



FTA-IRS Tactical Advisory Group (TAG) Meeting

April 2008

MLI –FTA Joint Taskforce

Presentation Objectives

- *Discuss findings of IRS Multilingual Initiative (MLI) Strategy Office/ FTA joint Taskforce project*
- *Share current and future IRS MLI research and improvement initiatives aimed at increasing LEP taxpayer awareness and usage of e-file services*



FTA Multilingual Taskforce

A joint taskforce between the IRS MLI Strategy Office and the FTA TAG was formed to develop recommendations for improvement initiatives which increases LEP taxpayer awareness and usage of e-file services.

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FTA/IRS Multilingual Taskforce

As part of this effort a subset Federal/State collaboration group was established to address multilingual issues that impact electronic filing:

State Representation

Arizona California
New Mexico Pennsylvania

IRS Representation

MLI Strategy Office
Field Media Relations
ETA

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Objective

Conduct research to develop initiatives for increasing e-file usage, education, outreach, and communications to Spanish language Ethnic Islands:

- Determine and understand the triggers for significant variances in e-file usage in Spanish language Ethnic Islands.
- Identify best practices for increasing *e-file* usage in Spanish language Ethnic Islands.
- Identify best practices for increasing *e-file* education, outreach, and communication in the targeted areas.
- Develop a strategy for addressing the impact that the increasing Limited English Proficient (LEP) population has on electronic return filing.

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Method

Developed and conducted an electronic survey from April 2007 through June 2007.

- New Mexico Tax Authority took lead on survey development (questions develop by taskforce) and administration.
 - Housed survey on the New Mexico tax authority website.
 - Used Survey Monkey to administer survey
- Survey targeted Business and Community e-file service providers
- State agencies (e.g. Governors office) and partners supported survey by housing on their websites and/or promoting participation to their constituents.
- Survey was also promoted by the state tax authorities through the FTA network.

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Method

IRS to use data from a recent survey instrument to capture *taxpayer* feedback on e-file and the electronic filing process and feed results into the research effort.

- Commissioned Spanish Market Segment Survey (MSS) by PGC Consulting to do a Random Digit Dialing survey.
 - Survey began in July 2006 and concluded in September 2006.
 - Subsequent survey began in July 2007 and concluded in September 2007 – final reported expected in November or December 2007.
- MSS targets Spanish speaking LEP households a the results are a statistically valid representation of the total U.S. LEP population.

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Findings – Business Survey

- ✓ Nearly half (49%) of the respondents were from California.
 - ✓ This coincides with Census demographic data indicating that one third of the total LEP population is located in California
 - ✓ Largest Californian representation from 900XX and 917XX zip codes.
- ✓ Approximately 84% of the respondents were fee-based (charged a fee) service providers
 - ✓ More than half (61%) were self-employed
 - ✓ Nearly half (45%) were fluent in English and Spanish
 - ✓ Almost half (48%) indicated that their company would increase the total number of e-file returns if federal and state agencies supported Spanish language e-file
 - ✓ More than half (51%) indicated that less than 10% of their staff is Spanish speaking

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Findings – Business Survey

- ✓ Two in every five respondents indicated that “staffed service providers (fee based) would be the best method for meeting the Spanish speaking community filing needs.
 - ✓ More than half (51%) of the respondents indicated that e-file service should be offered in a blended environment of fee-based and free service to the client.

- ✓ Nearly a third (28%) indicated that the best way for the government to collect taxes from taxpayers without SSNs is to educate them on how paying taxes benefits them.

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Findings – Business Survey

- ✓ Almost a fourth indicated that the average refund of their Spanish speaking clients range from \$1,000 to \$2,000.

- ✓ More than half (57%) indicated that the best way to get Spanish speaking clients to e-file is to increase marketing in Spanish
 - ✓ Nearly a third (31%) indicated that a simple to use Spanish product would be the best way to increase e-file.

- ✓ More than half (54%) indicated the main reason why Spanish speakers don't e-file is because they do not understand taxes.

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Findings – Business Survey

- ✓ Almost all (90%) indicated that their clients e-file because they can get their refunds faster.

