Do Marriage Tax Penalties Cause Delayed Marriage Reporting?

William Gorman and David Splinter
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Couples can face higher taxes when filing as married rather than unmarried. These marriage penalties may motivate newlyweds to delay reporting their marriage on U.S. tax returns. Linking marriage records to federal tax returns, we show marriage penalties are correlated with delayed marriage reporting. Over 2% of newlyweds misreport their marital status. Misreporting rates increase to 14% when marriage penalties reach $8,000. Misreporting and large marriage penalties are more prevalent among couples with similar earnings and claiming Earned Income Tax Credits. Misreporting couples respond to incentive changes, often correcting their filing status when marriage penalties become bonuses.

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Online appendix here. Send comments to david.splinter@jct.gov. Both authors work at the Joint Committee on Taxation. For helpful comments, we thank Tom Barthold, Joyce Beebe, Matt Comey, Taylor Cranor, Bert Lue, Elaine Maag, Ben Meiselman, and Shannon Mok. This paper embodies work undertaken for the staff of the Joint Committee on Taxation, but as members of both parties and both houses of Congress comprise the Joint Committee on Taxation, this work should not be construed to represent the position of any member of the Committee.

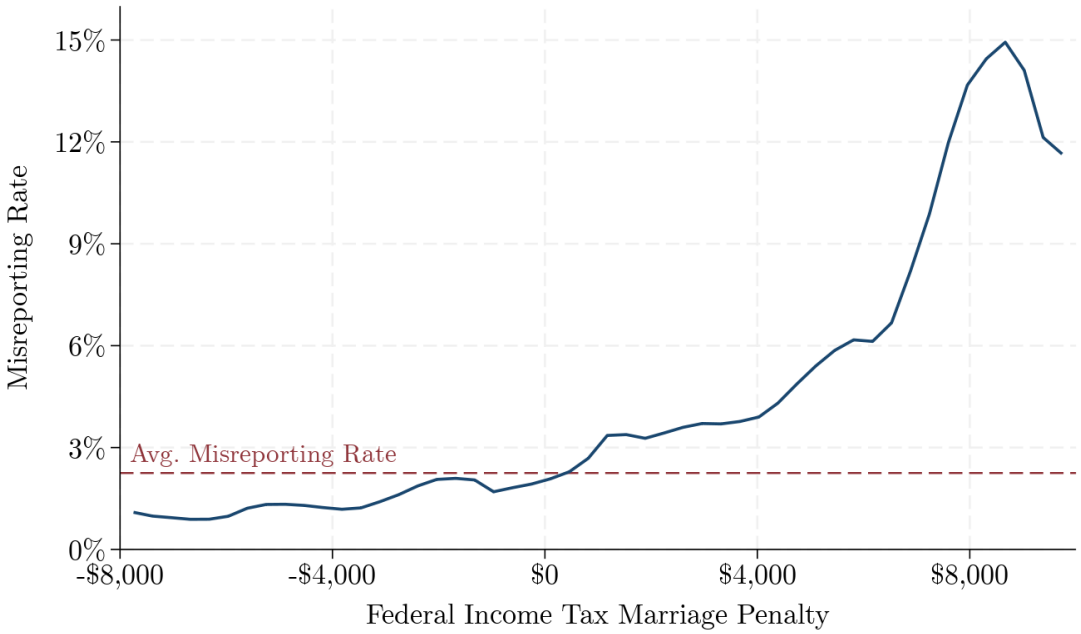
Married couples may misreport their marital status on tax returns to avoid marriage penalties. A couple faces a marriage penalty if they owe more income tax filing as married than they would owe if filing as unmarried. For a couple facing a marriage penalty, misreporting their marital status can decrease their taxes paid or increase their credits received. Using administrative marriage records from the state of Minnesota linked to U.S. federal tax returns, we calculate marriage penalties among newlyweds and document marital-status misreporting. We find a strong, positive relationship between marriage penalties and marital-status misreporting.

Many countries use population registries to pre-fill tax returns, largely eliminating marital-status misreporting. Across more than fifty jurisdictions, the OECD (2025) finds 85% pre-fill individual income tax returns. But the U.S., the U.K., and Canada depend on self-reports (Denton, Spencer, and Yip 2021). The U.S. also lacks a national marriage registry and its tax authority relies on indirect signals to detect possible marital-status misreporting. Without pre-filled returns or a marriage registry, the U.S. serves as a useful setting to study how tax incentives drive misreporting of marital status.

While prior studies documented large marriage penalties in the U.S., they also found that penalties have limited impacts on couples getting or staying married (e.g., Alm and Whittington 1999; Friedberg and Isaac 2024). Instead of considering the marriage *status* margin, we identify behavioral responses on the marriage *reporting* margin. Tax incentives lead some couples to proceed with their marital plans but then strategically misreport on tax returns to avoid large marriage penalties.

We find that 2.3% of couples misreport marital status in their marriage year. Compared to newlyweds correctly reporting their marriage, the average marriage penalty among misreporting newlyweds is about $1,000 larger. Misreporting rates are also correlated with the size of the marriage penalty. Figure 1 shows marital-status misreporting rates increase from 1.5% for couples with marriage bonuses (likely representing taxpayer inattention or reluctance to file) to 4% for couples with marriage penalties of $4,000 and to 14% for marriage penalties of about $8,000. Misreporting rates decline when marriage penalties exceed $8,500, roughly the maximum marriage penalty from the Earned Income Tax Credit (EITC). This pattern suggests strategic misreporting to reduce tax burdens or increase tax credits.

