

OMB Clearance Package Identity Theft Refund Crime Letter Survey

I. Introduction

Background/overview

Identity theft occurs when someone uses another person's personally identifiable information (PII) to commit fraud or other crimes. One form of identity theft is the fraudulent use of PII to claim a tax refund. Indications of potential income tax refund crimes include circumstances where multiple returns are received for the same account. The Criminal Investigation division of the IRS routinely investigates these instances.

In January of 2008, the IRS Office of Identity Theft and Incident Management selected 100 previously investigated taxpayers for a pilot program. A 4310-C Refund Crime letter was mailed to the 100 pilot program taxpayers whose PII had been used to file multiple returns for tax year 2006. Following that pilot program, the IRS mailed the same letter to taxpayers whose PII had been used to file more than one 2007 tax return.

In the letter, the IRS expressed that their PII may have been fraudulently used, provided educational information on resources available to protect themselves, and recommended actions to take if they were in fact a victim of identity theft. The IRS did not request that the taxpayer make contact and stated that no action was needed in the contents of the letter. Furthermore, the letter referred taxpayers to Taxpayer Advocate Service (TAS) for any questions and for assistance resolving issues pertaining to identity theft.

Strategy and Finance would like to assess the effectiveness of the letter in communicating information about resources available to potential identity theft victims and determine the reasons why taxpayers may respond to the letter by contacting the IRS.

Objectives of data collection

The overall objective of the identity theft project is to conduct an inquiry examining 200 taxpayers who received an Identity Theft Refund Crimes Letter to:

- Determine the effectiveness of the letter
- Determine the reasons why taxpayers may respond to the letter by contacting the IRS

II. Methodology

Sample Design

The sample will consist of the 100 taxpayers whose PII was used to file multiple 2006 tax returns and another 100 taxpayers whose PII was used to file more than one 2007 tax return. The sample will consist exclusively of letter 4310-C recipients.

Data Collection Dates

It is expected that the survey will be fielded and data will be collected between October 10, 2008 and November 07, 2008.

Data To Be Collected

Please see the attached questionnaire (Appendix A) for the details of information to be collected. In short, the data to be collected will address how the letter recipients acted on the letter, if at all, how well they understood its contents, and why they contacted the IRS, if they did so.

How Collected Data Will Be Used

The data will be used to assist the IRS in improving the 4310-C Refund Crime Letter and any future correspondence with taxpayers suspected of being victims of identity theft.

How Data Will Be Analyzed

Standard analysis techniques include frequency distributions, cross-tabulations, mean scores, T-tests, and correlation analysis.

Who is Conducting the Research?

W&I Planning, Research, and Analysis will be conducting the research.

Location – City, Date, and Facilities

Testing will be conducted by mail; therefore, there is no specific location for testing.

Recruitment Efforts

The data gathering effort will be carried out by mail by contacting taxpayers who should have received the 4310-C Refund Crimes Letter earlier this year.

Stipend

Participants are volunteers and no stipend will be offered or paid.

Efforts to Not Duplicate Research

The IRS conducts many surveys. While the themes to be tested and discussed in the present study are similar to those previously conducted, a survey regarding this particular letter has not been undertaken.

III. Participants Criteria

The target population for this test is the recipients of the 4310-C Refund Crimes Letter.

IV. Privacy, Disclosure, Confidentiality, Security Issues

Nonetheless, research personnel will ensure that privacy, security, and confidentiality of the aggregated results will receive utmost attention. Public and official access to the information will be tightly controlled. Security requirements are based on the Computer Security Act of 1987 and Office of Management and Budget Circular A-130, Appendices A7B. Physical security measures include a locked, secure office. The computer files containing this tabulated

information will remain password protected at all times. Data security approaching level C-2 will be accomplished using the Windows XP operating system.

V. Estimated Burden Hours

Total burden hour estimate = 30.9 hours

The estimated time to complete the survey is 5 minutes per participant. The estimated time to read through the accompanying materials (i.e., prenotice letter, introductory letter, and follow-up postcard) is 8 minutes per participant. We assume a 25% response rate.

200 total survey recipients at 8 minutes each	= 1,600 minutes	= 26.7 hours
50 survey respondents at 5 minutes each	= 250 minutes	= 4.2 hours

Expected Response Rate - Justification for Response Rates Below 50%

Because the survey recipients are all possible victims of identity theft, we expect that trust levels and therefore response rates are lower than normal. We understand, however, that the survey will produce qualitative, and not quantitative, data, which will be used accordingly. No critical decisions will be made solely on the basis of the data collected.

Methods to Maximize Response Rate

WIPRA will strive to maximize response and cooperation rates among those selected in the sample through multiple mailings. A prenotice letter will be sent to the survey's recipients a few days in advance of the survey to advise them that the questionnaire will show up in their mailboxes shortly. A week after the survey, the survey recipients should receive a follow-up postcard that serves as a reminder to those who have not completed the survey and a thank you note to those who have.

VI. Estimated Cost of Study

The small size of the survey allows for the project to be handled in-house without the use of a contractor. This option minimizes the cost to conduct the project, minimizes taxpayer burden and does not require WIPRA to hire a contractor.

VII. Attachments

Survey pre-letter

Mail Survey

Post Card