

**FILING SEASON BEST IN YEARS;
E-FILING SETS RECORD, PROCESSING SPEEDS IMPROVE**

WASHINGTON – Internal Revenue Service Commissioner Charles O. Rossotti proclaimed this year's filing season as the best in years, highlighted by record numbers of people filing electronically and faster tax return processing.

"The IRS team delivered one of the smoothest, most efficient filing seasons in years," Rossotti said Thursday.

The progress occurred even as the IRS tackled two unusual events this year – the successful completion of the massive Y2K project and the start of the sweeping, agency-wide reorganization.

"The ability of IRS workers to produce a smooth filing season during a challenging period bodes well for the tough work ahead on the agency's reorganization," Rossotti said.

With Monday's tax deadline nearing for most of the nation, a new set of filing season statistics released Thursday illustrates IRS progress on providing better customer service.

"We're seeing record-breaking use of electronic filing, faster tax processing and a strong upsurge in direct deposit of refunds," Rossotti said. "This means more taxpayers are getting refunds faster than ever."

Highlights of the new filing season statistics show:

Electronic tax filing hits a new record. Through April 7, taxpayers filed nearly 30.7 million returns electronically – surpassing the 29.3 million for all of last year. The new numbers also represent a 17.4 percent jump from the same period last year. In all, the IRS e-file program expects to receive more than 34 million returns this year.

Home computer use nearly doubles. More than 3.8 million filers self-prepared their returns on computers through April 7, representing a 94 percent increase from last year.

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“People are becoming increasingly comfortable with e-filing,” Rossotti said. “It’s fast, it’s safe, and you get your refund in less than half the time.”

Tax processing speeds improve. As of April 7, workers at IRS Centers handled 69.2 million returns, nearly 3 million more than the same period last year. This year’s return processing is running 4.4 percent ahead of 1999, 6.4 percent ahead of 1998 and 11.9 percent ahead of 1997.

Internet usage soars to record. Taxpayers have made the IRS web site at www.irs.gov one of the most frequently visited locations on the Internet. Through April 9, the web site recorded 791 million hits this year, a 15 percent jump from last year. Through February, downloaded files increased 140 percent to 32.2 million.

Tens of millions of taxpayers find help over the phone and in-person. Taxpayers used various IRS services – including 24-hour telephone service and walk-in sites – more than 50 million times through the end of March.

“During this filing season, the IRS never closed,” Rossotti said. “Help was available around the clock.”

Direct deposits of refunds jump 25 percent. This year, taxpayers filing 24.8 million returns selected the safer, speedier route of direct deposits. This accounted for \$52.4 billion in refunds – accounting for more than half of the refunds issued so far.

These events unfolded as the IRS emerged with no major Y2K glitches affecting its processing system during the crucial three-month filing season period.

Rossotti also praised IRS employees for their around-the-clock effort that led to this year's filing season results.

“This is another sign of the dedication and hard work of IRS employees who are dedicated to providing better customer service,” Rossotti said. “Our filing season success provides a building block for IRS reorganization.”

This year, the IRS is in the middle of its biggest reorganization in decades. The agency is starting to shift away from a geographically-based organization to

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a customer-based structure built around four major groups of taxpayers.

To further improve service, the IRS also has started a massive computer modernization effort to replace systems dating to the 1960s with state-of-the-art technology.

The combination of changes reflect the IRS mission statement to “provide America’s taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.”

“This filing season gives us something to build on as we redesign the IRS,” Rossotti said. “We still face many tough challenges in the months and years ahead as we design a tax system delivering top-notch customer service.”

“The IRS has the opportunity to rise to a new and much higher level of performance,” Rossotti said. “If we are successful, millions of American taxpayers will benefit for years to come. They will have a tax agency serving them the way they expect to be served.”

REMINDER: Monday, April 17, marks the tax deadline for most of the nation. However, taxpayers in parts of the Northeast have until Tuesday, April 18, to file because the 17th is a legal holiday in Massachusetts, where the IRS processing center for this area is located.

The April 18 deadline applies to taxpayers in the New England states and New York state north of Westchester and Rockland counties.

2000 FILING SEASON STATISTICS

Cumulative through the week ending 4/9/99 and 4/7/00

	<u>1999</u>	<u>2000</u>	<u>% Change</u>
Individual Income Tax Returns			
Total Receipts	76,706,000	77,158,000	0.6
Total Processed	66,297,000	69,212,000	4.4
E-filing Receipts:			
TOTAL	26,128,000	30,670,000	17.4
TeleFile (phone)	5,002,000	4,522,000	- 9.6
Computer	21,126,000	26,148,000	23.8
Tax Professionals	19,161,000	22,336,000	16.6
Self-prepared	1,965,000	3,812,000	94.0
Refunds Certified by the Martinsburg Computing Center:			
Number	60,118,000	61,868,000	2.9
Amount of principal	\$93.975 billion	\$102.303 billion	8.9
Average refund	\$1563	\$1654	5.8
Direct Deposit Refunds:			
Number	19,872,000	24,801,000	24.8
Amount	\$40.962 billion	\$52.458 billion	28.1