- ✓ More than half (65%) indicated that they file a paper return if they can't provide e-file services to their Spanish speaking clients

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Findings – Business Survey

- ✓ Suggestion for increasing e-file included:
 - ✓ Educate the community to insist they use “official” preparers that will sign & e-file their returns.
 - ✓ Many tax preparers in the Hispanic community are not CTEC registered preparers that use professional software, instead they use individual tax software and prepare the return as “self-prepared” – not e-filing.
 - ✓ Educate on the importance and the benefits of paying taxes
 - ✓ Advertise in Spanish – through the news media (Latino radio and T.V.) – the importance of e-file
 - ✓ Allow e-filing of Form W7- ITIN Application
 - ✓ Provide an incentive
 - ✓ Allow return with ITINs to be e-filed
 - ✓ Access to free e-file through community and faith based programs
 - ✓ Guarantee that information would not be shared with INS
 - ✓ Make more Spanish products available
 - ✓ Mandate e-file among preparers and the general population
 - ✓ Provide software with step-by-step instructions in Spanish

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Findings – Community Survey

- ✓ More than half (62%) of the respondents were located in California.
 - ✓ Largest Californian representation from 900XX and 945XX zip codes.
- ✓ Almost all (81%) were fee-based service providers
 - ✓ Half (50%) indicated that their clients were between the ages of 24 and 40.
 - ✓ Almost all (84%) indicated that their clients were full-time employees
 - ✓ More than a third (35%) indicated that their clients were LEP.
 - ✓ Nearly half (43%) indicated that less than 10% of their staff is Spanish speaking.

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Findings – Community Survey

- ✓ More than half (52%) of the respondents indicated that fee-based service providers would be the best method for serving Spanish speaking taxpayers filing needs.
- ✓ More than a third (37%) indicated that their clients had some high school education, but did not have a diploma.
- ✓ Almost a third (29%) indicated that the most important factor in determining whether Spanish speakers will e-file is the service provider's ability to speak Spanish.
- ✓ One third indicated that the most likely reason that Spanish speakers do not e-file is their lack of understanding of the e-file process.
- ✓ More than half (55%) indicated that their Spanish speaking clients receive refunds greater than \$500.

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Findings – Community Survey

- ✓ More than half (66%) indicated that a bilingual service provider would be the most likely source that Spanish clients will use to file their returns.
- ✓ More than half (68%) indicated that Spanish speakers do not e-file because they do not understand taxes.
- ✓ Almost a third (30%) indicated that more than half (50%) of their community is Spanish speaking.
- ✓ More than half (56%) indicated that less than 10% of their client base are newly arrived immigrants.
- ✓ Almost all (89%) indicated that their clients e-file for faster refunds.
- ✓ Almost half (49%) indicated that they file paper returns when they cannot offer e-file services.

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Findings – IRS MSS Survey

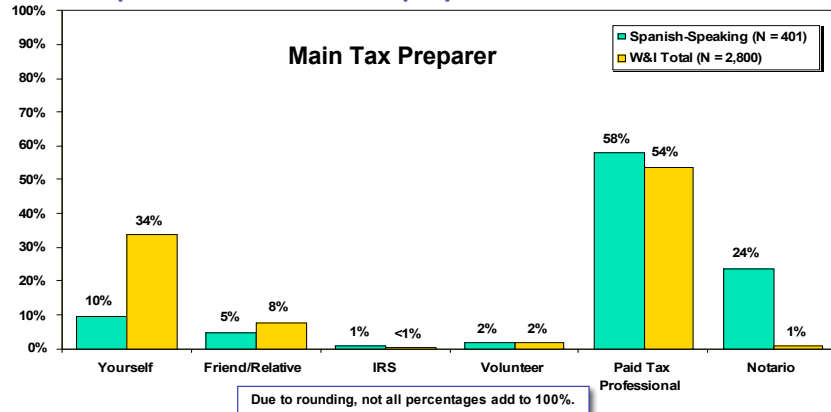
Slightly more Spanish-speaking taxpayers used e-file for 2005 taxes than in 2004, as with W&I taxpayers as a whole.

E-file	Spanish-Speaking (N = 368)	W&I Total (N = 2,682)
2004	42%	56%
2005	48%	61%

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Findings – IRS MSS Survey

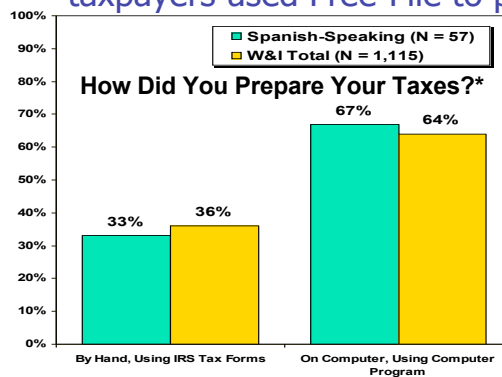
Fewer Spanish-speaking taxpayers are self-filers compared to W&I taxpayers as a whole.