Figure 1: Marital-status misreporting and marriage penalties among newlyweds, 2001–2022



Notes: This figure shows federal-income-tax marriage penalties (bonuses when negative) among newlyweds in Minnesota administrative marriage records that are linked to tax returns. $500 bins and kernel bandwidth using 2023 dollars. *Source*: Authors' calculations with tax data and marriage records.

Prior work finds the largest marriage penalties among dual-earning couples with dependents, especially among EITC claimants. The EITC encourages low-income work by phasing in—and then phasing out—with earned income. Total credits, however, can be more generous when claimed by two unmarried parents than by one married couple, as not all EITC income phase-out parameters are doubled for married couples (a standard tax policy approach to mitigate marriage penalties). Consistent with these incentives, we observe higher misreporting rates among couples claiming dependents and especially among dual-earning couples in the EITC phase-out range. This has large tax implications. Filing-status errors explain $7 billion of noncompliance (IRS 2024). Roughly half of this could be from EITC noncompliance, largely from married filers not filing as married (IRS 2014). Marriage penalty studies, however, have ignored marital-status misreporting.

Our main contribution is documenting marital-status misreporting as a novel source of tax noncompliance related to marriage penalties. Figure 1's correlation between misreporting and penalties is robust to controlling for demographic factors. A second contribution is our linkage of administrative marriage records to tax data. This reveals how legal marriage timing—as opposed to reported timing—varies

with marriage penalties, thereby avoiding measurement error inherent in prior studies that used self-reported marital status. Tax data also provide more credible marriage penalty estimates than studies using survey data, for which estimated EITCs can be understated by one-third (Meyer et al. 2022). Third, unlike prior studies, we incorporate state income taxes, which widens the average marriage penalty gap between compliant and misreporting newlyweds from about $1,000 to $1,200. Finally, we find cross-sectional and panel-based evidence of strategic misreporting. Couples who misreport and then become compliant, often do so when the marriage penalty disappears. That is, strategic behavioral responses are seen not only in the year of marriage—where newlywed misreporting correlates with marriage penalties—but also in later years, when misreporting couples start correctly reporting their marriage. This is consistent with evidence that tax filers know marriage can "mess up" their tax credits (Edin, Tach, and Halpern-Meekin 2014).

This study has some limitations. We do not observe divorces and therefore focus on how marriage penalties discourage reporting *new* marriages. Also, our data-linking approach uses strict name matches for both spouses, which minimizes false-positive matches but leaves over half of newlyweds unlinked—largely from missing middle names. A less restrictive approach captures almost twice as many matches and shows a nearly identical pattern as Figure 1. Finally, due to data limitations, the marriage records come from only one U.S. state: Minnesota. As nationwide newlyweds are more similar to Minnesota misreporters than compliant reporters, our estimates likely provide a lower bound for national marital-status misreporting.

I. Policy Background and Prior Literature

The U.S. tax system is not marriage neutral—progressive taxation combined with joint filing creates marriage penalties and bonuses. Marriage neutrality would require less tax progressivity (and no credit phase-outs) or eliminating joint filing that combines spousal incomes.[1] Given these tradeoffs, the U.S. federal tax system has alternated between higher and lower marriage penalties and bonuses over time (Beebe 2019). In 1949, marriage bonuses were extended to more taxpayers with double-sized tax brackets for married couples filing tax returns together (though later undone to some degree). Other reforms that mitigated marriage penalties,

[1] Many countries have individual-level (as opposed to joint) filing of tax returns, but these systems are not necessarily marriage neutral, as couples may shift asset-based income to spouses with lower marginal tax rates (Stephens and Ward-Batts 2004). Other research suggests female labor force participation increases with individual-level taxation (Doorley, Simon, and Tuda 2025) or a secondary-earner deduction (Bronson, Haanwinckel, and Mazzocco 2024).

mostly by widening tax brackets and making more double-sized married brackets, were the Tax Reform Act of 1986, the 2001 and 2003 tax changes, and the Tax Cuts and Jobs Act (TCJA) effective in 2018. These reforms, however, left the EITC as a prominent source of marriage penalties.

A marriage *penalty* occurs when a couple owes more income tax when filing a return as married. Marriage penalties often result from a couple having similar incomes, especially if eligible for the EITC. Consider a couple with three EITC-eligible children in 2022 where each spouse earns $20,000. Filing jointly, the couple's federal EITC would be about $4,000. Had the couple misreported their marital status by filing two separate tax returns, each with a head-of-household filing status, the couple's EITCs would instead total about $10,000: over $6,000 from the spouse claiming two children and nearly $4,000 from the spouse claiming one child (see Figure 2B). This dual-earner couple would receive about $6,000 less in EITCs by filing jointly and, after accounting for the refundable child tax credit phase-in threshold, would face a marriage penalty of about $5,500. This penalty is nearly 15% of the couple's income.

A marriage *bonus* occurs when a couple owes less income tax when filing a return as married. Bonuses often result from a couple having unequal incomes. Consider a couple in 2022 composed of one spouse with no income and the other spouse earning $100,000. Filing jointly, the couple has $74,100 of taxable income after their standard deduction and owes federal income taxes of about $8,500. Had the married couple misreported by filing two single returns, the single-earner spouse would have $87,050 of taxable income after the smaller single standard deduction and would owe about $14,800. The other spouse with no income would owe no income tax. This single-earner couple owes $6,300 *less* in tax by filing jointly, yielding a marriage bonus of that amount.

