

Findings From Task 126

Market Research for Business e-Filing Options

Business Return Preparers & Business Owner
Satisfaction Surveys for Form 941 -
Employer's Quarterly Federal Tax Return



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Findings From Task 126 Market Research for Business e-Filing Options –

Business Return Preparers & Business Owner Satisfaction Surveys For Form 941 – *Employer's Quarterly Federal Tax Return*



Prepared for

**The Internal Revenue Service
and
Post & Partners Advertising**

March, 2001

Background & Purpose

- As BMF *e-file* products are developed, the Internal Revenue Service is commissioning quantitative customer satisfaction research to determine levels of satisfaction with the products among both Customers (Business Owners) and Business Return Preparers. The first of these Customer Satisfaction Surveys conducted covers Form 941 -- the employer's quarterly Federal tax return. The products in the 941 *e-file* suite are:
 - ***941 TeleFile, which is completed by Business Owners***
 - ***941 On-Line, which is also completed by Business Owners***
 - ***941 e-file, which is completed by Reporting Agents/Return Preparers***
- The specific objectives of this 941 Benchmark Customer Satisfaction Survey were to:
 1. **Establish baseline measures for analysis of future changes in satisfaction with the electronic Form 941 products.**
 2. **And to secure any new ideas that Customers would like the IRS to explore in terms of electronic filing of Form 941.**

Background & Purpose (Cont'd.)

- The overarching purpose of the survey was to provide the IRS with quantitative data and analysis to assist with making policy decisions on how to expand the volumes of electronic business transactions. In addition, the research will be used to assist with resource allocation decisions related to influencing practitioner information and public acceptance of IRS Electronic Tax Administration programs.
 - The IRS intends to use this data when making decisions on the development of future ETA business products and effective marketing techniques.
 - This research will supplement previous studies conducted by the IRS, which have been qualitative in nature.
 - The research strives to provide a level of detail needed to focus product development efforts, enhance current products, and indicate appropriate targeted marketing strategies. The IRS intends to conduct this quantitative research yearly.
- In general, findings from this research will assist IRS in marketing IRS *e-file* for Business products and in reaching overall *e-file* usage goals.

Research Method, Scope & Timing

- This study was conducted January 22 to February 28, 2001, and consisted of 1,132 telephone interviews among the following six types of 941 *e-file* Users and potential users:

Among Business Owners...

- 250 Users of 941 TeleFile
- 250 Eligible Non-Users of 941 TeleFile
- 100* Users of 941 On-Line
- 250 Eligible Non-Users of 941 On-Line

And, among Business Return Preparers...

- 32** Users of 941 e-file
- 250 Eligible Non-Users of 941 e-file

* *The maximum number of interviews possible in this cell within budget limits was 100 interviews (of 250 intended) because of limited IRS lists for this cell -- the IRS list contained only 317 records, of which only 175 were usable records and, of these, RMR completed 100 interviews.*

** *The maximum number of interviews possible in this cell within budget limits was 32 (of 250 intended) -- again, because of a limited list. IRS provided a total of 1,528 records for use in completing both the 941 e-file User and 941 e-file Non-User cells. Of these, only 945 records were usable, of which 250 were Non-Users and only 32 were Users (with the balance either not reachable or qualifying for the already filled Non-User cell).*

Areas of Investigation – Business Owners

- Among the Business Owner Cells, the areas of investigation for both the **941 TeleFile** and **941 On-Line** surveys were the same and consisted of:
 - Quantifying levels of customer satisfaction and dissatisfaction with the *941 TeleFile* and *941 On-Line* products.
 - Identifying satisfaction and dissatisfaction among key firmographic segments (assuming sample size permits).
 - Measuring respondent knowledge of ETA business products (name recognition).
 - Identifying perceived strengths and weaknesses of IRS's current electronic options, (i.e., what is IRS NOT doing that the customers would like to see done).
 - Justifying the strengths and weaknesses identified.
 - Evaluating the registration process that allows participants to use the system.
 - Identifying opportunities for future ETA business product development.
 - And identifying the effectiveness of IRS publications related to ETA business products.

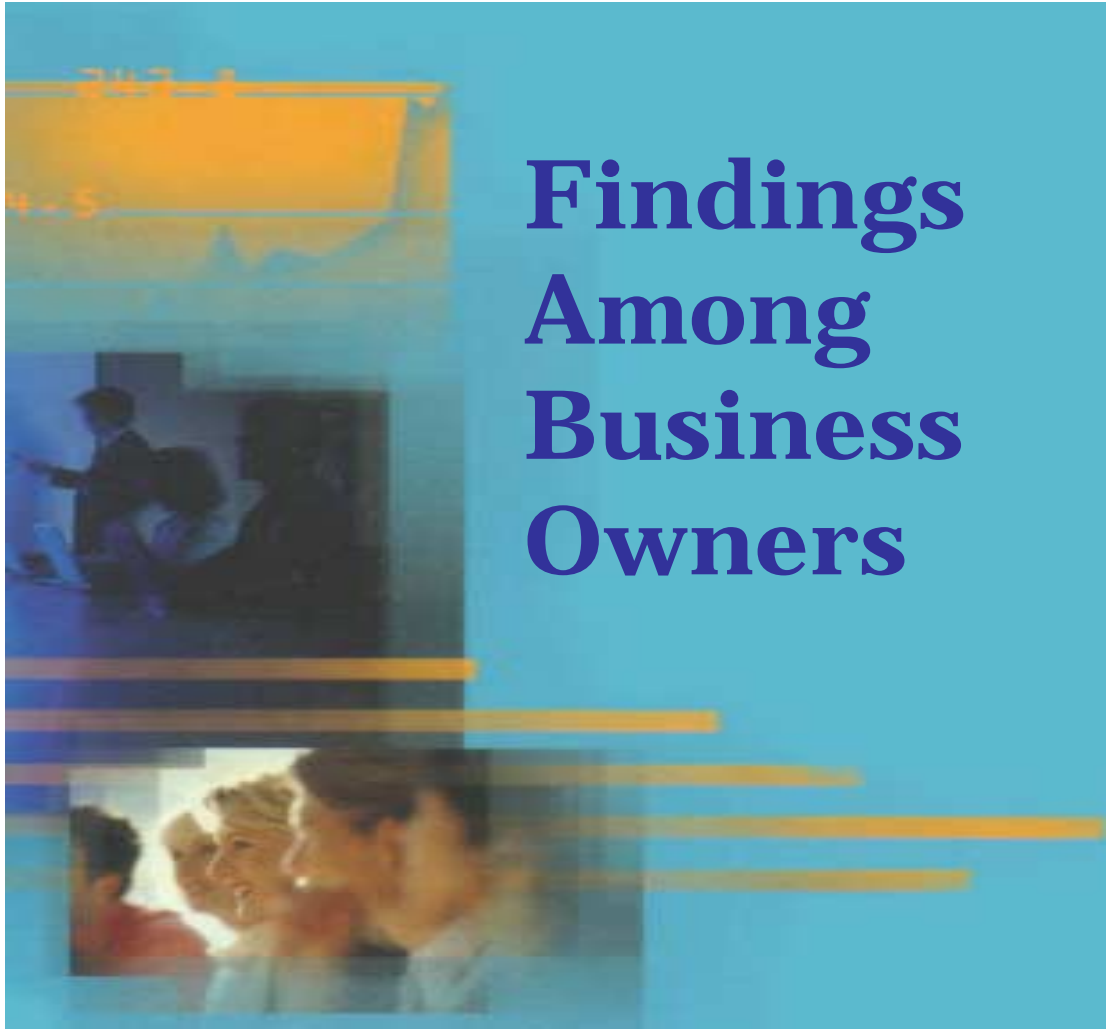
Areas of Investigation – Tax Preparers

- Among the Business Return Preparer Cells, areas of investigation for the **941 e-file** survey consisted of:
 - Quantifying levels of Business Return Preparer satisfaction and dissatisfaction with the *941 e-file* product.
 - Identifying satisfaction and dissatisfaction among key segments (assuming sample size permits).
 - Measuring knowledge of ETA business products (name recognition).
 - Identifying perceived strengths and weaknesses of IRS's current electronic options, (i.e., what is IRS NOT doing that the Business Return Preparer would like to see done).
 - Justifying the strengths and weaknesses identified.
 - Identifying opportunities for future ETA business product development.
 - Identifying the effectiveness of IRS publications related to ETA business products.
 - And gauging satisfaction with current certification and application standards.

Statistical Notation

Guide To The Statistical Notation Used In This Report

- A circle is used to highlight significant differences between comparable sub-groups (at a 95% confidence level -- 2-tailed test).
- A box is used to highlight directional differences between comparable sub-groups (at a 90% confidence level -- 2-tailed test).
- ⌊⌋ Dashed boxes are also sometimes used to highlight groups of data.
- * A single asterisk cautions the reader to a base size of 75 or less. These size bases are considered too small for firm guidance about any issue; instead they are generally used only to see the direction of responses.
- ** A double asterisk cautions the reader to an extremely small base size of less than 30. These size bases are too small for conventional statistical testing and are considered unreadable in terms of guidance. They are shown in this report only to report all responses.
- # Indicates less than ½ of 1%.



Findings Among Business Owners

Roadmap To Findings Among Business Owners

Awareness & Usage of Form 941 Filing Methods

User Satisfaction With *941 e-file* Method Used In 2000

IRS Publications, Forms or Instructions For Form 941

Non-User Consideration & Ratings Of *941 TeleFile*

Non-User Consideration & Ratings Of *941 On-Line*

Attitudes Towards The Registration Process

Firmographic Summary

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Firmographic Summary

Unaided Awareness of 941 Filing Methods

- As expected, Users of *941 TeleFile* or *941 On-Line* had significantly higher unaided awareness of these methods than eligible Non-Users. However, Non-Users still have substantial net awareness of at least one of the 941 electronic methods (41% and 51%).

	-----Form <i>941 TeleFile</i> -----		-----Form <i>941 On-Line</i> -----	
	Users 250 %	Eligible Non-Users 250 %	Users 100 %	Eligible Non-Users 250 %
BASE:				
<u>941 Electronic Products</u>	94	41	96	51
<i>941 TeleFile</i>	91	21	20	20
<i>941 On-Line</i>	15	10	82	18
<i>941 e-file</i>	14	19	26	31
Self-Prepared 941 Paper	69	75	77	75
941 Paper Using A Paid Tax Professional	13	26	5	12
Magnetic Media	1	#	0	0
All Other Methods	4	9	1	6
Don't Know/No Answer	2	3	3	4

Total Awareness of 941 Filing Methods

- And while Users had significantly higher total awareness of *941 TeleFile* and *941 On-Line*, the total awareness figures among eligible Non-Users of each method were also quite high (at/near 90%). Interestingly, Users of *941 On-Line* were generally more aware of all 941 filing methods than were other Business Owner segments.

	----Form <i>941 TeleFile</i> ----		----Form <i>941 On-Line</i> ----	
	<u>Users</u>	Eligible <u>Non-Users</u>	<u>Users</u>	Eligible <u>Non-Users</u>
BASE:	250 %	250 %	100 %	250 %
<u>941 Electronic Products</u>	100	90	100	86
<i>941 TeleFile</i>	100	80	71	57
<i>941 On-Line</i>	58	53	100	64
<i>941 e-file</i>	57	67	71	63
Self-Prepared 941 Paper	96	93	100	96
941 Paper Using A Paid Tax Professional	69	63	93	72

Methods of Filing Form 941 Ever Used

- The “methods ever used” data shows us that Business Owners who are using *941 TeleFile* and *941 On-Line* are generally “*941 do-it-yourselfers*”, with only 10% or less having ever used a professional return preparer to complete 941s.