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Findings – IRS MSS Survey

The proportion of Spanish-speaking taxpayers who prepare their taxes on a computer is comparable to all W&I taxpayers; however, more Spanish-speaking taxpayers used Free-File to prepare their 2005 taxes.



Did You Purchase a Computer Program or Qualify for Free-File on the IRS Web Site?*	Spanish-Speaking	W&I Total
Computer Program	57%	75%
Free-File	43%	25%

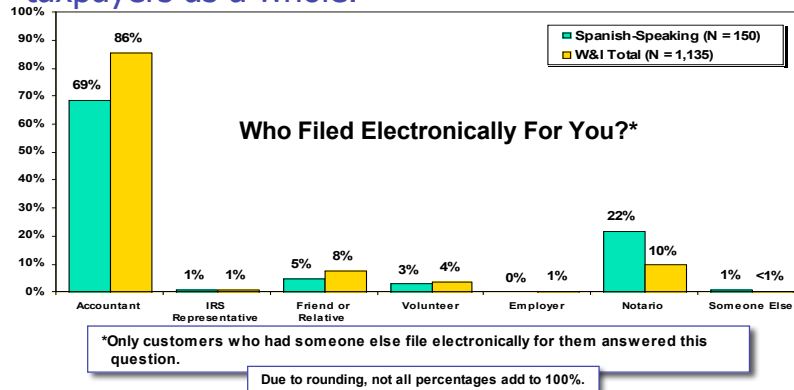
*Only customers who prepared their own taxes or who had a friend/relative prepare their taxes answered this question.

**Only customers who prepared their own taxes or had a friend/relative prepare them on a computer answered this question.

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Findings – IRS MSS Survey

As expected, more Spanish-speaking taxpayers used a notario to file their taxes electronically than W&I taxpayers as a whole.



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Findings – IRS MSS Survey

Preference for paper filing is a primary reason for not e-filing for Spanish-speaking respondents (27%) and for W&I respondents as a whole (19%). Cost is also a disincentive for e-filing, as cited by 27% of Spanish-speaking respondents and 17% of all W&I respondents.

*Only customers who did not file electronically, but who were aware of the option, answered this question.
**Only self-filers are asked this question.
+Only those who use a tax preparer are asked this question.

Primary Reason for Not E-filing*	Spanish-Speaking (N = 149)	W&I Total (N = 988)
Like Paper Filing	27%	19%
Cost	27%	17%
Don't Trust E-filing	7%	11%
No Computer/Internet**	3%	6%
Option Not Offered+	7%	6%
Too Complicated	2%	6%
Didn't Know about It	5%	5%
Owed IRS Money	1%	4%
Other	20%	25%

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IRS MLI E-File Initiatives

- Redesigned irs/gov espanol web page based on direct customer and partner feedback in 2007
- Increased interactive tools
- Added Spanish e-file providers to the free file provider program to encourage e-file among LEP taxpayers

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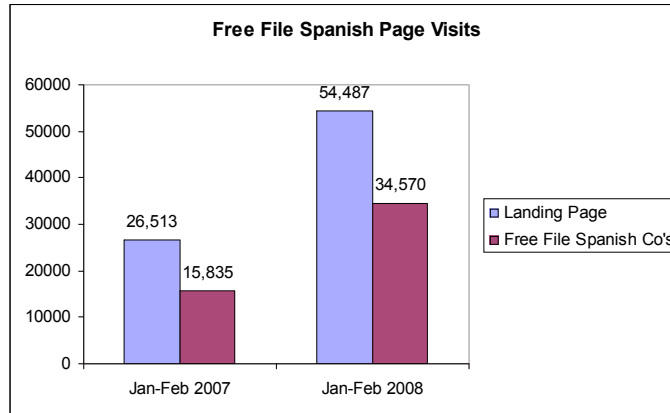
IRS MLI E-File Initiatives

- Launched Spanish Where's My Refund Application in January 2008
- Developed Spanish Economic Stimulus Tax Center in March 2008
 - Spanish Economic Stimulus Calculator (release date May 27, 2008)

