

Findings From The 2005 Taxpayer Satisfaction Study

Presented To:



July 2005

Publication 4241 (07/05)

Catalog No. 37303Q

Presented By:



Background, Purpose, Method, Scope & Timing

- Each year, the IRS conducts customer satisfaction research among Taxpayers to:
 - Track satisfaction with the main *e-file* products – Practitioner *e-file* and Online Filing (including Free File), and secure product diagnostic information and ideas for product improvement.
 - Track Non-User interest in the main products, and their reasons for non-use to this point.
 - Capture User and Non-User perceptions of the level of IRS instruction related to *e-file* products.
 - And to measure the degree of ease/difficulty Taxpayers have in communicating with the IRS.
- Results are analyzed in total and, where appropriate, by...
 - Current *e-file* Users, Lapsed Users (i.e., did not use in 2005 but *would* consider using again), Quitters (i.e., used in past but would *not* consider using again), and Non-Triers.
 - By Return Type – we use the 4-group model (Self-Simple, Self-Complex, Paid-Simple, and Paid-Complex), since the new 6-group model leaves about half the respondents unclassified.
 - And by V-Coders and Filing Behavior segments (ASAPs...Last Possible Minute).
- Like previous waves of Taxpayer satisfaction research, this study was conducted by telephone from Russell’s national field center in Wayne NJ, with interviewing this year occurring during the period of April 16-May 31.
- The sample was structured as follows:
 - First, we built a nationally-representative Random Sample of 1000 Taxpayers (all 18-74, employed, and past-year tax filers). This Random Sample provided...
 - A representative base of e-file Users AND Non-Users for analysis of overall measures;
 - Enough Non-Users of each product to evaluate interest in products and dynamics of non-usage;
 - And a base of Users of each product which could then be augmented to more stable levels for reading satisfaction and diagnostic data.
 - After completing the Random Sample, IRS lists were used to augment Practitioner e-file Users and On-Line Filing Users each to the 500 level, and to augment FreeFile Users to 200 (this is still a very small-based group and expensive to reach in a random national survey).

Detailed Findings

Statistical Notation Used In Detailed Findings

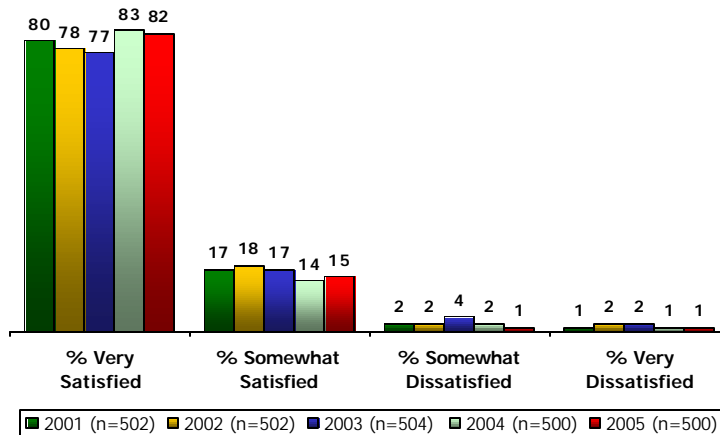
- Indicates current data are significantly higher than the previous wave at a 95% confidence level. Or, when sub-groups are being compared, the circle is used to indicate a significant difference between one group and the balance of the sample.
- Indicates current data are significantly lower than the previous wave at a 95% confidence level. Or, when sub-groups are compared, the box indicates a significant difference between one group and the balance of the sample.
- Indicates a directional difference which doesn't rise to the 95% level of statistical significance, but is still notable.

**Satisfaction With *e-file* Products
& Product Diagnostics
Among Users Of Each Product**

Practitioner e-file – User Satisfaction & Product Diagnostics

- First, results show continuing high satisfaction with Practitioner e-file, with no significant change in satisfaction ratings over the past year.

Satisfaction With Practitioner e-file – Historical Trend



- Looking at this product’s diagnostics in total and by readable sub-groups (table to the right), we see that its strengths are the same as we’ve found in the past – **speed**, **accuracy**, and **convenience**. However, **35% of Users still think it can be improved**, mainly in terms of **cost** (especially the Paid-Simple filers).

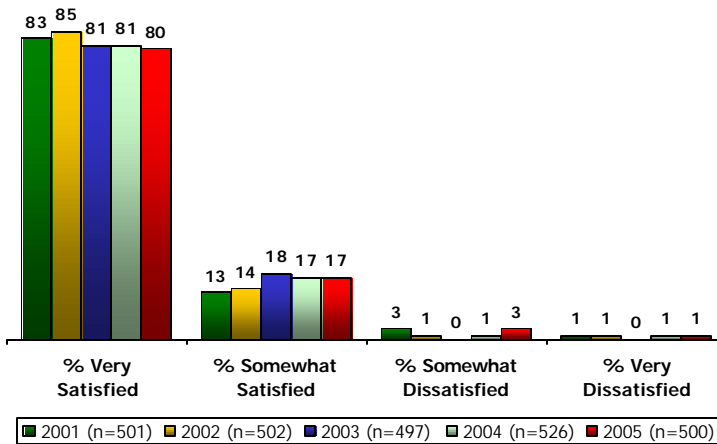
Practitioner e-file Product Diagnostics

	Total '05 Users 500 %	Paid Simple 215 %	Paid Complex 285 %
BASE: Total Users Of This Product			
% "Very Satisfied" With This Product	82	83	81
Top Voluntary "Likes" Of Product Were...			
Fast/quick	26	30	23
Easy/convenient	20	23	18
Quick refund/get your money faster	14	13	14
They do the work – don't have to do myself	10	7	11
More accurate	7	8	7
% Who Think Product Can Be Improved	35	39	32
Top Suggestions For Improvement: (New Base: Product Can Be Improved)	(176)	(84)	(92)
Make it less expensive/cheaper	15	20	11
Simplify it/make it easier	5	2	8
Quick refund/get your money faster	5	6	3
% Very Satisfied With Product: (Base Varies By Attribute w/Total Answering For Each)			
Being A Way To File Return Quickly	88	90	86
Being An Accurate Way To File	86	88	84
With Time It Took To Get A Refund	83	86	81
Being Easy To Use/Little Hassle	83	88	80
Compared To Other Filing Methods	80	82	78
Being Private And Secure	78	79	77
Being Able To Pay Electronically	77	82	74
Being An Inexpensive Way To File	46	53	40

Online Filing – User Satisfaction & Product Diagnostics

- When we look at User ratings of the group of Online Filing products, we also find high ratings consistent with past tracking.

