



American Tax Policy Institute

March 27, 2026

Attn: U.S. Department of Treasury Office of Consumer Policy
Deputy Director Tanya McInnis & Senior Advisor Cheryl Cooper
U.S. Department of the Treasury
Washington, DC

Docket ID: TREAS-DO-2026-0001

Submitted electronically via: www.regulations.gov

Re: Comments in Response to Request for Information Related to the FLEC Update to the U.S. National Strategy for Financial Literacy

Dear Deputy Director McInnis and Senior Advisor Cooper:

The American Tax Policy Institute (ATPI) appreciates the opportunity to comment on the U.S. Department of the Treasury's (Treasury) Request for Information (RFI) regarding the update to the U.S. National Strategy for Financial Literacy (National Strategy). ATPI is a section 501(c)(3) organization whose Trustees and members are leading experts on taxation from the fields of law, accounting, and economics. ATPI is a nonpartisan organization that promotes and facilitates scholarly research, analysis, examination, and discussion of tax policy proposals and issues in order to improve the tax system and assist governmental authorities in tax administration, and it supports scholarship in law, accounting, and economics to aid policymakers and administrators and improve the tax system. These comments are submitted on behalf of the ATPI Board of Trustees and the ATPI Tax Literacy Committee.¹

We write to urge Treasury and the Financial Literacy and Education Commission (FLEC) to (1) recognize tax literacy as foundational to financial literacy and designate tax literacy and education as a priority in the revised National Strategy; (2) incorporate into the updated National Strategy a dedicated national tax literacy strategy that includes benchmarks for measuring tax literacy; and (3) align that tax literacy strategy with the recent recommendations of the IRS National Taxpayer Advocate (NTA) and the Internal Revenue Service Advisory Council (IRSAC), which have both called for systematic federal action to address tax literacy gaps.

I. National Strategy Priority Area Addition: Tax literacy

In the 2024 NTA Annual Report to Congress ([2024 NTA Report](#)), IRS NTA Erin Collins designated "Tax and Financial Literacy" as a Most Serious Problem facing taxpayers, concluding that "limited tax and financial knowledge is causing serious consequences for taxpayers" and emphasizing that "[t]ax literacy and financial literacy are fundamentally intertwined when it comes to everyday financial decision-making

¹ AI tools (Perplexity, GPT-5.1) were used to generate initial drafts and wording suggestions; the final recommendations, citations and content reflect human drafting, editing, review and judgment.

such as household spending, investing for retirement, paying for education, buying a house, or starting or growing a business.”² This framing makes clear that tax literacy is not a niche technical topic; it is a core competency for household and small-business financial well-being.

The 2024 NTA Report documents that limited tax literacy leads to at least three kinds of harm that go directly to the heart of financial literacy objectives. First, taxpayers who do not understand key concepts—such as thresholds for filing, how withholding works, how to claim major credits, or the difference between a deduction and a credit—frequently either overpay tax or fail to claim benefits for which they are eligible, with measurable losses to low- and moderate-income families. Second, limited tax literacy leads to poor tax-related financial decisions, such as inappropriate use of refund-anticipation loans, misunderstanding the implications of filing extensions, or misjudging the size and desirability of tax refunds, which undermines prudent budgeting, saving, and borrowing. Third, low tax literacy increases exposure to scams and disinformation, especially via social media, and erodes trust and engagement with the tax system, thereby compromising taxpayers’ ability to navigate financial products and government programs safely and effectively.

These harms do not exist in a vacuum. Many of the federal government’s most important financial literacy priorities—education financing, small-business formation and compliance, retirement saving, health care affordability, and safe use of financial services—are implemented in significant part through the tax system (e.g., the education tax credits, small-business credits and deductions, the Earned Income Tax Credit, the Child Tax Credit, premium tax credits, and tax-advantaged savings arrangements). Moreover, with the increasing adoption of digital assets and rising popularity of prediction markets, taxpayers now more than ever need resources to understand tax consequences of transactions using these digital tools. A financial literacy framework that fails to explicitly incorporate tax literacy and education will necessarily be incomplete, leaving individuals and small businesses without the foundational knowledge needed to make informed financial decisions.

Given this reality, ATPI urges Treasury and FLEC to include tax literacy as a priority area in the revised National Strategy. Doing so would align with the NTA’s view that “having a basic understanding of taxes and the U.S. tax system is important, not only so taxpayers have the knowledge to understand their own taxes but also because it can influence how people make decisions that impact so many different areas of their lives.”³

II. The Need for a National Tax Literacy Strategy and Metrics

Echoing the 2024 NTA Report’s call for a comprehensive national strategy on tax literacy, the IRSAC—a nonpartisan advisory body to the Commissioner of the Internal Revenue Service (IRS) on tax administration—identified low tax literacy as a significant challenge for small businesses in its annual report ([2025 IRSAC Report](#)) released in January 2026.⁴ The 2025 IRSAC Report found that small-business tax literacy is low, that existing IRS educational resources are fragmented and often difficult to find, and that there are currently no formal metrics for measuring small-business tax literacy or the impact of outreach. This report, together with the 2024 NTA Report, underscores that current federal efforts are significant but not yet strategic, coordinated, or measurable at a national level.

ATPI recommends that the revised National Strategy prioritize tax literacy and include a dedicated “National Tax Literacy Strategy” as outlined below, drawing heavily on 2024 NTA Report and IRSAC’s recommendations.

