

The Importance of Simplified Filing

Lessons from overall GetCTC usage, experimental results comparing simplified and full filing, and EITC functionality in GetCTC

GetCTC 2022 Learnings Report
February 2023

Summary: In 2021 and 2022, Code for America operated GetCTC, a simplified tax filing product that low-income households could use to claim the Child Tax Credit (CTC) and Recovery Rebate Credit (RRC) without reporting their income or providing tax documents. [We found after the 2021 filing season](#) that GetCTC had been transformative in promoting access to refundable credits, with many households who had never filed taxes before using the tool to claim thousands of dollars. We observed that they tended to finish the tool quickly on a mobile phone, and that they found it easy to do so.

In 2022, we again saw the same patterns. 79,758 households successfully filed returns using GetCTC, claiming nearly \$250 million. The typical client finished the entire process—from screener questions to final notification from the IRS—in about 20 minutes, and 80% used a mobile phone. 80% of those who took our follow-up survey called the process “easy” or “extremely easy.”

In 2022, we were also able to measure more rigorously just how much simplified filing breaks down barriers relative to full tax filing. We report here the results of [an experiment in June 2022](#) in which traditional non-filers who had used GetCTC in 2021 were encouraged to use GetCTC or to use VITA full filing services through GetYourRefund. We find that these clients complete simplified filing at a rate 5-8 times higher than full filing. They also show a strong preference for simplified filing; given a tool to help elect the filing service that is right for them, 15-30 times more clients select simplified than full filing.

Moreover, in 2022, we were able to delve deeper into what, exactly, was simplified about simplified filing. Simplified filing’s principal innovation is that it allows families to skip income reporting and thus to not provide tax documents. For the last month of the filing season, we offered optional Earned Income Tax Credit (EITC) functionality in GetCTC, in which clients *did* have to report their income and provide their W-2s. We sought to learn just how much of a barrier it would be to reintroduce income reporting back into a simplified tool. We found that it was indeed a significant barrier. Out of those clients who elected to claim EITC and made it to the portion of the application where they report their W-2s, only one third successfully added their W-2s to the return. Even among the one third who did so, there is some evidence that over a quarter of clients made transcription errors in adding their W-2s. Overall, out of 490,026 clients presented with the choice to claim EITC, and out of 66,714 who started a return claiming EITC, only 1,079 successfully submitted a return claiming the EITC. Clients who elected to claim EITC were also meaningfully more likely to report in follow-up surveys that the tool was hard to use. These EITC results underscore that simplified filing works specifically by waiving the requirement to report income.

Taken together, the results in this paper add to a growing body of evidence that simplified filing is critical to low-income families. A streamlined, easy-to-use, mobile-first application that asks only the information that the IRS cannot get any other way is the best tool we have in the fight to ensure every family receives the refundable credits they deserve.

Section 1 of this paper reviews the high-level usage statistics from GetCTC in 2022. Section 2 describes the experimental results comparing simplified and full filing. Section 3 reports the results from the pilot implementation of EITC. Section 4 concludes and offers lessons for the future of tax filing policy in the United States.

1. Low-income households who use simplified filing find it easy and finish it quickly

Code for America first launched GetCTC in September 2021, based on [IRS's 2021 simplified filing rules](#), and made it available for ten weeks through mid-November. [We reported after that first season](#) that the basic promise of simplified filing had been fulfilled: GetCTC clients found the filing process easy and finished it quickly. We reported that:

- Among clients who submitted only one return, the median time to completion was 16 minutes, and the modal client took about 10 minutes to file.
- 75% of return submitters used a smartphone, and an additional 4% used tablets.
- 78% of clients who took our follow-up survey found the tool “easy” or “extremely easy” to use, with rates very similar among clients who had never filed taxes before.
- The simplicity of the process changed the calculus of tax benefits outreach. Previous studies had shown that nudges to file taxes were basically ineffective. But, with GetCTC, large and well-targeted messaging campaigns generated real results. For example, Massachusetts’s text message campaign to 450,000 SNAP beneficiaries generated over 1,500 submissions through GetCTC.

In 2022, we relaunched GetCTC on May 11, based on [2022 simplified filing rules](#), and the tool was available again through mid-November. Demo videos of the 2022 GetCTC tool are available [here](#). Over the course of these six months, we confirmed the basic findings from 2021:

- About half of clients finished the entire process (from clicking “Get Started” to getting a final notification of return status from the IRS) in less than half an hour.¹ Among clients who only submitted one return (that is, did not resubmit their return after an initial rejection), the most typical experience was to finish the entire process and receive a final status alert in a little under 20 minutes. Over three quarters (77%) of these clients finish the entire process in under an hour.
 - These numbers are slightly higher than they were in 2021, for two reasons. First, GetCTC in 2022 required more information—with questions about advance CTC amounts, more rigorous eligibility screeners, and (optionally) EITC functionality.

¹ The median time from Intake Created to last Efile Status Change among all non-fraudulent returns is 32.95 minutes. The figure is 27.15 minutes for returns that were not resubmitted.

Second, we amended the measurement of the start time in 2022. In 2021, the start time was at the point of entering a Social Security Number, after clearing eligibility screeners. In 2022, the start time was the very beginning of the process, including eligibility screeners.

- 80% of return submitters completed GetCTC on a mobile phone, and an additional 4% on a tablet. Only 16% used a desktop or laptop computer.²
- 80.1% of the 17,000 GetCTC clients who took our follow-up client survey said the tool was “easy” or “extremely easy” to use. Only 6.1% called it “slightly difficult,” “difficult,” or “extremely difficult.”
- 30.8% of these survey respondents said they had never filed taxes before. This group found the tool just as easy, with 80.0% calling it “easy” or “extremely easy” to use.
- Broad-based outreach continued to be effective in generating simplified returns. Massachusetts, for example, again messaged 500,000 SNAP and TANF beneficiaries in October, generating about 4,000 submissions on GetCTC.

Overall, use of GetCTC fell somewhat compared to 2021, due to the changing environment. In 2021, there were a significant number of RRC-only filers alongside CTC claimants, and the media and political climate was deeply focused on promoting access to tax benefits. In 2022, due to changes in the tax law, anyone without children who had filed in either of the last two years had no need to file a simplified return for CTC/RRC, and the overall national focus on promoting tax benefits was far lower. Still, GetCTC saw a significant amount of use:

- 183,066 households submitted returns using GetCTC, of which 79,758 were accepted, claiming nearly \$250 million.
- Over 4.5 million people visited the GetCTC.org home page.

Clients continued to report in follow-up interviews that the process was, indeed, very easy:

“It seemed so easy. It was almost like I felt like, are they sure this is all I have to do? Really? ... I couldn't even believe it.” — P9

“I've done my taxes online, probably in the past 10 years. This is far, far more easy than anything I've ever used before. I mean, it was just really, really easy.” — P3

“I thought that was exceptionally brilliant the way you guys had it set up... And I just kept going so I thought, I was like, ‘man, yes!’ It was great. It was simplified. Anyone can use that.” — P1

Simplified filing in general—and GetCTC in particular—was again a triumph and a major step forward in improving access to the tax system.

² Data is from Mixpanel and cannot reliably remove all fraudulent submissions. For robustness, we reviewed the distribution of device types after May, when much of the fraudulent activity occurred. The numbers are not significantly different across periods.

2. Low-income households complete simplified filing at a far higher rate than full filing

The usage of and response to GetCTC in 2021 and 2022 very strongly suggest that it broke down significant barriers compared to filing a full tax return. Interviews with low-income families indicate that [they usually find full tax returns difficult, daunting, and time consuming](#); with GetCTC, clients found the process easy and quick, and often completed it just after a simple nudge. But these are circumstantial findings, and in 2021, we did not have a direct and rigorous comparison of simplified and full filing. In 2022, we sought to definitively measure the difference between completion of simplified and full returns, with a controlled experiment. **The findings are clear: Among low-income families who don't usually file a return, the simplified filing completion rate is about eight times higher than the full filing completion rate.**

This result comes from a randomized controlled trial we implemented in June 2022. (A full technical write-up and results [are available here](#).) In short, we reached out via text message to 23,778 clients who had used GetCTC in 2021 and had not yet filed using one of our tools in 2022. As such, this was a population of traditional “non-filers”—people who historically have rarely or never interacted with the tax system; the findings from this study may not generalize to other populations. Half of them were sent a link to GetCTC, and the other half were sent links to full filing options on GetYourRefund. (Some were sent directly to the virtual VITA service; some to our Facilitated Self-Assistance, or FSA, service; and some to a triage tool where they could elect which service to use. Note that all results were calculated just through six weeks after sending the initial message; thereafter, we encouraged all clients to use GetCTC.) In all cases, clients could, in principle, elect a different service than the one they were encouraged to use in the study, though it was sometimes slightly difficult to switch services.

