



## PROGRAM FOR PUBLIC CONSULTATION

SCHOOL OF PUBLIC POLICY, UNIVERSITY OF MARYLAND

### AMERICANS ON IRS ENFORCEMENT

-- Questionnaire --

<b>Fielded by:</b>	Nielsen Scarborough	<b>Sample Size:</b>	2,613 Registered Voters
<b>Field Dates:</b>	July 29 - August 23, 2021	<b>Margin of Error:</b>	+/- 1.9%

Questions 1-32 previously released.

#### **[Increase IRS budget by \$80 billion over 10 years to go after tax evasion by households making over \$400k]**

Turning to another issue, a proposal has been put forward to increase tax revenue. However, unlike most proposals to raise revenue, it would not do so by increasing taxes on anyone. Instead, it would raise revenue by reducing tax evasion, specifically by those with very high incomes (over \$400,000).

As you may know, the government does not collect all the taxes that it is owed. This is because some people and businesses report less income than they owe according to the IRS, do not file tax returns at all, or claim more tax deductions and credits than they should.

It is estimated that every year the government does not collect about 15% of the taxes that it is owed. This is known as the **tax gap**. In 2019, the tax gap was estimated to be about \$600 billion.

Over the last decade, the tax gap has increased. Some argue that this is a result of Congress reducing the IRS' budget, which has caused the IRS to have less staff and resources to enforce tax laws, especially on those with very high incomes, as their taxes are more complicated.

As a result, audits and criminal tax evasion cases against very high-income individuals have declined by about 50%, and more than 100,000 high-income earners who have not filed their taxes are not investigated.

The largest cause of this tax gap is individuals with very high incomes:

- under-reporting how much they have made from their businesses or capital gains (earnings from stocks, bonds and property)
- claiming tax deductions that are not really valid.

The proposal is to increase, by \$8 billion a year, the IRS' budget to help close the tax gap. This money would be used to:

- increase tax enforcement on very high-income individuals (income over \$400,000)
- update the technology used to detect tax evasion
- require banks and other financial companies to provide information to the IRS, to help them verify tax filers' information

The Treasury Department has estimated that this proposal would raise an extra \$70 billion a year in revenue. However, some experts believe it would raise much less revenue, while some believe it would raise more.

Here is an argument in favor of the proposal:

Q33. The richest people in our society have been using their money to lobby Congress to cut funding for the IRS so they can get away with avoiding paying their taxes. Unless we step up tax enforcement and modernize the IRS, they will continue to do so, and the tax gap will only get bigger. This proposal is a smart way to raise a lot of revenue because it does not involve raising taxes for honest taxpayers. It simply collects more of the taxes that are legally owed. Honest taxpayers should know that wealthy people who cheat on their taxes are being held accountable.

	Very Convincing	Somewhat Convincing	Total Convincing	Somewhat Unconvincing	Very Unconvincing	Total Unconvincing	Refused / DK
<b>National</b>	46.4%	30.1%	<b>76.5%</b>	10.7%	11.1%	<b>21.8%</b>	1.6%
Republicans	28.7%	34.7%	<b>63.4%</b>	16.3%	18.3%	<b>34.6%</b>	1.9%
Democrats	65.2%	25.0%	<b>90.2%</b>	4.9%	3.6%	<b>8.5%</b>	1.2%
Independents	37.8%	33.2%	<b>71.0%</b>	13.2%	14.2%	<b>27.4%</b>	1.7%
<b>Cook's PVI (D-R)</b>							
Very red	43.0%	27.9%	<b>70.9%</b>	11.5%	14.1%	<b>25.6%</b>	3.4%
Somewhat red	44.1%	33.4%	<b>77.5%</b>	8.9%	10.7%	<b>19.6%</b>	3.0%
Lean red	45.4%	31.4%	<b>76.8%</b>	10.5%	12.3%	<b>22.8%</b>	0.5%
Lean blue	46.0%	30.3%	<b>76.3%</b>	10.5%	12.0%	<b>22.5%</b>	1.1%
Somewhat blue	48.0%	30.3%	<b>78.3%</b>	13.2%	7.5%	<b>20.7%</b>	0.9%
Very blue	55.1%	24.2%	<b>79.3%</b>	10.3%	9.0%	<b>19.3%</b>	1.3%

