

**AN INVESTIGATION INTO THE NATURE AND ADEQUACY OF TAX  
COMPLIANCE TOOLS AVAILABLE TO ASSIST SMALL BUSINESSES IN THE  
STATE OF OKLAHOMA IN THE UNITED STATES OF AMERICA**

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A thesis submitted in fulfilment of the  
requirements for the degree of

Doctor of Philosophy  
Department of Accounting

Rhodes University

December 2019

## Declaration

I, **Cindi L. Cary**, declare that this thesis is original and has not been presented to any other Institution or University. I state that this thesis is the result of my independent work, except where references have been provided. This thesis is presented in fulfilment of the requirements for the award of the degree of Doctor of Philosophy in the Department of Accounting.

Signature *Cindi B. Cary*

Date 06/March/2020

## **Abstract**

This study identifies and analyses the effectiveness of the tax tools available to the small businesses that make up more than 99 per cent of all businesses in the United States and the state of Oklahoma through an extensive investigation of the small business resources offered by federal and state government agencies, higher education institutions and the professional accounting community. The study uses numerous measurements in order to acquire multiple perspectives and relies on the examination of government websites and documents, interviews, experiments, surveys, and questionnaires to determine the existing small business tax tools and their limitations.

The research offers an in-depth analysis of the facts and limitations of the small business services offered by the Internal Revenue Service (IRS). The IRS is determined the largest source of small business tax tools, but limitations plague their effectiveness. Higher education is found guilty of not providing small business education in business or accounting disciplines, leaving college graduates ill-prepared to assist small businesses. Higher education is urged to implement a small business accounting curriculum that couples field experience with classroom lectures and textbooks. This study finds the accounting profession apathetic with regard to informing small businesses of accounting services and presses certified public accountants to be more involved in the education of future small business accountants. The study concludes with recommendations to reduce the small business tax burden by improving the existing small business tax tools.

Key Words: Small business, Internal Revenue Service, Small Business Administration, tax resources, tax tools, accounting higher education, business schools, taxation United States, Oklahoma small business, compliance, tax resource limitations, tax knowledge, IRS limitations

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# **Chapter 1 – Study Rationale**

## **1.1 Background and Purpose**

In both developed and developing economies, small businesses make up a substantial percentage of the total business sector. The impact of small businesses was demonstrated in a 2014 study of 49,370 firms in 104 developing countries; Ayyagari, Demirguc-Kunt and Maksimovic (2014) showed that small businesses experienced more growth in new jobs, sales, and employment than larger firms. The impact of small businesses on economies continues to be a global phenomenon, but different definitions and measurements make it difficult to turn comparable information into meaningful data.

In the Micro, Small, Medium Enterprise (MSME) Country Indicators', Gonzales, Hommes and Mirmulstein (2014) studied MSMEs in 155 countries across the globe and concluded that there was no global standard definition of an MSME. The report determined that many countries define the size of an MSME by employee numbers, while other countries define a small business size by production or sales volume. According to Gonzales et al. (2014), some economies did not define micro businesses at all, but only categorised small and medium businesses as “small business”. The authors reported that other countries included “very small” when explaining a business’ size. The report concluded that reliable, consistent, small business data was limited, especially for developing economies, which made it challenging to gather and compare global small business firms. One seemingly constant point of agreement in the report was the economic impact that small businesses had on a country’s economy. The Country Indicators revealed that 77 per cent of the countries that reported MSME employment data showed MSMEs employed more than 50 per cent of the country’s total workforce.

The wealthiest economies in the world, as reported by World Bank (2017), emphasised the significance of small business contributions to Gross Domestic Product (GDP). World Bank (2017) reported that Australia had the 14<sup>th</sup> largest GDP (1.2 trillion), while the Parliament of Australia (2015) reported that small businesses comprised 97.4 per cent of all Australian businesses. According to World Bank (2017), Germany was ranked fourth in the world for its GDP (3.5 trillion). Germany’s Federal Ministry of Economics and Technology (2015) reported that small businesses made up 99.0 per cent of all German firms. World Bank (2017) ranked the United

Kingdom as the fifth largest GDP (2.6 trillion) globally, while the United Kingdom's Federation of Small Business (2015) stated that 99.3 per cent of the business sector consisted of small businesses. World Bank (2017) continued to report GDP rankings and stated that the United States (U.S.) had the world's largest GDP with 18.6 trillion dollars. The Small Business Administration (2015a) stated that small businesses exerted a powerful economic influence and added more net new jobs than large businesses. In 2018, U.S. small businesses had grown to 99.9 per cent of all U.S. businesses (Small Business Administration: 2018a).

The entrepreneurial spirit of creating and building an enterprise seemed to be the main focus of small business owners while taxation responsibilities often took a back seat. As small businesses grew, however, taxation became a factor (Monahan, Shah & Mattare: 2011). In the U.S., small businesses struggled with taxation compliance due to tax code complexity and, ultimately, a lack of tax knowledge (Taxpayer Advocate Service: 2012).

Research into the relationship between the taxpayer's tax knowledge and the taxpayer's tax compliance showed that compliance increased when the taxpayer had a clear understanding of the tax obligations. Devos (2014) discussed tax non-compliance as an indication of a lack of tax code understanding. Alm, Cherry, Jones and McKee (2010) reported that when low-cost taxation tools were offered in the form of informational services, tax compliance improved. Kamleitner, Korunka and Kirchler (2010) reported that general knowledge or education did not necessarily increase compliance, but where tax-specific knowledge was concerned, an increase in the taxpayer's tax knowledge related positively to compliance. Without tax-specific knowledge, small business taxpayers lacked the necessary skills to comply with the tax code successfully and were more likely to experience compliance problems with tax authorities (Ahmed & Braithwaite: 2005). Considering the large number of U.S. small businesses and their likely tax contribution, making tax compliance tools available to small businesses, while providing an awareness of the current tools would be helpful to the government, small business owners, and ultimately every member of the American population that benefits from government services. For more than 80 years, small business tools have been created to help U.S. small businesses, but the U.S. Bureau of Labor Statistics (2016) revealed that between the years of 1994 (when the Bureau began tracking small business beginnings and endings) and 2016 (the most recent data at the time of this study), no noticeable change was reported in the small business survival rates (see Figure 2.5).

Across the U.S., there are government agencies, higher education facilities, and accounting professionals that offer business and tax tools as well as educate business and accounting students. This study investigates the available small business tax tools and seeks to discover the awareness and possible limitations of these tools. A brief introduction of the agencies and professionals in this study follows.

The Small Business Administration (2015d: Online) is an independent agency of the U.S. government that was created to “aid, counsel, assist and protect the interests of small business concerns.” The Small Business Administration reports to have more than 1,800 locations nationwide and claims to offer numerous tax tools for small businesses. The agency acts as an umbrella for other organisations that offer small business tax tools.

The Internal Revenue Service (IRS) was established in 1862 as the “Bureau of Internal Revenue” and in 1952, the organisation was renamed the “Internal Revenue Service” (Internal Revenue Service: 2016d). The IRS is the U.S. federal agency that is responsible for collecting taxes and enforcing federal tax law (Internal Revenue Service: 2016d). Taxation in the U.S. is complicated and ever-changing, which makes it difficult for the small business to stay informed. The Taxpayer Advocate Service (2012) reported that between the years of 2001 and 2012, 4,680 tax changes were made to the Internal Revenue Code (approximately 1.16 changes a day). The IRS offers assistance with taxation instructions and tools, online and by mail, upon request. The IRS also reports that taxpayer assistance is available in-person and by telephone (Internal Revenue Service: 2015a).

The Taxpayer Advocate Service (2012: Online) is an extension of the IRS but was established to represent the taxpayer. The Taxpayer Advocate Service was created to be the taxpayer’s voice and to ensure fair treatment from the IRS. The Service states that they are a “last resort” for the taxpayer when normal IRS channels are unsuccessfully in resolving the taxpayer’s compliance issues. Their website includes news and information for the taxpayer and the tax professional.

Still another government agency is the Oklahoma Tax Commission. The Oklahoma Tax Commission (2017: Online) is responsible for collecting Oklahoma tax revenues and enforcing state tax law. Their mission statement is “to serve the people of Oklahoma by promoting tax

compliance through quality service and fair administration.” The Commission’s calendar indicates that small business tax workshops are regularly offered throughout the state of Oklahoma.

The Oklahoma Department of Commerce (2018a: Online) is another state government agency in this study (2018a: Online). This agency’s focus is to supply the necessary tools to help small businesses to be successful. The Oklahoma Department of Commerce’s mission is to “create and deliver high-impact solutions that lead to prosperous lives and communities for all Oklahomans.”

In addition to government agencies, higher education offers small business taxation assistance by preparing students for professional careers in business and accounting, but university catalogue descriptions revealed that the three largest universities in Oklahoma do not offer an undergraduate course specifically for small business taxation or small business accounting (Oklahoma State University: 2016; University of Central Oklahoma: 2017a; University of Oklahoma: 2017). Extending to the state of Colorado (whose NW borders are shared with Oklahoma), the Metropolitan State University of Denver Colorado (2017a) offers a graduate course, *Small Business Consulting and Accounting*, to better prepare accounting graduate students to help small businesses with taxation.

Outside of the classroom, the University of Central Oklahoma (2017b) provides upper-level undergraduate accounting students with small business taxation experience when they participate in the Volunteer Income Tax Assistant program (discussed in chapter 3). In order to participate, students are required to pass exams for multiple tax preparation certification purposes. The program is a faculty-supervised community program that offers free tax preparation services to the surrounding community.

Another division of higher education is the Oklahoma State Regents for Higher Education. The Regents supervises the functions and courses for higher education (Oklahoma State Regents for Higher Education: 2015) and manages Oklahoma’s 25 colleges and universities. Oklahoma State Regents for Higher Education offers “Connect”, an educational program that supports small businesses on many of Oklahoma’s higher education campuses.

The Higher Learning Commission is another higher education organisation examined in this thesis. The purpose of the Higher Learning Commission (2017) is to accredit degree-granting post-secondary institutions in Oklahoma and 19 other U.S. states. The Commission reports that they

maintain relationships with various federal, state, and other organisations to ensure a quality higher education to equip students to enter the workforce.

Another group who offers taxation services to small businesses is the accounting profession. Although the accounting profession offers tax tools to help small business owners, these owners often have limited funds to employ accountants (Sarens, Everaert, Verplancke & De Beelde: 2015; Barbera & Hasso: 2013). Another limitation that this study examines is that the small business owner is frequently unaware of the available services and expertise offered by external accountants (Barbera & Hasso: 2013; Husin & Ibrahim: 2014; Marriott & Marriott: 2000; and Dorasamy, Marimuthu, Jayabalan, Raman & Kaliannan: 2010).

When considering external accountants, Sarens et al. (2015) reported that it was common for self-employed accountants to have more small business tax clients than larger accounting firms, and therefore the self-employed accountant offered more diversified tax services to small business owners. The authors reported findings from an external certified public accountant's survey, that showed tax-related services were the most common advisory services offered by accountants.

## **1.2 Research Goal and Questions**

The goal of this study is to seek answers to the following questions.

- What tax compliance tools are available for small businesses and are small business owners aware of the availability of these tools?
- What limitations exist regarding available small business tax compliance tools, and what is the nature of these limitations?

As the main tool available to assist small businesses with tax compliance is tax advising, the primary purpose of this study is to propose recommendations to address the gap that exists between the higher education curriculum and the university graduate's preparedness to assist small businesses with tax advisory services. As small businesses make up such a large percentage of all U.S. firms, it is essential that students who will become tax advisers are adequately equipped to do so.

The research goal also includes a full investigation of tax tools that are available to promote small

business tax compliance and the determination as to whether these tools are adequate and sufficient, by examining the following four specific questions.

1. What taxation tools are offered to Oklahoma small businesses by the accounting profession, government agencies, and various organisations?
2. What knowledge of small business taxation is provided by Oklahoma higher education to undergraduate business and accounting students to better prepare them to be professionals, able to help small businesses with tax compliance?
3. What awareness of compliance with taxes do Oklahoma small business owners possess and to what extent are these small business owners aware of available tax compliance tools?
4. Do the available small business tax compliance tools offered in Oklahoma by the accounting profession, various agencies and other organisations have limitations and, if so, what is the nature of these limitations?

Once the gap analysis highlights the possible shortcomings, the ultimate goal of this study is to make curriculum recommendations to universities to better prepare future small business tax advisers to meet the taxation compliance needs of small businesses. Other recommendation goals include improving the effectiveness and awareness of small business tax tools and improving the accounting profession's contribution to future small business accountants.

### **1.3 Methodology Overview**

The methodology chosen for this study was based on the researcher's objective to acquire input from many different measurements, allowing multiple perspectives. This study takes place in Oklahoma City, Oklahoma and applies a post-positivist methodology, comprising of a qualitative research approach. Trochim (2006) explained post-positivism as a methodology that purposes to obtain an accurate understanding, and therefore relies heavily on multiple measures trying to lessen the influence of error and increase the opportunity of comprehending reality. Yauch and Steudel (2003) discussed qualitative research as a measuring through a natural interpretation of words using such methods as interviews, questionnaires, or other observations.

This study incorporates an extensive literature survey extracted from government agency documents and statistics, interviews, experiments, surveys and questionnaires. The literature survey revealed earlier research on small business taxation compliance, available tax compliance tools, and the limitations of specific compliance tools. The public government documents and statistics revealed the most current small business and tax tool data available at the time of this study. The literature review, interviews, experiments, surveys and questionnaires address one or more of the following:

- knowledge of tax by small business owners;
- available tax tools for small businesses;
- limitations of available small business tax tools;
- methods to inform small businesses of available tax tools;
- ability of university students to assist small businesses with tax compliance; and
- awareness by small business owners of available tax tools.

The research is carried out in two phases – the first being the identification and evaluation of the tax compliance tools provided by various agencies, institutions, and organisations. The second phase tests the small business tax knowledge of the small business owner and the university student. The awareness of the small business tax tools is also a focus of Phase two. The research aims to identify possible limitations of available tax compliance tools for small businesses in order to offer suggestions and recommendations that will ultimately benefit the small business taxpayer.

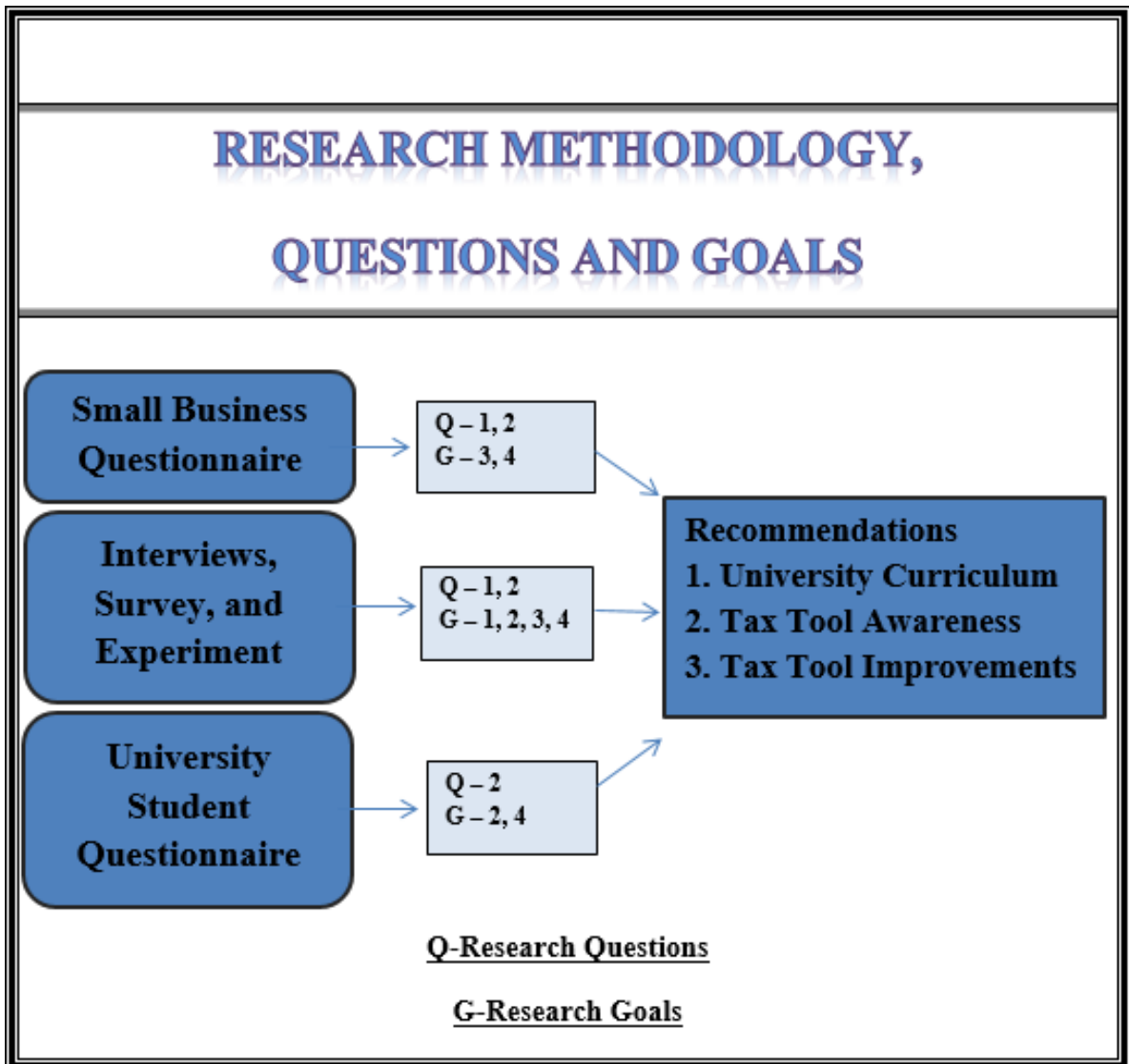
Phase one consists of identifying and evaluating currently available small business tax compliance tools by conducting an extensive literature review, interviews with government agencies and Oklahoma higher education, surveys with the accounting profession and experiments with the IRS. The interview schedules consist of a limited number of broad, general questions, allowing the participants to a certain extent to lead the interview with their answers (Hefferon & Gil-Rodriquez: 2011).

Phase two of the study begins with a questionnaire distributed to a sample of small business owners with fewer than 20 employees. Qualified small business owners were randomly identified by means of telephone calls using the telephone book for Oklahoma City, Oklahoma. A pen and paper questionnaire was utilised to test the small business owners' knowledge of small business taxation

and the awareness of available tax compliance tools. Phase two concludes with a pen and paper questionnaire that was administered to a sample of university business and accounting students. The questionnaire tested the undergraduate university business and accounting students' knowledge of small business taxation and their ability to assist small businesses with tax advising services.

To better explain the methods used in this study, Figure 1.1 illustrates the relationship between the methodology and the research questions and goals.

**Figure 1.1 Research Methodology, Questions and Goals**



Source: Researcher's Design

## **1.4 Definition of Terms**

For this study, small business is defined as Oklahoma sole proprietors, limited liability companies, partnerships, S corporations, and C corporations with fewer than 20 employees. Somewhat unique to the U.S., a Subchapter or “S” corporation (S corporation) is a pass-through entity where no tax is paid at the corporate level (Bizfilings: 2017). Bizfilings explained that an S corporation must have fewer than 100 shareholders and could not be owned by a C corporation. Revenues and losses are passed through to shareholders; this allows a small corporation to be taxed at the shareholders’ individual tax rate while being legally protected as a corporation. The “C” corporation is a standard corporation that is exposed to the possibility of double taxation and pays taxes at the corporate level (Bizfilings: 2017).

The present study recognises a “tax tool” as any method or instrument offered to assist with tax compliance and defines “taxes” as any tax for which a small business may be responsible. Taxes can include federal and state income tax, self-employment tax, payroll tax, excise taxes, sales tax, ad valorem tax, federal and state unemployment tax, and other local, city, and county taxes. For this study, tax compliance includes filing and paying taxes in a timely manner (Internal Revenue Service: 2015b).

Higher education consists of private and public accredited colleges and universities, the Oklahoma State Regents for Higher Education, and the Higher Learning Commission. For this study, government agencies include the Oklahoma Tax Commission, Oklahoma Department of Commerce, Small Business Administration, IRS, Taxpayer Advocate Service, and the organisations that are associated with those agencies. This study defines the accounting profession as accountants having a minimum qualification of a Bachelor of Business Administration or Bachelor of Science (both majoring in accounting), Certified Public Accountants, Certified Management Accountants, Public Accountants, and Enrolled Agents.

## **1.5 Limitations of the Study**

Describing the limitations of this study will begin with Roulston and Shelton’s (2015) view that qualitative research characteristically has much to do with the subjectivity and reflexivity from the researcher’s perspective. It is possible for the researcher to influence the research results

unknowingly. Also, qualitative research is limited to a time and place, making it difficult to recreate with exact results (Patton: 2015).

Another possible limitation is that the researcher was employed by the university where the student questionnaire was conducted. Although the researcher was not a part of administering the survey and steps were taken to limit any influence, students could have responded in ways that they thought would please faculty members. Further limitations of the study could include that the population for the student survey was limited to one university, and the population for the small business survey was limited to Oklahoma City.

Other limitations regarding small businesses and topics that are not a part of this study are as follows.

- This study does not consider the small business industry type.
- The study does not aim to address tax tools available for specific interest groups. Therefore, tax tools set aside for minorities or other specific groups are not a part of this study.
- Family businesses are mentioned but are not a focus of this study. A full family business investigation is suggested for future research.
- Although in-home, sole proprietor small businesses make up more than half of all small businesses in the U.S. (Small Business Administration: 2015b), this study will focus on businesses with store-fronts.

## **1.6 Chapter Overview**

The chapters that lead to achieving the study's objectives begin with chapter 2, which provides a literature review on small businesses and explains U.S. federal and Oklahoma state income taxes. Chapter 2 continues with a discussion of small business' responsibility for its share of the tax gap, meaning the difference in the federal tax owed and the federal tax paid (Internal Revenue Service: 2016b). The literature review continues with small business tax compliance while focusing on the effect that various factors have on tax compliance as well as the compliance effect of the interaction of those factors. Chapter 2 closes with a discussion of the need for effective small business tax tools.

Chapter 3 continues the study with an extensive literature review of the available tax tools for small businesses. The literature review begins with tax tools that are offered by various governmental agencies including those agencies that fall under the responsibility of the Small Business Administration. The chapter continues with a lengthy and detailed review of the IRS's Small Business and Self-Employed Tax Center, discussion of other IRS resources, IRS limitations, and an IRS experiment. Chapter 3 also includes a review of the Taxpayer Advocate Service, Oklahoma agencies, colleges and universities, Oklahoma State Regents for Higher Education, Higher Learning Commission and the accounting profession. Surveys and various interviews add understanding of the available tax tools and the methods used to inform small businesses of those tax tools. The chapter concludes by identifying the limitations of the tax tools that are discussed throughout the chapter.

Chapter 4 explains the methodological approach to the study and its appropriateness is defended. The chapter begins with an explanation of the study's location. The research paradigm is discussed, and details of the data collection is described, including the reliability, validity, and ethicality of the study.

Chapter 5 discusses and illustrates the results of the Small Business Group and Student Group questionnaires. The purpose of the chapter is to better understand:

- small business owners' tax knowledge;
- small business owners' awareness and use of available tax tools;
- higher education's tax tool contribution to small businesses; and
- university student's ability to assist small businesses with tax compliance.

Chapter 6 completes the research with a summary of the study's findings. The chapter includes recommendations for the higher education curriculum in order to better prepare accounting students to assist small businesses with tax compliance. Suggestions are also made to improve the effectiveness and awareness of tax tools, and the accounting profession's involvement with higher education. The thesis concludes with recommendations for future research.

## **Chapter 2 – Literature Review**

### **2.1 Introduction**

Chapter 2 begins with a summary of the literature that discusses U.S. taxation. Although the personal income tax began in 1913 (Terrell: 2012), the history of American taxation began in 1775. The purpose of the early tax was to support critical war efforts (U.S. Department of the Treasury: 2017a). The chapter's history section mentions more recent revisions and reforms that shaped the nation's tax system, including the Economic Recovery Tax Act of 1981, the Tax Reform Act of 1986, the Omnibus Budget Reconciliation Act of 1993, the Reform Act of 1998, and the Economic Growth and Tax Relief Act of 2001.

Next, the chapter provides a study of U.S. small business and the necessity for small businesses to choose a business structure (sole proprietorship, partnership, S corporation, C corporation or a limited liability company) for taxation purposes. The most common federal tax forms as well as problems that small businesses face with third-party information reporting (specifically the Form 1099 series) are also identified. State tax rates are also discussed, along with a brief study of payroll tax requirements.

The chapter adds to the small business tax study with a discussion of the unequal compliance burden that small businesses experience when compared to larger firms. American attitudes toward small business are also introduced in this chapter. As the study progresses to small business non-compliance literature, an in-depth examination of the nation's tax gap, and the fairness of the estimates used to calculate the tax gap is included. The study proceeds to a discussion of evasion, complexity, knowledge, cost and perceived fairness, and how these factors interact to affect small business compliance. Finally, the chapter is completed with a discussion of the need for more effective tax compliance tools for small businesses.

### **2.2 History of U.S. Taxation**

In comparison to many other countries across the globe, the U.S. is a relatively young country. Literature from the U.S. Department of the Treasury and several other authors gave a historical perspective on the U.S. tax system. The Treasury (U.S. Department of the Treasury, 2017a: Online) gave a full account of the history of the earliest need for tax collection. During the

American Revolutionary War, while seeking independence from Great Britain, the founding fathers of the U.S. created the Continental Congress but gave it no authority to levy or collect taxes. The newly created Congress also lacked the global recognition needed to obtain international funding for critical war efforts. In desperate need of funds, in 1775, Congress issued a paper currency which promised “redemption in coin on faith in the revolutionary cause.” Each colony was then required to contribute to the Congress’ treasury. The Treasury website completed their version of a historical narrative with the Act of 1789, which created the Department of the Treasury and became a permanent institution overseeing the nation’s finances. With the creation of the Department of the Treasury came acts, amendments and reform as Congress sought the best U.S. tax system.

Terrell (2012: Online) added to the historical narrative of the U.S. taxation system and its need for additional war funding when Congress passed the Revenue Act of 1861 to support the Civil War expenses. Terrell reported that it was not until 1913 that the 16<sup>th</sup> Amendment to the Constitution allowed the Federal government to tax personal income. According to Terrell, more changes in the 1950s claimed a significant tax reform, but not until the IRS Restructuring, and the Reform Act of 1998 was there major reorganisation. The author called the Reform Act of 1998 the “most comprehensive reorganization and modernization of IRS in nearly half a century.”

Johnson (2016) complemented the historical narrative with a thorough and detailed study of the history of taxation between the years of 1981 and 2001. Johnson claimed that the Economic Recovery Tax Act of 1981, the Tax Reform Act of 1986, the Omnibus Budget Reconciliation Act of 1993, and the Economic Growth and Tax Relief Reconciliation Act of 2001 had a significant impact on U.S. taxation. The Economic Recovery Tax Act of 1981 (Tax Foundation, 2004: Online) demanded a smaller government to increase disposable income. The Act provided the opportunity for increased consumer purchasing power and ultimately, economic growth. The Foundation continued to report on the Economic Recovery Tax Act of 1981, calling the Act a “watershed event in the history of Federal taxation.”

Johnson (2016: p.77) reported that the Reform Act of 1986 implemented numerous changes for the individual taxpayer. Signed by former President Ronald Reagan on October 1986, the Act was written to “promote fairness, efficiency and simplicity”. According to Johnson, the Act offered the

most significant reform of the Code in fifty years. The Tax Reform Act of 1986 or H.R. 3838 became commonly known as the “Internal Revenue Code of 1986” (Joint Economic Committee, 1996: Online).

The Omnibus Budget Reconciliation Act of 1993 focused on special tax preferences that had grown in number from 74 in 1974 to 124 in 1993. These special tax preferences consisted of “124 separate exemptions and exclusions of income, deductions, credits, deferrals, and preferential tax rates” (U.S. Government Accountability Office, 1994: Online). The special tax preferences of the Omnibus Budget Reconciliation Act of 1993 were designed (Tax Policy Center, 2015: Online) to:

- increase tax liability for corporations;
- increase tax liability for wealthy individuals;
- increase aid to low-income earners; and
- decrease deductions for businesses.

The Economic Growth and Tax Relief Reconciliation Act of 2001 took effect early in former President George W. Bush’s administration after his predecessor President Bill Clinton’s eight-year administration was credited for only one tax cut (Edwards: 2006). This Act was known for implementing a 1.35 trillion-dollar tax cut over ten years.

Georgetown University (2017: Online) added to the study of the history of U.S. taxation and referred to three major enactments to the Internal Revenue Code. At the time of the present study, the current Code version was the Internal Revenue Code of 1986. The University reported that approximately every few decades, significant changes are made, and new versions are introduced into the tax system. Prior Code versions were the 1939 Internal Revenue Code and the 1954 Internal Revenue Code. According to Georgetown University, federal tax law changes before 1939 were considered to be individual Revenue Acts and not Code changes.

Finally, this U.S. history of taxation section ends with a study by Wolters Kluwer (2018: Online), a company supporting “legal, business, tax accounting, finance, auditing, risk and compliance” services. The company has studied the IRS’s account of tax for more than 100 years. In 2013, authors Bonacum, Scott and Au (2013: Online), associates of Wolters Kluwer, reported the 1913 U.S. nominal tax rates and brackets and compared those rates and brackets in 2013 dollars. The

1913 highest tax rate of seven per cent began with the taxable income bracket of \$500,000, with no separate tax bracket for the head of household, married or single taxpayer. When adjusted for inflation to 2013 dollars, the authors illustrated that the 1913 tax rate of seven per cent correlated to an 11.6 million dollar tax bracket in 2013.

**Table 2.1 1913 Tax Rate and Brackets with 2013 Inflation Adjustment**

1913 Nominal Rate		1913 Adjusted for 2013 Inflation	
Tax Rate	Tax Brackets	Tax Rate	Tax Brackets
1.0%	\$0 to \$20,000	1.0%	\$0 to \$463,826
2.0%	\$20,000 to \$50,000	2.0%	\$463,826 to \$1,159,566
3.0%	\$50,000 to \$75,000	3.0%	\$1,159,566 to \$1,739,348
4.0%	\$75,000 to \$100,000	4.0%	\$1,739,348 to \$2,319,131
5.0%	\$100,000 to \$250,000	5.0%	\$2,319,131 to \$5,797,828
6.0%	\$250,000 to \$500,000	6.0%	\$5,797,828 to \$11,682,677
7.0%	\$500,000 and more	7.0%	\$11,595,657 and more

Source: Bonacum et al. (2013)

The authors included the 2013 tax rates and brackets that showed the highest tax rate to be 39.6 per cent.

**Table 2.2 2013 Tax Rate and Bracket**

Tax Rate	2013 Taxable Income	
	<u>Single Filers</u>	<u>Married Joint Filers</u>
-		
10.0%	\$0 to \$8,925	\$0 to \$17,850
15.0%	\$8,925 to \$36,250	\$17,850 to \$72,500
25.0%	\$36,250 to \$87,850	\$72,500 to \$146,400
28.0%	\$87,850 to \$183,250	\$146,400 to \$223,050
33.0%	\$183,250 to \$398,350	\$223,050 to \$398,350
35.0%	\$398,350 to \$400,000	\$398,350 to \$450,000
39.6%	\$400,000 and up	\$450,000 and up

Source: Bonacum et al. (2013)

Although at the time of this study, there was no final approved Code reform to replace the current Internal Revenue Code of 1986, Americans were interested in tax reform. On December 12, 2017,

just weeks before the newly elected President Donald Trump took office, a Google search (Google, 2017: Online) on “Trump’s Tax Plan” resulted in 9,020,000 search results.

Taxpayers were especially interested in tax reform for small businesses (Tax Foundation, 2018b: Online). The Foundation reported a growth rate trend in sole proprietors, reporting that more net small business income was reported on individual returns compared to what had been traditionally reported on C corporation returns.

The Business News Daily (D’ Angelo, 2018: Online) reported on tax legislation that took place just weeks after President Trump took office. The Business News called the legislation “one of the most significant tax overhauls passed in decades.” Business News reported of a poll conducted by Insureon and Manta of 2,700 small business owners. The poll evaluated small business owners’ attitudes concerning tax law changes made in early 2018. The survey determined that almost 85 per cent of owners were optimistic about the tax legislation and approximately 40 per cent of the small business owners surveyed planned to hire additional employees with their tax savings. Although the poll revealed optimistic small business owners, it will take several years before Trump’s tax reform is fully recognised.

### **2.3 U.S. Small Business Taxation**

The Small Business Administration (2012a) defined a small business as an entity with fewer than 500 employees. The IRS (2018c) does not define a tax entity, nor does it recognise a “small business” as a tax entity. Instead, the IRS requires business entities to choose a business structure to determine how profits or losses are reported, what forms are required, and how the small business’ taxes are calculated.

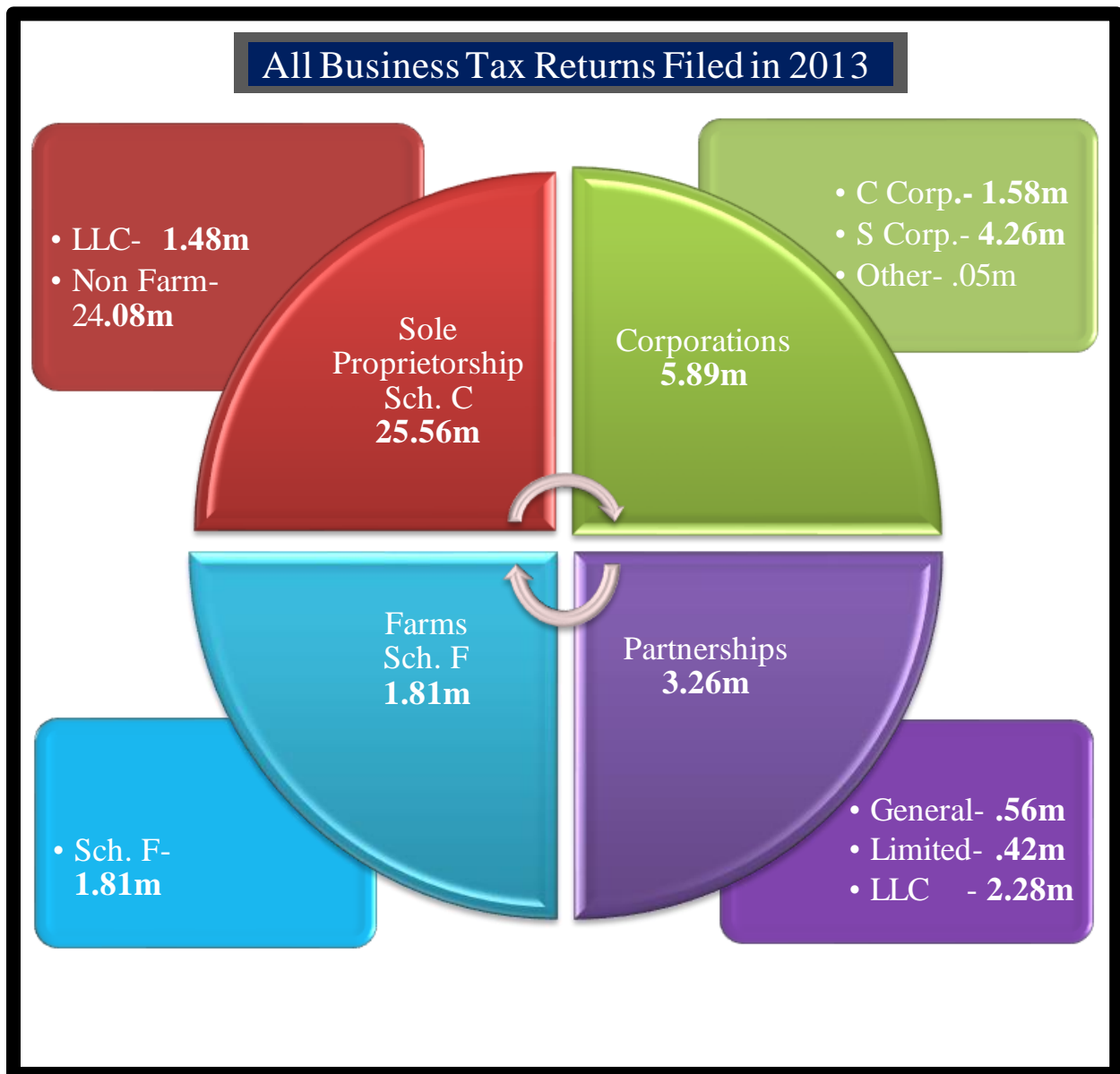
The U.S. Treasury (Tax Foundation, 2018a: Online) estimated that approximately 40 per cent of all small business taxes were paid through non-corporate tax returns and passed through to the individual by filing a Schedule C with the taxpayer’s personal return. The Foundation also suggested that “pass-through business income tends to be far more stable than traditional corporate income.”

Sole proprietor jobs continue to have an impact on the U.S. economy with little fluctuation over the last decade. The U.S. Bureau of Labor Statistics (2018a) reported self-employed in 2008 of

15.8 million (incorporated and unincorporated) and showed little change in the 2017 self-employed of 15.4 million people (incorporated and unincorporated).

A thread that runs throughout this thesis is the significance of small businesses in the U.S. Figure 2.1 shows the volume of federal tax returns filed by all businesses structure, with the majority of businesses choosing to file as sole proprietors. All business tax returns filed in 2013 are shown below, and a discussion of each business entity follows.

**Figure 2.1 All Business Tax Returns Filed in 2013**



Source: Researcher’s Summary, based on Internal Revenue Service (2013a; 2014a; and 2016c)

A brief explanation of the sole proprietorship, partnership, S corporation, C corporation and limited liability company (LLC above) business structures is provided below, together with the primary tax forms required for each entity (a complete list of forms can be found in APPENDIX D – Business Structures Forms and Instructions). Depending on each business’ transactions, other schedules and forms may be required in addition to those mentioned below. Unless otherwise cited, all of these descriptions were adopted from the IRS (2018m: Online).

Sole Proprietorship— A sole proprietorship is an unincorporated business structure owned by one individual who is responsible for the tax liability. The sole proprietorship is the easiest entity to start and the most common business structure. The owner self-reports the detail of his or her business income and expenses on a Schedule C, and the net profit or loss is included on his or her Form 1040, Individual Income Tax Return. The sole proprietorship is a pass through entity. A pass-through entity does not pay any tax, but adds any income or loss to the taxpayer’s other personal income tax. The following forms apply to a sole proprietorship:

1040-U.S. Individual Income Tax Return: Schedule C or Schedule C-EZ-Profit or Loss from Business Schedule SE-Self-Employment Tax; Employment Taxes: 941-Employer’s Quarterly Federal Tax Return 940-Employer’s Annual Federal Unemployment Tax Return SUTA-State Unemployment Tax Act- State requirement W-2-Wage and Tax Statement W-3-Transmittal of Wage and Tax Statements; 1040ES-Estimated Tax for Individuals: and 511-Oklahoma Resident Income Tax Return.
--

Partnership— A partnership consists of two or more owners sharing in the profits and losses and contributing assets, labour and skill to the business. The partnership is another pass-through entity. Therefore, the partnership does not pay taxes but files an annual information return, where the profits or losses from the partnership are passed to each individual partner’s personal tax return. Each partner’s share of income or loss is reported to them on a form K-1, and each partner reports his or her share of the partnership’s income or loss on his or her personal income tax return. The following forms apply to each partner in a partnership:

1065-U.S. Return of Partnership Income:

Schedule K-1-Partners Share of Income, Deductions, Credits,  
etc.;

Employment Taxes:

- 1) 941-Employer's Quarterly Federal Tax Return
- 2) 940-Employer's Annual Federal Unemployment Tax Return
- 3) SUTA-State Unemployment Tax Act- State requirement
- 4) W-2-Wage and Tax Statement
- 5) W-3-Transmittal of Wage and Tax Statements;1040-U.S. Individual

Income Tax Return:

Schedule E-Supplemental Income and Loss  
Schedule SE-Self-Employment Tax;1040ES-Estimated Tax for  
Individuals; and

511-Oklahoma Resident Income Tax Return.

S Corporations— S corporations are corporations that elect to include their business tax liability on the owner's personal income tax return to avoid being subject to corporate tax rates. S corporations are considered pass-through entities. All S corporate tax credits, deductions, income and losses flow through from an informational Form K-1 to the owner's personal tax return. To meet the necessary qualification for an S corporation election, a corporation must:

- be domestic;
- have fewer than 100 shareholders;
- have only one class of stock;
- have qualifying shareholders who may include individuals, certain trusts and estates; and
- have qualifying shareholders who may not include partnerships, corporations, non-resident foreign owners, domestic corporations with international sales, insurance companies or certain financial institutions.

The following forms apply to S corporations:

1020S-U.S. Income Tax Return for an S Corporation:

1120S Schedule K-1-Shareholder's Share of Income,  
Deductions, Credits, etc.;

Estimated Tax: 1120 - W;

Employment Taxes:

- 1) 941-Employer's Quarterly Federal Tax Return
- 2) 940-Employer's Annual Federal Unemployment Tax Return
- 3) SUTA-State Unemployment Tax Act- State requirement

4) W-2-Wage and Tax Statement  
5) W-3-Transmittal of Wage and Tax Statements;  
1040-U.S. Individual Income Tax Return:  
    Schedule E-Supplemental Income and Loss  
    Schedule SE-Self-Employment Tax;  
1040ES-Estimated Tax for Individuals; and  
512-S-Oklahoma Small Business Corporation.

C Corporations — A C corporation, a regular corporation (unlike an S corporation), is a type of business structure where interested investors can become owners by exchanging funds or assets for a corporation’s capital stock. Shareholders enjoy the protection of an entity that is legal and separate from its owners and may have voting rights. According to the Tax Foundation (2018b), since the 1980s, firms have been shifting from the C corporations to pass-through entities. The Tax Foundation (2018b) reports that the number of traditional C corporations has decreased from 7.4 million to 1.7 million over the last three decades. The C corporation is responsible for paying its corporate tax liability and distributes profits to its shareholders. The distribution of profits creates a tax liability for the corporation and the shareholder, causing the imposition of a double tax. When a corporation distributes dividends, those distributions do not reduce the corporation’s income or tax liability; when the owner receives the dividend, the distribution is taxed a second time as it increases the shareholder’s income or tax liability. Therefore, the corporation and the shareholder pay tax on the dividend distribution. The following forms apply to a C corporation:

1020-U.S. Return Corporation Income Tax Return;  
Employment Taxes:  
    1) 941-Employer’s Quarterly Federal Tax Return  
    2) 940-Employer’s Annual Federal Unemployment Tax Return  
    3) SUTA-State Unemployment Tax Act- State requirement  
    4) W-2-Wage and Tax Statement  
    5) W-3-Transmittal of Wage and Tax Statements;  
1120-W-Estimated Tax Payments for Corporations; and  
512-Oklahoma Corporations Income Tax Return.

Limited Liability Company — In the U.S. the limited liability company requirements are regulated by each state and a limited liability company has flexible tax reporting options. In most states, the owners can be individuals, corporations, other limited liability companies, or foreign businesses but not financial institutions such as insurance companies or banks. Generally, there are no restrictions regarding the maximum or minimum numbers of owners. Depending on state

restrictions, elections, and the number of members, the IRS can treat a limited liability company as a partnership, a corporation, or a sole proprietor. By default, a limited liability company pays taxes as a sole proprietor, but a domestic limited liability company with at least two members files as a partnership unless it has filed a Form 8832, Entity Classification Election. If a limited liability company first files a Form 8832, electing to be taxed as a corporation, the company can then choose to file a Form 2553, Election by a Small Business Corporation, and elect to file taxes as an S corporation.

The following forms apply to a limited liability company:

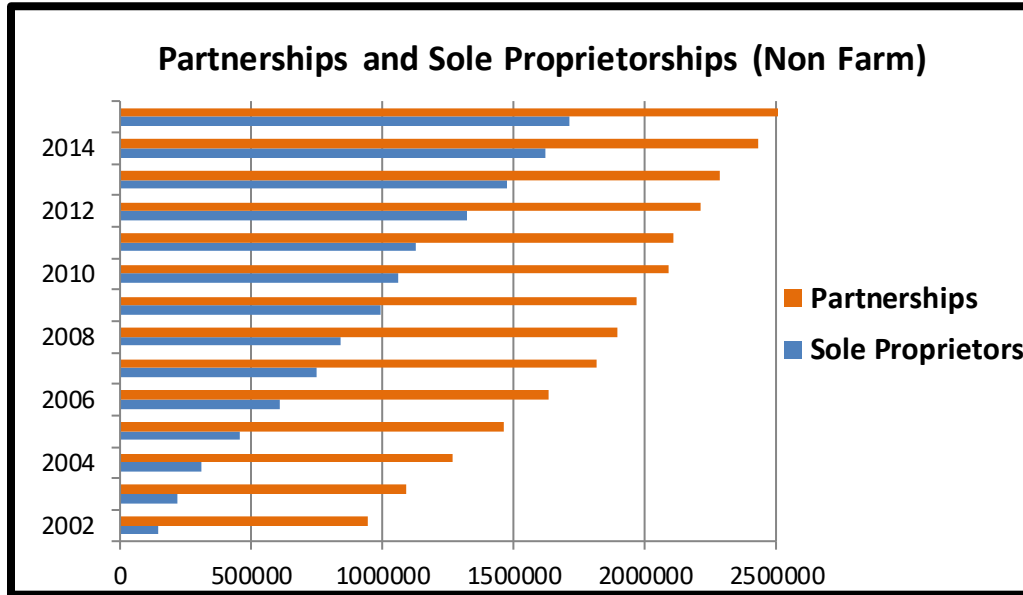
Form 8832-Entity Classification Election; and  
Form 2553-Election by a Small Business Corporation (to file as an S corporation).  
A Limited Liability Company can elect to file as a/an (see the above business structures):

- 1) Sole Proprietor, 1040-Schedule C;
- 2) Partnership, 1065;
- 3) C Corporation, 1120; or
- 4) S Corporation 1120S.

Wood and Woodruff (1993) reported that the limited liability company was a relatively new U.S. business structure. The first U.S. limited liability company statute was created in 1984 by the state of Wyoming, and in May 1992, Oklahoma adopted its own Limited Liability Company Act.

The IRS reported that the most common limited liability companies are partnerships and sole proprietorships. The number of registered limited liability companies filing tax documents as sole proprietorships and partnerships is shown in Figure 2.2. Table 2.3 shows the number of sole proprietorships, partnerships, S corporations and C corporations by number of employees.

**Figure 2.2 U.S. Sole Proprietors and Partnerships Registered as Limited Liability Companies (non-farm)**



Source: Researcher’s summary based on Dungan (2016) and Internal Revenue Service (2016c)

**Table 2.3 Number of Small Business Firms for Tax Year 2016 by Employee and Legal Business Structure**

<u>Business Type</u>	<u>Non-Employee</u>	<u>Small Employer</u> (1-19 Employees)	<u>Medium Employer</u> (20-99 Employees)	<u>Large Employer</u> (100-500 Employees)
<b>Sole Proprietorship</b>	<b>96.0</b>	<b>4.0</b>	<b>&gt; 1</b>	<b>&gt;1</b>
<b>Partnership</b>	<b>20.0</b>	<b>78.3</b>	<b>1.5</b>	<b>&gt;1</b>
<b>S-Corporation</b>	<b>26.0</b>	<b>66.3</b>	<b>7.5</b>	<b>&gt;1</b>
<b>C-Corporation</b>	<b>15.0</b>	<b>67.0</b>	<b>14.4</b>	<b>3.6</b>
<b>Due to rounding, totals may differ from 100 per cent</b>				

Source: Researcher’s summary based on the U.S. Census Bureau (2016a; 2016b)

Regardless of which business entity a small business owner chooses, additional knowledge is required for payroll taxes as these businesses grow and employees are hired. Payroll is a challenging and time-consuming accounting task involving the employer, employee, and the federal and state governments. This leads to many small firms choosing or being forced to seek external payroll services. The National Small Business Administration (2017) survey reported that 68 per cent of small firms using an external service spent \$500 or more each month on a payroll service company. Payroll tax complexity seemed the likely reason that more than 50 per cent of small firms with more than five employees reported the use of an external payroll service.

The IRS (2018b) informed business owners that according to the Federal Insurance Contribution Act, employers are required to withhold payroll taxes that consist of social security taxes and Medicare taxes, and federal, state and city (when applicable) income taxes from the employee's wages. The Social Security Administration (2018: p.1) described social security as help for "older Americans, workers who become disabled, and families in which a spouse or parent dies." Medicare (2018: Online) explained their purpose as a "federal health insurance program for people who are 65 or older and certain younger people with disabilities."

Adding to the complex maze of tax compliance requirements, the IRS (2018b) explained that employers were obligated to act as a third party by reporting wages to the Department of the Treasury. The IRS continued to explain that businesses were required to withhold payroll taxes from the employee's wages and make timely deposits with the IRS. The website instructed business owners that at the cost of the employer, small businesses with a minimum of one employee were responsible for withholding, filing and paying payroll taxes as well as matching the payment of the employees' social security and Medicare. The 2018 withholding for social security was 6.2 per cent and 1.45 per cent for Medicare. The IRS (2018b) explained further that once an employee reached the maximum wage subject to social security taxes (\$128,400 for the 2018 tax year), the social security tax was no longer withheld from the employee's pay and the employer was no longer required to make social security deposits for that employee. At the time of this study, Medicare taxes had no maximum wage limit. The IRS instructed businesses that payroll taxes were reported on a Form 941 quarterly (if required), and then annually on Form 944.

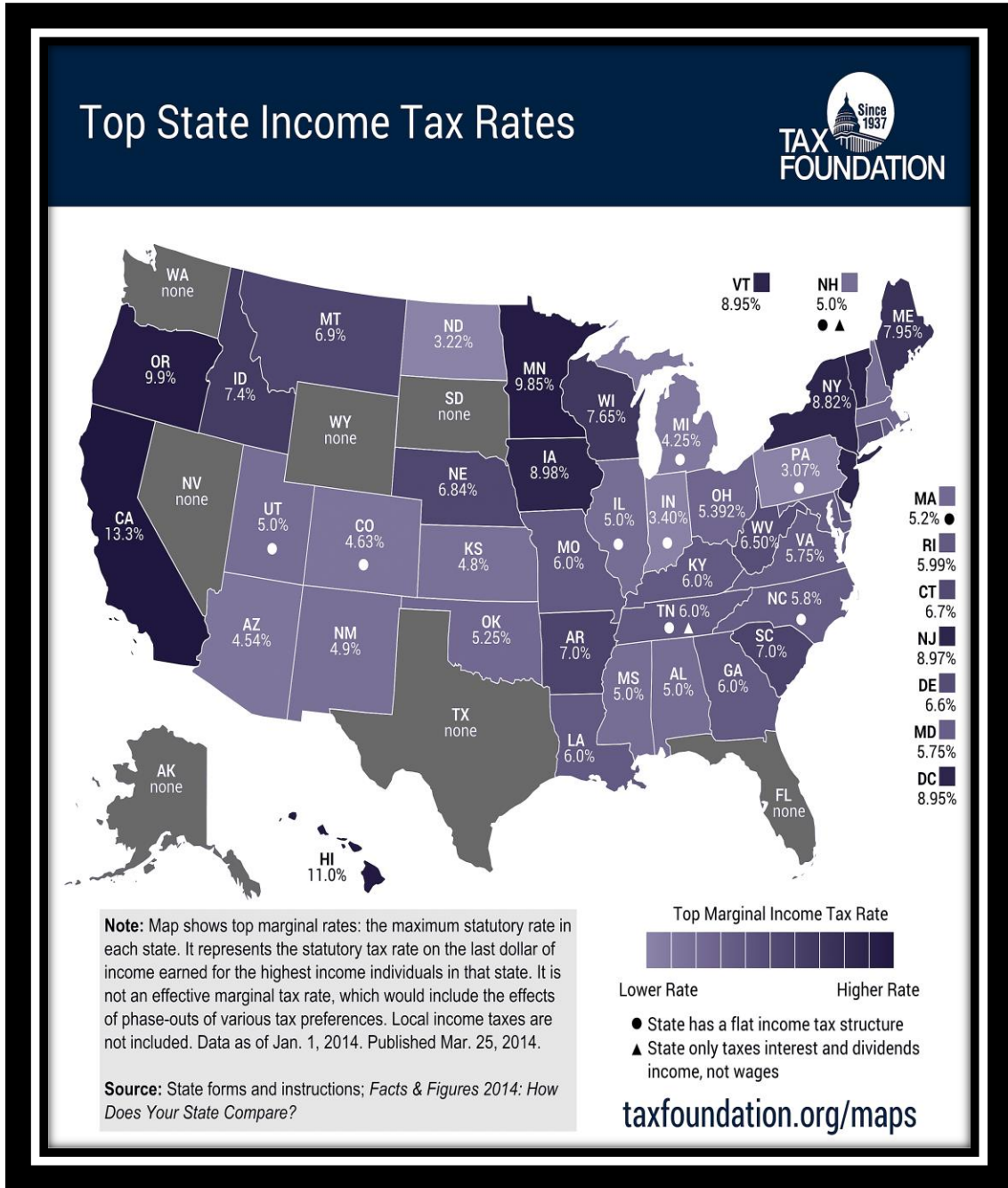
Included in payroll taxes (Internal Revenue Service: 2018b) are federal and state unemployment taxes. The IRS explained that unemployment taxes are paid by the employer and serve as temporary income in case the worker becomes unemployed. The Federal Unemployment Tax Act requires taxes to be paid by the employer and not the employee. The taxes are filed annually on Form 940, Employer's Annual Federal Unemployment Tax Return. In 2018 (Internal Revenue Service: 2018b), the federal unemployment taxes were calculated by multiplying .06 or 6 per cent up to the first \$7,000 of each employee's wages. There were no federal unemployment taxes owed on employee wages after the maximum was reached in a calendar year, and a credit was available to qualifying employers.

In addition to federal unemployment taxes, the State Unemployment Tax Act requires each state to govern unemployment at the state level. Oklahoma employers pay state unemployment taxes (Oklahoma Employment Security Commission: 2018). The taxes are reported quarterly on Form OES-3, Employers Contribution Report. For the state of Oklahoma, the 2018 rates are complicated computations that are calculated annually by the state and based on "an employer's benefit wage ratio, state experience factor and conditional factor" (Oklahoma Employment Security Commission, 2018: Online). According to the Commission, rate changes are effective January 1 of each year, and the employers are notified on or before September 30 prior to the rate change notice on Form OES-48, Notice of Employer's Contribution Rate. Oklahoma businesses (except for non-profit 501c3 organisations) are required to pay state unemployment tax if the business employs "...one or more workers in each of twenty different calendar weeks during a calendar year or if they have a payroll of \$1,500 in a calendar quarter or are liable under the Federal Unemployment Tax Act" (Oklahoma Employment Security Commission, 2018: Online). Federal and state payroll tax compliance is complex. There are limitations, credits, exemptions, deadlines, penalties, and continuous modifications. It seems that the only thing that taxpayers can be sure of with regard to taxation is the assurance that it will change. Without the necessary knowledge, payroll taxes are a daunting task. McEldowney, Barton and Ray (1993) stated that withholding errors caused by omissions or miscalculations can cause harm to employers and employees. The authors continued that employees may also suffer when an employer withholds payroll taxes from the employee wages but fails to correctly deposit those withholdings with the appropriate tax authority.

The number of small businesses and their capital asset purchases impacts the U.S. economy significantly. Another necessary tax form that can affect a small business' revenue statements, and therefore the tax liability, is Form 4562, Depreciation and Amortization (Internal Revenue Service, 2017a: Online). According to Form 4562 instructions, the Form 4562 is used to expense the cost of tangible capital such as buildings, equipment, and vehicles (land is not depreciated) and intangible assets such as trademarks, copyrights and patents, over the useful life of the asset. The instructions explain that generally, every asset used in the production of income can be depreciated (for tangible property) and that depreciation begins in the year of purchase (or the first year of use) and ends when the asset has been fully depreciated, disposed of, or is no longer in use. Form 4562 is also used (with limitations) to depreciate the full cost of an asset in the year of purchase using Section 179 rules. There are numerous limitations, methods, allowances, special rules and property definitions that are explained in the instructions, which makes depreciation calculations challenging. To add to the list that makes depreciation challenging, the IRS makes available (for the 2017 tax year) a 23-page instruction manual for Form 4562 (Internal Revenue Service: 2017a), a 115-page Publication 946, "How to Depreciate Property" (Internal Revenue Service: 2017b) and a 21-page Publication 534, "Depreciating Property Placed in Service Before 1987" (Internal Revenue Service: 2016a).

In addition to federal tax requirements, the Tax Foundation (Bishop-Henchman, Stone & Borean: 2014) reported that most U.S. small businesses are taxed at the state and local level. The states of Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming levy no state income tax, while Tennessee and New Hampshire only tax interest and dividend income at the state level (Tax Foundation: 2017). Bishop-Henchman et al. (2014) continued that in comparison to the other U.S. states, the taxpayers of California pay the highest state income tax, and the wealthiest Californians paid an additional "millionaire's tax."

Figure 2.3 Top State Income Tax Rates



Source: Bishop-Henchman et al. (2014)

## 2.4 U.S. Small Business

More than a decade has passed with little change since the former Chief Counsel for Advocacy reported that “small businesses, ... make up more than 99 per cent of all U.S. businesses and employ over one-half of the American workforce...[and] make valuable contributions to the U.S. economy...” (Sullivan, 2007: p.3). According to the Small Business Administration (2016a), 99.7 per cent of all U.S. businesses in 2007 were small businesses and small businesses employed 51.1 per cent of the American workforce. Published in spring 2018 as the most current small U.S. business profile at the time of this study, the Small Business Administration (2018a) reported that small businesses made up 99.9 per cent of all U.S. businesses and 47.5 per cent of all U.S. employees.

The Organization for Economic Cooperation and Development (2016: p.25), an organisation made up of over 40 economies that worked together to create sustainable global economic growth, reported that small businesses “are subject to more severe market failures” than larger firms. Welsh, White and Dowell (1981) discussed the uniqueness of small businesses in comparison to larger firms in an article entitled: *A Small Business is Not a Little Big Business*. The authors noted that traditionally, small businesses were thought to have the same needs and principles as big businesses. According to the article, traditionally, it was thought that the only differences between small firms and large firms were smaller revenue, fewer assets and smaller numbers of employees. The article explained that size alone distinguishes small firms from larger firms and the unique conditions experienced by small firms only creates such an unforgiving environment due to the small businesses’ lack of experience or knowledge that is difficult if not impossible for a small business with few resources to overcome. Thomas Sullivan, former Chief Counsel for Advocacy (2007: p.3), agreed that small businesses compared to the largest firms, experience a “disproportionate burden”. Welsh et al. (1981) reported that larger companies have more resources and include a larger staff of experts and financial resources that offer a security that is not available to small businesses. The authors called these insufficient resources for small businesses “resource poverty”. Resource poverty, according to the authors, was the reason small businesses experience challenges that uniquely distinguished them from larger firms and could ultimately cause a small business to fail.

### **2.4.1 American Attitudes**

Small businesses enjoy a positive reputation and high approval rates from Americans. Shane (2013: Online) reported that the Pew Foundation survey results indicated that American small businesses “may be the most popular institution in America.” Small business owners “work more hours and make less money than the rest of us,” said Shane, and Americans viewed small businesses as creating more jobs and economic growth than government or large corporations. He continued to report that most large businesses start small and that Americans see small business owners as a friend to the community. Shane suggested that Americans admire those risk-takers that are willing to dream the “American Dream” and eventually own their own business. Sullivan and Moutray (2005) stated that entrepreneurship has long been the dream that gives individuals the chance to achieve their version of the American Dream.

Three famous and large American companies that started as small businesses are Dell, Coca-Cola and Kellogg’s. In 1984 Michael Dell (Dell Technologies: 2017), an 18-year-old freshman at the University of Texas at Austin, took \$1,000 of his savings and created a made-to-order computer company. More than three decades later, Dell Technologies reported 2017 revenues of \$61.6 billion.

Coca-Cola’s website (Coca-Cola: 2017) gave an account of the company’s history beginning in 1886. John Pemberton created a syrup in his neighbourhood pharmacy in Atlanta, Georgia. At the end of the first year, his average sales were nine servings a day. More than 130 years later, Coca-Cola estimated that 1.9 billion servings of Coca-Cola products were sold daily around the world.

In 1898, the Kellogg brothers (Kellogg’s: 2017), working in a hospital cafeteria in Battle Creek Michigan, accidentally left a shredded wheat mix, out overnight. The next morning the wheat mix was thought to be ruined, but the brothers decided to crush the wheat and turn it into a flaked cereal for use by the patients and families. Continued efforts eventually created Kellogg’s Corn Flakes. Kellogg’s website boasted of selling their many products in 180 countries.

According to a 2011 Public Affairs Pulse Survey, conducted by Princeton Survey Research Associates International (2011), 1,753 adults throughout the 50 continental states were surveyed regarding “What Americans Think About Business.” The survey results showed that Americans viewed small business owners as being honest and trustworthy, with only seven per cent of

participants thinking that small business owners had **low** ethics. The survey showed an inverse relationship when comparing small business owners with corporate executive officers; participants thought only six per cent of corporate executive officers had **high** ethics. The survey also found that nine of ten Americans had an overall favourable view of small business, and 62 per cent would prefer to shop with a small business even if a large national firm offered a better price.

Graham (2011) believed the small business' favourable consumer ratings above larger firms were related to small businesses offering excellent communication and after-the-sale service that customers seek. The author continued, stating that customers were seen as a friend to small business and were willing to pay more for a product or service to receive the personal and individual attention given by the small business owner.

Positive reports from Americans regarding small businesses continued with a second Public Affairs Pulse questionnaire in 2012 (Princeton Survey Research Associates International, 2012: Online). The survey titled "American Views on Business in an Election Year", was conducted across the 50 states where 1,750 adults rated ethics and honesty highly for small business owners but poorly for corporate executive officers. The survey asked about the government regulations for small businesses, health insurance companies, oil and gas companies, large corporations, and banks and financial institutions. American participants felt that small businesses were the most heavily regulated and unfairly burdened institutions.

Consistent with the findings in the 2011 Public Affairs Pulse survey, the 2012 Public Affairs Pulse survey (Princeton Survey Research Associates International, 2012: Online) found that two-thirds of the respondents preferred to shop with "a smaller local company that may have somewhat higher prices." The 2012 results showed that prospective American voters had a more favourable view of small business than the views expressed toward state and federal governments. When the participants were asked about the role that small businesses, labour unions, major companies, and the government played in helping middle-class Americans, the survey found that 51 per cent of the American participants thought that small businesses were the most important economic factor that had benefited middle-class Americans over the last 50 years. When the participants were asked to think ahead to the next half of a century and to consider the same economic impact of the same institutions, the survey results were generally unchanged in every category.

In 2013, a third Public Affairs Pulse Survey (Princeton Survey Research Associates International, 2013: Online), focusing on small businesses, questioned 1,604 Americans in the survey titled “What Do Americans Expect from Business?” The results found that Americans for the third year in a row felt positively toward small business. The federal government was found by 51 per cent of respondents to be “wasteful and inefficient”. In contrast, 52 per cent of the surveyed Americans thought small businesses were “well-run and efficient”. The 2013 survey agreed with results from the prior two years, showing that almost two-thirds would rather shop with small businesses even if they pay more. The 2013 survey gave additional information on the small business consumers according to income. As income rose, the percentage of consumers wanting to purchase from a small business increased even if the prices were slightly higher. The survey showed that when the participant’s income was:

- \$29,999 or less – 54 per cent would purchase from a small firm even if prices were slightly higher;
- \$30,000-\$49,999 – 66 per cent would purchase from a small firm even if prices were slightly higher; and
- \$50,000 and over – 72 per cent would purchase from a small firm even if prices were slightly higher.

Since the first Public Affairs Pulse Survey in 2011, America’s favourable view of small businesses remained unchanged. The 2014 Public Affairs Pulse Survey (Princeton Survey Research Associates International, 2014: Online) continued the trend, with 91 per cent of respondents reporting a favourable view of American small businesses.

Americans’ positive attitudes toward small businesses continued with results from the Pew Research Center (2015: Online). In the years 2010, 2012, and 2015, the Pew Research’s U.S. Politics and Policy survey asked how “the government compare[s] with other national institutions” and if an institution had a positive or negative effect on “the way things are going in the country”. The mean result for Americans thinking that small businesses had a positive effect on the U.S. was 76 per cent, which was higher than for colleges and universities and churches and religious organisations. Beginning with the most positive responses, the institutions (surveyed in all three years) and the means are listed below:

- small businesses-76 per cent;
- tech companies-69 per cent;
- colleges and universities-61 per cent;
- churches and religious organisations-60 per cent;
- labour unions-38 per cent;
- entertainment industry-32 per cent;
- banks and financial institutions-28 per cent;
- large corporations-28 per cent;
- national news media-27 per cent;
- federal government-24 per cent; and
- Congress-17 per cent.

Dugan (2015: Online) reported the results of the June 2015 Gallup Poll that consisted of 1,527 adults living in each of the fifty continental states. Confidence levels in small businesses continued to increase, as confidence in other institutions, such as banks, and big business remained stagnant. The author suggested that the small business owners live locally, were seen as a friend to the neighbourhood and focused on community needs. According to the author, Gallop Poll results have been keeping up with the “confidence trends” in small businesses since 1998, and other institutions since 1973. For decades the American confidence in small businesses made small firms “the most popular institution in the U.S.” Dugan (2015: Online) continued to convey America’s positive view of small businesses with a quote from the 2014 Presidential Proclamation of National Small Business Week when former President Barack Obama called small businesses the “lifeblood” of the American economy.

#### **2.4.2 Family Business**

Adding to the reputation of small businesses were the many family businesses that were classified as small businesses. The U.S. Department of Commerce (2007, as cited by the Conway Center for Family Business: 2017) supported the idea that family businesses only improved the reputation of small businesses. The Conway Center reported statistics that showed the employees of family businesses stayed with the firm longer than non-family businesses, even when profits were down.

A Harvard Business Review study (Kachaner, Stalk & Bloch, 2012: Online) reported that family businesses experienced fewer layoffs during economic recessions due to a family focus being on “resilience more than performance”. The Review research showed family businesses to be efficient and frugal and quoted one family CEO as saying, “The easiest money to earn is the money we have not spent.”

As reported by the Price Waterhouse Cooper’s Family Business Survey (2016), almost 75 per cent of family businesses believed they had deeper values and ethics than non-family businesses and those values and ethics showed up in their everyday business activities. The same survey results agreed with the Harvard Business Review’s study (Kachaner et al.: 2012) indicating that family businesses considered more than profits when measuring the success of their business. The Survey also found that family businesses felt a sense of responsibility to pass values and ethics on to the next family generation. The Mass Mutual American Family Business Survey (2007) showed similar results, with 60 per cent of participants stating that they believed their family company had higher ethical practices than other firms in their industry.

## **2.5 Tax Gap**

As much as Americans admire and respect small businesses, the IRS (2016b) viewed small businesses as the most significant contributor to the non-compliance tax gap. The IRS defined the gross tax gap as the difference between an individual’s or business’ tax owed and the amount of taxes paid on time. Granzow (2008: p.13) agreed with the IRS and spoke negatively about small businesses, calling them “liars and cheats”. The author suggested that small businesses were less than responsible when paying taxes and reported small businesses’ tax liability to be a significant contributor to the nation’s tax gap.

According to Webley, Robbens, Elffers and Hessing (1991, as cited by Oberholzer: 2007), small business taxpayers experienced little third-party reporting. Without third-party reporting, the taxpayer was responsible for self-reporting income to tax authorities. Small businesses may have used cash extensively, and therefore would have a greater opportunity to avoid paying taxes by not reporting income.

The findings of Kleven, Knudsen, Kreiner, Pedersen and Saez (2010: p.20) suggested that self-reporting “constitutes only about 5% of total income, yet it is responsible for up to 87% of detected taxpayers not paying their tax liability.” The authors continued, stating that small businesses often used cash and were not held responsible for matching their reported revenue to revenue reported by a third-party. According to the authors, a lack of third-party reporting gave the opportunity for non-compliance, while third-party reporting ensured high compliance.

Kleven et al. (2010: p.3) added that 95 per cent of third-party taxpayers were determined to be highly compliant, but not due to integrity. “It is not because taxpayers are *unwilling* to cheat, but because they are *unable* to cheat successfully due to the widespread use of third-party reporting.” Literature was consistent in reporting a high level of tax compliance with high third-party reporting and a positive correlation between tax non-compliance and low third-party reporting (Kleven et al.: 2010; Slemrod: 2007; Hammar, Jagers & Nordblom: 2009).

Thomas M. Sullivan (2007), former Chief Counsel for Advocacy, appointed by the U.S. President and confirmed by the U.S. Senate, spoke to an assembly by invitation of the U.S. Treasury and the IRS. Considering small business compliance, Sullivan (2007: p.4) says of the endless explanations of the tax gap that they “usually [end] with the conclusion that small businesses and sole proprietors are to blame for the largest share of the gap.” According to Sullivan, an extreme tax compliance burden was experienced by the small firms to which large firms were immune. The author continued that an Advocacy study showed that small businesses were subject to high compliance burdens with small firms being responsible for 56 per cent of the costs. The study showed that “small entities pay 40% more for tax compliance than employers with 500 or more employees” and those small entities were often looked upon as “low hanging fruit”.

Charles Rossotti (2005: p.12), former Commissioner of the IRS and author of *Many Unhappy Returns: One Man’s Quest to Turn Around the Most Unpopular Organization in America*, seemed familiar with the idea of “low hanging fruit”. The author gave details of a Senate hearing where charges were made against the IRS by Jennifer Long, an IRS agent, and others. Republican Senator William Roth of Delaware, attorney, and Chairman of the Senate Finance Committee that oversaw the IRS had a reputation for exposing IRS scandals. Roth addressed the audience at the Senate Finance Committee hearing room. In attendance were Michael Dolan, former IRS Acting Commissioner and his staff, their accusers, the Senate Finance Committee, and Roth’s

investigators. In addition to Long's testimony, six additional IRS agents testified about the unfair treatment of the IRS. Although six agents chose to be hidden behind a large screen to conceal their identity, Long chose to testify without protecting her identity and claimed it was IRS policy to "pick on the weak taxpayers" and "pursue taxpayers believed to be vulnerable."

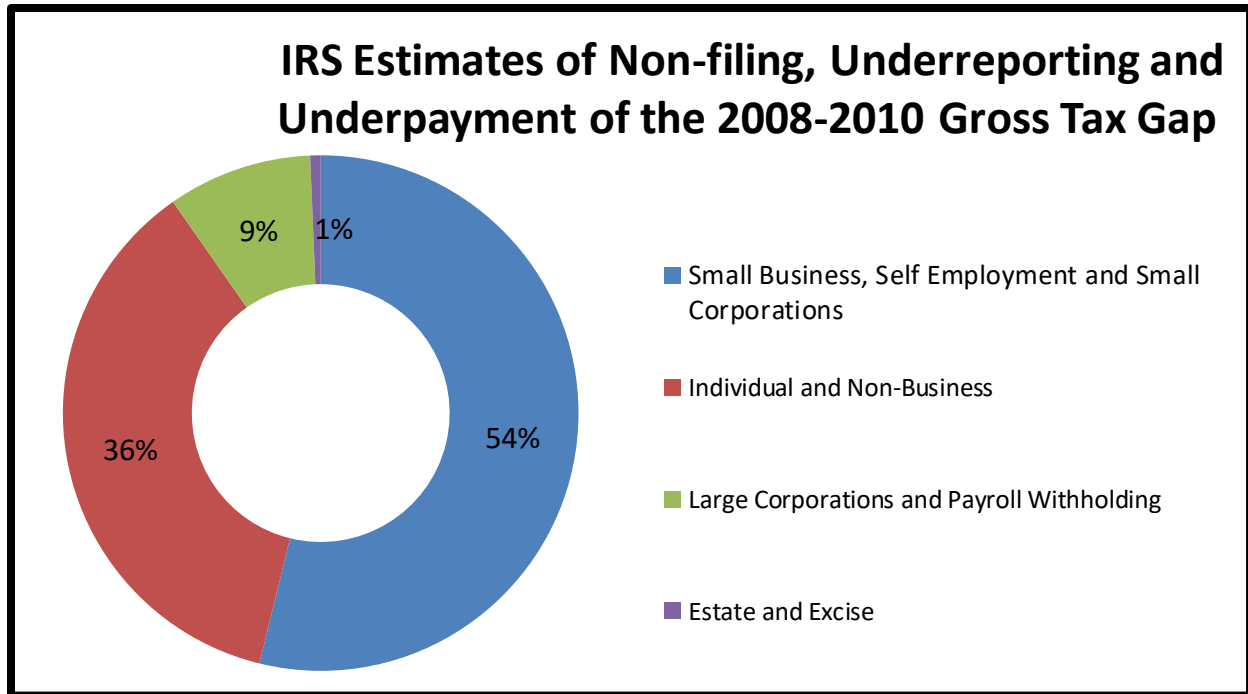
Sullivan (2007) reported that honest, taxpaying small businesses believed they were being punished with additional burdens because of the 14 per cent of non-compliant small business taxpayers. Sullivan agreed with Rossotti that small businesses were a "sitting target" with limited resources and knowledge for a powerful government looking for "low hanging fruit".

According to attorney Joel Androphy (Pavlo, 2015: Online), "there are hundreds of millions [of dollars] that the government could go after." The attorney continued, stating that the large corporations were too sophisticated in their financial practices and controls, and therefore "skate around paying taxes". Androphy added that most of the IRS's caseloads are for claims of less than \$2 million and those claims were aimed at easier small business prey. He stated that everyone should pay their fair tax, but when they do not, large corporations can battle the IRS at a very different level than the small business. Finally, he suggested the enforcement seemed to be directed at those who are least able to fight.

The IRS (2016b) reported an estimated gross tax gap average for the years 2008 through 2010 of \$458 billion and expected to eventually collect \$52 billion, leaving a net tax gap of \$406 billion. Corresponding to the gross tax gap was the voluntary compliance percentage rate, which measured relative compliance and was calculated by dividing the taxes received on time and voluntarily by the total true tax. For the years 2008 through 2010, the estimated voluntary compliance percentage rate was 81.7 per cent. Corresponding to the net tax gap was the net compliance percentage rate and was calculated by taking the sum of total taxes paid (voluntarily and timely and late taxes paid eventually) by the total true tax. The estimated net compliance percentage for the same years mentioned above was 83.7 per cent. In calculating these "estimates", the IRS explained that the process was challenging and that there was no single approach, but there were numerous assumptions and approaches used to assess taxpayer compliance. The IRS continued that each assumption and or approach was subject to non-sampling and sampling errors and "the uncertainty

of the estimates is not readily captured by standard errors”, and therefore “standard errors, confidence intervals and statistical comparisons are not reported.”

**Figure 2.4 2008-2010 Non-filing, Underreporting and Underpayment of the Gross Tax Gap**



Source: Researcher’s summary based on Internal Revenue Service (2016b)

The tax gap offered the IRS “estimates” of tax non-compliance in order to inform tax administrators of the problem non-compliance areas which needed intervention. Slemrod (2007) showed concern with the IRS’s tax gap “estimates” and choice of review samples when he spoke of an unfairly represented sample of 46,000 tax returns to examine that oversampled Schedule C filers with sole proprietor income. Slemrod continued that the Schedule C filers represented 46 per cent of the sample even though only six per cent of taxpayers file a Schedule C.

J. Russell George, Treasury Inspector General for Tax Administration (George: 2005), reported self-employed, non-farm businesses were “estimated” by IRS to report 68 per cent of their income; yet in 2000, the IRS examined only 1.55 per cent of the self-employed tax returns. George wondered how the 68 per cent was determined and suggested that the IRS needed to evaluate the calculations used to report the Tax Gap estimates.

George (2005: p.2) explained that “the IRS is not confident in the reliability of certain components of the tax gap estimate.” George stated that the self-employed non-farm businesses were estimated to underreport their income to the IRS by 32 per cent and those self-employed businesses operating on a cash basis were estimated to underreport 81 per cent of their income. With reference to the “estimates”, George reiterated the percentage of self-employed returns chosen for examination were as low as 1.55 per cent, yet the estimates for tax evasion were as high as 82 per cent.

George (2006) reported that in June 1993, the Treasury Department, Office of Management and Budget, and IRS officials “formed a task group to investigate the tax gap and offer recommendations to reduce the gap” (Internal Revenue Service Tax Gap Report: Strategies for Closing the Tax Gap, October 1993, as cited by George, 2006: p.10). George suggested that the most significant areas that the officials noted needed attention were taxpayer education, increasing taxpayer understanding and enforcement. More than 20 years later, as reported in the IRS Tax Gap Report: Strategies for Closing the Tax Gap, the Treasury (U.S. Department of the Treasury: 2016) identified the same significant areas that still need attention:

- re-evaluate taxpayer education;
- increase taxpayer knowledge; and
- costly Government enforcement.

A focal point of the IRS’s “estimate” (2018e: Online) for non-compliant small businesses (specifically the self-employed) was small firms use of self-reporting, use of cash, and lack of information reporting or third-party reporting. Of the underreported portion of the tax gap, the IRS (2016b: p.5) estimated that for the years 2008 through 2010 “income subject to little or no information reporting” was responsible for 72 per cent of the underreporting tax gap. The IRS hoped to narrow the tax gap through the use of third-party reporting forms such as the Form 1099 series.

Slemrod (2007) reported that third-party reporting forced people to be compliant. Fishman (2018) explained that a primary weapon used by the IRS to combat non-reporting income by voluntary taxpayers was third-party reporting in an information return program. The program required any transaction payment to be reported on Form 1099, and the entity or individual making the transaction payment was required to file an information return (most often one of the Form 1099

series) that reported the payment to the IRS. The entity that made the payment was obligated to send a copy of the Form 1099 to the individual or entity that received the payment. Fishman went on to say that in 2012, the IRS's third-party reporting system received more than 2.23 billion information returns that revealed 4.5 million taxpayers whose reported income did not match the information return filed with the IRS, thus under-reporting the payment received.

Fishman (2018: Online), in his article "*How many 1099 Forms Are There?*" catalogued the 1099 forms available for taxpayers. Fishman's list of 1099 forms, letters and titles are replicated below, with the most common 1099s underlined:

- 1099-A, *Acquisition or Abandonment of Secured Property*;
- 1099-B, *Proceeds from Broker and Barter Exchange Transactions*;
- 1099-C, *Cancellation of Debt*;
- 1099-CAP, *Changes in Corporate Control and Capital Structure*;
- 1099-DIV, *Dividends and Distributions*;
- 1099-G, *Certain Government Payments*;
- 1099-H, *Health Coverage Tax Credit (HCTC) Advance Payments*;
- 1099-INT, *Interest Income*;
- 1099-K, *Merchant Card and Third-Party Network Payments*;
- 1099-LTC, *Long-Term Care and Accelerated Death Benefits*;
- 1099-MISC, *Miscellaneous Income*;
- 1099-OID, *Original Issue Discount*;
- 1099-PATR, *Taxable Distributions Received from Cooperatives*;
- 1099-Q, *Payments from Qualified Education Programs (Under Sections 529 and 530)*;
- 1099-R, *Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.; and*
- 1099-SA, *Distributions from an HSA, Archer MSA, or Medicare Advantage MSA.*

Fishman reported that the tax revenue from taxpayer returns not matching the 1099 information forms brought an additional tax assessment of \$7 billion.

Although the IRS enjoyed success in using third-party reporting to increase tax compliance (Fishman: 2018), filing errors by third-party filers created non-compliance problems. Corrections and lag time complicated filing for taxpayers. Harmelink, Nichols and Vandenburg (2006) reported Charles Schwab, Fidelity Investments, Merrill Lynch, Morgan Stanley, Wachovia Securities and UBS AG (the largest full service and discount brokerage houses in the U.S.) had distributed incorrect 1099s (MISC, DIV, INT, 1099B...). The authors stated that Prudential Securities and Wachovia reportedly issued duplicate forms and, in 2007, Wachovia was reported to issue corrected 1099s for 20 per cent of the originally issued 1099s. To add to the errors, the authors reported that sometimes months or years after the tax filing deadline and often before the brokerage firm notified the client, the IRS reported the discrepancy to the taxpayer (matching reported revenue with revenue reported by third-party) by means of a tax due notice that included interest and penalties. One extreme case of incorrect reporting mentioned by the authors was the same taxpayer receiving 150 duplicate 1099s. These instances are examples of large companies that were equipped with internal accounting departments with access to qualified experts in the field of taxation. When comparing the small business owner with limited accounting resources to a large company with accounting departments and available tax experts, it is understandable that the small business owner experiences tax compliance challenges both in receiving and distributing accurate 1099s.

Todres (2003) investigated and reported on the problems of issuing an incorrect 1099 experienced in *Buchanan vs Dowdy* where the plaintiff, Buchanan, had received what the court had determined to be erroneous income (from 1988) as high as \$30,500 from Dowdy (the defendant). In February and March of 1989, Buchanan's accountant wrote letters to Dowdy requesting a corrected 1099. In June 1989, Buchanan paid for his accountant to fly to Dowdy's business in order to verify the correct 1099 income according to Dowdy's books. The court found that Dowdy had never corrected the 1099, and therefore awarded Buchanan \$2,140 for accounting fees and penalties but held that fees incurred after the tax return was filed would not be considered for damages. The author expressed his concern with the issuance of inaccurate 1099s by negligent issuers and the expenses that were transferred to the plaintiff, considering the majority of the accounting fees were incurred after Buchanan's tax return was filed.

With complex tax rules, large brokerage firms with a full accounting staff made numerous errors on Forms 1099. Harmelink et al. (2006) showed 1 in 10 forms to be incorrect. If firms with a department of experts made these types of mistakes, what was to be expected from a small business with little or no accounting knowledge?

Wachovia Corporation (after merging with another financial institution) was reported by Wikipedia (2018) to be the fourth largest bank in the U.S. and reported by Harmelink et al. (2006) to have issued hundreds of 1099-INT forms repeatedly to the same taxpayer. The authors reported that after persistent communication efforts and numerous lengthy conversations initiated by the taxpayer, Wachovia Corporation corrected the error. The growing concern of small businesses and their estimated lack of tax compliance determined by IRS encouraged the creation of a relatively new 1099.

The 1099K (Internal Revenue Service: 2018f) was introduced in 2012, and was created mainly for third-party credit and debit card purchases in excess of \$20,000 and 200 transactions per the calendar year. According to the IRS (2018g: Online), these revenue payments were not to be reported on 1099 MISC forms. The IRS (2018h: Online) sent out a letter to self-employed taxpayers stating:

You received one or more of these letters because you may have underreported your gross receipts. This is based on a comparison of your tax return and the Form(s) 1099-K furnished to you that shows an unusually high portion of receipts from 1099-K reportable transactions. It is very important that you respond to the IRS.

The IRS (2018g) did not require communication between the business entities that were required to send 1099 MISC forms and the credit card entities required to send out 1099K forms. Thus, businesses wanting to comply by sending out 1099 MISC forms could have reported the same revenues that credit/debit card entities reported by sending out the required 1099K forms. Therefore, it was conceivable that one payer could report the same revenue payment on a Form 1099 MISC and again by different payer on a Form 1099K. This complication added to the confusion and difficulty of accurately reporting revenue and ultimately complying.

Small businesses were responsible for their third-party reported income, regardless if they received an accurate Form 1099, inaccurate Form 1099, duplicated Form 1099 or no Form 1099 at all. As the small business owner's tax burden increased, the owner's lack of tax knowledge and poor bookkeeping skills continued to affect small business' tax compliance. If small business taxpayers were poor bookkeepers and relied on the tax forms that were mailed to them, their income could be incorrectly reported, and therefore those taxpayers would be considered to be non-compliant and part of the tax gap.

Wang (2013: Online) addressed a concern of The American Institute of Certified Public Accountants regarding series 1099 reporting. Sole proprietors received notices regarding compliance due to the issuance of Form 1099K. The author reported that the IRS was sending notices to taxpayers who "may have underreported their gross receipts" which did not match the reported income on taxpayers' tax returns and the third-party information reporting. According to Wang, third-party reporters that issued Form 1099 MISC and Form 1099K did not communicate. That lack of communication alone was suspected to cause double reporting. Wang also reported that there were numerous other reasons why a 1099K might not match a small business' third-party receipts. However, according to Wang, the IRS stated that "It would not require businesses to reconcile their gross income with third-party receipts." According to Jonathon Horn, former Chair of the American Institute of Certified Public Accountants (Wang: 2013), the IRS was really saying that small businesses should reconcile with third-party reporting. Horn suggested that the IRS assumes the taxpayer is guilty until proven innocent. The burden was extreme for smaller firms with inadequate bookkeeping skills and few resources, which added to their compliance dispute.

## **2.6 Tax Compliance**

Tax compliance has typically been of interest to almost everyone, as almost everyone pays some degree of taxes and receives some degree of benefits from taxes. A complete and straightforward definition of tax compliance seemed challenging. Roth, Scholz and Witte (1989: p.21) offered a comprehensive definition:

Compliance with reporting requirements means that the taxpayer files all required tax returns at the proper time and that the returns accurately report tax liability in

accordance with the Internal Revenue Code, regulations, and court decisions applicable at the time the return is filed. When the taxpayer's return reports a tax liability less than the accurate amount, we use the term underreporting. Similarly, we use the term overreporting when the taxpayer reports a liability greater than required. Underreporting and overreporting are both forms of noncompliance.

Kinsey (1984) offered a brief explanation of non-compliance as the intentional or unintentional failure of individuals to meet their tax requirements. In addition, Brown and Mazur (2003: p.2), economists with the IRS, pointed to three ways of measuring taxpayer compliance: payment, filing and reporting. The authors added that the “three mutually exclusive and exhaustive measures provide a comprehensive look at overall tax compliance ...” and explained that the IRS used answers from the following three questions to determine taxpayer compliance and created the estimates for measuring non-compliance.

- Did the taxpayer file on time?
- Did the taxpayer report his/her tax liability accurately?
- Did the taxpayer pay the full amount he/she reported as tax liability?

### **2.6.1 Factors Affecting Compliance**

Historically, studies on compliance focused primarily on economic theory (Devos: 2014). With the 1980s came political concerns regarding compliance and the need for further research. Devos (2014) explained that more recent studies had drawn attention to the impact of social and behavioural theories on compliance. According to the author, these studies agreed that the unique personal experiences of individual taxpayers were a vital factor in a taxpayer's decision regarding compliance. Although Devos (2014) examined numerous studies and a variety of social behaviours, he determined that the human factor was complicated, and no single human factor determined tax compliance. Apart from determining compliance, the author stated that researchers had also studied the causation behind compliance. The author continued that earlier studies identified many variables affecting tax compliance, including evasion, complexity, knowledge, cost, and perceived fairness and trust. The present study focuses on how important variables individually affect compliance, but also how these variables interact with each other to affect compliance.

### **2.6.1.1 Evasion**

A discussion on compliance necessitates a study of evasion and the mention of avoidance. Sawyer (1996) stated that avoidance and evasion were often used interchangeably, but the distinction between the two needed to be made clear. The author explained that avoidance was using the tax law to avoid paying taxes or at least to pay only those taxes required by law. The author added that avoidance was sometimes seen as immoral, as was suggested during the 2016 Presidential debate between Donald Trump and former U.S. Senator, Hillary Clinton (NBC News, 2016: Online). Mrs Clinton challenged Mr Trump arguing that he did not pay taxes and that he should be ashamed. Mr Trump continued that Mrs Clinton should have changed the tax laws to require him to pay taxes while she had been in office during those many years and that he pays what he owes. Mr Trump responded to her challenge with:

... So let me just tell you very quickly, we're entitled [to full tax deductions] because of the laws that people like her [Hillary Clinton] passed to take massive amounts of depreciation... and we do it. And all of her [Hillary Clinton] donors took hundreds of millions of dollars [of tax deductions]... And you know, Hillary, what you should have done, you should have changed the law when you were a United States senator... (NBC News, 2016: Online).

Sawyer (1996) explained that avoidance was compliance because it legally followed the letter of the tax code. The author also indicated that avoidance was an overabundance of tax-specific knowledge used to pay only what the law requires. In contrast, the author explained that evasion was illegal and ranged from blatantly lying on returns to not filing returns at all. Slemrod (2007: p.26) added to the discussion of evasion:

Under U.S. law, tax evasion refers to a case in which a person, through commission of fraud, unlawfully pays less tax than the law mandates. Tax evasion is a criminal offense under federal and state statutes, subjecting a person convicted to a prison sentence, a fine, or both.

A study by Allingham and Sandmo (1972) revealed that taxpayers viewed tax evasion as being worthwhile as long as their financial gains outweighed their financial costs in the end. The authors

called this “utility theory” and it assumed that taxpayers were “utility maximisers” who made tax reporting and compliance decisions based on what brought the highest satisfaction to the taxpayer.

With the creation of taxes came the consideration of how **not** to pay taxes. It seemed that the ancient Romans were known for their customs and excise taxes and the British for their property and expenditure taxes. Much is known about the Roman and British early taxation systems (Ross & Burgess: 1996, as cited by Devos: 2014). Tax avoidance and evasion has been around as long as taxes. The wealthier Romans during the third century evaded paying their luxury taxes by burying their jewellery and stocks of gold coins, while fireplaces were bricked up, temporarily, by the eighteenth-century homeowners in England in order to “escape notice of the hearth tax collector” (Webber & Wildavsky, 1986: p.141). The authors continued by reporting that the Roman businessmen purposely kept poor records in order to evade taxes: “If business men kept no records of transactions, the state could not tax them. It was largely to avoid taxation that in the late empire all but a few merchants and bankers stopped keeping accounts.”

