Findings From The 2009
Form 1120 e-file Customer Satisfaction Study

1120 − The U.S. Corporation Income Tax Return
1120S − The U.S. Corporation Income Tax Return For S Corporations

Prepared For:

Internal Revenue Service
United States Department of the Treasury

July 2009

Russell
RESEARCH

Table Of Contents

Research Background, Purpose, Method, Scope & Timing

- The purpose of 1120 e-file customer satisfaction tracking is to monitor <u>User satisfaction, attitudes, and concerns</u> as well as <u>Non-User interest and barriers to use</u>.

- The <u>benchmark survey for 1120 e-file customer satisfaction tracking was conducted in 2007</u>, with a focus on <u>1120 e-file as one product</u> (without separating 1120 e-file and 1120S e-file, as in an earlier study) and with analysis focused on Total Users (and within it, Mandated vs. Non-Mandated) and Total Non-Users.

  - <u>The main difference in the survey from 2007 to 2009</u> (aside from adding two attributes to product ratings, eliminating credit card payment measures, and referencing TY 2008 instead of TY 2006)…

  - …<u>was a change in the asset level criteria used to identify "Mandated Users"</u> – which decreased from $50 million (and 250+ returns) in the 2007 survey to <u>$10 million</u> (and 250+ returns) in 2009.

- The 2009 sample consisted of <u>1,507</u> preparers of Form 1120/1120S – 85-86% of whom were <u>External Preparers</u>. Respondents were randomly-selected <u>from IRS lists</u> and interviewed via <u>telephone</u> March 24–May 21, 2009, and <u>distributed</u> as follows:

  - **<u>1,003 Users of 1120/1120S e-file</u>:**

    - This total included **262 Mandated Users** and **741 Non-Mandated Users**, and was divided evenly by 1120 Filers vs. 1120S Filers (and while not analyzed by form type, data are available for each should IRS need them).

    - <u>Total User data were weighted</u> (using IRS hard data) to assure that all sub-groups were representative of their real-world proportions. *Note that, with Non-Mandated Users being 93% of all Users, the weighted "Total" is largely reflective of Non-Mandated Users.*

  - **<u>504 Non-Users of 1120/1120S e-file</u>** (also divided evenly by form type and weighted to real-world proportions).

    NOTE: In findings that follow, statistically significant differences between analytical groups are noted with a <u>circle</u> around the <u>higher</u> figure <u>or</u> a <u>box</u> around the <u>lower</u> figure – whichever best illustrates data.

Detailed Findings

**Findings
Among Users
Of Form 1120 e-file**

Form 1120 e-file Generated Extremely High Satisfaction

- In the first key measure from 2009, User satisfaction with 1120 e-file was extremely high – with 98% "very" or "somewhat" satisfied and only 2% dissatisfied to any extent.
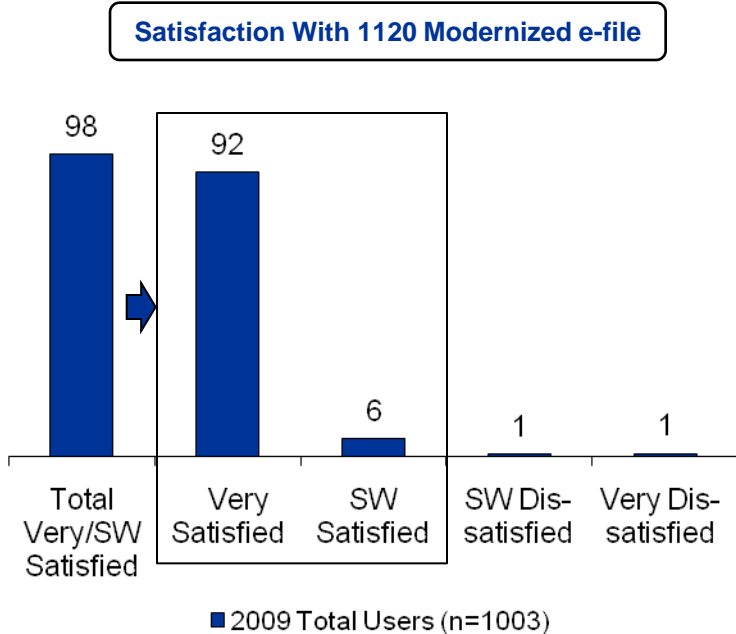
- Satisfaction was equally high among Mandated and Non-Mandated Users, which is surprising given that mandated users of an IRS product typically have at least somewhat lower satisfaction scores.

Satisfaction With 1120 Modernized e-file

- 2009 Total Users (n=1003)

Satisfaction: Mandated vs. Non-Mandated Users

■ Mandated Users (n=262) ■ Non-Mandated Users (n=741)
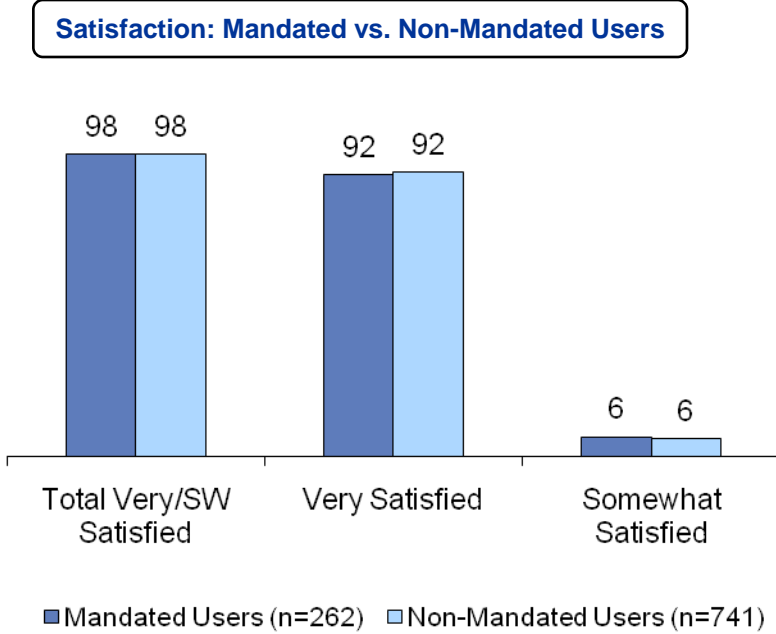
QM/U5 – How satisfied are you with e-file as a method of filing your (client's) corporate return?
(Very Satisfied, Somewhat Satisfied, Somewhat Dissatisfied, Very Dissatisfied)