Satisfaction With **Total Online Filing** – Historical Trend



- Online Filing’s strengths are also **speed**, **accuracy**, and **convenience**, but these products have about **half of their Users saying they can be improved** – mainly by making them **easier** and **less costly**, with cost a clearly apparent weakness in the product attribute ratings (especially among Self-Complex filers).

Total Online Filing Product Diagnostics

BASE: Total Users Of This Product

Total '05 Users	Self Simple	Self Complex
500	190	310
%	%	%

% “Very Satisfied” With This Product 80 81 79

Top Voluntary “Likes” Of Product Were...

Easy/convenient	32	32	32
Fast/quick	20	21	20
Quick refund/get your money faster	9	11	8
More accurate	9	11	8

% Who Think Product Can Be Improved 52 48 55

Top Suggestions For Improvement:

(New Base: Product Can Be Improved) (262) (91) (171)

Make it easier	10	12	8
Make it less expensive/cheaper	9	11	8
Have more help/advice/suggestions	7	7	7
Make it free	6	2	9

% Very Satisfied With Product:

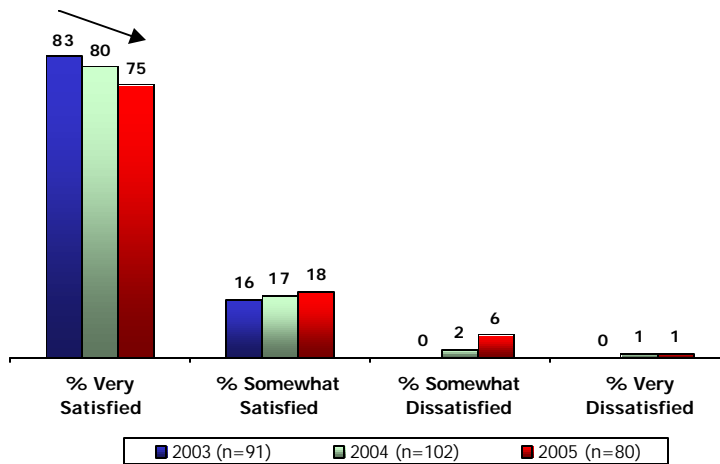
(Base Varies By Attribute w/Total Answering For Each)

Being A Way To File Return Quickly With Time It Took To Get A Refund Compared To Other Filing Methods	89	89	89
Being An Accurate Way To File	83	82	83
Being Able To Pay Electronically	82	85	81
Being Private And Secure	82	82	82
Being Easy To Use/Little Hassle	78	82	74
Being An Inexpensive Way To File	76	82	72
	76	82	72
	58	65	53

Online Filing With An Online Company – Satisfaction & Product Diagnostics

- Breaking out 3 OLF products, we find that one of them, Online Filing With An Online Company, is trending downward in satisfaction.

Satisfaction With OLF w/Online Company – Historical Trend



- While this product is considered **fast**, **convenient**, and **accurate**, it also has a remarkable number of **Users (63%)** who say **it can be improved** in terms of **cost**. (Note: bases here are too small for sub-group analysis.)

OLF w/Online Company Product Diagnostics

BASE: Total Users Of This Product

Total '05
Users
80
%

% "Very Satisfied" With This Product 75

Top Voluntary "Likes" Of Product Were...

Easy/convenient 28
Fast/quick 16
Quick refund/get your money faster 11
More accurate 10

% Who Think Product Can Be Improved 63

Top Suggestions For Improvement:

(New Base: Product Can Be Improved) (50)

Make it less expensive/cheaper/make it free 20

Make it more user friendly 6
Make it easier 6
Improve the clarity of instructions 6
Make the entire process quicker 6

% Very Satisfied With Product:

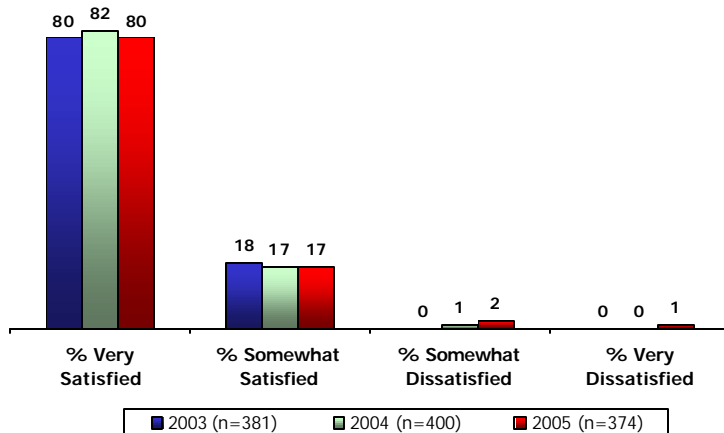
(Base Varies By Attribute w/Total Answering For Each)

Being A Way To File Return Quickly 84
With Time It Took To Get A Refund 79
Being An Accurate Way To File 79
Being Private And Secure 77
Compared To Other Filing Methods 75
Being Easy To Use/Little Hassle 73
Being Able To Pay Electronically 72
Being An Inexpensive Way To File 45

Online Filing With Software – User Satisfaction & Product Diagnostics

- Looking at Online Filing With Software, we find that satisfaction ratings have remained stable and high over the past 3 years.

Satisfaction With OLF With Software – Historical Trend



- This product is also strong in terms of **speed**, **convenience**, and **accuracy**, but **half of its Users suggest improvements** – with Self-Simple filers focusing more on improved ease of use while Self-Complex filers focus more on improved cost of use.

