

Attachment A: Screener's Guide

**Form 1040NR Improvement Discussion  
2008 Tax Forum Focus Groups  
Screener's Guide**

Hello, I'm \_\_\_\_\_. I work for the IRS and I'm recruiting tax professionals to participate in a focus group. May I speak with you for just a few minutes?

Both Taxpayers and LMSB are seeking innovative ways to improve relationships, save resources and make compliance with tax law easier. To this end, LMSB seeks comments from tax professionals on the redesign of Form 1040NR. By surveying and analyzing the comments and suggestions of tax professionals, it will afford LMSB management the opportunity to make informed business decisions to improve the form to reduce taxpayer burden and enhance tax administration.

The purpose of this study is to seek comments and suggestions from tax professionals on the Form 1040NR which is planned for revision.

If you are interested in participating, I need to ask you some qualifying questions.

These questions should take no more than 5 minutes of your time. If you are eligible and wish to participate, the focus group itself will take approximately 1 1/2 hours.

If you would like, I can give you a name and address where you can send comments and questions regarding this time estimate. We are required by law to report to you the Office of Management and Budget (OMB) control number for this public information request. That number is OMB# 1542-1349 participation is voluntary.

**(Read only if respondent asks for address where to send comments.)**

Send comments to: Internal Revenue Service  
Tax Products Coordinating Committee  
SE:W:CAR:MP:T:T:SP  
1111 Constitution Avenue, NW, IR-6406  
Washington, DC 20224

Are you interested in participating? *(If yes, continue with questions)*

**1. Age 18 or over (by recruiter observation)**

Yes

No

**2. Are you an enrolled attendee at the Tax Forum?**

Yes

No

**3. Which of the following best describes your experience with the Form 1040NR?**

Very Familiar with Form

Somewhat Familiar with Form

No Familiarity with Form

*Extend invitation to participate. When invitation to participate is extended, please restate that they will be participating with other tax professionals.*

*After securing respondent agreement to participate, record information below and give the participant a reminder card.*

Participant's First Name (first name only) \_\_\_\_\_

## Attachment B: Moderator's Guide

### **Form 1040NR Improvement Discussion 2008 IRS National Tax Forum Focus Group Moderator's Guide**

#### **Introduction** (10 minutes)

Hello everyone. My name is Susan Felder, and I will be moderating today's group discussion. I am an Analyst with the Internal Revenue Service in the Large to Mid-Size Business Division, known as "LMSB". My co-moderator, \_\_\_\_\_ is also with LMSB and will be recording highlights of our ongoing discussion on the flip chart behind me, for your reference. Our colleague at the small table is \_\_\_\_\_, whose job will be to take notes on our discussion. These notes will only be used to help me accurately remember your comments, and will include no identifying information. These notes will be destroyed upon the completion of this project. Also today we will have a digital voice recorder operating during our discussion. Again, this will help me to be accurate in reflecting your comments, and the recordation will be erased upon the completion of my report.

Form 1040NR must be filed for any non-resident alien engaged in a trade or business in the United States. I would like for us to talk together today about proposed improvements to the design and layout of Form 1040NR. We appreciate your time participating in this discussion. This discussion is one of eight sessions being held with tax professionals in four locations during the IRS National Tax Forums in Orlando, Las Vegas, New York, and San Diego.

The IRS is redesigning Form 1040NR and Form 1040NR-EZ and has plans to make it available for electronic filing in the future. In order to improve Forms 1040NR and Form 1040NR-EZ, we need your thoughts, opinions, and experiences to help us draft a redesign. We want you to share the thoughts, opinions, and experiences you have had with understanding the questions and completing the form. We are also interested in your suggestions to improve the usability and accuracy of the Form 1040NR.

How many of you have ever participated in a focus group before today? For those of you who have not and as a refresher for those of you who have, I'd like to take a few minutes to describe the process.

#### WHAT ARE FOCUS GROUPS?

Focus groups are a type of group interview where the purpose is to elicit a diversity of views, ideas, and opinions about the topics under discussion. The participants in a focus group generally share a trait or experience. For this group, it is that all of you are tax preparers who are familiar with Form 1040NR for nonresident aliens, true? **(Pause for any dissent. Excuse those who do not meet the screening criteria.)** Focus groups provide a way of balancing an open discussion of opinions with the structure of specific, pre-determined questions.

#### WHAT IS A MODERATOR?

The role of a moderator is to serve as an objective third party and to gather the information needed. My job as a moderator is to:

- Help guide the flow of the conversation
- Make sure everyone's comments are heard, and
- Ensure that questions about various aspects of the topic are covered.