Russell RESEARCH

5

Almost All Users Said They Would Recommend 1120 e-file To Others

- 97% of Users of 1120 e-file said that they <u>would recommend</u> the electronic filing method to a friend, colleague, or relative.
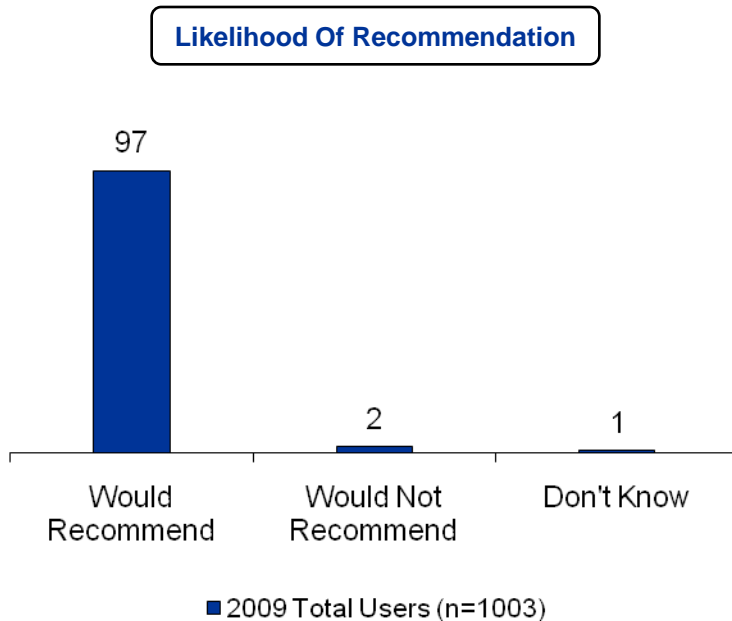
- Likelihood of recommendation of 1120 e-file was <u>statistically the same</u> among Mandated and Non-Mandated Users.

Likelihood Of Recommendation

Would Recommend: 97
Would Not Recommend: 2
Don't Know: 1

■ 2009 Total Users (n=1003)

Recommendation: Mandated vs. Non-Mandated Users

Would Recommend: 96, 97
Would Not Recommend: 3, 2
Don't Know: 1, 1

■ Mandated Users (n=262) □ Non-Mandated Users (n=741)

QM/U9 – Would you recommend e-filing as a method of filing for 1120/1120S?
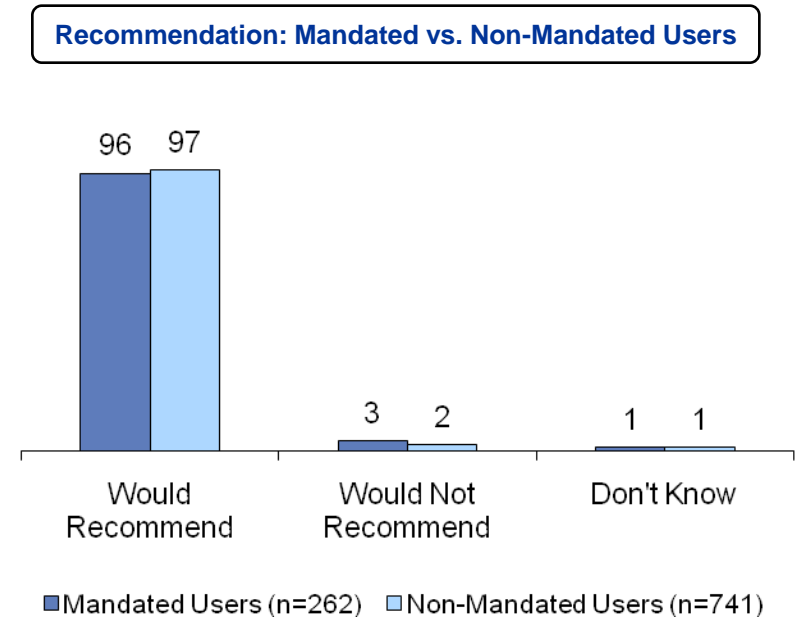
Ease & Convenience Were The Top Drivers To Satisfaction With 1120 e-file

● Reasons for the satisfaction rating show that the dominant driver of satisfaction was ease or convenience, specifically that it was "easy to use/do" and involved "less/no paperwork".

● Drivers to satisfaction were about the same for Mandated vs. Non-Mandated Users, with only one exception: Non-Mandated Users had more mentions of "acknowledgement of receipt/verification".

Top Drivers Of Satisfaction

	Total 2009 Users
BASE: Total Users	1003
	%
Ease/Convenience (Net)	**79**
Easy to use/do	**24**
Less paperwork/paperless	**20**
Acknowledgement of receipt/verification	15
No problems	10
Speed (Net)	27
Quick/faster	12
Instant verification/quick ackn. of receipt	8
Accuracy (Net)	11
More accurate	3
Less errors	3
Other Mentions	
Saves on postage	5

Drivers: Mandated vs. Non-Mandated Users

	Man-dated Users	Non-Mandated Users
BASE: Total Who Are…	262	741
	%	%
Ease/Convenience (Net)	**74**	**79**
Easy to use/do	**27**	**24**
Less paperwork/paperless	**19**	**20**
Acknowledgement of receipt/verification	8	15
No problems	10	10
Speed (Net)	23	28
Quick/faster	11	12
Instant verification/quick ackn. of receipt	6	8
Accuracy (Net)	12	11
More accurate	3	3
Less errors	3	3
Other Mentions		
Saves on postage	3	5

QM/U6 – What specifically makes you say that? (Reason For Satisfaction Rating)

Ease & Convenience Were Also The Dimensions With Highest Satisfaction

- Product attribute ratings also showed <u>Ease and Convenience</u> as the main benefits of 1120 e-file (see **highlighted** attributes). The <u>only attributes with even somewhat low satisfaction</u> related to **understanding rejected returns**.

- Dimensional ratings were <u>very similar</u> among Mandated and Non-Mandated Users, with only one exception: Mandated Users were more likely to <u>know about and rate</u> "paying the balance due electronically" and more likely to be satisfied with it.

% Very/SW Satisfied With Product Dimensions

	Total
BASE: Total Users	1003
	%
Being the most convenient way to file	**98**
Being paperless	**98**
Making tax filing easier	**98**
Being easy to use, with little hassle	**98**
Being easy to learn	**97**
Compared to paper filing	97
Providing fast acknowledgment of receipt	97
Being a more accurate way to file	96
Being a private and secure way to file	95
Providing easy-to-use signature options	**95**
Being a time-saver for you	94
Taking away the worry about the form	94
Reducing filing errors	94
Allowing schedules & attachments	92
Being inexpensive	91
Clear/ unds process for correctg rejected returns	**79**
Easy to understand what caused rejected return	**77**
*Paying the balance due electronically ***	*50*

* High non-ratings/DK's to this attribute lowered its score.

Dimensional Satisfaction: Mandated vs. Non-Mandated

	Mandated	Non-Mand'd
BASE: Total Who Are…	262	741
	%	%
Being the most convenient way to file	**98**	**98**
Being paperless	**95**	**98**
Making tax filing easier	**98**	**98**
Being easy to use, with little hassle	**95**	**98**
Being easy to learn	**96**	**97**
Compared to paper filing	97	98
Providing fast acknowledgment of receipt	96	98
Being a more accurate way to file	96	96
Being a private and secure way to file	97	95
Providing easy-to-use signature options	**95**	**95**
Being a time-saver for you	95	94
Taking away the worry about the form	95	94
Reducing filing errors	94	94
Allowing schedules & attachments	92	92
Being inexpensive	92	91
Clear/ unds process for correctg rejects	**81**	**79**
Easy to understd what caused reject	**79**	**77**
*Paying the balance due electronically ***	*(60)*	*50*

* High non-ratings/DK's to this attribute lowered its score.

