

# Tax Design Challenge

Nicholas Pang

For Tax Year 2015, almost **151 million** US individual income tax returns were filed and over 128 million are filed electronically. Individual taxpayers spent days preparing and filing their taxes.

Nearly **8 out of 10** U.S. taxpayers get refunds and over **\$306 billion** were refunded with an average refund of **\$2,797**.

What do taxpayers do with all of that refund money? The two most common: **pay bills** and **make big-ticket purchases**. Conspicuously absent: **bolstering their savings**.

# Table of Contents

Keeping file sizes down to 3MB, there are 2 PDF files associated with this design entry

1. Filing Your Taxes (TDC-Submission-Part1-NickPang.pdf)
2. Your Tax Transcripts (TDC-Submission-Part2-NickPang.pdf)
3. Your Tax Refund Status (TDC- Submission-Part2-NickPang.pdf)
4. Going Forward (TDC- Submission-Part2-NickPang.pdf)
5. References (TDC- Submission-Part2-NickPang.pdf)

# Filing Your Taxes



# How do we file our taxes today?

## COMPLICATED

Numerous forms & schedules to understand and fill for a standard return. First time filers and millennials with standard returns are unnecessarily overwhelmed.

## ERROR PRONE

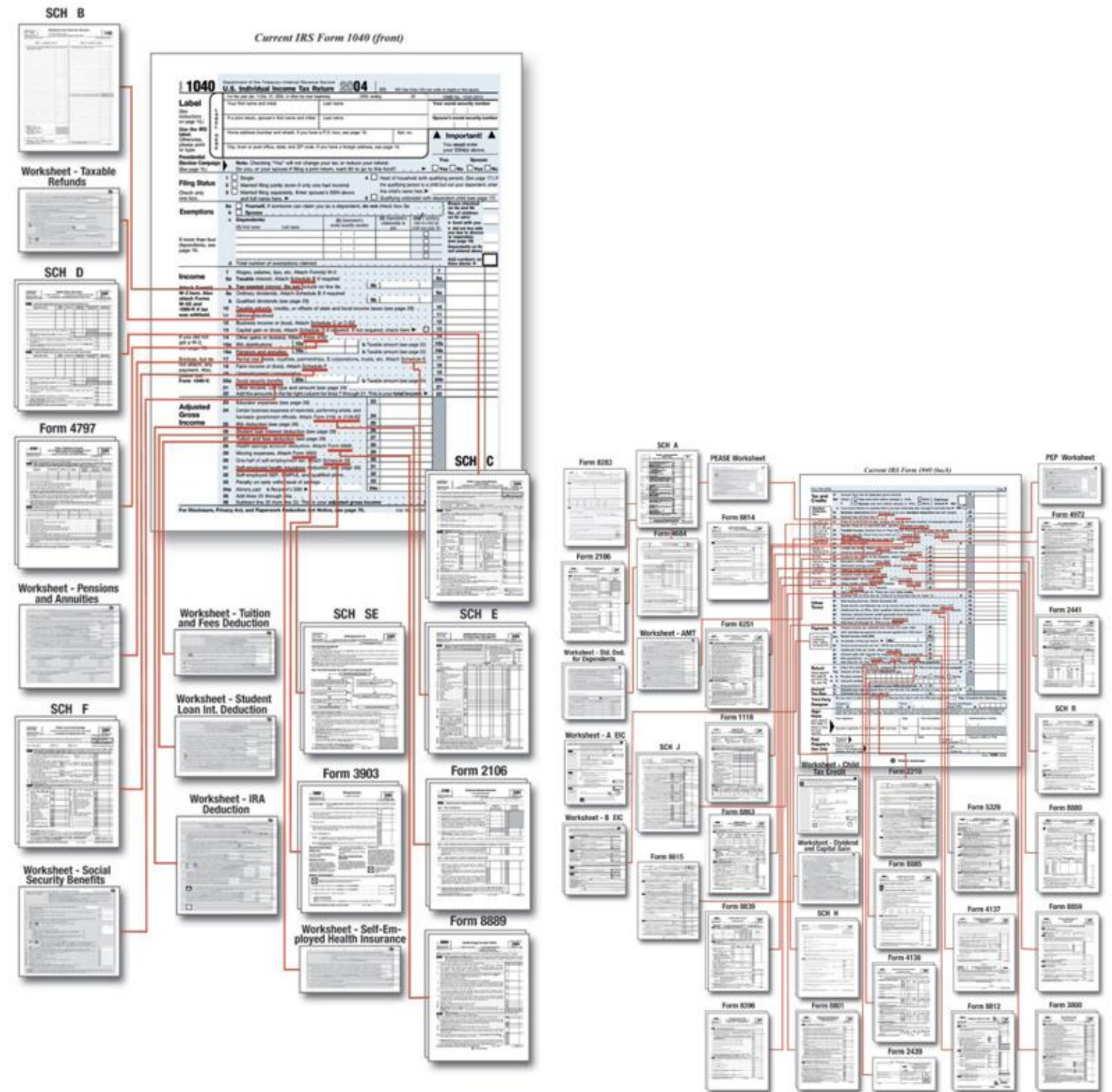
Redundant data entry of numbers that the IRS already have from employers, institutions, and other third-parties.

## TIME CONSUMING

Hours spent looking for, waiting, gathering, and organizing supporting tax documents. The majority of these forms are not needed as the IRS already have the required information.

## CONFUSING

Tax Return Transcripts are designed for financial institutions instead of the individual taxpayer as they are most likely machine-read. Taxpayers cannot effectively make financial decisions from these documents.





Introducing **IRS Filr**, an **IRS-hosted** tax filing and reporting system...

### ***Simple & Secure***

The most important tax information are all **pre-filled** or can be easily found on the secured IRS website. Taxpayers simply **accept, modify, sign, file**, and **track** their returns, all in one place. Filing taxes for the masses made simple.

