



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

Comprehensive Taxpayer Attitude Survey (CTAS) 2021 Executive Report

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Background

Study Objectives

The objectives of the CTAS research study are to:

- Provide actionable insights into Americans' attitudes around tax compliance, along with their customer service satisfaction, and preferences related to interactions with the IRS.
- Capture the shifts over time that are of strategic importance to tax administration.
- Track both online and RDD phone responses to maintain historical trending.
- Capture emerging trends and optimize study methodology by updating questionnaire and data collection approaches.

Methodology

Pacific Consulting Group (PCG) fielded the 2021 Comprehensive Taxpayer Attitude Survey (CTAS) from September 30 – October 30, 2021, collecting a total of 2,099 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 1,029 telephone survey responses were collected via random digit dialing (RDD). In 2021, the split between landlines and cell phones was updated to a 40/60 split to align with usage within the U.S. The interviewing methodology used was Computer Assisted Telephone Interviewing (CATI), which contacted households with landlines in the continental U.S. (432 interviews) and cell phone numbers (597 interviews).
 - A total of 1,070 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 2.8% for phone survey and 64.5% for online survey. The average interview length was 31.43 minutes for phone and 11.98 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 combined into a blended sample generated by an additional blended weight variable.

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

Summary Findings and Recommendations

While some demographic differences exist, most taxpayers believe in individual compliance, mainly driven by personal integrity

- Mirroring previous years, most taxpayers believe it is ‘not at all’ acceptable to cheat on taxes (88%) and that it is every American’s civic duty to pay their fair share of taxes (93% agree). While a majority still feel that everyone who cheats on their taxes should be held accountable (89% agree), this attitude declined significantly from 2020. Older taxpayers feel more strongly about these sentiments than their younger counterparts.
- Still, fewer than half of taxpayers (44%) agree it is their personal responsibility to report anyone who cheats on taxes.
- Personal integrity is the top influence (‘a great deal’ or ‘somewhat’) on reporting and paying taxes honestly for 90% of taxpayers, followed by avoiding interest/penalties (76%), and their ability to pay (68%).
- Gen Z and Millennials are significantly more influenced by the risk of paying interest/penalties, fear of an audit, and the belief that neighbors are reporting and paying honestly compared to older generations. For Gen Z in particular, the ability to pay, the desire to take care of fellow citizens, and how the government uses taxes affects them more than other age groups.
- In terms of education levels, taxpayers with at least a college degree are more influenced by personal integrity (95%) and fear of an audit (64%). Alternatively, less educated taxpayers are significantly more influenced by their ability to pay, how the government uses the taxes, and having the option to pay installments.

2021 brought a decline in taxpayer trust and satisfaction with the IRS

- While a majority of Americans trust the IRS to help taxpayers understand their tax obligations (66%), this year brought a significant increase in the percentage of Taxpayers that ‘completely disagree’ with this sentiment (14% in 2021 compared to 10% in 2020). Overall, a third ‘completely’ or ‘mostly disagree’ that they trust the IRS to help them understand their obligations. Notably, Americans under 65 are less likely to trust the IRS to help them understand their tax obligations.
- Taxpayers’ trust in the IRS to fairly enforce the tax laws dropped to its lowest percentage since 2014 (66% compared to 72% in 2020).
- Similarly, a smaller percentage of taxpayers trust the IRS to protect their account records from cyber criminals (71% compared to last year (75%).
- Satisfaction with their personal interaction with the IRS also declined this year, dropping to 75% from 78% in 2020.

Taxpayers seek multi-modal interaction with the IRS and agree that more guidance will increase the likelihood of correctly filing their taxes

- Taxpayers agree that the more information and guidance the IRS provides, the more likely people are to correctly file their tax returns (86% agree). However, this is a decline from the previous year (90% in 2020).
- Compared to previous year, significantly more taxpayers believe that the IRS devotes too much of its resources to enforcement activities and not enough to its customer service programs. Consequently, a smaller percentage (39%) feel that the IRS maintains a proper balance. Just 11% of taxpayers feel that the IRS devotes *too much* of its resources to customer service.
- In terms of the services the IRS provides to taxpayers, opportunities to file taxes electronically (93%), information on their website (91%), and a toll-free number to answer questions (86%) are among the most important.
- The importance of IRS office locations and community-based tax clinics rebounded in 2021 after a previous decline. Significantly more taxpayers agreed that it is important for the IRS to provide office locations with an onsite IRS representative (81% agree compared to 76% in 2020) or community-based tax clinics at convenient locations (75% agree compared to 71% in 2020).
- Consistent with previous years, the percentage of taxpayers who agree the IRS should focus on improving in-person and phone call assistance to taxpayers remains high (88%).

Taxpayers most value advice from paid tax professionals and IRS representatives, along with the IRS website and personal account

- The most valuable sources of getting tax advice and information are paid tax professionals (88%), IRS representatives (88%), the IRS website (88%), and an IRS personal online account (84%).
- Among the less valuable sources are the IRS printed publications (77%), reference materials from sources other than the IRS (70%), IRS applications on mobile devices (68%), family and friends (53%) and IRS tax sources on social media (43%). Younger taxpayers are more likely to seek tax advice through digital sources or friends and family, while older taxpayers are more likely to use printed materials.
- Notably, there was a significant decline in the number of taxpayers that source advice from friends or family from 59% in 2020 to 53% in 2021.
- Over one-third of taxpayers (35%) contacted the IRS in some way over the past year. The IRS website and the toll-free number were the most employed manners of initiating contact with the IRS in the last year, excluding the filing of tax returns (21% and 13%, respectively).
- Around half of taxpayers used a paid tax professional, with Gen Z significantly less likely than any other age group.

Recommendations: Actions to Improve Taxpayer Compliance

- ✓ To improve taxpayer compliance:
 - ✓ Improve messaging around compliance and tailor communication by channel, keeping in mind the demographic differences across mediums:
 - ✓ Leverage taxpayers' personal integrity to promote compliance and emphasize how the government uses taxes.
 - ✓ Go beyond transactional assistance by offering supportive guidance, particularly for those who are struggling to pay. For example, the Australian Tax Office includes links titled "Experiencing serious hardship," "What if I don't pay?" and "Payment plan options".
 - ✓ For digital channels, craft informative and visually appealing graphics that can be shared online. Include attention grabbing facts such as the amount of interest and penalties incurred the previous year or the impact that individuals who cheat on their taxes have on those who report honestly.
 - ✓ For printed publications, focus messaging and campaigns on personal integrity, and use social influence by including information about their community reporting honestly.

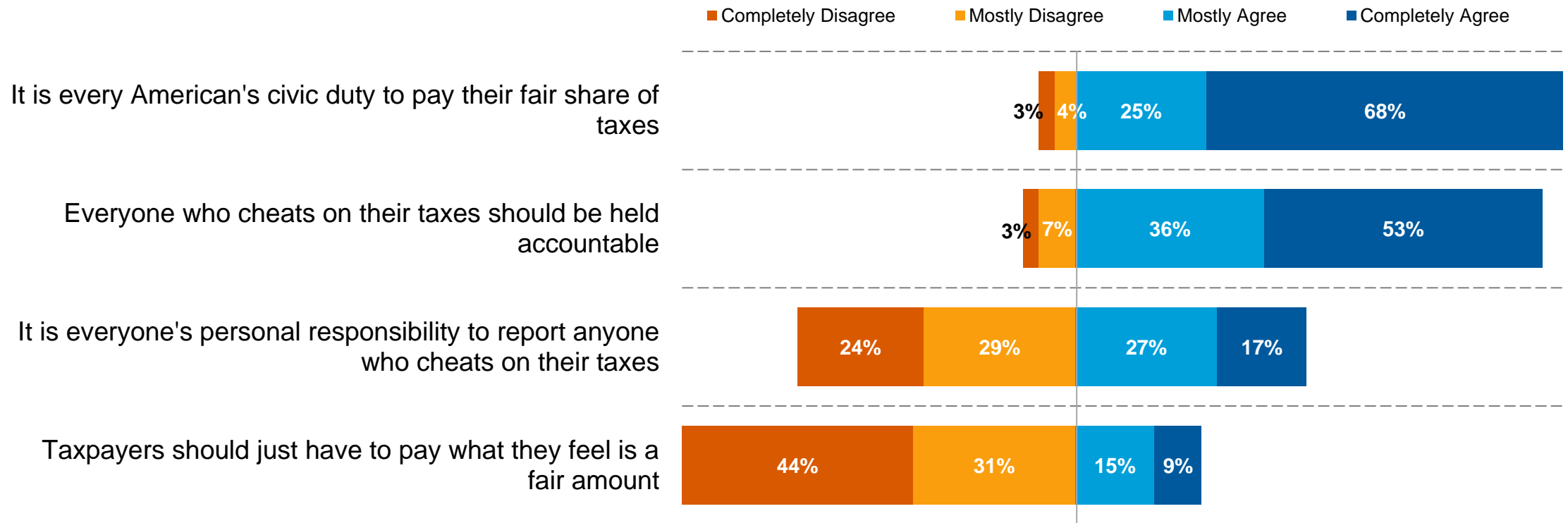
Recommendations: Actions to Improve Taxpayers' Trust and Experience with the IRS

- ✓ To increase taxpayers' trust and perception of the IRS:
 - ✓ Better understand the crux of confusion around tax obligations and how the IRS can improve its education around current and new tax policies. Opportunity for qualitative research or information gathering from Taxpayer Advocate and Field Assistance Centers.
 - ✓ Improve communication on how the IRS protects taxpayers' personal information from cyber-criminals.
- ✓ To improve taxpayers' experience:
 - ✓ Continue to enhance digital communication channels and online platforms to drive adoption.
 - ✓ Safety permitting, support expansion of SPEC partners community-based assistance centers to assist those who require face-to-face guidance from the IRS. Funnel resources towards increasing access and encouraging adoption of automated kiosks at these in-person locations to improve safety and efficiency.

Taxpayer Relationship to Tax Obligations

Taxpayers have mixed feelings about the responsibility to report those who cheat, though most still agree those individuals should be held responsible for such actions

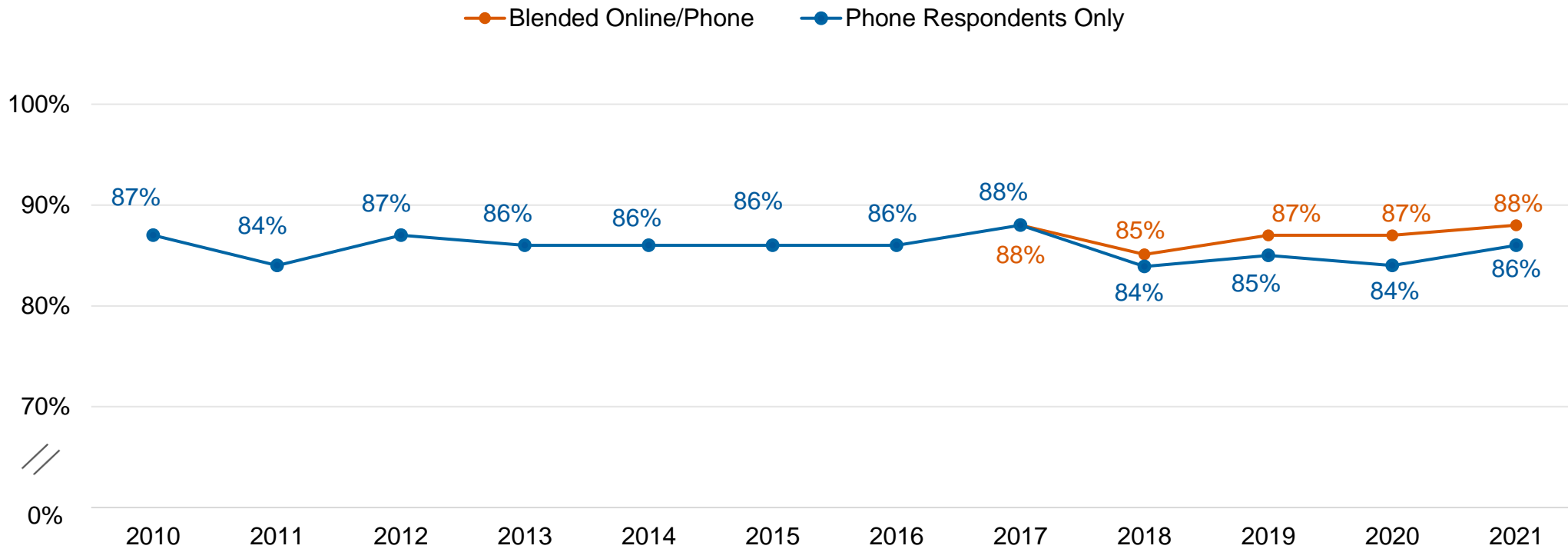
Attitudes about Cheating and Payment of Fair Share of Taxes



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."

