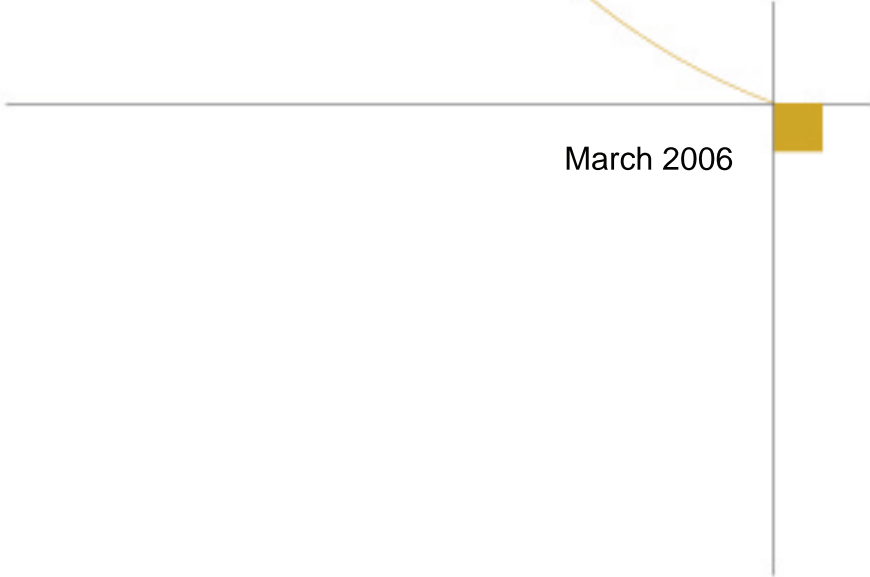


A large green square is positioned in the top left corner of the page. A thin horizontal line extends from its right edge, and a thin vertical line extends from its bottom edge. At the intersection of these two lines, there is a small yellow square. A large, thin, light-brown arc starts from the top right of the green square and curves downwards and to the right, ending near the date "March 2006".

Opinions on Taxes Among U.S. Adults

Conducted for *AARP Bulletin*

March 2006

A thin horizontal line extends from the left edge of the page towards the right. A thin vertical line extends from the top edge of the page downwards. At the intersection of these two lines, there is a small yellow square. The date "March 2006" is positioned to the left of this intersection.



Opinions on Taxes Among U.S. Adults

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Survey conducted by
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Purpose and Methodology

The purpose of this study was to gather opinions about taxes and tax preparation for the *AARP Bulletin*. Results provide some insight into what adults think about the fairness of the tax system, cheating on taxes, and other opinions about taxes. In addition, the survey gathered information on how people prepare their taxes.

Questions were included on an omnibus survey February 24-28, 2006. The omnibus survey, conducted by International Communications Research (ICR), is a bi-weekly national telephone survey of U.S. households. ICR conducted a stratified, random-digit-dialing sample of telephone households. The survey included demographic and lifestyle questions, as well as questions about taxes and other topics.

The survey was conducted with 1,016 respondents age 25 and older and all responses were subsequently weighted to be nationally representative of the U.S. population 25+, balanced by key demographics. The margin of error is +/- 3.07%.

Key Findings

- The large majority of respondents (89%) say they do not know someone who has cheated on their taxes: 8% say they do know someone who has cheated, and 3% responded “don’t know” to the question. Interestingly, respondents reporting the highest household incomes (\$75,000+) were more likely to say they know someone who has cheated on their taxes (16%) compared to respondents reporting the lowest (under \$25,000) incomes (3%). Men were also more likely to say they know someone who has cheated on taxes (11%) compared to women (6%).
- Most respondents think it is not at all acceptable to cheat on their income taxes (87%), while a few think cheating a little here and there is acceptable (5%), and a slightly smaller percentage think it is acceptable to cheat as much as possible (3%). These responses are similar the 2005 Taxpayer Attitude Survey conducted by the IRS.
- For 2004, three-fifths of respondents received help in preparing their taxes from a tax professional or accountant (60%) and one-quarter received help from computer software or an online service (24%). Younger respondents (25-49) were more likely to use computer software or online services (30%), compared to older (50+) respondents (17%). Respondents with higher household incomes and higher levels of education were also more likely to use computer software or online services. People also received help from their spouse (20%) and friends or other family members (15%).
- Respondents agreed (92% strongly or mostly agree) that it is every American’s civic duty to pay their fair share of taxes. They also agreed (89%) that everyone who cheats on their taxes should be held accountable.
- The majority of respondents think the tax system is unfair (59%); and older respondents are more likely to think it is unfair (65%) compared to younger respondents (55%). Two-thirds (66%) think the rich don’t pay their fair share of taxes while a much smaller proportion (21%) think the poor don’t pay their fair share of taxes. Three-quarters (77%) feel taxes are too high and one-quarter (27%) feel taxpayers should pay what they feel is a fair amount. Respondents with lower household incomes agree more strongly that taxpayers should pay what they feel is a fair amount.
- Two-thirds of respondents said doing their taxes is too complex and confusing (66%), and older respondents agreed with this more strongly (73%) than younger respondents (61%). However, three-quarters of respondents agreed that taxes are the price we pay for a civilized society (74%), and respondents with higher household incomes agreed with this statement more so than those with lower household incomes.

