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Individual Income Taxation in College and University Demographic Perspective

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ABSTRACT

Federal income taxation is a concept that many are familiar with, but few truly understand. It has an effect on all individuals in the United States, namely college attendees, and play a significant role in driving our economy and dictating the political atmosphere.

Through a survey distributed to college and university students peer-to-peer and via social media, this research will attempt to identify a relationship between certain demographics and one's understanding of taxation in college and university students. Some of the demographics addressed include age, race, household income, gender, and marital status. In addition to questions regarding demographic affiliation, participants will also be asked specific questions related to taxation, like "Have you ever filed your own taxes?" and "Did your parents ever discuss finances with you growing up?" The results of this research will then be compiled to identify relevant correlations between those demographics, and meaningful conclusions will be drawn.

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INTRODUCTION

While the subject of income tax is one that causes many to withdraw due to its complexity and negative connotation, it is something that everyone should familiarize themselves with— at least broadly— because it affects all individuals in the United States. Whether someone is a part of the workforce or not, regardless of age and other factors, taxation has some tangible impact. It is apparent based on observation and discussion that a large number of U.S. citizens lack a real foundation of knowledge on the subject, especially those within the younger generations.

This research seeks to identify relationships between the level of knowledge held about income tax and various demographics in individuals currently enrolled in colleges and universities within the United States.



RESEARCH METHODS

The data used in this research was gathered via a Qualtrics survey that was distributed peer-to-peer and through social media from November of 2018 to March of 2019. The survey took approximately five to ten minutes to complete, and consisted of 25 total questions addressing a wide range of variables including age, ethnicity, household income, gender identity, marital status, college major, employment status, and more.

Respondents were first asked if they were currently enrolled in a college or university. If they answered "No," the survey ended and no further data was gathered. If the respondent answered "Yes," they were then asked to provide information about what institution they were currently enrolled in and their current major before proceeding to questions 4 through 25.

From the data that was collected, incomplete survey responses were not considered, nor were any where the respondent answered "No" to question one.

RESULTS

Out of 211 total responses, 1 was null due to inappropriate survey answers, 29 were unfinished, and 181 were completed. Of the 181 completed, 40 were not currently enrolled in a college or university, so their surveys ended after question 1 and no further data was gathered. The remaining 141 responses were utilized to gather data for this research. While the data gathered proved not to be statistically significant, some meaningful correlations can be drawn between certain demographics and knowledge of taxation in individuals.

Of the 141 responses utilized, 45 of the respondents were currently listed as majors falling in the category of "business." Of those, 68.89% responded correctly to questions regarding the due date for individual tax returns and what the acronym IRS stands for. However, 55.56% of those respondents reported being accounting majors, which skews the data because they are required to take courses in taxation, so their exposure to the knowledge is greater. 60% of the non-accounting business majors answered correctly to the above two questions.

Of the remaining 96 non-business majors, 45.83% answered correctly to the two previously mentioned questions.

Out of all 75 individuals who answered the content questions correctly, 49 (roughly 65%) reported that their parents included them in and discussed finances with them when they were younger. Of the 66 who answered incorrectly, 50% of them reported that their parents did not include them in finances.

In regards to age and gender identity, 76% of the respondents who answered correctly were between the ages of 18 and 24, while 90.9% of those that answered incorrectly fell into the same age category. 77.33% of the correct respondents identified female, while 22.67% were male.

Shockingly, nearly 23% of those who answered the knowledge questions correctly had never filed their own taxes before, and of those 17 respondents, 16 were between the ages of 18 and 24. 28% who answered correctly reported to be married, while only 7.58% of those who answered incorrectly were.

Finally, of those who answered correctly, 6.67% were black or African American, another 6.67% were Hispanic or Latino, 4% were Asian or Pacific Islander, and 2.67% were Native American or American Indian.

DISCUSSION AND CONCLUSIONS

In conclusion, it can be seen that relevant correlations exist between many different demographics and how it affects the chances of college and university students having knowledge of what income taxes are, how they work, and what their function is.

The results presented previously represent only a fraction of the correlations that can be drawn between all the data that was collected. While these results did not prove to be statistically significant, the numbers and answers give insight into factors that may affect the likelihood of a person having a foundational understanding of income taxes.

Further research would need to be done in order to come to a more concrete consensus regarding the data. However, there is an abundance of meaningful information that can be drawn from the information gathered.

After reviewing the data, it appears that there is a positive correlation between involving children in finances and having financial discussions with them and their knowledge of income taxes later in life.

It also appears that an educational focus on business-related degrees, especially accounting, has a significant impact on one's understanding of tax.

These are just a few of the conclusions that can be drawn based on the analysis of the data retrieved.

