

ITEP Comment on REG-123376-22

*Institute on Taxation and Economic Policy
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The Institute on Taxation and Economic Policy is writing to express its support for proposed IRS REG-123376-22. We strongly support recommendations made by the Treasury Advisory Committee on Racial Equity to expand the amount of tax data disclosed to the Census Bureau by the IRS.

Increased information transfer from the IRS would improve the quality of data at the Census Bureau and expand opportunities for tax policy research. This is critical for researchers who rely on Census Bureau data and products to fill the informational gaps present in tax data.

Among other things, increased information transfer would improve research on racial disparities in the U.S. tax system. Recent work by Treasury to impute race and ethnicity information onto certain tax data are valuable first steps, but marrying IRS data with Census data could allow for more comprehensive analyses. Such analyses would add to an emerging picture of the complex ways in which race and ethnicity interact with tax policy and its administration.

We were glad to see the proposed rule would allow for the transfer of a broad range of data to Census and we encourage IRS and Census to work together to identify even more items to include in the final rule, especially items pertaining to the geographic location of taxpayers. For instance, we support Professor Dorothy Brown's suggestion that the transfer include the ZIP codes of partners reported on Schedule K-1. Detailed location data can open new avenues of analysis that are not possible with more sweeping national data.

Thank you for all your work on this important matter.