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**MAKING Z CONNECTION: CHANGES THE IRS SHOULD IMPLEMENT
TO REACH GENERATION Z¹**

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EXECUTIVE SUMMARY

We live in the most technologically advanced society in the world. But we continue to leave a myriad of taxpayers in the dark when it comes to filing their income tax returns with a lack of easily accessible information and preparation methods. This paper highlights some steps the Internal Revenue Service (“IRS”) can take to reach the newest generation of taxpayers, Generation Z (“Gen Z”), while expanding their understanding of their rights and responsibilities as taxpayers, and ways the IRS can improve the tax filing process in general.

At the start of the 2020-2021 academic year, our team endeavored to learn what young taxpayers and workers think of the current tax education and preparation methods and how they believed they should be improved. To gather sufficient data, we created and conducted an anonymous, on-line, non-scientific survey of over 150 students, employees, and young adults to ascertain their confidence in obtaining adequate tax information and filing their own returns as well as the media through which they would prefer to file. Our survey as well as research we conducted, found that Gen Z has a profound lack of knowledge of their rights and responsibilities as taxpayers. This generation is coming of age with a technological familiarity surpassing all previous generations which makes them ideally situated to help the IRS expand and improve in ways that will benefit everyone.

In collecting these data, we assess the methodologies of interest to our sample population and determine the best ways the IRS should proceed to create a modernized way of educating and preparing the newest generation of taxpayers to ensure they are filing timely and accurate returns. We also evaluate the systems that are already in place and suggest ways they can be improved. Throughout the paper, we include data and diagrams to clearly delineate the gap in current tax preparation systems. We posit a mobile, user-friendly interface which could fill this need not only for Gen Z, but for all taxpayers looking to decrease or even eliminate the time and money currently dedicated to preparing their annual tax returns.

Our conclusions argue in favor of expanded tax education in American schools, an improved IRS App, preferably with voice assistance, and an electronic IRS prepopulated and created tax return.

DISCUSSION

Whereas tax policy has always played an important role in everything from funding public services to incentivizing public and organizational behavior, the increasing digitalization of the global economy has seen greater focus... to address the impact... on taxation.

- Kate Barton; Ernst & Young, EY Global²

I. INTRODUCTION

“No taxation without representation” was the passionate refrain of the American colonists in the mid-1700s in a feverish outcry against the perceived injustices of the British government.³ The colonists argued that they should not be obligated to pay taxes to a government that grants them no place in its policies or procedures. While there are areas where this problem of underrepresentation endures, the great majority of citizens in the United States today are granted representation in government. In return, these citizens pay federal and—for most—state income taxes to help fund programs and initiatives such as education, infrastructure, national defense, Social Security, and Medicare.

Despite this representation, there is a large proportion of the tax-liable population that does not feel represented in a different way. Gen Z is the newest group to be entering the workforce, comprising ages 10 to 24 years. They account for over 68 million citizens in the United States—more than double the population of the state of Texas.⁴ The disenfranchisement experienced by Gen Z stems from the lack of modern, accessible information and methods for tax education and tax filing. A recent *Forbes* article took note that approximately 10 percent of tax-paying Americans still use paper-and-mail filing, indicating that the other 90 percent e-file either with assistance from a tax accountant or online software such as Turbo Tax or H&R Block or a free in-person program such as the Volunteer Income Tax Assistance (VITA) program which has sites throughout the country.⁵ These resources are helpful, but they are not comprehensive nor contemporary in their offerings. Today, a person can pay their bills with a few smart phone clicks or simply ask their phone a question and get an immediate answer, but a person cannot file their tax return with a few clicks of a button or get an IRS answer with a simple question. Rather, they often must dive deep into their internet searches to understand factors as simple as their proper filing status or filing requirements.

Many people opt for online filing with services like Turbo Tax or H&R Block, but these systems contain numerous additional features that draw in unknowing users as well as their pocketbooks. Currently, the IRS provides links to free filing services on its website as part of its

² Kate Barton, *How Millennials—and Gen Z—Will Transform Tax*, BLOOMBERG TAX, 2020, <https://news.bloombergtax.com/financial-accounting/how-millennials-and-gen-z-will-transform-tax> (last visited Feb 23, 2021).

