Do Marriage Tax Penalties Cause Delayed Marriage Reporting?

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Couples can face higher taxes when filing as a married couple rather than as unmarried individuals. These marriage penalties may motivate newlyweds to delay reporting their marriage on 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 who claim earned income tax credits. Misreporting couples often start correctly reporting when marriage penalties become marriage bonuses.

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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 income taxes. Using administrative marriage records from Minnesota linked to 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.

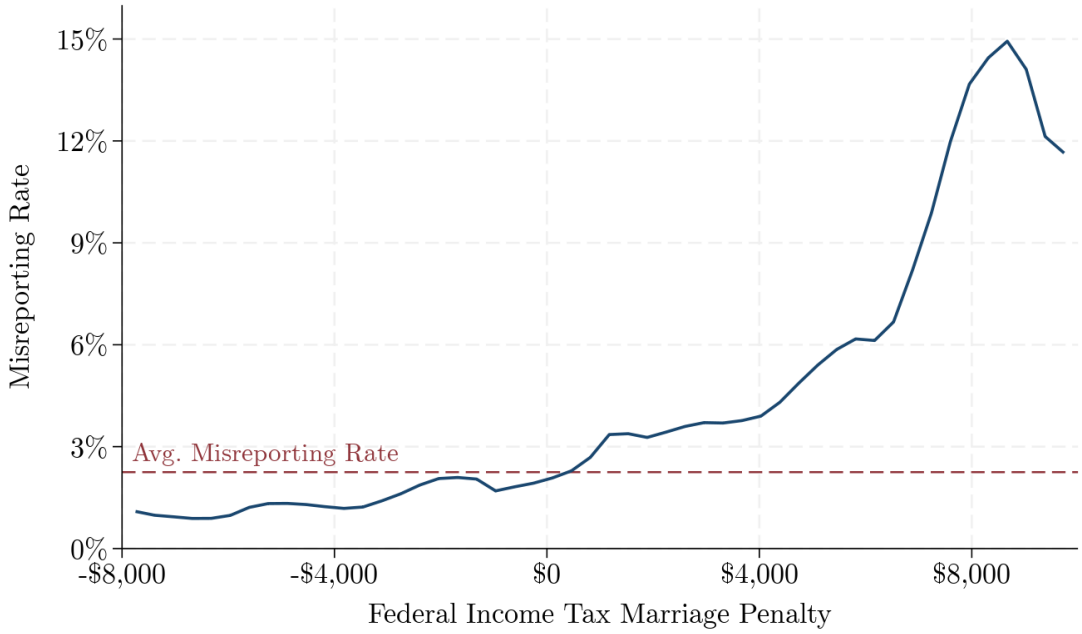
While prior studies documented large marriage penalties, they also found that penalties have limited impacts on couples getting or staying married (e.g., Alm and Whittington 1999; Friedberg and Isaac 2024). Instead of considering the marriage margin, we identify behavioral responses on the tax *reporting* 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 their marital status in the year of marriage. Newlyweds misreporting their marital status face an average federal-income-tax marriage *penalty* of about $600. In contrast, correctly reporting newlyweds face an average marriage *bonus* of nearly $400, which means reporting their marriage decreases these couples' taxes. Additionally, misreporting rates increase with the size of the marriage penalty. Marital-status misreporting rates increase from 1.5% for couples with marriage bonuses to 4% for couples with marriage penalties of $4,000 and to 14% for marriage penalties of about $8,000 (Figure 1).[1] This suggests newlyweds strategically misreport their marital status to lower their taxes or increase their credits.

Past research found that marriage penalties are larger among dual-earning couples claiming dependents, especially among couples who claim the earned income tax credit (EITC). Consistent with these incentives, we observe increased misreporting rates among couples claiming dependents—especially among dual-earning couples with similar earnings in the EITC income phase-out range. IRS (2014) estimates of filing-status errors, mostly from married filers not filing as married, accounted for up to $3 billion of EITC noncompliance. However, marriage penalty studies have ignored marital-status misreporting, which could occur both in tax data and the survey data used in most prior studies. Among the same individuals, there are large discrepancies between the marital status reported in survey and tax data; over one-tenth of couples reporting being married in surveys filed tax returns as unmarried (Mok 2017). To identify marriage misreporting, we therefore use administrative marriage records.

[1] The average misreporting rate is 14% for penalties between $7,000 and $9,500. Misreporting rates decline when marriage penalties exceed $8,500, roughly the maximum marriage penalty from the EITC.

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.

Our analysis provides four main contributions. First, this paper documents marital-status misreporting as a novel source of tax noncompliance related to marriage penalties. Second, linked marriage record and tax data show how actual (not reported) marriage timing varies with marriage penalties, making these data better suited to analyzing the impacts of marriage penalties than prior studies that relied on self-reported marital status. Administrative tax data also provide more credible marriage penalty estimates than studies using survey data—where estimated EITCs can be understated by one-third (Meyer et al. 2022). Third, while state income taxes were ignored in prior studies, we consider total (federal and state) marriage penalties. State taxes reinforce our main result, widening 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, tend to do so immediately upon no longer facing a marriage penalty. That is, strategic behavioral responses are seen not only in the year of marriage—where newlywed misreporting rates increase with marriage penalties—but also in later years, when misreporting couples start correctly reporting their marriage.

This study has some limitations. First, we do not observe divorces, hence our analysis focuses on marriage penalties that discourage reporting new marriages. Second, our data-linking approach requires strict name matches for both spouses. This should avoid false matches but results in over half of newlyweds not being linked to the tax data—

although these omissions should result from missing middle names and largely random differences in how names are spelled. A less restrictive approach capturing twice as many matches shows higher misreporting rates (likely from false matches) but a nearly identical pattern as Figure 1. Finally, the marriage records come from only one state: Minnesota. This could limit generalizability, but the effects of state income taxes are relatively modest.

I. Policy Background and Prior Literature

A marriage *penalty* occurs when a couple owes more income tax when filing a return as married, while a marriage *bonus* occurs when they owe less. A couple married on December 31 must file as married that tax year. While some unmarried couples file as married, in this study, we only consider *marital-status misreporting* as a married person filing as single or head-of-household instead of married filing jointly or married filing separately.[2]

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.

Marriage bonuses, in contrast, 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 deducting 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 deducting 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 and therefore has a marriage bonus of that amount.

The tax system is not marriage neutral—progressive taxation combined with joint filing creates inherent marriage penalties and bonuses. Marriage neutrality would require less tax progressivity (and no credit phase-outs) or eliminating joint filing that combines spousal incomes.[3] Given these tradeoffs, the federal tax system has alternated between

[2] However, a married person may file as head-of-household under specific circumstances, such as living apart from their spouse while maintaining a home for a child. A surviving spouse can still file as married filing jointly for the year their spouse died.

