

TurboTax Tax Trends Report

A look back at the most recent tax year, 2021

January 25, 2023



Contents

Introduction	3
Key Findings	4
Results	5
Income	5
Employment	10
Cryptocurrency	17
Methodology	20
Overview	20
Data	20
Sampling	20
Metrics	23
Dimensions	24
Figures	27
Income	27
Employment	32
Cryptocurrency	44

Introduction

TurboTax introduces the first trends report of its kind, using data drawn from 16 million TurboTax anonymized tax returns. We provide unique, data-driven insights into finance, tax, and economic trends for consumers, analysts, policymakers, and the general public. Most analyses on the topics in the report are drawn from surveys that, while informative, rely on a limited number of respondents and self-prepared information, which can sometimes lead to errors and over-generalization. TurboTax uses anonymized and aggregated data in compliance with U.S. tax regulation requirements, sampled to better reflect the general U.S. population of tax filers rather than the TurboTax customer base. Data is compiled by filing status, age, income group, and other characteristics in order to understand how personal and household economics vary across different segments of the population. Our mission is to make tax data more accessible so that it can be readily applied toward tax education, decision-making, and forecasting trends.

[Read the Methodology](#)

TurboTax Data Trend Report: Shifts in Income, Employment, Crypto Investing Revealed

Data shows a 10.2% increase in adjusted gross income, Millennials and Gen Z led in changing employment, 2.9% of returns included crypto

Following COVID-19, day-to-day life has changed for millions of Americans. They have experienced shifts in employment and income, and their investing habits have changed. Our first trends report helps Americans get key insights into their finances and taxes, revealing unique and relevant trends from tax year 2019 to 2021.

Our data will answer questions like:

- How has employment shifted?
- How has income changed over time?
- How has crypto investing changed?

Key Findings

Income Growth	The median Adjusted Gross Income (AGI) for U.S. tax returns was \$46,000, a 10.2% increase in 2021 compared to 2020. The gains are highly dependent on filing status and life stage, and are dampened when considering inflation. When adjusting for inflation, the median AGI saw a 5.3% increase year-over-year.
Employment	Millennials and Gen Z are leading when it comes to changing employers. Employer relationships become more stable with age. 73% of employed, single tax filers between the ages of 18 and 24 had at least one change of employer in 2021, compared to 33.2% of those between 45 and 54.
Cryptocurrency	2.9% of returns overall included taxable cryptocurrency transactions for 2021. Inclusion varied by age group. At its highest for single filers, 4.5% in the 25 to 34 age group included taxable cryptocurrency transactions in their returns for 2021.

Results

Income:

Median adjusted gross income increased in 2021

- The median Adjusted Gross Income (AGI) increased 10.2% in 2021 compared to 2020. When adjusting for inflation, the median AGI saw a 5.3% increase year-over-year.
- AGI gains are highly dependent on life stage. The median AGI for single tax filers between 35 and 45 grew 9.8% in 2021 compared to 2020. For the 45 to 55 age group, the growth was only 5.8%, and 3.9% for those in the 55 to 65 age group.
- AGI growth was observed across all US regions.

About the Data

Adjusted Gross Income (also referred to as “AGI” or “income” throughout this report) is defined by the [IRS](#) as “gross income minus adjustments to income. Gross income includes your wages, dividends, capital gains, business income, retirement distributions as well as other income”. Adjustments to income are specific deductions that directly reduce a tax filer’s total income to arrive at AGI. The most common [adjustments](#) that reduce income in computing AGI are self-employed health insurance and 50% of self-employment tax for self-employed business owners and independent contractors, IRA contribution deductions, student loan interest, educator expenses, and alimony payments from pre-2019 divorce decrees. AGI has implications for tax filers’ eligibility for certain tax deductions and credits, such as the Child Tax Credit and the Earned Income Tax Credit. Top trends are reported below. For the full set of results, see the [Figures](#) section of this report.

Top Trends

The median AGI grew 10.2% in 2021 compared to 2020. However, the growth is dampened when considering the rise in consumer prices. When adjusting for inflation using the average CPI-U for 2020 and 2021, the increase in AGI lowers to 5.3%. Data indicates that AGI growth varies considerably by life stage (Figure 1). Older age groups later in their careers saw the smallest growth in AGI year-over-year. The median AGI for Single tax filers between 35 and 45 grew 9.8% in 2021 compared to 2020. For the

45 to 55 age group, the growth was only 5.8%, and 3.9% for those in the 55 to 65 age group.

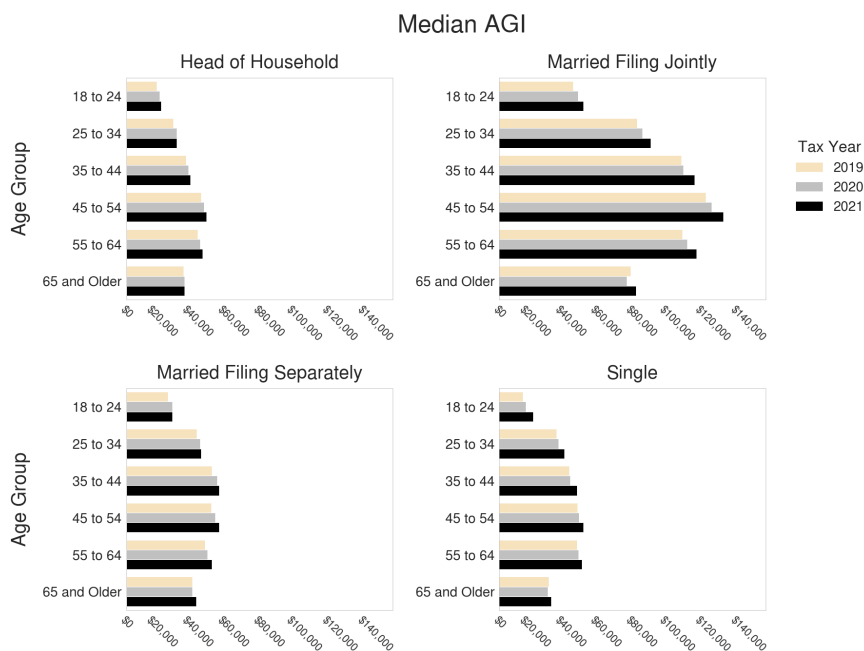


Figure 1. Median AGI by Age Group

AGI growth was observed across all US regions, with some filing statuses within regions seeing more growth than others (Figure 2). Relative median AGI growth for Single filers was highest in the Midwest region, with a 17.5% increase in 2021 (\$31,000) compared to 2020 (\$26,400). For Married Filing Jointly, growth was highest in the West region, with an increase of 6.7% in 2021 (\$108,000) compared to 2020 (\$101,000).

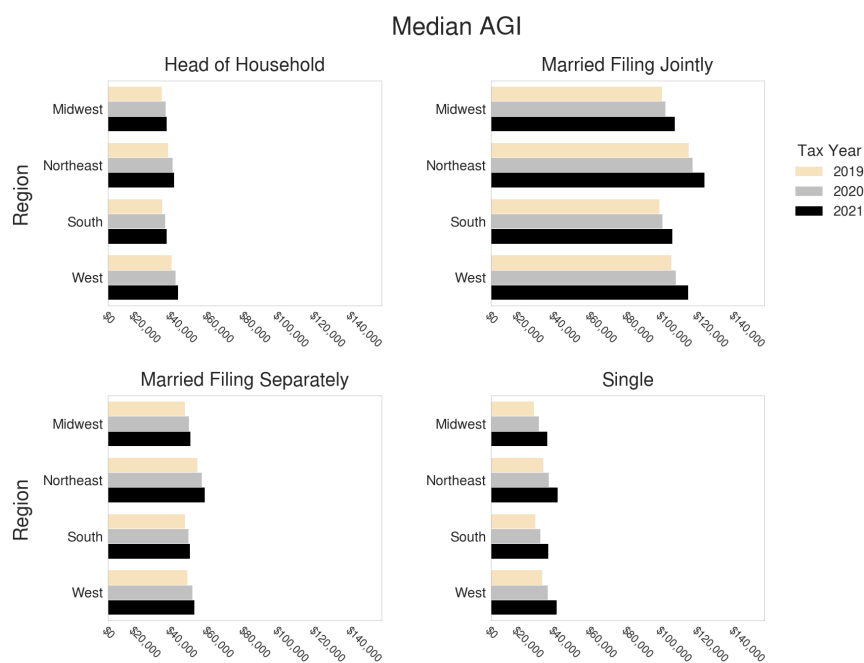


Figure 2. Median AGI by Region

Young, single tax filers were the most likely of any filing status and age group to see an increase in AGI year-over-year in both 2020 and 2021. Figure 3 shows the percentage of each filing status and age group that saw an increase in AGI of at least 10%. Similarly, this group was least likely to see a decline in AGI (Figure 4). While the percentage of those who saw an increase grew year-over-year for most age groups, those who filed as Head of Household were less likely to see growth and more likely to see a decline in AGI. While additional data for these tax filers would be needed to understand the factors driving this shift, the trend is consistent with reports of the disproportionate and continuing impact of the pandemic on single parents. A recent [analysis](#) using U.S. Current Population Survey data found that the challenges this group faced prior to the pandemic generally magnified after the arrival of COVID-19, and that unemployment rates for single parents have been slower to recover compared to that of married parents.

The figures below show results for those who did not have a filing status change year-to-year. This data represents the majority of tax filers in the analysis, who did not have a change of status. See the [Methodology](#) section for more on status changing, and the full set of [Figures](#) for more information on those tax filers with a filing status change.

Percent of Tax Filers with an AGI Increase:
No Filing Status Change

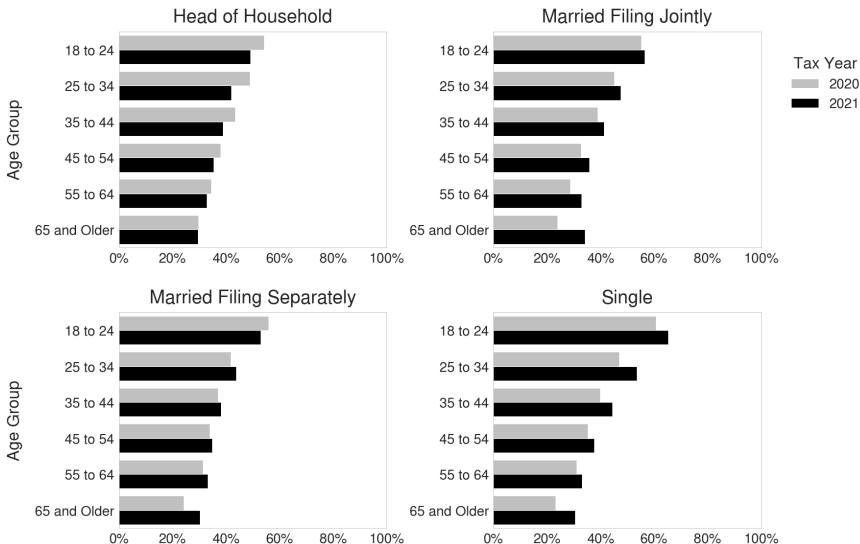


Figure 3. Percentage of Tax Filers with an AGI Increase of 10% or Greater by Age Group

Percent of Tax Filers with an AGI Decrease:
No Filing Status Change

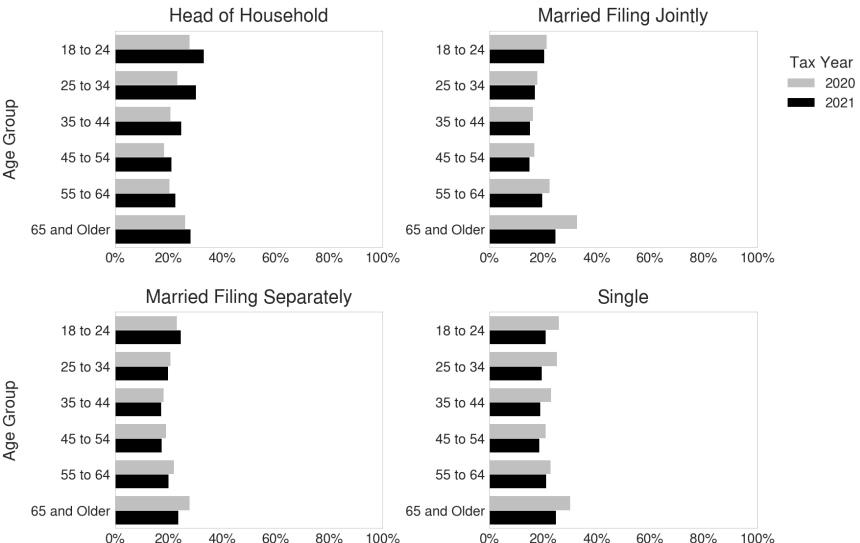


Figure 4. Percentage of Tax Filers with an AGI Decrease of 10% or Greater by Age Group

What This Means for Tax Filers in 2023

Tax implications of income increases and inflation

Despite the rise in income in 2021, higher inflation - the most experienced in decades - cut into household earnings. Our AGI findings reflect the muted wage growth reported across many industries when consumer prices are taken into account. In order to curb inflation, the federal government recently made some of the most aggressive [interest rate hikes](#) since the 1980s; however, prices are still unaffordable for many. Depending on their personal situation, taxpayers may consider paying down debt, refinancing loans, consolidating debt, improving their credit score, and building an emergency fund ([learn more here](#)). At tax-time, taxpayers can also take advantage of tax benefits passed under the [Inflation Reduction Act](#) and other [tax benefits adjusted for inflation](#) to save money on their taxes.

Many tax filers are still experiencing the impact of COVID-19 on their employment and income, managing unemployment, income cuts, and other hardships. Although taxpayers facing unemployment are taxed on any unemployment income they receive, they can also claim income-based tax deductions and credits they may have not been eligible for before like the Earned Income Tax Credit since they now have lower income.

Employment:

Employment relationships shifted and the increase in switching was higher for younger age groups

- Gen Z, Millennials, and low-income tax filers changed employers at a higher rate in 2021 compared to other generations.
- Nearly three-quarters of employed, single tax filers between the ages of 18 and 25 had a change of employer in 2021, compared to a third of those between 45 and 55.
- 62% of employed single filers with income between \$20-\$30K had at least one change in employer relationship in 2021 to 55.1% in 2020, an increase of almost 7 percentage points.

