

 News Release

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E-File Opens for 2009 With New Features to Expand Taxpayer Access, Help Speed Refunds

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WASHINGTON — The Internal Revenue Service today announced the Jan. 16 opening of an expanded IRS [e-file program](#) for 2008 federal tax returns, highlighted by new features that will allow expanded access to electronic filing and help people looking for faster refunds.

IRS Commissioner Doug Shulman encouraged taxpayers to explore e-file this year as the best option to file accurate tax returns and get fast refunds during the current economic downturn. The e-file program also includes new improvements to the Free File program that will allow nearly all taxpayers to e-file for free.

"These are tough times, and e-file is the best way for people to get cash in their pocket quickly," said IRS Commissioner Doug Shulman. "Filing electronically with direct deposit can get refunds to taxpayers in as few as 10 days. Combined with important changes in the Free File program, we believe e-file is a better option than ever before for the nation's taxpayers."

Last year the average refund was \$2,429. The IRS realizes people need their refunds quickly. Shulman urged people who haven't e-filed before to consider the e-file option this year.

IRS e-file totaled nearly 90 million tax returns in 2008. Almost 58 percent of all returns were filed electronically. Last year, there was a surge in e-file from home computers. Nearly 27 million people prepared their own e-file return. That's an increase of more than 19 percent from the previous year.

IRS e-file meets the needs of nearly all taxpayers, no matter how complicated or simple their returns are. E-file helps taxpayers take advantage of the tax credits available to them to maximize their refunds during these tough economic times.

A variety of tax software products are available commercially that offer e-file. This year, several of them will not charge additional fees for e-filing for the first time.

In addition, most taxpayers qualify for free tax preparation offered through Free File on IRS.gov. Regardless of income level, taxpayers who are comfortable with filling out paper tax forms and who don't need extra assistance can use the IRS's new Free File Fillable Forms. These new online versions of paper tax forms that can be e-filed are available for the first time by visiting the IRS.gov Free File site.

Benefits of e-File

Taxpayers who use e-file and who choose direct deposit can receive their refund in as few as 10 days. That's because with e-file, there's no paper return going to the IRS. And with direct deposit, there's no paper refund going to the taxpayer. So it's all electronic and much faster than paper.

IRS e-file allows taxpayers to file their returns now and pay later if they owe taxes. It allows taxpayers to file both federal and [most state returns](#) at the same time.

Taxpayers may use IRS e-file through their [tax preparers](#), or with a [computer](#) using tax preparation software. This software is available on the Internet for online use or for download. Many retail stores sell the software for offline use. The IRS does not charge taxpayers to e-file their completed returns, but some tax preparers and software manufacturers may charge a fee. However, this year a number of large software companies are waiving this additional fee.

To get all the benefits of electronic filing, taxpayers must make sure that when they are done with their returns, they take the final step of e-filing them. Taxpayers who use a paid preparer should make sure their preparers are taking this final step, too. In addition to error checks contained in the return-preparation software, additional checks are done during the e-file transmission process. That's why the error rate is so low for e-filed returns. In fact, the error rate is significantly reduced from 20 percent with paper returns to about 1 percent with e-filed returns.

E-filed tax return information is protected through encryption. Also, taxpayers receive an acknowledgement within 48 hours that the IRS has accepted their return.

Free File

[Free File](#), which is a form of e-file, is a free federal tax preparation and electronic filing program for eligible taxpayers developed through a partnership between the IRS and the Free File Alliance LLC. The Alliance is a group of private-sector tax software companies. Since Free File's debut in 2003, a total of more than 24 million returns have been prepared and e-filed through the program.

Free File offers 20 different software options that can assist taxpayers with an Adjusted Gross Income (AGI) of \$56,000 or less in 2008 to e-file their federal tax returns for free. That means 70 percent of all taxpayers – 98 million taxpayers – can take advantage of tax software that will help them complete their returns through the Free File program. Three companies are offering their products in Spanish.

This year, the IRS and its partners are offering a new option, Free File Fillable Tax Forms, which opens up Free File to virtually everyone, even those whose incomes exceed \$56,000.

Free File Fillable Tax Forms allows taxpayers to fill out and file their tax forms electronically, just as they would on paper. This option does not include an “interview” process like the other Free File offerings, but it does allow taxpayers to enter their tax data, perform basic math calculations, sign electronically, print their returns for recordkeeping and e-file their returns. This “self-service” option may be right for those who are comfortable with the tax law, know what forms they want to use or don’t need assistance to complete their returns.

Both the fillable-forms option and the previously available “full service” Free File offerings are available only through the IRS.gov Web site. Both new and returning taxpayers must access Free File through IRS.gov. Otherwise, the e-file provider may charge them a fee. Look for details on IRS.gov beginning Jan. 16.

Almost 4.8 million tax returns were filed through Free File last year, an increase of 24 percent over the previous year's total of nearly 3.9 million returns.

History of IRS e-File

The IRS began the e-file program in 1986 as a pilot project in three cities: Cincinnati, Phoenix and Raleigh-Durham, N.C. That year, there were 25,000 tax returns filed electronically. The e-file program expanded nationwide in 1990 and 4.2 million tax returns were filed. IRS e-file has undergone tremendous growth each year, with nearly 90 million tax returns e-filed last year.

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