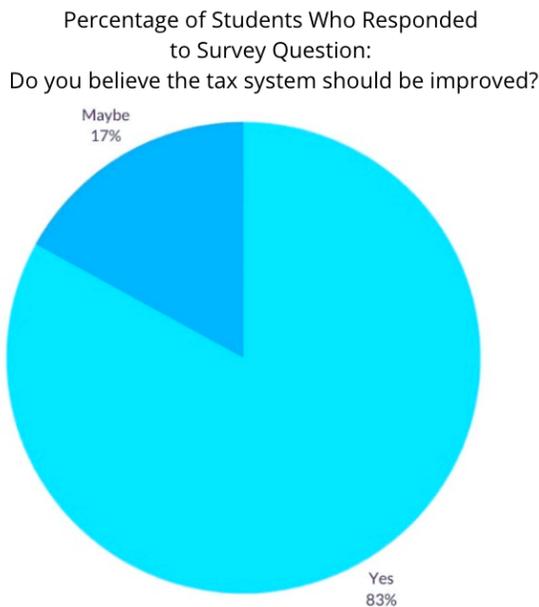
³ TAXATION WITHOUT REPRESENTATION, INVESTOPEDIA, https://www.investopedia.com/terms/t/tax_without_representation.asp (last visited Feb 23, 2021)

⁴ U.S. Census Bureau, RESIDENT POPULATION IN THE UNITED STATES IN 2019, BY GENERATION (2019), <https://www.statista.com/statistics/797321/us-population-by-generation/> (last visited Feb 23, 2021).

⁵ Kelly Phillips Erb, *IRS Faces Huge Backlog Of Unopened Mail As Workforce Returns*, FORBES, 2020, <https://www.forbes.com/sites/kellyphillipserb/2020/06/19/irs-faces-huge-backlog-of-unopened-mail-as-workforce-returns/> (last visited Feb 23, 2021).

Free Filing Program, but studies show there are serious limitations with its offerings.⁶ Often these free filing options include features that unsuspecting users can add which are not free. For example, those filing with less than \$72,000 in income must complete a questionnaire and then are directed to a list of websites to file the return. The resources are useful, but they also rely on the taxpayer understanding whether they qualify for certain credits like the Earned Income Tax Credit (“EITC”). For those above the \$72,000 threshold, taxpayers are directed to yet another website offering “fillable forms” that can make unknowing users vulnerable to potential cyber-attacks from the numerous sites linked to the IRS host page.⁷ These individuals are also told they need to know how to complete paper forms which may seem puzzling given they are accessing information online.⁸

What Gen Z needs is a comprehensive, professional platform for filing their taxes that informs them of their filing status, all applicable credits, and an assessment of their tax liability with information about payment methods. If paying your bills online is as easy as clicking a button, shouldn’t filing your taxes be as well? The chart below displays the overwhelming percentage of students and young employees in our study who believed the current tax system should be improved. Of those surveyed 83 percent said yes it should be improved, 17 percent said “Maybe” it should be improved and only 1 of 143 respondents said “No” need for improvement.



To gather data on the topic of interest, our team created and distributed a comprehensive, anonymous survey to students at California State University, San Luis Obispo, San Jose State

⁶ Ventry, Dennis J., *The Failed Free File Program Should Be Reformed, Not Codified*, July 16, 2018, UC Davis Legal Studies Research Paper, Volume 160, Number 3, p. 317 (last visited Apr 19, 2021).

⁷ *Ibid.*

⁸ Free File: Do your Federal Taxes for Free: Internal Revenue Service, FREE FILE: DO YOUR FEDERAL TAXES FOR FREE | INTERNAL REVENUE SERVICE, <https://www.irs.gov/filing/free-file-do-your-federal-taxes-for-free> (last visited Mar 2, 2021).

University, and University of California, Berkeley during November of 2020. An analysis of these findings in conjunction with other research informed our recommendations.