	-----Form 941 TeleFile-----		-----Form 941 On-Line-----	
	Users	Eligible Non-Users	Users	Eligible Non-Users
BASE:	250	250	100	250
	%	%	%	%
941 Electronic Products	100	10	100	20
<i>941 TeleFile</i>	100	8	23	10
<i>941 On-Line</i>	2	#	100	2
<i>941 e-file</i>	1	3	6	12
Self-Prepared 941 Paper	82	83	90	84
941 Paper Using A Paid Tax Professional	10	30	7	26

Method Used To File Form 941 In 2000

- Users of *941 TeleFile* and *941 On-Line* were so classified by their 2000 usage of each method. Among eligible Non-Users, about three-fourths were *self-prepared paper* filers and about one-fourth were *paper with a paid preparer* (with very few having used a preparer who *e-filed* their 941s).

	-----Form 941 TeleFile-----		-----Form 941 On-Line-----	
	<u>Users</u>	<u>Eligible Non-Users</u>	<u>Users</u>	<u>Eligible Non-Users</u>
BASE:	250	250	100	250
	%	%	%	%
941 Electronic Products	100	1	100	10
<i>941 TeleFile</i>	100	0	0	0
<i>941 On-Line</i>	0	0	100	0
<i>941 e-file</i>	0	1	0	10
Self-Prepared 941 Paper	8	73	0	70
941 Paper Using A Paid Tax Professional	#	24	0	18
All Other Methods	0	2	0	2
Don't Know/No Answer	0	1	0	2

Methods of Filing Form 941 Would Consider

- In line with usage, future consideration of using the 941 electronic products was higher among current Users. However, consideration was also high among Non-Users – especially future consideration of *941 On-Line*.

	-----Form 941 TeleFile-----		-----Form 941 On-Line-----	
	<u>Users</u>	<u>Eligible Non-Users</u>	<u>Users</u>	<u>Eligible Non-Users</u>
BASE:	250 %	250 %	100 %	250 %
941 Electronic Products	96	59	97	64
<i>941 TeleFile</i>	86	38 ←	40	34 ←
<i>941 On-Line</i>	51	42 ←	90	43 ←
<i>941 e-file</i>	26	26 ←	32	32 ←
Self-Prepared 941 Paper	36	59	38	56
941 Paper Using A Paid Tax Professional	11	27	17	24
None Of The Above	3	6	2	6

Roadmap To Findings Among Business Owners

Awareness & Usage of Form 941 Filing Methods

User Satisfaction With *941 e-file* Method Used In 2000

IRS Publications, Forms or Instructions For Form 941

Non-User Consideration & Ratings Of *941 TeleFile*

Non-User Consideration & Ratings Of *941 On-Line*

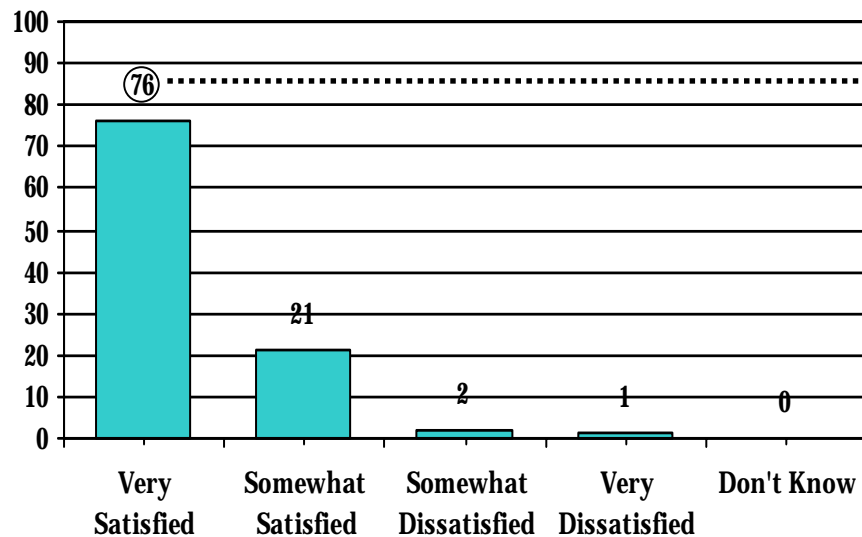
Attitudes Towards The Registration Process

Firmographic Summary

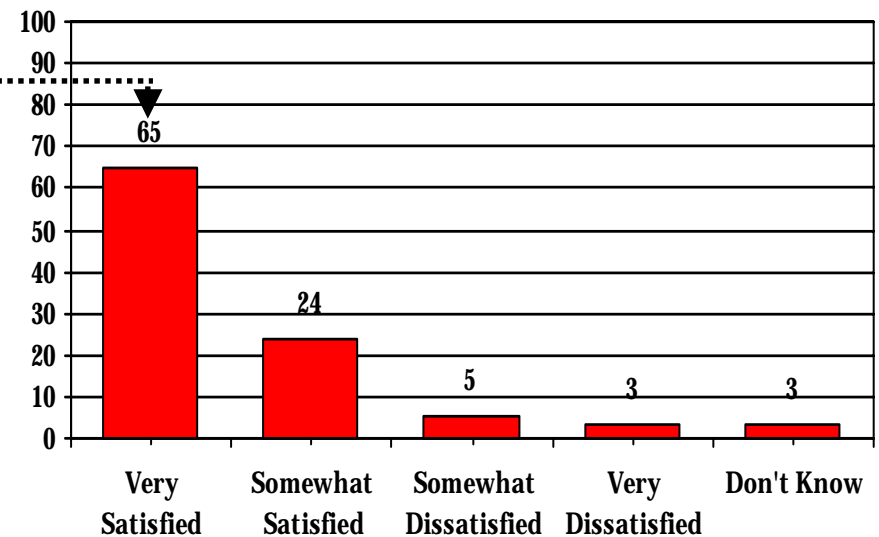
User Satisfaction With Each 941 e-file Method

- There was generally strong satisfaction with each 941 electronic method – though there was a significantly higher percentage of Users of 941 TeleFile who were “very satisfied” with their method (76%) than found among Users of 941 On-Line filing (65%).

TeleFile



On-Line



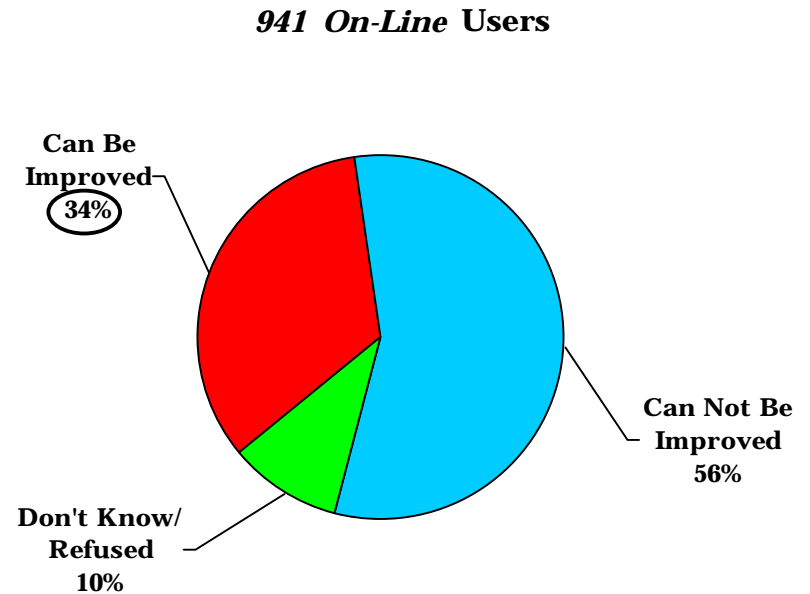
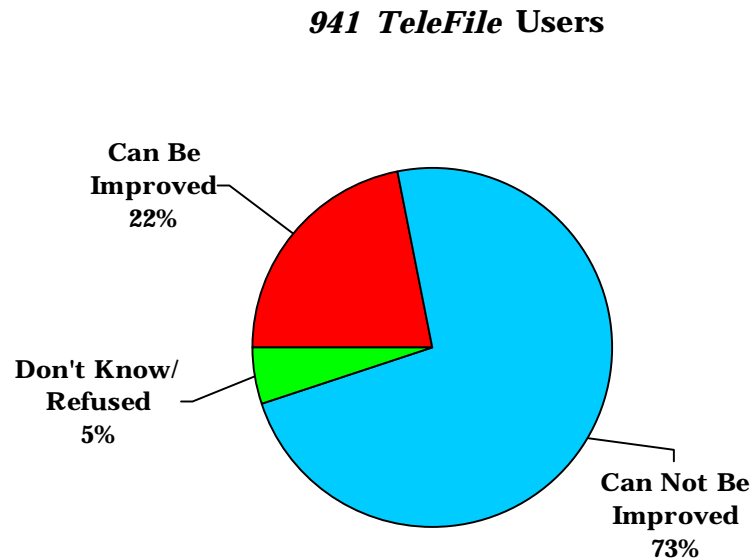
Specific Likes About Each Method

- 94% of Users of each 941 electronic method mentioned something they liked about it, with the chief appeals of each product being *simplicity, ease of use, convenience, and speed.*

	<i>941 TeleFile</i>	<i>941 On-Line</i>
	<u>Users</u>	<u>Users</u>
BASE:	250	100
	%	%
<u>Liked Something</u>	<u>94</u>	<u>94</u>
<u>Ease/Convenience</u> (Net)	<u>76</u>	<u>85</u>
It Is Simple/Easy/Convenient (<i>Unspecified</i>)	37	39
I Do Not Have To Mail It	14	11
I Can Do It Anytime	13	1
There Is No Writing/No Form Necessary	7	20
<u>Speed</u> (Net)	<u>36</u>	<u>34</u>
It Was Fast/Quick (<i>Unspecified</i>)	29	31
<u>Knowledge/Accuracy</u> (Net)	<u>15</u>	<u>24</u>
I Was Sent A Confirmation Of Receipt	4	13
<u>Cost</u> (Net)	<u>4</u>	<u>0</u>
I Do Not Have To Pay For A Stamp	3	0
<u>Liked Nothing</u>	<u>6</u>	<u>6</u>

Can Either Of These Methods Be Improved?

- While satisfaction ratings were generally strong, there was still about one-fifth to one-third of Users of each product who believed it can be improved – with the greatest need for improvement indicated for 941 On-Line.



How Can They Be Improved?

- Though bases are small for deeper analysis of possible improvements, we get a sense that *941 TeleFile* requires too much re-entering of information (which may make it seem slow to some) and that *941 On-Line* should be simplified and provide a hard copy printout.

