



11/11/2020

RESEARCH, APPLIED ANALYTICS & STATISTICS (RAAS)
STATISTICS OF INCOME (SOI), STATISTICAL SERVICES BRANCH

Comprehensive Taxpayer Attitude Survey (CTAS) 2020 Executive Report

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Background

Study Objectives

The objectives of the CTAS research study are to:

- Provide greater insights into tax compliance attitudes, customer service satisfaction, and preferences.
- Identify trends that may signal a change in attitudes or behaviors.
- Track both online and RDD phone responses to maintain historical trending, while evaluating differences in data and sampling across modes.
- Annually, adjust questionnaire to capture emerging trends and to streamline the survey for maximum efficiency.

Methodology

Pacific Consulting Group (PCG) fielded the 2020 Comprehensive Taxpayer Attitude Survey (CTAS) from August 24 – September 24, 2020, collecting a total of 2,017 surveys from the general public.*

- PCG employed a multi-mode data collection methodology, comprised of telephone and online random sampling, to ensure a representative sample of U.S. adults, aged 18 or over.
 - A total of 1,000 telephone survey responses were collected via random digit dialing (RDD) to households with landlines in the continental U.S. (500 interviews) and to cell phone numbers (500 interviews). The interviewing methodology used was Computer Assisted Telephone Interviewing (CATI).
 - A total of 1,017 online survey responses were collected. PCG subcontracted with Ipsos to provide the online sample from their probability based online panel, KnowledgePanel®. This panel uses an Address-Based Sampling (ABS) methodology, which randomly recruits members by mail.
- The response rate (total # completed interviews/total # contacts) was 2.4% for phone survey and 62.8% for online survey. The average interview length was 27.57 minutes for phone and 14.5 minutes for online survey.
- Survey data from each data collection mode were weighted separately to allow for analysis of each sample separately and comparatively. The phone and online samples were also combined by generating an additional ‘blended’ weight variable.

* Margin of error: +/- 2.1% at 95% confidence level.

Summary Findings and Recommendations

Taxpayers continue to believe in individual compliance

- Similar to previous years, the majority of taxpayers feel it is ‘not at all’ acceptable to cheat on taxes (87%), that it is every American’s civic duty to pay their fair share of taxes (94% agree), and that everyone who cheats on their taxes should be held accountable (91% agree). Older Americans tend to be even stronger believers than their younger counterparts.
- However, less than half of taxpayers (47%) agree it is their personal responsibility to report anyone who cheats on taxes.
- Taxpayers’ trust in the IRS to fairly enforce the tax laws and to help taxpayers understand their tax obligations were at parity with last year, while their trust in the IRS to protect their tax account records from cyber criminals significantly increased.
- Yet, overall there are some taxpayers that do not trust the IRS; in fact a third ‘completely’ or ‘mostly disagree’ that they trust the IRS to help them understand their obligations. Across all areas tested, trust is especially lower among younger taxpayers, those that are more educated, and taxpayers with higher income.
- Whether filing a tax return or actually speaking with an IRS representative, most taxpayers are satisfied (78%) with their personal interactions with the IRS and levels have remained steady since 2017.

The greatest factor influencing taxpayer compliance is *personal integrity*; however, compliance drivers differ among demographics

- Personal integrity is ‘a great deal’ or ‘somewhat’ of an influence to report and pay taxes honestly for 92% of taxpayers, followed by avoiding interest/penalties (77%), and their ability to pay (68%).
- Compared to older generations, millennials are significantly more influenced by the threat of paying interest/penalties, their ability to pay, fear of an audit, and how the government uses the taxes.
- Overall, less educated taxpayers are more influenced by their ability to pay and the option to pay in installments. However, high school-only educated taxpayers are significantly more influenced by the belief that their neighbors are reporting and paying honestly (40%) versus those with some college or a degree (33% and 32%, respectively).
- Those with the highest income are less influenced by outside measures; personal integrity is their top driver (95%) to report and pay honestly.

The IRS website and tax professionals continue to be the most valuable sources for tax advice/information

- The most valuable sources of getting tax advice and information are the IRS website (88%), paid tax professionals (88%), IRS representatives (85%), and an IRS personal online account (84%).
- IRS printed publications (78%), IRS applications on mobile devices (69%), reference materials from sources other than the IRS (68%), family and friends (59%) and IRS tax sources on social media (45%) are viewed as the least valuable. However, online and mobile sources show more variation by age, with younger taxpayers finding them more valuable than older. Additionally, friends or family are especially valuable to those 18-24 years.
- 34% of taxpayers contacted the IRS at some point over the past year. The IRS website and the toll-free number were the most used methods of initiating contact with the IRS in the last year, excluding the filing of tax returns (22% and 13%, respectively).
- Half of taxpayers used a paid tax professional. Usage of a paid tax professional increases with age and income.

Taxpayers believe additional IRS help will promote increased return accuracy and believe online and toll-free services are the most important channels for assistance

- Taxpayers agree that the more information and guidance the IRS provides, the more likely people are to correctly file their tax returns (90% agree).
- 36% of taxpayers tend to believe that the IRS devotes too much of its resources to enforcement activities and not enough to its customer service programs, while 46% indicate that the IRS maintains a proper balance. Only 10% of taxpayers feel that the IRS devotes *too much* of its resources to customer service.
- When it comes to services, taxpayers feel it's most important that the IRS provides opportunities to file taxes electronically (93%), information on their website (90%), and a toll-free number to answer questions (86%).
- The importance of the IRS offering in-person services significantly decreased in 2020 versus previous years. Significantly fewer taxpayers agreed that it is important for the IRS to provide office locations with an onsite IRS representative (76% agree vs. 85% in 2019) or community-based tax clinics at convenient locations (71% agree vs. 79% in 2019).
- Yet, the share of taxpayers who agree the IRS should focus on improving in-person and phone call assistance to taxpayers continues to increase (86% agree vs. 70% in 2019).

Recommendations: Actions to Improve Taxpayer Compliance

- ✓ To improve taxpayer compliance:
 - ✓ Look for opportunities to tailor messaging and channels as appropriate to the various demographics:
 - ✓ For millennials, provide easy to digest, relevant information on how the government uses taxes. Consider outlining how much money was paid in interest and penalties the previous year in order to emphasize one of their most influential factors to report/pay honestly and further bring the consequences to life.
 - ✓ For college-educated and high-income taxpayers, explore opportunities in messaging and campaigns to further connect the action of accurately reporting/paying taxes with personal integrity.
 - ✓ For taxpayers with less schooling, focus on building awareness and education regarding payment programs/options. Additionally, consider ways to emphasize and localize the percentage of taxpayers near them that report and pay honestly (i.e. Did you know that in the XXXXX zip code 98% of your neighbors reported and paid accurately?).

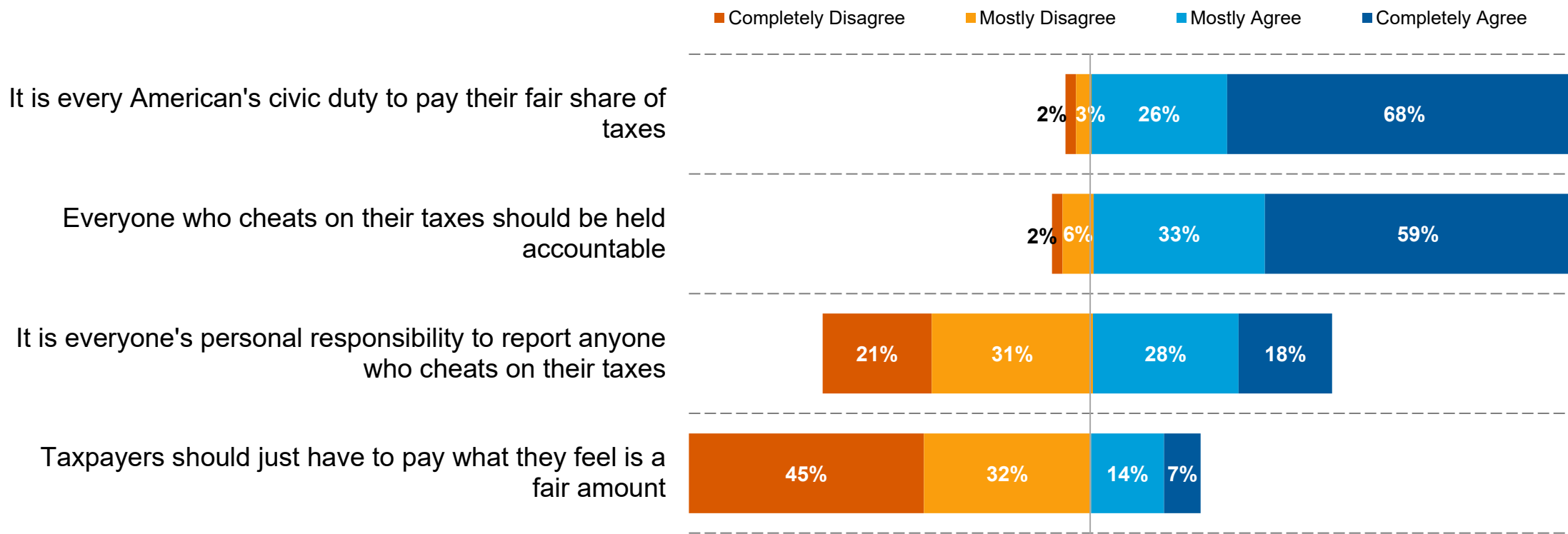
Recommendations: Actions to Improve Taxpayers' Trust and Experience with the IRS

- ✓ To maintain and grow taxpayers' trust and perception of the IRS:
 - ✓ Make taxpayers aware of how much the IRS helps and successfully interacts with taxpayers each year. Highlight data that conveys commitment and customer service-dedicated resources (number of taxpayer calls fielded in 2020, hours spent assisting with returns, etc.).
- ✓ To improve taxpayers' experience:
 - ✓ Funnel resources towards improving IRS online platforms (website/online accounts/email) and 'live remote' (toll-free number) experiences. Deprioritize improvements of in-person services.
 - ✓ Leverage the higher interest in online channels and proactively market those channels to promote adoption.

Taxpayer Relationship to Tax Obligations

Most view taxes as a civic duty and feel those who cheat should be held accountable; however, personal responsibility to report cheaters is polarized

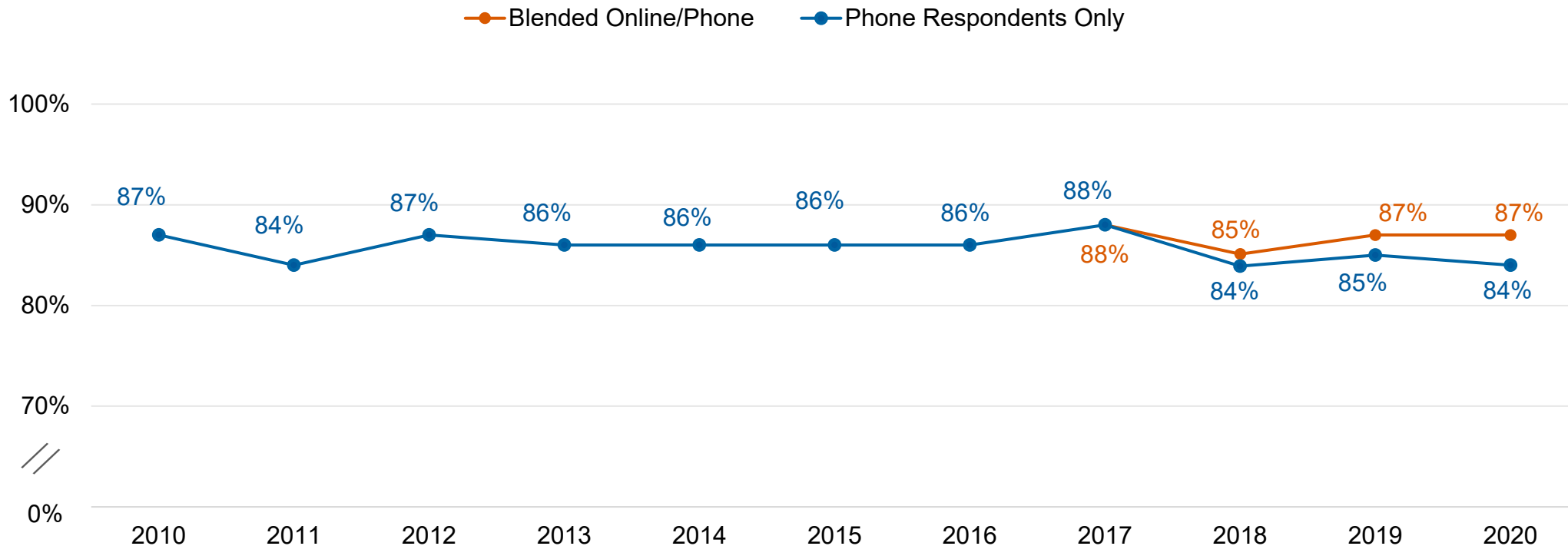
Attitudes about Cheating and Payment of Fair Share of Taxes



Q2: For each of the following statements, please indicate whether you completely agree, mostly agree, mostly disagree, or completely disagree. Margin of error is +/- 2.1% for blended online/phone respondents. Note: Each stacked bar may not add up to 100% due to "don't know," "not applicable," or "no response."