Among the 11,889 clients sent to GetCTC, 283, or 2.38%, filed a return using GetCTC that was accepted by the IRS. Among the 3,963 clients sent to virtual VITA at GetYourRefund, just 12, or 0.30%, filed a return using GYR that was accepted by the IRS (this difference is significant at $p < .0001$). The story is much the same comparing GetCTC to FSA (do-it-yourself TaxSlayer software along the lines of traditional commercial online tax software): 1.77% of GetCTC clients had an accepted return, compared to 0.23% of FSA clients. The results are summarized in the table below. (Note that the comparable point estimate for GetCTC completion varies depending on the comparison service; see the technical write-up for more details.)

Table 1: Headline results from simplified versus full filing experiment

	Fraction of outreach contacts who submit an accepted return on this service
GetCTC (for comparison to GetYourRefund)	2.38%
GetYourRefund virtual VITA	0.30%

GetCTC (for comparison to FSA)	1.77%
Facilitated Self-Assistance (TaxSlayer FSA)	0.23%

The lower filing rate was driven by two different mechanisms. First, the completion rate for full filing was simply far lower. In the GetCTC group, 34% of those who started filing a return had a return accepted. In the GYR group, on the other hand, only 10% of those that started filing ended up with an accepted return. Second, and perhaps more dramatically, the clients in the sample had a strong preference for simplified filing. In a subtreatment where we sent clients to a triage service allowing them to pick the filing option that was best for them, 15-30 times more clients elected simplified filing than full filing options. Additionally, a significant fraction of clients who were assigned to the GYR group switched services and completed a return using GetCTC; in fact, over three times more clients assigned to GYR completed a GetCTC return than a GYR return.

Further details on the experiment are available [here](#).

This same result about simplified and full filing is also borne out suggestively in a pair of rigorous randomized controlled trials implemented by the California Policy Lab (CPL). In 2020, [CPL reported on a wide range of field experiments](#) nudging low-income families to file taxes and claim the EITC, using traditional tax filing tools. None of these outreach efforts had any impact, and the authors [speculated that the null results were related to the complexity of filing a tax return](#). In 2021, CPL performed a similar experiment using GetCTC. [The results](#), published in December 2022, showed that these outreach nudges, referring clients to GetCTC, *did* have a significant effect. The magnitude of the effect was relatively small as the messages were sent through email and robocall, rather than more proven mediums. Still, the distinction is clear. Simplified filing made the process easy enough that outreach nudges can work.

3. Our implementation of EITC in GetCTC revealed that complicating the filing process—and, specifically, adding income reporting—makes things appreciably harder for taxpayers

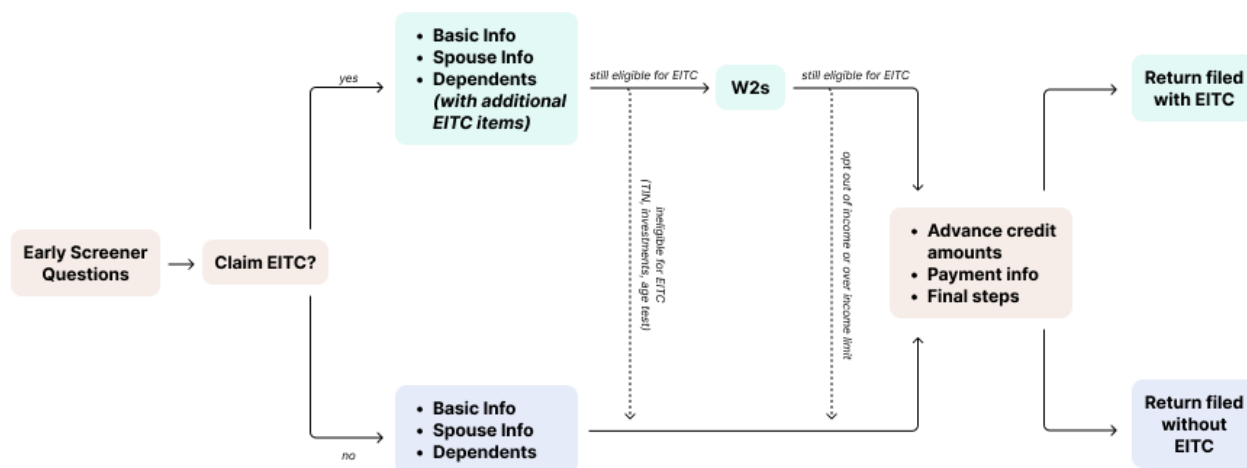
On October 12, we launched a significant new feature in GetCTC: For the first time, clients could opt to claim the EITC as well as the CTC and RRC. This also meant that, for the first time, we asked some GetCTC clients to report their income.

Unlike the CTC and RRC, the EITC credit amount varies significantly based on income, even for those without a filing obligation. So, while CTC and RRC can easily be supported in a simplified filing process that does not include income data, it is not so straightforward for the EITC. [Code for America advocated](#) for a simplified filing rule that would allow EITC claimants to claim the credit without reporting their income, hypothesizing that it was indeed the waiver of income reporting that was the

secret to simplified filing’s success. In this proposed process, the IRS would use its own copy of filers’ income records to determine the EITC amount.

This process, however, was not adopted. [Revenue Procedure 2022-12](#)—the controlling rule for GetCTC—contained a minor simplification to the EITC process: As long as a filer’s *gross* income was below the standard deduction amount and below the beginning of the EITC phaseout range for their family structure, a simplified filer could opt to report *only* their W-2 income, leaving all other income off their return. (Remember that only households without a filing obligation could use simplified filing in the first place.) For example, a filer with \$2,000 of W-2 income, \$300 of 1099-NEC income, and \$200 of interest income was permitted, under the rules, to report only the \$2,000 of W-2 income. This simplification was implemented in GetCTC; we collected only information on W-2 income. But there were no simplifications made to the W-2 process itself. EITC filers were required to provide their W-2s during the filing process, which means transcribing every box on the entire form—even those not actually used by the IRS.

[We implemented EITC as an experiment.](#) In essence, it allowed us to test two different theories of simplified filing. Under one theory, what made simplified filing work was that the complex parts of tax filing—principally, income reporting—were waived. Under another theory, what made simplified filing work was simply that it was focused and well-designed—an easy-to-use, mobile-first web app with plain language, well suited to the circumstances and needs of low-income filers. If the latter theory were right, adding EITC and requesting W-2s would prove successful. Well implemented, there would be no problem with requiring income data. But if the former theory were right, most GetCTC clients would be unable to use the EITC functionality.



EITC was implemented as an optional feature. Very early in the GetCTC flow, clients were asked if they wanted to report their W-2s and claim EITC. We refer to those clients who said yes, electing to try to claim EITC, as “EITC electors.” The EITC electors were screened for basic qualitative eligibility as they went through the early parts of the flow (appropriate TINs, investment income limit, age test, etc.). If

still eligible after these checks, we asked EITC electors to provide their W-2s, before going through the final steps of the flow. The overall pattern is shown above.

During the five weeks EITC functionality was available, we carefully tracked the client experience through quantitative monitoring, client interviews, qualitative analysis of customer service interactions, and a randomized experiment. Of course, this was all somewhat imperfect. We have no way of knowing the true income of clients using GetCTC—perhaps, if our clients failed to use the EITC functionality, it was simply because they had no earned income at all.

However, the balance of the evidence is relatively clear: **Including income reporting made GetCTC significantly harder for the low-income clients we intend to serve.** The GetCTC completion rate was drastically lower among the group who elected to claim EITC. The high-level path through EITC functionality is summarized below. (Note that clients can appear as duplicates in this table—see notes for details. A full de-duplicated version is available in Appendix A. Note also that 2,656 clients—primarily all clients from early in the EITC soft launch—are dropped from all analysis due to data inconsistency issues; details are in Appendix B.)

