Tracker: The Cost of Tax Paperwork – July 2022

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INTRODUCTION

The American Action Forum (AAF) tracks the cost of complying with Internal Revenue Service (IRS) paperwork. Updated quarterly, the tracker uses data on Information Collection Reviews (ICRs) from the RegInfo.gov website from the Office of Information and Regulatory Affairs (OIRA). For more information on how costs are calculated, see the Methodology section below.

SUMMARY

Both annual costs and hours ticked up slightly from the first quarter of the year. The IRS added $51.7 million in costs and 1.4 million hours. The total number of annual responses – the cumulative submissions of each individual form – dropped by 624,000. That barely dented the approximately 4 billion responses submitted annually, however. The cost per tax return nudged up 20 cents.

The largest net change from April was an $88.9 million increase in the estimated cost of submitting the Form SS-4, which is the application businesses file to obtain an Employer Identification Number. When the IRS last estimated the paperwork burden of the form in 2019, it anticipated about 1.6 million responses. In its latest revision, the agency estimates an additional 4.3 million responses – though it gives no specific reason for the revision aside from basing it on "the most current filing data." Those additional responses increase the total number of burden hours by more than 3 million, accounting for the cost surge.

Some of those costs were offset by two sizable reductions. The largest was a $27.5 million reduction associated with a form to enroll in the Electronic Federal Tax Payment System. The next largest decrease, roughly $25 million, came from a lower estimated number of responses associated with the form used to claim a refund for certain excise taxes.

METHODOLOGY

The tax paperwork costs tracker reviews every active IRS Office of Management and Budget Control Number (collections of information or recordkeeping requirements) on RegInfo.gov, the government website that houses all federal paperwork information. That search found 466 unique ICRs, which is how OIRA segments different paperwork requests from federal agencies, all of which contained IRS estimates of expected responses and burden hours. The IRS only estimates the costs for about a dozen of these ICRs, however. To project costs for the rest, AAF applies the Bureau of Labor Statistics' estimated average hourly wage for compliance officers ($36.45). The methodology is consistent with AAF's previous Tax Day research. Per tax return calculations are based on the latest IRS official projection for expected returns filed in fiscal year 2022.

PREVIOUS TAX DAY RESEARCH

2022

2021

2020

2019

2018

2017