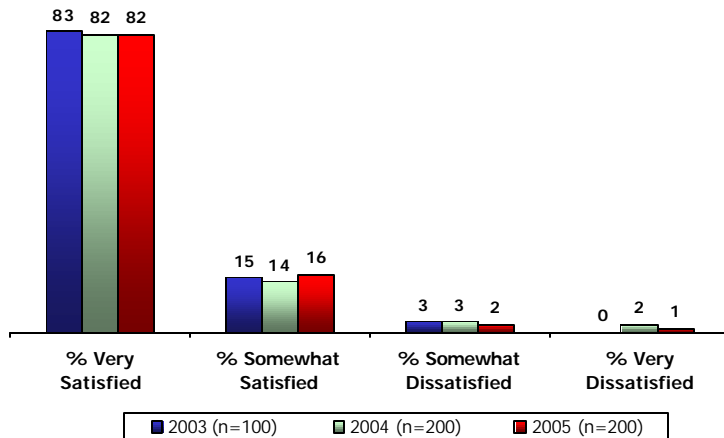
OLF With Software Product Diagnostics

	Total '05 Users 374 %	Self Simple 122 %	Self Complex 252 %
BASE: Total Users Of This Product	374	122	252
% "Very Satisfied" With This Product	80	84	79
Top Voluntary "Likes" Of Product Were...			
Easy/convenient	32	32	32
Fast/quick	19	18	20
More accurate	9	9	9
Provides a quick refund/get your money faster	8	9	7
Lets you keep records from past years	7	4	8
% Who Think Product Can Be Improved	50	45	53
Top Suggestions For Improvement: (New Base: Product Can Be Improved)	(188)	(55)	(133)
Make it easier	10	15 →	8
Make it less expensive/cheaper/make it free	16	13 ←	18
More help/advice/suggestions	8	7	8
% Very Satisfied With Product: (Base Varies By Attribute w/Total Answering For Each)			
Being A Way To File Return Quickly	90	91	90
Compared To Other Filing Methods	84	87	83
With Time It Took To Get A Refund	83	83	83
Being An Accurate Way To File	83	83	82
Being Able To Pay Electronically	78	85	75
Being Easy To Use/Little Hassle	76	84	73
Being Private And Secure	75	82	71
Being An Inexpensive Way To File	55	64 →	51

FreeFile OLF – User Satisfaction & Product Diagnostics

- Finally for the OLF products, Free File had about the same high satisfaction ratings as we've seen in the past.

Satisfaction With **Free File** – Historical Trend



- This product is generally rated higher than the other e-file products on attributes. But it has a weakness among Taxpayers with more complex returns -- difficulty in use. Its Self-Complex Users are far more likely (than Self-Simples) to suggest improvements in Free File and they rate the product significantly lower on “Being Easy To Use/Little Hassle”.

Free File Product Diagnostics

BASE: Total Users Of This Product

	Total '05 Users	Self Simple	Self Complex
	200	109	91
	%	%	%

% “Very Satisfied” With This Product 82 85 → 78

Top Voluntary “Likes” Of Product Were...

Easy/convenient	37	34	41
No cost/fee involved	29	28	31
Fast/quick	23	21	25
Quick refund/get your money faster	14	15	12
Easy instructions/help	6	5	7
Step-by-step instructions	6	6	5

% Who Think Product Can Be Improved 49 42 **57**

Top Suggestions For Improvement:

	(98)	(46)	(52)
Make it easier to use/understand/navigate	13	13	14
Improve the clarity of instructions	7	9	6
Make the process quicker	6	7	6

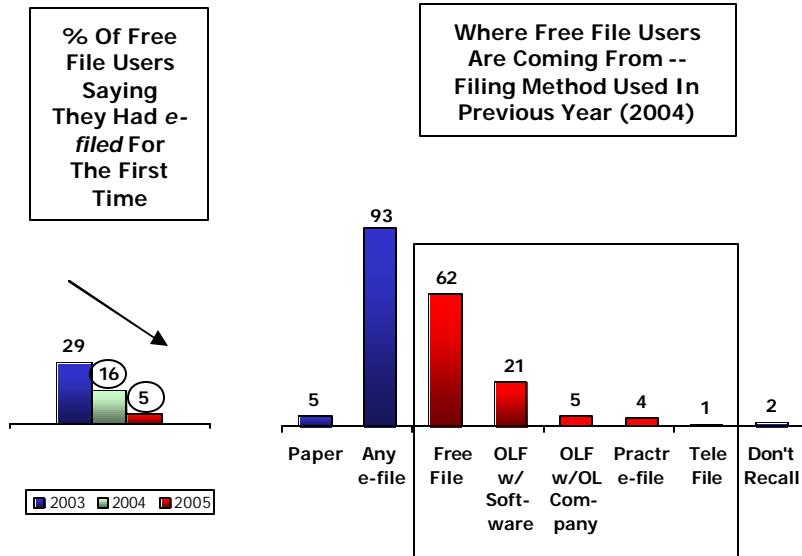
% Very Satisfied With Product:

(Base Varies By Attribute w/Total Answering For Each)

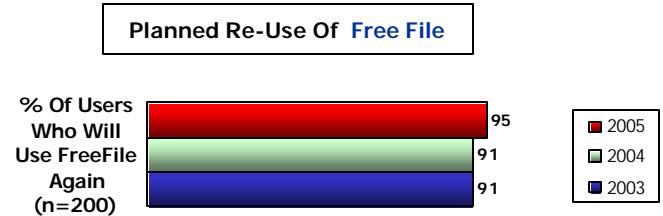
Being An Inexpensive Way To File	93	96	89
With Time It Took To Get A Refund	89	83	95
Being A Way To File Return Quickly	88	94	81
Being An Accurate Way To File	88	90	86
Being Private And Secure	88	90	87
Compared To Other Filing Methods	85	91	78
Being Able To Pay Electronically	79	86	72
Being Easy To Use/Little Hassle	75	83	65

FreeFile OLF – Additional Diagnostics

- In other Free File diagnostics, the proportion of Users using *e-file* for the first time dropped again, which indicates that Free File is drawing more and more from users of other *e-file* products. We confirmed this by looking at filing method used in 2004, which showed that 93% of Free File Users had used *e-file* before – 62% of them being repeat Free File Users, with the rest coming mainly from Online Filing With Software.



- In line with the high satisfaction ratings, 95% of Users said they would use Free File again.



