

# The New Benchmark Customer Satisfaction Study For Federal Tax Form 1120/1120S e-file

*1120 – The U.S. Corporation Income Tax Return*

*1120S – The U.S. Corporation Income Tax Return For S Corporations*

Prepared for:

**Internal Revenue Service**

Department of the Treasury

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# Research Background, Purpose, Method, Scope & Timing

- The IRS uses market research to track User satisfaction with its Business e-file products, and to determine interest among Eligible Non-Users.
- Customer satisfaction research for electronic Forms 1120 and 1120S was first conducted in 2004, when the two forms were evaluated as separate products. Since then, it has become clear that research should focus on 1120 e-file as one product, with analysis centering more on Total Users (Mandated vs. Non-Mandated) and Non-Users. As a result, data from the 2007 study here will be considered a benchmark for satisfaction and interest in 1120 e-file.
  - NOTE: At the time of authorization of this research, September 2006, “Mandated” firms were firms reporting \$50M in Total Assets and 250+ Total Returns (all types) for tax years ending 12/31/05. These criteria changed for TY’s ending on/after 12/31/06 (when the Total Asset criteria changed to \$10M+).
  - However, because of availability of User and Non-User lists from IRS for this May-June ‘07 study, “Mandated” firms here are those with the 12/31/05 Total Asset level of \$50M, with survey question wording focused appropriately on TY’s ending on/after 12/31/05.
- The sample for the new Benchmark study consisted of 1,637 preparers of Forms 1120 and 1120S, interviewed May 11—June 16, 2007. The sample was distributed as follows:
  - 1,000 randomly-selected Users of 1120/1120S e-file:
    - › With the 117 randomly-selected Mandated Users among the 1,000 augmented with an additional 136 Mandated Users, to bring this segment up to analytical readability of n=253. The remaining 883 Users were all Non-Mandated.
    - › While not analyzed, the 1,000 Users also included 500 1120 Filers and 500 1120S Filers, so that readable data is available by these groups should IRS need it.
    - › The above sub-groups (random Mandated vs. Non-Mandated and 1120 Filers vs. 1120S Filers) were all weighted within the Total e-file User sample (using IRS hard data) to assure that they were representative of their real-world proportions among 1120/1120S e-file Users.
  - The sample also included 501 randomly-selected Non-Users of 1120/1120S e-file (251 1120 Filers and 250 1120S Filers – with these segments also weighted within Total Non-Users to real-world proportions).
  - In the findings that follow, whenever multiple groups are compared, statistically significant differences are noted with a circle around the higher figure or a box around the lower figure.

# Detailed Findings



# Findings Among 1120 Users

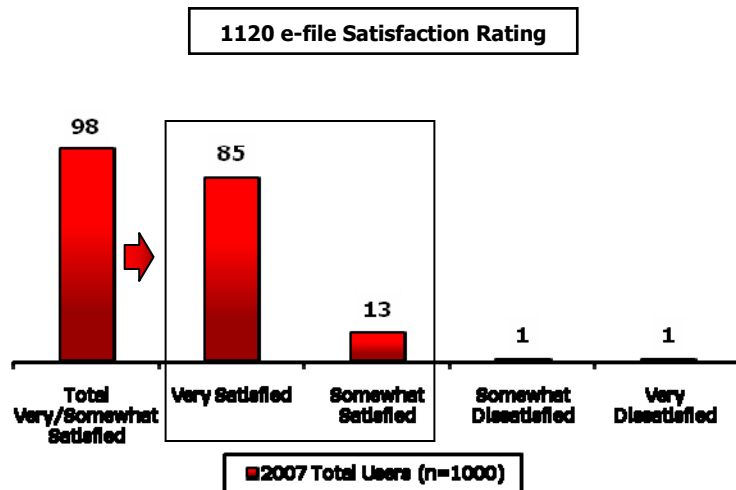
## IMPORTANT NOTE IN READING USER ANALYSES

The base sizes for Mandated Users (n=253) and Non-Mandated Users (n=883) do not add to the Total User base size (n=1000), because Mandated Users have been augmented with additional interviews and including those additional interviews in the Total User base would have skewed that data toward Mandated Users.

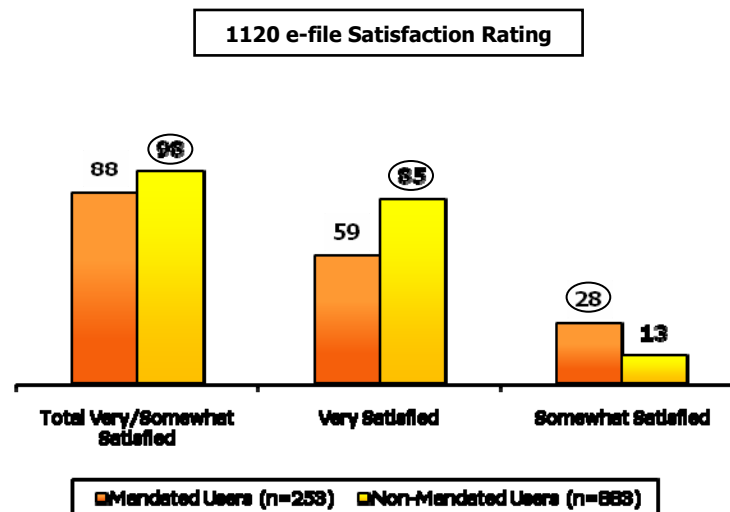


# User Satisfaction With 1120 e-file Is Very High

- As noted at the outset, this study is in effect a Benchmark on 1120 Satisfaction, given that the sample has been reconfigured vs. the 2004 study to focus on all 1120 Users and not 1120 vs. 1120S.
- In our first key measure from the new Benchmark, the total satisfaction rating for Form 1120 e-file was extremely high, with 98% of Users saying that they were either "very" or "somewhat" satisfied and with only 2% dissatisfied to any extent.

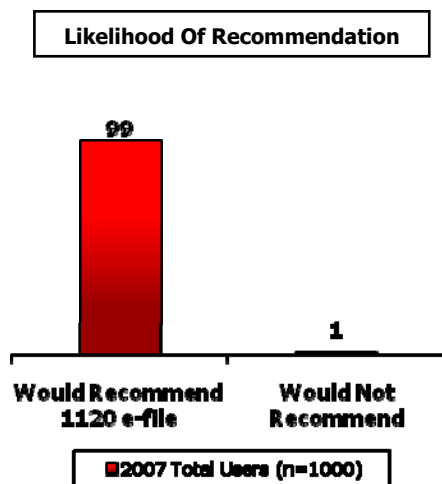


- The high levels of satisfaction that we see among Total Users were driven mainly by Non-Mandated Users (who account for 97% of Total Users in IRS data and in the study). Non-Mandated Users had a significantly higher proportion who rated themselves "very satisfied". The Mandated Users' ratings were less positive.