QM/U10 – Rate how satisfied you are with each of the following characteristics of 1120 e-file. (Very Satisfied, SW Satisfied, SW Dissatisfied, Very Dissatisfied)

Russell RESEARCH

8

There Is Limited Room For Improvement Of 1120 e-file

- Asked if 1120 e-file can be improved in any way, only 19% thought it could, with little difference by Mandated vs. Non-Mandated Users.

- The 19% level of suggested improvement is low for an IRS business product.

Can 1120/1120S e-file Be Improved?

19   22   19

Yes, It Can Be Improved

■Total Users (n=1003) ■Mandated (n=262) □Non-Mandated (n=741)
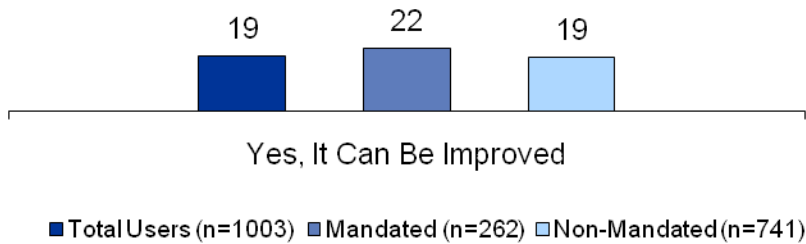
- Users who said 1120 e-file could be improved were probed for suggestions. As shown in data below (*re-based to "total sample" to provide perspective*), specific mentions were very limited and related to expanding 1120 e-file, providing faster feedback, and to the one dimension with lower satisfaction in the earlier ratings – providing better, clearer, easier to understand information around rejects.

Top Suggestions For Improvement

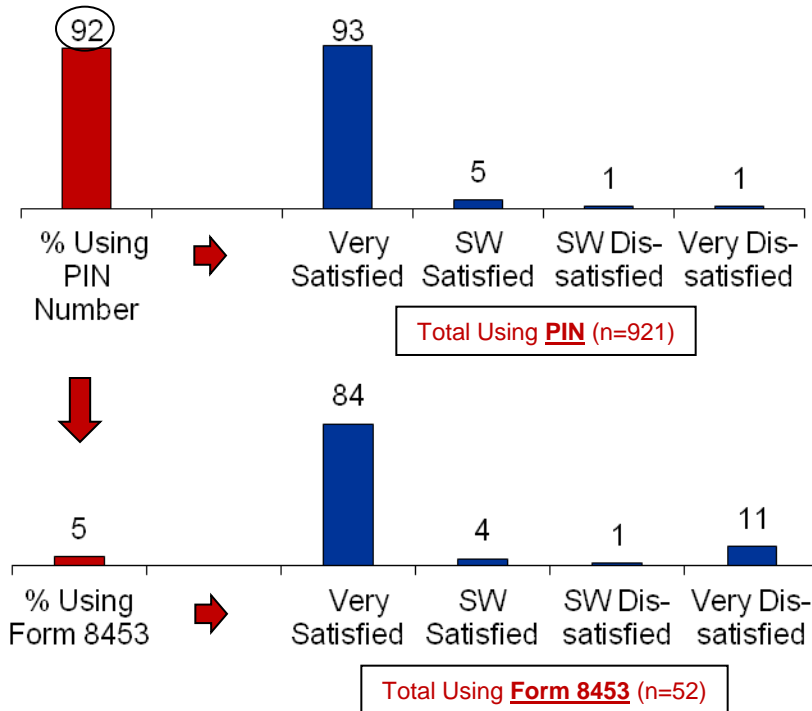|	Total 2009 Users	Man-dated Users	Non-Mandated Users
BASE: Total Users	1003 %	262 %	741 %
Expand 1120 e-file (Net)	5	7	5
All states should accept 1120 e-file	2	3	2
Accept/allow more attachments	1	2	1
Accept more forms/all forms	1	2	1
Better Instruct/Info On Rejects (Net)	3	4	3
Easier understood errors/reject codes	1	2	1
Clearer errors codes/clearer rejects	1	2	1
Information on rejections	1	0	1
Faster Feedback/Confirmation (Net)	3	2	3

QM/U7 – In your opinion, can e-file be improved as a method for filing form 1120?
QM/U8 – In what specific ways can it be improved?

Russell RESEARCH

PIN Was Again The Dominant Signature Option

- In diagnostic measures, among the two signature options, the PIN had far higher claimed usage than Form 8453 (92% vs. 5%) and higher satisfaction, too.

Usage & Satisfaction With PIN vs. Form 8453

Total Using **PIN** (n=921)

Total Using **Form 8453** (n=52)

- PIN use dominated in both User segments – mainly for its ease of use – and neither group had substantial suggestions for other signature options.
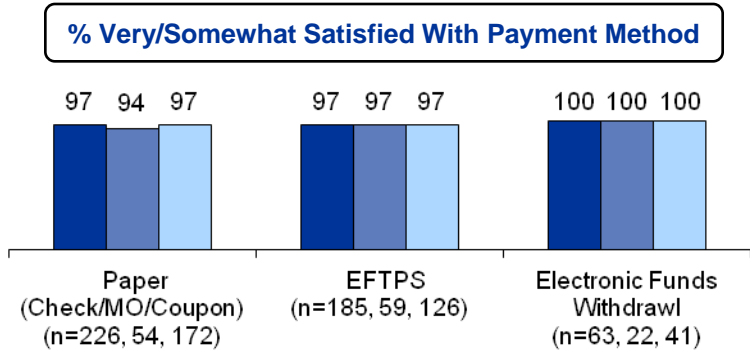
Signature Options: Mandated vs. Non-Mandated

	Total 2009 Users	Man-dated Users	Non-Mandated Users
BASE: Total Users	1003 %	262 %	741 %
Usage Of Signature Options			
Used Practitioner PIN Form 8879	**92**	**93**	**91**
Scanned & Submitted Form 8453	5	4	6
Reasons For Choosing PIN			
BASE: Total Using PIN	*(921)*	*(244)*	*(677)*
Easy to use	**53**	**59**	**52**
Quicker/saves time	14	9	14
It's our firm's policy	6	5	6
Don't have a working scanner	5	4	5
Suggestions For Sig Alternatives			
BASE: Total Users	*(1003)*	*(262)*	*(741)*
No Suggestions/Satisfied w/Current	**94**	**96**	**94**
Eliminate Signature Requirement	1	1	1

QM/U21 – Which of these methods did you use? (Scan & Submit Signature Form 8453-C/8453-S) (Use Practitioner's PIN #, 8879-C/8879-S)
QM/U22 – Overall, how satisfied were you with this method of signing the organization's Form (1120/1120S)? (See scale in charts above.)
QM/U23 – What made you choose to use the PIN Number option for your signature instead of scanning Signature Form into a PDF file?
QM/U24 – What other signature alternatives, if any, would you like to see for Form (1120/1120S)?