II. EXPANDING TAX EDUCATION – THE NEED

While the Right to be Informed is the first right listed in the Taxpayer Bill of Rights,⁹ significantly, our research disclosed that Gen Z has little knowledge of the tax system in general and even less of their rights and responsibilities as taxpayers. This finding is particularly concerning given that our research focused on college students, most of whom were business students, who one would think might have a greater understanding of tax issues than others their age. One reason for this lack of knowledge is that high school classes provide minimal, if any, information on taxes and general financial obligations Americans have once they enter the workforce. A recent article published by the *Daily Titan*, the newspaper for California State University, Fullerton, reported that the most common piece of information students know about taxes is the April 15th filing deadline (although depending on the year it may fall on a different day or as in recent years even a different month).¹⁰

In addition to our original research, we also pulled surveys from various financial and accounting organizations including PricewaterhouseCoopers (PwC) and Charles Schwab, and each had insightful data to contribute to our findings. Tellingly, PwC stated that 78 percent of teachers believe a financial curriculum should be included in high school;¹¹ while Charles Schwab noted that 86 percent of students wished they had been taught about taxes in elementary or high school.¹² Granted, elementary school may be early for financial literacy and tax filing lessons, but it would not be too early to introduce the concept of taxes and how they are beneficial to our country and to provide a general overview of how liabilities are calculated during government or math lessons. While early education would be beneficial, the key audience would be older students and most middle and high school curricula has ample space to add a mandatory financial literacy course. In fact, the Home School Legal Defense Association wrote that most high schools allow one-to-three electives *per year*; removing just one year's elective offering makes room for a financial literacy class that can teach numerous essential life skills, including tax planning and preparation.¹³

⁹Taxpayer Bill of Rights, INTERNAL REVENUE SERVICE (2020), <https://www.irs.gov/taxpayer-bill-of-rights> (last visited Apr 28, 2021)

¹⁰ Lauren Diaz, *Adults will never learn how to do taxes if schools don't teach them*, DAILY TITAN, February 27, 2018, <https://dailytitan.com/opinion/adults-will-never-learn-how-to-do-taxes-if-schools-don-t-teach-them/> (last visited Feb 23, 2021).

¹¹ Schuyler, Shannon, *Bridging the Financial Literacy Gap: Empowering Teachers to Support the next Generation*, Price Waterhouse Cooper, 2016, www.pwc.com/us/en/about-us/corporate-responsibility/library/pwc-financial-education-report.html (last visited Apr 30, 2021).

¹² Charles Schwab, *Teens and Money Survey Findings: 2011*, Schwab Moneywise: Studies & Findings, 2011, www.schwabmoneywise.com/public/moneywise/tools_resources/studies_findings (last visited Apr 30, 2021).

¹³ HSLDA February 28 et al., *ELECTIVES: THE ZING IN YOUR HIGH SCHOOL PLAN* HSLDA (2020), <https://hsllda.org/post/electives-the-zing-in-your-high-school-plan> (last visited Feb 23, 2021).

According to *Phi Delta Kappan*, a journal for high school educators, each state has significant weight in molding their respective curriculum and standards.¹⁴ The IRS, as a federal department, can recommend certain education requirements, like a tax course, and the ability to work in conjunction with other federal agencies such as the Department of Education to provide materials and incentives for high schools to include such a course in its curriculum. The IRS could also coordinate with state agencies to provide appropriate materials to use. Alternatively, teaching resources could be provided to teachers to include in math and civics classes. While the IRS does have a comprehensive website for teachers with lessons and materials that can be used to assist in the teaching of taxes to younger students, it is not kept updated nor well promoted.¹⁵ In fact, a recent visit showed it had not been updated since 2014 despite all the significant changes in tax law that have occurred since then. An easy place to start would be to seek volunteers to keep the materials current and engaging and to publicize these materials to teachers.

III. MODERNIZING THE IRS – THE NEED

Even more important than tax education in United States high schools, the IRS should implement modernization, so it becomes more accessible for the upcoming generation of workers. In April of 2019, the IRS announced a Modernization Plan that focuses on continuing the move towards digital filings and documentation as well as improved cyber security.¹⁶ The Modernization Plan calls for two three-year phases of modernization that began in fiscal year 2019, and the projected price tag for this plan ranges from \$2.3 to \$2.7 billion over the six-year period.¹⁷ An obstacle for this initiative is its lack of specificity in defining its goals for the improvement of the “Taxpayer Experience” and “Core Taxpayer Services and Enforcement.” Particularly with the “Taxpayer Experience,” the IRS states that its aim is to “expand digital options, improve traditional channels, and provide simplified and proactive services for taxpayers and their representatives” these are all good goals which are in alignment with our recommendations. The need for this modernization plan is also supported by the Taxpayer Advocate’s 2020 Annual Report to Congress which included “Failure to Expand Digitalization Technology Leaves Millions of Taxpayers Without Access to Electronic Filing and Wastes IRS Resources” and “Antiquated Technology Jeopardizes Current and Future Tax Administration, Impairing Both Taxpayer Service and Enforcement Efforts” as the fifth and sixth most serious problems facing taxpayers in 2020.¹⁸ In addition, President Biden recently announced his plan to expand the IRS significantly through an

¹⁴ Julie Underwood, *Under the Law: The legal balancing act over public school curriculum*, 100 PHI DELTA KAPPAN 74–75 (2019).

