

MITRE Taxpayer Filing Preference Surveys

February 2023

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Introduction

- Last year, with the imminent passage of the Inflation Reduction Act, which contained language directing the IRS to study a direct file system, MITRE conducted two surveys to gather data to evaluate taxpayer filing choices.
- The purpose of the surveys were to evaluate how certain factors of hypothetical tax filing systems affect taxpayers' interest in using those systems. Gauging that interest may help determine which features (or lack of features) may either deter taxpayers or make direct filing more appealing to taxpayers if the IRS were to build such a system.
- The hypothetical tax filing systems presented in the surveys were IRS Direct File, an IRS-run tax software program that would give taxpayers the same functionality as commercial tax software packages, and IRS Return-Free filing, in which taxpayers with simple returns (W-2 income only, no credits, itemizations or deductions others than the standard deduction) would not have to file a tax return, and the IRS would notify them of how much their refund would be, or how much they owed, with the opportunity to correct the return.
- The first survey assumed simple returns (as defined in the previous bullet) and gave the respondents the choice of their current software program (all respondents were current self-preparing commercial tax software users), IRS Direct File or IRS Return-free file. All three programs were free.

Introduction (cont.)

- The second survey assumed more complex returns, with additional forms, schedules, credits or itemizations, and gave the respondents the choice of their current software or IRS Direct File.
- While the surveys determined what percentage of taxpayers would use each of the hypothetical methods presented to them in each scenario, it was not intended to determine what the actual uptake of usage would be should those hypothetical filing systems become a reality.
- These independent surveys were conducted in keeping with MITRE's role as the operator of Treasury/IRS's Federally Funded Research and Development Center (FFRDC), and the requirement by the Sponsoring Agreement with Treasury/IRS to conduct independent research related to anticipated future needs of its Sponsor (Treasury/IRS).
- MITRE engaged YouGov, an international research data and analytics group, to conduct the surveys.

Table of Contents

Methodology

Demographics

Summary of Findings

Simple Tax Return Results

Complex Tax Return Results

Appendix

Profiles

Methodology



Research Design

Respondents were invited to participate in one of two survey versions, Simple Tax Return or Complex Tax Return.

- Simple Tax Return respondents were asked to imagine themselves getting ready to prepare their taxes requiring only their job-related income and standard deduction.
- Respondents were then presented with four separate scenarios in which they could select from three tax preparation options: their current software, IRS Direct File, or IRS Return-Free file. All software options held constant with no cost.
- Complex Tax Return respondents were asked to imagine themselves getting ready to prepare their taxes requiring their income from wages or interest along with additional forms or schedules, such as business income, tax credits or itemized deductions.
- Respondents were then presented with four separate scenarios in which they could select from two tax preparation software options – their current software for a fee of \$80 or IRS Direct File for free.



Methodology

Who We Surveyed:

- Adults 18+ who currently live in United States
- US Taxpayers
- People who used tax preparation software or online website to prepare and file 2021 tax returns

Simple Return N = 1,000

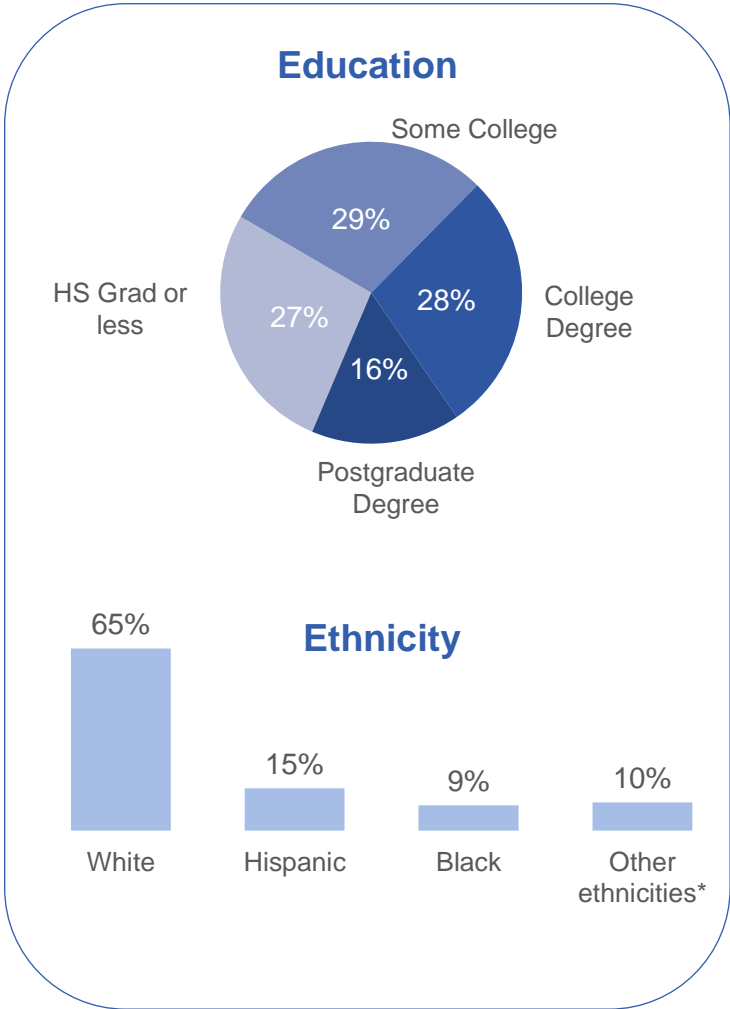
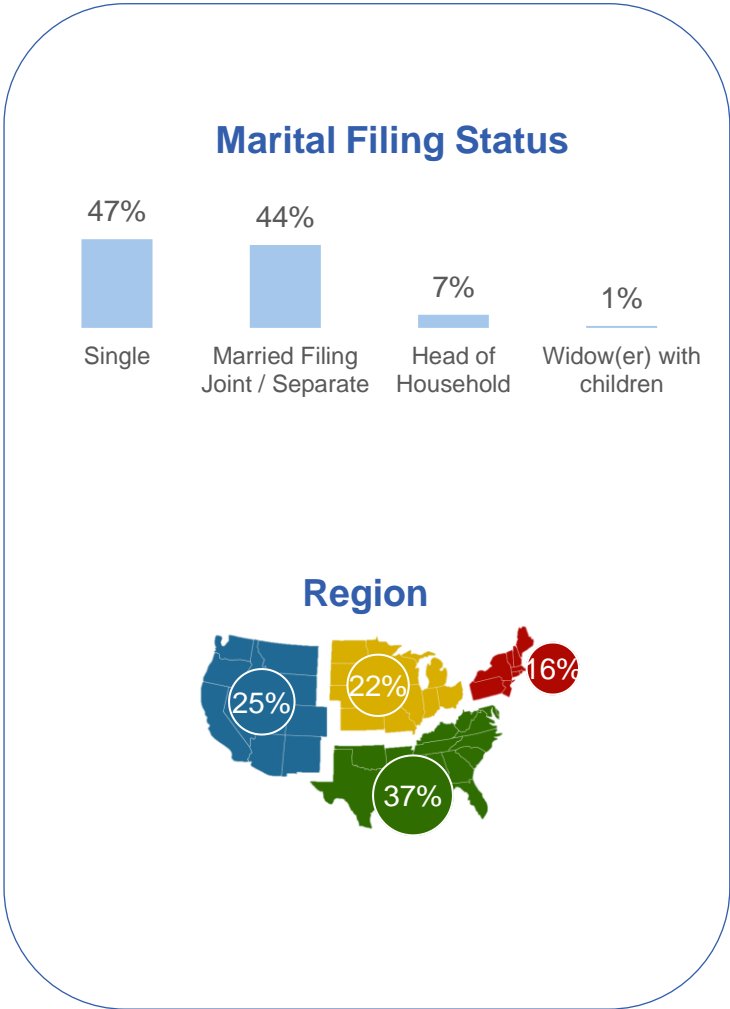
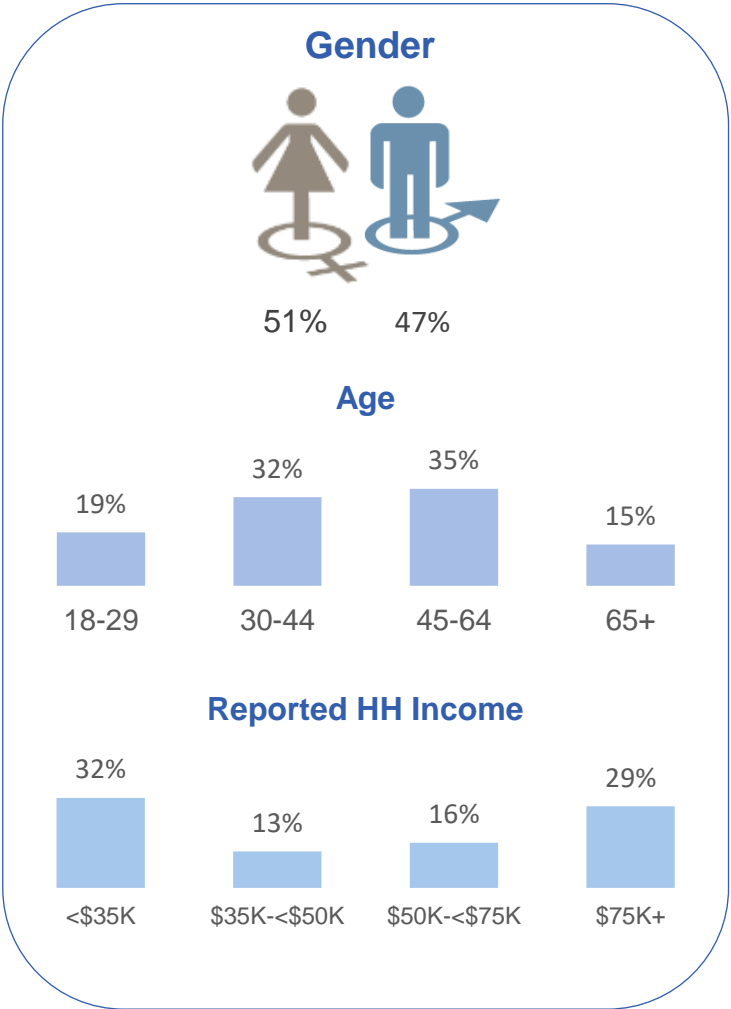
Complex Return N = 1,000

Survey Length and Field Dates:

10-minute online survey

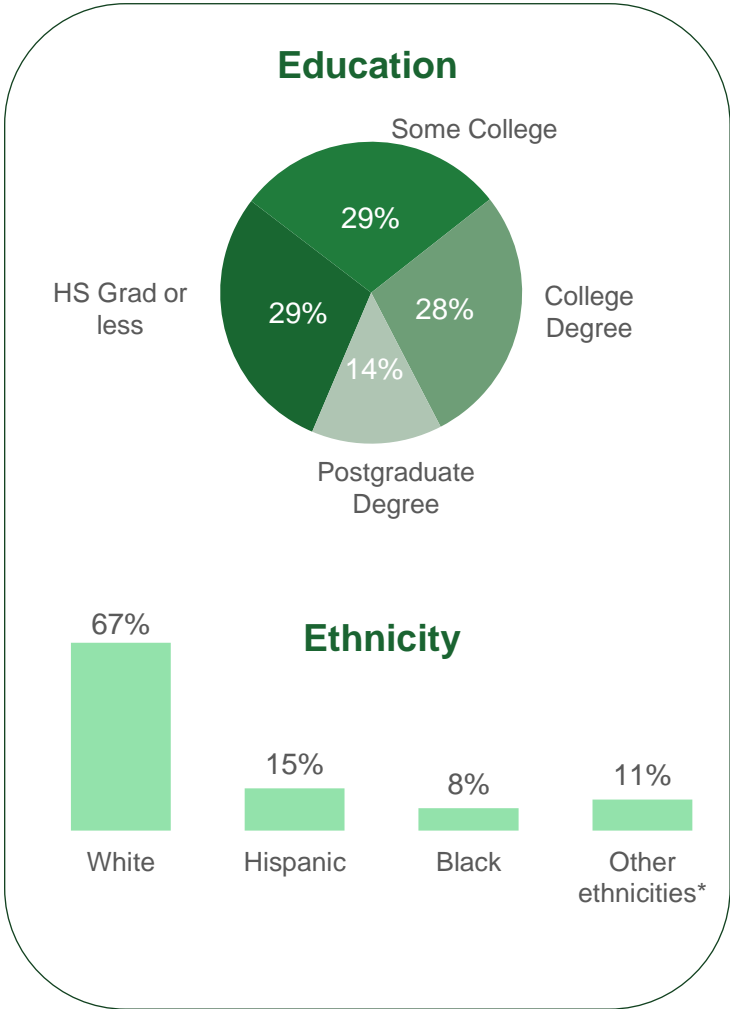
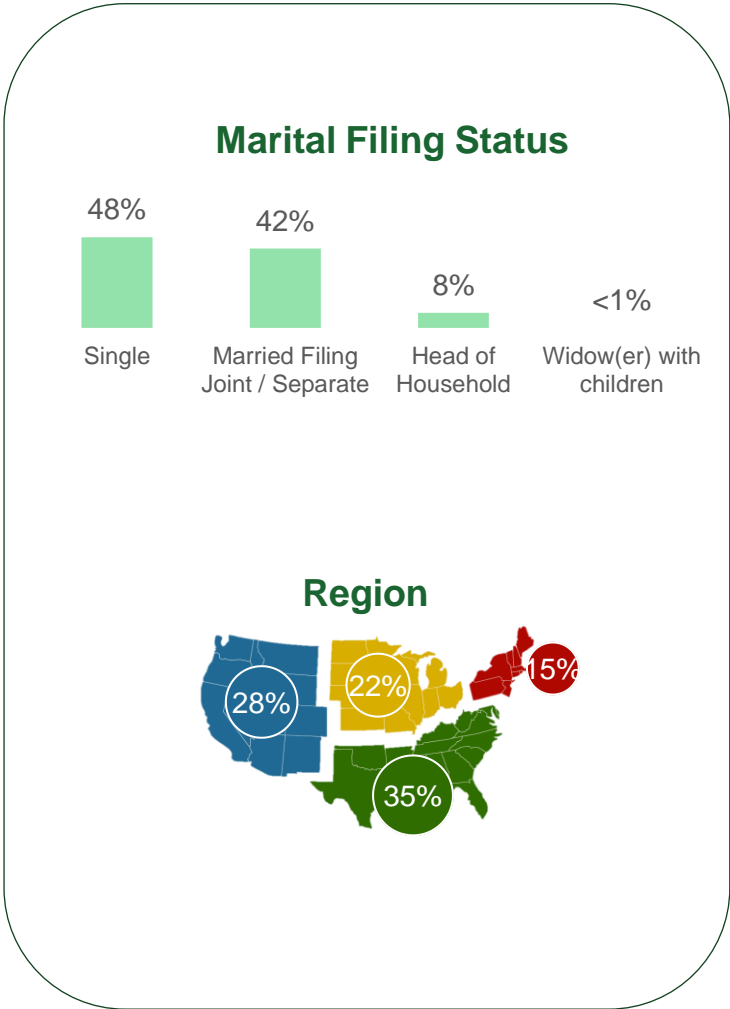
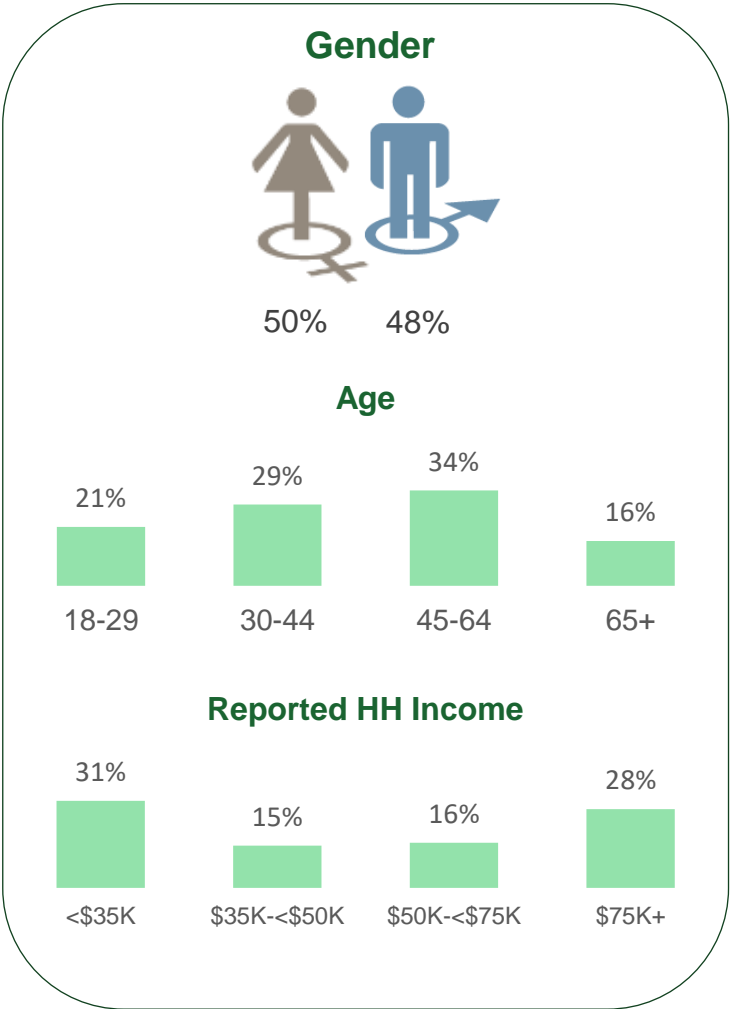
December 7 – 12, 2022

Simple Tax Return Demographics



*Other ethnicities includes Asian, Native American, Middle Eastern, two or more races, and others

Complex Tax Return Demographics



*Other ethnicities includes Asian, Native American, Middle Eastern, two or more races, and others

Simple Tax Return Results

Filing Option Descriptions: *Same Function, Same Cost*

48%

Current Software

- Federal tax preparation and filing software package downloaded to your computer or used through a company's online website.
- Manually enter all income information
- Uses secure website and log in
- State tax preparation and filing included
- No Cost (Free to use)

15%

IRS Direct File

- Federal tax preparation and filing software package downloaded to your computer or used through the IRS website.
- Manually enter all income information
- Requires IRS account using secure advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- State tax preparation and filing included
- No Cost (Free to use)

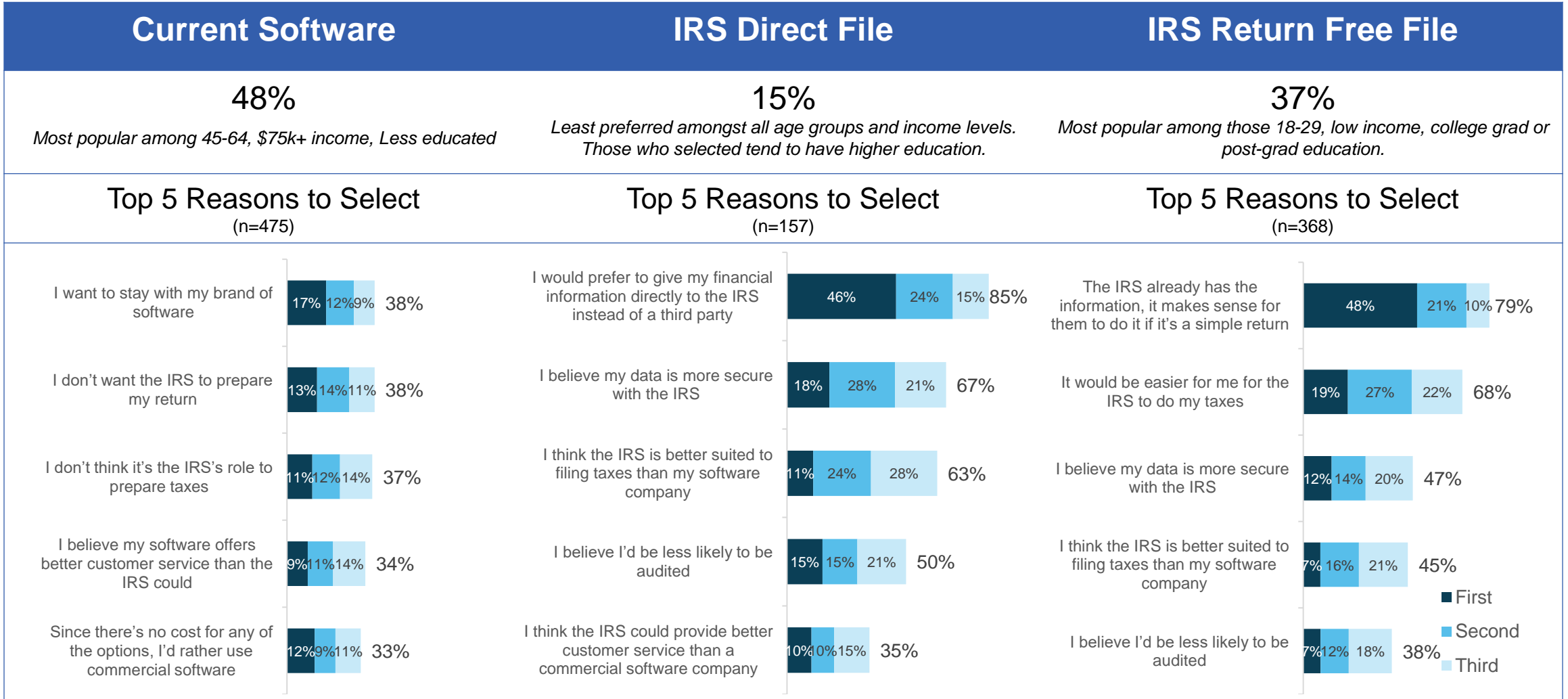
37%

IRS Return-Free File

- IRS prepares and files the tax return for you using W-2 and 1099 information that it receives from your employer.
- Confirmation of the refund or amount owed will be sent to you directly.
- Includes ability to dispute your refund or taxes owed.
- Requires IRS account using secured advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- State tax preparation and filing included
- No Cost (Free to use)

Same Function, Same Cost

Most participants chose to stay with their current software, keeping with what they know. For those willing to try IRS Software, more interest shown in having the IRS do all the work, with little interest in IRS Direct File.