	<i>941 TeleFile</i>	<i>941 On-Line</i>
	<u>Users</u>	<u>Users</u>
BASE: Total Saying Method Can Be Improved	54*	34**
	%	%
<u>Ease/Convenience</u> (Net)	<u>48</u>	<u>41</u>
You Should Not Have To Re-enter Information If A Mistake Occurs	19	6
There's Just Too Much Repetition In Entering	13	3
Simplify It/Make It Easier (<i>Unspecified</i>)	7	12
Cut Down On The Length Of The Forms	6	3
The Prompts Should Be Easier	6	0
<u>Speed</u> (Net)	<u>26</u>	<u>6</u>
Increase The Speed Of The Process/Make It Quicker (<i>Unspecified</i>)	19	6
<u>Miscellaneous</u>		
Fractions of Cents Section Should Be Moved/Improved	9	0
Should Have The Ability to Correct Your Mistakes Over The Phone	6	0
Issue PIN Numbers	6	0
Offer An Actual Printout (Hardcopy) Of The Form	0	18
Offer It For Free	0	9
Don't Know/No Answer	4	15

Satisfaction With Specific Attributes

- User ratings of various dimensions of each 941 electronic product indicate high satisfaction with all aspects except the speed and accuracy aspects of 941 *TeleFile* and the cost of 941 *On-Line*. The “speed” issue for *TeleFile* may reflect the “too much re-entering/repetition” complaint noted earlier.

	Ratings of <i>TeleFile</i> Among 941 <i>TeleFile</i> Users	Ratings of <i>On-Line Filing</i> Among 941 <i>On-Line</i> Users
BASE:	250	100
	%	%
<u>Total Top Box – Very Satisfied</u>		
Being An Inexpensive Method	88	69
Being Easy To Learn	80	77
Being Paper-Less	78	82
Compared To Other Methods Of Filing 941	77	82
Being Easy To Use With Little Hassle	74	72
Being A Private and Secure Way To File	72	73
Being A Time Saver	69	80
Being A More Accurate Way To File	62	74

Roadmap To Findings Among Business Owners

Awareness & Usage of Form 941 Filing Methods

User Satisfaction With *941 e-file* Method Used In 2000

IRS Publications, Forms or Instructions For Form 941

Non-User Consideration & Ratings Of *941 TeleFile*

Non-User Consideration & Ratings Of *941 On-Line*

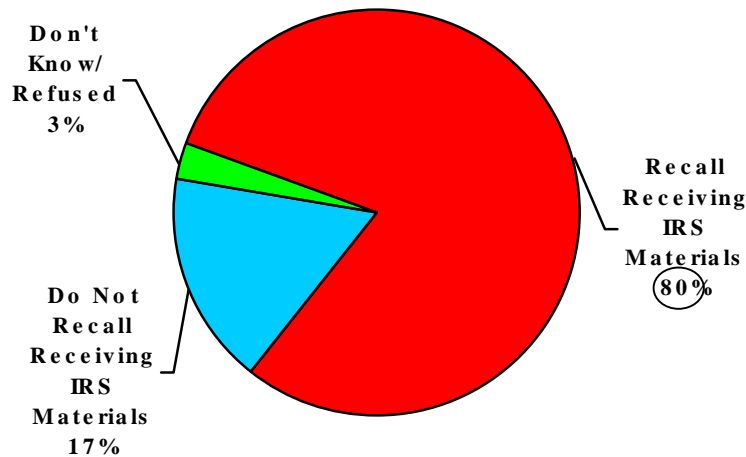
Attitudes Towards The Registration Process

Firmographic Summary

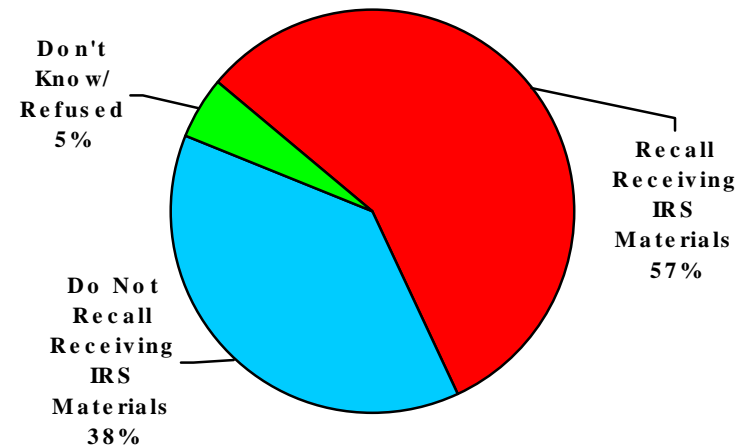
Recall Of IRS Pubs., Forms or Instructions

- A significantly higher percentage of *941 TeleFile Users* recall receiving IRS publications, forms, or instructions than *On-Line Users* (80% mentions vs. 57% mentions, respectively). In both cases, the levels of recall of associated pubs, forms, and instructions are higher than what we found among Individual Taxpayers using *TeleFile* and *On-Line* in the most recent IMF satisfaction survey*.

941 TeleFile Users



941 On-Line Users

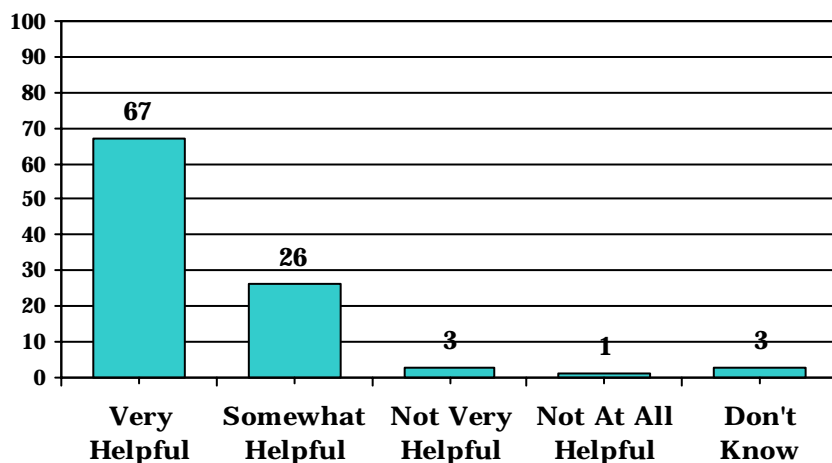


* Source: 2000 ETA IMF Satisfaction Study

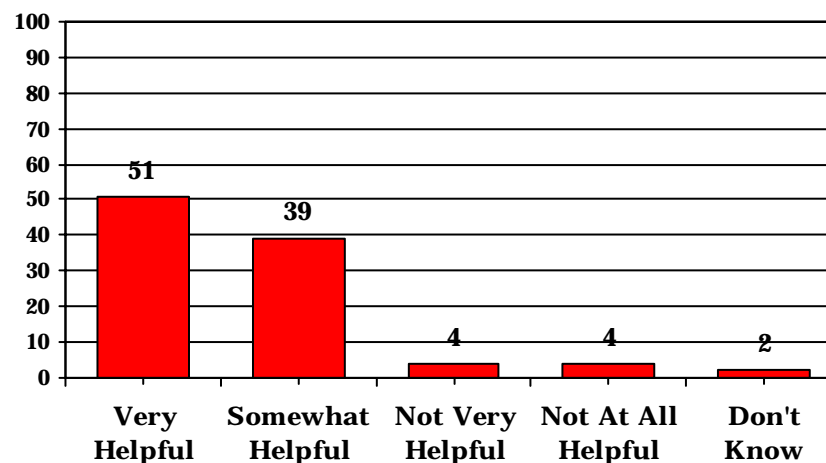
Helpfulness Of Pubs., Forms or Instructions

- Both electronic product user groups (especially the *941 TeleFile* Users) considered the associated IRS publications, forms, or instructions to be helpful. Note: These “helpfulness” scores are similar to those we found among Individual Taxpayers using these filing methods.*

941 TeleFile Users Recalling Pubs/Forms/etc.



941 On-Line Users Recalling Pubs/Forms/etc.



* Source: 2000 ETA IMF Satisfaction Study

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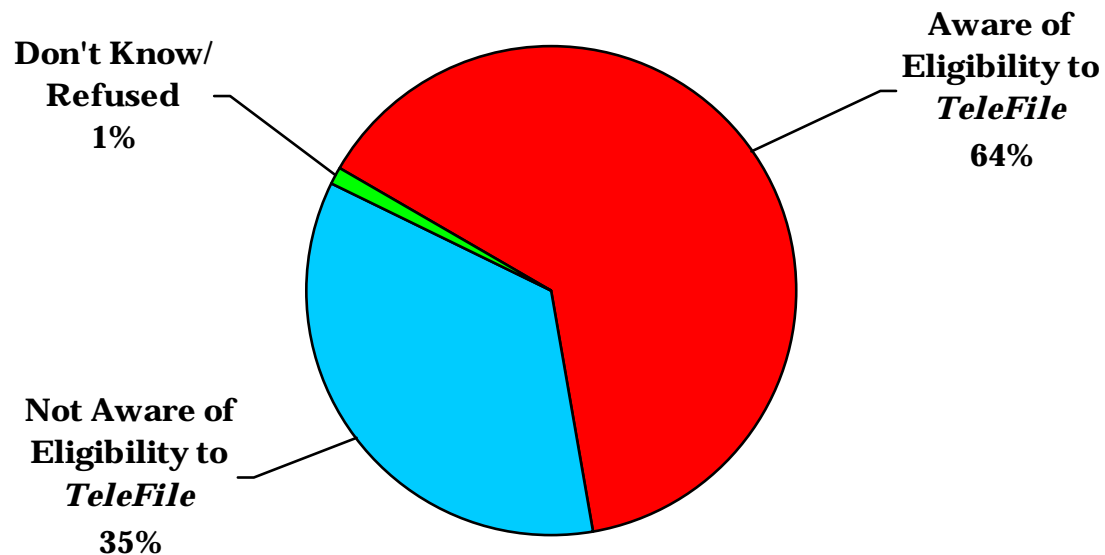
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Firmographic Summary

Non-User Awareness of 941 TeleFile Eligibility

- Turning to Non-Users of each method, it is striking to see that about two-thirds of all *TeleFile* Non-Users were aware of their eligibility to file 941s using *TeleFile*.

Eligible 941 TeleFile Non-Users



Non-User Recall Of 941 TeleFile Booklet

- Over one half of Non-Users of 941 TeleFile recalled receiving the 941 TeleFile booklet – higher naturally among those aware of the 941 TeleFile product.

BASE:	-----941 TeleFile Eligible Non-Users-----		
	<u>Total</u>	Aware of <u>TeleFile</u>	Not Aware of <u>Telefile</u>
	250	200	50*
	%	%	%
Recall Receiving Booklet Describing 941 TeleFile	53	63 →	14
<u>Do Not</u> Recall Receiving Booklet Describing 941 TeleFile	46	37	86
Don't Know/Refused	1	1	0

Non-User Likelihood Of Use Of 941 TeleFile

- Remember, earlier, we saw that 38% of eligible Non-Users of 941 TeleFile said they would consider using it in the future. Later in the survey, after reading them a detailed description of 941 TeleFile, we found 46% who were (very/somewhat) likely to use it -- indicating that more information about the product increases usage likelihood.

	Total Eligible Non-Users Of 941 TeleFile
BASE:	250 %
<u>Likely</u> (Net)	<u>46</u>
Very Likely	14
Somewhat Likely	32
<u>Not Likely</u> (Net)	<u>53</u>
Not Very Likely	25
Not At All Likely	28
Don't Know/No Answer	1

Non-User Ratings Of 941 TeleFile

- Among all eligible Non-Users of 941 TeleFile, the main attributes of the method were it would be paper-less, inexpensive, and easy to learn. These benefits were particularly appealing to those who rated themselves likely to use this method.