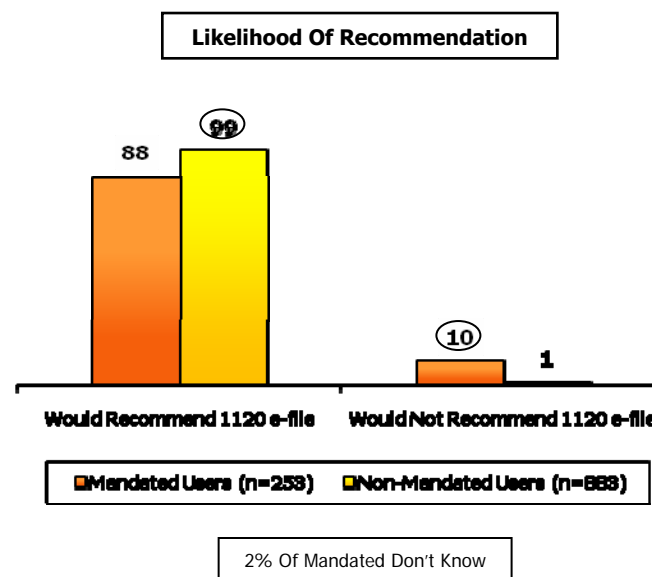


# And Users Would Easily Recommend 1120 To Others

- In total, 99% of Users of 1120 e-file said that they would recommend the electronic filing method to a friend colleague or relative, while only 1% said that they would not.



- As was true with satisfaction, the likelihood of recommendation of 1120 e-file was significantly higher among Non-Mandated Users – with only 1% saying that they would not recommend 1120 e-file vs. 10% among Mandated Users.



# Ease & Convenience Drive Satisfaction

- We asked respondents for specific reasons for satisfaction and dissatisfaction with 1120 e-file. From responses, we can see that the dominant key driver of satisfaction was it was easy or convenient, specifically that there was "no paper work" and it was "easy to use/do". Only 11% had negative mentions, with specific complaints quite low.

### Top Satisfaction Drivers

	Total 2007 Users 1000 %
BASE: Total Users	
<b>Positive Mentions</b>	
<b><u>Ease/Convenience (Net)</u></b>	<b>74</b>
Less/no paperwork	23
Easy to use/do	19
Acknowledgement of receipt/verification	14
No problems	8
<b><u>Speed (Net)</u></b>	<b>27</b>
Quicker/faster	11
Instant verification/acknowledgement of receipt	8
Less time consuming	6
<b><u>Accuracy (Net)</u></b>	<b>14</b>
More accurate	4
No errors	4
<b><u>Total With Negative Mentions</u></b>	<b>11</b>
Problems (mainly rejection/non-acceptance)	5
Inconvenience	4

- There were clear differences in drivers by Mandated vs. Non-Mandated Users, with Mandated Users having fewer mentions of all positive drivers as well as more mentions of negatives (such as "problems", mainly rejection of return/non-acceptance).

### Top Satisfaction Drivers

	Total 2007 Users 1000 %	Mandated Users 253 %	Non- Mandated Users 883 %
BASE: Total Users			
<b>Positive Mentions</b>			
<b><u>Ease/Convenience (Net)</u></b>	<b>74</b>	<b>48</b>	<b>75</b>
Less/no paperwork	23	8	24
Easy to use/do	19	13	19
Acknowledgement of receipt/verification	14	4	14
No problems	8	8	8
<b><u>Speed (Net)</u></b>	<b>27</b>	<b>14</b>	<b>27</b>
Quicker/faster	11	9	11
Instant verify/acknowledgement of receipt	8	2	9
Less time consuming	6	0	6
<b><u>Accuracy (Net)</u></b>	<b>14</b>	<b>5</b>	<b>15</b>
More accurate	4	3	4
No errors	4	1	4
<b><u>Total With Negative Mentions</u></b>	<b>11</b>	<b>32</b>	<b>11</b>
Problems (mainly rejection/non-acceptance)	5	16	5
Inconvenience	4	11	4

Again, base sizes for Mandated Users (n=253) and Non-Mandated Users (n=883) do not add to the Total User base size (n=1000) because of augmenting of Mandated Users.

# And Ease & Convenience Are 1120's Top Attributes

- **Top-two-box (very/somewhat satisfied) ratings of 1120 e-file across a broad range of possible product attributes showed that the main perceived key benefits of the product are also Ease and Convenience (see highlighted attributes). However, all but one of the attributes scored high in this measure, reflecting the high overall satisfaction seen earlier.**

**Top-2-Box Satisfaction Ratings For Specific Characteristics Of 1120/1120S e-file**

	Total Users
BASE: Total Users	1000
	%
<b>Being the most convenient way to file</b>	<b>98</b>
<b>Being paperless</b>	<b>98</b>
<b>Being easy to use/little hassle</b>	<b>97</b>
<b>Making tax filing easier</b>	<b>97</b>
<b>Compared to paper filing</b>	<b>97</b>
Being private and secure	96
Easy to learn	96
Reducing filing errors	96
Providing fast acknowledgement of receipt	96
Being a more accurate way to file	95
Easy to use signature options	95
Being a time saver	93
Taking away the worry about the form	91
Allowing schedules & attachments	91
Being inexpensive	90
<b>Paying the balance due electronically</b>	<b>54</b>

- **Aligning with our overall measures, Mandated Users had significantly lower satisfaction ratings on almost all attributes – exceptions being "fast acknowledgement of receipt" and "paying balance electronically".**

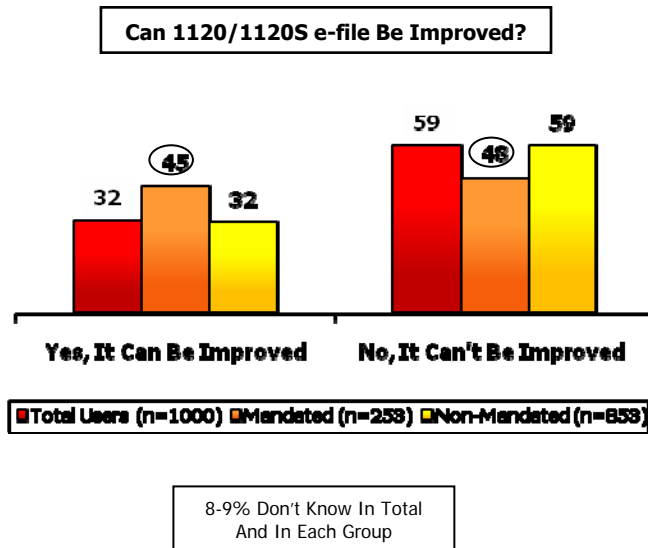
**Top-2-Box Satisfaction Ratings For Specific Characteristics Of 1120/1120S e-file**