Over eight in 10 taxpayers still agree that cheating on your income taxes is unacceptable, with little change over the past three years

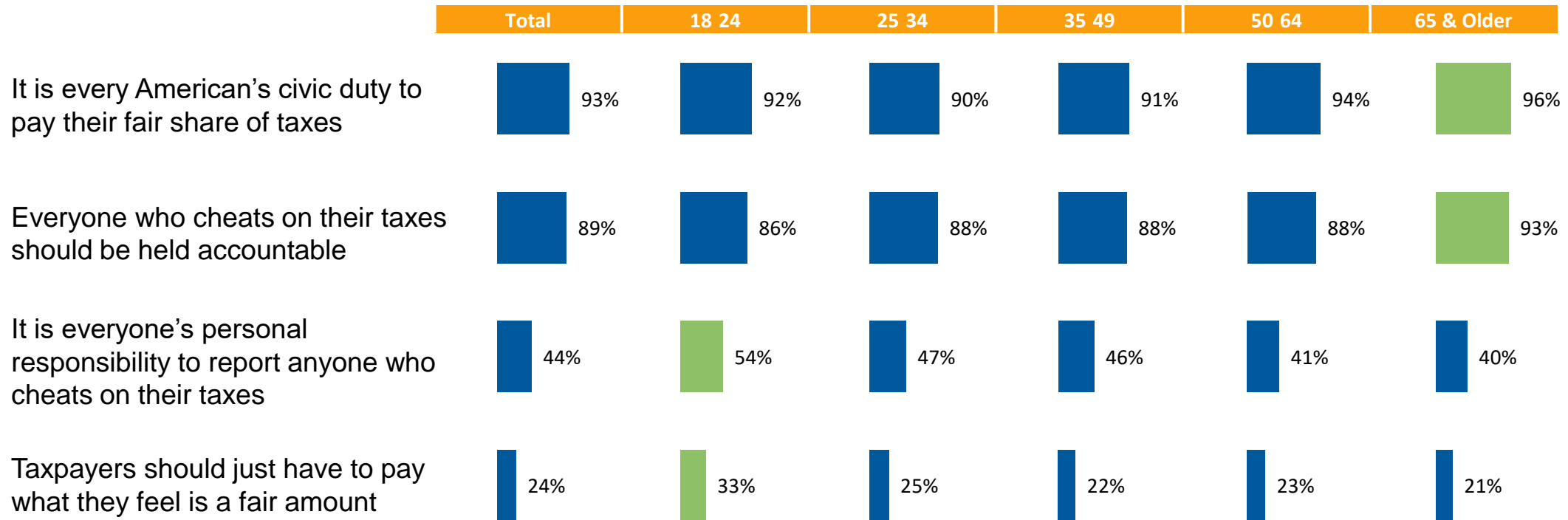
Trend in % Indicating it is 'Not at all acceptable to cheat on your income taxes'



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.

Younger taxpayers are more likely to agree that everyone should pay what they believe is a fair amount and should report cheaters, while a higher share of older Americans believe in accountability for cheaters

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

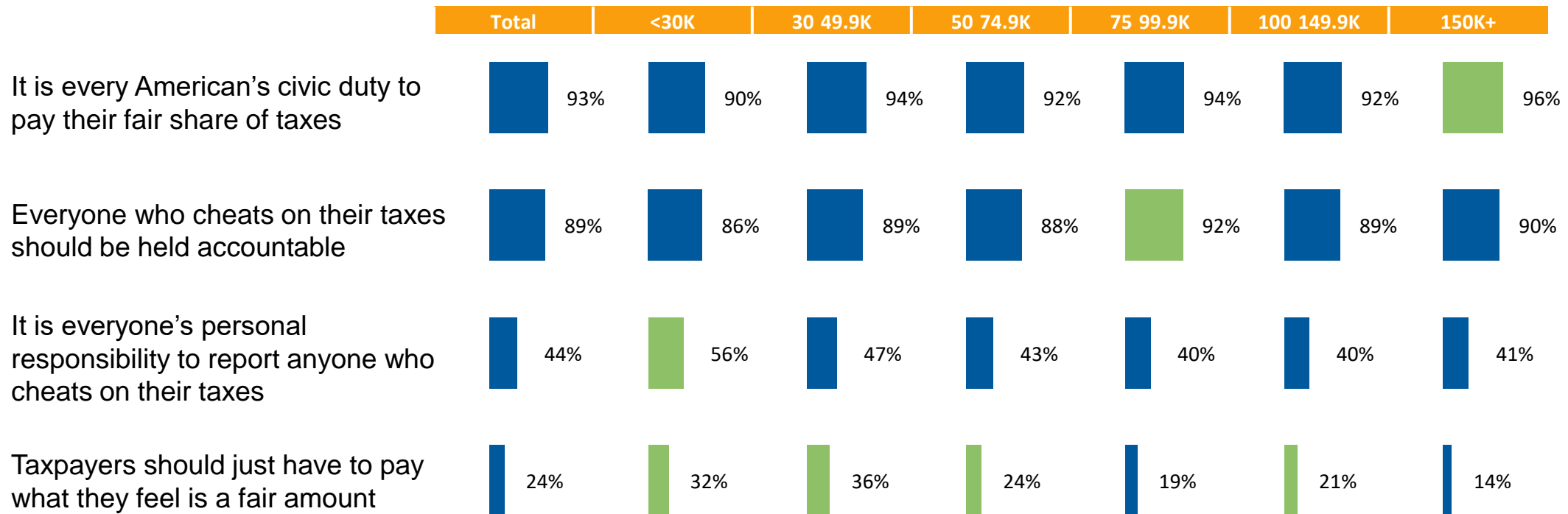


Q2: For each of the following statements, please indicate whether you completely agree, mostly agree, mostly disagree, or completely disagree.

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.

However, the highest income bracket is less likely to agree that taxpayers should only have to pay what they feel is a fair amount, while the lowest income more strongly agrees in reporting cheaters

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

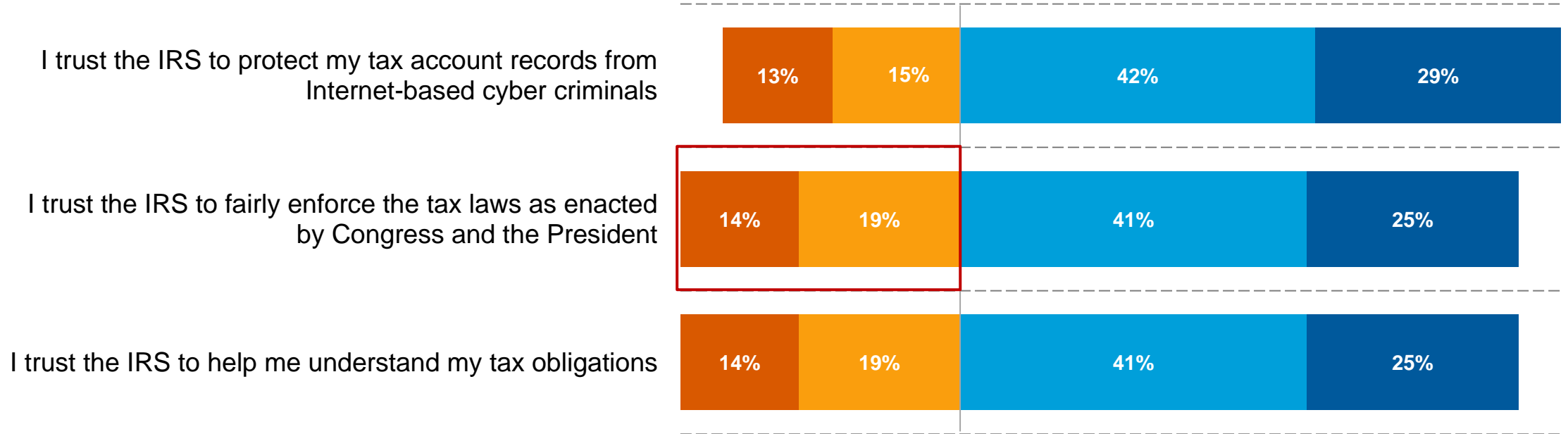


Q2: For each of the following statements, please indicate whether you completely agree, mostly agree, mostly disagree, or completely disagree. Margin of error is +/- 2.1% for blended online/phone respondents. Percentage 'completely agree' plus 'mostly agree' is shown. Lighter green shading indicates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

While trust remains high, one-third of Americans question the IRS' ability to fairly enforce tax laws as enacted by Congress and the President

Trust in the IRS

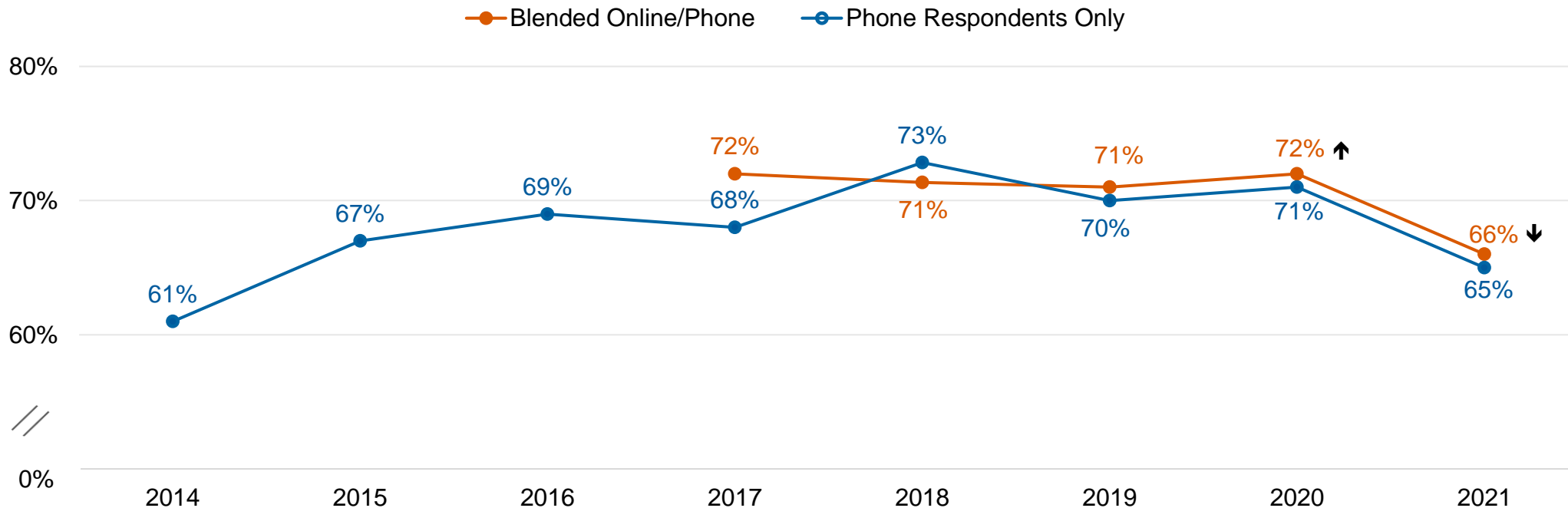
■ Completely Disagree
 ■ Mostly Disagree
 ■ Mostly Agree
 ■ Completely Agree



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."

