MICROSOFT ADVERTISING

Tax Season 2020 Wrap-Up

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Daily non-brand searches 2019 - 2021

In 2021, the IRS began e-File on 2/12, the latest start to any tax season.

In March 2021, the IRS announced the Tax Deadline would be extended.

In 2021, the tax Deadline was extended to May 17.

Source: Bing Ads Internal 2019-2021, Top 200 Queries, Bing Ads Core, All Devices
2020 dates adjusted to match weekend cadence
The number of e-Filers has grown steadily throughout the years but decreased 2% in 2021 due to filing trends normalizing.

Self preparing e-Filers decreased 3% YoY as more filers reverted to tax professionals in 2021

E-Filing patterns throughout the year

2020 e-Filing vs tax professionals

Last year had a peak 2 that was dominated by self-prepared e-filers.

2021 e-Filing vs tax professionals

Lift in self prepared in April e-filers was not as drastic as 2020

E-filing tax professionals peaked one week before self-prepared in Peak2 in May

“Multi” which are queries containing multiple modifiers saw a decline YoY. This can be attributed to more complex searches during 2020 than 2021, yet the % remained higher than 2019.

“IRS” terms declined as advertisers pulled back on this category in 2021. This was to prevent bidding on searches where the user’s intent was to get updates around stimulus checks and changing deadlines.

“Free” still dominated searches and increased 5% YoY as the click share shifted away from IRS terms.

“Form” saw the second biggest increase in click share YoY.

“File” remained consistent.

“Calculator” terms continue to see a decline in total share.

Source: Bing Ads Internal, Top Customer KW Dashboard Trends Jan-July 2019, Jan-July 2020
In addition to federal level e-Filing softness, advertiser density was the lowest in 4 years for the majority of 2021.

Source: Bing Ads Internal, Query Pathing February-July 2020, Feb-May 2021
Majority of users started searching before February, declining further into tax season with a soft second peak.

Source: Bing Ads Internal, Query Pathing February-July 2020, Feb-May 2021

*Due to extended time period last year, data look back windows were unable to capture January time frame.
This year’s journey length in days normalized a bit, but remained long due to the extended period.

TY 2017: 14.2 days
TY 2018: 18.9 days
TY 2019: 28.3 days (28% longer than TY 2020)
TY 2020: 24.7 days

Start Date Before April 15: 30.9 days
Start Date After April 15: 15.1 days

Single touchpoint path lengths excluded.
Source: Bing Ads Internal, Query Pathing February-May 2019, February-July 2020.
Average number of searches per path show complete return to normalcy, which was reflected in the overall search declines.
Trends towards more normalized patterns helped boost non-branded impact in click engagements

Last year’s non-brand click proportions declined because of the need for official, brand-agnostic information resources.

The increase in non-brand clicks this year shows a return to non-brand query intentions correlating more often to brand offerings.

*Single touchpoint path lengths excluded*

Source: Bing Ads Internal, Query Pathing February-May 2019, February-July 2020, Jan-May 2021
While we saw a dip in searches this year, it’s primarily due to inflated searches in 2020.

This chart shows historical growth patterns prior to 2020 & expected growth in e-Filers point to continuity of search growth in 2022.

Source: Bing Ads Internal, Supply Data L3 Tax Preparation 2018-2022
### Key Takeaways

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<th>Federal Level E-Filing Softness</th>
<th>Search Journeys Normalizing</th>
<th>YoY Search Volume Softness</th>
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<td>Federal forecasting last year predicted flat growth in e-filers. However, actual numbers showed paper filing retained more filers than expected.</td>
<td>While number of days remained long due to the extended season, the number of searches returned to pre-2020 levels.</td>
<td>All these preceding factors culminated into search volume softness, though this is expected to rebound and grow next year.</td>
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