	Total Users	Mandated Users	Non-Mandated Users
	1000	253	883
	%	%	%
BASE: Total Users	1000	253	883
	%	%	%
Being the most convenient way to file	98	84	98
Being paperless	98	88	98
Being easy to use/little hassle	97	80	97
Making tax filing easier	97	82	97
Compared to paper filing	97	84	97
Being private and secure	96	90	96
Easy to learn	96	83	96
Reducing filing errors	96	85	96
<b>Providing fast acknowledgement of receipt</b>	<b>96</b>	<b>94</b>	<b>96</b>
Being a more accurate way to file	95	86	95
Easy to use signature options	95	91	95
Being a time saver	93	73	93
Taking away the worry about the form	91	82	91
Allowing schedules & attachments	91	74	91
Being inexpensive	90	81	90
<b>Paying the balance due electronically</b>	<b>54</b>	<b>63</b>	<b>54</b>



# But Mandated Users See A Real Need For Improvement

- We asked 1120 e-file Users if the product can be improved in any way. In total, 32% thought it could – which is about average vs. what we see for other IRS business e-file products at this point.
- However, among Mandated Users (who earlier had lower overall satisfaction), the percent feeling the product can be improved reached 45% -- which is very high for any sub-group within Business e-file customer satisfaction research.



- We probed Users who said 1120 e-file could be improved to find out their specific suggestions for the product. In the data below (where suggestions are re-based to "total" to put specific mentions into perspective), we see that the top suggestions by Mandated Users were to accept/allow more forms/attachments, make it more user-friendly and less cumbersome, and improve software or compatibility with software products.

Top Suggestions For Improvement

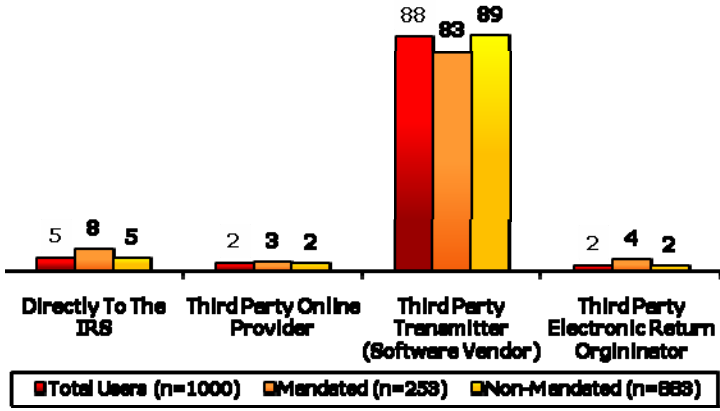
BASE: Total Users

	Total 2007 Users 1000 %	Non-Mandated Users 253 %	Non-Mandated Users 883 %
<b>Specific Suggestions For Improvement</b>			
<b>Expand e-file (Net)</b>	<b>10</b>	<b>8</b>	<b>10</b>
Acceptance of more forms/all forms	5	4	5
Accept/allow attachments	2	4	2
<b>Process (Net)</b>	<b>4</b>	<b>9</b>	<b>4</b>
Improve the matching of names/SSN's	1	1	1
Improve software	1	3	1
Less rejections	0	2	0
<b>Ease/Convenience (Net)</b>	<b>3</b>	<b>13</b>	<b>3</b>
Make it more user friendly	1	3	0
Easier to understand errors/easier reject codes	1	0	1
Make it less cumbersome	1	3	0
Make it easier to send attachments	1	3	0
<b>Others: Be more compatible w/SW products</b>	<b>0</b>	<b>3</b>	<b>0</b>

# Most Users Transmit Via 3rd Party SW Vendors

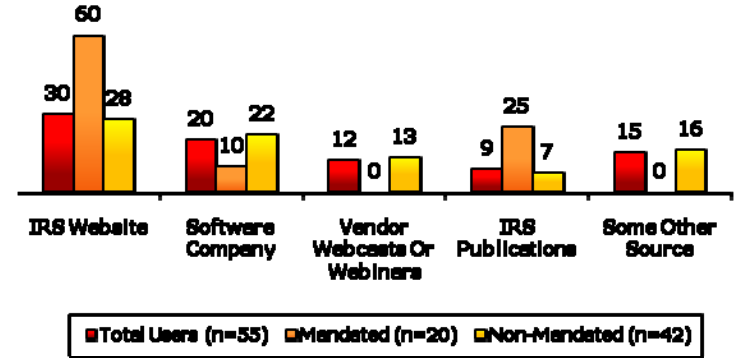
- Asked how they transmitted their 1120, almost 90% mentioned Third Party Software Vendors – with this not substantially different among Mandated vs. Non-Mandated Users.

Method Of Transmission To The IRS



- We asked Users who directly transmitted their return to the IRS how they got the information on how to do so. Unfortunately, the base sizes here are very small and only directionally readable. Still, even the limited data suggest that the most common source of information is the IRS website (especially among Mandated Users).

Source Of Information Concerning Direct Transmission



\* Caution: Very Small Base Sizes

# There Is Low Recall Of 1120 Information

- Only about one-fourth of Users said they recalled seeing information relating to 1120 e-file (higher among Mandated Users), with most of the info-aware attributing it to IRS pubs/forms/irs.gov or to information from software companies (which was notably high among Non-Mandated Users).