Trust in the IRS' ability to enforce tax laws as enacted by Congress and the President dropped to its lowest in the past five years

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



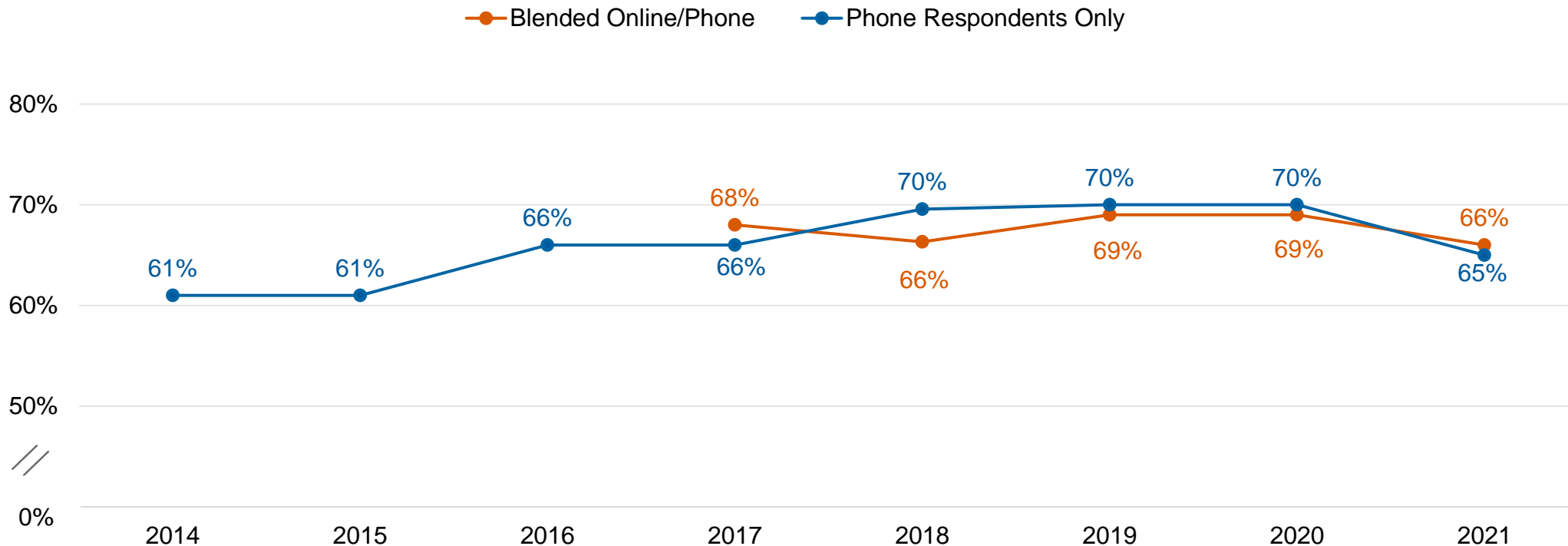
Q2: For each of the following statements, please indicate whether you completely agree, mostly agree, mostly disagree, or completely disagree.

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. Arrows indicate a statistical difference between 2020 and 2021 at a 95% confidence level.

However, the percentage of taxpayers who trust the IRS to help them understand their tax obligations remains stable in 2021

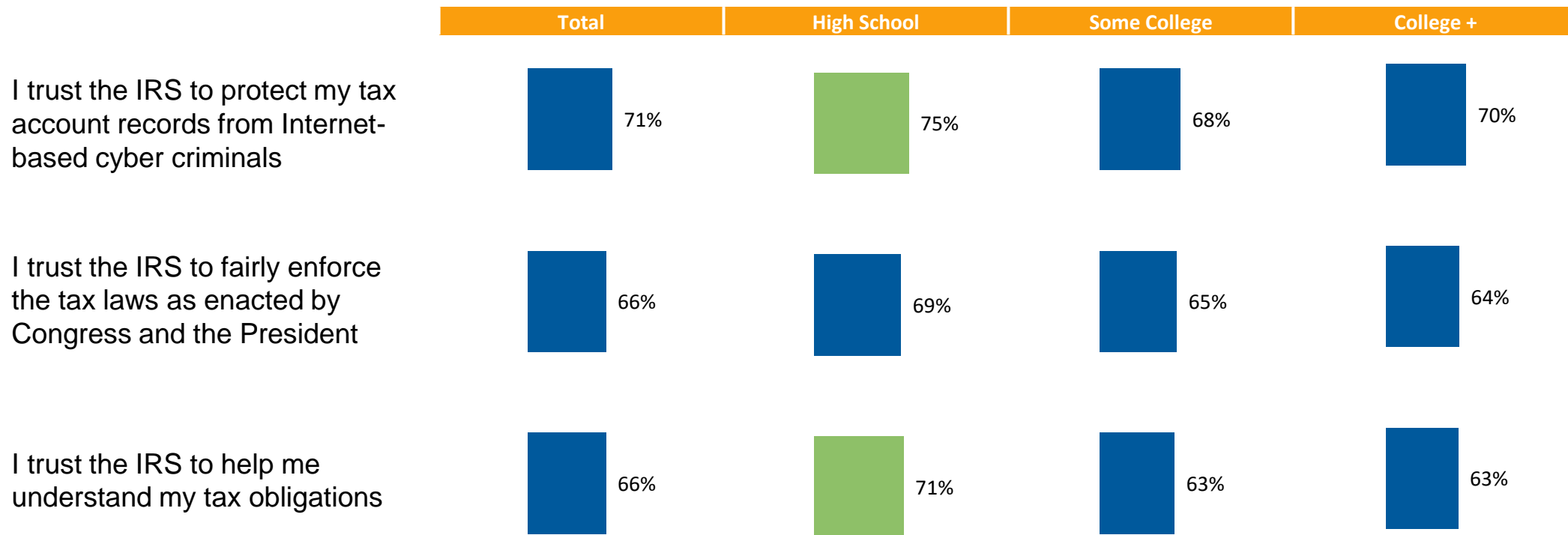
Trend in % Agreeing 'I trust the IRS to help me understand my tax obligations'



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.

Taxpayers with a high school education are more likely to trust the IRS to protect their tax records and help them understand their tax obligations

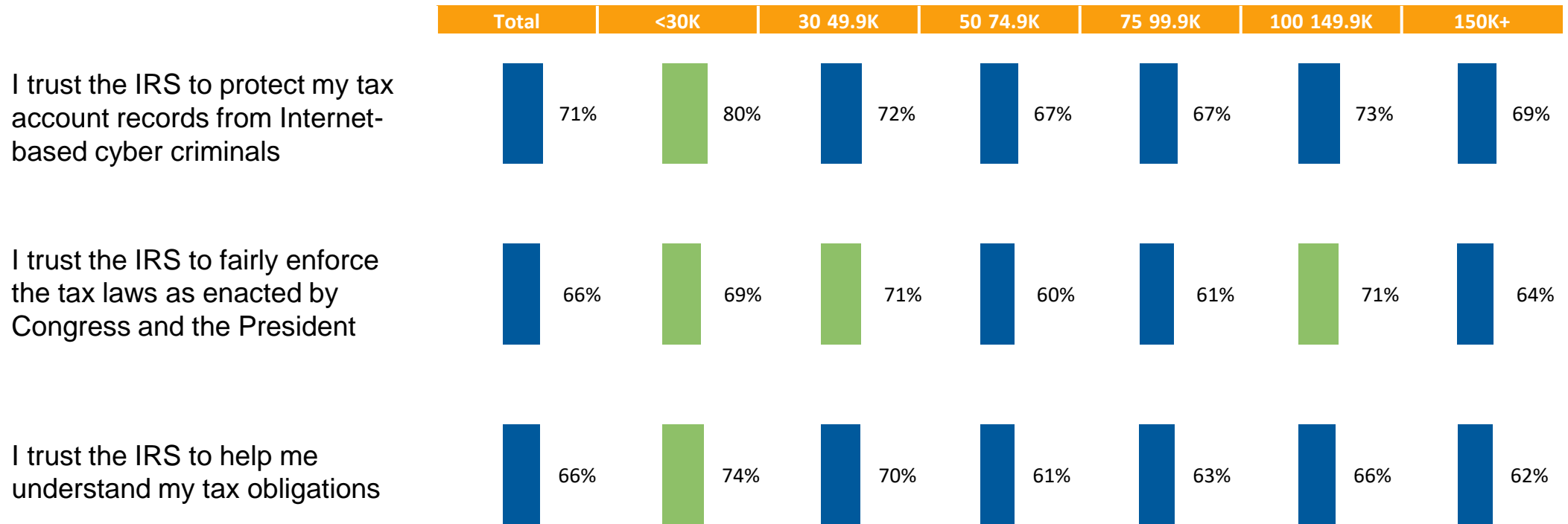
% Agreement: Trust in the IRS by Education



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 lowest income bracket tend to have more trust in the IRS to protect records, enforce laws, and help them understand their tax obligations

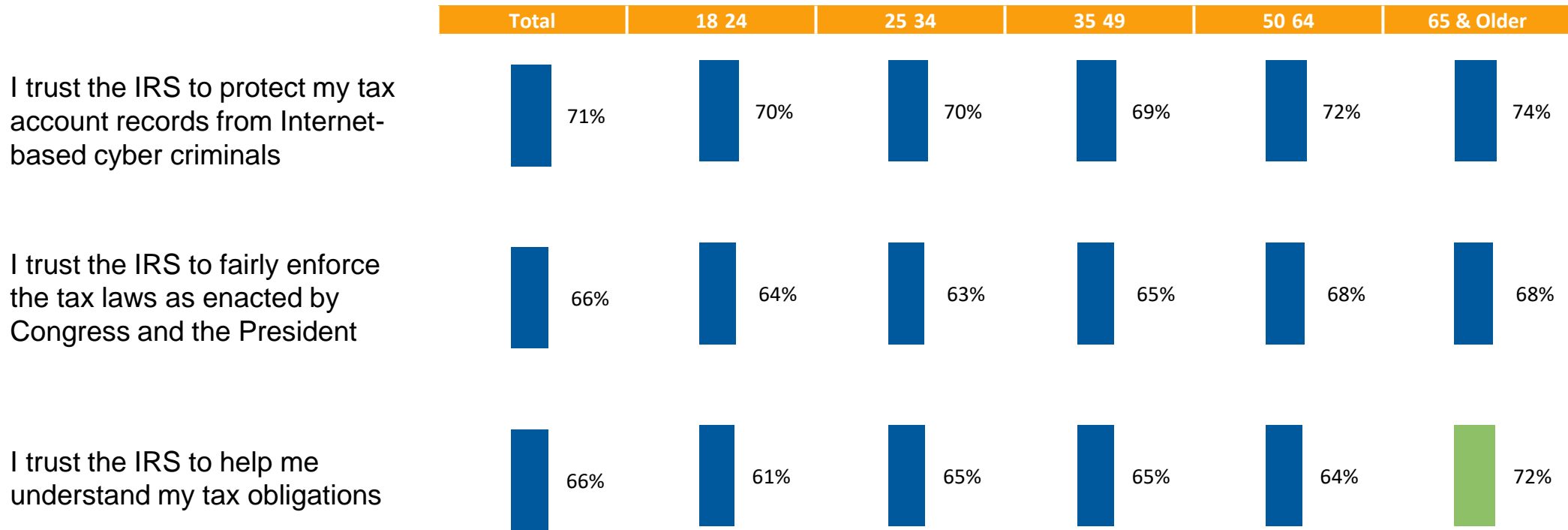
% Agreement: Trust in the IRS by Income



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.

