



A New Tax Filing System

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Cassandra Robertson

Key principles

1. IRS should use data it already has to **pre-populate forms** and make life easier for filers
→ If TurboTax can do it, so can the IRS
2. Filers can provide **supplemental data** IRS would not have, like family structure and bank accounts
3. **Mobile friendly**
4. Available in **multiple languages**

Why is reform needed?

- Filing taxes is too difficult
 - Americans spend over \$11 billion/year on the tax prep industry
- The IRS has become the largest benefits administrator for workers and families, but the bar is too high for many
- Build modern experience into the agency that has, arguably, the most direct impact on people's lives

Other countries do it! We can, too.

Simplified filing is a promising pilot

Simplified filing brought **millions of non filers** into the system in 2021 to receive crucial benefits



By skipping complicated questions the burden to filing was reduced (other than rebate recovery credits)



This has been successful, and should be expanded

Developing a new system

- Development should be **sequenced to help the lowest-income people first**, and those who have the most to gain from filing—specifically, EITC- and CTC-eligible households who do not usually file taxes.
- The tool should be **as simple as possible for every use case**, so the entire project does not collapse into traditional tax filing.
- The IRS should **proceed iteratively and lock-in short term gains** before expanding to more complex use cases.

The rollout of a new tax filing system (1/5)

Phase 1

Eligible Users

EIP-eligible with no tax filing obligation, seeking EIP

Features & Functionality

Modern
USG-built
front end



IRS return processing system

The rollout of a new tax filing system (2/5)

Phase 2

Eligible Users

EIP-eligible with no tax filing obligation, seeking EIP

EITC-eligible with no tax filing obligation, seeking EITC

Features & Functionality

Modern
USG-built
front end



IRS return processing system

The rollout of a new tax filing system (3/5)

Phase 3

Eligible Users

EIP-eligible with no tax filing obligation, seeking EIP

EITC-eligible with no tax filing obligation, seeking EITC

Households with simple filing
(W-2 income, std. deduction)

Features & Functionality

Modern
USG-built
front end



IRS return processing system

The rollout of a new tax filing system (4/5)

Phase 4

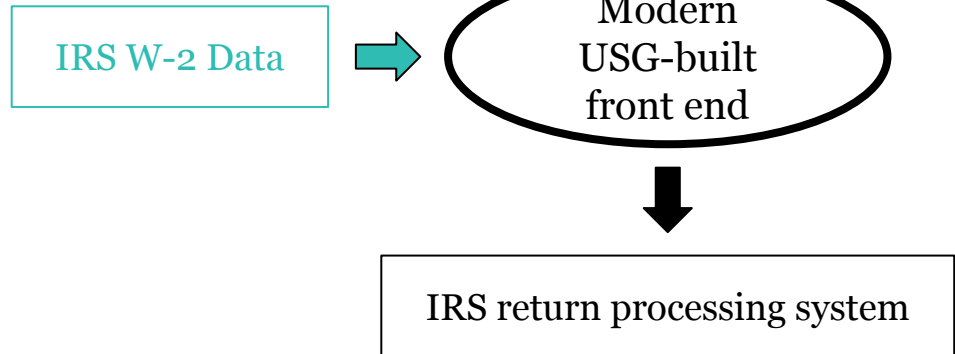
Eligible Users

EIP-eligible with no tax filing obligation, seeking EIP

EITC-eligible with no tax filing obligation, seeking EITC

Households with simple filing (W-2 income, std. deduction)

Features & Functionality



The rollout of a new tax filing system (5/5)

Phase 5

Eligible Users

EIP-eligible with no tax filing obligation, seeking EIP

EITC-eligible with no tax filing obligation, seeking EITC

Households with simple filing (W-2 income, std. deduction)

Features & Functionality

IRS W-2 Data

State SNAP & Medicaid data

Modern
USG-built
front end

IRS return processing system

Additional considerations

- The system has to be on [IRS.gov](https://www.irs.gov) in the long run
- There should be [phone and chat assistance with IRS employees with access to tax data](#) - answering questions up front saves time later on and keeps people in the system
- Currently, system rejects those with errors and requires a basic return. This should be corrected to improve [access](#). Locking people out who need the system restricts access.
- Stricter [ID verification is not the answer](#).