

Moderator's Guide

**2017 IRS Nationwide Tax Forum Focus Groups:
Preparer Feedback on the EITC Audit Process**

Moderator's Guide

I. Welcome and Introductions:

A. Introduction of the moderator

Good morning/afternoon. My name is <first name> and I will be your moderator for this session. I work for the Internal Revenue Service as a social scientist. Today I will be leading a discussion to get your feedback about the EITC audit process.

B. What is a moderator?

Before we begin, I want to let you know that I'm not an expert in EITC. My job as a moderator is to:

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

You will see me referring to this outline during our session. The outline includes all issues I need to raise with the group, and helps me keep the discussion on track. It is important that we cover all the issues. Therefore, I may have to break off the conversation in order to move on to another area in the guide.

C. Ground Rules

Before we begin, I'd like to review some ground rules for today's discussion.

- For the IRS to speak with the public, we are required to have approval from the Office of Management and Budget. Their approval number for this project is 1545-1349. Also, if you have any comments regarding the time estimates associated with this study or suggestions on making this process simpler, please write to the: IRS Special Services Section, 1111 Constitution Avenue, NW, IR-

6129, Washington, DC 20224. [NOTE: Post this bullet on newsprint/white board for each session.

- There are no known risks to you for taking part in this focus group session. All the data the IRS collects will be kept private to the extent allowed by law. Your name will never be linked to your comments, nor will it appear in any written reports or publications.
- Please speak just one at a time so everyone has a chance to participate.
- Please don't engage in side conversations-- we need for everyone to hear what the others are saying and for everything that's said to be heard.
- Sometimes I'll go around the table and ask everyone for their input. At other times, I will just open a topic for general discussion.
- We would like to hear from everyone in the group, but you don't have to answer every question.
- There is no right or wrong answers in today's discussion. We expect to hear differences in how people see things.
- Feel free to disagree. The purpose of a group session is for us to learn things in group interchanges that we don't get out of one-on-one discussions. If someone says something you disagree with, please let us know.
- If anyone needs to use the restroom, they are located <specify>.
- Your participation is voluntary. Therefore, at any point in time you may leave the room.
- If you have a cell phone, please turn it to silent.
- The session will last one hour.

D. Introduction of Participants

To begin, I'd like each of you to introduce yourself using your first name only, tell us where you are from, and how long you've been a tax preparer.

II. Discussion

As I mentioned at the start of the session, our goal today is get feedback about the EITC audit process. Specifically, we will be talking about EITC correspondence audits.

A. The Audit Process

1. Entering the Audit Process

I would like to talk about two types of taxpayers that go through correspondence audit:

1. Those that come to you for whom you didn't prepare their return, and
2. Those that come to you that you did prepare their return

How many of you have had taxpayers come to you after they receive an EITC audit notice, for which you didn't prepare their return? (Count and record responses)

Why did these taxpayers come to you?

Prompts:

- didn't know what to do (didn't understand the notice)
- confused about the documents needed to prove eligibility
- knew what to do, but felt more comfortable having tax professional handle

Were any of these taxpayers unaware that they had claimed EITC? In other words, had another preparer (or someone else) erroneously claimed EITC on their return?

How many of you have had existing clients that received an EITC audit notice? (Count and record responses)

What were the circumstances that led to the notice?

Prompt:

- Taxpayer failed to accurately portray aspects of "qualifying child" (relationship/residency/filing status)
- Taxpayer's Schedule C business as reported was questioned

2. Helping Taxpayers with their Audit

What initial steps do you take to help taxpayers going through a correspondence audit?

Do you need to provide an explanation of the IRS Audit Process?

(NOTE: An explanation of the Audit Process (Pub 3498-A) is provided to the taxpayers with their audit notification)

Do you go over the EITC eligibility requirements up front to see if the taxpayer qualifies?

<If: Contact the IRS via written correspondence>

When a written response is sent to the IRS, are the responses received back from the IRS:

- a. Accurate
- b. Clear
- c. Timely

<If: Contact the IRS via phone>

Who initiates the contact? (Examiner, preparer)

How often do you speak with an examiner?

Are the conversations productive, leading to resolution?

In verbal and written communications, do examiners provide suggestions about what documentation should or could be sent to prove EITC eligibility?

Do they suggest alternatives to what is already listed on Form 886-H-EIC?

<Hand out form 886-H-EIC to participants>

What, if any, resources do you use to help taxpayers with their audit?

Prompts:

- 886-H-EIC
- IRS Website
- Other IRS Publications
- Non-IRS Resources

In working with taxpayers going through a correspondence audit, is form 886-H-EIC useful?

Does the form help facilitate the conversation with taxpayers about documentation needed to prove eligibility?

