

# **Contemporaneous Documentation Survey**

**Final Report**

**Prepared for the  
Internal Revenue Service**

**December 11, 2001**



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## EXECUTIVE SUMMARY

The IRS selected a national research firm, Schulman, Ronca and Bucuvalas, Inc. (SRBI) to conduct a confidential and voluntary survey of companies with cross-border transactions between related entities, concerning their preparation and use of contemporaneous documentation. SRBI conducted telephone interviews with the corporate CFO, heads of tax departments, finance offices or similar officials in 4,242 companies from a listing provided by the IRS. A total of 1,529 of these companies reported net gross receipts or sales over \$10 million dollars on their most recently filed federal income tax return and cross-border transactions with related entities during the same period. A more detailed series of questions about the application of section 482 and the effects of section 6662(e) was completed by the person responsible for documentation and records required for filing the company's taxes in 696 of these eligible companies (46%). This high completion rate for a voluntary survey of businesses that requires the retrieval of documentary information and disclosure of potentially sensitive business information, coupled with a non-response study which found time and burden were the primary barriers to participation, lead us to conclude that the achieved sample is representative and that the survey findings may be projected to the population of companies potentially affected by section 6662(e).

The survey found that four out of five companies (82%,  $\pm$  2.1%) that had cross-border transactions with related entities prepared contemporaneous documentation for at least some (more than 5% of the dollar value) of these transactions. About half (48%,  $\pm$  2.7%) prepared contemporaneous documentation for virtually all (95% or more) of these transactions. The majority of companies that prepared contemporaneous documentation report that the total amount spent for transfer pricing studies in the past year was less than \$100,000.

More than a third of companies (34%) with cross-border transactions with related parties have had to respond to the IRS on one or more occasions since their 1993 tax filing. In more than six out of ten cases (63%), one or more transactions with contemporaneous documentation were examined by the IRS during this period. In more than three quarters (77%) of these cases, the IRS requested contemporaneous documentation. For companies subject to an IRS examination in which contemporaneous documentation was provided, 46% said that it had little or no impact on time and cost expended in resolving the transfer pricing issues. However, 36% indicated that contemporaneous documentation significantly reduced the time and cost spent to resolve transfer pricing issues in the most recent examination. Looking to the future, 43% of companies that have been through an examination involving contemporaneous documentation feel that it will reduce time and cost spent by the company, as compared to 23% of such companies that feel that contemporaneous documentation will increase the time and cost spent by the company.

Company size, as measured by gross receipts on the most recent federal income tax return, has relatively little impact on the preparation of contemporaneous documentation. Smaller firms do not report significantly greater burden than larger companies in preparing contemporaneous documentation

## **I. Statement of Work**

The Treasury and General Appropriations Act, 2000, required the Internal Revenue Service (IRS) to perform a study to determine the extent to which taxpayers are preparing transfer pricing documentation under I.R.C. § 6662(e). The study is to provide answers to the following questions: (1) whether taxpayers are preparing contemporaneous documentation as anticipated by I.R.C. § 6662(e); (2) the quality of such documentation; and (3) the utility of such documentation to the Internal Revenue Service in enforcing section 482. The IRS Director (International), Large and Mid-Size Business, undertook to respond to these questions. This report concerns the results of an anonymous survey performed to collect data in response to question one, above.

Section 6662 imposes penalties for certain substantial valuation misstatements. Included in the definition of substantial valuation misstatements under I.R.C. § 6662(e) are transfer prices that are subject to adjustment under section 482. Section 482 authorizes the Secretary of the Treasury to adjust transfer prices between controlled parties in order to reflect the parties' true taxable income. In the event of a substantial transfer pricing adjustment, a taxpayer may avoid the penalty if it: (1) selected and applied the transfer pricing method in a reasonable manner, (2) had documentation in existence at the time the income tax return was filed, establishing that the taxpayer reasonably concluded that the method was the most reliable measure of an arm's length result under the principles of the best method rule, and (3) provided such documentation to the Secretary of the Treasury within 30 days of a request.

According to the Statement of Work for the survey, the IRS was responsible for providing the contractor with a population of corporate taxpayers from which a statistically valid sample could be drawn. This population consisted of approximately 8,000 corporations that filed U.S. tax returns. The IRS and the contractor were responsible for working together to obtain Office of Management and Budget (OMB) approval. The contractor was responsible for reviewing the draft survey form prepared by the IRS and making recommendations for improvement. The contractor was also responsible for making recommendations about how the survey should be presented to the target audience, i.e., mail, telephone, Internet, etc. The contractor was responsible for ensuring that the sampling plan conformed to OMB guidelines. For the corporate taxpayers included in the sample, the contractor was responsible for determining the appropriate person to whom the survey should be directed. The contractor was responsible for conducting the survey, including necessary follow-up activity as well as ensuring the integrity of the response data. The contractor was to submit a report that described the purpose of the survey, how the survey was conducted, and analysis of the survey results.

The IRS selected a national public opinion research firm, Schulman, Ronca and Bucuvalas, Inc. (SRBI) to conduct a survey of companies with cross-border transactions between related entities, concerning their preparation and use of contemporaneous documentation. This report contains the results of that survey.

## **II. Sampling Frame**

The IRS provided to the contractor a listing of corporate taxpayers (filing Form 1120, U.S. Corporation Income Tax Return) with assets of \$50 million or more, and which filed one or more Forms 5471 (Information Return of U.S. Person with respect to Certain Foreign Corporations) or Forms 5472 (Information Return of 25% Foreign-Owned U.S. Corporation or Foreign Corporation Engaged in U.S. Trade or Business), and which indicated on Form 1120, Schedule K (Other Information) that it was foreign-owned or claimed a foreign tax credit. The IRS identified a total of 9,982 corporations that met these criteria.

The total population of corporate taxpayers was further stratified by activity codes 221, 223 and 225. These activity codes correspond to corporate asset levels of \$50 - \$100 million (activity code 221), \$100 - \$250 million (activity code 223), and \$250 million or more (activity code 225). The survey could be used to estimate findings by activity code within the total population of eligible corporate taxpayers.

## **III. Sampling Methodology**

The contractor was given the names and addresses of the corporate taxpayers described above. These names and addresses were electronically matched to telephone listings from a national telephone directory database. Unmatched names were then individually put through directory assistance. Names with no listings in directory assistance were put through a search of the Dunn & Bradstreet database. An Internet search was conducted for the remaining unmatched companies. After exhausting these steps, SRBI was able to identify a telephone listing for 7,604 out of the 9,982 companies (76%).