Kamleitner et al. (2010) stated that evasion was challenging to prove because it was challenging to prove intent. The authors suggested that the critical difference in intentional and unintentional activities had much to do with “deliberate” or “non-deliberate” behaviours, which were difficult to confirm. Tax evasion was also difficult to study. Most people who evaded taxes were likely to be unwilling to admit doing so in a survey. Kamleitner et al. (2010) continued that people were prone to avoid the truth when self-incrimination exists. Therefore, such studies were likely to contain unreliable information. Further, studies indicated that tax evaders had no common characteristics and were found in every demographic, making it challenging to create a profile of a tax evader.

Purposefully overstating one’s tax liability was also considered evasion (Slemrod: 2007) and indicated a lack of knowledge by the taxpayer. Taxpayers may have overpaid tax due to a lack of knowledge, or possibly in the hope of offering themselves protection from discrepancies that a future IRS audit might uncover. This, too, is a lack of knowledge. The IRS (2018i: Online) explained that any tax decrease found during an audit did not offset the tax increase found during an audit and the taxpayer wishing to report any corrected tax decrease would have to do so by amending the original tax return during the allotted three-year period. This was unlike Denmark,

where if an overpayment was discovered during an audit, the tax was returned with interest at the end of the audit (Kleven et al.: 2010).

Finally, McKerchar and Evans (2009) explained the understating or overstating of taxes as unintentional non-compliance and agreed with Slemrod (2007) that it was usually due to a lack of knowledge. Christian (1994) had more to say about overstating taxes in his conclusion that 14 per cent of 1988 taxpayers earning income between \$50,000 and \$100,000 overstated their tax liability. McKerchar and Evans (2009) also discussed unintentional non-compliance as a possible non-intentional behaviour that could be influenced by the taxpayer's lifestyle or feeling of indifference. Although unintentional non-compliance was not a criminal offence, the authors claimed that it was still non-compliance and continued to be a part of the compliance problem.

While Devos (2014) attributed political concerns of non-compliance to the 1980s, other research as far back as World War I showed former U.S. Secretary of Treasury, William Gibbs McAdoo (Kang & Rockoff, 2006: p.2), referring to the crusades that prompted citizens to pay their taxes by appealing to their patriotism during wartime as "capitalizing patriotism". The authors discussed the World War I appeal to the citizens to pay tax, while Jones (1996) discussed the taxpayer's fiscal responsibilities and the pleas for compliance during World War II. Appeals to the conscience dated back as far as Hammurabi's reign in ancient Babylon, when tax collectors sent out late notices asking: "Why have you not sent to Babylon the 30 lambs as your tax? Are you not ashamed of such behavior?" (Hawkes & Wooley 1963: p.358, as cited by Webber & Wildavsky: 1986).

A final discussion regarding evasion included the question "Is tax evasion unethical?" Authors and taxpayers showed various degrees of opinion regarding the moral responsibility to pay taxes. Jesus was at one end of the spectrum when He admonished his listeners to "... pay to Caesar the things that are Caesar's..." (Matthew 22:21). McGee (1994: p.434), on the other hand, felt it was "the tax collectors who sin because it is they who facilitate the taking of property without the owners' consent."

A study by Portillo, Block and Butt (2012: p.76) found that a progressive tax (like the U.S. tax system) was detrimental to an economy. The study showed that financially successful individuals were punished as they became more productive, while the less productive individuals paying little or no tax received "benefits" paid by the taxpayers who added value to the economy. The authors

stated: “Taking money from Peter and giving it to Paul reduces the incentive, both [individuals] have to earn income and be productive.”

### **2.6.1.2 Complexity**

Scott Hodges, President of the Tax Foundation (Tax Foundation, 2018c: Online), declared:

The consequence of trying to micromanage the economy through the tax code leads to tax policy that is overly complex and burdensome for taxpayers, businesses, and the economy. Were we starting from scratch, this is not the type of tax system we would create.

The complexity of the tax code is one of the most noted problems with the U.S. tax system and seems to explain almost every other variable mentioned in this study. Former IRS Commissioner, Mark Everson (2007: p.13) acknowledged: “Almost everyone agrees that the personal income tax system in the U.S. is complex”. Perhaps because of the difficulty of the wording or the length of the tax code: “Research has shown that in one-third of the conflicts reaching the Tax Court, the court could not discern the intent of Congress by simply reading the statute” (Hoffman, Raabe, Young, Nellen & Maloney, 2018: p.23).

According to the Tax Foundation (Bishop-Henchman: 2014), the National Taxpayer Advocate Service confirmed the difficulty of the tax code by reporting it changed 4,680 times between the years of 2001 and 2012. The Foundation continued to report that the Advocate completed a 2012 Microsoft Word “word count” of the IRS tax statutes and regulations, and determined there were more than four million words. Wolters Kluwer (Bonacum et al.: 2013) has studied the tax code since 1913, and reported a 2013 count of 74,608 pages, including the Internal Revenue Code, regulations, explanations, annotations and more.

Everson (2007: p.13), a former IRS Commissioner, felt that “a significant amount of non-compliance is due to the complexity of the tax laws that results in errors of ignorance, confusion and carelessness.” The former Commissioner continued that the complexity of the tax system was an overarching problem. Complexity was a problem in and of itself, explained Everson, but it also led to other problems, such as a lack of knowledge of the tax code and high compliance and administration costs. In a survey conducted by the National Small Business Association (2017),

58 per cent of the small businesses surveyed stated that the administrative burden was a much bigger problem than the actual cost of federal taxes. McKerchar and Evans (2009) also mentioned the link that existed between complexity and unintentional non-compliance was the taxpayers' lack of tax knowledge.

Considering the complexity of the tax code, businesses and individuals understandably either understated or overstated their tax liabilities as a result of a lack of knowledge and a lack of resources. Literature continued to report that the complexity of the tax code was significantly burdensome to small businesses. The National Small Business Administration's survey (2017: p.2) reported that "payroll taxes and income taxes were ranked the top two most burdensome taxes for small businesses." Everson (2007) reported that small businesses had less access to tools and resources, which limited their ability to comply when compared with larger corporations and compliance costs (per employee) were much higher for small businesses. Further, small businesses lack the tax knowledge required to remain compliant with the tax code. Everson added that studies show that as taxpayer clarity on their tax liability increased, compliance increased, and therefore a simplified tax code would decrease unintentional errors and increase compliance. The author believed that both the taxpayer and IRS would benefit from the effect of a simpler Code, but it is Congress who "passes tax laws and requires the taxpayer to comply" (Internal Revenue Service, 2018a: Online).

### **2.6.1.3 Knowledge**

Several studies have shown how knowledge and educational attainment affected tax compliance in small businesses. The present study discusses how knowledge and lack of knowledge affects tax compliance and makes a distinction between general knowledge, tax-specific knowledge, and education as well as varying levels of education.

In general, literature has seen education in the business world as valuable. Blackburn, Hart and Wainwright (2013: p.13) indicated that there was a positive correlation between educational attainment in business owners and the success and growth of their business. One of the authors' research projects showed that 23.3 per cent of business owners possessed a degree or certification. This survey further reported that "professional qualifications [meaning a tested certification such

as a certified public accountant] were the highest educational attainment for 7.2 per cent of owner-managers.”

On the other hand, the same survey reported 12.5 per cent of business owners had not participated in any professional or higher education. This aligned with the business world as a whole, where a mere one per cent of graduates engaged in enterprise. This was likely due to a focus on small business and specific sectors. Blackburn et al. (2013) also stated that younger business owners were more likely to continue their education than older business owners.

The importance of education was seen in an association between unincorporated self-employment rates and educational achievement. According to Hipple (2010: p.21): “Unincorporated self-employment rates were lowest for individuals with an associate's degree (6.6 per cent) and highest for those with less than a high school diploma (9.9 per cent).” Further, the author stated that self-employed individuals participating in occupations requiring less than a high school diploma, like construction or farming, were most likely to be unincorporated. However, according to Hipple, self-employed individuals in fields requiring advanced degrees were more likely to be incorporated. The author claimed that the self-employment rate was highest amongst individuals who had an advanced degree. Hipple reported that participants who had an advanced degree were self-employed at nearly three times the rate of individuals who had less than a high school diploma. This research suggested that as an individual’s education level increased, that individual was better equipped to operate his or her own business. Dickson, Solomon and Weaver (2008: p.241) arrived at similar conclusions in the relationship between education and small business operations. The authors determined that there was a positive relationship between education and performance as an entrepreneur, especially when a distinction was made between “necessity entrepreneurship” and “opportunity entrepreneurship.”

Numerous empirical studies confirmed that higher education influenced taxpayer compliance. Witte and Woodbury (1985) and Beron, Tauchen and Witte (1992) found a positive relationship between the level of compliance and the level of higher education. Similar findings were affirmed by Lee and Carley (2009). In support of the three previous studies, Richardson’s (2008) research showed that education and taxation compliance had a positive association.

A study by Kamleitner et al. (2010) yielded different findings. While general education and knowledge correlated with more successful businesses, general knowledge and education did not directly correlate with improved tax compliance. The authors found that even though higher levels of education led to better performance amongst business owners (Barringer & Jones: 2004), the increased performance was limited to managerial effectiveness, not necessarily operational or financial effectiveness (Dobbs & Hamilton: 2007).

A study by Grable and Joo (2001) suggested that although a taxpayer lacked financial knowledge, confidence and satisfaction might be achieved by the effort or even the decision to seek financial advice, even though the taxpayer did not receive advice. Other studies showed the uniqueness of individuals by indicating that greater financial knowledge could reveal a knowledge deficiency and encouraged some to seek help, while others gained self-confidence and decided to depend on new-found knowledge to make their own financial decisions (Lusardi & Mitchell: 2007; Perry & Morris: 2005). Hanna's study (2011) introduced the idea of a relationship between seeking financial knowledge and risk behaviour of the taxpayer. The author showed that the greater the risk the taxpayer was willing to experience, the greater the taxpayer saw the need for financial services.

One thing that authors seemed to be able to agree upon was that there was a general lack of knowledge amongst small business owners regarding taxes. Kamleitner et al. (2010) added that small businesses were limited in their overall accounting knowledge and did not have the skills necessary to self-report accurately. The authors found that small businesses not only needed to know and understand Generally Accepted Accounting Principles, but also have the knowledge of how and when to put them in practice.

Self-reporting taxpayers need the appropriate knowledge and understanding of what was required of them in order to be responsibly compliant. McKerchar (1995) reported that small business taxpayers lack the necessary tax knowledge and were unable to be compliant. Coleman and Freeman (1994, 1997) agreed that small business taxpayers did not have an adequate understanding of their tax or accounting responsibilities. Coleman and Freeman (1994, 1997) further stated that a small business owner's insufficient tax knowledge might be responsible for overpaying and underpaying their tax liability. Literature supported the idea that small business tax compliance requirements continue to burden small business owners.

Literature pointed to knowledge as a key to compliance, but without a tax-specific knowledge, small business taxpayers lacked the necessary skills to comply successfully with the tax code and were more likely to experience compliance problems with tax authorities (Ahmed & Braithwaite: 2005). Conversely, literature confirmed that as a taxpayers' tax-specific knowledge increased, compliance increased (Kamleitner et al.: 2010). This suggests that providing resources to taxpayers may increase compliance. Alm et al. (2010) reported that when low-cost taxation tools were offered to the taxpayer in the form of informational services, tax compliance improved.

A lack of tax knowledge was a common topic that ran throughout small business literature, but there was little literature that discussed the availability and adequacy of tools to aid with small business tax compliance. Vossler, McKee and Jones (2011) discussed the idea that accessing information may be a choice for taxpayers. The authors' survey results indicated that when participants in a tax return simulation were given the opportunity of accessing tax information at the cost of \$0, \$50, or \$100, approximately 48 per cent chose not to access any of the available information regardless of cost. In the simulation experience, the participants who did access the tax information underreported their income by 60 to 80 per cent less than participants who did not access information. Those participants who chose not to access information had reasonably high levels of underreporting as compared to the participants who chose to seek out the available resources. Although additional research is needed, it is possible that the participants decided not to access the tax information based on the intimidation of reading through lengthy and difficult tax instructions.

With the realisation of a lack of knowledge comes the question of where to get knowledge. Many people seek advice from family, friends, or professionals (Samujh: 2011). The author found that business owners perceived family members to be the most effective and most frequently used. Samujh's study showed that advice from family members was usually in the form of moral support rather than financial or operational information. A study by Greve and Salaff (2003) further confirmed that family members had a significant role in discussing business-related topics. The authors observed that the more a business owner relied on family for advice, the less that business owner looked to outside individuals and professionals. Researchers at Statistic Brain (2017: Online) determined that using "advice from family and friends" was the second most common

mistake in small business failures. Further, this data showed that “46 percent of business failures are due to such issues as lack of accounting, tax, and financial knowledge.”

#### **2.6.1.4 Cost**

Blumenthal and Slemrod (1992) spoke of cost as a complexity indicator. The authors pointed to tax complexity for almost every tax compliance cost. Sullivan and Moutray (2005) studied the increasing complexity of payroll and suggested that the set-up costs were mostly fixed, making it beneficial for larger companies but disproportionately costly to small firms.

Thomas M. Sullivan, former Chief Counsel for Advocacy (2007: Online), in speaking to the U.S. Department of the Treasury and the IRS stated:

Small businesses make valuable contributions to the U.S. economy despite being saddled with a disproportionate federal regulatory compliance burden. . . . The disproportionate burden is most stark when comparing the [cost of] smallest firms to the [cost of] largest firms.

Sullivan continued that the Tax Foundation survey found that over \$265 billion was spent on complying with the Federal income tax code by individuals, businesses, and non-profit organisations. Of that \$265 billion total compliance cost, 56 per cent of that burden fell on businesses alone, with small businesses being hit the hardest. The Chief Counsel continued his message to the Treasury with an Advocacy study that focused on the cost of regulations. The study found that the federal tax compliance costs of employers with fewer than 20 employees had a total cost of \$1,304 per employee, as compared to employers with 500 or more employees, who incurred a total cost of \$780 per employee.

The Taxpayer Advocate (Sullivan & Moutray: 2005) reported that small firms paid 40 per cent more when complying with tax laws than firms with 500 or more employees. Adding to the already disproportionate costs, the authors found that businesses with fewer than 20 employees incurred federal regulatory costs that were 46 per cent higher (per employee) than firms with 500 or more employees. Saade and Johnson (2005, as cited by Sullivan & Moutray: 2005) argued that in order to decrease tax compliance uncertainty, the complex tax code needed to be simplified.

Literature continued to address the cost burden of tax compliance for small businesses. DeLuca, Stilmar, Guyton, Lee and O'Hare (2007) found that, based on 2002 tax returns, small businesses (with less than \$10 million in assets) were estimated by the IRS to have spent \$15 billion of their revenue and approximately two million man-hours in preparing and filing tax returns. Toder (2007) estimated a value of \$45.40 for the small business owners' time. When using the estimated hours from DeLuca et al. (2007) and the estimated value per hour from Toder (2007), a total compliance cost of almost \$100 billion a year (in 2007 dollars) was passed on to the small business owners. According to Slemrod and Venkatesh (2002), the cost burden was significantly larger for small businesses than larger businesses. DeLuca et al. (2007), using the much the conservative and much lower per-hour value than Toder (2007) of \$25 for the value of small business owner's time, calculated small business tax compliance cost to be:

- 150 per cent of gross receipts (less than \$10,000 in gross receipts);
- 10 per cent of gross receipts (\$50,000 to \$100,000 in gross receipts); and
- 0.3 per cent of gross receipts (more than \$1,000,000 in gross receipts).

The National Small Business Administration (2017) conducted their Small Business Taxation Survey online from March 8 through March 30 of 2017. The participants included 950 small business owners across the nation, representing twenty-two industries. The overwhelming majority (84 per cent) of small firms felt they were forced to pay an external tax practitioner or accountant in order to stay compliant. Sixty-seven of the small business participants reported tax administration spending of more than \$1,000, while 45 per cent reported spending as much as \$10,000 each year for tax compliance. The survey results continued with 58 per cent reporting that tax compliance administration was a more substantial burden than the cost of the federal taxes and 49 per cent of participants reported that they had spent between 41 and 121 hours on the tax administration. Finally, 65 per cent of the small business owners surveyed stated that their daily business activity was affected from moderately to significantly by the cost of their federal tax.

McEldowney et al. (1993) reported that small businesses lacked the accounting knowledge to implement an appropriate level of internal control. The authors continued that weak accountability and internal control leads to poor bookkeeping and increased costs of embezzlement and fraud. Joseph Wells (2003) also connected a lack of knowledge to cost and stated that small businesses

experienced a high risk of vulnerability in the areas of asset misappropriation, corruption and fraud. Wells spoke of study results by the Association of Certified Fraud Examiners, indicating an 18-month period before small businesses became aware of fraud within their firm. Fraud expense to the smallest of businesses was reported by Wells to be 100 times greater than the cost to larger firms.

Experiencing fraud was found to be costly, but the discovery process was also determined to be expensive. On April 23, 2018, in a personal telephone conversation with the researcher, a partner and certified public accountant with Cole and Reed PC located in Oklahoma City, Oklahoma, was asked about the cost of the services offered by his firm. The partner quoted a general bookkeeping rate of \$95 per hour, but an hourly rate for a partner's services to be from \$350 to more than \$1,000, depending on the speciality of the partner. Along with the cost of fraud, small businesses also experienced the risk of high cyber costs. The National Small Business Association (2015) reported a high cyber risk for small businesses with a cost of more than \$7,100 annually and bank account losses of more than \$32,000.

Evans, Hansford, Hasseldine, Lignier, Smulders and Vaillancourt (2014) stated that large businesses often had the resources of hundreds of employees and typically handled payroll costs in-house. The authors claimed that the large number of employees and the complexity of the payroll function justified having a sufficient number of full-time employees to manage payroll requirements efficiently. The cost of payroll was an "external" compliance cost for small businesses and an "internal" compliance cost for larger businesses. Maintaining an accurate and compliant payroll department was a daunting task for the small business owner. Previous studies (Sandford, Godwin & Hardwick: 1989; Godwin: 2001) showed that the per-employee cost of payroll was regressive when comparing large business to small businesses. The authors' studies showed that small businesses did not usually have the expertise or time to apply the complex tax code efficiently. Therefore, outsourcing the payroll function may have been the most effective way for small businesses to operate.

Small businesses found compliance was helpful in ways other than avoiding the consequences of non-compliance. Evans et al. (2014: p.75) surveyed small business owners with 50 or fewer employees from the United Kingdom, Australia, South Africa, and Canada. Owner responses

revealed that tax compliance through complete and efficient record-keeping was beneficial in conveying an understanding of the financial aspects of their company. The study determined that accurate bookkeeping was the critical factor in small business owners obtaining financial knowledge. Overall, the survey results indicated that participants felt they were getting the most benefits from “tax compliance activities in the form of better financial information that helps them to manage their businesses”, and that those came mainly from “the enhanced quality and accuracy of record-keeping and access to better knowledge of financial affairs”. Finally, the survey results indicated the small business owners received managerial benefits in addition to tax compliance.

### **2.6.1.5 Perceived Fairness and Trust**

Boll (2014) suggested that, traditionally, taxpayers and tax administrators recognised compliance or non-compliance from an economic viewpoint, but the last two decades have experienced the interest of behavioural researchers. Devos (2014) agreed, writing that early in tax compliance literature, economic theory was the focus. Devos (2014) also noted the recent shift toward social and behavioural research with regard to tax compliance. Boll (2014) continued that the psychology of tax compliance studied the different facets influencing the behaviour of compliance, meaning, why do some taxpayers pay their taxes appropriately and timely and other taxpayers do not? This section of the present study reviewed the literature on social and behavioural research regarding tax compliance. Although much of this literature focused on the effect that perceived fairness and trust had on compliance, other factors such as evasion and the cost of compliance will be discussed in relation to perceived fairness and trust.

Social scientists focused their research on social factors such as perceived fairness, trust or attitudes toward government, but extensive research has shown differing results regarding any single specific behaviour that dominates tax compliance (Alm & Gomez: 2008; Kirchler, Niemirowski and Wearing: 2006; Murphy: 2004, 2008; Murphy, Tyler, Curtis: 2009; Wenzel: 2007). More recently, Boll (2014) and Devos (2014) determined that the unique personal experiences and personalities of individual taxpayers were a vital determinant in a taxpayer’s decisions regarding compliance.

In a 2012 analysis, Hofman, Hoelzl and Kirchler (2012: p.209) contended that trust and perceived fairness led to voluntary compliance.

In a climate of mutual trust, citizens have positive representations of the tax systems and tax authorities and cooperate spontaneously. High subjective tax knowledge, favourable attitudes, personal and social norms of cooperation, as well as perceived fairness of the tax system are the basis of a motivational tendency to cooperate, of trust, and of voluntary compliance.

Surowiecki (2011: Online) continued with the idea of trust leading to compliance when he studied Greece, where almost one-third of government revenue was lost due to tax evasion that stemmed from a lack of trust among the people. The authors neatly summarised the challenge of tax compliance during the Greek crisis:

It isn't just a matter of lax enforcement, though Greek citizens also have what social scientists call very low 'tax morale.' In most countries, tax-compliance rates are much higher than a calculation of risks would imply. We don't pay our taxes just because we're afraid of getting caught; we also feel a responsibility to contribute to the common good. But that sense of responsibility comes with conditions. We're generally what Swiss behavioral economist Benno Torgler calls 'social taxpayers': we'll chip in as long as we have faith that our fellow-citizens are doing the same, and that our government is basically legitimate. Countries where people feel that they have some say in how government acts, and where there are high levels of trust, tend to have high rates of tax compliance.

The importance of political trust was noted by Samuelson (1995: p.187) when he quoted Benjamin Franklin's words: "Much of the strength and efficiency of any government, in procuring & securing happiness to the people, depends on ... the general opinion of the goodness of that government". George Orwell (Quoteinvestigator, 2015: Online) emphasised the importance of political trust when he was arguably given credit for: "In a time of universal deceit, telling the truth is a revolutionary act."

An individual's trust in and perception of the government has much to do with taxpayer compliance. Dick Gephardt (Senate Finance Committee, 2010: p.2), a former U.S. Representative from the state of Missouri, explained that "[t]axes remain the principal point of contact between the average citizen and the Federal Government, and during tight budget times, the American

people want to make certain that their tax dollars are not only fairly spent but also fairly collected.” Bornman (2014: p.43) wrote that factors such as “a perception that taxes are used meaninglessly” and “a perception that there is government corruption and waste” have been shown in other studies to be factors that determine tax morale.

In general, the literature showed a positive relationship between the taxpayers’ trust in tax authorities and the payment of taxes (Hammar et al.: 2009; Torgler: 2011). Perceived unfairness was a process by which the taxpayer evaluated the benefits received due to compliance and then compared those benefits to the respect and treatment from tax authorities (Wenzel: 2003; Cowell: 1992; and Hartner et al.: 2008). Wenzel and Theilmann (2006) showed the negative impact that dire attitudes toward government had on compliance. Studies by Kirchler (2007) and Kirchler, Hoelzl and Wahl (2008) showed that trust encouraged an environment of respect in which taxpayers voluntarily complied. On the other hand, Alm et al. (2010: p.579) stated:

Some individuals who face uncertainty about tax code interpretations may instead respond by overpaying their taxes (which was considered non-compliant), a response that was especially likely if the individual exhibited loss aversion. In short, the effects of complexity could have gone in the direction of either increasing or decreasing compliance.

Slemrod (2007: p.39) also stated that “tax evasion decisions may depend on perceptions of the fairness of the tax system.” The literature of Alm, Jackson and McKee (1993) and Andreoni, Erard and Feinstein (1998) found that tax evasion increased when people believed there was an injustice in taxation. Alm et al. (1993) and Andreoni et al. (1998) also shared the idea that behavioural response was influenced by a change in what people thought was unfair. In a series of field experiments by social psychologists, Keizer, Lindenberg and Steg (2008) found that an individual’s behaviour was dependent on whether or not others were behaving. When participants observed others violating socially accepted behaviours, they were more likely to violate socially accepted behaviours. The study showed that individuals were more likely to take mail from mailboxes surrounded by litter, and shoppers outside a mall were more likely to ignore no parking signs when they found other vehicles parked illegally. Mullen and Nadler (2008) found a similar reaction by participants in their experiment. When the participants read about a court decision that did not go along with their moral values, they were more likely to steal the pen they were given to

complete the experiment survey. These examples indicated that the perception of unfairness could have consequences in different and unrelated areas, and the lack of interest in showing compliance may negatively affect third-party individuals. With third-party reporting, taxable income was often directly reported to the authorities by employers or other third-party financial institutions such as banks, investment and pension funds (Kleven et al.: 2010) Third-party reporting made it difficult for the employed taxpayer to be non-compliant, and therefore made it harder to evade taxes as a reaction to a perceived unfairness in taxation.

In light of the importance of trust and perceptions on tax compliance, Nina Olson (Taxpayer Advocate Service, 2016: p.31) led the Taxpayer Advocate Service and reported annually to Congress on tax concerns. Olson reported that sharing online information with the IRS could be a security concern for taxpayers. The IRS was reported by Olson as having “two of the oldest information systems in the federal government.” Five-decade old technology stored the nation’s revenue and taxpayer accounts. Another security concern for taxpayers was the problems the IRS experienced with employees and their “unauthorized access to taxpayer information” (Taxpayer Advocate Service, 2016: p.134). Brunsmann, Hudson and Patrick (2017) reported that a taxpayer’s IRS account contained the taxpayer’s (and dependent’s) legal names, dates of birth, addresses, social security numbers, bank routing and account numbers, medical information, health insurance and driver’s license numbers. This sensitive information was readily available for hackers, all in one account and on an outdated system.

Other concerns regarding how taxpayers viewed the government were mentioned in a report from Eric Thorson, Treasury Inspector General for Tax Administration (2014: Online). Thorson reported the findings of misconduct and performance issues of IRS employees on December 30, 2014, between the years of 2010 to 2013. The Inspector General discovered hundreds of former employees who had been hired with previous “substantiated conduct or performance issues.” The Inspector reported that 141 previous employees had prior substantiated tax issues and five of those had “wilfully failed to file their Federal Final Report Issued on tax returns.” Other issues were “unauthorized access to taxpayer information, leave abuse, falsification of official forms, unacceptable performance, misuse of IRS property, and off-duty misconduct.” The Treasury Inspector General for Tax Administration (2014: Online) reported a detailed analysis of IRS records and employment files:

...random samples of 50 former employees determined that many had been rehired in spite of unresolved conduct issues which involved numerous personal misconducts including refusing to pay or even file their tax returns, accessing taxpayer accounts for no reason other than their ability to do so. We also identified three rehired employees who were removed by management for abusing leave; in one case file it was noted that the Chief, Processing Division, stated 'do not rehire' because the Individual had been absent without leave for a total of 312 hours. Nonetheless, the employee was still rehired.

According to the Inspector General, there were 323 former employees who were rehired between January 1, 2010, and July 27, 2013, with prior performance issues. The Treasury Inspector General for Tax Administration (2014: Online) found that almost 20 per cent of those rehired had conduct issues including, but not limited to, "tax noncompliance, attempted unauthorized access to tax account information, and leave abuse, while others had new legal or off-duty issues, such as bankruptcy." The Inspector General added that this was noteworthy because the time spent by IRS managers reprimanding employees was time taken away from serving taxpayers and enforcing the tax law. In addition, the IRS exposed taxpayers to a high-security risk by rehiring employees who previously made unauthorized visits to taxpayers' accounts.

Finally, a positive relationship with the public continues to be unlikely when the IRS was reported making unwise and seemingly unfair decisions regarding tax collections. The study by the Taxpayers Advocate Office (2016) found the \$6.7 million of tax liabilities that was collected by contracted private debt collection agencies came at the cost of \$20 million. The Advocate continued and reported from a study of 2,102 taxpayers that were pursued by private debt collection companies and entered into instalment agreements with those collection agencies. The study determined that, of 2,102 taxpayers receiving social security, 94 per cent had incomes of less than 250 per cent below the federal poverty level, yet these taxpayers were "encouraged" to participate in an instalment payment plan. The Advocate spoke out regarding the IRS spending time and money collecting taxes from people defined as taxpayers living 250 per cent below the federal poverty level.

## 2.7 Need for Small Business Tax Tools

This study uses “tax tool” throughout this thesis as a common term that could comprise of any method or instrument offered to assist taxpayers with compliance. Possibly the best tax tool includes a simplified tax code. From the perspective of 58 per cent of the 950 American small business owners surveyed, the U.S. Congress will never simplify the U.S. tax code (National Small Business Association: 2017).

The Tax Foundation (2018c) agreed that needed tax Code reform was a familiar U.S. tax conversation. Scott Hodges (Tax Foundation, 2018c: Online), President of the Tax Foundation, reported that the “tax system is in desperate need of simplification and reform.” Hodges related that the IRS had involved itself in too many unrelated political economic and social issues such as “welfare benefits and subsidizing special interests like electric cars and wind farms” and needed to remove itself from “using the tax code for social or economic goals”. Vossler et al. (2011: p.3) stated that, regardless of literature and possible suggestions, the IRS had little intention of altering the tax tools offered. The authors also claimed that in order “[t]o ‘encourage’ correct tax reporting it is likely that the enforcement effort, audits and penalties, will continue to be a primary tool in the tax authority’s arsenal.”

Not only was government tax enforcement costly, but research also showed enforcement had a low level of success (U.S. Department of the Treasury: 2016). Having enough resources to police and enforce 138.3 million U.S. taxpayers ([Reference.com](#), 2018: Online) was a daunting, if not impossible task. Frey and Feld (2003: p.29) wrote on the issues of excessive enforcement. The authors confirmed that enforcement was a necessary part of collecting taxes, but excessive enforcement was out of balance and had a negative impact on compliance. The authors suggested that both increased enforcement and disrespectful or demeaning treatment by tax authorities during audits lead taxpayers to “actively trying to avoid taxation” and ultimately to less compliance.

The former National Taxpayer Advocate, Nina Olson (Taxpayer Advocate Service, 2016: pp.12-13), suggested that if the primary mission of the IRS is to enforce instead of offering services to those taxpayers who are willing to comply, law-abiding taxpayers will be left helpless without adequate support. Olson continued, stating that unbalanced enforcement leads to taxpayers appearing to be evaders merely because they were not able to receive needed help. Olson continued

that this lack of support breeds taxpayer resentment and increased behaviour of non-compliance, suggesting the taxpayer would evade taxes and the IRS would have created “a self-fulfilling proposition” turning “a compliant taxpayer into a noncompliant one.” Olson suggested the better approach would be to offer taxpayers the “assistance, education, and clarity” needed for taxpayers to meet their tax requirements accurately.

In response to Olson’s comments, John Koskinen, IRS Commissioner (McCoy: 2017), remarked that he and the agency “disagree with suggestions that the IRS overlooks taxpayer service and reject inaccurate stereotypes that the IRS is just focused on tax enforcement.” A former IRS Commissioner, Charles Rossotti (2002), saw the need for new tools and explained to the IRS Oversight Board that the increased neglect of the IRS offering educational resources had a direct effect on taxpayer’s ability to correctly report their tax liability.

Sullivan (2005: p.4), former Chief Counsel for Advocacy, on the other hand, determined that research showed that “education and assistance programs produces increased compliance.” Olson suggested: “In developing a long-term strategic approach towards non-compliance, the IRS must remember that the ‘stick’ is not the only effective tool for addressing the tax gap; the ‘carrot’ has a critical role to play, too” (Sullivan, 2005: p.3). Sullivan mentioned education, resources, and assistance in his report 18 times over seven pages, emphasising the importance of needed tax tools.

Donald Manzullo (United States Congress, 2005: p.28), a former House of Representative and a former Chairman of the Committee on Small Business, also agreed that useful tax tools would be helpful to small businesses:

Small business people are not tax experts, and they face real difficulties with complying with the tax system. It is much easier for a small business owner to learn how to comply with the tax laws through taxpayer education and outreach than the adversarial audit and collection processes.

Although Vossler et al. (2011: p.3) stated that the U.S. tax authorities held the responsibility of being the “provider of services to taxpayer-citizens”, the authors suggested that the tax agencies should have made “more reliable and available service programs” available to taxpayers, but in an accessible manner that would be inexpensive to the taxpayer.

Along with the reports that enforcement is costly and ineffective (U.S. Department of the Treasury: 2016), the U.S. Treasury Department's Budget Revenue (2017b) for small business simplification and tax relief included \$47.48 billion for the years 2017 to 2023 to address problems that have historically been small business tax compliance issues. The Treasury suggested the revenue found in Table 2.4 below to assist small businesses.

**Table 2.4 Elements of Tax Reform: The U.S. Treasury Department Budget Revenue Estimate of the Administration's Fiscal Year 2017-2026: Simplification and Tax Relief for Small Business**

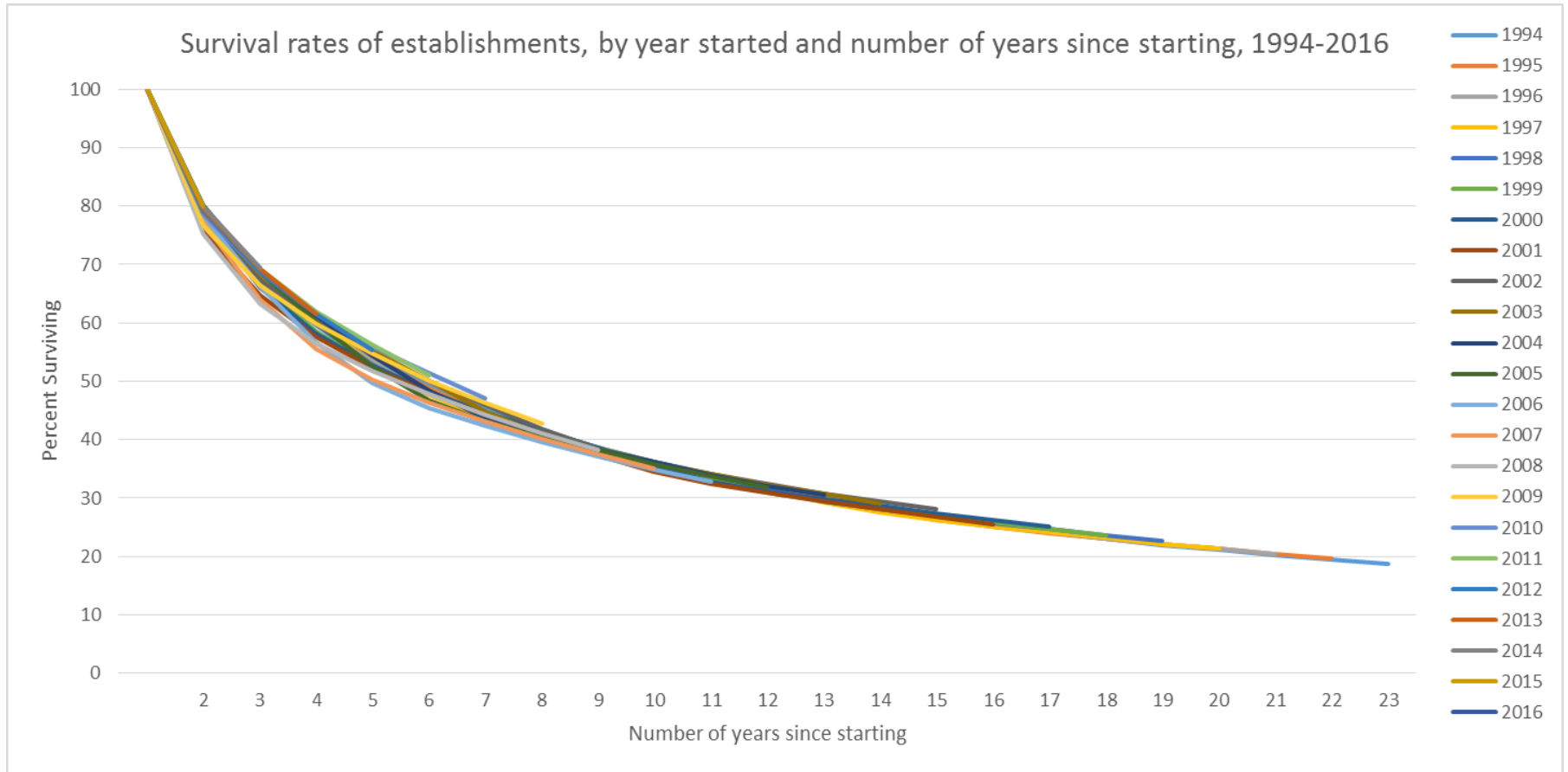
Elements of Tax Reform The U.S. Treasury Department Budget Revenue Estimate of the Administration's Fiscal Year 2017-2026 Simplification and Tax Relief for Small Business	
•	\$15,066,000,000 - Expand expensing for small business;
•	\$26,702,000,000 - Expand simplified accounting for small business and establish a uniform definition of small business for accounting methods;
•	\$4,698,000,000 - Increase the limitation for deductible new business expenditures and consolidate provisions for start-up and organisational expenditures;
•	\$1,009,000,000 - Expand and simplify the tax credit provided to qualified small employers for non-elective contributions to employee health insurance; and
•	\$47,475,000,000 - Total Budgeted Revenue.

Source: U.S. Department of the Treasury (2017b)

As previously mentioned, George, a former Treasury Inspector General for the Tax Administration (George: 2006), reported more than a quarter of a century ago that the most significant areas where officials noted needed attention was taxpayer education and increasing taxpayer understanding and enforcement. In viewing the survival rates of small businesses over 22 years, one might expect to see highs and lows on Figure 2.5, which illustrates the fluctuations of success or failure of the different education, increasing understanding, and enforcement programs offered to small businesses between the years of 1994 and 2016. Instead, Figure 2.5 illustrates no recognisable

differences in the success or failure of small businesses in any of the 22 years, indicating that the tools offered by the government, educational institutions and other agencies between the years of 1994 and 2016 made no noticeable difference in the survival rates of small businesses.

**Figure 2.5 Survival Rates of Establishments, by Year Started and Number of Years since Starting, 1994-2016**



Source: U.S. Bureau of Labor Statistics (2016)

## 2.8 Conclusion

Since its inception, the U.S. tax system has experienced transformation. The tax system grew in philosophy, form and function and became a powerful institution. With the growth and institutionalisation of taxation came an increase in complexity (Taxpayer Advocate Service: 2012), a disproportional tax burden for small businesses (Sullivan: 2007) and, ultimately, non-compliance.

The tax code's complexity was likely to cause extreme compliance burdens for the majority of small businesses. Evasion demonstrated through purposefully overstating one's tax liability or by not complying with the volume of tax requirements, points to a lack of knowledge (Slemrod: 2007). The small business owners' lack of knowledge of the complex tax system often compelled them to seek external tax tools. However, the external tax tools were more costly for small businesses than for larger firms, and therefore the compliance burden for small businesses continued (Kamleitner et al.: 2010).

Although the Department of the Treasury reported that enforcement was an expensive and ineffective compliance tool (U.S. Department of the Treasury: 2016), it is likely the IRS will continue to use audits and penalties for enforcement. Alm et al. (2010) reported that educational tax tools are effective at increasing compliance and decreasing evasion.

Almost twenty years ago, Rossotti (2002) saw the need for new tools and reported that research showed educational tools had a positive effect on the taxpayer's ability to correctly report their tax liability. Olson (Taxpayer Advocate Service: 2016) stated that small businesses were victims because they could not get the help needed to comply. She suggested that taxpayers be offered tax "assistance, education and clarity." Vossler et al. (2011: p.3) claimed the U.S. tax authorities were responsible for being the "provider of services to taxpayer-citizens" and they should offer "more reliable and available service programs" at a low cost to the taxpayer.

Figure 2.5 shows that small business tools offered by various organisations between the years of 1994 and 2016 offered no recognisable difference to the survival rates of U.S. small businesses. This exposes the need to examine the available tools and their limitations. The next chapter will

study the numerous tax tools offered by various government agencies, higher education and the accounting profession, and discuss the limitations of the tools offered.

## **Chapter 3 – Examining Small Business Tax Tools**

### **3.1 Introduction**

This chapter investigates and evaluates the small business tax tools made available by various governmental agencies, higher education organisations and institutions, and the accounting profession, by utilising a combination of governmental data, organisational information, and a literature review. To better evaluate the strengths and expose the weaknesses of the small business tax tools examined in this study, the researcher conducted interviews, experiments, and surveys. After an evaluation of the tax tools offered by each organisation, a discussion of the limitations that restrict the use of those tools is presented.

The first governmental agency assessed by this study is the Small Business Administration (2017). The organisation operates as an authoritative and influential federal agency managing an approximate \$900 million annual budget (Small Business Administration: 2018f) and provides support for 29.6 million American small businesses. The Small Business Administration (2018b: Online) is an independent agency created to “aid, counsel, assist and protect, insofar as possible, the interests of small business concerns ...” Other agencies managed under the Small Business Administration are the Small Business Development Centers, SCORE, and SBA Learning Center. The small business tax tools from each of these agencies, including the Small Business Administration, are examined and assessed at length in this thesis.

The next governmental agency analysed in this study is the IRS. After a thorough examination of the small business tax tools offered by federal governmental agencies, the IRS was determined to be the authority with regard to small business taxation. The investigation reveals a substantial range of online tax information that the IRS specifically made available for small businesses, but an analysis of the online information found the volume of online information to be problematic for small businesses. The IRS study produces a detailed, protracted section within this chapter that includes an analysis on the agency’s limitations. The researcher found it crucial to this study that the section dealing with the online portion of the IRS assessment be purposely lengthy and detailed in order to prove and emphasise the volume of the online tax material, the small business taxation knowledge required and the burden placed on small businesses to be compliant. In examining the IRS.gov, this study seeks to reveal that the breadth of the information offered at the IRS.gov is

counterproductive to the [IRS.gov](https://www.irs.gov) providing a user-friendly resource. Additionally, this study investigates the IRS's Telephone Service Assistance, Taxpayer Assistance Centers, and other IRS tax tools.

The most comprehensive small business tax tool offered by the IRS and seemingly, the tax tool most preferred by the IRS, is the [IRS.gov](https://www.irs.gov). A component of the [IRS.gov](https://www.irs.gov) is the Small Business and Self-Employed Tax Center (Internal Revenue Service: 2018j), which was specifically created to offer tax assistance for sole-proprietors, partnerships, corporations, and limited liability companies with assets under \$10 million. This chapter details at length the available small business tax information offered in the Small Business and Self-Employed Tax Center. In addition to the [IRS.gov](https://www.irs.gov), the Telephone Service Assistance (Internal Revenue Service: 2018ttt) is another tax tool addressed. As a part of the Telephone Service Assistance tool review, a test directed by the researcher was performed to verify taxpayer accessibility to the tool. Taxpayer Assistance Centers are also evaluated. The Taxpayer Assistance Centers (Internal Revenue Service: 2019a) are locations where taxpayers are offered the opportunity to meet face-to-face with IRS representatives. The chapter also discusses other IRS tax tools such as mail-outs to remind taxpayers of upcoming tax filing due dates.

Another federal governmental agency examined in this chapter is the Taxpayer Advocate Service. The Taxpayer Advocate Service (2018b: Online) is an “independent agency that works within the IRS”. Due to its independent nature, the Taxpayer Advocate Service is not examined in the IRS segment of this study. The Taxpayer Advocate Service was created to be a strong advocate for the taxpayer that is separate from the IRS. The Advocate is a crucial factor in bringing awareness of the small business taxation burden to the U.S. Congress.

Along with several federal governmental agencies, this chapter also discusses tax tools recommended by state agencies. The Oklahoma Tax Commission (2018c) is responsible for the collection of taxes and disbursement of taxes for state-provided services and generates tax tools to assist Oklahoma small businesses with state taxation. The Oklahoma Department of Commerce (2018a: Online) is another Oklahoma state agency considered in this chapter. The agency is primarily concerned with the economic interests of Oklahoma, and their mission is to “create and deliver high-impact solutions that lead to prosperous lives and communities for all Oklahomans.”

The Oklahoma Department of Commerce is intent on supplying Oklahoma small businesses with business tools that can contribute to their economic success.

Another organisation explored in this study that contributes tax tools to small businesses is the higher education system. This section of the study examines the education provided by colleges and universities, the administration offered by the Oklahoma State Regents for Higher Education, and the accreditation granted by the Higher Learning Commission. The higher education portion of the chapter begins with U.S. higher education business school literature and continues with an investigation of the taxation courses offered by Oklahoma colleges and universities, and the benefits of a liberal art education. The study includes the Oklahoma State Regents for Higher Education (2018b: Online) that is the “coordinating board of control” for the higher education institutions in the state of Oklahoma and networks colleges and universities, together with small businesses. The higher education examination concludes with the Higher Learning Commission (2018: Online). One of the six independent organisations in the U.S. that accredits U.S. degree-granting higher education institutions is the Higher Learning Commission. The higher education segment includes an interview by the researcher with a Higher Learning Commission Accreditation University Liaison, who shares knowledge of the higher education accounting and tax curriculum in the North Central Region of the U.S.

The accounting profession is the last group evaluated in this study. The section includes the U.S. Bureau of Labor Statistics data on the demand for services of the accounting profession and survey results from certified public accountants on how their higher education prepared them for small business accounting and taxation. This section of the chapter also includes a survey by the researcher that reports how small business accounting firms inform small business owners of the small business services offered.

### **3.2 Small Business Administration**

The Small Business Administration (2018b: Online) is an independent agency of the Federal Government created to “aid, counsel, assist and protect, insofar as possible, the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation.” The Small Business Act (Small Business Administration, 2018b: Online) also stipulates that the “SBA [Small Business Administration] would ensure small

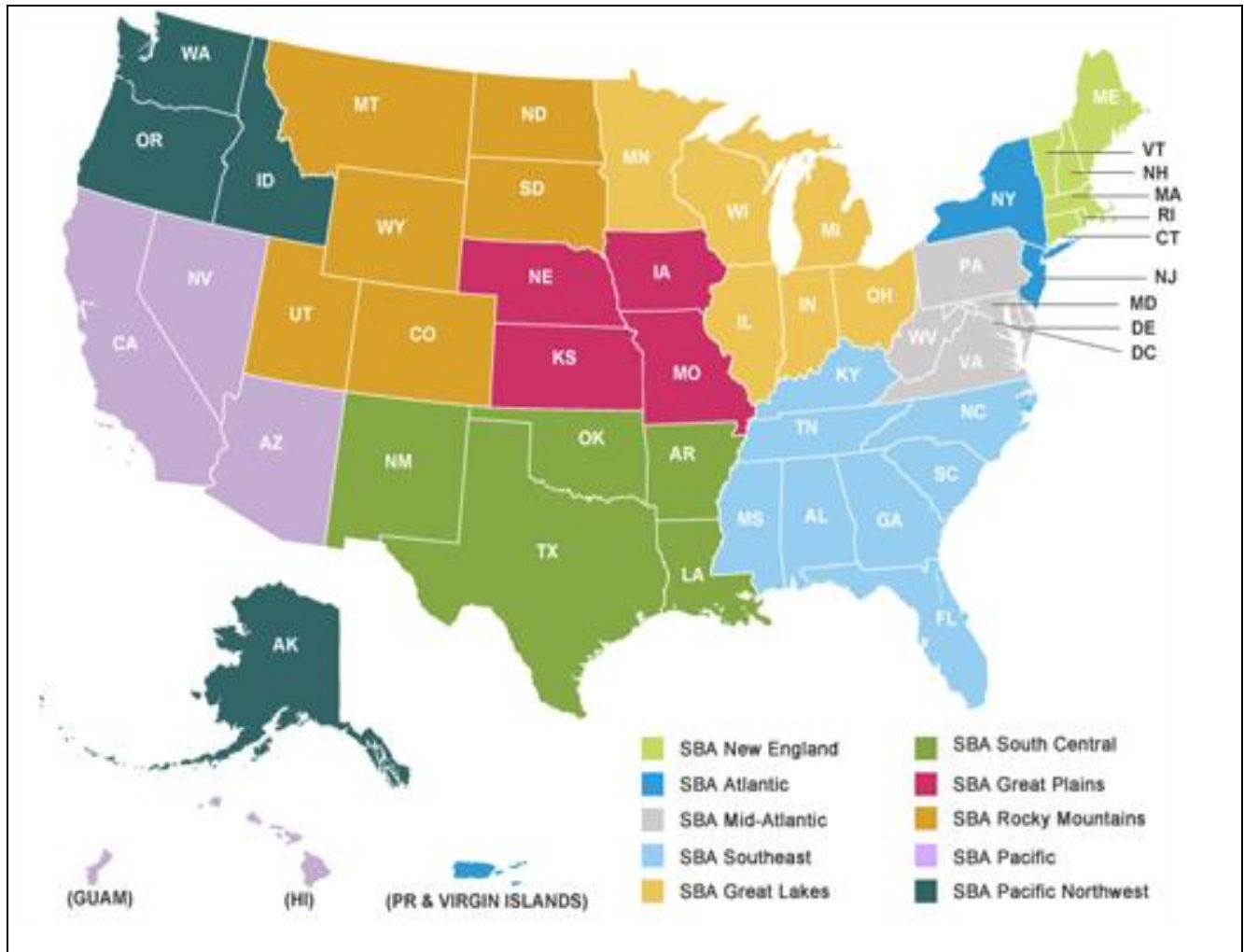
businesses a fair portion of government contracts and sales of surplus property.” The Small Business Administration reports to operate as a one-stop store of tools to help U.S. small businesses to succeed.

Although the Small Business Administration (2018c) was created in 1953, the earliest form of the Small Business Administration began in 1932 with the Reconstruction Finance Corporation. The Reconstruction Finance Corporation was established by former President Herbert Hoover to offer federal loans for large and small businesses that were distressed by the Great Depression. The agency conveyed that World War II requirements led to large industrial defence government contracts, but small businesses continued to suffer from the Depression. In 1942, Congress created the Smaller War Plants Corporation to accommodate entrepreneurs with direct loans and encourage financial institutions to offer credit to small businesses. The Smaller War Plants Corporation ended with World War II, and their responsibilities were left with the Office of Small Business, that was overseen by the Department of Commerce. The Office of Small Business (Small Business Administration, 2018c: Online) discovered that “[a] lack of information and expertise was the main cause of small business failure.” Small businesses lack of knowledge prompted the Office of Small Business to offer the first educational opportunities through management counselling and educational pamphlets. Again, during wartime (the Korean War), the government saw the need to offer more small business opportunities, and in 1951, the Small Defense Plants Administration was created (Small Business Administration: 2018c). The responsibilities were similar to that of the Smaller War Plant Corporation, but the Small Defense Plants Administration certified small businesses as competent to participate in government contracts. More than 20 years after the creation of the Reconstruction Finance Corporation, former President Dwight Eisenhower introduced a new small business agency, and through the Small Business Act of July 30, the Small Business Administration was born (Small Business Administration: 2018c).

Approximately seven decades later, the Small Business Administration (2017) operates as an authoritative and powerful agency providing support for 29.6 million American small businesses. To further the mission of assisting American small businesses in succeeding, the Small Business Administration (2018d: Online) established regional offices across the country. Oklahoma regional offices are located in Region VI, in the Small Business Administration’s South-Central

Region. Although the states are abbreviated in Figure 3.1 below, the full name of each state and region is available below the figure.

**Figure 3.1 Small Business Administration Regional Offices**



Source: Small Business Administration (2018d: Online)

- Region I - SBA New England - Serving Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont;
- Region II - SBA Atlantic - Serving New York, New Jersey, Puerto Rico, and The U.S. Virgin Islands;
- Region III - SBA Mid-Atlantic - Serving Delaware, Maryland, Pennsylvania, Virginia, Washington, DC, and West Virginia;

- Region IV - SBA Southeast - Serving Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee;
- Region V - SBA Great Lakes - Serving Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin;
- Region VI - SBA South Central - Serving Arkansas, Louisiana, New Mexico, Oklahoma, and Texas;
- Region VII - SBA Great Plains - Serving Iowa, Kansas, Missouri, and Nebraska;
- Region VIII - SBA Rocky Mountains - Serving Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming;
- Region IX - SBA Pacific - Serving Arizona, California, Guam, Hawaii, and Nevada; and
- Region X - SBA Pacific Northwest - Serving Alaska, Idaho, Oregon, and Washington.

Dorothy “Dottie” Overall, Director of the Small Business Administration’s Oklahoma District Office (Small Business Administration, 2016b: p.8), reported to help “start or grow” Oklahoma small businesses. Overall stated to Oklahomans, “We are in the business of helping the American dream come true for you!” Working as a network of partners, the Oklahoma Small Business Development Centers, the SCORE Association, and the SBA Learning Center virtual campus were accessible to Oklahomans throughout the 77 counties of the state. The Director encouraged Oklahomans to contact the Small Business Administration’s Oklahoma District Office and “get the support and resources you [the small business owner] need to succeed and build a legacy that will benefit not only you and your family but also the state of Oklahoma.” (Small Business Administration, 2016b: p.8). The agency listed the Oklahoma advising services that are offered at little or no cost:

- financing through guaranteed loans with local financial institutions;
- financing small business involved in international trade;
- mentoring, counselling, and consulting on starting, operating or growing a small business;
- training events throughout the state (some require a nominal registration fee);
- assisting the economically and socially disadvantaged business owners; and
- assisting women, veterans, and minority business owners.

Centrally located in the state, Oklahoma’s district office is located in the Federal Building, at 301 N.W. 6<sup>th</sup> St, Suite 116, Oklahoma City, Oklahoma (Small Business Administration: 2018e). The district’s operating hours are Monday through Friday 8:00 am until 4:30 pm (CST). The agency informed Oklahomans of a 15-person staff that oversees the Small Business Administration’s programs and services that are accessible throughout the 77 counties of Oklahoma. Oklahoma’s district office presented itself as friendly and eager to help small business owners when the Director encouraged Oklahomans to “[n]ever hesitate to call our office at (405) 609-8000 for assistance” (Small Business Administration, 2016b: p.8).

**Figure 3.2 Small Business Administration - Oklahoma District Office**



Source: [facts.co](https://facts.co) (2018)

The Small Business Administration (2018f) reported that the federal agency operated an annual budget of almost \$900 million, and offered such financial credit tools as small business loans of almost \$132 billion, \$30 billion was available yearly for guaranteed loans and \$170 billion was available annually for federal prime contracts and subcontracts for small business owners. The Small Business Administration also offered financial tools with hundreds of grants and cooperative agreements to support small businesses nationwide.

The Small Business Administration (2018f: p.200) awarded small businesses with financing credit when credit had been denied and no other financing was available. The agency also ensured that other federal agencies within the Small Business Administration shared the priority of creating opportunities through training and mentoring to enable small businesses to qualify for 23 per cent of the government contracting dollars. “Under a statutory goal, the government directs approximately 23 per cent of federal procurement funds to these programs [such as minorities, disabled veterans, women, Native Americans, and firms from low economic areas].” The percentage of federal contracts awarded to small businesses had not fallen below 23 per cent since 2012, when the rate was lowered to 22.3 per cent. The Small Business Administration continued that small businesses were awarded growth tools of \$100 billion in federal government contract awards, millions of dollars of financing tools in guaranteed loans (up to 75 per cent over \$149,999 and up to 85 per cent under \$149,999).

Although the primary purpose of this section of the study is to examine the tax tools offered by the Small Business Administration, it is necessary to report the management education tools, growth tools, and financial tools through loans to minorities and special interest small business owners. These tools are not analysed as part of the study, but to emphasise the type of small business tools that are offered and to reveal the Small Business Administration’s focus by determining how their funds are spent.

The Small Business Administration (2012b; 2014; 2016c; 2018f; 2019) reported annually to Congress with a “Congressional Justification and Annual Performance Report”, to justify the funds spent in the previous fiscal year and the requested funds for the upcoming fiscal year. The requested budget for the fiscal year 2019 and the enacted budgets for the fiscal years 2012 through 2019 are presented in Table 3.1 (funding could differ from the budget due to carryovers from previous years).

**Table 3.1 Small Business Administration Budgets FY2012-FY2019**

<b>Fiscal Year</b>	<b>Budgeted Amount</b>
2019 enacted	\$ 715,000,000
2018 enacted	\$ 700,840,000
2017 enacted	\$ 886.761,000

2016 enacted	\$ 871,042,000
2015 enacted	\$ 887,604,000
2014 enacted	\$ 928,975,000
2013 enacted	\$1,045,271,000
2012 enacted	\$ 918,771,000

Source: Small Business Administration (2012b: p.11; 2014: p.16; 2016c: p.14; 2018f: p.7; 2019: p.6)

The Small Business Administration (Congressional Research Service: 2019) disclosed the agency’s three major spending categories in the Small Business Administration Funding: Overview and Recent Trends Report. The categories and appropriations from the fiscal year 2010 through the fiscal year 2019 are presented in Table 3.2.

**Table 3.2 Small Business Administration –  
Program Appropriations FY2010-FY2019 (\$ in millions)**

Fiscal Year	Disaster Assistance and Supplemental	Small Business Loan Credit Subsidies	Other Programs	Total Appropriations
2019	\$ 10.0	\$ 4.0	\$ 701.4	\$ 715.4
2018	\$ 1,659.0	\$ 3.4	\$ 697.4	\$ 2,359.8
2017	\$ 636.0	\$ 4.3	\$ 696.5	\$ 1,336.8
2016	\$ 186.9	\$ 3.3	\$ 680.8	\$ 871.0
2015	\$ 186.9	\$ 47.5	\$ 653.2	\$ 887.6
2014	\$ 191.9	\$ 111.6	\$ 625.4	\$ 928.9
2013	\$ 851.2	\$ 319.7	\$ 583.6	\$ 1,754.5
2012	\$ 117.3	\$ 210.8	\$ 590.7	\$ 918.8
2011	\$ 45.4	\$ 82.8	\$ 601.5	\$ 729.7
2010	\$ 78.2	\$ 83.0	\$ 1,623.3	\$ 1,786.5

Source: Congressional Research Service (2019 p.3)

Table 3.2 above includes appropriations for “Other Programs”, “a category that includes salaries and expenses, business loan administration, the Office of Inspector General, the Office of Advocacy, and entrepreneurial development programs” (Congressional Research Service, 2019: p. Summary). To better understand the appropriations for the expenses within “Other Programs”, each expense is explained.

The salaries and expenses provided funding for the agency's office operating budgets, agency-wide rent and telecommunications, employee compensation and benefits, and reimbursed expenses for programs that the Small Business Administration received from other federal funding (Congressional Research Service: 2019). The business loan administration appropriations were for the program's direct and guaranteed business loan administration expenses. The Office of Inspector General was proclaimed to be an overseer of the agency and provides an "independent oversight to improve integrity, accountability and performance" of the Small Business Administration (Congressional Research Service 2019: p.11). The Office of Advocacy (Small Business Administration, 2018r: Online) notified small business owners that the Advocacy was "an independent voice for small business within the federal government" and "advances the views, concerns and interests of small business before Congress, the White House, federal agencies, federal courts and state policy makers." The Advocacy was also responsible for the economic research and policy analysis for small businesses and communicated that data to various government agencies and officials. The entrepreneurial development programs are the segment of the Small Business Administration that reported to offer educational resource tools to small businesses.

Through educational resources, the Small Business Administration (2016b: p.11; 2018g) offered "[a] nationwide network of resource partners help millions of potential and existing small business owners' start, grow and succeed." With more than 13,000 professionals, in 800 different business industries, partners reached into every state and territory in the nation with mentors, trainers, and business counsellors and proffer tools to assist with formal business plans, small business loans, business management and growth, government contract opportunities, and disaster recovery.

The detail for appropriations in "Other Programs" shown in Table 3.2 is shown below in Table 3.3 and reveals the appropriations for small business tools offered through the entrepreneurial development programs for the fiscal years 2010 through 2019 (Congressional Research Service: 2019).

Table 3.3: Small Business Administration, Detail of “Other Programs”  
 Appropriations from Table 3.2 FY2010–FY2019 (\$ in millions)

Fiscal Year	Salaries and Expenses	Small Business Loan Admin.	Office of Inspector General	Office of Advocacy	Entrepreneurial Development Programs	Total Other Programs from Table 3.2
2019	\$ 267.500	\$ 155.150	\$ 21.900	\$ 9.120	\$ 247.700	\$ 701.4
2018	\$ 268.500	\$ 152.782	\$ 19.900	\$ 9.120	\$ 247.100	\$ 697.4
2017	\$ 269.500	\$ 152.726	\$ 20.900	\$ 9.220	\$ 244.154	\$ 696.5
2016	\$ 268.000	\$ 152.726	\$ 20.900	\$ 9.120	\$ 230.054	\$ 680.8
2015	\$ 257.000	\$ 147.726	\$ 20.400	\$ 9.120	\$ 218.954	\$ 653.2
2014	\$ 250.000	\$ 151.560	\$ 20.000	\$ 8.750	\$ 195.090	\$ 625.4
2013	\$ 223.170	\$ 140.219	\$ 21.166	\$ 8.643	\$ 190.402	\$ 583.6
2012	\$ 245.000	\$ 147.958	\$ 17.267	\$ 9.120	\$ 171.355	\$ 590.7
2011	\$ 238.101	\$ 152.694	\$ 17.267	\$ 0.000 began in 2012	\$ 193.438	\$ 601.5
2010	\$ 331.227	\$ 159.500	\$ 17.300	\$ 0.000 began in 2012	\$ 154.773	\$ 662.8 initial appropriation

Source: Congressional Research Service (2019: pp.6, 7, 11)

Linda McMahon, the Small Business Administrator, gave recognition to the agencies’ significant resource partners that offered tools to small businesses through the Entrepreneurial Development Programs in “A Message from the Administrator” (Small Business Administration, 2018g: p.4). According to McMahon, the Small Business Administration worked for small businesses in a spirit of American entrepreneurship, but the agency relied heavily on their partner agencies. She added: “We are honored to have the expertise of our resource partners. . . .”

The Office of Entrepreneurial Development (Small Business Administration, 2018f: Online) oversaw small business education, training, and mentoring through the following programs:

- Small Business Development Centers;
- SCORE Association;
- SBA Learning Center;
- Microloan Technical Assistance Program (lending program);

- Growth Accelerator Fund Competition (lending program);
- HUB Zone Administration (contracting program);
- Women Business Centers (minority/specialty program);
- Veterans Programs (minority/specialty program);
- 7(j) Technical Assistance Program (minority/specialty program);
- Native American Outreach Program (minority/specialty program);
- National Women’s Business Council (minority/specialty program);
- Entrepreneurship Education Initiative (minority/specialty program);
- Program for Investment in Micro-Entrepreneurs (minority/specialty program); and
- The Entrepreneurial Development Initiative (minority/specialty program).

Many of the above partner programs presented business tools to a target client, gave financing and loan assistance, or offered training needed to obtain federal government contracts, but did not provide tax tools to the general small business public (Small Business Administration: 2018f). This study aims to examine tax tools available for small businesses without restrictions. Therefore, tools and resources set aside for minorities, special interest, or other specific groups are not a part of this study. When reviewing the programs within the Office of Entrepreneurial Development that offered small business tax tools without participation requirements, the following programs qualified for the present study:

- Small Business Development Centers;
- SCORE Association; and
- SBA Learning Center.

The budgets for each of the entrepreneurial development programs (Small Business Administration: 2018f) chosen for this study and the small business client participation in each program are shown in Table 3.4 and Table 3.5 respectively. It should also be noted that the SBA Learning Center budget includes the SBA Learning Center and the SBA Emerging Leaders (a growth training program for executives with businesses located in “historically challenged communities”).

**Table 3.4 Program Budgets – Total Administrative Resource (in thousands)**

Fiscal Year	Small Business Development Center	SCORE Association	SBA Learning Center
2019 Enacted	\$ 141.719	\$ 17.050	\$ 9.768
2018 Actual	\$ 141.725	\$ 16.650	\$ 15.332
2017 Actual	\$ 180.143	\$ 17.555	\$ 13.222
2016 Actual	\$ 170.466	\$ 17.020	\$ 20.956
2015 Actual	\$ 121.627	\$ 13.326	\$ 12.811
2014 Actual	\$ 120.507	\$ 12.100	\$ 9.532
2013 Actual	\$ 113.484	\$ 11.546	Budget began in 2014
2012 Actual	\$ 126.473	\$ 10.499	Budget began in 2014
2011 Actual	\$ 130.323	\$ 12.205	Budget began in 2014
2010 Actual	\$ 128.232	\$ 12.980	Budget began in 2014

Source: Small Business Administration (2018f: pp.82, 85, 87; 2016c: pp.57, 62; 2019a: pp.84, 90, 92)

**Table 3.5 Number of Small Business Clients Participating in Advising, Mentoring, Counselling and Training FY2010-FY2017**

	2017	2016	2015	2014	2013	2012	2011	2010
Small Business Development Centers	433,544	453,427	454,898	485,487	532,377	543,512	557,698	379,794
SCORE Association	646,260	433,394	349,539	442,374	345,902	458,773	135,818	170,387
SBA Learning Center	206,172	187,162	154,132	182,002	150,355	220,596	Program Began in 2012	Program Began in 2012

Source: Small Business Administration (2016c: pp.58, 62-63; 2018f: pp.82, 85-87)

The Small Business Administration (2018n: Online) addressed the need for small business planning tools and offered “10 Steps to Start Your Business.” Each step was discussed, and live IRS links were provided when applicable. The ten steps are listed below:

- conduct market research;
- write your business plan;
- fund your business;
- pick your business location;
- choose a business structure;
- choose your business name;
- register your business;
- get federal and state tax IDs;
- apply for licenses and permits; and
- open a business bank account.

The Small Business Administration (2016b: p.18) emphasised the importance of knowing and understanding small business tax compliance responsibilities. Regardless of whether the small business owners were responsible for the tax compliance, or an outside accountant was hired, the Small Business Administration stressed the significance of tax knowledge for the small business owner and directed the owner to the IRS website for various tax tools including forms, instructions, publications, requirements, online training, and virtual workshops. The guide continued with the small business owner's "need to develop a working relationship with an accountant" and the importance of consulting a tax accountant early in the planning process to choose the most tax advantageous business structure. The small business owner was guided to the IRS Small Business/Self-Employed Tax Center website for small business tax resources.

In discussing the need for an accountant, the Small Business Administration (2016b) gave ten concise sentences to explain the importance of an accountant, but few references were made to how an accountant could help a small business, or the services offered by small business accountants. A search by the researcher on the Small Business Administration website revealed a blog: "How to Find an Accountant Who Can Help Your Small Business over the Long Haul" by Caron Beesley (2012: Online). Beesley, a Blog Contributor and Communications Consultant for the Small Business Administration, stated that referrals from friends or associates were the best way to find an accountant but suggested small businesses should request a free initial consultation with a prospective accountant with the following questions.

- How many small business clients do you work with?
- With businesses similar to mine, what experience do you have?
- Other than tax preparation, what other services do you offer?
- Who will I be working with?
- Are you willing to visit my business?
- How quickly can you respond to questions?
- What are your fees?
- What professional qualifications and licenses do you have?

Beesley (2012: Online) continued, informing small businesses that ultimately tax compliance was the responsibility of the business owner and suggested small business owners contact their “local Chamber of Commerce, Small Business Development Center, or other small business organisations or their state accounting society” for tax tools.

### **Limitations of the Small Business Administration**

During the analysis of the small business tax tools that were extended by the Small Business Administration, limitations were uncovered. Although the Small Business Administration (2018b: Online) claims to be one-stop store of tools to help U.S. small businesses succeed, this study found that the organisation focuses more on managing and growing a business rather than on taxation or accounting. The organisation presented business growth opportunities with loan opportunities, training, and certifications for government contracts, but the researcher found scarce accounting and tax-related tools even though the Small Business Administration (SCORE Association, 2015: Online) reported that “40 per cent of small business owners say bookkeeping and taxes are the worst part of owning a small business.” The Small Business Administration (2018f: p.7) identified their function as:

The Agency [Small Business Administration] supports training to small business owners on how to compete for government contracts, ensuring businesses owned by women, veterans, minorities, and businesses located in socially and economically disadvantaged communities have equal opportunity for success. The 8(a) Business Development program offers a broad scope of assistance to firms that are owned and controlled at least 51 percent by socially and economically

disadvantaged individuals. The Historically Underutilized Business Zones (HUB Zone) program helps small businesses in urban and rural communities gain preferential access to federal procurement opportunities. The SBA [Small Business Administration] uses training, mentoring, and educational tools to not only help small businesses owners understand government contracting programs, but to also access federal contracting dollars.

The Small Business Administration (2018o: Online) website contained hundreds of pages of resources available to small businesses, but few were tax or accounting related tools. Accounting concepts and terms such as assets, liabilities and equity, cash and accrual, cost-benefit analysis, and generally accepted accounting principles, were briefly explained in a few sentences. In describing the balance sheet, under the section “Start With a Balance Sheet” the website explained that the balance sheet would help the small business owner keep up with “costs like employees and supplies”. It seems that this explanation could create some confusion and cause the small business owners to think that expenses are presented on the balance sheet instead of an income statement or profit and loss statement.

The website offered little instruction or discussion on tax or accounting tools but presented IRS live links when referring to tax matters. The website (Small Business Administration, 2018p: Online) was helpful in guiding a small business owner to “consider hiring a certified public accountant, bookkeeper, or using an online service” and suggested that a small business should ensure that the following accounting issues were managed well:

- accounts receivable;
- accounts payable;
- available cash;
- bank reconciliation; and
- payroll.

With a \$900 million budget (Small Business Administration: 2018f) it was disappointing to find the Small Business Administration offered few tax or accounting tools, but instead, small businesses were encouraged to go to [IRS.gov](https://www.irs.gov) for tax assistance. Small business tools from the Small Business Administration were mostly restricted to qualified low-income businesses or specialised audiences.

Another major limitation of the Small Business Administration was the lack of advertising to help small business owners become aware of the existing tools. No budget, reference, or evidence indicating any promotion of small business tax tools could be found, other than a few words from a small business owner posted on a blog ([Yelp.com](http://Yelp.com), 2018: Online):

I was shocked to see so few reviews on the SBA [Small Business Administration]! The only thing the SBA [Small Business Administration] is missing is an appropriate marketing budget! So spread the word to your friends that are ... small business owners.

Other Small Business Administration limitations included accessing information from the website, such as user problems with the live links, web pages, and errors where pages would not open or were no longer available.

### **3.2.1 Small Business Development Center**

Another small business resource is America's Small Business Development Center (2018a: Online), which is a Small Business Administration resource that works as a partner network with "the U.S. Congress, SBA [Small Business Administration], the private sector, and the colleges, universities and state governments that manage SBDC [Small Business Development Center] across the nation." With 63 lead centres, the agency manages 963 U.S. service centres. The agency estimates to have helped "one million small businesses and aspiring entrepreneurs each year".

America's Small Business Development Center (2018a), also called the "Small Business Development Center" began in 1975, when William C. Flewellen (University of Georgia: 2018), Dean of the University of Georgia's College of Business Administration and Reed Powell (California State Polytechnic University of Pomona: 2018), Dean of the School of Business Administration at California State Polytechnic University, Pomona discussed "the need for a program that combines the resources of higher education, government and the private sector to support the development of small businesses" (America's Small Business Development Center, 2018a: Online). With the influence of Flewellen and Powell serving on the Small Business Administration National Advisory Board, a new pilot program, funded by the Small Business Administration, began at the California State Polytechnic University at Pomona, as the University

Business Development Center Program. In 1977, the priority of involving higher education with the small business owner learning continued as seven more universities from Georgia, California, Missouri, Nebraska, Maine, Florida, and New Jersey joined forces with the University Business Development Center and shared a \$350,000 funding from the Small Business Administration.

The Small Business Development Center (America’s Small Business Development Center 2018b: Online) is a nationwide organisation created to represent the interests of small businesses to “...help new entrepreneurs realize the dream of business ownership, and to assist existing businesses to remain competitive in the complex market place of an ever-changing global economy.” While the Small Business Development Centers were created to assist small businesses, this study found that the Centers failed to inform small businesses of their services. On July 24, 2017, in a telephone interview by the researcher with the Oklahoma Small Business Development Center Assistant State Director of Communications, the Director acknowledged that instead of advertising their services, the Development Center chose to rely on the word-of-mouth from former customers to notify small business owners.

In the interview, the Director of Communications stated that the America’s Small Business Development Center offered small business owners no cost, face-to-face, confidential business consulting at more than 960 nation-wide Small Business Development Centers. At-cost training was also available on such business topics as tax compliance, international trade, writing a business plan, information technology, obtaining loans, and marketing. The Director of Communications continued that the organisation’s financial sponsorship was shared by the Small Business Administration and local colleges, universities, and other state and local development agencies. America’s Small Business Development Centers of Oklahoma (2017) and their locations are recorded in Table 3.6.

**Table 3.6 Oklahoma Small Business Development Centers**

Educational Facility	City in Oklahoma
Cameron University	Lawton
Eastern Oklahoma State College	Wilburton
Edmond Chamber of Commerce	Edmond
High Plains Technology Center	Woodward

Langston University	Langston
Northwestern Oklahoma State University	Alva
Oklahoma State University	Ada
Oklahoma State University	Norman-Cleveland County Coop. Extension Service
Oklahoma State University	Stillwater-International Trade Center
Oklahoma State University	Stillwater-Oklahoma Coop. Extension Service
Oklahoma State University	Tulsa-Helmerich Research Center
Oklahoma State University	Tulsa-Center for Technology Commercialization
Rose State College	Midwest City
Southeastern Oklahoma State University	Durant
Southeastern Oklahoma State University	Moore
Southeastern Oklahoma State University	Muskogee
University of Central Oklahoma	Edmond

Source: America’s Small Business Development Center of Oklahoma (2017)

Recognising that many Oklahoma Small Business Development Center sites were located on college and university campuses, the researcher continued the interview and asked the Director if the Centers had the opportunity to share with campus business schools the needs of small business owners that had been identified by the Small Business Development Centers. The Director paused and responded with: “The short answer is no; we don’t. It is a vision of mine to get much more engaged in our business schools.” When the researcher inquired: “Do business instructors from your campus ever volunteer to meet with your small business clients?” The Director pronounced: “No, to the professors, but we have [community] business leaders that donate their time.” The researcher continued: “What do you see as the most requested service by small business owners?” According to the Director, financially related services such as accounting, finance, and loans were the most popular needs with their small business clients.

From the website review, the most common topics (listed alphabetically) addressed by America’s Small Business Development Center of Oklahoma (2018a: Online) and their consulting partners are listed below:

- |                                  |                                  |
|----------------------------------|----------------------------------|
| • 8(a) Certification;            | • International Trade;           |
| • <b>Accounting</b> ;            | • Legal Issues;                  |
| • Business Plan Development;     | • Management;                    |
| • Copyrights;                    | • Manufacturing;                 |
| • E-Commerce;                    | • Marketing Strategy;            |
| • Financing/Loan Packaging;      | • Digital/Social Marketing;      |
| • <b>Financial Analysis</b> ;    | • Minority Business Development; |
| • Franchising;                   | • Patents/Trademarks;            |
| • Government Contracting;        | • Start-Up;                      |
| • Home-Based Business;           | • <b>Taxes</b> ;                 |
| • Human Resources;               | • Agribusiness;                  |
| • Economic Gardening;            | • Geographic Info. Systems; and  |
| • Strategic Business Assessment; | • Industry Benchmarking.         |

The Small Business Development Center at Rose State College (2018a: Online) reported that one-on-one counseling assistance was available in the following topic areas:

- |  |
|--|
| <ul style="list-style-type: none"> <li>• business plan development;</li> <li>• marketing assessment;</li> <li>• cost analysis;</li> <li>• <b>financial analysis</b>;</li> <li>• capital resources, financial packaging and forecasting; and</li> <li>• <b>accounting and bookkeeping</b>.</li> </ul> |
|--|

The Small Business Development Center at Rose State College (2018a: Online) offered The Small Business Conference 2018 and announced that “Oklahoma entrepreneurs and business owners will be provided with the tools and resources needed to start, grow, and sustain an Oklahoma small business.” The ten-hour conference agenda was absent of accounting or tax topics, but included marketing for growth, technology for security, financing for funding, and success stories for encouragement.

The Small Business Development Center (America’s Small Business Development Center of Oklahoma, 2018c: Online) offered one-on-one free and confidential business advice from experts in the field. A small business client could request counsel by going to the website and registering by choosing a location and topic of interest. The Center claimed the registration was “fast, easy, and free.”

During an interview by the researcher, on June 20, 2017, the Small Business Development Center Director of the Rose State College Center, explained that the Oklahoma Tax Commission Small Business Workshops (taught by the Oklahoma Tax Commission) and the Small Business Federal Tax Workshops (taught by certified public accountants at McGladrey) were small business tax tools that were provided regularly (see Table 3.7). The Director explained that both workshops were three-hour sessions and made available the first Monday of each month, with one workshop offered in the morning and the other in the afternoon. The interview continued with the Director commenting on the lack of advertising used to inform small business owners about their tax workshop and reported that the Center relied heavily on the word-of-mouth from small business clients that had previously attended the workshops. The Director stressed that both the Oklahoma Tax Commission workshops and the federal tax workshops were free, but registration was necessary due to limited seating. When asked about the agenda of the workshops, the Director stated that the Oklahoma Tax Commission New Business Workshop included:

- business registration;
- business tax form completion;
- business payroll requirements; and
- business sales tax responsibilities.

The Small Business Development Center Director continued, explaining that the Small Business Federal Tax Workshop agenda included:

- small business basic IRS tax requirements;
- small business basic record-keeping and bookkeeping;
- small business income tax;
- small business deductions; and
- small business federal tax forms and filing dates.

**Table 3.7 Oklahoma 2018 Small Business Development Center Tax Workshops**

<b>Dates in 2018</b>	<b>Small Business Tax Workshop</b>	<b>Location</b>	<b>Cost</b>
Jan. 18	Oklahoma Tax Commission Workshop	Holdenville	No Cost
Jan. 23	State and Federal New Business Tax Workshop	Oklahoma State University Tulsa Campus	No Cost
Jan. 26	Oklahoma Tax Commission Workshop	Ardmore	No Cost
Feb. 5	Oklahoma Tax Commission Workshop	Rose State College Midwest City	No Cost
Feb. 5	Small Business Federal Tax Workshop	Rose State College Midwest City	No Cost
Feb. 23	Oklahoma Tax Commission Workshop	Ardmore	No Cost
Feb. 27	State and Federal New Business Tax Workshop	Oklahoma State University Tulsa Campus	No Cost
Mar. 5	Oklahoma Tax Commission Workshop	Rose State College Midwest City	No Cost
Mar. 5	Small Business Federal Tax Workshop	Rose State College Midwest City	No Cost
Mar. 27	State and Federal New Business Tax Workshop	Oklahoma State University Tulsa Campus	No Cost
Apr. 2	Oklahoma Tax Commission Workshop	Rose State College Midwest City	No Cost
Apr. 2	Small Business Federal Tax Workshop	Rose State College Midwest City	No Cost
Apr. 24	State and Federal New Business Tax Workshop	Oklahoma State University Tulsa Campus	No Cost
Apr. 27	Oklahoma Tax Commission Workshop	Ardmore	No Cost
May 7	Oklahoma Tax Commission Workshop	Rose State College Midwest City	No Cost
May 7	Small Business Federal Tax Workshop	Rose State College Midwest City	No Cost
May 22	State and Federal New Business Tax Workshop	Oklahoma State University Tulsa Campus	No Cost
May 25	Oklahoma Tax Commission Workshop	Ardmore	No Cost
Jun. 4	Oklahoma Tax Commission Workshop	Rose State College Midwest City	No Cost
Jun. 4	Small Business Federal Tax Workshop	Rose State College Midwest City	No Cost

<b>Dates in 2018</b>	<b>Small Business Tax Workshop</b>	<b>Location</b>	<b>Cost</b>
Jun. 22	Oklahoma Tax Commission Workshop	Ardmore	No Cost
Jun. 26	State and Federal New Business Tax Workshop	Oklahoma State University Tulsa Campus	No Cost
Jul. 13	Oklahoma Tax Commission Workshop	Ardmore	No Cost
Aug. 6	Oklahoma Tax Commission Workshop	Rose State College Midwest City	No Cost
Aug. 6	Small Business Federal Tax Workshop	Rose State College Midwest City	No Cost
Aug. 24	Oklahoma Tax Commission Workshop	Ardmore	No Cost
Sept. 14	Oklahoma Tax Commission Workshop	Eastern Oklahoma State College McAlester Campus	No Cost
Sept. 25	State and Federal New Business Tax Workshop	Oklahoma State University Tulsa Campus	No Cost
Oct. 1	Oklahoma Tax Commission Workshop	Rose State College Midwest City	No Cost
Oct. 1	Small Business Federal Tax Workshop	Rose State College Midwest City	No Cost
Oct. 12	Oklahoma Tax Commission Small Business Tax Workshop	Eastern Oklahoma State College McAlester Campus	No Cost
Oct. 23	State and Federal New Business Tax Workshop	Oklahoma State University Tulsa Campus	No Cost
Nov. 5	Oklahoma Tax Commission Workshop	Rose State College Midwest City	No Cost
Nov. 5	Small Business Federal Tax Workshop	Rose State College Midwest City	No Cost
Nov. 8	Oklahoma Tax Commission Small Business Tax Workshop	Eastern Oklahoma State College McAlester Campus	No Cost
Dec. 3	Oklahoma Tax Commission Workshop	Rose State College Midwest City	No Cost
Dec. 3	Small Business Federal Tax Workshop	Rose State College Midwest City	No Cost
Dec. 10	Oklahoma Tax Commission Small Business Tax Workshop	Eastern Oklahoma State College McAlester Campus	No Cost
Dec. 11	Year End Workshop for Small Business	Northwest Technology Center Fairview	\$15.00

Source: America's Small Business Development Center of Oklahoma (2018b: Online)

In addition to the tax workshops, the Director added that the Small Business Development Center also offered one-on-one accounting consultations for small businesses, but the agency suggested that the best tax tool for the small business owner was to contact their accountant or the IRS.

The Small Business Development Center (2018d) presented online tools for small businesses, but the topics directly related to taxation were live links to the IRS website. In 2018, the Center (2018c: Online) proudly reported that the counselling, training and professional services delivered to American small businesses led to the following Small Business Development Center results:

- every 5.5 minutes — one new job was created;
- every 30 minutes — a new small business was created;
- every 8.2 minutes — sales were increased by \$100,000;
- every 10 minutes — small businesses had access to \$100,000 in capital; and
- every 24 hours — small businesses were receiving 141.55 hours of consulting.

### **Limitations of the Small Business Development Centers**

While examining the Small Business Development Center (2018d), limitations were discovered with tax tool online resources. The website supplied online tools for small businesses but the tools that were directly related to taxation were live links to [IRS.gov](https://www.irs.gov). In 2018, the Center (2018c: Online) reported that the counselling, training and professional services were offered to American small businesses, but the researcher found the only tax tools offered to Oklahoma small businesses were workshops available through partnerships with the Oklahoma Tax Commission and local accounting firms that offered state and federal tax workshops respectively (see Table 3.7).

Another limitation discovered during the interview with the Small Business Development Center Director was that small businesses may not be aware of the tax workshops offered by the Small Business Development Centers. The Director disclosed that due to limited funds, the agency did not advertise, but the agency depended on “word-of-mouth to inform small business owners of tax tools offered by the Small Business Development Center.”

### **3.2.2 SCORE Association**

The SCORE Association (Small Business Administration: 2018f) began in 1964, and was another resource under the authority of the Small Business Administration. The organisation is headquartered in Herndon, Virginia and was originally called the Service Corps of Retired Executives, but later became known as the SCORE Association (2018a). Their mission (Small Business Administration, 2018g: p.10) is to “[f]oster vibrant small business communities through mentoring and education” and SCORE claims that they are “the nation’s largest network of volunteer business mentors harnesses the passion and knowledge of real world business executives to provide invaluable mentorship.” Since the agency was established in 1964, “SCORE has helped more than 10 million current and aspiring entrepreneurs through mentoring, workshops and educational services” (SCORE Association, 2018b: Online).

The SCORE Association (Small Business Administration: 2018f) asserted they were counsellors to American small businesses and to have the most extensive network of volunteers, with more than 11,000 business experts (working and retired business mentors) who donated 1.1 million hours every year from 62 different industries across the nation. The purpose of the organisation was to match mentors with clients that could benefit from the knowledge of a mentor’s real-world experience. With more than 300 SCORE Association chapters located across the nation, a small business owner could be matched and then meet with their mentor as often as the small business owner needs (SCORE Association: 2018c). A small business owner could meet with a mentor locally or anywhere in the country by email, telephone, or Skype. The SCORE Association (2017a: Online) offered free (and low cost) workshops and educational services, while mentors were available to share their expertise with small business owners at little or no cost. The Association reported the following nationwide SCORE results:

- created 54,500 new businesses;
- added 79,000 new, non-owner jobs nationwide;
- offered 120,000 workshops for clients;
- hosted 3,000,000 website visitors; and
- welcomed 238,000 participants to in-person workshops.

SCORE’s online training for entrepreneurs increased by 67 per cent from the year 2016 to the year 2017 (Score Association: 2018f). Oklahoma SCORE locations were reported in Oklahoma City, Tulsa, and Ardmore with the following contact information:

**Table 3.8 Oklahoma SCORE Association Locations**

City	Mailing Address	Phone	Email
Oklahoma City	301 N.W. Sixth St. Suite 116 OKC, OK 73102	(405) 609-8004	<a href="mailto:okcscore@coxinet.net">okcscore@coxinet.net</a>
Tulsa	907 S. Detroit, Suite 1001 Tulsa, OK 74120	(918) 581-7462	<a href="mailto:consult@tulsascore.org">consult@tulsascore.org</a>
Ardmore	P.O. Box 1585 Ardmore, OK 73402	(580) 226-2620	<a href="mailto:ardmorescore@att.net">ardmorescore@att.net</a>

Source: Small Business Administration (2016b: p.12)

The SCORE Association (2018d: Online) website provided three tabs across the tool bar to assist a small business owner:

- Find a Mentor;
- Take a Workshop; and
- Browse the Library.

The first tab, “Find a Mentor”, offered the website visitor the opportunity to review prospective mentor profiles, request a mentor, or a volunteer at a local chapter. Upon requesting a mentor, SCORE could pair the prospective client with a qualified mentor (SCORE Association: 2018c). The SCORE Association provided profiles for each mentor that included city and state, work experience, education, certifications, photo, and the type of communication essential to the mentor when meeting with the prospective client. SCORE reported to be a long-term mentoring agency and states that once a mentor has been paired with a client, the mentor is committed to work with the client for the life of the business.

When the researcher searched for a “tax” mentor with an expertise in “business finance and accounting” in the state of Oklahoma and the surrounding states that shared Oklahoma borders (See Figure 3.1 for a U.S. map), no mentors were found in the state of Oklahoma, the state of Kansas (North of Oklahoma), the state of Arkansas (East of Oklahoma), or the state of Colorado (Northwest of Oklahoma).

Northeast of Oklahoma is the state of Missouri where the search identified one tax mentor with expertise in “business, finance and accounting.” The mentor was a certified public accountant who chose to communicate by mentoring in-person. To the south and also to the west of Oklahoma is the state of Texas where ten tax mentors with an expertise in “business, finance and accounting” were located. All ten mentors were willing to meet in-person, four of the ten mentors were also willing to respond by telephone, and one mentor agreed to communicate by email. Of the ten mentors identified, there were:

- six certified public accountants;
- one certified financial planner;
- one enrolled agent; and
- two experienced in tax, business and accounting.

At the time of this present study, when the researcher searched nation-wide for a tax mentor with an expertise in “business finance and accounting”, 100 mentor profiles were identified. These mentors were located in 31 different states and territories across the nation and most preferred to communicate with a small business owner in-person. The 100 tax mentors that indicated expertise in “business, finance and accounting” specified the following client communication preferences (mentors could choose more than one communication method):

- 91 requested to meet in-person;
- 55 requested to meet by telephone;
- 16 requested to meet by live video; and
- 14 requested to meet by email.

The second tab on the SCORE Association’s website was “Take a Workshop” (SCORE Association: 2018d) where recorded and live webinars were provided. The user could choose from a drop-down menu that offered 22 different topic options (including tax). At the time of this present study, when the researcher chose the tax topic option, the website showed no available live tax webinars, but offered 23 one hour recorded tax webinars for small business owners. SCORE (2018e: Online) presented the following tax tool webinars (listed chronologically):

- How the New Tax Cuts and Jobs Act Impacts Your Small Business – February 27, 2018;

- Use Tax and You: What Businesses Should Know About Florida’s Most Misunderstood Tax – July 12, 2018;
- Easy Tax Planning and Organizing for Small Businesses – January 9, 2018;
- Florida Reemployment Tax Basics: Foundation for Your Success – July 18, 2018;
- Small Business Start-Up Steps: Selecting a Business Entity, Income and Payroll Tax Decisions – November 9, 2017;
- Florida Sales Tax Tales: Fact vs. Fiction – December 12, 2017;
- Planning for Taxes, Healthcare, and Payroll in a Period of Uncertainty – May 11, 2017;
- Ask The CPA 2017: Tax Advice for Small Businesses – May 11, 2017;
- How Health Savings Accounts Can Put Money Back in Your Pocket – June 22, 2017;
- New Overtime Rules Start December 1! Is your Business Ready? – October 20, 2016;
- Florida Sales and Use Tax Basics – December 6, 2016;
- 5 Ways to Maximize the Profit When Selling Your Business – September 15, 2016;
- Safeguarding Yourself Against Identity Theft and Fraudulent Tax Filings – January 17, 2016;
- Year-End Tax Planning: 5 Clever Moves To Make Now To Reduce What You Owe in April – October 20, 2015;
- Easy Accounting for Business Owners Real Estate Investors – December 22, 2014;
- Tax Strategies to Ensure You Pay #NotOneDollarMore – January 14, 2015;
- Healthy Business Finance in 2015 – December 22, 2014;
- Instant Tax Relief - Last Minute Tax Strategies for Business Owners – March 13, 2014;
- Understanding the Affordable Care Act & the Impact it Has on Your Business – November 18, 2014;
- Why New Businesses Should Incorporate or Form a Limited Liability Company – July 22, 2013;
- Last Minute Secrets to Slash Your Taxes and Keep More of What You Earn! – February 26, 2013;
- Year-End Preparations for Small Businesses – November 15, 2012; and
- Taking the Guesswork Out of Incorporating Your Business – May 8, 2012.