Taxpayers continue to have an ethical attitude about not cheating on their income taxes, with over 8 in 10 stating it is 'not at all acceptable'

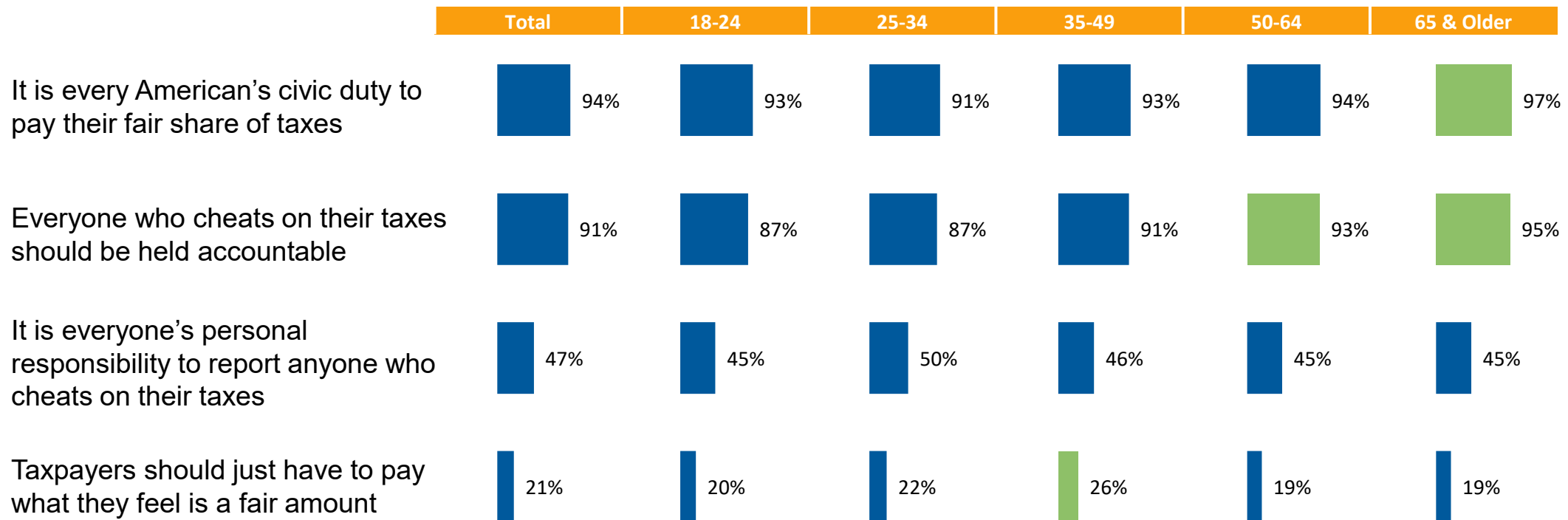
Trend in % Indicating it is 'Not at all acceptable to cheat on your income taxes'



Q1: How much, if any, do you think is an acceptable amount to cheat on your income taxes? Would you say...?
Margin of error is +/- 2.1% for blended online/phone respondents and +/- 3.1% for phone respondents only.

Older taxpayers are significantly more likely to agree that taxes are a civic duty and everyone that cheats should be held accountable

% Agreement: Attitudes about Cheating and Payment of Fair Share of Taxes by Age

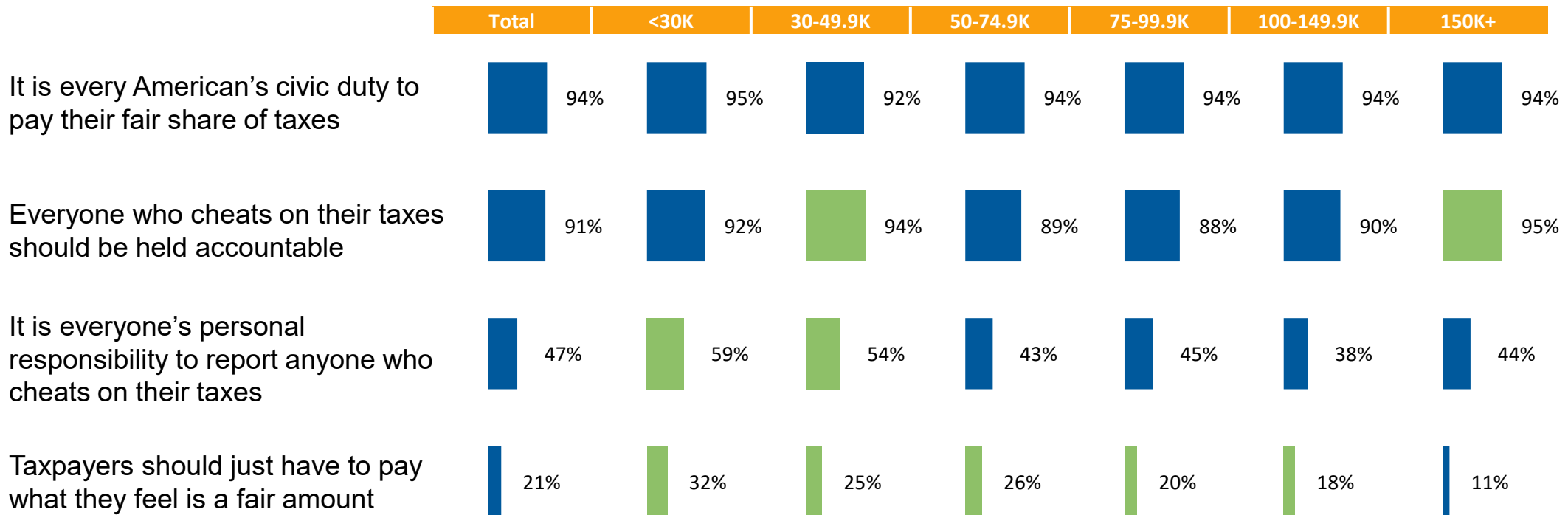


Q2: For each of the following statements, please indicate whether you completely agree, mostly agree, mostly disagree, or completely disagree.

Margin of error is +/- 2.1% for blended online/phone respondents. Percentage 'completely agree' plus 'mostly agree' is shown. Lighter green shading indicates a significantly higher score at a 95% confidence level versus other scores in the row.

Likewise, taxpayers in the highest income bracket are significantly more likely to agree everyone that cheats should be held accountable

% Agreement: Attitudes about Cheating and Payment of Fair Share of Taxes by Income



Q2: For each of the following statements, please indicate whether you completely agree, mostly agree, mostly disagree, or completely disagree. Margin of error is +/- 2.1% for blended online/phone respondents. Percentage 'completely agree' plus 'mostly agree' is shown. Lighter green shading indicates a significantly higher score at a 95% confidence level versus other scores in the row.

Taxpayers' trust of the IRS remains relatively high and mostly at parity with 2019; the biggest opportunity for improvement is helping taxpayers understand their obligations

Trust in the IRS

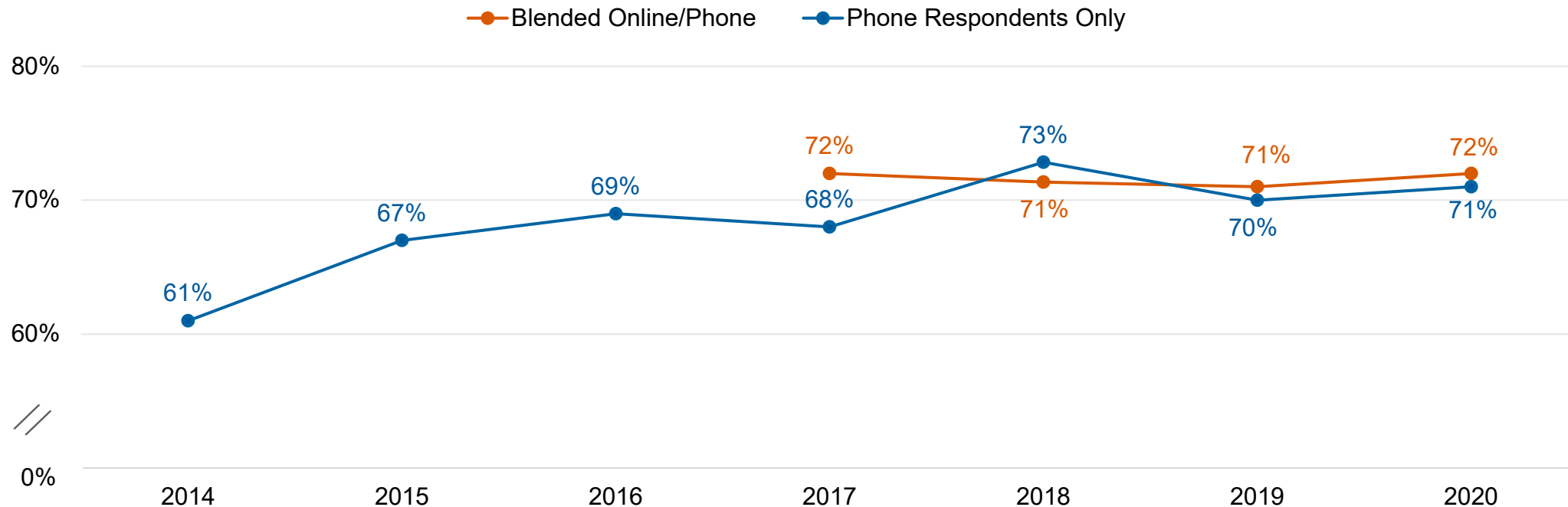
■ Completely Disagree
 ■ Mostly Disagree
 ■ Mostly Agree
 ■ Completely Agree



Q2: For each of the following statements, please indicate whether you completely agree, mostly agree, mostly disagree, or completely disagree. Margin of error is +/- 2.1% for blended online/phone respondents. Note: Each stacked bar may not add up to 100% due to "don't know," "not applicable," or "no response."