Filing Option Descriptions: *Same Function, Same Cost, No State Return*

60%

Current Software

- Federal tax preparation and filing software package that was downloaded to your computer or used through a company's online website.
- Uses secure website and log in
- Manually enter all income information
- State tax preparation and filing included
- No Cost (Free to use)

12%

IRS Direct File

- Federal tax preparation and filing software package that was downloaded to your computer or used through the IRS website.
- Manually enter all income information
- Requires IRS account using secure advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- Does not include state tax return preparation and filing
- No Cost (Free to use)

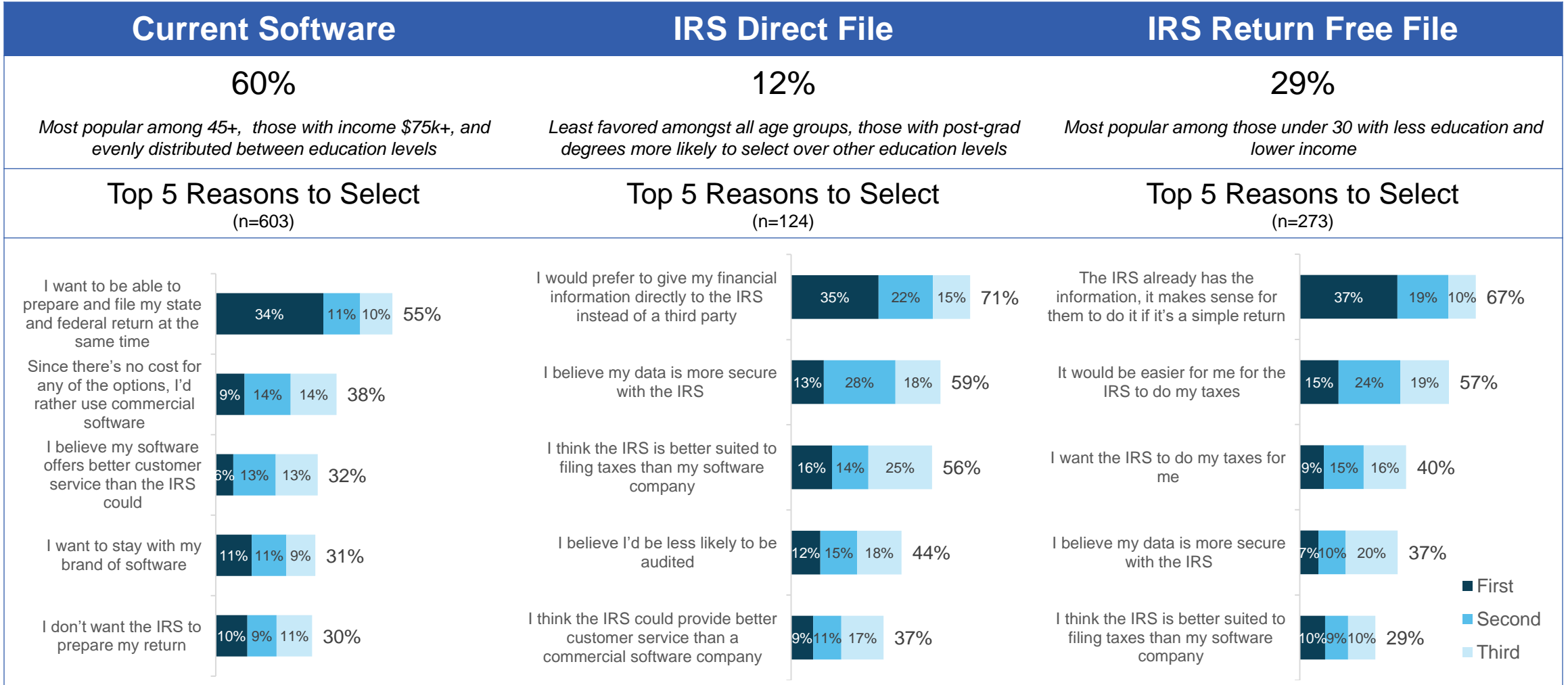
29%

IRS Return-Free File

- IRS prepares and files the tax return for you using the W-2 and 1099 information that it receives from your employer.
- Confirmation of the refund or amount owed will be sent to you directly.
- Includes ability to dispute your refund or taxes owed.
- Requires IRS account using secured advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- Does not include state tax return preparation and filing
- No Cost (Free to use)

Same Function, Same Cost, No State Return

When state return is excluded, using IRS software is less than ideal. Most want to endure going through tax preparation only once and file both federal and state together using their current software. Filers that live in states that do not require tax returns, are slightly more likely to select IRS software platform than those who live in states which require state tax returns.



Filing Option Descriptions:

Same Function, Same Cost, IRS Inputs Income Information

47%

Current Software

- Federal tax preparation and filing software package that was downloaded to your computer or used through a company's online website.
- Uses secure website and log in
- Manually enter all income information
- State tax preparation and filing included
- No Cost (Free to use)

18%

IRS Direct File

- Federal Tax preparation and filing software package that was downloaded to your computer or used through an online the IRS website.
- Requires IRS account using secure advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- Automatically inputs W-2 and 1099 information
- State tax preparation and filing included
- No Cost (Free to use)

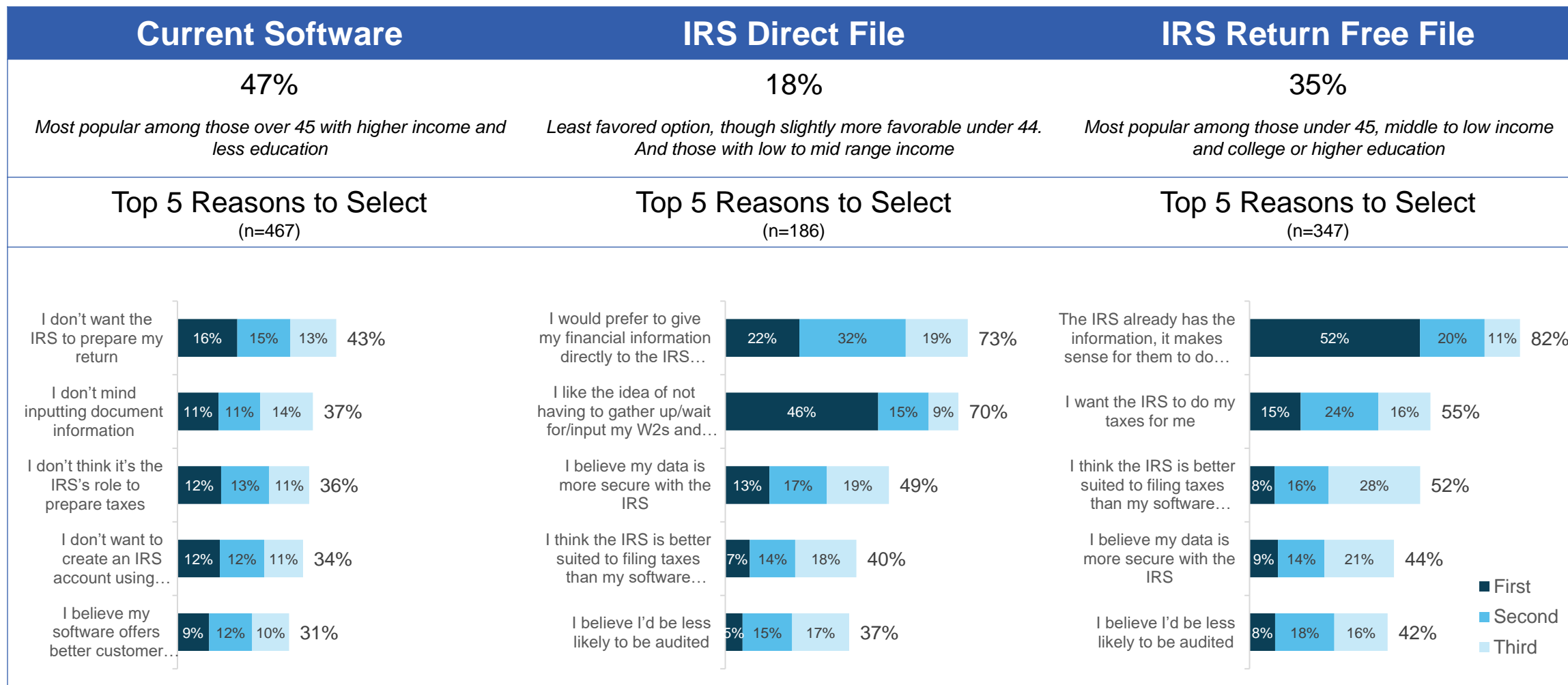
35%

IRS Return-Free File

- IRS prepares and files the tax return for you using the W-2 and 1099 information that it receives from your employer.
- Confirmation of the refund or amount owed will be sent to you directly.
- Includes ability to dispute your refund or taxes owed.
- Requires IRS account using secured advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- State tax preparation and filing included
- No Cost (Free to use)

Same Function, Same Cost, IRS Inputs Income Information

Less work for the preparer starts to sweeten the deal; perceptions that the IRS already has the information sways filers to use IRS Software, although more lean towards IRS Return Free File than IRS Direct File. Those opting to stay with their current software simply do not want the IRS to be involved with their tax preparation.



Filing Option Descriptions:

Same Function, Same Cost, IRS Inputs Income Information, No State Return

62%

Current Software

- Federal Tax preparation and filing software package that was downloaded to your computer or used through a company's online website.
- Uses secure website and log in
- Manually enter all income information
- State tax preparation and filing included
- No Cost (Free to use)

13%

IRS Direct File

- Federal Tax preparation and filing software package that was downloaded to your computer or used through an online the IRS website.
- Requires IRS account using secure advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- Automatically inputs W-2 and 1099 information
- Does not include state tax return preparation and filing
- No Cost (Free to use)