The third and final tab available on the SCORE website was “Browse the Library” (SCORE Association, 2018f: Online). Upon visiting the library at the time of this present study, the researcher could narrow the search by choosing from 22 different main topics (including tax) in nine different formats. When the researcher chose the “tax” topic, 126 separate library tax tools became available. For a full detailed list of the “Browse the Library” tax tools, see APPENDIX G – SCORE’S “Browse the Library” Blog Posts, Articles, Checklists, Infographics, eGuides, Videos, Podcasts, and Template. The number of tax tools offered in each of the nine formats is listed below:

- 74 Tax tools offered in “Blog Post”;
- 34 Tax tools offered in “Articles”;
- 5 Tax tools offered in “Checklists”;
- 4 Tax tools offered in “Infographics”;
- 3 Tax tools offered in “eGuides”;
- 3 Tax tools offered in “Videos”;
- 2 Tax tools offered in “Podcasts”; and
- 1 Tax tool offered in “Template”.

In addition to the SCORE Association’s “Find a Mentor”, “Take a Workshop”, and “Browse the Library” resources, the SCORE Association (2017b: Online) stressed the importance of accounting services and suggested the following questions for small businesses to find an accountant.

- What professional training, licenses and credentials do you have? (Licensed attorneys, enrolled agents and certified public accountants can represent their clients in case of an IRS audit; preparers without these credentials cannot).
- What types of continuing education courses do you take to stay up-to-date on new tax laws?
- How long have you been preparing taxes?
- How many returns do you typically prepare a year?
- What experience do you have with freelancers in my industry?
- How are your fees calculated? What can I do to minimize my costs?
- Do I need to meet with you in-person, or can we handle communication via email, conference call, etc.?

- Do you offer assistance beyond tax preparation, such as advising me on how to reduce taxes in the future?
- And more....

### **Limitations of the SCORE Association**

The SCORE Association provides small business tools with possibly the most significant tax focus of any agency under the umbrella of the Small Business Administration. Although expert tax SCORE mentors were available for small business owners for the life of the business, an experiment by the researcher to request a mentor found the attempts to communicate with SCORE to be cumbersome, time-consuming, and inconvenient. The experiment to uncover strengths and weakness began with website's suggestion that anyone interested in a SCORE mentorship should click on "request a mentor" to begin the process. After requesting a mentor with a specialty in small business taxation, the researcher was informed that she would be contacted by telephone within the next several days. The researcher received the call within 48 hours, but the call came during an inopportune time, and the call went to voice mail. The SCORE representative left a professional message that included a return telephone number. The message also disclosed that if the call was not returned in 72 hours, SCORE would assume the caller was no longer interested in a mentor. The researcher returned the call within the hour, but the call went straight to an automated message where the caller was instructed to leave a message, and a volunteer would return the call. This telephone tag method of communication continued for 72 hours, and the researcher's file was eliminated. Upon requesting a mentor a second time, the researcher eventually made contact with SCORE, and a pleasant experience began. The SCORE representative was a specialist in taxation and explained that SCORE telephones, schedules, and matching mentors with small business clients were managed and operated by volunteers. The representative explained that matching expert volunteers (during their hours of availability), with the demand for small business clients was often a challenge. The researcher concluded that the initial difficulty in communication could easily discourage a prospective small business owner from seeking help from SCORE.

Another limitation was found with connecting a small business owner with a SCORE mentor. Although meeting in-person was the preference of most mentors, meeting in-person created traveling limitations. The location of tax mentors available at the time of this present study was

too distant for Oklahoma prospective SCORE clients to meet in-person. It was likely that an Oklahoma small business owner would find a suitable “tax mentor” amongst the nation-wide mentor search, but the distance would make it challenging to meet in-person. Some mentors were available to meet by telephone, live video or email.

Other possible SCORE limitations were found in the tax recorded webinars. Some webinars were limited to specific cities and made travel inconvenient or too costly for some small business owners to attend live and in-person. At the time of this present study, recorded tax webinars were included in the tax recordings that were created between the years of 2012 and 2016. Tax law changes could have made these old webinars of little use. There were no Oklahoma live webinars available to small business owners, but more could be introduced as the tax season approaches.

### **3.2.3 SBA Learning Center**

Another resource administered by the Small Business Administration is the SBA Learning Center (Small Business Administration: 2018h). The Learning Center is a virtual campus launched by the Small Business Administration in 2012. The agency (Small Business Administration, 2016b: p.15) displayed self-paced educational tools for the convenience of the small business owners anywhere and anytime by the internet. The SBA Learning Center course topics:

... include how to write a business plan, financing options that include SBA lending programs, mastering overseas markets through exporting, public sector procurement tactics, and specialty material for veterans, young entrepreneurs, and women business owners.

At the time of this study, the virtual campus offered 63 free online courses. More than 65 per cent of the courses were 30 minutes long, and the remaining sessions averaged approximately 20 minutes in length. Upon visiting the SBA Learning Center website, the researcher found a drop-down menu where classes were offered (some were offered in multiple topic areas) from the following topic areas (Small Business Administration, 2018h: Online):

- Plan Your Business;
- Manage Your Business;
- Grow Your Business; and

- Launch Your Business.

In the “Plan Your Business” topic area, the SBA Learning Center (Small Business Administrations: 2018j) offered 18 courses. Each course transcript was examined by using a “tax” word search. The researcher’s review of the 18 courses revealed one course where limited tax compliance tools were offered. In the course titled “Legal Requirements for Small Businesses”, the word “tax” or “taxes” was mentioned 36 times throughout the transcript, where a total of 19 sentences that offered limited information were devoted to taxation tools in the areas of:

- federal employer ID number;
- federal tax requirement guidelines;
- state and local sales taxes; and
- federal income taxes.

Upon reviewing the second topic area, “Manage Your Business”, the researcher found the SBA Learning Center (Small Business Administrations: 2018k) offered 21 courses. Each course transcript was examined by using a “tax” search. Among the 21 courses was an elementary accounting course titled, “Introduction to Accounting” where financial statements were discussed, but the researcher discovered no mention of taxation. Another course offered in the “manage your business” topic area was titled, “Selling Your Business” (Small Business Administration, 2018i: Online) where the transcript gave a general reference to the word “tax” or “taxes” 13 different times. The transcript offered limited tax information. The sentences that included the words “tax” or “taxes” are listed below.

- The second step to closing a business is to get expert advice. Closing a business is a delicate multi-step process. It is highly recommended that you enlist professional help. Expert advice may come from lawyers, accountants, business brokers, auctioneers, **tax** experts, bankers, and the IRS.
- Additional **tax** implications such as estate **taxes** and gift **taxes** generally arise for both parties.
- When you file income **tax** returns for the year in which your business closes, check the box that indicates the document is a final return. Many state revenue agencies require additional filings for sales **tax**.

- Your business type will affect what steps are required to transfer ownership as well as the **tax** implications of your transfer.
- If you have employees, you must obligate your payroll **tax** responsibilities, or you will risk personal liability. Inform your federal and state **tax** agencies that your business is closing and that you will cease to file unemployment returns and an employer's quarterly **tax** form.
- ... gather and organize financial and **tax** documents. You may be legally required to maintain records, particularly **tax** and employment records, even after your business has closed. A practical guideline for keeping records ranges anywhere from 3 to 7 years.
- For more information, the IRS provides a checklist of typical **tax** actions to take when closing a business, depending on your type of business structure.

In the third topic area, “Grow Your Business”, the SBA Learning Center (Small Business Administrations: 2018l) offered 32 courses, but after reviewing the transcripts and searching for the word “tax”, the researcher found no courses in this topic area that presented a tax focus.

Lastly, in the “Launch Your Business” topic area, the SBA Learning Center (Small Business Administrations: 2018m) offered seven courses, but as in the “Grow Your Business” topic area, there were no courses that offered tax tools to small business owners.

### **Limitations of the SBA Learning Center**

The SBA Learning Center offered online resources for small businesses through the Plan Your Business, Manage Your Business, Grow Your Business, and Launch Your Business resources, but only one topic focused on accounting, and the present study did not reveal a course that focused on taxation. A summary of the SBA Learning Center courses and the titles that focus on taxation and accounting is found in Table 3.9.

**Table 3.9 Learning Center Online Tax and Accounting Courses**

Small Business Online Course Category	Number of Course Titles Offered	Number of Tax or Accounting Titles Offered	Courses with Tax or Accounting Titles
Plan Your Business	18	0	0
Launch Your Business	7	0	0

Small Business Online Course Category	Number of Course Titles Offered	Number of Tax or Accounting Titles Offered	Courses with Tax or Accounting Titles
Manage Your Business	21	1	Introduction to Accounting
Grow Your Business	32	0	0

Source: Small Business Administration (2018h: Online)

### 3.3 Internal Revenue Service

While evaluating the tax tools recommended by the federal and state government agencies and higher education and the accounting profession, this study finds that the IRS delivers the most significant volume of tax tools for small business owners. Many government agencies offer some tax tools for small businesses, yet agencies agreed that the IRS was the authority for small business taxation. The Small Business Administration, SCORE Association, SBA Learning Center, Small Business Development Center, higher education, and state agencies all suggested that small business owners connect with the IRS for tax help (Small Business Administration: 2018i; 2016b; America’s Small Business Development Center: 2018d; Oklahoma Department of Commerce: 2015).

The IRS (2018a: Online) claimed that their mission is to “[p]rovide America's taxpayers top quality service by helping them understand and meet their tax responsibilities . . .” and their goal is to be “. . . one of the world’s most efficient tax administrators.” The IRS declared that the taxpayer’s responsibility is “. . . to understand and meet his or her tax obligations”. In order to emphasize the volume of taxation tools offered through IRS and the length and depth of the tax knowledge required for small businesses “to understand and meet his or her tax obligations”, this part of the present analysis is extensive. After the examination of the following IRS tax tools, a full discussion of the limitations of each tax tool will follow and complete the IRS analysis:

- [IRS.gov](http://IRS.gov);
- IRS Telephone Service Assistance;
- Taxpayer Assistance Center; and
- Other IRS tax help programs.

The most comprehensive small business tax tool offered by the IRS and seemingly the tax tool most preferred by the IRS was IRS.gov. At the time of this study, the researcher searched the IRS website for various small business tax topics. The search results revealed an overwhelming number of topics and pages available for small businesses. Table 3.10 shows the search results.

**Table 3.10 IRS.gov Small Business Tax Word Searches**

<b>Topic Search</b>	<b>Number of Page Results</b>	<b>Number of Topic Results</b> (with an estimated ten topics on each page)
Business Tax	3,381	33,810
Business Information	2722	27,220
Small Business	1318	13,180
Small Business Tax	1221	12,210

Source: Internal Revenue Service (2018rrr: Online)

The IRS (2018uuu: Online) reported that their website received “an extremely high traffic volume” and served millions of page views each month (see Table 3.11). The IRS.gov (Internal Revenue Service, 2017e: p.47) determined taxpayer usage according to visits and page views. A website visit was counted as one visit “when a user views his or her first Web page and ends when the user leaves the IRS.gov Website.” Page views were counted by page, as users “access multiple Web pages during a single visit to the IRS Website”.

**Table 3.11 Visits and Page Views to IRS.gov**

	<b>2015FY</b>	<b>2016FY</b>	<b>2017FY</b>	<b>2018FY</b>
<b>VISITS</b>	493,247,292	506,090,501	495,592,962	608,776,283
<b>PAGE VIEWS</b>	1,991,000,765	1,861,880,978	2,199,097,860	3,219,660,310

Source: Internal Revenue Service (2015d: p.49; 2016e: p.47; 2017e: p.47; 2018dddd: p.47)

### 3.3.1 Small Business and Self-Employed Tax Center

An essential part of this analysis is to investigate and evaluate tax tools for small businesses and state the limitations of any of those tools. A necessary element of evaluating the online IRS tools is to emphasise the volume of tax material for a small business owner with a lack of tax knowledge to self-serve his or her tax needs. A complete IRS evaluation of the small business tax tools offered by [IRS.gov](https://www.irs.gov) could be attained if the time restraints were unlimited and variables were constant, but with time restrictions, frequent tax changes, and website updates, the goal of a complete evaluation of the tax tools available by [IRS.gov](https://www.irs.gov) was determined by the researcher to be unreachable. In the place of [IRS.gov](https://www.irs.gov) as a whole, this study chose to evaluate a narrowed, more specific segment of [IRS.gov](https://www.irs.gov), the Small Business and Self-Employed Tax Center. Even though the IRS.gov investigation was reduced, the Small Business and Self-Employed Tax Center's intended effectiveness was undermined and complicated by the volume of tax information provided.

The Small Business and Self-employed Tax Center offers tax assistance for sole-proprietors, partnerships, corporations, and limited liability companies with assets under \$10 million (Internal Revenue Service: 2018j). Although the information provided by the Tax Center was seen by the researcher to be extensive and exhausting for small business owners to manage, the Tax Center added that the tax information provided by the Small Business and Self-Employed Tax Center was incomplete and should not be “construed as all-inclusive” for small businesses compliance. The following sentences were found to be common throughout the IRS (2018j: Online) Small Business and Self-Employed Tax Center.

- Other forms [not listed here] may be appropriate for your specific type of business.
- You should consult the instructions for each form for any related forms [not provided here].
- The list [provided] should not be construed as all-inclusive.

The Small Business and Self-Employed Tax Center (Internal Revenue Service, 2018j: Online) opened with seven live link headings. Upon clicking on each of the following seven headings, a tax library of live links unfolds:

- Most Popular;
- Information For;
- Preparing Your Taxes;
- Filing/Paying Taxes;

- Stages of Owning a Business;
- General Topics; and
- Online Learning.

While this study found that the Small Business and Self-Employed Tax Center topics to overlap, often with widespread duplication, this study details the tax tools offered under each heading with as little repetition as possible. Common live links are found on numerous pages with topics, publications, and forms that relate to the following (Internal Revenue Service, 2018j: Online):

- Employer ID numbers;
- Business taxes;
- Reporting information returns;
- Self-employed;
- Starting a business;
- Operating a business;
- Closing a business;
- Industries/Professions;
- Small business events; and
- Online learning.

Figure: 3.3 Small Business and Self-Employed Tax Center

**IRS**

## Small Business and Self-Employed Tax Center

**What You'll Find Here**

Resources for taxpayers who file Form 1040, Schedules C, E, F or Form 2106, as well as small businesses with assets under \$10 million.

**Most Popular**

- [Employer ID Numbers \(EINs\)](#)
- [Forms and Publications](#)
- [Self-Employment Taxes](#)
- [e-File Employment Taxes](#)

**Information For**

- [Self-Employed](#)
- [Independent Contractor or Employee](#)
- [Business Structure](#)
- [Businesses with Employees](#)
- [Industries/Professions](#)

**Preparing Your Taxes**

- [Business Tax Credits](#)
- [Deducting Expenses](#)
- [Recordkeeping](#)
- [Employment Taxes](#)

**Filing/Paying Taxes**

- [Filing and Paying Your Business Taxes](#)
- [IRS Tax Calendar](#)
- [Filing Past Due Tax Returns](#)
- [Information Returns Filing Requirements](#)

**Stages of Owning a Business**

- [Starting a Business](#)
- [Operating a Business](#)
- [Closing a Business](#)
- [Changing Address](#)
- [Changing Business Name](#)

**General Topics**

- [A-Z Index for Business](#)
- [Affordable Care Act \(ACA\)](#)
- [Report of Foreign Bank and Financial Accounts \(FBAR\)](#)
- [Sharing Economy](#)

**Online Learning**

- [IRS Video Portal](#)
- [Small Business Events](#)
- [Online Tools & Educational Products](#)
- [Small Business Taxes: The Virtual Workshop](#)
- [Subscribe to e-News](#)
- [Webinars for Small Businesses](#)

Source: Internal Revenue Service (2018j: Online)

To accentuate the magnitude of the small business tax information offered by the IRS and the volume of small business tax knowledge required by the IRS, each of the Small Business and Self-Employed Tax Center sections is included in this study. When a duplicate topic appears in the Tax Center, the title of that topic is recognised in the study, and the reader is informed where (according to the outline identification) in the study the topic is addressed.

Under each of the seven headings, there were several levels of sections. This present study defines those levels of sections under each heading as sections, subsections, sub-subsections and sub-sub-subsections. In order to assist the reader, the headings and levels of sections in the Small Business and Self-Employed Tax Center are emphasised throughout the evaluation of the Small Business and Self-Employed Tax Center. Limitations are mentioned throughout the review of the Tax Center and briefly discussed following the Tax Center review. A full discussion of the weaknesses can be found in 3.3.5 Limitations of IRS Tax Tools.

### **3.3.1.1 Most Popular**

The first heading, Most Popular, offered convenient small business access to the most commonly used forms and publications. The following sections (Internal Revenue Service, 2018j: Online) were available as live links and were discussed:

- [Employer ID Numbers \(EINs\)](#);
- [Forms and Publications](#);
- [Self-Employment Taxes](#); and
- [E-File Employment Taxes](#).

#### **3.3.1.1.1 Employer Identification Numbers**

This section is discussed in 3.3.1.5.1.3, Employer Identification Number.

#### **3.3.1.1.2 Forms and Publications**

This section (Internal Revenue Service, 2018j: Online) presented the following topics as live links. A description of each subsection follows:

- Forms and Instructions - Filing and Paying Business Taxes;
- Employment Tax Forms;
- Supplemental Income (Rental);
- IRS Forms Provided in Spanish/Española;
- Employment Tax Publications;
- Excise Taxes;

- Publication 4591, Small Business Federal Tax Responsibilities (PDF);
- IRS Publications Provided in Spanish/Española;
- Publications Based on Your Specific Type of Business;
- Publications Online;
- Recommended Reading for Small Businesses;
- Publication 1518-A; and
- Publication 1518-A (SP).

The above subsections delivered additional levels of sub-subsections that involved lengthy lists of live links to forms, form instructions and publications for small businesses. These forms, form instructions and publications were duplicated throughout the various headings and sections of the Small Business and Self-Employed Tax Center. For a complete list of the forms, form instructions, and publications provided in the Forms and Publications section of the Tax Center, refer to:

- APPENDIX A – List of Employee, Non-Employee and Information Forms;
- APPENDIX B – List of Publications;
- APPENDIX C – State Tax, Forms and Information; and
- APPENDIX D – Business Structure Forms and Instructions.

Although the publications in the Recommended Reading for Small Business subsection are itemised numerically in APPENDIX B – List of Publications, the IRS (2018y) determined those specific publications to be more significant for small businesses, and therefore “recommended” by the IRS. Because of the IRS emphasis placed on these publications, they are also included below:

**Table 3.12 Recommended Reading for Small Businesses**

<b>Publication</b>	<b>Description</b>	<b>PDF File</b>	<b>Page Length</b>
Publication 15	Publication 15, (CircularE), Employer's Tax Guide	<a href="#">3.30 MB</a>	70
Publication 334	Tax Guide for Small Business (For Individuals Who Use Schedule C or C-EZ)	<a href="#">2.49 MB</a>	54
Publication 463	Travel, Entertainment, Gift, and Car Expenses	<a href="#">1.85 MB</a>	50
Publication 505	Tax Withholding and Estimated Tax	<a href="#">1.88 MB</a>	59
Publication 531	Reporting Tip Income	<a href="#">2.04 MB</a>	10

<b>Publication</b>	<b>Description</b>	<b>PDF File</b>	<b>Page Length</b>
Publication 535	Business Expenses	<a href="#">1.68 MB</a>	55
Publication 541	Partnerships <a href="https://www.irs.gov/pub/irs-pdf/p541.pdf">https://www.irs.gov/pub/irs-pdf/p541.pdf</a>		16
Publication 542	Corporations <a href="https://www.irs.gov/pub/irs-pdf/p542.pdf">https://www.irs.gov/pub/irs-pdf/p542.pdf</a>		27
Publication 547	Casualties, Disasters, and Thefts (Business and Nonbusiness)	<a href="#">2.23 MB</a>	21
Publication 560	Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans)	<a href="#">2.24 MB</a>	28
Publication 583	Starting a Business and Keeping Records	<a href="#">2.23 MB</a>	27
Publication 587	Business Use of Your Home (Including Use by Day-Care Providers)	<a href="#">1.35 MB</a>	35
Publication 598	Tax on Unrelated Business Income of Exempt Organizations	<a href="#">2.19 MB</a>	22
Publication 946	How to Depreciate Property	<a href="#">2.13 MB</a>	115
Publication 1635	Understanding Your EIN - Employer Identification Numbers. This publication is designed to educate the public about the Employer Identification Number (EIN). It explains what an EIN is, how to know if you need one for your business and provides application criteria.	<a href="#">823 KB</a>	36
Publication 1779	Independent Contractor or Employee	<a href="#">282 KB</a>	2
Publication 3402	Taxation of Limited Liability Companies <a href="https://www.irs.gov/pub/irs-pdf/p3402.pdf">https://www.irs.gov/pub/irs-pdf/p3402.pdf</a>		6
	Total Pages		633

Source: Internal Revenue Service (2018y: Online)

### **3.3.1.1.3 Self-Employment Taxes**

This section is covered in 3.3.1.5.2.7.4.3, Self-Employment Taxes.

### **3.3.1.1.4 E-File Employment Taxes**

This section is addressed in 3.3.1.5.2.7.9, E-File forms 940, 941, 943, 944, or 945 for Small Businesses.

### **3.3.1.2 Information For**

The second heading, Information For, covered the following sections and an explanation of each section (Internal Revenue Service, 2018j; Online) follows:

- Self-Employed;
- Independent Contractor or Employee;
- Business Structure;
- Businesses with Employees; and
- Industries/Professions.

#### **3.3.1.2.1 Self-Employed**

This section is explained in 3.3.1.5.2.7.4.3, Self-Employment Taxes.

#### **3.3.1.2.2 Independent Contractor or Employee**

In this section, the IRS (2018www: Online) introduced information for a small business owner to determine whether he/she was an employee or independent contractor by examining whether services were provided to the business by an independent worker or the business that is doing the hiring or contracting for the business. The following questions were offered to determine the level of independence or control and verify whether the small business owner was an employee or an independent contractor.

- Does the company control or have the right to control what the worker does and how the worker does his or her job?
- Are the business aspects of the worker's job controlled by the payer? (these include things like how a worker is paid, whether expenses are reimbursed, who provides tools/supplies, etc.)
- Are there written contracts or employee type benefits (i.e. pension plan, insurance, vacation pay, etc.)? Will the relationship continue and is the work performed a key aspect of the business?

Live links to other related topics, forms and instructions, videos, and publications were also provided.

### **3.3.1.2.3 Business Structure**

Although this section is introduced in chapter 2 of this thesis, the topic is explained here from the Small Business and Self-Employed Tax Center point of view. The IRS (2018m: Online) stressed the need for the small business owner to establish the entity's form of business and organised the most used forms and instructions in a convenient format for a sole proprietorship, partnership, C corporation, S corporation, and limited liability company business structures. For the convenience of the reader of this thesis, the forms and instructions presented in the Business Structure section, and the supporting section levels are made available in APPENDIX D – Business Structures Forms and Instructions. The IRS offered live links to the following Business Structure subsections:

- Sole Proprietorships;
- Partnerships;
- Corporations;
- S Corporations; and
- Limited Liability Company (LLC).

### **3.3.1.2.4 Businesses with Employees**

This section is explained in 3.3.1.5.2.4, Businesses with Employees.

### **3.3.1.2.5 Industries/Professions**

Specific industries were supplied with separate tax centres in this section. The tax centres (Internal Revenue Service: 2018xxx) were complete with live links to forms, publications, trends and statistics, tax laws, news releases, tips, and other related tax and business information, but limited to following industries:

- Agriculture;
- Audit Examiners;
- Automotive;

- Bartering;
- Child and Adult Care;
- Construction;
- Entertainment;
- Fishing;
- Gas Retailers;
- Online Auctions;
- Payroll Professional;
- Real Estate;
- Restaurants;
- Sharing Economy; and
- Trucking.

### **3.3.1.3 Preparing Your Taxes**

The sections presented under the third heading, Preparing Your Taxes, are all addressed in other places in the present study. The location is named below according to the outline identification:

- Business Tax Credits – 3.3.1.5.2.11, Business Tax Credits;
- Deducting Expenses – 3.3.1.5.2.10, Businesses Expenses;
- Recordkeeping – 3.3.1.5.1.5, Recordkeeping; and
- Employment Taxes – 3.3.1.5.2.7.4.4, Employment Taxes.

### **3.3.1.4 Filing/Paying Taxes**

The sections under the fourth heading, Filing/Paying Taxes, are also covered in other sections of the study. The sections and locations where the topic is discussed follow:

- Filing and Paying Your Business Taxes – 3.3.1.5.2.7, Filing and Paying Your Business Taxes;
- IRS Tax Calendar – 3.3.1.5.2.15, IRS Tax Calendar for Small Business and Self-Employed;
- Filing Past Due Tax Returns – 3.3.1.5.2.7.10, Filing Past Due Returns; and
- Information Returns Filing Requirements – 3.3.1.5.2.7.8, Reporting Information Returns.

### **3.3.1.5 Stages of Owning a Business**

Stages of Owning a Business is the fifth heading. Under this heading the IRS (2018j: Online) offered the following live link sections and discussion:

- [Starting a Business](#);
- [Operating a Business](#);
- [Closing a Business](#);
- [Changing Address](#); and
- [Changing Business Name](#).

#### **3.3.1.5.1 Starting a Business**

This section provided live links to basic federal and state tax information on starting a business. The IRS (2018k: Online) stated that an “all inclusive” list was not available. The live link provided additional live links to each state where small business tax tools and state tax requirements were provided. An explanation of the sub-sections presented under the Starting a Business section are:

- [Is it a Business or a Hobby?](#);
- [Selecting a Business Structure](#);
- [Employer Identification Number \(EIN\)](#);
- [Business Taxes](#);
- [Recordkeeping](#);
- [When Do I Start My Tax Year?](#);
- [Checklist for Starting a Business](#);
- [Types of Retirement Plans](#); and
- [Small Business Publications](#).

##### **3.3.1.5.1.1 Is it a Business or a Hobby?**

This subsection (Internal Revenue Service, 2018l: Online) offered answers to the following questions to help taxpayers determine if the activity is a business or a hobby.

- Does the time and effort put into the activity indicate an intention to make a profit?

- Does the taxpayer depend on income from the activity?
- If there are losses, are they due to circumstances beyond the taxpayer's control or did they occur in the start-up phase of the business?
- Has the taxpayer changed methods of operation to improve profitability?
- Does the taxpayer or his/her advisors have the knowledge needed to carry on the activity as a successful business?
- Has the taxpayer made a profit in similar activities in the past?
- Does the activity make a profit in some years?
- Can the taxpayer expect to make a profit in the future from the appreciation of assets used in the activity?

### **3.3.1.5.1.2 Selecting a Business Structure**

This subsection is dealt with in 3.3.1.2.3, Business Structure.

### **3.3.1.5.1.3 Employer Identification Number**

The Employer Identification Number (EIN) subsection explained that, similar to a social security number that identified an individual, an Employer Identification Number identified a business entity (Internal Revenue Service: 2018n). The IRS clarified that an Employer Identification Number was not required for every business, but explained well which businesses need a number, how to apply, how long it takes to get a number, what to do if the number is lost or misplaced, how to cancel or close the identification number, and who the responsible party is for the number. Forms, instructions, and an online application were available. The Employer Identification Number was a simple topic, and the explanations were easy to read and comprehend.

### **3.3.1.5.1.4 Business Taxes**

This subsection is discussed in 3.3.1.5.2.7.4, Business Taxes.

### **3.3.1.5.1.5 Recordkeeping**

The Recordkeeping subsection (Internal Revenue Service: 2018o) made available live links to related topics, publications, and videos. There were few recordkeeping live links, but educational material was provided on the following topics.

- Why should I keep records?
- What kinds of records should I keep?
- How long should I keep records?
- How should I record my business transactions?
- What is the burden of proof?
- How long should I keep employment tax records?

### **3.3.1.5.1.5.1 Why Should I Keep Records?**

In this sub-subsection the IRS (2018p: Online) emphasised the importance of keeping good records and supplies information on the following topics:

- monitor the progress of your business;
- prepare your financial statements;
- identify sources of your income;
- keep track of your deductible expenses;
- keep track of your basis in property;
- prepare your tax returns; and
- support items reported on your tax returns quote.

### **3.3.1.5.1.5.2 What Kind of Records Should I Keep?**

This sub-subsection (Internal Revenue Service: 2018q) reported that gross receipt documents, such as cash register tape, banking information, and invoices were important records to keep. In addition to gross receipts, any documents that could verify purchases, expenses, or travel for the business were essential to keep. Employment records should be kept for a minimum of least four years. Other live links to related topics, publications, and videos were provided.

### **3.3.1.5.1.5.3 How Long Should I Keep Records?**

In the sub-subsection (Internal Revenue Service, 2018r: Online), How Long Should I Keep Records, the following recordkeeping issues were addressed.

- Keep records [other than employment] for three years if situations (4), (5), and (6) bullets below do not apply.
- Keep records [other than employment] for three years from the date you filed your original return or two years from the date you paid the tax, whichever is later, if you file a claim for credit or refund after you file your return.
- Keep records for seven years if you file a claim for a loss from worthless securities or bad debt deduction.
- Keep records for six years if you do not report income that you should report, and it is more than 25% of the gross income shown on your return.
- Keep records indefinitely if you do not file a return.
- Keep records indefinitely if you file a fraudulent return.
- Keep employment tax records for at least four years after the date that the tax becomes due or is paid, whichever is later.

#### **3.3.1.5.1.5.4 How Should I Record My Business Transactions?**

In the sub-subsection, How Should I Record My Business Transactions, the IRS (2018s) suggested that small business transactions should be detailed in hard-copy journal and ledgers or in an electronic accounting software system, but the researcher found no information regarding how to record the transactions.

#### **3.3.1.5.1.5.5 What Is the Burden of Proof?**

The sub-subsection (Internal Revenue Service 2018t: Online), What Is the Burden of Proof, gave the following solitary statement:

The responsibility to prove entries, deductions, and statements made on your tax returns is known as the burden of proof. You must be able to prove (substantiate) certain elements of expenses to deduct them. Generally, taxpayers meet their burden of proof by having the information and receipts (where needed) for the expenses. You should keep adequate records to prove your expenses or have sufficient evidence that will support your own statement. You generally must have documentary evidence, such as receipts, cancelled checks, or bills, to

support your expenses. Additional evidence is required for travel, entertainment, gifts, and auto expenses.

### **3.3.1.5.1.5.6 How Long Should I Keep Employment Tax Records?**

This sub-subsection insisted that small businesses should keep all records supporting employment taxes for a minimum of four years (Internal Revenue Service, 2018u: Online). Without explanation, the IRS classified the following as employment tax records:

- your employer identification number;
- amounts and dates of all wage, annuity, and pension payments;
- amounts of tips reported;
- the fair market value of in-kind wages paid;
- names, addresses, social security numbers, and occupations of employees and recipients;
- any employee copies of Form W-2 that were returned to you as undeliverable;
- dates of employment;
- periods for which employees and recipients were paid while absent due to sickness or injury and the amount and weekly rate of payments you or third-party payers made to them;
- copies of employees' and recipients' income tax withholding allowance certificates (Forms W-4, W-4P, W-4S, and W-4V);
- dates and amounts of tax deposits you made;
- copies of returns filed;
- records of allocated tips; and
- records of fringe benefits provided, including substantiation.

### **3.3.1.5.1.6 When Do I Start My Tax Year?**

In the subsection, When Do I Start My Tax Year, the IRS (2018v) explained the difference in the calendar year and fiscal year and provided a live link to Form 1128, Application to Adopt, Change, or Retain a Tax Year. A tax return must still be filed for a short tax year. A short tax year was defined to be a tax year of fewer than 12 months which could be caused by the business not in operation for a full year or a change in an accounting period. A live link to Publication 538, Accounting Periods and Methods was included.

### **3.3.1.5.1.7 Checklist for Starting a Business**

The Checklist for Starting a Business subsection (Internal Revenue Service: 2018w) offered no discussion but supplied live links to industries and professions, individual state websites, employer identification numbers, selecting a business structure, choosing a tax year, and paying business taxes, all of which were discussed in other locations of the Small Business and Self-Employed Tax Center. The IRS also suggested a live link to the Small Business Administration’s “10 Steps to Start Your Business” which is discussed earlier in this chapter where the Small Business Administration’s tax tools are assessed.

### **3.3.1.5.1.8 Types of Retirement Plans**

In the subsection, Types of Retirement Plans, the IRS (2018x: Online) presented live links to information on numerous retirement plans and how to help small businesses choose the best retirement plan for their needs.

- Individual Retirement Arrangements (IRAs);
- Roth IRAs;
- 401(k) Plans;
- 403(b) Plans;
- SIMPLE IRA Plans (Savings Incentive Match Plans for Employees);
- SEP Plans (Simplified Employee Pension);
- SARSEP Plans (Salary Reduction Simplified Employee Pension);
- Payroll Deduction IRAs;
- Profit-Sharing Plans;
- Defined Benefit Plans;
- Money Purchase Plans;
- Employee Stock Ownership Plans (ESOPs);
- Governmental Plans;
- 457 Plans; and
- Help with Choosing a Retirement Plan.

More retirement information can be found in section 3.3.1.5.3.4, Retirement Topics – Termination of Plan and section 3.3.1.5.2.16, Retirement Plans.

### **3.3.1.5.1.9 Small Business Publications**

This subsection provided a list of publications for small businesses. The publications included in the subsection are a part of APPENDIX B – List of Publications.

### **3.3.1.5.2 Operating a Business**

The Operating a Business section was the lengthiest section under the Stages of Owning a Business heading (Internal Revenue Service, 2018z: Online) of the Small Business and Self-Employed Tax Center and the only section that included sub-sub-subsections. The following subsection live link topics are itemised below:

- Employer ID Number (EIN);
- Recordkeeping;
- Business Name Change;
- Businesses with Employees;
- Paying Independent Contractors;
- What is Taxable and Nontaxable Income?;
- Filing and Paying Your Business Taxes;
- e-File Form 940, 941 or 944 for Small Businesses;
- Estimated Taxes;
- Business Expenses;
- Business Tax Credits;
- Intangibles;
- Avoiding Problems;
- Closing a Business;
- IRS Tax Calendar for Small Businesses and Self-Employed; and
- Retirement Plans.

### **3.3.1.5.2.1 Employer Identification Number**

This subsection is discussed in 3.3.1.5.1.3, Employer Identification Number.

### **3.3.1.5.2.2 Recordkeeping**

This subsection is examined in 3.3.1.5.1.5, Recordkeeping.

### **3.3.1.5.2.3 Business Name Change**

This subsection is covered in 3.3.1.5.5, Changing Business Name.

### **3.3.1.5.2.4 Business with Employees**

The Business With Employees subsection (Internal Revenue Service, 2018aa: Online) discussed the need for small business owners to properly identify whether a person hired was an independent contractor or employee and provided sub-subsection live links which led to numerous other live links for the small business owner to properly identify the worker. The section also provided the following live links to sub-subsection topic information:

- Hiring Employees;
- Part Time or Seasonal Help;
- Employee Benefits;
- Family Help;
- Employment Taxes;
- Married Couples in Business;
- Members of the Clergy;
- Paying Yourself; and
- Recordkeeping Requirements.

#### **3.3.1.5.2.4.1 Hiring Employees**

In the Hiring Employees sub-subsection, the IRS (2018bb) covered eligibility to work in the U.S., employee's social security numbers, and employee's tax withholding. The topics and the live links

to necessary forms and publications for employees were provided. See APPENDIX A – List of Employee, Non-Employee and Information Forms and APPENDIX B – List of Publications.

#### **3.3.1.5.2.4.2 Part-Time or Seasonal Help**

In a few words, this sub-subsection (Internal Revenue Service: 2018cc) reported that part-time and seasonal employees were subject to the same payroll rules as full-time employees. Live links that led to additional live links of related topics and videos were included.

#### **3.3.1.5.2.4.3 Employee Benefits**

Employee benefits was a brief sub-subsection (Internal Revenue Service: 2018dd) that gave definitions and offered related live links to employee fringe benefits, unemployment insurance, workers' compensation, and health plans.

#### **3.3.1.5.2.4.4 Family Help**

Family employee tax compliance was the focus of the Family Help sub-subsection. Under certain business structures, the employees that were the owner's children (under 18 years of age) were not subject to social security, Medicare or Federal Unemployment Taxes Act taxes (Internal Revenue Service: 2018ee). The spouse or parent of the small business owner (of certain business structures) was subject to social security and Medicare taxes, but not subject to Federal Unemployment Taxes Act taxes.

#### **3.3.1.5.2.4.5 Employment Taxes**

This sub-subsection is included in 3.3.1.5.2.7.4.4, Employment Taxes.

#### **3.3.1.5.2.4.6 Married Couples in Business**

This sub-subsection is detailed in 3.3.1.5.2.4.4, Family Help.

#### **3.3.1.5.2.4.7 Members of the Clergy**

Taxation compliance for Members of the Clergy was presented in this sub-subsection (Internal Revenue Service: 2018ff). Church clergy was a challenging topic that was described as unique and different from other hired workers in the church and other occupations. Clergy receive a W-2, Wage and Tax Statement, meaning that clergy were considered to be an employee but are responsible for paying his/her own payroll taxes, and therefore must file a Form SE, Self-Employment Tax. This section explained with limitations that the clergy were to be treated as an employee where wages were concerned, but self-employed where payroll taxes were concerned. Live links were available for additional information, related forms, publications, and topics.

#### **3.3.1.5.2.4.8 Paying Yourself**

Paying Yourself was a sub-subsection (Internal Revenue Service: 2018gg) that began with a brief statement that payment depended on the business structure. Live links to business structure topics were provided. Live links to Publication 15, Circular E, Employers Tax Guide, and Publication 15-A, Employer's Supplemental Tax Guide were also offered. Brief explanations and live links to corporate topics such as corporate officers, dividend distributions, shareholder loans or officer compensation were provided. Live links to partners and draw accounts for partners or sole proprietors were offered. Finally, live links to other live link and related topics were also provided.

#### **3.3.1.5.2.4.9 Recordkeeping Requirements**

This sub-subsection is a part of 3.3.1.5.1.5, Recordkeeping.

#### **3.3.1.5.2.5 Paying Independent Contractors**

This subsection, Paying Independent Contractors (Internal Revenue Service: 2018hh), presented the information forms needed if payments to independent contractors were made during the tax year. Numerous live links to additional information, forms and instructions were provided.

#### **3.3.1.5.2.6 What is Taxable and Nontaxable Income?**

The IRS (2018ii: Online) clarified in the What is Taxable and Nontaxable Income subsection, that income could be taxable whether in the form of service, money, or property. The subsection added

that the IRS information provided on this subject “should not be construed as all-inclusive.” The IRS reported that income was generally taxable if it was an assignment of income, prepaid income, employee compensation, fringe benefit, rental from personal property, distribution from businesses, royalties, virtual currencies, and/or bartering. Live links to related topics and Publication 525, Taxable and Nontaxable Income were supplied.

### **3.3.1.5.2.7 Filing and Paying Your Business Taxes**

The Filing and Paying Your Business Taxes subsection (Internal Revenue Service, 2018jj: Online) presented the following live link topics:

- Electronic Payment Options;
- Electronic Filing Options for Business and Self-Employed Taxpayers;
- Employer Identification Number;
- Business Taxes;
- Estimated Taxes;
- Employment Taxes for Small Businesses;
- Self-Employment Taxes;
- Reporting Information Returns;
- E-file Forms 940, 941, 943, 944 or 945 for Small Businesses;
- Filing Past Due Tax Returns;
- Reporting Payments to Independent Contractors; and
- Deceased Taxpayers - Probate, Filing Estate and Individual Returns, Paying Taxes Due.

#### **3.3.1.5.2.7.1 Electronic Payment Options**

In this sub-subsection (Internal Revenue Service: 2018kk), the Electronic Payment Options provided instructions for the free payment of taxes directly from a bank account or by debit or credit card. An IRS payment history was available by setting up an account. Live links that offered other payment instructions were available for electronic, same-day wire, check or money orders, and cash payments. Additional live links were provided for payment plans, settlement for less than the tax debt owned, and what to do if the taxpayer could pay the tax owed.

### **3.3.1.5.2.7.2 Electronic Filing Options for Business and Self-Employed Taxpayers**

This brief sub-subsection provided information and forms for electronic filing options for small businesses and live links to payroll taxes, excise taxes, corporations, various information forms and returns, and other related e-file topics (Internal Revenue Service: 201811). For information regarding electronically filing payroll taxes, see 3.3.1.5.2.7.9, E-file Forms 940, 941, 943, 944, or 945 for Small Businesses.

### **3.3.1.5.2.7.3 Employer Identification Number**

This sub-subsection is addressed in 3.3.1.5.1.3, Employer Identification Number.

### **3.3.1.5.2.7.4 Business Taxes**

The Business Taxes sub-subsection (Internal Revenue Service, 2018mm: Online) consisted of a single webpage of explanations which the researcher considered too brief in view of the depth of the topics. Business Taxes were also briefly mentioned throughout the Tax Center but began in this sub-section by explaining that a business' tax liability depended on the entity's business structure and added that there are basically five types of taxes for small businesses. Each of the following sub-sub-subsections offered live links to other related topics, forms and publications:

- Income Tax;
- Estimated Taxes;
- Self-Employment Tax;
- Employment Taxes; and
- Excise Tax.

#### **3.3.1.5.2.7.4.1 Income Tax**

In this sub-sub-subsection, the IRS (2018mm) briefly mentioned that small business income taxes were dependent on the chosen business structure and that all businesses were required to file an annual tax return, except for a partnership that files an annual information return. Live links to

related forms and publications were included. This sub-sub-subsection is covered further in 3.3.1.2.3, Business Structure and APPENDIX D – Business Structures, Forms and Instructions.

#### **3.3.1.5.2.7.4.2 Estimated Taxes**

The Estimated Taxes sub-sub-subsection concluded that the IRS (2018aaaa: Online) required small businesses (regardless of business structure) to “pay as you go” and stated that federal taxes must be paid quarterly on income that was earned throughout the year. The IRS explained the following:

- who must pay an estimated tax;
- who does not have to pay an estimated tax; and
- how to calculate an estimated tax.

Live links to forms, instructions, and Publication 505, Tax Withholding and Estimated Tax, together with live links to other related topics were also provided.

#### **3.3.1.5.2.7.4.3 Self-Employment Tax**

The IRS (2018mm: Online) briefly explained in this sub-sub-subsection that the self-employment tax was mostly for the self-employed to pay federal, Medicare, and Social Security taxes, but could also be helpful for other taxpayers with unearned or investment income to pay the federal tax liability. Generally, the taxpayer must pay self-employment tax and file a Schedule SE (Form 1040) if any of the following apply.

- Your net earnings from self-employment were \$400 or more.
- You work for a church or a qualified church-controlled organisation (other than as a minister or member of a religious order) that elected an exemption from social security and Medicare taxes, you are subject to SE [Self-Employment] tax if you receive \$108.28 or more in wages from the church or organisation.

#### **3.3.1.5.2.7.4.4 Employment Taxes**

The Employment Taxes sub-sub-subsection (Internal Revenue Service: 2018mm) addressed the complicated payroll tax requirements, including payroll withholdings and deposits, filing

requirements (including corrections and e-Filing), and due dates for employment tax returns. Employers were referred to Publication 15 (Circular E), Employer's Tax Guide, and Publication 15-A, Employers Supplemental Tax Guide which were detailed employer information guides with 70 and 73 pages (respectively) of employer subject matter that the IRS considered necessary for employment tax compliance. These publications (and all forms and publications) were also available in hard copy by request. The small business owner could request a hard copy by telephone at 1-800-TAX-FORM. Live links to Publications 15 and 15-A were provided throughout the Small Business and Self-Employed Tax Center. This was an overwhelming amount of information for a small business owner to interpret.

Live links were available to assist small business owners concerning the required deposits for the various types of taxes and discussed the reporting and deposit requirements, due dates, and how to correct payroll tax reporting. This section also gave details on e-filing the 940, 941, 943, 944, and 945 payroll tax forms. Instructions and live links were presented for authorized return preparers and signers. This section also provided live links to related topics, forms and instructions, publications, and videos. Although this section offered complete payroll details, the topic was found to be too challenging for a small business taxpayer with limited tax knowledge.

### **3.3.1.5.2.7.4.5 Excise Tax**

This brief sub-sub-subsection (Internal Revenue Service, 2018mm: Online) indicated that small businesses could be responsible for excise tax liability if a small business was involved in the following activities:

- manufacture or sell certain products;
- operate certain kinds of businesses;
- use various kinds of equipment, facilities, or products; and
- receive payment for certain services.

The section was found to be too brief for such a topic. Excise tax definitions or explanations were not given, but live links to the necessary forms, form instructions and related publications and topics were provided.

### **3.3.1.5.2.7.5 Estimated Taxes**

This sub-subsection is discussed in 3.3.1.5.2.7.4.2, Estimated Taxes.

### **3.3.1.5.2.7.6 Employment Taxes for Small Businesses**

This sub-subsection is covered in 3.3.1.5.2.7.4.4, Employment Taxes.

### **3.3.1.5.2.7.7 Self-Employment Taxes**

This sub-subsection is addressed in 3.3.1.5.2.7.4.3, Self-Employment Tax.

### **3.3.1.5.2.7.8 Reporting Information Returns**

The Reporting Information Returns sub-subsection (Internal Revenue Service: 2018nn) included information returns (1099 series), due date requirements and, depending on the type of business transaction, which information returns were essential. Live links to the 1099 series information return forms, instructions, publications, and payment instructions were provided.

### **3.3.1.5.2.7.9 E-file Forms 940, 941, 943, 944, or 945 for Small Businesses**

This sub-subsection (Internal Revenue Service: 2018yyy: Online) offered live links to forms and instructions (940, 941, 943, 944, and 945) for small businesses to electronically file payroll tax returns. The small business owner was given the option to self-file or file by an authorised IRS representative. The IRS claimed that the benefits of filing electronically were:

- saves time;
- secure and accurate; and
- receive an acknowledgement within 24 hours.

Other live links to related forms and taxpayer information were also available.

### **3.3.1.5.2.7.10 Filing Past Due Tax Returns**

In the Filing Past Due Tax Returns sub-subsection, the IRS (2018bbbb) well explained to small businesses that filing tax returns on time was important even if the taxpayer owed tax but was unable to send a full payment. Upon request, the IRS allowed 60 to 120 days to pay the tax liability

in full or an agreed upon payment plan could be initiated. Without filing a timely return, the IRS could estimate a return and file a substitute tax return. Filing late returns could also delay government transfer payments. Filing late or not filing could begin an IRS collection process of wage and or bank levies and possibly criminal charges. Telephone assistance was suggested by calling the general customer service number 1-800-829-1040 which was determined to not be an effective way to communicate with the IRS (see 3.3.2 IRS Telephone Service Assistance).

### **3.3.1.5.2.7.11 Reporting Payments to Independent Contractors**

The sub-subsection (Internal Revenue Service, 2018hh: Online) Reporting Payments to Independent Contractors reported that filing information returns using Form 1099-MISC [Miscellaneous] was required if the following transactions take place.

- You made the payment to someone who is not your employee.
- You made the payment for services in the course of your trade or business (including government agencies and nonprofit organisations).
- You made the payment to an individual, partnership, estate, or in some cases, a corporation.
- You made payments to the payee of at least \$600 during the year.

### **3.3.1.5.2.7.12 Deceased Taxpayers - Probate, Filing Estate and Individual Return, Paying Taxes Due**

This sub-subsection (Internal Revenue Service, 2018oo: Online) offered assistance with the final tax concerns of a deceased taxpayer. Live links were provided on the following topics:

- Filing for Deceased Persons;
- Understanding Duties of an Estate Administrator;
- Obtaining Proof of Claim in Probate;
- Filing the Final Return;
- Selling Deceased Real Property;
- Filing the Estate Return;
- Filing for International Estate;
- Protecting Deceased Identity; and
- Filing Estate/Gift Tax Return.

### **3.3.1.5.2.8 E-file Form 940, 941, or 944 for Small Businesses**

This subsection is discussed in 3.3.1.5.2.7.9, E-file Forms 940, 941, 943, 944, or 945 for Small Businesses.

### **3.3.1.5.2.9 Estimated Taxes**

This subsection is covered in 3.3.1.5.2.7.4.2, Estimated Taxes.

### **3.3.1.5.2.10 Business Expenses**

The Business Expenses subsection (Internal Revenue Service: 2018pp: Online) defined a business expense as an expenditure that “must be both ordinary and necessary. An ordinary expense is one that was common and accepted in your [small business owner] trade or business. A necessary expense was one that is helpful and appropriate for your trade or business.”

This subsection also gave a brief overview of inventory and cost-of-goods-sold and adopting or changing accounting methods. Live links were provided to Publication 334, Tax Guide for Small Business and Publication 538, Accounting Periods and Methods. Live links were also made available that explained personal verses business expenses in Publication 535, Business Expenses, as well as the business use of a business owner’s home and or automobile in Publication 587, Business Use of Your Home, and Publication 463, Travel, Entertainment, Gift, and Car Expense. The IRS concluded this section by stating three types of cost were required to be capitalised:

- business start-up costs;
- business assets; and
- improvements.

Live links to other related topics, publications, and videos were also provided.

### **3.3.1.5.2.11 Business Tax Credits**

The Business Tax Credits subsection provided information on possible tax credits for qualifying small businesses, but assumptions seemed to exist that the small business owner would know what tax credit they would qualify for (Internal Revenue Service: 2018ooo). Explanations were not

easily found for small businesses owners to determine which business might qualify for which tax credit. The researcher found the wording in the instructions to be challenging for a small business owner with limited tax knowledge. Live links to the forms and instructions are included in Table 3.13.

**Table 3.13 Small Business Tax Credit Forms and Live Links to Instructions**

<b>Form</b>	<b>Description</b>	<b>Live Links to Instructions</b>	<b>Instructions page length</b>
Form 3800	General Businesses Credit	<a href="https://www.irs.gov/pub/irs-pdf/i3800.pdf">https://www.irs.gov/pub/irs-pdf/i3800.pdf</a>	6
Form 3468	Investment Credit	<a href="https://www.irs.gov/pub/irs-pdf/i3468.pdf">https://www.irs.gov/pub/irs-pdf/i3468.pdf</a>	8
Form 5735	American Samoa Economic Development Credit	<a href="https://www.irs.gov/pub/irs-pdf/i5735.pdf">https://www.irs.gov/pub/irs-pdf/i5735.pdf</a>	5
Form 5884	Work opportunity Credit	<a href="https://www.irs.gov/pub/irs-pdf/i5884.pdf">https://www.irs.gov/pub/irs-pdf/i5884.pdf</a>	3
Form 6478	Alcohol and Cellulosic Biofuel Fuels Credit	<a href="https://www.irs.gov/pub/irs-pdf/i6478.pdf">https://www.irs.gov/pub/irs-pdf/i6478.pdf</a>	3
Form 6765	Credit for Increasing Research Activities	<a href="https://www.irs.gov/pub/irs-pdf/i6765.pdf">https://www.irs.gov/pub/irs-pdf/i6765.pdf</a>	6
Form 8586	Low-income Housing Credit	<a href="https://www.irs.gov/pub/irs-pdf/f8586.pdf">https://www.irs.gov/pub/irs-pdf/f8586.pdf</a>	1
Form 8611	Recapture of Low-income Housing Credit	<a href="https://www.irs.gov/pub/irs-pdf/f8611.pdf">https://www.irs.gov/pub/irs-pdf/f8611.pdf</a>	3
Form 8826	Disabled Access Credit	<a href="https://www.irs.gov/pub/irs-pdf/f8826.pdf">https://www.irs.gov/pub/irs-pdf/f8826.pdf</a>	1
Form 8834	Qualified Plug-in Electric and Electric Vehicle Credit	<a href="https://www.irs.gov/pub/irs-pdf/f8834.pdf">https://www.irs.gov/pub/irs-pdf/f8834.pdf</a>	1
Form 8835	Renewable Electricity, Refined Coal, and Indian Coal Production Credit	<a href="https://www.irs.gov/pub/irs-pdf/i8835.pdf">https://www.irs.gov/pub/irs-pdf/i8835.pdf</a>	5
Form 8844	Empowerment Zone and Renewal Community Employment Credit	<a href="https://www.irs.gov/pub/irs-pdf/i8844.pdf">https://www.irs.gov/pub/irs-pdf/i8844.pdf</a>	3
Form 8845	Indian Employment Credit	<a href="https://www.irs.gov/pub/irs-pdf/i8845.pdf">https://www.irs.gov/pub/irs-pdf/i8845.pdf</a>	3
Form 8846	Credit for Employer Social Security and Medicare Taxes Paid on Certain Employee tips	<a href="https://www.irs.gov/pub/irs-pdf/f8846.pdf">https://www.irs.gov/pub/irs-pdf/f8846.pdf</a>	1
Form 8847	Credit for Contributions to Selected Community Development Corporations	<a href="https://www.irs.gov/pub/irs-pdf/f8847.pdf">https://www.irs.gov/pub/irs-pdf/f8847.pdf</a>	1
Form 8864	Biodiesel and Renewable Diesel Fuels Credit	<a href="https://www.irs.gov/pub/irs-pdf/i8864.pdf">https://www.irs.gov/pub/irs-pdf/i8864.pdf</a>	4
Form 8874	New Markets Credit	<a href="https://www.irs.gov/pub/irs-pdf/f8874.pdf">https://www.irs.gov/pub/irs-pdf/f8874.pdf</a>	2

<b>Form</b>	<b>Description</b>	<b>Live Links to Instructions</b>	<b>Instructions page length</b>
Form 8881	Credit for Small Employer Pension Plan Startup Costs	<a href="https://www.irs.gov/pub/irs-pdf/f8881.pdf">https://www.irs.gov/pub/irs-pdf/f8881.pdf</a>	1
Form 8882	Credit for Employer-Provided Childcare Facilities and Services	<a href="https://www.irs.gov/pub/irs-pdf/f8882.pdf">https://www.irs.gov/pub/irs-pdf/f8882.pdf</a>	2
Form 8896	Low Sulfur Diesel Fuel Production Credit	<a href="https://www.irs.gov/pub/irs-pdf/f8896.pdf">https://www.irs.gov/pub/irs-pdf/f8896.pdf</a>	2
Form 8900	Qualified Railroad Track Maintenance Credit	<a href="https://www.irs.gov/pub/irs-pdf/i8900.pdf">https://www.irs.gov/pub/irs-pdf/i8900.pdf</a>	2
Form 8906	Distilled Spirits Credit	<a href="https://www.irs.gov/pub/irs-pdf/f8906.pdf">https://www.irs.gov/pub/irs-pdf/f8906.pdf</a>	1
Form 8908	Energy Efficient Home Credit	<a href="https://www.irs.gov/pub/irs-pdf/i8908.pdf">https://www.irs.gov/pub/irs-pdf/i8908.pdf</a>	2
Form 8910	Alternative Motor Vehicle Credit	<a href="https://www.irs.gov/pub/irs-pdf/i8910.pdf">https://www.irs.gov/pub/irs-pdf/i8910.pdf</a>	2
Form 8911	Alternative Fuel Vehicle Refueling Property Credit	<a href="https://www.irs.gov/pub/irs-pdf/i8911.pdf">https://www.irs.gov/pub/irs-pdf/i8911.pdf</a>	2
Form 8923	Mine Rescue Team Training Credit	<a href="https://www.irs.gov/pub/irs-pdf/f8923.pdf">https://www.irs.gov/pub/irs-pdf/f8923.pdf</a>	1

Source: Internal Revenue Service (2018ooo: Online)

### **3.3.1.5.2.12 Intangibles**

This subsection consisted of only two sentences (Internal Revenue Service: 2018qq). Generally, intangibles must be amortised over 15 years. No instructions were included. A live link to Publication 535, Business Expenses, was provided.

### **3.3.1.5.2.13 Avoiding Problems**

Avoiding Problems was a subsection where the IRS (2018rr: Online) reiterated that “an abundance of education materials” was extended by the IRS to help small businesses. The following topics were mentioned in several locations in the Small Business and Self-Employed Tax Center. The locations where these topics are examined in the study are chronicled below.

- Recordkeeping – This sub-subsection is discussed in 3.3.1.5.1.5, Recordkeeping.
- Cash vs. Accrual Accounting – This sub-subsection is covered in 3.3.1.5.2.7.4, Business Taxes.
- Haven’t Filed a Tax Return? Here’s What to Do – This sub-subsection is addressed in the 3.3.1.5.2.7.10, Filing Past Due Tax Returns.

- Tax Scams – How to Recognize and Avoid Them – This sub-subsection is explained in 3.3.1.7.3.5, Tax Scams – How to Report Them.

### **3.3.1.5.2.14 Closing a Business**

This subsection is discussed in section 3.3.1.5.3, Closing a Business.

### **3.3.1.5.2.15 IRS Tax Calendar for Small Businesses and Self-Employed**

In this subsection, the IRS (2018ss) supplied a live link to the online tax calendar with filing due dates that could be conveniently viewed any time on an electronic device by going to the Online Tax Calendar live link or subscribing to the tax calendar at the Subscribing to the Tax Calendar live link. The small business owner could also download the calendar for due dates.

### **3.3.1.5.2.16 Retirement Plans**

The Retirement Plans subsection (Internal Revenue Service, 2018tt: Online) was extensive with topics that overlap into other subsections. Much of the material is also covered in 3.3.1.5.1.8, Types of Retirement Plans, 3.3.1.5.2.16, Retirement Plans, and 3.3.1.5.3.4, Retirement Topics – Termination of Plan. This sub-subsection offered no explanations, but provided numerous live links to publications and articles on the following topics:

- retirement planning;
- contributions and withdrawals;
- choosing a plan;
- maintaining a plan; and
- filing and reporting requirements.

This subsection, unique from the other sections, subsections, sub-subsections and sub-sub-subsections in the Small Business and Self-Employed Tax Center provided hundreds of News live links to newsletters, Acts, Snapshots, and news articles. Although there was much information to sort through, but with patience and time, the information could be helpful.

### **3.3.1.5.3 Closing a Business**

In the Closing a Business section (Internal Revenue Service, 2018ppp: Online), the following live link subsections were covered:

- Closing a Business Checklist;
- Declaring Bankruptcy;
- Sale of a Business;
- Retirement Topics - Termination of Plan; and
- Closing a Business Video.

#### **3.3.1.5.3.1 Closing a Business Checklist**

This subsection (Internal Revenue Service, 2018uu: Online) introduced a helpful and easy-to-use checklist for closing a small business. Numerous forms and instructions to complete the forms were provided for each item on the checklist.

- Make final federal tax deposits.
- File final quarterly or annual employment tax form
- Issue final wage and withholding information to employees.
- Report information from the W-2s issued.
- File final tip income and allocated tips information return.
- Report capital gains or losses.
- Report partner's/shareholder's shares.
- File final employee pension/benefit plan.
- Issue payment information to sub-contractors.
- Report information from 1099s issued.
- Report corporate dissolution or liquidation.
- Consider allowing S corporation election to terminate.
- Report business asset sales.
- Report the sale or exchange of property used in your trade or business.

### **3.3.1.5.3.2 Declaring Bankruptcy**

In the Declaring Bankruptcy subsection, the IRS (2018vv) stated that sole proprietorships, partnerships, and corporations filed bankruptcy under Chapter 7 or Chapter 11 of the bankruptcy code. The IRS encouraged small businesses to use legal counsel and stated that the IRS could not give legal advice. Telephone numbers and live links to publications, related topics, and a bankruptcy webinar for small business owners' to seek additional assistance were provided.

### **3.3.1.5.3.3 Sale of a Business**

The Sale of a Business subsection (Internal Revenue Service: 2018ww) clarified that the sale of a business could include many assets, and each sale should be treated as capital assets (where depreciation would be considered) or assets for sale (such as inventory) and should be treated as separate sales. Live links were provided to Publication 541, Partnerships and Publication 550, Investment Income and Expenses (Corporation interests), but no live links were provided for sole proprietorships.

### **3.3.1.5.3.4 Retirement Topics - Termination of Plan**

This brief IRS (2018xx: Online) subsection provided Individual Retirement Plans information and related topics to help small business owners with changes to or termination of retirement plans. This subsection also overlapped with other sections and is discussed in the 3.3.1.5.1.8, Types of Retirement Plans, 3.3.1.5.3.4, Retirement Topics – Termination of Plan, and 3.3.1.5.2.16, Retirement Plans. Live links were offered on the following topics:

- bankruptcy;
- merger;
- changing plans;
- partial termination;
- vested;
- roll over;
- individual retirement plans;
- corporation;

- pension benefit guaranty;
- terminating a retirement plan (for plan sponsors);
- retirement plans (frequently asked questions); and
- what you should know about your retirement plan.

### **3.3.1.5.3.5 Closing a Business Video**

The Closing a Business Video subsection supplied one video that was 67 seconds in length and gave an overview of some tax responsibilities when closing a business (Internal Revenue Service: 2018yy). After watching, the researcher determined that this video offers little help to a small business owner. This video is also included in APPENDIX F – IRS Small Business Video Portal.

### **3.3.1.5.4 Changing Address**

In this section, the IRS (2018zz: Online) offered **no** online address, telephone number, or mailing address for a small business to change their address. Without contact information, the following suggested methods for a small business to change their mailing address with the IRS may be challenging:

- Form 8822, Change of Address;
- Form 8822-B, Change of Address or Responsible Party – Business;
- Written Statement (requires a signature) with full name, old and new address, and taxpayer identification number (social security number or Employer Identification Number); and
- Oral notification by telephone.

### **3.3.1.5.5 Changing Business Name**

The Changing Business Name section (Internal Revenue Service: 2018aaa) provided information for changing a business name and reported that the instructions depended on the form of business. If the small business was a sole proprietorship, it was suggested that the business write to the IRS using the same address where the prior tax return was filed. The letter must be signed by an authorised representative. If the small business was a corporation, there was a “name change box” located on the Form 1120 (corporation tax return) that should be checked. If the small business owner was filing a Form 1120, that box was located on page 1, line E, box 3. If the small business

owner was filing a Form 1120S (S Corporation), that box was located on page 1, line H, box 2. If the tax return was already filed, the IRS suggested that the small business owner (or authorized representative) write and inform the IRS of the name change (signature required). If the small business was a partnership and filed the Form 1065, the small business owner was instructed to mark the name change box (Page 1, line G, box 3) or write to the address where the previous return was filed to inform the IRS of the change (partner signature required).

### **3.3.1.6 General Topics**

General Topics was the sixth heading (Internal Revenue Service, 2018j: Online) in the Small Business and Self-Employed Tax Center and dealt with the following sections:

- [A-Z Index for Business](#);
- [Affordable Care Act \(ACA\)](#);
- [Report of Foreign Bank and Financial Accounts \(FBAR\)](#); and
- [Sharing Economy](#).

#### **3.3.1.6.1 A-Z Index for Businesses**

This section (Internal Revenue Service: 2018bbb) offered an extensive small business tax tool index, organised alphabetically by topic for all small business types, including C corporations, S corporations, partnerships, and sole proprietors. The A-Z Index for Business section was a one-stop page of business topics with live links to 456 state and federal tax topics for small businesses. Each topic offered additional live links to related topics, publications, and other tax tools. The full index can be found in APPENDIX E – A-Z Business Topics.

#### **3.3.1.6.2 Affordable Care Act**

The Affordable Care Act (Internal Revenue Service, 2018ccc: Online) section contained:

. . . comprehensive health insurance reforms and includes tax provisions that affected individuals, families, businesses, insurers, tax-exempt organizations and government entities. These tax provisions contained important changes, including

how individuals and families file their taxes. The law also contained benefits and responsibilities for other organizations and employers.

The IRS focused on the needs of “Individuals & Families” and “Employers”. The Affordable Care Act stated that individuals were required by law to have health insurance and employers (depending on the size and structure) were required by law to offer health care coverage for certain employees. Live links were available for related topics, forms, and publications.

### **3.3.1.6.3 Report of Foreign Bank and Financial Accounts**

This section (Internal Revenue Service, 2018ddd: Online) gave the following explanation on reporting the activity on a foreign financial account:

If you have a financial interest in or signature authority over a foreign financial account, including a bank account, brokerage account, mutual fund, trust, or other type of foreign financial account, exceeding certain thresholds, the Bank Secrecy Act may require you to report the account yearly to the Department of the Treasury by electronically filing a Financial Crimes Enforcement Network (FinCEN) 114, *Report of Foreign Bank and Financial Accounts* (FBAR).

The section included information on the following topics:

- deferral and due dates;
- filing and reporting information; and
- education and telephone assistance.

### **3.3.1.6.4 Sharing Economy**

The Sharing Economy subsection (Internal Revenue Service: 2018eee) introduced a relatively new type of business that taxpayers may have overlooked as taxable income. The IRS mandated that if income was received from such activities as renting a spare bedroom, providing rides, or providing many other goods or services, this activity might be a sharing economy and would generally be considered taxable. In determining whether revenue was taxable, the IRS declared it is not relevant

if a third party filed an information form, the activity was part-time, or the transaction was made in cash. Many live links to related forms and publication were also included.

### **3.3.1.7 Online Learning**

The Online Learning heading (Internal Revenue Service, 2018j: Online) was the final heading offered in the Small Business and Self-Employed Tax Center and discussed the following sections:

- [IRS Video Portal](#);
- [Small Business Events](#);
- [Online Tools & Educational Products](#);
- [Small Business Taxes: The Virtual Workshop](#);
- [Subscribe to e-News](#); and
- [Webinars for Small Businesses](#).

#### **3.3.1.7.1 IRS Video Portal**

This section (Internal Revenue Service: 2018fff) delivered live links to more than 200 video presentation topics for small businesses. The videos were presented alphabetically and range in length from 1.07 minutes to 120.41 minutes. The list included a video explanation, the last IRS review date, and the length of the video. Some of the videos were found to be helpful, while others were outdated or too brief for the topic. For the full video list see APPENDIX F – IRS Small Business Video Portal.

#### **3.3.1.7.2 Small Business Events**

In the Small Business Events section, the IRS (2018ggg: Online) reported events for “small business workshops, seminars and meetings, designed to help the small business owner understand and fulfill their federal tax responsibilities . . .”. Live links for each state were available for the small business owner to find the topics available in their state. At the time of this study, the only event available in Oklahoma was the “2018 Oklahoma Payroll State Conference”, a two-day conference for payroll and Human Resource professionals. The event was free, and the date, time, location, and registration information were provided.

### **3.3.1.7.3 Online Tools & Educational Products**

The Online Tool & Education Products section (Internal Revenue Service, 2018hhh: Online), presented the following subsections many of which were brief and covered in other areas of the Small Business and Self-Employment Tax Center study:

- [IRS Tax Calendar for Businesses and Self-Employed](#);
- [IRS Video Portal](#);
- [Small Business Taxes: The Virtual Workshop](#);
- [Small Business Products Online Ordering](#);
- [Tax Scams - How to Report Them](#);
- [Basic Tools for Tax Professionals](#);
- [SBA Learning Center](#);
- [Understanding Taxes](#); and
- [Link and Learn Taxes](#).

#### **3.3.1.7.3.1 IRS Tax Calendar for Businesses and Self-Employed**

This subsection is dealt with in 3.3.1.5.2.15, IRS Tax Calendar for Small Business and Self-Employed.

#### **3.3.1.7.3.2 IRS Video Portal**

This subsection is included in 3.3.1.7.1, IRS Video Portal and APPENDIX F – IRS Small Business Video Portal.

#### **3.3.1.7.3.3 Small Business Taxes: The Virtual Workshop**

This subsection is discussed in 3.3.1.7.4, Small Business Taxes: The Virtual Workshop and included in APPENDIX F – IRS Small Business Video Portal.

#### **3.3.1.7.3.4 Small Business Products Online Ordering**

The Small Business Products Online Ordering was a brief subsection (Internal Revenue Service, 2018iii: Online) that incorporated live links to the following two publications for the small business owner to order or view online:

- Publication 4591, Small Business Tax Responsibilities; and
- Publication 3995, Recognising illegal Tax Avoidance Schemes.

#### **3.3.1.7.3.5 Tax Scams – How to Report Them**

In this subsection, the IRS (2018jjj) informed small businesses that phishing was a scam and could be a risk to businesses. The IRS continued to explain that phishing was often carried out through email for the purpose of obtaining personal and financial information. The section offered live links for small business owners to protect themselves and businesses, report scams, contact the Treasury Inspector General, and obtain more information through related topics and videos.

#### **3.3.1.7.3.6 Basic Tools for Tax Professionals**

This study's focus was to review tax tools for small businesses. Therefore, this subsection for tax professionals was not included in this study.

#### **3.3.1.7.3.7 SBA Learning Center**

The SBA Learning Center subsection (Internal Revenue Service: 2018hhh) was not an IRS tool, but a Small Business Administration resource. The IRS provided a single live link that takes the page viewer to the Small Business Administration website (which is discussed in 3.2.3, SBA [Small Business Administration] Learning Center).

#### **3.3.1.7.3.8 Understanding Taxes**

Understanding Taxes was a lengthy subsection where the IRS (2018hhh: Online) incorporated over 1,100 pages of educational taxation content. According to the IRS, “[i]t is a great resource for high schools, community colleges and the general public for learning more about the history, theory and application of taxes in the United States.”

### **3.3.1.7.3.9 Link and Learn Taxes**

In the Link and Learn Taxes subsection, the IRS (2018kkk) provided an extensive web-based program where small businesses can learn (self-paced) basic tax law and preparation skills and where individuals can earn volunteer certifications for the Volunteer Income Tax Assistance and Tax Counseling for the Elderly programs. More information regarding the Volunteer Income Tax Assistance and the Tax Counseling for the Elderly programs can be found in 3.3.4, Other IRS Tax Tools. This section was found to be an excellent educational resource.

### **3.3.1.7.4 Small Business Taxes: The Virtual Workshop**

This section (Internal Revenue Service, 2018lll: Online) provided nine lessons on small businesses taxes videos that ranged in length from approximately 14 minutes to 39 minutes. The lessons included the following titles and are also included in APPENDIX F – IRS Small Business Video Portal.

**Table 3.14 Virtual Workshop Lessons**

- Lesson 1 What you need to know about federal taxes and your new business.
- Lesson 2 What you need to know about Schedule C and other small business taxes and tax forms.
- Lesson 3 How to file and pay your taxes electronically.
- Lesson 4 What you need to know when you run your business out of your home.
- Lesson 5 How to set up a retirement plan for yourself and your employees.
- Lesson 6 What you need to know about federal taxes when hiring employees or contractors.
- Lesson 7 How to manage payroll so you withhold the correct amount from employees.
- Lesson 8 How to make tax deposits and file a return to report your payroll taxes.
- Lesson 9 Hiring people who live in the U.S. but who aren't U.S. citizens.

Source: Internal Revenue Service (2018lll: Online)

### **3.3.1.7.5 Subscribe to E-News**

In this section, the IRS (2018mmm: Online) proposed a free electronic mail service for the self-employed and small business owners. The e-News subscription was found to be helpful and informative for small businesses. Once enrolled the e-News provided information on:

- important upcoming tax dates for small business/self-employed customers;
- what's new for small businesses on the IRS website;
- reminders and tips to assist small businesses/self-employed with tax compliance;
- IRS News Releases and special IRS announcements that pertain to small business/self-employed customers; and
- tax-related information from other federal agencies.

### **3.3.1.7.6 Webinars for Small Business**

The final tax tool offered in the IRS Small Business and Self-Employed Tax Center was the Webinars for Small Business section (Internal Revenue Service, 2018nnn: Online). At the time of this present study, the Webinars for Small Business section offered no webinars in Oklahoma, but reported webinars on November 15, 2018, from Kansas City, Missouri, and on October 2, 2018, and December 4, 2018, in Columbia, South Carolina. The webinars could be seen in-person or electronically at no cost.

This section reported that, “Avoiding the Top Tax Mistakes that Small Businesses Make”, was available on November 15, 2018, in Kansas City, Missouri. Small business owners could participate in-person, at other convenient locations, or by a computer, tablet, or mobile device. Participation by conference call was available on November 15, 2018. On October 2, 2018, and December 4, 2018, the Webinar, “Basic Withholding Tax Workshop” was provided in Columbia, South Carolina. The workshop could also be seen in-person, by webinar, or by conference call. Registration instructions and location directions were provided. The topics discussed at the webinars are presented below:

#### **Avoiding the Top Tax Mistakes that Small Businesses Make (November 15, 2018)**

- Recordkeeping;

- Simplified Option for Home Office Deduction;
- Choose your tax preparer carefully;
- Tax Calendar;
- Avoid Tax Scams;
- Protect Data from Breaches;
- Pay-as-you-go;
- Do your homework; and
- IRS Resources.

### **Basic Withholding Tax Workshop (October 2, 2018, and December 4, 2018)**

- Federal tax law issues;
- Unemployment insurance? Liability and reporting requirements;
- Basics of the SC Withholding Tax law;
- How to register for the Withholding Tax;
- When to file and pay Withholding Taxes; and
- Electronic filing methods.

### **Conclusion to the Small Business Self-Employed Tax Center**

The headings, sections, subsections, sub-subsections and sub-sub-subsections located in the Small Business and Self-Employed Tax Center of [IRS.gov](https://www.irs.gov) integrated an extensive and broad range of tax forms, form instructions, and publications to self-serve the small business owners with tax filing requirements. Although intending to assist small businesses with tax tools, this study finds that the Small Business and Self-Employed Tax Center is in fact not helpful due primarily to the volume of material and assumed expertise of taxpayers. The use of the Small Business and Self-Employed Tax Center is also complicated by the self-serve format, intricate steps and topic repetition. Evaluation notations are included in various sections of the Small Business and Self-Employed Tax Center. A full discussion of the limitations of the Tax Center is included in 3.3.5 Limitations of IRS Tax Tools.

To supplement the online tax tools, the IRS makes small business tax tools available through other avenues, including the Telephone Service Assistance and Taxpayers Assistance Centers.

### **3.3.2 IRS Telephone Service Assistance**

Another tax tool provided under the authority of the IRS (2018ttt: Online) is the Telephone Service Assistance. The Telephone Service Assistance is a tax tool that encourages taxpayers to call the general customer service toll free number (1-800-829-1040) if taxpayers have the following tax questions or concerns:

- have questions regarding a refund;
- want the balance due amount on your tax account;
- have questions on an existing installment agreement;
- want to confirm your payment on an individual tax return was received by IRS;
- want the location of an IRS office;
- want the location of free tax preparation services to qualified individuals;
- did not receive, received an incorrect, or lost your Form W-2 and 1099-R;
- have federal tax questions; and
- have questions pertaining to tax returns or tax related issues.

The IRS (2018sss) Telephone Service Assistance is an automated service that claimed to offer live representatives. The service is available by telephone on Monday through Friday, from 7:00 am to 7:00 pm (CST). According to the IRS, average wait times to speak to a customer service representative during the months of January, February, March, and April (filing season) are expected to be 15 minutes. After April, The IRS claims there are fewer customer service representatives and the expected wait time is 27 minutes to speak to a representative. The Taxpayer Advocate Service (2017b: p.2) reported that studies showed that most callers were “unwilling to wait on hold for more than two minutes.”

Former IRS Commissioner, Charles Rossotti (Taxpayer Advocate Service, 2009: p.4) pointed out the importance of the IRS Telephone Service Assistance to the taxpayers and the IRS: “I have never understood why anyone would think it is good business to fail to answer a telephone call from someone who owed you money.” The Taxpayer Advocate Service (2017a) reminded the IRS that a telephone service was important to taxpayers. The IRS received more than 95 million telephone calls each year between the fiscal years of 2008 and 2017 but made plans for only 40

per cent of the 2018 tax year callers that requested to speak to a live representative to be able to do so (Taxpayer Advocate Service: 2017b).

An experiment to evaluate the small business tax tool offered by the IRS Telephone Service Assistance was conducted in September 2018, by the researcher and seven senior undergraduate accounting students. Telephone calls were made the third week of September, three weeks before the busy October 15<sup>th</sup> tax filing extension due date. Although the U.S. tax season is considered to be a spring event, many tax returns are filed later in the year. In 2016, almost 15 million tax returns were filed after the April due date (Internal Revenue Service: 2016f).

Each caller in the experiment was given a time frame of 30 minutes to reach a live representative and ask the IRS representative a small business tax question. The callers telephoned the IRS main customer service number, 1-800-829-1040 and upon connecting with a live representative, each caller was to read the following: “Hello, I am a sole proprietor with no employees. I file a Schedule C for my business, but how do I report the income that I pay myself from my business?” The purpose of the test was to reach a live IRS representative, read the question, document and assess the process of using the Telephone Service Assistance, and evaluate the answer received from the live IRS representative.

In an attempt to reach a live IRS representative, the seven callers telephoned a total of 45 times in an approximate 30-minute time limit. The telephone service at the main customer service number was automated but allowed the caller to communicate by voice and or by choosing a number option. The seven callers were transferred to other automated telephone departments a total of 95 times and disconnected 13 times. When the automated telephone service gave number options, four of the seven callers declared that they were confused and not sure which number to choose. Callers were disconnected if there was a delay in choosing a number option. One caller continued to call back until she had chosen every number option, but the caller was unable to reach a live representative. Only two of the 45 calls reached a live IRS representative. One of the two live representatives answered the caller’s question with: “I don’t know off of the top of my head”, but suggested the caller go online and “check the IRS website”. The other live representative who answered a caller’s question was not confident in the answer she gave. She asked the caller to confirm her answer by hanging up, phoning the IRS again, and asking the same question to a different representative. During the same week, on September 24<sup>th</sup>, one caller also emailed the

question to an email address provided during his telephone experience, but 90 days later the caller had still received no response.

The telephone service test concluded with a pen and paper questionnaire conducted by the researcher. The seven callers were requested to evaluate the telephone experiment by answering the subsequent three questions.

- 1) Imagine that you were the small business owner that made those calls to the IRS. Using two or more single descriptive words, please describe your overall IRS telephone experience.
- 2) As a small business tax tool, please evaluate the Telephone Service Assistance in two or more, single descriptive words.
- 3) Would **you** use the IRS Telephone Service Assistance for a small business tax question? If not, what tax tool would you use to solve your tax problem?

The questions were presented to the callers and the results that described their experience follows:

- 1) Imagine that you were a small business owner that called the IRS. Using two or more descriptive words, please describe your overall IRS telephone experience. The words used and the number of total times the callers used each word are listed below:
  - Frustrated – total of 4;
  - Helpless – total of 3;
  - Discouraged – total of 3;
  - Anger – total of 2;
  - Worried – total of 2;
  - Confused – total of 2;
  - Irritated – total of 2;
  - Stressed – total of 2;
  - Annoyed – total of 1;
  - Abandoned – total of 1;
  - Unsatisfied – total of 1;
  - Frightened – total of 1;
  - Defeated – total of 1; and
  - Unintelligent – total of 1.
- 2) Would **you** use the IRS Telephone Service Assistance for a small business tax question? If not, what tax tool would you use to solve your tax problem?
  - The seven callers unanimously reported that they would **not** use the telephone service for tax issues.
  - Four of the callers stated they would hire a small business accountant.

- Three callers reported they would go to [IRS.gov](https://www.irs.gov) to solve their tax issue.
- 3) As a small business tax tool, please evaluate the Telephone Service Assistance in two or more descriptive words. The words used and the number of total times the callers used each word are listed below:
- Inefficient – total of 4;
  - Untrained – total of 3;
  - Inexperienced – total of 2;
  - Ineffective – total of 2;
  - Uneventful – total of 2; and
  - Incompetent – total of 2.

The evaluation of the Telephone Service Assistance system confirmed that the Service was an ineffective tax tool. After each IRS tax tool in this study is discussed, a complete discussion of the limitations will be provided.

### **3.3.3 IRS Taxpayer Assistance Centers**

Another tax tool authorized by the IRS is the Taxpayer Assistance Centers. Due to the easy access to an in-person taxpayer assistant, the Taxpayer Assistance Centers were formally known as “walk-in sites”. Previously, Taxpayer Assistance Centers were located in 52 states and territories across the U.S. and served as in-person, face-to-face taxpayer customer service centres to address the tax concerns of the public (Internal Revenue Service, 2019a: Online). Recently, however, the IRS (2019b) modified all walk-in-sites to appointment-only sites. Appointments could be requested by calling 1-844-545-5640 (Internal Revenue Service: 2018sss). The IRS explained that when the taxpayer called for an appointment, it was an IRS representative that determined whether or not the taxpayer’s question or concern warranted an appointment. If a face-to-face appointment was denied, the taxpayer was directed to visit the pages of [IRS.gov](https://www.irs.gov) for self-solutions. The IRS (2018vvv) locations in Oklahoma where in-person appointments could be requested were (Internal Revenue Service: 2018vvv):

- Oklahoma City – 55 N. Robinson, Oklahoma City, OK 73102;
- Enid – 601 S. Harding, Enid, OK 73703;
- Lawton – 2202 SW A Avenue, Lawton, OK 73501; and
- Tulsa – 224 South Boulder, Tulsa, OK 74103.

Presented at the 2011 IRS-TPC Research Conference were findings that taxpayers preferred in-person tax assistance, over the telephone or internet assistance (Bruch, Cico & Mehmood, 2011: p.18).

A study with a reasonable participant equality to education, ethnicity and tax filing status of 217 participants results showed when given the choice of phone assistance, internet assistance or walk-in assistance 68 per cent chose walk-in assistance, 22 per cent chose phone assistance and 10 per cent chose internet assistance.

Regardless of the study results that taxpayers favoured walk-in assistance, the IRS (2019b: Online) encouraged taxpayers not to use the Taxpayer Assistance Centers but to self-resolve tax issues by using [IRS.gov](https://www.irs.gov) or by calling the automated telephone service. Although face-to-face assistance was proposed by the IRS (2017f: Online) to be an essential service; it was only to be used “when a tax issue cannot be resolved online or by telephone.” The agency suggested that: “Nearly every tax issue can now be resolved online or by telephone from the convenience of your home or office” and advised taxpayers to use self-service options with questions on the following topics:

- Accounting Information;
- Tax Information;
- Transcripts;
- Identity Theft;
- Refunds;
- Free File;
- Payments;
- Tax Forms and Instructions.

### **3.3.4 Other IRS Tax Tools**

Other tax tools sponsored by the IRS (2017d) included a partnership relationship with the Volunteer Income Tax Assistance program and the Tax Counseling for the Elderly program. The IRS (2017d) granted financial awards to organisations that partnered to provide free tax preparation and required volunteers to be trained and certified in preparing basic or advanced income tax returns (Internal Revenue Service: 2018qqq). Training and certifications were available through the web-based [IRS.gov](https://www.irs.gov) program, “Link and Learn Taxes” (Internal Revenue Service: 2018kkk). Although the Volunteer Income Tax Assistance and the Tax Counseling for the Elderly programs were both maintained by volunteers and provided free taxpayer assistance (to qualified taxpayers), the Volunteer Income Tax Assistance program was unique in that it was founded by a university professor to benefit his students and the public.

The Volunteer Income Tax Assistance program began in 1971, at California State University Northridge by a tax law instructor, Gary Iskowitz (Davis-Smith, Thomas & Cico: 2016). Davis-Smith et al. (2016) continued to explain that the program began with ten students and grew to more than 92,000 volunteers nationwide who prepared 3.2 million tax returns annually. The original purpose of the Volunteer Income Tax Assistance program was to give accounting students the hands-on learning experience of preparing taxes and working with the community. The Volunteer Income Tax Assistance program (Internal Revenue Service: 2018qqq) offered free tax preparation assistance to taxpayers with disabilities, income below \$54,000 or limited English speaking skills, with sites located in community facilities such as universities and libraries.

The Tax Counseling for the Elderly (Internal Revenue Service: 2017d) was established in 1979, and at the time of this present study, programs were offered in more than 9,000 U.S. locations (Oklahoma Tax Commission: 2018a). The majority of the Tax Counseling for the Elderly sites (located across the nation) were operated by the American Association of Retired Persons (2018) through their program, the Foundation's Tax-Aide. The American Association of Retired Persons (2018) claimed their tax program was the largest free tax assistance and preparation service in the nation. Although the Tax Counseling for the Elderly program ([Benefits.gov](https://www.benefits.gov): 2018) focused on providing free assistance to taxpayers aged 60 and older, the program also assisted all low-to-moderate-income taxpayers.

The IRS (2018qqq) instructed taxpayers interested in the Volunteer Income Tax Assistance or the Tax Counseling for the Elderly programs to read Publication 3676-B, IRS Certified Volunteers Providing Free Tax Preparation, before visiting one of the program locations. Publication 3676-B is offered in English and Spanish and gives the following information on what tax forms and schedules the programs will prepare, as well as the documents needed for an appointment (Internal Revenue Service, 2015c: Online):

**Schedules and Forms Prepared:**

- Wages, Salaries, etc. (Form W-2)
- Interest Income (Form 1099-INT)
- Dividends Received (Form 1099-DIV)
- State Tax Refunds (Form 1099-G)
- Unemployment Benefits (Form 1099-G)
- IRA Distributions (Form 1099-R)
- Pension Income (Forms 1099-R, RRB-1099, CSA-1099)
- Social Security Benefits (Form SSA-1099)
- Simple Capital Gain/Loss (1099-B)
- Sale of Home (Form 1099-S) limited
- Self-employed Income (Form 1099-MISC) limited
- Gambling Winnings (Form W-2G)
- Cancellation of Debt (Form 1099-C) limited
- Health Savings Accounts (Form 1099-HSA) limited
- Itemized Deductions limited
- Education Credits (Form 1098-T)
- Child Tax Credit
- Earned Income Credit
- ACA Statements (Forms 1095-A, B or C)
- Prior Year and Amended Returns limited

**Schedules and Forms Not Prepared:**

- Schedule C with losses
- Complicated Schedule D (capital gains/losses)
- Form SS-5 (Social Security Number request)
- Form 8606 (non-deductible IRA)
- Form 8615 (minor's investment income)
- Form SS-8 (worker status for purposes of tax withholding)
- Parts 4&5 of Form 8962 (Tax Credits)

**Documents needed:**

- For married filing jointly, both spouses must be present
- All Forms W-2 and 1099
- Information for other income
- Information for all deductions/credits
- A copy of last year's tax return
- Proof of account for direct deposit of refund
- Social Security cards or Individual Taxpayer Identification notices/cards for you, your spouse, and/ or dependents
- Proof of identification for yourself and/or your spouse
- Total paid to day care provider and their tax ID number
- Birth dates for you, spouse and/or dependents on the return
- Proof of foreign status if applying for ITIN
- Forms 1095-A, B or C (ACA Statements)
- For prior year returns, copies of income transcripts from IRS (and state, if filed)

Table 3.15 shows the number of tax returns prepared by volunteers from the Volunteer Income Tax Assistance and Tax Counseling for the Elderly programs.

**Table 3.15 U.S. Returns Prepared through Volunteer Income Tax Assistance and Tax Counseling for the Elderly Programs and Number of Sites**

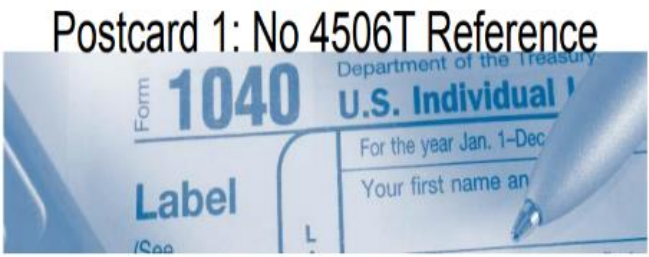

	<b>2015FY</b>	<b>2016FY</b>	<b>2017FY</b>	<b>2018FY</b>
Returns Prepared	3,756,707	3,831,411	3,558,491	3,559,838
Number of Sites	12,507	11,831	11,469	11,044

Source: Internal Revenue Service (2015d: p.49; 2016e: p.47; 2017e: p.47; 2018d: p.47)

Another tax tool managed by the IRS is a postcard and letter notification program (Internal Revenue Service: 2017g). This tool is unique among other IRS resources in that the IRS comes to the taxpayer. In 2015, approximately six weeks before the federal tax return filing due date, a pilot test was initiated that consisted of filing reminders that were sent out to taxpayers with a history of non-compliance (see Figure 3.4 and Figure 3.5). The results of the mail-outs indicated that the letters received a greater taxpayer response, and therefore were viewed as more effective than the post-cards. The results also indicated that a simple and easy to read message was more effective in receiving a taxpayer response and that the lower risk taxpayers need multiple mailings for effectiveness. Although the pilot test had a modest impact, the test was determined economically successful due to the “very low cost” of the mail-outs. The success of the pilot test initiated other mailouts. The following IRS quotes described the correspondence mailings (Internal Revenue Service, 2017g: p.87).


- **Letter:** The Letter was a generic letter reminding the taxpayer to file a 2015 tax return. The letter included a URL for the IRS website and a toll-free customer service number for the IRS if the taxpayer needed to seek assistance.
- **Postcard 1** (Form 4506T reference): Postcard 1 was a generic postcard reminding the taxpayer to file a 2015 tax return. The postcard included a URL for the IRS website if the taxpayer needed to seek assistance.
- **Postcard 2** (Form 4506T reference): Postcard 2 was a generic postcard reminding the taxpayer to file a 2015 tax return. The postcard included a URL for the IRS website if the taxpayer needed to seek assistance. It differed from Postcard 1 because, in addition to the content of Postcard 1, it also included a URL for the taxpayer where they could submit Form 4506T to request tax documents for prior years.