The contractor attempted to contact all 7,604 companies for which telephone listings had been obtained. Telephone numbers were no longer in service and no other current listing could be found for 2,051 of these companies at the time of the survey. Among the remaining 5,543 companies in the sampling frame, a telephone interview was attempted to determine whether the company was eligible, based on the above gross receipts and ownership criteria, to participate in the Survey of Contemporaneous Documentation.

The interviewer initially asked by name for the Chief Financial Officer in each company, if the name of that person had been obtained from Dunn & Bradstreet or an annual report. If there was no designated respondent for the company, then the interviewer asked to speak to the head of the company's tax department, or the office that handles the company's taxes. When the interviewer reached the CFO, head of the tax department, head of the finance office, or a similar official, the interviewer asked to speak to the person who was most familiar with filing taxes for the company or who oversees the documentation of records that are required for tax filing. Despite the high level of corporate official required for the screening survey, nearly three-quarters (73%) of the companies completed a screening interview. This is a total of 4,242 completed telephone interviews with corporate CFO's, heads of tax departments or finance offices, or similar officials in these mid-size to large companies.

A total of 1,576 companies were identified as having net gross receipts or sales<sup>1</sup> of more than \$10 million on their most recently filed federal income tax return and cross-border transactions with related entities during that same period. In each of those companies, the person responsible for documentation and records required for filing the company's taxes was asked to provide additional information on the application of section 482 and the effects of section 6662(e). These follow-up questions were contained in an on-line survey hosted on a secure website, which could only be accessed by a unique personal identification number (PIN) provided by SRBI to each participating company. If respondents could not or would not provide an e-mail address, SRBI faxed to the individual a hard-copy version of the Internet survey. The first e-mail with a PIN number and the Internet survey address was sent on January 11, 2001. The field period for the Internet/Fax survey was officially closed on April 16, 2001.

During the follow-up phase, an additional 47 companies were determined to be ineligible on the basis of insufficient gross receipts or related-party transactions. Among a total of 1,529 presumed eligible companies, completed interviews were obtained from 696 companies (46%). This includes 643 companies that answered every appropriate question in the survey (41%) and an additional 47 companies (4%) that had answered the most critical questions for the assessment, but not all questions. Only 225 companies (15%) refused to participate in the survey. An equal proportion (15%) said that they would complete the survey, but failed to submit an interview by the end of the field period.

In summary, nearly half of the eligible sample answered the questions related to the impact of contemporaneous documentation on their company. This is an extremely high completion rate for a voluntary survey of businesses that requires the collection of records-based data, not simply opinion. Only a minority of eligible businesses refused to participate in the survey, mostly due to the burden of retrieving data, but also because of concerns about the confidentiality of company data. The comparatively low non-participation rate (*i.e.*, refusals as a proportion of completed interviews) and the high completion rate (*i.e.*, completed surveys as a proportion of eligible companies) leave little room for non-participation bias. Hence, we would conclude that the achieved sample is representative and that the survey findings may be projected to the population of companies potentially affected by section 6662(e).

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<sup>1</sup> The IRS informed us that Line 1 of Form 1120 refers to "gross receipts or sales . . . less returns or allowances" *i.e.*, the gross revenue of the corporation, net of returns. For the sake of simplicity, we will use the term "gross receipts."



#### IV. Survey Population: General Characteristics

The vast majority of companies that had sufficient gross receipts as well as cross-border transactions with related entities reported that their most recently filed federal income tax return was for the tax year 1999 (83%). Only 1% reported that their most recently filed tax return was for 1998. A small proportion (16%) reported that they had already filed a tax return for the year 2000 (Table 1).

The companies with cross-border transactions represent a broad range of gross receipts categories. Sixteen percent have gross receipts of less than \$125 million, including 5% with gross receipts of \$10-62 million. Thirteen percent have gross receipts between 125 to \$250 million. A third (34%) have gross receipts ranging from \$250 million to \$1 billion. A more than a third (36%) reported gross receipts of more than \$1 billion on the most recently filed federal income tax return (Table 2).

Most of the above companies report filing a Form 5471 with their most recent federal income tax return, either alone (63%) or in addition to a Form 5472 (19%). Only 15% report that they filed a Form 5472, but no Form 5471. Only a very small proportion (2%) reports that they filed neither form (Table 3).

The filing of Form 5472 is closely tied to level of gross receipts. Among companies with gross receipts of less than \$62 million, 42% filed only a Form 5472. This declines to 25% among companies with gross receipts of \$62-125 million and \$125-250 million. The exclusive use of the Form 5472 progressively declines to 16% of companies with \$250-500 million in gross receipts, 10% of those with \$500-1,000 million in receipts, and 7% of those with more than \$1 billion in gross receipts.

There is a broad range in the total dollar volume of transactions between corporate and foreign related parties for companies that filed a Form 5472. Seventeen percent (17%) report a total of less than \$10 million in cross-border related transactions. About one in five (21%) reports \$10-62 million in related transactions. About one in six (17%) reports \$62-125 million in such transactions. Similarly, one in six (17%) reports \$125-500 million in such cross-border transactions with related entities. And, about one in five (21%) reports transactions totaling more than \$500 million, including 11% with transactions greater than \$1 billion (Table 4).

Among companies that filed a Form 5471, almost all (86%) report filing at least one Schedule M to Form 5471 (Transactions Between Controlled Foreign Corporations and Shareholders or Other Related Persons). Although the likelihood that a company filed Form 5471 increased with gross receipts, level of gross receipts had little impact on the likelihood of filing a Schedule M. Among companies with gross receipts of less than \$62 million that filed a Form 5471, 83% report also filing Schedule M. In contrast, 90% of those with gross receipts of more than \$1 billion report filing Schedule M with Form 5471 (Table 5).

Among companies that filed both Form 5471 and Schedule M, there is a broad range in the total dollar value of transactions with foreign related parties reported on the

most recent federal income tax return. Thirty percent report a total of less than \$10 million dollars in cross-border related transactions. About one in four (26%) reports \$10-62 million in related transactions. About one in ten (9%) reports \$62-125 million in such transactions. Similarly, one in ten (9%) reports \$125-250 million in such cross-border transactions with related entities, while one in ten (10%) report transactions of between \$250-1,000 million. Only seven percent of those filing Schedule M report transactions greater than \$1 billion (Table 6).