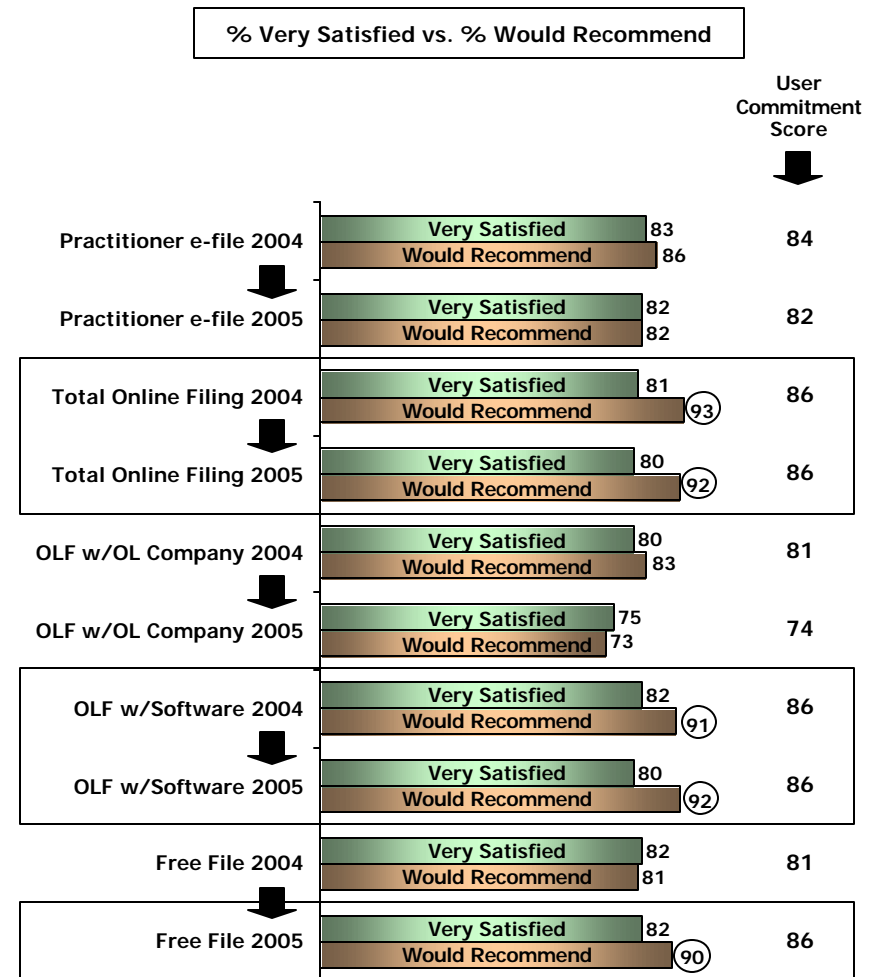
- Top sources for first learning about Free File were again Word-Of-Mouth and Internet/irs.gov.

Sources Of Awareness Of Free File

	Total '03 Users 100 %	Total '04 Users 200 %	Total '05 Users 200 %
BASE: Total Users Of This Product			
Total Word-Of-Mouth	41	41	40
From Family/Spouse	18	13	18
From Friends	14	20	13
From Co-Workers/Colleagues	6	3	7
Word of Mouth (Unspecified)	6	4	2
Total Internet/irs.gov Mentions	34	30	33
Other Mentions:			
Something That Came In The Mail	7	6	1
From A Flyer/Pamphlet/Booklet	7	6	6
From Tax Forms/Publications	4	5	1
Newspaper	3	2	7

Finally Among Users: How Deep Is User Commitment To Each Product?

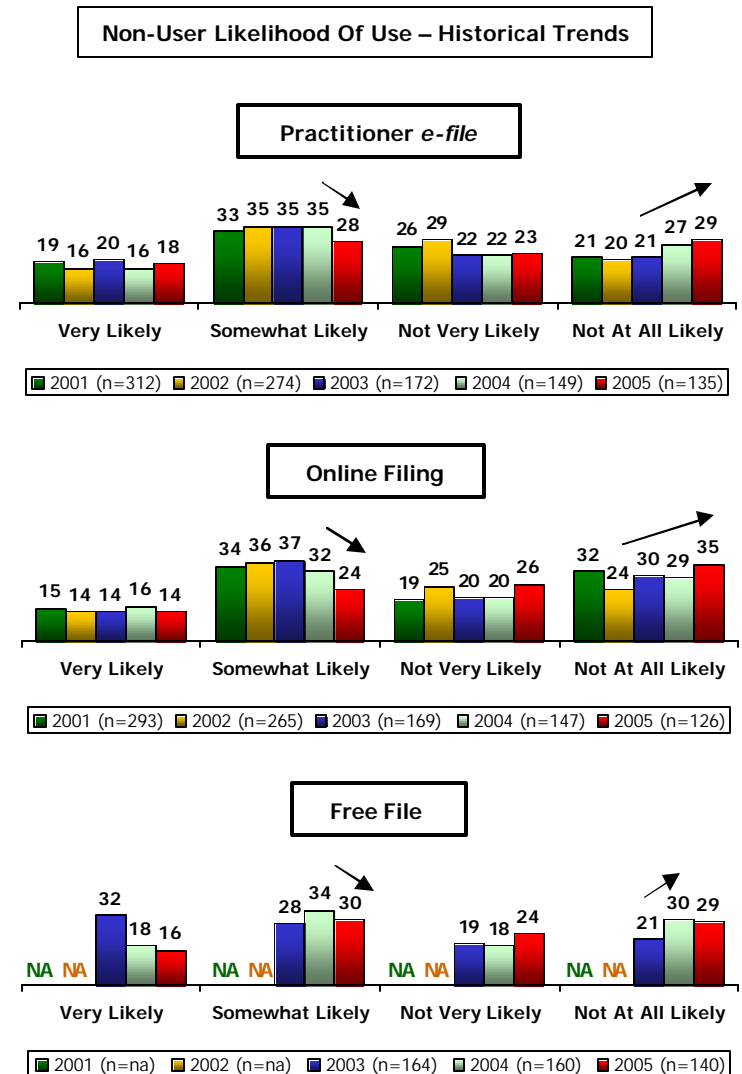
- With the addition of the “would recommend” measure last year, we can gauge the level of commitment to each product among its Users by comparing the proportion who are “very satisfied” with the proportion who say they would “recommend the product to a friend”.
- We can also average the two results and develop a “User Commitment Score”, which shows that...
 - The products which are strongest in this scoring are Online Filing With Software (with an 86% User Commitment Score, same as last year) and Free File (also 86%, but up in 2005).
 - The product with the lowest score is Online Filing With An Online Company (74% this year, down from 81% last year). Recall that this method had a particularly high number of Users complaining about its cost.
 - Practitioner e-file was off slightly in this measure compared to last year (dropping from a User Commitment Score of 84% to 82%).