Table 2: High-level EITC funnel

		<i>Non-EITC path</i>	<i>EITC path</i>	<i>Elect EITC; switch to non-EITC</i>
1	Top of funnel	224,581	265,445	
2	Dropped in eligibility screeners; or duplicates	138,749	198,731	
3	Started return	85,832	66,714	
4	Dropped off while completing return (non-EITC sections) ³	38,869	33,622	
5	Elected not to claim EITC upon being asked for W-2s	N/A	16,675	→
6	Determined ineligible for EITC ⁴	N/A	5,882	→
7	Dropped off in W-2 section	N/A	11,381	
8	Determined over-income for GetCTC	N/A	1,252	
9	Submitted return	46,693	3,715	16,744
10	Accepted return	24,458	1,079	6,121

Notes: Numbers do not sum because clients can be in multiple categories. Specifically, clients in Row 4 may also show up in Rows 5 and 6. For example, a client determined ineligible due to not having the right SSN may later drop off in the dependents section; or a client who elected not to claim EITC upon reaching the W-2 page may have dropped off in the final

³ Also includes those flagged for fraud.

⁴ Includes those who were over income to claim EITC using GetCTC according to the simplified filing rules.

stages of completing their return. In these cases, the “failure reason” is overdetermined. See Appendix Table A for a fully de-duplicated assessment of the EITC funnel. ‘Dropped off in W-2 section’ contains: (a) clients who got to and stayed at the W-2 page; (b) clients who, on the W-2 page, clicked that they did not want to add a W-2, but then did not move past the EITC off-boarding page they saw next; and (c) clients who started adding a W-2 but did not finish.

At a high level, we can also observe this difficulty from survey results of 1,692 clients who took our follow-up survey and were presented with the option of claiming EITC functionality:

Table 3: EITC election and subjective ease of use

	Did not elect to claim EITC	Elected to claim EITC
Extremely easy	52.44%	43.73%
Easy	32.71%	29.81%
Slightly easy	6.68%	8.91%
Neither easy nor difficult	4.13%	11.70%
Slightly difficult	1.88%	0.84%
Difficult	0.98%	1.67%
Extremely difficult	1.20%	3.34%

The following sections investigate the various sources of EITC dropoff in more detail. The sections are presented roughly in order of the GetCTC flow, with patterns emerging early in the flow presented before those later in the flow. The sections are:

1. **Many clients elect not to try to claim EITC.** It is not known if these clients might have in fact been eligible for EITC.
2. **Electing to claim EITC is correlated with other issues in GetCTC usage.** EITC electors are more likely to have already started a return with GetCTC, to have already filed a different return, or to drop off early in the flow in general. The vast majority of EITC electors do not make it to the W-2 functionality.
3. **Many clients express interest in claiming EITC as a possible additional credit but ultimately do not have any income.** They drop off when asked about their W-2s. Some have income from government benefits and did not understand what “earned income” meant; others knew they were out of scope due to 1099 income but were curious to see what would happen. While nothing went “wrong” for these clients, per se, they did waste their time going down an unnecessary detour, and there are important implications for the design of filing tools.
4. **Many clients struggle with the W-2 functionality and drop off in this section.** This is a somewhat smaller group than the above. Generally, these clients simply were not able to find

their W-2s. This group highlights the importance of simplifying the filing process by not requiring income data from filers.

5. **A small number of clients electing to claim EITC are determined ineligible for the credit (including a surprising number of clients over income for simplified filing).** This is a relatively small group compared to the other sources of dropoff, but it would comprise a meaningful population at scale. These issues could be resolved by a combination of design iterations and data automation.
6. **EITC claimants are more likely to have their returns rejected—usually for reasons not related to EITC.** The rejections are correlated with point #2 above; EITC claimants are disproportionately likely to have other tax filing issues.
7. **As a result, only a tiny fraction of EITC electors actually claim EITC. This group tended to report the process was relatively easy; but even among them, there is some evidence they are mis-entering W-2 data.** This group also highlights the importance of not requiring income data from filers.

A few key lessons emerge from these findings, which we return to throughout the following sections:

- Tax terminology is confusing. Many of our clients do not understand what a given credit or type of income is, in the abstract. When possible, filing software should focus on collecting information that only a client has, without referencing specific tax technicalities. Asking about interest in credits or income categories is liable to cause unnecessary confusion.
- Providing income data is challenging. The dropoff in this section is very high, and clients report difficulty completing this section. Even those who do ostensibly track down their W-2s may be making errors. The fact that GetCTC was generally not requiring income from its clients was, very likely, a key driver of its success.

3.1 Many clients elect not to try to claim EITC

Of the 490,026 clients who saw the EITC election page, nearly half (224,581, or 45.8%) elected not to try to claim EITC. Of course, we do not know exactly the situation of these 224,581 clients. Perhaps they had no income at all and they correctly chose not to try to claim a credit that would not apply to them. Perhaps they had income but believed (correctly or incorrectly) that the process with income reporting would be too challenging.

Manual inspection and regression analysis suggest a few interesting trends in who elects to claim EITC:

- Younger clients are more likely to elect to claim the EITC. Statistically, this is the strongest pattern in predicting EITC election.⁵ Looking only at clients who went on to file any return, initial EITC election rates are around 40% for clients in their twenties and 15% for clients in their sixties, with a steady linear decrease in age. It is possible that this trend is driven by younger taxpayers' lower familiarity with the tax system. It is also possible that it is driven by

⁵ Based on highly penalized LASSO regression predicting EITC election.

the higher probability that younger filers have dependents—though the effect persists even when controlling for claiming dependents.

- Clients with dependents are somewhat more likely to try to claim the EITC—even though childless adults are eligible to claim EITC, and even though our EITC election page said nothing about dependents. Among EITC electors, 45% went on to try and claim a dependent, compared to 36% of non-electors.
- Clients who initially elected to claim the EITC were less likely to claim any RRC or CTC through the tool. It is possible that this is broadly intended behavior; some clients who knew they could not get RRC or CTC nevertheless used GetCTC to claim the EITC they knew they were eligible for. It is also possible that this is driven by some other mechanism.
- Clients who had never filed before were more likely to elect to claim the EITC. Clients who took our follow-up survey and reported they had never filed elected to claim EITC 26% of the time, compared to just 19% among those who had filed before. Note that the population who took the follow-up survey is a relatively small and perhaps not representative sample.
- Probably relatedly—and perhaps related to the age findings above, as well—clients who elect EITC seem to be more confused about the tax system and about their return than other clients. This is a theme we will return to repeatedly in the following sections.
- Certain outreach sources had lower-than-average EITC election rates. Among these are the Social Security Administration (13 percentage points lower); clients who acted on IRS letters sent by the IRS (10 percentage points lower); the Center on Budget and Policy Priorities’ (CBPP) Get It Back campaign (9 percentage points lower); and the GetCTC referral program, in which clients with accepted returns were encouraged to tell friends about the tool (17 percentage points lower). The CBPP and referral program results may be significantly explained by lower dependent claiming rates among these groups. The SSA and IRS letter results cannot; in these cases, it may be that the outreach provided detailed and explicit information connecting GetCTC to credits other than the EITC.

3.2 Electing to claim EITC is correlated with other problems, and many clients electing to claim EITC do not make it to the W-2 functionality

Of the 265,445 clients who elect to claim EITC, only 14.4% (38,260) actually make it past the dependents flow to the W-2 functionality. Nearly twice as many non-EITC clients make it through an equivalent amount of the GetCTC process (26.1%; 58,634 of 224,581).

Table 4: EITC funnel in pre-W-2 stages

		Non-EITC	EITC
1	Elections (<i>contains duplicates</i>)	224,581	265,445
2	Dropped at already filed screener page	53,344	109,186

		(23.8%)	(41.1%)
3	Lost in other screeners, or are duplicates of other GetCTC returns (<i>contains duplicates</i>)	85,405 (38.0%)	89,545 (33.6%)
4	Start return (enter SSN/ITIN)	85,832	66,714
5	Dropped off at contact info, Adjusted Gross Income, or spouse info	16,999 (19.8%)	18,185 (27.3%)
6	Dropped off in dependents section	10,199 (11.9%)	10,269 (15.4%)
7	Arrive at W-2 stage (or, for non-EITC, advance payments stage)	58,634	38,260

Notes: Some clients in the EITC column may have in fact exited the EITC path due to ineligibility on account of TINs, investment income, or the age test. In this table, they are shown as if they did not exit the EITC flow. As a result, 4,725 of the EITC column clients in Row 7 are not in fact eligible for EITC by the time they reach this stage in the flow, and they do not see the W-2 page.

