



Fact Sheet

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E-File, Free File and Other Electronic Options for 2010

Audio file for Podcast: [English](#) [Spanish](#)

FS-2010-8, January 2010

Most taxpayers and tax preparers this year will use IRS e-file to file their federal tax returns or get extensions of time to file. During this process, they will not have to send a single scrap of paper to the Internal Revenue Service.

The IRS expects the total number of individual tax returns, both electronic and paper, to total about 140 million in 2010, and for e-file returns to exceed last year's record high of 95 million.

The Many Benefits of E-file

Faster refunds. With IRS *e-file*, taxpayers get refunds in half the time it takes to file a paper tax return and receive a refund check. E-filers who choose Direct Deposit can receive their refund in as few as 10 days.

Paperless. A taxpayer eliminates paperwork by creating his or her own Personal Identification Number (PIN) and filing a paperless return using tax preparation software or a tax professional. There is nothing to mail to the IRS.

File now and pay later options. Taxpayers can file early and pay later by scheduling an electronic funds withdrawal any time through April 15, 2010. Taxpayers can also pay by credit or debit card when they e-file their returns. By enrolling in the Electronic Federal Tax Payment System (EFTPS), taxpayers can make all federal tax payments online or by phone.

More accurate returns. In addition to the error checks built into return preparation software, additional checks are done during the transmission of software enabled e-file returns. These checks reduce the chance a taxpayer will receive an error letter from the IRS.

Quick electronic confirmation. E-filers are notified within 48 hours that their returns have been received.

Convenient Federal/State e-filing. Taxpayers in 37 states and the District of Columbia can e-file their federal and state tax returns in one transmission to the IRS. The IRS forwards the state data to the appropriate state tax agency. In 2009, 49 million taxpayers filed federal-state electronic returns in Alabama, Arizona, Arkansas, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Mississippi, Missouri, Montana, Nebraska, New Jersey, New Mexico, New York, North

Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Utah, Vermont, Virginia, West Virginia, Wisconsin and the District of Columbia.

E-file is available from Jan. 15, 2010, through Oct. 15, 2010.

E-file Options

Free File Fillable Tax Forms. For the second year, the IRS and its partners are offering the option of Free File Fillable Forms, which opens up Free File to virtually everyone, with no income limitations.

Free File Fillable Forms allow 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. It may be just right for those who are comfortable with the tax law, know what forms to use, and don’t need assistance to complete their returns.

Free File. The traditional IRS Free File program is a free federal online tax preparation and electronic filing program for eligible taxpayers developed through a partnership between the IRS and the Free File Alliance LLC, a group of private-sector tax preparation companies. The program enables eligible taxpayers to use commercial tax software for free. Since the inception of Free File, 27 million taxpayers have taken advantage of this free program, accessible only on IRS.gov.

Taxpayers with adjusted gross incomes up to \$57,000 can use the standard Free File options this year, which equates to 70 percent of all taxpayers. Free File is available in both English and Spanish. While some companies offer free state income tax preparation and e-filing services, others may charge a fee for state tax return preparation and e-filing.

Both the Free File Fillable Forms and the traditional Free File options are available only through IRS.gov. New and returning taxpayers must access Free File through the IRS's Web site. Otherwise, the e-file provider may charge them a fee. Look for details on IRS.gov beginning in mid-January 2010.

Personal Computer. Taxpayers can easily prepare and e-file their own tax returns. A computer with Internet access and IRS-approved tax preparation software are needed. This software is available on the Internet for online use or download and in retail stores for offline use. Some companies offer their software content in Spanish as well, and this year some off-the-shelf software will permit taxpayers to file their federal returns for free.

In addition to error checks built into the tax preparation software, additional checks are done during the transmission process. So it is important to e-file the return once you have completed it to get all the benefits e-file offers. E-filing a return reduces the chance of errors or receiving a notice from IRS. If a problem is found during the preparation or transmission process, the taxpayer can correct it and resend.

Taxpayers also receive acknowledgements that their returns were received by the IRS. In 2009, the IRS received more than 32 million returns that were both e-filed and self-prepared, up nearly 20 percent from the prior year.

Paid Tax Return Preparers. Many people rely on tax preparers to handle their returns, and most tax preparers offer e-file. You should ask your tax preparer to electronically file your return. Also, ask for direct deposit if you are due a refund. Taxpayers who e-file and use direct deposit can receive a refund in as little as 10 days. Taxpayers who owe can file early and pay later using electronic payment options such as electronic funds withdrawal and credit cards and avoid the last minute rush to file. Authorized providers e-filed about 63 million returns in 2009.

Volunteer Tax Preparers. Several volunteer programs offer free tax preparation service. The Volunteer Income Tax Assistance (VITA) Program offers free tax help for low to moderate income taxpayers.

Tax Counseling for the Elderly. The TCE program provides free tax help to older taxpayers. Call the IRS at 1-800-906-9887 for information about a location near you. Information on TCE sites operated by AARP is available at 1-888-AARP NOW (888-227-7669).