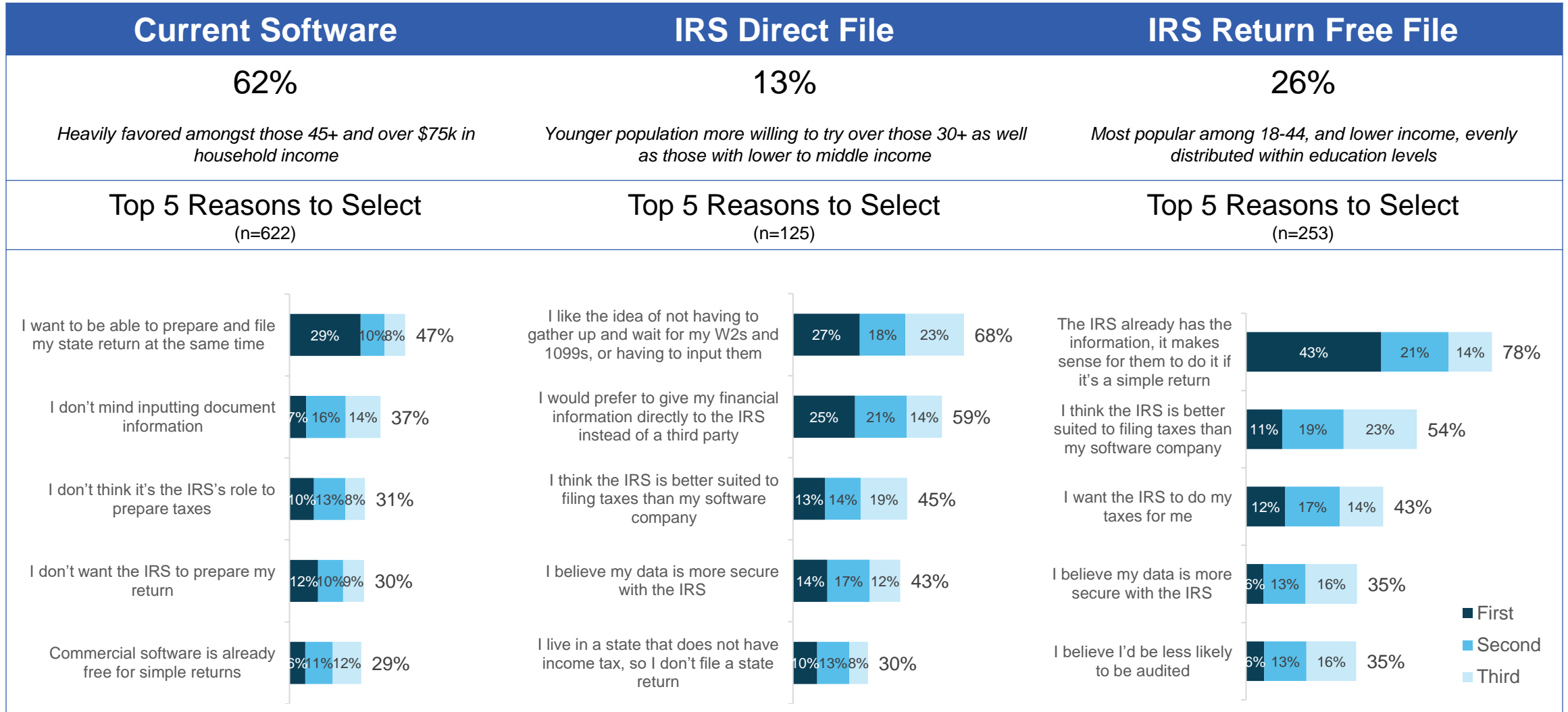
26%

IRS Return-Free File

- IRS prepares and files the tax return for you using the W-2 and 1099 information that it receives from your employer.
- Confirmation of the refund or amount owed will be sent to you directly.
- Includes ability to dispute your refund or taxes owed.
- Requires IRS account using secured advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- Does not include state tax return preparation and filing
- No Cost (Free to use)

Same Function, Same Cost, IRS Inputs Income Information, No State Return

Although some prefer having the IRS complete their taxes since the IRS already has the information, most prefer to stay with their current software in order to file federal and state taxes together. Among filers that live in states without a tax return, most continued to select their current software, although more were driven to use the IRS software than filers who file state returns.



Simple Tax Return

- IRS Direct File is the least favored tax preparation software, indicating filers want familiarity by staying with current software, or IRS Return-Free offering effortless filing.
- Lack of trust in the government is a key reason for those selecting current software, regardless of what the IRS can offer.
- Established filers with years of tax history will be hard pressed to leave their current software since it contains historical information.
- Best option to sway current software filers to use IRS Direct is to include state returns.



I like turbo tax and am not interested in changing, even if it costs money to use turbo tax *(Current Software)*

Security and length of time *(IRS Direct File)*

Familiarity with my software. *(Current Software)*

More expedited this way since I already have an account and software with this rather than the need to create an account for the IRS stuff *(Current Software)*



I would think filing directly would get me my refund quicker. *(IRS Direct File)*

If the govt. is requiring me to file they should offer a free service *(IRS Return Free File)*

It should be free and effortless to file taxes *(IRS Return-Free file)*

Commercial software is made intentionally confusing to encourage you to by a higher package *(IRS Direct File)*



Any bureaucratic system performs worse than open market competition *(Current Software)*

The IRS does not have my best interest at heart. *(Current Software)*

I cannot think of a single thing I trust the IRS to do correctly or efficiently. *(Current Software)*

The commercialization of the internal revenue collection has been extremely harmful to the American public. *(IRS Return-Free File)*



Commercial software asks questions to find other ways to reduce your tax bill outside a W2 *(Current Software)*

'...my choice of software solely relies on being able to do both federal & state at the same time.' *(Current Software)*

Ability to incorporate information from previous years and to compare tax years easily *(Current Software)*

Prefer to file Fed and State at once. *(Current Software)*

Complex Tax Return Results

Same Function, Different Cost

When all things are the same, IRS Direct File is most preferred.

30%

Current Software

- Federal tax preparation and filing software package that was downloaded to your computer or used through an online website.
- Manually enter all income information
- Uses secure website and log in
- State tax preparation and filing included
- Cost: \$80.00

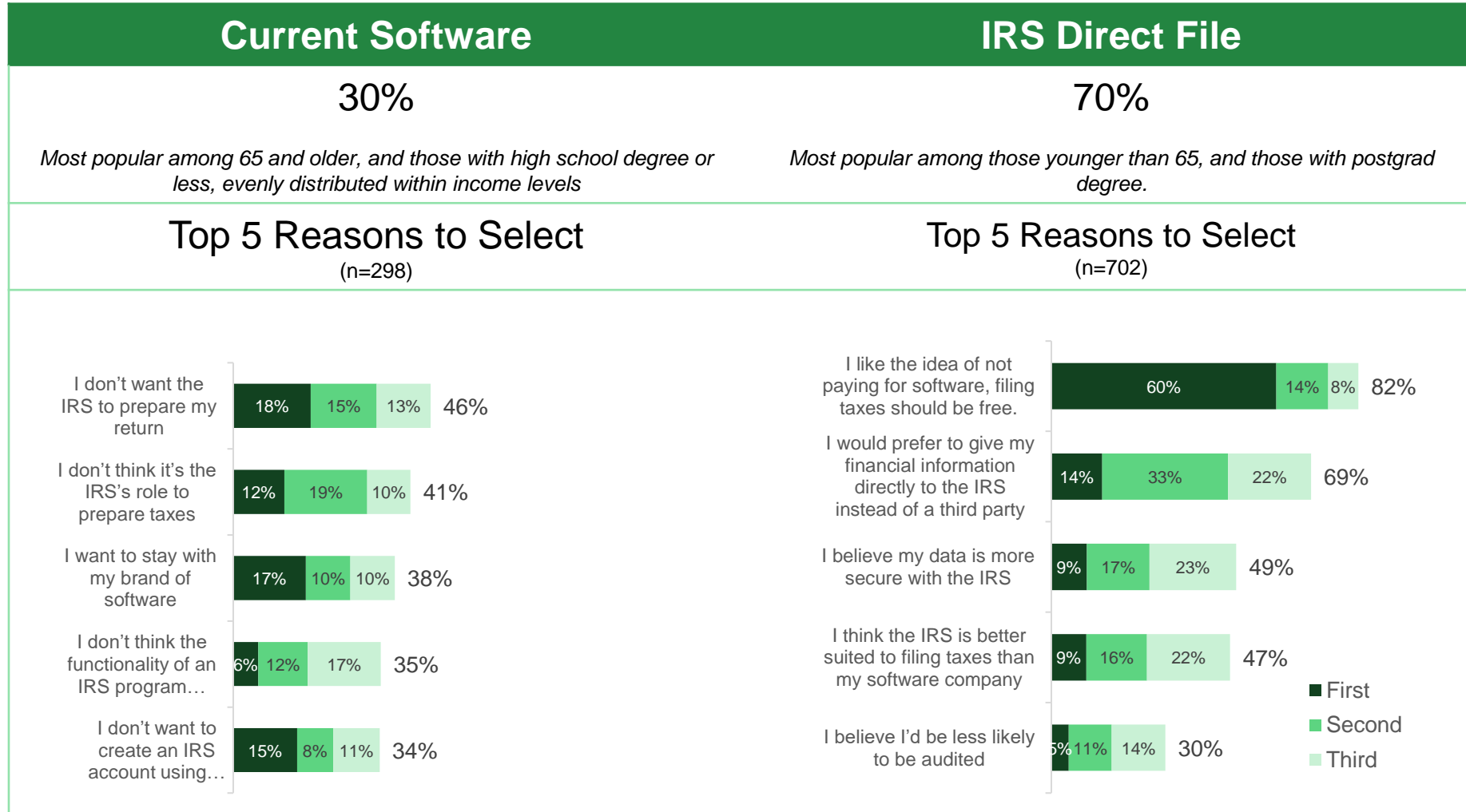
70%

IRS Direct File

- Federal tax preparation and filing software package that was downloaded to your computer or used through an online the IRS website.
- Manually enter all income information
- Requires IRS account using secure advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- State tax preparation and filing included
- No Cost (Free to use)

Same Function, Different Cost

Those selecting IRS Direct File are looking to save money and have more trust in the IRS handling their data.



Filing Option Descriptions:

Same Function, Different Cost, No State Return

41%

Current Software

- Federal tax preparation and filing software package that was downloaded to your computer or used through a company's online website.
- Manually enter all income information
- Uses secure website and log in
- State tax preparation and filing included
- Cost: \$80.00

