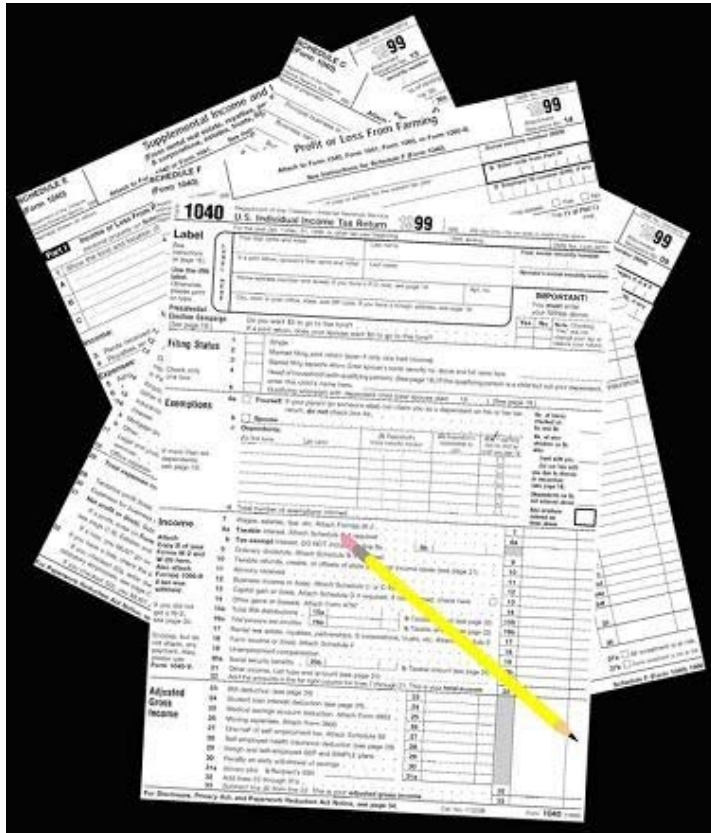


# PwC Consulting

## ABM and Microsimulation Projects



Department of the Treasury  
Internal Revenue Service



### Client Need

- Though the IRS has the capability to project revenue in response to proposed changes to tax law, they have had no method to simultaneously forecast taxpayer burden (in terms of hours and out-of-pocket dollars) required by such changes.
- To comply with the Paperwork Reduction Act the IRS is required to estimate the hours and out-of-pocket dollars required from taxpayers for any new changes in tax law.

### PwC Solution

- PwC developed a microsimulation model of taxpayer burden that was used to estimate the number of hours and out-of-pocket cost of new tax policy. The model uses IRS databases of taxpayer information to simulate the time and dollar costs required from taxpayers to file their taxes.

### Benefits to Client

- IRS now has the capability to provide Congress and the Executive Branch timely estimates of the taxpayer burden of proposed changes in tax law, tax administration, or demographic changes in the taxpayer population.