¹⁵ Understanding Taxes Teacher, INTERNAL REVENUE SERVICE (2021), <https://apps.irs.gov/app/understandingTaxes/teacher/index.jsp> (last visited Apr 28, 2021).

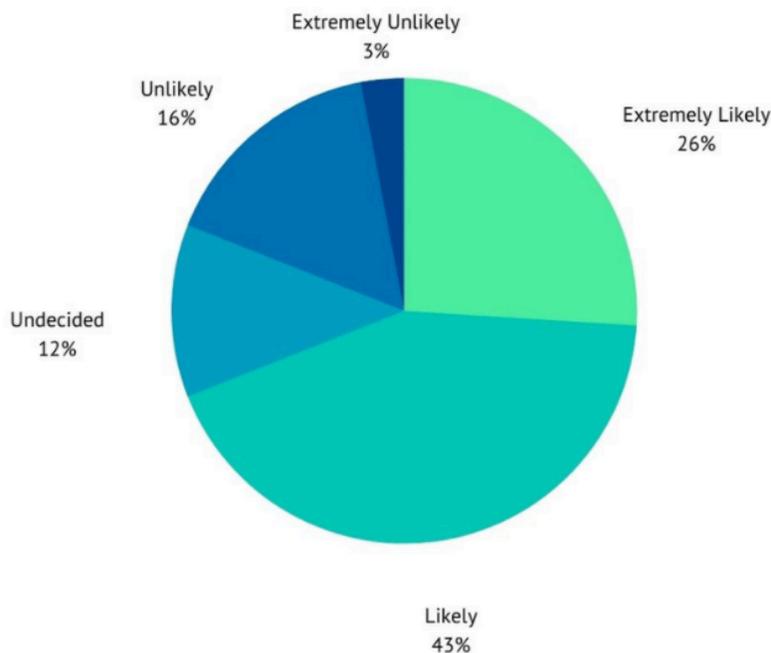
¹⁶ IRS Modernization, INTERNAL REVENUE SERVICE (2020), <https://www.irs.gov/newsroom/irs-modernization> (last visited Apr 19, 2021).

¹⁷ IRS Modernization Plan provides plan to improve services for taxpayers, tax community, INTERNAL REVENUE SERVICE (2019), <https://www.irs.gov/newsroom/irs-modernization-plan-provides-plan-to-improve-services-for-taxpayers-tax-community> (last visited Feb 23, 2021).

¹⁸ Taxpayer Advocate Service 2020 Report to Congress, INTERNAL REVENUE SERVICE (2021) https://www.taxpayeradvocate.irs.gov/wpcontent/uploads/2021/01/ARC20_MostSeriousProblems.pdf (last visited Apr 5, 2021).

\$80 billion funding boost to increase IRS staffing and make technological advancements.¹⁹ Thus, these goals of modernizing filing technology and techniques are aligned with the interests of taxpayers, the IRS, and the White House. It is also important to note that the objective of all entities is to provide greater access to accurate information and an easier way to submit tax returns. For this modernization plan to be effective, the IRS must understand the issues with the current filing systems and why a digital, *mobile* method of tax knowledge and preparation is the best step moving forward. The graph below shows that a combined 69 percent of respondents said they would be either “Likely” or “Extremely Likely” to use a mobile app for these purposes.

Percentage of Students Who Responded to Survey Question:
How likely are you to use a mobile application for tax education and filing?



The IRS has a mobile application, IRS2GO as do other states such as the California Franchise Tax Board’s FTB Mobile. As of the writing of this article, the IRS app has 3 stars in the App Store and 2,200 reviews,²⁰ and the FTB Mobile app has 4 stars and a mere eight reviews.²¹ Each of these apps illustrates the government’s important move towards modernizing and creating more ways for individuals to understand the tax system. However, neither of these apps allows for assistance with the actual filing process, and most of the information is a general recommendation as opposed to a personalized, individual analysis of each user and what he or

¹⁹ Richard Rubin, *Biden to Seek \$80 Billion to Bolster IRS, Tax Enforcement*, THE WALL STREET JOURNAL https://www.wsj.com/articles/biden-to-seek-80-billion-to-bolster-irs-tax-enforcement-11619539465?mod=article_inline (last visited Apr 28, 2021).