The percentage who agree that they trust the IRS to fairly enforce tax laws has continued to trend up

Trend in % Agreeing 'I trust the IRS to fairly enforce the tax laws as enacted by Congress and the President'

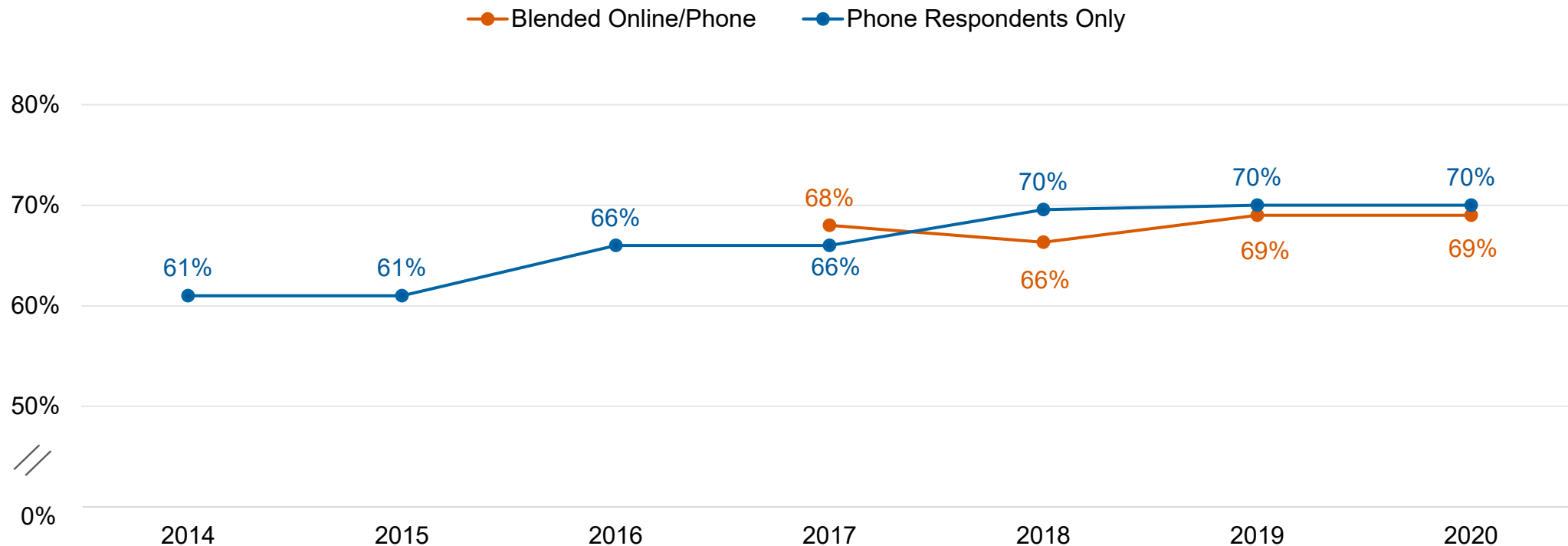


Q2: For each of the following statements, please indicate whether you completely agree, mostly agree, mostly disagree, or completely disagree. Percentage 'completely agree' plus 'mostly agree' is shown.

Margin of error is +/- 2.1% for blended online/phone respondents and +/- 3.1% for phone respondents only.

The percentage agreeing that they trust the IRS to help understand their tax obligations remained the same versus 2019

Trend in % Agreeing 'I trust the IRS to help me understand my tax obligations'

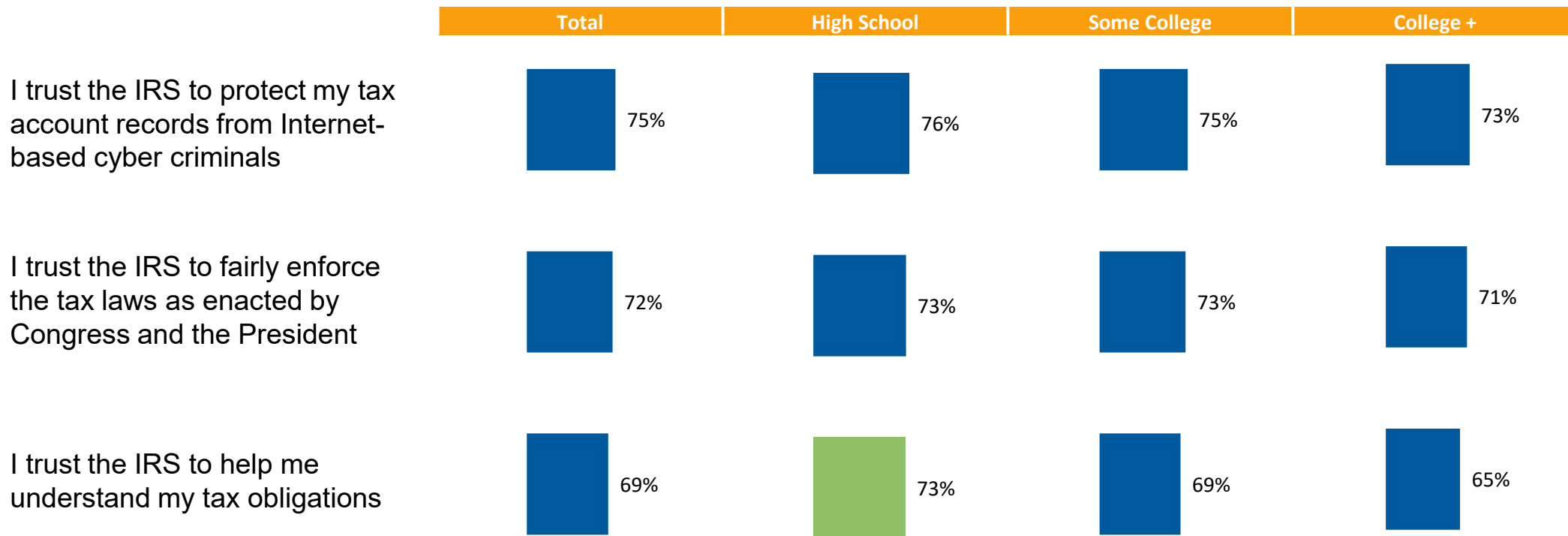


Q2: For each of the following statements, please indicate whether you completely agree, mostly agree, mostly disagree, or completely disagree. Percentage 'completely agree' plus 'mostly agree' is shown.

Margin of error is +/- 2.1% for blended online/phone respondents and +/- 3.1% for phone respondents only.

Trust is directionally lower among more educated taxpayers; those with a high school education are significantly more likely to trust the IRS to help them with their tax obligations than the college-educated

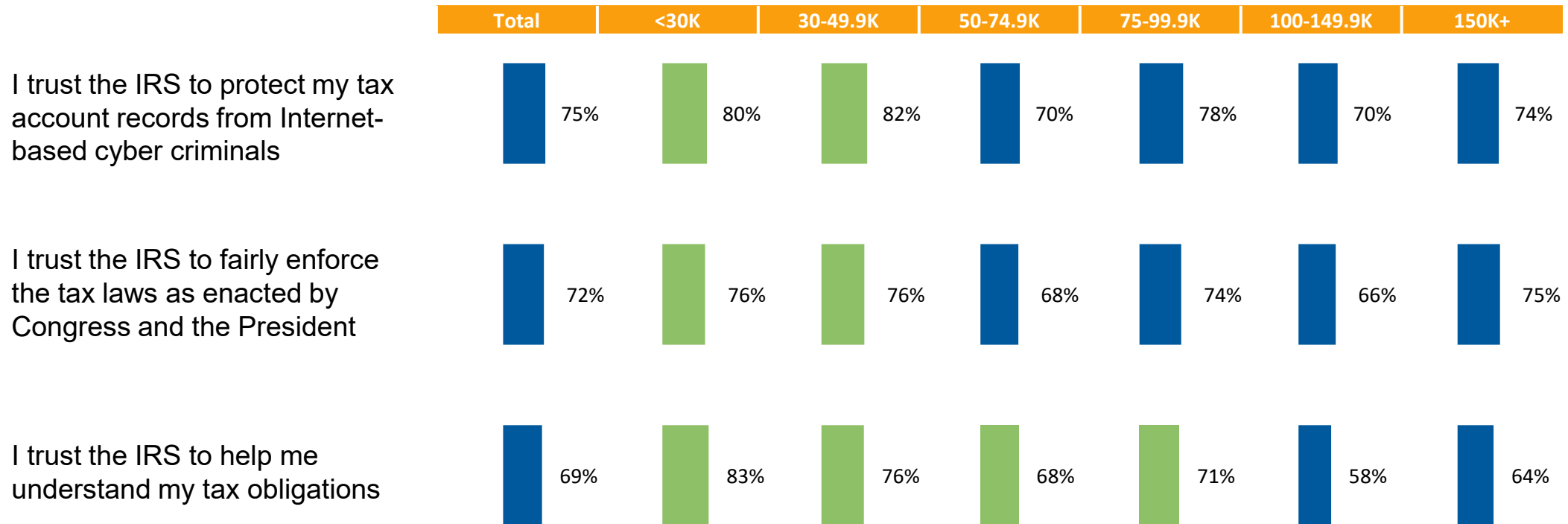
% Agreement: Trust in the IRS by Education



Q2: For each of the following statements, please indicate whether you completely agree, mostly agree, mostly disagree, or completely disagree. Margin of error is +/- 2.1% for blended online/phone respondents. Percentage 'completely agree' plus 'mostly agree' is shown. Lighter green shading indicates a significantly higher score at a 95% confidence level versus other scores in the row.

Taxpayers in the lower income brackets are significantly more trusting of the IRS to protect records, enforce the tax laws, and help them understand their obligations

% Agreement: Trust in the IRS by Income

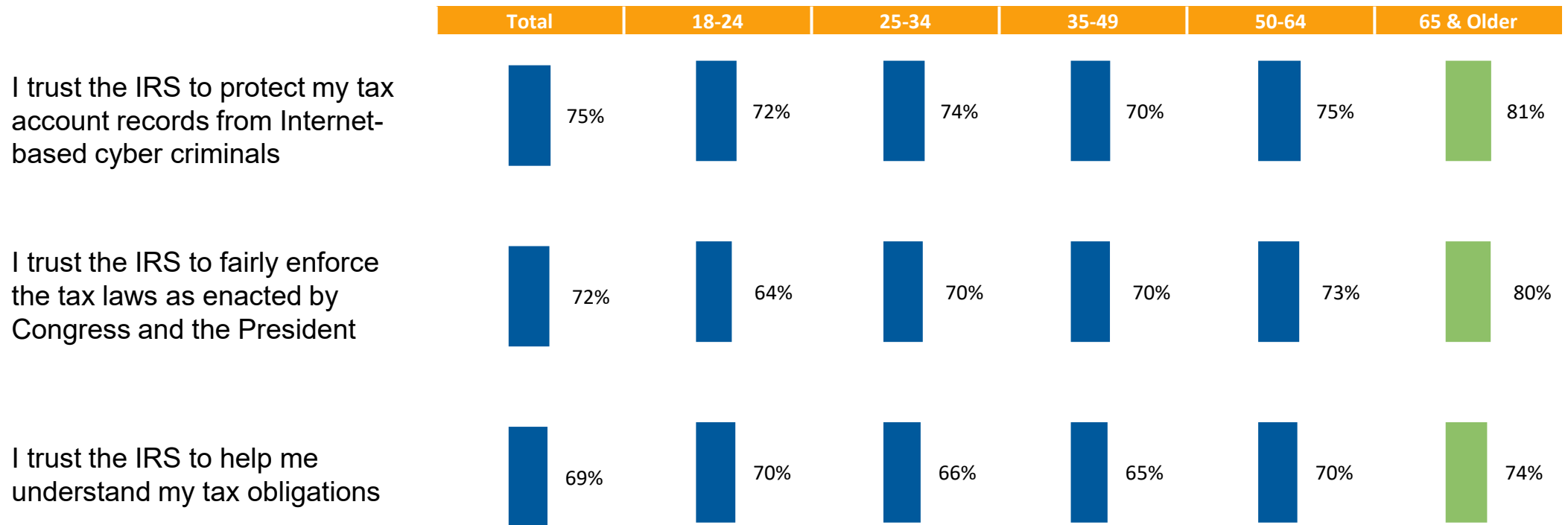


Q2: For each of the following statements, please indicate whether you completely agree, mostly agree, mostly disagree, or completely disagree.

Margin of error is +/- 2.1% for blended online/phone respondents. Percentage 'completely agree' plus 'mostly agree' is shown. Lighter green shading indicates a significantly higher score at a 95% confidence level versus other scores in the row.