[3] 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 found that female labor force participation increases with individual-level taxation (Doorley, Simon, and Tuda 2025) or a secondary-earner deduction (Bronson, Haanwinckel, and Mazzocco 2024).

higher and lower marriage penalties and bonuses over time (Beebe 2019). Initially, only taxpayers in community property states—where assets acquired by either spouse during the marriage are considered jointly owned—could split income across two federal tax returns, resulting in marriage bonuses in those states because all filers were subject to only one set of tax brackets. In 1948, legislation extended these marriage bonuses to all federal taxpayers by creating a married-filing-jointly status with double-sized tax brackets (Joint Committee on Taxation 2001). Consistent with changes in tax policy, references in historical print sources to the "marriage penalty" increased in 1945–1947, 1975–1985, and 1991–2001 (see online appendix). After each increase, there were notable declines coinciding with reforms that mitigated marriage penalties: the 1948 universal income-splitting legislation, the Tax Reform Act of 1986, and the 2001 and 2003 tax changes.[4]

A. Prior Literature on Marriage Penalties

1. Marriage penalty estimation issues. Strong assumptions are needed for standard marriage penalty estimates because of unobserved spousal splits for jointly reported items (Bull et al. 1999; Holtzblatt and Rebelein 2000). This results in uncertainty for marriage penalty estimates, especially when dividing dependents, capital income, and deductions between spouses. This issue, however, does not apply to our marriage penalty estimates for misreporters because we combine the returns of separately filing spouses instead of dividing the return of jointly filing spouses.

2. Timing of marriage. Marriage penalties slightly delay the reported timing of certain marriages. Sjoquist and Walker (1995) showed this with time-series data, considering tax-sensitive marriage delays from the last quarter of one year to the first quarter of the next year. Alm and Whittington (1995) used panel data, finding an elasticity of short-term marriage delays with respect to marriage penalties of 0.78–1.54. Alm and Whittington (1997) found 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) estimated TANF participation delayed marriage by 12 to 16 months, but Isaac (2020) found little effect on marriage or divorce.

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

[4] "The legislation passed in 2001 and 2003…was geared towards reducing the marriage penalty in low-income households…[It] increased the width of the 10 percent and 15 percent tax brackets for joint filers to twice the width of the bracket for single filers, and increased the standard deduction to double that of single filers." (Bryant et al. 2008, p. 195)

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; Crandall-Hollick and Hughes 2018). Holtzblatt and Rebelein (2000) found that EITCs increased marriage penalties by nearly one-tenth, mostly from phase-outs. 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) found few EITC effects on marriage, but the latter study found that a more generous EITC encourages lower-earning women to divorce. We find that EITC-claiming newlyweds are more likely to misreport their marital status. This is consistent with interviews of EITC recipients, who said marriage could "mess up" their tax refund; however, rather than forgoing marriage, recipients admitted they (and their tax preparers) sometimes misreported marital status to increase tax refunds (Edin, Tach, and Halpern-Meekin 2014).

5. Race. The sensitivity of marriage penalties to the similarity of spousal earnings 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) found that nearly all income groups below $200,000 had lower marriage penalty rates for black joint filers than for white joint filers. They suggested this different result was from many more marriages being reported in survey data than tax data.

6. Tax Noncompliance. IRS (2024) estimated filing status errors explain $7 billion of noncompliance and show noncompliance rates by type of income. Our average marital-status misreporting rate of about 2% suggests newlyweds misreport their marriage at rates similar to the noncompliance rate of wages, which have substantial information reporting. But for newlyweds subject to large marriage penalties, the marital-status misreporting rate can reach the 15% noncompliance rate for income subject to only some third-party information reporting (e.g., partnership income), although well below the 55% noncompliance rate for income with little or no information reporting (e.g., sole proprietor income). Marital-status misreporting rates among those with tax penalties are therefore usually below misreporting rates for other forms of noncompliance.

Misreported filing status was the third-largest reason for estimated EITC noncompliance in 2006–2008, accounting for up to $3.3 billion annually in tax credit overclaims (IRS 2014).[5] This filing-status noncompliance was mostly from married taxpayers incorrectly filing as unmarried, as nearly one-tenth of EITC claimants with

[5] This is the upper bound estimate. Lower bound assumptions and removing other possible noncompliance sources lowers the estimate to $1.3 billion, while accounting for filing-status noncompliance not detected by auditors would increase the estimate. The two largest sources of EITC noncompliance are income misreporting, e.g., income bunching at tax-credit-maximizing incomes (Mortenson and Whitten 2020), and qualifying child errors. The latter could result from strategic child reallocations (Tong 2014; Splinter, Larrimore, and Mortenson 2017).

children likely misreported their marital status.[6] We find that large credit overpayments from marital status noncompliance can persist for many years. The weak enforcement against this form of noncompliance occurs because the IRS does not observe up-to-date marital status, which is administered at the state and local levels, and therefore 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, if the IRS had up-to-date marriage-status data, it could use marital-status misreporting as part of its e-filing rejection criteria.[7]

B. Marriage Mismeasurement and Administrative Data Linkages

Our linked data also highlight broader implications of marriage mismeasurement. Survey data include many misreported marriages, but are the basis for estimates of the decline in marriage rates (Kearney 2025) and estimates of the causal impact of housing costs on marriage (Bowmaker and Emerson 2015; Chiocchio 2025) and marriage on fertility (Hayford, Guzzo, and Smock 2014; Smith 2019). While marriages are modestly underreported in tax data, marriages appear to be widely overreported in survey data. Linking individuals across the Current Population Survey and tax return data suggests a 10% higher net marriage rate in survey data.[8]

National estimates using administrative records only report annual flows of marriages and divorces. There are no parallel administrative estimates of the stock of overall marriages, which require tracking each individual's marriages, divorces, immigration, emigration, and death over time. Although marriage and divorce data are collected at the state and local level, these data are not aggregated and therefore multi-year tracking is generally not feasible. We address this data limitation by focusing on newlyweds and using administrative marriage records. Publicly available marriage records, however, do not include Social Security Numbers. We therefore develop a matching algorithm based on spousal names. This resembles the method used by Census to link tax and survey data using Protected Identification Keys and the Splinter et al. (forthcoming) matching of tax data to loan data by business name. However, we do not observe divorces and therefore limit our main estimates to newlyweds.

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[6] "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)

[7] A similar issue occurs for dependents claimed on two returns, as the IRS does not have up-to-date information on child residency and support, although e-file rejections are often applied to double-claimed dependents (Gorman, McGuire, and Splinter 2025).

[8] This 10% estimate of net marriage-rate overreporting in survey data is based on 62 million marriages in survey data versus 56 million marriages in tax data for 2010. This nets out marriages on tax returns among those not married in survey data. See appendix Table A2 of Mok (2017). 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.