Recall & Source Of Info About 1120 e-file

	Total 2007 Users	Mandated Users	Non- Mandated Users
BASE: Total Users	1000 %	253 %	883 %
<b>% Recall Information About 1120 e-file</b>	<b>25</b>	<b>36</b>	<b>25</b>
NEW BASE: Total Who Recall Information	(240)	(82)	(211)
<b>Sources For Information Recalled</b>			
<b>IRS Publications</b>	<b>57</b>	<b>50</b>	<b>57</b>
<b>Info From Software Companies</b>	<b>55</b>	<b>38</b>	<b>56</b>
Info on IRS.gov	46	45	46
IRS Forms	43	43	43
IRS Instructions	40	35	40
IRS Marketing Brochures	34	22	34
Newspaper or Magazine Ads	18	9	18
Info on Other Websites	15	25	15
Info From IRS Tax Specialist/Employee	8	9	8
Commissioner's Letter to Tax Managers	2	13	2
Other Source	11	16	11
Don't Know	1	1	1

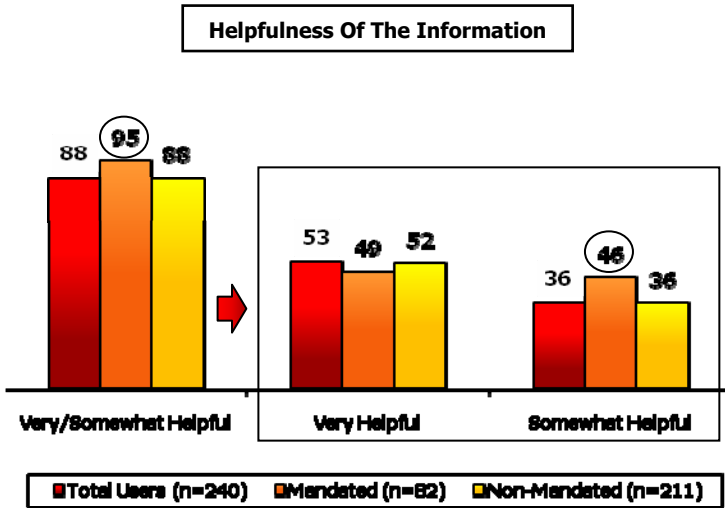
- In terms of how the info-aware received information about 1120 e-file, top mentions were "from software companies" (again higher among Non-Mandated Users), followed by "from irs.gov", "e-mail", and regular "mail".

How Received Information About 1120 e-file

	Total 2007 Users	Mandated Users	Non- Mandated Users
BASE: Total 1120 e-file Information-Aware	240 %	82 %	211 %
<b>From Software Companies</b>	<b>51</b>	<b>39</b>	<b>52</b>
<b>From IRS.gov</b>	<b>45</b>	<b>43</b>	<b>44</b>
<b>Via e-mail</b>	<b>34</b>	<b>41</b>	<b>34</b>
<b>In The Mail</b>	<b>31</b>	<b>26</b>	<b>31</b>
Via Electronic Bulletin Board	7	4	7
From News Articles	7	5	7
From Contact With IRS Tax Specialist/Employee	6	6	6
From Advertising	6	0	6
Seminars	4	0	4
All Other Specific Mentions = 2% or less			

# However, The Information Is Considered Helpful

- Asked to rate the helpfulness of the information, about 9 in 10 Users seeing information said that it was "very" or "somewhat" helpful.



- Reasons for the helpfulness rating showed that 1120 e-file information was most helpful when it thoroughly explained the process.

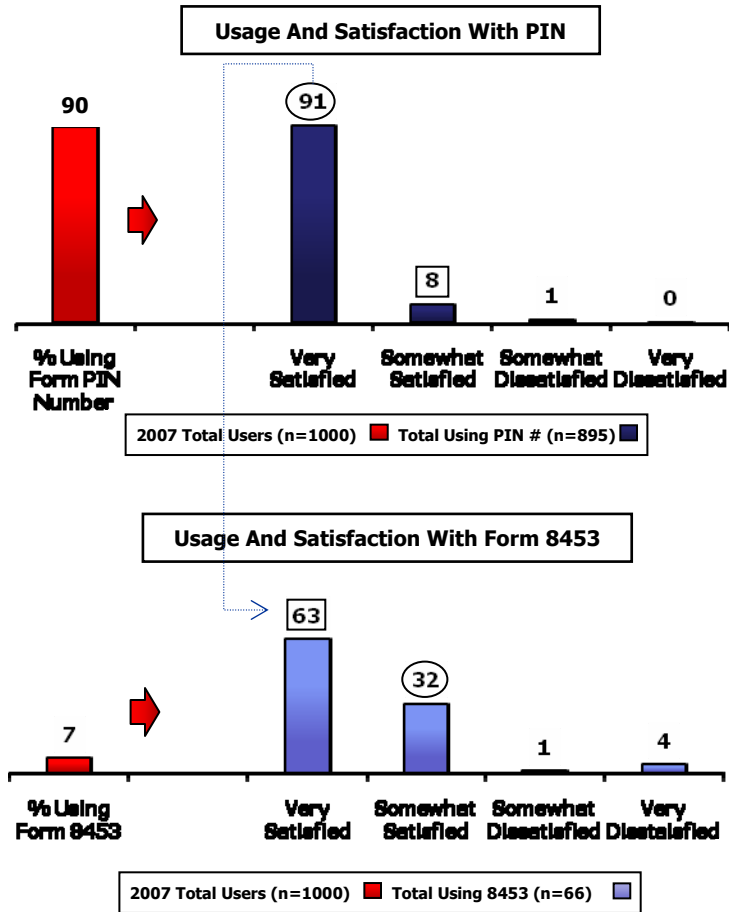
**How Information Was Helpful**

BASE: Total 1120 e-file Information-Aware

	Total 2007 Users	Mandated Users	Non-Mandated Users
	240	82	211
	%	%	%
<b>Total Gave Ways Info Was Helpful (Net)</b>	<b>76</b>	<b>74</b>	<b>77</b>
<b>Information/Instructions (Net)</b>	<b>62</b>	<b>66</b>	<b>62</b>
<b>Explained process/step-by-step</b>	<b>22</b>	<b>26</b>	<b>22</b>
Gives you updates/keeps you up to date	7	4	7
They tell you what is required/guidelines	4	9	4
Gave me guidance	4	9	4
Information on changes	4	2	4
<b>Ease/Convenience (Net)</b>	<b>12</b>	<b>7</b>	<b>12</b>
Easy/convenient	6	2	6
Easy to understand/follow	6	1	5

# PIN Is The Dominant Signature Option

- Looking at usage of the two signature options, we see that about 9 in 10 used a PIN, with the PIN also generating greater usage satisfaction.



- The dominance of the PIN method was evident among both Mandated and Non-Mandated Users – though significantly higher among Non-Mandated Users. Reasons for choosing a PIN were similar in each group (mainly ease of use), and neither group had substantial mentions of possible other sig options.