Trust is higher among older taxpayers; those 65 and older are significantly more likely to trust the IRS across all areas compared to some of their younger counterparts

% Agreement: Trust in the IRS by Age

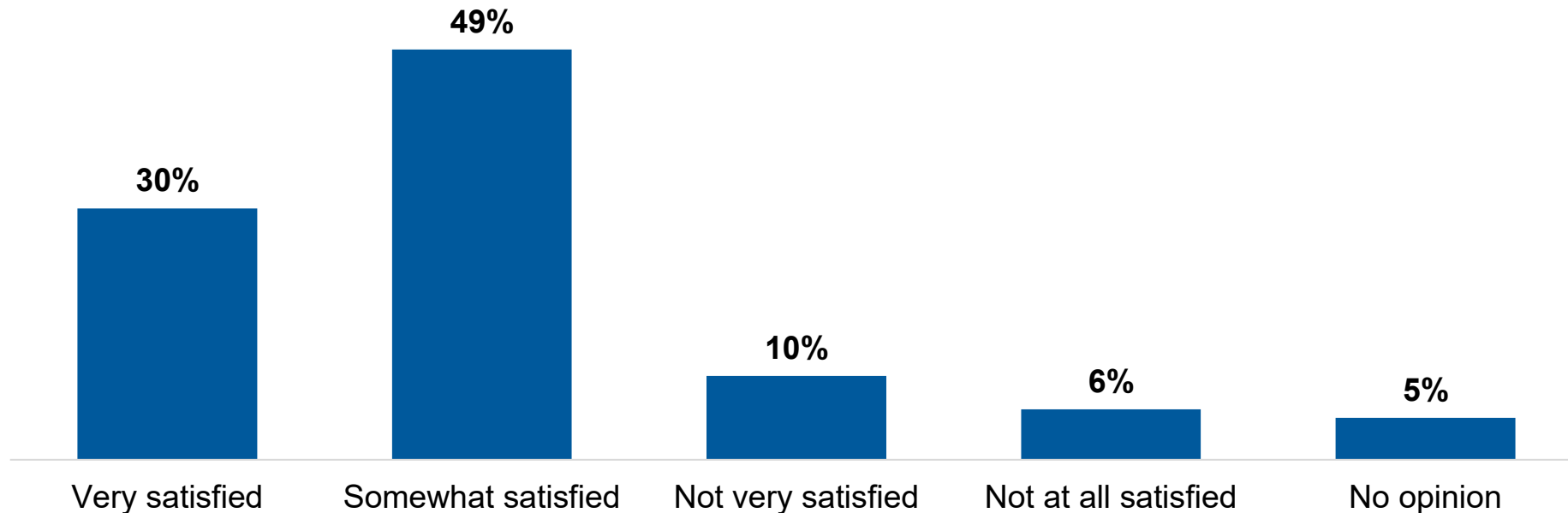


Q2: For each of the following statements, please indicate whether you completely agree, mostly agree, mostly disagree, or completely disagree.

Margin of error is +/- 2.1% for blended online/phone respondents. Percentage 'completely agree' plus 'mostly agree' is shown. Lighter green shading indicates a significantly higher score at a 95% confidence level versus other scores in the row.

Most taxpayers are satisfied with their personal interactions with the IRS

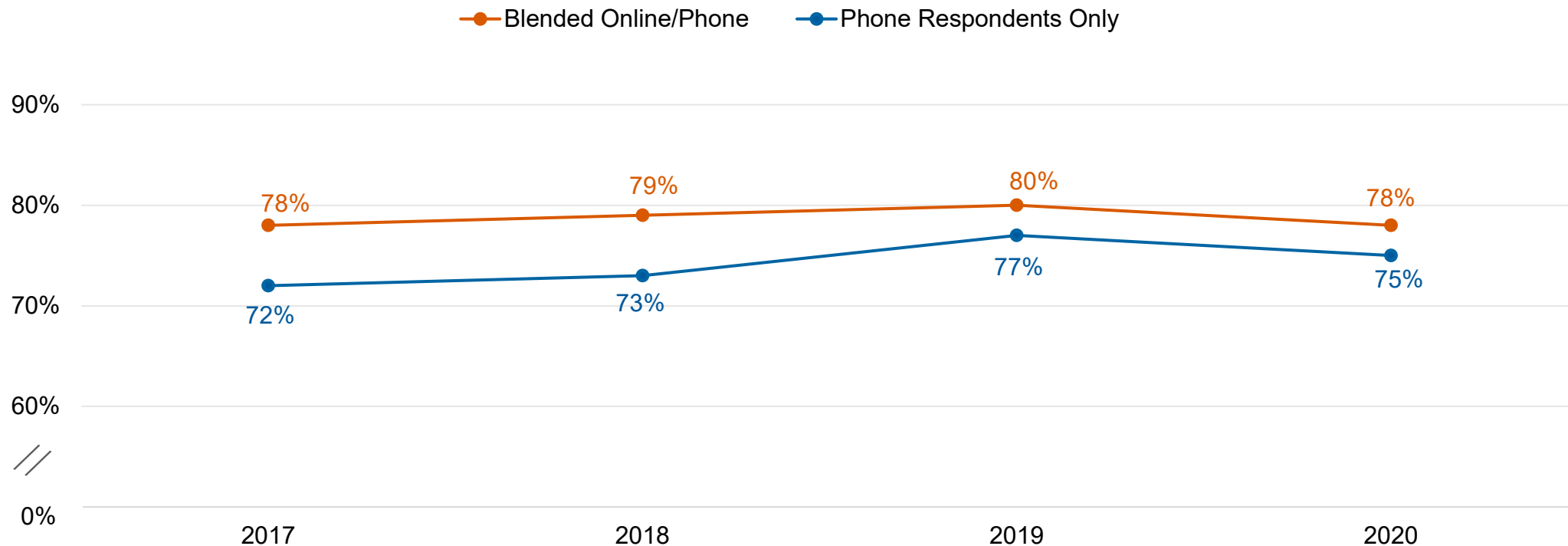
Satisfaction with Personal Interactions with the IRS



Q10: How satisfied would you say you have been with your personal interaction with the IRS? Would you say very satisfied, somewhat satisfied, not very satisfied, or not at all satisfied?
Margin of error is +/- 2.1% for blended online/phone respondents.

Satisfaction with personal interactions with the IRS has remained steady since 2017

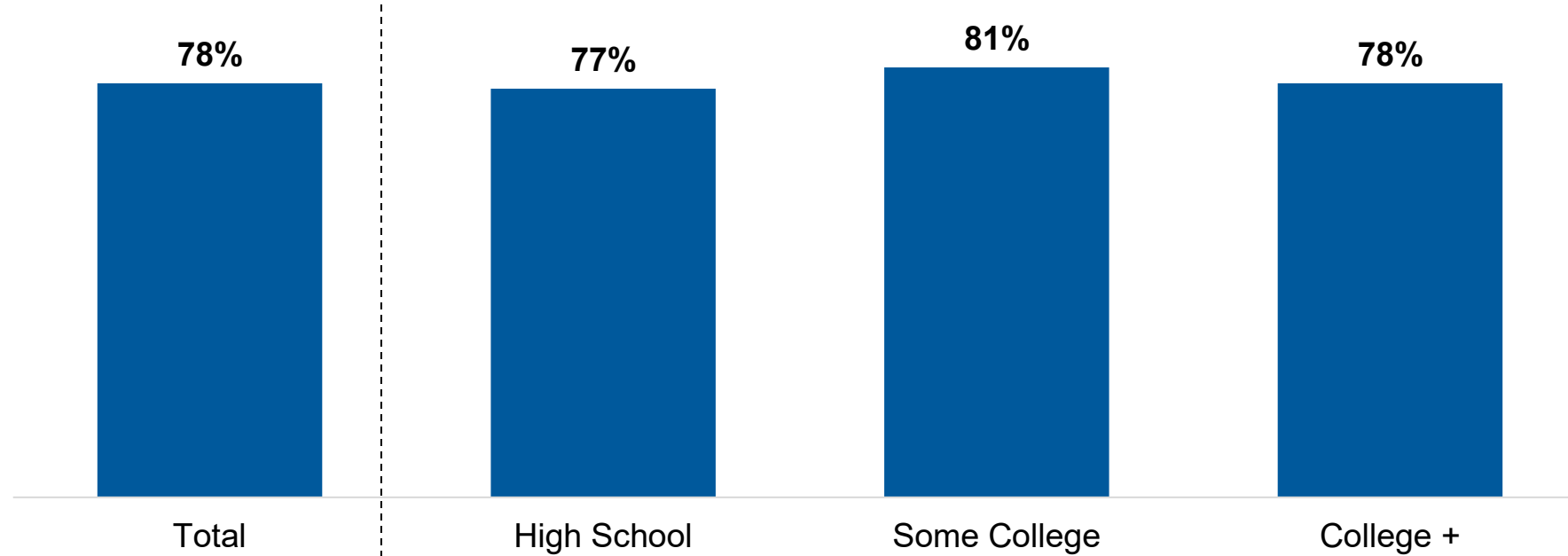
Trend in % Satisfaction with Personal Interactions with the IRS



Q10: How satisfied would you say you have been with your personal interaction with the IRS? Would you say very satisfied, somewhat satisfied, not very satisfied, or not at all satisfied? Percentage of 'very satisfied' plus 'somewhat satisfied' is shown. Margin of error is +/- 2.1% for blended online/phone respondents and +/- 3.1% for phone respondents only.

Satisfaction is at parity among education levels

% Satisfied with Their Interactions with the IRS by Education



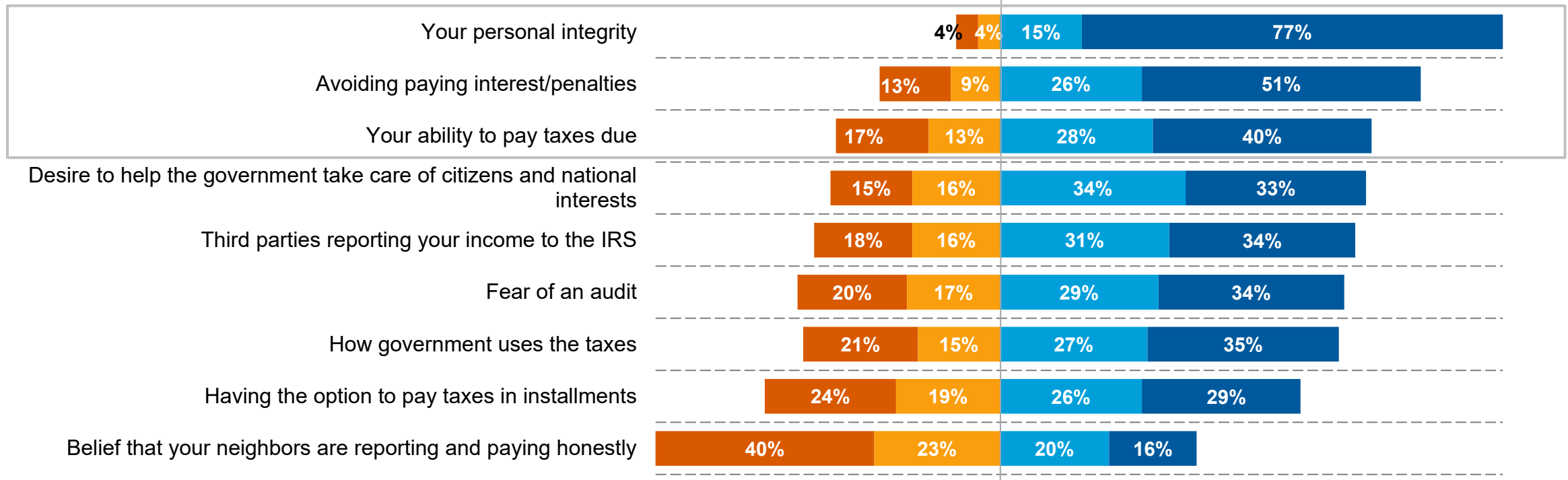
Q10: How satisfied would you say you have been with your personal interaction with the IRS? Would you say very satisfied, somewhat satisfied, not very satisfied, or not at all satisfied? Percentage 'very satisfied' plus 'somewhat satisfied' is shown. Margin of error is +/- 2.1% for blended online/phone respondents.