	-----941 TeleFile Eligible Non-Users-----		
		Likely to Use	Not Likely to Use
BASE:	<u>Total</u>	<u>TeleFile</u>	<u>Use Telefile</u>
	250	114	133
	%	%	%
<u>Total Top Box – Agree Completely</u>			
Would Be Paper-Less	59	63	56
Would Be Inexpensive	54	75 →	38
Would Be Easy To Learn	45	52 →	39
Would Be Private And Secure	24	32 →	17
Would Be Easy To Use With Little Hassle	24	40 →	11
Would Be A Time Saver	21	40 →	5
Would Be Better Than Other Methods	15	25 →	6
Would Be More Accurate	13	22 →	5

Reasons For Non-Use Of 941 TeleFile

- The main reason for non-use of 941 TeleFile among Non-Users aware of their eligibility to use this method was that they preferred traditional paper filing or having a paid preparer do it -- they are more secure with paper and like having a receipt. These were also the chief barriers to business e-file usage found in the May 2000 focus group research (along with fear of making mistakes, perceived difficulty of learning to use TeleFile, and lack of awareness of TeleFile logistics).

	<u>Total Non-Users</u>
BASE: Total Aware of Eligibility For 941 TeleFile	161
	%
<u>Preferred Alternative (Net)</u>	<u>60</u>
Just Like To Use/Prefer Using Traditional Paper Method	45
Like/Prefer Tax Preparer/Accountant Filing This Form	12
<u>Benefits Of Filing 941 Via Paper (Net)</u>	<u>40</u>
Feel More Comfortable/Secure With Paper	17
With Paper, You Get A Receipt/Copy	11
Paper Is Just Easier/Less Complicated	9
<u>Drawbacks of TeleFile (Net)</u>	<u>12</u>
It Takes Longer To Do Form 941 This Way	4

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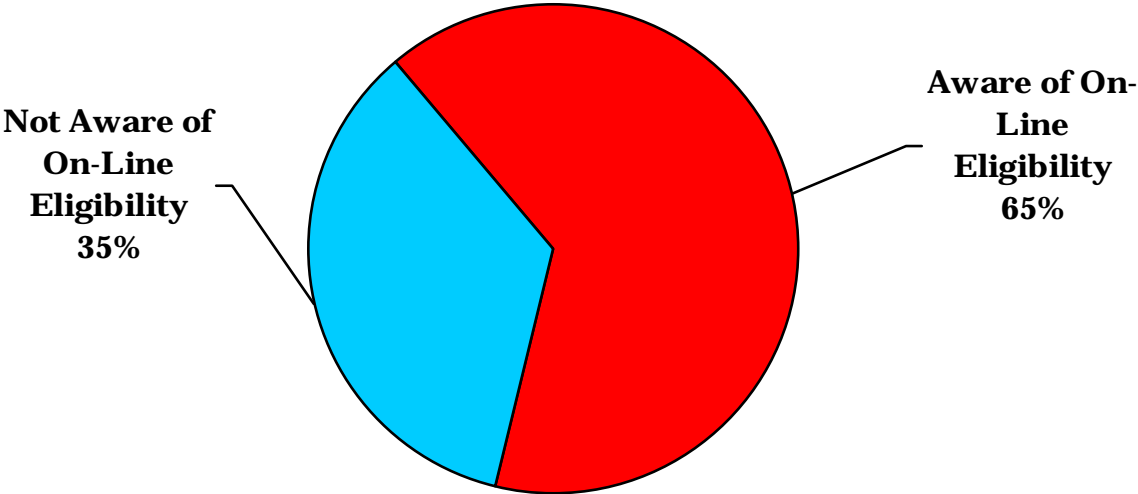
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Firmographic Summary

Non-User Awareness of 941 On-Line Eligibility

- As with *TeleFile*, we found two-thirds (65%) of eligible Non-Users of *941 On-Line* aware that they could On-Line file Form 941 last year.

Eligible 941 On-Line Non-Users



Non-User Likelihood Of Use Of 941 On-Line

- And, as with *941 TeleFile*, we saw a jump in interest in use after we read a detailed description of *941 On-Line*. Remember that in the upfront “future consideration” measure, 43% of eligible Non-Users of *941 On-Line* said they would consider using it in the future. After hearing a detailed description of it, 59% were (very/somewhat) likely to use it -- again, this tells us that interest rises with increased information about a product.

	Total Eligible Non-Users Of <i>941 On-Line</i>
BASE:	250 %
<u>Likely</u> (Net)	<u>59</u>
Very Likely	31
Somewhat Likely	28
<u>Not Likely</u> (Net)	<u>40</u>
Not Very Likely	18
Not At All Likely	22
Don't Know/No Answer	1

Non-User Ratings Of 941 On-Line

- Among all eligible Non-Users of 941 On-Line, the main attributes of this method were also that it would be paper-less, easy to learn, and inexpensive. These benefits were particularly appealing to those who rated themselves likely to use this method.

BASE:	-----941 On-Line Eligible Non-Users-----		
	<u>Total</u>	Likely to Use <u>On-Line</u>	Not Likely to Use <u>On-Line</u>
	250	147	101
	%	%	%
<u>Total Top Box – Agree Completely</u>			
Would Be Paper-Less	57	57	58
Would Be Easy To Learn	46	48	44
Would Be Inexpensive	46	53 →	37
Would Be Easy To Use With Little Hassle	37	40	34
Would Be A Time Saver	28	33 →	22
Would Be Better Than Other Methods	24	31 →	14
Would Be Private And Secure	22	25	18
Would Be More Accurate	20	26 →	11

Reasons For Non-Use Of 941 On-Line

- Similar to what we found among Non-Users of *TeleFile* (and in the May 2000 qualitative research), the main reason for not using 941 On-Line was a preference/dependence on traditional paper/preparer methods -- along with lack of on-line access.

	<u>Total Non-Users</u>
BASE: Total Aware of Eligibility of <i>On-Line</i> Filing Of Form 941	87
	%
<u>Preferred Alternative</u> (Net)	<u>35</u>
Just Like To Use/Prefer Using Traditional Paper Method	17
Like/Prefer Tax Preparer/Accountant Filing This Form	12
<u>Awareness/Access</u> (Net)	<u>25</u>
I Do Not Have Internet/Online/Modem Access	14
<u>Benefits of Filing 941 Via Paper</u> (Net)	<u>20</u>
Paper Is Just Easier/Less Complicated	5
<u>Drawbacks of On-Line Filing</u> (Net)	<u>12</u>
On-Line Filing Is Not Secure (Subnet)	6
<u>Miscellaneous Mentions</u>	
I Would Consider Using On-Line In The Future	6
Don't Know/No Answer/No Answer	7

Roadmap To Findings Among Business Owners

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Non-User Consideration & Ratings Of *941 On-Line*

Attitudes Towards The Registration Process

Firmographic Summary

Familiarity With The Registration Process

- The majority of *TeleFile* Users and Non-Users were not familiar with the registration process for electronically filing Form 941. Meanwhile, Users of the *On-Line* method were generally familiar with the process, but Non-Users were not.

	<u>-----Form 941 TeleFile-----</u>		<u>-----Form 941 On-Line-----</u>	
	<u>Users</u>	<u>Eligible Non-Users</u>	<u>Users</u>	<u>Eligible Non-Users</u>
BASE:	250	250	100	250
	%	%	%	%
Familiar With Registration				
Process To File 941 Electronically	18	14	70 →	18
<u>Not Familiar</u> With Registration				
Process To File 941 Electronically	82	86	30	82

Difficulty With The Registration Process

- While the bases of each segment familiar with the registration process are small, it appears that registration is not a major barrier -- with ratings of the process as very/somewhat difficult not notably high among either Users or Non-Users of each method.

	----Form 941 TeleFile----		----Form 941 On-Line---	
	<u>Users</u>	<u>Eligible Non-Users</u>	<u>Users</u>	<u>Eligible Non-Users</u>
BASE: Total Who Are Familiar With Registration Process	46*	35*	70*	46*
	%	%	%	%
<u>Very/Somewhat Difficult (Net)</u>	<u>17</u>	<u>9</u>	<u>10</u>	<u>15</u>
Very Difficult	2	3	0	4
Somewhat Difficult	15	6	10	11
<u>Not Very/Not At All Difficult (Net)</u>	<u>70</u>	<u>71</u>	<u>87</u>	<u>63</u>
Not Very Difficult	28	26	24	33
Not At All Difficult	41	46	63	30
Don't Know/Refused	13	20	3	22

Why Registration Process Is Difficult

- Among the **few** respondents rating the registration process as difficult, most could not describe why it was difficult -- with the top points of criticism (all at less than 20% mentions) relating to the process being complex, time-consuming, and confusing (with some mentions too of it taking too long to get a PIN).

	-----Form 941 TeleFile-----		-----Form 941 On-Line-----	
	Eligible Users	Non-Users	Eligible Users	Non-Users
BASE: Total Saying Registration Process Is Difficult	21** %	12** %	24** %	22** %
The Process Is Not Well Explained/Complex	19	0	0	5
It Is Too Time Consuming/Too Much To Read/Fill Out	14	0	17	5
No One Available To Answer Questions By Phone	10	0	0	0
It Is Confusing	5	0	13	0
I Have Trouble Getting Help With Setting Up Software	5	0	0	0
Receiving A PIN Took Too Long (4-5 Weeks)	0	0	17	0
Don't Know/Refused	43	67	42	59

