



Insight

Tracker: The Cost of Tax Paperwork – October 2022

DAN BOSCH | OCTOBER 18, 2022

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 Office of Information and Regulatory Affairs' (OIRA) [RegInfo.gov](https://www.reginfo.gov) website. For more information on how costs are calculated, see the Methodology section below.



TAX PAPERWORK BURDEN

TOTAL COST

\$210.9B

TOTAL HOURS

6.6B

PER TAX RETURN COST

\$784.11

PER TAX RETURN HOURS

24.4



SUMMARY

For the second consecutive quarter, total costs and hours increased. Costs rose \$1.2 billion from [July](#), while hours bumped up by 31 million annually. Despite those increases, costs and hours per tax return declined slightly due to an increase in the IRS's [projected](#) total returns.

An increase in the number of estimated responses from the [Income Tax Return for Estates and Trusts](#) drove most of the rise of total costs. New data led the IRS to expect an increase of more than 1 million responses from its previous estimate, an increase of more than 11 percent. Total costs associated with preparing the form swelled by \$937 million as a result, to \$12.2 billion annually. Another sizeable increase came from a greater number of expected submissions of applications for [tax extensions](#), which caused its cost total to nearly triple, to \$449.3 million.

In comparison, those estimate adjustments that led to decreases in costs were minimal. The largest drop came from a form for claiming a [credit](#) for federal tax paid on fuels, which saved \$147.3 million annually.

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](#)