II. Data Construction and Marriage Penalty Calculation

This study uses administrative data from state marriage records and federal tax returns. The state marriage records cover almost all marriages in Minnesota. The tax return data are from IRS administrative data containing the population of federal tax returns and information returns (e.g., Forms W-2). This section describes how we link these data, create the sample to cover the 22-year period from 2001 to 2022, and calculate marriage penalties by comparing federal income tax liabilities of actual returns and returns with counterfactual filing statuses. The sample includes over two hundred thousand couples and enables analysis of the relationship between marital-status misreporting and marriage penalties.

A. Linking Marriage Records to Tax Data

Marriages conducted in Minnesota are publicly available on the Minnesota Official Marriage System (https://moms.mn.gov). Marriage records date back to the early 19th century and are continuously updated. Although these records are public, the data cannot be downloaded directly. We create a bot with web-scraping functionality and collect all marriage records between 2001 and 2022, resulting in about 600,000 marriage records.

Tax data include extensive demographic information, such as name, sex, taxpayer identification number, and mailing address. Marriage records only include the county of marriage, certificate number, date of marriage, and the full names of both spouses. This leaves limited options to link these data. The location of a marriage may not determine where a couple files their taxes, the certificate number is only for internal use, and marital-status misreporting on tax returns means the dates of marriage cannot be used for linking. Therefore, we rely solely on names to link marriage records to tax data.

In the marriage records, names appear in two fields: "LAST" and "FIRST MIDDLE". To prepare the second field for matching, we classify the first name as all characters before the first space, and the middle initial as the first character after the space. In the tax data, if the names of a fictional couple are "JANE H DOE" and "JOHN G DOE" then their names are usually recorded as "JANE H & JOHN G DOE" when filing jointly. For the first spouse, we classify the first name as all characters before the first space, the middle initial as the first character after the first space, and the last name as all characters after the last space. For the second spouse, we classify the first name as all characters between the "&" and second-to-last space, the middle initial as the first character after the second-to-last space, and the last name as all characters after the last space.

To link marriage records to tax returns, we use a strict-name match, employing both spouses' full names including middle initials. We require an exact match to the first name and middle initial of both spouses, along with an exact match to *one* last name, which allows 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 tax return (from tax years 2001 to 2024) that is the first year a couple filed with a married filing status (married filing jointly or married filing

separately). This implies that we do not match a couple's marriage record to their tax returns if there is (a) any deviation in spelling of the first name or middle initial for either spouse, (b) any deviation in spelling of the last name on the joint return, (c) a middle name is not provided, (d) the last name contains a suffix, such as "JR" or "III", or (e) the couple has never filed as married. The strict-name approach matches 36% of newlyweds in 2001–2022 Minnesota marriage records to their federal tax returns. Unmatched marriages are from 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 shows that misreporting rates appear to be largely random with respect to the year and month of marriage (except for December marriages) and the county of marriage. The match identifies 214,443 couples.[9]

B. Sample Construction

After matching both spouses' names on marriage records to tax returns, we observe their taxpayer identification numbers (usually Social Security numbers) and follow them over time within the tax data. We primarily focus on the year of marriage to study newlywed marital-status misreporting. This allows us to compare couples who are reacting to a new required filing status, where some are compliant and others misreport. 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, while early reporters represent 1.4%. Our estimates focus on the more common form of marital-status misreporting, that due to delayed marriage reporting. The online appendix discusses early reporters, who have larger-than-average marriage bonuses. To ensure comparability and accurate marriage penalty estimates, we drop early reporters and couples where neither spouse filed an individual income tax return. We do allow for couples where only one spouse filed a return and the other was a non-filer. Implementing these restrictions narrows our dataset to 208,602 couples. Table A1 shows misreporting and compliant newlyweds are similar across various characteristics when both spouses file, although misreporters tend to have more dependents and face marriage penalties. Misreporting newlyweds where one spouse is a non-filer are generally lower-income, single-earner couples facing (but not receiving) marriage bonuses, although missing non-filer income may bias estimates among this group.

[9] To match more marriage records to tax returns, we considered two alternative approaches: (1) dropping all suffixes in both the marriage records and tax returns, which increases the match rates by less than 1%, and (2) removing the middle-name requirement, which more than doubles the match rate. However, the latter approach often results in multiple couples for each marriage record, increasing the false positive rate. As such, our baseline estimates apply the strict-name match. Still, the higher match rate gives similar results as in Figure 1 (see the online appendix).

C. Calculating Marriage Penalties

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

1. Tax Calculator. We use the TAXSIM calculator from the National Bureau of Economic Research to estimate tax liabilities for both actual and counterfactual returns using about three dozen variables. The federal income tax liability amounts in the tax data are replaced with calculated tax liabilities to ensure a common baseline. The calculated federal income tax liabilities deviate from reported liabilities in the tax data by a median of $654 (mean of $2,135) and from reported EITCs by a median of $0 (mean of $107). These differences can result from tax calculator simplifications, especially for high-income returns.[10]

2. Counterfactual Returns. To estimate marriage penalties, the combined tax liability of a couple's two separate tax returns needs to be compared to the tax liability of a joint tax return, where one is a simulated counterfactual. Different approaches are required to create counterfactual returns based on whether a couple filed as unmarried (misreported) or filed as married (compliant). For misreporting married couples, a counterfactual joint return is constructed by summing items (income, itemized deductions, dependents, etc.) across the two observed returns. If one of the spouses was a non-filer, a counterfactual single return is first constructed for the non-filer and then a counterfactual joint return is constructed for the couple, where the non-filer's income items are retrieved from Form W-2 wages, Form 1099-MISC/NEC nonemployee compensation, and Form SSA-1099 Social Security and disability benefits.

For compliant spouses filing jointly, the one joint return needs to be split into two counterfactual separate unmarried returns. Whereas combining misreporting returns is straightforward, dividing the components of compliant returns is less so. We start by applying a data-informed approach to allocate certain income sources. Wages are allocated based on individual Form W-2 wages. For example, if the primary filer earns 80% of the couple's combined Form W-2 wages, then that share of the couple's wage amount reported on their tax return is allocated to the primary filer and the remaining to the secondary filer. Sole proprietorship income and farm income are allocated based on Schedules C and F, which are attributable to only one of the two filers, as this income is subject to 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. While information returns could inform the capital income attributable to each spouse, the individuals listed for these information returns provide an imperfect measure 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. When there are an odd number

[10] These differences are of absolute values and similar to those in Meyer et al. (2022), where tax data are also entered into TAXSIM.

of dependents, the primary filer is allocated the additional dependent. These assumptions likely result in an overly equal split of income, which decreases the average compliant marriage bonus and suggests that the average federal marriage penalty gap between compliant and misreporters could be larger than our estimate of $1,000.

III. Results

First, we report misreporting rates by marriage penalty levels and then show 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. Finally, we discuss how marriage penalties among compliant and misreporting filers have changed over time with policy changes.