E-file Extension of Time to File. Any taxpayer, regardless of income level, can e-file or Free File Form 4868, Application for Automatic Extension of Time to File U.S. Income Tax Return, to get an automatic six-month extension of time to file. No explanation or signature is required. Taxpayers can also submit an electronic payment when e-filing a Form 4868 via electronic funds withdrawal or credit card. Although Form 4868 allows an extension of time to file, it does not extend the time to pay. Penalty and interest charges may apply to any tax not paid by the due date of the return.

E-file Authentication. When filing 2009 tax returns, this year if a taxpayer does not have their prior year Self Select PIN or Adjusted Gross Income they can still enjoy the benefits of IRS e-file by obtaining a temporary electronic filing PIN.

The best way to request an EFP is through tax preparation software. Beginning January 18, 2010, you will find a link to the EFP help landing page within the e-file information Web pages on IRS.gov.

Electronic Signatures. For the 2010 Filing Season, all taxpayers who e-file are required to sign their federal individual income tax returns using a Personal Identification Number (PIN). The IRS eliminated Form 8453-OL, U.S. Individual Income Tax Declaration for an IRS e-file Online Return, as a paper signature document for taxpayers using online tax preparation software. Taxpayers will use Form 8453, U.S. Individual Income Tax Transmittal, to transmit required paper forms or certain supporting paper documents. This new requirement makes electronic filing of Forms 1040 more secure and paperless.

Taxpayers use the Self-Select PIN method to sign online returns. The Self-Select PIN method is one of two types of electronic signature methods. Both methods allow taxpayers to use a (PIN) to sign the return. Taxpayers can either enter their prior year Self-Select PIN or authorize the Electronic Return Originator (ERO) to enter their PIN for them. If taxpayers authorize the ERO to enter their PINs, they must sign Form 8879, IRS e-file Signature Authorization.

Self-Select PIN Method. The Self-Select PIN method allows taxpayers to electronically sign their IRS e-file return by selecting a five-digit PIN. The PIN is any five numbers, except all zeros. As part of the authentication process, taxpayers need to include their prior year original adjusted gross income (AGI) or their prior year PIN. On a joint return, both spouses are required to enter a PIN as their electronic signature. The Self-Select PIN electronic signature method began in 2001.

Practitioner PIN Method. Since the 2008 filing season, taxpayers using an Electronic Return Originator (ERO) must electronically sign IRS e-file individual income tax returns using either a Self-Select PIN or a Practitioner PIN. Taxpayers using the Practitioner PIN method to sign their returns by entering a five-digit PIN do not include the adjusted gross income or PIN from the prior year.

If taxpayers use the Practitioner PIN method, they must sign Form 8879, IRS e-file Signature Authorization. The ERO retains Form 8879, and does not mail it to the IRS.

For more on this check IRS.gov.

Direct Deposit

More and more taxpayers are choosing to receive their refunds through direct deposit. In 2009, about 73 million refunds were directly deposited into taxpayer accounts, up 10 percent from 2008.

Using direct deposit is easy. Paper return filers just enter bank account and routing numbers in the boxes provided on Form 1040, 1040A or 1040EZ. There is an illustration explaining how to choose direct deposit in the tax return instructions.

Taxpayers can split their deposits in up to three different accounts. Most e-file and tax preparation software allows taxpayers to split refunds. Paper return filers need to file Form 8888, Direct Deposit of Refund to More Than One Account, to split a refund among different accounts.

Taxpayers who choose direct deposit will get their refunds faster than those who receive a paper check. Taxpayers who both e-file and use direct deposit will receive their refunds even faster. Also, a refund that is directly deposited in a savings or checking account cannot be stolen or lost in the mail.

Overall, the IRS issued 110 million tax refunds in 2009, up 3.6 percent from 106 million refunds the prior year. Refunds averaged \$2,753 during the 2009 filing season, up from \$2,371 in 2008.

Electronic Federal Tax Payment System

Taxpayers can pay all their business and individual federal taxes by enrolling in the Electronic Federal Tax Payment System (EFTPS). EFTPS is a separate service offered by the U.S. Department of Treasury that is free and secure. The enrollment process takes seven to 10 days. EFTPS allows taxpayers to make payments 24 hours a day, seven days a week, from anywhere there is a telephone or Internet connection. Refer to Publication 3611, Easy Ways to

Pay Electronically, for details. Better yet, call EFTPS Customer Service at 1-800-555-4477 or visit www.eftps.gov.

Since launching in 1996, EFTPS has processed more than 900 million electronic payments totaling more than \$20 trillion.

Related Information:

- [IRS e-File](#).
- [Pay Taxes by Electronic Funds Withdrawal](#) or [Credit or Debit Card](#).
- [Electronic Federal Tax Payment System](#).
- [Publication 3611](#), Easy Ways to Pay Electronically.
- [Federal/State e-file for Taxpayers](#).
- [Free File](#) — Most taxpayers qualify.
- [Volunteer Tax Preparers](#) — VITA sites, and options for the elderly and military personnel.
- [Form 4868](#), Application for Automatic Extension of Time to File.
- [Self-Select PIN Method for e-File](#).
- [Form 8879](#), IRS e-file Signature Authorization.
- [Form 8453](#), U.S. Individual Income Tax Transmittal for an e-file Tax Return.