### ***Fast & Easy***

By **minimizing** data entry with IRS pre-filled information, errors are **eliminated** or **reduced**, and barriers to filing early are removed.

### ***Accessible***

Over **100+ million** taxpayers who file a standard return qualify to file online on the IRS **responsive** website using a mobile browser on their **smartphones, tablets, laptops**, or **desktops** - no need to install platform-specific mobile apps.

### ***Forward Looking***

The new tax summary, history, and transcripts from the IRS allow taxpayers to **manage** their **finances** including planning for **retirement** with savings from **myRA**.

# IRS Filr Security & Trust



Access to Taxpayer account on the secured IRS website is via the following minimum requirements :

- **Social Security Number** or **ITN**
- **Date of Birth**

For Tax Transcripts, the following is also required:

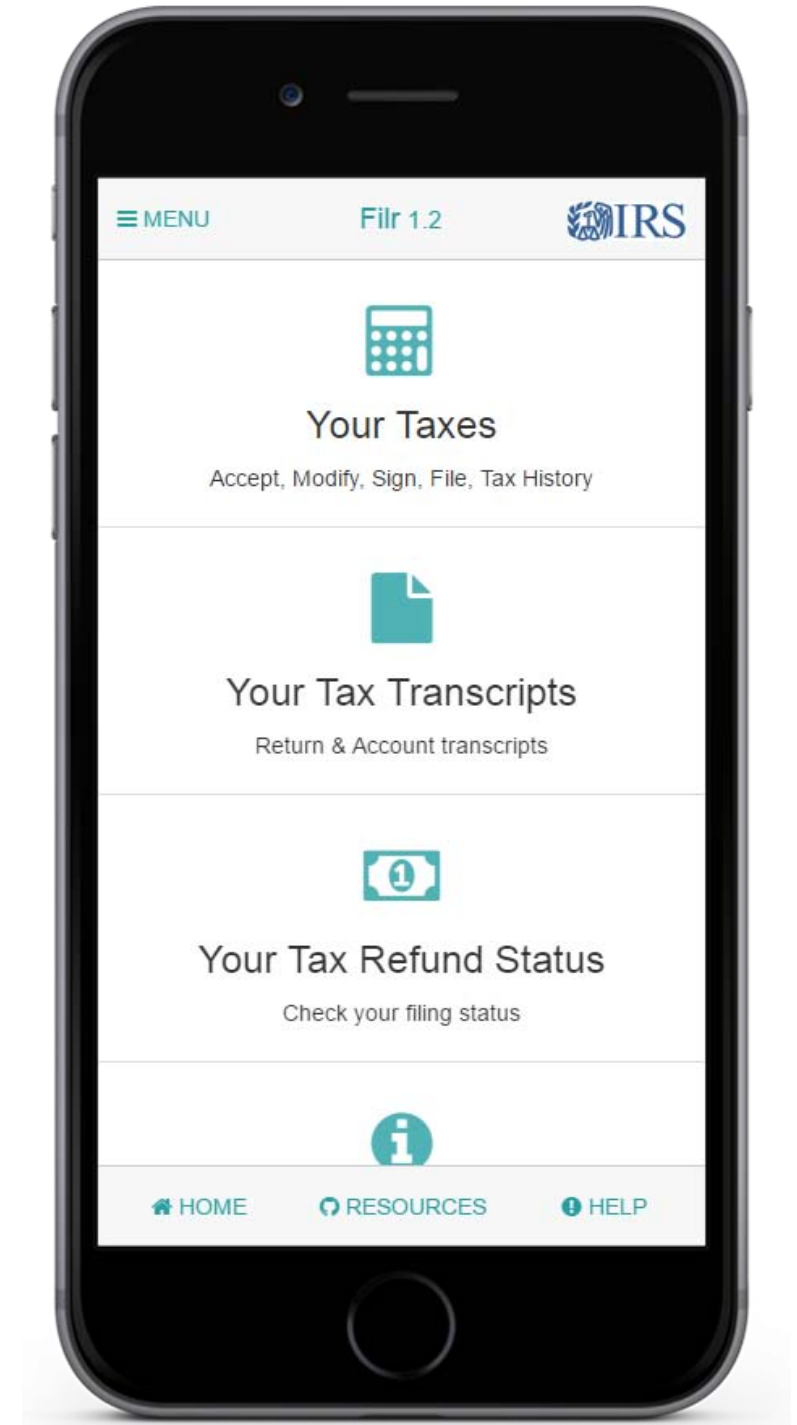
- **Address**

For Tax Refund Status, the following is also required:

- **Exact Refund Amount**

Tax information from the following forms (common ones listed) are assumed to be already available on the secured IRS website:

- **W2**
- **1099-DIV, 1099-INT, 1099-B, 1099-G, 1099-S, 1099-R, 1099-MISC**
- **1098, 1098-T**
- **Schedules K1**



**No more third-party tax web sites required for preparing & filing taxes!**

# YOUR DASHBOARD

## EVERYTHING AT A GLANCE

Year-to-year taxes charted and visually digested.

You can show or hide your tax summary chart & tax profile and focus on your selected tax year status.

## CURRENT TAX RESPONSIBILITIES

Outstanding taxes to be filed if you have not done so yet. Important tax deadlines shown.

If you have already filed, you can check the progress by viewing your tax account transcripts or tax refund status.



**Taxpayer ID #XXX-XX-6789**



**JOE MILLENNIAL**

*Single, One Job, Standard Deductions, Employer IRA.*

One of over 87 million millennials who are also early technology adopters.

## YOUR PROFILE

Verify that your information is current in addition to checking what your account standing is with the IRS.

Your profile information is used by the IRS to pre-fill and pre-calculate your tax for the current year thus simplifying and saving you time to file your taxes.

Keep your profile information current to get the best and correct tax return possible.