Older taxpayers have a higher level of trust in the IRS to assist them in understanding their tax obligations, but trust in other areas were similar across age groups

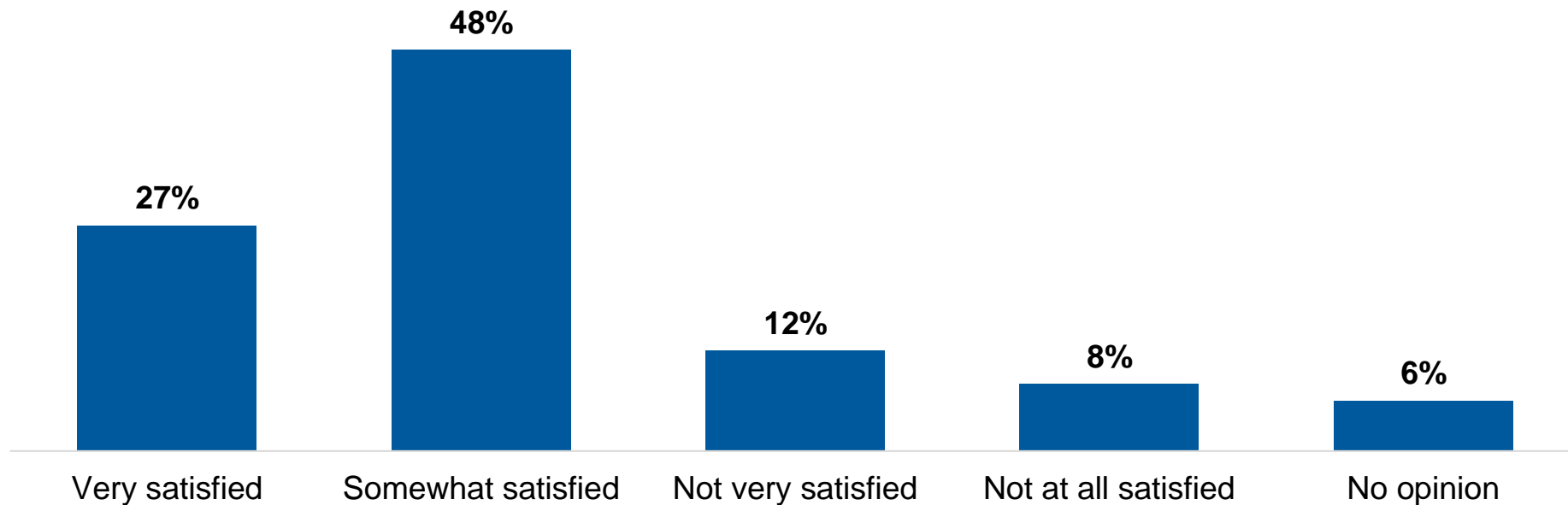
% Agreement: Trust in the IRS by Age



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.

A majority of taxpayers are satisfied with their personal interactions with the IRS

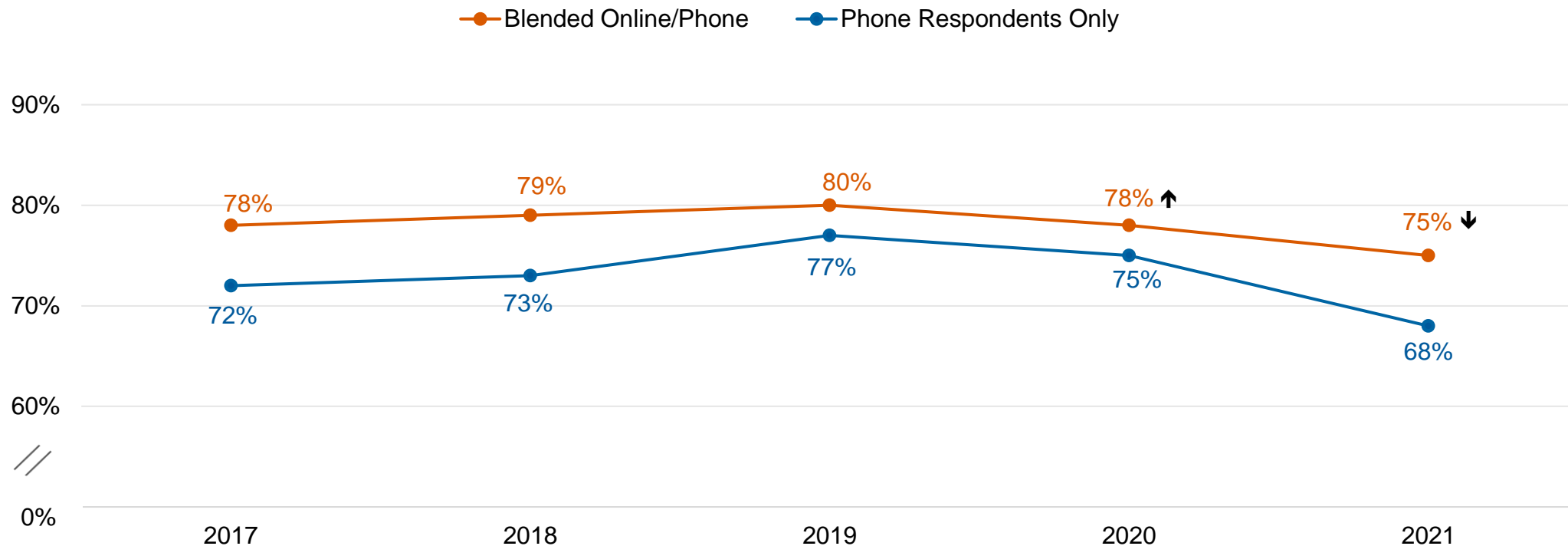
Satisfaction with Personal Interactions with the IRS



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 significantly declined in 2021 for the first time since 2017

Trend in % Satisfaction with Personal Interactions with the IRS



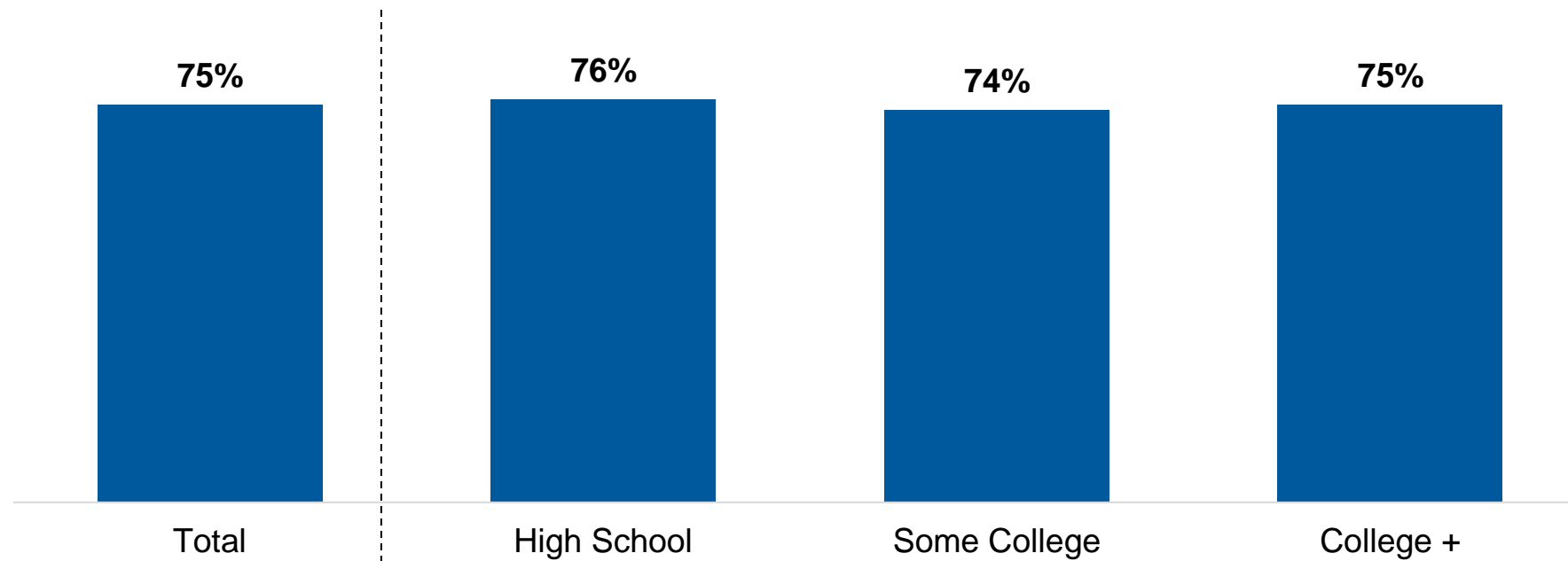
Q10: How satisfied would you say you have been with your personal interaction with the IRS? Would you say very satisfied, somewhat satisfied, not very satisfied, or not at all satisfied?

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. Arrows indicate a statistical difference between 2020 and 2021 at a 95% confidence level.