²⁰ IRS2GO, APP STORE PREVIEW, <https://apps.apple.com/us/app/irs2go/id414113282> (last visited Mar 2, 2021).

²¹ FTB Mobile, APP STORE PREVIEW, <https://apps.apple.com/us/app/ftb-mobile/id1272359471> (last visited Mar 2, 2021).

she may owe. While the IRS does have the Interactive Tax Assistant which provides a wealth of information, using it is not as straightforward as asking a question. To a generation that is used to getting answers by simply asking a question to voice assisted devices such as Siri or Alexa, these applications are cumbersome. For example, entering “filing status” in the query box on the Interactive Tax Assistant brought up 27 matching items which a person would then need to scroll through and read to find the answer they wanted.²²

Other apps that aim to help with understanding the tax filing process include TurboTax, MyBlock (by H&R Block) and Texas Tax Refund. Each of these applications is helpful for the knowledgeable taxpayer who does not mind paying to file their return but not for others. In addition, often the income students and young adults have today is from gig economy work and thus considered “extra” income by these programs thus creating a charge on these “freemium” apps. Income that many young workers earn from rideshare or food delivery or even babysitting or dog walking is considered a taxable source of self-employment income, leading to a higher tax burden if proper accounting is not allotted to these tax obligations, which comes as a surprise to many Gen Z members when they file their returns.²³ With these paths, it appears the two current options tax filers are presented with are free tax help that is not specific to one’s situation or costly tax advice contingent on the type of one’s income.

H&R Block conducted a survey in early 2020 analyzing the commonplace problems Gen Z tax filers experience. According to their research, more than 62 percent of Gen Z have never filed their own tax return.²⁴ Even more disheartening, only 49 percent have been taught anything about taxes, and 39 percent believe they would score a “C” if given a tax pop quiz.²⁵ These figures reveal the lack of knowledge and overall preparedness of Gen Z addressed above; yet, in spite of this lack of financial literacy, the individuals making up this generation want to do well by their income *and* their refunds: when asked what they plan to use their potential 2020 tax refunds on, 56 percent of Gen Zers said they would put it away for savings, 40 percent stated they would use it to pay bills and 31 percent would use it to pay off debt.²⁶ While Gen Z is not the first generation of taxpayers to grow up without a comprehensive understanding of their rights and obligations as taxpayers, because of their growing up with an understanding and comfort of technology for all types of transactions and educational assistance, they are uniquely situated to become easily instructed and tax compliant using technology.

Gen Z has the potential to raise substantial tax revenues for the government, yet, as H&R Block research shows, they are simply lacking a sufficient understanding of the tax system and

²² Internal Revenue Service, <https://www.irs.gov/ita-index-search?search=filing+status> (last visited Mar 2, 2021).

²³ Julianna Lopez, Self-Employed? Everything You Need to Know About Taxes (Oct 19, 2020), <https://www.businessnewsdaily.com/9315-self-employed-tax-guide.html> , (last visited Apr 18, 2021).

²⁴ Financially Responsible Gen Z Not Tax-Savvy., H&R BLOCK (2020), <https://www.hrblock.com/tax-center/wp-content/uploads/2020/01/HR-Block-Gen-Z-Survey-Report-1.pdf> (last visited Feb 23, 2021).

²⁵ *Ibid.*

²⁶ *Ibid.*

often avoid diving in to learn more because of its apparent complexities.²⁷ The students assisting with the researching and writing of this project are all studying accounting, most of whom learned the fundamental tax policies and procedures affecting them in an introductory tax class in college and were astounded by the sheer amount of information that there is to know. Surveying over 150 students and young adults as mentioned earlier, the questions also inquired about the overall difficulty of obtaining relevant tax information. When asked to rank the difficulty of finding accurate tax information on a range of “Extremely Easy” to “Extremely Difficult,” 39 percent of those surveyed reported that they find it either “Difficult” or “Extremely Difficult” to find such information. Inquiring further, the research team asked how important these respondents felt obtaining and understanding accurate tax information was for their future. Responding with their level of agreement or lack thereof with the statement, “Being well informed about taxes is important to my future,” 73 percent of those surveyed replied “Highly Agree” and the remaining 27 percent selected “Agree.”