# YOUR DASHBOARD

## SHOW & HIDE

You can show or hide your tax summary chart and your profile so you can zoom in on your next actions.

## DIRECTED FOCUS

Focus on your selected tax year like your refund status

The screenshot displays the IRS Filr dashboard interface. At the top, there's a navigation bar with a "MENU" icon on the left, "Your Dashboard" in the center, and the IRS logo on the right. Below this is a teal header section titled "At-a-Glance". The main content area starts with a welcome message: "Welcome to the IRS Filr dashboard Joel!". This is followed by several interactive cards:

- Your Tax Summary**: A card with a teal header and a light gray body containing the text "Account Balance:".
- Your Profile**: A card with a teal header and a light gray body containing the text "Tax Year" and a dropdown menu currently set to "2014".
- Your Tax Filings**: A card with a teal header and a light gray body. It shows "Received: 04/02/15", "Processed: 04/26/15", and a red "Filed" status badge. The filing deadline "Filing deadline: 04/15/15" is also visible.
- Your Tax Transcripts**: A card with a teal header and a light gray body. It shows "Last Processed: 05/03/15" and a red "Available" status badge. A note at the bottom says "Details available for viewing".
- Your Refund Status**: A card with a teal header and a light gray body. It shows "Refund Issued: 04/29/15" and a red "Issued" status badge. The refund amount "\$750.00" is displayed at the bottom right.

Three horizontal black lines with circular endpoints are overlaid on the left side of the dashboard, indicating specific vertical positions or segments.

## TAX YEAR DETAILS

Select the tax year you want to see the archived details for tax or financial planning

# Use Case: Joe Millennial



**FAST & EASY**  
Every form submitted by institutions to the IRS are automatically calculated and **pre-filled** for the taxpayer as indicated by the green icon. **The IRS is your tax preparer!**

**ONE CLICK OR TOUCH TO FILE**  
For the **majority** of taxpayers, the IRS-prepared tax form should be ready to file without any changes. **Simple click to file and be done.**

MENU

Your Taxes

IRS

Tax Year 2015

Filing Status: **Not Filed Yet**

If you agree with the pre-filled numbers from the IRS, click **File** to submit and you're done.  
If not, make the necessary changes by clicking the **i** icon to edit the details before clicking File.

Your Income

i

Total Income\$63,200

i

Total Adjustments\$1,000

Adjusted Gross Income (AGI)\$62,200

i

Total Deductions\$6,300

i

Total Exemptions\$24,000

Taxable Income\$31,900

Your Taxes

i

Tentative Tax\$4,283

i

Additional Taxes\$0

i

Tax Credits\$3,000

Total Tax\$1,283

i

Tax Payments\$5,000

Your Refund

\$3,717

☒ File

Accept & e-File your taxes

Save

Save your Work in Progress

Cancel

Ignore Changes & Exit

# Filing Your Taxes

**SIMPLE**  
Remind yourself to file your taxes soon.

**ACCESSIBLE**  
Everything pre-filled by the IRS for the **100+ millions of taxpayers.**

**FORWARD LOOKING**  
Plan ahead with how you are investing your refund or whether you need to come up with an estimated amount to pay the IRS.

# Making Changes

## SIMPLE

If the IRS pre-filled selection needs updating or if the taxpayer is simply interested in finding out how certain fields affect the bottom line (**Tax Refund** or **Taxes Owed**), a pop-up dialog (look for the green icon) facilitates that easily.

Total Exemptions

Based on your tax history, the IRS has made the following selection for you. Please modify if your situation has changed.

123456+

Need Help?

Full details available [here on irs.gov](#)

Save

Close

Total Deductions

\$6,300

Total Exemptions

\$24,000

Taxable Income

\$31,900

## FAST & EASY

Based on Joe's current profile, the corresponding **Standard Deduction** and Single Filing Status is pre-selected by the IRS.

If Joe's marital situation changes, he can change it here or on the main **Dashboard**.

Total Deductions

Based on your tax history, the IRS has made the following selection for you. Please modify if your situation has changed.

Standard Deduction

Itemized Deduction

Single or Married Filing Separately

Married Filing Jointly

Head of Household

Need Help?

Full details available [here on irs.gov](#)

Save

Close

Total Deductions

\$6,300

Total Exemptions

\$24,000

Taxable Income

\$31,900

Tax Year 2015

Filing Status **Single**

Total Income

\$31,900

Total Exemptions

\$24,000

Total Deductions

\$6,300

Taxable Income

\$31,900

Tax Refund

\$3,377

Taxes Owed

\$0

## ACCESSIBLE

Additional help is always available from the IRS website even though it might not be fully mobile friendly yet.

# Use Case: Jim Fifties

## SIMPLE & ACCESSIBLE

Beyond the standard tax return, IRS can also pre-fill and handle standard itemized deductions easily thus **extending its reach** to more taxpayers who can file online easily.

Jim has itemized deductions total that is higher than the standard deduction for a married couple filing jointly.

**Unreported** information like **Cash Donations** can also be added by Jim.

## FAST & EASY

Jim also has capital gains and losses from his stock and mutual fund investments. Once the IRS start getting **Purchases** reported instead of just **Sales**, the **Basis** is a no-brainer for the IRS and all capital gains and losses (long term, short term, wash sales, etc.) are automatically calculated by the IRS and pre-filled for the taxpayer.

Taxpayer ID #XXX-XX-1212



## JIM FIFTIES

Married, One Job, Itemized Deductions, Homeowner, Roth IRA, Schedules A, B, D

## FAST, EASY & SECURE

Jim is a homeowner and all mortgage interest and real estate taxes reported to the IRS by the financial institutions are already available and pre-filled.

## VERIFY CHANGES

You will never have to make any changes as all corrected 1099s are automatically available in a timely basis on the IRS web site. But if you do need to make edits, it's available...