## WHAT ABOUT DISCLOSURE?

1. Confidentiality: Everything that you say here will be kept strictly confidential. We will use first names only during our discussion, and names will not be used in the report. You will remain anonymous to the IRS so please feel free to tell me what you think.
2. **(Optional:** Audio Recording. We will be making an audio recording of today's session which will be used to create a transcript. This transcript will be used for analysis purposes only, and as discussed previously, there will be no indicators linking the recording to any individual. The recording will be erased once my report is completed.)
3. Voluntary Participation: Your participation in this group is entirely voluntary. You do not have to answer any questions that you do not wish to answer but your opinions are respected and valued.
4. OMB: We are required by law to report to you the OMB control number for this public information request. That number is \_\_\_\_\_.

The following are ground rules about the process we will use for today's discussion, and they are posted on the wall behind me. **(Ensure posting on flipchart.)**

## WHAT ARE THE GROUND RULES?

1. Please talk one at a time and allow others to finish their thoughts. You may use the paper and pencil in front of you to jot down what you would like to say next, once the speaker finishes.
2. Try to avoid side conversations with your neighbors.
3. We would like to hear from everyone in the course of the discussion and expect a diversity of opinions, but don't feel obligated to respond to every question.
4. Please address your comments to whole group, not just to me or our co-moderator.
5. There are no wrong answers. All thoughts, opinions, and suggestions are valued and respected.
6. A formal break has not been scheduled but if you need to leave the room, please feel free to do so. However, please return quickly since your participation is very important to us.
7. Due to our limited time, please stay focused on the topic at hand. We will note related topics on a flip chart, and return to them if we have time. We will also be passing out business cards at the end of the session so that you can contact us if you have additional input for us that may not be fully covered here today.

## **Warm Up and Group Introductions** (5 minutes)

Please introduce yourself to the group by telling us:

- Your first name or a nick-name that we can use here today (name tents).
  - Where are you located (city/state) and how long have you been there?
  - How long have you been a tax practitioner and what types of clients do you primarily work with?
- 

## **Action: Handout of Form 1040NR** (5 minutes)

Thanks everyone for your introductions. Now, let's get started with our discussion about the Form 1040NR. Karen is now handing you a copy of the draft redesign of Form 1040NR. Please take a moment to look it over. You may use it as a reference during our discussion today and can make notes on it, but we will be re-collecting them from you at the close of today's discussion since it is simply a draft prototype.

We would like your input on this draft redesigned form as you see it here today. The shaded areas of the Form indicate changes being proposed. We are especially interested in your reaction to these shaded areas and would appreciate your suggestions for improvement.

We plan to proceed through today's discussion by starting with Page 5 of Form 1040NR since all of the questions on this page are new, then working back to the fewer items for discussion on Page 4 and Page 1, as time allows.

Has everyone received a copy of the form? Are there any last questions about our topic for today, or the discussion process we will use?

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## **General Questions** (5 minutes)

**Question 1** Is everyone here very familiar with using Form 1040NR? **(Ask for a show of hands).**

- Probe: About how many Forms 1040NR do you prepare during a filing season?

**Question 2** What percent of your clientele involves the use of Form 1040NR? **(Ask for rounded percentages (1/2, 1/3, etc.), and record frequency by responses.)**

- Probe: Do you anticipate your use of the Form 1040NR to increase or decrease over the next year? What factors will cause that?
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## **Specific Questions** (50 minutes)

**Question 3** Let's take a look now at Page 5 of the highlighted Form 1040NR that you have just been handed. Since all these questions are new, we would like to review all of the line items, one at a time. We will start at the top, and ask for your impression of each item. We then may ask how you would complete the line item, given a certain hypothetical situation.

**Question # 3A.** *“What country(s) issued your passport(s)?”*

- Probe: How does Item A appear to you in terms of its layout of spaces to enter information? Is it an efficient design for you to enter your information?
- Probe: Is the text of the question clear and specific on exactly what is being asked for? Does the wording help you to easily understand what information is being requested?
- Probe: What, if anything, would confuse you or other preparers about how to answer this question?
- Probe: Here’s a hypothetical situation. Please listen carefully, and then tell me how you think you would complete Item A:
  - Scenario: If you have a passport for three countries, Germany, France, and the United Kingdom, how do you think you would answer this question? **(Record number of participants naming each country)**