**Figure 3.4 IRS Postcard Reminder Correspondences**

 <p>Postcard 1: No 4506T Reference</p>	 <p>Postcard 2: 4506T Reference</p>
<p>If you have not already done so, remember to file your 2015 tax return by April 15, 2016.</p>	<p><b>If you have not already done so, remember to file your 2015 tax return by April 15, 2016.</b></p> <ul style="list-style-type: none"> <li>▪ Did you know the average tax refund in 2014 was approximately <b>\$2,800</b>?</li> <li>▪ You could be eligible for valuable tax benefits, but you must file to receive them.</li> <li>▪ For more information about filing, or getting an extension to file, go online to <a href="http://www.irs.gov/filing">www.irs.gov/filing</a>.</li> </ul> <p><b>It's not too late to file returns for prior tax years.</b></p> <ul style="list-style-type: none"> <li>▪ You can file late tax returns and claim tax refunds up to 3 calendar years after the April filing deadline. For example, you can claim a tax refund for 2012, if you file your tax return by April 15, 2016.</li> <li>▪ To request transcripts of prior year W-2s and other tax documents, submit Form 4506T (from <a href="http://www.irs.gov/uac/About-Form-4506T">http://www.irs.gov/uac/About-Form-4506T</a>).</li> </ul>

Source: Internal Revenue Service (2017g: pp. 97-98)

Figure 3.5 IRS Letter Reminder Correspondence

 Department of the Treasury Internal Revenue Service [Address Line 1 ] [Address Line 2 ] [Address Line 3 ]	Letter 5906 Date
[Taxpayer Name ] [Address Line 1 ] [Address Line 2 ] [Address Line 3 ] [Address Line 4 ]	
<b>REMINDER</b>	
This is a reminder to file your 2015 tax return.	
<b>What you should know</b>	<b>What you should know</b>
If you are required to file this tax return: <ul style="list-style-type: none"> <li>• Please file by April 15, 2016.</li> <li>• For more information on filing electronically, mailing your return, or getting an extension, go online to <a href="http://www.irs.gov/filing">www.irs.gov/filing</a>.</li> </ul> Please disregard this reminder if you have already filed this return: <ul style="list-style-type: none"> <li>• Thank you for filing.</li> </ul> If you don't file your return: <ul style="list-style-type: none"> <li>• The Internal Revenue Code sets strict time limits for claiming tax refunds.</li> <li>• We may file the return for you and not allow credits or exemptions you could claim if you filed yourself.</li> </ul>	If you are required to file this tax return: <ul style="list-style-type: none"> <li>• Please file by April 15, 2016.</li> <li>• For more information on filing electronically, mailing your return, or getting an extension, go online to <a href="http://www.irs.gov/filing">www.irs.gov/filing</a>.</li> </ul> Please disregard this reminder if you have already filed this return: <ul style="list-style-type: none"> <li>• Thank you for filing.</li> </ul> If you don't file your return: <ul style="list-style-type: none"> <li>• The Internal Revenue Code sets strict time limits for claiming tax refunds.</li> <li>• We may file the return for you and not allow credits or exemptions you could claim if you filed yourself.</li> </ul>
<b>Additional information</b>	<b>Additional information</b>
For tax forms, instructions, and publications, visit <a href="http://www.irs.gov">www.irs.gov</a> or call 1-800-TAX-FORM (1-800-829-3676).  Letter 5965 (1-2016) Catalog Number 67591A	For tax forms, instructions, and publications, visit <a href="http://www.irs.gov">www.irs.gov</a> or call 1-800-TAX-FORM (1-800-829-3676).

Source: Internal Revenue Service (2017g: p.96)

### **3.3.5 Limitations of IRS Tax Tools**

Possibly the most significant tax tool limitation that affects every other tool limitation is the length and complexity of the U.S. Tax Code. Olson, the former National Taxpayer Advocate announced that to “[m]aintain and increase high voluntary compliance levels, it is imperative that the tax administration make tax compliance as simple and painless as possible” (Taxpayer Advocate Service, 2018a: Online). Congress has ignored Olson’s suggestions and complexity continues to be the main tax limitation for almost everyone interested in taxation, including the 768,000 tax preparers (Internal Revenue Service: 2018cccc), IRS personnel, U.S. Tax Courts and U.S. citizens. Individual and business taxpayers combined spent more than 6.1 billion hours annually to comply with the Internal Revenue Code (Taxpayer Advocate Service: 2012). “Research has shown that in one-third of the conflicts reaching the Tax Court, the court could not discern the intent of Congress by simply reading the statute” (Hoffman et al., 2018: p.23). Evans et al. (2014) agreed that comprehending the statute was a difficult task and added that simplifying the tax code had reached a point of no return. The authors suggested that efforts to reduce the tax code complexity could result in even more complex taxation issues. The National Advocate Annual Report to Congress (Taxpayer Advocate Service: 2012) agreed that tackling tax code simplification issues could cause new problems. Rule exceptions, rules to be phased-in or phased-out, and the interactions of new tax provisions to old tax provisions could cause more complexity than what currently exists.

The IRS (2018b: Online) reports their mission is to “[p]rovide America's taxpayers top quality service by helping them understand and meet their tax responsibilities...”, but over the past decade, Olson (Taxpayer Advocate Service, 2017b: p.64) has expressed her concerns to Congress: “...that the overall quality of the Internal Revenue Service’s taxpayer service has eroded. Over the long term, this erosion could increase taxpayer burden, weaken taxpayers’ faith in the tax system, and undermine voluntary compliance.”

Although the IRS (2018a: Online) publicised that they spent “35 cents for each \$100 it collected in FY 2015”, the Taxpayer Advocate Service (2016: p.8) added that “the IRS makes penny-wise, pound foolish decisions” by cutting tax tools and that could have contributed to small business non-compliance. The Taxpayer Advocate Service revealed that helpful tax tools were eliminated in the 2017 tax year (Internal Revenue Service: 2016f).

The examination of other IRS tool limitations showed the online services at [IRS.gov](https://www.irs.gov) to be laborious and overwhelming, yet it was the tool the IRS encouraged small businesses to use. The IRS showed annual increases in the [IRS.gov](https://www.irs.gov) website usage (see Table 3.11), but those increases may have resulted from the elimination of other IRS services (Taxpayer Advocate Service: 2017b). The decrease of some services and the elimination of others may have led taxpayers to think that [IRS.gov](https://www.irs.gov) was the only available IRS tax tool. The statistics shown in Table 3.11 signify high usage, which indicates the taxpayers' need for tax assistance, but the present research did not identify a reference or statistic that articulated how many visits it took for the taxpayer to be successful in their search, or if the taxpayers' search was ever successful.

As technology, convenience, and limited funds encouraged the IRS to move small business tax tools toward online self-service, the IRS has overlooked small business owners that lacked the skill or preference to use the internet for communication. One study suggested that small business owners lacked the proficiency to be effectual online learners (Atamian & VanZante: 2010). Another study by the Taxpayer Advocate Service (2016) reported that individual and business taxpayers had security concerns and were hesitant to interact with the IRS online. When considering how online communication affected small businesses, the Small Business Administration (2015b) reported that more than half of all U.S. small businesses work from home, which could also be a setback for online users trying to access online tax tools. A Taxpayer Advocate Service (2017b: p.3) study disclosed that "41 million taxpayers had no broadband access in their homes and 14 million had no internet access at home".

To add to the evaluation and the limitations of the IRS's online tax tools, the research determined that the sheer volume of the online information is the primary weakness of the Small Business and Self-Employed Tax Center. Although the Tax Center was explicitly created for small businesses (sole-proprietors, partnerships, corporations, and limited liability companies) (Internal Revenue Service: 2018j), the website was unwieldy, challenging to manoeuvre, repetitive, lengthy and overall lacked small business tax instruction. The examination of the Small Business and Self-Employed Tax Center determined that the principal function of the Tax Center was to provide forms, offer instructions to complete forms, and deliver publications. With those provisions came the assumption that the small business owners had tax knowledge or expertise, and therefore knew which specific tax forms were needed and could successfully decipher the instructions.

Within the Small Business and Self-Employed Tax Center, the repetition of similar tax information in numerous locations was found to be unnecessary and confusing. The repetitive topics, using similar but not exact titles, circled deep within the exhaustive headings, sections, subsections, sub-subsections, and sub-sub-subsections of the Tax Center. Along with the repetition were words that indicated there was additional information on the topic at hand, but that information was not accessible. Countless links were built-in and ever present, but there was no specific direction as to how to find the “additional information”. The examination concluded that the small business owner with little tax knowledge could spend a considerable amount of time in the Small Business and Self-Employed Tax Center but ultimately end up with frustration, confusion and noncompliance.

More IRS tax tool limitations were uncovered with the transformation of the Telephone Service Assistance resource from a live telephone service to an automated telephone service with limited opportunities for taxpayers to speak to a live representative. The Telephone Service Assistance experiment discussed in 3.3.2 revealed that the telephone service was “ineffective” and the IRS representatives were “incompetent”. The Taxpayer Advocate Service (2009: pp.4-5) reported to Congress that the “IRS Toll-Free Telephone Service Is Declining as Taxpayer Demand for Telephone Service Is Increasing.” Rossotti, the former IRS Commissioner, voiced his concern about cutting the telephone service, which resulted in taxpayers not getting the necessary telephone assistance to file accurate returns. “I have never understood why anyone would think it is good business to fail to answer a telephone call from someone who owed you money.”

Added telephone service constraints were revealed when the IRS (2016f) reported that during the filing season telephone assistance would be limited to the most basic tax questions and the more challenging questions would not be addressed at all. After the April filing date, but before the authorised extension filing date, the IRS (2016f) stated that no tax-law questions would be answered, even though the National Taxpayer Advocate (Internal Revenue Service: 2016f) reported to Congress that in 2016, almost 15 million returns were filed after the April filing due date.

Although the IRS (2017b) received more than 95 million telephone calls each year, the researcher found no data on the success of the caller receiving the sought-after information. Some statistics

were available regarding the caller, but the researcher found no data on the calls to address the questions below.

- How many callers hung up due to long wait times?
- How many calls went unanswered?
- How many calls were call backs?
- How many calls were made before the caller received an answer?
- How many callers did not receive an answer?

Documenting IRS tax tool limitations continued when evaluating the IRS Taxpayer Assistance Centers. Nina Olson, former Director of the Taxpayer Advocate Service (2017c: Online), declared to Congress that one of the “most serious problems” experienced by taxpayers was the IRS reduction in community presence. The IRS (2016f) not only decreased the number of Taxpayer Assistance Center sites, but also eliminated services at the sites that remained open. The Centers were also changed from walk-in sites to appointment-only sites with required IRS appointment approval to determine if the taxpayer could self-solve their tax issue by going to [IRS.gov](https://www.irs.gov). Under the IRS (2016f) appointment-only service, a government study showed that 20 per cent of taxpayers waited 13 to 41 days for an appointment and five per cent of the taxpayers waited longer than 41 days. Of those taxpayer’s who were granted an appointment, the researcher found no study to indicate the effectiveness of the appointment.

Accounting Today (Cohn: 2018) revealed that, despite the pleas from the National Taxpayer Advocate and the Senate Appropriations Committee, the IRS continued to close Taxpayer Assistance Centers across the country. Regardless of the study presented at the 2011 IRS Conference (Bruch et al.: 2011) that disclosed 68 per cent of taxpayers preferred walk-in assistance, the IRS claimed that the decreasing number of Taxpayer Assistance Center visits revealed that the Centers were no longer a viable taxpayer tax tool. Nina Olson, (Taxpayer Advocate Service: 2017c) called the matter a “strategy” and asserted that the Taxpayer Assistance Centers, formerly called walk-in sites were reduced to the point that the locations became inaccessible to the taxpayers. Long waits, inconvenient locations, and poorly trained representatives discouraged taxpayer visits. Table 3.16 displays the decline in the number of contacts to the Taxpayer Assistance Centers.

**Table 3.16 Number of Taxpayer Contacts to U.S. Taxpayer Assistance Centers**

<b>2012FY</b>	<b>2013FY</b>	<b>2014FY</b>	<b>2015FY</b>	<b>2016FY</b>	<b>2017FY</b>	<b>2018FY</b>
6,848,652	6,520,810	5,777,279	5,643,772	4,480,738	3,291,764	2,914,650

Source: Internal Revenue Service (2012: p.47; 2013b: p.47; 2014b: p.49; 2015d: p.49; 2016e: p.47; 2017e: p.47; 2018dddd: p.47)

This study discovered another significant tax tool limitation in the use of the tax publications prepared and distributed by the IRS (see APPENDIX B – List of Publications). IRS publications were relied upon for accuracy and completeness by preparers, accountants, IRS representatives, individuals and businesses. The researcher found that the IRS freely distributed official publications through IRS.gov, online ordering, telephone ordering, public libraries, and post offices to businesses, taxpayers, CPAs, accountants, tax preparers, and IRS representatives to assist with taxpayer compliance. In an effort to adhere to the Plain Writing Act of 2010 (U.S. Government Publishing Office, 2010: Online), that “seeks to improve the effectiveness and accountability of Federal agencies to the public by promoting clear Government communication the public can understand and use”, the IRS attempted to use simplified, plain language to explain in-depth regulations with complex layers of rules in official tax publications.

Encouragement to provide easy-to-read publications came about with the IRS 2014 adoption of the Taxpayer Bill of Rights. The Bill proclaimed that all taxpayers have “the right to be informed” (Taxpayer Advocate Service, 2018c: Online). The present researcher found that, in an attempt to inform taxpayers in plain language, the IRS publications explained tax law requirements in a limited and partial manner by using broad wording that lacked detail, but insinuated completeness. Tax tools are intended to simplify the task of tax compliance, with accuracy as the end result, but difficult concepts, numerous tax code changes, and over-simplified publications encourage noncompliance.

The Volunteer Income Tax Assistance and the Tax Counseling for the Elderly are tax form preparation and filing programs that are limited for use by particular small businesses that qualified for tax help or had prior compliance issues (Oklahoma Tax Commission, 2018a: Online). The Volunteer Income Tax Assistance program offered free tax assistance to those taxpayers with an income of less than \$54,000 and the Tax Counseling for the Elderly limited tax help to taxpayers

with “low-to-middle income with special attention to those aged 60 and older”. The American Association of Retired Persons (2018) restricted the program to the small business taxpayer, filing as a sole proprietor, with Schedule C total expenses of \$25,000.

The last IRS tax tool limitation that this study found noteworthy was the post-card and letter notification mail-out service. Although the researcher found the post-card and letters to be helpful to taxpayers and inexpensive for the IRS, the mail-outs had taxpayer qualification limitations. The post-card and letter notification tool was created for those taxpayers who qualified (by being a prior compliance offender) in order to receive the reminders.

### **3.4 Taxpayer Advocate Service**

Another small business tax tool examined in this study is the Taxpayer Advocate Service. The Taxpayer Advocate Service (2018b: Online), also called the Office of the Taxpayer Advocate, is an “independent agency that works within the IRS”. Due to its independent nature, the Taxpayer Advocate Service is not examined in the IRS segment of this study.

The IRS saw the need for a primary taxpayer advocate to function as a part of the IRS (Taxpayer Advocate Service, 2018b: Online). In 1979, the Office of the Taxpayer Ombudsman was created by the IRS to work within the IRS, but not necessarily for the taxpayer. The Office of Taxpayer Ombudsman was codified in the Taxpayer Bill of Rights 1 and included in the Miscellaneous Revenue Act of 1988, Pub. L No. 100-647. Congress later added Internal Revenue Code 7811 to the Taxpayer Bill of Rights 1, which granted the newly created Ombudsman office the authority to issue a Taxpayer Assistance Order, “if, in the determination of the Ombudsman, the taxpayer is suffering hardship as a result of the manner in which the internal revenue laws are being administered by the Secretary.” Further, the Ombudsman was to provide annual reports to the Senate Committee on Finance and the House Committee on Ways and Means to inform Congress of the quality of services that the IRS offered the taxpayer. Due to concerns regarding the Ombudsman Office and their true advocacy for the taxpayer, the Taxpayer Bill of Rights 2 amended the Internal Revenue Code 7802 (the predecessor to Internal Revenue Code 7803), dissolving the Office of the Taxpayer Ombudsman and in 1996, created the Office of the Taxpayer Advocate.

Nina E. Olson, the former National Taxpayer Advocate led the Taxpayer Advocate Service (Journal of Accountancy, 2001: Online). The Service (Taxpayer Advocate Service, 2018d: Online) provides a tax tool for free or a minimal fee to the low-income taxpayer through the Low Income Taxpayer Clinics. The program is a matching grant program, partially funded by the IRS and provides tax services to those who spoke English as a second language and to those with maximum incomes of 250 per cent of the poverty level established by the Director of the Office of Management and Budget. According to the IRS, “the Internal Revenue Code 7526(b)(1)(B)(i) requires 90 per cent of the participants to be within the 250 per cent poverty level.”

The Taxpayer Advocate Service (Internal Revenue Service, 2018zzz: Online), an independent organisation within the IRS, is a tax tool for small business taxpayers by being a “voice at the IRS”. The organisation’s purpose is to “ensure that every taxpayer is treated fairly,” and that the taxpayer “knows and understands their taxpayer rights.” The dozens of taxpayer rights as reported by the Internal Revenue Code were grouped into ten fundamental taxpayer rights for clarity and accessibility for taxpayers and tax administrators. The following Taxpayer Bill of Rights was adopted on June 10, 2014 (Taxpayer Advocate Service, 2018c: Online).

- **The Right to Be Informed:** Taxpayers have the right to know what they need to do to comply with the tax laws. They are entitled to clear explanations of the laws and IRS procedures in all tax forms, instructions, publications, notices, and correspondence. They have the right to be informed of IRS decisions about their tax accounts and to receive clear explanations of the outcomes.
- **The Right to Quality Service:** Taxpayers have the right to receive prompt, courteous, and professional assistance in their dealings with the IRS, to be spoken to in a way they can easily understand, to receive clear and easily understandable communications from the IRS, and to speak to a supervisor about inadequate service.
- **The Right to Pay No More than the Correct Amount of Tax:** Taxpayers have the right to pay only the amount of tax legally due, including interest and penalties, and to have the IRS apply all tax payments properly.
- **The Right to Challenge the IRS’s Position and Be Heard:** Taxpayers have the right to raise objections and provide additional documentation in response to formal IRS actions or proposed actions, to expect that the IRS will consider their timely objections and

documentation promptly and fairly, and to receive a response if the IRS does not agree with their position.

- **The Right to Appeal an IRS Decision in an Independent Forum:** Taxpayers are entitled to a fair and impartial administrative appeal of most IRS decisions, including many penalties, and have the right to receive a written response regarding the Office of Appeals' decision. Taxpayers generally have the right to take their cases to court.
- **The Right to Finality:** Taxpayers have the right to know the maximum amount of time they have to challenge the IRS's position as well as the maximum amount of time the IRS has to audit a particular tax year or collect a tax debt. Taxpayers have the right to know when the IRS has finished an audit.
- **The Right to Privacy:** Taxpayers have the right to expect that any IRS inquiry, examination, or enforcement action will comply with the law and be no more intrusive than necessary, and will respect all due process rights, including search and seizure protections and will provide, where applicable, a collection due process hearing.
- **The Right to Confidentiality:** Taxpayers have the right to expect that any information they provide to the IRS will not be disclosed unless authorized by the taxpayer or by law. Taxpayers have the right to expect appropriate action will be taken against employees, return preparers, and others who wrongfully use or disclose taxpayer return information.
- **The Right to Retain Representation:** Taxpayers have the right to retain an authorized representative of their choice to represent them in their dealings with the IRS. Taxpayers have the right to seek assistance from a Low Income Taxpayer Clinic if they cannot afford representation.
- **The Right to a Fair and Just Tax System:** Taxpayers have the right to expect the tax system to consider facts and circumstances that might affect their underlying liabilities, ability to pay, or ability to provide information timely. Taxpayers have the right to receive assistance from the Taxpayer Advocate Service if they are experiencing financial difficulty or if the IRS has not resolved their tax issues properly and timely through its normal channels.

Each U.S. state has at least one Taxpayer Advocate who reports directly to the National Taxpayer Advocate Office. The local Taxpayer Advocate for the Oklahoma office is in Oklahoma City.

In support of the taxpayer, the Taxpayer Advocate is required to submit to Congress a National Taxpayer Advocate's Report each June and a National Taxpayer Advocate's Reports to Congress each December. The Advocate Objective Report (Internal Revenue Service, 2019c: Online) contains the organisations goals and activities for the upcoming year and includes a “[s]ummary of the 20 most serious problems encountered by taxpayers; recommendations for solving those problems; and other IRS efforts to improve customer service and reduce taxpayer burden.”

Showing taxpayer support and expressing concern about the 2017 elimination of IRS tax tools (Internal Revenue Service: 2016f), Olson (Taxpayer Advocate Service, 2019a: Online) declared in the 2019 Objective Report to Congress that “[i]n this environment, it is critical for the IRS to direct its resources where they have the greatest positive effect on achieving tax compliance, particularly voluntary tax compliance. Importantly, voluntary tax compliance is heavily linked to customer service and the customer experience.”

The Taxpayer Advocate Service's most effective tax tool for small businesses was their voice in representing small businesses to Congress. A closer look into other tax tools offered by the Taxpayer Advocate Service showed their resources to be limited to only those taxpayers who “qualified” for the Service. The Advocate Service stated: “If you qualify for our help, we'll do everything we can to get your problem resolved” (Internal Revenue Service, 2018zzzz: Online). Except for the Low Income Taxpayer Clinic, which was available to participants within 250 per cent of the poverty level and taxpayers who spoke English as a second language (Taxpayer Advocate Service, 2018d: Online), the organisation was available to help small businesses only after a business experienced serious compliance problems that the taxpayer was unable to self-resolve or compliance issues that had caused severe economic hardship. The Taxpayer Advocate Service (2012) reported that they are a “last resort” for the taxpayer when normal IRS channels have not successfully resolved the taxpayer's compliance issues. The Service (Taxpayer Advocate Service, 2012: Online) was available only to taxpayers experiencing the following problems.

- The problem is causing financial difficulties.
- The problem is causing an immediate threat of an adverse action.
- The taxpayer has repeatedly tried to contact the IRS with no success.

### 3.5 Oklahoma State Agencies

Although this study assesses tax tools made available through federal entities, small business tax tools are also provided by state agencies. The Oklahoma Tax Commission and the Oklahoma Department of Commerce are state agencies that supply small businesses with tax resources. The Oklahoma Tax Commission's (2018c: Online) mission is to "serve the people of Oklahoma by promoting tax compliance through quality service and fair administration." Created in 1931, the Tax Commission is responsible for the collection of Oklahoma state taxes and, with the guidance of the state legislature, the Commission distributes tax revenues to school districts, municipalities, social welfare and other state-provided services. Under the leadership of the three commissioners, appointed by the Oklahoma Governor and approved by the State Senate, the Executive Director, Tony Mastin oversees Oklahoma's twelve tax divisions and three major departments: Customer Service, Revenue Administration, and Support Services.

The agency provided numerous telephone numbers as small business tax tools for various state compliance topics, including a telephone number for small business taxpayer assistance. The small business taxpayer could request state tax forms and instructions, licenses and applications by telephone or online at [OK.gov](http://OK.gov). The Oklahoma Tax Commission worked as a guide to small business services and tools offered by other agencies. Live links were provided to the IRS and the Small Business Administration. The Commission (Oklahoma Tax Commission: 2018a) offered a list of Oklahoma tax assistance sites, including the Volunteer Income Tax Assistance and the Tax Counseling for the Elderly (see APPENDIX H – List of Oklahoma Income Tax Assistance Sites). In addition to the telephone and online tax tools, the Oklahoma Tax Commission (2018d: Online) conducted live "New Business Workshops" in cities across the state to assist new small business owners with state compliance requirements. The workshop agendas included:

- Information on business structure formation;
- Business structures;
- Steps to business formation types;
- A step-by-step guide to business registration;
- Bookkeeping techniques; and
- Line-by-line explanation of the primary business tax forms.

For the 2018 Oklahoma Tax Commission workshops and locations see APPENDIX I.

Additional Oklahoma Tax Commission tax tools were discovered during a telephone interview, on July 27, 2017, conducted by the researcher with the Director of the Oklahoma Tax Commission Press Release/Communications Office. In order to allow the Director to respond and discuss whatever she wished, the informal interview consisted of one question, “What tax tools does the Oklahoma Tax Commission offer small businesses?” The Director discussed four resources.

- Web Notice – Unlike email, the Web Notice provided a secure avenue where Oklahomans can discuss sensitive tax questions regarding their account and tax circumstances.
- Taxpayer Resource Center – Located in the Oklahoma City office, the Taxpayer Resource Center offered face-to-face customer service with state tax experts. Once the taxpayer has arrived and signed in, he or she is connected to an associate with expertise in the taxpayer’s area of concern.
- In-Person Visits to New Small Businesses – An Oklahoma Tax Commission representative made an on-site customer service visit. The representative left a business card so that the new business owner could call with questions. Annually the same representative made an on-site visit. This encouraged tax compliance and customer service.
- OK Taxpayer Access Point – This is secure online service created for small business owners to set up a small business account where forms can be completed and filed online.

During the interview, the Director added that Oklahoma Tax Commission representatives are encouraged to use Web Notice with all taxpayers. Due to security concerns, Oklahoma tax agents are strongly discouraged to respond to emails and telephone calls, including questions from taxpayers. In conclusion, the Director commented that the Oklahoma Tax Commission did not advertise its services but depended on their website and the word-of-mouth from Oklahomans to inform other small business owners.

Another state agency examined for small business tax tools is the Oklahoma Department of Commerce (2018a: Online). The agency is “the primary economic development entity in the state”, and their mission was to “create and deliver high-impact solutions that lead to prosperous lives and communities for all Oklahomans.” The Oklahoma Department of Commerce “assists in providing information, answering questions and referring aspiring or existing small business

owners to the relevant state agencies and other business resources.” The website directed small businesses to helpful organisations that provided live links to the Small Business Administration, Small Business Development Centers, SCORE, Oklahoma Tax Commission, Higher Ed Connect and IRS (Oklahoma Department of Commerce: 2018b).

The organisation offered the Oklahoma Business Start-up Guide, an easy-to-read guide, that included small business tax information on choosing a business structure, registering a business name, Employer Tax Identification Numbers, licenses and permit requirements, employee income tax, payroll tax withholdings, and the need for a business plan (Oklahoma Department of Commerce, 2015: Online). The guide was a five-page document that provided a limited overview for a potential small business owner in the early planning stages and suggested that small business owners consult a tax attorney and or certified public accountant “[i]n an attempt to reduce the potential for personal liability and higher taxes. . .”. The guide was limited regarding taxation but ended with the suggestion to contact the IRS online or by telephone for the necessary forms and instruction to file and pay payroll and federal taxes.

The Oklahoma Tax Commission and the Oklahoma Department of Commerce are state agencies that provide mainly state tax tools, but guided Oklahoma taxpayers to the IRS and other organisations for federal tax tools.

### **3.6 Higher Education**

U.S. business schools in higher education is another tax tool for small business that is evaluated in this study. The examination of U.S. business schools possibly began in 1959, with the assessment of American business schools by the Ford Foundation and the Carnegie Corporation for the Advancement of Education (1959, as cited by Daniel: 1997). The report was critical and spoke negatively about almost every discipline of business education, but focused on five specific areas that needed improvement:

- poor students;
- untrained faculty;
- unintellectual curriculum;

- lack of theoretical research; and
- unclear missions.

Later, Dickinson, Herbst and O'Shaughnessy (1983: p.51) were also interested in what business schools were doing to prepare students with the necessary skill-set to be a successful part of the workforce. The need for improvement in business schools continued to surface. The authors reported that "communication between business academics and the business community appears to be minimal, and perhaps even threatening to both parties; academics have little interest in practitioners and their ideas."

More recently, in an attempt to re-examine the business schools and the preparation of students for the workforce, David, David and David (2011) examined 200 resumes, 100 higher education syllabi, and 20 textbooks. The authors agreed with the study results of Dickinson et al. and indicated that current business schools were still focused on academics and overlooked the needs of the business community. David et al. (2011: pp.52, 61) stated: "Too many graduating business students today come to their first jobs long on theory and short on know-how", but also wrote positively about some business professors preserving the business community relationships by being involved in workshops, continuing education, and research. The authors also boasted of excellent American business schools that were published in such publications as: "Business Week [now Bloomberg Businessweek], U.S. News & World Report, The Wall Street Journal, and Financial Times" that yearly rank the best Master of Business Administration (MBA) business schools in America.

Bloomberg Businessweek (2018) visited with deans, professors, administrators and analysts from 43 schools to create a questionnaire used to survey 26,699 MBA students. Bloomberg Businessweek B-School Rankings: Best U.S. Business Schools of 2018 categorised the top 100 business schools in the nation using student responses, graduate compensation, and graduate job placement. The University of Oklahoma, Michael F. Price College of Business was placed 79<sup>th</sup> in the nation. The U.S. News & World Report (2018), Best Business School Rankings, surveyed 480 U.S. MBA programs accredited by the Association to Advance Collegiate School of Business International. Of the 480 MBA programs surveyed, 127 U.S. schools provided enough information to be ranked. Two schools represented Oklahoma: University of Oklahoma Michael F. Price

College of Business, was ranked 76<sup>th</sup> and Oklahoma State University Spears School of Business, was ranked 95<sup>th</sup>. The University of Central Oklahoma was mentioned but not ranked.

### 3.6.1 College and University Education

Universities and colleges arguably hold the most responsibility for equipping graduates to assist small businesses with accounting and tax tools. Across the nation, business schools graduated accounting students to meet the demand for various tax and accounting careers. [AccountingEdu.org](http://AccountingEdu.org) (2019) reported four major career opportunities for the accounting graduate. The careers and the jobs in each career area are listed below ([AccountingEdu.org](http://AccountingEdu.org), 2019: Online):

<b>Government and Non Profit Accounting jobs:</b>	
• Fund Accountancy	• IRS Job
<b>Public Accounting Jobs:</b>	
• Cost Estimator	• Tax Accountant
• Enrolled Agent	• Tax Attorney
• Forensic Accountant	• Tax Preparer
• Real Estate Appraiser	
<b>Private Accounting Jobs:</b>	
• Accounting Clerk	• Capital Accountant
• Accounts Payable/Receivable Clerk	• Comptroller/Controller
• Information System Specialist	• Cost Accountant
• Actuarial/Insurance Accountant	• Payroll Accountant
• Bookkeeping	• Environmental/Sustainability
• Budget Analyst	

Along with other U.S. states, Oklahoma participated in providing accountants to meet the nation's career needs. Oklahoma colleges and universities graduated more than 700 accountants in the 2015-2016 school year (Oklahoma State Regents Higher Education Unitized Data System: 2017) and the three largest Oklahoma universities enrolled over 1800 students in accounting courses in

the August, 2016 and August, 2017 fall semesters (Oklahoma State University: 2018; University of Oklahoma: 2018b; University of Central Oklahoma Office of Institutional Research: 2018).

**Table 3.17 FY2015 Oklahoma State Regents for Higher Education Accounting Degrees Awarded in the State of Oklahoma**

<b>Accounting Degrees Awarded</b>	<b>Bachelor</b>	<b>Master</b>	<b>Total</b>
Accounting	573	117	690
Accounting and Finance	1	21	22
Accounting and Business/Management	4	0	4
<b>TOTAL</b>	<b>578</b>	<b>138</b>	<b>716</b>

Source: Oklahoma State Regents Higher Education Unitized Data System (2017)

**Table 3.18 Enrolled Undergraduate Accounting Students in Oklahoma’s Largest Universities**

<b>University</b>	<b>August 2016</b>	<b>August 2017</b>
Oklahoma State University	644	642
University of Oklahoma	576	642
University of Central Oklahoma	614	530

Source: Oklahoma State University (2018); University of Oklahoma (2018b); University of Central Oklahoma Office of Institutional Research (2018)

In addition to higher education supplying accountants, colleges and universities offered tax tools to small businesses by preparing students for professional accounting careers. Possibly an underrated and over-looked tax tool offered by colleges and universities is the liberal arts education. Zakaria (2015: p.42) explained that “liberal” as in liberal education in the original Latin,

referred to “of or pertaining to free men.” According to Zakaria, the benefit of a liberal education was argued as early as 500 BC by Plato, the philosopher, and Isocrates, the orator. Busteded, Gallup’s Executive Director of Education and Workforce Development, supposed there was sometimes a negative association with a liberal arts education and job prospects, but research indicated that a “liberal arts education teaches skills that hold tremendous value in today's workplace, such as critical thinking, effective communication, collaboration and teamwork” (Auter, 2017: Online). Zakaria (2015) agreed that a liberal arts education, unlike a non-liberal arts education, focused on teaching to articulate effectively, write persuasively, and think critically, all in the setting of a small classroom overseen by faculty that students may see as mentors.

The Oklahoma State Regents for Higher Education (2018a: Online) provided the Oklahoma liberal arts institutions with the general state locations:

- University of Science and Arts of Oklahoma, Chickasha (SW);
- Bacone College, Muskogee (NE);
- Mid-America Christian University, Oklahoma City (OKC);
- Oklahoma Baptist University, Shawnee (SE);
- Oklahoma Christian University, Oklahoma City (OKC);
- Oklahoma City University, Oklahoma City (OKC);
- Oklahoma Wesleyan University, Bartlesville (NE);
- Oral Roberts University, Tulsa (Tulsa);
- Phillips Theological Seminary, Tulsa (Tulsa);
- Southern Nazarene University, Bethany (OKC);
- Southwestern Christian University, Bethany (OKC);
- Southwestern College, Midwest City (OKC);
- The University of Tulsa, Tulsa (Tulsa); and
- Wayland Baptist University, Altus (SW).

The catalogues from the largest liberal arts universities in Oklahoma commonly recorded two undergraduate income tax courses and although the courses could include small business taxation, small business taxation was not mentioned in the course titles or catalogue descriptions.

**Table 3.19 FY2017 Oklahoma’s Largest Liberal Arts Universities, Traditional Undergraduate Enrolment and Taxation Courses Offered**

<b>University</b>	<b>Campus Traditional Undergraduate Enrolment</b>	<b>Undergraduate Tax Courses Offered</b>
Oral Roberts University (Tulsa)	3,381	1. Federal Income Tax 2. Advanced Tax Accounting 3. Estate and Gift Taxation 4. Tax Seminar
University of Tulsa (Tulsa)	3,343	1. Tax Panning for Personal Investing 2. Topics in Federal Income taxation
Oklahoma Baptist University (Shawnee)	1,965	1. Tax Accounting I 2. Tax Accounting II
Oklahoma Christian University (Oklahoma City)	1,911	1. Income Taxation 2. Advanced Federal Taxation
Oklahoma City University (Oklahoma City)	1,789	1. Introduction to Taxation 2. Individual Taxation
Southern Nazarene University (Bethany)	1,113	1. Personal Income Tax (non-accounting majors) 2. Income Tax for Individuals 3. Income Tax for Business/Fiduciary Entities

Source: Oklahoma Baptist University (2017, 2018); Oklahoma Christian University (2017, 2018); Oklahoma City University (2017, 2018); Oral Roberts University (2017, 2018); Southern Nazarene University (2017, 2018b); University of Tulsa (2017, 2018)

It was common for Oklahoma liberal arts university accounting programs to offer at least two tax courses, but at the time of this present study, the researcher found no evidence of any small business tax courses offered in Oklahoma liberal arts universities. In addition, the catalogues from the three largest non-liberal arts university accounting programs in Oklahoma did not reveal an undergraduate course specifically for small business taxation or small business accounting (Oklahoma State University: 2016; University of Central Oklahoma: 2017a; University of Oklahoma: 2017).

Extending to the state of Colorado, where the Southeast corner of the Colorado shares Oklahoma’s border (see Figure 3.1), the Metropolitan State University of Denver Colorado (2017a) offered a graduate course, ACCM 5810 Small Business Consulting and Accounting, to better prepare accounting graduate students to help small businesses with taxation, but the university

(Metropolitan State University of Denver Colorado: 2017b) catalogue offered no undergraduate small business tax course.

The Rochester Institute of Technology (2017: Online), located in Rochester, New York offered an undergraduate accounting small business tax course, ACCT 420 Personal and Small Business Taxation. The catalogue described the course as “a basic introductory course in federal income taxation. Emphasis is on taxation of individuals and sole proprietorships.” Although the course title included “small business”, it was the only accounting income tax course presented in the catalogue, and therefore it was likely that the Personal and Small Business Taxation course was similar to the income tax classes offered by other universities.

Outside of the classroom, Oklahoma colleges and universities more effectively prepare accounting students by partnering upper-level undergraduate accounting students with the IRS to offer tax tools to the local community. The partnership gives accounting students small business taxation experience by participating in the Oklahoma Volunteer Income Tax Assistant program (Oklahoma Tax Commission: 2018a). In order to volunteer, students are required to pass IRS exams and be certified for tax preparation. The programs are faculty supervised, community programs that arrange hands-on, pro bono tax experiences for the students while offering free community tax preparation services to qualified taxpayers. At the time of this present study, the following Oklahoma higher education institutions partnered with the IRS and participated in the Volunteer Income Tax Assistant program:

- Northern Oklahoma College – Tonkawa, Oklahoma (Northern Oklahoma College: 2018);
- University of Central Oklahoma – Edmond, Oklahoma (University of Central Oklahoma: 2017); and
- University of Oklahoma, College of Law – Norman, Oklahoma (University of Oklahoma: 2018a).

The online classroom is another tax tool that higher education presented to college students to better prepare them to assist small businesses with taxation. Online degrees make education available to students that otherwise would not be able to attend a university. The University of Phoenix (2018a: Online) has campuses in 19 states and online programs nationwide, with students that “live in the United States, Canada, Mexico, Europe and throughout the world.” The University

of Phoenix's (2018b: Online) Bachelor of Science in Accounting program offers hands-on learning with QuickBooks, a popular accounting software. Executive Dean Ruth Veloria commented:

By providing our students with access to Intuit's QuickBooks Online, students will be learning accounting skills on a platform that is widely used by businesses and accounting professionals worldwide, which can help make them more marketable in today's competitive job market.

Another tax tool that universities and colleges offer to accounting students to better prepare them for the real-world experiences of working with small businesses is the faculty hiring practices of higher education. The University of Phoenix (2018c: Online) in Tempe, Arizona reported having accounting "...instructors averaging 24 years of real-world business and accounting experience." In reviewing Oklahoma full-time accounting faculty job openings, at the time of this present study, the universities required terminal degrees and previous higher education accounting teaching experience for accounting faculty employment. Southern Nazarene University (2018a: Online) also made mandatory, "prior relevant business experience". The University of Central Oklahoma (2018: Online) demanded an "immediate past three to five years and the ability to maintain ongoing professional accounting experience" and Mid-America Christian University (2018) required substantial professional accounting experience.

In considering college and universities as tax tools for small businesses, this study also weighed the limitations of the college and university small business tax education. Since small businesses make up more than 99.9 per cent of all firms in the U.S. (Small Business Administration: 2018a) and 99.4 per cent of all businesses in Oklahoma (Small Business Administration, 2018q: p.1), it is crucial that colleges and universities adequately equip students to be efficient small business tax advisers.

A survey with certified public accountants as participants asked if their accounting higher education was sufficient in the area of small business accounting (Burke & Gandolfi: 2014). Sixty-one of the participants believed their accounting education was **not** sufficient to prepare them for small business accounting. Eighty-one per cent of the certified public accountants with eleven or more years of experience also believed that their small business accounting education was insufficient. The results of the least experienced certified public accountant participants (one year

or less) revealed that 67 per cent felt their small business accounting education was insufficient. When reviewing the results of certified public accountants with a bachelor degree, 86 per cent of the participants believed that their university did not place enough emphasis on small business accounting. Seventy-eight per cent of the participants that were employed by small firms believed their education did not prepare them to work for a small firm. Documented by Burke and Gandolfi (2014: p.344), the open-ended survey responses regarding recommendations for higher education in small business accounting follow.

- Required course in small business accounting and their needs . . .
- Experience with general accounting for . . . small companies and individuals.
- Spend less time on merger and foreign currency . . . and more the little guy's needs.
- Should be more of an overview of large business . . . and detailed study on small companies.
- Spend more time on small businesses; individuals, small companies . . .
- Wants and needs of family businesses and sole proprietorship.
- Add practical exercises rather than theory and concepts.
- Provide the opportunity to apply the information.

Pfeffer and Fong (2002: p.80) expressed the view that “there is little evidence that mastery of the knowledge acquired in business schools enhances people's careers; even attaining an MBA has little effect on graduates' salaries or career attainment.” Other authors saw professors seeking promotion by spending more time on publishing, seem to be a priority over the classroom. According to Seggie and Griffith (2009), the qualifications for academic promotion had little to do with the classroom or contributions to the profession but with publishing, which ultimately led to students being ill-prepared for the workforce. Bennis and O'Toole (2005: p.96) added that business schools are still “graduating students who are ill equipped to wrangle with complex, unquantifiable issues . . .”

Business schools may face the consequences for academic reputations that fail to effectively teach skills that prepare graduating students for accounting careers. The National Federation of Independent Business (2018: Online) reported the following in the Small Business Optimism Index.

- Eighty-eight per cent of those hiring or trying to hire reported few or no qualified applicants for the position they were trying to fill.
- Twenty-three per cent reported the difficulty of finding qualified workers as their single most important business problem.
- Business owners complained at record rates about labour quality issues.

Employers failed to find qualified hires from professor referrals or university job fairs, but instead hired from employee referrals and internal hires. A LinkedIn survey (Ignatova: 2016) of 4000 corporate recruiters revealed 48 per cent of all hires came from employee referrals and 28 per cent from within the company.

For almost 30 years, literature focused on the limitations of higher education's accounting education (Accounting Education Commission: 1990; Albrecht & Sack: 2000; Botes: 2006; Carr, Chua & Perera: 2006; Guthrie, Burritt & Evans: 2012; Botes, Low & Chapman: 2014). Recently, the shortcomings of education were combined with the limitations of increased tuition. According to the U.S. Bureau of Labor Statistics (2018b: Online) consumer price index, prices in 2018 were almost 207 per cent higher than the prices in 1980. Though the Bureau reported an approximate 207 per cent price increase since 1980, the Wall Street Journal (Mitchell: 2017) reported an increase in higher education tuition of almost 400 per cent since 1980. The Journal continued that a tuition increase of twice the rate of inflation existed between the years of 1990 and 2016. In a 2016 survey from Gallup (2016a: p.18), 64 per cent of the college and university Presidents surveyed, "believed it costs less to attend their college than most colleges in the U.S. and 22 per cent believe their college costs about the same." The 2016 Gallup College and University Presidents' Study (Gallup, 2016b: Online) revealed that 58 per cent of the Presidents surveyed thought "it is not possible to significantly reduce the cost of education at their school." The Wall Street Journal (Mitchell: 2017) suggested that the cost of an education coupled with no increase in quality may have surpassed the demand for a college education. Therefore, higher education and the ability to offer quality tax tools to small businesses by preparing students with accounting and tax courses may continue to see challenges.

### **3.6.2 Oklahoma State Regents for Higher Education**

Another higher education small business tax tool assessed in this study is the Oklahoma State Regents for Higher Education (2018b: Online). This governing agency is the “coordinating board of control for all institutions in the State System of Higher Education”. An individual board of regents governs each education institution.

The Oklahoma State Regents for Higher Education (2018c: Online) desires to connect colleges and universities to small businesses and create a successful partnership through the OK Higher Ed Connect Business Support Services. Glen D. Johnson, Oklahoma State Regents Chancellor, added:

To improve Oklahoma's future, we need higher education and businesses to develop successful partnerships. These partnerships benefit us threefold. Businesses retain employees, employees improve their education, and the immediate needs of the business community are being addressed.

The OK Higher Ed Connect Business Support Services work as a network organisation to connect small businesses to tools offered by education facilities and agencies across Oklahoma. Live links are provided with contact information to Oklahoma colleges and universities that offer small business support. Although the OK Higher Ed Connect Business Support Services extend numerous business tools to help the small business owner, including business forums, the researcher found no tax tools to aid with small business state or federal taxation.

### **3.6.3 Higher Learning Commission**

An indirect small business tax tool that fell under the umbrella of higher education is the Higher Learning Commission (2018: Online). This accrediting agency is one of the six independent organisations in the U.S. that accredits U.S. degree-granting higher educational institutions. The Commission accredits colleges and universities in 19 states, including Oklahoma, by evaluating five criteria.

- Criterion 1 Mission – The institution’s mission is clear and articulated publicly; it guides the institution’s operations.

- Criterion 2 Integrity: Ethical and Responsible Conduct – The institution acts with integrity; its conduct is ethical and responsible.
- Criterion 3 Teaching and Learning: Quality, Resources, and Support – The institution provides high quality education, wherever and however its offerings are delivered.
- Criterion 4 Teaching and Learning: Evaluation and Improvement – The institution demonstrates responsibility for the quality of its educational programs, learning environments, and support services, and it evaluates their effectiveness for student learning through processes designed to promote continuous improvement.
- Criterion 5 Resources, Planning, and Institutional Effectiveness – The institution’s resources, structures, and processes are sufficient to fulfil its mission, improve the quality of its educational offerings, and respond to future challenges and opportunities. The institution plans for the future.

In an in-person interview led by the researcher, on March 12, 2018, Dr Gayle Kearns, Higher Learning Commission Accreditation University Liaison, discussed her experiences. Dr Kearns’ position often required her to travel with a team of Higher Learning Commission representatives to participate in university reviews across 19 states. She participated in on-campus university visits and curriculum evaluations. During the interview, Dr Kearns was asked if she knew of any U.S. college or university that offered a small business tax or accounting course. She responded: “I know of none. I see a university’s accounting curriculum as more of a generic curriculum that focuses on corporate accounting.” Another question posed to Dr Kearns was, “What curriculum changes would you suggest to better prepare business students to help small businesses with tax compliance?” Dr Kearns replied:

Course work that is focused on the small business. Most accounting textbooks focus on the large perspective of corporate tax. A minor focusing on small business accounting practices would be a good start. Our universities have a large number of students who have no interest in working for large corporations, but more than likely will end up working in the 99 per cent of firms that are small businesses. We need to provide the coursework and career preparation that accommodates the student to focus on small business accounting.

Dr Kearns discussed the preliminary steps for a university to offer a new Small Business Accounting program. She explained that if the university is a public institution, the university would apply through the Oklahoma State Regents for Higher Education, but a private university would require new program approval from the Higher Learning Commission. Before approval, the Oklahoma State Regents for Higher Education or the Higher Learning Commission would evaluate the uniqueness of new program to control program duplications among universities. Kearns continued: “At many universities, it is also based on the approval from the Curriculum Committee who decides what programs are submitted to the Board of Regents or Higher Learning Commission.”

The researcher found that, although the Higher Learning Commission indirectly offered tools to small businesses through accreditation by assuring the advancement and quality of learning for the colleges and universities of Oklahoma to better prepare students to help small businesses upon graduation, there was no direct tax tool for small businesses.

### **3.7 Accounting Profession**

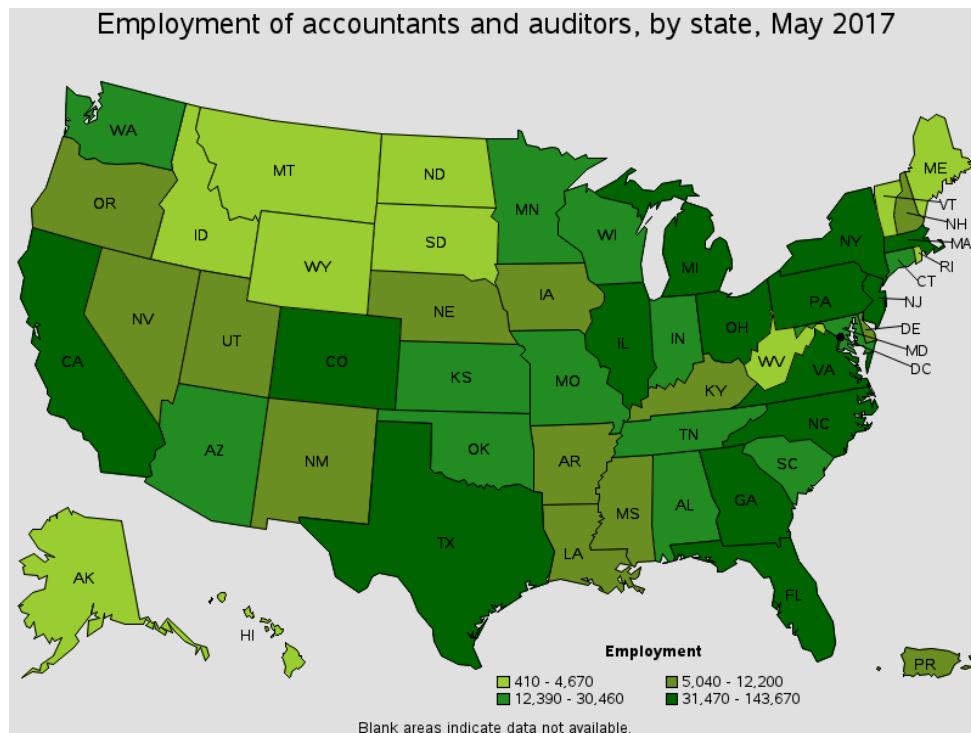
A tax resource that conceivably holds the greatest responsibility to provide small businesses with the most efficient and current tax tools is the accounting profession. Possibly the most fundamental purpose of the accounting profession is to help individuals and businesses be better informed in order to make better decisions. [AccountingEdu.org](http://AccountingEdu.org) (2019) calls accounting the “language of business”, and more than a century ago, the Journal of Accountancy (1912, as cited by [AccountingEdu.org](http://AccountingEdu.org): 2019) announced that the accountant was a “business physician”. The accounting profession reported that the most common advisory services offered by accountants were tax-related (Sarens et al.: 2015). According to the Small Business Administration (2016b), the accounting profession has the reputation of possessing significant small business tax and accounting knowledge and the Administration encouraged small businesses to consult small business tax accountants and build a professional relationship early in the small business planning process.

Although many types of accountants are helpful to small businesses, to categorise and gather statistics, the U.S. Bureau of Labor Statistics (2018d: Online) defined Accountants and Auditors (Standard Occupational Classification Code 132011) as a category of workers that:

. . . prepare and examine financial records. They [Accountants and Auditors] ensure the financial records are accurate and that taxes are paid properly and on time. Accountants and Auditors assess financial operations and work to help ensure that organizations run efficiently.

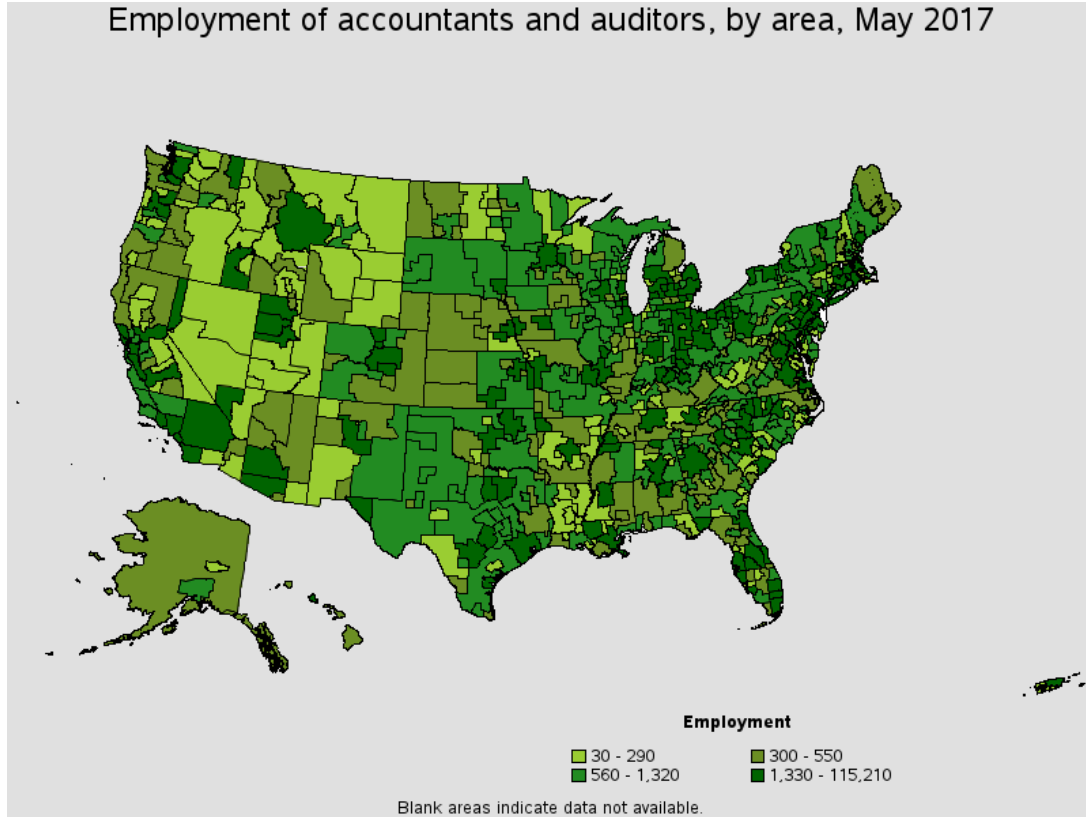
The U.S. accounting profession has continued to grow in number and influence to benefit the small business community with accounting and tax tools. The U.S. Bureau of Labor Statistics (2018c: Online) estimated that the Accounting and Auditing employment would increase ten per cent between the years 2016 and 2026. The number of U.S. jobs for Accountants and Auditors in 2017 was estimated to be 1,241,700 and the ten-year projection for accounting jobs was higher than all other non-financial employment projections. Figure 3.6 and Figure 3.7 illustrate the U.S. employment for Accountants and Auditors and the concentrations of employment need.

**Figure 3.6 May 2017 Employment of Accountants and Auditors by State**



Source: U.S. Bureau of Labor Statistics (2018e: Online)

**Figure 3.7 U.S. Employment Concentration of Accountants in May 2017**



Source: U.S. Bureau of Labor Statistics (2018e: Online)

The U.S. Bureau of Labor Statistics estimated the 2017 employed Accountants and Auditors (Standard Occupational Classification 132011) to be 1,241,000 nationwide and 13,510 in Oklahoma, with Oklahoma's densest concentration of employed accountants in the Oklahoma City and Tulsa metropolitan areas.

Another tax tool furnished by the accounting profession that indirectly benefits small businesses by furthering the use of small business tax tools is the contributions made to university business school accounting departments. RSM US (2018a) is a certified public accounting firm, headquartered in Illinois, and staffs 50 locations in 26 states (including one location in Oklahoma City, Oklahoma). The firm contributes to small business tax tools by donating to the accounting education of future accounting professionals. The RSM US Foundation (2018b), through the University Giving Match program, gave more than \$2,266,000 to growing higher education accounting programs in scholarships, educators, fellowships, and resources across the nation. By

supporting university accounting programs, accounting students are given opportunities to pursue accounting careers. In a personal conversation on October 23, 2017, the researcher asked a certified public accountant with RSM US, “What tax tools does your firm offer to small businesses.” The RSM US certified public accountant answered with:

Our firm welcomes small businesses. Many of our larger clients started out as small businesses but are now large firms. Our University Giving Match program supports growing accounting programs in universities that are educating accounting students to be small business accountants and well as accountants for larger firms . . .

The growing accounting profession offers accounting and financial services that could extend the life and success of a small business, but without the awareness of these services, small businesses cannot benefit. The Small Business Certified Public Accountant Survey was conducted by the researcher and four senior undergraduate accounting students to determine how small business accountants inform the public of their small business services. The survey population was chosen from an internet search of “Oklahoma City small business CPAs [certified public accountants].” The search results were investigated to discover which certified public accounting firm websites reported that they offer small business accounting services. Thirty-two qualifying firms were confirmed and contacted by telephone. Due to the manageable size of the population and survey, each accounting student called eight firms and asked a firm partner or owner to participate in a brief five question survey. Seventeen of the thirty-two Oklahoma City accounting firms agreed to participate by telephone and answer five open-ended questions.

Question 1: What percentage of your clients are small businesses?

Question 2: How do small business owners find out about your services?

Question 3: Do you use social media or networking to advertise? If yes, which ones?

Question 4: What do you see as the major accounting need of small businesses?

Question 5: What do you think is the best way for CPAs to advertise their services?

Although the survey population was small, small business accountants were well represented as 14 of the 17 accounting firms surveyed reported that half or more of their clients were small businesses and 8 of the 17 participants reported 80 per cent or more of their clients were small businesses. When determining how small business clients found out about their firm’s services,

more than 82 per cent of the accountants surveyed responded with “word-of-mouth” and about 12 per cent responded with “website”. The major accounting need of small businesses recognised by almost 60 per cent of the accountants surveyed was “tax compliance or tax understanding”. Twenty-three per cent of the small business accounting participants reported “payroll or payroll taxes”, and 12 per cent responded that “bookkeeping” concerns were the most challenging accounting issues for small businesses.

The majority of the participating accountants did not see the use of social media or networking as a useful tool to communicate small business services. Almost 60 per cent of the small business accounting participants reported no use of social media or networking while 40 per cent conveyed that they advertised using LinkedIn, Facebook, Twitter, or a combination of the three. More than 64 per cent of those surveyed believed that “word-of-mouth” was the best way to advertise, while 23 per cent reported social media, and 17 per cent suggested the accounting firm website was the best way to advertise. One participant proclaimed that, “advertising is not necessary”.

Although the growing accounting profession offers tax tools to benefit businesses, areas were detected that disadvantaged the small business owner. Wolk and Wootton (1995: p.31) determined that the profession was limited due to the inability of young small businesses to pay the accounting fees. “Quite often, small business owners feel they cannot afford an outside [external] accountant in the early stages of their business.” Sarens et al. (2015), and Barbera and Hasso (2013) agreed that accounting services could be expensive and small businesses often had inadequate funds to employ an internal accountant early on. A certified public accountant and partner with Cole and Reed PC, in a personal telephone conversation on April 23, 2018, quoted hourly accounting fees from \$95 for bookkeeping to more than \$1,000 for partner rates.

Among the tools offered by accountants, tax services were considered the most traditional advisory services (Sarens et al.: 2015) for small businesses and tax preparation and filing was costly. The U.S. Government Accountability Office (2007: p.22) stated that “Sole Proprietorship returns [Schedule C filers] are more complex and cost approximately 50 per cent more to complete than non-Schedule C filers.” In addition to the cost of tax services by internal or external accounting professionals, literature concurred that small business owners were also frequently unaware of the

available services and expertise offered by accountants (Barbera & Hasso: 2013; Husin & Ibrahim: 2014; Marriott & Marriott: 2000; Dorasamy et al.: 2010).

Another accounting profession limitation that is significant to this study is revealed in the Small Business Certified Public Accountant Questionnaire, conducted by the researcher and four senior undergraduate accounting students. The participants indicated that they felt little responsibility to inform the public of their firm's small business accounting services. Ninety-four per cent of the small business accountants surveyed depended on word-of-mouth and the firm website to notify small businesses of their services. One participant may have spoken for many of the accountants who participated in the survey when he remarked: "Advertising is not necessary." Possibly the small business accountants who participated in the survey were satisfied with the size of their firm's clientele, and therefore did not see the need to increase their client base through advertising. The responsibility to inform the small businesses of Oklahoma, which are 99.4 per cent of all Oklahoma businesses (Small Business Administration, 2018q: p.1), of the help that the accounting profession can offer falls heaviest on the accounting profession.

### **3.8 Conclusion**

Chapter 3 investigates and evaluates the small business tax tools made available by various federal and state governmental agencies, higher education organisations and institutions, and the accounting profession. The governmental agencies analysed in this study are the Small Business Administration and the organisations under the Small Business Administration, Internal Revenue Service, Taxpayer Advocate Service, Oklahoma state agencies, and higher education organisations. Various tools are offered or managed by the Small Business Administration governmental agencies, but outside of the SCORE Association, most governmental small business tax tools assessed in this study are restricted by qualifications for a small business to be able to use the tax resources offered.

The SCORE Association, a governmental agency under the Small Business Administration (2018f), provides unique small business opportunities through their mentoring program. SCORE presents mentoring experts in many areas of business, but when focusing specifically on the taxation tools available, the study shows few available SCORE mentors near the state of Oklahoma that specialized in taxation, which limits the opportunity for a small business owner to meet face-

to-face with a SCORE mentor. Other tax experts are available in the surrounding states that are able to meet by telephone or electronic device, but most mentors prefer to meet in-person.

The governmental agencies in this study present a wealth of small business tools, but most of the agencies refer the small business owner to the IRS for tax tools. Of the governmental agencies in this analysis, the IRS is the authority on small business taxation and offers the most considerable amount of tax material. Handicapped by the complexity of the U.S. tax code and the volume of tax information, the IRS small business tax tools are problematic. The tool that the IRS encourages the small business taxpayer to use most often is the online, self-service, Small Business and Self-Employed Tax Center. The Tax Center has the outward appearance of a complete, one-stop tax shop, but once inside, the Tax Center has an immeasurable amount of tax information that requires tax expertise to weed through.

While inside the Small Business and Self-Employed virtual centre, IRS publications supply small business taxpayers with easy-to-read wording that oversimplifies difficult tax concepts. Confusing to the small business owner lacking tax knowledge, the Small Business and Self-employed Tax Center delivers duplicate information throughout the Tax Center. The Tax Center offers numerous tax forms, and instructions to complete the forms, but few instructions are available to determine which forms a small business needs to file. Possibly the most beneficial tax tool that provides tax learning is the Link and Learn Taxes discussed in section 3.3.1.7.3.9. The Link and Learn Taxes is a comprehensive teaching tool that the IRS uses to teach and certify volunteers to prepare tax returns. This information is informative and educational, but the content provides considerably more tax information than a small business owner needs.

The Taxpayer Advocate Service was found to be an influential, relentless voice that well represented American small businesses to the Congress and the IRS, and therefore represents an indirect small business tax tool. Taxpayer Advocate Service direct tax tools offered to small businesses are restricted, and the small business taxpayer is required to meet certain qualifications to access the tax tools. According to the Taxpayer Advocate (2012: Online), the Taxpayer Advocate Service is to be used as a “last resort”, after all other tax tools have failed to be successful.

Oklahoma state agencies offer state tax tools. The Oklahoma Tax Commission partners with the Small Business Development Centers and provides monthly state tax workshops across the state,

and the Oklahoma Department of Commerce furnishes a small business start-up booklet, but the agencies direct small businesses to the IRS for federal tax assistance.

The higher education organisations and institutions included in this study are the Oklahoma colleges and universities, the Oklahoma State Regents for Higher Education, and the Higher Learning Commission. The Oklahoma college and university catalogues show a customary accounting degree requirement of two tax courses, with some institutions requiring a third tax course. The study does not uncover an undergraduate small business accounting degree or small business taxation degree that is offered in Oklahoma. In March 12, 2018, in an interview with Dr Gayle Kearns, Higher Learning Commission Accreditation University Liaison, Kearns reports that in her university visits across 19 states, she perceived the accounting curriculum to be in a traditional corporate setting without a small business focus. With Oklahoma small businesses accounting for more than 99 per cent of all business in Oklahoma (Small Business Administration, 2018q: p.1) and U.S. small businesses consisting of more than 99 per cent of all U.S. businesses (Small Business Administration: 2018a), a greater small business accounting focus for higher education is overdue.

The Oklahoma State Regents for Higher Education and the Higher Learning Commission serve small businesses as an indirect tax tools. The Oklahoma State Regents for Higher Education network small businesses with educational facilities by providing college and university contact information for institutions that offer small business tools. The Higher Learning Commission offers tools to small businesses by assuring the advancement and quality of learning for the colleges and universities of Oklahoma to better prepare students to help small businesses upon graduation, but a study of the Higher Learning Commission did not reveal direct tax tools for small businesses.

The final category evaluated in this chapter is the accounting profession. According to the Small Business Administration (2016b), the accounting profession has the reputation of possessing significant small business tax and accounting knowledge and the Administration encourages small businesses to consult small business tax accountants and build a professional relationship early in the small business planning process. The U.S. Bureau of Labor Statistics (2018c) provides additional positive information for the accounting profession with a ten-year projection of employment growth, yet universities are not preparing accounting graduates to meet the needs of

small businesses. Certified public accountants divulged that their universities had not prepared them for small business accounting and tax. From the examination of university catalogues and Dr Gayle Kearns' discussion, university accounting programs' emphasis is on corporate, not small business. This study did not uncover small business accounting or tax degrees. Adding to the problem of universities not preparing accounting graduates for small business is the researcher's results of the Oklahoma City small business certified public accountants survey. Certified public accounting firms with a small business customer focus chose not to inform small businesses of the existing tax tools offered by their firm, but relied on the public's word-of-mouth as their primary advertising method. One participant commented that "Advertising is not necessary".

In summary, Chapter 3 provides evidence that few effective tax tools are available for small business. Agencies and the accounting profession that offer effective tax tools neglect to communicate to small businesses that resources exist. The tax tools offered by governmental agencies primarily direct small businesses to [IRS.gov](https://www.irs.gov). The [IRS.gov](https://www.irs.gov) offers a substantial unwieldy mass of small business tax information that would be best utilised by an accountant or attorney with a tax expertise. IRS online self-service tax tools mainly consist of tax forms and instructions on how to complete the tax forms, and publications with confusing over-simplified language used to describe complicated tax codes. Although the opportunity to assist small businesses with accounting and tax tools is high, Higher Education predominantly focuses on corporate accounting, and therefore accounting graduates and young certified public accountants are ill-prepared for small business clients.

Chapter 4 discusses the methodological approach to the research. The research design is described, and the research location is defended. The appropriateness of the reliability, validity and ethicality of the research is also discussed. The chapter includes Table 4.1, Researcher Enquiries, Experiments, and Personal Communications, a summary of the research carried out in this study.

## **Chapter 4 – Research Design**

### **4.1 Introduction**

Considering the large number of small businesses in the U.S. and the state of Oklahoma, 99.9 per cent (Small Business Administration: 2018a) and 99.4 per cent respectively (Small Business Administration, 2018q: p.1), and their contribution to tax revenue, providing tax tools in combination with the awareness of those tax tools would be helpful to the government, small business owners, and members of the U.S. population. Although tools have been created to benefit small business, the U.S. Bureau of Labor Statistics (2016) has tracked the openings and closings of U.S. small business since 1994 and reports no noticeable difference in survival rates over an approximate 25-year period (see Figure 2.5).

The purpose of this study is to investigate the available tax tools that promote small business tax compliance, and determine whether available tools are adequate and sufficient, and ultimately make recommendations regarding improving tax tool awareness, and higher education's accounting curriculum. The study seeks to answer the following research questions.

- What taxation tools are offered to Oklahoma small businesses by governmental agencies, higher education, and the accounting profession?
- What knowledge of small business taxation is provided by Oklahoma higher education to undergraduate business and accounting students to better prepare them to be professionals, able to help small businesses with tax compliance?
- What awareness of compliance with taxes do Oklahoma small business owners possess and to what extent are these small business owners aware of available tax compliance tools?
- Do the available small business tax compliance tools offered in Oklahoma by the various agencies, higher education, and accounting profession have limitations and, if so, what is the nature of these limitations?

## 4.2 Research Paradigm and Methodology

This study incorporates an extensive literature review, publicly available small business data and statistics extracted from government agencies, and personal communication through questionnaires, interviews, and experiments. The research is carried out in two phases. The first phase is described in chapter 3, where small business tax tools furnished by government agencies, higher education organisations and institutions, and the accounting profession are identified. Once identified, the small business tax tools are confirmed and evaluated by using government data, telephone experiments, a brief telephone survey, informal interviews, and personal communications. While the first phase of the research is directly related to the tax tools offered by the specific organisations that are analysed in chapter 3, phase two research consists of two pen and paper questionnaires and is dealt with in chapters 4 and 5. The questionnaires explore tax knowledge, tax tools and tax tool awareness from the perspective of the small business owner and university student.

This thesis applies a qualitative research approach and utilises a post-positivist methodology. Qualitative research was described by Yauch and Steudel (2003) as an interpretation of the words in small measurements such as interviews, questionnaires, or other communications. Samples for this study are small. In qualitative research, the emphasis is placed less on sample size and more on the research purpose and design (Stack: 2013).

According to Killam (2013), positivism and post-positivism share similar characteristics, but a significant difference exists, where positivism considers that reality can be discovered, post-positivism agrees that truth can be found, but due to people (their individualism and flaws), it is impossible to accurately detect reality or truth. Post-positivism was explained by Trochim (2006) as a methodology used to increase comprehension and decrease error by relying heavily on multiple measurements. The objective of the present study is to acquire data from many different measurements to acquire multiple perspectives in order to increase accuracy. For a complete list of the research conducted in this study, refer to Table 4.1.

This study relies on numerous instruments and purposely chose Oklahoma City, Oklahoma as the study location. Oklahoma City is the state's capital and its largest city. Using the U.S. Census Bureau (2019) estimates, Oklahoma City is ranked the 8<sup>th</sup> largest city in the nation by land mass

(607 square miles) and the 27<sup>th</sup> largest city in the nation by population (649,021). When examining the nation's small business employment statistics, Oklahoma mirrors the U.S. small business employment numbers; small business employment (with fewer than 20 employees) in Oklahoma and the U.S. are 19 per cent and 18 per cent respectively (Small Business Administration, 2015c: Online).

Oklahoma City is a growing economy that profits from the transportation opportunities of Interstate 40 and Interstate 35 that intersect in downtown Oklahoma City (Valera: 2017). Interstate 40, a highway that runs from the east coast to the west coast, includes 2,555 miles of highway from the Atlantic Ocean to the Pacific Ocean. Interstate 35, a highway that runs from the north border to the south border, includes 1,568 miles of highway from Canada to Mexico.

WalletHub (Kiernan, 2017: Online) compared “150 large American cities” in the areas of business environment, access to resources, and business costs and announced Oklahoma City as the: “Best Large City” in the nation to start a business. The following economic characteristics were evaluated:

- average growth in small business numbers;
- average growth of business revenues;
- five-year business-survival rates;
- prevalence of investors;
- human-capital availability, education and age;
- office-space affordability;
- cost of living;
- cost of labour; and
- taxes.

### **4.3 Research Methods**

This study uses multiple instruments to identify and evaluate small business tools. Instruments used to measure the awareness, effectiveness and limitations of tax tools in phase one are interviews, personal communication, telephone experiments, and telephone surveys utilising representatives from various governmental agencies, higher education, and the accounting

profession. The interviews and personal communication (found in chapter 3) are informal in nature and the interview schedules consist of a limited number of questions giving each interviewee the opportunity to speak freely about the tax tools offered by their organisation (Hefferon & Gil-Rodriguez: 2011). Along with the informal interviews and personal communication, phase one includes telephone experiments and telephone surveys. The SCORE examination use a telephone experiment. The IRS Telephone Service Assistance assessment utilises a telephone experiment and a pen and paper survey that evaluates the experiences of the field workers that assist with the experiment. Details regarding the interviews and experiments are found in chapter 3. The Small Business Certified Public Accountant Survey uses a brief telephone survey that asks 5 questions of 17 certified public accountants who report a significant small business clientele. The survey's is primarily used to determine how small businesses are informed of the accounting and tax services that accounting firms offer. Details and results of the Small Business Certified Public Accountant Survey are reported in chapter 3.

Phase two also measures the awareness, effectiveness and limitations of tax tools, but utilises pen and paper questionnaires as instruments. The Small Business Group Questionnaire consists of 83 small business participants and aims to better understand the tax knowledge of small businesses and their awareness of available tax tools. The Student Group Questionnaire consists of 69 university student participants and seeks to better understand the small business tax knowledge of university business students that is provided by Oklahoma higher education institutions. See Table 4.1 for a list of phase one and phase two research.

**Table 4.1 Thesis Interviews, Personal Communications, Experiments, Surveys and Questionnaires**

<b>Title of Research</b>	<b>Date</b>	<b>Type of Communication</b>	<b>Research Location</b>
<b>Interviews and Personal Communication</b>			
Informal Personal Communication – Certified Public Accountant with RSM US	October 23, 2017	Informal In-person Conversation	Chapter 3
Informal Personal Communication – Certified Public Accountant and Partner at Cole and Reed PC	April 23, 2018	Informal Telephone Conversation	Chapter 2 and Chapter 3

<b>Title of Research</b>	<b>Date</b>	<b>Type of Communication</b>	<b>Research Location</b>
Personal Interview – Assistant State Director of Communication, Small Business Development Center	July 24, 2017	Telephone Interview	Chapter 3
Kearns, Gayle – Personal Interview Higher Learning Commission Accreditation University Liaison	March 12, 2018	In-person Interview	Chapter 3
Personal Interview – Oklahoma Tax Commission Press Release/Communications Office	July 27, 2017	Phone and Email Interview	Chapter 3
Personal Interview – Small Business Development Center Director, Rose State College	June 20, 2017	Phone Interview	Chapter 3
<b>Experiments</b>			
IRS Telephone Service Assistance – Phone Service Experiment	September 24, 2018	Phone Experiment and Survey of Field Workers	Chapter 3
SCORE Association – Request a Mentor Experiment	August 21, 2017	Online and Telephone Enquiry	Chapter 3
<b>Survey and Questionnaires</b>			
Small Business Certified Public Accountant Survey – 17 participants	November 12, 2018	Phone Survey	Chapter 3
Small Business Group Questionnaire – 83 participants	October 2016	Pen and Paper Questionnaire	Chapter 5
Student Group Questionnaire – 69 participants	September 2016	Pen and Paper Questionnaire	Chapter 5

Source: Researcher's Design

Prior to carrying out the research listed in Table 4.1, the ethical requirements of Rhodes University were met. The Ethical Standards Sub-committee of the Department of Accounting recommended the Application for Ethical Approval for this study, which was then approved by the Rhodes University Ethical Standards Committee (RUESC) after gatekeeper consent was received from the institutions involved in the research. In addition to the initial ethical approval, the researcher complied with the requirements throughout the study for “academic honesty, integrity and modesty” (Stack, 2013: p.36).

#### **4.4 Research Considerations and Data Collection**

Except for the two questionnaires, the instruments and results listed in Table 4.1 are discussed in chapter 3. This section will discuss the gathering of data and the research considerations for the Small Business Group Questionnaire and the Student Group Questionnaire. The ethical concern that a U.S. study, incorporating taxation and the IRS could cause anxiety and fear to research participants was taken into consideration. “Researchers should not expose research participants . . . to unnecessary physical or psychological harm” (Leedy & Ormrod, 2001: p.105). Merthens (2010) stated that post-positivists give meticulous consideration to the ethical principles of respect, justice, and beneficence to research participants. The participants in this study were informed in advance by telephone, and verbally in-person, that tax and IRS questions were part of the questionnaire, but private or their specific business tax issues were not. The consent form (signed by each participant) explained that participation was voluntary and that any question could be skipped. The consent form also assured personal privacy. The questionnaires and consent forms for the Small Business Group and the Student Group can be found in APPENDIX J and APPENDIX K respectively.

The questionnaires were designed by analysing literature and observing the need for internal validity and reliability. Leedy and Ormrod (2013) explained that internal validity centres on drawing accurate conclusions. Internal validity was increased by observing McKerchar’s (2008: p.13) checklist for designing questions for tax research surveys.

- Is the language simple and free from jargon and technical terms?
- Can the questions be shortened?
- Is the question double-barrelled?
- Is the question a leading question?
- Is the respondent likely to have the necessary knowledge?
- Will the words have the same meaning for everyone?
- Does the question artificially create opinions?
- Is the question ambiguous?

In addition to the internal validity based on the McKerchar checklist, construct validity was considered in creating the questionnaires. Field (2013: p.872) defined construct validity as

“evidence that the content of a test corresponds to the content of the construct it was designed to cover.” To enhance construct validity as well as reliability, a small-scale pilot survey was carried out for each questionnaire. Leedy and Ormrod (2013: p.91) explained reliability as “the consistency with which a measuring instrument yields a certain, consistent result when the entity being measure hasn’t changed.” The pilot survey participants for the Small Business Group Questionnaire consisted of six academic colleagues who were small businesses owners and were not participants in the final questionnaire. The Student Group Questionnaire was piloted with six undergraduate business university students from a nearby university. For reliability, it was important that the pilot participants were also undergraduate students. The pilot participants did not participate in the final questionnaire. Both pilot groups were asked to focus on the following questions.

1. Which questions are NOT stated clearly?
2. Which questions are repetitive?
3. Which questions were you uncomfortable answering?
4. Was the option you want available?
5. Was the survey too long?

Pilot participants for each questionnaire made minor suggestions that were implemented before the final questionnaires were distributed. The Small Business Group and Student Group Questionnaires featured the following format:

- demographics, business and tax questions (multiple choice questions);
- tax and business concerns to rank from 1 to 4 (with 1 being first concern);
- Likert 5-point scale questions (Encyclopedia Britannica: 2019); and
- open-ended questions.

The Small Business Group Questionnaire was designed to test the small business owners’ knowledge of small business taxation and their awareness of available small business tax tools. Qualified small business owners were randomly identified by means of telephone calls using the Oklahoma City telephone book. Although the calls were made somewhat randomly by using a telephone number listed in the business section of the Oklahoma City telephone book, some small businesses agreed to participate in the study while other small businesses declined to participate.

Shadish, Cook and Campbell (2002) stated that when participants agree to participate, they are not “randomly” selected, and a degree of selection bias may exist which could influence a study’s validity.

The field assistants for the Small Business Group Questionnaire consisted of six second semester senior undergraduate accounting students. The students were trained to deliver and retrieve the questionnaires in-person. Extra attention was given to the participants who seemed hesitant or who feared IRS and tax questions. Initially, the students entered the field professionally dressed, but found the attire to be intimidating. The small business owners appeared to misidentify the students as IRS representatives. The students changed their attire and returned to the field dressed casually in shorts, ball caps and wore t-shirts and jackets with university logos.

The questionnaires were distributed in-person to 111 small businesses that agreed by telephone to participate in the research and reported to have fewer than 20 employees. The field assistants left the questionnaires with the owners and returned three days later to retrieve the 83 qualified completed questionnaires. A questionnaire was disqualified if a business owner decided not to participate in the research, the questionnaire was started but the participant stopped and chose not to finish, or that if the business had more than 20 employees. Question number five asked: “How many paid employees does your business have?” If the participant reported that the small business had more than 20 employees, the participant and the questionnaire results were removed from the study.

The second instrument discussed in this section is the Student Group Questionnaire. This study aimed to better understand the education offered by the Oklahoma higher education to university business students regarding the knowledge of small business tax and the organisations that offers small business tax tools. Faculty members distributed questionnaires to 77 qualified university business students in a classroom setting. Qualified university student participants were defined as undergraduate seniors and second semester juniors who volunteered to participate and pursued Business Administration degrees with a concentration or major in general business, accounting, finance, marketing, management, or international business. The faculty gathered 69 qualified questionnaires. The Student Group Questionnaire was conducted at the university where the researcher teaches, and precautions were taken to lessen the threat of invalidity. The researcher did not participate in the gathering of data but relied on other faculty to manage the questionnaire.

Although the student participation consent form stated that participation was voluntary, a possible question of weakness in the Student Group Questionnaire was whether the students viewed their participation as voluntary. Since faculty administered the questionnaire, students may have felt that volunteering to participate was mandatory.

## **4.5 Conclusion**

A qualitative, post-positivist design with multiple measurements was applied to determine the available small business taxation tools, the small business awareness of the tax tools available, and the effectiveness of those tax tools. A research summary is presented in Table 4.1 that includes the methods of measurement used in this study. The research was accomplished in two phases. The first phase used informal interviews, personal communication, telephone experiments and a brief telephone survey as measuring instruments. These measurements are discussed in chapter 3. The second phase used a Small Business Group Questionnaire and a Student Group Questionnaire to measure the tax knowledge, tax tool effectiveness and awareness of available small business tax tools. Phase two was piloted and final modifications were made before the distribution. The Small Business Group Questionnaire was delivered and retrieved in-person by trained senior undergraduate accounting students and included 83 small business participants with fewer than 20 employees. The Student Group Questionnaire was distributed and managed by faculty and consisted of 69 undergraduate second semester junior and senior university business student participants. The results and statistical analysis of the Small Business Group and the Student Group questionnaires is discussed in chapter 5.

## **Chapter 5 – Research Results and Statistical Discussion**

### **5.1 Introduction**

This study seeks to answer the following research questions.

1. What taxation tools are offered to Oklahoma small businesses by governmental agencies, higher education, and the accounting profession?
2. What knowledge of small business taxation is provided by Oklahoma higher education to undergraduate business and accounting students to better prepare them to be professionals, able to help small businesses with tax compliance?
3. What awareness of compliance with taxes do Oklahoma small business owners possess and to what extent are these small business owners aware of available tax compliance tools?
4. Do the available small business tax compliance tools offered in Oklahoma by the various agencies, higher education, and accounting profession have limitations and, if so, what is the nature of these limitations?

While phase one of this study is addressed in chapter 3 and concentrates on research questions one and four, phase two is discussed in chapter 5 and focuses primarily on research questions two and three. The phase two instruments are the Small Business Group Questionnaire (83 participants) and the Student Group Questionnaire (69 participants) and their purpose is to better understand the small business owner awareness of the existing tax tools, determine small business owner tax knowledge, and evaluate the preparedness of undergraduate business and accounting students to help small businesses with tax compliance. When a respondent did not answer a question, a “no response” was recorded and not included in the total results. The questionnaires were designed, based on the literature review and the research questions, and a pilot test was carried out on each questionnaire to determine its validity and reliability.

Frequencies and percentages of responses were computed, illustrated, and tabled for each variable that was relevant to this research from the Small Business Group and Student Group research (due to rounding, all percentages are within .1 per cent of 100 per cent). Additionally, word cloud graphs were developed to visually emphasise the participants most frequent responses (see Section 5.4).

Using the Small Business Group results from question 16, “When you think of the word “tax”, what is the first word that comes to mind?” and the Student Group results from question 13, “When you think of the word “tax”, what word comes to your mind?”, the *tm* (Feinerer & Hornik: 2017) and *RColorBrewer* (Neuwirth: 2014) statistical software packages were utilised.

The Small Business Group Questionnaire and the Student Group Questionnaire included questions that did not directly relate to the research, but were “throwaway questions” used to “warm up respondents . . . before proceeding to the more difficult or sensitive items” (Rossi, Wright & Anderson, 1983: p.221). The Small Business Group questions are identified in Table 5.1 and the questionnaires and consent forms can be found in APPENDIX J.

## 5.2 Small Business Group Results

The purpose of the Small Business Group Questionnaire was to better understand the tax knowledge of small businesses and their awareness of the available tax tools. In addition to the original purpose, the results cast light on small business views of the effectiveness of some tax tools. The questions, topics and location of the results are presented in Table 5.1.

**Table 5.1 Small Business Group Questions, Topic Addressed, and Location of the Results**

#	Question	Topic	Location
1	Please specify your age range.	General research regarding demographics	Results not directly linked to research goals
2	What is your highest completed education?	General research regarding demographics	Figure 5.1 Table 5.2
3	Please specify your ethnicity.	General research regarding demographics	Results not directly linked to research goals
4	How many years has your business been operating?	General research	Results not directly linked to research goals
5	How many paid employees does your business have?	General research used as a qualifying	Results not directly linked

#	Question	Topic	Location
		question to participate	to research goals
6	Who is responsible for your small business' tax compliance?	Lack of knowledge	Figure 5.2 Table 5.3
7	If someone outside the business is responsible for your small business tax compliance, how much time does your business spend assisting with tax compliance?	General research	Results not directly linked to research goals
8	If someone inside your business (such as owner or employee) is responsible for your tax compliance, how much time is spent on tax compliance?	General research	Results not directly linked to research goals
9	If someone inside your business is responsible for your small business' tax compliance, what is their highest level of education?	Lack of knowledge	Figure 5.3 Table 5.4
10	How often do you see an accountant?	Lack of awareness	Figure 5.4 Table 5.5
11	In the last two years, I have visited the IRS website regarding small business tax issues. . .	Lack of awareness Lack of knowledge Ineffective tax tool	Figure 5.5 Table 5.6
12	When do you normally pay your business' federal taxes?	General research	Results not directly linked to research goals
13	(Lack of tax knowledge) Using each number only once, please rank from 1 to 4 your businesses' biggest tax concern, with #1 being the most challenging and #2 being the second most challenging, and so on. (Lack of tax knowledge)	Lack of knowledge	Figure 5.6 Table 5.7
14	(Internal Revenue Service) Using each number only once, please rank from 1 to 4 the best place to go for easy to understand tax information, with #1 as the most likely place to go for easy to understand tax information and #2 being the second most likely place to go, and so on.	Lack of knowledge Ineffective tax tool	Figure 5.7 Table 5.8
14	(Family member or friend) Using each number only once, please rank from 1 to 4 the best place to go for easy to understand tax information, with #1 as the most likely place to go for easy to understand tax information and #2 being the second most likely place to go, and so on.	Lack of knowledge Lack of awareness	Figure 5.8 Table 5.9
15	(Time constraints) Using each number only once, please rank from 1 to 4 the main reasons you would not see an accountant more often than	Lack of awareness	Figure 5.9 Table 5.10

#	Question	Topic	Location
	you do, with #1 being the main reason and #2 being the second reason, and so on.		
15	(Accounting fees) Using each number only once, please rank from 1 to 4 the main reasons you would not see an accountant more often than you do, with #1 being the main reason and #2 being the second reason, and so on.	Lack of awareness Ineffective tax tool	Figure 5.10 Table 5.11
16	When you think of the word “tax”, what is the first word that comes to mind?	Effective tax tools	Figure 5.48 Table 5.49
17	Please list the small business services offered by accountants	Lack of awareness	Figure 5.11 Table 5.12
18	Please list the tools and resources that you use to help your small business comply with tax requirements.	Lack of awareness	Figure 5.12 Table 5.13
19	In reference to the question above, what tax tool do you believe is the most helpful to your small business?	No response	Results not directly linked to research goals
20	What do you see as your biggest problem with tax tools?	No response	Results not directly linked to research goals
21	What small business tax tools would you like to see offered?	Recommendations	Chapter 6
22	In reference to your business, please explain “tax compliance” in your own words.	General tax knowledge	Figure 5.13 Table 5.14
23	Small businesses experience an unfair tax responsibility burden.	General research	Results not directly linked to research goals
24	Accountants and bookkeepers perform similar tasks?	Lack of awareness	Figure 5.14 Table 5.15
25	I am aware that there are free small business tax tools available.	Lack of awareness Ineffective tax tool	Figure 5.15 Table 5.16
26	I am aware of the small business tax services offered by accountants.	Lack of awareness	Figure 5.16 Table 5.17
27	I consider the Internal Revenue Service to be helpful.	Ineffective tax tool	Figure 5.17 Table 5.18
28	I am aware of the Small Business Development Centers	Awareness	Figure 5.18 Table 5.19
29	Small businesses are sometimes too small to benefit from accounting services.	Awareness	Figure 5.19 Table 5.20
30	I know where to find tax tools that are helpful to small business owners.	Awareness	Figure 5.20 Table 5.21

#	Question	Topic	Location
31	I understand the tax requirements for small business.	Tax knowledge	Figure 5.21 Table 5.22
32	I agree with the way the government spends federal tax dollars	General research	Results not directly linked to research goals
33	I am aware of the Small Business Administration's tax help.	Awareness	Figure 5.22 Table 5.23
34	I welcome financial advice from tax experts regarding my business	Ineffective tax tools	Figure 5.23 Table 5.24
35	Please add any comments you would like regarding your small business tax experience.	No Response	Results not directly linked to research goals

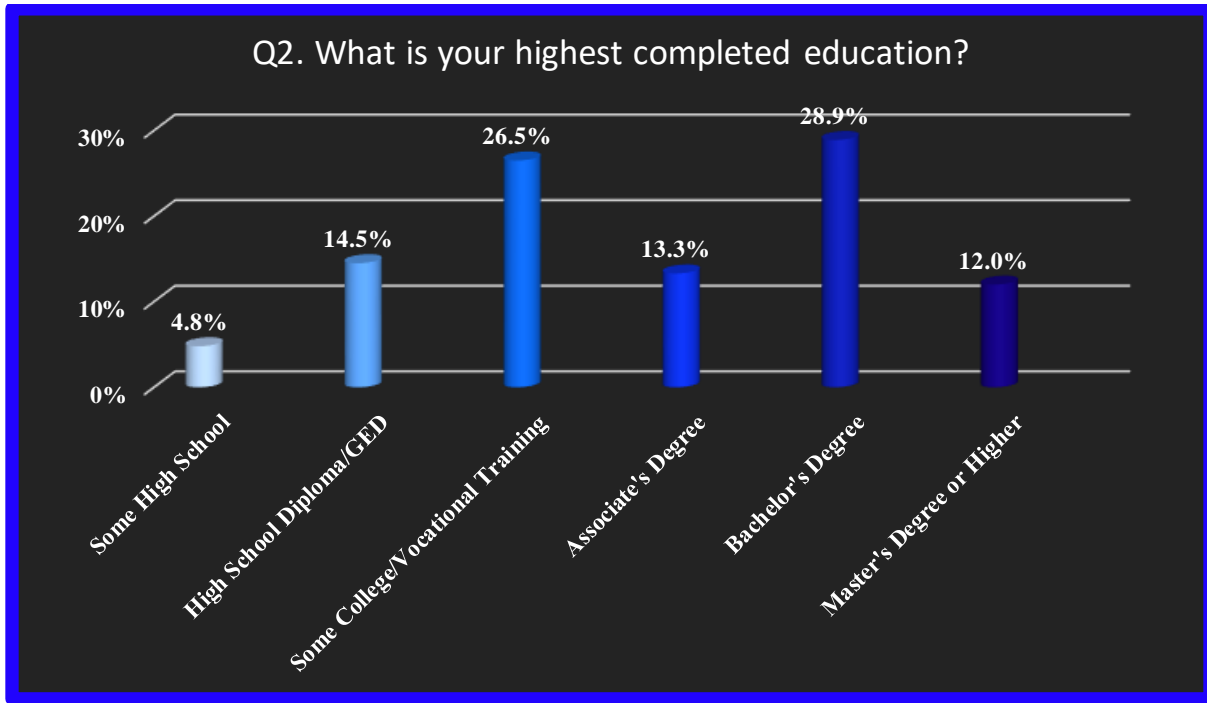
Source: Researcher's Design

### **Question 2: What is your highest completed education?**

Question 2 results reveal that 45.8 per cent of participants have some high school education, a high school diploma or some college education. The 54.2 per cent of the remaining participants report that they have an associate's degree, bachelor's degree, or master's or higher degree. The nearly equal frequencies of the more educated participants when compared to the less educated participants may explain the frequencies of many of the Small Business Group questionnaire responses and may explain that the more educated participants better understand the need for an accountant. Hipple's (2010) research documented that education better equips individuals to operate their business. Dickson et al. (2008) added that research shows a positive relationship between the business owner's education and his or her business performance.

