2004
Customer Satisfaction Survey
For Form 940/941 XML –

940 – Employer's Annual Federal Unemployment Tax Return

941 – Employer's Quarterly Federal Tax Return

Presented to:

Fall 2004 BMF Integration Meetings

Presented by:

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Background, Objectives, Method & Sample Size

- **As *e-file* products come on line, the IRS conducts tracking research to determine levels of satisfaction with each product.**

  - Two of the forms/returns that can be filed electronically, using the XML architecture, are **Form 940 XML** (the Employer's Annual Federal Unemployment Tax Return) and **Form 941 XML** (the Employer's Quarterly Federal Tax Return).

  - Satisfaction with Forms 940 and 941 XML was first measured in 2003. However, the bases of Users of these products in that survey were too small for quantitative analysis (25 or less), so we went back to Users in July, 2004, and with the number of Users having increased, we were able to secure a true quantitative read of satisfaction. In addition, there were substantial changes to the Non-User questionnaire and sample this year vs. last year. As a result, this report will focus only on findings from the 2004 survey.

- **The purpose of the survey was to: 1) gauge User satisfaction with Forms 940/941 XML and look for ways to increase usage among Non-Users; and 2) provide IRS with quantitative data and analysis to use in making policy decisions related to these forms as it moves toward its 80% *e-file* usage goal.**

- **The survey was conducted via telephone from Russell Research's national field facility in Wayne, NJ, with respondents drawn from IRS lists of 940/941 XML Users and Non-Users.**

- **1,050 interviews were conducted this year – 200 with 941TeleFile Users, 350 with Users of one/both of the 940/941 XML forms and 500 with Non-Users of one/both of the 940/941 XML forms. With Users of one product also asked about non-usage of the other, the 1,050 sample yielded the following unique product evaluations:**

  - For 940 XML: 254 User evaluations and 596 Non-User evaluations
  - For 941 XML: 341 User evaluations and 509 Non-User evaluations
  - Plus the 200 User evaluations of 941TeleFile.

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Findings

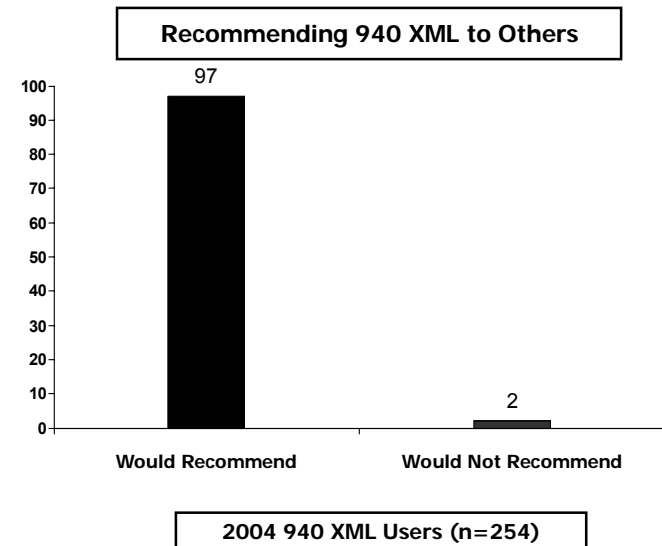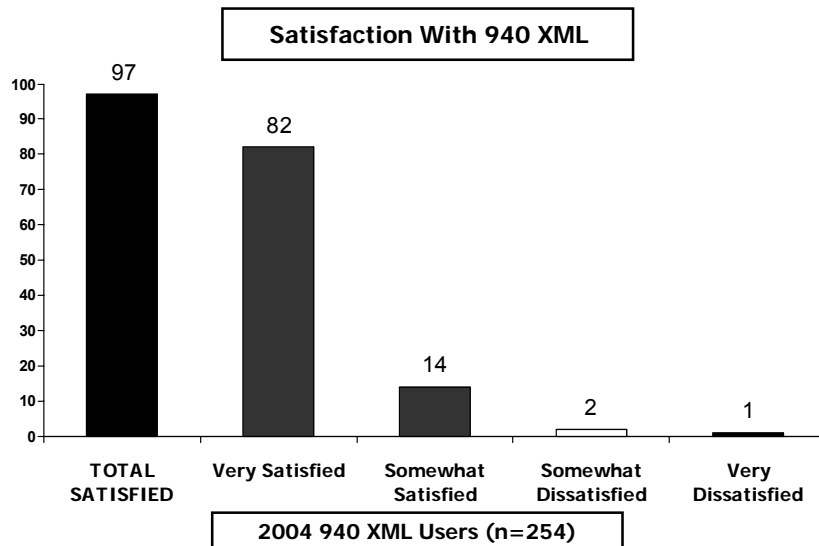Throughout the report, the 940 and 941 products are referred to as 940 XML and 941 XML. However, please note that in the survey, the language used to speak with respondents about these products did not include "XML"; instead, the products were referred to as "filing Form 940 through the Employment Tax *e-file* System" and "filing Form 941 through the Employment Tax *e-file* System".

Findings For

The 940 XML Product

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USER Satisfaction, Recommendation & Specific Likes

● **Users of 940 XML** reported high satisfaction with the product – with virtually all at least somewhat satisfied and with 82% "*very satisfied*".   In addition, virtually all said they would recommend 940 XML to others. Their main likes of the product: ease of use and speed.

Satisfaction With 940 XML

Value	Category
97	TOTAL SATISFIED
82	Very Satisfied
14	Somewhat Satisfied
2	Somewhat Dissatisfied
1	Very Dissatisfied

2004 940 XML Users (n=254)

Recommending 940 XML to Others

Value	Category
97	Would Recommend
2	Would Not Recommend

2004 940 XML Users (n=254)

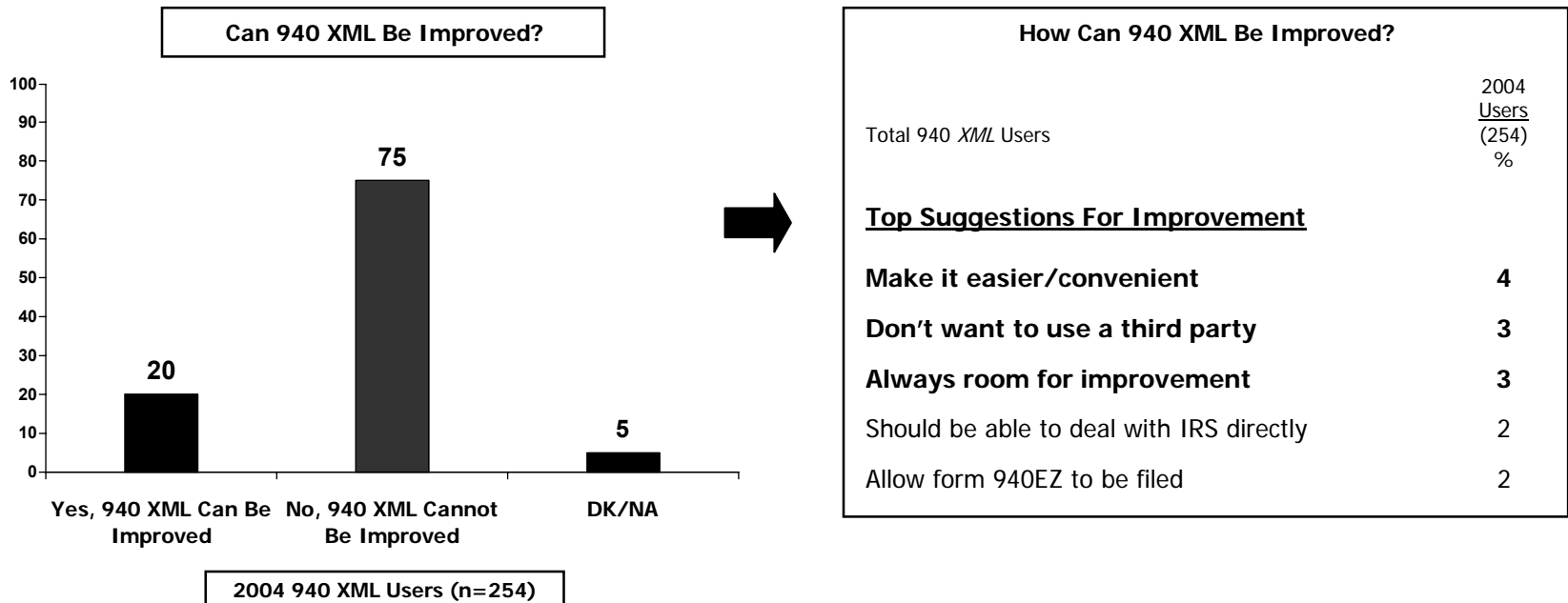| Top Voluntary Likes Of 940 XML	%
Net mentions of it being easy/convenient	**81**
Easy to use	57
It's paperless	8
It's fast/saves time	**21**
It's better/best method	5
Like the fact that it's electronic	4

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USER Satisfaction With Specific Characteristics Of 940 XML

● **The high satisfaction with this product that we saw earlier was reflected in the attribute ratings of 940 XML shown below. These are <u>top-box, "very satisfied"</u> ratings, and they show that three-fourths of more of Users are highly satisfied with all aspects of the product except its "providing more filing options for other 940/941 forms", being able to "send more than one form in a single transmission", and having "clearer, easier to understand error codes".**

Characteristic	Rating
Most Convenient Way To File	90
Compared to Other Methods of Filing	89
Making Tax Filing Easier	89
Paper-less	89
Have e-signature Capabilities	88
Time-Saver	87
More Accurate	86
Easy to Use/Little Hassle	85
Taking Away Worry About Filing	85
Faster Acknow'ment of Receipt	84
Private/Secure	83
Easy to Learn	82
Inexpensive	81
Can Pay Balance Elec. w/Return	76
More Filing Options For Other 940/941 Returns	69
Can Send More Form in Single Trans	66
Clearer, Easier To Understand Error Codes	65

2004 940 XML Users (n=254)

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AMONG USERS: Can 940 XML Be Improved? If So, How?

- **In line with the high overall and attribute satisfaction ratings, <u>only 20% felt that there was anything that could be improved about it</u> – <u>low</u> for IRS *e-file* products, which typically have about 1/3rd or more saying a product needs improvement.**

- **Among <u>the small group of Users who felt that something could be improved</u>, top suggestions for improvement were to generally make it easier to use and eliminate third parties. Note that suggestions have been <u>re-based to the total User sample</u> to reflect the actual level of concern about each issue.**

Can 940 XML Be Improved?

