

**TIGTA FOCUS GROUPS – IRS’ EFFORTS TO ASSIST
ECONOMICALLY DISTRESSED TAXPAYERS**

**Office of Management and Budget
Clearance Package**

IRS Tax Forum Focus Group

IRS’ Efforts to Assist Economically Distressed Taxpayers

Treasury Inspector General for Tax Administration

March 27, 2009

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Background

This year, even more taxpayers could fall behind in their tax payments if the current economic conditions continue. Record numbers of homeowners are falling behind on mortgage payments and the U.S. economy is losing jobs at an alarming rate. Since the start of the recession last December 2008, the economy has shed 1.9 million jobs, and the number of unemployed people has increased by 2.7 million — to 10.3 million now out of work.

The Internal Revenue Service (IRS) has recognized that this is an extraordinary and challenging time, and they recognize the need to understand the taxpayers' perspectives and be flexible in helping them meet their tax responsibilities. The IRS introduced a leniency program in January 2009 that is geared towards individuals who are now facing a financial hardship. Specifically, in her February 26, 2009 testimony before the House Committee on Ways and Means Subcommittee on Oversight on Assistance for Distressed Taxpayers, the IRS Deputy Commissioner for Services and Enforcement outlined numerous steps the IRS is taking to assist taxpayers who are experiencing economic hardships. These efforts include:

- Extending the number of missed installment agreement payments before defaulting the payment agreements.
- Increasing the threshold for classifying accounts as currently not collectible in the Automated Collection System.
- Implementing expedited levy releases for hardship cases.
- Implementing an expedited process for lien subordination or discharge.
- Extending the number of missed offers-in-compromise payments before defaulting the agreements.
- Implementing an additional evaluation of offers-in-compromise where home valuation had a primary impact on the acceptance decision.

In her February 26, 2009 testimony, the IRS Deputy Commissioner for Services and Enforcement also acknowledged that the IRS must do a better job promoting offers-in-compromise as a viable tool in the minds of taxpayers; and the time has come for an independent third party to make an assessment of what barriers exist within IRS that the Agency might not be aware of. As a result of this concern and to evaluate the IRS' efforts to assist economically distressed taxpayers, the Treasury Inspector General for Tax Administration (TIGTA) has initiated two audits related to economic hardship assistance:

- An audit focusing on the new flexibilities related to installment agreements, missed payments, postponement of Collection actions and expedited lien/levy releases
- An audit focusing on the offers-in-compromise changes including the additional evaluation for home valuation, defaulted offers-in-

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compromise, and potential barriers to the Offers-in-Compromise Program.

Research Methodology

The IRS will hold the 2009 IRS Nationwide Tax Forums in six cities across the nation during July, August and September of 2009. The tax forums are held over three full days and consist of seminars led by IRS management and other tax experts who provide current instructions on tax law, compliance and ethics.

Attendees can earn up to 18 continuing professional education (CPE) credits and learn about the latest tax laws, regulations and IRS products. The annual tax forums draw thousands of tax preparation professionals from all over the United States.

The tax forums will be an excellent opportunity to discuss with the practitioner community their perspectives on the IRS' initiatives to assist economically distressed taxpayers. Specifically, we would like practitioners to share their ideas and concerns about successes, problems and/or barriers they have experienced with the communication and application of the new initiatives for offers-in-compromise, expedited lien and levy release, and installment agreements. Our data collection for these focus groups will begin on July 6, 2009 and end on August 6, 2009.

TIGTA representatives plan to attend two of the six Nationwide Tax Forums (Las Vegas, NV and Orlando, FL) and conduct one focus group each day of the Forum, Tuesday through Thursday. The representatives plan to recruit 12 to 15 tax professionals for each day to participate in the focus groups held at lunch time and the focus group will last for approximately 45 minutes.

To obtain recruits for the focus groups, TIGTA representatives will approach the tax professionals at the registration area the day before the forums begin. If necessary, participants might also be recruited prior to the start of the forum sessions each day and between forum sessions throughout the day. Because of the large number of tax professionals who attend the forums and the unique opportunity this will avail them to provide their opinions, it is believed that the anticipated number of participants needed for each focus group will be filled.

The focus groups will be moderated by TIGTA representatives and a report will be prepared summarizing the focus group discussion and findings. Neither the notes of the discussions nor the summary report will include participants' names or any personal identifying information.

Tallies and Other Information

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The following information will be gathered to satisfy OMB clearance requirements. It will be provided to OMB within 60 days after survey data collection operations are concluded:

1. **FINDINGS:** A brief summary of significant findings that were evidenced in the results.
2. **ACTIONS TAKEN OR LESSONS LEARNED:** A brief summary of any actions taken or lessons learned as a result of the findings.
3. **TAXPAYER PARTICIPATION, SURVEYS:**
 - a. Number of requests for taxpayer participation.
 - b. Number of questionnaires returned or interview completed.
4. **DATE THE DATA COLLECTION BEGAN**
5. **DATE THE DATA COLLECTION ENDED**
6. **COST:** This will include printing, postage, travel, overtime payments, payments to vendors, and any other costs incurred as a direct result of the survey (Regular salaries of TIGTA employees will not be included).

Estimated Burden Hours

Only the burden of those customers participating in the focus groups is calculated below since the amount of time required to refuse participation is minimal.

Overall, TIGTA plans to conduct six focus groups with twelve to fifteen participants each. It is estimated that each group will last approximately 45 minutes. Participants will experience minimal screening and no travel time. A total of 67½ hours of burden is estimated (90 participants X 45 minutes per focus group = 4,050 minutes = 67½ hours).

Estimated Study Cost

The cost of this study will be approximately \$6,700 in travel expenses for two TIGTA representatives to moderate and document discussion results at the two Forum locations. TIGTA is utilizing space at the conference facility so there is no location cost involved.

Study Contact

For questions regarding the study, contact:

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