**Caution: Very Small Base Sizes.

Roadmap To Findings Among Business Owners

Awareness & Usage of Form 941 Filing Methods

User Satisfaction With *941 e-file* Method Used In 2000

IRS Publications, Forms or Instructions For Form 941

Non-User Consideration & Ratings Of *941 TeleFile*

Non-User Consideration & Ratings Of *941 On-Line*

Attitudes Towards The Registration Process

Firmographic Summary

Business Owner Firmographic Summary

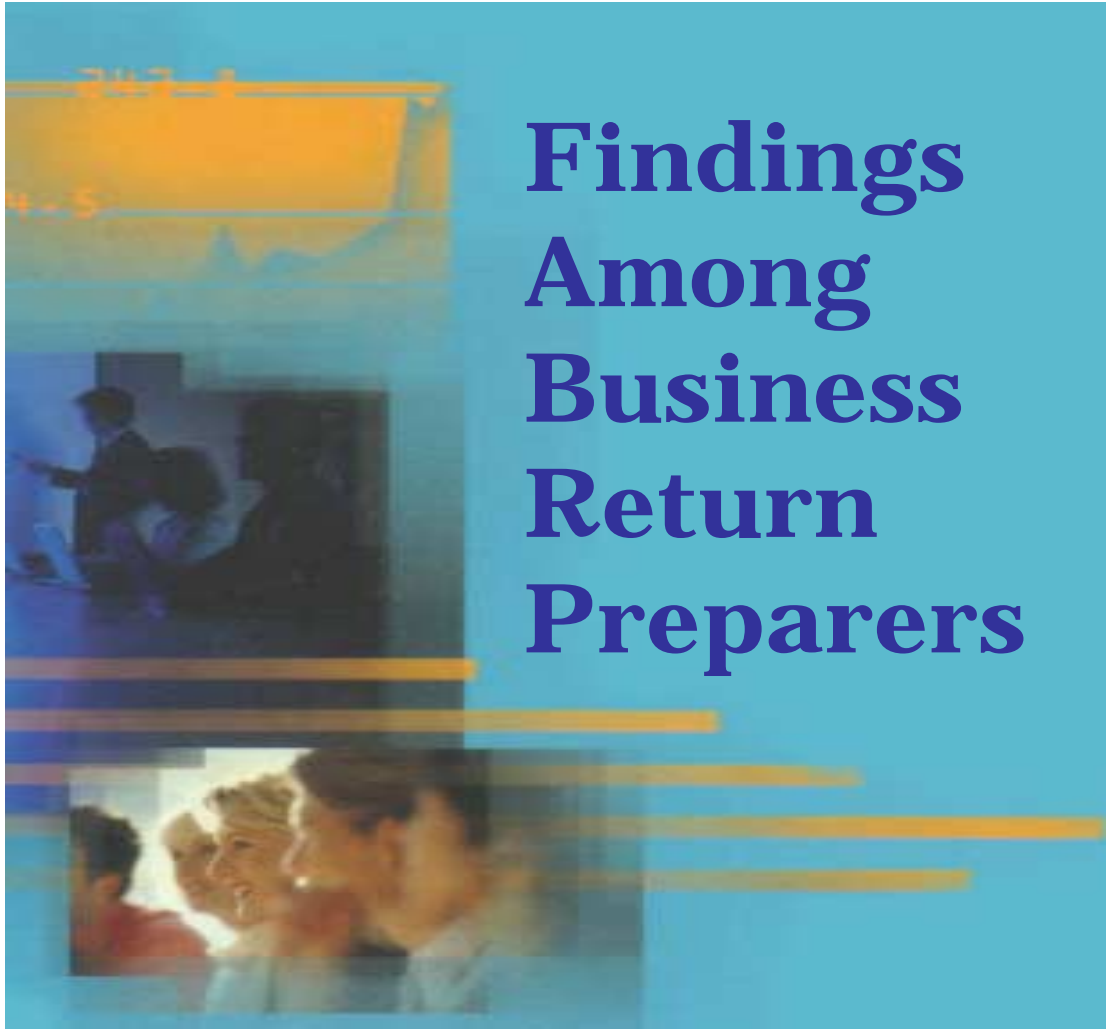
- Looking at the characteristics of the Business Owner segments, we find that those using/eligible to use *941 On-Line* tended to be medium to larger firms (with User firms larger than Non-User firms), while the *TeleFile* segments tended to be mainly small firms (with Users being smaller but higher revenue than Non-User companies). There were no strong regional skews.

	-----Form 941 TeleFile-----		-----Form 941 On-Line-----	
	<u>Users</u>	<u>Eligible Non-Users</u>	<u>Users</u>	<u>Eligible Non-Users</u>
BASE:	250 %	250 %	100 %	250 %
<u>Company Size</u> (Mean # of employees)	15	22	146	90
<u>Average Company Revenue</u> (x \$100,000)	7.5	5.8	37.3	23.6
<u>Region</u>				
Northeast	32	26	20	20
Southeast	33	36	28	28
MidStates	26	26	33	36
West	9	13	19	16

Company Internet Access

- 80% or more of the Users and Non-Users of both *941 TeleFile* and *941 On-Line* said they have a PC with a modem.
- For *941 On-Line*, specifically, there was both higher PC ownership and higher access to the Internet among Users than Non-Users.

	-----Form <i>941 TeleFile</i> -----		-----Form <i>941 On-Line</i> -----	
	<u>Users</u>	<u>Eligible Non-Users</u>	<u>Users</u>	<u>Eligible Non-Users</u>
BASE:	250 %	250 %	100 %	250 %
<u>Personal Computer With Modem</u>	<u>86</u>	<u>79</u>	<u>100</u>	<u>90</u>
Have Access To Internet	78	69	99	84
Do Not Have Access To Internet	8	10	1	6
<u>No Personal Computer With Modem</u>	<u>14</u>	<u>21</u>	<u>0</u>	<u>10</u>
Don't Know/No Answer	0	0	0	0



Findings Among Business Return Preparers

Roadmap To Findings Among Business Return Preparers

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Non-User Consideration & Ratings Of *941 e-file*

Attitudes Towards The Application Process

Demographic Summary

Roadmap To Findings Among Business Return Preparers

Awareness & Usage of Form 941 Filing Methods

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IRS Publications, Forms or Instructions For Form 941

Non-User Consideration & Ratings Of *941 e-file*

Attitudes Towards The Application Process

Demographic Summary

Unaided Awareness of 941 Filing Methods

- As we turn to findings from the Satisfaction Survey among Business Return Preparers, it is important to point out that the *941 e-file* User segment here is very small-based -- only 32 Users were found in a very limited IRS list of both Users and Non-Users. While this size base is large enough for statistical testing, it should always be viewed with caution since there can be volatility in results.
- The unaided awareness measure showed *941 e-file* Users and Non-Users having about equal awareness of 941 electronic methods in net, though with Users clearly more aware of *941 e-file*.

	<i>941 e-file</i> <u>Users</u>	<i>941 e-file</i> <u>Non-Users</u>
BASE:	32*	250
	%	%
<u>941 Electronic Products</u>	86	81
<i>941 e-file</i>	76	55
<i>941 TeleFile</i>	24	40
<i>941 On-Line</i>	19	20
941 Paper Using A Paid Tax Professional	52	56
Self-Prepared 941 Paper	38	57
Magnetic Media	5	7
All Other Methods	24	9

Total Awareness of 941 Filing Methods

- The User and Non-User groups also had about equal total awareness of 941 electronic products -- though, again, with Users more aware of *941 e-file* specifically and with Non-Users more aware of the *941 TeleFile* and Self-Prepared Paper methods.

	<i>941 e-file</i> <u>Users</u>	<i>941 e-file</i> <u>Non-Users</u>
BASE:	32* %	250 %
<u>941 Electronic Products</u>	100	98
<i>941 e-file</i>	100	82
<i>941 TeleFile</i>	75	97
<i>941 On-Line</i>	56	53
941 Paper Using A Paid Tax Professional	97	91
Self-Prepared 941 Paper	72	96

Methods of Filing Form 941 Ever Used

- As expected, the “methods ever used” measure showed that Users of *941 e-file* have come to *e-file* from situations in which either they or their clients have filed 941s via paper.
- Among Non-Users, we found a substantial number of Preparers (20%) with past involvement in *e-filing* 941s -- either using *941 e-file* themselves or having clients filing 941s via *941 TeleFile* or *941 On-Line*.

BASE:	<i>941 e-file</i> Users 32* %	<i>941 e-file</i> Non-Users 250 %
<u>941 Electronic Products</u>	100	20
<i>941 e-file</i>	100	6
<i>941 TeleFile</i>	25	15
<i>941 On-Line</i>	3	4
941 Paper Using A Paid Tax Professional	78	66
Self-Prepared 941 Paper	34	51

Method Used To File Form 941 In 2000

- In terms of method used in 2000, we see that *941 e-file* Users all used that method and some also had clients using paper methods of filing 941s.
- Among Non-Users, the 2000 methods used were mainly paper, though with 9% net having clients using an electronic method.

	<i>941 e-file</i> <u>Users</u>	<i>941 e-file</i> <u>Non-Users</u>
BASE:	32* %	250 %
<u>941 Electronic Products</u>	100	9
<i>941 e-file</i>	100	0
<i>941 TeleFile</i>	6	7
<i>941 On-Line</i>	0	3
941 Paper Using A Paid Tax Professional	38	58
Self-Prepared 941 Paper	9	43
All Other Methods	9	4
Don't Know/No Answer	0	1

Methods of Filing Form 941 Would Consider

- Only three-fourths of *941 e-file* Users said they would consider using *941 e-file* in the future -- though, again, the base size here is quite small and potentially volatile.
- Among Non-Users, there was surprisingly higher future consideration of 941 electronic methods than there was for the 941 paper methods.

	<i>941 e-file</i> Users	<i>941 e-file</i> Non-Users
BASE:	32* %	250 %
<u>941 Electronic Products</u>	88	79
<i>941 e-file</i>	75	66
<i>941 On-Line</i>	28	45
<i>941 TeleFile</i>	22	16
941 Paper Using A Paid Tax Professional	34	36
Self-Prepared 941 Paper	13	30

Roadmap To Findings Among Business Return Preparers

Awareness & Usage of Form 941 Filing Methods

User Satisfaction With *941 e-file* Method Used In 2000

IRS Publications, Forms or Instructions For Form 941

Non-User Consideration & Ratings Of *941 e-file*

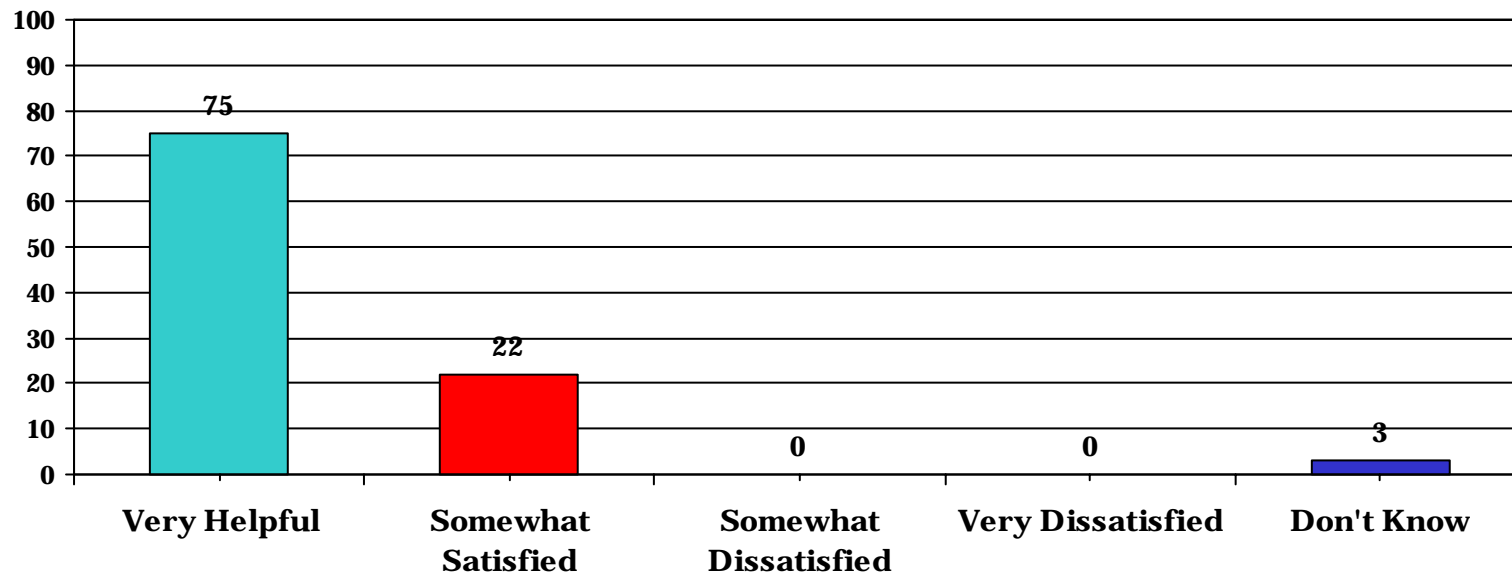
Attitudes Towards The Application Process

Demographic Summary

User Satisfaction With 941 e-file

- All 941 e-file Users with an opinion about 941 e-file rated themselves very/somewhat satisfied with this method -- with 75% “very satisfied”.