**Top Reasons For Choosing PIN Number And Suggestions For Other Signature Options**

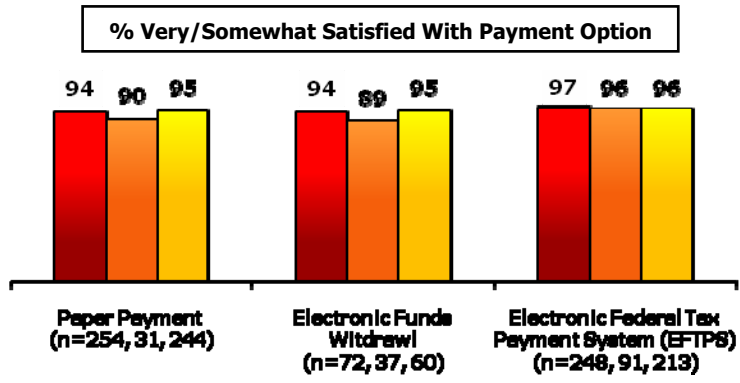
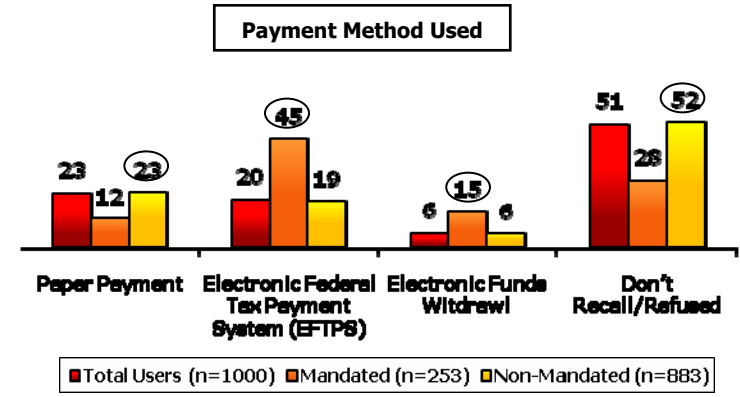
	Total 2007 Users	Mandated Users	Non-Mandated Users
BASE: Total Users	1000 %	253 %	883 %
<b>Usage Of Signature Options</b>			
Used Practitioner PIN Form 8879	90	70	90
Scanned & Submitted Form 8453	7	23	7
Don't Recall	3	8	3
BASE: Total Using PIN	(885)	(176)	(797)
<b>Reasons For Choosing PIN Number</b>			
Easy to use	76	65	77
Quicker/less time consuming	13	5	13
Don't have a scanner/doesn't work	9	0	9
It's our firm's policy	3	10	3
BASE: Total Users	(1000)	(253)	(883)
<b>Suggestions For Signature Alternatives</b>			
No Suggestions/Don't Know	73	85	74
Satisfied With Current Options	19	7	19
Eliminate Signature Requirement	2	2	2
Electronic Signature Pad	1	1	1

QM/U21 – Which of these methods did you use?  
 QM/U22 – How satisfied were you with \_\_\_\_\_?

QM/U23 – What made you chose to use the PIN Number?  
 QM/U24 – What other signature options would you like?

# When Known, Payment Methods Vary

- In terms of methods of payment, about half of 1120 Users did not recall the method used. Among those who did recall it, top mentions varied by Mandated vs. Non-Mandated – though satisfaction was high with all options.



- Looking at reasons for the high satisfaction with payment methods, we see that it was due mainly to these methods being easy and free of hassle.

**Top Reasons For Satisfaction With Payment Option**

BASE: Total Users Who Recall Payment Method

	Total 2007 Users	Mandated Users	Non-Mandated Users
	574	181	479
	%	%	%
<b>Specific Reasons For Satisfaction</b>			
<b>Ease/Convenience (Net)</b>	<b>49</b>	<b>54</b>	<b>49</b>
Easy to use/do	15	30	15
No problems	5	8	5
<b>Speed (Net)</b>	<b>9</b>	<b>7</b>	<b>9</b>
Quicker to file/pay	5	4	5
Saves time/less time consuming	3	1	3

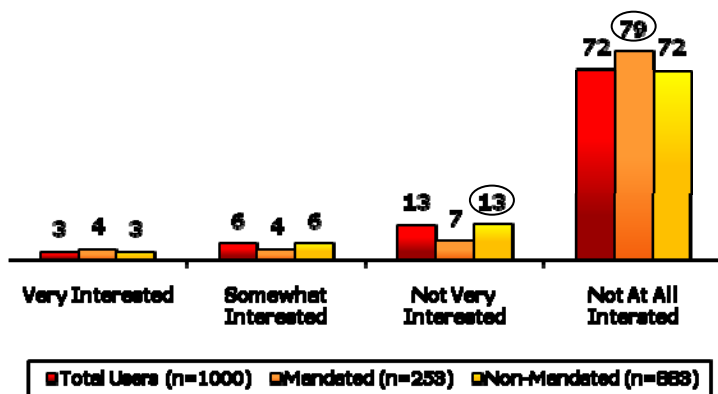
QM/U25 – Which form of payment does your organization use?  
 QM/U26 – How satisfied are you with the use of \_\_\_\_\_?

QM/U27 – What makes you say that?

# Other Electronic Payment Issues

- After discussing current payment options, 1120 Users were asked if they would be interested in paying via credit card. The vast majority had no interest in this possible payment method, with only 3% being “very” interested and 6% “somewhat” interested. This response was similar across the two User groups.

Interest In Credit Card As Payment Option



- Reasons for lack of interest in credit card payments centered around the extra fees/charges associated with credit card payments – presumably finance charges for debt carried.

Reasons For Lack Of Interest In Credit Card Payment

	Total 2007 Users	Mandated Users	Non-Mandated Users
BASE: Total 1120 Users	1000	253	883
	%	%	%
Extra fee/charge	67	53	67
No need for a credit card for payment	20	20	21

- Asked how IRS could increase future e-payments, the only substantial suggestions were to convince/educate clients about this (the vast majority of respondents were External preparers), make it free of charges, and mandate it.

Suggestions To Increase Future Electronic Payment

	Total 2007 Users	Mandated Users	Non-Mandated Users
NEW BASE: Total Making Paper Payment	(254)	(31)	(224)
	%	%	%
It's up to the clients/convince them	23	16	23
Make it cost-free/don't allow charges for it	9	4	10
Mandate it	5	6	5
Educate the clients	2	0	2

# Most Mandated Users Were 1<sup>st</sup> Time 1120 e-filers

- 2007 was the first year of e-filing for about three-fourths of the Mandated User group, with 80% of the first-timers saying they had to do something different in order to e-file (get software, training, etc.).
- In addition, 38% said they accelerated their filing to accommodate the requirement and 43% said they plan to accelerate their next filing.