About the Data

The IRS Federal Tax Form W-2 provides tax information from employers related to earnings, tax withholding, benefits, and other details. A tax filer who worked as an employee in a given year will receive a W-2 Form from their employer. Data from W-2 forms provides insight into the rate and magnitude of employer relationships as well as changes in those relationships over time. This analysis considers a “change” of employers as any change (addition or subtraction) of employer identification numbers (EINs) for a tax filer year-over-year. A change for a tax filer who receives one or more W-2 forms for two consecutive years can indicate a change of full-time employer and shifts in part-time employment. Unemployment and retirement are not considered in this analysis. Top trends are reported below. For the full set of results, see the [Figures](#) section of this report.

Top Trends

Employer Relationships

The relationship between employers and Americans has been drastically altered over the past two years by the pandemic and its reverberating impacts on businesses and the economy overall. Year-over-year, the rate at which tax filers receive one or more W-2 forms fell from 92.5% in 2019 to 91.1% in 2020. The percentage in 2021 dropped to 89.3%. A year-over-year decline or static trend was observed

across filing statuses and age groups (Figure 5). Tax filers in the Married Filing Jointly status saw little variation. When viewed by the individual spouses included in a Married Filing Jointly return (“Married Filing Jointly - Split”), a small increase is observed year-over-year, suggesting that one or both individual partners took on extra work during this period. Recent research on the impacts of [COVID-19 on women](#) found that, contrary to many accounts, women did not exit the labor force in large numbers, and some mothers were even [more likely](#) to work for pay during the period following the pandemic (the author notes that the ability to take on new work or continue working is linked to level of education as well as race). Still, the shifts in the percentage of those who have at least one W-2 form on their tax return do not mirror now-familiar charts showing turbulent shifts in economic conditions following the pandemic. Those employed in early 2020 would have received a W-2 form from an employer even if the relationship had been terminated due to the pandemic. Furthermore, there was a decline in [unemployment](#) in late 2020 and 2021. Considering these factors, drastic shifts in the percentage of tax filers receiving at least one W-2 year-to-year would not be expected using data for the presence or absence of W-2 alone for a given calendar year.

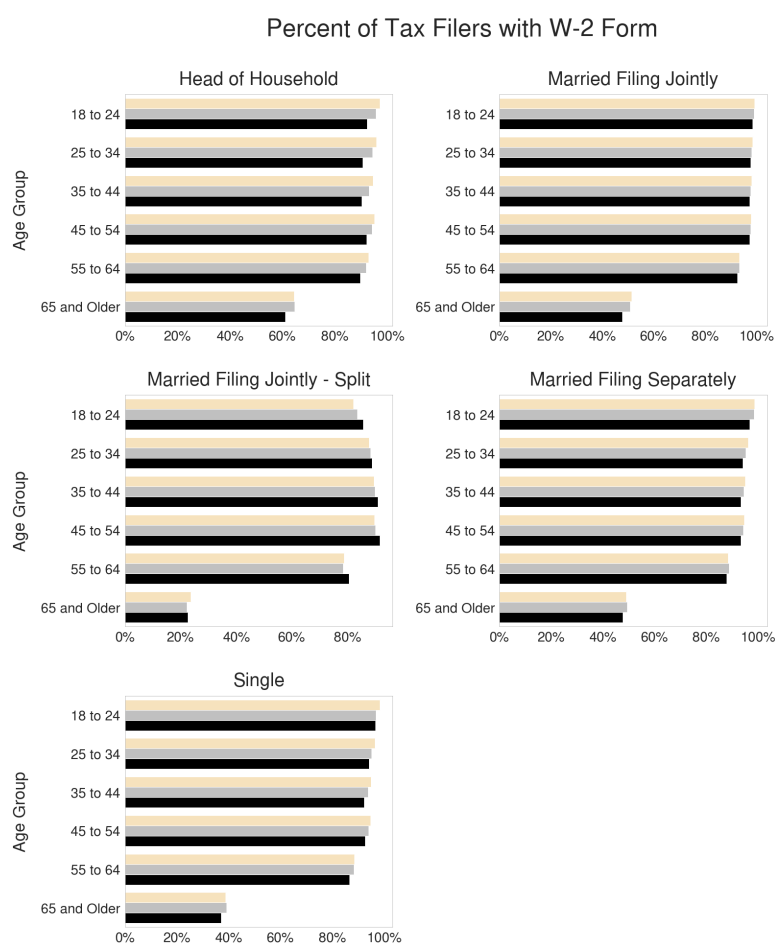


Figure 5. Percentage of Tax Filers with W-2 Form by Age Group

An additional indicator of the pandemic's effects on employer relationships is the average number of W-2 forms per tax filer (Figure 6). A drop in W-2 forms per tax filer is observed across all age groups and filing statuses between 2019 and 2020. The 2021 rebound is also more prominent, with the exception of the 65+ age group, which has continued to see a decline consistent with the acceleration of [retirements](#). The decline for the oldest age group may be subdued in light of many retirees [returning](#) to the workforce.

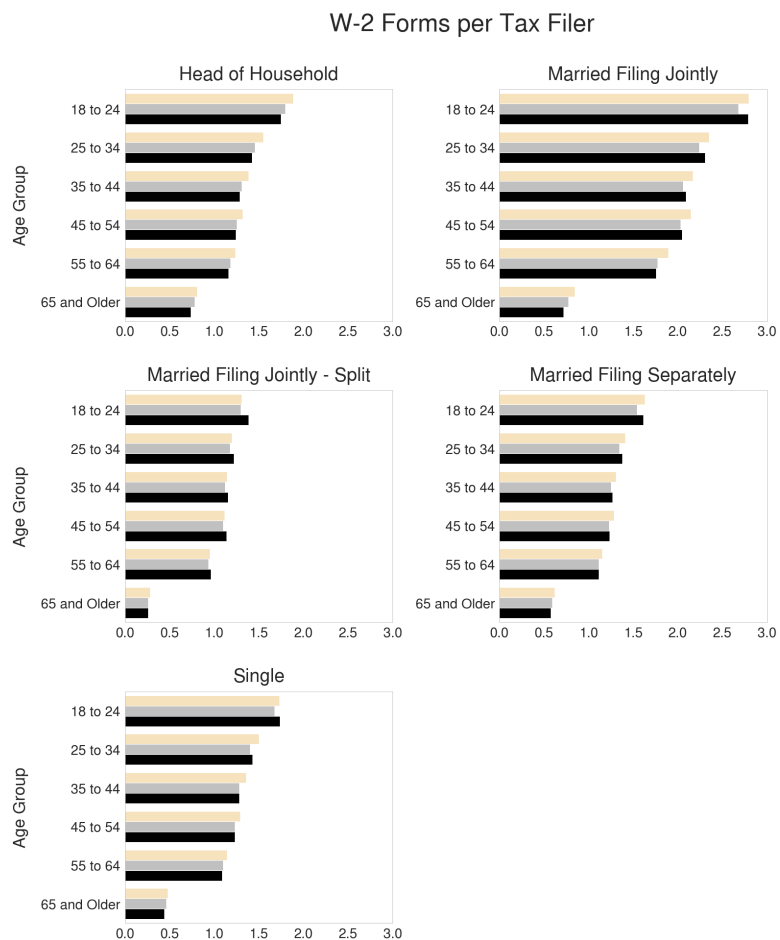


Figure 6. W-2 Forms per Tax Filer Form by Age Group

Changes in Employer

Stories of the “Great Resignation”, “Great Reshuffle”, and the “Great Rethink” abounded last year, but people were not quitting work altogether. Along with the Great Resignation came employers with an abundance of job openings allowing workers to quit lower-paying jobs and shift to higher-paying jobs. According to the [New York Times](#), many Americans resigning from their jobs have been trading up for better paying ones. A [Gallup](#) survey of Millennials found that six in 10 millennials are open to new job opportunities.

Most existing data on job switching is drawn from individual interviews or surveys. While these resources can provide useful directional and anecdotal indicators of shifts in the absence of more complete data, tax data can help fill in gaps that may arise from limitations in survey scope and potential errors due to self-reporting. Furthermore, while there are more comprehensive sources of data on [labor turnover](#), it’s challenging to link departures to hires at an individual employee level, which is needed in order to understand the rate at which individuals are leaving their current jobs for new ones. Tax data can also help fill this gap with information from W-2 forms that employers provide to their employees every year. Differences in Employer Identification Numbers (EINs) year-over-year can be used to better understand how many tax filers made a switch, whether it was a change of full-time employer or a change (addition or subtraction) of part time work.

Our analysis of 16 million TurboTax anonymized tax returns found that while employer switching isn’t unusual, the rate of switching varies by age. Younger tax filers switch employers at a higher rate than older tax filers (Figure 7). Nearly three-quarters of employed, single tax filers between the ages of 18 and 25 had a change of employer in 2021, compared to a third of those between 45 and 55.

The increase in switching between 2020 and 2021 was also noticeably higher for younger age groups. A 4.7 percentage point increase in change in employer was observed for employed single filers between the ages 18-25 who did not have a change in filing status from the prior year. By comparison, those in the 45 to 55 age group saw a 1.3 percentage point increase.

The figures below show results for those who did not have a filing status change year-to-year. This data represents the majority of tax filers in the analysis, who did not have a change of status. See the [Methodology](#) section for more on status changing, and the full set of [Figures](#) for more information on those tax filers with a filing status change.

Percent of Employed Tax Filers with a Change of Employment: No Filing Status Change

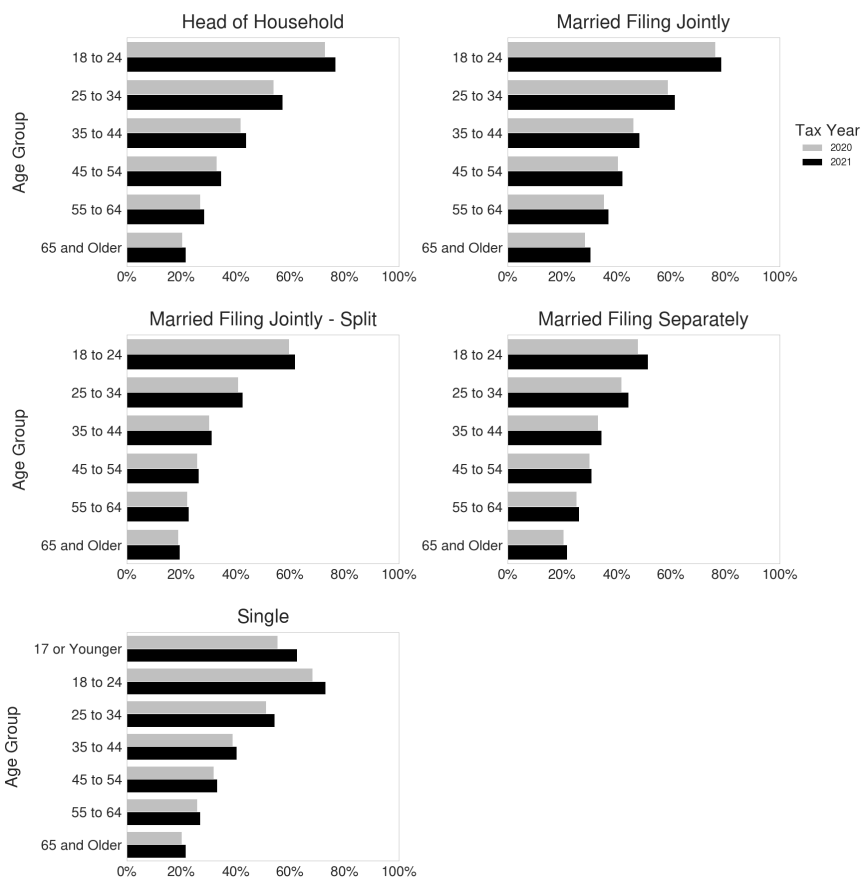


Figure 7. Percent of Employed Tax Filers with a Change of Employment by Age Group: No Filing Status Change

The increase in employer changes also varied considerably depending on income (Figure 8), with lower income workers switching jobs at a higher rate. Employed, single tax filers with an AGI of \$80-\$90K saw a 2.5 percentage point increase in the rate of employer switching, going from 28.9% of tax filers in 2020 to 31.4% in 2021. However, for those with an AGI between \$20-\$30K, the rate of employer switching jumped from 55.1% in 2020 to 62% in 2021, an increase of almost 7 percentage points. More research and data is needed to understand the relationships between age, income, and employer switching, and the degree to which external factors such as inflation contribute to the observed shifts.

Percent of Employed Tax Filers with a Change of Employment: No Filing Status Change

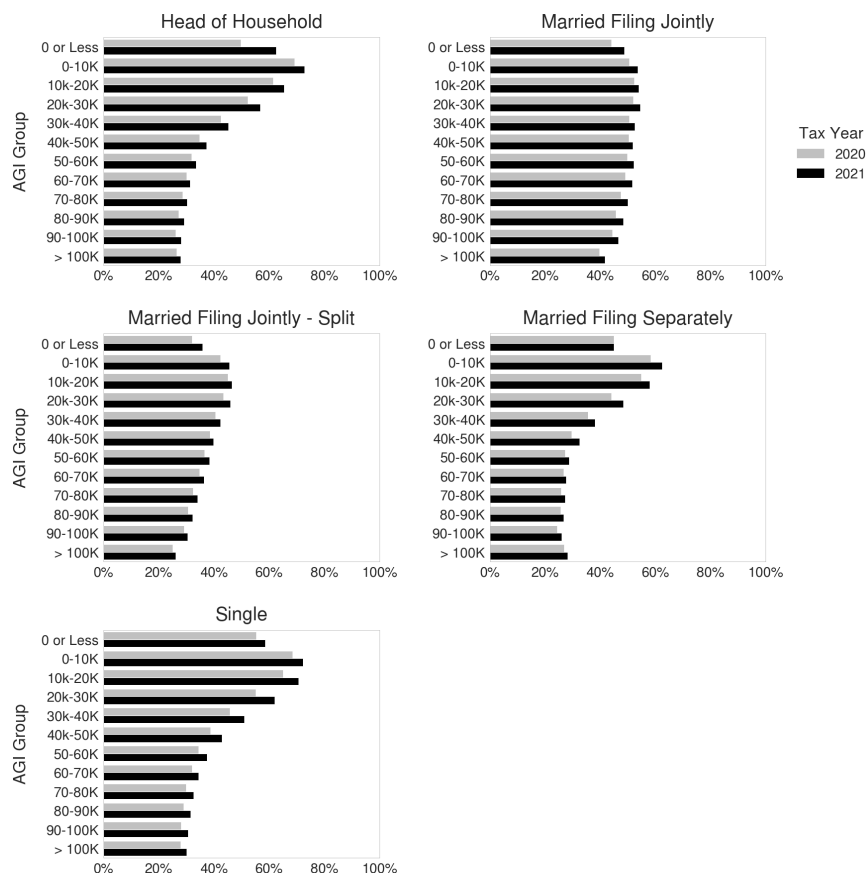


Figure 8. Percent of Employed Tax Filers with a Change of Employment by AGI Group: No Filing Status Change

What This Means for Tax Filers in 2023

Tax implications of job switching

With the increase in job switching, and especially to higher paying jobs, taxpayers may be bumped up into a higher tax bracket and have to pay more taxes on their income. They also may see less tax credits at tax time especially when it comes to credits like the Earned Income Tax Credit, which is a credit up to \$6,935 for a filer with 3 kids and income up to \$59,187. If taxpayers switch jobs and are making more money, they may consider taking steps to [adjust their paycheck withholdings using a Form W-4](#), to align with whether they want a bigger tax refund or more money in their paychecks. At tax-time, keep in mind that there are an abundance of tax deductions and credits available to lower how much taxes are owed.