The Small Business Group Questionnaire results that directly link to this study's research goals are provided in the following figures and tables.

**Figure 5.1 Question 2 – Small Business Group**



Source: Small Business Group Questionnaire Results

**Table 5.2 Small Business Group  
Q2. What is your highest completed education?**

	Frequency	Per Cent
Some High School	4	4.8
High School Diploma/GED	12	14.5
Some college/vocational training	22	26.5
Associate's degree	11	13.3
Bachelor's degree	24	28.9
Master's degree or higher	10	12.0

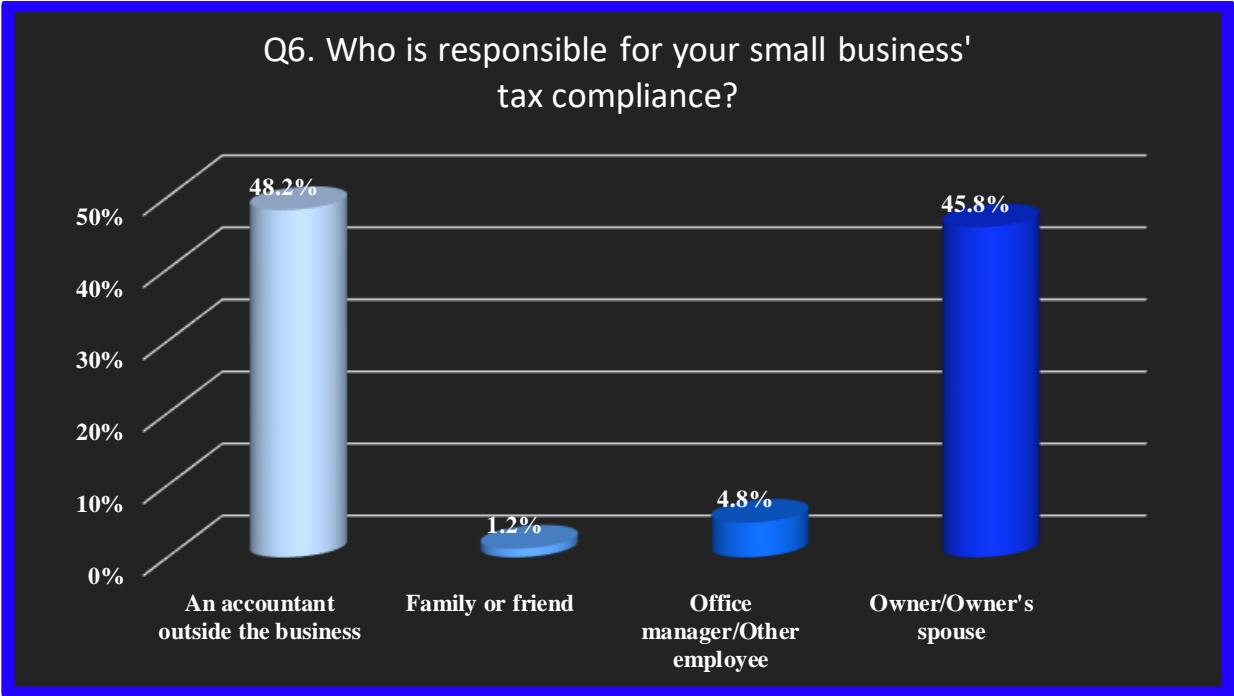
Source: Small Business Group Questionnaire Results

**Question 6: Who is responsible for your small business' tax compliance?**

The results report a frequency of 43 (or 51.8 per cent) small business owners that are responsible for their business' tax compliance, compared to a slightly lower frequency of 40 (or 48.2 per cent) small businesses that use an outside accountant for tax compliance. This indicates that 51.8 per cent of small business participants are responsible for obtaining the necessary taxation knowledge

to comply with federal and state requirements. Throughout the Small Business Group questionnaire results, consideration is given to the nearly equal responses of participants who outsource their tax compliance responsibilities to accountants and the responses of participants who keep the tax responsibilities in-house with non-professionals.

**Figure 5.2 Question 6 – Small Business Group**



Source: Small Business Group Questionnaire Results

**Table 5.3 Small Business Group  
Q6. Who is responsible for your small business' tax compliance?**

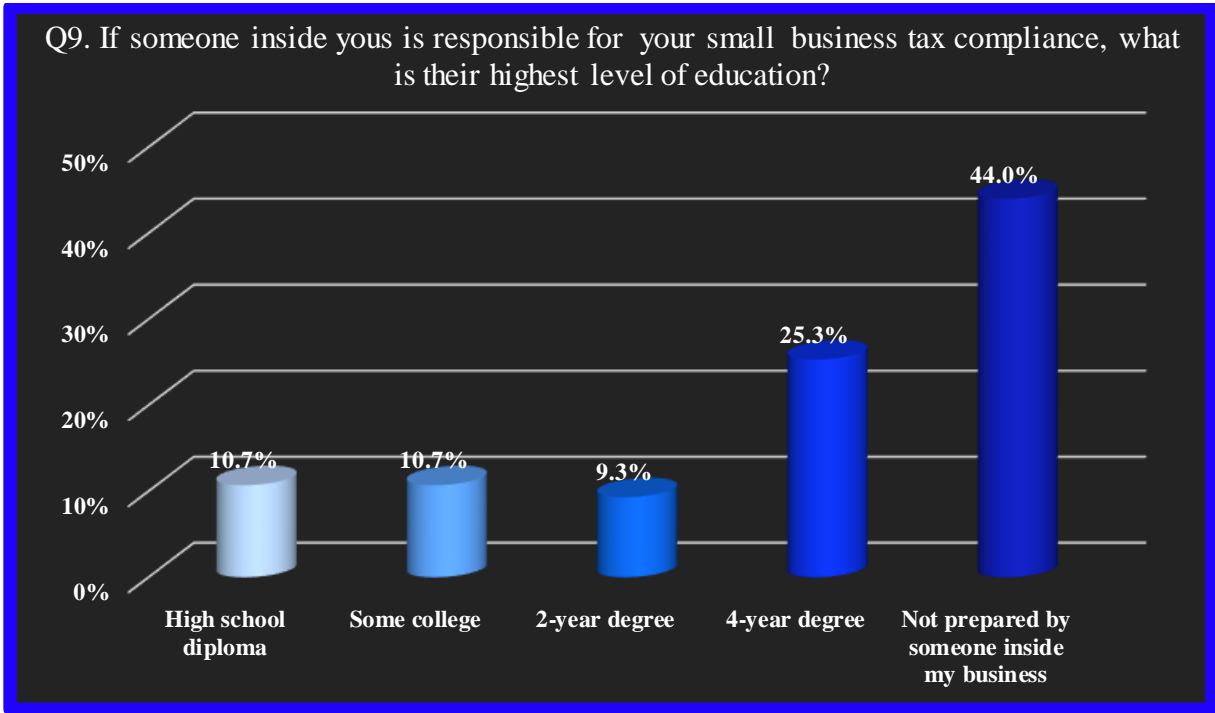
	Frequency	Per Cent
An account outside the business	40	48.2
Family or friend	1	1.2
Office manager/Other employee	4	4.8
Owner/Owner's spouse	38	45.8

Source: Small Business Group Questionnaire Results

**Question 9: If someone inside your business is responsible for your small business' tax compliance, what is their highest level of education?**

Eight participants choose not to respond and 33 state that someone outside of their business is responsible for tax compliance. Considering only the responses where someone inside the business is responsible for the tax compliance, 54 per cent of those responsible for the business' tax compliance have a less than a bachelor's degree.

**Figure 5.3 Question 9 – Small Business Group**



Source: Small Business Group Questionnaire Results

**Table 5.4 Small Business Group**

**Q9. If someone inside your business is responsible for your small business' tax compliance, what is their highest level of education?**

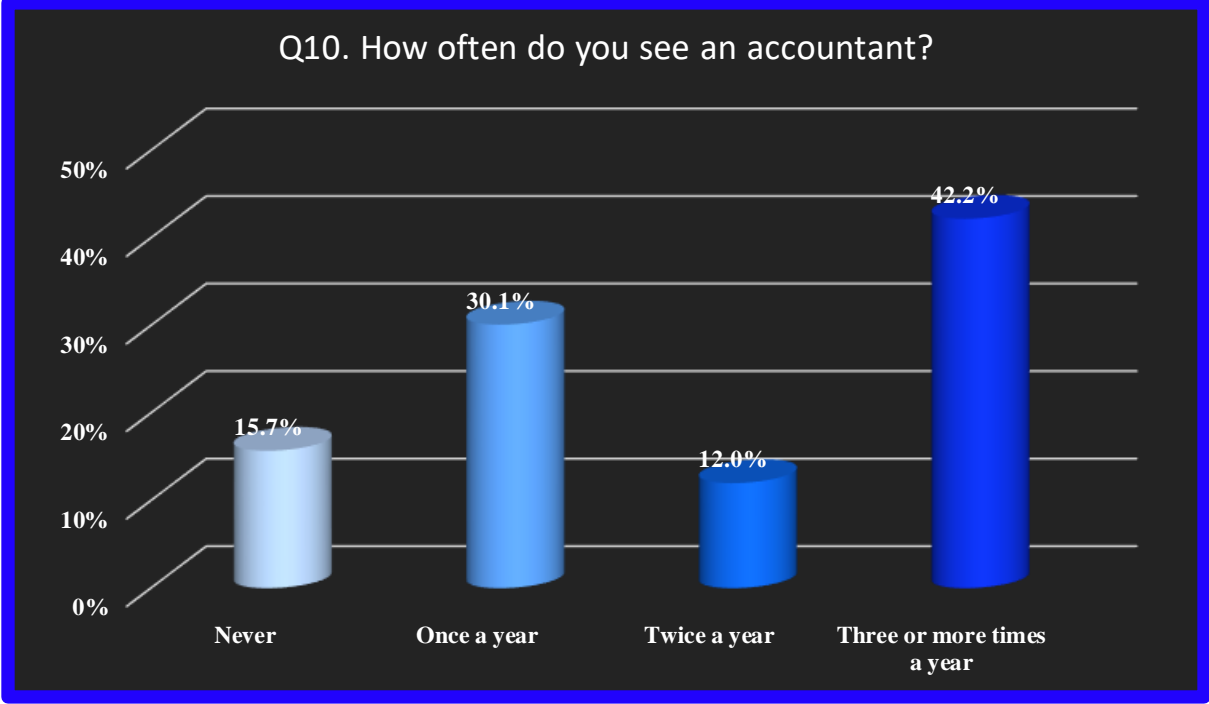
	Frequency	Per cent
High school diploma	8	10.7
Some college	8	10.7
2-year degree	7	9.3
4-year degree	19	25.3
Not prepared by someone inside my business	33	44.0
No Response	8	

Source: Small Business Group Questionnaire Results

**Question 10: How often do you see an accountant?**

Indicating a lack of awareness of the services offered by a small business accountant, the frequency responses (a total of 48 out of 83) of “never”, “once a year”, and “twice a year” might agree with Sarens et al. (2015) that accountants are best known for tax-related services. The small business participant that never sees an accountant would self-prepare their tax returns. The responses of “once or twice a year” would see their accountant once a year when they drop off their tax information and possibly again when they pick up the completed return. The frequencies of 35 (or 42.2 per cent) in response to seeing an accountant three or more times a year are similar to question 6 and 9 responses where small businesses report using an outside accountant for tax compliance.

**Figure 5.4 Question 10 – Small Business Group**



Source: Small Business Group Questionnaire Results

**Table 5.5 Small Business Group  
Q10. How often do you see an accountant?**

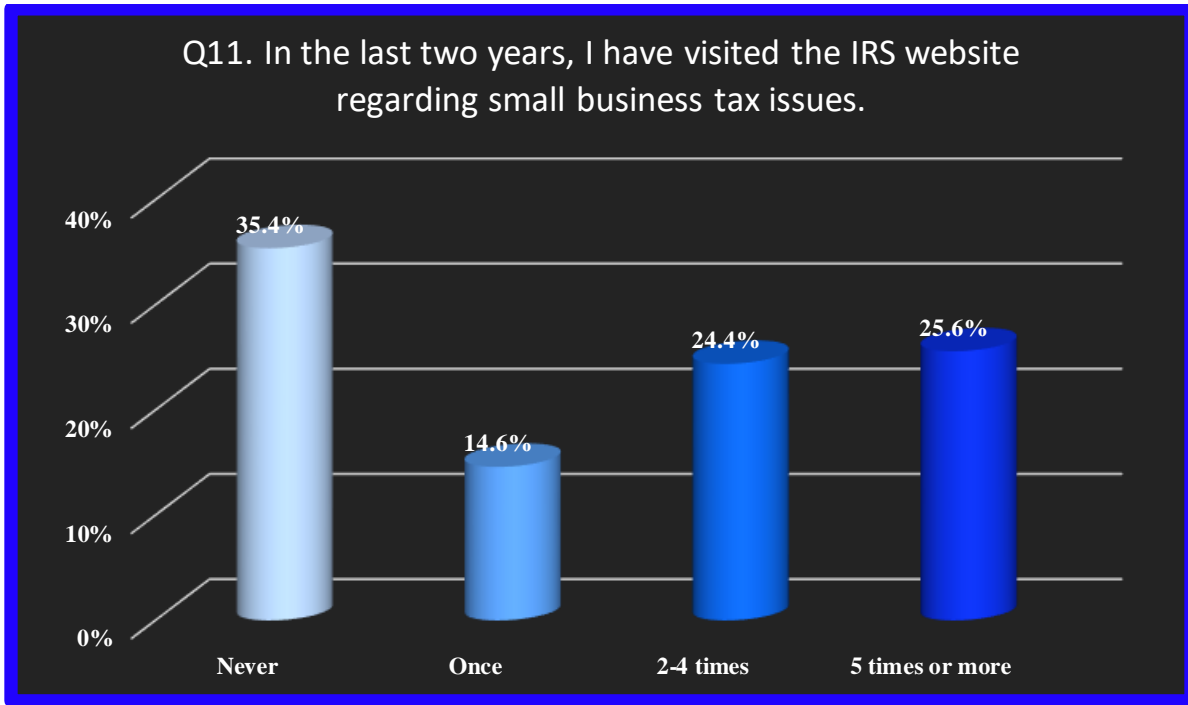
	Frequency	Per Cent
Never	13	15.7
Once a year	25	30.1
Twice a year	10	12.0
Three or more times a year	35	42.2

Source: Small Business Group Questionnaire Results

**Question 11: In the last two years, I have visited the IRS website regarding small business tax issues... times**

The responses to question 11 may address the research question regarding the awareness and effectiveness of the tax tools available. The highest participant frequency (29 responses or 35.4 per cent) reveals that in the last 24 months, questionnaire participants never visited the IRS website for tax issues. Another 12 participants (or 14.6 per cent) say they visited the IRS once in the last two years. The immense volume of available tax information (see chapter 3) may intimidate the small business owners and discourage their [IRS.gov](http://IRS.gov) use, or small business owners could be unaware of the multiple small business tax tools that are available on the IRS website. Still another explanation for low IRS usage can be found in the responses to question 6, where high frequencies of the use of outside accountants are reported. If a small business owner relies on an outside accountant for tax compliance, the owner may not see the need to visit the IRS website.

**Figure 5.5 Question 11 – Small Business Group**



Source: Small Business Group Questionnaire Results

**Table 5.6 Small Business Group**  
**Q11. In the last two years, I have visited the IRS website regarding small business tax issues.**

	Frequency	Per Cent
Never	29	35.4
Once	12	14.6
2-4 times	20	24.4
5 times or more	21	25.6
No Response	1	

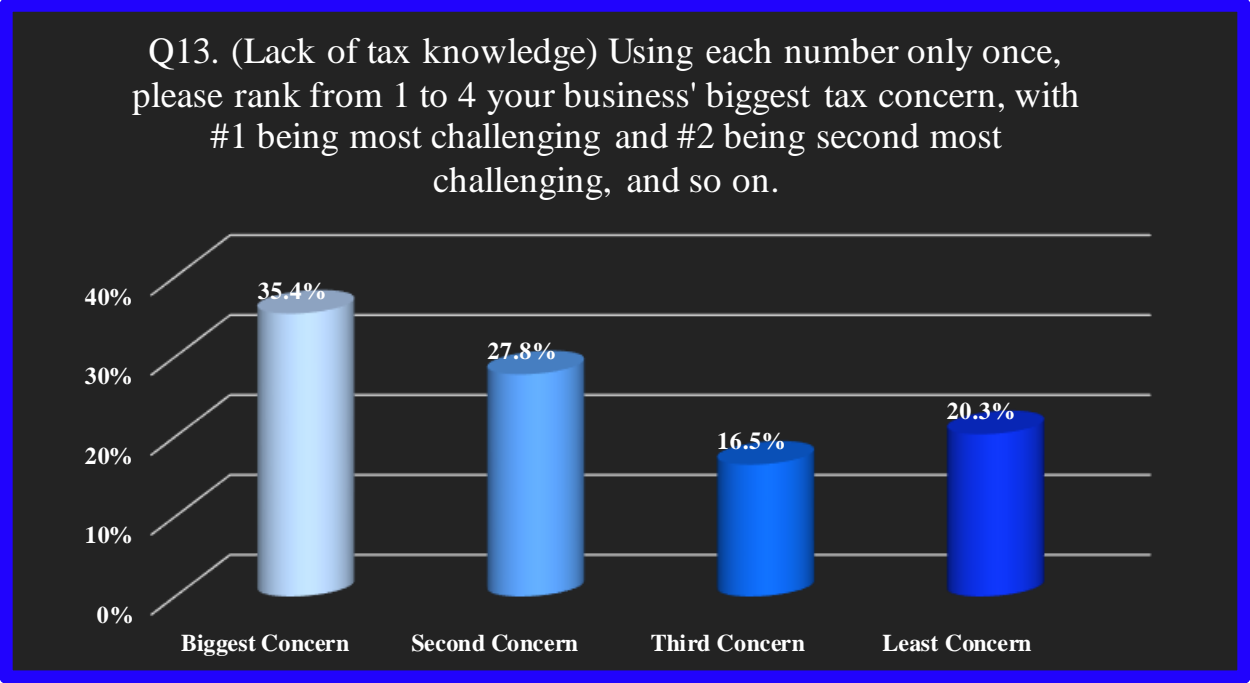
Source: Small Business Group Questionnaire Results

Questions 13-15 are ranking questions. The topic result for each question is located in parenthesis.

**Question 13: (Lack of tax knowledge) Using each number only once, please rank from 1 to 4 your businesses' biggest tax concern, with #1 being the most challenging and #2 the second most challenging, and so on.**

When given the choices of considering the lack of tax knowledge, fear of a tax audit, nuisance dealing with taxes, and financial tax obligations, Small Business Group participants report that their most challenging tax concern is a lack of tax knowledge. More than 63 per cent of participants respond that the lack of tax knowledge is their first or second most challenging concern. The results agree with literature that a lack of tax knowledge is common amongst small business owners (Taxpayer Advocate Service: 2012; Devos: 2014; Alm et al.: 2010; Kamleitner et al.: 2010; Ahmed & Braithwaite: 2005; McKerchar: 1995; Coleman & Freeman: 1994, 1997; Small Business Administration: 2016b).

**Figure 5.6 Question 13 (Lack of Tax Knowledge) – Small Business Group**



Source: Small Business Group Questionnaire Results (Lack of Tax Knowledge)

**Table 5.7 Small Business Group**

**Q13. (Lack of tax knowledge) Using each number only once, please rank from 1 to 4 your business' biggest tax concern, with # 1 being most challenging and # 2 being second most challenging, and so on.**

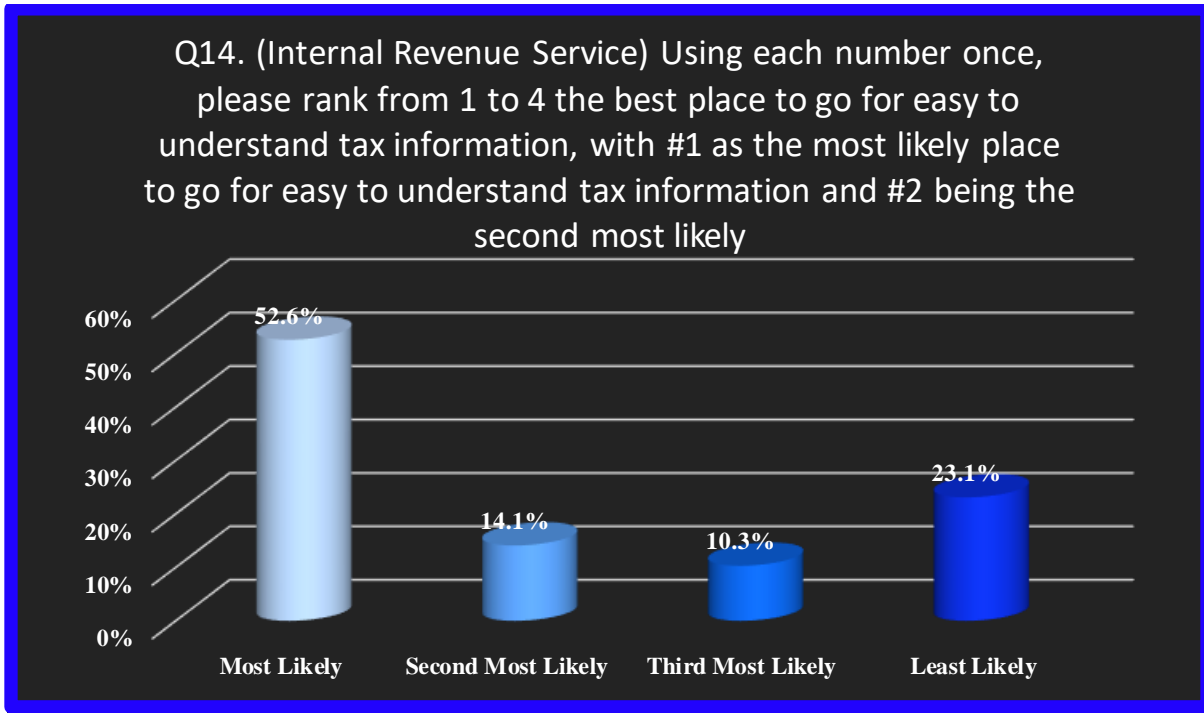
	Frequency	Per Cent
Biggest Concern	28	35.4
Second Concern	22	27.8
Third Concern	13	16.5
Least Concern	16	20.3
No Response	4	

Source: Small Business Group Questionnaire Results (Lack of Tax Knowledge)

**Question 14: (Internal Revenue Service) Using each number only once, please rank from 1 to 4 the best place for easy to understand tax information, with #1 being the most likely place to go for easy to understand tax information and #2 being the second most likely place to go, and so on.**

Although question 14 frequencies (41 out of 83) indicate that the IRS is the most likely place for easy to understand tax information, the results draw attention to question 11, where 50 per cent of participants report that they seldom visit the IRS website with one or fewer visits in the last two years. The results could indicate what the small business owner expects to receive from the IRS and is possibly influenced by the education of the participant. Another frequency to note is question 14, where 18 out of 83 (or 23.1 per cent) participants report that the IRS is the least likely, or last place to go for easy to understand tax information which could suggest the participants have experienced previous problems, and therefore conclude that the IRS is an ineffective tax tool. The other choices for participants to choose as the best place to go for easy to understand tax information were Google, family member or friend, and banker.

**Figure 5.7 Question 14 (Internal Revenue Service) - Small Business Group**



Source: Small Business Group Questionnaire Results (Internal Revenue Service)

**Table 5.8 Small Business Group**

**Q14 – (Internal Revenue Service) Using each number once, please rank from 1 to 4 the best place to go for easy to understand tax information, with #1 as the most likely place to go for easy to understand tax information and #2 being the second most likely place to go, and so on.**

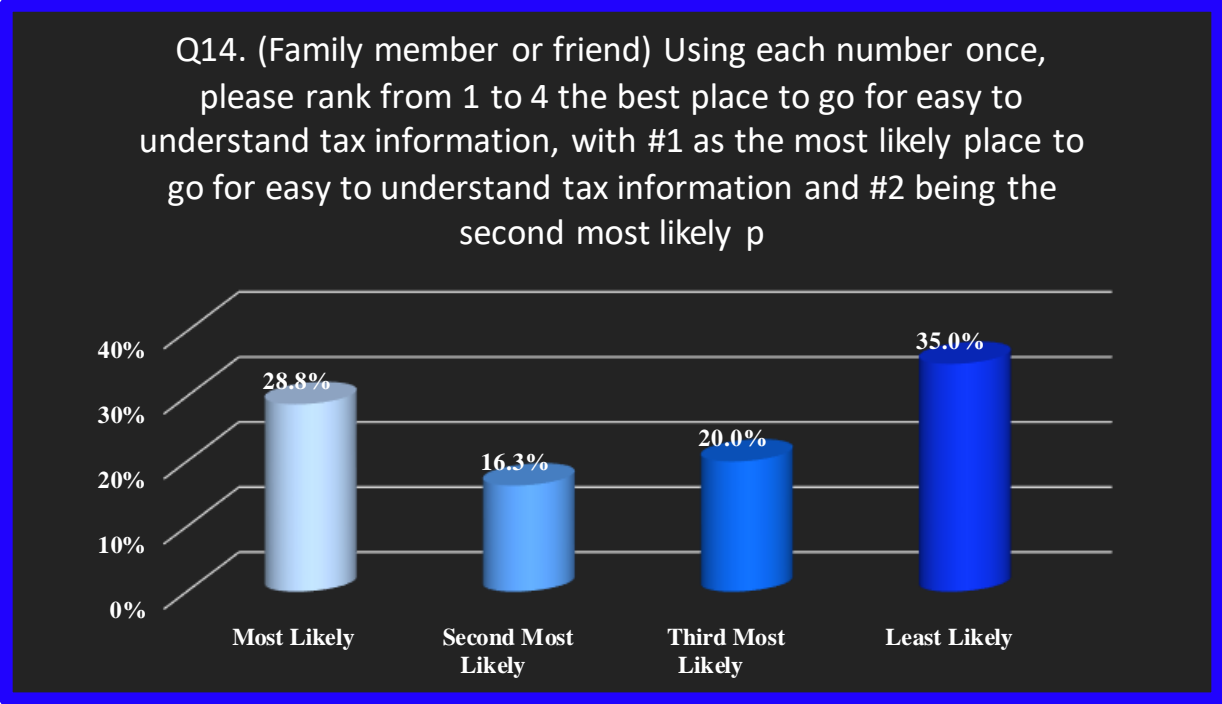
	Frequency	Per Cent
Most Likely	41	52.6
Second Most Likely	11	14.1
Third Most Likely	8	10.2
Least Likely	18	23.1
No Response	5	

Source: Small Business Group Questionnaire Results (Internal Revenue Service)

**Question 14: (Family member or friend) Using each number only once, please rank from 1 to 4 the best place for easy to understand tax information, with #1 being the most likely place to go for easy to understand tax information and #2 being the second most likely place to go, and so on.**

Question 14 frequency results indicate that a family member or friend is the least likely place to go for easy to understand tax information (28 out of 80, or 35 per cent), but 28.8 per cent respond that a family member or friend is the most likely place to go for easy to understand tax information. Bearing in mind that participants’ “biggest tax concern” (question 13) is a lack of tax knowledge, where should small businesses go for tax knowledge? A lack of awareness of the available tax tools may compel small business owners to go to trusted family and friends for advice. Literature supports the finding that family members play a significant role in family business-related issues (Samujh: 2011; Greve & Salaff: 2003). Greve and Salaff (2003) reported that the more a business owner relied on family for guidance, the less that business owner sought professional advice. A study by Statistic Brain (2017: Online) revealed that the second most common problem in small business failures was using “advice from family and friends”. The other choices for participants to choose as the best place to go for easy to understand tax information were the Internal Revenue Service, Google, and banker.

**Figure 5.8 Question 14 (Family Member or Friend) – Small Business Group**



Source: Small Business Group Questionnaire Results (Family Member or Friend)

**Table 5.9 Small Business Group**

**Q14. (Family member or friend) Using each number only once, please rank from 1 to 4 the best place to go for easy to understand tax information, with #1 as the most likely place to go for easy to understand tax information and #2 being the second most likely place to go, and so on.**

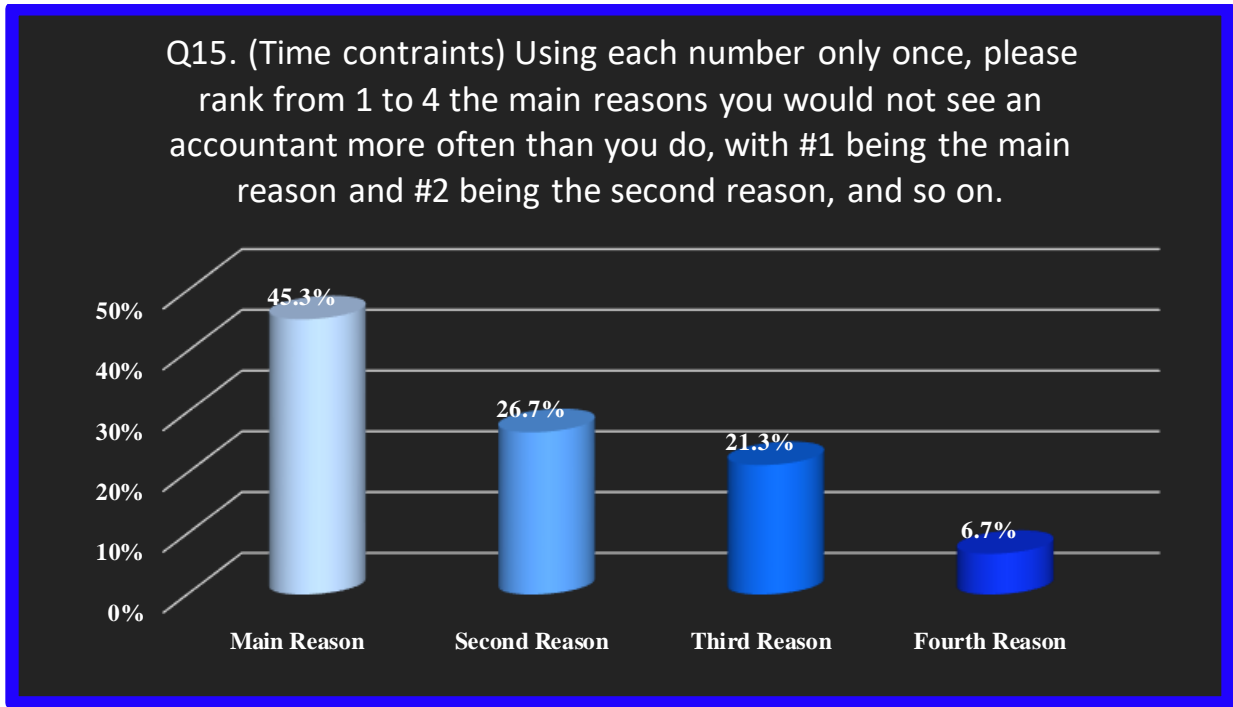
	Frequency	Per Cent
Most Likely	23	28.8
Second Most Likely	13	16.3
Third Most Likely	16	20.0
Least Likely	28	35.0
No Response	3	

Source: Small Business Group Questionnaire Results (Family Member or Friend)

**Question 15 (Time constraints): Using each number only once, please rank from 1 to 4 the main reasons you would not see an accountant more often that you do, with #1 being the main reason and #2 being the second reason, and so on.**

The frequency results for question 15 (time constraints) agree with the Pew Foundation survey (Shane: 2013) that time is money for small business owners. Small business owners “work more hours and make less money. . .” (Shane, 2013: Online). Seventy-two per cent of the participants report that the main or second reason they do not see an accountant more often is due to time constraints. These results could also indicate a lack of awareness or a lack of understanding of the value of the services offered by accountants. The other choices for participants to choose as the main reason they would not see an accountant more often were accounting fees, unsure of benefit, and other (participants were given the opportunity to write in an answer).

**Figure 5.9 Question 15 (Time Constraints) – Small Business Group**



Source: Small Business Group Questionnaire Results (Time Constraints)

**Table 5.10 Small Business Group**

**Q15. (Time constraints) Using each number only once, please rank from 1 to 4 the main reasons you would not see an accountant more often than you do, with #1 being the main reason and #2 being the second reason, and so on.**

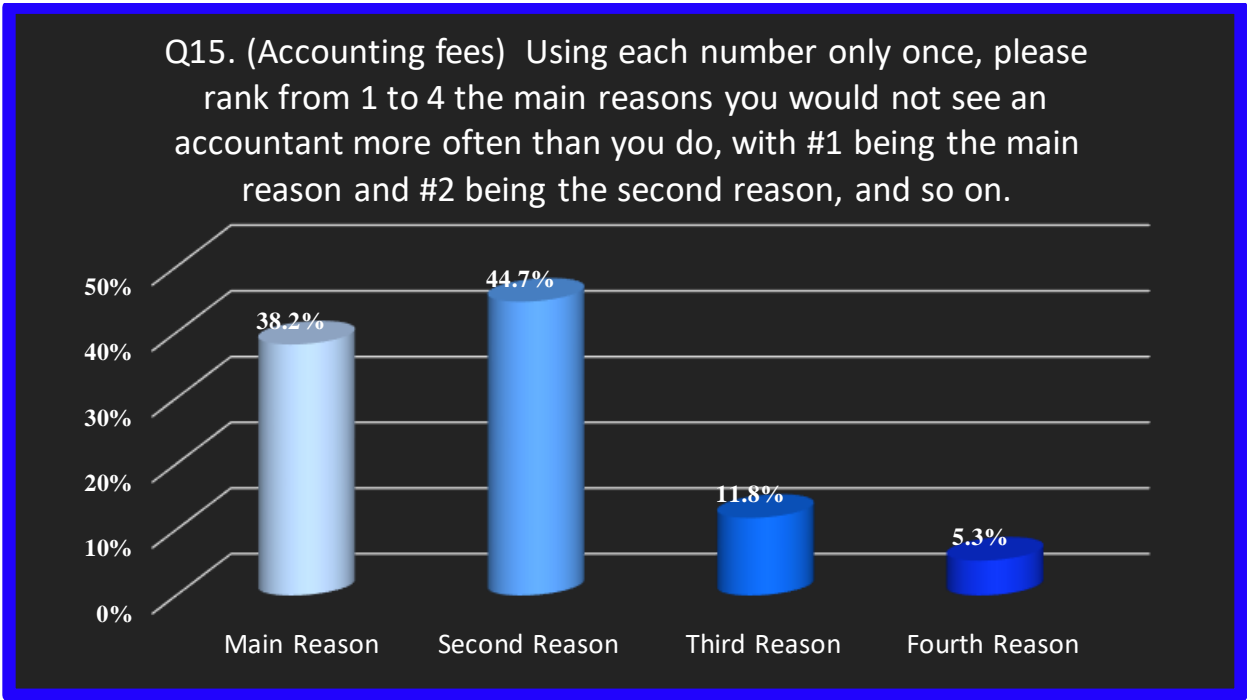
	Frequency	Per Cent
Main Reason	34	45.3
Second Reason	20	26.7
Third Reason	16	21.3
Fourth Reason	5	6.7
No Response	8	

Source: Small Business Group Questionnaire Results (Time Constraints)

**Question 15 (Accounting fees): Using each number only once, please rank from 1 to 4 the main reasons you would not see an accountant more often that you do, with #1 being the main reason and #2 being the second reason, and so on.**

Accounting fees are another high frequency response by participants as a reason not to see an accountant more often. Eighty-two per cent of participants report that accounting fees are the main reason or second reason they do not see an accountant more often. When considering question 15 (time constraints) and question 15 (accounting fees), small business participants do not believe they have the time or money to invest in an accountant. The choices for participants to choose as the main reason they would not see an accountant more often were time constraints, accounting fees, unsure of benefit, and other (participants were given the opportunity to write in an answer).

**Figure 5.10 Question 15 (Accounting Fees) – Small Business Group**



Source: Small Business Group Questionnaire Results (Accounting Fees)

**Table 5.11 Small Business Group**

**Q15 (Accounting fees) Using each number only once, please rank from 1 to 4 the main reasons you would not see an accountant more often than you do, with #1 being the main reason and #2 being the second reason, and so on.**

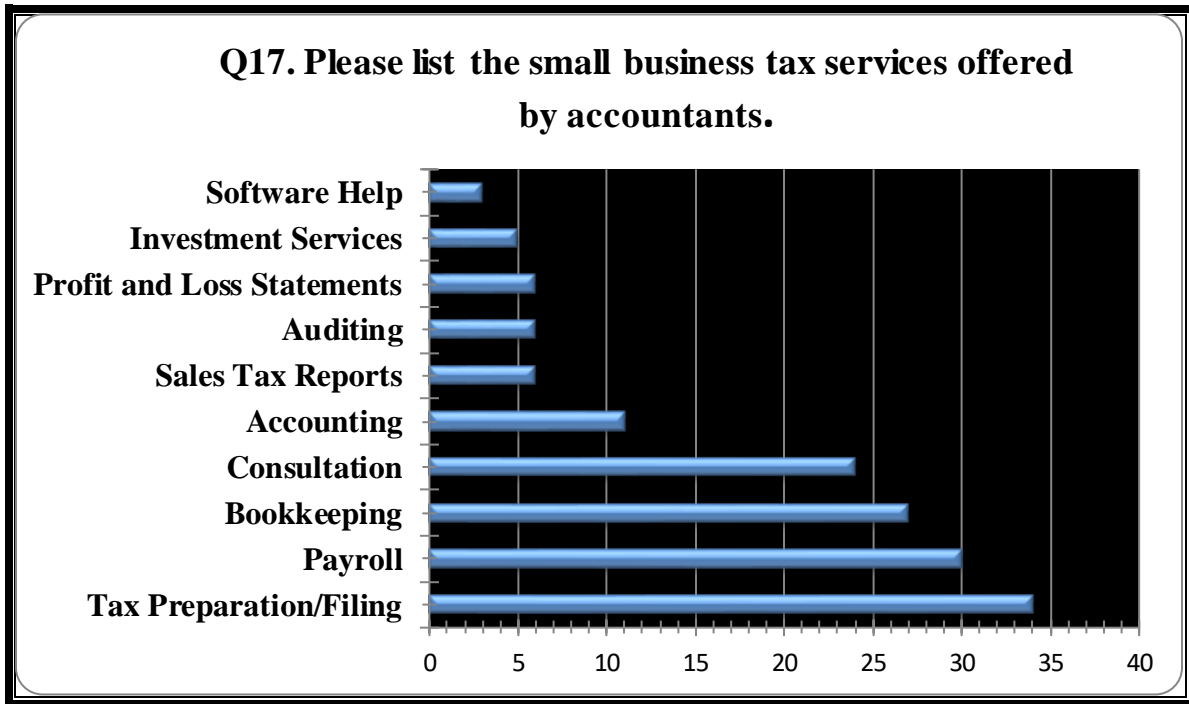
	Frequency	Per Cent
Main Reason	29	38.2
Second Reason	34	44.7
Third Reason	9	11.8
Forth Reason	4	5.3
No Response	7	

Source: Small Business Group Questionnaire Results (Accounting Fees)

**Question 17: Please list the small business tax services offered by accountants.**

Question 17 has the largest number of no responses (17) suggesting that the participants have no knowledge of the tax services offered by accountants. The most frequent responses are tax preparation and filing services, which, as mentioned in question 10, agree with the findings of Sarens et al. (2015) that accountants are best known for tax filing services. The authors added that research shows that tax-related services are the most common advisory services offered by accountants and that the smaller self-employed accountants offered more services to small businesses than the larger accounting firms. Question 17 results indicating a lack of awareness of accounting services by small businesses could be caused by a lack of advertising by small business accountants (see the Small Business Accounting Survey results in chapter 3).

Figure 5.11 Question 17 – Small Business Group



Source: Small Business Group Questionnaire Results

**Table 5.12 Small Business Group**  
**Q17. Please list the small business tax services offered by accountants.**

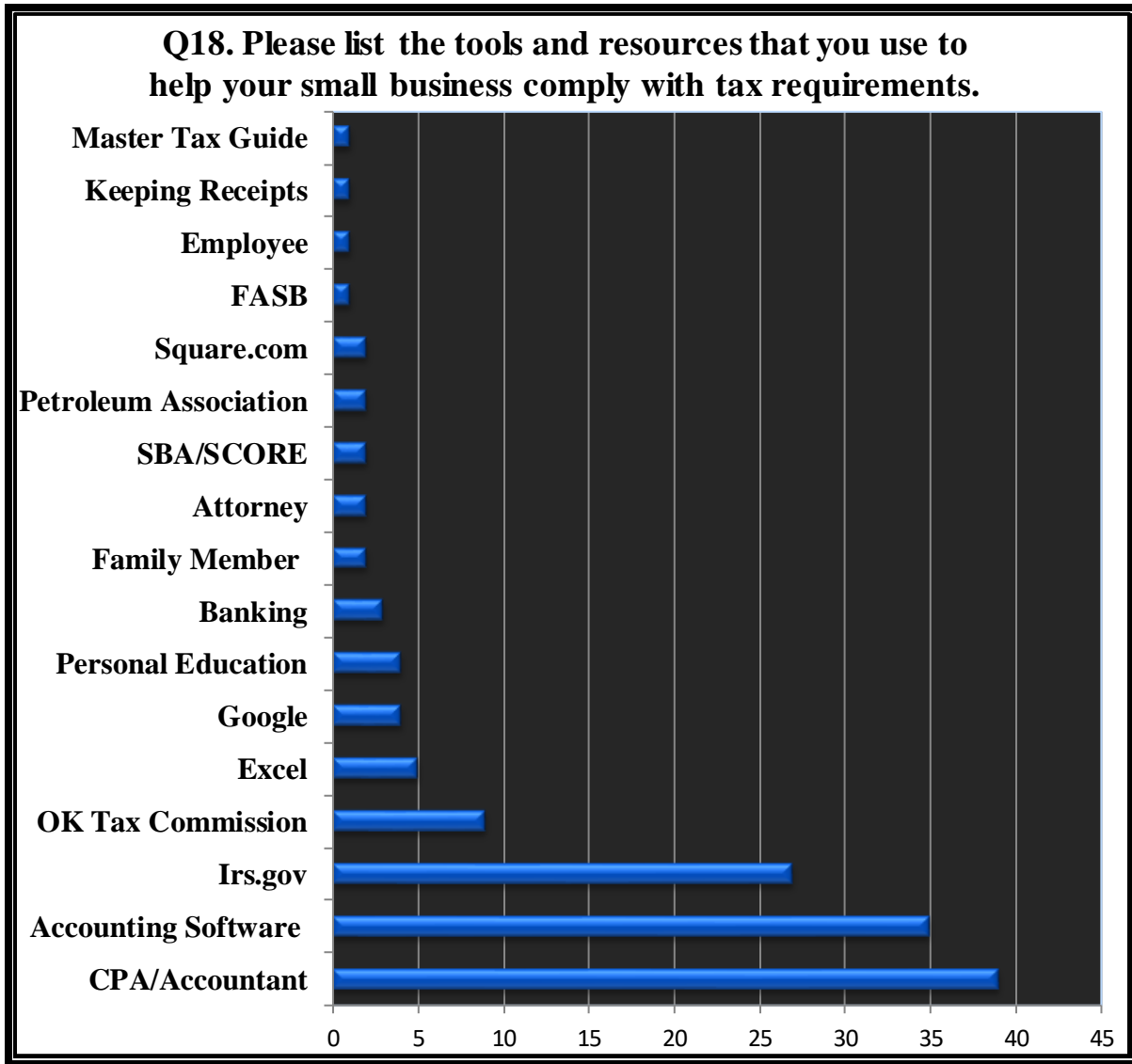
	Frequency	Per Cent
Tax Preparation/Filing	34	22
Payroll	30	20
Bookkeeping	27	18
Consultation	24	16
Accounting	11	7
Sales Tax Reports	6	4
Auditing	6	4
Profit and Loss Statement	6	4
Investment Services	5	3
Software Help	3	2
No Response	17	

Source: Small Business Group Questionnaire Results

**Question 18: Please list the tools and resources that you use to help your small business comply with tax requirements.**

Of the initial 83 participants, eight did not respond. The remaining 75 participants responded with 140 answers. Many of the 140 answers are accounting tools and unrelated to tax, such as accounting software, keeping receipts, [Square.com](https://www.squareup.com) (a payment method), and Excel spreadsheets. Small business participants report that they use few tax tools, other than an accountant and the [IRS.gov](https://www.irs.gov). With reference to the response relating to the use of an accountant, question 6 results reveal that 48.2 per cent of the participants use accountants, thus 51.8 per cent of the participants have no accountant and are responsible for finding the necessary tax tools to stay compliant with the IRS. With reference to the [IRS.gov](https://www.irs.gov) response, question 11, which asks how often participants have visited the IRS website in the last two years, 35.4 per cent of the responders claim that they had never visited the website in the last 24 months and 14.6 per cent respond that they have visited once in the last two years. When considering the responses from questions 6, 11 and 18 it appears that the participants are unaware of the tax tools available and the most significant tax tool that participants are utilising is accountants.

Figure 5.12 Question 18 – Small Business Group



Source: Small Business Group Questionnaire Results

**Table 5.13 Small Business Group**  
**Q18. Please list the tools and resources that you use to help your small business comply with tax requirements.**

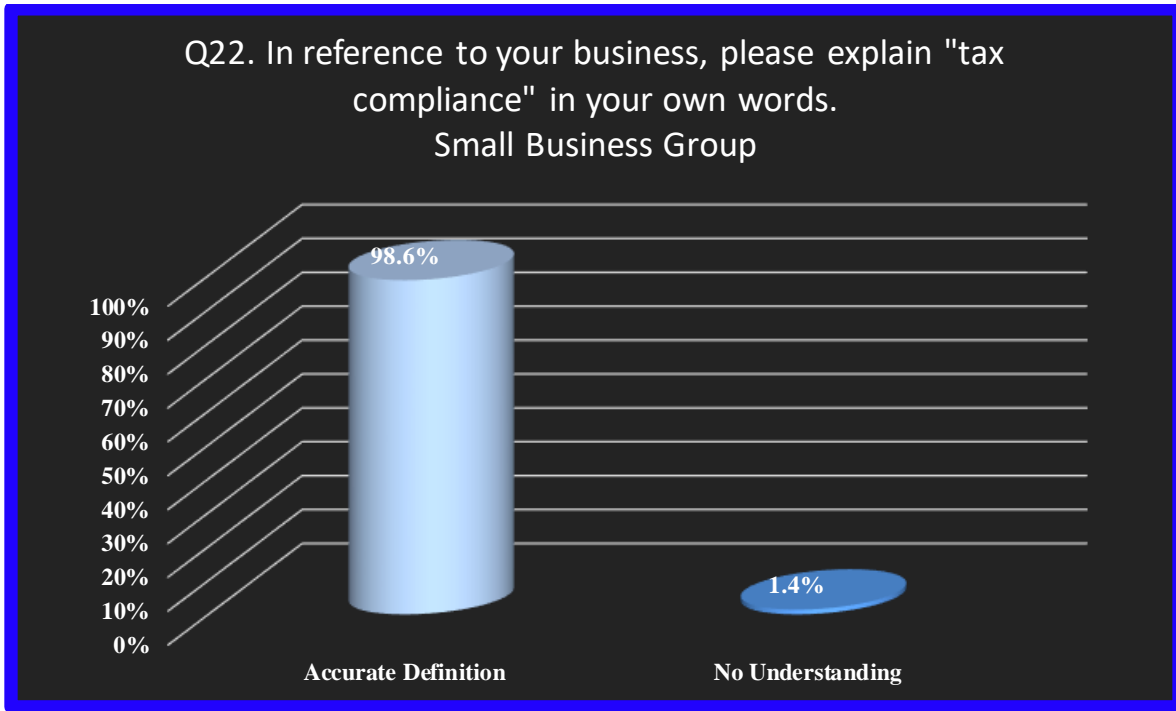
	Frequency	Per Cent
CPA/Accountant	39	28.0
Accounting Software	35	25.1
<u>Irs.gov</u>	27	19.4
Oklahoma Tax Commission	9	6.5
Excel	5	3.6
Google	4	2.8
Personal Education	4	2.8
Banking	3	2.1
Family Member	2	1.4
Attorney	2	1.4
SBA/SCORE	2	1.4
Petroleum Association	2	1.4
<u>Square.com</u>	2	1.4
FASB	1	.7
Employee	1	.7
Keep Receipts	1	.7
Master Tax Guide	1	.7
No Response	8	

Source: Small Business Group Questionnaire Results

**Question 22: In reference to your business, please explain “tax compliance” in your own words.**

Of the 83 participants, 71 respond with an accurate understanding of tax compliance. Only one participant is unable to provide a definition. Eleven participants do not respond. The results confirm that most small business owners understand the definition for tax compliance.

**Figure 5.13 Question 22 – Small Business Group**



Source: Small Business Group Questionnaire Results

**Table 5.14 Small Business Group  
Q22. In reference to your business, please explain  
“tax compliance” in your own words.**

	Frequency	Per Cent
Correct Response	71	98.6
No Understanding	1	1.4
No Response	11	

Source: Small Business Group Questionnaire Results

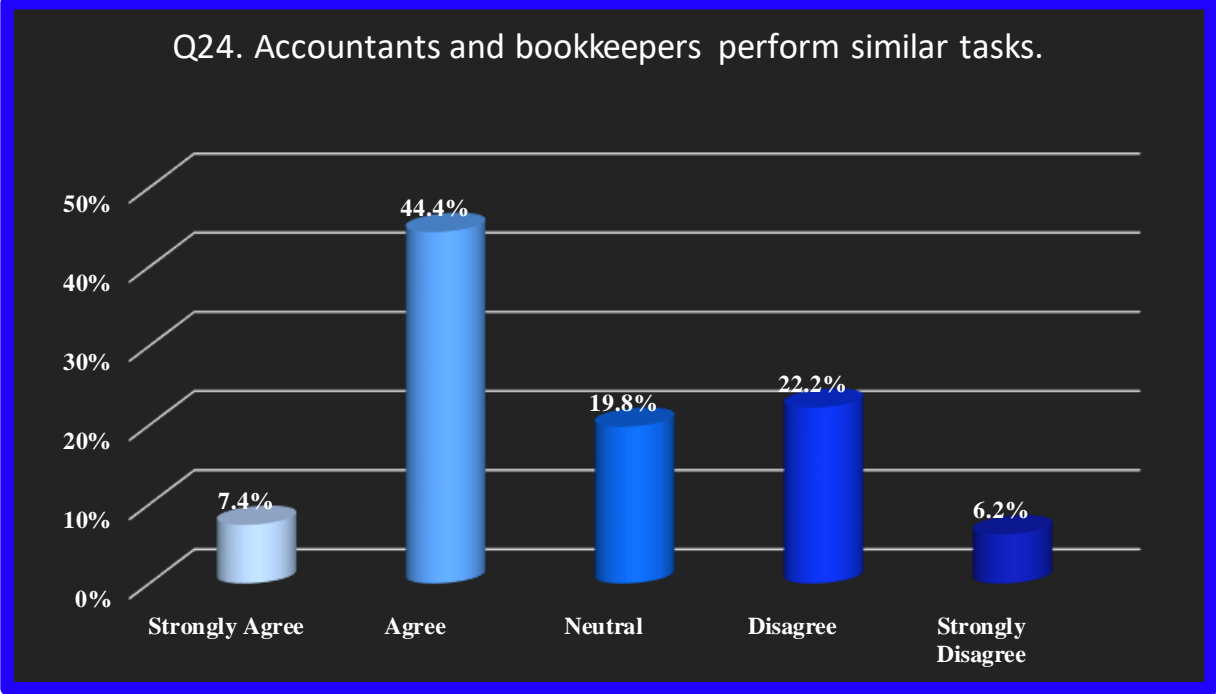
Questions 24-34 are Likert 5-point scale (Encyclopedia Britannica: 2019) questions with strongly agree, agree, neutral, disagree, and strongly disagree responses. The results relating to this research are discussed below.

**Question 24: Accountants and bookkeepers perform similar tasks.**

The frequency chart indicates a lack of awareness of the services offered by accountants. The results of the neutral (or unsure), agree, and strongly agree responses, reveal that 58 out of 81 participants (or 71.6 per cent) believe bookkeepers and accountants perform similar tasks. Only

6.2 per cent of the participants strongly disagree. The results from question 24 and question 15, may explain why participants are unwilling to sacrifice income and work time to hire an accountant when the participant may have an employee, friend or family member who is a bookkeeper.

**Figure 5.14 Question 24 – Small Business Group**



Source: Small Business Group Questionnaire Results

**Table 5.15 Small Business Group  
Q24. Accountants and bookkeepers perform similar tasks.**

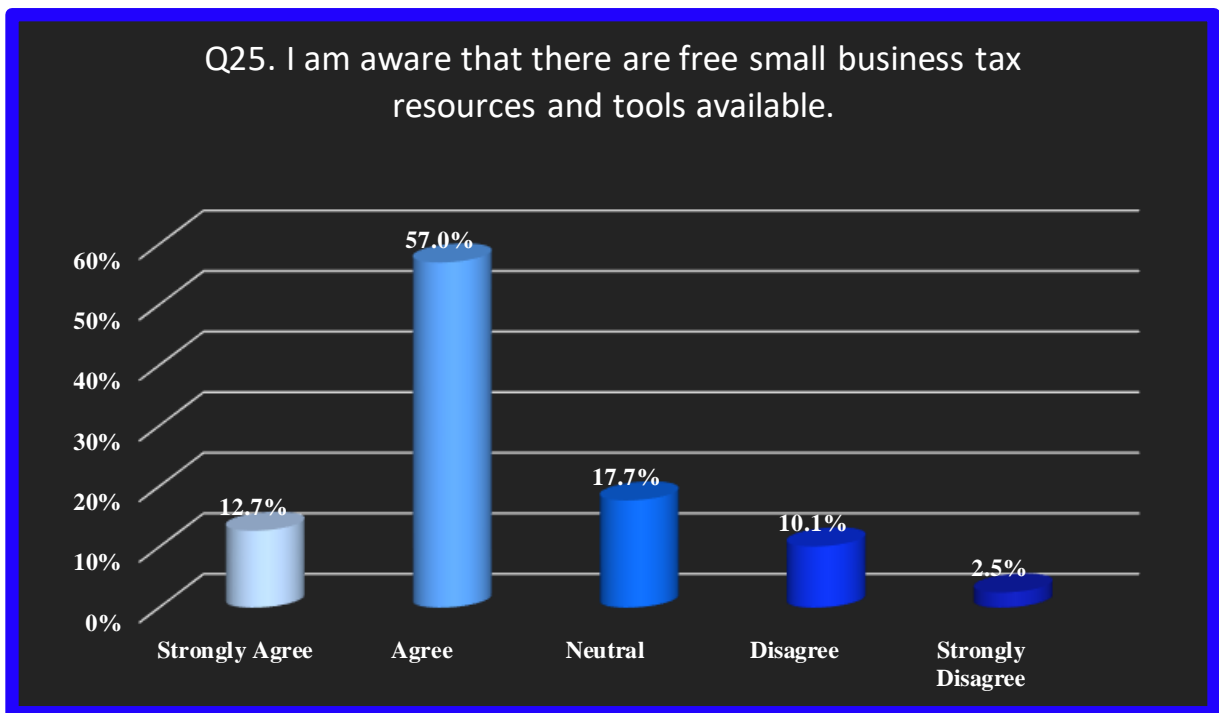
	Frequency	Per Cent
Strongly Agree	6	7.4
Agree	36	44.4
Neutral	16	19.8
Disagree	18	22.2
Strongly Disagree	5	6.2
No Response	2	

Source: Small Business Group Questionnaire Results

**Question 25: I am aware that there are free small business tax resources and tools available.**

Participant responses show confidence in their awareness of free small business tax tools with 69.7 per cent of the responses agreeing or strongly agreeing, but it appears that participants are choosing not to use the available free small business tax tools. Referring to question 18, where the question asks participants to list the tax tools they use in their business, SCORE (1 per cent), the Oklahoma Tax Commission (6 per cent) and [IRS.gov](https://www.irs.gov) (19 per cent) and referring to question 11 for the IRS infrequent use, are the only tax tool responses. When considering that participants are not using the free tax tools, the results may also indicate that participants are unaware of the free tax tools.

**Figure 5.15 Question 25 – Small Business Group**



Source: Small Business Group Questionnaire Results

**Table 5.16 Small Business Group**

**Q25. I am aware that there are free small business tax resources and tools available.**

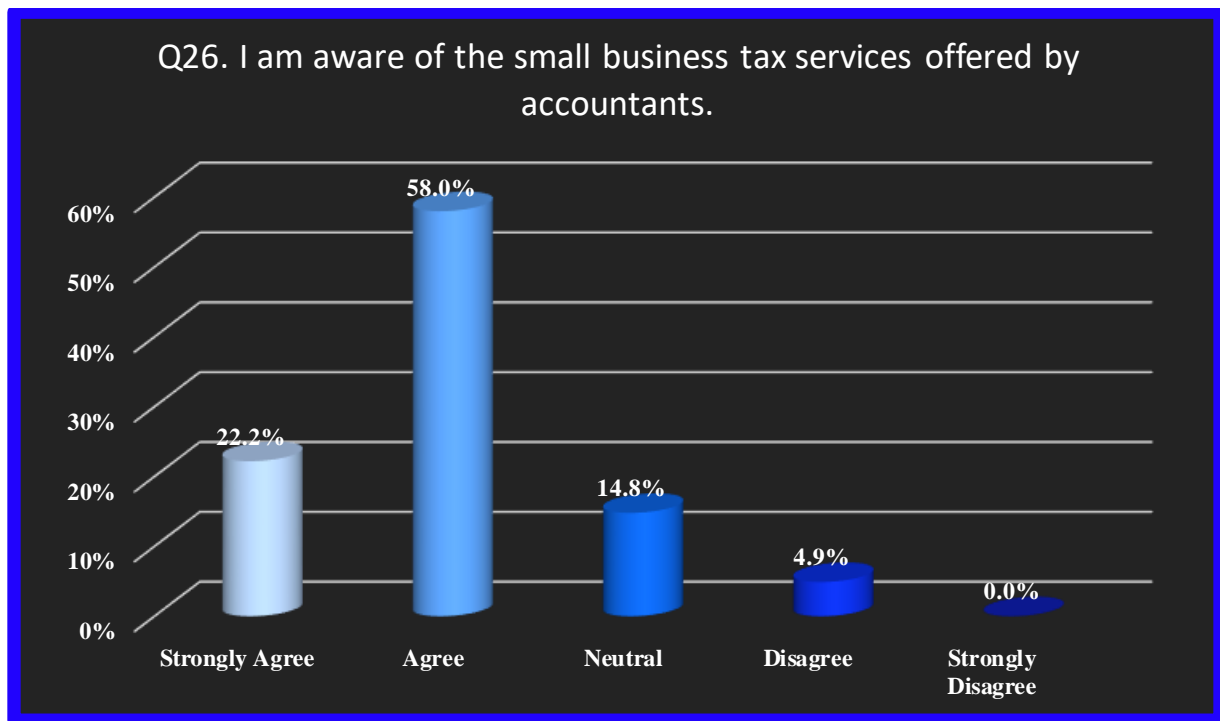
	Frequency	Per Cent
Strongly Agree	10	12.7
Agree	45	57.0
Neutral	14	17.7
Disagree	8	10.1
Strongly Disagree	2	2.5
No Response	4	

Source: Small Business Group Questionnaire Results

**Question 26: I am aware of the small business tax services offered by accountants.**

Eight-two per cent of the responders agree or strongly agree that they are aware of the small business tax services offered by accountants. Less than five per cent disagree and no participants respond that they strongly disagree that they are aware of the small business tax services offered by accountants. The high frequency reported in question 26 could suggest a prestige bias. Seale (2004: p.172) explained that prestige bias occurs when survey respondents' answers are "over-reported" in order to appear more knowledgeable or to "fool themselves". Another possibility could be that the participants believe that tax preparation is the only tax tool that accountants offer as indicated in the responses from question 17. A question arising from the results of question 26 is that if the respondents have a knowledge of small business tax services offered by accountants, where did they obtain this knowledge? The results from the Small Business Accountants Survey discussed in chapter 3 reveal that the participating small business accountants do not advertise their small business accounting and tax services.

**Figure 5.16 Question 26 – Small Business Group**



Source: Small Business Group Questionnaire Results

**Table 5.17 Small Business Group**  
**Q26. I am aware of the small business tax services offered by accountants.**

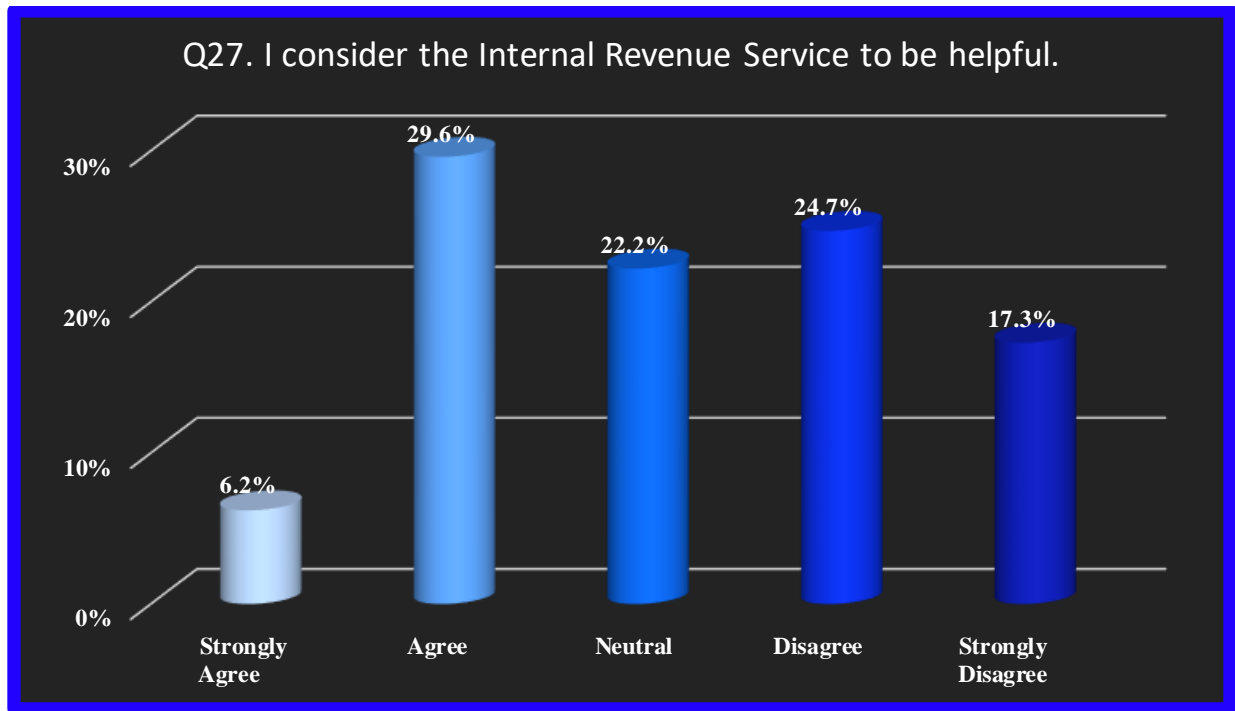
	Frequency	Per Cent
Strongly Agree	18	22.2
Agree	47	58.0
Neutral	12	14.8
Disagree	4	4.9
Strongly Disagree	0	0.0
No Response	2	

Source: Small Business Group Questionnaire Results

**Question 27: I consider the Internal Revenue Service to be helpful.**

Question 27 addresses the effectiveness of the IRS as a tax tool. The frequencies slightly favour the participants that disagree and strongly disagree (42 per cent) that they consider the IRS to be helpful. The neutral responses are also significant and could indicate that those participants have outsourced their tax compliance responsibilities to accountants and have not experienced any taxation issues that requires the participant to interact with the IRS. When evaluating the strongly agree and agree responses with the strongly disagree and disagree responses, the most significant difference is found between the strongly agree and the strongly disagree responses. The strongly disagree responses vary greatly, with 180 per cent more participants strongly disagreeing that the IRS is helpful than those participants who strongly agree.

**Figure 5.17 Question 27 – Small Business Group**



Source: Small Business Group Questionnaire Results

**Table 5.18 Small Business Group  
Q27. I consider the Internal Revenue Service to be helpful.**

	Frequency	Per Cent
Strongly Agree	5	6.2
Agree	24	29.6
Neutral	18	22.2
Disagree	20	24.7
Strongly Disagree	14	17.3
No Response	2	

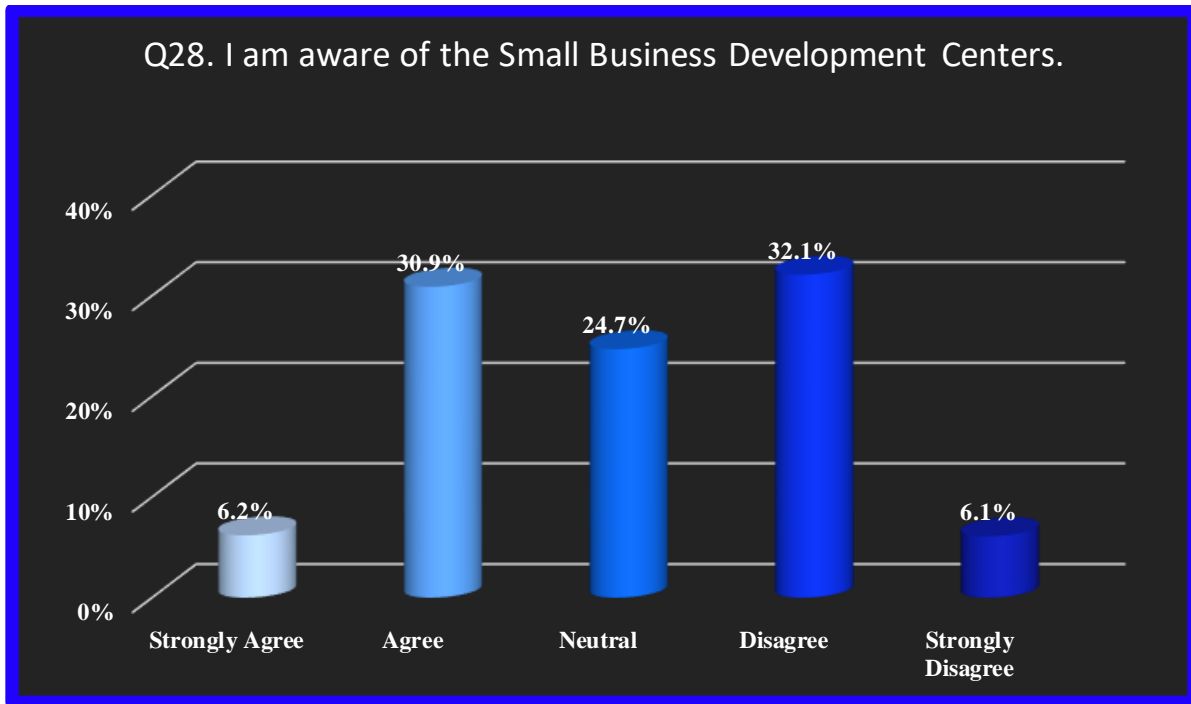
Source: Small Business Group Questionnaire Results

**Question 28: I am aware of the Small Business Development Centers.**

Question 28 reveals a lack of awareness of the Small Business Development Centers. The almost equal percentages of the participants who agree and strongly agree, compared to the participants who respond that they disagree and strongly disagree that they are aware of the Small Business Development Centers may be explained by question 6 results. In question 6 the percentage of the

respondents who report using an outside accountant for tax compliance is almost equal to the responses that state that someone inside the small business is responsible for tax compliance. Small businesses using an outside accountant may have been informed by their accountant of the Small Business Development Centers and their small business workshops, while the small businesses using inside personnel for tax compliance would have little opportunity to hear about Small Business Development Centers. Interviews from chapter 3 reveal that the Small Business Development Centers do not advertise their services. In addition, no Small Business Development Center responses are recorded in question 18, where participants are asked to: “Please list the tools and resources that you use to help your small business comply with tax requirements.”

**Figure 5.18 Question 28 – Small Business Group**



Source: Small Business Group Questionnaire Results

**Table 5.19 Small Business Group  
Q28. I am aware of the Small Business Development Centers.**

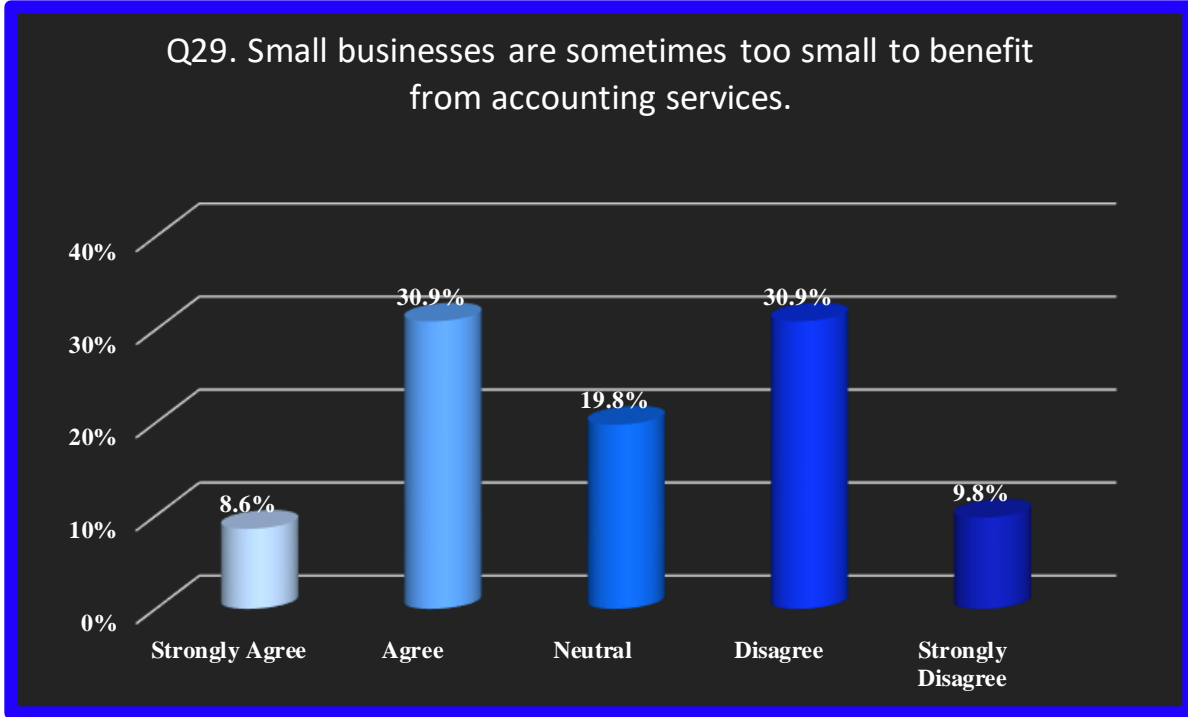
	Frequency	Per Cent
Strongly Agree	5	6.2
Agree	25	30.9
Neutral	20	24.7
Disagree	26	32.1
Strongly Disagree	5	6.1
No Response	2	

Source: Small Business Group Questionnaire Results

**Question 29: Small businesses are sometimes too small to benefit from accounting services.**

The frequencies of the responses to question 29 are similar when comparing the participants who agree with the participants who disagree and comparing the participants who strongly agree with the participants who strongly disagree. Explanations for the nearly equivalent comparisons may be found in the results from question 6, referred to above, where approximately 50 per cent of the participants are not using an accountant, and participants who indicate in question 15 that time constraints and the cost of the services of an accountant are reasons for not using an accountant more often. The small business participants may feel that the expense of an accountant might be more costly than the benefit of the accounting service. Question 29 results report that 39.5 per cent of the participants are unaware of the tax services that small business accountants offer. A lack of effectiveness in tax tools offered by small business accountants to young businesses or very small businesses may also be a result of question 29. Wolk and Wootton (1995) stated that the accounting profession is limited due to the inability of young small businesses to pay accounting fees.

**Figure 5.19 Question 29 – Small Business Group**



Source: Small Business Group Questionnaire Results

**Table 5.20 Small Business Group**

**Q29. Small businesses are sometimes too small to benefit from accounting services.**

	Frequency	Per Cent
Strongly Agree	7	8.6
Agree	25	30.9
Neutral	16	19.8
Disagree	25	30.9
Strongly Disagree	8	9.8
No Response	2	

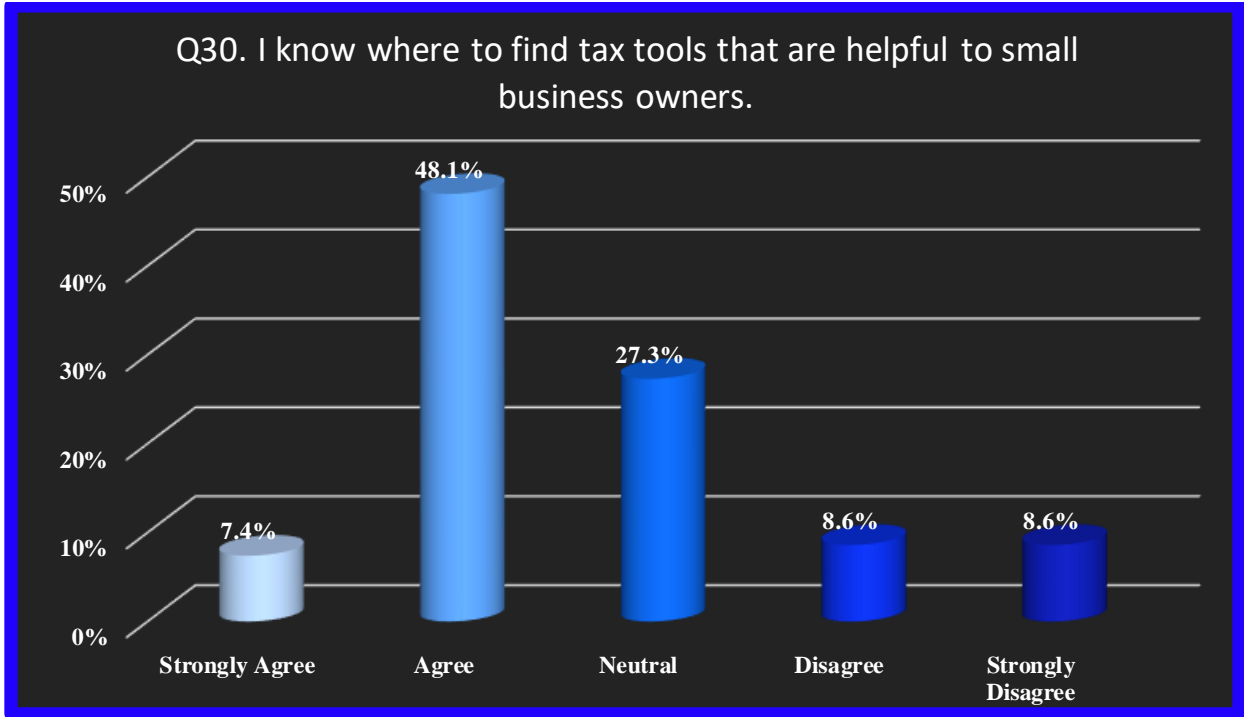
Source: Small Business Group Questionnaire Results

**Question 30: I know where to find tax tools that are helpful to small business owners.**

Results from question 30 suggest that participants know how to find the tax tools that they are aware of, while question 18 results (where participants are asked to list the small business tax tools that they are using) suggest that these tax tools may not be effective for small businesses because the participants are not using them. Other than accountants preparing and filing tax returns (results from question 17, where participants are asked to list the small business tax services offered by

accountants) and the [IRS.gov](http://IRS.gov) (which question 11 indicates that 74.4 per cent of participants visited four times or less over the last two years) participants seem unaware of tax services.

**Figure 5.20 Question 30 – Small Business Group**



Source: Small Business Group Questionnaire Results

**Table 5.21 Small Business Group**  
**Q30. I know where to find tax tools that are helpful to small business owners.**

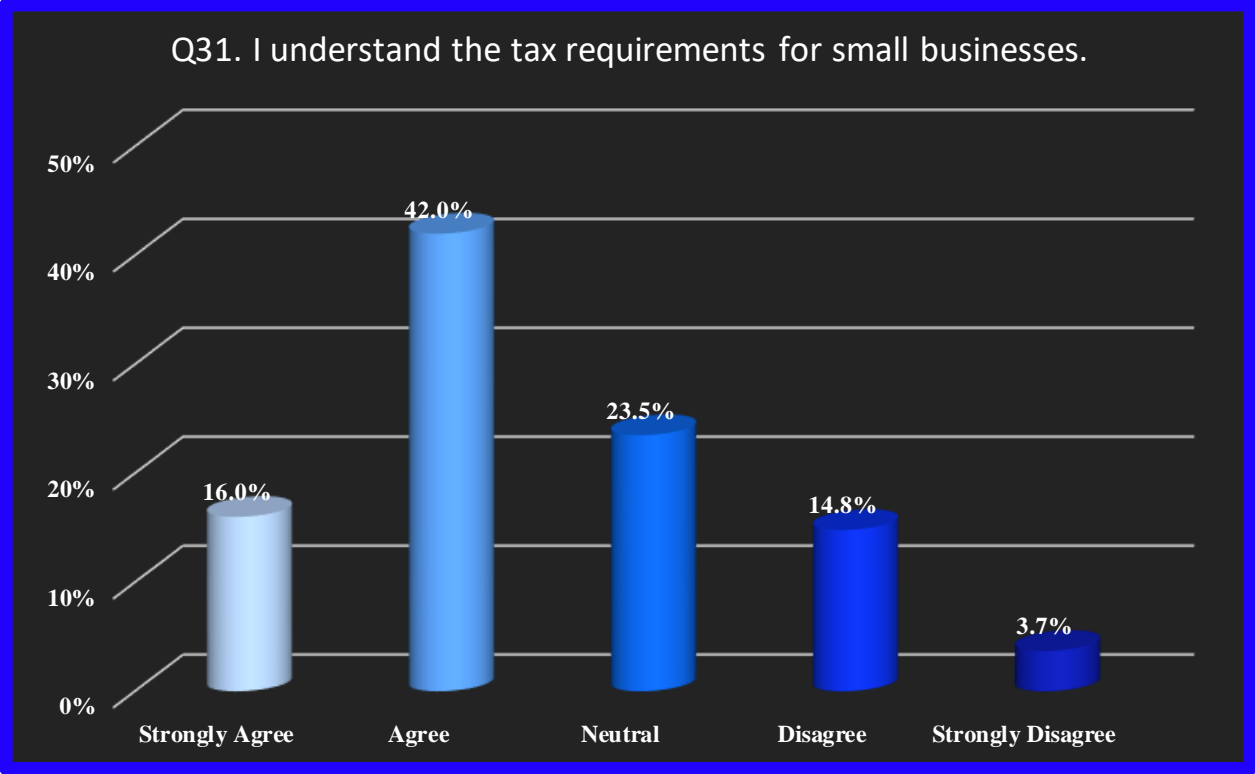
	Frequency	Per Cent
Strongly Agree	6	7.4
Agree	39	48.1
Neutral	22	27.3
Disagree	7	8.6
Strongly Disagree	7	8.6
No Response	2	

Source: Small Business Group Questionnaire Results

**Question 31: I understand the tax requirements for small business.**

Responses to question 31 indicate that 52 per cent understand the small business tax requirements, yet question 13 results report that a lack of knowledge is the participants’ greatest concern. The large positive response to question 31 could be explained by the participants’ ability to “define” tax compliance (in question 22) or possibly the large number of participants that report to rely on outside accountants (indicated in question 6), and therefore feel they understand the necessary tax requirements. Of those that respond, 34 per cent are unable to give a positive response regarding understanding the requirements for small business tax.

**Figure 5.21 Question 31 – Small Business Group**



Source: Small Business Group Questionnaire Results

**Table 5.22 Small Business Group**  
**Q31. I understand the tax requirements for small businesses.**

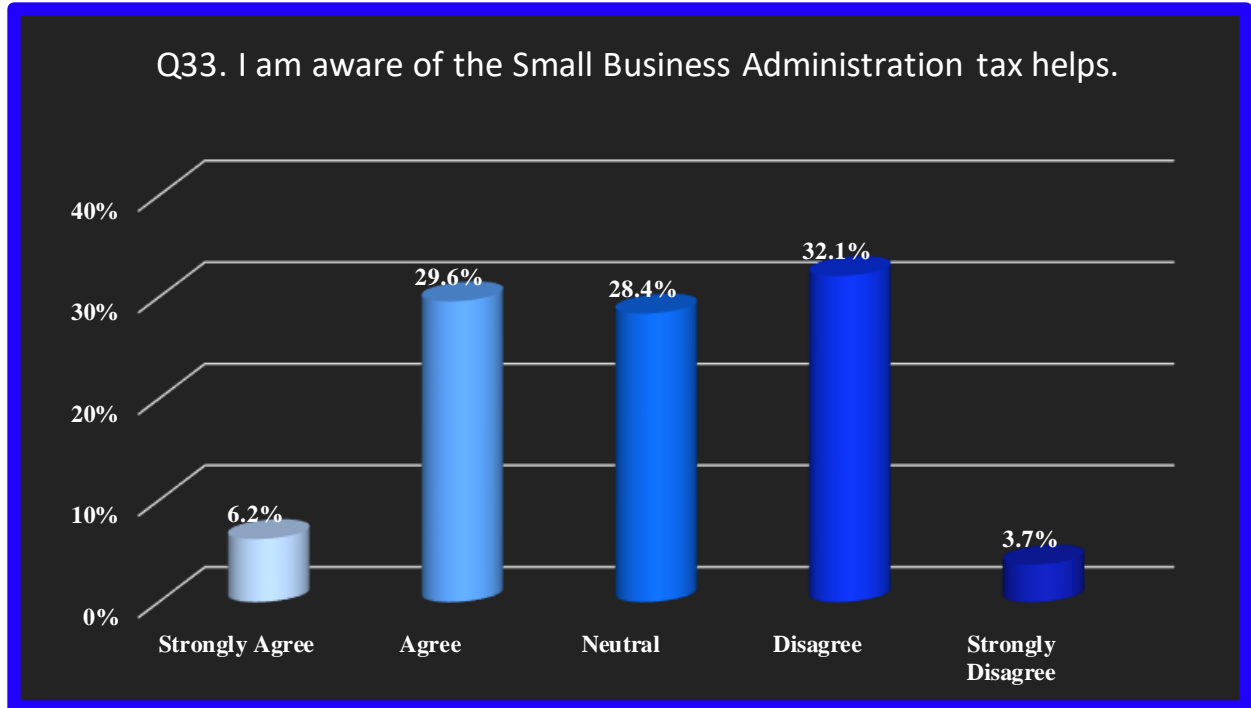
	Frequency	Per Cent
Strongly Agree	13	16.0
Agree	34	42.0
Neutral	19	23.5
Disagree	12	14.8
Strongly Disagree	3	3.7
No Response	2	

Source: Small Business Group Questionnaire Results

**Question 33: I am aware of the Small Business Administration tax helps.**

When combining the neutral, disagree, and strongly disagree responses, 64.2 per cent of the participants are unable to respond positively that they are aware of the Small Business Administration’s tax helps. The high frequency of participants using an outside accountant (reported in question 6) could explain the 29.3 per cent of participants in question 33 who state that they are aware of the Small Business Administration tax helps. Although participants report that they are aware of the Small Business Administration tax helps, they are not using them. The only Small Business Administration tax tool listed in question 18, where participants listed the tax tools that they are using in their business was SCORE (with 2 responses). Although participants could have been informed of the Small Business Administration by their accountants (chapter 3 reveals that the Small Business Administration does not advertise), the Small Business Administration (2018f) is best known for their small business loans and training for federal government contracts. Using Google (2019: Online), on June 21, 2019 the Small Business Administration was searched. The first result was the Small Business Administration’s statement: “We support America’s small businesses. The SBA connects entrepreneurs with lenders and funding to help them plan, start and grow their business.” The high frequency of agree responses from question 33 may suggest a prestige bias (Seale: 2004). The respondents may have exaggerated their tax tool awareness to appear well-informed. The high agree and neutral responses might propose that participants are familiar with the Small Business Administration where small business loans are concerned, but unfamiliar with their tax help.

**Figure 5.22 Question 33 – Small Business Group**



Source: Small Business Group Questionnaire Results

**Table 5.23 Small Business Group  
Q33. I am aware of the Small Business Administration tax helps.**

	Frequency	Per Cent
Strongly Agree	5	6.2
Agree	24	29.6
Neutral	23	28.4
Disagree	26	32.1
Strongly Disagree	3	3.7
No Response	2	

Source: Small Business Group Questionnaire Results

**Question 34: I welcome financial advice from tax experts regarding my business.**

Possibly the most significant evidence that confirms the need for the research conducted in this thesis is found in the question 34 results. More than 70 per cent of participants report that they want financial advice from tax experts. Only 3 of the 81 respondents do not welcome financial advice from tax experts. The high neutral response could be explained by the results from question 27 where participants respond negatively (17.3 per cent strongly disagreed and 24.7 per cent

disagreed) to “I consider the IRS to be helpful”. If the question 34 responder thinks the “tax expert” might be an IRS representative, he or she will be hesitant to give a positive response.

**Figure 5.23 Question 34 – Small Business Group**



Source: Small Business Group Questionnaire Results

**Table 5.24 Small Business Group**  
**Q34. I welcome financial advice from tax experts regarding my business.**

	Frequency	Per Cent
Strongly Agree	29	35.8
Agree	28	34.6
Neutral	21	25.9
Disagree	1	1.2
Strongly Disagree	2	2.5
No Response	2	

Source: Small Business Group Questionnaire Results

### 5.3 Student Group Results

The purpose of the Student Group Questionnaire was to better understand the small business tax knowledge of the university business student provided by Oklahoma higher education. Many of the questions on the Student Group Questionnaire are similar to those on the Small Business Questionnaire but were modified for university students. Table 5.25 introduces the questions, the topics and the location of the results. The questionnaires and consent forms can be found in APPENDIX K.

**Table 5.25 Student Group Questions, Topic Addressed, and Location of the Results**

#	Question	Topic	Location
1	What is your age?	General research regarding demographics	Results not directly relevant to research goals
2	What is your classification?	General research used as a qualifying question to participate	Results not directly relevant to research goals
3	I am studying as an International or American student?	General research regarding demographics	Results not directly relevant to research goals
4	My concentration or major is. . .	General research	Figure 5.24 Table 5.26
5	If you were starting your own business, who would you want to be responsible for your small business tax compliance?	Curriculum	Figure 5.25 Table 5.27
6	After the start-up of you own business, how often do you think you should see and accountant?	Curriculum	Figure 5.26 Table 5.28
7	Which is not a business entity for tax purposes? You may choose more than one answer.	Tax knowledge	Figure 5.27 Table 5.29
8	On a small business financial statement, where would you find the cash account?	Tax knowledge	Figure 5.28 Table 5.30
9	In your university course work, how often have you been required to visit the IRS website for small business tax information?	Curriculum	Figure 5.29 Table 5.31

10	(Lack of tax knowledge) Using each number only once, please rank from 1 to 4 what you believe is the biggest tax concern for small businesses, with #1 being the most challenging and #2 being the second most challenging, and so on.	Curriculum	Figure 5.30 Table 5.32
11	(Internal Revenue Service) Using each number only once, please rank from 1 to 4 the best place to go for easy to understand tax information, with #1 as the most likely place to go for easy to understand tax information and #2 being the second most likely place to go, and so on.	Curriculum	Figure 5.31 Table 5.33
11	(Family and Friends) Using each number only once, please rank from 1 to 4 the best place to go for easy to understand tax information, with #1 as the most likely place to go for easy to understand tax information and #2 being the second most likely place to go, and so on.	Curriculum	Figure 5.32 Table 5.34
12	(Accounting Fees) Using each number only once, please rank from 1 to 4 the main reasons you would not see an accountant more often than you do, with #1 being the main reason and #2 being the second reason, and so on.	Curriculum	Figure 5.33 Table 5.35
13	When you think of the word “tax”, what word comes to your mind?	Effective tax tools	Figure 5.47 Table 5.49
14	Please list the small business tax services offered by accountants.	Curriculum	Figure 5.34 Table 5.36
15	Please explain each of the following tax forms using as few words as possible.	Tax knowledge	Figure 5.35 Table 5.37
16	In my business courses, small business tax compliance has been a part of each course’s curriculum.	Curriculum	Figure 5.36 Table 5.38
17	I am aware there are free small business tax resources and tools available.	Curriculum	Figure 5.37 Table 5.39
18	I understand the tax requirements for small business.	Tax knowledge	Figure 5.38 Table 5.40
19	I am aware of the Small Business Development Center.	Curriculum	Figure 5.39 Table 5.41
20	Small businesses are sometimes too small to benefit from accounting services.	Curriculum	Figure 5.40 Table 5.42
21	I can identify helpful taxation tools for small businesses.	Curriculum	Figure 5.41 Table 5.43
22	I am aware of the tax helps offered by the Small Business Administration.	Curriculum	Figure 5.42 Table 5.44
23	I understand the basic accounts on a financial statement.	Curriculum	Figure 5.43 Table 5.45

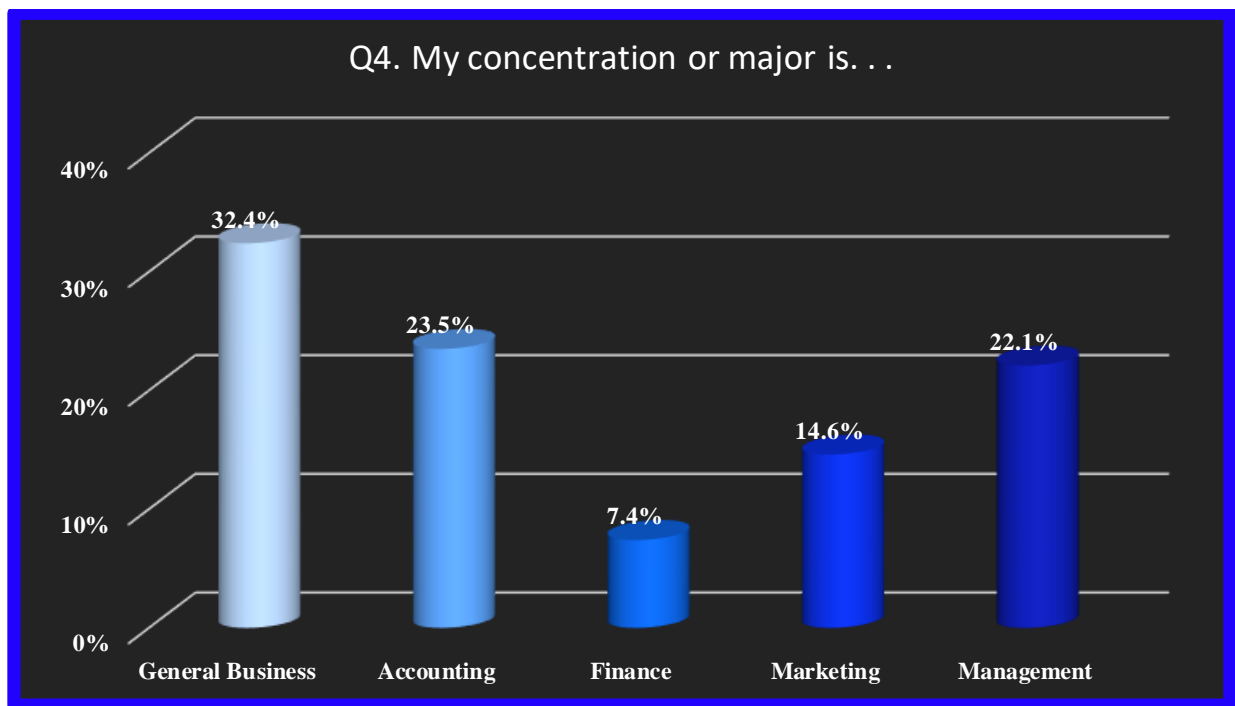
24	I am aware of the tax services offered by accountants.	Curriculum	Figure 5.44 Table 5.46
25	In my business courses, studying small businesses is as much of the course curriculum as studying corporate businesses.	Curriculum	Figure 5.45 Table 5.47
26	With the knowledge gained from by businesses courses, I feel confident to assist small businesses with tax compliance.	Tax knowledge	Figure 5.46 Table 5.48

Source: Own Design

**Question 4: My concentration or major is . . .**

Question 4 reports the university business student participant’s academic disciplines.