Survey Question:					
Please rate the following criteria: How would you describe the difficulty in obtaining accurate tax information?					
Age Range:	Extremely Difficult	Difficult	Moderate	Easy	Extremely Easy
18-19	1	4	7	1	
20-21	7	22	25	7	
22-23	4	14	18	4	1
24-25	2	5	5	2	
26+	3	3	12	3	1
Grand Total	17	48	67	17	2

The data reveal that the majority of Gen Z have tax issues centering around a difficulty of locating accurate information. As mentioned above, while there are the free IRS and Franchise Tax Board mobile applications (IRS2GO and FTB Mobile), and commercial tools such as TurboTax and H&R Block, each of these have their drawbacks. These services are headed in the right direction to help taxpayers; however, the IRS should go one step further by targeting the upcoming generation of workers/tax revenue generators by improving use of the tools already in its possession to make obtaining accurate information as easy as asking a simple question.

IV. IMPROVING E-FILING OF TAX RETURNS – THE PLAN

While the limited presence of some mobile apps geared towards tax filers is better than none, the current capabilities of technology and the direction in which society is moving leaves many wondering: Why can’t there be an easier, more efficient way to file taxes? Especially when the IRS stands to benefit from over 68 million additional returns.²⁸

²⁷ *Ibid.*

²⁸ U.S. Census Bureau, RESIDENT POPULATION IN THE UNITED STATES IN 2019, BY GENERATION (2019), <https://www.statista.com/statistics/797321/us-population-by-generation/> (last visited Feb 23, 2021).

The General Accounting Office (“GAO”) noted that the IRS’s reliance on manual processes for paper returns in 2020 led to a significant backlog that is estimated to cost the IRS \$3 billion in increased costs for items such as interest payments on delayed refunds.²⁹ Thus any improvements that encourage and enable taxpayers to file electronically should reap large gains for the IRS. The IRS Modernization Plan highlights the agency’s aim to expand its Information Technology (“IT”) services and automate many features of the tax preparation process to allow for real time tax processing. Our team proposes that the budget for modernization—\$2.3 billion to \$2.7 billion over the next six years—include a new approach to tax preparation altogether.³⁰ Studying mobile applications like the Starbucks, Amazon and Banking apps where one can order a latte or a necklace or deposit a check at the click of a button on a smartphone because the necessary information is saved and programmed into the app, the team realized that if transactions such as these can transpire in a matter of 10 minutes or less, should filing taxes not be just as simple?

The capabilities of these apps and the speed with which they turn a request into a product stems from their ability to use the information consumers provide and store in a secure manner for future use. The functions of the proposed IRS mobile app are incredibly similar: an easy-to-use interface that can gather taxpayer information and educate the user on the tax filing process, their tax implications, and routes they should take regarding credits and/or deductions as well as a feature to e-file their return. These methods promote greater efficiency compared to paper filing. The app would be able to gather taxpayer information by allowing for the scanning documents such as their W-2 or 1099 or with the taxpayer manually inputting their information from these documents. Another alternative would be for the IRS to create a “tax cloud” for taxpayers. This secure digital file would contain all the W-2 and 1099 information that the IRS has gathered for them already along with other key information taxpayers could add with a scan of their smartphone such as mortgage interest and charitable contributions.³¹ In addition, information provided via a scan or manual inputs would allow the app to determine the age, income, and employer information to inform the taxpayer of their best filing status and corresponding credits or deductions and save this information for future years with the ability to edit as needed. The app could then prepopulate the return with electronically stored information which has the potential additional benefit of reducing mistakes made while manually entering information, thus reducing time, money and emotional stress spent on audits for things like improperly entered numbers and math errors.

The IRS could even go one step further and take the route proposed in the Tax Filing Simplification Act of 2019 and electronically prepare the returns for the taxpayers.³² Countries in

²⁹ *Tax Filing: Actions Needed to Address Processing Delays and Risks to the 2021 Filing Season*, GAO@100

<https://www.gao.gov/products/gao-21-251> (last visited Apr 27, 2021).

