

SMALL BUSINESS TAX LITERACY PROJECT

Understanding Tax Literacy Gaps for Small Business and the Growing Gig Workforce

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THE \$496 BILLION PROBLEM

While Congress and IRS have aggressively worked to quantify the tax gap and how individuals with business income are primary contributors, there is a research gap when it comes to these taxpayers' own understanding of their tax obligations.

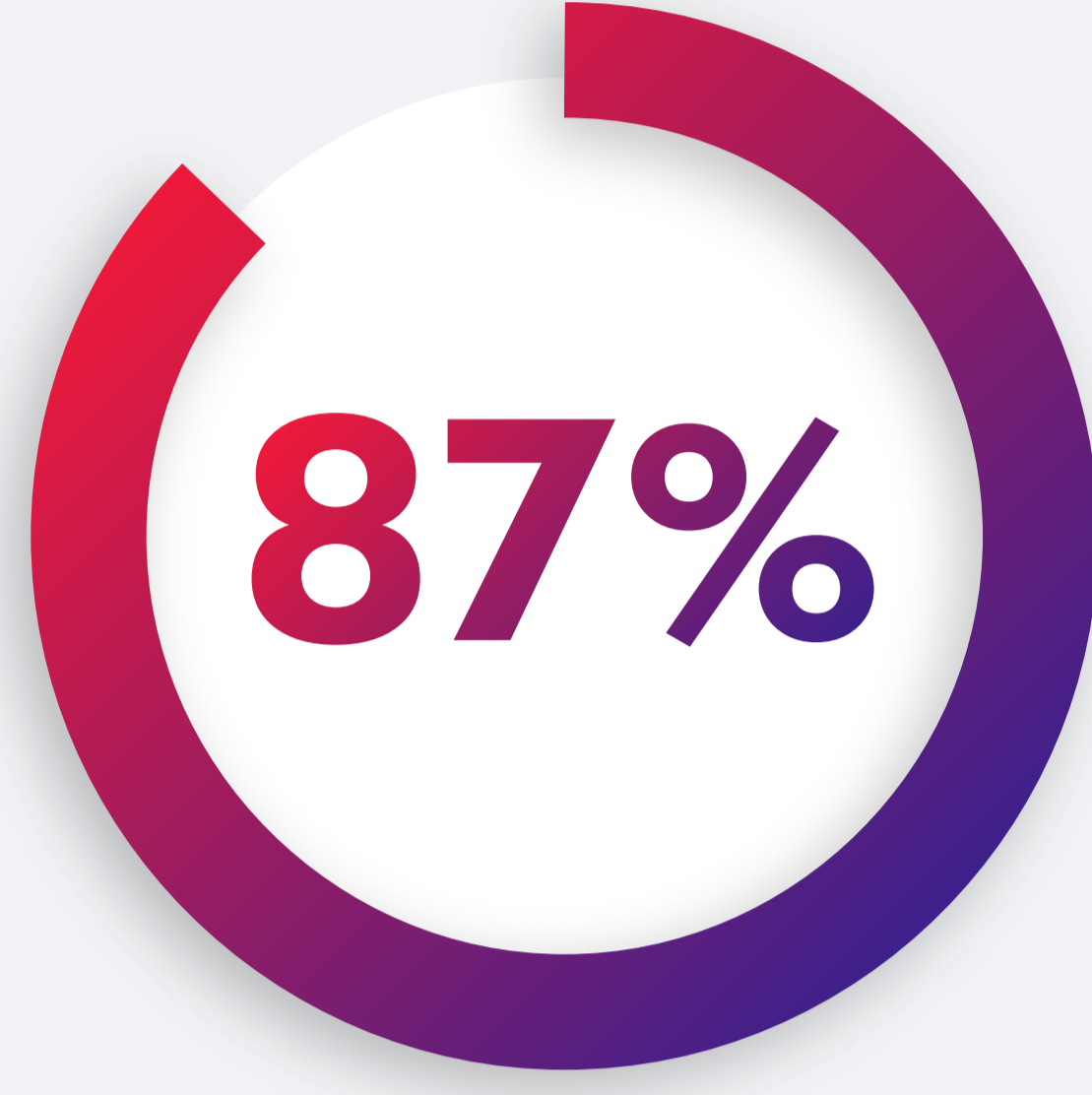
AND IT'S GROWING!

At the same time, research shows that the independent workforce is growing and that small businesses continue to have challenges accessing capital.