Factors Influencing Taxpayer Compliance

The greatest influences on taxpayers to report and pay honestly are personal integrity, to avoid paying interest / penalties, and their overall ability to pay

Influence of Factors In Reporting and Paying Taxes Honestly

■ Is not at all an Influence
 ■ Very Little Influence
 ■ Somewhat of an Influence
 ■ A Great Deal of Influence

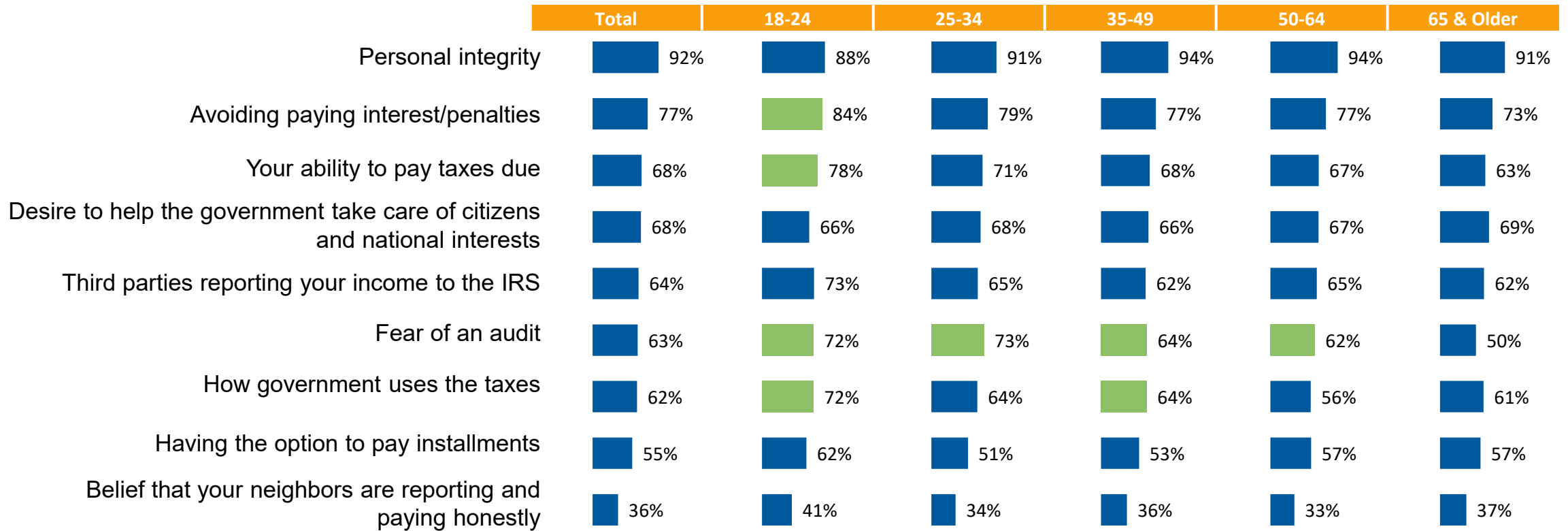


Q4: How much influence does each of the following factors have on whether you report and pay your taxes honestly? Would you say it has a great deal of influence, somewhat of an influence, very little influence, or is not at all an influence?

Margin of error is +/- 2.1% for blended online/phone respondents. Note: Each stacked bar may not add up to 100% due to "don't know," "not applicable," or "no response."

Compared to older generations, millennials are significantly more influenced by avoiding penalties, their ability to pay, fear of an audit, and how the government uses the taxes

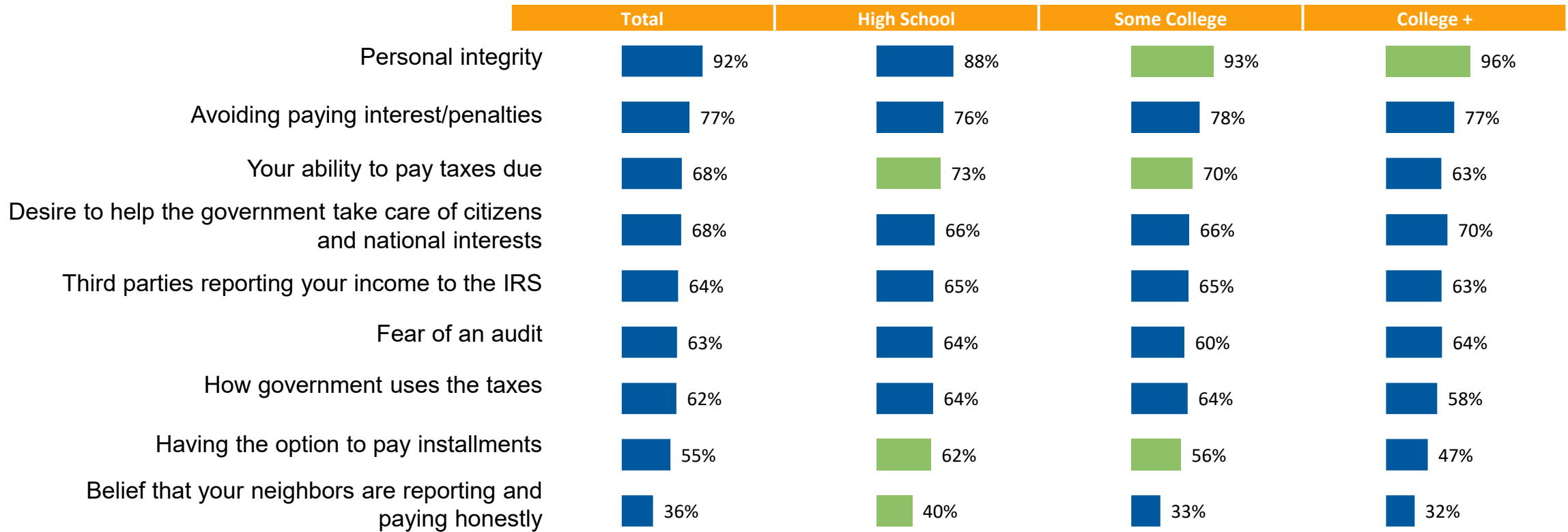
% Influenced: Factors In Reporting and Paying Taxes Honestly by Age



Q4: How much influence does each of the following factors have on whether you report and pay your taxes honestly? Would you say it has a great deal of influence, somewhat of an influence, very little influence, or is not at all an influence? Margin of error is +/- 2.1% for blended online/phone respondents. Percentage of 'somewhat of an influence' and 'great influence' is shown. **Lighter green shading** indicates a significantly higher score at a 95% confidence level versus other scores in the row.

Less educated taxpayers are more influenced by their ability to pay and paying in installments versus their college+ counterparts; high school grads are significantly more influenced by the belief their peers are acting honestly

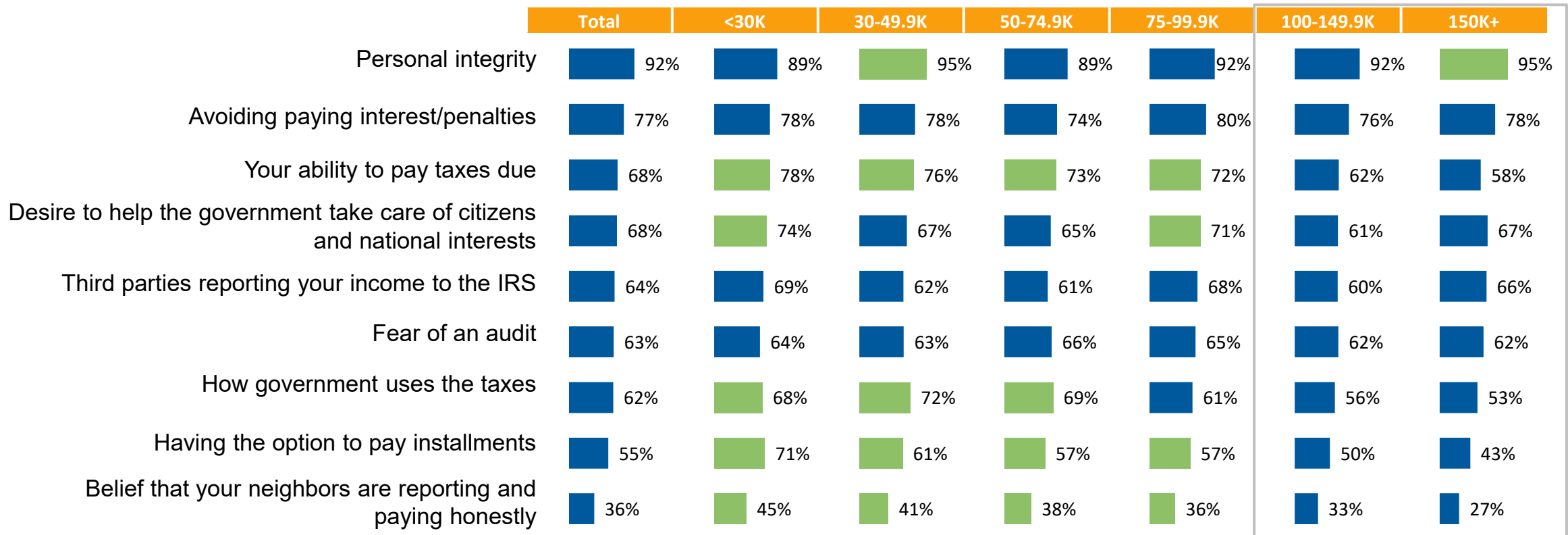
% Influenced: Factors In Reporting and Paying Taxes Honestly by Education



Q4: How much influence does each of the following factors have on whether you report and pay your taxes honestly? Would you say it has a great deal of influence, somewhat of an influence, very little influence, or is not at all an influence? Margin of error is +/- 2.1% for blended online/phone respondents. Percentage of 'somewhat of an influence' and 'great influence' is shown. **Lighter green shading** indicates a significantly higher score at a 95% confidence level versus other scores in the row.

Those with the highest income are overall less influenced by outside measures; personal integrity is their top driver to report and pay honestly

% Influenced: Factors In Reporting and Paying Taxes Honestly by Income



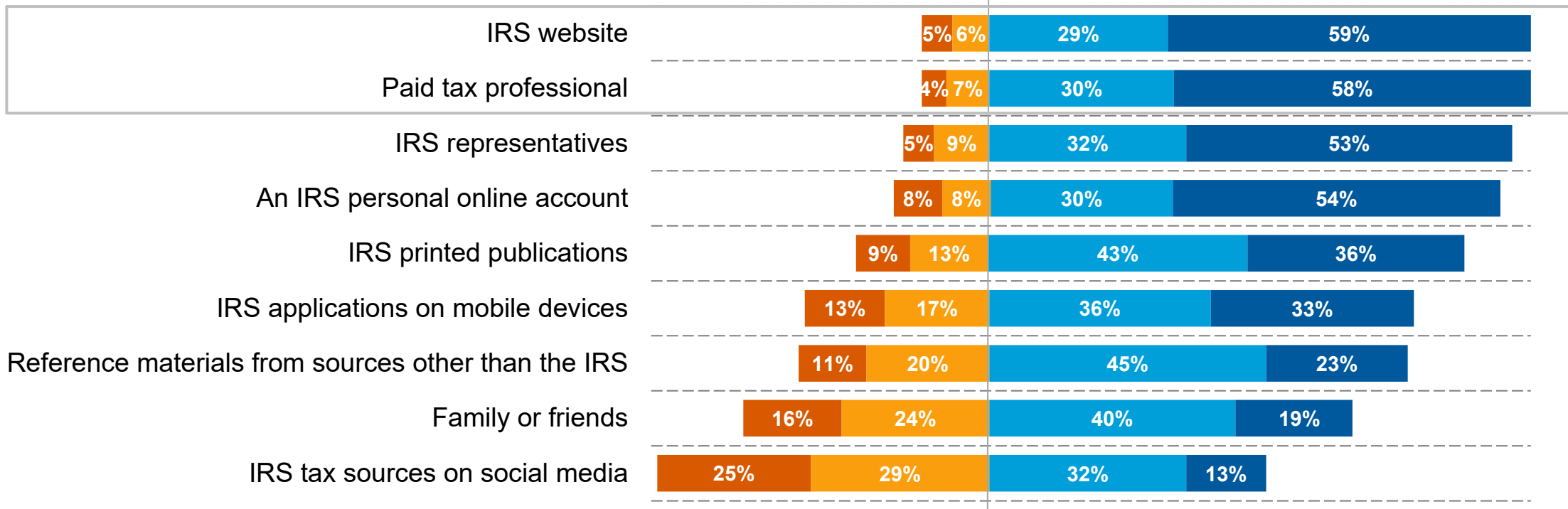
Q4: How much influence does each of the following factors have on whether you report and pay your taxes honestly? Would you say it has a great deal of influence, somewhat of an influence, very little influence, or is not at all an influence? Margin of error is +/- 2.1% for blended online/phone respondents. Percentage of 'somewhat of an influence' and 'great influence' is shown. **Lighter green shading** indicates a significantly higher score at a 95% confidence level versus other scores in the row.