Only one out of seven of these companies (13%) entered into transactions with controlled affiliates, other than as reported on either Form 5471 or Form 5472.<sup>2</sup> There is only a very modest relationship between gross receipts and the existence of related-party transactions not reported on Form 5471 or Form 5472. At one end of the spectrum, 8% of companies with gross receipts of less than \$62 million (but greater than \$10 million) entered into such transactions. This rate increases only slightly for those with gross receipts of \$62-125 million (12%), \$125-250 million (11%), \$250-500 million (13%), and over \$1 billion (14%). There is a somewhat higher proportion of transactions with controlled affiliates not reported on Form 5471 or Form 5472, among companies with gross receipts of \$500 million to \$1 billion (17%) (Table 7).

Among companies that reported such “other transactions” with controlled affiliates, the majority had a total amount of transactions less than \$31 million (50%), and in most cases total transactions of less than \$10 million (37%). Moreover, nearly a third reported that the question was not applicable (17%) or gave no answer (13%). Only 19% of those with such transactions not reported on Form 5471 or Form 5472, indicated that the total of the transactions was more than \$31 million (Table 8).

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<sup>2</sup> The IRS informed us that, due to various reporting thresholds, certain controlled-party transactions potentially subject to section 482 might not need to be reported on Form 5471 or Form 5472. We were informed that this question pertained to such transactions.

## V. Findings

All companies with gross receipts of greater than \$10 million on their most recent income tax return, and that had transactions with related entities, were asked the percentage of their cross-border transactions in the most recent tax year for which they had prepared contemporaneous documentation, as outlined in section 6662(e). Nearly half (48%) reported that they prepared contemporaneous documentation for 95% or more of the covered transactions. About one quarter (26%) reported that they prepared contemporaneous documentation for 50-74% of these transactions (9%) or 75-94% of these transactions (17%). Another quarter reported that they prepared contemporaneous documentation for less than half of cross-border transactions, including 17% that prepared such documentation for less than 5% of these transactions (Table 9).

There is relatively little relationship between the percentage of cross-border transactions for which contemporaneous documentation was prepared and the dollar value of the company's gross receipts. The proportion of companies that prepared contemporaneous documentation for 95% or more of cross-border transactions is 50% for those with gross receipts of less than \$62 million. It is also 49% for those with gross receipts over \$1 billion. At the other end of the spectrum, the proportion of companies that prepared contemporaneous documentation for less than five percent of their cross-border transactions is 29% for those with gross receipts less than \$250 million, but only 7% for those with gross receipts over \$1 billion.

However, some relationship exists between the dollar value of transactions with related entities and a decision not to prepare contemporaneous documentation (defined for these purposes as documentation for at least 5% of transactions). Among companies reporting less than \$10 million in transactions on their most recent Form 5472, a third (34%) did not prepare contemporaneous documentation (on 5% or more) of cross-border transactions. This percentage drops progressively to 26% of companies with transactions of \$10-31 million, 22% of those with \$31-62 million, 15% of those with \$62-125 million, 10% of those with \$125-250 million, and 4% of those with transactions of \$500-1,000 million. Similarly, the failure to prepare contemporaneous documentation for cross-border transactions is 26% among companies that reported less than \$10 million in transactions on Schedule M. It also drops progressively to 19% of those with transactions of \$10-31 million, 12% of those with \$31-62 million, 7% of those with \$62-125 million, 5% of those with \$125-250 million, and 4% of those with transactions of \$500-1,000 million. The rate of non-preparation of contemporaneous documentation (including, for these purposes, preparation of documentation for less than 5% of transactions) increases slightly among companies that reported transactions of more than \$1 billion on their most recent Form 5472 (Table 10).

Among companies that prepared contemporaneous documentation for less than ninety-five percent of cross-border transactions, the most common reason given for not preparing documentation for all transactions is that the company's transfer pricing is correct and would not be subject to a section 482 adjustment (52%). The second most common reason (42%) is that the tax department lacked the resources, personnel or budget to prepare the documentation. About a third of companies that prepared

contemporaneous documentation for less than ninety-five percent of their cross border transactions said that they did so because the transactions were based upon market prices and are easily verified (32%), because the documentation effort was too complicated and burdensome (32%), or because the information produced through normal accounting reports is sufficient documentation (31%). Other reasons cited for not preparing transfer pricing documentation for all transactions included: the cost of preparing the documentation was too great (29%); any potential audit adjustment would not meet the penalty threshold under section 6662(e) (27%); the cost of preparing the documentation is greater than potential exposure to section 6662(e) penalties (26%); section 6662(e) documentation was prepared for a previous tax year and there have been no material changes that would affect transfer pricing (14%); documentation had no impact on U.S. income tax liability (9%); and transfer pricing is consistent with an earlier IRS settlement of the issue, and there have been no material changes that would affect transfer pricing (4%) (Table 11).

Companies that prepared contemporaneous documentation (defined for these purposes as documentation for more than 5% of transactions) were asked to rate the difficulty of preparing the individual “principal documents” identified in the regulations under section 6662(e). Overall, less than one company in ten said it was very difficult to prepare the documents on organizational structure (7%), business overview (9%), and controlled transactions (9%). A slightly larger percentage (15%) reported that it was very difficult to prepare documents concerning the record keeping system. More than a quarter of the companies said it was very difficult to prepare documents concerning transfer pricing method selected (26%) and the reason why other methods were not selected (29%). Two out of five companies found it very difficult to prepare documents required by the section 482 regulations<sup>3</sup> (38%), and comparables used (39%). Nearly half of the companies (44%) found it very difficult to prepare documents related to economic analysis (Tables 12-21).

Although only a minority of companies that prepared contemporaneous documentation found that any of the principal documents were very difficult to prepare, most said that one or more was somewhat difficult to prepare. Documents related to business overview (28%) and organizational structure (33%) were seen as at least somewhat difficult to prepare by less than half of the companies. The category most often identified as at least somewhat difficult to prepare (79%) was documents explicitly required by the section 482 regulations.

Only a minority of companies that prepared contemporaneous documentation report that documentation was exclusively prepared either internally (28%) or externally (12%). A majority reports using both internal and external resources (51%). No clear distinction exists by size of company in whether internal or external resources were used to prepare documentation (Table 22).

Companies that prepared contemporaneous documentation were asked whether they estimated the cost of compliance as part of their decision to prepare such

<sup>3</sup> The IRS informed us that this category referred to “documents explicitly required by the regulations under section 482,” e.g., cost-sharing arrangements or studies prepared to support market-penetration strategies.

documentation. A plurality (47%) said that an estimate of the cost of compliance was part of the decision of whether to prepare contemporaneous documentation, while 42% said that the cost of compliance was not part of their decision. The smallest companies were least likely (15%) to estimate the cost of compliance as part of the decision regarding whether to prepare pricing documentation (Table 23).