2004 940 XML Users (n=254)

How Can 940 XML Be Improved?	2004 Users (254) %
Total 940 *XML* Users	
Top Suggestions For Improvement	
Make it easier/convenient	**4**
Don't want to use a third party	**3**
Always room for improvement	**3**
Should be able to deal with IRS directly	2
Allow form 940EZ to be filed	2

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AMONG USERS: Form 940 XML Information

- **30% <u>recalled information related to 940 XML</u> – mainly publications, forms, and instructions. Virtually all considered the info helpful – mainly because of its <u>clarity</u> and <u>ease of use</u>.**

- **About 3/4[ths] said the info they recalled for the 940 XML product came "in the Mail" (regular mail) – with Mail also the preferred communication route, followed by e-mail.**

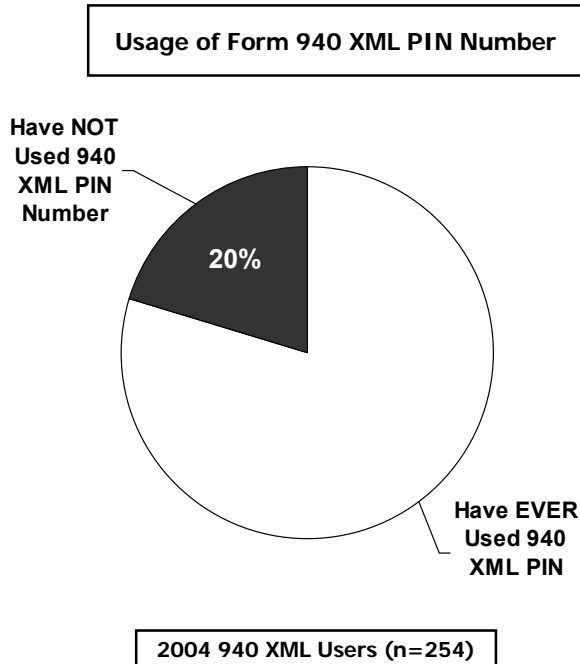| Total 940 XML Users	2004 Users (254) %
% Recall Seeing Information Related to 940 XML	**30**
Types Of Information Recall Seeing?	
NEW BASE: Total Recall 940 *XML* Information	(76)
IRS Publications	**59**
IRS Forms	**49**
IRS Instructions	**47**
Information at the IRS's Website – irs.gov	**41**
Information from Software Companies	24
IRS Marketing Brochures	24
% Who Said Information Was Very/SW Helpful	**97**
Why Is Information Helpful?	
NEW BASE: Total Said Information Was Very/SW Helpful	(74)
Told me exactly where I need to start	**20**
Easy to understand	12
Informative	12
Made me aware of it	11
They were clear	10

Total Recall 940 XML Information	2004 Users (76) %
How Information Was Received	
Mail	**72**
IRS Website/irs.gov	**41**
Software Vendors	16
e-Mail	13
Contact with IRS Tax Specialists/IRS Employee	7
From Other Internet Websites	7
Electronic Bulletin Board	5

BASE: Total Recall 940 XML Information	2004 Users (76) %
How Prefer To Receive Info	
Mail	**66**
e-Mail	**47**
IRS Website/irs.gov	**34**
Software Vendors	13
Contact with IRS Tax Specialists/IRS Employee	5
From Other Internet Websites	5
Electronic Bulletin Board	4

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AMONG USERS: Usage Of & Satisfaction With PIN Number

- **Almost 8 in 10 Users said they've <u>used the PIN Number</u> the IRS assigns to companies filing 940 XML.**

- **And <u>93% of those said they're satisfied with their use of the PIN</u> – mainly because it's simple/easy to use and is secure.**
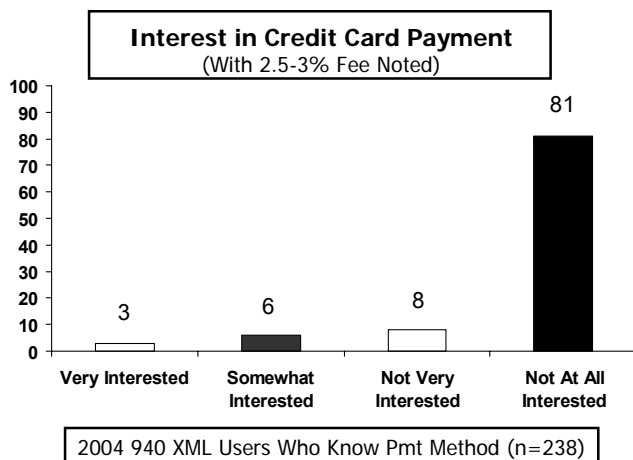
Usage of Form 940 XML PIN Number

Have NOT Used 940 XML PIN Number

20%

Have EVER Used 940 XML PIN

2004 940 XML Users (n=254)

Satisfaction with PIN Number	
	2004 <u>Users</u>
Total Who Have Ever Used 940 XML PIN	(197) %
% Who Are Very/Somewhat Satisfied	**93**
<u>Reasons For Satisfaction</u>	
<u>Ease/Convenience</u> (Net)	**<u>62</u>**
Easy/simple to use/simple process	**35**
Fast/Quick	5
Easy to obtain	4
Easy to remember	4
Client/boss doesn't have to sign	4
It's secure/more secure	**23**
No difficulties/No conflicts	5

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USER Balance Payment Methods

- **63% of Users said they make their Form 940 payments through the Electronic Federal Tax Payment System (EFTPS), with 20% using Electronic Funds Withdrawals (EFW), and 10% Paper checks (7% did not know). Note the directionally higher satisfaction with the two electronic methods.**

Payment Methods Used & Satisfaction With Each			
	PAPER	EFW	EFTPS
% Use Each Method	**10%**	**20%**	**63%**
Total Use Each Method	(26)	(51)	(161)
	%	%	%
Satisfaction With...			
Very Satisfied	**73** ←	**90**	**95**
Somewhat Satisfied	**23**	**6**	**4**
Somewhat Dissatisfied	0	0	1
Very Dissatisfied	0	4	0

- **Users have <u>little interest in using making 940 XML payments via credit card</u> – mainly because of the 2.5-3.0% service provider fee we mentioned in describing credit card payments.**

Interest in Credit Card Payment
(With 2.5-3% Fee Noted)

Very Interested	Somewhat Interested	Not Very Interested	Not At All Interested
3	6	8	81

2004 940 XML Users Who Know Pmt Method (n=238)

Why NOT Interested In Credit Card Payment

	2004 Users
BASE: Total Not Interested in Using Credit Card	(211)
	%
Top Mentions Of Why Not Interested...	
Fee/Cost/Rates (Net)	**57**
Don't want to pay the fee	33
Fee too high	10
Extra cost – the fee	8
Don't like the idea of using credit cards for this	10
EFTPS works fine/prefer EFTPS	9

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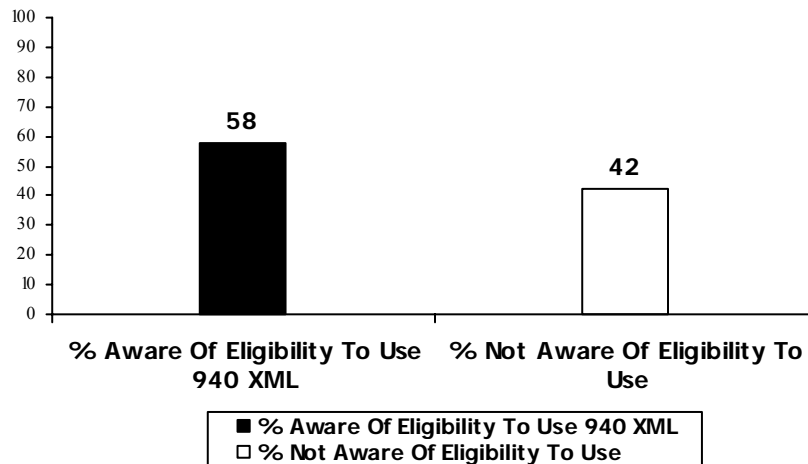
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AMONG USERS: Software Packages Used for 940 XML

● **Finally for Users of 940 XML, we asked which software package they use in preparing Form 940 XML. Only about 60% knew the brand name of their software, with four brands dominating – Paycycle, Lewis Software, Creative Solutions, and Intuit.**

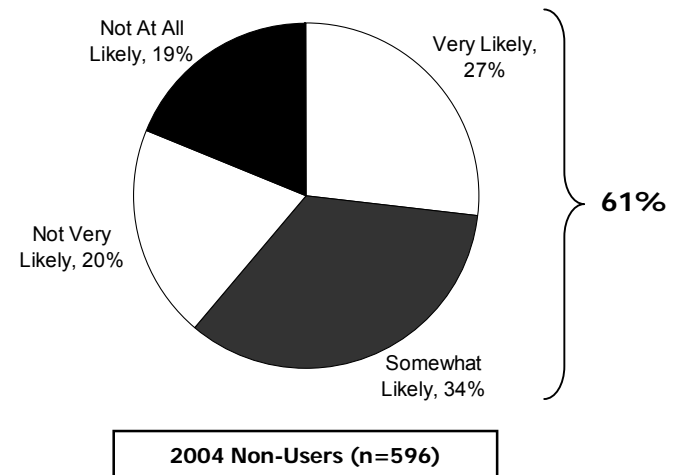|	2004 <u>Users</u> (254) %
Total 940 XML Users	
<u>Types Of Software Package Used</u>?	
Paycycle	**17**
Lewis Software	**17**
Creative Solutions	**15**
Intuit	**11**
Certified Management Inc. (CMI)	1
Automation Technology Computing Inc. (ATC)	*
Don't Recall	**39**

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Awareness Of Eligibility & Likelihood Of Use

- **Turning to   , we found that 58% were aware of their eligibility to file 940's using XML (or, as they heard it, "filing 940 through the Employment Tax *e-file* System").**

- **In reaction to a brief description of the 940 XML program, 61% said they are likely to use it in the future.**

Awareness of Eligibility To Use 940 XML	Likelihood of Using 940 XML

Awareness of Eligibility To Use 940 XML

- 58 — % Aware Of Eligibility To Use 940 XML
- 42 — % Not Aware Of Eligibility To Use