Delayed reporting of marriages is consistent with strategic tax minimization (and credit maximization). The overall newlywed marital-status misreporting rate was 2.3%. But the misreporting rate was only 1.5% for couples with marriage bonuses and 3.3% for couples with marriage penalties.[11] Besides this average difference, misreporting rates increase as marriage penalties increase. Figure 1 shows the misreporting rate of 4.3% for couples with a marriage penalty of $4,000 increases to 8.2% for couples with a marriage penalty of $6,500 and then increases to 14% for couples with a marriage penalty of around $8,000.[12] When marriage penalties are measured as a percent of income, misreporting rates increase in a similar pattern. Compared to 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 the online appendix for details, as well as evidence that the lowest-income group has the highest marital-status misreporting rate.[13]

Compliant newlyweds tend to have marriage bonuses, while misreporting newlyweds tend to have marriage penalties. Table 1 shows that compliant newlyweds received an average marriage *bonus* of $376, but misreporters faced an average marriage *penalty* of $599. This main 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.

[11] The 1.5% misreporting rates for newlyweds with marriage bonuses suggests a modest baseline rate of unintentional errors. However, married couples with small marriage bonuses may still have an overall incentive to misreport their marital status due to marriage increasing minimum student loan payments or decreasing government benefits.

[12] 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 over it just one-third are from EITCs.

[13] This is consistent with evidence that forgone tax savings are larger for higher-income taxpayers with higher opportunity costs (Benzarti 2020).

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.

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 just over 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. This suggests misreporting couples become compliant immediately after their marriage penalties decrease or become bonuses.

The overall federal income tax impacts largely result from the EITC (second row of Table 1) and tax on taxable income (third row of Table 1). Among compliant reporters, the overall marriage bonus includes $276 of EITC marriage penalties, which are more than offset by $627 of taxable-income marriage tax bonus. Among misreporters, the overall marriage penalty includes $594 of EITC marriage penalties that are only modestly offset by $95 of taxable-income marriage tax bonus. As EITC marriage penalties explain nearly all of misreporters' penalties, the EITC is likely the driver of misreporting.

Marriage penalties also vary with the number of dependents (Table 1, Panel B). Among those with no children, compliant newlyweds face an average marriage bonus of $750, while misreporting newlyweds face an average marriage bonus of $255. As couples with no dependents have few EITCs, the zero-dependent group 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.[14] Among those with children, compliant newlyweds have average marriage penalties of about $400 per dependent (ignoring those with four dependents), but misreporting newlyweds face average marriage penalties of about $1,000 per dependent. 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, maximum EITCs increase by 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 take advantage of the larger first-child and second-child credits.

A. EITC Marriage Penalties and Marital-Status Misreporting

Marriage penalties among misreporters largely result from EITCs. The high salience of this large, lump-sum refund 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.[15]

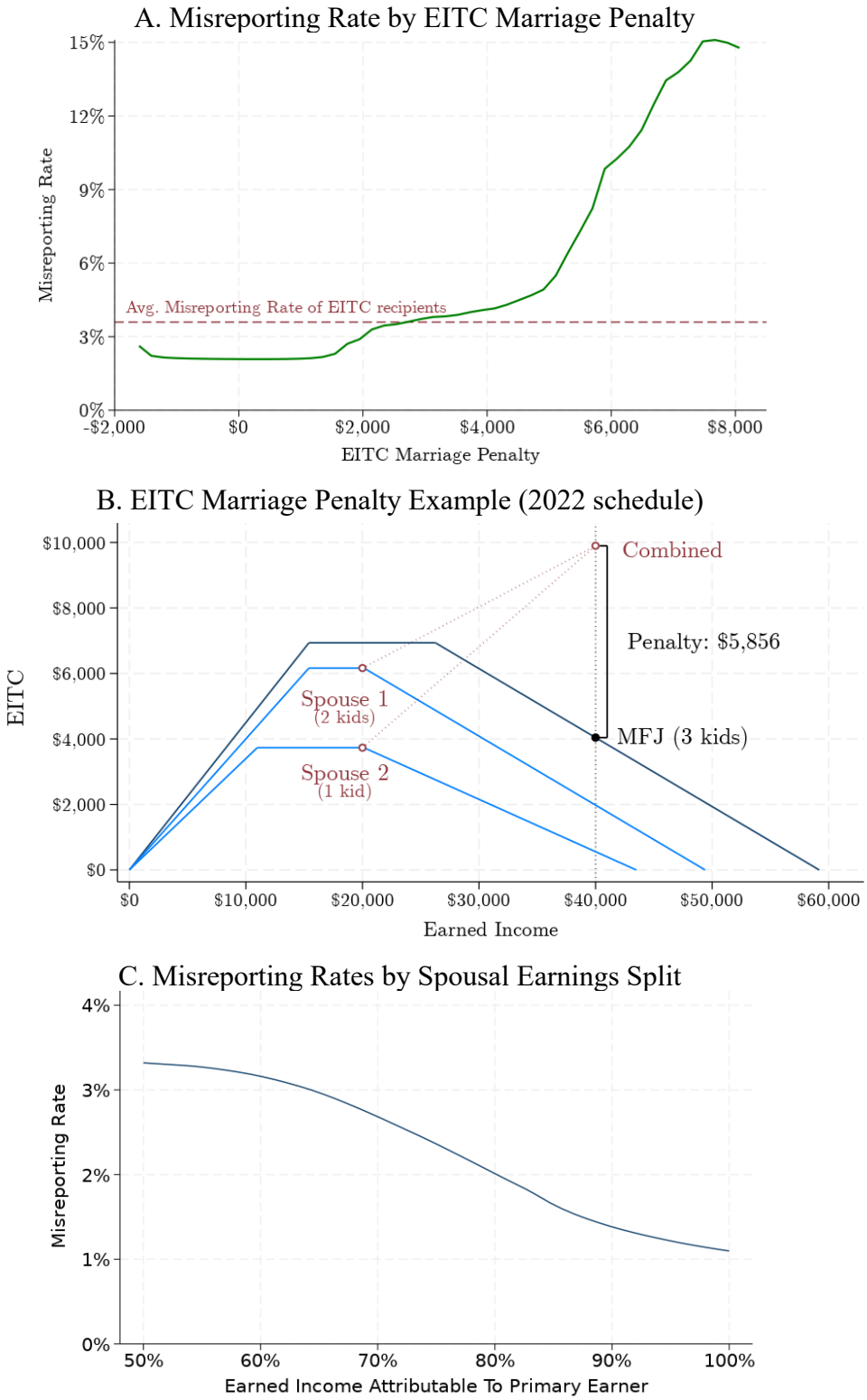
The EITC can generate substantial marriage penalties, particularly for dual-earner couples with three qualifying children. Figure 2B illustrates this for a hypothetical couple with a combined earned income of $40,000 from equal spousal earnings. Note that the EITC schedule varies both by number of qualifying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

As prior literature has noted, the EITC causes large marriage penalties among similar-earning couples, especially when combined earnings are in the EITC phase-out range (as in the example above and shown empirically in the appendix). To illustrate how spousal income splits affect marital-status misreporting rates, Figure 2C ranks couples by the share of earned income from the primary earner. Couples with equal earnings (left side of figure) have the highest misreporting rates. As spousal earnings become less equal, the EITC marriage penalty tends to fall and so do average misreporting rates.