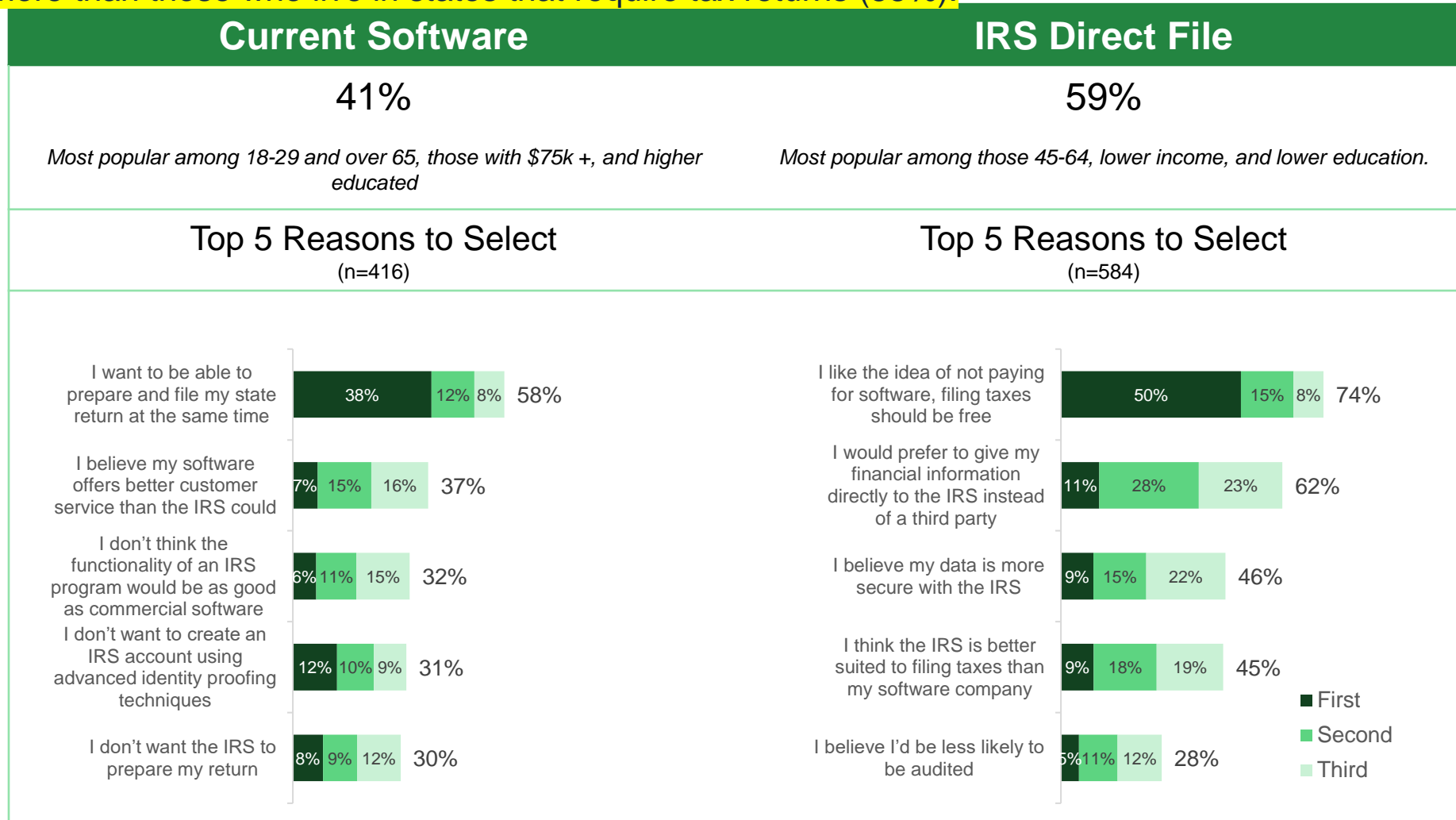
59%

IRS Direct File

- Federal tax preparation and filing software package that was downloaded to your computer or used through an online the IRS website.
- Manually enter all income information
- Requires IRS account using secure advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- Does not include state tax return preparation and filing
- No Cost (Free to use)

Same Function, Different Cost, No State Return

Complex filers are looking to save money and feel the IRS Direct File is the best option, even if they have to file state taxes separately. Among those who live in states that do not require tax returns, 70% of tax filers chose to use IRS Direct File, significantly more than those who live in states that require tax returns (55%).



Filing Option Descriptions: *Same Function, Different Cost, IRS Inputs Information*

27%

Current Software

- Federal Tax preparation and filing software package that was downloaded to your computer or used through a company's online website.
- Manually enter all income information
- Uses secure website and log in
- State tax preparation and filing included
- Cost: \$80.00

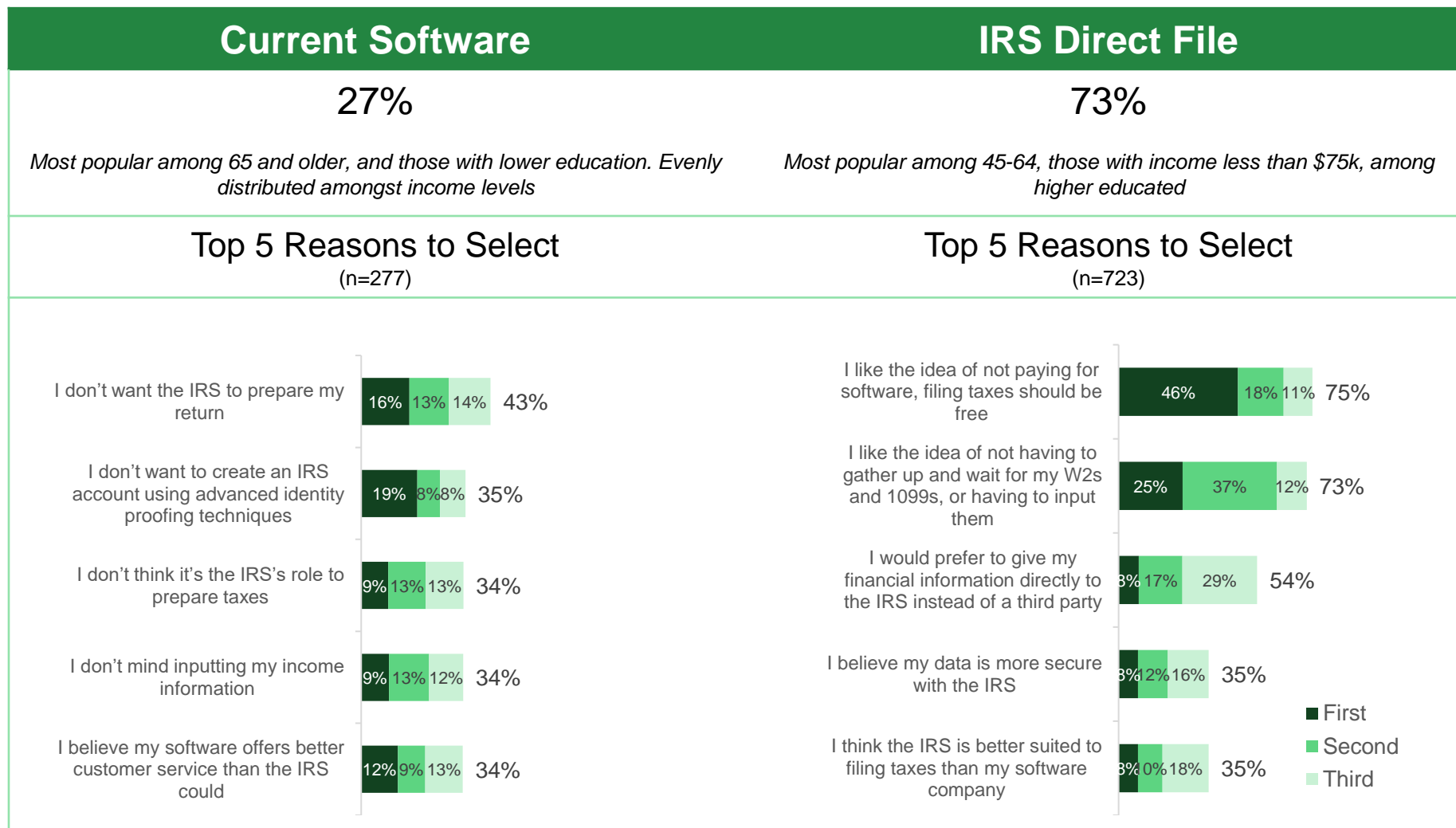
73%

IRS Direct File

- Federal Tax preparation and filing software package that was downloaded to your computer or used through the IRS website.
- Requires IRS account using secure advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- Automatically inputs W-2 and 1099 information
- State tax preparation and filing included
- No Cost (Free to use)

Same Function, Different Cost, IRS Inputs Information

Offering free software that includes state taxes AND automatically inputs income information is the winner.



Filing Option Descriptions:

Same Function, Different Cost, IRS Inputs Information, No State Return

40%

Current Software

- Federal tax preparation and filing software package that was downloaded to your computer or used through a company's online website.
- Manually enter all income information
- Uses secure website and log in
- State tax preparation and filing included
- Cost: \$80.00

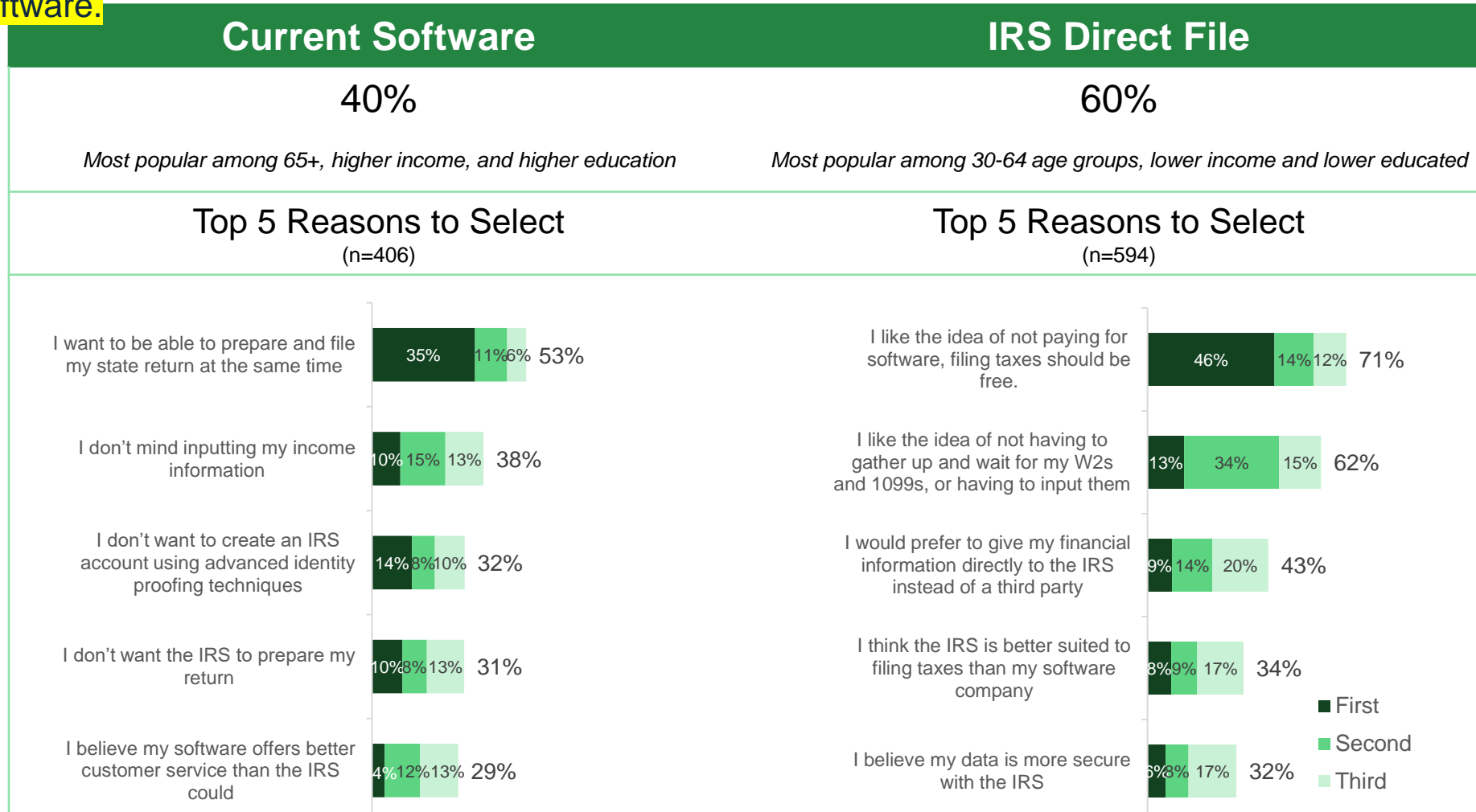
60%

IRS Direct File

- Federal tax preparation and filing software package that was downloaded to your computer or used through an online the IRS website.
- Requires IRS account using secure advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- Automatically inputs W-2 and 1099 information
- Does not include state tax return preparation and filing
- No Cost (Free to use)

Same Function, Different Cost, IRS Inputs Information, No State Return

Even when excluding state returns, Complex filers prefer to use a free federal filing option over giving information to a third party. When filing a state return is not required, 69% of tax filers in states that don't require tax returns selected the free IRS Direct File software.