Legend:
- ■ % Aware Of Eligibility To Use 940 XML
- □ % Not Aware Of Eligibility To Use

Likelihood of Using 940 XML

- Not At All Likely, 19%
- Very Likely, 27%
- Not Very Likely, 20%
- Somewhat Likely, 34%
- 61%

2004 Non-Users (n=596)
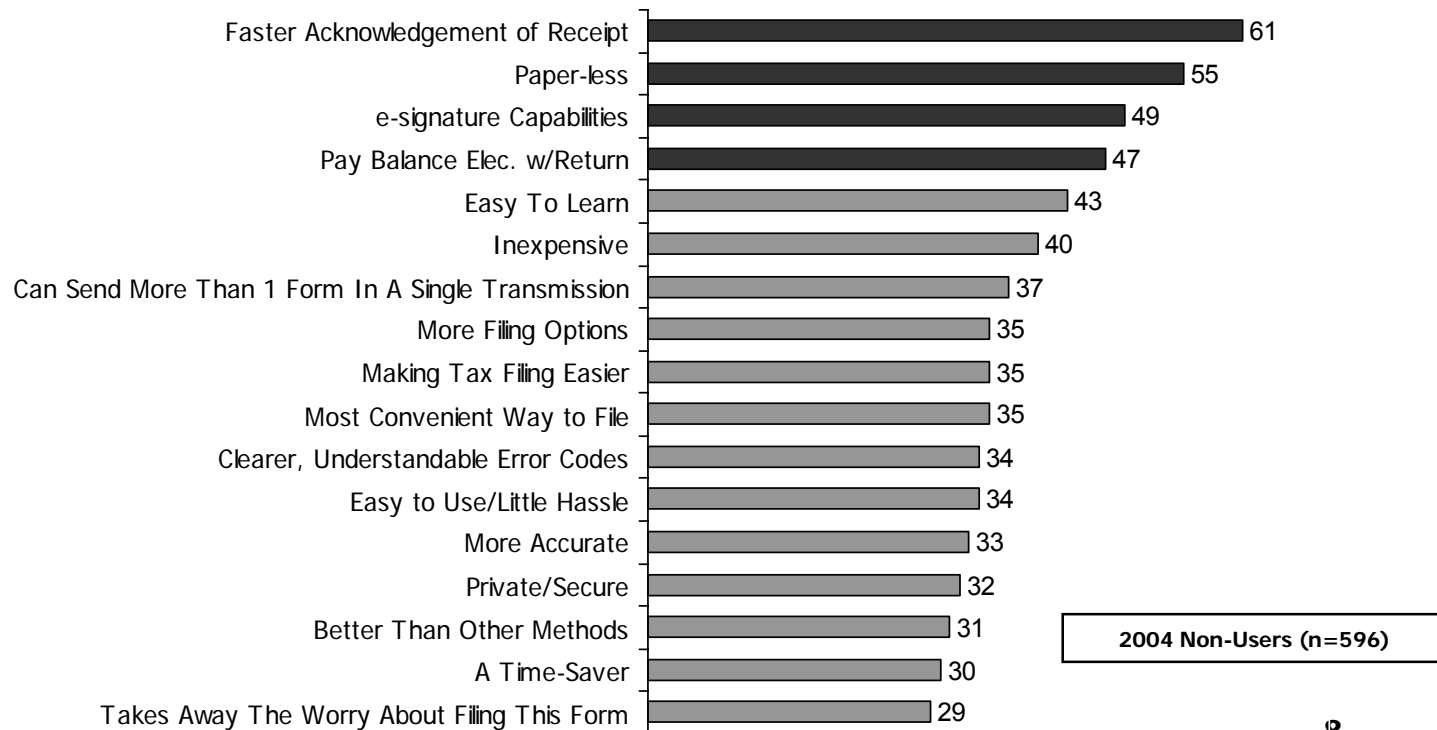
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Perceptions Of Form 940 XML

- **After hearing the product description, Non-Users were asked for impressions of 940 XML by rating their agreement with statements about the product. Looking at the top-box agreement ratings ("agree completely"), we see that about half or more of the Non-Users thought 940 XML would provide a faster acknowledgement of receipt, would be paperless, have e-signature capabilities, and that you could pay balances electronically. However, they had weaker impressions of the product's other benefits — especially its ease, accuracy, privacy/security, time-saving and other attributes.**

Faster Acknowledgement of Receipt	61
Paper-less	55
e-signature Capabilities	49
Pay Balance Elec. w/Return	47
Easy To Learn	43
Inexpensive	40
Can Send More Than 1 Form In A Single Transmission	37
More Filing Options	35
Making Tax Filing Easier	35
Most Convenient Way to File	35
Clearer, Understandable Error Codes	34
Easy to Use/Little Hassle	34
More Accurate	33
Private/Secure	32
Better Than Other Methods	31
A Time-Saver	30
Takes Away The Worry About Filing This Form	29

2004 Non-Users (n=596)

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Reasons For Non-Use & Stimulation To Usage

- **Asked <u>why they're not using 940 XML</u>, their top responses centered around <u>lack of knowledge of and confidence in the program</u> and <u>not wanting to take on what they perceive as additional work associated with adoption</u> of 940 XML.**

- **However, <u>2/3^{rds} of the Non-Users said IRS could increase their likelihood of adoption</u> – mainly by providing more <u>information</u> about it, making it <u>less expensive</u> and <u>easier</u> and even <u>mandating</u> it.**
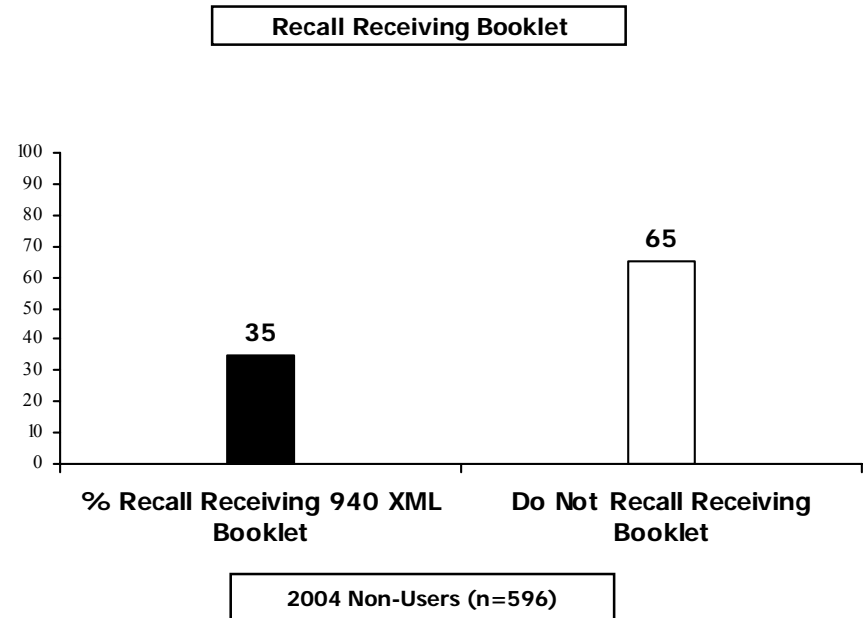
Reasons For Non-Usage	2004 Non-Users
Total 940 XML Non-Users Who Are Aware of Eligibility	(346)
	%
Just don't know enough about it yet	**36**
Lack of confidence in security of system/technology	**32**
No interest in trying it	**31**
It's just something else I'd have to learn	**29**
Lack of confidence in reliability of system/technology	**29**
It's too much work - have enough to do	**28**
I'm cautious, I'll wait to see how it works out for others	**27**
Am not registered/not an ERO	25
My clients don't ask for it or want it	24
Don't have/don't have access to the software	24
The software costs money	23
Don't have the necessary computer hardware	21
I hear it takes more time	20
The application process is too difficult/tricky	15
The cost of transmission is too high	14
My return prep software package does not offer an *e-file* option	12
The computer software is too difficult	11
Requirements are different from other forms & too much trouble	11
I hear that returns get rejected/too many rejections	10

Can IRS Do Anything To Increase Likelihood Of Use?	2004 Non-Users
Total 940 XML Non-Users	(596)
	%
Said IRS Can Do Something To Increase Likelihood	**67%**
Leading Mentions Of What IRS Can Do...	
All Mentions Of More Information	**18**
Provide more information about it	8
Make it less expensive	**13**
Simplify it/make it easier/faster	**11**
Make it mandatory/mandated	**11**
Make it more available/more accessible	5
Make it more secure	5

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How To Communicate With Them

- **How should IRS get information to Non-Users? <u>Through the Mail</u>. 90% said this is how they'd prefer to receive information about the program.**

- **In a related question, we asked if they recalled receiving a 940 XML booklet, and only 35% said they recalled it.**

How Prefer To Receive Information	
	2004 Non-Users
BASE: Total 940 XML Non-Users	(596)
	%
In the Mail	**90**
Via e-mail	**34**
From the IRS's Website – irs.gov	**29**
From Software Companies	10
From News Articles	8
Pick(ed) Up At Post Office/Library	7
Contact wIRS Tax Specialist/Employee	6
From Advertising	5
From Other Internet Website	4
Pick(ed) Up At An IRS Office	3
Via Electronic Bulletin Board	3
Other Ways	1

Recall Receiving Booklet

35 — **% Recall Receiving 940 XML Booklet**

65 — **Do Not Recall Receiving Booklet**

2004 Non-Users (n=596)

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USER + NON-USER Reaction To ERO Application Process

- **Next, looking at measures secured from <u>both 940 XML Users and Non-Users</u>, we see that about one-third to one-fourth of each group were aware of the ERO application process. This makes sense given that only about one-fourth of each group were outside Tax Practitioners, CPAs, or Accountants, who would be more likely to know about the application process.**

- **Among those aware of the process, about 40% rated it <u>less than "very easy"</u>. And, among these, the top criticism varied with Users saying it was hard to understand while Non-Users said it was too time-consuming.**

Familiarity With ERO Application Process

% External Preparers

USERS	NON-USERS
27%	26%

Difficulties With ERO Application Process

	2004 Users (87) %	2004 Non-Users (107) %
BASE: Total Familiar With ERO Application Process		
% Said Process Very/SW/Not Very Difficult	**39**	**46**
Top Mentions Of Difficulty In Application...		
Too time-consuming	**15**	**31**
Too many steps	6	3
Lack of Clarity (net)	**21**	**10**
Hard to understand/should simplify	6	5
Hard to understand terminology	6	2
Have to re-apply/redo each time	6	3
Getting used to it	3	5
Don't Remember/Recall	29	19