When Known, Payment Methods Varied But Satisfaction With Each Was High

- Recall of specific payment method was low, but among those recalling each method, satisfaction was high.

Payment Method Used

19 21 19 | 13 (23) 13 | 4 (8) 3 | 64 48 (65)

Paper (Check/MO/Coupon) | EFTPS | EFW | Don't Recall/Refused

■ Total Users (n=1003) ■ Mandated (n=262) ☐ Non-Mandated (n=741)

% Very/Somewhat Satisfied With Payment Method

97 94 97 | 97 97 97 | 100 100 100

Paper (Check/MO/Coupon) (n=226, 54, 172) | EFTPS (n=185, 59, 126) | Electronic Funds Withdrawl (n=63, 22, 41)
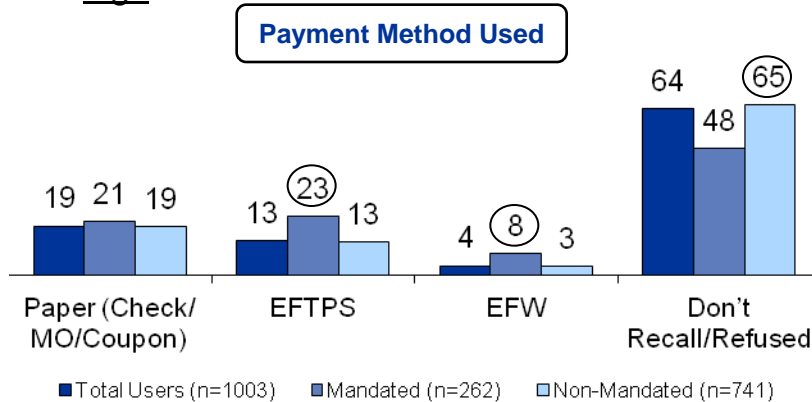
- Ease and convenience were the main reasons for satisfaction with e-payment methods. Among those paying via paper (check/money order/coupon), the top suggestion for increasing e-payments was to *convince/educate the client* (remember that most respondents were External Preparers).

Satisfaction With & Increasing Use Of e-Payments

	Total 2009 Users %	Man-dated Users %	Non-Mand'd Users %
Top Reasons For Satisfaction With e-Payment (EFTPS/EFW)			
BASE: Made e-Payment & Satisfied	*248*	*81*	*167*
Ease/Convenience (Net)	**59**	**60**	**59**
Acknowledgement/rec'd confirmation	8	5	8
No problems/no hassles	7	6	7
Speed – Mainly "Quicker"	6	12	5
Top Suggestions By Paper Payers For Increasing Electronic Payments			
NEW BASE: Total Recall Paying via Paper	*226*	*54*	*172*
It's up to the clients/educate them	**31**	**29**	**31**
Mandate it	10	6	10

QM/U25 – Which of those payment methods does your organization use? (Paper, EFW, EFTPS)
QM/U26 – Overall, how satisfied are you with the use of (method of payment)? (Very Satisfied, SW Satisfied, SW Dissatisfied, Very Dissatisfied)
QM/U27 – What makes you say that? (Reason for satisfaction rating)
QM/U30 – What can IRS do to increase the likelihood that you will pay any future balance due electronically? (Asked Of Payers via Paper)

Most Users Said They Transmit via 3rd Party Software Vendors

- Next, Users were asked how they transmitted their electronic 1120s. 91% said it was through Third Party Software Vendors – with this highest among the Non-Mandated Users.

- As shown in the chart to the left, very few Users said they transmitted directly to the IRS. While their base size was very low, they said they got the information on how to do this mainly through the IRS website, as shown below.

Method Of Transmission To IRS

	Directly To The IRS	Third Party Online Provider	Third Party Transmitter (SW Vendor)	Third Party ERO
Total Users (n=1003)	4	3	91	1
Mandated (n=262)	7	4	85	0
Non-Mandated (n=741)	3	3	91	1

Source Of Information For Direct Transmission

Caution: Very Small Base Sizes

	IRS Website	Vendor webcasts/ Webinars	IRS Pubs	Software Company	All Other Sources
Total Users (n=52)	41	14	8	7	13
Mandated (n=19)	32	21	21	-	21
Non-Mandated (n=33)	43	12	6	8	12
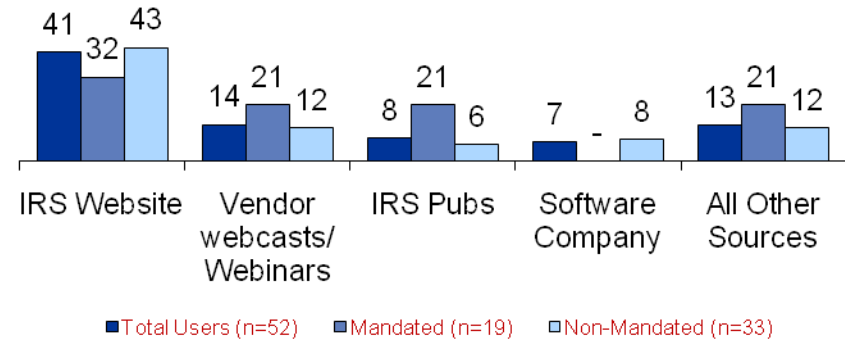
QM/U3 – How did you transmit the return to the IRS?
QM/U4 – Where did you get the information concerning how to transmit directly to the IRS?

russell RESEARCH

12

There Was Again Low Recall Of 1120 e-file Information

- Only <u>15% of Users recalled seeing information relating to 1120 e-file</u> – with most of it <u>attributed</u> to either IRS or to software companies.

Recall & Sources Of Information About 1120 e-file

	Total 2009 Users	Man-dated Users	Non-Mand'd Users
BASE: Total Users	1003 %	262 %	741 %
% Recall 1120 e-file Info	**15**	**15**	**15**
Sources For Info Recalled			
BASE: Recall Information	*(156)*	*(40)*	*(116)*
Info at IRS's website - irs.gov	**64**	**45**	**65**
Info from SW companies	**59**	**30**	**61**
IRS publications	**51**	**50**	**51**
IRS forms	**50**	**33**	**51**
IRS instructions	**42**	**30**	**43**
IRS marketing brochures	**34**	**28**	**35**
Info from other Internet websites	18	18	18
Newspaper or magazine ads	11	10	11
Info from IRS personnel	10	3	10
Commissioner's letter to tax mgrs.	6	-	7

- The information reported for 1120 e-file was <u>received</u> mainly through software companies and at irs.gov. In addition, those recalling information generally rated it <u>helpful</u>.