Cheating on Taxes

The large majority of respondents (89%) say they do not know someone who has cheated on their taxes. However, 8 percent overall say they do know someone who has cheated, and 3 percent responded “don’t know” to the question. Interestingly, respondents reporting the highest household incomes (\$75,000+) were more likely to say they know someone who has cheated on their taxes (16%) compared to respondents reporting the lowest (under \$25,000) incomes (3%). Men were also more likely to say they know someone who has cheated on taxes (11%) compared to women (6%).

Do you know someone who has cheated on their taxes?	Yes	No	Don’t know/refused
Total	8	89	3
Age			
25-49	8	90	2
50+	8	88	3
Gender			
Male	11	84	5
Female	6	93	1
Income			
Under \$25k	3	94	3
\$25k-\$49.9k	8	90	2
\$50k-74.9k	12	82	6
\$75k+	16	84	0

Most respondents think it is not at all acceptable to cheat on their income taxes (87%), while a few think cheating a little here and there is acceptable (5%), and a slightly smaller percentage think it is acceptable to cheat as much as possible (3%). These responses are similar the 2005 Taxpayer Attitude Survey conducted by the IRS (88% “not at all,” 7% “a little here and there,” and 3% “as much as possible”).

Interestingly, respondents with the lowest household incomes (under \$25,000) were significantly less likely to think it’s alright to cheat “a little here and there” compared to those with higher household incomes.

How much, if any, do you think is an acceptable amount to cheat on your income taxes?	A little here and there	As much as possible	Not at all	Don’t know/refused
Total	5	3	87	5
25-49	6	2	87	4
50+	4	3	88	5
Income				
Under \$25k	2	2	89	6
\$25k-\$49.9k	6	5	85	5
\$50k-74.9k	9	3	86	3
\$75k+	9	1	87	3

Tax Preparation

For 2004, three-fifths of respondents received help in preparing their taxes from a tax professional or accountant (60%) and one-quarter received help from computer software or an online service (24%). Younger respondents (25-49) were more likely to use computer software or online services (30%), compared to older (50+) respondents (17%). Respondents with higher household incomes and higher levels of education were also more likely to use computer software or online services. People also received help from their spouse (20%) and friends or other family members (15%). There were no significant differences among respondents of different ages, income levels, or education that used a tax professional or accountant.

For last year's taxes (2004), which of the following helped you to prepare your taxes?	Your spouse	A friend or family member	Computer software or online service	A tax professional / accountant
Total	20	15	24	60
25-49	22	14	30	63
50+	17	15	17	56
Income				
Under \$25k	11	17	14	54
\$25k-\$49.9k	20	15	27	63
\$50k-74.9k	28	17	32	63
\$75k+	29	14	33	61
Education				
H.S. or less	18	13	16	62
Some college	21	15	30	61
College, post graduate	23	18	34	56

Overall Opinions About Taxes

Respondents agreed (92% strongly or mostly agree) that it is every American's civic duty to pay their fair share of taxes. They also agreed (89%) that everyone who cheats on their taxes should be held accountable.

The majority of respondents think the tax system is unfair (59%); and older respondents are more likely to think it is unfair (65%) compared to younger respondents (55%). Two-thirds (66%) think the rich don't pay their fair share of taxes while a much smaller proportion (21%) think the poor don't pay their fair share of taxes. Three-quarters (77%) feel taxes are too high and one-quarter (27%) feel taxpayers should pay what they feel is a fair amount. Respondents with lower household incomes agree more strongly that taxpayers should pay what they feel is a fair amount.

Two-thirds of respondents said doing their taxes is too complex and confusing (66%), and older respondents agreed with this more strongly (73%) than younger respondents (61%). However, three-quarters of respondents agreed that taxes are the price we pay for a civilized society (74%), and respondents with higher household incomes agreed with this statement more so than those with lower household incomes.

Statement (percent completely or mostly agree)	Civic duty to pay fair share	Rich don't pay fair share	Poor don't pay fair share	Cheaters should be accountable	Only pay what you feel is fair
Total	92	66	21	89	27
25-49	91	64	19	88	25
50+	94	70	23	91	29
Income					
Under \$25k	88	67	21	89	38
\$25k-\$49.9k	91	79	22	88	32
\$50k-74.9k	96	58	21	92	21
\$75k+	95	62	20	89	15
2005 Taxpayer Attitude Survey	96			93	31

Statement (percent completely or mostly agree)	Doing taxes is confusing	Taxes are too high	Tax system is unfair	Taxes are price for civilized society
Total	66	77	59	74
25-49	61	77	55	71
50+	73	77	65	77
Income				
Under \$25k	65	78	61	65
\$25k-\$49.9k	67	82	64	69
\$50k-74.9k		74	59	84
\$75k+		76	55	80