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USER + NON-USER Reaction To e-services

- **We also asked both groups about their usage and interest in e-services. We found that <u>Users were clearly more likely to have used e-services</u> – especially the <u>PTIN Application</u> and <u>Online ERO Application</u> services; and they were <u>more likely to consider using e-services</u>. There was high satisfaction with e-services among the triers of it in both cells.**

- **After hearing a full description of e-services, 57% of Non-Users said access to e-services would make them very/somewhat likely to switch to 940 XML.**

	2004 Users (68) %	2004 Non-Users (153) %
BASE:		
% Have Ever Used e-services (Total)	**47**	**25**
As An Individual	28	18
Through An Association Or Employment With A Firm	21	7
% Of Users Who Are Very/Somewhat Satisfied	91	85
Specific e-services Ever Used		
Preparer Tax Identification Number (PTIN) Application	**41**	**16**
Online *e-file* Application To Become An ERO	**34**	**9**
Registration For e-services	31	11
Taxpayer Identification Number (TIN) Matching	27	22
Submission & Modification Of Disclosure Authorization Forms	10	1
Electronic Account Resolution	6	3
Use Of The Transcript Delivery System	6	3
% Of All Respondents Who Definitely/Probably Will Use e-services	**90**	64
Non-Users Only: % Very/SW Likely To Switch To 940 XML For e-services Access	**na**	**57**

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Findings For

The 941 XML Product

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USER Satisfaction, Recommendation & Specific Likes

- **Users of 941 XML** also reported high satisfaction with that product – though the top-box ("very satisfied") rating was somewhat lower here at 75% vs. the 82% we found for 940 XML. But, as was the case with 940 XML, virtually all Users said they would recommend 941 XML to others. Users' main likes of this product were: <u>ease of use</u> and <u>speed</u>.
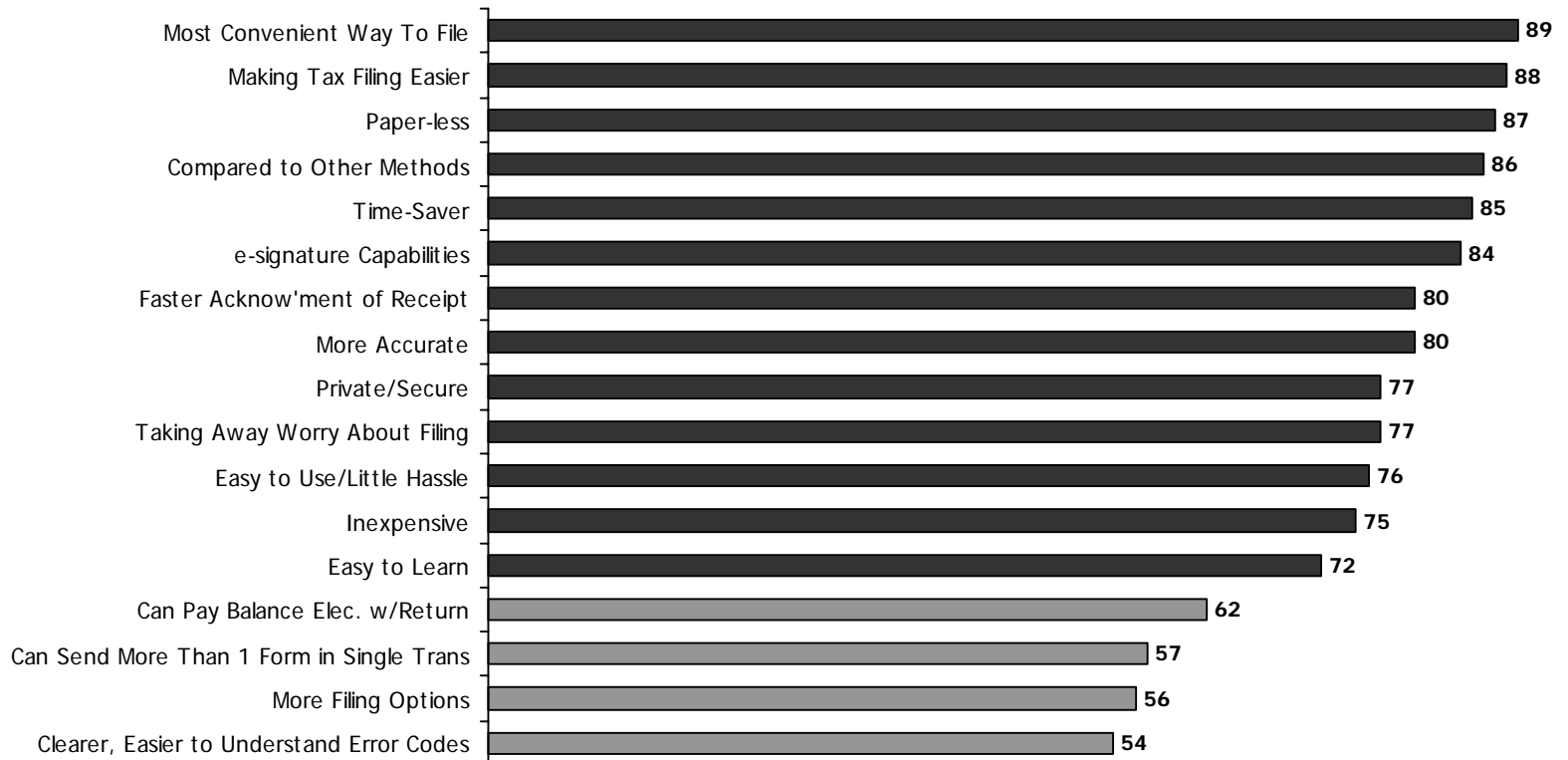

Satisfaction With 941 XML — Bar chart: TOTAL SATISFIED 95, Very Satisfied 75, Somewhat Satisfied 20, Somewhat Dissatisfied 4, Very Dissatisfied 1. 2004 941 XML Users (n=341)

Recommending 941 XML to Others — Bar chart: Would Recommend 98, Would Not Recommend 2. 2004 941 XML Users (n=341)
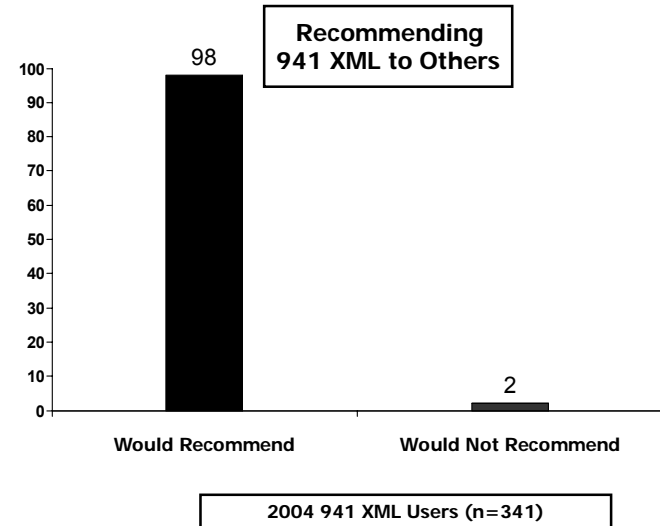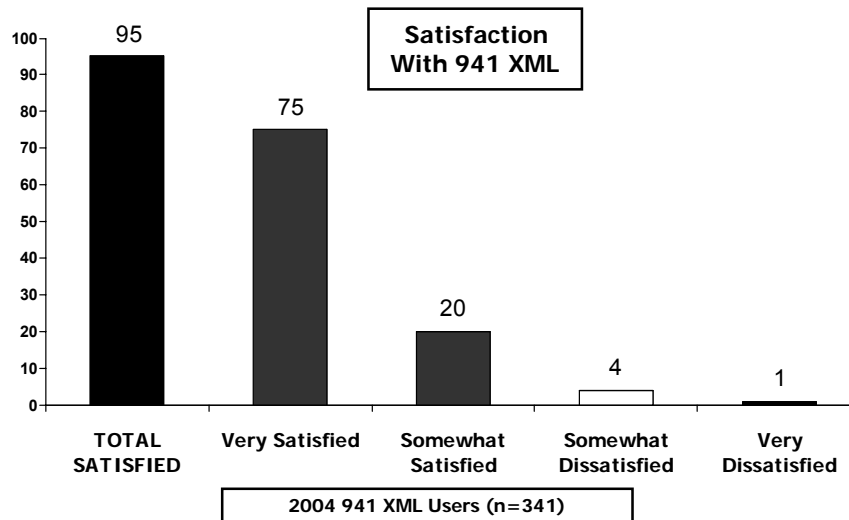
Top Voluntary Likes Of 941 XML	%
It's just very easy/simple/convenient to use	**37**
All mentions of its being faster/saving time/more efficient	**35**
It's paperless/Less paperwork	8
I like knowing that I'm *e-filing*	8
Don't have to mail it	7
It's automatic	7
Easier than paper	6

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# USER Satisfaction With Specific Characteristics Of 941 XML

- **As with overall satisfaction, we found slightly lower (top-box, "very satisfied") attribute ratings for 941 XML (vs. 940 XML). Still, about 3/4[ths] of more of Users were highly satisfied with most aspects, exceptions being the same attributes as for 940 XML – "providing more filing options", "sending more than one form in a single transmission", having "clearer, easier to understand error codes", plus one other attribute – "paying balances electronically with the return".**

Attribute	Value
Most Convenient Way To File	89
Making Tax Filing Easier	88
Paper-less	87
Compared to Other Methods	86
Time-Saver	85
e-signature Capabilities	84
Faster Acknow'ment of Receipt	80
More Accurate	80
Private/Secure	77
Taking Away Worry About Filing	77
Easy to Use/Little Hassle	76
Inexpensive	75
Easy to Learn	72
Can Pay Balance Elec. w/Return	62
Can Send More Than 1 Form in Single Trans	57
More Filing Options	56
Clearer, Easier to Understand Error Codes	54

2004 941 XML Users (n=341)

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AMONG USERS: Can 941 XML Be Improved? If So, How?

- **In line with its slightly lower overall rating, we found a higher proportion of 941 XML Users (30%) saying that it could be improved.**

- **Among those who felt that something could be improved, top suggestions for improvement (re-based to total sample, so all were at low levels) were <u>need for better software</u> and <u>dislike of using third parties</u>.**

Can 940 XML Be Improved?