Satisfaction with IRS interactions is similar across education levels

% Satisfied with Their Interactions with the IRS by Education



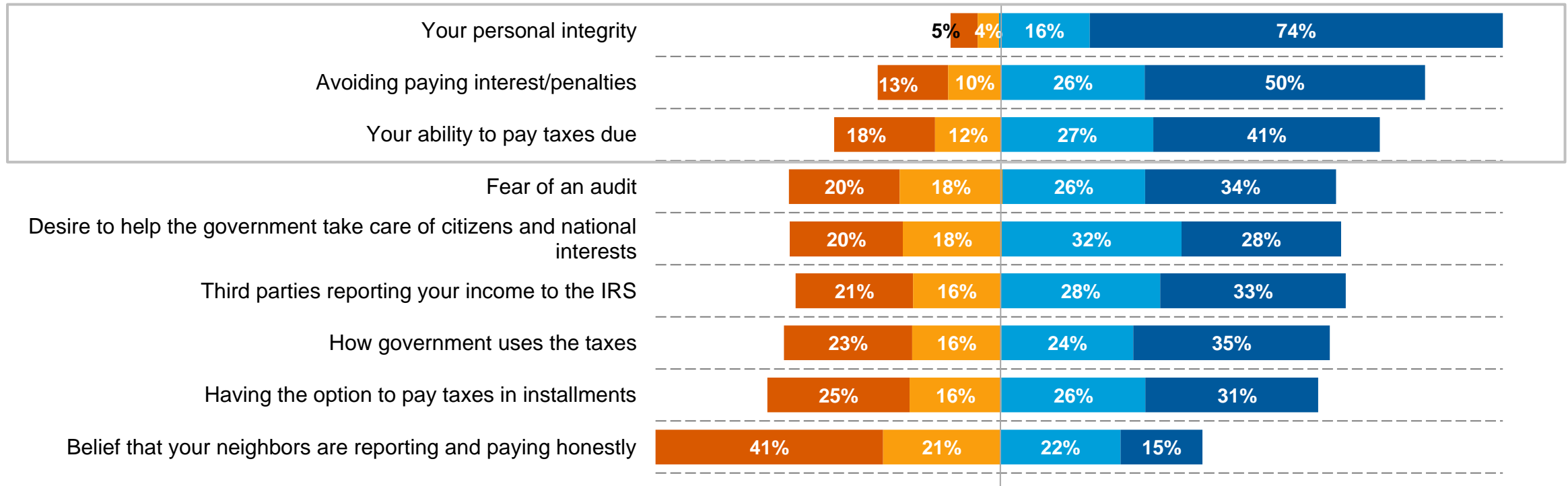
Q10: How satisfied would you say you have been with your personal interaction with the IRS? Would you say very satisfied, somewhat satisfied, not very satisfied, or not at all satisfied? Percentage 'very satisfied' plus 'somewhat satisfied' is shown. Margin of error is +/- 2.1% for blended online/phone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

Factors Influencing Taxpayer Compliance

Personal integrity, avoiding paying interest or penalties, and overall ability to pay most influence taxpayers to report and pay honestly, while perceptions of your community influences the least

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

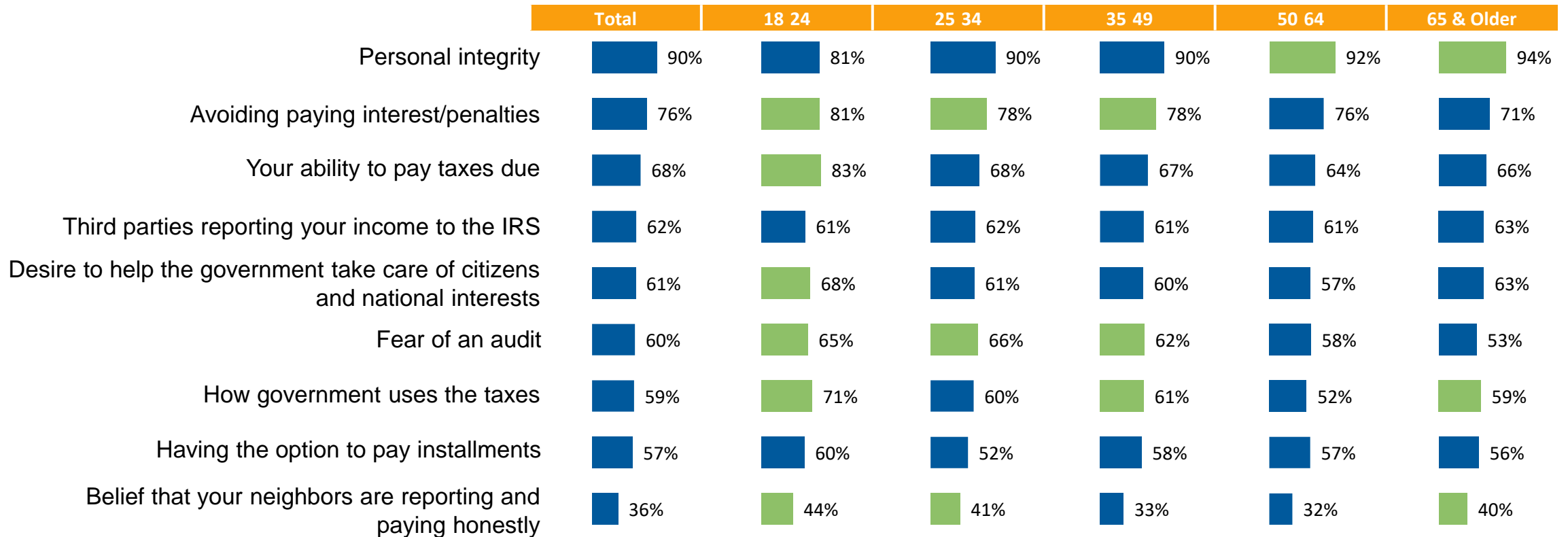


Q4: How much influence does each of the following factors have on whether you report and pay your taxes honestly? Would you say it has a great deal of influence, somewhat of an influence, very little influence, or is not at all an influence?

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."

Younger taxpayers are more influenced by avoiding penalties and their fear of an audit, while older generations are more driven to report and pay taxes honestly by personal integrity

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

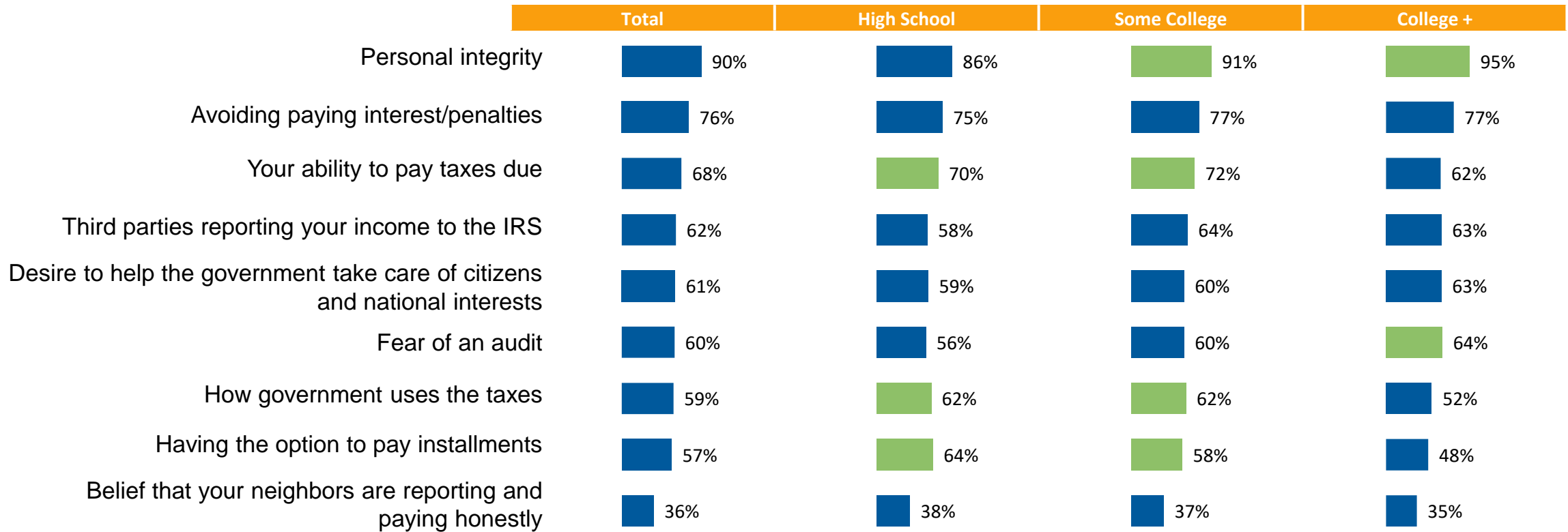


Q4: How much influence does each of the following factors have on whether you report and pay your taxes honestly? Would you say it has a great deal of influence, somewhat of an influence, very little influence, or is not at all an influence? Margin of error is +/- 2.1% for blended online/phone respondents. 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.

Higher educated taxpayers are more influenced by personal integrity and fear of audit, while the less educated are motivated by the ability and ways to pay, as well as how the government uses the tax money

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

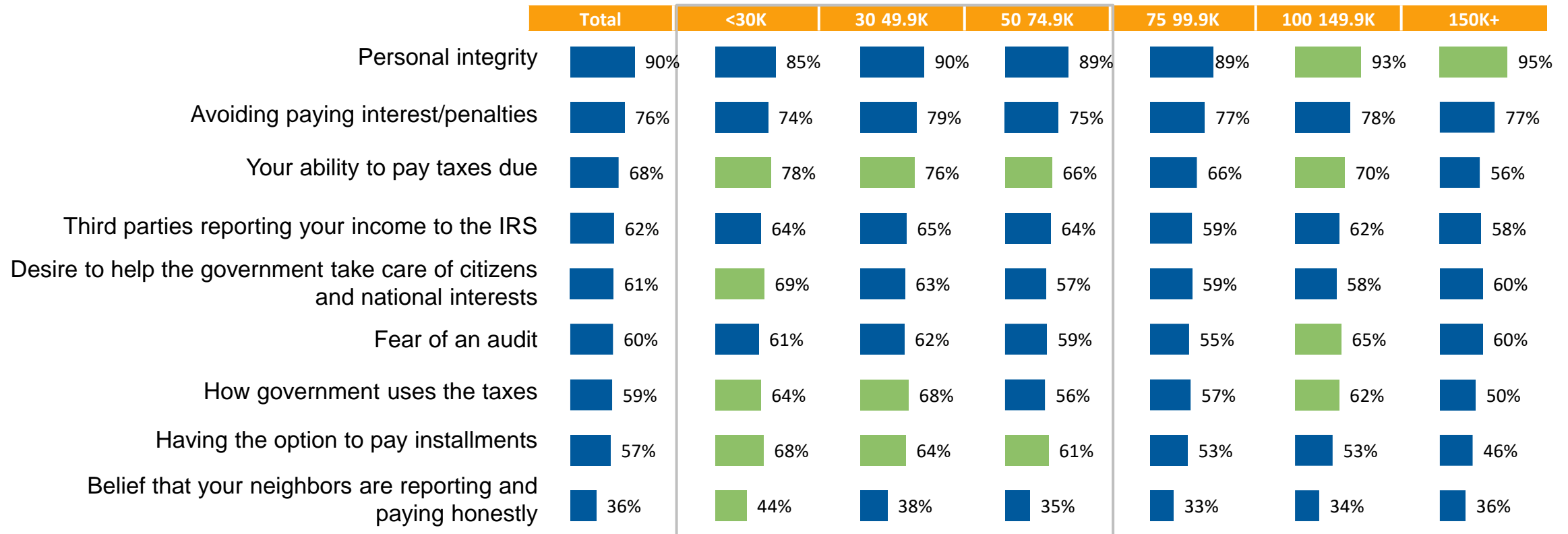


Q4: How much influence does each of the following factors have on whether you report and pay your taxes honestly? Would you say it has a great deal of influence, somewhat of an influence, very little influence, or is not at all an influence? Margin of error is +/- 2.1% for blended online/phone respondents. 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.

Lower income taxpayers are more driven to report and pay taxes honestly by their ability to pay and in installments, along with how the government uses taxes, desire to care for citizens, and peer pressure

% 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.