Total Deductions

Based on your tax history, the IRS has made the following selection for you. Please modify if your situation has changed.

Standard Deduction

Itemized Deduction

Single or Married Filing Separately

Married Filing Jointly

Head of Household

Education

Total Tuition & Fees\$0

Home

Mortgage Interest Payments\$12,000

Real Estate Taxes\$7,000

Donations

Cash Donations\$2,000

Non-Cash Donations\$0

Retirement

SaveClose

Capital Gains & Losses

Short Term Gain/Loss

\$11,79114.55%

Symbol	Name	Buy Date	Sell Date	Gain/Loss (\$)	Gain/Loss (%)	Edit
MSFT	Microsoft Corporation	01/04/2015	02/20/2015	\$1,750	4.55%	
EXPE	Expedia Inc.	03/04/2015	03/22/2015	\$2,108	11.25%	
TSLA	Tesla Motors, Inc.	03/04/2015	03/17/2015	-\$767	-2.56%	
SPY	SPDR S&P 500 ETF	01/04/2015	10/14/2015	\$3,300	7.05%	
IWM	iShares Russell 2000	05/01/2015	06/07/2015	\$5,400	25.84%	

Long Term Gain/Loss

\$30,63836.63%

Symbol	Name	Buy Date	Sell Date	Gain/Loss (\$)	Gain/Loss (%)	Edit
FBIOX	Fidelity Select Biotechnology	01/04/2010	12/26/2015	\$10,530	40.12%	

SaveClose

Tentative Tax

\$4,283



# **Your Tax Transcripts**

IRS Tax Transcripts are most often used by lending institutions to validate past income and tax filing status for mortgage, student, and business loan applications. In its current form, it **confuses the taxpayer** rather than helping with their tax preparation and financial planning.

Focus should be on **helping taxpayers** with **tax preparation** and progress of their **financial planning**. The new IRS transcripts will be more **visual** and assisted by **progress indicators** with additional details for taxpayers as needed.

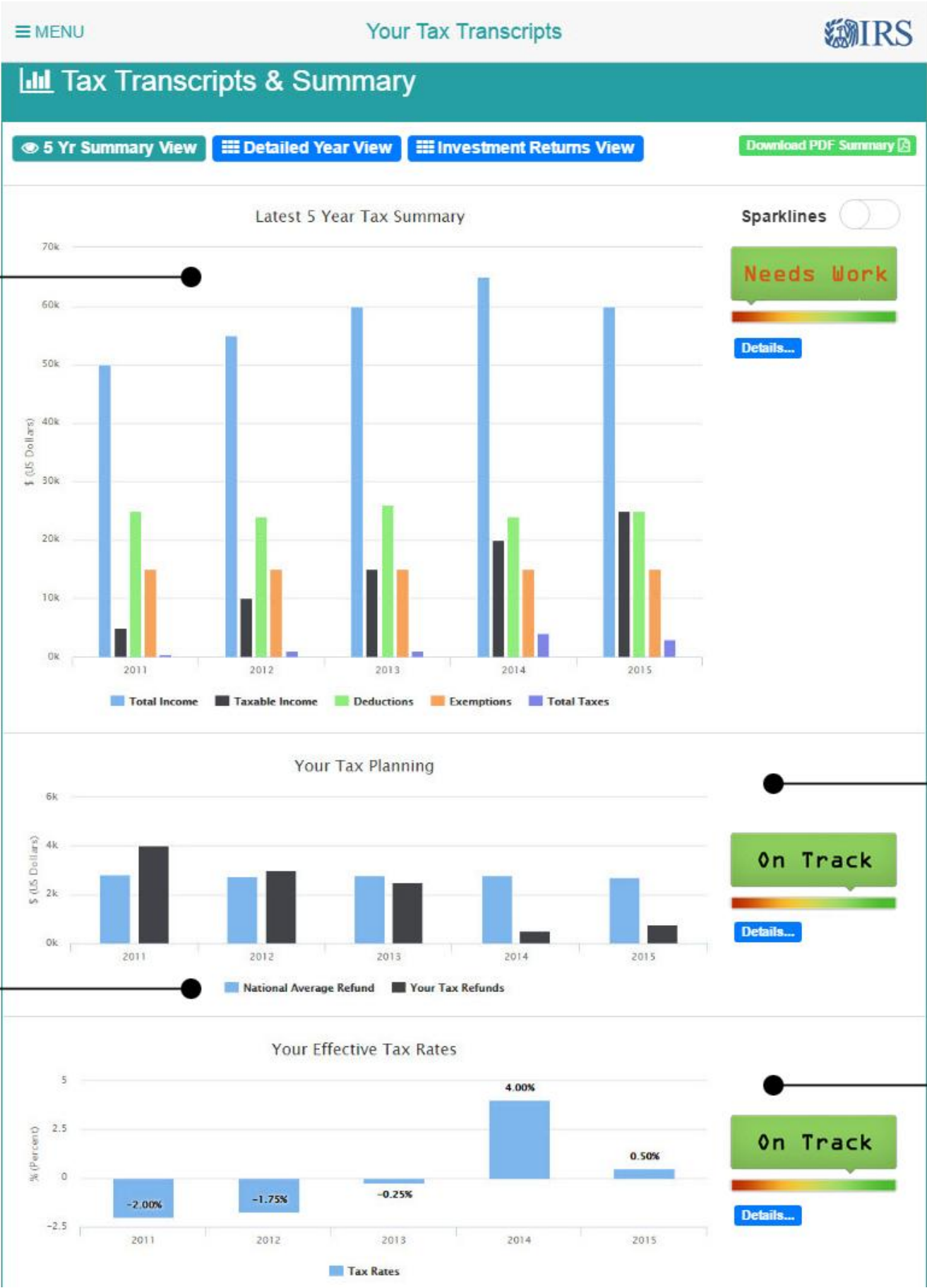
# Tax Transcripts: Summary

## HOW DOES YOUR TAX LOOK?

Get a quick **overview** with a bar chart showing how the primary categories of the tax return changes over a 5 year time frame.