Receipt & Helpfulness Of 1120 e-file Information

	Total 2009 Users	Man-dated Users	Non-Mandtd Users
BASE: Recall Information	156 %	40 %	116 %
How Information Received:			
From software companies	51	25	53
From the IRS's website - irs.gov	44	50	43
In the mail	32	25	33
Via e-mail	26	28	26
% Rated Information Helpful	**94**	**95**	**94**

- **Related to 1120 e-file information**, 47% of Users were <u>aware that in filing 1120's electronically, they were participating in IRS's Modernized e-file program</u> – higher among Mandated Users (at 53%).

QM/U16 – Have you seen any information related specifically to 1120/1120S e-file?
QM/U17 – Which if any of the following types of information related specifically to 1120/1120S e-file do you recall seeing?
QM/U20 – How did you receive the information?
QM/U18 – Overall, how helpful was the information you just mentioned?
QM/U31 – When you file…electronically… Were you aware you're participating in the IRS's Modernized e-file Program?

Most Users Were NOT 1st Time 1120 e-filers

● Only about <u>one-fifth of all Users were first-time 1120 e-filers</u> and <u>only 43-53% of them said they had to do something different</u> to e-file (get trained, explain to client, etc.). <u>23% of Mandated Users accelerated their filing</u> to meet the requirement and <u>31% said they plan to accelerate their next filing</u>.

Whether 1st Year e-filing 1120 & How It Was Different

	Mandated Users 262 %	Non-Mand. Users 741 %
BASE: Total Who Are…		
% First-Timers To 1120 e-file	**18**	**20**
NEW BASE: Total 1st Time 1120 e-filers	*(47)*	*(157)*
% Had To Do Something Different	**43**	**53**
Had to get used to the software/get trained	6	8
Had to explain it to the client	4	0
Had to check a box in the software	2	7
Had to get an e-signature	0	4
NEW BASE: Total Mandated Users (ONLY)	*(262)*	*NA*
% Accelerated Filing For Requirement	**23**	**NA**
% Plan To Accelerate Next Year's Filing	**31**	**NA**

● Finally, asked <u>how they first learned about the Treasury Directive to e-file</u>, 42% of <u>Mandated Users</u> said it was through a software company, with that and all other mentions shown below. Meanwhile, <u>Non-Mandated Users learned about e-filing 1120's</u> mainly through a Software provider.

How Mandated Users Learned About Treasury Directive & How Non-Mandated Users Learned About 1120 e-file

	How Mandated Users Learned About Treasury Directive 262 %	How Non-Mandated Users Learned About 1120 e-file 741 %
BASE: Total Who Are…		
A Software Company	**42**	**67**
From Another Tax Professional	9	0
At A Trade Show (Mainly IRS)	8	3
IRS Marketing/Communications	8	5
Contact w/IRS Specialist/Employee	5	3
Commissioner's Letter To Tax Mgrs.	1	1

QM2 – Was this the first time the company had e-filed or electronically filed its 1120? (Non-Mandated QU2 – Was this the first year for your (client) corporation using e-file for 1120?)
QM11 – What did you have to do differently in order to e-file the form? (Non-Mandated QU11)
QM12 – Did you accelerate the planned filing date due to the requirement to electronically file?
QM13 – Do you plan to e-file your (1120/1120S) earlier the next time you file it?
QM14 – How did you first learn about the Treasury Directive that required certain corporations to e-file? (Non-Mandated QU14, but framed as "first learn about 1120/1120S e-file")

Russell RESEARCH

14

Tracking Key Measures
Among Users: 2007 to 2009

Compared To '07, Satisfaction Was Up & Calls For Improvement Were Down

- A comparison of key measures from the 2007 and 2009 surveys showed that the level of strongest User Satisfaction, <u>"very satisfied"</u>, <u>rose substantially</u> over the period, with the <u>Recommendation score stable</u> and with <u>a sharp drop in the proportion of Users who said 1120 e-file Should Be Improved</u>.
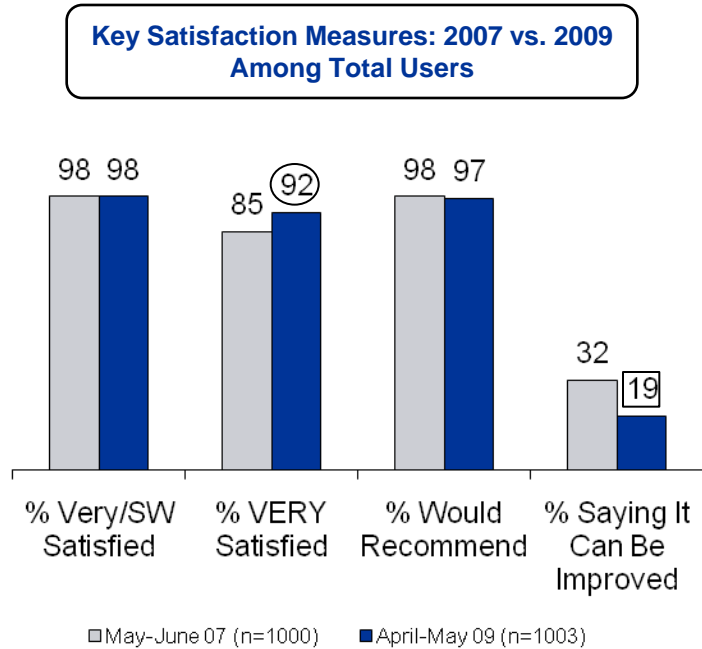
- <u>Most of the improvement</u> in key measures came among <u>Mandated Users</u> (who had more room for improvement).

Key Satisfaction Measures: 2007 vs. 2009 Among Total Users

2007 vs. 2009 Among Mandated Users

2007 vs. 2009 Among Non-Mandated Users
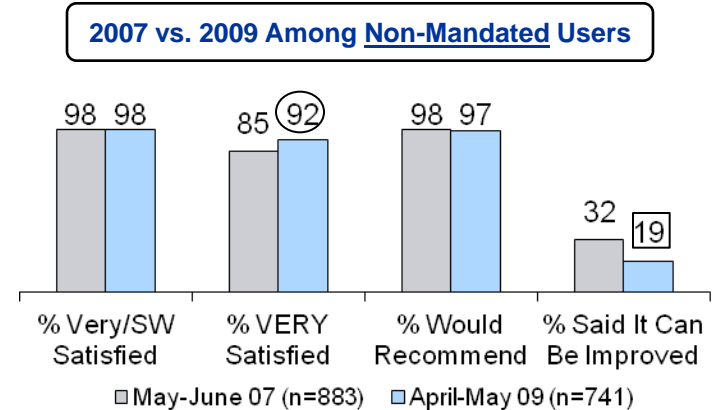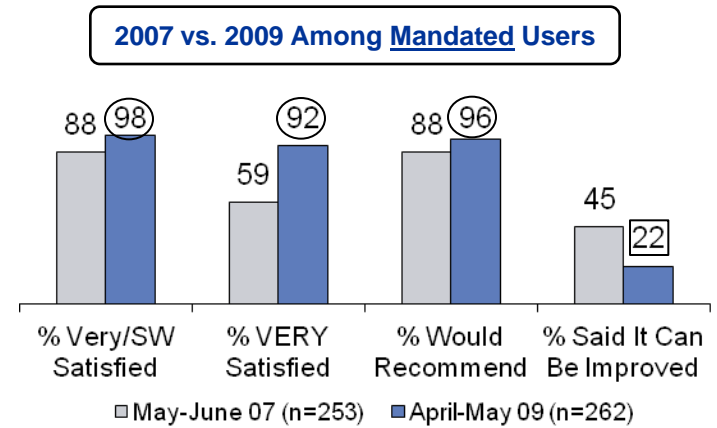
Attribute Ratings Were Stable Overall, But Clearly Up Among Mandated Users

- The <u>levels of satisfaction with various dimensions of 1120 e-file were generally stable</u> during the period. (The "reject" attributes were only introduced in '09.)