³⁰ IRS Modernization Plan provides plan to improve services for taxpayers, tax community, INTERNAL REVENUE SERVICE (2019), <https://www.irs.gov/newsroom/irs-modernization-plan-provides-plan-to-improve-services-for-taxpayers-tax-community> (last visited Feb 23, 2021).

³¹ Annette Nellen, *Let’s Say Goodbye to the April 15 Due Date*, THE HILL, <https://thehill.com/opinion/finance/548831-lets-say-goodbye-to-the-april-15-due-date> (last visited Apr 30, 2021).

³² *Tax Filing Simplification Act of 2019*, 116th Cong. (1st Sess. 2019- 2020) <https://www.congress.gov/bill/116th-congress/senate-bill/1194/text..>

Europe that have adopted this approach of prepopulating returns for their citizens have reported that their taxpayers spend an average of 15 minutes or less to prepare their returns compared to the eight hours and \$110 the average American spends.³³ Taxpayers would still have the option of having an accountant review the IRS generated return if they wished or did not trust the IRS to file for them, but for those who were comfortable with the proposed return they could just click a button to approve and file. Although the GAO evaluated and rejected the idea of the IRS filing returns on behalf of taxpayers back in 1996,³⁴ much in the world has changed since then and it is worth another look through the lens of advancing technology. It makes sense that the easier and cheaper it is for Americans to file their taxes the greater the compliance and the greater the return for everyone.

V. THE BENEFITS

Non-compliance is a huge issue for all Americans. *Investopedia* calculated that roughly \$131 billion in back taxes are owed to the IRS in 2018 alone, noting that the discrepancy is frequently attributed to taxpayers claiming they do not have enough time to spend on filing their taxes.³⁵ Providing a near effortless, efficient method of filing taxes with a few taps of one's smartphone can minimize the lack of time complaints and greatly increase the number of timely and accurate filings. While a mobile app is geared towards the younger generation and specifically Gen Z given their imminent transition into the workforce, the features of this plan would provide benefits to all taxpayers. As of 2019, the percentage of smartphone users in the U.S. aged 30-49 was 92 percent and those in the 50-64 age bracket, 79 percent and 65 and over, 53 percent.³⁶ The smallest usage was still greater than 50 percent; therefore, an overwhelming majority of Americans could benefit from smartphone enabled tax education and an improved, practical method of filing via smartphones. In fact, a survey conducted in February of 2020 found that 1 in 4 Americans do not understand how their tax liability is computed.³⁷ What's more, 90 percent of those questioned in a *CNBC* study were not aware of the different tax brackets affecting individuals and households.³⁸ These figures should be eye-opening to the IRS and tax software companies because there is a clear discrepancy between what resources are offered during tax preparation and what

³³ J Scott Applewhite, *Why Filing Taxes Isn't Easy*, POLITICO <https://www.politico.com/agenda/story/2018/07/18/tax-filing-congress-irs-000683/> (last visited Apr 28, 2021).

³⁴ *Tax Administration: Alternative Filing Systems*, GAO@100 <https://www.gao.gov/products/ggd-97-6> (last visited Apr 28, 2021).

³⁵ Brian O'Connell, *Why Do So Many People Fall Behind on Their Taxes?*, INVESTOPEDIA (2020), <https://www.investopedia.com/articles/personal-finance/021214/why-do-so-many-people-fall-behind-their-taxes.asp> (last visited Feb 23, 2021).

³⁶ *Share of Adults in the United States Who Owned a Smartphone From 2015-2019, By Age Group*, STATISTA <https://www.statista.com/statistics/489255/percentage-of-us-smartphone-owners-by-age-group/> (last visited Apr 30, 2021).

³⁷ Ashley Hanley, SURVEY FINDS 1 IN 4 AMERICANS DON'T UNDERSTAND HOW TAXES ARE DETERMINED, KTOE (2020), <http://ktoe.com/2020/02/27/survey-finds-1-in-4-americans-dont-understand-how-taxes-are-determined/> (last visited Feb 23, 2021).

³⁸ Shawn M Carter, 90% OF AMERICANS COULDN'T ANSWER THIS STRAIGHTFORWARD TAX QUESTION CNBC (2019), <https://www.cnbc.com/2019/03/19/90-percent-of-americans-couldnt-answer-this-straightforward-tax-question.html> (last visited Feb 23, 2021).

information taxpayers truly understand and put into practice. By creating a one-stop shop for information and filing needs the IRS would get closer to having an informed and compliant population.