Research and anecdotal evidence has also suggested an increase in the amount of people adding a side-gig along with their employment work or entering self-employment full-time. According to a recent

[QuickBooks New Business Insights Survey](#), almost 2/3 of new business owners (65%) will keep their day jobs in 2023. People who are newly self-employed need to be aware that tax implications are different from people who have an employer since they do not have federal and employment taxes withheld from a paycheck. Self-employed people who think they will owe at least \$1,000 should pay quarterly estimated taxes; if net income is \$400 or more they will need to pay 15.3% in self-employment taxes. One perk of being self-employed, however, is self-employed business owners can deduct expenses that someone who is employed cannot as long as the expenses are directly related to their business. People who have both an employer and a side-gig can help their tax situation by withholding more money from their paycheck to offset what they would need to pay in estimated taxes.

Taxes and retirees

Taxpayers considering retirement or those already retired should be aware of the tax implications of retirement. Many taxpayers may be eligible for social security income which alone is not taxable, but if they receive other streams of income like retirement income or income from a side gig, then a portion of their social security income may be taxable (50% or 85% depending on the combined income). Retirees who have other income in addition to social security income can pay estimated taxes by the [quarterly estimated tax deadlines](#) so they don't have any tax surprises. Retirees who pick up a side gig or do contract work need to keep in mind that they are considered self-employed and they will be subject to self-employment taxes if their net income from self-employment is \$400 or more; and if they owe at least \$1,000 in federal taxes then they should plan to pay quarterly estimated taxes. They can lower their taxes by [deducting business expenses](#) directly related to their business like mileage, travel, supplies and advertising.

Cryptocurrency:

Millennials were more likely to have cryptocurrency sales transactions than any other age group

- 2.9% of returns overall included taxable cryptocurrency transactions for 2021.
- Inclusion varied by age group.
- At its highest for single filers, 4.5% in the 25 to 34 age group included taxable cryptocurrency transactions in their returns for 2021.

About the Data

[Virtual currency](#) is a digital representation of value that functions as a medium of exchange, unit of account, or store of value. In some environments, it operates like real currency such as coins and paper money. Cryptocurrency utilizes cryptography to validate and secure digitally recorded transactions on a distributed ledger like a blockchain. Tax filers are identified as reporting taxable transactions if cryptocurrency gains or losses are reported on Form 1040, Schedule D, and Form 8949. Top trends are reported below. For the full set of results, see the [Figures](#) section of this report.

Top Trends

According to a [Pew Research Center](#) survey, 16% of Americans say they have invested in, traded or used cryptocurrency. However, the percentage of tax filers with cryptocurrency transactions is small in comparison. Based on TurboTax anonymized tax return data, approximately 2.9% of tax filers reported cryptocurrency transactions in 2021. This percentage varies significantly when considering the age of the tax filer (Figure 9). Those in the 25 to 34 age group are more likely to have cryptocurrency sales transactions than any other age group, with 4.5% of single tax filers in this age group reporting transactions in 2021.

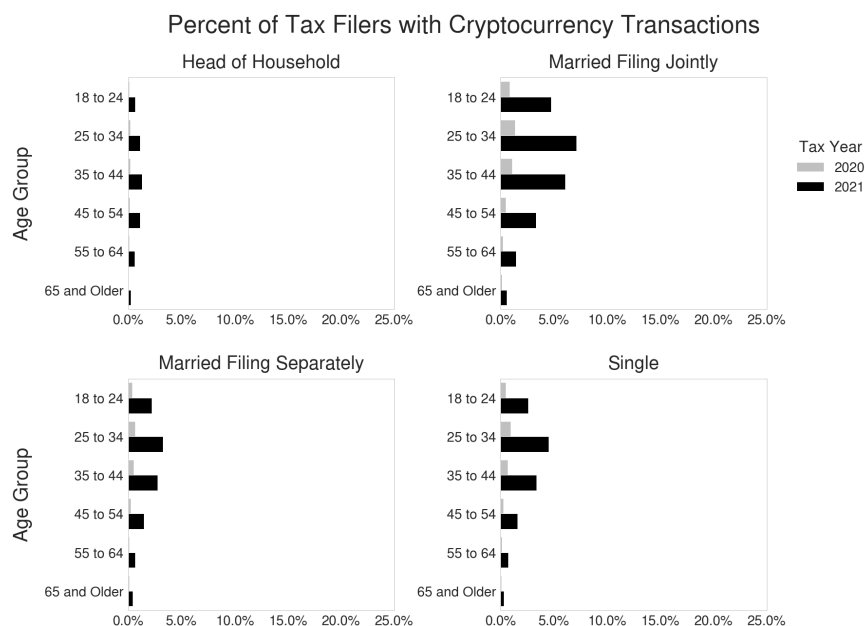


Figure 9. Percent of Tax Filers with Cryptocurrency Transactions by Age Group

The gap between the percentage of Americans who say they've invested in, traded, or used cryptocurrency and the percentage that have reported it on their taxes could be due to numerous factors, such as the absence of taxable transactions. Additional research is recommended to understand the root causes of the gap.

What This Means for Tax Filers in 2023

How can tax filers know when to report their cryptocurrency transactions?

In October 2019, the IRS issued further guidance on how virtual currency should be taxed whether taxpayers sold cryptocurrency held as an investment or received as a gift. Beginning with tax year 2020, the IRS also began requiring taxpayers to answer whether or not they sold, sent, exchanged, or acquired financial interest in virtual currency on Form 1040. In tax year 2021 the question was made more clear and required taxpayers to answer whether they received, sold, exchanged, or otherwise disposed of financial interest in virtual currency, which gave an indication of who disposed of cryptocurrency and clarified what virtual currency transactions should be reported.

IRS guidance issued in 2014 explained that virtual currency like bitcoin should be treated as property instead of currency for U.S. Federal tax purposes, and general tax principles applicable to property transactions apply to transactions using virtual currency for federal income tax purposes. This means that the same rules that apply to property transactions like the sale of stocks apply to virtual currency. Additionally, one key factor to remember is how the virtual currency is used also has an impact on how

the virtual currency is taxed. For instance, if cryptocurrency is purchased as an investment it would be subject to the same capital gain and capital loss rules as stock transactions. On the other hand, if someone is paid for services in cryptocurrency, the fair market value of the cryptocurrency would be included on their 1099 for payment of services and taxed as income. There would then be another transaction when the recipient sold the cryptocurrency they received as payment for services.

TurboTax guides investors through their investment transactions and helps them easily and accurately report their investment gains and losses.

Given the cryptocurrency trends in 2022, what tax trends are expected for tax year 2022?

Crypto prices are generally lower than they were in prior years, and many taxpayers have losses available to offset against gains. Like stock investments, crypto investors can use tax loss harvesting to offset their investment losses against their investment gains. Any leftover losses can be offset up to \$3,000 against ordinary income like wages. Losses exceeding \$3,000 can be carried forward to the next tax year.

Methodology

Overview

Most analyses of personal and household economics in the United States are drawn from surveys that rely on a limited number of respondents and non-validated, self-reported data. This study uses Federal income tax return data drawn from millions of anonymized TurboTax filed returns to provide a robust, data-driven view into the state of personal and household economics in the United States and how it's evolving over time.

Every year, millions of Americans use TurboTax to submit their Federal income tax returns. Many return year after year, facilitating longitudinal analyses while ensuring anonymization. This report leverages data from millions of tax returns to measure changes in income, employment, investing, and other personal finance topics.

Data

Findings included in this report are drawn from 16 million TurboTax anonymized accounts, sampled to match the IRS tax filer base in the United States. To ensure consistency in year-over-year comparisons, all users included have filed their taxes using TurboTax every Tax Year since 2019. All data has been anonymized and aggregated in compliance with US tax regulation requirements.

Sampling

Data from TurboTax anonymized returns was compiled for this report based on the IRS Statistics of Income (SOI) stratified probability samples of income tax returns for Tax Year 2020. The TurboTax sample population was proportionately matched to SOI data to the extent possible based on number and percentage of tax filers by income group, filing status, and age group. For cases in which the minimum number of samples could not be reached to match the relative size for a stratum, a randomized sampling approach was applied. This stratified sampling approach results in a sample that reflects the general US population as closely as possible without synthesizing, simulating, or otherwise manipulating the data.

The tables below show the proportion of tax filers in each group reported by SOI for Tax Year 2020 in comparison with the proportions of the sample of TurboTax customers used in this study. Where TurboTax user data is lower in percentage, segments may be underrepresented, most notably in the highest income brackets and the 65+ age group.

The sample population for Tax Year 2019 is the same population represented by Tax Year 2020 and 2021

data. Using the same sample selection throughout ensures consistency needed to accurately report longitudinal trends as it reduces potential bias introduced by shifts in the mix of tax filer characteristics.

Income Group	IRS	TurboTax Sample
No Adjusted Income	3.20%	1.59%
\$1 under \$5,000	6.30%	4.46%
\$5,000 under \$10,000	6.15%	5.89%
\$10,000 under \$15,000	6.44%	6.36%
\$15,000 under \$20,000	6.10%	6.30%
\$20,000 under \$25,000	5.92%	6.28%
\$25,000 under \$30,000	5.79%	6.21%
\$30,000 under \$40,000	10.21%	11.13%
\$40,000 under \$50,000	8.00%	8.58%
\$50,000 under \$75,000	13.75%	14.48%
\$75,000 under \$100,000	8.75%	9.32%
\$100,000 under \$200,000	13.64%	14.36%
\$200,000 under \$500,000	4.63%	4.53%
\$500,000 under \$1,000,000	0.75%	0.45%
\$1,000,000 under \$1,500,000	0.17%	0.05%
\$1,500,000 under \$2,000,000	0.07%	0.01%
\$2,000,000 under \$5,000,000	0.10%	0.01%
\$5,000,000 under \$10,000,000	0.02%	0.00%
\$10,000,000 or more	0.02%	0%

Table 1. Distribution of tax filers based on Adjusted Gross Income group, IRS Statistics of Income and TurboTax sample for Tax Year 2020.

Status	IRS	TurboTax Sample
Married Filing Jointly*	33.66%	31.17%
Married Filing Separately	2.38%	2.16%
Head of Household	13.06%	15.57%
Single	50.90%	51.11%

* Includes Qualifying Widowers

Table 2. Distribution of tax filers based on filing status, IRS Statistics of Income and TurboTax sample for Tax Year 2020.

Age Group	IRS	TurboTax Sample
Under 26	16.12%	19.34%
26 under 35	18.41%	23.28%
35 under 45	17.08%	20.45%
45 under 55	15.41%	16.39%
55 under 65	15.07%	12.35%
65 and over	17.91%	8.20%

Table 3. Distribution of tax filers based on age group, IRS Statistics of Income and TurboTax sample for Tax Year 2020.

Metrics

Income

Income is measured as Adjusted Gross Income (AGI), defined by the [IRS](#) as “gross income minus adjustments to income. Gross income includes your wages, dividends, capital gains, business income, retirement distributions as well as other income”.

Median AGI

Median AGI was calculated as the 50th percentile of AGI by tax filing status in combination with age group, region, and occupation.

Percent of Tax Filers with Increase/Decrease in AGI

Increases and decreases in AGI were calculated by comparing each tax filer’s AGI to that of the prior year. Tax filers were classified as seeing an increase in AGI if there was an increase in 10% or more in their AGI amount. Similarly, tax filers were classified as having a decrease if there was a 10% or greater decline in AGI amount. Year-over-year changes for those who changed filing status (such as filing “Single” to “Married Filing Jointly”) are considered separately from those who had the same filing status year-over-year.

Employment

Form W-2 provides tax information from employers related to earnings, tax withholding, benefits, and other details. A tax filer who worked as an employee in a given year will receive a W-2 from their employer.

Percent of Tax Filers with a W-2

The percentage of tax filers with a W-2 is calculated by identifying those tax filers who reported at least one W-2 with their tax return in a given tax year.

Percent of Employed Tax Filers with a Change of Employer

Form W-2 includes an Employer Identification Number (EIN) that uniquely identifies that employer. Tax filers who reported a change of employer in a given tax year are identified as those tax filers who 1) received at least one W-2 in a given tax year as well as the year prior, and 2) had at least one difference in EINs year-over-year. A change in filing status from “single” to “married” can mean combining two incomes and the allocation of income between those in the household is not possible, thus the analysis considers those with a change separately.

W-2 Forms per Tax Filer

The total number of W-2 forms is divided by the total number of tax filers to arrive at W-2 forms per Tax Filer.

Cryptocurrency

Percent of Tax Filers with Cryptocurrency Transactions

Virtual currency is a digital representation of value that functions as a medium of exchange, unit of account, or store of value. In some environments, it operates like real currency like coins and paper money. Cryptocurrency utilizes cryptography to validate and secure digitally recorded transactions on a distributed ledger like a blockchain.