## HOW ARE YOU DOING?

Is your tax refund higher or lower than the national average? How efficient are you with **withholding** the correct tax amount?



## YOUR PROGRESS

The right side has guides or indicators on how you are doing with your taxes. Full details are available for achieving the optimal financial position based on your personal situation.

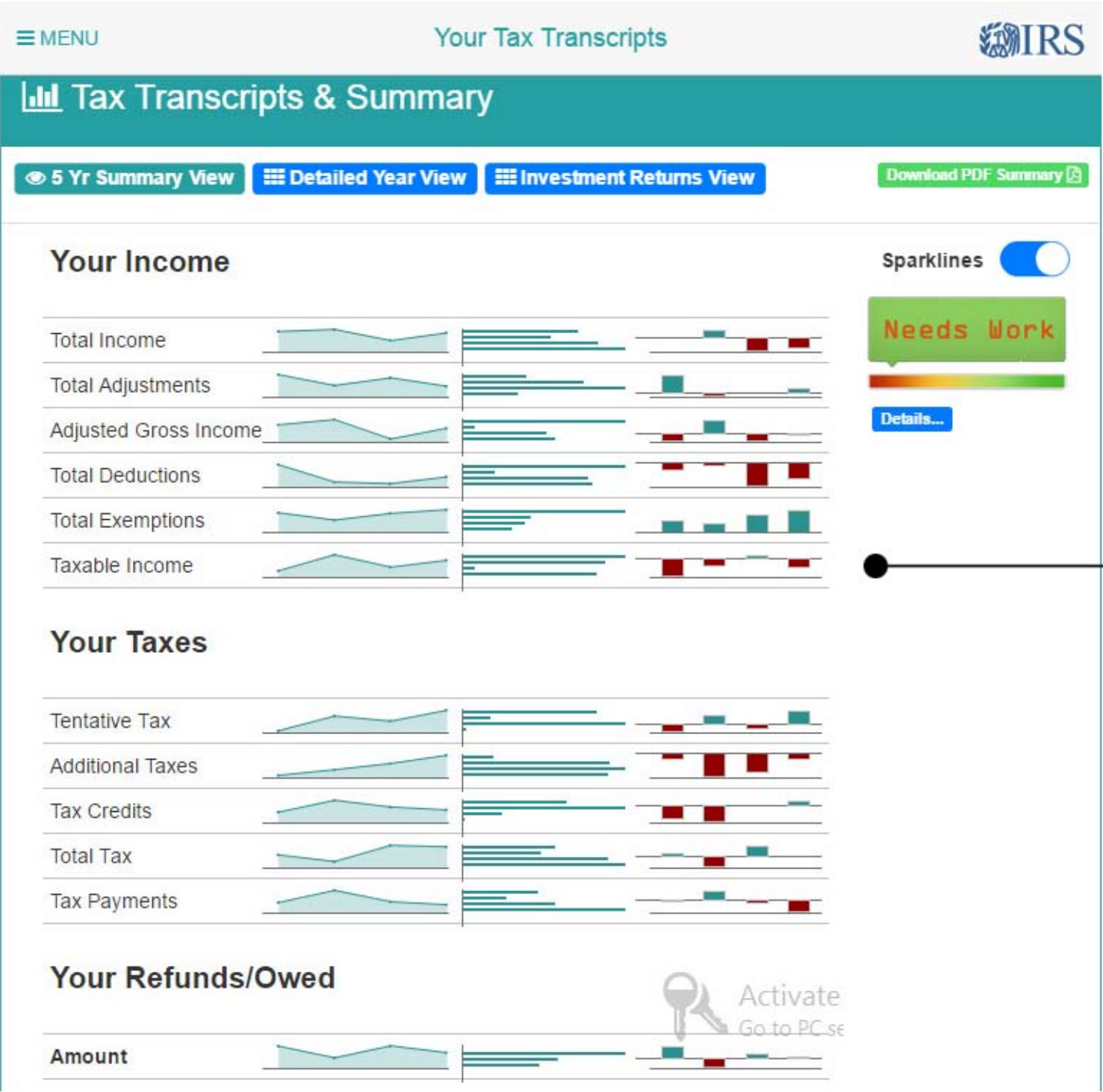
## ARE YOU ON TRACK?

How big is your tax refund or taxes you owe? Are you accessing the full amount of your paycheck to save early or are you waiting for the end of the tax year to save?

Are you paying more or less taxes every year? Do you need extra help with financial planning?

ALTERNATIVE DISPLAY

A **sparkline** is a very small line chart that presents the general shape of the variation over time in a simple and highly condensed way.



With Sparklines

SPARKLINES

Multiple chart formats are available for the taxpayer including area, bar, and column, whichever is more visually digestible or easily understood and help in making financial decisions.



# Tax Transcripts: Details

## DETAILS

By default, this should look just like the **Tax Filing** screen. You can expand and get details on any of the major items to see a detailed breakdown (green icon) in both tabular or 3D pie charts (donut) format.

## IRS UPDATES

The taxpayer can easily identify and view any changes the IRS have made on your behalf (red icon).

Total Deductions

Based on your tax history, the IRS has made the following selection for you. Please modify if your situation has changed.