2004 941 XML Users (n=341)
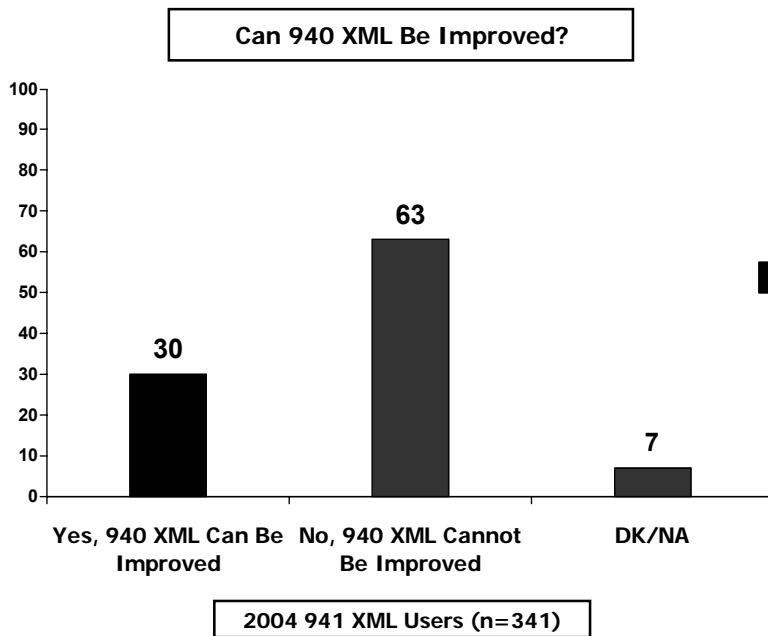
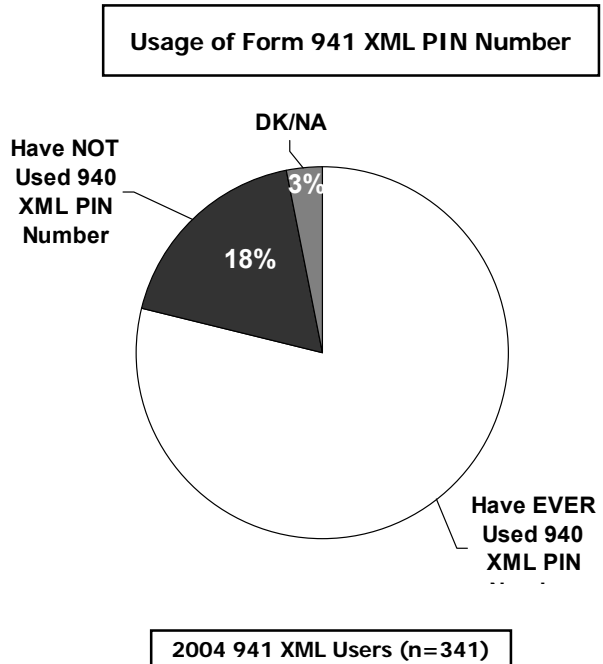| How Can 940 XML Be Improved?	
	2004 <u>Users</u>
Total 941 *XML* Users	(341)
	%
Top Suggested Improvements	
Need better software -- had software problems	6
Don't like using a third party	5
Should be able to deal directly with IRS	4
Make it easier/convenient	4

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AMONG USERS: Form 941 XML Information

- **40% recalled seeing information related to 941 XML – mainly publications, information at the IRS website, forms, and instructions. 93% considered the info helpful – mainly because it was easy to understand/follow and made them aware of 941 XML.**

- **About 3/4ths said the info they recalled for 941 XML came "in the Mail" (regular mail) – with Mail also the preferred communication method, though with e-mail also strong.**

	2004 Users
Total 941 XML Users	(341) %
% Recall Seeing Information Related to 941 XML	**40**
Types Of Information Recall Seeing?	
NEW BASE: Total Recall 941 XML Information	(135)
IRS Publications	**57**
Information at the IRS's Website – irs.gov	**51**
IRS Forms	**45**
IRS Instructions	**44**
IRS Marketing Brochures	34
Information from Software Companies	27
% Who Said Information Was Very/SW Helpful	**93**
Why Is Information Helpful?	
NEW BASE: Total Said Information Was Very/SW Helpful	(126)
Easy to Understand (Net)	**47**
Told me exactly where I needed to start	**22**
Clear/clarify every line	**7**
Easy to understand	**6**
Made me aware of it	17
Informative	7
Directed me to the website	6

	2004 Users
Total Recall 941 XML Information	(135) %
How Information Was Received	
Mail	**78**
IRS Website/irs.gov	**36**
e-Mail	17
Software Vendors	16
Contact with IRS Tax Specialists/IRS Employee	7

	2004 Users
BASE: Total Recall 941 XML Information	(135) %
How Prefer To Receive Info	
Mail	**61**
e-Mail	**50**
IRS Website/irs.gov	**40**
Software Vendors	13
Electronic Bulletin Board	6
News Articles	6
Advertising	5
Contact with IRS Tax Specialists/IRS Employee	5
From Other Internet Websites	5

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AMONG USERS: Usage Of & Satisfaction With PIN Number

- **As we found with 940 XML, about 8 in 10 Users of 941 XML said they've used the PIN Number the IRS assigns to companies filing 940 XML.**

- **92% of those who have used the PIN Number said they're satisfied with their use of it – mainly because it's <u>easy to use</u> and feels <u>secure/safe</u>.**
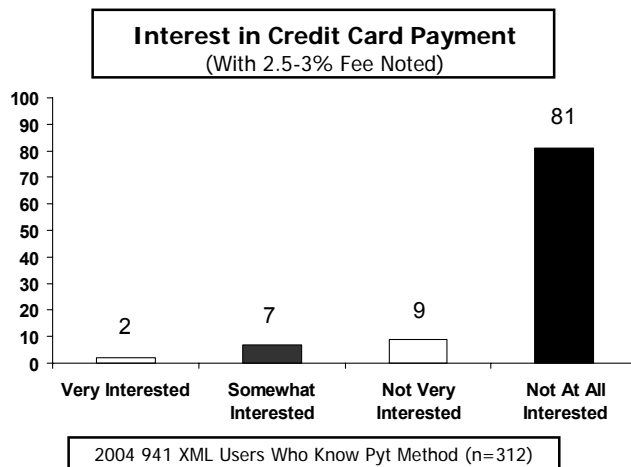
Usage of Form 941 XML PIN Number

DK/NA

Have NOT Used 940 XML PIN Number

3%

18%

Have EVER Used 940 XML PIN Number

2004 941 XML Users (n=341)

Satisfaction with PIN Number	
	2004 <u>Users</u>
Total Who Have Ever Used 941 XML PIN	(270) %
% Who Are Very/Somewhat Satisfied	**92%**
<u>Reasons For Satisfaction</u>	
Easy/simple to use	**26**
It's secure/safe	**22**
It works well/gets the job done	9
Client/boss doesn't have to sign it	8
Fast/quick	7

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USER Balance Payment Methods

- **62% of Users said they make their Form 941 payments through EFTPS, with 19% using EFW, and 10% Paper checks (8% did not know). These were about the same proportions we found for 940 XML. Here too, note the higher satisfaction with the two electronic methods.**

Payment Methods Used & Satisfaction With Each			
	PAPER	EFW	EFTPS
% Use Each Method	**11%**	**19%**	**62%**
Total Use Each Method	(38)	(63)	(211)
	%	%	%
Satisfaction With...			
Very Satisfied	**53** ←	**89**	**93**
Somewhat Satisfied	**40**	**8**	**5**
Somewhat Dissatisfied	0	0	1
Very Dissatisfied	3	3	1

- **As with 940 XML, we found very low interest <u>in making 941 XML payments via credit card</u> — again, mainly because of the 2.5-3.0% service provider fee mentioned in the concept.**

Interest in Credit Card Payment
(With 2.5-3% Fee Noted)

Very Interested: 2
Somewhat Interested: 7
Not Very Interested: 9
Not At All Interested: 81

2004 941 XML Users Who Know Pyt Method (n=312)

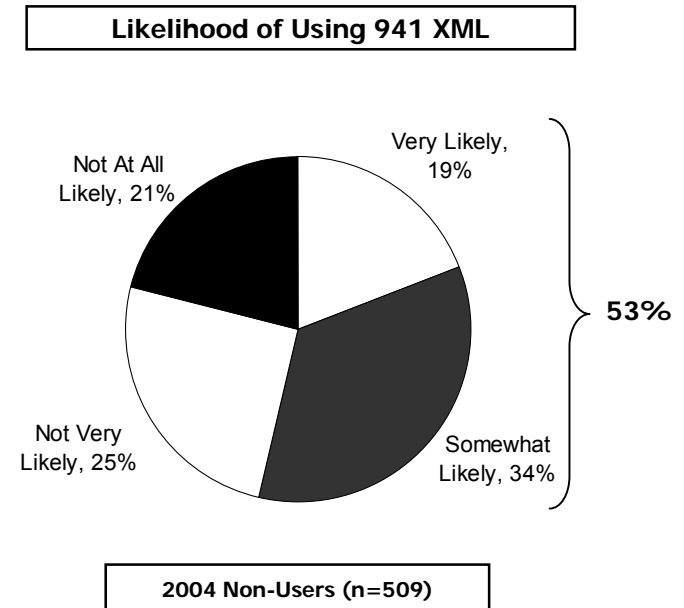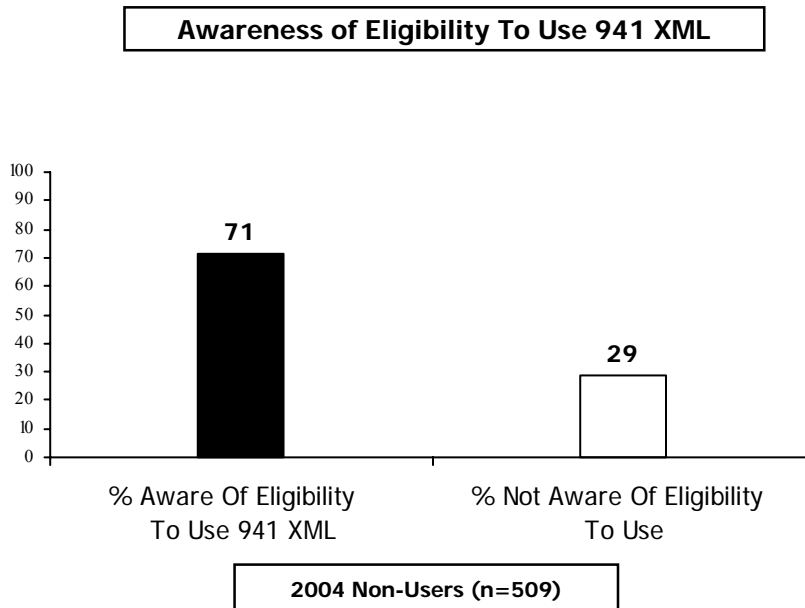| Why NOT Interested In Credit Card Payment	
	2004 Users
BASE: Total Not Interested in Using Credit Card Payment	(280)
	%
Top Mentions:	
There is a service charge fee	**22**
Don't want to pay a fee	**12**
Don't like to use credit cards for this	11
EFTPS works fine/prefer EFTPS	10
Interest rates are too high	8
Prefer free method/could do it for free	8