IRS guidance issued in 2014 explained that virtual currency like bitcoin should be treated as property instead of currency for U.S. Federal tax purposes, and general tax principles applicable to property transactions apply to transactions using virtual currency for federal income tax purposes. This means that the same rules that apply to property transactions like the sale of stocks apply to virtual currency. Tax filers are identified as reporting cryptocurrency transactions if cryptocurrency gains or losses are reported on Form 1040, Schedule D, and Form 8949.

Dimensions

Filing Status

A tax filer's filing status is used to determine their individual tax filing requirements, standard deduction, eligibility for credits, and tax amount. The below filing statuses are applied as dimensions throughout this report. See [IRS publication 501](#) for more details on filing status.

Single

A single filer is someone considered unmarried who doesn't qualify for another filing status.

Head of Household

A Head of Household is someone who is considered unmarried, pays for more than half of the household's expenses, and has a qualifying child or dependent.

Married Filing Separately

A tax filer can choose Married Filing Separately as their filing status if they are married. This filing status may benefit those who want to be responsible only for their own tax or if it results in less tax than filing a joint return.

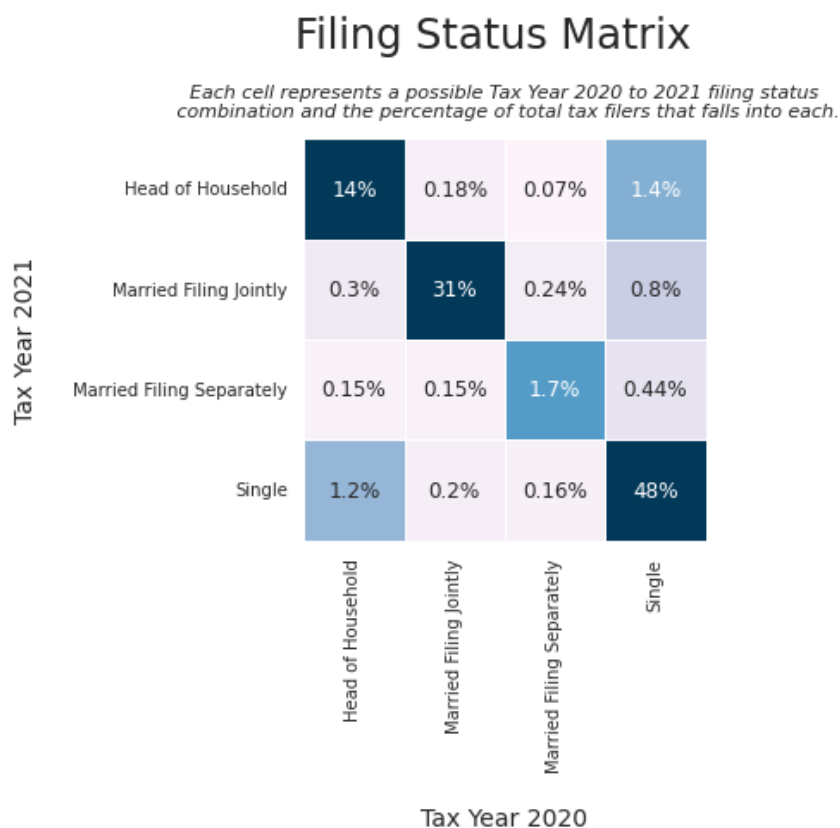
Married Filing Jointly

A tax filer can choose Married Filing Jointly as their filing status if they're considered married and both spouses agree to file a joint return. On a joint return, both spouses report their combined income and deduct combined allowable expenses. This filing status may benefit those who may have lower tax than

the combined tax for the other filing statuses.

For year-over-year analyses, those who had a change of filing status are considered separately. A change in filing status from “single” to married” can mean combining two individuals’ tax forms, and the allocation between those in the household is not possible except in select cases, such as separating employment information by tax filer and spouse using data from W-2 forms. Because 94.7% of tax filers remain in the same filing status as that of the prior year, the same-status results are largely representative of the general tax filer population sample used in this study (Matrix 1). While the body of the report focuses primarily on those who do not change status for year-over-year change assessments, the small population of status changers is included in the full set of figures to better understand this group.

Due to small sample sizes, Qualifying Widower status is not reported in the findings of this study.



Matrix 1. Filing status change matrix, Tax Year 2020 to Tax Year 2021

AGI Group

AGI categories are based on \$10K AGI intervals, From \$0 to \$100K. Any tax filer with an AGI over \$100K is included in the \$100K or above category.

Age Group

Tax data is presented by age group according to seven possible categories:

- 17 or Younger
- 18 to 24
- 25 to 34
- 35 to 44
- 45 to 54
- 55 to 64
- 65 and Older

Due to small sample sizes, most results presented in this report do not include the “17 or younger” category.

Region

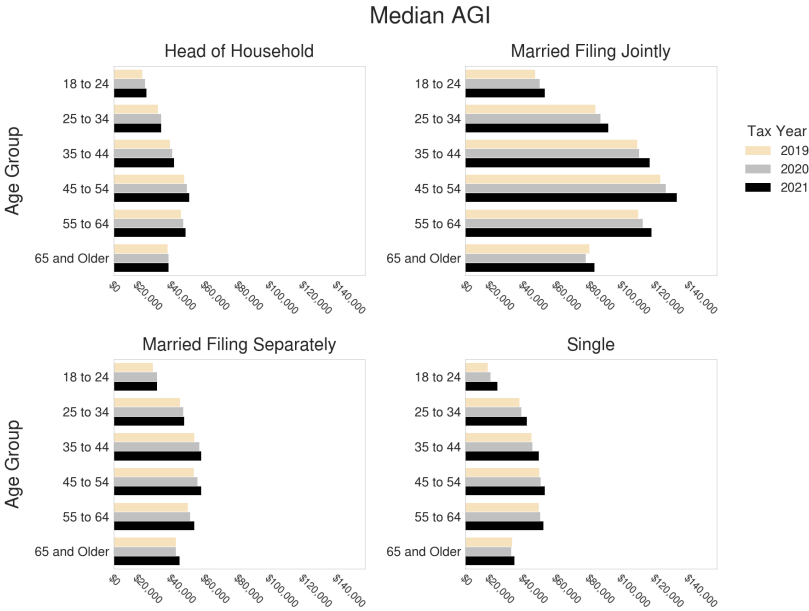
Regions are defined by the [U.S. Census Bureau](#), and include West, Midwest, South, and Northeast.

Figures

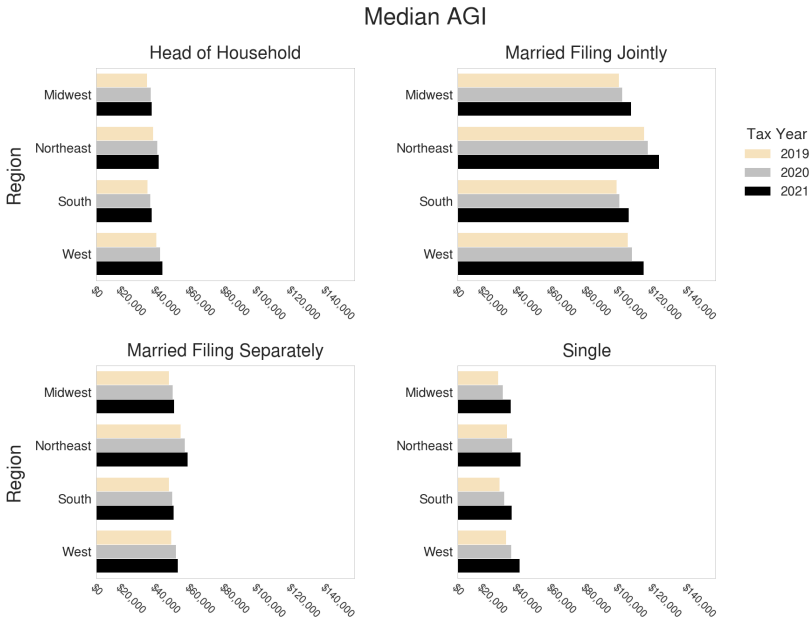
Income

Median Adjusted Gross Income

By Age Group and Filing Status



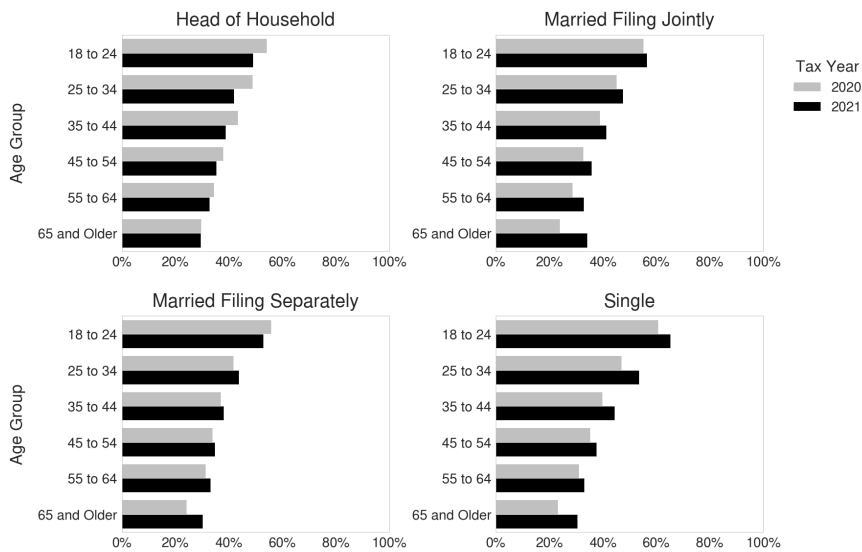
By Region and Filing Status



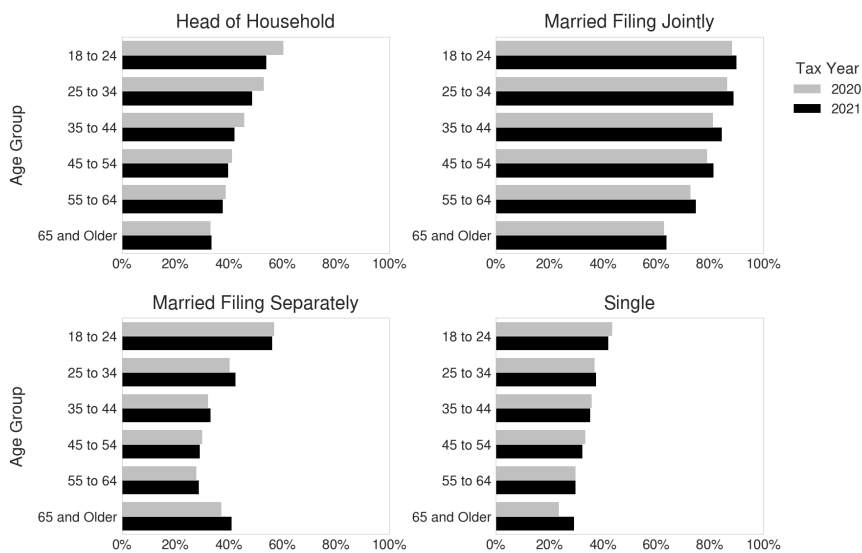
Percent of Tax Filers with an Increase in AGI of 10% or Greater

By Age Group and Filing Status*

Percent of Tax Filers with an AGI Increase:
No Filing Status Change



Percent of Tax Filers with an AGI Increase:
Filing Status Change

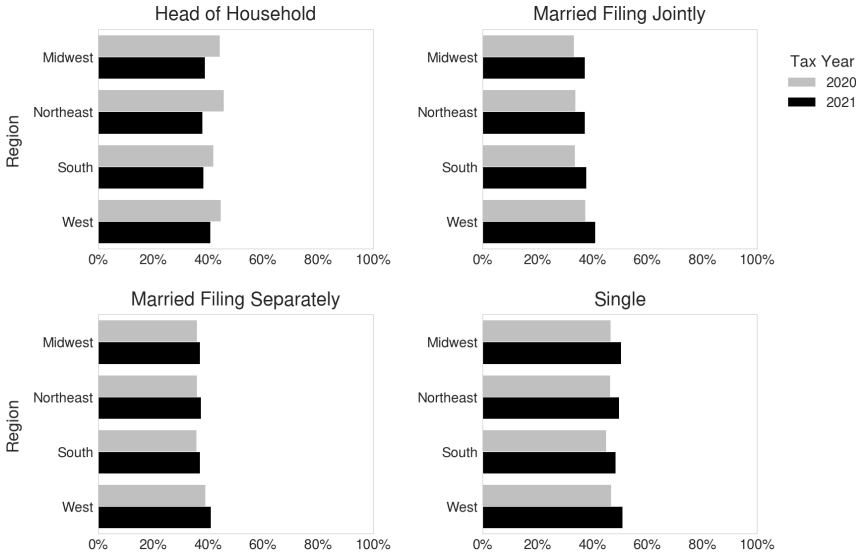


* For those who changed filing status, the filing status indicated is the Tax Year 2021 status.