**Interest In *e-file* Products &
Other Non-Usage Measures
Among Non-Users Of *e-file***

Non-User Interest In Use Of *e-file* Products

- On a split sample basis, we exposed Non-Users in the Random Sample to a concept for one of the *e-file* products (Practitioner *e-file*, Online Filing, and Free File) and asked them their interest in trying the product, their perceptions of what using it would be like, and reasons for non-use.
 - Note that Online Filing With Software and Online Filing With An Online Company were both described as part of a single “Online Filing” concept presented to Non-Users.
- Looking at Non-User interest in use of each product, we find only minor differences vs. 2004 in the proportion saying they are “very likely” to try each product. However, there were directional decreases in the number who were “somewhat likely” to try and corresponding increases in the number who were “not very” or “not at all” likely to try.
- This may indicate a hardening of resistance to *e-file* among remaining Non-Users.



Non-User Perceptions Of e-file Products

- We analyzed Non-User perceptions of each product by those Likely To Use each product (*Potential Acceptors*) vs. those Not Likely To Use (*Resisters*). This tells us strengths to capitalize on, and weaknesses to address, among both groups.
 - Four attributes stand out as positives among Potential Acceptors of all three products – and in this general hierarchy of importance...
 - ♦ Way To Get Refund Faster
 - ♦ Way To File Return Quickly
 - ♦ Able To Pay Electronically
 - ♦ An Accurate Way To File
 - Those four attributes are also generally the four best rated attributes among Resisters.
 - Three attributes stand out as negatives among Resisters of all three products – in this order of importance...
 - ♦ Better Than Other Filing Methods
 - ♦ Private And Secure Way To File
 - ♦ Easy To Use/Little Hassle
 - ♦ In addition, “Cost” is a barrier for Practitioner e-file and Online Filing (but is a strength, of course, for Free File).

Non-User Perceptions Of e-file Products

	Total Non-Users	Very/SW Likely To Use Potential Acceptors	Not Very/Not At All Likely To Use Resisters
	%	%	%
Practitioner e-file BASE: Varies By Attribute			
% Agree Completely That Product:			
Would Be A Way To Get Refund Faster	59	68	52
Would Be A Way To File Return Quickly	57	67	48
Would Be Able To Pay Electronically	56	60	55
Would Be An Accurate Way To File	44	58	31
Would Be Easy To Use/Little Hassle	43	54	31
Would Be A Private And Secure Way To File	40	50	30
Would Be An Inexpensive Way To File	28	43	15
Would Be Better Than Other Filing Methods	21	35	10
Online Filing BASE: Varies By Attribute			
% Agree Completely That Product:			
Would Be A Way To File Return Quickly	58	78	44
Would Be A Way To Get Refund Faster	55	78	42
Would Be Able To Pay Electronically	52	64	49
Would Be An Accurate Way To File	44	68	27
Would Be An Inexpensive Way To File	32	50	21
Would Be Easy To Use/Little Hassle	23	37	13
Would Be A Private And Secure Way To File	21	33	13
Would Be Better Than Other Filing Methods	16	28	9
Free File BASE: Varies By Attribute			
% Agree Completely That Product:			
Would Be A Way To File Return Quickly	66	81	52
Would Be An Inexpensive Way To File	66	77	55
Would Be Able To Pay Electronically	62	74	49
Would Be A Way To Get Refund Faster	60	77	42
Would Be An Accurate Way To File	47	67	27
Would Be A Private And Secure Way To File	39	66	13
Would Be Easy To Use/Little Hassle	38	52	25
Would Be Better Than Other Filing Methods	24	44	5

Non-User Voluntary Reasons For Non-Use Of *e-file* Products

- We asked any Non-User who was previously aware of a product that they evaluated to tell us, in their own words, why they were not using it.
- While the bases of those previously aware were limited (especially when we break responses by Potential Acceptors vs. Resisters), we can see from their voluntary responses that top reasons for non-use were as follows:
 - For Practitioner e-file, top reasons related to preferring self-preparation and not wanting to pay a Practitioner.
 - For Online Filing, main mentions were not having access to a computer, preferring paid preparation, and preferring paper filing.
 - And, for Free File, top reasons were not trusting it, preferring paid preparation, concern about its privacy/security, and – for Potential Acceptors – not knowing enough about it.

Voluntary Reasons For Non-Use Of *e-file* Products

		Total Non-Users	Very/SW Likely To Use Potential Acceptors	Not Very/ Not At All Likely To Use Resisters
Practitioner e-file	BASE: Aware Before Interview	120 %	58 %	60 %
Prefer to do it myself		22	14	28
Cost too much – do not want to pay someone		16	12	20
Prefer the traditional/paper method		9	3	13
Prefer a tax preparer/accountant		5	7	3
Online Filing	BASE: Aware Before Interview	108 %	42 %	65 %
No access to PC		17	12	20
Prefer a tax preparer/accountant		11	5	15
Prefer the traditional/paper method		10	12	8
Security issues/not comfortable with it		7	2	9
Habit/always done it the same way - comfortable		5	5	5
Free File	BASE: Aware Before Interview	62 %	26 %	36 %
Don't trust Free File/online filing		19	12	25
Prefer a tax preparer/accountant		17	8	25
Internet privacy/security concerns		13	4	19
Don't know enough about it – lack of knowledge		7	15	0
Insufficient/confusing instructions		6	8	6
Habit/always done it the same way - comfortable		6	4	8