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AMONG USERS: Software Packages Used for 941 XML

● **Finally for Users of 941 XML, we asked which software package they use in preparing the Form and found again that only about 60% knew the brand name of their software, with the same four brands dominating as for 940 XML – though in different rank order.**

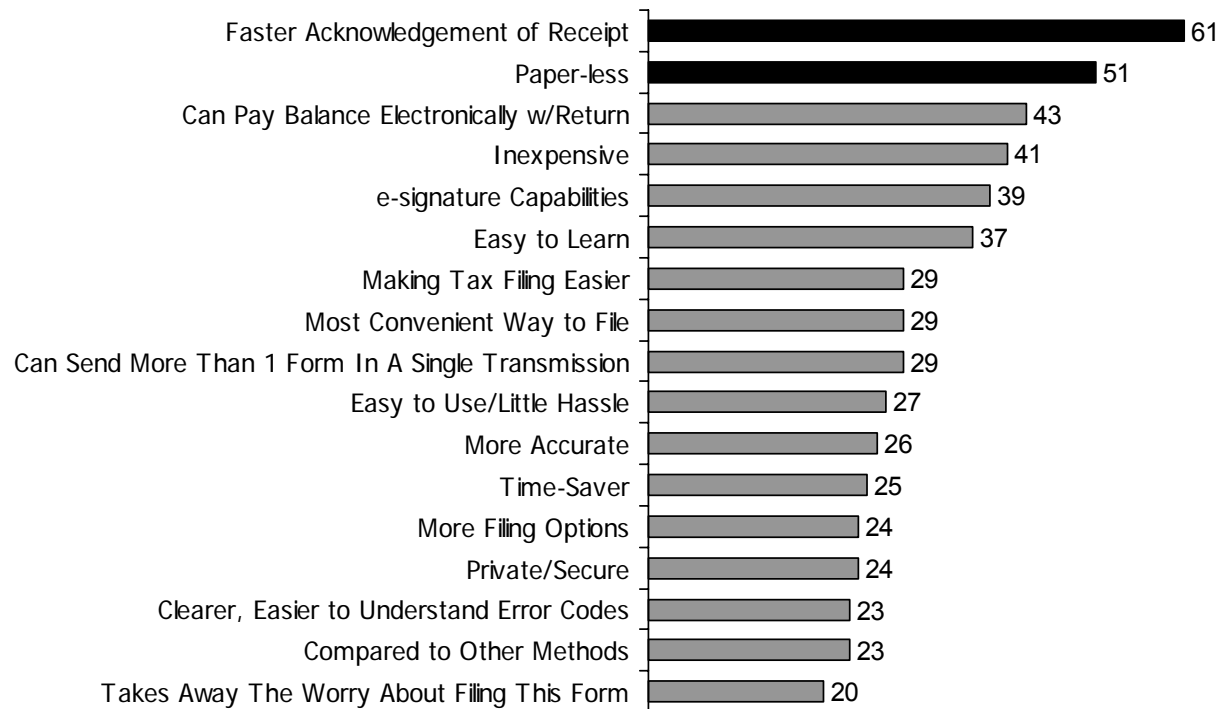|	2004 Users (341) %
Total 941 XML Users	
Types Of Software Package Used?	
Lewis Software	**18**
Intuit	**18**
Creative Solutions	**17**
Paycycle	**13**
Certified Management Inc. (CMI)	1
Automation Technology Computing Inc. (ATC)	*
Don't Recall	**43**

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Awareness Of Eligibility & Likelihood Of Use

- **Next, among   , we found that 71% were aware of their eligibility to file 941's using XML (or, "filing 941 through the Employment Tax *e-file* System").**

- **In reaction to a short description of the 941 XML program, 53% said they are likely to use it in the future.**

Awareness of Eligibility To Use 941 XML	Likelihood of Using 941 XML

2004 Non-Users (n=509)

Very Likely, 19%

Not At All Likely, 21%

Not Very Likely, 25%

Somewhat Likely, 34%

53%

2004 Non-Users (n=509)

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Perceptions Of Form 941 XML

● **Following exposure to the product description, Non-Users gave their impressions of 941 XML by rating agreement with statements about the product. Looking at <u>top-box agreement ratings ("agree completely")</u>, we see that 941 XML has a less developed image among its Non-Users than we found for 940 XML. The only benefits of the product that they're fairly clear about are "faster acknowledgement of receipt" and being "paper-less".**

Faster Acknowledgement of Receipt	61
Paper-less	51
Can Pay Balance Electronically w/Return	43
Inexpensive	41
e-signature Capabilities	39
Easy to Learn	37
Making Tax Filing Easier	29
Most Convenient Way to File	29
Can Send More Than 1 Form In A Single Transmission	29
Easy to Use/Little Hassle	27
More Accurate	26
Time-Saver	25
More Filing Options	24
Private/Secure	24
Clearer, Easier to Understand Error Codes	23
Compared to Other Methods	23
Takes Away The Worry About Filing This Form	20

2004 Non-Users (n=509)

&

Reasons For Non-Use & Stimulation To Usage

- As might be expected after seeing the undeveloped image ratings just now, when we asked Non-Users **why they're not using 941 XML**, their main reasons centered around **lack of knowledge/lack of confidence** and **a belief that adoption of 941 XML would just mean more work for them**. There were also high mentions of not having the software and not being an ERO.

- Still, as we found with the 940 Non-Users, **almost 2/3rds of them said IRS could increase their likelihood of adoption of 941 XML –by providing more info about it, making it less expensive and simpler, and even mandating it**.

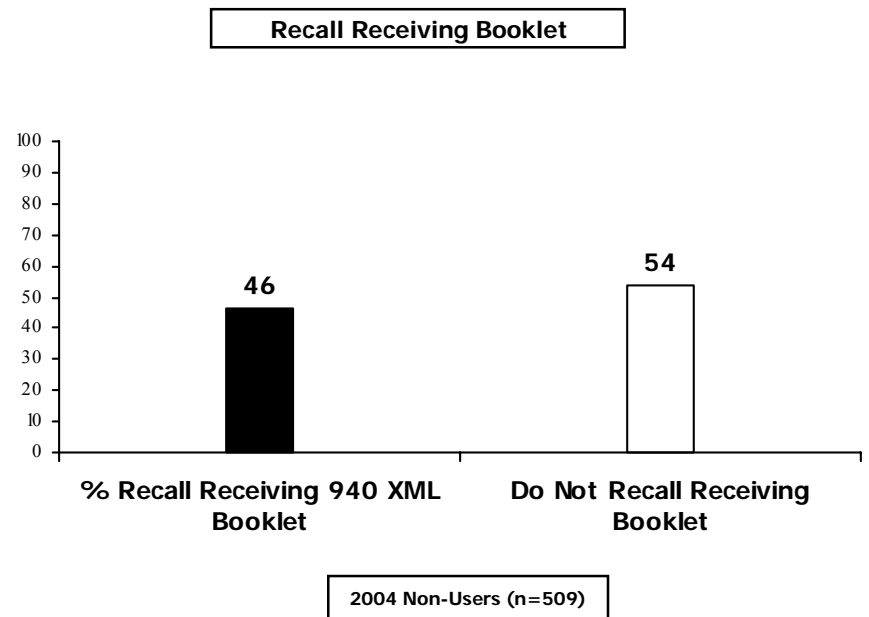| Reasons For Non-Usage	2004 Non-Users
Total 941 XML Non-Users Who Are Aware of Eligibility	(361) %
Just don't know enough about it yet	**49**
It's just something else I'd have to learn	**38**
No interest in trying it	**35**
Lack of confidence in security of system/technology	**33**
It's too much work - have enough to do	**32**
I'm cautious, I'll wait to see how it works out for others	**32**
Don't have/don't have access to the software	**30**
Am not registered/not an ERO	**30**
Lack of confidence in reliability of system/technology	**30**
The software costs money	29
My clients don't ask for it or want it	28
I hear it takes more time	23
Don't have the necessary computer hardware	21
The application process is too difficult/tricky	19
The cost of transmission is too high	16
My return prep software package does not offer an *e-file* option	15
The computer software is too difficult	13
Requirements are different from other forms & too much trouble	11
I want a bundled suite of standardized software products	11

Can IRS Do Anything To Increase Likelihood Of Use?	2004 Non-Users
Total 941 XML Non-Users	(509) %
Said IRS Can Do Something To Increase Likelihood	**67%**
Leading Mentions Of What IRS Can Do...	
All Mentions Of More Information	**18**
Provide more information about it	8
Make It Less Expensive	**13**
Simplify it/make it easier/faster	**12**
Make it mandatory/mandated	**11**
Make it more available/more accessible	5
Make it more secure	5

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How To Communicate With Them

- **How should IRS get information to 941 XML Non-Users? The same way as for 940 XML Non-Users – through the Mail. 91% said this is how they'd prefer to receive information about the program.**

- **We also asked this group if they recalled receiving a 941 XML booklet and found that 46% recalled it – higher than what we found for 940 (which was 35%).**

How Prefer To Receive Information	2004 Non-Users
BASE: Total 941 XML Non-Users	(509)
	%
In the Mail	**91**
Via e-mail	**31**
From the IRS's Website – irs.gov	**30**
From Software Companies	9
From News Articles	8
Pick(ed) Up At Post Office/Library	7
Contact wIRS Tax Specialist/Employee	7
From Advertising	7
From Other Internet Website	3
Pick(ed) Up At An IRS Office	3
Via Electronic Bulletin Board	3
Other Ways	1