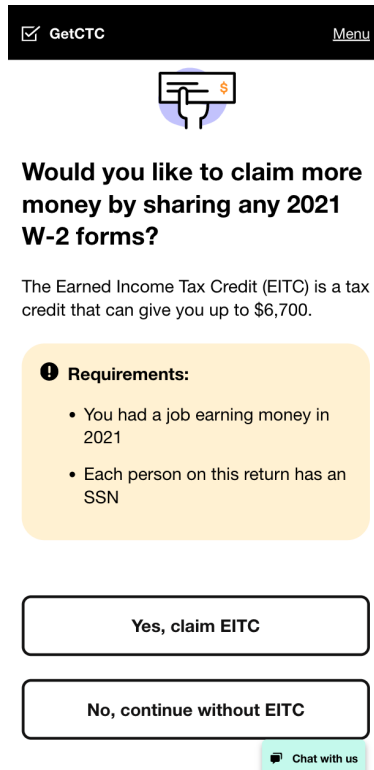
The dropoff is especially clear at two points in particular.

First, a highly disproportionate share of clients electing EITC report that they already filed a TY2021 return and do not continue with GetCTC—41%, compared to just 24% on the non-EITC path. There are two possible explanations. Perhaps, clients electing EITC are indeed more likely to have income; those with income are more likely to have filed; and all questions are being answered accurately. On the other hand, perhaps clients who elect to claim EITC are simply more likely to be confused along multiple dimensions; electing EITC, in this explanation, acts as a bit of a proxy for “Do you know what you’re doing here in the first place?” Those who claim EITC are a little less clear what they are doing.

Second, somewhat fewer EITC clients make it through the early steps of the return. In all, 57.4% of EITC electors who properly start the return (that is, enter their name and SSN) make it to the W-2 portion of the process; 68.3% of non-EITC electors who start the return make it to an equivalent point in the flow. Like for non-EITC clients, the dropoff is distributed throughout the various pages in this section. The major discrepancy appears to be on prior-year Adjusted Gross Income (AGI).⁶ 17% of non-EITC clients who dropped off in these sections are stuck on the prior-year AGI page; 26% of EITC clients are stuck here. Prior-year AGI is notable because it is one of the most technical tax questions in the GetCTC flow; the EITC-electing population is especially struggling with a very tax-heavy item. This differential dropoff—and especially on AGI—appears to support the second theory above: Clients electing EITC are more likely to simply not be in the right place, and not be interested in filing or able to file a return.

⁶ All e-filers are required to provide the Adjusted Gross Income from their prior-year return as an authentication measure.

If the EITC-as-proxy-for-confusion hypothesis is correct, it is possible that the EITC election page is part of the story. Perhaps the way we asked the question has something to do with who said yes. The page is shown below:



The screenshot shows a web interface for 'GetCTC'. At the top, there is a navigation bar with a checkmark icon and the text 'GetCTC' on the left, and a 'Menu' link on the right. Below the navigation bar is a large icon of a hand holding a document with a dollar sign. The main heading asks, 'Would you like to claim more money by sharing any 2021 W-2 forms?'. Below this heading is a paragraph explaining that the Earned Income Tax Credit (EITC) is a tax credit that can give you up to \$6,700. A yellow box contains the 'Requirements:' section, which lists two bullet points: 'You had a job earning money in 2021' and 'Each person on this return has an SSN'. Below the requirements are two large buttons: 'Yes, claim EITC' and 'No, continue without EITC'. At the bottom right, there is a small green button that says 'Chat with us'.

GetCTC Menu

Would you like to claim more money by sharing any 2021 W-2 forms?

The Earned Income Tax Credit (EITC) is a tax credit that can give you up to \$6,700.

Requirements:

- You had a job earning money in 2021
- Each person on this return has an SSN

Yes, claim EITC

No, continue without EITC

Chat with us

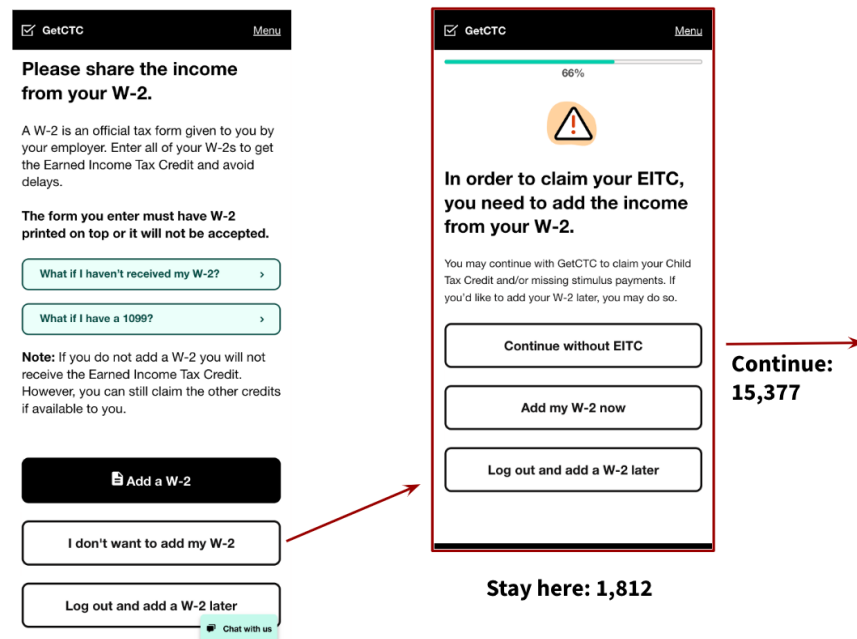
As we will see in more detail in the following section, it seems plausible that this page elicited a lot of “yes” answers from people who were not sure what the EITC was, but were curious to give it a shot—while eliciting “no” answers from people who better knew what they were being asked. As a result, people who answered “yes” were systematically more likely to be unfamiliar with the tax system.

Such a dynamic would be consistent with a similar finding from GetYourRefund (GYR) earlier in 2022. Aiming to route undocumented immigrants who needed to apply for ITINs to VITA sites that could provide such support, we asked early in GYR whether the client needed to apply for an ITIN. As it turned out, the majority of clients who said “yes” to this already had SSNs and did not need to apply for ITINs; they simply did not know what an ITIN was and decided to see if it might apply to them.

There is an important insight here for framing questions in the context of tax filing: Uninformed clients may often say “yes” when asked about their interest in one or another tax program, if they do not know what those programs are.

3.3. Many clients express interest in claiming EITC but ultimately do not appear to have any earned income

Of the 33,535 clients who make it to the initial W-2 page, the overwhelming plurality say that they do not want to add any W-2s, after all. 45.9% (15,377) say they do not want to add a W-2, and they continue on with GetCTC. An additional 5.4% (1,812) click this button and then remain stuck on the page off-boarding them from EITC functionality (see below). It is not clear if this latter group should be classified as clients who elect not to add W-2s, or if they are more properly “stuck in the W-2 flow” (next section). Regardless, about half of all clients who get to the W-2 page opt not to add W-2s and just continue on without EITC.



These clients who opt to continue without adding any W-2s sit on the W-2 pages for very little time. There is no evidence, for example, that they reflect on this question, go look for their income documents, determine the documents are inappropriate, and only then opt to continue without EITC. For the median client in this category, 41 seconds go by between seeing the W-2 page and seeing the first page of the following section; for 75% of clients, it is less than 80 seconds. It appears that the vast majority know off the bat that EITC and W-2s are not for them.

It is not obvious from the quantitative data what we should conclude about this group. Did they genuinely have W-2 income but then decide at this point it was too much trouble to track it down? Did they not have W-2 income at all and had merely elected to claim EITC to see what would happen?