Sources of Tax Information and Advice

The IRS website and tax professionals continue to be the most valuable sources for tax advice/information

Value of Sources of Getting Tax Advice or Information

■ Not at all Valuable
 ■ Not Very Valuable
 ■ Somewhat Valuable
 ■ Very Valuable



Q9: How valuable would you say each of these sources is for getting tax advice or information? Would you say it is very valuable, somewhat valuable, not very valuable, or not at all valuable? Margin of error is +/- 2.1% for blended online/phone respondents. Note: Each stacked bar may not add up to 100% due to "don't know," "not applicable," or "no response."

Online and mobile sources show more variation by age with younger taxpayers finding them more valuable than older; friends and family are especially valuable to those who are 18-24 years old

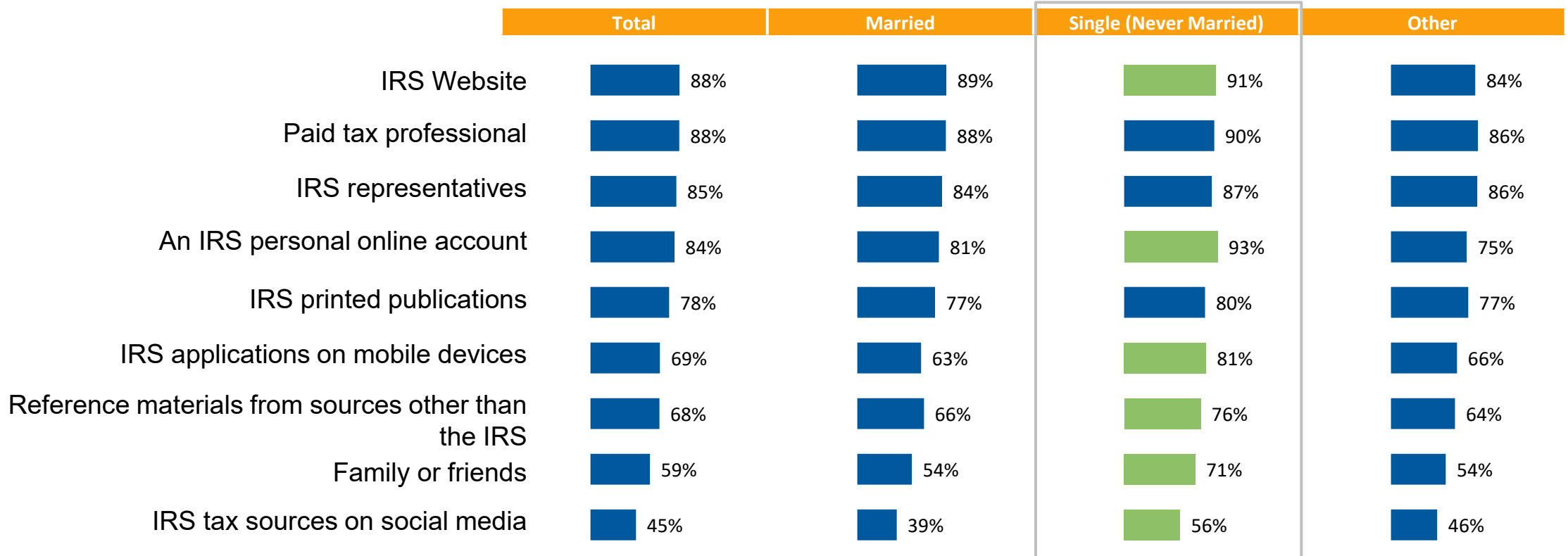
% Valuable: Source of Tax Advice by Age

	Total	18-24	25-34	35-49	50-64	65 & Older
IRS Website	88%	95%	90%	90%	91%	79%
Paid tax professional	88%	91%	89%	88%	87%	88%
IRS representatives	85%	88%	87%	84%	87%	83%
An IRS personal online account	84%	95%	93%	86%	84%	68%
IRS printed publications	78%	78%	80%	72%	82%	79%
IRS applications on mobile devices	69%	86%	81%	76%	65%	49%
Reference materials from sources other than the IRS	68%	79%	73%	74%	67%	56%
Family or friends	59%	82%	68%	65%	52%	45%
IRS tax sources on social media	45%	63%	53%	46%	43%	33%

Q9: How valuable would you say each of these sources is for getting tax advice or information? Would you say it is very valuable, somewhat valuable, not very valuable, or not at all valuable? Percentage of 'very valuable' plus 'somewhat valuable' is shown. Margin of error is +/- 2.1% for blended online/phone respondents. Lighter green shading indicates a significantly higher score at a 95% confidence level versus other scores in the row.

Single (never married) taxpayers find most tax advice sources significantly more valuable than those who are married or fall under 'other'

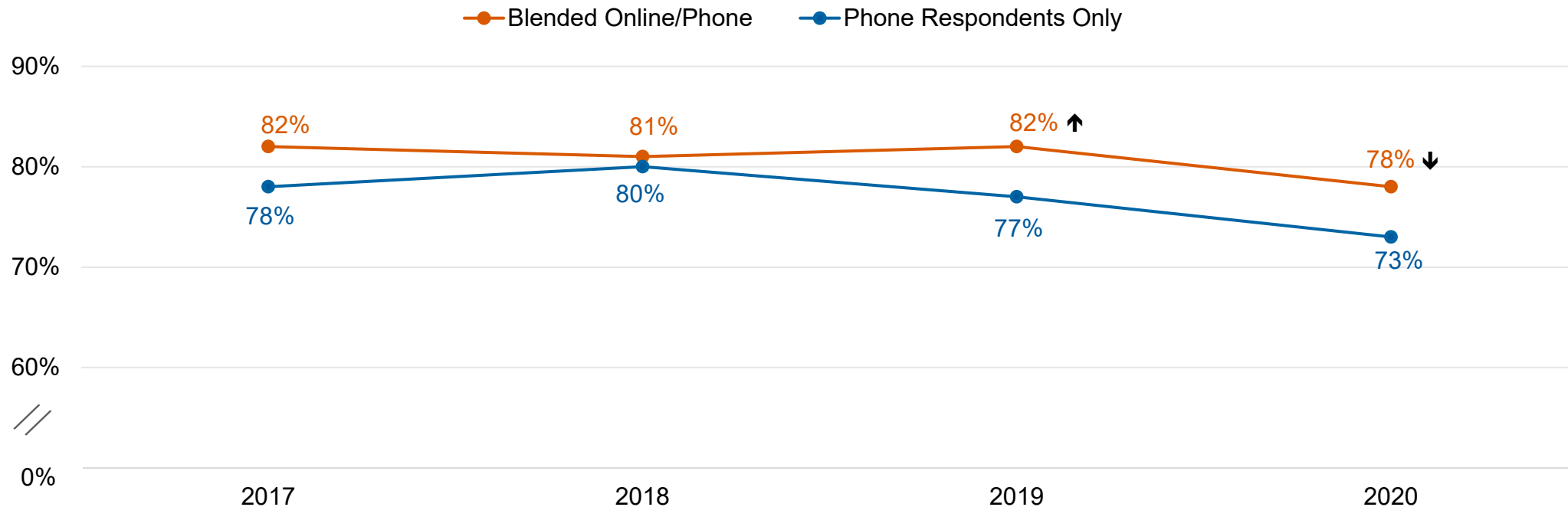
% Valuable: Source of Tax Advice by Marital Status



Q9: How valuable would you say each of these sources is for getting tax advice or information? Would you say it is very valuable, somewhat valuable, not very valuable, or not at all valuable? Percentage of 'very valuable' plus 'somewhat valuable' is shown. Margin of error is +/- 2.1% for blended online/phone respondents. Lighter green shading indicates a significantly higher score at a 95% confidence level versus other scores in the row.

Taxpayers' perceived value from IRS printed publications for providing tax advice significantly decreased in 2020

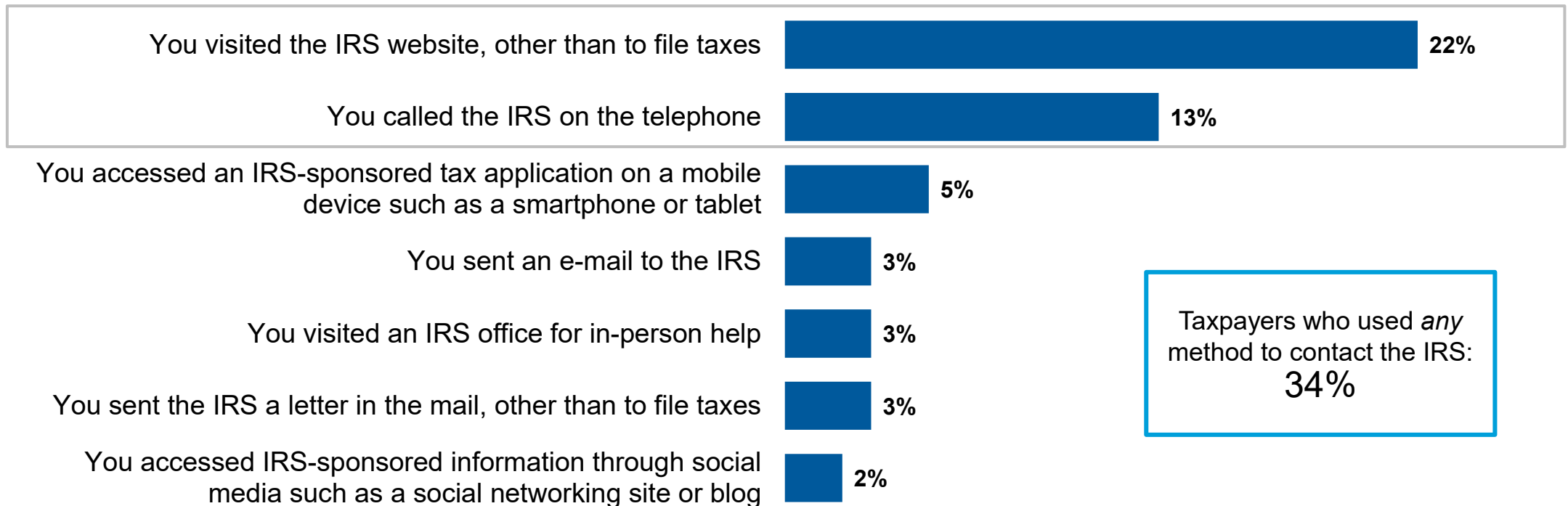
Trend in % Valuable Source of Tax Advice with 'IRS printed publications, for example brochures, instructions'



Q9: How valuable would you say each of these sources is for getting tax advice or information? Would you say it is very valuable, somewhat valuable, not very valuable, or not at all valuable? Percentage of 'very valuable' plus 'somewhat valuable' is shown. Margin of error is +/- 2.1% for blended online/phone respondents and +/- 3.1% for phone respondents only. Arrows indicate a statistical difference between 2019 and 2020 at a 95% confidence level.

