



FOR IMMEDIATE RELEASE

Hispanics and Non-Hispanics Equally Likely to File a Federal Tax Return, but More Refunds and Fewer Audits for Hispanics, Survey Shows

Miami, Florida, April 14, 2006 – More than 6 in 10 U.S. Hispanics have filed or intend to file a federal income tax return this year for 2005, a number comparable to that of non-Hispanics who said the same, according to poll results released today by Encuesta, Inc.

The survey covered various aspects of taxation and sought to compare the views and experiences of Hispanics and non-Hispanics on the topic.

Not surprisingly, the poll confirms that Hispanics who filed a federal income tax return last year for 2004 are more likely than not to be U.S. citizens, and that foreign-born Hispanics who filed last year are more likely to have resided in the U.S. more than 10 years. “These findings lend insight to the current debates on immigration reform,” said Martin Cerda, President of Encuesta, Inc. “It is one indication that as Hispanics obtain the rights and privileges of residing in the United States, they also assume the responsibilities.”

When it comes to how the two populations make out monetarily at tax time, Hispanics are less likely than non-Hispanics to say they owe money to the IRS for 2005 (14% versus 22%). They are more likely than non-Hispanics to report having received a refund for 2004 (73% versus 62%).

In effect, the poll results suggest Hispanics know less about the tax rules than non-Hispanics. In addition to being more likely to go without their income until they receive their refund, Hispanics are less aware of six tax deductions tested, including charitable contributions and retirement savings. Among those aware of the tax deductions, however, similar proportions of the two populations report taking them when filing for 2005. The one exception is work-related expenses, which Hispanics are significantly more likely to say they will claim (63% compared to 48% of non-Hispanics).

With regard to tax return preparation, Hispanics are more likely than non-Hispanics to seek assistance. Only 10% say they have or will prepare their 2005 return themselves, compared to 26% of non-Hispanics. For 21% of Hispanics, an organization or agency that provides the service free of charge is preparing their federal tax return, compared to 11% of non-Hispanics. And one-quarter of Hispanics use a tax preparation service such as Jackson Hewitt or H&R Block, significantly more than the 18% of non-Hispanics who use such a service. Perhaps greater use of professional tax assistance would help to even out the disparity in audit rates between Hispanics (12%) and non-Hispanics (22%).

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The nationwide survey also asked Hispanics' and non-Hispanics' opinions of options for reforming the federal tax system:

When it comes to simplifying income taxes and making them more fair, do you think it would be...

	Hispanic (%)	Non-Hispanic (%)
<i>Better to keep different tax rates</i>	36	37
<i>Better to have a flat tax for everyone</i>	36	35
<i>Neither/makes no difference</i>	15	18
<i>Better to keep income taxes</i>	50	45
<i>Better to have a national sales tax instead</i>	16	23
<i>Neither/makes no difference</i>	16	18

The response rates of the two populations were notably different when it comes to preference for a national sales tax instead of income tax, which only 16% of Hispanics favor compared to 23% of non-Hispanics.

Encuesta, Inc. conducted the poll by telephone between April 6 - 13, 2006, among a representative national sample of 321 Hispanic and 305 non-Hispanic adults. The margin of error for the entire sample is approximately +/- 4%, with a higher margin of error for subgroups.

The release is part of the Americanos Poll series sponsored by Encuesta, Inc. to compare the U.S. Hispanic and general populations across a range of topics. Many results will be made public to stimulate thought and dialogue about the U.S. Hispanic population and foster understanding of U.S. Hispanics.

Encuesta, Inc. is a leading U.S. Hispanic marketing research and public opinion polling specialist. For information about the company, visit www.encuesta.com.

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