For Free File Non-Users: Whether Attempted To Use Product Or Not

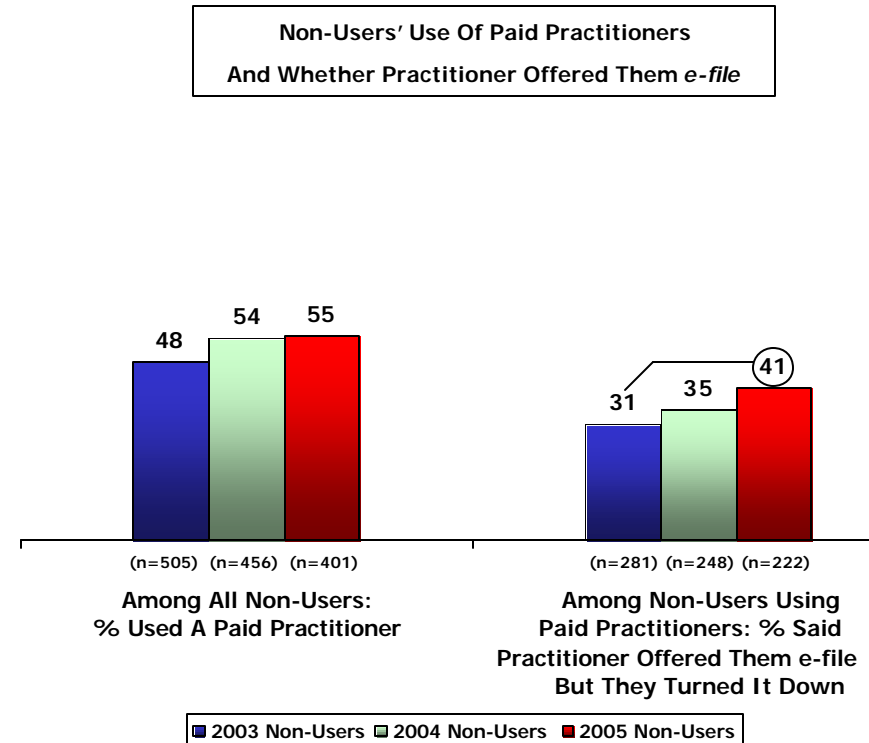
- In addition to the foregoing Non-User measures, we asked Non-Users of Free File about any failed attempts to use the product for tax filing in 2005.
- We found that only **8% had attempted to use Free File but abandoned it** – this was exactly the same level we found on this question when we asked it in 2004.
- 8% in this case means there were only 5 people each year who attempted but did not complete a Free File filing. Looking at their reasons for non-completion, we see that it included the process being too time-consuming, too difficult, not being free after all, not being able to get onto the website, and concern about privacy/security.

Other Free File Measures

	2005 Total Non- Users	2004 Total Non- Users
BASE: Total Exposed To Product Who Were Aware Of Product Prior To The Interview	62 %	64 %
<u>% Who Attempted To Use Free File In 2005</u>	<u>8</u>	<u>8</u>
<u>Reasons For Non-Completion Of Return Using Free File</u>		
NEW BASE: Attempted To Use Free File	5 #	5 #
Too time consuming	1	2
Too difficult	1	0
It was not free – tried to make me pay	1	2
Couldn't get onto the website	1	0
Concern about the security/privacy	1	0
I didn't qualify	0	2
Don't Know	1	0

Are Practitioners Offering e-file To Non-Users?

- Non-Users who had gone to a Preparer and filed by paper were asked whether their Preparer had offered them the opportunity to e-file.
- 55% of Non-Users said they use a Paid Preparer (about the same as in 2004) and...
- Among these, 41% said they were offered e-file, but turned it down – which was a slight increase over the 35% of 2004 and a significant increase over the 31% of 2003.
- Summarizing the trend here, the chart to the right shows that as the proportion of Non-Users using a Practitioner holds steady, the number of Practitioners offering e-file to Non-Users is increasing – which may indicate that IRS marketing efforts to Practitioners are having an impact.



IRS Communication & Other Issues

Among All Taxpayers –
Both Users & Non-Users

Feedback On IRS e-file Product Instruction (Among All e-file Triers)

- Anyone having tried *e-file* was asked about the general level of “instruction” IRS provides for electronic filing.
- In terms of the level of detail in instructions, about 40-50% of triers did not know enough to give a rating. Those who did tended to split between rating IRS instructions as “about right” or “too detailed”, with the few Quitters here being the most likely to say instructions are too detailed. Only a minority in each case felt there was not enough detail.
- What can IRS do to improve instructions? In line with the lack of knowledge above, about half of the triers had no suggestions. Those who did focused heavily IRS making instructions “simpler” and “clearer”.
- And how should IRS deliver these instructions? Mainly in the form of materials and brochures delivered by mail and by making instructions available on websites.

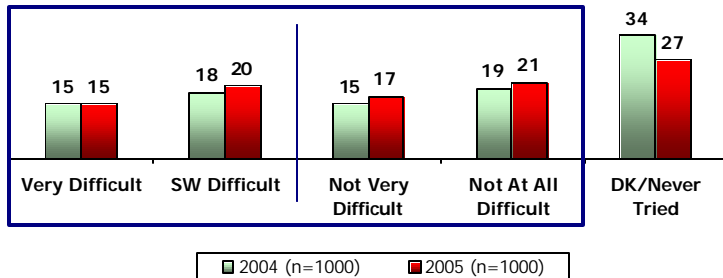
Feedback On IRS Instructions For e-file

	Current e-file Users	Lapsed Users	e-file Quitters
BASE: Total Ever Tried e-file	599	106	23
	%	%	%
Rating Level Of Detail In Instructions:			
Too Detailed (Net)	22	23	30
Much too detailed-didn't even use it	9	13	22
Generally too detailed but able to navigate thru it	13	9	9
Was About Right & Found It Helpful	26	24	9
Not Detailed Enough (Net)	10	6	9
Not detailed enough, but was able to finish return	5	5	0
Was entirely too vague/was no help at all	4	1	9
Don't Know	43	48	52
What IRS Can Do To Improve Instructions?			
(BASE: Total Ever Tried e-file Who Rated Instructions)	343	55	11
	%	%	%
Total With Suggestions For Improving Instructions	50	58	55
Simplify/make things clearer	33	45	27
Use simple/less technical/plain English wording	8	7	0
Simplify things	8	11	9
Make things clearer	6	7	0
How IRS Should Deliver Instructions?			
Send printed materials/brochures via mail	44	42	35
Make instructions available online	29	30	9
Send email	12	9	4
Send with IRS forms/instructions	11	15	13
Advertise them	4	6	4

Communicating With The IRS (Among All Taxpayers)

- We asked ALL Taxpayers in the survey to rate the difficulty of communicating with the IRS and found that about one-fourth never try to communicate.
- Among the rest (boxed below), about half described communicating with the IRS as “difficult” to some extent while half did not consider it difficult – with little change in this measure since 2004.