**Whether First Year e-filing 1120 & Things Done Differently Because Of e-file**

	Mandated Users 253 %
BASE: Total Mandated Users	
<b><u>% First-Timers To 1120 e-file</u></b>	<b><u>71</u></b>
NEW BASE: Total First Year e-filing	(179)
<b><u>% Had To Do Something Different</u></b>	<b><u>80</u></b>
<u>What?</u>	
Had to get the software	24
Had to get trained/educated	15
Had to send attachments	13
Had to check error/make sure data was right	11
Had to enter more information	9
Had to sign up/register	7
BASE: Total Mandated Users	(253)
<b><u>% Accelerated Filing Date Due To Requirement</u></b>	<b><u>38</u></b>
<b><u>% Planning To Accelerate Next Year's Filing</u></b>	<b><u>43</u></b>

- Asked how they first learned about the Treasury Directive to e-file, 28% said it was through a software company, 20% through some form of word of mouth, and 17% via IRS marketing/communications.

**Top Sources Of Learning Of Treasury Directive**

	Mandated Users 253 %
BASE: Total Mandated Users	
<b><u>A Software Company</u></b>	<b><u>28</u></b>
<b><u>Word of Mouth</u></b>	<b><u>20</u></b>
<b><u>From Another Tax Professional</u></b>	<b><u>9</u></b>
<b><u>From My Boss/Job</u></b>	<b><u>6</u></b>
<b><u>Contact With An IRS Specialist/Employee</u></b>	<b><u>5</u></b>
<b><u>IRS Marketing/Communications</u></b>	<b><u>17</u></b>
<b><u>At A Trade Show</u></b>	<b><u>7</u></b>
At A Non-IRS Trade Show	3
At An IRS Trade Show	2
From An IRS Local Office	2
LSMB Commissioner's Letter To Tax Managers	2

QM2 – Is this the first year e-filing 1120?  
 QM11 – What did you have to do differently?  
 QM12 – Did you accelerate the planned filing date?  
 QM13 – Do you plan to e-file your earlier next year?

QM14 – How did you first learn of the Treasury Directive to e-file?



# But Fewer Non-Mandated Were First-Timers

- When compared to Mandated Users, the **Non-Mandated Users** were significantly **less likely to be e-filing 1120 for the first time** (47% vs. 71%).
- They also had much **fewer mentions** of things they had to do differently.

**Whether First Year e-filing 1120 & Things Done Differently Because Of e-file**

BASE: Total Non-Mandated Users	Non-Mandated Users 883 %
<b>% First-Timers To 1120 e-file</b>	<b>47</b>
NEW BASE: Total First Year e-filing	(457)
<b>% Had To Do Something Different</b>	<b>56</b>
<b>What</b>	
Had to get the software	8
Had to get the signature	8
Had to set up a PIN	7

- Finally for learning among Users, we asked the Non-Mandated group **how they first learned of 1120 e-file** and found that most Non-Mandated Users said it was through their **software company**.

**Top Sources Of Learning About 1120 e-file**

BASE: Total Mandated Users	Non-Mandated Users 883 %
<b>A Software Company</b>	<b>59</b>
<b>IRS Marketing/Communications</b>	<b>11</b>
<u>At A Trade Show</u>	5
At An IRS Trade Show	3
At A Non-IRS Trade Show	1
Contact With An IRS Specialist/Employee	2
From An IRS Local Office	2
LSMB Commissioner's Letter To Tax Managers	1
From Another Tax Professional	0

QU2 – Was this the first year for your (client) corporation using e-file for 1120?  
 QU11 – What did you have to do differently in order to e- file the form?

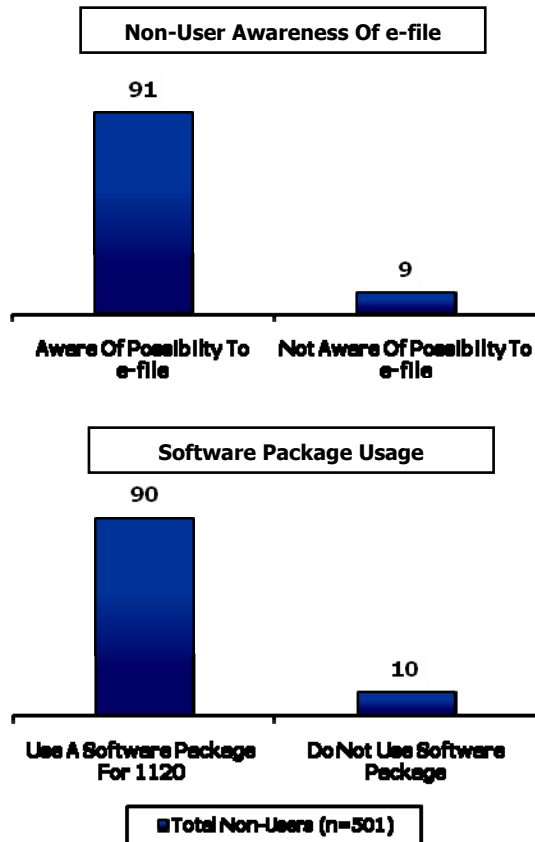
QU14 – How did you first learn about form 1120 e-file?

# Findings Among 1120 Non-Users

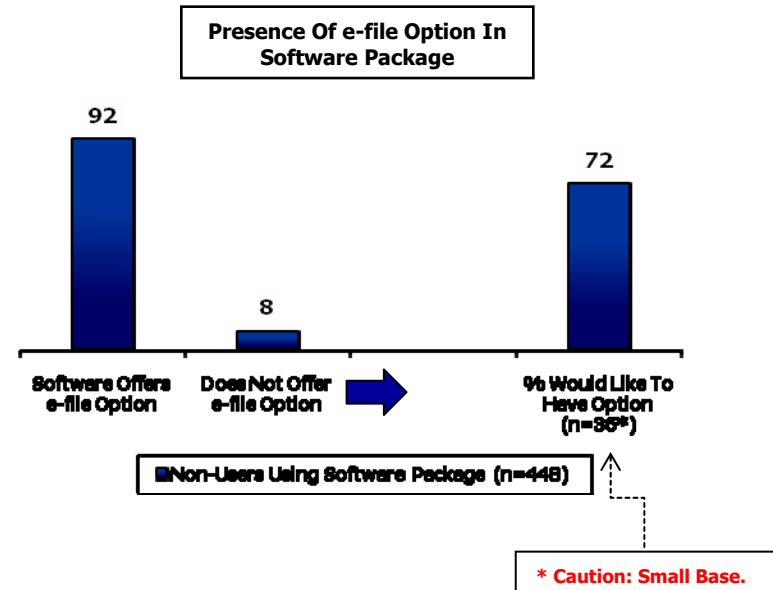


# 90% Of Non-Users Are Aware & Using Prep Software

- In learning from Non-Users, over 90% of them claimed awareness of 1120 e-file and 90% said they use a software package to prepare their paper 1120s – all of which tells us that Non-Users do offer a clear opportunity for increasing usage of 1120 e-file.