The proposed app is a natural progression of the IRS2GO app which already allows payments to be made to the IRS electronically. With a move towards digitization and the storage of the sensitive information found on a tax return, there are legitimate concerns over the security measures in place to ensure that predatory hackers are not gathering data from each user, so thorough identity checking systems would need to be implemented like multi-factor authentication (“MFA”). At the end of 2019, the *HIPAA Journal* studied the effects of MFA included in companies’ online and mobile operations and found that 57 percent now rely on this feature to improve security.³⁹ Likewise, Microsoft’s Director of Identity Security, Alex Weinert, noted that companies that employ this added safety measure are 99.9 percent less likely to be compromised.⁴⁰ The effectiveness of these security measures combined with the secure and widespread use of online banking and investing apps like Bank of America Mobile Banking and Acorns: Invest Spare Change, provide substantial evidence for users to feel comfortable with a mobile filing application. As of February 2021, Statista reported an astonishing 57 million Americans use mobile banking, and, in response, 86 percent of U.S. banks are now offering bill payment and transfers via mobile apps.⁴¹ Surprisingly, a 2019 *Forbes* study revealed that mobile banking is more secure than online banking on a desktop or laptop computer because the cellular devices require multi-factor authentication and various login measures that are not included on bank websites.⁴² Additionally, it is easier for a hacker to install viruses on a computer than on a cellphone. In 2019, there were 67,500 attacks on personal data through mobile devices; by comparison, AV-TEST, an independent IT-security institute, has discovered over 1 billion malwares over the last 10 years, with 350,000 malicious programs and potentially unwanted applications uncovered *daily* that host themselves in desktop and laptop computers.⁴³

VI. CONCLUSION – CALL TO ACTION

Ultimately, the evidence in favor of a shift towards a simpler, streamlined method of learning about and filing taxes is overwhelming both in the benefits it will provide members of Gen Z, the IRS, all taxpayers, and the United States. A growing population consisting of upwards of 68 million taxpayers is not a small sample. It should be a priority of the IRS to inform, empower and encourage the students, graduates and young adults entering the workforce that comprise this group (and the even more tech reliant generation that follows them) to understand their rights and

³⁹ Steve Alder, *57% Rely on Multi-Factor Authentication to Improve Security but MFA is Not Infallible*, HIPAA JOURNAL (2019), <https://www.hipaajournal.com/57-rely-on-multi-factor-authentication-to-improve-security-but-mfa-is-not-infallible/> (last visited Feb 23, 2021).

⁴⁰ *Ibid.*

⁴¹ Statista Research Department, *MOBILE BANKING IN THE U.S. - STATISTICS & FACTS* (2021), <https://www.statista.com/topics/2614/mobile-banking/> (last visited Feb 23, 2021).

⁴² Victor Chebyshev, *MOBILE MALWARE EVOLUTION 2019 SECURELIST* (2020), <https://securelist.com/mobile-malware-evolution-2019/> (last visited Feb 23, 2021).

⁴³ *Malware Statistics & Trends Report: AV-TEST, AV-TEST | THE INDEPENDENT IT-SECURITY INSTITUTE* (2021), <https://www.av-test.org/en/statistics/malware/> (last visited Feb 23, 2021).

responsibilities as taxpayers and to proudly pay their taxes in an efficient, effective way. We believe that the provision and allocation of IRS resources for the development of a modernized, safe, mobile app that both educates people and executes the tax filing process is a crucial addition to the current services currently provided. Because it is an American tradition *and* expectation to pay taxes every year, improving this process should be at the forefront of a modernization plan. Because financial responsibility is a key component in transitioning from youth to adulthood, citizens should feel comfortable and confident in their knowledge of taxes and how to obtain credible information. Because taxation, as Founding Father Benjamin Franklin once famously said, is one of the only certainties in life, tax education and preparation should be made modern and manageable for all.⁴⁴

⁴⁴ NCC Staff, BENJAMIN FRANKLIN'S LAST GREAT QUOTE AND THE CONSTITUTION NATIONAL CONSTITUTION CENTER – CONSTITUTIONCENTER.ORG (2020), <https://constitutioncenter.org/blog/benjamin-franklins-last-great-quote-and-the-constitution> (last visited Mar 2, 2021).