Tax rules require couples who are married on December 31 to file as married in that tax year. Thus marital-status misreporting is a form of noncompliance: married couples cannot legally avoid marriage penalties and unmarried couples cannot legally benefit from bonuses. Under certain circumstances, however, a married person may file as head-of-household, such as when living apart from their spouse while maintaining a home for a child. A married person may also file as married-filing-separately, but this nearly always worsens their tax burden. The marriage-status as of December 31 rule may lead to taxpayer confusion, as being married only on the final day of the year requires filing as married for the full year. We observe much higher misreporting rates for marriages in November and December across all marriage bonus and penalty levels (see the online appendix).

A. Prior Literature on Marriage Penalties

1. Marriage penalty estimation issues. Standard marriage penalty estimates rely on counterfactual tax returns that separate married filers into two individual returns. This requires strong assumptions because of unobserved spousal splits for jointly reported items: dependents, capital income, deductions, etc. (Bull et al. 1999; Holtzblatt and Rebelein 2000). This issue, however, does not apply to our marriage penalty estimates for misreporters. Unlike standard estimates that must divide joint returns, our approach aggregates actual returns of separately filing spouses, eliminating the need for arbitrary allocation assumptions.

2. Timing of marriage. Marriage penalties slightly delay the reported date of certain marriages in surveys. Sjoquist and Walker (1995) and Alm and Whittington (1995) show this by considering tax-sensitive marriage delays from the last quarter of one year to the first quarter of the next year. Alm and Whittington (1997) find that marriage penalties increased the probability of delaying reported marriage timing by nearly 5%. Welfare eligibility rules may also affect the timing of marriage (Alm, Dickert-Conlin, and Whittington 1999). Teitler et al. (2009) estimate TANF participation delayed marriage by 12 to 16 months, but Isaac (2020) finds little effect on marriage or divorce.

3. Marriage rates. While this study focuses on delayed reporting of marriages, the prior literature mostly examines the relationship between marriage penalties and marriage formation rates. Using average marriage penalties, Alm and Whittington (1997) find marriage penalties decreased marriage rates by about 2% in 1985. Alm and Whittington (1999) emphasize that marriage penalties more strongly affected women's marital decisions. Isaac and Jiang (2025) find small marriage formation responses to marriage bonuses and penalties in the Affordable Care Act. Holtzblatt and Rebelein (2000), Lin and Tong (2012, 2014), and Maag and Acs (2015) consider cohabiting couples, whose decision to marry may be sensitive to marriage penalties. For a broader review, see Friedberg and Isaac (2024).

4. EITC. When spouses have more similar earnings, marriage penalties tend to worsen. Couples with children are especially affected because of EITC phase-outs (Congressional Budget Office 1997; Holtzblatt and Rebelein 2000; Crandall-Hollick and Hughes 2018). Although the EITC is usually associated with lower-income groups, the larger penalties in the phase-out range imply EITC marriage penalties mostly affect middle-income couples. Dickert-Conlin and Houser (2002) and Isaac (2020) estimate few EITC effects on marriage, but the latter study finds that more generous EITCs encourage lower-earning women to divorce. We find that EITC-claiming newlyweds are more likely to strategically misreport their marital

status. Evidence from interviews shows that EITC recipients recognize that marriage can "mess up" their tax refund, and they therefore may misreport marital status to increase tax refunds (Edin, Tach, and Halpern-Meekin 2014).

5. Tax Noncompliance. Filing-status errors explain $7 billion of noncompliance, according to IRS (2024). Misreported filing status was the third-largest reason for estimated EITC noncompliance, accounting for $1.3–$3.3 billion annually ($2–$4.4 billion in 2025 dollars) in tax credit overclaims (IRS 2014). This filing-status noncompliance was mostly from married taxpayers incorrectly filing as unmarried, with nearly one-tenth of EITC claimants with children misreporting their marital status.[2]

This paper's range of marital-status misreporting rates corresponds to the range seen for other common forms of noncompliance. The average marital-status misreporting rate of 2% resembles the noncompliance rate of wages, which are subject to information reporting and automatic withholding. The peak marital-status misreporting rate of 15% corresponds to the noncompliance rate for income subject to some third-party information reporting (e.g., partnership income). This suggests marital-status misreporting is consistent with other noncompliance patterns.

The weak enforcement against marital-status noncompliance occurs because the IRS does not observe up-to-date marital status, which is administered at the state and local levels. The IRS only corrects this noncompliance through resource-intensive audits. If misreporting noncompliance is sensitive to increased information reporting—as are other forms of noncompliance—then information reporting could mitigate marital-status misreporting. Additionally, with up-to-date data (both marriages and divorces), the IRS could use marital-status misreporting as part of its e-filing rejection criteria. Gorman et al. (2025, forthcoming) discuss e-filing rejections and suggest they contribute to recent compliance increases.

6. Race. The sensitivity of marriage penalties to spousal earnings splits may create systematic differences in marriage penalties by race. Due to more similar earnings among Black spouses, marriage penalties tend to be worse for this group, at least in studies using survey data (Brown 2021; Alm, Leguizamon, and Leguizamon 2023; Holtzblatt et al. 2024). Using tax data, however, Costello et al. (2024) show nearly all income groups below $200,000 had lower marriage penalty rates for Black joint filers than for White joint filers. They suggest this different result was from many more marriages being reported in survey data than tax data, as discussed next.

[2] "9 percent of those filing as head-of-household are estimated to have the correct status of married-filing-separately, making them ineligible for the credit." (IRS 2014, p. 35)

B. Marriage Mismeasurement and Administrative Data Linkages

Our linked data also highlight broader concerns about marriage mismeasurement. Survey data include many misreported marriages, but are used for estimating the decline in marriage rates (Kearney 2025), the impact of housing costs on marriage (Bowmaker and Emerson 2015; Chiocchio 2025), and marriage's impact on fertility (Hayford, Guzzo, and Smock 2014; Smith 2019). While marriages in tax data are modestly underreported, in surveys they are widely overreported.

