

**OMB Supporting Statement  
IRS Large & Mid-Size Business Division  
CONJOINT ANALYSIS RESEARCH SURVEY 2010**

**Background**

During the redesign and modernization of IRS, one of the principles behind the creation of LMSB without a taxpayer assistance section was that LMSB taxpayers were sophisticated in the area of tax law and did not require assistance with filing their returns or in determining their tax positions. The primary customer facing section of the organization is the examination function. Therefore our primary measure of customer satisfaction is with the examination process through transactional surveys of our audited customers.

A second customer interface is through the Technical Advisors in Pre-Filing and Technical Guidance (PFTG) section. The Technical Advisor Program in PFTG was established to ensure uniform and consistent treatment of issues nationwide, provide for better identification, development and resolution of issues and provide a vehicle for coordination of technical issues at Large and Mid-Size Business Division and other Operating Divisions. Technical Advisors and Technical Advisor Managers assist Examiners in identifying, developing and resolving industry specific and cross-industry technical issues, both domestic and international; ensure uniform and consistent treatment of issues; provide educational opportunities to internal and external customers as appropriate; and maintain/develop industry and issue expertise.

Several other issue resolution programs have been launched over the past several years including Pre-Filing Agreements (PFA), Limited Issue Focused Examination (LIFE) process, Fast Track Settlement, Advanced Pricing Agreements (APF), Alternate Dispute Resolution (ADR) and Tiered Issue Process. These programs are all designed to increase efficiency of tax administration and reduce taxpayer uncertainty and burden.

While LMSB has designed and implemented a number of customer satisfaction surveys and programs to increase efficiency and reduce taxpayer uncertainty and burden, there has not been an overarching analysis of what LMSB customers value and/or prefer in working with the IRS.

**Objective**

The purpose of conjoint analysis is to help LMSB determine what our customers' value and prefer in terms of the products, processes, and policies that we offer or that we might be able to offer. Framing this task not in the open marketplace but recognizing that LMSB is in the unique position of a government agency tasked with insuring voluntary tax compliance and enforcement of tax laws. The goal of the conjoint analysis is to assist LMSB in improving customer relationships by offering services and processes that meet customer needs while furthering LMSB's primary directives.

## **Research Methodology**

The methodology used in this survey will be a web based survey with the taxpayer using a scripted survey questionnaire. Prior to the first contact for the web based survey the taxpayer will receive a pre-note letter provided by IRS and mailed by contractor soliciting their participation.

Individuals will be asked to determine relative preferences for individual attribute levels through a series of ratings of alternative combinations of attribute levels. The objective of the study will be to 'decompose' the service alternatives into a common set of service attributes, and to measure relative importance of attributes in evaluating service alternatives.

## **Information Collection Dates**

This is a one-time survey administered online with a goal to reach 400 individual taxpayers during the period July-September 2010. The sample source is provided by the IRS to be representative of mid- and large-sized US businesses. To achieve the maximum possible response rates the contractor will send an invitation to all potential participants by mail. We will strive to achieve a 60% response rate based on comparable research conducted in the past.

## **Data to be Collected**

The objective of the survey is to gain information that will assist the IRS in identifying attributes that are important taxpayers when trading off disclosure of information in exchange for tax certainty.

The conjoint survey questions will cover the following areas:

- Tax Certainty
- Transparency
- Tiered Issues

## **Estimated Burden Hours**

The research has been designed to minimize burden on the taxpayer. The time that a respondent takes to participate has been carefully considered and only the most important areas are being asked. The total burden estimate for soliciting survey participants and completion of survey is 211.12 hours.

The survey is expected to take 30 minutes to complete, plus 1 minute to read the invitation note. This is based upon the questionnaire consisting of 30 closed-ended choice questions and one open-ended response opportunity.

Survey Solicitation -- 667 people @ 1 minute per person = 667 minutes or 11.12 hours

Survey Participants – 400 people @ 30 minutes to complete survey = 12,000 minutes or 200 hours  
Total minutes = 12,667 minutes or 211.12 hours

### **How data will be used**

LMSB serves a return population comprised of approximately 138,000 corporations and partnerships whose assets are in excess ten million dollars. This customer base is further broken out into two distinctive classifications: Industry and Coordinated Industry. LMSB has been tasked to survey these two distinct groups and create valid output to be used to determine the overall level of satisfaction of these groups. By surveying and analyzing this customer base, it will afford LMSB management the opportunity to make informed business decisions to improve tax administration and customer satisfaction.

### **How data will be analyzed**

The culmination of the responses from the conjoint survey will create a score that will be tabulated based on numerical scores given on the response questions. Subsets of scores will be derived for each of the three key areas.

### **Who is conducting research?**

LMSB Planning, Quality, Analysis and Support contract the survey which is conducted by an outside contractor, Pacific Consulting Group (PCG).

### **Confidentiality, Disclosure, and Security**

All survey responses will be released only as summaries. No individual answers will be reported and survey responses will have no effect on individual tax accounts. Customers are under no obligation to participate or complete the survey, it is completely voluntary. However, the participation solicitation will encourage their participation so that their answers will help the IRS provide better service to the business community. Our contract with PCG authorizes them to collect taxpayer specific information. Therefore responding to the survey is not an unauthorized disclosure of taxpayer information. Prior to taking the survey, each participant who would like to verify the authenticity of the survey request, may contact Jim Morton, LMSB Program Analyst by phone (404-338-7127) or by email ([jim.morton@irs.gov](mailto:jim.morton@irs.gov)).

### **Estimated Cost**

**The total estimated cost associated with this study is: \$174,000.**

### **Contact**

For questions regarding the study or discussion guide design, contact:  
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## **Attachments**

- A: Draft Survey Pre-Note Survey Solicitation Letter**
- B: Draft Scripted Survey Questionnaire**