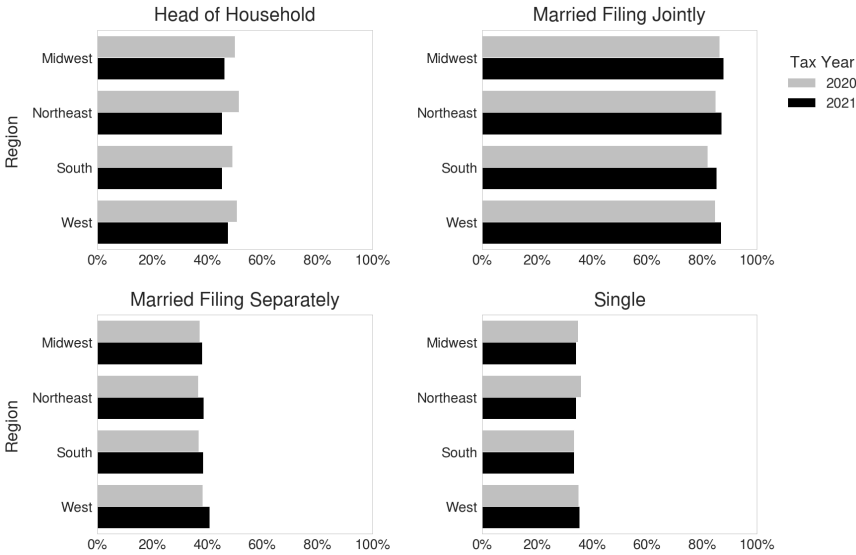
Percent of Tax Filers with an Increase in AGI of 10% or Greater

By Region and Filing Status

Percent of Tax Filers with an AGI Increase: No Filing Status Change



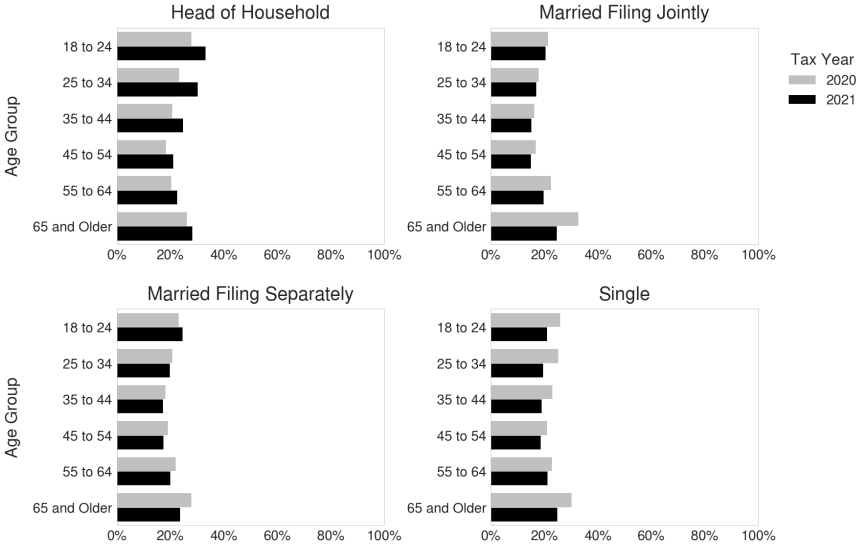
Percent of Tax Filers with an AGI Increase: Filing Status Change



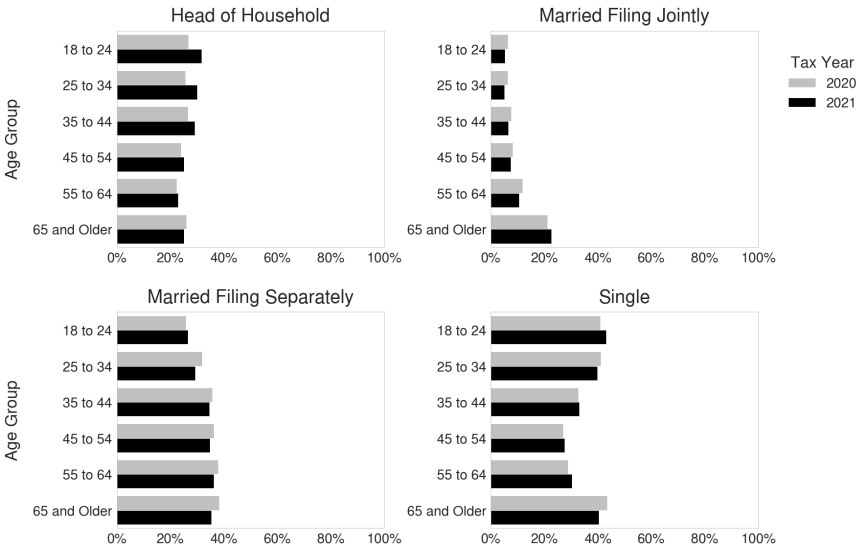
Percent of Tax Filers with a Decrease in AGI of 10% or Greater

By Age Group and Filing Status

Percent of Tax Filers with an AGI Decrease:
No Filing Status Change



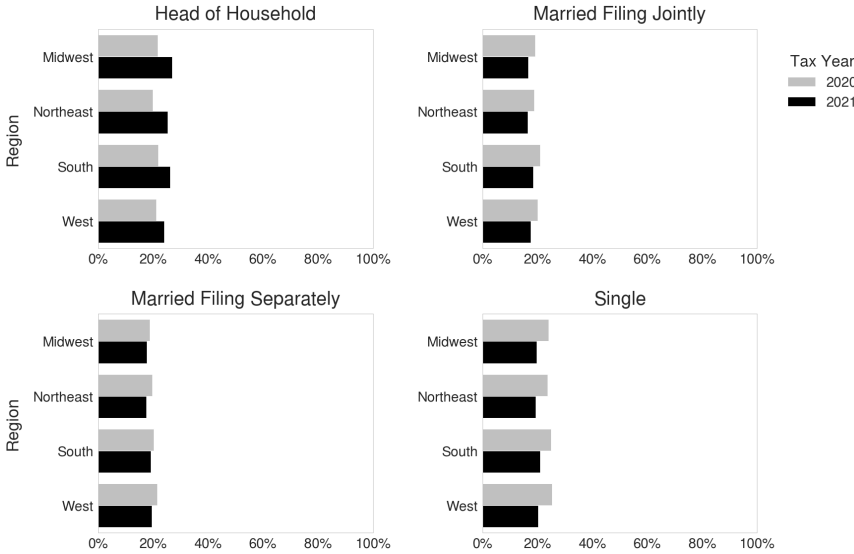
Percent of Tax Filers with an AGI Decrease:
Filing Status Change



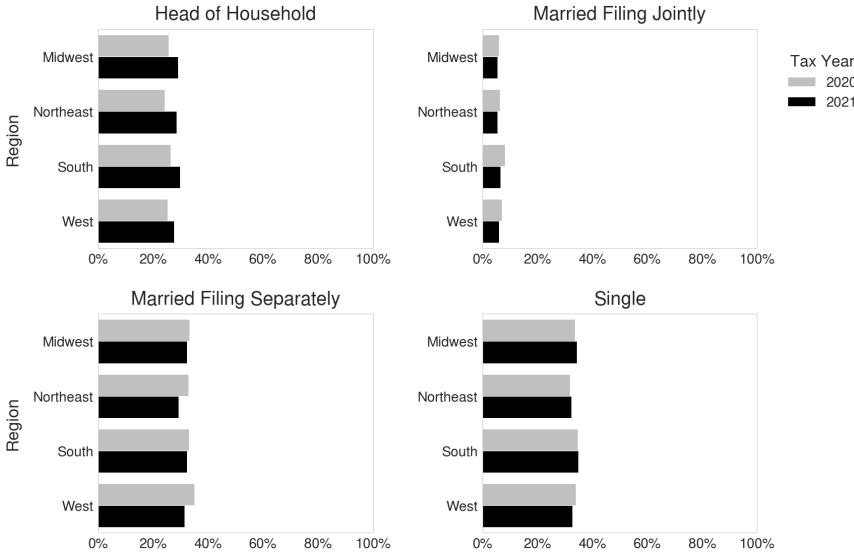
Percent of Tax Filers with a Decrease in AGI of 10% or Greater