In 2020, over a third of taxpayers contacted the IRS; most used the IRS website or the telephone

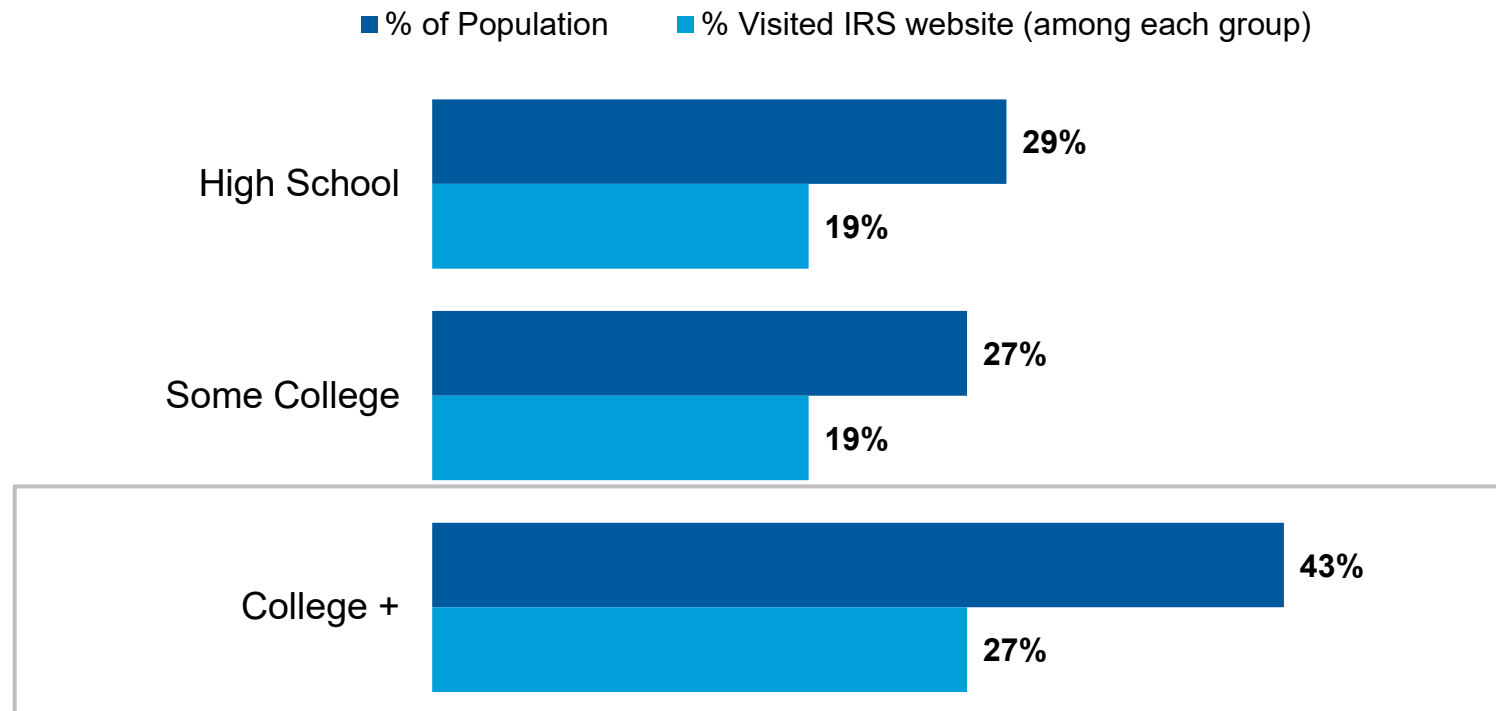
Method of contacting the IRS over the Past Year (excluding filing of a tax return)



Q15: Thinking back over the past year, and excluding the filing of a tax return, did you initiate a contact with the IRS using any of the following methods?
Margin of error is +/- 2.1% for blended online/phone respondents.

Taxpayers with a college degree are significantly more likely to leverage the website to contact the IRS versus those with less education

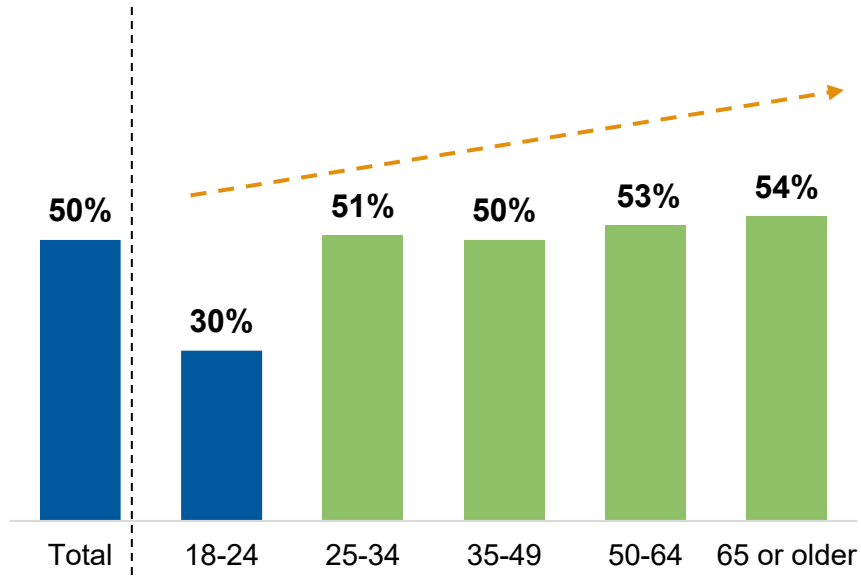
% Visited the IRS website, other than to file taxes, by Education



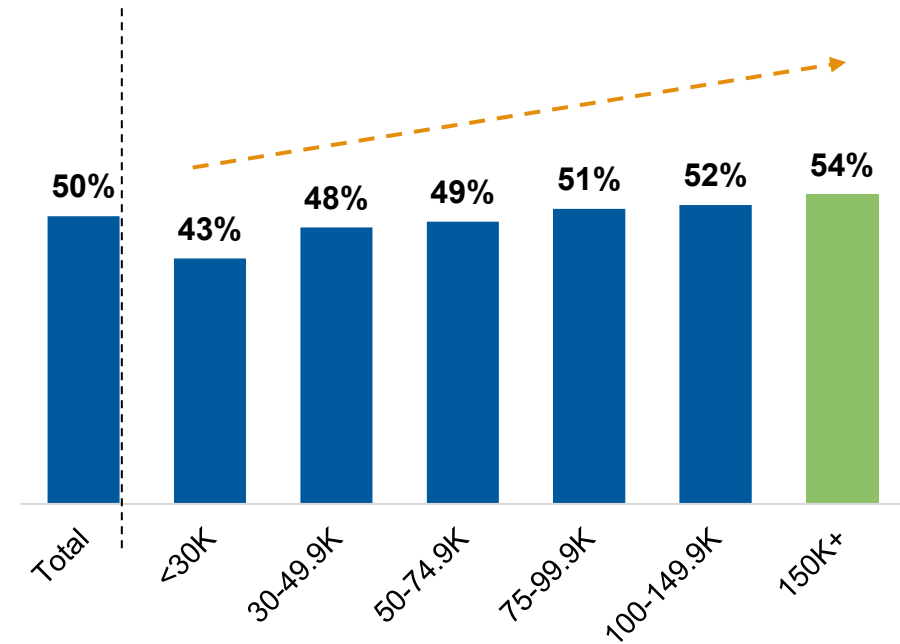
Q15: Thinking back over the past year, and excluding the filing of a tax return, did you initiate a contact with the IRS using any of the following methods?
Margin of error is +/- 2.1% for blended online/phone respondents. Green shading indicates a significantly higher score at a 95% confidence level versus other scores in the chart.

Half of taxpayers use a professional tax preparer; use of a paid tax preparer increases with age and income

Use of a Paid Tax Return Preparer for Most Recent Federal Income Tax Return by Age



Use of a Paid Tax Return Preparer for Most Recent Federal Income Tax Return by Income



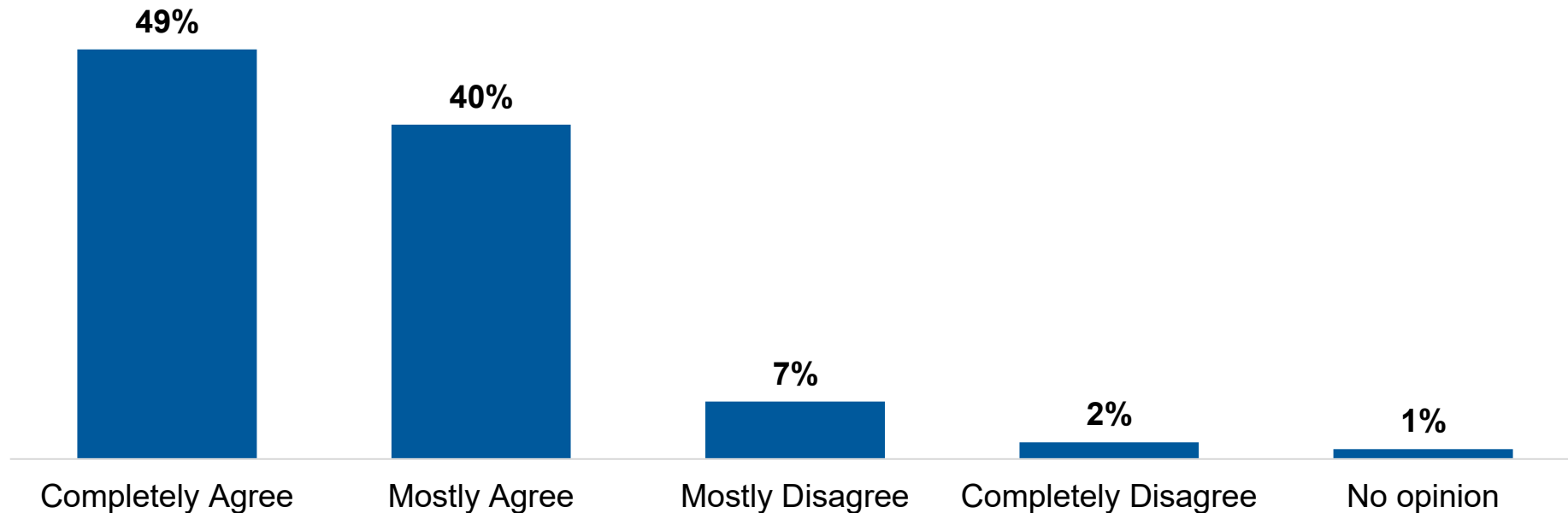
Q14: Did you use a paid tax return preparer to prepare your most recent Federal income tax return?

Margin of error is +/- 2.1% for blended online/phone respondents. Lighter green shading indicates a significantly higher score at a 95% confidence level versus other scores in the row.

IRS Services Provided to Taxpayers

Taxpayers agree more guidance from the IRS helps people correctly file their tax returns

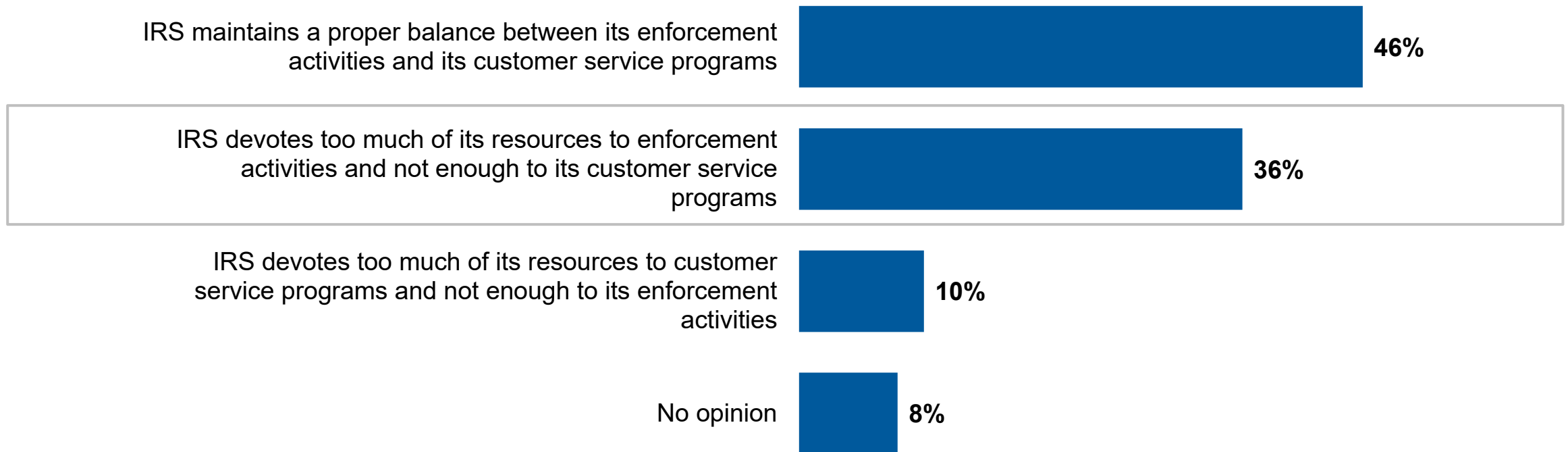
Agreement with 'The more information and guidance the IRS provides, the more likely people are to correctly file their tax returns'



Q2: For each of the following statements, please indicate whether you completely agree, mostly agree, mostly disagree, or completely disagree. Margin of error is +/- 2.1% for blended online/phone respondents.