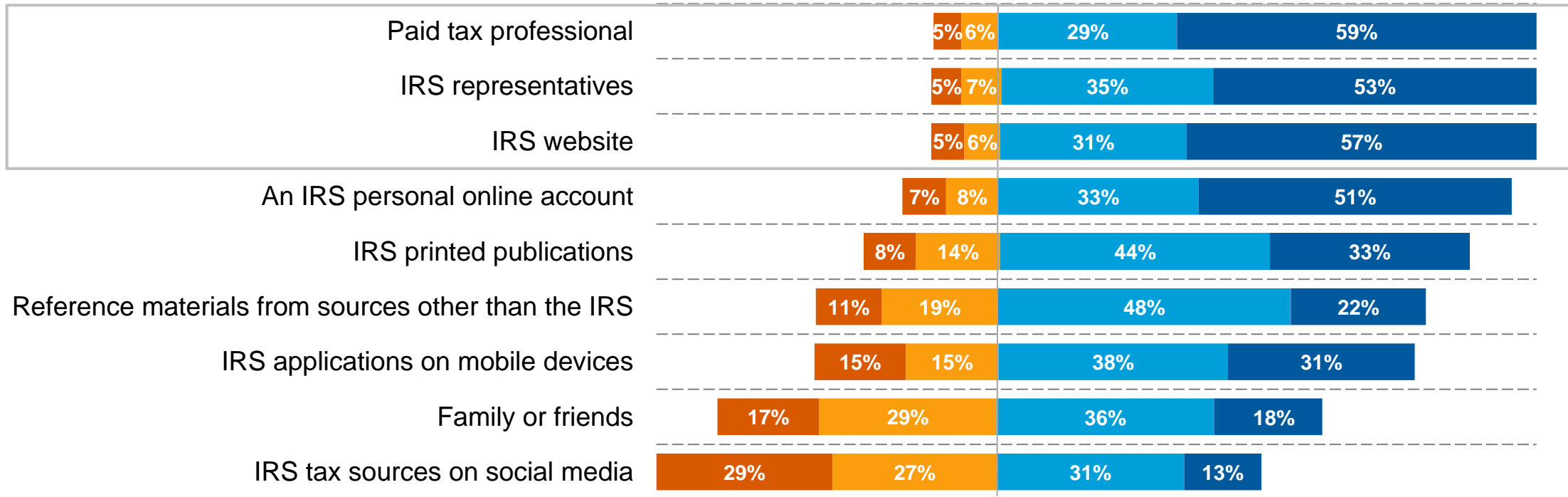
Lighter green shading indicates a significantly higher score at a 95% confidence level versus other scores in the row.

Sources of Tax Information and Advice

Tax professionals, IRS representatives, and the IRS website are among the most valuable sources of advice or information for taxpayers

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."

Taxpayers under 65 are more likely to value tax advice from digital sources like the IRS website, their online account, apps or social media, while older taxpayers are more likely to value printed materials

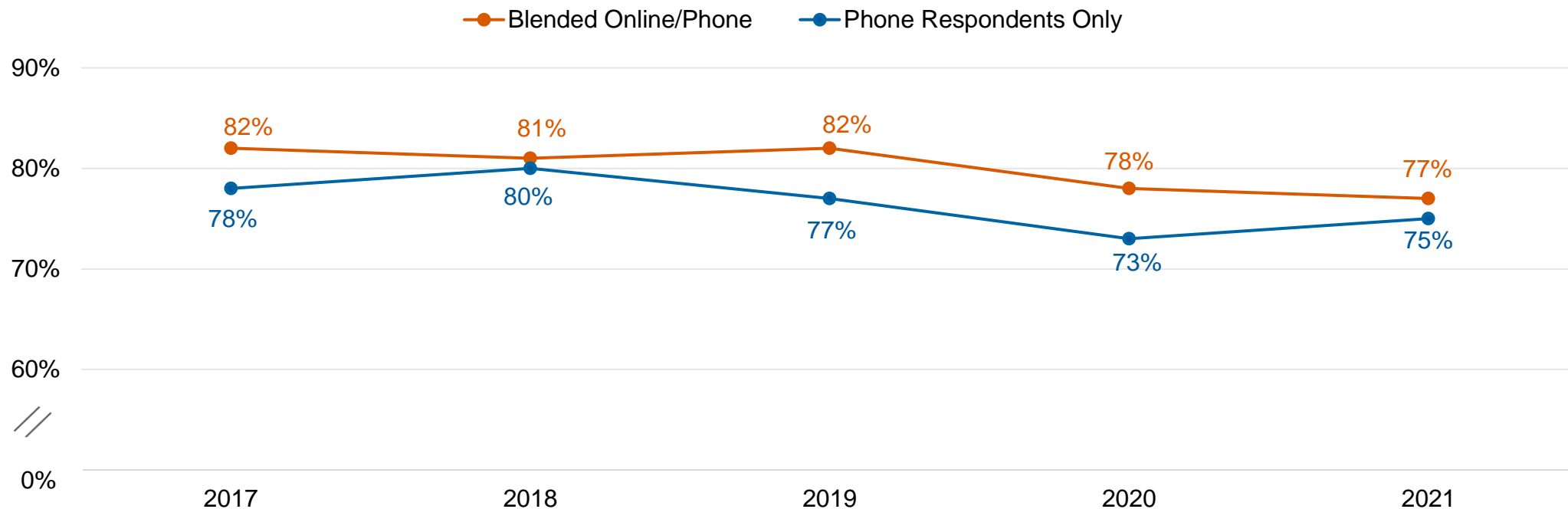
% Valuable: Source of Tax Advice by Age

	Total	18 24	25 34	35 49	50 64	65 & Older
Paid tax professional	88%	86%	88%	90%	90%	85%
IRS Website	88%	86%	92%	92%	90%	78%
IRS representatives	88%	87%	88%	90%	88%	84%
An IRS personal online account	84%	84%	90%	87%	86%	70%
IRS printed publications	77%	72%	73%	74%	80%	82%
Reference materials from sources other than the IRS	70%	71%	79%	75%	69%	58%
IRS applications on mobile devices	68%	82%	79%	78%	65%	47%
Family or friends	53%	69%	67%	54%	48%	41%
IRS tax sources on social media	43%	59%	50%	46%	41%	30%

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.

Over three-quarters of Taxpayers still find IRS printed materials valuable

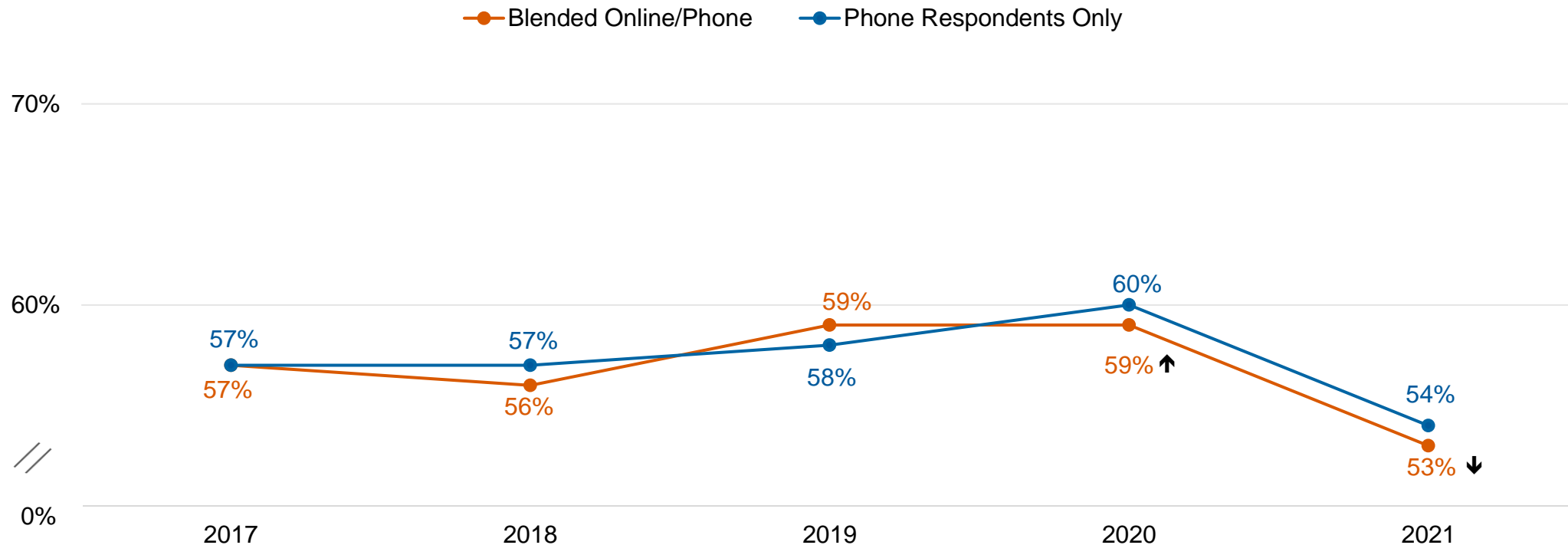
Trend in % Valuable Source of Tax Advice with 'IRS printed publications, for example brochures, instructions'



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.

Taxpayers find tax advice from friends and family significantly less valuable in 2021 compared to the previous year

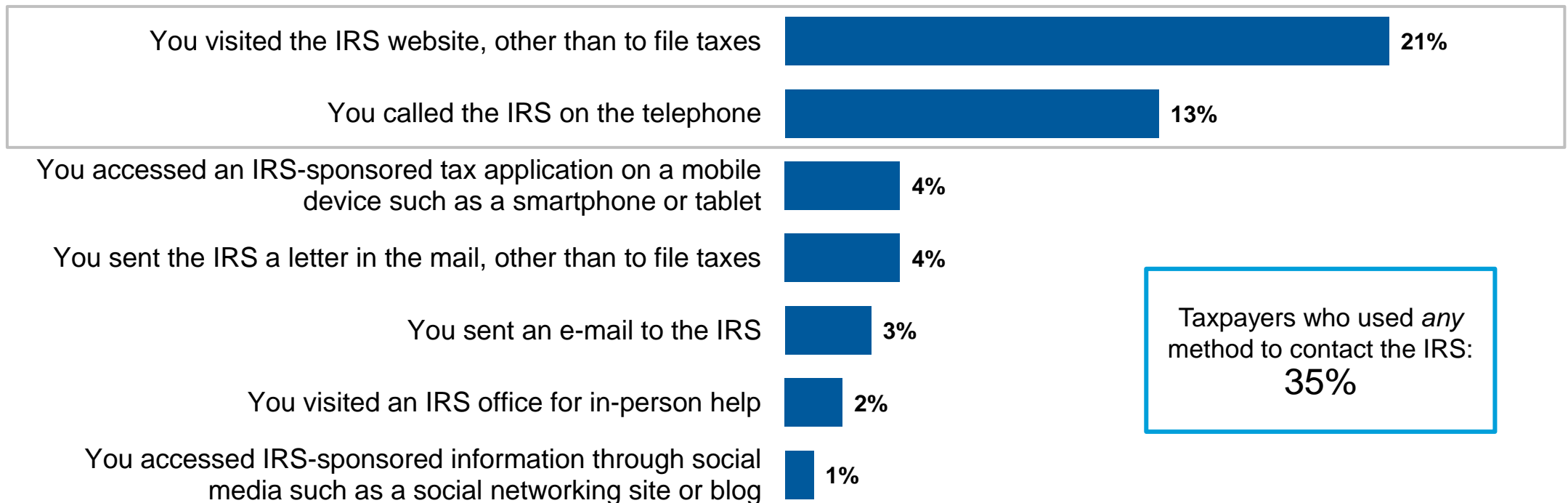
Trend in % Valuable Source of Tax Advice with 'Family or friends'



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 2020 and 2021 at a 95% confidence level.