[14] Section I showed that a couple with only one spouse earning $100,000 had a marriage bonus of about $6,300. But if that income was split equally, with each spouse earning $50,000, there would be no marriage bonus or penalty.

[15] In 2022, the maximum EITC marriage penalties for couples with one, two, three, and four children were: $3,733, $5,026, $6,872, and $8,342. These maximums occur when total earnings of compliant joint returns phase out all EITCs and likely explain the misreporting peak in Figure 1.

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

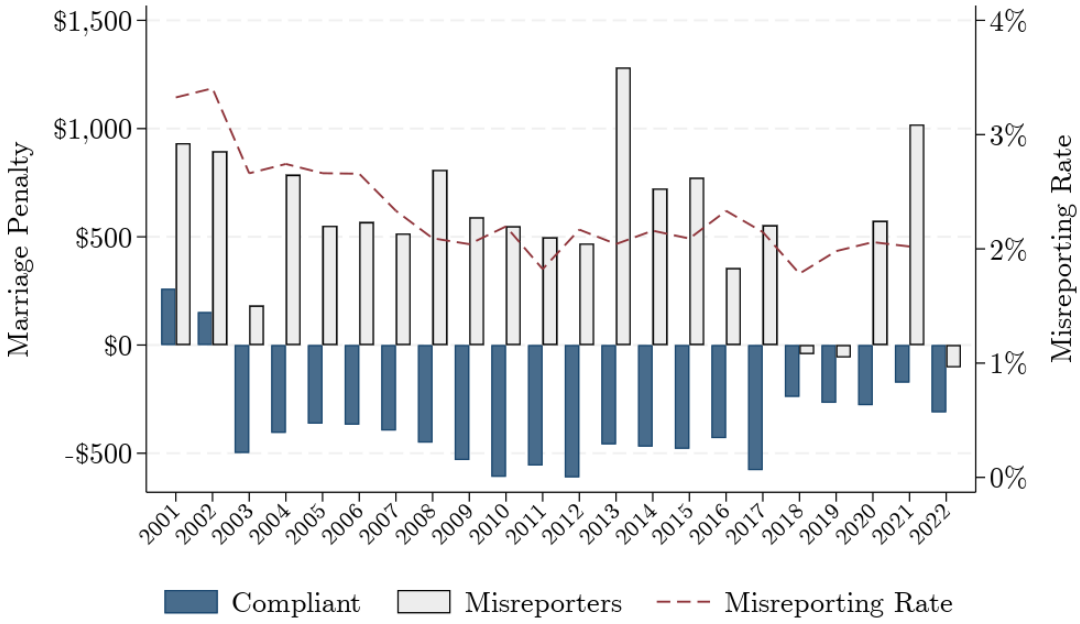


Notes: Panel A misreporting rate is the marital-status misreporting rate among federal EITC recipients, with $750 bins and kernel bandwidth and maximum of $8,500 for EITC marriage penalties (2023 dollars). Panel B shows a hypothetical couple with three EITC-eligible kids. Panel C uses 5% bins and excludes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

B. Marriage Penalties Year-by-Year

Marriage penalties among misreporters have been relatively stable over the last two decades. Figure 3 shows misreporters' average marriage penalties are usually about $500 between 2001 and 2017. In 2018, however, misreporters started having small bonuses on average, perhaps from the larger share of families with no income tax burden following the Tax Cuts and Jobs Act (Splinter 2019). The higher 2020–2021 penalty levels are likely related to the pandemic recession or temporary stimulus, which had a marriage penalty due to the head-of-household income phase-out threshold being much higher than half that of joint filers (Splinter 2023). For example, misreporting married couples with two children could receive full stimulus payments for up to $250,000 of combined income by filing two head-of-household returns, but full stimulus payments for only up to $150,000 of income if filing jointly. Compliant newlyweds, in contrast, always had marriage bonuses on average, except for 2001 and 2002, when they had small average penalties. This is likely because 2003 tax policy changes lowered marriage penalties by accelerating the marriage penalty relief started in 2001.[16] Newlyweds responded to the 2003 marriage-penalty relief, with their marital-status misreporting rate immediately decreasing nearly a percentage point. This trend of decreasing misreporting rates continued through 2009, when the EITC marriage penalty was reduced by expanding the income-range for the full EITC among married filers.

Figure 3: Average marriage penalties by marital-status misreporters vs. compliant reporters, among newlyweds in 2001–2022



Notes: This figure shows federal marriage tax penalties (bonuses when negative) and marital-status misreporting rates among newlyweds, i.e., the year of marriage in administrative marriage records. Amounts are in 2023 dollar levels.
Source: Authors' calculations with tax data and marriage records.

[16] Carasso and Steuerle (2002) found that the 2001 reform meant "two-children couples earning $15,832–$32,121 receive $577 in [EITC] marriage penalty relief" and child tax credit marriage penalties decreased by $800 for this income group. We observe a 2001 to 2003 marriage penalty decrease of about $800 among compliant newlyweds.

IV. Discussion

Marital status affects federal income taxes. 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 penalties. Also, misreporters who start correctly reporting their marital status do so in the year that marriage penalties become marriage bonuses. Besides implying marriage levels and patterns may have been mismeasured, our findings suggest prior work estimating the effect of marriage penalties on the timing and prevalence of marriage could be revisited. 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	Misreporters	Misreporters (Two Filers)	Misreporters (Non-Filer Spouse)
Observations	203,810	4,792	2,993	1,799
Age of Primary Filer	31.3	33.0	33.1	32.9
Total Income (AGI)	$103,224	$79,435	$92,639	$57,468
Federal Income Tax	$10,088	$6,324	$7,803	$3,865
EITC Received	$204	$554	$272	$1,022
Spousal Wage Split	69.8%	75.1%	67.4%	88.0%
Num. Dependents	0.43	0.81	0.84	0.76
Federal Marriage Penalty	–$376	$599	$1,201	–$402
EITC Marriage Penalty	$276	$594	$907	$74
Marriage Tax Penalty	–$627	–$95	$113	–$442

Notes: Table shows average estimates for newlywed couples. Dollar amounts are in 2023 dollar levels.
Source: Authors' calculations with tax data and marriage records.

