

Example of research paper on wide spread adoption of tax software and its implica...

[Business](#), [Company](#)



Introduction

H&R block is an organization that deals in tax preparation. Richard Bloch and Henry Bloch founded the company, which has its headquarters in Kansas City in the US. Having been founded in 1955, the company boasts of preparing approximately 24. 5 million tax returns. However, the scenario has since changed especially since the inception of the electronic filing system. As such, the paper aims at elaborating on how the adoption of tax software and especially the emergence of consumers who are technology savvy have impacted negatively on H&R Block and other similar businesses.

Tax filers are shifting to the use of software and an online platform because it has numerous advantages. Firstly, use of tax software like E-file reduces the period for getting a turnaround refund and eliminates any kind of uncertainty about the system. Initially, taxpayers had to make tax preparations using paper-based forms and the completed returns would then be mailed to the IRS. Mailing the return would take approximately six weeks hence an awfully long time for a taxpayer to wait especially in situations where one is badly in need of the money. It is for this reason that taxpayers have quickly embraced tax software because they are now able to get their refund in less than two weeks (Thaler & Sunstein, 2008). Moreover, taxpayers avoid the uncertainty that comes with using the U. S Postal Service concerning whether or not the mailed returns reached the IRS safely.

Secondly, the use of tax software like Turbo Tax affords taxpayers the opportunity to get their updates much faster and even make fewer errors.

According to Deutsch (2009), the IRS regularly provides publications with

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regards to qualifications and exceptions for a given tax deduction.

Unfortunately, individuals can make errors or give the wrong information to tax preparation companies thereby causing a delay in obtaining a tax refund.

In contrast, developers have ensured that tax software have built in checkpoints and algorithms in their programs so that users can be alerted whenever they input erroneous information. Consequently, taxpayers are able to avoid delays in getting a refund as well as minimize their chances of being audited by the IRS. Thirdly, tax software makes the acknowledgement by the IRS a lot swift. The IRS receives millions of tax returns from both businesses and individuals annually. This has thus slowed down their ability to acknowledge that they have received a person or corporation's tax return (Shim et al., 2008). It is for this reason that taxpayers have been forced to wait for approximately three to four weeks before the IRS sends an acknowledgement that they received the paperwork. Fortunately, the E-filing system has made it easier because taxpayers only have to wait for a maximum of seventy hours to receive an acknowledgement.

Finally, tax software has become the most preferred filing method because it promotes financial literacy. Individuals and organizations were caught unawares during the 2008 recession especially because some of them were deceived about their financial standing. Therefore, taxpayers are more welcome to the idea of financial literacy that is offered by tax software through its user-friendly and intuitive programs (ECEG, 2011). For instance, the dialog tool within the dialog box may inquire if a taxpayer lives along the Gulf Coast to determine whether they qualify for a tax relief hence promoting knowledge on the instances when the IRS provides tax exceptions.

The tax software has impacted negatively on H&R blocks and other tax preparation firms hence the reduction in their clientele. To begin with, clients find it cheaper to file their own returns given that it is free. H&R Block charge customers for their services and thus the reason why they are fast embracing E-filing in a bid to save on cost. Additionally, the tax software has made it necessary for the personnel of H&R Blocks to undergo training so they can acquire new knowledge on how to operate tax software systems. This has made it difficult to retain their clients who are technologically savvy as they are very conversant on how the system works and do not require expert assistance. Moreover, the electronic method of filing tax returns is equipped with vital information that could aid clients while filing for their returns (In Cramer, 2014). As such, taxpayers do not rely on expert advice from firms like Jackson Hewitt and H&R Block. Although the demerits of tax software appear to be significant, tax preparation firms have also benefitted from the same albeit in a small way. Unlike was initially the case during the paper-based system companies are now able to file taxpayers' returns efficiently because of the ease and higher degree of accuracy associated with the E-filing. In fact, H&R Block has developed many one-time services that can be utilized by taxpayers at a low price.

Conclusion

The tax software system has significantly affected tax preparation companies as well as the taxpayer. The taxpayers have had so much to gain such as efficiency, financial literacy, they able to get tax refunds within a short time and even get acknowledgements swiftly. Unfortunately, tax

preparation companies like H&R are now losing a good portion of their market due to the electronic filing system. Consequently, such companies have experienced a decline in their revenues because of the decline in their clientele most of who have the technological know-how to file returns on their own.

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