- There was <u>a clear pattern of improvement in ratings among Mandated Users</u> (who account for only 3% of Total and whose gains had little impact on Total).

Dimensional Satisfaction: 2007 vs. 2009 – Total Users

	Total 2007	Total 2009
BASE: Total Users	1000	1003
	%	%
Being the most convenient way to file	98	98
Being paperless	98	98
Being easy to use/little hassle	97	98
Making tax filing easier	97	95
Easy to learn	96	97
Compared to paper filing	97	97
Being private and secure	96	95
Reducing filing errors	96	94
Providing fast acknowledgement of receipt	96	97
Being a more accurate way to file	95	96
Easy to use signature options	95	95
Being a time saver	93	94
Taking away the worry about the form	91	(94)
Allowing schedules & attachments	91	92
Being inexpensive	90	91
Paying the balance due electronically	54	50
Easy to unds. what caused a rejected return	NA	77
Clear/unds. process for correctg rejects	NA	79

2007 vs. 2009 Among Mandated vs. Non-Mandated Users

	Mandated 2007	Mandated 2009	Non-Mandated 2007	Non-Mandated 2009
BASE: Total Who Are…	253	262	883	741
	%	%	%	%
Being the most convenient way to file	84	(98)	98	98
Being paperless	88	(95)	98	98
Being easy to use/little hassle	80	(95)	97	98
Making tax filing easier	82	(98)	97	98
Easy to learn	83	(96)	96	97
Compared to paper filing	84	(97)	97	98
Being private and secure	90	(97)	96	95
Reducing filing errors	85	(94)	96	94
Providing fast ackn. of receipt	94	96	96	98
Being a more accurate way to file	86	(96)	95	96
Easy to use signature options	91	95	95	95
Being a time saver	73	(95)	93	94
Taking away the worry about the form	82	(95)	91	(94)
Allowing schedules & attachments	74	(92)	91	92
Being inexpensive	81	(92)	90	91
Paying the balance due electronically	63	60	54	50
Easy to unds. cause of rejected return	NA	79	NA	77
Clear/unds. process for correctg rejects	NA	81	NA	79

Russell RESEARCH

17

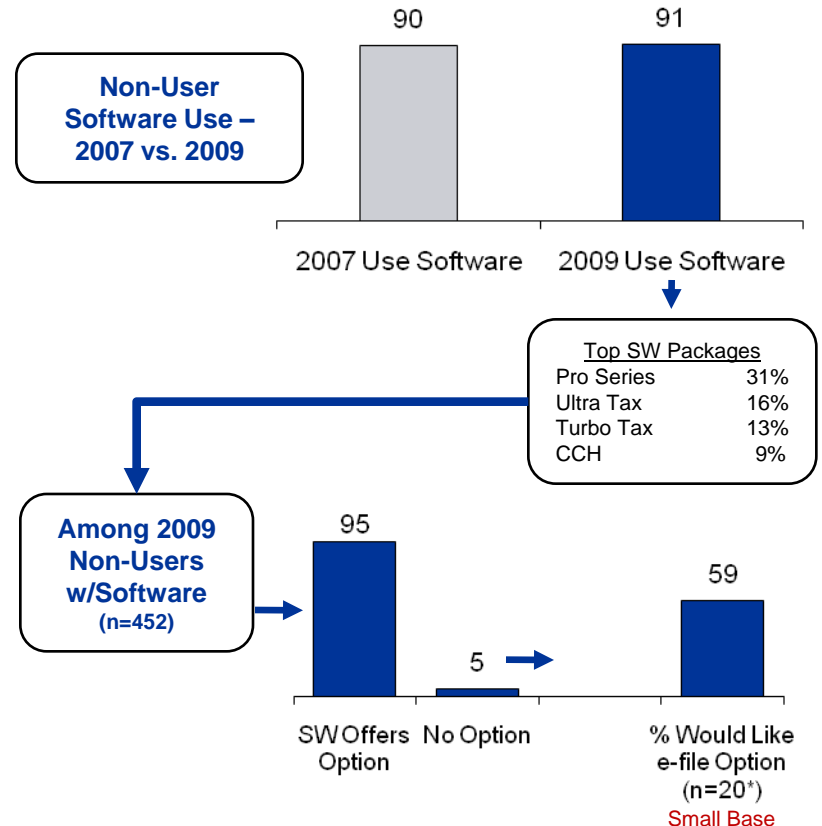# Findings
Among Non-Users
Of Form 1120 e-file

Non-User Awareness And Software Status Were Similar To 2007

- In learning from Non-Users, 91% of them claimed <u>awareness</u> of 1120 e-file – the same figure as found in 2007.

- 91% said they <u>use a software package</u> to prepare their paper 1120s and of those, 95% said their software package <u>offers an option to e-file</u>, with most of the rest <u>wanting</u> the option.

Non-User Awareness Of 1120 e-file – 2007 vs. 2009

91   91

2007 Awareness Of 1120 e-file (n=501)   2009 Awareness Of 1120 e-file (n=504)

Non-User Software Use – 2007 vs. 2009

90   91

2007 Use Software   2009 Use Software

Top SW Packages
Pro Series   31%
Ultra Tax   16%
Turbo Tax   13%
CCH   9%

Among 2009 Non-Users w/Software (n=452)

95

5

59

SW Offers Option   No Option   % Would Like e-file Option (n=20*)
Small Base

QNU1 – Were you aware that you could have filed Form 1120/1120S using e-file?
QNU2 – Do you use a software package to prepare Form 1120/1120S?
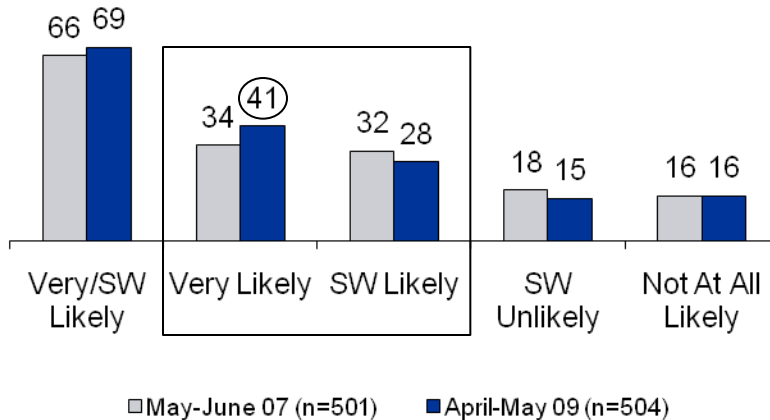QNU5 – What software package are you using?
QNU3 – Does your return preparation software package offer an e-file option?
QNU4 – You say it does not offer an e-file option. Would you like it to?