**Question # 3B.** *“Give country in which you claim residence.”*

- Probe: How does Item B appear to you in terms of its layout of spaces to enter information? Is it an efficient design for you to enter your information?
- Probe: Is the text of the question clear and specific on exactly what is being asked for? Does the wording help you to easily understand what information is being requested?
- Probe: What, if anything, would confuse you or other preparers about how to answer this question?
- Probe: Here’s a hypothetical situation. Please listen carefully, and then tell me how you think you would complete Item B:
  - Scenario: If the taxpayer is a United Kingdom resident but worked in France during the year, how do you think you would answer this question? **(Record responses.)**

**Question # 3C.** *“Were you ever a U.S. Citizen? Yes/No”*

- Probe: How does Item C appear to you in terms of its layout of spaces to enter information? Is it an efficient design to have a “Yes” and “No” box for your selection?
- Probe: Is the text of the question clear and specific on exactly what is being asked for? Does the wording help you to easily understand what information is being requested?
- Probe: What, if anything, would confuse you or other preparers about how to answer this question?

**Question # 3D.** *“Were you ever a lawful permanent resident (green card holder) in the U.S.? Yes/No”*

- Probe: How does Item D appear to you in terms of its layout of spaces to enter information? Is it an efficient design to have a “Yes” and “No” box for your selection?
- Probe: Is the text of the question clear and specific on exactly what is being asked for? Does the wording help you to easily understand what information is being requested?

- Probe: What, if anything, would confuse you or other preparers about how to answer this question?
- Probe: Here's a hypothetical situation. Please listen carefully, and then tell me how you think you would complete Item D:
  - Scenario: A citizen of the United Kingdom has been working in the U.S. and has met the substantial presence test and is considered a U.S. resident for tax purposes. How do you think you would answer this question? **(Record # of "Yes" responses and number of "No" responses.)**

**Question # 3E.** *"Have you applied to be a lawful permanent resident (green card holder)?*

*Yes/No"*

- Probe: How does Item E appear to you in terms of its layout of spaces to enter information? Is it an efficient design to have a "Yes" and "No" box for your selection?
- Probe: Is the text of the question clear and specific on exactly what is being asked for? Does the wording help you to easily understand what information is being requested?
- Probe: What, if anything, would confuse you or other preparers about how to answer this question?
- Probe: Here's a hypothetical situation. Please listen carefully, and then tell me how you think you would complete Item E:
  - Scenario: If the nonresident alien completed Form I-485 to apply to adjust their status to that of a permanent resident of the United States, how do you think you would answer this question? **(Record # of "Yes" responses and number of "No" responses.)**

**Question # 3F.** *"Have you ever changed your nonimmigrant status (visa type)? Yes/No"*

- Probe: How does Item F appear to you in terms of its layout of spaces to enter information? Is it an efficient design to have a "Yes" and "No" box for your selection?
- Probe: Is the text of the question clear and specific on exactly what is being asked for? Does the wording help you to easily understand what information is being requested?
- Probe: What, if anything, would confuse you or other preparers about how to answer this question?
- Probe: Here's a hypothetical situation. Please listen carefully, and then tell me how you think you would complete Item F:
  - Scenario: If a taxpayer entered the United States a year ago on an "F-1 academic student" visa and this year changed status to a "J-1 exchange visitor" visa as a researcher, how do you think you would answer this question? **(Record # of "Yes" responses and number of "No" responses.)**

**Question # 3G.** *"Dates you entered and left the U.S. during the year. Note: If you are a resident of Canada or Mexico AND enter and leave the U.S. at frequent intervals, skip this question. Date entered/ Date departed"*

- Probe: How does Item G appear to you in terms of its layout of spaces to enter information? Is it an efficient design to have a table format to enter the dates entered and dates departed?
- Probe: Is the text of the question clear and specific on exactly what is being asked for? Does the wording help you to easily understand what information is being requested and when this item should be skipped?
- Probe: What, if anything, would confuse you or other preparers about how to answer this question?
- Probe: Here's a hypothetical situation. Please listen carefully and then tell me how you think you would complete this item:
  - Scenario: Supposed you have a taxpayer who entered and left the U.S. during the year on short business trips. Or the taxpayer entered the U.S. to work or study, but left the U.S. several times during the year to visit family or return home briefly. How would you enter this information?  
**(Record dates.)**

**Question # 3H.** *“Give number of days (including vacation and non-work days) you were present in the U.S. during: 2005\_\_ 2006\_\_ and 2007\_\_\_\_\_”*

- Probe: How does Item H appear to you in terms of its layout of spaces to enter information? Is it an efficient design to have space after each year to fill in the number of days?
- Probe: Is the text of the question clear and specific on exactly what is being asked for? Does the wording help you to easily understand what information is being requested?
- Probe: What, if anything, would confuse you or other preparers about how to answer this question?
- Probe: Here's a hypothetical situation. Please listen carefully and then tell me how you think you would complete this item:
  - If all you have to go on is to look at the entry and exit stamps on the passport, or other records, how would you count the number of days actually present in the US during 2005, 2006, and 2007 to see if the Substantial Presence Test is met?