Satisfaction with e-filing Form 941



Specific Likes About 941 e-file

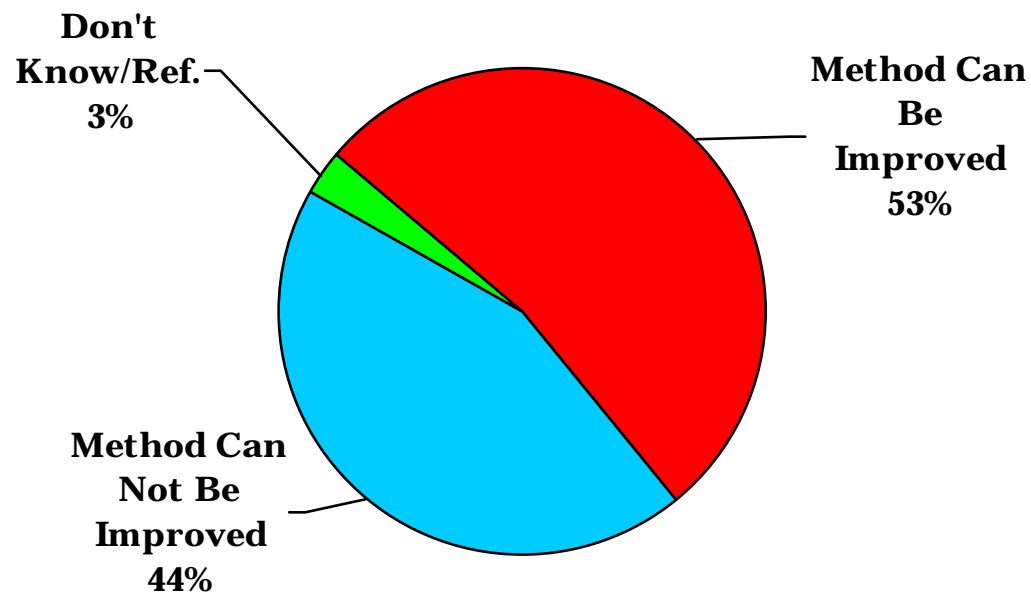
- And almost all Users mentioned something they liked about 941 e-file. The main likes were the ease or convenience of the method and its speed.

	<i>941 e-file</i> Users 32* %
BASE:	
<u>Like Something</u>	94
<u>Ease/Convenience</u> (Net)	41
Simple/Easy/Convenient (<i>Unspecified</i>)	34
<u>Speed</u> (Net)	50
Fast/Quick (<i>Unspecified</i>)	38
Instant Confirmation Of Receipt	9
<u>Cost</u> (Net)	6
Do Not Have To Pay For A Stamp	6
<u>Knowledge/Accuracy</u> (Net)	6
Allows For Correction Of Mistakes	6
<u>Miscellaneous</u>	
Reduction In Paperwork	22
No Problems With It	9
<u>Like Nothing</u>	6

Can 941 e-file Be Improved?

- However, just over one-half of the Users (53%) indicated that they thought *941 e-file* could be improved. Again, the base size is quite small here.

941 e-file Users



How Can 941 e-file Be Improved?

- The small sub-group within the low base of Users who thought the method could be improved had generally diffused suggestions for improvement -- the top mention being “make it compatible with inputting of all forms”.

	<i>941 e-file Users</i>
BASE: Total Saying <i>941 e-file</i> Can Be Improved	17** %
<u>Ease/Convenience</u> (Net)	<u>35</u>
Make It Compatible With Inputting All Forms	18
Offer Live Operator To Answer Questions	6
Prompts Should Be Easier	6
Make The Software Less Cumbersome	6
<u>Miscellaneous</u>	
Too Many Windows Restrictions	6
Need a Toll-Free Number	6
Need A Better Tracking System For Lost Filings	6
Need To Be Able To File All Forms & Schedules	6
Better Educate Companies	6
Acknowledgement Form Should Be Sent Immediately	6
Don't Know/Refused	6

Ratings of Satisfaction For With 941 e-file

- Though the base is small, User ratings of specific attributes of 941 e-file show high satisfaction with all aspects of the product except its being “easy to learn”.

BASE:	<i>941 e-file</i> Users 32* %
<u>Total Top Box – Very Satisfied</u>	
Compared To Other Methods Of Filing 941	84
Being Paper-Less	84
Being A Time Saver	75
Client Acceptance Of <i>e-filing</i> Form 941	75
Being A More Accurate Way To File	72
Being An Inexpensive Method	72
Being Easy To Use With Little Hassle	66
Being A Private and Secure Way To File	66
Being Easy To Learn	56

Roadmap To Findings Among Business Return Preparers

Awareness & Usage of Form 941 Filing Methods

User Satisfaction With *941 e-file* Method Used In 2000

IRS Publications, Forms or Instructions For Form 941

Non-User Consideration & Ratings Of *941 e-file*

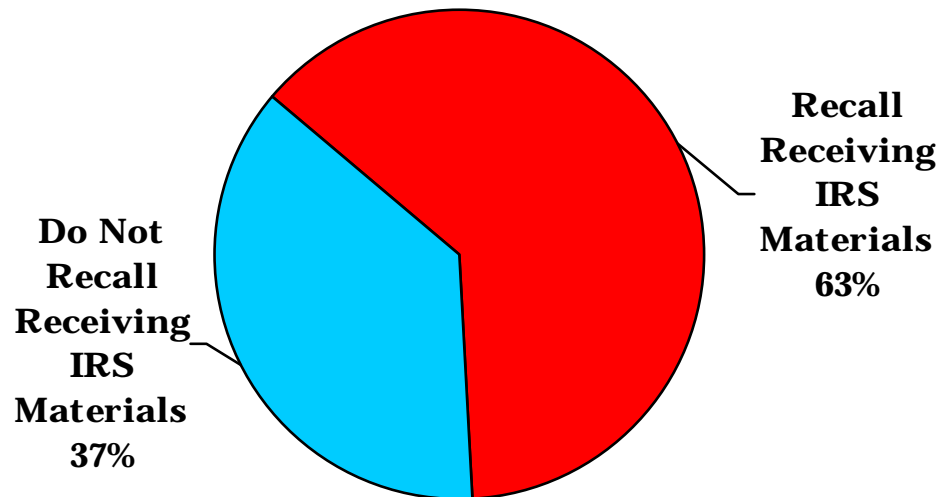
Attitudes Towards The Application Process

Demographic Summary

Recall Of Pubs., Forms or Instructions

- About two-thirds of the *941 e-file* Users recalled receiving IRS publications, forms or instructions relating to filing Form 941 via *e-file*.

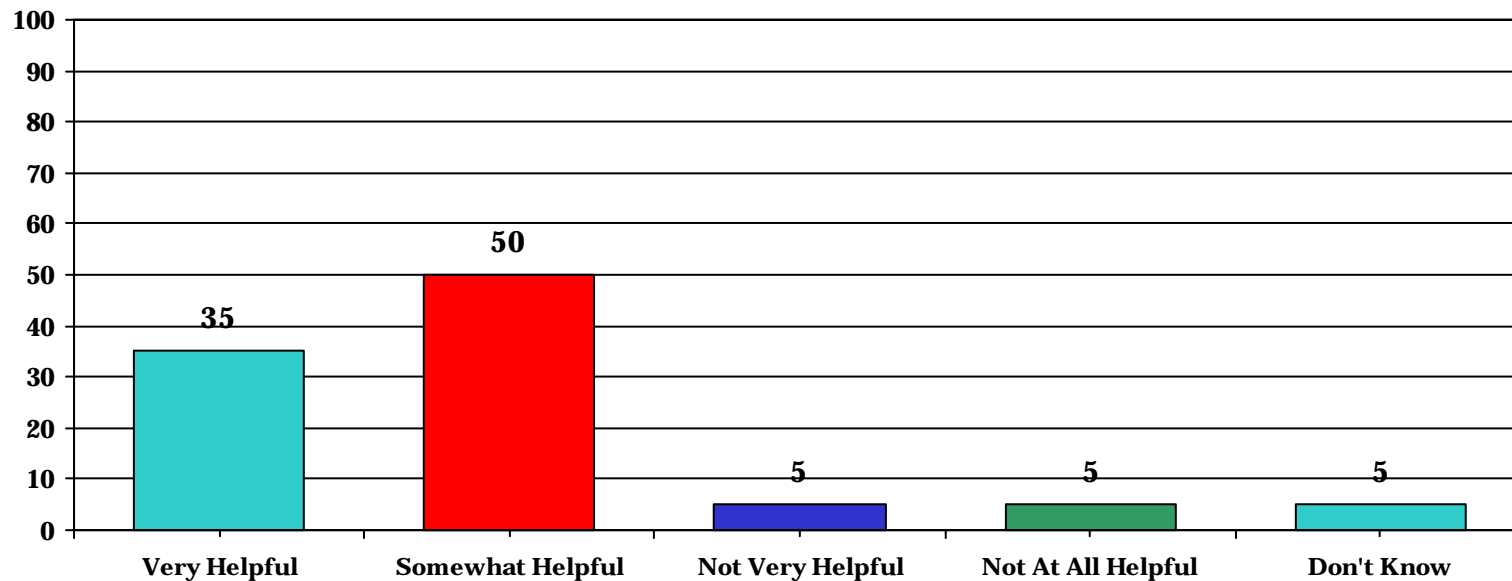
***941 e-file* Users**



Helpfulness Of Pubs., Forms or Instructions

- Looking just at the two-thirds of Users who recalled the materials (only about 20 people), we see that the vast majority (85%) considered the materials very/somewhat helpful.

Helpfulness of Pubs., Forms, & Instructions



Roadmap To Findings Among Business Return Preparers

Awareness & Usage of Form 941 Filing Methods

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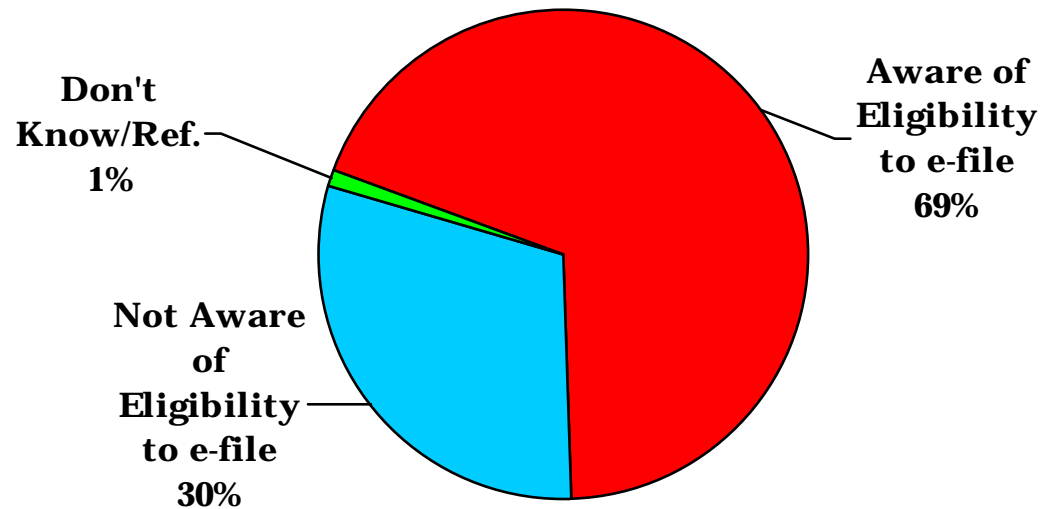
Attitudes Towards The Application Process

Demographic Summary

Non-User Awareness of 941 e-file Eligibility

- Focusing now on Non-Users of 941 e-file (where the base is quite stable at 250 Preparers), we see that 69% of all Non-Users were aware of their eligibility to file Form 941 electronically.