- Of those using a software package, 92% said their software package offers an option to e-file, with most of the rest wanting the option in their software.

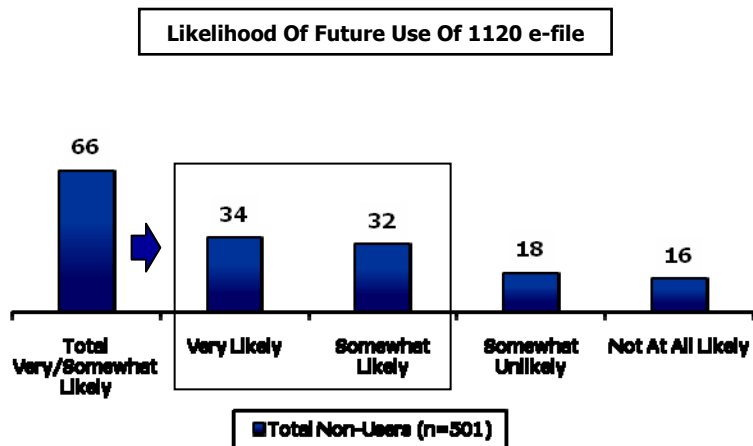


QNU1 – Were you aware of the option to e-file Form 1120?  
 QNU2 – Do you use a software package to prepare Form 1120?

QNU3 – Does the software package you use offer an e-file option?  
 QNU4 – Would you like your software to have e-file?  
 QNU5 – What software package are you using?

# And Two-Thirds Of Them Are Interested In Using It

- Asked how likely they are to e-file their 1120 in the future, 34% of Non-Users said they were “very likely” to use it, with another 32% “somewhat likely”.



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

Top Suggestions For Increasing Likelihood Of Future Use Of e-file

BASE: Total Non-Users

**Simplify it**  
**Expand/allow for attachments**

It's up to the clients  
Get states to accept e-file  
It's up to the accounting firm

Total Non-Users  
501  
%

**5**  
**4**  
4  
3  
2

# Non-Users Cite A Wide Range Of Barriers To Usage

- We asked Non-Users, unprompted, for their reasons for NOT e-filing 1120. We found that the top mentions were lack of client interest, preference for paper or use of paper by habit, caution in trying it before seeing how it works for others, and lack of confidence in its security.

### Unaided Reasons For Not e-filing

	Total Non-Users
BASE: Total Non-Users	501 %
<b>My clients don't ask for it or want it</b>	<b>13</b>
<b>Prefer paper/habit/old fashioned</b>	<b>9</b>
<b>Cautious about it, wait to see how it works out for others</b>	<b>8</b>
<b>Lack of confidence in the security of the system</b>	<b>7</b>
<b>No interest in trying it</b>	<b>4</b>
I hear it takes more time	4
Not accepted/offered by the state	4
The software costs money	4
Just don't know enough about it yet	4
Firm policy	3
The cost of transmission is too high	3
My software doesn't support it	3
It's just something else I'd have to learn	3
I have too many other forms and attachments	3
Not set up for it	3
The computer software is too difficult	2
Not mandated by the state/not mandated	2
Not easy/inconvenient	2
Am not registered/not an ERO	2
My software package does not offer an e-file option	2
None	2

- Next, we prompted them with a list of possible reasons for not e-filing and found five top barriers – again, lack of demand, then lack of knowledge, caution, having to learn something new, and cost.

### Aided Reasons For Not e-filing

	Total Non-Users
BASE: Total Non-Users	501 %
<b>My clients don't ask for/want it</b>	<b>51</b>
<b>Don't know enough about it yet</b>	<b>42</b>
<b>Cautious about it, wait and see</b>	<b>42</b>
<b>Just something else to learn</b>	<b>35</b>
<b>Software costs money</b>	<b>34</b>
Too much work	25
No interest in trying it	25
Lack of confidence in security	25
It takes more time	22
Lack of confidence in the system	22
Cost of transmission is too high	22
Too man forms/attachments	21
Requirements are different/too much trouble	20
My software doesn't support it	16
Too many rejections	15
I want a bundled suite of software products	14
Application process is difficult	14
Not registered/Not an ERO	14
Software doesn't offer e-file option	13
Don't like being responsible for returns to IRS	13
Don't like doing IRS's work for them	13
Don't have necessary hardware	10
Computer software too difficult	8

# Still, They Seem To Like The Concept Of 1120 e-file

- Finally, to get at Non-User perceptions of 1120 e-file, we read a detailed description of the electronic product and asked Non-Users to rate their agreement with its possible attributes.
- Results show that, after hearing the description, 1120 e-file Non-Users...
  - Clearly took away the 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, paperless, allows necessary schedules and attachments, has easy to use signature options, reduces filing errors, allows electronic payment, and is convenient.
  - However, they did not see it as a time-saver or as something that would take away worry about filing the form.

**Top-2-Box Agreement With Attributes Of 1120 e-file**

	Total Non-Users %
BASE: Total Non-Users	501
	%
<b>Providing fast acknowledgement of receipt</b>	<b>89</b>
<b>Easy to learn</b>	<b>82</b>
Being private and secure	78
Being paperless	76
Allowing schedules & attachments	75
Easy to use signature options	74
Reducing filing errors	73
Paying the balance due electronically	71
Being the most convenient way to file	70
Making tax filing easier	69
Being easy to use	69
Being inexpensive	67
Better than other methods of filing	65
Being more accurate	64
Being a time-saver	57
Taking away the worry about the form	55

# Measures Asked Of All Respondents



# Communications Preferences Differ By Segment

- Both Users and Non-Users were asked how they would like to receive IRS info about 1120 e-file. Results were similar to what we see in all IRS business e-file surveys – that Users of electronic filing tend more toward electronic communications, while Non-Users tend more toward regular mail.