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IRS MLI E-File Initiatives

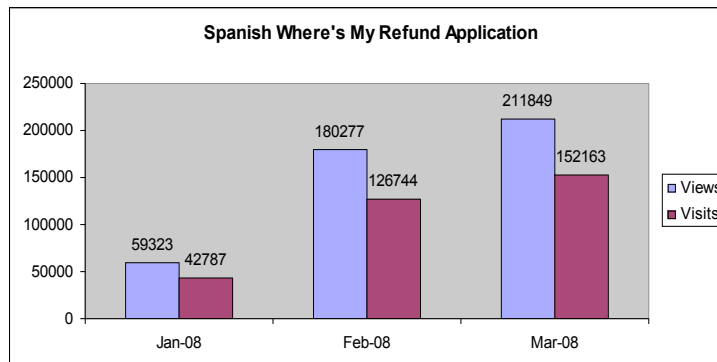
- Increase in visits to Free File Spanish Pages from 2007 to 2008
 - ↑ 105% in Landing Page
 - ↑ 118% in Free File Spanish Companies



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IRS MLI E-File Initiatives

- Spanish Where's My Refund



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IRS MLI 2008 Initiatives

- Conduct LEP Needs Assessment (Spanish and Chinese)
 - Demographic (Who, What, Where)
 - Internal Assessment (Current and Future Demand of Services)
 - External Assessment (Customer/Stakeholder awareness of and needs for tools and services)
 - Combined into MLI Customer Base Report
 - Scheduled for release in October 2008
- Currently in progress

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IRS MLI 2008 Initiatives

- Expand the availability of tax products in Spanish and Chinese.
 - Translated Publication 850 Glossary of Tax Terms into Spanish, Chinese, Vietnamese, Korean and Russian
 - Developed Basic Tax Responsibility DVD in Spanish (Telenovela de Impuestos Federales) and Audio CD in Spanish, Chinese, Vietnamese, Korean, and Russian
 - Basic Tax Responsibility DVD In Chinese, Vietnamese and Korean currently in development and scheduled for release in June 2008
 - Added 9 nine Tax Products (Form 2848, 8919, 94X Series and Publication 17 in Spanish (formerly Pub 579 SP))
 - Plans to add additional products in Spanish and Chinese in FY10 based on LEP Needs Assessment results

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IRS MLI 2008 Initiatives

- Expand and enhance electronic options on Español web site for educating Spanish-speaking taxpayers about tax responsibilities.
 - Redesigned Español web site
 - Added Spanish Free File/E-File Program
 - Launched Spanish Where's My Refund and Economic Tax Stimulus Page
 - Currently working with ETA to bring more e-tools to page
 - Conducting Focus groups/Surveys this summer

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IRS MLI 2008 Initiatives

- Explore options for Spanish language delivery of interactive tax applications currently only available in English.
 - Developing Spanish/English 1040 Interactive DVD
 - For use on computers, kiosks or classroom
 - Basic Tax Information in storybook format
 - Provides detailed information about all sections of the 1040 tax return
 - Details the requirements for completing a tax return
 - Promotes e-filing as preferred method for filing
 - Scheduled for release in October 2008

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MLI Service-wide Services Partner Efforts

- 12 month Over-the-Phone Interpreter Service to provide language assistance in over 170 languages
 - Available to all IRS front line employees nationwide
 - Taxpayer Assistance Centers
 - Small Business Self Employed (Revenue Officer, Revenue Agents)
 - Appeals Officers
 - Taxpayer Advocate Case Workers
 - Chief Counsel
 - WI Compliance

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MLI Service-wide Services Partner Efforts

MLI Taxpayer Advocate Panel (TAP) FY08

- Conduct a review of Free-File Spanish sites to promote improvement in services and usability of site
 - Free File Program (pre-planning stage)
 - Review
 - Post-Filing Season Spanish sites (2)
 - LEP Awareness
 - Free File sites
 - Electronic Interaction
 - Provide feedback on IRS availability of Spanish products in assisting Spanish-speaking taxpayers with meeting their tax responsibilities
 - Assessment
 - List of products available
 - Topics/Material covered
 - Provide feedback on how Publication 4445D can be improved
 - Review
 - Publication Design/Format and Content

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Next Steps

- ✓ Reconvene joint MLI –FTA Joint Taskforce to:
 - ✓ Analyze data collected regarding taxpayer behavior and use of electronic filing
 - ✓ Develop strategy for implementing initiatives to improve e-file usage, education, outreach, and communications to Spanish LEP taxpayers on both Federal and State levels

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Questions???

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