Companies that prepared contemporaneous documentation were also asked whether they undertook a cost/benefit analysis, based upon their tax exposure risk. Slightly more than a quarter (26%) said they had conducted a cost/benefit analysis based upon their task exposure risk. The majority (62%), however, said they had not conducted such an analysis. Companies with less than \$125 million (15%-14%) in gross receipts were less likely to undertake a cost/benefit analysis than larger companies (22%-33%) (Table 24).

The vast majority of companies that prepared contemporaneous documentation (81%) sought advice from external sources regarding the preparation of transfer pricing documentation or having a transfer pricing study performed. Only 11% sought no external advice, while 8% did not answer the question. There was no significant difference by company size in the proportion seeking external advice (Table 25).

At the same time, only 28% of companies that prepared contemporaneous documentation report no full-time equivalent (FTE) staff committed to issues related to documentation and other transfer pricing issues. The majority (60%) report 1 to 10 FTEs committed to transfer pricing issues and documentation. Only 2% report more than ten FTEs committed to these issues (Table 26).

Considering all costs, both external and internal, the majority of companies that prepared contemporaneous documentation (53%) report spending less than \$100,000 in the past year on preparation of transfer pricing documentation. Another 4% of these companies report spending nothing in the past year on such documentation. One in seven (15%) companies report spending between \$100,000 and \$200,000. Another 12% report spending between \$200,000 and \$500,000. Only 4% report spending more than \$500,000 on transfer pricing documentation studies in the past year (Table 27).

Companies that prepared contemporaneous documentation were asked what percentage of the total annual tax compliance budget was spent to address transfer pricing issues. Overall, companies estimated that an average of 18% of the total compliance budget was spent on such issues. Companies with less than \$62 million in gross receipts spent much less on a percentage-of-budget basis (6.9%) than companies with receipts of \$62 million or more (16.2%-23.1%) (Table 28).

Two-thirds (65%) of companies that prepared contemporaneous documentation estimate that the percentage of the total tax compliance budget spent on transfer pricing has increased since the introduction of the final 482 regulations in 1994. Only 1% report that the amount spent on transfer pricing, as a percentage of total tax compliance budget, has decreased since the regulations were published. One in six companies (17%) say that the percentage remained about the same. The question was deemed

not applicable or was not answered by the remainder of companies preparing contemporaneous documentation (18%) (Table 29).

Companies that reported a change in the percentage of tax compliance budget spent on transfer pricing were asked to report the dollar amount spent to prepare transfer pricing documentation prior to 1994.<sup>4</sup> Three out of ten (30%) reported that they spent nothing on transfer pricing documentation prior to 1994, compared to only 4% that spent nothing during the period covered by the survey. The majority (53%) of companies reported spending less than \$100,000 prior to 1994, while 6% reported spending more than \$100,000 (Table 30.)

All companies that had cross-border transactions with related entities were asked in how many individual years, since their 1993 tax return, they had to respond to the IRS concerning transfer pricing issues. The majority (56%) reported they did not have to respond since their 1993 tax return. Another 14% reported that they had to respond to the IRS only once since their 1993 return. One in five companies (20%) that had cross-border transactions with related entities had to respond to the IRS more than once since their 1993 return. The likelihood of having to respond to the IRS for more than one tax year since 1993 increases with size, from only 3% of those with gross receipts less than \$125 million to 37% of those with receipts over \$1 billion (Table 31).<sup>5</sup>

Among companies that were required to respond to the IRS since the 1993 tax filing, the majority (63%) reported that the IRS examined one or more transactions for which contemporaneous documentation had been prepared. Fifteen percent said that no transactions with contemporaneous documentation were examined during this period. The rest declined to answer the question (Table 33). The likelihood of having one or more transactions examined by IRS increases with company size. Only 36% of companies that had gross receipts of less than \$62 million reported IRS examinations since 1993, compared to 75% of companies with receipts over \$1 billion. Three-quarters of the companies (77%) had their most recent examination in the past 4 years (Table 34).

Companies that had transactions with contemporaneous documentation that were examined by the IRS were asked when they were first advised that the IRS intended to examine a possible transfer pricing issue. More than a third (35%) said that they were told at the opening conference. Most of the rest (38%) said that they were told before the midpoint of the examination. Only 14% of those with an examination reported that they were not told that the IRS proposed to pursue a possible transfer pricing issue until after the midpoint of the examination (Table 35).

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<sup>4</sup> Because of limitations on the data collected, it is not possible to correct for inflation. Such an adjustment would be necessary to perform valid comparisons between expenditures in the pre- and post-1994 periods.

<sup>5</sup> The IRS informed us that the responses to this series of questions reflect that the nation's largest corporate taxpayers are subject to ongoing, continuous audit (on transfer pricing as well as other issues) under the Coordinated Industry Case (CIC) Program. The IRS also advised us that although the criteria for inclusion of taxpayers in CEP differ in individual regions of the country, companies that have annual gross receipts of more than \$1 billion would likely be in the program.

With respect to most recent transactions with contemporaneous documentation examined by the IRS, the vast majority of companies (77%) received a request to provide contemporaneous documentation. Only 17% said they were not asked to provide this documentation during the most recent examination. The remainder (6%) declined to answer the question (Table 36).

Of companies that were asked to provide contemporaneous documentation during an examination, about one in five (19%) said the request was made during the opening conference. Another third (32%) were asked for the documentation before notification that a potential transfer pricing issue was under consideration. One in five (20%) were asked for documentation upon notification that a transfer pricing issue was under consideration. Thirteen percent said they were asked for documentation within 30 days of notification. Another 6% reported being asked for documentation within 60 days of notification. Only 3% of companies asked to provide contemporaneous documentation said the first request came more than 60 days after notification that transfer pricing was under consideration (Table 37).

Nearly three quarters of companies (72%) asked to provide contemporaneous documentation said they were able to respond within 30 days of the request. Another 16% responded within 60 days of the request. Only 7% of companies asked to provide contemporaneous documentation took more than 60 days to respond to the request (Table 38).

The companies were more evenly divided on how long it took for substantive discussion or follow-up questions from the IRS after the documentation was submitted. Nearly three in ten (28%) said that it took less than 30 days after submitting contemporaneous documentation. Another 21% said it took less than 60 days for follow-up questions or substantive discussions after the date the information was provided to the IRS. However, three in ten (30%) said it took more than 60 days after they provided the information to the IRS for follow-up to occur. The remainder did not recall how long it took or did not answer the question (Table 39).

Companies that submitted contemporaneous documentation were asked whether, from their perspective, the submission was given adequate consideration. Nearly three-quarters (73%) said they felt their submission of contemporaneous documentation was given adequate consideration. By comparison, only 17% felt that their submission was not given adequate consideration (Table 40).

