



Insight

# Tracker: The Cost of Tax Paperwork – January 2023

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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 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.



## SUMMARY

As Americans begin receiving their W-2s and 1099s in preparation for tax season, a little bit of good news awaits: the paperwork cost per tax return dropped in the latest quarter ending January 15 – albeit slightly.

The total costs of tax paperwork decreased by \$656 million. Unfortunately, when total costs are over \$210 billion, even a \$656 million drop makes little difference to the individual tax filer. Total hours were similarly trimmed by about half a million hours. Those reductions, paired with an upward revision in the expected number of tax returns filed in 2022, led to a \$9.87 reduction in the cost per tax return from [October 2022](#).

The largest contributors to the net decrease are submissions related to getting copies of tax returns. The [larger](#) of the two pertains to third party services requesting transcripts of tax returns to verify income. The [smaller](#) one deals with the forms filers can use to request a copy of their tax returns. For both contributors, the IRS expects a substantial decrease in the number of responses filed, which trims a combined \$483 million.

## 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 463 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](#)