Standard Deduction

Itemized Deduction

Single or Married Filing Separately

Married Filing Jointly

Head of Household

Education

Total Tuition & Fees

\$0

Home

Mortgage Interest Payments

\$12,000 \*

Real Estate Taxes

\$7,000

Donations

Cash Donations

\$2,000

Non-Cash Donations

\$0

Retirement

\* IRS Adjusted

Save

Close

MENU

Your Tax Transcripts

IRS

Tax Transcripts & Summary

5 Yr Summary View

Detailed Year View

Investment Returns View

Transcripts for Tax Year 2015

Filing Status: Filed 03/11/16

Download Full PDF

Your Income

Total Income\$63,200

Total Adjustments\$1,000

Adjusted Gross Income (AGI)\$62,200

Total Deductions

Total Exemptions

Taxable Income

Your Taxes

Tentative Tax

Additional Taxes

Tax Credits

Total Tax\$1,283

Tax Payments\$5,000

Your Refund\$3,717

## FAMILIARITY

The tax transcript should look just like your tax filing screen so you are already familiar with where all the items are at once.

## OLD SCHOOL

If you want the traditional IRS tax transcripts used by financial institutions, you can download a PDF version to view. Or request a physical copy to be mailed to your address.

Total Deductions

Deduction Category	Amount
Real Estate Taxes	\$7,000
Mortgage Interest	\$12,000 *
Education	\$2,000
Other Deductions	\$1,000
Traditional IRA Contributions	\$2,000
Non-Cash Donations	\$500
Cash Donations	\$2,000

\*IRS Adjusted

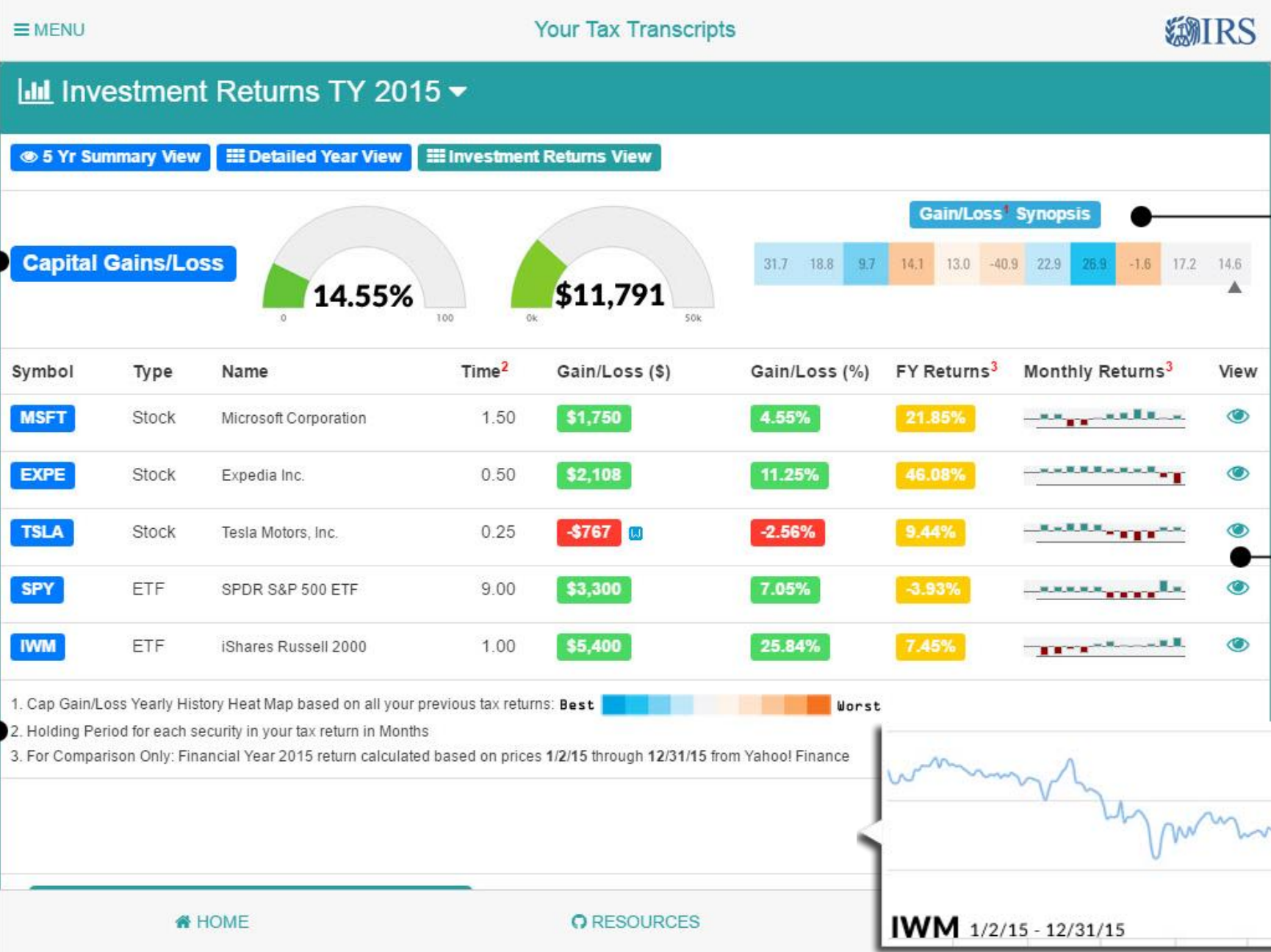
# Tax Transcripts: Investments

## QUICK VIEW

The **net capital gain or loss** for the tax year being viewed is prominently displayed.

## BENCHMARKS

The annual performance of the security is automatically calculated to **benchmark** the buy and sell actions against. Should you be more of a long term investor or short term trader?



## COMPARISON STATS

The **heat map** on the shows the taxpayer's capital gain or loss history for all tax years available on the IRS database.

## TRADING ACTIONS

The taxpayer **Buy** and **Sell** dates are plotted on the graph to illustrate the trading activity. Insights can be gained that will help the taxpayer financial

# **Your Tax Refund Status**



# Your Tax Refund Status

## SIMPLE & CLEAR

Exact dates shown for each step in the refund process.

## USER FRIENDLY ONLINE & OFFLINE

Quick glance at where in the refund process your tax return is at.