**Figure 5.24 Question 4 – Student Group**



Source: Student Group Questionnaire Results

**Table 5.26 Student Group  
Q4. My concentration or major is...**

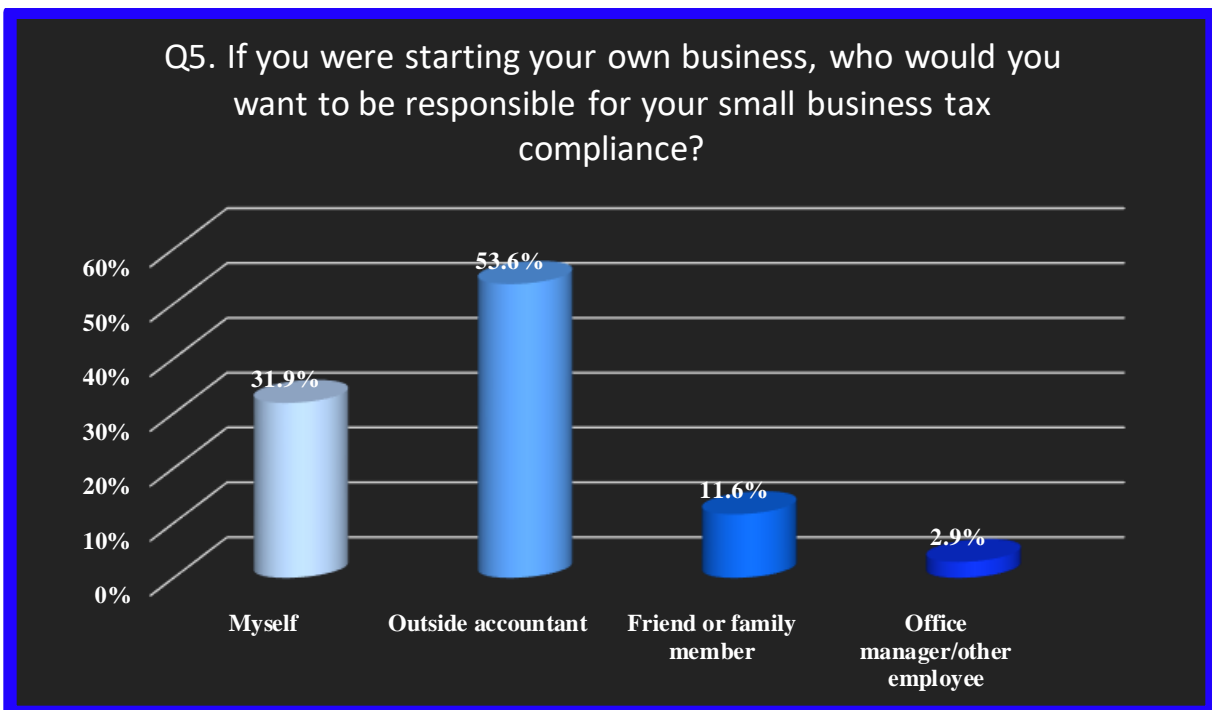
	Frequency	Per Cent
General Business	22	32.4
Accounting	16	23.5
Finance	5	7.4
Marketing	10	14.6
Management	15	22.1
No Response	1	

Source: Student Group Questionnaire Results

**Question 5: If you were starting your own business, who would you want to be responsible for your small business tax compliance?**

Almost 54 per cent of the university student participants respond that they would hire an outside accountant to be responsible for their small business tax compliance. The results agree with Hipple (2010) and Dickson et al. (2008) that education better equips owners to operate their business but the student results add that higher education gives a small business owner the comparative advantage to know his or her strengths and outsource his weaknesses.

**Figure 5.25 Question 5 – Student Group**



Source: Student Group Questionnaire Results

**Table 5.27 Student Group**  
**Q5. If you were starting your own business, who would you want to be responsible for your small business tax compliance?**

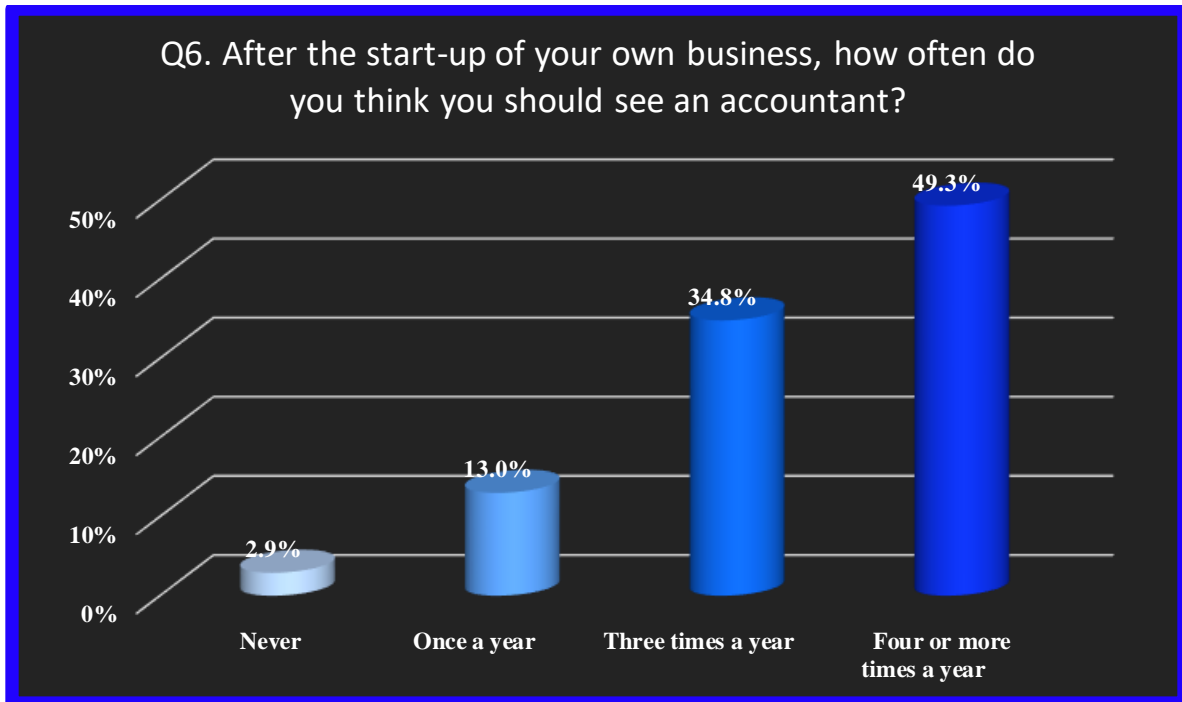
	Frequency	Per Cent
Myself	22	31.9
Outside accountant	37	53.6
Friend or family member	8	11.6
Office manager/other employee	2	2.9

Source: Student Group Questionnaire Results

**Question 6: After the start-up of your own business, how often do you think you should see an accountant?**

Complementing question 5 responses to outsourcing tax responsibilities to an accountant, question 6 responses add that the accountant should be seen frequently throughout the year. A frequency of 58 or 84.1 per cent respond that after the start-up of their business, they should see an accountant three times or more each year.

**Figure 5.26 Question 6 – Student Group**



Source: Student Group Questionnaire Results

**Table 5.28 Student Group**  
**Q6. After the start-up of your own business, how often do you think you should see an accountant?**

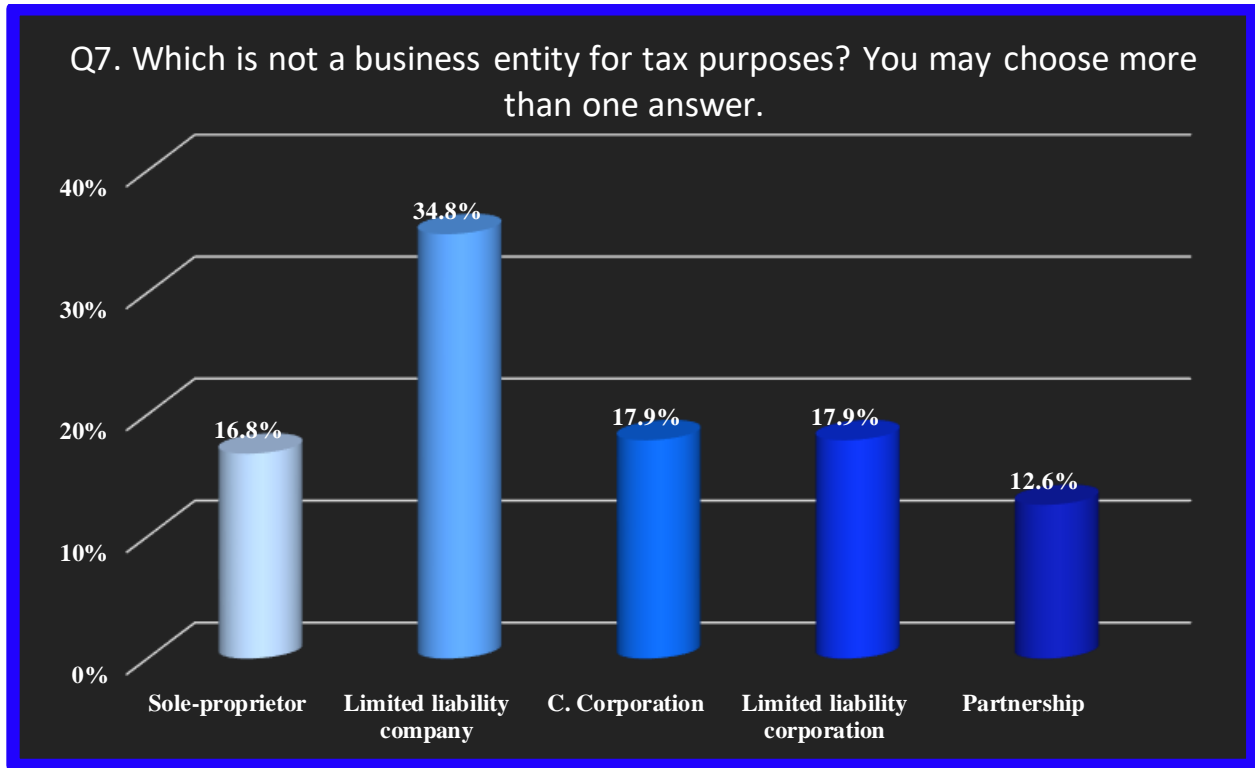
	Frequency	Per Cent
Never	2	2.9
Once a year	9	13.0
Three times a year	24	34.8
Four or more times a year	34	49.3

Source: Student Group Questionnaire Results

**Question 7: Which is not a business entity for tax purposes? You may choose more than one answer.**

Ninety-five responses are received from 69 participants. The limited liability company receives the most responses for **not** being a business entity. The only correct choice that is not a business entity for tax purposes is the limited liability corporation. Although the word “not” was in bold print, it seems students were confused by choosing the limited liability “company” instead of the limited liability “corporation”. The numerous responses in each category indicate that the students do not have the knowledge of business entities.

**Figure 5.27 Question 7 – Student Group**



Source: Student Group Questionnaire Results

**Table 5.29 Student Group**  
**Q7. Which is not a business entity for tax purposes? You may choose more than one answer.**

	Frequency	Per Cent
Sole-proprietor	16	16.8
Limited liability company	33	34.8
C. Corporation	17	17.9
Limited liability Corporation	17	17.9
Partnership	12	12.6

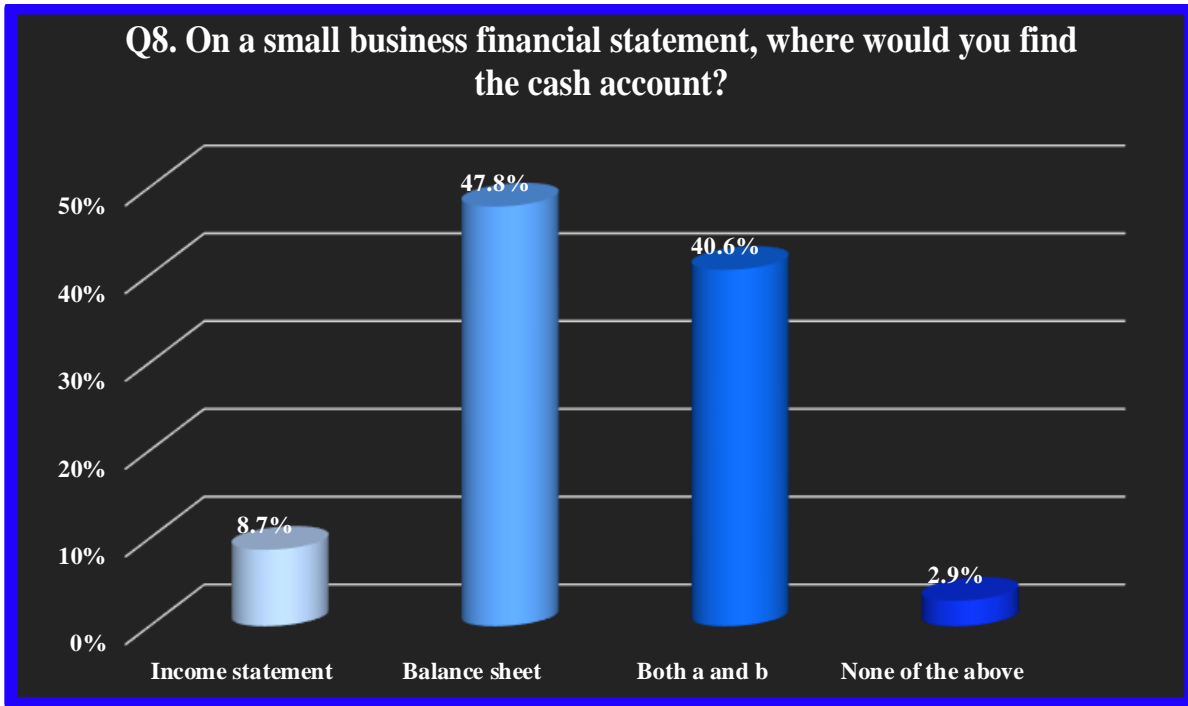
Source: Student Group Questionnaire Results

**Question 8: On a small business financial statement, where would you find the cash account?**

The majority of student participants (47.8 per cent) accurately respond that the cash account is located on the balance sheet. Closely behind the balance sheet response frequency is the 40.6 per

cent of the participants who incorrectly report that the cash account is located on both the balance sheet and the income statement.

**Figure 5.28 Question 8 – Student Group**



Source: Student Group Questionnaire Results

**Table 5.30 Student Group**

**Q8. On a small business financial statement, where would you find the cash account?**

	Frequency	Per Cent
Income statement	6	8.7
Balance sheet	33	47.8
Both a and b	28	40.6
None of the above	2	2.9

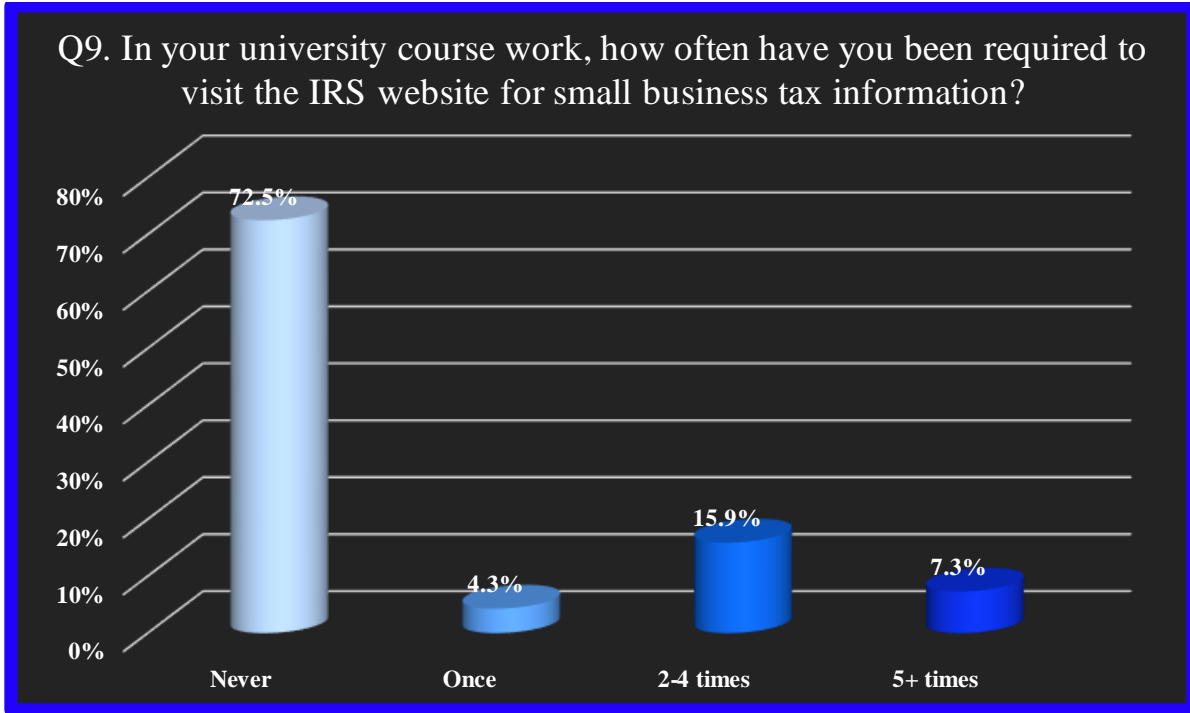
Source: Student Group Questionnaire Results

**Question 9: In your university work, how often have you been required to visit the IRS website for small business tax information?**

Question 9 results report the high frequency of student participants (50 out of 69, or 72.5 per cent) who have never been required to use the IRS website in their course work for small business tax

information. Approximately 23 per cent respond that they have used the IRS website two or more times for course work requirements.

**Figure 5.29 Question 9 – Student Group**



Source: Student Group Questionnaire Results

**Table 5.31 Student Group**

**Q9. In your university course work, how often have you been required to visit the IRS website for small business tax information?**

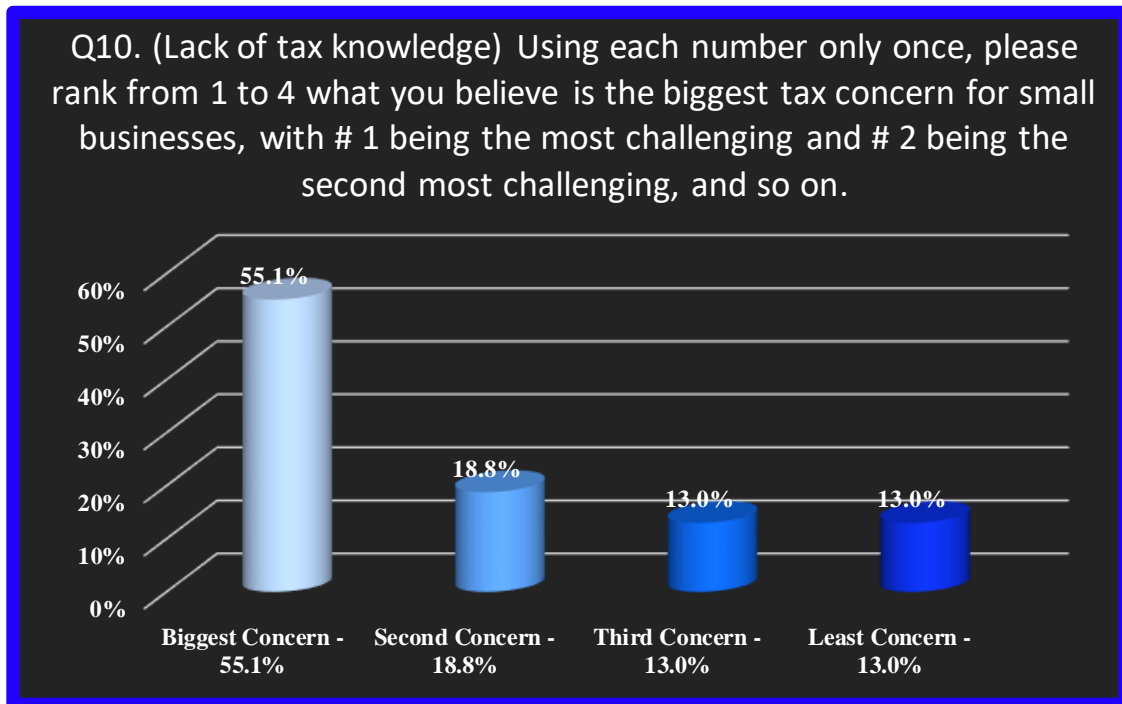
	Frequency	Per Cent
Never	50	72.5
Once	3	4.3
2-4 times	11	15.9
5+ times	5	7.3

Source: Student Group Questionnaire Results

**Question 10: (Lack of tax knowledge) Using each number only once, please rank from 1 to 4 what you believe is the biggest tax concern for small businesses, with #1 being the most challenging and #2 being the second most challenging, and so on.**

When the Student Group was given the choices of considering the lack of tax knowledge, fear of a tax audit, nuisance dealing with taxes, and financial tax obligations, the question 10 results show that 55.1 per cent of participants respond that a lack of tax knowledge is the biggest tax concern for small businesses, compared to the Small Business Group (question 13) where 35.4 per cent report that lack of tax knowledge is their #1 concern. The Student Group (question 10) top two biggest tax concern results indicate a greater concern (73.9 per cent) as compared to the top two biggest tax concern results (63.2 per cent) of the Small Business Group (question 13) results. Compared to the Small Business Group participants, the Student Group respondents may have a better understanding of the level of tax knowledge needed for tax compliance.

**Figure 5.30 Question 10 – Student Group**



Source: Student Group Questionnaire Results (Lack of Tax Knowledge)

**Table 5.32 Student Group**

**Q10. (Lack of knowledge) Using each number only once, please rank from 1 to 4 what you believe is the biggest tax concern for small businesses, with # 1 being the most challenging and # 2 being the second most challenging, and so on.**

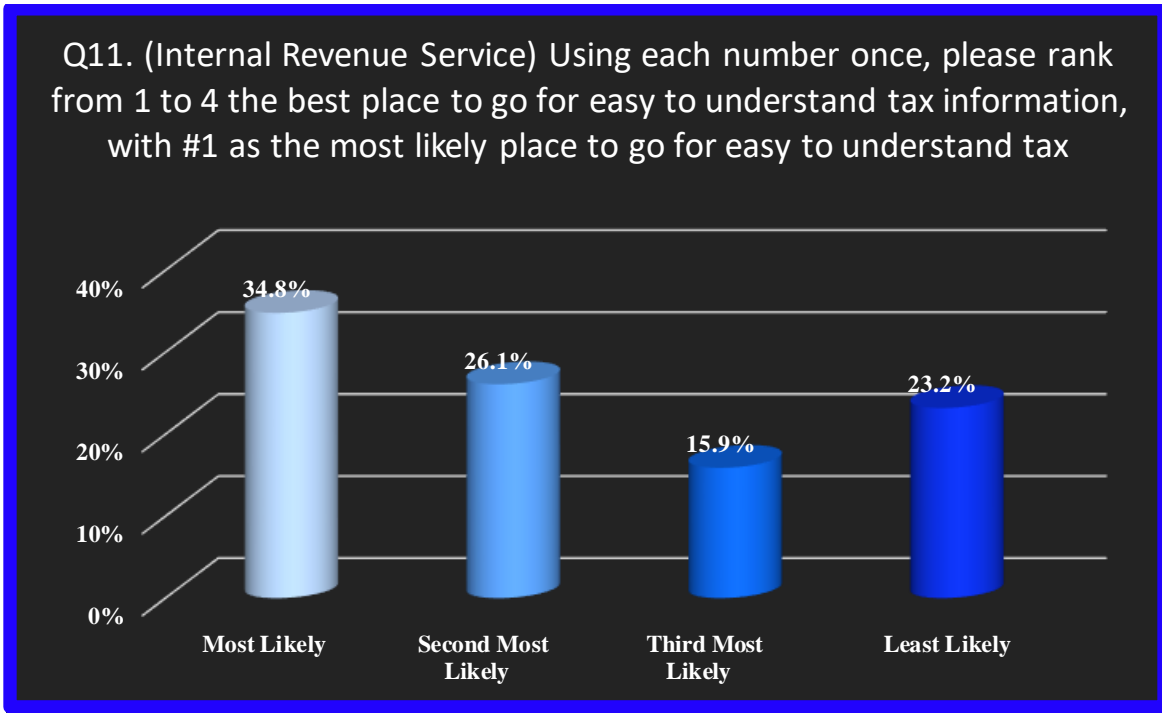
	Frequency	Per Cent
Biggest Concern	38	55.1
Second Concern	13	18.8
Third Concern	9	13.0
Least Concern	9	13.0

Source: Student Group Questionnaire Results (Lack of Tax Knowledge)

**Question 11: (Internal Revenue Service) Using each number only once, please rank from 1 to 4 the best place to go for easy to understand tax information, with #1 as the most likely place to go for easy to understand tax information and #2 being the second most likely place to go, and so on.**

Question 11 results show that 34.8 per cent of the student participants report that the IRS is the most likely place to go for easy to understand tax information while 23.2 per cent maintain that the IRS is the least likely place to find easy to understand tax information. When asking the Small Business Group participants the same question (question 14), the respondents that chose the IRS to be the least likely place to find easy to understand tax information (23.1 per cent) mirror the Student Group least likely responses (23.2 per cent). The other choices for participants to choose as the best place to go for easy to understand tax information were Google, family member or friend, and banker.

**Figure 5.31 Question 11 (Internal Revenue Service) – Student Group**



Source: Student Group Questionnaire Results (Internal Revenue Service)

**Table 5.33 Student Group**

**Q11. (Internal Revenue Service) Using each number only once, please rank from 1 to 4 the best place to go for easy to understand tax information, with #1 as the most likely place to go for easy to understand tax information and #2 being the second most likely place to go, and so on.**

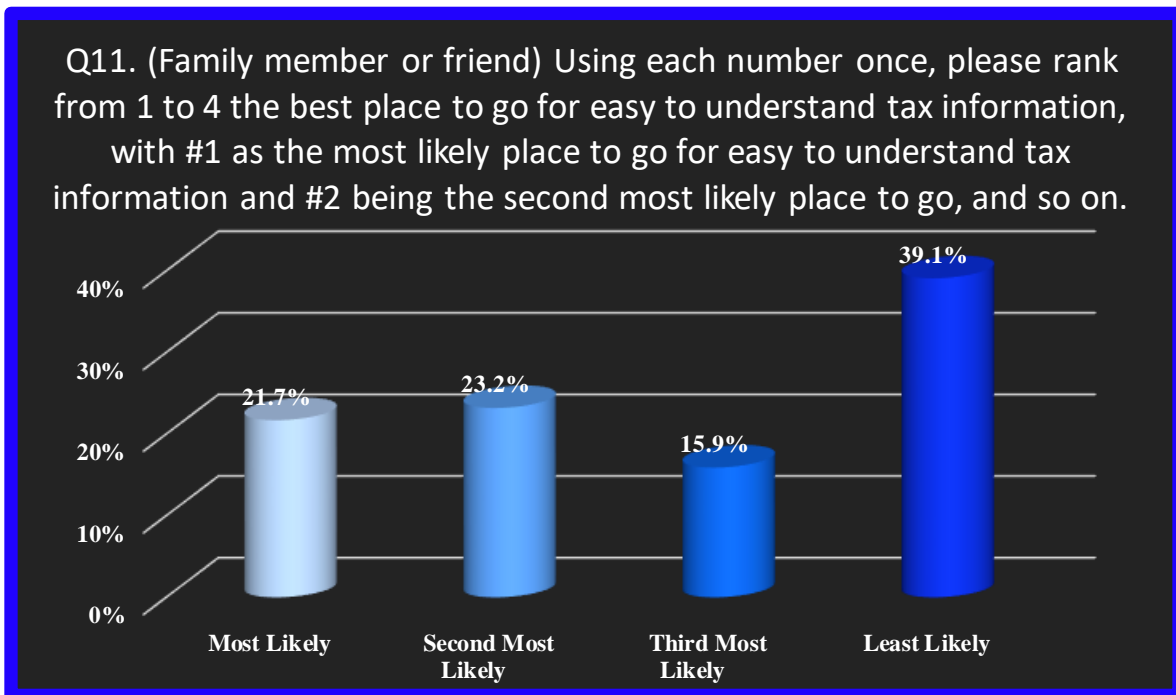
	Frequency	Per cent
Most Likely	24	34.8
Second Most Likely	18	26.1
Third Most Likely	11	15.9
Least Likely	16	23.2

Source: Student Group Questionnaire Results (Internal Revenue Service)

**Question 11 – (Family member or friend) Using each number only once, please rank from 1 to 4 the best place to go for easy to understand tax information, with #1 as the most likely place to go for easy to understand tax information and #2 being the second most likely place to go, and so on.**

Question 11 student participant’s highest frequency (27 of 69, or 39.1 per cent) reports that family and friends is the least likely place to go for easy to understand tax information. The university student participants seem to understand the risk of seeking the advice of family and friends and chose to pursue the professional advice of an accountant (see question 5). The other choices for participants to choose as the best place to go for easy to understand tax information were Internal Revenue Service, Google, and banker.

**Figure 5.32 Question 11 (Family Member or Friend) – Student Group**



Source: Student Group Questionnaire Results (Family Member or Friend)

**Table 5.34 Student Group**

**Q11. (Family or Friend) Using each number only once, please rank from 1 to 4 the best place to go for easy to understand tax information, with #1 as the most likely place to go for easy to understand tax information and #2 being the second most likely place to go, and so on.**

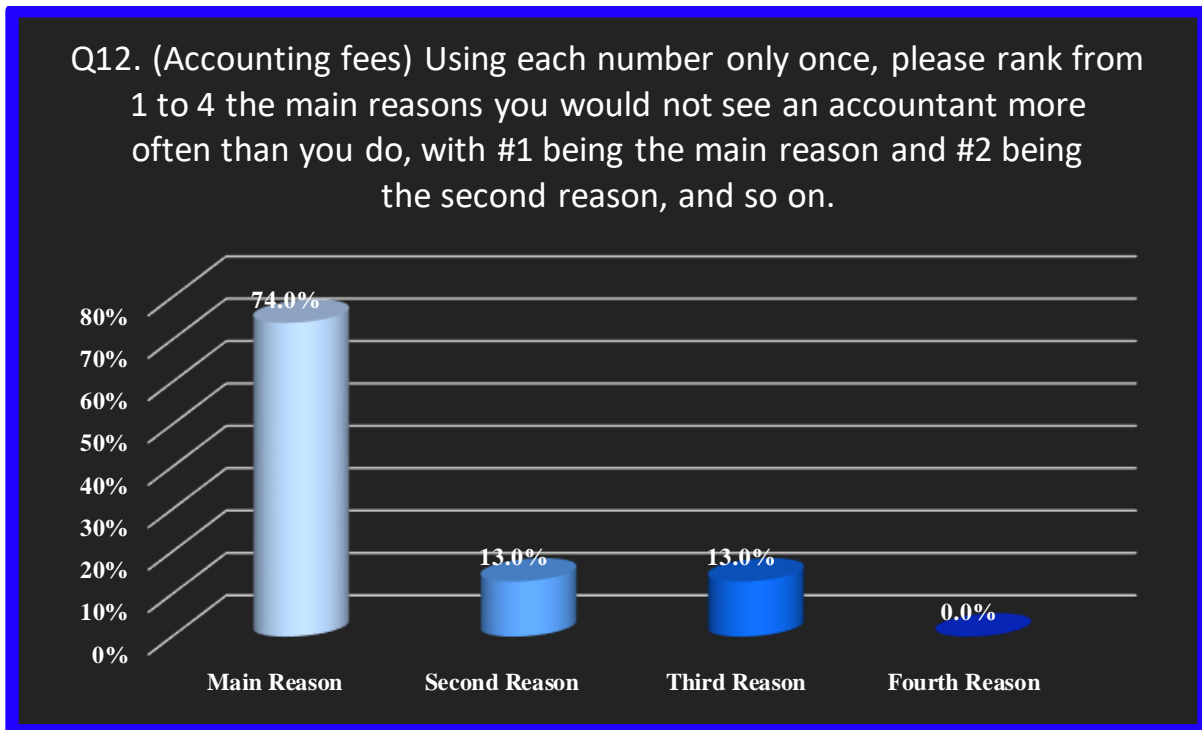
	Frequency	Per cent
Most Likely	15	21.7
Second Most Likely	16	23.2
Third Most Likely	11	15.9
Least Likely	27	39.1

Source: Student Group Questionnaire Results (Family Member or Friend)

**Question 12: (Accounting fees) Using each number only once, please rank from 1 to 4 the main reasons you would not see an accountant more often than you do, with #1 being the main reason and #2 being the second reason, and so on.**

Student participant results reveal that the accounting fee is a concern. When given the choices of time restraints, accounting fees, unsure of benefit, and other (participants were given the opportunity to write in an answer), seventy-four per cent of student participants report that accounting fees is the main reason they would not see an accountant more often. Regardless of the university students concern about the cost of an accountant, student responses to question 6 reveal the understanding that a small business needs to frequently visit their accountant.

**Figure 5.33 Question 12 (Accounting Fees) Student Group**



Source: Student Group Questionnaire Results (Accounting Fees)

**Table 5.35 Student Group**

**Q12. (Accounting fees) Using each number only once, please rank from 1 to 4 the main reasons you would not see an accountant more often than you do, with #1 being the main reason and #2 being the second reason, and so on.**

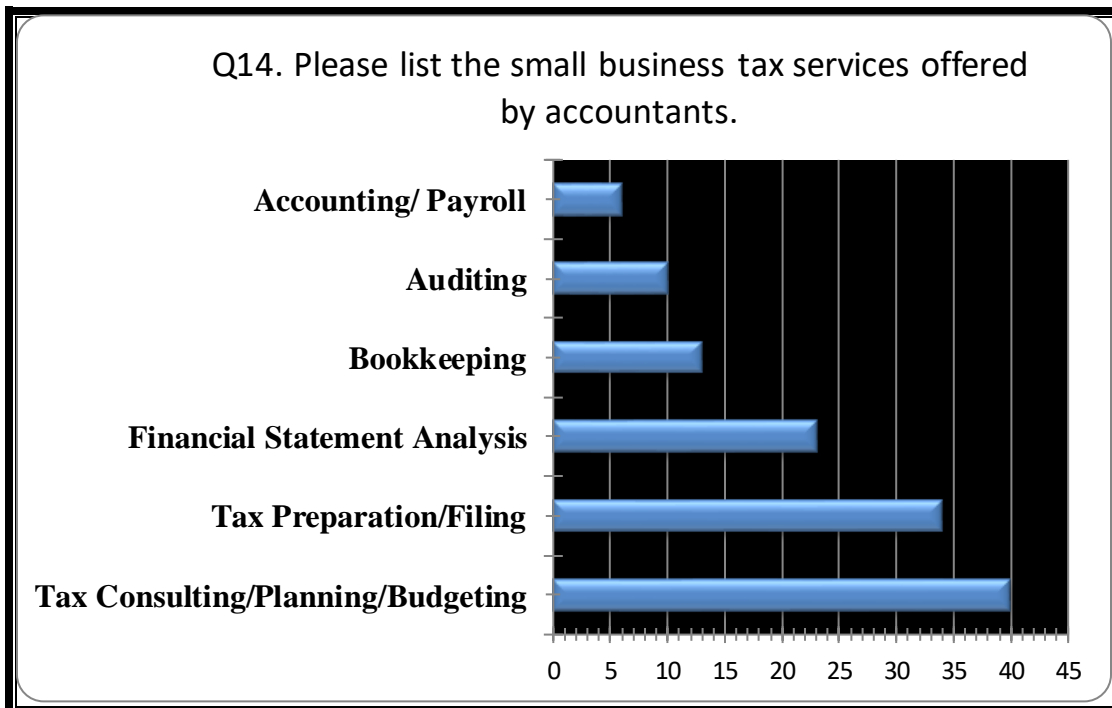
	Frequency	Per Cent
Main Reason	51	74.0
Second Reason	9	13.0
Third Reason	9	13.0
Fourth Reason	0	0.0

Source: Student Group Questionnaire Results (Accounting Fees)

**Question 14: Please list the small business tax services offered by accountants.**

Of the 69 Student Group participants, 17 do not respond. The remaining 52 participants respond with 126 answers that indicate a strong understanding of the small business tax services that are offered by accountants. Student participants itemise tax consulting, tax planning, tax budgeting, tax preparation, and tax filing, showing a 58.6 per cent awareness of specific tax services that are offered by accountants. The other accounting services listed by the Student Group respondents are support services for taxation services.

**Figure 5.34 Question 14 – Student Group**



Source: Student Group Questionnaire Results

**Table 5.36 Student Group  
Q14. Please list the small business tax services offered by accountants.**

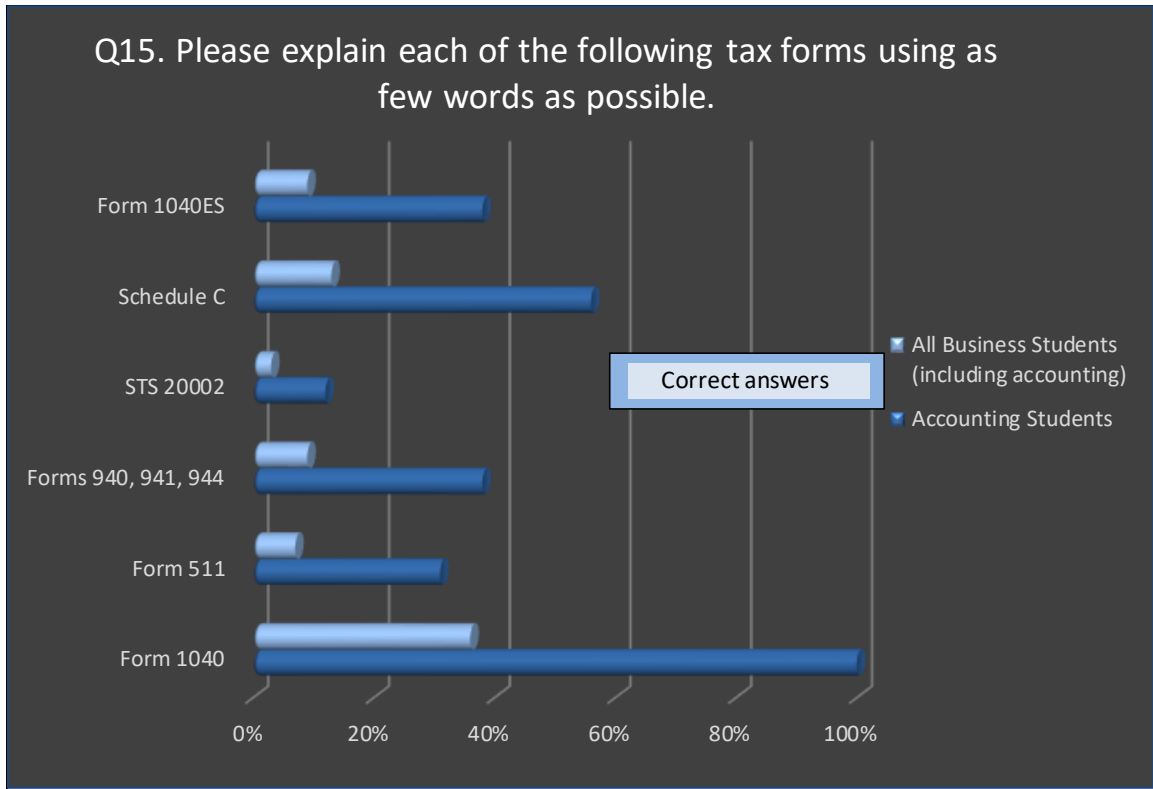
	Frequency	Per Cent
Tax Consulting/Planning/Budgeting	40	31.7
Tax Preparation/Filing	34	27.0
Financial Statement Analysis	23	18.3
Bookkeeping	13	10.3
Auditing	10	7.9
Accounting/Payroll	6	4.8
No Response	17	.0

Source: Student Group Questionnaire Results

**Question 15: Please explain each of the following tax forms using as few words as possible.**

Question 15 determines the Student Group participant's familiarity with the most common federal (1040, 1040ES, 940, 941, 944) and Oklahoma (511, STS 20002) income tax, sales tax, and payroll tax forms. Among the 69 student responses, 16 were accounting students (see Figure 5.24 and Table 5.26). Figure 5.35 illustrates the correct responses from the total business students (including the accounting students) and the correct responses from accounting students. Although the total business student participants were unable to define most tax forms, the majority of the accounting students successfully recognised the most common federal small business tax forms by correctly identifying the Form 1040 (100 per cent), Schedule C (56.3 per cent). Forms 940, 941, 944 were identified by 37.5 per cent of the accounting students. Table 5.35 indicates that the business students (without the accounting students) had no knowledge of any forms, except for the Form 1040.

**Figure 5.35 Question 15 – Student Group**



Source: Student Group Questionnaire Results

**Table 5.37 Question 15 – Student Group**

**Q15. Please explain each of the following tax forms using as few words as possible.**

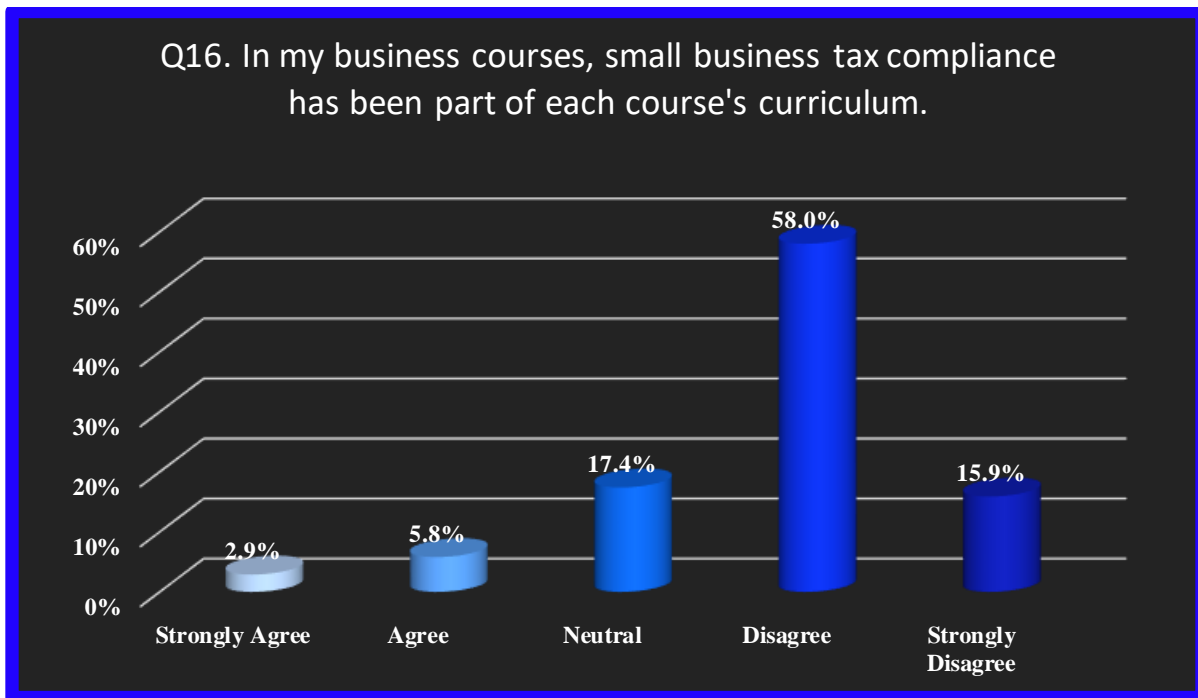
	Correct Responses Frequency Accounting Students	Correct Responses Percentage Accounting Students	Correct Responses Frequency All Business Students (including accounting)	Correct Responses Percentage All Business Students (including accounting)
Form 1040	16	100.0	25	36.2
Form 511	5	31.3	5	10.1
Forms 940, 941, 944	6	37.5	6	11.5
STS 20002	2	12.5	2	2.8
Schedule C	9	56.3	9	13.0
Form 1040ES	6	37.5	6	11.5

Source: Student Group Questionnaire Results

**Question 16: In my business courses, small business tax compliance has been a part of each course's curriculum.**

With a frequency of 51 or 73.9 per cent, Student Group participants disagree or strongly disagree that in their business courses, small business tax compliance is a part of each course's curriculum.

**Figure 5.36 Question 16 – Student Group**



Source: Student Group Questionnaire Results

**Table 5.38 Student Group**  
**Q16. In my business courses, small business tax compliance has been a part of each course's curriculum.**

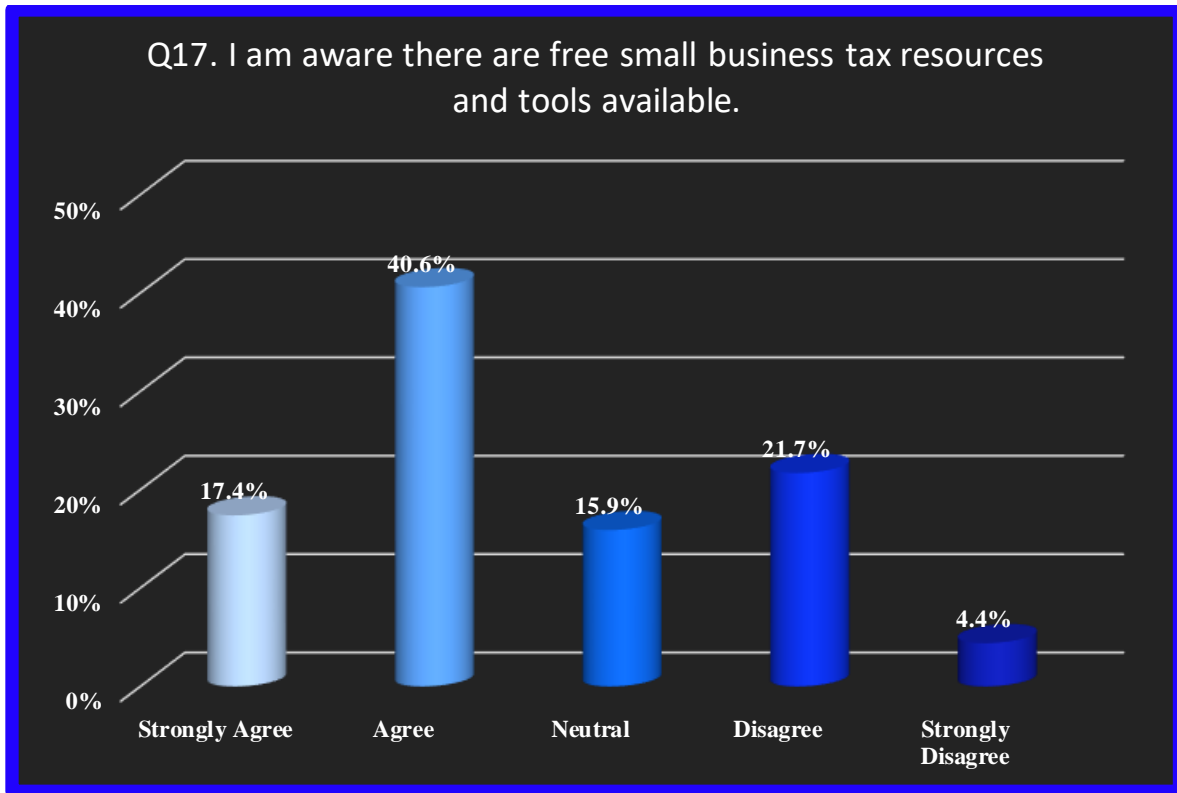
	Frequency	Per Cent
Strongly Agree	2	2.9
Agree	4	5.8
Neutral	12	17.4
Disagree	40	58.0
Strongly Disagree	11	15.9

Source: Student Group Questionnaire Results

**Question 17: I am aware there are free small business tax resources and tools available.**

Fifty-eight per cent of university student participants agree or strongly agree that they are aware of the free tax resources and tools available for small businesses. More than 25 per cent of respondents are not aware of the free resources for small businesses.

**Figure 5.37 Question 17 – Student Group**



Source: Student Group Questionnaire Results

**Table 5.39 Student Group**

**Q17. I am aware there are free small business tax resources and tools available.**

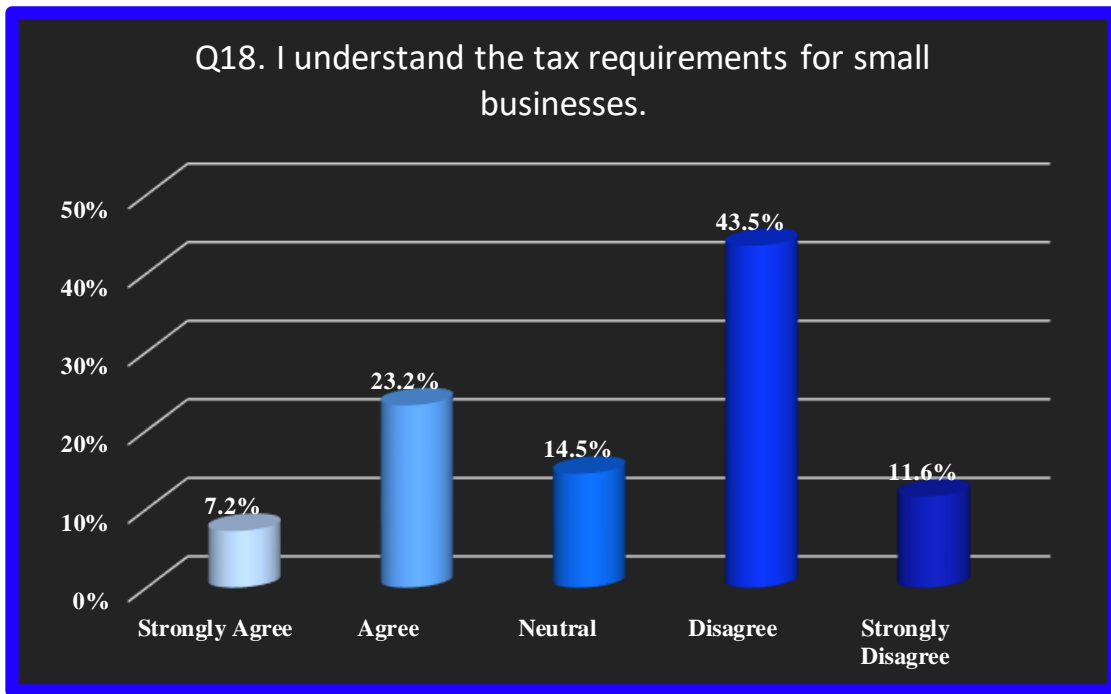
	Frequency	Per Cent
Strongly Agree	12	17.4
Agree	28	40.6
Neutral	11	15.9
Disagree	15	21.7
Strongly Disagree	3	4.4

Source: Student Group Questionnaire Results

**Question 18: I understand the tax requirements for small businesses.**

Almost 70 per cent of the university business student participants are unable to reply that they understand the tax requirements for small businesses.

**Figure 5.38 Question 18 – Student Group**



Source: Student Group Questionnaire Results

**Table 5.40 Student Group**  
**Q18. I understand the tax requirements for small businesses.**

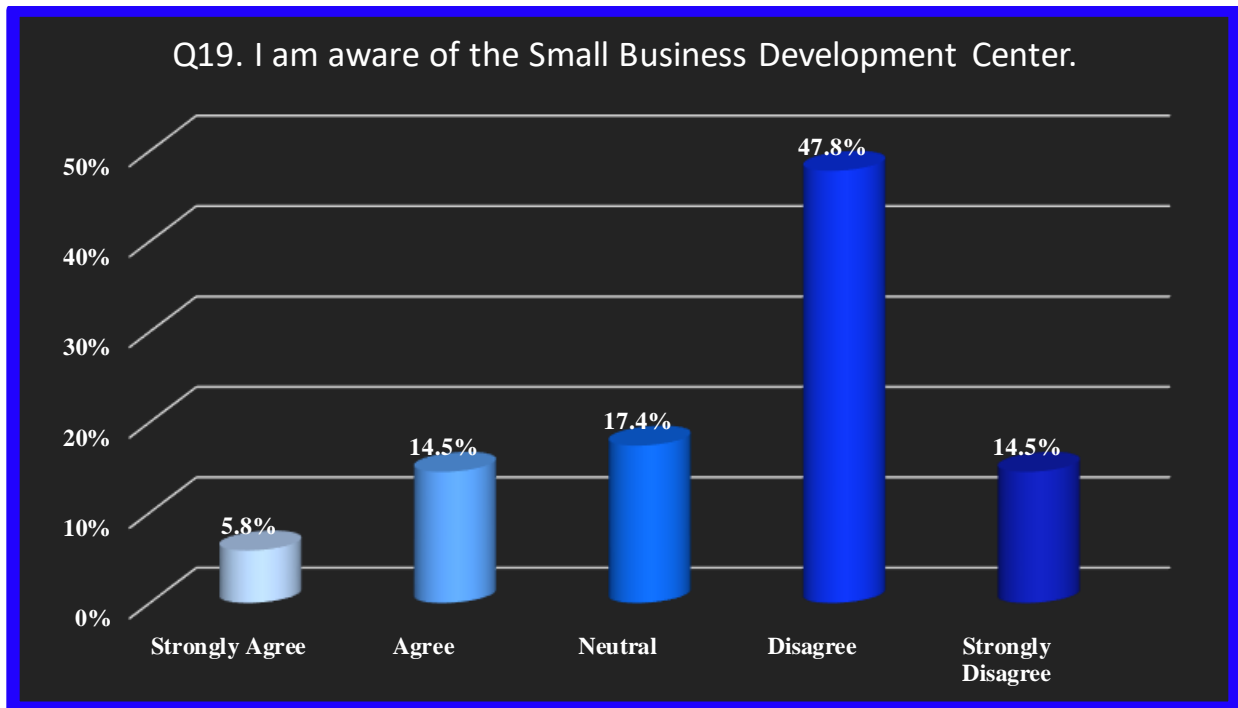
	Frequency	Per Cent
Strongly Agree	5	7.2
Agree	16	23.2
Neutral	10	14.5
Disagree	30	43.5
Strongly Disagree	8	11.6

Source: Student Group Questionnaire Results

**Question 19: I am aware of the Small Business Development Centers.**

Question 19 results show that 79.7 per cent of the respondents are neutral, disagree or strongly disagree that they are aware of the Small Business Development Centers. Only 20.3 per cent of the Student Group participants agree or strongly agree that they are aware of the Small Business Development Centers.

**Figure 5.39 Question 19 – Student Group**



Source: Student Group Questionnaire Results

**Table 5.41 Student Group  
Q19. I am aware of the Small Business Development Center.**

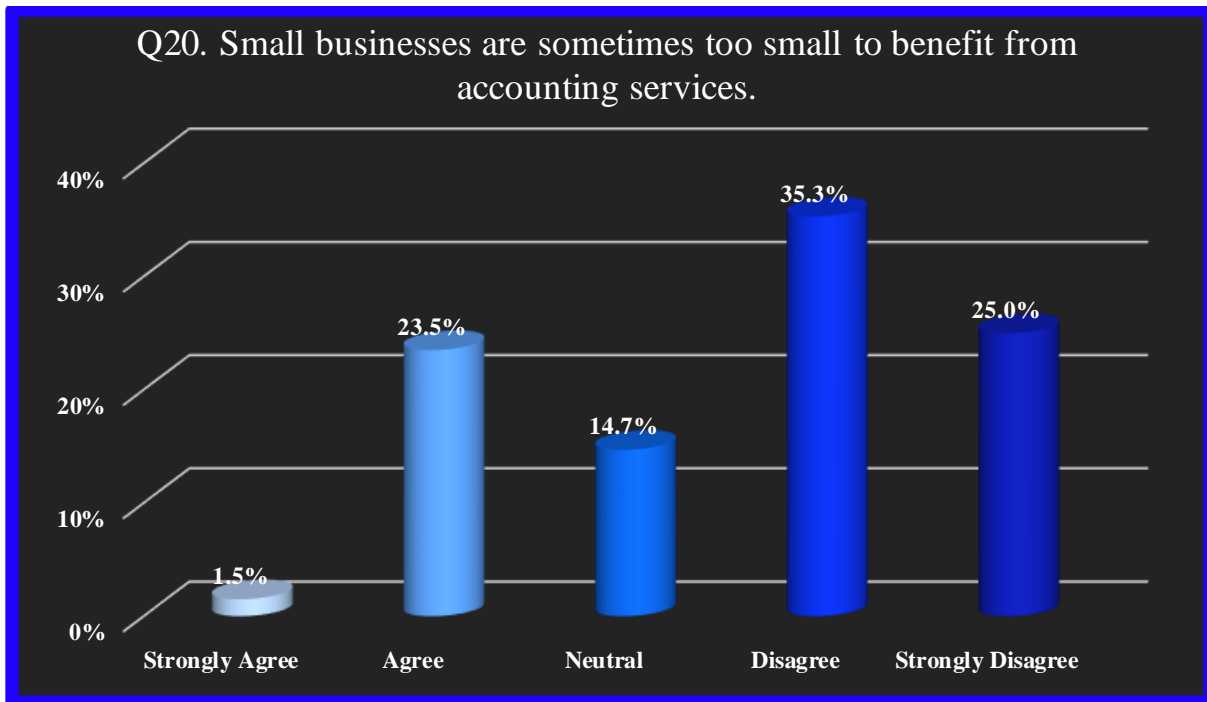
	Frequency	Per Cent
Strongly Agree	4	5.8
Agree	10	14.5
Neutral	12	17.4
Disagree	33	47.8
Strongly Disagree	10	14.5

Source: Student Group Questionnaire Results

**Question 20: Small businesses are sometimes too small to benefit from accounting services.**

More than 60 per cent of responders disagree or strongly disagree that small businesses are sometimes too small to benefit from accounting services. The responses report a student understanding of the value of an accountant even to the smallest of small businesses (see questions 5, 6 and 14).

**Figure 5.40 Question 20 – Student Group**



Source: Student Group Questionnaire Results

**Table 5.42 Student Group**

**Q20. Small businesses are sometimes too small to benefit from accounting services.**

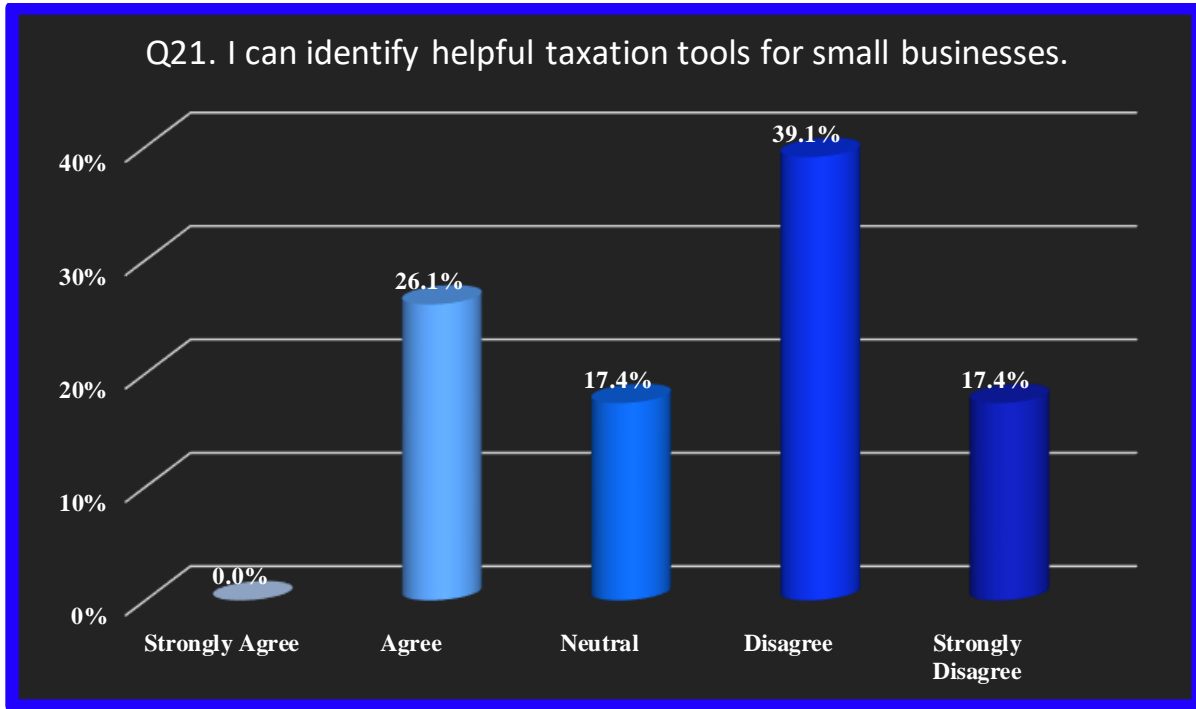
	Frequency	Per Cent
Strongly Agree	1	1.5
Agree	16	23.5
Neutral	10	14.7
Disagree	24	35.3
Strongly Disagree	17	25.0
No Response	1	

Source: Student Group Questionnaire Results

**Question 21: I can identify helpful taxation tools for small businesses.**

While 56.5 per cent of respondents disagree or strongly disagree that they can identify helpful taxation tools, a frequency of 18 or 26.1 per cent agree that they can identify helpful taxation tools for small businesses. No strongly agree responses are recorded.

**Figure 5.41 Question 21 – Student Group**



Source: Student Group Questionnaire Results

**Table 5.43 Student Group**  
**Q21. I can identify helpful taxation tools for small businesses.**

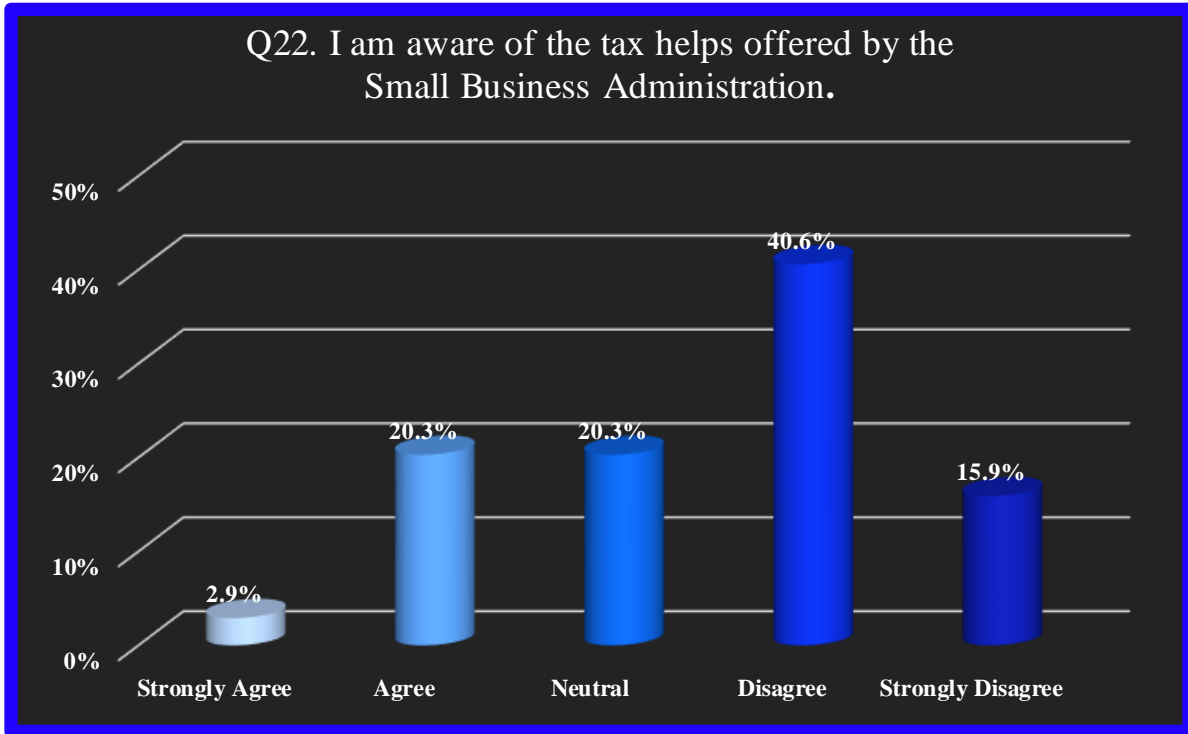
	Frequency	Per Cent
Strongly Agree	0	0.0
Agree	18	26.1
Neutral	12	17.4
Disagree	27	39.1
Strongly Disagree	12	17.4

Source: Student Group Questionnaire Results

**Question 22: I am aware of the tax helps offered by the Small Business Administration.**

Almost 77 per cent of university student participants are unable to agree or strongly agree that they are aware of the tax helps offered by the Small Business Administration.

**Figure 5.42 Question 22 – Student Group**



Source: Student Group Questionnaire Results

**Table 5.44 Student Group**  
**Q22. I am aware of the tax helps offered by the Small Business Administration.**

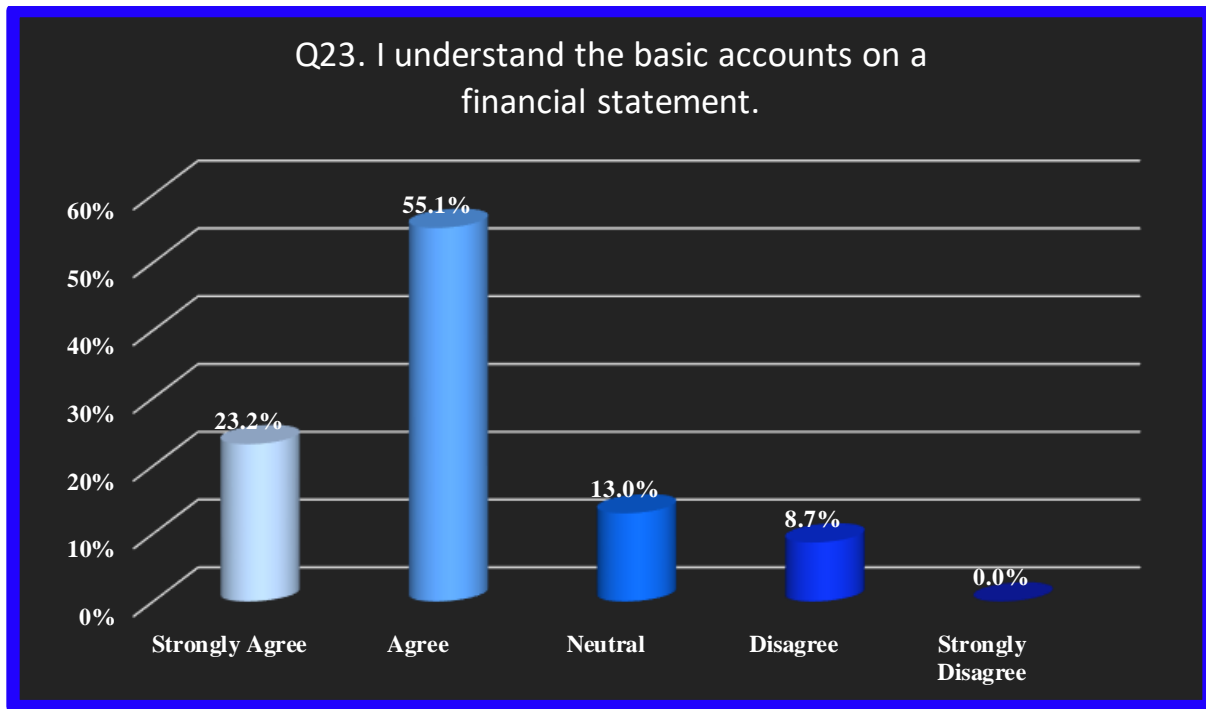
	Frequency	Per Cent
Strongly Agree	2	2.9
Agree	14	20.3
Neutral	14	20.3
Disagree	28	40.6
Strongly Disagree	11	15.9

Source: Student Group Questionnaire Results

**Question 23: I understand the basic accounts on a financial statement.**

Fifty-four participants (or 78.3 per cent) agree or strongly agree that they understand the basic accounts on a financial statement. Question 8 of the Student Group Questionnaire asks about the location of the cash account. Participants (47.8 per cent) correctly chose the balance sheet as the cash account location, but 40.6 per cent of the responders incorrectly report the cash account to be both on the balance sheet and the income statement (a possible confusion between the cash account and revenue account).

**Figure 5.43 Question 23 – Student Group**



Source: Student Group Questionnaire Results

**Table 5.45 Student Group**  
**Q23. I understand the basic accounts on a financial statement.**

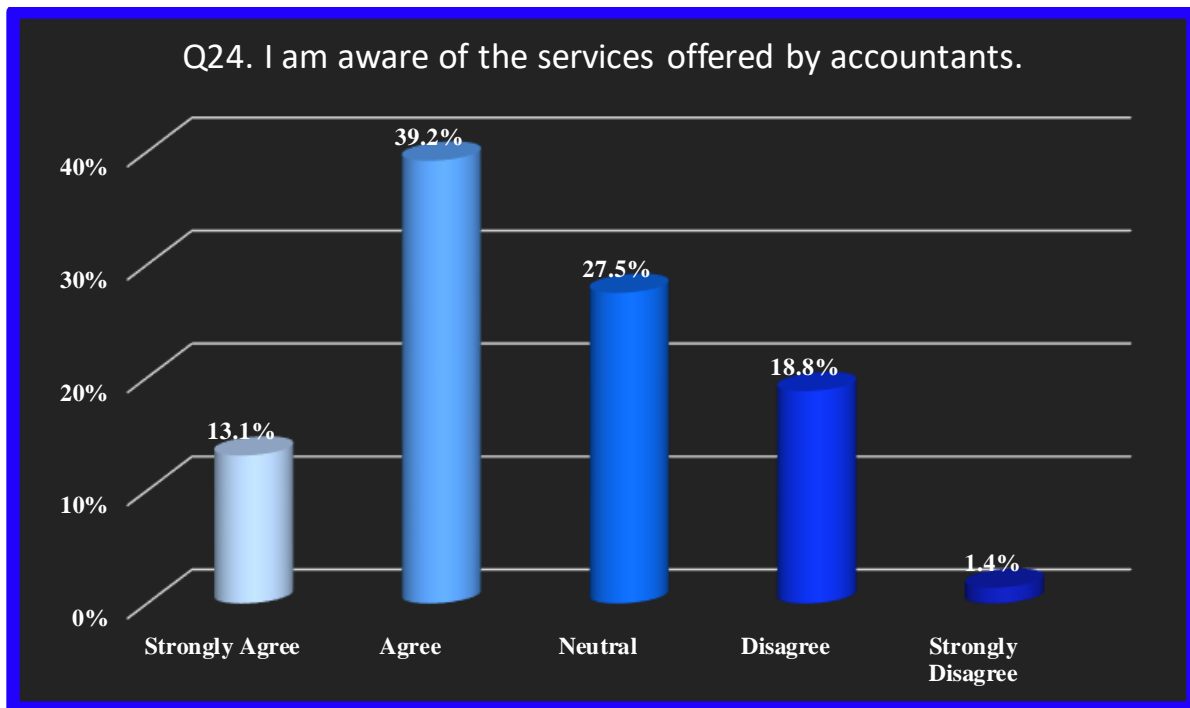
	Frequency	Per Cent
Strongly Agree	16	23.2
Agree	38	55.1
Neutral	9	13.0
Disagree	6	8.7
Strongly Disagree	0	0.0

Source: Student Group Questionnaire Results

**Question 24: I am aware of tax services offered by accountants.**

Participants agree or strongly agree (52.3 per cent) that they are aware of tax services offered by accountants. Question 14 confirms the university students' knowledge of the tax services offered by accountants, as 58.7 per cent of the responders report specific tax services, in addition to tax support services.

**Figure 5.44 Question 24 – Student Group**



Source: Student Group Questionnaire Results

**Table 5.46 Student Group**  
**Q24. I am aware of the services offered by accountants.**

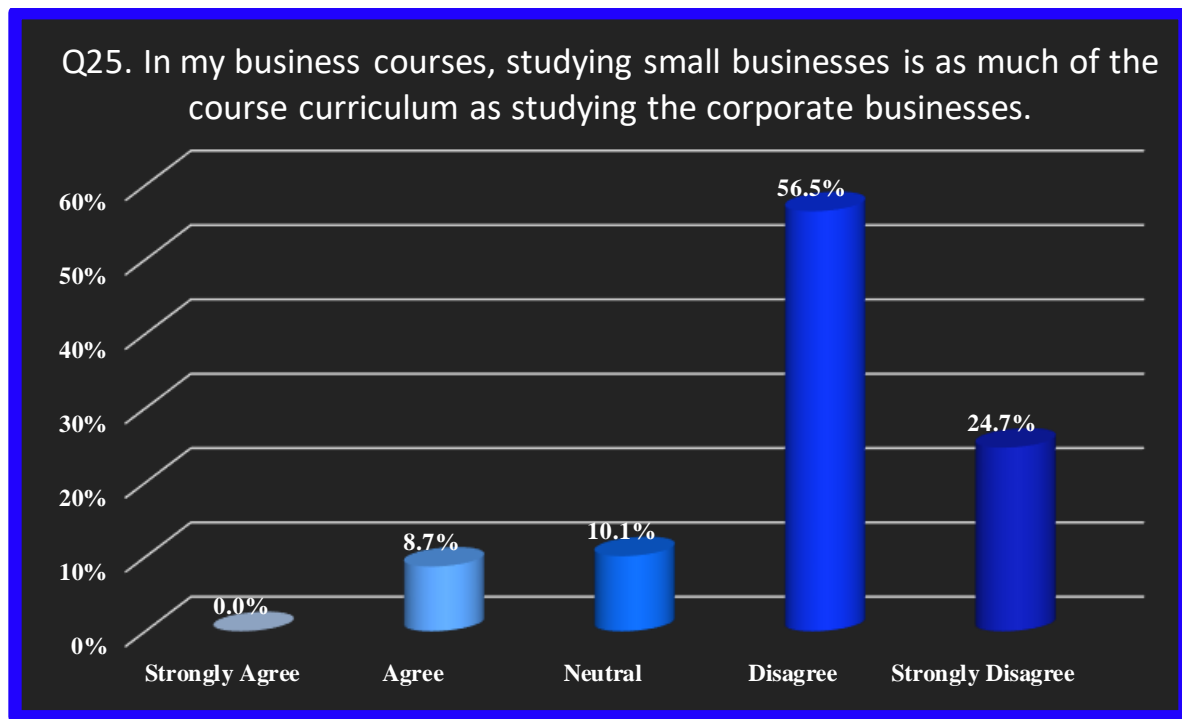
	Frequency	Per Cent
Strongly Agree	9	13.1
Agree	27	39.2
Neutral	19	27.5
Disagree	13	18.8
Strongly Disagree	1	1.4

Source: Student Group Questionnaire Results

**Question 25: In my business courses, studying small businesses is as much of the course curriculum as studying corporate businesses.**

Responses to question 25 report a frequency of 56 out of 69 (or 81.2 per cent) participating university students who disagree or strongly disagree that in their business courses, studying small businesses is as much of the curriculum as studying corporate businesses. These results agree with an interview conducted by the researcher with Dr Gayle Kearns', reported in chapter 3, where she discusses the dominance of the corporate curriculum over the small business curriculum in higher education.

**Figure 5.45 Question 25 – Student Group**



Source: Student Group Questionnaire Results

**Table 5.47 Student Group**  
**Q25. In my business courses, studying small businesses is as much of the course curriculum as studying the corporate businesses.**

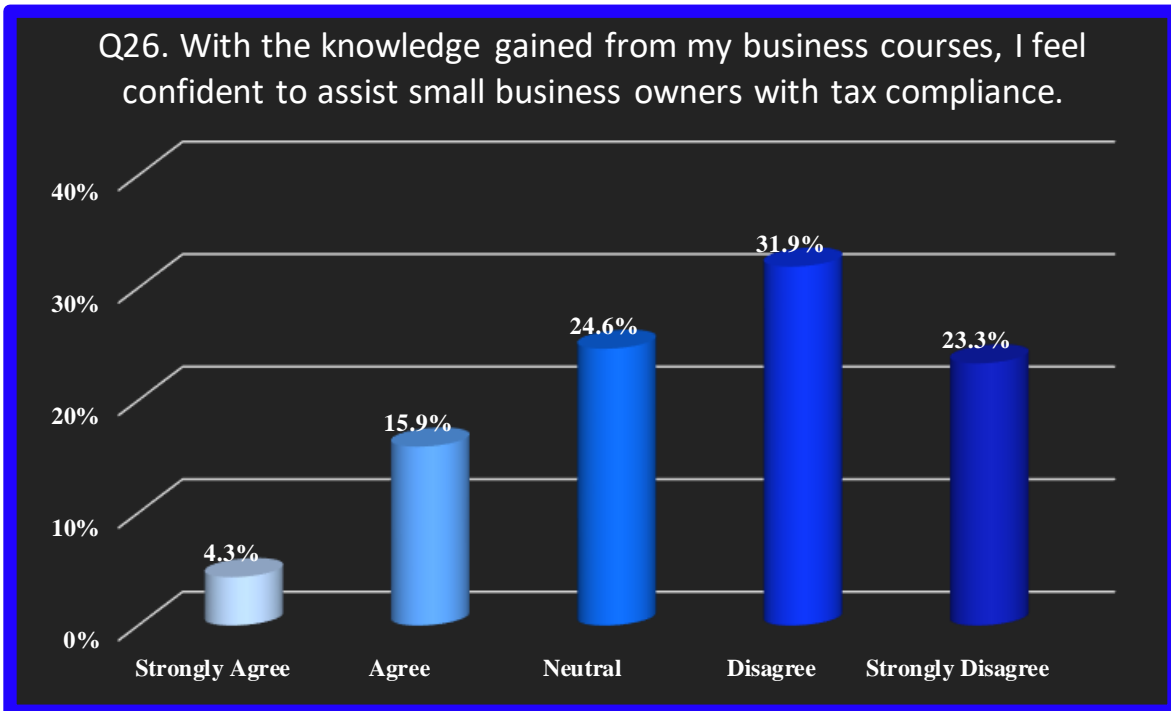
	Frequency	Per Cent
Strongly Agree	0	0.0
Agree	6	8.7
Neutral	7	10.1
Disagree	39	56.5
Strongly Disagree	17	24.7

Source: Student Group Questionnaire Results

**Question 26: With the knowledge gained from my business courses, I feel confident to assist small business owners with tax compliance.**

Almost 80 per cent of the university students respond that, with the knowledge gained from business courses, they are unable to agree or strongly agree that they feel confident to assist small business owners with tax compliance.

**Figure 5.46 Question 26 – Student Group**



Source: Student Group Questionnaire Results

**Table 5.48 Student Group**  
**Q26. With the knowledge gained from my business courses, I feel confident to assist small business owners with tax compliance.**

	Frequency	Per Cent
Strongly Agree	3	4.3
Agree	11	15.9
Neutral	17	24.6
Disagree	22	31.9
Strongly Disagree	16	23.3

Source: Student Group Questionnaire Question 26 Results

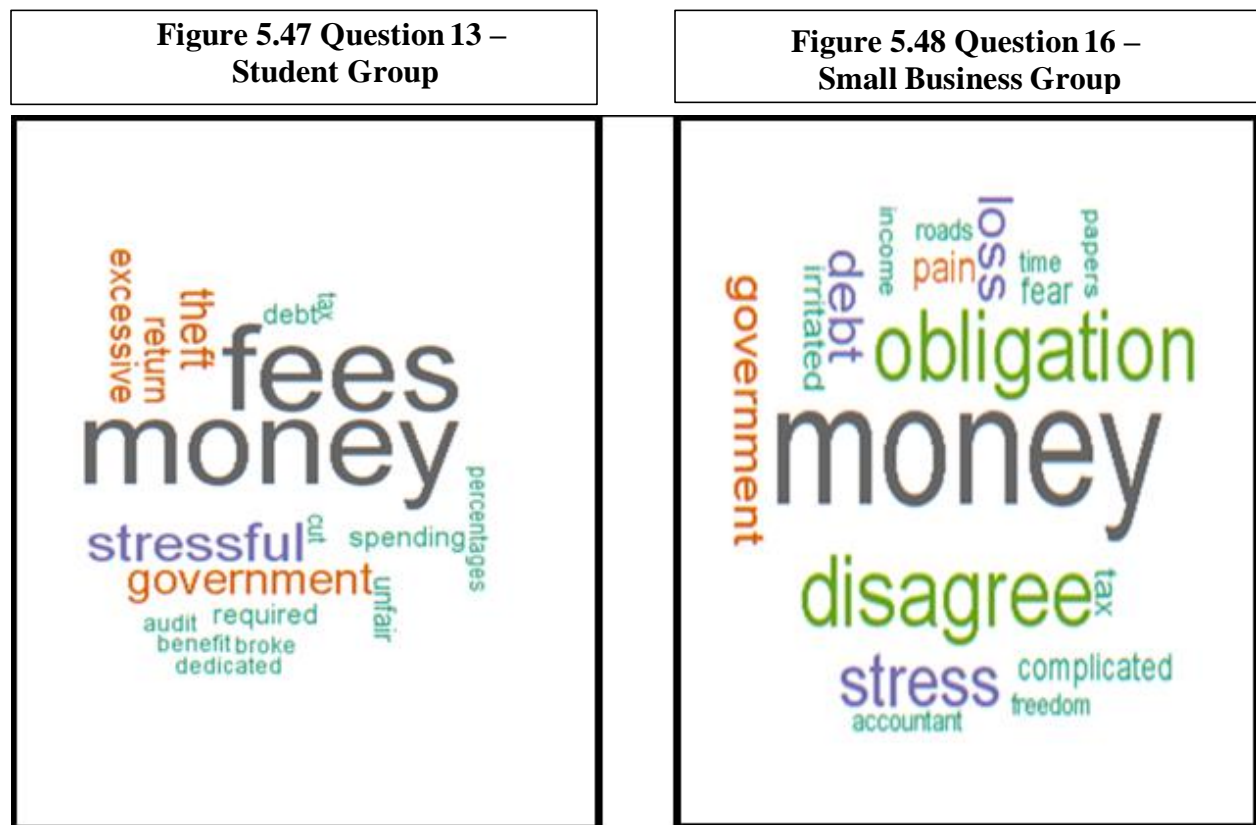
## 5.4 Word Clouds

**Question 13: (Student Group) When you think of the word “tax”, what word comes to your mind? Question 16: (Small Business Group) When you think of the word “tax”, what is the first word that comes to mind?**

Using the results from question 13 (Student Group) and question 15 (Small Business Group) words cloud graphs were created utilising the *tm* statistical package that allowed the interpretation of the collection of the text (Feinerer & Hornik: 2017), and the *RColorBrewer* statistical package that allowed for organization of the text’s colour schemes (Neuwirth: 2014). The words cloud graphs (see Figures 5.47, 5.48, 5.49 and Table 5.49) show the most frequent words offered by the Student Group (Figure 5.47) to question 13: “When you think of the word “tax”, what word comes to your mind?”, the Small Business Group (Figure 5.48) to question 16: “When you think of the word “tax”, what is the first word that comes to mind?” and the combined Student Group question 13 and Small Business Group question 16 (Figure 5.49). The larger the font size, the more frequently the word is chosen as a response. For the Student Group (Figure 5.47), two participants do not respond to the question. The three highest word counts are for “*money*” ( $n = 16$ ), “*paying fee*” ( $n = 16$ ), and “*stress/stressful*” ( $n = 6$ ). Out of the 69 student participants, two do not respond to the question. Regarding the Small Business Group (see Figure 5.48) respondents, the three highest word counts are for “*money*” ( $n = 19$ ), “*disagree*” ( $n = 10$ ), and “*obligation*” ( $n = 10$ ). Out of the original sample, 5 of the 83 Small Business Group participants do not respond. When combined, the four highest word count responses from the Student Group and Small Business Group

respondents (Figure 5.49) are “money” ( $n = 35$ ), “paying fees” ( $n = 16$ ), “disagree” ( $n = 10$ ), and “obligation” ( $n = 10$ ).

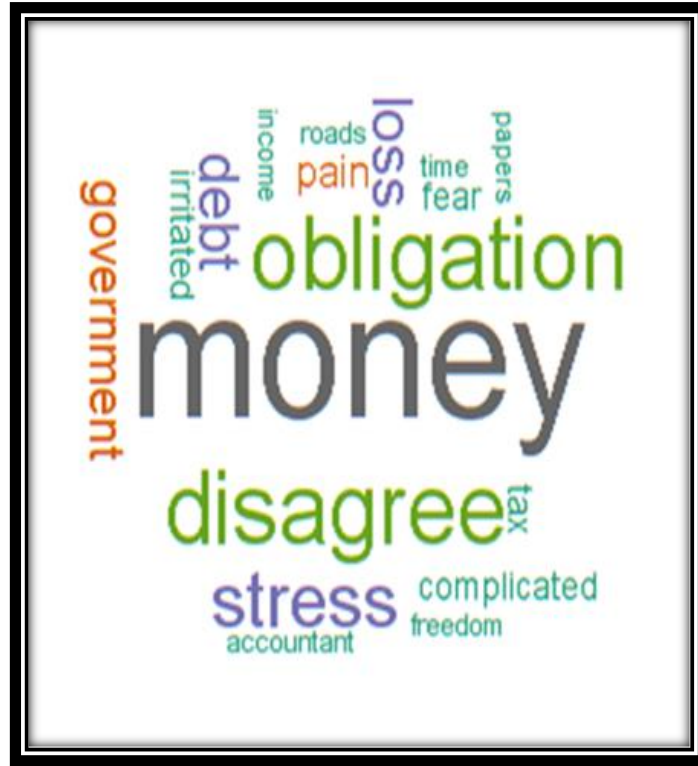
For the word graphs of the Student Group (Figure 5.47), the Small Business Group (Figure 5.48) and the combined Student Group and Small Business Group (Figure 5.49), the following combined words are simplified: Paying Fees (Fees); Big Government (Government); Government Spending (Spending); Fear of Penalty (Fear); Time Consuming (Time); Roads and Schools (Roads); and Official Papers (Papers).



Source: Student Group Questionnaire Question 13 results using *tm* (Feinerer & Hornik: 2017) and *RColorBrewer* (Neuwirth: 2014) packages.

Source: Small Business Group Questionnaire Question 16 results using *tm* (Feinerer & Hornik: 2017) and *RColorBrewer* (Neuwirth: 2014) packages.

**Figure 5.49 Combined Question 13 – Student Group and Question 16 – Small Business Group**



Source: Student Group Questionnaire Question 13 and Small Business Group Question 16 results using *tm* (Feinerer & Hornik: 2017) and *RColorBrewer* (Neuwirth: 2014) packages.