3. Communication with the IRS *<If: communication was not covered earlier>*

When a written response is sent to the IRS, are the responses received back from the IRS:

- Accurate
- Clear
- Timely

When talking with the IRS, who initiates the contact? (Examiner, preparer)

How often do you speak with an examiner?

Are the conversations productive, leading to resolution?

4. Audit Resolution

In situations where it is clear the taxpayer is not eligible for the credit:

Do IRS examiners effectively communicate why the taxpayer is ineligible?

Do IRS examiners solicit agreement?

5. Audit Improvement

What could the IRS do to improve the EITC correspondence audit process?

Prompts:

- Improvements in communication
- Development of additional resources
- Timeliness of reaching resolution

B. Form 886-H-EIC

In 2015, the IRS Revised Form 886-H-EIC (*Documents You Need to Prove You Can Claim the Earned Income Credit on the Basis of a Qualifying Child or Children*), which is included with the initial audit notice (CP75 and CP75A).

What is your impression of form 886-H-EIC?

PROBE: Concerns and comments about print size, font type, layout, organization, etc.

Has anyone heard from taxpayers about their impression of the form?

What do you like about the form?

Prompts:

- Comprehensive
- Clarity
- Accuracy

What do you dislike about the form?

Prompts:

- Too much information
- Not enough information

PROBE: What should be removed/included?

Looking at the wording used on the form, is there anything that's confusing?

PROBE: If something is confusing, what would they suggest?

III. Closing

Thinking about our discussion this morning/afternoon, is there anything else you would like to share regarding any of the topics we discussed.

Thank you very much for coming and sharing your ideas with us—we really appreciate your time.

Recruitment Script

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Recruitment Script

Hello, my name is _____. I work for the Internal Revenue Service and I'm recruiting tax professionals to participate in a focus group. May I speak with you for a couple minutes?

The purpose of the session is to gather information from tax professionals about the EITC audit process. The group will also seek to brainstorm new changes that could further improve the audit process.

The focus group is scheduled for one hour, and your input will help improve the EITC correspondence audit process.

Your participation in the focus group is completely voluntary and is scheduled for <date>, <time>, and will be held at <location>.

Are you interested in participating?

If the tax professional agrees to participate, provide a reminder sheet containing the focus group date, time and location.

If the tax professional does not agree to participate, thank them for their time.

Focus Group Reminder

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Focus Group Reminder

Thank you for agreeing to participant in this EITC focus group. For your convenience, we have listed the date, time and location of the session below.

Focus group date: <date>

Focus group time: <time>

Focus group location: <location>

Documents You Need to Prove You Can Claim an Earned Income Credit On the Basis of a Qualifying Child or Children

Usted puede conseguir una versión de esta forma en español llamando el número de teléfono en la primera página de la carta adjunta. (You can get a Spanish version of this form by calling the telephone number on the first page of the enclosed letter.) Your child must meet relationship, age, and residency requirements to qualify you for an Earned Income Credit (EIC). However, you may not need to claim a dependent child to qualify for a reduced EIC (see the reverse side of this form).

If the Child Is	Then
<p>Your son or daughter (including an adopted child)</p> <p>Your grandchild or great grandchild, stepson, stepdaughter, step-grandchild or step-great grandchild, child pending adoption, brother, sister, stepbrother or stepmother or a descendant of any of them (such as a niece or nephew), eligible foster child (placed with you by an authorized placement agency)</p>	<p>GO TO THE AGE and RESIDENCY TESTS. IRS will confirm the relationship; however, we may ask you later for additional information.</p> <p>Send us photocopies of documents that show evidence of the relationship, such as:</p> <ul style="list-style-type: none"> • Birth certificates or other official documents of birth that verify your relationship • Marriage certificates that verify your relationship to the child • Letter from an authorized adoption agency • Letter from the authorized placement agency or applicable court document
<p>Relationship Test</p>	<p>GO TO THE RESIDENCY TEST. IRS will confirm the age; however, we may ask you later for additional information.</p> <p>Send us photocopies of official school records showing the child was a full-time student for at least five months of the tax year. The school records should show the dates of attendance. The months of attendance don't have to be consecutive.</p>
<p>Age Test</p>	<p>Under age 19 at the end of 2008</p> <p>Under age 24 at the end of 2008 and a full-time student for at least five months of the year</p> <p>Any age and permanently and totally disabled at any time during 2008</p>
<p>Residency Test</p>	<p>Send us a letter from the child's doctor, other healthcare provider, or any social service program or agency verifying the child is permanently and totally disabled.</p> <p>Send us photocopies of school (no report cards), medical, daycare provider (provider can't be a relative) or social service records</p> <p style="text-align: center;">or</p> <p>Send us a letter on official letterhead from a school, a medical provider, a social service agency, or a place of worship that shows the name of your child's parent or guardian, your child's address and the dates that they lived with you.</p> <p>You may need to send more than one document to prove your child lived with you for more than half of the year</p>