The Daily Dish

Death, Taxes, and …

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Eakinomics: Death, Taxes, and …

Benjamin Franklin famously opined "in this world, nothing is certain except death and taxes," to which one can now append "and the burden of filing your taxes." With Tax Day now arriving tomorrow, AAF's Dan Bosch and Gordon Gray did their annual review of the compliance burden of the income tax. The good news is that "After consecutive years of double-digit percentage increases in the total number of forms issued by the IRS, forms have decreased by 9 percent since last Tax Day." The bad news is that "The total projected cost of Internal Revenue Service (IRS) paperwork is $196.7 billion annually – a small decrease from last year's projection." Very small, actually, at 0.3 percent.

So, there you have it, forms down but cost per form up. Oh well.

To be specific, the summary figures are:

- Forms: 1,217,
- Hours: 7.98 billion,
- Total Projected Cost: $196.7 billion, and
- Average Hours per Paperwork Submission: 7.8.

As noted above, the number of forms are down from 1,337 last year. Notably, however, between 2015 and 2019 the number of forms increased by 55 percent. In terms of cost of compliance, the Business Income Tax Return ($62 billion) and Individual Income Tax Return ($33 billion) lead the league, accounting for 84 percent of the Internal Revenue Service paperwork compliance costs.

This is, of course, not the only way to measure the compliance burden. The authors note that "The Taxpayer Advocate Service (TAS) has also reviewed recent attempts at capturing the cost of the U.S. tax code, noting that experts have embraced a range of methodologies for these calculations. TAS, for example, estimated the 2015 cost of income-tax compliance at $195 billion. The Tax Foundation estimated that compliance costs amounted to $406 billion in 2016." In general, such studies are remarkably similar in magnitude and changes in the compliance burden.

Enjoy Tax Day!