User interviews and interactions with client success resources suggest the latter explanation carries more weight. In general, more broadly than just in the context of claiming EITC, clients tell us in

interviews that they do not know up front what they qualify for or why. Rather, they see an opportunity to apply for something and give it a shot, to see if it might be for them:

“Yeah, it’s like... I don’t know what I qualify for...there’s the tax credit and then there’s this new relief, stimulus relief thing they’re supposed to be giving. I wasn’t clear on that. I know that I didn’t qualify for the child tax credit, but I...couldn’t tell which credits [I was eligible for].” — P9

“Every once in a while I’ll go on the food stamp card app thing and just fiddle around with it and see what’s new. And I came across [GetCTC] and I was like, Huh, I wonder if this pertains to me. And so I went through and I did it.” — P2

This mentality is consistent with the idea that many clients elect “yes” on the initial EITC page out of curiosity, open to seeing what might happen.

To a degree, there was not really a grave problem for this cohort. These clients still finished their returns, and they were not tripped up by being asked about their earned income; they knew they did not have any. There was no harm in assigning them, temporarily, to the EITC path. Still, this is not an ideal client experience: It is better not to have thousands of clients electing a process that they ultimately know is not quite right for them. One could imagine other contexts in which the incorrect path routing causes more inconvenience or more errors.

This finding further suggests that asking a client if they are interested in a given tax provision may be a methodological dead end. Many clients will say yes out of confusion or out of curiosity. A better approach is to ascertain on the client’s behalf which provisions of the code apply to them—either through clever design or data automation.

3.4 Many clients found income functionality difficult; a significant number got stuck and did not finish their returns

As noted above, 33,535 clients make it to the W-2 page, and about half exit the EITC flow because they elect not to report W-2s. Of the other half (16,346), only a third successfully make it through reporting W-2s (5,389). The rest either remain stuck on the W-2 page without continuing (3,973); start adding a W-2 and get stuck in the process (5,596); or start adding W-2s and then elect not to finish the W-2 process, opting instead to continue without EITC (1,388). These numbers—as well as the clients described in the previous section—are summarized below:

Table 5: Funnel in W-2 flow

	Count	% of all arrivals on W-2 page	% of W-2 page arrivals (not including those who skip W-2)

				<i>reporting)</i>
1	Arrive at W-2 page (Total)	33,535	100%	—
2	Elect not to try to report W-2s, continue with GetCTC	15,377	45.9%	—
3	Elect not to try to report W-2s, stuck on EITC off-boarding page	1,812	5.4%	—
4	Arrive at W-2 page and do <i>not</i> immediately skip W-2 reporting	16,346	48.7%	100%
5	Stuck on W-2 page	3,973	11.8%	24.3%
6	Start entering W-2, do not finish; stuck in W-2 flow	5,596	16.7%	34.2%
7	Start entering a W-2 but elect not to finish entering W-2, and instead continue with GetCTC without EITC	1,388	4.1%	8.5%
8	Finish entering W-2s	5,389	16.1%	33.0%

By the numbers above, only 33.0% of clients who did not immediately skip the W-2 section successfully added a W-2 (Row 8 divided by Row 4). As noted in the previous section, it is possible that clients who elect not to add W-2s but then remain stuck on the EITC off-boarding page (Row 3) should be considered to be stuck in the W-2 flow, rather than intentionally clicking off of the EITC path. By this calculus, 18,158 intend to stay on the EITC path, and only 29.7% successfully add a W-2.

Either way, over two thirds of clients got stuck in this section. This is a drastically higher rate than those who got stuck entering basic information, spouse information, and contact information combined (around 20-25%); entering dependent information (around 12-15%); or entering advance payment amounts, bank account information, address, and final consent combined (around 15-20%). No matter how you look at this data, entering income represents, by far, the hardest part of filing a return.

Row 7 is especially striking. Abandoning the W-2 flow entirely partway through a W-2 is not intended behavior; there was no clear way in GetCTC to do so, and these clients probably had to use the back button in unexpected ways. The median client among this group—who start a W-2 and then decide to skip EITC after all—is in the W-2 flow for 12 minutes. It seems plausible that they genuinely try to add a W-2 but then find the functionality too difficult, and skip around until they can find a way to bypass it.

One other interesting aspect of the experience in the W-2 flow concerns the “Log out and add a W-2 later” button. We hypothesized that some clients would need more time to track down their income information, and would be overwhelmed by the idea of needing to find and provide it immediately. While any client can log out at any time and pick up their return where they left off, we opted to increase the salience of this option early in the W-2 flow. On the initial W-2 page and on the EITC off-boarding page, we provided a button reading “Log out and add a W-2 later,” which simply logged the client out. We hypothesized that clients would find this button reassuring and would use it to log out and then return when their documents were together. However, while we do not have true causal

evidence, the circumstantial evidence suggests it had the opposite effect: Lots of clients used this button to pause the process and then never came back. In fact, out of the 4,470 people who clicked “Log out and add a W-2 later,” 76.2% remained stuck somewhere in the W-2 flow. Only 4.8% of those who clicked the button did indeed come back, add a W-2, and submit a return with EITC.⁷ In other words, encouraging clients to take more time to find their documents may have backfired, by instead essentially inviting them to not finish their return.

Qualitative findings from the population who got stuck in the W-2 section are limited because it was hard to track down such clients for interviews. By definition, clients who did not finish this section already did not respond to several nudges to go ahead and finish; it is not necessarily surprising that they also did not respond to outreach asking for interviews. However, we can get a sense of what these clients were going through from messages they sent to our client success agents. The following quotes are from our client success email and live chat system:

“This is overwhelming. I'm trying to contact my previous employers to get my W-2s or at least my last wages in order to file an accurate return and I'm not sure how to do this.” — 155268

“I'm trying to file my GetCTC but I don't have my W-2 for the EITC, what should I do now?” — 161752

One obvious question is whether clients might have been able to make it through this section if only they had more hands-on assistance. In October and November, [we ran an experiment to address this question, and we broadly found that the answer was no](#). Out of all clients who had made it to the W-2 flow but had not submitted a return, we messaged two thirds the following: “Hello, this is GetCTC. It looks like you started an application to claim your cash benefits but didn't complete the process. Reply to this message to get help from our team! Finish your application at: <https://www.getctc.org/en/portal/login>.” We sent no message to the remaining third. The messages did significantly increase the probability of submitting a return—but these net submissions generated were overwhelmingly likely to actually *not* claim the EITC, and overwhelmingly likely to be rejected. The message had no impact on the number of EITC-claiming submissions, the number of accepted returns with EITC, or the number of accepted returns overall. Moreover, of the 52 clients in the study who responded to the message asking for assistance, only two actually asked questions related to W-2s. Detailed results are available [here](#).

This was a limited study with only a light-touch intervention, of course. But, to the degree that clients were struggling with the W-2 functionality, there is no evidence that additional assistance would have solved the problem.

⁷ Those who had clicked the special logout button thereby represented large fractions of those who remained stuck in the flow. 38% of those clients who never made it past the initial W-2 page had clicked it; 59% of the clients who remained stuck on the EITC off-boarding page clicked it; and 15% of the clients who got stuck elsewhere in the W-2 flow clicked it.

3.5 A small number of clients electing to claim EITC are determined ineligible for the credit (including a surprising number of clients over income for simplified filing); some of these issues can be partially addressed by iterating on designs

Of the 66,714 clients who start a tax return (that is, enter their SSN/ITIN) on the EITC path, 7,134 (10.7%) are determined ineligible for EITC or ineligible to use GetCTC entirely somewhere along the way. Of course, many of these clients drop off at another point in the application anyway. Only 3,408 of them submit returns without the EITC.

Measuring the relative incidence of different ineligibility reasons is complex because the funnel narrows in general as one moves through the app. Raw numbers must be taken with a grain of salt. In the first three categories, given the architecture of the application, clients can be ineligible for more than one reason.

