

# Understanding the 21st Century Taxpayer

IRS Nationwide

2008

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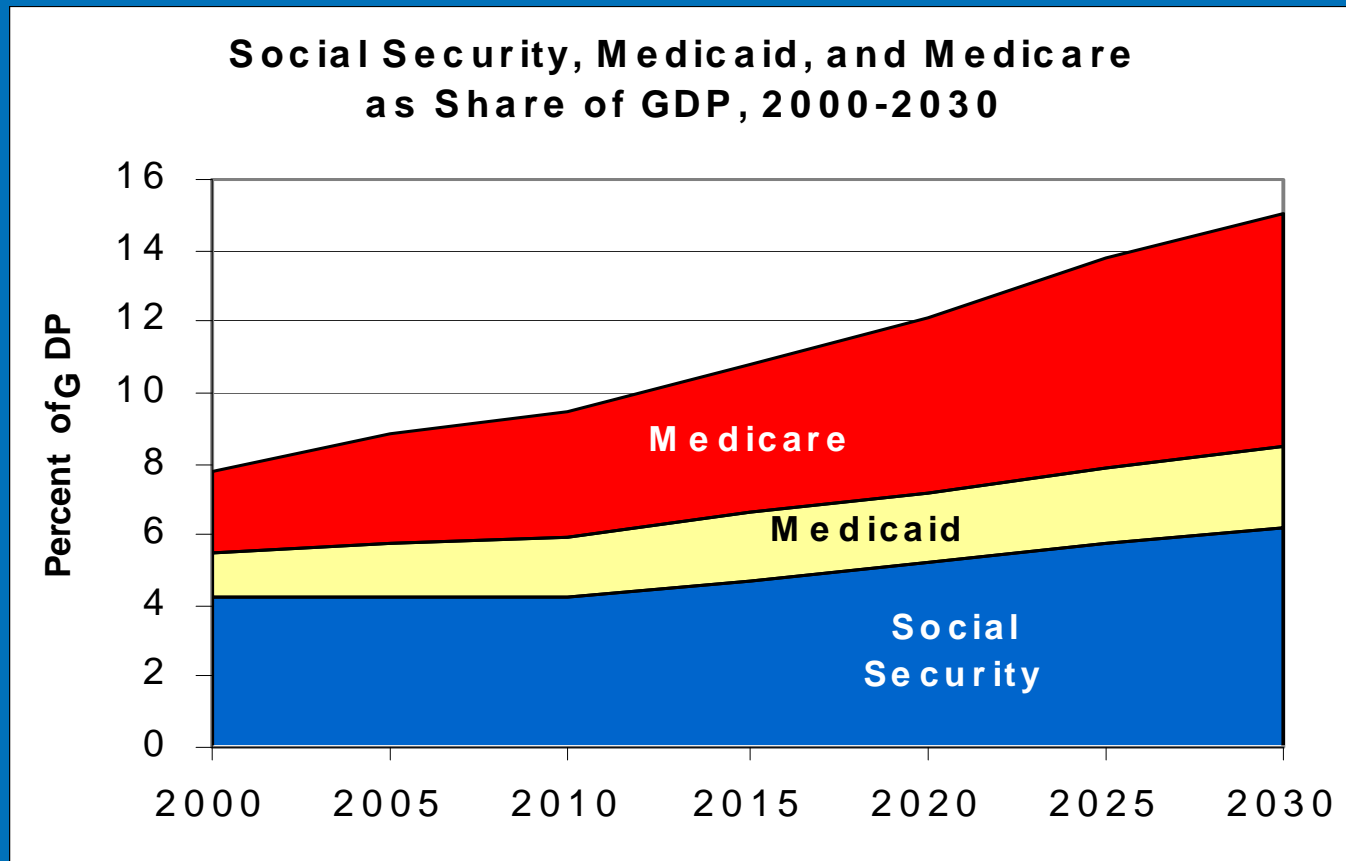
# Key Trends Impacting Taxpayers

- Population Trends
  - Aging U.S. population
  - Increasing immigrant workforce
- Economic Trends
  - Rising living expenses
  - Mortgage crisis
- Technology Trends
  - Growing broadband Internet access
  - Web 2.0 and social networking

# Aging Population

- Increase from 37M in 2006 to 55M by 2020
- Seniors face growing financial pressures
  - Rising health care costs
  - Raising grandchildren
  - Inadequate retirement savings
  - Uncertainty about Social Security & Medicare
- Concept of retirement will evolve in the 21st century
  - Periodic sabbaticals throughout the work life?

# Increased Spending for Seniors are Causing Long-Term Fiscal Imbalances



Source: Government Accountability Office analysis

# Tax Issues for Seniors

- Claiming grandchildren as dependents
- Changing from wage income to self-employment income
- Sources of retirement income more diverse
- Downsizing from larger to smaller homes

# Immigrant Workforce

- During 1990s, one of every two new workers in U.S. labor force was an immigrant
  - In 2006, 23M foreign-born workers
- Over 22M of U.S. population do not speak English well, i.e., limited English proficiency (LEP)

# Tax Issues for Immigrants

- Growing need for bilingual tax assistance/tax professionals
- Eligibility for Earned Income Tax Credit and Child Tax Credit
- Access to Individual Taxpayer Identification Numbers (ITINs)



# IRS Strategies to Assist LEP

- Solicit Asian-language solutions from taxpayers and tax practitioners
- Enhance the IRS.gov Espanol webpage into a Multilingual Gateway for 5 languages
  - [www.irs.gov/espanol](http://www.irs.gov/espanol)
- Expand list of products available in various languages



# Financial Pressures Keep Growing

- Health care costs continue to increase
- Rising gas prices forcing many to tighten budgets
- Rising commodity prices driving up food prices
- Inflation fears, weak housing market impact mortgage rates



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# Mortgage Crisis

- Housing market still weak
- Rising mortgage rates end of 2005 pushed up mortgage payments
  - Foreclosures up 79% in 2007
- Foreclosures and delinquent loans largely subprime loans
- Mortgage Forgiveness Debt Relief Act of 2007

# Technology Use

- More Internet uses require faster connection speeds
- Rising broadband access at home
  - 70% U.S. households by 2012
- Business opportunities grow with technology advancements
  - Global economy

# Web 2.0

- Internet has become more interactive
  - YouTube, Wikipedia
- Social networks offer marketing opportunities
  - MySpace, Facebook
- 25M adults regularly share information about products and services online
  - Expected to grow to 32M by 2010

# Identity Theft Fears Continue

- Hackers range from computer-savvy teenagers to full-time international hackers
- Fear of identity theft have caused many to limit Internet activities
- IRS preventative measures
  - Increase public awareness of identity theft, phishing, and other scams
  - OnGuardOnline.gov

# Points of Contact

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