Here is an argument against:

Q34. It is not clear that there even is such a large tax gap. It is an estimate, based in part on how much the IRS thinks people are under-reporting their earnings. The problem is that the IRS makes mistakes all the time, and audits people who have done nothing wrong. Furthermore, even if there is a large tax gap, it's due to how complicated our tax system is. There are over ten thousand pages of tax rules. Most under-reporting is likely due to people making honest mistakes, not cheating. Instead of giving the IRS more money and resources, and having them collect even more information on everyone's finances, we should simplify our tax system and make it easier for both taxpayers and the IRS.

	Very Convincing	Somewhat Convincing	Total Convincing	Somewhat Unconvincing	Very Unconvincing	Total Unconvincing	Refused / DK
<b>National</b>	22.7%	30.5%	<b>53.2%</b>	21.0%	25.2%	<b>46.2%</b>	0.5%
Republicans	38.0%	34.4%	<b>72.4%</b>	18.3%	8.9%	<b>27.2%</b>	0.4%
Democrats	9.0%	24.7%	<b>33.7%</b>	23.1%	42.6%	<b>65.7%</b>	0.6%
Independents	24.2%	36.6%	<b>60.8%</b>	21.4%	17.0%	<b>38.4%</b>	0.8%
<b>Cook's PVI (D-R)</b>							
Very red	20.4%	35.1%	<b>55.5%</b>	23.0%	21.1%	<b>44.1%</b>	0.4%
Somewhat red	21.1%	31.8%	<b>52.9%</b>	18.4%	28.1%	<b>46.5%</b>	0.6%
Lean red	29.4%	26.2%	<b>55.6%</b>	20.5%	23.7%	<b>44.2%</b>	0.3%
Lean blue	22.8%	28.7%	<b>51.5%</b>	24.0%	23.3%	<b>47.3%</b>	1.1%
Somewhat blue	19.6%	35.8%	<b>55.4%</b>	19.3%	24.6%	<b>43.9%</b>	0.6%
Very blue	20.2%	26.9%	<b>47.1%</b>	20.4%	32.5%	<b>52.9%</b>	0.0%

Q35. So, here again is the proposal:

Increase, by \$8 billion a year, the IRS 'budget to help close the tax gap, by:

- increasing tax enforcement on very high-income individuals (income over \$400,000)
- updating the technology used to detect tax evasion
- requiring banks and other financial companies to help the IRS verify tax filers 'information

It is estimated that this proposal would raise an extra \$70 billion a year in revenue.

How acceptable do you find this proposal, where 0=not at all acceptable, 5=just tolerable, and 10=very acceptable?

	Not at all Acceptable (0-4)	Just Tolerable (5)	Very Acceptable (6-10)	Refused / Don't Know
<b>National</b>	33.4%	9.5%	56.9%	0.3%
Republicans	51.4%	12.9%	35.2%	0.5%
Democrats	15.6%	5.5%	78.8%	0.1%
Independents	38.9%	11.9%	49.1%	0.0%

Cooks PVI (D-R)				
Very red	39.2%	8.0%	52.4%	0.4%
Somewhat red	35.5%	11.0%	52.5%	1.0%
Lean red	34.7%	11.3%	54.0%	0.0%
Lean blue	36.0%	9.2%	54.8%	0.0%
Somewhat blue	29.5%	8.5%	62.0%	0.0%
Very blue	22.3%	7.3%	70.2%	0.3%

Q36. Now finally, do you favor or oppose this proposal?

	Favor	Oppose	Refused / Don't Know
<b>National</b>	67.8%	30.7%	1.5%
Republicans	46.3%	52.0%	1.8%
Democrats	87.7%	11.2%	1.2%
Independents	64.7%	33.6%	1.7%
Cook's PVI (D-R)			
Very red	64.0%	34.9%	1.1%
Somewhat red	64.2%	33.8%	2.0%
Lean red	64.1%	33.5%	2.4%
Lean blue	67.7%	30.9%	1.4%
Somewhat blue	71.7%	27.7%	0.6%
Very blue	78.6%	20.5%	0.9%

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