Similar to last year, around one-third of taxpayers contacted the IRS within the past year, with most using the IRS website or the telephone

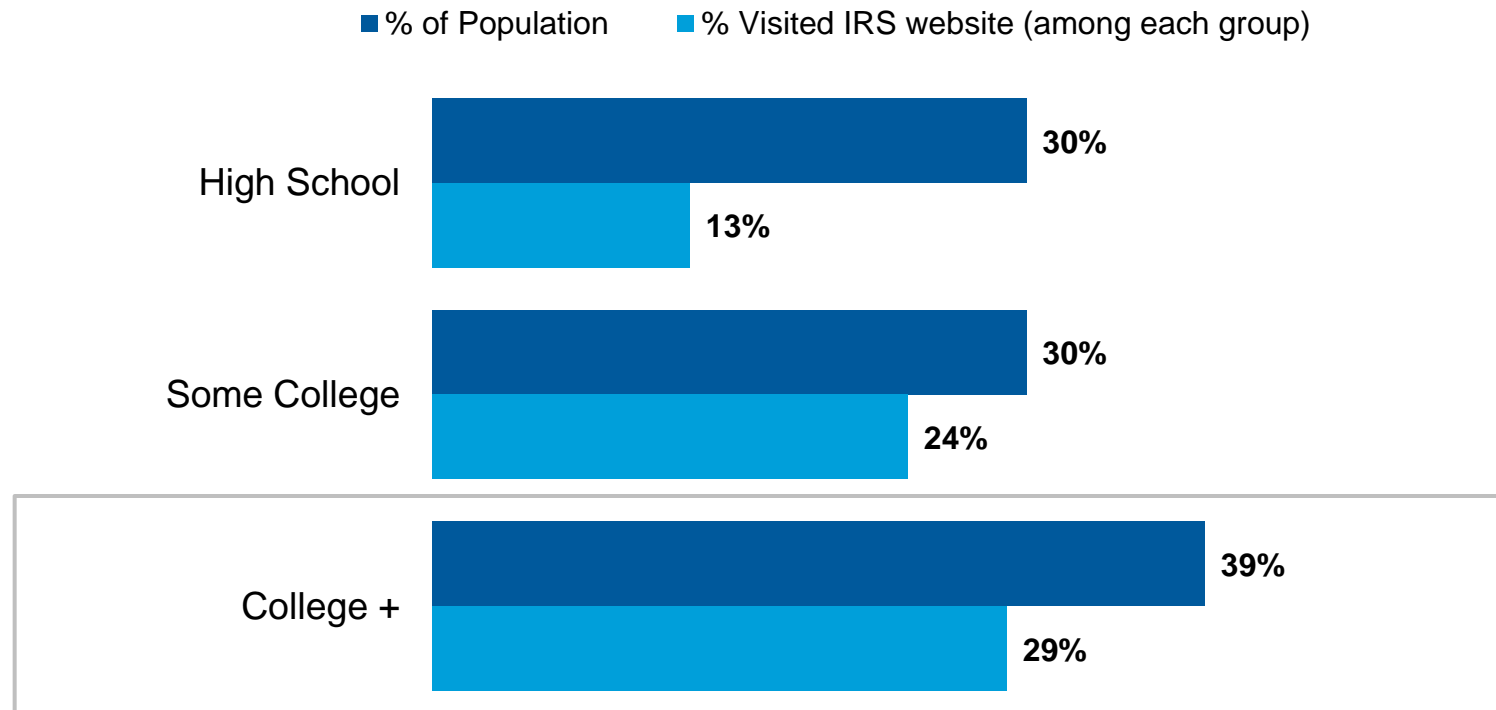
Method of contacting the IRS over the Past Year (excluding filing of a tax return)



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 education are more likely to contact the IRS through their website

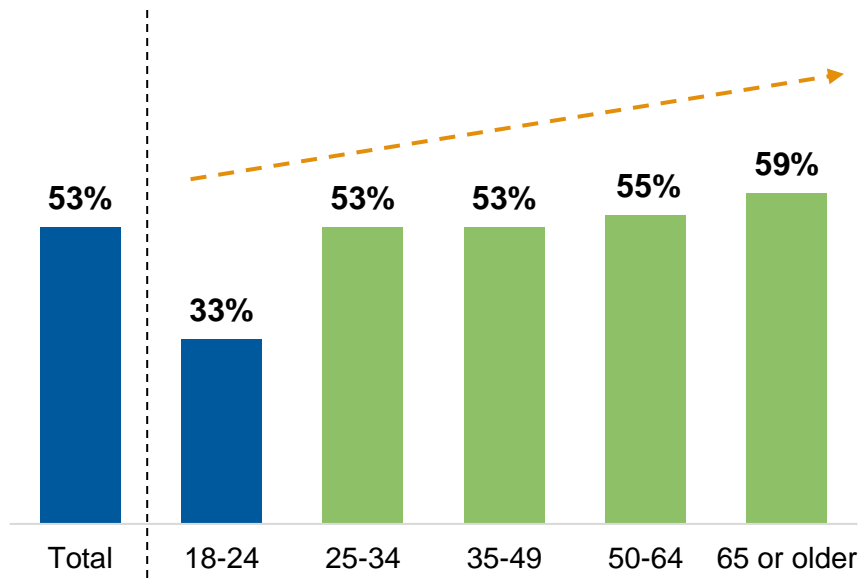
% Visited the IRS website, other than to file taxes, by Education



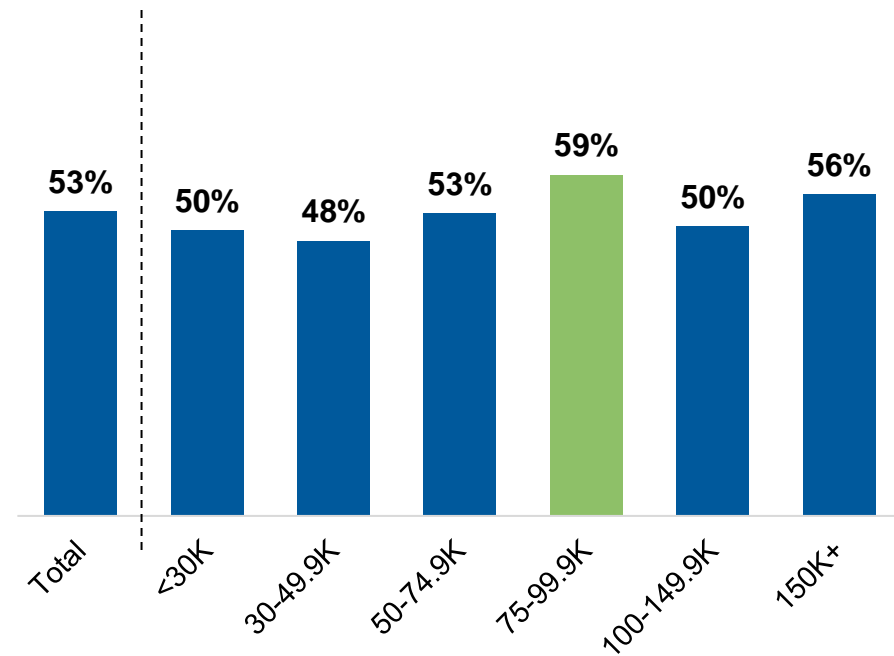
Q15: Thinking back over the past year, and excluding the filing of a tax return, did you initiate a contact with the IRS using any of the following methods?
Margin of error is +/- 2.1% for blended online/phone respondents. Green shading indicates a significantly higher score at a 95% confidence level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

Younger taxpayers are less likely to use a paid tax professional; the middle-income tier turned to a paid professional more frequently than taxpayers earning under \$50K

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



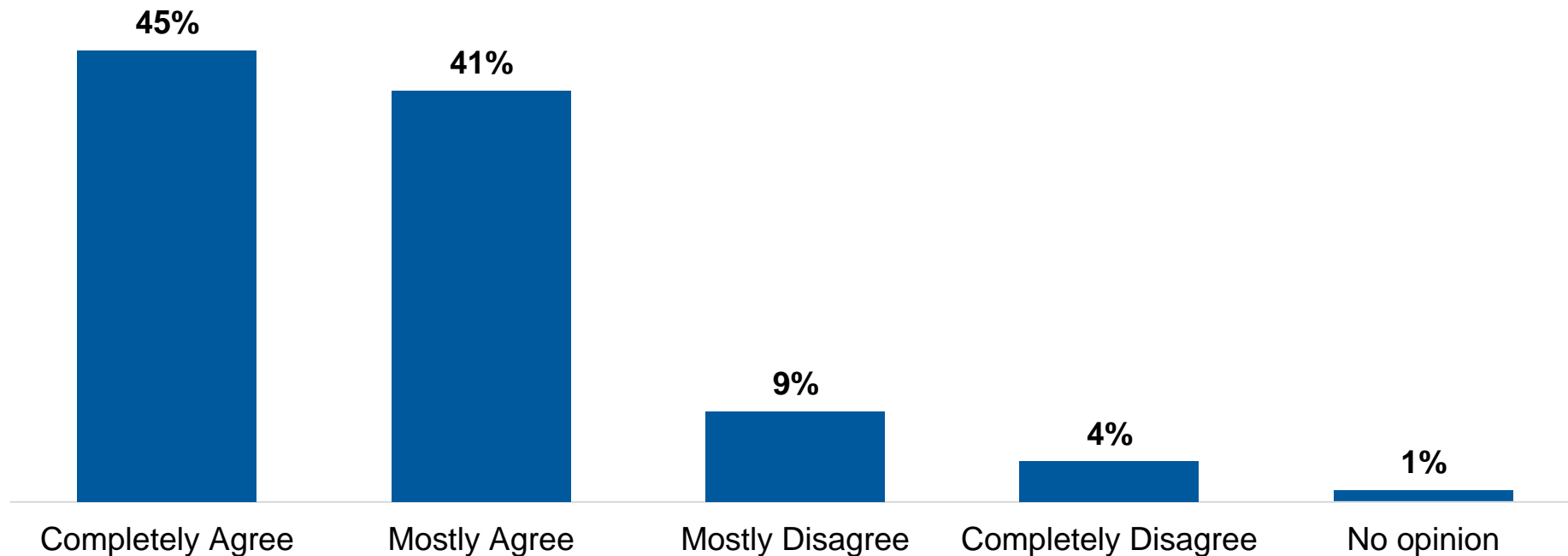
Q14: Did you use a paid tax return preparer to prepare your most recent Federal income tax return?

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

Most taxpayers agree that the more information and guidance provided by the IRS, the more likely people are to 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'

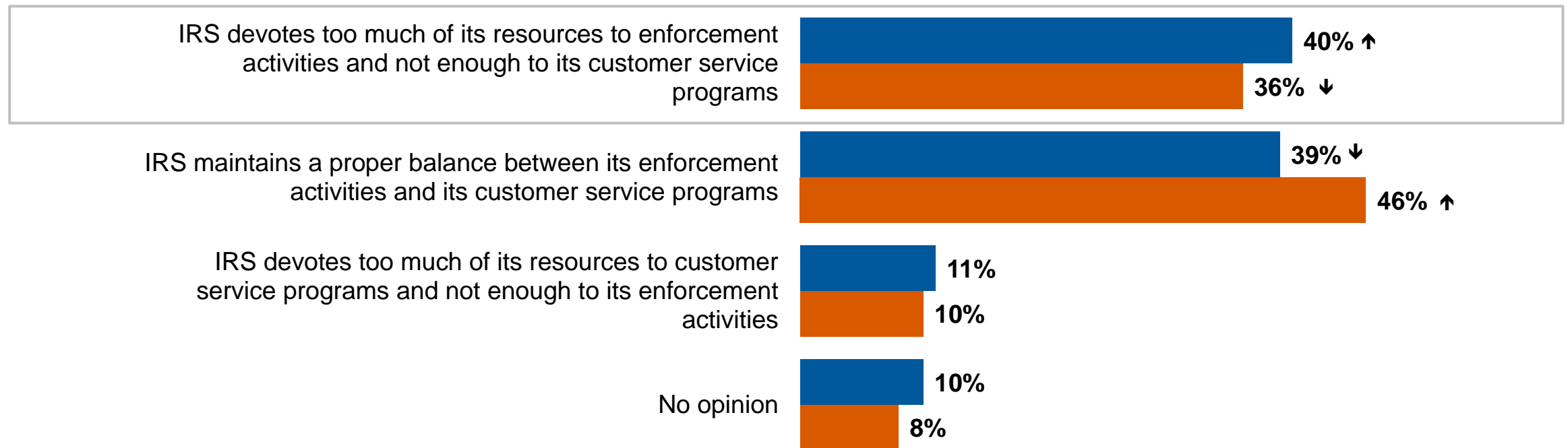


Q2: For each of the following statements, please indicate whether you completely agree, mostly agree, mostly disagree, or completely disagree.
Margin of error is +/- 2.1% for blended online/phone respondents.

