLE.

- Northeast.....1
- Midwest.....2
- South.....3
- West.....4

Thank you for your time. Just in case my supervisor needs to verify that I conducted this interview, would you please tell me your first name?

Thank you again. Goodbye.

RECORD FROM SAMPLE:

Phone:.....(____) ____ - ____
 CBSA code....._____
 State:_____
 Region:.....____

DATE OF INTERVIEW.....__ / __ / 08