Get notified when your return status changes via **text messaging** or **email**.

MENU

Your Tax Refund Status

IRS

Refund Status: TY 2014

As of 03/11/16

Your Refund Status

Return Received

Return Approved

Refund Sent

\$2714.15

03/16/15

04/25/15

04/29/15

Alert Status: 

TXT MSG Enabled

EMAIL Enabled

Recommended

You have a large refund and we suggest that you save some of the amount in a [US Treasury myRA](#) if you do not already have an account. Start saving with myRA, a new retirement savings account from the United States Department of the Treasury: no cost or fees; no complicated investment options; no risk of losing money. [Sign up today!](#)

Refund Completed

CHASE

XXXX-1234567

05/02/15

## FORWARD LOOKING

Financial institution displayed for direct deposit based on **routing number** in your profile.

For large refunds, opening a US Treasury **myRA** savings account is recommended if taxpayer does not already have a standard IRA in their profile.

MENU

Your Tax Refund Status

IRS

Refund Status: TY 2015

As of 04/30/16

Your Refund Status

Return Received

Return Approved

Refund Sent

\$734.55

03/11/16

04/21/16

N/A

Alert Status: 

TXT MSG Enabled

Back to Your Dashboard

Pending: Send

Financial Institution

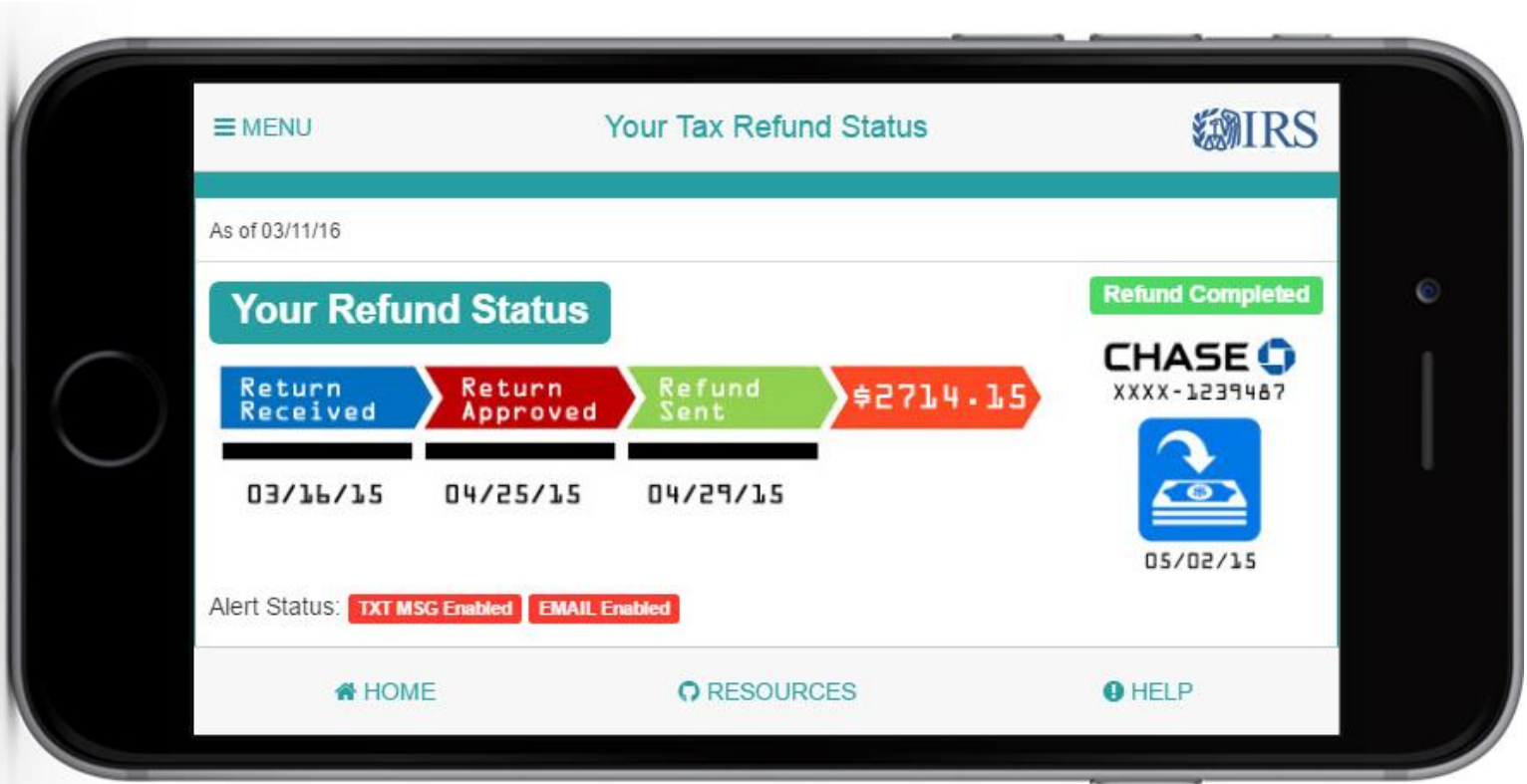
N/A

## SIMPLE

Quick glance to check if your refund has been sent.

