

Progress in E-filing at Tax Processing Centers

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ABSTRACT

Since the opening of the Internet for commerce, corporations and governmental agencies have been involved in the development of initiatives that reach stakeholders that were not reachable previously. Apart from being more effective in the delivery of services, companies and governmental agencies are also finding that the Internet can also enable them to be more efficient. The Internal Revenue Service is one of many federal governmental agencies that has been using the Internet to go “paperless” or “green”. As a matter of fact, the goal of the Internal Revenue Service is to have the 80 percent of the tax return filed in 2008 be completed using the e-filing option.

This study is a follow-up to a number of studies that have reported that the 80 percent goal set by the Internal Revenue Service will most like reached in 2008. First, given the rate of adoption of e-filing by the public, this study estimates that it will take probably another four more years to reach the targeted goal. However, the adoption rate appears to be increasing at a decreasing rate. This finding was consistent with the projections that were reported from another study that was completed in 2007. Specifically, this study examines progress made in the adoption of e-filing by citizens submitting tax returns to the respective tax processing centers around the United States. The results show that certain centers in the United States appear to have consistent high adoption rates. These processing centers appear to be the ones that services states that rank well in the digital divide (i.e. have higher computer access and/or Internet access). As expected,

among tax processing centers that services states that have the digital divide problem, the adoption rate is much slower and appear to lag behind the national average rate of adoption.

Even though the goal of having at least 80 percent of the tax file in 2008 was not met, the good news is that the adoption of e-filing as an option for submitting income tax returns is increasing annually. In other words, even with the slower adoption rate, this is an attainable goal in the near future (i.e. about 4 more years). Since the digital divide is a suspect in this phenomenon and dilemma, this problem can also be minimized. The Internal Revenue Service can work with the Department of Education and Housing Urban Development Authority in the establishments of Computing Technology Centers in slower e-filing adoption states to minimize the inequality. In addition, the Internal Revenue Service can recruit more college and university accounting majors to set up volunteer-based tax filing assistance centers to help populations (i.e. senior citizens and underserved groups) that are less prone to use e-filing.

KEY WORDS

E-Government, E-Filing, Tax Processing Centers, Assessment, Paperless, and Green Initiative.

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