

# New 'Tax Truths' Report Reveals Financial Realities of Low-to-Moderate Income Tax Filers

*Change Machine's Tax Truths report reveals how tax refunds support LMI households and the challenges low-income filers face. Download the full report now!*

BROOKLYN, NY, UNITED STATES, October 23, 2024 /EINPresswire.com/ -- Today, Change Machine



Tax time is not just about paperwork and numbers—it's a critical moment that directly affects the financial security of millions of Americans."

*Mae Watson Grote, Change Machine, CEO*

released its anticipated Tax Truths report—an in-depth analysis of the experiences of low-to-moderate income (LMI) tax filers in the United States. This comprehensive study reveals how the U.S. tax system impacts LMI workers and families, with a particular focus on the importance of tax refunds and how the complexity of our system disproportionately burdens Black and Brown tax filers.

The Tax Truths report combines survey data with qualitative interviews to uncover the true impact of tax policy on LMI households. In addition to quantitative

insights, the report shares quotes and lived experiences from dozens of interviewees, [samples of which you can view here](#). Some of the report's key findings include:

1. Tax refunds build financial security: For many households, their tax refund can be the largest one-time payment of funds they receive all year. Up to 70% of filers we surveyed see their refund as additive to their financial stability. Interviewees revealed that refunds were primarily used for essentials like groceries, rent, debt repayment, or child-related expenses.
2. Tax code complexity exacerbates inequity: The unpredictable nature of tax credits, coupled with the complexities of the tax code, disproportionately harms low-income filers. 38% of survey respondents were unsure if they received the EITC, and 26% of people with children were unsure if they received the CTC.
3. A better filing experience can reduce stress and anxiety around tax time: Most filers we interviewed reported better experiences with free online tools and in-person programs than those who used paid tax software. High-quality, accessible filing experiences also reduced

mistakes: When Direct File began importing the previous year's Adjusted Gross Income into the 2023 forms, they saw a [25% decrease in rejected returns](#) and 86% of users surveyed by the IRS said that using Direct File increased their trust in the government.

"Tax time is not just about paperwork and numbers—it's a critical moment that directly affects the financial security of millions of Americans," said Mae Watson Grote, Founder and CEO of Change Machine. "The findings in Tax Truths underscore the urgent need for a tax system that is fairer, simpler, and more transparent, particularly for those who are already facing financial insecurity."

Based on these findings, the report offers specific recommendations for policymakers, the IRS, and financial coaches.

Key among them is simplifying the tax filing process by expanding the IRS Direct File program and pre-populating tax data, such as W-2 and 1099 forms, to reduce errors and improve accuracy.

Additionally, the report highlights the importance of maintaining a well-funded IRS and expanding access to tax credits, especially by simplifying eligibility for the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC), ensuring more families can benefit from these financial lifelines.

The full Tax Truths report is [available via Change Machine's website to download for free](#), with additional short-form resources and tax filer stories available at [taxtruths.org](https://taxtruths.org). Change Machine views these stories and other insights from their Tax Truths work as shared resources and encourages any organization advocating for tax equity to download and use them in their communications.

Arden Evenson  
Change Machine  
☎(347) 391-6073☎  
[email us here](#)



The graphic is a vertical purple rectangle. At the top, in orange and white text, it reads: "To foster an equitable economy, our tax code must be people-centered." Below this, on the left, is the title "TAX TRUTHS" in large orange letters. Underneath the title, in white text, is a short paragraph: "What real workers & families experience when navigating our complex tax system and how we can build something better together." At the bottom left of this section is the "Tax Truths" logo, which consists of two overlapping circles, one orange and one purple, with the text "Tax Truths" and "Change Machine" inside. On the right side of the graphic is a vertical strip of six small, square photographs showing diverse people in various settings, likely representing the tax filers whose stories are featured in the report.

**To foster an equitable economy, our tax code must be people-centered.**

**TAX TRUTHS**

What real workers & families experience when navigating our complex tax system and how we can build something better together.

**Find out what each of us can do to create a better system for all: [taxtruths.org](https://taxtruths.org)**

Explore the real stories of tax filers navigating the federal tax system in our latest Tax Truths report. Gain insights from a diverse range of individuals and their experiences.

This press release can be viewed online at: <https://www.einpresswire.com/article/753672449>

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