

Estimates of Taxpayer Burden

The table below shows burden estimates by form type and type of taxpayer. Time burden is further broken out by taxpayer activity. The largest component of time burden for all taxpayers is recordkeeping, as opposed to form completion and submission. In addition, the time burden associated with form completion and submission activities is closely tied to preparation method (self-prepared without software, self-prepared with software, and prepared by paid preparer).

Time spent and out-of-pocket costs are estimated separately. Out-of-pocket costs include any expenses incurred by taxpayers to prepare and submit their tax returns. Examples of out-of-pocket costs include tax return preparation and submission fees, postage, tax preparation software costs, photocopying costs, and phone calls (if not toll-free).

Both time and cost burdens are national averages and do not necessarily reflect a “typical” case. For instance, the average time burden for all taxpayers filing a 1040, 1040A, or 1040EZ was 26.4 hours, with an average cost of \$209 per return. This average includes all associated forms and schedules, across all preparation methods and all taxpayer activities. Taxpayers filing Form 1040 had an average burden of about 32.7 hours, and taxpayers filing Form 1040A and Form 1040EZ averaged about 10.6 hours. However, within each of these estimates, there is significant variation in taxpayer activity. Similarly, tax preparation fees vary extensively depending on the taxpayer's tax situation and issues, the type of professional preparer, and the geographic area.

The data shown are the best forward-looking estimates available as of October 31, 2008, for income tax returns filed for 2008. The method used to estimate taxpayer burden incorporates results from a taxpayer burden survey conducted in 2000 and 2001. The estimates are subject to change as new data become available. The estimates do not include burden associated with post-filing activities. However, operational IRS data indicate that electronically prepared and e-filed returns have fewer errors, implying a lower overall post-filing burden.

Estimated Average Taxpayer Burden for Individuals by Activity

Major Form Filed or Type of Taxpayer		Time Burden						Money Burden
	Percentage of Returns	Average Time Burden (Hours)						Average Cost (Dollars)
		Total Time	Record Keeping	Tax Planning	Form Completion	Form Submission	All Other	
All Taxpayers	100%	26.4	15.1	4.6	3.4	0.6	2.8	\$ 209
Major Forms Filed								
1040	71%	32.7	19.3	5.7	3.7	0.6	3.4	\$ 264
1040A & 1040EZ	29%	10.6	4.5	1.8	2.6	0.5	1.4	\$ 73
Type of Taxpayer								
Nonbusiness*	72%	14.2	5.8	3.3	3.0	0.5	1.7	\$ 114
Business*	28%	57.1	38.5	8.0	4.2	0.7	5.7	\$ 447

* You are a "business" filer if you file one or more of the following with Form 1040: Schedule C, C-EZ, E, or F or Form 2106 or 2106-EZ. You are a "nonbusiness" filer if you did not file any of those schedules or forms with Form 1040.