* MBO Partners, 2022 | Bruckner, 2016
Bruckner & Forman, 2022 | Robles & McGee, 2016

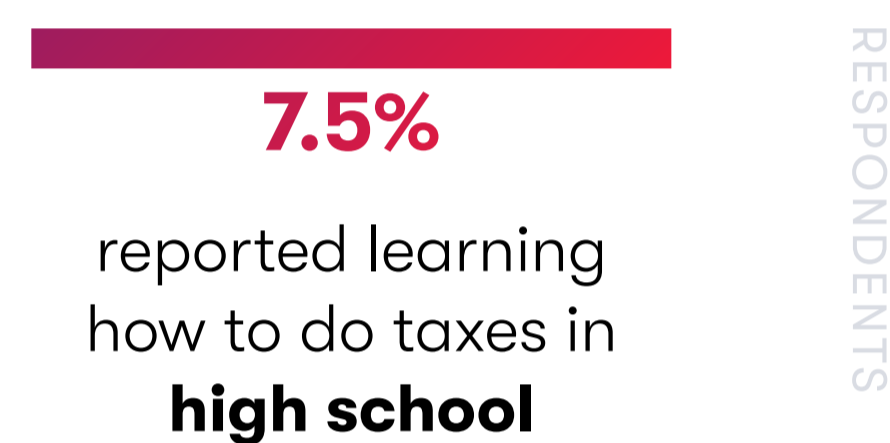
IT'S A PAY-TO-PAY SYSTEM

These respondents **hired someone** or **bought software** to do their taxes.



A college degree does NOT guarantee you know how to do your taxes.

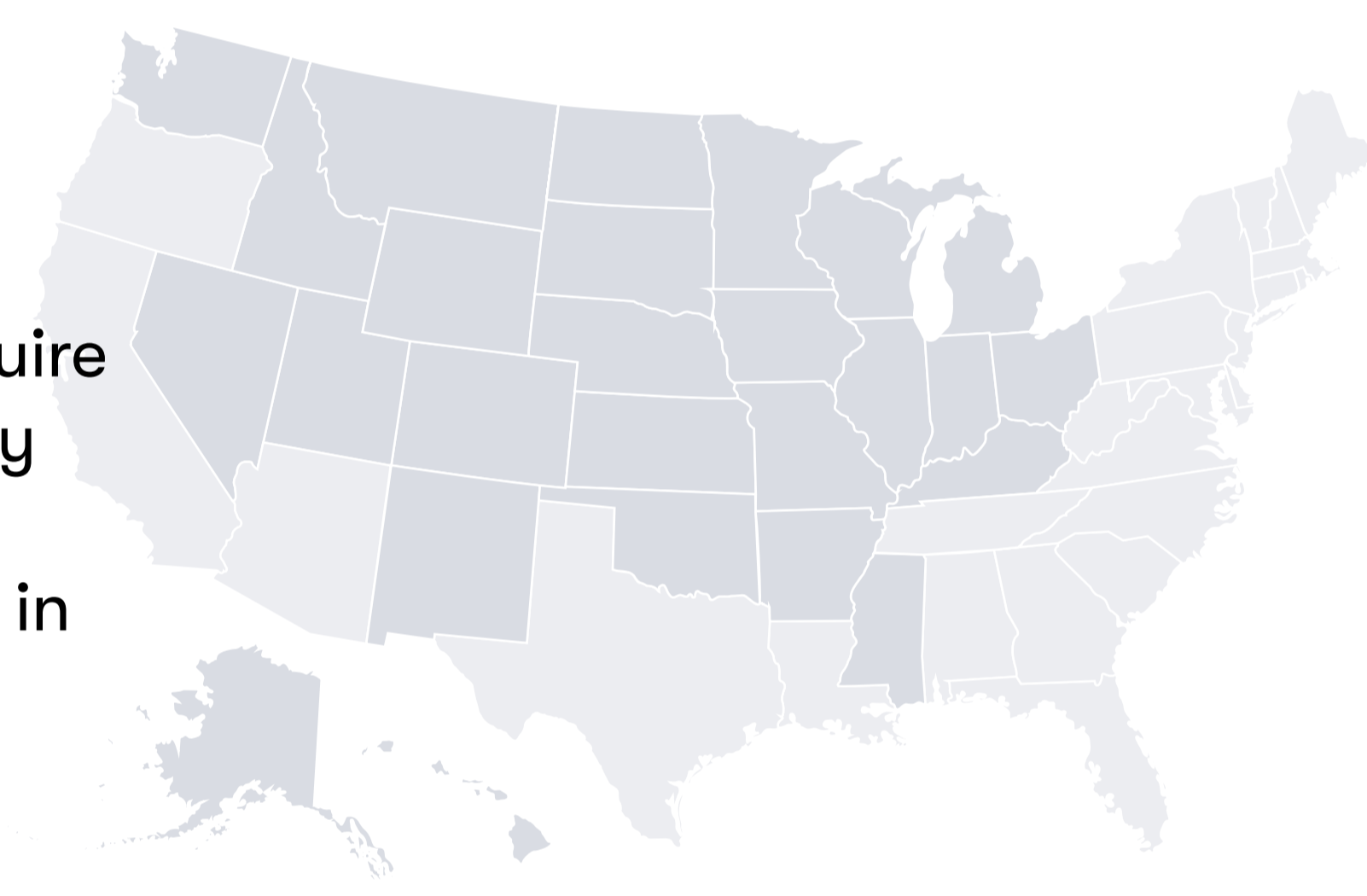
You're on your own when it comes to taxes:



RESPONDENTS



More than half of the states require completion of a financial literacy course to graduate high school. But tax literacy is not prioritized in these courses.