² Nat’l Taxpayer Advocate, *2024 Annual Report to Congress* 104-05 (2024) (Most Serious Problem #8: Tax and Financial Literacy: Limited Tax and Financial Knowledge Is Causing Serious Consequences for Taxpayers), <https://www.taxpayeradvocate.irs.gov/reports/2024-annual-report-to-congress/full-report>.

³ *Id.* at 116.

⁴ IRSAC 2026 Annual Report, Publication 5316 (Rev. 1-2026) Catalog Number 71824A Department of the Treasury Internal Revenue Service (Jan. 14, 2026), available at: <https://www.irs.gov/pub/irs-pdf/p5316.pdf>.

1. **Clear goals and scope for tax literacy.** The revised National Strategy should articulate specific goals for tax literacy across the life cycle (e.g., youth, new workers, families, small-business owners, retirees) and recognize that tax literacy includes (a) understanding one’s own tax situation and obligations; (b) understanding how the tax system interacts with major financial and business decisions; and (c) understanding the basic role of the tax system in society (e.g., funding government and public goods, implementing public policy and programs, etc.).
2. **Standardized national tax literacy metrics.** Consistent with the recommendations in the 2024 NTA Report and the 2025 IRSAC Report, Treasury, FLEC, and IRS should coordinate with private and public stakeholders to develop standardized metrics for defining and measuring tax literacy, including:
 - Core knowledge indicators (e.g., filing thresholds, due dates, basic withholding and estimated taxes, difference between deductions and credits, operation of the graduated rate schedule, awareness of major credits, free filing options, and places to turn to for trustworthy tax information and assistance).
 - Behavioral indicators (e.g., claiming rate for key credits, uptake of free filing and volunteer assistance, incidence of avoidable penalties for late filing or estimated tax).
 - Attitudinal and experiential indicators (e.g., levels of tax-related stress, self-reported confidence in handling tax obligations, perceived access to trustworthy tax information and assistance).

These indicators should be integrated into FLEC’s broader portfolio of financial literacy outcome measures, and they should be regularly reported and, where possible, disaggregated by income, age, geography, and small business status.

3. **Regular national surveys and targeted studies.** The 2024 NTA Report cites survey data showing that many taxpayers lack basic tax knowledge—for example, more than 60 percent of respondents in one national survey did not know or were not sure about basic tax concepts related to income tax filing, and this and other surveys show that nearly half of young filers could not identify the filing deadline, a majority of first-time filers were unsure about where to obtain Forms W-2 and 1099, and a majority of respondents did not know the relative value of credits versus deductions. The updated National Strategy should commit to regular, coordinated national surveys—some specifically focused on tax literacy—to track progress, identify gaps, and inform program design.
4. **Integration of tax literacy metrics into program evaluation.** The RFI asks what outcome measures should be used to evaluate financial literacy. ATPI recommends that FLEC explicitly include tax literacy metrics in program evaluations, particularly for programs whose effectiveness depends on tax-related choices (such as saving through tax-advantaged accounts, claiming tax credits, or using certain financial products marketed around tax time). Over time, this will allow FLEC to identify which approaches to financial education most effectively improve real-world tax outcomes.
5. **Interagency coordination and governance.** ATPI supports leveraging the existing FLEC structure and recommends that Treasury explicitly recognize tax literacy as part of FLEC’s mandate in the revised National Strategy, including through:
 - Establishing a tax literacy task force under FLEC and led by IRS, with participation from representatives from the following: IRS, Treasury, U.S. Departments of Commerce, Education and Labor; Social Security Administration, Small Business Administration, ATPI, and other interested stakeholders.
 - Incorporating relevant tax education components into all priority areas in the National Strategy (e.g., basic financial capability, military, postsecondary education, housing counseling, and retirement savings and investor education).
 - Developing an accountability requirement that FLEC members identify how their financial education programs incorporate tax education content where relevant, and how they coordinate with IRS materials and messaging.

6. **Public-facing commitments and accountability.** The 2024 NTA Report recommended that IRS (a) develop and publish graphics and other communications on IRS.gov explaining the basic role of the tax system and (b) improve IRS.gov’s usability as an educational platform. IRSAC has likewise recommended modernizing IRS web content, expanding digital tools, and ensuring that tax literacy materials are accessible and regularly updated. The National Strategy should set expectations for public-facing tax education resources, including:
- Committing to annual review and updating of core tax literacy education content (e.g., the IRS’s “[Understanding Taxes](#)”) and ensuring alignment with state financial literacy curricula.
 - Working towards making these materials easily discoverable, mobile-friendly, and available in plain language and multiple languages.

ATPI further recommends that Treasury:

- Cite the tax and financial literacy recommendations included in the 2024 NTA Report and 2025 IRSAC Report in the revised National Strategy as guiding documents for the tax literacy priority topic area work.
- Commit, through FLEC, to support IRS leadership in developing comprehensive tax literacy and education resources, including by aligning FLEC research, grant-making, and convening activities with an IRS-led tax education resource plan.
- Encourage state requirements for personal finance education to include explicit tax literacy standards.
- Encourage state and local partners, schools, NGOs (including Low Income Taxpayer Clinics and Volunteer Income Tax Assistance sites) and private-sector financial education providers to adopt and adapt IRS-developed tax literacy materials, with appropriate feedback loops and evaluation.

ATPI appreciates Treasury’s leadership in updating the National Strategy. We respectfully submit that the forthcoming revised National Strategy will not achieve its goals unless it squarely and systematically addresses tax literacy and education as a priority and incorporates the robust set of recommendations already developed by the NTA and IRSAC and set forth herein.

We would be pleased to provide additional input or participate in any future convenings or working groups that Treasury or FLEC may organize on tax literacy and financial education.

Respectfully submitted,

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