Complex Tax Return

- Having access to free IRS software is in line with some views that one shouldn't have to pay for mandatory tax filing.
- Lack of trust in the IRS is prevalent for those filing Complex Returns. Some would rather spend money on commercial software than use IRS software.
- Access to historical tax information has the potential to be a valuable feature for IRS Direct.
- Creating a user interface that is intuitive for all ages could sway current software users to switch to IRS software.



"I think it would take way too long and doing it all myself with TurboTax takes me no time at all." (Current Software)

"The tax software I use has my history of previous tax reports for 5+ years." (Current Software)

"Easier to do tax prep under program with IRS." (IRS Direct File)

"I'm going to have to pay for the State, why not do both at once." (Current Software)



"Don't want my money going to a private tax preparation company." (IRS Direct File)

"State taxes preparation are going to cost me money, so the IRS being free no longer offers any value." (Current Software)

"Filing taxes should be done automatically for free by the IRS." (IRS Direct File)

"You can't force people to Do something by law AND make them pay for it." (IRS Direct)



"The IRS cannot be trusted". (Current Software)

"... allows the user to try scenarios to see how taxes are affected. I do not trust that the IRS would not use that data against me even if everything I looked at was 100% legal". (Current Software)

"I do not believe the customer service of the IRS would be as good as that of the current company." (Current Software)

"The government is untrustworthy." (Current Software)



"The IRS already has income information and should be able to confirm there were no input errors before submitting the form." (IRS Direct)

"Having year long access to the returns and consistency / the latest features." (Current Software)

"I want to control my personal data" (Current Software)

"A good user experience interface with the software I currently use. It also has helpful resources." (Current Software)

Tax Filers Are Motivated by Convenience and Saving Money

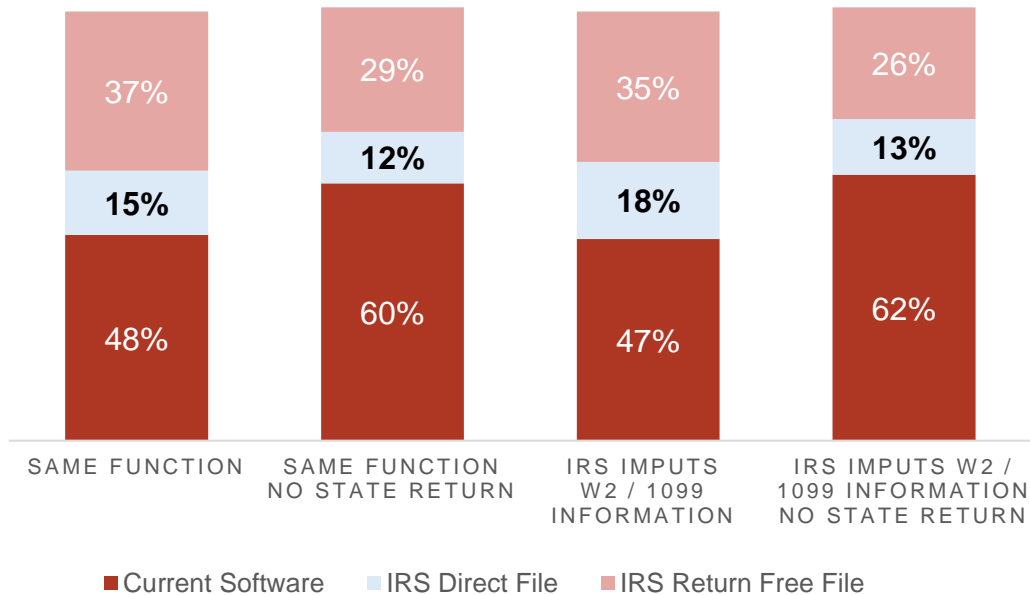
Simple Tax Return filers opt to stick with their current software when cost is the same between all options. Complex Tax Return filers lead with their pocketbook and opt for free IRS Direct File software. When the state return is excluded, less interest is shown in using free IRS software for both Simple and Complex filers.

Tax Preparation Software Selected by Tax Return Type

Simple Tax Return*

% Tax Preparation Software selected

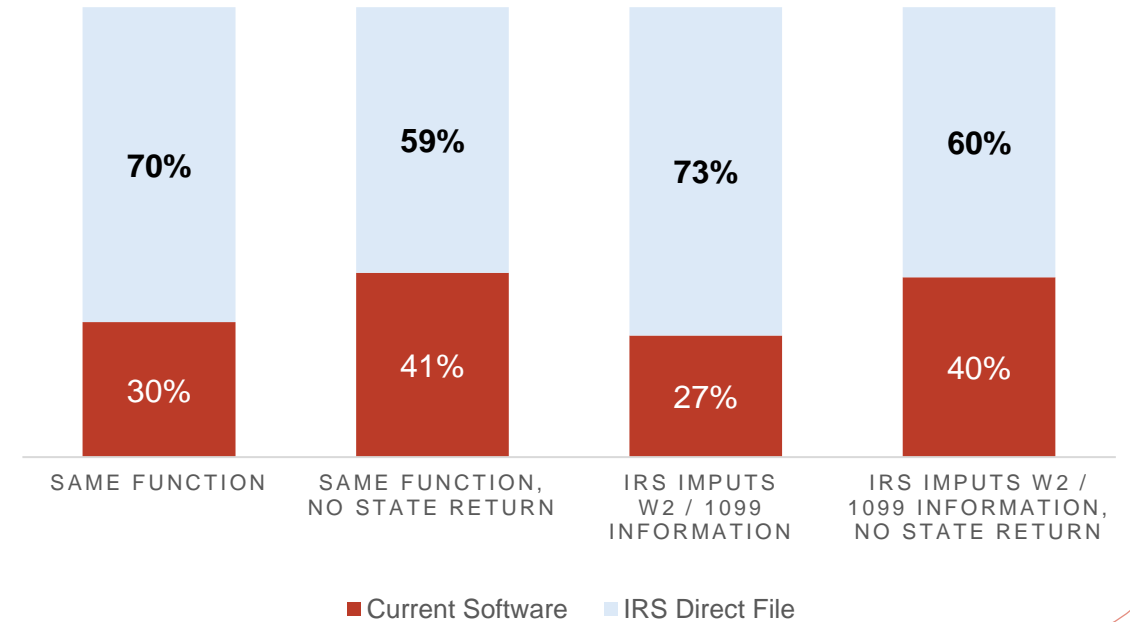
Those that do not file state taxes are more likely to use IRS software, although majority follow the trend with selecting *Current Software*.



Complex Tax Return**

% Tax Preparation Software selected

When cost is involved, Non-State Return filers opted for IRS Direct File more so than their state filer counterparts.



*Simple Tax Return scenarios presented with zero fees

**Complex Tax Return scenarios presented with \$80.00 fee for using Current Software, and zero fees for using IRS Direct File

Summary of Findings

Tax filers want fast, easy and free. However, they will exchange cost over convenience showing willingness to pay for commercial service when it comes to filing federal and state returns at the same time.



- People are looking for the most convenient and efficient way to prepare their taxes
- For *Simple* tax returns, many opt to stay with current software thinking 'if it's not broke, why fix it'
- Younger population shows higher interest in *IRS Return Free File* since there is little effort required on their part



- For *Complex* tax returns, majority are open to using free *IRS Direct File* software instead of paying for commercial software
- Although some are willing to pay for commercial software if it means better data security, audit protection, and solid customer service



- Older generations are sticking with what they know and trust and opt for their *Current Software*
- Lack of trust in the IRS and Government plays a large role when selecting software
- Some feel advanced security technology goes too far, while others think the IRS will not have enough security



- IRS will need to match or surpass available software options, such as safeguards against tax audits and superior customer service
- Including both federal and state tax preparation will move more people towards using IRS software
- Can build trust in the IRS by marketing advanced data security and enough staff

APPENDIX

Tax Preparation Method Selection Based on State Tax Return Requirement

Simple Tax Return Program Scenarios	Software Program Selected	State Tax Requirement		
		All (n=1,000)	No State Taxes* (n=236) (a)	State Taxes (n=764) (b)
Same Function, Same Cost	Current Software	48%	53%	46%
	IRS Direct File	15%	17%	14%
	IRS Return-Free File	37%	31%	40% a
Same Function, Same Cost, No State Return	Current Software	60%	55%	61%
	IRS Direct File	12%	14%	11%
	IRS Return-Free File	29%	31%	28%
Same Cost, IRS Inputs Information	Current Software	47%	46%	47%
	IRS Direct File	18%	16%	19%
	IRS Return-Free File	35%	38%	34%
Same Cost, IRS Inputs Information, No state Return	Current Software	62%	55%	64% a
	IRS Direct File	13%	16%	12%
	IRS Return-Free File	26%	29%	24%

Complex Tax Return Program Scenarios	Software Program Selected	State Tax Requirement		
		All (n=1,000)	No State Taxes* (n=224) (a)	State Taxes (n=776) (b)
Same Function, Different Cost	Current Software	30%	27%	30%
	IRS Direct File	70%	73%	70%
Same Function, Different Cost, No State Return	Current Software	41%	30%	45% a
	IRS Direct File	59%	70% b	55%
Different Cost, IRS Inputs Information	Current Software	27%	26%	28%
	IRS Direct File	73%	74%	72%
Different Cost, IRS Inputs Information, No state Return	Current Software	40%	31%	43% a
	IRS Direct File	60%	69% b	57%

*No State Taxes comprised of Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, Wyoming
All other states included in State Taxes

Simple Tax Return – Reasons for Selecting Software

Same Function, Same Cost

Same Function and Cost - Reason to Use Current Software	Top 3	Top 5	First	Second	Third	Fourth	Fifth	Not Selected
Since there's no cost for any of the options, I'd rather use commercial software	33%	54%	12%	9%	11%	11%	10%	46%
I don't want the IRS to prepare my return	38%	57%	13%	14%	11%	8%	11%	43%
I don't think it's the IRS's role to prepare taxes	37%	62%	11%	12%	14%	11%	13%	38%
I trust a commercial tax package more than I would trust an IRS tax package	28%	50%	9%	9%	9%	11%	11%	50%
I want to stay with my brand of software	38%	54%	17%	12%	9%	10%	6%	46%
I don't think the functionality of an IRS program would be as good as commercial software	20%	38%	6%	6%	9%	10%	8%	62%
I have audit defense and I don't think the IRS could offer audit defense against itself	15%	35%	3%	7%	6%	9%	10%	65%
I believe my software offers better customer service than the IRS could	34%	58%	9%	11%	14%	13%	12%	42%
I think my data is more secure with my software	26%	44%	8%	10%	8%	9%	9%	56%
I don't want to create an IRS account using advanced identity proofing techniques	32%	48%	13%	10%	9%	6%	10%	52%

Same Function and Cost - Reasons to Use IRS Direct File	Top 3	First	Second	Third	Fourth	Fifth
I would prefer to give my financial information directly to the IRS instead of a third party	85%	46%	24%	15%	9%	6%
I believe my data is more secure with the IRS	67%	18%	28%	21%	21%	12%
I think the IRS is better suited to filing taxes than my software company	63%	11%	24%	28%	26%	10%
I believe I'd be less likely to be audited	50%	15%	15%	21%	19%	31%
I think the IRS could provide better customer service than a commercial software company	35%	10%	10%	15%	25%	40%