941 e-file Non-Users



Non-User Recall Of 941 e-file Booklet

- We also see that the Non-Users had surprisingly high recall of the 941 e-file booklet (43%) -- with awareness of the booklet even higher among those aware of the filing method.

	-----941 e-file Eligible Non-Users-----		
	<u>Total</u>	Aware <u>of e-file</u>	Not Aware <u>of e-file</u>
BASE:	250	206	44*
	%	%	%
Recall Receiving Booklet Describing 941 e-file	43	49	14
<u>Do Not</u> Recall Receiving Booklet Describing 941 e-file	56	50	84
Don't Know/Refused	2	2	2

Non-User Likelihood Of Use Of 941 e-file

- And, after they were read a brief description of 941 e-file, there was high likelihood of future use of the product among Non-Users (especially those with awareness of the product coming into the study).

	-----941 e-file Eligible Non-Users-----		
	<u>Total</u>	Aware <u>of e-file</u>	Not Aware <u>of e-file</u>
BASE:	250	206	44*
	%	%	%
<u>Likely</u> (Net)	72	74	61
Very Likely	45	48	32
Somewhat Likely	27	26	30
<u>Not Likely</u> (Net)	27	24	39
Not Very Likely	11	9	21
Not At All Likely	16	15	18
Don't Know/No Answer	2	2	0

Non-User Ratings Of 941 e-file

- **We asked ourselves: with high awareness and interest in future use, why aren't Non-Users already using 941 e-file?** For answers, we looked first to their ratings of 941 e-file and found some of the same barriers that we found in focus group research in late 1999 -- that there are doubts among Non-Users about the benefits of this method vs. paper, especially whether it saves time, is accurate, is easy to learn, is easy to use, and whether clients want it.

BASE:	-----941 e-file Eligible Non-Users-----		
	Total	Likely to Use of e-file	Not Likely to Use e-file
	250	179	67
	%	%	%
<u>Total Top Box – Agree Completely</u>			
Would Be Paper-Less	53	55	48
Would Be Inexpensive	52	60 →	33
Would Be Private And Secure	46	51 →	34
Would Be Better Than Other Methods	41	51 →	15
Would Be A Time Saver	40	50 →	12
Would Be More Accurate	38	47 →	15
Would Be Easy To Learn	34	36	31
Would Be Easy To Use With Little Hassle	32	39 →	13
Clients Would Want Us To Use It	31	38 →	15

Reasons for Not Using 941 e-file in 2000

- When we asked Non-Users directly about why they did not use *941 e-file* in 2000, we found some of those same reasons as well as barriers such as not having the software and needing more information about it in order to be comfortable with it.

	Total Non-Users
BASE: Total Aware of Eligibility To <i>e-file</i> Form 941	173
	%
<u>Awareness/Access</u> (Net)	<u>35</u>
I Did Not Have The Software	17
I Need More Information On It	10
Just Never Learned How To Use It	6
<u>Drawbacks of e-file</u> (Net)	<u>22</u>
It Is Too Time Consuming	19
<u>Preferred Alternative</u> (Net)	<u>16</u>
Just Like To Use/Prefer Traditional Paper Method	15
<u>Benefits of Filing 941 Via Paper</u> (Net)	<u>15</u>
Paper Is Just Easier/Less Complicated	6

Roadmap To Findings Among Business Return Preparers

Awareness & Usage of Form 941 Filing Methods

User Satisfaction With *941 e-file* Method Used In 2000

IRS Publications, Forms or Instructions For Form 941

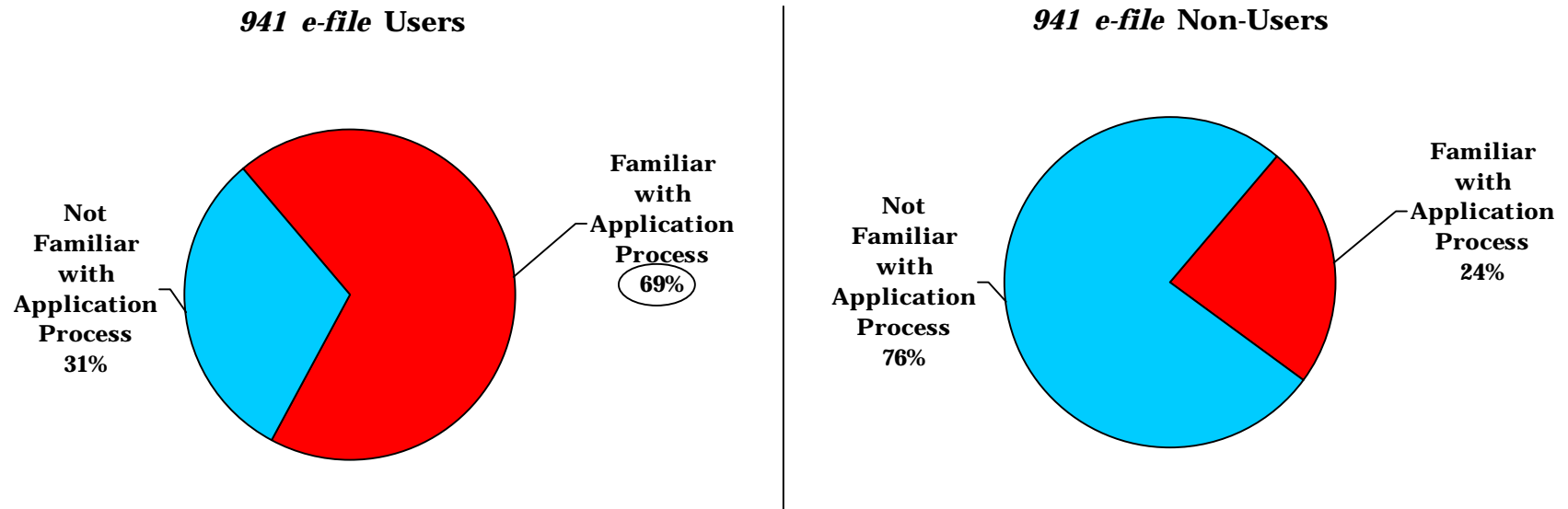
Non-User Consideration & Ratings Of *941 e-file*

Attitudes Towards The Application Process

Demographic Summary

Familiarity With The Application Process

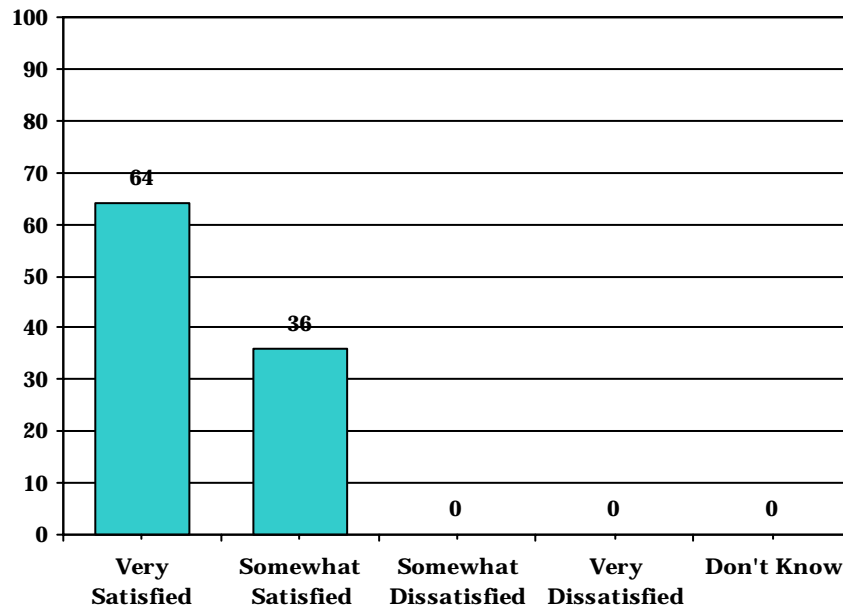
- Other survey results showed that, as expected, *941 e-file* Users were far more likely to be familiar with the certification and application standards required to file 941 electronically.



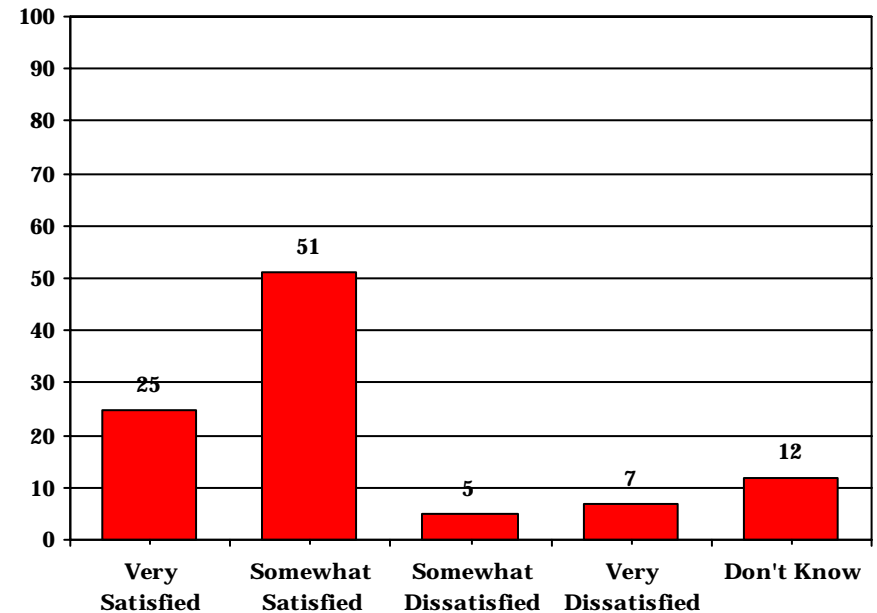
Satisfaction With The Application Process

- Among the smaller sub-bases of Users and Non-Users familiar with the application process, we found general satisfaction with the process -- though with Non-Users clearly lower in satisfaction than Users.

941 e-file Users



941 e-file Non-Users



Why Application Process Is Difficult

- The bases of Users and Non-Users rating the application process as difficult are very small, but from them we see that the chief complaints about the process are that it is time-consuming, involves too much paperwork, and requires help (in setting up software and answering Preparer questions).