**Question # 3I.** *“Did you file a U.S. income tax return for any prior year? Yes/No”*

- Probe: How does Item I appear to you in terms of its layout of spaces to enter information? Is it an efficient design to have a “Yes” and “No” box for your selection?
- Probe: Is the text of the question clear and specific on exactly what is being asked for? Does the wording help you to easily understand what information is being requested?
- Probe: What, if anything, would confuse you or other preparers about how to answer this question?

**Question # 3J.** *“If you file this return for a trust, did the trust have a U.S. owner, make a distribution or loan to a U.S. person, and/or receive a contribution from a U.S. owner? Yes/No”*

- Probe: How does Item J appear to you in terms of its layout of spaces to enter information? Is it an efficient design to have a “Yes” and “No” box for your selection?
- Probe: Is the text of the question clear and specific on exactly what is being asked for? Does the wording help you to easily understand what information is being requested?
- Probe: What, if anything, would confuse you or other preparers about how to answer this question?

**Question # 3K.** *“Did you receive compensation of \$250,000 or more and use an alternative basis to determine the source? Yes/No If “Yes”, attach statement. (See page XX of the instructions.)”*

- Probe: How does Item K appear to you in terms of its layout of spaces to enter information? Is it an efficient design to have a “Yes” and “No” box for your selection?
- Probe: Is the text of the question clear and specific on exactly what is being asked for? Does the wording help you to easily understand what information is being requested? Is it clear to you what should be attached?
- Probe: What, if anything, would confuse you or other preparers about how to answer this question?
- Probe: Here’s a hypothetical situation. Please listen carefully, and then tell me how you think you would complete Item K:
  - Scenario: If a nonresident alien received compensation and an education fringe benefit in excess of \$250,000 and the taxpayer computed the compensation on a time basis and the education on a geographical basis, how do you think you would answer this question? **(Record # of “Yes” responses and number of “No” responses.)**

**Question # 3L.** *“Income Exempt From Tax – If you are claiming the benefits of a U.S. income tax treaty with a foreign country, enter the name of the country, the treaty article, the number of prior years you claimed the treaty benefit and the amount of exempt income in the columns below. (a) Country / (b) Tax Treaty article/ (c) Number of prior years claimed/ (d) amount of exempt income. Total (enter treaty-exempt income on Form 1040NR line 22; not on line 8 or 12).”*

- Probe: How does Item L appear to you in terms of its layout of spaces to enter information? Is it an efficient design to have a row and column table format?
- Probe: Is the text of the question clear and specific on exactly what is being asked for? Does the wording help you to easily understand what information is being requested and where to enter it?
- Probe: What, if anything, would confuse you or other preparers about how to answer this question?
- Probe: Here’s a hypothetical situation. Please listen carefully, and then tell me how you think you would complete Item L:
  - Scenario: If a taxpayer who is a resident of France comes over to the U.S. to teach at a university and earns \$50,000 for the first time in the U.S this year and some/all of the income is exempt due to a treaty, how do you think you would complete the sections of the table in this question? **(Record responses in (a), (b), (c), (d), and Total.)**

**Question # 3M.** *“Were you subject to tax in a foreign country on any of the income for which you are claiming treaty benefits? Yes/No”*

- Probe: How does Item M appear to you in terms of its layout of spaces to enter information? Is it an efficient design to have a “Yes” and “No” box for your selection?
- Probe: Is the text of the question clear and specific on exactly what is being asked for? Does the wording help you to easily understand what information is being requested?
- Probe: What, if anything, would confuse you or other preparers about how to answer this question?
- Probe: Here’s a hypothetical situation. Please listen carefully, and then tell me how you think you would complete Item
  - o A taxpayer receives a pension based on his prior employment in the U.S.; however, the taxpayer now lives in Germany. Article 18 of the U.S.-Germany income tax treaty allows Germany to tax the pension. What else would you need to know to complete Item M?