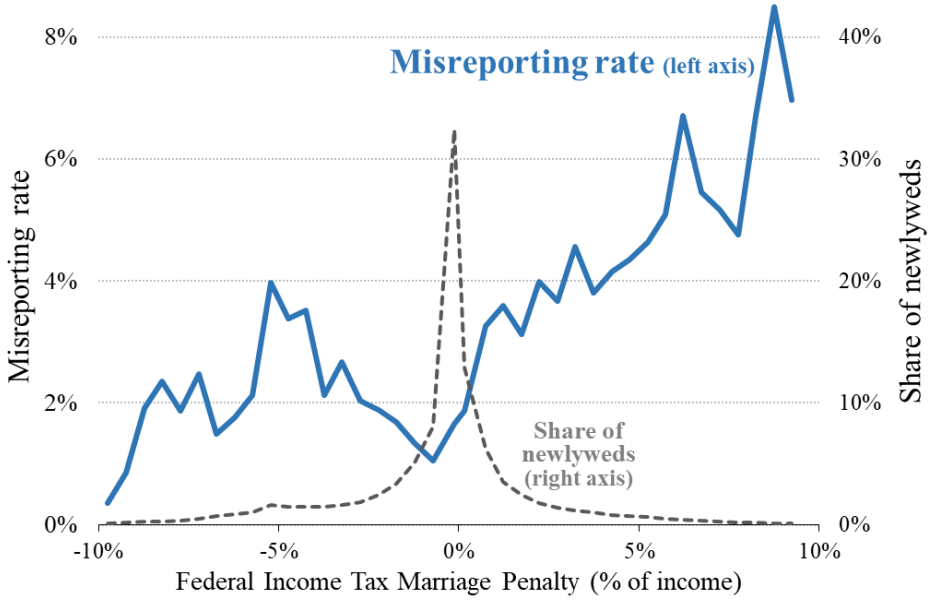
Online Appendix:
Do Marriage Tax Penalties Cause Delayed Marriage Reporting?

William Gorman and David Splinter

B.1. Misreporting by percentage-of-income marriage penalties

Figure B1 shows, by percentage-of-income marriage penalty bins, the average share of marriages and misreporting rates among newlyweds in our sample of matched marriage records to federal tax returns. The share of marriages peaks around zero marriage penalties, with long tails of both marriage bonuses to the left and marriage penalties to the right. Overall, misreporting rates increase as marriage penalties as a percentage of income increase: those with no marriage penalty have a misreporting rate of under 2%, when marriage penalties are two percent of income the misreporting rate doubles to 4%, and when marriage penalties are about eight percent of income the misreporting rate doubles again to 8%.

Figure B1: Newlywed marital-status misreporting by percentage-of-income marriage penalties, 2001-2022



Notes: This figure only includes newlyweds in Minnesota administrative marriage records linked to tax returns. Percentage-of-income marriage penalty bins are 0.5 percentage points in size.
Source: Authors' calculations with tax data and marriage records.

B.2. Misreporting by income group

Table B1 shows marital-status misreporting and income groups. The highest misreporting of 6.7% is observed among the lowest income group. The misreporting rate decreases as income increases: the second income group ($25–50 thousand) has a misreporting of 3.5%, the third income group ($50–75 thousand) has a misreporting of 2.5%, and higher income groups have misreporting rates under 2%. The lower-income groups with misreporting rates over 2% account for nearly one-third of marriages.

Table B1: Marital-status misreporting rates are highest among the lowest incomes

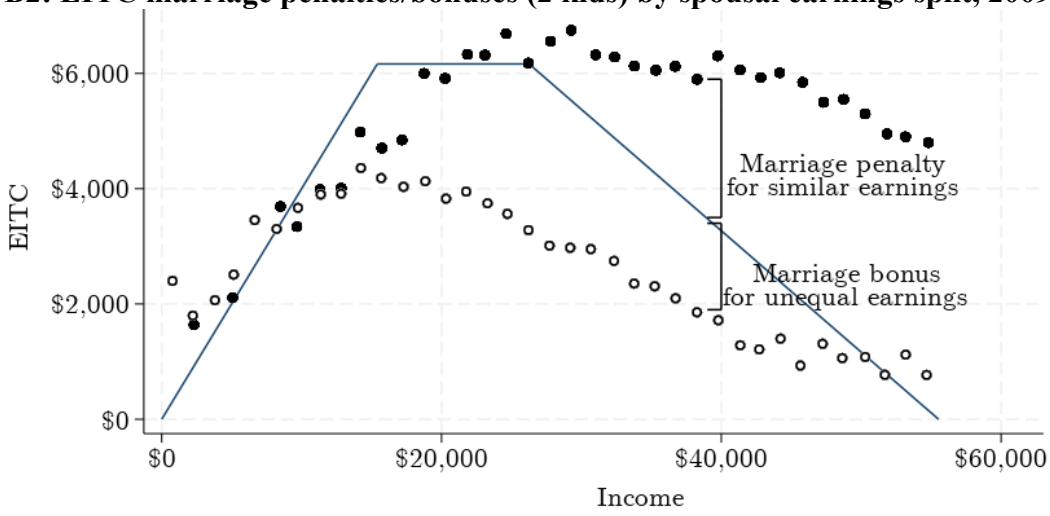
Adjusted gross income	Share of marriages	Misreporting rates
Under $25K	6%	6.7%
$25K–$50K	13%	3.5%
$50K–$75K	18%	2.5%
$75K–$100K	20%	1.8%
$100K–$200K	37%	1.4%
$200K–$500K	5%	1.5%
$500K or more	0.4%	1.4%
All	100%	2.3%

Notes: This table only includes 2001–2022 newlyweds in Minnesota administrative marriage records linked to tax returns. Income is real 2023 dollars. *Source*: Authors' calculations with tax data and marriage records.

B.3. Spousal income splits affect EITC marriage penalties

The EITC can generate substantial marriage penalties, particularly for dual-earner couples with dependents. To illustrate this, Figure B2 plots the EITC benefits newlyweds could receive if filing two separate returns (circles) against the married EITC schedule (line) for couples with two dependents. The marriage penalty (or bonus) is approximated by the distance each circle is above (below) the EITC schedule. We classify EITC recipients as similar-earning couples where neither spouse accounts for over 80% of combined earned income, and otherwise as unequal-earnings couples. As prior literature has noted, the EITC income phase-out creates large marriage penalties among similar-earning couples. In the EITC phase-out range in Figure B2, the similar-earning couples at the top (black circles) have EITC marriage penalties of a few thousand dollars, approximated by the distance above the schedule, while the unequal-earning couples at the bottom (white circles) tend to have marriage bonuses.