**Table 5.49 Student Group, Small Business Group and Combined Student Group and Small Business Group**

**Q13. (Student Group) When you think of the word "tax", what word comes to your mind?**

**Q16. (Small Business Group) When you think of the word "tax", what is the first word that comes to mind?**

Words	Student Group (n = 67)	Small Business Group (n = 78)	Combine Student Group and Small Business Group (n = 145)
Money	16	19	35
Paying Fees	16		16
Disagree		10	10
Obligation		10	10
Stress/Stressful	6	7	13
Government/Big Government	4	4	8

**Q13. (Student Group) When you think of the word "tax",  
what word comes to your mind?**

**Q16. (Small Business Group) When you think of the word "tax",  
what is the first word that comes to mind?**

Words	Student Group (n = 67)	Small Business Group (n = 78)	Combine Student Group and Small Business Group (n = 145)
Loss of Money		5	5
Debt	2	5	7
Theft	4		4
Return	3		3
Excessive	3		3
Pain		3	3
Government Spending	2		2
Complicated		3	3
Required	2		2
Unfair	2		2
Fear of Penalty		2	2
Tax	1	2	3
Irritated		2	2
Cut	1		1
Audit	1		1
Benefit	1		1
Broke	1		1
Dedicated	1		1
Percentages	1		1
Time Consuming		1	1
Accountant		1	1
Income		1	1
Freedom		1	1
Roads and Schools		1	1
Official Papers		1	1

Source: Student Group and Small Business Group Results

## 5.5 Conclusion

The purpose of this chapter is to present the phase two results of this study by identifying the outcome of the Small Business Group and Student Group Questionnaires. The intentions of the Small Business Group Questionnaire are to better understand the tax knowledge of small businesses and to what extent small businesses are aware of the available tax tools. The Student

Group Questionnaire objective is to discover what small business taxation knowledge is provided by the Oklahoma higher education to undergraduate business and accounting students to better prepare them to assist small businesses with tax compliance.

The Small Business Group results find that a lack of tax knowledge continues to be a tax compliance issue with small business owners. The participants' lack of knowledge is explained by the participants' reported use of family and friends, a lack of regularly utilising an accountant, a lack of awareness of existing agency tax tools, and a lack of education by those who are responsible for the small business' tax compliance. Almost 16 per cent of participants respond that they never see an accountant, but for those business owners who hire an outside accountant, the accountant is primarily utilised to prepare and file tax returns. Approximately 31 per cent of the responders that report they do not use an outside accountant state that the individual responsible for their business' tax compliance has a high school education or limited college courses.

Another Small Business Group result relevant for this research is that the small business participants indicated that they are aware of the available tax tools, but only a small number make use of them. Although participants indicated that they are aware of free small business tax resources, of the 83 participants, only 11 participants report the use of free small business tax tools (SCORE [2] and the Oklahoma Tax Commission [9]). Of the 11 responses that indicate tax tool use, 9 report to only utilise tax tools that assist with state tax. Results indicate participants seldom or never use the IRS. Eight participants do not respond and many participants are unable to list specific tax tools that they use, but instead list general business resources which may indicate that those participants are not using tax tools.

In addition to free tax resources, utilising accountants as a tax tools is also a focus of the Small Business Group Questionnaire. Approximately half of the participants outsource their tax compliance responsibilities to accountants, but the overall results indicate a deficient understanding of the benefit of accountants. More than half of the participants report that hiring a bookkeeper is the equivalent of hiring an accountant.

In summary, the Small Business Group results indicate the participants are concerned about a lack of tax knowledge. Regarding the awareness of existing tax tools, participants respond that they know of small business tax tools, but only two participants were able to list a federal tax agency

(SCORE) and nine participants were able to respond with a state agency (Oklahoma Tax Commission). Finally, the Small Business questionnaire results confirm the small business owner's need and appeal for tax assistance with less than four per cent of responders indicating they would not welcome advice from tax experts.

In analysing the Student Group Questionnaire and the small business taxation knowledge provided by the Oklahoma higher education, the responses reveal an outcome that differs from previous research results. Kamleitner et al. (2010) reported that only tax-specific knowledge increased compliance, but the Student Group responses support that higher education business courses (without tax-specific courses) brings knowledge that increases small business tax compliance. Responses confirm that Oklahoma's higher education has instilled general small business knowledge by educating business students with the skill-set that accountants offer. The conclusion is that students indicate they will hire an accountant to oversee small business tax matters and ultimately increase tax compliance. With the following results, University business students convey a convincing knowledge of the value that accountants bring to increase small business tax compliance.

- The appreciation of the services extended by accountants.
- The knowledge of the skill-set offered by accountants.
- The benefit of accountants even to the smallest of businesses.
- The importance of year-round and frequent visits with an accountant.

The Student Group responders, like the Small Business Group participants, report that a lack of tax knowledge is the most challenging small business tax concern, but unlike approximately 50 per cent of the small business owners, the students understand opportunity cost, meaning the business owner should devote time and effort to activities where the owner's strengths lie and outsource other activities (Boyes & Melvin: 2016). Responses show that university students have a compelling awareness of the accountant as a tax tool, but Oklahoma university students report that they are unaware of other available tax tools for small businesses.

In investigating the student results regarding the small business tax knowledge provided by Oklahoma's higher education, the small business curriculum is also a focus. A large majority of students strongly respond that corporate business is the focus of their higher education business

course curriculum. When studying the Student Group's specific tax knowledge offered by higher education, the accounting students scored well, but the overall business students fared poorly. Business students were uncertain of the location of the cash account on a financial statement and unable to identify the most common tax forms. While the accounting students agreed or strongly agreed that they felt confident to assist small business owners with tax compliance, the other majors or concentrations did not feel confident to assist small business owners with tax compliance.

Lastly, the chapter addresses the Small Business Group and the Student Group results with regard to the participants' thoughts on the word "tax". The small business and student responses are similar and expose the human side of taxation. When considering effective small business tax tools, the business owners' tax fears, attitudes, and opinions must be taken into consideration. Chapter 6 presents a summary discussion of the research findings and limitations, and introduces recommendations.

## **Chapter 6 – Conclusion**

### **6.1 Introduction**

The goal of this study is to seek answers to the following questions.

- What tax compliance tools are available for small businesses and are small business owners aware of the availability of these tools?
- What limitations exist regarding available small business tax compliance tools, and what is the nature of these limitations?

The research goal includes the investigation of the available tools to promote small business tax compliance and the determination as to whether these tools are adequate and sufficient, by examining the following specific questions.

1. What taxation tools are offered to Oklahoma small businesses by the accounting profession, government agencies, and various organisations?
2. What knowledge of small business taxation was provided by Oklahoma higher education to undergraduate business and accounting students to better prepare them to be professionals, able to help small businesses with tax compliance?
3. What awareness of compliance with taxes do Oklahoma small business owners possess and to what extent are these small business owners aware of available tax compliance tools?
4. Do the available small business tax compliance tools offered in Oklahoma by the accounting profession, various agencies and other organisations have limitations and, if so, what is the nature of these limitations?

The previous chapters explore the answers to the four precise research questions above and describe small business taxation relative to tax tool availability, awareness, and limitations. In introducing the study, chapter 1 describes the global and U.S. small businesses and discusses the background of U.S. taxation. Chapter 2 addresses study questions one and three (listed above) and provides an extensive literature review on the available tax tools, tax knowledge of small businesses owners, and small business awareness of the available tax tools. Chapter 3 deals with study questions one, two, three, and four in discussing tax tools made available by government

agencies, higher education, and the accounting profession, and includes various interviews, surveys, and experiments. Chapter 3 includes a comprehensive study of small business taxation tools made available by the [IRS.gov](http://IRS.gov), a deliberation of the limitations of the tax tools examined in chapter 3, and the small business awareness of the available tax tools. The thesis continues in chapter 4, where the research design is explained. Chapter 5 responds to questions two, three and four by discussing and illustrating the results from the Small Business Group and the Student Group research, where the tax knowledge of small business owners, curriculum provided by Oklahoma higher education to undergraduate business and accounting students, awareness of available small business tax tools, and limitations of the tax tools are revealed. Chapter 6 begins by addressing small business tax tool awareness in question three above and discusses question 21 results from the Small Business Group Questionnaire, “What small business tax help would you like to see offered?”. The chapter continues with a summary of the study’s findings and concludes with recommendations to agencies, higher education and accountants, and proposes suggestions for future research.

## **6.2 Summary of Findings**

### **Lack of Tax Knowledge**

The Small Business Group and the Student Group responses indicate that a lack of tax knowledge is in the top two concerns for small business. The results agree with literature that small businesses continue to struggle with the volume and complexity of U.S. tax requirements (Monahan et al.: 2011; Taxpayer Advocate Service: 2012; Devos: 2014; Kamleitner et al.: 2010; Alm et al.: 2010; Ahmed & Braithwaite: 2005; McKerchar: 1995; Coleman & Freeman: 1994, 1997; Small Business Administration: 2016b). Small businesses’ lack of tax knowledge indicates the need for effective tax tools and an awareness of the tax tools that exist.

### **Awareness of Tax Tools**

The Small Business Group Questionnaire results are discussed in chapter 5, except for question 21: “What small business tax help would you like to see offered?” Of the 83 small business participants, 32 do not respond. Of the numerous responses, many were not associated with taxation, and therefore are not included in this study. Of those 51 participants who respond with

the tax helps that they would like to see, a clear pattern of a lack of awareness of the existing tax tools is revealed. With only one exception, the tax tools requested by small business participants are all currently available and discussed in previous chapters of this thesis. The one request that this study was unable to find is a “small business tax course offered by a university”. The Small Business Group responses to question 21 and the agencies that are currently offering the tax service are displayed in Table 6.1.

**Question 21: What small business tax help would you like to see offered?**

**Table 6.1 Small Business Group Questionnaire Responses to Question 21, Location of Tax Tool, and Thesis Findings**

<b>Participant Responses</b>	<b>Agency where tax tool is offered</b>	<b>Thesis Findings</b>
Easy to understand start-up guide (8 responses)	<p>Department of Commerce</p> <p>Small Business Administration</p> <p>Internal Revenue Service</p>	<p><b>Department of Commerce</b> <i>Oklahoma Business Start-Up Guide</i> (Oklahoma Department of Commerce: 2015)</p> <p><b>Small Business Administration</b> <i>10 Steps to Start Your Business</i> (Small Business Administration: 2018n)</p> <p><b>Internal Revenue Service</b> <i>Checklist for Starting a Business</i> (Internal Revenue Service: 2018w)</p>
Annual updated tax tables sent to each business (3 responses)	<u>IRS.gov</u>	<p>The IRS offers updated annual tax tables online.</p> <p>Payroll tax tables Publication 15 (Internal Revenue Service: 2018mm). <a href="https://www.irs.gov/pub/irs-pdf/p15.pdf">https://www.irs.gov/pub/irs-pdf/p15.pdf</a></p> <p>Pass through entities income tax tables (Internal Revenue Service: 2018m) (Sole-Proprietors, S Corporation, Partnerships and appropriate Limited Liability Companies). <a href="https://www.irs.gov/pub/irs-pdf/i1040gi.pdf">https://www.irs.gov/pub/irs-pdf/i1040gi.pdf</a></p>

Participant Responses	Agency where tax tool is offered	Thesis Findings
		Corporations (Internal Revenue Service: 2018m) <a href="https://www.irs.gov/pub/irs-pdf/i1120.pdf">https://www.irs.gov/pub/irs-pdf/i1120.pdf</a>
An easy to understand tax course offered to the community (6 responses)	Oklahoma Small Business Development Centers  Oklahoma Tax Commission  Local public accounting firms	Oklahoma Small Business Development Centers partnering with the Oklahoma Tax Commission and local certified public accounting firms offer monthly basic federal and state tax courses (America's Small Business Development Center of Oklahoma: 2018b; Oklahoma Tax Commission: 2017).
A telephone line with a live tax representative (18 responses)	IRS's Telephone Service Assistance	This research found the service to be difficult, time-consuming, and ineffective through the results of the IRS Telephone Service Assistance Experiment discussed in chapter 3.
Basic small business tax class offered by a university (6 responses)		This research revealed none.
A true tax lobbyist for small businesses (15 responses)	The Taxpayer Advocate Service	The Taxpayer Advocate Service meets annually with Congress to report small business tax concerns. (Internal Revenue Service: 2018zzz; 2019c)
Assistance from the IRS (12 responses)	<a href="https://www.irs.gov">IRS.gov</a>  IRS's Telephone Assistance  IRS's Taxpayer Assistance Centers	The IRS encourages taxpayers to self-resolve their tax issues online at <a href="https://www.irs.gov">IRS.gov</a> . (Internal Revenue Service: 2019b) This research found the self-service online tools to be wieldy and not effective for small business owners without tax expertise. The IRS tools are evaluated and discussed in chapter 3.

<b>Participant Responses</b>	<b>Agency where tax tool is offered</b>	<b>Thesis Findings</b>
Annual updated deadlines and due dates (9 responses)	<u>IRS.gov</u>	Offers annual calendars online, including email reminders (Internal Revenue Service: 2018ss).  <a href="https://www.tax.gov/calendar/">https://www.tax.gov/calendar/</a>  <a href="https://www.tax.gov/calendar/Reminders/">https://www.tax.gov/calendar/Reminders/</a>
Access to professional mentors (8 responses)	SCORE	In-person mentors are available, but limited by location and available volunteers (SCORE: 2018b).
In-person tax assistance from the IRS (9 responses)	IRS Taxpayer Assistance Centers	All walk-in-sites have been modified to appointment-only sites (Internal Revenue Service: 2019b). An IRS representative determines whether an appointment is necessary, or if the taxpayer can self-resolve the issue online (Internal Revenue Service: 2018sss).

Source: Small Business Group Questionnaire Results and Thesis Findings

This study fails to uncover marketing, advertising, budgets for marketing or advertising, or intentions to inform the public of the small business tax tools that are currently available. During the discussion of various agency interviews by the researcher (discussed in chapter 3), this study repeatedly finds that government agencies are operating without a budget to advertise, but instead depend on word-of-mouth.

Along with government agencies, the accounting profession reports that they do not effectively inform small businesses of their tax services and primarily depend on word-of-mouth. According to the Small Business Certified Public Accountant Survey, accountants primarily depend on word-of-mouth to inform small businesses and “advertising is not necessary.”

The lack of advertising by accountants explains the Small Business Group responses (discussed in chapters 5 and 6) that small businesses are unaware of accounting services. The Small Business Group responses confirm previous studies that small business owners are frequently unaware of

the available services and expertise offered by accountants (Barbera & Hasso: 2013; Husin & Ibrahim: 2014; Marriott & Marriott: 2000; Dorasamy et al.: 2010).

### **University Curriculum**

Bennis and O'Toole (2005: p.102) suggested there has been little change in higher education since 1927, when Alfred North Whitehead, philosopher and mathematician, spoke to the American Association of the Collegiate Schools of Business: "The tragedy of the world is that those who are imaginative have but slight experience, and those who are experienced have feeble imaginations." Bennis and O'Toole (2005: p.102) continued that Rakesh Khuran, associate professor of Harvard Business School, pointed out that professions' main priority should be "oriented toward practice and focused on client needs." Thomas Lindsay, a former provost of the University of Dallas, expressed the view that higher education had lost their client focus when he was quoted by Bennis and O'Toole (2001: p.104) saying:

Business education in this country is devoted overwhelmingly to technical training. This is ironic, because even before Enron, studies showed that executives who fail—financially as well as morally—rarely do so from a lack of expertise. Rather, they fail because they lack interpersonal skills and practical wisdom; what Aristotle called prudence.

Although Tiburon Advisors, a strategy and financial market research group, determined that 79 per cent of certified public accountant clients are small businesses and individuals (Burke & Gandolfi: 2014), this study reveals a void in the broad study of small businesses as well as the specific study of small business taxation (Oklahoma State University: 2016; University of Central Oklahoma: 2017a; University of Oklahoma: 2017; Oklahoma Baptist University: 2017, 2018; Oklahoma Christian University: 2017, 2018; Oklahoma City University: 2017, 2018; Oral Roberts University: 2017, 2018; Southern Nazarene University: 2017, 2018b; University of Tulsa: 2017, 2018).

This study finds that only 8.7 per cent of university business students respond that their business courses emphasise a small business curriculum as much as corporate business curriculum and

almost 80 per cent are unable to say that their university has prepared them to help small businesses with tax compliance.

This study finds that the absence of a small business curriculum has been overlooked by higher education administrators across several states (Metropolitan State University of Denver Colorado: 2017b; Rochester Institute of Technology: 2017). Outside of Oklahoma, a certified public accountant study was conducted by Burke and Gandolfi (2014). Participants were asked if their education was sufficient in the area of small business. Eighty-one per cent of senior participants (11+ years of experience) and 67 per cent of the least experienced (1 year or less) responded that their small business accounting education was insufficient.

### **Internal Revenue Service**

The first IRS tool examined in this study is the Small Business and Self-employed Tax Center located within IRS.gov. This study discloses that the Tax Center is ineffective and intimidating for small business owners. The volume of material and necessary tax proficiency is problematic to the small business owner whom this study, and previous studies, have found to have a lack of tax knowledge.

Through questionnaires and experiments, this study finds that small businesses and university students do not consider the IRS helpful and the small business responses to open-ended questions reveal negative attitudes toward IRS services. Participants in the Small Business Group and Student Group questionnaires report that they rarely use the online self-services offered by IRS.gov.

This study finds the Telephone Service Assistance representatives lacking in training and tax knowledge, and the automated telephone system ineffective. The study includes an experiment where forty-five telephone calls are made from seven callers in a 30-minute time frame. The experiment's goal is for the callers to reach a live IRS representative, ask the small business question, and document their call experience. The results of the 45 calls include 95 transfers, 13 disconnects, and only two calls reached a live IRS representative. The first representative responds to the caller: "I don't know off of the top of my head" and directs the caller to IRS.gov. The second IRS representative answers the caller's question but asks the caller to call back again and ask the

same question to a different IRS representative for verification.

The IRS is decreasing the Telephone Service Assistance, while the taxpayer demand for telephone services is increasing (Taxpayer Advocate Service: 2009). Additionally, the IRS (Internal Revenue Service: 2016f) adds constraints to the telephone service and instructs taxpayers that the most basic tax questions will be answered only during the tax season months, and the more challenging tax issues will not be addressed at all (Internal Revenue Service: 2016f). The IRS continues to cut tax services that are helpful for small business tax compliance (Taxpayer Advocate Service: 2016; Internal Revenue Service: 2016f).

The Taxpayer Assistance Centers is another IRS service that is experiencing a reduction in taxpayer assistance. Regardless of the Bruch et al. (2011) research, where 68 per cent of taxpayers responded that they preferred walk-in tax assistance, the IRS (2016f) is decreasing the number of Taxpayer Assistance Centers and eliminating the walk-in services at the sites that remain open. All Taxpayer Assistance Centers have been changed from walk-in sites to appointment-only sites, where IRS approval is required to determine if the taxpayer's appointment request is warranted. If the appointment is denied, the taxpayer is directed to [IRS.gov](https://www.irs.gov) for self-resolution. A government study (Internal Revenue Service: 2016f) of the appointment-only service, reported that 20 per cent of taxpayers waited 13 to 41 days for an appointment, and five per cent of the taxpayers waited longer than 41 days. This present study found no information on of how many taxpayers are denied appointments.

The IRS (Internal Revenue Service: 2018sss) has curtailed services, leaving small businesses to self-interpret more than 33,000 business tax topics on more than 3,300 web pages (see Table 3.10) (Internal Revenue Service: 2018rrr) of complicated tax compliance topics at [IRS.gov](https://www.irs.gov). Although this study finds that the small business owner who visits the [IRS.gov](https://www.irs.gov) site needs tax expertise to successfully manoeuvre through the overwhelming and unwieldy volume of material, the IRS (Internal Revenue Service: 2019b) insists that self-service is a sufficient tax tool for every taxpayer and suggests: "Nearly every tax issue can now be resolved online or by telephone from the convenience of your home or office" (Internal Revenue Service: 2017f: Online).

## 6.3 Recommendations

### Internal Revenue Service

This study agrees with decades of research that has been reported to the U.S. Congress, the U.S. Department of the Treasury, and the Internal Revenue Service that the lack of effective tax tools coupled with the lack of tax knowledge continues to torment small businesses.

- In 1993, IRS officials “formed a task group to investigate the tax gap . . .” and determined that some of the most significant taxpayer needs were: taxpayer education and taxpayer knowledge (Internal Revenue Service Tax Gap Report: Strategies for Closing the Tax Gap, October 1993, as cited by George: 2006).
- In 2002, the IRS Commissioner (at the time of his report to the IRS Oversight Board), Charles Rossotti (2002) related that the increased neglect of the IRS in offering educational resources had a direct effect on taxpayer’s ability to correctly report their tax liability.
- In 2005, the Chief Counsel for Advocacy (at the time of his report to Congress), Thomas Sullivan (2005) explained that small businesses had limited resources and tax knowledge.
- In 2005, Donald Manzullo (United States Congress: 2005) the U.S. House of Representative (1993-2013) and Chairman of the Committee on Small Business (2001-2007) (Wikipedia: 2019), expressed to Congress the need for small business tax education (United States Congress: 2005).
- In 2016, the U.S. Department of the Treasury (2016) reported that taxpayer education and increased taxpayer knowledge were some of the most significant areas that needed attention.
- In 2016 and 2017, the National Taxpayer Advocate (Taxpayer Advocate Service: 2016; 2017b) stated to Congress that the IRS offered minimal effective resources to assist with taxation.

This study recommends that the Internal Revenue Service respond to the previously reported research results by increasing customer service to small business taxpayers through inexpensive, accessible, and reliable service programs.

## **Accounting Profession**

Considering that 99.9 per cent of all businesses in the U.S. are small businesses (Small Business Administration: 2018a) and 99.4 per cent of all businesses in Oklahoma are small businesses (Small Business Administration: 2018q), small businesses are an important market for accounting firms. Burke and Gandolfi (2014) add that 79 per cent of accounting clients are small businesses. Accounting firms should feel a degree of community and professional responsibility to promote their services to small businesses. In addition to advertising their services, seasoned accountants should invest in the future of the accounting profession by offering internships, providing shadowing and participating in mentoring for accounting students.

## **Increase Tax Tool Awareness**

This study examines three “first step” tools for small businesses presented by three different government agencies:

- *Oklahoma Business Start-Up Guide* (Oklahoma Department of Commerce: 2015);
- *10 Steps to Start Your Business* (Small Business Administration: 2018n); and
- *Checklist for Starting a Business* (Internal Revenue Service: 2018w).

Upon examination, the above first-step guides are determined beneficial for small businesses. The guides share similar resources and start-up information, but each agency guide presents unique information. This study suggests combining the agencies’ different first-step guides and adding the various government small business tax resources into one government guide “Small Business Start-up Guide”. For small businesses to benefit from the existing tax tools, small businesses must be informed early in the business’ operation. This guide should be available at many agencies, but specifically the first agency a small business might come in contact with. The IRS (Internal Revenue Service: 2018w) advocates that filing for an Employer Identification Number should be the first step for starting a business, while the state of Oklahoma proposes that registering the business’ name with the Oklahoma Secretary of State (Oklahoma Department of Commerce: 2015) ought to be the first step. These federal and state tax agencies are likely the first stop for small business owners and they should be prepared to automatically deliver a hard copy by mail or an electronic copy by email of this study’s recommended “Small Business Start-up Guide” when a

small business files for an Employer Identification Number with the IRS or registers a business name with the Oklahoma Secretary of State.

In order for small businesses to benefit from the available tax tools, small businesses must be aware that the tax tool exists. This study's research consistently finds that government agencies and accounting firms fail to advertise but use word-of-mouth. A marketing plan that includes a social media presence is essential to properly inform the public of the tax services that exist for small businesses.

### **University Curriculum**

This study finds that the universities across Oklahoma are not taking advantage of the first-hand knowledge from the voice of the small business owner. According to an interview (discussed in chapter 3) conducted in this study with an Oklahoma State Small Business Development Center Administrator, Oklahoma university administrators and faculty fail to participate or communicate with the Small Business Development Centers that are located on their campuses. By not seeking the data acquired by the daily interaction that the Small Business Development Centers have with small businesses, universities are losing valuable information that can guide necessary curriculum and program modifications to prepare business and accounting students to better assist Oklahoma small businesses.

In the Student Group Questionnaire (discussed in chapter 5), university students respond that their business courses focus was more on corporate business than small business. The university students also respond that their business courses instill a general small business knowledge, but not a specific-tax knowledge. The students respond that they are ill-prepared to assist small businesses with tax compliance, which agrees with a Burke and Gandolfi study (2014) where certified public accountants reported that their university did not prepare them to assist small businesses with taxation. With the information gained from the Small Business Development Centers, Business Group and Student Group Questionnaire results, and the Burke and Gandolfi study, universities will be able to implement an innovative small business accounting and tax curriculum.

Additionally, this study recommends that university small business curricula include upper-division internships, shadowing and creative hands-on-experience that will count toward the

required 150 hours for the certified public accountant exam (University of Central Oklahoma: 2019a) and to more effectively prepare accounting students to assist small businesses. The three largest universities in Oklahoma are examples of the higher education providing students valuable hands-on experience to better prepare them for their profession, while serving the community with low or no-cost services.

### **Student Programs**

The Oklahoma State University Center for Veterinary Health Sciences (2019) program requires 17 three-week rotations for fourth-year veterinarian students and is open to the public at reduced fees. Under observation by a doctor of the Veterinary Medicine faculty, the student participates in approximately 70 procedures as the primary or assisting surgeon, or anaesthesiologist and has the opportunity to obtain experience in small, exotic, and large animal surgery and medicine. The goal of the Oklahoma State University Center for Veterinary Health Sciences (2019) program is to prepare the student to be successful in any aspect of veterinary medicine upon the completion of the program, while meeting the animal needs of the community.

Another professional student program is made available by the University of Oklahoma College of Dentistry (2019). The program offers a faculty-supervised dentistry program and utilises dental students to meet the dental needs of the community. The student dentistry program sees patients in the Adult Clinic, Pediatric Clinic, and the Dental Hygiene Clinic at a considerably lower cost than private dentistry fees. Prospective patients are interviewed and selected, based on the educational needs of the student. The student dentistry program is available to the community with a professional standard of care that is low-cost to the patient and provides hands-on experience to the students.

Finally, the University of Central Oklahoma, College of Business (2019a, 2019b) through the Volunteer Income Tax Assistance program (Internal Revenue Service: 2015c), provides a faculty staffed, *Practicum in Income Tax Administration* course, which allows senior-level accounting students to oversee lower-level classmates and participate in preparing income tax returns for the general public at no cost. Participating accounting students must pass a minimum of three income tax exams to meet the IRS requirements that qualify students to prepare income tax returns.

Although this program is available to individuals with qualifying small businesses, it is not exclusively for small business.

This Volunteer Income Tax Assistance service (University of Central Oklahoma: 2019b) is open to the general public who files individual returns, including individuals operating a small business (Schedule C or sole-proprietor filers), with a maximum personal income and business income of \$66,000 (adjusted gross income). The Volunteer Income Tax Assistance program (University of Central Oklahoma: 2019b) does not assist other small businesses that are corporations or pass-through entities.

While the University of Central Oklahoma, University of Oklahoma, and Oklahoma State University offer programs that benefit the student and public, each university program contains unique features that collectively could create a beneficial higher education small business program. The University of Central Oklahoma (University of Central Oklahoma: 2019b) offers free tax services to individuals and some small businesses. The University of Oklahoma, College of Dentistry (2019) chooses their patients based on the student's educational needs, and the Oklahoma State University Center for Veterinary Health Sciences (2019) emphasises preparing the student for almost any area of veterinary expertise while being observed by doctors of veterinary medicine.

University accounting students and small businesses can benefit from higher education offering small business programs that are devoted to:

- offering low or no-cost tax services to local small businesses (sole proprietors, partnerships, S corporations, and corporations);
- choosing small business participants based on the educational needs of the students;
- preparing students to become experts in small business taxation; and
- supervising students by faculty with public accounting certification.

## **6.4 Future Research Recommendations**

This research offers the following recommendations for future research.

- This research primarily focuses on Oklahoma. Replication of this research in other States is recommended.
- The IRS (Internal Revenue Service: 2011) suggests that some taxpayers know that tax tools are available but purposely chose not to use the tools. The possibility that some small businesses are aware of free or low-cost tax resources but choose not to take advantage of those resources needs additional research.
- Prime interest rates have been falling from June 26, 2006 (8.25 per cent) to June 26, 2019 (5.5 per cent) (HSH: 2019). If interest rates increase causing the cost of non-compliance to rise, would small businesses be more likely to use small business accountants?
- On December 22, 2017, President Donald Trump signed the Tax Cuts and Jobs Act to take effect in 2018 and replace the 1986 Tax Reform (Investopedia: 2019). Future researchers will need to analyse and interpret the small business effects of the biggest tax reform in thirty years.

## **6.5 Conclusion**

This study finds that small businesses need and want tax compliance assistance. The Small Business Group (discussed in chapter 5) participants respond that only less than four per cent do not welcome expert tax advice. Small business owners are willing to pay their tax liability, but for the U.S. Treasury Department and the state of Oklahoma to benefit from tax revenue generated by the economic success of small businesses, small business owners must be informed of the existing tax tools. Government agencies need to combine the information that each agency provides and educate small businesses by advertising, distributing their start-up guides, and having a social media presence. The Internal Revenue Service needs to concentrate more on service by becoming a customer focused agency that eases the burden of tax compliance. Higher education needs to implement a small business curriculum with hands-on experience that prepares accountants to be small business tax advisors. Finally, accountants need to inform small businesses of their services and step-up their community responsibility by participating in mentoring, shadowing and internships for accounting students. Further correlation analysis of the data may have strengthened certain results or provided additional insights, but due to the scope and length of the thesis, this was not undertaken.

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## APPENDICES

### APPENDIX A – List of Employee, Non-Employee and Information Forms

#	Form or Publication	Employee, Non-Employee, and Information Return Forms	Link	Page Length
1	Form I-9	Employment Eligibility Verification	<a href="#">I-9</a>	4
2	Form SS-4	Application for Employer Identification Number	<a href="#">SS-4</a>	6
3	Form SS-8	Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding	<a href="#">SS-8</a>	3
4	Form W-2	Wage and Tax Statement	<a href="#">W-2</a>	34
5	Form W-2 C	Corrected Wage and Tax Statements	<a href="#">W-2 / W-3</a>	34
6	Form W-3	Transmittal of Wage and Tax Statements	<a href="#">W-2 / W-3</a>	34
7	Form W-4	Employee's Withholding Allowance Certificate	<a href="#">W-4</a>	4
8	Form W-4 P	Withholding Certificate for Pension or Annuity Payments	<a href="#">W-4 P</a>	6
9	Form 940	Employer's Annual Federal Unemployment (FUTA) Tax Return	<a href="#">940</a>	15
10	Form 940 Schedule A	Multi-State Employer and Credit Reduction Information	<a href="#">940 S-A</a>	2
11	Form 940 Schedule R	Allocation Schedule for Aggregate Form 940 Filers	<a href="#">940 S-R</a>	3
12	Form 941	Employer's Quarterly Federal Tax Return	<a href="#">941</a>	12
13	Form 941 Schedule B	Report of Tax Liability for Semiweekly Schedule Depositors	<a href="#">941 S-B</a>	3
14	Form 941 Schedule D	Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations	<a href="#">941 S-D</a>	2
15	Form 941 Schedule R	Allocation Schedule for Aggregate Form 941 Filers	<a href="#">941 S-R</a>	3
16	Form 941-X	Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund	<a href="#">941-X</a>	16
17	Form 943	Employer's Annual Federal Tax Return for Agricultural Employees	<a href="#">943</a>	9
18	Form 943-X	Adjusted Employer's Annual Federal Tax Return for Agricultural Employees or Claim for Refund	<a href="#">943-X</a>	14
19	Form 944	Employer's Annual Federal Tax Return	<a href="#">944</a>	11
20	Form 944-X	Adjusted Employer's Annual Federal Tax Return or Claim for Refund	<a href="#">944-X</a>	14

<b>#</b>	<b>Form or Publication</b>	<b>Employee, Non-Employee, and Information Return Forms</b>	<b>Link</b>	<b>Page Length</b>
21	Form 945	Annual Return of Withheld Federal Income Tax	<a href="#">945</a>	6
22	Form 945-X	Adjusted Annual Return of Withheld Federal Income Tax or Claim for Refund	<a href="#">945-X</a>	8
23	Form 1040-ES	Estimated Tax for Individuals	<a href="#">1040-ES</a>	12
24	Form 1040 Schedule H	Household Employment Taxes	<a href="#">1040 S-H</a>	13
25	Form 1042	Annual Withholding Tax Return for U.S. Source Income of Foreign Persons	<a href="#">1042</a>	10
26	Form 1096	Annual Summary and Transmittal of U.S. Information Returns	<a href="#">1096</a>	3
27	Form 1098	Mortgage Interest Statement	<a href="#">1098</a>	6
28	Form 1099-A	Acquisition or Abandonment of Secured Property	<a href="#">1099-A</a>	6
29	Form 1099-B	Proceeds from Broker and Barter Exchange Transactions	<a href="#">1099-B</a>	11
30	Form 1099-C	Cancellation of Debt	<a href="#">1099-C</a>	6
31	Form 1099-DIV	Dividends and Distributions	<a href="#">1099-DIV</a>	4
32	Form 1099-INT	Interest Income	<a href="#">1099-INT</a>	9
33	Form 1099-K	Payment Card and Third Party Network Transactions	<a href="#">1099-K</a>	5
34	Form 1099 - Misc	Miscellaneous Income	<a href="#">1099-MISC</a>	10
35	Form 1099 - R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	<a href="#">1099-R</a>	25
36	Form 1099-S	Proceeds from Real Estate Transactions	<a href="#">1099-S</a>	4
37	Form 1120	U.S. Corporation Income Tax Return	<a href="#">1120</a>	28
38	Form 4137	Social Security and Medicare Tax On Unreported Tip Income	<a href="#">4137</a>	2
39	Form 8027	Employer's Annual Information Return of Tip Income and Allocated Tips	<a href="#">8027</a>	8
40	Form 8850	Pre-Screening Notice and Certification Request for the Work Opportunity Credit	<a href="#">8850</a>	4
41	Form 8919	Uncollected Social Security and Medicare Tax on Wages	<a href="#">8919</a>	2
42	Form 8937	Report of Organizational Actions Affecting Basis of Securities	<a href="#">8937</a>	2

#	Form or Publication	Employee, Non-Employee, and Information Return Forms	Link	Page Length
43	Form 8959	Additional Medicare Tax	<a href="#">8959</a>	4
44	Form 8974	Qualified Small Business Payroll Tax Credit for Increasing Research Activities	<a href="#">8974</a>	5

Source: Internal Revenue Service (2019d)

## APPENDIX B – List of Publications

<b>Publication</b>	<b>Description</b>	<b>PDF File</b>	<b>Page Length</b>
Publication 3 (2017)	Publication 3 (2017), Armed Forces' Tax Guide	<a href="#">p3.pdf</a>	37
Publication 15 (2018)	Publication 15 (2018), (Circular E), Employer's Tax Guide	<a href="#">p15.pdf</a>	70
Publication 15-A (2018)	Publication 15-A (2018), Employer's Supplemental Tax Guide	<a href="#">p15a.pdf</a>	73
Publication 15-B (2017)	Publication 15-B (2017), Employer's Tax Guide to Fringe Benefits	<a href="#">p15b.pdf</a>	33
Publication 17 (2017)	Publication 17 (2017), Your Federal Income Tax	<a href="#">p17.pdf</a>	292
Publication 17(SP)(2017)	Publication 17(SP) (2017), El Impuesto Federal sobre los Ingresos	<a href="#">p17sp.pdf</a>	320
Publication 51 (2017)	Publication 51 (2017), (Circular A), Agricultural Employer's Tax Guide	<a href="#">p51.pdf</a>	51
Publication 54 (2017)	Publication 54 (2017), Tax Guide for U.S. Citizens and Resident Aliens Abroad	<a href="#">p54.pdf</a>	37
Publication 80 (2018)	Publication 80 (2018), (Circular SS),	<a href="#">p80.pdf</a>	30
Publication 179 (2018)	Publication 179 (2018), (Circular PR),	<a href="#">p179.pdf</a>	30
Publication 225 (2017)	Publication 225 (2017), Farmer's Tax Guide	<a href="#">p225.pdf</a>	90
Publication 334 (2017)	Publication 334 (2017), Tax Guide for Small Business	<a href="#">p334.pdf</a>	54
Publication 463 (2017)	Publication 463 (2017), Travel, Entertainment, Gift, and Car Expenses	<a href="#">p463.pdf</a>	50
Publication 501 (2017)	Publication 501 (2017), Exemptions, Standard Deduction, and Filing Information	<a href="#">p501.pdf</a>	30
Publication 502 (2017)	Publication 502 (2017), Medical and Dental Expenses	<a href="#">p502.pdf</a>	27
Publication 503 (2017)	Publication 503 (2017), Child and Dependent Care Expenses	<a href="#">p503.pdf</a>	20
Publication 504 (2017)	Publication 504 (2017), Divorced or Separated Individuals	<a href="#">p504.pdf</a>	31
Publication 505 (2017)	Publication 505 (2018), Tax Withholding and Estimated Tax	<a href="#">p505.pdf</a>	59
Publication 509 (2018)	Publication 509 (2018), Tax Calendars	<a href="#">p509.pdf</a>	13

<b>Publication</b>	<b>Description</b>	<b>PDF File</b>	<b>Page Length</b>
Publication 510 (03/2018)	Publication 510 (03/2018), Excise Taxes	<a href="#">p510.pdf</a>	59
Publication 514 (2017)	Publication 514 (2017), Foreign Tax Credit for Individuals	<a href="#">p514.pdf</a>	30
Publication 515 (2018)	Publication 515 (2018), Withholding of Tax on Nonresident Aliens and Foreign Entities	<a href="#">p515.pdf</a>	55
Publication 516 (09/2015)	Publication 516 (09/2015), U.S. Government Civilian Employees Stationed Abroad	<a href="#">p516.pdf</a>	8
Publication 517 (2017)	Publication 517 (2017), Social Security and Other Information for Members of the Clergy and Religious Workers	<a href="#">p517.pdf</a>	30
Publication 519 (2017)	Publication 519 (2017), U.S. Tax Guide for Aliens	<a href="#">p519.pdf</a>	67
Publication 521 (2017)	Publication 521 (2017), Moving Expenses	<a href="#">p521.pdf</a>	18
Publication 523 (2017)	Publication 523 (2017), Selling Your Home	<a href="#">p523.pdf</a>	22
Publication 524 (2017)	Publication 524 (2017), Credit for the Elderly or the Disabled	<a href="#">p524.pdf</a>	14
Publication 525 (2017)	Publication 525 (2017), Taxable and Nontaxable Income	<a href="#">p525.pdf</a>	39
Publication 526 (2017)	Publication 526 (2017), Charitable Contributions	<a href="#">p526.pdf</a>	22
Publication 527 (2017)	Publication 527 (2017), Residential Rental Property	<a href="#">p527.pdf</a>	25
Publication 529 (2017)	Publication 529 (2017), Miscellaneous Deductions	<a href="#">p529.pdf</a>	22
Publication 530 (2017)	Publication 530 (2017), Tax Information for Homeowners	<a href="#">p530.pdf</a>	15
Publication 531 (2017)	Publication 531 (2017), Reporting Tip Income	<a href="#">p531.pdf</a>	10
Publication 534 (11/2016)	Publication 534 (11/2016), Depreciating Property Placed in Service Before 1987	<a href="#">p534.pdf</a>	21
Publication 535 (2017)	Publication 535 (2017), Business Expenses	<a href="#">p535.pdf</a>	55

<b>Publication</b>	<b>Description</b>	<b>PDF File</b>	<b>Page Length</b>
Publication 536 (2017)	Publication 536 (2017), Net Operating Losses (NOLs) for Individuals, Estates, and Trusts	<a href="#">p536.pdf</a>	11
Publication 537 (2017)	Publication 537 (2017), Installment Sales	<a href="#">p537.pdf</a>	18
Publication 538 (12/2016)	Publication 538 (12/2016), Accounting Periods and Methods	<a href="#">p538.pdf</a>	23
Publication 541 (01/2016)	Publication 541 (01/2016), Partnerships	<a href="#">p541.pdf</a>	16
Publication 542 (12/2016)	Publication 542 (12/2016), Corporations	<a href="#">p542.pdf</a>	27
Publication 544 (2017)	Publication 544 (2017), Sales and Other Dispositions of Assets	<a href="#">p544.pdf</a>	43
Publication 547 (2016)	Publication 547 (2016), Casualties, Disasters, and Thefts	<a href="#">p547.pdf</a>	21
Publication 547 (SP) (2017)	Publication 547(SP) (2017), Hechos Fortuitos, Desastres y Robos	<a href="#">p547sp.pdf</a>	26
Publication 550 (2017)	Publication 550 (2017), Investment Income and Expenses	<a href="#">p550.pdf</a>	78
Publication 551 (12/2016)	Publication 551 (12/2016), Basis of Assets	<a href="#">p551.pdf</a>	14
Publication 554 (2017)	Publication 554 (2017), Tax Guide for Seniors	<a href="#">p554.pdf</a>	34
Publication 555 (02/2016)	Publication 555 (02/2016), Community Property	<a href="#">p555.pdf</a>	13
Publication 556 (09/2013)	Publication 556 (09/2013), Examination of Returns, Appeal Rights, and Claims for Refund	<a href="#">p556.pdf</a>	20
Publication 557 (01/2018)	Publication 557 (01/2018), Tax-Exempt Status for Your Organization	<a href="#">p557.pdf</a>	75
Publication 559 (2017)	Publication 559 (2017), Survivors, Executors, and Administrators	<a href="#">p559.pdf</a>	47
Publication 560 (2017)	Publication 560 (2017), Retirement Plans for Small Business	<a href="#">p560.pdf</a>	28
Publication 561 (2017)	Publication 561 (4/2007), Determining the Value of Donated Property	<a href="#">p561.pdf</a>	15

<b>Publication</b>	<b>Description</b>	<b>PDF File</b>	<b>Page Length</b>
Publication 570 (2017)	Publication 570 (2017), Tax Guide for Individuals With Income From U.S. Possessions	<a href="#">p570.pdf</a>	33
Publication 571 (01/2018)	Publication 571 (01/2018), Tax-Sheltered Annuity Plans (403(b) Plans)	<a href="#">p571.pdf</a>	22
Publication 575 (2017)	Publication 575 (2017), Pension and Annuity Income	<a href="#">p575.pdf</a>	47
Publication 583 (01/2015)	Publication 583 (01/2015), Starting a Business and Keeping Records	<a href="#">p583.pdf</a>	27
Publication 584 (06/2012)	Publication 584 (06/2012), Casualty, Disaster, and Theft Loss Workbook	<a href="#">p584.pdf</a>	27
Publication 584-B (12/2011)	Publication 584-B (12/2011), Business Casualty, Disaster, and Theft Loss Workbook	<a href="#">p584b.pdf</a>	11
Publication 584SP (08/2012)	Publication 584SP (08/2012), Registro de Pérdidas por Hechos Fortuitos (Imprevistos), Desastres y Robos (Propiedad de Uso Personal)	<a href="#">p584sp.pdf</a>	28
Publication 587 (2017)	Publication 587 (2017), Business Use of Your Home	<a href="#">p587.pdf</a>	35
Publication 590-A (2017)	Publication 590-A (2017), Contributions to Individual Retirement Arrangements (IRAs)	<a href="#">p590a.pdf</a>	62
Publication 590-B (2017)	Publication 590-B (2017), Distributions from Individual Retirement Arrangements (IRAs)	<a href="#">p590b.pdf</a>	64
Publication 595 (2/2006)	Publication 595 (2/2006), Capital Construction Fund for Commercial Fishermen	<a href="#">p595.pdf</a>	7
Publication 596 (2017)	Publication 596 (2017), Earned Income Credit (EIC)	<a href="#">p596.pdf</a>	41
Publication 596SP (2017)	Publication 596SP (2017), Crédito por Ingreso del Trabajo ()	<a href="#">p596sp.pdf</a>	47
Publication 597 (10/2015)	Publication 597 (10/2015), Information on the United States–Canada Income Tax Treaty	<a href="#">p597.pdf</a>	5
Publication 598 (01/2017)	Publication 598 (01/2017), Tax on Unrelated Business Income of Exempt Organizations	<a href="#">p598.pdf</a>	22
Publication 600 (2006)	Publication 600 (2006), State and Local General Sales Taxes	<a href="#">p600.pdf</a>	8
Publication 721 (2017)	Publication 721 (2017), Tax Guide to U.S. Civil Service Retirement Benefits	<a href="#">p721.pdf</a>	33

<b>Publication</b>	<b>Description</b>	<b>PDF File</b>	<b>Page Length</b>
Publication 850 (EN-SP) (08/2018)	Publication 850 (EN-SP) (08/2018), English-Spanish Glossary of Tax Words and Phrases	<a href="#">p850.pdf</a>	45
Publication 850 (EN-CN-S) (08/2018)	Publication 850 (EN-CN-S) (08/2018), English-Chinese (Simplified) Glossary of Tax Words and Phrases	<a href="#">p850encs.pdf</a>	18
Publication 850 (EN-RU) (08/2018)	Publication 850 (EN-RU) (08/2018), English-Russian Glossary of Tax Words and Phrases	<a href="#">p850enru.pdf</a>	25
Publication 901 (09/2016)	Publication 901 (09/2016), U.S. Tax Treaties	<a href="#">p901.pdf</a>	34
Publication 907 (2017)	Publication 907 (2017), Tax Highlights for Persons With Disabilities	<a href="#">p907.pdf</a>	11
Publication 908 (10/2012)	Publication 908 (10/2012), Bankruptcy Tax Guide	<a href="#">p908.pdf</a>	31
Publication 915 (2017)	Publication 915 (2017), Social Security and Equivalent Railroad Retirement Benefits	<a href="#">p915.pdf</a>	32
Publication 925 (2017)	Publication 925 (2017), Passive Activity and At-Risk Rules	<a href="#">p925.pdf</a>	17
Publication 926 (2017)	Publication 926 (2017), Household Employer's Tax Guide	<a href="#">p926.pdf</a>	17
Publication 929 (2017)	Publication 929 (2017), Tax Rules for Children and Dependents	<a href="#">p929.pdf</a>	28
Publication 936 (2017)	Publication 936 (2017), Home Mortgage Interest Deduction	<a href="#">p936.pdf</a>	17
Publication 938 (05/2018)	Publication 938 (05/2018), Real Estate Mortgage Investment Conduits (REMICs) Reporting Information	<a href="#">p938.pdf</a>	59
Publication 939 (12/2013)	Publication 939 (12/2013), General Rule for Pensions and Annuities	<a href="#">p939.pdf</a>	83
Publication 946 (2017)	Publication 946 (2017), How To Depreciate Property	<a href="#">p946.pdf</a>	115
Publication 947 (09/2018)	Publication 947 (02/2018), Practice Before the IRS and Power of Attorney	<a href="#">p947.pdf</a>	17
Publication 957 (01/2013)	Publication 957 (01/2013), Reporting Back Pay and Special Wage Payments to the Social Security Administration	<a href="#">p957.pdf</a>	13
Publication 966	Publication 966 Electronic Federal Tax Payment System (A Guide to Getting Started)	<a href="#">p966.pdf</a>	5

<b>Publication</b>	<b>Description</b>	<b>PDF File</b>	<b>Page Length</b>
Publication 969 (2017)	Publication 969 (2017), Health Savings Accounts and Other Tax-Favored Health Plans	<a href="#">p969.pdf</a>	22
Publication 970 (2017)	Publication 970 (2017), Tax Benefits for Education	<a href="#">p970.pdf</a>	87
Publication 971 (10/2014)	Publication 971 (10/2014), Innocent Spouse Relief	<a href="#">p971.pdf</a>	28
Publication 972 (2017)	Publication 972 (2017), Child Tax Credit	<a href="#">p972.pdf</a>	13
Publication 974 (2017)	Publication 974 (2017), Premium Tax Credit (PTC)	<a href="#">p974.pdf</a>	79
Publication 976 (2018)	Publication 976 (2018), Disaster Relief	<a href="#">p976.pdf</a>	22
Publication 976 (SP) (2018)	Publication 976(SP) (2018), Alivio en Caso de Desastres	<a href="#">p976sp.pdf</a>	28
Publication 1187	Publication 1187, Specifications for Filing Forms 1042-S Foreign Person's U.S. Source income Subject to Withholding, Electronically	<a href="#">p1187.pdf</a>	80
Publication 1212 (01/2018)	Publication 1212 (01/2018), Guide to Original Issue Discount (OID) Instruments	<a href="#">p1212.pdf</a>	17
Publication 1281	Publication 1281, Backup Withholding for Missing and Incorrect Name/TIN(s) (Including instructions for reading tape cartridges and CD/DVD Formats)	<a href="#">p1281.pdf</a>	83
Publication 1518-A	Publication 1518-A Tax calendar options for Businesses and Self- Employed	<a href="#">p1518a.pdf</a>	1
Publication 1518-A (SP)	Publication 1518-A Tax calendar options for Businesses and Self- Employed/ Spanish	<a href="#">p1518asp.pdf</a>	1
Publication 1544 (09/2014)	Publication 1544 (09/2014), Reporting Cash Payments of Over \$10,000	<a href="#">p1544.pdf</a>	6
Publication 1544(SP) (09/2014)	Publication 1544(SP) (09/2014), Informe de Pagos en Efectivo en Exceso de \$10,000	<a href="#">p1544sp.pdf</a>	8
Publication 1635	Publication 1635, Understanding Your EIN	<a href="#">p1635.pdf</a>	36
Publication 1779	Publication 1779, Independent Contractor or Employee	<a href="#">p1779.pdf</a>	2
Publication 1779	Publication 1779, Independent Contractor or Employee (Spanish Version)	<a href="#">p1779sp.pdf</a>	2

<b>Publication</b>	<b>Description</b>	<b>PDF File</b>	<b>Page Length</b>
Publication 1976	Publication 1976, Do You Qualify for Relief under Section 530?	<a href="#">p1976.pdf</a>	2
Publication 3114	Publication 3114, Compliance Check, Audit, Examination, or Review?	<a href="#">p3114.pdf</a>	2
Publication 3144	Publication 3144 - Tips on Tips (A Guide to Tip Income Reporting) for Employer	<a href="#">p3144.pdf</a>	12
Publication 3148	Publication 3148 - Tips on Tips (A Guide to Tip Income Reporting) for Employee	<a href="#">p3148.pdf</a>	12
Publication 3148	Publication 3148 (SP) Reporting your Tip Income, Spanish	<a href="#">p3148sp.pdf</a>	10
Publication 3204	Publication 3204, Automotive Manufacturers' Incentive Program to Vehicle Salespersons	<a href="#">p3204.pdf</a>	2
Publication 3402 (06/2016)	Publication 3402 (06/2016), Taxation of Limited Liability Companies	<a href="#">p3402.pdf</a>	6
Publication 3920 (09/2014)	Publication 3920 (09/2014), Tax Relief for Victims of Terrorist Attacks	<a href="#">p3920.pdf</a>	23
Publication 3953	Publication 3953, Q&A's About Tax Court Proceedings for Determination of Employment Status Under IRC Section 7436	<a href="#">p3953.pdf</a>	4
Publication 3991 (5/2002)	Publication 3991 (5/2002), Highlights of the Job Creation and Worker Assistance Act of 2002	<a href="#">p3991.pdf</a>	23
Publication 4492 (1/2006)	Publication 4492 (1/2006), Information for Taxpayers Affected by Hurricanes Katrina, Rita, and Wilma	<a href="#">p4492.pdf</a>	19
Publication 4492-A (7/2008)	Publication 4492-A (7/2008), Information for Taxpayers Affected by the May 4, 2007, Kansas Storms and Tornadoes	<a href="#">p4492a.pdf</a>	17
Publication 4492-B (01/2010)	Publication 4492-B (01/2010), Information for Affected Taxpayers in the Midwestern Disaster Areas	<a href="#">p4492b.pdf</a>	15
Publication 4492 (SP) (3/2006)	Publicación 4492(SP) (3/2006), Información para los Contribuyentes Afectados por los Huracanes Katrina, Rita y Wilma	<a href="#">p4492sp.pdf</a>	23
Publication 4591	Publication 4591, Small Business Federal Tax Responsibilities	<a href="#">p4591.pdf</a>	2
Publication 4681 (2017)	Publication 4681 (2017), Canceled Debts, Foreclosures, Repossessions, and Abandonments	<a href="#">p4681.pdf</a>	16
Publication 4902	Publication 4902 - Tax Tips for the Cosmetology and Barber Industry	<a href="#">p4902.pdf</a>	7

<b>Publication</b>	<b>Description</b>	<b>PDF File</b>	<b>Page Length</b>
Publication 4902	Publication 4902 (SP) - Tax Tips for the Cosmetology and Barber Industry, Spanish	<a href="#">p4902sp.pdf</a>	7
Publication 4902	Publication 4902 (VN) - Tax Tips for the Cosmetology and Barber Industry, Vietnamese	<a href="#">p4902v.pdf</a>	7
Publication 4932	Publication 4932 - Gaming Industry Tip Compliance Agreement (GITCA)	<a href="#">p4932.pdf</a>	2
Publication 4936	Publication 4936 - Your Guide to Maintaining and Complying with GITCA	<a href="#">p4936.pdf</a>	2
Publication 4985	Publication 4985 - Gaming Industry Tip Compliance Agreement - for Tipped Employees	<a href="#">p4985.pdf</a>	2
Publication 4985	Publication 4985 (SP) - Gaming Industry Tip Compliance Agreement - for Tipped Employees – Spanish Version	<a href="#">p4985sp.pdf</a>	2
Publication 5111	Publication 5111 - Gaming Industry Tip Compliance Agreement (GITCA) Benefits to Participants	<a href="#">p5111.pdf</a>	1
Publication 5112	Publication 5112 - Tip Rate Determination Agreement (TRDA) Benefits to Participant	<a href="#">p5112.pdf</a>	1
Publication 5146	Publication 5146 – Employment Tax Returns: Examinations and Appeal Rights	<a href="#">p5146.pdf</a>	18
Publication 5292 (2017)	Publication 5292 (2017), How to Calculate Section 965 Amounts and Elections Available to Taxpayers	<a href="#">p5292.pdf</a>	18

Source: Internal Revenue Service (2019d)

## APPENDIX C – State Tax Forms and Information

State	Department Name	Resource Live Link
Alaska	Department of Revenue	<a href="#">Tax Division Website</a>
Alaska	Department of Revenue	<a href="#">Department of Revenue</a>
Alabama	Department of Revenue	<a href="#">Department of Revenue</a>
Arkansas	Department of Finance and Administration	<a href="#">Department of Revenue Website</a>
Arizona	Department of Revenue	<a href="#">Department of Revenue Website</a>
California	State Board of Equalization	<a href="#">Board of Equalization Website [Property Sales &amp; Excise Taxes]</a>
California	Department of Tax & Fee Administration	<a href="#">Department of Tax &amp; Fee Website</a>
California	Employment Development Department	<a href="#">Employment Development Department Website [Withholding Taxes]</a>
California	Franchise Tax Board	<a href="#">Franchise Tax Board Website [Income Taxes]</a>
California	Franchise Tax Board	<a href="#">Department of Finance [Budgeting &amp; Forecasting]</a>
Colorado	Department of Revenue	<a href="#">Department of Revenue</a>
Connecticut	Department of Revenue Services	<a href="#">Department of Revenue Services</a>
District of Columbia	Office of Tax and Revenue	<a href="#">Office of the Chief Financial Officer</a>
Delaware	Division of Revenue	<a href="#">Division of Revenue</a>
Florida	Department of Revenue	<a href="#">Department of Revenue</a>

Georgia	Department of Revenue	<a href="#">Department of Revenue</a>
Hawaii	Department of Taxation	<a href="#">Department of Taxation</a>
Iowa	Department of Revenue	<a href="#">Department of Revenue</a>
Idaho	State Tax Commission	<a href="#">State Tax Commission</a>
Illinois	Department of Revenue	<a href="#">Department of Revenue</a>
Indiana	Department of Revenue	<a href="#">Department of Revenue</a>
Kansas	Department of Revenue	<a href="#">Department of Revenue</a>
Kentucky	Department of Revenue	<a href="#">Department of Revenue</a>
Louisiana	Department of Revenue	<a href="#">Department of Revenue</a>
Massachusetts	Department of Revenue	<a href="#">Department of Revenue</a>
Maryland	Comptroller of Maryland	<a href="#">Comptroller of Maryland</a>
Maine	Revenue Services	<a href="#">Revenue Services</a>
Michigan	Department of Treasury	<a href="#">Department of Treasury</a>
Minnesota	Department of Revenue	<a href="#">Department of Revenue</a>
Missouri	Department of Revenue	<a href="#">Department of Revenue</a>
Mississippi	Department of Revenue	<a href="#">Department of Revenue</a>
Montana	Department of Revenue	<a href="#">Department of Revenue</a>
North Carolina	Department of Revenue	<a href="#">Department of Revenue</a>
North Dakota	Department of Revenue	<a href="#">Office of State Tax Commissioner</a>
Nebraska	Department of Revenue	<a href="#">Department of Revenue</a>
New Hampshire	Department of Revenue	<a href="#">Department of Revenue Administration</a>
New Jersey	Department of Revenue	<a href="#">Division of Taxation</a>

New Jersey	Department of Revenue	<a href="#">Division of Revenue [Business taxes &amp; eFiling]</a>
New Mexico	Department of Revenue	<a href="#">Taxation and Revenue Department</a>
Nevada	Department of Taxation	<a href="#">Department of Taxation</a>
New York City	Taxation and Revenue Department	<a href="#">Department of Finance</a>
New York	State Department of Taxation	<a href="#">State Department of Taxation and Finance</a>
Ohio	Office of State Tax Commissioner	<a href="#">Department of Taxation</a>
Oklahoma	Tax Commission	<a href="#">Tax Commission</a>
Oregon	Department of Taxation	<a href="#">Department of Revenue</a>
Pennsylvania	Department of Revenue	<a href="#">Department of Revenue</a>
Philadelphia, PA	Department of Revenue	<a href="#">Department of Revenue</a>
Puerto Rico	Department of Revenue	<a href="#">Department of Revenue [Departamento de Hacienda]</a>
Rhode Island	Department of Revenue	<a href="#">Division of Taxation</a>
South Carolina	Department of Revenue	<a href="#">Department of Revenue</a>
South Dakota	Department of Revenue and Regulation	<a href="#">Department of Revenue</a>
Tennessee	Department of Revenue	<a href="#">Department of Revenue</a>
Texas	Comptroller of Public Accounts	<a href="#">Comptroller of Public Accounts</a>
Utah	State Tax Commission	<a href="#">State Tax Commission</a>
Virginia	Department of Taxation	<a href="#">Department of Taxation</a>
Vermont	Department of Taxes	<a href="#">Department of Taxes</a>

Washington	Department of Revenue	<a href="#">Department of Revenue</a>
Wisconsin	Department of Revenue	<a href="#">Department of Revenue</a>
West Virginia	Department of Revenue	<a href="#">Department of Revenue</a>
Wyoming	Department of Revenue	<a href="#">Department of Revenue</a>

Source: Federation of Tax Administrators (2019)

**APPENDIX D – Business Structures – Forms and Instructions**

<b><u>Sole Proprietorship</u></b>					
<b>Type</b>	<b>Form</b>	<b>Description</b>	<b>Link</b>	<b>Link Instructions</b>	<b>Page Length Form/Instructions</b>
<b>Income Tax</b>	1040	U.S. Individual Income Tax Return/ Instructions for Form 1040	<a href="#">PDF</a>	<a href="#">PDF</a>	2/107
	Schedule C (Form 1040)	Profit of Loss from Business/ Instructions for Form Schedule C (Form 1040)	<a href="#">PDF</a>	<a href="#">PDF</a>	2/18
	Schedule C- EZ (Form 1040)	Net Profit from Business/ *Instructions Attached to Form	<a href="#">PDF</a>	*	2
<b>Income Farming</b>	Schedule F (Form 1040)	Profit or Loss from Farming	<a href="#">PDF</a>	<a href="#">PDF</a>	2
<b>Self-Employment Tax</b>	Schedule SE (Form 1040)	Self-Employment Tax/ Instructions Schedule SE (Form 1040)	<a href="#">PDF</a>	<a href="#">PDF</a>	2/6
<b>Estimated Tax</b>	1040-ES	Estimated Tax for Individuals/ *Instructions Attached to Form	<a href="#">PDF</a>	*	12
<b>Payroll Taxes</b>	941	Employer’s Quarterly Federal Tax Return/Instructions for Form 941	<a href="#">PDF</a>	<a href="#">PDF</a>	4/12
	943	Employer’s Annual Federal Tax Return for Agricultural Employees/ Instructions for Form 943	<a href="#">PDF</a>	<a href="#">PDF</a>	2/9
	944	Employer’s Annual Federal Tax/ Instructions for Form 944	<a href="#">PDF</a>	<a href="#">PDF</a>	4/11
<b>Payroll Taxes</b>	W-2	Wage and Tax Statement (to employee)/ 1. Instructions for Forms W-2 and W-3	<a href="#">PDF</a>	<a href="#">PDF</a>	11/34
	W-3	Transmittal of Wage and Tax Statements (to Social Security Administration)/ Instructions for Forms W-2 and W-3	<a href="#">PDF</a>	<a href="#">PDF</a>	2/34
<b>Federal Unemployment Tax</b>	940	Employer’s Annual Federal Unemployment Tax Return/ Instructions for Form 940	<a href="#">PDF</a>	<a href="#">PDF</a>	4/15

<b><u>Partnership</u></b>
<b><i>Part 1: Partnership</i></b>

Type	Form	Description	Link	Instructions Link	Page Length
<b>Annual Return of Income</b>	1065	U.S. Return of Partnership Income/ Instructions for Form 1065 U.S. Return of Partnership	<a href="#">PDF</a>	<a href="#">PDF</a>	5/52
<b>Payroll Taxes</b>	941	Employer's Quarterly Federal Tax Return/ Instructions for Employers Quarterly Federal Tax Return	<a href="#">PDF</a>	<a href="#">PDF</a>	4/12
	943	Employer's Annual Federal Tax Return for Agricultural Employees/Instructions for Form 943 Employers Annual Federal Tax Return for Agricultural Employees	<a href="#">PDF</a>	<a href="#">PDF</a>	2/9
	940	Employer's Annual Federal Unemployment Tax Return/ Instructions for Form 940 Employers Annual Federal Unemployment Tax Return	<a href="#">PDF</a>	<a href="#">PDF</a>	4/15
<b><i>Part 2: Individual Partners in Partnership</i></b>					
<b>Income Tax</b>	1040	U.S. Individual Income Tax Return/ Instructions for 1040 U.S. Individual Income Tax Return	<a href="#">PDF</a>	<a href="#">PDF</a>	2/107
	Schedule E (Form 1040)	Supplemental Income and Loss/ Instructions for Schedule E (Form 1040)	<a href="#">PDF</a>	<a href="#">PDF</a>	2/12
<b>Self-Employment Tax</b>	1040	U.S. Individual Tax Return/ Instructions for 1040 U.S. Individual Income Tax Return	<a href="#">PDF</a>	<a href="#">PDF</a>	2
	Schedule SE (Form 1040)	Self-Employment Tax/ Instructions for Schedule SE (Form 1040)	<a href="#">PDF</a>	<a href="#">PDF</a>	2/6
<b>Estimated Tax</b>	1040-ES	Estimated Tax for Individuals/ *Instructions Attached to Form	<a href="#">PDF</a>	*	12

<b><u>Corporations</u></b>					
	Form	Descriptions	Link	Instruction Link	Page Length
<b>Income Tax</b>	1120	U.S. Corporation Income Tax Return/ Instructions for Form 1120 U.S. Corporations Income Tax Return	<a href="#">PDF</a>	<a href="#">PDF</a>	5/25
<b>Estimated Tax</b>	1120-W	Estimated Tax for Corporations/Instructions for Form 1120-W	<a href="#">PDF</a>	<a href="#">PDF</a>	3/4

<b>-Corporations</b>					
<b>Part 1 S- Corporations</b>					
Type	Forms	Descriptions	Link	Instruction Link	Page Length
Income Tax	1120S	1120S/Instructions for Form 1120S	<a href="#">PDF</a>	<a href="#">PDF</a>	5/40
	1120S Sch. K-1	1120S Sch. K-1/Instructions for Form 1120S Sch. K-1	<a href="#">PDF</a>	<a href="#">PDF</a>	2/120
Estimated Tax	1120-W	1120-W Instructions for Form 1120-W	<a href="#">PDF</a>	<a href="#">PDF</a>	3/4
Payroll Taxes	941	941 (for farm employees)/Instructions for Form 941 Employers Quarterly Federal Tax Return	<a href="#">PDF</a>	<a href="#">PDF</a>	4/12
	943	943 (for farm employees)/Instructions for Form 943 Employers Annual Federal Tax Return for Agriculture Employees	<a href="#">PDF</a>	<a href="#">PDF</a>	2/9
	940	940/Instructions for Form 940 Employers Annual Federal Unemployment Tax Return	<a href="#">PDF</a>	<a href="#">PDF</a>	4/15
<b>Part 2 S-Corporations Shareholders</b>					
Income Tax	1040	Schedule E/Instructions for Schedule E (Form 1040) Supplemental Income and Loss	<a href="#">PDF</a>	<a href="#">PDF</a>	2/12
Estimated Tax	1040-ES	1040-ES/*Instructions Attached to Form	<a href="#">PDF</a>	*	12
Payroll Taxes	941	Employer's Quarterly Federal Tax Return/Instructions for Form 941	<a href="#">PDF</a>	<a href="#">PDF</a>	4/12
	943	Employer's Annual Federal Tax Return for Agricultural Employees/Instructions for Form 943	<a href="#">PDF</a>	<a href="#">PDF</a>	2/9
	940	Employer's Annual Federal Unemployment Tax return/Instructions for 940	<a href="#">PDF</a>	<a href="#">PDF</a>	4/15

<b>Limited Liability Company</b>					
Type	Form	Description	Link	Instructions Link	Page Length
Election	8832	Entity Classification Election/*Instructions Attached to Form	<a href="#">PDF</a>	*	7
Filings	Schedule C (From 1040)	Profit or Loss from Business (Sole Proprietorship)	<a href="#">PDF</a>	<a href="#">PDF</a>	2
	Schedule E (Form 1040)	Supplemental Income or Loss	<a href="#">PDF</a>	<a href="#">PDF</a>	2

<b>a Single Member</b>	Schedule F (Form 1040)	Profit or Loss from Farming	<a href="#">PDF</a>	<a href="#">PDF</a>	2
<b>Filing as a Corporation or Partnership</b>	Form 1065	U.S. Return of Partnership Income	<a href="#">PDF</a>	<a href="#">PDF</a>	5
	Form 1120	U.S. Corporation Income Tax Return	<a href="#">PDF</a>	<a href="#">PDF</a>	5
	Form 1120S	U.S. Income Tax Return	<a href="#">PDF</a>	<a href="#">PDF</a>	6
	Schedule K-1 (Form 1120S)	1120S Schedule K-1	<a href="#">PDF</a>	<a href="#">PDF</a>	2

Source: Internal Revenue Service (2018m)

## APPENDIX E – A-Z Business Topics

### A

- [About Taxpayer Burden Reduction](#)
- [Abusive Offshore Tax Avoidance Schemes](#)
- [Abusive Trust Tax Evasion Schemes](#)
- [Addresses \(Local Offices\)](#)
- [Addresses \(Where to File\)](#)
- [Advocate](#)
- [Affordable Care Act Tax Provisions for Employers](#)
- [Agriculture Tax Center](#)
- [Alabama](#)
- [Alaska](#)
- [Alien Taxation](#)
- [Alternative Minimum Tax \(AMT\)](#)
- [Am I Required to File an Information Return?](#)
- [American Samoa](#)
- [Amended Return](#)
- [Anti-Tax Law Evasion Schemes](#)
- [Appeals](#)
- [Application for EIN, Apply for Employer Identification Number \(EIN\)](#)
- [Applicable Federal Rates \(AFR\) Rulings](#)
- [Arizona](#)
- [Arkansas](#)
- [Auctions of Real and Personal Property](#)
- [Audit](#)
- [Audit Techniques Guides \(ATGs\)](#)
- [Au Pairs](#)
- [Automobile Standard Mileage Rates](#)

### B

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- [Backup Withholding](#)
- [Bank Secrecy Act](#)
- [Bankruptcy](#)
- [Bankruptcy Trustees](#)
- [Bartering Tax Center](#)
- [Behavioral Control](#)
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- [Burden Reduction](#)
- [Business Credits](#)
- [Business Deductions](#)
- [Business Expenses](#)
- [Business Gifts](#)
- [Business Name Change](#)
- [Business Structures](#)
- [Business Tax Credits](#)
- [Business Tax Identification Number](#)
- [Business Taxes](#)
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- [Businesses with Employees](#)

## C

- [CAF Number](#)
- [Calendar](#)
- [Canceling an EIN - Closing Your Account](#)
- [Cancellation of Debt](#)
- [Capital Expenses](#)
- [Capital Gains](#)
- [Caregiver](#)
- [Central Withholding Agreements](#)
- [Centralized Authorization File \(CAF\) – Authorization Rules](#)
- [Change Business Name](#)
- [Characterization of Income of Nonresident Aliens](#)
- [Charitable Contributions](#)
- [Check on Refund](#)
- [Checklist for Starting a Business](#)
- [Child Care Tax Center](#)
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- [Classification of Taxpayers for U.S. Tax Purposes](#)
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- [Closer Connection to a Foreign Country](#)
- [Closing a Business](#)
- [Collection Financial Standards](#)
- [Collection Procedures for Taxpayers Filing and/or Paying Late](#)
- [Colorado](#)
- [Combined Annual Wage Reporting Employment Tax Problem Inquiries](#)
- [Combined Annual Wage Reporting Missing Form W-2 Inquiries](#)

- [Commonwealth of Northern Mariana Islands](#)
- [Competent Authority Arrangements](#)
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- [Compromise, Offer In](#)
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- [Currency and Currency Exchange Rates](#)

## D

- [Deadlines for Businesses](#)
- [Deceased Taxpayers](#)
- [Declaring Bankruptcy](#)
- [Deducting Business Expenses](#)
- [Delaware](#)
- [Departing Alien Clearance \(Sailing Permit\)](#)
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- [Depositing Taxes](#)
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- [Disaster Assistance Self-Study](#)
- [Disposition of Property](#)
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- [Earned Income Tax Credit](#)
- [Effectively Connected Income \(ECI\)](#)

- [Election for Husband and Wife Unincorporated Businesses](#)
- [Electronic Federal Tax Payment System \(EFTPS\)](#)
- [E-file Form 940, 941 or 944 for Small Businesses](#)
- [Electronic Payment Options](#)
- [Employee Benefits](#)
- [Employee \(Common-Law Employee\)](#)
- [Employees](#)
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- [Employer ID Numbers \(EIN/SS-4\)](#)
- [Employer's Tax Guide \(Circular E\)](#)
- [Employment Eligibility Verification](#)
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- [Employment Taxes and the Trust Fund Recovery Penalty \(TFRP\)](#)
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- [Expenses, Business](#)
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- [Extension](#)

## **F**

- [Family Caregivers and Self-Employment Tax](#)
- [Family Help](#)
- [Farm](#)
- [FBAR \(Report of Foreign Bank and Financial Accounts\)](#)
- [Federal and State Levy Programs](#)
- [Federal Employer Identification Number \(EIN/SS-4/FEIN\)](#)
- [Federal Payment Levy Program](#)
- [Federal Tax Deposit \(FTD\)](#)

- [Federal Tax Lien](#)
- [File 941](#)
- [Filing Addresses](#)
- [Filing and Paying Your Business Taxes](#)
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- [Filing Information Returns Electronically \(FIRE\)](#)
- [Filing Late](#)
- [Filing Past Due Tax Returns](#)
- [Filing Requirements for Self-Employed Individuals](#)
- [Financial Control](#)
- [FIRPTA Withholding](#)
- [Fishing Tax Center](#)
- [Fixed, Determinable, Annual, Periodical \(FDAP\) Income](#)
- [Florida Flow- Through Entities Form 8300 and Reporting Cash Payments of Over \\$10,000](#)
- [Form 941 Schedule R and Form 940 Schedule R](#)
- [Forms and Instructions](#)
- [Forms and Publications, Small Business](#)
- [Forms By U.S. Mail](#)
- [Forms, Prior Year](#)
- [Foreign Agricultural Workers](#)
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- [Frequently Asked Questions \(FAQs\)](#)
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- [FUTA Credit Reduction](#)

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- [Garnishment \(Levy\)](#)
- [Georgia](#)
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- [Hawaii](#)
- [Health Care: Affordable Care Act Tax Provisions for Employers](#)
- [Health Savings Accounts \(HSAs\)](#)
- [Hiring Employees](#)
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- [Home Office Deduction](#)
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- [How Do You Report Suspected Tax Fraud Activity?](#)
- [How EINs are Assigned and Valid EIN Prefixes](#)
- [How long should I keep records](#)
- [How Long Will it Take to Get an EIN?](#)
- [How should I record my business transactions?](#)
- [How to Apply for an EIN](#)
- [Husband and Wife Business](#)

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- [I-9](#)
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- [Identity Theft](#)
- [Illinois](#)
- [Immigration](#)
- [Income Averaging \(Farming\)](#)
- [Income Subject to NRA Withholding](#)
- [Independent Contractors, Forms and Associated Taxes](#)
- [Independent Contractor \(Self-Employed\) or Employee?](#)
- [Independent Contractor, Paying](#)
- [Indiana](#)
- [Individual Retirement Arrangements \(IRAs\)](#)
- [Individual Taxpayer Identification Number \(ITIN\)](#)
- [Individuals Living in U.S. Possessions](#)
- [Indoor Tanning Services Tax Center](#)
- [Industries/Professions](#)
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- [Inheritance](#)
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- [Internal Revenue Bulletins \(IRB\)](#)
- [Internal Revenue Code \(IRC\)](#)
- [Internal Revenue Manual \(IRM\)](#)
- [International Business](#)
- [International Taxpayer](#)
- [Iowa](#)
- [IRS Audits](#)
- [IRS Non- Retaliation Policy](#)
- [IRS Tax Calendar for Businesses and Self-Employed](#)
- [Issue Management Resolution System \(IMRS\)](#)

## J

- [Join the SB/SE Mailing List](#)

## K

- [Kansas](#)
- [Katrina](#)
- [Kentucky](#)
- [Know Who You're Hiring – Independent Contractor \(Self-employed\) vs. Employee](#)

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- [Late Filing](#)
- [Levy](#)
- [Lien](#)
- [Like-Kind Exchanges](#)
- [Limited Liability Company \(LLC\)](#)
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- [Local Standards:  
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- [Local Standards:  
Transportation](#)
- [Louisiana](#)

## M

- [Mailing Addresses](#)
- [Make a Payment  
\(Individual Tax Account  
Balance Due\)](#)
- [MACRS](#)
- [Maine](#)
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- [Married Couples in  
Business](#)
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- [Money Services Business  
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- [Montana](#)
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## N

- [Name Change, Business](#)
- [National Standards: Food, Clothing and Other Items](#)
- [National Standards: Out-of-Pocket Health Care](#)
- [Nebraska](#)

- [Net Operating Loss \(NOL\)](#)
- [Nevada](#)
- [New Hampshire](#)
- [New Jersey](#)
- [New York](#)
- [Non Profit](#)
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- [Non- Retaliation Policy](#)
- [North Carolina](#)
- [North Dakota](#)
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## O

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- [Ohio](#)
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- [Online Filing](#)
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- [Online Payment](#)
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- [Order Forms and Publications](#)
- [Oregon](#)
- [Outsourcing Payroll and Third Party Payers](#)
- [Outstanding Taxes](#)
- [Owe Taxes? Understanding IRS Collection Efforts \(Video\)](#)

## P

- [Part Time or Seasonal Help](#)
- [Partners & Stakeholders](#)
- [Partnership](#)
- [Past Tax Returns](#)
- [Pay Online](#)
- [Pay Taxes](#)
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- [Payment Voucher \(Form 1040V\)](#)

- [Payroll](#)
- [Payroll Deduction IRA](#)
- [Payroll & Practitioner Partners](#)
- [Payroll Professionals Tax Center](#)
- [Payroll Taxes](#)
- [Penalties at a Glance](#)
- [Pennsylvania](#)
- [Personal Property Sales \(Auction\)](#)
- [Post Filing Issues](#)
- [Power of Attorney](#)
- [Practitioner Local Liaison Meetings and Seminars](#)
- [Preparer Tax Identification Number \(PTIN\)](#)
- [Prior Year Forms, Instructions and Publications](#)
- [Private Delivery Services](#)
- [PTIN Renewal](#)
- [Publications and Notices](#)
- [Publications By U.S. Mail](#)
- [Publications Online](#)
- [Publications, Prior Year](#)
- [Puerto Rico](#)

## Q

- [Qualified Intermediaries \(QI\)](#)
- [Qualifying Therapeutic Discovery Project Credits and Grants](#)
- [Questions and Answers for the Additional Medicare Tax](#)
- [QuickAlerts](#)

## R

- [Rate Our Products and This Website](#)
- [Rates, Standard Mileage](#)
- [Real Estate](#)
- [Real and Personal Property Sales Auctions of](#)
- [Recommended Reading for Small Businesses](#)
- [Recordkeeping](#)
- [Record Retention](#)
- [Refinery Control Number \(RCN\)/Refinery Location Directory](#)
- [Refund](#)

- [Regulations \(Tax\)](#)
- [Rental Property](#)
- [Report Fraud](#)
- [Report of Foreign Bank and Financial Accounts \(FBAR\)](#)
- [Reporting Agents \(RAF\)](#)
- [Reporting Cash Payments of over \\$10,000](#)
- [Reporting Payments to Independent Contractors](#)
- [Resident Aliens](#)
- [Retirement Plans](#)
- [Revenue Rulings](#)
- [Rhode Island](#)

## S

- [SS-4 \(EIN\)](#)
- [Safeguard Program](#)
- [Sale of Business](#)
- [Sales Tax Deduction Calculator](#)
- [S Corporations](#)
- [Seasonal Help](#)
- [Section 7520 Interest Rates](#)
- [Selecting a Business Structure](#)
- [Self- Employed](#)
- [Self- Employment Tax \(SE Tax\)](#)
- [Sharing Economy](#)
- [Should I File Schedule C or Schedule C-EZ?](#)
- [Simplified Employee Pension \(SEP\)](#)
- [Simplified Option for Home Office Deduction](#)
- [Simple IRA](#)
- [Single Member Limited Liability Companies](#)
- [Small Business Forms and Publications](#)
- [Small Business Forums Meeting Schedule](#)
- [Small Business Products Online Ordering](#)
- [Small Business Tax Workshops Meetings, and Seminars](#)
- [Small Business Taxes: The Virtual Workshop](#)
- [Social Security Tax](#)
- [Sole Proprietor](#)
- [South Carolina](#)
- [South Dakota](#)
- [Spanish](#)
- [Spanish Workshops](#)
- [Spouses in Business](#)
- [SSA/IRS Reporter](#)
- [Stakeholder Liaison Local Contacts](#)
- [Standard Mileage Rates](#)

- [Starting a Business](#)
- [State Government Websites](#)
- [Statistics](#)
- [Statutory Employee](#)
- [Statutory Nonemployees](#)
- [Subscribe to e-News for Small Businesses](#)

## T

- [Tangible Property Regulations - Frequently Asked Questions](#)
- [Tax Calendar](#)
- [Tax Centers](#)
- [Tax Code \(IRC\)](#)
- [Tax Consequences of Virtual World Transactions](#)
- [Tax Credits, Business](#)
- [Tax Forms and Publications](#)
- [Tax Fraud](#)
- [Tax Information for Innocent Spouses](#)
- [Tax Levy](#)
- [Tax Lien](#)
- [Tax Payments](#)
- [Tax Practitioner Institute Classes](#)
- [Tax Refund](#)
- [Tax Relief in Disasters - Information for Businesses](#)
- [Tax Return, Previous Year](#)
- [Tax Scams - How to Report Them](#)
- [Tax Tables \(PDF\)](#)
- [Tax Trails](#)
- [Tax Transcripts](#)
- [Tax Treaties, Income](#)
- [Tax Workshops, Small Business](#)
- [Tax Years](#)
- [Taxpayer Advocate](#)
- [Taxpayer Burden Reduction \(TBR\)](#)
- [Taxpayer Identification Numbers \(TIN\)](#)
- [Taxpayer Identification Number \(TIN\) Matching](#)
- [Tennessee](#)
- [Terminal Control Number \(TCN\)/Terminal Locations Directory](#)
- [Terminating a Retirement Plan](#)
- [Texas](#)
- [Third Party Arrangements](#)
- [Tips](#)
- [Travel Expenses](#)

- [Treaties](#)
- [Trucking Tax Center](#)
- [Trust](#)
- [Trust Fund Taxes](#)
- [Trustees \(Bankruptcy Trustees\)](#)

## U

- [Understanding a Federal Tax Lien](#)
- [Understanding Employment Taxes](#)
- [Unemployment Tax](#)
- [Use of Electronic Accounting Software Records; Frequently Asked Questions and Answers](#)
- [Use of Nominees in the EIN Application Process](#)
- [U.S. Virgin Islands](#)
- [Utah](#)

## V

- [Vermont](#)
- [Video and Audio Presentations for Small Businesses](#)
- [Virgin Islands, U.S.](#)
- [Virginia](#)
- [Virtual Currencies](#)
- [Volunteer Income Tax Assistance Program \(VITA\)](#)
- [Voluntary Certification Program for Professional Employer Organizations \(CPEOs\)](#)
- [Voluntary Classification Settlement Program \(VCSP\)](#)

## W

- [Wages Paid to U.S. Citizens and Resident Aliens Employed Abroad](#)
- [Washington](#)
- [West Virginia](#)
- [Where to Send Your Individual Tax Account Balance Due Payments](#)
- [Which Forms Must I File](#)

- [Why should I keep records?](#)
- [Wisconsin](#)
- [Withholding Calculator](#)
- [Worker Classification](#)
- [Work Opportunity Tax Credit](#)
- [Workshops, Small Business](#)
- [Wyoming](#)
- [Webinars for Tax Practitioners](#)
- [Webinars for Small Businesses](#)
- [What is Taxable and Nontaxable Income?](#)
- [Where to File Paper Tax Returns - With or Without a Payment](#)
- [Where's My Refund](#)
- [Where to Send Non-Return Forms \(Applications and Payments\)](#)

## **X, Y and Z**

There are no topics beginning with the letters X, Y and Z at the present time of this study.

Source: Internal Revenue Service (2018bbb)

## APPENDIX F – IRS Small Business Video Portal

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- [10 Minutes on Reconciling Forms 941/W-3/W-2 to Gross Payroll](#)

Learn how to: reduce the number of Forms W-2C filed; receive fewer notices from the IRS & SSA; find and fix discrepancies before year-end.

*Reviewed 12/20/2016*

09:33

- [2015 Payment Alternatives When You Owe the IRS - Webinar \(Mar 25, 2015\)](#)

Online Payment Agreements, a brief update. Prerequisite for any payment alternative. Collection Information Statements: Your guide to the appropriate payment option. Selling or refinancing property when there's a tax lien.

*Reviewed 03/25/2015*

~ 1 hr

- [2017 VITA Grant Orientation](#)

Learn the latest information about grant requirements. Find out what's needed to remain compliant with your grant terms and conditions.

*Reviewed 12/21/2016*

~ 1 hr

- [501\(c\)\(7\) Social Clubs: What they need to qualify for and maintain tax-exempt status - Webinar \(July 16, 2015\)](#)

Learn about the requirements a 501(c)(7) organization must meet; types of social club organizations; how to obtain and maintain tax-exempt status; unique aspects that make 501(c)(7) organizations different from other tax-exempt organizations; and important IRS resources.

*Reviewed 02/01/2017*

~ 1 hr

- [ACA Provisions: What You Need to Know](#)

Please click here to listen to the recording and/ or review the transcript of the phone forum, ACA Provisions: What You need to Know. The phone forum discusses the following ACA provisions: W-2 reporting of employer sponsored health coverage and the Additional Medicare Tax on High Income Earners.

*Reviewed 02/01/2017*

43:31

- [Accumulated Sick and Vacation Pay Deferred to 403\(b\) or 457\(b\) Plans - Webinar \(June 2, 2016\)](#)

When is accumulated sick and vacation leave pay subject to Federal Employment Taxes? When can taxes be deferred and for how long? What is an elective contribution?

*Reviewed 01/19/2017*

~ 1 hr

- [Affordable Care Act Information Returns Corrections Process](#)

If you are an employer, coverage provider, or transmitter filing information returns, this video has information to help you better understand the reporting requirements, and how to identify and correct errors made on these forms and when to file corrections.

*Reviewed 05/09/2016*

42:43

- [\*\*Affordable Care Act: Applicable Large Employers Information Return Requirements \(IRC 6056\) for Tax Year 2015 - Webinar \(Mar 30, 2016\)\*\*](#)

Learn about Internal Revenue Code Section 6055; who is required to report; what elements are required to be reported; and how to complete the form.

*Reviewed 03/30/2016*

~ 1 hr

- [\*\*Affordable Care Act: Information Reporting by Providers of Minimum Essential Coverage \(MEC\) \(§6055\) – Webinar \(Mar 29, 2016\)\*\*](#)

Learn about Internal Revenue Code Section 6055; who is required to report; what elements are required to be reported; and how to complete the form.

*Reviewed 03/16/2016*

~ 1 hr

- [\*\*All About Retirement Plan Administration\*\*](#)

Learn how to: select the right plan; correct plan errors; maintain your plan; and file correct forms.

*Reviewed 08/02/2018*

12:31

- [\*\*Alternative Filing Methods\*\*](#)

Two Stakeholder Partnerships Education and Communication (SPEC) share new ways to file Federal Income Tax returns.

*Reviewed 03/30/2017*

06:20

- [\*\*An IRS Levy on Card Payment Transactions - Webinar \(June 30, 2010\)\*\*](#)

This webinar covers the basics of the Internal Revenue Service card payment levies.

*Reviewed 06/30/2010*

~ 1 hr

- [\*\*Appeals Updates\*\*](#)

Stay in the know and check out what's going on in Appeals. Keep up with new policy and organizational updates.

*Reviewed 05/03/2017*

~ 1 hr

- [\*\*Audit\*\*](#)

"Your Guide to an IRS Audit" takes the viewer through the steps of an audit, from notification to closing. The video series is composed of scenarios that demonstrate the stages of each type of audit; correspondence, office and field. The scenarios address issues that are common to audits of small businesses.

*Reviewed 08/01/2010*

~ 1 hr

- [\*\*Audit Techniques Guides\*\*](#)

Audit Technique Guides explain industry-specific examination techniques and include common, as well as, unique industry issues, business practices and terminology. A great place for a small business owner to look who wants to do the right thing when it comes to business taxes.

*Reviewed 08/08/2011*

02:07

- [\*\*Avoiding Interest and Penalty Charges\*\*](#)

Do you know what can happen if you don't file your taxes or pay on time? You get interest and penalty charges. You can avoid them both by filing and paying on time.

*Reviewed 09/06/2011*

03:24

- [\*\*Avoiding the Biggest Tax Mistakes - Webinar \(May 15, 2014\)\*\*](#)

Learn about the tax benefits available to you and how best to avoid common mistakes small business owners may make. IRS representatives will also be available for a question and answer session directly after the presentation.

*Reviewed 05/15/2014*

~ 1 hr

- [\*\*Avoiding the Top Tax Mistakes that Small Businesses Make - Webinar \(June 20, 2013\)\*\*](#)

Poor recordkeeping and a failure to recognize all items that constitute gross receipts, otherwise known as taxable business income, are two of the major pitfalls businesses need to be aware of. Small business owners also need to avoid common tax schemes and unscrupulous tax preparers. Learn about all the top mistakes small business owners often make and how you can avoid them.

*Reviewed 06/20/2013*

~ 1 hr

- [\*\*Backup Withholding\*\*](#)

If a business pays a "non-employee", such as an independent contractor \$600 or more in a year, that business must file Form 1099 Miscellaneous, and may be required to backup withhold on the payments.

*Reviewed 09/09/2011*

03:26

- [\*\*Backup Withholding: When and Why \(Nov 10, 2016\)\*\*](#)

Learn which payments to vendors might be subject; what kind of tax is backup withholding; when is withholding taken; and how to respond to the CP2100 Notice.

*Reviewed 11/10/2016*

~ 1 hr

- [\*\*Bankruptcy - Webinar \(January 25, 2011\)\*\*](#)

An overview of how the IRS works taxpayer cases when filing for bankruptcy.

*Reviewed 01/25/2011*

~ 1 hr

- [\*\*Basic Arbitrage Concepts - Audio Webcast \(July 10, 2014\)\*\*](#)

Learn about arbitrage in tax-advantaged bond context; yield restriction: limits on investment yield and exceptions; arbitrage rebate; post issuance compliance: problems and remedies; voluntary Closing Agreement Program (VCAP).

*Reviewed 01/12/2017*

~ 1 hr

- [\*\*Business Income\*\*](#)

This video give a short explanation of what constitutes business income and expenses, that good recordkeeping is key to help with balanced tax reporting and recommends resources on IRS.gov for more information.

*Reviewed 12/01/2011*

02:20

- [\*\*Business Taxes for the Self-Employed: The Basics - Webinar \(Aug 26, 2015\)\*\*](#)

Tax issues for self-employed persons, including reporting profit or loss, self-employment tax and completing Schedule C or C-EZ.

*Reviewed 08/26/2015*

~ 1 hr

- [\*\*Business Use of Your Home - Webinar \(Sep 10, 2014\)\*\*](#)

Find out what kinds of deductions are allowable for your home office and what's not by watching this video.

*Reviewed 09/10/2014*

~ 1 hr

- [\*\*Campus Correspondence Audit Process & Resolution\*\*](#)

A presentation by IRS employee on the topic of Correspondence Audit Process

*Reviewed 07/14/2010*

38:48

- [\*\*Car Donations\*\*](#)

Charities and donors can learn the rules for reporting, recordkeeping and calculating the deduction for car donations.