More than a third of taxpayers (36%) feel that the IRS devotes too much of its resources for enforcement and not as much for customer service

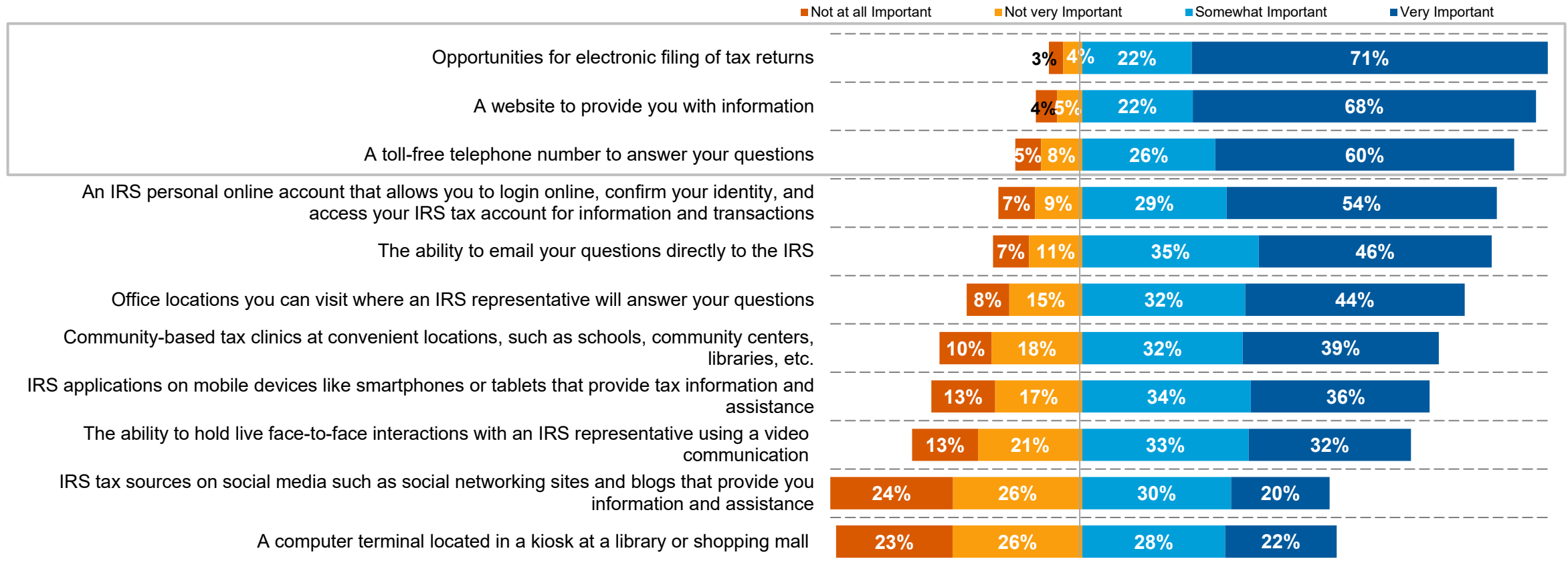
Statement Most Agreed With About the Resources the IRS Receives



Q10a: Considering the resources the IRS receives to do its job, which of the following statements do you most agree with? Do you feel that the...
Margin of error is +/- 2.1% for blended online/phone respondents.

Taxpayers feel it's most important that the IRS provides opportunities to file taxes electronically, information on their website, and a toll-free number to answer questions

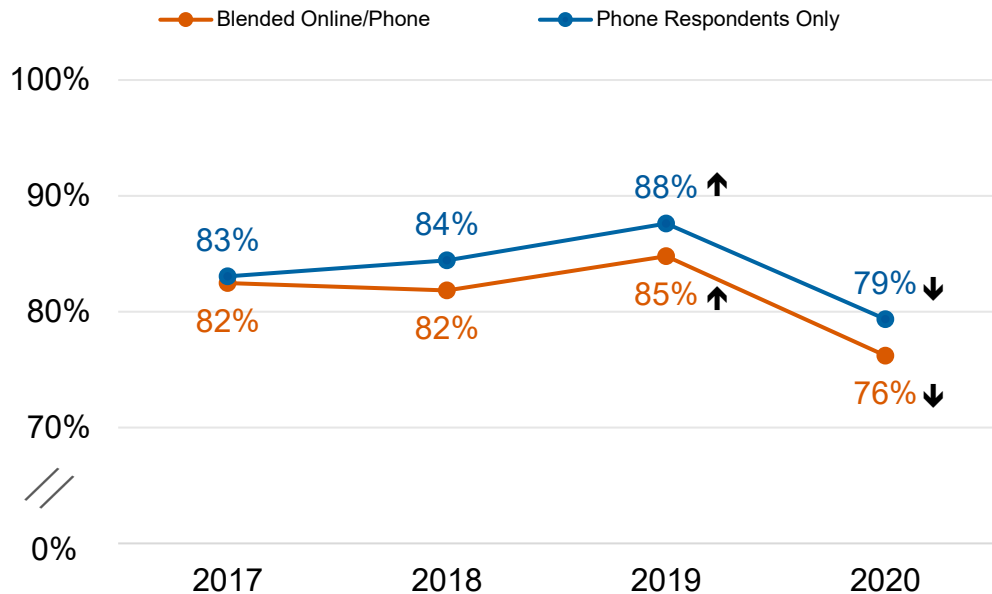
Importance of IRS Services



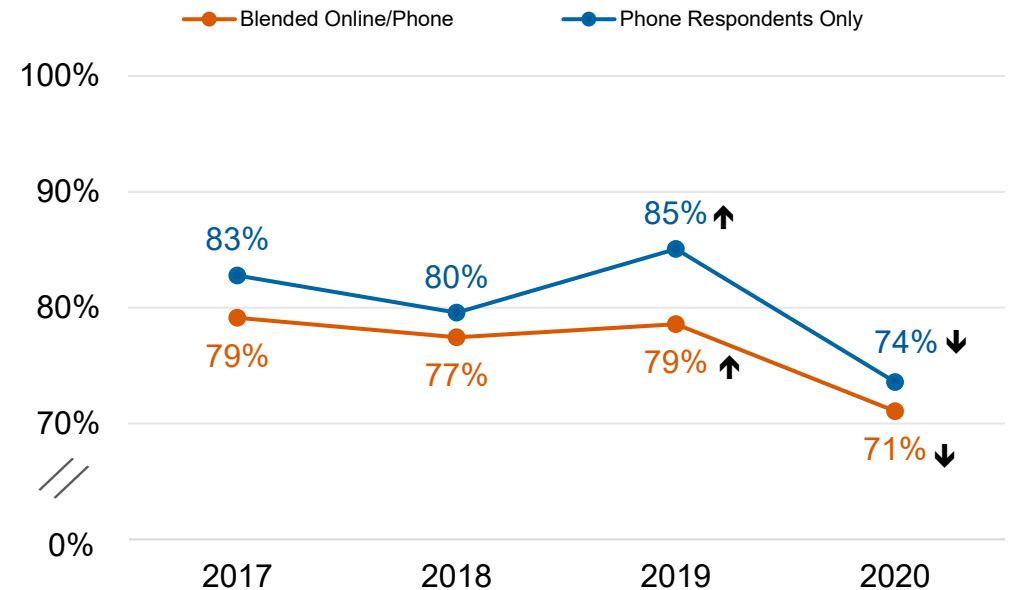
Q5: How important is it to you, as a taxpayer, that the IRS provides each of the following services to assist taxpayers?
 Margin of error is +/- 2.1% for blended online/phone respondents. Note: Each stacked bar may not add up to 100% due to "don't know," "not applicable," or "no response."

The importance of each of the in-person IRS services significantly decreased in 2020 versus previous years

% Important : ‘IRS provides office locations you can visit where an IRS representative will answer your questions’



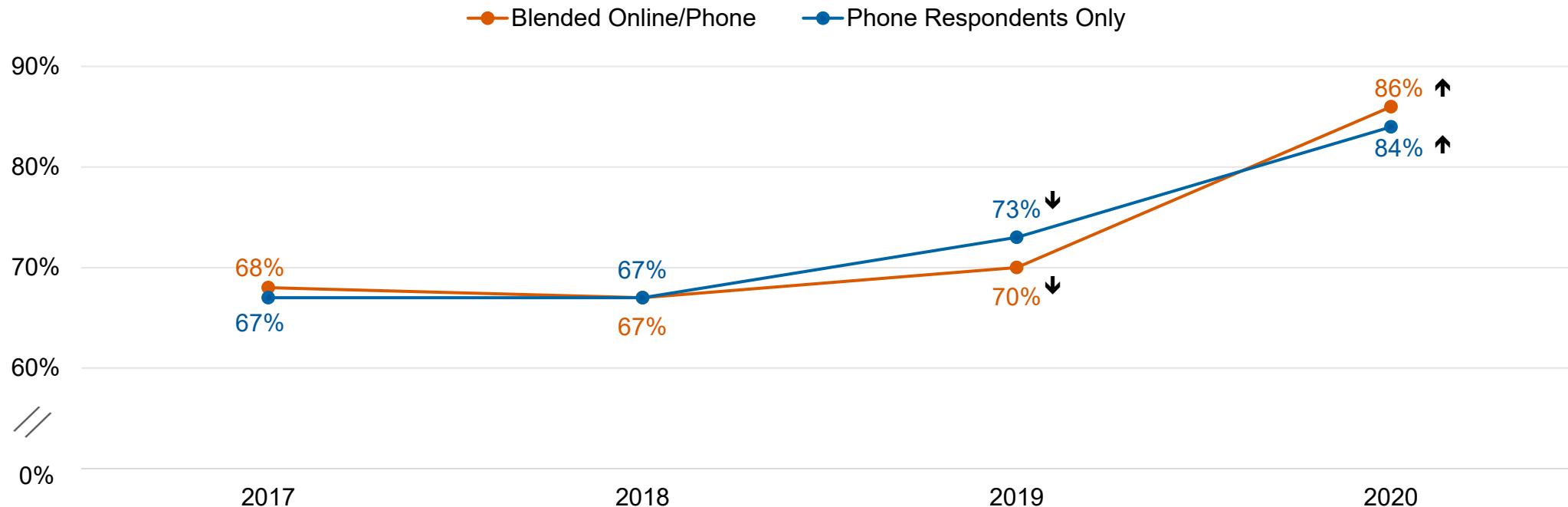
% Important: ‘Community-based tax clinics at convenient locations, such as schools, community centers, libraries, etc.’



Q5: How important is it to you, as a taxpayer, that the IRS provides each of the following services to assist taxpayers? Margin of error is +/- 2.1% for blended online/phone respondents and +/- 3.1% for phone respondents only, Percentage ‘somewhat important’ plus ‘very important’ is shown. Arrows indicate a statistical difference between 2019 and 2020 at a 95% confidence level.

Yet, the share of taxpayers who agree the IRS should focus on improving in-person and phone call assistance to taxpayers continues to increase

Trend in % Agreeing 'The IRS should focus its efforts on improving in-person and phone call assistance to taxpayers'



Q11: For each of the following statements, please indicate whether you completely agree, mostly agree, mostly disagree, or completely disagree. Percentage 'completely agree' plus 'mostly agree' is shown.

Margin of error is +/- 2.1% for blended online/phone respondents and +/- 3.1% for phone respondents only. Arrows indicate a statistical difference between 2019 and 2020 at a 95% confidence level.