Recall Receiving Booklet

% Recall Receiving 940 XML Booklet: 46
Do Not Recall Receiving Booklet: 54
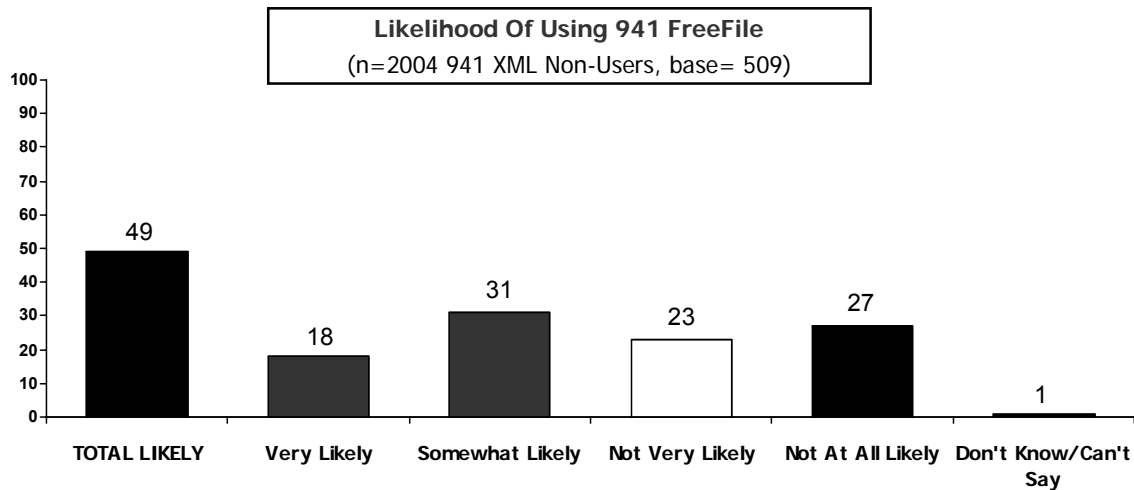
2004 Non-Users (n=509)

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Interest In 941 FreeFile

- **Non-Users of Form 941 XML were read the following concept for 941 FreeFile...**

> Form 941 FreeFile – This method would offer an improved way to file Form 941 – for Free. But, you would have to have access to the Internet and be able to get into the IRS Web page at www.irs.gov. At the site, you would click on FreeFile and determine which offering of 941 free filing best fits you circumstances – the different companies there would have different qualifications for using their 941 FreeFile service. After determining which company is right for you, you would select the company of your choice, go to their website, and follow the directions there to prepare and *e-file* your Form 941.

- **Reaction to the 941 FreeFile concept was mixed, with about half of 941 XML Non-Users saying they would be likely to use – though only 18% were "very likely", the rating point indicating the greatest commitment to the idea.**

Likelihood Of Using 941 FreeFile
(n=2004 941 XML Non-Users, base= 509)

Category	Value
TOTAL LIKELY	49
Very Likely	18
Somewhat Likely	31
Not Very Likely	23
Not At All Likely	27
Don't Know/Can't Say	1

&

AMONG 941*TeleFile* USERS: What If 941*TeleFile* Was Eliminated
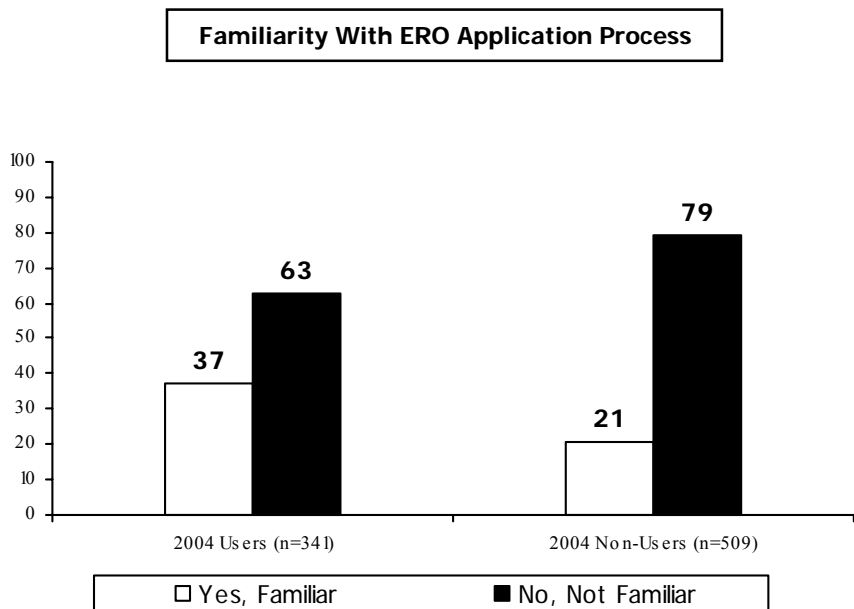
- **In addition, an augmented sample of 941 XML Non-Users who <u>use Form 941*TeleFile*</u> were asked where they would go if <u>Form 941*TeleFile*</u> was eliminated. 37% said they would go to 941 XML (described as "the 941 Employment Tax *e-file* System" in the survey). 27% said they would go to 941 FreeFile. And 32% would revert to Paper filing of their 941's.**

  - Caution though: the "Paper filing" responses may be <u>understated</u> here, since respondents had already heard quite a bit about the XML and FreeFile options during the survey and may have been biased toward these methods by such exposure.

If 941*TeleFile* Was Eliminated, Which Of The Following Options Would This Company Use?

□ 2004 941 TeleFile Users (augmented n=200)

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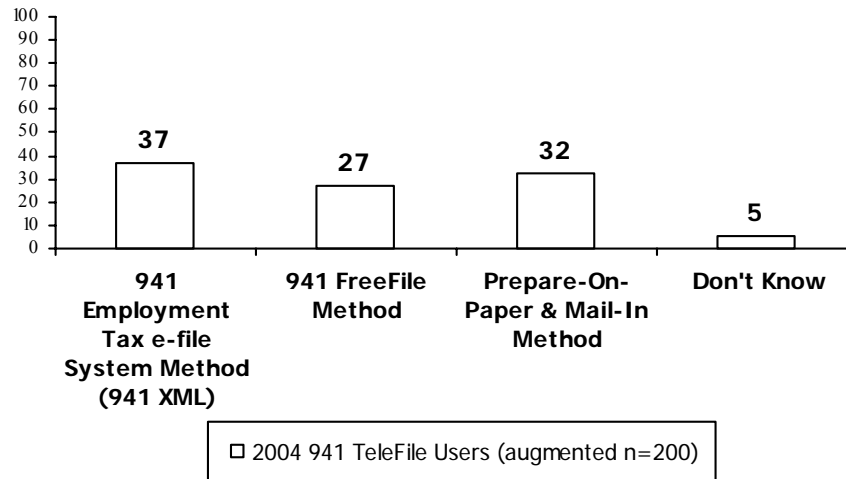
USER + NON-USER Reaction To ERO Application Process

- **From measures secured from <u>both 941 XML Users and Non-Users</u>, we see that about 1/3rd of Users and 1/5th of Non-Users were aware of the ERO application process. Again, this makes sense given that only about 1/3rd or less of each group were outside preparers.**

- **Among those aware of the process, 34-46% rated it <u>less than "very easy"</u> – mainly because it was too time-consuming (said the Non-Users) and too hard to understand (said the Users).**

Familiarity With ERO Application Process

	2004 Users (n=341)	2004 Non-Users (n=509)
☐ Yes, Familiar	37	21
■ No, Not Familiar	63	79

% External Preparers

USERS	NON-USERS
23%	28%

Difficulties With ERO Application Process

	2004 Users	2004 Non-Users
BASE: Total Familiar With ERO Application Process	(126) %	(107) %
% Said Process Very/SW/Not Very Difficult	**34**	**46**
Top Mentions Of Difficulty In ERO Application…		
Time consuming	**12**	**(37)**
Too many steps	7	2
Lack of Clarity (net)	**(21)**	**8**
Hard to understand/should simplify	7	4
Hard to understand terminology	7	0
Have to re-apply/redo each time	7	2
Don't Remember/Recall	28	18

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USER + NON-USER Reaction To e-services

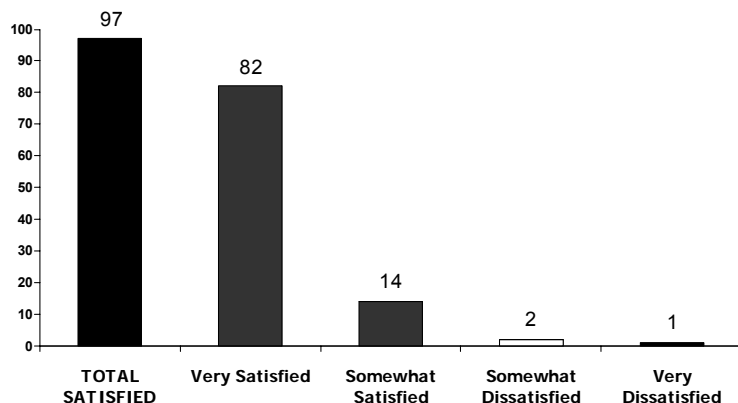- **Finally for the 941 evaluation: when we asked both 941 groups about their usage and interest in e-services, we found that <u>Users were far more likely to have used e-services</u> – especially <u>PTIN Application</u> and <u>Online ERO Application</u> services; and that Users were <u>far more likely to consider using e-services</u>. Again, there was high satisfaction among triers in each group.**

- **And, after hearing a full description of e-services, 54% of Non-Users said access to e-services would make them very/somewhat likely to switch to 941 XML.**