Figure B2: EITC marriage penalties/bonuses (2 kids) by spousal earnings split, 2009-2022



Notes: Separate-filing EITC benefits among 2-dependent newlyweds (i.e., if misreporting status) are plotted with circles and joint filing benefits are represented by the 2022 EITC schedule for married couples with two children. Unequal earnings couples (white circles) are defined as having one spouse account for over 80% of total earned income. Averages in 2023 dollar levels. X-axis is AGI (phase out by larger of AGI or earnings). *Source*: Authors' calculations with tax data and marriage records.

B.4. Match rates by year and county of marriage

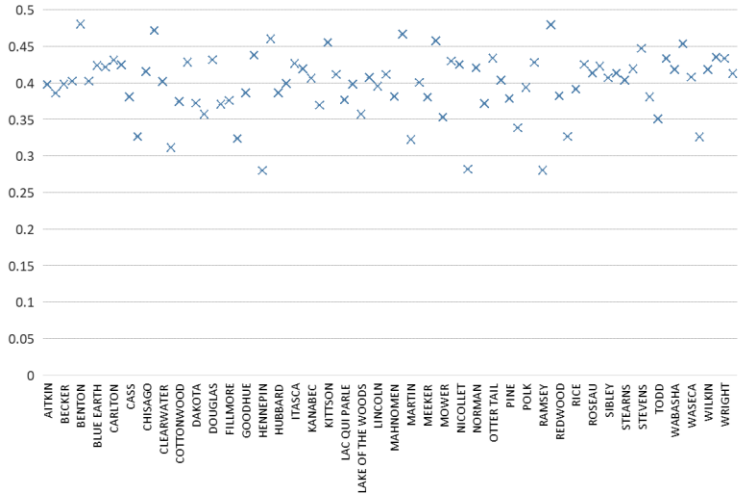
Table B2 shows match rates of newlyweds by calendar year. The lowest and highest match rates are only three percentage points from the average, suggesting matching rates are not strongly affected by year effects or policy changes. Figure B3 shows match rates of newlyweds by the county of marriage. Most match rates are close to the 40% average, suggesting matching rates are not strongly affected by county-specific effects.

Table B2: Match rate by year of marriage

Year of marriage	Match rate
2001	32.5%
2002	33.5%
2003	33.8%
2004	35.5%
2005	35.7%
2006	36.0%
2007	36.1%
2008	36.6%
2009	37.0%
2010	37.5%
2011	38.3%
2012	38.9%
2013	35.9%
2014	36.7%
2015	37.1%
2016	37.1%
2017	35.5%
2018	36.1%
2019	35.8%
2020	35.8%
2021	33.1%
2022	33.0%

Notes: This table only includes 2001–2022 newlyweds in Minnesota administrative marriage records linked to tax returns. *Source*: Authors' calculations with tax data and marriage records.

Figure B3: Match rate by county of marriage



Notes: For matched 2001–2022 only among newlyweds.
Source: Authors' calculations with tax data and marriage records.

B.5. Misreporting by month of marriage

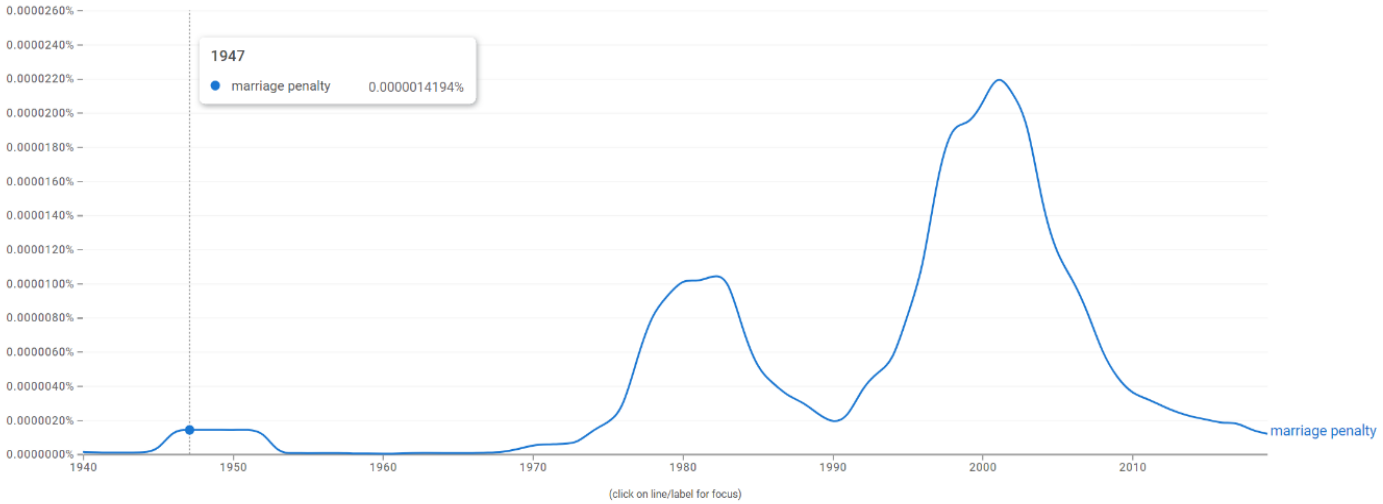
Table B3 shows, by month of the year, the average share of marriages and misreporting rates among newlyweds in our sample of matched marriage records to federal tax returns. The share of marriages peaks around the summer, but the marital filing status misreporting rate is highest for December marriages. These end-of-the-year marriages may be systematically different or result from confusion regarding the joint filing obligation if married on December 31. December marriages, however, only make up about 4% of marriages in our sample.

Table B3: Newlywed marital-status misreporting by month of marriage, 2001-2022

Month of marriage	Share of marriages	Misreporting rate
1	3.2%	1.7%
2	3.2%	2.1%
3	3.3%	2.4%
4	5.0%	1.8%
5	9.2%	1.5%
6	14.3%	1.4%
7	11.8%	1.9%
8	15.0%	2.1%
9	14.7%	2.0%
10	12.1%	2.5%
11	3.9%	4.6%
12	4.3%	8.5%
Average	**8.3%**	**2.7%**

Notes: This table only includes newlyweds in Minnesota administrative marriage records linked to tax returns.
Source: Authors' calculations with tax data and marriage records.

