

A THEORY OF ONLINE TAXPAYER LEARNING

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This paper develops a framework for understanding how taxpayers seek knowledge through online channels and how various tax-specific knowledge resources should be regulated and managed. We first survey the general literature on how individuals seek knowledge through online channels, the narrower literature on how individuals search for legal advice online, and the nascent literature on how these dynamics play out in the search for tax information. Drawing upon our prior empirical research of online tax advising and advice seeking, we then develop a typology of taxpayer resources for gaining knowledge about tax law, discussing both offline resource (e.g. tax advisors and experts, IRS helpline, friends) and online resources (e.g. discussion forums, chat rooms, websites of practitioners and experts, IRS website) and describing the growing importance of online information transmission channels. We assess the relative strengths and weaknesses of the different types of online and offline knowledge resources available to taxpayers. Based on this analysis, we develop a theory of how various tax information sources interact and how they ought to be managed and regulated. We argue that taxpayers seek information about the tax law in an environment where there are multiple online and offline substitutes that come from a number of different sources, with online information sources growing in importance. Thus, for example, any steps to regulate private information providers, as well as any steps by taxing authorities to develop taxpayer informational materials and outreach should be evaluated in light of the availability of the next available substitutes. Our research also suggests that in an online environment, any attempts to provide precise tax information may ultimately enjoy less success than one might think. In a world of online transmission mechanisms, any information and advice may be excerpted, disseminated, or quoted in a way that may compromise the ultimate integrity of even the most precise advice. This new reality calls for new strategies for the management and regulation of how tax information and advice is disseminated through online channels. It also holds implications for how taxing authorities should tailor and design taxpayer guidance and resources, for how tax law ends up operating “in action,” and for the rule of law and democracy more generally. Finally, we extrapolate our observations about tax information search online to questions about how legal advice seeking online works more generally, employing our paper as a roadmap for more comprehensive research about the process of legal knowledge acquisition and transmission through online channels.