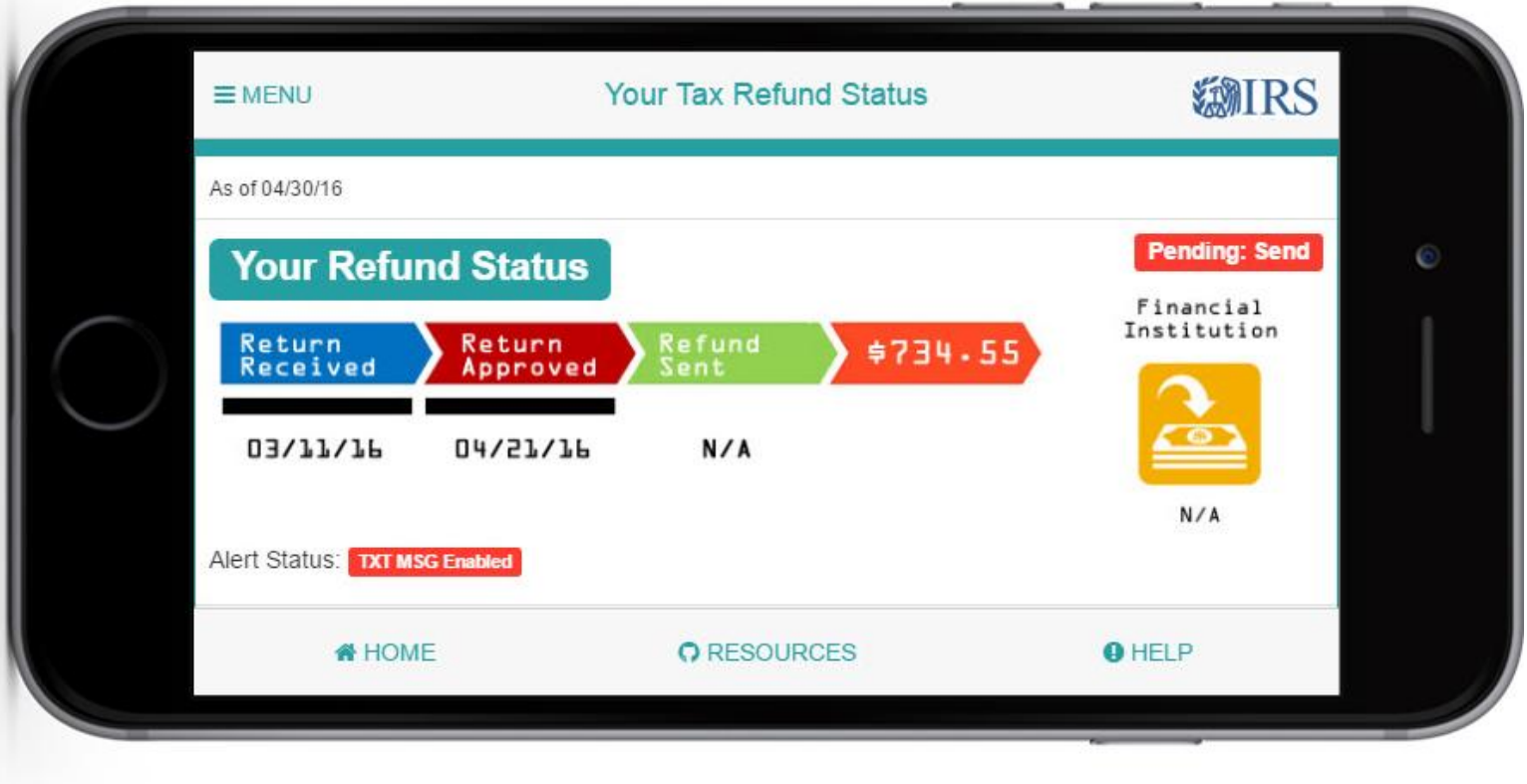


# Your Tax Refund Status On The Go (Mobile)



Checking to see if your tax refund has been deposited into your bank account.

Your tax profile contain the same bank routing number used in your tax forms. You can also add text messaging and email addresses for push alerts.



Checking to see where your tax refund is after filing your 2015 taxes recently.

Be alerted via text messaging and email as configured in your tax profile.

You can plan ahead or have to be patient about that big trip or purchase depending on your tax refund status!

**Going Forward...**

# Simplifying Tax Filing for the US Taxpayer

Since the IRS is already collecting financial data from employers and banks, the IRS. can use that information to pre-calculate tax returns for the majority of taxpayers in the US. Think of the time saving in recordkeeping, error-free data entry, costs, security, and more. **How about filing your federal taxes in less than 5 minutes?**

If there were minor changes required with the tax return such as the wrong address, the taxpayer could make the changes online and submit to the IRS immediately. If a child had been born to or adopted by the taxpayer during the tax year, the taxpayer can update online to receive the full child credit and submit to the IRS immediately. If something major is required like complex business transactions, the taxpayer would just do his taxes the conventional way. Else accommodative changes can be made easily online and submitted to the IRS immediately.

For taxpayers **without Internet access**, the IRS can send them a tax return (**as simple as a postcard**) that had already been pre-filled in with their financial data, and if everything looked in order, they would file it (sign & return) either through the snail mail or electronically online from their local library. The IRS-prepared tax return would be completely **voluntary**.

TAX YEAR 2015

Your Income

Total Income	\$63,200
Total Adjustments	\$1,000
Adjusted Gross Income (AGI)	\$62,200
Total Deductions	\$6,300
Total Exemptions	\$24,000
Taxable Income	\$31,900

Your Refund

\$3,717

Your Taxes

Tentative Tax	\$4,283
Additional Taxes	\$0
Tax Credits	\$3,000
Total Tax	\$1,283
Tax Payments	\$5,000

File

Accept & e-File your taxes

920-1234567890-12653219650789

<https://irs.gov/filr>

**Your tax information is accessible securely online at the IRS website on any mobile browser 24/7!**

# References

1. <https://www.irs.gov/uac/Tax-Stats-2>
2. <https://www.irs.gov/uac/SOI-Tax-Stats-Historic-Table-2>
3. <https://www.irs.gov/uac/Newsroom/Filing-Season-Statistics-for-Week-Ending-December-25-2015>
4. <http://money.cnn.com/2015/01/13/pf/taxes/taxpayer-refunds/>
5. <https://www.irs.gov/uac/SOI-Tax-Stats-IRS-Data-Book> - 2015 IRS Data Book