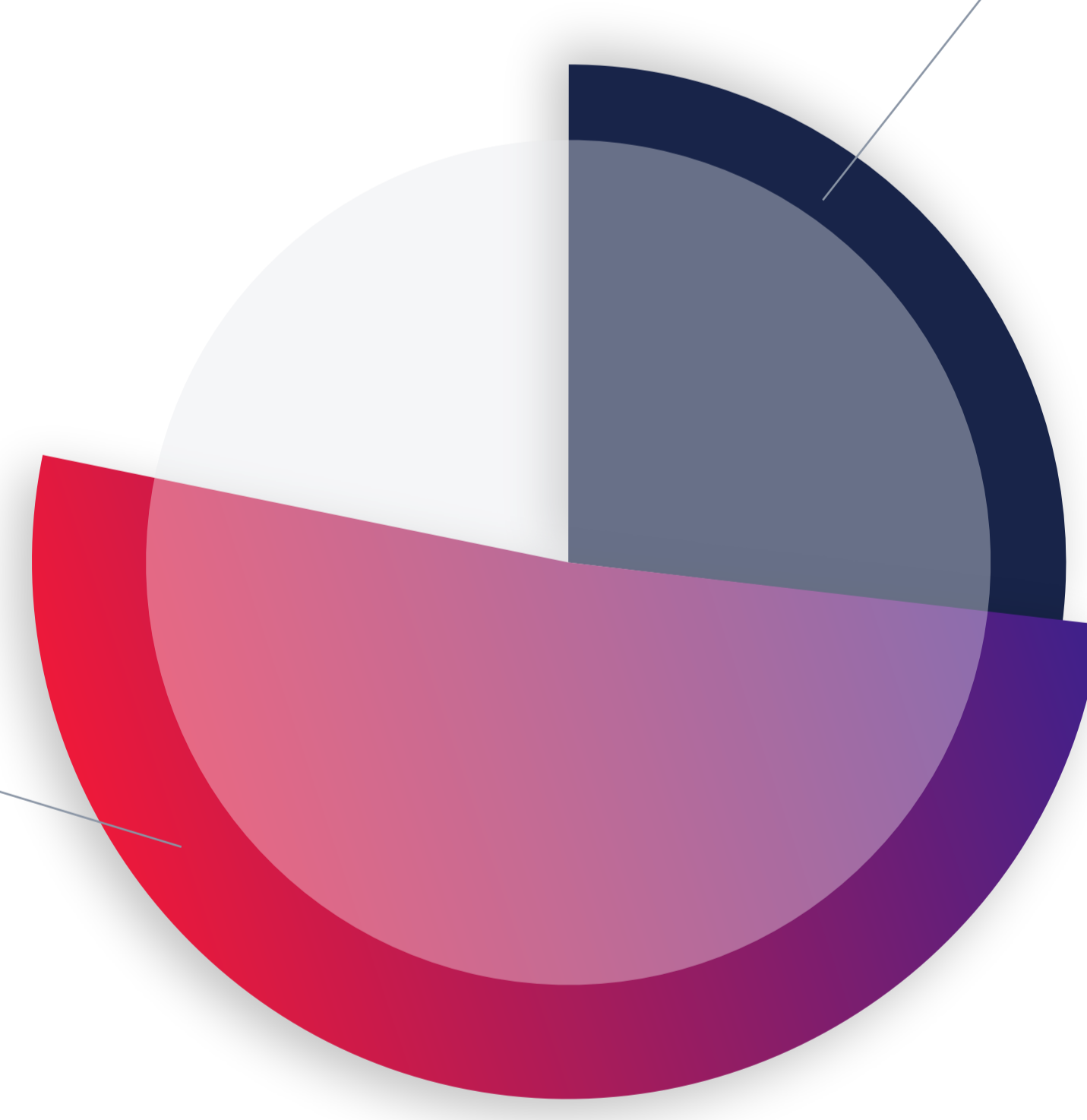
PEOPLE DO NOT KNOW WHAT'S DUE WHEN

One-third didn't know whether they needed to pay quarterly-estimated taxes.

Quarter didn't know how to pay their taxes.



54% did **set aside money** to pay taxes.



OVER **37%** FELT **NERVOUS, SCARED OR BAD** ABOUT FILING TAXES.

MORE WOMEN THAN MEN REPORTED ENGAGING IN ENTREPRENEURIAL ACTIVITIES WHILE WORKING FOR EMPLOYERS



Almost **70%** of respondents **did NOT** have a full-time job in the previous 6 months



Of the **Full-Time Employees (FTE)** of 30.6% (n=170), **50%** (n=85) are **female** and 48.8% (n=83) are male



Approximately **81%** of respondents **did NOT** have a part-time job in the previous 6 months



Of the **Part-Time Employees (PTE)** of 18.1% (n=99), **58.6%** (n=58) are **female** and 41.4% (n=41) are male

Small Business Tax Education Survey was administered from Sept 15, 2022 to October 22, 2022 by Public Private Strategies Institute (PPSI).

Small Business Tax Education Survey was sent to 90,000 small businesses, self-employed, independent contractors, freelancers and gig workers.

562 respondents completed the 20-question survey with a cumulative response rate of 0.12%.

We employ n= (##) to indicate total number of responses per question. *