By Region and Filing Status

Percent of Tax Filers with an AGI Decrease:
No Filing Status Change



Percent of Tax Filers with an AGI Decrease:
Filing Status Change

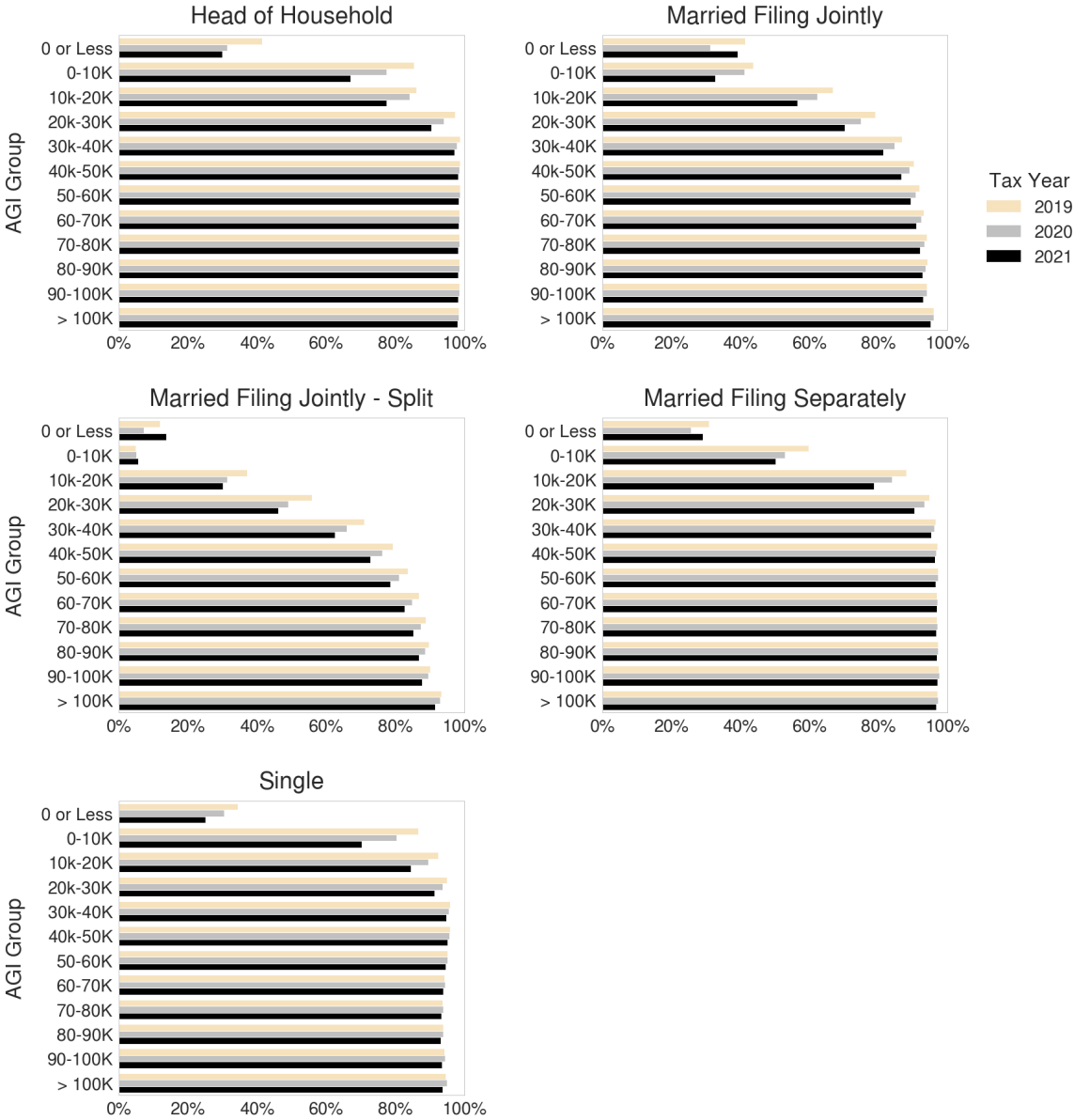


Employment

Percent of Tax Filers with W-2

By AGI Group and Filing Status

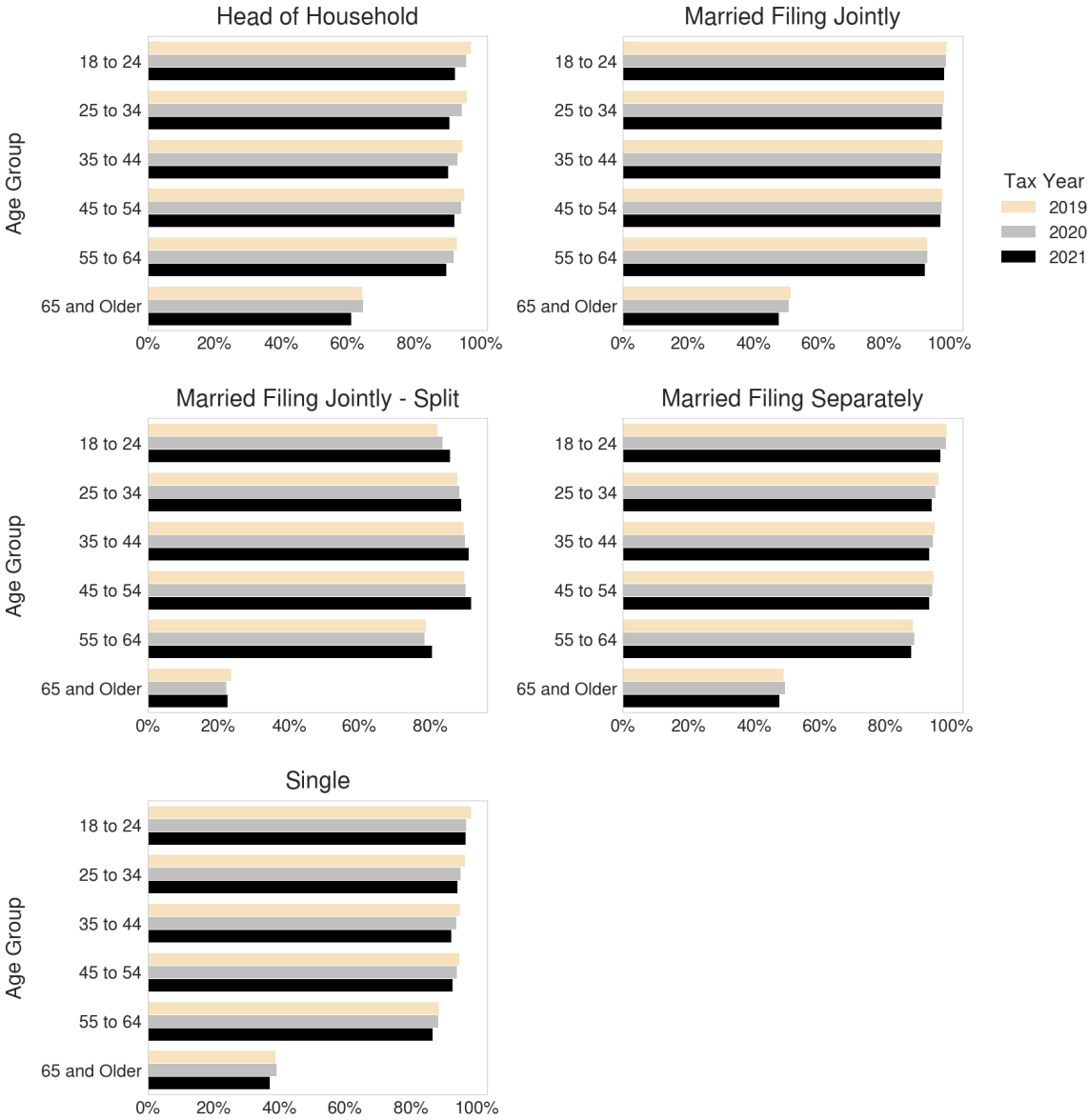
Percent of Tax Filers with W-2 Form



Percent of Tax Filers with W-2

By Age Group and Filing Status

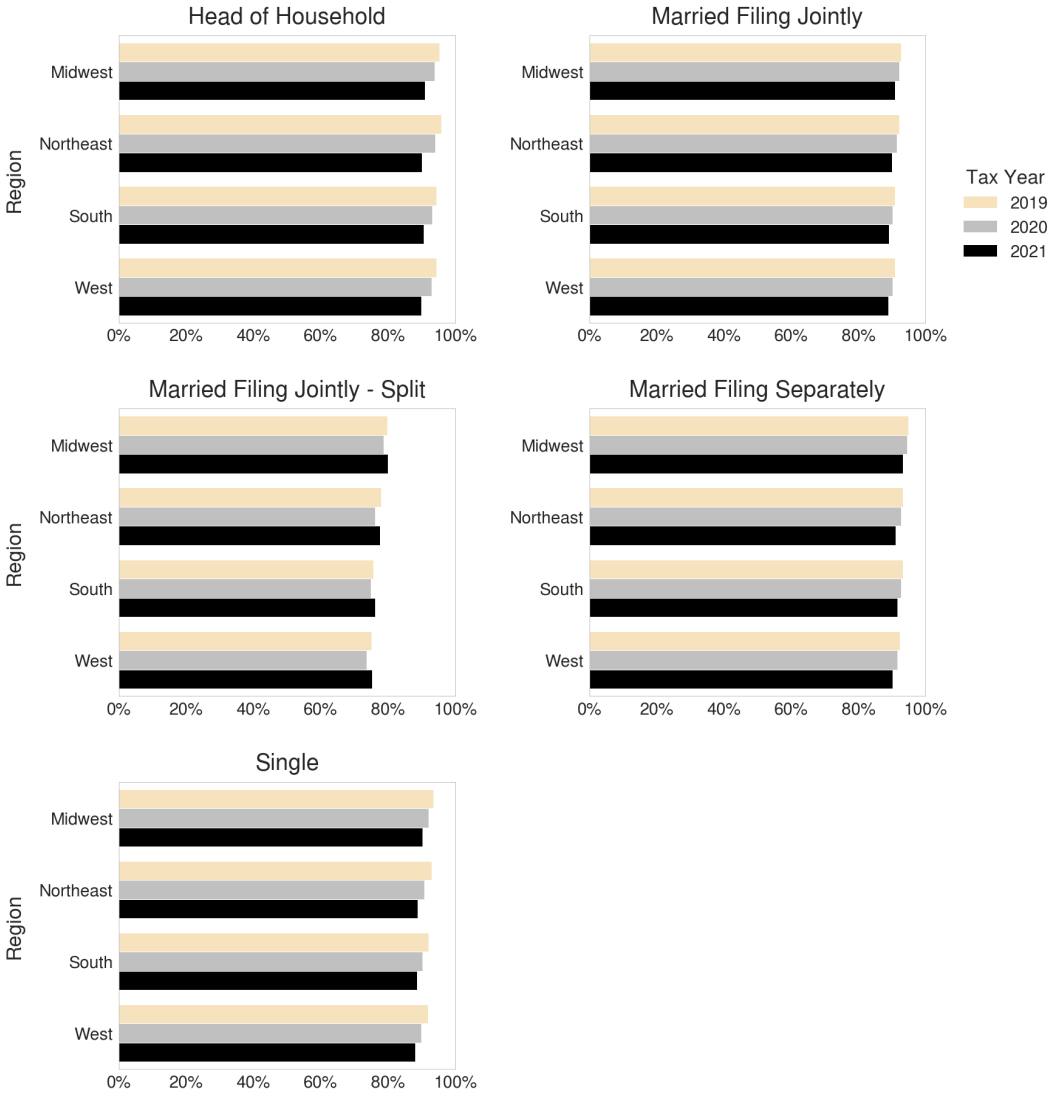
Percent of Tax Filers with W-2 Form



Percent of Tax Filers with W-2

By Region and Filing Status

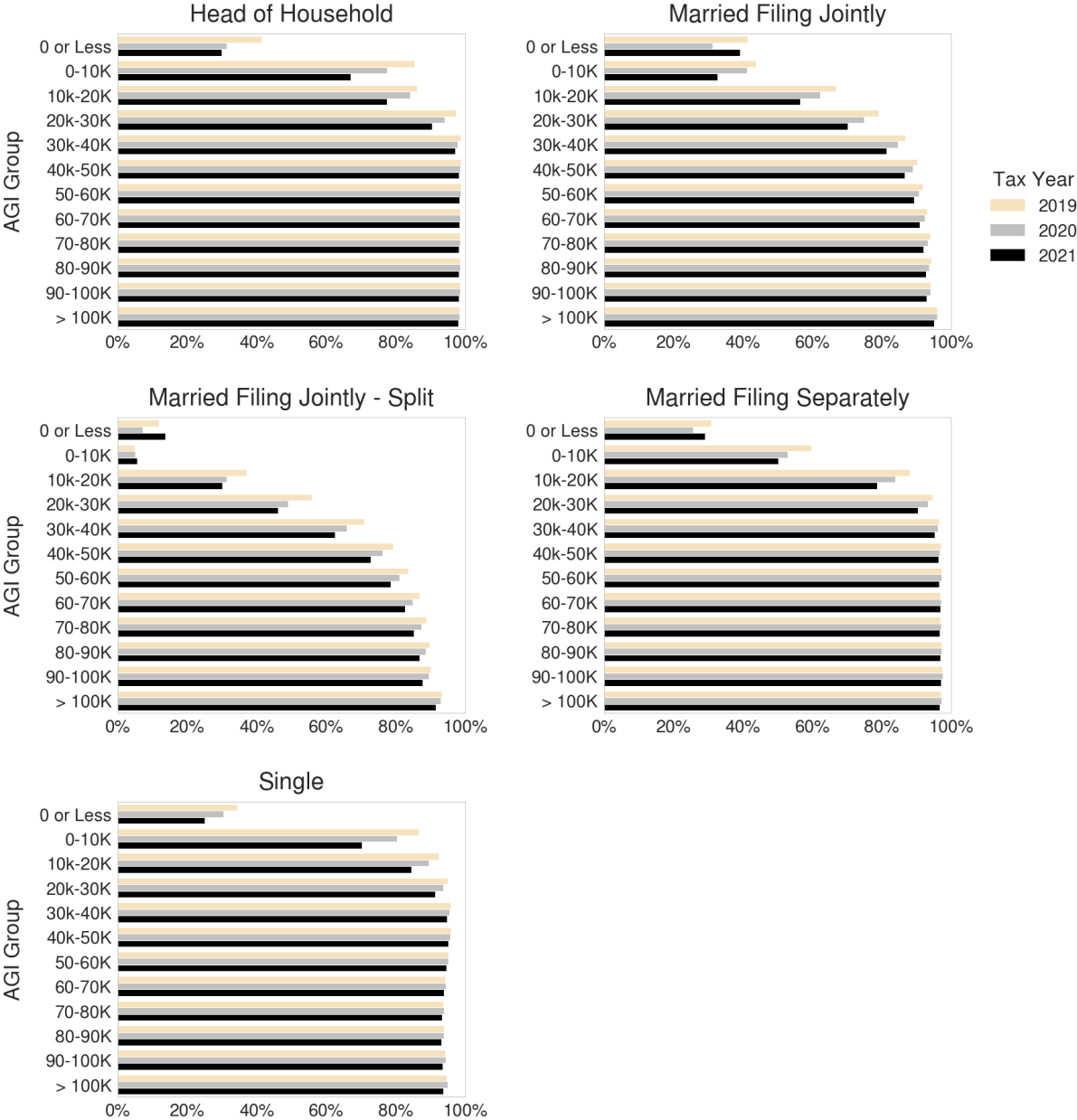
Percent of Tax Filers with W-2 Form



W-2 Forms per Tax Filer

By AGI Group and Filing Status

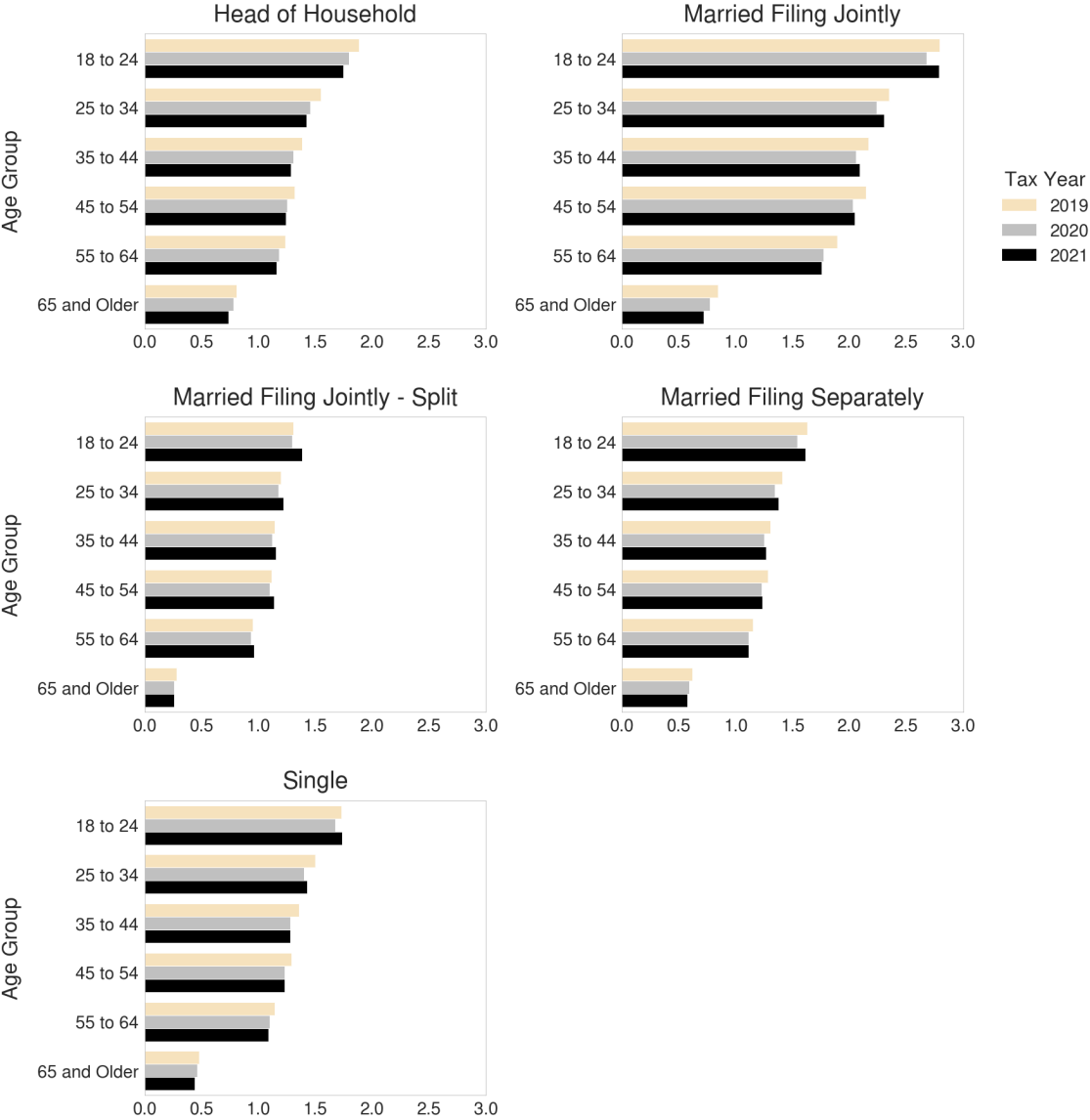
Percent of Tax Filers with W-2 Form



W-2 Forms per Tax Filer

By Age Group and Filing Status