*Reviewed 01/25/2017*

05:40

- [\*\*Charities and Nonprofits: A Quick Resource Guide\*\*](#)

How to find information on the Charities and Nonprofit homepage (like applying for exemption, required filings, the latest form updates, and more).

*Reviewed 09/12/2018*

07:52

- [\*\*Child & Day Care Provider Tax Compliance Assistance - Webinar \(June 5, 2012\)\*\*](#)

Learn how to correctly report common tax items associated with owning a child or day care business.

*Reviewed 06/05/2012*

~ 1 hr

- [\*\*Churches and Religious Organizations - Webinar \(July 25, 2012\)\*\*](#)

A survey of tax-exempt status for churches and religious organizations

*Reviewed 03/27/2017*

~ 1 hr

- [\*\*Clarifying the Universal Availability and Other 403\(b\) Retirement Plan Requirements \(Oct 27, 2016\)\*\*](#)

Learn about hours of service; changes in employee status; student participation and other 403(b) rules.

*Reviewed 10/27/2016*

~ 1 hr

- [\*\*Clasificación del Trabajador: ¿Empleado o Contratista Independiente? - Webinar \(4 de Mayo 2016\)\*\*](#)

En este seminario en español, usted aprenderá acerca de la diferencia entre el tratamiento tributario de un empleado contra un contratista independiente, la Forma SS-8, y el Programa de Acuerdo de Clasificación Voluntaria (In this Spanish language webinar, you will learn about the

difference between the tax treatment of an employee versus an independent contractor, the Form SS-8, and the Voluntary Classification Settlement Program.)

*Reviewed 05/04/2016*

~ 1 hr

- [Closing a Business](#)

If you are closing a business, or already have, here are a few reminders for small business owners about what you need to know and do regarding federal taxes.

*Reviewed 03/14/2011*

01:07

- [Completing Form 656 - Offer In Compromise Application](#)

An Offer in Compromise is an agreement with the IRS to settle your tax debt for less than the full amount owed. This video will help you determine whether you are a good candidate for the IRS's Offer program and prepare your application.

*Reviewed 01/25/2017*

14:25

- [Correcting Employment Taxes Using Form 941-X](#)

Learn about when to use the Form 941X; statute of limitations for Form 941; differences between adjustments and claims; finding the Forms you need at IRS.gov.

*Reviewed 05/15/2018*

14:40

- [Depreciation Basics - Webinar \(May 28, 2014\)](#)

Depreciation is an income tax deduction that allows a taxpayer to recover the cost or other basis of certain property. This video will help Individual taxpayers and small business owners to properly claim this tax deduction.

*Reviewed 05/28/2014*

~ 1 hr

- [Determining full-time employee status under the Affordable Care Act](#)

Learn about determining full-time employees for purposes of the Employer Shared Responsibility Provisions; how to determine full-time status for employees who are seasonal, part-time or work non-traditional schedules; using the look-back method and the monthly measurement method; and initial measurement, stability, standard measurement and administrative periods.

*Reviewed 02/01/2017*

~ 1 hr

- [Did you lose your tax-exempt status? Why it happens and how to fix it.](#)

You'll learn: How and why you were automatically revoked; Steps you must take to get reinstated; and How to stay tax-exempt.

*Reviewed 09/25/2018*

20:26

- [Direct Sellers - Webinar \(July 27, 2011\)](#)

Tax reporting tips for Direct Sellers.

*Reviewed 07/27/2011*

~ 1 hr

- [Disaster Loss Deductions](#)

The IRS offers video presentations on disaster assistance. This presentation discusses how to deduct losses from a disaster.

*Reviewed 07/19/2012*

02:43

- [\*\*Disaster Relief for Retirement Plans\*\*](#)

Learn more about: Special withdrawal rules for hurricanes Harvey, Irma and Maria; 2017 California wildfires; Plan amendment deadlines; and Rules for all federal disaster areas.

*Reviewed 09/25/2018*

31:02

- [\*\*Disclosure Awareness - FTI Need and Use\*\*](#)

When using FTI, state agencies need to be aware of "need and use" policy to avoid possible disclosure of sensitive information.

*Reviewed 04/14/2014*

05:42

- [\*\*Don't Take the Bait – Protect Your Clients and Yourself\*\*](#)

This webinar highlights the "Don't Take the Bait" campaign and provide tax professionals with detailed, step by step overview of what actions they can take to protect their data and avoid various cybercriminal data-theft tactics.

*Reviewed 11/01/2017*

~ 1 hr

- [\*\*Easy Form 1023-EZ\*\*](#)

You'll learn: Why it's different from Form 1023; Eligibility requirements for using it; and How to complete it.

*Reviewed 09/25/2018*

39:22

- [\*\*Easy low-cost ways to start your small business retirement plan - Webinar \(Jul 14, 2015\)\*\*](#)

Learn about low-cost retirement plans; low-maintenance alternatives to traditional 401(k)s; points to consider in choosing a plan for your business; and resources for setting up and operating your plan, and avoiding plan mistakes (60 mins.)

*Reviewed 01/16/2017*

~ 1 hr

- [\*\*Employee Benefits - How and When Government Entities Should Report Them - Webinar \(February 6, 2014\)\*\*](#)

Learn about the taxability of certain fringe benefits for state and local governments; accountable plans, allowances, tool allowances, stipends, bonuses, gift cards, day meals, group term life insurance and health flexible savings accounts.

*Reviewed 01/31/2017*

~ 1 hr

- [\*\*Employee Plans Compliance Resolution System Changes \(Revenue Procedure 2016-51\)\*\*](#)

Learn about the elimination of determination letter application requirements; new methodology for determining Audit CAP sanctions; modifications to the Self Correction Program; and consolidation of prior guidance.

*Reviewed 01/09/2017*

~ 1 hr

- [\*\*Employee Plans Determination Letter Program Changes In 2017 - Webinar \(Aug 11, 2016\)\*\*](#)

Learn about new guidance for individually designed plans; when letters may be available in the future; new approach to remedial amendment periods; changes to interim amendment rules and new tools to help plans make required amendments.

*Reviewed 01/16/2017*

~ 1 hr

- [\*\*Employer Provided Vehicles – How and What to Report for Federal Tax Purposes - Audio Webcast \(Feb 19, 2015\)\*\*](#)

Learn about what is taxable; what sorts of use are exempt; which vehicles are exempt; and how to value personal use.

*Reviewed 02/03/2017*

~ 1 hr

- [\*\*Employer Shared Responsibility - Webinar \(April 6, 2016\)\*\*](#)

Learn about Internal Revenue Code Section 4980H; how to determine if you are an Applicable Large Employer (ALE); defining who is considered to be a full-time employee; and when an ALE may be subject to an Employer Shared Responsibility Payment.

*Reviewed 04/06/2016*

~ 1 hr

- [\*\*Employing Family Members\*\*](#)

A big advantage to operating your own business is the ability to hire family members. The rules vary, depending on the family relationship and the business entity type such as sole proprietorship, partnership, etc.

*Reviewed 08/18/2015*

02:43

- [\*\*Exclusions from Social Security and Medicare Coverage - Webinar \(Apr 9, 2015\)\*\*](#)

Learn about Section 218 coverage & exclusions; mandatory coverage & exclusions; and handling zero coverage employees.

*Reviewed 01/09/2017*

~ 1 hr

- [\*\*Explanation of Electronic Signature Options Forms 8879-EMP & 8453-EMP\*\*](#)

Learn about the easiest and fastest ways to electronically sign your employment tax returns in this short video.

*Reviewed 04/20/2016*

02:52

- [\*\*Fast Track Settlement\*\*](#)

Benefits of the Fast Track Settlement program.

*Reviewed 11/30/2012*

01:54

- [\*\*FAST: Collocated Model\*\*](#)

The FAST video series is designed to provide internal SPEC employees as well as external partner organizations a better understanding of the various models that make up the Free Assisted Self-service Tax Prep (FAST) as well as how the program works. This installment

focuses on the collocated model and how this type of site can serve a wide range of taxpayers. In addition, the partners discuss how they developed their site and why the model interested them.

*Reviewed 03/30/2017*

06:49

- [\*\*FAST: Getting Your Site Started with Free Assisted Self-service Tax Preparation\*\*](#)

The FAST video series is designed to provide internal SPEC employees as well as external partner organizations a better understanding of the various models that make up the Free Assisted Self-service Tax Prep (FAST) as well as how the program works. This installment focuses on the steps needed to get your site up and running with the FAST model so you can use this new model to serve your taxpayers.

*Reviewed 12/14/2011*

07:09

- [\*\*FAST: Standalone Model\*\*](#)

The FAST video series is designed to provide internal SPEC employees as well as external partner organizations a better understanding of the various models that make up the Free Assisted Self-service Tax Prep (FAST) as well as how the program works. This installment focuses on the standalone FAST site model and how this type of site can serve a wide range of taxpayers. In addition, the partners discuss how they developed their site and why the model interested them.

*Reviewed 03/30/2017*

06:31

- [\*\*FEAB 101 - Bank On\*\*](#)

The FEAB 101 video series is designed to provide internal SPEC employees as well as external partner organizations a better understanding of the various topics that make up Financial Education and Asset Building (FEAB). This installment focuses on the growing Bank On movement and the impact for the individual taxpayer of having a bank account. FEAB is a major focus for the organization and this video series will help partners and employees to see the possibilities for the program.

*Reviewed 03/30/2017*

06:34

- [\*\*FEAB 101 - Banking\*\*](#)

The FEAB 101 video series is designed to provide internal SPEC employees as well as external partner organizations a better understanding of the various topics that make up Financial Education and Asset Building (FEAB). This installment focuses on the importance of banking and the impact for the individual taxpayer of having a bank account. FEAB is a major focus for the organization and this video series will help partners and employees to see the possibilities for the program.

*Reviewed 03/30/2017*

06:35

- [\*\*FEAB 101 - Creating a Class\*\*](#)

The FEAB 101 series travels around the country showcasing partners' efforts around Financial Education and Asset Building (FEAB). In this installment, Robin McKinney from Maryland CASH in Baltimore, MD provides an overview of the Maryland CASH Academy.

*Reviewed 03/30/2017*

08:25

- [\*\*FEAB 101 - Credit Counseling\*\*](#)

The FEAB 101 series travels around the country showcasing partners' efforts around Financial Education and Asset Building (FEAB). In this installment, representatives from Capital Area Asset Builders in Washington, DC share their experiences around the topic of Credit Counseling and how to integrate these efforts into a VITA site.

*Reviewed 03/30/2017*

07:30

- [\*\*FEAB 101 - Individual Development Accounts\*\*](#)

The FEAB 101 video series is designed to provide internal SPEC employees as well as external partner organizations a better understanding of the various topics that make up Financial Education and Asset Building (FEAB). This installment focuses on Individual Development Accounts (IDA) and the impact they can have on the financial well-being of taxpayers. In addition, the partners discuss how they developed their efforts around IDAs.

*Reviewed 03/30/2017*

06:50

- [\*\*FICA Replacement Plans\*\*](#)

Providing information on Revenue Procedure 91-40 that sets forth rules relating to the minimum retirement benefit requirement prescribed under Employment Tax Regulations.

*Reviewed 01/09/2017*

44:29

- [\*\*File Error-Free Forms 990\*\*](#)

You'll learn: Common missing schedules and other incomplete items; Consequences for filing incomplete/incorrect returns; and Useful filing tips.

*Reviewed 09/25/2018*

15:31

- [\*\*Financial Education and Asset Building - Application Activities - Webinar \(September 29, 2010\)\*\*](#)

This webcast serves as an opportunity to hear from partners involved in the highest range of FEAB. This range involves direct one-on-one contact with the client and long-term case management. These activities are high impact and directly tied to asset accumulation and behavioral changes, extensive long-term tracking of outputs and outcomes by partners.

*Reviewed 08/08/2017*

~ 1 hr

- [\*\*Financial Education and Asset Building - Awareness Activities - Webinar \(June 30, 2010\)\*\*](#)

"Turning Partnerships Into Opportunities" is a webcast series that showcases various best practices such as grant opportunities, product development/use, and banking the "unbanked".

*Reviewed 08/08/2017*

~ 1 hr

- [\*\*Financial Education and Asset Building - Knowledge Activities - Webinar \(August 18, 2010\)\*\*](#)

Partners discuss financial education and asset building activities that involve direct contact with low-to-moderate income taxpayers through community education and outreach, i.e. contact maybe one touch or through group counseling or workshops.

*Reviewed 08/08/2017*

~ 1 hr

- [\*\*Financial Education and Asset Building - Planning Activities - Webinar \(July 28, 2010\)\*\*](#)

Partners discuss financial education and asset-building activities and explain how to develop initiatives and goals for future campaigns.

*Reviewed 08/08/2017*

~ 1 hr

- [\*\*Financial Education and Asset Building - Transactional Activities - Webinar \(September 15, 2010\)\*\*](#)

Partners discuss financial education and asset building efforts that include short-term direct contact with the low- to-moderate income taxpayers. Helping taxpayers to open or create asset vehicles that can be utilized to develop long term financial stability.

*Reviewed 08/08/2017*

~ 1 hr

- [\*\*First Time Issuers of Tax-Advantaged Bonds – Part I Introductory Module - Webinar \(Sep 16, 2015\)\*\*](#)

Learn about the basics of tax-advantaged bonds, including certain requirements and post-issuance compliance.

*Reviewed 02/02/2017*

~ 1 hr

- [\*\*First Time Issuers of Tax-Advantaged Bonds – Part II Private Business Use Module - Webinar \(Sep 16, 2015\)\*\*](#)

Learn about fundamentals of private business use and its impact on tax-advantaged bonds.

*Reviewed 02/02/2017*

~ 1 hr

- [\*\*First Time Issuers of Tax-Advantaged Bonds – Part III Arbitrage Module - Webinar \(Sep 16, 2015\)\*\*](#)

Learn about fundamentals of arbitrage compliance for tax-advantaged bonds, including yield restriction and rebate requirements.

*Reviewed 02/02/2017*

~ 1 hr

- [\*\*Foreign Earned Income for U.S. Overseas Taxpayers - Webinar \(Jun 29, 2016\)\*\*](#)

This webinar covers the basics of the Foreign Earned Income Exclusion Webinar Objectives: • List the requirements for claiming the foreign earned income exclusion. • Identify which form to use, Form 2555 or 2555-EZ. • Specify the information to include on the Form 2555 or Form 2555-EZ

*Reviewed 06/29/2016*

~ 1 hr

- [\*\*Foreign Investment in Real Property Tax Act \(FIRPTA\)\*\*](#)

Are you purchasing real estate property in the U.S. from a foreign owner? If yes, you may be required to withhold 10 percent of the amount realized from the sale due to the Foreign Investment in Real Property Act of 1980 also known as FIRPTA.

*Reviewed 05/26/2011*

02:01

- [\*\*Form 1042-S Filing Tips for Tribes\*\*](#)

Learn about Form 1042-S pitfalls; Consequences of Form 1042-S errors; Filing procedures to avoid mistakes.

*Reviewed 02/09/2018*

27:45

- [\*\*Fundraising Guidelines for Charities\*\*](#)

Many charities are not aware of the tax implications of their fundraising activities. We'll briefly discuss ways that organizations raise money and review the important tax rules associated with each.

*Reviewed 01/18/2017*

09:29

- [\*\*FUTA Credit Reduction\*\*](#)

This brief video explains the reduction in the FUTA credit rate for employers in states that have outstanding loans to the Federal Unemployment Trust Fund.

*Reviewed 11/26/2012*

06:45

- [\*\*General Employment Tax Issues - Webinar \(Nov 4, 2015\)\*\*](#)

The presentation will provide helpful information that assists employers in meeting their employment tax responsibilities. The prominent employment tax topics being covered are based on comments often receive from the public. Those issues are: Worker Classification, Voluntary Classification Settlement Program, Fringe Benefits, Officer Compensation, and Back-up Withholding & Information Return Penalties.

*Reviewed 11/04/2015*

~ 1 hr

- [\*\*General Welfare Exclusions for Indian Tribal Governments - Audio Webcast \(Sep 4, 2014\)\*\*](#)

Learn about Tribal General Welfare exclusion principles in Revenue Procedure 2014-35; safe harbors benefits provided by the guidance; procedural requirements for falling within the safe harbor; and specific benefits that are not compensation for services

*Reviewed 02/03/2017*

~ 1 hr

- [\*\*Get Right With Your Taxes\*\*](#)

Be informed about your Federal income tax responsibilities.

*Reviewed 06/08/2011*

14:12

- [\*\*Getting It Right: Form Filing and Compliance Issues for Direct Pay Bonds - Webinar \(June 30, 2011\)\*\*](#)

A review of direct pay bonds and refundable credit payments under Section 6431 of the Internal Revenue Code, including new clean renewable energy bonds, or New CREBs, qualified energy conservation bonds, qualified zone academy bonds, or QZABs, and qualified school construction bonds. Discusses Forms 8038-CP, 8038-B, 8038-TC and 8038-G, including common errors made in their filing.

*Reviewed 01/19/2017*

~ 1 hr

- [\*\*Good Recordkeeping Helps Avoid Headaches at Tax Time\*\*](#)

Whether you are an individual taxpayer or a business owner, you can avoid headaches at tax time by keeping good records during the year.

*Reviewed 11/28/2011*

02:56

- [\*\*Government Entity Compliance Examinations: Solutions to Common Mistakes - Audio Webcast July 31, 2014\*\*](#)

Learn about Form W-9 - what is it and why is so important; Forms 1099 - who gets one and when; Form 945 - what does it have to do with backup withholding taxes; how to avoid penalties and interest.

*Reviewed 01/13/2017*

~ 1 hr

- [\*\*Government Information Letter\*\*](#)

Learn how you can prove your “tax-exempt” status as a government entity; why government entities do not require a determination letter from the IRS to secure tax-exempt status; and what it means to be a dual-status entity.

*Reviewed 01/19/2017*

05:31

- [\*\*Guide for Contractors\*\*](#)

This video companion to Pub 4465A provides contractors who work for IRS with basic information about: the provisions of § 6103 that protect tax returns and return information and the civil and criminal penalties for unauthorized accesses or disclosures.

*Reviewed 09/12/2012*

07:31

- [\*\*Guide for Government Employees\*\*](#)

This video companion to Pub 4761 provides state tax and federal agency employees with basic information about: the provisions of § 6103 that protect tax returns and return information and the civil and criminal penalties for unauthorized accesses or disclosures.

*Reviewed 09/13/2012*

07:51

- [\*\*Guide for IRS Employees\*\*](#)

This video companion to Document 6986 provides basic information about: the provisions of § 6103 that protect tax returns and return information and the civil and criminal penalties for unauthorized accesses or disclosures.

*Reviewed 09/11/2012*

07:06

- [\*\*Health Coverage Tax Credit: Information for Health Plan Administrators or Third Party Administrators - Webinar \(October 28, 2016\)\*\*](#)

Health Plan and Third Party Administrators should review the requirements for participation in the 2017 Advance Monthly Payment program of the Health Coverage Tax Credit.

*Reviewed 04/04/2017*

~ 1 hr

- [\*\*Health Coverage Tax Credit: Resources for the Pension Benefit Guaranty Corporation, the Department of Labor and State Workforce Agencies - Webinar \(October 28, 2016\)\*\*](#)

Find resources to help affected individuals claim the Health Coverage Tax Credit or enroll in the 2017 Advance Monthly Payment (AMP) program.

*Reviewed 04/04/2017*

~ 1 hr

- [\*\*HIRE - Webinar \(July 8, 2010\)\*\*](#)

Learn about tax benefits for employers who hire previously unemployed workers in their trade or business.

*Reviewed 07/08/2010*

~ 1 hr

- [\*\*Hiring People Who Live in the U.S. But Are Not U.S. Citizens\*\*](#)

This workshop helps small business owner understand their tax obligations when hiring people who are not U.S. citizens. At the end of this lesson, small business owners should be able to: Verify the employee's identity and status with proper documentation; Withhold federal taxes at the proper withholding or treaty rate; Properly deposit or pay the tax withheld; and File accurate and timely withholding tax returns and provide copies to the individual.

*Reviewed 05/25/2012*

28:49

- [\*\*Home Office Deduction - What's Allowable?\*\*](#)

Find out what kinds of deductions are allowable for your home office and what's not by watching this video.

*Reviewed 09/06/2011*

02:57

- [\*\*How Form W-9 could save you time and money\*\*](#)

What is Form W-9? Why does a payer need to obtain them? What happens if a vendor refuses to provide one? Where can you learn more?

*Reviewed 01/31/2017*

03:58

- [\*\*Income Tax Withholding on Foreign Persons Forms 1042-S and 1042 - Webinar \(Jul 14, 2016\)\*\*](#)

Learn about Form 1042-S reporting and withholding; documentation including Forms W-8 BEN, 8233; and Form 1042 filing and deposits.

*Reviewed 02/03/2017*

~ 1 hr

- [\*\*Indian Tribal Settlement Taxes\*\*](#)

Discussion, summary, and tax consequences in which Tribal members may receive payments in the: Cobell settlement, Notice 2013-1, and the Keepseagle settlement.

*Reviewed 02/03/2017*

25:31

- [\*\*Indian Tribes and The Collection Process - Webinar \(Aug 18, 2016\)\*\*](#)

Learn about Collections: Who is contacting you; why are they contacting you; what you should do; what you should not do; penalties abatement and the role of IRS Office of Indian Tribal Governments.

*Reviewed 02/03/2017*

~ 1 hr

- [\*\*Individual Indian Tax Issues\*\*](#)

Distributions, per capita payments, and income derived from the Land and Fishing Treaty  
*Reviewed 11/15/2016*

~ 1 hr

- [Indoor Tanning - Webinar \(October 6, 2010\)](#)

Learn about the new tax law changes for indoor tanning services

*Reviewed 10/06/2010*

~ 1 hr

- [IRC 5000C: Basics for Acquiring Agencies](#)

Learn who is responsible for the 26 USC 5000C Excise Tax; what an acquiring agency is; who is a foreign contract party, or FCP; and why Form W-14 is important.

*Reviewed 01/03/2017*

17:37

- [IRS "B" Notices and Backup Withholding](#)

Learn What Backup Withholding is; Who is responsible for Backup Withholding; When Backup Withholding is taken; How Backup Withholding is reported; What a B-Notice is.

*Reviewed 11/17/2017*

08:08

- [IRS Out of Cycle Safeguard Reviews](#)

Safeguards developed a risk score management framework to identify agencies with the highest risk to federal tax information. This presentation gives an overview of out-of-cycle reviews conducted by the Office of Safeguards.

*Reviewed 10/04/2018*

08:10

- [IRS Stakeholder Partnerships, Education and Communication VITA Grant Orientation \(Webinar October 14, 2015\)](#)

SPEC Grant Program Office VITA Recipient Orientation will include an overview of grantee responsibilities, including reporting requirements, accessing funds using the Payment Management System, review, maintaining financial records.

*Reviewed 10/14/2015*

~ 1 hr

- [IRS Submission Processing Pipeline](#)

The Submission Processing Pipeline begins with the opening of mailed tax returns, then how it is sorted and how payments are deposited. The returns are coded, edited and numbered. Return data is entered into the computer. Validity checks are run and errors are corrected.

*Reviewed 10/21/2009*

04:59

- [IRS Tax Calendar for Businesses and Self-Employed - Webinar \(Aug 24, 2016\)](#)

Learn about tracking Federal tax due dates on your computer or mobile device, the online Tax Calendar, the Desktop Calendar Tool (IRS CalendarConnector), the Mobile Calendar Tool (IRS CalendarConnector), how to Subscribe/Download into Your Calendar and how to Obtain Calendar Reminders (RSS Feeds).

*Reviewed 02/03/2017*

~ 1 hr

- [Issue Management Resolution System](#)

The Issue Management Resolution System is one way the IRS is turning issues from tax professionals and small business leaders into answers. Find out how IMRS can work for you.  
*Reviewed 07/19/2012*

01:42

- [\*\*Lien Notice Withdrawal\*\*](#)

Learn the benefits and correct procedures for having a notice of federal tax lien withdrawn. Covers the application process, necessary forms and tips on how to prepare and file them.  
*Reviewed 10/21/2012*

11:42

- [\*\*Maintaining Tax Exemption on Qualified 501\(c\)\(3\) Bonds - Audio Webcast \(Sep 9, 2014\)\*\*](#)

Learn about private business use relative to 501(c)(3) organizations and their tax-advantaged financings; most common types of private business use, including: leases, management contracts, and research agreements; and the importance of compliance procedures related to private business use. Only the law concerning tax-exempt bonds will be discussed.

*Reviewed 01/27/2017*

~ 1 hr

- [\*\*Money Services Businesses\*\*](#)

This video explains to money services business market segment how an effective anti-money laundering, or AML, program can assist in complying with the Bank Secrecy Act, also known as the BSA.

*Reviewed 08/18/2015*

02:45

- [\*\*New Continuing Education Requirements\*\*](#)

This video explains the new continuing education requirements for viewers to receive a certificate of completion when watching IRS sponsored webinars as well as what CE providers must do in order to offer CE credit.

*Reviewed 03/07/2012*

01:58

- [\*\*Nondiscrimination Rules for Closed Pension Plans - Webinar \(July 21, 2016\)\*\*](#)

Learn about Testing for Nondiscriminatory Amounts; Testing for Nondiscriminatory Availability; and Considering Practical Situations.

*Reviewed 01/16/2017*

~ 1 hr

- [\*\*Notices from the IRS\*\*](#)

If you get an IRS notice don't panic but don't ignore it either. Read it carefully and review your tax return. If you use a tax professional, give a copy of the notice to them as soon as possible.

*Reviewed 08/18/2015*

03:15

- [\*\*NTA Message to PCA Contractors - Taxpayer Bill of Rights\*\*](#)

The National Taxpayer Advocate addresses the Taxpayer Bill of Rights to the PCA contractors to ensure taxpayer rights are protected during the collection process.

*Reviewed 12/05/2016*

43:27

- [\*\*Offer in Compromise Pre-Qualifier Tool Introduction\*\*](#)

Got a tax bill you can't pay? See if you qualify to settle your tax debt for less than the full amount owed.

*Reviewed 08/18/2015*

02:30

- [Online Payment Agreement Introduction](#)

Got a tax bill you can't pay? See if you qualify to set up an IRS payment plan online.

Please Note: A user fee may apply and fees have changed since this video was produced.

For current fees visit IRS.gov and search for "payment plans."

*Reviewed 08/18/2015*

03:18

- [Outsourcing Payroll](#)

Using a payroll provider allows small business owners and self-employed individuals to devote more time to their business instead of spending it on payroll duties since a payroll provider can help ensure forms are filed and deposits are made on time. However, a business must remember that the business owner is ultimately responsible for filing and paying taxes timely, even if the business is using a payroll provider to handle these duties

*Reviewed 09/09/2011*

02:24

- [Overview of Requirements for Charitable Hospitals Under ACA Section 501\(r\) - Webinar \(Sep 29, 2016\)](#)

The Affordable Care Act added additional requirements that affect tax-exempt hospitals. Learn about Community Benefit Standard for 501(c)(3) Hospitals; Community Health Needs Assessment and Implementation Strategy; Financial Assistance and Emergency Medical Care Policy; Limitation on Charge Requirements; and Billing & Collection Requirements.

*Reviewed 09/29/2016*

~ 1 hr

- [Owe Taxes? Understanding IRS Collection Efforts](#)

A series of eight videos covering topics that individuals and businesses will find helpful when working with the IRS to resolve unpaid taxes or unfiled returns.

*Reviewed 07/11/2011*

~ 1 hr

- [Payment Alternatives - When You Owe the IRS - Webinar \(September 12, 2012\)](#)

Learn about Installment Payment Agreements, temporary suspensions of IRS collection, Offers in Compromise and more.

*Reviewed 09/12/2012*

~ 1 hr

- [Payment Alternatives When You Owe the IRS - Webinar \(December 11, 2013\)](#)

Learn about Installment Payment Agreements, Offers in Compromise and more.

*Reviewed 12/11/2013*

~ 1 hr

- [Payments Made to Foreign Persons: A Basic Overview for Government Entities - Webinar \(May 12, 2011\)](#)

An overview of withholding, remitting, and reporting obligations related to payments to foreign persons. A review of useful reference materials, including IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities and IRS Publication 519, Tax Guide for Aliens.

*Reviewed 01/10/2017*

~ 1 hr

- [\*\*Payments to Independent Contractors Rebroadcast - Webinar \(Aug 19, 2015\)\*\*](#)

The Internal Revenue Service reminds employers to correctly determine whether workers are employees or independent contractors. Generally, employers must withhold income taxes, withhold and pay Social Security and Medicare taxes, and pay unemployment tax on wages paid to employees. Business owners do not generally have to withhold or pay any taxes on payments to independent contractors.

*Reviewed 08/19/2015*

~ 1 hr

- [\*\*Payroll Reporting for Election Workers\*\*](#)

Learn about who is an election worker; are election workers employees; what taxes should be withheld from payments to an election worker; when are election workers issued a Form W-2.

*Reviewed 09/20/2017*

13:43

- [\*\*Planning for Business Continuity after a Disaster\*\*](#)

The IRS offers video presentations on Planning for Disaster. These presentations discuss business continuity planning, insurance coverage, record keeping and other tips to stay in business after a major disaster.

*Reviewed 07/19/2012*

02:27

- [\*\*Points of Risk for Government Agencies and Contractors\*\*](#)

Protect confidential tax and other sensitive information by knowing the points of risk at which it is most vulnerable. This video describes when sensitive information is at greatest risk and the simple actions you can take to prevent loss or compromise of this valuable asset.

*Reviewed 11/30/2015*

09:21

- [\*\*Pre-Approved Plans Opinion Letter Program \(Revenue Procedure 2017-41\)\*\*](#)

Learn about: Merger of the master and prototype, and volume submitter programs; Differences between standardized and non-standardized plans; Opinion letter application period for defined contribution plans; Other changes made by Revenue Procedure 2017-41

*Reviewed 11/17/2017*

15:00

- [\*\*Primer On Monitoring Post-Issuance Compliance\*\*](#)

TEB and Post-Issuance Compliance Integration: Why, Where and How; Application of Post-Issuance Compliance to Private Business Use Rules; and Application of Post-Issuance Compliance to Arbitrage Rules.

*Reviewed 01/13/2017*

55:13

- [\*\*Proper Reporting Military Disability Retirement Income\*\*](#)

Alert employees, veterans and other stakeholders to beware of potential tax schemes that involve military disability income.

*Reviewed 01/23/2013*

01:56

- [\*\*Proper Worker Classification\*\*](#)

Worker classification determinations are made on a case-by-case basis that depend on the specific facts and circumstances.

*Reviewed 06/17/2009*

09:19

- [\*\*Proper Worker Classification - Webinar \(February 15, 2012\)\*\*](#)

Explain how to properly classify workers as employees or independent contractors and related topics and to go over the Voluntary Classification Settlement Program.

*Reviewed 02/15/2012*

53:59

- [\*\*Properly Defining Retirement Plan Compensation - Audio Webcast \(Dec 4, 2014\)\*\*](#)

Learn about Internal Revenue Code Sections 414(s) & 415 compensation; identifying which definition may be used for each plan purpose; common plan failures involving compensation.

*Reviewed 12/04/2014*

~ 1 hr

- [\*\*Protect Your Clients; Protect Yourself From Data Theft - Webinar \(August 17, 2016\)\*\*](#)

This webinar will provide information on the Security Summit initiatives for FY 2017, including enhancing tax professional awareness of client data safeguards and Increase awareness of legal requirements and best practices to better protect taxpayer information.

*Reviewed 08/07/2016*

~ 1 hr

- [\*\*Protecting Federal Tax Information: A Message From The IRS\*\*](#)

You may work with federal tax information or FTI, as it's known. Sensitive personal and financial information about taxpayers is protected by law.

*Reviewed 12/10/2008*

09:36

- [\*\*Publication 1075 Updates - Part 1\*\*](#)

Most recent updates to Pub 1075.

*Reviewed 02/08/2017*

05:30

- [\*\*Publication 1075 Updates - Part 2\*\*](#)

Updates to Pub 1075

*Reviewed 02/08/2017*

05:33

- [\*\*Qualified School Construction Bonds - Webinar \(Jun 18, 2015\)\*\*](#)

Learn about the origins, purposes and characteristics; governing rules and requirements; information reporting and post issuance compliance; and resources available to issuers.

*Reviewed 01/17/2017*

~ 1 hr

- [\*\*Real Estate Related Mortgage Interest - Webinar \(June 29, 2011\)\*\*](#)

Tax reporting compliance topics for real estate businesses and industry.

*Reviewed 06/29/2011*

~ 1 hr

- [\*\*Real Property: Cancellation of Debt and Foreclosure - Webinar \(May 16, 2012\)\*\*](#)

What is foreclosure or repossession of real property? Learn about taxable cancellation of debt (COD) income. Find out about exceptions and exclusions under IRC 108. Hear about reduction of tax attributes and Form 982.

*Reviewed 05/16/2012*

~ 1 hr

- [Reconstructing Records after a Disaster](#)

The IRS offers video presentations on Planning for Disaster. These presentations discuss business continuity planning, insurance coverage, recording keeping and other tips to stay in business after a major disaster.

*Reviewed 07/19/2012*

04:12

- [Reporting Cash Payments of Over \\$10,000](#)

Any individual, business, trust, estate or association receiving more than \$10,000 in cash in one transaction or two or more related transactions is required to file Form 8300. Learn who must file and when in this video.

*Reviewed 05/06/2011*

01:42

- [Reporting Compensation on Form 990 or Form 990-EZ - Webinar \(May 12, 2016\)](#)

Learn about reporting compensation correctly; compensation practices (individuals and entities compensated and the amounts paid); fulfilling the requirement of Internal Revenue Code section 6033 (which requires that every organization exempt from taxation under section 501(a) file an annual return).

*Reviewed 01/19/2017*

~ 1 hr

- [Reporting of Employer Healthcare Coverage on Form W-2 - Webinar \(October 31, 2011\)](#)

The Reporting of Employer-Sponsored Health Plan Coverage on Form W-2 webinar explains what employers and employees need to know about the Affordable Care Act provision.

*Reviewed 10/31/2011*

~ 1 hr

- [Reporting of Foreign Bank and Financial Accounts on the Electronic FBAR](#)

This webinar provides tax Professionals and FBAR Filers with the basic information needed to properly report foreign financial accounts on the Report of Foreign Bank and Financial Accounts, commonly called FBAR.

*Reviewed 09/20/2017*

~ 1 hr

- [Reporting Requirements for Travel Expenses - Webinar \(Aug 13, 2015\)](#)

Learn about Accountable and Nonaccountable plans, and when you should include reimbursable travel expenses as taxable income.

*Reviewed 02/03/2017*

~ 1 hr

- [Reporting Tip Income - The Jill and Jason Show](#)

This video is for employees in industries who may receive tips as part of their income.

*Reviewed 05/30/2012*

18:29

- [Reporting Tips](#)

Employers should remind their employees that all tips received are taxable. They should report their tips to their employer. The best way to do this is to use IRS Form 4070, Employee's Report of Tips to Employer, or a similar statement.

*Reviewed 09/09/2011*

05:06

- [Requirements for Furnishing Form 1099-G Electronically](#)

Learn how to successfully implement affirmative electronic Forms 1099-G consent procedures, requirements and how the process works.

*Reviewed 01/10/2017*

29:18

- [Retirement Plans](#)

A retirement plan has benefits for everyone – the employer, the business and, of course, the employees. Employers may also be eligible for tax credits or incentives for starting a retirement plan. Keep in mind that tax law changes may affect a retirement plan. Be sure to stay up-to-date with any tax laws.

*Reviewed 01/16/2017*

02:15

- [S Corporation Shareholder Stock Basis - Webinar \(Nov 18, 2015\)](#)

Viewers will learn how to calculate an individual shareholder's basis in an S corporation stock.

*Reviewed 11/18/2015*

~ 1 hr

- [S Corporations: Stock Basis of the Shareholders - Webinar \(March 28, 2012\)](#)

This webinar is to help viewers learn how to calculate an individual shareholder's basis in an S corporation stock.

*Reviewed 03/28/2012*

~ 1 hr

- [Safeguards 1 Building New Systems](#)

Safeguards Systems Development aids to comply with Publication 1075 security requirements when building a new application on which Federal Tax Information will reside or new process which will use FTL.

*Reviewed 11/19/2012*

25:24

- [Safeguards 101 - Webinar \(Sept 21, 2011\)](#)

This Webinar provides an overview of the IRS Safeguards program. The Webinar addresses procedures in Publication 1075, Tax Information Security Guidelines for Federal, State and Local Agencies.

*Reviewed 09/21/2011*

~ 1 hr

- [Safeguards 2 Building New Processes or Procedures](#)

Safeguards Process Procedure Development aids to comply with Publication 1075 security requirements when building a new application on which Federal Tax Information will reside or new process which will use FTL.

*Reviewed 11/19/2012*

26:40

- [Safeguards Security Awareness Training](#)

To fulfill the training requirements set forth in Publication 1075.

*Reviewed 05/19/2016*

27:50

- [Safeguards Security Awareness Training for Child Support](#)

This is needed to comply with the training requirements set forth in Publication 1075.

*Reviewed 05/19/2016*

29:46

- [Safeguards Security Awareness Training for Human Services](#)

This training is needed to comply with the requirements set forth in Publication 1075.

*Reviewed 05/19/2016*

30:02

- [Schedule C: Who needs to file and how to do it](#)

Tips for Schedule C filers who are one-owner businesses or self-employed taxpayers. Schedule C is filed annually as an attachment to Form 1040, the individual tax return.

*Reviewed 08/18/2015*

02:55

- [Seasonal Businesses](#)

Seasonal help is often needed for sporting events, holidays, and commercial fishing or harvest seasons. Seasonal employees are subject to the same tax withholding rules that apply to other employees.

*Reviewed 08/18/2015*

02:36

- [Seasonal Employees](#)

This video provides special tax tips if you are a seasonal employer.

*Reviewed 01/17/2012*

02:12

- [Section 218 Tools, Tips and Compliance for Government Entities - Webinar \(January 27, 2011\)](#)

New to the requirements of State and Local § 218 agreements (or in need of a refresher)? Look no further! This webinar will show you the path to compliance and links to answer other questions you might have. Plus: The new Compliance Self-Assessment tool makes its video debut!

*Reviewed 01/03/2017*

~ 1 hr

- [Segment 1: Applying to the IRS for a Lien Discharge or Subordination](#)

The Segment 1 video for the federal tax lien discharge and subordination process introduces the topic and discusses what is covered, the application forms and publications needed, and goes through section 6 of the application forms themselves.

*Reviewed 03/01/2011*

04:32

- [Segment 2: Describing Your Discharge or Subordination](#)

The Segment 2 video for the federal tax lien discharge and subordination process goes in depth through section 7 on how to tell the IRS what type or basis the application falls under.

*Reviewed 03/01/2011*

03:08

- [Segment 3: Supporting, Completing, and Submitting your Application](#)

The Segment 3 video for the federal tax lien discharge and subordination process goes through the supporting document needed as well as how to complete and submit the application.

*Reviewed 03/01/2011*

06:23

- [Selling or Refinancing when there is an IRS Lien](#)

This is the complete video, which is also divided into 3 segments below for convenience. It explains the federal tax lien discharge and subordination process. It walks through the application forms, supporting documents needed, how to submit an application, and how the process works.

*Reviewed 03/01/2011*

14:07

- [Small Business Owners: Get All the Tax Benefits You Deserve - Webinar \(June 18, 2013\)](#)

Find out about allowable IRS tax credits, deductions and more that small business owners may be able to take advantage of.

*Reviewed 06/18/2013*

~ 1 hr

- [Small Business Tax Compliance Priorities for 2012 - Webinar \(January 11, 2012\)](#)

Senior executives from the Small Business and Self-Employed operating division discuss the IRS's Examination and Collection priorities for this year. You will learn about the top issues facing Field Exam, Field Collection and Campus Compliance operation. You will also be introduced to the new office of Enterprise Collection Strategy.

*Reviewed 01/11/2012*

~ 1 hr

- [Small Business Taxes: The Virtual Workshop](#)

The Virtual Workshop is composed of nine interactive lessons designed to help new small business owners learn their tax rights and responsibilities. Those lessons are:

- Lesson 1 - What you need to know about federal taxes and your new business
- Lesson 2 - What you need to know about Schedule C and other small business taxes and tax forms
- Lesson 3 - How to file and pay your taxes electronically
- Lesson 4 - What you need to know when you run your business out of your home
- Lesson 5 - How to set up a retirement plan for yourself and your employees
- Lesson 6 - What you need to know about federal taxes when hiring employees or contractors
- Lesson 7 - How to manage payroll so you withhold the correct amount from employee
- Lesson 8 - How to make tax deposits and file a return to report your payroll taxes
- Lesson 9 - Hiring people who live in the U.S. but who aren't U.S. citizens

*Reviewed 04/10/2013*

02:36

- [Social Security Numbers](#)

Charities and nonprofits should not put Social Security numbers on publicly disclosable IRS documents such as Form 990.

*Reviewed 01/23/2017*

03:30

- [\*\*Social Security Section 218 Agreements and Government Entity Restructuring - Webinar \(August 8, 2012\)\*\*](#)

Instruction regarding how to handle predecessor/successor situations; identifying and explaining each of the four types of situations and the effect each has on Social Security coverage: consolidations, annexations, hybrid consolidations, and miscellaneous transitions.

*Reviewed 01/06/2017*

~ 1 hr

- [\*\*SPEC Assets Building Opportunities for People With Disabilities - Webinar \(August 31, 2011\)\*\*](#)

Find out about Asset-Building Opportunities from several IRS partners such as National Disability Institute - the Real Economic Impact Tour, Administration for Children and Families' Office of Community Services, Assets for Independence, Center for Financial Independence & Innovation and Individual Development Accounts.

*Reviewed 08/31/2011*

~ 1 hr

- [\*\*Starting and Operating Charities for Disaster Relief - Webinar \(Feb 25, 2016\)\*\*](#)

Learn more about the requirements for starting a tax-exempt charity under federal law; ways for new and existing organizations to provide disaster relief without jeopardizing their tax-exempt status; and operational and recordkeeping requirements, fundraising, and working with volunteers.

*Reviewed 02/01/2017*

~ 1 hr

- [\*\*Starting off Right – What New 501\(c\)\(3\) Organizations Need to Know - Webinar \(April 28, 2011\)\*\*](#)

Started a new 501(c)(3)? Keep it on track with this helpful webinar.

*Reviewed 03/28/2017*

~ 1 hr

- [\*\*Starting off Right - What New NON-501\(c\)\(3\) Organizations Need to Know \(February 24, 2011\)\*\*](#)

Provide information for new nonprofits, including: 501(c)(4) - Social Welfare groups 501(c)(5) - Labor, Agricultural & Horticultural 501(c)(6) – Business Leagues 501(c)(7) – Social Clubs 501(c)(8) – Fraternal Beneficiary Societies 501(c)(10) – Domestic Fraternal Societies.

*Reviewed 02/01/2017*

~ 1 hr

- [\*\*State Tuition Organizations\*\*](#)

State Tuition Organizations are a relatively new development in tuition aid for students and there are tax implications for the states that create them and the parents who use them.

*Reviewed 02/01/2017*

03:47

- [\*\*Staying Afloat: Planning for Emergencies Before they Happen – Webinar \(May 3, 2016\)\*\*](#)

Learn what to do in case an unexpected emergency strikes your small business by watching this informative webinar. Topics covered include business continuity planning, employee preparedness, protecting your records and data, and what IRS resources are available to help you.  
*Reviewed 05/03/2016*

~ 1 hr

- [\*\*Streamlined Filing Compliance Procedures – A Compliance Option for Some Taxpayers\*\*](#)

Learn how to prepare a submission to the Streamlined Filing Compliance Procedures. This webinar describes both Streamlined Foreign Offshore and Streamlined Domestic Offshore (SDO) and discusses how to complete the necessary forms and compute any miscellaneous offshore penalty for SDO submissions. The webinar also discusses in broad terms key differences among the four main offshore compliance options including differences between the Offshore Voluntary Disclosure Program and the Streamlined Filing Compliance Procedures.

*Reviewed 11/09/2016*

1:21:56

- [\*\*Tangible Property Regulations Rebroadcast – Webinar \(January 20, 2016\)\*\*](#)

This webinar is an overview of key provisions of the Final Tangible Property Regulations affecting small business taxpayers.

*Reviewed 01/20/2016*

~ 1 hr

- [\*\*Tax Exempt Bonds and Tax Credit Bonds - Planning to Avoid Unintended Consequences - Webinar \(September 18, 2012\)\*\*](#)

Help issuers and conduit borrowers of bonds identify and plan for the impact of their post-issuance actions on compliance with federal income tax requirements.

*Reviewed 01/27/2017*

~ 1 hr

- [\*\*Tax Scams Sound Too Good to be True\*\*](#)

Learn how to refer a suspected tax avoidance scheme and its promoter to the IRS Lead Development Center.

*Reviewed 12/08/2011*

01:09

- [\*\*Tax Tips for your new Business – Webinar \(May 2, 2016\)\*\*](#)

Learn about the major tax issues faced by your small business in this informative webinar. Topics discussed include selecting a business structure, understanding business taxes, IRS recordkeeping requirements, and IRS help available to you.

*Reviewed 05/02/2016*

~ 1 hr

- [\*\*Taxability of Fringe Benefits - Part 1: What Is A Fringe Benefit and When Is It Taxable? - Webinar \(May 19, 2015\)\*\*](#)

Learn about what fringe benefits are; Which fringe benefits are taxable; special accounting rules for fringe benefits; what is a working condition fringe benefit; what is a de minimis fringe benefit; taxability of per diem payments; and the accountable plan rules.

*Reviewed 02/01/2017*

~ 1 hr

- [\*\*Taxability of Fringe Benefits - Part 2: Commonly Provided Fringe Benefits - Webinar \(Jun 11, 2015\)\*\*](#)

Learn about cell phone usage; payments In-Lieu of Insurance; moving expense reimbursements; meal allowances and reimbursements; employee vehicles used for employer's business; and employer provided vehicles.

*Reviewed 02/02/2017*

~ 1 hr

- [\*\*Taxability of Fringe Benefits - Part 3: Other Compensation and Payments to Employees - Webinar \(Jul 9, 2015\)\*\*](#)

Learn about uniforms and clothing allowances; other types of compensation; payment of awards and prizes; and professional licenses and dues.

*Reviewed 02/02/2017*

~ 1 hr

- [\*\*Taxpayer Burden Reduction - We want to hear from you\*\*](#)

The IRS would like to hear your ideas on ways to reduce taxpayer burden.

*Reviewed 01/30/2013*

02:06

- [\*\*Taxpayer Identification Number \(TIN\) Matching Program\*\*](#)

Learn about TIN Matching; how it can help a payer; and how to sign up.

*Reviewed 01/31/2017*

03:59

- [\*\*TEGE Worker Classification: Employee or Independent Contractor? - Webinar \(May 12, 2016\)\*\*](#)

Learn about: why this matters; recognize control factors; benefits of voluntary compliance, and; how the Form SS-8 can help

*Reviewed 01/06/2017*

~ 1 hr

- [\*\*Ten Things to Ask Your Accountant - Webinar \(Mar 31, 2015\)\*\*](#)

This webinar provides small business owners with the basics for effective conversations with their accountants, they will learn more about legitimate tax opportunities that are available to them.

*Reviewed 03/31/2015*

~ 1 hr

- [\*\*The Office of Professional Responsibility: What You Need To Know About Practicing Before the IRS\*\*](#)

Due Diligence obligations of tax professionals. Overview of other key Circular 230 provisions. Practitioner responsibilities to their clients and to the Tax Administration System. Best Practices for all tax professionals. Office of Professional Responsibility Policies and Procedures.

*Reviewed 07/19/2017*

~ 1 hr

- [\*\*The Tax Exempt Bond Examination Process - Webinar \(Jun 16, 2016\)\*\*](#)

Learn about Examination Opening & Development and Closing the Examination.

*Reviewed 01/19/2017*

~ 1 hr

- [\*\*The Taxability of Lawsuits and Settlements - Webinar \(Aug 6, 2015\)\*\*](#)

Learn about when they are tax free or taxable; how to make the determination if they are taxable or wages; how to report taxable payments if they are wages; how to report taxable payments if they aren't wages.

*Reviewed 01/10/2017*

~ 1 hr

- [\*\*Third Party Loans from Retirement Plans\*\*](#)

Learn more about: Potential IRC Section 401(a) failures and Prohibited Transactions arising from Third Party Loan transactions; Asset valuation and funding issues arising from Third Party Loan transactions; and Fiduciary responsibilities when a Third Party Loan is in default or determined to be uncollectible.

*Reviewed 09/25/2018*

17:10

- [\*\*Three part series on Conduit Issuers for Tax Exempt Bonds\*\*](#)

Part 1: What is a Conduit Issuer?; Part 2: Conduit Issuer responsibilities and applicable Internal Revenue Codes for tax-exempt financings; Part 3: Conduit Issuer policy and procedural considerations.

*Reviewed 10/13/2016*

~ 1 hr

- [\*\*Tip Agreements - Webinar \(Sep 3, 2015\)\*\*](#)

Learn about what IRS Tip Agreements are available to Native American casinos; the benefits of having a Tip Agreement; how to determine tip rates for various occupational categories; and how to set up an "actual" tip rate that captures all tips received by the employee.

*Reviewed 02/03/2017*

~ 1 hr

- [\*\*Tip Reporting and Tips vs. Service Charges - Webinar \(May 5, 2016\)\*\*](#)

You will learn all about the IRS tip reporting requirements in this helpful webinar. It covers the difference between tips and service charges, and the necessary documentation needed, including the Form 8027.

*Reviewed 05/05/2016*

~ 1 hr

- [\*\*Tips vs. Service Charges: What are they and how are they reported? - Webinar \(Feb 11, 2015\)\*\*](#)

This webinar helps employers and employees understand their responsibilities regarding tip reporting, tips and service charges, Revenue Ruling 2012-18 and Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips.

*Reviewed 02/11/2015*

~ 1 hr

- [\*\*Title 31: Bank Secrecy Act - Essentials for Casinos \(June 16, 2016\)\*\*](#)

Learn about terms and definitions; Currency Transaction Reports (CTRs); Suspicious Activity Reports (SARs); important things to know including required identification, compliance program, recordkeeping requirements and penalties.

*Reviewed 02/03/2017*

42:46

- [\*\*Tribal Bonds Financing: the Basics\*\*](#)

Our goal is to provide tribes with information on three types of bonds that may be issued by Indian Tribal Governments. All three types carry a federal subsidy which lowers the tribes' borrowing cost.

*Reviewed 02/01/2017*

39:01

- [\*\*Tribal Council Pay - Webinar \(Sep 10, 2015\)\*\*](#)

Learn about when tribes should classify their tribal council members as employees and what tribal programs can tribal council members participate in.

*Reviewed 02/03/2017*

~ 1 hr

- [\*\*Understanding Error Reports for ACA Information Returns\*\*](#)

If you are an employer, coverage provider, or transmitter filing information returns, this video has information to help you better understand ACA error reports, understand how errors are reported, details about the User Interface (UI) channel and the Application to Application (A2A) channel, and what to do next.

*Reviewed 08/10/2016*

17:51

- [\*\*Understanding How to Use the IRS Withholding Calculator to Check & Correct Withholding\*\*](#)

This webinar illustrates why some major segments of the population need to change their withholding soon and familiarizes tax professionals with how to use the IRS withholding calculator to help taxpayers change their withholding.

*Reviewed 08/01/2018*

1:27:08

- [\*\*Understanding the Basics of the Dark Web\*\*](#)

This webinar provides an overview of and answers the questions: What is the Dark Web? How does the Dark Web work? What is a Dark Net Market? ...and more.

*Reviewed 09/18/2018*

2:00:41

- [\*\*Understanding the Basics of Virtual Currency\*\*](#)

This webinar provides an overview and answers the questions: What is virtual currency? How do virtual currency transactions work? What is the blockchain? ...and more.

*Reviewed 09/18/2018*

2:00:27

- [\*\*Understanding the eSummons Process\*\*](#)

This web conference provides specialized eSummons information for Financial Institutions.

*Reviewed 10/05/2018*

40:09

- [\*\*Understanding the Universal Availability Rules in a 403\(b\) Retirement Plan - Webinar \(May 19, 2016\)\*\*](#)

Learn about basic universal availability rules; treatment of adjunct faculty, part-time, seasonal, and temporary employees; the 20 hours per week and 1,000 hours rules; controlled group situations and concerns; Mayo ruling on medical residents and its impact; annual required notice to employees; and ways to find, fix, and avoid universal availability errors.

*Reviewed 01/22/2017*

~ 1 hr

- [Unique Employment Tax Classification issues in Government Entities](#)

A critical issue for all government employers is properly classifying workers as employees or independent contractors. This phone forum addresses key concepts in worker classification decisions.

*Reviewed 01/11/2017*

41:57

- [Use of Automated Tools](#)

Automated tools enhance our ability to identify, monitor and mitigate risk to Federal tax information.

*Reviewed 02/08/2017*

04:05

- [Vale la pena estar al dia con sus impuestos](#)

Infórmese de las responsabilidades sobre su Impuestos federales.

*Reviewed 02/02/2012*

17:12

- [Ventajas de asociarse con el Servicio de Impuestos Internos](#)

¿Cuáles son las ventajas para las organizaciones de pequeños negocios de asociarse con el Servicio de Impuestos Internos a través de nuestro grupo de trabajo de alcance a la comunidad “Stakeholder Liaison”? Este video provee la contestación presentando muchos productos, herramientas educativas y servicios que el Servicio de Impuestos Internos ofrece a sus organizaciones socias y a los miembros de éstas.

*Reviewed 07/16/2012*

10:15

- [Voluntary Classification Settlement Program for Federal Agencies - Webinar \(April 21, 2016\)](#)

Learn about Voluntary Classification Settlement Program; Why it matters to Federal Agencies; Purpose of VCSP; Eligibility requirements; Reclassifications that are not allowed; Effects of entering into an agreement; and Steps of the application process.

*Reviewed 01/17/2017*

~ 1 hr

- [Voluntary Closing Agreement Program Updates for Tax Exempt Bonds - Webinar \(Sep 3, 2015\)](#)

Learn about background, procedural updates, request submission, and other updates.

*Reviewed 01/30/2017*

~ 1 hr

- [What’s Special about Schedule K \(Form 990\)?](#)

Background history of Form 990 and Schedule K; Helpful items and resources; Detailed look at Schedule K; Common questions; and The role of post-issuance compliance monitoring.

*Reviewed 01/12/2017*

58:57

- [Why file Form 1099-MISC](#)

What if we do not file? Who receives form 1099-MISC? What are the filing deadlines? What are reportable payments? How to handle unique circumstances.

*Reviewed 01/31/2017*

07:13

- [Year End Reconciliation - Audio Webcast \(Sep 18, 2014\)](#)

Learn about employment tax end of year reporting due dates; why reconciliations are important; how to reconcile Form 941 (or Form 944) with Forms W-3 and W-2s; how to identify mismatches; mismatch examples.

*Reviewed 02/03/2017*

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Source: Internal Revenue Service (2018fff)

## **APPENDIX G – SCORE’S “Browse the Library” Blog Posts, Articles, Checklists, Infographics, eGuides, Videos, Podcasts, and Template**

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### **74 Tax tools offered in “Blog Post”**

1. Summer is Almost Over – How Fit is Your Business? – August 9, 2018
2. How to Explain Paycheck Withholdings, Deductions & Contributions to Your Employees – July 19, 2018
3. Why 36 Percent of entrepreneurs Aren’t Filing Taxes – June 21, 2018
4. What are the Qualified Business Deductions Under the Tax Cuts and Jobs Act? – April 11, 2018
5. Pass-Through Entities Under the Tax Cuts and Jobs Act – April 4, 2018
6. S Corporation vs. C Corporation: Which entity is Best for Your Small Business? – June 7, 2018
7. 2 Important Tax Changes for Small Businesses in 2018 – January 22, 2018
8. What Every entrepreneur Should Know About travel & entertainment Deductions – January 18, 2018
9. Why Small Business Owners Should Track Their Mileage – March 15, 2018
10. Your Business Owes Back Taxes; Now What? – January 11, 2018
11. The 3 Things Keeping Small Business Owners Up at Night – January 16, 2018
12. PAGE 2 ACA Reporting Requirements Still in Effect for 2018 – January 10, 2018
13. HR Compliance Check: 3 Quick Self-Audit Tips for the New Year – January 3, 2018
14. 14 Tax Resources for Small Business Owners – December 15, 2017
15. 8 Tax Organizing Resolutions for Small Businesses – December 6, 2017

16. Should You Incorporate Your Business in another State? – November 27, 2017
17. Is Your Business at Risk of Being Classified as a Hobby? – December 13, 2017
18. Managing Your Money Vs. Managing Your Business Finances – October 11, 2017
19. 4 Ways to Stay Focused on Taxes All Year – September 21, 2017
20. 3 Tips to Get Your Small Business Ready for Tax Season – October 2, 2017
21. Essential Steps For Turning Hobby Into A Business – August 3, 2017
22. What’s Keeping You from Contract Workers? – August 22, 2017
23. 5 Signs You Need to Reconsider Your Sole Proprietor Status – July 6, 2017
24. Why Running Payroll is More Than Writing Checks – June 15, 2017
25. Do you Sell Products Online? You Need to Know About Nexus – June 5, 2018
26. Self-Employed? Don’t Make These 6 Mistakes – June 7, 2017
27. Your Business Deserves Spring Cleaning, Too – March 24, 2017
28. How to Domesticize Your Business to Another State – April 17, 2017
29. The Top Three Considerations When Choosing Your Startup’s Business Structure – February 1, 2017
30. How to Build a Global Supply Chain for Your Small Business – March 22, 2017
31. LLCs for Freelancers: Understanding Liability Protection – January 6, 2017
32. After They Say “Yes”: The 5 Legal Steps You Must Take Every Time You Hire – January 18, 2017
33. 8 Tax Credits Your Business May Be Eligible for – December 28, 2016
34. 16 Steps to Starting a Business While Working Full Time – STEP 8: Business Licenses, Taxes and Insurance – December 22, 2016
35. What Startup Costs Can I deduct on My Taxes? – December 21, 2016
36. Don’t Overlook Business Tax Credits and Deductions in PATH ACT –

December 7, 2016

37. 2016 Tax Preparation for Small Business – December 14, 2016
38. The Most Common S-Corp Misconceptions: Part 2 – June 16, 2016
39. How to Transfer Assets to Your LLC – August 8, 2016
40. Important Papers: Which Ones Should I Keep – June 9, 2016
41. The Most Common S-Corp Misconceptions: Part 1 – June 9, 2016
42. Independent Contractor or Employee? – March 10, 2016
43. Self-Employed or Independent Contractor – March 17, 2016
44. Tax Advantages of Different Business Structure – March 3, 2016
45. The Most Common Payroll Mistakes Your Business Can Make – January 20, 2016
46. 3 Ways to Level Up Your Business in 2016 – January 14, 2016
47. What Tax Records to Keep and for How Long – December 30, 2015
48. Marketing Costs: Small Business Tax Deductions – January 7, 2016
49. Don't Wait Until Spring to Plan for Tax Success – November 13, 2015
50. Tax Record Keeping Tips for Your Small Business – November 30, 2015
51. Inventory Timing and How It Can Affect Your Taxes – November 4, 2015
52. Accrual Basis vs. Cash Basis Accounting – November 11, 2015
53. 3 Steps to Becoming an S Corporation – June 10, 2015
54. Five SMART Steps to Ease Tax Preparation – October 26, 2015
55. A Guide to the S Corporation – June 4, 2015
56. 9 Tax Scam to Watch Out for This Year – March 10, 2015
57. Work with Independent Contractors? How to Avoid an IRS Crackdown – March 9, 2015

58. Tax Time: A Guide to Completing the Schedule C – January 29, 2015
59. How to Reduce your Self-Employment Tax Bill – January 28, 2015
60. Business Expenses: It's Deductible...or Is It? – January 21, 2015
61. Three Easy Ways to Better Manage Your Small Business Taxes – January 26, 2015
62. Form 1099-MISC: Payments to Independent Contractors – January 9, 2015
63. Get Your Small Business Ready for the W-2/1099 Reporting Season – January 12, 2015
64. Tax Time Checklist: How to Send 1099s – January 7, 2015
65. Don't Ignore the Home-Office Deduction for Your Small Business – January 8, 2015
66. Financing, Taxes and Payroll, Oh My!: Guide to Small Business Finance – November 24, 2014
67. Business Licenses and Permits – What Do You Need? – November 7, 2014
68. Alphabet Soup: Corporations & Limited Liability Companies – October 29, 2014
69. Alphabet Soup: Sole Proprietorships & General Partnerships – October 27, 2014
70. To "C" or Not to "C"? What Type of Corporation Should I Choose For My Business – April 3, 2014
71. Nonprofit Purpose and Tax-Exempt Status – July 31, 2014
72. 5 Payroll Mistakes to Avoid That Cost Businesses Money – April 2, 2014
73. Are You Making These Common Small Business Tax Mistakes – April 1, 2014
74. Understanding Your Company's Financial Reports – December 20, 2013

### **34 Tax tools offered in “articles”**

1. 8 Tax Steps to Take When Hiring Employees – February 2, 2018
2. Employee or Independent Contractor? Understanding the Classification Tests – December 19, 2017
3. Choosing a Retirement Plan for Your Small Business – December 15, 2017
4. Understanding Internet Sales Tax – December 8, 2017
5. Help – My Home-Based Business Is Being Audited! Now What? – November 7, 2017
6. What Employment Taxes Do I Have to Pay When I Hire Employees? – November 1, 2017
7. Essential Steps for Hiring Your First Employee: Paperwork & Payroll – May 15, 2017
8. What Are HSAs, and How Can They Help You Save on Taxes – March 27, 2017
9. How to Deduct Bad Debt – March 23, 2017
10. Understanding Tax Deductions for Mileage – March 21, 2017
11. What Tax Deductions Can a Freelancer Take? – March 16, 2017
12. Q&A Best Small Business Tax Tips – March 14, 2017
13. Tax Advantages of Incorporating Vs. Sole Proprietorship – March 13, 2017
14. How to Choose a Tax Preparer – March 6, 2017
15. Federal Employer Identification Number: Everything You Need to Know – February 23, 2017
16. How to Properly Dissolve Your LLC – November 4, 2016
17. Holiday Bonus Guidelines: What Business Owners Should Know – December 13, 2016
18. Tax Deductions for Your Startup – March 24, 2016

19. The New W-2 Filing Date and Your Business – July 15, 2016
20. It’s All About Basis Bulletin: Avoiding Audit of Personal Returns – March 20, 2016
21. 5 Business Deductions You May Be Missing – December 2, 2015
22. How Not to Get Audited – December 9, 2015
23. Maneras de Estructurar su Negocio: Corporacion? LLC? Sociedad? – July 16, 2015
24. 10 Legal Steps Every Small Business Should Take – Small Business Legal Toolkit – September 18, 2014
25. Growing Business Means Growing Tax Bills – May 22, 2014
26. Tips on Using Independent Contractors – March 13, 2014
27. Checklist: How to Incorporate a Sole Proprietorship – February 4, 2014
28. 9 Steps to Starting Your Own Nonprofit – December 23, 2013
29. What is the Difference between a Nonprofit Organization and a Charity – December 22, 2013?
30. Self-Employment – The Right Path for You? – March 16, 2012
31. The Guide to Nonprofits and Tax Exemption – December 23, 2013
32. Barter Tax and Accounting Issues – July 31, 2011
33. Don’t Just File Your Taxes – 6 Tips for Proactive Tax Planning – March 6, 2012
34. Take Advantage of Home Business Tax Breaks – April 1, 2011

**5 Tax tools offered in “checklists”**

1. How to Calculated and Pay Estimated Taxes as a Sole Proprietor – December 26, 2017
2. Questions Freelancers Should Ask a Tax Preparer – December 21, 2017
3. Tax Preparation for Freelancers – March 29, 2017

4. Are You Ready for Takeoff? – September 14, 2015
5. Corporation or Partnership Tax Return Preparation Checklist – March 31, 2016

#### **4 Tax tools offered in “infographics”**

1. Affordable Care Act Penalties and How to Qualify for an Extension – August 12, 2016
2. Where’s My Refund – March 10, 2016
3. Essential Prep for Tax Day – March 10, 2016
4. A Look at Accounting and Taxes – January 22, 2015

#### **3 Tax tools offered in “eGuides”**

1. A Step-by-Step Guide to Hiring our First Employee – August 5, 2016
2. Small Business Taxes: Tech Tips and Advice for Your Company – March 6, 2016
3. The Ultimate Guide to Health Insurance and Taxes – January 10, 2016

#### **3 Tax tools offered in “videos”**

1. How a 401(k) Can Give Your Business a Competitive Edge – January 18, 2018
2. Five HR Pitfalls Faced by Employers – October 12, 2017
3. Incorporating Your Business – August 30, 2017

#### **2 Tax tools offered in “podcasts”**

1. Tax Strategies for Small Business Owners – November 6, 2015
2. The Home-Based Business – August 14, 2015

#### **1 Tax tool offered in “template”**

1. Tax Organizer: Business Entities (C Corporation, S Corporation, Partnerships) – March 24, 2016

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Source: SCORE Association: (2018f)

**APPENDIX H – List of Oklahoma Income Tax Assistance Sites**

City	Site Name	Open Date	Close Date	Appt. Only	Language
Ada	Ada AARP Tax aide- Masonic Hall The Chickasaw Nation	2/5/2018	4/9/2018	YES	English
Altus	Southwest Community Action	1/23/2018	4/17/2018	NO	English
Antlers	Little Dixie - Pushmataha Co.	2/1/2018	4/12/2018	YES	English
Ardmore	Ardmore Library	2/6/2018	4/17/2018	YES	English
Atoka	INCA – Atoka	2/6/2018	4/17/2018	YES	English
Bartlesville	Bartlesville Public Library CARD – Bartlesville	2/5/2018	4/11/2018	NO	English
Broken Arrow	Broken Arrow Central Park Community Center	2/1/2018	4/17/2018	NO	English
Broken Arrow	CARD-Broken Arrow-NSU	1/31/2018	4/14/2018	YES	English
Catoosa	CN Community Services 4	2/6/2018	4/10/2018	YES	English
Chandler	Chandler Public Library	2/8/2018	4/12/2018	NO	English
Chickasha	Chickasha Goodwill Virtual	1/23/2018	4/12/2018	NO	English
Claremore	CN Community Services 7 CARD – Claremore	2/5/2018	4/12/2018	YES	English
Cleveland	Jay C. Byers Memorial Library Virtual	2/3/2018	4/7/2018	YES	English
Clinton	Opportunities CAA - Clinton	1/16/2018	4/13/2018	NO	English
Duncan	Duncan Red River Tech Ctr	2/1/2018	4/17/2018	NO	English
Durant	Dwr Community Center And Library	2/1/2018	4/17/2018	NO	English
Edmond	University Of Central Oklahoma Edmond Downtown Community Center	2/1/2018	4/10/2018	NO	English
El Reno	CAAOKC El Reno	1/29/2018	4/17/2018	NO	English

Enid	Enid Oakwood Mall	2/1/2018	4/17/2018	NO	English
Fredrick	C A D C – Tillman	2/3/2018	4/14/2018	YES	English
Grove	NEOCAA Grove VITA Annex	2/5/2018	4/10/2018	YES	English
Guthrie	Guthrie Public Library – Virtual	2/3/2018	3/31/2018	NO	English
Hobart	C A D C – Kiowa	2/7/2018	4/11/2018	YES	English
Hugo	Little Dixie - Choctaw County	1/31/2018	4/11/2018	YES	English
Idabel	Little Dixie - McCurtain Co.	1/31/2018	4/11/2018	YES	English
Jay	CN Community Services 8 Virtual NEOCAA Jay	2/6/2018	4/11/2018	YES	English Spanish
Lawton	Lawton Goodwill I Lawton Goodwill II Virtual Lawton Public Library Great Plains Improvement Foundation Inc. Lawton Center For Creative Living	1/24/2018	4/12/2018	NO	English
McAlester	McAlester Public Library KiBois - Pittsburg County	1/16/2018	4/13/2018	NO	English
Miami	NEOCAA Ottawa County DHS	2/7/2018	4/11/2018	YES	English Spanish
Midwest City	Midwest City Neighborhoods in Action Midwest City Sr. Citizens Center	2/6/2018	4/12/2018	NO	English
Moore	Moore Public Library	2/3/2018	4/14/2018	NO	English
Muskogee	CN Muskogee (Ad Hoc) Muskogee Public Library	2/7/2018	3/21/2018	NO	English
Mustang	Mustang Senior Center	2/2/2018	4/13/2018	NO	English
Norman	Norman Public Library Norman Senior Citizens Oficinas del Pueblo FSA OU Vita College Of Law United Way of Norman/CSBI	2/1/2018	4/17/2018	NO	Spanish English
Nowata	CN Nowata (Ad Hoc) CARD Nowata	2/22/2018	4/12/2018	YES	English

Oakland	INCA – Marshall	2/6/2018	4/17/2018	YES	English
Ochelata	CN Ochelata (Ad Hoc)	2/15/2018	4/5/2018	YES	English
Oklahoma City	CAAOKC Central CAAOKC Metro Tech First Baptist Church Of OKC John Marshall HS Academy of Finance OKC Baptist Retirement Ralph Ellison Library Southern Oaks Library	1/29/2018	4/17/2018	NO	English Spanish
Okmulgee	Deep Fork CAF CAA	2/5/2018	4/16/2018	YES	English
Okmulgee	Mvskoke Loan Fund - MCN	1/29/2018	4/12/2018	YES	English
Owasso	Owasso Community Center	2/5/2018	4/10/2018	YES	English
Pawnee	United Community Action Program (UCAP)	2/1/2018	4/13/2018	YES	English
Perry	United Community Action Inc Perry Virtual	2/1/2018	4/13/2018	YES	English
Ponca City	Ponca City Public Library United Way of Ponca City	2/1/2018	4/12/2018	NO	English
Poteau	Kibois Leflore County – Virtual	1/16/2018	4/16/2018	NO	English
Pryor	CN Community Services 1 CARD –Pryor	2/8/2018	4/5/2018	YES	English
Salina	CN Community Services 12 CN Community Services 3 First Christian Church	2/8/2018	4/12/2018	YES	English
Sapulpa	Sapulpa Public Library	2/2/2018	4/13/2018	NO	English
Sayre	C A D C – Washita	1/30/2018	4/17/2018	YES	English
Shawnee	Cocaa Shawnee	2/10/2018	4/14/2018	YES	English
Stigler	KIBOIS - Haskell County – Virtual	1/16/2018	4/13/2018	NO	English
Stillwater	Stillwater Public Library	2/1/2018	4/17/2018	NO	English
Stilwell	CN Community Services 2	2/8/2018	4/12/2018	YES	English
	INCA – Murray	2/6/2018			

Sulphur			4/17/2018	YES	English
Tahlequah	Cherokee Nation FSA Fusion	2/5/2018	4/10/2018	NO	English
Tahlequah	CN Community Services 6 Tahlequah Public Library	2/5/2018	4/10/2018	NO	English
TEMPLE	C A D C - Cotton – Virtual	1/29/2018	4/17/2018	NO	English
Tishomingo	INCA – JOHNSTON	2/6/2018	4/17/2018	YES	English
Tonkawa	Northern Oklahoma College Virtual	2/1/2018	4/13/2018	YES	English
Tulsa	Asbury United Methodist Church Centennial Park Center Hardesty South Regional Library LIFE Senior Services, Inc. TAUW - Dream Center TAUW - Eastside Christian Church TAUW – Goodwill TAUW - YWCA TAUW -THE CENTER	2/5/2018	4/11/2018	NO	English
Vinita	CN Vinita (Ad Hoc)	2/8/2018	3/29/2018	YES	English
Watonga	Opportunities CAA – Watonga	1/16/2018	4/13/2018	NO	English
Westville	CN Westville (Ad Hoc)	2/22/2018	3/29/2018	NO	English
Wilburton	KiBois - Latimer County – Virtual	1/16/2018	4/13/2018	NO	English
Yukon	Yukon Senior Center	2/1/2018	4/17/2018	NO	English

Source: Oklahoma Tax Commission (2018a)

## APPENDIX I – 2018 Oklahoma Tax Commission’s New Business Workshop Calendar

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- January 2 Altus, OK
- January 5 Ada, OK
- January 10 Oklahoma City, OK
- January 11 Enid, OK
- January 12 McAlester, OK
- January 17 Ponca City, OK
- January 19 Antlers, OK
- January 23 Tulsa, OK
- January 24 Oklahoma City, OK
- January 26 Ardmore, OK
- February 1 Lawton, OK
- February 5 Midwest City, OK
- February 6 Altus, OK
- February 9 McAlester, OK
- February 14 Oklahoma City, OK
- February 16 Antlers, OK
- February 23 Ardmore, OK
- February 27 Tulsa, OK
- February 28 Oklahoma City, OK
- March 2 Ada, OK
- March 5 Midwest City, OK
- March 6 Altus, OK
- March 8 Enid, OK
- March 9 McAlester, OK
- March 14 Oklahoma City, OK
- March 16 Antlers, OK
- March 21 Ponca City, OK
- March 23 Ardmore, OK
- March 27 Tulsa, OK
- March 28 Oklahoma City, OK
- March 30 Weatherford, OK
- April 2 Midwest City, OK
- April 3 Altus, OK
- April 5 Lawton, OK
- April 11 Oklahoma City, OK
- April 13 McAlester, OK
- April 20 Antlers, OK
- April 24 Tulsa, OK
- April 25 Oklahoma City, OK
- April 27 Ardmore, OK
- May 1 Altus, OK
- May 4 Ada, OK
- May 7 Midwest City, OK
- May 9 Oklahoma City, OK
- May 10 Enid, OK
- May 11 McAlester, OK
- May 16 Ponca City, OK
- May 18 Antlers, OK
- May 22 Tulsa, OK
- May 23 Oklahoma City, OK
- May 25 Ardmore, OK
- May 31 Anadarko, OK
- June 1 Ada, OK
- June 4 Midwest City, OK

- June 5 Altus, OK
- June 6 Duncan, OK
- June 7 Lawton, OK
- June 11 McAlester, OK
- June 13 Oklahoma City, OK
- June 15 Antlers, OK
- June 22 Ardmore, OK
- June 26 Tulsa, OK
- June 27 Oklahoma City, OK
- July 11 Oklahoma City, OK
- July 12 Enid, OK
- July 13 Ardmore, OK
- July 16 McAlester, OK
- July 17 Altus, OK
- July 18 Ponca City, OK
- July 20 Antlers, OK
- August 2 Lawton, OK
- August 6 Midwest City, OK
- August 7 Altus, OK
- August 8 Oklahoma City, OK
- August 10 McAlester, OK
- August 17 Antlers, OK
- August 22 Oklahoma City, OK
- August 24 Ardmore, OK
- September 4 Altus, OK
- September 5 Weatherford, OK
- September 6 Enid, OK
- September 7 Ada, OK
- September 12 Oklahoma City, OK
- September 13 Tishomingo, OK
- September 14 McAlester, OK
- September 18 Duncan, OK
- September 19 Ponca City, OK
- September 21 Antlers, OK
- September 25 Tulsa, OK
- September 26 Oklahoma City, OK
- September 28 Ardmore, OK
- October 1 Midwest City, OK
- October 2 Altus, OK
- October 4 Lawton, OK
- October 10 Oklahoma City, OK
- October 12 McAlester, OK
- October 18 Stillwater, OK
- October 19 Antlers, OK
- October 23 Tulsa, OK
- October 24 Oklahoma City, OK
- October 26 Ardmore, OK
- November 1 Anadarko, OK
- November 2 Ada, OK
- November 5 Midwest City, OK
- November 6 Altus, OK
- November 7 Ponca City, OK
- November 8 McAlester, OK
- November 9 Ardmore, OK
- November 14 Oklahoma City, OK
- November 16 Antlers, OK
- December 3 Midwest City, OK
- December 4 Altus, OK
- December 5 Ada, OK
- December 6 Lawton, OK

- December 7 Ardmore, OK
- December 10 McAlester, OK
- December 12 Oklahoma City, OK
- December 14 Antlers, OK

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Source: Oklahoma Tax Commission (2018b)

APPENDIX J – Small Business Group Consent Form and Questionnaire

**INFORMED CONSENT FORM**  
**Small Business**

**Department of Accounting**

<b>Research Project Title:</b>	An investigation into the nature and adequacy of tax compliance tools available to assist small businesses in the State of Oklahoma in the United States of America
<b>Principal Investigator(s):</b>	Cindi Cary
<b>Research Information</b>	
<p>You are being asked to take part in a small business research study. Please read this form carefully and ask any questions you may have before beginning the survey.</p> <ul style="list-style-type: none"><li>• <b>What the study is about:</b> The purpose of this study is to better understand the tax knowledge of small businesses and their awareness of available tax tools.</li><li>• <b>What we will ask you to do:</b> If you agree to be in this study, you will be given a survey that will take approximately 20 minutes to complete.</li><li>• <b>Risks and benefits:</b> There are no known risks or benefits to you.</li><li>• <b>Compensation:</b> There will be no compensation for participating in this survey.</li><li>• <b>Your answers are confidential:</b> The responses of this survey are confidential and will be kept private. Although the research results may be published, all personal results will remain confidential.</li><li>• <b>Voluntary:</b> Participation in this study is completely voluntary.</li><li>• <b>If you have questions:</b> The researcher conducting this study is Cindi Cary. Please ask any questions you have now. If you have questions later, you may contact Cindi Cary at <a href="mailto:cindi.cary@swcu.edu">cindi.cary@swcu.edu</a> or at 405-789-7661.</li><li>• <b>Request Copies:</b> Participants may request the results of this study.</li></ul>	
<b>Participation Information</b>	

- I understand the purpose of the research study and my involvement in it.
- I understand the risks of participating in this research study.
- I understand the benefits of participating in this research study.
- I understand that I may withdraw from the research study at any stage without any penalty.
- I understand that participation in this study is voluntary.
- I understand that while information gained during the study may be published, I will not be identified and my personal results will remain confidential.
- I understand that I will receive no payment for participating in this study.

#### **Statement of Consent**

I, (please print your name) \_\_\_\_\_, have read and understand the above information. I have received answers to all questions I have asked. I consent to take part in the study.

Signature:

Date:

#### **Investigator Declaration**

I, Cindi Cary, declare that the participant information listed above has been explained and all questions asked by the participants have been truthfully answered.

Signature:

Date:

**Small Businesses Group  
Small Business Taxation Study**

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- The purpose of this survey is to better understand the tax knowledge of small businesses and their awareness of available tax tools;
- There are no known risks and there will be no compensation for participants;
- All responses are confidential and the study results are available upon request;
- The researcher conducting this study is Cindi Cary. [cindi.cary@swcu.edu](mailto:cindi.cary@swcu.edu) or at 405-789-7661;
- Thank you for being a part of this study.

**SECTION I**

1. Please specify your age range.
  - a. 18-23
  - b. 24-34
  - c. 35-45
  - d. 46-56
  - e. Over 57
  
2. What is your highest completed education?
  - a. Some High School
  - b. High School Diploma/GED
  - c. Some college/vocational training
  - d. Associate's degree
  - e. Bachelor's degree
  - f. Master's degree or higher
  
3. Please specify your ethnicity.
  - a. Black/African American
  - b. Asian/Pacific Islander
  - c. Caucasian/White
  - d. Hispanic or Latino
  - e. Native American Indian
  - f. Other \_\_\_\_\_
  
4. How many years has your business been operating?
  - a. Less than 1
  - b. 1-3
  - c. 4-9

- d. More than 10
5. How many paid employees does your business have?
- a. None
  - b. 1-3
  - c. 4-6
  - d. 7-10
  - e. 11-20
  - f. more than 20
6. Who is responsible for your small business' tax compliance?
- a. Owner/owner's Spouse
  - b. Office manager/other employee
  - c. An accountant outside the business
  - d. Family or friend
7. If someone *outside* the business is responsible for your small business tax compliance, how much time does your business spend assisting with tax compliance?
- a. Less than 5 hours a month
  - b. 6-10 hours a month
  - c. 11-15 hours a month
  - d. 16 or more hours a month
  - e. Someone *outside* the business is *not* responsible to tax compliance.
8. If someone *inside* your business (such as owner or employee) is responsible for your tax compliance, how much time is spent on tax compliance?
- a. Less than 5 hours a month
  - b. 6-10 hours a month
  - c. 11-15 hours a month
  - d. 16 or more hours a month
  - e. Someone *inside* the business is *not* responsible for tax compliance.
9. If someone *inside* your business is responsible for your small business' tax compliance, what is their highest level of education?
- a. High school diploma
  - b. Some college
  - c. 2 year degree
  - d. 4 year degree
  - e. *Not* prepared by someone *inside* my business
10. How often do you see an accountant?

- a. Never
- b. Once a year
- c. Twice a year
- d. Three or more times a year

11. In the last two years, I have visited the IRS website regarding small business tax issues

- a. Never
- b. Once
- c. 2-4 times
- d. 5 times or more

12. When do you normally pay your business' federal taxes?

- a. April 15th
- b. Quarterly
- c. After April 15<sup>th</sup> when I have the finances
- d. Other \_\_\_\_\_

## SECTION II

13. Using each number only once, please rank from 1 to 4 your businesses' biggest tax concern, with #1 being the most challenging and #2 being the second most challenging, and so on.

- \_\_\_\_\_ Lack of tax knowledge
- \_\_\_\_\_ Fear of a tax audit
- \_\_\_\_\_ Nuisance dealing with taxes
- \_\_\_\_\_ Financial tax obligations

14. Using each number only once, please rank from 1 to 4 the best place to go for easy to understand tax information, with #1 as the most likely place to go for easy to understand tax information and #2 being the second most likely place to go, and so on.

- \_\_\_\_\_ Internal Revenue Service
- \_\_\_\_\_ Google
- \_\_\_\_\_ Family member or friend
- \_\_\_\_\_ Banker

15. Using each number only once, please rank from 1 to 4 the main reasons you would **not** see an accountant more often than you do, with #1 being the main reason and #2 being the second reason, and so on.

- \_\_\_\_\_ time constraints
- \_\_\_\_\_ accounting fees
- \_\_\_\_\_ unsure of benefit
- \_\_\_\_\_ other (Please explain) \_\_\_\_\_

16. When you think of the word “tax”, what is the first word that comes to mind?

\_\_\_\_\_

17. Please list the small business tax services offered by accountants.

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

d. \_\_\_\_\_

e. \_\_\_\_\_

18. Please list the tools and resources that you use to help your small business comply with tax requirements.

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

d. \_\_\_\_\_

e. \_\_\_\_\_

19. In reference to question #17 above, what tax tool do you believe is the most helpful to your small business?

\_\_\_\_\_

20. What do you see as your biggest problem with tax tools? \_\_\_\_\_

\_\_\_\_\_

21. What small business tax help would you like to see offered? \_\_\_\_\_

\_\_\_\_\_

22. In reference to your business, please explain “tax compliance” in your own words.

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**SECTION III**

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
23. Small businesses experience an unfair tax responsibility burden.					
24. Accountants and bookkeepers perform similar tasks.					
25. I am aware that there are free small business tax resources and tools available.					
26. I am aware of the small business tax services offered by accountants.					
27. I consider the Internal Revenue Service to be helpful.					
28. I am aware of the Small Business Development Centers.					
29. Small businesses are sometimes too small to benefit from accounting services.					
30. I know where to find tax tools that are helpful to small business owners.					
31. I understand the tax requirements for small businesses.					
32. I agree with the way the government spends federal tax dollars.					
33. I am aware of the Small Business Administration tax helps					
34. I welcome financial advice from tax experts regarding my business.					

35. Please add any comments you would like regarding your small business tax experience.

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Thank you for participating in this survey.

APPENDIX K – Student Group Consent Form and Questionnaire

**INFORMED CONSENT FORM**

**Student Group**

**Department of Business**

<b>Research Project Title:</b>	An investigation into the nature and adequacy of tax compliance tools available to assist small businesses in the State of Oklahoma in the United States of America
<b>Principal Investigator(s):</b>	Cindi Cary
<b>Research Information</b>	
<p>You are being asked to take part in a research study of university business students. Please read this form carefully and ask any questions you may have before beginning the survey.</p> <ul style="list-style-type: none"><li>• <b>What the study is about:</b> The purpose of this study is to better understand the small business tax knowledge of university business students that is provided by Oklahoma higher education.</li><li>• <b>What we will ask you to do:</b> If you agree to be in this study, you will be given a survey that will take about 15 minutes to complete.</li><li>• <b>Risks and benefits:</b> There are no known risks or benefits to you.</li><li>• <b>Compensation:</b> There will be no compensation for participating in this survey.</li><li>• <b>Your answers are confidential:</b> The responses of this survey will be kept private. Although the research results may be published, all personal results will remain confidential.</li><li>• <b>Voluntary:</b> Participation in this study is voluntary.</li><li>• <b>If you have questions:</b> The researcher conducting this study is Cindi Cary. Please ask any questions you have now. If you have questions later, you may contact Cindi Cary at <a href="mailto:cindi.cary@swcu.edu">cindi.cary@swcu.edu</a> or at 405-789-7661.</li><li>• <b>Request Copies:</b> Participants may request the results of this study.</li></ul>	
<b>Participation Information</b>	

- I understand the purpose of the research study and my involvement in it
- I understand the risks of participating in this research study
- I understand the benefits of participating in this research study
- I understand that I may withdraw from the research study without any penalty
- I understand that participation in this study is voluntary
- I understand that while information gained during the study may be published, I will not be identified and my personal results will remain confidential
- I understand that I will receive no payment for participating in this study

#### **Statement of Consent**

I, (please print your name) \_\_\_\_\_, have read and understand the above information. I have received answers to all questions I have asked. I consent to take part in the study.

Signature:

Date:

#### **Investigator Declaration**

I, Cindi Cary, declare that the participant information listed above has been explained and all questions asked by participants have been truthfully answered.

Signature:

Date:

**Student Group**  
**Small Business Taxation Study**

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- The purpose of this study is to better understand the small business tax knowledge of university business students that is provided by Oklahoma higher education.
- There are no known benefits and no compensation for the participants.
- All responses are confidential and the study results are available upon request.
- The researcher conducting this study is Cindi Cary. [cindi.cary@swcu.edu](mailto:cindi.cary@swcu.edu) (405) 789-7661.
- Thank you for being a part of this study.

**SECTION I**

1. What is your age?
  - a. 18-19
  - b. 20-21
  - c. 22-23
  - d. Over 24
  
2. What is your classification?
  - a. Freshman
  - b. Sophomore
  - c. Junior
  - d. Senior
  
3. I am studying as an
  - a. International student
  - b. American student
  
4. My concentration or major is
  - a. General Business
  - b. Accounting
  - c. Finance
  - d. Marketing
  - e. Management
  
5. If you were starting your own business, who would you want to be responsible for your small business tax compliance?

- a. Myself
  - b. Outside accountant
  - c. Friend or family member
  - d. Office manager/other employee
6. After the start-up of your own business, how often do you think you should see an accountant?
- a. Never
  - b. Once a year
  - c. Three times a year
  - d. Four or more times a year
7. Which is **not** a business entity for tax purposes? You may choose more than one answer.
- a. Sole-Proprietor
  - b. Limited Liability Company
  - c. C. Corporation
  - d. Limited Liability Company
  - e. Partnership
8. On a small business financial statement, where would you find the cash account
- a. Income statement
  - b. Balance sheet
  - c. Both a and b
  - d. None of the above
9. In your university course work, how often have you been required to visit the IRS website for small business tax information?
- a. Never
  - b. Once
  - c. Two to four times
  - d. Five or more times

## SECTION II

10. Using each number only once, please rank from 1 to 4 what you believe is the biggest tax concern for small businesses, with #1 being the most challenging and #2 being the second most challenging, and so on.

\_\_\_\_\_Lack of tax knowledge  
\_\_\_\_\_Fear of a tax audit

- \_\_\_\_\_ Nuisance of dealing with taxes
- \_\_\_\_\_ Financial tax obligations

11. Using each number only once, please rank from 1 to 4 the best place to go for easy to understand tax information, with #1 as the most likely place to go for easy to understand tax information and #2 being the second most likely place to go, and so on.

- \_\_\_\_\_ Internal Revenue Service
- \_\_\_\_\_ Google
- \_\_\_\_\_ Family member or friend
- \_\_\_\_\_ Banker

12. Using each number only once, please rank from 1 to 4 the main reasons you would *not* see an accountant more often than you do, with #1 being the main reason and #2 being the second reason, and so on.

- \_\_\_\_\_ time constraints
- \_\_\_\_\_ accounting fees
- \_\_\_\_\_ unsure of benefit
- \_\_\_\_\_ other (Please explain) \_\_\_\_\_

13. When you think of the word “tax”, what word comes to your mind? \_\_\_\_\_

14. Please list the small business tax services offered by accountants.

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_
- d. \_\_\_\_\_
- e. \_\_\_\_\_

15. Please explain each of the following tax forms using as few words as possible.

- a. 1040 -
- b. 511 -
- c. 940,941,944 -

d. STS 20002 -

e. Sch. C -

f. 1040ES -

### SECTION III

**Please mark your choices with an X**

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
16. In my business courses, small business tax compliance has been a part of each course' curriculum.					
17. I am aware there are free small business tax resources and tools available.					
18. I understand the tax requirements for small businesses.					
19. I am aware of the Small Business Development Center.					
20. Small businesses are sometimes too small to benefit from accounting services.					
21. I can identify helpful taxation tools for small businesses.					
22. I am aware of the tax helps offered by the Small Business Administration.					
23. I understand the basic accounts on a financial statement.					
24. I am aware of the tax services offered by accountants.					
25. In my business courses, studying small businesses is as much of the course curriculum as studying corporate businesses.					

26. With the knowledge gained from my business courses, I feel confident to assist small business owners with tax compliance.					
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Thank you for participating in this survey.