### Top Preferences For Receiving Communications About 1120 e-file

	Total 2007 Users	Man-dated Users	Non Man-dated Users	Total Non-Users
BASE: Total Respondents	1000	253	883	501
	%	%	%	%
<b>Via E-mail</b>	<b>65</b>	<b>53</b>	<b>65</b>	<b>51</b>
From IRS.gov	53	41	54	54
From Software Companies	50	35	50	39
In The Mail	45	45	45	62
Via Electronic Bulletin Board	17	15	17	18
From News Articles	15	12	15	15
Contact With IRS Tax Specialist/Employee	10	8	10	11
All Other Mentions = <10%				

- In other learning about communications, we found that publications at IRS.gov were heavily accessed by Users (especially Mandated Users) and, to a lesser extent, by Non-Users.
- Those who accessed publications at irs.gov seemed satisfied with all aspects of the information.

### Access Of e-file Publications At irs.gov

	Total 2007 Users	Man-dated Users	Non Man-dated Users	Total Non-Users
BASE: Total Respondents	1000	253	883	501
	%	%	%	%
<b>% Have Accessed e-file Pubs at irs.gov</b>	<b>83</b>	<b>90</b>	<b>83</b>	<b>72</b>
NEW BASE: Total Who Accessed e-file Pubs.	821	219	726	365
<b>% Who Say Pubs At irs.gov...</b>				
Provided enough information	93	85	93	92
Are appropriate in their detail	92	85	93	94
Are easy to find	89	89	89	89
Are easy to understand	87	84	87	85

Q32– How would you most like to receive information concerning 1120 e-file?

Q33 – Have you ever tried to access e-file publications or forms on IRS.gov?  
 Q34 – About the e-file publications/ forms, would you say that they...?



# Profiling Shows Distinct Differences Across Groups

- Finally, using a range of survey measures, we profiled the two User groups as well as Non-Users and found differences.
- First, in a comparison of Mandated vs. Non-Mandated Users, we found that...
  - Mandated Users were in much larger firms, with far higher revenues (note the very low revenue of the Non-Mandated group), and had significantly greater access to the Internet.
  - While there were far fewer External Preparers represented among Mandated Users, they prepared far more 1120s per year and had higher awareness of participation in Modernized e-file.
- There were also differences in the profiles of Users vs. Non-Users, though these were less severe than those noted above for Mandated vs. Non-Mandated Users – primarily because Non-Mandateds were weighted up to account for a high (and normal) proportion of Total Users.

## User & Non-User Profiles

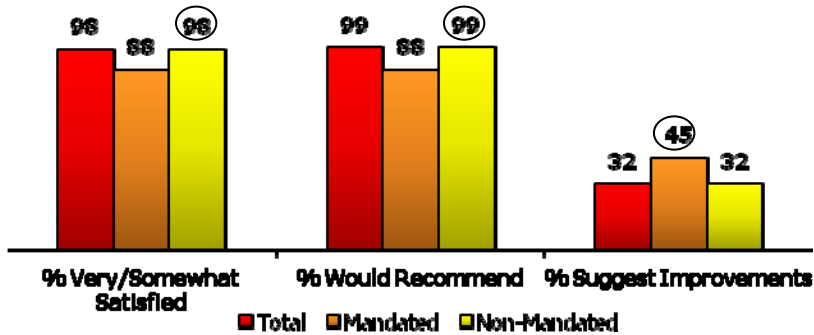
	Total 2007 Users 1000 %	Man- dated Users 253 %	Non Man- dated Users 883 %	Total Non- Users 501 %
BASE: Total Respondents				
<b>Size Of Organization – # Employees</b>	<b>15</b>	<b>235</b>	<b>14</b>	<b>22</b>
<b>Total Revenues (in \$M)</b>	<b>\$3M</b>	<b>\$295M</b>	<b>\$1M</b>	<b>\$6M</b>
<b>% With Internet Connection</b>	<b>88</b>	<b>99</b>	<b>88</b>	<b>87</b>
<b>% Aware They Are Participating In Modernized e-file</b>	<b>57</b>	<b>66</b>	<b>57</b>	<b>na</b>
<b>% Who Are External Preparers</b>	<b>88</b>	<b>64</b>	<b>89</b>	<b>82</b>
<b>% Who Are Internal Preparers</b>	<b>12</b>	<b>36</b>	<b>11</b>	<b>18</b>
NEW BASE: Total Outside Preparers	(881)	(175)	(787)	(415)
<b>Avg. # 1120/1120S Filed/Year</b>	<b>236</b>	<b>1918</b>	<b>230</b>	<b>322</b>

# Key Findings

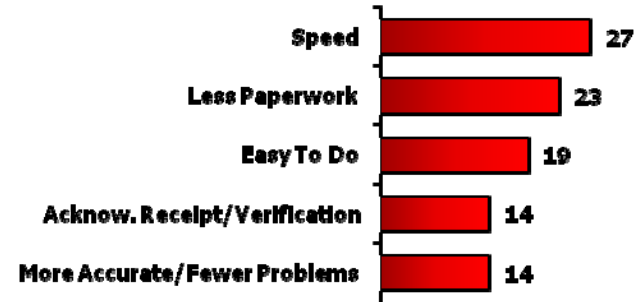


# Key Findings From The 2007 1120 e-file Customer Satisfaction Survey

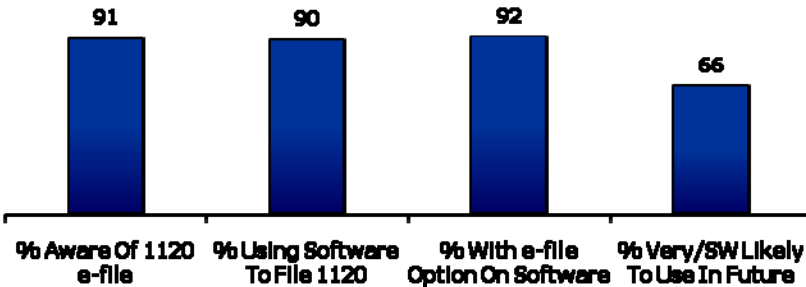
Among Users, Non-Mandated Users were highly satisfied with 1120 e-file, but Mandated Users were not – with 45% suggesting improvements that centered around making it easier to use, less cumbersome, and more user-friendly.



Still, the product seemed to perform extremely well among Non-Mandated Users – who make up 97% of Total Users. Top drivers to the high Total satisfaction rating are shown below:



Lastly, Non-Users were highly aware of 1120 e-file, generally use software to prepare 1120 (with most of these having an e-file option). Two-thirds were at least somewhat likely to use 1120 e-file, with their top barriers to use being lack of client demand (82% are External Preparers), not knowing enough about it, and being cautious.



In usage dynamics, the PIN dominated signature method (but with Mandated Users unusually high in 8453 usage – though they do not cite this as an issue). There is also very high satisfaction with current payment options and little interest in payment via credit card.