	<i>941 e-file</i> <u>Users</u>	<i>941 e-file</i> <u>Non-Users</u>
BASE: Total Not Very Satisfied With Application Process	8** %	38* %
It Is Too Time Consuming	25	21
Having Trouble Getting Help With Setting Up Software	0	13
There Is Too Much Paperwork	0	11
The Process Is Not Well Explained/Complex	25	11
It Is Too Cumbersome	13	5
No One Is Available On The Phone To Answer Questions	13	5
The Process Has To Be Current With The Tax Laws	13	11
The Rules For Applying Rules Keep Changing	13	8
No Interface With Current Payroll Service	0	11

Roadmap To Findings Among Business Return Preparers

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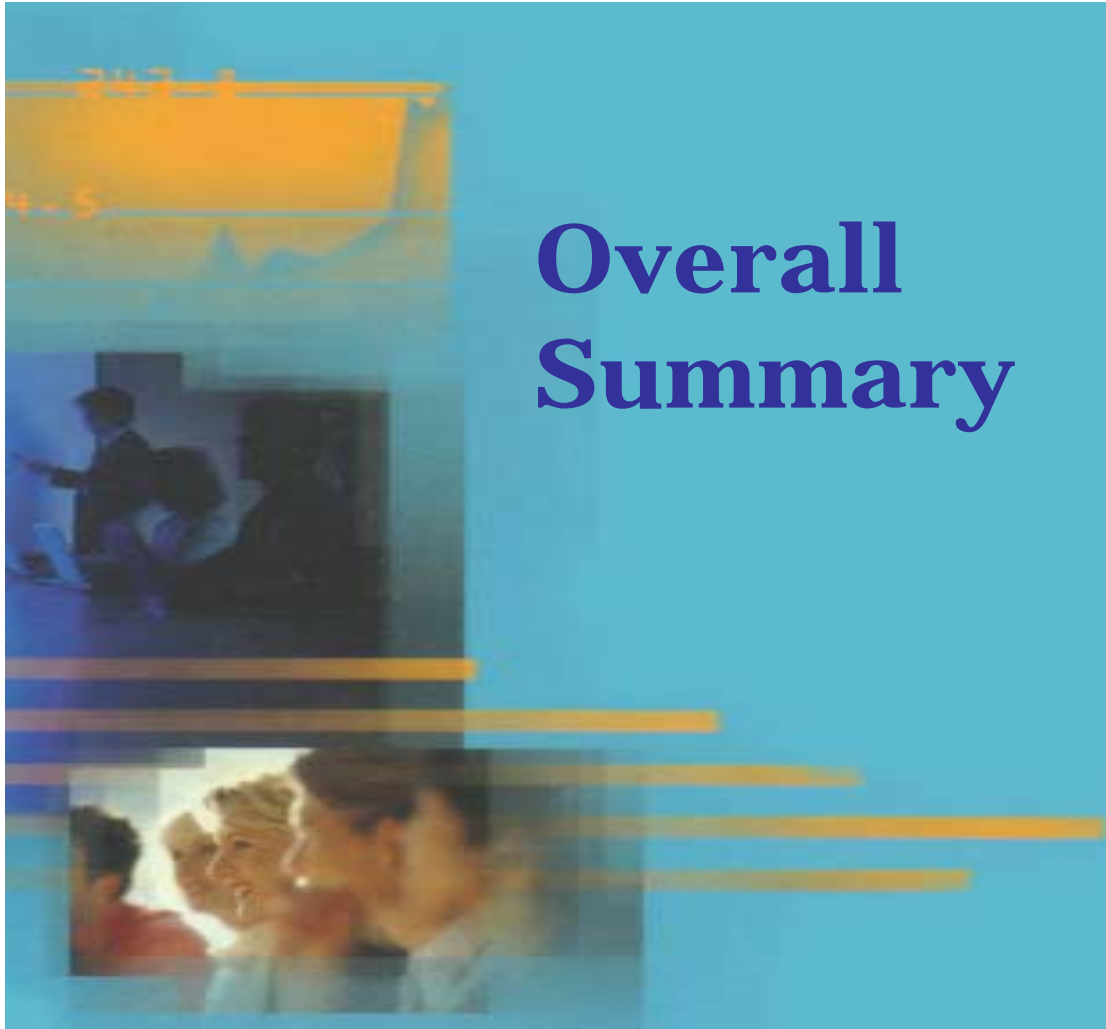
Attitudes Towards The Application Process

Demographic Summary

Return Preparer Demographic Summary

- Although the comparative base of Users is again quite small, we see that the characteristics of Non-Users are that they tend to be older, skew somewhat more female, but with no clear regional differences.

BASE:	941 e-file <u>Users</u> 32* %	941 e-file <u>Non-Users</u> 250 %
<u>Mean Age</u>	40	45
<u>Gender</u>		
Male	69	57
Female	31	43
<u>Region</u>		
Northeast	28	30
Southeast	28	33
Mid-states	25	20
West	19	18



Overall Summary

Overall Summary

Results from the Benchmark Satisfaction Survey among Business Owners show that:

- **There is high satisfaction with *941 TeleFile* among its Users (76% “very satisfied” and 97% “very” or “somewhat” satisfied).**
 - The main appeals of this method are its *simplicity, ease and convenience, and speed*.
 - Three-fourths of *941 TeleFile* Users do not think it can be improved. Among those who do think it can be improved, the main improvement would be to have this method involve less re-entering of information.
- **There is also strong satisfaction with *941 On-Line* among its Users (with 65% “very satisfied” and 89% “very” or “somewhat” satisfied).**
 - The primary benefits of this method are also *simplicity, ease/convenience, and speed*.
 - 34% of its Users think it can be improved -- mainly by simplifying the method and providing a hard copy.
- **Among both User segments, there was high recall of publications, forms, and instructions associated with each method (especially among *941 TeleFile* Users, at 80%), with about 90%+ of those aware of these materials for each method rating them as “helpful”.**

Overall Summary (Cont'd.)

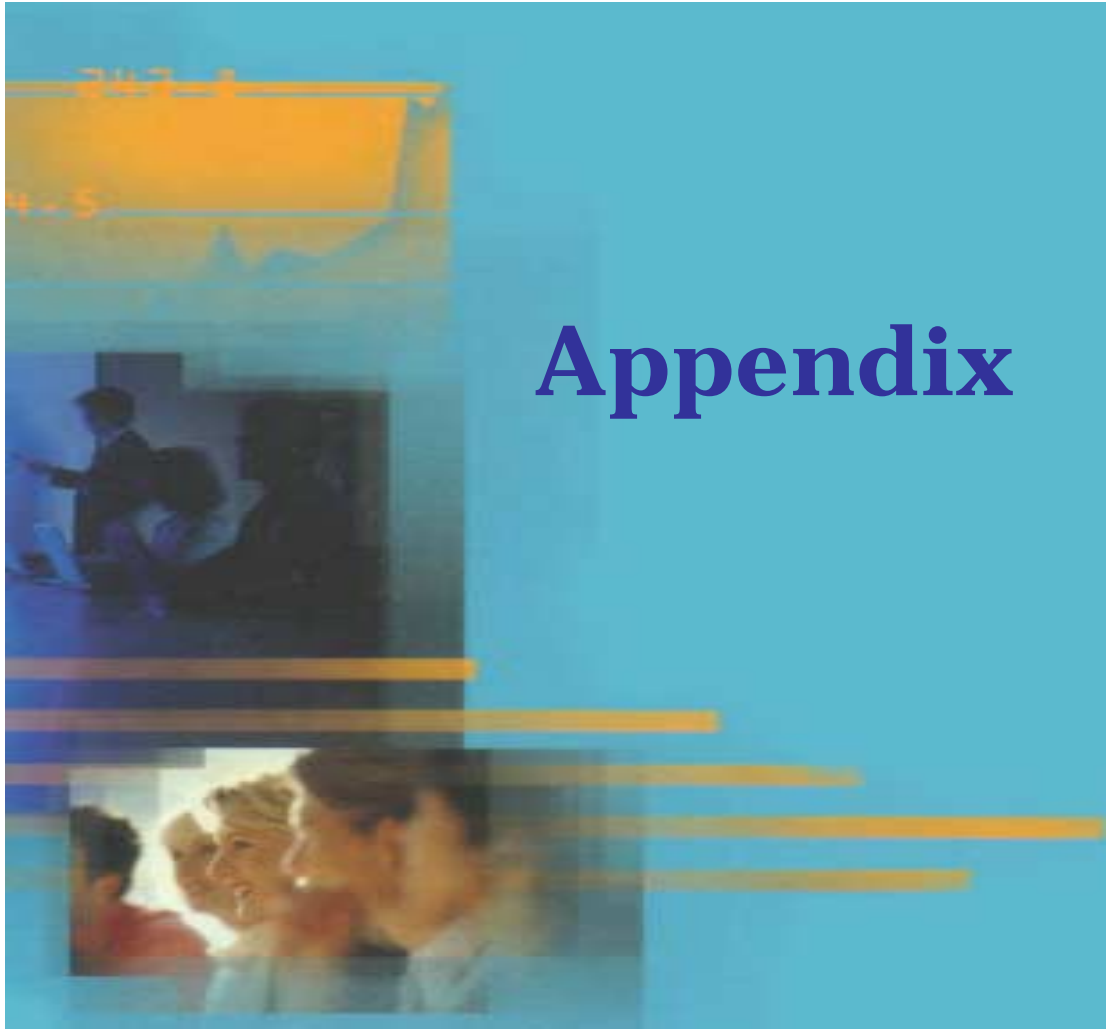
Among Business Owners who are Non-Users of each method, we found that:

- **There is high awareness of eligibility to use each method -- 64% among Non-Users of *941 TeleFile* and 65% among Non-Users of *941 On-Line*.**
- **And high likelihood of future use...**
 - With 46% of Non-Users of *941 TeleFile* saying they are “very” or “somewhat” likely to use this method in the future;
 - And with 59% of Non-Users of *941 On-Line* saying they are very/somewhat likely to use it in the future.
 - Among both Non-User groups, we saw a notable increase in interest in use after they were read a detailed description of the product -- which indicates that as Non-Users become more familiar with the product, their interest in using it rises.
- **While the main *stated* reason for non-use of each method is “prefer paper” or “prefer accountant file the form”, it is clear from product ratings that the main barriers to use are concerns about accuracy, privacy/security, whether it saves time, its ease of use, and its ease of learning.**

Overall Summary (Cont'd.)

Finally, from the survey of Business Return Preparers, we learned that:

- **Despite the small base of Users of *941 e-file*, there appears to be very high satisfaction with this method (75% “very satisfied” and 97% “very/somewhat”).**
 - The main appeals of *941 e-file* are its ease/convenience/simplicity and speed.
 - However, over half of the small group of Users felt *941 e-file* could be improved -- though specific suggestions were scattered (perhaps due to the small base).
 - Users seemed satisfied with all aspects of *941 e-file* -- except perhaps its being easy to learn.
- **Among Non-Users, there was high awareness of eligibility to use *941 e-file* (69%) and surprisingly strong recall of the *941 e-file* booklet (43%). Non-Users also had high likelihood of future use of the method (72% very/somewhat likely). When we looked at why they are not currently using *941 e-file*, we found that...**
 - There are still doubts about the benefits of this method vs. paper, especially whether it saves time, is accurate, is easy to learn, is easy to use, and whether clients want it.
 - As well as barriers such as not having the software and needing more information about it in order to be comfortable with it



Appendix

Appendix “A”

Questionnaire Used For Business Owner Cells

Appendix “B”

Questionnaire Used For Business Return Preparer Cells