Table 6: Clients determined ineligible for EITC

	Count	Effective denominator	Fraction
Ineligible due to ITIN or SSN not valid for employment	2,140	48,505	4.4%
Ineligible due to investment income limit	1,554	48,489	3.2%
Ineligible due to age test	2,506	38,226	6.6%
Ineligible due to any of the above 3	5,758	—	—
Ineligible because income was over the level for EITC in simplified filing (but not over income for GetCTC)	124	5,389	2.3%
Ineligible because income was over the level for using GetCTC at all	1,252	5,389	23.2%

The 4.4% rate failing the SSN test is surprisingly high and likely indicates some error in client responses. To qualify for EITC, a filer must have an SSN that is valid for employment. The 4.4% who did not were split roughly evenly between clients who reported having ITINs and clients who reported having SSNs not valid for employment. While it is plausible that 2% of users were indeed ITIN holders who were correctly found ineligible for EITC, it is highly unlikely that 2% of clients trying to claim EITC have SSNs not valid for employment. SSNs not valid for employment are rare edge cases in the immigration system, affecting only a tiny fraction of people in the country; precise figures are difficult to come by, but it is thought to be a roughly one in one thousand issue. It is more likely that some clients simply clicked the box that their SSN was not valid for employment despite the fact that—or because—they did not know what it meant.

Overall, 0.8% of all GetCTC submissions came from clients who claimed they had SSNs not valid for employment. The rate was twice as high—1.6%—among clients on the EITC path, which is consistent, again, with the pattern that EITC electors were less likely to understand technical aspects of tax filing.

Clients erroneously indicating SSNs were not valid for employment was an issue in 2021; we made changes to the tool in 2022 to try and address it. The 2022 interface is shown below. Still more work would be needed to cut down on errors—or, better yet, SSA and IRS could automate a solution.

Form of identity

Social Security Number (SSN)

▼

SSN or ITIN

Confirm SSN or ITIN

☐ My Social Security card has "not valid for employment" printed on it. (This is rare)

It is a similar story with the investment income failures; while low in absolute terms, the failure rate is surprisingly high. It seems unlikely that any more than a truly negligible rate of households with less than \$12,550 in total income have \$10,000 from investments. The investment income limit page is shown below. One possible improvement might be to reword the question so as to invert the valence of “yes” and “no.” Another option is to automate this eligibility check based on IRS records and based on data reported elsewhere on the return.



Did you earn more than \$10,000 in investment income in 2021?

In general, investment income includes interest, dividends, capital gains, and mutual fund distributions.

[How do I check my investment income amount? >](#)

✓ Yes




✗ No

[Chat with us](#)

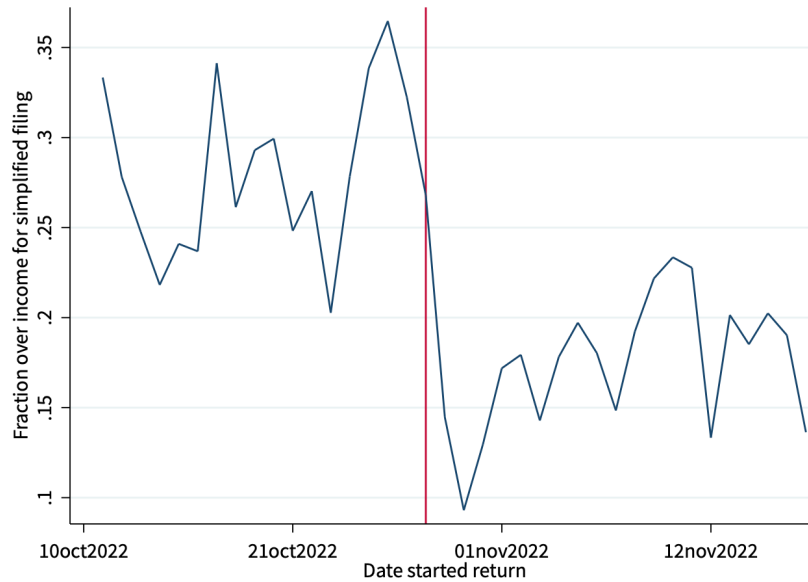
But probably the most surprising EITC ineligibility finding is that 23% of clients who finished adding W-2s had total income that made them ineligible for simplified filing in the first place. Recall that a household can only use simplified filing if they are not required to file a full tax return—among other things, this means that their gross income is below the standard deduction amount for their filing

status (\$12,550 single / \$25,100 married in TY2021). GetCTC asks clients to confirm they meet the income cap very early on, but it seems that many clients were not acting on this warning. Note that—as discussed throughout this paper—EITC electors are a very non-representative subset of GetCTC clients, so it is quite likely that the 23% rate does not generalize to the overall population of clients. Moreover, for reasons discussed below, it is possible that some of the excess wages were data entry errors rather than actual signs of ineligibility. Still, this is more clients in violation of the rules than we expected to see.

This issue does reveal the power of design to fix client experience issues. When we first launched the EITC functionality, the over-income rate was even higher, in the 25-30% range. We designed and implemented a fix to make the income election more explicit early in the GetCTC flow. Previously, income was the first criterion among several listed on an eligibility screener page; after the fix, income came first, in a screen on its own, before the other items:

Before	After (Page 1)	After (Page 2)
 <p>You can only use GetCTC if, in 2021, you:</p> <ul style="list-style-type: none"> ✓ earned less than \$12,550 in total income ✓ earned less than \$400 in self-employment income ✓ did not receive the Advance Premium Tax Credit ✓ are not required to file a full tax return for any other reason <p>What counts as income? ></p> <p>What counts as self-employment income? ></p> <p>What is the Advance Premium Tax Credit? ></p> <p>Continue</p> <p>I can't use GetCTC</p>	 <p>Did you make less than \$12,550 in 2021?</p> <p>Income could come from any of the following sources:</p> <ul style="list-style-type: none"> • salary • hourly wages • dividends and interest • tips • commissions • self-employment or contract payments <p> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No </p> <p>Chat with us</p>	 <p>You can only use GetCTC if, in 2021, you:</p> <ul style="list-style-type: none"> ✓ earned less than \$400 in contract work or self-employment income ✓ did not receive the Advance Premium Tax Credit ✓ are not required to file a full tax return for any other reason <p>What counts as self-employment income? ></p> <p>What is the Advance Premium Tax Credit? ></p> <p>Continue</p> <p>Chat with us</p>

The change was made October 28, which is marked in the graph below with a red line.



Making the income limit more salient and active quickly cut the number of clients finding themselves over income in half.

In general, though, the story of over-income clients underscores the need (a) for more automated tax returns, and (b) for a single, comprehensive, and streamlined filing solution, without arbitrary cutoffs in tool eligibility. If nearly every filer could use the same tool—with functionality simply branching to accommodate different cases—there would not be any issue with over-income filers.

3.6 Clients submitting returns with EITC are more likely to have their returns rejected—but for reasons not related to EITC

Only 29% of returns with EITC are accepted, compared to 52% of returns from clients who did not elect to try to claim EITC. This difference is not driven by the EITC functionality, however, but by the dynamic discussed in Section 3.2: People who elected to try to claim EITC were more likely to be confused along multiple dimensions. This dynamic is clear in a few ways:

- Only 3% of rejects of EITC returns are actually related in any way to EITC functionality. These were a mismatch in employer EIN (68 returns) and a requirement to file a full return containing Form 8862 due to an unresolved 32(k) disallowance (32 returns). (Note that IRS reject codes differentiate 32(k) and 24(g) disallowances.)
- From inspection, the actual difference in reject rates can be wholly explained by the difference in already-filed rejects. That a client has already efiled a return for the tax year is by far the most common reject reason among GetCTC clients (despite the fact that clients are asked if they have already filed a return for the year and warned that their return will be rejected if they try to efile again). Generally, clients continuing with filing these repeat returns are having some kind of issue with the tax system and are curious if submitting another form will fix it. (See

[GetCTC 2021 Report](#), p. 32 for more on this phenomenon.) The rate of already-filed rejects is much higher among EITC versus non-EITC returns.

- Revealingly, the clients who elected the EITC path and then switched to the non-EITC path look more like returns claiming EITC than like returns from non-EITC electors. This lends further credence to the idea that the differential reject rates have to do with selection into the EITC path and not anything in the EITC functionality.

Table 7: EITC claiming and return rejections

	Non-EITC	EITC	Elected EITC, then left EITC path
Submitted return	46,963	3,715	16,744
EITC-related reject	0	100 (2.7%)	0
Already-filed reject	11,210 (23.9%)	1,717 (46.2%)	6,419 (38.3%)
Other reject	11,295 (24.1%)	819 (22.0%)	4,204 (25.1%)
Accepted return	24,458 (52.1%)	1,079 (29.0%)	6,121 (36.6%)

3.7 Only a small minority of EITC filers successfully claimed the credit; these filers did indeed generally find the functionality easy, although they may have made errors entering W-2s

All told, out of the 265,445 clients who said they wanted to claim the EITC, and out of the 66,714 of those who actually started their return, just 1,079 filed a return claiming the EITC that was accepted by the IRS.