Figure B4: Google N-gram references to "marriage penalty" increased 1945–1947, 1975–1985, and 1991–2001



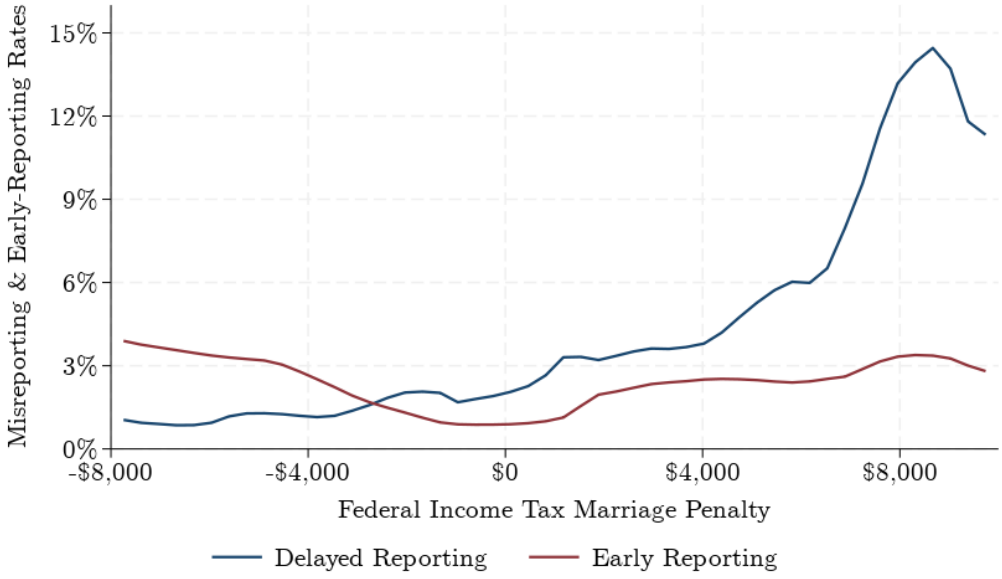
Source: Google N-gram, accessed October 2024.

B.5. Early Reporters

Early reporters—couples reporting their marriage on tax returns before their legal marriage—appear to be modestly sensitive to tax incentives. Figure B5 shows the shares of two groups across marriage penalty bins in the year of marriage: delayed reporters (misreporters) and early reporters. The misreporting rates of delayed reporters (blue line) are positively correlated with marriage penalties, as discussed in the main paper. Early-reporting rates (red line), in contrast, are *inversely* correlated with marriage penalties among those with marriage bonuses, i.e., those with negative marriage penalties in Figure B5. In the year of marriage, delayed reporters (misreporters) have an average marriage *penalty* of $599, compliant reporters (who start reporting in the year of legal marriage) have an average marriage bonus of $376, and early reporters have an average marriage *bonus* of $987. This suggests delayed and early reporters both behave strategically in response to marriage penalties, but in opposite directions—delayed reporters avoid marriage penalties and early reporters benefit from marriage bonuses.

Figure B5 only shows early-reporting rates in the year that these couples become legally married. But their incentives can change over time. Early reporters have an average marriage bonus in the first year they report as married on tax returns of $556, an average bonus in the year before their legal marriage of $734, and an average bonus in the year of marriage of $987. In summary, early reporters appear to respond to tax incentives, as they have large and consistent marriage bonuses. Moreover, their average marriage bonus tends to increase as they get closer to the year of their legal marriage, which is consistent with early reporters anticipating tax incentives over the longer term.

Figure B5: Delayed-reporting (misreporting) and early-reporting rates by marriage penalties among newlyweds, 2001–2022



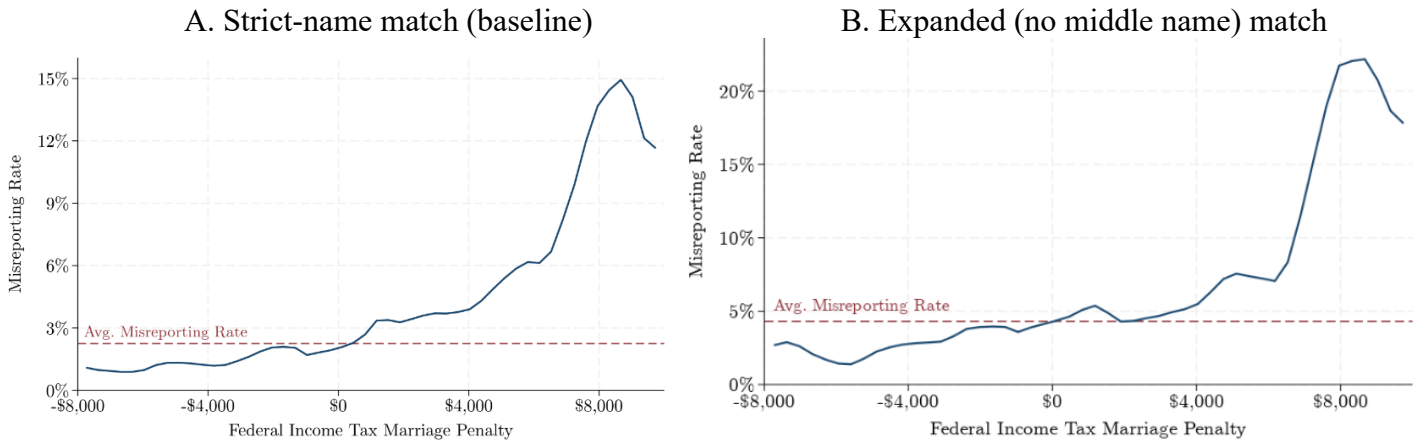
Notes: Delayed-reporting (or misreporting) are newlywed couples who did not file taxes as married and early-reporting are newlywed couples who filed taxes as married the year before their legal marriage (couples reporting as married on taxes but never legally married in our data are excluded). The x-axis 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 expressed in 2023 dollars. *Source*: Authors' calculations with tax data and marriage records.

B.6. Expanded Matching Sample

The baseline sample uses a strict-name match that requires middle names to match. To match a higher share of marriage records to tax returns, we consider removing the middle name requirement, which increases the match rate. In the expanded match subsample, we match 75% of couples in the marriage records (87,522 of 116,422). But removing the middle name requirement drastically increases the false positive rate. Removing the middle name requirement leads to each marriage record having a first-stage match to an average of 2.2 couples in the tax data. Therefore, when one marriage record results in multiple matches, we select the couple whose reported marriage year most closely matches the marriage record. Given the uncertainty in this method and the resulting expanded matching sample, we instead apply the strict-name match procedure for our baseline estimates in the main paper.

The expanded match gives similar results as the baseline strict-name match, but it appears to introduce more false matches. Figure B6 compares the baseline results in Panel A to the expanded match in Panel B. The strict-name match has an average misreporting rate of 2.3%, but the expanded match average misreporting rate of 4.3% is about twice as high. This suggests a much higher prevalence of false positive matches in the expanded match. Despite the higher overall levels of misreporting in the expanded match, its pattern of increasing misreporting rates as marriage penalties increase is almost identical to the baseline pattern.

Figure B6: Strict-name and expanded (no middle name) matching give similar results



Notes: This figure shows marital-status misreporting by federal-income-tax marriage penalties (bonuses when negative) among newlyweds in Minnesota administrative marriage records that are linked to tax returns for 2001–2022. $500 bins and kernel bandwidth using 2023 dollars. Matching approaches are described in the main text and above. *Source*: Authors' calculations with tax data and marriage records.