Linking the Current Population Survey to tax returns suggests a 10% higher net marriage rate in survey data. In 2010, Mok (2017) estimated 62 million marriages in survey data versus only 56 million marriages in tax data (excluding those not married in the survey). Marriages may be overreported in surveys when couples who plan to marry already identify as married, or when legally unmarried couples consider themselves married, perhaps due to notions of common-law marriage or after a non-legal ceremony. Overreported marriages in surveys suggest prior work estimating the effect of marriage penalties on the timing and rate of marriage could be revisited.

National estimates using administrative records only report annual *flows* of marriages and divorces, but not the *stock* of marriages, which would require tracking each individual's marriages, divorces, immigration, emigration, and death. But marriage and divorce data are collected at the state and local level, making longitudinal tracking currently infeasible. We address this data limitation by focusing on newlyweds using public marriage records. As these records lack Social Security Numbers, we develop a matching algorithm using spousal names. This resembles Census Bureau linking methods and prior name-based matches with tax data (e.g., Splinter et al. forthcoming). However, we do not observe divorces and therefore limit our main estimates to newlyweds.

II. Data Construction and Marriage Penalty Calculation

We use administrative data from state marriage records and federal tax returns. The marriage records cover nearly all marriages conducted in Minnesota. The tax data are drawn from IRS administrative data containing the population of U.S. federal tax returns and information returns. We link these data to create a sample from 2001 to 2022 with over 200,000 couples and calculate marriage penalties by comparing observed tax liabilities to those from counterfactual filing statuses.

A. Linking Marriage Records to Tax Data

Marriages conducted in Minnesota are publicly available through the Minnesota Official Marriage System and date back to the early 19th century. We create a bot with web-scraping functionality and collect records between 2001 and 2022, yielding about 600,000 marriages. To our knowledge, no other state offers such accessible records**.**

Tax data include extensive demographic information (name, sex, taxpayer identification number, and mailing address), while marriage records include only county, certificate number, marriage date, and both spouses' names. This leaves limited options to link these data. The location of a marriage may not determine where taxes are filed, the certificate number is only for internal use, and marital-status misreporting means the marriage date cannot be used for linking. Therefore, we link the datasets using only names.

To link marriage records to tax returns, we use a strict-name match, employing both spouses' full names including middle initials. This requires an exact match to the first names and middle initials of both spouses and an exact match to *one* last name, allowing for last-name changes upon marriage. Because we rely on both spouses' names, the couple must have filed a joint or married filing separately tax return at some point to be matched. For this purpose, we use the first tax return for tax years 2001 to 2024 where a couple filed as married (married filing jointly or married filing separately). This approach excludes cases with (a) any deviation in the first name or middle initial for either spouse, (b) any deviation in the last name on the joint return, (c) missing middle names, (d) last names containing suffixes, such as "JR" or "III", or (e) couples never filing as married. The strict-name match links 36% of Minnesota newlyweds in 2001–2022 to tax returns. Unmatched marriages reflect spouses never filing a married return by 2024 or without middle names, as well as differences in names in the two datasets—e.g., misspellings, nicknames, suffixes, or data errors—which should be uncorrelated with marriage penalties. The online appendix discusses how names are recorded and shows that misreporting rates appear to be largely random with respect to the county, year, and month of marriage, except for November or December marriages. The match identifies 214,443 couples.

To link more couples, we considered two alternative approaches. Dropping suffixes from the marriage records and tax returns only increases the match rate by less than 1%. Alternatively, removing the middle-name requirement nearly doubles the match rate and gives similar results as in Figure 1 (see Online Appendix B6)—

but this often results in multiple potential matches for each marriage record and likely false positives. Therefore, our baseline estimates apply strict-name matches.

B. Sample Construction

By matching marriage records to tax returns, we observe each spouse's taxpayer identification number (usually Social Security number) and can follow them over time within the tax data. We focus on the year of marriage to study how newlyweds adapt to their new required filing status, identifying compliant and misreporting couples. For each couple, the year of legal marriage is:

1. The first year they file taxes as married (*compliant*)
2. Before they first file taxes as married (*delayed reporter*)
3. After they first file taxes as married (*early reporter*)

Delayed reporters represent 2.3% of newlyweds and are the focus of our analysis. Thus we consider *marital-status misreporting* only as a married person filing as single (no dependents) or head-of-household (with dependents). The online appendix discusses the 1.4% of newlyweds who are early reporters, individuals filing as a married couple before their marriage and who have larger-than-average marriage bonuses (hence this group also misreports strategically, see Online Appendix B5). To ensure comparability with compliant reporters and accurate calculations of marriage penalties, our main analysis excludes married filing separately couples, early reporters, and couples in which neither spouse filed a tax return, leaving a sample of 208,602 couples.

Compliant newlyweds resemble *dual-filing misreporters* (where both spouses file returns) across various characteristics, although these misreporters have more dependents and higher marriage penalties (Table A1). We discuss these "dual-filing" misreporters further in the results section. Those with a non-filing spouse are generally lower-income, single-earner couples facing (but not receiving) marriage bonuses. Nationally, new marriages appearing on tax returns are less like Minnesota's compliant newlyweds and more similar to Minnesota's misreporters—older, lower income and taxes, higher EITCs, more unequal spousal wage splits, and more dependents. This suggests our estimates for Minnesota provide a lower bound for nationwide marital-status misreporting.

C. Marriage Penalty Calculations

Calculating marriage penalties requires estimating counterfactual tax liabilities with a tax calculator and counterfactual returns.