Russell RESEARCH

19

Non-User Likelihood Of Use of 1120 e-file Grew Slightly From 2007 To 2009

- After hearing a description of 1120 e-file (see Appendix for description), 41% of Non-Users said they were "very likely" to use it (an improvement over 2007), with another 28% "somewhat likely".

- Non-Users were probed for suggestions of ways that the IRS could increase their likelihood of e-filing 1120, but they mentioned few specific ideas – the top ones are listed below.

Likelihood Of Future Use Of 1120 e-file – 2007 vs. 2009

Very/SW Likely: 66, 69
Very Likely: 34, 41
SW Likely: 32, 28
SW Unlikely: 18, 15
Not At All Likely: 16, 16

☐ May-June 07 (n=501)   ■ April-May 09 (n=504)

Non-User Suggestions For Increasing Use Of 1120 e-file – 2009

	2009 Non-Users
BASE: Total 2009 Non-Users	504 %
Make it mandatory/required	8
Get state to accept e-file	6
Make it cheaper/decrease the fee	4
Make it free	3
More education	2
Let everyone know how safe & secure it is	2
Provide software	2
Increase awareness of it	2

QNU6 – Based upon everything you now know about it and assuming you were eligible to use it, how likely are you to file Form 1120/S using e-file n the future?
QNU10 – Do you feel there is anything the IRS can do to increase the likelihood that you will e-file Form 1120/1120S in the future?

But They Still Had Multiple Barriers To Use, Topped By Lack Of Client Demand

- Non-Users were asked, unprompted, for their <u>reasons for NOT e-filing 1120</u>. Results showed that the top reason was "clients don't ask for it/want it". Again, keep in mind that 85-86% of the respondents were External Preparers of the form.

- After being <u>prompted with possible reasons for non-use</u>, their top mention was <u>again lack of client demand</u>, followed by software costs and then not knowing enough about the product and thus being cautious about using it.

Unaided Reasons For Non-Usage: 2009

	Non-Users
BASE: Total 2009 Non-Users	504
	%
My clients don't ask for it or want it	**18**
The software costs money	5
No interest in trying it	5
Prefer paper/habit/old fashioned	4
Not set up for it	4
The cost involved	4
Not accepted/offered by the state	4
I hear it takes more time	4
Just don't know enough about it yet	3
The cost of transmission is too high	3
Firm policy	3
It's too much work – have enough to do	2
The computer software is too difficult	2
My software doesn't support it	2
Cautious about it, wait and see	2
Lack of confidence in reliability of system	2

Aided Reasons For Non-Usage: 2009

	Non-Users
BASE: Total 2009 Non-Users	504
	%
My clients don't ask for it or want it	**53**
The software costs money	**30**
Just don't know enough about it yet	**26**
Cautious about it, wait and see	**25**
I hear it takes more time	22
The cost of transmission is too high	22
It's just something else I'd have to learn	22
It's too much work – have enough to do	21
Lack of confidence in the security	18
No interest in trying it	18
Lack of confidence in reliability of system	17
have too many forms, attachments	16
Requirements for e-filing form are different	15
Am not registered/not an ERO	14
Don't like responsibility for getting returns to IRS	12
My software/my software doesn't support it	12
The application process is too difficult/tricky	12

QNU8 – What reservations did you have about e-file that caused you to file via paper?
QNU9 – Please tell me if you agree with any of these reasons for not e-filing Form 1120. (List of Aided Reasons read to respondent.)

But Overall, Non-User Perceptions Of 1120 e-file Were Largely Positive

● Finally, to get at their perceptions of 1120 e-file, Non-Users were asked to rate their agreement with its possible attributes – based upon the description they heard earlier.

● Results showed that they had generally positive ratings of the product.

  ▪ They clearly had high take-away (from the description) of the 1120 e-file benefits of providing fast acknowledgement of receipt and being easy to learn.

  ▪ They also generally understood its benefits in terms of being private and secure, having easy to use signature options, being paperless, reducing filing errors, and allowing necessary schedules and attachments.

  ▪ However, they rated it somewhat lower on other attributes, with lowest ratings of it being a time-saver and something that would take away worry about filing the form.

2009 % Agree With Statements About 1120 e-file (Agree Completely/Agree Somewhat)

	2009 Non-Users
BASE: Total Non-Users	504
	%
Providing fast acknowledgment of receipt	**90**
Easy to learn	**89**
Being private and secure	85
Easy-to-use signature options	82
Being paperless	80
Reduce filing errors	79
Allowing schedules & attachments	78
Being easy to use	75
Being more accurate	75
Being the most convenient way to file	73
Better than other methods of filing	73
Making tax filing easier	73
Clear/unds. process for correcting rejected returns	72
Being inexpensive	70
Easy to understand what caused a rejected return	70
Paying the balance due electronically	69
Being a time-saver	66
Take away the worry about the form	63

QNU7 – Please rate how much you agree or disagree with each of the following statements about 1120 e-file.
     (Agree Completely, Agree Somewhat, Disagree Somewhat, Disagree Completely)

Other Learning From
Both Users & Non-Users

In Other Measures, Communications Preferences Differed By Segment

- Both Users and Non-Users were asked <u>how they would like to receive IRS info about 1120 e-file</u>. Results showed that <u>Users were more oriented toward electronic communications</u> than Non-Users (something found in all IRS business e-file surveys) and that <u>Non-Mandated Users seemed more open to most communication forms</u> than Mandated Users.

Preferred Methods Of Receiving 1120 e-file Information				
BASE: Total 2009 Respondents	Total 2009 Users 1003 %	Man-dated Users 262 %	Non Man-dated Users 741 %	Total Non-Users 504 %
Via E-mail	**60**	**53**	**(60)**	**[51]**
From Software Companies	54	43	(55)	[33]
From IRS.gov	49	36	(50)	52
In The Mail	**[29]**	**27**	**29**	**41**
Via Electronic Bulletin Board	13	10	13	12
From News Articles	10	8	10	12
Contact With IRS Personnel	8	5	8	6

All Other Mentions = <10%

- In other learning about communications, <u>publications at IRS.gov</u> were heavily (and about equally) accessed by all segments. In addition, all segments seemed <u>satisfied</u> with the publications found at the website – especially with the amount of information and detail in the publications.