Same Function and Cost - Reasons to Use IRS Return-Free File	Top 3	Top 5	First	Second	Third	Fourth	Fifth	Sixth
The IRS already has the information, it makes sense for them to do it if it's a simple return	79%	96%	48%	21%	10%	10%	6%	4%
It would be easier for me for the IRS to do my taxes	68%	92%	19%	27%	22%	16%	9%	8%
I believe my data is more secure with the IRS	47%	90%	12%	14%	20%	20%	23%	10%
I think the IRS is better suited to filing taxes than my software company	45%	91%	7%	16%	21%	26%	21%	9%
I believe I'd be less likely to be audited	38%	72%	7%	12%	18%	15%	20%	28%
I think the IRS could provide better customer service than a commercial software company	24%	59%	6%	9%	9%	14%	20%	41%

Simple Tax Return – Reasons for Selecting Software

Same Function, Same Cost, No State Return

Same Function, Same Cost, No State Return - Reason to Use Current Software	Top 3	Top 5	First	Second	Third	Fourth	Fifth	Not selected
I want to be able to prepare and file my state and federal return at the same time	55%	73%	34%	11%	10%	9%	9%	27%
Since there's no cost for any of the options, I'd rather use commercial software	38%	61%	9%	14%	14%	11%	11%	39%
I believe my software offers better customer service than the IRS could	32%	57%	6%	13%	13%	14%	11%	43%
I want to stay with my brand of software	31%	51%	11%	11%	9%	9%	11%	49%
I don't want the IRS to prepare my return	30%	51%	10%	9%	11%	10%	12%	49%
I don't think it's the IRS's role to prepare taxes	29%	49%	8%	12%	8%	9%	10%	51%
I don't want to create an IRS account using advanced identity proofing techniques	27%	45%	11%	9%	7%	8%	9%	55%
I don't think the functionality of an IRS program would be as good as commercial software	23%	45%	4%	9%	10%	13%	10%	55%
I think my data is more secure with my software	19%	35%	5%	6%	8%	9%	8%	65%
I have audit defense and I don't think the IRS could offer audit defense against itself	16%	33%	2%	5%	9%	8%	10%	67%

Same Function, Same Cost, No State Return - Reason to Use IRS Direct File	Top 3	Top 5	First	Second	Third	Fourth	Fifth	Sixth
I would prefer to give my financial information directly to the IRS instead of a third party	71%	92%	35%	22%	15%	13%	8%	8%
I believe my data is more secure with the IRS	59%	91%	13%	28%	18%	21%	12%	9%
I think the IRS is better suited to filing taxes than my software company	56%	95%	16%	14%	25%	22%	17%	5%
I believe I'd be less likely to be audited	44%	81%	12%	15%	18%	13%	24%	19%
I think the IRS could provide better customer service than a commercial software company	37%	85%	9%	11%	17%	20%	29%	15%
I live in a state that does not have income tax, so I don't file a state return	33%	55%	16%	10%	8%	11%	11%	45%

Same Function, Same Cost, No State Return - Use IRS Return-Free File Reasons	Top 3	Top 5	First	Second	Third	Fourth	Fifth	Not selected
The IRS already has the information, it makes sense for them to do it if it's a simple return	67%	88%	37%	19%	10%	13%	8%	12%
It would be easier for me for the IRS to do my taxes	57%	83%	15%	24%	19%	12%	14%	17%
I want the IRS to do my taxes for me	40%	63%	9%	15%	16%	13%	10%	37%
I believe my data is more secure with the IRS	37%	67%	7%	10%	20%	15%	15%	33%
I think the IRS is better suited to filing taxes than my software company	29%	70%	10%	9%	10%	19%	22%	30%
I believe I'd be less likely to be audited	27%	56%	6%	9%	12%	14%	15%	44%
I live in a state that does not have income tax, so I don't file a state return	22%	29%	12%	5%	5%	3%	5%	71%
I think the IRS could provide better customer service than a commercial software company	21%	43%	4%	9%	8%	12%	10%	57%

Simple Tax Return – Reasons for Selecting Software

Same Cost, IRS Inputs W-2 Income Information

Same Cost, IRS Inputs W-2 Income - Reasons to Use Current Software	Top 3	Top 5	First	Second	Third	Fourth	Fifth	Not selected
I don't want the IRS to prepare my return	43%	64%	16%	15%	13%	9%	11%	36%
I don't mind inputting document information	37%	58%	11%	11%	14%	10%	11%	42%
I don't think it's the IRS's role to prepare taxes	36%	59%	12%	13%	11%	11%	12%	41%
I don't want to create an IRS account using advanced identity proofing techniques	34%	52%	12%	12%	11%	8%	9%	48%
I believe my software offers better customer service than the IRS could	31%	55%	9%	12%	10%	15%	9%	45%
I want to stay with my brand of software	29%	47%	13%	7%	9%	12%	7%	53%
Commercial software is already free for simple returns	25%	48%	9%	7%	10%	12%	11%	52%
I don't think the functionality of an IRS program would be as good as commercial software	25%	44%	8%	8%	9%	8%	11%	56%
I think my data is more secure with my software	20%	40%	6%	8%	7%	8%	12%	60%
I have audit defense and I don't think the IRS could offer audit defense against itself	18%	32%	4%	7%	7%	7%	7%	68%

Same Cost, IRS Inputs W-2 Income - Reasons to Use IRS Direct File Reasons	Top 3	Top 5	First	Second	Third	Fourth	Fifth	Sixth
I would prefer to give my financial information directly to the IRS instead of a third party	73%	96%	22%	32%	19%	13%	9%	4%
I like the idea of not having to gather up/wait for/input my W2s and 1099s	70%	91%	46%	15%	9%	10%	11%	9%
I believe my data is more secure with the IRS	49%	88%	13%	17%	19%	21%	17%	12%
I think the IRS is better suited to filing taxes than my software company	40%	87%	7%	14%	18%	23%	24%	13%
I believe I'd be less likely to be audited	37%	72%	5%	15%	17%	19%	15%	28%
I think the IRS could provide better customer service than a commercial software company	30%	66%	5%	6%	18%	13%	24%	34%

Same Cost, IRS Inputs W-2 Income - Reasons to Use IRS Return-Free File	Top 3	Top 5	First	Second	Third	Fourth	Fifth	Sixth
I think the IRS could provide better customer service than a commercial software company	27%	64%	9%	9%	9%	12%	26%	36%
I believe I'd be less likely to be audited	42%	73%	8%	18%	16%	16%	15%	27%
I believe my data is more secure with the IRS	44%	87%	9%	14%	21%	24%	20%	13%
I think the IRS is better suited to filing taxes than my software company	52%	92%	8%	16%	28%	24%	16%	8%
I want the IRS to do my taxes for me	55%	87%	15%	24%	16%	17%	15%	13%
The IRS already has the information, it makes sense for them to do it if it's a simple return	82%	97%	52%	20%	11%	8%	8%	3%

Simple Tax Return – Reasons for Selecting Software

Same Cost, IRS Inputs W-2 Income Information, No State Return

Same Cost, IRS Inputs W-2 Income No State Return - Reason to Use Current Software	Top 3	Top 5	First	Second	Third	Fourth	Fifth	Not selected
I want to be able to prepare and file my state return at the same time	47%	64%	29%	10%	8%	9%	8%	36%
I don't mind inputting document information	37%	60%	7%	16%	14%	12%	11%	40%
I don't think it's the IRS's role to prepare taxes	31%	46%	10%	13%	8%	7%	8%	54%
I don't want the IRS to prepare my return	30%	45%	12%	10%	9%	8%	7%	55%
Commercial software is already free for simple returns	29%	49%	6%	11%	12%	10%	10%	51%
I want to stay with my brand of software	26%	46%	10%	8%	8%	9%	11%	54%
I don't want to create an IRS account using advanced identity proofing techniques	26%	40%	10%	7%	10%	7%	7%	60%
I believe my software offers better customer service than the IRS could	24%	50%	6%	8%	11%	14%	13%	50%
I don't think the functionality of an IRS program would be as good as commercial software	19%	38%	6%	8%	6%	11%	8%	62%
I have audit defense and I don't think the IRS could offer audit defense against itself	16%	31%	2%	6%	8%	7%	8%	69%
I think my data is more secure with my software	15%	31%	4%	4%	7%	6%	10%	69%

Same Cost, IRS Inputs W-2 Income No State Return – Reason to Use IRS Direct File	Top 3	Top 5	First	Second	Third	Fourth	Fifth	Not selected
I like the idea of not having to gather up and wait for my W2s and 1099s, or having to input them	68%	91%	27%	18%	23%	12%	11%	9%
I would prefer to give my financial information directly to the IRS instead of a third party	59%	88%	25%	21%	14%	17%	12%	12%
I think the IRS is better suited to filing taxes than my software company\	45%	84%	13%	14%	19%	23%	15%	16%
I believe my data is more secure with the IRS	43%	78%	14%	17%	12%	16%	19%	22%
I live in a state that does not have income tax, so I don't file a state return	30%	39%	10%	13%	8%	4%	5%	61%
I think the IRS could provide better customer service than a commercial software company	28%	61%	4%	9%	15%	14%	18%	39%
I believe I'd be less likely to be audited	26%	59%	8%	9%	9%	14%	19%	41%

Same Cost, IRS Inputs W-2 Income, No State Return – Reason to Use IRS Return-Free File	Top 3	Top 5	First	Second	Third	Fourth	Fifth	Not selected
The IRS already has the information, it makes sense for them to do it if it's a simple return	78%	94%	43%	21%	14%	11%	6%	6%
I think the IRS is better suited to filing taxes than my software company	54%	88%	11%	19%	23%	17%	17%	12%
I want the IRS to do my taxes for me	43%	74%	12%	17%	14%	15%	15%	26%
I believe I'd be less likely to be audited	35%	69%	6%	13%	16%	14%	20%	31%
I believe my data is more secure with the IRS	35%	80%	6%	13%	16%	24%	21%	20%
I think the IRS could provide better customer service than a commercial software company	30%	57%	11%	9%	10%	14%	13%	43%
I live in a state that does not have income tax, so I don't file a state return	26%	38%	11%	7%	8%	5%	8%	62%

Complex Tax Return – Reasons for Selecting Software

Different Cost, Same Function

Different Cost, Same Function - Reasons to Use Current Software	Top 3	Top 5	1	2	3	4	5	Not selected
I don't want the IRS to prepare my return	46%	67%	18%	15%	13%	10%	11%	33%
I don't think it's the IRS's role to prepare taxes	41%	55%	12%	19%	10%	6%	8%	45%
I want to stay with my brand of software	38%	58%	17%	10%	10%	12%	8%	42%
I don't think the functionality of an IRS program would be as good as commercial software	35%	58%	6%	12%	17%	12%	11%	42%
I don't want to create an IRS account using advanced identity proofing techniques	34%	59%	15%	8%	11%	11%	14%	41%
I believe my software offers better customer service than the IRS could	34%	63%	7%	10%	18%	14%	15%	37%
I expect to pay for my software, cost is not an issue.	27%	43%	15%	7%	5%	8%	8%	57%
I have audit defense and I don't think the IRS could offer audit defense against itself	23%	44%	5%	9%	9%	9%	12%	56%
I think my data is more secure with my software	22%	53%	6%	9%	7%	18%	14%	47%