1. Tax Calculator. Using the NBER's TAXSIM calculator and about three dozen variables, we estimate tax liabilities for actual and counterfactual returns. The amounts in the tax data are replaced with calculated liabilities to ensure a common baseline, where absolute-value deviations have a median of $654 (mean of $2,135) for federal taxes and a median of $0 (mean of $107) for the EITC. These differences resemble those in Meyer et al. (2022) and largely result from tax calculator simplifications, especially for high-income returns.

2. Counterfactual Returns. To estimate marriage penalties, we compare a couple's tax liability summed across two separate tax returns to that of one joint return. Since one of these is always a simulated counterfactual, the approach depends on whether the couple filed as unmarried (misreported) or filed as married (compliant). For dual-filing misreporting couples, we construct a counterfactual joint return by summing items (income, itemized deductions, dependents, etc.) across their two observed returns. If one spouse did not file, we construct a counterfactual single return for the non-filer and the couple's counterfactual joint return. Non-filer incomes come from information returns and include wages, nonemployee compensation, and Social Security and disability benefits.

Whereas combining misreporting returns is straightforward, splitting compliant returns into two counterfactual separate unmarried returns is more complex. We apply a data-informed approach to split certain income sources. Wages are allocated based on individual-level wages, e.g., if the primary filer earns 80% of the couple's combined individual-level wages, they are assigned that share of the couple's tax-return wage amount and the remainder goes to the secondary filer. Sole proprietorship income and farm income are attributed to the spouse subject to the relevant individual self-employment taxes. Remaining taxable income sources, such as capital income and deductions, are allocated 60% to the primary filer and 40% to the secondary filer. Although information returns could inform the capital income split, the individuals listed on these returns provide an imperfect proxy of how much each spouse would claim had they filed individually. Finally, dependents are split evenly between spouses, with the oldest going to the primary filer. For odd numbers of dependents, the primary filer receives the additional dependent. These assumptions likely create overly equal income and

dependent splits. These underestimate the average compliant marriage bonus, suggesting the average federal marriage penalty gap between compliant and misreporters could exceed our $1,000 estimate.

III. Results

We report misreporting rates by marriage penalty levels, the sources of marriage penalties, and how they vary by the number of dependents. Next, we show the strong correlation between EITC marriage penalties and misreporting rates, where both are larger among spouses with similar earnings. We then focus on misreporting couples where both spouses file separate tax returns, a group whose behavior looks particularly strategic. Finally, we present regression analyses to demonstrate that the correlation between marriage penalties and misreporting remains robust after controlling for demographic factors.

A. Marriage Penalties and Marital-Status Misreporting

Delayed marriage reporting is consistent with strategic tax minimization and credit maximization. While the overall newlywed marital-status misreporting rate is 2.3%, it varies significantly by tax incentives: couples receiving marriage bonuses misreport at a rate of only 1.5%, but those facing marriage penalties misreport at a rate of 3.3%.[3] In addition to this extensive-margin difference, there is also an intensive-margin effect: misreporting rates increase as marriage penalties increase.

Figure 1 shows misreporting rates increase from 4.3% for a $4,000 penalty, to 8.2% for a $6,500 penalty, and to 14% for marriage penalties between $7,000 and $9,500. Misreporting rates decline slightly when penalties exceed $8,500, roughly the maximum EITC marriage penalty. Under that threshold, about 60% of marriage penalties are from EITCs, while above it only one-third are from EITCs. When marriage penalties are measured as a percentage of income (rather than levels), misreporting rates increase in a similar pattern. Compared to misreporting rates under 2% for couples with no marriage penalty, the misreporting rate doubles to 4% when penalties reach two percent of income and doubles again to 8% when penalties reach eight percent of income (see Online Appendix B1).

[3] The 1.5% misreporting rate among newlyweds with marriage bonuses suggests a baseline of unintentional errors. Identifying a marriage bonus requires calculating counterfactual liabilities and non-optimal behavior is widespread—nearly one-tenth of taxpayers *over*report tax liabilities (Gorman et al. forthcoming). However, it may be intentional: one spouse may prioritize their separate tax credits (Larrimore, Mortenson, and Splinter 2017) and couples with bonuses may still want to misreport if marriage increases student loan payments or decreases government benefits.

Table 1: Marriage penalties and bonuses among newlyweds and prior-year misreporters

	Compliant	Misreporters	Compliant (misreporter prior year)
Panel A: All newlyweds			
Federal Income Tax	–$376	$599	–$374
Federal EITC	$276	$594	$301
Tax on Taxable Income	–$627	–$95	–$494
Panel B: Newlyweds by number of dependents			
Zero	–$750	–$255	---
One	$355	$707	---
Two	$1,039	$2,060	---
Three	$1,239	$2,519	---
Four	$790	$3,889	---

Notes: Negative amounts are marriage bonuses. Positive values are marriage penalties. Amounts are 2001–2022 averages in 2023 dollar levels for federal income taxes (after credits). The compliant and misreporters columns are only among newlyweds. *Source*: Authors' calculations with tax data and marriage records.

Table 1 shows that compliant newlyweds tend to have marriage bonuses and misreporting newlyweds tend to have marriage penalties. Specifically, compliant newlyweds received an average marriage *bonus* of $376 and misreporters faced an average marriage *penalty* of $599. This analysis only considers federal income taxes, but adding state income taxes reinforces the main finding, increasing the average gap between compliant and misreporting newlyweds from $975 to $1,225.[4]

While average differences and the dose-response pattern both suggest strategic misreporting, behavioral responses are also observed among misreporting couples who eventually become compliant. The third column of Table 1 follows misreporters over time until they file jointly, i.e., transition from misreporting to compliant (which takes an average of about two years). In the year a misreporting couple first files a compliant joint return, we calculate an average marriage *bonus* of $374. In the year prior, during which they still misreported, we calculate an average marriage *penalty* of $377. Thus, a misreporting couple becoming compliant is associated with a $750 decrease in their marriage penalty.