Rating Communication With The IRS



- e-file* Users and Non-Users had similar ratings of communicating with the IRS, and similar reasons for their ratings. In both cases, the main complaints were about long waits and automated lines and the main compliments were for helpful customer service reps.

Diagnostics Of Communicating With The IRS

	Total '05 Taxpayers	e-file Users	Non-Users
BASE: Total Respondents	1000	599	401
	%	%	%
% Rating Communicating w/IRS As...			
Very/SW Difficult	35	35	36
Not Very/Not At All Difficult	38	36	39
DK/Never Tried	27	29	25
Complaints BASE: Total Consider It Difficult			
	351	207	144
	%	%	%
Long waits/put on hold too long	35	37	32
The process just takes too long	12	14	11
Lines automated/can't get a real person	18	21	14
Too many different people get involved	11	11	12
Hard to get knowledgeable responses	11	11	11
Compliments BASE: DO NOT Consider It Difficult			
	369	214	155
	%	%	%
Customer svc reps helpful/did their job	36	35	38
It was an easy/quick process	15	12	19
Their website is helpful	7	7	7
They provide a hotline/hotline's helpful	7	7	6
No problems/no complaints about them	10	9	10

What Determines Usage vs. Non-Usage Of e-file?

- Finally, in reviewing *e-file* research since 1997, we have all noted the differences between *e-file* Users and Non-Users. This year, to update our understanding of what drives usage and non-usage, we segmented Taxpayers into Current Users, Lapsed Users, and Non-Triers and looked at how they differ on all demographic, behavioral and attitudinal measures.
- In Demographic & Behavioral measures, we found the same traits as noted in the Communications Tracking report – that...
 - e-file Users are somewhat younger and lower income, more have children, are heavily Refund, and more likely to receive EITC/CTC.
 - Lapsed Users and Non-Triers share traits, but in the inverse to Users – they are older, more male, higher income, more Bal-Due, lower in EITC/CTC...
 - And, in that same critical difference as found in Communications Tracking, they are far less likely to be offered e-file by their Paid Tax Preparer (and not just because they are more Bal-Due – they are only 13-16 points lower than Users in using a Paid Preparer and getting a Refund, yet are 29-47 points lower in terms of being offered *e-file* by a Preparer).

Demographics & Behavioral Differences

	Current Users	Lapsed Users	Non- Triers
BASE: Total Respondents	599	106	272
	%	%	%
DEMOGRAPHIC DIFFERENCES			
<u>Average Age Of Taxpayers</u>	42	44	47
<u>Gender</u>			
% Male	47	63	52
% Female	53	37	48
<u>% With Children In HH</u>	46	36	35
<u>Average HH Income</u>	\$63K	\$66K	\$67K

DIFFERENCES IN TAX FILING CHARACTERISTICS/BEHAVIOR

<u>Bal-Due vs. Refund</u>			
% Bal-Dues	17	35	32
% Refunds	79	60	56
% Zero Balance/Refused	5	5	12
<u>Receipt Of Tax Credits</u>			
% Received EITC	30	22	22
% Received Child Tax Credit	36	25	26
% Received Education Tax Credit	12	9	13

% Use A Paid Preparer	59	56	56
% Use A Paid Preparer & Get Refund	45	32	29
% Use A Paid Preparer % Were Offered Option Of e-filing	83	54	36

What Determines Usage vs. Non-Usage Of e-file?

- So we see that Demographics and Behavior (particularly that of the Practitioner) affect usage. So do Attitudes. We have 6 statements in the study (see chart) which Taxpayers rated in terms of importance and on which they also rated e-file.
- A Gap Analysis of the difference in how e-file is perceived vs. what's "really important" to Taxpayers shows that Lapsed Users and Non-Triers still do not know/accept that e-file is...
 - Accurate, Private/Secure, and Easy To Use – and note that these are the attributes they need most in tax filing. Their gaps on other attributes, Cost and Speed, are not that different from Current Users.
 - This tells us that Lapsed Users and Non-Triers have "gotten the message" about the Speed benefits (and they are not even that interested in Speed, with more of them being Bal-Dues). But they have NOT gotten the message of e-file's benefits in three areas they actually care a lot about – Accuracy, Privacy/Security, and Ease Of Use.
 - Their lack of belief in e-file on their most important issues is reflected in the extremely low proportions of these groups who agree that "e-file is a better way to file your Federal income taxes".

Attitudinal Differences – Using Gap Analysis Of Attribute Importance & e-file Ratings

	Current Users	Lapsed Users	Non-Triers
BASE: Total Respondents	599 %	106 %	272 %
<u>Being Assured That Your Return Is Accurate</u>			
% Rated This "Really Important"	95	92	91
% Said This Describes e-file Completely	69	53	39
--- DIFFERENCE, e-file vs. Importance	(26)	(39)	(52)
<u>Being Assured That Return Is Private/Secure</u>			
% Rated This "Really Important"	92	92	87
% Said This Describes e-file Completely	55	34	26
--- DIFFERENCE, e-file vs. Importance	(37)	(58)	(61)
<u>Easy To Use/Little Hassle</u>			
% Rated This "Really Important"	78	75	73
% Said This Describes e-file Completely	65	30	32
--- DIFFERENCE, e-file vs. Importance	(13)	(45)	(41)
<u>Being Inexpensive</u>			
% Rated This "Really Important"	71	70	60
% Said This Describes e-file Completely	53	46	40
--- DIFFERENCE, e-file vs. Importance	(18)	(24)	(20)
<u>A Faster Way To Get Your Return To The IRS</u>			
% Rated This "Really Important"	71	58	46
% Said This Describes e-file Completely	82	67	61
--- DIFFERENCE, e-file vs. Importance	+11	+9	+15
<u>A Faster Way To Get Your Refund/Money</u>			
% Rated This "Really Important"	61	44	42
% Said This Describes e-file Completely	78	62	54
---DIFFERENCE, e-file vs. Importance	+17	+18	+12
<u>% Agree Completely That e-file Is A Better Way To Fill Your Federal Income Taxes</u>			
	63	26	22