Four in ten taxpayers feel that the IRS devotes too many resources to enforcement, which is a significant increase from 2020

Statement Most Agreed With About the Resources the IRS Receives

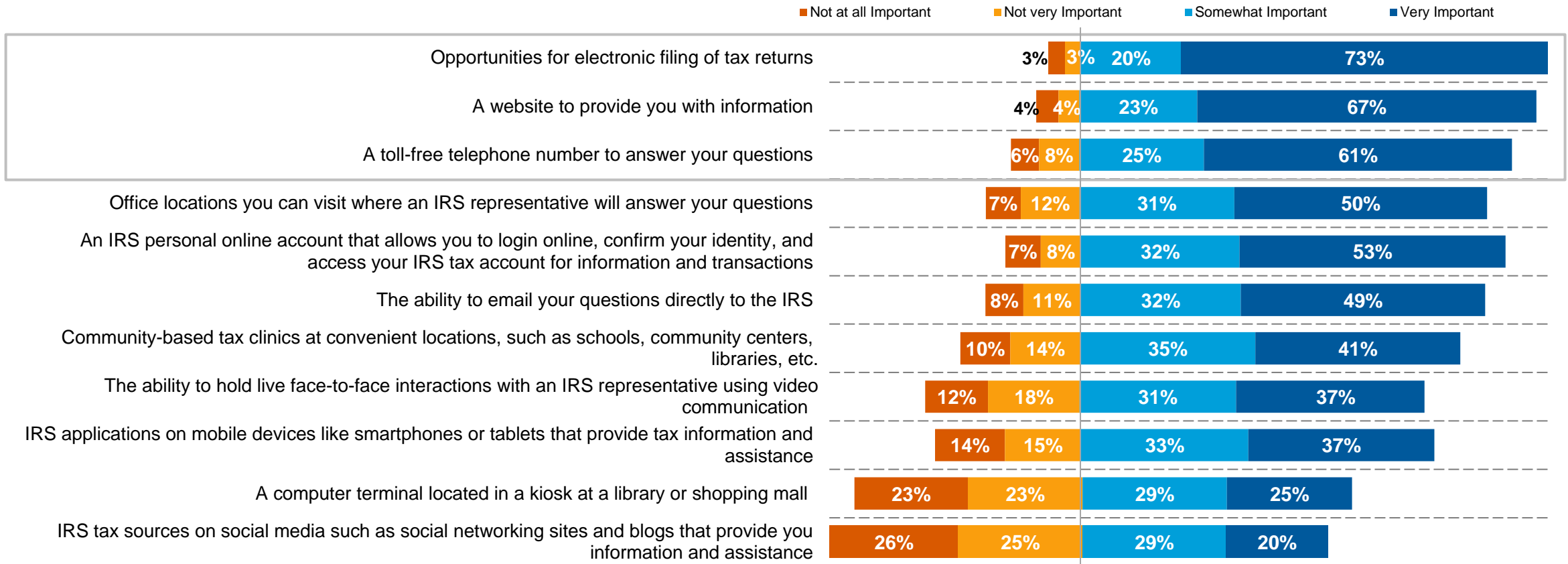
■ 2021 ■ 2020



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. Arrows indicate a statistical difference between 2020 and 2021 at a 95% confidence level

Electronic filing, an informative website, and a toll-free line to answer questions are the most important IRS services for taxpayers

Importance of IRS Services

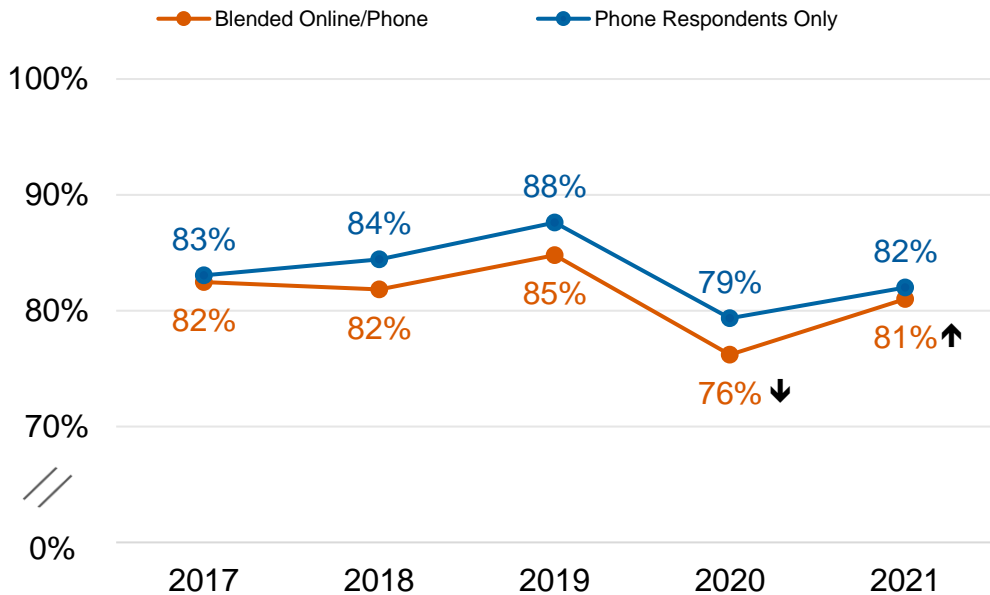


Q5: How important is it to you, as a taxpayer, that the IRS provides each of the following services to assist taxpayers?

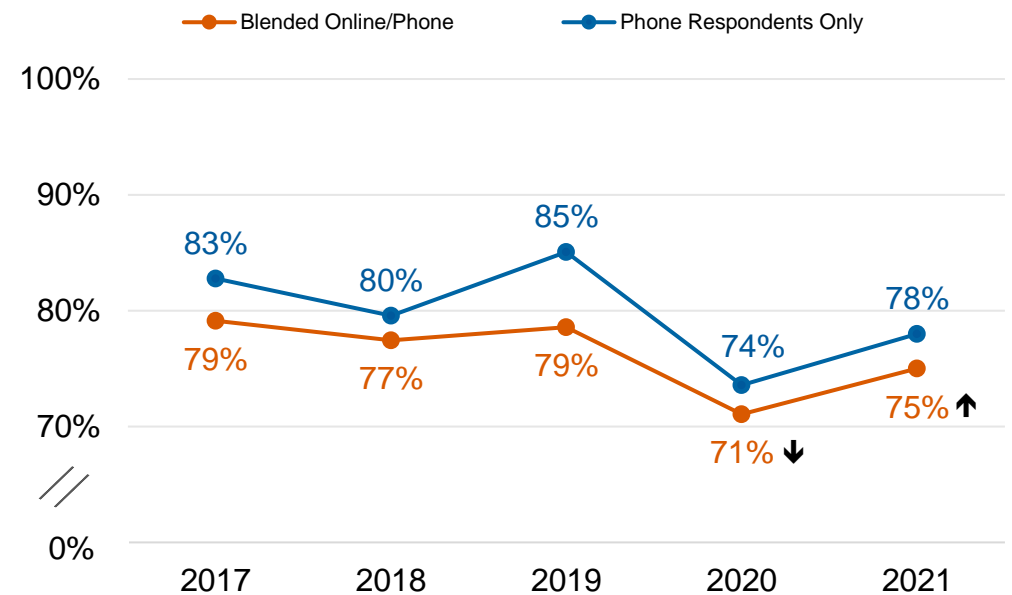
Margin of error is +/- 2.1% for blended online/phone respondents. Note: Each stacked bar may not add up to 100% due to "don't know," "not applicable," or "no response."

The importance of IRS office locations and community-based tax clinics slightly rebounded in 2021 after a previous decline

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



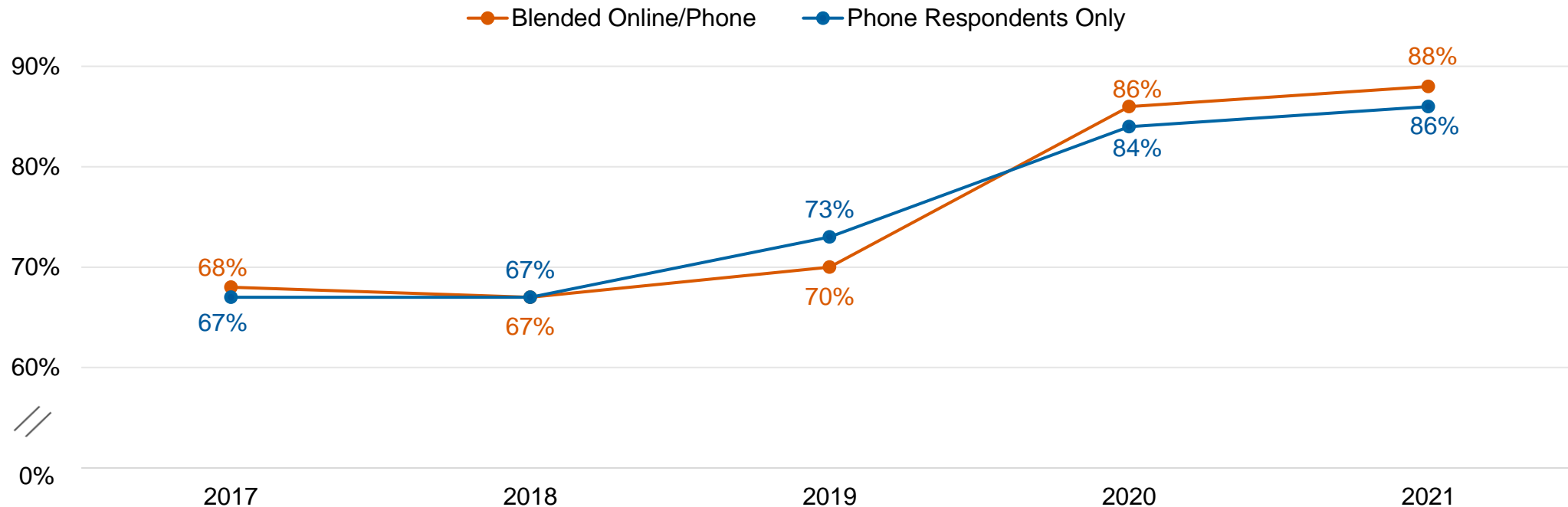
% Important: 'Community-based tax clinics at convenient locations, such as schools, community centers, libraries, etc.'



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 2020 and 2021 at a 95% confidence level.

The percentage who agree that the IRS should focus its efforts on improving in-person and phone assistance has continued to trend up

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.