Access Of e-file Pubs At irs.gov				
BASE: Total Respondents	Total 2009 Users 1003 %	Man-dated Users 262 %	Non Man-dated Users 741 %	Total Non-Users 504 %
% Accessed Pubs at irs.gov	**79**	**77**	**79**	**76**
NEW n: Accessed Pubs. At irs.gov	*793*	*202*	*591*	*385*
<u>% Who Say Pubs At irs.gov</u>...				
Provided enough information	**95**	**93**	**95**	**97**
Are appropriate in their detail	**93**	**92**	**94**	**95**
Are easy to find	88	86	88	91
Are easy to understand	87	86	87	90

Q32 – How would you most like to receive information or updates about Form (1120) (1120S) e-file in the future. Should this information come to you…?
Q33 – Have you ever tried to access any of the 1120/1120S e-file publications or forms at irs.gov?
Q34 – About the e-file publications/ forms, would you say that they…?

And Profiling Shows Distinct Differences Between Segments

- Finally, <u>profiling</u> of the various segments across a range of survey measures showed the following differences:

  - First, a comparison of profiles of <u>1120 e-file Users and Non-Users</u> showed one significant difference…

    - That the Preparers of the form for User firms <u>file far more 1120s each year</u> than Preparers of the form for Non-User firms.

  - Next, a comparison of <u>Mandated vs. Non-Mandated Users</u> showed that…

    - <u>Mandated</u> firms were <u>larger</u> and had <u>greater annual revenues</u>…

    - And that Preparers of the form for Mandated firms <u>file more 1120s</u> each year than Preparers of the form for Non-Mandated firms.
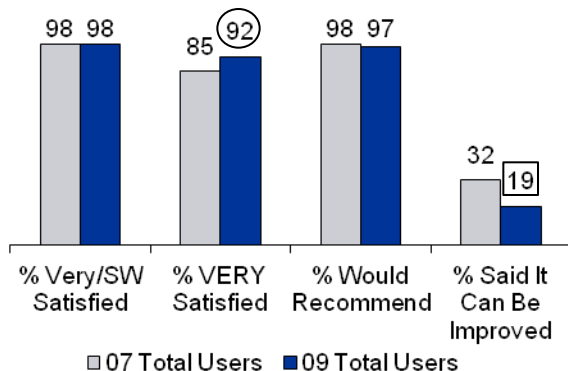
Profiles Of Users & Non-Users

	Total 2009 Users	Man-dated Users	Non Man-dated Users	Total Non-Users
BASE: Total Respondents	1003 %	262 %	741 %	504 %
Data Collected On Taxpayer Firms				
Avg. # Employees Of Firms	16	(29)	15	18
Avg. Revenues Of Firms	$3M	($34M)	$2M	$4M
% Of Firms w/Internet Connection	91	91	91	90
% Who Have External Preparers	86	85	86	85
% Who Have Internal Preparers	14	15	14	15
Data Collected From Ext Preparers				
BASE: Total External Preparers	*(866)*	*(224)*	*(642)*	*(423)*
Avg. # 1120/1120S Filed/Year	(378)	(553)	364	170

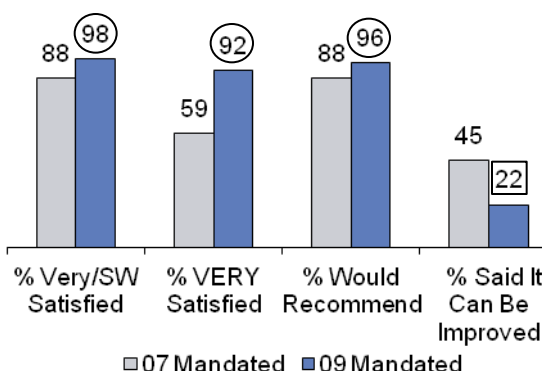Q's C,E,F, M/U31, 35-38 – Organizational & preparer characteristic questions.

Key Findings

Key Findings From The 2009 1120 e-file Customer Satisfaction Study

Survey results (based heavily on External Preparers of the form) showed clear **gains in User assessment** of 1120 e-file vs. 2007.

98 98 | 85 (92) | 98 97 | 32 19
% Very/SW Satisfied | % VERY Satisfied | % Would Recommend | % Said It Can Be Improved
☐ 07 Total Users ■ 09 Total Users

Importantly, much of the improvement in key measures in 2009 occurred among **Mandated Users** – who are trend-summarized below.

88 (98) | 59 (92) | 88 (96) | 45 22
% Very/SW Satisfied | % VERY Satisfied | % Would Recommend | % Said It Can Be Improved
☐ 07 Mandated ■ 09 Mandated

Product ratings confirmed voluntary reasons for use in showing **ease and convenience as the key drivers to 1120 e-file satisfaction**, with only one area of slight weakness – understanding rejects.

	% Satisfied
Being the most convenient way to file	**98**
Being paperless	**98**
Making tax filing easier	**98**
Being easy to use, with little hassle	**98**
Being easy to learn	**97**
Compared to paper filing	97
Providing fast acknowledgment of receipt	97
Clear process for correcting rejected returns	**79**
Easy to understand cause of rejected return	**77**

Finally, in other measures…

- Results showed 1120 e-file Users as more accepting of **electronic communications** than Non-Users (which we see in all IRS business e-file surveys).

- The **publications at IRS.gov** were heavily accessed (and highly rated) by all segments.

- Lastly, there were again **differences in the profiles of Users and Non-Users** (and within Users, Mandated vs. Non-Mandated Users) – all detailed on Page 25 earlier.

Among Non-Users, 2009 results showed…

- Continuing **high awareness** of 1120 e-file (91%) and **high e-file capability** (91% use software, with the software having an e-file option in 95% of the cases).

- Non-User **likelihood of use** was slightly higher in '09 (at 69%), but the **primary barrier** (as stated by these heavily External Preparers) continued to be "lack of client demand". However, underlying that, there were points of Preparer resistance related to cost and caution toward e-file – caution due to lack of knowledge of 1120 e-file.

Diagnostic measures showed that…

- PIN dominated **signature method** use (92% vs. 5% for Form 8453) and generated extremely high satisfaction.

- Most Preparers did not recall the **payment method** used, but those who did know were highly satisfied with each method – and those who used e-payment methods considered them easy and convenient.

- About 90% of Users said they **transmit returns via a 3rd Party Software Vendor**.

Appendix

How 1120 e-file Was Described To Non-Users

The Form (1120) (1120S) **e-file program provides business taxpayers or their tax professional an option to prepare and transmit electronic Form** (1120, the U.S. Corporation Income Tax Return) (1120S, the U.S. Income Tax Return for an S Corporation)**.**

Form (1120) (1120S) **e-file is convenient, fast, accurate, and safe. It allows business taxpayers or their tax professional to file the return and all required attachments electronically and be assured of a secure transmission and fast acknowledgment of IRS receipt of the electronic return.**

In addition, payments may be made electronically using an electronic funds withdrawal, or using the Electronic Federal Tax Payment System (EFTPS). The taxpayer may sign the electronic return by using a Practitioner PIN or by signing a paper signature document, which is scanned into a PDF file and transmitted to IRS.