[4] Minnesota's married tax brackets are less than double the size of single brackets, resulting in marriage penalties. To partially mitigate this, Minnesota offers a marriage penalty tax credit. This may increase penalty salience relative to many other states, which avoid these penalties more discreetly through double-sized brackets, flat tax rates, or allowing couples to file separately.

Overall federal income tax effects mostly result from the EITC (second row of Table 1) and tax on taxable income (third row of Table 1). Among compliant reporters, the average marriage bonus includes $276 of EITC marriage penalties, which are more than offset by $627 of taxable-income marriage tax bonus. Among misreporters, the average marriage penalty includes $594 of EITC marriage penalties that are only modestly offset by $95 of bonus from taxable income. As EITC marriage penalties explain nearly all of misreporters' penalties, the EITC likely drives marital-status misreporting and we discuss it further below.

B. Marriage Penalties and Dependents

Marriage penalties also vary with the number of dependents (Table 1, Panel B). Among those with no children, average marriage bonuses are $750 for compliant newlyweds and $255 for misreporters. As these couples with no dependents have few EITCs, this difference largely isolates the effects of spousal earnings similarity on marriage bonuses. Childless couples with unequal spousal earnings can receive large marriage bonuses by being compliant, while childless couples with similar spousal earnings usually have smaller bonuses. An earlier example showed that for a single-earner couple with $100,000, the marriage bonus is about $6,300; however, if that income is split equally ($50,000 each), there is no bonus or penalty.

Among those with one to three children, average marriage penalties are about $400 per dependent for compliant newlyweds and about $1,000 per dependent for misreporters. This difference should largely reflect self-selection, as those facing larger marriage penalties are more likely to misreport. Among misreporters, the marriage penalty increase associated with additional dependents is enabled by EITC policy. In 2022, the marginal increase in the maximum EITC is about $3,200 for the first child, $2,400 for the second child, and $800 for the third child. Misreporting increases total EITCs by splitting dependents across two returns to exploit larger marginal credit amounts for the first and second child.

C. EITC Marriage Penalties

Marriage penalties among misreporters largely result from EITCs. The high salience of this large refundable tax credit can motivate behavior that protects it. Approximately 3.6% of EITC-eligible newlyweds misreported their marital status, more than double the rate (1.7%) among ineligible newlyweds. Figure 2A shows that misreporting rates also increase with EITC marriage penalties. Misreporting rates increase from 4% for couples with EITC marriage penalties of $3,000 to 10%

for EITC marriage penalties of about $6,000. Misreporting rates increase to over 15% for EITC marriage penalties over $7,000. This parallels the pattern in Figure 1 for overall marriage penalties.[5]

The EITC can generate substantial marriage penalties, particularly for dual-earner couples with children. Figure 2B illustrates this for a hypothetical couple with combined earned income of $40,000 from equal spousal earnings and three children. Note that EITC schedules vary both by number of children and filing status. By misreporting with two head-of-household returns, the couple receives $9,897 in EITC: $6,164 from the spouse 1 (claiming two children) and $3,733 from spouse 2 (claiming one child). Filing jointly (MFJ), the couple has only $4,041. This smaller credit is because combining incomes places them in the EITC phase-out range and the marginal benefit of the third child is lower. In total, the EITC marriage penalty for this couple is nearly $6,000.

As prior studies noted, the EITC causes large marriage penalties among similar-earning couples with combined earnings in the EITC phase-out range. This is seen in the example above and shown empirically in the online appendix. To illustrate how spousal earnings splits affect marital-status misreporting, Figure 2C ranks couples by the primary earner's earnings share. In the figure's left side, couples with equal earnings have the highest misreporting rates. As earnings become less equal, the EITC marriage penalty and misreporting rates tend to fall.

IRS (2014) estimated $1–$3 billion in EITC overclaims from filing-status misreporting, but our results only capture about one-tenth of that.[6] This is because our analysis focuses on newlyweds who eventually report their marriage (due to data-linking limitations), omitting perpetual misreporters and "backsliders" who initially filed as married but then later misreport. Considering a subset of temporary "backsliders"—those initially reporting marriages, not reporting for up to three years, then reporting again with the same spouse—shows EITC amounts similar to our main estimate.[7] Perpetual misreporters, which are excluded from our analysis, likely account for substantial noncompliance because they misreport for many more years than the temporary misreporters studied here.