Companies that said that their submission was not given adequate consideration were asked the basis for this belief. Nearly half (46%) said it was because conclusions were drawn based on assumptions adequately addressed in the submission but not reflected in responses from the IRS. Two out of five (42%) said it was because the IRS personnel reviewing the submission lacked expertise, other than economic, to assess and adequately respond to the submission. One-third (33%) said that the IRS personnel lacked the economic expertise to review and respond to the submission. One-quarter said that the contemporaneous documentation was apparently not considered (25%). Seventeen percent said that their submission was not given adequate consideration because they were asked to resubmit key information provided

in the contemporaneous documentation. Only 13% of companies that felt their submission was not given adequate consideration said they were not provided an opportunity to discuss the submission (Table 41).

Companies subject to a completed examination in which they provided contemporaneous documentation were asked whether they modified (or intended to modify) subsequent documentation based on their experience. More than a quarter reported that they have significantly increased or will significantly increase the scope and documentation of economic analyses (27%) and comparables (26%) in subsequent submissions, using either internal or external resources. More than one in five said they have/will significantly increase documentation regarding documents explicitly required by the section 482 regulations (23%) and transfer pricing methods (20%) in subsequent submissions. More than ten percent said that they will significantly increase the scope and documentation of other pricing methods considered (18%), controlled transactions (16%), post tax year data (14%), and index and record keeping system information (12%) in subsequent submissions (Tables 42-51).

The majority of companies that submitted contemporaneous documentation in response to IRS examination of a transfer pricing issue (57%) said that no adjustment was proposed in their most recent examination. In contrast, 17% of those submitting contemporaneous documentation said that an adjustment was proposed. The remainder said that the outcome of the examination was not yet determined (23%), or declined to comment (3%) (Table 52).

Companies that were not subject to a transfer pricing adjustment (76%) were more likely to have responded to the initial request for documentation within 30 days than those that were subject to a proposed adjustment (68%) to their tax. Similarly, companies for which no adjustment was proposed (20%) were more likely to have responded to the initial request for documentation within 60 days than companies that received an adjustment (16%) to their tax (Table 53). Companies subject to a proposed adjustment were twice as likely to report that substantive discussions and follow-up questions occurred more than 60 days after they provided contemporaneous documentation to the IRS (52%) as those with no adjustments (26%) to their income tax (Table 54).

The survey also finds a strong relationship between the outcome of the examination and satisfaction with the adequacy of the IRS's consideration of the contemporaneous documentation submitted. Among companies for which the examination did not lead to an adjustment, 87% felt their submission received adequate consideration. In contrast, only a minority of those for which an adjustment was proposed (44%) felt that their submission received adequate consideration (Table 55).

When asked to assess the impact of contemporaneous documentation on the time and cost spent by the company to resolve transfer pricing issues in the most recent examination, nearly half (46%) indicated that it had little or no impact. However, 36% said that submitting contemporaneous documentation had significantly reduced the time and cost to the company to address issues raised during the examination process. The remainder (18%) was not sure or declined to answer (Table 56).



The outcome of the most recent examination involving contemporaneous documentation also affects company perception of the benefits of the documentation. Among companies that had no adjustment as a result of their examination, 44% feel that contemporaneous documentation significantly reduces cost and time spent on transfer pricing issues. In contrast, only 24% of companies for which an adjustment was proposed feel that contemporaneous documentation significantly reduces cost and time in this regard (Table 57).

Finally, all companies that had been through an examination in which contemporaneous documentation was submitted were asked what impact they thought that documentation would have on the time and cost expended by the company in future examinations. Nearly half of the companies with experience in the use of contemporaneous documentation during an examination said they expected it to reduce the time and cost spent by the corporation either significantly (17%) or somewhat (26%) in the future. About three in ten (29%) expected contemporaneous documentation would have little or no impact on time and cost expended by the corporation in the future. Less than a quarter thought contemporaneous documentation would increase time and cost either somewhat (9%) or significantly (14%) (Table 58).

Once again, the outcome of the most recent tax examination involving contemporaneous documentation affects company perception of the future benefits of this process. Among companies not subject to an adjustment, the majority (53%) believes that contemporaneous documentation reduces the cost and time expended on transfer pricing issues, at least somewhat. In contrast, only 28% of companies that were subject to a proposed adjustment believe that contemporaneous documentation reduces cost and time for transfer pricing, even somewhat.

## **TABLES**

**APPENDIX A:  
METHODOLOGY**

## **Methodology**

The population provided to the contractor by the IRS was corporate taxpayers (filing Form 1120) having assets of \$50 million or more, which filed one or more Forms 5471 or 5472, and indicated on Form 1120, Schedule K that it was foreign-owned or claimed a foreign tax credit. A total of 9,982 companies that met this definition were identified by the Internal Revenue Service.

For the purpose of conducting the survey, the contractor was given the names and addresses of this subpopulation of corporate taxpayers. Taxpayer phone numbers were not provided from IRS files. For confidentiality sake, no other unique identifier, such as taxpayer identification number or Dunn & Bradstreet number, was provided to the contractor.

The names and addresses of all companies were electronically matched to telephone listings from a national telephone directory database. Unmatched companies were then individually put through directory assistance. Companies with no listings in directory assistance were put through a search of the Dunn & Bradstreet database. An Internet search was conducted for the remaining unmatched companies. After exhausting these steps, SRBI was able to identify a telephone listing for 7,604 out of the 9,982 companies (76%). A total of 2,388 companies from the original IRS sample had no telephone listings in any of these sources.

The incidence of telephone listings varied by activity code, which is used as a surrogate for company size. The incidence of no listing was 29% for companies with activity code 221 (smallest), compared to 26% for activity code 223. Only 18% of companies from activity code 225 (largest) had no telephone listings match to name and address.

The incidence of companies with no initial telephone listing also varied dramatically by whether they were a foreign controlled company, a controlled foreign company, and had a foreign tax credit. A third of foreign controlled companies (33%) had no telephone listing, compared to 18% of those not foreign controlled. Conversely, only 18% of controlled foreign companies did not have a telephone listing, compared to 31% of companies that were not controlled foreign companies. Finally, 27% of companies without foreign tax credits had no listing, compared to 19% of companies with foreign tax credits. Hence, the nature of the business, as well as size, is related to the likelihood of any telephone listing for the company at the name and address provided by the IRS.

