

IRS News Release

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IRS Begins 2005 Filing Season

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WASHINGTON — The Internal Revenue Service today opened the 2005 tax filing season, highlighted by expanded electronic services, easier tax filing rules and new tax law changes. The IRS also expects to surpass a milestone in the e-file program by the April 15 filing deadline.

The IRS will mail almost 29.5 million tax packages to Americans this week, but, increasingly, taxpayers are swapping their pencils for their mouse.

The IRS projects the number of individual taxpayers filing their taxes electronically will surpass 50 percent for the first time. More than half of the expected 133 million individual tax returns will be filed through IRS e-file in 2005. Last year, almost 62 million Americans used e-file.

“In 2005, we expect more than half of all individual tax returns will be filed electronically. E-filing is fast, secure and reliable. Taxpayers who e-file will get their refunds in half the time,” said Mark W. Everson, IRS Commissioner.

Taxpayers who use IRS e-file have a higher satisfaction rating than those who still use paper returns, according to the American Customer Survey Index, which rates private and public sector service industries.

The IRS is taking steps in several areas to help taxpayers. Many of these features can be found on IRS.gov, including:

- **Added EITC help.** The EITC Assistant, available in English and Spanish, will allow taxpayers to type in a little information and follow easy directions to determine if they are eligible for the Earned Income Tax Credit (EITC). Tax professionals, who prepare the majority of EITC tax returns, also can use the EITC Assistant to help determine their clients' eligibility.
- **Expanded 1040 Central.** Taxpayers again will find a one-stop shop for their tax return needs by visiting 1040 Central on IRS.gov. The newly expanded page will connect taxpayers to basic income tax preparation needs such as key forms, answers to frequently asked questions and critical links to key tax issues.

- **“Where’s My Refund.”** The popular “Where’s My Refund?” function on IRS.gov allows taxpayers to answer the most frequent question they pose during the tax year. All taxpayers need is their Social Security number, filing status and exact amount of their anticipated refund. Last year, it was used 20 million times.
- **Simpler forms for more taxpayers.** The income limits for using the Form 1040EZ and Form 1040A will increase from less than \$50,000 to less than \$100,000. Last year, approximately 18 million taxpayers filed a Form 1040EZ and another 24 million filed a Form 1040A. The change in the threshold will mean 1.6 million more taxpayers are eligible to file the 1040EZ or 1040A.

The one-page Form 1040EZ is for taxpayers who have no dependents, no credits other than the Earned Income Tax Credit and no adjustments to their income. The Form 1040A is for taxpayers who do not itemize their deductions, claim limited tax credits and have few adjustments to their income.

- **Simpler forms for the self-employed.** The limit on business expenses for self-employed individuals using Schedule C-EZ also will increase to \$5,000 from \$2,500. This change will mean 500,000 more small business owners and self-employed taxpayers can use the simpler version of the expense form. The change will mean a savings of 5 million hours of paperwork burden for small business taxpayers.

In addition, there are recent tax law changes that affect tax returns filed in 2005 for the 2004 Tax Year.

One of the biggest involves the new sales tax deduction. Taxpayers who itemize deductions will have a choice of claiming a state and local tax deduction for either sales or income taxes on their 2004 and 2005 returns. Optional tables are available for determining the deduction amount in Publication 600, which can be found on IRS.gov.

Other tax law changes affect such areas as charitable donations, child tax credit and combat pay issues. More information is available by visiting IRS.gov.

The IRS also reminds taxpayers to claim all the credits, deductions and other tax benefits that they are legally entitled to. But the IRS urges taxpayers to be on the lookout for tax schemes and scams that can cause costly problems for unsuspecting taxpayers. When in doubt, ask the IRS or a reputable tax professional for help.

“Our working equation is service plus enforcement equals compliance,” Everson said. “We will continue to improve customer service as we work to strengthen our enforcement efforts.”

Links:

- Earned Income Tax Credit, <http://www.irs.gov/individuals/eitc>
- 1040 Central, <http://www.irs.gov/individuals/article/0,,id=118506,00.html>
- Where’s My Refund, <http://www.irs.gov/individuals/article/0,,id=96596,00.html>