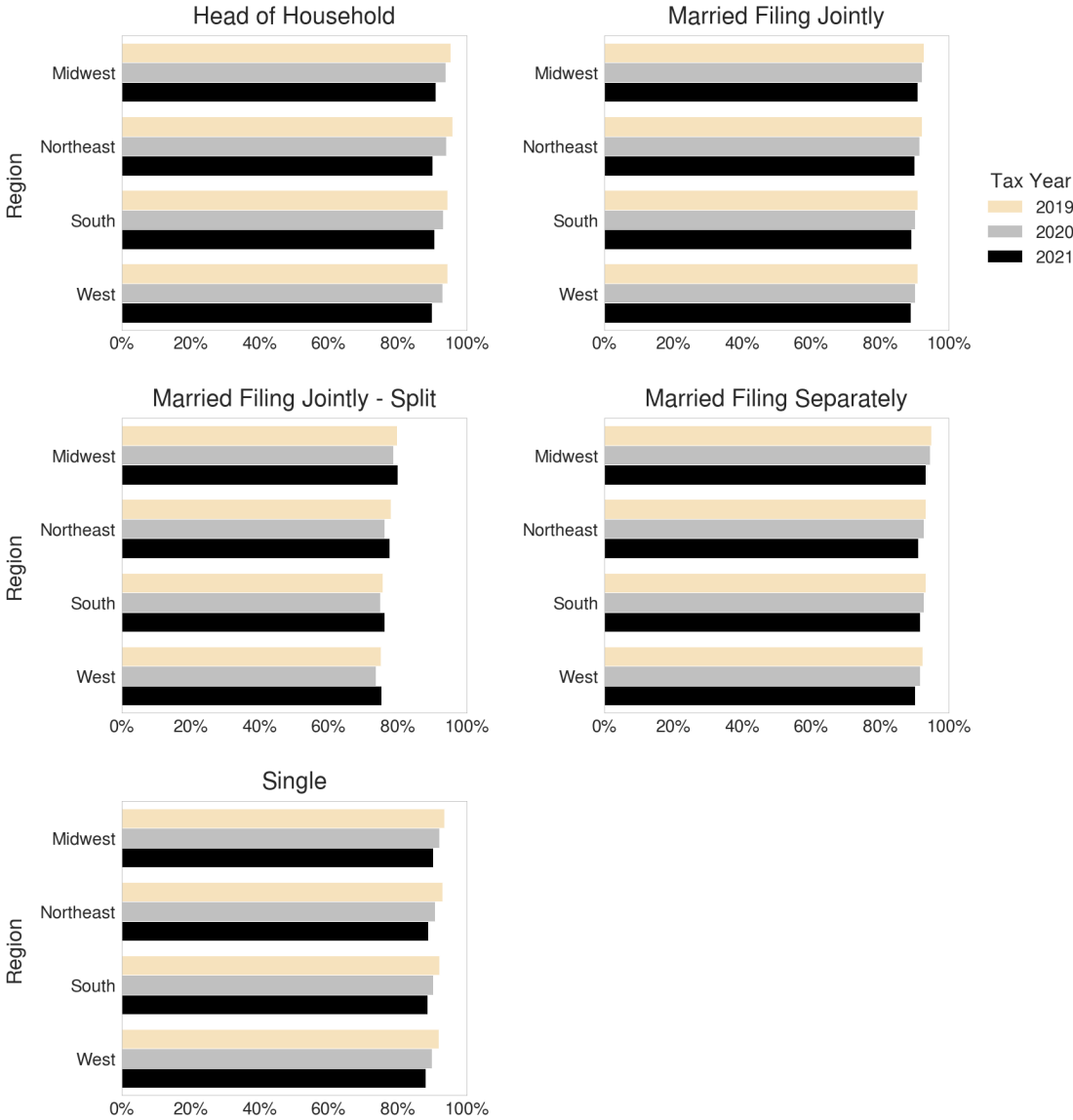
W-2 Forms per Tax Filer



W-2 Forms per Tax Filer

By Region and Filing Status

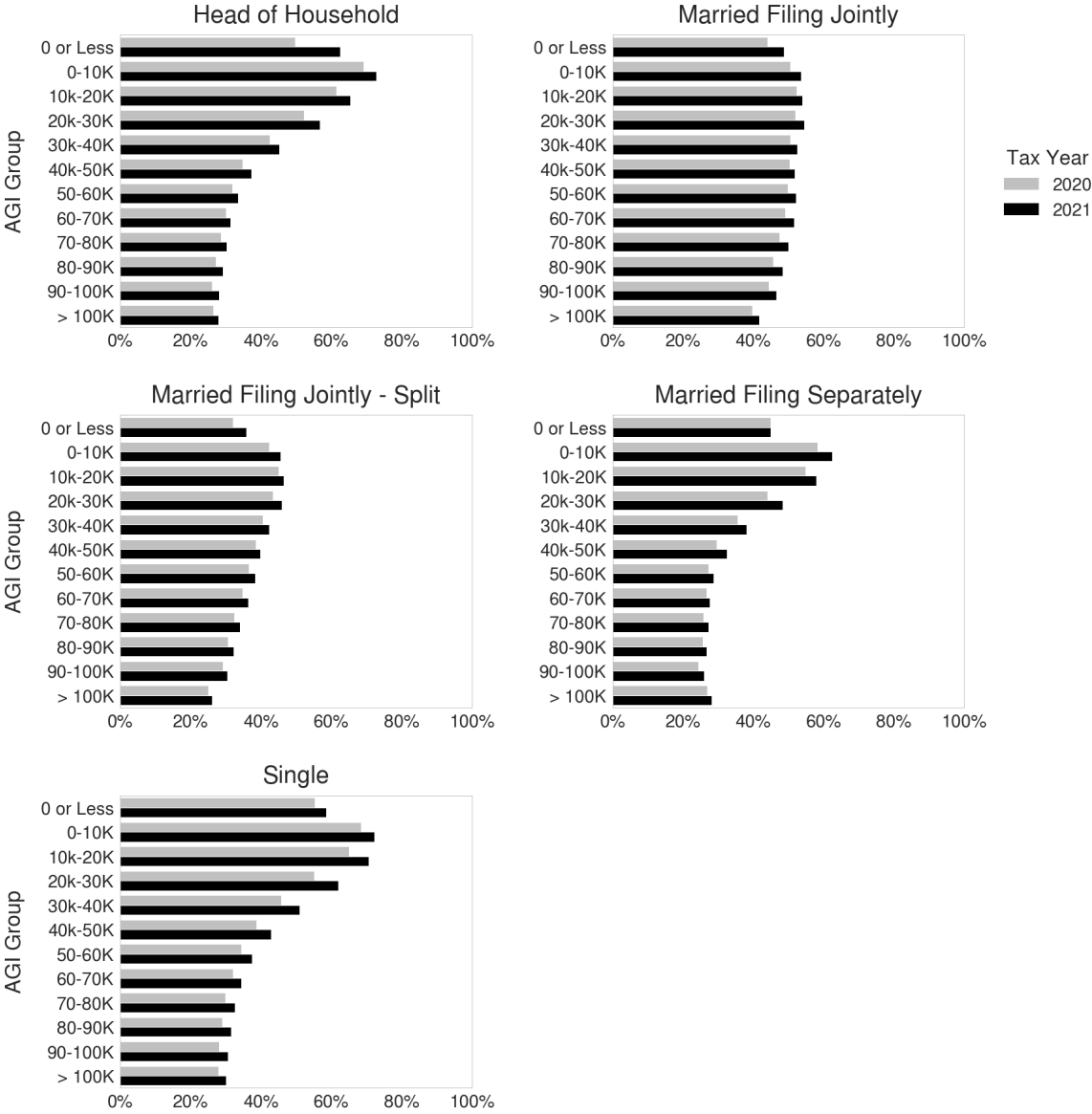
Percent of Tax Filers with W-2 Form



Percent of Employed Tax Filers with a Change of Employer

By AGI Group and Filing Status

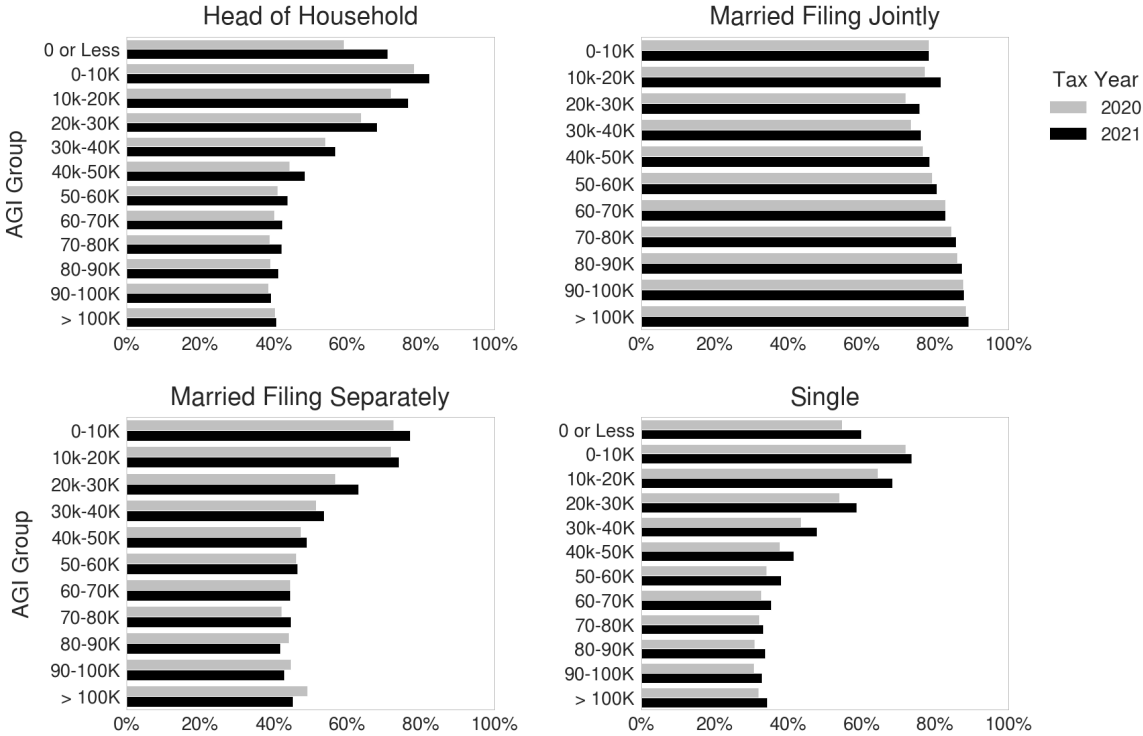
Percent of Employed Tax Filers with a Change of Employment: No Filing Status Change



Percent of Employed Tax Filers with a Change of Employer

By AGI Group and Filing Status

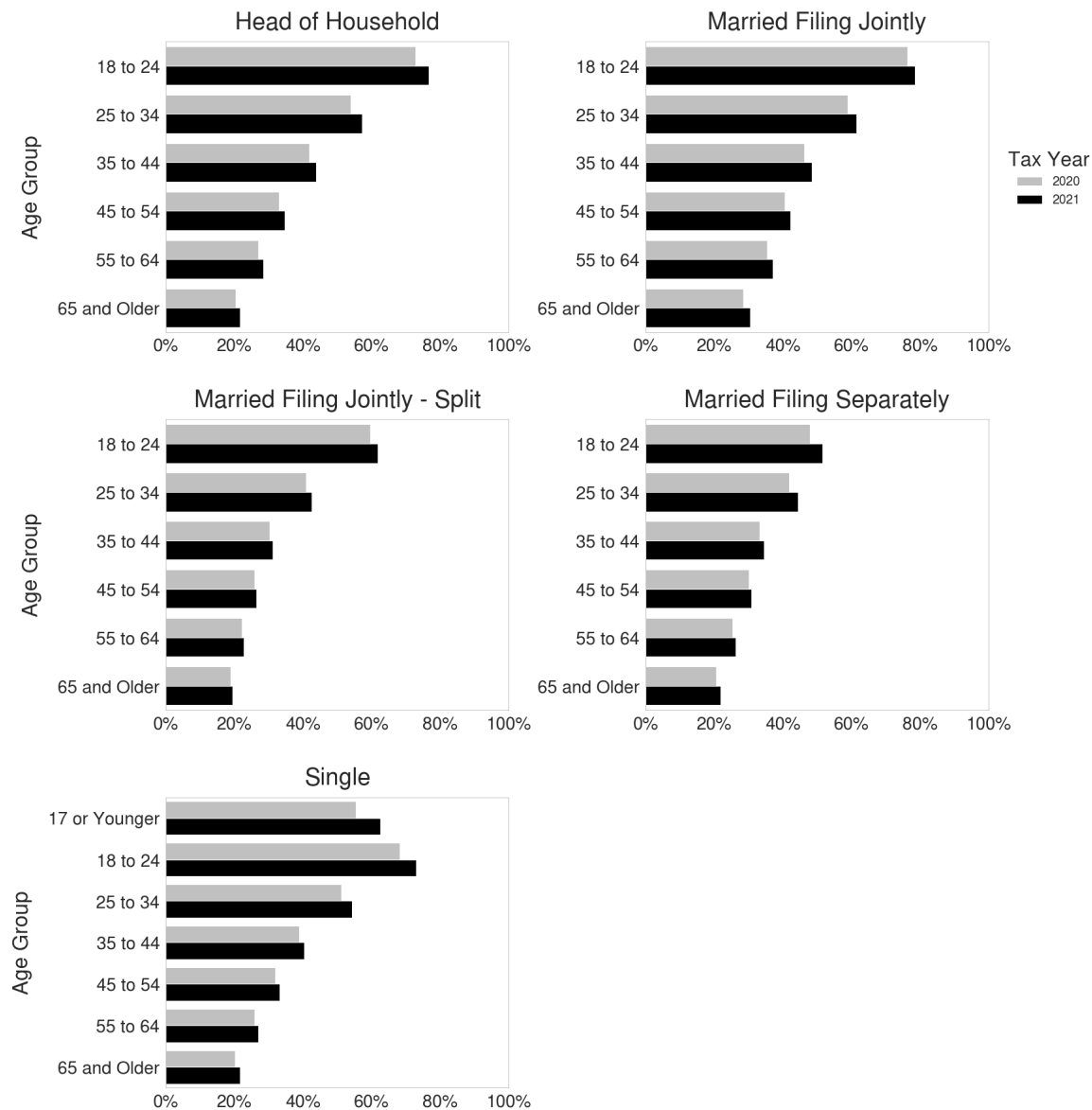
Percent of Employed Tax Filers with a Change of Employment: Filing Status Change



Percent of Employed Tax Filers with a Change of Employer

By Age Group and Filing Status

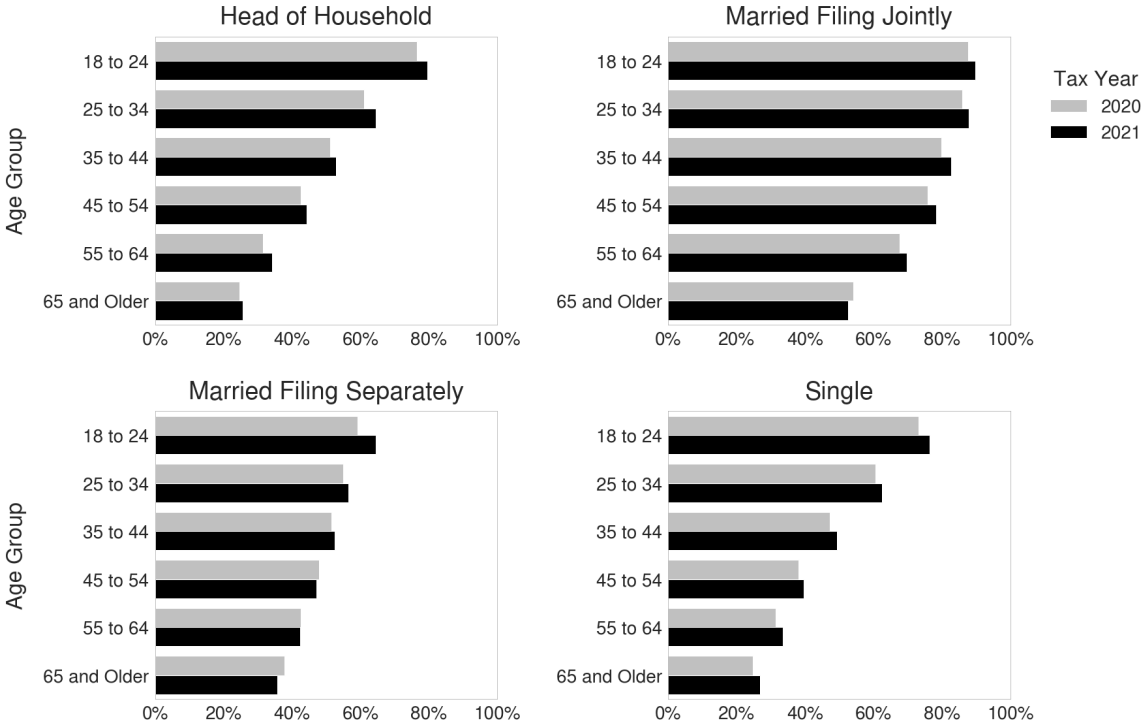
Percent of Employed Tax Filers with a Change of Employment: No Filing Status Change