It should be noted that there are several reasons why a telephone listing might not be obtained for a company. If the company were no longer in business, or had moved, there might be no telephone listing in current directories and databases. If the address provided by the IRS was a mailing address for a parent company or an accounting firm used for tax purposes, the name and address from the IRS files would not match telephone listings. In the absence of a unique identifier, such as taxpayer identification number or Dunn & Bradstreet number, it is not possible to further ascertain the status of the company.

In addition to the companies for which no phone listing was ever found, another 2,051 had no current telephone listing at the time of the survey. In some cases, it was determined that the company was no longer in business. In most cases, however, the telephone number for the company was no longer in service, and there was no other listing for the company. The same location steps for the no listings were applied for the bad listings. However, in the absence of any unique identifier, it was not possible to locate 2,051 companies that may have gone out of business, moved, or changed their business name.

There was little variation by size among the non-located companies that had an initial listing. Non-locates represented 21% of activity code 221, 20% of activity code 223, and 21% of activity code 225. There was also no real difference in the non-location rate by controlled foreign company status (21%-20%) or foreign controlled company status (21%-20%). However, those with foreign tax credits were somewhat less likely to be non-locates (18%) than those without these credits (22%).

Among the remaining, 5,543 companies in the sampling framework, a telephone interview was attempted to determine whether the company was eligible to participate in the Survey of Contemporaneous Documentation. The telephone interviews were conducted by professional executive interviewers from SRBI's centralized telephone facilities, under continuous monitoring for quality control. The telephone questionnaire was programmed for computer assisted telephone interviewing (CATI) so that each answer was data entered, on-line, during the interview. The interview program then automatically moved to the next appropriate question, based on the previous response.

The interviewer initially asked by name for the Chief Financial Officer in each company, if the name of that person had been obtained from Dunn & Bradstreet or an annual report. If there was no designated respondent for the company, then the interviewer asked to speak to the head of the company's tax department, or the office that handles the company's taxes. If there was no such office, then the interviewer asked to the head of the finance department or the company's chief financial officer. When the interviewer reached the CFO, head of the tax department, head of the finance office, or a similar official, the interviewer asked to speak to the person most familiar with filing taxes for the company or who oversees the documentation of records that are required for tax filing. Once that person had been reached, the interviewer confirmed that the person with whom he/she was speaking was responsible for the documentation of records that are required for filing the company's taxes.

Despite the high level of corporate official required for the screening survey, only 16% of these companies refused to participate in the screening interview. Another 11% were still in the process of scheduling an interview with an appropriate company representative at the end of the interviewing period. In contrast, nearly three quarters (73%) of the companies completed a screening interview. This is a total of 4,242 completed telephone interviews with corporate CFO's, heads of tax departments or finance offices, or similar officials in these mid-size to large corporations.

Nearly half of the companies screened (48%) reported that either their corporate structure included no entities operating outside of the United States, or there were no cross-border transactions with related entities during the most recently filed federal income tax return, to which section 482 applies. Another nine percent reported that they had cross-border transactions during the most recent federal return, but the total gross receipts on the most recently filed federal income tax return was less than \$10 million. Only 29% of the companies that completed the telephone screening interview reported gross receipts of more than \$10 million on their most recent federal income tax return and cross-border transactions with related entities in that period.

Among the total of 9,982 companies, there was no significant difference in ineligibility due to cross-border transactions by size. The proportion of companies with no affected transactions was 19% for activity code 221, 20% for activity code 223, and 19% for activity code 225. The proportions of transaction ineligible companies was about the same for controlled foreign companies (19%) as other companies (20%). However, foreign controlled companies were less likely to be transaction ineligible (15%) as other companies (23%). There was a small difference in transaction ineligible companies between those with foreign tax credits (21%) and those without (18%).

The proportion of companies found to be ineligible based on insufficient gross receipts declines slightly with size, as measured by activity code. The proportion of ineligible companies declines from 7% of activity code 221, to 6% of activity code 223, to 4% of activity code 225. Similarly, controlled foreign companies are somewhat more likely (6%) than other companies (4%) to be ineligible. There is little or no difference in ineligibility by foreign controlled company status (5%-5%) or foreign tax credits (5%-6%).

The proportion of completed screening interviews increases from 11% of activity code 221, to 14% of activity code 223, to 21% of activity code 225. The proportion of completed interviews is higher among controlled foreign companies (19%) than others (12%). The proportion of completed interviews is lower among foreign controlled companies (13%) than others (18%). It is also higher among companies with foreign tax credits (21%) than those without credits (13%).

It is important that these differences in completed interviews reflect differences primarily in location, and secondarily in eligibility among these populations of taxpayers. There was little difference by activity code, control status or foreign tax credits in the proportion as between companies that refused to conduct the screening interview and companies still active at the end of the field period. Hence, the achieved sample from the telephone screening survey appears to be a relatively unbiased sample of the population of corporate taxpayers from which the sample was drawn.

A total of 1,576 companies were identified as having gross receipts of over \$10 million in their most recently filed federal income tax return and cross-border transactions with related entities during that same period. In each of those companies, the person responsible for documentation of records required for filing the company's taxes was asked to provide additional information regarding application of section 482 and section 6662(e) to the individual company. The individual was told that since the

survey required the company to research information contained on their most recent tax return, it would not be possible to complete the interview over the telephone. The questions were contained in an on-line survey hosted on a secure website, which could only be accessed by a unique personal identification number for each participating company. Both the PIN number and the website address was e-mailed to respondents that had Internet access from their office computer and provided an e-mail address.

If respondents could not or would not provide an e-mail address, they were asked for a fax number where a letter from the IRS Assistant Commissioner for Large and Mid-Size Business Division could be sent. (A similar letter was also faxed to companies that provided an e-mail address.) The name, title and office were obtained from these individuals in order to direct the fax. These individuals were faxed a hard copy version of the Internet survey. If SRBI did not receive a completed interview by mail or fax, the contact-person was periodically contacted by telephone and the questionnaire was faxed to the person for a second time.

The first e-mail with a PIN number and the Internet survey address was sent on January 11, 2001 (Table A). The telephone screening for eligible companies continued for approximately two months until March 21, 2001. All respondents were given at least a month to complete the Internet/fax survey. E-mail, fax and telephone reminders were sent to companies from which no response had been received. The field period for the Internet/Fax survey was officially closed on April 16, 2001. However, Internet and Fax interviews were accepted until April 23, 2001.

During the follow-up phase, another 47 companies were determined to be ineligible on the basis of insufficient gross receipts or related-party transactions. Among a total of 1,529 presumed eligible companies, completed interviews were obtained from 696 companies (46%). This includes 643 companies that answered every appropriate question in the survey (41%) and an additional 47 companies (4%) that had answered the most critical questions for the assessment, but not all questions. Only 225 companies (15%) refused to participate in the survey. An equal proportion (15%) said that they would complete the survey, but failed to submit to an interview by the end of the field period.