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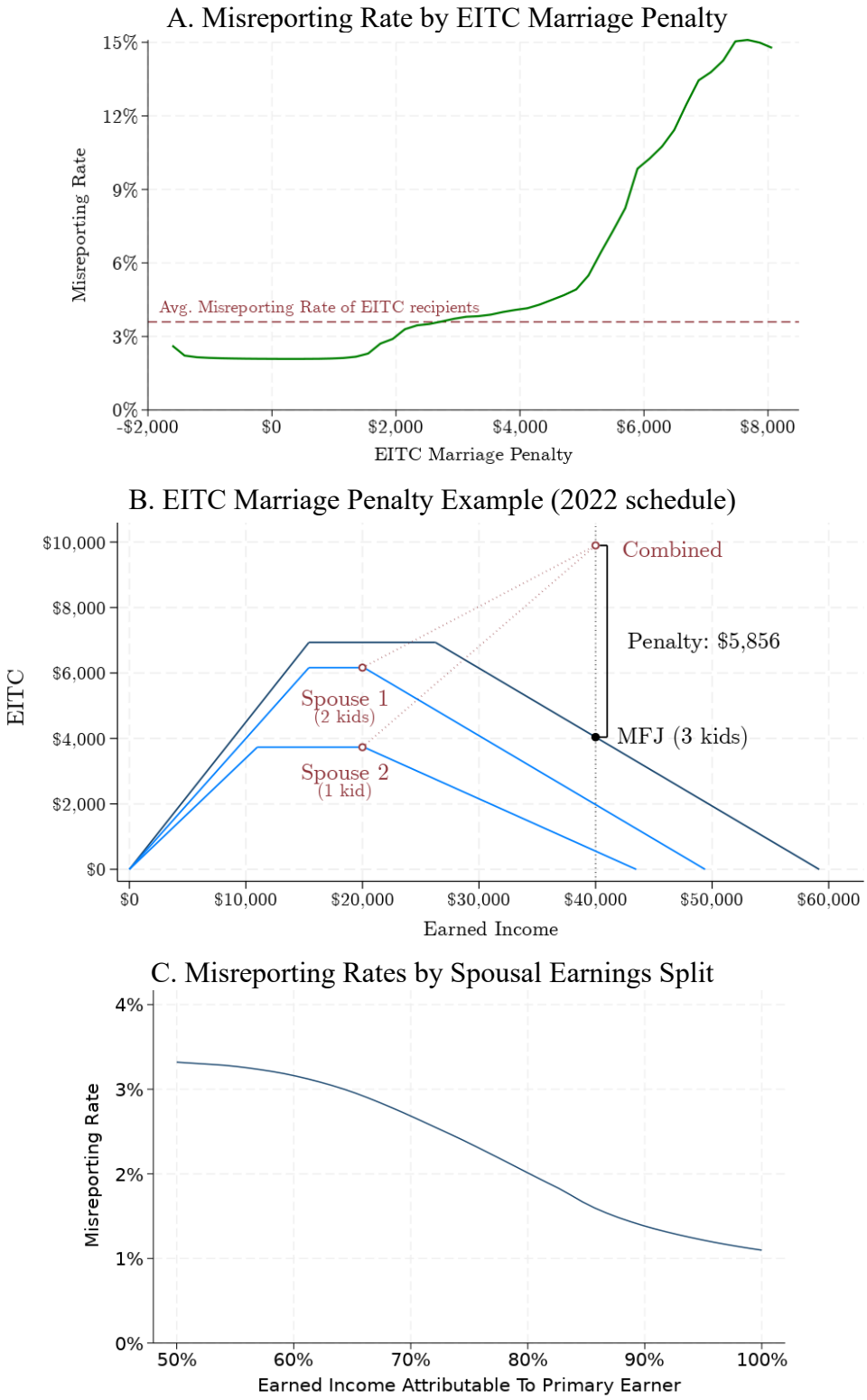
[5] The 2022 maximum EITC marriage penalties for couples with one, two, three, and four children were: $3,733, $5,026, $6,872, and $8,342. These occur when total earnings of compliant joint returns phase out all EITCs.

[6] 1.4% newlyweds with marriage penalties misreport • 2.1 million official marriages nationwide • $1,770 average penalty • three years misreporting = $0.2 billion.

[7] 1.7% "backsliding" misreporters with EITCs • 2.4 million "new" marriages in tax returns • $2,700 average EITC • 2 years misreporting = $0.2 billion. These are 2001–2021 averages from the CWHS panel of tax returns (details in Splinter 2022), where new marriages are those among unmarried prior-year filers.

Figure 2: EITC marriage penalties and marital-status misreporting, 2001–2022



Notes: Panel A misreporting rate is the marital-status misreporting rate among federal EITC recipients, with $750 bins and kernel bandwidth and maximum of $8,500 for EITC marriage penalties (2023 dollars). Panel B shows a hypothetical couple with three EITC-eligible kids. Panel C uses 5% bins and excludes couples with a non-filing spouse due to possible missing income. *Source*: Authors' calculations with tax data and marriage records.

D. Single-Filing vs. Dual-Filing Misreporters

Misreporters fall into two groups. *Single-filing misreporters*, where only one spouse files a return, make up about one-third of newlywed misreporters and typically have lower incomes, more unequal spousal earnings splits, and marriage bonuses. Single-filer misreporting appears less driven by strategic responses to marriage penalties and more likely reflects taxpayer inattention to incentives or filing requirements, hesitation to acknowledge the new legal status, or one spouse's reluctance to file. For example, a spouse with individual-level income below a filing threshold may think they do not need to file, regardless of combined spousal income. *Dual-filing misreporters*, where both spouses file separate returns, make up about two-thirds of newlywed misreporters, have incomes and spousal earnings splits comparable to compliant newlyweds, and generally face marriage penalties (Table A1). Dual-filing misreporters appear more strategic.

Average marriage penalties among dual-filer misreporters are $1,201 (Online Appendix Table B6), twice the $599 average among combined dual- and single-filing misreporters in Table 1. In contrast, compliant newlyweds face an average marriage bonus of $376. Thus, there is a $1,600 difference in marriage tax benefits between dual-filing misreporters and compliant newlyweds. When including state income taxes, the difference rises above $2,000. Dual-filing misreporters appear more likely to coordinate their reporting decisions and disproportionately benefit from misreporting: marriage penalties are faced by only 34% of compliant newlyweds but by 64% of dual-filing misreporters.