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**Question 4** (5 minutes) Now, let’s take a look at Page 4 of the highlighted Form 1040NR that you have just been handed by Karen. Can you share your impressions on completing the items on page 4?

- Probe: How does Page 4 appear to you in terms of layout of rows and columns? Does it provide an efficient and understandable layout for you to enter your information?
- Probe: Is it clear and specific on what is being asked for on each line item? Does the wording help you to easily understand what information belongs in each item?
- Probe: Is there ever confusion over whether the line item is calling for withholding instead of asking for income?
- Probe: Are there any suggestions specifically on Line 85 and 86 regarding gambling income, as shown?
- Probe: How would you fill out columns b, c. or d of the line item listed?
- Probe: Here’s a hypothetical situation. Please listen carefully, and then tell me how you think you would complete Page 4, columns (a) through (e):
  - o Scenario: A nonresident alien receives not effectively connected dividend income from a U.S. Corporation in the amount of \$10,000 with withholding of \$1,500, which is taxed at the 15% rate. How do you think you would enter this on Page 4? **(Record responses.)**

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**Question 5** (5 minutes) Now let’s take a look at Page 1 of the highlighted Form 1040NR that you have been handed. Can you share your impressions on completing the items on page 1?

- Probe: How does page 1 appear to you in terms of layout and appearance? Does it provide an efficient and understandable layout for you to enter information?
- Probe: Is it clear and specific on what is being asked for? Does the wording help you to easily understand what information belongs in each item?
- Probe: Have you any specific reaction to highlighted Line 22? How would you use and fill out Line 22?

- Probe: Do you or other preparers ever have confusion over where to enter the three different types of nonresident alien income, 1) taxable income 2) exempt income, and 3) excludable income?
  - Probe: Here's a hypothetical situation. Please listen carefully, and then tell me what you think you would do:
    - Scenario: A nonresident alien receives income taxable in the U.S.; income that is excluded from U.S. taxes; and exempt income. How do you think these amounts would be reported on Page 1 of Form 1040NR? **(Record responses.)**
    - Scenario 2: A foreign student receives wages for performing personal services in the U.S. These wages are taxable by the U.S.; but a portion of the wages is exempt from U.S. tax under an income tax treaty. In addition, the student receives a scholarship paid by a U.S. university, part of which is excludable from his income under IRC 117 because it is a "qualified scholarship". How would he report these three kinds of income on Form 1040NR? **(Record Responses.)**
  - Probe: Are there any recommendations specifically about the appearance of the taxpayer name and address portion of Page 1? Do you feel the entity address area needs to be larger?
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### **Wrap Up** (5 minutes)

I want to thank each of you for your participation in today's discussion. We appreciate your time in helping us to improve Form 1040 NR. **(Optional: We would like leave each of you with a token of our appreciation for your time here today, which is being handed out to you.)**

Are there any final comments on improving the Form 1040NR before we close?

If you have any additional comments or suggestions about what we discussed here today, please feel free to e-mail them to the address listed on the business card that is being handed out to you.

Thank you again for your participation, and enjoy the rest of you time here at the IRS National Tax Forum.

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**Attachment C: Recruiting Attempts Sheet**

**Form 1040NR Improvement Discussion  
2008 Tax Forum Focus Groups  
Recruiting Attempts Sheet**

**Session Location** (check one):

- Orlando       Las Vegas       New York       San Diego

Screener's Name: \_\_\_\_\_

Unsuccessful Attempts	
Successful Attempts	
<b>Number to Recruit -- No More Than 20</b>	

**Recruiters:** Please record below the total number of attempts to recruit practitioners. At the completion of the project, we must report to OMB the number of requests or attempts to recruit practitioners for the focus group. After recruiting is completed, give the tally to the moderator of your focus group.

**Total number of unsuccessful attempts to recruit practitioners:** \_\_\_\_\_

**Total number of successful attempts to recruit practitioners:** \_\_\_\_\_

Attachment D: Participant List

**Form 1040NR Improvement Discussion  
2008 Tax Forum Focus Groups  
Participant List**

Session Location (check one):

Orlando

Las Vegas

New York

San Diego

Participant's First Name	Attended the Session (for moderator's use)
1.	
2.	
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18.	

Attachment E: Reminder Card

**Form 1040NR Improvement Discussion  
2008 Tax Forum Focus Groups  
Focus Group Session Reminder**



**IRS Form 1040NR Focus Group**

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**Focus Group Session Reminder**

**Date:** \_\_\_\_\_

**Time:** \_\_\_\_\_

**Location:** \_\_\_\_\_