To understand the reasons for non-participation, the survey firm sent to companies that had not submitted to an interview by the beginning of April 2001 a short questionnaire about the reason for non-response. A total of 103 companies responded to the e-mail questionnaire. Five percent (5%) reported that they were ineligible because they had no cross-border transactions among related entities. Nine percent reported that they intended to complete the survey. The majority (51%) of companies said that they did not participate because of the burden of compiling information requested in the survey. Nearly a quarter (23%) said that they did not have the time to complete the survey. One out of five (20%) said that they did not participate because of concerns about confidentiality, while 16% referred to concerns about the use of the information. Seven percent of the non-respondents said that they did not have the information needed to complete the Internet/fax survey. (The total responses add to more than one hundred percent due to multiple reasons for non-participation provided by some respondents.)

**TABLE A: EXAMPLE OF E-MAIL WITH PIN**

Thank you for agreeing to participate in the Survey. You may access the survey by typing in the following address:

[www.srbi.com/irs6662e](http://www.srbi.com/irs6662e)

Your personal identification number is #####. You, or anyone else at your company completing the survey will need this number in order to access, or re-access the survey.

**ABOUT THE SURVEY**

The survey is being sent to a sample large and mid-size corporations. It is designed to assist the IRS in administering section 482 (transfer pricing) of the Internal Revenue Code (IRC) and related sections and regulations, particularly IRC section 6662-e (transfer pricing penalties). The survey is conducted pursuant to an instruction from the United States Congress for the IRS to study the effectiveness of section 6662-e. For more information, you can refer to Senate Report No. 106-87 Treasury and General Government Appropriation Bill, 2000 at pages 34 and 35.

The questions on the survey will ask for information about your company's experience with section 482 and your current practice regarding section 6662-e documentation. In general, the survey focuses on your most recent filed tax return, that is, the tax return filed for the 1998, 1999 or 2000 taxable year.

Section 482 require taxpayers to charge an "arm's length" price for goods, services and intangibles exchanged between related parties, that is, the price which would have been charged for a similar transaction to an unrelated party. Section 6662-e establishes penalties for taxpayers that have their income adjusted by the IRS in accordance with section 482, where the adjustment exceeds certain thresholds. Taxpayers may avoid these penalties if they have reasonable contemporaneous documentation supporting their transfer pricing at the time they file their original return. This documentation is described in section 6662-e. Although it is in the company's best interest to prepare contemporaneous documentation (to avoid penalties) they are not required to do so.

The survey is focusing on companies who transact business with related entities in foreign countries, and who reported cross-border transactions when they filed their most recent federal income tax return. The results of the survey are completely confidential. SRBI will not disclose the names of specific respondents to the IRS.



**TABLE A: EXAMPLE OF E-MAIL WITH PIN (continued)**

**COMPLETING THE SURVEY ON THE INTERNET**

SRBI takes every precaution to ensure data collected on the Internet remains both secure and confidential. The host server is stored in a secure location. The address is unique to the survey and can only be accessed by being typed directly, rather than through links located on our commercial web site. Only those given the seven-digit personal identification numbers (P-I-N) can enter the survey. When you enter the P-I-N, you are moved to a non-public directory which is not accessible through the Internet. When entered, the data interfaces with a script located on a 2<sup>nd</sup> non-public directory accessible only to the SRBI system administrator.

The data is stored off-line once survey is completed. As each survey is completed, survey responses are downloaded off-line. The data are then stored on diskettes and locked in a safe. Once a survey is submitted, the P-I-N used to access the survey becomes invalid, and the survey cannot be re-accessed. These measures make it nearly impossible for someone to access the responses of another respondent.

The personal identification number is known only to you. This number is generated by SRBI and sent directly to you via email. Only SRBI knows the identity of persons and companies assigned to a personal identification number. This information will be used by SRBI only for tracking purposes during the course of the survey, and will not be shared with the IRS at any time.

**COMPLETING THE SURVEY ON PAPER**

If you prefer, you may also complete a more traditional paper version of the questionnaire. Simply return this email message with your name, title and exact mailing address, including your room number, we will mail you a copy of the questionnaire along with a brief letter signed by the IRS's Commissioner of the Large and Mid-Size Business Division further explaining the scope and purpose of the survey. You should receive the paper version of the questionnaire within the next 4 to 10 days.

**ASSISTANCE OR QUESTIONS**

If you do not receive your requested paper survey, or if you have any problems accessing the survey, or navigating the on-line questionnaire, then contact SRBI's toll-free number on 1-800-659-5432. Call between 9:00 a.m. and 5:30 p.m. Monday through Friday and say you are calling about project number 9173. Or, if you prefer, you can email the study's project director, Mr. Kevin Sharp, at the following address: [k.sharp@srbi.com](mailto:k.sharp@srbi.com), and he will answer your email within one business day.

Again, thank you very much for participating in the survey.

In summary, nearly half of the eligible sample answered the questions related to the impact of contemporaneous documentation on their company. This is an extremely high completion rate for a voluntary survey of businesses that requires the collection of records-based data, not simply opinion. Only a minority of eligible businesses refused to participate in the survey, mostly due to the burden of retrieving data, but also because of concerns about the confidentiality of company data. The comparatively low non-participation rate (*i.e.*, refusals as a proportion of completed interviews) and the high completion rate (*i.e.*, completed surveys as a proportion of eligible companies) leave little room for non-participation bias. Hence, we would conclude that the achieved sample is representative and that the survey findings may be projected to the population of companies potentially affected by section 6662(e).

### Precision of Sampling Estimates

The objective of the sampling procedures used on this study was to produce a random sample of the target population. A random sample shares the same properties and characteristics of the total population from which it is drawn, subject to a certain level of sampling error. This means that with a properly drawn sample we can make statements about the properties and characteristics of the total population within certain specified limits of certainty and sampling variability.

The confidence interval for sample estimates of population proportions, using simple random sampling without replacement, is calculated by the following formula:

$$\text{var}(x) = z^2 / [(p \cdot q) / (n - 1)]$$

Where:

- var (x) = the expected sampling error of the mean of some variable, expressed as a proportion
- p = some proportion of the sample displaying a certain characteristic or attribute
- q = (1 - p)
- z = the standardized normal variable, given a specified confidence level (1.96 for samples of this size).
- n = the size of the sample

The sample sizes for the surveys are large enough to permit estimates for subsamples of particular interest. Table B, on the next page, presents the expected size of the sampling error for specified sample sizes of 8,000 and less, at different response distributions on a categorical variable. As the table shows, larger samples produce smaller expected sampling variances, but there is a constantly declining marginal utility of variance reduction per sample size increase.