Different Cost, Same Function -Reasons to Use IRS Direct File	Top 3	Top 5	1	2	3	4	5	6
I like the idea of not paying for software, filing taxes should be free.	82%	96%	60%	14%	8%	8%	7%	4%
I would prefer to give my financial information directly to the IRS instead of a third party	69%	94%	14%	33%	22%	13%	12%	6%
I believe my data is more secure with the IRS	49%	92%	9%	17%	23%	23%	20%	8%
I think the IRS is better suited to filing taxes than my software company	47%	92%	9%	16%	22%	28%	17%	8%
I believe I'd be less likely to be audited	30%	66%	5%	11%	14%	15%	21%	34%
I think the IRS could provide better customer service than a commercial software company	22%	60%	3%	9%	11%	14%	23%	40%

Complex Tax Return – Reasons for Selecting Software

Different Cost, Same Function, No State Return

Different Cost, Same Function, No State Return - Reasons to Use Current Software	Top 3	Top 5	1	2	3	4	5	Not selected
I want to be able to prepare and file my state return at the same time	58%	71%	38%	12%	8%	5%	7%	29%
I believe my software offers better customer service than the IRS could	37%	65%	7%	15%	16%	13%	15%	35%
I don't think the functionality of an IRS program would be as good as commercial software	32%	55%	6%	11%	15%	11%	11%	45%
I don't want to create an IRS account using advanced identity proofing techniques	31%	51%	12%	10%	9%	11%	9%	49%
I don't want the IRS to prepare my return	30%	50%	8%	9%	12%	12%	8%	50%
I want to stay with my brand of software	29%	53%	7%	13%	9%	12%	12%	47%
I don't think it's the IRS's role to prepare taxes	26%	44%	7%	9%	11%	8%	9%	56%
I think my data is more secure with my software	21%	40%	5%	9%	7%	10%	9%	60%
I have audit defense and I don't think the IRS could offer audit defense against itself	19%	41%	4%	8%	7%	11%	10%	59%
I expect to pay for my software, cost is not an issue.	16%	30%	6%	4%	6%	5%	9%	70%

Different Cost, Same Function, No State Return - Reasons to Use IRS Direct File	Top 3	Top 5	1	2	3	4	5	Not selected
I like the idea of not paying for software, filing taxes should be free	74%	90%	50%	15%	8%	10%	7%	10%
I would prefer to give my financial information directly to the IRS instead of a third party	62%	90%	11%	28%	23%	16%	12%	10%
I believe my data is more secure with the IRS	46%	86%	9%	15%	22%	23%	17%	14%
I think the IRS is better suited to filing taxes than my software company	45%	85%	9%	18%	19%	22%	18%	15%
I believe I'd be less likely to be audited	28%	60%	5%	11%	12%	13%	19%	40%
I think the IRS could provide better customer service than a commercial software company	23%	57%	5%	7%	11%	13%	22%	43%
I live in a state that does not have income tax, so I don't file a state return	22%	31%	11%	7%	4%	3%	6%	69%

Complex Tax Return – Reasons for Selecting Software

Different Cost, IRS Inputs Information

Different Cost, IRS Inputs Information - Reasons to Use Current Software	Top 3	Top 5	1	2	3	4	5	Not selected
I don't want the IRS to prepare my return	43%	62%	16%	13%	14%	9%	10%	38%
I don't want to create an IRS account using advanced identity proofing techniques	35%	52%	19%	8%	8%	8%	8%	48%
I don't think it's the IRS's role to prepare taxes	34%	57%	9%	13%	13%	11%	12%	43%
I don't mind inputting my income information	34%	54%	9%	13%	12%	12%	9%	46%
I believe my software offers better customer service than the IRS could	34%	60%	12%	9%	13%	12%	14%	40%
I don't think the functionality of an IRS program would be as good as commercial software	29%	53%	4%	15%	11%	12%	11%	47%
I think my data is more secure with my software	28%	47%	6%	12%	10%	8%	10%	53%
I want to stay with my brand of software	25%	41%	9%	9%	8%	8%	8%	59%
I expect to pay for my software, cost is not an issue.	19%	33%	11%	3%	5%	6%	8%	67%
I have audit defense and I don't think the IRS could offer audit defense against itself	17%	41%	4%	5%	8%	15%	9%	59%

Different Cost, IRS Inputs Information - Reasons to Use IRS Direct File	Top 3	Top 5	1	2	3	4	5	6
I like the idea of not paying for software, filing taxes should be free	75%	94%	46%	18%	11%	11%	8%	6%
I like the idea of not having to gather up and wait for my W2s and 1099s, or having to input them	73%	93%	25%	37%	12%	10%	10%	7%
I would prefer to give my financial information directly to the IRS instead of a third party	54%	92%	8%	17%	29%	26%	12%	8%
I believe my data is more secure with the IRS	35%	82%	8%	12%	16%	22%	25%	18%
I think the IRS is better suited to filing taxes than my software company	35%	80%	8%	10%	18%	19%	27%	20%
I believe I'd be less likely to be audited	28%	58%	6%	8%	14%	12%	17%	42%

Complex Tax Return – Reasons for Selecting Software

Different Cost, IRS Inputs Information, No State Return

Different Cost, IRS Inputs Information, No State Return - Reasons to Use Current Software	Top 3	Top 5	1	2	3	4	5	Not selected
I want to be able to prepare and file my state return at the same time	53%	67%	35%	11%	6%	8%	6%	33%
I don't mind inputting my income information	38%	58%	10%	15%	13%	10%	9%	42%
I don't want to create an IRS account using advanced identity proofing techniques	32%	52%	14%	8%	10%	11%	10%	48%
I don't want the IRS to prepare my return	31%	43%	10%	8%	13%	6%	5%	57%
I believe my software offers better customer service than the IRS could	29%	61%	4%	12%	13%	15%	16%	39%
I don't think it's the IRS's role to prepare taxes	26%	45%	7%	11%	9%	8%	10%	55%
I don't think the functionality of an IRS program would be as good as commercial software	25%	50%	4%	9%	13%	13%	11%	50%
I want to stay with my brand of software	25%	47%	8%	9%	8%	9%	14%	53%
I think my data is more secure with my software	23%	40%	5%	9%	8%	9%	9%	60%
I have audit defense and I don't think the IRS could offer audit defense against itself	17%	38%	3%	7%	7%	12%	9%	62%
Different Cost, IRS Inputs Information, No State Return - Reasons to Use IRS Direct File	Top 3	Top 5	1	2	3	4	5	Not selected
I like the idea of not paying for software, filing taxes should be free.	71%	87%	46%	14%	12%	7%	9%	13%
I like the idea of not having to gather up and wait for my W2s and 1099s, or having to input them	62%	81%	13%	34%	15%	11%	8%	19%
I would prefer to give my financial information directly to the IRS instead of a third party	43%	81%	9%	14%	20%	21%	17%	19%
I think the IRS is better suited to filing taxes than my software company	34%	70%	8%	9%	17%	19%	17%	30%
I believe my data is more secure with the IRS	32%	72%	6%	8%	17%	19%	21%	28%
I live in a state that does not have income tax, so I don't file a state return	23%	30%	10%	7%	5%	4%	4%	70%
I believe I'd be less likely to be audited	20%	44%	4%	7%	8%	9%	15%	56%
I think the IRS could provide better customer service than a commercial software company	15%	35%	3%	6%	6%	10%	10%	65%

Profiles

Simple Tax Return – Demographic Profile

Program Scenarios	Software Program Selected	All	Age				Reported Household Income					Education			
			18-29 (n=169) (a)	30-44 (n=331) (b)	45-64 (n=349) (c)	65+ (n=151) (d)	<\$35k (n=326) (e)	\$35k-\$50k (n=131) (f)	\$50k-\$75k (n=161) (g)	\$75k + (n=289) (h)	Not sure (n=93) (i)	HS or less (n=269) (j)	Some college (n=289) (k)	College degree (n=279) (l)	Postgraduate degree (n=163) (m)
Same Function, Same Cost	Current Software	48%	35%	40%	55% ab	64% ab	46%	46%	45%	53%	46%	56% lm	50% m	43%	38%
	IRS Direct File	15%	13%	19% c	13%	14%	12%	16%	16%	17%	14%	11%	16%	15%	21% j
	IRS Return-Free File	37%	53% bcd	41% cd	32% d	22%	42% h	38%	39%	30%	39%	33%	35%	42% j	41%
Same Function, Same Cost, No State Return	Current Software	60%	41%	50%	71% ab	79% abc	55%	52%	60%	68% ef	58%	60%	61%	58%	59%
	IRS Direct File	12%	14% d	16% cd	10%	7%	11%	16%	11%	12%	13%	13%	12%	9%	15%
	IRS Return-Free File	29%	45% bcd	34% cd	20%	14%	34% h	33% h	29%	20%	29%	26%	27%	33%	26%
Same Cost, IRS Inputs Information	Current Software	47%	31%	35%	58% ab	64% ab	45%	41%	41%	52% fg	55% fg	54% lm	50% lm	40%	39%
	IRS Direct File	18%	23% c	22% c	13%	19%	18%	21%	20%	18%	16%	18%	17%	19%	21%
	IRS Return-Free File	35%	46% cd	43% cd	29% d	16%	37%	38%	40% h	30%	29%	28%	33%	41% jk	40% j
Same Cost, IRS Inputs Information, No state Return	Current Software	62%	45%	55% a	69% ab	81% abc	59%	54%	57%	70% efg	66%	63%	63%	59%	62%
	IRS Direct File	13%	17% d	14%	11%	8%	14% hi	19% hi	18% hi	8%	6%	13%	13%	12%	13%
	IRS Return-Free File	26%	38% cd	32% cd	19% d	11%	27%	27%	25%	22%	28%	24%	24%	29%	24%

Complex Tax Return – Demographic Profile

Program Scenarios	Software Program Selected	All	Age				Reported Household Income					Education			
			18-29 (n=206) (a)	30-44 (n=304) (b)	45-64 (n=336) (c)	65+ (n=154) (d)	<\$35k (n=316) (e)	\$35k- \$50k (n=150) (f)	\$50k-\$75k (n=157) (g)	\$75k + (n=289) (h)	Not sure (n=88) (i)	HS or less (n=298) (j)	Some college (n=294) (k)	College degree (n=253) (l)	Postgraduate degree (n=155) (m)
Same Function, Different Cost	Current Software	30%	27%	29%	25%	42% abc	27%	31%	28%	32%	31%	32%	29%	30%	25%
	IRS Direct File	70%	73% d	71% d	75% d	58%	73%	69%	72%	68%	69%	68%	71%	70%	75%
Same Function, Different Cost, No State Return	Current Software	41%	45% c	41%	35%	51% bc	35%	42%	40%	51% egi	38%	41%	37%	43%	49% k
	IRS Direct File	59%	55%	59% d	65% ad	49%	65% h	58%	60% h	49%	62% h	59%	63% m	57%	51%
Different Cost, IRS Inputs Information	Current Software	27%	27%	27%	22%	40% abc	26%	26%	26%	30%	27%	32%	26%	26%	24%
	IRS Direct File	73%	73% d	73% d	78% d	60%	74%	74%	74%	70%	73%	68%	74%	74%	76%
Different Cost, IRS Inputs Information, No state Return	Current Software	40%	44%	37%	36%	51% bc	37%	41%	38%	45% e	42%	39%	37%	44%	44%
	IRS Direct File	60%	56%	63% d	64% d	49%	63% h	59%	62%	55%	58%	61%	63%	56%	56%

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