

EARLY RETURNS: E-FILING GROWTH CONTINUES

WASHINGTON -- The Internal Revenue Service says that the tax filing season has started in what is becoming a traditional fashion -- an increase in electronically filed returns. The 14.7 million electronic returns received as of Feb. 11 represent a ten percent increase over the same time last year.

"We're pleased with the continuing rise in electronic returns," said Internal Revenue Commissioner Charles O. Rossotti. "More than 60 percent of the early filers have e-filed by computer or by phone. These taxpayers reap the benefits of having more accurate returns and faster refunds."

Computer filings from taxpayers who do their own returns have nearly doubled, to 1.24 million. This is already more than half the 2.46 million for all of last year. These people may buy tax software for their computers or use online tax services.

The average refund has also increased, by nearly eight percent. This may be partially due to a larger Child Tax Credit for 1999. This credit is up to \$500 for each dependent under the age of 17. Last year's limit was \$400. The total credit begins to phase out for taxpayers with income over \$75,000 (\$110,000 on a joint return). While this credit normally cannot be more than the tax liability, there are exceptions for some taxpayers who have at least three qualifying children.

Tax credits are a dollar-for-dollar reduction in the amount of tax. If taxpayers eligible for credits do not lower their tax withheld during the year, they'll probably get a bigger refund when they file. Taxpayers with refunds of more than a few hundred dollars should consider changing their withholding to more closely match their tax.

Employers should have Form W-4, "Employee's Withholding Allowance Certificate," which has worksheets to figure the correct withholding. The IRS Web site at www.irs.gov has a W-4 Calculator in its "Tax Info for You" section. Taxpayers may obtain Form W-4 and Publication 919, "How Do I Adjust My Tax Withholding?" from the Web site or by calling (toll-free) 1-800-TAX-FORM (1-800-829-3676).

The IRS processing systems are working quite well. Although about one percent fewer returns had been filed, the IRS had completed work on ten percent more than the same period last year. The IRS has certified more than \$32.5 billion in refunds, up from \$27.3 billion last year. So far, two-thirds of the taxpayers receiving refunds had them deposited directly to their bank accounts.

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1999 FILING SEASON STATISTICS

Cumulative through the week ending 2/12/99 and 2/11/00

	<u>1999</u>	<u>2000</u>	<u>% Change</u>
Individual Income Tax Returns			
Total Receipts	23,742,000	23,459,000	- 1.2
Total Processed	16,201,000	17,918,000	10.6
E-filing Receipts:			
TOTAL	13,340,000	14,700,000	10.2
TeleFile (phone)	3,051,000	2,688,000	-11.9
Computer	10,289,000	12,012,000	16.8
Tax Professionals	9,665,000	10,776,000	11.5
Self-prepared	624,000	1,236,000	98.1
Refunds Certified by the Martinsburg Computing Center:			
Number	14,990,000	16,568,000	10.5
Amount of principal	\$27.333 billion	\$32.515 billion	19.0
Average refund	\$1823	\$1963	7.6
Direct Deposit Refunds:			
Number	9,423,000	11,199,000	18.9
Amount	\$21.094 billion	\$25.995 billion	23.2