**TABLE B**  
**Expected Sampling Error (Plus or Minus)**  
**At the 95% Confidence Level**  
**(Simple Random Sample)**

Percentage of the Sample or Subsample Giving  
 A Certain Response or Displaying a Certain  
 Characteristic for Percentages Near:

Size of Sample or Subsample	<u>10% or 90%</u>	<u>20% or 80%</u>	<u>30% or 70%</u>	<u>40% or 60%</u>	<u>50%</u>
8,000	0.7	0.9	1.0	1.1	1.1
6,000	0.8	1.0	1.2	1.2	1.3
4,500	0.9	1.2	1.3	1.4	1.5
4,000	0.9	1.2	1.4	1.5	1.5
3,000	1.1	1.4	1.6	1.8	1.8
2,000	1.3	1.8	2.0	2.1	2.2
1,500	1.5	2.0	2.3	2.5	2.5
1,300	1.6	2.2	2.5	2.7	2.7
1,200	1.7	2.3	2.6	2.8	2.8
1,100	1.8	2.4	2.7	2.9	3.0
1,000	1.9	2.5	2.8	3.0	3.1
900	2.0	2.6	3.0	3.2	3.3
800	2.1	2.8	3.2	3.4	3.5
700	2.2	3.0	3.4	3.6	3.7
600	2.4	3.2	3.7	3.9	4.0
500	2.6	3.5	4.0	4.3	4.4
400	2.9	3.9	4.5	4.8	4.9
300	3.4	4.5	5.2	5.6	5.7
200	4.2	5.6	6.4	6.8	6.9
150	4.8	6.4	7.4	7.9	8.0
100	5.9	7.9	9.0	9.7	9.8
75	6.8	9.1	10.4	11.2	11.4
50	8.4	11.2	12.8	13.7	14.0

NOTE: Entries are expressed as percentage points (+ or -)

## Finite Population Correction Factor

The general formulas for calculating confidence intervals based on sample size assume that population from which the sample is drawn is very large or “infinite” in size. However, when the total population is relatively small, compared to the sample, it is appropriate to incorporate a finite population correction factor in the calculation of the confidence interval for sample estimates. The formula for the finite population correction factor is:

$$fpc = (1-f)$$

Where:  $f = (n/N)$   
 $N$  = number in universe  
 $n$  = number in sample

When the fpc is applied, the formula used to compute the confidence interval becomes:

$$\text{var}(x) = z^2 / [(1-f) * \{(p*q)/(n-1)\}]$$

The effect of the finite population correction factor on estimates from the Survey of Contemporaneous Documentation is illustrated below.

<b>Sample Estimate (n=629)</b>	<b>Assuming An Infinite Universe of Eligible Companies</b>	<b>Known Universe of 1429 Eligible Companies</b>
83%	<u>±</u> 2.8 @ 95% confidence	<u>±</u> 2.1 @ 95% confidence
48%	<u>±</u> 3.7 @ 95% confidence	<u>±</u> 2.7 @ 95% confidence

## Pooled Sampling Error

The estimates of sampling precision presented in the previous section yield confidence bands around the sample estimates, within which the true population value should lie. This type of sampling estimate is appropriate when the goal of the research is to estimate a population distribution parameter. However, the purpose of some surveys is to provide a comparison of population parameters estimated from independent samples (e.g. annual tracking surveys) or between subsets of the same sample. In such instances, the question is not simply whether or not there is any difference in the sample statistics that estimate the population parameter, but rather is the difference between the sample estimates statistically significant (i.e., beyond the expected limits of sampling error for both sample estimates).

To test whether or not a difference between two sample proportions is statistically significant, a rather simple calculation can be made. Call the total sampling error (i.e.,  $\text{var}(x)$  in the previous formula) of the first sample  $s_1$  and the total sampling error of the second sample  $s_2$ . Then, the sampling error of the difference between these estimates is  $sd$  that is calculated as:

$$sd = \sqrt{s_1^2 + s_2^2}$$

Any difference between observed proportions that exceeds  $sd$  is a statistically significant difference at the specified confidence interval. Note that this technique is mathematically equivalent to generating standardized tests of the difference between proportions.

An illustration of the pooled sampling error between subsamples for various sizes is presented in Table C. This table can be used to indicate the size of difference in proportions between drivers and non-drivers or other subsamples that would be statistically significant.

**TABLE C. Pooled Sampling Error Expressed as Percentages For Given Sample Sizes (Assuming P=Q)**

Sample Size																	
4000	14.1	10.0	7.1	5.9	5.1	4.7	4.3	4.0	3.8	3.6	3.5	3.0	2.7	2.5	2.4	2.3	2.2
3500	14.1	10.0	7.1	5.9	5.2	4.7	4.3	4.1	3.8	3.7	3.5	3.0	2.7	2.6	2.4	2.3	
3000	14.1	10.0	7.2	5.9	5.2	4.7	4.4	4.1	3.9	3.7	3.6	3.1	2.8	2.7	2.5		
2500	14.1	10.0	7.2	6.0	5.3	4.8	4.5	4.2	4.0	3.8	3.7	3.2	2.9	2.8			
2000	14.2	10.1	7.3	6.1	5.4	4.9	4.6	4.3	4.1	3.9	3.8	3.3	3.1				
1500	14.2	10.2	7.4	6.2	5.5	5.1	4.7	4.5	4.3	4.1	4.0	3.6					
1000	14.3	10.3	7.6	6.5	5.8	5.4	5.1	4.8	4.7	4.5	4.4						
900	14.4	10.4	7.7	6.5	5.9	5.5	5.2	4.9	4.8	4.6							
800	14.4	10.4	7.8	6.6	6.0	5.6	5.3	5.1	4.9								
700	14.5	10.5	7.9	6.8	6.1	5.7	5.5	5.2									
600	14.6	10.6	8.0	6.9	6.3	5.9	5.7										
500	14.7	10.8	8.2	7.2	6.6	6.2											
400	14.8	11.0	8.5	7.5	6.9												
300	15.1	11.4	9.0	8.0													
200	15.6	12.1	9.8														
100	17.1	13.9															
50	19.8																
	50	100	200	300	400	500	600	700	800	900	1000	1500	2000	2500	3000	3500	4000
Sample Size																	

**APPENDIX B:**  
**SCREENING QUESTIONNAIRE**

**APPENDIX C:**  
**INTERNET QUESTIONNAIRE**