



THE TAX INSTITUTE™
AT H&R BLOCK

Consumer Tax Fraud: Sources & Solutions

Survey Findings

March 2014

SURVEY FINDINGS

The Tax Institute at H&R Block commissioned a national survey to measure consumer awareness and attitudes on the issue of tax fraud and prevention. The survey found that:

- 1. Taxpayers are willing to do more to help combat tax fraud.** A large majority are willing to take a variety of actions to prevent fraud, whether answering more specific questions in their IRS filings, waiting a little longer for a refund or requiring consistent questions for all filers.
- 2. Consumers recognize that there is joint responsibility.** They agreed that it is incumbent on the IRS, Congress, professional tax preparers, the makers of DIY tax preparation software and taxpayers themselves to address fraudulent tax filings.
- 3. Consumers support requiring professional tax preparers to meet minimum training standards.** This reinforces the fact that consumers want to know the person they turn to for one of their biggest financial transactions of their year meets consistent and minimum standards for expertise.
- 4. Taxpayers who use DIY software/websites are strongly supportive of requiring minimum standards for those software/websites and requiring consistency in forms and documentation across all tax preparation methods.** Consumers indicated that creating this type of parity across all tax preparation platforms is important.

The survey found that U.S. consumers believe that falsely reporting dependents (48%) and income (45%) are the most frequent drivers of fraudulent income tax returns, more so than using a stolen identity to file a false claim (31%), falsifying tax breaks (26%) or tax credits (27%).

86% of consumers support requiring professional tax preparers to meet minimum training standards.

80% of consumers support requiring do-it-yourself (DIY) tax preparation software/websites meet minimum standards.

86% of consumers support requiring that the tax forms and documentation are the same whether using either a professional tax preparer or a do-it-yourself software/website.

61% of consumers would be willing to wait a little longer for their refund to help combat tax fraud; this willingness did not vary across income levels.

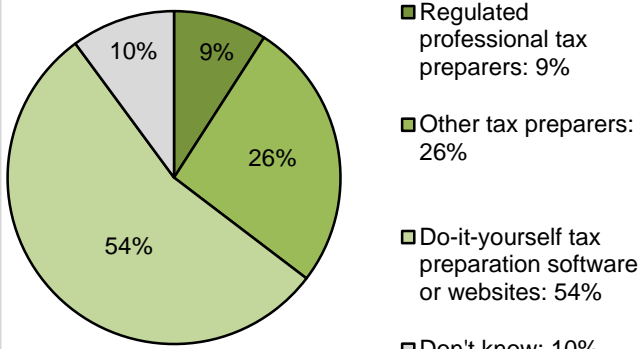
94% of consumers using DIY tax preparation software/websites support requiring that tax forms and documentation be the same for professional tax preparers and DIY software.

71% of consumers using DIY tax preparation software/websites would be willing to provide additional documentation with their return to help combat tax fraud.

69% of consumers using DIY tax preparation software/websites would be willing to answer additional questions on their return in an effort to battle tax fraud.



Figure 1: When asked where consumers thought fraudulent returns were most likely to originate, the survey found:



*61% of respondents use a preparer and 39% self-prepare of which 26% use software and 13% do it by hand.

Figure 2: When asked who consumers think is most responsible for reducing tax fraud, the survey found:

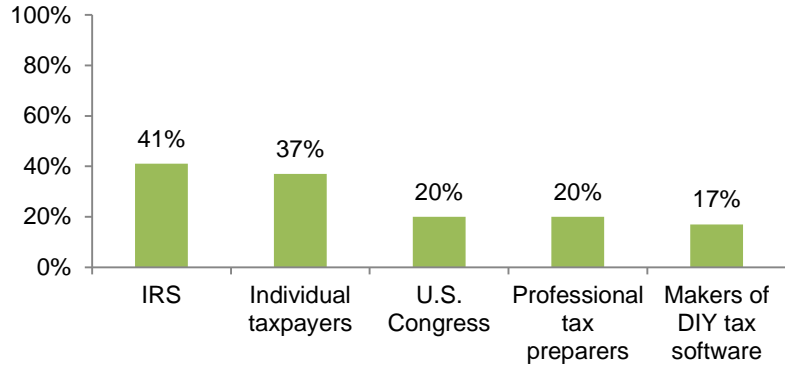


Figure 3: When asked what consumers were willing to do when preparing their income tax returns to help combat tax fraud, the survey found:

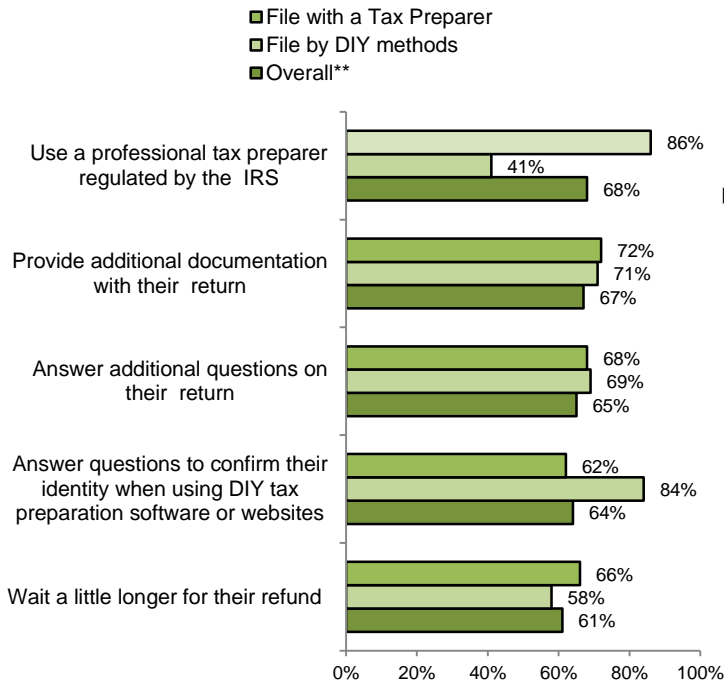
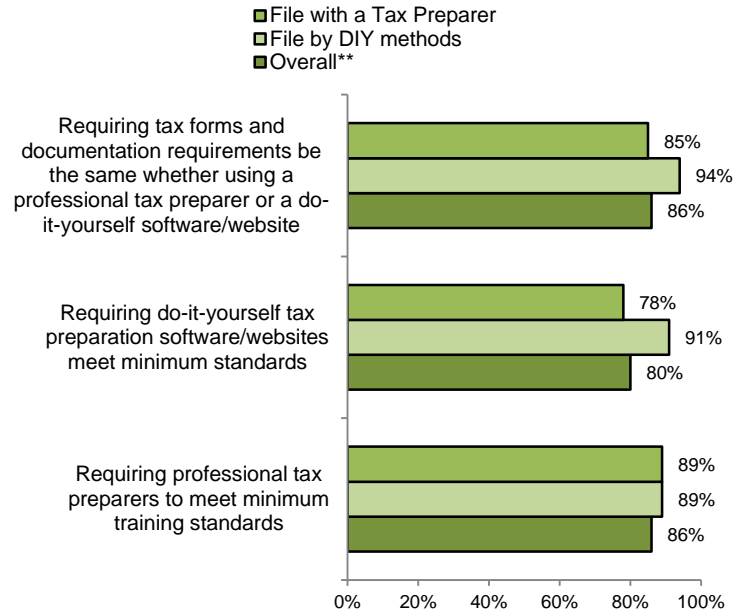


Figure 4: When asked whether they supported each of these statements, the survey found consumers supported:



** Overall includes all consumers: those who prepare entirely by hand, use DIY software/websites, use a professional preparer, work with a family/friend or do not prepare/file taxes each year.

ABOUT THE TAX INSTITUTE AT H&R BLOCK

The Tax Institute at H&R Block is the go-to source for objective insights on federal and state tax laws affecting the individual. It provides nonpartisan information and analysis on the real world implications of tax policies and proposals to policymakers, journalists, experts and tax preparers. The Institute's experts include CPAs, Enrolled Agents, tax attorneys and former IRS agents. Building off more than 10 years of research and analysis from a specialized tax research group at H&R Block, the company launched The Tax Institute in 2007.

ABOUT THIS REPORT

This report presents the findings of a telephone survey conducted among a dual national probability sample of 1,005 adults comprising 505 men and 500 women 18 years of age and older, living in the continental United States. Results have a margin of error ±3.1% at the 95% confidence level. Interviewing for this combined landline and cell phone survey was completed during the period October 31-November 3, 2013 by ORC International. The national sample was weighted to ensure the results reflect the general population.

Additional Methodology Notes:

- Figure 1: Percentages may not add to 100% due to rounding.
- Figure 2: Percentages do not add to 100% because consumers were asked to select up to two options.
- Figure 3: Percentages do not add to 100% because consumers were asked to select multiple options.
- Figure 4: Represents percent of who said they strongly or somewhat support each statement.