Generally, these 1,079 seemed to have a relatively easy experience with the W-2 functionality. When we interviewed this group, clients reported that they simply had their W-2s on hand and entered the information:

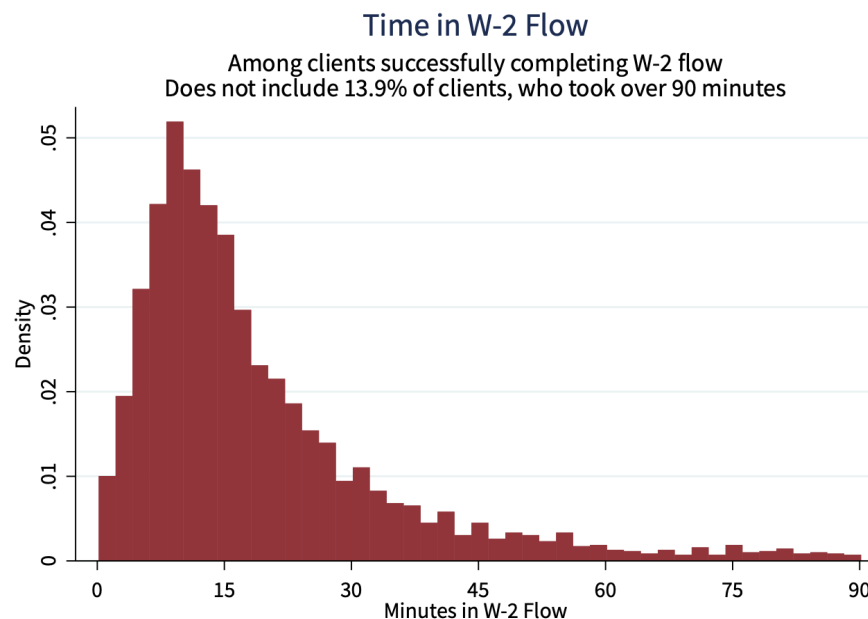
“Yeah, I work for a healthcare company that has an app. I just go on there and boom, there’s a w2.” — P9

“I was surprised I still had them [W-2s] in where I left them <laugh>. That seems like the hardest part. I had left them in my bookkeeping system... I have a pile of paper and I reach into the pile and I find what I want.” — P10

“Your program, it went step by step and I think what helped much was that... each step was ‘Go get the information out of Box *so and so*.’ So I would go to my W-2 form, and find that box, and I was good. So pretty much it was just so easy.” — P1

“It was like, A-B-C, it was so elementary. I was surprised how simple it was, but I also didn't have, like I said, I didn't have a W-2 for that year, so [there] wasn't a whole lot to do really, but it was as easy as it could possibly be for what it was.” - P3

In general, the process was relatively quick: The median time in the W-2 flow is 17 minutes, and the modal time is a little under 10 minutes. As noted above, very few people who actually added W-2s used the log out and come back later option—only about 6% of those who successfully added W-2s actually used this option. The time in the W-2 flow is not negligible—on average, this makes the process of completing GetCTC about 50% longer. But it is also not overwhelming.



Despite this relatively easy perceived experience, however, there is some evidence that some clients may have made transcription errors in copying in their W-2s. Recall that the IRS requires filers to enter every box on the W-2—even including state and local boxes that are not used by the IRS or reported on federal transcripts. By comparing figures in various boxes, we can roughly infer if it is likely that clients made a certain set of easily-identifiable errors. The table below suggests that well over a quarter of clients may have done so. This analysis is only suggestive and only focuses on a few errors. First, in most cases, for filers earning under \$100,000, Box 1 (total wages) should be equal to (or, in the case of 401(k) savings, less than) Box 3 (Social Security wages) and Box 5 (Medicare wages). Among our clients, Box 1 was frequently greater than Boxes 3 and 5—usually because Boxes 3 and 5 were blank or zero. Second, some clients also reported withholding amounts that implied unrealistically high withholding rates for the population. Note that these errors were especially concentrated among W-2s that were not attached to successful EITC claims; these returns may have ultimately not claimed EITC after all, or they may have been rejected. But the error rate among those attached to successful EITC returns was still quite high.

Table 8: Possible W-2 clerical errors

	All completed W-2s		Completed W-2s from clients with accepted EITC returns	
	Number of W-2s	Number of clients	Number of W-2s	Number of clients
Total	7,618	6,295	1,333	1,079
Box 1 > Box 3	2,129 (28.0%)	2,013 (32.0%)	260 (19.5%)	247 (22.9%)
Box 1 > Box 5	1,886 (24.8%)	1,797 (28.5%)	183 (13.7%)	176 (16.3%)
Withholding > 35%	258 (3.39%)	254 (4.03%)	8 (0.60%)	8 (0.74%)
Any of the above	2,435 (32.0%)	2,294 (36.4%)	293 (22.0%)	277 (25.7%)

Notes: Completed W-2s from clients with accepted EITC returns uses the same list of clients as elsewhere in this paper. Missing boxes are treated as zeroes.

Even among this small subset of clients who successfully claimed the EITC, in other words, there could be remaining issues. These challenges underscore, again, the importance of allowing clients to file returns without transcribing their own data—a process which may produce errors even if it is not perceived as especially hard.

4. Implications for tax filing policy

Taken together, the results in this report confirm and strengthen [the core GetCTC findings we reported at the end of the 2021 filing season](#). Historically, millions of low-income households have missed out on the critical social support Congress has authorized for them through the tax code because [filing a tax return is an onerous and overwhelming process](#). When social programs through the tax code were expanded to more households in 2020-2022—to households who had never interacted with the tax code—the problem became more acute. Millions more families were daunted by the process of filing a tax return to access thousands of dollars in critical assistance, and so they faced the prospect of missing out on the money they were owed. If the front door to the tax system remains opaque and inaccessible, it is hard to meaningfully improve coverage through outreach or assistance.

But simplified filing—filing a slimmed down return without income information—is an effective and accessible front door. We have seen over the course of two years now that low-income families disconnected from the tax system can finish a simplified return fairly easily and quickly, in less than half an hour on a mobile phone. Over two years, we have seen nearly 200,000 households do so using GetCTC, claiming nearly \$700 million. And where outreach nudges have historically failed to spur low-income families to file a full return and claim their benefits, modest outreach nudges have moved tens of thousands of them to file simplified returns. Further, we know this year from rigorous

experimental results just how much simplified filing streamlines the process for low-income families, with five to eight times more new and intermittent filers finishing simplified than full filing.

Moreover, from our EITC functionality, we can confirm that the secret sauce of simplified filing is indeed in waiving the income reporting requirement. While our clients do not generally struggle with reporting their dependents, their Social Security Numbers, or their bank account information, things get monumentally harder when we ask for W-2s. Large numbers drop out of the process, decide not to report their income after all, or report it incorrectly. Only a tiny fraction of our clients could successfully use EITC functionality that required reporting income.

How these lessons play out moving forward is up for debate. Simplified filing in the last three tax seasons was made possible by the expanded Child Tax Credit and the Economic Impact Payments / Recovery Rebate Credit—all of which were the same amount for all families without a filing obligation, regardless of their exact income. Now those programs have lapsed, and there are no longer any tax benefits that can be paid out to low-income families without knowing their exact income. The EITC and the refundable portion of the CTC both phase in with income, such that families earning \$1,000 and \$10,000 receive vastly different amounts. And, even if the CTC had not lapsed, a simplified filing process that did not accommodate the EITC was always a mixed blessing, streamlining access to one credit while foreclosing the possibility of claiming another. What is needed is a filing process that adopts the key lessons of simplified filing—that income-free filing is critical for low-income families to access the tax system—while still getting filers the benefits they are entitled to. What is needed is a way to file a full return, that claims all common credits, without reporting income.

Of course, this is indeed possible. The IRS has reliable records of filers' W-2 income, which will only get more reliable and more timely as the IRS undertakes its multi-year modernization effort. Over time, the agency may also have reliable and timely records of other earned income on Forms 1099. The lesson here is that putting this data to work for low-income families is critical and is by far the biggest thing the IRS can do to finally close the refundable credits coverage gap.