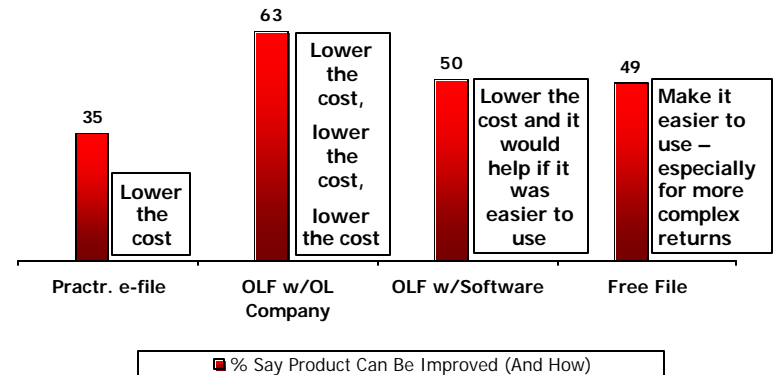
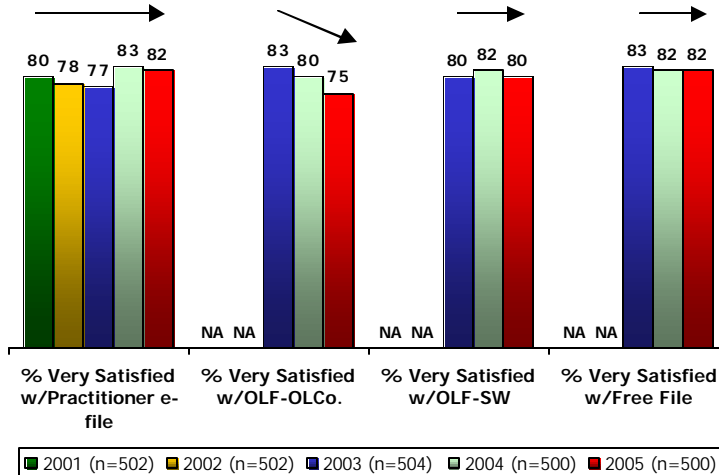
Key Findings

Key Findings From The 2005 Taxpayer Satisfaction Study

3 e-file products are maintaining high levels of satisfaction – but OLF w/An Online Company is trending downward and, in another measure, was also declining in terms of user commitment.



All 4 products continue to have a high number of Users suggesting improvements – especially OLF w/An Online Company, where cost is the issue.



In line with this, Gap Analysis of attitudes toward e-file in general (outside of specific product context) showed that lack of belief in e-file is clearly playing a role in its non-adoption among Non-Triers and even Lapsed Users. These segments have not gotten the message of e-file being Private/Secure, Easy, or Accurate – and these are the attributes of a filing method that they value most.

One other barrier to adoption is that Lapsed Users and Non-Users are still not being offered e-file by their Practitioners at anywhere near the level of Users – even though data show that Practitioners are trending more toward offering it to Non-Users than they have in the past.



Non-User interest in 3 e-file products – Practitioner e-file, the OLF products as a group, and Free File separately – showed little year-to-year change, but long-term trend data indicates a possible hardening of Non-User resistance to products.

Non-Users who were most resistant to adoption of each product (“not very/not at all likely to use”) had generally negative impressions of the products in terms of their being better than other filing methods, being private and secure, and being easy to use.

Appendix

Other Survey Data

With Questionnaire Appended Electronically

Taxpayer Filing Characteristics, Demographics & Other Responses

Filing Characteristics

	Total Tax-payers	Total Random Users	Total Lapsed Users	Total Non-Triers
BASE: Total Respondents	1000	599	106	272
	%	%	%	%
Federal Tax Preparation				
% Self-Prepared	38	41	44	44
% Used Paid Practitioner	62	59	56	56
% Say Prepr Offered Option Of e-filing	66	(83)	54	36
Bal-Due vs. Refund				
% Bal-Dues	24	17	(35)	(32)
% Refunds	69	79	60	56
% Zero Balance/Refused	7	5	5	12
Among Bal-Dues, Payment Method				
% Automatic Bank Withdrawal	7	20	0	2
% Used Credit Card	4	8	3	2
% Wrote A Check	80	65	86	85
All Other Responses	6	5	5	7
Receipt Of Tax Credits				
% Received EITC	27	30	→ 22	→ 22
% Received Child Tax Credit	32	36	→ 25	→ 26
% Received Education Tax Credit	12	12	9	13
Return Type				
% Self-Simple	18	19	20	18
% Self-Complex	21	23	25	27
% Paid-Simple	23	24	21	17
% Paid-Complex	38	35	35	39
What They Do With Refunds NEW BASE:				
	704	474	64	153
Pay off bills	29	32	30	19
Save the refund/put in savings	19	19	16	19
Put refund in the bank/deposit refund	11	9	11	16
House renovations/home improvements	6	8	5	5
Vacation	6	7	2	9

Demographics & Other Characteristics

	Total Tax-payers	Total Random Users	Total Lapsed Users	Total Non-Triers
BASE: Total Respondents	1000	599	106	272
	%	%	%	%
Average Age Of Taxpayers				
	44	42	(44)	(47)
Gender				
% Male	50	47	(63)	52
% Female	50	53	37	48
Average HH Size				
	3	3	3	3
% With Children In HH				
	40	(46)	36	35
% Married				
	63	61	66	65
% Living w/Someone, Unmarried				
	22	24	18	21
% With At Least Some College				
	67	68	70	66
Average HH Income				
	\$64K	\$63K	(\$66K)	(\$67K)
% Mainly Spanish-Speaking				
	8	9	8	7
% With PC & Modem In HH				
	75	78	74	76
Among Those With PC & Modem				
% With Home Access To Internet	94	96	95	92