Percent of Employed Tax Filers with a Change of Employer

By Age Group and Filing Status

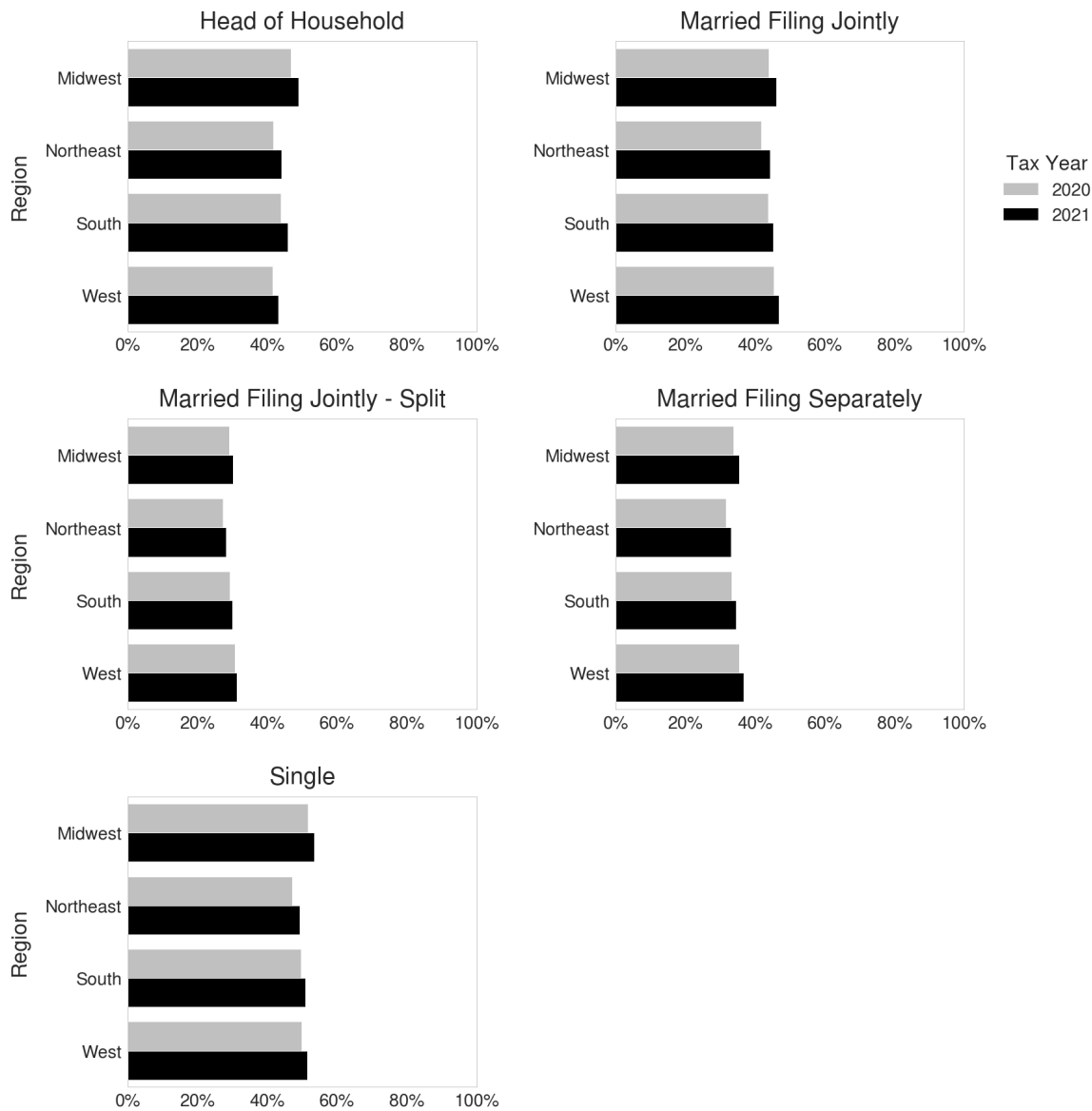
Percent of Employed Tax Filers with a Change of Employment: Filing Status Change



Percent of Employed Tax Filers with a Change of Employer

By Region and Filing Status

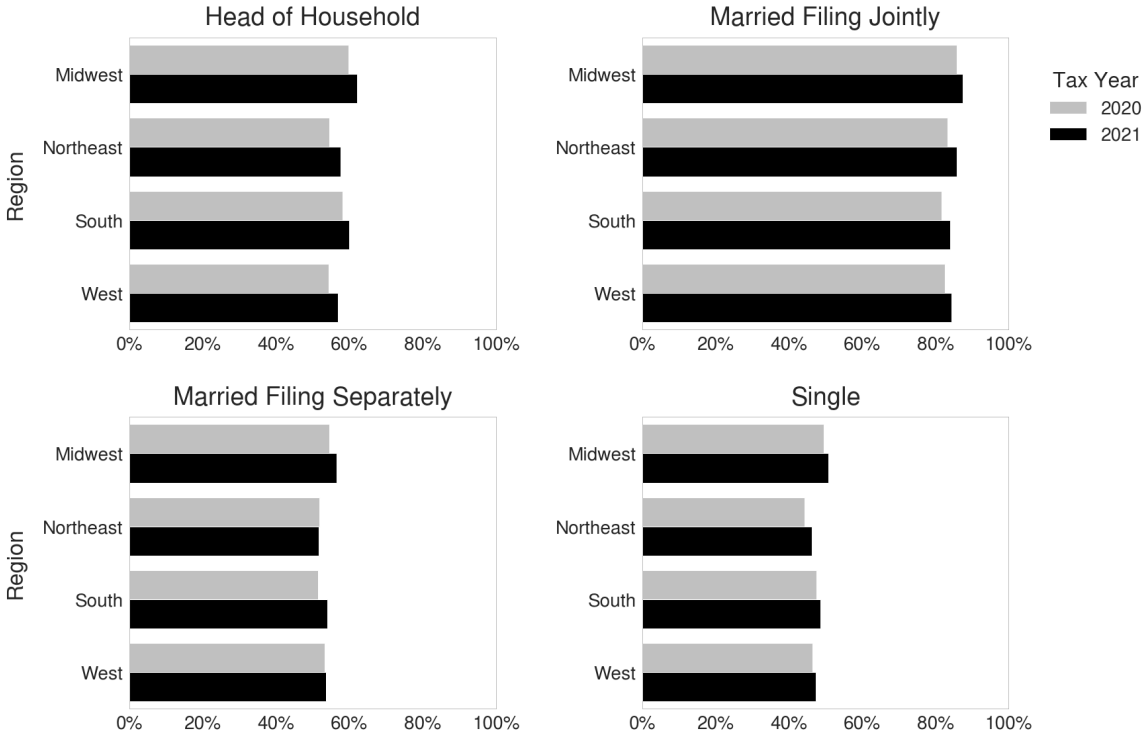
Percent of Employed Tax Filers with a Change of Employment: No Filing Status Change



Percent of Employed Tax Filers with a Change of Employer

By Region and Filing Status

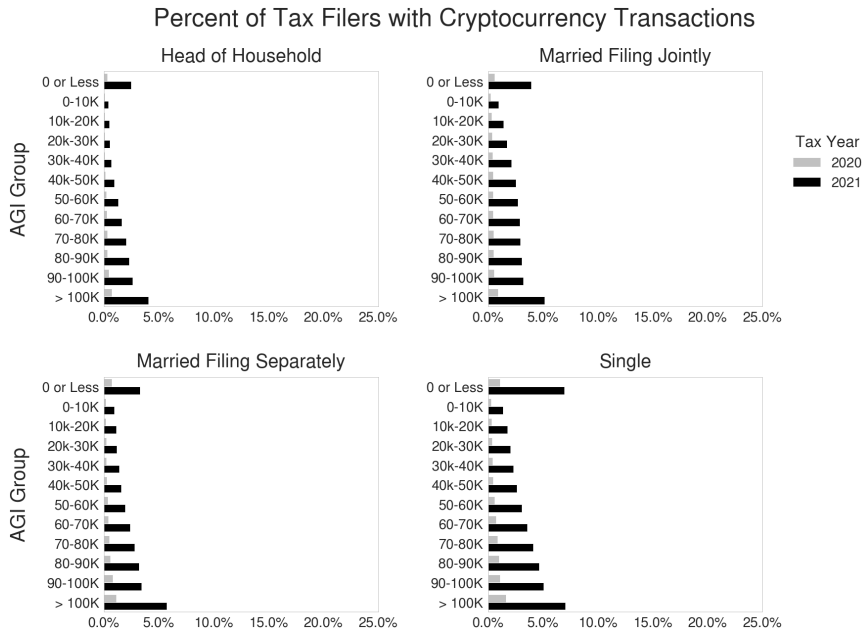
Percent of Employed Tax Filers with a Change of Employment: Filing Status Change



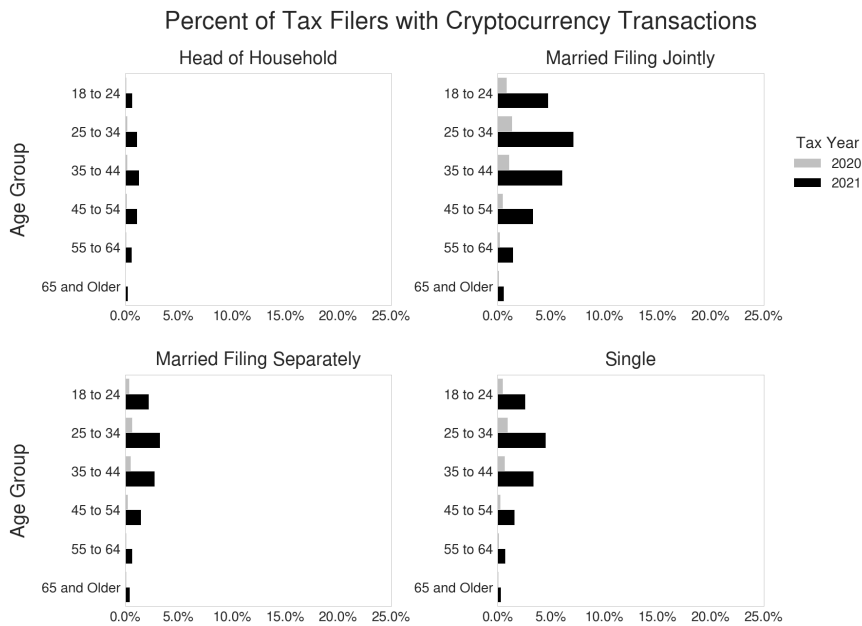
Cryptocurrency

Percent of Tax Filers with Cryptocurrency Transactions

By AGI Group and Filing Status

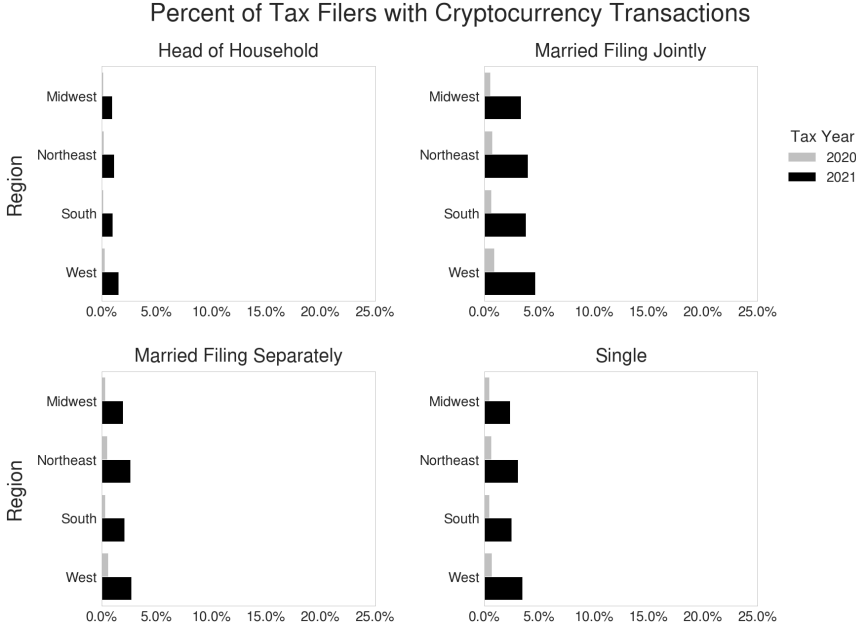


By Age Group and Filing Status



Percent of Tax Filers with Cryptocurrency Transactions

By Region and Filing Status



About Intuit

Intuit is the global financial technology platform that powers prosperity for the people and communities we serve. With more than 100 million customers worldwide using [TurboTax](#), [Credit Karma](#), [QuickBooks](#), and [Mailchimp](#), we believe that everyone should have the opportunity to prosper. We never stop working to find new, innovative ways to make that possible. Please visit us for the latest information [about Intuit](#), our products and services, and find us on [social](#).