How exactly the agency does so is up for debate. One oft-discussed solution is by facilitating data pre-population. Under pre-population, a filer verifies their identity before starting the return, and rather than entering income manually from scratch, the filer instead sees all income records the IRS already has on file. The filer has the option to amend these records before filing a return. Such pre-population can be offered directly through a piece of IRS software or through third-party software providers, with IRS data disclosed to the third parties conditional on identity verification. Another option—especially for filers who cannot verify their identities—is back-end income automation, in which clients complete all of their return except for income and consent to have the IRS fill in its own income records on the back end. Both options are explored in more detail in [our design prototypes of a prospective IRS direct file tool](#).

How this work proceeds is up to the IRS. But it must remember that the experiments it authorized through the simplified filing rules in the last years have been incredible successes. The IRS has shown

beyond the shadow of a doubt that it can greatly expand access to the social benefits it administers by waiving the income reporting requirement. The agency must remember this going forward.

Appendix A. Detailed EITC Funnel

	Non-EITC path	EITC path	Started on EITC path but then left EITC path because:					
			SSN, investment limit, or age test	Elected not to start adding a W-2	Started adding W-2, did not finish, chose to continue w/o EITC	Determined over income for EITC after adding W-2s		
Elections (contains duplicates)	224,581	265,445						
Dropped at already filed screener page	53,344	109,186						
Dropped in other screeners	24,259	25,238						
Duplicate of another submission	39,140	42,611						
Make it to personal info page but do not enter SSN	22,006	21,696						
Start return (enter SSN)	85,832	66,714						
Dropped off at contact info, AGI, or spouse info	16,999	18,185						
EITC ineligible b/c TIN, investment limit, or age test	—	5,758 → (col 3)					5,758	
Dropped off in dependents section	10,199	9,236					1,033	
Get to W-2 page		33,535						
Stuck on initial W-2 page		3,973						
Elect not to add W-2s; stuck on EITC off-board page		1,812						
Skip off EITC flow at W-2 page and continue		15,377 → (col 4)	15,377					

	Non-EITC path	EITC path	Started on EITC path but then left EITC path because:			
			SSN, investment limit, or age test	Elected not to start adding a W-2	Started adding W-2, did not finish, chose to continue w/o EITC	Determined over income for EITC after adding W-2s
Start entering W-2 and then get stuck		5,596				
Start entering W-2, but then opt not to finish entering, and skip off EITC flow		1,388 → (col 5)			1,388	
Ineligible after W-2s for EITC		124 → (col 6)				124
Ineligible after W-2s for GetCTC in general		1,252				
Get to credits section (post W-2)	58,634	4,013	4,725	15,377	1,388	124
Lost in final steps	9,966	211	1,303	2,839	222	20
Stopped for fraud	1,705	87	113	352	16	5
Submit return	46,963	3,715	3,309	12,186	1,150	99
Rejected for EITC-related reasons	—	100	—	—	—	—
Rejected for already filed	11,210	1,717	1,384	4,519	481	35
Rejected for other reasons	11,295	819	685	3,097	381	41
Accepted return	24,458	1,079	1,240	4,570	288	23

Appendix B. Data issues and observations dropped

- All data prior to October 8 was dropped. The soft launch of EITC functionality—with a small number of referrals from one specific outreach partner—began a few days earlier and was used to ensure the functionality was working correctly. This represents approximately 0.5% of EITC users. Data tracking had not been fully implemented at the beginning of the soft launch.
- There are approximately 800 clients who have a record of seeing one or more pages on the EITC flow but did not appear to actually be in the EITC flow for all intents and purposes—they did not appear to elect EITC, did not see all EITC pages, and did not actually claim the credit. They are classified as not on the EITC flow.
- Similarly, there are approximately 100 clients who appeared to get stuck during the W-2 flow but are not, in fact, in the EITC flow. These clients are dropped. They would have appeared in the non-EITC group, otherwise.
- There are approximately 100 clients (103) who selected EITC and for some reason did not see the investment income limit page. Thus, they did not answer that they passed the investment income test, and they were ruled ineligible for EITC and taken off the EITC flow. They are dropped from the analysis. There is some suggestive evidence that many of them already filed a return.
- There are approximately 100 clients (99) who selected EITC and passed all qualitative tests for EITC but somehow ended up off the EITC path. Many of them submitted returns—all without EITC. These clients are dropped from the analysis.

Appendix C. Notes on discerning EITC eligibility criteria

The EITC's complexity is notorious, with its [fifteen distinct criteria thought to be a significant source of difficulty and claiming errors](#) for low-income taxpayers. Notably, we were able to accommodate all *qualitative* EITC eligibility criteria relatively easily in GetCTC. (By qualitative criteria, we mean everything except for the income amount itself.) Some notes and considerations about how we ascertained these criteria—and how the process might be improved—are listed here for reference.

- **Taxpayer Identification Number (TIN).** The primary, spouse, and any qualifying children must have SSNs valid for employment to qualify for EITC. TINs and their classifications were already collected in the GetCTC flow, for basics of return preparation and for CTC/RRC eligibility. As discussed in Section 3.5, there is an issue with clients erroneously reporting their SSNs are not valid for employment in general, but the EITC functionality did not make this worse.
- **Investment income limit.** Households with over \$10,000 in investment income are not eligible for EITC. We implemented a page (discussed in Section 3.5) to check the investment income limit. This page did not meaningfully slow clients down, though there is limited evidence of some clients answering it incorrectly. Iterations on design, or automated detection of this criterion, could improve the process.
- **Age test exceptions.** For tax year 2021, an EITC-claiming taxpayer must have one of the following attributes: (1) over 23 years old, (2) over 18 and *not* a full time student, (3) over 17 and a former homeless or foster youth, or (4) have an EITC qualifying child. By the time clients were through the dependent flow, we knew if condition (1) or (4) held. If not, we showed a page asking about their student and foster/homeless status. By using this logic, only a small fraction of clients saw this page. 4,558 clients saw this page and 1,949 qualified, advancing to the W-2 flow—representing about 6% of all of those who advanced to the W-2 flow in general.
- **EITC qualifying child (QC) rules.** The EITC QC rules are slightly distinct from the CTC QC rules or the 26 USC 152 QC rules in general. Specifically, (1) EITC QCs do not have to pass the support test, and (2) waivers of the custodial parent's right to claim a cohabitating child under Form 8332 do not apply to the EITC. Correctly implementing these distinctions could be challenging. In short, we opted not to. Rather than rewrite the logic surrounding the support test, we failed would-be EITC QCs who failed the test.⁸ And, from the start, we did not support Form 8332 in GetCTC, considering it an edge case that would apply to very few, if any, new and intermittent filers. As such, the EITC dependent flow was able to look basically the same as our existing GetCTC flow.

⁸ Overall, 1.7% of all would-be dependents (linked to 2.1% of all clients who started entering any dependents) failed the support test; since only 2,412 clients submitted EITC returns with dependents, this issue only affected at most a few dozen clients—and probably fewer.

- One difference in dependent data that shows up in EITC but is not a function of the law is in the number of months of cohabitation. Schedule EIC—unlike Form 1040—requires taxpayers to report an explicit number of months they co-resided with their dependent. Moreover, the requirements are unintuitive. Clients who lived with their dependent six months and one day are instructed to enter seven months; clients whose child was born during the year are instructed to enter 12 months; and clients whose child was temporarily absent for a covered reason are instructed to enter a number of months as if the temporary absence were part of the co-residence. For simplicity, when we launched EITC functionality, we erased our old version of the residency test page and moved all clients to one that accommodated a number of months. The new design seemed to work, though it certainly added to client hassle. As the number of months requirement does not appear to be statutory, it would arguably be better to remove it from Schedule EIC.

Although these items caused some minor snags for clients and could have caused some dropoff, they did not make the GetCTC flow meaningfully more complicated. While this does not weaken the case for creating a simpler and more comprehensible credit, it does mean that the complexity itself is not a barrier to creating usable tax filing tools in the meantime. The overall lesson here is much like the lesson elsewhere in GetCTC. It is not a dealbreaker to request taxpayers provide certain items which are relatively easy to answer. It is the technical items—and, especially, income reporting—that block clients from successfully filing their returns.