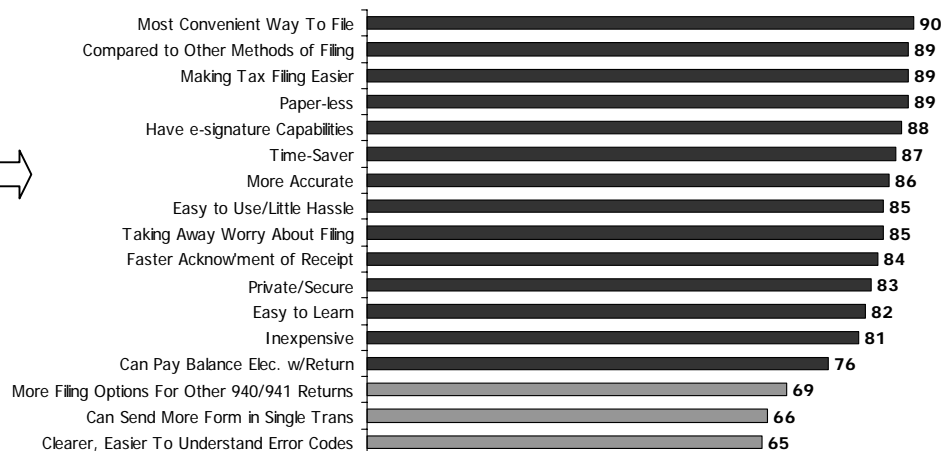|	2004 Users (79) %	2004 Non-Users (142) %
BASE:		
<u>% Have Ever Used e-services</u> (Total)	**47**	**24**
As An Individual	27	18
Through An Association Or Employment With A Firm	20	6
<u>% Of Users Who Are Very/Somewhat Satisfied</u>	**89**	**85**
Specific e-services Ever Used		
Preparer Tax Identification Number (PTIN) Application	**42**	**13**
Online *e-file* Application To Become An ERO	**32**	**8**
Registration For e-services	29	11
Taxpayer Identification Number (TIN) Matching	25	22
Submission & Modification Of Disclosure Authorization Forms	9	1
Electronic Account Resolution	8	2
Use Of The Transcript Delivery System	5	4
<u>% Of All Respondents Who Definitely/Probably Will Use e-services</u>	**90**	**62**
<u>Non-Users Only: % Very/SW Likely To Switch To 940 XML For e-services Access</u>	**na**	**54**

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Key Learning

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Key Findings From The 940 XML Customer Satisfaction Survey

940 XML Users Are Highly Satisfied With The Product Overall

Chart values:
- TOTAL SATISFIED: 97
- Very Satisfied: 82
- Somewhat Satisfied: 14
- Somewhat Dissatisfied: 2
- Very Dissatisfied: 1

…And Highly Satisfied With Most Product Dimensions

Dimension	Score
Most Convenient Way To File	90
Compared to Other Methods of Filing	89
Making Tax Filing Easier	89
Paper-less	89
Have e-signature Capabilities	88
Time-Saver	87
More Accurate	86
Easy to Use/Little Hassle	85
Taking Away Worry About Filing	85
Faster Acknowlment of Receipt	84
Private/Secure	83
Easy to Learn	82
Inexpensive	81
Can Pay Balance Elec. w/Return	76
More Filing Options For Other 940/941 Returns	69
Can Send More Form in Single Trans	66
Clearer, Easier To Understand Error Codes	65

Meanwhile, Among Non-Users, We Learned That…

1. 58% are aware of their eligibility to use 940 XML and 61% (after hearing the 940 concept) say they're likely to use it.

2. But they have an undeveloped image of 940 XML – especially its key attributes of ease, accuracy, security and time-saving.

3. In line with their lack of familiarity, their main reasons for non-use are lack of knowledge/confidence in 940 XML and concern that it will only mean extra work for them.

4. e-services would appeal to this group, with over half saying they would switch to 940 XML to gain access to e-services.

5. Finally, how should IRS communicate with this group? The same way preferred by Users – through regular Mail.
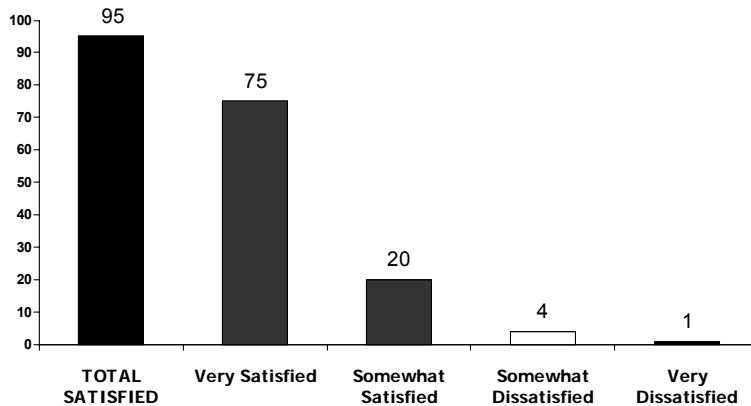
In Other Learning Among 940 XML Users…

1. Only 20% feel the product can be improved – a low level compared to what we see for other *e-file* products.

2. 30% recall seeing 940 XML information and 97% of those rated it helpful. They received it mainly via Mail, and that's their preferred method of receiving information about the product.

3. 78% have used the PIN # and 93% of those are satisfied with it.

4. And, most (63%) pay 940 balances through EFTPS and are satisfied with that method. There was very little interest in making payments via credit card.
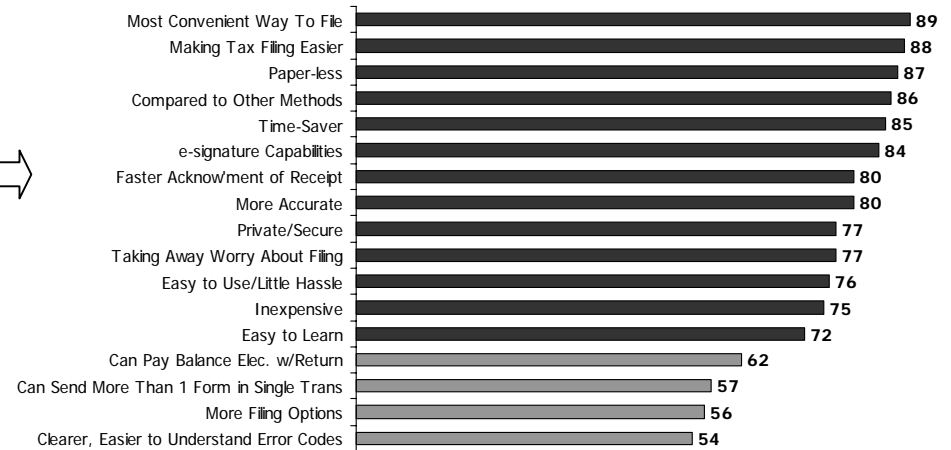
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Key Findings From The 941 XML Customer Satisfaction Survey

941 XML Users Are Also Satisfied With It –
But At A Slightly Lower Level Than For 940

TOTAL SATISFIED	95
Very Satisfied	75
Somewhat Satisfied	20
Somewhat Dissatisfied	4
Very Dissatisfied	1

They Too Are Satisfied With Most Product Dimensions

Most Convenient Way To File	89
Making Tax Filing Easier	88
Paper-less	87
Compared to Other Methods	86
Time-Saver	85
e-signature Capabilities	84
Faster Acknow'ment of Receipt	80
More Accurate	80
Private/Secure	77
Taking Away Worry About Filing	77
Easy to Use/Little Hassle	76
Inexpensive	75
Easy to Learn	72
Can Pay Balance Elec. w/Return	62
Can Send More Than 1 Form in Single Trans	57
More Filing Options	56
Clearer, Easier to Understand Error Codes	54

Finally, Among Non-Users, We Learned That…

1. 71% are aware of their eligibility to use 941 XML, but only 53% (after hearing the 941 concept) say they're likely to use it.

2. They have an even less-developed image of 941 XML than we saw for 940 XML – with consistently lower attribute ratings.

3. Reasons for non-use? Lack of knowledge/confidence, concern about adding work, and not having software & not an ERO.

4. e-services would appeal here too, with over half saying they would switch to 941 XML to gain access to e-services.

5. Best communication route to this group? Regular Mail.

6. Finally, these Non-Users had low interest in the 941 FreeFile concept, with only 18% saying they were very likely to use it.

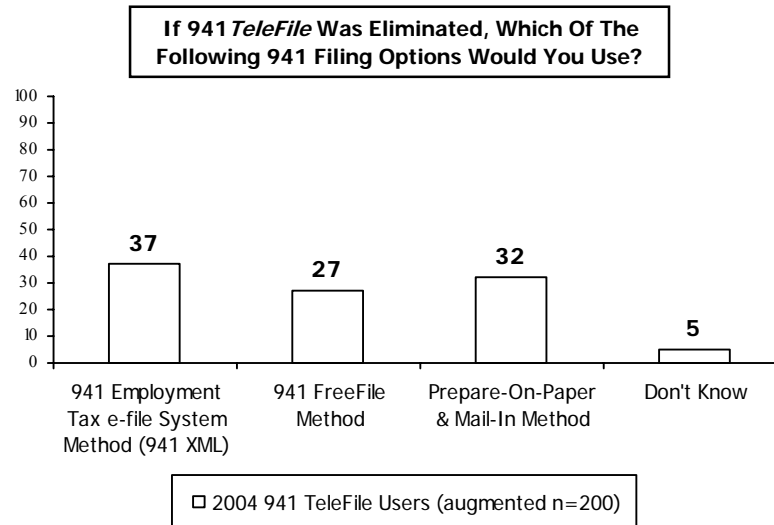**Other Findings Among 941 XML Users Are That…**

1. 30% feel 941 XML can be improved – higher than what we found for the 940 XML product.

2. 40% recall seeing 941 XML information and 93% of those rated it helpful. They also received this info mainly via Mail, but like either Mail or e-mail as methods of receiving info about 941 XML..

3. 79% have used the 941 PIN # and 92% of them are satisfied with it.

4. Most (62%) also pay 941 balances through EFTPS and are highly satisfied with it. And, in this group too, we found very little interest in making payments via credit card.

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Eliminating Form 941*TeleFile*

In The 941 XML Non-User Section Of The Customer Satisfaction Survey, The Augmented Sample Of 941*TeleFile* Users Were Asked What They Would Do If That Product Was Eliminated. Results Showed That Migration Would Split Between 941 XML, 941 FreeFile And Reversion To Paper.

- But Caution In Reading This, Since (By Necessity) All Had Been Exposed To 941 XML and 941 FreeFile Before Being Asked This Question – So The Proportion Who Would Revert To Paper May Actually Be Higher.

⇩

If 941*TeleFile* Was Eliminated, Which Of The Following 941 Filing Options Would You Use?

941 Employment Tax e-file System Method (941 XML)	941 FreeFile Method	Prepare-On-Paper & Mail-In Method	Don't Know
37	27	32	5

☐ 2004 941 TeleFile Users (augmented n=200)

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Appendix

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Questionnaire Used In Study
(Attached Electronically)

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