Dual-filing misreporters wait to report their marriage on tax returns until about two years after their marriage. This often coincides with a large marriage-penalty decrease. In the year prior to filing as married, dual-filing misreporters face an average penalty of $1,199. In the year they file as married, their average marriage penalty is only $87—so becoming compliant corresponds to a $1,112 reduction in penalties. For many, the year they filed as married is also the first year they faced a marriage bonus. Only 31% of dual-filing misreporters ever faced a bonus before reporting their marriage, but 49% faced a bonus when they file as married. Just as marriage penalties correlate with misreporting, penalty reductions are associated with couples becoming compliant.

Table 2: Marriage misreporting, odds ratios from logistic regressions

	Dual-filing newlyweds		Single and Dual-filing newlyweds	
	(1)	(2)	(3)	(4)
Marriage penalty (log)	1.545	1.572	1.407	1.453
	(0.017)	(0.019)	(0.014)	(0.015)
Nov. or Dec. marriage		4.186		3.635
		(0.182)		(0.13)
Income (log)		0.789		0.750
		(0.012)		(0.008)
Marriage since 2018		0.745		0.799
		(0.039)		(0.033)
Age		1.010		1.005
		(0.002)		(0.001)
Non-working spouse		0.600	3.602	2.669
		(0.045)	(0.125)	(0.1)
Constant	0.001	0.010	0.003	0.044
	(0.0001)	(0.002)	(0.0002)	(0.005)

Notes: 206,803 observations for dual-filing and 208,602 observations for single and dual-filing. Income is across both spouses. Marriage penalties and income are bottom-coded at $100 before taking logs to address negative values. Standard errors shown in parentheses. Odds ratios are all significant at the 0.1% level. *Source*: Authors' calculations with tax data and marriage records.

E. Regression analysis

To examine the association between marriage penalties and misreporting, Table 2 reports a logistic regression with misreporting as the dependent variable and the natural log of the marriage penalty as the independent variable. This yields a positive and significant relationship. For dual-filing newlyweds and with controls, the odds ratio of the log marriage penalty is about 1.6, implying that a 1% increase in the marriage penalty raises the odds of misreporting by about 0.6 percent. November or December marriages have four times the odds of misreporting, possibly reflecting confusion about filing obligations for end-of-year marriages. Income is negatively associated with misreporting. Marriages since 2018 have lower misreporting rates, perhaps due to the TCJA's doubling of standard deductions and child tax credits, which increased the share of families with no tax liability (Beebe 2019; Splinter 2019).[8]

[8] Most states use federal adjusted gross income, but in 2018, Minnesota applied 2016 federal taxable income rules. This forced Minnesotans to calculate taxable income twice (Huffer and Grozovsky 2019), perhaps increasing newlyweds' awareness of filing status and TCJA changes.

Expanding the sample to include single-filing couples slightly attenuates the marriage-penalty effect: the odds ratio decreases from 1.57 to 1.45. The higher non-working spouse effect and constant likely reflect one spouse's lack of filing experience or reluctance to file, important factors when including single-filing newlyweds.

To examine policy changes that reduced marriage penalties, we implement a difference-in-differences analysis (Online Appendix B9A). The widely publicized 2003 marriage-penalty reductions (e.g., making more double-sized married brackets) appear to have prompted newlyweds to misreport *less* when facing bonuses, yet misreport *more* when facing penalties. Increased salience may have strengthened the correlation between misreporting and marriage penalties. In 2009, EITC marriage penalties declined with the introduction of a third-child benefit and expanded married phase-out ranges. Consistent with these penalty reductions, misreporting among likely affected newlyweds fell. This aligns with prior evidence on this reform (Jones and O'Hara 2016; Larrimore, Mortenson, and Splinter 2017). Overall, these responses indicate that both policy salience and underlying financial incentives contribute to marital-status misreporting.

IV. Conclusion

If a couple is married on the last day of the year, they must file as married on their tax return. Some married couples, however, do not file as married. We use tax data to investigate why couples misreport their marital status on federal tax returns. Marital-status misreporting rates are higher among newlyweds with larger marriage tax penalties. Also, misreporters who start correctly reporting their marital status do so as soon as they have large marriage-penalty reductions. Our findings help reconcile the discrepancy between large marriage penalties and small estimated marriage effects: couples subject to large marriage penalties can still marry but avoid the tax consequences by not reporting their marriage to tax authorities.

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Appendix

Table A1: Summary Statistics of Newlywed Couples by Filing Status, 2001–2022

	Compliant (MN only)	**Misreporters** (MN only)	**Misreporters** (Two Filers)	**Misreporters** (Non-Filer Spouse)	**Nationwide** (new marriages)
Observations	203,810	4,792	2,993	1,799	48,578
Age of Primary Filer	31.3	33.0	33.1	32.9	35.9
Total Income (AGI)	$103,224	$79,435	$92,639	$57,468	$90,065
Federal Income Tax	$10,088	$6,324	$7,803	$3,865	$8,426
EITC Received	$204	$554	$272	$1,022	$429
Spousal Wage Split	70%	75%	67%	88%	75%
Share EITC claimed	7%	31%	32%	30%	17%
Num. Dependents	0.43	0.81	0.84	0.76	0.76
Fed. Marriage Penalty	–$376	$599	$1,201	–$402	---
EITC Marriage Penalty	$276	$594	$907	$74	---
Taxable Income Penalty	–$627	–$95	$113	–$442	---

Notes: Table shows average estimates for newlywed couples with marriages conducted in Minnesota and the last column shows nationwide new marriages appearing on tax returns relative to prior year. Dollars in 2023 dollar levels. *Source*: Authors' calculations with tax data and marriage records.